



An Exelon Company

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

December 16, 2015

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265

SUBJECT: PECO Energy Company (PECO) Generation Supply Adjustment (GSA) –
Procurement Class 4, PECO Tariff Electric No. 4, Supplement No. 142
Effective February 1, 2016, Docket No. P-2014-2409362

Dear Secretary Chiavetta:

This letter transmits for filing with the Commission Supplement No. 142 to PECO's Electric Tariff No. 4. This Supplement contains PECO's monthly adjustment to Procurement Class 4 - Hourly Pricing, Large Commercial & Industrial effective February 1, 2016 through February 29, 2016. This filing is made in accordance with the tariff approved in PECO's Third Default Service Program ("DSP-III") at Docket No. P-2014-2409362.

The proposed rate for Rate HT (High Tension Power) for February 2016 of a credit value of 0.704 cents/kWh reflects a decrease of 3.054 cents/kWh compared to the rate in January 2016 for Procurement Class 4 - Hourly Pricing.

Please note that based on PECO's 2015 Electric Base Rate Case Settlement at Docket No. R-2015-2468981, the new working capital value of 0.034 cents/kWh (including Gross Receipts Tax) was used for this filing. A replacement page containing the revised working capital value and reflecting the Settlement tariff numbering (i.e. Electric Service Tariff No. 5) will be filed after the approval of the Settlement, which is expected on December 17, 2015. In addition, a Gross Receipts Tax value of 5.90% was used.

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

Rosemary Chiavetta, Secretary
December 16, 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 at (215) 841-5771.

Sincerely,

Richard G. Webster, Jr./RAS

Copies to: C. Walker-Davis, 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 & Enforcement
Office of Consumer Advocate
Office of Small Business Advocate
McNees, Wallace & Nurick

Enclosures

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: February 1, 2015 through February 29, 2016

cents/kWh

	Amount	Rate GS			Rate PD			Rate HT			Rate EP		
		w/o GRT Incl. Line Loss Ratio	w/GRT Incl. Line Loss Ratio	GSA Rate w/o GRT	w/o GRT Incl. Line Loss Ratio	w/GRT Incl. Line Loss Ratio	GSA Rate w/o GRT	w/o GRT Incl. Line Loss Ratio	w/GRT Incl. Line Loss Ratio	GSA Rate w/o GRT	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 (b)	\$ 118,032 page 2	0.443	0.471	0.435	0.462	0.418	0.444	0.418	0.444	0.418	0.444	0.444	
-Additional AEPS Cost	\$ 16,445 page 2	0.058	0.062	0.058	0.062	0.058	0.062	0.058	0.062	0.058	0.062	0.062	
Total Ancillary Service Cost and Alternative Energy Portfolio Standards Factor	\$ 134,477	0.501	0.533	0.493	0.524	0.476	0.506	0.476	0.506	0.476	0.506	0.506	
AC Administrative Cost Factor													
-Administrative Cost	\$ 1,947 page 2	0.007	0.007	0.007	0.007	0.007	0.007	0.007	0.007	0.007	0.007	0.007	
Total Administrative Service Cost	\$ 1,947	0.007	0.007	0.007	0.007	0.007	0.007	0.007	0.007	0.007	0.007	0.007	
E Factor Including Interest													
-Over/(Under) Collection Jan 2011 to Oct 2015	\$ 183,585 page 5	0.652	0.663	0.652	0.663	0.652	0.663	0.652	0.663	0.652	0.663	0.663	
-Net Interest Jan 2011 to Oct 2015	\$ 10,716 page 6	0.038	0.040	0.038	0.040	0.038	0.040	0.038	0.040	0.038	0.040	0.040	
-Prior Period Over/Under Collection Revenue, Nov 2015 to Jan 2016	\$ 130,092 page 5	0.494	0.525	0.494	0.525	0.484	0.525	0.484	0.525	0.484	0.525	0.525	
-Prior Period Interest Revenue, Nov 2015 to Jan 2016	\$ (2,089) page 6	-0.007	-0.007	-0.007	-0.007	-0.007	-0.007	-0.007	-0.007	-0.007	-0.007	-0.007	
Total E Factor Including Interest	\$ 331,304	1.177	1.251	1.177	1.251	1.177	1.251	1.177	1.251	1.177	1.251	1.251	
WC Working Capital Adjustment													
-Working Capital Adjustment (b)		0.032	0.034	0.032	0.034	0.032	0.034	0.032	0.034	0.032	0.034	0.034	
Total Working Capital Adjustment		0.032	0.034	0.032	0.034	0.032	0.034	0.032	0.034	0.032	0.034	0.034	
Total GSA Rate (AS + AC + E + WC)		-0.661	-0.617	-0.645	-0.665	-0.662	-0.704	-0.662	-0.704	-0.662	-0.704	-0.704	
S Sales for Application Period in kWh	28,159,674 page 3												
Gross Receipts Tax (GRT)	\$ 90%												

