

**PECO ENERGY COMPANY  
STATEMENT NO. 4**

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PETITION OF PECO ENERGY COMPANY  
FOR APPROVAL OF ITS  
SMART METER TECHNOLOGY PROCUREMENT AND  
INSTALLATION PLAN

DOCKET NO. M-2009-2123944

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DIRECT TESTIMONY  
SUPPORTING PECO'S PETITION FOR APPROVAL  
OF ITS INITIAL DYNAMIC PRICING AND  
CUSTOMER ACCEPTANCE PLAN

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WITNESS: WILLIAM J. PATERER

SUBJECTS: REVIEW OF PROPOSED TARIFFS,  
COSTS AND COST RECOVERY

OCTOBER 28, 2010

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1 implementation of new regulatory strategies and pricing policies, including new rates  
2 and demand side initiatives. In 2004, I was promoted to Senior Rates Specialist in the  
3 same group with project management responsibility for major regulatory projects,  
4 including PECO's filing to obtain regulatory approval of Exelon Corporation's  
5 proposed merger with Public Service Enterprise Group, Inc. In 2007, I was promoted  
6 to my current position.

7 **5. Q. What is your educational background?**

8 A. I hold a Bachelor of Science in Mechanical Engineering from Villanova University  
9 and Masters of Science in Engineering from Catholic University. In addition, I have  
10 a Masters of Business Administration in Finance from Villanova University. I have  
11 also completed the Basic Rate Design Course offered by New Mexico State  
12 University and the EEI Advanced Rate Course offered by Indiana University.

13 **6. Q. Have you previously provided testimony to the Pennsylvania Public Utility  
14 Commission?**

15 A. Yes. Most recently, I submitted testimony in PECO's Default Service proceeding at  
16 Docket No. P-2008-2062739. I also testified on behalf of PECO in the Commission's  
17 *en banc* hearing on Demand Side Response on December 19, 2002. Finally, I  
18 submitted testimony in PECO's Wind Tariff proceeding at Docket No.  
19 R-0001638C0001, as well as in the Exelon merger application proceeding at Docket  
20 No. A-110550F0160.

1 7. Q. **What is the purpose of your direct testimony?**

2 A. The purpose of my testimony is threefold: (1) to review the proposed tariffs  
3 implementing PECO's two initial dynamic pricing options (Critical Peak Pricing  
4 ("CPP") and Time-of-Use ("TOU") pricing); (2) to explain how the design of the  
5 dynamic rates interacts with PECO's Default Service Plan; and (3) to provide the  
6 estimated cost of PECO's proposed Initial Dynamic Pricing and Customer  
7 Acceptance Plan ("Dynamic Pricing Plan" or Plan"), and to describe the Company's  
8 cost recovery proposal, including how that proposal interacts with PECO's default  
9 service cost recovery mechanisms.

10 **II. REVIEW OF PECO'S PROPOSED TARIFFS**

11 8. Q. **Have you prepared any exhibits to accompany your testimony?**

12 A. Yes. PECO Exhibits WJP-1 through WJP-3 were prepared at my direction and under  
13 my supervision and are described in detail in my testimony.

14 **PECO Exhibit WJP-1A and WJP-1B – Budgeted Program costs**

15 **PECO Exhibit WJP-2 – Supplement No. 7 implementing new tariff rates**

16 **PECO Exhibit WJP-3 – Responses to the Commission filing requirements at 52 Pa.**  
17 **Code § 53.52.**

18 9. Q. **Are the rates, terms and conditions of service for each of the proposed dynamic**  
19 **pricing rates set forth in Supplement No. 7?**

1 A. Yes, the terms and conditions of service for both CPP and TOU rates are set forth at  
2 pages 73A, 73B and 83A of Supplement No. 7. The pricing will not be established  
3 until PECO's Default Service Plan procurements are completed for generation supply  
4 for 2012 and, therefore, the initial effective date of the Tariff pages will be June 1,  
5 2012. The CPP and TOU rates will utilize the Generation Supply Adjustment  
6 ("GSA") rates established through the default service procurement process as the  
7 baseline rate with premiums and discounts developed from actual PJM Reliability  
8 Pricing Model ("RPM") prices and PECO procurement results as discussed later in  
9 my testimony.

