

ATSI UTILITIES

FRR PROGRAM FOR 2011-12 AND 2012-13 DELIVERY YEARS

FERC DOCKET NO. ER09-1589

FRR INTEGRATION AUCTION RULES

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Appendix 1 Attestation Form

i.....DeltaView comparison of pcdocs://wassr01a/1002754/2e and pcdocs://wassr01a/1002754/2f. Performed on 3/11/2010.

- Appendix 2 Credit Representative and Information Form
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Article I. INTRODUCTION

I.1. Overview

- I.1.1.** The Cleveland Electric Illuminating Company, The Toledo Edison Company, Ohio Edison Company and Pennsylvania Power Company (hereafter referred to as the “ATSI Utilities”) are seeking binding offers from qualified Offerors to provide Capacity for the ATSI Load Zone for the June 1, 2011 through May 31, 2012 and June 1, 2012 through May 31, 2013 Delivery Years (the “Delivery Period”).
- I.1.2.** As authorized pursuant to FERC’s Order Addressing RTO Realignment Request and Complaint (the “Realignment Order”) in Docket No. ER09-1589, dated as of December 17, 2009, the ATSI Load Zone will be integrated into the PJM Balancing Authority effective as of June 1, 2011.
- I.1.3.** Pursuant to the Realignment Order, FERC authorized the ATSI Utilities to procure Capacity during the Delivery Period by means of an out-of-time Fixed Resource Requirement plan.
- I.1.4.** Under the plan, the ATSI Utilities are permitted to procure Capacity for the Delivery Period by means of a competitive auction (the “FRR Integration Auction” or the “Auction”), which shall be conducted from March 15 to 19, 2010. The results of such Auction will be posted on the Auction Website on March 26, 2010. The ATSI Utilities will conduct a separate Auction for each Delivery Year. Subject to certain adjustments (as explained in Section I.2.1 below), the ATSI Utilities seek to procure ~~13,497.0~~12,583.2 Megawatts of Capacity for the June 1, 2011 to May 31, 2012 Delivery Year and ~~13,937.4~~13,038.7 Megawatts of Capacity for the June 1, 2012 to May 31, 2013 Delivery Year. If the ATSI Utilities are unable to procure the full Capacity Requirement for either or both of the Delivery Years by means of the Auction, then the ATSI Utilities may procure any remaining balance through bilateral contracts.

I.1.5. Each of the cleared Offerors will be required to execute the Capacity Purchase and Sale Agreement within one (1) Business Day following the Auction results becoming final and, if applicable, deliver the Performance Assurance required thereunder within three (3) Business Days following the Auction results becoming final.

I.1.6. Set forth herein are the rules, terms and conditions which shall govern the Auction (the “Auction Rules”).

I.2. Product Definition – Capacity and Day-Ahead Must Offer Requirements

I.2.1. The ATSI Utilities are seeking to procure one hundred percent (100%) of the Capacity necessary to meet the Capacity Requirement for the ATSI Load Zone for each of the Delivery Years by means of the Auction, other than Capacity to be procured by LSEs authorized to “opt-out” of the Auction or by LSEs that submit an Independent FRR Plan to PJM. For the 2011-12 Delivery Year, the preliminary Capacity Requirement is 13,497.0 Megawatts. For the 2012-13 Delivery Year, the preliminary Capacity Requirement is 13,937.4 Megawatts. PJM will reduce the Capacity Requirement for either or both years to reflect the fact that wholesale LSE loads other than the ATSI Utilities’ loads have been removed in whole or in part from the FRR auctions. The amounts of Capacity to be procured for each of the 2011-12 and 2012-13 Delivery Years will be finalized by PJM no later than March ~~10~~,12, 2010.

I.2.2. Capacity Suppliers that own or control the output of a Generation Capacity Resource that is cleared in the FRR Integration Auction and that has not been rendered unavailable by a Generation Planned Outage, a Generator Maintenance Outage, or a Generation Forced Outage shall submit offers for the available Capacity of such Generation Capacity Resource into PJM’s Day-ahead Energy Market as described in and subject to the requirements of Section 1.10.1A(d) of Schedule 1 of the PJM Operating Agreement and the PJM Manuals.

I.3. Price of Accepted Offers

I.3.1. The Auction solicits binding offers which shall be subject to a single-clearing-price. Participants will offer Capacity at prices, terms and conditions subject to the Capacity Purchase and Sale Agreement, the PJM Agreements, the PJM Manuals, the Auction Rules and any other Auction documents, as such documents are described herein. Subject to these terms and conditions, the least expensive set of offers, or partial offers, sufficient to fulfill the Capacity Requirement will be accepted. All cleared Offerors will be paid a price per Megawatt-day equal to the highest price per Megawatt-day of any accepted offer, subject to a price cap equal to 1.5 multiplied by Net CONE.

I.4. Auction Manager

I.4.1. The Auction will be administered and conducted by PJM (the “Auction Manager”).

I.5. Auction Schedule

I.5.1. Please refer to the Auction Schedule attached as Appendix 5 for important dates and deadlines in connection with the Auction.

Article II. DEFINITIONS

II.1. Defined Terms

Capitalized or abbreviated terms not defined in this Section II.1 or elsewhere in these Auction Rules will have the definitions set forth in the PJM Agreements. To the extent the definitions in the PJM Agreements conflict, the definitions to be used herein shall be from first, the PJM RAA, second, the PJM Operating Agreement, and third, the PJM OATT.

ATSI Load Zone means the set of electrical locations that are provided transmission service by American Transmission Systems, Inc. (“ATSI”).

ATSI Utilities has the meaning set forth in Section I.1.1.

ATSI Evaluation EFORD has the meaning set forth in Section VIII.3.2.

Attestation Form means an Attestation Form required to be delivered by each Offeror in

accordance with Section IV.1.1, substantially in the form attached hereto as Appendix 1.

Auction has the meaning set forth in Section I.1.4.

Auction Manager has the meaning set forth in Section I.4.1. References to the “Office of Interconnection” in provisions of the PJM Agreements and PJM Manuals that are incorporated by reference into these Auction Rules shall be deemed to refer to the “Auction Manager.”

Auction Rules has the meaning set forth in Section I.1.6.

Auction Schedule means the schedule provided for conducting the Auctions in Appendix 5, and as may be amended from time-to-time by the ATSI Utilities with reasonable notice to the Offerors.

Auction Website has the meaning set forth in Section III.1.1.

Authorized Representative has the meaning set forth in Appendix 1.

Avoidable Costs means costs that are avoidable by a Generation Capacity Resource if it were placed on inactive status for the Delivery Year.

Bankrupt means, with respect to any entity, that such entity (i) voluntarily files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it by its creditors and such petition is not dismissed within sixty (60) calendar days of the filing or commencement; (ii) makes an assignment or any general arrangement for the benefit of its creditors; (iii) otherwise becomes insolvent, however evidenced; (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets; or (v) is generally unable to pay its debts as they become due.

Business Day means any day except a Saturday, Sunday or a day that PJM declares to be a holiday, as posted on the PJM website. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m. prevailing Eastern Time.

Capacity means, in the case of a Generation Capacity Resource, “Unforced Capacity” as defined at Section 1.86 of the PJM RAA or, in the case of a Demand Resource or an Energy Efficiency Resource, the “Unforced Capacity” value attributable to any Megawatts of load reduction capability associated with such Demand Resource or Energy Efficiency Resource as such value is determined by PJM in accordance with the PJM Agreements.

Capacity Purchase and Sale Agreement means the Capacity Purchase and Sale Agreement to be entered into by the ATSI Utilities and each Capacity Supplier substantially in the form attached hereto as Appendix 4.

Capacity Requirement means the capacity requirement for the ATSI Load Zone for each of the June 1, 2011 - May 31, 2012 and June 1, 2012 – May 31, 2013 Delivery Years as calculated by PJM.

Capacity Resource has the meaning set forth in Section 1.8 of the PJM RAA, provided that for purposes of the Auction, Capacity Resources shall only mean Generation Capacity Resources (including Planned Generation Capacity Resources), Demand Resources (including Planned Demand Resources) and Energy Efficiency Resources.

Capacity Supplier means a cleared Offeror in the Auction that becomes a party to the Capacity Purchase and Sale Agreement.

Confidential Information has the meaning set forth in Section X.3.1.

Cost-Based Sell Offer means an offer based on the Market Seller Offer Cap calculated in accordance with Section 6 of Attachment DD of the PJM OATT.

Credit Representative has the meaning set forth in Appendix 2.

Credit Representative and Information Form means a Credit Representative and Information Form required to be delivered by each Offeror in accordance with Section IV.1.2, substantially in the form attached hereto as Appendix 2.

Default ACR means the values applicable to a Generation Capacity Resource for the relevant Delivery Year, as determined pursuant to Section 6.7 of Attachment DD to the PJM OATT.

Delivery Period has the meaning set forth in Section I.1.1.

eRPM means an Internet-based application used by market participants to submit resource-specific sell offers or buy bids into RPM auctions.

Frequently Asked Questions or **FAQ** means questions and answers regarding the Auction to be posted on the Internet website <http://www.pjm.com/markets-and-operations/atsi-integration/rpm-frr-integration-auctions.aspx>, as described in Section III.1.2.

FRR Integration Auction has the meaning set forth in Section I.1.4.

FRR Capacity Plan means the ATSI Utilities' plan to procure Capacity in the ATSI Load Zone for the Delivery Period, as required pursuant to the Realignment Order.

Indemnified Parties has the meaning set forth in Section X.2.

Independent FRR Plan means a PJM-approved plan whereby a wholesale LSE's load is removed from the FRR auction. The terms of any Independent FRR Plan are between PJM and the affected wholesale LSE; and the ATSI Utilities have no responsibility with regard to loads affected by any Independent FRR Plan or any wholesale LSE that

proposes or secures any such plan.

