

**PECO Energy Company
Universal Services
Three-Year Plan
2010 to 2012**

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 2010-2012
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I. INTRODUCTION

The Universal Services' programs offered by PECO Energy ("PECO" or "The Company") are designed for low-income, residential customers who express or demonstrate difficulty paying their monthly energy bill. The Company's Universal Services' staff will identify and assist low-income residential customers and facilitate access to private and public resources.

PECO has a rich history of supporting local community organizations and providing needed services to its low-income customers. PECO is pleased to submit the following Universal Services Plan for 2010-2012 in accordance to 52 Pa. Code §54.74.

PECO began its Customer Assistance Program (CAP) in 1984. Twelve years later, in 1996, PECO had enrolled approximately 30,000 customers in its Customer Assistance Program. In that year, PECO implemented a pilot CAP Rate, initially limited to 10,000 customers. By early 1998 the pilot CAP Rate had become fully subscribed to its 10,000-customer limit. As part of its 1998 Electric Restructuring Settlement, PECO transferred 30,000 customers from the Customer Assistance Program to the CAP Rate, and expanded participation on an "open enrollment basis" with an "initial maximum participation level" of 100,000. Participation in CAP Rate grew to about 83,000 customers by March 2000. In that month, PECO entered into the PECO/Unicom Merger Settlement, in which it agreed to continue the CAP Rate as an "open enrollment program" with a "provisional maximum participation level" of 125,000. Under the terms of the PECO/Unicom Merger Settlement, PECO would recover \$383 per customer, in excess of 90,000 electric CAP Rate customers and \$200 for each gas CAP Rate customer in excess of 17,500, through its Universal Service Fund Surcharge. By 2005, CAP Rate participation increased to approximately 103,000 customers, making PECO's program the largest Universal Service program in Pennsylvania.

In 2003 further modifications to PECO's CAP Rate were made pursuant to PECO Energy's petition for approval of consensus modifications to its Universal Service Program. The Commission approved the consensus modifications (Consensus Plan) at Docket Nos.: R-00027870, M-00001418 (Order Entered April 8, 2003). The Consensus Plan created three new levels to PECO's CAP Rate for customers with household incomes at or below 50% of the Federal Poverty Level (FPL). The three levels (CAP Rates A, B and C) were implemented in 2004. Under the terms of the Consensus Plan an independent evaluator is to: (1) evaluate whether the Company's CAP Rates provide an affordable payment consistent with the Commission's Policy Statement, (2) analyze energy burdens as a percent of household income and (3) review the effects of the modifications in the Consensus Plan. The independent evaluation was completed May 1, 2006.

In 2008, PECO made two significant enhancements to its CAP program. First, in PECO's Gas Base Rate proceeding in Docket No. R-2008-2028394, PECO agreed to expand its gas CAP Rate program to become a four-tier program with discounts applied to the full natural gas bill, rather than simply to the distribution portions of the natural gas bill as had previously been the case. Greater natural gas discounts were also agreed to. Second, in PECO's Three-Year Plan proceeding regarding its 2007-2009 Three-Year Plan at Docket No. M-00061945, PECO agreed to make significant enhancements to its electric CAP program. The enhancements agreed to in both of these dockets are included in this Three-Year Plan.

In early 2009, PECO also reached a proposed settlement in its Default Service Provider case at Docket No. P-2008-2062739. That proposed settlement, which has not been approved by the Commission as of the filing of this 2010-2012 Three-Year Plan, will offer additional enhancements to PECO's electric CAP program beginning in 2011. Since that time period is covered by this Three-Year Plan, if the Commission approves these proposed measures in Docket No. P-2008-206739 PECO will file a revised version of this Plan incorporating those measures.

PECO's Universal Services Program contains six components

- Customer Assistance Program (CAP) Rate
- Low Income Usage Reduction Program (LIURP)
- Matching Energy Assistance Fund (MEAF)
- Customer Assistance and Referral Evaluation Services (CARES)
- Education-Outreach Programs
- External Grant Program Administration, (e.g. LIHEAP, FEMA, etc.)

As with all aspects of its operations, the Company is continuously looking for opportunities to improve or optimize its efforts. PECO's commitment to the six components of Universal Services' is well established and evident in its business operations:

- PECO has continued to streamline the CAP enrollment process and enhance the CAP outreach program. As a result, by 2008, participation in the PECO CAP program had increased to approximately 125,000 customers.
- PECO has continued to make investments and refinements to its CAP call center operations. These enhancements have improved fax and mail capacity as well as processing and response time.
- Through its efforts with state and local agencies as well as expanded outreach activities, PECO increased the total of LIHEAP grants for its customers to more than \$14.1 million to date for the 2008-2009 -program year. PECO anticipates that it will obtain approximately \$20 million in LIHEAP grants by the end of the 2008-2009 program.

- The Company continues to explore and develop opportunities to improve the efficiency of the program operations, to the benefit of program participation as well as customer satisfaction. PECO has worked with the Department of Public Welfare to utilize data of the Commonwealth that can identify and verify program eligibility and participation. The use of this data has permitted PECO to identify customers eligible for CAP rate, provide documentation for purposes of CAP enrollment & re-certification, and expedite the application of LIHEAP grant monies to customer accounts.
- The performance of PECO's Universal Services was assessed as very strong by APPRISE, Inc., the independent evaluator commissioned to assess PECO's Universal Services' programs and report to the PUC on performance. This assessment was completed in 2006 and was reviewed with PECO's 2007-2009 Three-Year Plan. The next scheduled assessment is in 2012.

One of the barometers that PECO uses to validate its performance relative to Universal Services is the previously established and named LIURP Advisory Committee (currently referred to as the Universal Services Advisory Committee). The Committee was established to provide PECO with guidance and feedback during the implementation and subsequent expansion of the Universal Services programs, in particular the expansion of the state-approved LIURP program. The Universal Services Advisory Committee meets four times per year to review program information and provides PECO with feedback on program performance and customer impacts as well as input on policy development. Overtime, customer involvement in various programs within Universal Services' portfolio has expanded and the general operation of these programs has become more integrated in various ways, including providing customer outreach and establishing CARES services. Consequently, the on-going discussions with the Advisory Council have become broader as well. While focused discussion continue to take place with members of the Committee with regard to specific programs, PECO seeks the input of the Committee as a whole with regard to the various programs as well as the overall execution of Universal Services.

II. NEEDS ASSESSMENT

PECO utilizes data from the U.S. Census and its Customer Information System to determine the potential number of low-income, customers in its service territory that may qualify for the Company's Universal Service programs.

According to the most recent (2000) U.S. Census data, approximately 264,000 households who live in PECO's service territory have income at or below 150% of the FPL and 362,000 households have income at or below 200% of the FPL.

PECO Service Territory Poverty Chart		
County	Households < 150% FPL	Households < 200% FPL
Bucks	17,000	27,000
Chester	15,000	22,000
Montgomery	20,500	32,000
Philadelphia	179,000	234,000
Delaware	32,000	46,000
York	500	1,000
Total	264,000	362,000

Utilizing the 2000 U.S. Census data, the Company has a population of 362,000 households that may be eligible to receive LIURP, CARES or MEAF grants. These figures represents 26% of PECO's total residential population that is eligible for all Universal Service Programs while 19% of PECO's residential customers may be eligible for CAP Rate.

In addition to the information for low-income households that PECO stores in its Computer Information System, PECO has received extensive reference information during an independent audit¹ of its Universal Services operations conducted during April 2006. The following two tables, using US Census Data from 2000, have been extracted from the Apprise Report, Section II, page 8:

Table 0-1 shows the CAP income eligibility rate by county. Almost 30 percent of Philadelphia county customers are CAP income-eligible, while only about 10 percent of customers in the other four counties in PECO's service territory are income-eligible for CAP.

¹ Independent audit conducted by Apprise Incorporated, report issued April 2006.

**Table 0-1
CAP Income Eligibility Rate By County**

County	PECO Residential Service	Income-Eligible Households	
	Number	Number	Percent
Bucks	211,623	17,880	8%
Chester	153,999	13,501	9%
Delaware	196,590	24,594	13%
Montgomery	274,501	21,384	8%
Philadelphia	540,512	156,637	29%
Total Service Territory	1,377,225	234,056	17%

Of the 197,000 electric-only and gas-only households that are income-eligible for CAP, 30 percent have income that places them below 50 percent of federal poverty guidelines. Twenty percent of the 37,000 combination customers that are income-eligible for CAP have income below 50 percent of federal poverty guidelines.

**Table
Distribution of Households By Service Type and Poverty Group**

Poverty Group (Cap Tier)	Electric-Only		Combination		Gas-Only	
	Number	Percent	Number	Percent	Number	Percent
0% -< 25% (A,B)	37,111	19%	4,967	13%	127	28%
25% -< 50% (C)	21,360	11%	2,704	7%	7	2%
50% -< 100% (D)	65,919	33%	10,589	29%	179	39%
100% - ≤ 150% (E)	72,407	37%	18,545	50%	141	31%
Total Income Eligible	196,797	100%	36,805	100%	454	100%

III. PECO's UNIVERSAL SERVICES DEPARTMENT

PECO has a full staff of experienced Universal Service employees that have supported the Company's low-income programs since the first 3-year plan was submitted in 2002. PECO administers Pennsylvania's largest Universal Services program using a distinct strategy to employ program administration that incorporates both internal and vendor resources.

PECO's Universal Service Department consists of 10-12 staff members, including the Manager of Universal Services, analysts, program support representatives, and CARES caseworkers. A complete organization chart is found in Section VII.

Universal Service analysts act as leads in managing day-to-day operations of their assigned programs. The Universal Service program support representatives handle quality control functions and general program support, while the CARES representatives handle duties related to CARES.

PECO manages four call centers - CAP Rate; LIURP; LIHEAP Outreach; and the MEAF Fuel Hotline.

CAP Call Center handles low-income residential customer inquiries for the purpose of determining income eligibility, processing of applications, recertifications, making referrals, dissemination of information and processing of payment arrangements primarily for CAP Rate. This call center is equipped to handle all aspects of PECO's Universal Service Programs and employs approximately 50 employees including supervisors, call consultants and back office personnel.

LIURP is a usage reduction program that targets low-income residential customers who are identified as having high usage. The main source of identifying LIURP eligible households is through the internal customer information system. Additional streams of intake include direct contact from customers or by indirect referrals from a wide range of community based organizations and social service agencies. Referrals are also received from the CARES unit, which identifies high usage associated with medical conditions and / or treatment.

{Note: PECO Universal Service's LIURP vendor does not operate as a typical Call Center, (i.e. intake and processing of external customer call requests), but rather manages both customer contacts as well as the daily operational issues associated with LIURP program administration.}

LIHEAP Hotline - PECO also manages its own LIHEAP Hotline. LIHEAP is an important tool in managing low-income energy assistance. The LIHEAP Hotline enables customers to get direct assistance with LIHEAP eligibility and completing their application. The LIHEAP Hotline has approximately 15 employees.

MEAF Call Center is the intake center for all customers and CBO (Community Based Organization) contacts and inquiries related to MEAF enrollment and donations. This call center is partially responsible for solicitation and outreach for MEAF donor strategies. The PECO MEAF Call Center has approximately 8 employees.

1. CAP RATE

Program Description:

CAP Rate is a discounted residential tariff rate for PECO's low-income, residential customers. A low-income customer who demonstrates or expresses difficulty paying his/her bill may apply for CAP Rate. PECO does not require a set level of delinquency for CAP Rate eligibility. Enrolling any CAP eligible customer who expresses difficulty in paying his/ her bill allows many customers the opportunity to maintain consistent payment patterns and avoid service terminations.

PECO identifies and will continue to identify low-income residential customers by a variety of means, particularly during contacts between the Company and our customers. Identification of a low-income customer may occur during a customer telephone inquiry; when a customer receives energy assistance grants; referrals from community groups, other utilities or state agencies; and during Outreach sessions. PECO has expanded the identification of customers to include those customers who attend energy conservation workshops, Company or advocate-sponsored events and other outreach opportunities. PECO will specifically ask customers if they are interested in receiving information about Universal Services programs, including new residential customers who apply for service.

