

II. POINT-TO-POINT TRANSMISSION SERVICE

References to section numbers in this Part II refer to sections of this Part II, unless otherwise specified.

Preamble

The Transmission Provider will provide Firm and Non-Firm Point-To-Point Transmission Service pursuant to the applicable terms and conditions of this Tariff. Point-To-Point Transmission Service is for the receipt of capacity and energy at designated Point(s) of Receipt and the transfer of such capacity and energy to designated Point(s) of Delivery. PJMSettlement shall be the Counterparty to the Point-To-Point Transmission Service transactions under this Tariff. As set forth in Tariff, Attachment K, section D, Point-To-Point Transmission Service transactions may give rise to several component charges and credits, which may offset one another, and such component charges and credits are not separate transactions from Transmission Service transactions.

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13 Nature of Firm Point-To-Point Transmission Service

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13.1 Term:

The minimum term of Long-Term Firm Point-To-Point Transmission Service shall be one year and the maximum term shall be specified in the Service Agreement. The term of Short-Term Firm Point-To-Point Transmission Service shall be one day, one week, or one month.

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13.2 Reservation Priority:

Except as provided in Tariff, Part II, section 17.8 and Tariff, Part II, section 17.9,

(i) Firm Point-To-Point Transmission Service shall be available on a first-come, first-served basis, i.e., in the chronological sequence in which each Transmission Customer has requested service according to the provisions of Tariff, Part II, section 17. However, Pre-Confirmed Applications for Short-Term Point-to-Point Transmission Service will receive priority over earlier-submitted requests that are not Pre-Confirmed and that have equal or shorter duration.

(ii) If the Transmission System becomes oversubscribed, requests for Long-Term Firm Point-To-Point Transmission Service or Network Integration Transmission Service may preempt requests for monthly transmission service up to two months before the commencement of monthly service. Otherwise, requests for longer term service will not preempt requests for shorter term service. Preemption of monthly service, if any, shall take place sequentially beginning with preemption of the most recent request for monthly service. Monthly requests with equal reservation priority will be preempted on a pro-rata basis. The Transmission Provider shall promptly notify an Eligible Customer with a reservation for monthly service if the reservation is preempted. Such customer shall not have any right of first refusal to match the request for Long-Term Firm Point-To-Point Transmission Service or Network Integration Transmission Service in order to avoid losing its reservation priority. Except in the event of preemption of monthly service as stated in this section, after the Transmission Customer confirms a reservation, service will commence pursuant to the terms of Tariff, Part II.

(iii) Firm Point-To-Point Transmission Service will always have a reservation priority over Non-Firm Point-To-Point Transmission Service under the Tariff. All Long-Term Firm Point-To-Point Transmission Service will have equal reservation priority with Native Load Customers and Network Customers. Reservation priorities for existing firm service customers are provided in Tariff, Part I, section 2.2.

13.3 Use of Firm Transmission Service by a Transmission Owner:

Each Transmission Owner will be subject to the rates, terms and conditions of Tariff, Part II when making Third-Party Sales under (i) agreements executed on or after March 1, 1997 or (ii) agreements executed prior to the aforementioned date that the Commission requires to be unbundled, by the date specified by the Commission. Each Transmission Owner will maintain separate accounting, pursuant to Tariff, Part I, section 8, for any use of the Point-To-Point Transmission Service to make Third-Party Sales.

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13.4 Service Agreements:

The Transmission Provider shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Tariff, Attachment A) to an Eligible Customer when it submits a Completed Application for Long-Term Firm Point-To-Point Transmission Service. The Transmission Provider shall offer a standard form Firm Point-To-Point Transmission Service Agreement (Tariff, Attachment A) to an Eligible Customer when it first submits a Completed Application for Short-Term Firm Point-To-Point Transmission Service pursuant to the Tariff. Executed Service Agreements that contain the information required under the Tariff shall be filed with the Commission in compliance with applicable Commission regulations. An Eligible Customer that uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved and that has not executed a Service Agreement will be deemed, for purposes of assessing any appropriate charges and penalties, to have executed the appropriate Service Agreement.

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13.5 Transmission Customer Obligations for Facility Additions or Redispatch Costs:

In cases where the Transmission Provider determines that the Transmission System is not capable of providing Long-Term Firm Point-To-Point Transmission Service without (1) degrading or impairing the reliability of service to Native Load Customers, Network Customers and other Transmission Customers taking Firm Point-To-Point Transmission Service, or (2) interfering with the Transmission Provider's ability to meet prior firm contractual commitments to others, the Transmission Owner(s) will be obligated to expand or upgrade the Transmission System pursuant to the terms of Tariff, Part II, section 15.4. The Transmission Customer must agree to compensate the Transmission Provider for any necessary transmission facility additions pursuant to the terms of Tariff, Part II, section 27. To the extent the Transmission Provider can relieve any system constraint by redispatching resources available to the PJM Region, it shall do so, provided that the Eligible Customer agrees to compensate the Transmission Provider pursuant to the terms of Tariff, Part II, section 27 and agrees to compensate the Transmission Owner for any necessary transmission facility additions. Any redispatch, Network Upgrade or Direct Assignment Facilities costs to be charged to the Transmission Customer on an incremental basis under the Tariff will be specified in the Service Agreement prior to initiating service.

