



An Exelon Company

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AUG 30 2012

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

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

Subject: Tariff Electric - Universal Service Fund Charge – Section 1307 Mechanism  
Preliminary Reconciliation for 2012  
Docket No. M-2011-2260133

Dear Ms. Chiavetta:

Enclosed for filing with the Commission are eight copies of PECO's preliminary reconciliation of the Electric Universal Service Fund Charge ("USFC") for 2012. This filing is made in accordance with the USFC provisions of Paragraph 33 and 34 of the Joint Petition for Full Settlement (R-00973953) 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 July, supports a total USFC rate of 0.11 cent/kWh. This charge will be added to the Variable Distribution Charge for rates R & RH effective January 1, 2013 through December 31, 2013. For a typical residential customer using 500 kWh per month, the new USFC rate would result in a \$0.80 increase (1.03%) to the monthly bill.

Note, the final USFC filing that will be submitted on October 12, 2012, is expected to include a revised C-factor (projected cost of CAP shortfall costs) as a result of the Stipulation of Settlement at Docket No. P-2011-2247936. Per the settlement, PECO agreed to consider altering its CAP Rate discounts to respond to the ongoing phase-out of the residential heat (Rate RH) energy price blocks. Energy price blocks are being eliminated from PECO's rates in accordance with Docket No. P-2008-2062730.

Ms. Rosemary Chiavetta, Secretary  
August 30, 2012  
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This filing includes the following Exhibits:

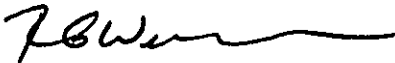
PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

- Exhibit 1 – USFC Calculation
- Exhibit 2 – Proposed USFC Tariff Sheets indicating the rate for 2013
- Exhibit 3 – Rate R Bill Comparison

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

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

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  
M. Carl Lesney, Director - Bureau of Audits  
Paul Diskin, Director – Bureau of Technical Utility Services  
Richard E. Wallace, Bureau of Audits  
Service List

# EXHIBIT 1

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**PECO - Electric**  
**Calculation of USFC Rate Effective January 1, 2013**

	<u>Amount</u>	<u>\$/KWH</u>	
(1) C = Projected Recoverable CAP Costs	\$ (3,358,896)	(\$0.00026)	p. 2 of 4
(2) L = Incremental LIURP expenditures (a)	\$ 2,500,000	\$0.00020	
(3) E = Experienced & Estimated Net Over/(Under)			
a. Over/(Under)	\$ (14,627,543)	(\$0.00115)	p. 3 of 4
b. Interest	\$ (469,214)	(\$0.00004)	p. 4 of 4
c. Audit Adjustment Finding (b)	\$ 5,668	\$0.00000	
	<u>\$ (15,091,089)</u>	<u>(\$0.00118)</u>	
(4) Net Recoverable (C + L - E)	\$ 14,232,193	\$0.00112	
(5) S = Projected Rate R, RH Sales for Computation Period	12,738,209,461		
(6) <b>USFC: (4) / (5)</b>		<b>\$0.0011</b>	

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

(b) Reflects adjustment per audit report of The Universal Service Fund Charge For The Twelve Months Ended December 31, 2008, issued on December 20, 2011 at Docket # D-2010-2157122.

## PECO - 2013 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>Jan-13</b>	\$ 7,121,079	1,293,698,586	\$ 8,797,150	\$ (1,676,072)	\$ (1,223,532)
<b>Feb-13</b>	\$ 6,674,518	1,097,042,931	\$ 7,459,892	\$ (785,374)	\$ (573,323)
<b>Mar-13</b>	\$ 6,468,035	1,007,067,114	\$ 6,848,056	\$ (380,022)	\$ (277,416)
<b>Apr-13</b>	\$ 6,220,708	819,962,292	\$ 5,575,744	\$ 644,964	\$ 470,824
<b>May-13</b>	\$ 6,183,574	795,151,007	\$ 5,407,027	\$ 776,547	\$ 566,879
<b>Jun-13</b>	\$ 6,433,826	1,080,701,636	\$ 7,348,771	\$ (914,945)	\$ (667,910)
<b>Jul-13</b>	\$ 7,211,321	1,457,938,327	\$ 9,913,981	\$ (2,702,659)	\$ (1,972,941)
<b>Aug-13</b>	\$ 7,899,738	1,300,147,996	\$ 8,841,006	\$ (941,269)	\$ (687,126)
<b>Sep-13</b>	\$ 8,000,495	907,089,132	\$ 6,168,206	\$ 1,832,288	\$ 1,337,571
<b>Oct-13</b>	\$ 6,354,809	828,497,826	\$ 5,633,785	\$ 721,024	\$ 526,347
<b>Nov-13</b>	\$ 6,396,289	955,874,088	\$ 6,499,944	\$ (103,655)	\$ (75,668)
<b>Dec-13</b>	\$ 7,054,207	1,195,038,525	\$ 8,126,262	\$ (1,072,055)	\$ (782,600)
	<u>\$ 82,018,597</u>	<u>12,738,209,461</u>	<u>\$ 86,619,824</u>	<u>\$ (4,601,228)</u>	<u>\$ (3,358,896)</u>
<b>Estimated Recovery C-Factor</b>					<b>\$ <u>(3,358,896)</u></b>