In late 2005, PECO implemented several changes to its CAP Rate program enrollment processes in an effort to proactively enroll customers that have documented their eligibility for other low-income funds provided by agencies of the Commonwealth. Working with the Department of Public Welfare, PECO established parameters for verifying the eligibility of low-income customers who were not already enrolled in PECO CAP Rate programs. Using DPW verified LIHEAP data; PECO automatically enrolled qualified customers into its CAP Rate programs and provided appropriate notification to each new CAP Rate customer. As a result of this proactive approach coupled with continuing efforts to improve the overall CAP Rate enrollment process, participation in the PECO CAP Rate program has increased from less than 99,000 to more than 111,000 customers in less than 12 months. Additionally, enrollment in the Special Needs components of CAP Rate is now more than 27,000. In 2008, the Commonwealth of Pennsylvania increased the income eligibility for LIHEAP to 210% of the Federal Poverty Level. Because that level is higher than the 150% eligibility for PECO's CAP program, automatic enrollment cannot be done with these data at this time. The LIHEAP list is used as a targeted list for CAP outreach.

There are several discounted CAP Rates available to electric and gas residential low-income customers.

1. Residential Electric CAP Rates

CAP Rate Overview – CAP Rates and their associated discounts are included in the charts below:

CAP RATE A

CAP Rate	Income Requirements	PECO Rate	Months	kWh Level	Charge	Budget	Supplier
A	Annual Income: 0-25% of the FPL with Extenuating Circumstances* present Income verification is required yearly	R	All	0 to 1000	\$12 per month total	A budget is mandatory to be placed on this rate @ enrollment (with the exception of any delinquent supplier dollars)	The customer cannot have an alternate supplier
				1001 to 1500	50% discount		
				over 1500	at Rate R		
		RH	Oct – Jun	0 to 2000	\$30 per month total		
				over 2000	50% discount		
			Jul – Sep	0 to 1000	\$30 per month total		
				over 1000	50% discount		

*PECO’s Electric Service Tariff defines “extenuating circumstances” as:

Extenuating circumstances shall include those individuals who demonstrate an inability to pay the billed rate of CAP B as a result of unique circumstances such as:

- ✓ *Health related matters:*
 - *Injury or illness*
 - *High medical bills*
 - *Medically related usage*
 - *Death in the family*
- ✓ *Sudden loss of employment*
- ✓ *Households that include at risk individuals such as:*
 - *Children below 8 years of age*
 - *Disabled persons*
 - *Infirm elderly*
- ✓ *Inability to maintain at least two CAP B payment arrangements*

- ✓ *High usage related to shelter conditions which are not treatable by LIURP*

CAP Rate A Provides a fixed rate to electric CAP Rate customers whose household incomes are at or below 25% of the FPL and have extenuating circumstances. CAP Rate A customers shall be limited to CAP Rate customers who otherwise demonstrate an inability to pay their bills as a result of unique circumstances such as those related to health (injury, illness, disability, high medical bills, medically related electric usage, death in the family), sudden loss of employment, the presence of high risk household members (children below 8 years of age, disabled individuals, or infirmed elderly), an inability to comply with at least two non CAP Rate A payment arrangements, or high non-discretionary electric usage related to shelter conditions not susceptible to mitigation through LIURP measures.

CAP Rate A customers that take service under Rate R will be required to pay a total monthly bill of \$12 for all usage up to 1000 kWh. Monthly usage of 1001 kWh and above will be at CAP Rate D.

CAP Rate A customers that take service under Rate RH will be required to pay a total monthly bill of \$30 for all usage up to 2000 kWh billed in the months of October through June and 1000 kWh in the months of July, August and September. Usage in excess of the kWh thresholds per month will be billed at the CAP Rate D.

CAP Rate A will be limited to an enrollment level of 7,500 customers².

Additionally, CAP Rate A customers and PECO CARES representatives shall work in a cooperative effort to maximize the amount of government or private financial assistance available to the customer. These customers will also receive assistance from PECO to restore service by other vendors of heating energy so as to reduce usage of electric space heating.

CAP Rate A customers will not be eligible to shop for generation service provided by a competitive electric generation supplier.

Finally, CAP Rate A customers will be required to re-certify their eligibility for service under CAP Rate A on an annual basis. In this respect, PECO will evaluate whether a customer's receipt of a LIHEAP grant would constitute adequate proof of income in years in which LIHEAP income eligibility and CAP income eligibility are the same.

² From PECO Energy Company's Petition for Expedited Approval of Consensus Modifications, Docket Nos: R-00027870 M-00001418, page 7, paragraph B: CAP A will be limited to 7,500 customers with extenuating circumstances.

CAP RATE B:

CAP Rate	Income Requirements	PECO Rate	Months	kWh Level	Charge	Budget	Supplier
B	Annual Income: 0-25% of the FPL without Extenuating Circumstances present Income verification is required every two years	R	Jul – Sep	0 to 650 next 100	85% discount 30% discount	A budget is mandatory to be placed on this rate at enrollment. (with the exception of any delinquent supplier dollars)	The customer cannot have an alternate supplier
			Oct – June	Over 650	Rate R		
				0 to 650	85% discount		
				Over 650	Rate R		
		RH	Jul – Sep	0 to 650 next 100	85% discount 30% discount		
				Over 750	Rate RH		
			Oct – June	0 to 650	85% discount		
				Over 650	Rate RH		

CAP Rate B. For customers whose incomes are at or below 25% of the FPL and do not have extenuating circumstances, CAP Rate B provides an 85% discount on the first 650 kWh of usage per month throughout the year. CAP Rate B provides an additional 30% discount on the 650-750 kWh block of usage during the months of July, August and September.

All other usage will be assessed at the otherwise applicable tariff rate R and RH charges. CAP Rate B customers will not be eligible to shop for generation service provided by a competitive electric generation supplier.

CAP RATE C:

CAP Rate	Income Requirements	PECO Rate	Months	kWh Level	Charge	Budget	Supplier
C	Annual Income: 26%-50% of the FPL Income verification is required <u>every two years</u>	R	Jul – Sep	0 to 650 next 100	75% discount 30% discount	A budget is mandatory to be placed on this rate at enrollment. (with the exception of any delinquent supplier dollars)	The customer cannot have an alternate supplier
				Over 750	Rate R		
			Oct – June	0 to 650	75% discount		
				Over 650	Rate R		
		RH	Jul – Sep	0 to 650 next 100	75% discount 30% discount		
				Over 750	Rate RH		
			Oct – Jun	0 to 650	75% discount		
				Over 650	Rate RH		

CAP Rate C. For households whose incomes are between 26%-50% of the FPL CAP Rate C provides a 75% discount on the first 650 kWh of usage per month throughout the year. CAP Rate C provides an additional 30% discount on the next 100 kWh during the months of July, August, and September.

All other usage will be assessed at the otherwise applicable tariff rate R and RH charges. CAP Rate C customers will not be eligible to shop for generation service provided by a competitive electric generation supplier.

CAP RATE D:

CAP Rate	Income Requirements	PECO Rate	Months	kWh Level	Charge	Budget	Supplier		
D	Annual Income: 51%-100% of the FPL Income verification is required every two years	R	All	0 to 650	50% discount	A budget is encouraged but not required to be placed on this rate.	The customer can have an alternate supplier		
				Over 650	Rate R				
				RH	Oct – June			0 to 650	50% discount
								Over 650	Rate RH
					Jul – Sep			0 to 650	50% discount
			Over 650	Rate RH					

CAP Rate D. For households whose incomes are between 51%-100% of the FPL. CAP Rate C provides a 50% discount on the first 650 kWh of usage per month throughout the year. CAP Rate D customers are encouraged but not required to be on a budget.

CAP RATE E:

CAP Rate	Income Requirements	PECO Rate	Months	kWh Level	Charge	Budget	Supplier		
E	Annual Income: 101%-150% of the FPL Income verification is required every two years	R	All	0 to 650	25% discount	A budget is encouraged but not required to be placed on this rate.	The customer can have an alternate supplier		
				Over 650	Rate R				
				RH	Oct – Jun			0 to 650	25% discount
								Over 650	Rate RH
					Jul – Sep			0 to 650	25% discount
			Over 650	Rate RH					

CAP Rate E. For households whose incomes are between 101%-150% of the FPL. CAP Rate E provides a 25% discount on the first 650 kWh of usage per month throughout the year. CAP Rate E customers are encouraged but not required to be on a budget.

B. Residential Gas CAP Rates:

Gas CAP Rate Discount

PECO provides the following discounts in its natural gas CAP program:

CAP Rate	Income Requirements	PECO Rate	Months	CCF Level	Nominal Charge*	Budget	Supplier
A/B	Annual Income: 0%-25% of the FPL Income verification is required every two years	GE HE	All	All ccfs	90% discount on all charges, minimum charges (\$25 per month for heating, \$10 per month for non-heating) apply.	A budget is required.	Customer cannot have an alternate natural gas supplier.
C	Annual Income: 26%-50% of the FPL Income verification is required every two years	GE HE	All	All ccfs	79% discount on all charges, minimum charges apply.	A budget is required.	Customer cannot have an alternate natural gas supplier.
D	Annual Income: 51%-100% of the FPL Income verification is required every two years	GE HE	All	All ccfs	58% discount on all charges, minimum charges apply.	A budget is encouraged but not required.	Customer cannot have an alternate natural gas supplier.
E	Annual Income: 101%-150% of the FPL Income verification is required every two years	GE HE	All	All ccfs	24% discount on all charges, minimum charges apply.	A budget is encouraged but not required.	Customer cannot have an alternate natural gas supplier.

* Charges and discounts will be adjusted each quarter per a mechanism contained in PECO's Tariff. Pursuant to that mechanism, gas CAP Rate discounts were adjusted after the Gas Base Rate Settlement to A/B -91%, C - 77%, D-54%, E - 18%. Further adjustments may occur each quarter.

B. Eligibility Criteria and Program Requirements for CAP Rate:

1. Eligibility Criteria: A customer with a verified total household gross income at or below 150% of the FPL is eligible for the Company's CAP Rate program. The CAP Rate discount is dependent upon the FPL tier of the household. There are 9 CAP Rates (5 electric and 4 gas) available to PECO's low-income customers.

2. Program requirements. Customers must abide by the following requirements to be on CAP Rate

- Complete a CAP Rate application, or be previously approved through fuel assistance or state agency requirements
- Provide PECO permission to verify their income with state agencies
- Pay their CAP Rate bills on time and in full each month, or late charges will be assessed on past-due amounts and service may be terminated
- Take part in energy reduction and conservation programs offered by PECO (i.e. LIURP)
- Agree to re-certification for the respective cycle based on rate tier
- Sign-up for the Low Income Home Energy Assistance Program (LIHEAP).
- Report any change in household income to PECO right away

3. Application Process – In order to be considered for CAP Rate, the customer is required to complete an application process. The customer must provide PECO with permission to contact state agencies to verify income. PECO may use the Pennsylvania Department of Public Welfare (DPW), the Pennsylvania Department of Revenue and the Matching Energy Assistance Fund (MEAF) agencies for income verification. If the agency is unable to verify the customer's income, written documentation will be required. The customer must also agree to participate in energy usage reduction and conservation programs identified by the Company.

4. Income Certification Process. The income certification process is an integral part of the CAP Rate process. Due to the multiple levels of discounts, it is imperative that the Company obtains accurate income information to enroll the customer in the most advantageous rate. CAP Rate customers must re-certify their income eligibility and are informed of this during the initial intake process. Customers in CAP Rates B through E must re-certify every 2 years. Customers on CAP Rate A must re-certify annually.

The re-certification process begins 30 days before a customer's 2 year CAP Rate anniversary. The customer receives a letter that they have completed 1 or 2 years, (*1-year for CAP rate A – 2 years for all other CAP rates*), of participation in the CAP program and income verification for re-certification is now required to remain on the program.

This initial letter informs the customer of documentation necessary to maintain eligibility. The customer must submit a completed CAP Rate application along with their

total gross household income verification. The information requested on the application allows the Company to complete additional validation, if necessary, but more importantly provides accurate demographic data that is used to complete the yearly Annual Universal Services Programs and Collections Performance Report required by 52 Pa. Code §54.75.

In some years, income eligibility to obtain a LIHEAP grant is identical to the income eligibility to participate in PECO's CAP Rate program (150% of the Federal Poverty Level). In years when that is the case, PECO will automatically enroll any customer who receives a LIHEAP grant its CAP Rate E. PECO will then send a letter to its automatically enrolled customers informing the customers, at a minimum, of the following: a) income recertification requirements; b) LIURP; c) requirement to report income changes; d) how and when arrearage forgiveness is earned; e) consumption limits and their effect on CAP bills; f) how a customer can be removed from CAP; g) a table of CAP Rate tiers showing eligibility criteria including income and household size; and, h) a notice that customers who believe that they are eligible for a different CAP Rate tier may request immediate review of their CAP Rate placement. CAP customers who contact PECO for a payment agreement or after being issued a termination notice shall be screened for household income level, assessed for proper CAP Rate tier placement, and placed in the proper CAP Rate tier if not already so placed.