10 **10. Q. Are there any customer classes that are not eligible for these initial dynamic**  
11 **rates?**

12 A. Yes. As explained in the direct testimony of Frank Jiruska (PECO Statement No. 1),  
13 two PECO customer classes will not be eligible to enroll in either of the dynamic  
14 rates being proposed in this proceeding: (1) customers in Default Service  
15 Procurement Class 4 (large commercial and industrial customers with annual peak  
16 loads above 500 kW); and (2) residential customers enrolled in the Company's  
17 Customer Assistance Program.

18 **11. Q. How often will Rates CPP and TOU be updated?**

19 A. The premiums and discounts for each rate will be calculated on an annual basis  
20 consistent with the methodology described in Appendix A to the testimony of Dr.  
21 Ahmad Faruqui (PECO Statement No. 3). Therefore, PECO will file updated tariff

1 pages by April 1 each year that will include the applicable capacity prices and  
2 forward energy prices from the default service procurement corresponding to the PJM  
3 year beginning June 1. In addition, the CPP and TOU rates will be adjusted on a  
4 quarterly basis to reflect any price changes in the baseline GSA price.

5 **12. Q. Is PECO proposing any switching restrictions to prevent customers from gaming**  
6 **the critical peak pricing rates by enrolling during lower cost off-peak periods**  
7 **(i.e. non-summer months) and switching off the rates during the more expensive**  
8 **peak periods (i.e. summer months) ?**

9 A. Not at this time. During the initial effective period of the rates, the Company will  
10 closely monitor customer behavior and evaluate whether there are any switching  
11 patterns indicating gaming. If such a pattern exists, the Company may propose  
12 changes to the tariff in the future to eliminate this type of behavior.

13 **13. Q. Please describe how the design of the dynamic rates interacts with PECO's**  
14 **Default Service Plan procurements.**

15 A. The CPP and TOU rates will be calculated based on results from PECO's default  
16 service procurements, as explained in the testimony of Dr. Ahmad Faruqui (PECO  
17 Statement No. 3). The rates are structured to establish a premium above the baseline  
18 price for usage during on-peak periods and a discount from the baseline price for  
19 usage during off-peak periods. The baseline price is the customer's applicable GSA  
20 rate, less any over/under recovery. For CPP, the rate charged during on-peak hours  
21 (as defined in the CPP Rider) is based upon the actual PJM RPM capacity prices for

1 the period the rate is in effect. For the TOU offering, the TOU on-peak and off-peak  
2 rates are established based upon the forward prices for on peak energy blocks based  
3 on the PECO share<sup>1</sup> of the residential default service plan. The forward prices are  
4 then adjusted to reflect the peak period of the rate (daily, 2-6 p.m.) using historical  
5 spot market data and an adder for the cost of capacity. In this way, all of the dynamic  
6 pricing rates are developed consistent with the products being procured in PECO's  
7 default service procurement plan.

8 **14. Q. How will Dynamic Pricing customers experience savings?**

9 A. The proposed rate designs will provide customers participating in dynamic pricing  
10 with an incentive, in the form of lower bills, to reduce consumption during peak  
11 times, as explained in the testimony of Dr. Faruqui. In addition, residential customers  
12 not participating in dynamic pricing programs may see savings reflected in future  
13 default service solicitations should dynamic pricing customers significantly reduce  
14 overall class peak usage.

15 **15. Q. How will dynamic pricing customers be handled with respect to quarterly  
16 over/under recovery calculations for GSA rates?**

17 A. PECO is proposing to treat dynamic pricing customers similarly to other default  
18 service customers in their procurement class. In the early phases of the Plan, the  
19 Company expects a limited number of customers (i.e., fewer than 10,000) to

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<sup>1</sup> PECO's Default Service product for residential customers is currently composed of approximately 75% full requirements and 25% block energy products and spot market energy ("PECO share").

