

TERMS AND CONDITIONS

XXIV. RETAIL ACCESS

- A. Retail Access provides the Company's retail Customers with the opportunity to receive Electricity Supply Service from a Competitive Service Provider (CSP). If a Customer chooses to receive Electricity Supply Service from a CSP, the Company will continue to provide the Customer with Electric Delivery Service in accordance with an applicable Unbundled Rate Schedule.
- B. The Customer and the Customer's supplier of competitive service shall comply with the "Rules Governing Retail Access to Competitive Energy Services" promulgated by the Commission, any other rules as may be promulgated by a competent authority, or any law, as may be applicable from time to time to Customers purchasing competitive services from Competitive Service Providers and Affiliated Competitive Service Providers (collectively referred to as "Provider").
- C. To the extent the Company takes action against a Provider in accordance with the Company's tariff, or as a result of action by the Commission or any other governmental authority, the supply of services to the Customer may be adversely affected. The Company may discontinue or deny services to any Provider to prevent utilization of the Company's services by such Provider in connection with practices which are illegal, or which are detrimental to the provision of Electric Service to other customers of the Company. The Company may discontinue or deny services to any Provider if the Provider fails to comply with the Company's CSP Coordination Tariff and related rules or if the Company is directed to do so by the Commission or any other governmental authority. The Company shall not be liable for any loss or damage whatsoever arising from, caused by, or resulting from its exercise of its rights under its tariffs, including any special, incidental, or consequential losses or damages, whether based on contract, strict liability, tort (including negligence), warranty (whether expressed or implied), statutory claims, or otherwise, whether in law or in equity, whether such loss or damage is incurred by the Customer, the Provider, or others. As used in this section, services shall include the interconnection of generation capacity with the Company's delivery system and shall include the use of the Company's delivery system to deliver electricity to a point or points along the Company's delivery system.

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TERMS AND CONDITIONS

- D. Where there is a pre-existing agreement between a retail customer and the Company regarding the provision of Electric Service, the Company may require the customer to execute a new agreement containing the same or substantially similar provisions, to the extent such provisions do not conflict with this, or any other, section in these Terms and Conditions.

- E. Retail customers and Providers may participate in the Company's Retail Access Pilot programs. The terms and conditions governing the pilots are attached to this section as Attachments A, B, and C.

MUNICIPAL AGGREGATION PILOT

I. Term of the Pilot

The Pilot will begin on May 25, 2004. The Pilot will end at the expiration or termination of the Company's capped rates per Section 56-582 of the Code of Virginia.

II. Retail Access Rules

The Rules Governing Retail Access to Competitive Energy Service (20 VAC 5-312) shall be followed as supplemented below.

III. Compliance with Competitive Service Provider Coordination Tariff

All CSPs selected to serve Customers in the Municipal Aggregation Pilot shall comply with all sections of the Competitive Service Provider Coordination Tariff except as modified herein.

IV. Reduction in Applicable Wires Charges

Customers participating in the Pilot shall receive a reduction in applicable wires charges according to Rider RAP.

V. Eligibility of Customers

(A) The Pilot will be available to all of the Company's Virginia jurisdictional Customers within the selected municipality except those Customers eligible to participate in the Commercial and Industrial Pilot.

(B) The municipality will notify Customers of their eligibility.

VI. Municipal Aggregation Ordinance

A municipality seeking to form an aggregation group made up of the municipality's residents and small businesses shall adopt an ordinance. The ordinance shall specify whether the aggregation will occur only with the prior affirmative acceptance (opt-in) of each electric account holder or will occur automatically for all such electric account holders unless the account holder declines (opt-out).

