



An Exelon Company

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JAN 13 2012

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

January 13, 2012

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. 33
Effective March 1, 2012, Docket No. P-2008-2062739

Dear Secretary Chiavetta:

This letter transmits for filing with the Commission an original and eight (8) copies of Supplement No. 33 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 March 1, 2012 through March 31, 2012. 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 March reflects an increase of 1.33 cents/kWh compared to February's rate for Procurement Class 4 - Hourly Pricing.

Please note that as was disclosed in the February 2012 GSA 4 – Hourly filing, on Attachment 1, Page 1 of 8, two line items continue to be included which reflect the twelve months recovery of the over/(under) collection and net interest through January 31, 2012 associated with the January and February 2011 over/(under) collection and net interest. The net remaining balance continues to be recovered over the remaining three month period February 2012 through April 2012.

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

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Rosemary Chiavetta, Secretary
January 13, 2012
Page 2

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
P. Diskin, Director, Bureau of Technical Utility Services
M. C. Lesney, Director, Bureau of Audits
J. E. Simms, Director, Bureau of Investigation & Enforcement
Office of Consumer Advocate
Office of Small Business Advocate
McNees, Wallace & Nurick

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SECRETARY'S BUREAU

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: March 1, 2012 through March 31, 2012
 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) | \$ 155,125 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 | \$ 155,125 | 0.50 | 0.53 | 0.56 | 0.52 | 0.55 | 0.50 | 0.53 | 0.50 | 0.53 | |
| AC Administrative Cost Factor | | | | | | | | | | | |
| -Administrative Cost | \$ 10,926 page 2 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | 0.04 | |
| Total Administrative Service Cost | \$ 10,926 | 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 Mar to Nov 2011 | 1 month sales recovery \$ 1,982,548 page 6 | 6.41 | 6.41 | 6.81 | 6.41 | 6.81 | 6.41 | 6.81 | 6.41 | 6.81 | |
| -Net Interest Mar to Nov 2011 | 1 month sales recovery \$ 60,356 page 8 | 0.20 | 0.20 | 0.21 | 0.20 | 0.21 | 0.20 | 0.21 | 0.20 | 0.21 | |
| -Over/(Under) Collection Jan-Feb 2011 (c) | 12 month sales recovery \$ (5,734,818) page 6 | (6.62) | (6.62) | (7.04) | (6.62) | (7.04) | (6.62) | (7.04) | (6.62) | (7.04) | |
| -Recovery through Jan 2012 for Over/(Under) Collection Jan-Feb 2011 (c) | 12 month sales recovery \$ 3,072,855 pages 5, 6 | 3.55 | 3.55 | 3.77 | 3.55 | 3.77 | 3.55 | 3.77 | 3.55 | 3.77 | |
| -Net Interest Jan-Feb 2011 (c) | 12 month sales recovery \$ (244,513) page 8 | (0.28) | (0.28) | (0.30) | (0.28) | (0.30) | (0.28) | (0.30) | (0.28) | (0.30) | |
| -Recovery through Jan 2012 for Net Interest Jan-Feb 2011 (c) | 12 month sales recovery \$ 122,681 pages 7, 8 | 0.14 | 0.14 | 0.15 | 0.14 | 0.15 | 0.14 | 0.15 | 0.14 | 0.15 | |
| -Prior Period Over/Under Collection Revenue, Dec 2011 to Feb 2012 | 1 month sales recovery \$ (1,760,593) page 5 | (5.70) | (5.70) | (6.06) | (5.70) | (6.06) | (5.70) | (6.06) | (5.70) | (6.06) | |
| -Prior Period Interest Revenue, Dec 2011 to Feb 2012 | 1 month sales recovery \$ (53,924) page 7 | (0.17) | (0.17) | (0.18) | (0.17) | (0.18) | (0.17) | (0.18) | (0.17) | (0.18) | |
| Total E Factor Including Interest | \$ (2,555,408) | (2.47) | (2.47) | (2.64) | (2.47) | (2.64) | (2.47) | (2.64) | (2.47) | (2.64) | |
| 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) | | 3.05 | 3.08 | 3.28 | 3.07 | 3.27 | 3.05 | 3.25 | 3.05 | 3.25 | |
| S Sales for Application Period in kWh | | | | | | | | | | | |
| S1 Sales for Feb 2012 through Apr 2012 in kWh (c) | 30,906,241 page 3 | | | | | | | | | | |
| | 86,604,773 page 3 | | | | | | | | | | |
| Gross Receipts Tax (GRT) | | | | | | | | | | | |
| | 5.90% | | | | | | | | | | |
| (a) Adjusted for overall line loss factor ratio (b) Based on Settlement at Docket No. R-2010-2161575 (c) Reflects the twelve months recovery of the net remaining balance associated with the January and February 2011 over/(under) collection and net interest over the remaining three month period February 2012 through April 2012. | | | | | | | | | | | |