1 participate. With respect to the quarterly calculation of over/under recovery of costs  
2 in the GSA calculation, PECO will remove the sales and costs associated with the  
3 dynamic pricing customers. This is appropriate as the dynamic pricing rates are  
4 designed such that revenues match the procurement costs. The baseline GSA for  
5 dynamic pricing customers will be the appropriate procurement class specific GSA  
6 for their rate less any over/under collection.<sup>2</sup> In this way, the baseline price will be  
7 established solely on market prices and not distorted by any over/under recoveries.

8 **16. Q. Will revisions need to be made to reflect these changes in the GSA mechanism?**

9 A. Yes, the Company proposes filing an adjustment to the current GSA rate to reflect the  
10 removal of dynamic pricing customer revenues and sales from the quarterly  
11 over/under recovery calculation once this filing has been approved.

12 **17. Q. Do you plan to refine this process in the future to align with the procurement  
13 process as enrollment in the programs becomes material?**

14 A. Yes. If enrollment in CPP and TOU rates becomes significant (i.e. over 10,000  
15 customers), a separate procurement for customers on those rates may be justified,  
16 and, if so, would be incorporated into future default service procurement plans.  
17 Additionally, as part of the testing component of the Plan, PECO will evaluate the  
18 need to develop new load profiles for the dynamic pricing rates. If new load profiles  
19 are warranted, the costs of implementing the new load profiles will be included in the  
20 cost recovery mechanism.

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<sup>2</sup> The over/under collection is the “E” factor as defined in the GSA tariff.

1 **III. COSTS AND COST RECOVERY**

2 **18. Q. Has PECO prepared a budget for its Dynamic Pricing Plan?**

3 A. Yes. Consistent with the Smart Meter Plan budget approved by the Commission,  
4 PECO' budget for the Dynamic Pricing Plan is \$13 million. *See Petition of PECO*  
5 *Energy Company for Approval of its Smart Meter Technology Procurement and*  
6 *Installation Plan*, Docket No. M-2009-2123944 (Order entered May 6, 2010) ("Smart  
7 Meter Order"). PECO's current estimate, based upon its revised plan to target  
8 150,000 to 200,000 customers, is \$11.6 million. Exhibit WJP-1B provides a  
9 preliminary budget for implementing dynamic pricing programs for the period 2011-  
10 2013. The budget is comprised of the following major categories:

- 11 • Plan Preparation and Filing – Costs include consultant support in the  
12 preparation of the plan and support for litigation.
- 13 • Plan Development and Design – Costs include consultants/contractors to help  
14 develop and refine the plan following approval and provide expertise in  
15 developing Requests for Proposals for sourcing equipment.
- 16 • Plan Execution – Costs include technology (In Home Displays), incentives  
17 and other marketing promotions, call center for enrollment and maintenance,  
18 and development of programs supporting web applications.
- 19 • Communications – Costs include direct mail, outbound telemarketing and  
20 collateral materials.

- Measurement and Evaluation – Costs include evaluating the effectiveness of programs including load impact analysis, enrollment analysis, customer surveys and preparing reports.
- PECO Oversight – Costs include contractor support to provide overall project management.

19. Q. How does PECO propose to recover these costs from customers?

A. In the *Smart Meter Order*, the Commission directed PECO to address “how it intends to recover the default service costs of its dynamic pricing option.” *Smart Meter Order*, p. 10. In the Company’s original Smart Meter Plan filing, PECO requested that Dynamic Pricing Plan costs be recovered through the smart meter cost recovery mechanism proposed as part of PECO’s Smart Meter Plan. However, in several recent orders, the Commission has found that costs associated with dynamic rates are appropriately recovered through default service cost recovery mechanisms. *See Pa. P.U.C. v. PPL Electric Utilities Corporation*, Docket No. R-2009-2122718 (Order entered March 9, 2010) (approving recovery of TOU rate costs under PPL’s Generation Supply Charge cost recovery mechanism); *Petition of Duquesne Light Company for Approval of a Time-of-Use Plan*, Docket No. P-2009-2149807 (Order entered June 23, 2010) (approving recovery of TOU costs through default service rates); *see also Petition of PECO Energy Company for Approval of its Act 129 Energy Efficiency and Conservation Plan and Expedited Approval of its Compact Fluorescent Lamp Program*, Docket No. M-2009-2093215 (Order entered February 17, 2010) (explaining that proposed dynamic pricing programs would be considered part of PECO’s Default Service Plan and therefore it would be inappropriate to

