



Richard G. Webster, Jr.
Director
Rates and Regulatory Affairs

Telephone 215.841.4000 ext 5777
Fax 215.841.6208
www.exeloncorp.com
dick.webster@exeloncorp.com

PECO Energy Company
2301 Market Street, 515
Philadelphia, PA 19103

Mail To: 8699
Philadelphia, PA 19101-8699

December 21, 2009

**Mr. James McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265**

**RE: PECO Energy Supplement No. 1 to Tariff Electric PA PUC No. 4
2009 Electric Tariff price changes in compliance with the Order at
Docket No. M-2009-2093215 approving the PECO Energy's Energy Efficiency and
Conservation Plan**

Dear Mr. McNulty:

Enclosed for filing with the Commission are eight copies of PECO Energy Company's Supplement No. 1 to Tariff Electric PA PUC No. 4 ("Default Service Rates"), issued December 21, 2009, to become effective **January 1, 2011**, containing the Energy Efficiency and Conservation Surcharge as allowed by the Commission in its Final Order at Docket Number M-2009-2093215 entered October 28, 2009.

Would you please acknowledge receipt of the foregoing on the enclosed copy of this letter. A business reply envelope is enclosed for your convenience.

Sincerely,

A handwritten signature in black ink that reads "Richard G. Webster, Jr." followed by a stylized flourish.

PENNSYLVANIA PUBLIC UTILITY COMMISSION

PECO Energy Company

Docket No. M-2009-2093215

Certificate of Service

I hereby certify that I have this day served the foregoing document on the following by first class mail:

Susan M. Shanaman, Esq.
212 North Third Street, Suite 203
Harrisburg, PA 17101
(Counsel for CEED)

Christopher B. Craig, Esq.
Senate Democratic Appropriations Committee
Room 545, Main Capitol Building
Harrisburg, PA 17120
email: ccraig@dem.pasen.gov
(Counsel for Senator Fumo)

William R. Lloyd, Jr.
Office of Small Business Advocate
Suite 1102, Commerce Bldg.
300 North Second Street
Harrisburg, PA 17101
(Counsel for Small Business Advocate)

Pennsylvania Rural Electric Association
212 Locust Street
Harrisburg, PA 17108

Roger Clark, Esq.
NESIP 905 Denston Drive
Ambler, PA 19002-3901
(Attorney for Environmentalists)

Paul E. Russell, Esq.
PP&L Services Corporation
Two North Ninth Street
Allentown, PA 18101
email: perussell@pplweb.com
(Counsel for PP&L)

Johnnie E. Simms, Director
Pennsylvania Public Utility Commission
Office of Trial Staff-Commonwealth Keystone Bldg.
400 North St.
Harrisburg, PA 17102
(Counsel for Office of Trial Staff)

John Halsted, Esq.
Gawthrop, Greenwood & Halsted
P. O. Box 562
West Chester, PA 19381-0562
email: gghlaw@gawthrop.com
(Counsel for East Brandywine Township)

John Hanger
610 N. Third Street
Harrisburg, PA 17101-1113
(Counsel for Citizens for Pennsylvania's Future)

Eric Epstein
4100 Hillsdale Road
Harrisburg, PA 17112
email: eepstein@igc.apc.org
(Pro Se)

David M. Kleppinger, Esq.
Charis M. Burak, Esq.
McNees, Wallace & Nurick
100 Pine Street
Harrisburg, PA 17108
email: dkleppin@mwm.com
Counsel for Phila. Area Industrial Energy Users
Group, to the Industrial Energy Consumers of Pa. & City of
Philadelphia)

Gordon Smith, Esq.
John & Hengerer
1200 17th Street, N.W. - Suite 600
Washington, DC 20036-3006
(Counsel for Electric Clearinghouse, Vastar and Noram Energy)

Lillian Smith Harris, Esq.
Hawke & McKeon LLP
Harrisburg Energy Center
100 North Tenth Street - P.O. Box 1778
Harrisburg, PA 17105
(Counsel for Municipal Group)

Daniel Clearfield, Esq.
Kevin Moody, Esq.
Wolf, Block, Schorr and Solis-Cohen LLP
1650 Arch Street - 22nd Fl.
Philadelphia, PA 19103
email: dclearfield@wolfblock.com
kmoody@wolfblock.com
(Counsel for Enron Energy Services, Inc.)

