

COVER PAGE FOR THE NEW JERSEY ELECTRIC TARIFF – SECTION II

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ATLANTIC ELECTRIC

TARIFF FOR ELECTRIC SERVICE

SECTION II - STANDARD TERMS AND CONDITIONS

ATLANTIC CITY ELECTRIC COMPANY
D/B/A
CONNECTIV POWER DELIVERY

General Offices
800 King Street
Wilmington, DE 19899

Date of Issue: July 22, 1999

Effective Date: August 1, 1999

Issued by: Howard E. Cosgrove, CEO
Wilmington, DE

Filed pursuant to Order of the Board of Public Utilities of the State of New Jersey as presented in
Docket Nos. EO97070455, EO97070456, EO97070457

SECTION II

TERMS AND CONDITIONS OF SERVICE

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TERMS AND CONDITIONS OF SERVICE**1. GENERAL INFORMATION****1.1 Filing:**

This tariff, comprising service rules, regulations and rate schedules governing supply of electric service within the service area of the Atlantic City Electric Company, is the official tariff of the Company on file with the Board of Public Utilities of the State of New Jersey.

1.2 Scope:

The provisions of this tariff shall apply to all persons, natural or artificial and including, but not limited to, partnerships, associations, corporations (private and public), bodies politic, governmental agencies and any other customer receiving electric service hereunder. These "Terms and Conditions" are subject to modifications embodied in "Special Terms and Conditions" of the particular rate schedule under which such customers may be served.

1.3 Revisions:

No agent, representative or employee of the Company is authorized to waive or change the provisions of this tariff, nor shall any agreement or promise to do so be binding upon the Company. Revisions may be made only in compliance with orders of the Board of Public Utilities.

1.4 Other Publications:

Publications set forth by title in these Terms and Conditions of Service are incorporated in these Terms and Conditions of Service by reference.

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TERMS AND CONDITIONS OF SERVICE**2. OBTAINING SERVICE****2.1 Application:**

Application for service shall be made at nearest Company business office, in person, by mail or by telephone, facsimile transmission and electronic mail where available. At the Company's discretion, a signed application may be required, which when duly accepted by the Company, shall constitute evidence of the agreement between the Company and the customer. A copy of the application will be furnished to the customer upon request.

2.2 Choice of Schedule:

A copy of the Schedules and "Terms and Conditions" under which service is to be rendered to the customer will be furnished upon application at the Company's office, and the customer may choose the appropriate rate schedule applicable to his service, upon which his application shall be based. He may not change from one schedule to another except by mutual agreement. If customer so desires, the choice of schedule may be discussed with designated Company representatives who will assist in explaining the advantages of each applicable schedule. On request, representative will also explain method of reading meters.

2.3 Deposits:

A deposit may be required of the customer before service will be supplied. Such deposit shall be the estimated average bill of the customer for a billing period based upon the average monthly charge over an estimated 12 month service period increased by one month average bill. Customers in default in the payment of bills shall be required to furnish a deposit or increase their existing deposit in an amount sufficient to secure the payment of future bills. The Company will pay interest on deposits so made at not less than such rate as may be required by the New Jersey Board of Public Utilities when such deposits are held by the Company for a period of three (3) months or longer. The Company will furnish a receipt to each customer who has made a deposit. If a customer who has made a deposit fails to pay a bill, the Company may apply such deposit insofar as is necessary to liquidate the bill, and may require that the deposit be restored to its original amount. The Company shall review a residential customer's account at least once every year, and a non-residential customer's account at least once every two years and if such review indicates that the customer has established credit satisfactory to the utility, then the outstanding deposit shall be returned to the customer.

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TERMS AND CONDITIONS OF SERVICE**2. OBTAINING SERVICE (Continued)****2.4 Extension of Service****A. Definitions**

Applicant for service, developer, or customer: for purposes of this Section of the Tariff, an applicant for service, a developer, and a customer are treated synonymously and in conformance with how those terms are applied in N.J.A.C. Subchapter 14:3-8.

Area not designated for growth: an area that is not a designated growth area as defined herein.

Cost: actual expenses incurred for materials and labor (including both internal and external labor) employed in the design, purchase, construction, and/or installation of the extension, including overhead directly attributable to the work, as well as overrides or loading factors such as those for back-up personnel for mapping, records, clerical, supervision or general office functions. Cost also includes the tax consequences incurred under the Tax Reform Act of 1986 and New Jersey state income tax law by the regulated entity as a result of receiving deposits or contributions.

Designated growth area: an area depicted on the New Jersey State Planning Commission State Plan Policy Map as:

1. Planning Area 1 (Metropolitan Planning Area, or PA-1);
2. Planning Area 2 (Suburban Planning Area, or PA-2);
3. A designated center;
4. An area identified for growth as a result of either an initial or advanced petition for plan endorsement that has been approved by the State Planning Commission pursuant to N.J.A.C. 5:85-7;
5. A smart growth area and planning area designated in a master plan adopted by the New Jersey Meadowlands Commission pursuant to subsection (l) of section 6 of N.J.S.A. 13:17-6; or
6. A Pinelands Regional Growth Area, Pinelands Village or Pinelands Town, as designated in the Comprehensive Management Plan prepared and adopted by the Pinelands Commission pursuant to section 7 of the Pinelands Protection Act, N.J.S.A. 13:18A-8.

Distribution revenue:

Total revenue, plus related Sales and Use Tax, collected by a the Company from a customer, minus Basic Generation Service charges, plus Sales and Use Tax on the Basic Generation Service charges, and transmission charges derived from FERC approved Transmission Charges, plus Sales and Use Tax on the transmission charges, assessed in accordance with Section IV of the Company's Tariff.

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Extension: For purposes of this section 2 of the Tariff, "extension" means: the construction or installation of plant and/or facilities by a regulated entity to convey service from existing or new plant and/or facilities to serve new development or one or more new customers, and also means the plant and/or facilities themselves. This term includes all plant and/or facilities for transmission and/or distribution, whether located overhead or underground, on a public street or right of way, or on a private property or private right of way, including the wire, poles or supports, cable, pipe, conduit or other means of conveying service from existing plant and/or facilities to each unit or structure to be served, except as excluded at paragraphs 1 through 2 below. An extension begins at the existing infrastructure and ends as follows:

1. For an overhead extension of electric service, the extension ends at the point where the service connects to the building, but also includes the meter;
2. For an underground extension of electric service, the extension ends at, and includes, the meter; unless the applicant and the Company make other arrangements.

In other portions of the Tariff, the term "extension" may have a narrower meaning that excludes service lines and metering.

Plant and/or facilities installed to supply the increased load of existing non-residential customers are also considered an Extension where either: 1) Company facilities of the required voltage or number of phases did not previously exist, or 2) existing Company facilities are upgraded or replaced due to an Applicant's new or additional electrical load being greater than 50% of the total design capacity of the pre-existing facilities.

Smart Growth Infrastructure Investment Program (SGIIP): SGIIP area is any area in a municipality that is located in planning area 1, and for which the municipality has obtained appropriate formal endorsement from the State Planning Commission.