(a) Non-CAP kWh.

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

E-Factor  
Calculation

E-Factor Period	Total CAP Discounts (Shortfall)	Billed R/RH Sales (e) (kWh)	CAP Revenues Recovered in Base Rates (f)	Base Recovery o(u) Actual (4) = (3) - (1)	Base Recovery o(u) Actual (f) (5) = (4) * 0.73	C-Factor Revenue (8) = (2) * (\$0.00)	L-Factor Revenue (7) = (2) * \$0.0001	L-Expenditures (8)	L - Factor o(u) Recovery (9) = (7) - (8)	Total C & L Factor o(u) Recovery (10) = (5) + (6) + (9)	E-Factor Rate (11)	E-Factor Revenue (12) = (2) * (11)	Total CAP Revenues (E+L+C) o(u) Recovery (13) = (10) + (12)	Cumulative o(u) Recovery (14)
	(1)	(2)	(3) = (2) * \$0.0068 kWh	(4) = (3) - (1)	(5) = (4) * 0.73	(6) = (2) * (\$0.0004)	(7) = (2) * \$0.0002	(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	\$ -	\$ 112,871	\$ -	\$ 112,871	\$ 717,114	-\$0.0001	\$ (112,871)	\$ 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	\$ 8,251,398	811,631,586	\$ 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)	\$ -	\$ 71,578	\$ 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	1,267,964,699	\$ 8,758,160	\$ 316,619	\$ 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)	\$ (787,941)	-\$0.0001	\$ (104,860)	\$ (902,801)	\$ 163,034
Oct-11	\$ 7,025,156	820,773,982	\$ 5,581,263	\$ (1,443,893)	\$ (1,054,042)	\$ -	\$ 82,077	\$ 130,688	\$ (48,611)	\$ (1,102,653)	-\$0.0001	\$ (82,077)	\$ (1,184,730)	\$ (1,021,696)
Nov-11	\$ 6,835,181	771,300,625	\$ 5,244,844	\$ (1,590,336)	\$ (1,160,946)	\$ -	\$ 77,130	\$ 137,484	\$ (60,354)	\$ (1,221,299)	-\$0.0001	\$ (77,130)	\$ (1,298,429)	\$ (2,320,125)
Dec-11	\$ 7,379,362	956,845,417	\$ 6,506,549	\$ (872,813)	\$ (637,154)	\$ -	\$ 95,685	\$ 46,195	\$ 49,490	\$ (587,664)	-\$0.0001	\$ (95,685)	\$ (683,348)	\$ (3,003,473)
	\$ 82,371,714	11,563,426,232	\$ 78,631,298	\$ (3,740,415)	\$ (2,730,503)	\$ -	\$ 1,156,343	\$ 1,500,000	\$ (343,657)	\$ (3,074,160)		\$ (1,156,343)	\$ (4,230,503)	
E-Factor Period	Total CAP Discounts (Shortfall)	Billed R/RH Sales (e) (kWh)	CAP Revenues Recovered in Base Rates (f)	Base Recovery o(u) Actual (4) = (3) - (1)	Base Recovery o(u) Actual (f) (5) = (4) * 0.73	C-Factor Revenue (6) = (2) * (\$0.0004)	L-Factor Revenue (7) = (2) * \$0.0002	L-Expenditures (8)	L - Factor o(u) Recovery (9) = (7) - (8)	Total C & L Factor o(u) Recovery (10) = (5) + (6) + (9)	E-Factor Rate (11)	E-Factor Revenue (12) = (2) * (11)	CAP Revenues (E+L+C) o(u) Recovery (13) = (10) + (12)	Cumulative o(u) Recovery (14)
