

Exhibit 4

PECO Electric Base Rate Case

Universal Service/Low Income Issues

1. CAP Affordability Targets

A. Electric Service Affordability Targets: For electric utility service, PECO shall calculate its CAP Rate discounts utilizing the following affordability targets:

	Rate R
CAP Rate A	90%
CAP Rate B	90%
CAP Rate C	90%
CAP Rate D	88%
CAP Rate D1	88%
CAP Rate E	88%
CAP Rate E1	88%

	Rate RH
CAP Rate A	90%
CAP Rate B	90%
CAP Rate C	90%
CAP Rate D	88%
CAP Rate D1	88%
CAP Rate E	88%
CAP Rate E1	88%

B. DSP Settlement Methodology: In all other respects, unless otherwise altered by other provisions of this settlement, PECO shall calculate its CAP Rate discounts using the methodology described in its electric DSP Settlement.

2. Adjustment of maximum CAP credit cost containment factor:

PECO will continue to use the maximum CAP credit cost containment mechanism on a system-wide design basis, as set forth in its DSP Settlement, with the following adjustment factors applied:

A. Base Level: Base levels for maximum CAP credit cost containment shall be established at \$700 for Rate R electric service (the "Maximum Rate R CAP Credit Factor"), and **\$1800** for rate RH electric service (the "Maximum Rate RH CAP Credit Factor") (together, the "Maximum Electric Service Credit Factors"), each with an effective date of August 30, 2007, (that is, the date on which the Commission issued its Proposed Order in the CAP Policy Statement proceeding at Docket No. **M-00072036**);

B. Adjustment through December 31, 2010: For the period from August 31, 2007 until December 31, 2010, PECO will adjust the Maximum Electric Service CAP Credit Factors by using the general national Consumer Price Index, as described in the testimony of Amanda Gordon of the **Office** of Trial Staff in **PECO's** electric base rate case;

C. Adjustments after January 1, 2011: From January 1, 2011 going forward, PECO will adjust the Maximum Electric CAP Credit Factors for increases or decreases in its residential Generation Service Price (the "Default Service Pricing Adjustment Factor"), which will be determined as follows:

1. Upon completion of the final auction acquisition of default service generation and transmission service for service beginning on January 1, 2011, PECO will establish its residential Generation Service Price, and will set a "Default Service Pricing Index" set at the nominal level of 100 to reflect the residential Generation Service Price as of that date.

2. As each future default service acquisition is completed, PECO shall adjust the Default Service Pricing Index to reflect any percentage increase or decrease in the residential Generation Service Price service as compared to the initial Default Service Pricing Index level of 100. This adjusted level shall then constitute the new Default Service Pricing Index.

3. The Maximum Electric CAP Credit Factors shall then be adjusted, on a proportional basis, to reflect changes to the Default Service Pricing Index.

D. Use of Adjustments in determining CAP discounts: Whenever PECO shall recalculate the CAP discounts available under its electric CAP Rate, it shall update the calculations set forth above and apply the new Maximum Electric CAP Credit Factors in determining the discounts to be offered through its electric CAP Rate. The new Maximum Electric CAP Credit Factors will also be utilized by PECO in meeting its reporting obligations pursuant to Paragraph 74 of its DSP Settlement.

3. Other items

A. Limited self-enrollment for medical certificate renewals: For the period January 1, 2011 to December 31, 2012, once a confirmed low-income customer (defined as a customer with confirmed income of less than 150% of the federal poverty level) has obtained a valid medical certification, verified by a licensed physician or nurse practitioner pursuant to 52 Pa. Code §56.113, the customer may renew the medical certification pursuant to 52 Pa. Code § 56.114(2) on up to two occasions by verifying to PECO that (a) they are still **afflicted** with the same medical condition that formed the basis for the initial, physician- or nurse **practitioner-**verified medical certificate, and (b) that the customer wishes to renew their medical certificate for an additional 30 days. These self-renewals shall take the place of, and not be in addition to, the renewals that the customer would otherwise obtain under 52 Pa. Code § 56.114(2).

B. Coordination with Act 129 EE&C Programs: By March 31, 2011, PECO will implement new procedures to increase the visibility of the low-income components of its Smart Ideas program, which will include: (1) additional information on or linked through the Smart Ideas **webpage** with respect to available Act 129 low-income programs, and (2) the option, in PECO's Smart Ideas IVR system, for low-income customers to discuss low-income Smart Ideas programs with Smart Ideas program representatives, provided however, that the Smart Idea program representatives will only discuss Smart Ideas programs, and will refer all other elements of a low-income customer's inquiry to **PECO's** Low Income Call Center. This obligation shall expire upon termination of the current Act 129 programs.