Targeted Revitalization Incentive Program (TRIP): a pilot program intended to remove infrastructure-related barriers to development in certain areas designated for growth. Under a TRIP, the Board may, on a pilot basis, authorize a regulated entity to charge customers for the costs of installing certain infrastructure in a specific area in order to build the necessary capacity to serve planned and prospective development that is described in a municipal master plan, and is approved by the State Planning Commission. A "TRIP area" means an area that meets one or more of the following criteria:

1. The area is within a Planning Area 1 and the municipality has received initial plan endorsement for the area from the State Planning Commission in accordance with N.J.A.C. 5:85-7.1; and
2. The area is within a Planning Area 2, 3, 4, or the municipality has received advanced plan endorsement for the area from the State Planning Commission in accordance with N.J.A.C. 5:85-7.1, and the Office of Smart Growth has recommended consideration of the area for a TRIP .

B. General

To obtain regulated services to serve new developments or new customers, an application must be made with the Company for construction of an extension. Specific regulations apply to such extensions in areas designated as growth and non-growth areas as defined in this Tariff and in N.J.A.C. 14:3-Subchapter 8, which regulations include provisions specific to extensions for single residential customers and multi-unit and non-residential developers. Special rules also apply in areas that have been designated by the New Jersey government under the "Smart Growth Infrastructure Incentive Program" or "Targeted Revitalization Incentive Program."

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The following provisions apply to all extensions for service:

- (a) The Company shall not pay for or financially contribute to the cost of an extension, except in accordance with the provisions of Paragraph 2.5 of this Section of the Tariff.
- (b) An extension shall become the property of the Company upon its completion unless other arrangements have been made.
- (c) The estimated cost of an extension for which the Company receives a deposit, or receives a non-refundable contribution, shall include the tax consequences incurred under the Tax Reform Act of 1986 and New Jersey state income taxes by the regulated entity as a result of receiving deposits or contributions..
- (d) Where an Extension provides service to both a Designated Growth Area and an Area Not Designated for Growth, the costs of the Extension shall be apportioned between the Areas based on the projected loads to be served in each Area, as determined by the Company. The Company shall pay for the portion of the extension that is necessary for and will be used to serve a designated growth area in accordance with Paragraphs 2.5 A, B., or D of this Tariff. The Company shall pay for or contribute financially to the portion of the extension that will serve the area not designated for growth only in accordance with Paragraph 2.5 D. below.
- (e) The Company shall construct each extension with sufficient capacity to provide safe, adequate, and proper service to customers, as determined by the Company. The cost of the extension shall be full cost based on the Company's determination of service requirements, regardless of the requirements specified by the applicant.
- (f) If the Company chooses to construct an extension or portion of an extension with additional capacity, over that which is needed to comply with Paragraph 2.4.B (e), the Company may, at its discretion, pay for or contribute financially to the incremental cost of the additional capacity, or may require the applicant to pay for it.
- (g) The Company may contract with an applicant for service to design, purchase, construct or maintain an extension on behalf of the applicant. However, the Company shall be paid for the cost of constructing or installing the extension, in accordance with the provisions of this Tariff.
- (h) The Company shall charge customers in a designated growth area only for costs related to the portion of an extension that is necessary for and will be used to serve the designated growth area. The cost of such an extension shall be determined by mutual agreement between the Company and the applicant. If a mutually agreeable financial arrangement regarding the cost of an extension cannot be made, either party may petition the Board under N.J.S.A. 48:2-27 to apply the suggested formula set forth at N.J.A.C.14:3-8.10 or 8.11, as applicable.

TERMS AND CONDITIONS OF SERVICE**2.5 Extension of Service to Serve a Customer Along Public or Common Rights-of-Way:****A. Areas Designated for Growth - Single Residential Customer**

The Company facilities shall be extended or modified to serve customers along public or common rights-of-way in accordance with Subparagraph 2.4 above and applicable regulations. In an area designated for growth and not designated as a TRIP area, the Company shall extend its facilities without charge to a single residential customer provided the cost of such extension shall not exceed ten (10) times the assured or estimated annual distribution revenue received from all premises abutting such extension. Where the cost of an extension or modification exceeds ten (10) times the estimated or assured annual distribution, the Company shall construct such extension, provided the customer shall deposit with the Company an amount equal to the difference between estimated actual cost of the extension required to bring service to the customer from the nearest existing infrastructure and the estimated annual distribution revenue that will be derived from the customer, multiplied by ten.

B. Area Designated for Growth - Multi-Unit Residential Development and Non-Residential Development.

The Company facilities shall be extended to serve customers along public or common rights-of-way in accordance with Subparagraph 2.4 above and applicable regulations. In an area designated for growth and not designated as a TRIP area, the Company shall extend its facilities for non-residential or multi-unit residential development without charge to the customer (or developer) provided the cost of such extension shall not exceed ten (10) times the assured or estimated annual distribution revenue received from all premises. Where the cost of an extension or modification exceeds ten (10) times the estimated or assured annual distribution revenue, the Company shall construct such extension, provided the customer (or developer) shall deposit with the Company an amount equal to the cost of the extension. For purposes of calculating the amount of the deposit, the development for which service is requested shall be determined by reference to the subdivision map approved by the applicable local authorities. If a development is to be approved and constructed in phases, the applicant shall indicate which phases are to be treated as separate developments for purposes of determining the deposit. Such deposit shall remain with the Company without interest until such time as the actual annual distribution revenue from premises abutting upon such extension shall exceed the amount of distribution revenue which was used as a basis for the deposit.

C. Area Not Designated for Growth:

The Company's facilities may be extended along public or common right-of-way in designated non-growth areas in accordance with Subparagraph 2.4 and applicable regulations. On and after March 20, 2005, the Company shall extend its facilities, provided that the customer (or developer) shall pay the entire amount of costs of such extension. Costs for such extensions shall be governed as set forth and described in subparagraph 2.4.B.

TERMS AND CONDITIONS OF SERVICE**D. Special Rules and Exemptions.**

As set forth in N.J.A.C. 14:3-8.8, the following exemptions to the provisions otherwise applicable in areas not designated for growth may apply to certain types of agricultural facilities or where the Board makes a determination with respect to a particular extension that an exemption is appropriate:

(a) An extension with the sole purpose of serving an agricultural building or structure whose sole use is the production, storage, packing or processing of agricultural or horticultural products, provided that a majority of these products were produced on a New Jersey commercial farm, as defined in N.J.S.A. 4:1C-3. The costs for an extension covered by this subparagraph shall be governed by the requirements for extensions to serve a designated growth area. If there is a change in the character of use of the property served, such as agricultural to commercial or residential, then the remainder of the deposit will be forfeited and retained by the company.

(b) An extension for which the Company has entered into a prior written agreement with the Board that requires it be provided without charge, or has been ordered by the Board to be provided without charge. For an agreement or Board order to qualify for this exemption, the agreement shall have been executed prior to March 20, 2005. The Company shall pay for or financially contribute to the extension only to the extent required by the prior agreement or Board order. To the extent that the prior agreement does not specify the distribution of costs for the extension, the requirements for extensions that serve an area not designated for growth shall govern.

(c) An extension for which the Board has, prior to March 20, 2005, executed a binding agreement providing for the Company to contribute financially to an extension. The Company may contribute financially to the extension, to the extent required for compliance with the prior agreement. The Company shall pay for or financially contribute to the extension only to the extent that it previously committed to do so in a written agreement. To the extent that the Company has not committed to pay for the extension, the requirements for extensions that serve an area not designated for growth shall govern. (d) An extension for which construction has begun prior to March 20, 2005, or if the Company has committed in writing to pay for or financially support the extension, prior to March 20, 2005..

