

PECO Energy Company

Electric Service Tariff

COMPANY OFFICE LOCATION

2301 Market Street

Philadelphia, Pennsylvania 19101

For List of Communities Served, See Page 4.

Issued March 31, 2010

Effective May 30, 2010

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

NOTICE.

PECO Energy Company

LIST OF CHANGES MADE BY THIS SUPPLEMENT

Definition of Terms and Explanation of Abbreviations - 1st Revised Page No. 6, 1st Revised Page No. 8
Revised definition of bad credit to clarify the circumstances under which the Company may require a security deposit. Revised definition of Service to specify rate availability for larger customers.

The Tariff - 1st Revised Page No. 10
Simplified reference to PECO website.

Meter Location - 1st Revised Page No. 11
Revised Rule 3.2- Meter Location to ensure that proper access to the Company's meters and equipment is provided.

Credit - 1st Revised Page No. 13
Revised Rule 5.3 Guarantee of payment to clarify the intent and application of the rule.

Return of Deposit - 1st Revised Page No. 14
Revised to provide additional details on when a deposit may be required.

Line Extensions for Standard Service - 1st Revised Page No. 15
Revised Line Extension definition

Customers Responsibility - 1st Revised Page No. 18
Revised Rule 10.2 to clarify the customer's responsibility when an unsafe condition exists.

Recovery for Property Damage - 1st Revised Page No. 19
Added new rule 10.11 Recovery of Property Damage and state the terms or recovery of costs of damaged Company equipment.

Estimated Usage- 1st Revised Page No. 22
Consolidated Rules 14.6 and 14.8.

Billing and Standard Payment Options - 1st Revised Page No. 24
Deleted Reference to Rate RT

Designation of Procurement Class - 1st Revised Page No. 27
Renumbered 2.2 and added effective date for clarity

State Tax Adjustment Clause - 1st Revised Page No. 30
Reset STAS to zero

Generation Supply Adjustment for Procurement Classes 1, 2, 3 - 1st Revised Page No. 31
Added provision for recovery of cash working capital associated with power purchases.

General Supply Adjustment - 1st Revised Page No. 32
Deleted reference to Rate SL-P and SL-E Rider.

Generation Supply Adjustment For Procurement Class 4 - 1st Revised Page No. 33
Added provision for recovery of cash working capital associated with power purchases.

Reconciliation - 1st Revised Page No. 34
Added definition of cash working capital.

Provisions for Recovery of UNIVERSAL SERVICE FUND CHARGE (USFC) 1st Revised Page No. 38
Revised USFC recovery mechanism

Provisions for Recovery of SUPPLEMENTAL UNIVERSAL SERVICE FUND COSTS 1st Revised Page No. 39
Deleting Supplement USFC

Transmission Charges - Original Page 40A
New charging mechanism for Transmission Charges.

Smart Meter Cost Recovery Surcharge - Original Page 40B
New recovery mechanism for smart meter costs.

Provisions for the Recovery of Energy Efficiency and Conservation Program Costs (EEPC) Original Page 40C
Modified rate to eliminate Variable Distribution Charge and replace with a Service Location Charge.

Rate R - Residence Service - 1st Revised Page No. 41
Increased Fixed Distribution Charge and Variable Distribution Charge.

Rate RT- Residence Time of Use Service- 1st Revised Page No. 42
Rate deleted

Rate RH- Residential Heating Service - 1st Revised Page No. 43
Increased Fixed Distribution Charge and Variable Distribution Charge.

Rate RS-2 Net Metering - 1st Revised Page No. 44 and 1st Revised Page No. 45
Deleted Reference to Rate RT

Rate OP - Off Peak Service - 1st Revised Page No. 46
Fixed Distribution Charge decreased and variable distribution charges increased.

Rate GS- General Service - 1st Revised Page No. 47, 1st Revised Page No. 48, 1st Revised Page No. 49
Increased Fixed Distribution Charges and change in Variable Distribution Charges. Also revised single meter and separate meter provisions.

Rate PD- Primary Distribution Power - 1st Revised Page No. 50
Fixed Distribution Charge increased and Variable Distribution Charge increased.

Rate HT- High Tension Power - 1st Revised Page No. 51
Fixed Distribution Charge increased and Variable Distribution Charge increased.

Rate POL Private Outdoor Lighting - 1st Revised Page No. 52
Distribution Charges increased.

Rate SL-P Street Lighting in City of Philadelphia Pages 1st Revised Page No. 54, 1st Revised Page No. 55 & 1st Revised Page No. 56
Rate deleted

Rate SL-S 1st Revised Page No. 57
Distribution Charges increased.

Rate SL-E - 1st Revised Page No. 59
Added additional Service Location and Distribution Charges

Rate TLCL - 1st Revised Page No. 61
Availability of Rate is expanded to include constant load devices

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LIST OF CHANGES MADE BY THIS SUPPLEMENT

Rate EP- 1st Revised Page No. 63

Fixed Distribution Charge increased and Variable Distribution Charge changed. High Voltage discounts increased.

Rate AL – 1st Revised Page No. 64

Modified rate to eliminate Variable Distribution Charge and replace with a Service Location Charge.

Applicability Index of Riders – 1st Revised Page No. 65

Index Modified to reflect deleted riders.

Auxiliary Service Rider – 1st Revised Page No. 66, 1st Revised Page No. 67 1st Revised Page No. 68

Rate and billing section revised to reflect pricing for the variable distribution charge

Customer Assistance Program (CAP) Rider - 1st Revised Page No. 69

Delete the Rate RT reference

Casualty Rider – 1st Revised Page No. 71

Delete the word "ratchet"

Cooling Thermal Storage HT Rider 1st Revised Page 73

Rider deleted

Night Service GS Rider – 1st Revised Page 80

Rider deleted

Night Service HT Rider – 1st Revised Page 81

Rider Deleted

Night Service PD Rider – 1st Revised Page 82

Rider deleted

Seasonal Capacity Charge Service Rider – 1st Revised Page 84

Rider deleted

Temporary Service Rider- 1st Revised Page No. 85

Rate impact section revised.

Transformer Rental Rider – 1st Revised Page No. 86

Revised wording to reflect elimination of the rider as of January 1, 2012.

Voluntary Market Price Transition Deferral Rider- 1st Revised Page No. 87

Deleted Rate SL-P reference

Wind Energy Service Rider – 1st Revised Page No. 88

Deleted Rate RT reference

Transmission Charges – 1st Revised Page No. 89, 1st Revised Page No. 90 and 1st Revised Page No. 91

Transmission Charges deleted

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DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS

a.c. - alternating current Advanced Meter - Advanced Meter shall have the meaning set forth in the Electric Generation Supplier Coordination Tariff.

Advanced Meter Services - Advanced Meter Services shall have the meaning set forth in the Electric Generation Supplier Coordination Tariff.

Advanced Meter Service Provider or AMSP - The Company or an EGS that provides Advanced Meter Services.

AEPS - Alternative Energy Portfolio Standard - statute that requires electric distribution companies and electric generation suppliers to acquire a certain percentage of their energy from alternative energy sources.

available rate - A rate which may be obtained by a customer if the use of service conforms to the character of service contemplated in the rate, and the location is such that this service can be supplied from existing facilities of the Company.

Bad credit - A customer shall be deemed by the Company to have bad credit if the customer has been delinquent on payment of two consecutive bills or three or more bills in the last twelve billing cycles or tendered two or more checks that are subsequently dishonored by a payee according to 13 Pa.C.S. §3502, within the last twelve billing cycles. Industrial and commercial customers also shall be deemed by the Company to have bad credit if the customer is insolvent, (as evidenced by a credit report prepared by a reputable credit bureau or credit reporting agency or public financial data, liabilities exceeding assets or generally failing to pay debts as they become due) or has a class of publicly-traded debt outstanding that is rated to be below investment grade, or tendered two or more checks that are subsequently dishonored by a payee according to 13 Pa.C.S. §3502, within the last twelve billing cycles. (C)

Base Rate (or rate) - The Base Rates are Rates R, R-H, OP, RS-2, GS, PD, HT, POL, SL-S, SL-E, TLCL, EP, and AL (C)

Billing demand - The calculated or measured demand after correction, if any, for power factor; except that the billing demand may be limited to a minimum figure.

Btu - British thermal unit.

Capacity charge - A charge based upon demand, either with or without power factor correction.

Competition Act - The Electricity Generation Customer Choice and Competition Act, 66 Pa.C.S. §2801, et seq.

Competitive Energy Supply - unbundled energy and capacity provided by an Electric Generation Supplier.

Consolidated EDC Billing - Billing provided by the Company as provided for in the Electric Generation Supplier Coordination Tariff.

Consolidated EGS Billing - Billing provided by an EGS as provided for in Electric Generation Supplier Coordination Tariff.

Continuous service - Service which the Company endeavors to keep available at all times.

Creditworthy - A creditworthy customer pays the Company's charges as and when due and otherwise complies with the Rules and Regulations of this Tariff or the PaPUC. To determine whether a customer is creditworthy with respect to a particular account, the Company will evaluate the customer's record of paying Company charges for all of the customer's other Company accounts, and may also take into consideration the customer's general credit.

Customer - Any person, partnership, association, or corporation, lawfully receiving service at a single meter location from the Company. For purposes of billing for an Electric Generation Supplier (as defined below), the term customer may include all meter locations for which a summary bill is provided. In addition, unless explicitly prohibited by the Public Utility Code or the Commission's Rules and Regulations, an EGS may act as agent for an end use customer upon written authorization to PECO Energy which may be part of the notice of EGS selection.

Customer's service extension - The facilities extending from the customer's service-receiving equipment to the Company's service supply lines.

Default Service (DS) - The provision of energy or energy and capacity by PECO Energy as Default Service Provider to customers that are: (1) not eligible to obtain Competitive Energy Supply, (2) choose not to obtain Competitive Energy Supply, (3) return to default service after having obtained Competitive Energy Supply or Competitive Default Service, or (4) who contract for Competitive Energy Supply from an EGS (as defined below) that fails to deliver such energy or energy and capacity.

Default Service Provider (DSP) - The incumbent EDC within a certificated service territory or a Commission approved alternative supplier of electric generation.

Demand - The maximum rate-of-use of energy during a specified time interval, expressed in kilowatts.

DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS (continued)

Separate EDC Billing - Billing provided by the Company as provided for in the Electric Generation Supplier Coordination Tariff.

Separate EGS Billing - Billing provided by an EGS as provided for in the Electric Generation Supplier Coordination Tariff.

Service - The distribution of energy for use by the customer, including all things done by the Company in connection with such distribution.