(a) Adjusted for overall line loss factor ratio
(b) Based on Settlement at Docket No. R-2015-2468981

**PECO GSA 4 (Hourly) Ancillary Services and AEPS (AS Factor)
and Administrative Costs**

For the Period February 1, 2016 through February 29, 2016

Month	Default Supplier Hourly Pricing and PECO Provided Spot Ancillary Services, AEPS Compliance (1)	Additional AEPS Costs (2)	Administrative Cost (3)
Feb-16	\$118,032	\$16,445	\$1,947

**PECO GSA 4 (Hourly) Default kWh Sales
For the Period February 1, 2016 through February 29, 2016**

Month	Total kWh	Rate GS kWh	Rate PD kWh	Rate HT kWh	Rate EP kWh
Feb-16	28,159,674	1,543,348	278,602	26,337,724	-

**PECO GSA 4 (Hourly) Actual Monthly Over/(Under) Collections
For the Period January 1, 2011 through October 31, 2015
and November 2015, December 2015 and January 2016**

Month	Default Supplier Hourly Pricing and PECO Provided Spot Ancillary Services, AEPS		Compliance Additional AEPS Costs		Administrative Total Cost Including Cost Administrative Cost	Allocation Factor	Total Allocated Cost Including Administrative Cost
	(1)	(2)	(3)	(4)			
Jun-13	\$2,980,202	\$224,316	\$39,867	\$14,345	\$3,258,730	1.00000000	\$3,258,730
Jul-13	\$2,368,706	\$178,290	\$49,877	\$15,534	\$2,612,407	1.00000000	\$2,612,407
Aug-13	\$2,452,487	\$184,596	\$44,174	\$14,034	\$2,695,290	1.00000000	\$2,695,290
Sep-13	\$2,315,849	\$174,311	\$43,771	\$17,640	\$2,551,571	1.00000000	\$2,551,571
Oct-13	\$2,238,829	\$168,514	\$15,809	\$18,258	\$2,441,420	1.00000000	\$2,441,420
Nov-13	\$2,560,197	\$192,703	\$188	\$15,521	\$2,768,609	1.00000000	\$2,768,609
Jan-14	\$9,836,500	\$740,382	\$55	\$17,416	\$10,594,352	1.00000000	\$10,594,352
Feb-14	\$4,202,849	\$316,343	\$21	\$18,003	\$4,537,216	1.00000000	\$4,537,216
Mar-14	\$4,284,571	\$322,495	\$28	\$16,575	\$4,623,668	1.00000000	\$4,623,668
Apr-14	\$2,065,398	\$155,460	\$44	\$15,593	\$2,236,495	1.00000000	\$2,236,495
May-14	\$1,754,939	\$132,092	\$55	\$16,399	\$1,903,486	1.00000000	\$1,903,486
Jun-14	\$1,632,096	\$122,846	\$37,677	\$17,165	\$1,809,784	1.00000000	\$1,809,784
Jul-14	\$1,804,019	\$135,786	\$42,185	\$10,871	\$1,992,861	1.00000000	\$1,992,861
Aug-14	\$1,490,120	\$112,160	\$50,989	\$11,004	\$1,664,273	1.00000000	\$1,664,273
Sep-14	\$1,340,359	\$100,887	\$36,843	\$10,230	\$1,488,320	1.00000000	\$1,488,320
Oct-14	\$1,302,380	\$98,029	\$36,425	\$12,789	\$1,449,623	1.00000000	\$1,449,623
Nov-14	\$1,507,798	\$113,490	\$31,118	\$12,742	\$1,665,148	1.00000000	\$1,665,148
Dec-14	\$1,445,501	\$108,801	\$36,229	\$9,674	\$1,600,205	1.00000000	\$1,600,205
Jan-15	\$1,426,321	\$107,357	\$43,469	\$10,594	\$1,587,741	1.00000000	\$1,587,741
Feb-15	\$3,705,969	\$278,944	(\$4)	\$11,552	\$3,996,461	1.00000000	\$3,996,461
Mar-15	\$2,501,674	\$188,298	\$5	\$10,763	\$2,700,740	1.00000000	\$2,700,740
Apr-15	\$1,360,040	\$102,369	\$131	\$14,209	\$1,476,749	1.00000000	\$1,476,749
May-15	\$1,339,149	\$100,796	\$82	\$14,048	\$1,454,075	1.00000000	\$1,454,075
Jun-15	\$1,140,336	\$85,832	\$16,806	\$6,323	\$1,249,297	1.00000000	\$1,249,297
Jul-15	\$1,434,490	\$107,972	\$19,848	\$8,898	\$1,571,208	1.00000000	\$1,571,208
Aug-15	\$1,430,249	\$107,653	\$52,973	\$7,077	\$1,597,952	1.00000000	\$1,597,952
Sep-15	\$1,449,170	\$109,077	\$21,595	\$6,088	\$1,585,930	1.00000000	\$1,585,930
Oct-15	\$1,278,620	\$96,240	\$14,810	\$9,774	\$1,399,444	1.00000000	\$1,399,444
Nov-15							
Dec-15							
Jan-16							

