



An Exelon Company

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October 14, 2016

Ms. Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17120

Subject: Docket No. M-2016-2564143  
Tariff Electric – PA PUC No. 5 Supplement No. 23 Issued  
October 14, 2016 – Effective January 1, 2017  
Universal Service Fund Charge – Section 1307 Mechanism  
Final Annual Rate Adjustment for 2016

Dear Ms. Chiavetta:

Enclosed for filing with the Commission is PECO's final annual rate adjustment 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.

Ms. Rosemary Chiavetta, Secretary  
October 14, 2016  
Page 2

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.

The filing which includes actual data through September 2016 and estimated sales for the remainder of the year supports a USFC credit of \$0.00001/kWh that would be subtracted from the variable distribution charges contained in Rate R and RH. This rate will be effective January 1, 2017 through December 31, 2017. For a typical residential customer using 700 kWh per month, the new USFC rate will result in a \$0.06 increase (or 0.05%) 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**

**Electric Service Tariff**

**COMPANY OFFICE LOCATION**

**2301 Market Street**

**Philadelphia, Pennsylvania 19101**

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**For List of Communities Served, See Page 4.**

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**Issued October 14, 2016**

**Effective January 1, 2017**

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

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**NOTICE**

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**LIST OF CHANGES MADE BY THIS SUPPLEMENT**

**Provision for Recovery of Universal Service Fund Charge - 1<sup>st</sup> Revised Page No. 38**

Reflects annual update to USFC as a 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 and the incremental LIURP. Also, the 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.

**Rate R –Residence Service – 7<sup>th</sup> Revised Page No. 48**

Variable Distribution Charge increased to reflect annual update to USFC.

**Rate RH – Residential Heating Service – 7<sup>th</sup> Revised Page No. 49**

Variable Distribution Charge increased to reflect annual update to USFC.

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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 credit (\$.00001) 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 (\$.00000), shall be computed in accordance with the formula set forth below: (C)

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

(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

**RATE R RESIDENCE SERVICE**

**AVAILABILITY.**

Single phase service in the entire territory of the Company to the dwelling and appurtenances of a single private family (or to a multiple dwelling unit building consisting of two to five dwelling units, whether occupied or not), for the domestic requirements of its members when such service is supplied through one meter. Service is also available for related farm purposes when such service is supplied through one meter in conjunction with the farmhouse domestic requirements.

Each dwelling unit connected after May 10, 1980 except those dwelling units under construction or under written contract for construction as of that date must be individually metered for their basic service supply. Centrally supplied master metered heating, cooling or water heating service may be provided if such supply will result in energy conservation.

The term "residence service" includes service to: (a) the separate dwelling unit in an apartment house or condominium, but not the halls, basement, or other portions of such building common to more than one such unit; (b) the premises occupied as the living quarters of five persons or less who unite to establish a common dwelling place for their own personal comfort and convenience on a cost sharing basis; (c) the premises owned by a church, and primarily designated or set aside for, and actually occupied and used as, the dwelling place of a priest, rabbi, pastor, rector, nun or other functioning Church Divine, and the resident associates; (d) private dwellings in which a portion of the space is used for the conduct of business by a person residing therein; (e) farm purpose uses by an individual employing the natural processes of growth for the production of grain, stock, dairy, poultry, garden truck, or other agricultural products.

The term does NOT include service to: (a) Premises institutional in character including Clubs, Fraternities, Orphanages or Homes; (b) premises defined as a rooming house or boarding house in the Municipal Code for Cities of the First Class enacted by Act of General Assembly; (c) a premises containing a residence unit but primarily devoted to a professional or other office, studio, or other gainful pursuit; (d) farms operated principally to sell, prepare, or process products produced by others, or farms using air conditioning for climatic control in conjunction with growth processes (except those customers receiving such service as of August 2, 1969); (e) electric furnaces or welding apparatus other than a transformer type "limited input" arc welder with an input not to exceed 37 1/2 amperes at 240 volts.