For a customer who is due for re-certification and has received utility assistance such as LIHEAP, the customer's income information may automatically be validated if the utility assistance was based upon identical income parameters and if the income verification process of the agency or entity giving that other assistance is acceptable to PECO. The customer could then be re-certified and may not be required to provide a completed CAP Rate application. With the addition of PECO's MEAF Call Center, the Company will be able to initiate the processing of these enrollees much more accurately. Additional information, if needed, can be obtained from the CBO referring the customer for the grant or from direct contact with the customer.

When the customer responds to the initial re-certification letter, with complete documentation and remains eligible for CAP Rate, they will receive a letter confirming that the processes have been completed. This letter reaffirms the Universal Service program requirements and customer obligations.

If the customer responds with incomplete or inadequate information, PECO will send a letter requesting the missing information. The customer will continue to receive the CAP Rate until re-certification is complete, subject to the 45-day removal process described below.

If there is no response from the customer to the initial letter, a second letter is sent requesting the necessary income information and explaining the risk of being removed from CAP Rate. If the re-certification is not complete or the customer does not respond to the letter within the time frame outlined in the previous letters, the customer will be

removed from CAP Rate. A letter informing the customer of removal is then sent and the customer will be placed back on the appropriate residential rate.

If the re-certification process is not completed within 45 days after the re-certification date, the customer will lose the benefit of the CAP Rate discount and be returned to standard rates. If that occurs, a CAP Rate removal letter will be mailed to the customer advising the customer they no longer qualify for the discounted rate. The account will then be removed from the CAP Rate and returned to standard residential rates. This process implements the findings of the Commission's Bureau of Audits in Docket No. D-03SPA010 (auditing PECO's Universal Services Fund Charge for the year ended December 31, 2003).

5. Pre-program Arrearages. PECO's arrearage forgiveness component is a key element to achieve the goal of improving customer payment. PECO will forgive all pre-program arrearages (the delinquency before CAP Rate) if the customer pays his/her CAP Rate bill on time each month. This removes the weight of a potentially large obligation for a financially challenged customer, while providing the basis of a sound payment history. The requirement to pay the bill monthly is intended to establish a positive payment history for the customer enabling them to remain current or out of the collection process. This process was enhanced in the Gas Base Rate case and Three-Year Plan Settlements so that, beginning April 1, 2009, payments will count towards meeting the forgiveness goal on a twelve month pro rata basis. For each month in which the CAP customer pays their bill in full and on time, one-twelfth of their pre-program arrearage will be forgiven. The forgiveness component is intended to provide a fresh start for the customer and allowing the customer to begin timely payments under a reduced rate. A CAP customer will be eligible for preprogram arrearage forgiveness only once as a PECO customer.

6. CAP Rate program arrearages: Every PECO customer is subject to PECO's credit and collection policy, which includes termination. CAP customers, pursuant to provisions in chapter 14 are not subject to termination between December 1st and April 1st. Customers who accumulate CAP Rate program arrearages will be offered a payment agreement. Customers with payment agreements will be placed on a budget if they are in CAP tiers A, B or C. The budget payment is encouraged but not required for customers in CAP tiers D & E.

7. Dismissal from CAP Rate: Customers may be dismissed from CAP Rate for the following reasons; over income guidelines, failure to meet program requirements, failure to accept program services, failure to submit to a LIURP audit, failure to complete the recertification process, fraud, theft of service, or other misappropriations of service.

8. Policies for Fraud, Theft of Service and Other Misappropriations of Service: PECO will conduct an investigation of any CAP Rate account if it becomes aware of the potential of fraud, theft of service or other misappropriations of service. In the course of reviewing CAP Rate applications for enrollment or re-certification, action

may be taken to review potential fraud (e.g., validate suspected occupants, investigate inconsistent household / demographic information provided during the application process, theft of service, "name-game", etc.). As part of PECO's standard revenue protection practices, customer information may be analyzed for potential fraud. Fraud includes, but is not limited to, misrepresentation of the customer's identity for the purpose of obtaining utility service or CAP Rate, misrepresentation of income or occupant information, tampering with PECO's equipment or otherwise obtaining service illegally. PECO will follow its normal practices for investigation of fraud, theft of service, and other misappropriations of service which may result in some or all of the following - back billing, removal from CAP and termination. PECO will provide notice in writing to the customer stating the findings of the investigation. The customer will have the opportunity to provide proof that fraud, theft of service, and other misappropriations of service did not occur. If no proof is provided, the customer will be removed from CAP Rate. Once an account is removed for fraud, theft of service, or other misappropriations of service, the customer will not be eligible for CAP Rate for one full year from the time of removal. Customers will also be held liable for some or all of the following including account arrearages (forgiven or not forgiven) pre-program arrearages and related account collection fees.

9. Enrollment Limits: There is currently no enrollment limit for the CAP Rate program. There is an initial "provisional maximum participation level" enrollment level of 125,000 customers as denoted in the PECO/Unicom merger settlement agreement, paragraph 34. When CAP enrollment recently approached 125,000 customers, the Company consulted with the Universal Services Advisory Committee, which recommended that PECO should continue to enroll customers beyond the 125,000 provisional limit. PECO therefore continues to enroll customers beyond that provisional limit.

C. Projected enrollment levels

PECO's CAP Rate program remains an open enrollment program with a initial "provisional maximum participation level" of 125,000. CAP Rate enrollment at the end of 2008 was , approximately 125,000 indicating that more than 50% of the confirmed low-income customers in PECO's service territory are enrolled. The Commission's 2004 Universal Service Report indicates that BCS urges utilities to target enrollment at 50% the confirmed low-income customers. PECO has met this target and, as explained in more detail below, will be striving to increase CAP Rate enrollment.

PECO monitors enrollment levels, and reports numbers monthly to the BCS. Beginning in 2006, the Company has implemented defined goals to increase CAP enrollment annually. **The enrollment goals will be established at the end of each year for the following year.**

For the purposes of this plan, PECO projects its CAP Rate enrollment levels will be:

2010	130,000 customers
2011	135,000 customers
2012	140,000 customers

D. CAP Rate Program Budget

See Section XI

E. Plans to use Community Based Organizations

PECO will continue to utilize the service of the community-based organizations to promote its Universal Service CAP Rate programs. A list and description of the main community based organizations are listed in Attachment A.

F. Explanation of any differences between this plan and previous 3 year plan

Three changes between this plan and the previous 3-year plan;

- ⇒ Additional discounts are being offered, for both natural gas and electric CAP program customers, pursuant to the settlements in the Gas Base Rate case and the Three-Year Plan proceeding.
- ⇒ Additional tiers have been added to the natural gas CAP rate.
- CAP Rate customers who receive a LIHEAP grant will, in years in which income eligibility for LIHEAP and CAP are identical, be automatically enrolled into PECO's CAP Rate E.
- Preprogram arrearage will be on a pro rata 12 month basis.

A copy of PECO's Tariff sheets for its electric and gas CAP Rates is attached.

2. Low Income Usage Reduction Program (LIURP)

A. *Program Description*

LIURP is a mandatory usage reduction program for CAP customers that is also available for other low-income customers with income below 200% of the FPL.

LIURP assistance includes direct weatherization and conservation measures that promote usage reduction for the recipient. PECO will also refer LIURP participants to CAP Rate, MEAF and other low-income programs.

PECO will utilize its LIURP program to identify customers who may be using non-permanent electric space heat as their primary source of heat and give those customers special priority for LIURP funding to: (a) install permanently connected electric heating or convert existing electric heating in a manner that makes the service eligible for PECO's Rate RH; (b) fix broken non-electric heaters; or, (c) mitigate non-heater weatherization issues. All funding expenditures will be required to meet LIURP guidelines.

B. *Eligibility criteria*

Low-income residential customers whose household incomes are at or below 200% of the FPL are eligible for LIURP. Special consideration is given to CAP rate and other low-income customers.

LIURP applicants must have household usage levels that exceed 600 kWh per month for electric baseload, or that exceed 1,400 kWh per month for electric heat, or exceed 100 Ccfs per month for gas heat.

PECO's LIURP program is available to eligible customers any month of the calendar year. There is no restriction on receiving services during the non-heating season.

C. *Projected enrollment levels*

The number of customers who receive LIURP services is determined annually. The projected enrollment levels are based on the average cost per account serviced in the current program year plus anticipated cost increases. The average cost per account is applied to the annual program budget less anticipated administrative costs to determine the projected enrollment levels for the upcoming program year.

PECO anticipates that the program will serve a consistent number of customers in the next three years. For the preceding three years, PECO's LIURP Program serviced

7,890 in 2006, 9,337 in 2007, and 8,843 in 2008. PECO projects the number of customers that will receive LIURP will average 8,780 per year during the next year.

D. *LIURP Program budget*

The anticipated LIURP program budget for each program year is \$7,850,000 beginning in 2009. The Commission, as part of its electric and gas restructuring proceedings has approved PECO's LIURP budget. (PUC Docket Nos. R-00973953, P-00971265 and R-00994787) The budget for the electric LIURP program is \$5,600,000.00. The budget for the gas LIURP program is \$2,250,000. The administrative costs will not exceed the standards set in Chapter 58, Residential Low Income Usage Reduction Program and our LIURP commitment in the Commission approved settlement agreement.

E. *Plans to use community based organizations*

The company does not propose to utilize community-based organizations in the delivery of LIURP services.

F. *Explanation of any differences between this plan and previous 3 year plan*

The gas LIURP budget has increased from \$875,000 per year to \$2,250,000 per year since the previous Three-Year Plan. The programmatic effort to deal with non-permanent electric space heating is a new initiative.

3. Matching Energy Assistance Fund (MEAF)

The information provided in this section reflects the current procedures and policies for the administration of the Matching Energy Assistance Fund (MEAF) but it is anticipated that changes will likely be implemented. PECO is currently in the process of redesigning its MEAF program including administration, tracking, donor solicitation, and outreach.

A. Program description

The Matching Energy Assistance Fund (MEAF) is PECO's hardship fund program. There are two components, MEAF contributors and MEAF grants.

- **Contributors** – Ratepayers can pledge donations through monthly bill payment, or a one time donation
- **Grants** – Residential customers whose income is at or below 175% of the FPL and are in imminent danger of service termination or their services have been terminated are eligible for MEAF grants.

The maximum MEAF grant is five hundred dollars (\$500) per commodity. The grant must eliminate the total amount due, excluding pre-program arrearage. If the grant amount does not bring the bill to zero, the customer will be required to make a payment and/or solicit other third party grants.

PECO will continue its MEAF fundraising. PECO will continue to utilize MEAF bill inserts as a vehicle for customer outreach and contribution solicitation. The bill insert has enabled the program to maintain a consistent level of donations from PECO's customers. In addition, customers have the ability to contribute to MEAF via a checkoff box on their bill stub. PECO will also continue its sponsorship and funding of the annual golf outing MEAF fundraiser, which will benefit all MEAF agencies.

The following is a list of the county fuel fund agencies used for MEAF intake:

Utility Emergency Services Fund (UESF)

Philadelphia County
One Penn Center at Suburban Station
1617 JFK Boulevard, Suite 490
Philadelphia, PA 19103
Telephone: 215-972-5170
Fax: 215-972-5174
uesfacts@uesfacts.org

Montgomery County Action Development Commission – Project Reach

Montgomery County
113 E. Main Street

Norristown, PA 19401
Telephone: 610-277-6363
Fax: 610-277-2123

Chester County

Torres Credit Services
Phone: 1-800-606-0384

Bucks County Opportunity Council, Inc.

Bucks County
100 Doyle Street
Doylestown PA, 18901
Email: bcoc@bcoc.org
Phone: (215) 345-8175
Fax: (215) 345-8573
Hours: Monday - Friday 8:30-5:00

Community Action Agency of Delaware County

Delaware County
511-13 Welsh Street
Chester PA 19013
Telephone: 610-874-8451
Email: www.caadc.com

Mason-Dixon Cares

York County
5 Pendryus Street, Suite 2
Delta, PA 17314
Telephone: 717-456-5559

B. *Eligibility criteria*

A residential customer must meet the income eligibility of 175% of the FPL and demonstrate an emergency need, (i.e. service is in imminent danger of termination or has been terminated). The customer is also required to be a resident within the county where they are applying for a MEAF grant. PECO has established a MEAF intake site in each of the 6 counties within its service territory.

C. *Projected enrollment levels*

Due to the unpredictability of customer donations and additional amounts from fundraising efforts, PECO uses historical records to project enrollment levels.

D. *Matching Energy Assistance Fund (MEAF) Program Budget*

See Section XI.

