



An Exelon Company

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August 30, 2016

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 2016
Docket No. R-2010-2161575, M-2012-2290911 & R-2015-2468981.**

Dear Ms. Chiavetta:

Enclosed for filing with the Commission is PECO's preliminary reconciliation of the Electric Universal Service Fund Charge ("USFC") for 2016. 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 & R-2015-2468981.

In addition, in accordance with paragraphs A.2, C.1 and C.2 of the settlement at Docket No. M-2012-2290911, the USFC includes the following items:

1. The 2017 projected costs include for one year a phase-out benefit of \$50 per qualified CAP customers
2. For a period of three years beginning October 2017, PECO will commit \$1.7M in additional funds to incremental LIURP and De facto heating. This filing includes projected spend and start-up costs for the incremental LIURP and De factor heating for October through December 2017 in the amount of \$596,496.

Finally, included in this filing and in accordance with Appendix C paragraph III.3 of the settlement at Docket No. R-2015-2468981 is the correction factor for the In-Program Arrearage Forgiveness program. In the 2017 USFC Rate, the correction factor is doubled, providing a retrospective credit for 2016 and a prospective credit for 2017.

Ms. Rosemary Chiavetta, Secretary
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This filing includes actual data through July 2016, supports a total USFC rate of \$0.00024/kWh that would be added to the variable distribution charges contained in Rate R and RH. For a typical residential customer using 700 kWh per month, the new USFC rate will result in a \$0.24 increase (or 0.22%) to the monthly bill.

This filing includes the following Exhibits:

- Exhibit 1 – Proposed USFC Tariff Sheets indicating the rate for 2017
- Exhibit 2 – USFC Calculation
- Exhibit 3 – Rate R Bill Comparison

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,



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
R. A. Kanaskie, Director, Bureau of Investigation & Enforcement
Office of Consumer Advocate
McNees, Wallace & Nurick

EXHIBIT 1

PECO Energy Company

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 a charge of \$0.00024 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:

COMPUTATION OF USFC.

The USFC per kWh (\$0.0000), shall be computed in accordance with the formula set forth below:

$$USFC = \frac{(C+L-E-I) + F}{(S)}$$

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 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. *2017 projected costs include the one year Phase-out benefit of \$50 per qualified CAP customer. This is the result of the settlement at Docket No M-2012-2290911 which focuses on the new CAP Fixed Credit Option ("FCO") which will begin in October 2016.*

L - Incremental LIURP related expenditures not included in base rates. *2017 projected costs include the incremental LIURP and De-facto hearing audit spend beginning in October 2017 which is the result of the settlement at Docket No M-2012-2290911. This additional audit spend will occur for a three year period from October 2017 through September 2020.*

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.

F - Correction Factor of the In-Program Arrearage Forgiveness Program which was the result of the settlement at Appendix C of Docket No R-2015-2468981. This Correction Factor adjusts the \$2M recovery included in base rates. The \$2M was based upon the estimated Accounts Receivable balance ("A/R") of CAP customers at the time of the settlement. The Correction Factor adjusts the \$2M recovery to the final ending balance of the A/R at the time of conversion to the new CAP/FCO program. In the 2017 Rate, the Correction Factor will be double providing a retrospective credit for 2016 and a prospective credit for 2017. In 2018, the correction factor will return to an annual amount. The Correction Factor will be used for the period of 2016 through 2021.

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.

(C) Denotes Change
(I) Denotes Increase

Issued August 30, 2016

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PECO Energy Company

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 a charge \$0.00024 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 in accordance with the formula set forth below: (C)

$$\text{USFC} = \frac{(\text{C} + \text{L} - \text{E} - \text{I}) + \text{F}}{(\text{S})}$$

(C)

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 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. 2017 projected costs include the one year Phase-out benefit of \$50 per qualified CAP customer. This is the result of the settlement at Docket No M-2012-2290911 which focuses on the new CAP Fixed Credit Option ("FCO") which will begin in October 2016. (C)

L - Incremental LIURP related expenditures not included in base rates. 2017 projected costs include the incremental LIURP and De-facto heating audit spend beginning in October 2017 which is the result of the settlement at Docket No M-2012-2290911. This additional audit spend will occur for a three year period from October 2017 through September 2020. (C)

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.

