

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION
DOCKET NO. R-2008-2028394
PECO ENERGY COMPANY

VOLUME IX-A
DEFINED FILING REQUIREMENTS

SECTION 53.53
BALANCE SHEET & OPERATING STATEMENT
III-A

(CONTINUED ON VOLUME IX-B)

- Q. III - A - 1 Provide a comparative balance sheet for the test year and the preceding year which corresponds with the test year date.
- A. III - A - 1 Refer to Exhibit RLO-1, Schedule B-I, and Exhibit RLO-2, Schedule B-I.

- Q. III-A-2 Set forth the major items of Other Physical Property, Investments in Affiliated Companies and Other Investments.
- A. III-A-2 Refer to Exhibit RLO-1, Schedule B-I, and Exhibit RLO-2, Schedule **B-I**.

- III-A-3 Supply the amounts and purpose of Special Cash Accounts of all types, such as:
- a. Interest and Dividend Special Deposits.
 - b. Working Funds other than general operating cash accounts.
 - c. Other special cash accounts and amounts (Temporary cash investments).

III - A - 3 The attached list contains requested information on PECO Energy General Ledger cash account (presentation basis - total company).

Account Type	12/31/07 Balance (in thousands)
Cash (A)	\$21,078
Special Deposits (B)	2,691
Working Fund (C)	162
Temporary Cash Investments (D)	107
Total	\$24,038

- (A) - Current cash funds excluding working funds
- (B) - Proceeds from the sale of property held as collateral for the PECO Mortgage Bonds
- (C) - Cash advanced to officers, agents, employees and others as petty cash or working funds
- (D) - Book cost of investments, such as demand or time loans, marketable securities and other similar investments acquired for the purpose of temporarily investing cash

at III - A - 4 Describe the nature and/or origin and amounts of notes receivable, accounts receivable from associated companies, and any other significant receivables, other than customer accounts, which appear on the balance sheet.

A. III - A - 4 Refer to Attachment III - A - 4.

**ATTACHMENT
III - A - 4**

PECO ENERGY COMPANY
ACCOUNTS RECEIVABLE
Presentation Basis - Total Company
[Thousands of Dollars]

December 31,
2007

Notes Receivable	\$	
Accounts Receivable from Associated Companies		
Due from Subsidiary Companies (1)	\$	2,239
	<u>\$</u>	<u>2,239</u>
Other Accounts Receivable		
Federal and State Tax Refund (2)		22,297
Amounts Due for Pole Attachments (3)		9,985
Property Damage Claims (4)		4,579
Operations Reimbursable Projects (5)		4,022
Gas & Asset Exchange / Off System Sales (6)		1,510
InfraSource Bill for Material Purchased (7)		1,466
Real Estate Land Rents (8)		1,453
Medical Part D Subsidy (9)		217
Other		220
		<u>45,749</u>

(1) **Due from Subsidiary Companies** - Represents a receivable from one of PECO's subsidiaries, PECO Wireless, primarily associated with a 2004 Tax Sharing Benefit (Electric and Gas)

(2) **Federal and State Tax Refunds** - Balance represents a current federal and state tax asset. The recording of the asset is based on book income and estimated book / tax timing differences. (Electric and Gas)

(3) **Amounts Due for Pole Attachments** - Amounts relate to receivables due for rentals of space on poles owned by PECO. (Electric only)

(4) **Property Damage Claims** - Amounts relate to claims against outside entities or individuals who have damaged our equipment and/or vehicles. Billings are sent to such entities or individuals for the repair cost of damaged equipment and / or vehicles (Electric and Gas)

(5) **Operations Reimbursable Projects** - Represents amounts billed to non-affiliated companies for work performed by PECO. Work is generally performed for developers, companies or transportation authorities. (Electric and Gas)

(6) **Gas and Asset Exchange / Off System Sales** - Represents sales of natural gas to third party marketers and pipeline companies. Off System sales are made when PECO has more natural gas in excess than its demand. (Gas Only)

(7) **Infrasource Bill for Material Purchased** - Infrasource is a PECO Contractor, which PECO uses for infrastructure repair and construction. PECO purchases materials and supplies to be used by Infrasource in performing work on the PECO system. PECO bills Infrasource for materials purchased on their behalf in the following month. This allows Infrasource to utilize PECO's purchasing power for the materials used on PECO jobs. (Electric and Gas)

(8) **Real Estate Rents** - Amounts relate to rental receivables due for the use of PECO owned building space. (Electric and Gas)

(9) **Medicare Part D Subsidy** - Represents a receivable for Medicare Part D subsidy. Legislation provides a subsidy to employers that retain retiree prescription drug coverage in company-sponsored retiree medical plans. The subsidy became effective in 2006 and is a percentage of a capped amount of the retiree's annual prescription drug costs. (Electric and Gas)

- eo III - A - 5 Provide the amount of accumulated reserve for uncollectible accounts, method and rate of accrual, amounts accrued, and amounts written-off in each of last three years.

III - A - 5

Uncollectible Accounts
(\$000)

Year.	Reserve Balance*	Write-offs	Accruals
2005	<u>\$(3,347)</u>	\$9,194	<u>\$(6,073)</u>
2006	(1,233)	9,890	(7,776)
2007	(2,194)	9,884	(10,845)

*Represents reserve for uncollectible customer accounts at the end of each year for gas services only. Does not include reserve for other accounts.

The methodology is based on applying burden rate factors to the total aged Accounts Receivable balance stratified by receivable component. The burden rate factor is determined by reviewing the collection history of each receivable component and identifying the inverse of the collection ratio. Once established, the burden rate factors are updated periodically. On a monthly basis, the reserve is calculated and analyzed, taking into account current month's write-offs and adjusted as needed.

- III - A - 6 Provide a list of prepayments and give an explanation of special prepayments.
- III - A - 6 Account 165 - Prepayments (**Presentation Basis- Total Company**)

December 31,2007

PUC Assessment (1)	\$ 4,490,606
VEBA Adjustment (2)	\$ 2,867,011
Pole Attachment Fees(3)	\$ 1,317,510
Prepaid Property and School Taxes (4)	\$ 965,721
Prepaid Material (5)	\$ 723,750
Rental Fees (6)	\$ 651,339
Prepaid Billing Supplies (7)	\$ 529,183
Prepaid Construction Costs	\$ 290,538
IT License Agreements	\$ 208,196
Postage	\$ 180,329
Vehicle Registrations	\$ 172,864
2008 Disability Insurance	\$ 70,988
Management Retention Incentive Plan Award	\$ 53,085
Real Estate System License	\$ 14,334
AGA Membership Dues	\$ 11,750
Prepaid Gas Invoice	<u>\$ 66</u>

\$12,547,270

- (1) PUC Assessment for the fiscal year July 1,2007 through June 30, 2008. As of December 31,2007, the assessment for Electric and Gas was \$3,385,737 and \$1,104,869, respectively. The assessment funds PUC activities. The assessment is amortized utilizing the straight-line method. (Electric and Gas)
- (2) The VEBA adjustment was to true up Exelon Financial Statements to reflect the actual claims expense for medical, vision and hearing, dental and disability benefit plans vs. the actuarial calculation. These amounts are amortized monthly based on allocated medical plan administrative fees. (Electric and Gas)

- (3) Pole Attachment fees are upfront payments made by PECO for the use of space on poles with a telephone utility. The prepayment is amortized utilizing the straight-line method. (Electric only)
- (4) The school tax runs on a fiscal year ending June 30th. PECO makes the majority of its payments during July and August for the fiscal year. The balance is amortized from July 1st thru June 30th, utilizing the straight-line method. (Electric and Gas)
- (5) Prepaid Materials represents payments made for vaporizer equipment under construction. (Gas only)
- (6) PECO has rental agreements with transportation authorities to rent space in ducts within their territories. (Electric only)
- (7) The balance represents prepaid expense for paper and envelopes for the bill print department. (Electric and Gas)

- Q. III-A-7 Explain in detail any other significant (in amount) current assets listed on balance sheet.
- A. III-A- 7 Refer to Attachment III - A - 7 for the balance sheet items as of December 31,2007.

ATTACHMENT
III- A- 7

PECO ENERGY COMPANY
MISCELLANEOUS CURRENT AND ACCRUED ASSETS
GAS ONLY WITH THE EXCEPTION OF UNAMORTIZED DEBT EXPENSE
(Thousands of Dollars~

	<u>December 31,</u> <u>2007</u>
Miscellaneous Current and Accrued Assets	
Gas Fuel Stock (1)	\$ 1,817
Gas Materials and Operating Supplies (2)	87
Gas Stored Underground (3)	113,083
Liquefied Natural Gas Stored (4)	11,934
Unamortized Debt Expense	138
Unbilled Gas Revenue (5)	89,770
	<u>\$ 216,829</u>

(1) Represents the weighted average cost of propane storage at December 31st within our GASTAR system.

(2) Represents PECO's materials and operating supplies balance associated with gas products.

(3) Represents the weighted average cost of natural gas at December 31st within our GASTAR system.

(4) PECO has a Liquefied Natural gas storage facility. Balance represents the liquefied natural gas storage in our GASTAR system.

(5) An accrual for gas service provided but not yet billed.

Q.III-A-8 Explain in detail, including the amount and purpose, the deferred asset accounts that currently operate to effect or will at a later date effect the operating account supplying:

- ao **Origin of these accounts**
Probable changes to this account in the near future
Amortization of these accounts currently charged to operations or to be charged in the near future
- do **Method of determining yearly amortization for the following accounts:**
 - **Temporary Facilities**
 - **Miscellaneous Deferred Debits**
 - **Research and Development**
 - **Property Losses**
 - **Any other deferred accounts that effect operating results**

A. III-A-8

Competitive Transition Charges (1)	\$2,363,088,673
Deferred Income Taxes (2)	\$798,125,057
Intercompany Long-Term Receivable (3)	\$211,662,096
Pension Asset (4)	\$200,113,931
Accumulated Deferred Income Taxes (5)	\$147,509,311
FIN 48 Interest Receivable (6)	\$46,880,917
Special Agreement Receivables Unbilled (7)	\$36,917,793
Non-Pension Postretirement Benefits (8)	\$32,481,500
Manufactured Gas Plant Remediation Costs (9)	\$29,668,739
Debt Costs (10)	\$27,137,765
FIN 48 Tax Receivable (6)	\$26,207,395
Conditional Asset Retirement Obligation (11)	\$14,712,514
Unamortized Debt Expenses (12)	\$8,450,655
Compensated Absences (13)	\$5,551,227
Post Employment Benefits (14)	\$3,744,575
Cottman Avenue Long-Term Receivable (15)	\$996,924
Bala Gas Emergency Project (16)	\$705,532
Long-Term Portion CSX Lease (17)	\$579,772
Joint Use Agreements (18)	\$435,698
Deferred Gas Rate Case Expenses (19)	\$374,690
Property Sales Proceeds (20)	\$298,868
Capitalized EDSS Vacations (21)	\$220,713
Capitalized Company Employee Credit Cards (22)	\$167,471
Barrel Locks (23)	\$111,575
Other Department Activity (24)	\$72,643
Storm Kits (25)	\$71,780
Long-Term Notes Receivable (26)	\$54,723
Special Agreement Receivables Unbilled Reserve (27)	(\$12,047,850)
	\$3,944,294,687

- 1) **Competitive Transition Charges** - The balance represents the regulatory asset associated with the stranded costs that the PAPUC determined would be recovered through regulated rates. These costs are related to the deregulation of the generation portion of the electric utility business in Pennsylvania. The CTCs include intangible transition property sold to PETT, an unconsolidated subsidiary of PECO, in connection with the securitization of PECO's stranded cost recovery. These charges are being amortized through December 31, 2010. (Electric only)
- 2) **Deferred Income Taxes**- The balance represents the regulatory asset representing the difference between the method by which the regulator allows for the recovery of income taxes and how income taxes would be recorded by unregulated entities. Regulatory assets and liabilities associated with deferred income taxes, recorded in compliance with SFAS No. 71 *Accounting for the Effects of Certain Types of Regulation*, and SFAS No. 109, *Accounting for Income Taxes*, include the deferred tax effects associated principally with liberalized depreciation accounted for in accordance with the ratemaking policies of the PAPUC, as well as the revenue impacts thereon, and assume continued recovery of these costs in future rates. (Electric and Gas)
- 3) **Intercompany Long-Term Receivable** - The balance represents the amount due to Exelon Generation for the SFAS 143 *Accounting for Asset Retirement Obligations*, asset retirement obligation (ARO) non-current regulatory liability. (Electric only)
- 4) **Pension Asset** - The balance represents the additional contributions above the pension liability. (Electric and Gas)
- 5) **Accumulated Deferred Income Taxes** - The balance represents the deferred income taxes associated with book/tax temporary timing differences. (Electric and Gas)
- 6) **FIN 48 Tax and Interest Receivable** - PECO adopted FIN 48, *Accounting for Uncertainty in Income Taxes*, in January 2007. The balance reflects the long-term portion of the tax and interest receivable associated with the uncertain tax positions identified. (Electric and Gas)
- 7) **Special Agreement Receivables Unbilled** - PECO has accounts receivable related to past-due customers, with whom PECO has entered into agreements for the purpose of arranging payment of those customers' outstanding balances. This balance represents the long-term portion of the unbilled accrual for customers paying over a period greater than 12 months. (Electric and Gas)
- 8) **Non-Pension Postretirement Benefits**- The balance represents the regulatory asset associated with PECO's transition to SFAS No. 106 *Employers Accounting for Postretirement Benefits Other Than Pensions* in 1993. The amount is being amortized over a 20 year period. (Electric and Gas)

- 9) **Manufactured Gas Plant Remediation Costs**-The balance represents the regulatory asset resulting from estimated MGP-related environmental remediation costs, which are recoverable through regulated distribution gas rates. The period of recovery will depend on the timing of the actual expenditures. (Gas only)
- 10) **Debt Costs** -The balance represents the regulatory asset associated with premiums paid for the early extinguishment and refinancing of long-term debt, which is amortized over the life of the new debt issued to finance the debt redemption. (Electric and Gas)
- 11) **Conditional Asset Retirement Obligation**- The balance represents the regulatory asset resulting from future removal costs associated with retirement obligations, which will be collected over the remaining lives of the underlying assets. (Electric and Gas)
- 12) **Unamortized Debt Expense**- The balance represents the costs associated in issuing bonds. The amount is amortized over the life of the related debt instrument. (Electric and Gas)
- 13) **Compensated Absences** -The balance represents the regulatory asset associated with vacation time and similar benefits employees have earned but not yet used. Per a PAPUC order PECO is on a "pay as you go" basis. (Electric and Gas)
- 14) **Post Employment Benefits** - The balance represents the regulatory asset associated with SFAS 112, *Employers' Accounting for Postretirement Benefits*. The amount is the projected liability related to certain benefit accounts (COBRA, Long-Term Disability, Short-Term Disability, Mutual Benefit Association (MBA - union disability), and Union Med). The balance is adjusted approximately every 2 years via actuarial studies performed by Towers Perrin. (Electric and Gas)
- 15) **Cottman Avenue Long-Term Receivable** - The balance represents the amount including interest PECO will receive from the Schorse Brothers related to the their responsibility for the Cottman Avenue superfund site. (Electric only)
- 16) **Bala Gas Emergency Project** -The balance represents a receivable to fix damage caused to PECO's gas lines in 1999 as a result of a broken water line owned by Suburban Water. The amount is expected to be received from Suburban Water. (Gas only)
- 17) **Long-Term portion CSX Lease**- The balance represents the long-term portion of the \$643k prepayment made to CSX Corporation on July 14, 2006 for use of their land to build and operate a substation. The prepayment is being amortized over 25 years. (Electric only)
- 18) **Joint Use Agreements** - PECO administers the Extra High Voltage (EHV), Lower Delaware Valley (LDV) and Susquehanna Eastern (SE) monthly billings and payments. The balance represents collections from the users of the transmission lines, which will be paid to the owners of the transmission lines. (Electric only)

- 19) **Deferred Gas Rate Case Expenses** - The balance represents deferred costs, which include legal counsel expenses, associated with the gas rate case. (Gas only)
- 20) **Property Sales Proceeds** -The balance represents the accumulation of charges to prepare land to be sold. (Electric and Gas)
- 21) **Capitalized EDSS Vacations** - The balance represents PECO's portion of the EDSS employees' capitalized vacation accrual. (Electric only)
- 22) **Capitalized Company Employee Credit Cards** - The balance represents the monthly capitalized portion of unclassified employee company credit card expenses. (Electric and Gas)
- 23) **Barrel Locks**- The balance represents the cost of barrel locks, which were purchased in December 2007 to lock down meter covers when service is terminated or tampering is expected. The balance is expected to be amortized in April and May 2008 based on use. (Electric and Gas)
- 24) **Other Department Activity**- The balance primarily represents PECO's portion of the EDSS employees' unclassified company employee credit cards, and PECO's portion of the EDSS employees' capitalized annual incentive. (Electric and Gas)
- 25) **Storm Kits** - The balance represents the cost of storm kits, which contain materials and supplies issued to contractors when they report on site for storm work. Each storm kit represents approximately \$3,000 in materials and supplies. (Electric only)
- 26) **Long-Term Notes Receivable**- The remaining principal balance on the long-term note receivable entered into in February 1999 with West Chester Senior Association. (Electric and Gas)
- 27) **Special Agreement Receivables Unbilled Reserve**- The reserve for the special agreements discussed in 7) above. (Electric and Gas)

III - A - 9 Explain the nature of accounts payable to associated companies and note amounts of significant items.

III - A - 9 **Account 233 - Notes Payable to Associated Companies
(Presentation Basis - Total Company)**

December 31, 2007

Credit Agreement with ATNP(1) \$ 8,800,000

- (1) Represents the balance owed to ATNP Finance Company as part of a credit agreement between the two companies. Interest is at LIBOR plus .04%.

**Account 234 - Accounts Payable to Affiliated
Companies (Presentation Basis- Total Company)**

December 31, 2007

Exelon Generation (1)	\$120,533,245
Exelon Business Services Corp (2)	\$ 20,890,044
Exelon Corporate (3)	\$ 971,743
PECO Energy Capital LP (4)	\$ 990,404
PECO Energy Capital Trust IV (4)	\$ 246,993
Commonwealth Edison Company (5)	\$ 1,716,586
Other Consolidated Subsidiaries	<u>\$ 1,954,598</u>

\$147,303,613

- (1) The payable to Exelon Generation primarily relates to PECO's purchase of energy from Generation in accordance with our Purchase Power Agreement.
- (2) PECO receives a variety of corporate support services from BSC, including legal, human resources, financial, information technology, supply management services, planning and engineering of delivery systems, management of construction, maintenance and operations of the transmission and delivery systems and management of other support services. All services are provided at cost, including applicable overheads.
- (3) Primarily net activity associated with Employee Stock Purchase Plan, Performance Share Awards and allocation of Parent benefit for Tax Sharing.
- (4) Represents interest payable on intercompany debt.

- (5) Represents services (Call Center and Billing services) provided by Commonwealth Edison during 2007.

Accounts Payables to non-subsiary business units are settled by the 15th of the following month.

III - A - 10 Provide details of other deferred credits as to their origin and disposition policy (e.g.--amortization)

III - A - 10

PECO Energy
Other Deferred Credits
(Thousands of Dollars)

Item	December 31		Presentation Basis
	2006	2007	
Negotiated Vendor Settlement (1)	(11,688)	(10,188)	Electric & Gas
Deferred Revenue (2)	(3,979)	(4,189)	Electric
Due to Gas Customers & Suppliers (3)	(2,037)	(898)	Gas
Real Estate Projects (4)	(1,828)	(3,264)	Electric
A/R Agreement Servicing Liability (FAS 156)(s)		(563)	Electric & Gas
ILR Credits due to Customers (6)		(225)	Electric
Transmission Facility Study Project (7)		(100)	Electric
Minor Items (6)		(38)	Electric
	\$ (19,532)	\$ (19,465)	

(1) Settlement payment from vendor providing meter reading services, which contractually released their former parent company from certain guarantees due to a Corporate restructuring. This amount is being amortized on a straight-line basis over the remaining term of the underlying Service Agreement, which expires in 2014.

(2) Represents revenue received from two independent power producing customers, which is subject to refund depending on the outcome of negotiated settlement discussions.

(3) Items due to Gas Customer and suppliers is reduced as these items are returned to customers through PAPUC approved Gas rates (Purchased Gas Cost Adjustment).

(4) Primarily represents advance payments for customer requested work projects. Liability is reduced as work is completed, and increased as payments are received for new work orders. Balance also includes prepaid and deferred rents which are amortized to income per underlying lease terms.

(5) Servicing of Finance Liability related to Citibank A/R Sales Agreement under FAS 156, which requires all servicing assets and liabilities be measured at fair value effective January 1, 2007.

(6) Interruptible Load for Reliability (ILR) is a mandatory load reduction program that offers customers monthly fixed bill credits when they have ability to guarantee specific levels of load reduction in times of system emergencies. PECO receives a credit on PJM bill based on customer curtailment performance and refunds this credit to participating customers monthly.

(7) Represents pre-bill sent to the developer related to a transmission facility study for anticipated expense for the next quarter. The amount is moved to Customer Advance account when cash received.

(8) Represents Surety Deposit affiliated with Gas Choice Program from a supplier and interest accrued on it.

III-A- 11 Supply basis for Injury and Damages reserve and amortization thereof.

As **III - A - 11** PECO Energy Company is a self-insured entity in the Commonwealth of Pennsylvania with an excess policy with Aegis Insurance.

Workers' Compensation Reserve (Total Company) -
Workers' Compensation reserves are set for the full financial exposure of the claim in accordance with insurance industry standards. An actuarial study of these reserves is conducted annually.

Bodily Injury and Property Damage Reserve (Total Company) -
The reserve account for injuries and damages is recorded on a monthly basis to recognize incurred liabilities. It is fully reserved for both identified and unidentified tort exposures for the Company. An actuarial study is conducted on the reserve annually.

For both the Workers' Compensation Reserve and the Bodily Injury and Property Damage Reserve, the reserve is relieved as the applicable claim is settled or dismissed.

Refer to the response to SDR-RR-17(k) for monthly balance information.

III - A - 12 Provide details of any significant reserves, other than depreciation, bad debt, injury and damages, appearing on the balance sheet.

A III - A - 12 **December 31, 2007**
(Presentation Basis - Total Company Basis)

Asset Retirement Obligation (1)	\$ (21,950,626)
Environmental Liability (2)	\$ (40,948,612)
Non-pension post retirement benefit obligations (3)	\$(281,870,092)
Deferred Compensation (4)	\$ (33,021,658)
Other (5)	\$ (5,663,803)

- (1) **Asset Retirement Obligation** - represents a liability recorded with the adoption of FIN 47 ("Accounting for Conditional Asset Retirement Obligations"), which provided further guidance to FASB 43 and conditional ARO's. The liability is specifically for the abatement and disposal of equipment and buildings contaminated with asbestos and polychlorinated biphenyls. (Electric and Gas)
- (2) **Environmental Liability**- represents PECO's estimated future liabilities associated with the remediation of MGP / Superfund sites. An annual study is performed each year to determine the estimated future liability required to remediate each site. (Electric and Gas)
- (3) **Non-pension postretirement benefit obligations** - reflects PECO's obligation to its plan sponsor (Exelon Corporation). Employee-related liabilities, including SFAS 106 postretirement liabilities, were allocated by Exelon to its subsidiaries based on the number of active employees as of January 1, 2001 as part of Exelon's corporate restructuring. The measurement of the plan obligations and costs of providing benefits under these plans involve various factors, including numerous assumptions, and accounting elections. When determining the various assumptions that are required, Exelon considers historical information as well as future expectations. The benefit costs are impacted by, among other things, the actual rate of return on plan assets, the long-term expected rate of return on plan assets, the discount rate applied to benefit obligations, the incidence of mortality, the expected remaining service period of plan participants, level of compensation and rate of compensation increases, employee age, length of service, the long-term expected investment crediting rate and the anticipated rate of increase of health care costs. The impact of changes in these factors on other postretirement benefit obligations is generally recognized over the expected average remaining service period of such plan participants rather than immediately recognized. (Electric and Gas)

- (4) **Deferred Compensation:** The balance represents the Deferred Compensation Plan liability for PECO. Participants have the right to defer excessive 401(k) limitation deferrals and receive their deferrals after employment. All deferrals grow based on investment scenarios selected by participants. (Electric and Gas)

- (5) Other - represents balances within Accrued Severance (employee termination liabilities), Revenues subject to Refund (Refund of Transmission services charged to other Energy Suppliers) and estimated FASB 112 (Post-employment benefit liabilities). (Electric and Gas except for Revenues subject to Refund, which is Gas only)

- Q. III-A-13 Provide an analysis of unappropriated retained earnings for the test year and three preceding calendar years.
- A. III - A - 13 Refer to Attachment III - A -13.

