

PPL Electric Utilities Corporation

Default Service

Block Supply

Request for Proposals (RFP) Process and Rules

July 1, 2009

DEFAULT SERVICE BLOCK SUPPLY RFP PROCESS AND RULES

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ARTICLE 1

INTRODUCTION

1.1 Overview

- 1.1.1 Capitalized terms in this document, which are not defined explicitly herein, are defined in the PPL Electric Utilities Corporation Default Service Block Supply Master Agreement (“DSB SMA”) incorporated hereto as Appendix 1.
- 1.1.2 PPL Electric Utilities Corporation (“Company” or “PPL Electric”) has proposed a competitive bidding process to obtain electric supply sufficient for the Company to meet its default service obligations, pursuant to Chapter 28 of the Pennsylvania Public Utility Code, 66 Pa. C. S. §§ 2801-2812, as amended by Act 129 of 2008. This Request for Proposals (“RFP”) is being issued to select electricity suppliers and to determine the price of the long-term products which contribute to default service supply beginning on January 1, 2011.
- 1.1.3 PPL Electric is issuing this RFP to procure electricity service for the period beginning January 1, 2011, to December 31, 2015, under the terms described in the DSB SMA. Specifically, an electricity supplier selected through this RFP (i.e., Block Service Supplier) will supply PPL Electric with block electricity service in the form of Block Products. Being selected as a Block Service Supplier is subject to the approval by the Pennsylvania Public Utility Commission (“PUC” or “Commission”).
- 1.1.4 A “Block Product” is a 25 MW block of around-the-clock electricity service, for a given time period (“Delivery Period”), which includes all necessary energy, transmission (other than Network Integration Transmission Service), transmission losses, congestion management costs, and such other services or products (but excluding capacity, ancillary services, and Alternative Energy Credits (“AECs”) to meet Pennsylvania’s Alternative Energy Portfolio Standards Act) that are required with that block supply. Block Products must be provided under the terms of the DSB SMA, in which supply is provided at a single specified firm price (in \$/MWh) for delivery to the PPL Zone. PPL Electric’s Residential Customer Group’s retail rates for default service supply will reflect the prices of the Block Products.
- 1.1.5 PPL Electric seeks to procure Block Products under contracts of various duration. The Delivery Period for each Block Product begins at 12:00:00 a.m. Eastern Prevailing Time (“EPT”) of that product’s commencement date and ends at 11:59:59 p.m. EPT of that product’s expiration date. First, PPL Electric seeks to procure a total of 100 MW in Block Products under a five-year contract (i.e., Five-Year Block Product). Second, PPL Electric will purchase four separate Block Products for a total of 200 MW (i.e., 50 MW each); these initial four products are referred to as “Transitional Block Products.” Beginning May 31, 2011, these Transitional Block Products’ Delivery Periods expire on a quarterly basis and will be replaced.

1.1.6 Expiring Transitional Block Products will be replaced with laddered purchases of 12-month Delivery Period Block Products which are referred to as “Steady-State Block Products.” For example, at the end of May 2011, Transitional Block Products supplying 50 MW will expire and be replaced by 12-month Steady-State Block Products supplying 50 MW. In each solicitation, PPL Electric will separately procure 25 MW tranches of Block Products.

1.1.7 Each Block Product will be solicited separately. The following table shows amounts (in MW), the commencement and expiration dates for the Transitional Block Products and the Five-Year Block Product. The commencement dates for each of the Steady-State Block Products are the next day directly following the expiration date of a Transitional Block Product or Steady-State Block Product.

Transitional Block Products and Five-Year Block Product			
Block Product Type	Amount (MW)	Commencement Date and Time	Expiration Date and Time
5-month	50	12:00:00 a.m. EPT, January 1, 2011	11:59:59 p.m. EPT, May 31, 2011
8-month	50		11:59:59 p.m. EPT, August 31, 2011
11-month	50		11:59:59 p.m. EPT, November 30, 2011
14-month	50		11:59:59 p.m. EPT, February 29, 2012
5-year	100		11:59:59 p.m. EPT, December 31, 2015

1.1.8 PPL Electric will issue solicitations beginning in 2009 to competitively procure Block Products. Each of the first four solicitations from 2009 through 2010 will obtain the Transitional Block Products. The next two solicitations will obtain the Five-Year Block Products. Beginning in 2011 PPL Electric will solicit Steady-State Block Products.

1.1.9 Any prospective supplier, including PPL Electric’s unregulated generation supply affiliate PPL EnergyPlus, that believes it can meet the Bidder Qualification requirements established in Article 4, and is willing to provide prices at which it will sell any Block Products may respond to any solicitation in this RFP.

1.1.10 Any prospective respondent to this RFP must meet the Bidder Qualification requirements provided in Article 4, and submit Bid Proposal(s) as described in Articles 5 and 6. The Bidder Qualification requirements generally require the prospective RFP Bidder to provide certain evidence of being a recognized electricity supplier and to submit documents establishing the RFP Bidder’s credit. A Bid Proposal must include the RFP

Bidder's Bid(s) for each Block Product, and must be accompanied by the executed DSB SMA and sufficient Bid Assurance Collateral. A Bid is a price or prices, in U.S. Dollars per megawatt-hour ("MWh") at which the RFP Bidder is willing to supply a tranche or tranches of given type of Block Product. For the purposes of this RFP, a tranche is a single 25 MW Block Product of a given type.

- 1.1.11 All elements of this RFP will be carried out pursuant to the RFP Schedule developed pursuant to Article 2.2. In general, for each solicitation to be conducted under this RFP, there will be a pre-specified time period prior to the submission of Bid Proposals wherein RFP Bidders can: 1) express interest in offering supplies; 2) attend a Bidder Information Session; and 3) submit and receive answers to questions regarding the solicitation.
- 1.1.12 On the Bid Proposal Due Date of any solicitation, a qualified RFP Bidder may submit Bid Proposals for one or more Block Products being procured, subject to the restrictions of this article. In any solicitation, the RFP Bidder may only submit Bids for whole numbers of tranches. The number of tranches in a type of Block Product for which an RFP Bidder submits a Bid cannot exceed the Available Tranches for that type of Block Product. An RFP Bidder cannot be awarded tranches for supply exceeding the Aggregate Load Cap for the Residential Customer Group. The Aggregate Load Cap is provided in Article 2.3.2. In any solicitation, when an RFP Bidder submits a Bid to supply a number of tranches in a given type of Block Product, the RFP Bidder must submit a price at which that RFP Bidder is willing to serve each number of tranches up to and including that number of tranches for that type of Block Product. No Bid for any number of tranches in any type of Block Product may be made contingent upon winning or losing another Bid for some number of tranches in another type of Block Product. Instructions for preparation of Bid Proposal(s) are addressed in Articles 5 and 6.
- 1.1.13 For each solicitation, the Bid Proposal Evaluation Team will present the results of that solicitation to the PUC within one (1) business day of the Bid Proposal Due Date of that solicitation. At that time, the PUC will have one (1) business day to consider the report of the Bid Proposal Evaluation Team and to render a final decision on the results of that solicitation. The PUC may either accept or reject all of the Bid Proposals presented for a given type of Block Product in their entirety. If the PUC does not act within one (1) business day, the winning Bids are deemed to be approved.
- 1.1.14 If, for a given type of Block Product, the PUC rejects all Bids in any solicitation, or if some tranches in any particular solicitation do not receive bids, the unfilled tranches from that solicitation will be included in the next solicitation as specified in Article 2.3. In the event that some supply remains unserved, or if a Block Product Supplier defaults, PPL Electric will offer supply assignment as specified in Article 7.5.

1.2 Summary of RFP Documents

1.2.1 The following documents are appended to, and shall be considered an integral part of, this RFP:

- Appendix 1: PPL Electric Utilities Corporation DSB SMA
- Appendix 2: Expression of Interest Form
- Appendix 3: Confidentiality Agreement
- Appendix 4: PJM Qualification Certification Form
- Appendix 5: FERC Authorization Certification Form
- Appendix 6: Credit Application
- Appendix 7: Bid Assurance Letter of Credit
- Appendix 8: Example Bid Proposal Spreadsheets
- Appendix 9: Binding Bid Agreement
- Appendix 10: Binding Bid Withdrawal Agreement

ARTICLE 2 INFORMATION AND SCHEDULE

2.1 Information Provided to Potential Bidders

2.1.1 PPL Electric and its RFP Manager have established a Web site that will be the main source of information for this RFP. Prospective RFP Bidders are requested to use this Web site for current data and information about all aspects of this RFP and to access all essential RFP-related documents. Certain data may be password-protected at PPL Electric's sole discretion, in which case passwords would be provided upon execution of the Confidentiality Agreement as described in Article 4.3.

2.1.2 The information on the Web site will contain the following sections:

Home: This section welcomes prospective RFP Bidders and other interested parties and provides crucial announcements regarding the RFP process.

Regulatory Information Page: This section provides the Orders from the PUC in the proceeding.

Supplier Documents: This section provides RFP-related documents including all the RFP Rules and the DSB SMA. It also provides all credit instruments necessary for prospective RFP Bidders and for Block Service Suppliers, including the standard form for the Bid Assurance LOC, the standard form for the LOC for the Delivery Period of the DSB SMA and the standard Guaranty for the Delivery Period of the DSB SMA .

Ask a Question: In this section, all stakeholders, including prospective RFP Bidders, will be able to ask questions via a web form. The RFP Manager will post the question and an answer on the Web site so that all stakeholders and prospective RFP Bidders have access to the same information. The RFP Manager will also email the answer to the questioner.

FAQs: In this section, the RFP Manager posts the questions and answers received through the Web site and their answers.

Register Page: In this section, all stakeholders, including prospective RFP Bidders, will be able to register to receive announcements directly from the RFP Manager via email.

Schedule: This section provides prospective RFP Bidders with all crucial dates in the RFP process.

2.2 RFP Schedule

2.2.1 RFP schedules will be established by PPL Electric and its RFP Manager. PPL Electric will publish advertisements in daily and weekly energy publications and the RFP Manager will notify potential bidders to inform them of the upcoming solicitation. Beginning in 2009, Block Product solicitations will take place on a quarterly basis. The Bid Proposal Due Dates will occur on the following dates:

- July 21, 2009¹
- October 20, 2009
- January 19, 2010
- April 20, 2010
- July 20, 2010
- October 19, 2010
- April 18, 2011
- July 19, 2011
- October 18, 2011
- January 9, 2012
- April 3, 2012
- July 17, 2012
- October 16, 2012
- January 22, 2013

2.2.2 Block Product solicitations will generally span a six-week to seven-week time period. Solicitation activities are shown below. The expected completion date of each of the activities shown is expressed in the approximate number of weeks prior to the expected execution of block service contracts.

- Six weeks or more: RFP Addendum Issued, Bidder Interest Form and Confidentiality Agreement Available, RFP Data Room Opens;
- Four and one-half weeks: Bidder Information Session;
- Three weeks: Bidder Qualifications Due;
- Two weeks: Cure Deficiency Deadline;
- One and one-half weeks: Qualified Bidders Notified;
- Final week: Bid Proposals Due, PUC Decision Issued, Transaction Confirmations Issued.

