



An Exelon Company

Richard G. Webster, Jr.
Vice President

PECO
Regulatory Policy and Strategy
2301 Market Street
S15
Philadelphia, PA 19103

Telephone 215.841.4000
Fax 215.841.6208
www.peco.com
dick.webster@peco-energy.com

August 28, 2015

**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 2015
Docket No. R-2010-2161575**

Dear Ms. Chiavetta:

Enclosed for filing with the Commission is PECO's preliminary reconciliation of the Electric Universal Service Fund Charge ("USFC") for 2015. 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 2015, supports a total USFC credit rate of (\$0.0001)/kWh that would be subtracted from the variable distribution charges contained in Rate R and RH. For a typical residential customer using 500 kWh per month, the new USFC rate will result in a \$0.05 increase (or 0.06%) to the monthly bill.

This filing includes the following Exhibits:

- Exhibit 1 – Proposed USFC Tariff Sheets indicating the rate for 2016**
- Exhibit 2 – USFC Calculation**
- Exhibit 3 – Rate R Bill Comparison**

Ms. Rosemary Chiavetta, Secretary
August 28, 2015
Page 2

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,

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

Richard G. Webster, Jr.
Vice President
Regulatory Policy & Strategy

w/enclosures

cc: C. Walker-Davis, Esquire, Director - Office of Special Assistants
P. T. Diskin, Director – Bureau of Technical Utility Services
D. P. Hosler, Director – Bureau of Audits
J. E. Simms, Director – Bureau of Investigation and Enforcement
Office of Consumer Advocate
McNees, Wallace & Nurick

EXHIBIT 1

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 (\$0.0001) 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 2

PECO - Electric Calculation of USFC Rate Effective January 1, 2016

		Amount	\$/KWH
(1)	C = Projected Recoverable CAP Costs	\$ (1,217,420)	(\$0.00010) p. 2 of 4
(3)	E = Experienced & Estimated Net Over/(Under)		
	a. Over/(Under)	\$ (10,348)	(\$0.00000) p. 3 of 4
	b. Interest	\$ 386,803	\$0.00003 p. 4 of 4
		\$ 376,456	\$0.00003
(4)	Net Recoverable (C - E)	\$ (1,593,876)	(\$0.00013)
(5)	S = Projected R, RH Sales for Computation Period	12,108,353,481	
(6)	USFC: (4)/(5)	(\$0.0001)	

PECO - 2016 USFC Electric C-Factor Calculation

C-Factor Month	Estimated CAP Discounts (Shortfall)	Estimated R/RH Sales (a) (kWh)	Estimated Shortfall Recovered in Base Rates (b)	(3) = (2) * \$0.0068	(4) = (1) - (3)	Shortfall o/(u) Base Recovery	Shortfall o/(u) Base Recovery @ 0.73 (b)	(5) = (4) * 0.73
Jan-16	\$ 7,154,574	1,273,740,654	\$ 8,661,436	\$	(1,506,863)	\$	(1,100,010)	\$
Feb-16	\$ 6,891,120	1,145,941,424	\$ 7,792,402	\$	(901,282)	\$	(657,936)	\$
Mar-16	\$ 6,478,835	1,000,433,632	\$ 6,802,949	\$	(324,113)	\$	(236,603)	\$
Apr-16	\$ 6,199,607	814,428,558	\$ 5,538,114	\$	661,493	\$	482,890	\$
May-16	\$ 5,799,319	718,315,480	\$ 4,884,545	\$	914,774	\$	667,785	\$
Jun-16	\$ 6,639,182	943,048,975	\$ 6,412,733	\$	226,449	\$	165,307	\$
Jul-16	\$ 7,591,267	1,272,225,717	\$ 8,651,135	\$	(1,059,868)	\$	(773,703)	\$
Aug-16	\$ 7,256,932	1,267,472,009	\$ 8,618,810	\$	(1,361,878)	\$	(994,171)	\$
Sep-16	\$ 7,071,374	1,085,280,843	\$ 7,379,910	\$	(308,536)	\$	(225,231)	\$
Oct-16	\$ 6,235,749	779,491,158	\$ 5,300,540	\$	935,209	\$	682,703	\$
Nov-16	\$ 6,247,597	770,410,888	\$ 5,238,794	\$	1,008,803	\$	736,426	\$
Dec-16	\$ 7,103,550	1,037,564,144	\$ 7,055,436	\$	48,114	\$	35,123	\$
	\$ 80,669,105	12,108,353,481	\$ 82,336,804	\$	(1,667,699)	\$	(1,217,420)	\$
					Estimated Recovery C-Factor	\$	(1,217,420)	

(a) Non-CAP kWh.
 (b) Per settlement factor approved at Docket No. R-2010-2161575.