- standard single-phase secondary; alternating current, 60 hertz:
 - (a) nominally 120/240 volts, 3 wires;
 - (b) nominally 120 volts, 2 wires to installations consisting of not more than two 15-ampere branch circuits;
 - (c) nominally 120/208 volts, 3 wires, for residential service, where available in conjunction with standard polyphase secondary 120/208 volts, 3-phase, 4 wires.
- standard polyphase secondary; alternating current, 60 hertz. Only one service is available to a building unless the demand exceeds the service capacity for the associated voltage described below. If the demand exceeds a service capacity, additional secondary services at the same voltage level may be provided. For purposes of determining service capacity limits, a building is defined as a structure, separated from other structures, or a portion of a contiguous structure separated from the remainder of the structure by approved firewalls. When demand or service voltage requires the installation of transformation equipment on the owner's premises, the transformation shall consist of a pad mounted transformer installed at a location provided by the owner and approved by the Company outside the building or a transformer bank installed inside the building in a vault located on the ground floor or one story below grade, meeting National Electrical Code requirements. The Company will not install, own or maintain any conductors inside or beneath a building nor install indoor transformation in areas supplied by or designated to be supplied at 33,000 volts or greater. (C)
 - (a) nominally 120/240 volts, 2-phase, 5 wires; only available in areas supplied by 2-phase distribution facilities located along public highways or private rights-of-way and limited to service capacities of 100 kVa or less;
 - (b) nominally 240 volts, 3-phase, 3 wires; a fourth wire neutral will be extended for the supply of 120/240 volt single-phase equipment in combination with the service where the service capacity required does not exceed 15 kVa on any one of the phases. Where the demand to a single premises exceeds 100 kVa, transformers will be installed on the premises at a suitable location provided by the owner. The service capacity is limited to 300 kVa for transformers located inside the building and 750 kVa for transformers located outside the building.
 - (c) nominally 120/208 volts, 3-phase, 4 wires, (where 3-phase distribution is available) for the exclusive supply of secondary service to a building or group of contiguous buildings occupied by one or more than one customer, with transformers and secondaries installed on the premises at suitable locations provided by the owner. The service capacity is limited to 750 kVa for transformers located either inside or outside the building. When the service capacity exceeds 750 kVa for transformers located either inside or outside of the building the only rate option available to the customer will be Rate HT. When a suitable transformer location is not reasonably available on the premises and the demand does not exceed 100 kVa, service may be supplied at the Company's discretion from aerial distribution facilities located along public highways. (C)
 - (d) nominally 277/480 volts, 3-phase, 4 wires (where 3-phase distribution is available) for the exclusive supply of secondary service to a building occupied by one or more than one customer with transformers and secondaries installed on the premises at suitable locations provided by the owner. The service capacity is limited to 750 kVa for transformers located inside the building and 1,500 kVa for transformers located outside the building. If the service capacity exceeds 750 kVa for transformers located inside the building or 1,500 kVa for transformers located outside the building the only rate option available to the customer will be Rate HT. (C)
- standard primary - unregulated alternating current, 60 hertz, nominally 2,400 volts, 2-phase, 3 wires, or nominally 4,160 volts, 3-phase, 3 or 4 wires. Availability of these voltages is limited to those locations served at these voltages as of July 6, 1987.
- standard high tension - unregulated alternating current, 60 hertz, 3-phase, 3 wires (4-wire, 13 kV service is available in areas that have been converted to 13 kV distribution):

Where two or more such standard voltages are present in a given area, the Company will select the service voltage at which the required service can be supplied most economically. Nominally 13,200, 33,000, 69,000, 138,000 or 230,000 volts as available in the various sections of the Company's service territory for loads of such character as to require supply at one of such voltages in order not to impose unsatisfactory service conditions on the Company's supply system, or for loads of such character that supply at one of such voltages is desired both by the Company and the customer. For service at 13,200 or 33,000 volts, where the customer's demand exceeds 7,000 kW, the owner may be required to provide a suitable location on the premises for the installation of Company's transformation equipment.

The Company's charges for service, which are comprised of the Fixed Distribution Service Charge and Variable Distribution Service Charge, are nonbypassable and must be paid by any customer regardless of the voltage level at which the customer is served.

Service-supply lines - The facilities (conductors, cables, conduits, etc.) extending from the Company's facilities in the highway or other trunk line location to the facilities owned and maintained by the customer.

(C) Denotes Change

PECO Energy Company

RULES AND REGULATIONS

1. THE TARIFF

1.1 FILING AND POSTING. A copy of this Tariff, which comprises the Rates, Rules and Regulations under which service and Default Service will be provided to its customers by PECO Energy, is on file with the Commission and is posted and open to inspection at the Principal Office of the Company. A copy of this tariff is also available on the Company's website at <http://www.peco.com>.

(C)

1.2 REVISIONS. This Tariff may be revised, amended, supplemented or otherwise changed from time to time in accordance with the Pennsylvania "Public Utility Law", and such changes, when effective, shall have the same force as the present Tariff.

1.3 APPLICATION. The Tariff provisions apply to everyone lawfully receiving service from the Company, under the rates therein, and the recipient of service, whether service is based upon contract, agreement, accepted signed application, or otherwise, shall be subject to the terms of the Tariff. In addition, the rates therein shall apply to everyone receiving service unlawfully or otherwise, including unauthorized use as referred to in Rule 4.7 of this Tariff. A customer will receive service under the rates and riders of this tariff effective with their first scheduled billing cycle beginning or as otherwise indicated in this tariff.

1.4 BASIS OF CHARGE. Time elapsed is a factor in the supply of service and the rates and minimum charges named in this Tariff, while predicated on periods of supply of not less than one year, are stated in values for direct application only to monthly periods of service supply and will be adjusted for application to service supplied during other time intervals.

1.5 RULES AND REGULATIONS. The Rules and Regulations, filed as part of this Tariff, are a part of every contract for service made by the Company and govern all classes of service where applicable, unless specifically modified by a rate or rider provisions. The obligations imposed on customers in the Rules and Regulations apply as well to everyone receiving service unlawfully and to unauthorized use of service.

1.6 USE OF RIDERS. The terms governing the supply of service under a particular Base Rate may be modified or amended only by the application of those standard riders, filed as part of this Tariff, which are specifically mentioned as applicable to that rate in the Applicability Index of Riders.

1.7 STATEMENT BY AGENTS. No representative has authority to modify a Tariff rule or provision, or to bind the Company by any promise or representation contrary thereto.

2. SERVICE LIMITATIONS

2.1 CHARACTER. This Tariff applies only to the distribution and/or supply of electric energy of the standard characteristics available in the locality in which the premises to be served are situated. The Company does not offer to distribute and/or supply electric energy of nonstandard characteristics.

2.2 SINGLE-POINT DELIVERY. Unless otherwise stated therein, the Base Rates in this Tariff for each class of service are based upon the Company's distribution and/or supply through a single delivery and metering point for the total requirements at each separate premises of any person, partnership, association, or corporation, lawfully receiving service. Separate distribution and/or supply for the same customer at other points of consumption shall be separately metered and billed, except that: (1) when the Company is providing Consolidated EDC Billing, the Company will provide summary billing of its charges for and/or an EGS' charges (if requested by the EGS) for Competitive Energy Supply; and (2) when the Company is providing Separate EDC Billing, the Company will provide summary billing of its charges.

2.3 SINGLE-POINT AVAILABILITY. Service delivered at a single point is available to one or more buildings or units devoted essentially to a single purpose, provided and so long as:

- (a) Such buildings or units are:
 - (1) held, possessed, and either utilized or operated as a single establishment by a single responsible entity, and
 - (2) unified on the basis of family, business, industry, enterprise, or governmental agency or through conveniences and services, such as heat, elevator, janitor, care of halls, walks and lawns, etc., furnished by such entity, and
 - (3) situated on a single or on contiguous land parcels except where such buildings or units constitute interdependent parts of a single industrial enterprise. In determining "contiguity" hereunder of parcels abutting opposite sides of public or private ways, the boundaries of such parcels shall be considered as extending to the center of such ways.
- (b) There is granted and maintained to the Company easement or other rights, adequate in the Company's reasonable judgment to supply service direct to any such buildings or units if, as and when a cessation of any one or more of the conditions stated in paragraph lettered "a" above should occur, or there should arise in any manner a Company duty of such direct supply.

(C) Denotes Change

RULES AND REGULATIONS (continued)

- (c) The transforming, receiving and distribution facilities on the customer's side of the delivery point are:
 - (1) furnished, installed and maintained at the expense of the customer, and
 - (2) owned or leased by the customer, and
 - (3) operated and controlled by or at the expense of the customer.
- (d) The Company is under no legal obligation of direct supply to any portion of said building or units or their appurtenances.
- (e) A guarantee by deposit or otherwise is given and maintained to the Company sufficient in its reasonable judgment to insure it against loss in primary, secondary and/or distribution investment in the event of change in the nature of holding and possession of such buildings or units, or in the occupancy thereof, or in the type of service delivered thereto.
- (f) All utilization equipment on the customer's side of the Company delivery point is furnished, installed, operated and maintained by the operator of the building or units supplied or by the tenants of such operator whose use of electricity is dependent upon the single-point delivery and metering of service.
- (g) Any use of public highways by such operator for the latter's distribution facilities does not conflict or interfere with the franchise rights of the company.

2.4 COMPLIANCE WITH AVAILABILITY. The use of the Company's service shall not be for any purpose other than that covered by the availability provisions of the applicable Base Rate and/or riders.

2.5 SINGLE-PHASE UP TO 150 KVA. Single-phase secondary service is available for loads up to 150 kVa. Loads in excess of this amount will be supplied polyphase service.

2.6 POLYPHASE LOADS AGGREGATING LESS THAN 7-1/2 HP. Polyphase service is not available for installations aggregating less than 7-1/2 horsepower, unless the excess cost of supplying polyphase rather a single-phase service is borne by the customer.

2.7 MOTORS. Service is not available to motors which do not meet the Company's standard requirements.

2.8 COMPLIANCE WITH BUILDING ENERGY CONSERVATION ACT STANDARDS. Before receiving any electric service to or for new or renovated residential buildings or additions thereto, as defined by Pennsylvania Building Energy Conservation Act (BECA) as amended by Act 98 of 1985, applicants for service must provide the Company with the compliance certification copy of the Pennsylvania Department of Community Affairs (DCA) "Notice of Intent to Construct" form as processed by DCA. A compliance certification copy of "Notice of Intent to Construct" will not be required by the Company if the new or renovated residential building is located in a municipality which has elected to administer the BECA and requires that a notice of intent to construct be filed with the municipality before or at the time that application is made for a building permit and the notice has, in fact, been filed.

3. CUSTOMER INSTALLATION

3.1 INFORMATION FROM THE CUSTOMER. The Company should be advised by the customer or applicant for service, in writing, preferably on a form supplied by the Company, of premises to be equipped for service, giving exact location, and details of all current consuming devices to be installed.

The customer shall supply the Company any and all information in its possession regarding potential or actual contamination, waste or hazardous materials or other adverse environmental conditions on the customers' premises on or near where the Company facilities are to be located. The customer has a continuing obligation to provide the Company with such information relating to the premises as the customer receives it. The Company also has a continuing right to inspect the customers' premises for the purposes of performing an environmental assessment.

3.2 METER LOCATION. There shall be provided, free of expenses to the Company, at a location outdoors, unless otherwise designated by the Company or another AMSP, which the Company or another AMSP will designate in writing upon request, a suitable place for the meter or meters and any other supply, protective or control equipment of the Company or another AMSP which may be required in the provision of service. The customer shall provide access and space, in an amount deemed necessary by the Company, to install and maintain its meter(s) and equipment. This location shall be convenient, unimpeded and easily accessible to the Company's employees, contactors and agents. The Customer shall also minimize any risk for damage and/or harm to the Company's employees, contractors, agents and equipment at the meter location. There also must not be any impediment or obstruction of the Company's ability to receive, an adequate communication signal from its meter(s) for remote reading purposes. The meter(s) location shall also be situated so that the meter(s) are not concealed, but shall be situated in a fashion acceptable to the Company.

