PECO Energy Company

Electric Service Tariff

COMPANY OFFICE LOCATION

2301 Market Street
Philadelphia, Pennsylvania 19101

For List of Communities Served, See Page 4.

Issued March 17, 2016 Effective June 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

**Rules and Regulations – Rules for Designation of Procurement Class – XX Revised Page No. 29**
Reflects new Procurement Class 3/4 Hourly for the Large Commercial and Industrial Class for loads greater than 100 KW pursuant to the Order at Docket No. P-2014-2409362.

**Generation Supply Adjustment for Procurement Classes 1 and 2, Loads Up to 100 KW – XX Revised Page No. 32 & XX Revised Page No. 33**
Reflects elimination of GSA 3 pursuant to the Order at Docket No. P-2014-2409362.

**Generation Supply Adjustment for Procurement Class 3/4 Loads Greater than 100 KW – XX Revised Page No. 34**
Reflects monthly adjustment for the new Procurement Class 3/4 Hourly pricing pursuant to the Order at Docket No. P-2014-2409362.

**Reconciliation – XX Revised Page No. 35 and XX Revised Page No. 36**
Reflects updated reconciliation and recovery provisions for GSA 1, 2 and the new 3/4 Hourly Class.

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**Effective:** June 1, 2016
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Issued: March 1, 2016  Effective: June 1, 2017
21.1 OFFICE OF THE COMPANY. Whenever, in this Tariff, it is provided that notice be given or sent to the Company, or the office of the Company, such notice, delivered or mailed, postage prepaid to any commercial office, shall be deemed sufficient, unless the Principal Office of the Company at 2301 Market Street, Philadelphia, is expressly mentioned.

21.2 NO PREJUDICE OF RIGHTS. The failure by the Company to enforce any of the terms of this Tariff shall not be deemed a waiver of its right to do so.

21.3 GRATUITIES TO EMPLOYEES. The Company's employees are strictly forbidden to demand or accept any personal compensation, or gifts, for service rendered by them while working for the Company on the Company's time.

21.4 BILLING CHANGES. Where billing changes are made as the result of an investigation made at customer's request or by routine inspection, the change of billing may be applied to the bill for the regular meter reading period preceding such investigation, and will, in any event, apply to the bill for the period during which the investigation is made.

21.5 EXCEPTIONAL CASES. The usual supply of electric service shall be subject to the provisions of this Tariff; but where special service-supply conditions or problems arise for which provision is not otherwise made, the Company may modify or adapt its supply terms to meet the peculiar requirements of such case, provided that such modified terms are a rational expansion of standard Tariff provisions.

21.6 ASSIGNMENT. Subject to the Rules and Regulations, all contracts made by the Company shall be binding upon, and oblige and inure to the benefit of, the successors and assigns, heirs, executors and administrators of the parties thereto.

21.7 OTHER CHARGES. The Company may, if feasible, provide and charge for services, other than those provided for in this Tariff, when requested by the customer. The Company is not obligated to provide such services. The Company will, if possible, give the customer an advance written estimate of the costs to provide the service. Costs shall include, but not be limited to, materials, supplies, labor, transportation, and overhead.

21.8 TAX INDEMNIFICATION. If PECO Energy becomes liable under Section 2806(g) or 2809(c) of the Public Utility Code, 66 C.S. §§ 2806(g) and 2809(c), and Pennsylvania state taxes not paid by an Electric Generation Supplier (EGS), the non-compliant EGS shall indemnify PECO Energy for the amount of additional state tax liability imposed upon PECO Energy by the Pennsylvania Department of Revenue due to the failure of the EGS to pay or remit to the Commonwealth the tax imposed on its gross receipts under Section 1101 of the Tax Reform Code of 1971 or Chapter 28 of Title 66.

22. RULES FOR DESIGNATION OF PROCUREMENT CLASS

22.1 DESIGNATION OF PROCUREMENT CLASS

a) Annually, in November the Company shall notify the customer of the procurement group class designation which shall be effective the following June 1.

b) The procurement class designation shall be used to determine the appropriate Generation Supply Adjustment to apply to the customer.

c) For non-residential customers the procurement class shall be determined based upon the customers peak measured demand in the prior June-May period.

d) There shall be three procurement class designations. They are:

1) Residential
2) Small Commercial and Industrial up to and including 100 kW
3) Large Commercial and Industrial greater than 100 kW

e) Procurement class designation shall only change once per year on the date established in rule 22.1a.

f) New customers procurement class shall be based upon an engineering estimate of their diversified peak demand for a new facility or an existing facility with a substantially different use.

g) A new customer in an existing facility shall be assigned to the same procurement class as the last customer in that facility unless rule 22.1l applies.

