



An Exelon Company

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March 16, 2016

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)
PECO Tariff Electric No. 5, Supplement No. 7 Effective May 1, 2016
Docket No. P-2014-2409362

Dear Secretary Chiavetta:

This letter transmits for filing with the Commission Supplement No. 7 to PECO's Electric Tariff No. 5. This Supplement contains PECO's monthly adjustment to Procurement Class 4 - Hourly Pricing, Large Commercial & Industrial effective May 1, 2016 through May 31, 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 May 2016 of 0.580 cents/kWh reflects an increase of 0.678 cents/kWh compared to the rate effective April 2016 for Procurement Class 4 - Hourly Pricing.

Included in this filing, as described in the Attachment 2, Tariff Page Number 36, is a change in the basis for the monthly interest rate for over or under collections. The interest rate is now based on the prime rate of interest for commercial banking in compliance with the Order at Docket No. L-2014-2421001. This interest rate basis became effective with January 2016 over or under collections.

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
March 16, 2016
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,

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

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: May 1, 2016 through May 31, 2016
 cents/kWh

	Amount	GSA Rate			Rate GS			Rate PD			Rate HT			Rate EP		
		w/o GRT	Incl. Line	w/GRT Loss Ratio	w/o GRT	Incl. Line	w/GRT Loss Ratio	w/o GRT	Incl. Line	w/GRT Loss Ratio	w/o GRT	Incl. Line	w/GRT Loss Ratio	w/o GRT	Incl. Line	w/GRT Loss Ratio
AS Ancillary Services and Alternative Energy Portfolio Standards Factor																
-Ancillary Service and AEPS (a)	\$ 112,148 page 2	0.419	0.443	0.471	0.435	0.462	0.418	0.444	0.418	0.444	0.418	0.444	0.418	0.444	0.418	0.444
-Additional AEPS Cost	\$ 10 page 2	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Ancillary Service Cost and Alternative Energy Portfolio Standards Factor	\$ 112,158	0.419	0.443	0.471	0.435	0.462	0.418	0.444	0.418	0.444	0.418	0.444	0.418	0.444	0.418	0.444
AC Administrative Cost Factor																
-Administrative Cost	\$ 2,705 page 2	0.010	0.010	0.011	0.010	0.011	0.010	0.011	0.010	0.011	0.010	0.011	0.010	0.011	0.010	0.011
Total Administrative Service Cost	\$ 2,705	0.010	0.010	0.011	0.010	0.011	0.010	0.011	0.010	0.011	0.010	0.011	0.010	0.011	0.010	0.011
E Factor Including Interest																
-Over/(Under) Collection Jan 2011 to Jan 2016	\$ 471,215 page 5	1.761	1.761	1.871	1.761	1.871	1.761	1.871	1.761	1.871	1.761	1.871	1.761	1.871	1.761	1.871
-Net Interest Jan 2011 to Jan 2016	\$ 14,012 page 6	0.052	0.052	0.055	0.052	0.055	0.052	0.055	0.052	0.055	0.052	0.055	0.052	0.055	0.052	0.055
-Prior Period Over/Under Collection Revenue, Feb 2016 to Apr 2016	\$ (493,141) page 5	-1.843	-1.843	-1.959	-1.843	-1.959	-1.843	-1.959	-1.843	-1.959	-1.843	-1.959	-1.843	-1.959	-1.843	-1.959
-Prior Period Interest Revenue, Feb 2016 to Apr 2016	\$ (14,726) page 6	-0.055	-0.055	-0.058	-0.055	-0.058	-0.055	-0.058	-0.055	-0.058	-0.055	-0.058	-0.055	-0.058	-0.055	-0.058
Total E Factor Including Interest	\$ (22,640)	-0.085	-0.085	-0.091	-0.085	-0.091	-0.085	-0.091	-0.085	-0.091	-0.085	-0.091	-0.085	-0.091	-0.085	-0.091
WC Working Capital Adjustment																
-Working Capital Adjustment (b)		0.032	0.032	0.034	0.032	0.034	0.032	0.034	0.032	0.034	0.032	0.034	0.032	0.034	0.032	0.034
Total Working Capital Adjustment		0.032	0.032	0.034	0.032	0.034	0.032	0.034	0.032	0.034	0.032	0.034	0.032	0.034	0.032	0.034
Total GSA Rate (AS + AC - E + WC)		0.546	0.570	0.607	0.562	0.598	0.545	0.580	0.545	0.580	0.545	0.580	0.545	0.580	0.545	0.580
S Sales for Application Period in kWh	26 758 004 page 3															
Gross Receipts Tax (GRT)	5.90%															

