

City of Dover
Rate Impact Samples by Class
Effective July 1, 2008

		Rate	1-Jul-07 Rates	Financial Model Proposed 1-Jul-08 Rates	Percent Change
Residential	Kwh Consumption	1000	R \$	139.30 \$	3.5176%
		750	\$	105.73 \$	3.4760%
Rental Office Location 36348	Jul-05 Kwh Consumption	2226	C \$	327.08 \$	4.2569%
	Jan-06 Kwh Consumption	3220	C \$	470.81 \$	4.2780%
Bank Location 3922	Jul-05 Kwh Consumption	2507	C1 \$	378.14 \$	4.1470%
	Jan-06 Kwh Consumption	3510	C1 \$	523.17 \$	4.1966%
Bank Location 31718	Jul-05 Kwh Consumption	6240	C2 \$	811.25 \$	3.2877%
	Jan-06 Kwh Consumption	5683	C2 \$	827.23 \$	2.9364%
Car Dealer Location 28884	Jul-05 Kwh Consumption	43,000	C5 \$	5,624.93 \$	3.1081%
	Jan-06 Kwh Consumption	42,520	C5 \$	5,682.29 \$	3.1984%
Large Insurance Company Location 32386	Jul-05 Kwh Consumption	129,000	P \$	15,948.60 \$	3.3826%
	Jan-06 Kwh Consumption	77,000	P \$	10,291.29 \$	3.1290%
Transmission Location 32348	Jul-05 Kwh Consumption	1,674,000	T \$	155,692.33 \$	3.6432%
	Jan-06 Kwh Consumption	1,458,000	T \$	138,812.06 \$	3.3878%

FIRST AMENDMENT TO ENERGY MANAGEMENT AGREEMENT

This First Amendment to Energy Management Agreement (this "**First Amendment**"), dated and made effective as of November ____, 2007, is entered into by and between Dover, Delaware, a municipal corporation of the State of Delaware ("**Dover**"), and Pace Global Asset Management, LLC, a Virginia limited liability company ("**Energy Manager**"). Dover and Energy Manager are sometimes referred to herein, individually, as "**Party**" and, collectively, as "**Parties**." All capitalized terms, which are not defined herein, shall possess the meanings allocated to them in the Agreement.

WHEREAS:

WHEREAS, Dover and Energy Manager entered into that certain Energy Management Agreement (the "**Agreement**"), dated as of May 4, 2006, which the Parties now desire to amend pursuant to the terms and conditions set forth in this First Amendment.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this First Amendment, and intending to be legally bound hereby, the Parties agree as follows:

1. The defined terms "Portfolio Unit Cost," "Recommended Initial Hedges," and "UCC" shall be deleted in their entirety from Article 1 of the Agreement.

2. The following term and definition shall be added to Article 1 of the Agreement:

"'Forward Market Price', for purposes of Section 8.2, means the forward price per MWh of wholesale, delivered power for the PJM-DPL zone as of March 31st for each month of the upcoming Hedge Year. In order to determine such price, Energy Manager, on behalf of Dover, will obtain by March 31st (or the next business day following that date) a minimum of three (3) price quotes (\$/MWh) from qualified counterparties in the market for the upcoming Hedge Year's unhedged requirements and then use for the forward price for each month of the Hedge Year the average of the quotes except for the highest quote."

3. In Section 2.1 of the Agreement, (a) the date "June 30, 2010" in the first sentence thereof shall be deleted in its entirety and replaced with the date "June 30, 2011;" and (b) the reference to "Sections 8.1(e) and 8.2" in the fourth sentence thereof shall be deleted in its entirety and replaced with a reference to "Sections 8.1(c) and 8.2."

4. In Section 2.2 of the Agreement, the first sentence thereof is deleted in its entirety and replaced with the following:

"Section 2.2 Early Termination. Notwithstanding Section 2.1 hereof, Dover may terminate this Agreement for convenience, effective July 1, 2010 ("**Early Termination Date**") upon not less than sixty (60) days prior written notice to Energy Manager; provided, however, that in the event Dover terminates this Agreement effective at the end of July 1, 2010,

Dover will pay Energy Manager an early termination fee (the “**Early Termination Fee**”) equal to Two Hundred Forty Thousand Two Hundred Fifty Dollars (\$240,250.00).”