PECO GSA 4 (Hourly) Actual Interest Calculation
 For the Period January 1, 2011 through October 31, 2015
 and November 2015, December 2015 and January 2016

Month	Current 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 Customers (Recovered from)	Interest Revenue Excl GRT in E Factor Recovered from Customers for 1 month recovery	Interest Revenue Excl GRT in E Factor Recovered from Customers for 12 month recovery	Cumulative Interest to be Returned to Customers (Recovered from)
	(1) = (11) from Attachment 1, Page 5	(2) = (7) from Attachment 1, Page 4	(3) = (1) - (2)	(4)	(5)	(6)	(7) = (3) x (4) x (5) / (6)	(8)	(9)	(8) + (9)
Jun-13	\$3,228,001	\$3,258,730	(\$30,729)	6.00%	4.5	12	(\$691)	\$7,724	\$0	\$317,805
Jul-13	\$2,954,621	\$2,612,407	\$342,214	8.00%	4.5	12	\$10,266	(\$338,270)	\$0	\$324,838
Sep-13	\$2,550,227	\$2,695,290	(\$145,063)	6.00%	4.5	12	(\$3,264)	\$18,399	\$0	(\$3,166)
Oct-13	\$2,295,624	\$2,551,571	(\$255,947)	6.00%	4.5	12	(\$5,759)	\$3,570	\$0	\$11,969
Nov-13	\$2,493,364	\$2,441,420	\$51,944	8.00%	4.5	12	\$1,558	(\$10,977)	\$0	\$9,780
Dec-13	\$2,801,221	\$2,768,609	\$32,612	8.00%	4.5	12	\$978	(\$12,234)	\$0	\$361
Jan-14	\$5,859,857	\$10,594,352	(\$4,734,495)	6.00%	4.5	12	(\$106,526)	\$8,824	\$0	(\$10,895)
Feb-14	\$9,487,769	\$4,537,216	\$4,950,553	8.00%	3.5	12	\$115,513	\$10,351	\$0	(\$108,597)
Mar-14	\$4,607,291	\$4,623,668	(\$16,377)	6.00%	4.5	12	(\$368)	\$0	\$0	\$17,267
Apr-14	\$2,684,818	\$2,236,495	\$448,323	8.00%	4.5	12	\$13,450	(\$3,273)	\$0	\$16,899
May-14	\$2,159,344	\$1,903,486	\$255,858	8.00%	4.5	12	\$7,676	(\$14,350)	\$0	\$27,076
Jun-14	\$1,704,050	\$1,809,784	(\$105,734)	6.00%	4.5	12	(\$2,379)	\$3,170	\$0	\$20,402
Jul-14	\$1,933,152	\$1,992,861	(\$59,709)	6.00%	4.5	12	(\$1,343)	\$5,090	\$0	\$21,193
Aug-14	\$1,744,273	\$1,664,273	\$80,000	8.00%	4.5	12	\$2,400	(\$15,755)	\$0	\$24,940
Sep-14	\$1,563,239	\$1,488,320	\$74,919	8.00%	4.5	12	\$2,248	(\$14,982)	\$0	\$11,567
Oct-14	\$1,306,704	\$1,449,623	(\$142,919)	6.00%	4.5	12	(\$3,216)	\$2,468	\$0	(\$1,147)
Nov-14	\$1,562,893	\$1,665,148	(\$102,255)	6.00%	4.5	12	(\$2,301)	\$4,643	\$0	(\$1,895)
Dec-14	\$1,457,119	\$1,600,205	(\$143,086)	6.00%	4.5	12	(\$3,219)	(\$3,063)	\$0	\$447
Jan-15	\$1,890,784	\$1,587,741	\$303,043	8.00%	4.5	12	\$9,091	(\$4,865)	\$0	(\$5,835)
Feb-15	\$2,904,017	\$3,996,461	(\$1,092,444)	6.00%	4.5	12	(\$24,580)	\$10,626	\$0	(\$1,609)
Mar-15	\$3,531,586	\$2,700,740	\$830,846	8.00%	4.5	12	\$24,925	\$3,365	\$0	(\$15,963)
Apr-15	\$1,896,409	\$1,476,749	\$419,660	8.00%	4.5	12	\$12,590	\$0	\$0	\$12,727
May-15	\$1,378,493	\$1,454,075	(\$75,582)	6.00%	4.5	12	(\$1,701)	(\$8,920)	\$0	\$25,317
Jun-15	\$1,282,313	\$1,249,297	\$33,016	8.00%	4.5	12	\$990	\$13,733	\$0	\$14,696
Jul-15	\$1,669,185	\$1,571,208	\$97,977	8.00%	4.5	12	\$2,939	(\$14,239)	\$0	\$29,419
Aug-15	\$1,765,710	\$1,597,952	\$167,758	8.00%	4.5	12	\$5,033	(\$15,515)	\$0	\$18,119
Sep-15	\$1,261,738	\$1,585,930	(\$324,192)	6.00%	4.5	12	(\$7,294)	\$2,775	\$0	\$7,637
Oct-15	\$1,652,723	\$1,399,444	\$253,279	8.00%	4.5	12	\$7,598	\$0	\$0	\$3,118
Nov-15								(\$4,969)	\$0	\$10,716
Dec-15								(\$6,048)	\$0	\$0
Jan-16								\$6,918	\$0	\$0

