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December 18, 2012

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, DC 20426

Re: Pennsylvania Electric Company
PJM Interconnection, L.L.C. Service Agreement – Compliance Filing
Docket No. ER13-428-001

Dear Ms. Bose:

In accordance with the Commission's delegated letter order issued on November 30, 2012 in Docket No. ER13-428-000 ("Penelec Letter Order"), PJM Interconnection, L.L.C. ("PJM") hereby submits, on behalf of Pennsylvania Electric Company ("Penelec"), a PJM member and transmission owner,[1] a ministerial revision to Original Service Agreement No. 3340, a grandfathered Interconnection Agreement among Penelec, New York State Electric & Gas Corporation ("NYSEG") and EME Homer City Generation L.P. ("EMEHC"), as assigned from Mission Energy Westside, Inc., dated August 1, 1998 (the "Interconnection Agreement") under the PJM Open Access Transmission Tariff ("PJM Tariff").

PJM, on behalf of Penelec, filed the Interconnection Agreement with a cover sheet describing a new customer generator on November 20, 2012 in Docket No. ER13-428-000. The revised Interconnection Agreement was accepted by the Commission in the Penelec Letter Order with the requested effective date.[2] The requested effective date was the date that the Transaction

[1] Pursuant to Order No. 714, this filing is submitted by PJM on behalf of Penelec as part of an XML filing package that conforms with the Commission's regulations. PJM has agreed to make all filings on behalf of the PJM Transmission Owners in order to retain administrative control over the PJM Tariff. Thus, Penelec has requested that PJM submit the Interconnection Agreement in the eTariff system as part of PJM's electronic Service Agreements Tariff.

[2] NYSEG also submitted a tariff filing for Commission acceptance on November 20, 2012 in Docket No. ER13-429-000 in which NYSEG requested that the Commission accept the Interconnection Agreement to reflect HCGen as the new transmission customer. The Commission accepted NYSEG's filing on November 30, 2012 in the same docket.

(as defined below) effectuating the revised Interconnection Agreement closed. The Transaction closed on December 14, 2012. Accordingly, the instant filing updates the effective date on the Interconnection Agreement cover sheet from "To Be Determined" to December 14, 2012. PJM has also updated the eTariff metadata to reflect the new effective date. No other modifications have been made to the Interconnection Agreement.

I. Background

On October 9, 2012 in Docket EC13-9-000, EMEHC, Edison Mission Marketing & Trading, Inc. and Homer City Generation, L.P. ("HCGen") jointly submitted a Joint Application for Authorization of Disposition of Facilities and Request for Expedited Consideration and Waivers (the "203 Petition") pursuant to Section 203(a)(1) of the FPA[3] and Part 33 of the Commission's regulations,[4] and requested Commission authorization for the Transaction described in the 203 Petition. Pursuant to the contemplated Transaction, the existing passive owner-lessors of the Homer City Electric Generating Station located in Pennsylvania (the "Facility") would merge into HCGen (the "Transaction"). HCGen would then directly own and have operational control over the Facility. As part of the Transaction, EMEHC would assign its rights and obligations as transmission customer under the Interconnection Agreement to HCGen. As such, HCGen would become the successor generator customer to the Interconnection Agreement that would receive transmission service from Penelec and NYSEG.

On November 20, 2012, PJM, on behalf of Penelec, filed the revised Interconnection Agreement to reflect HCGen as the new transmission customer under such agreement. Because the Transaction had not been consummated yet, the cover page of the revised Interconnection Agreement had a "To Be Determined" placeholder for the effective date of the agreement. A placeholder effective date of 12/31/9998 was also used in FERC's eTariff system. The Commission authorized the Transaction in a letter order issued on November 27, 2012.[5] The Commission subsequently issued the Penelec Letter Order on November 30, 2012, accepting the revised Interconnection Agreement. The Transaction closed on December 14, 2012.

II. Description of Changes

To reflect the Transaction's effective date, Penelec hereby submits the Interconnection Agreement with a revised cover sheet reflecting the effective date of December 14, 2012. The revised cover page to the Interconnection Agreement containing the new effective date is provided as Attachment A to this letter. PJM has also updated the eTariff metadata to reflect the

[3] 16 U.S.C. § 824b(a).
[4] 18 C.F.R. Part 33.
[5] *EME Homer City Generation L.P., et al.*, 141 FERC ¶ 62,136 (2012).

new effective date.[6] No other changes have been made to the Interconnection Agreement. Due to the non-substantive nature of the changes, PJM is not becoming a signatory to the revised Interconnection Agreement. The instant filing conforms to the Commission's eTariff regulations set forth in Order No. 714.[7]

III. Communications

Please direct any communications regarding this filing to the following individuals and place these names on the service list.

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[6] PJM has submitted the following revised eTariff metadata: i) Version is substitute "0.1.0"; ii) Priority Order 600; and iii) the Effective Date is "12/14/12."
[7] *Electronic Tariff Filings*, 124 FERC ¶ 61,270 (2008).

IV. Documents Submitted With This Filing

In accordance with the Commission's eTariff regulations, PJM on behalf of Penelec is submitting an eTariff XML filing package containing the following materials:

- this letter containing a clean copy of the Interconnection Agreement in PDF format for publishing in eLibrary as Attachment A; and
- the Interconnection Agreement in .rtf with metadata.

V. Conclusion

Please direct any questions regarding this filing to the undersigned.

Respectfully submitted,

/s/ Carlos E. Gutierrez

Nicholas A. Giannasca
Carlos E. Gutierrez
Counsel for Pennsylvania Electric Company

ATTACHMENT A

Cover Sheet to

Revised Interconnection Agreement

Original Service Agreement No. 3440
Effective Date: December 14, 2012

Interconnection Agreement

By and Among

New York State Electric & Gas Corporation,

Pennsylvania Electric Company,

and

Mission Energy Westside, Inc.*

Dated as of August 1, 1998

*As a result of the disposition of facilities approved in FERC Docket No. EC13-9-000, Homer City Generation, L.P. has succeeded to the rights and obligations of EME Homer City Generation, L.P., which succeeded to the rights and obligations of Mission Energy Westside, Inc. (See FERC Docket No. ER98-4600-000).

CONFIDENTIAL

INTERCONNECTION AGREEMENT

By and Among

NEW YORK STATE ELECTRIC & GAS CORPORATION,

PENNSYLVANIA ELECTRIC COMPANY,

and

MISSION ENERGY WESTSIDE, INC.

Dated as of August 1, 1998

for the

HOMER CITY STATION

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INTERCONNECTION AGREEMENT

This Interconnection Agreement (the "Agreement") dated as of August 1, 1998 by and between New York State Electric & Gas Corporation ("NYSEG"), a New York corporation with an office for the transaction of business at Corporate Drive-Kirkwood Industrial Park, Binghamton, New York, Pennsylvania Electric Company d/b/a GPU Energy ("Penelec"), a Pennsylvania corporation with an office for the transaction of business at 2800 Pottsville Pike, Reading, PA, and Mission Energy Westside, Inc. ("Buyer"), a California corporation with a principal place of business located at 18101 Von Karman Street, Suite 1700, Irvine, CA. NYSEG and Penelec are collectively referred to herein as the "Owners." The Owners and the Buyer are each referred to herein as a "Party," and collectively, as the "Parties."

WITNESSETH:

WHEREAS, NGE Generation, Inc. ("NGE"), an Affiliate of NYSEG, Penelec, and the Buyer have entered into an Asset Purchase Agreement ("APA") dated as of August 1, 1998 for the sale of the Owners' respective interests in the Homer City Station, and certain associated assets and liabilities to the Buyer;

WHEREAS, the Buyer plans to own and operate the Homer City Station;

WHEREAS, the Owners intend to continue to operate their respective transmission businesses from their present locations;

WHEREAS, the Homer City Station is interconnected to the Owners' respective Transmission Systems and the Owners and the Buyer desire to keep the Homer City Station interconnected to such Transmission Systems on the terms set forth herein;

WHEREAS, NGE and Penelec have agreed in the APA to cause the Owners to execute this Agreement with the Buyer in order to establish the requirements, terms and conditions for the interconnection of the Homer City Station with the Transmission Systems of the Owners.

NOW THEREFORE, in order to carry out the transactions contemplated by the APA and this Agreement, and in consideration of the mutual representations, covenants and agreements hereinafter set forth, and intending to be legally bound hereby, the Parties hereto agree as follows:

ARTICLE 1
DEFINITIONS

1.0 Definitions. Wherever used in this Agreement with initial capitalization, the following terms shall have the meanings specified or referred to in this Article l. Any other initially capitalized term not defined herein has the meaning set forth in the APA.

1.1 "Affiliate" shall mean, with respect to a corporation, partnership, or other entity, each other corporation, partnership, or other entity that directly or indirectly, through one or more

intermediaries, controls, is controlled by, or is under common control with, such corporation, partnership, or other entity.

1.2 "Agreement" shall mean this Interconnection Agreement dated as of August 1, 1998 by and between the Owners and the Buyer, including all schedules attached hereto and any amendments hereto.

1.3 "Buyer's Purchased Assets" shall mean the Purchased Assets, as defined in the APA, and shall include the Homer City Station, and any additions, modifications or replacements thereto.

1.4 "Closing" shall mean the closing of the transactions contemplated by the APA.

1.5 "Closing Date" shall mean the date and time at which the Closing actually occurs.

1.6 "Easement Agreement" shall mean, with respect to the Buyer's Purchased Assets and the Excluded Assets, the Easement, License and Attachment agreement among the Buyer, NYSEG, and Penelec, containing grants and reservations of easements and other rights with respect to such assets, which agreement has been executed and dated contemporaneously with this Agreement and is incorporated into this Agreement as if set forth in this Agreement.

1.7 "Effective Date" shall mean the date referenced in the first paragraph of this Agreement.

1.8 "Emergency" shall mean (a) with respect to the Owners, a condition or situation which the PJM OI, NYPP, the NYISO or the Owners, or either Owner, deem imminently likely to (i) endanger life or property, or (ii) adversely affect or impair the Transmission Systems, the Owners' electrical systems or the electrical or transmission systems of others to which the Transmission Systems or the Owners' electrical systems are directly or indirectly connected, which requires that the output of the Homer City Station be adjusted to avoid or mitigate, and (b) with respect to the Buyer, a condition or situation which the Buyer deems imminently likely to (i) endanger life or property, or (ii) adversely affect or impair the Homer City Station. Such a condition or situation includes, but is not limited to, overloading or potential overloading, excessive voltage drop or unusual operating conditions.

1.9 "Environmental Laws" shall mean Federal, state, and local laws, regulations, rules, ordinances, codes, decrees, judgments, directives, or judicial or administrative orders relating to pollution or protection of the environment, natural resources or human health and safety, including, without limitation, laws relating to Releases or threatened Releases of Hazardous Substances (including, without limitation, Releases into or onto ambient air, surface water, groundwater, land, surface and subsurface strata) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, Release, transport or handling of Hazardous Substances or coal ash.

1.10 "Excluded Assets" shall mean those transmission, distribution, substation, and communication facilities and related equipment located on the Buyer's property which will not be sold to the Buyer, but will be retained by the Owners, and which are described or referred to in Section 2.2 of the APA, including the Owners Interconnection Facilities, and any additions, modifications or replacements thereto.

1.11 “FERC” shall mean the Federal Energy Regulatory Commission or its successor.

1.12 “Good Utility Practice” shall mean any of the applicable practices, methods and acts:

(a) required by NERC, NPCC, NYPP, NYSRC, the Transmission Operator, NYISO, PJM Interconnection, L.L.C., PJM OI, PAPUC, MAAC, FERC, NYPSC, and OSHA, or the successor of any of them, whether or not the Party whose conduct is at issue is a member thereof;

(b) required by the policies and standards of the Owners relating to Emergencies; or

(c) otherwise engaged in or approved by a significant portion of the electric utility industry during the relevant time period; which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with law, regulation, good business practices, generation, transmission, and distribution reliability, safety, and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to practices, methods, or acts generally accepted by the electric utility industry in the region.

1.13 “Hazardous Substances” shall mean: (a) any petrochemical or petroleum products, oil, radioactive materials, radon gas, asbestos in any form that is or could become friable, urea formaldehyde foam insulation and transformers or other equipment that contains dielectric fluid that may contain polychlorinated biphenyls; (b) any chemicals, materials or substances defined as or included in the definition of “hazardous substances”, “hazardous wastes”, “hazardous materials”, “hazardous constituents”, “restricted hazardous materials”, “extremely hazardous substances”, “toxic substances”, “contaminants”, “pollutants”, “toxic pollutants” or words of similar meaning and regulatory effect under any applicable Environmental Law; or (c) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any applicable Environmental Law.

1.14 “Homer City Station” shall mean the real and personal property owned by NGE and Penelec and transferred to the Buyer through the APA, including, but not limited to, the following assets:

(a) the Real Property (including all buildings, structures and other improvements thereon) described on Schedule 2.1 of the APA (the “Homer City Real Property”); and

(b) the turbines, machinery, equipment, tools, vehicles, furniture and other personal property located on the Homer City Real Property on the Closing Date, and the Joint Use Facilities described in Schedule A of this Agreement as being transferred to the Buyer under the APA.

1.15 “Interconnection Service” shall mean the service provided by the Owners to interconnect the Homer City Station with the Transmission Systems. Interconnection Service shall not mean transmission service, ancillary services, losses, or any other service which is available and/or required under the NYPP Agreement, the NYISO Tariff, NYSEG’s Tariff, the PJM Tariff, or any retail wheeling tariff, including any distribution service tariff or contract, in each case as amended from time to time.

1.16 "Joint Tag List" shall mean the list of personnel approved from time to time by the Owners, in accordance with Good Utility Practice, who meet the Owners' requirements to switch, tag, and ground electrical equipment.

1.17 "Joint Use Facilities" shall mean equipment, identified as Joint Use Facilities in Schedule A, as amended from time to time, which are owned by either the Owners or the Buyer and which are primarily used for generation operations but are also essential to the operational reliability of the Transmission Systems and are, therefore, jointly-operated by the Owners and the Buyer.

1.18 "MAAC" shall mean the Mid-Atlantic Area Council, a reliability council under Section 202 of the Federal Power Act established pursuant to the MAAC Agreement dated August 1, 1994, or any successor thereto.

1.19 "Maintain" shall mean construct, reconstruct, install, inspect, repair, replace, operate, patrol, maintain, use, modernize, expand, or upgrade, or undertake other similar activities.

1.20 "NGE" shall mean NGE Generation, Inc.

1.21 "NYISO" shall mean the New York Independent System Operator, or its successor or its equivalent, which has assumed responsibility for the continued operation of the New York control area and the administration of the NYISO Tariff, subject to regulation by FERC, as proposed by the NYPP Member Systems in their December 19, 1997 filing with the FERC, which filing is subject to FERC review.

1.22 "NYISO Tariff" shall mean the tariff filed with the FERC by the NYPP member systems on December 19, 1997 in Docket Nos. ER97-1523-000, ER97-470-000, and ER97-4234-000, as it may be modified, amended, or superseded from time to time, and related agreements.

1.23 "NYPP" shall mean the New York Power Pool.

1.24 "NYPP Agreement" shall mean the NYPP Agreement filed with the FERC on October 30, 1991 in Docket No. ER92-142-000, as it may be modified, amended, or superseded from time to time.

1.25 "NYPSC" shall mean the New York State Public Service Commission.

1.26 "NERC" shall mean North American Electric Reliability Council.

1.27 "NPCC" shall mean Northeast Power Coordinating Council, a regional reliability governing body, and a sub-council of NERC.

1.28 "NYSEG" shall mean New York State Electric & Gas Corporation.

1.29 "NYSEG Tariff" shall mean the NYSEG Open Access Transmission Tariff, as filed with FERC on July 6, 1996 in Docket Nos. OA96-195-000, and ER96-2438-000, as it may be modified, amended, or superseded from time to time.

1.30 “NYSRC” shall mean the New York State Reliability Council, or its successor or equivalent, as proposed by the NYPP Member Systems on December 19, 1997.

1.31 “OSHA” shall mean the Occupational Safety and Health Administration.

1.32 “Owners Interconnection Facilities” shall mean all structures, facilities, equipment, devices and apparatus owned or leased by, or under contract to, either Owner or its Affiliates, including those that are identified as Owners Interconnection Facilities and Associated Equipment or as Joint Use Facilities owned by NYSEG and Penelec in Schedule A, as amended from time to time, which facilities are necessary to facilitate the interconnection of the Homer City Station to the Transmission Systems.

1.33 “PJM” shall mean the Pennsylvania-New Jersey-Maryland interconnected power pool operated under the PJM Agreement.

1.34 “PJM Agreement” shall mean the Pennsylvania-New Jersey-Maryland Interconnection Agreement, dated September 26, 1956, as amended by the Operating Agreement of PJM Interconnection, L.L.C., dated as of April 1, 1997 and as amended and restated as of June 2, 1997, and as may be further amended or superseded from time to time.

1.35 “PJM Control Area” shall mean the control area recognized by NERC as the PJM Control Area.

1.36 “PJM Interconnection, L.L.C.” shall mean the entity formerly known as the PJM Interconnection Association, converted into the LLC, a limited liability company pursuant to the Delaware Limited Liability Company Act, Title 6, Sections 18-101 et seq. of the Delaware Code, by virtue of the filing of both the Certificate of Formation and Certificate of Conversion with the Recording Office, effective as of March 31, 1997. The LLC operates in accordance with the FERC requirements as an Independent System Operator, comprised of the PJM Board, the PJM OI, and the PJM Members Committee.

1.37 “PJM OI” shall mean the Office of the Interconnection as supervised by the Board of Managers of the PJM Interconnection, L.L.C., acting pursuant to the PJM Agreement. The PJM OI has the responsibility for the continued operation of the PJM Control Area and the administration of the PJM Tariff, subject to regulation by the FERC.

1.38 “PJM Tariff” shall mean the PJM Open Access Transmission Tariff filed by the PJM Interconnection, L.L.C. with the FERC on July 14, 1997, in Docket No. OA97-261-000 as amended and effective April 1, 1998, and as may be further modified, amended or superseded from time to time, under which transmission service is provided within the PJM Control Area.

1.39 “PAPUC” shall mean the Pennsylvania Public Utility Commission.

1.40 “PCF” shall mean Pool Controlled Facilities.

1.41 “Penelec” shall mean Pennsylvania Electric Company.

1.42 “Point of Interconnection” shall mean each ownership point of demarcation where capacity, energy, and ancillary services each are transferred between the Homer City Station and the Transmission Systems. The Points of Interconnection are specified in Schedule A to this Agreement, which may be modified from time-to-time by mutual written agreement of the Parties.

1.43 “Pool Controlled Facilities” or “PCFs” shall mean those Owners Interconnection Facilities over which the NYPP, NYISO, PJM OI, or any successor entity, exercises operational control in accordance with the applicable agreement or tariff, or any successor agreement or tariff, as such facilities are designated in Schedule A to this Agreement.

1.44 “Qualified Personnel” shall mean individuals trained for their positions by the Buyer and/or the Owners pursuant to Good Utility Practice.

1.45 “Release” shall mean release, spill, leak, discharge, dispose of, pump, pour, emit, empty, inject, leach, dump, or allow to escape into or through the environment.

1.46 “Revenue Meters” shall mean all MWh, MVARh meters, pulse isolation relays, pulse conversion relays, transducers used by the NYISO, NYPP, the PJM OI or the Owners for billing purposes, and associated totalizing equipment and appurtenances (including voltage transformers and current transformers) used to measure the transfer of energy between the Parties.

1.47 “Right-of-Way Access” shall mean gates, roadways, paths, or other means of access used or required to gain entry to the transmission or distribution system rights-of-way with respect to a Party’s property or facilities.

1.48 “Routine Inspection and Maintenance” shall mean any inspection, certification, test and/or work required pursuant to Good Utility Practice on either Party’s property or facilities to ensure (a) reliable substation, transmission, and distribution operations, and (b) transmission and distribution system integrity.

1.49 “Secondary Systems” shall mean control or power circuits that operate below 600 volts, ac or dc, including, but not limited to, any hardware, control or protective devices, cables, conductors, electric raceways, secondary equipment panels, transducers, batteries, chargers, and voltage and current transformers.

1.50 “Spill Prevention Control and Countermeasure Plan” or “SPCC” shall mean a plan to be implemented for on shore facilities that includes physical structures and other measures to respond to and to prevent spills of oil from reaching navigable waters as defined in Section 502(7) of the Federal Water Pollution Control Act, or adjoining shorelines.

1.51 “Switching, Tagging, and Mark-Up Rules” shall have the meaning set forth in Penelec’s Safety Manual, Section 6: Tagging Rules - Operating Division, as amended from time to time. A copy of Penelec’s current Switching, Tagging, and Mark-Up Rules manual is attached hereto as Schedule C and incorporated by reference.

1.52 "System Operator" shall mean the energy control center staff responsible for central dispatch as provided in the NYPP Agreement, NYISO Tariff or the PJM Agreement, as amended or superseded.

1.53 "Transmission Operator" shall mean the person, or persons, designated by the Owners who coordinate the day-to-day interconnection of the Homer City Station with the Transmission Systems.

1.54 "Transmission Systems" shall mean the facilities, including PCFs, owned, controlled, or operated by the Owners, either jointly or individually, for purposes of providing transmission service, including services under the NYPP Agreement, the NYSEG Tariff, the NYISO Tariff, and the PJM Tariff, and Interconnection Service.