2.2.3 The RFP Schedule for each solicitation will be provided in the RFP Addendum issued for that solicitation.

¹ This date may be changed to be as soon as reasonably possible following the date of PPL Electric's receipt of a Commission order approving its default service procurement plan.

2.3 Multi-Solicitation Process

- 2.3.1 In each of the first four solicitations in 2009 and 2010, PPL Electric will seek to procure Transitional Block Products. In the last two solicitations scheduled in 2010, PPL Electric will seek to procure Five-Year Block Products. Beginning in 2011, PPL Electric will start solicitations for the Steady-State Block Products that will replace expiring Transitional Block Products.

Available Tranches in Solicitations							
Block Product Type	Transitional Block Solicitation # 1	Transitional Block Solicitation # 2	Transitional Block Solicitation # 3	Transitional Block Solicitation # 4	Five-Year Block Solicitation # 1	Five-Year Block Solicitation # 2	Steady-State Block Solicitation
5-month	2						
8-month		2					
11-month			2				
14-month				2			
5-year					2	2	
12-month							2

- 2.3.2 The Available Tranches for each type of Block Product in a solicitation are the number of tranches the Company seeks to procure for that Block Product in that solicitation. In the event that PPL Electric is unable to secure Block Service Suppliers for all of the Available Tranches for a given Block Product in a solicitation, the unfilled tranches in that solicitation will be added to the Available Tranches for that product in the subsequent solicitation. Therefore, the Available Tranches for each type of Block Product in the solicitations in the table above may change depending on the results of prior solicitations. In each solicitation, an RFP Bidder's maximum number of tranches offered must be a whole number that does not exceed the Available Tranches for that type of Block Product. Moreover, the RFP Bidder cannot supply a whole number of tranches that exceeds the Aggregate Load Cap for the Residential Customer Group. Specifically, for each solicitation, the number of tranches for which an RFP Bidder submits a Bid, combined with the number of tranches for which the RFP Bidder is already a Block Service Supplier as of the start of the Delivery Period of the type of Block Product offered in that solicitation, cannot exceed the multiplicative product of the Aggregate Load Cap and the Total Available Tranches for the Residential Customer Group. The Aggregate Load Cap for the Residential Customer Group is 70%. The Total Available Tranches for the Residential Customer Group is 12 tranches.

ARTICLE 3

GENERAL REQUIREMENTS FOR PROPOSALS

3.1 RFP General Requirements

3.1.1 A Proposal consists of Bidder Qualifications (a response to the Bidder Qualification requirements in Article 4 of this RFP) and one or several Bid Proposal(s) for a given solicitation with its accompanying documents (as described in Article 5). A respondent to this RFP is an RFP Bidder. An RFP Bidder that fulfills the Bidder Qualification requirements can submit a maximum of one Bid Proposal for each product for a Customer Group on each Bid Proposal Due Date in response to this RFP.

3.1.2 Bidder Qualifications and Bid Proposals must: (i) adhere to this RFP's terms and conditions; and (ii) fulfill all requirements in Articles 3 through 6 of this RFP.

Bidder Qualifications and Bid Proposals that do not adhere to the terms and conditions of this RFP and/or do not fulfill all requirements set forth in Articles 3 through 6 of this RFP, will not be considered.

3.1.3 It is the intention, but not the obligation, of the Company to enter into a DSB SMA, with two or more winning RFP Bidders.

3.1.4 The RFP Bidder, at its own cost and expense, shall defend PPL Electric, its parent company, and its subsidiaries, affiliates, successors and assigns, and each and every one of their respective past, present, or future officers, directors, trustees, employees, shareholders, executors, administrators, successors and assigns, against any and all manner of past, present, or future claims, demands, disputes, controversies, complaints, suits, actions, proceedings, or allegations of any kind which in any manner relate to, arise out of, or result from any false statements or misrepresentations, intentional or unintentional, in the Bidder Qualifications and Bid Proposal or breach of any covenant by the RFP Bidder set forth herein. The RFP Bidder shall indemnify and hold harmless PPL Electric, its parent company, subsidiaries, affiliates, successors and assigns, and each and every one of their respective past, present, or future officers, directors, trustees, employees, shareholders and agents, as well as the heirs, executors, administrators, successors and assigns against any and all liens, judgments, liabilities, losses, injuries, damages, fees, fines, costs or expenses which in any manner relate to, arise out of, or result from any false statements or misrepresentations, intentional or unintentional, in the Bidder Qualifications and Bid Proposal or breach of any warranty by the RFP Bidder as set forth herein.

3.1.5 The submission of any portion of a Proposal to the Company constitutes the RFP Bidder's acknowledgement and acceptance of all the terms and conditions of this RFP, regardless of the outcome of this RFP or the ultimate fate of such Proposal.

- 3.1.6 An Officer of the RFP Bidder is an individual empowered to undertake contracts and bind the RFP Bidder. All Representations in this RFP must be made by an Officer of the RFP Bidder.
- 3.1.7 Each RFP Bidder must comply with all the Bidder Qualification requirements described in Article 4.
- 3.1.8 All information provided and certifications made in the Bidder Qualifications must remain valid and remain in full force until five (5) business days after the applicable Bid Proposal Due Date. Regardless of the reason, if any information provided in the Bidder Qualifications for a given solicitation changes or any certification fails to remain valid, it is the sole responsibility of the RFP Bidder to notify the Bidder Qualification Evaluation Team of such change at least three (3) business days before the submission of any Bid Proposal on a Bid Proposal Due Date. Failing to do so may result in disqualification of the RFP Bidder and the Bid Proposal for that solicitation. The Bidder Qualification Evaluation Team reserves the right to vary the assessment of Bidder Qualifications based on the revised information provided by the RFP Bidder.

ARTICLE 4 BIDDER QUALIFICATION

4.1 Overview of Bidder Qualification Process

- 4.1.1 The purpose of the Bidder Qualification process is to determine the applicant's eligibility to bid. An applicant is qualified to bid in a given solicitation if, by the Cure Deficiency Deadline of that solicitation, it satisfactorily completes or updates the following: 1) submits an Expression of Interest Form; 2) executes the Confidentiality Agreement; 3) certifies that it meets the PJM membership and Federal Energy Regulatory Commission ("FERC") authorization requirements stated in Article 4.4 (Applicant's PJM Qualification and FERC Authorization Certifications); 4) demonstrates that its, or its guarantor's, unsecured senior long-term debt rating (or issuer rating, if the unsecured senior long-term debt rating is unavailable) is currently available from Standard & Poor's, Fitch Ratings, or Moody's Investor Services; 5) submits the Credit Application and associated financial information requested in Article 4.5 (Credit Application and Financial Information); and, 6) submits an executed copy of the Binding Bid Agreement provided as Appendix 9. With the submission of a Bid Proposal, qualified RFP Bidders will be required to post Bid Assurance Collateral in an amount directly proportional to the amount of load bid upon. The Bid Assurance Collateral will be returned to the RFP Bidder subsequent to contract execution or the rejection of its bid(s), as described in Article 5.4 (Bid Assurance Collateral).
- 4.1.2 Applicants are urged to provide the materials necessary to establish eligibility as soon as practicable. PPL Electric will endeavor, on a best efforts basis, to notify applicants of any deficiencies in their submittals in accordance with Article 7.2 no later than forty-eight hours before the Cure Deficiency Deadline for the appropriate solicitation as indicated in an RFP Schedule developed subject to Article 2.2. However, PPL Electric does not bear any responsibility for failure to notify applicants of deficiencies prior to the Cure Deficiency Deadline as indicated in an RFP Schedule developed subject to Article 2.2, and PPL Electric assumes no liability or obligation for a defective submission or for notifying any RFP Bidder of a defective submission. Early submittal of materials will provide the greatest flexibility to correct deficiencies prior to the Cure Deficiency Deadline and applicants are encouraged to submit Bidder Qualifications as soon as possible following the issuance of the RFP, or RFP Addendum. PPL Electric will notify applicants whether or not they have qualified by noon of the Qualified Bidders Notified Date.
- 4.1.3 After an RFP Bidder has qualified for a solicitation in the RFP, that RFP Bidder can qualify again for a subsequent solicitation by: a) verifying, in writing, that the previously submitted credit and financial information is up-to-date and accurate; and b) providing two (2) originals of the Binding Bid Agreement for that solicitation. These documents must be provided by the Bidder Qualifications Due Date for that solicitation. Once qualified, the RFP Bidder will be required to submit the appropriate Bid Assurance Collateral for that solicitation and to fulfill all requirements of the Bid

Proposal(s) as specified in Article 5. It is the sole responsibility of the RFP Bidder to notify PPL Electric of any changes to the RFP Bidder's previously submitted Bidder Qualification materials.

4.2 Expression of Interest

4.2.1 Applicants will be required to express their non-binding interest to bid by completing and submitting the Expression of Interest Form (Appendix 2). An electronic copy of the Expression of Interest Form can be found on PPL Electric's RFP Web site. The applicant will not be eligible to submit a Bid Proposal until the completed Expression of Interest Form has been provided to PPL Electric. Applicants are required to submit this document no later than the Bidder Qualifications Due Date. The applicant can express its non-binding interest to bid by: a) completing the electronic Expression of Interest Form on PPL Electric's RFP Web site; or b) sending one (1) completed Expression of Interest Form found as Appendix 3 of these RFP Rules by mail to the address below; or c) sending the completed Expression of Interest Form found as Appendix 3 of these RFP Rules by fax to the number below:

PPL Electric Utilities Corporation RFPs
1835 Market Street, Suite 1205
Philadelphia, PA 19103
Attn: PPL Electric Default Service RFP Manager
Fax: 215-568-9364

4.2.2 The Bidder Qualification Evaluation Team will not provide a deficiency notice to an applicant that submits an Expression of Interest Form but that submits none of the other documents required as part of the Bidder Qualification requirements.

4.3 Confidentiality Agreement

4.3.1 An applicant and PPL Electric will be required to execute the Confidentiality Agreement (Appendix 3). The applicant will not be eligible to submit a Bid Proposal until such agreement has been executed. An electronic copy of the Confidentiality Agreement can be found on PPL Electric's RFP Web site. The applicant must provide as part of its Bidder Qualifications two (2) originals of the executed agreement as directed in Article 6.1.2. Applicants are required to submit this Agreement no later than the Bidder Qualifications Due Date.

4.3.2 If PPL Electric is providing data or information on a confidential basis, upon submission of the executed Confidentiality Agreement, an applicant will be issued a password to access such data and information from the RFP Web site. Once the Confidentiality Agreement is received from the applicant, PPL Electric will complete

the execution of the agreement and send a copy of the fully executed agreement to the applicant by mail or courier service.