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13.6 Curtailment of Firm Transmission Service:

In the event that a Curtailment on the Transmission Provider's Transmission System, or a portion thereof, is required to maintain reliable operation of such system and the systems directly and indirectly interconnected with Transmission Provider's Transmission System. Curtailments will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint. Transmission Provider may elect to implement such Curtailments pursuant to the Transmission Loading Relief procedures. If multiple transactions require Curtailment, to the extent practicable and consistent with Good Utility Practice, Curtailments will be proportionally allocated among Native Load Customers, Network Customers, and Transmission Customers taking Firm Point-To-Point Transmission Service. All Curtailments will be made on a non-discriminatory basis, however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service and Non-Firm Point-To-Point Transmission Service for which redispatch costs will not be paid shall be subordinate to Non-Firm Point-To-Point Transmission Service for which redispatch costs will be paid. When the Transmission Provider determines that an electrical emergency exists on the Transmission System and implements emergency procedures to Curtail Firm Transmission Service, the Transmission Customer shall make the required reductions upon request of the Transmission Provider. However, the Transmission Provider reserves the right to Curtail, in whole or in part, any Firm Transmission Service provided under the Tariff when, in the Transmission Provider's sole discretion, an emergency or other unforeseen condition impairs or degrades the reliability of the Transmission System. The Transmission Provider will notify all affected Transmission Customers in a timely manner of any scheduled Curtailments.

13.6A Load Shedding:

To the extent that a system contingency exists on the Transmission Provider's Transmission System and the Transmission Provider determines that it is necessary for the Transmission Owners and the Transmission Customer to shed load, the Transmission Customer and the Transmission Owners shall shed load in accordance with previously established procedures under the Operating Agreement.

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Classification of Firm Transmission Service:

(a) The Transmission Customer taking Firm Point-To-Point Transmission Service may (1) change its Receipt and Delivery Points to obtain service on a non-firm basis consistent with the terms of Tariff, Part II, section 22.1 or (2) request a modification of the Points of Receipt or Delivery on a firm basis pursuant to the terms of Tariff, Part II, section 22.2.

(b) The Transmission Customer may purchase transmission service to make sales of capacity and energy from multiple generating units that are on the Transmission Provider's Transmission System. For such a purchase of transmission service, the resources will be designated as multiple Points of Receipt, unless the multiple generating units are at the same generating plant in which case the units would be treated as a single Point of Receipt.

(c) The Transmission Provider shall provide firm deliveries of capacity and energy from the Point(s) of Receipt to the Point(s) of Delivery. Each Point of Receipt at which firm transmission capacity is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Receipt. Points of Receipt and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission. Each Point of Delivery at which firm transfer capability is reserved by the Transmission Customer shall be set forth in the Firm Point-To-Point Service Agreement for Long-Term Firm Transmission Service along with a corresponding capacity reservation associated with each Point of Delivery. Points of Delivery and corresponding capacity reservations shall be as mutually agreed upon by the Parties for Short-Term Firm Transmission. The greater of either (1) the sum of the capacity reservations at the Point(s) of Receipt, or (2) the sum of the capacity reservations at the Point(s) of Delivery shall be the Transmission Customer's Reserved Capacity. The Transmission Customer will be billed for its Reserved Capacity under the terms of Tariff, Schedule 7. The Transmission Customer may not exceed its firm capacity reserved at each Point of Receipt and each Point of Delivery except as otherwise specified in Tariff, Part II, section 22. In the event the Transmission Customer (including Third Party Sales by a Transmission Owner) exceeds its firm capacity reserved at any Point of Receipt or Point of Delivery or uses Transmission Service at a Point of Receipt or Point of Delivery that it has not reserved, except as otherwise specified in Tariff, Part II, section 22, the Transmission Customer shall pay a penalty equal to twice the rate set forth in Tariff, Schedule 7 as follows:

The unreserved use penalty for a single hour of unreserved use shall be based on the rate for daily Firm Point-To-Point Transmission Service. If there is more than one assessment for a given duration (e.g., daily) for the Transmission Customer, the penalty shall be based on the next longest duration (e.g., weekly). The unreserved penalty charge for multiple instances of unreserved use (i.e., more than one hour) within a day shall be based on the daily rate Firm Point-To-Point Transmission Service. The unreserved penalty charge for multiple instances of unreserved use isolated to one calendar week shall be based on the charge for weekly Firm Point-To-Point Transmission Service. The unreserved use penalty charge for multiple instances of unreserved use during more than one week during a

calendar month shall be based on the charge for monthly Firm Point-To-Point Transmission Service.

The Transmission Provider shall distribute all unreserved use penalties incurred under this section in a given hour to the Transmission Customers that: (1) were using transmission service in the same hour in which the unreserved use penalty was incurred; and (2) did not incur unreserved use penalties under this section during the hour in which the penalties were incurred. The Transmission Provider shall distribute the unreserved use penalties to each such Transmission Customer pro-rata based on the total Tariff, Schedule 1A charges for all such Transmission Customers for all the hours of the day in which the penalty was incurred.

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13.8 Scheduling of Firm Point-To-Point Transmission Service:

Schedules for the Transmission Customer's Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 10:00 a.m. (eastern) of the day prior to commencement of such service. Schedules submitted after 10:00 a.m. (eastern) will be accommodated, if practicable. Hour-to-hour and intra-hour (four intervals consisting of fifteen minute schedules) schedules of any capacity and energy that is to be delivered must be stated in increments of 1,000 kW per hour. Transmission Customers within the PJM Region with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their service requests at a common point of receipt into units of 1,000 kW per hour for scheduling and billing purposes. Scheduling changes will be permitted up to twenty (20) minutes before the start of the next scheduling interval provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

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14.1 Term:

Non-Firm Point-To-Point Transmission Service will be available for periods ranging from one (1) hour to one (1) month. However, a Purchaser of Non-Firm Point-To-Point Transmission Service will be entitled to reserve a sequential term of service (such as a sequential monthly term without having to wait for the initial term to expire before requesting another monthly term) so that the total time period for which the reservation applies is greater than one month, subject to the requirements of Tariff, Part II, section 18.3.