ARTICLE 2
TERM

2.0 Term.

2.1 Subject to required regulatory authorizations, if any, this Agreement shall become effective when signed by the Parties, except that the obligations to provide Interconnection Service and any other services described herein, shall become effective on the Closing Date. This Agreement shall terminate on a mutually agreeable termination date not to exceed the retirement date for the Homer City Station, unless terminated on an earlier date by mutual agreement of the Parties or otherwise in accordance with the terms of this Agreement. The Owners shall file this Agreement with the FERC as a Rate Schedule within the meaning of 18 C.F.R. Part 35. The Buyer agrees to support such filing, to reasonably cooperate with the Owners with respect to such filing, and to provide any information, including the filing of testimony, reasonably required by the Owners to comply with applicable filing requirements. If the APA is validly terminated pursuant to its terms prior to the Transfer Date, then this Agreement shall also terminate.

2.2 If (a) the FERC, any State or State regulatory commission, the System Operator, NYPP, NYISO, PJM Interconnection, L.L.C., or PJM OI implements a change in any law, regulation, rule or practice, or (b) the Owners comply with a change in any law, regulation, rule or practice, which compliance, in either case, affects, or may reasonably be expected to affect, the Owners' performance under this Agreement, then the Owners and the Buyer shall negotiate in good faith any amendments to this Agreement that are necessary to adapt the terms of this Agreement to such change, and the Owners shall file such amendments with the FERC. If the Parties are unable to reach agreement on such amendments, Owners shall have the right to make a unilateral filing with the FERC to modify this Agreement pursuant to Sections 205 or any other applicable provision of the Federal Power Act and the FERC's rules and regulations thereunder; provided that the Buyer shall have the right to oppose such filing by Owners and to participate fully in any proceeding established by the FERC to address such amendments.

2.3 The applicable provisions of this Agreement shall continue in effect after cancellation or termination hereof to the extent necessary to provide for final billings, billing adjustments, and

the determination and enforcement of liability and indemnification obligations arising from acts or events that occurred while this Agreement was in effect.

ARTICLE 3
CONTINUING OBLIGATIONS AND RESPONSIBILITIES

3.0 Continuing Obligations and Responsibilities.

3.1 Interconnection Service.

3.1.1 The Owners shall provide the Buyer with Interconnection Service over the Owners Interconnection Facilities. Interconnection Service shall be provided under this Agreement, only with respect to the Homer City Station, and any addition to (including additional units at the site of the Homer City Station), upgrade of, or repowering of the Homer City Station, but not to any other generating unit, wherever located; provided, however, that the expiration date of this Agreement shall not be extended by any such addition, upgrade or repowering of the Homer City Station.

3.1.2 The Owners shall provide Interconnection Service at the Points of Interconnection specified in Schedule A. The Owners shall permit the Buyer to continue to receive Interconnection Service for the Homer City Station as long as (a) the Buyer continues to Maintain the Buyer's Purchased Assets as required by and in accordance with Good Utility Practice, and (b) the Buyer has not committed an event of default under this Agreement.

3.1.3 Except as provided in Section 4.2.1.6., the Buyer shall be responsible for (a) making arrangements under the applicable tariffs for transmission and ancillary services associated with the delivery of capacity and/or energy produced by the Homer City Station, which services shall not be provided under this Agreement, (b) obtaining capacity and/or energy to satisfy its station service, or other requirements, and (c) making arrangements under the applicable tariffs for transmission, losses, and ancillary services associated with the use of the Transmission Systems for the delivery of capacity and energy to the Homer City Station for the purpose of supplying station service or for any other use by the Buyer. The Owners shall reasonably cooperate with Buyer with respect to such agreements.

3.1.4 The Owners do not guarantee the non-occurrence of, or warrant against, and the Buyer releases the Owners from any and all claims or damages associated with: (a) any interruption in the availability of the Owners Interconnection Facilities or the Transmission Systems; or (b) damage to the Buyer's Purchased Assets resulting from electrical transients, including, without limitation, short circuits (faults), or events of force majeure as defined in Article 11, except to the extent caused by Owners' negligence or willful misconduct in the performance of its obligations under this Agreement.

3.2 Access, Easements, Conveyances, Licenses, and Restrictions.

3.2.1 General. Points of Interconnection, and certain operation procedures and practices for the Owners Interconnection Facilities, are set forth in Schedule A to this Agreement. The Owners

and the Buyer have granted to each other certain easement, access and other rights regarding the Buyer's Purchased Assets and the Excluded Assets, which grant is memorialized in the Easement Agreement.

3.2.2 The Owners shall be entitled to operate such DC power systems, protection and metering circuit components, Supervisory Control and Data Acquisition ("SCADA") equipment, transformers, Secondary Systems, communications equipment, building facilities, software, documentation, structural components; and other facilities and appurtenances that are necessary for the Owners to Maintain the Transmission Systems, or either of them, if: (a) the Buyer shall commence any case under federal bankruptcy laws or other proceeding under any similar law of any jurisdiction for the relief of debtors, or shall petition or apply for the appointment of a trustee or other custodian, liquidator, or receiver for the Buyer or for any substantial part of the Buyer's Purchased Assets; (b) a decree or order for relief shall be entered in respect of the Buyer in an involuntary case under federal bankruptcy laws, or in any other proceeding under any similar law of any jurisdiction for the relief of debtors, or a decree or order shall be entered appointing a trustee or other custodian, liquidator, or receiver for the Buyer or for any substantial part of the Buyer's Purchased Assets and such decree or order is not dismissed within 60 days after it is entered; (c) the Buyer shall cease its operations for more than 30 consecutive days without having an assignee, successor, or transferee in place; or (d) the Buyer, or the Buyer's assignee, successor, or transferee, shall fail to comply with the material obligations or duties set forth in this Agreement for more than two consecutive days, which failure adversely affects the Transmission Systems, or either of them.

Upon the occurrence of any of the foregoing events, the Owners shall give the Buyer or the Buyer's assignee, successor or transferee written notice, pursuant to Article 19, of their intent to implement their rights under this Section 3.2.2, which notice shall specify the actual or alleged failure of the Buyer to comply with its obligations or duties. If the failure endangers life or property, or impairs or creates a significant risk to the safety, reliability, stability, or integrity of the Transmission Systems, or either of them, the Owners may implement this Section 3.2.2 without such prior notice as necessary in their judgment to avert such condition.

3.2.3 Owners shall return operational control of such facilities to the Buyer as soon as practicable after the event permitting Owners to exercise such operational control has ceased, or the underlying default has been cured. Owners shall operate such facilities in accordance with Good Utility Practice and applicable, material agreements to which the Buyer is a party.

3.3 Facility and Equipment Maintenance.

3.3.1 Owners shall operate and maintain Owners Interconnection Facilities in a safe and efficient manner and pursuant to Good Utility Practice. Buyer shall Maintain its own property, equipment, facilities and appurtenances at the Homer City Station that might reasonably be expected to have an impact on the operation of Owners' facilities in a safe and efficient manner, as required by and in accordance with Good Utility Practice. The Buyer shall Maintain all common-use roadways and plant accesses in or about the Homer City Real Property.

3.3.2 At its sole expense, the Buyer shall maintain in full force and effect all permits, licenses, rights-of-way, and other authorizations as may be required to Maintain the Buyer's Purchased

Assets. At the Owners' reasonable request, the Buyer shall furnish to the Owners copies of each permit, license, right of way and authorization promptly following receipt thereof.

3.3.3 The Buyer shall perform Routine Inspection and Maintenance on the Homer City Station in accordance with the requirements set forth in Schedule B.

3.3.4 Equipment Testing Obligations.

3.3.4.1 The Owners may reasonably request, pursuant to Good Utility Practice, that the Buyer test, calibrate, verify, or validate the Homer City Station, and the Buyer shall promptly comply with such a request. The Buyer shall be responsible for all costs of testing, calibrating, verifying or validating the Homer City Station.

3.3.4.2 Pursuant to the foregoing Section 3.3.4.1, the Buyer shall supply the Owners, at Owners' request and at no cost to the Owners, copies of inspection reports, installation and maintenance documents, test and calibration records, verifications, and validations related to the Buyer's Purchased Assets. Owners shall supply to the Buyer, at the Buyer's request and at no cost to the Buyer, copies of inspection reports, installation and maintenance documents, test and calibration records, verifications, and validations related to the Owners' Interconnection Facilities.

3.4 New Construction or Modifications.

3.4.1 Unless otherwise required by law, regulation, or Good Utility Practice, Owners shall not be required at any time to upgrade or otherwise modify their Transmission Systems or the Owners Interconnection Facilities.

3.4.2 The Owners may each undertake additions, modifications, or replacements of their respective Transmission Systems or the Owners Interconnection Facilities. If such additions, modifications, or replacements might reasonably be expected to affect the Buyer's operation of the Homer City Station, the Owners, or the Owner, as appropriate, shall provide sixty (60) days written notice to the Buyer in a manner consistent with FERC Order No. 889 prior to undertaking such additions, modifications, or replacements. Any such additions, modifications, or replacements shall comply with Good Utility Practice. Owners shall use reasonable efforts with respect to such addition, modification, or replacement to minimize any adverse impact on the Homer City Station.

3.4.3 In the event the Buyer plans to increase the capacity of the Homer City Station, the Buyer shall submit to the Owners any and all plans and specifications that the Owners may reasonably request related to such increase. Such specifications and plans shall be submitted by the Buyer to the Owners not later than eighteen (18) months prior to the respective commercial operation date for additions, modifications, or replacements to the Homer City Station that will result in such increase, except as otherwise agreed to by the Owners. Any such additions, modifications, or replacements shall comply with Good Utility Practice.

3.4.4 If the Buyer plans any additions, modifications, or replacements to the Homer City Station that will not increase its capacity, but could reasonably be expected to effect the Transmission Systems, or either of them, or the Owners Interconnection Facilities, the Buyer

shall give the Owners reasonable notice, but not less than sixty (60) days' prior written notice thereof; provided, however, that the Buyer shall provide the Owners with at least nine (9) months' prior written notice, and shall submit to the Owners the plans and specifications for such additions, modifications, or replacements if they will involve an outage of the Homer City Station for thirty (30) days or more. All such additions, modifications, or replacements shall (i) comply with Good Utility Practice, (ii) be accompanied by appropriate information and operating instructions, and (iii) be subject to the review and approval of the Owners, which review shall be based on Good Utility Practice and which approval shall not unreasonably be withheld.

3.4.5 The Owners' acceptance of the Buyer's interconnection plans and specifications for any proposed additions, modifications, or replacements to the Homer City Station and the Owners' participation in interconnected operations with the Buyer are not and shall not be construed as: (a) confirmation or endorsement of the design of the Homer City Station; (b) a warranty of safety, durability or reliability of the Homer City Station; or (c) responsibility for strength, details of design, adequacy, or capability of the Homer City Station.

3.4.6 Notwithstanding anything to the contrary set forth herein, all work performed in connection with the construction, installation, and maintenance of additions, modifications or replacements to the Homer City Station that requires the performance of any activities on, or which may physically affect, the Transmission Systems, or either of them, or the Owners Interconnection Facilities, or any part thereof, shall be performed only by the Buyer or by contractors selected by the Buyer, subject to the approval of the Owners, which shall not be unreasonably withheld.

3.4.7 Owners shall inform the Buyer of any additions, modifications, or replacements to the Transmission Systems, or either of them, or the Owners Interconnection Facilities, that are necessary as a result of the addition, modification, or replacement to the Homer City Station made pursuant to Sections 3.4.2, 3.4.3 or 3.4.4. The Buyer shall compensate the Owners for all reasonable costs associated with any modifications, additions, or replacements made to the Owners Interconnection Facilities or the Transmission Systems related to any additions, modifications, or replacements to the Buyer's Purchased Assets to the extent reasonably required by the Owners, including, but not limited to, those necessary to meet different voltage requirements of the Transmission Systems or to enhance the Transmission Systems. Owners shall provide an estimate as early as practicable, but in any event not less than 30 days prior to the initiation of such addition, modification or replacement.

3.4.8 The Buyer shall modify, at its sole cost and expense, the Homer City Station as may be reasonably required to conform with changes to Good Utility Practice or to conform with additions, modifications, or replacements of the Transmission Systems, or either of them, or Owners Interconnection Facilities, reasonably required by Good Utility Practice or implemented in accordance with this Agreement, (including, without limitation, changes to the voltages at which the Transmission Systems are operated.)

3.4.9 Upon completion of any addition, modification, or replacement to the Homer City Station that may reasonably be expected to affect the Transmission Systems or the Owners Interconnection Facilities, but no later than ninety (90) days thereafter, the Buyer shall issue "as

built" drawings to the Owners. Upon completion of any addition, modification, or replacement to the Transmission Systems or the Owners Interconnection Facilities, that may reasonably be expected to affect the operation of the Homer City Station, but no later than ninety (90) days thereafter, the Owners, or Owner, shall issue "as built" drawings to the Buyer.

3.5 Inspections.

3.5.1 General. Each Party shall, at their own expense, have the right to inspect or observe all maintenance activities, equipment tests, installation work, construction work, and modification work to equipment, systems, and facilities, including the Buyer' Purchased Assets. If either Party observes any deficiencies or defects with respect thereto that might reasonably be expected to adversely affect the Owners' Transmission System, the Owners' Interconnection Facilities or the Buyer's Purchased Assets, such Party shall notify the other Party, and the Party notified shall make immediately any corrections necessitated by Good Utility Practice.

3.5.2 The Buyer shall, at its own expense, have the right to inspect or observe all maintenance activities, equipment tests, installation work, construction work, and modification work to Owners' Interconnection Facilities. If the Buyer observes any deficiencies or defects with respect thereto that might reasonably be expected to adversely affect the Homer City Station, the Buyer shall notify Owners, and Owners shall make immediately any corrections necessitated by Good Utility Practice.

3.5.3 Joint Use Facilities.

3.5.3.1 Joint Use Facilities are identified in Schedule A to this Agreement. The Party owning such Joint Use Facilities shall Maintain those facilities pursuant to Good Utility Practice. Each Party agrees to perform joint inspections of the Joint Use Facilities one year from the Closing Date, and annually thereafter, or as otherwise mutually agreed upon. The Owners and the Buyer shall bear their respective costs of participating in such inspections.

3.5.3.2 The Party owning such Joint Use Facilities shall provide to the other Party copies of the written reports, made by or for the first Party, to the other Party summarizing such inspections and describing any loose hardware or foundation problems, guy, shield or ground wire deficiencies, corrosion or other observed defects. Unless the Parties agree that an alternative to such correction is preferable, the Party owning such Joint Use Facilities shall be responsible for correcting any noted deficiency, corrosion, or observed defects within sixty (60) days or within such other period mutually agreeable to the Parties from the date of the inspection. The Party owning such Joint Use Facilities shall bear the costs of such correction.

3.6 Information Reporting Obligations.

3.6.1 In order to maintain Interconnection Service, the Buyer shall promptly provide the Owners with all relevant information, documents, or data regarding the Homer City Station that would be expected to affect the Transmission Systems, and which is reasonably requested by NERC, NPCC, NYPP, MAAC, the NYISO, the PJM OI, PJM Interconnection, L.L.C., the PAPUC, the NYPSC, the System Operator, the Transmission Operator, or the Owners, which

disclosure shall be subject to reasonable restrictions, acceptable to Owners and Buyer, regarding the disclosure of commercially sensitive information provided by Buyer.

3.6.2 The Buyer shall supply accurate, complete, and reliable information in response to reasonable data requests necessary for operations, maintenance regulatory requirements, and analysis of the Transmission Systems. Such information may include metered values for MW, MVAR, voltage, current, amperage, automatic voltage regulator status, automatic frequency control, dispatch, frequency, breaker status indication, or any other information reasonably required by the Owners for reliable operation of the Transmission Systems pursuant to Good Utility Practice.

3.6.3 Information pertaining to generation, transmission, and distribution operating parameters shall be gathered for electronic transmittal to the Owners using one or more of the following: SCADA equipment, remote terminal unit ("RTU") equipment, or remote access pulse recorders or telemetry. Information pertaining to generation operating parameters shall be provided to the Owners' RTUs in accordance with Schedule A.

3.7 Local Services.

3.7.1 General. The Owners and the Buyer agree that, due to the integration of certain control schemes, Revenue Metering applications, and communication networks, it is cost effective for them to provide each other with the services set forth in Sections 3.8 and 3.9 below at the prices referenced therein.

3.7.1.1 The Owners and the Buyer shall use their best efforts to ensure that services provided pursuant to Sections 3.8 and 3.9 shall be available at all times and in the manner and at the prices specified herein. Notwithstanding the foregoing, either Party may change such services, provided that (a) there is no cost to the receiving Party as a result of such change, (b) the quality, reliability, and integrity of the replacement services are equivalent to the services replaced, and (c) there is otherwise no materially adverse effect on the receiving Party.

3.7.1.2 Neither the Owners nor the Buyer shall terminate any services set forth in Sections 3.8 and 3.9 below without the other Party's written consent, which consent shall not be unreasonably withheld, or without, in the case of the services set forth in Section 3.9.2., at least one (1) month's prior written notification and, with respect to all other services set forth in Sections 3.8 and 3.9, at least twelve (12) months' prior written notification; provided, however, that if either Party no longer needs or desires a particular service provided under Section 3.8 or 3.9, that Party shall notify the other Party, and the providing Party shall terminate that service as soon thereafter as practicable.

3.7.2 Temporary Suspension of Section 3.8 and 3.9 Services. The Party providing the services set forth in Sections 3.8 and 3.9 below shall notify and obtain approval, which approval shall not be unreasonably withheld, from the affected Party of any scheduled temporary suspension of services at least five (5) working days in advance of such suspension. Such notification shall include an estimated time duration for a return to normal conditions. The Party temporarily suspending the service shall use reasonable efforts to minimize the duration of the suspension.

3.7.2.1 In the event of any unplanned or forced suspension of the services set forth in Sections 3.8 and 3.9 below, the Party providing the service shall immediately notify the other Party first verbally and then in writing in accordance with Article 19. The providing Party shall use all reasonable efforts to minimize the duration of that suspension.

3.7.2.2 The Owners and the Buyer agree to use all reasonable efforts to complete any repairs, modifications, or corrections that are necessary to restore to the other Party as soon as reasonably practicable, any services set forth in Sections 3.8 and 3.9 below that have been suspended.

3.8 Owners Provided Local Services.

3.8.1 Substation Service Power. The Owners shall provide the Buyer, at the Buyer's request and at no charge, with access to Secondary System substation service power at the levels, and at the substation locations, at which such power was provided by the Owners immediately prior to Closing. The Owners will Maintain, at their expense, the Secondary System distribution panels and associated circuit breakers or fuses up to, but not including, the field cables to the Homer City Station.

3.8.2 Building Services. At no cost to the Buyer, the Owners shall provide heating, ventilation, air conditioning, lighting, and other building services, as and to the extent provided immediately prior to Closing, to the Buyer's Purchased Assets located within the Owners' Excluded Assets.

3.8.3 Substation Security. The Owners shall provide, at no charge, for common use by all Parties, an intrusion alarm system for the substation control building, as in existence at the Homer City Station immediately prior to Closing.

3.8.4 Revenue Metering. The Owners shall: (a) own and Maintain, and have the right to change the location of all Revenue Meters, instrument transformers and appurtenances associated with Revenue Meters, and analog equipment (transducers and telemetry), (b) conduct meter accuracy and tolerance tests, and (c) prepare all calibration reports required for equipment that measures energy transfers between the Buyer and the Owners. All meter accuracy and tolerance testing hereunder shall be in accordance with Good Utility Practice and shall be conducted, at the Buyer's request, in the presence of a Buyer's representative. The Buyer shall reimburse the Owners for all reasonable costs incurred by the Owners for changing the location of the Revenue Meters, conducting metering accuracy and tolerance tests and preparing calibration reports.

3.8.4.1 The Owners and the Buyer agree that, if the Revenue Meters and analog equipment and the Point of Interconnection are not at the same location electrically, the metering data shall be adjusted, or the Revenue Meters shall be compensated, as the Owners and Buyer shall mutually agree, to record delivery of electricity in a manner that accounts for the total (load plus no-load) electrical energy losses occurring between the metering point and the Point of Interconnection, both when the Homer City Station is delivering energy to the Owners and when the Owners are delivering station service electricity to the Buyer for the Homer City Station, or for any other use, which adjustment shall be pursuant to the methodology set forth in Schedule A.

3.8.4.2 If at any time any Revenue Metering and analog equipment is found to be inaccurate by a margin of greater than that allowed under the applicable criteria, rules, and standards, as set forth

in Schedule B, item 1, such Revenue Metering and analog equipment shall be made accurate or replaced. The Buyer shall reimburse the Owners for all reasonable costs incurred by the Owners to make Revenue Metering and analog equipment accurate. Meter readings for the period of inaccuracy shall be adjusted insofar as the extent of the inaccuracy can be reasonably ascertained; provided, however, no adjustment shall be made for meter readings made prior to the point in time halfway between the time of the last test that showed the Revenue Metering and analog equipment in question to be functioning accurately and the time the subsequent inaccuracy is corrected, except by agreement of the Parties. Each Party shall comply with any reasonable request of the other concerning the sealing of Revenue Meters, the presence of a representative of the other Party when the seals are broken and the tests are made, and other matters affecting the accuracy of the measurement of electricity delivered from or to the Homer City Station. If either Party believes that there has been a Revenue Meter or analog equipment failure or stoppage, it shall immediately notify the other Party thereof.

