

Price to Compare (PTC) Sample Calculation DISCLAIMER

Disclaimer

This document does not include factors/adders such as surcharges and sales taxes applicable to PECO distribution service. The PTC contained herein contains best-known values and will be updated as needed in accordance with PECO's Default Service Program ("DSP V") Order at Docket No. P-2020-3019290.

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PECO Energy Company Price to Compare (PTC) Sample Calculation Methodology

The purpose of this document is to explain the methodology used to estimate the costs that are components of the sample PTC calculation model (see Appendix I – PTC Sample Calculations - Residential) –

Line 1 – Generation Charge consists of C Factor, E Factor, Administrative Cost Factor, Working Capital Factor and AEPS Factor (additional AEPS cost not included in C factor costs).

Line 2 – Default Supplier Full Requirement Costs are the costs related to all necessary energy, capacity, transmission service other than network integration transmission service, ancillary services, AECs for compliance with the AEPS Act, transmission and distribution losses, congestion management costs, and such other services or products that are required to supply the specified percentage of a procurement class’s load except for distribution service.

Line 3 – Block Energy Costs are the weighted average prices by month and associated number of blocks for base load and on-peak blocks.

Line 4 – Spot Market Energy Costs are the costs that utilities pay to buy energy from the “spot market” in which energy is sold at or very close to the time in which it is produced and consumed.

Line 5 – This line consists of Capacity Costs, Ancillary Service Costs and Miscellaneous Costs.

Capacity Costs are defined as the capacity component costs associated with spot market full requirements and the PECO share of the residential supply costs.

Ancillary Service Costs are those costs incurred to support the transmission of capacity and energy from resources to loads while maintaining the reliable operation of the PECO transmission system within the PJM Interconnection, L.L.C. Power Pool.

Miscellaneous Costs include allocations of Net Metering and the New York Power Authority (NYPA) credit, which are credited to default service customers based on expected proceeds from sales into PJM of NYPA allocation of energy and capacity.

Line 6 – The sum of Default Supplier Full Requirement Costs, Block Energy Costs, Spot Market Energy Costs, Capacity/Ancillary Service and Miscellaneous Costs equals the C factor costs prior to the applications of the Overall Line Loss factor ratio and Gross Receipts Tax (GRT).

Line 7 – Overall Line Loss Factor Ratio = $(1-ALL)/(1-LL)$; ALL refers to the average line loss factor for the procurement class, LL refers to the line loss factor for each specific rate class in the procurement class.

Line 8 – The C Factor is adjusted by the Overall Line Loss factor ratio. Line losses for the specific rate class can be obtained from PECO Energy Company's Electric Generation Supplier Coordination Tariff.

Line 9 – The C Factor is further adjusted by GRT. Based on the Notice from Pennsylvania Bulletin Doc. No. 19-1397, GRT is 5.90% for the Tax Year Beginning January 1, 2021. The GRT adjustment factor is $1/(1-5.90\%) = 1.0627$.

Line 10 – Final C Factor

Line 11 – The E factor is the experienced over or under collection calculated under the reconciliation provision of the Generation Supply Adjustment (GSA).

Line 12 – Administrative Cost Factor includes the costs of the auction or Request for Proposal (RFP) monitor, consultants providing guidance on the development of the procurement plan, legal fees incurred gaining approval the plan, and any other costs associated with designing and implementing a procurement plan.

Line 13 – Working Capital Factor is the charge to compensate PECO for costs incurred by the utility during the period between when service to its default service customers was rendered and payment is received.

Line 14 – AEPS Factor is the energy charge for electric service for all rate schedules to recover the costs associated with compliance with the AEPS Act.

Line 15 – Generation Charge is the sum of the C Factor, E Factor, Administrative Cost Factor, Working Capital Factor and AEPS Factor.

Line 16 – The PTC consists of the Generation Charge and Transmission Charge.

Line 17 – Generation Charge is from Line 15.

Line 18 – Transmission Charge provides for full and current cost recovery of all transmission service related costs incurred under the PJM open access transmission tariff on behalf of PECO's default service load. The cost is allocated to all default service customers in each rate class based upon the coincident peak used by PJM to establish the network service obligation.

Line 19 – PTC: The sum of the Generation Charge and Transmission Charge.

Appendix I – PTC Sample Calculations - Residential

**PECO Energy Company
Price to Compare ("PTC") Sample Calculation
For Illustrative Purposes Only
Residential Class - Rate R**

<u>Line No.</u>	<u>September 2021 - November 2021</u>		
1	Generation Charge = C Factor + E Factor + Administrative Cost Factor + Working Capital Factor + AEPS Factor		
2	Default Supplier Full Requirements Costs	5.474	cents/kWh
3	Block Energy Costs	0.000	cents/kWh
4	Spot Market Energy Costs	0.032	cents/kWh
5	Capacity, Ancillary Service and Misc Costs	0.029	cents/kWh
6	Subtotal, <i>Line 6 = Line 2 + Line 3 + Line 4 + Line 5</i>	5.535	cents/kWh
7	Multiplied by Overall Line Loss Factor Ratio (<i>See Note A</i>)	1.0000	
8	Subtotal, <i>Line 8 = Line 6 X Line 7</i>	5.535	cents/kWh
9	Multiplied by Adjustment Factor for Gross Receipts Tax, $1/(1-T)$, $T = 5.90\%$	1.0627	
10	C Factor, <i>Line 10 = Line 8 X Line 9, (See Note B)</i>	5.882	cents/kWh
11	E Factor - Reconciliation (<i>See Note C</i>)	0.082	cents/kWh
12	Administrative Cost Factor (<i>See Note C</i>)	0.023	cents/kWh
13	Working Capital Factor (<i>See Note C</i>)	0.019	cents/kWh
14	AEPS Factor (<i>See Note C</i>)	0.006	cents/kWh
15	Generation Charge, <i>Line 15 = Line 10 + Line 11 + Line 12 + Line 13 + Line 14</i>	6.012	cents/kWh
16	PTC = Generation Charge + Transmission Charge		
17	<i>Generation Charge, from Line 15</i>	6.012	cents/kWh
18	<i>Transmission Charge (See Note D)</i>	0.585	cents/kWh
19	Residential Class (Rate R) PTC, <i>Line 19 = Line 17 + Line 18</i>	6.597	cents/kWh

Notes

- (A) Overall Line Loss Factor Ratio = $(1-ALL)/(1-LL)$; ALL refers to the average line loss factor for the procurement class, LL refers to the line loss factor for the specific rate class. For purpose of forecasting, the transmission and distribution line loss percentages for Rate R is 9.35%, the average line loss factor for Residential class is 9.35%.
- (B) C Factor costs include energy, capacity, ancillary service and other costs. See PECO's Electric Tariff for details.
- (C) E Factor and Administrative Cost Factor include the adjustments of overall line loss factor ratio and Gross Receipts Tax (GRT). Working Capital Factor and AEPS Factor include GRT adjustment.
- (D) Transmission Charge includes GRT adjustment.