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April 17, 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. 41
Effective May 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. 41. This supplement contains PECO's SMCRS for the period starting May 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, February 1, 2017 and March 1, 2017, PECO adjusted the SMCRS to further ensure proper recovery/refund of the balances. However, after recent review, PECO is making an additional adjustment to the SMCRS to further ensure recovery/refund by the end of May 2017.

The current variable distribution rate for Residential customers is set to zero. The current monthly fixed distribution rate for small commercial and industrial customers is also set to zero. PECO proposes to set the following proposed surcharges, which will be included in the appropriate distribution service charges, will be effective for scheduled billing cycles beginning on or after May 1, 2017:

Rosemary Chiavetta, Secretary
April 17, 2017
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Variable Distribution Service charge for Residential Customers (Rates R and RH)	-\$0.00035/kWh
Monthly Fixed Distribution Service Charge for Small Commercial and Industrial Customers (Rate GS)	\$0.65 per Customer
Monthly Fixed Distribution Service Charge for Large Commercial and Industrial Customers (Rates PD, HT and EP)	-\$11.00 per customer

PECO will perform a final accounting of all surcharge balances as of June 30, 2017. Note that an additional filing may be required in the future to eliminate the SMCRS mechanism.

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 April 17, 2017

Effective May 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) 6th Revised Page No. 42

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

Rate R - Residence Service 12th Revised Page No. 48

The Variable Distribution Service Charge is decreased due to Smart Meter Surcharge.

Rate RH- Residential Heating Service 12th Revised Page No. 49

The Variable Distribution Service Charge is decreased due to Smart Meter Surcharge

Rate GS - General Service 15th Revised Page No. 53

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

Rate PD - Primary Distribution Power 10th Revised Page No. 55

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

Rate HT - High Tension Power 10th Revised Page No. 56

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

Rate EP - Electric Propulsion 8th Revised Page No. 57

The Fixed Distribution Service Charge is decreased 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, = (\$0.00035)/kWh

(D)

Small C&I – Rate GS = \$0.65/Fixed Distribution Charge

(I)

Large C&I – Rates HT, PD, EP = (\$11.00)/Fixed Distribution Charge

(D)

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 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: \$8.45

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

VARIABLE DISTRIBUTION SERVICE CHARGE:

All kWhs \$0.06651 per kWh

(D)

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.

(D) Denotes Decrease

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: \$8.45

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

VARIABLE DISTRIBUTION SERVICE CHARGE:

SUMMER MONTHS. (June through September)

\$0.06651 per kWh for all kWh.

(D)

WINTER MONTHS. (October through May)

\$0.04839 per kWh for all kWh

(D)

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.

(D) Denotes Decrease

PECO Energy Company

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:

- \$ 14.91 for single-phase service without demand measurement, or
- \$ 18.82 for single-phase service with demand measurement, or
- \$ 44.16 for polyphase service.

(1)
(1)
(1)

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.

PECO Energy Company

RATE-PD PRIMARY DISTRIBUTION POWER

AVAILABILITY.

Untransformed service from the primary supply lines of the Company's distribution system where the customer installs, owns, and maintains any transforming, switching and other receiving equipment required. However, standard primary service is not available in areas where the distribution voltage has been changed to either 13 kV or 33 kV unless the customer was served with standard primary service before the conversion of the area to either 13 kV or 33 kV. This rate is available only for service locations served on this rate on July 6, 1987 as long as the original primary service has not been removed. PECO Energy may refuse to increase the load supplied to a customer served under this rate when, in PECO Energy's sole judgment, any transmission or distribution capacity limitations exist. If a customer changes the billing rate of a location being served on this rate, PECO Energy may refuse to change that location back to Rate PD when, in PECO Energy's sole judgment, any transmission or distribution capacity limitations exist.

CURRENT CHARACTERISTICS.

Standard primary service.

MONTHLY RATE TABLE.