3.8.4.3 The Parties shall each keep and maintain accurate and detailed records relating to the delivery of energy for a period of not less than seven (7) years. Such records shall be made available for inspection by either Party or any governmental agency having jurisdiction with respect thereto during normal business hours upon reasonable notice.

3.8.4.4 The Owners shall own and Maintain all additional or updated metering and associated equipment needed in the reasonable discretion of the Owners exercised in accordance with Good Utility Practice. The Buyer shall reimburse the Owners for all reasonable costs incurred by the Owners to maintain such additional or updated metering and associated equipment and to make such metering additions and/or upgrades.

3.8.4.5 The Owners shall own and Maintain equipment for real-time communications, real-time reactive power, hourly MWh information, and such other information as required by the NYPP, NYISO, PJM OI System Operator, or Transmission Operator, or as reasonably required by Owners. The Buyer shall reimburse the Owners for all reasonable costs incurred by the Owners for Maintaining such real-time communications equipment. The Buyer shall Maintain, at its own expense, operating telephone links to provide information deemed necessary by the NYPP, NYISO, PJM OI, System Operator, or Transmission Operator, or, to the NYPP, to the NYISO, the PJM OI, the System Operator, or the Transmission Operator, or as reasonably deemed necessary by the Owners to integrate operation of the Homer City Station with the Transmission Systems.

3.9 Buyer Provided Local Services.

3.9.1 Substation Service Power. The Buyer shall provide the Owners, at the Owners' request at no charge, with access to Secondary System substation service power at the levels, and at the substation locations, at which such power was provided from the Homer City Station immediately prior to the Closing.

3.9.2 Building Services. At no cost to the Owners, the Buyer shall provide the Owners' Excluded Assets located within the Homer City Station with heating, ventilation, air conditioning, lighting, and other building services as and to the extent provided prior to the Closing.

3.9.2.1 Potable Water. At no cost to the Owners, the Buyer shall also provide potable water to the Owners' substation control building for common use by all Parties, as and to the extent provided prior to Closing. The Buyer will maintain the potable water supply piping up to the Owners' substation control building but not including the potable water supply piping within the Substation Control Building.

3.9.2.2 Substation Sewage Treatment. At no cost to the Owners and for common use by all Parties, the Buyer shall provide treatment of the sewage released from the Owners' substation as and to the extent provided prior to Closing. The Buyer will maintain the sanitary sewer piping from the Owners' substation up to, but not including the sewage piping within the substation control building.

3.9.2.3 Substation Paging System. At no cost to the Owners, the Buyer shall provide a plant paging system in the Owners Substation for common use by all Parties, as and to the extent provided prior to Closing.

3.9.3 Substation Operations. The Owners may request and the Buyer shall provide the Owners with substation operating and maintenance services at a mutually agreed upon cost.

3.9.4 Unit Operation Information. The Owners shall require and the Buyer shall provide remote access to site-specific unit operations information within the Homer City Station as set forth more fully in Schedule A to this Agreement.

3.9.5 Meter Data. At no cost to, and if requested by the Owners, the Buyer shall provide the Owners with meter data at locations that require a manual read as set forth in Schedule A to this Agreement.

3.9.6 Storage and Office Space. The Buyer shall provide to the Owners, at no cost to the Owners, the use of storage areas and building spaces for spare parts and administrative uses related to Owners' Interconnection Facilities at the locations in place immediately prior to Closing.

3.10 Spare Parts.

Where practicable and available, and subject to applicable regulatory and other approvals, the Owners and the Buyer shall provide the other Party with spare parts in the event of Emergencies or equipment failures. The Parties shall mutually agree upon payment for, or replacement of, such spare parts.

3.11 Emergency Procedure.

3.11.1 Owners, through the Transmission Operator, shall provide the Buyer with prompt verbal notification of Emergencies affecting either Transmission System that may reasonably be expected to affect the Buyer's operation of the Homer City Station or the Buyer's Joint Use Facilities, and the Buyer shall provide the Owners prompt verbal notification of Emergencies which might reasonably be expected to affect the Owners' operations. Such notification shall describe the Emergency, the extent of the damage or deficiency, the anticipated length of the

outage, and the corrective action taken and/or to be taken, and shall be followed as soon as practicable with written notification in accordance with Article 19.

3.11.2 If in the good faith judgment of a Party, an Emergency endangers or might endanger life or property, the Party recognizing the problem shall take such action as is reasonable and necessary to prevent, avoid, or mitigate injury, danger, and loss. If, however, the Emergency involves transmission or distribution electrical equipment, the Buyer shall notify the Transmission Operator, and shall obtain the consent of such personnel, prior to performing any switching operations.

3.11.3 The Owners may, consistent with Good Utility Practice, have the Transmission Operator take whatever actions or inactions the Owners deem necessary during Emergency operating conditions to (a) preserve public safety, (b) preserve the integrity of the Transmission Systems, (c) limit or prevent damage, and (d) expedite restoration of service. Owners shall use reasonable efforts to minimize the effect of such restoration of service on the Homer City Station.

3.12 Interconnection Service Interruptions.

3.12.1 If at any time, in the reasonable exercise of the Transmission Operator's judgment or the Owners' reasonable judgment exercised in accordance with Good Utility Practice, the operation of the Buyer's Purchased Assets would have an adverse impact on the quality of service rendered by Owners (including transmission or distribution services and services provided to end users), or interfere with the safe and reliable operation of, the Transmission Systems, the Owners may discontinue Interconnection Service and/or curtail, interrupt or reduce energy delivered from the Homer City Station, until the condition has been corrected. Unless the Transmission Operator, or the Owners, perceives that an Emergency exists or that the risk of one is imminent, the Owners shall give the Buyer reasonable notice of their intention to discontinue, curtail, interrupt or reduce energy delivery in response to the interfering condition and, where practical, allow suitable time for the Buyer to remove the interfering condition before any such discontinuation, curtailment, interruption or reduction commences. The Owners' judgment with regard to any discontinuation, curtailment, interruption or reduction of service under this paragraph shall be made pursuant to Good Utility Practice. In the event of any discontinuation, curtailment, interruption or reduction the Owners shall promptly confer with the Buyer regarding the interfering conditions that gave rise to the discontinuation, curtailment, interruption or reduction and the Owners shall give the Buyer the Owners' recommendation concerning the timely correction thereof. In the event energy delivery is discontinued, curtailed, interrupted or reduced under this paragraph due to the Buyer's failure to Maintain the Buyer's Purchased Assets pursuant to Good Utility Practice, the Buyer shall compensate the Owners for all costs reasonably incurred by the Owners that are attributable to the discontinuation, curtailment, interruption or reduction and restoration of energy delivery. Owners shall restore Interconnection Service or, if applicable, cease the curtailment, interruption or reduction of energy delivery upon notification by the System Operator, PJM OI, NYPP or NYISO, as applicable, that the interfering condition no longer exists.

3.13 Non-Dispatchability Notification.

3.13.1 If the Buyer anticipates that any generating unit, or units, at the Homer City Station will not be dispatchable, the Buyer shall notify the Transmission Operator with as much lead time as practicable, but no less than seventy-two (72) hours in advance of the expected date on which the Buyer plans to take any of the generating units at the Homer City Station off-line, and the Buyer shall give the Transmission Operator notice with as much lead time as practicable of the expected date and time at which generation will be resumed.

3.13.2 In the event of an unplanned outage of the Homer City Station, the Buyer, as soon as practicable, shall notify the Transmission Operator of the Homer City Station's temporary interruption of generation and the Buyer shall provide the Transmission Operator, as soon as practicable, with written notice of the date on which generation is expected to resume at the Homer City Station.

3.14 Scheduled Maintenance Notification and Coordination.

3.14.1 Local Routine Inspection and Maintenance. The Owners and Buyer agree that, due to the integration of certain control and protective relaying schemes between the Buyer's Purchased Assets and the Owners Interconnection Facilities, it will be necessary for them to cooperate in the inspection, maintenance and testing of these areas of integration. Each Party will provide advance notice to the other Party before undertaking any work in these areas, especially in electrical circuits involving circuit breaker trip and close contacts, current transformers or potential transformers. The Owners shall provide advance notice to the Buyer's designated personnel before the Owners' employees, including contractors or agents, enter the Buyer's facilities. The Buyer shall provide advance notice by telephone to the Transmission Operator before the Buyer's employees, including authorized contractors or agents, enter the Owners' facilities.

3.14.2 Transmission System Maintenance. Subject to applicable FERC regulations and policy, and the requirements under the NYPP Agreement, the PJM OI, the NY ISO Tariff, Owners shall, as soon as practicable, give written notice to the Buyer regarding the timing of any scheduled maintenance of the transmission facilities which might reasonably be expected to affect the operation of the Homer City Station. The Owners shall, to the extent practicable, schedule any testing, shutdown, or withdrawal of those facilities to coincide with the Buyer's scheduled outages of the Homer City Station. To facilitate such notification, in June of each year, or on another date mutually acceptable to the Parties, the Buyer shall furnish the Owners with non-binding preliminary maintenance schedules for the Homer City Station covering the upcoming two years. The Buyer shall furnish the Owners with nonbinding updates to such schedules to reflect significant changes thereto. In the event the Owners are unable to schedule the outage of their facilities to coincide with the Buyer' s schedule, the Owners shall use all reasonable efforts to notify the Buyer in advance of the reasons for the facilities' outage, of the time scheduled for the outage to take place, and of its expected duration. The Buyer shall give notice to the Owners regarding any scheduled maintenance of the Buyer's Purchased Assets which might reasonably be expected to affect the operation of the Owners Interconnection Facilities or the Transmission Systems.

3.15 Safety.

3.15.1 General. The Owners and the Buyer agree to be solely responsible for, and assume all liability for, the safety and supervision of their own employees, agents, representatives, and subcontractors, except that neither Party shall be responsible or liable hereunder for any injury to the extent caused by the act or omission of the other Party or that Party's respective contractors or agents.

3.15.1.1 The Owners and the Buyer agree that all work performed by either Party which might reasonably be expected to affect the operations of the other Party shall be performed in accordance with all applicable laws, rules, and regulations pertaining to the safety of persons or property, and Good Utility Practice.

3.15.2 Switching, Tagging, and Mark-Up. The Buyer shall comply with the Penelec Safety Manual, Section 6: Tagging Rules-Operating Division at all Points of Interconnection, a current copy of which is attached hereto as Schedule C. Penelec will notify the Buyer and NYSEG of any changes thereto.

3.15.2.1 The Buyer shall be responsible for all switching on the Buyer's side of the Point of Interconnection, as such point is set forth in Schedule A to this Agreement, and the Owners shall maintain and be responsible for all switching at the Point of Interconnection, and on the Owners' side of the Point of Interconnection. The respective tagging and mark-up responsibilities of the Owners and the Buyer are set forth in Schedule C.

3.15.2.2 Owners and the Buyer, in accordance with Schedule C, shall be responsible for training and testing their respective operators for inclusion on a Joint Tag List. Either as changes occur or annually, each Party shall provide the other Party with an updated list of its employees qualified for inclusion on the Joint Tag List.

3.16 Environmental Compliance and Procedures.

3.16.1 On or after the Closing Date, the Buyer and Owners shall each be responsible for (a) complying with all Environmental Laws applicable to the Buyer's Purchased Assets and the Excluded Assets, respectively, (b) obtaining and maintaining in force all applicable and required permits and approvals under such Environmental Laws applicable to the Buyer's Purchased Assets and the Excluded Assets, respectively, and (c) making all required reports and notifications applicable to the Buyer's Purchased Assets and the Excluded Assets, respectively, required by those laws and regulations.

3.16.2 Each Party shall notify the other Party first verbally and then in writing, of any Release of Hazardous Substances, such as, but not limited to, asbestos or lead abatement, or any type of remediation activities as soon as possible but no later than twenty four (24) hours of occurrence, and shall promptly furnish to the other Party copies of any reports filed with any governmental agencies covering such events.

3.16.3 Each Party shall not take any actions which might reasonably be expected to have a material adverse environmental impact upon the operations of the other Party without prior written notification and agreement between the Parties.

3.16.4 The Buyer shall not require the Owners to modify any substation SPCC physical structures, including containment systems, unless required by law or regulation.

3.16.5 The Owners and the Buyer agree to coordinate with each other concerning any regulatory obligations or filings. However, if such coordination cannot be achieved, each Party will be responsible for assuring compliance with its individual obligations.

ARTICLE 4
OPERATIONS

4.0 Operations.

4.1 General. The Owners and the Buyer shall operate any equipment that might reasonably be expected to have an impact on the operations of the other Party in a safe and efficient manner and in accordance with all applicable Federal, state, and local laws, and Good Utility Practice, and otherwise in accordance with the terms of this Agreement.

4.1.1 The Buyer shall be required to comply with the requests, orders, and directives of the Owners to the extent such requests, orders or directives are (a) issued pursuant to Good Utility Practice, (b) not unduly discriminatory; and (c) otherwise in accordance with applicable tariffs.

4.1.2 In the event the Buyer believes that a request, order, or directive of the Owners exceeds the limitations in Section 4.1.1, it shall nevertheless comply with the request, order, or directive of the Owners pending resolution of the dispute under Article 12. The Parties agree to cooperate in good faith to expedite the resolution of any disputes arising under this Section 4.1.

4.2 Buyer's Operating Obligations.

4.2.1 General. The Buyer shall request permission from the Owners, Transmission Operator, the System Operator, PJM OI, NYPP, or NYISO, as applicable, prior to opening and/or closing circuit breakers in accordance with applicable switching and operations procedures. The Buyer agrees to operate the Homer City Station in accordance with the directives of the Owners, Transmission Operator, System Operator, PJM OI, and NYPP or the NYISO (as applicable), and in accordance with Good Utility Practice.

4.2.1.1 The Buyer shall carry out all switching orders from the Transmission Operator in a timely manner.

4.2.1.2 The Buyer shall keep the Owners advised of the Homer City Station's capabilities of participation in system restoration and/or its black start capability.

4.2.1.3 The electrical supply to the Point of Interconnection shall be in the form of three-phase 60 Hz alternating current at the nominal system voltage at the Point of Interconnection.

4.2.1.4 The Buyer's equipment shall conform with industry standards for harmonic distortion and voltage fluctuation and the requirements set forth in Schedule B.

4.2.1.5 The Buyer shall comply with the GPU Transmission Operations Interconnection Requirements and System Protection and Control Interconnection Requirements, copies of which are attached hereto as Schedule B.

4.2.1.6 Until the earlier of (a) such time as the Buyer can schedule and settle directly with NYPP or the NYISO, or (b) six (6) months from the commencement of operation of the "Real Time Market" as that market is defined in the NYISO Tariff, (1) to the extent that any portion of the Homer City Station's output is considered to be in the New York control area by PJM OI and NYPP or the NYISO, Buyer shall (aa) schedule transactions with NYPP or the NYISO through the NYSEG Energy Control Center and (bb) comply with all applicable scheduling requirements of NYPP or the NYISO and (2) deviations between scheduled transaction amounts and output shall be settled monthly so that NYSEG and the Buyer are placed in substantially the same economic position as if the Buyer had scheduled and settled directly with NYPP or the NYISO. The settlement methodology shall be determined mutually between the parties.

4.2.2 Voltage or Reactive Control Requirements. Unless otherwise agreed to by the Parties, the Buyer shall operate the Homer City Station with automatic voltage regulation equipment in service at all times. The voltage regulation equipment will control voltage at the Points of Interconnection consistent with the range of voltages set forth in Schedule D to this Agreement as may be amended by the Owners, or the Transmission Operator, from time to time. The Owners, or the Transmission Operator, may require the Buyer, at no charge to the Owners, to provide reactive power from the Homer City Station or to absorb reactive power from the Transmission Systems, provided that, in either case, the Homer City Station is operating within its reactive generating capability and not violating any electric constraints.

4.2.2.1 If the Buyer fails to operate the Homer City Station in accordance with Schedule D and to the extent the Homer City Station is operating within its reactive generating capability and not violating any electrical constraints, the Owners will provide written notice to the Buyer of the Owners' intent to remedy that failure. If the Buyer does not promptly commence appropriate action after receiving such notice, the Owners may then take necessary action at the Buyer's expense to remedy such failure, including the installation of capacitor banks or other reactive compensation equipment necessary to ensure the proper voltage or reactive supply at the Homer City Station. The Owners shall take, to the extent feasible, reasonable efforts to minimize the impact of such action on the operation of the Homer City Station.

4.2.2.2 The Buyer shall notify the Transmission Operator, to the extent required by the Transmission Operator, if any or all generating units at the Homer City Station reaches a VAR limit, if there is any deviation from the assigned voltage schedule, or if any automatic voltage regulator is removed from or restored to service.

4.2.2.3 In addition to voltage regulation, the Buyer shall adhere to the Transmission Operator's service restoration plan and black start criteria, as amended from time to time.

4.2.3 The Owners, or the Transmission Operator, may from time to time reasonably request, order, or direct the Buyer to adjust generator controls that impact the Transmission Systems, such as excitation, droop, and automatic generation control settings. The Buyer agrees to comply with such requests, orders, or directions.

4.2.4 Buyer acknowledges that the Transmission Operator may have the right to require reduced or increased generation of the Homer City Station in accordance with the NYPP Agreement, the PJM Agreement, the NYISO Tariff, or the PJM Tariff, as applicable, or in accordance with applicable rules of the Transmission Operator.

4.3 Auditing of Accounts and Records. Within two (2) years following a calendar year, the Buyer and the Owners shall have the right, during normal business hours, to audit each other's accounts and records pertaining to transactions under this Agreement at the offices where such accounts and records are maintained; provided, however, that appropriate notice shall have been given prior to any audit, and provided further that the audit shall be limited to those portions of such accounts and records that relate to services provided under this Agreement for that calendar year. The Party being audited will be entitled to review the audit report and any supporting materials. To the extent that audited information includes confidential information, the auditing Party shall designate an independent auditor to perform such audit.

ARTICLE 5
COST RESPONSIBILITIES AND BILLING PROCEDURES

5.0 Cost Responsibilities and Billing Procedures.

5.1 Cost Responsibility for Interconnection Service.

5.1.1 Except as otherwise provided in this Agreement, the Buyer shall compensate the Owners for all reasonable costs and fees required to enable the Owners to fulfill their obligations under this Agreement, including, without limitation, any tax liability, any costs of acquiring land necessary for the Owners Interconnection Facilities, the costs and fees of all permits, licenses, franchises, or regulatory or other approvals necessary for the construction, maintenance, and operation of any Owners Interconnection Facilities.

5.2 Cost Responsibilities for Local Services.

5.2.1 Each Party shall be responsible for the costs for services provided to the other Party in Sections 3.8 and 3.9 as set forth in those sections.

5.2.2 For services which have identified price/rate schedules set forth herein, said payment shall be in accordance with said schedules as in effect from time to time. For services which require reimbursement but do not have identified price/rate schedules, the Parties shall use reasonable efforts to agree upon the price/rate to be paid prior to the performance or provision of said services.

5.3 Billing Procedures.

5.3.1 General. Within a reasonable time after the first day of each month, each Party shall prepare an invoice for those reimbursable services provided to the other Party under this Agreement during the preceding month.

5.3.2 Each invoice shall delineate the month in which the services were provided, shall fully describe the services rendered, and shall be itemized to reflect the services performed or provided.

5.3.3 The invoice shall be paid within thirty (30) days of issuance. All payments shall be made in immediately available funds payable to the other Party, or by wire transfer to a bank named and account designated by the invoicing Party.

5.3.4 Disputed amounts shall be placed in an interest-bearing escrow account, subject to resolution.

5.4 Payment of Invoices. Payment of an invoice shall not relieve the paying Party from any responsibilities or obligations it has under this Agreement, nor shall such payment constitute a waiver of any claims arising hereunder.

5.5 Interest on Unpaid Balances. Interest on any unpaid amounts (including amounts placed in escrow) shall be calculated in accordance with the methodology specified for interest on refunds in FERC's regulations at 18 C.F.R. §35.19a(a)(2)(iii). Interest on delinquent amounts shall be calculated from the due date of the bill to the date of payment. When payments are made by mail, bills shall be considered as having been paid on the date of receipt by the other Party.

5.6 Default. In the event either Party fails to make payment to the other Party on or before the due date, as described above, and such failure of payment is not corrected within thirty (30) calendar days after the Party notifies the Party in default to cure such failure, a default by said Party shall be deemed to exist and the provisions of Article 8.0 shall apply.

5.6.1 In the event of a billing dispute between the Owners and the Buyer, each Party shall continue to provide services as long as the other Party (a) continues to make all payments not in dispute, and (b) pays into an escrow account the portion of the invoice in dispute, pending resolution of such dispute.

ARTICLE 6
DOCUMENTATION

6.0 Documentation.

6.1 Drawings.

6.1.1 Drawings that exclusively describe the Buyer's Purchased Assets and are not the proprietary information of third-parties will be transferred by the Owners to the Buyer prior to the Closing. Drawings that exclusively describe the Excluded Assets, including the Owners Interconnection Facilities, will be retained by the Owners. Drawings describing the Homer City Station and the Excluded Assets on the same drawing will be identified and marked as "common drawings." The Owners shall retain a copy of the common drawings and shall provide a copy of same to the Buyer prior to the Closing.

6.1.2 Each Party shall be responsible for updates and corrections to its respective drawings and shall provide copies thereof to the other Party as soon as practicable after the updates or corrections are made. Before the Closing, the Parties shall develop mutually agreeable procedures for updating drawings.

