



An Exelon Company

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February 14, 2017

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

**SUBJECT: PECO Energy Company - Electric Smart Meter Cost Recovery
Surcharge (SMCRS) - Electric Tariff No. 5 - Supplement No. 36,
Effective March 1, 2017 Docket No. M-2009-2123944 and No. R-
2015-2468981**

Dear Secretary Chiavetta:

As required by Commission Order at Docket No. M-2009-2123944, PECO Energy Company ("PECO") transmits for filing with the Pennsylvania Public Utility Commission the Electric Tariff No. 5 Supplement No. 36. This supplement contains PECO's SMCRS for the period starting March 1, 2017. The following attachments are included in support of this filing:

- 1) Attachment 1 - Tariff pages reflecting the proposed SMCRS;
- 2) Attachment 2 - Computation sheets showing the derivation of the new SMCRS values

In accordance with PECO Energy Company's - General Base Rate Filing for Electric Operations - Docket No. R-2015-2468981, PECO "rolled" its smart meter costs into base distribution rates on January 1, 2016 and set the SMCRS to zero.

Although the on-going smart meter costs were rolled into base rates, any over/under collection balances that existed at January 1, 2016 needed to be refunded or recouped, as applicable, through the SMCRS. As such, PECO initiated recovery of the remaining over/under collection balances on March 1, 2016 to help ensure that the balances were fully recouped or refunded by the end of 2016. In addition, effective September 1, 2016, January 1, 2017, and February 1, 2017 PECO adjusted the SMCRS to further ensure proper recovery/refund of the balances. PECO now proposes to make an additional adjustment to the SMCRS.

The current monthly fixed distribution rate for small commercial and industrial customers is (\$0.02). PECO proposes to set the monthly fixed distribution charge for small commercial and industrial customers to \$0.00 on March 1, 2017. The following proposed surcharge, which will be included in the appropriate distribution service charges, will be effective for scheduled billing cycles beginning on or after March 1, 2017:

Monthly Fixed Distribution Service Charge for Small Commercial and Industrial Customers (Rate GS)	\$0.00 per Customer
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Rosemary Chiavetta, Secretary
February 14, 2017
Page 2

PECO will perform a final accounting of all surcharge balances and additional filings may be required to eliminate any over or under collections.

Please contact Richard Schlesinger, Manager, Retail Rates at 214-841-5771 if you have any questions.

Sincerely,



Richard G. Webster, Jr.
Vice President
Regulatory Policy & Strategy

Copies to: C. Walker-Davis, Director, Office of Special Assistants
P. T. Diskin, Director, Bureau of Technical Utility Services
K. Monaghan, Director, Bureau of Audits
R. A. Kanaskie, Director, Bureau of Investigation & Enforcement
Office of Consumer Advocate
Office of Small Business Advocate
McNees, Wallace & Nurick

Enclosures

ATTACHMENT 1

PECO Energy Company

Electric Service Tariff

COMPANY OFFICE LOCATION

2301 Market Street

Philadelphia, Pennsylvania 19101

For List of Communities Served, See Page 4.

Issued February 14, 2017

Effective March 1, 2017

**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

Smart Meter Cost Recovery Surcharge (SMCRS) 5th Revised Page No. 42

Reflects updated Smart Meter cost recovery surcharges effective March 1, 2017.

Rate GS - General Service 10th Revised Page No. 53

The Fixed Distribution Service Charge is increased due to Smart Meter Surcharge.

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SMART METER COST RECOVERY SURCHARGE (SMCRS)

Purpose: The purpose of this surcharge is to provide for full and current cost recovery of all remaining costs associated with the Company's Smart Meter Program after "roll-out" of the incremental costs in accordance with the Final Rate Order at Docket No. R-2015- 2468981.

Applicability: The surcharge shall be a per-customer charge calculated to the nearest one cent, which shall be added to the fixed distribution rates for billing purposes for all commercial and industrial customers with metered service. The surcharge shall be on a cents per kWh basis for residential customers, included in the variable distribution rates, calculated to the nearest one hundredth of a cent. The rate shall be calculated separately for each customer class (residential, small commercial and industrial, and large commercial and industrial).

Billing Provisions: The surcharge shall be calculated on a quarterly basis using the following formula:

$$SM(n) = \frac{E+I}{R(n)} \times \frac{1}{(1-T)}$$

SM(n) = smart meter cost for customer class "n" including over or under recovery and associated interest.

E – The estimated over or under recovery from the prior year. The reconciliation period shall be the 12 months ended June 30.

I – Interest on any over or under recovery balance. Interest shall be a rate of 6% and shall be calculated from the month of over or under collection to the mid-point of the recovery period.

n – rate class where: 1 = residential, 2 = small C&I, 3 = large C&I

Residential – Rates R, RH, = \$0.00000/kWh

Small C&I – Rate GS = \$0.00/Fixed Distribution Charge

Large C&I – Rates HT, PD, EP = \$0.00/Fixed Distribution Charge

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R – The total delivery service customers for the commercial and industrial rate class for the application period where the application period shall be as defined in the filing schedule. In the case of the residential class it shall represent delivered sales for the application period.