Jan-12	\$ 7,200,642	1,172,070,659	\$ 7,970,080	\$ 769,439	\$ 561,690	\$ (468,828)	\$ 234,414	\$ 1,998	\$ 232,416	\$ 325,278	-\$0.0003	\$ (351,621)	\$ (26,344)	\$ (3,029,817)
Feb-12	\$ 6,703,606	989,237,341	\$ 6,726,814	\$ 23,206	\$ 16,940	\$ (395,695)	\$ 197,847	\$ 167,179	\$ 30,668	\$ (348,086)	-\$0.0003	\$ (296,771)	\$ (644,857)	\$ (3,674,674)
Mar-12	\$ 6,373,843	845,507,563	\$ 5,749,451	\$ (624,391)	\$ (455,806)	\$ (338,203)	\$ 169,102	\$ 89,347	\$ 79,754	\$ (714,255)	-\$0.0003	\$ (253,652)	\$ (967,907)	\$ (4,642,581)
Apr-12	\$ 6,103,160	716,336,218	\$ 4,871,086	\$ (1,232,074)	\$ (899,414)	\$ (286,534)	\$ 143,267	\$ 261,685	\$ (118,418)	\$ (1,304,367)	-\$0.0003	\$ (214,901)	\$ (1,519,267)	\$ (6,161,848)
May-12	\$ 6,082,044	702,515,491	\$ 4,777,105	\$ (1,304,939)	\$ (952,605)	\$ (281,006)	\$ 140,503	\$ 52,746	\$ 87,758	\$ (1,145,854)	-\$0.0003	\$ (210,755)	\$ (1,356,609)	\$ (7,518,457)
Jun-12	\$ 7,061,242	925,109,769	\$ 6,290,746	\$ (770,496)	\$ (562,462)	\$ (370,044)	\$ 185,022	\$ 73,927	\$ 111,095	\$ (821,411)	-\$0.0003	\$ (277,533)	\$ (1,098,944)	\$ (8,617,401)
Jul-12	\$ 7,315,023	1,331,046,127	\$ 9,051,114	\$ 1,736,090	\$ 1,267,346	\$ (532,418)	\$ 266,209	\$ 116,635	\$ 149,574	\$ 884,502	-\$0.0003	\$ (399,314)	\$ 485,188	\$ (8,132,213)
Aug-12 (c)	\$ 8,336,460	1,234,600,553	\$ 8,395,284	\$ 58,824	\$ 42,941	\$ (493,840)	\$ 246,920	\$ 351,673	\$ (104,753)	\$ (555,652)	-\$0.0003	\$ (370,380)	\$ (926,032)	\$ (9,058,245)
Sept-12 (c)	\$ 8,431,914	876,437,750	\$ 5,959,777	\$ (2,472,137)	\$ (1,804,660)	\$ (350,575)	\$ 175,288	\$ 291,673	\$ (116,386)	\$ (2,271,621)	-\$0.0003	\$ (262,931)	\$ (2,534,552)	\$ (11,592,797)
Oct-12 (d)	\$ 6,683,681	813,010,928	\$ 5,528,474	\$ (1,155,206)	\$ (843,301)	\$ (325,204)	\$ 162,602	\$ 266,673	\$ (124,071)	\$ (1,292,578)	-\$0.0003	\$ (243,903)	\$ (1,536,479)	\$ (13,129,276)
Nov-12 (d)	\$ 6,736,703	913,809,876	\$ 6,213,907	\$ (522,796)	\$ (381,841)	\$ (365,524)	\$ 182,762	\$ 153,232	\$ 29,530	\$ (717,834)	-\$0.0003	\$ (274,143)	\$ (991,777)	\$ (14,121,054)
Dec-12 (d)	\$ 7,430,771	1,136,022,659	\$ 7,724,954	\$ 294,183	\$ 214,753	\$ (454,409)	\$ 227,205	\$ 153,232	\$ 73,973	\$ (165,683)	-\$0.0003	\$ (340,807)	\$ (506,490)	\$ (14,627,543)
	\$ 84,459,092	11,855,704,934	\$ 79,258,794	\$ (5,200,298)	\$ (3,796,218)	\$ (4,662,282)	\$ 2,331,141	\$ 2,000,000	\$ 331,141	\$ (8,127,359)		\$ (3,496,711)	\$ (11,624,070)	
													<b>Total Recovery E-Factor</b>	<b>\$ (14,627,543)</b>