(C)

3.3 POINT OF DELIVERY. The Company will designate in writing, upon request, a satisfactory point of delivery where the customer shall terminate the wiring and facilities for connection to the distribution lines of the Company. The failure to request and obtain such location may result in refusal of service pending rearrangement of customer's facilities, but the designation of a point of delivery does not constitute an agreement or obligation on the part of the Company to furnish service.

In establishing a point of delivery, the Company has the right to avoid areas known or suspected to contain contamination, waste or hazardous materials or other adverse environmental conditions. The customer will have the option of extending its own facilities to the Company's point of service delivery.

The Company may waive this right of avoidance upon agreement by the customer or applicant to indemnify, defend, and hold harmless the Company (its successors, assigns, trustees, officers, employees and agents) from and against all actions, causes of action, claims and demands whatsoever, and from all costs, damages, expenses, losses, charges, debts and liabilities whatsoever

RULES AND REGULATIONS (continued)

4.7 UNAUTHORIZED USE. Unauthorized connection to the Company's facilities, and/or the use of service obtained from the Company without authority, or by any false pretense, may be terminated by the Company. The use of service without notifying the Company or the AMSP and enabling them to read its meter will render the user liable for any amount due for service provided to the premises from the time of the last reading of the meter, immediately preceding the customer's occupancy, as shown by the Company's books.

4.8 WITHDRAWAL OF APPLICATION. In the event the customer (or potential customer) withdraws an application for either new or modified service, the customer will reimburse the Company for all reasonable costs incurred by the Company in anticipation of providing the new or modified service.

5. CREDIT

5.1 PAYMENT OBLIGATION. For customers for whom the Company provides Consolidated EDC Billing or Separate EDC Billing, the provision of service for any purpose, at any location, is contingent upon payment of all charges provided for in this Tariff (and, for the same class of service (residential or non-residential) under the Company's Gas Service Tariff, if the customer also receives gas service at the same premises) as applicable to the location and the character of service.

5.2 PRIOR DEBTS. Service will not be furnished to former customers until any indebtedness to the Company for previous service of the same or similar classification has been satisfied or a payment arrangement has been made on the debt. This rule does not apply to the disputed portion of disputed bills under investigation. The Company will apply this rule to the disputed portion of disputed bills, if, and only if: (1) the Company has made diligent and reasonable efforts to investigate and resolve the dispute; (2) the result of the investigation is that the Company determines that the customer's claims are unwarranted or invalid; (3) the Commission and/or the Bureau of Consumer Services has decided a formal or informal complaint in the Company's favor and no timely appeal is filed; and (4) the customer nevertheless continues to dispute the same matter in bad faith. (C)

5.3 GUARANTEE OF PAYMENTS. The Company may charge a security deposit before it will render service to an applicant or before the Company will continue to render service to a customer for whom the Company provides Consolidated EDC Billing or Separate EDC Billing. The Company may charge deposits to applicants and customers if they have bad credit, lack creditworthiness or as otherwise permitted by Commission statutes, rules, regulations, and as required by Federal Bankruptcy Law. The applicant or customer may be required to provide a cash deposit, letter of credit, surety bond, or other guarantee, satisfactory to the Company. The Company will hold the deposit as security for the payment of final bills and in compliance with the Company's Rules and Regulations. In addition, the Company may require industrial and commercial customers for which it may provide Consolidated EDC Billing or Separate EDC Billing to post a deposit at any time if the Company determines that the customer is no longer creditworthy or has bad credit or as otherwise permitted by Commission statutes, rules, regulations and as required by Federal Bankruptcy Law. The Company retains the right to charge customers additional deposits based upon continued bad credit or lack of creditworthiness and increased usage. (C)

5.4 AMOUNT OF DEPOSIT. For residential customers the deposit will be equal to one-sixth of the applicant's or customer's estimated annual bill for Company charges, based on applicable rates. A deposit from a residential customer shall conform to the requirements of 66 Pa. C.S. 1404(c) and applicable Pennsylvania Public Utility Commission regulations. For industrial and commercial accounts, the amount of the deposit shall be the Company's projection of the sum of the Company charges in the customer's two highest monthly bills in the 12 months following the deposit. The provisions of 11 U.S.C. §366(b) of the Federal Bankruptcy Code, or any successor statute or provision, shall, if inconsistent, supersede the provisions of this rule. (C)

(C) Denotes Change

RULES AND REGULATIONS (continued)

5.5 RETURN OF DEPOSIT. Deposits secured from a residential customer shall either be applied with interest to the customer's account or returned to the customer with interest in accordance with 66 Pa. C.S. §1404(C) and applicable Pennsylvania Public Utility Commission regulations. For non-residential customers such refund or credit will be made at the time the customer becomes creditworthy. In cases of discontinuance or termination of service, deposits will be returned with accrued interest upon payment of all service charges and guarantees or with deduction of unpaid accounts. Any residential or commercial customer having secured the return of the deposit may be required to make another deposit in accordance with Commission statutes, regulations or Federal Bankruptcy Law if the Customer demonstrates bad credit or lacks creditworthiness subsequent to the return of the initial deposit.

5.6 INTEREST ON DEPOSIT. The Company will allow simple interest on cash deposits calculated as follows:

- (1) with respect to residential accounts,
 - (a) interest accrued prior to December 14, 2004, at an annual rate determined by the average of the 1-Year Treasury Bills for September, October and November of the previous year ("Interest Index");
 - (b) interest accrued on or after December 14, 2004, at an annual rate determined by the legal rate of interest pursuant to 66 Pa. C.S.A. § 1404(C)(6);
- (2) with respect to commercial and industrial accounts, at the lower of the Interest Index or six percent; provided that interest accrued prior to April 14, 1995 shall be calculated at six percent.

(C)

Deposits shall cease to bear interest upon discontinuance of service (or, if earlier, when the Company closes the account).

5.7 CREDIT INFORMATION. In addition to information required otherwise hereunder, customers for whom the Company provides Consolidated EDC Billing or Separate EDC Billing shall be required to provide to the Company with such credit information, as the Company requires. The Company will report to a national credit bureau only on credit history associated with the portion of the past due amount attributable to the Company's charges.

5.8 APPLICABILITY TO CUSTOMERS RESIDING AT PLACE OF BUSINESS. For purposes of all of the provisions of this Rule 5, when a customer resides at a place of business or commercial establishment, legitimately served pursuant to a commercial or industrial rate schedule, that is not a residential dwelling unit attached thereto, the customer is not thereby entitled to any of the protections in the Pennsylvania Public Utility Code or the Commission's regulations implementing the Pennsylvania Public Utility Code, or to any of the provisions of these rules or this Tariff, that apply exclusively to deposits for residential customers.

6. PRIVATE PROPERTY CONSTRUCTION

6.1 COMPANY'S SERVICE LINES. Where the Company has distribution facilities of adequate capacity on the highway or in other trunk line location adjacent to the premises to be served, it will provide, own and maintain standard service-supply lines as follows:

(a) UNDERGROUND:

Underground cable construction to a point approximately 18 inches inside the property line of the customer, except:

- (1) For secondary service to new residences or new apartment buildings, underground cable construction will be extended to a meter location or connection box located at the building or buildings, as designated by the Company and in accordance with Rule 7.3.
- (2) The Company will make necessary repairs to customer-owned extensions of secondary service-supply lines for residential customers at no charge. If such customer-owned extension requires replacement, the Company will make the replacement and assume ownership of the service-supply line with the Company bearing the cost up to 200 feet in length and the customer bearing the cost for all additional length.

(b) AERIAL:

A single span of aerial open wire or cable construction to the first suitable support of the customer, nominally 100 feet inside the property line of the customer. The customer's support shall be so located that the service span will be free of obstruction and adequately supported as required by the size and weight of the conductors.

6.2 SERVICE -SUPPLY ALTERATIONS. Changes related to a service-supply line or a meter owned by the Company, for the accommodation of the customer, shall be at the expense of the customer.

6.3 CUSTOMER'S SERVICE EXTENSION. The customer shall provide, own and maintain the service extension from the Company's service-supply lines to the receiving equipment.

6.4 METERS AND TRANSFORMERS. The Company will provide, own and maintain any meter or meters, and also the transformer or transformers (both potential and current type transformers), required in the supply of service of the current characteristics specified by the Base Rate or rider under which the service is provided, unless the customer receives Advanced Meter Services from an AMSP in that case such AMSP will install, provide, own, and/or maintain the Customer's meter or meters while the Company will continue to own the potential and current type transformers. The supply of transformers by the Company shall be limited to those required for a single standard transformation.

6.5 TRAILER PARKS. Where it is established by plans, development, use or other facts that the operation of a trailer park is predominantly to provide rental locations for non-transient trailers, with not less than two nor more than four such locations, the Company, upon written application of the trailer park operator and upon the receipt of an enabling agreement and of adequate rights-of-way, will construct, own and operate within the trailer park specified aerial electric energy, the trailer park operator being liable for payment of service to trailer park tenants not contracting in writing for service in their own names. The Company's obligation to install or extend such distribution facilities within the trailer park is limited to the investment warranted by the anticipated revenue. Alterations of such distribution facilities at the request of the park operator when not for the purpose of serving additional trailer rental locations will be at the cost of the trailer park operator. A trailer park operator desiring underground distribution facilities within a trailer park consisting of less than five locations must bear the excess cost incident thereto. Specifications and terms for such underground construction will be furnished by the Company on request. In new trailer parks consisting of five or more locations, underground distribution facilities will be extended in accordance with Rule 7.3.

(C) Denotes Change

RULES AND REGULATIONS (continued)

7. EXTENSIONS

7.1 TRUNK LINE CONSTRUCTION. The Company will construct, own and maintain overhead or underground distribution facilities, either secondary, primary, or high tension, located on the highway or on rights-of-way acquired by the Company and used or usable as part of the Company's general distribution system.

7.2 LINE EXTENSIONS FOR STANDARD SERVICE

A. DEFINITIONS

For the purposes of this rule, when capitalized herein, the below terms shall have the following meanings:

(1) **Line Extension** -- A single-phase or polyphase addition to the public utility electric supply line for the purpose of supplying standard service (as described under Rule 2 above, but not including Line Extensions for nonstandard service as described in Rule 3.7 above) to and connected with the customer's point of delivery which addition is so located that it cannot be supplied by means of a service line from the existing electric supply line. (C)

(2) **Contractor Cost** -- The amount paid by the Company to a contractor for work performed on a Line Extension.

(3) **Customer** -- End use customer of the Company, or a developer.

(4) **Direct Labor Cost** -- The pay and expenses of the Company employees directly attributable to work performed on Line Extensions, but not including construction overheads or payroll taxes, workmen's compensation expenses or similar indirect expenses.

(5) **Direct Material Cost** -- The purchase price of materials used for a Line Extension, but not including related storage expenses. In computing Direct Material Costs, proper allowance shall be made for unused materials, materials recovered from temporary structures, and discounts allowed and realized in the purchase of materials.