(e) An extension for which the applicant has demonstrated to the Board that it will provide a significant public good by meeting all of the following criteria:

1. The project or activity served by the extension would provide a significant benefit to the public or to the environment;
2. That the project described in 1 above is consistent with smart growth, or that the benefit of the project outweighs the benefits of smart growth; and
3. There is no practicable alternative means of providing the benefit while still complying with this subchapter.

(f) An extension for which the applicant has demonstrated to the Board that compliance will cause extraordinary hardship by meeting all of the following criteria:

1. Compliance with subchapter N.J.A.C. 14:3-8 would cause an extraordinary hardship;
2. The extraordinary hardship results from unique circumstances that do not apply to or affect other projects in the region;
3. The unique circumstances arise from the project itself and not from the circumstances or situation of the regulated entity or its customers; and
4. Neither the extraordinary hardship nor the unique circumstances are the result of any action or inaction by the regulated entity, its shareholders, or its customers.

(g) For any exemption not covered above, the Company shall pay for or financially contribute to an extension only in accordance with the requirements governing extensions in a designated growth area.

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2.6 Return of Deposits.

A. General Rule:

As provided in N.J.A.C. 14:3-8.9(d) and 8.9(h), the costs of extra work required to provide beyond standard service and the additional costs for providing underground service (including the costs of temporary overhead service) over and above the amount it would cost to serve customers overhead are non-refundable. This includes but is not limited to relocation of facilities, special equipment, second or more feeds for dual source arrangements, and facilities and extensions other than low voltage service connections beyond the property line

B. Return of Deposits to Single Residential Customer Extension in an Area Designated for Growth:

Return of deposits for extensions for single residential customers in an area designated for growth shall be made as follows:

(a) One year after the customer begins receiving service, the Company shall calculate the distribution revenue derived from the customer's first year of service. If the year one distribution revenue is less than the estimated annual distribution revenue that was used to determine the deposit, the Company is not required to provide a refund. If the year one distribution revenue exceeds the estimated annual distribution revenue, the Company shall provide a refund to the applicant equal to the difference between the estimated and annual year one distribution revenues, multiplied by ten.

(b) Two years after the customer begins receiving service, the Company shall calculate the distribution revenue derived from the customer's second year of service. If the year two distribution revenue is less than the year one distribution revenue, the Company is not required to provide a refund. In each annual period from the date of connection, if the actual Distribution Revenue from the customer exceeds the greater of either: (1) the estimated annual Distribution Revenue used as the basis for the initial deposit computation, or (2) the highest actual Distribution Revenue from any prior year, there shall be returned to the Applicant an additional amount, equal to ten times such excess. This process shall be repeated annually until the earlier of the following:

1. The Company has refunded the entire deposit to the applicant; or
2. Ten years have passed since the customer began receiving service.

(c) If, during the ten year period after a single residential customer begins receiving service, additional customers connect to the extension, the Company shall increase the initial customer's annual refund to reflect the additional revenue. In such a case, the Company shall add to the initial customer's refund an amount ten times the distribution revenue derived from the additional customers for that year.

In no event shall more than the original deposit be returned to the depositor nor shall any part of the deposit remaining after ten (10) years from the date of original deposit be returned.

C. Return of Deposits for Multi-Unit Residential or Non Residential Land Development Extensions in an Area Designated for Growth:

Return of deposits for extensions for multi-unit or non-residential development in an area designated for growth shall be made as follows:

(a) As each customer begins receiving services, the Company entity shall refund a portion of the deposit to the applicant. For each customer, this customer startup refund shall be the estimated annual distribution revenue that will result from the customer, multiplied by ten.

(b) One year after the Company received the deposit, and each subsequent year thereafter, the Company shall provide an annual refund to the applicant. The first annual refund shall be calculated in accordance with (c) below. Subsequent annual refunds shall be calculated under (d) below.

(c) The first annual refund shall be calculated by multiplying by ten the difference between:

1. The distribution revenue from all customers that were served by the extension for the entire previous year; and
2. The estimated annual distribution revenue, upon which the original customer startup refund was based, for all customers that were served by the extension for the entire previous year. If the distribution revenue for the first year, determined under (c)1 above, was less than the estimated annual distribution revenue (upon which the original customer startup refund amount was based), the Company is not required to provide an annual refund.

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(d) For each subsequent year, the annual refund shall be calculated as follows:

1. Sum the distribution revenue from all customers that were served by the extension for the entire previous year;
2. Determine the sum of:
 - i. The distribution revenue that was used in calculating the most recent annual refund provided to the applicant. This is the amount determined under (d)1 above when this subparagraph was applied to determine the most recent annual refund; and
 - ii. The original estimated annual revenue for all customers that were served by the extension for the entire previous year, but whose revenues were not included in the calculation of the most recent annual refund that the regulated entity provided to the applicant;
3. Subtract (d)2 above from (d)1 above. If (d)2 above is greater than (d)1 above, the Company is not required to provide a refund; and
4. If (d)2 above is less than (d)1 above, multiply the difference derived under (d)3 above by ten to determine the annual refund .

In no event shall more than the original deposit be returned to the depositor nor shall any part of the deposit remaining after ten (10) years from the date of original deposit be returned.

D Return of Deposits for Extensions in an Area Not Designated for Growth:

With respect to extensions for which a deposit is received on and after March 20, 2005, no returns of deposits will be made for extensions in an area not designated for growth, irrespective of whether the extension is for the benefit of a single residential customer or a multi-unit residential development or non-residential development.

E. Special Rules:

Consistent with N.J.A.C. 14:3-8.12 and N.J.A.C. 14:3-10, special rules, as described below, may apply to extensions in areas designated under the Smart Growth Infrastructure Investment Program or the Targeted Revitalization Incentive Program. Such special rules may affect both the size of any deposit required and any return of such deposits.

Smart growth infrastructure investment program (SGIIP)

(a) Under a SGIIP, the costs of infrastructure shall be governed by the same rules that apply to extensions serving designated growth areas except that the following shall apply:

1. The Company may include the cost of necessary upgrades, and expansions of infrastructure, which are necessary to serve new customers, in the costs covered by the SGIIP; and
2. The Company shall apply the expedited refund formula described at (b) below to the costs of an extension, or upgrade, or expansion of infrastructure, that meets the requirements at (b) below.

(b) In a SGIIP, an extension serving development in the SGIIP area shall be covered in the same manner as an extension serving a designated growth area, however, the following differences shall apply:

1. The rate at which deposits are refunded to the applicant shall be 20 times annual distribution revenue, rather than 10 times; and
2. In determining the amount of a deposit for a single residential customer, the calculation at shall multiply annual distribution revenue by 20 times rather than by 10 times; and
3. Any costs charged to an applicant for the upgrade, or expansion of infrastructure to serve a development for which the Company is also providing an extension shall be considered part of the deposit. The Company shall refund such costs at a rate of 20 times annual distribution revenue.

Targeted Revitalization Incentive Program (TRIP)

Approved infrastructure costs under a TRIP will be recovered via a separate TRIP charge as approved by the Board of Public Utilities pursuant to N.J.A.C. 14:3-10.

TERMS AND CONDITIONS OF SERVICE**2.7 Multiple Service for Non-Residential Customers:**

When the Customer desires delivery of energy at more than one point, a separate contract may be required for each separate point of delivery. Service at each point of delivery will be billed separately under the applicable schedule.

