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JUN 14 2011

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

June 14, 2011

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
PECO Energy Company's (PECO) Electric Tariff No. 4, Supplement No. 18
Effective August 1, 2011

Dear Secretary Chiavetta:

This letter transmits for filing with the Commission an original and eight (8) copies of Supplement No. 18 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 August 1, 2011 through August 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.

The proposed rate for August reflects an increase of 0.19 cents/kWh compared to July'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.

Rosemary Chiavetta, Secretary
June 14, 2011
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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,

A handwritten signature in black ink, appearing to read 'R. Chiavetta', with a long horizontal flourish extending to the right.

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**

PECO Generation Supply Adjustment Rate-Procurement Class 4 Hourly (GSA 4 Hourly)
 Application Period: August 1, 2011 through August 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)	\$ 360,053 page 2	0.50	0.53	0.56	0.52	0.55	0.50	0.53	0.50	0.53	
Total Ancillary Service Cost and Alternative Energy Portfolio Standards Factor	\$ 360,053	0.50	0.53	0.56	0.52	0.55	0.50	0.53	0.50	0.53	
AC Administrative Cost Factor											
-Administrative Cost	\$ 23,145 page 2	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	
Total Administrative Service Cost	\$ 23,145	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	0.03	
E Factor Including Interest											
-Over/(Under) Collection Apr 2011	1 month sales recovery \$ 314,927 page 6	0.44	0.44	0.47	0.44	0.47	0.44	0.47	0.44	0.47	
-Net Interest Apr 2011	1 month sales recovery \$ 9,448 page 8	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	
-Over/(Under) Collection Jan-Feb 2011	12 month sales recovery \$ (5,734,818) page 6	(0.77)	(0.77)	(0.82)	(0.77)	(0.82)	(0.77)	(0.82)	(0.77)	(0.82)	
-Net Interest Jan-Feb 2011	12 month sales recovery \$ (244,513) page 8	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	(0.03)	
Total E Factor Including Interest	\$ (5,654,956)	(0.35)	(0.35)	(0.37)	(0.35)	(0.37)	(0.35)	(0.37)	(0.35)	(0.37)	
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)		0.92	0.95	1.00	0.94	0.99	0.92	0.97	0.92	0.97	
S Sales for Application Period in kWh											
S Sales for Application Period in kWh	71,782,804 page 3										
S1 Sales for May 2011 through Apr 2012 in kWh											
S1 Sales for May 2011 through Apr 2012 in kWh	743,542,471 page 3										
Gross Receipts Tax (GRT)											
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 August 1, 2011 through August 31, 2011**

Month	Default Supplier Hourly Pricing and PECO Provided Spot Ancillary Services, AEPS Compliance (1)	Administrative Cost (2)
Aug-11	\$360,053	\$23,145

PECO GSA 4 (Hourly) Default kWh Sales
For the Periods August 1, 2011 through August 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
Aug-11	71,782,804	4,616,518	734,075	66,432,211	0
May-11 through Apr-12	743,542,471	49,869,782	7,187,694	686,484,995	0

**PECO GSA 4 (Hourly) Actual Monthly Over/(Under) Collections
For the Period January 1, 2011 through February 28, 2011 and April 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
Apr-11	\$ 3,706,889	\$ 192,662	\$ 26,307	\$ 3,925,857	1.00000000	\$ 3,925,857

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

Current Revenue for Over/(Under) Excluding GRT					Prior Period Revenue for Over/(Under) Excluding GRT				
Month	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	Total Current and 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	
Feb-11	\$ 10,251,115	\$ 664,584	\$ 24,978	\$ 10,940,677	\$ -	\$ -	\$ -	\$ 10,940,677	
Apr-11	\$ 3,906,476	\$ 316,729	\$ 17,579	\$ 4,240,784	\$ -	\$ -	\$ -	\$ 4,240,784	

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

Month	Monthly Over/(Under) Collection (15)=(14)-(6)	Cumulative Over/(Under) Collection (16)=Cumulative from (15)	Monthly Over/(Under) Collection for 12 month recovery (17)=(10)+(12)-(6), column (12) from May 2011	Cumulative Over/(Under) Collection for 12 month recovery (18)=Cumulative from (17)	Monthly Over/(Under) Collection for 1 month recovery (19)=(10)+(11)-(6)
Jan-11	\$ (9,957,582)	\$ (9,957,582)	\$ (9,957,582)	\$ (9,957,582)	\$ -
Feb-11	\$ 4,222,764	\$ (5,734,818)	\$ 4,222,764	\$ (5,734,818)	\$ -
Apr-11	\$ 314,927		\$ -	\$ (5,734,818)	\$ 314,927

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

Month	Current Period Portion of Revenue	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 8	(2) = (6) from Attachment 1, Page 4 of 8	(3) = (1) - (2)	(4)	(5)	(6)	(7) = (3) x (4) x (5) / (6)	(8)	(9)	Cumulative (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)
Apr-11	\$ 4,240,784	\$ 3,925,857	\$ 314,927	8.00%	4.5	12	\$ 9,448	\$ -	\$ -	

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

	Monthly Portion of Interest, Net of Interest Revenue for Month	Cumulative Portion of Interest, Net of Interest Revenue for 12 month recovery	Monthly Portion of Interest, Net of Interest Revenue for 1 month recovery
	(11) = (7) for Jan 2011 and Feb 2011+ (9)	(12) = Cumulative from (11)	(13) = (7) + (8)
Jan-11	\$ (497,879)	\$ (497,879)	\$ -
Feb-11	\$ 253,366	\$ (244,513)	\$ -
Apr-11	\$ -	\$ (244,513)	\$ 9,448

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 June 14, 2011

Effective August 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 –
9th 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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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= The PJM day ahead hourly price multiplied by the customers usage in the hour summed up for all hours in the month

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

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.

$$A / S \times \text{Usage}$$

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.

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

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 = $\Sigma O / (U) / S_e \times \text{usage}$ where

E = over/under recovery as calculated in the reconciliation

S_e = Procurement class four sales

WC = 0.04c/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	GS	PD	HT	EP
Hourly Pricing Adder* (cents/kWh)	1.00	0.99	0.97	0.97

* 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:

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

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

(l) Denotes Increase