1 include program cost in EE&C Plan budget or cost recovery mechanism). In light of  
2 these orders, PECO now proposes to recover its Dynamic Pricing Plan costs through  
3 its GSA cost recovery mechanism, as approved in its Default Service Plan.

4 **20. Q. PECO has been awarded a \$200 million matching grant under the Department**  
5 **of Energy’s Smart Grid Investment Grant Program. Will the costs of the**  
6 **Dynamic Pricing Plan be eligible for matching grant funds?**

7 A. Yes, the Dynamic Pricing Plan will be eligible to receive funding from the matching  
8 grants. The grants will be applied to the Plan costs prior to their inclusion in the  
9 GSA, effectively reducing those costs by 48%. Exhibits WJP-1A and WJP-1B show  
10 the effects of the stimulus grant and the resulting net program costs.

11 **21. Q. Are there any capital costs included in the dynamic pricing program budget?**

12 A. No. Currently, there are no capital costs included in the budget.

13 **22. Q. How will Plan costs be allocated to customer classes?**

14 A. No costs will be allocated to Default Service Procurement Class 4 (large commercial  
15 and industrial customers) because PECO is not proposing any dynamic pricing  
16 options for that class as part of this Plan (although this class will be provided an  
17 hourly pricing rate, consistent with PECO’s default service plan). Plan costs will,  
18 therefore, be allocated among Default Service Procurement Classes 1, 2 and 3 (which  
19 correspond to PECO’s residential and small and medium commercial and industrial  
20 customers). Common costs, including network and IT systems, will be allocated to

1 each of the classes based on each classes' proportion of GSA sales. Costs that are  
2 readily attributable to a certain GSA class, such as installed equipment (i.e., In Home  
3 Displays), will be directly assigned to that class.

4 **23. Q. How will the proposed costs developed in Exhibit WJP-1B be incorporated into**  
5 **the GSA ?**

6 A. Exhibit WJP-1A shows the actual costs that were included in the Company's first  
7 GSA filing effective January 1, 2011. PECO projects to spend \$511,000 in 2010.  
8 After netting the Department of Energy stimulus grant match of approximately 48%,  
9 the remaining \$266,000 is included as administrative costs in the GSA filed on  
10 October 14, 2010 at Docket No. P-2008-2062739. Exhibit WJP-1A also shows the  
11 methodology utilized to allocate the \$266,000 among classes GSA-1, GSA-2 and  
12 GSA-3.

#### 13 **IV. STANDARD FILING REQUIREMENTS**

14 **24. Q. Have you prepared responses to the filing requirements set forth at 52 Pa. Code**  
15 **§ 53.52, which specify the standard information to be submitted with a proposed**  
16 **tariff?**

17 A. Yes, the responses to the Commission's standard filing requirements are provided in  
18 PECO Exhibit WJP-3.

19

1

**V. CONCLUSION**

2 **25. Q. Mr. Patterer, does this conclude your direct testimony?**

3 **A. Yes.**



**Exhibit WJP-1A**  
**Total PECO Dynamic Pricing Program Costs**  
**(Incurred through 2010)**  
**(\$ thousands)**

Category	2010		
	O&M	Capital	Total
Plan Preparation & Filing			
Actual Costs Incurred (Through Aug. 2010)			
Consultants	\$ 311	\$ -	\$ 311
Forecasted Costs (Sept.-Dec. 2010)	\$ 200	\$ -	\$ 200
<b>Total 2010 Program Costs</b>	<b>\$ 511</b>	<b>\$ -</b>	<b>\$ 511</b>
Estimated Stimulus Grant Funding *	\$ (245)	\$ -	\$ (245)
<b>Total, Net PECO 2010 Program Costs</b>	<b>\$ 266</b>	<b>\$ -</b>	<b>\$ 266</b>

\* Reflects DOE Stimulus Grant funding assumed at approximately 48% of total.

