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OCT 14 2011

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

October 14, 2011

Ms. Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

Subject: Docket No. M-2011-2260133  
Tariff Electric - Universal Service Fund Charge – Section 1307  
Mechanism Final Reconciliation for 2011

Dear Mr. McNulty:

Enclosed for filing with the Commission are eight copies of PECO's final reconciliation of the Electric Universal Service Fund Charge ("USFC") for 2011. This filing is made in accordance with the USFC provisions of Paragraph 33 and 34 of the Joint Petition for Full Settlement (R00973953) as modified by Paragraph 35 of the PECO-Unicom Merger Settlement (Docket No. A-110550F0147) with the Commission's Order at Docket No's. R-00038535 & C-20031543 and consistent with the settlement in PECO's base rate case at Docket No. R-2010-2161575.

This filing, which includes actual data through September, supports a total USFC credit rate of 0.05 cent/kWh that would be subtracted from the Variable Distribution Charge contained in Rates R and RH. For a residential customer using 500 kWh per month, the new USFC rate would result in a \$0.25 decrease (0.28%) to the monthly bill.


This filing includes the following Exhibits:

- Exhibit 1 – USFC Calculation
- Exhibit 2 – Proposed USFC Tariff Sheets indicating the rate for 2012
- Exhibit 3 – Rate R Bill Comparison

Ms. Rosemary Chiavetta, Secretary  
October 14, 2011  
Page 2

Please acknowledge receipt of the foregoing on the enclosed copy of this letter.  
A business reply envelope is enclosed for your convenience.

Sincerely,



w/enclosures

cc: The Honorable Robert F. Powelson, Chairman  
The Honorable John F. Coleman Jr., Vice Chairman  
The Honorable Wayne R. Gardner, Commissioner  
The Honorable James H. Cawley, Commissioner  
The Honorable Pamela A. Witmer, Commissioner  
Cheryl Walker-Davis, Esquire, Director - Office of Special Assistants  
Johnnie E. Simms, Director – Bureau of Investigation and Enforcement  
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Service List

Certificate of Service

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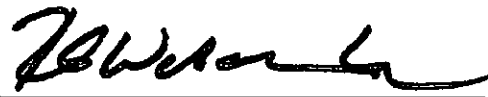
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October 14, 2011

# EXHIBIT 1

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**PECO - Electric**  
**2011 USFC Annual Reconciliation**  
**\$'s**

	<u>Amount</u>	<u>\$/KWH</u>	
(1) C = Projected Recoverable CAP Costs	\$ (4,096,519)	(\$0.00035)	p. 2 of 4
(2) L = Incremental LIURP expenditures (a)	\$ 2,000,000	\$0.00017	
(2) E = Experienced & Estimated Net Over/(Under)			
a. Over/(Under)	\$ 4,031,142	\$0.00034	p. 3 of 4
b. Interest	284,160	\$0.00002	p. 4 of 4
c. Final CTC Reconciliation (b)	<u>(6,000)</u>	(\$0.00000)	
	4,309,302		
(3) Net Recoverable (C + L - E)	\$ (6,405,820)	(\$0.00054)	
(4) S = Projected Rate R, RH Sales for Computation Period	11,855,179,000		
(5) <b>USFC: (3) / (4)</b>	<b>(\$0.0005)</b>		

(a) As per settlement Document No. P-2008-2062739

(b) Per Docket No. M-2010-2196695, PECO's Final Competitive Transition Charge (CTC) & Intangible Transition Charge (ITC) Reconciliation Report, Dec 31, 2010  
 Filed 1/31/11, Exhibit 2, Page 4