E. *Plans to use community based organizations*

PECO uses the county fuel fund agencies to administer MEAF. The county fuel fund agencies are members of the Universal Service Advisory Committee. (See Section A and Attachment A)

F. *Explanation of any differences between this plan and previous 3 year plan*

PECO increased the maximum MEAF grant from \$500 per customer to \$500 per commodity.

4. Customer Assistance and Referral Evaluation Services Program (CARES)

A. *Program description*

The Company's CARES program is a referral and information service designed to assist customers who have temporary financial hardship(s) that hinders their ability to pay their utility bill. When appropriate, eligible customers receive temporary protection from termination of service and specific education and referral information for energy and non-energy related assistance.

CARES services will continue in conjunction with PECO's Universal Services programs.

The goal of the CARES component of Universal Services is to educate and inform PECO customers of available resources such as, energy and non-energy assistance, budget counseling and housing assistance. This is to maximize the ability of customers to pay their energy bills.

There are two components to PECO's CARES program. PECO maintains an extensive referral network of community organizations, government agencies, and social service agencies that assists low-income customers. The second component is an in-house assistance program that includes three CARES representatives. CARES representatives assist customers on a personal basis with the identification of grant assistance and direct referrals. CARES representatives work with individual customers to ensure the customer receives the assistance they are eligible for based upon their income and circumstances and will provide direct follow-up to the customer as appropriate, (*on occasion including home visits*). Follow-up may be conducted with the agency accepting the CARES referral.

B. *Eligibility Criteria*

Customers who are low-income, special needs and have extenuating circumstances.

C. *Projected Enrollment Levels*

PECO anticipates that it will continue the same enrollment level for its referral component to CARES.

CARES support and referrals are integrated and designed to ensure the customer receives ample opportunity to receive benefits.

Direct CARES services are also provided from a variety of sources. PECO receives direct CARES referrals annually from outside social service agencies, Bureau of Consumer Services; community based organizations, as well as PECO's Call Center and

Customer Service employees. These customers are evaluated for enrollment in PECO Universal Service Programs such as: health usage, 6-month medical certification, and CAP Rate A.

D. *CARES Program Budget*

See Section XI

E. *Plans to use community based organizations*

PECO will continue to use the services and referrals from community-based organizations to assist in the enrollment of low-income residential customers into the CARES program.

F. *Explanation of any differences between this plan and previous 3 year plan*

There are no material differences between this plan and the Company's previous 3-year plan.

5. *Universal Services Education-Outreach Programs*

Program Description

PECO's Universal Services' Outreach and Education Strategy have been enhanced to communicate directly and indirectly to all customers in its service territory. It has been designed to create a consistent and far reaching awareness of program benefits, provide tools for a streamlined and complete enrollment process, and maintain PECO's image to its customers as a complete community partner. PECO utilizes several methods for outreach including solicitation and direct enrollment when performing the following:

- LIURP recipients are referred directly to the CAP call center for enrollment
- LIHEAP recipients are automatically enrolled in CAP Rate when they receive cash or crisis grants and the LIHEAP income eligibility is equal to or less than CAP income eligibility.
- MEAF recipients are referred to the CAP call center for enrollment
- Universal Services Website provides a description and contact information for CAP, LIURP, MEAF, LIHEAP and CARES. The website also provides a printable CAP application

Additional enhancements that were originally proposed as part of the Exelon / PSE&G merger settlement but which were adopted by PECO even though the merger was not completed.

Although the Exelon/PSE&G merger was not completed, PECO has continued to discuss the merger settlement provisions with its Universal Services Advisory Committee. PECO has chosen to implement some of the outreach program enhancements, as follows:

→ In 2007, PECO increased its training sessions to educate staff members of community organizations and health providers such as NECs, CBOs, and legal service organizations, and expects to maintain a training schedule for the remainder of this Three-Year Plan.

6: Universal Services External Grant Program Administration (e.g. LIHEAP, etc.)

Universal Services will continue to manage external grant administration and provide community based organizations; neighborhood energy centers, hospitals and other agencies provide financial assistance to low-income residential customers in energy related crisis. The programs that Universal Services provides includes access to the companies FUEL Fund Hotline. The Hotline provides information and referral assistance to agency representatives that assist with resolving crisis needs.

Examples of grant programs that PECO will help to support include but are not limited to:

1. Pennsylvania Low Income Home Energy Assistance Program (LIHEAP)

There are three components to LIHEAP, Cash, crisis and weatherization assistance. Recipients can allocate their LIHEAP payment to any utility, oil or gas company that serves them. The cash program provides a direct payment to a vendor, such as a utility like PECO. The crisis program allocates funding for emergencies including purchasing home heating fuel, preventing service from being shut-off, or reinstating service that has been shut-off for non-payment. The weatherization program provides funding for winter emergencies including repairing leaking pipes and broken furnaces.

Grants are based on household size and income, type of fuel used and county of residence. For more information customers can call 1-800-34-HELP-4.

2. Pennsylvania Area Agencies on Aging

The Pennsylvania Association of Area Agencies on Aging has come to represent both the best interests of older Pennsylvanians and its AAA Membership by fostering collaboration in areas of: Advocacy, Leadership, Training and Policy. *PAAAA's Mission* is a statement of its commitment to act as an advocate for the aging -- promoting the continued physical, social, and economic self-sufficiency of Pennsylvania's seniors. It pursues elders' right to choice and dignity in daily living; and strives to furnish its Members with the essential informational/ educational resources to deliver quality service toward this end.

Universal Services partners with five AAA:

- **Philadelphia Corporation for Aging (PCA)** - is a private, non-profit organization serving as Philadelphia County's Area Agency on Aging (AAA) since 1973. One of the region's largest non-profit organizations, PCA is dedicated to improving the quality of life for older Philadelphians or people with disabilities by helping them achieve optimum levels of health, independence, and productivity. This mission is carried through advocacy, fund administration, planning, program development, and service coordination. Website: www.pcaphl.org

- **Delaware County Office of Services for the Ageing (COSA)** - was established in January 1975 both as a department of County government and as the state designated Area Agency on Aging (AAA) for the residents of Delaware County. Website: www.delcosa.org
 - **Bucks County Area Agency on Aging** - is responsible for the planning and implementation of a variety of services and programs that assist older persons in Bucks County. We are organized as the local agent of the PA Department of Aging, whose broad goal is to provide comprehensive services that help older people maintain their independence and prevent premature institutionalization. We understand the complexity of the issues challenging our seniors today and realize that the best life care system is one that focuses not only on the treatment but also on its prevention. Website: www.buckscounty.org
 - **Montgomery County Office on Aging and Adult Services** - assist those in need through a variety of supportive social programs and services so that individuals may remain active and independent within the community. Where obstacles may persist, MCAAS staff will advocate for those in need to the best of their ability. Website: www.montcopa.org
 - **Chester County Department of Aging Services** – meet the needs of the growing population of older adults in the county. The primary goals of the department are to develop, coordinate and support comprehensive community based services, which assist person’s age 60 and older to remain independent and self sufficient in the community. The department provides a variety of supportive services either directly by departmental staff or through contracts with private community service providers. Website: www.chesco.org/aging
3. **Federal Emergency Management Agency (FEMA)** – manages federal funds for the Emergency Food and Shelter (EFS) Program. The funding helps support social service agencies for the poor and homeless in more than 2,500 cities and counties across the country. The funding provides a nationwide assistance program to supplement food, shelter, rent, mortgage and utility assistance programs for people with non-disaster related emergencies.
 4. **Special Interest Grants** – Various social service and governmental agencies provide holistic services and fuel assistance to low income residential customers. Universal Services partners with many agencies such as: The School District of Philadelphia, The Philadelphia Black Clergy, Children’s Hospital of Philadelphia (CHOP), The Home Ventilator Assisted Children’s Program (VAC/HP), First Judicial District of Pennsylvania –Family Division, Philadelphia Mayors Office of Community Relations, Women Opportunity Resource Center (WORC), Department of Welfare, Housing Authorities, and others.

IV. Collection Strategy

PECO's collection strategy for CAP Rate customers is not materially different from its standard collection strategy and procedure. PECO's strategy is to begin collection action as soon as a customer becomes past due to enable the customer to bring the account current as soon as possible so that he/she will not be placed in a "catch-up" situation that is not manageable. A CAP Rate customer who does not pay the bill will be subject to termination for non-payment after all proper notice procedures are followed.

While PECO does not maintain a distinct set of different collection rules for CAP Rate customers, the Company does have a significant number of benefits and safeguards designed solely for low-income customers.

- PECO will not charge a deposit for low-income customers with incomes below 150% of FPL.
- CAP Rate customers are provided more than one payment agreement while on CAP Rate. If there is a verifiable drop in CAP Rate tier, an additional payment agreement is permitted.
- Low-income customers who are not on CAP Rate and who enter into a payment agreement must be enrolled on a monthly budget. Customers at or below 150% FPL will be placed on a payment agreement and have a 60-month payback window. Customer at or below 200% FPL placed on a payment agreement have a 24-month payback window.
- PECO does not terminate service to confirmed low-income customers during the winter period (December 1 – April 1).

V. Use of Community Based Organizations

PECO continually seeks community partners that provide opportunities and access to resources that offer the assistance that our customers may need. The Company maintains relationships with the following community based organizations:

- Utility Emergency Services Fund (UESF) – Philadelphia County
- Montgomery County Community Action Agency Development Commission – Montgomery County
- Community Action Agency of Delaware County – Delaware County
- Mason Dixon Cares – York County
- Bucks County Opportunity Council Inc. – Bucks County

PECO is currently working with several Philadelphia based community organizations to develop an ongoing relationship to provide referral services such as job/skill training and the ability to conduct education workshops.

All community-based organizations are provided with the appropriate support to provide the necessary assistance to our low-income residential customers.

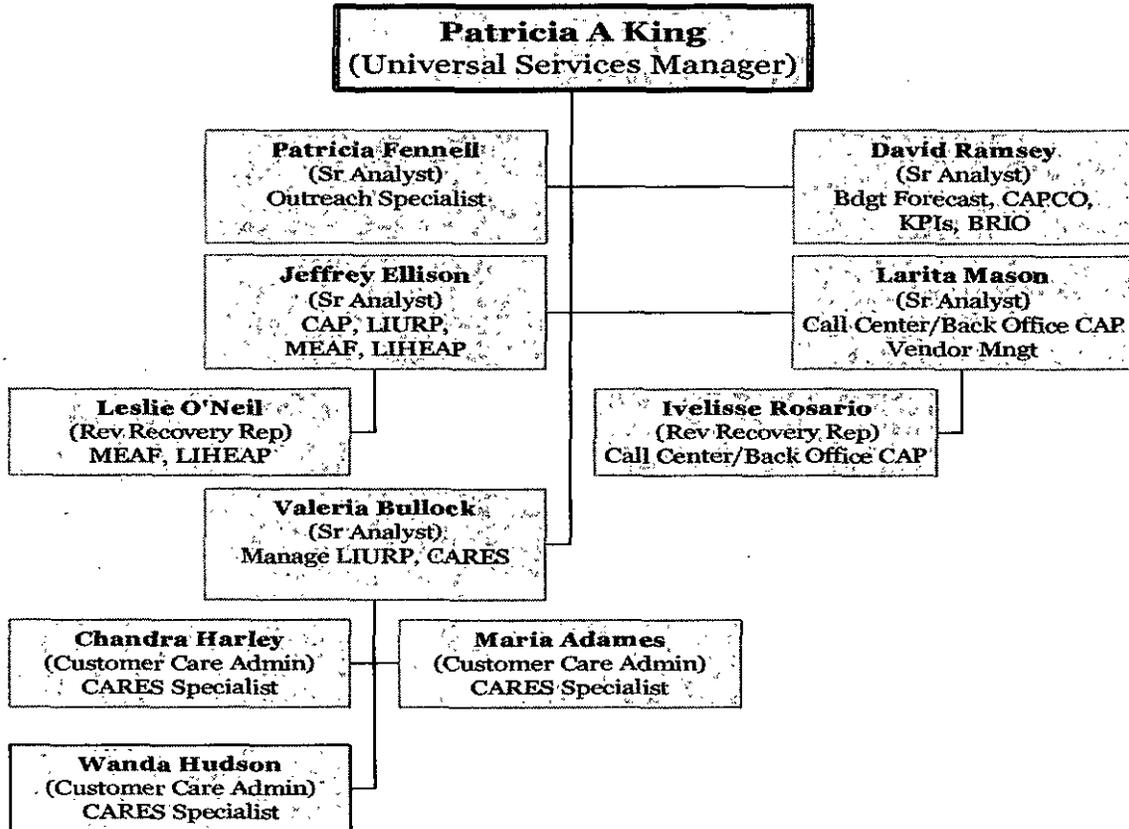
VI. BUDGET

Universal Service Cost Description	2010 Projected Costs	2011 Projected Costs	2012 Projected Costs
Internal and Contract Staffing	\$1,315,572	\$1,381,351	\$1,450,418
Outreach & Administration	\$16,398	\$17,218	\$18,079
Consumer Education	\$62,730	\$65,867	\$69,160
Computer Programming	\$109,149	\$109,149	\$109,149
MEAF Annual Cost	\$1,038,179	\$1,090,087	\$1,144,591
CARES Annual Cost	\$21,088	\$21,932	\$22,809
LIURP Annual Expense	\$7,850,000	\$7,850,000	\$7,850,000
Other Un-Collectible Provision Expense	\$19,404,000	\$20,374,200	\$21,392,910
CAP Operation and Maintenance Expense	\$2,218,724	\$2,293,557	\$2,370,913
CAP Credits (Shortfall)	\$88,200,000	\$92,610,000	\$97,240,500
Forgiven Arrearage (\$\$)	\$20,659,108	\$21,692,064	\$22,776,667
Total CAP Rate Costs	\$111,077,833	\$116,595,620	\$122,388,079