**PECO - 2015 USFC Electric
E-Factor
Calculation**

E-Factor Period	Total CAP Discounts (Shortfall)	Billed R/RH Sales (c) (kWh)	CAP Revenues Recovered In Base Rates (d)	Base Recovery o(u) Actual (4) = (3) - (1)	Base Recovery o(u) Actual (d) (5) = (4) * 0.73	C-Factor Revenue (6) = (2) * \$0.0000	L-Factor Revenue (7) = (2) * \$0.0000	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 Recovery o(u) (14)
Balance														
Jan-14	\$ 7,419,405	1,338,523,664	9,101,961	1,683,556	1,228,996	\$ -	\$ -	\$ -	\$ -	1,228,996	-\$0.0005	\$(689,262)	\$ 559,734	\$ 5,460,617
Feb-14	\$ 7,146,755	1,240,460,315	8,435,130	1,288,375	940,514	\$ -	\$ -	\$ -	\$ -	940,514	-\$0.0005	\$(820,230)	\$ 320,284	\$ 6,020,351
Mar-14	\$ 6,416,313	1,074,378,327	7,305,773	889,460	649,306	\$ -	\$ -	\$ -	\$ -	649,306	-\$0.0005	\$(537,189)	\$ 112,116	\$ 6,340,634
Apr-14	\$ 6,061,170	651,468,771	5,790,124	(271,046)	(197,864)	\$ -	\$ -	\$ -	\$ -	(197,864)	-\$0.0005	\$(425,744)	\$(623,608)	\$ 5,452,751
May-14	\$ 5,495,040	721,261,117	4,904,576	(590,465)	(431,039)	\$ -	\$ -	\$ -	\$ -	(431,039)	-\$0.0005	\$(360,631)	\$(791,670)	\$ 5,829,143
Jun-14	\$ 5,999,066	844,293,257	5,741,194	(257,872)	(188,247)	\$ -	\$ -	\$ -	\$ -	(188,247)	-\$0.0005	\$(422,147)	\$(610,393)	\$ 5,037,473
Jul-14	\$ 7,511,703	1,210,254,227	8,229,729	718,026	524,159	\$ -	\$ -	\$ -	\$ -	524,159	-\$0.0005	\$(605,127)	\$(80,968)	\$ 4,426,080
Aug-14	\$ 7,335,979	1,092,465,000	7,428,888	92,919	67,831	\$ -	\$ -	\$ -	\$ -	67,831	-\$0.0005	\$(546,243)	\$(478,412)	\$ 3,867,700
Sep-14	\$ 7,071,121	1,064,539,281	7,238,867	167,747	122,455	\$ -	\$ -	\$ -	\$ -	122,455	-\$0.0005	\$(532,270)	\$(409,815)	\$ 3,457,895
Oct-14	\$ 5,730,647	751,452,510	5,109,877	(620,770)	(453,162)	\$ -	\$ -	\$ -	\$ -	(453,162)	-\$0.0005	\$(375,726)	\$(628,888)	\$ 2,628,997
Nov-14	\$ 5,928,338	758,601,024	5,158,487	(769,851)	(561,981)	\$ -	\$ -	\$ -	\$ -	(561,981)	-\$0.0005	\$(379,301)	\$(941,292)	\$ 1,687,706
Dec-14	\$ 7,222,181	1,086,570,358	7,388,678	166,496	121,543	\$ -	\$ -	\$ -	\$ -	121,543	-\$0.0005	\$(543,285)	\$(421,742)	\$ 1,265,964
	\$ 79,336,717	12,034,307,981	81,833,293	2,486,575	1,822,501	\$ -	\$ -	\$ -	\$ -	1,822,501	\$ (6,017,154)	\$ (4,194,653)		