6.1.3 Except as otherwise noted on the document or drawing, the Owners make no representations as to the accuracy, detail, or completeness of the documents or drawings provided to the Buyer at or before the Closing, and the Buyer hereby releases the Owners from any liability arising as a result of the Buyer's use of such documentation or drawings.

ARTICLE 7
CONFIDENTIALITY

7.0 Confidentiality.

7.1 Confidentiality of Owners. Owners shall hold in confidence, unless compelled to disclose by judicial or administrative process or other provisions of law, all documents and information furnished by the Buyer in connection with this Agreement. Except to the extent that such information or documents are (a) generally available to the public other than as a result of a disclosure by Owners, (b) available to Owners on a non-confidential basis prior to disclosure to Owners by the Buyer, or (c) available to Owners on a non-confidential basis from a source other than the Buyer, provided that such source is not known, and by reasonable effort could not be known, by Owners to be bound by a confidentiality agreement with the Buyer or otherwise prohibited from transmitting the information to Owners by a contractual, legal or fiduciary obligation, Owners shall not release or disclose such information to any other person, except to its employees on a need-to-know basis, in connection with this Agreement who has not first been advised of the confidentiality provisions of this Section 7.1 and has agreed in writing to comply with such provisions. In no event shall such information be disclosed in violation of the requirements of FERC Orders 889 and 889-A, and any successor thereto. Owners shall promptly notify the Buyer if they receive notice or otherwise conclude that the production of any information subject to this Section 7.1 is being sought under any provision of law. Owners may utilize information subject to this Section 7.1 in any proceeding under Article 12, subject to a confidentiality agreement with the participants.

7.2 Confidentiality of the Buyer. The Buyer shall hold in confidence, unless compelled to disclose by judicial or administrative process or other provisions of law, all documents and information furnished by Owners in connection with this Agreement. Except to the extent that such information or documents are (a) generally available to the public other than as a result of a disclosure by the Buyer, (b) available to the Buyer on a non-confidential basis prior to disclosure to the Buyer by Owners, or (c) available to the Buyer on a non-confidential basis from a source other than Owners, provided that such source is not known, and by reasonable effort could not be known, by the Buyer to be bound by a confidentiality agreement with Owners or otherwise prohibited from transmitting the information to the Buyer by a contractual, legal or fiduciary obligation, the Buyer shall not release or disclose such information to any other person, except its employees on a need-to-know basis in connection with this Agreement, who has not first been advised of the confidentiality provisions of this Section 7.2 and has agreed to comply in writing with such provisions. The Buyer shall promptly notify Owners if it receives notice or otherwise

concludes that the production of any information subject to this Section 7.2 is being sought under any provision of law. Buyer may utilize information subject to this Section 7.2 in any proceeding under Article 12, subject to a confidentiality agreement with the participants.

7.3 Confidentiality of Audits.

The independent auditor performing any audit, as referred to in Section 4.3, shall be subject to a confidentiality agreement between the auditor and the Party being audited. Such audit information shall be treated as confidential except to the extent that its disclosure is required by regulatory or judicial order, for reliability purposes pursuant to Good Utility Practice, pursuant to applicable FERC rules and regulations, as amended from time to time, or as required by the Owners. Except as provided herein, neither Party will disclose the audit information to any third party without the other Party's prior written consent. Audit information in the possession of the Party not being audited shall be subject to all provisions of Article 7.

7.4 Remedies.

The Parties agree that monetary damages would be inadequate to compensate a Party for the other Party's breach of its obligations under this Article 7. Each Party accordingly agrees, subject to Section 18.0, that the other Party shall be entitled to equitable relief, by way of injunction or otherwise, if the first Party breaches or threatens to breach its obligations under this Article 7, which equitable relief shall be granted without bond or proof of damages, and the receiving Party shall not plead in defense that there would be an adequate remedy at law.

ARTICLE 8
EVENTS OF DEFAULT

8.0 Events of Default.

8.1 Any one of the following shall constitute an event of default under this Agreement:

(a) The failure to pay any amount when due;

(b) A breach of any material term or condition of this Agreement, including but not limited to any material breach of a representation, warranty or covenant made in this Agreement, including the Appendices. Failure by a Party to provide any required schedule, report or notice hereunder may constitute a material breach hereof if such failure is not cured within thirty (30) days after notice to the defaulting Party;

(c) The appointment of a receiver or liquidator or trustee for either Party or of any property of a Party, and such receiver, liquidator or trustee is not discharged within sixty (60) days;

(d) The entry of a decree adjudicating a Party bankrupt or insolvent, and such decree is continued undischarged and unstayed for a period of sixty (60) days;

(e) The filing of a voluntary petition in bankruptcy under any provision of any federal or state bankruptcy law by a Party; or

(f) The failure or refusal of the Buyer to permit the Owners' representatives access to information, or to the Homer City Station, as necessary for Owners to operate their Transmission Systems.

8.2 (a) Upon the occurrence of an event of default, the Party not in default may give written notice of the default to the defaulting Party. Such notice shall set forth, in reasonable detail, the nature of the default and, where known and applicable, the steps necessary to cure such default. Except with respect to a payment default as described in Section 8.1(a), the defaulting Party shall have thirty (30) days following receipt of such notice either to (i) cure such default, or (ii) commence in good faith all such steps as are reasonable and appropriate to cure such default in the event such default cannot, in the reasonable judgment of such non-defaulting Party, be completely cured within such thirty (30) day period. With respect to the payment default described in Section 8.1(a), the defaulting party shall have ten (10) days from receipt of such default notice to cure such default.

(b) If the defaulting Party fails to cure such default or take such steps as provided under subparagraph (a) above, this Agreement may be terminated by written notice to the Party in default hereof. This Agreement shall thereupon terminate and the non-defaulting Party may exercise all such rights and remedies as may be available to it to recover damages, subject to Article 18 of this Agreement, caused by such default.

(c) Notwithstanding the foregoing, upon the occurrence of any such event of default, the non-defaulting Party shall be entitled (i) to commence an action to require the defaulting Party to remedy such default and specifically perform its duties and obligations hereunder in accordance with the terms and conditions hereof, and (ii) to exercise such other rights and remedies as it may have at equity or at law.

(d) If Buyer shall fail to perform any obligation hereunder, either Seller or both of them jointly may cure the default, and any funds expended to effect such cure shall be due and payable on demand together with interest at the prime rate.

8.3 Notwithstanding anything in this Agreement to the contrary, in the event Buyer fails to comply with the provisions of Sections 4.1 and 4.2 of this Agreement and such failure is reasonably likely to have an immediate and material adverse effect on the Owners or the Transmission Systems or either of them, after providing as much notice to the Buyer as is possible and reasonable under the circumstances, Owners shall have the right to disconnect the Homer City Station from the Transmission Systems.

8.4 Notwithstanding anything in this Agreement to the contrary, in the event Owners shall fail to comply with the provisions of Section 4.1 of this Agreement, and such failure is reasonably likely to have an immediate and material adverse effect on the Buyer or the Homer City Station, after providing as much notice to the Owners as is possible and reasonable under the circumstances, Buyer shall have right to take such action as is reasonably required to ensure Owner's compliance with Section 4.1.

ARTICLE 9
INDEMNIFICATION

9.0 Indemnification.

9.1 Buyer's Indemnification.

The Buyer shall indemnify, hold harmless, and defend the Owners, their parents, and Affiliates, as the case may be, and their respective officers, directors, employees, agents, contractors, subcontractors, invitees and successors, from and against any and all claims, liabilities, costs, damages, and expenses (including, without limitation, reasonable attorney and expert fees, and disbursements incurred by any of them in any action or proceeding between the Owners and a third party, the Buyer, or any other Party) for damage to property, injury to or death of any person, including the Owners' employees or any third parties (collectively, "Owners' Damages"), to the extent caused wholly or in part by any act or omission, negligent or otherwise, by the Buyer and/or its officers, directors, employees, agents, and subcontractors arising out of or connected with the Buyer's performance or breach of this Agreement, or the exercise by the Buyer of its rights hereunder. In furtherance of the foregoing indemnification and not by way of limitation thereof, the Buyer hereby waives any defense it might otherwise have under applicable workers' compensation laws.

9.2 Owners' Indemnification.

The Owners shall indemnify, hold harmless, and defend the Buyer, its parent, and Affiliates, as the case may be, and their respective officers, directors, employees, agents, contractors, subcontractors, invitees, and successors, from and against any and all claims, liabilities, costs, damages, and expenses (including, without limitation, reasonable attorney and expert fees, and disbursements incurred by any of them in any action or proceeding between the Buyer and a third party, the Owners, or any other party) for damage to property, injury to or death of any person, including the Buyer's employees or any third parties (collectively, "Buyer's Damages"), to the extent caused wholly or in part by any act or omission, negligent or otherwise, by the Owners and/or their officers, directors, employees, agents, contractors, subcontractors and invitees arising out of or connected with the Owners' performance or breach of this Agreement, or the exercise by the Owners of their rights hereunder. In furtherance of the foregoing indemnification and not by way of limitation thereof, the Owners hereby waive any defense they might otherwise have under applicable workers' compensation laws.

9.3 Indemnification Procedures.

If either Party intends to seek indemnification under this Article 9.0 from the other Party, the Party seeking indemnification shall give the other Party notice of such claim within ninety (90) days of the commencement of, or the Party's actual knowledge of, such claim or action. Such notice shall describe the claim in reasonable detail, and shall indicate the amount (estimated if necessary) of the claim that has been, or may be sustained by, said Party. To the extent that the other Party will have been actually and materially prejudiced as a result of the failure to provide such notice, such notice will be a condition precedent to any liability of the other Party under the provisions for indemnification contained in this Agreement. Neither Party may settle or compromise any claim without the prior consent of the other Party; provided, however, said consent shall not be unreasonably withheld or delayed.

9.4 Survival.

The indemnification obligations of each Party under this Article 9 shall continue in full force and effect regardless of whether this Agreement has either expired or been terminated or canceled.

ARTICLE 10
INSURANCE

10.0 Insurance.

10.1 The Parties agree to maintain, at their own cost and expense, fire, liability, worker's compensation, and other forms of insurance relating to their property and facilities in the manner, and amounts, and for the durations set forth in Schedule E to this Agreement, as both Parties may, from time-to-time, agree to amend.

10.2 The Parties agree to furnish each other with certificates of insurance evidencing the insurance coverage set forth in Schedule E, and the Parties agree to notify and send copies to the other of any policies maintained hereunder written on a "claims made" basis. Each Party may require the other Party to maintain tail coverage for five years on all policies written on a "claims made" basis.

10.3 Every contract of insurance providing the coverages required in Schedule E shall contain the following or equivalent clause: "no reduction, cancellation or expiration of the policy shall be effective until ninety (90) days from the date written notice thereof is actually received by said Party." Upon receipt of any notice of reduction, cancellation or expiration, the Party shall immediately notify the other Party in accordance with Article 19.

10.4 Each Party, and its Affiliates, shall be named as additional insureds on the general liability insurance policies set forth in Schedule E as regards liability under this Agreement.

ARTICLE 11
FORCE MAJEURE

11.0 Force Majeure.

11.1 Notwithstanding anything in this Agreement to the contrary, neither the Buyer nor either of the Owners shall be liable in damages, or otherwise responsible to the other Party, for its failure to carry out any of its obligations under this Agreement, other than any obligation to pay an amount when due, if and only to the extent that it is unable to so perform or is prevented from performing by an event of force majeure.

11.2 The term "force majeure" as used herein means those causes beyond the reasonable control of the Party affected, which by the exercise of reasonable diligence, including Good Utility Practice, that Party is unable to prevent, avoid, mitigate, or overcome, including the following: any act of God, labor dispute (including a strike), act of the public enemy, war, insurrection, riot, fire, storm or flood, explosion, breakage or accident to machinery or equipment, electric system disturbance, order, regulation or restriction imposed by governmental,

military or lawfully-established civilian authorities, or any other cause of a similar nature beyond a Party's reasonable control.

11.3 If a Party shall rely on the occurrence of an event or condition described above as a basis for being excused from performance of its obligations under this Agreement, then the Party relying on the event or condition shall (a) provide prompt written notice of such force majeure event to the other Party, including an estimation of its expected duration and the probable impact on the performance of its obligations hereunder; (b) exercise all reasonable efforts in accordance with Good Utility Practice to continue to perform its obligations under this Agreement; (c) expeditiously take action to correct or cure the event or condition excusing performance, provided, however, that settlement of labor disputes will be completely within the sole discretion of the Party affected by such labor dispute; (d) exercise all reasonable efforts to mitigate or limit damages to the other Party; and (e) provide prompt notice to the other Party of the cessation of the event or condition giving rise to its excuse from performance. All performance obligations hereunder shall be extended by a period equal to the term of the resultant delay.

ARTICLE 12
DISPUTES

12.0 Disputes.

12.1 Any claim or dispute, which either Party may have against the other, arising out of the Agreement shall be submitted in writing to the other Party not later than sixty (60) days after the circumstances which gave rise to the claim or dispute have taken place. The submission of any claim or dispute shall include a concise statement of the question or issue in dispute, together with relevant facts and documentation to fully support the claim.

12.2 If any such claim or dispute arises, the parties shall use their best efforts to resolve the claim or dispute, initially through good faith negotiations or upon the failure of such negotiations, through Alternative Dispute Resolution ("ADR") techniques in accordance with the Model Procedure for Mediation of Business Disputes as published by the Center for Public Resources; however, either Party may terminate its participation in ADR during any stage of ADR and proceed under section 12.3.

12.3 If any claim or dispute arising hereunder is not resolved pursuant to section 12.2, either Party may, upon giving the other Party at least ten (10) days prior written notice, initiate litigation to submit such claim or dispute for decision by a court of competent jurisdiction.

ARTICLE 13
REPRESENTATIONS

13.0 Representatives.

13.1 Representations of the Owners. The Owners represent and warrant to the Buyer as follows:

13.1.1 Organization. NYSEG and Penelec are corporations duly organized, validly existing, and in good standing under the laws of the State of New York and the Commonwealth of

Pennsylvania, respectively, and the Owners have the requisite corporate power and authority to carry on their businesses as now being conducted;

13.1.2 Authority Relative to this Agreement. The Owners have the requisite power and authority to execute and deliver this Agreement and, subject to the procurement of applicable regulatory approvals, to carry out the actions required of each by this Agreement. The execution and delivery of this Agreement and the actions it contemplates have been duly and validly authorized by all required corporate action. The Agreement has been duly and validly executed and delivered by the Owners and, assuming that it is duly and validly executed and delivered by the Buyer, constitutes a valid and binding Agreement of the Owners;

13.1.3 Regulatory Approval. The Owners have obtained any and all approvals of, and given any notices to, any public authority that are required for the Owners to execute and deliver this Agreement;

13.1.4 Compliance With Law. The Owners represent and warrant that they are not in violation of any applicable law, statute, order, rule, regulation or judgment promulgated or entered by any federal, state, or local governmental authority, which violation would affect the Owners' performance of their obligations under this Agreement. The Owners represent and warrant that they will comply with all applicable material laws, rules, regulations, codes, and standards of all federal, state, and local governmental agencies having jurisdiction over the Owners or the transactions under this Agreement.

13.2 Representations of the Buyer. The Buyer represents and warrants to the Owners as follows:

13.2.1 Organization. The Buyer is corporation duly organized, validly existing, and in good standing under the laws of California, and the Buyer has the requisite corporate power and authority to carry on its business as now being conducted;

13.2.2 Authority Relative to this Agreement. The Buyer has the requisite power and authority to execute and deliver this Agreement and, subject to the procurement of applicable regulatory approvals, to carry out the actions required of it by this Agreement. The execution and delivery of this Agreement and the actions it contemplates have been duly and validly authorized by all required corporate action. This Agreement has been duly and validly executed and delivered by the Buyer and, assuming that it is duly and validly executed and delivered by NYSEG and Penelec, constitutes a valid and binding Agreement of the Buyer;

13.2.3 Regulatory Approval. The Buyer has obtained any and all approvals of, and given any notices to, any public authority that are required for the Buyer to execute and deliver this Agreement;

13.2.4 Compliance With Law. The Buyer represents and warrants that it is not in violation of any applicable, law, statute, order, rule, regulation or judgment promulgated or entered by any federal, state, or local governmental authority, which violation would affect Buyer's performance of its obligations under this Agreement. The Buyer represents and warrants that it will comply with all applicable laws, rules, regulations, codes, and standards of all federal, state, and local

governmental agencies having jurisdiction over the Buyer or the transactions under this Agreement.

13.3 Representations of Both Parties. The representations and warranties in Sections 13.1.4 and 13.2.4 shall continue in full force and effect for the term of this Agreement.

ARTICLE 14
ASSIGNMENT/CHANGE IN CORPORATE IDENTITY

14.0 Assignment/Change Corporate Identity.

14.1 This Agreement and all of the provisions hereof shall be binding upon, and inure to the benefit of, the Parties hereto and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests, or obligations hereunder shall be assigned, except to an Affiliate or successor, by either Party hereto, whether by operation of law or otherwise, without the prior written consent of the other Party; provided, however, that the Owners may withhold their consent to any assignment of this Agreement by Buyer in their sole discretion. Any assignment of this Agreement in violation of the foregoing shall be, at the option of the non-assigning Party, void. Notwithstanding the foregoing, (i) Buyer may assign all of its rights and obligations hereunder to any majority owned Subsidiary (direct or indirect) and upon Owners' receipt of notice from Buyer of any such agreement, such assignee will be deemed to have assumed, ratified, agreed to be bound by and perform all such obligations, and all references herein to "Buyer" shall thereafter be deemed to be references to such assignee, in each case without the necessity for further act or evidence by the Parties hereto or such assignee, and (ii) Buyer or its permitted assignee may assign, transfer, pledge or otherwise dispose of its rights and interests hereunder to a trustee or lending institution for the purposes of financing or refinancing the Buyer's Purchased Assets, including upon or pursuant to the exercise of remedies with respect to such financing or refinancing, or by way of assignments, transfers, pledges, or other dispositions in lieu thereof, provided, however, that no such assignment described in (i) and (ii) of this Section 14.1 shall relieve or discharge the Buyer from any of its obligations hereunder. The Owners agree to execute and deliver, at the Buyer' s expense, such documents as may be reasonably necessary to accomplish any such assignment, transfer, pledge, or other disposition of rights hereunder for purposes of the financing or refinancing of the Buyer's Purchased Assets, so long as the Owners' rights under this Agreement are not thereby altered, amended, diminished or otherwise impaired.

14.2 No assignment, transfer, conveyance, or disposition of rights or obligations under this Agreement by a Party shall relieve that Party from full liability and financial responsibility for the performance thereof after any such transfer, assignment, conveyance, or disposition unless and until the transferee or assignee shall agree in writing to assume the obligations and duties of that Party under this Agreement and the non-assigning Party has consented in writing to such assumption and to a release of the assigning Party from such liability.

14.3 If either Party terminates its existence as a corporate entity by merger, acquisition, sale, consolidation, or otherwise, or if all or substantially all of such Party's assets are transferred to another person or business entity without complying with this Article 14, the other Patty shall have the right, enforceable in a court of competent jurisdiction, to enjoin the first Party's

successor from using the property in any manner that interferes with, impedes, or restricts the other Party's ability to carry out their ongoing business operations, rights, and obligations. Where applicable, the Owners shall have the right, as set forth in Section 3.2.2, to operate such equipment set forth in Section 3.2.2 which is necessary for the Owners to Maintain the Transmission System.

ARTICLE 15
SUBCONTRACTORS

15.0 Subcontractors.

15.1 Nothing in this Agreement shall prevent a Party from utilizing the services of such subcontractors as it deems appropriate to perform its obligations under this Agreement; provided, however, that each Party shall require its subcontractors to comply with all applicable terms and conditions of this Agreement in providing such services.

15.2 The creation of any subcontractor relationship shall not relieve the hiring Party of any of its obligations under this Agreement. Each Party shall be fully responsible to the other Party for the acts and/or omissions of any subcontractor it hires as if it itself had acted and/or omitted to act. Any applicable obligation imposed by this Agreement upon a Party shall be equally binding upon, and shall be construed as having application to, any subcontractor of such Party.

ARTICLE 16
LABOR RELATIONS

16.0 Labor Relations.

The Owners and the Buyer agree to immediately notify the other Party, verbally and then in writing, of any labor dispute or anticipated labor dispute of which its management has actual knowledge that might reasonably be expected to affect the operations of the other Party with respect to this Agreement.

ARTICLE 17
INDEPENDENT CONTRACTOR STATUS

17.0 Independent Contractor Status.

Nothing in this Agreement shall be construed as creating any relationship between the Owners and the Buyer other than that of independent contractors.

ARTICLE 18
LIMITATION OF LIABILITY

18.0 Limitation on Damages.

18.1 Except for indemnity obligations set forth in Article 9, neither the Owners nor the Buyer, nor their respective officers, directors, agents, employees, parents, affiliates, or successors or assigns of any of them, shall be liable to the other Party or its parent, subsidiaries, affiliates,

officers, directors, agents, employees, successors or assigns for claims, suits, actions or causes of action for incidental, punitive, special, indirect, multiple or consequential damages (including, without limitation, attorneys' fees or litigation costs) connected with, or resulting from, performance or non-performance of this Agreement, or any actions undertaken in connection with or related to this Agreement, including, without limitation, any such damages which are based upon causes of action for breach of contract, tort (including negligence and misrepresentation), breach of warranty or strict liability. The provisions of this Section 18.0 shall apply regardless of fault and shall survive termination, cancellation, suspension, completion, or expiration of this Agreement.