(6) **Total Construction Cost** -- For single-phase Line Extensions, the estimated total cost to the Company for the construction of the Line Extension, which cost shall include: Contractor Cost, Direct Labor Cost, and Direct Material Cost. For polyphase Line Extensions, the estimated total cost to the Company for the construction of the Line Extension, which cost shall include: Contractor Cost, Direct Labor Cost, Direct Material Cost and allocated overheads.

(7) **Capacity Adjusted Cost** -- For polyphase Line Extensions, the Total Construction Cost of a Line Extension multiplied by the percentage of that Line Extension's capacity installed to serve the Customer's capacity needs.

(8) **Revenue Guarantee Contribution** -- The estimated Variable Distribution Service Charges, as defined in the "Definitions of Terms and Explanation of Abbreviations" Section of this tariff, to be received by the Company from the Customer for a twelve (12) month period commencing with the first month after the Line Extension is completed.

B. SINGLE-PHASE LINE EXTENSIONS FOR STANDARD SERVICE. For a Customer whose use of the Line Extension is not speculative, the Company will construct a single-phase Line Extension as follows. The Company will construct a Line Extension up to 2,500 feet without a charge to the Customer. For Line Extensions over 2,500 feet, a Customer shall pay the Company a contribution in aid of construction ("CIAC") equal to the amount by which the Total Construction Cost of the Line Extension beyond 2,500 feet exceeds the Customer's Revenue Guarantee Contribution for the first three (3) year period after the Line Extension is completed. A Customer who is not a developer must pay the CIAC in full prior to the construction of the single-phase Line Extension.

C. POLYPHASE LINE EXTENSIONS FOR STANDARD SERVICE. For a Customer whose use of the Line Extension is not speculative, the Company will construct a polyphase Line Extension, as follows. A Customer must pay the Company a CIAC equal to the amount by which the Capacity Adjusted Cost of the Line Extension exceeds the Customer's Revenue Guarantee Contribution for the first five (5) year period after the Line Extension is completed. A Customer who is not a developer must pay the CIAC in full prior to the construction of the polyphase Line Extension.

D. DEVELOPERS. Prior to the construction of any Line Extension, a developer may, in lieu of paying the full CIAC, pay a minimum of 35 percent (35%) of the CIAC and, for the remaining amount, post a surety bond in a form reasonably acceptable to the Company. The unpaid portion of the CIAC is subject to interest at the then applicable prime rate and is payable no later than twelve (12) months from the date of the initial payment.

(C) Denotes Change

RULES AND REGULATIONS (continued)

8.2 PROCUREMENT BY CUSTOMER. Customers applying for the construction of an extension may be required to secure to, and for, the Company, all necessary and convenient rights-of-way and to pay any associated costs.

8.3 DELAYS. Applications for service from an extension to be constructed where a right-of-way is not owned by the Company will only be accepted subject to delays incident to obtaining a satisfactory right-of-way.

9. INTRODUCTION OF SERVICE

9.1 WIRING IN PROGRESS. Service-supply lines will not be installed before the time that the customer's wiring of the premises is actually in progress.

9.2 INSPECTION. The Company reserves the right to refuse the introduction of service unless a written certificate of approval, satisfactory to the Company, has been received from a competent inspection agency authorized to perform this service in the specific locality in which service is to be provided.

9.3 COMPANY'S RIGHT TO INSPECT. The Company shall have the right, but shall not be obliged to inspect, any installation before it begins to deliver electricity or at any later time, and reserves the right to reject any wiring or appliances not in accordance with the Company's standard requirements; but such inspection, or failure to inspect, or to reject, shall not render the Company liable or responsible for any loss or damage, resulting from defects in the installation, wiring, or appliances, or from violation of Company rules, or from accidents which may occur upon the premises of the customer.

9.4 DEFECTIVE INSTALLATION. The Company may refuse to connect if, in its judgment, the customer's installation is defective, or does not comply with such reasonable requirements as may be necessary for safety, or is in violation of the Company's standard requirements.

9.5 UNSATISFACTORY INSTALLATION. The Company may refuse to connect if, in its judgment, the customer's equipment, or use thereof, might injuriously affect the equipment of the Company, or the Company's service to other customers.

9.6 FINAL CONNECTION. The final connection between the customer's installation and the Company's service lines shall be made by or under the supervision of a representative of the Company, except for standard single-phase secondary aerial service, in which case the customer may make the final connection in accordance with the Company's standard requirements.

9.7 NEW OR TRANSFER CUSTOMER CHARGE. When a customer's account for service is initiated or when a customer's account is transferred from one address to another address, there will be a charge of \$6.00 to cover the clerical expenses incurred by the Company. The State Tax Adjustment Clause applies to this charge.

10. COMPANY EQUIPMENT

10.1 COMPANY MAINTENANCE. The Company shall keep in repair and maintain its own property installed on the premises of the customer. (C)

10.2 CUSTOMER'S RESPONSIBILITY. The customer shall be responsible for safekeeping of the Company's property while on the customer's premises. In the event of injury or destruction of any such property the customer shall pay the costs of repairs and replacement. Any changes made to the Customer's premises after the Company completes its service and meter installation that, in the opinion of the Company, creates an unsafe condition, shall be the Customer's responsibility to pay any costs associated with remedying the unsafe condition including, but not limited to, any required protective measures and/or relocations of Company property. (C)

10.3 PROTECTION BY CUSTOMER. The customer shall protect the equipment of the Company on the premises, and shall not permit any person, except a Company employee having standard badge of the Company or other Company identification, to break any seals upon, or do any work on, any meter or other apparatus of the Company located on the customer's premises.

10.4 TAMPERING. In the event of the Company's meters or other property being tampered or interfered with, the customer being supplied through such equipment shall pay the amount which the Company may estimate is due for service used but not registered on the Company's meter, and for any repairs or replacements required, as well as for costs of inspections, investigations, and protective installations.

10.5 RIGHT OF ACCESS. The Company's identified employees shall have access to the premises of the customer at all reasonable times for the purpose of reading meters, and for installing, testing, inspecting, repairing, removing or changing any or all equipment belonging to the Company. In the event of an emergency, the Company shall have the right to access customer owned facilities and equipment for the purpose of restoring electric service, for the purpose of rendering the electric facilities safe and reliable, or for the purpose of reducing the likelihood of damage to the Company's facilities and equipment.

10.6 OWNERSHIP AND REMOVAL. All equipment supplied by the Company shall remain its exclusive property, and the Company shall have the right to remove the same from the premises of the customer at any time after the termination of service from whatever cause.

10.7 POLE REMOVAL OR RELOCATION REQUESTED BY RESIDENTIAL PROPERTY OWNERS. The cost for removal or relocation of distribution line poles and their associated attachments made pursuant to the request of a residential property owner who is not entitled to receive condemnation damages to cover the cost of such work shall be borne by the property owner and shall be limited to contractor, direct labor, and direct material costs incurred less maintenance expenses avoided as a result of the pole removal or relocation. The calculation of such cost for removal or relocation shall be in accordance with the Public Utility Commission Regulations - Title 52, Section 57.27.

(C) Denotes Change

RULES AND REGULATIONS (continued)

10.8 RELOCATION OF COMPANY FACILITIES REQUESTED BY NON-RESIDENTIAL PROPERTY OWNERS. Except as otherwise provided by law (e.g., 66 Pa.C.S. Section 2704, et seq.), a non-residential property owner, such as a builder, developer or contractor (Owner), shall pay to the Company the costs of relocation of Company facilities or equipment, made for the accommodation of the Owner or in fulfillment of the Owner's obligation to any public authority. A request for relocation of Company facilities shall be in writing. The relocation cost shall include labor (including overhead), materials, storeroom expense and transportation, less the depreciated value of any equipment replaced.

Where the relocation is done in conjunction with construction of a supply line to a development, the Company shall include in the relocation cost only those costs caused by the Owner's request.

The Company will notify the Owner in writing of the relocation cost. Advance payment of relocation costs will be required before the Company will commence the work, except, at the sole discretion of the Company, under special circumstances.

Where the relocation relates to a development that will generate additional revenue for the Company, the Company will give the Owner an initial credit against the relocation costs in an amount not to exceed 5% of the estimated annual revenue recovered through the Company's tariffed Variable Distribution Service Charges from the portion of the development under construction at the time of the relocation request. The Company will give the Owner an additional credit against relocation costs not to exceed 5% of the estimated additional revenue recovered through the Company's tariffed Variable Distribution Service Charges realized from new load on the PECO Energy system due to buildings not under construction at the time of the initial relocation but that are under roof within a five (5) year period from the date of completion of the relocation work. Credits will be held by the Company and distributed to the owner, on a pro-rated basis, as additional loads from the development are connected to PECO Energy's distribution system. No credits will be given for loads connected after the five year period from the date of completion of the relocation work. When the relocation is done in conjunction with extension of a line in accordance with §7.2 of the Tariff, the Company will include in the credit calculation only such estimated annual revenue that exceeds the minimum revenue guarantee required by §7.2. The cost and expense of project changes which require a second relocation of the same Company facilities shall be borne solely by the party requesting the change without offset or credit.

10.9 AERIAL LINE CLEARANCE. In accordance with the requirements set forth in the National Electric Safety Code, the Company shall have the right to trim, remove, or separate trees, vegetation or any structures therein which, in the opinion of the Company, interfere with its aerial conductors, such that they may pose a threat to public safety or to system reliability.

10.10 ADVANCED METER SERVICES PERFORMED BY AMSPs. The provisions of this Rule 10 are subject to the terms of the Electric Generation Supplier Coordination Tariff.

10.11 RECOVERY FOR PROPERTY DAMAGE. If Company equipment is damaged through the negligence or intentional act(s) of any individual(s) or entity(s), the one(s) responsible for causing the damage shall reimburse the Company for all aspects of the resulting damages. The reimbursement shall include costs related to: labor, material, transportation and tools. "Labor" shall include benefit and administrative overheads based on the Company's current standard schedule, including third party contract repairs or modifications. Additionally, "Labor" may be calculated using a "blended" or average pay rate consistent with the above referenced standards. "Materials" may include an added stores expense calculated using the above referenced standards. (C)

11. TARIFF AND CONTRACT OPTIONS

11.1 CHOICE OF RATE. When the class of service-supply or conditions of use are such that two or more Base Rates are available, a customer shall select the Base Rate on which the customer will be billed.

11.2 COMPANY ASSISTANCE. The Company upon request will, to a reasonable extent, assist customers in selecting the most advantageous Base Rate or rate application (i.e., Base rate together with applicable riders).

11.3 RATE CHANGES. A customer may not change Base Rates during the "initial contract term" as defined in the "Definition of Terms and Explanation of Abbreviations" section above unless the Company agrees to permit the change. At any other time, a customer may change to a firm rate for which the customer qualifies upon 30 days notice to the Company. Customer ownership and obligation to maintain customer owned transformation facilities and equipment, as well as the point of delivery, will be unaffected by any Base Rate change initiated by the customer.

A customer may request that the Company modify the terms of its contract, other than the customer's Base Rate, but the Company will only allow such modification when, in the Company's sole judgment, the modification does not conflict with the Company's Tariff and is not detrimental to the Company.

The Company will not make any Base Rate change retroactive, unless, in the Company's sole judgment, the Company failed to adequately respond to a customer's request for assistance or modification at the time of such request.