2.8 Modification of Service at Current Location:

When it is necessary for the Company to construct, upgrade, or install facilities necessary to serve the additional requirements of existing customers located in either a Growth or Non-Growth Area and these facilities do not meet the definition of an Extension as defined in Section 2.4 A of these Standard Terms and Conditions, the following shall apply:

. The Company shall modify its facilities without charge to the customer provided the cost of such modification shall not exceed five (5) times the estimated or assured incremental annual distribution revenue received as a result of the modification. Where the cost of a modification exceeds five (5) times the estimated or assured incremental annual distribution revenue, the Company shall construct such modification, provided the customer shall make a non-refundable contribution to the Company an amount equal to the difference between the cost of such modification and five (5) times the assured or estimated incremental annual distribution revenue. The cost of such modification shall include the tax consequences incurred by the Company under the Tax Reform Act of 1986 as a result of receiving contributions.

TERMS AND CONDITIONS OF SERVICE**2. OBTAINING SERVICE (Continued)****2.9 Initiation of Service at Original Location:**

Whenever service is initiated to any customer in an original location (no previous service), a service charge will be made as specified on Rate Schedule CHG. Service shall not be connected until customer has met all requirements called for under this tariff, the Rules and Regulations and the applicable service classification.

2.10 Connection or Reconnection of Service at an Existing Location:

Whenever service is initiated to any customer in an existing location (with previous service), a service charge will be made as specified on Rate Schedule CHG. Service shall not be connected until customer has met all requirements called for under this tariff, the Rules and Regulations and the applicable service classification.

2.11 Reconnection of Service Requirements:

Company shall not reconnect service to customer's premises, where service has been disconnected by reason of any act or default of customer, until such time as customer has rectified the condition or conditions causing discontinuance of service. It shall be provided further that service shall not be reconnected until customer has met all financial requirements called for under the Rules and Regulations and the applicable service classification. A service charge under Subparagraph 2.11 above will also be assessed.

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TERMS AND CONDITIONS OF SERVICE**3. WIRING AND ENTRANCE STANDARDS****3.1 Inspection:**

The Company shall not connect with any customer's installation until that customer furnishes to the Company the following:

- A. A certificate which indicates that such installation has been properly inspected by a duly qualified person and found to be in accordance with these "Terms and Conditions" as well as with the National Electrical Code. Such a certificate shall be obtained from a county or municipality, or person, agency or organization duly appointed by a county or municipality to make such inspections. When a county or municipality has not provided, in accordance with applicable statutes, for the regulation and inspection of wires and appliances for utilization of electric energy, or has not appointed any person, agency or organization to make such inspection, then an inspection certificate issued by any organization authorized to perform inspections by designation and approval of the State of New Jersey shall be accepted in lieu thereof.
- B. Evidence from the customer that any air conditioning equipment installed to serve the building has a Seasonal Energy Efficiency Ratio equal to or in excess of 10.0 for split systems and 9.7 for single package systems. Any change in, or addition to, the original wiring and equipment of the customer shall be subject to the foregoing requirements to insure continuance of service. No liability shall attach to the Company because of any waiver of these requirements, or failure of customer to comply with these requirements.

Information regarding this requirement shall be furnished upon request at the Company's office.

A list of energy efficiency ratings and rating sources is available by contacting any Regional Office of the Company.

3.2 Minimum Entrance Requirements:

Construction shall be in accordance with the requirements of the National Electrical Code and applicable municipal codes. Such service entrance size should be based upon the load ultimately to be connected, rather than on the initial load, in order to avoid expensive modification of the service entrance when additional load or larger devices are connected.

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TERMS AND CONDITIONS OF SERVICE**3. WIRING AND ENTRANCE STANDARDS (Continued)****3.3 Service Connections From Overhead Distribution Lines:**

The Company shall designate the location of its service connection. The customer's wiring must be brought outside the building wall nearest the Company's service wires so as to be readily accessible thereto and in such manner that all wires or cables carrying unmetered energy will be in plain view from the exterior of the building. The building wiring shall include not less than eighteen (18) inches of conductors arranged so as to permit connection to the company's service conductors. The building wiring shall comply with the requirements of the National Electrical Code with respect to grounding. All connections between the customer's service equipment and the Company's service wires must be installed as recommended by the National Electrical Code. The Company shall modify or extend its facilities onto private property based on current costs.

3.4 Underground Service Connections From Overhead Lines:

Customers desiring an underground service from overhead wires may obtain such at their expense, which, consistent with the Tax Reform Act of 1986 and N.J.A.C. 14:3-8.5(c) shall include the federal and state income tax consequences to the Company. In the case of new installations, they shall be entitled to a credit equal to the cost of overhead service which the Company otherwise would have installed.

3.5 Service Connections in Urban Underground Network Areas:

In areas designated by the Company as Urban Underground Network Areas, the Customer will install necessary ducts, cables and/or service boxes to locations designated by the Company. Company should be consulted in advance on all installations served from the necessary permits to open street. It shall not be obligated to furnish service where such permit is not granted nor where customer refuses to reimburse the Company for any municipal charges for such permit.

3.6 Service Connection Other Than as Specified:

If a customer requests that energy should be delivered at a point or in a manner other than that specified by the Company, and the Company agrees thereto, a charge shall be made equal to the additional cost of such delivery.

TERMS AND CONDITIONS OF SERVICE**4. USE OF ENERGY****4.1 Additional Loads:**

Each customer shall inform the Company of any plan or intention of adding substantially to his equipment or connected load, in order that the Company may assure that its facilities are adequate to serve the intended increase.

4.2 Installation and Use of Motors and Appliances:

The customer shall install only motors, apparatus or appliances which are suitable for operation with the character of the service supplied by the Company, and which shall not be detrimental to same, and the electric power must not be used in such a manner as to cause excessive voltage fluctuations or disturbances in the Company's transmission or distribution system. The Company shall be the sole judge as to the suitability of apparatus or appliances to be connected to its lines, and also as to whether the operation of such apparatus or appliances will be detrimental to its general service. Unless modified by specific agreement, single phase motors shall not exceed 5 hp in size.

4.3 Characteristics of Motors and Apparatus:

All apparatus used by the customer shall be of such type as to assure the highest practicable power factor and the proper balancing of phases. The starting characteristics of all motors subject to intermittent operation or automatic control shall be in accordance with standards established by the Company. Motors shall be protected by suitable loss of phase protection where applicable. Welders and other devices with high in-rush currents or undesirable operating characteristics shall not be served except as provided in Subparagraph 9.2 and 9.5A. In case of violation of this rule, service may be discontinued by the Company until such time as the customer's use of the electric energy furnished hereunder shall conform to these regulations. Such suspension of service by the Company shall not operate as a cancellation of any contract.

4.4 Resale of Energy:

Resale of energy will be permitted only by electric public utilities and alternate suppliers subject to the jurisdiction of the New Jersey Board of Public Utilities or any other duly authorized regulatory agency, and only by written consent of the Company.

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TERMS AND CONDITIONS OF SERVICE**4. USE OF ENERGY (Continued)****4.5 Residential Use:**

All individual residences shall be served individually under the appropriate service schedule. Three phase (3ph) service and service for motors in excess of 5 hp capacity each shall not be allowed for residential service; service for such loads shall be furnished under the appropriate general service schedule. Customer shall not have the privilege of taking service after January 1, 1979 for two (2) or more separate residences through a single meter under any schedule, regardless of common ownership of the several residences.