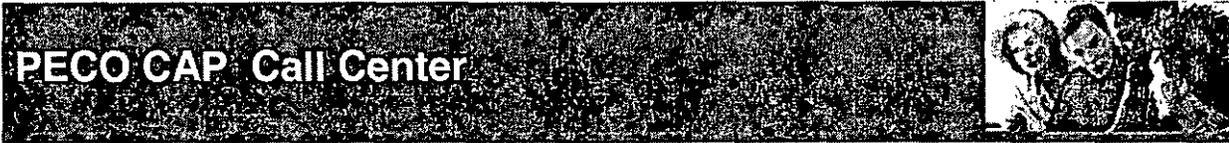
*The provision expense is calculated in accordance with Generally Accepted Accounting Principles (GAAP). PECO estimates that the entire customer balances for CAP Rate customers (pre-program arrearages) prior to their enrollment into CAP Rate is uncollectible. Post-enrollment revenue, which is outstanding over 90 days from the month during which the bill becomes delinquent, is also estimated as potentially uncollectible. PECO also considers a portion of the remaining part of the customer's unpaid balance, revenue billed but less than 90 days from being delinquent, to be potentially uncollectible as well. This portion is defined by what is not paid by customers on a 12-month rolling basis and it updated quarterly.

VII. Universal Services Organization Chart

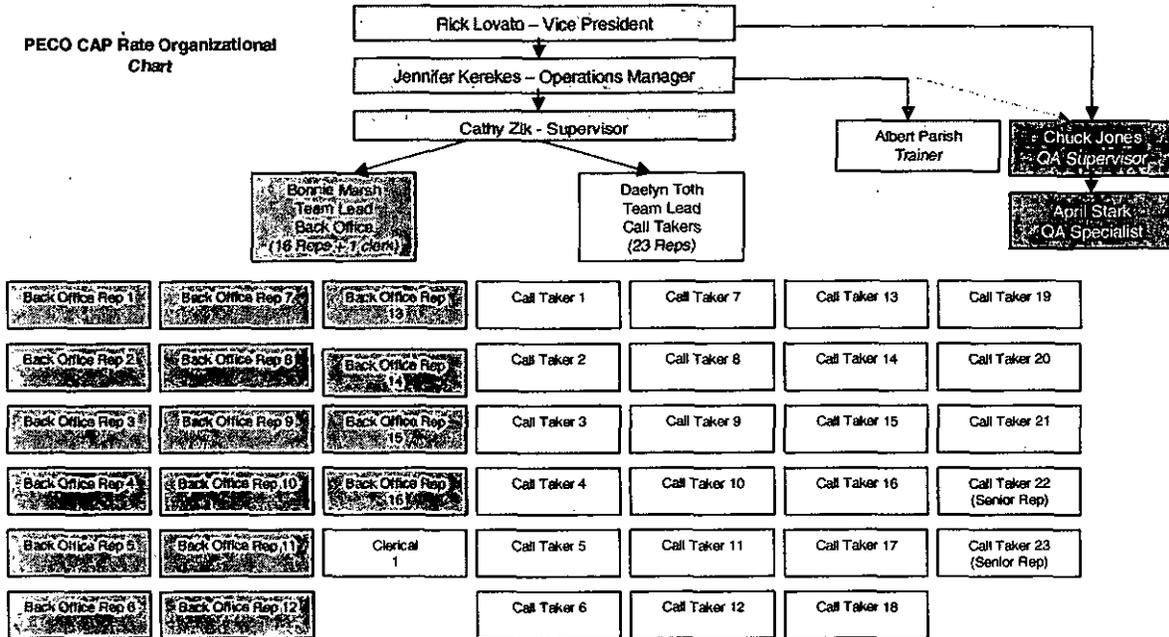
A. PECO's Universal Services Department



A. PECO CAP Call Center

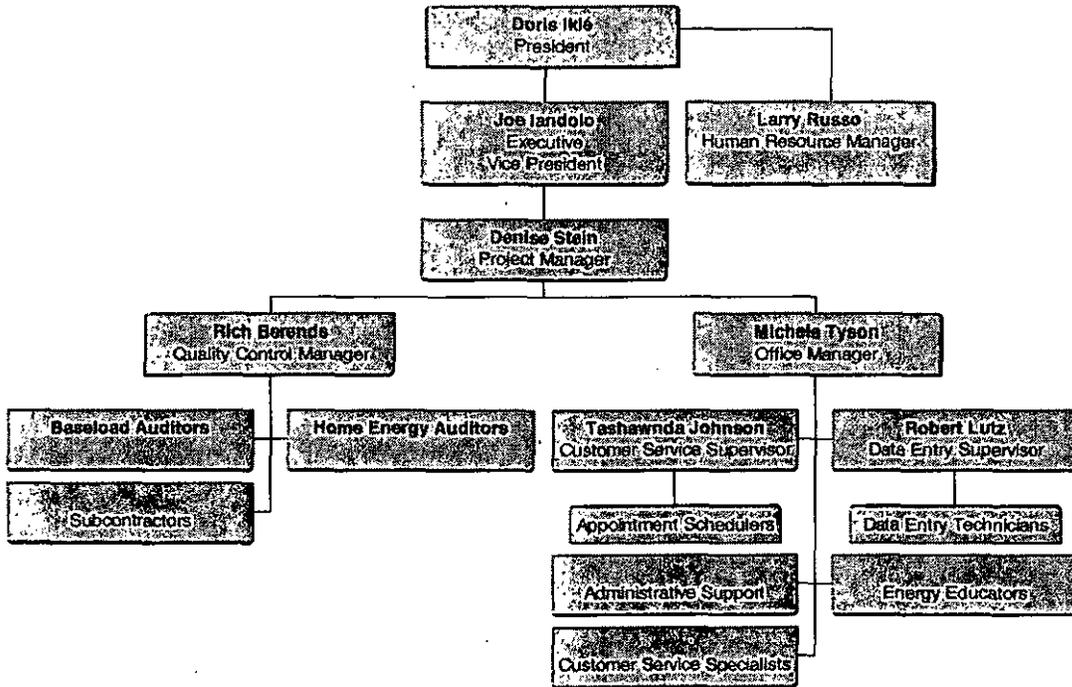


PECO CAP Rate Organizational Chart



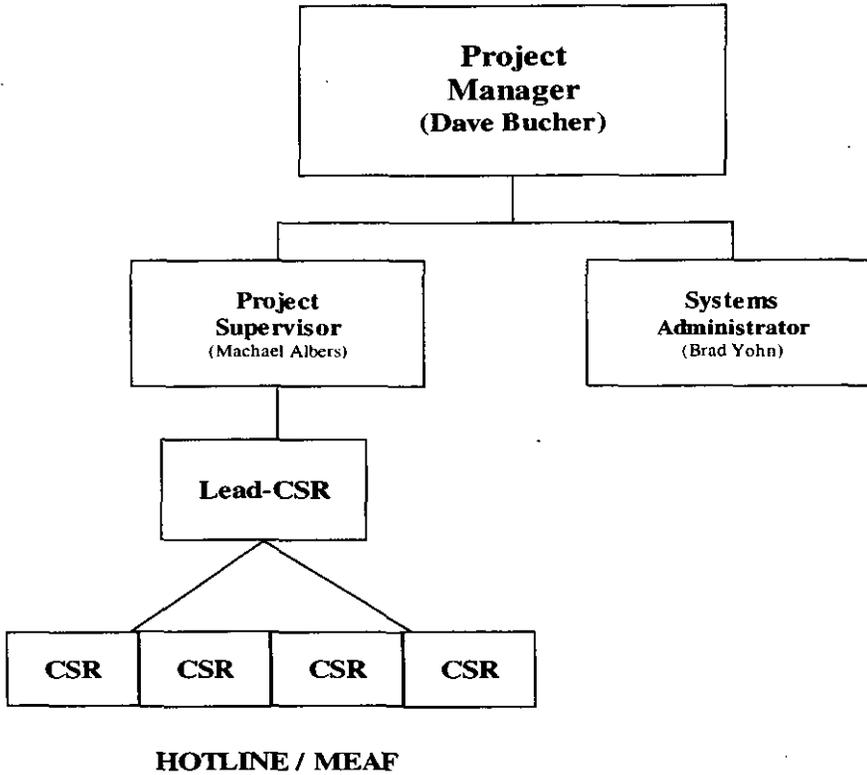
C. LIURP Program Organization Chart

CMC Energy Services



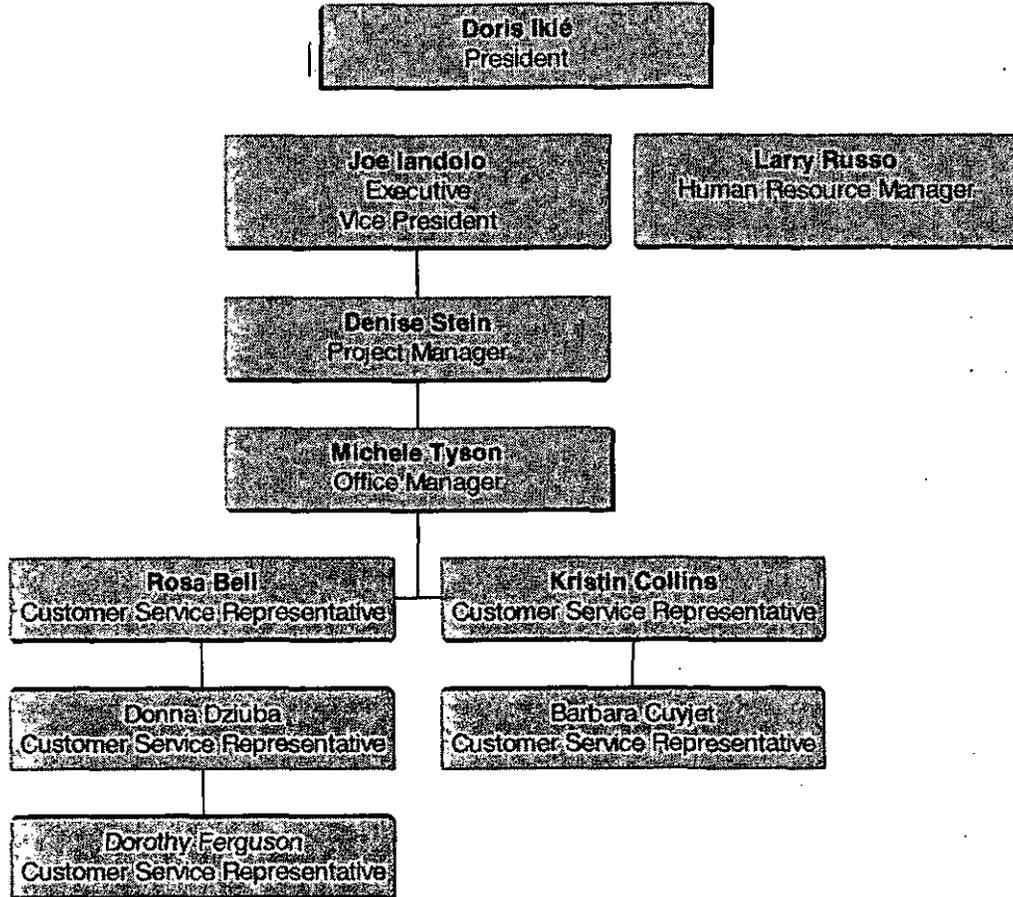
D. MEAF Project Organization Chart (Torres Credit Services)

PROJECT ORGANIZATIONAL CHART



E. LIHEAP Call Center

CMC Energy Services (LIHEAP Hotline)



VIII. Cost Recovery

In its Proposed Rulemaking Order in Docket No. L-00070186, the Commission has proposed that utilities' Three-Year Plan filings should incorporate a utility's CAP rules into its tariff, and that the cost recovery mechanisms for its low income programs should be included in the Three-Year Plan filing. While that Proposed Rulemaking has *not yet been finalized and adopted by the Commission*, PECO nonetheless provides the following information, which it hopes will be helpful to the Commission in this area.