Interest Index means the average Federal Funds Effective Rate, defined below, for the period of time the funds are on deposit. The Federal Funds Effective Rate is published daily on the Federal Reserve website <http://www.federalreserve.gov/releases/h15/update/>.

Internal Credit Risk Rating means a credit risk rating scale of 1 through 7 as shown in the table below using the S&P and Moody's senior unsecured debt rating (or, if unavailable, the corporate issuer rating):

FirstEnergy Credit Risk Rating	S&P	Moody's	Not Rated
1 – 4 (Investment Grade)	AAA – BBB-	Aaa – Baa3	Credit Review
5 – 7 (Non-investment Grade)	BB+ – CCC	Ba1 – Caa	Credit Review

Letter of Credit means a standby irrevocable letter of credit acceptable to the ATSI Utilities issued by a bank or other financial institution with a minimum "A" senior unsecured debt rating (or, if unavailable, corporate issuer rating) from S&P or a minimum "A2" senior unsecured debt rating (or, if unavailable, corporate issuer rating) from Moody's, in substantially similar form as set forth in Appendix 4.

Load Management Product means a Load Management product as defined in Appendix A of PJM Manual 18; provided that Load Management Products shall not include products from Interruptible Load for Reliability resources.

Market-Based Sell Offer means a Sell Offer that specifies market-based prices.

Market Clearing Price has the meaning set forth in Section VIII.2.6.

Minimum Offer Price Rule means the rule described in Section 5.14(h) of Attachment DD to the PJM OATT.

Moody's means Moody's Investors Service, Inc.

Net Revenues means Projected PJM Market Revenues as described in Section 6.8(d) of Attachment DD of the PJM OATT.

Network External Designated Transmission Service means network transmission use by load serving entities in PJM to serve customer load from designated resources located outside the PJM Control Area.

Offeror means a party that offers Capacity in the Auction.

Opportunity Cost means the cost described in Section 6.7(d)(ii) of the PJM OATT.

Performance Assurance has the meaning set forth in the Capacity Purchase and Sale Agreement.

PJM Agreements means the PJM Open Access Transmission Tariff, the PJM Operating Agreement and the PJM RAA.

PJM Balancing Authority means the collection of generation, transmission, and loads within the metered boundaries of the PJM footprint and for which PJM maintains load resource balance.

PJM Manual means a PJM Manual as defined in the PJM Agreements, including PJM Manuals 15, 18, 18B and 19, as such manuals may be amended, superseded or replaced from time to time.

PJM Market Monitor means Monitoring Analytics, LLC, the independent firm charged with monitoring the PJM markets, or any successor thereto.

PJM OATT means the Open Access Transmission Tariff of PJM, as such tariff may be amended, superseded or replaced from time to time.

PJM Operating Agreement means the Amended and Restated Operating Agreement of PJM, as such agreement may be amended, superseded or replaced from time to time.

PJM RAA means the Reliability Assurance Agreement Among Load Serving Entities in the PJM Region, as such agreement may be amended, superseded or replaced from time to time.

Pre-Bid Security means the security to be posted in accordance with Article V.

Realignment Order has the meaning set forth in Section I.1.2.

Sell Offer Package means, for each Offeror, the Attestation Form, a Credit Representative and Information Form, Pre-Bid Security (if applicable) and the Sell Offer(s) submitted into eRPM.

Sell Offer is an offer to sell Capacity Resources in the FRR Integration Auctions.

Sell Offer Specifications means the specifications set forth in Section 5.6.1 of Attachment DD of the PJM OATT.

Three Pivotal Supplier Test means the Market Structure Test described in Section 6.3 of Attachment DD of the PJM OATT.

S&P means Standard and Poor's Rating Services.

II.2. Amendments to PJM Agreements and PJM Manuals

II.2.1. Offerors who execute the Capacity Purchase and Sale Agreement shall be obligated to deliver Capacity in accordance with, and subject to the applicable requirements set forth in, the PJM Agreements and the PJM Manuals, as such agreements and manuals may be amended, superseded or replaced from time to time. As such, an Offeror who executes the Capacity Purchase and Sale Agreement assumes the risk of any changes in its obligations to the ATSI Utilities due to the PJM Agreements and PJM Manuals being amended, superseded or replaced.

II.3. References to Articles, Sections and Appendices

II.3.1. Unless the context indicates otherwise or otherwise specified, references to Articles, Sections and Appendices are to Articles, Sections and Appendices to these Auction Rules.

Article III. INFORMATION PROVIDED FOR OFFERORS; COMMUNICATIONS PROCESS

III.1. Information Provided for Offerors

III.1.1. Relevant documents, data and information related to this Auction are available on the Auction Manager's Internet website <http://www.pjm.com/markets-and-operations/atSI-integration/rpm-frr-integration-auctions.aspx> (the "Auction Website"). An Offeror should check the Auction Website frequently to ensure it has the latest documentation and information. Neither the ATSI Utilities nor the Auction Manager has any obligation to provide information regarding the Auction or the Auction process directly to an Offeror or potential Offeror except as provided herein.

III.1.2. The Auction Website will contain, among other information, the following documents:

- the Auction Rules;

- the Attestation Form to be submitted by each Offeror;
- the Credit Representative and Information Form to be submitted by each Offeror; and
- Frequently Asked Questions, which shall include answers to various questions and “web links” that will allow prospective Offerors to interface with the Auction Manager about any aspect of this Auction; ~~and~~.

The PJM website (www.pjm.com) contains copies of the applicable PJM Agreements, including Attachment DD to the PJM OATT, the PJM RAA, the PJM Operating Agreement, and the PJM Manuals.

III.1.3. No Warranty on Information. The information provided in the Auction or on the Auction Website has been provided to assist Offerors in evaluating the Auction. It does not purport to contain all the information that may be relevant to an Offeror in satisfying its due diligence efforts. Neither the ATSI Utilities nor the Auction Manager nor any of their representatives make any express or implied representation or warranty as to the accuracy or completeness of the information, and shall, either individually or jointly, be liable for information provided in connection with the Auction or any omissions from such information, or any information provided to an Offeror by any other source. Neither the ATSI Utilities, nor the Auction Manager, nor any of their representatives, shall be liable to an Offeror or any of its representatives for any consequences relating to or arising from the Offeror’s use of any information provided through this Auction process.

III.2. Communications Process

III.2.1. Except as provided in this Section III.2, all communications to prospective and actual Offerors shall be conducted through the Auction Manager using only those communication mechanisms established and approved by the Auction Manager.

III.2.2. The ATSI Utilities and the Auction Manager may host one or more public information sessions for the purpose of explaining the Auction and the related process and documents to potential Offerors. All communications between the ATSI Utilities and potential Offerors during such information sessions shall be considered to be public communications without regard to whether a record of such communications is made available on the Auction Website or otherwise as part of the Auction process.

III.2.3. Offerors may communicate directly with the Auction Manager regarding the Auction, but the Auction Manager reserves the right to respond by means of a generic answer that is made available to all Offerors or potential Offerors by means of posting the response on the Auction Website. If the inquiries, regardless of the form they are received in, are deemed to be of interest to Offerors or to the general public, the Auction Manager may post any such response in the form of a FAQ, which will be posted on the Auction Website without revealing the identity of the party making the inquiry or the unit or resource at issue.

III.2.4. Except as provided in this Section III.2, only the Auction Manager will be authorized to respond to inquiries from Offerors or potential Offerors and any information that is disseminated in response to such inquiries or any other information disseminated by the Auction Manager will be provided at the same time to all Offerors or potential Offerors, by or under the supervision of, the Auction Manager.

III.2.5. Any communication required to be delivered to the Auction Manager by an Offeror must be in writing and signed by or on behalf of such Offeror and must be sent by e-mail to:

PJM Interconnection
Attn: Jeff Bastian / Auction Manager
Address: 955 Jefferson Avenue
Norristown, PA 19403

Phone: 610-666-8847

E-mail: atsi_integration@pjm.com

III.2.6. Except as described in Section III.1 above, any communication to be given by the Auction Manager or the ATSI Utilities to an Offeror may be delivered by hand or sent by fax or e-mail to the address, fax number or e-mail address given for such purposes in the Attestation Form.

Any such communication (a) if delivered by hand, will be deemed received when delivered, (b) if sent by fax, will be deemed received at the time of transmission (determined solely by the electronically recorded time of transmittal on the sender's fax service), provided that where delivery occurs after 6.00 p.m. on a Business Day or on a day which is not a Business Day, receipt will be deemed to occur at 9.00 a.m. on the following Business Day, or (c) if sent by e-mail, will be deemed received at the time of transmission as determined solely by the electronically recorded time of transmittal on the sender's system, provided that where delivery occurs after 5:00 p.m. on a Business Day or on a day which is not a Business Day, receipt will be deemed to occur at 9.00 a.m. on the following Business Day.

III.2.7. Offerors shall initiate communications regarding the Auction with the Auction Manager, and to the extent permitted in this Section III.2.7, with the ATSI Utilities, by completing and submitting the Attestation Form in accordance with Section IV.1.1. At any time following submission of its Attestation Form until the close of the Auction, each Offeror will communicate exclusively with the Auction Manager in all matters related to the Auction or the Auction Rules. Any communications between the Auction Manager and an Offeror shall be exclusively between the Auction Manager and such Offeror's Authorized Representative(s).