**Cost Recovery:**

Net PECO Program costs shown above will be amortized over 29 months at \$9,164 per month beginning January 2011. Listed below is the estimated monthly charge for Jan. 2011:

Allocation to GSA:	Jan. 2011** Sales (MWh)	% of Total GSA Sales	Jan. 2011 Cost by GSA
GSA 1	1,296,006	67%	\$ 6,151
GSA 2	332,866	17%	\$ 1,580
GSA 3	302,031	16%	\$ 1,433
Total GSA	1,930,902	100%	\$ 9,164

Subsequent months will be allocated and charged based on monthly default sales.

\*\* Reflects estimated default sales as forecasted by GSA class for January 2011.

**Exhibit WJP-1B**  
**Total PECO Dynamic Pricing Program Costs**  
(\$ thousands)

Category	2010			2011			2012			2013			Total		
	O&M	Capital	Total	O&M	Capital	Total	O&M	Capital	Total	O&M	Capital	Total	O&M	Capital	Total
Plan Preparation & Filing	\$ 511	\$ -	\$ 511	\$ 14	\$ -	\$ 14	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 525	\$ -	\$ 525
Plan Development & Design	-	-	-	570	-	570	190	-	190	-	-	-	760	-	760
Plan Execution	-	-	-	880	-	880	2,639	-	2,639	2,346	-	2,346	5,865	-	5,865
Communications	-	-	-	392	-	392	1,175	-	1,175	1,044	-	1,044	2,610	-	2,610
Measurement & Evaluation	-	-	-	38	-	38	188	-	188	525	-	525	750	-	750
PECO Oversight (PM)	-	-	-	357	-	357	347	-	347	347	-	347	1,050	-	1,050
<b>Total Program Costs</b>	<b>\$ 511</b>	<b>\$ -</b>	<b>\$ 511</b>	<b>\$ 2,250</b>	<b>\$ -</b>	<b>\$ 2,250</b>	<b>\$ 4,538</b>	<b>\$ -</b>	<b>\$ 4,538</b>	<b>\$ 4,262</b>	<b>\$ -</b>	<b>\$ 4,262</b>	<b>\$ 11,560</b>	<b>\$ -</b>	<b>\$ 11,560</b>
Estimated Stimulus Grant Funding *	\$ (245)	\$ -	\$ (245)	\$ (1,080)	\$ -	\$ (1,080)	\$ (2,178)	\$ -	\$ (2,178)	\$ (2,046)	\$ -	\$ (2,046)	\$ (5,549)	\$ -	\$ (5,549)
<b>Total, Net PECO Program Costs</b>	<b>\$ 266</b>	<b>\$ -</b>	<b>\$ 266</b>	<b>\$ 1,170</b>	<b>\$ -</b>	<b>\$ 1,170</b>	<b>\$ 2,360</b>	<b>\$ -</b>	<b>\$ 2,360</b>	<b>\$ 2,216</b>	<b>\$ -</b>	<b>\$ 2,216</b>	<b>\$ 6,011</b>	<b>\$ -</b>	<b>\$ 6,011</b>

\* Note: Reflects DOE Stimulus Grant funding assumed at approximately 48% of total.



# PECO Energy Company

Electric Service Tariff

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**COMPANY OFFICE LOCATION**

2301 Market Street  
Philadelphia, Pennsylvania 19101

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For List of Communities Served, See Page 4.

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Issued October 28, 2010

Effective June 1, 2012

**BY: D. P. O'Brien – President  
PECO Energy Distribution Company  
2301 MARKET STREET  
PHILADELPHIA, PA. 19101**

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# NOTICE.

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**LIST OF CHANGES MADE BY THIS SUPPLEMENT**

**Applicability Index of Rider – 1<sup>st</sup> Revised Page No. 65**

Updated to include Critical Peak Price Rider and Residential Time of Use Rider.