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

**PECO - 2012 USFC Electric  
Interest Calculation**

E-Factor Period	R/RH Sales (e)	C & L Factor	Interest		Interest Owed/		Interest		Total Interest	Cumulative Interest
	(kWh)	O/(U) Recovery	Rate	Time	(Interest to be Recouped)		Collection/(Refund)	(8) = 5 + 7		(Interest to be Recouped)
	(1)	(2)	(3)	(4)	(5) = (2) * (3) * (4)	(6)	(7) = (1) * (6)		(8) = 5 + 7	(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	\$ 84,424	\$ 182,972
Feb-11	1,126,711,798	\$ 717,114	6%	17/12	\$ 60,955	\$0.0000	\$ -	\$ 60,955	\$ 60,955	\$ 243,927
Mar-11	913,961,295	\$ (48,687)	6%	16/12	\$ (3,895)	\$0.0000	\$ -	\$ (3,895)	\$ (3,895)	\$ 240,032
Apr-11	811,631,586	\$ (481,253)	6%	15/12	\$ (36,094)	\$0.0000	\$ -	\$ (36,094)	\$ (36,094)	\$ 203,938
May-11	715,756,709	\$ (734,991)	6%	14/12	\$ (51,449)	\$0.0000	\$ -	\$ (51,449)	\$ (51,449)	\$ 152,488
Jun-11	1,020,069,671	\$ (384,906)	6%	13/12	\$ (25,019)	\$0.0000	\$ -	\$ (25,019)	\$ (25,019)	\$ 127,470
Jul-11	1,287,964,699	\$ 44,467	6%	12/12	\$ 2,668	\$0.0000	\$ -	\$ 2,668	\$ 2,668	\$ 130,138
Aug-11	1,407,661,706	\$ 585,608	6%	11/12	\$ 32,208	\$0.0000	\$ -	\$ 32,208	\$ 32,208	\$ 162,346
Sep-11	1,048,599,547	\$ (797,941)	6%	10/12	\$ (39,897)	\$0.0000	\$ -	\$ (39,897)	\$ (39,897)	\$ 122,449
Oct-11	820,773,982	\$ (1,102,653)	6%	9/12	\$ (49,619)	\$0.0000	\$ -	\$ (49,619)	\$ (49,619)	\$ 72,830
Nov-11	771,300,625	\$ (1,221,299)	6%	8/12	\$ (48,852)	\$0.0000	\$ -	\$ (48,852)	\$ (48,852)	\$ 23,978
Dec-11	956,845,417	\$ (587,664)	6%	7/12	\$ (20,568)	\$0.0000	\$ -	\$ (20,568)	\$ (20,568)	\$ 3,409
	<b>11,563,426,232</b>	<b>\$ (3,074,160)</b>			<b>\$ (95,139)</b>		<b>\$ -</b>	<b>\$ (95,139)</b>		
Jan-12	1,172,070,659	\$ 325,278	6%	18/12	\$ 29,275	\$0.0000	\$ -	\$ 29,275	\$ 29,275	\$ 32,684
Feb-12	989,237,341	\$ (348,086)	6%	17/12	\$ (29,587)	\$0.0000	\$ -	\$ (29,587)	\$ (29,587)	\$ 3,097
Mar-12	845,507,563	\$ (714,255)	6%	16/12	\$ (57,140)	\$0.0000	\$ -	\$ (57,140)	\$ (57,140)	\$ (54,043)
Apr-12	716,336,218	\$ (1,304,367)	6%	15/12	\$ (97,827)	\$0.0000	\$ -	\$ (97,827)	\$ (97,827)	\$ (151,871)
May-12	702,515,491	\$ (1,145,854)	6%	14/12	\$ (80,210)	\$0.0000	\$ -	\$ (80,210)	\$ (80,210)	\$ (232,081)
Jun-12	925,109,769	\$ (821,411)	6%	13/12	\$ (53,392)	\$0.0000	\$ -	\$ (53,392)	\$ (53,392)	\$ (285,472)
Jul-12	1,331,046,127	\$ 884,502	6%	12/12	\$ 53,070	\$0.0000	\$ -	\$ 53,070	\$ 53,070	\$ (232,402)
Aug-12 (c)	1,234,600,553	\$ (555,652)	6%	11/12	\$ (30,561)	\$0.0000	\$ -	\$ (30,561)	\$ (30,561)	\$ (262,963)
Sept-12 (c)	876,437,750	\$ (2,271,621)	6%	10/12	\$ (113,581)	\$0.0000	\$ -	\$ (113,581)	\$ (113,581)	\$ (376,544)
Oct-12 (d)	813,010,928	\$ (1,292,576)	6%	9/12	\$ (58,166)	\$0.0000	\$ -	\$ (58,166)	\$ (58,166)	\$ (434,710)
Nov-12 (d)	913,809,876	\$ (717,634)	6%	8/12	\$ (28,705)	\$0.0000	\$ -	\$ (28,705)	\$ (28,705)	\$ (463,415)
Dec-12 (d)	1,136,022,659	\$ (165,683)	6%	7/12	\$ (5,799)	\$0.0000	\$ -	\$ (5,799)	\$ (5,799)	\$ (469,214)
	<b>11,655,704,934</b>	<b>\$ (8,127,359)</b>			<b>\$ (472,624)</b>		<b>\$ -</b>	<b>\$ (472,624)</b>		
<b>Net Interest</b>									<b>\$</b>	<b>(469,214)</b>