- III.2.8.** Except as provided herein, no Offeror will communicate or attempt to communicate on a non-public basis directly with any one or all of the ATSI Utilities or their representatives regarding any aspect of the Auction.
- III.2.9.** Except as provided in this Section III.2, the ATSI Utilities will not communicate either directly or indirectly with actual or potential Offerors, including any of their affiliates, with regard to any Auction-related matters prior to the selection of cleared Sell Offers by the Auction Manager. If and when the Auction Manager informs the ATSI Utilities of the results of its Sell Offer evaluations and the identity of the cleared Offerors, the Companies may then communicate with the cleared Offerors in order to execute the Capacity Purchase and Sale Agreement.
- III.2.10.** If an Offeror attempts to contact the ATSI Utilities whether by phone call, email, fax, or other means, the ATSI Utilities in all cases will direct the Offeror to the Auction Website and/or to the Auction Manager. In no case, will the ATSI Utilities communicate directly with potential Offerors with respect to the Auction except as provided herein. Any inadvertent communications shall be reported immediately to the Auction Manager who will determine whether such communications were substantive and whether any information that might have been communicated should be posted on the Auction Website.
- III.2.11.** Offerors are prohibited from communications with each other in ways that would compromise the integrity and competitiveness of the Auctions. Sanctions will be applied if these rules are violated, including, among other things, possible disqualification of Offerors found to have violated the Auction rules or otherwise compromised the Auction results.

Article IV. OFFEROR QUALIFICATIONS**IV.1. Attestation Form; Credit Representative and Information Form**

IV.1.1. An Offeror must submit an Attestation Form for each Delivery Year to the Auction Manager no later than March ~~11~~,18, 2010 in accordance with the procedures described in Section III.2. Pursuant to the Attestation Form, each Offeror shall designate an Authorized Representative(s) who will act on such Offeror's behalf in connection with the Auction. The Attestation Form also contains certifications to be made by the Offeror to ensure that all Offerors act in a fair and compliant manner and abide by the Auction Rules. In addition, the Attestation Form requires each Offeror to acknowledge and agree to the confidentiality provisions of the Auction Rules and, consistent with those rules, to agree to take reasonable precautions to ensure that all data and information supplied by Offerors in connection with the Auction are maintained in confidence and not disclosed.

IV.1.2. An Offeror must submit the Credit Representative and Information Form to the Auction Manager for each Delivery Year no later than ~~February 22~~,March 15, 2010 in accordance with the procedures described in Section III.2. The Credit Representative and Information Form identifies and contains information regarding the Offeror's Credit Representative, who will be designated by the Offeror to answer questions or provide information regarding the Offeror's Pre-Bid Security requirements set forth in Article V and Performance Assurance requirements set forth in Article 6 of the Capacity Purchase and Sale Agreement.

IV.1.3. An Offeror that is Bankrupt may not submit a Sell Offer or otherwise participate in the Auction.

IV.2. No Collusion/Independence

IV.2.1. Upon submitting its Attestation Form, each Offeror must disclose to the Auction Manager and PJM Market Monitor any bidding agreement or any other arrangement, including, but not limited to, the amount to offer at certain prices, which the Offeror may have entered into with one or more other Offerors or other suppliers or other Market Participants and which is related to its participation in the Auction. An Offeror that has entered into such an agreement or arrangement must name the entities with which the Offeror has entered into such bidding agreement, including any joint venture, bidding consortium or other arrangement pertaining to participating in the Auction.

IV.2.2. Upon submitting its Attestation Form, absent disclosure to the Auction Manager of a bidding agreement or other arrangement, each Offeror must certify that (except as may be disclosed to the Auction Manager in accordance with Section IV.2.1) it is offering independently of other Offerors and is not associated with another Offeror and has no knowledge of any offers being submitted by another Offeror in response to this Auction. An Offeror is associated with another Offeror if the two Offerors have ties or arrangements or understandings (including unwritten or non-written arrangements or understandings) that could allow them to act in concert with regard to the Auction or any process or action associated with the Auction, or that could prevent them from competing actively against each other in the Auction.

IV.2.3. Upon submitting its Attestation Form, each Offeror must certify that (i) it does not have any knowledge of confidential information relative to the offering preparation, offering strategy or offers of any other Offeror, (ii) it will not disclose confidential information relative to its own offering preparation, offering strategy or offers to any other Offeror or any other person except as described herein and (iii) it will not, at any time, disclose any confidential information regarding the Auction.

IV.3. Offeror Agreements

IV.3.1. By submitting its Attestation Form, each Offeror accepts and agrees that:

- it shall comply with, and be bound by, the Auction Rules in all respects;
- if the Offeror becomes a cleared Offeror, such Offeror shall execute the Capacity Purchase and Sale Agreement and comply with the terms thereof within one (1) Business Day following the Auction results becoming final (including, if applicable, delivery of Performance Assurance pursuant to Article 6 within three (3) Business Days following the Auction results becoming final);
- the information contained in its Attestation Form, including all the certifications set forth in Section G thereto, are true and correct in all respects, and the Offeror has no knowledge of any facts or circumstances that could reasonably be expected to cause such information to be untrue in the future;
- following submittal of its Sell Offer into eRPM, it may not substitute another entity in its place, transfer its rights or obligations to another entity, or otherwise assign its status as a cleared Offeror to another entity without the prior written consent of the ATSI Utilities, and that it understands that any such substitution, transfer, or assignment is null and void, and may result in its exclusion from further participation in the Auction and termination of the Capacity Purchase and Sale Agreement; and
- it shall obtain and maintain all licenses, permits, authorizations and/or clearances that may be required by any governmental body, agency, or authority necessary to participate in the Auction and comply with the Auction Rules, and any of its subcontractors, employees, agents and representatives of each shall comply with all applicable governmental laws, ordinances, rules, regulations,

orders and all other governmental requirements in connection therewith.

IV.4. PJM-Related Qualifications

- IV.4.1.** From the date an Offeror's Sell Offer is submitted into eRPM through and including the end of the Delivery Period, each Offeror shall be a PJM "Market Seller," as the term is defined in the PJM Agreements and the PJM Manuals, and must otherwise meet or satisfy the requirements for membership (including membership in good standing) and participation in PJM.
- IV.4.2.** Each Offeror must be knowledgeable and capable of adhering to all PJM-related protocols necessary to conduct business with respect to providing Capacity and otherwise performing all obligations described in the Capacity Purchase and Sale Agreement.
- IV.4.3.** Each Offeror must own or have the contractual authority to control the output or load reduction capability of any Capacity Resource that it offers Capacity from, and agrees not to transfer such authority to another entity during the Delivery Period.
- IV.4.4.** Offerors whose Capacity Resources are subject to market power mitigation measures, as contemplated by Section 6.5 of Attachment DD to the PJM OATT, shall bid at mitigated prices and Offerors shall have submitted all applicable information to the PJM Market Monitor in accordance with Section 6.7 of Attachment DD to the PJM OATT no later than 5:00 p.m. prevailing Eastern Time on January 29, 2010.
- IV.4.5.** Each Offeror must have all required FERC authorizations to supply Capacity and otherwise perform its obligations under the Capacity Purchase and Sale Agreement, including, if applicable, FERC authorization to sell capacity at market-based rates no later than 5:00 p.m. prevailing Eastern Time on February 1, 2010.

Article V. PRE-BID SECURITY**V.1. Internal Credit Risk Ratings and Pre-Bid Security**

V.1.1. The Auction Manager will provide the Credit Representative and Information Form to the ATSI Utilities and the ATSI Utilities will review the information provided in the Credit Representative and Information Form and assess each Offeror an Internal Credit Risk Rating based on the Offeror's credit risk rating by S&P or Moody's. If the S&P and Moody's credit risk ratings differ, the higher credit risk rating will be used. If the Offeror is not rated by S&P or Moody's, then the ATSI Utilities will assess an Internal Credit Risk Rating based on the financial information provided by the Offeror, which will be communicated by the Auction Manager to such Offeror no later than two (2) weeks after the submission of the Credit Representative and Information Form. The ATSI Utilities will perform the credit evaluation in a non-discriminatory manner and any determination by the ATSI Utilities of the Internal Credit Risk Rating shall be deemed final and conclusive.

V.1.2. All Offerors assessed an Internal Credit Risk Rating of 5 or higher must post Pre-Bid Security in the amount of \$500,000, either in the form of (i) a Letter of Credit substantially in the form set forth in Appendix 4 or (ii) cash credited to a deposit account of the ATSI Utilities. ~~The Offeror~~Offerors must post the Pre-Bid Security ~~at least one (1) week prior to the beginning of the Auction.~~by no later than March 18, 2010. Failure to do so will disqualify such Offeror from participating in the Auction. No Pre-Bid Security is required for Offerors assessed an Internal Credit Risk Rating of 4 or lower.

V.1.3. The ATSI Utilities shall be entitled to retain an Offeror's Pre-Bid Security or draw on any Letter of Credit posted as Pre-Bid Security if the ATSI Utilities determine that the Offeror has (i) made a material omission or misrepresentation in the Attestation Form or Credit Representative and

Information Form submitted by the Offeror to participate in the FRR Integration Auction, (ii) violated or otherwise failed to comply with the Auction Rules, or (iii) failed to execute the Capacity Purchase and Sale Agreement within one (1) Business Day of the Auction results becoming final.

V.1.4. Subject to Section V.1.3, the ATSI Utilities shall return any Pre-Bid Security posted in the form of cash to the Offeror within one (1) Business Day of the Auction results becoming final, along with simple interest calculated on the lower of the Interest Index or six percent (6%) per annum; provided that to the extent an Offeror executes the Capacity Purchase and Sale Agreement, at the option of such Offeror, the ATSI Utilities may retain such cash as Performance Assurance, if applicable, under the Capacity Purchase and Sale Agreement.

V.1.5. Subject to Section V.1.3, the ATSI Utilities shall return any Pre-Bid Security posted in the form of a Letter of Credit to the Offeror within one (1) Business Day of the Auction results becoming final; provided that to the extent an Offeror executes the Capacity Purchase and Sale Agreement, such Offeror shall post Performance Assurance under the Capacity Purchase and Sale Agreement if required thereunder.

Article VI. CAPACITY RESOURCE QUALIFICATIONS

VI.1. Satisfaction of Qualifications

VI.1.1. All Offerors shall satisfy the qualifications described in this Article VI to the extent that such qualifications apply to the Offeror or to the Capacity Resource(s) that are controlled by, bid and/or offered by such Offeror into the Auction.

