

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

DOCKET NO. R-2008-2028394

PECO Energy Company

Exhibit to Accompany
Direct Testimony of Stephen R. Xander

PECO Energy Company

PROVISIONS FOR RECOVERY OF UNIVERSAL SERVICE FUND CHARGE (USFC)

Variable Distribution Service Charge rates for gas service in Residential Rate Schedule GR of this Tariff shall include \$0.0000g~a22-g per Mcf (1,000 cubic feet) for recovery of Universal Service Fund Cost I (USFC), calculated in the manner set forth below. The USFC rate for gas service _sh__all maY-I-be increased or decreased annually, to reflect changes in the level of Universal Service Fund costs, net of base ipre recoveries, in the manner described below:

(D)
(C)

COMPUTATION OF USFC.

The USFC per Mcf (\$x.xxxx), shall be computed in accordance with the formula set forth below:

$$USFC = (S)$$

(c)

The USFC, so computed, shall be included in distribution rates charged to Customers for service pursuant to the rate schedule identified above. The amount of USFC, per Mcf, will vary, if appropriate, based upon annual filings by the Company.

In computing the USFC, per Mcf, pursuant to the formula above, the following definitions shall apply:

~~"Universal Service Fund Cost" - \$200 per Customer Assistance Program (CAP) Customer per year (pro-rated basis) for incremental CAP customers in excess of 17,500.~~

(c)

"Reconcilable Customer Assistance Program (CAP) Costs" - Billed discounts provided to CAP customers, effective January 1,2009.

(c)

"USFC" - Universal Service Fund Charge determined to the nearest one-hundredth cent (0.01¢) to be included in the rate for each Mcf of Variable Distribution Service Charge calculated under Rate Schedule GR, to recover Reconcilable CAP Costs that exceed such amounts recovered in base rates' Jn!,:ors~! Se,-':!c~ Fund Costs.

(c)

"C" - Cost in dollars of the Reconcilable CAP Costs Un!,:ors=! So,-':!c~ Fund Cost for the

(C)

"E" - the net (overcollection) or undercollection of Universal Service Fund Charges. The net overcollection or undercollection shall be determined for the most recent period, beginning with the month following the last month which was included in the previous overcollection or undercollection calculation reflected in rates.

Each overcollection or undercollection statement shall also provide for refund or recovery of amounts necessary to adjust for overrecovery or underrecovery of "E" factor amounts under the previous USFC.

"I" -Interest shall be computed monthly at a 6% annual simple interest rate from the month that the overcollection or undercollection occurs to the effective month such overcollection is refunded,~,~ *h~ 0,,,~,~,~,or undercollection, ,,~,~,~, ,h;~is~,~,rec"uped",|-~i~ Customers sS~!! ~ot be !=ble for nat Interest otSo."::~!s~ /

(c)

"S" projected Mcf of gas service to be billed under Rate GR during the projected period when rates will be in effect. Mcf's shall be the projected residential throughput used in the current applicable annual Purchased Gas Cost filing.

The Company's annual USFC filing and its annual reconciliation statement shall be submitted to the Commission 120 days prior to new rates being effective December 1 of each year, or at such time as the Commission may prescribe. The USFC mechanism is subject to annual audit review by the Bureau of Audits.

(C)

(C) Denotes Change

Issued: September 7, 2007

Effective: December 1, 2007