**CURRENT CHARACTERISTICS.** Standard single phase secondary service.

**MONTHLY RATE TABLE.**

FIXED DISTRIBUTION SERVICE CHARGE: \$8.43

FIXED DISTRIBUTION SERVICE CHARGE FOR FORMER OFF-PEAK METERS: \$1.92

VARIABLE DISTRIBUTION SERVICE CHARGE:

All kWhs \$0.06837 per kWh

(I)

**ENERGY SUPPLY CHARGE:**

Refer to the Generation Supply Adjustment Procurement Class 1.

**TRANSMISSION SERVICE FOR CUSTOMERS RECEIVING DEFAULT SERVICE:** The Transmission Service Charge shall apply.

**MINIMUM CHARGE:** The minimum charge per month will be the Fixed Distribution Service Charge.

STATE TAX ADJUSTMENT CLAUSE, NUCLEAR DECOMMISSIONING COST ADJUSTMENT, UNIVERSAL SERVICE FUND CHARGE, NON-BYPASSABLE TRANSMISSION CHARGE, PROVISION FOR THE RECOVERY OF ENERGY EFFICIENCY AND CONSERVATION PROGRAM COSTS, SMART METER COST RECOVERY SURCHARGE, PROVISION FOR THE TAX ACCOUNTING REPAIR CREDIT AND PROVISION FOR THE RECOVERY OF CONSUMER EDUCATION PLAN COSTS APPLY TO THIS RATE.

**PAYMENT TERMS.** Standard.

(I) Denotes Increase

**PECO Energy Company**

**RATE R H RESIDENTIAL HEATING SERVICE**

**AVAILABILITY.**

Single phase service to the dwelling and appurtenances of a single private family (or to a multiple dwelling unit building consisting of two to five dwelling units, whether occupied or not), for domestic requirements when such service is provided through one meter and where the dwelling is heated by specified types of electric space heating systems. The systems eligible for this rate are (a) permanently connected electric resistance heaters where such heaters supply all of the heating requirements of the dwelling, (b) heat pump installations where the heat pump serves as the heating system for the dwelling and all of the supplementary heating required is supplied by electric resistance heaters, and (c) heat pump installations where the heat pump serves as the heating system for the dwelling and all of the supplementary heating required is supplied by non electric energy sources. All space heating installations must meet Company requirements. This rate schedule is not available for commercial, institutional or industrial establishments.

Wood, solar, wind, water, and biomass systems may be used to supply a portion of the heating requirements in conjunction with service provided hereunder. Any customer system of this type that produces electric energy may not be operated concurrently with service provided by the Company except under written agreement setting forth the conditions of such operation as provided by and in accordance with the provisions of the Auxiliary Service Rider.

Each dwelling unit connected after May 10, 1980 except those dwelling units under construction or under written contract for construction as of that date, must be individually metered.

**CURRENT CHARACTERISTICS.** Standard single phase secondary service.

**MONTHLY RATE TABLE.**

FIXED DISTRIBUTION SERVICE CHARGE: \$8.43

FIXED DISTRIBUTION SERVICE CHARGE FOR FORMER OFF-PEAK METERS: \$1.92

**VARIABLE DISTRIBUTION SERVICE CHARGE:**

SUMMER MONTHS. (June through September)

\$0.06837 per kWh for all kWh.

(I)

WINTER MONTHS. (October through May)

\$0.05025 per kWh for all kWh

(I)

**ENERGY SUPPLY CHARGE:**

Refer to the Generation Supply Adjustment Procurement Class 1.

**TRANSMISSION SERVICE FOR CUSTOMERS RECEIVING DEFAULT SERVICE:** The Transmission Service Charge shall apply.

**MINIMUM CHARGE.** The minimum charge per month will be the Fixed Distribution Service Charge.

STATE TAX ADJUSTMENT CLAUSE, NUCLEAR DECOMMISSIONING COST ADJUSTMENT, UNIVERSAL SERVICE FUND CHARGE NON-BYPASSABLE TRANSMISSION CHARGE, PROVISION FOR THE RECOVERY OF ENERGY EFFICIENCY AND CONSERVATION PROGRAM COSTS, SMART METER COST RECOVERY SURCHARGE, PROVISION FOR THE TAX ACCOUNTING REPAIR CREDIT AND PROVISION FOR THE RECOVERY OF CONSUMER EDUCATION PLAN COSTS APPLY TO THIS RATE.