VI.2. General Qualifications

VI.2.1. Offerors may only offer the following types of resources into the Auction:

- a) Generation Capacity Resources (including existing or Planned

Generation Capacity Resources);

b) Demand Resources (including existing or Planned Demand Resources);
and

c) Energy Efficiency Resources.

VI.2.2. All Capacity Resources offered must meet the requirements applicable to Capacity Resources as set forth in Schedule 8.1 of the PJM RAA and all other provisions under the PJM RAA, the PJM OATT and any other PJM Agreement.

VI.2.3. Any Capacity Resource that is offered must be free and clear of a capacity commitment or obligation to any other person or party at the time that the Capacity Resource is offered into the Auction, and must remain free and clear of any such commitment or obligation until the Auction is completed. If all or part of a Capacity Resource is cleared in the Auction, the Megawatts cleared by such Capacity Resource shall be committed exclusively to the ATSI Utilities during the Delivery Period and shall not be committed, obligated or operated in any manner such that it is not available to meet the Capacity obligation to the ATSI Utilities during the Delivery Period.

VI.3. Generation Capacity Resources

VI.3.1. Generation Capacity Resources offered into the Auction must satisfy the requirements applicable thereto pursuant to Attachment DD to the PJM OATT, PJM Manual 18 and the PJM RAA (including Schedules 9 and 10).

VI.3.2. If any such Generation Capacity Resource clears in the Auction, the Offeror will be required to comply with the requirements applicable to such Capacity Resources set forth in PJM Manual 18, including but not limited to those related to certification, testing and reporting.

VI.3.3. For Offerors offering Generation Capacity Resources, such Offerors must demonstrate to the Auction Manager's reasonable satisfaction that such

resources satisfy the capability and deliverability requirements of Schedules 9 and 10 of the PJM RAA.

- VI.3.4.** Offerors offering Generation Capacity Resources may offer only unit-specific Capacity into the Auction.
- VI.3.5.** Prior to the start of the applicable Delivery Year, Offerors of one or more Capacity Resources located within the metered boundaries of the PJM Balancing Authority must have obtained confirmation from PJM that each such Capacity Resource is deliverable to the PJM Balancing Authority throughout the applicable Delivery Year.¹
- VI.3.6.** Prior to submitting its Sell Offer into eRPM, Offerors of one or more Capacity Resources that are external to or located outside of the metered boundaries of the PJM Balancing Authority must state in their Attestation Forms the intended Available Transfer Capability paths that will be used to deliver each such Capacity Resource to the metered boundaries of the PJM Balancing Authority. Prior to the start of the applicable Delivery Year, such Offerors must have obtained confirmation from PJM that each such Capacity Resource is deliverable to the metered boundaries of the PJM Balancing Authority in accordance with the PJM requirements for external Capacity Resources as stipulated in the PJM Agreements and the PJM Manuals.
- VI.3.7.** Offerors of Generation Capacity Resources must participate in the process for review of their costs by the PJM Market Monitor, pursuant to Section IX.2.1 below, using the PJM Market Monitor's Reliability Pricing Model/ACR Internet interface. Instructions for using the template (version 10) available on this electronic interface are included in Appendix 6.

¹ Note: PJM has conducted a study concluding that all currently planned and ~~approved~~existing Capacity Resources in the PJM footprint are deliverable. Nevertheless, Offerors must still provide written confirmation of such deliverability.

VI.4. Demand Resources; Energy Efficiency Resources

- VI.4.1.** For Offerors offering Demand Resources or Energy Efficiency Resources, such resources must satisfy the requirements applicable thereto pursuant to Attachment DD-1 to the PJM OATT, PJM Manuals 18 and 18B, PJM Manual 19 and the PJM RAA (including Schedule 6).
- VI.4.2.** If any such Demand Resource clears in the Auction, the Offeror will be required to comply with the requirements applicable to such Capacity Resources set forth in PJM Manual 18, including but not limited to those related to interruptibility, availability, registration and reporting.
- VI.4.3.** If any such Energy Efficiency Resource clears in the Auction, the Offeror will be required to comply with the requirements applicable to such Capacity Resources set forth in PJM Manuals 18 and 18B, including but not limited to those related to installation, reporting, measurement and verification.
- VI.4.4.** Any Offeror offering Demand Resources must request that the Auction Manager model such Demand Resource, in accordance with PJM procedures set forth in PJM Manual 18, no later than March 1, 2010. The Auction Manager shall review and approve the use of such Demand Resource to satisfy the Capacity Requirement via the Auction in accordance with the methods customarily applied by PJM as set forth in PJM Manual 18.
- VI.4.5.** Any Offeror offering Energy Efficiency Resources must prepare and submit a measurement and verification plan to the Auction Manager, in accordance with the procedures set forth in PJM Manual 18B, no later than February 12, 2010. The Auction Manager shall review and approve the use of such Energy Efficiency Resource to satisfy the Capacity Requirement via the Auction in accordance with the methods customarily applied by PJM as set forth in PJM Manuals 18 and 18B.

VI.4.6. Load reductions for Load Management Products must be estimated in accordance with PJM Manual 19 and such estimates delivered to the Auction Manager on or before February 22, 2010. Offerors with Direct Load Control products must comply with load research guidelines outlined in PJM Manual 19. Offerors of Planned Load Management Products must also submit a DR Plan (including a marketing and customer aggregation plan and key milestones that demonstrate that resource will be available for the start of the Delivery Year) to the Auction Manager on the same date.

Article VII. SUBMISSION OF SELL OFFERS

VII.1.1. eRPM is the sole means by which Sell Offers are to be submitted to the Auction Manager.

VII.1.2. Only Sell Offers entered into eRPM during the Auction window that meet the Sell Offer Specifications will be considered.

VII.1.3. Offerors must enter Sell Offers in accordance with Section 5 of PJM Manual 18; provided, however, that such Capacity Resource's EFORD shall be as set forth in Section VIII.3.2.

VII.1.4. Sell Offers for existing Generation Capacity Resources must specify a Cost-Based Sell Offer and may specify a Market-Based Sell Offer. The Offeror establishes a Cost-Based Sell Offer through the submittal of data in PJM's RPM/ACR system; however, the Offeror must additionally submit a Sell Offer into the eRPM system during the Auction window to complete the Sell Offer into the Auction. If a Market-Based Sell Offer is included, such Market-Based Sell Offer shall apply to the Sell Offer unless the application of the Cost-Based Sell Offer is required in accordance with Section VIII.2.3(i), in which case only the Cost-Based Sell Offer shall apply. A zero Sell Offer that meets the criteria specified for Self-Supply may be designated as Self-Supply.

VII.2. ATSI Utilities' Property

VII.2.1. The Attestation Form and Credit Representative and Information Form submitted by Offerors in response to this Auction will become the exclusive property of the ATSI Utilities.

VII.3. Offeror's Acceptance

VII.3.1. The submission of a Sell Offer into eRPM shall constitute an Offeror's (i) acknowledgement and acceptance and agreement to comply with and be bound by these Auction Rules, regardless of the outcome of this Auction and (ii) agreement to be bound by the provisions set forth in Article 8 (Dispute Resolution; Submission to Jurisdiction) of the Capacity Purchase and Sale Agreement which shall apply to these Auction Rules and the Auction.

Article VIII. EVALUATION OF SELL OFFER PACKAGES**VIII.1. Rejection of Non-Conforming Sell Offer Packages**

VIII.1.1. All Offerors and their Sell Offer Packages must conform to the Auction Rules in all respects. A Sell Offer Package that does not include a properly completed Attestation Form, Credit Representative and Information Form and Pre-Bid Security (if applicable), or is otherwise non-conforming to these Auction Rules as determined by the Auction Manager in its sole and exclusive discretion, may be rejected.

VIII.2. Sell Offer Package Evaluation

VIII.2.1. The Auction Manager will evaluate all Sell Offer Packages in a manner that is independent from the ATSI Utilities. The Auction Manager reserves the right, in its sole and exclusive discretion, to reject any and all Sell Offer Packages on the grounds that such Sell Offer Package does not conform to the terms and conditions of the Auction or on the grounds that the Offeror has not complied with provisions of these Auction Rules. In

addition, the Auction Manager may waive minor or administrative errors in Sell Offer Packages received.

VIII.2.2. The Auction Manager must reject as nonconforming Market-Based Sell Offers from a Planned Generation Capacity Resource that fail the analysis under Section IX.3.1 below and are not timely revised and resubmitted.

VIII.2.3. The Auction Manager will apply:

- (i) the Three Pivotal Supplier Test using the Cost-Based Sell Offers, and use the Cost-Based Sell Offer rather than the Market-Based Sell Offer for each Sell Offer of an existing Generating Capacity Resource that fails the Three Pivotal Supplier Test; and
- (ii) the sensitivity analysis, the method for determining a replacement market clearing price if the sensitivity analysis fails, and the method for determining the identity of cleared Sell Offers as provided in Subsections 5.14(h)(3) and (4) of the Attachment DD to the PJM OATT upon notice from the PJM Market Monitor that a Sell Offer Package(s) does not comply with the Minimum Offer Price Rule.

VIII.2.4. A Sell Offer shall fail the Three Pivotal Supplier Test if, as to Sell Offers, there are not more than three jointly pivotal suppliers.

VIII.2.5. The Sell Offers from conforming Sell Offer Packages will be ranked from lowest to highest price and cleared in a similar fashion to existing RPM auctions, using least-cost optimization. If two or more Offerors submit Sell Offers with the same price, these Sell Offers will be considered “tied Sell Offers” at that price and will be addressed as described in Section 5.12(d) of Attachment DD of the PJM OATT.