ATTACHMENT
III- A- 13

PECO Energy Company

Analy-s of U-tat-d Retained Earmngs (a)
Years En-!,~ ~ff-r 31, Z~, -, 2~7 ~d 2008

<u>Line No.</u>		~005		20~7		20~		
1	Balance at beginning of year	S	~r7~4 \$	64g,283	5	584.157	S	547.743
2	Adoption of FIN 48					22.758		
3	Adjustment - capital stock expense of retired preferred stock		-1,495)					
4	Net income		516,840	440.370		506,524		387,000
5	Dividends							
	Common Stock		(3,6961			-3,696}		
	Preferred			,, (3,696)				
6	Balance at end of year	~	649,283	\$,584,t57		547.743	\$	451=047

(a) Accosts 216 and 216,t

- Q. III-A-14 Provide schedules and data in support of the following working capital items:
- a. Prepayments - List and identify all items
 - b. Federal Excise Tax accrued or prepaid
 - c. Federal Income Tax accrued or prepaid
 - d. Pa. State Income Tax accrued or prepaid
 - e. Pa. Gross Receipts Tax accrued or prepaid
 - f. Pa. Capital Stock Tax accrued or prepaid
 - g. Pa. Public Utility Realty Tax accrued or prepaid
 - h. State sales tax accrued or prepaid
 - i. Payroll taxes accrued or prepaid
 - j. Any adjustment related to the above items for ratemaking purposes.
- A. III-A-14 Refer to Exhibit RLO-1, Schedule C-4, and Exhibit RLO-2, Schedule C-4.

Q. III-A-15 Supply an exhibit supporting the claim for working capital requirement based on the lead-lag method.

Pro forma expenses and revenues are to be used in lieu of book data for computing lead-lag days. Respondent must either include sales for resale and related expenses in revenues and in expenses or exclude from revenues and expenses. Explain procedures followed (exclude telephone).

A. III-A-15 Refer to PECO Statement No. 3, the Direct Testimony of Robert L. O'Brien, Exhibit RLO-1, Schedule C-4, and Exhibit RLO-2, Schedule C-4.

- Q. III-A-16 Provide detailed calculations showing the derivation of the tax liability offset against gross cash working capital requirements.
- A. III-A-16 Refer to PECO Statement No. 3, the Direct Testimony of Robert L. O'Brien, Exhibit RLO-1, Schedule C-4, and Exhibit RLO-2, Schedule C-4.

III - A - 17

Prepare a Statement of Income for the various time frames of the rate proceeding including:

Column:

1--Book recorded statement for the test year.

2reAdjustments to book record to annualize and normalize under present rates.

3mlIncome statement under present rates after adjustment in Col. 2

4~Adjustment to Col. 3 for revenue increase requested.

5--Income statement under requested rates.

a. Expenses may be summarized by the following expense classifications for purposes of this statement:

Operating Expenses (by category):

Depreciation

Amortization

Taxes, Other than Income Taxes

Total Operating Expense

Operating Income Before Taxes

Federal Taxes

State Taxes

Deferred Federal

Deferred State

Income Tax Credits

Other Credits

Other Credits and Charges, etc.

Total Income Taxes

Net Utility Operating Income

Other Income & Deductions

Other Income

Detailed listing of Other Income used in Tax Calculation

Other Income Deduction

Detailed Listing

Taxes Applicable to Other Income and Deductions

Listing of all types of Interest Charges and all amortization of Premiums and/or Discounts and Expenses on Debt issues

Income Before Interest Charges

Listing of all types of Interest Charges and all amortization of Premiums and/or Discounts and Expenses on Debt issues

Total Interest

Net Income After Interest Charges

(Footnote each adjustment to the above statements with explanation in sufficient clarifying detail.)

Ao **III - A - 17**

Refer to Exhibits RLO-1 and RLO-2, schedules in Section D, for the Company's presentation of the requested Statements of Income and adjustments to operating revenues and expenses.

Refer to PECO Statement No. 3, the Direct Testimony of Robert L. O'Brien, for an explanation of the Statements of Income and adjustments to operating revenues and expenses depicted in the Section D schedules of Exhibits RLO-1 and RLO-2, the underlying sources of historic and budgeted information, and the basis for the adjustments.

Refer to PECO Statement No. 5, the Direct Testimony of Paul R. Moul, and related Exhibit PRM-1, Schedule 6, for the derivation of the weighted average cost of debt used in the Company's debt interest synchronization adjustment, including the treatment of debt issuance expense, premiums and discounts used in calculating the effective cost rate for each series of long-term debt.

eo **III - A - 18** Provide comparative operating statements for the test year and the immediately preceding 12 months showing increases and decreases between the two periods. These statements should supply detailed explanation of the causes of the major variances between the test year and preceding year by detailed account number.

III - A - 18 Refer to the table below for a variance explanation between 2007 actual experience and budgeted 2008. Test year budget adjustments are explained in PECO Statement No. 3, the Direct Testimony of Robert L. O'Brien, and Exhibit RLO-I.

PECO Gas
Operating Statements
For the 12 Months Ended December 31, 2008 and 2007

PECO Gas Thousands of Dollars	Year 2007	Year 2008	Increase (Decrease)
Operating Revenues			
Gas Operations	\$ 838,083	\$ 850,928	\$ 12,845
Total Operating Revenues	<u>838,083</u>	<u>850,928</u>	<u>12,845</u>
Operating Expenses			
Cost of Natural Gas	616,630	627,921	11,291
O&M Expense	110,556	110,564	8
Depreciation	31,641	32,731	1,089
Taxes Other Than Income	5,145	6,630	1,485
Total Operating Expenses	<u>763,972</u>	<u>777,845</u>	<u>13,873</u>
Income from Operations	<u>\$ 74,111</u>	<u>\$ 73,082</u>	<u>\$ (1,029)</u>

Significant increases or decreases (in thousands of dollars) are attributed to the following:

Total Operating Revenues:

Weather impact of 2007 - \$9,489 - 2007 actual weather was warmer than normal with Heating Degree Days being (4.2%) below normal. The 2008 budget is based on weather normal.

Higher volume in 2008 than 2007 - \$19,262 - On a weather normalized basis, the 2008 Budget overall retail sales are 0.6% higher than 2007 actual. This is offset to a lesser degree by lower anticipated transportation volumes.

Off-system Sales - (\$12,485) - reduction due to changes in wholesale market prices.

Price - (\$548) - Lower 2008 budget PGC price than 2007 (\$3,247) offset by higher overall distribution price \$2,699 (primarily because the STAS adjustment was not fully incorporated in Gas 2008 revenue budget partially offset by increase in CAP customers).

Other - (\$2,874) - Mainly due to lower forfeited discount revenue (\$1,041) and lower budget capacity release revenue (\$1,833) in 2008 vs. 2007.

Total Operating Expenses:

Cost of Natural Gas - \$11,291 - 2007 actual weather impact of \$7,885 and higher volume \$19,503 offset by lower Off-system Sales (\$12,523), lower PGC cost (\$3,247) and other (\$327).

Depreciation - \$1,089 - due to higher plant balances in 2008 than 2007.

Taxes Other Than Income - \$1,485 - due to favorable 2007 Sales/Use Tax adjustment and Capital Stock Tax Adjustment.

Q. III-A-19 List extraordinary property losses as a separate item, not included in operating expenses or depreciation and amortization. Sufficient supporting data must be provided.

A. III - A - 19 No claim is being made for extraordinary property losses.

- Q. III-A- 20 Supply detailed calculations of amortization of rate case expense, including supporting data for outside services rendered. Provide the items comprising the rate case expense claim (include the actual billings or invoices in support of each kind of rate case expense), the items comprising the actual expenses of prior rate cases and the unamortized balances.
- A. III - A- 20 Refer to Exhibit RLO-1, Schedule D-8, and Exhibit RLO-2, Schedule D-8, for the Company's rate case normalization claim.

- III -A-21 Submit detailed computation of adjustments to operating expenses for salary, wage and fringe benefit increases (union and non-union merit, progression, promotion and general) granted during the test year and six months subsequent to the test year. Supply data showing for the test year:
- a. Actual payroll expense (regular and overtime separately) by categories of operating expenses, i.e., maintenance, operating transmission, distribution, other.
 - b. Date, percentage increase, and annual amount of each general payroll increase during the test year.
 - c. Dates and annual amounts of merit increases or management salary adjustments.
 - d. Total annual payroll increases in the test year.
 - e. Proof that the actual payroll plus the increases equal the payroll expense claimed in the supporting data (by categories of expenses)
 - f. Detailed list of employee benefits and cost thereof for union and non-union personnel. Any specific benefits for executives and officers should also be included, and cost thereof.
 - g. Support the annualized pension cost figures.
 - i. State whether these figures include any unfunded pension costs. Explain
 - ii. Provide latest actuarial study used for determining pension accrual rates
 - h. Submit a schedule showing any deferred income and consultant fee to corporate officers or employees.

A. III - A - 21 Refer to Attachment III-A-21A and Attachment III-A-21B.

**ATTACHMENT
III- A- 21A**

A: III-A-21

2008 Budget

(Dollars in Thousands)

	<u>Gas</u>
Labor	
Base Labor	\$ 29,307
Overtime Wages	2,614
AA00087. Salaries and Wages	<u>\$ 31,920</u>
Severance	470
Annual Incentive Plan	2,790
Total	<u>\$ 35,180</u>

- | | | | |
|----|------------------|--------------|------|
| b. | Jan 1 Increase | January 2008 | 3.5% |
| | March 1 Increase | March 2008 | 3.5% |

See response to item (e) for annual increase.

c. See item (b)

- d. Total annual payroll increases for 2008 is as follows (does not include impact of ALP):

	~000)
Projected 2008 Payroll	\$ 31,920
Total 2007 Payroll	28,191
Projected increase in Base Payroll	3,729
Change in AIP / Severance	(771)
Total change in Salaries and Wages	<u>\$ 2,958</u>
	(\$,000)
Total payroll for 12 months ended December 31, 2007	<u>\$ 28,191</u>
Labor reclassified from Energy Delivery Shared Services to PECO embedded	716
Leap Year	111
Increase in Budgeted Headcount (offset in other areas)	975
Wage Increase	1,026
Other (primarily reflects full year impact of 2007 hires)	902
Total	<u>\$ 31,920</u>

- | | | |
|----|------------------------------|---------------------|
| f. | Employee Benefits | ~0,000) |
| | Medical | 3,154 |
| | Dental | 232 |
| | Other Benefit Plan | 28 |
| | 401K | 1,146 |
| | Disability Plan | 52 |
| | Excess Benefits Savings Plan | 9 |
| | Worker's Comp | 469 |
| | Pension | 274 |
| | Post-Retirement | 4,384 |
| | | <u>9,749</u> |

See response to SDR-RR-24 for description of benefits

Exelon Corporation sponsors defined benefit pension plans and postretirement welfare benefit plans for essentially all PECO employees. PECO accounts for its participation in Exelon's plans by applying multiemployer accounting. Employee-related assets and liabilities, including pension, were allocated by Exelon to its subsidiaries, including PECO, based on the number of active employees as of January 1, 2001 as part of Exelon's corporate restructuring. Exelon allocates the components of pension costs to the participating employers based upon several factors, including the measures of active employee participation in each participating unit. There is approximately \$270K of pension expense included in the 2008 budget.

See III-A-21 Attachment B - Actuarial Study

The May 2007 Actuarial Report is the latest actuarial study used as a basis to determine pension accrual rates in the Company's test year claim. Assumptions related to the discount rate applied for both the pension and post-retirement plans, the investment crediting rate for the cash balance pension plan, and the health care cost trend rate for the post-retirement plans were updated subsequent to receipt of that actuarial report. The impact on the accrual rates was calculated internally. A separate actuarial study was not obtained at the time the test year data was prepared. Exelon Corporation has engaged Towers Pen'in, an independent actuarial firm, to perform the required pension cost calculations for its plans.

h.	2007 Contributions to Deferred Compensation Plans	<u>\$48,420</u>
----	---	-----------------

**ATTACHMENT
III- A- 21B**

SENT VIA EMAIL

May 23, 2007

Mr. Joseph Trpik
Vice President, Assistant Controller
Exelon Corporation
10 S. Dearborn
Chicago, IL 60603

Dear Joe:

**BUSINESS UNIT ALLOCATIONS OF 2007 TO 2012 ESTIMATED PENSION AND
POSTRETIREMENT WELFARE COSTS AND CONTRIBUTIONS**

The purpose of this letter is to provide the business unit allocations of the 2007 through 2012 projected pension and postretirement welfare costs and contributions for the Exelon plans. This LRP update is based on 2007 census data and incorporates 2007 valuation results. Please note that 2007 cost has already been provided and is the same as the allocation provided on May 9, 2007.

The business unit allocation includes results for the following Exelon plans:

Qualified Pension Plans

- I Exelon Corporation Retirement Program (ECRP)
- [] Exelon Corporation Cash Balance Pension Plan (CBPP)
- [] Exelon Corporation Cash Balance Pension Plan for Bargaining Unit Employees (CBPP-BU)
- [] Exelon New England Union Employees Pension Plan
- [] AmerGen Employee Pension Plan (AmerGen)

Nonqualified Pension Plans

- [] Exelon Corporation Supplemental Management Retirement Plan
- [] Exelon Corporation Supplemental Pension Benefit Plan and 2000 Excess Plan

Postretirement Welfare Plans

- Exelon West Postretirement Medical, Dental, Life Insurance and Vision Plans
- Exelon East Postretirement Welfare Plan
- AmerGen Energy Company Postretirement Welfare Plan

Plan Provisions

For the pension valuations, we have reflected the applicable plan provisions as shown in the most recent plan documents, as amended and restated as of December 31, 2001 (November 1, 2002 for Exelon New England). In addition, we have reflected the recently negotiated plan amendment for the union participants of Exelon New England, which increased the annual cash balance pay credit from 3% of pay to 4% of pay.

For the retiree welfare valuations, we have valued the substantive plans, including the Retiree Medical Savings Account design, as described in summary plan descriptions and other detailed summaries provided by Exelon. We have also valued the Medicare Part D prescription drug subsidy for all retiree welfare plans.

All other plan provisions for pension and retiree welfare are the same as those summarized in the 2006 actuarial valuation reports.

Assumptions, Methods and Data

The 2007 costs are based on January 1, 2007 assumptions and methods, as outlined in our preliminary results letter dated April 30, 2007. These assumptions include a discount rate of 5.88% for pension plans and 5.86% for postretirement welfare plans and RP2000 mortality table with projection through 2010 of mortality improvements.

The following table includes the primary assumptions used for 2007 and the years of the forecast period.

Discount rate for pension plans	5.88% for 2007
	5.96% for 2008
	5.99% for 2009
	6.02% for 2010
	6.06% for 2011
	6.08% for 2012
Discount rate for postretirement welfare plans	5.86% for 2007
	5.95% for 2008
	5.98% for 2009
	6.01% for 2010
	6.05% for 2011
	6.07% for 2012
Investment crediting rate (Cash Balance Plans)	7.05% for 2007
	7.13% for 2008
	7.15% for 2009
	7.17% for 2010

	7.18% for 2011
	7.19% for 2012
Investment crediting rate (RMSA)	5.94% for 2007
	6.04% for 2008
	5.87% for 2009
	5.97% for 2010
	6.16% for 2011
	6.27% for 2012
Expected return on assets	8.75% for 2007-2012
Health care cost trend	Effective December 31, 2006
	- 9.0% for 2007
	- 8.0% for 2008
	- 7.0% for 2009
	- 6.0% for 2010
	- 5.5% for 2011
	- 5.0% for 2012 and later
Actual return on assets	8.66% for 2007 (for pension)
	8.40% for 2007 (for pre-tax OPEB)
	8.75% for 2008-2012
Actual investment crediting rate	8.04% for 2007
	Same as assumed 2008-2012
Mortality	RP2000 with 10-year projection of mortality improvements for 2007-2012

In addition, we have reflected the following assumption changes for the cash balance and nonqualified pension plans for 2008 and beyond. For CBPP and CBPP-BU, we changed the lump sum commencement assumption for terminations from 100% of participants taking immediate lump sums to 60% taking immediate lump sums and 40% electing to defer lump sum payments for 5 years. We have also updated the termination and retirement assumptions for the nonqualified pension plans. Instead of assuming all participants take an annuity, we assume that 25% elect an annuity, while 75% elect an immediate lump sum.

All other assumptions for 2007-2012 are consistent with those used for the 2007 results.

These results *have* been calculated based on January 1, 2007 data. Valuation data was provided by AON Consulting and Exelon Corporation. We have reviewed the data for reasonableness, but the data has not been audited by Towers Perrin. The accuracy of these results is dependent on the accuracy and completeness of this underlying data.

The projected costs and contributions are based on a 1% provision for demographic losses during 2007 for the pension and postretirement welfare plans. This provision is based on Exelon's historical experience and expected demographic changes in 2007.

Mr. Joseph Trpik
May 23, 2007
Page 4.

TOWERS
PERRIN
HR SERVICES

For the postretirement welfare plans, the projected costs are based on 98% participation. This participation rate is based on Exelon's historical experience.

Pension Contributions and Allocations

We have included an exhibit summarizing projected contributions for 2007-2012 for the qualified pension plans. The projected contributions have been updated from the prior LRP to reflect the 2007 valuation results.

For the pension plans, we have based pension costs on the planned contribution stream. The contributions are based on minimum required contributions for all plans as determined under the Pension Protection Act for 2008 through 2012. The contributions are based on an interest rate equal to the FAS 87 discount rate and the 2007 mandated mortality table for measuring obligations (a version of RP2000).

Postretirement Welfare Contributions and Allocations

For the funded postretirement welfare plans, we have assumed that the East and West plans contribute the maximum tax deductible contributions, per Exelon's direction. Contributions have been allocated to the business units in proportion to FAS 106 cost per unit. This is consistent with Exelon's methodology for allocating postretirement welfare contributions.

Cost Allocations

Consistent with our pdor business unit allocations, we have allocated costs to the following business units based on participant data as of January 1, 2007: PECO, ComEd, BSC, EDSS, and Genco. We have further allocated the Genco business unit into the following units: Corporate, Nuclear, Fossil, TXU, Power Team, Power Labs, Hydro, New England, NRG and AmerGen. Exelon's methodology for allocating costs has not changed from last year.

Please call me if you have any questions about these results.

Sincerely,

Vanessa Hecht, FSA, EA
Consultant

Attachment

Mr. Joseph Trpik
May 23, 2007
Page 5.

**TOWERS
PERRIN**
HR SERVICES

cc: Karie Anderson -- Exelon Corporation
Christopher Grant -- Exelon Corporation
Robyn Randa- Exelon Corporation
Carole Schechter- Exelon Corporation
George Shicora- Exelon Corporation
John Allen- Towers Perrin
Ryan Carney- Towers Perrin
Anthony Simone -- Towers Perrin
Tania Staffen- Towers Perrin

Exelon Corporation

At Plans Combined- FAS 87 Cost Forecasts by Business Unit (\$ Thousands)

Qualified Pension Costs

	PECO	COMED	BSC	EDSS	GENCO - CORPORATE	GENCO - NUCLEAR	GENCO - FOSSIL	GENCO - TXU	GENCO - POWER TEAM	GENCO - POWER LABS	GENCO - HYDRO	GENCO - NEW ENGLAND	GENCO - NRG	GENCO - AMERGEN	TOTAL
2007	1,926	36,981	10,239	2,073	543	33,617	1,270	1,372	159	168	235	173	12,101	97,316	
2008	2,183	36,629	10,682	2,104	536	33,790	1,270	1,510	168	253	191	11,664	97,475		
2009	2,183	30,491	8,759	1,306	412	25,728	1,270	1,408	85	247	157	11,125	74,341		
2010	2,183	23,921	6,848	502	285	17,786	1,270	1,331	111	231	122	10,597	51,682		
2011	2,183	16,510	4,751	143	8,980	1,270	1,244	1,181	216	216	85	10,111	26,722		
2012	2,183	9,976	2,981	14	1,270	1,270	1,181	1,181	203	57	10,144	5,297			

Nonqualified Pension Costs

	PECO	COMED	BSC	EDSS	GENCO - CORPORATE	GENCO - NUCLEAR	GENCO - FOSSIL	GENCO - TXU	GENCO - POWER TEAM	GENCO - POWER LABS	GENCO - HYDRO	GENCO - NEW ENGLAND	GENCO - NRG	GENCO - AMERGEN	TOTAL
2007	407	3,842	6,786	732	41	3,324	269	8	227	2	8	0	52	0	15,698
2008	445	4,118	7,490	799	45	3,652	300	9	256	2	9	0	56	0	17,181
2009	448	4,090	7,541	799	45	3,662	302	9	260	2	9	0	56	0	17,223
2010	455	4,068	7,610	801	45	3,677	305	9	264	2	9	0	56	0	17,301
2011	457	4,043	7,675	802	45	3,691	308	9	268	2	9	0	57	0	17,366
2012	464	4,030	7,766	807	45	3,717	311	9	274	2	9	0	57	0	17,491

Total Pension Costs

	PECO	COMED	BSC	EDSS	GENCO - CORPORATE	GENCO - NUCLEAR	GENCO - FOSSIL	GENCO - TXU	GENCO - POWER TEAM	GENCO - POWER LABS	GENCO - HYDRO	GENCO - NEW ENGLAND	GENCO - NRG	GENCO - AMERGEN	TOTAL
2007	2,333	40,803	17,025	2,805	584	36,941	1,270	1,372	161	168	235	173	12,101	113,014	
2008	2,628	40,747	18,172	2,903	581	37,442	1,270	1,766	170	253	191	11,664	114,656		
2009	2,183	34,581	16,300	2,105	457	29,390	1,270	1,668	87	247	157	11,125	91,564		
2010	2,183	27,989	14,458	1,303	330	21,463	1,270	1,595	113	231	122	10,597	68,983		
2011	2,183	20,553	12,426	434	188	12,671	1,270	1,512	216	216	85	10,111	44,088		
2012	2,183	14,006	10,747	14	59	4,987	1,270	1,455	203	57	10,144	5,297			

Assumptions (for 2007 - 2012)

Discount rate (Pension)	5.88%	5.96%	5.99%	6.02%	6.06%	6.08%
Discount rate (OPEB)	5.86%	5.95%	5.98%	6.01%	6.05%	6.07%
Salary increases (average)	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expected return on Assets	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%
Mortality	7.05%	7.13%	7.15%	7.17%	7.18%	7.19%

All other assumptions are consistent with the January 1, 2007 valuation

Exelon Corporation
All Plans Combined- FAS 106 and Total Cost Forecasts by Business Unit (\$ Thousands)

Retiree Welfare Costs

	PECO	COMED	BSC	EDSS	GENCO - CORPORATE	GENCO - NUCLEAR	GENCO - FOSSIL	GENCO - TXU	GENCO - POWER TEAM	GENCO - POWER LABS	GENCO - HYDRO	GENCO - NEON ENGLAND	GENCO - NRG	GENCO - AMERGEN	TOTAL
2007	28,679	59,440	15,814	4,190	1,296	66,977	7,063	1,283	1,067	713	871	285	234	11,991	199,903
2008	25,892	57,725	15,073	3,975	1,225	64,239	6,398	1,178	1,007	667	807	252	228	12,103	190,769
2009	25,815	56,229	14,841	3,908	1,182	63,403	6,391	1,183	1,025	672	817	249	224	13,157	189,506
2010	26,142	55,218	14,767	3,883	1,153	63,215	6,482	1,205	1,057	686	838	249	222	15,076	190,193
2011	29,769	60,827	16,426	4,325	1,292	70,142	7,374	1,366	1,188	771	947	285	244	16,658	211,614
2012	39,065	64,954	18,798	4,986	1,437	79,538	9,641	1,754	1,475	95	1,206	383	263	18,304	242,762

Total Costs

	PECO	COMED	BSC	EDSS	GENCO - CORPORATE	GENCO - NUCLEAR	GENCO - FOSSIL	GENCO - TXU	GENCO - POWER TEAM	GENCO - POWER LABS	GENCO - HYDRO	GENCO - NEW ENGLAND	GENCO - NRG	GENCO - AMERGEN	TOTAL
2007	31,012	100,243	32,839	6,995	1,880	103,918	5,812	814	2,666	874	793	520	459	24,92	312,917
2008	28,520	98,472	33,245	6,878	1,806	101,681	5,072	670	2,773	837	724	505	475	23,767	305,425
2009	24,411	90,810	31,141	6,013	1,639	92,793	4,044	535	2,693	759	607	496	437	24,692	281,070
2010	21,296	83,207	29,225	5,186	1,483	84,678	3,247	432	2,652	699	518	480	400	25,673	259,176
2011	21,212	81,380	28,852	4,759	1,480	82,813	3,180	457	2,700	704	509	501	386	26,769	255,702
2012	27-54	78,960	29,545	4,672	1,496	84,525	4,564	713	2,930	820	660	586	377	28,448	265,550

Disc-Jnt Fate (Pension)	5.88%	5.96%	5.99%	6.02%	6-06%	6.08%
Discount rate (OPEB)	5.86%	5.95%	5.98%	6.01%	6.05%	6.07%
Salary increases (avera-	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Expected return o- Aes-	8.75%	8.75%	8.75%	8.75%	8.75%	8.75%
Investment crediting rat-	7.05%	7.13%	7.15%	7.17%	7.18%	7.19%
Mortality	-3 wiff projection ~mugh 2010					

All other assumptions are based on January 1, 2007 valuations.