F - Correction Factor of the In-Program Arrearage Forgiveness Program which was the result of the settlement at Appendix C of Docket No R-2015-2468981. This Correction Factor adjusts the \$2M recovery included in base rates. The \$2M was based upon the estimated Accounts Receivable balance ("A/R") of CAP customers at the time of the settlement. The Correction Factor adjusts the \$2M recovery to the final ending balance of the A/R at the time of conversion to the new CAP/FCO program. In the 2017 Rate, the Correction Factor will be double providing a retrospective credit for 2016 and a prospective credit for 2017. In 2018, the correction factor will return to an annual amount. The Correction Factor will be used for the period of 2016 through 2021.

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.

(C) Denotes Change

(I) Denotes Increase

EXHIBIT 2

PECO - Electric Calculation of USFC Rate Effective January 1, 2017

		Amount	\$/KWH	
(1)	C = Projected Recoverable CAP Costs ^(a)	\$ (320,830)	(\$0.00003)	p. 2 of 5
(2)	L = Incremental LIURP expenditures ^(b)	\$ 596,496	\$0.00005	
(3)	E = Experienced & Estimated Net Over/(Under)			
	a. Over/(Under)	\$ (3,444,602)	(\$0.00029)	p. 3 of 5
	b. Interest	\$ 171,121	\$0.00001	p. 4 of 5
		\$ (3,273,481)	(\$0.00027)	
(4)	F = Correction Factor IPA ^(c)	\$ (663,586)	(\$0.00005)	p. 5 of 5
(5)	Net Recoverable (C + L - E - I) + F	\$ 2,885,560	\$0.00024	
(6)	S = Projected R, RH Sales for Computation Period	12,066,027,695		
(7)	USFC: (5) / (6)	\$0.00024		

(a) 2017 projected costs include the one year Phase-out benefit of \$50 per qualified CAP customer.

(b) Costs include the incremental LIURP and De-facto heating audit spend beginning in October 2017 and projected startup costs. This is the result of the settlement at Docket No. M-2012-2290911.

(c) Correction factor of the In-Program Arrearage (IPA) Forgiveness Program which was the result of the settlement at Appendix C of Docket No. R-2015-2468981.

PECO - 2017 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)	Shortfall	o/(u) Base Recovery	o/(u) Base Recovery @ 0.73 (b)	Shortfall
	(1)	(2)	(3) = (2) * \$0.0068	(4) = (1) - (3)			(5) = (4) * 0.73
Jan-17	\$ 7,244,530	1,251,073,782	\$ 8,507,302	\$ (1,262,772)	\$	\$	(921,823)
Feb-17	\$ 6,994,660	1,138,162,389	\$ 7,739,504	\$ (744,845)	\$	\$	(543,737)
Mar-17	\$ 6,546,137	985,849,566	\$ 6,703,777	\$ (157,640)	\$	\$	(115,078)
Apr-17	\$ 6,232,802	804,402,361	\$ 5,469,936	\$ 762,866	\$	\$	556,892
May-17	\$ 5,812,029	716,649,336	\$ 4,873,215	\$ 938,814	\$	\$	685,334
Jun-17	\$ 6,647,419	947,378,626	\$ 6,442,175	\$ 205,244	\$	\$	149,828
Jul-17	\$ 7,545,823	1,268,176,946	\$ 8,623,603	\$ (1,077,780)	\$	\$	(786,779)
Aug-17	\$ 7,624,176	1,269,276,025	\$ 8,631,077	\$ (1,006,901)	\$	\$	(735,038)
Sep-17	\$ 7,440,059	1,116,172,987	\$ 7,589,976	\$ (149,917)	\$	\$	(109,439)
Oct-17	\$ 6,278,290	791,617,509	\$ 5,382,999	\$ 895,291	\$	\$	653,563
Nov-17	\$ 6,210,425	761,698,926	\$ 5,179,553	\$ 1,030,872	\$	\$	752,537
Dec-17	\$ 7,033,145	1,015,569,245	\$ 6,905,871	\$ 127,274	\$	\$	92,910
	\$ 81,609,495	12,066,027,695	\$ 82,048,988	\$ (439,493)	\$	\$	(320,830)
						Estimated Recovery C-Factor	\$ (320,830)