4.6 Commercial Activities Within Residences:

Detached building or buildings, actually appurtenant to the residence, such as a garage, stable or barn, may be served by an extension of the customer's residence wiring through the residence meter. That portion of a residence which becomes regularly used for commercial or manufacturing purposes shall be served under a general service schedule. Customer shall have the privilege of separating the wiring so that the residential portion of the premises is served through a separate meter under the appropriate schedule, and the commercial or manufacturing portion of the premises is served through a separate meter or meters under the appropriate general service schedule. In the event that the customer does not exercise the privilege of separating the wiring, the appropriate general service schedule shall apply to all service supplied.

4.7 Other Sources of Energy:

The Company will not supply service to customers who have other sources of energy supply except under schedules which specifically provide for such service. The customer shall not be permitted to operate his own generating equipment in parallel with the Company's service except on written permission of the Company. In order to avoid undue jeopardy to life and property in his own premises, in the Atlantic City Electric system and in the facilities of third parties, the customer shall not install his own generating equipment until he has consulted the Company.

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TERMS AND CONDITIONS OF SERVICE**5. COMPANY'S EQUIPMENT****5.1 Installation on Customer's Property:**

The customer shall grant the Company the right to construct required service facilities on the customer's property and place its meters and other apparatus on the property or within the buildings of the customer, at a point or points mutually agreed to for such purpose, and the customer shall further guarantee the right to use suitable space for the installation of necessary measuring instruments so that the latter may be protected from injury by the elements or through the negligence or deliberate acts of the customer or of any employee of the customer. The Company shall not install transformers within the buildings of the customers.

5.2 Maintenance of Company's Equipment:

The Company will provided and maintain in proper operative condition the necessary line or service connections, transformers (when same are required by conditions of contract between the parties thereto), meters and other apparatus which may be required for the proper measurement of and protection to its service. All such apparatus shall be and remain the property of the Company.

5.3 Attachment to Company Owned Facilities:

No radio transmitting, receiving, television, or other antennae may be connected to the Company's lines nor attached to its poles, crossarms, structures or other facilities. No signs nor devices of any type may be attached to the Company's poles, structures, or other facilities without the written consent of the Company.

5.4 Right of Entrance to Customer's Premises:

The Company shall have the right at all reasonable hours to enter the premises of the customer for the purpose of installing, reading, removing, testing, replacing or otherwise disposing of its apparatus and property, and the right of entire removal of the Company's property in the event of the termination of the contract for any cause.

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TERMS AND CONDITIONS OF SERVICE**5. COMPANY'S EQUIPMENT (Continued)****5.5 Work Near Company Facilities:**

No construction, maintenance or other work shall be performed in proximity to Company's poles, apparatus, or conductors without first informing the Company. A Company representative shall, upon request, visit the site of such work to assure that conditions under which such work is to be performed do not involve hazards to life, property, or continuity of service. Contractors and others working in vicinity of Company's lines must observe provisions of New Jersey Revised Statute 34:6-47.1. Any work required to mitigate hazards to life, property or continuity of service will be performed at the requester's expense based on current costs.

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TERMS AND CONDITIONS OF SERVICE**6. METERING, BILLING AND PAYMENT FOR SERVICE****6.1 Meters:**

Meters shall be owned and maintained by the Company in accordance with Section 5 above.

6.2 Special Testing of Meters:

Meters shall be tested in accordance with regulations of the Board of Public Utilities. The customer may request an accuracy test be made by the Company at no charge provided such request for test is not made more frequently than once in 12 months. If a Customer requests an accuracy test more frequently than once in 12 months, a service charge will be made as specified in Rate Schedule CHG. Whenever a meter is found to register faster than the amount allowed by the Board, test fee will be waived. Complete reports of the results of such tests will be available to the customer and will be kept on file by the Company in accordance with Board of Public Utilities' regulations. Customers may also request that a test be made by an inspector of the Board of Public Utilities. There is a fee for such tests which must be paid by the customer to the Board. If the meter is found to be "fast" beyond the allowable limits, the Company will reimburse the customer for the fee paid by him.

6.3 Adjustment of Bill:

Whenever a meter is found to be registering "fast" in excess of the allowable limits established by the Board of Public Utilities, an adjustment shall be made corresponding to the percentage error as found in the meter covering the entire period during which the meter registered inaccurately, provided such period can be determined. Where such period cannot be determined, a correction shall be applied to 1/2 of the total amount of billing affected since the previous test. No adjustment shall be made for a period greater than the time during which the customer has received service through the meter in question.

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TERMS AND CONDITIONS OF SERVICE**6. METERING, BILLING AND PAYMENT FOR SERVICE (Continued)****6.4 Payment of Bills:**

Bills are payable upon presentation, at any business office of the Company, or any authorized collection agency, within fifteen (15) days of the mailing date. The Company may require earlier payment to prevent fraud or illegal use of energy, or when it is clearly evident that customer is preparing to vacate the premises.

Overdue bills for non-residential customers are subject to a late payment charge as specified on Rate Schedule CHG. This charge will be applied to amounts billed including accounts payable and unpaid late payment charge amounts applied to previous bills, which are not received by the Company within forty-five (45) days for non-residential customers, and within sixty (60) days for governmental bodies following the due date specified on the bill. The amount of the late payment charge to be added to the unpaid balance for non-residential and governmental customers shall be determined by multiplying the unpaid balance by the late payment charge rate as specified in Rate Schedule CHG. When payment is received by the Company from a customer who has an unpaid balance which includes charges for late payment, the payment shall be applied first to such charges and then to the remainder of the unpaid balance.

New Jersey Public Utilities, subject to the New Jersey State Excise Tax, shall be billed net of such taxes.

6.5 Billing Period:

Except as hereinafter provided under normal course of business, customers shall be billed monthly. Bills for other than thirty (30) days shall be properly prorated. Where credit situations require, the Company may read meters and render bills at shorter intervals.

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TERMS AND CONDITIONS OF SERVICE**6. METERING, BILLING AND PAYMENT FOR SERVICE (Continued)****6.6 Bi-Monthly and Quarterly Readings:**

Meters will be read monthly except when business conditions or weather prevent it. Company reserves the right to read meters at bi-monthly or quarterly intervals. When monthly readings are unavailable, interim monthly bills will be rendered on a calculated basis.

6.7 Special Readings or Succession and Billings:

Special readings, successions and billings shall be made at customer's request. The charge for each reading or billing shall be as specified on Rate Schedule CHG.

6.8 Monthly Billings for Annual Charges:

When an annual charge for service is to be billed and paid monthly, the charge shall be divided by twelve (12) and rounded to the next higher cent.

6.9 Uncollectible Checks:

A charge will be made when a customer's check is returned by the customer's bank as uncollectible as specified on Rate Schedule CHG.

6.10 Check Metering:

Where a customer monitors or evaluates his own consumption of electrical energy or any portion thereof in an effort to promote and stimulate conservation or for accountability by means of individual meters, computer or otherwise, installed, operated and maintained at such customer's expense, such practice will be defined as check metering. Check metering will be permitted in new or existing buildings or premises where the basis characteristic of use is industrial or commercial. Check metering will not be permitted in existing buildings or premises where the basis characteristic of use is residential, except where such buildings or premises are publicly financed or government owned; or are condominiums or cooperative housing. Check metering for the aforementioned purposes and applications shall not either adversely affect the ability of the Company to render service to any other customer or cause harm to the Company equipment. Customer shall be responsible for the accuracy of check metering equipment.