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14.2 Reservation Priority:

Non-Firm Point-To-Point Transmission Service shall be available from transfer capability in excess of that needed for reliable service to Native Load Customers, Network Customers and other Transmission Customers taking Long-Term and Short-Term Firm Point-To-Point Transmission Service. A higher priority will be assigned to requests or reservations with Pre-Confirmed Applications. In the event the Transmission System is constrained, competing requests of the same Pre-Confirmation status and equal duration will be prioritized based on the highest price offered by the Eligible Customer for the Transmission Service. Otherwise, requests for longer term service will not preempt requests for shorter term service. Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have the lowest reservation priority under the Tariff.

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14.3 Use of Non-Firm Point-To-Point Transmission Service by a Transmission Owner:

Each Transmission Owner will be subject to the rates, terms and conditions of Tariff, Part II when making Third-Party Sales under (i) agreements executed on or after March 1, 1997 or (ii) agreements executed prior to the aforementioned date that the Commission requires to be unbundled, by the date specified by the Commission. The Transmission Owner will maintain separate accounting, pursuant to Tariff, Part I, section 8, for any use of Non-Firm Point-To-Point Transmission Service to make Third-Party Sales.

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14.4 Service Agreements:

The Transmission Provider shall offer a standard form Non-Firm Point-To-Point Transmission Service Agreement (Tariff, Attachment B) to an Eligible Customer when it first submits a Completed Application for Non-Firm Point-To-Point Transmission Service pursuant to the Tariff. Executed Service Agreements that contain the information required under the Tariff shall be filed with the Commission in compliance with applicable Commission regulations.

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14.5 Classification of Non-Firm Point-To-Point Transmission Service:

Non-Firm Point-To-Point Transmission Service shall be offered under terms and conditions contained in Tariff, Part II. The Transmission Provider and the Transmission Owners undertake no obligation under the Tariff to plan the Transmission System in order to have sufficient capacity for Non-Firm Point-To-Point Transmission Service. Parties requesting Non-Firm Point-To-Point Transmission Service for the transmission of firm power do so with the full realization that such service is subject to availability and to Curtailment or Interruption under the terms of the Tariff. In the event the Transmission Customer (including Third Party Sales by a Transmission Owner) exceeds its non-firm capability reserved at any Point of Receipt or Point of Delivery, the Transmission Customer shall pay the rate set forth in Tariff, Schedule 8 for the delivery period (i.e., monthly, weekly, daily or hourly) for which the Transmission Customer is reserving capacity multiplied by an adjusted reserved capacity (for pricing purposes only) equal to the highest level used by the Transmission Customer at such Point of Receipt or Point of Delivery as integrated over a 60 minute period. Non-Firm Point-To-Point Transmission Service shall include transmission of energy on an hourly basis and transmission of scheduled short-term capacity and energy on a daily, weekly or monthly basis, but not to exceed one month's reservation for any one Application, under Tariff, Schedule 8.

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14.6 Scheduling of Non-Firm Point-To-Point Transmission Service:

Schedules for Non-Firm Point-To-Point Transmission Service must be submitted to the Transmission Provider no later than 2:00 p.m. (eastern) of the day prior to the commencement of such service. Schedules submitted after 2:00 p.m. (eastern) will be accommodated, if practicable. Hour-to-hour and intra-hour (four intervals consisting of fifteen minute schedules) schedules of energy that is to be delivered must be stated in increments of 1,000 kW per hour. Transmission Customers within the PJM Region with multiple requests for Transmission Service at a Point of Receipt, each of which is under 1,000 kW per hour, may consolidate their schedules at a common Point of Receipt into units of 1,000 kW per hour. Scheduling changes will be permitted up to twenty (20) minutes before the start of the next scheduling interval provided that the Delivering Party and Receiving Party also agree to the schedule modification. The Transmission Provider will furnish to the Delivering Party's system operator, hour-to-hour schedules equal to those furnished by the Receiving Party and shall deliver the capacity and energy provided by such schedules. Should the Transmission Customer, Delivering Party or Receiving Party revise or terminate any schedule, such party shall immediately notify the Transmission Provider, and the Transmission Provider shall have the right to adjust accordingly the schedule for capacity and energy to be received and to be delivered.

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14.7 Curtailment or Interruption of Service:

The Transmission Provider reserves the right to Curtail, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for reliability reasons when an emergency or other unforeseen condition threatens to impair or degrade the reliability of the Transmission System or the systems directly and indirectly interconnected with Transmission Provider's Transmission System. Transmission Provider may elect to implement such Curtailments pursuant to the Transmission Loading Relief procedures. The Transmission Provider reserves the right to Interrupt, in whole or in part, Non-Firm Point-To-Point Transmission Service provided under the Tariff for economic reasons in order to accommodate (1) a request for Firm Transmission Service, (2) a request for Non-Firm Point-To-Point Transmission Service of greater duration, (3) a request for Non-Firm Point-To-Point Transmission Service of equal duration with a higher price, or (4) transmission service for Network Customers from non-designated resources. The Transmission Provider also will discontinue or reduce service to the Transmission Customer to the extent that deliveries for transmission are discontinued or reduced at the Point(s) of Receipt. Where required, Curtailments or Interruptions will be made on a non-discriminatory basis to the transaction(s) that effectively relieve the constraint, however, Non-Firm Point-To-Point Transmission Service shall be subordinate to Firm Transmission Service and Non-Firm Point-To-Point Transmission Service for which redispatch costs will not be paid shall be subordinate to Non-Firm Point-To-Point Transmission Service for which redispatch costs will be paid. If multiple transactions require Curtailment or Interruption, to the extent practicable and consistent with Good Utility Practice, Curtailments or Interruptions will be made to transactions of the shortest term (e.g., hourly non-firm transactions will be Curtailed or Interrupted before daily non-firm transactions and daily non-firm transactions will be Curtailed or Interrupted before weekly non-firm transactions). Transmission service for Network Customers from resources other than designated Network Resources will have a higher priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. Non-Firm Point-To-Point Transmission Service over secondary Point(s) of Receipt and Point(s) of Delivery will have a lower priority than any Non-Firm Point-To-Point Transmission Service under the Tariff. The Transmission Provider will provide advance notice of Curtailment or Interruption where such notice can be provided consistent with Good Utility Practice.