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

**PECO - 2016 USFC Electric
E-Factor
Calculation**

E-Factor Period	Total CAP Discounts (Shortfall) (1)	Billed R/RH Sales (c) (kWh) (2)	CAP Revenues Recovered In Base Rates (d) (3) = (2) * \$0.0068 kWh	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) * \$0.0000	L-Expenditures (8)	L-Factor Recovery o(u) (9) = (7) - (8)	Total C & L Factor Recovery o(u) (10) = (5) + (6) + (9)	E-Factor Rate (11)	E-Factor Revenue (12) = (2) * (11)	Total CAP Revenues (E-L+C) Recovery o(u) (13) = (10) + (12)	Cumulative Recovery o(u) (14)
Balance														
Jan-15	\$ 7,521,202	1,268,217,631	8,623,880	1,102,678	804,955	(126,822)	-	\$	\$	678,133	-\$0.0001	(126,822)	551,311	\$ 1,265,964
Feb-15	\$ 7,329,049	1,244,574,047	8,463,104	1,134,055	827,860	(124,457)	-	\$	\$	703,402	-\$0.0001	(124,457)	578,945	\$ 1,817,275
Mar-15	\$ 7,005,699	1,156,931,505	7,867,134	861,436	628,848	(115,693)	-	\$	\$	513,155	-\$0.0001	(115,693)	397,462	\$ 2,396,220
Apr-15	\$ 6,364,361	839,271,461	5,707,046	(657,315)	(479,840)	(83,927)	-	\$	\$	(563,767)	-\$0.0001	(83,927)	647,684	\$ 2,793,682
May-15	\$ 5,890,604	743,061,590	5,052,955	(837,649)	(611,484)	(74,308)	-	\$	\$	(685,792)	-\$0.0001	(74,308)	760,100	\$ 2,145,987
Jun-15	\$ 6,767,731	994,931,163	6,765,532	(2,199)	(1,605)	(99,493)	-	\$	\$	(101,099)	-\$0.0001	(99,493)	(200,591)	\$ 1,385,887
Jul-15	\$ 7,517,827	1,203,341,310	8,182,721	664,894	485,373	(120,334)	-	\$	\$	365,039	-\$0.0001	(120,334)	244,705	\$ 1,185,296
Aug-15	\$ 7,683,273	1,276,492,090	8,680,146	996,873	727,717	(127,649)	-	\$	\$	600,068	-\$0.0001	(127,649)	472,419	\$ 1,902,419
Sep-15	\$ 8,050,697	1,299,741,561	8,430,243	379,546	277,068	(123,974)	-	\$	\$	153,094	-\$0.0001	(123,974)	29,120	\$ 1,931,589
Oct-15	\$ 6,448,455	840,122,911	5,712,836	(735,620)	(537,002)	(84,012)	-	\$	\$	(821,015)	-\$0.0001	(84,012)	(705,027)	\$ 1,226,512
Nov-15	\$ 6,061,736	726,851,080	4,942,587	(1,119,149)	(816,979)	(72,685)	-	\$	\$	(889,664)	-\$0.0001	(72,685)	(962,349)	\$ 264,163
Dec-15	\$ 6,751,523	927,589,649	6,307,610	(443,914)	(324,057)	(92,759)	-	\$	\$	(416,816)	-\$0.0001	(92,759)	(509,575)	\$ (245,412)
	\$ 83,392,157	12,461,145,998	84,735,793	1,343,636	980,854	(1,246,115)	-	\$	\$	(265,261)		(1,246,115)	(1,511,375)	\$