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MUNICIPAL AGGREGATION PILOT

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VII. Operation and Governance Plan

- (A) This Operation and Governance Plan is to be developed by the municipality, and filed with the Commission.
- (B) The municipality shall adopt an Operation and Governance Plan for the Pilot. The Operation and Governance Plan adopted shall detail the services to be provided under the aggregation and specify all customer rights and obligations under the aggregation. The plan shall be sufficiently detailed to allow Customers to readily understand the services that the municipal aggregator is to provide and to compare those services to similar services provided by CSPs. The municipal aggregator shall write the plan in clear and plain language so that consumers can readily understand it. The plan shall, at a minimum, contain all of the following:
- (1) A detailed description of services the municipal aggregator is to provide under the aggregation, noting whether the service is to be provided directly by the municipal aggregator or by a party contracted by the municipal aggregator.
 - (2) A detailed description of the municipal aggregator's plan for providing the required opt-out disclosure notices to Customers. The plan shall describe the steps that the municipal aggregator will take to ensure that all Customers within the municipal aggregator's boundaries are notified. The plan shall also identify the time frames associated with the opt-out disclosure notice.
 - (3) A detailed description of the municipal aggregator's customer service procedures and dispute resolution processes, including notice of the Customer's right to contact the Commission and the Commission's toll-free telephone number.
 - (4) A detailed description of the policies associated with a Customer moving into the aggregation area or within the aggregation area. If the policies provide that these Customers will be automatically included in the aggregation, the municipal aggregator shall provide the Customer an opportunity to opt-out of the aggregation.

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MUNICIPAL AGGREGATION PILOT

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- (5) A description of the municipal aggregator's policies regarding the ability of a Customer who has previously opted out of the aggregation to join the aggregation, including identification of any associated conditions.
- (C) A municipal aggregator shall keep its Operation and Governance Plan available for public inspection and shall, upon request, provide a copy of the plan to any existing or potential Customer of the aggregation.
- (D) A municipal aggregator shall not alter its Operation and Governance Plan in any way that materially affects the Customers of the aggregation without first providing notice to all affected Customers and providing these Customers the opportunity to opt-out of the aggregation according to the procedures established for the initial opt-out disclosure notice. The notice shall set forth the changes to the plan, inform the Customer of its right to opt-out of the aggregation without penalty, and identify the method and time frame for the Customer to opt-out.

VIII. Aggregator License

A municipality must obtain a license from the Commission prior to engaging in any municipal aggregation that involves customer communications.

IX. The Company's Coordination With Municipal Aggregators

- (A) A municipality licensed as an aggregator must also register with the Company as an aggregator.
- (B) The Company will provide a list of all eligible Customers within the jurisdictional boundaries of the municipality.
- (C) Said list will contain information consistent with the information provided to CSPs and additional information required by the municipality to facilitate customer communications.
- (D) Each three-month period the Municipal Aggregator will be provided with an updated customer list from the Company.
- (E) The Company shall provide appropriate rate class profiles to the municipality ten business days prior to the issuance of a Request for Proposal by the municipality.

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MUNICIPAL AGGREGATION PILOT

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- (F) The Company will provide coordination services consistent with its Competitive Service Provider Coordination Tariff.
- (G) The Company will provide Customers participating in this Pilot with information about changes in the market price and wires charges, including an explanation of the relationship between the Pilot Price-to-Compare and the CSP's price.

X. Opt-In or Opt-Out Notification Requirements

- (A) It will be the responsibility of the municipality, or its designee, to notify Customers prior to enrollment of the following:
 - (1) Actions taken to select the CSP.
 - (2) Services that the CSP will be providing and actual terms and conditions underwhich the CSP is providing those services.
 - (3) Fixed prices are to be expressed in cents per kilowatt-hour. Variable rates must include a description of factors that cause the rate to vary and how often this will occur.
 - (4) Customers' individual Pilot Price -to-Compare.
 - (5) Itemized list of fees and charges, if any, that are not included in the rates.
 - (6) Dates covered by the CSP's offer.
 - (7) Statement that explains that, if the Customer switches back to service with the Company, the Customer will return to the capped rates.
 - (8) Credit and deposit policies.
 - (9) Limitations or conditions for Customer inclusion.