4.4 Applicant's PJM Qualification and FERC Authorization Certifications

4.4.1 An applicant must certify that it is a member of PJM and qualified as a market buyer and market seller in good standing able to secure generation or otherwise obtain and deliver electricity in PJM through compliance with all applicable requirements of PJM to fulfill a full requirements obligation. In addition, an applicant must certify that it has been authorized by the FERC to make sales of energy, capacity and ancillary services at market-based rates. The PJM Qualification Certification Form (Appendix 4) and the FERC Authorization Certification Form (Appendix 5) can be found on PPL Electric's RFP Web site. Such certifications must be signed by a signatory with the authority to act on behalf of the applicant. Applicants are required to submit such certifications no later than the Bidder Qualifications Due Date. The applicant must provide as part of its Bidder Qualifications two (2) originals of such certifications as directed in Article 6.1.2. The applicant will not be eligible to submit bids until such certifications have been provided to PPL Electric.

4.5 Credit Application and Financial Information

4.5.1 Applicants are required to submit the Credit Application (Appendix 6) and associated financial information to PPL Electric. An electronic copy of the Credit Application can be found on PPL Electric's RFP Web site. Applicants are required to submit the Credit Application no later than the Bidder Qualifications Due Date. The applicant must provide as part of its Bidder Qualifications two (2) originals of the completed Credit Application and one (1) copy of any supporting documents to this Credit Application including the associated financial information as directed in Article 6.1.2.

4.5.2 All submitted information must be in the English language. Financial data must be denominated in U.S. Dollars and conform to Generally Accepted Accounting Principles ("GAAP") in the United States. If the applicant's financial information is consolidated with other entities, then it is the applicant's responsibility to extract and submit as separate documents all data and information related solely to the applicant. This must include all financial information, associated notes, and all other information that would comprise a full financial report conforming to GAAP.

4.5.3 PPL Electric may, at its sole discretion, consider financial information of foreign applicants or foreign guarantors that are not denominated in U.S. Dollars or do not conform to GAAP in the United States. Such acceptability will be communicated to the applicant no later than forty-eight hours before the Cure Deficiency Deadline. Any guarantor will be required to execute the Unconditional Guaranty (Exhibit D) as it appears in the DSB SMA and as such the guarantor must be able to make all representations and warranties therein.

4.6 Binding Bid Agreement

- 4.6.1 An applicant must certify that as an RFP Bidder it agrees to be bound by the price quotes entered on any Bid Proposal Spreadsheet(s) submitted by the RFP Bidder, which shall constitute a firm offer to supply service in accordance with the Default Service Block SMA. The signatory to the Binding Bid Agreement must certify that he/she has the authority to act on behalf of, and to bind, the RFP Bidder to perform the terms and conditions of the DSB SMA at the prices and for the load amounts specified in its Bid Proposal(s). In addition, by submitting the Binding Bid Agreement, the RFP Bidder certifies that it has met the conditions stipulated in Article 5.8 of this RFP. An electronic copy of the Binding Bid Agreement can be found on PPL Electric's RFP Web site. For each solicitation, Applicants are required to submit two (2) originals of such certification, in the form of Appendix 9, no later than the Bidder Qualifications Due Date for that solicitation. The applicant should send such certification as directed in Article 6.1.2.

4.7 Cure Time for Deficiencies in Qualification Requirements

- 4.7.1 In the event that an RFP Bidder has not met all of the Bidder Qualification requirements under Article 4 (Bidder Qualification), PPL Electric will endeavor, on a best efforts basis, to notify the RFP Bidder no later than forty-eight hours before the Cure Deficiency Deadline. It is understood and agreed that PPL Electric has no liability for any failure to notify an RFP Bidder of a deficiency. If the RFP Bidder fails to remedy any deficiencies by the Cure Deficiency Deadline for a solicitation so as to not be qualified to submit Bid Proposals in that solicitation, such applicant will be allowed to cure any such deficiency and participate in subsequent solicitations, if the deficiency is cured no later than the Cure Deficiency Deadline for the next solicitation.

4.8 Bid Assurance Collateral and Alternative Letter of Credit Form

- 4.8.1 No later than two (2) business days before the Bid Proposal Due Date, each RFP Bidder must provide liquid Bid Assurance Collateral in an amount of \$500,000 per tranche bid. The purpose of this collateral is to assure commitment of the RFP Bidder to execute the Transaction Confirmations for the tranches awarded to the RFP Bidder. The form of collateral must be either cash or an irrevocable LOC. An acceptable Bid Assurance LOC form is provided as Appendix 7; an electronic copy can be found on PPL Electric's RFP Web site. If the RFP Bidder is participating in more than one RFP issued by the Company, the RFP Bidder must provide separate Bid Assurance LOC for each RFP. If the RFP Bidder is providing Bid Assurance Collateral in the form of cash, and if the RFP Bidder is also participating in other RFP(s) issued by the Company, the RFP Bidder must advise the Bid Proposal Evaluation Team as to the amount allocated as Bid Assurance Collateral for purposes of each RFP.

4.8.2 As part of the Bidder Qualifications, an applicant may propose modifications to the Bid Assurance LOC that are non-substantive or clarifying in nature. The applicant proposing modifications to the Bid Assurance LOC must provide an electronic copy at pplpolr@pplweb.com in MS Word with all proposed modifications clearly marked. The acceptability of such proposed modifications will be at PPL Electric's sole discretion, and such acceptability will be communicated to the applicant no later than forty-eight hours before the Cure Deficiency Deadline. A list of all acceptable modifications to the Bid Assurance LOC will be posted to PPL Electric's RFP Web site no later than seven (7) business days before the Bid Proposal Due Date.

4.9 Alternative Forms of Performance Assurance

4.9.1 Subsequent to the return of a supplier's Bid Assurance Collateral, another instrument of performance assurance to secure PPL Electric's exposure during the Delivery Period of a Transaction Confirmation to the DSB SMA may be required, as set forth in the DSB SMA. Any performance assurance required of the supplier determined in accordance with the DSB SMA may be in the form of cash, LOC, or other security acceptable to PPL Electric. An acceptable Performance Assurance LOC form is provided as Exhibit B in the DSB SMA. An acceptable Unconditional Guaranty form is provided as Exhibit D in the DSB SMA. As part of its Bidder Qualifications, an applicant may propose modifications to the Performance Assurance LOC or the Unconditional Guaranty form that are non-substantive or clarifying in nature. The applicant proposing modifications to the Performance Assurance LOC or the Unconditional Guaranty must provide an electronic copy at pplpolr@pplweb.com in MS Word with all proposed modifications clearly marked. If an applicant intends to use security other than cash or LOC, PPL Electric requests that the applicant describe such other security at the time it submits its Credit Application and financial information. The acceptability of such proposed modifications to the Performance Assurance LOC or the Unconditional Guaranty form or such other form of security will be at PPL Electric's sole discretion, and such acceptability will be communicated to the applicant no later than forty-eight hours before the Cure Deficiency Deadline. A list of all acceptable modifications to the Performance Assurance LOC or the Unconditional Guaranty form will be posted to PPL Electric's RFP Web site.

ARTICLE 5 BID PROPOSAL REQUIREMENTS

5.1 Bid Proposal Format

- 5.1.1 RFP Bidders shall submit their Bid Proposal(s) using only the Bid Proposal Spreadsheets attached to this RFP as Appendix 8; an electronic copy is available on PPL Electric's RFP Web site. There is a separate Bid Proposal Spreadsheet for each solicitation and each type of Block Product, as indicated in the title area of each Bid Proposal Spreadsheet. The Bid Proposal Spreadsheets contain sections of information labeled Bidder Information, Tranche Information, and Bid Information. The Bid Proposal Spreadsheets contain shaded cells in which RFP Bidders provide information and their Bids. **In order to prevent any misunderstanding of an RFP Bidder's Bid Proposal, all shaded cells within a Bid Proposal Spreadsheet must be completed by the RFP Bidder. A Bid Proposal Spreadsheet submitted by an RFP Bidder that contains blank shaded cells will be deemed a non-conforming Bid Proposal, and will be eliminated from further consideration. Therefore, if it is the intent of an RFP Bidder to offer to supply a particular total number of tranches, the RFP Bidder must enter a price quote in the price cells associated with each of the total number of tranches up to and including that particular total number of tranches and must enter an "X" in price cells associated with each of the total number of tranches beyond that particular total number of tranches.** The non-shaded cells are read-only cells containing either fixed or computed amounts.
- 5.1.2 No Bid Proposal can be conditioned in any manner. PPL Electric reserves the right to accept or reject any RFP Bidder's Bid Proposal(s) in accordance with the proposal evaluation criteria set forth in Article 7 (Evaluation of Proposals).
- 5.1.3 Bidder Information – These cells are **RFP bidder input cells** and include Company Name, Contact Name, Phone Number, and Fax Number and must be provided by the RFP Bidder. As set forth in Article 5.3 (Confirmation and Proposal Tagging Process), such information will be used to confirm receipt of the RFP Bidder's Bid Proposal Spreadsheet(s).
- 5.1.4 Tranche Information – The contents of these cells are provided by PPL Electric and include the Aggregate Load Cap and Total Tranches in Solicitation. The Total Tranches in Solicitation represents an initial target consistent with the multi-solicitation structure described in Article 2.3 (Multi-Solicitation Process). However, as discussed in Article 2.3 (Multi-Solicitation Process), such targets are subject to change depending on the results of prior solicitations. In the event that the initial target changes, PPL Electric will, prior to a solicitation, revise such targets in the Bid Proposal Spreadsheets accordingly. The Aggregate Load Cap is the maximal percent of the Total Available Tranches for the Residential Customer Group that each RFP Bidder can win; in a given solicitation, each RFP Bidder will not be able to bid a number of tranches for the Residential Customer Group that could cause it to exceed the Aggregate Load Cap.

- 5.1.5 Total Tranches Supplied – These cells show the number of total tranches the RFP Bidder can offer to supply.
- 5.1.6 Bid Assurance Collateral Amount – The contents of these cells are computed as the product of the Total Tranches Supplied and \$500,000.
- 5.1.7 Price (US\$/MWh) – These cells are **RFP Bidder input cells** for the RFP Bidder’s price quote corresponding to each Total Tranches Supplied. The price quotes shall be in terms of US\$/MWh for the time period of the product’s delivery. As set forth in the Default Service Block SMA, the MWh of energy shall be equivalent to 25 MW of energy delivered to the PPL Zone for one hour. All price quotes are limited to two decimal places. An RFP Bidder that wishes to offer to supply a particular Total Tranches Supplied must: 1) provide a price quote in the Price (US\$/MWh) cell corresponding to each of the Total Tranches Supplied up to and including that particular Total Tranches Supplied; and 2) mark an “X” in the Price (US\$/MWh) cell corresponding to each of the Total Tranches Supplied beyond that particular Total Tranches Supplied. For example, if an RFP Bidder wishes to offer to supply two Total Tranches Supplied, then the RFP Bidder must provide a price quote for each Total Tranches Supplied from one to two.
- 5.1.8 Complete/Incomplete Flag – The content of this cell is computed and indicates whether or not the Bid Proposal Spreadsheet has been fully completed in accordance with Article 5.1 (Bid Proposal Format). An incomplete Bid Proposal Spreadsheet will be deemed non-conforming, as set forth in Article 5.6 (Conforming Bid Proposals).
- 5.1.9 Tag Number – The content of this cell will be provided by PPL Electric and will represent a unique identification for each Bid Proposal Spreadsheet submitted by the RFP Bidder. This identification will be communicated to the RFP Bidder at the time PPL Electric confirms receipt of the RFP Bidder's Bid Proposal, as described in Article 5.3 (Confirmation and Proposal Tagging Process).
- 5.1.10 On any Bid Proposal Due Date, the number of tranches in given type of Block Product for which an RFP Bidder submits a Bid Proposal must be a whole number and cannot exceed the number of Available Tranches for that type of Block Product in that solicitation. The number of Available Tranches for each type of Block Product in each solicitation is provided in the table in Article 2.3 (Multi-Solicitation Process) and the Aggregate Load Cap is discussed in Article 2.3.2.