Exelon Corporation
AJI Plans - Contribution Forecasts by Business Unit (\$ Thousands)

Qualified Pension Contributions ECRP

Calendar Year	PECO	COMED	B-C	EDSS	GENCO - CORPORATE	GENCO - NUCLEAR	GENCO - FOSSIL	GENCO - TXU	GENCO - TEAM	GENCO - POWER LABS	GENCO - HYDRO	GENCO - NEW ENGLAND	GENCO - NRG	GENCO - AMERGEN	TOTAL
2007	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2008	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2009	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2010	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2011	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2012	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Qualified Pension Contributions CBPP

Calendar Year	PECO	COMED	BSC	EDSS	GENCO - CORPORATE	GENCO - NUCLEAR	GENCO - FOSSIL	GENCO - TXU	GENCO - TEAM	GENCO - POWER LABS	GENCO - HYDRO	GENCO - NEW ENGLAND	GENCO - NRG	GENCO - AMERGEN	TOTAL
2007	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
2008	12,550	7,010	10,711	2,260	351	18,610	2,416	344	2,516	343	309	170	314	0	57,904
2009	16,806	9,388	14,346	3,026	470	24,923	3,236	460	3,370	460	414	228	421	0	77,548
2010	16,004	8,938	13,659	2,881	448	23,730	3,080	438	3,208	438	394	217	400	0	73,835
2011	14,694	8,207	12,541	2,646	411	21,789	2,829	402	2,946	402	362	199	368	0	67,796
2012	5,396	3,014	4,606	972	151	8,003	1,039	148	1,082	148	133	73	135	0	24,900

Qualified Pension Contributions CBPP - BU

Calendar Year	PECO	COMED	EDSS	GENCO - CORPORATE	GENCO - NUCLEAR	GENCO - FOSSIL	GENCO - TXU	GENCO - TEAM	GENCO - POWER LABS	GENCO - HYDRO	GENCO - NEW ENGLAND	GENCO - NRG	GENCO - AMERGEN	TOTAL
2007	0	0	0	0	195	0	0	0	0	0	0	0	0	372
2008	0	0	0	0	187	0	0	0	0	0	0	0	0	356
2009	0	158	0	0	174	0	0	0	0	0	0	0	0	332
2010	0	158	0	0	174	0	0	0	0	0	0	0	0	332
2011	0	56	0	0	142	0	0	0	0	0	0	0	0	270
2012	0	128	0	0	142	0	0	0	0	0	0	0	0	270

Effective interest rate	5.78%*	5.96%	5.99%	6.02%	6.06%	6.08%
Cash Balance investment crediting rate	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%

* 5.78% is the January 1, 2007 Current Liability interest rate

Assumed Experience (for fiscal year) [2]

	2007	2008	2009	2010	2011	2012
Actual return on assets	8.66%	8.75%	8.75%	8.75%	8.75%	8.75%
Cash Balance investment crediting rate	8.04%	7.13%	7.15%	7.17%	7.18%	7.19%

[1] All other assumptions are the same as those used in the January 1, 2007 Valuation
[2] Plan experience is the same as the actual assumption for all other years.

Exelon Corporation
All Plans - Contribution Forecasts by Business Unit (\$ Thousands)

Qualified Pension Contributions New England

Calendar Year	PECO	COMED	BSC	EDSS	GENCO - CORPORATE	GENCO - NUCLEAR	GENCO - FOSSIL	C-NCO TXU	GENCO - TEAM	POWER GENCO - POWER LABS	GENCO - HYDRO	G-NEW ENGLAND	GENCO - NRG	AMERGEN	TOTAL
2007	0	0	0	0	0	0	0	0	0	0	0	308	0	0	308
2008	0	0	0	0	0	0	0	0	0	0	0	278	0	0	278
2009	0	0	0	0	0	0	0	0	0	0	0	268	0	0	268
2010	0	0	0	0	0	0	0	0	0	0	0	261	0	0	261
2011	0	0	0	0	0	0	0	0	0	0	0	255	0	0	255
2012	0	0	0	0	0	0	0	0	0	0	0	255	0	0	255

Qualified Pension Contributions American

Calendar Year	PECO	COMED	BSC	EDSS	GENCO - CORPORATE	GENCO - NUCLEAR	GENCO - FOSSIL	GENCO TXU	GENCO - TEAM	POWER GENCO - POWER LABS	GENCO - HYDRO	G-NEW ENGLAND	GENCO - NRG	AMERGEN	TOTAL
2007	0	0	0	0	0	0	0	0	0	0	0	0	0	20,527	20,527
2008	0	0	0	0	0	0	0	0	0	0	0	0	0	17,360	17,360
2009	0	0	0	0	0	0	0	0	0	0	0	0	0	16,586	16,586
2010	0	0	0	0	0	0	0	0	0	0	0	0	0	16,572	16,572
2011	0	0	0	0	0	0	0	0	0	0	0	0	0	14,260	14,260
2012	0	0	0	0	0	0	0	0	0	0	0	0	0	4,630	4,630

Qualified Pension Contributions - All Plans

Calendar Year	PECO	COMED	BSC	EDSS	GENCO - CORPORATE	GENCO - NUCLEAR	GENCO - FOSSIL	GENCO TXU	GENCO - TEAM	POWER GENCO - POWER LABS	GENCO - HYDRO	G-NEW ENGLAND	GENCO - NRG	AMERGEN	TOTAL
2007	0	177	0	0	0	195	0	0	0	0	0	0	0	20,527	20,899
2008	12,550	7,179	10,711	2,260	351	18,797	2,416	344	2,516	343	309	478	314	17,360	75,928
2009	16,807	9,546	14,346	3,026	470	25,097	3,236	460	3,370	460	414	50	421	16,586	94,744
2010	16,003	9,09	13,659	2,881	448	23,904	3,080	438	3,208	438	394	485	400	16,572	91,007
2011	14,694	8,263	12,541	2,646	411	21,851	2,829	402	2,946	402	362	460	368	14,260	82,435
2012	5,397	3,142	4,606	972	151	8,144	1,039	148	1,082	148	133	328	135	4,630	30,055

Assumptions (for fiscal year)^[1]

	2007	2008	2009	2010	2011	2012
PPA Effective interest rate	5.78%*	5.96%	5.99%	6.02%	6.06%	6.08%
Salary increases (average)	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Cash Balance investment crediting rate	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%

* 5.78% is the January 1, 2007 Current Liability interest rate

Actual return on investments^[2]

	2007	2008	2009	2010	2011	2012
Actual return on investments	8.66%	8.75%	8.75%	8.75%	8.75%	8.75%
Cash Balance investment crediting rate	8.04%	7.13%	7.15%	7.17%	7.18%	7.19%

[1] All other assumptions are the same as those used in the January 1, 2007 Valuation

[2] Return experience is the same as the actual return for all other assumptions.

Exelon Corporation
All Plans - Contribution Forecasts by Business Unit (\$ Thousands)

Retiree Welfare Contributions West

	PECO	COMED	BSC	EDSS	GENCO - CORPORATE	GENCO - NUCLEF_AR	GENCO - FOSSIL	GENCO - TXU	GENCO - POWER TEAM	GENCO - POWER LABS	GENCO - HYDRO	GENCO - NEW ENGLAND	GENCO - NRG	GENCO - AMERGEN	TOTAL
2007	0	46,797	8,245	2,131	850	36,177	0	28	47	86	0	0	171	0	94,533
2008	0	46,078	8,118	2,099	837	35,620	0	28	47	85	0	0	168	0	93,078
2009	0	44,946	7,919	2,047	816	34,744	0	27	45	82	0	0	164	0	90,788
2010	0	43,287	7,627	1,971	786	33,464	0	26	44	79	0	0	158	0	87,446
2011	0	41,502	7,312	1,890	754	32,084	0	25	42	76	0	0	152	0	83,838
2012	0	39,096	6,889	1,781	710	30,225	0	24	39	72	0	0	143	0	78,983

Retiree Welfare Contributions East

	PECO	COMED	BSC	EDSS	GENCO - CORPORATE	GENCO - NUCLEAR	GENCO - FOSSIL	GENCO - TXU	GENCO - POWER TEAM	GENCO - POWER LABS	GENCO - HYDRO	GENCO - NEW ENGLAND	GENCO - NRG	GENCO - AMERGEN	TOTAL
2807	36,868	0	6,867	1,906	279	27,033	9,080	1,603	1,294	777	1,119	366	22	0	87,215
2008	35,223	0	6,561	1,821	266	25,827	8,675	1,532	1,237	742	1,069	349	21	0	83,325
2009	33,290	0	6,201	1,721	252	24,409	8,199	1,448	1,169	701	1,011	330	19	0	78,751
~10	31,247	0	5,820	1,615	236	22,912	7,696	1,359	1,097	658	949	310	18	0	73,919
2011	29,153	0	5,430	1,507	220	21,376	7,180	1,268	1,024	614	885	289	17	0	68,965
2012	26,883	0	5,808	1,390	203	19,712	6,621	1,169	944	566	816	267	16	0	63,596

Retiree Welfare Contributions Totai

	PECO	COMED	BSC	EDSS	GENCO - CORPORATE	GENCO - NUCLEAR	GENCO - FOSSIL	GENCO - TXU	GENCO - POWER TEAM	GENCO - POWER LABS	GENCO - HYDRO	GENCO - NEW ENGLAND	GENCO - NRG	GENCO - AMERGEN	TOTAL
2807	36,868	46,797	15,112	4,037	1,129	63,210	9,080	1,631	1,341	863	1,119	366	193	0	181,748
2008	35,223	46,078	14,679	3,920	1,103	61,447	8,675	1,560	1,284	827	1,069	349	189	0	176,403
2009	33,290	44,946	14,120	3,768	1,068	59,153	8,199	1,475	1,214	783	1,011	330	183	0	169,539
2010	31,247	43,287	13,447	3,586	1,022	56,376	7,696	1,385	1,141	737	949	310	176	0	161,365
2011	29,153	41,502	12,742	3,397	974	53,460	7,180	1,293	1,066	690	885	289	169	0	152,803
2012	26,883	39,096	11,897	3,171	913	49,937	6,621	1,193	983	638	816	267	159	0	142,579

Assumption= for all year of forecast ~ 2-7 20~ ~ 201-0 2011 2012 6.07% Assmned Experier)-e (for flsr.al yem)' ~ 200-7 200--2012 8.75%

Mortality RP2800 With 10-year projection of monal- improvement

[1] All other assumptions are the same as those used in the Januau 1, 2807 valuation.
 [2] Plan experier-e is the same as the actuarial assumption for all other assumptions.

- III - A - 22** Supply an exhibit showing an analysis, by functional accounts, of the charges by affiliates (Service Corporations, etc.) for services rendered included in the operating expenses of the filing company for the test year and for the 12-month period ended prior to the test year.
- a. Supply a copy of the contracts, if applicable.
 - b. Explain the nature of the services to be provided.
 - c. Explain the basis on which charges are made.
 - d. If charges are allocated, identify allocation factors used.
 - e. Supply the components and amounts comprising the expense in this account.
 - f. Provide details of initial source of charge and reason thereof.

- III - A - 22** Refer to Attachment III-A-22A for 2007 and budgeted 2008 expenditures for services rendered by affiliates Exelon Business Services Company (BSC), Commonwealth Edison Company and Exelon Generation, LLC.
- a. Refer to Attachment III-A-22B and Attachment III-A-22C for copies of contracts.
 - b. BSC supplies various services such as IT, Financial, Communication, Human Resource, Legal, Executive, and Supply services. Prior to 2008, BSC also provided energy delivery management services through a division known as Energy Delivery Shared Services (EDSS), which has been discontinued and its operations incorporated into PECO and Commonwealth Edison Company with the exception of Quality Assurance. Quality Assurance remains in BSC as a service provider for Commonwealth Edison Company and PECO. Commonwealth Edison Company provides Call Center services, while Exelon Generation, LLC provides Calibration Testing.
 - c. The charges are based on cost. All labor costs are billed with applicable overheads.
 - d. BSC charges are directly assigned and billed to PECO where the activity benefits only PECO. The remaining BSC corporate services costs are allocated

using the Modified Massachusetts Formula (MMF). The MMF uses the following three factors to develop the allocation ratio for each business unit: gross revenues, total assets and direct labor. The factors are updated at least annually. Each factor is evenly weighted in the calculation. Quality Assurance costs are allocated based on budgeted total expenditures of PECO and Commonwealth Edison Company.

For costs charged by EDSS that could not be charged directly to PECO, five allocation methods were used: Total Expenditures, Total Expenditures (only including expenditures for Operations), Number of Customers, Number of Vehicles, and Number of Employees and applied depending on the functional area. Before the EDSS division was discontinued, all five allocation methods were reviewed and updated at least annually.

Charges for affiliates services provided by Exelon Generation, LLC and Commonwealth Edison Company are based on direct charges for actual work performed and are priced at cost.

Once the expenditures are billed by BSC to PECO, they are assigned between the electric and gas divisions and between operating and capital expenditures based on a functional accounting system that takes into account the nature of the expenditure and the operating division(s) that benefit.

- e. Refer to Attachment III-A-22D for service descriptions and Attachment III-A-22A for amounts.
- fo The initial source of the charges is from BSC, EDSS, Commonwealth Edison Company and Exelon Generation, LLC.

ATTACHMENT
III- A- 22A

PECO Energy Co.

BSC Operations & Maintenance Costs

Presentation Basis: Gas Only

2007 Actual & 2008 Budget

(\$ in millions)

	<u>2007 Actual</u> O&M	<u>[2008 Budget</u> O&M
Operational Departments		
PECO Support	0.0	0.0
Regulatory & External Affairs	0.0	0.0
Chief Operating Officer	0.5	(0.5)
General & Administrative-PED	0.5	
Office of the President EED-PED	0.0	
Customer Operations - PECO	0.5	0.0
Total Operational	1.6	(0.s)
Functional Departments		
Communications	0.0	
Finance	0.2	0.0
Human Resources	0.0	0.0
Legal Services	0.0	0.0
IT	0.0	0.0
Supply Services	0.0	0.0
BSC Embedded	<u>0.2</u>	<u>0.1</u>
Quality Assurance		0.2
Real Estate	0.1	0.1
Communicatons	0.8	0.4
Finance	4.1	4.3
Gov Env & Pub Affairs PED	0.5	0.5
Human Resources	1.2	0.9
Legal Governance	0.7	0.8
Security	0.1	0.1
Supply Services	0.3	0.2
Executive Services	1.8	1.0
BSC Allocated	<u>9.5</u>	<u>8.6</u>
IT PECO	6.0	4.0
HR and Fin Services	0.4	0.4
Legal Services PECO	1.1	1.1
BSC Transactional	<u>7.5</u>	
Total Functional	<u>17.3</u>	<u>14.2</u>
Total BSC (Functional+ Operational)	<u>18.9</u>	<u>13.7</u>
Other Affiliate Transactions		
Call Center Charges from ComEd		
Calibration Testing from Exelon Generation		
Total Other Affiliate Transactions	0.t	

INote that balances less than \$50,000 may appear as zero in the table above.

ATTACHMENT
III - A - 22B

MUTUAL SERVICES AGREEMENT

BETWEEN

PECO ENERGY COMPANY

EXELON CORPORATION AND ANY OR
AFFILIATES WHOLLY OR
PARTLY-OWNED BY EXELON CORPORATION

EXELON GENERATION CO
AND
AFFILIATES WHOLLY OR
PARTLY-OWNED BY EXELON GENERATION
COMPANY, LLC

EXELON ENTERPRISES, LLC AND
AFFILIATES WHOLLY OR ANY OR ALL OF ITS SUBSIDIARIES AND/OR
OR PARTLY-OWNED BY EXELON ENTERPRISES

THIS AGREEMENT, made and entered into this 1st day of January, 2001, by
PECO COMPANY,

and between the following: PECO ENERGY COMPANY ("PECO"), a Pennsylvania Corporation; and Exelon, Generation Company, LLC ("Genco") and any or all of its subsidiaries and/or affiliates wholly or partly-owned by Genco; Exelon Enterprises Company, LLC ("Enterprises"), and any or all of its subsidiaries and/or affiliates wholly or partly-owned by Enterprises (hereinafter collectively the "Affiliates," PECO referred to as "Parties.") and its Affiliates are collectively

WITNESSETH:

WHEREAS, the Parties desire to enter into this Agreement providing for the Performance certain services as more Particularly set forth

herein; and

WHEREAS, to maximize efficiency, and to achieve cost savings, the Parties desire to avail themselves of the benefits of having services provided by the least cost provider thereof whenever possible, and to compensate such provider appropriately for such services;

NOW, THEREFORE, in consideration of these premises and of the mutual agreements set forth herein, the Parties agree as follows:

Section 1..Definitions

Commission -- the Pennsylvania Public Utility Commission.

Providing Company -- one or more Parties to this Agreement that have agreed to provide requested services to another Party in accordance with the terms of this Agreement.

Requesting Company -- one or more Parties to this Agreement that are requesting services to be provided by another Party in accordance with the terms of this Agreement.

Section 2. Agreement to Provide Services

PECO and Affiliates agree to provide, upon the terms and conditions set forth herein, services including but not limited to those services hereinafter referred to and described in Section 3, at such times, for such period and in such manner as Requesting Company may from time to time request and Providing Company concludes it is able and willing to provide. In providing such services, Providing Company may arrange, as it deems appropriate, for the services of such experts, consultants, advisers, and other persons with necessary qualifications as are required for or pertinent to the provision of the requested services.

Section 3. Services to be Provided

A Providing Company shall render services as Requesting Company may request from time to time and Providing Company determines it is able and willing to perform.

Section 4. New Affiliates

New direct or indirect affiliates of PECO, which may come into existence after the effective date of this Mutual Service Agreement, may become parties to this Agreement. The Parties hereto shall make such changes in the scope and character of the services to be provided and the method of assigning, distributing or allocating costs of such services as may become necessary to achieve a fair and equitable assignment, distribution, or allocation of costs among all Requesting Companies, including the new affiliates.

Section 5. Compensation of Providing Company

As compensation for the services to be provided hereunder, a Requesting Company shall generally pay to Providing Company charges for services that are no more than the cost thereof (except as otherwise directed or permitted by an appropriate regulatory authority), insofar as costs can reasonably be identified and related to the particular services in question or otherwise fairly and equitably allocated to such services. To the extent that PECO or its affiliated Electric Generation Supplier (as that term is defined in the Pennsylvania Public Utility Code) are participants in a particular transaction, the Requesting Company shall pay to Providing Company

charges for services that comply with the Commission's decisions, rules and regulations, including the Commission-approved settlement of Docket Nos. R-00973953 and P-00971265 and Appendices G and H thereto. In addition, all transactions conducted hereunder shall be subject to the Public Utility Holding Company Act of 1935, as administered by the Securities and Exchange Commission.

Section 6. Service Requests

The services described herein or contemplated to be provided hereunder shall be directly assigned, distributed or allocated by activity, project, program, work order or other appropriate basis.

Section 7. Payment

Payment shall be by making remittance of the amount billed or by making appropriate accounting entries on the books of the companies involved. Invoices shall be prepared on a monthly basis for services provided hereunder.

Section 8. Effective Date and Termination

This Agreement has been approved by the Commission in Docket No. A-1 I0550F0147 and shall become effective as of the date of execution and shall remain in effect from said date unless terminated by the Commission or by mutual agreement. Any Party may withdraw from

this Agreement by giving at least sixty days written notice to the other Parties prior to withdrawal.

Section 9. Access to Records

For the seven years following a transaction under this Agreement, the Requesting Company may request access to and inspect the accounts and records of the Providing Company, provided that the scope of access and inspection is limited to accounts and records that are related to such transaction.

Section 10. Assignment

This Agreement and the rights hereunder may not be assigned without the mutual written consent of all Parties hereto.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed and attested by their authorized officers as of the day and year first above written.

PECO ENERGY COMPANY

By

Title

ATTEST:

By

Title

EXELON GENERATION COMPANY,LLC AND ANY OR ALL OF ITS
SUBSIDIARIES AND/OR AFFILIATES WHOLLY OR PARTLY-
OWNED BY EXELON GENERATION COMPANY, LLC

By

Title

ATTEST:

By

Title

EXELON ENTERPRISES COMPANY,LLC AND ANY OR ALL OF ITS
SUBSIDIARIES AND/OR AFFILIATES WHOLLY OR PARTLY-
OWNED BY EXELON ENTERPRISES COMPANY, LLC

By

Title

ATTEST:

By

Title

EXELON CORPORATION AND ANY OR ALL OF ITS
SUBSIDIARIES AND/OR AFFILIATES WHOLLY OR PARTLY-
OWNED BY EXELON CORPORATION

By

Title

ATTEST:

By

Title

ATTACHMENT
III- A- 22C

GENERAL SERVICES AGREEMENT

BETWEEN

EXELON BUSINESS SERVICES COMPANY

AND

EXELON CORPORATION; EXELON ENERGY DELIVERY COMPANY, LLC;
COMMONWEALTH EDISON COMPANY; PECO ENERGY COMPANY;
VENTURES COMPANY, LLC; EXELON GENERATION COMPANY, LLC; EXELON
ENTERPRISES COMPANY, LLC; UNICOM INVESTMENT INC.; AND THE
SUBSIDIARIES, AFFILIATES AND ASSOCIATES OF EACH LISTED ENTITY.

THIS AGREEMENT, made and entered into this 1st day of January, 2001, by
and between the following Parties: EXELON BUSINESS SERVICES COMPANY ("Services
Company"), EXELON CORPORATION; EXELON ENERGY DELIVERY COMPANY, LLC;
COMMONWEALTH EDISON COMPANY; PECO ENERGY COMPANY; EXELON
VENTURES COMPANY, LLC; EXELON GENERATION COMPANY, LLC; EXELON
ENTERPRISES COMPANY, LLC; UNICOM INVESTMENT INC.; AND THE
SUBSIDIARIES, AFFILIATES AND ASSOCIATES OF EACH LISTED ENTITY
(collectively, the "Client Companies");

WITNESSETH:

WHEREAS, Client Companies, including EXELON CORPORATION, which is
registered under the terms of the Public Utility Holding Company Act of 1935 (the "Act") and its
other subsidiaries, affiliates and associates do hereby enter into this agreement providing for

performmnce by Services Company for the Client Compardes of certain services as more pa_~icula~ly set forth herein;

~, ~ces C~mpany is organ~d~ staffed and equipped aud has filed wi~h the S~cuddes aud]~,xchange Commission ("th~ SEC") to be a subsidiary scu~iç~, company under Section] 3, of the Act to render to EXELON CORPORATION, and oth~r subsidiaries, a_,-~liates and associates of EXELON CORPORATION, certain services as herein provided; and

WHEREAS, to maximiz~ effiçiemey, and to achieve merger related savings, the Client Companies desire to avail themselves of the advisory, professional, technical and other services of persons ~-mployed or to be retained by Services Company, and to comper~atç Services Company appropriately for such services;

NOW, THEREFOR.E, in cou sideration of these premises and oft.he mutual agreem~.nts set forth]~erein, the Parties agree as follows:

Section I. A~rec~nent to l"&ovide Services

Services Company agr~e.s to provide to Cliem Companies, upon th~ terms and conditions set forth herein, th~ sowices hereinafier referred re and descn'bed i~ Section 2, a~ such times, for such period and in such mauner as Client Companies may l~om time to dine requ~t. Except w~th re.sl~e.ct to "Corporate Governance Services" as defined in Secdon 7 hereof, the Services Company shall perform ovJy those services as are requested by the Client Companies. S~vices Company will k~ep itself and its personnel available a~i comper~z~t to provid~ to Client Companies such services so long as it is authorized to do so by the appropriate federal and sta~e regulatory sgencies. In providing such services, Services Company may arrange, where it deems

appropriate, for the services of such experts, consultants, advisers and other persons with **necessary qualifications as are required for or pertinent to the provision of such services.**

Section 2. Services to be Provided

The services expected to be provided by the Services Company hereunder may, upon request by a Client Company, include the services as set out in Schedule 2, attached hereto and made a part hereof. In addition to those identified in Schedule 2, Services Company shall provide such additional general or special service, whether or not now contemplated, as Client Companies may request from time to time and Services Company determines it is able to provide.

