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May 31, 2013

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

SUBJECT: Petition of PECO Energy Company for Approval to Change the Accounting Treatment of Certain Direct Load Program Costs -
Docket No. P-2013-2355662 & M-2009-2093215 – Replacement Pages to Supplement No. 71 to Electric Tariff No. 4 - Effective June 1, 2013

Dear Secretary Chiavetta:

PECO submits the following tariff replacement pages effective on one day's notice, in accordance with the Order entered on May 9, 2013 at Docket Nos. P-2013-2355663 and M-2009-2093215, regarding PECO Energy's Petition for Approval to change the accounting treatment of certain direct load control program costs.

These replacement pages reflect the impact of the change in accounting treatment on the Phase I Residential Energy Efficiency Program Charge and the residential distribution rates.

Accordingly, PECO Energy has attached for filing with the Commission copies of replacement pages to Supplement No. 71 as follows:

- Page 40C – Provision for the Recovery of Energy Efficiency & Conservation Program Costs (EEPC) Phase 1;
- Page 41 – Rate R – Residence Service; and
- Page 43 – R-H Residential Heating Service

If you have any questions, please do not hesitate to call Richard Schlesinger at (215) 841-5771.

Sincerely,



Copies to:

C. Walker-Davis, Director, Office of Special Assistants
P. T. Diskin, Director, Bureau of Technical Utility Services
M. C. Lesney, Director, Bureau of Audits
J. E. Simms, Director, Bureau of Investigation & Enforcement
Office of Consumer Advocate
Office of Small Business Advocate
McNees, Wallace & Nurick

PROVISION FOR THE RECOVERY OF ENERGY EFFICIENCY AND CONSERVATION PROGRAM COSTS (EEPC) - Phase I (C)

Purpose: The purpose of this surcharge is to provide for full and current cost recovery of expenditures associated with the Company's Phase I Energy Efficiency and Conservation Program Costs (EEPC).

Applicability: The surcharge shall be calculated to the nearest one-hundredth of a cent for billing purposes for all customers. The EEPC shall be charged to each rate schedule using the following units:

Phase I (C)

| | |
|-----------------------|--|
| Rates R, RS, RH, CAP: | (-\$0.0010)/kWh |
| Rates GS: | (-\$0.0079)/kWh |
| Rates POL: | average of (-\$0.51)/lamp actual surcharge varies with lamp type/size |
| Rate, SL-S: | average of (-\$0.76)/lamp actual surcharge varies with lamp type/size |
| Rate SL-E: | (-\$0.65)/location outside of the City of Philadelphia; (-\$0.90)/location within the City of Philadelphia |
| Rate AL: | (-\$0.26)/location |
| Rate TLCL: | (-\$0.011)/kWh |
| Rates HT, PD, EP: | (-\$1.74)/kW based on PJM Peak Load Contribution (PLC) |

The Variable Distribution Service charges, for the residential rate schedules shall include the above listed EEPC surcharge. For the municipal lighting rate schedules, the applicable variable or fixed distribution service charges shall include the EEPC surcharge.

For Rate GS, the EEPC shall be recovered through a separate variable distribution charge listed on customer's bills. For Rates PD, HT and EP, a PJM PLC shall be determined in accordance with PJM rules and used to calculate the EEPC. Customer's PLC will be computed to the nearest kilowatt. The EEPC shall be recovered through a separate variable distribution charge listed on customer bills. (C)

Calculation of EEPC Surcharge and the Over/Under Recovery: (C)

Billing Provisions: The surcharge and over/under recovery shall be calculated by rate schedule using the following formulas:

$$EEPC_{(n)} = \frac{(C)+(SWE) \times (1)}{(BU) (1-T)}$$

$$EEPC_{(o/u)} = \frac{(E)+(SWE) \times (1)}{(BU) (1-T)} \text{ where;}$$

C – The cost of the Energy Efficiency and Conservation Program includes: all expenditures, of the individual programs such as materials, equipment, installation, custom programs, evaluation measurement/verification, educating customers about availability to the extent not included in Consumer Education cost, not recovered through any separate recovery mechanism, and any other cost associated with implementation of the programs. Any direct load control benefits to the Company from the programs shall be credited against the cost. The program costs are those approved by the PAPUC and audit costs for the Phase I program ending May 31, 2013. (C)

E - The over or (under) recovery as of May 31, 2013 equals costs and revenues from January 1, 2010 through May 31, 2013. (C)

SWE – The cost in dollars of the PaPUC's Statewide Evaluator. These costs will be reconciled separately and added to the EEPC and will not be subject to the 2% spending limit of the EE&C Plan.