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 December 16, 2015

Effective February 1, 2016

**ISSUED BY: C. L. Adams – President & CEO
PECO Energy Distribution Company
2301 MARKET STREET
PHILADELPHIA, PA. 19101**

NOTICE

PECO Energy Company

Supplement No. 142 to
Tariff Electric Pa. P.U.C. No. 4
Hundredth and Twenty-Five Revised Page No. 1
Supersedes Hundredth and Twenty-Four Revised Page No. 1

LIST OF CHANGES MADE BY THIS SUPPLEMENT

**GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASS 4 LOADS GREATER THAN 500 KW – 33rd
Revised Page No. 33A**

Reflects monthly adjustment for Procurement Class 4 - hourly pricing pursuant to Order at Docket No. P-2014-2409362.

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**GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASS 4
 LOADS GREATER THAN 500KW**

Applicability: Effective June 1, 2015 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 rates for GSA 4 Hourly shall be effective the first of each month. If the balance of over/(under) recovery gets too large due to billing lag, the Company can file a reconciliation that will mitigate the subsequent impact. 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 Independent Evaluator, 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. Administrative Costs also includes any other costs incurred to implement retail market enhancements directed by the Commission in its Retail Market Investigation at Docket No. I-2011-2237952, or any other applicable docket that are not recovered from EGSS or through another rate.

A / S x 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 including the proceeds and costs from the exercise of Auction Revenue Rights shall be included in this component. Ancillary services shall be those included in the Supply Master Agreement as being the responsibility of the supplier.

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

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).

Auction Revenue Rights (ARR) = Allocated annually by PJM to Firm transmission customers, the ARR's allow a Company to select rights to specific transmission paths in order to avoid congestion charges

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 = $\Sigma O / (U) / S_4 \times \text{usage}$ where

E = Over/under recovery as calculated in the reconciliation

S₄ = Procurement class four sales

WC = 0.034¢/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. 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)	-0.677	-0.686	-0.704	-0.704

(D)

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

(D) Denotes Decrease