**COMBINED RESIDENTIAL AND COMMERCIAL SERVICE.** Where a portion of the service provided is used for commercial purposes, the appropriate general service rate is applicable to all service; or, at the option of the customer, the wiring may be so arranged that the residential service may be separately metered and this rate is then applicable to the residential service only.

**PAYMENT TERMS.** Standard.

(I) Denotes Increase

# EXHIBIT 2

Calculation of USFC Rate Effective January 1, 2017

	Amount	\$/KWH	
(1) C = Projected Recoverable CAP Costs <sup>(a)</sup>	\$ (657,718)	(\$0.00005)	p. 2 of 5
(2) L = Incremental LIURP expenditures <sup>(b)</sup>	\$ 596,496	\$0.00005	
(3) E = Experienced & Estimated Net Over/(Under)			
a. Over/(Under)	\$ (1,466,274)	(\$0.00012)	p. 3 of 5
b. Interest	\$ 274,569	\$0.00002	p. 4 of 5
	<u>\$ (1,191,705)</u>	<u>(\$0.00010)</u>	
(4) F = Correction Factor IPA <sup>(c)</sup>	\$ (1,294,986)	(\$0.00011)	p. 5 of 5
(5) Net Recoverable (C + L - E - I) + F	\$ (164,502)	(\$0.00001)	
(6) S = Projected R, RH Sales for Computation Period	12,137,688,912		
(7) <b>USFC: (5)/(6)</b>	<b>(\$0.00001)</b>		

(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	Estimated	Estimated	Shortfall	Shortfall	Shortfall
	Discounts (Shortfall)	R/RH Sales (a) (kWh)	R/RH Recovered in Base Rates (b)	o(u) Base Recovery	o(u) Base Recovery	o(u) Base Recovery @ 0.73 (b)
	(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	\$ 7,615,904	1,299,088,782	\$ 8,833,804	\$ (1,217,900)	\$ (889,067)	
Sep-17	\$ 7,474,138	1,158,021,447	\$ 7,874,546	\$ (400,408)	\$ (292,298)	
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	
	\$ 81,635,302	12,137,688,912	\$ 82,536,285	\$ (900,983)	\$ (657,718)	
						<b>Estimated Recovery C-Factor \$ (657,718)</b>

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



**PECO - 2016  
USFC Electric  
Interest Calculation**

E-Factor Period	R/RH Sales (b) (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 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)	\$ 398,986
Jul-15	1,203,341,310	\$ 365,039	6%	12/12	\$ 21,902	\$0.0000	\$ -	\$ 21,902	\$ 392,414
Aug-15	1,276,492,090	\$ 600,068	6%	11/12	\$ 33,004	\$0.0000	\$ -	\$ 33,004	\$ 414,317
Sep-15	1,239,741,561	\$ 153,094	6%	10/12	\$ 7,655	\$0.0000	\$ -	\$ 7,655	\$ 447,320
Oct-15	840,122,911	\$ (621,015)	6%	9/12	\$ (27,946)	\$0.0000	\$ -	\$ (27,946)	\$ 454,975
Nov-15	726,851,080	\$ (889,664)	6%	8/12	\$ (35,587)	\$0.0000	\$ -	\$ (35,587)	\$ 427,029
Dec-15	927,589,649	\$ (416,816)	6%	7/12	\$ (14,589)	\$0.0000	\$ -	\$ (14,589)	\$ 391,443
	<b>12,461,145,988</b>	<b>\$ (265,261)</b>			<b>\$ 49,454</b>			<b>\$ 49,454</b>	<b>\$ 376,854</b>
Jan-16	1,137,739,420	\$ (82,883)	6%	18/12	\$ (7,459)	\$0.0000	\$ -	\$ (7,459)	\$ 369,395
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	1,448,152,568	\$ 1,514,397	6%	11/12	\$ 83,292	\$0.0000	\$ -	\$ 83,292	\$ 292,705
Sep-16	1,367,263,745	\$ 1,069,862	6%	10/12	\$ 53,493	\$0.0000	\$ -	\$ 53,493	\$ 346,198
Oct-16 (a)	779,491,158	\$ (760,652)	6%	9/12	\$ (34,229)	\$0.0000	\$ -	\$ (34,229)	\$ 311,969
Nov-16 (a)	770,410,888	\$ (813,467)	6%	8/12	\$ (32,539)	\$0.0000	\$ -	\$ (32,539)	\$ 279,430
Dec-16 (a)	1,037,564,144	\$ (138,880)	6%	7/12	\$ (4,861)	\$0.0000	\$ -	\$ (4,861)	\$ 274,569
	<b>12,232,368,328</b>	<b>\$ (1,220,863)</b>			<b>\$ (102,285)</b>			<b>\$ (102,285)</b>	<b>\$ 274,569</b>
								<b>Net Interest \$</b>	<b>274,569</b>