VIII.2.6. If there are no tied Sell Offers at the price of the highest-priced winning Sell Offer (the “Market Clearing Price”), but the number of Megawatts of Capacity in the highest-priced winning Sell Offer would result in more

Megawatts of Capacity than the Capacity Requirement being procured, only the Megawatts of Capacity in the highest-priced winning Sell Offer up to the Capacity Requirement across all winning Sell Offers being procured would be considered winning Sell Offers.²

VIII.2.7. After Sell Offers are ranked from lowest to highest, including incorporation of a tie-breaking procedure, if applicable, the Auction Manager will independently apply the Sell Offer Specifications and determine which Sell Offers, if any, meet the criteria as winning Sell Offers.

VIII.2.8. The Market Clearing Price for Capacity established in the FRR Integration Auction shall be subject to a price cap of 1.5 multiplied by Net CONE. The Net CONE value already established for the PJM footprint for the 2011-12 and 2012-13 Delivery Years will be used.

VIII.2.9. After the Auction Manager applies the Sell Offer Specifications to the Sell Offers, the Auction Manager will then notify the ATSI Utilities of the identity of cleared Offerors, the number of Megawatts of Capacity won by each cleared Offeror (and the Capacity Resource applicable thereto), and the Market Clearing Price.

VIII.3. After Auction Ends

VIII.3.1. Cleared Offerors shall execute the Capacity Purchase and Sale Agreement within one (1) Business Day of the Auction results becoming final and, if applicable, deliver the Performance Assurance required thereunder within three (3) Business Days of the Auction results becoming final.

VIII.3.2. Immediately after the Auction clears, PJM will enter unit-specific ICAP transactions for the relevant Delivery Year in the eRPM system between Offerors that cleared Capacity Resources in the Auction and the ATSI Utilities. The presence of these transactions, or lack thereof, will serve as notification for winning and unsuccessful Offerors. For cleared

²~~Note: FE to seek waiver of application of OATT re: make-whole payments.~~

Generation Capacity Resources, the amount of ICAP that will be transferred in the unit-specific transaction will be equal to the UCAP cleared by the Offeror in the FRR Integration Auction divided by one minus such Capacity Resource's Sell Offer EFORD submitted in the Auction. The ICAP transferred in the unit-specific transaction will not exceed the summer ICAP rating of the unit. The ATSI Utilities will then commit the transferred ICAP to its FRR Capacity Plan.

PJM will use the following calculation to determine the amount of UCAP initially committed to the plan for a given generation resource:

ICAP transferred to ATSI Utilities via unit-specific transaction * (1 – ATSI Evaluation EFORD).

The “ATSI evaluation EFORD” will be the EFORD that was effective at the time of the Base Residual Auction for the given Delivery Year. This parallels the EFORDs that are eligible to be included in Sell Offer EFORDs for the FRR Integration Auctions.

- The EFORD at the time of the 2011/2012 Base Residual Auction includes data from October 1, 2006 through September 30, 2007.
- The EFORD at the time of the 2012/2013 Base Residual Auction includes data from October 1, 2007 through September 30, 2008.
- The EFORD for generators located in the ATSI zone or any other generators that were not modeled in the eRPM system for the 2011/2012 or 2012/2013 BRA will include data from October 1, 2008 through September 30, 2009.

Resources that elected to submit a Sell Offer EFORD less than the ATSI Evaluation EFORD will need to provide replacement Capacity to the ATSI Utilities prior to the December 15, 2010 FRR plan submission deadline.

VIII.3.3.

For cleared Demand Resources or cleared Energy Efficiency Resources ~~for the 2012–2013 Delivery Year only,~~³ the amount of ICAP that will be transferred in the unit-specific transaction described in Section VIII.3.2 above will be equal to the UCAP cleared by the Offeror divided by the product of the DR Factor and the Forecast Pool Requirement. The ATSI Utilities will then commit the transferred ICAP to its FRR Capacity Plan. The installed capacity committed in such FRR Capacity Plan will be converted to UCAP Megawatts in the ATSI Utilities' FRR Capacity Plan based on the DR Factor and the Forecast Pool Requirement. If the final DR Factor or Forecast Pool Requirement decrease resulting in less UCAP being available on a Demand Resource or Energy Efficiency resource than what was cleared in the Auction, then the Capacity Supplier must provide the ATSI Utilities with replacement capacity or otherwise meet their relevant obligations under the Capacity Purchase and Sale Agreement prior to the start of the applicable Delivery Year.

VIII.3.4.

Once the final EFORD is established for the applicable Delivery Year, if the final EFORD is different from the Sell Offer EFORD the Offeror submitted in its cleared Sell Offer, resulting in more UCAP being available on that resource, PJM will adjust the ICAP amount of the original unit-specific Capacity transaction such that the ATSI Utilities will only receive the exact amount of cleared UCAP for use in their FRR Capacity Plan. Similarly, if the final DR Factor or final Forecast Pool Requirement used to calculate the UCAP transferred from Demand Resources or Energy Efficiency resources are different from the DR Factor or Forecast Pool Requirement known at the time of the Auction, resulting in more UCAP being available on that Capacity Resource, PJM

³~~Note: Subject to FERC filing on December 1, 2009 to permit Energy Efficiency Resources in the Auction.~~

will adjust the ICAP amount of the original unit-specific Capacity transaction such that the ATSI Utilities will only receive the exact amount of UCAP for use in their FRR Capacity Plan.

VIII.3.5. If requested by any governmental authority, the PJM Market Monitor may prepare and deliver a report describing the Auction results and other related information to such governmental authority; provided that the PJM Market Monitor shall provide a copy of any such report(s) to the ATSI Utilities.

Article IX. MONITORING OF AUCTION PARTICIPATION AND ADMINISTRATION

IX.1. Obligation to Cooperate and Provide Information

IX.1.1. All Offerors, potential Offerors, the Auction Manager and the ATSI Utilities shall fully cooperate with the PJM Market Monitor as it carries out its duties under these Auction Rules, and, in particular, shall timely provide information, documentation or data requested by the Market Monitoring Unit on a confidential basis.

IX.2. Cost-Based Sell Offers

IX.2.1. An Offeror submitting a Sell Offer Package for a Generation Capacity Resource (other than planned Capacity Resources) may elect to submit a Cost-Based Sell Offer equal to or less than the Default ACR applicable to such Capacity Resource minus the projected PJM market revenues. If an Offeror wants to submit a Cost-Based Sell Offer in excess of the Default ACR minus the projected PJM market revenues, it must document to the satisfaction of the PJM Market Monitor and come to agreement with the PJM Market Monitor on a higher Cost-Based Sell Offer on the basis of the specific Avoidable Costs or Opportunity Costs of such Generation Capacity Resources. If such satisfactory documentation is provided and agreement is achieved, the Offeror may include the specific costs in the Cost-Based Sell Offer included in its Sell Offer Package. If an Offeror

cannot provide satisfactory documentation to the PJM Market Monitor or otherwise come to an agreement with the PJM Market Monitor, the procedures in Section 6.4(d) of Attachment DD to the PJM OATT will apply. An Offeror failing to obtain a Cost-Based Sell Offer on the basis of specific Avoidable Costs in time sufficient for inclusion in its Sell Offer Package shall be deemed to have submitted a Cost-Based Sell Offer equal to zero.

As an alternative, Offerors may elect a Market Seller Offer Cap equal to 1.1 times the Capacity Resource Clearing Price in the Base Residual Auction for the relevant Locational Deliverability Area and Delivery Year. This alternative does not apply to (i) units in the ATSI Load Zone with no pre-existing RPM capacity obligations; (ii) units located in the PJM Locational Deliverability Areas with no preexisting RPM capacity obligations in a relevant Delivery Year because they failed to clear the applicable RPM auction; or (iii) units that did not exist at the time of the relevant Base Residual Auctions, which are located in a PJM Locational Deliverability Area.

IX.2.2.

Supporting documentation for Cost-Based Sell Offers necessary to satisfy the PJM Market Monitor requirements in the process described in Section IX.2.1 includes, but is not limited to (i) ICAP; (ii) Midwest Independent Transmission System Operator node; (iii) annual or daily start costs incurred; and (iv) hourly data for the period 2006–2008, including, but not limited to (1) the day-ahead committed MW, (2) the day-ahead nodal locational marginal prices, (3) the real-time operating MW, (4) the real-time nodal locational marginal prices, and (5) the real-time incremental operating costs per MW-hour consistent with PJM Manual 15, including incremental fuel costs, applicable emissions allowance costs and variable operating and maintenance costs.

IX.3. Market-Based Sell Offers from Planned Generation Capacity Resources

IX.3.1. During the Auction clearing process, the PJM Market Monitor shall review Sell Offers submitted by Offerors of planned Generation Capacity Resources and apply the analysis at Subsections 6.5 (a)(ii)(B) and (C) of Attachment DD to the PJM OATT. Offerors shall submit conforming Market-Based Sell Offers as provided in those provisions consistent with the Auction Schedule.

IX.4. Minimum Offer Price Rule

IX.4.1. The PJM Market Monitor shall notify the Auction Manager that a Sell Offer fails the Minimum Offer Price Rule if (i) the Market-Based Sell Offer is zero dollars, is designated as Self-Supply and fails to meet the criteria for designation as Self-Supply as provided in Section IX.4.2 below or (ii) the Market-Based Sell Offer fails the test set forth at Subsections 5.14(h)(1)–(2) of Attachment DD to the PJM OATT.

IX.4.2. To designate a Sell Offer Package as Self-Supply, (i) an Offeror submitting an offer at zero dollars must document to the satisfaction of the PJM Market Monitor that such offer complies with the Minimum Offer Price Rule; (ii) PJM Market Monitor must determine that such offer complies with the Minimum Offer Price Rule; (iii) at a minimum, a Market-Based Sell Offer must be submitted from an Offeror serving load in an amount less than or equal to the total amount in all the Offeror's Sell Offers and greater than zero. An Offeror unable to satisfy PJM Market Monitor that it has met these requirements may appeal to FERC, which may determine a Sell Offer is acceptable consistent with or despite application of the Minimum Offer Price Rule and is bona fide Self-Supply.