FIXED DISTRIBUTION SERVICE CHARGE: \$285.09

(D)

VARIABLE DISTRIBUTION SERVICE CHARGE:

\$6.93 per kW of billing demand
(\$0.0004) per kWh for all kWh

ENERGY EFFICIENCY CHARGE: \$0.58 per kW of Peak Load Contribution

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 PROVISION FOR THE RECOVERY OF ENERGY EFFICIENCY AND CONSERVATION PROGRAM COSTS, NON-BYPASSABLE TRANSMISSION CHARGE, 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 BILLING DEMAND.

The billing demand will be computed to the nearest kilowatt and will never be less than the measured demand, adjusted for power factor in accordance with the Rules and Regulations, nor less than 25 kilowatts. The 25kW minimum shall apply to the Energy Supply Charge and the Transmission Supply Charge. Additionally, the billing demand will not be less than 40% of the maximum demand specified in the contract.

MINIMUM CHARGE.

The monthly minimum charge shall be the Fixed Distribution Service Charge, plus the charge per kW component of the Variable Distribution Service Charge, plus in the case of Procurement Class 4 customers, charges assessed under PJM's reliability pricing model.

TERM OF CONTRACT.

The initial contract term shall be for at least three years.

PAYMENT TERMS.

Standard.

(D) Denotes Decrease

PECO Energy Company

RATE-HT HIGH TENSION POWER

AVAILABILITY.

Untransformed service from the Company's standard high tension lines, where the customer installs, owns, and maintains, any transforming, switching and other receiving equipment required.

CURRENT CHARACTERISTICS.

Standard high tension service.

MONTHLY RATE TABLE.

FIXED DISTRIBUTION SERVICE CHARGE: \$288.62

(D)

VARIABLE DISTRIBUTION SERVICE CHARGE:

\$4.67 per kW of billing demand
(\$0.0004) per kWh for all kWh

HIGH VOLTAGE DISTRIBUTION DISCOUNT:

For customers supplied at 33,000 volts: \$0.15 per kW of measured demand.
For customers supplied at 69,000 volts: \$0.48 per kW for first 10,000 kW of measured demand.
For customers supplied over 69,000 volts: \$0.48 per kW for first 100,000 kW of measured demand.

ENERGY EFFICIENCY CHARGE: \$0.58 per kW of Peak Load Contribution

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

DETERMINATION OF BILLING DEMAND.

The billing demand will be computed to the nearest kilowatt and will never be less than the measured demand, adjusted for power factor in accordance with the Rules and Regulations, nor less than 25 kilowatts. Additionally, the billing demand will not be less than 40% of the maximum demand specified in the contract. The 25 kW minimum shall apply to the Energy Supply Charge and the Transmission Supply Charge.

CONJUNCTIVE BILLING OF MULTIPLE DELIVERY POINTS.

If the load of a customer located at a delivery point becomes greater than the capacity of the standard circuit or circuits established by the Company to supply the customer at that delivery point, upon the written request of the customer, the Company will establish a new delivery point and bill the customer as if it were delivering and metering the two services at a single point, as long as installation of the new service is, in the Company's opinion, less costly for the Company than upgrading the service to the first delivery point and provided that such multi-point delivery is not disadvantageous to the Company.

MINIMUM CHARGE.

The monthly minimum charge shall be the Fixed Distribution Service Charge, plus the charge per kW component of the Variable Distribution Service Charge, and modify less the high voltage discount where applicable plus in the case of Procurement Class 4 customers, charges assessed on PJM's reliability pricing model.

TERM OF CONTRACT.

The initial contract term shall be for at least three years.

PAYMENT TERMS.

Standard.

(D) Denotes Decrease

RATE EP ELECTRIC PROPULSION

AVAILABILITY.