PECO's CAP program rules are materially incorporated in its existing CAP Rate Tariffs, which have been previously approved by the Commission. A copy of PECO's previously approved electric and natural gas CAP Rate tariff sheets are appended to this Three-Year Plan.

As to cost recovery, although PECO's CARES, LIHEAP and MEAF programs were largely developed subsequent to PECO's last electric base rate case, PECO's CARES, LIHEAP administrative, and MEAF administrative are deemed incorporated in its existing base rates. MEAF matching contributions are funded by shareholders and cost recovery is not obtained.

PECO's electric LIURP spend of \$5.6 million annually is also deemed incorporated in its existing base rates. PECO recovers its gas LIURP spend of \$2.25 as \$1.75 million through base rates, and \$500,000 annually through the E factor of its USFC.

PECO's CAP Rate costs are recovered as follows: For electric CAP Rate costs, the costs of providing service to the first 90,000 participants, nominally \$50 million per year, are deemed to be recovered through PECO's base rates. For each participant above 90,000, PECO receives \$383 per participant per year through its USFC, with those amounts representing only the recovery of discounts given to the CAP customers. In addition, PECO receives a flat recovery of \$5.5 million per year through its USFC under the terms of its settlement of the 2007-2009 Three-Year Plan proceeding. A copy of PECO's electric USFC Tariff Sheet is attached.

For natural gas CAP rate costs, PECO recovers \$13.7 million through its base rates. Adjustments to that amount, up or down, will be implemented through its gas USFC from time-to-time as adjustments are made to the benefits flowing to customers. A copy of PECO's gas USFC Tariff Sheet is attached.

Attachment A

Community Based Organizations

Delaware County -Community Action Agency of Delaware County, Inc. (CAADC)

The mission of the Community Action Agency of Delaware County, Inc. (CAADC) and its affiliate corporations and partnerships is to assist families and individuals to move toward economic self-sufficiency and reduce their dependence on public support through innovative approaches to programs including: provision of professional case management services, life skills training, employment training, social services, and creation of affordable housing, and community and economic development activities.

Community Action Agency of Delaware County, Inc. strives to prudently but creatively utilize all available resources both public and private including: local, state and federal government; individuals, foundations and corporations; as well as income generated from economic development projects, private financing and private partnerships.

There is no "typical" Community Action Agency. No two CAAs are exactly alike because the leadership and specific needs of its local community govern each. Despite this fact, there is a typical CAA approach to fighting the causes of poverty.

The eight goals outlined in the Community Services Block Grant (CSBG) statute address different causes of poverty. Since each family is likely to be affected by more than one of these causes, the purposes of the CSBG determine the type of coordinating role that CAAs play. The statutory goals are:

- Securing and Maintaining Employment
- Securing Adequate Education
- Better Income Management
- Securing Adequate Housing
- Providing Emergency Services
- Improving Nutrition
- Creating Linkages Among Anti-Poverty Programs
- Achieving Self-Sufficiency

To meet these goals, local agencies offer a variety of programs that serve low-income children, families, and seniors. They coordinate emergency assistance, provide weatherization services, sponsor youth programs, operate senior centers, and provide transportation in rural areas. CAAs provide linkages to job training opportunities, GED preparation courses, and vocational education programs. They provide a range of services

addressing poverty-related problems from income management and credit counseling to entrepreneurial development and small business incubators; from domestic violence crisis assistance to family development programs and parenting classes; from food pantries and emergency shelters to low-income housing development and community revitalization projects.

The common goal, enabling people to become independent of any public or charitable assistance, engenders common CAA operating methods. The requirements of the CSBG, the expertise of state and local managers shared over a generation of training and peer exchange, and above all the observation of the outcomes of various interventions have led to similar program designs across the nation.

In general, CAAs prioritize prevention initiatives and provide extended involvement with clients to support the length of time and variety of assistance required to increase their opportunity to be economically self-sufficient. When agencies provide crisis services or when they distribute food or goods, they seek to make those contacts with their clients an introduction to opportunities for moving the clients away from dependence on stopgap aid.

For more information on CAAs, visit the www.caadc.org

Intake Site:
Community Action Agency of Delaware County,
511-13 Welsh Street, Chester PA 19013
610-874-8451

Project Reach – Montgomery County Action Development Commission

Mission: To mobilize the human and financial resources of Montgomery County by initiating, developing and administering community and economic development programs, designed to provide the tools needed to achieve self-sufficiency.

Project REACH (Resources for Energy Assistance & Conservation Help) Goals

To provide financial assistance to eligible Montgomery County residents who are facing termination of their utility services, or who have had their utilities terminated.

To give individual and family budgeting and credit counseling and information services to applicants who are qualified.

To coordinate existing services of other Montgomery County agencies and private contributors to energy assistance program.

To provide information and referral as needed that will assist clients in meeting their basic human needs.

Eligibility

- A client must be a resident of Montgomery County and a PECO customer.
- A client's income cannot exceed 175% of the poverty level; the utility must be in the client's name.
- The utility must be in the client's name.
- A client must either have received a shut off notice or have had utility service terminated.
- A client's delinquency or arrearage may be reduced to \$0 with assistance from Project Reach or if a \$0 balance cannot be reached the client must negotiate arrangements for the balance.
- Client must have applied for the Low Income Home Energy Assistance Program (LIHEAP) and the County Crisis Program depending on availability of funds.

Contact Information:

Project Reach
Montgomery County Community Action Development Commission
113 E Main Street
Norristown, PA 19401
Phone: 610-277-6363
FAX: 610-277-2123

Philadelphia County – Utility Emergency Services Fund (UESF)

Utility Emergency Services Fund (UESF) is a 501(c)(3) non-profit organization assisting low-income Philadelphia families with their emergency utility needs since 1983.

Our Mission

Since 1983 the Utility Emergency Services fund has financially addressed the energy-poverty crisis of Philadelphia's low-income families. Formed by a partnership of business, civic, and religious organizations, as well as the local utility companies, UESF has aided over 112,000 families, provided more than \$50 million in emergency utility assistance. Every donation is matched dollar-for-dollar by one of the utility companies, doubling the impact of each contribution.

About Us

By providing grants to poor families, UESF has saved needy residents of Philadelphia from cold winter nights without heat, electricity, or water service. Single mothers head many UESF families with small children; senior citizens or newly unemployed residents who need one time emergency help to maintain their households. UESF has given over \$50 million to help families with utility bills.

Utility Emergency Services Fund
One Penn Center at Suburban Station
1617 JFK Boulevard, Suite 490
Philadelphia, PA 19103
Telephone: 215-972-5170 Fax: 215-972-5174
uesfacts@uesfacts.org

Eligibility Requirements

- UESF will pay for a gas, electric, or water bill, which does not exceed \$500, and in shut-off status or already terminated. All grants must be applied to bills in which the account will reach a zero balance once aid is applied. If the bill is over \$500, the applicant is responsible for the balance.
- Applicant must be a Philadelphia resident.
- Utility Service must be shut-off or in shut-off status
- The Utility bill must be in applicant's name or they must show proof of responsibility for the bill.
- Applicant must not have received a UESF grant in the past two years.
- Applicant must have applied for LIHEAP Cash and Crisis when the programs are open.
- Applicant must not be on a payment agreement with the utility company.
- Applicant must be at or below 175% of the federal poverty level.
- Grant must reduce utility bill to zero.

Applicants need the following documents when applying:

1. Utility bill
2. Shut-Off notice
3. Proof of income
4. Social Security number

Intake Sites

Philadelphia residents have thirteen sites to choose from to get help with their utility bills.

Casa Del Carmen
4400 Reese Street
Phone: 215-329-5660

Northeast Family Services Center
7340 Jackson Street
Phone: 215-624-5920

Dixon House
1920 South 20th Street
Phone: 215-336-3511

Salvation Army
4344 Frankford Avenue
Phone: 215-288-3287

Germantown Settlement
218-220 W. Chelton Ave
Phone: 215-849-6026

Southwest CDC
6328 Paschall Avenue
Phone: 215-729-0800

Greater Philadelphia Asian
Social Services Center
4943 N. 5th Street
Phone: 215-456-1662
or 215-456-1663

South Lehigh Action Council
2213 W. Sergeant Street
Phone: 215-229-2851

Ludlow
704-706 West Girard Ave.
Phone: 215-923-1544

United Communities
2029 South 8th Street
Phone: 215-467-8700

New Kensington CDC
2515 Frankford Avenue
Phone: 215-427-0350

Water Revenue Bureau
1401 JFK Blvd.
Phone: 215-686-6880

Bucks County Opportunity Council Inc.

Mission Statement

The mission of the Bucks County Opportunity Council, Inc. is to assist low-income people of Bucks County achieve or maintain economic self-sufficiency.

Emergency Services

As a Community Action Agency, BCOC provides a multitude of services to low-income families and individuals of Bucks County. All services are based on an individual case basis. There are two main types of emergency services to assist clients in crisis.

What is the Project HEAT/Utility Assistance Program?

The Public Utility Commission funds the Project Heat/Utilities Assistance Program. The purpose of this grant is to prevent the termination of electricity for persons facing a utility shut-off. The assistance from this program is provided once over a twelve-month period. Persons applying must meet specific income guidelines. In most cases, the resources available through this program are used to provide a utility match with the electric company (PECO) doubling the amount of financial assistance that a person can receive. The project HEAT program will be in operation year round, dependent on adequate funding. When a hardship exists the funds may be used at any time during the year to help alleviate the threat of termination.

Eligibility guidelines required to qualify for HEAT Assistance

- The household must be a Philadelphia Electric Company (PECO) customer
- The household must have a disconnection notice or be currently terminated
- The bill must be in the applicant's name.
- Only one payment per 12-month period per household is allowable

Note: Households, which qualify for LIHEAP are expected to apply for LIHEAP before applying for this program.

*Emphasis should be put on the fact that Project HEAT is a program to help households in "hardship situations" and is not an entitlement program. Client/customers that do not take responsibility for energy bills will NOT be eligible for this program. Project HEAT will reach out to assist client/customer who are experiencing short-term financial hardships, rather than sustaining on-going chronic delinquent accounts.

What defines a "hardship situation"?

- Death in a household.
- Lengthy illness or serious injury in a household.
- Prolonged strike.
- Unemployment of husband or wife (If the household has been dependent on two incomes).
- Exhaustion of unemployment benefits and still unemployed.
- Unusually high medical expenses.
- Marginal employment (part-time employment or full-time employments but still not enough income to cover expenses).
- Unexpected high expenses of essential appliances or goods, such as a replacement of a furnace.
- Threat of the disintegration of a family unit.
- Other extreme, sudden, and/or extraordinary circumstances.

What constitutes a "delinquent account"?

- A delinquent account is defined as a customer owing more than \$1500.00 to PECO. Clients requesting assistance must have made a payment to PECO within the last 90 days.

What are the Income Guidelines to qualify for HEAT assistance?

- Families living under 150% of poverty guidelines are eligible for up to \$500.00 from BCOC, Inc. and a \$250.00 match from PECO.
- Families over 150% but below 200% of the FPL are eligible for up to \$500.00 from BCOC, Inc.
- Clients must also make a monetary contribution towards solving their problem via a money order or payment through a by-pass agency.

Intake Locations:

Administrative Office:

100 Doyle Street

Doylestown PA, 18901

Email: bcoc@bcoc.org

Phone: (215) 345-8175

Fax: (215) 345-8573

Hours: Monday - Friday 8:30-5:00

Government Services Building

515 South West End Boulevard
Quakertown, PA 18951
Email: bcoc@bcoc.org
Phone: (215) 536-0353
Fax: (215) 536-6106
Hours: Monday - Friday 8:30-5:00

Neshaminy Manor Center

1282 Almshouse Rd.
Doylestown, PA 18901
Email: bcoc@bcoc.org
Phone: (215) 345-3295
Hours: Monday - Friday 8:30-5:00

1230 New Rodgers Road
Suite F-10
Bristol, PA 19007
Phone: (215) 781-2661
Fax: (215) 781-8026
Email: bcoc@bcoc.org
Hours: Monday - Friday 8:30-5:00

Mason Dixon Cares – York County

Mason Dixon Cares is a fuel fund agency that services PECO customers in York County Pennsylvania.