RULES AND REGULATIONS (continued)

14.4 POWER FACTOR MEASUREMENT. For customers for whom the Company is providing metering and meter reading or Advanced Meter Services, the Company reserves the right to measure the power factor of the customer's load, either by test or by permanently installed instruments. For customers for whom an AMSP is providing Advanced Meter Services, the Company reserves the right to require such AMSP to measure the power factor of the load of the customer on the same basis the Company measures the power factor of customers for which the Company provides metering and meter reading or Advanced Meter Services.

14.5 REVERSE REGISTRATION. The Company may, by ratchet or other device, control its meters to prevent reverse registration.

14.6 ESTIMATED USAGE.

(a) The kilowatt-hours and billing demands to be paid for may be determined by computation instead of by measurement in the case of installations having a fixed load or demand value controlled to operate for a definite number of hours each day.

(b) For customers for whom the Company provides meter reading or Advanced Meter Reading Services, the Company shall estimate (C) the amount of service supplied to premises where access to the meter is not available or if such estimate is necessary, and to installations at remote locations when warranted by the type of installation, regularity of usage, or other circumstances. For customers for whom it provides Consolidated EDC Billing or Separate EDC Billing, the Company will render bills in standard form based on such estimate and so marked, for the customer's acceptance. Meter readings will be secured from time to time and billing will be revised when they disclose that the estimate failed to approximate the actual usage. For residential customers, an actual meter reading will be obtained at least every six months in accordance with Commission regulations.

14.7 METER READING INTERVALS. The Company will read its meters at scheduled regular intervals of one month. Monthly customer usage will not be prorated for seasonality. For customers for whom it provides Consolidated EDC Billing or Separate EDC Billing, the Company will render standard bills for the recorded use of service based upon the time interval between meter readings. EGS & EDC charges shall be based on the EDC defined meter reading route schedules. Only those bills which cover a period of service of less than 27 days or more than 34 days will be prorated.

14.8 CUSTOMER SELECTED ADVANCED METERS. A customer may request either PECO Energy or an AMSP to have an Advanced Meter installed and have Advanced Meter Services provided pursuant to the Electric Generation Supplier Coordination Tariff and any applicable rules adopted by the Commission. For an advanced meter to be deployed in the PECO Energy service territory, it must be included in the Commission's Advanced Meter Catalog, and indicated as eligible for deployment in the PECO Energy territory.

15. DEMAND DETERMINATION

15.1 MEASURED DEMANDS. Measured demands may be quantified by recording or indicating instruments showing, unless otherwise specified, the greatest 30-minute rate-of-use of energy, provided that in the case of hoists, elevators, welding machine, electric furnaces, or other installations where the use of electricity is intermittent or subject to violent fluctuation the demand may be fixed by special determination.

15.2 DEMAND DETERMINATION.

- (a) Special Determination. Where charges specified in this Tariff are based upon the customer's demand, it is intended that such demand shall fairly represent the customer's actual demand that the Company must stand ready to serve. In the case of installations where the customer's regular use of service in the ordinary course of the customer's business is such that measurement over a thirty-minute interval does not result in a fair or equitable measure of the customer's demand, then the demand may be estimated from the known character of use and the rating data of the equipment connected, or from special tests. The intent of this provision is that the demand so determined shall fairly represent the demand that the Company must stand ready to serve.
- (b) Demand Waiver. When a customer wishes to conduct a test of equipment or process that is not part of the customer's normal operations, the customer may request that the Company waive the demand caused by that test, if that demand is the highest measured demand in the billing month. The Company will agree to such a waiver if the following conditions are met:
1. The Company's metering is of a type which allows for the determination of 30-minute demands; and
 2. The customer's request is in writing, and is received by the Company within 15 business days of the date of the commencement of the proposed test. The request must specify the nature of the test, the size of the loads to be tested and the starting and ending times; and
 3. The Company determines that the tests are not a part of the customer's normal operations; and
 4. The test will not last for more than twelve (12) consecutive hours; and
 5. The customer has not conducted a test and received a demand waiver for a test pursuant to this rule within one year of the proposed test.

Upon receipt of a request for a demand waiver, the Company will inform the customer in writing within fifteen (15) days of receipt of the customer's request whether it will grant the proposed waiver.

(C) Denotes Change

PECO Energy Company

RULES AND REGULATIONS (continued)

17. BILLING AND STANDARD PAYMENT OPTIONS

BILLING PERIOD. Billing for service will be based upon the amount of use and the time interval of its delivery. The customer will be billed in accordance with rule 14.7. Rate values stated for direct application to monthly billing periods will be adjusted when time elapsed between readings is substantially greater or less than a month.

17.2 BILLING OPTIONS. A customer may select one of the following three billing options: (1) Consolidated EDC Billing; (2) Consolidated EGS Billing; and (3) Separate EDC/EGS Billing, as those terms are defined herein. If a customer does not make a selection, the customer shall receive Consolidated EDC Billing. When the Company provides Consolidated EDC Billing or Separate EDC Billing, it will comply with the terms and conditions of the Electric Generation Supplier Coordination Tariff.

17.3 PAYMENT.

(a) The Company's bills to customers are payable upon presentation. Payment for service received must be made on or before the due date shown on the bill. The due date shall be determined by the Company and shall be not less than twenty days from the date of transmittal of the bill for Rates R, R-H, RS-2, OP, POL and GS (excluding Summary Billing Accounts). The due date shall be not less than 15 days from the date of transmittal of the bill for all other rates, including Summary Billing Accounts. Notwithstanding the foregoing, the due date may be up to thirty days for accounts (including Summary Billing Accounts) with the United States of America, the Commonwealth of Pennsylvania, or any of their departments, political subdivisions, or instrumentalities. The Company may allow a reasonable amount of additional time for payment of bills on industrial and commercial accounts of creditworthy customers. If the due date that appears on a customer's bill falls on a Saturday, Sunday, bank holiday, or any other day when the offices of the Company which regularly receive payments are not open to the general public, the due date shall be extended to the next business day. The payment period will not be extended because of the customer's failure to receive a bill unless said failure is due to the fault of the Company.

(C)

(b) Payment may be made at any commercial office of the Company or at any authorized payment agency. The customer bears the risk of delivery of payment tendered on or after the date contained in any termination notice sent to the customer.

(c) The Company may require that a customer that is not creditworthy tender payment by means of a certified, cashier's, teller's, or bank check, or by wire transfer, or in cash or other immediately available funds.

(d) A customer must pay the undisputed portion of disputed bills under investigation. The Company will apply this rule to the disputed portion of disputed bills, if, and only if: (1) the Company has made diligent and reasonable efforts to investigate and resolve the dispute; (2) the result of the investigation is that the Company determines that the customer's claims are unwarranted or invalid; (3) the Commission and/or the Bureau of Consumer Services has decided a formal or informal complaint in the Company's favor and no timely appeal is filed, and (4) the customer nevertheless continues to dispute the same manner in bad faith.

17.4 PAYMENT PROCESSING. When the Company is providing Consolidated EDC Billing, Default Service or Separate EDC Billing, and the customer remits a partial payment to the Company, the payment will be applied as follows:

1. The installment amount for a payment agreement on this balance.
2. Balance due or the installment amount for a payment agreement for Fixed and Variable Distribution Service Charges.
3. Current Fixed and Variable Distribution Service Charges.
4. Balance due for prior charges for Energy and Supply.
5. Current charges for Energy and Supply Charges.
6. Non-basic service charges.

17.5 LATE FEES AND COLLECTION COSTS. If payment is made at a Company office or authorized payment agency after the due date shown on the bill, a late fee will be added to the unpaid balance until the entire bill is paid. If payment is made by mail, the late fee will be added if the payment is received by the Company more than five days after the due date shown on the bill. For Rates R, R-H, RS-2, OP, POL and GS this late fee will be 1-1/2 % per month; for all other rates the late fee will be 2% per month. If the Company files suit to collect a delinquent balance on an account (whether active or inactive) or to ensure payment of current bills, the customer will be required to pay the Company's out of pocket court costs (including filing, service, and witness fees) as ordered by the court and such costs will be added to commercial and industrial accounts.

(C)

17.6 BUDGET BILLING.

(a) At the option of a customer receiving residential service under Rates R, R-H, RS-2, OP, POL and GS, an estimated total bill for all service to be received by the customer over a twelve-month period may be budgeted over the period and an average bill rendered monthly for payment each month and such monthly budget bill will not be subject to late fees. Any difference between the budgeted amounts so paid and the actual charges for a twelve-month budget period will be adjusted in the twelfth month. If a monthly budget bill is not paid, the customer will be notified with the next monthly budget bill that budget billing will be terminated unless payment of the past due budget bill is made on or before the due date of the current budget bill. If budget billing is terminated, a late fee of 11/2% per month will be added to the unpaid balance of actual charges on the next billing date in accordance with Rule 17.3 and 17.5.

(C)

The Company may also arrange budget billing for creditworthy commercial and industrial customers.

(b) When the Company provides Consolidated EDC Billing, the EGS's charges will be included in the customer's Budget Billing Plan if the customer and EGS so indicate. In such circumstances, the Company will separately track the customer's EDC and EGS charges and remit EGS charges to the EGS as billed to the customer.

RULES AND REGULATIONS (continued)

21. GENERAL

21.1 OFFICE OF THE COMPANY. Wherever, in this Tariff, it is provided that notice be given or sent to the Company, or the office of the Company, such notice, delivered or mailed, postage prepaid to any commercial office, shall be deemed sufficient, unless the Principal Office of the Company at 2301 Market Street, Philadelphia, is expressly mentioned.

21.2 NO PREJUDICE OF RIGHTS. The failure by the Company to enforce any of the terms of this Tariff shall not be deemed a waiver of its right to do so.

21.3 GRATUITIES TO EMPLOYEES. The Company's employees are strictly forbidden to demand or accept any personal compensation, or gifts, for service rendered by them while working for the Company on the Company's time.

21.4 BILLING CHANGES. Where billing changes are made as the result of an investigation made at customer's request or by routine inspection, the change of billing may be applied to the bill for the regular meter reading period preceding such investigation, and will, in any event apply to the bill for the period during which the investigation is made.

21.5 EXCEPTIONAL CASES. The usual supply of electric service shall be subject to the provisions of this Tariff; but where special service-supply conditions or problems arise for which provision is not otherwise made, the Company may modify or adapt its supply terms to meet the peculiar requirements of such case, provided that such modified terms are a rational expansion of standard tariff provisions.

21.6 ASSIGNMENT. Subject to the Rules and Regulations, all contracts made by the Company shall be binding upon, and oblige and inure to the benefit of, the successors and assigns, heirs, executors and administrators of the parties thereto.

21.7 OTHER CHARGES. The Company may, if feasible, provide and charge for services, other than those provided for in this Tariff, when requested by the customer. The Company is not obligated to provide such services. The Company will, if possible, give the customer an advance written estimate of the costs to provide the service. Costs shall include, but not be limited to, materials, supplies, labor, transportation and overhead.

21.8 TAX INDEMNIFICATION. If PECO Energy becomes liable under Section 2806(g) or 2809(c) of the Public Utility Code, 66 C.S. §§ 2806(g) and 2809(c), for Pennsylvania state taxes not paid by an Electric Generation Supplier (EGS), the non-compliant EGS shall indemnify PECO Energy for the amount of additional state tax liability imposed upon PECO Energy by the Pennsylvania Department of Revenue due to the failure of the EGS to pay or remit to the Commonwealth the tax imposed on its gross receipts under Section 1101 of the Tax Reform Code of 1971 or Chapter 28 of Title 66.