18.2 Notwithstanding anything to the contrary herein, Owners shall not be liable to the Buyer under this Agreement for damages exceeding $5 million in any 12 month period. The foregoing limitation shall apply without regard to whether Owners' liability arises out of negligence, gross negligence, willful misconduct, breach of warranty, strict liability or breach of contract.

ARTICLE 19
NOTICES

19.0 Notices.

19.1 On or prior to the Effective Date, each Party shall indicate to the other Party, by notice, the appropriate person and their telephone numbers during each eight-hour work shift to contact in the event of an Emergency, a scheduled or forced interruption, or reduction in services. The notice last received by a Party shall be effective until modified in writing by the other Party.

19.2 All notices, requests, claims, demands, invoices, and other communications hereunder shall be in writing and shall be given (and except as otherwise expressly provided herein, will be deemed to have been duly given if so given) by hand delivery, cable, telecopy (confirmed in writing) or telex, or by mail (registered or certified, postage prepaid) to the respective Parties as follows:

If to the Owners:	If to the Buyer:
Pennsylvania Electric Company	Mission Energy Westside, Inc.
c/o GPU Energy	18101 Von Karman Street, Suite 1700
2800 Pottsville Pike	Irvine, CA 92612
Reading, PA 19605	Attention: James V. Iaco President

or such other address as is furnished in writing by such Party; and any such notice or communication shall be deemed to have been given as of the date so mailed.

ARTICLE 20
HEADINGS

20.0 Headings.

The descriptive headings of the Articles and Sections of this Agreement have been inserted for convenience only and shall not affect the meaning or interpretation of this Agreement.

ARTICLE 21
WAIVER

21.0 Waiver.

Except as otherwise provided in this Agreement, any failure of a Party to comply with any obligation, covenant, agreement, or condition herein may be waived by the Party entitled to the benefit thereof only by a written instrument signed by such Party granting such waiver, but such waiver shall not operate as a waiver of, or estoppel with respect to, any subsequent failure of the first Party to comply with such obligation, covenant, agreement, or condition.

ARTICLE 22
COUNTERPARTS

22.0 Counterparts.

This Agreement may be executed in two or more counterparts, all of which will be considered one and the same Agreement.

ARTICLE 23
GOVERNING LAW AND CONSTRUCTION

23.0 Governing Law and Construction.

23.1 Laws and Regulations.

This Agreement and all rights, obligations, and performances of the Parties hereunder, are subject to all applicable federal and state laws, and to all duly-promulgated orders and other duly-authorized action of governmental authorities having jurisdiction.

23.2 When not in conflict with or preempted by federal law, this Agreement will be governed by and construed in accordance with the law of the Commonwealth of Pennsylvania, without giving effect to the conflict of law principles thereof. Except for those matters covered in this Agreement and jurisdictional to FERC or the appellate courts having jurisdiction over FERC matters, any action arising out of or concerning this Agreement must be brought in the courts (state or federal) of the Commonwealth of Pennsylvania. Both Parties hereby consent to the exclusive jurisdiction of the Commonwealth of Pennsylvania for the purpose of hearing and determining any action not preempted by federal law.

ARTICLE 24
SEVERABILITY

24.0 Severability.

In the event that any of the provisions of this Agreement are held to be unenforceable or invalid by any court or regulatory authority of competent jurisdiction, the Parties shall, to the extent possible, negotiate an equitable adjustment to the provisions of this Agreement, with a view toward effecting the purpose of this Agreement, and the validity and enforceability of the remaining provisions hereof shall not be affected by such holding.

ARTICLE 25
AMENDMENT

25.0 Amendments.

25.1 Except as provided in Article 2:

25.1.1 The rates, terms, and conditions contained in this Agreement are not subject to change under Sections 205 or 206 of the Federal Power Act, as either section may be amended or superseded, absent the mutual written agreement of the Parties. It is the intent of this Section 25.1 that, to the maximum extent permitted by law, the rates, terms and conditions in this Agreement shall not be subject to change, regardless of whether such change is sought (a) by the FERC acting sua sponte on behalf of a Party or third party, (b) by a Party, (c) by a third party, or (d) in any other manner.

25.1.2 This Agreement may be amended, modified, or supplemented only by written agreement of both the Owners and the Buyer.

ARTICLE 26
ENTIRE AGREEMENT

26.0 Entire Agreement.

This Agreement constitutes the entire understanding between the Parties with respect to the subject matter hereof or thereof, and supersedes any and all previous understandings, oral or written, which pertain to the subject matter contained herein or therein.

ARTICLE 27
NO THIRD PARTY BENEFICIARIES

27.0 No Third Party Beneficiaries.

Nothing in this Agreement, express or implied, is intended to confer on any person, other than the Parties, any rights or remedies under or by reason of this Agreement.

ARTICLE 28
CONFLICTS

28.0 Conflicts.

Notwithstanding any provision of this Agreement to the contrary, this Agreement shall not affect any of the Buyer's obligations or the Owner's rights and obligations under (a) the APA, (b) the

PJM Tariff, (c) the NYPP Agreement, (d) the NYISO Tariff and related agreements, (e) the Easement Agreement, or (f) applicable FERC orders, regulations or policy (such agreements, orders, regulations, and tariffs referred to collectively as the "Ancillary Documents"). In the event of a conflict between any provision of this Agreement and any provision of one or more Ancillary Documents, which conflict is not permissible or has not been waived by the appropriate regulatory agency, the provision of the Ancillary Document shall control.

ARTICLE 29
FURTHER ASSURANCES

29.0 Further Assurances.

The Parties hereto agree to execute and deliver promptly, at the expense of the Party requesting such action, any and all other and further information, instruments and documents that may be reasonably requested in order to effectuate the transactions contemplated hereby.

IN WITNESS WHEREOF, the Parties have caused their authorized representatives to execute this Agreement as of the date first above written.

New York State Electric & Gas Corporation

By:
Name:
Title:

Pennsylvania Electric Company
d/b/a GPU Energy

By:
Name:
Title:

Mission Energy Westside, Inc.

By:
Name:
Title:

Schedule A

Interconnection Facilities and Associated Equipment

Homer City Station

1 Description of Points of Interconnection

1.1 Points of Interconnection

Station	Points of Interconnection	Owned by
Homer City	230 kV line from #1 Main Power transformer to the point it attaches on the 230 kV bus between Circuit Breakers 205 & 206	Buyer
	345 kV line from #2 Main Power transformer to the point it attaches on the 345 kV bus between Circuit Breakers 302 & 303	Buyer
	345 kV line from #3 Main Power transformer to the point it attaches on the 345 kV bus between Circuit Breakers 305 & 306	Buyer
	At 345/230/23 kV North Autotransformer, first 23 kV disconnect switch (23 kV OCB #20 Transformer Disconnect)	Owners
	At 345/230/23 kV South Autotransformer, first 23 kV disconnect switch (23 kV Tertiary Air Break Switch)	Owners
	Substation Station Service #1 Transformer, at the 480 Volt bushings	Buyer
	Substation Station Service #2 Transformer, at the 480 Volt bushings	Buyer

1.2 Drawings Showing Points of Interconnection

1.2.1 One-Line Electrical (copy attached): GPU Drawing No. D-206-1002, Revision 1. (Points of Interconnection are labeled as “PI”.)

2 Substation Equipment to be Transferred to Buyer

2.1 The following equipment is to be transferred to the Buyer:

2.1.1 Transmission towers, conductor, insulators, and hardware which are located in the Substation and are associated with the 230 kV line from Unit #1 and the two 345 kV lines from Units #2 and #3 to the Substation.

2.1.2 Two 4160 - 480 Volt station service transformers and all associated 4160 volt cables and conduit.

2.1.3 23 kV North and South Buses and switches, circuit breakers, voltage transformers, reactors, zigzag transformer, structures, bus, connectors, and hardware associated with the 23 kV distribution system for main plant and coal cleaning plant service power.

2.1.4 All relay switchboard panels located in the Substation Control House which are for the exclusive function of protection and control of power plant systems, including 23 kV Control Panels designated #31, 32 and 33.

2.1.5 Electrical conduit banks and manholes between the main plant and Substation Control House.

2.1.6 Electrical cables between the main plant and Substation Control House, to the first terminal point in the Substation, unless specified otherwise.

2.1.7 Substation paging system, including all equipment and cabling.

3 Owners Access to Buyer's Purchased Assets

3.1 The Owners shall have access to the Excluded Assets, as defined and described in Section 2.2 of the Asset Purchase Agreement, which are located inside the Homer City Station.

3.2 The Owners shall have access to the Owners' Substation circuit breaker controls switches and indicators located in the Buyer's main plant Control Rooms. These controls will be maintained by the Owners for the Buyer's convenience.

3.3 The Owners shall have access to the Owners' equipment for revenue metering at the Points of Interconnection.

4 Joint Use Facilities

4.1 The following Owners Interconnection Facilities will be jointly operated:

4.1.1 230 kV circuit breakers 205 and 206 and associated switches

4.1.2 345 kV circuit breakers 302, 303, 305, and 306 and associated switches

4.1.3 Substation Station Service 480 Volt circuit breakers "Main BKR-1" and "Main BKR-2"

4.2 The following Buyer's Purchased Assets will be jointly operated:

4.2.1 23 kV circuit breakers 20, 25, 26, 27 and 28 and associated bus side switches

4.2.2 Substation Station Service 1 & 2 transformers and 4 kV plant circuit breakers M-1SS and M-2SS.

5 System Operating Requirements

5.1 Station Service

5.1.1 The Buyer shall supply continuous and uninterrupted AC service power to the Owners' substation in accordance with Section 3.8 of the Interconnection Agreement.

5.1.2 The Buyer shall consult with Owners to coordinate the timing and nature of operations that might reasonably be expected to affect the continuous operation of the 4160 V. service supply to the Substation. The Buyer shall provide temporary sources of power during any planned or forced outages to provide continuous service.

5.1.3 The Owners will maintain an emergency generator in the Substation to provide emergency power for operation of 345 kV circuit breaker 301 (Homer City to Wayne-Erie West transmission line) in the event of a system restoration.

5.2 Transmission Operating Requirements

5.2.1 Stability Trip Scheme: The generating units may experience either a dynamic or transient instability following a single contingency outage of certain transmission facilities at Homer City. While this exposure is limited to the periods when other facilities at Homer City are out of service, the generator power swings which can result could damage the Buyer's electrical equipment and compromise the reliability of the Owners Transmission Systems operation. A stability trip scheme exists to protect the Homer City units from an unstable operation while allowing them to operate at their full MW output during most conditions when any facilities at the Homer City station are out of service. The Buyer will place the trip scheme in the proper operating mode when predefined conditions exist and directed by the Owners Transmission Operator. The stability trip scheme is fully described in the GPU Energy Bulk Power Operations Energy Control Center Transmission Operating Memo No. 1, subject Homer City Stability, dated April 1, 1993 and as amended and restated February 10, 1998, and as may be further amended from time to time.

5.2.2 Autotransformer Contingency Operation: In the event of the loss of either of the Owners 345/230 kV autotransformers, the Buyer will reduce generation to control energy flow on the remaining autotransformer to within its thermal ratings. The required reduction in generation will be communicated from the Owners Transmission Operator and implemented by the Buyer as per the GPU Energy Bulk Power Operations Energy Control Center Transmission Operating Memo No. 24, subject Homer City Auto-Transformers, dated June 12, 1995 and as amended and restated December 9, 1997, and as may be further amended from time to time. It is imperative that the reduction in the Homer City generation be accomplished within fifteen (15) minutes to successfully implement this procedure. If compliance is not demonstrated, the Owners may terminate use of this operating procedure.

5.2.3 During the daily operation of the PJM system, there may be times when the PJM OI security analysis programs identify a potential contingency overload of the Owners Transmission

Systems that cannot be alleviated by any of the existing operating procedures. When such a condition occurs, the Locational Marginal Price (LMP) for the Homer City 345 kV and 230 kV busses will likely be adjusted to send the proper economic signals to those causing the transmission congestion. This may even include setting a highly negative LMP at these busses. Should such action fail to resolve the congestion created, the Buyer may be required to reduce the station output in order to maintain the reliability of the Owners Transmission Systems.

5.3 Current and Potential Circuits

5.3.1 The Buyer and Owners shall consult in performing any work which might be reasonably expected to affect the continuous operation of the Substation or generating units in accordance with Section 3.14.2 of the Interconnection Agreement.

5.3.2 In particular, this shall include the current transformers in these locations:

5.3.2.1 230 kV circuit breakers 205 & 206

5.3.2.2 345 kV circuit breakers 302, 303, 305 & 306

5.3.2.3 23 kV circuit breaker 20 (bus side)

5.4 Substation Indication and Controls

5.4.1 Status indication and control switches will be retained in the Buyer's Control Rooms for the Owners 230 and 345 kV circuit breakers in the Substation. The control switches will be operated by the Buyer only at the direction of the Transmission Operator.

5.5 Substation Equipment Alarms

5.5.1 The annunciator for the Buyer’s 23 kV equipment in the Substation is located in an Owners 345 kV Control Panel. The Buyer shall maintain the field devices and associated cables to the annunciator. The Owners shall maintain the annunciator and be present during any access by the Buyer in this Control Panel.

5.5.2 The Owners will provide the Buyer local indication of 480 volt Substation station service problems. The Buyer will be responsible for transmitting these and the 23 kV alarms to the main plant.

6.0 Metering

6.1 Meter Compensation: The meters at the Homer City Station are not physically located at the Points of Interconnection. Therefore the metering will be compensated (fixed and variable) to record the delivery of electricity in a manner that accounts for the total (no-load plus load) electrical energy losses which occur between the metering point and the Point of Interconnection.

6.2 Meter Locations and Points of Interconnection

6.2.1 Unit #1 Net Generation: The net output will be determined at the Point of Interconnection from the output of Generator #1 flowing through the #1 Main Power Transformer with compensation adjustments made for the #1 Main Power transformer losses and the 230 kV line losses to the Point of Interconnection, subtracting the metered use from the 23 kV North and South busses.

6.2.1.1 Location: Unit #I Generator

6.2.1.2 Meter type: Bi-directional

6.2.1.3 Voltage: 20 kV

6.2.1.4 Compensation: #1 Main Power transformer and 230 kV line losses.

6.2.1.5 Point of Interconnection: 230 kV line from #1 Main Power transformer at its attachment point to the 230 kV bus between Circuit Breakers 205 & 206

6.2.2 Unit #2 Net Generation: The net output will be determined at the Point of Interconnection from the output of Generator #2 flowing through the #2 Main Power Transformer with compensation adjustments made for the #2 Main Power transformer losses and the 345 kV line losses to the Point of Interconnection, subtracting the metered use from the 23 kV North and South busses.

6.2.2.1 Location: Unit #2 Generator

6.2.2.2 Meter type: Bi-directional

6.2.2.3 Voltage: 20 kV

6.2.2.4 Compensation: #2 Main Power transformer and 345 kV line losses.

6.2.2.5 Point of Interconnection: 345 kV line from #2 Main Power transformer at its attachment point to the 345 kV bus between Circuit Breakers 302 & 303

6.2.3 Unit #3 Net Generation: The net output will be determined at the Point of Interconnection from the output of Generator #3 flowing through the #3 Main Power Transformer with compensation adjustments made for the #3 Main Power transformer losses and the 345 kV line losses to the Point of Interconnection, subtracting the metered use from the 23 kV North and South busses.

6.2.3.1 Location: Unit #3 Generator

6.2.3.2 Meter type: Bi-directional

6.2.3.3 Voltage: 24 kV

6.2.3.4 Compensation: #3 Main Power transformer and 345 kV line losses.

6.2.3.5 Point of Interconnection: 345 kV line from #3 Main Power transformer at its attachment point to the 345 kV bus between Circuit Breakers 305 & 306

6.2.4 23 kV North Bus: The metered use will be determined at the Point of Interconnection with compensation adjustments for North Autotransformer tertiary losses.

6.2.4.1 Location: 23 kV North Bus

6.2.4.2 Meter type: Bi-directional

6.2.4.3 Voltage: 23 kV

6.2.4.4 Compensation: North Autotransformer tertiary losses.

6.2.4.5 Point of Interconnection: At North 345 kV Bus Autotransformer, first 23 kV disconnect switch (23 kV OCB #20 Transformer Disconnect).

6.2.5 23 kV South Bus: The metered use will be determined at the Point of Interconnection with compensation adjustments for South Autotransformer tertiary losses.

6.2.5.1 Location: 23 kV South Bus

6.2.5.2 Meter type: Bi-directional

6.2.5.3 Voltage: 23 kV

6.2.5.4 Compensation: South Autotransformer tertiary losses.

6.2.5.5 Point of Interconnection: At 345/230/23 kV South Autotransformer, first 23 kV disconnect switch (23 kV Tertiary Air Break Switch)

7 Pool Controlled Facilities (PCF)

7.1 345 kV Line #30: Homer City to NYSEG Stolle Road Substation

7.2 345 kV Line #37: Homer City to NYSEG Watercure Road Substation

7.3 345 kV Line “HE”: Homer City to Wayne Substation

7.4 230 kV Line “HCJ”: Homer City to Johnstown Substation

7.5 230 kV Line “HCS”: Homer City to Seward Substation

7.6 230 kV Line “HCH”: Homer City to Hooversville Substation

7.7 230 kV Line “KHC”: Homer City to Keystone Substation

7.8 345/230/23 kV North autotransformer

7.9 345/230/23 kV South autotransformer

8 Unit Operation Information

The Buyer shall provide the following data points to the Owners Remote Terminal Units in accordance with Section 3.6 of the Interconnection Agreement.

8.1 Status Points

8.1.1 #1 Generator load break switch (LBS)

8.1.2 #2 Generator load break switch (LBS)

8.1.3 23 kV bus differential

8.1.4 23 kV CB 20

8.1.5 23 kV CB low air pressure

8.1.6 23 kV CB failure

8.1.7 23 kV CB 26 trip

8.1.8 23 kV South Bus ground

8.2 Remotely Controlled Points

8.2.1 Incremental Cost

8.3 Analog Points

8.3.1 #1 Generator 20 kV volts

8.3.2 #2 Generator 20 kV volts

8.3.3 #3 Generator 23 kV volts

8.3.4 #1 Gen. Net MW

8.3.5 #2 Gen. Net MW

8.3.6 #3 Gen. Net MW

8.3.7 #1 Gen. Gross MVAR

8.3.8 #2 Gen. Gross MVAR

8.3.9 #3 Gen. Gross MVAR

8.4 Accumulator Points

8.4.1 #1 Gen. Net MWH

8.4.2 #2 Gen. Net MWH

8.4.3 #3 Gen. Net MWH

8.4.4 #1 Start-up Transf. MWH

8.4.5 #2 Start-up Transf. MWH

8.4.6 1A Aux Transf. MWH

8.4.7 1B Aux Transf. MWH

8.4.8 1C Aux Transf. MWH

8.4.9 2A Aux Transf. MWH

8.4.10 2B Aux Transf. MWH

8.4.11 2C Aux Transf. MWH

8.4.12 3 Aux. Transf. MWH

8.4.13 3 Standby Startup MWH

8.4.14 3A AQC Standby Startup MWH

8.4.15 3B AQC Standby Startup MWH

8.4.16 3 AQC Aux Transf. MWH

8.4.17 Coal Cleaning MWH

Schedule B

B-l GPU Transmission Operation Interconnection Requirements

B-2 GPU System Protection and Control Interconnection Requirements

SCHEDULE B-1

1. Transmission Operation Interconnection Requirements

GPU Energy's
Transmission Operation
Interconnection Requirements
For Generation Facilities

I. DEFINITIONS

The definitions set forth in the Generation Facility Transmission Interconnection Agreement are incorporated herein by reference. In addition, the following definitions apply:

PJM Manuals - The instructions, rules, procedures and guidelines established by the PJM OI for the operation, planning, and accounting requirements of the PJM control area and PJM interchange energy market.

Supervisory Control and Data Acquisition (SCADA) - A system of remote control and real-time communications used to monitor and control the Transmission System.

Transmission Operator - The Company person(s), who coordinates the day-to-day interconnection and operation of the Facility with the Transmission System.

II. POLICY

Every Facility which is interconnected with and synchronized to the Transmission System shall at all times coordinate its operation with the assigned Company control center and provide all necessary and requested information and equipment to assure that the Company can operate its electrical system in a safe and reliable manner. Continuous cooperation and communication between the Power Producer and the Company are essential to assure that the Transmission System is operated in a safe and reliable manner.

The Power Producer shall develop the operating principles and procedures which shall be coordinated with the Company's requirements, provide the necessary training for all employees, and provide for the necessary communication of information between the Power Producer and the Company. This includes the following:

(a) Provide the following information necessary to ensure the safe and reliable operation of the Company's electrical system: (i) a copy of the Power Producer's switching procedures; (ii) a completed Generator Data Form (Attachment 1) for each generating unit, unit step-up transformer and auxiliary transformer.

(b) Implement Facility practices and procedures which are consistent with the Company and PJM transmission requirements as defined in the PJM Manuals and/or herein.

(c) Implement operating principles and procedures which shall be coordinated with the Company's and PJM's requirements for normal operating conditions as defined in the PJM Manuals and/or herein.

(d) Implement operating principles and procedures which shall be coordinated with the Company's and PJM's requirements for emergency operating conditions as defined in the PJM Manuals and/or herein.

(e) Provide data to the Company regarding the operation and maintenance of the Facility in accordance with the Operating Agreement of PJM Interconnection, LLC.