TERMS AND CONDITIONS OF SERVICE**7. DISCONNECTION AND RECONNECTION****7.1 Disconnection at Customer's Request:**

The Company will disconnect service at request of customer and will render a final bill in accordance with applicable schedule. At such time as the customer shall request disconnection, a charge as specified on Rate Schedule CHG shall be made. Notice to disconnect will not relieve the customer from any minimum or guaranteed payment established by contract or rate schedule.

7.2 Disconnection for Non-Payment or Non-Compliance:

The Company reserves the right to discontinue its service when: the customer is in arrears in the payment of bills; for failure to comply with these Terms and Conditions; to prevent fraud upon the Company, or where use of energy is not in accordance with the Company's schedules. The Company shall, upon due notice, discontinue service to any customer reported by a duly authorized inspection agency to be in violation of county, municipal or National Electrical Codes, or reported to be in violation of any governmental order or directive concerning the use of energy. Any such disconnection of service shall not terminate the contract for special extensions or special facilities between the Company and the customer. A service charge will be made as specified on Rate Schedule CHG. No charge will be due on those instances done at the convenience of the Company.

7.3 Disconnection for Other Reasons:

In addition to the provisions of Subparagraph 7.2 above, the Company may disconnect service for any of the following causes:

- A. For the purpose of effecting repairs.
- B. In compliance with governmental order or directive.
- C. Refusal of customer to contract for service where such contract is provided for in applicable schedule.
- D. Where condition of customer's electric facilities are such as to involve a hazard to life or property.

A service charge will be made as specified on Rate Schedule CHG. No charge will be due on those instances done at the convenience of the Company.

TERMS AND CONDITIONS OF SERVICE

7. DISCONNECTION AND RECONNECTION (Continued)

7.4 Reconnection:

In cases where the Company has discontinued service for non-payment of a bill or bills or other cause, a charge for reconnection will be made as specified in Rate Schedule CHG; except where such disconnection has been made by the Company in order to effect repairs. Beyond normal working hours, charge will be based on actual costs.

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TERMS AND CONDITIONS OF SERVICE**8. LIABILITIES****8.1 Company Liability:**

The Company will use reasonable diligence in furnishing a regular and uninterrupted supply of energy, but in case such supply should be interrupted or fail by reason of, including, but not limited to, an act of God, the public enemy, accidents, strikes, legal process, State or Municipal interferences, breakdowns of or injury to the machinery, transmission lines or distribution lines of the Company, or extraordinary repairs, the Company shall not be liable for damages.

8.2 Emergencies:

- A. If the Company shall deem it necessary to the prevention or alleviation of an emergency condition which threatens the integrity of its system or the systems to which it is directly or indirectly connected, it may, after due notice to the Board, curtail or interrupt service or reduce voltage to any customer or customers.
- B. If the Company, in its sole judgment, shall deem it necessary to the prevention or alleviation of an emergency condition resulting from an actual or threatened restriction of fuel supplies available to its system or the systems to which it is directly or indirectly connected, it may curtail or interrupt service or reduce voltage to any customer or customers.

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TERMS AND CONDITIONS OF SERVICE**8. LIABILITIES (Continued)****8.3 Tampering with Company Equipment:**

The customer shall allow no one except the duly authorized employees of the Company to make any internal or external adjustments of any meter or any other piece of apparatus belonging to the Company. In the event it is established by a Court of Law, the Board or customer consent that the Company's wires, meters, meter seals, switch boxes, or other equipment on or adjacent to the customer's premises have been tampered with, the responsible party shall be required to bear all of the costs incurred by the Company including but not limited to the following: (a) investigations, (b) inspections, (c) costs of prosecution including legal fees, and (d) installation of any protective equipment deemed necessary by the company. The responsible party shall be the party who either tampered with or caused the tampering with a meter or other equipment or knowingly received the benefit of tampering by or caused by another.

Furthermore, where tampering with Company's or customer's facilities results in incorrect measurement of the service supplied, the responsible party, (as defined above) shall pay for such service as the Company may estimate from available information to have been used on the premises but not registered by the Company's meter or meters. Under certain conditions, tampering with the Company's facilities may also be punishable by fine and/or imprisonment under New Jersey law.

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TERMS AND CONDITIONS OF SERVICE

9. MISCELLANEOUS**9.1 Service Suggestions:**

The Company will supply, upon request, "Information and Requirements for Electric Service Installations," covering suggested wiring methods and installations. Similar information may be obtained covering application of electricity for space heating and other purposes, installation of primary voltage equipment, etc. Such information is furnished as a helpful guide but is not to be considered a substitute for the services of an architect or professional engineer.

9.2 Provision of Special Equipment:

Where, in the judgment of the Company, the provision of voltage regulators, special transformers, heavier conductors, capacitors or other devices are required for satisfactory operation of welders, or other appliances and apparatus, the operation of which would not normally be permitted under the terms of Subparagraph 4.3, the Company shall permit the use of such appliances and equipment provided customer agrees, in writing, to compensate the Company for all additional costs involved to provide the special distribution facilities required. Service for X-ray equipment and other devices with voltage stability requirements more stringent than normal standards may also be obtained under terms of this Paragraph.

9.3 Special Equipment Rental Charge:

Such a charge may be payable in twelve (12) equal installments coincident with the regular bill for electric service. Customers who elect to take service under any of the several rate schedules which require customer ownership of substation and related equipment also may rent such facilities in accordance with these terms.

9.4 Meter Sockets and Current Transformer Cabinets:

It shall be the customer's responsibility to furnish, install and maintain self-contained meter sockets and current transformer cabinets in accordance with Company specifications.

9.5 Power Factor:

The monthly average power factor under operating conditions of customers' load at the point where the electric service is metered shall be not less than 90%.

9.5A Harmonic Content

Customer shall limit harmonic content so as not to adversely impact the operations of the distribution system. (Refer to Company's rights under Subparagraph 4.3)

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TERMS AND CONDITIONS OF SERVICE**9. MISCELLANEOUS (Continued)****9.6 Underground Relocation or Placement of Company-Owned Facilities:**

Whenever, for any reason the Company shall be requested by a Federal, State, County or local government entity ("Governmental Entity"), or any other Non-Governmental Entity or person ("Non-Governmental Entity"), to relocate currently existing overhead facilities underground or to design or redesign proposed facilities to use underground rather than overhead construction, the total cost attributable to such relocation/redesign and underground installation shall be the responsibility of the requesting Governmental Entity or Non-Governmental Entity, as the case may be; and the payment of the Company's estimated costs shall be deposited with the Company in advance. This section is intended to apply to all Company owned transmission, subtransmission, primary and/or secondary facilities. In each instance, and consistent with N.J.A.C. 14:3.8.2, 14:3-8.9(d)3. and 14:3-8.9(h), cost is intended to be all inclusive and to cover the aggregate of costs and expenses associated with placement of the facilities underground. This is intended to include, but not be limited to, the cost of engineering, construction, permits, design, right-of-way acquisition, materials and labor, overhead directly attributable to the work as well as overrides and loading factors and the federal and state income tax consequences incurred by the Company as a result of receiving such deposits or contributions. Whenever the costs shall exceed the estimate, the excess costs shall be the responsibility of the requesting entity, and shall be payable to the Company within thirty (30) days of demand. If actual costs should be less than estimated costs, the difference will be refunded to the requesting entity by the Company following completion of the project.