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15.1 General Conditions:

The Transmission Provider will provide Firm and Non-Firm Point-To-Point Transmission Service over, on or across the Transmission System to any Transmission Customer that has met the requirements of Tariff, Part II, section 16.

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15.2 Determination of Available Transfer Capability:

A description of the Transmission Provider's specific methodology for assessing available transfer capability posted on the Transmission Provider's OASIS (Tariff, section 4) is contained in Tariff, Attachment C. The Transmission Provider will not provide Short-Term Firm Point-To-Point Transmission Service in excess of the transfer capability posted on OASIS pursuant to Tariff, Part II, section 17.9. In the event sufficient transfer capability may not exist to accommodate a request for Long-Term Firm Point-To-Point Transmission Service, and such request does not commence and terminate within the 18 month ATC horizon, the Transmission Provider will respond by performing (in coordination with the affected Transmission Owner or Transmission Owners to the extent necessary) a Phase I System Impact Study ~~Firm Transmission Feasibility Study~~ as described in Tariff, Part II, section 19. If a request for Long-Term Firm Point-to-Point Transmission Service falls entirely within the ATC horizon, the request will be evaluated based on the posted ATC.

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15.3 Initiating Service in the Absence of an Executed Service Agreement:

If the Transmission Provider and the Transmission Customer requesting Firm or Non-Firm Point-To-Point Transmission Service cannot agree on all the terms and conditions of the Point-To-Point Service Agreement, the Transmission Provider shall file with the Commission, within thirty (30) days after the date the Transmission Customer provides written notification directing the Transmission Provider to file, an unexecuted Point-To-Point Service Agreement containing terms and conditions deemed appropriate by the Transmission Provider for such requested Transmission Service. The Transmission Provider shall commence providing Transmission Service subject to the Transmission Customer agreeing to (i) compensate the Transmission Provider at whatever rate the Commission ultimately determines to be just and reasonable, and (ii) comply with the terms and conditions of the Tariff including posting appropriate security deposits in accordance with the terms of Tariff, Part II, section 17.3.

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15.4 Obligation to Provide Transmission Service that Requires Expansion or Modification of the Transmission System or Redispatch:

(a) If the Transmission Provider determines that it cannot accommodate a Completed Application for Long-Term Firm Point-To-Point Transmission Service because of insufficient capability on the Transmission System, the Transmission Owners will be obligated and shall use due diligence to expand or modify, the Transmission System to provide the requested Firm Transmission Service consistent with the planning obligations in Operating Agreement, Schedule 6, provided the Transmission Customer agrees to compensate the Transmission Provider or the affected Transmission Owner(s) for such costs pursuant to the terms of Tariff, Part II, section 27. The Transmission Provider and the affected Transmission Owners will conform to Good Utility Practice and the planning obligations in Operating Agreement, Schedule 6 in determining the need for new facilities and the affected Transmission Owner(s) will conform to Good Utility Practice in the design and construction of such facilities. The obligation applies only to those facilities that the Transmission Owners have the right to expand or modify.

(b) If the Transmission Provider determines that it cannot accommodate a Completed Application for Long-Term Firm Point-To-Point Transmission Service because of insufficient capability on its Transmission System, the Transmission Provider will use due diligence to provide redispatch until Network Upgrades are completed for the Transmission Customer.

15.5 Deferral of Service:

The Transmission Provider may defer providing service until construction of new transmission facilities or upgrades needed to provide Firm Point-To-Point Transmission Service are completed whenever the Transmission Provider determines that providing the requested service would, without such new facilities or upgrades, impair or degrade reliability to any existing firm services.

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15.6 Other Transmission Service Schedules:

Eligible Customers receiving transmission service under other agreements on file with the Commission may continue to receive transmission service under those agreements until such time as those agreements may be modified by the Commission.

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16.1 Conditions Required of Transmission Customers:

Point-To-Point Transmission Service shall be provided by the Transmission Provider only if the following conditions are satisfied by the Transmission Customer:

- a. The Transmission Customer has pending a Completed Application for service;
- b. The Transmission Customer meets the creditworthiness criteria set forth in Tariff, Part I, section 11;
- c. The Transmission Customer will have arrangements in place for any other transmission service necessary to effect the delivery from the generating source to the Transmission Provider prior to the time service under Tariff, Part II commences;
- d. The Transmission Customer agrees to pay for any facilities constructed and chargeable to such Transmission Customer under Tariff, Part II, whether or not the Transmission Customer takes service for the full term of its reservation;
- e. The Transmission Customer provides the information required by the Transmission Provider's planning process established in Operating Agreement, Schedule 6; and
- f. The Transmission Customer has executed a Point-To-Point Service Agreement or has agreed to receive service pursuant to Tariff, Part II, section 15.3.

