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MAR 17 2011

March 17, 2011

**PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU**

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265

**SUBJECT: Generation Supply Adjustment (GSA) Monthly Adjustment for
Procurement Class 4 – Hourly Pricing
Supplement No. 13 to Electric Tariff No. 4 - Effective May 1, 2011**

Dear Secretary Chiavetta:

This letter transmits for filing with the Commission an original and eight (8) copies of PECO Energy Company's monthly adjustment to the Generation Supply Adjustment (GSA) for Procurement Class 4 - Hourly Pricing effective May 1, 2011 through May 31, 2011. This filing is made in accordance with the tariff approved in PECO's Default Service Provider Order at Docket No. P-2008-2062739.

As part of the May calculations, PECO is proposing a change to its original over/under collection methodology for Procurement Class 4 – Hourly Pricing. The Company proposes to net the January under collection of \$10 million with the February over collection of \$4.2 million in this proposed reconciliation. The net amount will be recovered over twelve months starting May 1, 2011. This change mitigates volatility of the over/under collection and reduces interest costs to customers. The Company has modified tariff language to reflect this proposed change.

PECO is also considering netting the expected March over/under collection against the January and February over/under collections, but the Company would propose this under a separate filing if needed.

The proposed rate for May reflects an increase of 0.33 cents/kWh compared to April's rate for Procurement Class 4 - Hourly Pricing.

Rosemary Chiavetta, Secretary
March 17, 2011
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The following attachments are included in support of this filing:

Attachment 1 - GSA Calculation for Procurement Class 4 - Hourly Pricing – Large
Commercial & Industrial over 500 KW;
Attachment 2 – Revised GSA Tariff for Procurement Class 4 - Hourly Pricing – Large
Commercial & Industrial over 500 KW

Please date-stamp the enclosed extra copy of this letter as proof of filing and return it in the
envelope provided.

Thank you for your assistance in this matter and please direct any questions regarding the
above to Richard Schlesinger, Manager, Retail Rates at (215) 841-5771.

Sincerely,



Richard G. Webster, Jr.
Director
Rates & Regulatory Affairs

cc: C. Walker-Davis, Director, Office of Special Assistants
R. F. Wilson, Director, Bureau of Fixed Utility Services
M. C. Lesney, Director, Bureau of Audits
J. E. Simms, Director, Office of Trial Staff
Office of Consumer Advocate
Office of Small Business Advocate
McNees, Wallace & Nurick

ATTACHMENT 1

PECO ENERGY COMPANY

**GSA CALCULATION FOR
PROCUREMENT CLASS 4 – HOURLY PRICING**

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PECO Generation Supply Adjustment Rate-Procurement Class 4 Hourly (GSA 4 Hourly)
 Application Period: May 1, 2011 through May 31, 2011
 cents/kWh

	Amount	GSA Rate w/o GRT	Rate GS		Rate PD		Rate HT		Rate EP	
			w/o GRT Incl. Line Loss Ratio	w/GRT Incl. Line Loss Ratio	w/o GRT Incl. Line Loss Ratio	w/GRT Incl. Line Loss Ratio	w/o GRT Incl. Line Loss Ratio	w/GRT Incl. Line Loss Ratio	w/o GRT Incl. Line Loss Ratio	w/GRT Incl. Line Loss Ratio
AS Ancillary Services and Alternative Energy Portfolio Standards Factor										
-Ancillary Service and AEPS (a)	\$ 788,011	0.50	0.52	0.55	0.51	0.54	0.49	0.52	0.49	0.52
Total Ancillary Service Cost and Alternative Energy Portfolio Standards Factor	\$ 788,011	0.50	0.52	0.55	0.51	0.54	0.49	0.52	0.49	0.52
AC Administrative Cost Factor										
-Administrative Cost	\$ 60,238	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
Total Administrative Service Cost	\$ 60,238	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
E Factor Including Interest										
-Over/(Under) Collection Jan-Feb 2011	12 month sales recovery \$ (5,739,444)	(0.30)	(0.30)	(0.32)	(0.30)	(0.32)	(0.30)	(0.32)	(0.30)	(0.32)
-Net Interest Jan-Feb 2011	12 month sales recovery \$ (244,744)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Total E Factor Including Interest	\$ (5,984,188)	(0.31)	(0.31)	(0.33)	(0.31)	(0.33)	(0.31)	(0.33)	(0.31)	(0.33)
WC Working Capital Adjustment										
-Working Capital Adjustment (b)		0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
Total Working Capital Adjustment		0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
Total GSA Rate (AS + AC - E + WC)		0.89	0.91	0.96	0.90	0.95	0.88	0.93	0.88	0.93
S Sales for Application Period in kWh 157,364,788 S1 Sales for May 2011 through Apr 2012 in kWh 1,888,104,958 Gross Receipts Tax (GRT) 6.06%										
(a) Adjusted for overall line loss factor ratio (b) Based on Settlement at Docket No. R-2010-2161575										

**PECO GSA 4 (Hourly) Ancillary Services and AEPS (AS Factor)
and Administrative Costs
For the Period May 1, 2011 through May 31, 2011**

Month	Default Supplier Hourly Pricing and PECO Provided Spot Ancillary Services, AEPS Compliance (1)	Administrative Cost (2)
May-11	\$788,011	\$60,238

PECO GSA 4 (Hourly) Default kWh Sales
For the Period May 1, 2011 through May 31, 2011
and May 1, 2011 through April 30, 2012