5. Section 8.1 of the Agreement is deleted in its entirety and replaced with the following:

“Section 8.1 Monthly Payment. For work performed as set forth in Articles 4, 5 and 6 hereof, Dover shall pay the Energy Manager the following fees during the Initial Term and the first Extended Term, if any, of this Agreement:

(a) From the Effective Date through June 30, 2007, One Hundred Eighty-One Thousand Two Hundred Fifty Dollars (\$181,250.00) per month;

(b) during the period July 1, 2007 through June 30, 2011, One Hundred Sixty-Six Thousand Six Hundred Sixty-Six Dollars and Sixty-Seven Cents (\$166,666.67) per month; and

(c) during the period July 1, 2011 through June 30, 2012, One Hundred Seventy-One Thousand Six Hundred Sixty-Six Dollars and Sixty-Seven Cents (\$171,666.67) per month.”

6. Section 8.2 of the Agreement is deleted in its entirety and replaced with the following:

“Section 8.2 Incentive Fee.

(a) In accordance with the Risk Management Policies and Procedures, Energy Manager will recommend in writing to Dover hedges for the Project’s Fuel and Power requirements (including FTRs, if available) as required to meet its load during each month during each July through June period during the Initial Term and first Extended Term (each such July through June period, a “**Hedge Year**”). All hedges recommended by Energy Manager and executed by Dover as of March 31st of any given year will be used to establish the Benchmark Unit Cost of Supply for the upcoming Hedge Year. The “**Benchmark Unit Cost of Supply**” means for each month of the Hedge Year, the price per MWh that is equal to the sum of (i) the weighted average price per MWh of the month’s hedges executed as of March 31st immediately prior to the Hedge Year and unhedged requirements (the unit price of which shall be equal to the Forward Market Price for the month), plus (ii) a fixed adder of \$7.50 per MWh to reflect supply costs including VLR and as a proxy for the margin in a full requirements contract (collectively, the “**Other Supply Costs**”). The Benchmark Unit Cost of Supply does not include losses, ancillaries, or transmission (including seams, FERC fees, PJM charges), which shall be passed through to Dover. An example of such calculation of the Benchmark Unit Cost of Supply is set forth in Appendix C-1 hereto. For the second Hedge Year, the Benchmark Unit Cost of Supply will be Eighty Dollars and Seventy-Seven Cents (\$80.77) per MWh as set forth in Appendix C-2 hereto. Thereafter, Energy Manager will notify Dover in writing by April 30th of the Benchmark Unit Cost of Supply for each month of the upcoming Hedge Year.

(b) At the end of the second Hedge Year and each Hedge Year thereafter, Energy Manager will calculate the following:

- (i) the “**Aggregate Benchmark Cost of Supply**” which shall mean, for any month, the Benchmark Unit Cost of Supply multiplied by the actual load at the appropriate loss level for the month;
- (ii) the “**Aggregate Actual Cost of Supply**” which shall mean, for any month, the sum of all costs actually incurred by Dover for Fuel and Power for the actual load during the month, including gains and losses on all hedges (which include sales of Energy from the Project) and Other Supply Costs for the month; and
- (iii) the “**Gross Incentive Amount**” which shall mean, for a Hedge Year, the sum of the following differences for each month in the Hedge Year: (a) the Aggregate Benchmark Cost of Supply for the month, minus (b) the Aggregate Actual Cost of Supply plus the monthly payment received by Energy Manager as set forth in Section 8.1 hereof for the month.

For the first Hedge Year (i.e., July 1, 2006 through June 30, 2007), Dover shall pay Energy Manager an incentive fee equal to Nine Hundred Seventy-Eight Thousand Dollars (\$978,000.00). For each Hedge Year thereafter, if the Gross Incentive Amount for the Hedge Year is a positive value, Dover shall pay Energy Manager an amount equal to thirty-five percent (35%) of such Gross Incentive Amount, but not to exceed One Million Dollars (\$1,000,000.00). If the Gross Incentive Amount for the Hedge Year is a negative value, no incentive fee shall be payable to Energy Manager. An example of such calculation of the Gross Incentive Amount is set forth in Appendix D hereto.