16.2 Transmission Customer Responsibility for Third-Party Arrangements:

Any scheduling arrangements that may be required by other electric systems shall be the responsibility of the Transmission Customer requesting service. The Transmission Customer shall provide, unless waived by the Transmission Provider, notification to the Transmission Provider identifying such systems and authorizing them to schedule the capacity and energy to be transmitted by the Transmission Provider pursuant to Tariff, Part II on behalf of the Receiving Party at the Point of Delivery or the Delivering Party at the Point of Receipt. However, the Transmission Provider will undertake reasonable efforts to assist the Transmission Customer in making such arrangements, including without limitation, providing any information or data required by such other electric system pursuant to Good Utility Practice.

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17.1 Application:

A request for Firm Point-To-Point Transmission Service for periods of one year or longer must contain an Application submitted on the OASIS, at least sixty (60) days in advance of the calendar month in which service is to commence. Requests for firm service for periods of less than one year shall be subject to the expedited procedures set forth in Tariff, Part II, section 17.8. All Firm Point-To-Point Transmission Service requests should be submitted by entering the information listed below on the Transmission Provider's OASIS. Prior to implementation of the Transmission Provider's OASIS, a Completed Application may be submitted by (i) transmitting the required information to the Transmission Provider by telefax, or (ii) providing the information by telephone over the Transmission Provider's time recorded telephone line. A Completed Application for service that terminates within the 18-month ATC horizon will receive a timestamp establishing priority in accordance with Tariff, section 13.2. Requests for service for periods of one year or longer that terminate after the 18-month ATC horizon will receive a time-stamped record for establishing the Project Identifier of the Completed Application. For Transmission Service requests that require a Phase I System Impact Study, a Completed Application must be submitted and received by the Transmission Provider by the cycle Application Deadline in order to be assigned a Project Identifier in such cycle.

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17.2 Completed Application:

If requested by the Transmission Provider, a Completed Application shall provide all of the information included in 18 C.F.R. § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) The location of the Point(s) of Receipt and Point(s) of Delivery and the identities of the Delivering Parties and the Receiving Parties;
- (iv) The location of the generating facility(ies) supplying the capacity and energy and the location of the load ultimately served by the capacity and energy transmitted. The Transmission Provider will treat this information as confidential except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice or pursuant to Applicable Regional Entity transmission information sharing agreements. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations;
- (v) A description of the supply characteristics of the capacity and energy to be delivered;
- (vi) An estimate of the capacity and energy expected to be delivered to the Receiving Party;
- (vii) The Service Commencement Date and the term of the requested Transmission Service;
- (viii) The transmission capacity requested for each Point of Receipt and each Point of Delivery on the Transmission Provider's Transmission System; customers may combine their requests for service in order to satisfy the minimum transmission capacity requirement;
- (ix) A statement indicating that, if the Eligible Customer submits a Pre-Confirmed Application, the Eligible Customer will execute a Service Agreement upon receipt of notification that Transmission Provider can provide the requested Transmission Service; and
- (x) Any additional information required by the Transmission Provider's planning process established in Operating Agreement, Schedule 6.

The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

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17.3 Compliance with Credit Policy:

A party requesting Transmission Service shall provide the information specified in, and otherwise comply with, the “PJM Credit Policy” set forth in Tariff, Attachment Q hereto.

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17.4 Notice of Deficient Application:

If an Application fails to meet the requirements of the Tariff, the Transmission Provider shall notify the entity requesting service within fifteen (15) days of receipt of the reasons for such failure. The Transmission Provider will attempt to remedy minor deficiencies in the Application through informal communications with the Eligible Customer. If such efforts are unsuccessful, the Transmission Provider shall return the Application, along with any deposit, with interest. Upon receipt of a new or revised Application that fully complies with the requirements of Tariff, Part II, the Eligible Customer shall be assigned a new queued time on the OASIS and/or Project Identifier, as applicable, consistent with the date of the new or revised Application.

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17.5 Response to a Completed Application:

Following receipt of a Completed Application for Firm Point-To-Point Transmission Service, the Transmission Provider shall make a determination of available transfer capability as required in Tariff, Part II, section 15.2. With respect to Short-Term Firm Point-To-Point Transmission Service, the Transmission Provider shall notify the Eligible Customer as soon as practicable, but not later than thirty (30) days after the date of receipt of a Completed Application, whether it will be able to provide service. With respect to Long-Term Firm Point-To-Point Transmission Service, the Transmission Provider shall notify the Eligible Customer as soon as practicable, but not later than thirty (30) days after the date of receipt of a Completed Application either (i) if it will be able to provide service without performing a Phase I System Impact Study or (ii) if such a study is needed to evaluate the impact of the Application pursuant to Tariff, Part II, section 19.1; provided that, if, in connection with the request, Transmission Provider must provide notification to an existing customer pursuant to Tariff, Part I, section 2.3, the foregoing deadline shall be extended to forty-five (45) days after the date of receipt of a Completed Application. Responses by the Transmission Provider must be made as soon as practicable to all completed applications and the timing of such responses must be made on a non-discriminatory basis.

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17.6 Execution of Service Agreement:

Whenever the Transmission Provider determines that a Phase I System Impact Study is not required and that the service can be provided, it shall notify the Eligible Customer as soon as practicable but no later than thirty (30) days after receipt of the Completed Application. Where a Phase I System Impact Study is required, the provisions of Tariff, Part II, section 19 will govern the execution of a Service Agreement. Failure of an Eligible Customer to execute and return the Service Agreement or request the filing of an unexecuted service agreement pursuant to Tariff, Part II, section 15.3, within fifteen (15) days after it is tendered by the Transmission Provider will be deemed a withdrawal and termination of the Application and any deposit submitted shall be refunded with interest. Nothing herein limits the right of an Eligible Customer to file another Application after such withdrawal and termination.