E-Factor Period	Total CAP Discounts (Shortfall)	Billed R/RH Sales (c) (kWh)	CAP Revenues Recovered In Base Rates (d)	Base Recovery o(u) Actual (4) = (3) - (1)	Base Recovery o(u) Actual (d) (5) = (4) * 0.73	C-Factor Revenue (6) = (2) * \$0.0001	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 Recovery o(u) (14)
Jan-15	\$ 7,521,202	1,268,217,631	8,623,890	1,102,678	804,955	\$(126,822)	\$(126,822)	\$ -	\$ 678,133	\$(126,822)	-\$0.0001	\$(126,822)	\$ 551,311	\$ 1,817,275
Feb-15	\$ 7,329,049	1,244,574,047	8,463,104	1,134,055	827,860	\$(124,457)	\$(124,457)	\$ -	\$ 703,402	\$(124,457)	-\$0.0001	\$(124,457)	\$ 578,945	\$ 2,396,220
Mar-15	\$ 7,005,699	1,156,931,505	7,867,134	861,436	628,848	\$(115,693)	\$(115,693)	\$ -	\$ 513,155	\$(115,693)	-\$0.0001	\$(115,693)	\$ 397,462	\$ 2,793,682
Apr-15	\$ 6,364,361	839,271,461	5,707,046	(657,315)	(479,840)	\$(83,927)	\$(83,927)	\$ -	\$ -	\$(83,927)	-\$0.0001	\$(83,927)	\$(647,694)	\$ 2,145,987
May-15	\$ 5,890,604	743,081,590	5,052,955	(837,648)	(611,464)	\$(74,308)	\$(74,308)	\$ -	\$ -	\$(85,792)	-\$0.0001	\$(74,308)	\$(760,100)	\$ 1,385,887
Jun-15	\$ 6,767,731	994,931,163	6,765,532	(2,199)	(1,605)	\$(99,493)	\$(99,493)	\$ -	\$ -	(101,098)	-\$0.0001	\$(99,493)	\$(200,591)	\$ 1,185,296
Jul-15	\$ 7,517,827	1,203,341,310	8,182,721	664,894	485,373	\$(120,334)	\$(120,334)	\$ -	\$ -	365,039	-\$0.0001	\$(120,334)	\$ 244,705	\$ 1,430,000
Aug-15 (a)	\$ 7,609,402	1,325,801,002	9,015,447	1,406,045	1,026,413	\$(132,590)	\$(132,590)	\$ -	\$ -	893,833	-\$0.0001	\$(132,590)	\$ 761,253	\$ 2,191,253
Sep-15 (b)	\$ 7,287,400	1,092,194,697	7,426,924	(139,524)	101,853	\$(109,219)	\$(109,219)	\$ -	\$ -	(7,367)	-\$0.0001	\$(109,219)	\$(116,586)	\$ 2,074,667
Oct-15 (b)	\$ 6,404,116	788,837,374	5,364,094	(1,040,022)	(759,216)	\$(78,864)	\$(78,864)	\$ -	\$ -	(898,100)	-\$0.0001	\$(78,864)	\$(916,983)	\$ 1,157,683
Nov-15 (b)	\$ 6,254,016	774,347,509	5,265,563	(988,453)	(721,571)	\$(77,435)	\$(77,435)	\$ -	\$ -	(799,005)	-\$0.0001	\$(77,435)	\$(876,440)	\$ 281,243
Dec-15 (b)	\$ 7,064,006	1,021,228,746	6,944,355	(119,651)	(87,345)	\$(102,123)	\$(102,123)	\$ -	\$ -	(189,468)	-\$0.0001	\$(102,123)	\$(291,591)	\$ (10,348)
	\$ 83,015,412	12,452,758,095	84,678,755	1,653,343	1,214,240	\$(1,245,276)	\$(1,245,276)	\$ -	\$ -	(31,035)	\$ (1,245,276)	\$ (1,276,371)		

Total Recovery E-Factor \$ (10,348)

(a) Actuals to be reflected in final October reconciliation.
 (b) Estimated.
 (c) Residential Non-CAP Sales.
 (d) Per settlement factor approved at Docket No. R-2010-2161575.