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MUNICIPAL AGGREGATION PILOT

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- (10) Explanation of opt-in or opt-out process steps necessary to exercise the Customer's option and any associated timeframe for a response. The process must, at a minimum, allow for the return of a post card to the CSP and must allow at least 21 calendar days from the date of the postmark for the Customer to respond.
- (11) Local or toll-free telephone number for questions.
- (B) The Municipal Aggregator will not release to the CSP any information pertaining to any Customers that are not active participants in the Pilot.
- (C) The municipality, or its designee, will maintain a record of the Customer's opt-in or opt-out decision for the term of the Pilot program.

XI. Obligations of the Municipal Aggregator

- (A) The Municipal Aggregator will use its best efforts to observe the geographic aggregation boundaries and the Customer's opt-in or opt-out decision.
- (B) The Municipal Aggregators must comply with the Rules Governing Retail Access established by the Commission and the Company's CSP Coordination Tariff.
- (C) The Municipal Aggregator must ensure that any CSPs awarded bids are fully compliant with the Rules Governing Retail Access at the time of expected enrollment.
- (D) In the event that the participating municipality is not entirely within the Company's service territory, all advertising material and written communication concerning the Pilot which is mailed to or directed at residents shall include a clear and conspicuous statement that only the Company's Customers are eligible to participate in the Pilot.

XII. Consumer Protection

- (A) The Customer has the right to terminate enrollment with the CSP and return to capped rate service.
- (B) The Customer will be responsible for any applicable CSP fees or charges resulting from termination of the contract by the Customer.

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MUNICIPAL AGGREGATION PILOT

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- (C) Customers switched in error will be switched back to the Company and any associated charges and fees will be cancelled or reimbursed by the CSP.

XIII. Pilot Identification

CSPs will enroll Customers for the Pilot in a manner to be determined by the Company to facilitate reporting.

COMPETITIVE BID SUPPLY SERVICE PILOT

I. Term of Pilot

The Pilot will begin on May 25, 2004. The Pilot will end at the expiration or termination of the Company's capped rates per Section 56-582 of the Code of Virginia.

II. Retail Access Rules

The Rules Governing Retail Access to Competitive Energy Service (20 VAC 5-312) shall be followed as supplemented below.

III. Compliance With Competitive Service Provider Coordination Tariff

All CSPs selected to serve blocks in the Competitive Bid Supply Service Pilot shall comply with all sections of the Competitive Service Provider Coordination Tariff except as modified herein.

IV. Reduction of Applicable Wires Charges

Customers participating in the Pilot shall receive a reduction in applicable wires charges according to Rider RAP.

V. Eligibility of Customers

(A) The Pilot will be available to all of the Company's Virginia jurisdictional Customers except those Customers eligible to participate in the Municipal Aggregation Pilot or the Commercial and Industrial Pilot.

(B) The Company will notify Customers of their eligibility.

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COMPETITIVE BID SUPPLY SERVICE PILOT

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VI. Blocks of Eligible Customers

(A) The Pilot shall consist of blocks of eligible Customers from three geographic areas. The geographic areas shall be the same as those identified for the Phase-In of Retail Choice by the Commission in Case No. PUE980138. Each geographic area shall have two sub-blocks. The first sub-block shall consist of Customers from the Residential Service and Worship Site Service rate classes and/or equivalent rate schedules. The second sub-block in each geographic area shall consist of non-residential Customers from the GS-1 Small General Service, and GS-2 Intermediate General Service rate classes and/or equivalent rate schedules. The sub-blocks shall be initially designed to achieve the following levels of Customers.

(1) The Residential and Worship Site Service Sub-blocks

- (i) The Residential Service target level of Customers for each sub-block shall be 13,005.
- (ii) The Worship Site Service target level of Customers for each sub-block shall be 20.

(2) The Non-residential Service sub-blocks

- (i) The GS-1 - Small General Service target level of Customers for each sub-block shall be 1,124.
- (ii) The GS-2 - Intermediate General Service target level of Customers for each sub-block shall be 229.