**Critical Peak Price (CPP) Rider – Original Page No. 73A and Original Page No.73 B**

New Rider added.

**Residential Time of Use Service Rider Original Page No. 83A**

New Rider added.

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**PECO Energy Company**

**APPLICABILITY INDEX OF RIDERS  
Introductory Statement**

Customers under different rates of this Tariff frequently desire services or present situations and conditions of supply which require special supply terms, charges or guarantees or which warrant modification of the amount or method of charge from the prices set forth in the Base Rate under which they are provided service. Modifications for such conditions are defined by rider provisions included as a part of this Tariff. Riders may be employed when applicable, with or without signed agreement between the customer and the Company as the case may require, notwithstanding anything to the contrary contained in the Base Rate to which the rider is applied.

	Page No.	R	RT	RH	RS	OP	GS	PD	HT	POL	SL-P	SL-S	SL-E	EP	BLI	AL
<b>Riders</b>																
Auxiliary Service	66-68	X	X	X	X	X	X	X	X							
CAP Rider	69-70	X		X												
Casualty	71	X	X	X	X	X	X	X	X					X		
Construction	72							X	X					X		
Cooling Therm. Storage HT	73								X							
Critical Peak Price Rider	73A-73B	X		X		X	X	X	X							
Economic Development	74-75															
Emergency Energy Conservation	76								X					X		
Interruptible Rider Mandatory	77															
Interruptible Rider – Voluntary & System Reliability	78															
Investment Return Guarantee	79						X	X	X							
Night Service GS	80						X									
Night Service HT	81								X					X		
Night Service PD	82							X								
Receivership	83	X	X	X	X	X	X	X	X							
Residential Time-Of-Use Service Rider	83A	X		X		X										
Seasonal Capacity Charge	84								X							
Temporary Service	85	X		X	X	X	X	X	X							
Transformer Rental	86							[1]	[1]							
Voluntary Market Price Transition Deferral Rider	87															
Wind Energy Service	88	X		X			X	X	X					X		

(C)

(C)

NOTES: [1] Rider restricted to customers served prior to October 15, 1963.

(C) Denotes Change

CRITICAL PEAK PRICE (CPP) RIDER

(C)

**AVAILABILITY:**

This rider is available on or after June 1, 2012 to customers who have a smart meter installed and are served under Rate R Residential Service, Rate R-H Residential Heating Service, Rate OP Residential Off-Peak Service, Rate GS General Service, Rate PD Primary Distribution and Rate HT High Tension who choose to receive Default Provider of Last Resort (PLR) Service from the Company for procurement classes 1, 2, and 3. This rider will remain in effect until May 31, 2015, at such time the Company may choose to continue, terminate, or change this rider. This rider can not be used in conjunction with the Residential Time-of-Use Service Rider or the Customer Assistance Program (CAP) Rider.

**RATE IMPACT:** Rates R, RH, OP, GS, PD and HT, including all their terms and guarantees, are applicable to service on this rider except for the Energy and Capacity Charges. The Energy and Capacity Charges will be calculated for critical peak and off-peak hours. This Energy and Capacity Charges will be calculated quarterly based on data from the most recent Generation Service Adjustment (GSA) for procurement classes 1, 2, and 3 as well as the annual change in PJM capacity market prices.

**CRITICAL PEAK EVENTS:** The Company may call for up to 15 Critical Peak Events annually, on non-Holiday weekdays. Each Critical Peak Event will last from 2 pm through 6 pm, Eastern Standard Time or Daylight Savings Time, whichever is in common use. Critical Peak Events may be called at times including, but not limited to, when day-ahead LMP prices are expected to be higher than normal. Off-Peak Hours are defined as the hours other than those specified as critical peak hours.

**NOTIFICATION:** The Company will make a reasonable attempt to notify Customers of an anticipated Critical Peak Event by 8 pm Eastern Standard Time or Daylight Savings Time, whichever is in common use of the day prior to an event. Customers will receive an automated phone call, email, or text message, or combination thereof, notifying them that a Critical Peak Event will occur on the following day. Customers may also contact PECO customer service via a toll free number for critical peak information or visit the PECO website at [www.peco.com](http://www.peco.com).