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17.7 Extensions for Commencement of Service:

The Transmission Customer can obtain, subject to availability, up to five (5) one-year extensions for the commencement of service. The Transmission Customer may postpone service by paying a non-refundable annual reservation fee equal to one-month's charge for Firm Transmission Service for each year or fraction thereof within 15 days of notifying Transmission Provider it intends to extend the commitment of service. If during any extension for the commencement of service an Eligible Customer submits a Completed Application for Firm Transmission Service, and such request can be satisfied only by releasing all or part of the Transmission Customer's Reserved Capacity, the original Reserved Capacity will be released unless the following condition is satisfied. Within thirty (30) days, the original Transmission Customer agrees to pay the Firm Point-To-Point transmission rate for its Reserved Capacity concurrent with the new Service Commencement Date. In the event the Transmission Customer elects to release the Reserved Capacity, the reservation fees or portions thereof previously paid will be forfeited.

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17.8 Reservation of Short-Term Firm Point-To-Point Transmission Service:

Requests for monthly service shall be submitted no earlier than 12:00 a.m. EPT of the first calendar day of the month, which is seventeen (17) months before the date service is requested to commence; requests for weekly service shall be submitted no earlier than 12:00 a.m. EPT of the day, which is fourteen (14) days before the date service is to commence; and requests for daily service shall be submitted no earlier than 12:00 a.m. EPT of the day, which is seven (7) days before the date service is to commence. Requests for monthly service shall be submitted no later than 12:00 a.m. EPT of the date which is fourteen (14) days before service is to commence; requests for weekly service shall be submitted no later than 12:00 a.m. EPT of the date which is than seven (7) days before the service is to commence; and requests for daily service shall be submitted no later than 2:00 p.m. EPT the Business Day before service is to commence. All requests received during the first thirty (30) minutes following the above-specified times shall be deemed to have been received simultaneously. Designations of new Network Resources under Tariff, Part III, section 30.2 that will use interface capacity and that are for a period of less than one year will be processed together with, and in the same manner as, requests for Short-Term Firm Point-To-Point Transmission Service.

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17.9 Increases in Transfer Capability for Short-Term Transmission Service:

Each hour, the Transmission Provider shall post on the Transmission Provider's OASIS, the capability of the Transmission System then available to accommodate firm Transmission Service and Network Integration Service for each of the following seventeen (17) months. Reservations with respect to any increases in transfer capability reflected in such posting may be made commencing at the time of posting. All requests for monthly Short-Term Firm Point-To-Point Transmission Service and monthly designation pursuant to Tariff, Part III, section 30.2 of a new Network Resource that will use interface capacity received during the first thirty (30) minutes after each posting shall be deemed to have been submitted simultaneously. The Transmission Provider shall respond to the requests no later than seven (7) Business Days from the time of request for monthly service and no later than two (2) Business Days from the time of the request for weekly service. The Transmission Provider shall respond to requests within four (4) normal business hours of receipt for daily service if feasible.

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18.1 Application:

Eligible Customers seeking Non-Firm Point-To-Point Transmission Service must submit a Completed Application to the Transmission Provider. Applications should be submitted by entering the information listed below on the Transmission Provider's OASIS. Prior to implementation of the Transmission Provider's OASIS, a Completed Application may be submitted by (i) transmitting the required information to the Transmission Provider by telefax, or (ii) providing the information by telephone over the Transmission Provider's time recorded telephone line. Each of these methods will provide a time-stamped record for establishing the service priority of the Application.

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18.2 Completed Application:

A Completed Application shall provide all of the information included in 18 C.F.R. § 2.20 including but not limited to the following:

- (i) The identity, address, telephone number and facsimile number of the entity requesting service;
- (ii) A statement that the entity requesting service is, or will be upon commencement of service, an Eligible Customer under the Tariff;
- (iii) The Point(s) of Receipt and the Point(s) of Delivery;
- (iv) The maximum amount of capacity requested at each Point of Receipt and Point of Delivery; and
- (v) The proposed dates and hours for initiating and terminating transmission service hereunder.

In addition to the information specified above, when required to properly evaluate system conditions, the Transmission Provider also may ask the Transmission Customer to provide the following:

- (vi) The electrical location of the initial source of the power to be transmitted pursuant to the Transmission Customer's request for service; and
- (vii) The electrical location of the ultimate load.

The Transmission Provider will treat this information in (vi) and (vii) as confidential at the request of the Transmission Customer except to the extent that disclosure of this information is required by this Tariff, by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice, or pursuant to Applicable Regional Entity transmission information sharing agreements. The Transmission Provider shall treat this information consistent with the standards of conduct contained in Part 37 of the Commission's regulations.

- (viii) A statement indicating that, if the Eligible Customer submits a Pre-Confirmed Application, the Eligible Customer will execute a Service Agreement upon receipt of notification that the Transmission Provider can provide the requested Transmission Service.