Notwithstanding the foregoing paragraph, no change in the organization of the Services Company, the type and character of the companies to be serviced, the factors for allocating costs to associate companies, or in any broad general categories of services to be rendered subject to Section 13 of the Act, or any rule, regulation or order thereunder, shall be made unless and until the Services Company shall first have given the SEC written notice of the proposed change not less than 60 days prior to the proposed effectiveness of any such change. If, upon the receipt of any such notice, the SEC shall notify the Services Company within the 60-day period that a question exists as to whether the proposed change is consistent with the provisions of Section 13 of the Act, or of any rule, regulation or order thereunder, then the proposed change shall not become effective unless and until the Services Company shall have filed with the SEC an appropriate declaration regarding such proposed change and the SEC shall have permitted such declaration to become effective.

Section 3. Changes in Parties

Now direct or indirect subsidiaries, affiliates and associates of E.X-LON CORPORATION, which may come into existence after the effective date of the Services Agreement, may become additional Client Companies of Services Company and subject to the General Services Agreement. In addition, entities which are, as of the effective date of this General Services Agreement, direct or indirect subsidiaries, affiliates and associates of E.X-LON CORPORATION, may nevertheless leave the company system, in which case they will no longer be subject to the General Services Agreement. The parties hereto shall make such changes in the scope and character of the services to be provided and the method of assigning, distributing or allocating costs of such services as may become necessary to achieve a fair and equitable assignment, distribution, or allocation of Services Company costs among associated companies taking into account both the new subsidiaries and the subsidiaries which have left the holding company system, subject to the provisions of Section 2 above.

Section 4. Compensation of Services Companies

As compensation for the services to be rendered hereunder, Client Companies listed in Attachment A hereto as required from time to time, shall pay to Services Company all costs which reasonably can be identified and related to particular services provided by Services Company for or on Client Company's behalf (except as may otherwise be permitted by the SEC). All other Client Companies and their affiliates and associates (see Attachment B) shall pay to Services Company charges for services that are to be no less than cost (except as may otherwise be permitted by the SEC), insofar as costs can reasonably be identified and related by Services Company to its performance of particular services for or on behalf of Client Company.

The services described herein or contemplated to be provided hereunder shall be directly assigned, distributed or allocated by activity, project, program, work order or other appropriate basis. The factors for assigning or allocating Services Company costs to Client Company, as well as to other associate companies, are set forth in Schedules 1 and 2 attached hereto. Attachments A and B and Schedules 1 and 2 are each expressly incorporated herein and made a part hereof.

Any charges to the Client Companies on account of use of capital shall reflect a reasonable and efficient capital structure.

Section 5. Survivability and Exchange Commission Rules

It is the intent of the Parties that the definition of the costs as used in this Agreement shall be consistent with, and in compliance with, [rules and regulations of the SEC, as they now exist] or he, said may be modified by the Commission

Section 6. Service Review

The parties shall review each service covered by this Agreement on an as needed basis, to assess the quality of the service and to determine the continued need therefor, and shall subject to the provisions of Section 2 above, amend the scope of services, delete services entirely from this Agreement, and/or decline services which are not "Corporate Governance Services," as defined in Section 7 hereof, as they determine to be necessary or desirable.

Section 7, _Corporate _overseas services.

Whether or not required by the Contract Composites, the Services Company may provide to the Contract Composites, the Contract Composites shall pay Services Company for, "Corporate Overseas Services." Corporate government consists of those activities and jobs required

retained to be necessary for the law and effective management of the Services. Corporate Overseas Services may be supplied from activities such as account,

operations in public area, Contractual, human and financial affairs and policy, and various relations. Corporate Overseas Services may include, but are not limited

to, the following: planning and project evaluation; financial and accounting; risk management; and human resources management and acquisition

development and benefits; Intellectual Services in areas of science, PUFCA, labor, labor, labor, labor and labor laws; Intellectual and administrative support to the Board of Directors; recruitment and retention; compliance programs; management services for executive and Federal laws, management and other policy requirements, including labor agreements with the U.S. Congress

employees.

Section 8. Payment

Payment shall be by making remittance of the amount billed or by making

appropriate accounting entries on the books of the companies involved. Invoices shall be prepared on a monthly basis for services provided hereunder.

Section 9. EXELON CORPORATION

Except as authorized by rule, regulation, or order of the SEC, nothing in this Agreement shall be read to permit EXELON CORPORATION, or any person employed by or acting for EXELON CORPORATION, to provide services for other Parties, or any companies associated with said Parties.

Section 10. Client Companies

Except as limited by law or order of SEC, Client Companies, its subsidiaries, affiliates and associates may provide services to the other Parties. Client Companies shall comply.

Section 11. Effective Date and Termination

This Agreement is executed subject to the consent and approval of all applicable regulatory agencies, and if so approved in its entirety, shall be deemed effective from the date that the merger between PECO ENERGY COMPANY and UNICOM CORPORATION was consummated, and shall remain in effect from said date unless terminated by mutual agreement or by any Party giving at least 90 days' written notice to the other Parties prior to the beginning of any calendar year, each Party fully reserving the right to so terminate this Agreement.

This Agreement may also be terminated or modified to the extent that performance may conflict with any rule, regulation or order of the SEC adopted before or after the making of this Agreement. This Agreement shall be terminated with respect to any Client Company immediately upon such Client Company ceasing to be a member of the Exelon holding company system.

The Parties' obligations under this Agreement which by their nature are intended to continue beyond the termination or expiration of this Agreement shall survive such termination or expiration.

Section 2- Access to Records

Records will be maintained in accordance with 17 C.F.R. 257 and in any event not less than seven years following a transfer, under this Agreement. The Client Company may request access to and inspect the accounts and records of the Services Company, provided that the scope of access and inspection is limited to accounts and records that are related to such transaction.

Section 1.3. Assignment

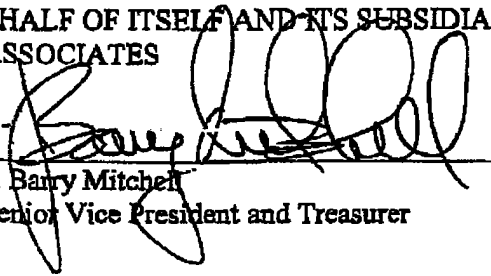
This Agreement and the rights hereunder may not be assigned without the mutual written consent of all Parties hereto.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed and attested by their authorized officers as of the day and year first above written.

EXELON BUSINESS SERVICES COMPANY

Rur.h Ann M. Gillis
Tir~ : President

**EXELON CORPORATION,
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES, AFFILIATES
AND ASSOCIATES**

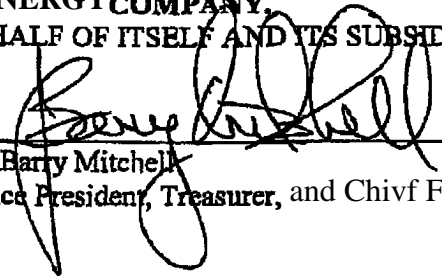
By 
J. Barry Mitchell
Title: Senior Vice President and Treasurer

EXELON ENERGY DELI~EI~/~

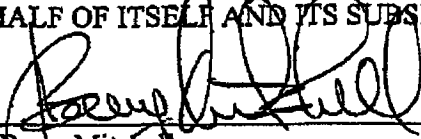
By _/_ ~
Title: V~President~roasurr

CO ONWXALTH

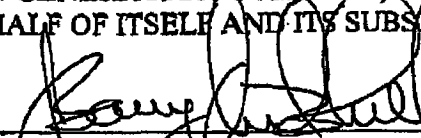
**PECO ENERGY COMPANY,
ON IEHALF OF ITSELF AND ITS SUBSIE**

By 
J. Barry Mitchell
Tifl.: Vice President, Treasurer, and Chivf Financial Officer

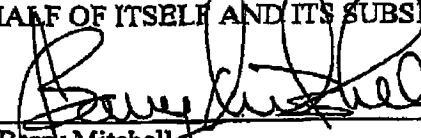
**EXELON VENTURES COMPANY LLC,
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES**

By 
J. Barry Mitchell
Title: Vice President, Treasurer, and Chief Financial Officer

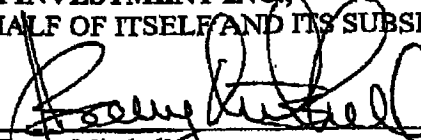
**EXELON GENERATION COMPANY, LLC,
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES**

By 
J. Barry Mitchell
Title: Vice President, Treasurer, and Chief Financial Officer

**EXELON ENTERPRISES COMPANY, LLC,
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES**

By 
J. Barry Mitchell
Title: Vice President and Treasurer

**UNICOM INVESTMENT INC.,
ON BEHALF OF ITSELF AND ITS SUBSIDIARIES**

By 
J. Barry Mitchell
Title: Chairman, President and Chief Executive Officer,
Director, Vice President and Treasurer

Attachm©nt A

Commonwealth Edison Company

Commonwealth Edison of Indiana, **Inc,**

PECO Energy Company

Exelon Generation Company, LLC

Any subsidiary involved in directly providing goods,
construction or services to the foregoing companies

..

..

Attachment B

All other Client Compa2~.cs and their a~filJatcs and associates not referred to in Attachment A.

Service Agreement Schedule I

Allocation Ratios:

General:

Direct charges shall be made so far as costs can be identified and allocated to the particular transactions involved without excessive effort or expense, Other elements of cost, including taxes, interest, other overhead, and compensation for the use of capital procured by the issuance of capital stock, shall be fairly and equitably allocated using ratios set forth below.

Revenue Related Ratios:

Revenues
Sales - Units sold and/or unsupported
Number of Customers

Expenditure Related Ratios:

Total Expenditures
Operations and Maintenance Expenditures
Capital Expenditures
Service Company Billings
Service Company SLA Billings (Non-governance)

Labor/Payroll Related Ratios:

Labor / Payroll
Number of Employees

Units Related Ratios:

Usage (for example: CPU's, square feet, number of vendor invoice payments)
Consumption (for example: tons of coal, gallons of oil, MMBTU's)
Capacity (for example: nameplate generating capacity, peak load, gas flow)
Other miscellaneous related

Assets Related Ratios:

Total Assets
Current Assets
Gross Plant

Composite Ratios:

Total Average Assets and 12 months Adjusted Gross Payroll
Modified Massachusetts Formula
Other composite ratios

Service Agreement Schedule 2

Services Including But Not Limited To:

General:

Direct charges shall be made so far as costs can be identified and related to the particular transactions involved without excessive effort or expense. Other elements of cost including taxes, interest, other overhead, and compensation for the use of capital procured by the issuance of capital stock, shall be fairly and equitably allocated using the ratios set forth in Schedule 1.

Administrative & management services including but not limited to: ,,,

- accounting
 - bookkeeping
 - billing
 - accounts receivable
 - accounts payable
 - audited reporting
- audit
- claims
- communications
- customer operations
- customer services
- executive

- insurance
- information systems services
- investment advisory services
- legal**
- library

- secretarial & other general office support
- real estate management
- security holder services
- tax

- other administration & management services

Expected allocation ratios: Revenue Related, Expenditure Related, Labor/Payroll Related, Units Related, Assets Related, Composite

Personnel services including but not limited to:

- recruiting
- training & valuation services
- payroll processing
- employee benefits administration & processing
- labor negotiations & management
- other personnel services

Expected allocation ratios: Labor/Payroll Related, Units Related, Composite

Purchasing services including but not limited to:

- preparation & analysis of product specifications
- requests for proposals & similar solicitations
- vendor & vendor-product evaluations
- purchase order processing
- receipt, handling, warehousing and disbursement of purchased materials & administration
- inventory management & disbursement
- other purchasing services

Expected allocation ratios: Expenditure Related, Labor/Payroll Related, Units Related, Assets Related, Composite

Facilities management services including but not limited to:

- office space
- warehouse & storage space
- transportation facilities (including dock & port facilities)
- mailing & production
- fixers, office &

Expected allocation ratios: Expenditure Related, Labor/Payroll Related, Units Related, Composites

Computer services including but not limited to:

- computer equipment & network
- peripheral devices
- storage media
- software

Expected allocation ratios: Expenditure Related, Labor/Payroll Related, Units Related, Assets Related, Composite

Communications services including but not limited to:

- communications equipment
- audio & video equipment
- radio equipment
- telecommunication equipment & networks
- transmission & switching capability

Expected allocation ratios: Expenditure Related, Labor/Payroll Related, Units Related, Assets Related, Composite

Machinery management services including but not limited to:

- equipment
- tools
- parts & supplies

Expected allocation ratios: Expenditure Related, Labor/Payroll Related, Units Related, Composite

Vehicle management services including but not limited to:

- automobiles
- trucks
- aircraft
- marine vessels
- aircraft

Expected allocation ratios: Expenditure Related, Labor/Payroll Related, Units Related, Composite

Operational services including but not limited to:

- drafting & technical specification, development & evaluation
- consulting
- engineering
- environmental
- safety
- nuclear
- construction

design
resource planning
economic & strategic analysis
research
testing
training
customer solicitation
support & other marketing related services
public & governmental relations
other operational services

Expected allocation ratios: Rcv~ntm Relazed, Expenditure Related, Labor/Payroll Rela~sd,
Units R~latcd, Assets Related, Composite

Exhibit

Service Level Arrangement

**Arrangement between
Company]**

Services Department and [Client

Purpose

Governing Agreement

Term of Service

Scope of Services

Service Responsibility Matrix

Services, Tasks

Service Costing Schedule

Monthly Billing Table:

Service/Transaction	Estimated Monthly Billing

Performance Metrics & Performance Reporting

.....

Manager Service Company

**Name (Client)
Title**

Signature.

Date

Signature

Date

Exhibit C

Project Charter

Mission:

Objective,

Business Need / Expected Benefits

Project Approach

Measures of Success / Effectiveness

Project Team

- Sponsor-
- Responsible Director-
- Project Manager-
- Project Team -

High Level Schedule ,
Major Deliverable

start

End Date

High Level Cost Estimate,
item

Cost, ,,

Major Risks and Issues

Assumptions and Constraints

(Prp,le~ Charter ~uthorizimz Si~n_ & ^{zres} <u>Na~e / Title</u>	S gnatnre	_____ _____ Date
---	--	-----------	----------------------------

(

1

**ATTACHMENT
III- A- 22D**

2008 Services Provided by Exelon Business Services Company

Functional Area	I	Service Description
Corporate Services		
Executives		Office of the Chairman of the Board, President, and CEO; Office of EVP Exelon of Finance and Markets; Office of EVP Exelon, President of Exelon BSC; Office of EVP Exelon, Chief Administrative Officer and Chief Legal Officer; and corporate aircraft.
Security		Corporate security functions, which reports to the Human Resources (HR) organization.
Finance		Office of the SVP Exelon and CFO, Finance, Treasury (cash management services, facility and commitment fees, letter of credit fees, investments management, and bank service fees), Controller, Tax (consolidated federal and state returns), Financial Planning and Analysis, Risk Management, Investor Relations, External Reporting functions and Corporate Development.
Communications		Exelon Corporation advertising/brand management, donations/contributions, sponsorships and annual report creation; shareholder/investor external communications; other communication services; client company advertising, donations/contributions, corporate relations, and corporate and external communications; and internal communications.
Governmental Affairs, Environmental, Health and Safety, and Public Policy		Executive oversight; management services for compliance with federal laws, regulations, and other policy requirements, including relationship management with Congress, federal/state administration, and regulators; strategy development and advocacy related to federal legislative and regulatory initiatives; wholesale market development activities; political action committee (PAC) administration and operation; grassroots activities; and federal public affairs activities. In addition includes development of Environmental, Health and Safety (EH&S) strategy and policy; reporting on and andidng of enterprise environmental compliance activities; provision of advocacy for regulatory and legislative environmental issues; monitoring performance of corporate compliance with EH&S policies and programs; developing recommendations for improving environmental risk management.
Legal Governance		EVP Exelon and General Counsel; Public Utility Holding Company Act (PUHCA) 2005/Federal Energy Regulatory Commission (FERC) governance; Corporate Strategy; Corporate Governance including Corporate Secretary, Board of Directors' (BOD) and shareholder meeting; Internal Audit.
Human Resources		a) Corporate governance activities, including executive oversight, executive compensation plan costs, leadership development for executives, executive benefit program costs, executive recruitment; (b) Labor relations, including development and management of labor relations strategy in support of business units with represented employees; and (c) other HR, including support functions such as diversity, planning and development, employee health and benefits, compensation planning, management and employee development, HR field units, and employee service center.
Other Non-Functional Area Charges		Depreciation, taxes, severance, and interest.

Functional Area	I	Sub-Area	I	Service Description
Transactional Services				
Information Technology		GENCO Solutions, Energy Delivery Solutions, Projects & Enterprise Solutions		Provides application support to the business units and centrally manages enterprise-wide applications and business-unit-specific projects.
		Infrastructure and Operations		Manages the enterprise IT infrastructure, provides infrastructure services, and ensures a safe and stable operating environment.
		IT Governance		Comprises an IT Program Management Office and Business Office that is focused on establishing standard processes, procedures, and methods; Enterprise Architecture and Planning that is responsible for comprehensive enterprise strategic planning and architecture standards and assurance; and Information Assurance (IT security) that is focused on policies and procedures as well as detection and assessment of intrusion incidents in the operating environment.
Exelon Supply		Strategic Sourcing		Manages the sourcing of categories across Exelon, drives total cost of ownership, and manages supplier relationships.
		Supply Operations		Provides tactical support to business unit operations, including logistics and warehousing.
		Supply Support		Comprises e-business functions, supply projects, and diversity initiatives, as well as policies, programs, systems, and decision support systems.
Commercial Operations Group		Payroll		Manages payroll processing.
		Accounts Payable		Processes invoices, manages A/P, and administers the purchasing-card (P-Card) program.
		Mail Services		BSC Mail Services provides mainframe print, microfiche, mail sort and delivery.
		Worker's Compensation Administration		Provides administration and management of Exelon's self-insured worker's compensation program.
		BSC Business Operations		Responsible for benchmarking, SEA's, strategic and business planning, conducting client surveys.
		Operational Support		Supports the other Exelon BSC COG departments with process improvements and project management capabilities.
		Exelon BSC Media Productions		Provides photography, videography, and video production services.
		Chauffeur Services		Provides professional transportation service for Exelon's management committee members and Directors.
Real Estate				Real estate governance, property tax, management and occupancy services.

Functional Area	Sub-Area	Service Description
Legal Services	Corporate & Commercial	Provides support for commercial contract negotiations, acquisitions, intellectual property, strategy, securities, financial reporting, real estate, nuclear-related issues, bankruptcy, credit and collections, environmental, general corporate, and other transactional matters.
	Labor & Employment	Represents Exelon in a wide range of employment-related matters before agencies, arbitrators, and state and federal courts; provides advice and counsel on all labor- and employment-related matters.
	Litigation	Provides legal support for all forms of disputes, including breach of contract, commercial disputes, personal injury, and property damage.
	Regulatory	Represents Exelon before various regulatory agencies, such as Illinois Commerce Commission, Pennsylvania Public Utility Commission, and Federal Energy Regulatory Commission.
	Client Services	Composed of the Legal Department's business functions, including financial management, client billing, business planning and analysis, human resources, systems management, and general administration.
Operational Governance and Quality Assurance		Owners of the Management Model Program, Quality Assurance Program, Peer Group Program, Process Improvement services, Oversight of Common Benchmarking program, Coordination of shared Performance Reviews and Coordination of Delivery Oversight Committee Reporting.
Transmission Operations & Planning		Executive management/oversight transmission system capacity expansion, planning, and strategy activities; transmission system operations and outage planning, external interfaces with regional transmission organizations and reliability councils, and management of interconnection processes.

2007 Services Provided by Exelon Business Services Company

Functional Area	Service Description
Corporate Services	
Executives	Office of the Chairman of the Board, President, and CEO; Office of Executive Vice President Exelon and President Exelon Energy Delivery and Exelon Generation Company; Office of EVP Exelon, Chief Administrative Officer and Chief Legal Officer; Office of SVP Exelon and President of Exelon BSC, and corporate aircraft.
Security,	Corporate security functions, which reports to the Human Resources (HR) organization.
Finance	Office of the CFO, Finance, Treasury (cash management services, facility and commitment fees, letter of credit fees, investments management, and bank service fees), Controller, Tax (consolidated federal and state returns), Financial Planning and Analysis, Risk Management, Internal Audit, Investor Relations, External Reporting functions and Corporate Development.
Communications	Exelon Corporation advertising/brand management, donations/contributions, sponsorships and annual report creation; shareholder/investor external communications; other communication services; client company advertising, donations/contributions, corporate relations, and corporate and external communications; and internal communications.
Governmental Affairs, Environmental, Health and Safety, and Public Policy	Executive oversight; management services for compliance with federal laws, regulations, and other policy requirements, including relationship management with Congress, federal/state administration, and regulators; strategy development and advocacy related to federal legislative and regulatory initiatives; wholesale market development activities; political action committee (PAC) administration and operation; grassroots activities; and federal public affairs activities. In addition includes development of Environmental, Health and Safety (EH&S) strategy and policy; reporting on and auditing of enterprise environmental compliance activities; provision of advocacy for regulatory and legislative environmental issues; monitoring performance of corporate compliance with EH&S policies and programs; developing recommendations for improving environmental risk management.
Legal Governance	SVP Exelon and General Counsel; Public Utility Holding Company Act (PUHCA) 2005/Federal Energy Regulatory Commission (FERC) governance; Corporate Strategy; Corporate Governance including Corporate Secretary, Board of Directors' (BOD) and shareholder meeting.
Human Resources	a) Corporate governance activities, including executive oversight, executive compensation plan costs, leadership development for executives, executive benefit program costs, executive recruitment; (b) Labor relations, including development and management of labor relations strategy in support of business units with represented employees; and (c) other HR, including support functions such as diversity, planning and development, employee health and benefits, compensation planning, management and employee development, and HR field units.
Other Non-Functional Area Charges	Depreciation, taxes, severance, and interest.

Functional Area	Sub-Area	Service Description
Transactional Services		
Information Technology (IT)	GENCO Solutions, Energy Delivery Solutions, Projects & Enterprise Solutions	Provides application support to the business units and centrally manages enterprise-wide applications and business-unit-specific projects.
	Infrastructure and Operations	Manages the enterprise IT infrastructure, provides infrastructure services, and ensures a safe and stable operating environment.
	IT Governance	Comprises an IT Program Management Office and Business Office that is focused on establishing standard processes, procedures, and methods; Enterprise Architecture and Harming that is responsible for comprehensive enterprise strategic planning and architecture standards and assurance; and Information Assurance (IT security) that is focused on policies and procedures as well as detection and assessment of intrusion incidents in the operating environment.
Exelon Supply	Strategic Sourcing	Manages the sourcing of categories across Exelon, drives total cost of ownership, and manages supplier relationships.
	Supply Operations	Provides tactical support to business unit operations, including logistics and warehousing.
	Supply Support	Comprises e-business functions, supply projects, and diversity initiatives, as well as policies, programs, systems, and decision support systems.
Commercial Operations Group	Payroll	Manages payroll processing, payroll accounting, and benefit plan accounting.
	Accounts Payable	Processes invoices, manages A/P accounting, and administers the purchasing-card (P-Card) program.
	Mail Services	BSC Mail Services provides mainframe print, microfiche, mail sort and delivery.
	Worker's Compensation Administration	Provides administration and management of Exelon's self-insured worker's compensation program.
	BSC Business Operations	Responsible for benchmarking, SLA's, strategic and business planning, conducting client surveys.
	Operational Support	Supports the other Exelon BSC COG departments with process improvements and project management capabilities.
	Exelon BSC Media Productions	Provides photography, videography, and video production services.
	Chauffeur Services	Provides professional transportation service for Exelon's management committee members and Directors.
Real Estate		Real estate governance, property tax, management and occupancy services.

Functional Area	Sub-Area	Service Description	...
Legal Services	Corporate & Commercial	Provides support for commercial contract negotiations, acquisitions, intellectual property, strategy, securities, financial reporting, real estate, nuclear-related issues, bankruptcy, credit and collections, environmental, general corporate, and other transactional matters.	
	Labor & Employment	Represents Exelon in a wide range of employment-related matters before agencies, arbitrators, and state and federal courts; provides advice and counsel on all labor- and employment-related matters.	
	Litigation	Provides legal support for all forms of disputes, including breach of contract, commercial disputes, personal injury, and property damage.	
	Regulatory	Represents Exelon before various regulatory agencies, such as Illinois Commerce Commission, Pennsylvania Public Utility Commission, and Federal Energy Regulatory Commission.	
	Client Services	Composed of the Legal Department's business functions, including financial management, client billing, business planning and analysis, human resources, systems management, and general administration.	

2007 Services Provided by EDSS Organization of EBSC

Functional Area	Sub-Area	Service Description
Energy Delivery Shared Services		
EED Services and Support	Operations (Operations and Technical Services groups were merged in 2006 and renamed EED Services and Support.)	Responsible for the planning and engineering of delivery systems, including establishing standards, procedures, and processes across ComEd and PECO; such tasks include: <ul style="list-style-type: none"> Determining asset performance and investment strategy, establishing standards and specifications, capacity planning, engineering and design, system support, project budgeting, performance measurements and reporting, project and contract management, and vegetation management Executive oversight and management, quality assurance and performance improvement functions that are related to the construction, maintenance, and operation of the ComEd and PECO transmission and distribution delivery systems
	Environmental, safety, and industrial hygiene	Executive management and administration and performance measurement of environmental, safety, and industrial hygiene.
	Training	Executive management and administration and performance measurement of training.
	Fleet	Executive management and administration and performance measurement of fleet.
Customer Services		Executive management and support services responsible for meter reading, customer billing, payment processing, call center administration.

