

PECO Exhibit BSY-3

**Components and Calculation of the
Merchant Function Charge (“MFC”)**

Gas Charge-Off Factors
Three-Year Weighted Average
Years 2019 through 2021 (a)
Percentages

	12 months ended December 31, 2019	12 months ended December 31, 2020	12 months ended December 31, 2021	Total
Residential				
Charge-Off Analysis				
Charge offs	2,225,150	1,293,274	1,808,833	5,327,257
Billed Revenue	454,839,045	405,611,050	411,847,491	1,272,297,586
Charge offs %	0.49%	0.32%	0.44%	0.42%
GC				
Charge offs	199,196	238,287	222,758	660,241
Billed Revenue	190,581,725	147,028,794	159,461,939	497,072,458
Charge offs %	0.10%	0.16%	0.14%	0.13%
L, OL and MVF				
Charge offs	17,584	8,776	4,667	31,027
Billed Revenue	25,511,508	24,061,740	24,224,923	73,798,172
Charge offs %	0.07%	0.04%	0.02%	0.04%
Total				
Charge offs	2,441,931	1,540,338	2,036,257	6,018,526
Billed Revenue	670,932,278	576,701,584	595,534,353	1,843,168,215
Charge offs %	0.36%	0.27%	0.34%	0.33%

Note (a) Per PECO Exhibit MJT-1, Schedule D-10, Page 64

PECO-Gas Operations
Determination of the Merchant Function Charge (MFC)
Effective January 1, 2023
Dollars per Mcf

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Rate Schedules	Updated Write-Off Factor (a)	FPFTY Commodity Charge Portion of PGC Rate \$ per Mcf	Updated MFC \$ per Mcf
Rates GR and CAP	0.42%	\$5.0104	\$0.0210
Rate GC	0.13%	\$4.9952	\$0.0065
Rate L	0.04%	\$4.7606	\$0.0019
Rate OL	0.04%	\$4.7785	\$0.0019
Rate MVF	0.04%	\$4.7785	\$0.0019

Note (a) From PECO Exhibit BSY-3, Page 1

PECO-Gas Operations
Annual Distribution Revenue Reduction from the MFC
Effective January 1, 2023
(Thousand\$)

Rate Schedules	<u>Default Customers</u>					<u>Shopping Customers</u>			<u>Total</u>
	Updated Write-Off Factor (a)	FPFTY Commodity Charge Portion of PGC Rate \$ per Mcf	Updated MFC \$ per Mcf	Default Mcf Sales	Distribution Revenue Reduction	Updated Write-Off Factor (a)	Shoppers Supply Revenues (b)	Distribution Revenue Reduction	Distribution Revenue Reduction
Rates GR and CAP	0.42%	\$5.0104	\$0.0210	34,661,331	\$728	0.42%	\$58,660	\$246	\$974
Rate GC	0.13%	\$4.9952	\$0.0065	10,352,434	\$67	0.13%	\$29,276	\$38	\$105
Rate L	0.04%	\$4.7606	\$0.0019	12,856	\$0	0.04%	\$0	\$0	\$0
Rate OL	0.04%	\$4.7785	\$0.0019	-	\$0	0.04%	\$0	\$0	\$0
Rate MVF	0.04%	\$4.7785	\$0.0019	<u>248,410</u>	<u>\$0</u>	0.04%	<u>\$520</u>	<u>\$0</u>	<u>\$0</u>
Total				45,275,031	\$795		\$88,456	\$284	\$1,079

Note (a) From PECO Exhibit BSY-3, Page 1

Note (b) From PECO Exhibit MJT-1, Schedule D-10, Page 64