(a) Adjusted for overall line loss factor ratio
 (b) Based on Settlement at Docket No. R-2015-2469981

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

For the Period May 1, 2016 through May 31, 2016

Month	Default Supplier Hourly Pricing and PECO Provided Spot Ancillary Services, AEPS Compliance (1)	Additional AEPS Costs (2)	Administrative Cost (3)
May-16	\$112,148	\$10	\$2,705

**PECO GSA 4 (Hourly) Default kWh Sales
For the Period May 1, 2016 through May 31, 2016**

Month	Total kWh	Rate GS kWh	Rate PD kWh	Rate HT kWh	Rate EP kWh
May-16	26,758,004	1,435,413	258,881	25,063,711	-

PECO GSA 4 (Hourly) Actual Monthly Over/(Under) Collections
For the Period January 1, 2011 through January 31, 2016
and February 2016, March 2016 and April 2016

Month	Default Supplier Hourly Pricing and PECO Provided Spot Energy and Capacity	Default Supplier Hourly Pricing and PECO Provided Spot Ancillary Services, AEPs Compliance	Additional AEPs Costs	Administrative Total Cost Including Cost Administrative	Allocation Factor	Total Allocated Cost Including Administrative Cost
	(1)	(2)	(3)	(4) (5)-(1)-(2)-(3)-(4)	(6)	(7)=(5) x (6)
Jun-13	\$2,980,202	\$224,316	\$39,867	\$14,345	1.00000000	\$3,258,730
Jul-13	\$2,368,706	\$178,290	\$49,877	\$15,534	1.00000000	\$2,612,407
Sep-13	\$2,452,487	\$184,596	\$44,174	\$14,034	1.00000000	\$2,695,290
Oct-13	\$2,315,849	\$174,311	\$43,771	\$17,640	1.00000000	\$2,551,571
Nov-13	\$2,238,829	\$168,514	\$15,809	\$18,268	1.00000000	\$2,441,420
Dec-13	\$2,560,197	\$192,703	\$188	\$15,521	1.00000000	\$2,768,609
Jan-14	\$9,836,500	\$740,382	\$55	\$17,416	1.00000000	\$10,594,352
Feb-14	\$4,202,849	\$316,343	\$21	\$18,003	1.00000000	\$4,537,216
Mar-14	\$4,284,571	\$322,495	\$28	\$16,575	1.00000000	\$4,623,668
Apr-14	\$2,065,398	\$155,460	\$44	\$15,593	1.00000000	\$2,236,495
May-14	\$1,754,939	\$132,092	\$55	\$16,399	1.00000000	\$1,903,486
Jun-14	\$1,632,096	\$122,846	\$37,677	\$17,165	1.00000000	\$1,809,784
Jul-14	\$1,804,019	\$135,786	\$42,185	\$10,871	1.00000000	\$1,992,861
Aug-14	\$1,490,120	\$112,160	\$50,989	\$11,004	1.00000000	\$1,664,273
Sep-14	\$1,340,359	\$100,887	\$36,843	\$10,230	1.00000000	\$1,488,320
Oct-14	\$1,302,380	\$98,029	\$36,425	\$12,789	1.00000000	\$1,449,623
Nov-14	\$1,507,798	\$113,490	\$31,118	\$12,742	1.00000000	\$1,665,148
Dec-14	\$1,445,501	\$108,801	\$36,229	\$9,674	1.00000000	\$1,600,205
Jan-15	\$1,426,321	\$107,357	\$43,469	\$10,594	1.00000000	\$1,587,741
Feb-15	\$3,705,969	\$278,944	(\$4)	\$11,552	1.00000000	\$3,996,461
Mar-15	\$2,501,674	\$188,298	\$5	\$10,763	1.00000000	\$2,700,740
Apr-15	\$1,360,040	\$102,369	\$131	\$14,209	1.00000000	\$1,476,749
May-15	\$1,339,149	\$100,796	\$82	\$14,048	1.00000000	\$1,454,075
Jun-15	\$1,140,336	\$85,832	\$16,806	\$6,323	1.00000000	\$1,249,297
Jul-15	\$1,434,490	\$107,972	\$19,848	\$8,898	1.00000000	\$1,571,208
Aug-15	\$1,430,249	\$107,653	\$52,973	\$7,077	1.00000000	\$1,597,952
Sep-15	\$1,449,170	\$109,077	\$21,595	\$6,088	1.00000000	\$1,585,930
Oct-15	\$1,278,620	\$96,240	\$14,810	\$9,774	1.00000000	\$1,399,444
Nov-15	\$1,089,296	\$81,990	\$16,553	\$8,291	1.00000000	\$1,196,130
Dec-15	\$968,453	\$72,894	\$28,893	\$8,324	1.00000000	\$1,078,565
Jan-16	\$1,390,561	\$104,666	\$19,202	\$8,255	1.00000000	\$1,522,684
Feb-16						
Mar-16						
Apr-16						

