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April 14, 2011

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

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APR 14 2011

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

**SUBJECT:** Generation Supply Adjustment (GSA) Monthly Adjustment for  
Procurement Class 4 – Hourly Pricing  
PECO Energy Company's (PECO) Electric Tariff No. 4, Supplement No. 16  
Effective June 1, 2011

Dear Secretary Chiavetta:

This letter transmits for filing with the Commission an original and eight (8) copies of Supplement No. 16 to PECO's Electric Tariff No. 4. This Supplement contains PECO's monthly adjustment to the Generation Supply Adjustment (GSA) for Procurement Class 4 - Hourly Pricing effective June 1, 2011 through June 30, 2011. This filing is made in accordance with the tariff approved in PECO's Default Service Provider Order at Docket No. P-2008-2062739.

The proposed rate for June reflects an increase of 0.05 cents/kWh compared to May's rate for Procurement Class 4 - Hourly Pricing.

The following attachments are also 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. (RAS)*

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  
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**ATTACHMENT 1**

**PECO ENERGY COMPANY**

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

**PECO Generation Supply Adjustment Rate-Procurement Class 4 Hourly (GSA 4 Hourly)**  
 Application Period: June 1, 2011 through June 30, 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	
<b>AS Ancillary Services and Alternative Energy Portfolio Standards Factor</b>											
-Ancillary Service and AEPS (a)	\$ 715,988	0.50	0.52	0.55	0.51	0.54	0.49	0.52	0.49	0.52	
<b>Total Ancillary Service Cost and Alternative Energy Portfolio Standards Factor</b>	<b>\$ 715,988</b>	<b>0.50</b>	<b>0.52</b>	<b>0.55</b>	<b>0.51</b>	<b>0.54</b>	<b>0.49</b>	<b>0.52</b>	<b>0.49</b>	<b>0.52</b>	
<b>AC Administrative Cost Factor</b>											
-Administrative Cost	\$ 50,337	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	
<b>Total Administrative Service Cost</b>	<b>\$ 50,337</b>	<b>0.04</b>	<b>0.04</b>	<b>0.04</b>	<b>0.04</b>	<b>0.04</b>	<b>0.04</b>	<b>0.04</b>	<b>0.04</b>	<b>0.04</b>	
<b>E Factor Including Interest</b>											
-Over/(Under) Collection Jan-Feb 2011	12 month sales recovery \$ (5,734,818)	(0.35)	(0.35)	(0.37)	(0.35)	(0.37)	(0.35)	(0.37)	(0.35)	(0.37)	
-Net Interest Jan-Feb 2011	12 month sales recovery \$ (244,513)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	
<b>Total E Factor Including Interest</b>	<b>\$ (5,979,331)</b>	<b>(0.36)</b>	<b>(0.36)</b>	<b>(0.38)</b>	<b>(0.36)</b>	<b>(0.38)</b>	<b>(0.36)</b>	<b>(0.38)</b>	<b>(0.36)</b>	<b>(0.38)</b>	
<b>WC Working Capital Adjustment</b>											
-Working Capital Adjustment (b)		0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	
<b>Total Working Capital Adjustment</b>		<b>0.04</b>	<b>0.04</b>	<b>0.04</b>	<b>0.04</b>	<b>0.04</b>	<b>0.04</b>	<b>0.04</b>	<b>0.04</b>	<b>0.04</b>	
<b>Total GSA Rate (AS + AC - E + WC)</b>		<b>0.94</b>	<b>0.96</b>	<b>1.01</b>	<b>0.95</b>	<b>1.00</b>	<b>0.93</b>	<b>0.98</b>	<b>0.93</b>	<b>0.98</b>	
<b>S Sales for Application Period in kWh</b> 143,414,588											
<b>S1 Sales for May 2011 through Apr 2012 in kWh</b> 1,633,211,111											
<b>Gross Receipts Tax (GRT)</b> 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 June 1, 2011 through June 30, 2011**

Month	Default Supplier Hourly Pricing and PECO Provided Spot Ancillary Services, AEPS Compliance (1)	Administrative Cost (2)
Jun-11	\$715,988	\$50,337