Any amounts due pursuant to this Section 8.2(b), may be paid, at the sole option of the payor, in either a lump sum or twelve (12) equal monthly installments; provided, however, that upon expiration or Dover’s termination of this Agreement as set forth in Section 2.2 hereof, any amounts due by a Party, or any unpaid portion thereof, shall be immediately due and payable. The lump sum or the first installment shall be due by the end of the month immediately following the end of the applicable Hedge Year.

7. Appendix C of the Agreement shall be deleted in its entirety and replaced with Appendix C attached hereto.

8. Appendix D of the Agreement shall be deleted in its entirety and replaced with Appendix D attached hereto.

Except as specifically amended or waived by this First Amendment, all of the terms and conditions of the Agreement shall remain in full force and effect. If there is a conflict between

the terms and conditions set forth in this First Amendment and the terms and conditions set forth in the Agreement, the terms and conditions set forth in this First Amendment shall control.

IN WITNESS WHEREOF, each of the Parties has caused this First Amendment to be executed by its duly authorized officer as of the date first written above.

DOVER, DELAWARE PACE GLOBAL ASSET MANAGEMENT, LLC

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

APPENDIX C EXAMPLE OF BENCHMARK COST OF SUPPLY CALCULATION

HEDGED (FIXED) POSITIONS

Column	[1]	[2]	[3] [1] x [2]	[4]	[5]	[6] [4] x [5]
	ON-PEAK POWER			OFF-PEAK POWER		
	Volume (MWh)	Wtd Average Fixed Price	Total Cost	Volume (MWh)	Wtd Average Fixed Price	Total Cost
July	34,000	\$90.00	\$3,060,000	25,000	\$55.00	\$1,375,000
August	38,000	\$90.00	\$3,420,000	22,000	\$55.00	\$1,210,000
September	27,000	\$90.00	\$2,430,000	24,000	\$55.00	\$1,320,000
October	25,000	\$90.00	\$2,250,000	18,000	\$55.00	\$990,000
November	24,000	\$90.00	\$2,160,000	18,000	\$55.00	\$990,000
December	21,000	\$90.00	\$1,890,000	20,000	\$55.00	\$1,100,000
January	25,000	\$90.00	\$2,250,000	20,000	\$55.00	\$1,100,000
February	24,000	\$90.00	\$2,160,000	18,000	\$55.00	\$990,000
March	18,000	\$90.00	\$1,620,000	16,000	\$55.00	\$880,000
April	20,000	\$90.00	\$1,800,000	15,000	\$55.00	\$825,000
May	24,000	\$90.00	\$2,160,000	18,000	\$55.00	\$990,000
June	30,000	\$90.00	\$2,700,000	18,000	\$55.00	\$990,000
Annual Total	310,000		\$27,900,000	232,000		\$12,760,000

UNHEDGED (OPEN) POSITIONS¹

Column	[7]	[8]	[9] [7] x [8]	[10]	[11]	[12] [10] x [11]
	ON-PEAK POWER			OFF-PEAK POWER		
	Volume (MWh)	Market Price as of 3/31	Total Cost	Volume (MWh)	Market Price as of 3/31	Total Cost
July	6,000	\$90.00	\$540,000	14,000	\$60.00	\$840,000
August	9,000	\$95.00	\$855,000	13,000	\$60.00	\$780,000
September	9,000	\$85.00	\$765,000	11,000	\$50.00	\$550,000
October	8,000	\$85.00	\$680,000	11,000	\$50.00	\$550,000
November	8,000	\$85.00	\$680,000	10,000	\$45.00	\$450,000
December	8,000	\$90.00	\$720,000	14,000	\$45.00	\$630,000
January	10,000	\$85.00	\$850,000	13,000	\$50.00	\$650,000
February	8,000	\$85.00	\$680,000	11,000	\$50.00	\$550,000
March	14,000	\$85.00	\$1,190,000	12,000	\$50.00	\$600,000
April	11,000	\$85.00	\$935,000	12,000	\$50.00	\$600,000
May	12,000	\$85.00	\$1,020,000	11,000	\$55.00	\$605,000
June	8,000	\$90.00	\$720,000	15,000	\$60.00	\$900,000
Annual Total	111,000		\$9,635,000	147,000		\$7,705,000