Mason Dixon Cares
5 Pendryus Street, Suite 2
Delta, PA 17314
717-456-5559

Carroll Park Community Council, Inc.

Carroll Park Community Council, Inc. provides CARES services on behalf of PECO Universal Services. Carroll Park will provide the following services; Intake process for client, perform needs assessment, verification of eligibility, budget counseling, human service program referral, energy program referral, food referral, cool homes referral, employment referral and referral for grants and other Universal Service services.

Carroll Park Community Council, Inc. (Continued)

Intake Information:

Carroll Park Community Council, Inc.
5218 Master Street
Philadelphia, PA 19131
(215) 877-1157

Attachment B
Tariff Sheets

Customer Assistance Program (CAP) Rider

AVAILABILITY:

To payment-troubled customers who are currently served under or otherwise qualify for Rate R or Rate RH (does not include multiple dwelling unit buildings consisting of two to five dwelling units). Customers must apply for the rates contained in this rider and must demonstrate annual household gross income at or below 150% of the Federal Poverty guidelines. Based on the applicable level of income and other criteria, the following CAP Rate categories (A through E) apply. Alternatively, when a customer receives LIHEAP cash grants, the customer will automatically be enrolled into PECO's CAP Rate E, provided the customer has been identified through LIHEAP as having income not exceeding 150% of the Federal Poverty Level. Such customers automatically enrolled in CAP Rate E will be screened further to the extent practicable for the purpose of reassessing the CAP level placement based on percentage of Federal Poverty Guidelines.

CAP A - PECO Cares Program : Customers with annual household gross incomes at or below 25% of the Federal poverty income guidelines with documented extenuating circumstances will be eligible for CAP A which provides for Residential Rate R customers a nominal bundled rate of \$12/month for all usage up to 1,000 KWH; for usage above 1,000 KWH the CAP D rate structure will apply. For Residential Heating customers Rate RH, CAP A provides a nominal bundled rate of \$30/month for all usage up to 2,000 KWH in the Winter¹/1,000 KWH in the Summer¹; for usage above 2,000/1,000 KWH the CAP D rate structure will apply.

Extenuating circumstances shall include those individuals who demonstrate an inability to pay the billed rate of CAP B as a result of unique circumstances such as:

- Health related matters:
 - Injury or illness
 - High medical bills
 - Medically related usage
 - Death in the family
- Sudden loss of employment
- Households that include at risk individuals such as:
 - Children below 8 years of age
 - Disabled persons
 - Infirm elderly
- Inability to maintain at least two CAP B payment arrangements
- High usage related to shelter conditions which are not treatable by LIURP

MONTHLY RATE – CAP A:

	RATE R		RATE RH	
Fixed Distribution Service Charge		\$5.10		\$5.10
Variable Distribution Service Charge	1 st 1000 KWH	\$2.42	1 st 2,000 KWH Winter ¹	\$8.30
	Additional KWH	CAP D ²	1 st 1,000 KWH Summer ¹	\$8.30
			Additional KWH	CAP D ²
Competitive Transition Charge	1 st 1000 KWH	\$1.27	1 st 2,000 KWH Winter ¹	\$4.60
	Additional KWH	CAP D ²	1 st 1,000 KWH Summer ¹	\$4.60
			Additional KWH	CAP D ²
Energy and Capacity Charge	1 st 1000 KWH	\$2.92	1 st 2,000 KWH Winter ¹	\$10.95
	Additional KWH	CAP D ²	1 st 1,000 KWH Summer ¹	\$10.95
			Additional KWH	CAP D ²

¹ Winter refers to the 9 months (October – June); Summer refers to the 3 peak usage summer months (July-September).

² Rate R - for the usage exceeding 1000 kWh, the rate structure equates to the unbundled CAP D Rate, which will provide a nominal 50% discount on the energy pricing for the next 650 kWh used. Rate RH - for the usage exceeding 2000 kWh winter/1000 kWh summer the rate structure equates to the unbundled CAP D Rate, which will provide a nominal 50% discount on the energy pricing for the next 650 kWh used.

Program Provisions: The CAP A Rate is limited to 7,500 customers and these customers will be re-certified annually. CAP A customers will be targeted to receive LIURP treatments; and they will be assigned to a PECO Cares Representative to maximize the assistance available to them. In addition, these customers will not be able to obtain Competitive Energy Supply.

(C) Indicates Change

Customer Assistance Program (CAP) Rider – (Continued)

CAP B: Customers with annual household gross incomes at or below 25% of the Federal poverty income guidelines and who are not eligible for CAP A will be eligible for the CAP B Rate which provides a nominal 85% discount on the pricing of the first 650 kWh of usage, and a nominal 30% discount on the next 100 kWh billed in the months of July, August and September. (C)

CAP C: Customers with annual household gross incomes at or greater than 26% but less than 51% of the Federal poverty income guidelines will be eligible for the CAP C Rate which provides a nominal 75% discount on the pricing of the first 650 kWh of usage and a nominal 30% discount on the next 100 kWh billed in the months of July, August and September. (C)

CAP D: Customers with annual household gross incomes at or greater than 51% but less than 101% of the Federal poverty income guidelines will be eligible for the CAP D Rate which provides a nominal 50% discount on the pricing of the first 650 kWh of usage. (C)

CAP E: Customers with annual household gross incomes from 101% up to and including 150% of the Federal poverty income guidelines will be eligible for the Customer Assistance Program CAP E Rate which provides a nominal 26% discount on the pricing of the first 650 kWh of usage. (C)

MONTHLY RATE TABLES (CAP B – E Rates):

RATE R

	CAP B	CAP C	CAP D	CAP E	
Fixed Distribution Service Charge	\$5.18	\$5.18	\$5.18	\$5.18	
	¢/kWh	¢/kWh	¢/kWh	¢/kWh	
Variable Distribution Service Charge					
first 650 kWh	0.66	1.10	2.25	3.44	(C)
next 100 kWh (July - Sept Only)	3.08	3.08	---	---	
additional kWh	4.39	4.39	4.64	4.64	
Competitive Transition Charge					
first 650 kWh	0.44	0.73	1.17	1.79	(C)
next 100 kWh (July - Sept Only)	2.04	2.04	---	---	
additional kWh	2.92	2.92	2.42	2.42	
Energy and Capacity Charge *					
first 650 kWh	.99	1.65	2.72	4.18	(C)
next 100 kWh (July - Sept Only)	4.63	4.63	---	---	
additional kWh	6.60	6.60	5.63	5.63	

(C) Indicates Change

Customer Assistance Program (CAP) Rider – (Continued)

RATE RH

	CAP B Summer	CAP B Winter	CAP C Summer	CAP C Winter	CAP D Summer	CAP D Winter	CAP E Summer	CAP E Winter
Fixed Distribution Service Charge	\$5.18	\$5.18	\$5.18	\$5.18	\$5.18	\$5.18	\$5.18	\$5.18
	¢/kWh							
Variable Distribution Service Charge								
first 650 kWh	0.63	0.63	1.05	1.05	2.13	2.13	3.27	3.27 (C)
next 100 kWh (July - Sept Only)	2.94	----	2.94	----	----	----	----	----
(additional kWh)	4.20	2.13	4.20	2.13	4.42	2.13	4.42	2.13
Competitive Transition Charge								
first 650 kWh	.42	.42	.70	.70	1.16	1.16	1.80	2.49 (C)
next 100 kWh (July - Sept Only)	1.99	----	1.99	----	----	----	----	----
additional kWh	2.84	1.16	2.84	1.16	2.41	1.16	2.41	1.16
Energy and Capacity Charge *								
first 650 kWh	1.03	1.03	1.71	1.71	2.84	2.84	4.34	4.49 (C)
next 100 kWh (July - Sept Only)	4.80	----	4.80	----	----	----	----	----
additional kWh	6.85	2.84	6.85	2.84	5.87	2.84	5.87	2.84

* CAP (A - C) Rate customers will not be able to obtain Competitive Energy Supply.

ENERGY AND CAPACITY CHARGE: The preceding Energy and Capacity Charges are not applicable to the customer if the customer is eligible for and obtains Competitive Energy Supply, and therefore will only apply if the customer receives Default PLR Service.

If the customer obtains Competitive Energy Supply, the customer will receive a credit, on the first 650 kWh of usage on their PECO Energy bill, as follows:

(C)

(C) Indicates Change

Customer Assistance Program (CAP) Rider – Continued

CUSTOMER CREDIT WHEN OBTAINING COMPETITIVE ENERGY SUPPLY (applicable to CAP D & E only):

RATE R		RATE RH			
CAP D	CAP E	CAP D		CAP E	
		Summer	Winter	Summer	Winter
3.88¢/kWh	2.42 ¢/kWh	4.01 ¢/kWh	4.01 ¢/kWh	2.51 ¢/kWh	2.36 ¢/kWh

METERING AND BILLING CREDITS. A customer receiving Advanced Meter Services from a AMSP other than the Company will receive a credit on the Fixed Distribution Service Charge equal to the Total Metering Credit set forth for Rate R or RH as applicable in Appendix B to the Joint Petition for Full Settlement. A customer receiving Consolidated EGS Billing will receive a credit on the Fixed Distribution Service Charge equal to the Billing and Collection Credit set forth for Rate R or RH as applicable in Appendix B to the Joint Petition for Full Settlement.

CERTIFICATION. Certification by various State agencies that a customer is receiving certain government assistance payments may be used where possible to expedite the eligibility process. These payments include (but are not limited to) AFDC, SSI, Food Stamps, PACE and Medicaid. Information available from the Pa. Department of Revenue may also be used where appropriate to expedite the process. In addition, PECO may also utilize the LIHEAP cash grant amount to help determine income level.

A process will be established to provide verification of eligibility for customers who do not fit the above processes. Asset testing will also be used where necessary and appropriate. Customers being considered for the CAP Rider will be required to:

- Waive certain privacy rights to enable PECO Energy to effectively conduct the above certification process.
- Apply for and assign to PECO Energy at least one energy assistance grant from the Commonwealth.
- Participate in various energy education and conservation programs facilitated by PECO Energy.

MINIMUM CHARGE. The minimum charge per month will be the Fixed Distribution Service Charge.

TRANSMISSION SERVICE FOR CUSTOMERS RECEIVING DEFAULT PLR SERVICE. Unless such a customer is able to obtain transmission service on its own, PECO Energy will provide transmission service, and will impose charges on such a customer for such transmission service.

STATE TAX ADJUSTMENT CLAUSE, NUCLEAR DECOMMISSIONING COST ADJUSTMENT, UNIVERSAL SERVICE FUND CHARGE APPLY TO THIS RATE.

ARREARAGE.

Customers who qualify and are placed on the CAP Rider will have their pre-program arrearage forgiven if they remain current on their CAP bill for six consecutive months. The development of any new arrearage during this period will delay forgiveness. Customers that develop any new arrearage will be offered a payment agreement.

EFFECTIVE APRIL 1, 2009

Customers who qualify and are placed on the CAP Rate will have their pre-program arrearage forgiven on the following basis: For each month in which the customer pays their outstanding balance in full and on time, one-twelfth (1/12th) of the customer's pre-program arrearage will be forgiven. If the customer develops any in-program arrearage while on the CAP Rate – that is, if the customer does not pay the entire outstanding balance – then preprogram arrearage forgiveness will not resume until the first month in which the full outstanding balance is paid. At PECO's discretion, customers who develop in-program arrearages may be offered a payment agreement for those in-program arrearages, but PECO is not required to offer such a payment arrangement.

(C)

(C) Indicates Change

PROVISIONS FOR RECOVERY OF UNIVERSAL SERVICE FUND COSTS

Variable Distribution Service Charge rates for electric service in Rate Schedules R, R-H and RT of this Tariff shall include \$0.0012 per kWh for recovery of Universal Service Fund Cost (USFC), calculated in the manner set forth below, pursuant to Section 2804(8) of the Competition Act. The USFC rates for electric service may be increased or decreased annually, to reflect changes in the level of Universal Service Fund costs, in the manner described below: (l)

COMPUTATION OF USFC.

The USFC per kWh, shall be computed to the nearest one-hundredth cent (0.01¢) in accordance with the formula set forth below:

$$\text{USFC} = \frac{(C - E)}{(S)}$$

The USFC, so computed, shall be included in distribution rates charged to Customers for service pursuant to the rate schedules identified above. The amount of USFC, per kWh, will vary, if appropriate, based upon annual filings by the Company.

In computing the USFC, per kWh, pursuant to the formula above, the following definitions shall apply:

"Universal Service Fund Cost" – \$383 per Customer Assistance Program (CAP) Customer per year (pro-rated basis) for incremental CAP customers in excess of 90,000.