5.2 Submittal of Bid Proposals

- 5.2.1 Each RFP Bidder shall only submit its Bid Proposal(s) using the Bid Proposal Spreadsheet described in Article 5.1 by secure electronic file transfer to the PPL secure server between 9:00:00 a.m. EPT and 11:00:00 a.m. EPT, on the Bid Proposal Due Date for each solicitation as indicated in Article 2.2 (RFP Schedule). An RFP Bidder may only withdraw one or more of its Bid Proposal(s) before 11:00:00 a.m. EPT on the Bid

Proposal Due Date by submitting the Binding Bid Withdrawal Agreement, provided as Appendix 10, to the fax number provided in Article 6.1.2. The signatory to the Binding Bid Withdrawal Agreement must certify that he/she has the authority to act on behalf of the RFP Bidder in such a manner. Upon receipt of a Binding Bid Withdrawal Agreement, PPL Electric will provide the RFP Bidder with a notice by phone of receipt of such withdrawal.

5.3 Confirmation and Proposal Tagging Process

5.3.1 PPL Electric will confirm receipt of an RFP Bidder's Bid Proposal(s) and communicate the RFP Bidder's tag number by phone within thirty (30) minutes of receipt of a Bid Proposal Spreadsheet. As indicated on each Bid Proposal Spreadsheet, the RFP Bidder will provide a contact name and phone number, which will be used for the receipt confirmation.

5.4 Bid Assurance Collateral

5.4.1 Each RFP Bidder must provide liquid Bid Assurance Collateral to support its Bid Proposal(s). The form of collateral must be either cash or an irrevocable LOC. An acceptable Bid Assurance LOC form is provided as Appendix 7; an electronic copy can be found on PPL Electric's RFP Web site. PPL Electric will consider modifications to the Bid Assurance LOC in accordance with the process provided in Article 4.

5.4.2 The RFP Bidder must provide, no later than two (2) business days before the Bid Proposal Due Date, Bid Assurance Collateral in an amount equal to the sum of \$500,000 times the total number of tranches bid in all its Bid Proposal(s). PPL Electric will hold the Bid Assurance Collateral until either the RFP Bidder is notified that it has not been awarded tranches for a solicitation or until the RFP Bidder executes the Transaction Confirmation forms upon being awarded tranches. Upon either of the above two conditions, Bid Assurance Collateral in the form of cash will be returned within one (1) business day, and Bid Assurance Collateral in the form of an LOC will be returned within two (2) business days. The RFP Bidder may request that the Bid Assurance Collateral reside with PPL Electric through the entire multi-solicitation period. An RFP Bidder that is awarded tranche(s) and does not timely execute the Transaction Confirmation forms associated with such tranches shall forfeit its Bid Assurance Collateral.

5.4.3 Wire transfer instructions for RFP Bidders who intend to provide Bid Assurance Collateral in the form of cash is available upon request from the RFP Manager.

5.5 Submittal of DSB SMA

- 5.5.1 No later than two (2) business days before the Bid Proposal Due Date, the RFP Bidder must submit two (2) executed originals of the DSB SMA as instructed in Article 6.1.5, including the completed signature page of the DSB SMA, and Exhibit E filled in with the appropriate contact information for the RFP Bidder. Other exhibits of the DSB SMA either are samples or are documents that do not need to be completed until execution of the Transaction Confirmation form.

5.6 Conforming Bid Proposals

- 5.6.1 In order for a Bid Proposal to be conforming, the Bid Proposal must be: (i) submitted using the Bid Proposal Spreadsheet, completed in full and without modification; (ii) submitted by the Bid Proposal Due Date; (iii) submitted by a qualified RFP Bidder as defined in Article 6.1.1; (iv) submitted by an RFP Bidder that has also submitted sufficient Bid Assurance Collateral; (v) submitted by an RFP Bidder that has also submitted two (2) executed originals of the DSB SMA as instructed in Article 5.5.1.

Bid Proposals deviating from the above criteria will be deemed non-conforming and eliminated from further consideration. Any such elimination of Bid Proposals will be communicated by PPL Electric to the relevant RFP Bidder(s) as soon as practicable.

5.7 Expiration of Bid Proposals

- 5.7.1 An RFP Bidder's Bid Proposal shall expire the earlier of the time PPL Electric notifies the RFP Bidder that its Bid Proposal has been rejected or at midnight EPT two (2) business days after the scheduled day of awarding bids within each solicitation.

5.8 Additional Requirements

- 5.8.1 The RFP Bidder certifies, by its submission of a Binding Bid Agreement in its Bidder Qualifications, that it is bidding independently and that it has no knowledge of any Proposal being submitted by another RFP Bidder in response to this RFP.
- 5.8.2 The RFP Bidder certifies by its submission of a Binding Bid Agreement that, except for any communication with its financial institution for the purpose of preparing the Bid Assurance Letter of Credit, the RFP Bidder has not disclosed and will not disclose publicly or to any other party before the PUC has rendered a decision on the RFP results any information relating to its Proposal, which could have an effect on whether another party submits a Proposal to this RFP or on the contents of such Proposal that another RFP Bidder would be willing to submit in response to this RFP. Such information includes, but is not limited to: the fact that the RFP Bidder is submitting a Proposal in response to

this RFP; the RFP Bidder's Bids; the RFP Bidder's number of tranches bid; the RFP Bidder's estimation of the value of a tranche; the RFP Bidder's estimation of the risks associated with serving a Block Product; the RFP Bidder's preference for bidding on one or several types of Block Products; the RFP Bidder's preference for bidding on one or another Bid Proposal Due Date; and the RFP Bidder's contractual arrangements for power with a party to serve the supply associated with a Block Product were the RFP Bidder to become a Block Service Supplier.

ARTICLE 6
INSTRUCTIONS FOR PREPARATION OF BIDDER QUALIFICATIONS
AND BID PROPOSALS

6.1 General

- 6.1.1 An RFP Bidder must submit its Bidder Qualifications and Bid Proposal(s) separately. The RFP Bidder will first submit its Bidder Qualifications (responses to Bidder Qualification requirements) as required in Article 4 of this RFP. RFP Bidders that are notified that they are qualified RFP Bidders for a solicitation may submit a Bid Proposal for each product, along with all other required documents as described in Article 5.6, by the Bid Proposal Due Date as indicated in Article 2.2 (RFP Schedule).
- 6.1.2 For each solicitation, each RFP Bidder must deliver its Bidder Qualifications described in Article 4 by certified mail, registered mail, hand delivery, or courier service to PPL Electric at the following address:
- PPL Electric Utilities Corporation RFPs
1835 Market Street, Suite 1205
Philadelphia, PA 19103
Attn: PPL Electric Default Service RFP Manager
Fax: 215-568-9364
- 6.1.3 Bidder Qualifications must be delivered to the address designated in Article 6.1.2 above by the Bidder Qualifications Due Date for the appropriate solicitation as specified in Article 2.2 (RFP Schedule). Bidder Qualifications received after the due date specified in Article 2.2 will be considered for the next solicitation if there are remaining solicitations; otherwise Bidder Qualifications will be returned to the RFP Bidder unopened, the Bidder Qualifications will be rejected, and the RFP Bidder will have failed to qualify for submitting a Bid Proposal. Each RFP Bidder assumes full responsibility for timely delivery to the location specified in Article 6.1.2 above.
- 6.1.4 Bid Assurance Collateral for a solicitation, if submitted in the form of a LOC, must be sent by certified mail, registered mail, hand delivery, or courier service to the address specified in Article 6.1.2. All Bid Assurance Collateral, in the form of LOC or cash, must be received no later than two (2) business days prior to the Bid Proposal Due Date for that solicitation. Bid Assurance Collateral received after the second business day prior to the Bid Proposal Due Date will result in the rejection of the corresponding Bid Proposal(s). Each RFP Bidder assumes full responsibility for timely delivery to the address specified in Article 6.1.2 above.
- 6.1.5 For the first solicitation in which an RFP Bidder is qualified and submits a Bid Proposal, the RFP Bidder must have signed two (2) originals of the DSB SMA as instructed in Article 5.5.1 and sent these by certified mail, registered mail, hand delivery, or courier service to the address specified in Article 6.1.2 by noon on the second business day prior

to the Bid Proposal Due Date. If the RFP Bidder is awarded any tranches in any solicitation in this RFP, the signed DSB SMA that were initially submitted will be executed by PPL Electric and one original will be returned to the RFP Bidder together with the partially executed Transaction Confirmation forms. The execution of a Transaction Confirmation is all that will be required in subsequent solicitations wherein a RFP Bidder that has previously executed the DSB SMA in a satisfactory manner is awarded additional tranches. If the RFP Bidder was not awarded tranches in the solicitation for which DSB SMA were provided, PPL Electric will retain the DSB SMA for any future solicitation in which the RFP Bidder may again submit a Bid Proposal.

- 6.1.6 Bid Proposals must be completed in the full legal name of the party that will execute the DSB SMA with the Company should the party be a winning RFP Bidder and should the PUC approve the RFP results. Each RFP Bidder shall submit its Bid Proposal(s) using the Bid Proposal Spreadsheet described in Article 5.1 by secure electronic file transfer to the PPL secure server between 9:00:00 a.m. EPT and 11:00:00 a.m. EPT, on the Bid Proposal Due Date.

6.2 Packaging

- 6.2.1 In response to this RFP, each RFP Bidder must provide to the RFP Manager two (2) originals of its Bidder Qualifications on the Bidder Qualifications Due Date (except for the Expression of Interest, for which one (1) original is sufficient, and any supporting documents to the Credit Application including the associated financial information, for which one (1) original is sufficient).
- 6.2.2 The qualified RFP Bidder must provide Bid Assurance Collateral supporting its Bid Proposal(s). The RFP Bidder must provide two (2) originals of the DSB SMA no later than two (2) business days prior to the Bid Proposal Due Date. Each original must bear original signatures.
- 6.2.3 Only Bid Proposals using the Bid Proposal Spreadsheet submitted by secure electronic file transfer to the PPL secure server or through an alternate method if so directed by the RFP Manager will receive consideration.
- 6.2.4 Each package must be sent by certified mail, registered mail, hand delivery, or courier service to the address as specified in Article 6.1.2 in a manner that allows immediate and unambiguous identification of the RFP Bidder.