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

<b>Month</b>	<b>Total kWh</b>	<b>Rate GS kWh</b>	<b>Rate PD kWh</b>	<b>Rate HT kWh</b>	<b>Rate EP kWh</b>
Jun-11	143,414,588	38,320,620	1,219,530	103,874,438	0
May-11 through Apr-12	1,633,211,111	448,351,124	13,146,917	1,171,713,069	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	\$ 127,566	\$ 36,124,832	1.00000000	\$ 36,124,832
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)			
Jan-11	\$ 24,455,104	\$ 1,651,272	\$ 60,874	\$ 26,167,250	\$ -	\$ -	\$ -	\$ 26,167,250	\$ (9,957,582)	\$ (9,957,582)	
Feb-11	\$ 10,251,115	\$ 664,584	\$ 24,978	\$ 10,940,677	\$ -	\$ -	\$ -	\$ 10,940,677	\$ 4,222,764	\$ (5,734,818)	

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

Month	Current Period Portion of Revenue  (1) = (10) from Attachment 1, Page 5 of 6	Total Cost  (2) = (6) from Attachment 1, Page 4 of 6	Current Over/(Under) Collection for Interest  (3) = (1) - (2)	Interest Rate  (4)	Interest Time Factor  (5)	Interest Time Factor Denominator  (6)	Total Interest to be Returned to / (Recovered from) Customers  (7) = (3) x (4) x (5) / (6)	Interest Revenue Excl GRT in E Factor Recovered from {(Returned to) Customers for 1 month recovery  (8)	Interest Revenue Excl GRT in E Factor Recovered from {(Returned to) Customers for 12 month recovery  (9)	Cumulative Interest to be Returned to / (Recovered from) Customers  (10) = (7) + (8) + (9)
Jan-11	\$ 26,167,250	\$ 36,124,832	\$ (9,957,582)	6.00%	10	12	\$ (497,879)	\$ -	\$ -	\$ (497,879)
Feb-11	\$ 10,940,677	\$ 6,717,913	\$ 4,222,764	8.00%	9	12	\$ 253,366	\$ -	\$ -	\$ (244,513)

**ATTACHMENT 2**

**PECO ENERGY COMPANY**

**REVISED GSA TARIFF**

# PECO Energy Company

Electric Service Tariff

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**COMPANY OFFICE LOCATION**

2301 Market Street  
Philadelphia, Pennsylvania 19101

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For List of Communities Served, See Page 4.

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Issued April 14, 2011

Effective June 1, 2011

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

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# NOTICE.

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PECO Energy Company

LIST OF CHANGES MADE BY THIS SUPPLEMENT

Generation Supply Adjustment for Procurement Class 4 Loads greater than 500 kW –  
7th Revised Page No. 33

Reflects monthly adjustment for procurement class 4 – hourly pricing pursuant to Order at Docket No. P-2008-2062739.

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**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

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

**PJM<sub>DA</sub>** – 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<sub>RPM</sub> x Bill Days**

**PLC** = peak load contribution

**RM** = reserve margin adjustment per PJM

**P<sub>RPM</sub>** = 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.

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

**PJM<sub>AS</sub>** = \$/MWH charged by PJM for ancillary services

**AEPS** = cost of complying with the alternative energy portfolio standard

**S<sub>AEPS</sub>** = 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** -  $\Sigma O / (U) / S_x$  x usage where

**E** = over/under recovery as calculated in the reconciliation

**S<sub>4</sub>** = 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.

Tariff Rate	<u>GS</u>	<u>PD</u>	<u>HT</u>	<u>EP</u>
Hourly Pricing Adder* (cents/kWh)	1.01	1.00	0.98	0.98

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

(l)

**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:

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

**FP** = fixed price offering

**FP<sub>GS</sub>** = 8.99 cents kWh

**FP<sub>PD</sub>** = 8.83 cents kWh

**FP<sub>HT</sub>** = 8.48 cents kWh

**FP<sub>EP</sub>** = 8.48 cents kWh

(l) Denotes Increase

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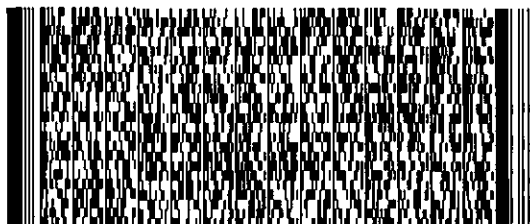
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