This rate is available only to the National Rail Passenger Corporation (AMTRAK) and to the Southeastern Pennsylvania Transportation Authority (SEPTA) for untransformed service from the Company's standard high tension lines, where the customer installs, owns, and maintains any transforming, switching and other receiving equipment required and where the service is provided for the operation of electrified transit and railroad systems and appurtenances.

CURRENT CHARACTERISTICS.

Standard sixty hertz (60 Hz) high tension service.

MONTHLY RATE TABLE.

FIXED DISTRIBUTION SERVICE CHARGE: \$1,281.35 per delivery point

(D)

VARIABLE DISTRIBUTION SERVICE CHARGE:

\$4.20 per kW of billing demand
(\$0.0004) per kWh for all kWh

HIGH VOLTAGE DISTRIBUTION DISCOUNT:

For delivery points supplied at 33,000 volts: \$0.15 per kW.

For delivery points supplied at 69,000 volts: \$0.48 per kW for first 10,000 kW of measured demand.

For delivery points supplied over 69,000 volts \$0.48 per kW for first 100,000 kW of measured demand.

ENERGY SUPPLY CHARGE: Refer to the Generation Supply Adjustment Procurement Class 4.

ENERGY EFFICIENCY CHARGE: \$0.58 per kW of Peak Load Contribution

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

STATE TAX ADJUSTMENT CLAUSE, PROVISION FOR THE RECOVERY OF CONSUMER EDUCATION PLAN COSTS, 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 NUCLEAR DECOMMISSIONING COST ADJUSTMENT APPLY TO THIS RATE.

DETERMINATION OF BILLING DEMAND.

The billing demand will be computed to the nearest kilowatt and will never be less than the measured demand, adjusted for power factor in accordance with the Rules and Regulations, nor less than 5,000 kilowatts. Additionally, the billing demand will not be less than 40% of the maximum demand specified in the contract.

CONJUNCTIVE BILLING OF MULTIPLE DELIVERY POINTS.

If the load of a customer located at a delivery point becomes greater than the capacity of the standard circuit or circuits established by the Company to supply the customer at that delivery point, upon the written request of the customer, the Company will establish a new delivery point and bill the customer as if it were delivering and metering the two services at a single point, as long as installation of the new service is, in the Company's opinion, less costly for the Company than upgrading the service to the first delivery point and provided that such multi-point delivery is not disadvantageous to the Company.

(D) Denotes Decrease

PECO Energy Company

Electric Service Tariff

COMPANY OFFICE LOCATION

2301 Market Street

Philadelphia, Pennsylvania 19101

For List of Communities Served, See Page 4.

Issued April 17, 2017

Effective May 1, 2017

Deleted: June

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

NOTICE

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LIST OF CHANGES MADE BY THIS SUPPLEMENT

Smart Meter Cost Recovery Surcharge (SMCRS) 6th Revised Page No. 42
Reflects updated Smart Meter cost recovery surcharges effective May 1, 2017.

Rate R - Residence Service 12th Revised Page No. 48
The Variable Distribution Service Charge is decreased due to Smart Meter Surcharge.

Rate RH- Residential Heating Service 12th Revised Page No. 49
The Variable Distribution Service Charge is decreased due to Smart Meter Surcharge

Rate GS - General Service 16th Revised Page No. 53
The Fixed Distribution Service Charge is increased due to Smart Meter Surcharge.

Rate PD - Primary Distribution Power 10th Revised Page No. 55
The Fixed Distribution Service Charge is decreased due to Smart Meter Surcharge.

Rate HT - High Tension Power 10th Revised Page No. 56
The Fixed Distribution Service Charge is decreased due to Smart Meter Surcharge.

Rate EP - Electric Propulsion 8th Revised Page No. 57
The Fixed Distribution Service Charge is decreased due to Smart Meter Surcharge.