## PECO - 2012 USFC Electric C-Factor Calculation

C-Factor Month	Estimated CAP Discounts (Shortfall)	Estimated R/RH Sales (a) (kWh)	Estimated Shortfall Recovered in Base Rates	Shortfall o/(u) Base Recovery	Shortfall o/(u) Base Recovery @ 0.73 (b)
	(1)	(2)	(3) = (2) * \$0.0068	(4) = (1) - (3)	(5) = (4) * 0.73
<b>Balance</b>					
<b>Jan-12</b>	\$ 6,354,816	1,182,888,000	\$ 8,043,638	\$ (1,688,822)	\$ (1,232,840)
<b>Feb-12</b>	\$ 5,768,073	1,008,797,000	\$ 6,859,820	\$ (1,091,747)	\$ (796,975)
<b>Mar-12</b>	\$ 5,482,299	924,447,000	\$ 6,286,240	\$ (803,941)	\$ (586,877)
<b>Apr-12</b>	\$ 5,022,869	747,132,000	\$ 5,080,498	\$ (57,629)	\$ (42,069)
<b>May-12</b>	\$ 5,077,426	757,343,000	\$ 5,149,932	\$ (72,506)	\$ (52,930)
<b>Jun-12</b>	\$ 6,022,626	1,012,242,000	\$ 6,883,246	\$ (860,620)	\$ (628,252)
<b>Jul-12</b>	\$ 8,334,180	1,350,590,000	\$ 9,184,012	\$ (849,832)	\$ (620,377)
<b>Aug-12</b>	\$ 8,453,246	1,234,143,000	\$ 8,392,172	\$ 61,074	\$ 44,584
<b>Sep-12</b>	\$ 7,600,742	862,319,000	\$ 5,863,769	\$ 1,736,973	\$ 1,267,990
<b>Oct-12</b>	\$ 5,590,895	770,267,000	\$ 5,237,816	\$ 353,079	\$ 257,748
<b>Nov-12</b>	\$ 5,309,660	885,742,000	\$ 6,023,046	\$ (713,386)	\$ (520,771)
<b>Dec-12</b>	\$ 5,986,716	1,119,269,000	\$ 7,611,029	\$ (1,624,313)	\$ (1,185,749)
	\$ 75,003,548	11,855,179,000	\$ 80,615,217	\$ (5,611,669)	\$ (4,096,519)
				<b>Estimated Recovery C-Factor</b>	<b>\$ <u>(4,096,519)</u></b>

(a) Non-CAP kWh.