ARTICLE 7 EVALUATION OF PROPOSALS

7.1 Bidder Qualifications Processing

- 7.1.1 As determined by the RFP Manager, the Bidder Qualification Evaluation Team will consist of representatives of the RFP Manager, a credit representative from PPL Electric, and representatives on behalf of PPL Electric (including PPL Electric's Default Service RFP Manager).
- 7.1.2 All packages containing Bidder Qualifications will be opened privately by the Bidder Qualification Evaluation Team. A representative from the PUC may be present. PPL Electric assumes no liability for any failure to notify RFP Bidders of a deficiency in a submission prior to the Cure Deficiency Deadline.
- 7.1.3 Bidder Qualifications of an RFP Bidder that do not comply with the packaging instructions will be returned to the RFP Bidder.
- 7.1.4 Bidder Qualifications must include all documents and information required to satisfy the Bidder Qualification requirements as set out in Article 4.
- 7.1.5 The Bidder Qualification Evaluation Team will review Bidder Qualifications until the Cure Deficiency Deadline. The Bidder Qualification Evaluation Team will assess the Bidder Qualifications for completeness and compliance with the terms and conditions of this RFP, in accordance with the procedure in Article 7.2.

7.2 Bidder Qualifications Evaluation

- 7.2.1 The Bidder Qualification Evaluation Team will deem a response to the Bidder Qualifications to be complete and compliant if: (i) all information specified in Article 4.1 has been fully and satisfactorily provided; and (ii) all certifications and documents have been signed by an Officer of the RFP Bidder.
- 7.2.2 The Bidder Qualification Evaluation Team will review Bidder Qualifications upon receipt but no earlier than ten (10) business days prior to the Bidder Qualifications Due Date. If the Bidder Qualification Evaluation Team determines that some portion of the RFP Bidder's response to the Bidder Qualifications is deficient because the response is incomplete or is not compliant with the terms of this RFP, the Bidder Qualification Evaluation Team will endeavor, on a best efforts basis, to issue a deficiency notice requesting that the RFP Bidder cure the deficiency with respect to that particular aspect of its Bidder Qualifications. The Bidder Qualification Evaluation Team will endeavor, on a best efforts basis, to notify RFP Bidders of any deficiencies in their Bidder Qualifications, and to provide a decision on the acceptability of proposed modifications to the Bid Assurance LOC or other instruments for Performance Assurance, no later than

forty-eight hours before the Cure Deficiency Deadline. PPL Electric assumes no liability for any failure to notify RFP Bidders of a deficiency in a submission prior to the Cure Deficiency Deadline. The Bidder Qualification Evaluation Team will review all responses to deficiencies submitted by the specified Cure Deficiency Deadline. If a response to a deficiency is provided by an RFP Bidder before the Cure Deficiency Deadline and the response is not sufficient to cure the deficiency, the RFP Bidder may continue to provide the required clarification or additional information to cure the deficiency until the Cure Deficiency Deadline for that solicitation.

- 7.2.3 If a deficiency notice is sent and the RFP Bidder does not respond by the Cure Deficiency Deadline established by the Bidder Qualification Evaluation Team, or does not address the deficiency in a manner that is deemed satisfactory at the Bidder Qualification Evaluation Team's sole discretion, the RFP Bidder will not be qualified for that solicitation.
- 7.2.4 When the evaluation of the responses to the Bidder Qualifications is completed for all RFP Bidders, RFP Bidders will be either qualified or disqualified. RFP Bidders whose responses to the Bidder Qualifications, as may be supplemented or amended in response to a deficiency notice by the Bidder Qualification Evaluation Team, are found to be complete and compliant will be deemed qualified for that solicitation; all other RFP Bidders will be disqualified for that solicitation.
- 7.2.5 Bidders will be notified on the Qualified Bidders Notified Date in the RFP Schedule if they qualify to submit Bid Proposal(s) on the Bid Proposal Due Date. (i) Only those RFP Bidders whose response to the Bidder Qualification requirements is complete and compliant with the terms of this RFP will be invited to submit Bid Proposal(s). (ii) An RFP Bidder acting in concert with another RFP Bidder may be disqualified by the Company in its sole and exclusive discretion at any point in the process.

7.3 Bid Proposals Processing

- 7.3.1 Bid Proposals will only be considered for those RFP Bidders that qualify as a result of the prior submission of a response to the Bidder Qualification requirements.
- 7.3.2 The Bid Proposal Evaluation Team will consist of representatives of the RFP Manager and representatives on behalf of the Company.
- 7.3.3 All Bid Proposals will be electronically and privately opened by the Bid Proposal Evaluation Team and will be evaluated at the same time. A representative of the PUC may be present to attend the opening and evaluation of the Bid Proposals. Information regarding the content or status of any Bid Proposal will not be publicly released during the evaluation process.

- 7.3.4 The Bid Proposal Evaluation Team will assess the Bid Proposal(s) and all accompanying documents for completeness and compliance with the terms and conditions of this RFP, in accordance with the procedure in Article 7.4.
- 7.3.5 The Bid Proposal Evaluation Team may issue a deficiency notice with respect to any aspect of the Bid Proposal(s) and accompanying documents as described in Article 5.6.1 if practicable to do so before the Bid Proposal Deadline. The Bid Proposal Evaluation Team is under no obligation to issue such a deficiency notice. Should the Bid Proposal Evaluation Team issue such a deficiency notice, the RFP Bidder will have until the bid Proposal Due Date to cure any such deficiency. All non-conforming Bid Proposals will be removed from consideration.

7.4 Bid Proposal Evaluation

- 7.4.1 Bid Proposals received from RFP Bidders may be eliminated from further consideration at any point, at the Bid Proposal Evaluation Team's sole and exclusive discretion, for any of the following reasons including (but not limited to): (i) failure to provide clarification of, or additional information relating to, a Bid Proposal as requested by the Bid Proposal Evaluation Team subsequent to the submission of a Bid Proposal; (ii) illegal conduct, attempts or the appearance of attempts to improperly influence the consideration or ranking of the Bids; and (iii) failure to honor representations made in a Proposal.
- 7.4.2 The Bid Proposal Evaluation Team will assess that all information required with the Bid Proposal(s), as specified in Article 5, have been submitted. If they have not been submitted by the Bid Proposal Due Date, the Bid Proposal(s) will be rejected.
- 7.4.3 Any Bid Proposal will be removed from consideration if: (i) it is not submitted electronically using the Bid Proposal Spreadsheet that the RFP Bidder was instructed to use in Article 5.1; or (ii) it is on a Bid Proposal Spreadsheet that includes extraneous information; or (iii) it is not supported by a Bid Assurance LOC acceptable to the Company; or (iv) the RFP Bidder has not submitted two (2) signed originals of the DSB SMA.
- 7.4.4 The Bid Proposal Evaluation Team will ensure that sufficient financial guarantees are provided to support the Bids. Financial guarantees will be sufficient if the amount of Bid Assurance Collateral is sufficient given the sum of the maximum number of tranches offered for each product by the RFP Bidder as specified in Article 4.8.
- 7.4.5 If a qualified RFP Bidder's Bid Assurance Collateral is insufficient to support the sum of the maximum number of tranches offered by the RFP Bidder, the Bid Proposal Evaluation Team will modify that RFP Bidder's Bid Proposal Spreadsheets. The Bid Proposal Evaluation Team will determine for each such RFP Bidder the greatest number of whole tranches that its amount of Bid Assurance Collateral is sufficient to support. The Bid Proposal Evaluation Team will strike a Bid from a Bid Proposal Spreadsheet for any

Total Tranches Supplied that is not supported by the amount of Bid Assurance Collateral. If the sum of the maximum number of tranches offered exceeds the Aggregate Load Cap established for the Residential Customer Group, the Bid Proposal Evaluation Team will modify that RFP Bidder's Bid Proposal Spreadsheets. The Bid Proposal Evaluation Team will determine for each such RFP Bidder the greatest number of whole tranches that the RFP Bidder will be allowed to offer for the Block Product without violating the Aggregate Load Cap. The Bid Proposal Evaluation Team will strike a Bid from a Bid Proposal Spreadsheet for any Total Tranches Supplied for the Block Product. If there are more than one type of Block Product offered in a solicitation, the Bid Proposal Evaluation Team will remove a Bid first from the type of Block Product where there is the most competition, as measured by the ratio of the tranches bid to the number of tranches needed. By submitting a Bid Proposal in response to this RFP, each RFP Bidder is authorizing the Bid Proposal Evaluation Team to modify the RFP Bidder's Bid Proposal documents as specified in and as required by this article.

- 7.4.6 The remaining Bid Proposals will be evaluated on a price-only basis as follows. The Bid Proposal Evaluation Team will, for each product, consider all combinations of Bid(s) (across RFP Bidders) whose sum of Total Tranches Supplied is equal to the Available Tranches for that product in that solicitation. In the event that the greatest sum of Total Tranches Supplied for any combination for that product is less than the Available Tranches in Solicitation for that product, the Bid Proposal Evaluation Team will consider all combinations of Bids for that product whose sum of Total Tranches Supplied equal the most obtainable given those Bids. For each combination, the Bid Proposal Evaluation Team will calculate the Combination Average Price ("CAP") equal to the average Price (US\$/MWh) of the Bids in the combination weighted by their corresponding Total Tranches Supplied. The winning Bid(s) will be the Bid(s) contained in the combination with the lowest CAP. An RFP Bidder that is awarded tranches shall receive the Price (US\$/MWh) corresponding to the winning Bid as stated in its Bid Proposal Spreadsheet under the Bid Information section.
- 7.4.7 In the event that two or more combinations have the lowest CAP for a given Customer Group, the winning Bid(s) will be the Bid(s) contained in the combination that is drawn randomly from the set of combinations with the lowest CAP.
- 7.4.8 After sufficient financial guarantees are determined, all combinations of Bid(s) are ranked from lowest to highest for each of the products, and the tied combinations, if any, are resolved, the Bid Proposal Evaluation Team will communicate with each RFP Bidder that has submitted at least one of the Bid(s) in the winning combination for each product and present the winning Bid(s) to the Commission. For each such RFP Bidder for a product, the Bid Proposal Evaluation Team will: (i) communicate the CAP of the winning combination for that product being presented to the PUC; and (ii) identify the Bid(s) submitted by such RFP Bidder that will be presented to the PUC for that product.

The Bid Proposal Evaluation Team will also communicate to the Company the CAP of the winning combination for each product and the number of Bids presented to the PUC.

7.4.9 An RFP Bidder acting in concert with another RFP Bidder may be disqualified by the Company at its sole and exclusive discretion.

7.5 Commission Approval and Review

7.5.1 The Bid Proposal Evaluation Team will prepare a report that presents the results of a solicitation to the PUC for approval. The Bid Proposal Evaluation Team's report will summarize the Bidder Qualification process and the Bid Proposals that were considered on the Bid Proposal Due Date. The PUC will have one (1) business day to decide whether to approve the results. If the PUC does not act within one (1) business day, the winning Bids are deemed to be approved. The winning RFP Bidders will then receive a Transaction Confirmation from PPL Electric on the date of the PUC's approval, or in the event the PUC does not act no later than the next business day following the date when the PUC was expected to act. The winning RFP Bidders must follow the Transaction Confirmation directions in the DSB SMA. If a winning RFP Bidder fails to execute the Transaction Confirmation as required under Article 2.7 of the DSB SMA, the winning RFP Bidder may forfeit its Bid Assurance Collateral.