IX.5. Auction Monitoring and Certification

IX.5.1. The PJM Market Monitor shall monitor the actions of all Offerors consistent with (i) 18 C.F.R. § 35.28(g)(iv) of FERC's regulations and (ii)

Attachment M to the PJM OATT, resolving any direct conflicts consistent with clause (i).

IX.5.2. The PJM Market Monitor shall monitor the Auction Manager to ensure compliance with the Auction Rules and related agreements and to ensure the general independent, non-discriminatory and transparent management of the Auction.

IX.5.3. The Auction results shall not become final until the PJM Market Monitor has provided written certification to the ATSI Utilities that the results are competitive, the Three Pivotal Supplier Test has been correctly applied, the Market Clearing Prices have been accurately calculated and the process has been conducted with no undue preference for any participant.

Article X. SANCTIONS; INDEMNIFICATION; CONFIDENTIALITY; TERMINATION OR SUSPENSION

X.1. Sanctions

X.1.1. Sanctions may be imposed on an Offeror for failing to properly disclose information relevant to determining independence, for coordinating with another Offeror without disclosing this fact, for releasing confidential information or disclosing Confidential Information (other than as permitted under the Auction Rules or the Capacity Purchase and Sale Agreement), and in general for failing to abide by any of the certifications that the Offeror will have made. Such sanctions can include, but are not limited to, one or more of the following: (i) the loss of all rights to supply the Capacity won by such Offeror; (ii) action (including prosecution) under applicable state and/or federal laws; (iii) attorneys' fees and court costs incurred in any litigation that arises out of the Offeror's misconduct; (iv) loss of Pre-Bid Security and (v) termination of the Capacity Purchase and Sale Agreement.

X.1.2. Without limiting the generality of Section X.1.1, if an Offeror submits a Sell Offer Package but fails to execute the Capacity Purchase and Sale

Agreement, such Offeror will be liable for any damages incurred by the ATSI Utilities due to such Offeror's breach of or failure to comply with the Auction Rules or any false statement or misrepresentation made by such Offeror in connection therewith, such damages to be determined in accordance with the terms of the Capacity Purchase and Sale Agreement as though such cleared Offeror was a defaulting party to the Capacity Purchase and Sale Agreement.

X.2. Indemnification

X.2.1. Provided that the damages incurred are a result of an Offeror's violation of the Auction Rules or its failure to perform its obligations under the Capacity Purchase and Sale Agreement, such Offeror shall indemnify, defend and hold harmless the ATSI Utilities, the Auction Manager, their parents, subsidiaries, affiliates, successors and assigns, and each of their past, present and future officers, directors, trustees, employees, shareholders, executors, administrators, successors and assigns (collectively, the "Indemnified Parties") from and against any and all claims, demands, disputes, controversies, suits, actions, proceedings or allegations of any kind which in any manner relate to, arise out of, or result from (a) any false statement or misrepresentation in the Offeror's Sell Offer Package or breach of any covenant, agreement or certification by the Offeror set forth herein or any documents submitted as part of its Sell Offer Package or failure of such Offeror to comply with the Auction Rules or (b) such Offeror's participation in the Auction or the acceptance of such Offeror's Sell Offer Package in the Auction.

X.3. Confidentiality

X.3.1. "Confidential Information" shall mean oral, electronic and written information that is confidential, proprietary or generally not available to the public, which is submitted to the ATSI Utilities or the Auction Manager in connection with this Auction. The ATSI Utilities and the Auction Manager will use reasonable efforts to protect the confidentiality,

restrict the use of and limit the disclosure of Confidential Information to the public in accordance with the provisions of this Section X.3. Offerors hereby acknowledge and agree that the ATSI Utilities and the Auction Manager may disclose publicly the Market Clearing Price for each Delivery Year as well as the total amount of Capacity that (i) was offered into; and (ii) cleared in the Auction for each Delivery Year, which information will not include the names of any Offeror or the amounts of Capacity included in any single Sell Offer Package or part thereof, without regard to whether any such Sell Offer Package or Capacity or part thereof is cleared in the Auction.

X.3.2. The Offeror agrees the Offeror's Confidential Information will be disclosed without the consent of such Offeror if required by any federal or state agency or by a court of competent jurisdiction. However, at the request and cost of the Offeror, the ATSI Utilities shall seek a protective order or other legal protection as is reasonably available under the circumstances to preserve the confidentiality of the document or information. In any event, neither the ATSI Utilities nor the Auction Manager, or any of their employees or agents will be responsible to the Offerors or any other party or liable for any disclosure of such Confidential Information before, during or subsequent to this Auction.

X.3.3. By submitting a Sell Offer Package or any part thereof, each Offeror agrees that it will not reveal winning or losing Sell Offer prices or any other outcome of the Auction.

X.3.4. By submitting a Sell Offer Package or any part thereof, each Offeror agrees that it will undertake to appropriately restrict its disclosure of Confidential Information relative to its bidding preparation, bidding strategy and Sell Offers, and confidential information regarding the Auction. Offerors must certify that they will continue to maintain the confidentiality of any non-public information that they will have acquired through their participation in the Auction.

X.3.5. Notwithstanding anything in this Section X.3 to the contrary, the ATSI Utilities or the Auction Manager may disclose any Confidential Information to the PJM Market Monitor.

X.4. Termination or Suspension

X.4.1. Prior to 4:00 p.m. prevailing Eastern Time on March 14, 2010, the ATSI Utilities may, for any reason and at their sole discretion, terminate or suspend this Auction.

APPENDIX 1
ATTESTATION FORM
[2011-2012][2012-2013] DELIVERY YEAR

A. Designation of Authorized Representative.

The Offeror identified below under the title "Offeror Name" designates the following person as its authorized representative (the "Authorized Representative") to represent the Offeror in the FRR Integration Auction for the [2011-2012] [2012-2013] Delivery Year. The Auction Manager will communicate exclusively with the Authorized Representative.

B. Authorized Representative Information.

Last Name

Given Name(s)

Mr/Mrs/Ms/Dr/(other)

Title

Offeror Name

Street Address

City

State

Zip Code

Telephone No.

Cell Phone No.

Email Address

C. Communications.

Communications with the Authorized Representative are typically done via fax and by courier. Please provide below a fax number at which the Authorized Representative will be able to receive faxes from the Auction Manager in a secure and timely fashion.

Fax No.

By submission of this Attestation Form, the Offeror acknowledges that any notification or other communication given by the Auction Manager to the Offeror shall be delivered by hand to the address provided above or sent by fax to the fax number provided above and shall be deemed received by the Offeror at the time of delivery or transmission in accordance with Section III.2.6 of the Auction Rules.

D. Capacity Resource(s).

Capacity offered into the Auction will be from the following Capacity Resource(s)_____.

The following are the PJM Org ID and Short Name under which Capacity Resources will be offered into eRPM:

_____.

E. Delivery Point.

The following is the intended Available Transfer Capability Path for delivery of the Capacity Resource to the metered boundaries of the PJM Balancing Authority:

_____.

F. Incumbency.

[This section is to be signed by an authorized officer of the Offeror.]

The undersigned acting solely in [his/her] capacity as [TITLE] of the above-named Offeror, a [CORPORATE FORM] organized under the laws of [JURISDICTION], does hereby certify that (i) the individual named in Section A above is a qualified and acting representative of the Offeror and has the power and authority under such Offeror’s governing documents to bind the Offeror and (ii) the signature appearing in Section G below is a true specimen of the genuine signature of such individual and such individual has been designated by Offeror to act as its Authorized Representative.

⁴² Note: To be completed only if the Capacity Resource is located outside the metered boundaries of the PJM Balancing Authority.

Signature of Authorized Officer

Date

Name: _____

Title: _____

G. Certifications.

All Offerors are required to make the following certifications. Completion of these certifications also signifies the Offeror's acknowledgement that the Offeror does not know of or cannot reasonably anticipate any events that might cause these certifications to become untrue during the period to which each certification applies.

The Authorized Representative, on behalf of Offeror, hereby certifies that:

1. I have been authorized by the Offeror to serve as its Authorized Representative pursuant to this Attestation Form and the Auction Rules and to represent the Offeror in the Auction.
2. Set forth as Annex 1 to this Attestation Form is a description of all bidding agreements or any other arrangements, including, but not limited to, the amount to offer at certain prices, which Offeror has entered into with one or more other Offerors and which is related to its participation in the Auction. Annex 1 identifies the entities with which Offeror has entered into such bidding agreement, including any joint venture, bidding consortium or other arrangement pertaining to participating in the Auction. Except as set forth on Annex 1, Offeror has not entered into any agreement with another Offeror, directly or indirectly, regarding Sell Offers in the Auction. Except as set forth on Annex 1, Offeror will be bidding independently of other Offerors and is not associated with, to the best of its knowledge, another Offeror such that the association could allow both Offerors to act in concert or could prevent both Offerors from competing actively against each other.
3. Except as set forth on Annex 1, Offeror does not have any knowledge of confidential information that is relevant to the bidding preparation, bidding strategy or Sell Offers of any other Offeror. Offeror agrees that the Authorized Representative is the only person authorized by the Offeror to distribute confidential information, if permitted pursuant to the Auction Rules, and the Authorized Representative will only distribute such confidential information to other individuals who (a) are authorized to act on behalf of Offeror and (b) have expressly agreed to be bound by the confidentiality provisions set forth in the Auction Rules. Except as required by applicable law, Offeror will not disclose confidential information relative to its bidding preparation, bidding strategy or Sell Offers. Except as otherwise permitted in the Auction Rules or pursuant to applicable law,, Offeror will not disclose any Confidential Information to any party.
4. Offeror acknowledges and understands the confidentiality provisions of the Auction Rules and, consistent with those rules, agrees to take reasonable precautions to ensure

that all data and information supplied by the Offeror or its Authorized Representative are maintained in confidence and not disclosed to the public, except as may be permitted by the Auction Rules or applicable law.