Deleted: Rules and Regulations – Rules for Designation of Procurement Class – 2nd Revised Page No. 29
Reflects the new GSA 3/4 Hourly Procurement Class for the Large Commercial and Industrial Class for loads greater than 100 KW pursuant to the Order at Docket No. P-2016-2534980. ¶
¶
Generation Supply Adjustment for Procurement Classes 1 and 2 Loads Up to 100 KW – 6th Revised Page No. 32 and 6th Revised Page No. 33. ¶
Reflects adjustments to the GSA 1 and 2 Procurement Classes pursuant to the Order at Docket No. P-2016-2534980. ¶
¶
Generation Supply Adjustment for Procurement Class 3 Loads Greater Than 100 KW Up to 500 KW – 12th Revised Page No. 33A. ¶
This page is eliminated due to the elimination of the GSA 3 Hourly Procurement Class pursuant to the Order at Docket No. P-2016-2534980. ¶
¶
Generation Supply Adjustment for Procurement Class 3/4 Loads Greater than 100 KW – 17th Revised Page No. 34 ¶
Reflects elimination of the GSA 4 Hourly Procurement Class and the adjustment for the new GSA 3/4 Hourly Pricing Procurement Class pursuant to the Order at Docket No. P-2016-2534980. ¶
¶
Reconciliation – 2nd Revised Page No. 35 and 3rd Revised Page No. 36 ¶
Reflects updated reconciliation and recovery provisions for GSA 1 and 2 Procurement Classes and the new GSA 3/4 Hourly Pricing Procurement Class pursuant to the Order at Docket No. P-2016-2534980. ¶
¶
Rate RS-2 Net Metering – 2nd Revised Page No. 51 ¶
Reflects elimination of the GSA 3 Hourly and GSA 4 Hourly Procurement Classes and the adjustment for the GSA 3/4 Hourly Procurement Class pursuant to the Order at Docket No. P-2016-2534980. ¶

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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, = ~~(\$0.00035)/kWh~~ (D)

Small C&I – Rate GS = \$0.65/Fixed Distribution Charge (I)

Large C&I – Rates HT, PD, EP = ~~(\$11.00)/Fixed Distribution Charge~~ (D)

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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.

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PECO Energy Company

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: \$8.45

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

VARIABLE DISTRIBUTION SERVICE CHARGE:

All kWhs \$0.0651 per kWh

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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.

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PECO Energy Company

RATE R H RESIDENTIAL HEATING SERVICE

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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: \$8.45

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

VARIABLE DISTRIBUTION SERVICE CHARGE:

SUMMER MONTHS. (June through September)

\$0.06651 per kWh for all kWh.

WINTER MONTHS. (October through May)

\$0.04839 per kWh for all kWh

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ENERGY SUPPLY CHARGE:

Refer to the Generation Supply Adjustment Procurement Class 1.

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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.

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RATE-GS GENERAL SERVICE

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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:

- \$ 14.91 for single-phase service without demand measurement, or
- \$ 18.82 for single-phase service with demand measurement, or
- \$ 44.16 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.

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RATE-PD PRIMARY DISTRIBUTION POWER

AVAILABILITY.

Untransformed service from the primary supply lines of the Company's distribution system where the customer installs, owns, and maintains any transforming, switching and other receiving equipment required. However, standard primary service is not available in areas where the distribution voltage has been changed to either 13 kV or 33 kV unless the customer was served with standard primary service before the conversion of the area to either 13 kV or 33 kV. This rate is available only for service locations served on this rate on July 6, 1987 as long as the original primary service has not been removed. PECO Energy may refuse to increase the load supplied to a customer served under this rate when, in PECO Energy's sole judgment, any transmission or distribution capacity limitations exist. If a customer changes the billing rate of a location being served on this rate, PECO Energy may refuse to change that location back to Rate PD when, in PECO Energy's sole judgment, any transmission or distribution capacity limitations exist.

CURRENT CHARACTERISTICS.

Standard primary service.

MONTHLY RATE TABLE.