7.5.2 In the event that results for any solicitation are rejected by the PUC or that some tranches are unfilled in a particular solicitation, those tranches will be offered in next scheduled solicitation. In the event that some load remains un-served for a product, or in the event that a Block Service Supplier for a product defaults, PPL Electric will offer Block Supply assignment to other winning RFP Bidders for the same product consistent with the Step-Up process described in the DSB SMA. If this assignment is not successful, PPL Electric will offer Block Supply assignment to all Block Service Suppliers consistent with the Step-Up process described in the DSB SMA, even if a Block Service Supplier does not serve tranches for that product. These assignments will be offered at the original bid price in the event of default(s), or at the average price from the last successful bid for that product in the event of insufficient bids.

ARTICLE 8 RESERVED RIGHTS

8.1 Non-Binding RFP

- 8.1.1 Prior to the submission of any Bid Proposals and with PUC approval, PPL Electric has the right to withdraw and terminate this RFP without any liability or responsibility to any RFP Bidder or any other party, for reasonable cause, including, but not limited to, adverse statutory changes or interpretations, issuance of new PUC orders and/or regulations, market conditions, etc., that preclude this RFP from being implemented in substantially the manner described herein.
- 8.1.2 Subject to PUC approval, the Company reserves the right to accept or reject, in whole or in part, any and all Proposals, without any liability or responsibility to any RFP Bidder or any other party, for reasonable cause including, but not limited to, adverse statutory changes or interpretations, issuance of new PUC orders and/or regulations, market conditions, etc., that preclude this RFP from being implemented in substantially the manner described herein.
- 8.1.3 PPL Electric will not be liable to any RFP Bidder or any other party for failure to execute a DSB SMA. Nothing herein may be construed to bind the Company unless and until the PUC has approved winning Bid(s), and each DSB SMA with an RFP Bidder has been executed and is effective. Once effective, the DSB SMA will govern the relationship between and the responsibilities of the parties to that agreement and not the RFP or any documents relating thereto.
- 8.1.4 Pursuant to these RFP rules, PPL Electric or the Bid Proposal Evaluation Team shall reject Bid Proposals submitted in response to this RFP that are incomplete, or do not conform to the requirements of this RFP, or are submitted beyond the deadline for submission.

8.2 Proposals Become PPL Electric's Property

- 8.2.1 All Proposals submitted by RFP Bidders in response to this RFP will become the exclusive property of PPL Electric upon the receipt of such document(s).

Appendix 1

Default Service Block Supply Master Agreement

Appendix 2

Expression of Interest Form Default Service Block Supply

FAX TO: 215-568-9364

Note that completion of all information is required.

This response is an indication of our interest in PPL Electric Utilities Corporation's Request for Proposals to provide wholesale Block Supply service.

Date:

Company:

Contact Name:

Contact Title:

Address:

City:

State:

Zip:

Phone Number

Fax Number:

Email Address:

Appendix 3

Confidentiality Agreement

[Name and Address of Bidder]

[Date]

Ladies and Gentlemen,

This letter is a Confidentiality Agreement between PPL Electric Utilities Corporation (“PPL Electric”) and _____ (“RFP Bidder”) in connection with the RFP Bidder’s intent to participate in the Request for Proposals (“RFP”) to provide around-the-clock electricity service through Block Products. This Confidentiality Agreement also pertains to the rights and obligations of PPL Electric and the RFP Bidder in the event the RFP Bidder ultimately is selected as a winner in the RFP and provides service pursuant to PPL Electric’s Default Service Block Supply Master Agreement (“DSB SMA”). PPL Electric and the RFP Bidder hereby agree to accept, and to be bound by the terms of this Agreement.

DEFINITIONS:

(a) The following terms have the following meanings:

- 1 “Agreement” is this Confidentiality Agreement.
- 2 “Pennsylvania PUC” has the meaning set forth in Section 3(b).
- 3 “Confidential Information” has the meaning set forth in Section 5.
- 4 “Party” means PPL Electric or the RFP Bidder.
- 5 “Parties” means PPL Electric and the RFP Bidder collectively.
- 6 “Representatives” means the officers, directors, employees, advisors, lenders, and other persons, including but not limited to any affiliates who are actively and directly participating in evaluating, responding to, negotiating and consummating the RFP and/or the response to the RFP. A person or entity is not a “Representative” unless that person or entity agrees to preserve the confidentiality of the Confidential Information in accordance with the terms of this Agreement.

7 “Third Parties” means a party or parties other than PPL Electric, the RFP Bidder or their respective Representatives.

(b) Other capitalized terms used in this Agreement have the meaning set forth in this Agreement and/or the applicable Request for Proposals, and/or the applicable DSB SMA.

TERMS:

1. Condition Precedent. PPL Electric and the RFP Bidder shall execute this Agreement as a condition precedent to PPL Electric’s furnishing to the RFP Bidder or the RFP Bidder furnishing to PPL Electric a copy of any Confidential Information.

2. Purpose. The purpose of this Agreement is to protect the confidentiality of the Confidential Information and to restrict the use and disclosure of that information in the manner set forth below.

3. Limitations on Use and Disclosure.

(a) A Party shall use the other Party’s Confidential Information only for the purpose of evaluating, responding to, negotiating and consummating the RFP and/or the response to the RFP, and/or consummating the DSB SMA and not for any other purpose. Neither Party shall disclose to Third Parties any information about PPL Electric’s or RFP Bidder’s participation in the RFP or execution of a DSB SMA or the terms or conditions or any other facts relating thereto, including the fact that discussions are taking place with respect thereto, the status of those discussions, or the fact that Confidential Information has been made available by or to PPL Electric or RFP Bidder or their Representatives. Provided, however, that the identity of all (but no fewer than all) bidders who were awarded any supply in the state may be released on a statewide basis on or after the first day of the service year, and that no winning bidder’s name is to be associated with a particular PPL Electric Default Service Load.

(b) Notwithstanding the foregoing or any other provision of this Agreement, PPL Electric may share any Confidential Information with the Pennsylvania Public Utility Commission, or its Staff (collectively “Pennsylvania PUC”) as requested by the Pennsylvania PUC. Any such information shared will be designated as confidential, and PPL Electric will ask the Pennsylvania PUC to hold and use it on a confidential basis.

4. Disclosure upon Default. Notwithstanding the foregoing or any other provision of the Agreement, PPL Electric may disclose Confidential Information in the event of a Supplier Default, as provided for in the DSB SMA. PPL Electric may disclose to any RFP Bidder with whom it has executed the DSB SMA and who is not a Defaulting Supplier, the contract price of the Defaulting Supplier for the purpose of allowing the Bidder to make the election provided for in Section 4.11 of the DSB SMA .

5. Definition of Confidential Information. Confidential Information shall consist of oral, electronic and written information that is confidential, proprietary, or generally not

available to the public. Whenever possible, such Confidential Information shall be marked prior to or at the time of disclosure as being “Confidential Information”. Confidential Information in the case of information provided by PPL Electric to the RFP Bidder shall include, without limitation, all data, reports, interpretations, forecasts or records relating to PPL Electric and/or its customers, and any other document created by PPL Electric or others which directly or indirectly relates to all or any portion of the bid evaluation information provided to the RFP Bidder by PPL Electric. Confidential Information in the case of information provided by the RFP Bidder to PPL Electric shall include, without limitation, all data, reports, interpretations, forecasts, bids, credit information, credit collateral amounts, bidder identity, and shall also include information prepared by the RFP Bidder that includes directly or indirectly Confidential Information furnished by PPL Electric.

6. Non-Confidential Information. Notwithstanding the provisions of Section 5, information shall not be deemed confidential that: (i) becomes generally available to the public; (ii) is already known to the receiving Party at the time of receipt by the receiving Party; or (iii) is acquired after such receipt from a Third Party not known to the receiving Party to be prohibited from making disclosures. The receiving Party shall give prompt notice to the other Party in the event it believes that any of the other Party’s information in its possession is not Confidential Information as a result of the provisions of this Section 6.

7. Property of PPL Electric or the RFP Bidder. Confidential Information belonging to PPL Electric shall consist of Confidential Information supplied by PPL Electric to the RFP Bidder and shall also include the portion of Confidential Information furnished by the RFP Bidder to PPL Electric that incorporates Confidential Information furnished to the RFP Bidder by PPL Electric. Confidential Information belonging to the RFP Bidder consists of all other Confidential Information supplied by the RFP Bidder to PPL Electric. PPL Electric and the RFP Bidder acknowledge that each Party’s Confidential Information is and at all times remains the sole and exclusive property of that Party, who, it is agreed, has the exclusive right, title, and interest to its Confidential Information. Neither Party grants any right or license, by implication or otherwise, as a result of the provision of Confidential Information to the receiving Party.

8. Disclosure Prohibited Except Where Explicitly Permitted. Neither Party shall disclose or use the other Party’s Confidential Information without the other Party’s prior written consent except as explicitly stated in Sections 3, 4, 9 and 10 of this Agreement.

9. Disclosure For Bid Evaluation Purposes. A Party may disclose the other Party’s Confidential Information to its Representatives for the purposes set forth in Section 3. The obligations and restrictions under this Agreement that apply to a Party also apply to a Party’s Representatives.

10. Disclosure to Governmental Authorities.

(a) A Party (the “disclosing Party”) may also disclose the other Party’s Confidential Information to any governmental, judicial, or regulatory authority (“Authority”) requiring such Confidential Information; provided that, the disclosing Party a) promptly informs the other Party of the substance of any inquiries, requests or requirements in order to afford the other Party an

opportunity to attempt to prevent or limit the disclosure of the Confidential Information; b) makes a good faith effort to persuade the Authority (i) that submission of the Confidential Information should not be required, or, if that effort fails, (ii) that submission of the Confidential Information on a non-public basis should be permitted; and c) endeavors in good faith to protect the Confidential Information provided to an Authority from disclosure to Third Parties. If an Authority orders the disclosing Party to disclose any documents containing the other Party's Confidential Information, the disclosing Party shall a) attempt to obtain from the other Party, if the Authority allows the time, a "Public Disclosure Copy", or b) if the Authority does not allow such time, shall prepare itself a "Public Disclosure Copy" in which the Confidential Information has been redacted to the extent that such redaction is permitted by the Authority requiring disclosure. Confidential Information disclosed pursuant to this Section 10 on a non-public basis shall not lose its status as Confidential Information by virtue of such non-public disclosure.

(b) Notwithstanding the foregoing, the Parties agree that either party may be required to provide Confidential Information to FERC in order to comply with FERC Form 1 or FERC transaction reporting requirements. Each Party agrees that to the extent it is required to provide FERC any such information, the Party required to provide such information will provide only the information that is reasonably necessary to comply with such reporting requirements and shall not be required to comply with the provisions of Section 10(a) of this Agreement unless there have been substantive changes to the information required for FERC reporting purposes.