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

Filing Schedule: The estimated surcharge shall be filed 15 days prior to the start of the application period. Quarterly rates shall be effective on the first full billing cycle starting after January 1, April 1, July 1 and October 1. The quarterly rates will only be updated if the rate changes by more than 5%. The reconciliation filing shall be made on August 1 of each year. The resultant over or under recovery shall be included in the Smart Meter surcharge commencing on January 1 following the reconciliation filing. Effective January 1, 2016 and in accordance with the Final Rate Order at Docket No. R-2015-2468981, the SMCRS may be set on a more frequent basis than quarterly, and using revised R factor values, to ensure that any over/under recovery remaining after "roll-out" of the incremental costs are properly recouped or refunded as applicable. In addition, the 5% rate change limit will not apply. For any required SMCRS change in 2016, such tariff rates may be filed on 15 days' notice or less. If any over/under collection balance is expected to remain after December 31, 2016, the Company may propose an additional rate adjustment to ensure that the balance is eliminated. A final reconciliation statement will be filed within 30 days after the completion of the final over/under collection refund/recovery.

(I) Denotes Increase

RATE-GS GENERAL SERVICE

AVAILABILITY.

Service through a single metering installation for offices, professional, commercial or industrial establishments, governmental agencies, and other applications outside the scope of the Residence Service rate schedules. For service configurations that are nominally 120/208 volts, 3 phase, 4 wires and the service capacity exceeds 750 kVa for transformers located either inside or outside the building, the only rate option available to the customer will be Rate HT. For service configurations that are nominally 277/480 volts, 3 phase, 4 wires and capacity exceeds either 750 kVa for transformers located inside the building or 1,500 kVa for transformers located outside the building, the only rate option available to the customer will be Rate HT.

CURRENT CHARACTERISTICS.

Standard single-phase or polyphase secondary service.

MONTHLY RATE TABLE.

FIXED DISTRIBUTION SERVICE CHARGE:

- \$ 14.25 for single-phase service without demand measurement, or
- \$ 18.16 for single-phase service with demand measurement, or
- \$ 43.50 for polyphase service.

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VARIABLE DISTRIBUTION SERVICE CHARGE:

- \$8.04 per kW of billed demand
- (\$0.0013) per kWh for all kWh

ENERGY EFFICIENCY CHARGE: (\$0.00048) per kWh

ENERGY SUPPLY CHARGE: Refer to the Generation Supply Adjustment Procurement Class 2, 3 or 4

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

STATE TAX ADJUSTMENT CLAUSE, NUCLEAR DECOMMISSIONING COST ADJUSTMENT, 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.

DETERMINATION OF DEMAND.

The billing demand may be measured where consumption exceeds 1,100 kilowatt-hours per month for three consecutive months; or where load tests indicate a demand of five or more kilowatts; or where the customer requests demand measurement. Measured demands will be determined to the nearest 0.1 of a kilowatt but will not be less than 1.2 kilowatts, and will be adjusted for power factor in accordance with the Rules and Regulations.

For those customers with demand measurement the billing demand will be determined as follows:

- (a) For customers with demand up to 500 kW, the billing demand shall be the measured demand, with a minimum billing demand of 1.2 kW.
- (b) For customers with demand greater than 500 kW, the billing demand shall be the greater of (i) the measured demand, (ii) 40% of the maximum contract demand; or (iii) the maximum measured demand from the prior year. These customers will be identified according to the process listed in Tariff Rule 22.

If a measured demand customer has less than 1,100 monthly kilowatt-hours of use, the monthly billing demand will be the measured demand or the metered monthly kilowatt-hours divided by 175 hours, whichever is less, but not less than 1.2 kilowatts.

For those customers without demand measurement, the monthly billing demand will be computed by dividing the metered monthly kilowatt-hours by 175 hours. The computed demand will be determined to the nearest 0.1 of a kilowatt, but will not be less than 1.2 kilowatts.

MINIMUM CHARGE.

The monthly minimum charge for customers without demand measurement will be the Fixed Distribution Service Charge. The monthly minimum charge for customers with demand measurement will be the Fixed Distribution Service Charge, plus a charge of \$4.96 per KW of billing demand. In addition to the above, for customers in Procurement Class 4 charges will be assessed on PJM's reliability pricing model.

(I) Denotes increase

PECO Energy Company

Electric Service Tariff

COMPANY OFFICE LOCATION

2301 Market Street

Philadelphia, Pennsylvania 19101

For List of Communities Served, See Page 4.