TOTAL PORTFOLIO (SUM OF HEDGED AND UNHEDGED)

Column	[13] [1] + [7]	[14] [4] + [10]	[15] [3] + [14]	[16] [3] + [9]	[17] [6] + [12]	[18] [16] + [17]
	TOTAL VOLUME (MWH)			TOTAL COST		
	On-Peak Power	Off-Peak Power	Total	On-Peak Power	Off-Peak Power	Total
July	40,000	39,000	79,000	\$3,600,000	\$2,215,000	\$5,815,000
August	47,000	35,000	82,000	\$4,275,000	\$1,990,000	\$6,265,000
September	36,000	35,000	71,000	\$3,195,000	\$1,870,000	\$5,065,000
October	33,000	29,000	62,000	\$2,930,000	\$1,540,000	\$4,470,000
November	32,000	28,000	60,000	\$2,840,000	\$1,440,000	\$4,280,000
December	29,000	34,000	63,000	\$2,610,000	\$1,730,000	\$4,340,000
January	35,000	33,000	68,000	\$3,100,000	\$1,750,000	\$4,850,000
February	32,000	29,000	61,000	\$2,840,000	\$1,540,000	\$4,380,000
March	32,000	28,000	60,000	\$2,810,000	\$1,480,000	\$4,290,000
April	31,000	27,000	58,000	\$2,735,000	\$1,425,000	\$4,160,000
May	36,000	29,000	65,000	\$3,180,000	\$1,595,000	\$4,775,000
June	38,000	33,000	71,000	\$3,420,000	\$1,890,000	\$5,310,000
Annual Total	421,000	379,000	800,000	\$37,535,000	\$20,465,000	\$58,000,000

BENCHMARK UNIT COST OF SUPPLY

Total Cost (Column [18])	\$58,000,000
Divided By: Total Volume (Column [15])	800,000
Weighted-Average Energy Cost/MWh	\$72.50
Plus: Other Supply Costs Adder Per Contract	\$7.50
Equals: BENCHMARK COST OF SUPPLY	\$80.00

¹Unhedged positions for each month are valued based on the Forward Market Price for PJM West, DPL Zone as of March 31 prior to the start of the Fiscal Year as determined by averaging all but the highest of at least three (3) market quotes for firm delivery of such power.

APPENDIX C (continued)
SECOND HEDGE YEAR (2007-2008) BENCHMARK COST OF SUPPLY CALCULATION

HEDGED (FIXED) POSITIONS

Column	[1]	[2]	[3]	[4]	[5]	[6]
			[1] x [2]			[4] x [5]
ON-PEAK POWER			OFF-PEAK POWER			
	Volume (MWh)	Wtd Average Fixed Price	Total Cost	Volume (MWh)	Wtd Average Fixed Price	Total Cost
July	40,320	\$87.44	\$3,525,564	30,600	\$68.57	\$2,098,140
August	44,160	\$87.44	\$3,861,332	28,200	\$68.57	\$1,933,580
September	33,440	\$75.53	\$2,525,556	29,120	\$66.50	\$1,936,584
October	31,280	\$75.39	\$2,358,144	22,560	\$69.90	\$1,576,850
November	28,560	\$75.39	\$2,153,088	23,040	\$69.90	\$1,610,400
December	27,200	\$77.22	\$2,100,480	25,440	\$68.77	\$1,749,530
January	29,920	\$89.78	\$2,686,112	25,480	\$66.69	\$1,699,320
February	28,560	\$89.78	\$2,564,016	23,400	\$66.69	\$1,560,600
March	23,520	\$74.44	\$1,750,812	22,440	\$68.72	\$1,542,036
April	24,640	\$72.76	\$1,792,824	20,240	\$64.45	\$1,304,376
May	28,560	\$72.57	\$2,072,616	24,480	\$58.17	\$1,423,920
June	36,960	\$82.11	\$3,034,836	23,040	\$58.17	\$1,340,160
Annual Total	377,120		\$30,425,380	298,040		\$19,775,496