(b) Per settlement factor approved at Docket No. R-2010-2161575

**PECO - 2011 USFC Electric  
E-Factor  
Calculation**

E-Factor Period	Total CAP Discounts (Shortfall)	Billed R/RH Sales (d) (kWh)	CAP Revenues Recovered In Base Rates (e)	Base Recovery o/(u) Actual	Base Recovery o/(u) Actual (e)	C-Factor Revenue	L-Factor Revenue	L-Expenditures	L - Factor o/(u) Recovery	Total C & L Factor o/(u) Recovery	E-Factor Rate	E-Factor Revenue	Total CAP Revenues (E+L+C) o/(u) Recovery	Cumulative o/(u) Recovery
	(1)	(2)	(3) = (2) * \$0.0068 kWh	(4) = (3) - (1)	(5) = (4) * 0.73	(6) = (2) * (\$0.00)	(7) = (2) * \$0.0001	(8)	(9) = (7) - (8)	(10) = (5) + (6) + (9)	(11)	(12) = (2) * (11)	(13) = (10) + (12)	(14)
(a) Balance														\$ 1,227,030
(b) Jan-11	\$ 3,447,067	682,149,197	\$ 4,638,615	\$ 1,191,547	\$ 869,829	\$ -	\$ 68,215	\$ -	\$ 68,215	\$ 938,044	-\$0.0001	\$ (68,215)	\$ 869,829	\$ 2,096,859
Feb-11	\$ 6,833,637	1,126,711,798	\$ 7,661,640	\$ 828,003	\$ 604,442	\$ -	\$ 112,671	\$ -	\$ 112,671	\$ 717,114	-\$0.0001	\$ (112,671)	\$ 604,442	\$ 2,701,302
Mar-11	\$ 6,406,831	913,961,295	\$ 6,214,937	\$ (191,894)	\$ (140,083)	\$ -	\$ 91,396	\$ -	\$ 91,396	\$ (48,687)	-\$0.0001	\$ (91,396)	\$ (140,083)	\$ 2,561,219
Apr-11	\$ 6,251,398	811,631,566	\$ 5,519,095	\$ (732,303)	\$ (534,581)	\$ -	\$ 81,163	\$ 27,835	\$ 53,328	\$ (481,253)	-\$0.0001	\$ (81,163)	\$ (562,416)	\$ 1,998,803
May-11	\$ 5,959,693	715,756,709	\$ 4,867,146	\$ (1,092,547)	\$ (797,560)	\$ -	\$ 71,576	\$ 9,007	\$ 62,569	\$ (734,991)	-\$0.0001	\$ (71,576)	\$ (806,566)	\$ 1,192,237
Jun-11	\$ 7,189,558	1,020,069,671	\$ 6,936,474	\$ (253,084)	\$ (184,751)	\$ -	\$ 102,007	\$ 302,161	\$ (200,155)	\$ (384,906)	-\$0.0001	\$ (102,007)	\$ (486,913)	\$ 705,324
Jul-11	\$ 8,441,541	1,287,964,689	\$ 8,758,160	\$ 316,819	\$ 231,132	\$ -	\$ 128,796	\$ 315,461	\$ (186,665)	\$ 44,467	-\$0.0001	\$ (128,796)	\$ (84,330)	\$ 620,994
Aug-11	\$ 8,666,812	1,407,661,706	\$ 9,572,100	\$ 905,288	\$ 660,860	\$ -	\$ 140,766	\$ 216,018	\$ (75,252)	\$ 585,608	-\$0.0001	\$ (140,766)	\$ 444,842	\$ 1,065,835
Sep-11	\$ 7,935,478	1,048,599,547	\$ 7,130,477	\$ (805,001)	\$ (587,651)	\$ -	\$ 104,860	\$ 315,150	\$ (210,290)	\$ (797,941)	-\$0.0001	\$ (104,860)	\$ (902,801)	\$ 163,034
Oct-11 (c)	\$ 3,755,069	770,267,000	\$ 5,237,816	\$ 1,482,747	\$ 1,082,405	\$ -	\$ 77,027	\$ 251,493	\$ (174,467)	\$ 907,938	-\$0.0001	\$ (77,027)	\$ 830,912	\$ 993,946
Nov-11 (c)	\$ 3,993,981	885,742,000	\$ 6,023,046	\$ 2,029,065	\$ 1,481,217	\$ -	\$ 88,574	\$ 82,873	\$ 25,701	\$ 1,508,918	-\$0.0001	\$ (88,574)	\$ 1,418,344	\$ 2,412,290
Dec-11 (c)	\$ 5,393,424	1,119,269,000	\$ 7,611,029	\$ 2,217,605	\$ 1,618,852	\$ -	\$ 111,927	\$ -	\$ 111,927	\$ 1,730,779	-\$0.0001	\$ (111,927)	\$ 1,618,852	\$ 4,031,142
	\$ 74,274,489	11,789,784,208	\$ 80,170,533	\$ 5,896,043	\$ 4,304,112	\$ -	\$ 1,178,878	\$ 1,500,000	\$ (321,022)	\$ 3,983,090		\$ (1,178,878)	\$ 2,804,112	\$ 4,031,142
													Total Recovery E-Factor	\$ 4,031,142

- (a) Balance total is from USFC Electric & Supplemental Filing
- (b) Proration for the month of January
- (c) Estimated
- (d) Residential Non-CAP Sales
- (e) Per settlement factor approved at Docket No. R-2010-2161575