22. RULES FOR DESIGNATION OF PROCUREMENT CLASS

22.1 DESIGNATION OF PROCUREMENT CLASS

- a) Annually, in November the Company shall notify the customer of their procurement group class designation shall be effective the following June 1. (C)
- b) The procurement class designation shall be used to determine the appropriate Generation Supply Adjustment to apply to the customer.
- c) For non-residential customers the procurement class shall be determined based upon the customers peak measured demand in the prior June-May period.
- d) There shall be four procurement class designations. They are:
- 1) Residential
 - 2) Small Commercial and Industrial 0-100 kW
 - 3) Medium Commercial and Industrial 101-500 kW
 - 4) Large Commercial and Industrial over 500 kW
- e) Procurement class designation shall only change once per year on the date established in rule
- f) New customers procurement class shall be based upon an engineering estimate of their diversified peak demand for a new facility or an existing facility with a substantially different use.
- g) A new customer in an existing facility shall be assigned to the same procurement class as the last customer in that facility unless rule 22.6 applies

(C) Denotes Change

STATE TAX ADJUSTMENT CLAUSE

In addition to the net charges provided for in this tariff, a surcharge value of 0.00% will apply to all PaPUC jurisdictional charges, exclusive of Energy Supply Charges, in the Base Rates and riders effective for scheduled billing cycles beginning after May 30, 2010

(C)

Whenever any of the tax rates used in the calculation of the surcharge are changed, or recoveries are authorized under Sections 2806, 2809 or 2810 of the Competition Act, the surcharge will be recomputed as prescribed by the Commission. The recalculation will be submitted to the Commission within ten days after the change occurs and the effective date shall be ten days after filing.

In addition, if a recalculation is submitted as a result of a tax rate change (including the Revenue Neutral Reconciliation rate) the Company will thereafter file each year by December 31 annual updates or revisions with the Commission which will reflect only this tax change. These annual updates will be effective ten days after filing and will continue until such time as the effect of the change in tax rates has been included in base rates.

(C) Denotes Change

**GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASSES 1,2,3
 LOADS UP TO 500KW**

Applicability: This adjustment shall apply to all customers taking default service from the Company with demands up to 500 kW. The rate contained herein shall be calculated to the nearest one hundredth of a cent. The GSA shall contain the cost of generation supply for each tariff rate.

Pricing: The rates below shall include the cost of procuring power to serve the default service customers plus associated administrative expenses incurred in acquiring power and gaining regulatory approval of any procurement strategy and plan. The pricing for default service will represent the estimate of the cost to serve the specific tariff rate for the next quarter. The rates in this tariff shall be updated quarterly unless the balance of over/(under) recovery gets too large, at which time the Company can file for a shorter reconciliation period. The generation service charge shall be calculated using the following formula:

$$GSA(n) = (C+E+A)/S * 1/(1-T) * (1-ALL)/(1-LL) * PF + WC \text{ where:}$$

(C)

C= The sum of the amounts paid to the full requirements suppliers providing the power for the quarter, the spot market purchases for the quarter, plus the cost of any other energy acquired through short or long term contracts during the period being reconciled. Cost shall include energy, capacity and ancillary services, distribution line losses, cost of complying with the Alternative Energy Portfolio Standards, and any other load serving entity charges other than network transmission service and costs assigned under the Regional transmission Expansion Plan. Ancillary services shall include any allocation by PJM to PECO default service associated with the failure of a PJM member to pay its bill from PJM as well as the load serving entity charges listed in the Supply Master Agreement Exhibit D as the responsibility of the supplier.

E = experienced over or under-collection calculated under the reconciliation provision of the tariff to be effective during the same period as the GSA.

A = Administrative Cost - This includes the cost of the auction or RFP monitor, consultants providing guidance on the development of the procurement plan, legal fees incurred gaining approval of the plan, and any other costs associated with designing and implementing a procurement plan.

S = Estimated sales for the period the rate is in effect for the classes to which the rate is applicable.

T = The currently effective gross receipts tax rate.

n = The procurement class for which the GSA is being calculated.

ALL = average line losses for the procurement class.

LL = line losses for the specific rate class provided in the Company's Electric Generation Supplier Coordination Tariff rule 6.6.

PF = Phase-out factor to implement the phase out of demand charges and declining blocks.

WC = 0.04¢/kWh to represent the cash working capital for power purchases.

(C)

In general the line loss adjustment is applicable to Procurement Class 2 and 3 only as those classes contain rate classes with three different line loss factors.

Current Charges:

Rate	Rate Design Phase-Out Factor			Average Price*	Phase-In Price
	2011	2012	2013		
R All kWh	GSA(1)	x.xxxx	x.xxxx	1.000	
1 st 500 S	GSA(1)	x.xxxx	x.xxxx	1.000	
Over 500 S	GSA(1)	x.xxxx	x.xxxx	1.000	
RH 1 st 600 W	GSA(1)	x.xxxx	x.xxxx	1.000	
Over 600 W	GSA(1)	x.xxxx	x.xxxx	1.000	
1 st 500 S	GSA(1)	x.xxxx	x.xxxx	1.000	
Over 500 S	GSA(1)	x.xxxx	x.xxxx	1.000	
OP	GSA(1)	x.xxxx	x.xxxx	1.000	
GS Up to 100 kw					
1 st 80 hours use	GSA(2)	x.xxxx	x.xxxx	1.000	
Next 80 hrs - S	GSA(2)	x.xxxx	x.xxxx	1.000	
Up to 400 Hrs use	GSA(2)	x.xxxx	x.xxxx	1.000	
Over 400 hrs use	GSA(2)	x.xxxx	x.xxxx	1.000	
Space Heating	GSA(2)	x.xxxx	x.xxxx	1.000	
GS 101-500 kw					
1 st 80 hours use	GSA(3)	x.xxxx	x.xxxx	1.000	
Next 80 hrs - S	GSA(3)	x.xxxx	x.xxxx	1.000	
Up to 400 Hrs use	GSA(3)	x.xxxx	x.xxxx	1.000	
Over 400 hrs use	GSA(3)	x.xxxx	x.xxxx	1.000	
Space Heating	GSA(3)	x.xxxx	x.xxxx	1.000	

(C) Denotes Change

**GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASSES 1.2.3
 LOADS UP TO 500KW (CONTINUED)**

Current Charges:		Rate Design Phase-Out Factor			Average Price*	Phase-In Price
Rate		2011	2012	2013		
PD Up to 100 kw						
Per KW	GSA(2)	x.xxxx	x.xxxx	-0-		
1 st 150 hours use	GSA(2)	x.xxxx	x.xxxx	1.000		
Next 150 hours use	GSA(2)	x.xxxx	x.xxxx	1.000		
Additional kWh	GSA(2)	x.xxxx	x.xxxx	1.000		
PD 101-500 kw						
Per KW	GSA(3)	x.xxxx	x.xxxx	1.000		
1 st 150 hours use	GSA(3)	x.xxxx	x.xxxx	1.000		
Next 150 hours use	GSA(3)	x.xxxx	x.xxxx	1.000		
Additional kWh	GSA(3)	x.xxxx	x.xxxx	1.000		
HT Up to 100 kw						
Per KW	GSA(2)	x.xxxx	x.xxxx	-0-		
1 st 150 hours use	GSA(2)	x.xxxx	x.xxxx	1.000		
Next 150 hours use	GSA(2)	x.xxxx	x.xxxx	1.000		
Additional kWh	GSA(2)	x.xxxx	x.xxxx	1.000		
HT 101-500 kw						
Per KW	GSA(3)	x.xxxx	x.xxxx	-0-		
1 st 150 hours use	GSA(3)	x.xxxx	x.xxxx	1.000		
Next 150 hours use	GSA(3)	x.xxxx	x.xxxx	1.000		
Additional kWh	GSA(3)	x.xxxx	x.xxxx	1.000		
POL	GSA(2)**					(C)
SLS						
TL	GSA(2)**					(C)
SLE	GSA(2)**					(C)

*Price = GSA(n)*Phase-in Factor if applicable
 For the kW charge for HT, PD the factor is applied to the 2010 rate
 ** Prices shall exclude capacity from the Procurement Class 2 RFP results

Procedure: The GSA shall be filed 45 days before the effective date in conjunction with the Reconciliation Schedule.

(C) Denotes Change

PECO Energy Company

**GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASS 4
 LOADS GREATER THAN 500KW**

Applicability: This adjustment shall apply to all customers taking default service from the Company with demands greater than 500kw.

Hourly Pricing Service

Pricing: The rates below shall include the cost of procuring power to serve the default service customers plus associated administrative expenses incurred in acquiring power and gaining regulatory approval of any procurement strategy and plan. The cost for this hourly service rate shall be as follows:

Generation Supply Cost (GSC) = (C+R+AS+AC+E)/(1-T)+WCA where; (C)

C= The PJM day ahead hourly price multiplied by the customers usage in the hour summed up for all hours in the month

$$\Sigma \text{PJM}_{DA} \times \text{usage} / (1-LL)$$

PJM_{DA} – PJM on day ahead hourly price.

Usage - electricity used by an end use customer.

R = The PJM reliability pricing model (RPM) charge for month for the customer. The RPM charge shall be the customers peak load contribution as established for PJM purposes multiplied by the current RPM monthly charge and the PJM established reserve margin adjustment.

PLC x (1+ RM) x P_{RPM} x Bill Days

PLC = peak load contribution

RM = reserve margin adjustment per PJM

P_{RPM} = capacity price per MW-day

AC = Administrative Cost - This includes an allocation of the cost of the auction or RFP monitor, consultants providing guidance on the development of the procurement strategy, legal fees incurred gaining approval of the plan, and any other costs associated with designing and implementing a procurement plan divided by the total default service sales and then multiplied by the customers usage for the month.

A / S x Usage

A = administrative cost

S = Default service sales

AS = The cost, on a \$/MWH basis, of acquiring ancillary services from PJM and of complying with the Alternative Energy Portfolio Standard, multiplied by the customers usage for the month and divided by (1-LL). Congestion charges shall be included in this component. Ancillary services shall be those included in the Supply Master Agreement as being the responsibility of the supplier.

$$((\text{PJM}_{AS} \times \text{Usage} * 1 / (1-LL)) + \text{AEPS} / \text{S}_{AEPS} \times \text{Usage})$$

PJM_{AS} = \$/MWH charged by PJM for ancillary services

AEPS = cost of complying with the alternative energy portfolio standard

S_{AEPS} = sales for which AEPS cost is incurred

If the supplier provides the ancillary services and AEPS cost then the customer shall be charged the supplier's rate for these services times usage and divided by (1-LL).