"USFC" – Universal Service Fund Charge determined to the nearest one-hundredth cent (0.01¢) to be included in rates for each kWh of Variable Distribution Service Charge calculated under Rate Schedules R, R-H, and RT, to recover Universal Service Fund Costs.

"C" - Cost in dollars of the Universal Service Fund Cost for the projected period. Such amount will be based on the actual number of CAP customers at the end of the "E" factor period.

"E" - the net (overcollection) or undercollection of Universal Service Fund Charges. The net overcollection or undercollection shall be determined for the most recent period, beginning with the month following the last month which was included in the previous overcollection or undercollection calculation reflected in rates.

Each overcollection or undercollection statement shall also provide for refund or recovery of amounts necessary to adjust for overrecovery or underrecovery of "E" factor amounts under the previous USFC.

Interest shall be computed monthly at a 6% annual simple interest rate from the month that the overcollection or undercollection occurs to the effective month such overcollection is refunded or undercollection is recouped. Customers shall not be liable for net interest otherwise due the Company under this calculation.

"S" - projected kWh of electric service to be billed under Rate R, R-H, and RT during the projected period when rates will be in effect, per Appendix A of the Joint Petition for Full Settlement at Docket No. R-00973953.

FILING WITH PENNSYLVANIA PUBLIC UTILITY COMMISSION; AUDIT; RECONCILIATION.

The Company's annual USFC filing and its annual reconciliation statement shall be submitted to the Commission 120 days prior to new rates being effective January 1 of each year, or at such time as the Commission may prescribe. The USFC mechanism is subject to annual audit review by the Bureau of Audits.

(l) Indicates Increase

PROVISIONS FOR RECOVERY OF SUPPLEMENTAL UNIVERSAL SERVICE FUND COSTS (C)

Variable Distribution Service Charge rates for electric service in Rate Schedules R, R-H and RT of this Tariff shall include \$0.0005 per kWh for recovery of Supplemental Universal Service Fund Cost ("Supplemental USFC"), calculated in the manner set forth below, pursuant to Section 2804(8) of the Competition Act. The Supplemental USFC rate for electric service shall be designed to recover \$5.5 million annually (pursuant to the Order entered at M-00061945 with a reconciliation mechanism, in the manner set forth below:

COMPUTATION OF SUPPLEMENTAL USFC.

The Supplemental USFC per kWh, shall be computed to the nearest one-hundredth cent (0.01¢) in accordance with the following formula:

$$\text{SUPPLEMENTAL USFC} = \frac{(C - E - I)}{(S)}$$

The Supplemental USFC, so computed, shall be included in distribution rates charged to Customers for service pursuant to the rate schedules identified above. The amount of Supplemental USFC, per kWh, will vary, if appropriate, based upon annual filings by the Company.

In computing the Supplemental USFC, per kWh, pursuant to the formula above, the following definitions shall apply:

"SUPPLEMENTAL USFC" - Supplemental Universal Service Fund Charge determined to the nearest one-hundredth cent (0.01¢) to be included in rates for each kWh of Variable Distribution Service Charge calculated under Rate Schedules R, R-H, and RT, to recover Supplemental Universal Service Fund Costs.

"C" - Cost in dollars of the Supplemental Universal Service Fund Cost for the projected period. Such amount will be \$5.5 million pursuant to the Order entered at M-00061945.

"E" - the net (overcollection) or undercollection of Supplemental Universal Service Fund Charges. The net overcollection or undercollection shall be determined for the most recent period, beginning with the month following the last month which was included in the previous overcollection or undercollection calculation reflected in rates.

Each overcollection or undercollection statement shall also provide for refund or recovery of amounts necessary to adjust for overrecovery or underrecovery of "E" factor amounts under the previous Supplemental USFC.

"I" - Interest shall be computed monthly at a 6% annual simple interest rate from the month that the overcollection or undercollection occurs to the effective month such overcollection is refunded or undercollection is recouped.

"S" - projected kWh of electric service to be billed under Rate R, R-H, and RT during the projected period when rates will be in effect.

FILING WITH PENNSYLVANIA PUBLIC UTILITY COMMISSION; AUDIT; RECONCILIATION.

The Company's annual Supplemental USFC filing and its annual reconciliation statement shall be submitted to the Commission 120 days prior to new rates being effective January 1 of each year, or at such time as the Commission may prescribe. The Supplemental USFC mechanism is subject to annual audit review by the Bureau of Audits.

(C) Indicates Change

SUMMARY OF PROVISIONS FOR RECOVERY OF UNIVERSAL SERVICE FUND COSTS

(C)

The total of the Universal Service Fund Costs ("USFC") and Supplemental Universal Service Fund Costs ("Supplemental USFC") is summarized below:

USFC	\$0.0012 per kWh
Supplemental USFC	<u>\$0.0005 per kWh</u>
Total	\$0.0017 per kWh

(C) Indicates Change

Customer Assistance Program (CAP) Rider

AVAILABILITY:

To payment-troubled customers who are currently served under or otherwise qualify for Rate GR (excluding multiple dwelling unit buildings consisting of two to five dwelling units). Customers must apply for the rates contained in this rider and must demonstrate annual household gross income at or below 150% of the Federal Poverty guidelines. Based on the applicable level of income and other criteria, the following CAP Rate categories (A/B through E) apply:

CAP A/B: Customers with annual household gross incomes at or below 25% of the Federal poverty income guidelines will be eligible for the CAP A/B Rate which provides a nominal 91% discount on the total bill for natural gas service. Customers must be on budget billing, will be subject to a \$25 monthly bill minimum (\$10 for non-heating customers) and will not be eligible to obtain Competitive Natural Gas Supply. (I)

CAP C: Customers with annual household gross incomes at or greater than 26% but less than 51% of the Federal poverty income guidelines will be eligible for the CAP C Rate which provides a nominal 77% discount on the total bill for natural gas service. Customers must be on budget billing, will be subject to a \$25 monthly bill minimum (\$10 for non-heating customers) and will not be eligible to obtain Competitive Natural Gas Supply. (I)

CAP D: Customers with annual household gross incomes at or greater than 51% but less than 101% of the Federal poverty income guidelines will be eligible for the CAP D Rate which provides a nominal 54% on the total bill for natural gas service. Customers will be subject to a \$25 monthly bill minimum (\$10 for non-heating customers) and will not be eligible to obtain Competitive Natural Gas Supply. (I)

CAP E: Customers with annual household gross incomes from 101% up to and including 150% of the Federal poverty income guidelines will be eligible for the Customer Assistance Program CAP E Rate which provides a nominal 18% discount on the total bill for natural gas service. Customers will be subject to a \$25 monthly bill minimum (\$10 for non-heating customers) and will not be eligible to obtain Competitive Natural Gas Supply. (I)

DISCOUNT LEVELS: The Company shall be required to modify the level of discounts set forth above in order to maintain the "greater of calculated or minimum" annual billing set forth in PECO Exhibit SRX-3 at Docket No. R-2008-2028394 for each CAP subclass.

CERTIFICATION/VERIFICATION Prior to enrollment in the CAP Rider, and then again every two years, customers must verify, to PECO's satisfaction, that their household income level meets the "Availability" standards set forth in this Rider. Customers being considered for the CAP Rider will be required to:

- Provide information sufficient to demonstrate to PECO their household income level.
- Waive certain privacy rights to enable PECO to effectively conduct the above certification process.
- Apply for and assign to PECO at least one energy assistance grant from the Commonwealth.
- Participate in various energy education and conservation programs facilitated by PECO.

PECO may, at its sole discretion, supplement this verification process by using data from Commonwealth or federal government programs which demonstrate the income eligibility of its customers. Such data may come from a customer's participation in, or receipt of benefits from, the Low Income Home Energy Assistance Program, Aid to Families with Dependent Children, Food Stamps, Supplemental Security Income, and Medicaid. Information available from the Pa. Department of Revenue may also be used where appropriate to expedite the process.

MINIMUM CHARGE. The minimum charge per month will be \$25, or if the customer can demonstrate exclusive non-house heating use the minimum charge will be \$10.

STATE TAX ADJUSTMENT CLAUSE, COMMODITY CHARGE (CC), GAS COST ADJUSTMENT CHARGE ("GCA") BALANCING SERVICE CHARGE ("BSC") AND UNIVERSAL SERVICE FUND CHARGE APPLY TO THIS RIDER.

ARREARAGE.

Customers who qualify and are placed on the CAP Rate will have their pre-program arrearage forgiven if they remain current on their CAP bill after six consecutive months. The development of any new arrearage during this period will delay forgiveness. Customers that develop any new arrearage will be offered a payment agreement.

(I) Denotes Increase

Customer Assistance Program (CAP) Rider (continued)

(C)

EFFECTIVE APRIL 1, 2009

Customers who qualify and are placed on the CAP Rate will have their pre-program arrearage forgiven on the following basis: For each month in which the customer pays their outstanding balance in full and on time, one-twelfth (1/12th) of the customer's pre-program arrearage will be forgiven. If the customer develops any in-program arrearage while on the CAP Rate -- that is, if the customer does not pay the entire outstanding balance -- then preprogram arrearage forgiveness will not resume until the first month in which the full outstanding balance is paid. At PECO's discretion, customers who develop in-program arrearages may be offered a payment agreement for those in-program arrearages, but PECO is not required to offer such a payment arrangement.

(C) Denotes Change

PECO Energy Company

PROVISIONS FOR RECOVERY OF UNIVERSAL SERVICE FUND CHARGE (USFC)

Variable Distribution Service Charge rates for gas service in Residential Rate Schedule GR of this Tariff shall include \$0.0000 per Mcf (1,000 cubic feet) for recovery of Universal Service Fund Cost (USFC), calculated in the manner set forth below. The USFC rate for gas service shall be increased or decreased annually, to reflect changes in the level of Universal Service Fund costs, net of base rate recoveries, in the manner described below.

COMPUTATION OF USFC.

The USFC per Mcf (\$x.xxxx), shall be computed in accordance with the formula set forth below:

$$\text{USFC} = \frac{(C-E-I)}{(S)} \quad (C)$$

The USFC, so computed, shall be included in distribution rates charged to Customers for service pursuant to the rate schedule identified above. The amount of USFC, per Mcf, will vary, if appropriate, based upon annual filings by the Company.

In computing the USFC, per Mcf, pursuant to the formula above, the following definitions shall apply:

"Reconcilable Customer Assistance Program (CAP) Costs" – The difference between discounts provided to CAP customers (CAP revenue shortfalls) recovered through base rates and total CAP discounts, net of a 17% offset factor. (C)

"USFC" – Universal Service Fund Charge determined to the nearest one-hundredth cent (0.01¢) to be included in the rate for each Mcf of Variable Distribution Service Charge calculated under Rate Schedule GR, to recover Reconcilable CAP Costs plus certain LIURP expenditures, and any applicable refunds from the PECO Energy Efficiency Plan.

"C" - Cost in dollars of the Reconcilable CAP Costs for the projected period. (C)

"E" - the net (overcollection) or undercollection of Universal Service Fund Charges. The net overcollection or undercollection shall be determined for the most recent period, beginning with the month following the last month which was included in the previous overcollection or undercollection calculation reflected in rates. Included in the "E" factor will be Reconcilable CAP Costs, and up to \$500,000 annually of LIURP expenditures above a \$1.75 million threshold. Also included in the "E" Factor will be any rate credit due customers to the extent PECO expends less than \$1.8 million annually in its Energy Efficiency Plan. (C)

Each overcollection or undercollection statement shall also provide for refund or recovery of amounts necessary to adjust for overrecovery or underrecovery of "E" factor amounts under the previous USFC.

"I" -Interest shall be computed monthly at a 6% annual simple interest rate from the month that the overcollection or undercollection occurs to the effective month such overcollection is refunded or undercollection is recouped. The interest calculation will not apply to LIURP or Energy Efficiency Plan amounts included in the "E" Factor. (C)

"S" - projected Mcf of gas service to be billed under Rate GR (exclusive of CAP Rider) during the projected period when rates will be in effect. Mcf's shall be consistent with the projected residential throughput used in the applicable Purchased Gas Cost filing. (C)

FILING WITH PENNSYLVANIA PUBLIC UTILITY COMMISSION; AUDIT; RECONCILIATION.

The Company's annual USFC filing and its annual reconciliation statement shall be submitted to the Commission 120 days prior to new rates being effective December 1 of each year, or at such time as the Commission may prescribe. The USFC mechanism is subject to annual audit review by the Bureau of Audits.

(D) Denotes Decrease
(C) Denotes Change