C. Termination Suspension for certain LIURP and LEEP customers: For the period January 1, 2011 to December 31, 2012, once a customer is determined by PECO to be eligible for LIURP or LEEP treatment and an appointment is scheduled with that customer to conduct a weatherization audit of the residence, PECO will suspend service termination of that account for a period of 30 days. For customers who are enrolled in PECO's CAP program and who have developed an in-program arrearage prior to obtaining LIURP or LEEP treatment, PECO will offer the customer a payment arrangement for the in-program arrearage amount, provided however that if a customer has previously obtained and failed to keep two payment

arrangements for the in-program arrearage, PECO shall not utilize this process to offer a third payment arrangement

D. December service reconnections: For calendar years 2011 and 2012, in December of each year prior to reporting its annual Cold Weather Survey results to the Commission, PECO shall reconnect service to confirmed low-income customers who's past due balance is \$250 or less and who consent to reconnection. If gas service needs to be reconnected, a customer will be required to be present while service is being reconnected. PECO will not assess a reconnection fee for **reconnections** performed pursuant to this paragraph.

E. Cost Recovery: For the "Other Item" settlement provisions A through D, PECO will absorb the cost of those programs through December 31, 2012 and rate recovery for those items will be deemed to be included in the rates PECO receives through this overall Settlement; PECO therefore will not seek to recover the costs of the programs through December 31, 2012 via the Universal Services Fund Charge ("USFC"). If PECO extends any of the "Other Item" settlement provisions past December 31, 2012, either voluntarily or in a future settlement, all parties reserve their rights to propose or oppose cost recovery through the USFC or otherwise, for program costs incurred **after** December 31, 2012.

PECO ELECTRIC COMPANY
 FUTURE TEST YEAR ENDED DECEMBER 31, 2010
 (\$ in Thousands)

CAP REVENUE CREDIT

Line #	Description	[1] Reference	[2] Amount	[3] Sub-Total	[4] Total
1	CAP Discount Included in Distribution Budget		\$ (21,993)		
OTHER UNBUNDLED CAP DISCOUNTS					
2	CAP Discount on Generation - Energy Component		(29,791)	\$ (29,791)	
3	CAP Discount on Generation - CTC Component		(16,718)	(16,718)	
4	Transmission CAP Discount		(2,368)	(2,368)	
5	Total CAP Discounts in Budget	Sum L 1 to L 4	<u>\$ (70,870)</u>		
6	Adjustment to Rebundle All Discounts	L 2 + L 3 + L 4			\$ (48,877)
UPDATE R/R DISCOUNT LEVEL - REVISED FOR SETTLEMENT					
7	Total Credits at 650 kWh Level	[A] Line 5	(80,328)		
8	Total Revenue Credits In Budget		<u>(70,870)</u>		
9	Increase from Increase in CAP Credit Level	L 7 - L 8		<u>(9,458)</u>	
10	Reflect decrease in write-offs and Working Cap	27.0%		<u>2,954</u>	
11	Increase in CAP Credits for FTY	L 9 + L 10			(6,904)
ANNUALIZATION TO YEAR END CUSTOMERS - REVISED FOR SETTLEMENT					
12	Total CAP Revenue Credits on Year End Cust	[A]	<u>(80,707)</u>		
13	Total CAP Revenue Credits on Average Cust	Line 7	<u>(80,328)</u>		
14	Increase in CAP Revenue Credits	L 12 - L 13		<u>(379)</u>	
15	Reflect decrease in write-offs end Working Cap	27.0%		<u>102</u>	
16	Increase in CAP Credits for FTY	L 14 + L 15			(277)
17	TOTAL CAP ADJUSTMENT	L 18 - L 19			<u>\$ (58,058)</u>

Calculation of \$/KWH Included In Base Rates:

Total CAP Revenue Credits on Year End Cust	L12	\$	80,707
Non-CAP R/RH KWH (1,600's)	Appendix		11,821,161
\$/KWHH In Base Rates			0.0068

[A] REFLECTS NEW 4-YEAR APPROPRIATE AFFORDABILITY STUDY; 8% Target for Plans A, B, C; 8% Target for Plans D&E

PECO - Electric
Non-CAP Rate R/RH Sales
2010
1000's kWh

Non-CAP WRH Sales - Per Original Filing 11,660,250
(PECO Statement No.9, Exhibit ABC-13)

Factor to Adjust for Additional Sales Growth:

Total Residential Sales - Exhibit RLO-1, D-6B - Attachment OTS-RS-29b 13,201,000

Total Residential Sales - Exhibit RLO-1, D-6B 13,021,000

Growth Factor 1.0138

Revised Non-CAP R/RH Sales 11,821,161