**MONTHLY RATE TABLE:**

FIXED DISTRIBUTION SERVICE CHARGE: See corresponding Rates R, RH, OP, GS, PD, or HT charge.  
VARIABLE DISTRIBUTION SERVICE CHARGE: See corresponding Rates R, RH, OP, GS, PD, or HT charge.

**ENERGY AND CAPACITY CHARGE:** The following Energy and Capacity Charges, which are not applicable to a customer who obtains Competitive Energy Supply, will apply to the customer who receives Default PLR service under this rider.

Procurement Class 1:  
Rate R, RH, OP  
Critical Peak: aa.a¢ per kWh  
Off-Peak: bb.b¢ per kWh

Procurement Class 2:  
Rate GS  
Critical Peak: cc.c¢ per kWh  
Off-Peak: dd.d¢ per kWh

Rate PD  
Critical Peak: ee.e¢ per kWh  
Off-Peak: ff.f¢ per kWh

Rate HT  
Critical Peak: gg.g¢ per kWh  
Off-Peak: hh.h¢ per kWh

(C) Denotes Change

CRITICAL PEAK PRICE (CPP) RIDER (continued)

(C)

Procurement Class 3:  
Rate GS  
Critical Peak: ii.i¢ per kWh  
Off-Peak: jj.j ¢ per kWh  
  
Rate PD  
Critical Peak: kk.k ¢ per kWh  
Off-Peak: ll.l ¢ per kWh  
  
Rate HT  
Critical Peak: YY.Y¢ per kWh  
Off-Peak: XX.X¢ per kWh

**TRANSMISSION SERVICE CHARGE:** See corresponding Rates R, RH, OP, GS, PD, or HT charge.

**MINIMUM CHARGE:** See corresponding Rates R, RH, OP, GS, PD, or HT charge.

STATE TAX ADJUSTMENT CLAUSE, NUCLEAR DECOMMISSIONING COST ADJUSTMENT, UNIVERSAL SERVICE FUND CHARGE, PROVISION FOR THE RECOVERY OF ENERGY EFFICIENCY AND CONSERVATION PROGRAM COSTS and PROVISION FOR THE RECOVERY OF CONSUMER EDUCATION PLAN COSTS APPLY TO THIS RIDER.

**CONTRACT TERM:** Not less than twelve months.

**PAYMENT TERMS:** Standard.

(C) Denotes Change

**RESIDENTIAL TIME-OF-USE SERVICE RIDER**

(C)

**AVAILABILITY:**

This rider is available on or after June 1, 2012 to customers who have a smart meter installed and are served under Rate R Residential Service, Rate R-H Residential Heating Service and Rate OP Residential Off-Peak Service who choose to receive Default Provider of Last Resort (PLR) Service from the Company. This rider will remain in effect until May 31, 2015, at such time the Company may choose to continue, terminate, or change this rider. This rider can not be used in conjunction with the Critical Peak Pricing Rider or the Customer Assistance Program (CAP) Rider.

**CURRENT CHARACTERISTICS:** Standard single-phase secondary service.

**RATE IMPACT:** Rates R, RH and OP including all their terms and guarantees, are applicable to service on this rider except for the Energy and Capacity Charges. The Energy and Capacity Charges will be calculated for on-peak and off-peak hours. This Energy and Capacity Charges will be calculated quarterly based on data from the most recent Generation Service Adjustment (GSA) for procurement class 1 as well as the annual change in PJM capacity market prices.

**DEFINITION OF ON AND OFF PEAK-HOURS:** On-Peak Hours are defined as the hours between 2 pm and 6 pm, Eastern Standard Time or Daylight Savings Time, whichever is in common use, daily except Saturdays, Sundays and Holidays. Off-Peak Hours are defined as the hours other than those specified as on-peak hours.