(B) The geographic area blocks are specified as follows:

- (1) Block 1 shall be based on the geographic area of Northern Virginia and encompasses the following counties: Arlington, Clarke, Culpeper, Fairfax, Fauquier, King George, Loudoun, Page, Prince William, Rappahannock, Shenandoah, Spotsylvania, Stafford, Warren, and Westmoreland. The following major cities and towns are included: Alexandria, Fairfax, Falls Church, Fredericksburg, and Manassas.

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COMPETITIVE BID SUPPLY SERVICE PILOT

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- (2) Block 2 shall be based on the geographic area of Central/Western Virginia and encompasses the following counties: Albemarle, Alleghany, Amelia, Amherst, Appomattox, Augusta, Botetourt, Brunswick, Buckingham, Campbell, Caroline, Charles City, Charlotte, Chesterfield, Craig, Cumberland, Dinwiddie, Essex, Fluvanna, Goochland, Greene, Greenville, Halifax, Hanover, Henrico, King and Queen, King William, Lancaster, Louisa, Lunenburg, Madison, Mecklenburg, Nelson, New Kent, Northumberland, Nottoway, Orange, Pittsylvania, Powhatan, Prince Edward, Prince George, Richmond, Rockbridge, and Rockingham. The following major cities and towns are included: Buena Vista, Charlottesville, Clifton Forge, Colonial Heights, Covington, Emporia, Hopewell, Lexington, Petersburg, Richmond, Staunton, and Waynesboro.
- (3) Block 3 shall be based on the geographic area of Eastern Virginia and encompasses the following counties: Gloucester, Isle of Wight, James City, Mathews, Middlesex, Southampton, Surry, Sussex, and York. The following major cities are included: Chesapeake, Franklin, Hampton, Newport News, Norfolk, Poquoson, Portsmouth, Suffolk, Virginia Beach, and Williamsburg.

VII. Selection of Customers through Volunteering and/or Random Selection

- (A) Customers will have at least 30 calendar days to notify the Company that they wish to volunteer for participation in the initial selection following notification of eligibility.
- (B) The Company will maintain a list, by rate class and geographic area, of all eligible Customers that have volunteered to participate in the Pilot.
- (C) If there is an over-subscription in any rate class within a geographic area during the initial selection period, Customers will be selected to participate based on the order in which they volunteered.
- (D) If there is an under-subscription in any rate class within a geographic area during the initial selection period, Customers will be selected from the remaining population of eligible Customers in that geographic area using a random selection process.
- (E) No volunteer or Customer randomly selected shall be assigned to any sub-block if that Customer's individual Pilot Price- to-Compare is less than the class-average

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COMPETITIVE BID SUPPLY SERVICE PILOT

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price offered by the CSP selected by the Commission to that Customer in a specific geographic area.

- (F) Excluded from random selection will be those Customers currently enrolled with a CSP, Customers that have opted out of the mass list and those Customers that have affirmatively selected to be served under specific tariffs, riders, or programs as follows: Rate Schedule 1P - Residential Service, Schedule 1S - Residential Service, Rate Schedule 1T - Residential Service, Rate Schedule 1W - Time-Controlled Storage Water Heating Residential, Rate Schedule 5P - Church, Synagogue and Charitable Institution Service, Rate Schedule 6TS - Thermal Storage, Rate Schedule 7 - Electric Heating, Rate Schedule 10 - Large General Service, Rate Schedule 25 - Privately Owned Outdoor Lighting, Rate Schedule 27 - Outdoor Lighting Service High Pressure Sodium Vapor, Rate Schedule 28 - Outdoor Lighting Service, Rate Schedule 29 - Privately Owned Outdoor Lighting, Rate Schedule GS-2T - Intermediate General Service Time of Usage, Rate Schedule SG - Standby Generation, Rate Schedule CS - Curtailable Service, Rate Schedule RTP - Real Time Pricing, Rate Schedule J - Interruptible Electric Water Heating Service Residential Customers, Rate Schedule EDR - Economic Development, and Energy Saver Home Plus Program. Rate Schedule 27 - Outdoor Lighting Service High Pressure Sodium Vapor, and Rate Schedule 28 - Outdoor Lighting Service that are not associated with assignable rates will be excluded from random selection.
- (G) When the number of Customers, by rate class in any sub-block within a geographic area block falls below the target level of Customers according to Section VI.A, replacement Customers will be selected first, from the list of volunteers and second, by a random selection process consistent with the provisions of these Terms and Conditions.
- (H) If the enrollments in any rate class in a sub-block within a geographic area block exceeds the targeted numbers by greater than 5%, the CSP shall submit drops for the most recent Customers enrolled in order to bring total enrollments for the rate class in that sub-block equal to the total number allowed. The Company will monitor the number of Customers and communicate this to the CSPs. If a CSP is required to submit Customer drops, the last Customer enrolled will be the first Customer dropped.