BU – The total Billing Units for the applicable recovery period. (C)

T – The current Pennsylvania gross receipts tax rate included in base rates.

n - The applicable period for which the surcharge is calculated. For Phase I, the surcharge period is January 1, 2010 through May 31, 2013. (C)

o/u – The applicable period for which the over/under collection refund/recovery is calculated. For Phase I, the over/under collection refund/recovery period is June 1, 2013 through December 31, 2013. (C)

Filings and Reconciliations: Rates will not be adjusted until May 31, 2013 of the final plan year, at that time any under or over recoveries will be reflected in rates in effect through December 31, 2013. The June 1, 2013 rates will reflect actual costs and revenues from January 1, 2010 through February 28, 2013 and estimated costs and revenues from March 1, 2013 through May 31, 2013. If it is apparent that such methodology would result in a significant over or under recovery at May 31, 2013 for an individual customer class the Company may propose a rate adjustment prior to May 31, 2013. The over/under collection refund/recovery rates will be calculated using projected Billing Units for the appropriate time period. The reconciliation during June 1, 2013 through December 31, 2013 will be done monthly, if necessary, in order to ensure full over/under collection refund/recovery. In the event the Company determines a rate change is required, such tariff rates will be filed on no less than 10 days notice. If any over/under collection balance is expected to remain after December 31, 2013, the Company will propose an additional rate adjustment to ensure that the balance is eliminated. (C)

A reconciliation statement filing, in accordance with C.S. Title 66 §1307(e), will be made by June 30 of each year. A final reconciliation statement will be filed within 30 days after the completion of the final over/under collection refund/ recovery. Interest will not be applied to any over or undercollections.

(C) Denotes Change

RATE R RESIDENCE SERVICE

AVAILABILITY.

Single-phase service in the entire territory of the Company to the dwelling and appurtenances of a single private family (or to a multiple dwelling unit building consisting of two to five dwelling units, whether occupied or not), for the domestic requirements of its members when such service is supplied through one meter. Service is also available for related farm purposes when such service is supplied through one meter in conjunction with the farmhouse domestic requirements.

Each dwelling unit connected after May 10, 1980 except those dwelling units under construction or under written contract for construction as of that date must be individually metered for their basic service supply. Centrally supplied master metered heating, cooling or water heating service may be provided if such supply will result in energy conservation.

The term "residence service" includes service to: (a) the separate dwelling unit in an apartment house or condominium, but not the halls, basement, or other portions of such building common to more than one such unit; (b) the premises occupied as the living quarters of five persons or less who unite to establish a common dwelling place for their own personal comfort and convenience on a cost-sharing basis; (c) the premises owned by a church, and primarily designated or set aside for, and actually occupied and used as, the dwelling place of a priest, rabbi, pastor, rector, nun or other functioning Church Divine, and the resident associates; (d) private dwellings in which a portion of the space is used for the conduct of business by a person residing therein; (e) farm purpose uses by an individual employing the natural processes of growth for the production of grain, stock, dairy, poultry, garden truck, or other agricultural products.

The term does NOT include service to: (a) Premises institutional in character including Clubs, Fraternities, Orphanages or Homes; (b) premises defined as a rooming house or boarding house in the Municipal Code for Cities of the First Class enacted by Act of General Assembly; (c) a premises containing a residence unit but primarily devoted to a professional or other office, studio, or other gainful pursuit; (d) farms operated principally to sell, prepare, or process products produced by others, or farms using air conditioning for climatic control in conjunction with growth processes (except those customers receiving such service as of August 2, 1969); (e) electric furnaces or welding apparatus other than a transformer type "limited input" arc welder with an input not to exceed 37-1/2 amperes at 240 volts.

CURRENT CHARACTERISTICS. Standard single-phase secondary service.

MONTHLY RATE TABLE.

FIXED DISTRIBUTION SERVICE CHARGE: \$7.09

FIXED DISTRIBUTION SERVICE CHARGE FOR FORMER OFF-PEAK METERS: \$1.75

(D)

VARIABLE DISTRIBUTION SERVICE CHARGE:

All kWhs 6.10¢ per kWh

(D)

ENERGY SUPPLY CHARGE:

Refer to the Generation Supply Adjustment Procurement Class 1.