Michael G. Banta, Esq.
Indianapolis Power & Light Company
One Monument Circle
P.O. Box 1595
Indianapolis, IN 46206-1595
(Counsel for IP&L)

Tanya McCloskey, Esq.
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101
email paoca@ptd.net

Usher Fogel, Esq.
Roland, Fogel, Koblenz & Carr, LLP
1 Columbia Place
Albany, NY 12207
(Counsel for Pennsylvania Petroleum Association)

Ann Hendrickson
Commerce Energy
222 West Las Colinas Blvd
Suite #950-E
Irving, TX 75039

Brandon Stiles
Constellation New Energy
111 Market Place
Suite 1100
Baltimore, MD 21202

Mike Cornwell
Dominion Retail
120 Tredegar Street
Richmond, VA 23219

Dave Weiner
Energy Coop
1218 Chestnut Street
Suite 1003
Philadelphia, PA 19103

Pam Frables
PEPCO Services
1300 North 17th Street
Suite 1600
Arlington, VA 22209

John Peoples
Strategic Energy
2 Gateway Center – 9th Floor
Pittsburgh, PA 15222

Monique Barrant
Liberty Power
800 W Cypress Creek Road
Suite 410
Fort Lauderdale, FL 33309

Joseph Otis Minott, Esq.
135 South 19th Street- Suite 300
Philadelphia, PA 19103
email: joe_minott@cleanair.org
(Counsel for Clean Air Counsel)

Dennis M. Moore, Esq.
Associate General Counsel-Litigation
National Railroad Passenger Corporation
60 Massachusetts Avenue N.E.
Washington, DC 20002
(Counsel for Amtrak)

Kenneth M. Barna, Esq.
Wayne R. Frigard, Esq.
Rubin and Rudman LLP
50 Rowes Wharf
Boston, MA 02110
email: wfrigard@rubinrudman.com
(Counsel for Amtrak)

Phil Bertocci, Esq.
Community Legal Services, Inc.
1424 Chestnut Street, 4th Fl.
Philadelphia, PA 19102
email: pbertocci@clsphila.org
(Counsel for CEPA, et al.)

Joe Dworetzky, Esq./Matthew Hamermesh, Esq.
Hangley Aronchick Segal & Pudlin
One Logan Square - 27th Fl.
Philadelphia, PA 19103
email: jad@hangley.com
mah@hangley.com
(Counsel for Mid-Atlantic Power Supply)

John L. Munsch, Esq.
Deborah J. Henry, Esq.
Allegheny Power
800 Cabin Hill Drive
Greensburg, PA 15601-1689
email: jmunsch@alleghenyenergy.com
dhenry1@alleghenyenergy.com
(Counsel for Allegheny Power)

Brian Kalcic
Excel Consulting
Suite 720-T
225 Meramec Avenue
St Louis MO 63015

David Desalle, Esq.
Ryan, Russell, Ogden & Seltzer
800 North Third Street, Suite 101
Harrisburg, PA 17102
(Counsel for GPU)

John Will Ongman, Esq.
Marc Machlin, Esq.
Pepper Hamilton LLP
600 Fourteenth St., NW
Washington, DC 20005
email: ongmanj@pepperlaw.com
machlinm@pepperlaw.com
(Counsel for Amtrak)

Stephanie A. Sugrue, Esq./ Mary Ann Ralls, Esq.
Shelia Hollis, Esq.
Duane, Morris & Heckscher, LLP
1667 K Street, N.W. - Suite 700
Washington, DC 20006
(Counsel for QST)

Paul L. Zeigler, Esq.
Paul L. Zeigler PC
300 Bridge Street, Second Floor
P.O. Box B
New Cumberland, PA 17070
(Counsel for Delaware Valley Schools Energy/Utility Consortium)

Kenneth Zielonis, Esq.
Stevens & Lee
208 N. 3rd Street - Suite 310
Harrisburg, PA 17108-2090
(Counsel for Pennsylvania Retailers Association)