FIXED DISTRIBUTION SERVICE CHARGE: \$285.09

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VARIABLE DISTRIBUTION SERVICE CHARGE:

\$6.93 per kW of billing demand
(\$0.0004) per kWh for all kWh

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ENERGY EFFICIENCY CHARGE: \$0.58 per kW of Peak Load Contribution

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 PROVISION FOR THE RECOVERY OF ENERGY EFFICIENCY AND CONSERVATION PROGRAM COSTS, NON-BYPASSABLE TRANSMISSION CHARGE, 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 BILLING DEMAND.

The billing demand will be computed to the nearest kilowatt and will never be less than the measured demand, adjusted for power factor in accordance with the Rules and Regulations, nor less than 25 kilowatts. The 25kW minimum shall apply to the Energy Supply Charge and the Transmission Supply Charge. Additionally, the billing demand will not be less than 40% of the maximum demand specified in the contract.

MINIMUM CHARGE.

The monthly minimum charge shall be the Fixed Distribution Service Charge, plus the charge per kW component of the Variable Distribution Service Charge, plus in the case of Procurement Class 4 customers, charges assessed under PJM's reliability pricing model.

TERM OF CONTRACT.

The initial contract term shall be for at least three years.

PAYMENT TERMS.

Standard.

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RATE-HT HIGH TENSION POWER

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AVAILABILITY.

Untransformed service from the Company's standard high tension lines, where the customer installs, owns, and maintains, any transforming, switching and other receiving equipment required.

CURRENT CHARACTERISTICS.

Standard high tension service.

MONTHLY RATE TABLE.

FIXED DISTRIBUTION SERVICE CHARGE: \$~~288.62~~

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VARIABLE DISTRIBUTION SERVICE CHARGE:

\$4.67 per kW of billing demand
(\$0.0004) per kWh for all kWh

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HIGH VOLTAGE DISTRIBUTION DISCOUNT:

For customers supplied at 33,000 volts: \$0.15 per kW of measured demand.
For customers supplied at 69,000 volts: \$0.48 per kW for first 10,000 kW of measured demand.
For customers supplied over 69,000 volts: \$0.48 per kW for first 100,000 kW of measured demand.

ENERGY EFFICIENCY CHARGE: \$0.58 per kW of Peak Load Contribution

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

DETERMINATION OF BILLING DEMAND.

The billing demand will be computed to the nearest kilowatt and will never be less than the measured demand, adjusted for power factor in accordance with the Rules and Regulations, nor less than 25 kilowatts. Additionally, the billing demand will not be less than 40% of the maximum demand specified in the contract. The 25 kW minimum shall apply to the Energy Supply Charge and the Transmission Supply Charge.

CONJUNCTIVE BILLING OF MULTIPLE DELIVERY POINTS.

If the load of a customer located at a delivery point becomes greater than the capacity of the standard circuit or circuits established by the Company to supply the customer at that delivery point, upon the written request of the customer, the Company will establish a new delivery point and bill the customer as if it were delivering and metering the two services at a single point, as long as installation of the new service is, in the Company's opinion, less costly for the Company than upgrading the service to the first delivery point and provided that such multi-point delivery is not disadvantageous to the Company.

MINIMUM CHARGE.

The monthly minimum charge shall be the Fixed Distribution Service Charge, plus the charge per kW component of the Variable Distribution Service Charge, and modify less the high voltage discount where applicable plus in the case of Procurement Class 4 customers, charges assessed on PJM's reliability pricing model.

TERM OF CONTRACT.

The initial contract term shall be for at least three years.

PAYMENT TERMS.

Standard.

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RATE EP ELECTRIC PROPULSION

AVAILABILITY.

This rate is available only to the National Rail Passenger Corporation (AMTRAK) and to the Southeastern Pennsylvania Transportation Authority (SEPTA) for untransformed service from the Company's standard high tension lines, where the customer installs, owns, and maintains any transforming, switching and other receiving equipment required and where the service is provided for the operation of electrified transit and railroad systems and appurtenances.