TRANSMISSION SERVICE FOR CUSTOMERS RECEIVING DEFAULT SERVICE: per the Transmission Service Charge.

MINIMUM CHARGE: The minimum charge per month will be the Fixed Distribution Service Charge.

STATE TAX ADJUSTMENT CLAUSE, NUCLEAR DECOMMISSIONING COST ADJUSTMENT, UNIVERSAL SERVICE FUND CHARGE, Transmission Service Charge, PROVISION FOR THE RECOVERY OF ENERGY EFFICIENCY AND CONSERVATION PROGRAM COSTS, SMART METER COST RECOVERY SURCHARGE, PROVISION FOR THE TAX ACCOUNTING REPAIR CREDIT AND PROVISION FOR THE RECOVERY OF CONSUMER EDUCATION PLAN COSTS APPLY TO THIS RATE.

PAYMENT TERMS. Standard.

(D) Denotes Decrease

RATE R-H RESIDENTIAL HEATING SERVICE

AVAILABILITY.

Single-phase service to the dwelling and appurtenances of a single private family (or to a multiple dwelling unit building consisting of two to five dwelling units, whether occupied or not), for domestic requirements when such service is provided through one meter and where the dwelling is heated by specified types of electric space heating systems. The systems eligible for this rate are (a) permanently connected electric resistance heaters where such heaters supply all of the heating requirements of the dwelling, (b) heat pump installations where the heat pump serves as the heating system for the dwelling and all of the supplementary heating required is supplied by electric resistance heaters, and (c) heat pump installations where the heat pump serves as the heating system for the dwelling and all of the supplementary heating required is supplied by non-electric energy sources and/or by electric energy sources served on Rate O-P Off-Peak Service. All space heating installations must meet Company requirements. This rate schedule is not available for commercial, institutional or industrial establishments.

Wood, solar, wind, water, and biomass systems may be used to supply a portion of the heating requirements in conjunction with service provided hereunder. Any customer system of this type that produces electric energy may not be operated concurrently with service provided by the Company except under written agreement setting forth the conditions of such operation as provided by and in accordance with the provisions of the Auxiliary Service Rider.

Each dwelling unit connected after May 10, 1980 except those dwelling units under construction or under written contract for construction as of that date, must be individually metered.

CURRENT CHARACTERISTICS. Standard single-phase secondary service.

MONTHLY RATE TABLE.

FIXED DISTRIBUTION SERVICE CHARGE: \$7.09

(D)

FIXED DISTRIBUTION SERVICE CHARGE FOR FORMER OFF-PEAK METERS: \$1.75

VARIABLE DISTRIBUTION SERVICE CHARGE:

SUMMER MONTHS. (June through September)

6.10¢ per kWh for all kWh.

(D)

WINTER MONTHS. (October through May)

4.16¢ per kWh for all kWh

(D)

ENERGY SUPPLY CHARGE:

Refer to the Generation Supply Adjustment Procurement Class 1

TRANSMISSION SERVICE FOR CUSTOMERS RECEIVING DEFAULT SERVICE: per the Transmission Service Charge

MINIMUM CHARGE. The minimum charge per month will be the Fixed Distribution Service Charge.

STATE TAX ADJUSTMENT CLAUSE, NUCLEAR DECOMMISSIONING COST ADJUSTMENT, UNIVERSAL SERVICE FUND CHARGE PROVISION FOR THE RECOVERY OF ENERGY EFFICIENCY AND CONSERVATION PROGRAM COSTS, SMART METER COST RECOVERY SURCHARGE, PROVISION FOR THE TAX ACCOUNTING REPAIR CREDIT AND PROVISION FOR THE RECOVERY OF CONSUMER EDUCATION PLAN COSTS APPLY TO THIS RATE.

COMBINED RESIDENTIAL AND COMMERCIAL SERVICE. Where a portion of the service provided is used for commercial purposes, the appropriate general service rate is applicable to all service; or, at the option of the customer, the wiring may be so arranged that the residential service may be separately metered and this rate is then applicable to the residential service only.

PAYMENT TERMS. Standard.

(D) Denotes Decrease