11. Termination of RFP Participation. If the RFP Bidder determines that it does not wish to proceed with the RFP, or if PPL Electric excludes the RFP Bidder from the RFP for any of the reasons set forth in the RFP, it will immediately notify the other Party of that decision. In such case, or if the RFP is not consummated, upon the written request of the Party (the "requesting Party"), the other Party (the "receiving Party") shall not retain and shall promptly return to the requesting Party all the requesting Party's written Confidential Information in the possession of the receiving Party or its Representatives, except for the portion ("said portion") of the requesting Party's Confidential Information that may be found in analyses, compilations, or other documents prepared by, or for, the receiving Party and its Representatives. The said portion and any oral Confidential Information furnished by the requesting Party and not so requested or returned will be held by the receiving Party and kept subject to the terms of this Agreement, or destroyed.

12. Liability and Relief. A Party or any of its Representatives shall be liable for any breach of this Agreement. In the event a non-breaching Party or its Representatives shall have knowledge of any breach of the confidentiality of, or the misappropriation of, any of the Confidential Information, the non-breaching Party shall promptly give notice thereof to the breaching Party. The Parties agree that breach of this confidentiality agreement may cause damages to which a dollar amount may be difficult or impossible to ascribe, however, that such a breach would be irremediable by damages alone and specifically agree to equitable relief as appropriate. The non-breaching Party shall be entitled to specific performance or other equitable relief by way of injunction or otherwise, if the other Party or any of its Representatives breach or threaten to breach any of the provisions of this Agreement. Such remedy shall not be deemed to be the exclusive remedy available to the non-breaching Party, but shall be in addition to all other available remedies. Neither failure nor delay by the non-breaching Party, in exercising any of its

rights or privileges herein, shall operate as a waiver nor shall any single or partial exercise preclude any other or further exercise of any right, power or privilege.

13. Representatives, Successors and Assigns. This Agreement shall be binding upon and for the benefit of the Parties, and their respective Representatives, successors, and permitted assigns. Neither Party may assign its rights or obligations hereunder without prior written consent of the other Party.

14. Controlling Law. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania without regard to conflicts of laws rules or principles

15. Full Compliance Required. The failure in any instance to insist on full compliance with the terms of this Agreement shall not be deemed to be a waiver of the right to insist upon full compliance with these terms thereafter.

16. Signatures. The signatures below establish each Party's agreement to the terms hereof.

17. Termination. This Agreement shall terminate three years from the date hereof.

RFP BIDDER

PPL ELECTRIC UTILITIES CORPORATION

By _____

By _____

Title _____

Title _____

As part of your Bidder Qualifications, please send two (2) originals of this Confidentiality Agreement to:

PPL Electric Utilities Corporation RFPs
1835 Market Street, Suite 1205
Philadelphia, PA 19103
Attn: PPL Electric Default Service RFP Manager

Appendix 4

PJM Qualification Certification Form

I, _____ (“Agent”) am an authorized signatory for
_____ (“Company”) and hereby certify that Company is a member of
the PJM Interconnection, LLC (“PJM”) and is qualified as a market buyer and market seller in
good standing able to secure generation or otherwise obtain and deliver electricity in PJM
through compliance with all applicable requirements of PJM to fulfill a block obligation.

Signed:

Date:

Type or Print Name:

Title:

Company:

As part of your Bidder Qualifications, please send two (2) originals of this form to:

PPL Electric Utilities Corporation RFPs
1835 Market Street, Suite 1205
Philadelphia, PA 19103
Attn: PPL Electric Default Service RFP Manager

Appendix 5

FERC Authorization Certification Form

I, _____ (“Agent”) am an authorized signatory for _____ (“Company”) and hereby certify that Company has been authorized by the Federal Energy Regulatory Commission (“FERC”) to make sales of energy, capacity and ancillary services at market-based rates, pursuant to the Federal Power Act and the provisions of FERC’s regulations promulgated thereunder. The Company’s authorization to make such sales at market-based rates was granted in Docket No(s).

_____.

Signed:

Date:

Type or Print Name:

Title:

Company:

As part of your Bidder Qualifications, please send two (2) originals of this form to:

PPL Electric Utilities Corporation RFPs
1835 Market Street, Suite 1205
Philadelphia, PA 19103
Attn: PPL Electric Default Service RFP Manager

Appendix 6

Credit Application

1 Company Information

Type of Business

- Corporation
- Limited Liability Company
- Joint Venture
- Other (describe)

Applicant Organization

Legal Corporate Name:
Street Address:
City, State, Zip Code:
DUNS Number:
Federal Tax ID Number:

Applicant Credit Contact Name

Name:
Title:
Street Address:
City, State, Zip Code:
Phone Number:
Fax Number:
Email Address:

For Corporation/Limited Liability Companies (please enter “n/a”, if this does not apply to you)

Date and State of Incorporation/Registration:

For Limited Partnerships (please enter “n/a”, if this does not apply to you)

Name of General Partner:
Address of General partner:
City, State, Zip Code:

2 Application for Credit

This application for credit is to be based on the creditworthiness of the **Applicant indicated below**.

- The Applicant listed under Section 1.
- The parent/guarantor company listed below.

Parent/Guarantor Company

Legal Corporate Name:

Street Address:

City, State, Zip Code:

DUNS Number:

Federal Tax ID Number:

3 Credit Information

The Applicant indicated in Section 2 is required to submit the most recent 2 years of financial statements audited by a firm of certified public accountants of national standing. Please provide one (1) copy of financial statements with your Credit Application. Indicate below what statements are being submitted.

Annual Report

10K

Other (describe)

In the event the above information is inadequate to appropriately assess the Applicant's creditworthiness, the Applicant must provide evidence of its capability to provide collateral instruments, its capability to borrow and other sources of liquidity.

Subject to Article 4.5.2, submitted information must be in the English language, and financial data denominated in United States currency, and conform to generally accepted accounting principles ("GAAP") in the United States. If the Applicant's financial information is consolidated with other entities, then it is the Applicant's responsibility to extract and submit as separate documents all data and information related solely to the Applicant. This must include all financial information, associated notes and all other information that would comprise a full financial report conforming to GAAP.

Has the Applicant or predecessor company declared bankruptcy in the last 5 years?

Yes

No

Are there any pending bankruptcies or other similar state or federal proceedings, outstanding judgments or pending claims or lawsuits that could affect the solvency of the Applicant?

Yes

No

If the answer is "Yes" to either of the above questions, please provide an addendum to this application describing the situation and how it affects the Applicant's ability to meet or not to meet its credit obligations.

4 Bank Reference Information

Bank Name:
Street Address:
City, State, Zip Code:
Contact Name:
Phone Number:
Fax Number:
Account Number:
Revolving Credit Facility? Yes No
If Yes,
Amount of Facility: \$
Expiration Date:

Bank Name:
Street Address:
City, State, Zip Code:
Contact Name:
Phone Number:
Fax Number:
Account Number:
Revolving Credit Facility? Yes No
If Yes,
Amount of Facility: \$
Expiration Date:

Bank Name:
Street Address:
City, State, Zip Code:
Contact Name:
Phone Number:
Fax Number:
Account Number:
Revolving Credit Facility? Yes No
If Yes,
Amount of Facility: \$
Expiration Date:

5 Applicant's Credit Ratings (please enter "n/a" when the information requested in this item is unavailable)

Standard & Poor's

Current Rating: _____

Indicate whether this rating is:

Senior Unsecured Long-Term Debt Rating

Issuer Rating

Moody's Investor Services

Current Rating: _____

Indicate whether this rating is:

Senior Unsecured Long-Term Debt Rating

Issuer Rating

Fitch Ratings

Current Rating: _____

Indicate whether this rating is:

Senior Unsecured Long-Term Debt Rating

Issuer Rating

Along with the above information, attach the latest review from each of the agencies. Documentation showing the name of the rating agency, the type of rating, and the rating of the Applicant is acceptable.

6 Authorization

Applicant hereby represents and warrants that all statements and representations made herein, including any supporting documents, are true to the best of Applicant's knowledge and belief. The undersigned authorized official of the Applicant warrants that the Applicant agrees to be bound by these representations. The Applicant authorizes the above listed entities to release data requested by PPL Electric Utilities Corporation necessary to perform a credit check in connection with Applicant's interest to bid on this RFP.

Applicant's Company Name: _____

Signature of Authorized Official: _____

Name of Authorized Official (print): _____

Title of Authorized Official (print): _____

Date Signed: _____

As part of your Bidder Qualifications, please send two (2) originals of this form to:

PPL Electric Utilities Corporation RFPs
1835 Market Street, Suite 1205
Philadelphia, PA 19103
Attn: PPL Electric Default Service RFP Manager

APPENDIX 7

**BID ASSURANCE LETTER OF CREDIT
DEFAULT SERVICE BLOCK SUPPLY**

**{TO BE ISSUED ON THE LETTERHEAD OF THE ISSUING BANK}
IRREVOCABLE STANDBY LETTER OF CREDIT NO.**

ISSUE DATE _____ EXPIRY DATE _____

APPLICANT
[NAME]
[ADDRESS]

BENEFICIARY
[NAME]
[ADDRESS]

CURRENCY AMOUNT
USD *****\$

WE HEREBY ISSUE IN YOUR FAVOR OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO: _____ FOR THE ACCOUNT OF _____ (APPLICANT) FOR AN AMOUNT OR AMOUNTS NOT TO EXCEED IN THE AGGREGATE US DOLLARS _____ AVAILABLE BY YOUR DRAFT(S) AT SIGHT ON THE BANK OF _____ (“ISSUER”) _____ (ADDRESS), EFFECTIVE _____ AND EXPIRING AT OUR COUNTERS ON _____ AT 5:00 PM NEW YORK, NEW YORK TIME, WHICH IS AT LEAST 60 DAYS FROM THE DATE OF ISSUANCE, UNLESS TERMINATED EARLIER IN ACCORDANCE WITH THE PROVISIONS OF THIS LETTER OF CREDIT OR OTHERWISE EXTENDED BY AMENDMENT.

THIS LETTER OF CREDIT IS PRESENTABLE AND PAYABLE AT OUR COUNTERS AND WE HEREBY ENGAGE WITH YOU THAT DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS OF THIS LETTER OF CREDIT WILL BE HONORED ON PRESENTATION IF ACCOMPANIED BY THE REQUIRED DOCUMENTS PURSUANT TO THE TERMS OF THIS LETTER OF CREDIT.

BENEFICIARY WILL HOLD THIS LETTER OF CREDIT UNTIL WE RECEIVE WRITTEN NOTIFICATION FROM THE BENEFICIARY THAT EITHER:

1. THE APPLICANT’S BID PROPOSAL IN THE PPL ELECTRIC DEFAULT SERVICE BLOCK SUPPLY RFP SOLICITATION ON [INSERT DATE] (THE “SOLICITATION DATE”) HAS BEEN REJECTED IN WHOLE AND THE APPLICANT HAS BEEN NOTIFIED OF SUCH REJECTION; OR
2. THE APPLICANT HAS WON TRANCHES IN THE PPL ELECTRIC DEFAULT SERVICE BLOCK SUPPLY RFP SOLICITATION ON THE SOLICITATION DATE AND HAS EXECUTED THE DEFAULT SERVICE BLOCK SUPPLY MASTER

AGREEMENT (“SMA”) AND/OR TRANSACTION CONFIRMATIONS FOR SUCH TRANCHES.