Notwithstanding anything to the contrary contained herein, whenever the Company, in the exercise of its reasonable discretion, shall determine that underground construction is not feasible or practicable for reasons which may include but not be limited to environmental conditions, subsoil or subsurface conditions, engineering or technical consideration, or for reason pertaining to maintenance, safety, reliability or integrity of the Company's transmission and/or distribution system, then the Company shall not be obligated to place the facilities underground notwithstanding the request.

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TERMS AND CONDITIONS OF SERVICE**9. MISCELLANEOUS (Continued)****9.7 Overhead Relocation or Placement of Company-Owned Facilities:**

Whenever, for any reason the Company shall be requested by a Federal, State, County or local government entity ("Governmental Entity") to relocate currently existing overhead facilities or to design or redesign proposed facilities underground rather than overhead, the total cost attributable to such relocation/redesign and installation shall be the responsibility of the requesting Governmental Entity or Non-Governmental Entity, as the case may be; and the payment of the Company's estimated costs shall be deposited with the Company in advance. This section is intended to apply to all company owned transmission, subtransmission, primary and/or secondary facilities.

In each instance, cost is intended to be all inclusive and to cover the aggregate of costs and expenses associated with placement of the facilities. This is intended to include, without limitation, all costs as defined in section 9.6 above. Whenever the costs shall exceed the estimate, the excess costs shall be the responsibility of the requesting entity, and actual costs should be less than estimated costs, the difference will be refunded to the requesting entity by the company following completion of the project.

Notwithstanding anything to the contrary contained herein, whenever the Company, in the exercise of its reasonable discretion, shall determine that construction is not feasible or practicable for reasons which may include but not be limited to environmental conditions, subsoil or subsurface conditions, engineering or technical considerations, or for reasons pertaining to maintenance, safety, reliability or integrity of the Company's transmission and/or distribution system then the Company shall not be obligated to relocate or place the facilities notwithstanding the request.

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TERMS AND CONDITIONS OF SERVICE**10. GENERAL INTERCONNECTION REQUIREMENTS FOR CUSTOMER'S GENERATION**

The following requirements and standards for interconnection of the customer's generating facilities to Atlantic Electric's (AE) system shall be met to assure the integrity and safe operation of the utility system with no reduction in the quality of service being provided to the other customers. Typical installation guidelines for Customer owned generators are outlined in AE's "Technical Guidelines for Cogenerators and Small Power Producers". The Tariff's conditions are meant to be general in nature, and may not reflect the latest revisions to these Guidelines. Therefore, cogenerators and small power producers should obtain and adhere to the latest guidelines.

10.1 General Design Requirements:

- A. The customer's installation must meet all applicable national, state and local construction, safety and electrical codes.
- B. Adequate protection devices (relays, circuit breakers, etc.) for the protection of AE's system, metering equipment and synchronizing equipment must be installed by the customer.
- C. The customer shall provide AE controlled manual disconnecting device on the AE side of the interconnection.
- D. Installations where the customer is to provide protective devices for the protection of AE's system, the customer shall submit a single-line drawing of this equipment sealed by a licensed professional engineer to AE for informational purposes only.
- E. All cogeneration/small power producer customers must have a dedicated service transformer. This transformer will decrease voltage variations experienced by other customers, attenuate harmonics, and reduce the effects of fault current.
- F. The cogeneration/small power producer customer has sole responsibility for properly synchronizing his generation with Atlantic Electric's frequency and voltage.

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TERMS AND CONDITIONS OF SERVICE**10. GENERAL INTERCONNECTION REQUIREMENTS FOR CUSTOMER'S GENERATION
(Continued)****10.2 General Operating Requirements:**

The interconnection of the customer's generating equipment with the AE system shall be designed and operated by the customer to cause no reduction in the quality of service being provided to other customers. No abnormal voltages, frequencies, or interruptions shall be permitted. The customer's facility shall produce 60 Hertz sinusoidal output with harmonic distortion no greater than 5%. If other customers complain about waveform distortion high or low voltage flicker due to operation of customer's generation, such generating equipment shall be disconnected without notice until the problem has been resolved. There shall be no responsibility on the part of AE, its directors, officers, agents, servants or employees for disconnection. The customer may not commence parallel operation with AE's system until final written approval has been granted by AE. AE reserves the right to inspect the customer's facility and witness testing of any equipment or devices associated with the interconnection.

Switching of the interface breaker or switch device shall be under the administrative control of Atlantic Electric. This includes AE's right to open the interface breaker or switching device with or without prior notice to the supplier for any of the following reasons:

- A. To facilitate maintenance, test or repair of utility facilities.
- B. During system emergencies.
- C. When the customer's generating equipment is interfering with other customers on the system.
- D. When the inspection of the customer's generating equipment reveals a condition hazardous to the AE system or a lack of scheduled maintenance records for equipment necessary to protect the AE system.
- E. To ensure the safety of the general public and AE personnel.

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Wilmington, DE**

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TERMS AND CONDITIONS OF SERVICE**10. GENERAL INTERCONNECTION REQUIREMENTS FOR CUSTOMER'S GENERATION
(Continued)****10.2 General Operating Requirements: (Con't.)**

Automatic disconnecting devices with appropriate automatic control apparatus must be provided by the customer to isolate the customer's facility from the utility system for, but not necessarily limited to the following abnormal conditions:

- A. A fault on the customer's equipment.
- B. A fault on the utility system.
- C. A de-energized utility line to which the customer is connected.
- D. An abnormal operating voltage or frequency.
- E. Failure of automatic synchronization with the utility system.
- F. Loss of a phase or improper phase sequence.
- G. Total harmonic content in excess of 5%.
- H. Abnormal power factor.
- I. Load flow exceeding an established limit.

The customer will not be permitted to energize a de-energized AE circuit.

Operation of the customer's generator shall not adversely affect the voltage regulation of the AE system to which it is connected. Adequate voltage control shall be provided, by the customer, to minimize voltage regulation on the AE system caused by changing generator loading conditions.

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TERMS AND CONDITIONS OF SERVICE**10. GENERAL INTERCONNECTION REQUIREMENTS FOR CUSTOMER'S GENERATION
(Continued)****10.3 Design Information:**

AE's high voltage distribution system consists of either 4kV, 12kV, 23kV, 34.5kV or 69kV grounded wye. The customer's generator should be designed to be tripped or isolated from Atlantic Electric's system before the first automatic reclose occurs following a fault. Once the customer's generator is isolated from the AE system, the customer's generator can be paralleled with AE system only after approval of AE System Control Center. Customers with three-phase generators should be aware that certain conditions in the utility system may cause negative sequence currents to flow in the generator. It is the sole responsibility of the customer to protect his equipment from excess negative sequence currents.

10.4 Design Considerations:**Parallel Operation**

A parallel system is defined as one in which the customer's generation can be connected to a bus common with the utility's system. A consequence of such parallel operation is that the parallel generator becomes an electrical part of the utility system which must be considered in the electrical protection of the utility's facilities.

Reactive Power Requirements

When delivering real power (kilowatts) to AE, supplier must be capable of operating with a power factor at the Point of Delivery to AE between 90% leading and 90% lagging, such that supplier would receive lagging reactive power (kilovars) from AE and be capable of delivering leading reactive power (kilovars) to AE.