(a) Estimated.  
(c) Residential Non-CAP Sales.

# PECO - 2016/2017 USFC Electric F-Factor Calculation

Final IPA Balance <sup>(a)</sup> \$ **30,100,721**

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

USFC Correction Factor **0.676**

USFC Annual Adjustment \$ **647,493**

USFC Restrospective Credit \$ **647,493**

Total Adjustment <sup>(b)</sup> \$ **1,294,986**

	Base Rate Recovery	Correction Factor	Net Recovery
Jan-16	\$ 166,667	0.676	\$ 112,709
Feb-16	\$ 166,667	0.676	\$ 112,709
Mar-16	\$ 166,667	0.676	\$ 112,709
Apr-16	\$ 166,667	0.676	\$ 112,709
May-16	\$ 166,667	0.676	\$ 112,709
Jun-16	\$ 166,667	0.676	\$ 112,709
Jul-16	\$ 166,667	0.676	\$ 112,709
Aug-16	\$ 166,667	0.676	\$ 112,709
Sep-16	\$ 166,667	0.676	\$ 112,709
Oct-16	\$ 166,667	0.676	\$ 112,709
Nov-16	\$ 166,667	0.676	\$ 112,709
Dec-16	\$ 166,667	0.676	\$ 112,709
<b>Total</b>	<b>\$ 2,000,000</b>		<b>\$ 1,352,507</b>

	Base Rate Recovery	Correction Factor	Net Recovery
Jan-17	\$ 166,667	0.676	\$ 112,709
Feb-17	\$ 166,667	0.676	\$ 112,709
Mar-17	\$ 166,667	0.676	\$ 112,709
Apr-17	\$ 166,667	0.676	\$ 112,709
May-17	\$ 166,667	0.676	\$ 112,709
Jun-17	\$ 166,667	0.676	\$ 112,709
Jul-17	\$ 166,667	0.676	\$ 112,709
Aug-17	\$ 166,667	0.676	\$ 112,709
Sep-17	\$ 166,667	0.676	\$ 112,709
Oct-17	\$ 166,667	0.676	\$ 112,709
Nov-17	\$ 166,667	0.676	\$ 112,709
Dec-17	\$ 166,667	0.676	\$ 112,709
<b>Total</b>	<b>\$ 2,000,000</b>		<b>\$ 1,352,507</b>

(a) Balance as of 10/3/16

(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**  
**(\$0.00001) kWh**

**Residential Rate R - 700 KWH (a)**

	2016 w/ Current (\$0.0001) kWh USFC Credit	2016 w/ Proposed (b) (\$0.00001) kWh USFC Credit	Difference (\$)	Difference (%)
<b>FIXED DISTRIBUTION CHARGE</b>	8.43	8.43		
<b>TRANSMISSION CHARGE</b>				
<b>ALL KWH</b>	4.54	4.54		
<b>DISTRIBUTION CHARGE</b>				
<b>ALL KWH</b>	47.80	47.86		
<b>GSA</b>				
<b>ALL KWH</b>	49.76	49.76		
<b>SUB TOTAL</b>	110.52	110.58		
<b>STATE TAX ADJUSTMENT CLAUSE 0%</b>	-	-		
<b>TOTAL</b>	110.52	110.58	\$ 0.06	0.05%

(a) Based on PECO Electric Tariff Rates as of 10/1/16.  
(b) Calculation is for demonstration purposes only.