LL = line loss factor as provided in the Company's Electric Generation Supplier Coordination Tariff Rule 6.6 based upon the customers distribution rate class adjusted to remove losses included in the PJM LMP

T = The currently effective gross receipts tax rate

E - $\Sigma O / (U) / S_4 \times \text{usage}$ where

E = over/under recovery as calculated in the reconciliation

S₄ = Procurement class four sales

WC = 0.04¢/kWh for working capital associated with power purchases. (C)

WCA = individual customer sales x WC

Procedure: The "E" factor shall be updated monthly in conjunction with the Reconciliation

Fixed Price Contract

The Company shall provide a one-year fixed price contract option for customers who choose to participate in the program. Under the fixed price option the Company will issue an RFP for a fixed price full requirements contract for customers with loads greater than 500kw. Customers must notify the Company in writing 30 days prior to the RFP of their interest and shall have 30 days from the time the final bid price is announced to sign up for the fixed price. Customers not signing up for the fixed price contract in the fixed price option shall default to hourly service. Customers taking the fixed price option are permitted to switch to a Competitive Supplier with appropriate notice to PECO consistent with Rule 23.4 but may only return to hourly service once they leave the fixed price product.

The fixed price contract rate shall be as follows:

$$\text{Rate} = \text{FP} / (1-T) / (1-LL) + A / S_4 (1-T) + \text{WC} = \text{x.xx} \text{ cents/kWh}$$

FP = fixed price offering (C)

(C) Denotes Change

PECO Energy Company

RECONCILIATION

Applicability: This adjustment shall apply to all customers who received default service during the quarter the cost of which is being reconciled. Customers taking default service during the reconciliation period that leave default service prior to the assessment of the collection of the over/(under) adjustment shall still pay or receive credit for the over/(under) adjustment through the migration provision. The Company shall notify the Commission and parties to the Default Service Settlement 15 days in advance of the quarterly or monthly filing if the Migration Provision will be implemented in the filing.

This adjustment shall be calculated on a quarterly basis. The reconciliation shall be separate for each procurement class. Any resulting over or under recovery shall be assessed on an equal cents per kilowatthour basis to all customers in the relevant procurement group. Any over/(under) recovery shall be collected in the first quarter after the reconciliation is calculated. For purposes of this rider the reconciliation shall be calculated 45 days after the end of the quarter. The over or under recovery shall be calculated using the formula below. The calculation of the over/(under) recovery shall be done separately for the following procurement classes – Class 1 – Residential, Class 2 – Small C&I < 100 kW, and Class 3 – Medium C&I 101 kW to 500 kW and Class 4 Large C&I over 500 kW.

Reconciliation Formula

$$E_N = \Sigma O/(U) + I$$

$$\text{Migration Provision } E_M = [\Sigma O/(U) + I]/S/(1-GRT)^*(1-ALL)/(1-LL)$$

Where:

E = experienced over or under collection plus associated interest

N = Procurement class

M = Mitigation Rider

O/(U) = The monthly difference between revenue billed to the procurement class and the cost of supply as described below in Cost and Administrative Cost

Revenue = amount billed to the tariff rates applicable to the procurement class for the three months of the quarter being reconciled excluding WC revenue. (C)

Cost = The sum of the amounts paid to all of the full requirements suppliers providing the power for the quarter, the spot market purchases for the quarter, plus the cost of any other energy acquired through short or long term contracts during the period being reconciled. Cost shall include energy, capacity and ancillary services. Ancillary services shall include any allocation by PJM to PECO default service associated with the failure of a PJM member to pay its bill from PJM as well as those costs listed in Exhibit D of the Supply Master Agreement. (C)

Administrative Cost = This includes the cost of the auction or RFP monitor, consultants providing guidance on the development of the procurement strategy, legal fees incurred gaining approval of the strategy, and any other costs associated with designing and implementing a procurement plan.

Full Requirements Supply = A product purchased by the Company that includes a fixed price for all energy consumed. The only cost added by the Company to the full requirements price is for gross receipts tax, distribution line losses, and administrative cost.

Ancillary Services = The following services in the PJM OATT- reactive support, frequency control, operating reserves, supplemental reserves, imbalance charges, PJM annual charges, any PJM assessment associated with non-payment by members, and any other load serving entity charges not listed here but contained in Exhibit D of the Supply Master Agreement.

Capacity = The amount charged to PECO by PJM for capacity for its default service load under the reliability pricing model (RPM)

I = interest on the over or under collection where a rate of 8% is used on over-collection and 6% on under-collections.

S = estimated default service retail sales in kWh for the quarter the cost of which is being reconciled

ALL = the average line losses in a procurement class as a percent of generation

LL = the average line losses for a particular rate (e.g. HT, PD, GS) as provided in the Electric Generation Supplier Coordination Tariff rule 6.6

GRT = The current gross receipts tax rate

WC = 0.04¢/kWh for working capital associated with power purchases. (C)

Procurement Class – set of customers for which the company has a common procurement plan

Procedural Schedule

The Company shall file within 45 days after the end of the quarter the calculation of the over/under collection and the proposed adjustment to the GSA. The over/under collection adjustment shall then be effective no earlier than the first day in the upcoming quarter such that the recovery shall lag by one quarter. Quarterly adjustments shall be effective on July 1, October 1, January 1, and April 1 of each year. The first reconciliation however shall be effective on July 1, 2011 and shall be recovered over 12 months. Monthly only customers shall be effective the first of the month.

The data provided in the quarterly reconciliation shall be audited on an annual basis by the PaPUC Bureau of Audits.

(C) Denotes Change

PECO Energy Company

PROVISIONS FOR RECOVERY OF UNIVERSAL SERVICE FUND CHARGE (USFC) (C)

Variable Distribution Service Charge rates for electric service in Residential Rate Schedule R and RH of this Tariff shall include (\$x.xxxx) per kWh for recovery of Universal Service Fund Cost (USFC), calculated in the manner set forth below pursuant to Section 2804 (8) of the Competition Act. The USFC rate for electric service shall be increased or decreased annually, to reflect changes in the level of Universal Service Fund costs, net of base rate recoveries, in the manner described below:

COMPUTATION OF USFC.

The USFC per kWh (\$x.xxxx), shall be computed to the nearest one-hundred cent (0.01¢) in accordance with the formula set forth below:

$$\text{USFC} = \frac{(C+L -E-I)}{(S)}$$

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

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

"Reconcilable Customer Assistance Program (CAP) Costs" – The difference between discounts provided to CAP customers (CAP revenue shortfalls) recovered through base rates and total CAP discounts, net of a 27% offset factor.

"USFC" – Universal Service Fund Charge determined to the nearest one-hundredth cent (0.01¢) to be included in the rate for each kWh of Variable Distribution Service Charge calculated under Rate Schedules R and R-H to recover Reconcilable CAP Costs plus certain LIURP related expenditures.

"C" - Cost in dollars of the Reconcilable CAP Costs for the projected period.

"L" – Incremental LIURP related expenditures of \$1 Million in 2011, \$1.5 million in 2011, \$2.0 Million in 2012, and \$2.5 Million in 2013 as approved in the Joint Petition of Settlement of Docket No. P-2008-202734.

"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. Included in the "E" factor will be Reconcilable CAP Costs, and LIURP related expenditures.

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 or undercollection is recouped.

"S" - projected kWh of electric service to be billed under Rate R and Rate RH (exclusive of CAP Rider) during the projected period when rates will be in effect.

FILING WITH PENNSYLVANIA PUBLIC UTILITY COMMISSION; AUDIT; RECONCILIATION.

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 January 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) Denotes Change

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TRANSMISSION SERVICE CHARGE

(C)

Purpose: The purpose of this surcharge is to provide for full and current cost recovery of all transmission service related costs incurred under the PJM open access transmission tariff on behalf of the Company's default service load.

Applicability: The surcharge shall be assessed to all default service customers. The cost shall be allocated to each rate class based upon the coincident peak used by PJM to establish the network service obligation.

Billing Provisions: The surcharge shall be calculated on an annual basis using the formula below:

TSC(n) = (C+E+I)/S(n) where;

C – the transmission service charges incurred by PECO under the PJM open access transmission tariff. These costs shall include the following:

Charges assessed by PJM for network service within the PECO zone. Included in such charges are costs assigned to the load serving entities in the PECO zone under the Regional Transmission Expansion Plan as well as the base network service charge for the zone as well as any load serving entity charges assessed to PECO under the PJM OATT that are listed in PECO's Supply Master Agreement Exhibit D as the responsibility of the Buyer. Included in the cost to be recovered is a working capital (WC) component as defined below.

WC – cost for working capital associated with the purchase of transmission service from PJM at a rate of \$356 per mW. WC is a component of the 'C' factor

TSC(n) = transmission service cost for customer class n including over or under recovery and associated interest.

E – The estimated over or under recovery from the prior year. The reconciliation period shall be the 12 months ended October 31.

I – Interest on any over or under recovery balance. Interest shall be a rate of 6% and shall be calculated from the month of over or under collection to the mid-point of the recovery period.

n – rate class where: 1 = residential, 1a = RH, 1b = OP, 2 = small C&I, 3 = large C&I, 4 = street lighting

Residential – Rates R, RH, OP (reconciled as a group)

Small C&I – Rate GS,

Large C&I – Rates HT, PD, EP (reconciled as a group)

Street Lighting – SLE, SLS, POL, AL, SLP, TLCL (reconciled as a group)

S – Estimated default service sales for residential class and the street lighting class in the application period. For the commercial and industrial class it shall be the estimated billed demand for the application period. The application period shall be the 12 month period starting the January 1 subsequent to the filing of the updated rate.

Filing Schedule: The estimated surcharge shall be filed December 1 prior to the start of the application period. The rate shall be effective on the first full billing cycle starting after January 1. The filing shall include a reconciliation for the 12 months ended October 31 prior to the filing date. The resultant over or under recovery shall be included in the Transmission service Charge commencing on January 1 following the reconciliation filing.

Current Transmission Service Rate:

Residential

R= \$0.0073 per kilowatthour

RH= \$0.0039 per kilowatthour

OP= \$0.0034 per kilowatthour

Small C&I = \$1.82 per billed kW

Large C&I = \$2.01 per billed kW

Street Lighting = \$0.0000 per kilowatthour

(C) Indicates Change

SMART METER COST RECOVERY SURCHARGE

(C)

Purpose: The purpose of this surcharge is to provide for full and current cost recovery of all incremental costs associated with the Company's PaPUC-approved Smart Meter Program and to recover on a full and current basis the legacy meter cost.

Applicability: The surcharge shall be a per-customer charge calculated to the nearest one cent, which shall be added to the fixed distribution rates for billing purposes for all commercial and industrial customers with metered service. The surcharge shall be on a cents per kWh basis for residential customers calculated to the nearest one hundredth of a cent. The rate shall be calculated separately for each customer class (residential, small commercial and industrial, and large commercial and industrial).