Month	Total kWh	Rate GS kWh	Rate PD kWh	Rate HT kWh	Rate EP kWh
May-11	157,364,788	43,104,115	1,238,927	113,021,747	0
May-11 through Apr-12	1,888,104,958	536,894,840	14,014,934	1,337,195,185	0

**PECO GSA 4 (Hourly) Monthly Over/(Under) Collections
For the Period January 1, 2011 through February 28, 2011**

Month	Default Supplier Hourly Pricing and PECO Provided Spot Energy and Capacity	Default Supplier Hourly Pricing and PECO Provided Spot Ancillary Services, AEPS Compliance	Administrative Cost	Total Cost Including Administrative Cost	Allocation Factor	Total Allocated Cost Including Administrative Cost
	(1)	(2)	(3)	(4)=(1)+(2)+(3)	(5)	(6)=(4) x (5)
Jan-11	\$ 34,474,082	\$ 1,523,184	\$ 132,192	\$ 36,129,458	1.00000000	\$ 36,129,458
Feb-11	\$ 6,320,627	\$ 361,668	\$ 35,618	\$ 6,717,913	1.00000000	\$ 6,717,913

**PECO GSA 4 (Hourly) Monthly Over/(Under) Collections
For the Period January 1, 2011 through February 28, 2011**

Month	Current Revenue for Over/Under Excluding GRT				Prior Period Revenue for Over/Under Excluding GRT			Total Current and Prior Period Revenue Excl GRT	Monthly Over/Under Collection	Cumulative Over/Under Collection
	Default Supplier and PECO Provided Current Revenue for Energy Capacity Excl GRT	Default Supplier and PECO Provided Current Revenue for Ancillary Services and AEPS Excl GRT	Current Revenue for Administrative Cost Excl GRT	Total Current Period Revenue Excl GRT	E Factor Excl Interest and GRT for 1 month recovery	E Factor Excl Interest and GRT for 12 month recovery	E Factor Excl Interest Total Prior Period Revenue Excl GRT			
	(7)	(8)	(9)	(10)=(7)+(8)+(9)	(11)	(12)	(13)=(11)+(12)	(14)=(10)+(13)	(15)=(14)-(6)	(16)=Cumulative from (15)
Jan-11	\$ 24,455,104	\$ 1,651,272	\$ 60,874	\$ 26,167,250	\$ -	\$ -	\$ -	\$ 26,167,250	\$ (9,962,208)	\$ (9,962,208)
Feb-11	\$ 10,251,115	\$ 664,584	\$ 24,978	\$ 10,940,677	\$ -	\$ -	\$ -	\$ 10,940,677	\$ 4,222,764	\$ (5,739,444)

PECO GSA 4 (Hourly) Interest Calculation
For the Period January 1, 2011 through February 28, 2011

Month	Current Period Portion of Revenue	Current Over/(Under) Total Cost	Current Over/(Under) Collection for Interest	Interest Rate	Interest Time Factor	Interest Time Factor Denominator	Total Interest to be Returned to / (Recovered from) Customers	Interest Revenue Excl GRT in E Factor Recovered from /(Returned to) Customers for 1 month recovery	Interest Revenue Excl GRT in E Factor Recovered from /(Returned to) Customers for 12 month recovery	Cumulative Interest to be Returned to / (Recovered from) Customers
	(1) = (10) from Attachment 1, Page 5 of 6	(2) = (8) from Attachment 1, Page 4 of 6	(3) = (1) - (2)	(4)	(5)	(6)	(7) = (3) x (4) x (5) / (6)	(8)	(9)	(10) = (7) + (8) + (9)
Jan-11	\$ 26,167,250	\$ 36,129,458	\$ (9,962,208)	6.00%	10	12	\$ (498,110)	\$ -	\$ -	\$ (498,110)
Feb-11	\$ 10,940,677	\$ 6,717,913	\$ 4,222,764	8.00%	9	12	\$ 253,366	\$ -	\$ -	\$ (244,744)

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ATTACHMENT 2

PECO ENERGY COMPANY

REVISED GSA TARIFF

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 17, 2011

Effective May 1, 2011

**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

Generation Supply Adjustment for Procurement Class 4 Loads greater than 500 kW –
6th Revised Page No. 33

Reflects monthly adjustment for procurement class 4 – hourly pricing pursuant to Order at Docket No. P-2008-2062739. Change to applicable months included in one time yearly reconciliation.

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PECO Energy Company

Superseding Fifth Revised Page No. 33

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

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

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.

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

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

WCA = individual customer sales x WC

Procedure: The "E" factor shall be updated monthly in conjunction with the Reconciliation. The first reconciliation shall be for the months of January 2011 and February 2011, and shall be effective May 1, 2011 to be recovered over 12 months. Subsequent monthly reconciliations shall be recovered over a one month period after the occurrence of a quarter. (C)

Tariff Rate	GS	PD	HT	EP
Hourly Pricing Adder* (cents/kWh)	0.96	0.95	0.93	0.93

* Includes administrative cost (AC), ancillary service charge (AS), E factor (E) and working capital (WC). (I)

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:

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

FP = fixed price offering

FP_{GS} = 8.99 cents kWh

FP_{PD} = 8.83 cents kWh

FP_{HT} = 8.48 cents kWh

FP_{EP} = 8.48 cents kWh

(C) Denotes Change

(I) Denotes Increase