18.3 Reservation of Non-Firm Point-To-Point Transmission Service:

Requests for monthly service shall be submitted no earlier than 12:00 a.m. EPT of the day which is sixty (60) calendar days before service is to commence; requests for weekly service shall be submitted no earlier than 12:00 a.m. EPT of the day which is fourteen (14) days before the service is to commence; requests for daily service shall be submitted no earlier than 12:00 a.m. EPT of the day which is three (3) Business Days before service is to commence; and requests for hourly service shall be submitted no earlier than 8:00 a.m. EPT the day before service is to commence. Requests for monthly service shall be submitted no later than 12:00 a.m. EPT of the date which is two (2) Business Days before service is to commence; requests for weekly service shall be submitted no later than thirty (30) hours before the service is to commence; requests for daily service shall be submitted no later than 2:00 p.m. EPT the day before service is to commence; and requests for hourly service shall be submitted no later than the end of the operating hour before service is to commence. All requests received during the first five (5) minutes following the above-specified times shall be deemed to have been received simultaneously.

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18.4 Determination of Available Transfer Capability:

Following receipt of a tendered schedule the Transmission Provider will make a determination on a non-discriminatory basis of available transfer capability pursuant to Tariff, Part II, section 15.2. Such determination shall be made as soon as reasonably practicable after receipt, but not later than the following time periods for the following terms of service (i) fifteen (15) minutes for hourly service, (ii) thirty (30) minutes for daily service, (iii) four (4) hours for weekly service, and (iv) twelve (12) hours for monthly service.

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19 System Impact Study Procedures For Long-Term Firm Point-To-Point Transmission Service Requests

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19.1 Notice of Need for Phase I System Impact Study:

After receiving a request for service, the Transmission Provider shall determine on a non-discriminatory basis whether a Phase I System Impact Study is needed. The purpose of the Phase I System Impact Study shall be to assess whether the Transmission System has sufficient available capability to provide the requested service. If the Transmission Provider determines that a Phase I System Impact Study is necessary to evaluate the requested service, it shall so inform the Eligible Customer, as soon as practicable. In such cases, the Transmission Provider shall within thirty (30) days of receipt of a Completed Application, tender an Application and Studies Agreement pursuant to which the Eligible Customer shall agree to reimburse the Transmission Provider for the required Phase I System Impact Study(ies). For a service request to remain a Completed Application, the Eligible Customer shall execute the Application and Studies Agreement and return it to the Transmission Provider within fifteen (15) days and provide the Study Deposit and Readiness Deposit required pursuant to Tariff, Part VII, Subpart ___ or Tariff, Part VIII, Subpart B, ___ section A, ___, as applicable. If the Eligible Customer elects not to execute the Application and Studies Agreement, its application shall be deemed withdrawn and its deposit, pursuant to Tariff, Part II, section 17.3, shall be returned with interest.

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19.2 Application and Studies Agreement and Study Deposit and Readiness Deposit:

A request for service for which a Phase I System Impact Study is required is subject to an Application and Studies Agreement along with a Study Deposit and Readiness Deposit(s), as set forth in Tariff, Part VII or Tariff, Part VIII, as applicable.

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19.3 Phase I System Impact Study Procedures:

A request for service for which a Phase I System Impact Study is required is subject to the System Impact Study Procedures, as set forth in Tariff, Part VII or Tariff, Part VIII, as applicable.

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19.7 Partial Interim Service:

If the Transmission Provider determines that it will not have adequate transfer capability to satisfy the full amount of a Completed Application for Firm Point-To-Point Transmission Service, the Transmission Provider nonetheless shall be obligated to offer and provide the portion of the requested Firm Point-To-Point Transmission Service that can be accommodated without addition of any facilities and through redispatch. However, the Transmission Provider shall not be obligated to provide the incremental amount of requested Firm Point-To-Point Transmission Service that requires the addition of facilities or upgrades to the Transmission System until such facilities or upgrades have been placed in service.

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19.8 [Reserved]

20 [Reserved]

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22.1 Modifications On a Non-Firm Basis:

The Transmission Customer taking Firm Point-To-Point Transmission Service may request the Transmission Provider to provide transmission service on a non-firm basis over Receipt and Delivery Points other than those specified in the Service Agreement (“Secondary Receipt and Delivery Points”), in amounts not to exceed its firm capacity reservation, without incurring an additional Non-Firm Point-To-Point Transmission Service charge or executing a new Service Agreement, subject to the following conditions.

- (a) Service provided over Secondary Receipt and Delivery Points will be non-firm only, on an as-available basis and will not displace any firm or non-firm service reserved or scheduled by third-parties under the Tariff or by a Transmission Owner on behalf of its Native Load Customers.
- (b) The sum of all Firm and non-firm Point-To-Point Transmission Service provided to the Transmission Customer at any time pursuant to this section shall not exceed the Reserved Capacity in the relevant Service Agreement under which such services are provided.
- (c) The Transmission Customer shall retain its right to schedule Firm Point-To-Point Transmission Service at the Receipt and Delivery Points specified in the relevant Service Agreement in the amount of its original capacity reservation.
- (d) Service over Secondary Receipt and Delivery Points on a non-firm basis shall not require the filing of an Application for Non-Firm Point-To-Point Transmission Service under the Tariff. However, all other requirements of Tariff, Part II (except as to transmission rates) shall apply to transmission service on a non-firm basis over Secondary Receipt and Delivery Points.

22.2 Modification On a Firm Basis:

Any request by a Transmission Customer to modify Receipt and Delivery Points of confirmed service on a firm basis shall be treated as a new request for service in accordance with Tariff, Part II, section 17 hereof and Tariff, Part II, section 19 hereof, as applicable.

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23.1 Procedures for Assignment or Transfer of Service:

A Transmission Customer may sell, assign, or transfer all or a portion of its rights under its Service Agreement, but only to another Eligible Customer (the Assignee). The Transmission Customer that sells, assigns or transfers its rights under its Service Agreement is hereafter referred to as the Reseller. Compensation to Resellers shall be at rates established by agreement between the Reseller and the Assignee.