PECO GSA 4 (Hourly) Actual Monthly Over/(Under) Collections
 For the Period January 1, 2011 through January 31, 2016
 and February 2016, March 2016 and April 2016

Current Revenue for Over/(Under) Excluding GRT Prior Period Revenue for Over/(Under) Excluding GRT

Month	Default Supplier and PECO Provided Current Revenue for Ancillary Services and AEPs Excl 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	Monthly Over/(Under) Collection	Cumulative Over/(Under) Collection
	(8)	(9)	(10)	(11)=(8)+(9)+(10)	(12)	(13)	(14)=(12)+(13)	(15)=(11)+(14)	(16)=(15)+(7)	(17)=Cumulative from (16), June 2013 = (21) May 2013 + (16)
Jun-13	\$3,053,361	\$161,553	\$13,087	\$3,228,001	\$884,388	\$0	\$884,388	\$4,112,389	\$863,659	(\$1,323,181)
Jul-13	\$2,757,431	\$181,216	\$15,974	\$2,954,621	\$257,931	\$0	\$257,931	\$3,212,552	\$600,145	(\$469,522)
Sep-13	\$2,356,806	\$171,542	\$21,878	\$2,550,227	(\$176,633)	\$0	(\$176,633)	\$2,373,594	(\$321,696)	\$130,623
Oct-13	\$2,121,936	\$156,833	\$16,855	\$2,295,624	\$349,814	\$0	\$349,814	\$2,645,438	\$39,867	(\$191,073)
Nov-13	\$2,311,297	\$187,401	\$14,666	\$2,493,364	\$98,788	\$0	\$98,788	\$2,592,153	\$150,733	(\$97,206)
Dec-13	\$2,597,010	\$187,978	\$16,233	\$2,801,221	(\$464,902)	\$0	(\$464,902)	\$2,336,319	(\$432,290)	\$53,527
Jan-14	\$5,619,822	\$224,998	\$15,037	\$5,859,857	\$224,993	\$0	\$224,993	\$6,084,850	(\$4,509,502)	(\$4,888,265)
Feb-14	\$9,236,649	\$231,197	\$19,923	\$9,487,769	\$486,540	\$0	\$486,540	\$9,974,309	\$5,437,093	\$548,828
Mar-14	\$4,404,096	\$183,399	\$19,796	\$4,607,291	(\$66,893)	\$0	(\$66,893)	\$4,540,398	(\$83,270)	\$465,558
Apr-14	\$2,523,646	\$140,188	\$20,984	\$2,684,818	(\$94,944)	\$0	(\$94,944)	\$2,589,874	\$353,379	\$818,937
May-14	\$2,013,970	\$128,756	\$16,618	\$2,159,344	(\$419,004)	\$0	(\$419,004)	\$1,740,340	(\$163,146)	\$655,791
Jun-14	\$1,715,473	\$200,170	\$11,090	\$1,926,733	\$161,690	\$0	\$161,690	\$1,865,740	\$55,956	\$711,747
Jul-14	\$1,523,722	\$211,403	\$9,148	\$1,744,273	(\$10,180)	\$0	(\$10,180)	\$1,922,972	(\$69,889)	\$641,858
Sep-14	\$1,349,755	\$196,417	\$17,067	\$1,563,239	(\$384,363)	\$0	(\$384,363)	\$1,359,910	(\$304,363)	\$337,495
Oct-14	\$1,116,309	\$177,641	\$12,754	\$1,306,704	(\$443,462)	\$0	(\$443,462)	\$1,119,777	(\$368,543)	(\$31,048)
Nov-14	\$1,371,436	\$181,196	\$10,261	\$1,562,893	\$113,489	\$0	\$113,489	\$1,420,193	(\$29,430)	(\$60,478)
Dec-14	\$1,261,741	\$187,626	\$7,752	\$1,457,119	(\$85,748)	\$0	(\$85,748)	\$1,523,256	(\$41,892)	(\$102,370)
Jan-15	\$1,651,908	\$228,984	\$9,892	\$1,890,784	(\$55,939)	\$0	(\$55,939)	\$1,371,371	(\$228,834)	(\$331,204)
Feb-15	\$2,644,285	\$248,594	\$11,138	\$2,904,017	\$212,516	\$0	\$212,516	\$1,834,845	\$247,104	(\$84,100)
Mar-15	\$3,335,648	\$183,178	\$12,760	\$3,531,586	\$144,697	\$0	\$144,697	\$3,676,283	(\$879,928)	(\$964,028)
Apr-15	\$1,705,860	\$175,686	\$14,863	\$1,896,409	\$121,377	\$0	\$121,377	\$2,017,786	\$975,543	\$11,515
May-15	\$1,225,246	\$141,024	\$12,223	\$1,378,493	(\$327,809)	\$0	(\$327,809)	\$1,050,684	\$541,037	\$552,552
Jun-15	\$1,153,776	\$121,516	\$7,021	\$1,282,313	\$704,950	\$0	\$704,950	\$1,987,263	(\$403,391)	\$149,161
Jul-15	\$1,478,713	\$182,676	\$7,796	\$1,669,185	(\$586,686)	\$0	(\$586,686)	\$1,082,499	(\$488,709)	\$396,418
Aug-15	\$1,583,143	\$175,006	\$7,561	\$1,765,710	(\$413,734)	\$0	(\$413,734)	\$1,351,976	(\$245,976)	\$152,442
Sep-15	\$1,120,395	\$133,531	\$7,812	\$1,261,738	\$188,704	\$0	\$188,704	\$1,450,442	(\$135,488)	\$16,954
Oct-15	\$1,472,501	\$170,311	\$9,911	\$1,652,723	(\$86,638)	\$0	(\$86,638)	\$1,566,085	(\$207,440)	\$183,595
Nov-15	\$1,000,563	\$117,860	\$6,897	\$1,125,320	(\$136,630)	\$0	(\$136,630)	\$988,690	\$26,167	(\$23,845)
Dec-15	\$1,089,092	\$151,267	\$8,060	\$1,258,419	\$127,687	\$0	\$127,687	\$1,130,732	\$52,167	\$26,322
Jan-16	\$1,350,771	\$167,693	\$3,348	\$1,521,812	\$443,765	\$0	\$443,765	\$1,965,577	\$442,893	\$471,215
Feb-16					(\$317,844)	\$0	(\$317,844)			
Mar-16					(\$35,752)	\$0	(\$35,752)			
Apr-16					(\$139,545)	\$0	(\$139,545)			