C. Neil Petersen, Esq.
South Eastern Pennsylvania Transportation Authority
Office of the General Counsel
1234 Market Street - Fifth Floor
Philadelphia, PA 19107-3780
(Counsel for SEPTA)


Richard G. Webster, Jr.
Director, Regulatory Affairs
PECO, An Exelon Company
2301 Market Street, S15-1
Philadelphia, PA 19103
Dated: December 21, 2009

PECO Energy Company

Electric Service Tariff

COMPANY OFFICE LOCATION

2301 Market Street
Philadelphia, Pennsylvania 19101

For List of Communities Served, See Page 4.

Issued December 21, 2009

Effective January 1, 2011

**BY: D. P. O'Brien – President
PECO Energy Distribution Company
2301 MARKET STREET
PHILADELPHIA, PA. 19101**

NOTICE.

LIST OF CHANGES MADE BY THIS SUPPLEMENT

Generation Supply Adjustment Procurement Class 1, 2, 3 – First Revised Page No. 31

The purpose of this change is to assign the cost of Super Peak or similar pricing program for default service customers to default service rates.

Reconciliation – First Revised Page No. 34

The purpose of this change is to assign the cost of Super Peak or similar pricing program for default service customers to default service rates.

PECO Energy Company

TABLE OF CONTENTS

List of Communities Served.....	4
How to Use Loose-Leaf Tariff.....	5
Definition of Terms and Explanation of Abbreviations.....	6,7,8,9
RULES AND REGULATIONS:	
1. The Tariff.....	10
2. Service Limitations.....	10
3. Customer's Installation.....	11
4. Application for Service.....	12
5. Credit.....	13
6. Private-Property Construction.....	14
7. Extensions.....	15,16
8. Rights-of-Way.....	17
9. Introduction of Service.....	18
10. Company Equipment on Customer's Premises.....	18
11. Tariff and Contract Options.....	19
12. Service Continuity.....	20
13. Customer's Use of Service.....	21
14. Metering.....	21
15. Demand Determination.....	22
16. Meter Tests.....	23
17. Billing and Standard Payment Options.....	24
18. Payment Terms & Termination of Service.....	25
19. Unfulfilled Contracts.....	25
20. Cancellation by Customer.....	26
21. General.....	27
22. Rules For Designation of Procurement Class.....	27
23. EGS Switching.....	28
24. Load Data Exchange.....	29
STATE TAX ADJUSTMENT CLAUSE	30
Generation Supply Adjustment Procurement Class 1, 2, 3.....	31 ¹ , 32
Generation Supply Adjustment Procurement Class 4.....	33
Reconciliation.....	34 ¹
Provision for Surcharge Recovery of Alternative Energy Portfolio Standard Costs.....	35, 36
COMPETITIVE TRANSITION CHARGE (CTC) 30 ³ , 31 ²	
NUCLEAR DECOMMISSIONING COST ADJUSTMENT CLAUSE (NDCA)	37
Provisions for Recovery of UNIVERSAL SERVICE FUND CHARGE (USFC).....	38
Provisions for Recovery of SUPPLEMENTAL UNIVERSAL SERVICE FUND COSTS.....	39
Provision for The Recovery of Mitigation Plan Costs.....	40
RATES:	
Rate R Residence Service.....	41
Rate RT Residence Time-of-Use Service.....	42
Rate R-H Residential Heating Service.....	43
Rate RS-2 Net Metering.....	44, 45
Rate CAP Customer Assistance Program.....	41, 42
Rate OP Off-Peak Service.....	46
Rate GS General Service.....	47, 48, 49
Rate PD Primary-Distribution Power.....	50
Rate HT High-Tension Power.....	51
Rate POL Private Outdoor Lighting.....	52, 53
Rate SL-P Street Lighting in City of Philadelphia.....	54, 55, 56
Rate SL-S Street Lighting-Suburban Counties.....	57, 58
Rate SL-E Street Lighting Customer-Owned Facilities.....	59, 60
Rate TL Traffic Lighting Service.....	61
Rate BLI Borderline Interchange Service.....	62
Rate EP Electric Propulsion.....	63
Rate AL Alley Lighting in City of Philadelphia.....	64
RIDERS:	
Applicability Index of Riders.....	65
Auxiliary Service Rider.....	66, 67, 68
CAP Rider - Customer Assistance Program.....	69, 70
Casualty Rider.....	71
Construction Rider.....	72
Cooling Thermal Storage HT Rider.....	73

**GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASSES 1,2,3
 LOADS UP TO 500KW**

Applicability: This adjustment shall apply to all customers taking default service from the Company with demands up to 500 kW. The rate contained herein shall be calculated to the nearest one hundredth of a cent. The GSA shall contain the cost of generation supply for each tariff rate.

Pricing: The rates below shall include the cost of procuring power to serve the default service customers plus associated administrative expenses incurred in acquiring power and gaining regulatory approval of any procurement strategy and plan. The pricing for default service will represent the estimate of the cost to serve the specific tariff rate for the next quarter. The rates in this tariff shall be updated quarterly unless the balance of over/(under) recovery gets too large, at which time the Company can file for a shorter reconciliation period. The generation service charge shall be calculated using the following formula:

$$GSA(n) = (C+E+A)/S * 1/(1-T) * (1-ALL)/(1-LL) \times PF \text{ where:}$$

C= The sum of the amounts paid to the full requirements suppliers providing the power for the quarter, the spot market purchases for the quarter, plus the cost of any other energy acquired through short or long term contracts during the period being reconciled. Cost shall include energy, capacity and ancillary services, distribution line losses, cost of complying with the Alternative Energy Portfolio Standards, and any other load serving entity charges other than network transmission service and costs assigned under the Regional transmission Expansion Plan. Ancillary services shall include any allocation by PJM to PECO default service associated with the failure of a PJM member to pay its bill from PJM as well as the load serving entity charges listed in the Supply Master Agreement Exhibit D as the responsibility of the supplier.

E = experienced over or under-collection calculated under the reconciliation provision of the tariff to be effective during the same period as the GSA.

A = Administrative Cost - This includes the cost of the auction or RFP monitor, consultants providing guidance on the development of the procurement plan, legal fees incurred gaining approval of the plan, and any other costs associated with designing and implementing a procurement plan. Also included in this component shall be the cost to implement real time pricing or other time sensitive pricing such as super-peak pricing that is required of the Company or is approved in its Act 129 filing. (C)

S = Estimated sales for the period the rate is in effect for the classes to which the rate is applicable.

T = The currently effective gross receipts tax rate

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

ALL = average line losses for the procurement class

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

PF = Phase-out factor to implement the phase out of demand charges and declining blocks

In general the line loss adjustment is applicable to Procurement Class 2 and 3 only as those classes contain rate classes with three different line loss factors.

Current Charges:

Rate	Phase-In Price	<u>Rate Design Phase-Out Factor</u>			Average Price*
		2011	2012	2013	
R	All kWh	GSA(1)	x.xxxx	x.xxxx	1.000
	1 st 500 S	GSA(1)	x.xxxx	x.xxxx	1.000
RH	Over 500 S	GSA(1)	x.xxxx	x.xxxx	1.000
	1 st 600 W	GSA(1)	x.xxxx	x.xxxx	1.000
	Over 600 W	GSA(1)	x.xxxx	x.xxxx	1.000
	1 st 500 S	GSA(1)	x.xxxx	x.xxxx	1.000
OP	Over 500 S	GSA(1)	x.xxxx	x.xxxx	1.000
GS	Up to 100 kw				
	1 st 80 hours use	GSA(2)	x.xxxx	1.000	1.000
	Next 80 hrs – S	GSA(2)	x.xxxx	1.000	1.000
	Up to 400 Hrs use	GSA(2)	x.xxxx	1.000	1.000
	Over 400 hrs use	GSA(2)	x.xxxx	1.000	1.000
	Space Heating	GSA(2)	x.xxxx	1.000	1.000
GS	101-500 kw				
	1 st 80 hours use	GSA(3)	x.xxxx	1.000	1.000
	Next 80 hrs – S	GSA(3)	x.xxxx	1.000	1.000
	Up to 400 Hrs use	GSA(3)	x.xxxx	1.000	1.000
	Over 400 hrs use	GSA(3)	x.xxxx	1.000	1.000
	Space Heating	GSA(3)	x.xxxx	1.000	1.000