Functional Area	Sub-Area	Service Description
Transmission Operations & Planning		Executive <i>management/oversight</i> transmission system capacity expansion, planning, and strategy activities; transmission system operations and outage planning, external interfaces with regional transmission organizations and reliability councils, and management of interconnection processes.
Finance and Controller		Executive management/oversight of financial planning and analysis, load forecasting, accounting, and tax.
General Company Activities		Any general company expenditures that are not included in the scope above, which includes, but is not limited to, severance costs and depreciation that are incurred by the EDSS organization.
Executive Services		Office of President of Exelon Energy Delivery and EED Property Management.

2007 & 2008 Services Provided by Commonwealth Edison and Exelon Generation

Affiliate	Service	Service Description
Commonwealth Edison	Call Center	To receive outage calls from customers, input customer information into CIMS, Issue outage orders and provide outage information to the customer.
Exelon Generation (Power Labs)	Calibration Testing	Provide calibration and repair services for all portable M&TE instruments and providing failure analysis.

eo **III - A - 23** Describe costs relative to leasing equipment, computer rentals, and office space, including terms and conditions of the lease. State method for calculating monthly or annual payments.

A. III - A - 23 Refer to Attachment III - A - 23.

ATTACHMENT
III- A- 23

PECO Energy Company

Lem Costs -G=s
(In dollars)

Vehicles

Vendor	Average Monthly Rate	Length of Lease	Lease commencement date
BLC	\$ 26,203 A	Various (terms range from less than 1 year - 10 years)	Various
Various (Executive car leases)	\$ 2,251 A	Various (terms are approximately 3 years)	Various

Equipment

Vendor	Average Monthly Rate	Length of Lease	Lease commencement date
Celinet	\$ 283,836 A	15+ years	B 10/12/1999

rat-s am known), consistent wtt- infom-lon ~ for ~ 10-K lease disclosures.

B- PECO has the ri-3-t t~ 'am'nina~ this agreement at the end of the ln-al 15-year tem- beginning ~ 1-1-1~, ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ t-\$
beginnir- i-n 10/14/2014. by provi- 12 months ofnotice.

Q. III-A- 24 Submit detailed calculations (or best estimates) of the cost resulting from major storm damage.

A, III- A-24 Major storm damage to the gas business typically occurs when services are shut-off due to flooding. When floodwater recedes, services are turned-on, on a customer-by-customer basis. There were no storm damage events in 2007 of this kind or any other type that would be classified as a major storm in 2007. No major storm damage has been budgeted for 2008.

- Q. III-A- 25 Submit details of expenditures for advertising (National, Institutional, and Local Media). Provide a schedule of advertising expense by major media categories for the test year and the prior two comparable years with respect to:
- a) Public health & safety
 - b) Conservation of energy
 - c) Explanation of billing practices, rates, etc
 - d) Provision of factual and objective data programs in educational institutions.
 - e) Other advertising programs
 - f) Total Advertising expense

A. III -A-25 Refer to the table below.

		PECO Energy Company		
		<u>Advertising Expenses</u>		
		<i>(Thousands of Dollars)</i>		
Line No.	Description/Purpose	2006	2007	2008(Budget)
1	Public health and safety	\$ 158	\$ 15 \$ 247	
2	Conservation of energy	110	264	116
3	Explanation of billing practices, rates, etc.			
4	Provision of factual and objective data programs in educational institutions			
5	Other advertising expenses	423	405	295
	TOTAL \$	<u>691</u>	\$ <u>687</u>	<u>\$ 658</u>
	Media Category			
6	Television & Radio	\$ 188	\$ 168	\$ 297
7	Printed Media	68	54	113
8	Radio, Outdoor & Online	36	2	19
9	Radio, Printed Media, Online	98	157	
10	Public Venue Ads and Sponsorships	228	210	217
11	Other	73	96	12
	TOTAL \$	<u>691</u>	\$ <u>687</u>	<u>\$ 658</u>

- Q. III-A- 26 Provide a list of reports, data, or statements requested by and submitted to the Commission during and subsequent to the test year.
- A. III-A-26 Refer to the following list of reports, data and statements submitted in 2007 and 2008 to date:
- Monthly
Monthly Flexible Gas Rates Filing
Monthly Customer Assistance Program (CAP) Report
Monthly Agreements Report
- Quarterly
Quarterly Earnings Report
Quarterly PGC Gas Fuel Report
Quarterly Purchased Gas Cost Rate (PGC) Rate Adjustment
- Annually
Annual Preliminary Purchased Gas Cost (PGC) Rate Data
Annual Purchased Gas Costs
Annual Depreciation Report
Annual Sample Bill Calculation (bill insert)
Annual Collections Report
Annual Universal Service Programs/"CARES" Report
Annual STAS Reference
Annual Gas Planning Report
Annual Assessment Report for Gas
Annual Report Department of Transportation
Annual Rate Comparison Report
Low Income Usage Reduction Program (LIURP) Annual Report
Annual Preliminary Universal Service Fund Charge
Annual Final Universal Service Fund Charge
Annual Financial Reports (FERC) to PUC
Annual Manufactured Gas Plant (MGP) Report
Annual Report On Employment and Staffing Levels at 2301 Market Street
- Management Audit**
PUC Management Audit Final Report (8/30/07)

Every Five Years

Depreciation Study (most recent - 8/31/05)

Every Six Years

Universal Service Programs (USPs) Impact Evaluation (most recent - 10/31/06)

General

Supplements to Tariff Gas PA P.U.C. No. 2 which were filed during and subsequent to the historic test year are as follows:

Supplement No. 64, issued December 21, 2006, effective January 1, 2007, filed to reflect the annual recomputation of the State Tax Adjustment Surcharge.

Supplement No. 65, issued February 28, 2007, effective March 1, 2007, filed to reflect the first quarter recomputation of the Company's Purchased Gas Cost in accordance with Title 66 Pa. C.S. 1307(f).

Supplement No. 66, issued May 31, 2007, proposed to become effective December 1, 2007, filed to reflect the annual recomputation of the Company's Purchased Gas Cost in **accordance with Title 66 Pa. C.S. 1307(f).**

Supplement No. 67, issued September 7, 2007, effective December 1, 2007, filed to implement the USFC and correction to date to reflect 1307 statutory requirement.

Supplement No. 68, issued November 28, 2007, effective December 1, 2007, the annual recomputation of the Company's Purchased Gas Cost in accordance with Title 66 Pa. C.S. 1307(f).

Supplement No. 69, issued December 21, 2007, effective January 1, 2008, filed to reflect the annual recomputation of the State Tax Adjustment Surcharge.

Supplement No. 70, issued February 28, 2008, effective March 1, 2008, filed to reflect the first quarter recomputation of the Company's Purchased Gas Cost in accordance with Title 66 Pa. C.S. 1307(f).

Q. III - A - 27 Prepare a detailed schedule for the test year showing types of social and service organizations memberships paid for by the Company and the cost thereof.

A. III - A - 27 Refer to Attachment III-A-27.

ATTACHMENT
III- A- 27

PECO ENERGY COMPANY
SOCIAL AND SERVICE ORGANIZATIONS
PRESENTATION BASIS - GAS ONLY

<u>Association</u>	J J	FY 200.~7	
Arts & Business Council of Philadelphia		9,418	
Philadelphia Museum of Art		1,163	
Delaware Valley Grantmakers		1,163	
Chester County Community Fund		835	
Chester County Historical Society		775	
The Academy of Natural Sciences		775	
Urban Land Institute		465	
Committee of Seventy		418	
MELMARK		388	
Mann Center		334	
Other Memberships paid on behalf of employees		246	
<u>TOTAL</u>	<u>\$</u>	<u>15,980</u>	

eo **III - A - 28** Submit a schedule showing, by major components, the expenditures associated with Outside Services Employed, Regulatory Commission Expenses, and Miscellaneous General Expenses, for the test year and prior two comparable years.

A. III - A - 28 Refer to Attachment III-A-28.

ATTACHMENT
III- A- 28

PECO Energy Company

Regulatory Commission Expenses and Miscellaneous General Expenses

Years Ended December 31,
(Thousands of Dollars)

Line No.	Expense	2006	2007	2008
Account 928 - Re-ulator- Commission Expenses				
1	Pennsylvania Public Utility Commission General Assessment	\$1,868	\$1,947	\$2,273
2	Pennsylvania Consumer Advocate General Assessment	182	210	245
3	Pennsylvania Small Business Advocate Assessment	35	40	47
4	Pennsylvania Public Utility Commission Management Audit	104	34	
5	Other			30
6	Total Account 928	\$2,189	\$2,231	\$2,595
Account 930.2 - Miscellaneous General Expenses				
7	Association Dues	\$416	\$394	\$400
8	Research and Development Expenses	258	289	290
9	Bank Fees	164	154	203
10	Environmental Remediation Expenses	(4)	(10)	
11	Other Expenses	17	126	100
12	Total Account 930.2	\$827	\$953	\$993

Account 923 - Outside Services Employed

13 See response to A-III.A.31 for detailed analysis of Outside Services Employed

- Q. III -A- 29 Submit details of information covering research and development expenditures, including major projects within the company and forecasted company programs.
- A. III-A-29 Refer to Attachment III-A-29 and PECO Statement No. 1, the Direct Testimony of Mark F. Alden.

PECO Energy Company
Research and Development Expenditures
Years Ended December 31,
(Thousands of Dollars)

Line No.	Expense	(Budget)		
		2006	2007	2008
	Research and Development Expenditures			
1	Participated/Funded NYSEARCH's numerous Research and Development (R&D) projects	\$167	\$166	\$160
2	Participated/Funded Gas Technology Institute's numerous R&D projects	50	120	115
3	Jana Laboratories Inc. - Plastic Pipe Testing	8	0	0
4	R&D Expenses for using Gas New Technology (I.e. Underground Utility Verification, Concept Engineering etc)	33	<u>3 15</u>	
5	Total Research and Development Expenditures	\$258	\$289	. \$290

- eo **III - A - 30** Provide a detailed schedule of all charitable and civic contributions by recipient and amount for the test year.

- III - A o 30** Charitable and civic contributions have been eliminated from the Company's test year claim. Refer to Exhibit RLO-1, Schedule D-12.

Q. III-A-31 Provide a detailed analysis of Special Services--Account 795.

A. III-A -31 Details for the applicable gas account, Account 923 - Outside Service Employed, for 2007 are as follows:

2007

	<u>Amount</u>
Intercompany Charges	\$ 13,299,694 (1) (2)
Other Charges	1,221,908
Total Account 923	<u>\$ 14,521,602</u>

Notes:

- (1) Exelon Business Service Company, LLC (BSC) and Energy Delivery Shared Services (EDSS) provide a variety of corporate support services to PECO Energy Company (PECO). These services include legal, human resources, financial, information technology, supply management services, planning and engineering of delivery systems, management of construction, maintenance and operations of the transmission and delivery systems, general administration and overall utility administration etc.
- (2) Excludes BSC pass-through charges of \$407,022 that were paid by BSC on behalf of PECO. Such charges are included in "Other Charges".

eo **III - A - 32** Provide a detailed analysis of Miscellaneous General Expense Account No. 801.

Ac **III - A - 32** Details for the applicable gas account, Account 930.2 - Miscellaneous General Expenses, for 2007 are as follows:

2007

	Amount
Association Dues	\$ 393,803
Research and Development Expenses	288,774
Bank Fees	153,943
Environmental Remediation Expenses	(10,058)
Miscellaneous Expenses	<u>126,605</u>
Total Account 930.2	

Q. III-A-33 Provide a labor productivity schedule.

A. III-A-33 The following data is based on year-end employee counts. Hours paid includes productive time and absent time, e.g., sick, vacation, jury duty, etc. Hours worked only include productive time.

	2007	2008
Mcf Throughput - Total	89,975,745	88,977,537
Number of Employees - Total Gas	520	538
Number of Employees - Distribution	377	379
Number of Hours Paid - Total Gas	1,167,881	1,206,940
Number of Hours Worked - Total Gas	960,142	992,253
Number of Hours Paid - Distribution	857,091	859,183
Number of Hours Worked - Distribution	706,737	708,463
Miles of Main	6,657	6,730
Number of Customers	481,419	488,052
Mcf Throughput - Total per		
Employee - Total Gas	173,030	165,386
Employee - Distribution	238,662	234,769
Per Hour Paid - Total Gas	77	74
Per Hour Paid - Distribution	105	104
Per Hour Worked - Total Gas	94	90
Per Hour Worked - Distribution	127	126
Miles of Main per Employee - Total gas	12.8	12.5
Miles of Main per Employee - Distribution	17.7	17.8
Customers per Employee - Total Gas	926	907
Customers per Employee - Distribution	1,277	1,288

Q. III- A- 34 List and explain all non-recurring abnormal or extraordinary expenses incurred in the test year which will not be present in future years.

A. III- A- 34 PECO Energy does not have non-recurring abnormal or extraordinary expenses included in the budget for 2008 or future years.

- eo **III - A - 35** List and explain all expenses included in the test year which do not occur yearly but are of a nature that they do occur over an extended period of years. (e.g.mNon-yearly maintenance programs, etc.) [Responses shall be submitted and identified as exhibits.]

- Ao **III - A - 35** Future test year expenses for gas do not include any non-yearly maintenance program costs.

- Q. III-A-36** Using the adjusted year's expenses under present rates as a base, give detail necessary for clarification of all expense adjustments. Give clarifying detail for any such adjustments that occur due to changes in accounting procedure, such as charging a particular expense to a different account than was used previously. Explain any extraordinary declines in expense due to such change of account use.
- A. III-A-36** Refer to PECO Statement No. 3, the Direct Testimony of Robert L. O'Brien, Exhibit RLO-1, Section D Schedules, and Exhibit RLO-2, Section D Schedules.

eo **III - A - 37** Indicate the expenses that are recorded in the test year, which are due to the placement in operating service of major plant additions or the removal of major plant from operating service, and estimate the expense that will be incurred on a full-year's operation.

III - A - 37 Refer to Exhibit RLO-2, Schedule C-2, for the plant additions and Schedule D-19, for the related depreciation expense.

The Company does not have any major plant additions in its normal construction expenditures included for the test year.



Office

III - A - 38

5077 144 1 8
33-200

Peco Energy Company

2008 Gas Rate Case

*Docket No. 2008-2028394
Attachment 111-A-38*

21871002588382

eo **III - A - 38** Submit a statement of past and anticipated changes, since the previous rate case, in major accounting procedures.

Ao **III - A - 38** Refer to Attachment III-A-38, which is provided on pdf files, included on the enclosed diskette, due to the volume of data being supplied.

As PECO Energy Gas Division has not filed a base rate case since 1987, the requested information on significant accounting policies is found in Footnote 1 - Significant Accounting Policies in the FERC Form 1 and Form 10-K for 1988 through 2007. As the information in those two reports for each year are identical, only the relevant pages from the FERC Form 1 are attached.

Q. III-A- 39 Identify the specific witness for all statements and schedules of revenues, expenses, taxes, property, valuation, etc.

A. III- A- 39 Refer to PECO Statement No. 1, the Direct Testimony of Mark F. Alden, for a summary of responsible witnesses.

III - A - 40 Adjustments which are estimated shall be fully supported by basic information reasonably necessary.

As **III - A - 40** Refer to PECO Statement No. 3, the Direct Testimony of Robert L. O'Brien, and Exhibit RLO-I.

eo **III - A - 41** Submit a statement explaining the derivation of the amounts used for projecting future test year level of operations and submit appropriate schedules supporting the projected test year level of operations.

III - A - 41 Refer to PECO Statement No. 2, the Direct Testimony of Phillip S. Barnett, and to PECO Statement No. 3, the Direct Testimony of Robert L. O'Brien.

- Q. III-A- 42 If a company has separate operating divisions, an income statement must be shown for each division, plus an income statement for company as a whole.
- A. III - A - 42 Refer to Attachment III-A-42.

ATTACHMENT
III - A - 42

PECO Energy Company
Statement of Income
Gas and Electric Utility Operating Divisions
Year Ended December 31, 2007
(Thousands of Dollars)

Line No.	Description	Gas Utility	Electric Utility	Total Company
	Operating Revenues	\$ 838,818	\$ 4,768,183	\$ 5,607,001
	Operating expenses			
2	Operation Expenses	703,457	2,732,984	3,436,441
3	Maintenance Expenses	21,249	143,882	165,131
4	Depreciation Expenses	29,049	108,454	137,503
5	Depreciation Expenses for Asset Retirement Costs	16	11	27
6	Amortization of Utility Plant	2,706	9,060	11,766
7	Regulatory Debits		625,683	625,683
8	Regulatory Credits	(1,430)		(1,430)
9	Taxes Other Than Income Taxes	5,719	273,987	279,706
10	Income Taxes - Federal	15,763	381,529	397,292
11	Income Taxes - Other	5,039	121,046	126,085
12	Provision for Deleted Income Taxes	14,491	36,305	50,796
13	Provision for Deferred Income Taxes - Credit	(13,467)	(300,949)	(314,416)
14	Investment Tax Credit Adj. - Net	(567)	(1,637)	(2,204)
15	Other Charges - Accretion Expense	222	113	335
16	Total Utility Operating Expenses	782,247	4,130,468	4,912,715
17	Net Utility Operating Income	\$ 56,571	\$ 637,715	694,286
	Other Income & Deductions			
	Other Income			
18	Revenue from Non-Utility Operations			9,291
19	Expense of Non-Utility Operations			(10,104)
20	Non Operating Rental Income			519
21	Equity in Earnings of Subsidiary Companies			(230,781)
22	Interest & Dividend Income			42,002
23	Allowance for Other Funds Used During Construction			(3)
24	Miscellaneous Non Operating Income			980
25	Gain on Disposition of Property			1,913
26	Total Other Income			118,618
	Other Income Deductions			
27	Loss on Disposition of Property			160
28	Donations			6,320
29	Life Insurance			(2,119)
30	Penalties			(2,424)
31	Exp. For Certain Civic, Political & Related Activities			740
32	Other Deductions			2,096
33	Total Other Income Deductions			4,773
	Taxes Applicable to Other Income & Deductions			
34	Taxes Other Than Income Taxes, Other Income & Ded.			55
35	Income Taxes, Other Income & Ded. - Federal			(199,549)
36	Income Taxes, Other Income & Ded. - Other			(63,300)
37	Prov. For Deferred Income Taxes, Other Income & Ded.			8,470
38	Prov. For Def. Income Taxes, Credit, Other Income & Ded.			(18)
39	Total Taxes on Other Income and Deductions			(254,342)
40	Income Before Interest Charges			757,672
	Interest Charges			
41	Interest on Long-Term Debt			86,353
42	Amortization of Debt Discount and Expense			1,733
43	Amortization of Loss on reacquired Debt			4,444
44	Interest on Debt Associated Companies			157,171
45	Other interest expense			4,723
46	Allowance for Borrowed funds used During Construction - Credit			(3,276)
47	Total interest Charges			251,148
48	Net Income			\$ 506,524

2008 Gas Rate Case

Docket No. 2008-2028394
Attachment~g~'1 11-A-43

6

Q. III-A- 43 If a company's business extends into different states or jurisdictions, then statements must be shown listing Pennsylvania jurisdictional data, other state data and federal data separately and jointly (Balance sheets and operating accounts).

A. III-A-43 Refer to the provided diskette for the following attachments:

Attachment III-A-43A - 2006 FERC Form 1

Attachment III-A-43B - 2006 PAPUC Electric Annual Report

Attachment III-A-43C - 2006 PAPUC Gas Annual Report

- Q. III-A o44 Ratios, percentages, allocations and averages used in adjustments must be fully supported and identified as to source.
- A. III - A- 44 Refer to Exhibit RLO-1, Exhibit RLO-2, and PECO Statement No. 3, the Direct Testimony of Robert L. O'Brien, for identification and support of ratios, percentages, allocations and averages used in adjustments.

eo **III - A - 45** Provide an explanation of any differences between the basis or procedure used in allocations of revenues, expenses, depreciation and taxes in the current rate case and that used in the prior rate case.

III - A - 45 The Company's prior rate case was filed in 1987. In general, the principle for allocating common costs to the Company gas operations was the same in 1987 as it is now - the business (Gas) should pay its proportional share for the shared services it uses based on a reasonable means of assigning or allocating costs that rely on principles of cost causation where feasible.

Refer to PECO Statement No. 4, the Direct Testimony of Matthew R. Galvanoni, for a discussion of the current method of assigning/allocating common plant, operating expenses and taxes costs between the Company's electric and gas businesses. Where feasible, the Company directly assigns costs to the appropriate business (gas or electric). Otherwise, costs are allocated using the methods discussed in Mr. Galvanoni's testimony.

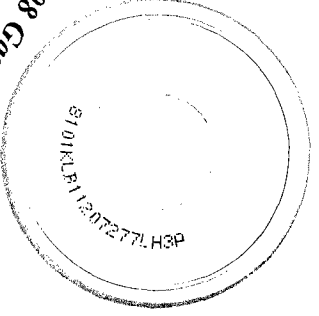
The principal difference between the current method of allocation and that used in the 1987 gas rate case is that a labor-based allocator was previously used while, in the current case, labor and resources of the Administrative and General departments that cannot be directly assigned to its Gas operations are allocated based upon a non-fuel operating and maintenance expense allocator. Customer Service labor and resources are allocated to its Gas operations (when not readily identifiable) based on either the previous year's number of Gas versus Electric customers or the number of Gas versus Electric accounts.

These principles apply both to costs directly incurred by the Company and to costs incurred by the Company for services rendered by its affiliated shared services provider, Exelon Business Services Company (EBSC), at the Company's request, and other affiliated operating companies.

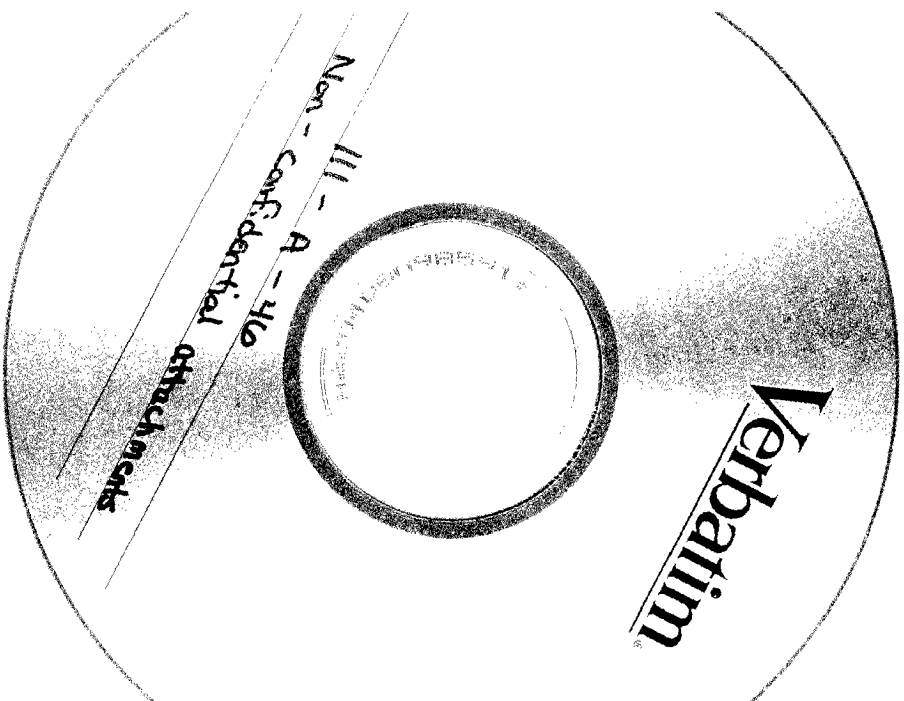
III - A - 45
Page 2 of 2
M. Galvanoni/P. Barnett

Services provided by EBSC and other affiliated companies services are covered under affiliated interest agreements filed with the Commission and approved as part of the merger. These agreements and a description of the affiliated pricing model is included in PECO Statement No. 2, the Direct Testimony of Phillip S. Barnett, and in the Company's response to III-A-22.