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COMPETITIVE BID SUPPLY SERVICE PILOT

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- (I) The target level of Customers in each sub-block shall be maintained by the Company according to Section VII Selection of Customers through Volunteering and/or Random Selection under the following schedule:
- (1) Following the awarding of a sub-block, for the first three months, the Company shall replace Customers in that sub-block, by rate class and from the geographic area, where there has been a reduction from the target level at the end of each month.
 - (2) Following the awarding of a sub-block, after the first three months and until six months before the scheduled end of the Pilot, the Company shall replace Customers in each sub-block, by rate class and from the geographic area, where there has been a reduction from the target level at the end of each three-month period.
 - (3) In the event that no remaining Customers in a rate class or classes are available for assignment in that geographic area, the target level of Customers in that sub-block shall not be maintained.

VIII. Qualification of Bidders

(A) The Company will administer the Request for Qualifications ("RFQ"), with oversight provided by the Commission Staff. The initial RFQ shall be issued within 10 calendar days of acceptance by the Staff of any compliance filing of these Terms and Conditions, as applicable.

(B) All interested CSPs will prepare a qualification package and submit that package to the Company within 60 calendar days after the issuance of the RFQ.

(C) The qualification package shall include:

- (1) Certification of request for license to operate as a CSP per 20 VAC 5-312-40 of the Rules.
- (2) Certification that registration with the Company is in process in compliance with 20 VAC 5-312-50 of the Rules.
- (3) Certification that EDI testing with the Company is underway in accordance with VAEDT EDI test plan found in 20 VAC 5-312-20.L of the Rules.

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COMPETITIVE BID SUPPLY SERVICE PILOT

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- (4) Bidders must conform to 20 VAC 5-312-70 in communications and handling of Customers.
 - (5) Certification that the Company's creditworthiness review is in process for the scale of service to be provided by the CSP prior to submission of any bid proposals.
 - (6) Certification that bidders (CSPs) will provide monthly billing amounts netting non-tariff items, such as rebates and credits, and excluding additional items, such as late payment charges, for each randomly selected Customer as notified by the Company.
- (D) In the event that any geographic area sub-blocks remain unawarded, as specified in Section X (F), the Company will accept submission of qualifications by any new CSP and such CSP may submit bids following the acceptance of their qualifications.

IX. Request for Bids for Competitive Bid Supply Service

- (A) The Company will administer the Request for Bids ("RFB") to serve Competitive Bid Supply Service geographic area sub-blocks, with oversight provided by the Commission Staff. The initial RFB shall be issued the next business day after the due date of the RFQ. Subsequent RFBs, if any, shall be issued in accordance with Section X (F).
- (B) Bids are to be submitted as instructed in the RFB.
- (C) The CSP must certify with the submission of the bid proposal that registration, EDI testing, and creditworthiness with the Company has been completed.