III. SYSTEM REQUIREMENTS

A. Reliability

The Power Producer shall deliver the electric energy generated by the Facility to the Company at the point(s) of interconnection in the form of 3 phase, 60 Hertz alternating current at the nominal system voltage at the point of interconnection.

At no time shall the operation of the Facility, including the associated generators or any of their auxiliary devices, result in an electrical output in which individual harmonic distortion exceeds 1% of the Company's voltage wave form or the sum of all harmonics exceeds 1.5% of the Company's wave form, as measured at the point of interconnection.

The Facility shall be operated with all of the Power Producer's Protective Apparatus in service whenever the Facility is connected to or operating in parallel with the Company's electric system.

B. Switching

The Power Producer shall be responsible for switching all equipment it owns, operates or controls. A specified device(s) to isolate the Facility from the Transmission System shall be switched by the Power Producer whenever requested by the Company, and locked and tagged by the Company to provide safety clearance.

The Power Producer's switching procedures shall at all times be followed precisely by the Power Producer and be closely coordinated between the Power Producer and the Transmission Operator. The Company shall provide a copy of its written switching procedures to the Power Producer upon request.

If requested by the Power Producer, specified Company devices shall be operated and tagged by the Company according to the Company's switching and tagging practices and safety rules. Company switching and tagging practices and safety rules shall apply to (i) all situations involving the Company and (ii) any Power Producer personnel involved with Company switching and tagging.

C. Relaying

The Facility relaying systems shall be consistent with the PJM and Company relaying practices as defined in the PJM Manuals and Schedule B-2 of the Generation Facility Transmission Interconnection Agreement. Any changes to the design and/or setting of the protective relay system shall be subject to the prior review and acceptance by the Company.

The relaying system for the Facility shall be sufficient to prevent or limit equipment damage for contingencies (i) within the facility and (ii) external to the Facility and on the Company system.

D. Real-Time Communications

The Power Producer shall provide data via a SCADA system and an associated, dedicated communications channel to the Company's Energy Control System computer. Data shall include, but is not limited to: MW; MVAR; MWh; voltage; 3 phase amps; and equipment status (i.e., open/close, on/off, etc.).

SCADA system and metering shall be consistent with the Company's practices, and compatible with the Company's computer and communication systems. In addition, the Company may require the ability to disconnect the Facility from the Company's system via the SCADA system.

It is required that data shall be sent to the Company automatically. In the event that the data is not automatically received by the Company on a temporary basis, the Power Producer shall call the Company with the operating data at intervals specified by the Company. The Power Producer shall correct any problems associated with the failure of equipment within a reasonable time.

E. Communications of Information

The Power Producer and Transmission Operator shall promptly exchange all information relating to all conditions which affect (or could affect) the operations of the Facility and/or the Company's electrical system and facilities.

The Power Producer shall provide adequate and reliable telephone communication channels, manned by responsible personnel, to integrate the Facility operation with the system under both normal and emergency conditions.

The Power Producer shall communicate the outage of any electrical equipment connecting the Facility to the Company's system in accordance with the following requirements:

a. Each Facility will be assigned one of the Company operations centers as its primary contact. This assignment is based upon the voltage level of the connection to the Transmission System and the geographic location of the Facility.

b. All planned and maintenance outages of electrical equipment requiring Company personnel involvement must be requested by the Power Producer, providing the appropriate information in a format as defined by the Company and shown on Attachment 2.

c. Advance notifications of planned and maintenance outages shall conform to the requirements as defined in the PJM Manuals.

The Power Producer shall keep and maintain accurate and complete records for Power Producer Interconnection Facilities containing such information regarding the operation and maintenance of all equipment as is appropriate and consistent with industry practice and as may be necessary for the Company to comply with its applicable requirements. The Company will advise the Power Producer of such requirements as in effect from time to time. The Power Producer shall make such records available to the Company for inspection and copying from time to time as the Company may reasonably request.

IV. NORMAL OPERATION REQUIREMENTS

A. Generator Governor Control

For any Facility engaged in parallel operation with the Company, the Facility shall:

1. Operate on automatic governor control, except for the periods immediately before generating equipment is being removed from service and immediately after it has been placed in service, and

2. Minimize governor outages during periods of operation.

B. Synchronization and Disconnection Procedures

When synchronizing the Facility to or disconnecting the Facility from the Company's electrical system:

1. The Power Producer shall obtain the Transmission Operator's prior approval (i.e., at least 30 minutes), except that equipment may be disconnected from the system without Company approval to prevent injury to personnel or equipment damage. If for any reason the disconnection occurs without prior Company approval, the Power Producer shall immediately notify the Transmission Operator as to the energy reduction and the expected return time.

2. In order to support the Transmission Operator's responsibility to plan and operate the normal and emergency operations of the transmission system, the Power Producer shall keep the Transmission Operator informed at all times of the Facility's availability or any change(s) to its status.

C. Voltage and Reactive Control Procedures

The Power Producer shall operate the Facility with automatic voltage regulation equipment in service at all times, except for outages of the regulator for maintenance or equipment failure. Such operation will normally involve a prescribed voltage limited to +/- 1% of schedule. The Power Producer, at the option of the Company, shall operate the Facility either (i) according to a predefined voltage schedule provided by the Company or (ii) according to a reactive power schedule as provided by the Company, consistent with the Facility's generation capability and the Company's electrical system. From time to time, the Company may request alternate schedules consistent with the Facility's generation capability and the Company's electrical system.

The Power Producer shall notify the Transmission Operator prior to performing all voltage regulator maintenance. The Power Producer shall notify the Company of the outage with as much lead time as possible. The Power Producer shall minimize the duration of regulator equipment outages. The Power Producer shall notify the Transmission Operator at least 30 minutes prior to removing the voltage regulator from service, or returning the voltage regulator to service.

The Power Producer may be requested by the Company to deviate from prescribed voltage or reactive power schedules if, in the Company's sole judgment, conditions warrant such changes including, without limitation, operating the Facility in the leading, lagging, or unity power factor mode, but within the capability of the machine.

The Power Producer shall operate automatic voltage regulation to a tolerance of +/- 1% of scheduled voltage, except for regulator maintenance, outages or equipment failures, or conditions prevailing on the system and/or the Power System which necessitate other voltage levels.

The Power Producer shall provide manual voltage regulation to maintain the prescribed voltage schedule or reactive power schedule during voltage regulator equipment outages.

Momentary voltage fluctuations shall be permitted, provided that they neither disturb service provided by the Company or the Power Producer on their respective systems nor hinder the Company from maintaining proper voltage conditions on their respective systems.

D. Maintenance Scheduling

a. The Power Producer shall provide the Company with at least thirty (30) days prior written notice of its intent to perform a Planned Maintenance of the Facility, including turbine, generator, and boiler overhauls or inspections, testing, and nuclear refueling.

b. The Power Producer shall provide the Company with at least thirty (30) days prior written notice of its intent to test Protective Apparatus associated with Power Producer Interconnection Facilities, including circuit breakers, relays and auxiliary equipment. Company personnel may observe such testing.

c. The Power Producer shall notify the Transmission Operator of its intent to remove electrical equipment from service by 10:00 a.m. five (5) working days prior to, and again 30 minutes before the planned maintenance outage begins. The Transmission Operator may request the Power Producer to delay or reschedule the planned maintenance outage if system reliability conditions warrant.

To the extent practical, the Company shall provide to the Power Producer not less than one week advance notice of its intention to perform planned maintenance on its facilities that may affect the Facility's operations. The Company shall notify the Power Producer when any changes occur.

E. Power Producer Unplanned Outages

The Power Producer may remove any of its equipment from service without prior notification to the Transmission Operator due to an Unplanned Outage. However, if the Power Producer has advance knowledge of an Unplanned Outage, the Power Producer shall notify the Transmission Operator with as much lead time as practical. For reliability reasons the Power Producer shall notify the Transmission Operator as soon as reasonably possible of the following:

the starting time of the Unplanned Outage

the energy reduction resulting (or expected to result) from the Unplanned Outage

the estimated time the equipment incurring the Unplanned Outage is expected to return to service

the time the Power Producer equipment is actually returned to service.

F. Facility Equipment and Contract Data

In order to ensure that all Company personnel responsible for the design and operation of the Company's system affected by the Facility are familiar with its equipment configurations, capabilities and operating parameters, the Company may from time to time request, and the Power Producer shall provide in a timely manner to the Company, detailed information about the type, nature, and operating characteristics of the Facility and all related equipment.

V. EMERGENCY OPERATION REQUIREMENTS

The Power Producer and Company shall maintain communications and contact during all Company or PJM emergency operations.

A. System Emergency Conditions

During an Emergency, as determined/declared by the Company or PJM, the Power Producer shall respond as promptly as possible to all directives from the Transmission Operator with respect to all matters affecting the operation of the Facility including, without limitation, the following:

a. Thermal overload of electrical circuits (actual or contingency)

b. High or low voltage conditions (actual or contingency)

The Transmission Operator may also direct the Power Producer to (i) adjust (increase or decrease) the Facility energy and/or reactive output (ii) connect or disconnect the Facility from the Company's electrical system and/or (iii) deviate from the prescribed voltage or reactive schedules. If safety or system reliability conditions warrant, the Transmission Operator may isolate the Facility from the Company's electrical system without prior notice to the Power Producer or upon such notice as is possible under the circumstances. The Transmission Operator shall advise the Power Producer as soon as possible of any forced outages of the Company's electrical system which affect the Facility's operations.

When the Transmission Operator has determined that the emergency conditions have been alleviated, he/she shall inform the Power Producer and allow the Facility to return to normal operations consistent with Good Utility Practice.

In order to safely and rapidly restore the Transmission System following an outage of any or all of that system, a Facility that has been isolated from the Company's electrical system shall be allowed to reconnect only under the direction of the Transmission Operator. In all cases, the Facility shall be made ready to return to service and provide energy to the Company as soon as possible.

Unless the Company requests a manual adjustment, the Power Producer shall maintain the Facility automatic voltage regulator in service during an Emergency.

The Power Producer shall participate in any voltage reduction declared by the Company at any time, and operate the Facility at the voltage level then requested by the Transmission Operator.

Attachment 1

Generator Data Form

Station Name _____ Unit No. _____

Generator _____ Rated Capacity _____ MVA

Operating Limits: Minimum KV _____ Maximum KV _____

Alarm Limits: Minimum KV _____ Maximum KV _____

Alarm Action: Minimum: _____

Maximum: _____

Max. Output (Installed Capacity) _____ MW

Max. Gross Output _____ MW

Capability LAG Curve Breakpoint _____ MW _____ MVAR

Rated Stator Voltage _____ Rated Stator Current _____ Amps

Generator Terminal Voltage - High Limit _____ Low Limit _____

Rated Field Current _____ Amps D.C. @ _____ Volts D.C.

Rated Hydrogen Pressure _____ PSIG Power Factor _____

Field Current High Limits: Rated _____ Amps D.C.

Field Voltage High Limits:
Rated _____ Volts D.C. Maximum: _____ Volts

Field Limit Alarms: Volts _____ Amps _____ Temp _____

Alarm Action: Volts _____
Amps _____
Temperature _____

Line Drop Compensation: Type _____
Setting _____

Generator Stator Current High Limit _____

System Voltage: Nominal KV _____ Min. _____ Max. _____

Alarm Limits: Minimum _____ Maximum _____

Alarm Action: Minimum_____

Maximum _____

Other Limitations_____

Misc. Important Information _____

Generator Unit Step-Up Transformer Data

Station Name _____ Unit No. _____

Unit Step-Up Transformer _____

Phase _____ Connection _____

Class _____

Rated Capacity _____ MVA at _____ C Rise _____

MVA at _____ C Rise_____

Rated Winding Voltage: (Primary) _____ KV_____

(Secondary) _____ KV_____

Available Taps/Impedance (Xt at Rated MVA)

Position	Primary KV	Secondary KV	Impedance %	Max. Amps
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Alarm Limits: KV _____

Amps _____

MVA _____

Temperature _____

Primary Tap Setting _____

Secondary Tap Setting _____

Voltage Limits (if applicable) Primary _____

Secondary _____

Loading Limitations (if any)

_____

_____

_____

Auxiliary Transformer Data

Station Name _____ Unit No. _____

Auxiliary Transformer _____ Connection _____

Class _____

Rated Capacity _____ MVA at _____ C Rise

_____ MVA at _____ C Rise

Rated Winding Voltage: (Primary) _____ KV_____

(Secondary) _____ KV_____

Available Taps/Impedance (Xt at Rated MVA)

Position	Primary KV	Secondary KV	Impedance %	Max. Amps

Alarm Limits: KV _____

Amps _____

MVA _____

Temperature _____

Primary Tap Setting _____

Secondary Tap Setting _____

Automatic Tap Changer Range _____ to _____

Volts

Raise Positions _____

Lower Positions _____

Voltage Limits (if applicable) Primary High _____

Low _____

Secondary High _____

Low _____

Load at Max. Generation MW _____ Amps (Avg) _____

MVAR _____ Volts _____

Load at Min. Generation MW _____ Amps (Avg) _____

MVAR _____ Volts _____

Loading Limitations (if any)

_____

Miscellaneous Information Required

1. A copy of the Generator Reactive Capability Curve

2. A copy of the Generator VEE Curve

3. A copy of the Generator Saturation Curve

4. A report of any special Operating Restrictions
- such as vibration or field problems

5. A report of any Environmental Restrictions
- such as SO2 emissions or river flow or temperature

6. A report of any known limiting facilities

ATTACHMENT 2

APPLICATION FOR PROTECTIVE TAGGING ON LINES OR EQUIPMENT

Date Submitted		W.O. No.		Application No.
APPLICANT:				
Switch-Hours	Date	Day	Finish-Hours A	Date
Day				
Start-Hours	Date	Day	Finish-Hours A	Date
Day				
Apparatus/Line				
Requested:				
Location:				
Work to be done:				
Switches Required:				
Remarks:				

Emergency Clearance Time

Truck or Phone No.

Tags Placed For

Signed

Can Do The Required Switching? Yes No
Counter Signed _____

Out of Service Overnight? Yes No

SYSTEM OPERATOR:

Switches to be Tagged:_____
_____
_____

System Operator Approval (1)
(2)

Date _____ Clearance @ _____ By _____ Clear @ _____ By _____

Date _____ Clearance @ _____ By _____ Clear @ _____ By _____

Date _____ Clearance @ _____ By _____ Clear @ _____ By _____

Date _____ Clearance @ _____ By _____ Clear @ _____ By _____

Date _____ Clearance @ _____ By _____ Clear @ _____ By _____

Date _____ Clearance @ _____ By _____ Clear @ _____ By _____

Application Completed @ _____ Date _____

Date _____ Time _____ Party Notified _____ By _____

Remarks _____

Date _____ Time _____ Party Notified _____ By _____

Remarks _____

Date _____ Time _____ Party Notified _____ By _____

Remarks
_____

Date	Time	Party Notified	By
_____	_____	_____	_____

Remarks
_____

Schedule B-2

2. System Protection and Control Interconnection Requirements

GPU ENERGY'S
SYSTEM PROTECTION AND CONTROL
INTERCONNECTION REQUIREMENTS

Revised: November 17, 1997

A. Definitions

GPU Energy - The trade name used individually and collectively by the three operating electric utilities in the GPU System (i.e., Jersey Central Power and Light Company, Metropolitan Edison Company, and Pennsylvania Electric Company).

GPU System - The transmission and distribution facilities owned by GPU Energy.

Generation Facility - A facility for generating electricity which is connected to the GPU system.

Generation - The electrical energy being produced by: rotating generators driven by steam turbines, internal combustion engines, hydraulic turbines, windmills, etc; fuel cells, photovoltaic or battery arrays with a DC or AC inverter; or any other electric generating device.

Power Producer - The owner or operator of the Generation Facility.

B. Objectives

This document was prepared to assist GPU Energy engineers and Power Producers when planning protection and control requirements for interconnection between GPU Energy and the Generation Facility.

To ensure all proposed installations are handled uniformly and to minimize the possibility of misinterpreting GPU Energy's requirements, this document outlines the minimum protection requirements for the safe and effective operation of this interconnection, and provides technical and administrative guidelines.

C. General Policy

The minimum protection requirements stated in this document are intended to achieve the following goals:

Insure the safety of the general public and GPU Energy personnel.

Minimize the possible damage to the property of the general public, GPU Energy, GPU Energy customers, and neighboring utility systems.

Minimize adverse conditions on the GPU System.

Permit the Power Producer to operate its generating equipment in parallel with the GPU System in a safe and reliable manner.

In order to achieve these goals, certain protective devices (relays, circuit breakers, etc.) must be installed to promptly disconnect the Generating Facilities from the GPU System whenever a fault or abnormality occurs. The determination of what type of protective devices are required depends primarily on three (3) major factors:

1) The type and size of the Generation Facility.

2) The location of the Generation Facility on the GPU System.

3) The manner in which the installation will operate.

In addition to the protective devices, certain modifications and/or additions may be required to be made to the GPU System due to the addition and/or modification of the Generation Facility. Each request will be handled individually, and the final determination of the protective devices, modifications, and/or additions required will be made by GPU Energy. Any modifications to the GPU Energy distribution or transmission systems necessitated by these changes to the Generation Facility will be specified, purchased, and installed by GPU Energy at the expense of the Power Producer.

GPU Energy will work with the Power Producer to achieve an installation which meets the requirements of both the Power Producer and GPU Energy.

GPU Energy cannot assume any responsibility for protection of the Generation Facility's generating equipment, or any portion of the Generation Facility's equipment. The Power Producer is solely responsible for protecting its equipment in such a manner that faults, imbalances or other disturbances on the GPU System do not cause damage to the Generation Facility's equipment.

It is the responsibility of the Power Producer to comply with all applicable Federal, State, and Local Regulatory Agencies and all electrical and safety codes. Further, the Power Producer may be required, in GPU Energy's sole and exclusive judgement, to retrofit its interconnection protection systems due to obsolescence, operational problems, enhancements in microprocessor/solid state technology leading to improved sensitivity, modifications to the GPU system or the Generation Facility, and in accordance with the most recently published industry standards and practices.

Any interconnection of a Generation Facility to the GPU System must not impair the quality and quantity of transmission or distribution service available to its customers, create reliability problems, or interfere with the operation and economic dispatch of power sources in which GPU Energy has entitlement or with GPU Energy's ability to carry out its obligations under pre-existing agreements.

A Generation Facility will not be permitted to be connected to the GPU Energy low voltage (< 1 kV) looped network system.

A GPU Energy controlled disconnecting device is required on the GPU Energy side of all Generation Facility interties.

A Generation Facility's disconnecting device used to isolate the facility's generation from the GPU System shall be blocked from closing in on a de-energized utility circuit.

The Power Producer is responsible for properly synchronizing its generation with the GPU System.

D. Review Process

In order to process all Power Producer requests in an efficient and con-sistent manner, the following Review Process for Protection Requirements must be followed.

1. Preliminary Protection Requirements Review

The GPU Energy System Relay and Control Engineering Department will have primary responsibility for the review and comment of all required protection design and associated settings.

The following information shall be supplied to GPU Energy:

a) Detailed One-Line Diagram of entire Generation Facility system.

b) A potential schematic of Generation Facility.

c) A current schematic of Generation Facility.

d) A control schematic of Generation Facility.

e) A connection diagram indicating all external connections to individual components of the protective scheme.

f) A three-line diagram of Generation Facility.

g) Instruction manuals for all protective equipment. Component specifications and internal wiring diagrams shall be included if not provided in manuals.

h) All protective equipment ratings.

i) Generator data, complete Attachment 2.

j) Equipment specifications and details of transformers, circuit breakers, current transformers, voltage transformers, and any other major equipment or special items.

k) Specific setting information on all the Generation Facility's protective relays associated with the generator protection and generator step-up transformer protection or auxiliary transformer protection.

One set of all the above information is required. GPU Energy may in its discretion require that meeting(s) be held between GPU System Relay and Control Engineering personnel and the Power Producer's Consulting Engineer, Contractor, etc. during this process.

Upon completion of the Preliminary Protection Requirements Review process, the Power Producer?s representative will be notified of any modifications and/or additions, required to the GPU System or to the Generation Facility. The Power Producer?s representative shall also be notified by GPU Energy that the Preliminary Protection Requirements Review process is to be accomplished in a timely manner and that it must represent an as accurate as possible determination of protection requirements, however the Power Producer?s representative shall be notified that the information submitted will be subject to change modification and/or addition by GPU Energy, in its sole and exclusive discretion.

2. Final Protection Requirements Review

The Final Protection Requirements Review process will proceed in the same manner as the Preliminary Protection Requirements Review process outlined in Section D-1 above.

The information identified in Section D-1, including any modifications and/or additions made by GPU Energy during the Preliminary Protection Requirements Review process, will be required in triplicate. The Instruction manuals for all protective equipment required pursuant to Section D.1. (g) must contain at least one vendor original copy. All information supplied for this review process shall be Final\As-Built submittal information.

Upon GPU Energy?s completion of its initial review of the Power Producer?s final submittal, the Power Producer?s representative will be notified of any final modifications and/or additions required to the GPU System or to the Generation Facility. Upon the Generation Facility?s satisfactory completion, as determined by GPU Energy in its sole and exclusive judgement, of any required final modifications and/or additions, GPU Energy will notify the Power Producer?s representative that the Final Protection Requirements Review process has been completed.

E. Design Consideration

1. Automatic Reclosing

The need for automatic reclosing modifications is directed towards protection of the GPU System and the equipment of GPU Energy customers from potential damage. It is the Power Producer's responsibility to evaluate the potential effect of GPU Energy's reclosing practices on its generator and to provide suitable protection.