(C) Denotes Change

Issued: March 12, 2018
Effective: June 1, 2018

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GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASSES 1 and 2

LOADS UP TO 0.00KW

Applicability: June 1, 2015; this adjustment shall apply to all customers taking default service from the Company with demands up to 0.00KW. The rate contained herein shall be calculated to the nearest one hundredth of a cent. The GSA shall contain the cost of generation supply for each tariff rate.

Pricing: The rates below shall include the cost of procuring power to serve the default service customers including the cost of complying with the Alternative Energy Portfolio Standards Act ("AEPS" or the "Act") plus associated administrative expenses incurred in acquiring power and gaining regulatory approval of any procurement strategy and plan. The pricing for default service will represent the estimate of the cost to serve the specific tariff rate for the next quarterly period beginning with the three months ended August 31, 2017. The rates in this tariff shall be updated on June 1, September 1, December 1 and March 1 commencing June 1, 2015. If the balance of over/(under) recovery gets too large, the Company can file a reconciliation that will mitigate the subsequent impact. The generation service charge shall be calculated using the following formula:

\[ \text{GSA}(n) = \frac{(C - E + A)}{S} \left( 1 - \frac{T}{1 + (1 - T)} \right) \]

Where:

- **C** = The sum of the amounts paid to the full requirements suppliers providing the power for the quarterly period, the spot market purchases for the quarterly period, plus the cost of any other energy acquired for the quarterly period. Cost shall include energy, capacity and ancillary services, distribution line losses, cost of complying with the Alternative Energy Portfolio Standards, and any other load serving entity charges other than network transmission service and costs assigned under the Regional transmission Expansion Plan. Ancillary services shall include any allocation by PJM to PECO default service associated with the failure of a PJM member to pay its bill from PJM as well as the load serving entity charges listed in the Supply Master Agreement Exhibit D as the responsibility of the supplier. This component shall include the proceeds and costs from the exercise of Auction Revenue Rights granted to PECO by PJM.

- **AEPS** = The projected total cost of complying with the Alternative Energy Portfolio Standards Act ("AEPS" or the "Act") not included in the C component above for the quarterly period for each procurement class. Costs include the amount paid for Alternative Energy and/or Alternative Energy Credits ("AEC")'s purchased for compliance with the Act, the cost of administering and conducting any procurement of Alternative Energy and/or AEC's, payments to the AEC program administrator for its costs of administering an alternative energy credits program, payments to a third party for its costs in operating an AEC registry, any change levied by PECO's regional transmission operator to ensure that alternative energy sources are reliable, a credit for the sale of any AEC's sold during the calculation period, and the cost of Alternative Compliance Payments that are deemed recoverable by the Commission, plus any other direct or indirect cost of acquiring Alternative Energy and/or AEC's and complying with the AEPS statute.

- **E** = Experienced over or under-collection calculated under the reconciliation provision of the tariff to be effective semiannually with recovery during the periods March 1 through August 31 of the current year and September 1 of the current year through February 28 (29) of the following year.

- **A** = Administrative Cost - This includes the cost of the independent evaluator, consultants providing guidance on the development of the procurement plan, legal fees incurred in gathering approval of the plan and any other costs associated with designing and implementing a procurement plan including the cost of the pricing forecast necessary for estimating cost recoverable under this tariff. Also included in this component shall be the cost to implement real time pricing or other time sensitive pricing such as dynamic pricing that is required of the Company or is approved in its Act 129 filing. Administrative Costs also includes any other costs incurred to implement retail market enhancements directed by the Commission in its Retail Market Investigation at Docket No. 11-011-2379.62 or any other applicable docket that are not recovered from GSA's or through another rate.

- **S** = Estimated sales for the period the rate is in effect for the classes to which the rate is applicable. Six month sales are used for the E factor with effective periods March 1 through August 31 of the current year and September 1 of the current year through February 28 (29) of the following year.

- **T** = The currently effective gross receipts tax rate.

- **n** = The procurement class for which the GSA is being calculated.

- **ALL** = Average line losses for the procurement class.

- **LL** = Line losses for the specific rate class provided in the Company's Electric Generation Supplier Coordination Tariff rule 6.6.

- **WC** = $0.00034/kWh to represent the cash working capital for power purchases.