CURRENT CHARACTERISTICS.

Standard sixty hertz (60 Hz) high tension service.

MONTHLY RATE TABLE.

FIXED DISTRIBUTION SERVICE CHARGE: \$1,281.35 per delivery point

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VARIABLE DISTRIBUTION SERVICE CHARGE:

\$4.20 per kW of billing demand
(\$0.0004) per kWh for all kWh

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HIGH VOLTAGE DISTRIBUTION DISCOUNT:

For delivery points supplied at 33,000 volts: \$0.15 per kW.
For delivery points supplied at 69,000 volts: \$0.48 per kW for first 10,000 kW of measured demand.
For delivery points supplied over 69,000 volts \$0.48 per kW for first 100,000 kW of measured demand.

ENERGY SUPPLY CHARGE: Refer to the Generation Supply Adjustment Procurement Class 4.

ENERGY EFFICIENCY CHARGE: \$0.58 per kW of Peak Load Contribution

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

STATE TAX ADJUSTMENT CLAUSE, PROVISION FOR THE RECOVERY OF CONSUMER EDUCATION PLAN COSTS, 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 NUCLEAR DECOMMISSIONING COST ADJUSTMENT APPLY TO THIS RATE.

DETERMINATION OF BILLING DEMAND.

The billing demand will be computed to the nearest kilowatt and will never be less than the measured demand, adjusted for power factor in accordance with the Rules and Regulations, nor less than 5,000 kilowatts. Additionally, the billing demand will not be less than 40% of the maximum demand specified in the contract.

CONJUNCTIVE BILLING OF MULTIPLE DELIVERY POINTS.

If the load of a customer located at a delivery point becomes greater than the capacity of the standard circuit or circuits established by the Company to supply the customer at that delivery point, upon the written request of the customer, the Company will establish a new delivery point and bill the customer as if it were delivering and metering the two services at a single point, as long as installation of the new service is, in the Company's opinion, less costly for the Company than upgrading the service to the first delivery point and provided that such multi-point delivery is not disadvantageous to the Company.

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

SMCRS 1: Rates R and RH

	Amount	\$/kWh
(1) C = Projected Recoverable Smart Meter Program Costs	\$ -	\$ -
(2) E = Experienced & Estimated Net (Over)/Under	\$ (110,967)	\$ (0.0001) p. 3 of 12
(3) I = Interest	\$ (37,977)	\$ (0.0000) p. 4 of 12
(4) Net Recoverable (C + E + I)	\$ (148,944)	\$ (0.0002)
(5) R = Projected Sales (kWh) for Computation Period (May 2017)	793,159,571	
(6) T = Pennsylvania Gross Receipts Tax Rate	5.9%	
(7) SMCRS = [(C+E+I)/R]/(1-T)	\$ (0.00020)	Monthly Variable kWh Charge

(8) **NOTE: SMCRS Rate to be set at (0.00035) at May 1, 2017 to reduce the over collected balance. Any (over) collection balance at May 31, 2017 will be rolled into a future Consumer Education Charge.**

(0.00035) ** Monthly Variable kWh Charge

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

SMCRS 1: Rates R and RH

C-Factor Month	Projected Smart Meter Program Costs (1)	Projected Sales (kWh) (2)
May-17 (est)	\$ -	793,159.571
Total	\$ -	793,159.571