UNHEDGED (OPEN) POSITIONS¹

Column	[7]	[8]	[9]	[10]	[11]	[12]
			[7] x [8]			[10] x [11]
ON-PEAK POWER			OFF-PEAK POWER			
	Volume (MWh)	Market Price as of 12/27/06	Total Cost	Volume (MWh)	Market Price as of 12/27/06	Total Cost
July	-	\$66.30	\$0	9,267	\$66.30	\$614,402
August	2,242	\$66.30	\$148,645	6,692	\$66.30	\$443,680
September	2,490	\$66.30	\$165,087	4,689	\$66.30	\$310,881
October	1,649	\$66.30	\$109,329	5,429	\$66.30	\$359,943
November	1,770	\$66.30	\$117,351	4,168	\$66.30	\$276,338
December	1,905	\$66.30	\$126,302	6,922	\$66.30	\$458,929
January	4,901	\$66.30	\$324,936	6,354	\$66.30	\$421,270
February	2,022	\$66.30	\$134,059	4,139	\$66.30	\$274,416
March	8,783	\$66.30	\$582,313	6,243	\$66.30	\$413,911
April	5,280	\$66.30	\$350,064	6,143	\$66.30	\$407,281
May	6,450	\$66.30	\$427,635	4,815	\$66.30	\$319,235
June	1,813	\$66.30	\$120,202	9,318	\$66.30	\$617,783
Annual Total	39,305		\$2,605,922	74,179		\$4,918,068

TOTAL PORTFOLIO (SUM OF HEDGED AND UNHEDGED)

Column	[13]	[14]	[15]	[16]	[17]	[18]
	[1] + [7]	[4] + [10]	[13] + [14]	[3] + [9]	[6] + [12]	[16] + [17]
TOTAL VOLUME (MWH)			TOTAL COST			
	On-Peak Power	Off-Peak Power	Total	On-Peak Power	Off-Peak Power	Total
July	39,464	39,867	79,331	\$3,525,564	\$2,712,542	\$6,238,106
August	46,402	34,892	81,294	\$4,009,977	\$2,377,260	\$6,387,236
September	35,930	33,809	69,739	\$2,690,643	\$2,247,465	\$4,938,108
October	32,929	27,989	60,918	\$2,467,473	\$1,936,793	\$4,404,265
November	30,330	27,208	57,538	\$2,270,439	\$1,886,738	\$4,157,177
December	29,105	32,362	61,467	\$2,226,782	\$2,208,459	\$4,435,240
January	34,821	31,834	66,655	\$3,011,048	\$2,120,590	\$5,131,639
February	30,582	27,539	58,121	\$2,698,075	\$1,835,016	\$4,533,090
March	32,303	28,683	60,986	\$2,333,125	\$1,955,947	\$4,289,072
April	29,920	26,383	56,303	\$2,142,888	\$1,711,657	\$3,854,545
May	35,010	29,295	64,305	\$2,500,251	\$1,743,155	\$4,243,406
June	38,773	32,358	71,131	\$3,155,038	\$1,957,943	\$5,112,981
Annual Total	415,569	372,219	787,788	\$33,031,302	\$24,693,564	\$57,724,865