PECO GSA 4 (Hourly) Actual Interest Calculation
 For the Period January 1, 2011 through January 31, 2016
 and February 2016, March 2016 and April 2016

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 (Returned to) Customers for 1 month recovery	Interest Revenue Excl GRT in E Factor (Returned to) Customers for 12 month recovery	Cumulative Interest to be Returned to / (Recovered from) Customers
	(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	\$2,685,290	(\$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	(\$5,758)	\$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	(\$366)	\$0	\$0	\$16,899
Apr-14	\$2,694,818	\$2,236,495	\$448,323	8.00%	4.5	12	\$13,450	(\$3,273)	\$0	\$27,076
May-14	\$2,159,344	\$1,903,486	\$255,858	8.00%	4.5	12	\$7,676	(\$14,350)	\$0	\$20,402
Jun-14	\$1,704,050	\$1,809,784	(\$105,734)	6.00%	4.5	12	(\$2,379)	\$3,170	\$0	\$21,193
Jul-14	\$1,933,152	\$1,992,861	(\$59,709)	6.00%	4.5	12	(\$1,343)	\$5,090	\$0	\$24,940
Aug-14	\$1,744,273	\$1,664,273	\$80,000	8.00%	4.5	12	\$2,400	(\$15,753)	\$0	\$11,587
Sep-14	\$1,563,239	\$1,486,320	\$74,919	8.00%	4.5	12	\$2,248	(\$14,982)	\$0	(\$1,147)
Oct-14	\$1,306,704	\$1,449,623	(\$142,919)	6.00%	4.5	12	(\$3,216)	\$2,468	\$0	(\$1,895)
Nov-14	\$1,562,893	\$1,665,148	(\$102,255)	6.00%	4.5	12	(\$2,301)	\$4,643	\$0	\$447
Dec-14	\$1,457,119	\$1,600,205	(\$143,086)	6.00%	4.5	12	(\$3,219)	(\$3,063)	\$0	(\$5,835)
Jan-15	\$1,890,764	\$1,587,741	\$303,043	8.00%	4.5	12	\$9,091	(\$4,865)	\$0	(\$1,609)
Feb-15	\$2,904,017	\$3,996,461	(\$1,092,444)	6.00%	4.5	12	(\$24,580)	\$10,626	\$0	(\$15,563)
Mar-15	\$3,531,586	\$2,700,740	\$830,846	8.00%	4.5	12	\$24,925	\$3,365	\$0	\$12,727
Apr-15	\$1,896,409	\$1,476,749	\$419,660	8.00%	4.5	12	\$12,590	\$0	\$0	\$25,317
May-15	\$1,378,493	\$1,454,075	(\$75,582)	6.00%	4.5	12	(\$1,701)	(\$8,920)	\$0	\$14,696
Jun-15	\$1,282,313	\$1,249,297	\$33,016	8.00%	4.5	12	\$990	\$13,733	\$0	\$29,419
Jul-15	\$1,669,185	\$1,571,208	\$97,977	8.00%	4.5	12	\$2,939	(\$14,239)	\$0	\$18,119
Aug-15	\$1,765,710	\$1,597,952	\$167,758	8.00%	4.5	12	\$5,033	(\$15,515)	\$0	\$7,637
Sep-15	\$1,261,738	\$1,585,930	(\$324,192)	6.00%	4.5	12	(\$7,294)	\$2,775	\$0	\$3,118
Oct-15	\$1,652,723	\$1,399,444	\$253,279	8.00%	4.5	12	\$7,598	\$0	\$0	\$10,716
Nov-15	\$1,125,320	\$1,196,130	(\$70,810)	6.00%	4.5	12	(\$1,593)	(\$4,969)	\$0	\$4,154
Dec-15	\$1,258,419	\$1,078,565	\$179,854	8.00%	4.5	12	\$5,396	(\$3,547)	\$0	\$6,003
Jan-16	\$1,521,812	\$1,522,684	(\$872)	3.50%	4.5	12	(\$11)	\$8,020	\$0	\$14,012
Feb-16								(\$8,598)	\$0	\$0
Mar-16								(\$1,324)	\$0	\$0
Apr-16								(\$4,804)	\$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 March 16, 2016