Estimated Recovery C-Factor \$ - per kWh

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

SMCRS 1: Rates R, RH, OP

E-Factor Period	Recoverable Costs (Net of Stimulus Funding) (1)	Actual R, RH, OP Usage (kWh) (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	\$ -									\$ (143,848)
Dec-16	\$ -	1,114,342,194	-	\$ -	\$ -	0.0001	\$ 148,228	\$ 148,228	\$ 148,228	\$ 4,380
Jan-17	\$ -	1,382,064,619	-	\$ -	\$ -	(0.0000)	\$ 106,254	\$ 106,254	\$ 106,254	\$ 110,634
Feb-17	\$ -	1,121,948,192	-	\$ -	\$ -	(0.0000)	\$ 323	\$ 323	\$ 323	\$ 110,957
Mar-17	\$ -	1,021,120,039	-	\$ -	\$ -	(0.0000)	\$ 10	\$ 10	\$ 10	\$ 110,967
Apr-17 (est)	\$ -	893,368,435	-	\$ -	\$ -	(0.0000)	\$ -	\$ -	\$ -	\$ 110,967
	\$ -			\$ -	\$ -		\$ 254,815	\$ 254,815	\$ 254,815	\$ 110,967
Total Recovery E-Factor = \$ 110,967										

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

**PECO - 2017 SMCRS
Interest Calculation**

SMCRS 1: Rates R, RH, OP

E-Factor Period	Actual R, RH, OP Usage (kWh) (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									
Dec-16 (act)	1,114,342,194	\$ -	6%		\$ -	0.0000	\$ 50,715	\$ 50,715	\$ (49,216)
Jan-17 (act)	1,382,064,619	\$ -	6%		\$ -	(0.0000)	\$ 36,364	\$ 36,364	\$ 1,499
Feb-17 (act)	1,121,948,192	\$ -	6%		\$ -	(0.0000)	\$ 111	\$ 111	\$ 37,863
Mar-17 (act)	1,021,120,039	\$ -	6%		\$ -	(0.0000)	\$ 4	\$ 4	\$ 37,974
Apr-17 (est)	893,368,435	\$ -	6%		\$ -	(0.0000)	\$ -	\$ -	\$ 37,977
	5,532,843,479	\$ -			\$ -		\$ 87,193	\$ 87,193	\$ 37,977
									Net Interest = \$ 37,977

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

**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		
(3) I = Interest	\$ 58,865	\$ 0.38224
	120	0.00078
(4) Net Recoverable (C + E + I)	\$ 58,985	\$ 0.38302
(5) R = Projected Customers for Computation Period (May 2017)	154,000	
(6) T = Pennsylvania Gross Receipts Tax Rate	5.9%	
(7) SMCRS = [(C+E+I)/R]/(1-T)	\$ 0.41	Fixed Monthly Charge

(8) ** NOTE: SMCRS Rate to be set at \$0.65 at May 1, 2017 to reduce the \$ 0.65 **
under collected balance.

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

SMCRS 2: Rate GS

C-Factor Month	Projected Smart Meter Program Costs (1)	Projected Customers (2)
May-17 (est)	\$ -	154,000
Total	\$ -	154,000

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	\$ -									\$ 127,980
Dec-16	\$ -	152,953	-	\$ -	\$ -	(0.647)	\$ (96,924)	\$ (96,924)	\$ (96,924)	\$ 31,056
Jan-17	\$ -	154,705	-	\$ -	\$ -	(0.200)	\$ (70,479)	\$ (70,479)	\$ (70,479)	\$ (39,423)
Feb-17	\$ -	150,841	-	\$ -	\$ -	(0.008)	\$ (16,535)	\$ (16,535)	\$ (16,535)	\$ (55,957)
Mar-17	\$ -	155,963	-	\$ -	\$ -	0.341	\$ (2,908)	\$ (2,908)	\$ (2,908)	\$ (58,865)
Apr-17 (est)	\$ -	154,000	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ (58,865)
	\$ -	615,509		\$ -	\$ -		\$ (89,921)	\$ (89,921)	\$ (89,921)	
Total Recovery E-Factor = \$ (58,865)										