PECO - 2015 USFC Electric Interest Calculation

E-Factor Period	R/RH Sales (c) (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 Collections/(Refund) (7) = (1) * (6)	Total Interest (8) = 5 + 7	Cumulative Interest Interest to be Recouped/ (Interest to be Recouped) (9) = (8) + Prev (9)
Balance (a)									
Jan-14	1,338,523,664	\$		18/12	\$	\$0.0000	\$	\$	\$ 139,466
Feb-14	1,240,460,315	\$	6%	17/12	110,610	\$0.0000	-	110,610	250,076
Mar-14	1,074,378,327	\$	6%	16/12	79,944	\$0.0000	-	79,944	330,019
Apr-14	851,488,771	\$	6%	15/12	51,944	\$0.0000	-	51,944	381,964
May-14	721,261,117	\$	6%	14/12	(14,840)	\$0.0000	-	(14,840)	367,124
Jun-14	844,293,257	\$	6%	13/12	(30,173)	\$0.0000	-	(30,173)	336,951
Jul-14	1,210,254,227	\$	6%	12/12	(12,236)	\$0.0000	-	(12,236)	324,715
Aug-14	1,092,485,030	\$	6%	11/12	31,450	\$0.0000	-	31,450	356,165
Sep-14	1,064,539,281	\$	6%	10/12	3,731	\$0.0000	-	3,731	359,895
Oct-14	751,452,510	\$	6%	9/12	6,123	\$0.0000	-	6,123	366,018
Nov-14	758,601,024	\$	6%	8/12	(20,392)	\$0.0000	-	(20,392)	345,626
Dec-14	1,086,570,338	\$	6%	7/12	(22,480)	\$0.0000	-	(22,480)	323,146
	12,034,307,861	\$			4,254			4,254	327,400
					187,934			187,934	
Jan-15	1,268,217,631	\$	6%	18/12	\$	\$0.0000	\$	\$	388,432
Feb-15	1,244,574,047	\$	6%	17/12	61,032	\$0.0000	-	61,032	448,221
Mar-15	1,156,931,505	\$	6%	16/12	59,789	\$0.0000	-	59,789	489,274
Apr-15	839,271,461	\$	6%	15/12	41,052	\$0.0000	-	41,052	446,991
May-15	743,081,590	\$	6%	14/12	(42,283)	\$0.0000	-	(42,283)	398,986
Jun-15	994,931,163	\$	6%	13/12	(48,005)	\$0.0000	-	(48,005)	392,414
Jul-15	1,203,341,310	\$	6%	12/12	(6,571)	\$0.0000	-	(6,571)	414,317
Aug-15 (a)	1,325,801,002	\$	6%	11/12	21,902	\$0.0000	-	21,902	463,478
Sep-15 (b)	1,092,194,697	\$	6%	10/12	49,161	\$0.0000	-	49,161	463,109
Oct-15 (b)	788,837,374	\$	6%	9/12	(368)	\$0.0000	-	(368)	425,395
Nov-15 (b)	774,347,509	\$	6%	8/12	(37,714)	\$0.0000	-	(37,714)	393,435
Dec-15 (b)	1,021,228,746	\$	6%	7/12	(31,960)	\$0.0000	-	(31,960)	386,803
	12,452,788,035	\$			(6,631)			(6,631)	
					59,403			59,403	
									386,803
									Net Interest \$ 386,803

(a) Actuals to be reflected in final October reconciliation.
 (b) Estimated.
 (c) Residential Non-CAP Sales.

EXHIBIT 3

PECO
BILL COMPARISON with USFC at
(\$0.0001) kWh

Residential Rate R - 500 KWH (a)

	2015 w/ Current (\$0.0002) kWh USFC Charge	2016 w/ Proposed (b) (\$0.0001) kWh USFC Credit	Difference (\$)	Difference (%)
FIXED DISTRIBUTION CHARGE	7.12	7.12		
TRANSMISSION CHARGE ALL KWH	2.50	2.50		
DISTRIBUTION CHARGE ALL KWH	31.35	31.40		
GSA				
ALL KWH	38.50	38.50		
SUB TOTAL	79.47	79.52		
STATE TAX ADJUSTMENT CLAUSE -0.27%	(0.10)	(0.10)		
TOTAL	79.37	79.42	\$ 0.05	0.06%

(a) Based on PECO Electric Tariff Rates as of 8/1/15.
(b) Calculation is for demonstration purposes only.