E-Factor Period	Total CAP Discounts (Shortfall) (1)	Billed R/RH Sales (c) (kWh) (2)	CAP Revenues Recovered In Base Rates (d) (3) = (2) * \$0.0068 kWh	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) * \$0.0000	L-Expenditures (8)	L-Factor Recovery o(u) (9) = (7) - (8)	Total C & L Factor Recovery o(u) (10) = (5) + (6) + (9)	E-Factor Rate (11)	E-Factor Revenue (12) = (2) * (11)	Total CAP Revenues (E-L+C) Recovery o(u) (13) = (10) + (12)	Cumulative Recovery o(u) (14)
Jan-16	\$ 7,694,312	1,137,739,420	7,736,628	42,317	30,891	(113,774)	-	\$	\$	(82,883)	\$0.0000	-	(82,883)	\$ (328,294)
Feb-16	\$ 7,512,359	1,099,267,213	7,475,017	(97,342)	(27,260)	(109,927)	-	\$	\$	(137,187)	\$0.0000	-	(137,187)	\$ (465,481)
Mar-16	\$ 6,882,643	912,923,238	6,207,919	(674,725)	(492,549)	(91,293)	-	\$	\$	(583,842)	\$0.0000	-	(583,842)	\$ (1,049,323)
Apr-16	\$ 6,398,778	754,271,373	5,129,045	(1,269,732)	(926,905)	(75,427)	-	\$	\$	(1,002,332)	\$0.0000	-	(1,002,332)	\$ (2,051,655)
May-16	\$ 5,875,580	708,318,613	4,816,567	(1,059,014)	(773,080)	(70,832)	-	\$	\$	(843,912)	\$0.0000	-	(843,912)	\$ (2,895,567)
Jun-16	\$ 6,688,905	969,026,878	6,589,383	(99,222)	(72,432)	(96,903)	-	\$	\$	(169,335)	\$0.0000	-	(169,335)	\$ (3,064,901)
Jul-16	\$ 7,318,604	1,247,933,090	8,465,945	1,167,341	852,159	(124,793)	-	\$	\$	727,366	\$0.0000	-	727,366	\$ (2,337,536)
Aug-16 (a)	\$ 7,624,176	1,269,276,025	8,631,077	1,006,901	735,038	(126,928)	-	\$	\$	608,110	\$0.0000	-	608,110	\$ (1,729,426)
Sep-16 (a)	\$ 7,440,059	1,116,172,987	7,589,976	149,917	109,439	(111,617)	-	\$	\$	(2,178)	\$0.0000	-	(2,178)	\$ (1,731,603)
Oct-16 (b)	\$ 6,235,749	779,491,158	5,300,540	(935,209)	(682,703)	(77,949)	-	\$	\$	(760,652)	\$0.0000	-	(760,652)	\$ (2,492,252)
Nov-16 (b)	\$ 6,247,597	770,410,888	5,238,794	(1,008,803)	(736,426)	(77,041)	-	\$	\$	(813,467)	\$0.0000	-	(813,467)	\$ (3,305,722)
Dec-16 (b)	\$ 7,103,550	1,037,564,144	7,055,436	(48,114)	(35,123)	(103,756)	-	\$	\$	(138,860)	\$0.0000	-	(138,860)	\$ (3,444,602)
	\$ 83,022,012	11,802,401,026	80,256,327	(2,765,685)	(2,019,950)	(1,180,240)	-	\$	\$	(3,199,190)		-	(3,199,190)	\$

(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.

