



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

May 23, 2016

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

Re: Replacement Page to Page 40, Supplement No. 11 to Electric Tariff – Pa PUC No. 5, originally issued on May 16, 2016 effective June 1, 2016, Docket No. M-2016-2545629

Dear Secretary Chiavetta:

PECO Energy Company previously issued Tariff Supplement No. 11 to PECO's Electric Tariff - Pa. P.U.C. No. 5 bearing an effective date of June 1, 2016. This letter transmits for filing with the Commission a replacement page for page 40. Page No. 40 is revised to reflect the language to the interest rate change in accordance with the Order at Docket No. L-2014-2421001.

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

PECO Energy Company

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TRANSMISSION SERVICE CHARGE

Purpose: The purpose of this surcharge is to provide for full and current cost recovery of all transmission service related costs incurred under the PJM open access transmission tariff on behalf of the Company's default service load.

Applicability: The surcharge shall be assessed to all default service customers. The cost shall be allocated to each rate class based upon the coincident peak used by PJM to establish the network service obligation.

Billing Provisions: The surcharge shall be calculated on a semi-annual basis using the formula below:

$$TSC(n) = \frac{(C+E+I)}{S(n)} \times \frac{1}{(1-T)}$$

TSC(n) = transmission service cost for customer class n including over or under recovery and associated interest.

C – the transmission service charges incurred by PECO under the PJM open access transmission tariff. These costs shall include the following:

Network Integration Transmission Service costs and Non-Firm Point to Point Transmission costs. Included in the cost to be recovered is a working capital (WC) component as defined below.

Charges assessed by PJM for network service within the PECO zone. Included in such charges are costs for the base network service charge for the zone as well as any load serving entity charges assessed to PECO under the PJM OATT that are listed in PECO's Supply Master Agreement Exhibit D as the responsibility of the Buyer. Included in the cost to be recovered is a working capital (WC) component as defined below.

WC – cost for working capital associated with the purchase of transmission service from PJM at a rate of \$363 per mW. WC is a component of the "C" factor

E – The estimated over or under recovery from the applicable reconciliation period.

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.

n – rate class where: 1 = residential, 1a = RH, 2 = small C&I, 3 = large C&I, 4 = street lighting

- Residential – Rates R, RH (reconciled as a group)
- Small C&I – Rate GS
- Large C&I – Rates HT, PD, EP (reconciled as a group)
- Street Lighting – SLE, SLS, POL, AL, TLCL (reconciled as a group)

S – Estimated default service sales for residential class and the street lighting class in the applicable application period. For the commercial and industrial class it shall be the estimated billed demand for the applicable application period. The application period will be the period when rates will be in effect.

T – The current Pennsylvania gross receipt tax rate included in base rates.

Filings and Reconciliations: The Company shall submit filings 15 days prior to the start of the application period beginning June 1, 2015. Thereafter, the Company will file a surcharge adjustment 15 days prior to June 1 and December 1 of each year. If it is apparent that such methodology would result in a significant over or under recovery before the next 6 month filing for an individual customer class, the Company may propose a rate adjustment 15 days prior to the next effective GSA rate adjustment date (Effective date of March 1, September 1). The annual reconciliation statement will be made by December 31 each year

Current Transmission Service Rate:

- R = \$0.0048 per kilowatthour (I)
- RH = \$0.0048 per kilowatthour (I)
- Small C&I = \$1.22 per billed kW (D)
- Large C&I = \$1.58 per billed kW (D)
- Street Lighting = \$0.004 per kilowatt hour (I)

(C) Denotes Change
 (D) Denotes Decrease
 (I) Denotes Increase

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Street Lighting = \$.00074 per kilowatt hour	(I)

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