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COMPETITIVE BID SUPPLY SERVICE PILOT

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(D) The Commission Staff will make the final selection of CSPs. The Company shall promptly provide all necessary information to the Commission Staff to determine the winning Competitive Bid Supply Service bids. Subject to prompt receipt of the necessary information from the Company, the Commission Staff will determine the winning Competitive Bid Supply Service bids within two business days following the submission of final bids. In the event that the Commission Staff does not determine the winning Competitive Bid Supply Service bids and communicate such determination to the winning bidders within two days following the submission of final bids, then any winning bidder that is awarded a sub-block subsequent to the two-day period shall be provided an opportunity to withdraw its bid. If such notification to the CSP is before noon, then the CSP shall have until 5:00 p.m. that day to withdraw its bid. If such notification is after noon, then the CSP shall have until noon the following business day to withdraw its bid. The CSP must notify the Commission Staff of any bid withdrawal. If the CSP does not withdraw the bid following notification by the Commission Staff of its award within the time frame provided, then the CSP must serve the awarded block. If any sub-blocks are not awarded, the bidding process shall be continued as prescribed under Section X (F).

X. Bidding Rules

(A) The bid must provide for service to Customers in the applicable geographic block(s) through the October 2007 meter reading date for each Customer.

(B) Bidding shall be sub-block specific.

(C) For each sub-block, class-specific prices must be submitted on a \$ per MWh basis for low load, normal load, and high load scenarios as provided by the Company in the Request For Bids.

(1) For a class that has a demand component in its unbundled rate schedule, the class-specific price may have a demand component as long as the CSP has not selected rate-ready LDC consolidated billing in accordance with those requirements outlined in the Company's CSP Coordination Tariff. The bidder must convert any demand pricing component into a \$ per MWh price and provide the calculation of such a conversion with its bid.

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COMPETITIVE BID SUPPLY SERVICE PILOT

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- (2) For any fixed charge included in the bid, the bidder must include the fixed charge pricing component in a \$ per MWh price and provide the calculation of such a conversion with its bid.
 - (3) If any offers within the bid proposal exceed the associated rate class average Pilot Price-to-Compare as determined based upon the most recent update for Virginia jurisdiction customers, then such bids will not be selected.
 - (4) Should a CSP elect to bill Customers using the LDC Consolidated Rate Ready Billing method, charges will be calculated by the Company on a kWh basis only. Each rate schedule may contain up to 4 kWh blocks. Each block must be billed using per kWh prices. The Company will not prorate blocks or prices contained within a CSP rate schedule.
- (D) Using the low load, normal load, and high load scenarios, an expected value weighted average price for each sub-block will be determined based upon the rate class-specific prices and the energy units for the rate class. The winning bid shall be the bid with the lowest weighted average price for the sub-block.
- (E) If evaluation of the bids for awarding the geographic sub-blocks in accordance with Section X (A) through Section X (D) would not result in selection of at least two different CSPs, the Commission Staff may select a different CSP for at least one geographic area sub-block in a manner that minimizes any increase to the \$ per MWh offer price from the bid summary sheet of the RFB for the affected sub-block. If at least two different CSPs cannot be selected without increasing the \$ per MWh offer price by more than 1.5% for any rate class, the Commission Staff may, at its discretion, select a single CSP to serve all geographic area sub-blocks.
- (E) An open bidding process will be conducted. Following an order from the State Corporation Commission on the Company's December 23, 2004 application, a new RFB will be issued. The new RFB will remain open to receive bids on any business day from a CSP. Following the receipt of a bid for any sub-block from a CSP, the Company will notify all pre-qualified CSPs that a bid has been submitted and inform them that they have until 4:00 PM the following business day to submit a bid according to the bid requirements set forth in Sections IX and X. The CSP that submitted the initial bid that initiated the notification process will have the opportunity to update its bid by 4:00 PM on the next business day. Following the 4:00 PM deadline on the next business day following notification, no additional bids can be submitted until the Commission Staff notifies the

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COMPETITIVE BID SUPPLY SERVICE PILOT

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Company that bidding can be re-opened for any remaining sub-blocks. At such time, the Company shall send a notification that bidding has reopened. In the event that the Company wishes to halt the bid process, the Company shall file a motion with the State Corporation Commission for such approval.