Total Recovery E-Factor \$ (3,444,602)

PECO - 2016 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 Collection/(Refund) (7) = (1) * (6)	Total Interest (8) = 5 + 7	Cumulative Interest Owed/ (Interest to be Recouped) (9) = (8) + Prev (9)
Balance (a)									
Jan-15	1,268,217,631	678,133	6%	18/12	\$ 61,032	\$0.0000	\$ -	\$ 61,032	\$ 327,400
Feb-15	1,244,574,047	703,402	6%	17/12	\$ 59,789	\$0.0000	\$ -	\$ 59,789	\$ 388,432
Mar-15	1,156,931,505	513,155	6%	16/12	\$ 41,052	\$0.0000	\$ -	\$ 41,052	\$ 448,221
Apr-15	839,271,461	(563,767)	6%	15/12	\$ (42,283)	\$0.0000	\$ -	\$ (42,283)	\$ 489,274
May-15	743,081,590	(685,792)	6%	14/12	\$ (48,005)	\$0.0000	\$ -	\$ (48,005)	\$ 446,991
Jun-15	994,931,163	(101,098)	6%	13/12	\$ (6,571)	\$0.0000	\$ -	\$ (6,571)	\$ 392,414
Jul-15	1,203,341,310	365,039	6%	12/12	\$ 21,902	\$0.0000	\$ -	\$ 21,902	\$ 414,317
Aug-15	1,276,492,090	600,068	6%	11/12	\$ 33,004	\$0.0000	\$ -	\$ 33,004	\$ 447,320
Sep-15	1,239,741,561	153,094	6%	10/12	\$ 7,655	\$0.0000	\$ -	\$ 7,655	\$ 454,975
Oct-15	840,122,911	(621,015)	6%	9/12	\$ (27,946)	\$0.0000	\$ -	\$ (27,946)	\$ 427,029
Nov-15	726,851,080	(889,664)	6%	8/12	\$ (35,587)	\$0.0000	\$ -	\$ (35,587)	\$ 391,443
Dec-15	927,589,649	(416,816)	6%	7/12	\$ (14,589)	\$0.0000	\$ -	\$ (14,589)	\$ 376,854
	12,461,145,998	(265,261)			49,454			49,454	
Jan-16	1,137,739,420	(82,863)	6%	18/12	\$ (7,459)	\$0.0000	\$ -	\$ (7,459)	\$ 369,595
Feb-16	1,099,267,213	(137,187)	6%	17/12	\$ (11,661)	\$0.0000	\$ -	\$ (11,661)	\$ 357,734
Mar-16	912,929,238	(583,842)	6%	16/12	\$ (46,707)	\$0.0000	\$ -	\$ (46,707)	\$ 311,027
Apr-16	754,271,373	(1,002,332)	6%	15/12	\$ (75,175)	\$0.0000	\$ -	\$ (75,175)	\$ 235,852
May-16	708,318,613	(843,912)	6%	14/12	\$ (59,074)	\$0.0000	\$ -	\$ (59,074)	\$ 176,778
Jun-16	969,026,878	(169,335)	6%	13/12	\$ (11,007)	\$0.0000	\$ -	\$ (11,007)	\$ 165,771
Jul-16	1,247,933,090	727,366	6%	12/12	\$ 43,642	\$0.0000	\$ -	\$ 43,642	\$ 209,413
Aug-16 (a)	1,269,276,025	608,110	6%	11/12	\$ 33,446	\$0.0000	\$ -	\$ 33,446	\$ 242,859
Sep-16 (a)	1,116,172,987	(2,178)	6%	10/12	\$ (109)	\$0.0000	\$ -	\$ (109)	\$ 242,750
Oct-16 (b)	779,491,158	(760,652)	6%	9/12	\$ (34,229)	\$0.0000	\$ -	\$ (34,229)	\$ 208,521
Nov-16 (b)	770,410,888	(813,467)	6%	8/12	\$ (32,539)	\$0.0000	\$ -	\$ (32,539)	\$ 175,982
Dec-16 (b)	1,037,564,144	(138,880)	6%	7/12	\$ (4,861)	\$0.0000	\$ -	\$ (4,861)	\$ 171,121
	11,802,401,026	(3,199,190)			(205,733)			(205,733)	
									Net Interest \$ 171,121

(a) Actuals to be reflected in final October reconciliation.