UPON EITHER OF THE ABOVE TWO CONDITIONS, THIS LETTER OF CREDIT WILL BE RETURNED BY THE BENEFICIARY TO THE ISSUER WITHIN TWO BUSINESS DAYS. THE APPLICANT MAY REQUEST THAT THIS LETTER OF CREDIT RESIDE WITH THE BENEFICIARY THROUGH THE ENTIRE MULTI-SOLICITATION PERIOD OF THE PPL DEFAULT SERVICE BLOCK SUPPLY RFP.

THIS LETTER OF CREDIT MAY ALSO BE TERMINATED PRIOR TO THE STATED EXPIRY DATE UPON BENEFICIARY’S RECEIPT OF FULL PAYMENT FROM THE APPLICANT AND ISSUER’S RECEIPT OF A WRITTEN RELEASE FROM THE BENEFICIARY RELEASING THE ISSUER FROM ITS OBLIGATIONS UNDER THIS LETTER OF CREDIT.

IF THE APPLICANT IS AWARDED TRANCHE(S) IN THE PPL DEFAULT SERVICE BLOCK SUPPLY RFP SOLICITATION ON THE SOLICITATION DATE AND DOES NOT TIMELY EXECUTE THE TRANSACTION CONFIRMATIONS ASSOCIATED WITH SUCH TRANCHES, THE APPLICANT SHALL FORFEIT THE ENTIRE AMOUNT OF THIS LETTER OF CREDIT.

THE BELOW MENTIONED DOCUMENT(S) MUST BE PRESENTED ON OR BEFORE THE EXPIRY DATE OF THIS LETTER OF CREDIT IN ACCORDANCE WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT.

1 YOUR SIGNED AND DATED STATEMENT, READING AS FOLLOWS:

“THE AMOUNT FOR THIS DRAWING, USD _____
(INSERT AMOUNT), BEING MADE UNDER THE BANK OF _____
(INSERT NAME OF BANK) LETTER OF CREDIT
NUMBER (INSERT LETTER OF CREDIT REFERENCE NUMBER),
REPRESENTS AN AMOUNT DUE AND PAYABLE TO BENEFICIARY
PURSUANT TO THE TERMS OF SUCH LETTER OF CREDIT.”

2 THIS ORIGINAL LETTER OF CREDIT AND ANY AMENDMENT(S).

IF PRESENTATION OF ANY DRAWING IS MADE ON A BUSINESS DAY (AS HEREIN DEFINED) AND SUCH PRESENTATION IS MADE ON OR BEFORE 11:00 A.M. NEW YORK TIME, ISSUER SHALL SATISFY SUCH DRAWING REQUEST ON THE NEXT BUSINESS DAY. IF THE DRAWING IS RECEIVED AFTER 11:00 A.M. NEW YORK TIME, ISSUER WILL SATISFY SUCH DRAWING REQUEST ON THE SECOND FOLLOWING BUSINESS DAY.

THE TERM “BUSINESS DAY” AS USED HEREIN MEANS ANY DAY OTHER THAN (I) A SATURDAY, (II) A SUNDAY, OR (III) A DAY ON WHICH BANKING INSTITUTIONS LOCATED IN THE CITY OF NEW YORK, NEW YORK ARE REQUIRED OR AUTHORIZED BY LAW TO BE CLOSED.

APPLICANT'S FILING OF A BANKRUPTCY, RECEIVERSHIP OR OTHER DEBTOR-RELIEF PETITION, AND/OR APPLICANT'S DISCHARGE THEREUNDER, SHALL IN NO WAY AFFECT THE LIABILITY OF ISSUER UNDER THIS LETTER OF CREDIT AND ISSUER SHALL REMAIN LIABLE TO BENEFICIARY UNTIL THE EXPIRATION DATE OF THIS LETTER OF CREDIT FOR THE FULL AMOUNT OF APPLICANT'S OBLIGATIONS HEREIN TO BENEFICIARY NOT TO EXCEED THE AVAILABLE AMOUNT IN THIS LETTER OF CREDIT.

ADDITIONAL TERMS AND CONDITIONS:

- 1 ALL COMMISSIONS AND OTHER BANKING CHARGES WILL BE BORNE BY THE APPLICANT.
- 2 THIS LETTER OF CREDIT MAY NOT BE TRANSFERRED OR ASSIGNED.
- 3 THIS LETTER OF CREDIT IS IRREVOCABLE.
- 4 THIS LETTER OF CREDIT IS SUBJECT TO THE INTERNATIONAL STANDBY PRACTICES (1998) OF THE INTERNATIONAL CHAMBER OF COMMERCE PUBLICATION NO. 590 (“ISP98”). AS TO MATTERS NOT GOVERNED BY ISP98, THIS LETTER OF CREDIT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF PENNSYLVANIA, INCLUDING, TO THE EXTENT NOT INCONSISTENT WITH ISP98, THE UNIFORM COMMERCIAL CODE AS IN EFFECT IN THE COMMONWEALTH OF PENNSYLVANIA. THIS LETTER OF CREDIT MAY NOT BE AMENDED, CHANGED OR MODIFIED WITHOUT THE EXPRESS WRITTEN CONSENT OF THE BENEFICIARY AND THE ISSUER.
- 5 THE BENEFICIARY SHALL NOT BE DEEMED TO HAVE WAIVED ANY RIGHTS UNDER THIS LETTER OF CREDIT, UNLESS THE BENEFICIARY OR AN AUTHORIZED AGENT OF THE BENEFICIARY SHALL HAVE SIGNED A DATED WRITTEN WAIVER. NO SUCH WAIVER, UNLESS EXPRESSLY SO STATED THEREIN, SHALL BE EFFECTIVE AS TO ANY TRANSACTION THAT OCCURS SUBSEQUENT TO THE DATE OF THE WAIVER, NOR AS TO ANY CONTINUANCE OF A BREACH AFTER THE WAIVER.
- 6 A FAILURE TO MAKE ANY PARTIAL DRAWINGS AT ANY TIME SHALL NOT IMPAIR OR REDUCE THE AVAILABILITY OF THIS LETTER OF CREDIT IN ANY SUBSEQUENT PERIOD OR OUR OBLIGATION TO HONOR YOUR SUBSEQUENT DEMANDS FOR PAYMENT MADE IN ACCORDANCE WITH THE TERMS OF THIS LETTER OF CREDIT.

AUTHORIZED SIGNATURE: _____

TITLE: _____

PLEASE DIRECT ANY WRITTEN CORRESPONDENCE, INCLUDING DRAWING OR INQUIRIES TO:

[BANK NAME, ADDRESS AND PHONE NUMBER]

APPENDIX 8

EXAMPLE BID PROPOSAL SPREADSHEET

PPL Electric Utilities
Default Service Block Supply
RFP Process and Rules

APPENDIX 8 Notes

Instructions:

The RFP Bidder must complete the Bid Proposal Spreadsheet as directed in Article 5.

All required information must be entered in the shaded cells. The absence of any required information will be deemed a non-conforming bid and will be eliminated from further consideration.

PPL Electric Utilities
 Default Service Block Supply RFP Process and Rules

Appendix 8
Bid Proposal Spreadsheet

Block Supply Solicitation # <number>
<number of months> Block Product
 Bid Proposal Due Date: <month>, <year>

<number of months> Delivery Period: <date> - <date>

Bidder Information:

Company Name	<Company Name>	* Required Field
Contact Name	<Contact Name>	* Required Field
Phone Number	(555) 555-5555	* Required Field
Fax Number	(555) 555-5555	* Required Field

Tranche Information:

Aggregate Load Cap <percentage>%
 Total Tranches in Solicitation 2

Tag Number:

Bid Information:

	Total Tranches Supplied	Bid Assurance Collateral Amount	Price (US\$/MWh)	
Bids	1	\$500,000		* Required Field
	2	\$1,000,000		* Required Field

Complete/Incomplete:

INCOMPLETE

Appendix 9

Binding Bid Agreement

Bid Proposal Due Date: <month> <day><year>

In consideration for the privilege of submitting bids as part of the Default Service Requests For Proposals process, _____ (“RFP Bidder”) agrees to be bound by the price quotes entered on any Bid Proposal Spreadsheet(s), up to the expiration time of its proposal, as set forth in Article 5.7 (Expiration of Bid Proposals) of this Request For Proposals (“RFP”), submitted to PPL Electric Utilities Corporation (“PPL Electric”), in response to this multi-solicitation process, which shall constitute a firm offer to supply service in accordance with the Default Service Block Supply Master Agreement (“Default Service Block SMA” or “DSB SMA”) and applicable Pennsylvania Law and regulations. Any bid is not subject to any contingencies or conditions precedent and, if accepted by PPL Electric, the RFP Bidder agrees to execute the Transaction Confirmation in a timely manner as set forth in Article 2.7 (Transaction Confirmation) of the Default Service Block SMA.

The submission of any binding offer to PPL Electric shall constitute the Bidder’s acknowledgment and acceptance of all the terms, conditions and requirements of this RFP.

The undersigned represents and warrants that he/she has the authority to act on behalf of, and to bind, the RFP Bidder to perform the terms and conditions and otherwise comply with all obligations stated herein.

Signature of Authorized Official: _____

Name of Authorized Official (*print*): _____

Title of Authorized Official (*print*): _____

Date Signed: _____

As part of your Bidder Qualifications, please send two (2) originals of this certification to:

PPL Electric Utilities Corporation RFPs
1835 Market Street, Suite 1205
Philadelphia, PA 19103
Attn: PPL Electric Default Service RFP Manager

Appendix 10

Binding Bid Withdrawal Agreement

_____ (“RFP Bidder”) hereby freely and irrevocably withdraws the price quotes entered on the Bid Proposal Spreadsheet(s) previously submitted to PPL Electric Utilities Corporation (“PPL Electric”), and listed next to “Tag Number / Bid Proposal Filename”. This withdrawal of bid(s) is not subject to any contingencies or conditions precedent, and constitutes a final cancellation of the subject bid(s). RFP Bidder expressly acknowledges and agrees that the withdrawn bid(s) will not be considered by PPL Electric, and will not be accepted by PPL Electric under any circumstances.

The submission of this binding bid withdrawal to PPL Electric constitutes RFP Bidder’s continuing acknowledgement and acceptance of all the terms, conditions and requirements of this Request For Proposals.

The person submitting this bid withdrawal represents and warrants that he/she has the authority to act on behalf of, and to bind, the Bidder with respect to all actions and obligations stated herein.

Signature of Authorized Official: _____

Name of Authorized Official (*print*): _____

Title of Authorized Official (*print*): _____

Date Signed: _____

Tag Number / Bid Proposal Filename: _____

NOTE:

Please fax your completed form to PPL Electric Default Service RFP Manager at the following number: **215-568-9364**.

Please also send an e-mail alert to pplpolr@pplweb.com.

Please note that all bid withdrawals must be received by PPL Electric before 11:00:00 a.m. EPT on the Bid Proposal Due Date.