XI. Future Bid Service Periods (Reserved)**XII. Communication of Customer Assignment to Sub-Blocks and Notification and Enrollment of Customers**

- (A) The Company shall send CSPs awarded a sub-block for the Pilot a list of Customer volunteers included in the sub-block within 30 calendar days of the awarding of the bids and a list of Customers randomly selected will be provided to the CSPs within 7 calendar days after the provision of the list of Customer volunteers.
- (B) The Company shall notify Customers that have been randomly selected as soon as practicable following their selection to participate in the Competitive Bid Supply Service Pilot and inform such Customers of their right to withdraw from participation.
- (C) CSPs shall also send a letter to Customers on the list notifying them of their selection to participate in the Competitive Bid Supply Service Pilot. The letter shall inform the Customer of the following:
- (1) The terms and conditions of the CSP's offer of Competitive Bid Supply Service.
 - (2) The Customer's individual Pilot Price- to-Compare information.
 - (3) That the Customer has the right to decline the CSP's offer by contacting the CSP by letter or phone within 21 calendar days of the postmarked date of the letter from the CSP.
 - (4) Inform the Customer that failing to decline the CSP's offer will result in their enrollment by the CSP in the Competitive Bid Supply Service Pilot.
- (D) The CSP shall notify the Company of all Customers that decline the CSP's offer by sending Supplier Relations an Excel file listing the account number of each Customer.

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COMPETITIVE BID SUPPLY SERVICE PILOT

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Such notification shall be sent to the Company within five business days of the CSP's receipt of the Customer's declining the CSP's offer.

- (E) The CSP shall enroll or have a pending enrollment for all Customers that do not decline the CSP's offer within 60 days of the date the Company completes requirements set forth in Section XII (A).

XIII. Consumer Protection

- (A) The Customer has the right to terminate enrollment with the CSP and return to capped rate service.
- (B) The Customer will be responsible for any applicable CSP fees or charges resulting from termination of the contract by the Customer.
- (C) Customers switched in error will be switched back to the Company and any associated charges and fees will be cancelled or reimbursed by the CSP.
- (D) The Company will provide Customers participating in this Pilot with information about changes in the market price and wires charges, including an explanation of the relationship between the Pilot Price-to-Compare and the CSP's price.
- (E) At the end of every full year of service for each non-volunteering Customer randomly selected to participate in the Pilot, the Company will compare the annual payments made to its CSP by each of these Customers to the amount that each Customer would have paid to the Company through capped rates. In the event that any of these Customers paid more by participating in this Pilot than they would have paid under capped rates, the Company shall issue the Customer a refund for the difference. An explanation of the reason for the refund will accompany the refund and the Customer will be given the option to leave the Pilot and return to capped rates or continue service from the CSP.
- (F) No termination fee shall be assessed by a CSP, the Company or related entity if a Customer leaves the CSP to return to capped rate service when it is determined under subsection (E) that the Customer was paying more than they would have paid had the Customer taken capped rate service.

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COMPETITIVE BID SUPPLY SERVICE PILOT

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XIV. Pilot Identification

CSPs will enroll Customers for the Pilot in a manner to be determined by the Company to facilitate reporting.

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COMMERCIAL AND INDUSTRIAL PILOT

I. Term of Pilot

The Pilot will begin on May 25, 2004. The Pilot will end at the expiration or termination of the Company's capped rates per Section 56-582 of the Code of Virginia.

II. Retail Access Rules

The Rules Governing Retail Access to Competitive Energy Service (20 VAC 5-312) shall be followed as supplemented below.

III. Compliance With Competitive Service Provider Coordination Tariff

All CSPs selected to serve Customers in the Commercial and Industrial Pilot shall comply with all sections of the Competitive Service Provider Coordination Tariff except as modified below.

IV. Reduction of Applicable Wires Charges

Customers participating in the Pilot shall receive a reduction in applicable wires charges according to Rider RAP.