GPU Energy normally provides automatic multiple shot reclosing with no intentional time delay on the first shot on all distribution line circuit breakers. Additionally, automatic sectionalizing for faults is provided on the distribution system with electronic and hydraulic reclosers that reclose in approximately 2 seconds following a trip operation. To protect both GPU Energy and GPU Energy customers' equipment from possible damage due to out-of-phase reclosing, the substation distribution line circuit breaker and the line reclosers may have to be modified, at the expense of the Power Producer, with voltage check relays unless the size and characteristics of the generator indicate that immediate reclosing would not be hazardous to the GPU System.

These relays will block reclosing until the parallel generation on a line or line section is de-energized.

Lines operated at 34.5 kV Delta and above also utilize multi-shot automatic reclosing with the first shot delayed approximately 20 cycles. Reclosing logic for these lines must be modified, at the expense of the Power Producer, to include synchronism checking.

2. Protection Requirements

Typical protection is illustrated in Appendix A Figures 1 and 2 inclusive.

The design of the Isolation and Fault Protection shall be based upon a single failure philosophy, i.e., the failure of any single component shall not render the protection inoperative.

Isolation and fault protective relays shall be purchased, installed and owned by the Power Producer. The required fault and isolation protection shall be utility grade and conform to the most recent ANSI Standard C37.90. Only solid state/microprocessor based relay models are acceptable.

Isolation Protection

All relay settings associated with the Isolation Protection shall be specified by GPU Energy.

GPU Energy shall have exclusive control and access to the Isolation Protection.

a) Undervoltage (27) with Time Delay (62). Relay to be set at approximately 90% of nominal voltage (108 secondary volts on a 120 volt base). Time delay to be set at approximately 2.0 seconds in order to provide coordination with motor starting and system faults.

b) Overvoltage (59) with Time Delay (62). Relay to be set at approximately 110% of nominal voltage (132 secondary volts on a 120 volt base). Time delay to be set at approximately 2.0 seconds to over-ride relay response to transients and external fault clearing which may cause nuisance operations.

c) Overfrequency (81O). Relay to be set at 60.5 Hertz with no intentional time delay in its operation.

d) Underfrequency (81U) with Time Delay (62). Relay to be set at 57.5 Hertz with a 5.0 second time delay. This setting is necessary in order to coordinate with GPU Energy's system loadshedding underfrequency relaying. GPU Energy, as a member of the Pennsylvania-New Jersey-Maryland Interconnection (PJM) agreement, has agreed to trip generators connected to its system at a frequency of 57.5 Hertz after a delay of 5.0 seconds. Therefore, the Power Producer must also comply with this agreement. The Power Producer is responsible to insure that setting is compatible with all equipment purchased, installed and operated at the Generation Facility.

Fault Protection

Generation Facility's fault protection shall coordinate with GPU System protective devices for faults. All fault protection settings are to be specified by the Power Producer and approved by GPU Energy for coordination purposes only.

e) Out-of-Step Relaying (21 ZOS). Relays may be required to isolate the generator from the GPU System during unstable conditions. The need for out-of-step relaying will be based on the results of stability studies. The Power Producer will be responsible for providing the appropriate relay and settings.

f) Synchronism Check (25). A synchronism check relay will be required on all breakers that may be used to synchronize the generator to the system. The synchronism check relay shall be capable of being set for an angular difference of 10-60 degrees and have an internal timer function allowing a time delay setting between 0.5-5 seconds. The relay chosen must also have an optional hot-bus dead-line; dead-bus hot-line accessory.

g) Non-directional phase overcurrent (50/51), non-directional ground overcurrent (50/51G), and non-directional neutral overcurrent (51N) relays. Where high-side of transformer (GPU System side) is connected to the GPU System via a device other than a fuse, the above mentioned protective relays are required. Current transformers for the 50/51 and 50/51G relays shall be located on the high-side of the transformer's protective device (breaker, circuit switcher, etc.) If high-side grounding of the transformer is provided, the 51N relay shall be connected to a current transformer installed in the neutral connection of the transformer.

h) Voltage controlled time overcurrent relays (51V). In applications where the Generation Facility is interconnected to GPU Energy's distribution system (34.5 kV Wye and below), voltage - controlled time overcurrent relays must be provided. These relays shall be connected to current transformers located on the generator or its associated breaker. These relays shall receive potential from the generator voltage transformers.

i) System backup impedance (21) relay(s). In applications where the Generation Facility is interconnected to GPU Energy's transmission system (34.5 kV Delta and above), an impedance relay must be provided as a backup function to clear faults on the GPU Energy System. This relay(s) shall be connected to current transformers located on the generator or its associated breaker. These relays shall receive potential from the generator voltage transformers. An external timer (0.1 - 5.0 sec) must be provided if not provided internal to the impedance relay design. Time delay will be typically set between 1.0 and 2.0 seconds.

F. CONTROL SYSTEMS

The Power Producer has the option to use either an AC or DC control system, as described below.

1. AC SYSTEM

The AC control system supply must use 60 Hz power derived from the GPU Energy line. The system must be designed to be fail-safe and the failure of any single component must result in a trip of the generator breaker.

NOTE: In AC powered schemes, the generator breaker will probably be a contactor. In such cases, a latching contactor is not acceptable. The AC System shall use continuously energized auxiliary relays with contacts arranged to trip the generator circuit breaker whenever the relays drop out. If a molded case circuit breaker (or equal) is used, it must be equipped with an undervoltage trip option.

All installations must isolate (trip) the generator in such a manner that (i) a manual operation (ii) a time-delayed automatic synchro-check, or (iii) voltage check supervised operation is required to close the generator or point-of-contact breaker (contactor) after the GPU Energy source has returned to normal.

Under no circumstances is the generator contactor (breaker) to close immediately upon restoration of the GPU Energy source.

A white lamp should be provided to monitor the AC source and shall have a nameplate.

2. DC SYSTEM

This system must use a battery of 48 or 125 VDC to supply tripping energy to the generator circuit breaker.

All such installations must isolate (trip) the generator in such a manner that (i) a manual operation (ii) a time-delayed automatic synchro-check, or (iii) voltage check supervised operation is required to close the generator or point-of-contact breaker (contactor) after the GPU Energy source has returned to normal.

Under no circumstances is the generator contactor (breaker) to close immediately upon restoration of the GPU Energy source.

An amber or yellow lamp shall provided to monitor the DC source and shall have a nameplate.

G. TARGETS

All protective relays shall be equipped with targets that indicate operation. These targets are to be arranged in the control circuit to operate only when the associated relays trip the generator or point-of-contact circuit breaker.

H. REMOTE TERMINAL UNIT (RTU)

For all Generation Facility installations, a Remote Terminal Unit (RTU) will be purchased and installed by GPU Energy at the expense of the Power Producer. This RTU will utilize the CDC II protocol and provide the necessary point counts required by the Energy Management System (EMS) of GPU Energy to operate and monitor the generation and interconnection facilites at the Generation Facility site. Point count will include, but not be limited to, analog, MWH, control, and status.

The Power Producer will provide an indoor weather controlled location to mount an RTU and supply a four (4) wire data telephone circuit in order for the RTU to communicate with the GPU

Energy EMS. Furthermore, a telephone and telephone circuit must be provided in the location of the RTU in order that GPU Energy personnel may communicate with the distribution or transmission operator for installation and maintenance purposes.

If necessary, provisions shall be made at the bottom of each enclosure to allow all cables to be wired to the RTU. The Power Producer must also supply the power necessary for the RTU. The supply power can be, but not limited to, 125 VDC, 120 VAC, and 48 VDC.

I. GROUNDING

Neutral and ground are not to be confused. All current and potential neutrals are to be isolated from all other circuits. Each neutral is to be grounded at one point only. The preferred grounding location will be at the protective relay cabinet, on the internal side of the States links.

J. WIRING

All wiring must agree exactly with schematics and wiring drawings.

All wires must be anchored to the cabinet or bundled when running between devices. Bundling is permitted but all wiring must be traceable. Wiring must be installed so that it can be visually traced and checked. Use of conduit, or equal, wire trough is generally acceptable but must be verified with GPU Energy.

Wiring shall be installed so as to avoid damage to the cable and its insulation. Movement of the hinged panel shall not damage the cable or its insulation or cause stress to the termination points on the panel or on the door.

Wiring and device location shall not prevent the removal of any equipment, block access to equipment for inspection and maintenance, nor block spare space in the cabinet.

All equipment shall be mounted and wired in such a manner that no energized terminals or connections are exposed or accessible to personnel with the hinged relay panel in a closed position.

Any protective relay not equipped with internal isolation device must be connected through an external test device (i.e., ABB FT-1 or sliding link terminal blocks as determined and approved by GPU Energy.)

All incoming and outgoing cables/conductors will terminate on sliding link terminal blocks located in the protective relay cabinet.

Terminal blocks shall be the States Company Type NT or equivalent.

The incoming side shall have one (1) nut, for mounting incoming cables.

The internal panel side shall have double nuts for mounting of internal wires and marker tags. Marker tags should carry wire or cable conductor identification.

Terminal blocks shall be mounted such that the connections and lines are accessible and not blocked by projecting equipment.

Terminal blocks shall be mounted a minimum of 6" from side walls and adjacent equipment and a minimum of 4" above the bottom of the housing.

Terminal blocks shall be mounted such that the sliding link:

Falls closed when loosened, if mounted in horizontal rows;

Moves toward the front of the cabinet when opened, if mounted in vertical rows on side panels;

Moves away from the panel centerline when opened, if mounted on the rear panel.

There shall be a minimum of 10% or 2, whichever is greater, spare terminals included in the cabinet for modifications.

Pressure type connections with insulated sleeves shall be used.

Ring tongue lugs which completely encircle the screw or the stud shall be used.

The crimping tool must be one approved by the Manufacturer for use on the connector.

No soldered terminals or connections shall be used.

K. DRAWINGS CONTENT

1. One-Line Diagram

This drawing shows the functional arrangement, using single line and standard symbol notations (per ANSI 432.2-1970, 41.1-1972) for the following equipment and accompanying information:

a) Equipment Names and/or Numerical Designations for all circuit breakers, contactors, switches, transformers, generators, transmission lines, etc., associated with the generation as required by GPU Energy to facilitate switching.

b) Power Transformers - Name or designation, nominal KVA, nominal primary, secondary, tertiary voltages, vector diagram, impedance and tap settings.

c) Station Service/Operating Transformers - Designate phase(s) connected to, and estimated KVA load.

d) Instrument Transformers - Voltage and current, used to supply the Protective Relay cabinet and phase connections.

e) Lightning Arresters/Spill Gaps/Surge Capacitors-Ratings.

f) Capacitor Banks - kvar rating.

g) Switches - Indicate status normally open with a (N.O.) and type of operation manual or motor.

h) Safety Switch - Continuous ampere and interrupting ratings.

i) Circuit Breakers and/or Contactors - Interrupting rating, continuous rating, operating times.

j) Generator(s) - Include type, connection, KVA, voltage, current, rpm, PF, etc.

k) Point of interconnection to the GPU System and phase identification.

1) Fuses - Size, type location.

m) Grounding.

n) Relay Nomenclature - A "1" outside a relay function shall indicate a single phase relay and a "3" shall indicate a three phase relay or three individual relays.

2. Control Schematic

Control schematics are to be functionally complete schematics. They shall be as simple and uncluttered as possible, and shall contain the following information:

a) Terminal designation of all devices - relay coils and contacts, switches, transducers, etc. If a device is not supplied with terminal numbers, the cabinet supplier shall number the device terminals clearly and use those numbers on all drawings.

b) Relay functional designation - per latest ANSI Standard. The same functional designation shall be used on all drawings showing the relay.

c) Complete relay type, manufacturer, style number, and relay range.

d) Numbers or wire designations for all cable connections.

e) Switch contacts shall be referenced to the switch development if development is shown on a separate drawing.

f) Switch developments and escutcheons shall be shown on the drawing where the majority of contacts are used. Where contacts of a switch are used on a separate drawing, that drawing shall be referenced adjacent to the contacts in the switch development. Any contacts not used shall be referenced as spare. All switch developments shall include the manufacturer name, complete style number and notations indicating spring return to normal operation, when appropriate.

g) All switch contacts are to be shown open with each labeled to indicate the positions in which the contact will be closed.

h) Explanatory notes defining switch coordination and adjustment where misadjustment could result in equipment failure or safety hazard.

i) Auxiliary relay contacts shall be referenced to the coil location drawing if coil is shown on a separate drawing. All contacts of auxiliary relays must be shown and the appropriate drawing referenced adjacent to the respective contacts.

j) Device auxiliary switches (circuit breakers, contactor) must be referenced to the drawing where they are used.

k) Any interlocks electromechanical, key, etc., associated with the generation.

l) Ranges of all timers, and setting if dictated by control logic.

m) All target ratings (on dual ratings underline the appropriate tap setting).

n) Complete internal for all protective relays. Solid-state relays may be shown as a "black box" but manufacturers instruction book number shall be referenced, and terminal connections shown.

o) Isolation points (States links or FT-1 blocks) including terminal identification.

p) All circuit elements and components, with device designation, rating and setting where applicable. Coil voltage is shown only if different from nominal control voltage.

q) Size, type, rating and designation of all fuses.

3. Current Schematic

NOTE: This drawing is a primary three line and shall contain the following information:

a) Relay functional designation per latest ANSI Standard. The same functional designation shall be used on all drawings showing the relay.

b) Terminal designations of all devices - relay coils and contacts, switches, transducers, etc.

c) Numbers or wire designations for all cable connections.

d) Phases shall be designated as A, B, C, N and rotation (sequence) indicated as ABC or CBA.

e) Switch developments and escutcheons shall be shown on the drawing where the majority of contacts are used. Where contacts of a switch are used on a separate drawing, that drawing shall be referenced adjacent to the contacts in the switch development. Any contacts not used shall be referenced as spare. All switch developments shall include the manufacturer name, complete style number and notations indicating spring return to normal operation, where appropriate.

f) Auxiliary relay contacts shall be referenced to the coil location drawing if coil is shown on a separate drawing. Switch contacts shall be referenced to the switch development drawing if development is shown on a separate drawing.

g) Current transformers (CT) - polarity marks, rating, tap, ratio and connection.

h) Auxiliary CT ratios, connection, winding current rating and arrows to indicate assumed current flow.

i) Grounding of cables, CT's, etc.

j) Isolating points (States links, test switches, etc.).

k) Complete relay type, manufacturer, style number and relay range.

l) All circuit elements and components, with device designation, size, rating and setting where applicable.

4. Potential Schematic

This drawing is a primary three line schematic with only switching devices shown and shall contain the following information:

a) Terminal designations of all devices - relay coils and contacts, switches, transducers, etc.

b) Relay functional designation - per latest ANSI Standard. The same functional designation shall be used on all drawings showing the relay.

c) Complete relay type, manufacturer, style number and relay range.

d) Numbers or wires designations for all cable connections.

e) Phases shall be designated as A, B, C, N and rotation (sequence) indicated as ABC or CBA.

f) Auxiliary relay contacts shall be referenced to the coil location drawing if coil is shown on a separate drawing. All contacts of auxiliary relays shall be shown with each referenced to the appropriate drawing.

g) Switch developments and escutcheons shall be shown on the drawing where the majority of contacts are used. Where contacts of a switch are used on a separate drawing, that drawing must be referenced adjacent to the contacts in the switch development. Any contacts not used shall be referenced as spare. All switch developments shall include the manufacturer name, complete style number and notations indicating spring return to normal operation, when appropriate.

h) Switch contacts shall be referenced to the switch development drawing if development is shown on a separate drawing.

i) All switch contacts are to be shown in the open position, and labeled to indicate closed position(s).

j) Explanatory notes defining switch coordination and adjustment where misadjustment could result in equipment failure.

k) Ranges of all timers, and setting if dictated by control logic.

l) Isolating points (States links, test switches, etc.).

m) Grounding of cables, VTs, etc.

n) Potential transformers (PTs, VTs), nameplate ratio, polarity marks, rating, primary and secondary connections.

o) All circuit elements and components, with device designation, rating and setting where applicable. Coil voltage is shown for all auxiliary relays.

p) Size, type, designations of all fuses.

5. Panel Wiring Drawing

NOTE: Wiring diagrams shall follow the physical equipment layout. The following equipment must be identified on this drawing.

a) Front view sketch with functional designation and device type for all components and nameplates.

b) External cables, wire designations (number, destination and drawing number). Each wire designation shall be unique.

c) Terminal block location and number.

d) Equipment identification - functional designation and device wiring designation (ratings shall appear by components only when required for specific identification and clarity).

e) Reference to relay internals, schematic, and Instruction Book(s).

f) Current transformer tap ratio tables where applicable.

g) Ground bus and connections.

h) Current circuits must be identified with asterisks.

i) Reference to switch developments.

j) Complete panel wiring details for all equipment included on panel.

k) When external devices are connected to the protective relaying cabinet, wiring drawings must be supplied for those devices.

6. Three-Line Diagram

This drawing must include all the equipment shown on the one line diagram and all information necessary for correct phasing.

a) Phases shall be designated as A, B, C, N and rotation (sequence) indicated as ABC or CBA.

b) Both GPU Energy and Generation Facility phase designations, rotation (sequence), as well as necessary interconnections shall be designated.

c) Terminal numbers shall be identified for all primary equipment (i.e., breakers, transformers, generators, etc.) shown on the one-line diagram.

d) Bushing designations shall be identified for all circuit breakers and transformers.

L. PROTECTIVE RELAY TEST REQUIREMENTS

1. Commissioning as well as periodic and functional testing of required fault protection (21 ZOS, 25, 50/51, 50/51G, 51N, 51V, 21, 62, 27, 59, 81, etc.) shall be performed and documented by the Power Producer at intervals specified by GPU Energy and to specifications established by the manufacturer.

All required testing of the fault protection shall be performed and certified by a qualified testing organization acceptable to GPU Energy. See Attachment 3.

A maintenance and test log will be developed and maintained by the Power Producer. This log will detail all maintenance information recommended by the manufacturers and then instruction manuals. This log will contain specific information pertinent to the equipment maintained, e.g. location, manufacturer, year, type, serial number, date and type of test (functional trip test calibration test results, etc.) and any corrective action taken due to test/maintenance findings. This log shall be available for inspection by GPU Energy at any reasonable time. Each year, a letter indicating that all required testing and maintenance has been completed with acceptable results shall be submitted to GPU Energy. GPU Energy has the right upon request to inspect all required protective equipment associated with the Generation Facility's interconnection(s).

2. GPU Energy shall reserve the right to specify settings of all isolation devices which are part of the Generation Facility?s system.

3. GPU Energy shall require initial inspection and testing as well as subsequent inspection and testing of the Generating Facility?s isolation and fault protection systems (27-62, 59-62, 81o, 81u-62, etc.) at the Generation Facility's expense on an annual basis. All required testing shall be performed and certified by a qualified testing organization acceptable to GPU Energy (Attachment 3). GPU Energy reserves the right to observe any tests performed. Maintenance of these systems must be performed and documented by the Power Producer at specified intervals

to the satisfaction of GPU Energy. GPU Energy shall reserve the right to disconnect the Generation Facility and/or the cogeneration equipment from the GPU system for failure to comply with these inspections, testing and maintenance requirements.

M. FINAL INTERCONNECTION APPROVAL

Final interconnection approval will be given upon:

1. Positive engineering review of the Generation Facility's Electrical Plans (See Section C2).

2. Receipt of all information required in Section C1 in triplicate.

3. Written certification from an approved relay testing organization (Attachment 3) that all fault protection relays have been successfully acceptance tested, commissioned, set, and functionally trip tested.

4. Settings, acceptance testing, commissioning and functional trip testing of all Isolation Protection Relays shall have been successfully completed by the relay testing organization and approved by GPU Energy.

Attachment 1
PROTECTION REQUIREMENTS

TO BE INCLUDED WITH FINAL DOCUMENT

Figure

1 Generation Connected to System Voltages 34.5 kV Wye and Below

2 Generation Connected to System Voltages 34.5 kV Delta and Above with Wye-Wye and Delta-Wye Transformer Connections

3 Generation Connected to System Voltages 34.5 kv Delta and Above with Wye-Delta and Delta-Delta Transformer Connections

Attachment 2
GENERATOR DATA FOR STABILITY CALCULATIONS

Machine MVA base for each machine: _____

_____

_____

Set-up transformer percent impedance and MVA base

_____ % R+J _____% X _____ MVA

_____ % R+J _____% X _____ MVA

Value*	Description (for each machine)
	T=do (sec. 0)
	T@do (sec. 0)
	T=qo (sec. 0)
	T@qo (sec. 0)
	Inertia H Total Shaft Inertia (Turbine, exiter, generator)
	Speed Damping D If unavailable, program defaults to 0.0
	Xd
	Xq Excitation System Brand Name _____ Type _____
	X=d

	X=q
	X@d=X@q
	X1 If unavailable, program defaults to 0.05Xd
	S(1.0) Saturation values 1.0 pu. Voltage; if unavailable, program defaults to 0.11
	S(1.2) Saturation values 1.2 p.u. voltage; if unavailable, program defaults to 0.48

*Xd, Xq, X=d, X=q, X@d, X@q, X1, H, and D are in p.u. machine base.
X@q must be equal to X@d.