Peco Energy Company



2008 Gas Rate Case
Docket No. 2008-2028394
Non-Confidential Public
Attachments 111-A-46
A-B only



- Q. III- A- 46 Supply a copy of internal and independent audit reports of the test year and prior calendar year, noting any exceptions and recommendations and disposition thereof.
- A. III - A - 46 Refer to the following attachments provided on diskette:
- Attachment III-A-46A - PECO Management Audit Volume 1
 - Attachment III-A-46B- PECO Management Audit Volume 2
 - Confidential Attachment III-A-46C- 2006 PECO Project Administration Financial Controls Review (Internal audit report dated 2/5/07)
 - Confidential Attachment III-A-46D -2006 Meter to Cash Financial Review - PECO (Internal audit report dated 2/20/07)
 - Confidential Attachment III-A-46E - 2007 PECO Manual Billing Process Review (Internal audit report dated 5/29/07)
 - Confidential Attachment III-A-46F - 2007 PECO Supply Operations Review (Internal audit report dated 6/14/07)
 - Confidential Attachment III-A-46G -2007 Gas Procurement Follow-Up Review (Internal audit report dated 6/27/07)
 - Confidential Attachment III-A-46H -2007 PECO Gas Material Condition of Mains & Services (Internal audit report dated 6/29/07)
 - Confidential Attachment III-A-46I - 2007 PECO Gas SCADA Follow-up Review (Internal audit report dated 9/19/07)
 - Confidential Attachment III-A-46J - 2007 Financial Controls Review- PECO Meter to Cash (Internal audit report dated 11/16/07)
 - Confidential Attachment III-A-46K- 2007 PECO Work Management Follow-up Review (Internal Audit report dated 11/29/07)
 - Confidential Attachment III-A-46L - 2007 PECO Vegetation Management Review (Internal audit report dated 12/3/07)

Confidential Attachment III-A-46M -2007 Political Action Committee Review- PECO (Internal audit report dated 12/3/07)

Confidential Attachment I II-A-46N -2007 Derivative Identification and Assessment Process Review (Internal audit report dated 12/4/07)

Confidential Attachment III-A-46O - 2007 PECO Fleet Services Review (Internal audit report dated 12/21/07)

Confidential Attachment I II-A-46P - 2007 Financial Controls Review - Entity-Level Controls (Internal audit report dated 12/21/07)

Note that the internal audit reports provided include all reports issued in 2007 and through February 2008 that are applicable to PECO. Where applicable, reports showing the status of any issues identified during the audit are also included and are assigned the same attachment number as the audit report to which they relate, followed by .1.

Note further that the Attachments designated "Confidential" are being submitted on a Confidential "Non-Public" Basis to the Commission and are not included in the Public version of this

- Q. III-A-47 Submit a schedule showing rate of return on facilities allocated to serve wholesale customers.
- A. III - A - 47 PECO does not own gas facilities that serve wholesale customers.

eo **III - A - 48** Provide a copy of the latest capital stock tax report and the latest capital stock tax settlement.

III - A - 48 The most recent capital stock tax report filed by PECO Energy Company is tax year 2006. The complete tax return contains over 80 pages.

Attachment III - A - 48A contains the capital stock pages of the Pennsylvania Corporate Tax Report. Access to the complete Pennsylvania Tax Report is available upon request. The most recent capital stock tax settlement is for the 2005 taxable year.

Attachment III - A - 48B contains the latest capital stock tax settlement.

ATTACHMENT
III - A - 48A

10100061144

DEPARTMENT USE ONLY

RCT-101 PAGE 1 OF 6 PA CORPORATE TAX REPORT 2006

STEP A

Tax Year Beg. XX
Tax Year End. XX

01012006
12312006

STEP B

R-Ju-t-d Inv. C-
s2-- W-k RI~
AUUm~ C:-a-ge

XX N
XX N
XX N

Ko~EIP Credit
File Peetod Change

XX N
XX N
XX N

STEP C ..

Coq~ Tax A~.om~t IO XX 0415103
Federal F.IN XX 230970240
ç~9~-ak~ ~ XX PECO ENERGY COMPAITY
Addm~ Lm~ t XX i0 S DEARBORN 51ST FL

c~ XX
stat~ XX IL
mp XX 60603

STEP O

.0,. Tax

& Credits on Oepos~

CreSts

A minus B mintm C

STEP E: Payment
pay/-l- tO ~PA C:e-t of

iCS/FF	6020969	7860138	-1839169
LOANS	54085		54085
CNI	49768181	48021310	1746871
TOTAL	55843235	55881448	-38213

STEP F: Refund/Transfer Method
Select one of the follm,~.g options:

Made Payment Via EFT N

B N Enter transfw anmunt to .gpt ~1~

C N Tgital refund of ~:e- TRANS AMT

STEP G: Corporate Officer
(sign affirmation below)

NAME THOMAS D TERRY
PHONE 3123947777
E-MAIL

FORM 1023
BARCODE 1023

Corporate Officer Signature-Date

Thomas D Terry 10/15/07

USE WHOLE DOLLARS ONLY

10100062145

NAME PECO ENERGY COMPANY
 ACCOUNT ID 0415103 TAX YEAR END 12312006

~CT-101 PAGE 2 OF 6

PA CORPORATE TAX REPORT 2006

SECTION A: CS/FF

OLDEST PERIOD FIRST	TAX PERIOD BEGINNING	TAX PERIOD ENDING	BOOK INCOME:			
YEAR 1	01012002	12312002	~ 40688768	Inv-ilmett In LLC	XX	N
YEAR 2	01012003	12312003	.J~ ~ 136130567	Holding Company	XX	N
YEAR 3	01012004	12312004	.., ' 73328857	Family Farm	XX	N
YEAR 4	01012005	12312005	:~ ~ 91900458			
YEAR 5						
YEAR 6						
YEAR 7						
CUR YR	01012006	12312006	262441422	WHOLE DOLLARS ONLY		

- 2. TOTAL BOOK INCOME (s~m of income for all tax periods up to, but net over 5 years total) 2 604490072
- 3. DIVISOR (in years and in part years rounded to three decimal places) See Instruc~ons 3 5.000
- 4. Divide Line (2) by line (3) 4 120898014
- 5. AVERAGE BOOK INCOME - Enter Une (4) or if Line (4) is less than zero enter "IT" 5 120898014

- Divide Line (5) by 0.095 6 1272610674
- Shareholders' equity at the END of the current period 7 1809950323
- Sharehold~s' equity at the BEGINNING of the current pedod 8 1705268023
- If line (7) ~ more than twice as great or less than half as much as Une (8), add lines (7) and (8) and divide by 2. Otherwise enter line (7). 9 1809950323

- 10. NET WORTH - Enter line (g) or if line (9) is less than zero enter "0" io 1809950323
- 11. Mulliply Line (10) by 0,75 ii 1357462742
- 12. Add lines (6) and (11) 12 2630073416
- 13. Divide line (12) by 2 13 1315036708
- 14. \$125,000 valua~on deduction 14 -125000
- 15. CAPITAL STOCK VALUE - Line (13) less Line (14) but not less than "0". if 100% Taxable, enter Une (15) on line (17). 15 1314911708

- 16. PropollJon of taxable assets or apponmment proporlJon (From Schedule A-I, Line 5) 16 0.936399
- 17. TAXABLE VALUE -Mut1~:dy line (15) by Line (16). It tes~ than zero, enter 17 1231282008
- 18. CAPITAL STOCK/FOREIGN FRANCHISE TAX -Mulliply Line (17) by 0.00489. 18 6020969

10600061015

230970240

RCT-10e 112-06)
INSERT SHEET
FILE WITH FORM RCT-101

Page ~

COMMONWEALTH OF PENNSYLVANIA

12 31 2006 PECO ENERGY COMPANY 0-15103
TAXABLE PERIOD EN DE D (MONTH/DAY/YEAR) NAME OF CORPORATION CORP TAX ACCOUNT ID

Schedules 1 and 2 of this Insert Sheet must be completed by Pennsylvania corporation claiming the exemption for tangible and intangible assets for Capital Stock Tax purposes and foreign corporation electing to use the single factor exempt asset fraction for Foreign Franchise Tax purposes.

Table 1.2, 3 and 4 of this Insert Sheet must be completed by domestic corporations apportioning taxable income and by foreign and Pennsylvania corporations using the three (3) factor formula to compute the taxable value of capital stock.

A. AVERAGE TOTAL ASSETS [Carry to RCT-101, Schedule A-1, Line (4b)]	\$	6,887,87,592
B. Less AVERAGE EXEMPT ASSETS - Tangibles (From Schedule 1 Below)	\$	106,245,607
Intangibles (From Schedule 2 Below)	\$	331,728,8-6
Polynomial Control Devices	\$	83,70-
(Attach description on schedule end copy of DEP certification)	\$	~18,054,157
C. AVERAGE ASSETS TAXABLE IN PA [Carry to RCT-101, Schedule A-1, Line (4a)]	\$	6,/-9,-~3,-~35
D. PROPORTION OF TAXABLE ASSETS (compute to six decimal places)	AVERAGE TAXABLE ASSETS / AVERAGE TOTAL ASSETS	= 0.936399

[Carry to RCT-101, Schedule A-1, Line (4a)]

SCHEDULE 1
EXEMPT TANGIBLE ASSETS
(Order, if necessary)

EXEMPTION CLAIMED FOR TANGIBLE AND INTANGIBLE ASSETS (OMIT CENTS)

	Net Book Value - Beginning		Net Book Value - Ending		E Amount of Exemption Claimed for Average Value of Tangible Assets Located Outside of PA (COL B ÷ 0) + 2
	A Inside PA	O Outside PA	C Inside PA	D Outside PA	
1. Buildings	4,216,882,381		4, -3,578,857	0	0
2. Equipment and Fixtures	0	38,834,~26	0	24,206,336	30,520,381
3. Land	123,491,140	0	122,537,549	0	0
4. Leasehold Improvements	0	0	0	0	0
5. Motor Vehicle		0	0	0	0
6. Rolling Stock and other Movable Property	0	0	0	0	0
7. Other Tangible Property (A-1 Schedule)	0	0	0	0	0
8. Inventory	90,187,115	72,3-1 605	107,096,231	79,106,8-6	~725,226
9. Investments	4,430,5-, 636	109,176,031	4,653,212,637	103,315,182	106,245,607

NOTIFY THE STATE, ATTACH A SEPARATE SCHEDULE EXPLAINING THE REASON FOR THE EXEMPTION.

SCHEDULE 2

(Number of Shares)

	A Number of Shares	B Dam	C Dam	D Hold (Full Year or No. of Days)	E BOO- VIJJO	F
1. Stocks of PA Corporation	SEE STATEMENT ATTACHED				11,159,193	11,151,418
					0	0
2. Stocks of Foreign Corporation	(More than owned) SEE STATEMENT ATTACHED				0	0
					356,740, 573	318,306,633
3. Student Loan					0	0
4. United States Security					3,011,631	2,266,795
					0	0
5. National Bank Shares					0	0
					703,358,837	331,724,8-6

10600061015

**ATTACHMENT
III - A - 48B**

REPORT RECEIVED 10/13/06

Commonwealth of Pennsylvania DEPARTMENT OF REVENUE



REV-57 rT AFP (3-S5)

BUREAU OF CORPORATION TAXES PO BOX 280703 HARRISBURG PA 17128-0703

OFFICIAL NOTICE OF SETTLEMENT

PA ACCOUNT ID: 0415-103 TAXABLE YEAR: 01/01/05 TO 12/31/05 DLN= 76-2-00032

PECO ENERGY COMPANY 2301 MARKET STREET S123 TAX DIRECTOR PHILADELPHIA PA 19101

OFFICIAL SETTLEMENT HAS BEEN MADE BY THE PA DEPARTMENT OF REVENUE AND THE DEPARTMENT OF THE AUDITOR GENERAL FOR THE TAXES LISTED BELOW:

Table with 3 columns: TAX, AS REPORTED, AS SETTLED. Rows include SECTION A - CAPITAL STOCK/FRANCHISE TAX, SECTION B - LOANS TAX, and SECTION C - CORPORATE NET INCOME TAX.

DEPARTMENT OF REVENUE (717)3783-6031 MICHAEL J ANOROSO 07/13/07

HAILING DATE 07/19/07

AUDITED AND APPROVED BY DEPARTMENT OF AUDITOR GENERAL BRYAN MYERS 07/18/07

TO FORMALLY CONTEST THIS SETTLEMENT A PETITION FOR RESETTLEMENT, ALONG WITH A COPY OF THIS SETTLEMENT NOTICE, MUST BE FILED ON OR BEFORE OCT 17 2007. APPEALS, SIGNED BY A CORPORATE OFFICER, MAY BE FILED ONLINE AT WNN.BOARDOFAPPEALS.STATE.PA.US, OR MAILED TO: BOARD OF APPEALS, PO BOX 281021, HARRISBURG, PA. 17128-1021.

LOANS AND CNI SETTLED AS REPORTED

ADJUSTMENTS NOTED ON THE NEXT PAGE ARE EXPLAINED BELOW: DEPARTMENT OF REVENUE COMPUTATION DIFFERS FROM SUBMITTED FIGURE PY PRIOR YEAR SETTLEMENT FIGURES EMPLOYED.

OFFICIAL NOTICE OF SETTLEMENT PAGE 2
 RE: 0615-103 PECO ENERGY COMPANY 01/01/05 TO 12/31/05 DLN 76-2-00032

SECTION A - CAPITAL STOCK/FRANCHISE TAX

HISTORY OF EARNINGS - BOOK INCOME	AS REPORTED	AS ADJUSTED	NOTES
01/01/01 TO 12/31/01		142,351,966	PY
01/01/02 TO 12/31/02		40,688,768	PY
01/01/03 TO 12/31/03		136,130,567	PY
01/01/06 TO 12/31/06		~655,358,937	PY

01/01/05 TO 12/31/05	91,900,658		
TOTAL BOOK INCOME		866,430,696	
AVERAGE NET INCOME	96,880,123	173,286,139	
EQUITY YEAR ENDING	1,705,268,023	1,705,268,023	
EQUITY YEAR BEGINNING	1,397,816,806	1,397,816,806	PY
NET WORTH	1,705,268,023	1,705,268,023	
CAPITAL STOCK VALUE	1,149,245,893	1,551,382,819	*
APPORTIONMENT PROPORTION			
CAPITAL STOCK/FRANCHISE TAX	6,466,361	8,702,006	*

SCHEDULE A-I= APPORTIONMENT SCHEDULE FOR CAPITAL STOCK/FRANCHISE TAX

PROPERTY FACTOR - PA			
PROPERTY FACTOR - TOTAL			
PAYROLL FACTOR - PA			
PAYROLL FACTOR - TOTAL			
SALES FACTOR - PA			
SALES FACTOR - TOTAL			
SINGLE FACTOR - NUMERATOR	6,151,038,653	6,151,038,453	
SINGLE FACTOR - DENOMINATOR	6,568,633,856		

SECTION B - LOANS TAX

INDEBTEDNESS	5,340,248		
LOANS TAX	13,244	13,246	

SECTION C - CORPORATE NET INCOME TAX

DEPRECIATION CARRY IN AND OUT	218,018,676	206,053,383	PY
NET INCOME	333,004,798		
DIVIDENDS	510,284		
US INTEREST	350,181		
DEPRECIATION DEDUCTION	13,965,093	13,965,093	
OTHER			
TOTAL DEDUCTIONS	14,825,558	14,825,558	
INCOME TAXES	16,009,900		
TAX PREFERENCE ITEMS			
EIP ADJUSTMENTS			
DEPRECIATION ADDITION			
OTHER			
TOTAL ADDITIONS	16,009,900	16,009,900	
ADJUSTED INCOME	334,189,140	334,189,140	
TOTAL NONBUSINESS INCOME			
INCOME TO BE APPORTIONED		534,189,140	
APPORTIONMENT PROPORTION	.995663	.995663	
PA APPORTIONED INCOME		332,739,761	
PA NONBUSINESS INCOME			
INCOME PRIOR TO NL DEDUCTION	332,739,762	332,739,761	
NET LOSS DEDUCTION	2,000,000	2,000,000	
PA TAXABLE INCOME		330,739,761	
CORPORATE NET INCOME TAX	33,060,902	33,060,902	

SCHEDULE C-1: APPORTIONMENT SCHEDULE FOR CORPORATE NET INCOME TAX

PROPERTY FACTOR - PA	6,071,296,965	6,071,294,965	
PROPERTY FACTOR - TOTAL	6,193,009,638	6,193,009,638	
PAYROLL FACTOR - PA	198,527,810	198,527,810	
PAYROLL FACTOR - TOTAL	198,527,810	198,527,810	
SALES FACTOR - PA	4,953,206,544	6,953,206,566	
SALES FACTOR - TOTAL	4,956,560,904	4,956,560,904	
SINGLE FACTOR - PA			
SINGLE FACTOR - TOTAL			

SCHEDULE C-2: NET LOSS DEDUCTION AND CARRYFORWARD

NL CARRYFWD TO CURRENT TAXABLE YEAR	NL CARRYFWD TO NEXT TAXABLE YEAR		
12-31-95	0	12-31-95	0 PY
12-31-96	0	12-31-96	0 PY
12-31-97	6,712,639	12-31-97	4,712,639 PY
12-31-98	0	12-31-98	0 PY
12-31-99	0	12-31-99	0 PY
12-31-00	0	12-31-00	0 PY
12-31-01	0	12-31-01	0 PY
12-31-02	0	12-31-02	0 PY
12-31-05	0	12-31-03	0 PY
12-51-04	0	12-31-04	0 PY
		12-31-05	0

- eo **III - A - 49** Submit details of calculations for taxes, Other than Income where a company is assessed taxes for doing business in another state, or on its property located in another state.

- Ac **III - A - 49** Refer to Attachment III-A-49 for PECO Energy Company's taxes, Other than Income where it is assessed taxes for doing business in another state, or on its property located in another state.

ATTACHMENT
III - A - 49

PECO Energy Company

Schedule Taxes, Other Than Income Taxes Outside of Pennsylvania
12 Months Ended December **31, 2007**

(Thousand \$)

<u>Description</u>	<u>Amount</u>
WV Personal Property	135
	<u>\$ 135</u>

^{eo} **III - A - 50** Provide a schedule of federal and Pennsylvania taxes, other than income taxes, calculated on the basis of test year per books, pro forma at present rates, and pro forma at proposed rates, to include the following categories:

- a. social security
- b. unemployment
- c. capital stock
- d. public utility realty
- e. P.U.C. assessment
- f. other property
- g. any other appropriate categories

^{AO} **III - A - 50** (a - d, f and g) Refer to Attachment III - A - 50.

(e) Refer to Attachment III - A- 28.

ATTACHMENT
III - A- 50

PECO Energy Company

Schedule of Federal and Pennsylvania Taxes, Other Than Income Taxes
12 Months Ended December 31, 2007

(Thousand \$)

GAS

FICA (Social Security)	2,155
FUTA (Federal Unemployment)	21
SUTA (State Unemployment)	182
Other Payroll Taxes	169
Payroll Taxes	2,527
PURTA	1,629
Personal Property Tax	30
Local Real Estate	908
Property Taxes	2,567
Gross Receipts Tax	0
Gross Receipts Tax	0
Capital Stock Tax	822
Capital Stock Tax	822
Miscellaneous TOTI	
Loan Tax	0
Use Tax	0
Misc. Tax	1
	1
Sales Tax	132
Use Tax	1330
	(198)
TOTAL TOTI	

III - A - 51 Submit a schedule showing for the last five years the income tax refunds, plus interest (net of taxes), received from the federal government due to prior years' claims.

AO **III -A-51** PECO Energy Company has not yet received any income tax refunds, or interest (net of taxes), from the federal government due to prior years' claims related to its gas operations.

III - A - 52 Provide detailed computations showing the deferred income taxes derived by using accelerated tax depreciation applicable to post-1969 utility property increases productive capacity, and ADR rates on property. (Separate between state and federal; also, rate used)

- ao State whether tax depreciation is based on all rate base items claimed as of the end of the test year, and whether it is the annual tax depreciation at the end of the test year.
- b. Reconcile any difference between the deferred tax balance, as shown as a reduction to measures of value (rate base), and the deferred tax balance as shown on the balance sheet.

III - A - 52 Exhibit RLO-1, Schedule C-6, shows the ADIT calculations for the ADIT of the gas operations that is used in the measures of value for the future test year.

- ao The tax depreciation is based on the plant in service for the test year.

The ADIT balance shown on the pro forma balance sheet for 2008 includes ADIT for both the gas and electric operations of the Company. The gas portion of the pro forma ADIT at December 31, 2008 is equal to the amount shown for ADIT as a reduction to measures of value.

- III - A - 53** Submit a schedule showing a breakdown of the deferred income taxes by state and federal per books, pro-forma existing rates, and under proposed rates.
- III - A - 53** The per books amount for the accumulated deferred income taxes ("ADIT") at December 31, 2008, as shown in Exhibit RLO-1, Schedule B-I, reflects the ADIT for both the electric and gas operations of the Company. The ADIT for the gas operations is equal to the ADIT shown on Exhibit RLO-1, Schedule C-6, for the pro forma at existing and proposed rates.

eo **III - A - 54** Submit a schedule showing a breakdown of accumulated investment tax credits (3 percent, 4 percent, 7 percent, 10 percent and 11 percent), together with details of methods used to write-off the unamortized balances.

III - A - 54 Prior year's deferred investment tax credits are being recognized in income ratably over the remaining life of the related property as used for depreciation for financial accounting purposes. The amortization of the ITC is calculated based on the remaining life of the underlying asset. Refer to Attachment III-A-54.

**ATTACHMENT
III - A- 54**

PECO ENERGY COMPAN-

---A--o F R--P--r-- ~0--
 ---:~:~b~i~--Case\1.24.08\111 - A-54 sup~.xls]Pages 266-267- incl. add'l ITC

Line No.	Account Subdivisions	Balance at Beginning of Year	Deferred for Year		Allocations to Current Year's Income		Average Period of Allocation to Income	Page 266 Line 5 Column g
			Account No.	Amount	Account No.	Amount		
2	Ut 3%							
3	4%	\$ 40,223		411.4	\$ 37,522		\$ 2,701.34	
4	7%							
	6.5%	\$	\$ 645,459		\$ 22,332		\$ 623,127.50	
12	10%	\$ 5,930,256		411.4	\$ 488,779		\$ 5,441,477.37	
14								
15	Common Utility							
16	4%			411.4	\$ 11,770		\$ 37,554	
17	10%	\$ 531,010		411.4	\$ 40,136		\$ 490,874	
18	TOTAL COMMON	\$ 580,334						

~0~ ~,C-CUM DEF'D ITC

PECO ENERGY COMPAN~
EA-R-OF-ORT

7
ase\1.24.08\111 - A-54 sul-rt.xls]Pages 266-267 - incl. add'l ITC

Income

Average

Line ~
N ~-mou~_

Beginning of Account ~

Account
No.

Amount

Balan~ at End 1Allocation

~0~ _-\$

Z.~.~ =~
_ _ 411.4 \$ 2,701

~.~.~; .~.~.~.~

~f~i

~:~ ~S,~

..... ~\$- ~

~\$ -
1

1,906

~\$ -_ \$ 51,906

~f~i

eo **III - A - 55** Submit a schedule showing the adjustments for taxable net income per books (including below-the-line items) and pro-forma under existing rates, together with an explanation of any difference between the adjustments. Indicate charitable donations and contributions in the tax calculation for ratemaking purposes.

Ao **III - A - 55** Refer to Attachment III-A-56 for the taxable net income per books.

Refer to Exhibit RLO-1, Schedule D-20, for the pro forma at existing rates.

The pro forma income tax calculation on Schedule D-20 includes a deduction for synchronized interest expense, accelerated tax depreciation (in place of book depreciation) and repair allowance as flow-through elements.

The remainder of the elements on the per books elements are not included since the amounts for the forecasted test year are deemed to be the same for book and tax expense.

There have been no charitable donations or contributions included in the pro forma tax calculation for ratemaking purposes.

- Q. III- A-56 Submit detailed calculations supporting taxable income before state and federal income taxes where the income tax is subject to allocation due to operations in another state, or due to operation of other taxable utility or non-utility business, or by operating divisions or areas.
- A. III - A - 56 Refer to Attachment III-A-56 for the detailed calculation.

ATTACHMENT
III - A - 56

PECO Energy Company

OPERATING INCOME PER BOOKS BEFORE INCOME TAXES
12 Months Ended December 31, 2007

(Thousand \$)

	Gas
Income before Interest and Income Taxes	77,056
Adjustments to Additional Items Affecting Taxable Income	
Deductions:	
Interest Charges Allocated	(19,829)
Additional Depreciation for Tax Purposes	(12,567)
ACRS Tax Retirements	(7,344)
Environmental clean-up	(4,124)
Refund Owed to Gas Customer	(1,139)
FIN 48 Interest	
Medicare Part D Allocation Credit	(1,014)
Repair Allowance	(1,600)
Pennsylvania Use Tax	(605)
Other Plant Basis Difference	(1,761)
Post Retirement Benefits	(1,961)
Miscellaneous Adjustments	(1,707)
Subtotal	(53,591)
Additions:	
Deferred Fuel Gas Revenue	5,875
Software	3,025
Pensions	2,892
Competitive Transition Charges	
Accrued Bonuses and Incentives	2,290
Contributions in Aid of Construction	3,297
PURTA	2,791
Amortization of Premium on Debt	689
Bad Debt Reserve	964
Decommissioning and Decontamination	
Miscellaneous Adjustments	1,646
Subtotal	23,469
Subtotal - Net Deductions	(30,122)
Taxable Income before Federal and State Income Tax	46,934

Q. III- A- 57 Submit detailed calculations showing the derivation of deferred income taxes for amortization of repair allowance if such policy is followed.