- (a) Balance total is from USFC Electric & Supplemental Filing.
- (b) Proration for the month of January.
- (c) Actuals to be reflected in final October reconciliation.
- (d) Estimated.
- (e) Residential Non-CAP Sales.

# EXHIBIT 2

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AUG 30 2012

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

**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 \$0.0011 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: (I)

**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-2008-2062739.

**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.

(I) Denotes Increase

# EXHIBIT 3

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**PECO**  
**BILL COMPARISON with USFC at**  
**\$0.0011 kWh**

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

	2012 w/ Current	2013 w/ Proposed (b)	Difference	
	(0.0005) kWh USFC Charge	\$0.0011 kWh USFC Charge	(\$)	(%)
<b>FIXED DISTRIBUTION CHARGE</b>	\$ 7.17	\$ 7.17		
<b>TRANSMISSION CHARGE</b>				
<b>ALL KWH</b>	\$ 3.70	\$ 3.70		
<b>DISTRIBUTION CHARGE</b>				
<b>ALL KWH</b>	\$ 27.35	\$ 28.15		
<b>AEPS</b>				
<b>ALL KWH</b>	\$ 0.35	\$ 0.35		
<b>GSA</b>				
<b>1ST 500 KWH</b>	\$ 39.15	\$ 39.15		
<b>SUB TOTAL</b>	\$ 77.72	\$ 78.52		
<b>STATE TAX ADJUSTMENT CLAUSE -0.05%</b>	\$ (0.02)	\$ (0.02)		
<b>TOTAL</b>	\$ 77.70	\$ 78.50	\$ 0.80	1.03%

(a) Based on PECO Electric Tariff Rates as of 8/1/12.

(b) Calculation is for demonstration purposes only.

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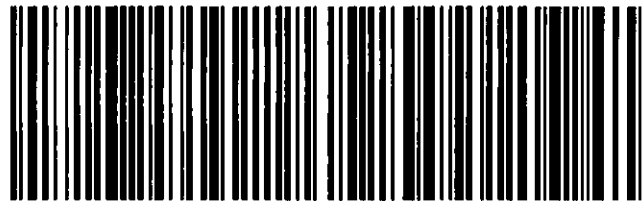
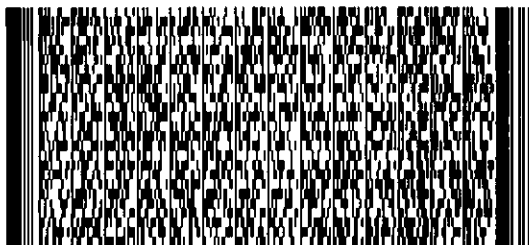
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