

TRANSMISSION SERVICE CHARGE

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.

WC – cost for working capital associated with the purchase of transmission service from PJM at a rate of \$356 per mW

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 (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 = \$0.00 per location

(C) Indicates Change