5. Offeror has read and understands the Auction Rules and agrees to comply therewith. Offeror has read and understands the form of Capacity Purchase and Sale Agreement and accepts its terms. If Offeror becomes a cleared Offeror, (i) I (or another individual authorized by Offeror) will execute the Capacity Purchase and Sale Agreement on behalf of Offeror within one (1) Business Day following the Auction results becoming final and (ii) Offeror will deliver the Performance Assurance required thereunder (if applicable) within three (3) Business Days following the Auction results becoming final.
6. The information contained in this Attestation Form and the related Credit Representative and Information Form is true and correct in all respects and Offeror has no knowledge of any facts or circumstances that could reasonably be expected to cause such information to be untrue in the future.
7. Offeror understands and agrees that, upon submission of its Sell Offer into eRPM, it may not substitute another entity in its place, transfer its rights or obligations to another entity, or otherwise assign its status as a cleared Offeror to another entity without the prior written consent of the ATSI Utilities, and it understands that any such substitution, transfer or assignment is null and void, and may result in its exclusion from further participation in the Auction and termination of the Capacity Purchase and Sale Agreement.
8. Offeror shall obtain all licenses, permits, authorizations and clearances that may be required by any governmental body or agency necessary to participate in the Auction and comply with the Auction Rules. Any of Offeror's subcontractors, employees, agents and representatives of each shall comply with all applicable governmental laws, ordinances, rules, regulations, orders and all other governmental requirements in connection with Offeror's participation in the Auction.
9. At all times during the Delivery Period, Offeror will be (i) a member in good standing of PJM and (ii) qualified by PJM as a "Market Seller" pursuant to the PJM Agreements.
10. Offeror is knowledgeable and capable of adhering to all PJM-related protocols necessary to conduct business with respect to providing Capacity, including but not limited to, the use of PJM's financial scheduling protocols.
11. Offeror does or will own or have the contractual authority to control the output or load reduction capability of any Capacity Resource, and agrees not to transfer or have transferred such authority to another entity during the Delivery Period.
12. Offeror agrees that its Capacity Resource Amount shall be committed exclusively to the ATSI Utilities during the Delivery Period and shall not be committed, obligated or

operated in any manner such that it is not available to meet the Capacity obligation to the ATSI Utilities during the Delivery Period.

13. To the extent any Capacity Resource is subject to market power mitigation measures, as contemplated by Section 6.5 of Attachment DD to the PJM OATT, Offeror shall offer at mitigated prices and shall submit all applicable information regarding such Capacity Resources to the PJM Market Monitor in accordance with Section 6.7 of Attachment DD to the PJM OATT no later than 5:00 p.m. prevailing Eastern Time on January 29, 2010.
14. Offeror has all necessary FERC authorizations to make sales of Capacity as contemplated by the Auction Rules and the Capacity Purchase and Sale Agreement, including, if applicable, the authorization to make sales of capacity at market based rates pursuant to the Federal Power Act and the provisions of FERC's regulations promulgated thereunder. Offeror's authorization was granted in Docket No(s)._____.
15. Offeror agrees to comply with the Performance Assurance provisions set forth in the Capacity Purchase and Sale Agreement and to cooperate with the ATSI Utilities and the Auction Manager and promptly provide any information requested by the Auction Manager necessary for the ATSI Utilities to assess the creditworthiness of such Offeror.
16. To the extent not otherwise addressed in this Section G, Offeror meets, and any Capacity Resource(s) shall meet, all of the qualifications and requirements set forth in Article IV and Article VI of the Auction Rules.
17. Offeror acknowledges and agrees that the submission of a Sell Offer into eRPM will create a binding and irrevocable offer to provide service under the terms set forth in the Capacity Purchase and Sale Agreement and that a binding and enforceable contract to provide Capacity from the specified Capacity Resource(s) with respect to the number of Megawatts which Offeror is awarded in the Auction shall arise under the Capacity Purchase and Sale Agreement. The submission of such binding offer shall constitute Offeror's acknowledgment and acceptance of all the terms, conditions, certifications and requirements of this Auction.
18. Offeror acknowledges and agrees that if such Offeror submits a Sell Offer Package but fails to execute the Capacity Purchase and Sale Agreement, it will be liable for any damages incurred by the ATSI Utilities due to such Offeror's breach of or failure to comply with the Auction Rules or any false statement or misrepresentation made by such Offeror in connection therewith, such damages to be determined in accordance with the terms of the Capacity Purchase and Sale Agreement as though such cleared Offeror was a defaulting party to the Capacity Purchase and Sale Agreement.
19. Provided that the damages incurred are a result of the Offeror's violation of the Auction Rules or its failure to perform its obligations under the Capacity Purchase and Sale Agreement, the Offeror agrees to indemnify, defend and hold harmless the Indemnified Parties from and against any and all claims, demands, disputes, controversies, suits, actions, proceedings or allegations of any kind which in any manner relate to, arise out

of, or result from any false statement or misrepresentation in Offeror's Sell Offer Package or breach of any covenant, agreement or certification by the Offeror set forth in such Sell Offer Package or any documents submitted as part of its Sell Offer Package.

20. Terms used in this Attestation but not otherwise defined have the meaning set out in the Auction Rules.

[Offeror]

Signature of Authorized Representative

Date

APPENDIX 2
CREDIT REPRESENTATIVE AND INFORMATION FORM
[2011-2012][2012-2013] DELIVERY YEAR

The Credit Representative is the Offeror's in-house credit representative who can answer questions or provide information to the Auction Manager about the Offeror's credit with respect to the Performance Assurance requirements for the Auction and in Article 6 of the Capacity Purchase and Sale Agreement.

I. Credit Representative

The person designated below is the Offeror's Credit Representative:

Last Name

Given Name(s)

Mr/Mrs/Ms/Dr/(other)

Title

Offeror Name

Street Address

City

State

Zip Code

Telephone No.

Fax No.

Email Address

II. Financial and Credit Information

A. Offeror's Financial Information

Attached hereto is the following information regarding the Offeror:

- (a) Most recent Annual Report, if available; if Offeror is not an SEC registrant;
- (b) Most recent SEC Form 10-K; or if unavailable, the most recent audited annual financial information (including a balance sheet, income statement, and cash flow statement);
- (c) Most recent SEC Form 10-Q; or if unavailable, the most recent audited quarterly financial information (including a balance sheet, income statement, and cash flow statement); if both an SEC Form 10-Q and audited quarterly financial information are unavailable, please provide most recent quarterly or monthly financial data accompanied by an attestation by the Offeror's Chief Financial Officer that the information submitted is true, correct and a fair representation of the Applicant's financial condition.

B. Credit Ratings

(a) The Offeror's senior unsecured debt ratings from the following two rating agencies (if available) and the date of the rating are as follows:

<i>Moody's</i>	<i>Date</i>	<i>Standard Poor's</i>	<i>& Date</i>
□□□□□	□□□□□	□□□□□	□□□□□

Attached hereto is documentation showing the name of the rating agency, the type of rating, and the rating of the Offeror.

(b) If senior unsecured debt ratings are unavailable, but corporate issuer ratings (if applicable) are available, the corporate issuer ratings and the date of the rating are as follows:

<i>Moody's</i>	<i>Date</i>	<i>Standard Poor's</i>	<i>& Date</i>
□□□□□	□□□□□	□□□□□	□□□□□

Attached hereto is documentation showing the name of the rating agency, the type of rating, and the rating of the Offeror.

APPENDIX 3
CAPACITY PURCHASE AND SALE AGREEMENTS
2011-2012 AND 2012-2013 DELIVERY YEARS

See Auction Website.

APPENDIX 4
PRE-BID SECURITY – LETTER OF CREDIT
2011-2012 AND 2012-2013 DELIVERY YEARS

_____ (Date)

Letter of Credit No. _____

To: The Cleveland Electric Illuminating Company, The Toledo Edison Company, Ohio Edison Company, and Pennsylvania Power Company (“Beneficiaries”)

1. We hereby establish in your favor this irrevocable non-transferable Letter of Credit (this “Letter of Credit”) for the account of _____ (the “Applicant”), in the aggregate amount of \$500,000, effective immediately and available to you at sight upon demand at our counters at _____ and expiring on [_____, 2010] [*the date that is 60 days from the date of issuance*], unless terminated earlier in accordance with the provisions hereof or otherwise extended.
2. This Letter of Credit is issued at the request of the Applicant, and we hereby irrevocably authorize you to draw on us, in accordance with the terms and conditions hereof, up to the maximum amount of this Letter of Credit, subject to reduction as provided in Paragraph 11 hereof. This Letter of Credit may be drawn by presenting a certificate from you in the form of Annex 1 attached stating that:
 - a) The Applicant has made a material omission or misrepresentation in the Attestation Form or Credit Representative and Information Form submitted by the Applicant to participate in the FRR Integration Auction; or

- b) The Applicant has violated or otherwise failed to comply with the FRR Integration Auction Rules; or
 - c) The Applicant has failed to execute the Capacity Purchase and Sale Agreement within one (1) Business Day of the Auction resulting becoming final or provide required Performance Assurance within three (3) Business Days of the Auction resulting becoming final.
3. A partial or full drawing hereunder may be made by you on any Business Day on or prior to the expiration of this Letter of Credit by delivering, by no later than 11:00 A.M. (Eastern Standard Time¹) on such Business Day to _____
____ (Bank), _____ (address), (i) a notice executed by you in the form of Annex 1 hereto, appropriately completed and duly signed by an Authorized Officer of each of the Beneficiaries and (ii) your draft in the form of Annex 2 hereto, appropriately completed and duly signed by an Authorized Officer of each of the Beneficiaries. "Authorized Officer" shall mean President, Treasurer, any Vice President, any Assistant Treasurer or any other person holding an equivalent title.
4. We hereby agree to honor a drawing hereunder made in compliance with the terms and provisions of this Letter of Credit by transferring in immediately available funds the amount specified in the draft delivered to us in connection with such drawing to your account at such bank in the United States as you may specify in your draft delivered to us pursuant to Paragraph 3 hereof, by 3:00 p.m. Eastern Standard Time on the date of such drawing, if delivery of this requisite document is made prior to

¹ If the issuer of the Letter of Credit is located in an area that is not in the Eastern Time zone, this time and all other times in this Letter of Credit, and the definition of a Business Day should be adjusted. accordingly.

