

FORM OF SURETY BOND

WITNESSETH: This Surety Bond given by [INSERT PRINCIPAL NAME] as Principal, and [INSERT SURTY AGENCY'S NAME], as Surety, are jointly and severally bound unto **The Potomac Edison Company**, as Obligee, in the amount of [INSERT AMOUNT](U.S.), for the payment of which the Principal and Surety bind themselves, their heirs, executors, administrators, successors, assigns or other legal representatives.

WHEREAS, the Principal and Obligee have entered into certain "Agreements," pursuant to which the Principal may from time to time use the services of the Obligee for the purchase and sale of electric power, transmission, and/or other services (hereinafter referred to as "Transactions"); and,

WHEREAS, the Principal has promised to pay the Obligee any indebtedness arising from such Transactions as bills are rendered, and shall be in Default unless payment is made within the time required under the agreement; and,

WHEREAS, the Surety promises to pay to the Obligee any amounts in Default on any Transactions where the Transactions occur during the term of this Bond; and

WHEREAS, upon Default, as defined in the applicable Agreements, or failure to remit payment pursuant to a demand within the required time frame under the applicable Agreements, the Obligee shall provide notice to the Surety and to Principal, and the Surety shall render payment to the Obligee within thirty (30) days of receipt of such notice.

NOW, THEREFORE, the Principal shall pay or cause to be paid to the Obligee, within the time required under the Agreements, all amounts arising from such Transactions or demands that may at any time hereafter be due and owing to the Obligee by the Principal, and shall have no other obligation under this Bond. This Bond shall remain in full force and effect for the term set forth below unless terminated as provided below.

This bond is subject to the following terms, limitations and conditions:

1. The term of this bond shall be for one year commencing on _____, and shall continue from year to year thereafter unless terminated in accordance with paragraph 2 below.
2. The Surety shall have the right to terminate its liability hereunder at any time by giving notice in writing to the Obligee and the Principal and stating therein the effective date of such termination which date shall not be less than ninety (90) days after receipt of said termination notice by the Obligee and with notice to Principal. Such notice shall not limit or terminate any obligation of Surety arising under the Agreements in respect to any obligations arising from any Transactions entered into prior to the date of such termination by Surety.
3. That no proceeding in law or in equity may be brought under this Bond unless the same shall be commenced and process served prior to the expiration of one (1) year from the date of cancellation of this Bond.

IN WITNESS THEREOF, said Principal and said Surety have caused these presents to be duly signed and sealed this ____ day of _____, _____.

[INSERT PRINCIPAL'S NAME]
Principal

(Seal)

Surety

(Seal)