V. Eligibility of Customers

(A) The Pilot shall be available to all of the Company's Virginia jurisdictional Customers whose peak measured demand reached or exceeded 500 kW during no less than three billing months (1) within the current and previous 11 billing months or (2) during the actual number of billing months in the Customer's history if there are less than 12 previous billing months. Certain rate schedules may require migration of the Customer to another applicable unbundled rate schedule.

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COMMERCIAL AND INDUSTRIAL PILOT

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(B) In addition, the Pilot shall also be available to all of the Company's Virginia jurisdictional Customers whose peak measured demand reached and exceeded (i) 30 kW during no less than three billing months and (ii) reached or exceeded 500 kW during no more than two billing months, which billing months are (1) within the current and previous 11 billing months or (2) during the actual number of billing months in the Customer's history if there are less than 12 previous billing months. Customers described in this subsection (B) shall not be eligible for other pilots after any lottery is completed or they have enrolled with a CSP in the Pilot according to Section VII of these Terms and Conditions.

(C) The Company will notify Customers of their eligibility.

VI. Size of Pilot

The size of the Pilot shall not exceed 200,000 kW based upon the maximum actual kW demand for each participating Customer during the most recent 12 months.

VII. Volunteering, Selection, and Enrollment

(A) All eligible Customers may volunteer for participation in the Pilot.

(B) If the sum of the maximum kW demand for each volunteering Customer during the most recent 12 months exceeds 200,000 kW, a lottery will be conducted to select the participants.

(C) Enrollments in the Pilot will be accepted only for accounts selected for inclusion through the lottery or from the waiting list as determined by Subsection (E) .

(D) Enrollments will be considered to be pending upon receipt of the EDI transaction by the Company.

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COMMERCIAL AND INDUSTRIAL PILOT

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- (E) Once 10 percent of the Customer accounts selected for inclusion through the lottery or 20 percent of the maximum kW demand allowed in the Pilot have been enrolled in the pilot, the remaining Customers selected through the lottery must be enrolled or have an enrollment pending within 30 days after the date of notification that the threshold has been met or the Customer will lose the enrollment slot reserved for the account and another Customer will be selected from the waiting list subject to the size limit of the Pilot. In the event that a Customer on the waiting list is passed over due to the limit on the size of the Pilot, the Customer shall maintain its position on the waiting list in the event that another opening occurs that would allow for the size of the Customer's load. Any Customer subsequently selected for participation will then have 60 days to have an enrollment or pending enrollment from the date of notification from the Company that they may participate in the Pilot.
- (F) Customers that lose their enrollment slot will be notified that they can no longer participate in the Pilot. Customers selected from the waiting list must enroll or have a pending enrollment within 60 days of notification by the Company of their opportunity to participate to retain their enrollment slot.
- (G) Customers returning to capped rate service, taking service from another CSP outside of the Pilot, or who no longer take distribution service from the Company shall be replaced in the Pilot by a Customer from the waiting list subject to the size limit of the Pilot.

VIII. Failure of the CSP to Provide Service

If a CSP fails to provide service, the Customer may return to capped rate service. In lieu of returning to capped rate service, the Customer will have 60 days to enroll with another CSP as part of the Pilot. If the Customer does not enroll with a CSP within this time period and the Customer remains on capped rate service from the Company, the minimum stay requirement is applicable before the Customer can re-enroll in the Pilot.

IX. Customer Voluntarily Leaves a CSP

If a Customer voluntarily leaves the CSP and returns to capped rate service from the Company, the minimum stay requirement is applicable.

COMMERCIAL AND INDUSTRIAL PILOT

(Continued)

X. Consumer Protection

The Company will provide Customers participating in this Pilot with information about changes in the market price and wires charges, including an explanation of the relationship between the Pilot Price-to-Compare and the CSP's price.

XI. Pilot Identification

CSPs will enroll Customers for the Pilot in a manner to be determined by the Company to facilitate reporting.