Billing Provisions: The surcharge shall be calculated on a quarterly basis using the following formula:

$$SM(n) = [L(n) + (C + E + I) / R(n)] / (1 - GRT)$$

$L(n) = (L) / R(n)$ where:

C – the incremental cost of the Company's Smart Meter Program. These costs shall include the following:

Capital and expense items relating to all plan elements, equipment and facilities, as well as incremental administrative costs, the cost of the Company's customer acceptance program, and the cost, upon approval by the Commission, of acquiring a grant under the American Reinvestment and Recovery Act of 2009 as well as the cost of complying with the rules necessary to receive the grant. Specifically, these costs shall include, but are not limited to, the capital costs of capital expenditures for any equipment, software and facilities required to implement the Smart Meter Program, including depreciation, a return on the un-depreciated investment, and taxes, as well as operating and maintenance expenses. The rate of return to be used in calculating capital costs shall be at the Company's weighted average cost of capital. The return on equity used in developing the weighted average cost of capital shall be that allowed by the Commission in the Company's last base rate case except that in the first surcharge filing the return on equity shall be 10.5% with such return on equity adjusted through the reconciliation process to the level approved or stipulated to in the Company's next electric base rate case. The capital structure and the cost of debt and preferred stock shall be as filed in the Company's most recent quarterly earnings report. Administrative costs shall include incremental costs related to plan development and approval, cost analysis, measurement and verification, reporting, testing, upgrades, maintenance and personnel training plus any other incremental cost necessary to implement the PaPUC-approved Smart Meter Program. Costs recoverable under this surcharge shall also include cost, whether capital or expense that is stranded due to the implementation of the approved Smart Meter Program. Any reductions in operating expenses or avoided capital expenditures due to the Smart Meter Program will be deducted from the incremental costs of the Smart Meter Program to derive the net incremental cost of the Program that is recoverable. Such reductions shall include any reductions in the Company's current meter and meter reading costs.

L – The cost of the legacy meter system. Cost shall include the original cost of the meter investment less accumulated depreciation less accumulated deferred income taxes, the total of which represents rate base which shall be multiplied by a cost of capital as described in component "C" above. In addition to the above this component shall include the cost of meter reading, the asset use fee for the current AMR system, meter depreciation expense, and income taxes associate with the return on investment.

SM(n) = smart meter cost for customer class n including over or under recovery and associated interest.

L(n) = legacy meter cost for customer class n including over or under recovery and associated interest

E – The estimated over or under recovery from the prior year. The reconciliation period shall be the 12 months ended June 30. There shall be one E factor for both the Smart Meter costs and the legacy cost

I – Interest on any over or under recovery balance. Interest shall be a rate of 6% and shall be calculated from the month of over or under collection to the mid-point of the recovery period.

n – rate class where: 1 = residential, 2 = small C&I, 3 = large C&I

Residential – Rates R, RH, OP

Small C&I – Rate GS,

Large C&I – Rates HT, PD, EP

GRT – the current gross receipts tax

R – The total delivery service customers for the commercial and industrial rate class for the application period where the application period shall be as defined in the filing schedule. In the case of the residential class for the purposes of the Smart Meter charge it shall represent delivered sales for the application period

Filing Schedule: The estimated surcharge shall be filed 15 days prior to the start of the application period. Quarterly rate shall be effective on the first full billing cycle starting after January 1, April 1, July 1, and October 1. The quarterly rates will only be updated if the rate changes by more than 5%. The reconciliation filing shall be made on August 1 of each year. The resultant over or under recovery shall be included in the Smart Meter surcharge commencing on January 1 following the reconciliation filing.

(C) Indicates Change

PROVISION FOR THE RECOVERY OF ENERGY EFFICIENCY AND CONSERVATION PROGRAM COSTS (EEPC)

Purpose: The purpose of this surcharge is to provide for full and current cost recovery of expenditures associated with the Company's Energy Efficiency and Conservation Program Costs (EEPC) as approved at Docket No.M-2009-2093215.

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:

Rates R, R-SP, RS, RH, OP, CAP:	0.34 ¢/kWh	(C)
Rates GS, GS-SP:	0.27¢/kWh	
Rates POL, SL-S, SL-E, AL, TLCL:	0.93¢/kWh	(C)
Rates HT, HT-SP, PD, PD-SP, EP:	\$0.91/kW based on PJM Peak Load Contribution	

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 Peak Load Contribution (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.

Calculation of EEPC Surcharge:

Billing Provisions: The surcharge shall be calculated by rate schedule using the following formula:

$$\text{EEPC} = \frac{(C)+(SWE) \times (1)}{(BU) \quad (1-T)} \text{ where;}$$

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 program ending May 31, 2013.

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 commencing on January 1, 2010 and ending May 31, 2013.

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

Filings and Reconciliations: A reconciliation filing will be made May 31 of each year although the rates will not be adjusted until May 31, 2013 of the final plan year, at which time any under or over recoveries will be reflected in rates in effect through December 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 will propose a rate adjustment prior to May 31, 2013. Interest will not be applied to any over or undercollections.

(C) Indicates Change

PECO Energy Company

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: \$8.10

(I)

VARIABLE DISTRIBUTION SERVICE CHARGE:

.All kWhs 6.09¢ per kWh

(I)

ENERGY SUPPLY CHARGE:

Refer to the Generation Supply Adjustment Procurement Class 1.

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

(C)

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 AND MITIGATION PLAN SURCHARGE APPLY TO THIS RATE.

(C)

PAYMENT TERMS. Standard.

(I) Denotes Increase
(C) Denotes Change

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PECO Energy Company

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: \$8.10

(I)

VARIABLE DISTRIBUTION SERVICE CHARGE:

SUMMER MONTHS. (June through September)

6.09¢ per kWh for all kWh.

(I)

WINTER MONTHS. (October through May)

4.42¢ per kWh for all kWh

ENERGY SUPPLY CHARGE:

Refer to the Generation Supply Adjustment Procurement Class 1

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

(C)

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 AND MITIGATION PLAN SURCHARGE 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.

(I) Denotes Increase

(C) Denotes Change

RATE RS-2 NET METERING

PURPOSE:

This Rate sets forth the eligibility, terms and conditions applicable to Customers with installed qualifying renewable customer-owned generation using a net metering system.

APPLICABILITY:

This Rate applies to renewable customer-generators served under Rates R, RH, CAP, GS, HT, PD and EP who install a device or devices which are, in the Company's judgment, subject to Commission review, a bona fide technology for use in generating electricity from qualifying Tier I or Tier II alternative energy sources pursuant to Alternative Energy Portfolio Standards Act No. 2004-213 (Act 213) or Commission regulations and which will be operated in parallel with the Company's system. This Rate is limited to installations where the renewable energy generating system is intended primarily to offset part or all of the customer-generator's requirements for electricity. A renewable customer-generator is a non-utility owner or operator of a net metered generation system with a nameplate capacity of not greater than 50 kilowatts if installed at a residential service (Rate R, RH, or CAP) or not larger than 1,000 kilowatts at other customer service locations (Rate GS, HT, PD and EP), except for Customers whose systems are above 3 megawatts and up to 5 megawatts who make their systems available to operate in parallel with the Company during grid emergencies as defined by the regional transmission organization or where a microgrid is in place for the purpose of maintaining critical infrastructure such as homeland security assignments, emergency services facilities, hospitals, traffic signals, wastewater treatment plants or telecommunications facilities provided that technical rules for operating generators interconnected with facilities of the Company have been promulgated by the Institute of Electrical and Electronic Engineers "IEEE" and the Commission.

(C)

(C)

Qualifying renewable energy installations are limited to Tier I and Tier II alternative energy sources as defined by Act 213 and Commission Regulations. The Customer's equipment must conform to the Commission's Interconnection Standards and Regulations pursuant to Act 213. This Rate is not applicable when the source of supply is service purchased from a neighboring electric utility under Borderline Service.

Service under this Rate is available upon request to renewable customer-generators on a first come, first served basis so long as the total rated generating capacity installed by renewable customer-generator facilities does not adversely impact service to other Customers and does not compromise the protection scheme(s) employed on the Company's electric distribution system.

METERING PROVISIONS:

A Customer may select one of the following metering options in conjunction with service under applicable Rate Schedule R, RH, CAP, GS, HT, PD or EP.

(C)

1. A customer-generator facility used for net metering shall be equipped with a single bi-directional meter that can measure and record the flow of electricity in both directions at the same rate. A dual meter arrangement may be substituted for a single bi-directional meter at the Company's expense.
2. If the customer-generator's existing electric metering equipment does not meet the requirements under option (1) above, the Company shall install new metering equipment for the customer-generator at the Company's expense. Any subsequent metering equipment change necessitated by the customer-generator shall be paid for by the customer-generator. The customer-generator has the option of utilizing a qualified meter service provider to install metering equipment for the measurement of generation at the customer-generator's expense.

Additional metering equipment for the purpose of qualifying alternative energy credits owned by the customer-generator shall be paid for by the customer-generator. The Company shall take title to the alternative energy credits produced by a customer-generator where the customer-generator has expressly rejected title to the credits. In the event that the Company takes title to the alternative energy credits, the Company will pay for and install the necessary metering equipment to qualify the alternative energy credits. The Company shall, prior to taking title to any alternative energy credits, fully inform the customer-generator of the potential value of those credits and options available to the customer-generator for their disposition.

3. Meter aggregation on properties owned or leased and operated by a customer-generator shall be allowed for purposes of net metering. Meter aggregation shall be limited to meters located on properties within two (2) miles of the boundaries of the customer-generator's property. Meter aggregation shall only be available for properties located within the Company's service territory. Physical meter aggregation shall be at the customer-generator's expense. The Company shall provide the necessary equipment to complete physical aggregation. If the customer-generator requests virtual meter aggregation, it shall be provided by the Company at the customer-generator's expense. The customer-generator shall be responsible only for any incremental expense entailed in processing his account on a virtual meter aggregation basis.

(C) Denotes Change

PECO Energy Company

RATE RS-2 NET METERING (continued)

BILLING PROVISIONS:

The following billing provisions apply to customer-generators in conjunction with service under applicable Rates R, RH, CAP, GS, HT, PD, EP.

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1. The customer-generator will receive a credit for each kilowatt-hour received by the Company up to the total amount of electricity delivered to the Customer during the billing period at the full retail rate consistent with Commission regulations. On an annual basis, the Company will compensate the customer-generator for kilowatt-hours received from the customer-generator in excess of the kilowatt hours delivered by Company to the customer-generator during the preceding year at the "full retail value for all energy produced" consistent with Commission regulations. The customer-generator is responsible for the customer charge, demand charge and other applicable charges under the applicable Rate Schedule.
2. If the Company supplies more kilowatt-hours of electricity than the customer-generator facility feeds back to the Company's system during the billing period, all charges of the appropriate rate schedule shall be applied to the net kilowatt-hours of electricity that the Company supplied. The customer-generator is responsible for the customer charge, demand charge and other applicable charges under the applicable Rate Schedule.
3. For customer-generators involved in virtual meter aggregation programs, a credit shall be applied first to the meter through which the generating facility supplies electricity to the distribution system, then through the remaining meters for the customer-generator's account equally at each meter's designated rate. Virtual meter aggregation is the combination of readings and billing for all meters regardless of rate class on properties owned or leased and operated by a customer-generator by means of the Company's billing process, rather than through physical rewiring of the customer-generator's property for a physical, single point of contact. The customer-generators are responsible for the customer charge, demand charge and other applicable charges under the applicable Rate Schedule.

APPLICATION:

Customer-generators seeking to receive service under the provisions of this Rate must submit a written application to the Company demonstrating compliance with the Net Metering Rate provisions and quantifying the total rated generating capacity of the customer-generator facility.

MINIMUM CHARGE:

The Minimum Charges under Rate Schedule R, RH, CAP, GS, PD, HT and EP apply for installations under this Rate.

(C)

RIDERS:

Bills rendered by the Company under this Rate shall be subject to charges stated in any other applicable Rate.

(C) Denotes Change