**PECO - 2011 USFC Electric  
Interest Calculation**

E-Factor Period	R/RH Sales (d) (kWh) (1)	C & L Factor O/(U) Recovery (2)	Interest Rate (3)	Interest Time Factor (4)	Interest Owed/ (Interest to be Recouped) (5) = (2) * (3) * (4)	Interest Refund Rate (6)	Interest Collection/(Refund) (7) = (1) * (6)	Total Interest (8) = 5 + 7	Cumulative Interest Interest Owed/ (Interest to be Recouped) (9) = (8) + Prev (9)
(a) Balance									\$ 98,548
Jan-11 (b)	682,149,197	\$ 938,044	6%	18/12	\$ 84,424	\$0.0000	\$ -	\$ 84,424	\$ 182,972
Feb-11	1,126,711,798	\$ 717,114	6%	17/12	\$ 60,955	\$0.0000	\$ -	\$ 60,955	\$ 243,927
Mar-11	913,961,295	\$ (48,687)	6%	16/12	\$ (3,895)	\$0.0000	\$ -	\$ (3,895)	\$ 240,032
Apr-11	811,631,586	\$ (481,253)	6%	15/12	\$ (36,094)	\$0.0000	\$ -	\$ (36,094)	\$ 203,938
May-11	715,756,709	\$ (734,991)	6%	14/12	\$ (51,449)	\$0.0000	\$ -	\$ (51,449)	\$ 152,488
Jun-11	1,020,069,671	\$ (384,906)	6%	13/12	\$ (25,019)	\$0.0000	\$ -	\$ (25,019)	\$ 127,470
Jul-11	1,287,964,699	\$ 44,467	6%	12/12	\$ 2,668	\$0.0000	\$ -	\$ 2,668	\$ 130,138
Aug-11	1,407,661,706	\$ 585,608	6%	11/12	\$ 32,208	\$0.0000	\$ -	\$ 32,208	\$ 162,346
Sep-11	1,048,599,547	\$ (797,941)	6%	10/12	\$ (39,897)	\$0.0000	\$ -	\$ (39,897)	\$ 122,449
Oct-11 (c)	770,267,000	\$ 907,938	6%	9/12	\$ 40,857	\$0.0000	\$ -	\$ 40,857	\$ 163,306
Nov-11 (c)	885,742,000	\$ 1,506,918	6%	8/12	\$ 60,277	\$0.0000	\$ -	\$ 60,277	\$ 223,583
Dec-11 (c)	1,119,269,000	\$ 1,730,779	6%	7/12	\$ 60,577	\$0.0000	\$ -	\$ 60,577	\$ 284,160
	<b>11,789,784,208</b>	<b>\$ 3,983,090</b>			<b>\$ 185,612</b>		<b>\$ -</b>	<b>\$ 185,612</b>	
							<b>Net Interest</b>		<b>\$ 284,160</b>

- (a) Balance total is from USFC Electric & Supplemental Filing
- (b) Proration for the month of January
- (c) Estimated
- (d) Residential Non-CAP Sales

# EXHIBIT 2

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**PROVISIONS FOR RECOVERY OF UNIVERSAL SERVICE FUND CHARGE (USFC)**

Variable Distribution Service Charge rates for electric service in Residential Rate Schedule R and RH of this Tariff shall include (\$0.0005) per kWh for recovery of Universal Service Fund Cost (USFC), calculated in the manner set forth below pursuant to Section 2804 (8) of the Competition Act. The USFC rate for electric service shall be increased or decreased annually, to reflect changes in the level of Universal Service Fund costs, net of base rate recoveries, in the manner described below:

(D)

**COMPUTATION OF USFC.**

The USFC per kWh (\$0.0000), shall be computed to the nearest one-hundred cent (0.01¢) in accordance with the formula set forth below:

$$\text{USFC} = \frac{(C+L -E-I)}{(S)}$$

The USFC, so computed, shall be included in distribution rates charged to Customers for service pursuant to the rate schedules identified above. The amount of USFC, per kWh, will vary, if appropriate, based upon annual filings by the Company.

In computing the USFC, per kWh, pursuant to the formula above, the following definitions shall apply:

**Reconcilable Customer Assistance Program (CAP) Costs** – The difference between discounts provided to CAP customers (CAP revenue shortfalls) recovered through base rates and total CAP discounts, net of a 27% offset factor.

**USFC** – Universal Service Fund Charge determined to the nearest one-hundredth cent (0.01¢) to be included in the rate for each kWh of Variable Distribution Service Charge calculated under Rate Schedules R and R-H to recover Reconcilable CAP Costs plus certain LIURP related expenditures.

**C** - Cost in dollars of the Reconcilable CAP Costs for the projected period.

**L**– Incremental LIURP related expenditures of \$1 Million in 2010, \$1.5 million in 2011, \$2.0 Million in 2012, and \$2.5 Million in 2013 as approved in the Joint Petition of Settlement of Docket No. P-2008-202734.