Issued February 14, 2017

Effective March 1, 2017

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

NOTICE

PECO Energy Company

Supplement No. 36 to
Tariff Electric Pa. P.U.C. No. 5
Thirty-Sixth Revised Page No. 1
Supersedes Thirty-Fifth Revised Page No. 1

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Smart Meter Cost Recovery Surcharge (SMCRS) 5th Revised Page No. 42
Reflects updated Smart Meter cost recovery surcharges effective March 1, 2017.

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¶
Generation Supply Adjustment for Procurement Class 3 Loads Greater than 100 KW Up to 500 KW – 10th Revised Page No. 33A¶
Reflects monthly adjustment for Procurement Class 3 - Hourly Pricing pursuant to Order at Docket No. P-2014-2409362. ¶
¶
Generation Supply Adjustment for Procurement Class 4 Loads Greater than 500 KW – 15th Revised Page No. 34¶
Reflects monthly adjustment for Procurement Class 4 - Hourly Pricing pursuant to Order at Docket No. P-2014-2409362.¶
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PECO Energy Company

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(i) Denotes Increase

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**PECO - Electric
2017 Smart Meter Cost Recovery Surcharge (SMCRS) Annual Reconciliation**

SMCRS 2: Rate GS

	<u>Amount</u>	<u>\$/Customer</u>
(1) C = Projected Recoverable Smart Meter Program Costs	\$ -	\$ -
(2) E = Experienced & Estimated Net (Over)/Under	\$ 52,172	\$ 0.341
(3) I = Interest	\$ 1,339	\$ 0.009
(4) Net Recoverable (C + E + I)	\$ 53,511	\$ 0.34975
(5) R = Projected Customers for Computation Period (March 2017)	153,000	
(6) T = Pennsylvania Gross Receipts Tax Rate	5.9%	
(7) SMCRS = [(C+E+I)/R]/(1-T)	\$ 0.37	Fixed Monthly Charge
(8) ** NOTE: SMCRS Rate to be set at \$0.00 at March 1, 2017.	\$ 0.00	**

**PECO - 2017 SMCRS
C-Factor Calculation**

SMCRS 2: Rate GS

C-Factor Month	Projected Smart Meter Program Costs (1)	Projected Customers (2)
Mar-17 (est)	\$ -	153,000
Total	\$ -	153,000

Estimated Recovery C-Factor \$ - per customer

**PECO - 2017 SMCRS
E-Factor Calculation**

SMCRS 2: Rate GS

E-Factor Period	Recoverable Costs (Net of Stimulus Funding) (1)	Actual GS Customers (2)	C-Factor Rate (3)	C-Factor Revenue (a) (4)	C-Factor Over/(Under) Recovery (5) = (4) - (1)	E-Factor Rate (6)	E-Factor Revenue (a) (7)	Total Collected Revenue (8) = (4) + (7)	Over/(Under) Recovery (9) = (8) - (1)	Cumulative Over/(Under) Recovery (10)
Balance	\$ -									\$ 31,056
Jan-17 (act)	\$ -	154,705	-	\$ -	\$ -	(0.1963)	\$ (70,479)	\$ (70,479)	\$ (70,479)	\$ (39,423)
Feb-17 (est)	\$ -	153,000	-	\$ -	\$ -	(0.0080)	\$ (12,749)	\$ (12,749)	\$ (12,749)	\$ (52,172)
	\$ -	<u>307,705</u>		\$ -	\$ -		\$ (83,228)	\$ (83,228)	\$ (83,228)	
Mar-17 (est)	\$ -	153,000	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ (52,172)
										<u>Total Recovery E-Factor = \$ (52,172)</u>

(a) C Factor and E Factor Revenues are allocated on a percentage basis.

PECO - 2017 SMCRS
Interest Calculation

SMCRS 2: Rate GS

E-Factor Period	Actual GS Customers (1)	C-Factor Over/(Under) Recovery (2)	Interest Rate (3)	Interest Time Factor (4)	Interest Owed/ (Interest Recouped) (5) = (2) x (3) x (4)	Interest Factor Rate (6)	Interest Factor Revenue (a) (7)	Total Interest Owed/ (Interest Recouped) (8) = (5) + (7)	Cumulative Interest Owed/ (Interest Recouped) (9)
Balance									
Jan-17 (act)	154,705	\$ -	6%		\$ -	(0.0216)	\$ (472)	\$ (472)	\$ 851
Feb-17 (est)	153,000	\$ -	6%		\$ -	(0.0043)	\$ (1,718)	\$ (1,718)	\$ 379
	307,705	\$ -			\$ -		\$ (2,190)	\$ (2,190)	\$ (1,339)
Feb-17 (est)	153,000	\$ -	6%		\$ -	-	\$ -	\$ -	\$ (1,339)
								Net Interest = \$	(1,339)

(a) Interest Revenues are allocated on a percentage basis.