**Auction Revenue Rights (ARR)** = Allocated annually by PJM to Firm transmission customers, the ARRs allow a Company to select rights to specific transmission paths in order to avoid congestion charges. In general the line loss adjustment is applicable to Procurement Class 2 and 3 only as those classes contain rate classes with three different line loss factors: Current Charges:

<table>
<thead>
<tr>
<th>Rate</th>
<th>GSA Price</th>
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<tbody>
<tr>
<td>A</td>
<td>$0.00034</td>
</tr>
<tr>
<td>R</td>
<td>$0.00034</td>
</tr>
<tr>
<td>G</td>
<td>$0.00034</td>
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Issued March 1, 2016

Effective June 1, 2015

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Deleted: 0.07869
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**Supplement No. X to**
Tariff Electric Pa. P.U.C. No. 5
XXX Revised Page No. 33
Supersedes XXX Page No. 33

**PECO Energy Company**

**Generation Supply Adjustment for Procurement Classes 1 and 2**

<table>
<thead>
<tr>
<th>Load up to 100kW (Continued)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PD</strong></td>
</tr>
<tr>
<td><strong>HT</strong></td>
</tr>
<tr>
<td><strong>PD</strong></td>
</tr>
<tr>
<td><strong>SL</strong></td>
</tr>
<tr>
<td><strong>SL</strong></td>
</tr>
<tr>
<td><strong>AL</strong></td>
</tr>
</tbody>
</table>

(C) Prices shall exclude capacity from the Procurement Class 2 RFP results.

Procedure: For Procurement Classes 1 and 2, the GSA shall be filed 45 days before the effective dates of June 1, September 1, and March 1. A reconciliation schedule will accompany these filings.

(C) Denotes Change

Issued: March 15, 2016
Effective: June 1, 2012
P ECO Energy Company

GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASS 3/4

LOADS GREATER THAN 1,000KW

Applicability: June 1, 2012, this adjustment shall apply to all customers taking default service from the Company with demands greater than 1,000kw.

Hourly Pricing Service
Pricing: The rates below shall include the cost of procuring power to serve the default service customers plus associated administrative expenses incurred in acquiring power and gaining regulatory approval of any procurement strategy and plan. The rates for the GSA 3/4 Hourly Pricing Adder shall be updated quarterly on June 1, September 1, December 1, and March 1 commencing June 1, 2017. If the balance of over/under recovery gets too large due to billing lag, the Company can file a reconciliation that will mitigate the subsequent impact. The cost for this hourly service rate shall be as follows:

Generation Supply Cost (GSC) = (C+R+AS+AC·E)/(1-T)+WCA where:

C = The PJM day ahead hourly price multiplied by the customers usage in the hour summed up for all hours in the month

PJM\(\text{Max} \times \text{Usage}/(1-\text{LL})\)

PJM\(\text{Max} = \text{PJM on day ahead hourly price. Usage - Electricity used by an end user customer. R = The PJM reliability pricing model (RPM) charge for month for the customer. The RPM charge shall be the customers peak load contribution as established for PJM purposes multiplied by the current RPM monthly charges and the PJM established reserve margin adjustment. PLC x (1+RM) x P\text{Max} \times \text{Bill Days}\)

PLC = Peak load contribution
RM = Reserve margin adjustment per PJM
P\text{Max} = Capacity price per MW·day
AC = Administrative Cost - This includes an allocation of the cost of the Independent Evaluators, consultants providing guidance on the development of the procurement strategy, legal fees incurred gaining approval of the plan, and any other costs associated with designing and implementing a procurement plan divided by the total default service sales and then multiplied by the customers usage for the month.

Administrative Costs also includes any other costs incurred to implement retail market enhancements directed by the Commission in its Retail Market Investigation at Docket No. 1-2011-2237952 or any other applicable docket that are not recovered from EGSs or through another rate.

A / S x Usage
A = Administrative cost
S = Default service sales
AS = The cost, on a $/MWH basis, of acquiring ancillary services from PJM and of complying with the Alternative Energy Portfolio Standard, multiplied by the customers usage for the month and divided by (1-LL). Consequence charges including the proceeds and costs from the exercise of Auction Revenue Rights shall be included in this component. Ancillary services shall be those included in the Supply Master Agreement as being the responsibility of the supplier.

\(((\text{PJM\(\text{Max} \times \text{Usage}/(1-\text{LL}) + \text{AEPS/SA\text{Max}} \times \text{Usage)\)}}

PJM\(\text{Max} = \text{SMW} \text{H} \text{charged by PJM for ancillary services}
AEPS = Cost of complying with the alternative energy portfolio standard
SA\text{Max} = Sales for which AEPS cost is incurred
If the supplier provides the ancillary services and AEPS cost then the customer shall be charged the supplier’s rate for these services times usage and divided by (1-LL).