(b) Estimated.

(c) Residential Non-CAP Sales.

PECO - 2016/2017 USFC Electric F-Factor Calculation

Final IPA Balance ^(a) \$ **37,126,777**

PECO's Rate Case IPA claim \$ **44,511,000**

USFC Correction Factor **0.834**

USFC Annual Adjustment \$ **331,793**

USFC Restrospective Credit \$ **331,793**

Total Adjustment ^(b) \$ **663,586**

	Base Rate Recovery	Correction Factor	Net Recovery
Jan-16	\$ 166,667	0.834	\$ 139,017
Feb-16	\$ 166,667	0.834	\$ 139,017
Mar-16	\$ 166,667	0.834	\$ 139,017
Apr-16	\$ 166,667	0.834	\$ 139,017
May-16	\$ 166,667	0.834	\$ 139,017
Jun-16	\$ 166,667	0.834	\$ 139,017
Jul-16	\$ 166,667	0.834	\$ 139,017
Aug-16	\$ 166,667	0.834	\$ 139,017
Sep-16	\$ 166,667	0.834	\$ 139,017
Oct-16	\$ 166,667	0.834	\$ 139,017
Nov-16	\$ 166,667	0.834	\$ 139,017
Dec-16	\$ 166,667	0.834	\$ 139,017
Total	\$ 2,000,000		\$ 1,668,207

	Base Rate Recovery	Correction Factor	Net Recovery
Jan-17	\$ 166,667	0.834	\$ 139,017
Feb-17	\$ 166,667	0.834	\$ 139,017
Mar-17	\$ 166,667	0.834	\$ 139,017
Apr-17	\$ 166,667	0.834	\$ 139,017
May-17	\$ 166,667	0.834	\$ 139,017
Jun-17	\$ 166,667	0.834	\$ 139,017
Jul-17	\$ 166,667	0.834	\$ 139,017
Aug-17	\$ 166,667	0.834	\$ 139,017
Sep-17	\$ 166,667	0.834	\$ 139,017
Oct-17	\$ 166,667	0.834	\$ 139,017
Nov-17	\$ 166,667	0.834	\$ 139,017
Dec-17	\$ 166,667	0.834	\$ 139,017
Total	\$ 2,000,000		\$ 1,668,207

(a) Balance as of 7/31/16

(b) In the 2017 Rate, the correction factor will be double, providing a retrospective credit for 2016 and a prospective credit for 2017. In 2018, the correction factor will return an annual amount.

EXHIBIT 3

PECO
BILL COMPARISON with USFC at
\$0.00024 kWh

Residential Rate R - 700 KWH (a)

	2016 w/ Current (\$0.0001) kWh USFC Credit	2016 w/ Proposed (b) \$0.00024 kWh USFC Charge	Difference (\$)	Difference (%)
FIXED DISTRIBUTION CHARGE	8.43	8.43		
TRANSMISSION CHARGE ALL KWH	4.54	4.54		
DISTRIBUTION CHARGE ALL KWH	47.78	48.02		
GSA				
ALL KWH	47.80	47.80		
SUB TOTAL	108.55	108.79		
STATE TAX ADJUSTMENT CLAUSE 0%	-	-		
TOTAL	108.55	108.79	\$ 0.24	0.22%

(a) Based on PECO Electric Tariff Rates as of 8/1/16.
(b) Calculation is for demonstration purposes only.