Induction Generators

Installation of induction generators over 200 KVA capacity may require capacitors to be installed to limit adverse effects of reactive power flow on AE system voltage regulation. Such capacitors will be at the expense of the generating facility.

Inverter System

Reactive power supply requirements for inverter systems are similar to those for induction generators and the general guidelines discussed above will apply.

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TERMS AND CONDITIONS OF SERVICE**10. GENERAL INTERCONNECTION REQUIREMENTS FOR CUSTOMER'S GENERATION
(Continued)****10.5 Protection Guidelines:**

The required protection equipment to be installed by the customer is selected and installed to meet the following objectives, which are not intended to be all inclusive:

- A. Provide adequate protection for faults, overloads or other abnormal conditions on the customer's equipment.
- B. Provide adequate protection for faults, overloads on AE's lines, transformers or other equipment.
- C. Prevent outages or other adverse effects to other AE customers.
- D. Provide a safe means to control, operate, connect and disconnect the inter-tie of the customer's generation and the AE system.
- E. Provide a free flow of normal power transfer.

10.5 Information to be Supplied by Cogenerator/Small Power Producer: Drawings

- A. A one line diagram of entire system.
- B. A potential elementary of customer-owned generation system.
- C. A current elementary of customer-owned generation system.
- D. A control elementary of generator breaker and interface breaker.
- E. A three line diagram of generation system.

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TERMS AND CONDITIONS OF SERVICE**11. ELECTRIC INDUSTRY RESTRUCTURING STANDARDS****11.1 Change of Alternative Electric Supply**

Customers served under any of the applicable rate schedules of this Tariff for electric Service and who desire to purchase their electric supply of capacity, transmission, and energy, hereinafter referenced as electric supply, from an Alternative Electric Supplier must execute a contract with an Alternative Electric Supplier. Customers who are not enrolled with an alternative electric supplier will continue to receive their electric supply from the Company.

11.2 Enrollment

Customers may request an enrollment package from the Company which in addition to providing general information regarding electric supply, describes the process necessary for a customer to obtain an alternative electric Supplier. This enrollment package will be provided to the customer at no charge and may be obtained by calling or writing the Company or visiting a Customer Service Center. Upon written request of the customer, the Company will provide customer usage information to any number of Alternative Electric Suppliers per Appendix E of the Company's Third Party Supplier Agreement.

11.3 Alternative Electric Supplier

An Alternative Electric Supplier is a retail energy and capacity provider that has executed a Third Party Supplier Agreement with the Company so as to be able to furnish electric supply to retail customers. The provisions of this Tariff shall govern such Agreement, and the same form of Agreement shall be offered to all Alternative Electric Suppliers. Delivery of such electric supply will be by the Company. Alternative Electric Suppliers shall be liable for payment of the fees set forth in such Agreement. Any modifications to these fees shall be set after an evidentiary hearing before the Board of Public Utilities. The Agreement requires that the Alternative Electric Supplier satisfy the creditworthiness standards of the company, be licensed by the board of Public Utilities and any other appropriate New Jersey state agencies, and satisfy any and all other legal requirements necessary for participation in the New Jersey retail energy market. By determining an Alternative Electric Supplier to be creditworthy the Company makes no express or implied warranties or guarantees of any kind with respect to the financial or operational qualifications of such Alternative Electric Supplier. Except with respect to fee changes, the Company may modify such Agreement by filing a proposed modification with the Board of Public Utilities, and transmitting same within 48 hours to the Division of the Ratepayer Advocate and to all licensed Alternative Electric Suppliers in New Jersey. Any objection to the requested change must be submitted within 17 days. The proposed modification shall take effect 45 days after the filing, unless the Board of Public Utilities issues a suspension order putting the request on hold. In the event the Board of Public Utilities does not act within 45 days of the filing, it reserves the right to make a determination on the request in the future.

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Docket Nos. EO97070455, EO97070456, EO97070457**

TERMS AND CONDITIONS OF SERVICE**11. ELECTRIC INDUSTRY RESTRUCTURING STANDARDS (Continued)****11.4 Change of Alternative Electric Supplier**

The Company shall not initiate or change a Customer's Alternative Electric Supplier unless the requirements set forth by the BPU pursuant to its Orders dated March 17, 1999 and May 5, 1999 (Docket Nos. EX94120585Y, etc.) or future BPU Orders have been complied with by both the Customer and the Alternative Electric Supplier.

11.5 Customer Return to Company Electric Supply

This Paragraph deleted pursuant to BPU Order Dated December 18, 2002 (Docket No. EX01110754)

11.6 Allocation of Payments

Payment of bills, including Alternative Electric Supplier charges for electric supply shall be made to the Company and shall be in accordance with Subparagraph 6.4 of these Terms and Conditions. Unless otherwise agreed to in writing between the Company and an Alternative Electric Supplier, all payments made by a Customer to the Company shall be applied in accordance with the standards set forth by the BPU in its Order dated March 17, 1999 (Docket Nos. EX94120585Y, etc.). Partial payments shall be applied in the following order: customer arrears owed to the Company will be posted first, customer arrears owed to the Alternative Electric Supplier next, then the Company's current charges and the Alternative Electric Supplier's current charges last. The Company, in its sole discretion, shall allocate the payments to the amounts owed the Company in the manner it deems appropriate.

11.7 Late Payment Charges

In the case of electric supply furnished by an Alternative Electric Supplier, Subparagraph 6.4 of these Terms and Conditions is to be applicable only to Company charges. Customer shut-offs in cases where there is non-payment to the Company for its delivery charges are only performed in accordance with Subparagraph 7.2 of these Terms and Conditions.

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TERMS AND CONDITIONS OF SERVICE**11. ELECTRIC INDUSTRY RESTRUCTURING STANDARDS (Continued)****11.8 Billing Disputes**

In the event of a billing dispute between the customer and the Alternative Electric Supplier, the Company's sole duty is to verify its charges and billing determinants. The customer is responsible for the timely payment of all Company charges in accordance with Subparagraph 6.4 of these Terms and Conditions, regardless of Alternative Electric Supplier billing disputes. All questions regarding Alternative Electric Suppliers' charges or other terms of the customer's agreement with the Alternative Electric Supplier are to be resolved between the customer and the Alternative Electric Supplier. The Company will not be responsible for the enforcement, intervention, mediation, or arbitration of agreements entered into between Alternative Electric Suppliers and their customers.

11.9 Interim Standards on Restructuring

The BPU has adopted Interim Standards on Anti-Slamming, Licensing and Registration Requirements for Electric Power Supplier and Retail Choice Consumer Protection in its Order dated May 13, 1999 (Docket No. EX99030182) pursuant to the Electric Discount and Energy Competition Act, P.L. 1999, c.23 ("Act"). Such Standards shall remain in effect until final regulations are promulgated by the BPU in accordance with the Act.

11.10 Liability for Supply or Use of Electric Service

The Company will not be responsible for the use, care, condition, quality or handling of the Service delivered to the Customer after same passes beyond the point at which the Company's service facilities connect to the Customer's wires and facilities. The Customer shall hold the Company harmless from any claims, suits or liability arising, accruing, or resulting from the supply to, or use of Service by, the Customer.

11.11 Liability for Acts of Alternative Electric Suppliers

The Company shall have no liability or responsibility whatsoever to the Customer for any agreement, act or omission of, or in any way related to, the Customer's Alternative Electric Supplier.

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