Auction Revenue Rights (ARR) = Allocated annually by PJM to Firm transmission customers, the ARR’s allow a Company to select rights to specific transmission paths in order to avoid congestion charges.
LL = Line loss factor as provided in the Company’s Electric Generation Supplier Coordination Tariff Rule 6.6 based upon the customers distribution rate class adjusted to remove losses included in the PJM LMP?
T = The currently effective gross receipts tax rate
E = E\text{O\text{U}/\text{F}, x usage where}
E = Over/under recovery as calculated in the reconciliation
Sx = Procurement class sales
WC = $0.00424/kWh for working capital associated with power purchases
WCA = Individual customer sales x WC

Procedure: The “E” factor shall be updated periodically in conjunction with the Reconciliation.

The applicable above items are converted to the rates listed below:

<table>
<thead>
<tr>
<th>Hourly Pricing Adder* (dollars/kWh)</th>
<th>GS</th>
<th>PS</th>
<th>HT</th>
<th>FP</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$X XXXXX</td>
<td>$X XXXXX</td>
<td>$X XXXXX</td>
<td>$X XXXXX</td>
</tr>
</tbody>
</table>

* Includes administrative cost (AC), ancillary service charge (AS), E factor (E) and working capital (WC).

(C) Denotes Change

Supplement No. X to Tariff Electric Pa., P.U.C. No. 5
XXX Revised Page No. 34
Superseded by XXX Revised Page No. 35

Issued March 1, 2016

Effective June 1, 2012
**RECONCILIATION**

**Applicability:** June 1, 2017, this adjustment shall apply to all customers who received default service during the period.

Customers taking default service during the reconciliation period that leave default service prior to the assessment of the collection of the over/(under) adjustment shall still pay or receive credit for the over/(under) adjustment through the migration provision. The Company shall notify the Commission and parties to the Default Service Settlement 15 days in advance of the quarterly billing. If the Migration Provision will be implemented in the filing.

This adjustment shall be calculated on a semiannual basis for Procurement Classes 1, 2 and 3/4 Hourly. The reconciliation period will include the six month period beginning January 1, 2017 and January 1 commencing with the July 1, 2017 through December 31, 2017 reconciliation period for Procurement Classes 1 and 2 and the six month period July 1, 2017 through December 31, 2017 for Procurement Class 3/4 Hourly. There will be two initial transition reconciliation periods for Procurement Class 3/4 Hourly. They are the reconciliation period including February 2017 and the reconciliation period including the four month period March 1, 2017 through June 30, 2017, respectively. The reconciliation shall be separate for each procurement class. Any resulting over or under recovery shall be assessed on an equal cents per kilowatt-hour basis to all customers in the relevant procurement group.

For Procurement Classes 1 and 2 and for Procurement Class 3/4 Hourly after the transition period, any over/(under) recovery shall be collected after the occurrence of two months from the end of the reconciliation period. For the two initial transition reconciliation periods for Procurement Class 3/4 Hourly, any over/(under) recovery shall be collected after the occurrence of three months and ten months, respectively.

For Procurement Classes 1, 2 and 3/4 Hourly, recovery shall be over a six month period commencing September 1 and March 1, respectively. For purposes of this rider the reconciliation shall be calculated 45 days before the effective date of recovery. The over or under recovery shall be calculated using the formula below. The calculation of the over/(under) recovery shall be done separately for the following procurement classes — Class 1 — Residential, Class 2 — Small C&I (up to 100 kW), and Class 3/4 — Large C&I (greater than 10 kW).

**Reconciliation Formula**

\[
O = 20(U) + 1
\]

\[
M = 20(U) + 20(U) + 1
\]

Where:

- \( E \) = Experienced over or under collection plus associated interest
- \( N \) = Procurement class
- \( M \) = Migration Rider
- \( O(U) \) = The monthly difference between revenue billed to the procurement class and the cost of supply as described below in Cost, AEP's Cost and Administrative Cost.