(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									
Dec-16	152,953	\$ -	6%		\$ -	(0.02)	\$ (2,657)	\$ (2,657)	\$ 3,508
Jan-17	154,705	\$ -	6%		\$ -	(0.02)	\$ (472)	\$ (472)	\$ 851
Feb-17	150,841	\$ -	6%		\$ -	(0.00)	\$ (424)	\$ (424)	\$ 379
Mar-17	155,963	\$ -	6%		\$ -	0.01	\$ (75)	\$ (75)	\$ (46)
Apr-17 (est)	154,000	\$ -	6%		\$ -	-	\$ -	\$ -	\$ (120)
	615,509	\$ -			\$ -		\$ (971)	\$ (971)	\$ (120)
									Net Interest = \$ (120)

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

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

SMCRS 3: Rates HT, PD, EP

	<u>Amount</u>	<u>\$/Customer</u>
(1) C = Projected Recoverable Smart Meter Program Costs	\$ -	\$ -
(2) E = Experienced & Estimated Net (Over)/Under	\$ (17,741)	\$ (5.30) p. 11 of 12
(3) I = Interest	\$ (2,210)	\$ (0.66) p. 12 of 12
(4) Net Recoverable (C + E + I)	\$ (19,951)	\$ (5.96)
(5) R = Projected Customers for Computation Period (May 2017)	3,350	
(6) T = Pennsylvania Gross Receipts Tax Rate	5.9%	
(7) SMCRS = [(C+E+I)/R]/(1-T)	\$ (6.33)	Fixed Monthly Charge

(8) ** NOTE: SMCRS Rate to be set at (\$11.00) at May 1, 2017 to reduce the over collected balance. **\$ (11.00) ****

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

SMCRS 3: Rates HT, PD, EP

C-Factor Month	Projected Smart Meter Program Costs (1)	Projected Customers (2)
May-17 (est)	\$ -	3,350
Total	\$ -	3,350

Estimated Recovery C-Factor \$ - per customer

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

SMCRS 3: Rates HT, PD, EP

E-Factor Period	Recoverable Costs (Net of Stimulus Funding) (1)	Actual HT, PD, EP Customers (2)	C-Factor			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)
			Rate (3)	Revenue (a) (4)	Over/(Under) Recovery (5) = (4) - (1)					
Balance	\$ -									\$ (51,394)
Dec-16	\$ -	3,326	-	\$ -	-	10.88	\$ 34,501	\$ 34,501	\$ 34,501	\$ (16,893)
Jan-17	\$ -	3,313	-	\$ -	-	4.24	\$ 25,677	\$ 25,677	\$ 25,677	\$ 8,783
Feb-17	\$ -	3,336	-	\$ -	-	0.88	\$ 8,578	\$ 8,578	\$ 8,578	\$ 17,362
Mar-17	\$ -	3,405	-	\$ -	-	0.88	\$ 380	\$ 380	\$ 380	\$ 17,741
Apr-17 (est)	\$ -	3,400	-	\$ -	-	-	\$ -	\$ -	\$ -	\$ 17,741
	\$ -	13,380		\$ -	-		\$ 69,136	\$ 69,136	\$ 69,136	
Total Recovery E-Factor = \$ 17,741										

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

**PECO - 2017 SMCRS
Interest Calculation**

SMCRS 3: Rates HT, PD, EP

E-Factor Period	Actual HT, PD, EP 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									
Dec-16	3,326	\$ -	6%		\$ -	1.05	\$ 3,324	\$ 3,324	\$ (4,726)
Jan-17	3,313	\$ -	6%		\$ -	0.46	\$ 2,795	\$ 2,795	\$ (1,402)
Feb-17	3,336	\$ -	6%		\$ -	0.08	\$ 782	\$ 782	\$ 1,393
Mar-17	3,405	\$ -	6%		\$ -	0.08	\$ 35	\$ 35	\$ 2,175
Apr-17 (est)	3,400	\$ -	6%		\$ -	-	\$ -	\$ -	\$ 2,210
	16,780	\$ -			\$ -		\$ 6,935	\$ 6,935	\$ 2,210
									Net Interest = \$ 2,210

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