Effective May 1, 2016

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

NOTICE

LIST OF CHANGES MADE BY THIS SUPPLEMENT

Generation Supply Adjustment for Procurement Class 4 Loads Greater than 500 KW – 4th Revised Page No. 34

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

Reconciliation – 1st Revised Page No. 36 – Reflects the interest rate change in accordance with the Order at Docket No. L-2014-2421001.

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PECO Energy Company

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

Applicability: 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

$\Sigma \text{PJM}_{DA} \times \text{usage} / (1-\text{LL})$
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.

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

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 - $\Sigma \text{O}/(\text{U})/\text{S}_4 \times \text{usage}$ where

E = Over/under recovery as calculated in the reconciliation

S₄ = Procurement class four sales

WC = \$0.00034 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* (dollars/kWh)	\$0.00607	\$0.00598	0.00580	\$0.00580

(I)

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

(I) Denotes Increase

RECONCILIATION
(CONTINUED)

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.

Capacity = The amount charged to PECO by PJM for capacity for its default service load under the reliability pricing model (RPM).

I = interest on the over or under collection at the prime rate of interest for commercial banking, not to exceed the legal rate of interest, in effect on the last day of the month the over collection or under collection occurs, as reported in the Wall Street Journal in accordance with the Order at Docket No. L-2014-2421001. This interest rate basis becomes effective with January 2016 over or under collections. (C)

S = Estimated default service retail sales in kWh for the period the cost of which is being reconciled.

ALL = The average line losses in a procurement class as a percent of generation.

LL = The average line losses for a particular rate (e.g. HT, PD,GS) as provided in the Electric Generation Supplier Coordination Tariff rule 6.6.

GRT = The current gross receipts tax rate.

Procurement Class - Set of customers for which the company has a common procurement plan.

Procedural Schedule

The Company shall file the calculation of the over/under collection for the period being reconciled and the proposed adjustment to the GSA 45 days before the effective date as described below. The over/under collection adjustment for Procurement Classes 1, 2, and 3 shall be effective no earlier than the first day of the month such that the commencement of recovery shall lag by two months. The initial over/under collection adjustment for Procurement Classes 1, 2 and 3 that includes the month of December 2014 and is effective June 1, 2015 will be filed 45 days before the effective date. The over/under collection adjustment for Procurement Class 4 Hourly shall be effective no earlier than the first day of the month such that the commencement of recovery shall lag by one quarter. For Procurement Classes 1, 2 and 3 the GSA will be effective June 1, September 1, December 1 and March 1 commencing June 1, 2015 with over/under collection recovery occurring over the six month period beginning September 1 and March 1. GSA 4 Hourly rates shall be effective the first of each month with over/under collection recovery occurring over a month. The data provided in the reconciliation shall be audited on an annual basis by the PaPUC Bureau of Audits.

(C) Denotes Change