11:00 A.M. (Eastern Standard Time) on a Business Day pursuant to Paragraph 3 herein above, but at the opening of business on the first Business Day next succeeding the date of such drawing if delivery of the requisite document is made after 11:00 A.M. (Eastern Standard Time) on any Business Day pursuant to Paragraph 3 herein above.

5. If a demand for payment made by you hereunder does not, in any instance, conform to the terms and conditions of this Letter of Credit, we shall give you prompt notice (not later than three (3) Business Days following the date of receipt of the documents) that the demand for payment was not effected in accordance with the terms and conditions of this Letter of Credit, stating the reasons therefore and that we will upon your instructions hold any documents at your disposal or return the same to you. Upon being notified that the demand for payment was not effected in conformity with this Letter of Credit, you may attempt to correct any such non-conforming demand for payment to the extent that you are entitled to do so, provided, however, that in such event a conforming demand for payment must be timely made prior to the expiration date in accordance with the terms of this Letter of Credit.
6. This Letter of Credit will automatically terminate and be delivered to us for cancellation on the earliest of (i) the making by you and payment by us of the drawings in an amount equal to the maximum amount available to be made hereunder; (ii) the date we receive from you a Certificate of Expiration in the form of Annex 3 hereto; or (iii) the expiration date in accordance with Paragraph 1 hereof.
7. As used herein:

“Business Day” shall mean any day on which commercial banks are not authorized or required to close in New York, NY.

8. This Letter of Credit is not transferable, and except as otherwise expressly stated herein, is subject to the Uniform Customs and Practices for Documentary Credits – 2007 revision, ICC Publication No. 600 (the “UCP”). All banking charges are for the account of the Applicant. This Letter of Credit shall, as to matters not governed by the UCP, be governed and construed in accordance with New York law, without regard to principles of conflicts of law.
9. This Letter of Credit sets forth in full our undertaking, and such undertaking shall not in any way be modified, amended, changed, amplified or limited by reference to any document, instrument or agreement referred to herein, except for Annexes 1 through 3 hereto and the notices referred to herein; and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except as set forth above.
10. We certify that as of _____(date) we _____ (“Bank”) satisfy either the senior unsecured debt rating of “A” from Standard & Poor’s Rating Service or the senior unsecured debt rating of “A2” from Moody’s Rating Service.
11. The amount which may be drawn by you under this Letter of Credit shall be automatically reduced by the amount of any drawings paid through us referencing this Letter of Credit No. _____. Partial drawings are permitted hereunder.
12. Faxed document(s) are acceptable. Presentation by fax must be made to fax number _____ confirmed by telephone to _____. In the event

of a full or final drawing, the original Letter of Credit must be returned to us via overnight courier at time of fax presentation.

13. In the event of act of God, riot, civil commotion, insurrection, war, terrorism or any strikes or lock outs, or any cause beyond our control, that interrupts our business, and causes the place for presentation of this letter of credit to be closed for business on the last day of presentation, the expiration date of this letter of credit shall be automatically extended without amendment to a date thirty (30) calendar days after the place for presentation reopens for business.

14. This original Letter of Credit has been sent to FirstEnergy Credit Risk Management for the Beneficiaries at:

Attn: FirstEnergy Corp.
76 South Main Street, 17th Floor
Akron, OH 44308
Telephone: 330-384-3808
Facsimile: 330-255-1662

as per Applicant's instructions. The aggregate amount paid to the Beneficiaries during the validity of this Letter of Credit will not exceed the amount of this Letter of Credit. Any demands or communications in the form of the attached Annexes or other communications directed to us under this Letter of Credit must be signed by an Authorized Officer of the Beneficiaries.

Very truly yours,
(Bank)

By: _____
Name:
Title:

By: _____
Name:
Title:

Annex 1 to Letter of Credit

DRAWING UNDER LETTER OF CREDIT NO. _____

_____, 20__

To: (Bank)
(Address)

Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:

The undersigned is making a drawing under the above-referenced Letter of Credit in the amount specified below and hereby certifies to you as follows:

1. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the Letter of Credit.
2. Pursuant to Paragraph 2 of the Letter of Credit No. _____, dated _____, 20__, the undersigned is entitled to make a drawing under the Letter of Credit in the aggregate amount of \$_____, due to _____ [state reason from conditions 2(a) – 2(c) of the Letter of Credit].
3. The amount to be received by The Cleveland Electric Illuminating Company is \$_____, the amount to be received by The Toledo Edison Company is \$_____, the amount to be received by The Ohio Edison Company is \$_____, and the amount to be received by Pennsylvania Power Company is \$_____, for a total equal to the aggregate amount in the previous paragraph.
4. We acknowledge that, upon your honoring the drawing herein requested, the amount of the Letter of Credit available for drawing shall be automatically decreased by an amount equal to this drawing.

Very truly yours,

The Cleveland Electric Illuminating Company
By: _____
Name:
Title:
Date:

The Toledo Edison Company
By: _____
Name:
Title:
Date:

Ohio Edison Company
By: _____

Name:

Pennsylvania Power Company
By:

Name:

Title:
Date:

Title:
Date:

Annex 2 to Letter of Credit

DRAWING UNDER LETTER OF CREDIT NO. _____

_____, 20__

ON [Business Day set forth in Paragraph 4]

PAY TO: The Cleveland Electric Illuminating Company

\$ _____

For credit to the account of _____.

PAY TO: The Toledo Edison Company

\$ _____

For credit to the account of _____.

PAY TO: Ohio Edison Company

\$ _____

For credit to the account of _____.

PAY TO: Pennsylvania Power Company

\$ _____

For credit to the account of _____.

FOR VALUE RECEIVED AND CHARGE TO ACCOUNT OF LETTER OF CREDIT NO.
_____ OF

(Bank)
(Address)

The Cleveland Electric Illuminating Company
By: _____
Name:
Title:
Date:

The Toledo Edison Company
By: _____
Name:
Title:
Date:

3/10/10

Ohio Edison Company

By: _____

Name:

Title:

Date:

Pennsylvania Power Company

By: _____

Name:

Title:

Date:

Annex 3 to Letter of Credit

CERTIFICATE OF EXPIRATION
OF LETTER OF CREDIT NO. _____

_____, 20__

To: (Bank)
(Address)

Attention: Standby Letter of Credit Unit

Ladies and Gentlemen:

The undersigned hereby certifies to you that the above-referenced Letter of Credit may be cancelled without payment. Attached hereto is said original Letter of Credit and all amendments attached thereto, marked cancelled.

The Cleveland Electric Illuminating Company
By: _____
Name:
Title:
Date:

The Toledo Edison Company
By: _____
Name:
Title:
Date:

Ohio Edison Company
By: _____
Name:
Title:
Date:

Pennsylvania Power Company
By: _____
Name:
Title:
Date:

cc: _____ (Applicant Name)

APPENDIX 5
AUCTION SCHEDULE

January 1, 2010	Preliminary zonal UCAP obligation posted.
January 13, 2010	RPM/ACR system opens for ACR data entry for the Auction.
January 19, 2010	Stakeholder meeting to discuss Auction Rules and associated agreements.
January 27, 2010	Last day to request Net Revenues.
January 31, 2010	LSE Opt-Out deadline.
February 1, 2010	Deadlines for providing ACR data to PJM Market Monitor and Intent to Offer Planned Generation Resource.
February 1–12, 2010	PJM Market Monitor reviews data and attempts to agree on ACR component values with Offerors.
February 12, 2010	Energy Efficiency Resource Measurement & Verification Plan submission deadline.
February 15, 2010	PJM Market Monitor posts maximum Cost-Based Sell Offers.
February 22, 2010	Deadline to submit Credit Representative and Information Form. Offerors affirm agreement with offer cap values or file with the FERC to obtain approval to use higher Cost-Based Sell Offer; Last day for Offerors of Load Management Products to submit estimates (and, if required, load research studies) to the Auction Manager; Planned Demand Resource documentation submission deadline.
March 1, 2010	Deadline for requesting that the Auction Manager model Demand Resources in the eRPM system.

1.....DeltaView comparison of pcdocs://wassr01a/1002754/2e and pcdocs://wassr01a/1002754/2f. Performed on 3/11/2010.

March 10 , <u>12</u> , 2010	Amounts of Capacity to be procured in the Auction for the 2011-12 and 2012-13 Delivery Years are finalized by PJM.
March 11 , <u>15</u> , 2010	<u>Auction opens.</u> Deadline to submit Attestation <u>Credit Representative and Information</u> Form.
March 15 , <u>18</u> , 2010	Auction opens <u>Deadline to submit Attestation Form.</u> <u>Deadline to post Pre-Bid Security.</u>
March 19, 2010	Auction closes.
March 26, 2010	Auction results are posted, if PJM Market Monitor has provided final certification.

APPENDIX 6
RPM/ACR TEMPLATE INSTRUCTIONS

See instructions at http://www.monitoringanalytics.com/tools/docs/rpm-acr_template_version_10_instructions.pdf.

Document comparison done by DeltaView on Thursday, March 11, 2010 3:13:01 PM

Input:	
Document 1	pcdocs://wassr01a/1002754/2e
Document 2	pcdocs://wassr01a/1002754/2f
Rendering set	Option 3a strikethrough double score no moves

Legend:	
<u>Insertion</u>	
Deletion	
< Moved from >	
> <u>Moved to</u> <	
Style change	
Format change	
Moved deletion	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	26
Deletions	25
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	51