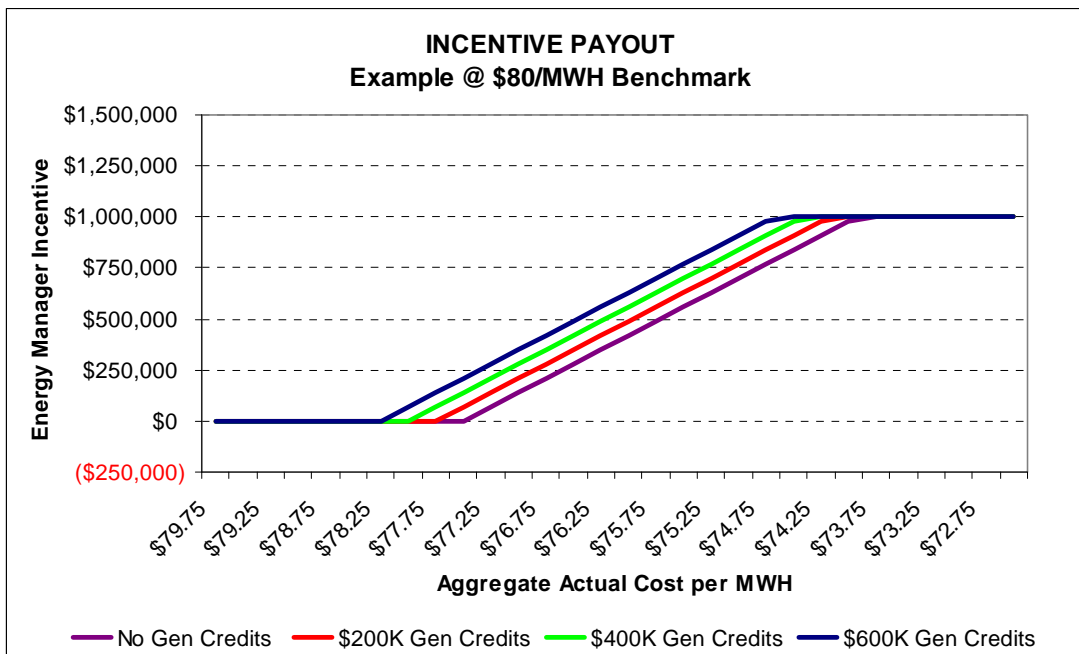
BENCHMARK UNIT COST OF SUPPLY

Total Cost (Column [18])	\$57,724,865
Divided By: Total Volume (Column [15])	787,788
Weighted-Average Energy Cost/MWh	\$73.27
Plus: Other Supply Costs Adder Per Contract	\$7.50
Equals: BENCHMARK COST OF SUPPLY	\$80.77

¹For the second Hedge Year, unhedged positions for each month are valued based on the most recent quote received (and transacted on) in advance of the Hedge Year. That occurred on 12/27/06 at an around-the-clock price of \$66.30 / MWh.

APPENDIX D
EXAMPLE GROSS INCENTIVE AMOUNT CALCULATION

1 Benchmark Unit Cost of Supply/MWH		\$80.00
2 Aggregate Actual Energy Cost		<u>\$75.50</u>
3 Gross Incentive per MWH	[1] - [2]	\$4.50
4 Volumes, MWH		<u>800,000</u>
5 Gross Incentive	[3] x [4]	\$3,600,000
6 Less: Base Fees		(\$2,000,000)
7 Plus: Generation Margin		<u>\$200,000</u>
8 Eligible Incentive Pool	[5] + [6] + [7]	\$1,800,000
9 Energy Manager Share		<u>35%</u>
10 Energy Manager Incentive	[8] x [9]	\$630,000



	Year 1 2006/07	Year 2 2007/08	Year 3 2008/09	Year 4 2009/10	Year 5 2010/11	Total Five Year Cost	Savings
Current	\$2,175,000.00	\$2,240,250.00	\$2,307,457.56	\$2,376,681.24	\$2,447,981.64	\$11,547,370.44	\$1,372,370.28
Proposed	\$2,175,000.00	\$2,000,000.04	\$2,000,000.04	\$2,000,000.04	\$2,000,000.04	\$10,175,000.16	

INCENTIVE FEE

	Year 1 2006/07	Year 2 2007/08	Year 3 2008/09	Year 4 2009/10	Year 5 2010/11	Total Two Year Estimate	Estimated Savings
Current ¹ (No Cap)	\$1,620,000.00	\$1,680,000.00	Unknown	Unknown	Unknown	\$3,300,000.00	\$1,300,000.00
Cap	\$1,000,000.00	\$1,000,000.00	\$1,000,000.00	\$1,000,000.00	\$1,000,000.00	\$2,000,000.00	

¹ Estimated for year 2