The Assignee must execute a service agreement with the Transmission Provider and PJMSettlement governing reassignments of transmission service prior to the date on which the reassigned service commences. PJMSettlement shall charge the Reseller, as appropriate, at the rate stated in the Reseller's Service Agreement with the Transmission Provider and PJMSettlement or the associated OASIS schedule and credit the Reseller with the price reflected in the Assignee's Service Agreement with the Transmission Provider and PJMSettlement or the associated OASIS schedule; provided that, such credit shall be reversed in the event of non-payment by the Assignee. The Assignee cannot request any change to any term or condition set forth in the original Service Agreement, except for a change to commencement of service or reduction of the capacity, to the extent explicitly permitted by this Tariff. The Assignee will receive the same services as did the Reseller and the priority of service for the Assignee will be the same as that of the Reseller. The Assignee will be subject to all terms and conditions of this Tariff.

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23.2 Limitations on Assignment or Transfer of Service:

If the Assignee requests a change in the Point(s) of Receipt or Point(s) of Delivery, or a change in any other specifications set forth in the original Service Agreement, the Transmission Provider will consent to such change subject to the provisions of the Tariff, provided that the change will not impair the operation and reliability of the Transmission Provider's Transmission System or a Transmission Owner's generation, transmission, or distribution systems. The Assignee shall compensate the Transmission Provider for performing any System Impact Study(ies) needed to evaluate the capability of the Transmission System to accommodate the proposed change and any additional costs resulting from such change. The Reseller shall remain liable for the performance of all obligations under the Service Agreement, except as specifically agreed to by the Transmission Provider and the Reseller through an amendment to the Service Agreement.

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23.3 Information on Assignment or Transfer of Service:

In accordance with Tariff, Part I, section 4, all sales or assignments of capacity must be conducted through or otherwise posted on the Transmission Provider's OASIS on or before the day the reassigned service commences and are subject to Tariff, Part II, section 23.1. Resellers may also use the Transmission Provider's OASIS to post transmission capacity available for resale.

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24.1 Transmission Customer Obligations:

Unless otherwise agreed, the Transmission Customer shall be responsible for installing and maintaining compatible metering and communications equipment to accurately account for the capacity and energy being transmitted under Tariff, Part II and to communicate the information to the Transmission Provider. Such equipment shall remain the property of the Transmission Customer.

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24.2 Transmission Provider Access to Metering Data:

The Transmission Provider shall have access to metering data, which may reasonably be required to facilitate measurements and billing under the Service Agreement.

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24.3 Power Factor:

Unless otherwise agreed, the Transmission Customer is required to maintain a power factor within the same range as the Transmission Owners pursuant to Good Utility Practices. The power factor requirements are specified in the Service Agreement where applicable.

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25 Compensation for Transmission Service

Rates for Firm and Non-Firm Point-To-Point Transmission Service are provided in the Schedules appended to the Tariff: Firm Point-To-Point Transmission Service (Tariff, Schedule 7); and Non-Firm Point-To-Point Transmission Service (Tariff, Schedule 8). Customers may also be subject to Transmission Enhancement Charges as provided in Tariff, Schedule 12. Each Transmission Owner shall use Tariff, Part II to make its Third-Party Sales. Each Transmission Owner shall account for such use at the applicable Tariff rates, pursuant to Tariff, Part I, section 8.

Owner shall use Tariff, Part II to make its Third-Party Sales. Each Transmission Owner shall account for such use at the applicable Tariff rates, pursuant to Tariff, Part I, section 8.

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26 Stranded Cost Recovery

Any Transmission Owner may seek to recover stranded costs from the Transmission Customer pursuant to this Tariff in accordance with the terms, conditions and procedures set forth in FERC Order No. 888. However, the Transmission Owner must separately file any specific proposed stranded cost charge under Section 205 of the Federal Power Act.

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27.1 New Facilities and Redispatch:

Whenever a System Impact Study performed by or on behalf of the Transmission Provider in connection with the provision of Firm Point-To-Point Transmission Service identifies the need for new facilities, the Transmission Customer shall be responsible for such costs to the extent consistent with Commission policy. Whenever a System Impact Study performed by or on behalf of the Transmission Provider identifies transmission constraints that may be relieved by redispatching resources available to the PJM Region to eliminate such constraints, the Transmission Customer shall be responsible for the redispatch costs to the extent consistent with Commission policy.

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27.2 Redispatch Using Locational Marginal Prices:

Whenever in the operation of the PJM Region the Transmission Provider identifies transmission constraints, the provisions of **Tariff**, Attachment K shall apply to all Transmission Customers (including Native Load Customers and a Transmission Owner making a Third-Party Sale); provided, however, that a Transmission Customer receiving Non-Firm Point-To-Point Transmission Service may elect not to pay the costs of redispatch determined pursuant to **Tariff**, Attachment K when those costs would be imposed consistent with Commission policy and Transmission Service to such Transmission Customer may be interrupted.

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**27A
Service**

Distribution of Revenues from Non-Firm Point-to-Point Transmission

Transmission revenues from Non-Firm Point-to-Point Transmission Service (other than the portion of such revenues equal to congestion charges and the revenues attributable to the Transitional Revenue Neutrality Charge) for a Billing Month shall be distributed to the Network Customers (including the Transmission Owners) and Transmission Customers purchasing Firm Point-to-Point Transmission Service in proportion to their Demand Charges (including any imputed Demand Charges for bundled service to Native Load Customers) for Network Service and their charges for Reserved Capacity for Firm Point-to-Point Transmission Service. PJM Settlement shall distribute all revenues attributable to the Transitional Revenue Neutrality Charge to Allegheny Power.

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