Attachment 3
ACCEPTED RELAY TESTING ORGANIZATIONS

GPU Energy

ABB Power T&D Company
One Bala Plaza
Bala Cynwyd, Pennsylvania 10994

Doble Engineering Company
65 Walnut Street
Watertown, Massachusetts 02172

General Electric Company
205 Great Valley Parkway
Malvern, Pennsylvania 19355

GPU Energy Company
2600 Pottsville Pike
Post Office Box 16001
Reading, PA 19640-0001

MET Electrical Testing Company, Inc.
916 W. Patapsco Avenue
Baltimore, Maryland 21230

Multi-Amp Corporation
4271 Bronze Way
Dallas, Texas 75237

Addresses identified above are GPU Energy's regional contacts for relay testing services. Other regional contacts may be more appropriate for the consulting engineer.

REFERENCES

1. Guide for Interconnection Requirements and Parallel Operation of Customer-Owned Generation Georgia Power Company - Electric Operations Bulletin No. 51

2. Protection Requirements for Parallel Operation of Non-Utility Generation, Pennsylvania Power & Light Company - Revision #5 dated June 20, 1988

Schedule C

Penelec Safety Manual Tagging Rules -
Operating Division

Section 6 TAGGING RULES - OPERATING DIVISIONS

NOTE It should be understood that the "Area Load Supervisor" referred to in these rules represents the party under whose orders switching and tagging is done, and they may be referred to as a "Dispatcher", "System Operator", etc.

601 TAGGING RULES

a) In order to make it safe for employees working on or near any electrical circuit or equipment, the following rules are now in effect. (All lines and/or equipment shall be considered "energized'' at all times unless properly protected in accordance with these rules.)

b) It shall be the duty of the Area Load Supervisor to rigidly enforce these rules, to report all violations, to keep an accurate record of all orders, checks, and circumstances of the work carried on under these rules.

602 WHO CAN TAG LINES OR EQUIPMENT

a) The System Operations Department will maintain and distribute an approved "Switching and Tagging List" with names of all employees authorized to do switching and have lines and equipment tagged. Request for additions to this list will originate with department heads and be made only after the applicant has been trained by the Department Head or designee and checked or approved by the System Operations Department.

b) Only employees thoroughly familiar with these rules and the wiring of the section of the system upon which they are to work shall be permitted to request lines or equipment to be taken out of service or take charge of any work.

603 TAGS

a) Tags used on switches shall be of three kinds: namely, RED and BLUE tags for personnel protection and a YELLOW tag for "Do Not Operate" equipment protection.

b) A disconnecting device with a visible break between the line or equipment to be worked upon and each possible source of potential shall be tagged with a RED or BLUE tag.

c) Under no circumstances shall a switch bearing a RED tag be operated.

d) Any equipment, line or section of line between RED tags must not be made alive under any circumstances.

EXCEPTION ONE: Where any diagnostic testing is being conducted on electrical equipment located within Generating Stations and associated Substations. This equipment may be subjected to diagnostic test voltages provided that 1) the equipment is electrically isolated by visible breaks and 2) all parties working within the established Red Tag Zone are properly informed and consent given for the diagnostic testing procedure and 3) a "Diagnostic Testing Awareness Permit" is completed. This exception applies to the following equipment:

High Pressure Generators, Low Pressure Generators, Isophase Buses, Bus Work, Generator Stepup Transformers, Auxiliary Transformers, Startup Transformers, Station Service Transformers, Scrubber Transformers, Potential Transformers, Transmission & Distribution Transformers, Generator Isolating Disconnects, Circuit Breakers and associated Motor Operated Air Break Switches (MOAB) and Grounding Switches, Single and Double Stack CCVT/Æs, Single and Double Stack Surge Arresters, and Wave Traps.

EXCEPTION TWO: Where diagnostic testing is being conducted on Multi-Stacked (3 or more stacked) Coupling Capacitor Voltage Transformers (CCVT) and Multi-Stacked (3 or more stacked) Surge Arresters within Substations and Generating Stations, the following items must be adhered to: 1) the top bus/line Terminal can remain connected, but must be grounded by approved personnel grounds; and 2) all parties working within the established Red Tag Zone are properly informed and consent given for the diagnostic testing procedure and a "Diagnostic Testing Awareness Permit" is completed.

e) Any number of RED tags may be attached to a switch at the same time, thus allowing a number of parties to work, but there will be only one (1) BLUE tag allowed on a switch at one time, thereby permitting only one party to work. Any equipment, line or section of line between a RED tag and a BLUE tag, or between BLUE tags, may be made alive but only under the direction of the person for whom the tags are attached. No BLUE tag may be attached to a switch bearing a RED tag.

f) When BLUE tags are used, the lines or equipment in the protected area may be energized -- in some cases at many times normal voltage, as when insulation is being tested. The person tor whom the tags are placed shall work with due regard for the actual condition existing. During periods when voltage is not being applied, grounds shall be attached

g) When the line or equipment to be worked upon needs to be energized from a source other than diagnostic test equipment, a BLUE tag shall be used. If a switch so tagged is to be operated, arrangements must be made with the Area Load Supervisor by the person for whom the tag is attached. This is not to be construed as preventing the opening of such a switch by competent persons in case of an emergency.

h) No equipment shall be operated within the zone of clearance protected by RED tags, except with the knowledge and consent of the Area Load Supervisor.

i) YELLOW tags must not be used to provide safety clearance for the protection of employees working on electrical apparatus.

j) YELLOW tags should be attached to the control device of the equipment which is not to be operated, in the station or in the field.

k) YELLOW tags will be used where directed by the Area Load Supervisor to indicate conditions other than normal and removed under his/her direction.

l) In each case when a YELLOW tag is used, the reason must be clearly stated on the tag in the space provided.

604 REMOTE CONTROLLED SWITCH (PROTECTION)

a) When work is being performed on an automatic or remote controlled switch that involves any of the mechanical gear, moving parts or switch contact members, and during those periods when it is not necessary to operate the switch mechanism, the control circuit shall be made inoperative by opening control circuit switch, removing control circuit fuses, or disconnecting control circuit leads. In some cases, mechanical blocking of the switch gear mechanism may also be necessary for complete protection. In the case of switch gear operated by hydraulic or compressed air power, closing valves in the pipe lines to the master cylinder and/or the opening of pressure relief valves shall be required.

605 HOW TO HAVE LINES OR EQUIPMENT TAKEN OUT OF SERVICE

a) Before inspecting, testing, or doing any work on or near any line or equipment, either in service or ready to be put into service, where there is any danger, the matter must be taken up with the Area Load Supervisor.

b) The Area Load Supervisor will require the following information:

1) Exact nature of the work and location.

2) All switches, lines or other equipment that will be involved.

3) Time work will be started.

4) Approximate length of time such line or equipment will be out of service.

5) The person responsible for the work and where and how they may be reached by phone or messenger.

c) The Area Load Supervisor will investigate the load conditions and requirements for such time and, if such work can be done, the permission will be granted.

d) The Area Load Supervisor shall insure that the work to be done will not interfere with or make unsafe any other work which is to be done on the same, or other equipment or lines at the same time.

606 HOW TO HAVE SWITCHES TAGGED

The term Switchman does not refer to either gender, but means the person operating the switch.

a) If the work is to be done, the Area Load Supervisor will call the Switchman where switching is to be done and precautions taken -- instructing the Switchman as to the necessary switches to be opened and to make out tags and attach them in a substantial manner and in a conspicuous place, to or near all switches involved.

b) The following shall be written on each tag:

1) Name of station and date.

2) Name of person responsible for work.

3) Number or name of switch.

4) Name of Switchman placing tag.

5) Time when tag is put on.

6) Name of Area Load Supervisor ordering its attachment.

c) After Area Load Supervisor has been notified by all Switchmen that the switches involved have been opened and that tags have been properly attached, the Area Load Supervisor will so notify the person requesting same, naming each place where switches have been opened and where tags have been placed.

d) Whenever practicable, the person responsible for the work will verify the switching and tagging.

e) After the party who is responsible for the work has confirmed all switching with the Area Load Supervisor, they will perform or closely supervise the testing and grounding as follows:

The line or equipment upon which the work is to be done shall be tested with an approved testing device and, if found dead, an approved grounding device shall be attached on each side of the working zone, first to ground and then to all phases of the line or equipment. When working on station equipment where it is impracticable to ground on each side of the working zone, the equipment to be worked upon must be isolated and must also be grounded when practicable.

607 EXTENSION OF TIME

a) When arrangements are made for doing the work and definite time is granted by the Area Load Supervisor, it shall be understood that the line or equipment must be ready for service at the expiration of this time. If the party doing the work finds that it cannot be finished in the allotted time, the Area Load Supervisor will be notified as soon as possible and may grant an extension of time or furnish further instructions.

608 MORE THAN ONE PARTY WORKING ON APPARATUS

a) If it is desired to work on any circuit which has been previously tagged, it will be necessary for the second party to have their tag attached before doing any work and will discuss this with the Area Load Supervisor as if there were no other tags on such circuit.

609 HOW TO HAVE TAGS REMOVED

a) After the work has been completed and the party responsible for the work is absolutely sure that all persons under their direction are safely clear from same and that the lines or equipment are again ready for service, they will remove or closely supervise the removal of their grounds and then notify the Area Load Supervisor.

b) Switchmen will not remove any tags or operate any switches except by order of the Area Load Supervisor.

c) As soon as the Area Load Supervisor has been notified by all parties requesting tags attached that the work has been completed and the line or equipment is clear and that their tags may be removed, the Area Load Supervisor will order the Switchmen to remove the tags.

d) As soon as the tag has been removed, the following information shall be noted on it:

1) The name of the Switchman removing the tag.

2) The name of the Area Load Supervisor ordering its removal.

3) Date and time when the tag was removed.

610 WORK TURNED OVER TO ANOTHER PARTY

a) If it is necessary for the party for whom the tag was attached to leave before the work has been completed and the work is to be turned over to someone else to finish, proceed as follows:

1) If working under a RED tag, the new party will have a tag attached in his own name before the first party has his tag removed.

2) If working under a BLUE tag, the party for whom this tag was attached, after making sure that all persons under their direction are in the clear, will have their tag removed and the new party will then have a tag attached in their own name.

b) The party for whom the tag was originally attached must have cleared their tags with the Area Load Supervisor before leaving the job.

611 NEW INSTALLATIONS

a) These rules apply to all new work as soon as any connection is made which permits any part of the new work to be energized by the operation of a switch or any other device.

612 OTHER COMPANIES' PERSONNEL ON OUR CIRCUITS

a) When representatives of other companies desire tags placed on switches controlled by this company, it must be taken up with local supervision who will refer the matter to the Area Load Supervisor.

b) The Area Load Supervisor will not order any switch operated or tagged for any person who is not authorized to request such switching and tagging.

613 COMPLIANCE WITH REGULATIONS

a) Failure to comply with the regulations will be sufficient cause to be suspended from the tagging list.

614 SPECIAL CONDITIONS

a) When lines or equipment to be worked upon are located where there is no convenient means of communication or when a lengthy interruption to service may be prevented, the Area Load Supervisor may, at their discretion, give completed switching orders to clear and restore to service after the work is finished. The responsibility for safety of the personnel and equipment will rest with the employee requesting lines or equipment cleared.

615 INABILITY TO COMPLY WITH RULES

a) When the rules in this section cannot be complied with, the Manager-System Operations or his designee must be consulted by the Area Load Supervisor.

b) The type of equipment, etc. used on underground systems may make it impossible to use these rules. In such cases, adequate rules for the protection of personnel working on such apparatus shall be provided.

c) In the event tags placed for an authorized employee must be removed and the employee is unavailable to release his/her tags, only the employee's direct supervisor or designee may release the employees' tags. In this event the supervisor or his designee assumes full responsibility to assure that all persons under the direction of the absent employee are safely clear and that the lines or equipment are ready for service.

616 CONFIRMING MESSAGES

a) In every case an employee receiving switching or tagging orders must repeat them back to eliminate any possibility of a misunderstanding.

b) Switching orders thus received must be written down by the person receiving them. DO NOT DEPEND ON MEMORY IN EXECUTING SWITCHING INSTRUCTIONS.

c) Preprinted switching requests received from a FAX machine must be reviewed and verified by the switchperson as being correct prior to completing the switching order.

617 SWITCHES OF OTHER COMPANIES

a) These rules apply only to the lines and switches of this company. Lines and switches of other Companies will be governed by their respective rules.

b) When work involves lines and switches of a foreign company, the necessary switching and tagging will be obtained through the Area Load Supervisor.

BUS - A conductor or group of conductors that serve as a common connection for two or more electric circuits within a station.

CAPACITOR - A device, the primary purpose of which is to introduce capacitance into an electric circuit. Shunt capacitors are normally used to produce REACTIVE POWER for voltage control. Series capacitors are normally used to reduce the effective reactance of a circuit.

CHARGING CURRENT - The current that flows due to the capacitance of a transmission line when it is ALIVE.

CIRCUIT - A system of conductors and its component parts through which an electric current flows or is intended to flow.

CIRCUIT BREAKER - A switching device capable of making, carrying and breaking currents under normal circuit conditions and also making, carrying for a specified time and breaking currents under specified abnormal conditions such as those of a short circuit.

CLEAR - A statement made by the person who was issued clearance by the Area Load Supervisor that all grounds and personnel are clear of the lines and equipment and the lines and equipment may be energized.

CLEARANCE - A statement of the location and the type of tag attached to each disconnecting device with a visible break from each possible source of potential issued by the Area Load Supervisor to the person for whom the tagging was done.

CLOSE OPERATION - (Switching Device) - The movement of contacts from the normally open to the normally closed position. Synonym.; Close, Closed.

COMPONENT - An individual item of electrical apparatus connected directly to the electric power system.

DISCONNECTING SWITCH - A mechanical switching device used for changing the connections in a circuit or for isolating circuit or equipment from a voltage source.

DISTURBANCE - Severe oscillations or severe step changes of current, voltage or frequency usually caused by Faults.

ELEMENT - Any electric device with terminals which may be connected to other electric devices. Usually limited to a generator, TRANSFORMER, transmission circuit, CIRCUIT BREAKER, or BUS section.

ENERGIZE - To make a piece of equipment ALIVE.

FAULT - An electrical fault is a physical condition which results in the failure of a COMPONENT to transmit electrical power in the manner for which it was designed.

FAULT, PERMANENT - A fault which prevents the affected device from being returned to service until physical actions are taken to effect repairs or to remove the cause of the FAULT.

FAULT, TRANSIENT - a FAULT which occurs for a short or limited time, or which disappears when the faulted device is separated from all electrical sources and which does not require repairs to be made before the device can be returned to service either manually or automatically.

FAULT CLEARANCE, DELAY - Fault clearance consistent with correct operation of a breaker failure scheme and its associated breakers or of a backup relay scheme with intentional time delay.

FAULT CLEARANCE, NORMAL - FAULT clearance consistent with correct operation of protective relay scheme designed to clear the FAULT without unnecessary delay and with correct operation of all circuit breakers or other automatic switching devices intended to operate in conjunction with that relay scheme and without the operation of any other protective or switching equipment.

FEEDER - A distribution circuit usually 50 KV or less which supplies customer load.

GROUNDED - Connected to earth or to some extended conducting body that serves instead of the earth, whether the connection is intentional or accidental.

LOAD - Refers to the power or energy that is delivered to a customer, or to a designated part of a system

OPEN & ALIVE - A term used to indicate a COMPONENT or ELEMENT is ALIVE but is not transferring POWER.

OPEN OPERATION (Switching Device) - The movement of contacts from the normally closed to the open position. Synonym; Open, Opened.

OUT-OF-SERVICE - A term used to indicate a COMPONENT or ELEMENT is disconnected from the system.

OUTAGE - A system component or element is in an outage state if it is not connected to the electrical system and fulfilling its design function.

OUTAGE, (SCHEDULED, PLANNED MAINTENANCE) - An OUTAGE that results when a device is deliberately taken out of service at a pre-selected time.

OVERLOAD - A condition wherein electrical equipment is carrying current in excess of its applicable rating.

PARALLEL - To connect two synchronous systems, sources or ELEMENTS together.

RECLOSURE, AUTOMATIC - The automatic closing of a CIRCUIT BREAKER(S) by relay action after it has been tripped by PROTECTIVE RELAYS. The AUTOMATIC RECLOSURE may be high speed or include a time delay.

RECLOSURE HIGH SPEED - AUTOMATIC RECLOSURE of a CIRCUIT BREAKER(S) with no intentional time delay beyond that required to permit fault arc deionization.

RECLOSURE MANUAL - The closing of a CIRCUIT BREAKER(S) by operator action after it has been tripped by PROTECTIVE RELAYS.

RELAY, PROTECTIVE - A device whose function is to detect defective lines or apparatus or other power system conditions of an abnormal or dangerous nature and to initiate appropriate control circuit action.

NOTE: A PROTECTIVE RELAY may be classified according to its input quantities, operating principle, or performance characteristics.

SUPERVISORY CONTROL - A form of remote control comprising an arrangement for the selective control of remotely located facilities by an electrical means over one or more common interconnecting channels.

SURGE - A transient variation of current, voltage or power flow in an electric circuit.

SYSTEM DISTURBANCE - A major DISTURBANCE on a system characterized by one or more of:

loss of system stability

cascading outages of transmission circuits

abnormal ranges of frequency or voltage

TRANSFORMER - An electromagnetic device for transferring energy from one circuit to another of different voltage levels in an alternating current system.

TRANSMISSION - In power system usage, the bulk transport of electricity from large generation centers over significant distances to interchanges with large industries and distribution networks of utilities.

TRIP OR TRIPPED - An opening operation initiated by an operator or relay action.

Schedule D

Voltage Regulation

Homer City Follow GPU direction

Homer City Station

Voltage Regulation

During normal operations, the Homer City generating units are to regulate the Homer City 230 kV and 345 kV busses to the following voltage schedules:

Monday through Friday:

	230 kV Bus	345 kV Bus
0700 to 2300	237kV	355kV
2300 to 0700	240kV	357kV

Saturday, Sunday, and holidays:

	230 kV Bus	345 kV Bus
0700 to 2300	237kV	355kV
2300 to 0700	237kV	355kV

While the 230 kV voltage will be adjusted by the Homer City Unit No. 1 Control Room Operator, the 345 kV voltage control must be coordinated between the Control Room Operators for Units No.2 and No.3. The MVAR output of the Units No.2 and No.3 should be balanced as closely as possible to reduce the reactive power circulation through the Owners 345/230/23 kV autotransformers at Homer City. The Homer City Control Room Operators shall implement the above defined voltage schedule changes within five (5) minutes of the indicated times.

Note that from time to time, due to the conditions that may occur on the power system, the Transmission Operator may request the Homer City Control Room Operators to adjust their units to control an alternate voltage schedule from those defined above. Alternatively, the Transmission Operator may also direct the Homer City units to maintain a fixed reactive power schedule.

The Homer City Control Room Operators shall comply with all such directions by the Transmission Operator. However, at no time should the Homer City generating units be permitted to exceed their generation capability or violate any electrical constraints within the Owners Excluded Assets.

Schedule E

Insurance Requirements

1. The Buyer shall keep the Homer City Station and the Owners shall keep the Owners Interconnection Facilities continuously insured against loss or damage in amounts and for risks that property of similar character is usually so insured by entities owning and operating like properties.

2. The Owners and the Buyer, or the operator of the Homer City Station (if other than the Buyer) and their respective successors and assigns shall procure or cause to be procured and shall maintain in effect continuously during the term of this Agreement the following minimum insurance coverages:

Type of Coverage	Liability Limits
Worker's Compensation	Statutory
Employer's Liability	$500,000 per occurrence/injury
Comprehensive/General Liability including:	$1,000,000 combined single limit, each occurrence
	$2,000,000 aggregate limit applicable for the Facility
Bodily Injury	
Property Damage	
Blanket Contractual	
Underground Explosion and Collapse Hazard	
Products and Completed Operations Hazard	
Board Form Property Damage	
Personal Injury	
Automobile Liability (Owned, Hired, Non-Owned)	$1,000,000 combined

Bodily Injury single limit

Property Damage

Commercial Umbrella Liability $9,000,000 per occurrence

follow the form of
Commercial General Liability
Automobile Liability and
Employers Liability

3. All insurance policies identified in paragraph 2, except Worker's Compensation Insurance, shall name the other Party as additional insureds.

4. Each Party shall provide, and shall continue to provide to the other Party, during the term of the Agreement (including any extensions), by delivering to its corporate office at:

FOR BUYER: _____
_____
_____;

FOR PENELEC: 2800 Pottsville Pike
P.O. Box 16001
Reading, Pennsylvania 19640-0001
Attention: Manager - Bulk Power Operations; and

FOR NYSEG: _____
_____
_____;

properly executed and current certificates of insurance relative to insurance policies. Certificates of insurance shall provide the following information:

(a) Name of insurance company, policy number and expiration date;

(b) The coverage required and the limits on each, including the amount of deductibles or self-insured retentions.

(c) A statement indicating that the other Party shall receive at least thirty (30) days prior written notice of cancellation or reduction of liability limits with respect to said insurance policies; and

(d) To the extent applicable, a statement indicating that the other Party have been named as an additional insured.

7. A copy of each insurance policy, certified as a true copy by an authorized representative of the issuing insurance company, or in lieu thereof or in addition thereto, at the Owners' discretion, a certificate in form satisfactory to the Owners certifying to the issuance of such

insurance, shall be furnished to the Owners not less than ten (10) days prior to the interconnection of the Homer City Station and fifteen (15) days prior to the expiration date of each such policy and/or certificate.

8. Each Party shall have the right to inspect the original policies of insurance applicable to this Agreement at the other Party's place of business during regular business hours.