\[
Revenue = \text{Amount billed to the tariff rates applicable to the procurement class including approved Real Time Price or other time sensitive rates for the period being reconciled through the GSA.}
\]

\[
Cost = \text{The sum of the amounts paid to all of the full requirements suppliers providing the power for the period being reconciled, the spot market purchases for the period being reconciled, plus the cost of any other energy acquired for the period being reconciled. Cost shall include energy, capacity, and ancillary services as well as the proceeds and costs of auction revenue rights for Procurement Classes 1 and 2. Ancillary services shall include any allocation by PJM to PECO default service associated with the failure of a PJM member to pay its bill from PJM as well as those costs listed in the Supply Master Agreement as the responsibility of the seller.}
\]

\[
AEP'S = \text{The total cost of complying with the Alternative Energy Portfolio Standards Act ("AEP'S") or the "Act" not included in the Cost component above for the reconciliation period for Procurement Classes 1 and 2 and not included in the ancillary services component (C) for Procurement Class 3/4 Hourly Service.}
\]

\[
\text{Costs include the amount paid for Alternative Energy and/or Alternative Energy Credits ("AEC's") purchased for compliance with the Act, the cost of administering and conducting any procurement of Alternative Energy and/or AEC's, payments to the AEC program administrator for its costs of administering an alternative energy credits program, payments to a third party for its costs in operating an AEC registry, any charge levied by PECO's regional transmission operator to ensure that alternative energy sources are reliable, a credit for the sale of any AEC's sold during the calculation period, and the cost of Alternative Compliance Payments that are deemed recoverable by the Commission, plus any other direct or indirect cost of acquiring Alternative Energy and/or AEC's and complying with the AEP'S statute.}
\]

\[
\text{Administrative Cost = This includes the cost of the Independent Evaluator, consultants providing guidance on the development of the procurement strategy, legal fees incurred gaining approval of the strategy, and any other costs associated with designing and implementing a procurement plan including the cost of the pricin forecast necessary for estimating cost recoverable under this tariff. Also included in this component shall be the cost to implement real time pricing or other time sensitive pricing such as dynamic pricing that is required of the Company or approved in its Act 129 filing. Administrative Costs also includes other costs incurred to implement retail market enhancements directed by the Commission in its Retail Market Investigation at Docket No. I-2011-225792 or any other applicable docket that are not recovered from GSS's or through another rate.}
\]

\[
\text{Full Requirements Supply = A product purchased by the Company that includes a fixed price for all energy consumed. The only cost added by the Company to the full requirements price is for gross receipts tax, distribution line losses, and administrative cost.}
\]

\[
\text{Ancillary Services = The following services in the PJM DATT - reactive support, frequency control, operating reserves, supplemental reserves, imbalance charges, PJM annual charges, any PJM assessment associated with non-payment by members, and any other load serving entity charges not listed here but contained in Exhibit D of the Supply Master Agreement. Also included shall be the proceeds and costs from the exercise of auction revenue rights for Procurement Class 3/4 Hourly Service.}
\]

\( \text{(C) Denotes Change} \)

\( \text{Issued: March 1, 2018} \)

\( \text{Effective June 1, 2018} \)
RECONCILIATION
(CONTINUED)

Auction Revenue Rights (ARR) = Allocated annually by PJM to Firm transmission customers, the ARR's allow a Company to select rights to specific transmission paths in order to avoid congestion charges.

Capacity = The amount charged to PECO by PJM for capacity for its default service load under the reliability pricing model (RPM).

I = interest on the over or under collection where a rate of 8% is used on over-collection and 6% on under-collections.

S = Estimated default service retail sales in kWh for the period the cost of which is being reconciled.

ALL = The average line losses in a procurement class as a percents of generation.

GRT = The current gross receipts tax rate.

Procurement Class - Set of customers for which the company has a common procurement plan.

Procedural Schedule
The Company shall file the calculation of the over/under collection for the period being reconciled and the proposed adjustment to the GSA 45 days before the effective date as described below. The over/under collection adjustment for Procurement Classes 1 and 2, for Procurement Class 3/4 Hourly, for Procurement Class 3/4 Hourly, the GSA 4 Hourly rates shall be effective the first of each month that includes the month of December 2014 and shall be audited on an annual basis by the PaPUC Bureau of Audits.

Issued: March 1, 2014
Effective: June 1, 2014

(C) Denotes Change

Deleted: Date
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Deleted: Page Break
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Deleted: Superseded
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Deleted: 2015
Deleted: Event
Deleted: Supplement No. X to Tariff Electric PA, P.U.C. No. 5
XXX Revised Page No. 35
Superseded, XX Page No. 36
PECO Exhibit ABC-3
adjustment shall be calculated on a monthly basis with recovery commencing after the occurrence of a quarter.

from the end of the reconciliation period.

to 500 kW and Class 4 Large C&I over 500 kW.