**MONTHLY RATE TABLE:**

**FIXED DISTRIBUTION SERVICE CHARGE:** See corresponding Rate R, Rate RH or Rate OP.

**VARIABLE DISTRIBUTION SERVICE CHARGE:** See corresponding Rate R, Rate RH or Rate OP.

**ENERGY AND CAPACITY CHARGE:** The following Energy and Capacity Charges, which are not applicable to a customer who obtains Competitive Energy Supply, will apply to the customer who receives Default PLR service under this rider.

XX.X¢ per off-peak kWh

YY.Y¢ per on-peak kWh

**TRANSMISSION SERVICE CHARGE:** See corresponding Rate R, Rate RH, or Rate OP charge.

**MINIMUM CHARGE:** See corresponding Rate R, Rate RH or Rate OP charge.

STATE TAX ADJUSTMENT CLAUSE, NUCLEAR DECOMMISSIONING COST ADJUSTMENT, UNIVERSAL SERVICE FUND CHARGE, PROVISION FOR THE RECOVERY OF ENERGY EFFICIENCY AND CONSERVATION PROGRAM COSTS and PROVISION FOR THE RECOVERY OF CONSUMER EDUCATION PLAN COSTS APPLY TO THIS RIDER.

**CONTRACT TERM:** Not less than twelve months.

**PAYMENT TERMS:** Standard.

(C) Denotes Change



**Proposed Changes to  
PECO Energy Company Electric Tariff No. 4 Supplement No. 7**

Information furnished with the filing of rate changes under 52 Pa. Code, Section 53.52(a).

**(a)(1) The specific reason for each change.**

See Petition For Approval of PECO's Initial Dynamic Pricing and Customer Acceptance Plan (Docket No. M-2009-2123944) and supporting testimony.

**(a)(2) The total number of customers served by the utility.**

The total number of customers served by PECO was 1,567,080 as of September 30, 2010.

**(a)(3) A calculation of the number of customers, by tariff subdivision, whose bills will be affected by the change.**

PECO proposes a voluntary, opt-in program and therefore it is not possible to estimate with any certainty the number of customers who will be affected by the changes.

**(a)(4) The effect of the change on the utility's customers.**

See Petition For Approval of PECO's Initial Dynamic Pricing and Customer Acceptance Plan (Docket No. M-2009-2123944) and supporting testimony.

**(a)(5) The effect, whether direct or indirect, of the proposed change on the utility's revenue and expenses.**

Because customer participation is voluntary and because participants are free to modify their electricity usage at their own discretion, it is not possible to estimate with any certainty the effect that the proposed change will have on PECO's revenue and expenses.

**(a)(6) The effect of the change on the service rendered by the utility.**

There is no effect to the retail service rendered by PECO as a result of the proposed changes.

**(a)(7) A list of factors considered by the utility.**

See Petition For Approval of PECO's Initial Dynamic Pricing and Customer Acceptance Plan (Docket No. M-2009-2123944) and supporting testimony.

**(a)(8) Studies undertaken by the utility in order to draft its proposed change.**

See Petition For Approval of PECO's Initial Dynamic Pricing and Customer Acceptance Plan (Docket No. M-2009-2123944) and supporting testimony.

**(a)(9) Customer polls taken and other documents, which indicate customer acceptance and desire for the proposed change.**

See Petition For Approval of PECO's Initial Dynamic Pricing and Customer Acceptance Plan (Docket No. M-2009-2123944) and supporting testimony.

**(a)(10) Plans the utility has for introducing or implementing the changes with respect to its customers.**

See Petition For Approval of PECO's Initial Dynamic Pricing and Customer Acceptance Plan (Docket No. M-2009-2123944) and supporting testimony.

**(a)(11) F.C.C., or FERC or Commission Orders or rulings applicable to the filings.**

As further detailed in the Petition and supporting testimony for PECO's Initial Dynamic Pricing and Customer Acceptance Plan, Act 129 requires Electric Distribution Companies to submit one or more proposed time-of use rates or real time rates at the end of the generation rate cap period. PECO generation rate cap expires January 1, 2011 therefore this filing complies with Act 129.