[Note: Submit additional schedules if the company has more than one accounting area.]

A. III-A-57 The Federal and State Tax benefits on account of the repair allowance are not normalized. The tax benefits are flowed through to net income and a regulatory asset is established as required by FASB 109. Refer to Exhibit RLO-1, Schedule D-20.

Q. III-A-58 Furnish a breakdown of major items comprising prepaid and deferred income tax charges and other deferred income tax credits and reserves by accounting areas.

A. III - A - 58 Refer to Attachment III-A-58 for the breakdown of major items.

**ATTACHMENT
III - A- 58**

PECO Energy Company

PREPAID AND DEFERRED TAXES
12 Months Ended December 31, 2007

(Thousand \$)

	<u>Gas</u>
Accumulated Deferred Income Taxes (Account 190)	
Bad Debt	2,895
Accrued Bonus	964
Alternative Minimum Tax	
Other	7,726
InjunJ/Personal Damage Reserve	1,481
Deferred Compensation Liability	2,455
Post Retirement Benefit	5,936
Merger Costs Deferred	2,359
Workmens Compensation Reserve	1,243
Cellnet Deferred Revenue	1,143
Total Account 190	26,202
 Accumulated Deferred Income Taxes (Accounts 282 and 293)	
Other Property (Account 282)	
Competitive Transition Charges	
FIN 47	
FAS 109	(121,635)
Software	(3,327)
Liberalized Depreciation	(172,539)
	(296,057)
Other (Account 283)	
Amortization of Premium on Reacquired Debt	(1,745)
FIN 48 Interest	
Deferred Fuel	4,987
Interest Rate Swap	(401)
Pension Expense	(1,768.)
	1,073
Total Accounts 282 and 283	

Q. III- A- 59 Provide details of the Federal Surtax Credit allocated to the Pennsylvania jurisdictional area, if applicable.

A. III-A-59 The Federal Tax Surcharge has been repealed (and therefore, so has the corresponding credit).

eo **III - A - 60** Explain the reason for the use of cost of removal of any retired plant figures in the income tax calculations.

III - A - 60 The Company includes the cost of removal in the income tax calculation in accordance with the following IRC provision: Section 1.167(a) - 11 (d)(3) of the ADR regulations provide "The cost of dismantling, demolishing, or removing an asset in the process of a retirement from the vintage account shall be treated as an expense deductible in the year paid or incurred, and such costs shall not be subtracted from the depreciation reserve for the account." For Non-ADR assets, cost of removal is an increase to the cost basis when retiring assets in income tax calculations.

Q III-A-61 Submit the corresponding data applicable to Pennsylvania Corporate Income Tax deferral.

a. Show the amounts of straight line tax depreciation and accelerated tax depreciation, the difference between which gave rise to the normalizing tax charged back to the test year operating statement.

b. Show normalization for both Federal and State Income Taxes.

c. Show tax rates used to calculate tax deferral amount.

Ao III -A -61

a, b, c. State income taxes are not normalized for ratemaking purposes. Refer to Exhibit RLO-1 Schedule D-20.

- III - A - 62** Provide the accelerated tax depreciation and the book depreciation used to calculate test year deferrals in amounts segregated as follows:
- ao Property installed prior to 1970
Property installed subsequent to 1969 (indicate increasing capacity additions and non-increasing capacity additions).
- III - A - 62**
- a. Attachment III-A-62 contains the accelerated tax and straight line tax depreciation for all assets included in the Company's measure of value. The book depreciation is presented on Exhibit RLO-1, Schedule D-19. The Company's records do not separate between property installed prior to 1970 and property installed subsequent to 1969.
 - b. Attachment III-A-62 includes plant installed subsequent to 1969, but the Company does not segregate data in the manner requested.

ATTACHMENT
III - A - 62

PECO Energy Company 10200
PowsrTax Deferred Tax Summary/Company Report
Rpt # 120 3/7/2008 9:09 AM
PECO Rate Case Update
gas assets - case 1317

Federal Tax Year : 2008	Beginning Difference	Current Difference	Ending Difference	BeginnIng DFIT Balance	Current DFIT	Ending DFIT Balance
ML Fed Only	\$495,846,937	\$30,990,277	\$520,837,214	\$175,478,878	\$10,766,214	\$186,245,092
Method Federal Only	\$2,951,489	(\$2,944,228)	\$7,271	\$1,114,032	(\$1,111,036)	\$2,995
CIAC Fed	(SI 7,667,489)	(S1,368,-0s)	(SI -,034,3~3)	(\$8,168,44S)	(\$478,776)	(\$6,646,221)
Software Fed	\$425,178	(\$268,533)	\$156,645	\$148,812	(\$93,987)	\$54,826
SubTotals:	\$481 ,S56,125	\$26,410,612	\$.507,966,737	\$170,572,278	\$9,o82,415	\$179,654,693
ML FT Fed	\$28,019,383	(\$1,689,209)	\$26,349,964	\$0	\$0	\$0
Life FT Federal Only	\$49,068,644	\$826,417	\$49,894,961	\$8	\$0	\$0
SubTotals:	\$77,087,927	(\$842,982)	\$76,244,945		\$0	\$0
Jurisdiction Totals:	\$558,644,953	\$95,S67,630	\$584,211,683	\$170,572,278	\$9,Q82,415	\$179,664,693

PECO Energy Company 10200
 PowerTax Deferred Tax Summary/Company Report
 Rpt # 120 3/7/2008 9:09 AM
 PECO Rata Case Update
 gas assets - case 1317

PA State Tax Year : 2008	Beginning Difference	Current Difference	Ending Difference	Beginning DFIT Balance	Current DFIT	Ending DFIT Balance
CIAC PA	(\$17,667,489)	(\$1,366,905)	(\$19,034,393)	(\$1,165,249)		(\$1,253,595)
SubTotals:	(\$17,657,489)	(\$1,366,90~)	(\$19,034,393)	(\$1,165,249)	(S~348)	(St ~S3,S95)
Software PA	\$425,17e	(\$288,533)	\$156,645	\$0		
SubTotals:	\$425,178	(\$268,533)	\$156,645	\$0		
Jurisd ctlon Totals:	(\$17,242,311)	(\$1,635,438)	(\$18,877,748)	(\$1,195,249)	(\$88,346)	(\$1,253,595)
Tax Year Totals:	\$541,401,742	\$23,932,192	\$595,333,934	\$169,407,029	\$8,994,069	\$178,401,098

PECO Energy Company 10200
 PowerTax Deferred Tax Summary/Company Report
 Rpt # 120 3/7/2008 9:06 AM
 PECO Rate Case Update
 Electric (T,D,E,ITC) - Cae 1317

Federal Tax Year : 2008	Beginning Difference	Current Difference	Ending Difference	Beginning DFIT Balance	Current DFIT	Ending DFIT Balance
ML Fed Only	\$1,338,193,926	\$65,517,923	\$1,403,711,850	\$472,493,588	\$22,741,911	\$495,235,500
Method Federal Only	\$2,675,824	(\$144,459)	\$2,531,365	\$1,082,716	(\$58,857)	\$1,023,859
CIAC Fed	(\$59,740,607)	(\$6,811,833)	(\$66,552,441)	(\$20,893,504)	(\$2,384,595)	(\$23,278,098)
SubTotals:	\$1,261,129,143	\$58,561,631	\$1,339,690,774	\$452,682,800	\$20,298,460	\$472,981,260
ML FT Fed	\$159,206,156	(\$9,564,490)	\$149,641,656	\$0	\$0	\$0
Life FT Federal Only	\$272,001,520	(\$11,228,927)	\$260,772,593	\$0	\$0	\$0
SubTotals:	\$4,31,207,676	(\$20,793,417)	\$410,414,259	\$0	\$4)	\$0
Jurisdiction Totals:	\$1,712,336,818	\$37,768,214	\$1,756,105,033	\$452,982,800	\$20,298,460	\$472,981,260

PEGO Energy Company 10200
 PowerTax Deferred Tax Summary/Company Report
 Rpt # 120 3/7/2008 9:06 AM
 PECO Rate Case Update
 Electric (T,D,E,ITC) - Case 1317

PA State Tax Year : 2008	Beginning Difference	Current Difference	Ending Difference	Beginning DFIT Balance	Current DFIT	Ending DFIT Balance
CIAC PA	(\$59,740,607)	(\$6,811,833)	(\$66,552,441)	(\$3,914,310)	(\$441,355)	(\$4,355,665)
SubTotals:	(\$59,740,607)	(\$6,811,833)	(\$66,552,441)	(\$3,914,310)	(\$441,355)	(\$4,355,665)
Jurisdiction Totals:	(\$59,740,607)	(\$6,811,833)		(\$3,914,310)	(\$441,355)	(\$4,355,665)
Tax Year Totals:	\$1,652,596,211	\$30,956,381	\$1,683,552,592	\$448,768,490	\$19,857,105	\$468,625,595

PECO Energy Company 10200
 PowerTax Deferred Tax Summary/Company Report
 Rpt # 120 3/712008 9:38 AM
 PECO Rate Case Update
 common - no software, no cling, case 1317

Federal Tax Year : 2008	Beginning Difference	Current Difference	Ending Difference	Beginning DFIT Balance	Current DFIT	Ending DFIT Balance
ML Fed Only	\$72,932,336	\$4,117,745	\$77,050,081	\$25,618,331	\$1,437,35g	\$27,055,690~
ML FAS106 Fed	\$7,134,465	\$368,847	\$7,503,312	\$2,497,063	\$129,086	\$2,626,159
Method Federal Only	\$2,895,749	(\$172,423)	\$2,723,325	\$1,179,689	(ST0,~0~)	\$1,108,380
CIAC Fed	(\$2,745)	\$1,441	(\$1,305)	(\$~61)	\$504	(\$457)
SubTotals:	\$82,959,803	\$4,315,610	\$87,275,413	\$29,294,122	\$1,496,651	\$30,790,773
ML FT Fed	\$3,898,925	(\$23,122)	\$3,675,803	\$0	\$0	\$0
Life FT Federal Only	\$2,692,953	(\$218)	\$2,692,735	\$0	\$0	\$0
SubTotals:	\$6,391,878	(\$23,340)	\$6,368,538	\$0	\$0	\$0
Jurisdiction Totals:	\$89,351,682	\$4,292,270	\$93,643,951	\$29,294,122	\$1,496,651	\$30,790,773

PECO Energy Company 10200
 PowerTax Deferred Tax Summary/Company Report
 Rpt # 120 3/7/2008 9:38 AM
 PECO Rate Case Update
 common - no software, no lma. case 1317

PA State Tax Year : 2008	Beginning Difference	Current Difference	Ending Difference	Beginning DFIT Balance	Current DFIT	Ending DFIT Balance
CIAC PA	(\$2,746)	\$1,441	(\$1,305)	(\$178)	\$94	(885)
SubTotals:	(\$2,746)	\$1,441	(\$1,305)	(\$178)	894	(\$85)
Jurisdiction Totals:	(\$2,746)	\$1,441	(\$1,305)	(\$178)	\$94	(\$85)
Tax Year Totals:	\$89,348,935	\$4,293,711	\$93,642,646	\$29,293,943	\$1,496,745	\$30,790,688

PECO Energy Company 10200
 PowerTax Deferred Tax *Summery/Compeny Report*
 Rpt # 120 3/7/2008 9:11 AM
 PECO Rate Case Update
 non utility - case 1317

Federal Tax Year : 2008	Beginning Difference	Current Difference	Ending Difference	Beginning DFIT Balance	Current DFIT	Ending DFIT Balance
ML Fed Only	\$2,596,659	(\$91,080)	\$2,505,579	\$916,585	(\$32,0S0)	\$884,535
Method Federal Only	\$6,620	\$231	\$6,851	\$2,644	\$81	\$2,725
SubTotals:	\$2,603,279	(\$90,848)	\$2,512,430	\$919,230	(\$31 ,~69)	\$887,261
ML FT Fed	\$805,658	(\$18,385)	\$787,274	\$0		
Life FT Federal Only	\$120,923	\$6,260	\$127,182	\$0		
SubTotals:	\$926,581	(\$12,125)	\$914,456	\$0		
Jurisdiction Totals:	\$3,525,859	(\$102,973)	\$3,426,886	\$919,230	(\$31,969)	\$887,261
Tax Year Totals:	\$3,529,859	(\$102,973)	\$3,426,886	\$919,230	(\$31,969)	\$887,261

PECO Energy Company 10200
 PowerTax Deferral Tax Recovery By Type Report
 Rpt t~ 21e 3/7/20(M 3:32 PM
 PECO Rata Cime Update
 a4t ~s-ets ca-e 1317

Jurisdiction : Federal Tax Year : 2008	Tax Recovery			Book Recovery			Basis Diff	Current Difference			Current Deferred Tax			Total DIT
	Depreciation	Loss/(Gain)	Tax Total	Depreciation	Loss/(Gain)	Book Total	Orig Diff	Depreciation	Loss/(Gain)	Orig Diff	Depreciation	Loss/(Gain)	Orig Diff	
Method Federal Only	\$1,367,285	\$0	\$1,367,285	\$4,628,164	\$0	\$4,628,164	\$0	(\$3,260,878)	\$0	\$0	(\$1,240,120)	\$0	\$0	(\$1,240,120)
ML FAS106 Fed	\$704,595	\$0	\$704,595	\$335,749	\$0	\$335,749	\$0	\$368,847	\$0	\$0	\$129,096	\$0	\$0	\$129,096
ML Fed Only	\$220,372,220	\$0	\$220,372,220	\$117,998,465	\$0	\$117,998,465	\$0	\$102,373,755	\$0	\$0	\$35,557,045	\$0	\$0	\$35,557,045
SubTotal	\$222,444,100	\$0	\$222,444,100	\$122,962,377	\$0	\$122,962,377	\$0	\$99,481,723	\$0	\$0	\$34,446,021	\$0	\$0	\$34,446,021
CIAC Fed	\$0	\$0	\$0	(\$1,822,704)	\$0	(\$1,822,704)	\$10,000,000	\$1,822,704	\$0	(\$10,000,000)	\$637,133	\$0	(\$3,500,000)	(\$2,862,867)
Software Fed	\$0	\$0	\$0	\$6,651,104	\$0	\$6,651,104	\$0	(\$6,651,104)	\$0	\$0	(\$2,327,887)	\$0	\$0	(\$2,327,887)
SubTotal	\$0	\$0	\$0	\$4,828,401	\$0	\$4,828,401	\$10,000,000	(\$4,828,401)	\$0	(\$10,000,000)	(\$1,690,753)	\$0	(\$3,500,000)	(\$5,190,753)
Life FT Federal Only	\$4,628,164	\$0	\$4,628,164	\$15,024,632	\$0	\$15,024,632	\$0	(\$10,396,469)	\$0	\$0	\$0	\$0	\$0	\$0
ML FT Fed	\$813,293	\$0	\$813,293	\$12,088,688	\$0	\$12,088,688	\$0	(\$11,275,396)	\$0	\$0	\$0	\$0	\$0	\$0
SubTotal	\$5,441,456	\$0	\$5,441,456	\$27,113,321	\$0	\$27,113,321	\$0	(\$21,671,864)	\$0	\$0	\$0	\$0	\$0	\$0
Company/Jur Total:	\$227,885,556	\$0	\$227,885,556	\$154,904,098	\$0	\$154,904,098	\$10,000,000	\$72,981,458	\$0	(\$10,000,000)	\$32,755,268	\$0	(\$3,500,000)	\$29,255,268
														\$62,981,458

PECO Energy Company 10200
 1 PowerTax Deferred Tax Recovery By Type Report
 Rjt # 216 3/7/2008 3:32 PM
 PECO Ra4 Case Updal-
 all _:_u-_-_- 1317

Jurisdiction : PA State Tax Year : 2008	Tax Recovery			Book Recovery			Basis Diff	Current Difference			Current Deferred Tax			
	Depreciation	Loss/(Gain)	Tax Total	Depreciation	Loss/(Gain)	Book Total	Orig Diff	Depreciation	Loss/(Gain)	Orig Diff	Depreciation	Loss/(Gain)	Orig Diff	Total DIT
CIAC PA	\$0	\$0	\$0	(\$1,822,704)	\$0	(\$1,822,704)	\$10,000,000	\$1,822,704	\$0	(\$10,000,000)	\$119,743	\$0	(\$649,350)	(\$529,607)
SubTotal	\$0	\$0	\$0	(\$1,822,704)	\$0	(\$1,822,704)	\$10,000,000	\$1,822,704	\$0	(\$10,000,000)	\$119,743	\$0	(\$649,350)	(\$529,607)
Software PA	\$0	\$0	\$0	\$6,651,104	\$0	\$6,651,104	\$0	(\$6,651,104)	\$0	\$0	\$0	\$0	\$0	\$0
SubTotal	\$0	\$0	\$0	\$6,651,104	\$0	\$6,651,104	\$0	(\$6,651,104)	\$0	\$0	\$0	\$0	\$0	\$0
Company/Jur Total:	\$0	\$0	\$0	\$4,828,401	\$0	\$4,828,401	\$10,000,000	(\$4,828,401)	\$0	(\$10,000,000)	\$119,743	\$0	(\$649,350)	(\$529,607)

(\$14,828,401)

PECO Energy Company 10200
 PowerTax Deferred Tax Summary/Company Report
 Rpt # 120 3/7/2008 3:33 PM
 PECO Rate Case Update
 all assets - case 1317

Federal Tax Year : 2008	Beginning Difference	Current Difference	Ending Difference	Beginning DFIT Balance	Currant DFIT	Ending DFIT Balance
ML Fed Only	\$1,919,780,098	\$102,373,756	\$2,022,153,653	\$678,080,967	\$35,557,045	\$713,638,012
ML FAS106 Fed	\$7,134,465	\$368,847	\$7,503,312	\$2,497,063	\$129,096	\$2,626,159
Method Federal Only	\$8,529,692	(\$3,260,878)	\$5,208,813	\$2,379,061	(\$1,240,120)	\$2,138,961
CIAC Fed	(\$77,410,343)	(\$6,177,2~)	(\$65,5~ ,133)	(\$27,063,910)	(\$2,652,657)	(\$29,926,777)
Software Fed	\$34,865,849	(\$6,651,104)	\$28,214,844	\$12,202,977	(\$2,327,987)	\$9,875,091
SubTotals:	\$1,892,899,061	\$84,653,322	\$1,977,652,383	\$669,096,179	\$29,255,268	\$698,351,447
ML FT Fed	\$191,730,123	(\$11,275,3~)	\$180,464,727	\$0	\$0	\$0
Life FT Federal Only	\$323,883,939	(\$10,396,469)	\$313,467,471	\$0	\$0	\$0
SubTotals:	\$515,614,062	(\$21,671,864)	\$493,942,198	\$0	\$0	\$0
Jurisdiction Totals:	\$2,408,513,122	\$62,981,468	\$2,471,494,551	\$669,096,179	\$29,255,208	\$698,351,447

PECO Energy Company 10200
 PowerTax Deferred Tax Summary/Company Report
 Rpt # 120 3/7/2008 3:33 PM
 PECO Rate Case Update
 all assets - case 1317

PA State Tax Year : 2008	Beginning Difference	Current Difference	Ending Difference	Beginning DFIT Balance	Current DFIT	Ending DFIT Balance
CIAC PA	(\$77,410,843)	(\$5,177,296)	(\$85,588,139)	(\$5,079,737)	(\$529,607)	(\$5,609,345)
SubTotals:	(\$77,410,843)	(\$8,177,296)	(\$85,588,139)	(\$5,079,737)	(\$529,607)	(\$5,609,345)
Software PA	\$34,865,649	(\$6,651,104)	\$28,214,544	\$0	\$0	
SubTotals:	\$34,865,649	(\$6,651,104)	\$28,214,544	\$0	\$0	
Jurisdiction Totals:	(\$42,545,194)	(\$14,828,401)	(\$57,373,595)	(\$5,079,737)	(\$529,607)	(\$5,609,345)
Tax Year Totals:	\$2,365,967,929	\$48,153,057	\$2,414,120,986	\$664,016,441	\$29,725,661	\$692,742,102

PECO Energy Company 10200
 PowerTax Deferred Tax Recovery By Type Report
 Rpt # 218 3/7/200~ 9:10 AM
 PECO Rate Case Update
 -al a-a - ca-e 1317

Jurisdiction ; Federal
 Tax Year : 2008

	Depreciation	Loss/(Gain)	Tax Total Depreciation Loss/(Gain)		Book Total	Orig Diff	Depreciation	Loss/(Gain)	Orig Diff	Current Deferred Tax				
										Depreciation	Loss/(Gain)	Orig Diff	Total DIT	
Method Federal Only	33,907	\$0	\$8,907	\$2,953,135	SO	\$2,933,133	\$0	(\$2,944,228)	\$0	SO	(\$~f ~ f,036)	\$0	\$0	(\$1,111,036)
ML Fed Only	\$54,539,636	\$0	\$84,539,636	\$23,549,358	\$0	\$23,549,358	\$0	\$30,990,277	SO	\$0	\$10,766,214	\$0	\$0	\$10,766,214
SubTotal	\$84,548,542	\$8	\$34,548,342	\$2~,-02,493	\$0	\$26,502,493	SO	\$28,046,049	SO	\$8	\$9,655,178	\$0	\$0	\$9,655,178
CIAC Fed	SO	\$0	SO	(\$375,695)	SO	(\$275,335)	\$1,742,599	\$375,695	\$0	(\$1,742,599)	\$131,134	\$0	(\$609,910)	(\$478,776)
Software Fed	SO	\$0	SO	(\$107,152)	\$0	(\$2~333)	SO	(\$268,333)	SO	SO	(\$93,987)	\$0	\$0	(\$93,987)
SubTotal	\$0	\$8	\$8	(\$107,152)	\$0	(\$107,162)	\$1,742,699	\$107,162	\$0	(\$1,742,599)	\$37,147	\$0	(\$609,910)	(\$572,763)
Life FT Federal Only	\$2,953,135	SO	\$2,933,138	\$2,126,718	SO	\$2,126,718	SO	\$826,417	SO	SO	\$0	\$0	\$0	\$0
ML FT Fed	\$5,689	SO	SO	\$1	SO	\$1,675,088	SO	(\$1,669,399)	SO	SO	SO	\$0	\$0	\$0
SubTotal	\$2,938,824	SO	SO	\$1	SO	\$1,675,088	SO	(\$1,669,399)	SO	SO	SO	\$0	\$0	\$0
Company/Jur Total:	\$87,507,366	\$0	\$87,507,366	\$80,197,137	\$0	\$30,197,137	\$1,742,699	\$27,310,226	SO	(\$1,742,399)	\$9,692,323	\$0	(\$609,910)	\$9,082,415
<div style="border: 1px solid black; padding: 2px; display: inline-block;"> \$25,567,630 </div>														

PECO Energy Company 10200
 PowerTax Deferred Tax Recovery By Type Report
 Rpt # 2163-1/2008 9:10 ~
 PECO Rate Calc Update
 ~as assets - ca-e 1317

Jurisdiction : PA State
 Tax Year : ~

		Depreciation	L-/(Gain)	Tix Total Depreciation	Loll/(Gain)	Book Total	Orig Olff	D-mpmiation	Loll/(Gain) Orig	Dq-reclation	Lo-/(Gain) Orig Diff	Deferred Tax	Total DIT
CIAC PA		\$0	\$0	SO (\$375,695)	\$0	(SOTS,69S)	\$1,742,599	\$375,695	SO (\$1,742,599)	\$24,810	\$0	(\$113,156)	(\$88,346)
	SubTotal	\$0	SO	SO (\$375,69S)	SO	(\$375,6e5)	\$1,742,S09	SO75,6-6	SO (\$1,742,S99)	\$24,810	\$0	(\$113,156)	(\$88,346)
Software PA		\$0	\$0	SO \$2SS,S33	\$0	12~,S33	SO	(\$26a,533)	\$0	SO	\$0	\$0	\$-
	SubTotal	\$0	SO	SO \$2~8,S33	SO	S2~,S33	SO	(12~.S33)	SO	SO	SO	SO	SO
Company/Jur Total:		SO	SO	\$0 (\$107,1S2)	SO	(\$107,162)	\$1,742,599	\$107,162	SO (\$1,742,59g)	\$24,810	SO	(\$113,156)	(\$88,346)

L

PECO Energy Company 10200
 PowerT-x (Jefen'ed T-x Recovery By Type Report
 Rpt # 218 3/7/200~ 9:07 AM
 PECO Rate Case Update
 SlecU-: F,o,e,n'c) - c~ 13~?