**PECO GSA 4 (Hourly) Ancillary Services and AEPS (AS Factor)
and Administrative Costs
For the Period March 1, 2012 through March 31, 2012**

| Month | Default Supplier Hourly Pricing and PECO Provided Spot Ancillary Services, AEPS Compliance (1) | Administrative Cost (2) |
|--------------|---|--|
| Mar-12 | \$155,125 | \$10,926 |

PECO GSA 4 (Hourly) Default kWh Sales
For the Periods March 1, 2012 through March 31, 2012
and February 1, 2012 through April 30, 2012

| Month | Total kWh | Rate GS kWh | Rate PD kWh | Rate HT kWh | Rate EP kWh |
|-----------------------------|------------------|--------------------|--------------------|--------------------|--------------------|
| Mar-12 | 30,906,241 | 1,987,410 | 323,760 | 28,595,070 | 0 |
| Feb-12 through Apr-12 | 86,604,773 | 5,808,844 | 894,322 | 79,901,607 | 0 |

**PECO GSA 4 (Hourly) Actual Monthly Over/(Under) Collections
For the Period January 1, 2011 through November 30, 2011
and December 2011, January 2012 and February 2012**

| 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 |
| Mar-11 | \$ 4,906,364 | \$ 262,903 | \$ 29,114 | \$ 5,198,381 | 1.00000000 | \$ 5,198,381 |
| Apr-11 | \$ 3,706,889 | \$ 192,662 | \$ 26,307 | \$ 3,925,857 | 1.00000000 | \$ 3,925,857 |
| May-11 | \$ 5,040,920 | \$ 285,803 | \$ 43,459 | \$ 5,370,182 | 1.00000000 | \$ 5,370,182 |
| Jun-11 | \$ 4,448,331 | \$ 335,879 | \$ 25,449 | \$ 4,809,659 | 1.00000000 | \$ 4,809,659 |
| Jul-11 | \$ 5,622,952 | \$ 425,014 | \$ 21,619 | \$ 6,069,585 | 1.00000000 | \$ 6,069,585 |
| Aug-11 | \$ 4,337,687 | \$ 333,931 | \$ 26,352 | \$ 4,697,971 | 1.00000000 | \$ 4,697,971 |
| Sep-11 | \$ 3,485,928 | \$ 262,382 | \$ 25,521 | \$ 3,773,831 | 1.00000000 | \$ 3,773,831 |
| Oct-11 | \$ 2,198,869 | \$ 165,506 | \$ 26,146 | \$ 2,390,521 | 1.00000000 | \$ 2,390,521 |
| Nov-11 | \$ 1,869,162 | \$ 140,689 | \$ 23,886 | \$ 2,033,737 | 1.00000000 | \$ 2,033,737 |
| Dec-11 | | | | | | |
| Jan-12 | | | | | | |
| Feb-12 | | | | | | |

**PECO GSA 4 (Hourly) Actual Monthly Over/(Under) Collections
For the Period January 1, 2011 through November 30, 2011
and December 2011, January 2012 and February 2012**

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 |
| Mar-11 | \$ 5,043,998 | \$ 409,311 | \$ 15,386 | \$ 5,468,695 | \$ - | \$ - | \$ - | \$ 5,468,695 |
| Apr-11 | \$ 3,906,476 | \$ 316,729 | \$ 17,579 | \$ 4,240,784 | \$ - | \$ - | \$ - | \$ 4,240,784 |
| May-11 | \$ 5,258,624 | \$ 427,526 | \$ 28,273 | \$ 5,714,423 | \$ - | \$ 184,181 | \$ 184,181 | \$ 5,898,604 |
| Jun-11 | \$ 4,495,574 | \$ 325,692 | \$ 24,712 | \$ 4,845,978 | \$ - | \$ 226,781 | \$ 226,781 | \$ 5,072,759 |
| Jul-11 | \$ 4,757,684 | \$ 324,980 | \$ 18,642 | \$ 5,101,306 | \$ (111,455) | \$ 229,466 | \$ 118,011 | \$ 5,219,317 |
| Aug-11 | \$ 5,767,104 | \$ 368,408 | \$ 20,827 | \$ 6,156,339 | \$ (313,056) | \$ 547,846 | \$ 234,790 | \$ 6,391,129 |
| Sep-11 | \$ 3,359,340 | \$ 301,880 | \$ 22,442 | \$ 3,683,662 | \$ (346,372) | \$ 489,697 | \$ 143,325 | \$ 3,826,987 |
| Oct-11 | \$ 2,500,373 | \$ 227,942 | \$ 21,014 | \$ 2,749,329 | \$ (177,142) | \$ 404,246 | \$ 227,104 | \$ 2,976,433 |
| Nov-11 | \$ 2,202,833 | \$ 199,591 | \$ 18,364 | \$ 2,420,788 | \$ 818,993 | \$ 330,674 | \$ 1,149,667 | \$ 3,570,455 |
| Dec-11 | | | | | \$ (1,281,790) | \$ 361,423 | \$ (920,367) | |
| Jan-12 | | | | | \$ 86,785 | \$ 298,541 | \$ 385,326 | |
| Feb-12 | | | | | \$ (565,588) | | | |

