Estimated Cost of CAP Program Enhancement

Assumptions:

1) Annual bill based upon average customer usage
2) 22% of incremental discount would have been uncollectible
3) Discount applies to all kwh in proposed program enhancements
4) Assumes affordable payment escalates at 3% per year
5) Estimated 5% working capital benefit
6) Discounts are off of the first 650kwh
7) Rates

	CAP B	CAP C	CAP D	CAP E	Rate R
Cust	$ 5.1800	$ 5.1800	$ 5.1800	$ 5.1800	$ 5.1800
<650kwh	$ 0.0218	$ 0.0363	$ 0.0642	$ 0.0985	0.1483 <500
>650 W	$ 0.1448	$ 0.1448	$ 0.1326	$ 0.1326	0.1483 >500 - W
650-750S	$ 0.1017	$ 0.1017	$ 0.1326	$ 0.1326	0.1694 >500 - S
>750 - S	$ 0.1448	$ 0.1448	$ 0.1326	$ 0.1326	

Estimated Current Discount on 650 kWh

	Customers (1)	Annual Bill(*) (2)	Discount % (3)=(4)/(2)	Per Customer Discount $ (4)=(2)-(5)	Per Customer Payment (5)	Total Discount (6)=(1)*(4)
CAP A/B	14239	$ 1,243.00	73%	$ 907.40	$ 335.60	$ 12,920,469
CAP C	23210	$ 1,230.00	65%	$ 800.74	$ 429.26	$ 18,585,175
CAP D	73492	$ 1,173.00	50%	$ 584.15	$ 588.85	$ 42,930,352
CAP E	44820	$ 1,175.00	30%	$ 358.05	$ 816.95	$ 16,047,801
	155761			$ 580.91		$ 90,483,797
					Current Cost	$ 90,483,797

(*) Assumes average use for the class

Estimated Impact of Program Enhancements Under Current Rates

	Customers	Annual Bill(*)	Nominal Discount %	Per Customer Discount $	Per Customer Payment	Total Discount	
	(1)	(2)	(3)	(4)=(2)-(5)	(5)	(6)=(1)*(4)	
CAP A/B	14239	$ 1,243.00	90%	$ 986.56	$ 256.44	$ 14,047,628	
CAP C	23210	$ 1,230.00	87%	$ 967.19	$ 262.81	$ 22,448,480	
CAP D	73492	$ 1,173.00	67%	$ 729.52	$ 443.48	$ 53,613,884	
CAP E	44820	$ 1,175.00	30%	$ 329.98	$ 845.02	$ 14,789,704	
	155761			673.47		$ 104,899,695	#REF!

(*) Assumes average use for the class

Enhanced Cost	104,899,695	
Current Cost	$ 90,483,797	
Increased Cost	$ 14,415,898	
Bad Debt Adj.	0.73	UA and working Capital
Net Cost	$ 10,523,606	

Estimated Impact of Program Enhancements Under Estimated 2011 Rates

	Customers	Annual Bill(*)	Nominal Discount %	Per Customer Discount $	Per Customer Payment(*)	Total Discount
	(1)	(2)	(3)	(4)=(2)-(5)	(5)	(6)=(1)*(4)
CAP A/B	14239	$ 1,444.00	89%	$ 1,180.32	$ 263.68	$ 16,806,576
CAP C	23210	$ 1,429.00	88%	$ 1,157.85	$ 271.15	$ 26,873,699
CAP D	73492	$ 1,362.00	70%	$ 884.63	$ 477.37	$ 65,013,228
CAP E	44820	$ 1,364.00	37%	$ 441.73	$ 922.27	$ 19,798,339
	155761			824.93		$ 128,491,842

(*) Assumes average use for the class

Enhanced Cost	$ 128,491,842	
Current Cost	$ 90,483,797	
Increased Cost	$ 38,008,045	
Bad Debt Adj.	0.73	UA and working Capital
Net Cost	$ 27,745,873	

2011 Rate Increase = 17%
(*) reflects a 3% per year increase

Methodology for Scaling Back the Discounts

	Affordable Discounts (1)	Scale Back Factor (2)	Adjusted Discount (3)=(1)*(2)	Calculated Discount (4)	Adjusted Discount Rate (5)=(4)*(2)
CAP B	$ 1,180.32	93%	1,094.16	89%	83%
CAP C	$ 1,157.85	93%	1,073.33	88%	82%
CAP D	$ 884.63	93%	820.05	70%	65%
CAP E	$ 441.73	93%	409.48	37%	34%

Scale Bac Factor = Guideline/Calculated = 765/824.93 = .927

PECO would use the Adjusted Discounts inconjunction with the table on page 4 to backslove for the appropriate discount to the first 650kwh

	Customers (1)	Annual Bill(*) (2)	Nominal Discount % (3)	Per Customer Discount $ (4)=(2)-(5)	Per Customer Payment(*) (5)	Total Discount (6)=(1)*(4)
CAP A/B	14239	$ 1,444.00	83%	$ 1,094.16	$ 349.84	$ 15,579,696
CAP C	23210	$ 1,429.00	82%	$ 1,073.33	$ 355.67	$ 24,911,919
CAP D	73492	$ 1,362.00	65%	$ 820.05	$ 541.95	$ 60,267,262
CAP E	44820	$ 1,364.00	34%	$ 409.48	$ 954.52	$ 18,353,060
	155761			$ 764.71		$ 119,111,937

(*) Assumes average use for the class

Scaled Back	$	119,111,937
Scaled Back	$	119,111,937
Current Cost	$	90,483,797
Increased Cost	$	28,628,140
Bad Debt Adj.		0.73 UA and working Capital
Net Cost	$	20,898,542

Form for Calculation of the Monthly Cost of the CAP Program Enhancement

CAP B

	(1) Usage	(2) Rate	(3)=(1)*(2) Revenue
Bills		$ 5.1800	
First500kwh		$ 0.0218	
Next 150kwh - S		$ 0.0218	
650-750kwh -S		$ 0.1017	
All other kwh		$ 0.1448	
Total			

Discounted Residential Bill

	(4) Usage	(5) Rate	(6)=(5)*(4) Revenue
Bills		$ 5.1800	
First 500kwh		$ 0.1483	
Next 250kwh - S		$ 0.1694	
Next 150 kwh - W		$ 0.1483	
Additional - S		$ 0.1694	
Additional - W		$ 0.1483	
Sub-total			
Discount on first 650 kwh		88%	
Total			

Cost of Enhancements
(7)=(6)-(3)

Cost of Enhancements = Discounted Residential Bill less the Current CAP Bill
The same format would be followed for CAP C,D,E and for CAP RH A/B,C,D,E