(C) Denotes Change

RECONCILIATION

Applicability: This adjustment shall apply to all customers who received default service during the quarter the cost of which is being reconciled. Customers taking default service during the reconciliation period that leave default service prior to the assessment of the collection of the over/(under) adjustment shall still pay or receive credit for the over/(under) adjustment through the migration provision. The Company shall notify the Commission and parties to the Default Service Settlement 15 days in advance of the quarterly or monthly filing if the Migration Provision will be implemented in the filing.

This adjustment shall be calculated on a quarterly basis. The reconciliation shall be separate for each procurement class. Any resulting over or under recovery shall be assessed on an equal cents per kilowatthour basis to all customers in the relevant procurement group. Any over/(under) recovery shall be collected in the first quarter after the reconciliation is calculated. For purposes of this rider the reconciliation shall be calculated 45 days after the end of the quarter. The over or under recovery shall be calculated using the formula below. The calculation of the over/(under) recovery shall be done separately for the following procurement classes – Class 1 – Residential, Class 2 – Small C&I < 100 kW, and Class 3 – Medium C&I 101 kW to 500 kW and Class 4 Large C&I over 500 kW.

Reconciliation Formula

$$E_N = \Sigma O/(U) + I$$
$$\text{Migration Provision } E_M = [\Sigma O/(U) + I]/S/(1-GRT)*(1-ALL)/(1-LL)$$

Where:

E = experienced over or under collection plus associated interest

N = Procurement class

M = Mitigation Rider

O/(U) = The monthly difference between revenue billed to the procurement class and the cost of supply as described below in Cost and Administrative Cost

Revenue = amount billed to the tariff rates applicable to the procurement class including approved Real Time Price or other time sensitive rates for the three months of the quarter being reconciled through the GSA. (C)

Cost = The sum of the amounts paid to all of the full requirements suppliers providing the power for the quarter, the spot market purchases for the quarter, plus the cost of any other energy acquired through short or long term contracts during the period being reconciled. Cost shall include energy, capacity and ancillary services. Ancillary services shall include any allocation by PJM to PECO default service associated with the failure of a PJM member to pay its bill from PJM as well as those costs listed in the Supply Master Agreement as the responsibility of the seller_____.

Administrative Cost = This includes the cost of the auction or RFP monitor, consultants providing guidance on the development of the procurement strategy, legal fees incurred gaining approval of the strategy, and any other costs associated with designing and implementing a procurement plan. Also included in this component shall be the cost to implement real time pricing or other time sensitive pricing such as super-peak pricing that is required of the Company or approved in its Act 129 filing. (C)

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

Ancillary Services = The following services in the PJM OATT- reactive support, frequency control, operating reserves, supplemental reserves, imbalance charges, PJM annual charges, any PJM assessment associated with non-payment by members, and any other load serving entity charges not listed here but contained in Exhibit D of the Supply Master Agreement.

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

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

S= estimated default service retail sales in kWh for the quarter the cost of which is being reconciled

ALL = the average line losses in a procurement class as a percent of generation

LL = the average line losses for a particular rate (e.g. HT, PD, GS) as provided in the Electric Generation Supplier Coordination Tariff rule 6.6

GRT = The current gross receipts tax rate

Procurement Class – set of customers for which the company has a common procurement plan

Procedural Schedule

The Company shall file within 45 days after the end of the quarter the calculation of the over/under collection and the proposed adjustment to the GSA. The over/under collection adjustment shall then be effective no earlier than the first day in the upcoming quarter such that the recovery shall lag by one quarter. Quarterly adjustments shall be effective on July 1, October 1, January 1, and April 1 of each year. The first reconciliation, however shall be effective on July 1, 2011 and shall be recovered over 12 months. Monthly only customers shall be effective the first of the month.

The data provided in the quarterly reconciliation shall be audited on an annual basis by the PaPUC Bureau of Audits.