**PECO GSA 4 (Hourly) Actual Monthly Over/(Under) Collections
For the Period January 1, 2011 through November 30, 2011
and December 2011, January 2012 and February 2012**

| 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) | Cumulative Over/(Under) Collection for 1 month recovery (20)=Cumulative from (19) |
|--------|--|---|--|---|--|--|
| 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) | \$ - | \$ - |
| Mar-11 | \$ 270,314 | \$ (5,464,504) | \$ - | \$ (5,734,818) | \$ 270,314 | \$ 270,314 |
| Apr-11 | \$ 314,927 | \$ (5,149,577) | \$ - | \$ (5,734,818) | \$ 314,927 | \$ 585,241 |
| May-11 | \$ 528,422 | \$ (4,621,155) | \$ 184,181 | \$ (5,550,637) | \$ 344,241 | \$ 929,482 |
| Jun-11 | \$ 263,100 | \$ (4,358,055) | \$ 226,781 | \$ (5,323,856) | \$ 36,319 | \$ 965,801 |
| Jul-11 | \$ (850,268) | \$ (5,208,323) | \$ 229,466 | \$ (5,094,390) | \$ (1,079,734) | \$ (113,933) |
| Aug-11 | \$ 1,693,158 | \$ (3,515,165) | \$ 547,846 | \$ (4,546,544) | \$ 1,145,312 | \$ 1,031,379 |
| Sep-11 | \$ 53,156 | \$ (3,462,009) | \$ 489,697 | \$ (4,056,847) | \$ (436,541) | \$ 594,838 |
| Oct-11 | \$ 585,912 | \$ (2,876,097) | \$ 404,246 | \$ (3,652,601) | \$ 181,666 | \$ 776,504 |
| Nov-11 | \$ 1,536,718 | \$ (1,339,379) | \$ 330,674 | \$ (3,321,927) | \$ 1,206,044 | \$ 1,982,548 |
| Dec-11 | | | \$ 361,423 | \$ (2,960,504) | | |
| Jan-12 | | | \$ 298,541 | \$ (2,661,963) | | |
| Feb-12 | | | | | | |

PECO GSA 4 (Hourly) Actual Interest Calculation
For the Period January 1, 2011 through November 30, 2011
and December 2011, January 2012 and February 2012

| 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) |
| Mar-11 | \$ 5,468,695 | \$ 5,198,381 | \$ 270,314 | 8.00% | 4.5 | 12 | \$ 8,109 | \$ - | \$ - | \$ (236,404) |
| Apr-11 | \$ 4,240,784 | \$ 3,925,857 | \$ 314,927 | 8.00% | 4.5 | 12 | \$ 9,448 | \$ - | \$ - | \$ (226,956) |
| May-11 | \$ 5,714,423 | \$ 5,370,182 | \$ 344,241 | 8.00% | 4.5 | 12 | \$ 10,327 | \$ - | \$ 6,140 | \$ (210,489) |
| Jun-11 | \$ 4,845,978 | \$ 4,809,659 | \$ 36,319 | 8.00% | 4.5 | 12 | \$ 1,090 | \$ - | \$ 6,479 | \$ (202,920) |
| Jul-11 | \$ 5,101,306 | \$ 6,069,585 | \$ (968,279) | 6.00% | 4.5 | 12 | \$ (21,786) | \$ (6,556) | \$ 6,556 | \$ (224,706) |
| Aug-11 | \$ 6,156,339 | \$ 4,697,971 | \$ 1,458,368 | 8.00% | 4.5 | 12 | \$ 43,751 | \$ (7,114) | \$ 21,345 | \$ (166,724) |
| Sep-11 | \$ 3,683,662 | \$ 3,773,831 | \$ (90,169) | 6.00% | 4.5 | 12 | \$ (2,029) | \$ (11,944) | \$ 17,916 | \$ (162,781) |
| Oct-11 | \$ 2,749,329 | \$ 2,390,521 | \$ 358,808 | 8.00% | 4.5 | 12 | \$ 10,764 | \$ (4,542) | \$ 18,168 | \$ (138,391) |
| Nov-11 | \$ 2,420,788 | \$ 2,033,737 | \$ 387,051 | 8.00% | 4.5 | 12 | \$ 11,612 | \$ 19,226 | \$ 15,381 | \$ (92,172) |
| Dec-11 | | | | | | | \$ | \$ (33,621) | \$ 16,810 | |
| Jan-12 | | | | | | | \$ | \$ - | \$ 13,886 | |
| Feb-12 | | | | | | | \$ | \$ (20,303) | | |