**E** - the net (overcollection) or undercollection of Universal Service Fund Charges. The net overcollection or undercollection shall be determined for the most recent period, beginning with the month following the last month which was included in the previous overcollection or undercollection calculation reflected in rates. Included in the "E" factor will be Reconcilable CAP Costs, and LIURP related expenditures.

Each overcollection or undercollection statement shall also provide for refund or recovery of amounts necessary to adjust for overrecovery or underrecovery of "E" factor amounts under the previous USFC.

**I** – Interest on any over or under recovery balance. Interest shall be computed monthly at a 6% annual simple interest rate from the month that the overcollection or undercollection occurs to the mid-point of the recovery period.

**S** - projected kWh of electric service to be billed under Rate R and Rate RH (exclusive of CAP Rider) during the projected period when rates will be in effect.

**FILING WITH PENNSYLVANIA PUBLIC UTILITY COMMISSION; AUDIT; RECONCILIATION.**

The Company's annual USFC filing and its annual reconciliation statement shall be submitted to the Commission 120 days prior to new rates being effective January 1 of each year, or at such time as the Commission may prescribe. The USFC mechanism is subject to annual audit review by the Bureau of Audits.

(D) Denotes Decrease

# EXHIBIT 3

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**PECO**  
**BILL COMPARISON with USFC at**  
**(\$0.0005) kWh**

**Residential Rate R - 500 KWH (a)**

	2011 w/ Current 0.0000kWh USFC	2012 w/ Proposed (b) (\$0.0005) kWh USFC Credit	Difference	
			(\$)	(%)
<b>FIXED DISTRIBUTION CHARGE</b>	\$ 7.20	\$ 7.20		
<b>TRANSMISSION CHARGE</b>				
<b>ALL KWH</b>	\$ 3.65	\$ 3.65		
<b>DISTRIBUTION CHARGE</b>				
<b>ALL KWH</b>	\$ 27.60	\$ 27.35		
<b>AEPS</b>				
<b>ALL KWH</b>	\$ 0.70	\$ 0.70		
<b>GSA</b>				
<b>1ST 500 KWH</b>	\$ 51.35	\$ 51.35		
<b>SUB TOTAL</b>	\$ 90.50	\$ 90.25		
<b>STATE TAX ADJUSTMENT CLAUSE -0.06%</b>	\$ (0.02)	\$ (0.02)		
<b>TOTAL</b>	\$ 90.48	\$ 90.23	\$ (0.25)	-0.28%

(a) Based on PECO Electric Tariff Rates as of 10/1/11

(b) Calculation is for demonstration purposes only

From: (215) 841-5776  
 Anna Migliaccio  
 Exelon  
 2301 Market Street S15-2  
 Philadelphia, PA 19103

Origin ID: REDA



Ship Date: 14OCT11  
 ActWgt: 1.0 LB  
 CAD: 9876187/NET3210

Delivery Address Bar Code



SHIP TO: (717) 772-7777

BILL SENDER

Rosemary Chiavetta, Secretary  
 Pa Public Utility Commission  
 400 NORTH ST FL 2  
 COMMONWEALTH KEYSTONE BLDG  
 HARRISBURG, PA 17120

Ref #  
 Invoice #  
 PO #  
 Dept #

MON - 17 OCT A1  
 STANDARD OVERNIGHT

TRK# 7976 2913 1742

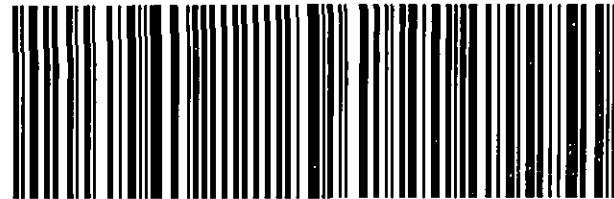
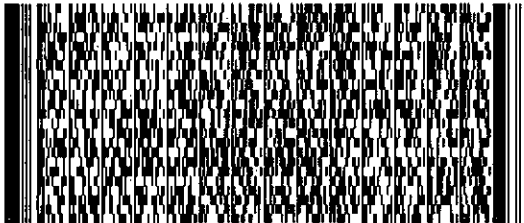
0201

17120

PA-US

MDT

SH MDTA



50FG1/A013/F5F4

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