PECO GSA 4 (Hourly) Actual Interest Calculation
For the Period January 1, 2011 through November 30, 2011
and December 2011, January 2012 and February 2012

| Month | Monthly Portion of | Cumulative Portion of | Monthly Portion of | Cumulative Portion of |
|--------|---|---|--|--|
| | Interest, Net of Interest Revenue for 12 month recovery | Interest, Net of Interest Revenue for 12 month recovery | Interest, Net of Interest Revenue for 1 month recovery | 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) | (14) = Cumulative from (13) |
| Jan-11 | \$ (497,879) | \$ (497,879) | \$ - | \$ - |
| Feb-11 | \$ 253,366 | \$ (244,513) | \$ - | \$ - |
| Mar-11 | \$ - | \$ (244,513) | \$ 8,109 | \$ 8,109 |
| Apr-11 | \$ - | \$ (244,513) | \$ 9,448 | \$ 17,557 |
| May-11 | \$ 6,140 | \$ (238,373) | \$ 10,327 | \$ 27,884 |
| Jun-11 | \$ 6,479 | \$ (231,894) | \$ 1,090 | \$ 28,974 |
| Jul-11 | \$ 6,556 | \$ (225,338) | \$ (28,342) | \$ 632 |
| Aug-11 | \$ 21,345 | \$ (203,993) | \$ 36,637 | \$ 37,269 |
| Sep-11 | \$ 17,916 | \$ (186,077) | \$ (13,973) | \$ 23,296 |
| Oct-11 | \$ 18,168 | \$ (167,909) | \$ 6,222 | \$ 29,518 |
| Nov-11 | \$ 15,381 | \$ (152,528) | \$ 30,838 | \$ 60,356 |
| Dec-11 | \$ 16,810 | \$ (135,718) | | |
| Jan-12 | \$ 13,886 | \$ (121,832) | | |
| Feb-12 | | | | |

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 January 13, 2012

Effective March 1, 2012

**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 – 16th Revised Page No. 33
Reflects monthly adjustment for procurement class 4 – hourly pricing 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

$$\sum PJM_{DA} \times \text{usage} / (1-LL)$$

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.

$$((PJM_{AS} \times \text{Usage} * 1 / (1-LL) + AEPS / S_{AEPS} \times \text{Usage})$$

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 = $\sum Q / (U) / S_4 \times \text{usage}$ 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.

| Tariff Rate | <u>GS</u> | <u>PD</u> | <u>HT</u> | <u>EP</u> |
|-----------------------------------|-----------|-----------|-----------|-----------|
| Hourly Pricing Adder* (cents/kWh) | 3.28 | 3.27 | 3.25 | 3.25 |

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

(I)

Fixed Price Contract

The Fixed Price Contract option is eliminated effective January 1, 2012.

(I) Denotes Increase

From: (215) 841-5773
Mike Brennan
PECO
2301 Market St
S15-2
Philadelphia, PA 19103

Origin ID: REDA



J11201108050225

Ship Date: 13JAN12
ActWgt: 2.0 LB
CAD: 9814576/NET3210

Delivery Address Bar Code



SHIP TO: (717) 772-7777

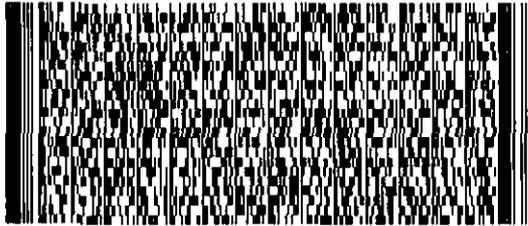
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Rosemary Chiavetta
Pennsylvania Public Utility Commiss
2nd Floor North, CKB
400 North St.
Harrisburg, PA 17120

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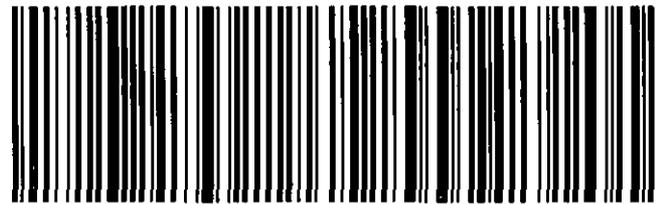
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