Jurisdiction : Federal Tax Year : 2--n--		Book Recovery				Deferred Tax				Total DIT				
	Depreciation	Loal/(Geln)	Tax Total	l)eflm~latlon	Loee/(Galn)	Book Total	Odg Olff	Depreciation	LoIm/(Gln)	Orlg Dlff	Depr~:latlon	Losw'(Gajn)	Orlg Dlff	Total DIT
Method Federal Only	\$909,974	\$0	\$909,974	\$1,054,432	\$0	\$1,064,432	\$0	(\$144,459)	\$0	\$0	(\$58,857)	\$0	\$0	(\$58,857)
ML Fed Only	\$140,726,219	\$0	\$140,726,219	\$75,208,296	\$0	\$75,208,296	\$0	\$65,517,923	\$0	\$0	\$22,741,911	\$0	\$0	\$22,741,911
SubTotal	\$141,638,192	\$0	\$141,638,192	\$78,262,728	\$9	\$76,282,728	\$9	\$88,373,484	\$0	\$0	\$22,683,055	\$9	\$0	\$22,683,055
P-.a.- Fed	\$0	\$0	\$0	(\$1,445,567)	\$0	(\$1,448,567)	\$8,257,401	\$1,445,567	\$0	(\$8,257,401)	\$505,495	\$0	(\$2,890,090)	(\$2,384,595)
SubTotal	\$8	\$9	\$0	(\$1,445,567)	\$0	(\$1,445,567)	\$8,257,401	\$1,445,567	\$9	(\$8,257,401)	\$805,495	\$0	(\$2,890,090)	(\$2,384,595)
Life FT Federal Only	\$1,054,432	\$0	\$1,064,432	\$12,283,359	\$0	\$12,283,389	\$0	(\$1,228,927)	\$0	\$0	\$0	\$0	\$0	\$0
ML FT Fed	\$86,443	\$0	\$916,443	\$10,180,933	\$0	\$10,180,933	\$0	(\$9,564,490)	\$0	\$0	\$0	\$0	\$0	\$0
SubTotal	\$1,670,875	\$0	\$1,670,875	\$22,464,292	\$9	\$82,464,292	\$9	(\$20,793,417)	\$0	\$0	\$0	\$0	\$0	\$0
CompanyJur Total:	\$143,307,067	\$8	\$143,307,067	\$97,281,462	\$9	\$97,281,462	\$8,257,401	\$41,025,618	\$0	(\$8,287,401)	\$23,188,550	\$0	(\$2,890,090)	\$20,298,459

PECO Energy Company 10200
 PowerTax Deferred Tax Filings By Type Requested
 Print # 21 on 3/7/2008 9:39 AM
 PECO Rata Case Update
 common Inflation (software, no claim), case 1317

Jurisdiction : Federal	Tax Year : 2007		Tax Year : 2008			Tax Year : 2009			Tax Year : 2010			Current Deferred Tax		
	Original	Adjusted	Original	Adjusted	Original	Original	Original	Original	Original	Original	Original	Original	Original	Total DIT
	Cost	Gain	Cost	Gain	Cost	Book Total	Orig Diff	Depreciation	Loss (Gain)	Orig DID	Depreciation	Loss (Gain)	Orig Diff	Total DIT
Method Federal Only	\$438,783	SO	\$438,783	\$611,206	SO	\$611,206	SO	(\$172,423)	SO	SO	(\$70,300)	\$0	SO	\$70,300
ML FAS106 Fed	\$704,595	SO	\$704,595	\$335,749	SO	\$335,749	SO	\$368,847	SO	SO	\$129,096	\$0	SO	\$129,096
ML Fed Only	<u>\$18,010,054</u>	<u>SO</u>	<u>\$18,010,054</u>	<u>\$13,892,308</u>	<u>SO</u>	<u>\$13,892,308</u>	<u>SO</u>	<u>\$4,117,745</u>	<u>SO</u>	<u>SO</u>	<u>\$1,437,300</u>	<u>\$0</u>	<u>SO</u>	<u>\$1,437,300</u>
SubTotal	\$19,153,432	\$8	\$19,153,432	\$14,830,263	\$8	\$14,830,263	SO	\$4,314,169	\$0	\$0	\$1,496,147	\$6	\$6	\$1,496,147
Life FT Fed	<u>SO</u>	<u>SO</u>	<u>SO</u>	<u>(\$1,441)</u>	<u>SO</u>	<u>(\$1,441)</u>	<u>SO</u>	<u>\$1,441</u>	<u>SO</u>	<u>SO</u>	<u>\$504</u>	<u>\$0</u>	<u>SO</u>	<u>\$504</u>
SubTotal	\$0	\$8	\$0	(\$1,441)	SO	(\$1,441)	\$8	\$1,441	\$8	\$0	\$504	\$0	\$0	\$604
Life FT Federal Only	\$611,206	SO	\$811,206	\$611,425	SO	\$611,425	\$0	(\$218)	\$0	SO	\$6	\$0	\$0	\$0
ML FT Fed	<u>\$191,161</u>	<u>SO</u>	<u>\$191,161</u>	<u>\$214,283</u>	<u>SO</u>	<u>\$214,283</u>	<u>\$6</u>	<u>(\$23,122)</u>	<u>SO</u>	<u>SO</u>	<u>\$0</u>	<u>\$0</u>	<u>SO</u>	<u>\$0</u>
SubTotal	\$802,367	\$8	\$802,367	\$825,708	SO	\$825,708	SO	(\$23,340)	\$8	SO	SO	\$6	\$8	\$0
Company/Jut Total:	\$19,955,799	\$0	\$19,955,799	\$15,635,530	\$8	\$15,635,530	\$8	\$4,292,270	\$0	\$6	\$1,496,851	\$0	\$0	\$1,496,851

PECO Energy Company 10200
 PowerTax Deferred Tax Recovery By Line Report
 Rpt # 216 3/1/2008 9:39 AM

common (no software, no lml), cm 1317

Jurisdiction : PA State Tax Year : 2008	Tax Recovery			Book Recovery			Basis Diff	Current Difference			Current Deferred Tax			Total DIT
	Depreciation	Loss/(Gain)	Tax Total	Depreciation	Loss/(Gain)	Book Total	Orig Diff	Depreciation	Loss/(Gain)	Orig Diff	Depreciation	Loss/(Gain)	Orig Diff	
CIAC PA	\$0	\$0	\$0	(\$1,441)	\$0	(\$1,441)	\$0	\$1,441	\$0	\$0	\$94	\$0	\$0	\$94
SubTotal	\$0	\$0	\$0	(\$1,441)	\$0	(\$1,441)	\$0	\$1,441	\$0	\$0	\$94	\$0	\$0	\$94
Company/Jur Total:	\$0	\$0	\$0	(\$1,441)	\$0	(\$1,441)	\$0	\$1,441	\$0	\$0	\$94	\$0	\$0	\$94

\$1,441

PECO Energy Company 10200
 PowerTax Deferred Tax Recovery By Type Report
 Flpt # 216 3/7/2008 9:11 AM
 PECO Rate C-ise Update
 non utility - caea 1317

Jurisdiction : Federal
 Tax Year: onn~

I-- Tax ~:overv

	Del:recltion Los~(Gain)	Tax Total	Book Recovery		Basis Diff	Current Difference			Current Deferred Tax					
			Deprec Mon	Loee/(Gain)	Book Total	Orig Diff	Depreciation	Loss/(Gain)	Orig Diff	Depreciation	Loss/(Gain)	Orig Diff	Total DIT	
Method Federal Only	\$9,622	\$0	\$9,622	\$9,390	\$0	\$9,390	\$0	\$231	\$0	\$0	\$81	\$0	\$0	\$81
ML Fed Only	(\$61,863)		(\$51,863)	\$29,217	\$0	\$29,217	\$0	(\$91,080)	\$0	\$0	(\$32,050)	\$0	\$0	(\$32,050)
SubTotal	(\$52,242)	\$0	(\$52,242)	\$38,607	\$0	\$38,607	\$9	(\$90,848)	\$0	\$0	(\$31,969)	\$0	\$0	(\$31,969)
Life FT Federal Only	\$9,390			\$3,130	\$0	\$3,130	\$0	\$6,260	\$0	\$0	\$0	\$0	\$0	\$0
ML FT Fed	\$0	\$0		\$18,386	\$0	\$18,386	\$0	(\$18,385)	\$0	\$0	\$0	\$0	\$0	\$0
SubTotal	\$9,390	\$0	\$9,390	\$21,516	\$0	\$21,516	\$0	(\$12,125)	\$0	\$0	\$0	\$0	\$0	\$0
Company/Jur Total:	(\$42,852)	\$0	(\$42,852)					(\$102,973)	\$0	\$0	(\$31,969)	\$0	\$0	(\$31,969)
														(\$102,973)

PECO Energy Company 10200
 PowerTax Deferred Tax Summary/Company Report
 Rpt # 120 3/10/2008 9:19 AM
 PECO Rate Case Update
 common software

Federal Tax Year : 2008	Beginning Difference	Current Difference	Ending Difference	Beginning DFIT Balance	Current DFIT	Ending DFIT Balance
ML Fed Only	\$10,210,240	\$1,838,889	\$12,049,129	\$3,573,584	\$643,611	\$4,217,195
AFUDC Debt Fed	\$752	(\$752)	\$0	\$263	(\$263)	\$0
Avoided Cost Fed	(\$1,466)	\$1,030	(\$436)	(\$513)	\$360	(\$153)
Software Fed	\$34,440,471	(\$5,382,571)	\$28,057,899	\$12,054,165	(\$2,233,900)	\$9,820,265
SubTotals:	\$44,649,996	(\$4,543,406)	\$40,106,592	\$15,627,499	(\$1,590,192)	\$14,037,307
Pensions-Book FT FED	\$0	\$0	\$0	\$0	\$0	\$0
AFUDC - FT Fed	\$5	\$0	\$0	\$0	\$0	\$0
Cap 263A Book, Taxes Cap FT FED	\$0	\$0	\$0	\$0	\$0	\$0
SubTotals:	\$0	\$0	\$0	\$0	\$0	\$0
Jurisdiction Totals:	\$44,049,996	(\$4,643,405)	\$40,106,592	\$15,627,499	(\$1,590,192)	\$14,037,307

PEGO Energy Company 10200
 PowerTax Deferred Tax Summary/Company Report
 Rpt # 120 3/10/2008 9:19 AM
 PECO Rate Case Update
 common software

PA State Tax Year : 2008	Beginning Difference	Current Difference	Ending Difference	Beginning DFIT Balance	Current DFIT	Ending DFIT Balance
AFUDC PA	\$752	(\$752)	\$0	\$49	(\$4~)	
Avoided Cost PA	(\$1,466)	\$1,030	(\$436)	(\$85)	~7	(\$28)
SubTotals:	(\$714)	\$277	(\$436)	(\$46)	\$18	(\$28)
ML FT PA	\$9,998,366	\$1,840,063	\$11,838,428		~0	\$0
ML Pa Non-Conforming Software PA	\$206,752 \$34,440,471	(\$1,398) (\$6,382,571)	\$298,355 \$28,057,988	\$0 \$0	\$0 \$0	\$0 \$0
AFUDC - FT PA	\$0	\$0	\$0	\$0	\$0	\$8
Penslons-Book PA	\$0	\$8	\$0	\$0	\$0	\$0
Cap 263A Book, Taxes Cap PA	\$0	\$0	\$0	\$0	\$0	\$0
SubTotals:	\$44,645,998	(\$4,543,905)	\$40,101,683	\$0	\$0	\$0
Jurisdiction Totals:	\$44,644,874	(\$4,543,627)	\$40,101,247	(\$46)	\$18	(\$28)
Tax YearTotals:	\$89,294,871	(\$9,087,032)	\$80,207,838	\$15,627,452	(\$1,590,174)	\$14,037,279

PECO Energy Company 10200
 PowerTax Deferred Tax Recovery By Type Report
 flpt #21e 3/10/2008 9:20 AM
 PECO Rate Case Update
 common software

Jurisdiction : Federal
 Tax Year : 2008

	Depreciation	Lo-I/(Gain)	Tax Total	Delxeclation	Loea/(Gain)	Book Total	Orig Off	Depreciation	Lola/(GInn)	Orig Dift	D-praciaUon	Current Deferred Tax Loss/(Gain) Ortg Off	Ortg Off	Total Off
ML Fed Only	\$7,158,175	\$0	\$7,158,175	\$5,318,286	\$0	\$5,319,288	\$0	\$1,838,889	\$0	\$0	\$643,611	\$0		
SubTotal	\$7,158,175	\$0	\$7,158,175	\$5,318,286	\$0	\$5,319,288	\$0	\$1,838,889	\$0	\$0	\$643,611	\$0	\$0	-13,811
AFUDC Debt Fed	\$0	\$0	\$0	\$752	\$0	\$752	\$0	(\$752)	\$0	\$0	(\$263)	\$0	\$0	(\$263)
Avoldsd Coat Fed	\$0	\$0	\$0	(\$1,030)	\$0	(\$1,030)	\$0	\$1,030	\$0	\$0	\$360	\$0	\$0	
Software Fed	\$0	\$0	\$0	\$6,382,571	\$0	\$6,382,571	\$0	(\$6,382,571)	\$0	\$0	(\$2,233,900)	\$0	\$0	(\$2,233,900)
SubTotal	\$0	\$0	\$0	\$6,382,571	\$0	\$6,382,571	\$0	(\$6,382,571)	\$0	\$0	(\$2,233,900)	\$0	\$0	(\$2,233,900)
AFUOC - FT Fed	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cap 263A Book, Taxes Cap FT FE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Panalona-Book FT FED	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SubTotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
CompanyJur Total:	\$7,158,175	\$0	\$7,158,175	\$11,701,580	\$0	\$11,701,580	\$0	(\$4,543,405)	\$0	\$0	(\$1,590,192)	\$0	\$0	(\$1,590,192)

PECO Energy Company 10200
 PowerTex D-ferred T-t Recovery By Type Report
 Rpt # 218 3/10r200~ 9:20 AM
 PECO Rate Ca-e Update
 common ~ftware

Jurisdiction : PA State
 Tax Year : 2008

Tax Recovery			Book Recovery		Basis Diff	Current Difference			Current Deferred Tax		Total DIT	
Depreciation	L~//(Geln)	Tax Total	Depreciation	Loss/(Gain)	Book Total	Orig Diff	Depreciation	Loss/(Gain)	Orig Diff	Depreciation	Loss/(Gain)	
AFUDC PA	\$0	\$0	\$752	\$0	\$752	\$0	(\$752)	\$0	\$0	(\$49)	\$0	(~9)
Avoided Cost PA	\$0	\$0	(\$1,030)	\$0	(\$1,030)	\$0	\$1,030	\$0	\$0	\$67	\$0	\$67
SubTotal	\$0	\$0	(\$277)	\$0	(\$277)	\$0	\$277	\$0	\$0	\$18	\$0	\$18
ML FT PA	\$7,157,953	\$0	\$5,317,890	\$0	\$5,317,890	\$0	\$1,840,063	\$0	\$0	\$0	\$0	\$0
ML Pa Non-Conforming	\$0	\$0	\$1,398	\$0	\$1,398	\$0	(\$1,398)	\$0	\$0	\$0	\$0	\$0
SubTotal	\$7,157,953	\$0	\$5,319,288	\$0	\$5,319,288	\$0	\$1,838,666	\$0	\$0	\$0	\$0	\$0
AFUDC - FT PA	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cap 263A Book, Taxes Cap PA	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Pensions-Book PA	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Software PA	\$0	\$0	\$6,382,571	\$0	\$6,382,571	\$0	(\$6,382,571)	\$0	\$0	\$0	\$0	\$0
SubTotal	\$0	\$0	\$6,382,571	\$0	\$6,382,571	\$0	(\$6,382,571)	\$0	\$0	\$0	\$0	\$0
Compsny/Jur Totah	\$7,157,983	\$0	\$11,701,580	\$0	\$11,701,580	\$0	(\$4,543,627)	\$0	\$0	\$18	\$0	\$18
<div style="border: 1px solid black; padding: 2px; display: inline-block;"> (\$4,543,627) </div>												

PECO Energy Company 10200
 PowerTax Deferred Tlx Recovery By Type Report
 Rpt # 218 3/10/2008 9:20 AM
 PECO Rate Cm Update
 common -oftware

Jurisdiction : Federal
 Tax Year : ~

Book Reco,;erv ~

	Depreciation	Loa~/(Gain)	Tax Total	Depreciation	Lo~l/(Gain)	Book Total	Orig Diff	Depreciation	Lo~l/(Gain)	Orig Diff	Oepreciallon	Lo~l/(Oeln)	Orig Diff	Total DIT
<u>ML Fed Only</u>	<u>\$7,158,175</u>	<u>\$0</u>	<u>\$7,158,175</u>	<u>\$5,319,286</u>	<u>\$0</u>	<u>\$5,319,286</u>	<u>\$0</u>	<u>\$1,838,889</u>	<u>\$0</u>	<u>\$0</u>	<u>\$643,611</u>	<u>\$0</u>	<u>\$0</u>	<u>\$643,611</u>
SubTotal	\$7,1~8,175	\$0	\$7,1S~175	\$S.319.28~	io	\$5,319,286	\$0	\$1,838,889	\$0	\$0	\$643,611	\$0	\$0	\$643,811
AFUDC Oebt Fed	\$0	\$0	\$0	\$752	\$0	\$7S2	\$0	(\$752)	\$0	\$0	(\$263)	\$0	\$0	(\$263)
Avoided Coat Fed	\$0	\$0	\$0	(\$1,030)	\$0	(\$1,030)	\$0	\$1,030	\$0	\$0	\$360	\$0	\$0	\$360
<u>Software Fed</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$5,382,571</u>	<u>\$0</u>	<u>\$6,3~2,\$71</u>	<u>\$0</u>	<u>(\$6,382,571)</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$2,233,900)</u>	<u>\$0</u>	<u>\$~</u>	<u>(\$2,233,900.)</u>
SubTotal	\$0	\$0	\$0	\$6,382,294	\$0	\$6,382,294	\$0	(1~,382,294)	\$0	\$0	(\$2,233,803)	\$0	\$0	(\$2,233,803)
Cap 263A Book, Taxe~ Cap FT FE	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5	\$0	\$0	\$5	\$0	\$0	\$~
<u>Pensions-Book FT FED</u>	<u>\$0</u>	<u>\$0</u>	<u>~0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>~0</u>	<u>\$0</u>	<u>\$P</u>
SubTotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$~
CompanyJur Torah	\$7,158,175	\$0	\$7,1~8,175	\$11,701,580	\$0	\$11,701,580	io	(\$4,543,405)	\$0	\$0	(\$1,590,192)	~0	\$0	(\$1,590,192)

PECO Energy Company 10200
 PowerTax O-ferred Tax Recovery By Type Report
 Rpt # 216 3/10/2008 9:20 AM
 PECO Rate Case Update
 common software

Jurisdiction : PA State Tax Year	Current Difference												Current Deferred Tax		
	Pr-Inst-n	Lo-s/-Gstn	Tax Total	Int-:tation	Lo-e/(Gain)	Book Total	Orig Diff	Depreciation	LoW(Gain)	Orig Diff	Depreciation	LoW(Gain)	Orig Diff	Total	
AFUDC PA	SO	SO	SO	\$752	\$0	\$752	\$0	(\$752)	SO	SO	(\$49)	SO			
Avol-_-Cost PA	\$0	\$0	\$0	(\$1,030)	SO	(\$1,030)	\$0	\$1,030	SO	SO	\$67	SO	SO	\$6T	
SubTotal	SO	\$8	\$0	(\$277)	SO	(\$277)	\$8	\$277	SO	SO	\$18	SO	SO	\$1-	
ML FT PA	\$7,157,953	SO	\$7,157,963	\$5,317,890	SO	\$8,317,890	SO	\$1,840,063						\$0	
ML Pe Non-Conforming	\$0	SO	SO	\$-,396	SO	\$1,3M	\$0	(\$-,396)	So	so	SO	SO			
SubTotal	\$7,157,953	\$0	\$7,157,963	\$5,319,286	\$0	\$8,31e,2M	SO	\$1,e38,eM							
AFUDC - FT PA	\$0	\$0	\$8	\$0	\$0	\$8	\$0	so	so	SO	\$o	so			
Cap 263A Book, Taxee Cap PA	\$0	so	SO	SO	\$0	\$8	SO	\$0	\$0	SO	\$0	\$0			
Pensions-Book PA	\$0	SO	SO	SO	SO	SO	SO	\$0	\$0	SO	\$0	SO	SO		
Software PA	\$0	\$0	\$0	\$6,382,571	\$0	\$6,3-2,K71	\$0	(\$6,382,571)	SO	SO	SO	SO			
SubTotal	\$0	\$0	\$0	\$8,382,571	\$0	\$6,382,571	\$0	(\$8,382,571)						\$0	
Company/Jur Total:	\$7,157,953	SO	\$7,157,963	\$11,701,580	SO	\$11,701,580	\$0	(\$4,643,627)	SO	So	\$18	So	So		

- Q. III ~A-63 State whether all tax savings due to accelerated depreciation on property installed prior to 1970 have been passed through to income. (If not, explain).
- A. III- A- 63 All tax savings due to accelerated depreciation on pre-1970 property have been passed through to income.

- eo **III - A - 64** Show any income tax loss/gain carryovers from previous years that may effect test year income taxes or future year income taxes. Show loss/gain carryovers by years of origin and amounts remaining by years at the end of the test year.
- III - A - 64** PECO Energy Company will not have any net operating losses carried forward into 2008.

III - A - 65 State whether the company eliminates any tax savings by the payment of actual interest on construction work in progress not in rate base claim.

If response is affirmative:

- a. Set forth amount of construction claimed in this tax savings reduction. Explain the basis for this amount.
- b. Explain the manner in which the debt portion of this construction is determined for purposes of the deferral calculations.
- c. State the interest rate used to calculate interest on this construction debt portion, and the manner in which it is derived.
- d. Provide details of calculation to determine tax saving reduction. State whether state taxes are increased to reflect the construction interest elimination.

As **III - A - 65** The Company does not eliminate tax savings by the payment of actual interest on construction work in progress not in rate base claim.

- eo **III - A - 66** Provide a detailed analysis of Taxes Accrued per books as of the test year date. Also supply the basis for the accrual and the amount of taxes accrued monthly.
- Ao **III - A - 66** Refer to Attachment III-A-66 for PECO Energy Company's Taxes Accrued per books as of December 31,2007.

ATTACHMENT
III - A - 66

PECO Energy Company

(Thousand - \$)

2007 PA Capital SIO- Tax		Tax is based on the corporation's capital stock value, as derived by the application of a formula. The tax rate is 3.89 mils for	Generally, monthly accrual is one twelfth of total estimated tax
	822		
		Tax is based on assessed valuation of the company's taxable real property	Generally, monthly accrual is one twelfth of total estimated tax
	105		
		Tax is based on assessed valuation of the company's taxable real property	Generally, monthly accrual is one twelfth of total estimated tax
		is based on Net Taxable Sales at a rate of 6	Generally, accrual is computed monthly by applying the rate to net taxable sales.
	(-2)	Tax is self-assessed based on purchases where the Sales Tax is applicable at a rate	Generally, accrual is computed monthly by applying the rate to applicable purchases.
		Tax based on employer's unemployment rate multiplied by a maximum of \$8,000	Generally, accrual is computed monthly by applying
		Tax is based on the first \$7,000 earned by an employee at a taxable rate of 6.2% (code Sec. 3301),	Generally, accrual is computed monthly by applying the rate to taxable earnings.
FICA	2,324	Tax for OASDI is based on the first \$97,500 (for 2007) earned by an employee at a taxable rate of 6.2% (code Sec. 3111),	Generally, accrual is computed monthly by applying the rate to taxable earnings.
PA Corporate Net Income Tax	4,778	Tax is based on taxable net income as defined by the Pennsylvania Department of Revenue at the current rate of 9.99%.	Generally, accrual is computed quarterly by applying the rate to taxable income from operations for that quarter.
Federal Income Tax	15,525	Tax is based on taxable net income as defined by and reported to the IRS. Current rate is 35% of taxable income.	Generally, accrual is computed quarterly by applying the rate to taxable income from operations for that quarter.

(r-ousa- S)

Description

Other State Income Tax

Generally, taxes are accrued as income tax returns are filed.

TOTAL

218

- III - A - 67** For the test year as recorded on test year operating statement:
- a. Supply the amount of federal income taxes actually paid.
 - b. Supply the amount of the federal income tax normalizing charge to tax expense due to excess of accelerated tax depreciation over book depreciation.
 - c. Supply the normalizing tax charge to federal income taxes for the 10% Job Development Credit during test year.
 - d. Provide the amount of the credit of federal income taxes due to the amortization or normalizing yearly debit to the reserve for the 10% Job Development Credit.
 - e. Provide the amount of the credit to federal income taxes for the normalizing of any 3% Investment Tax Credit Reserve that may remain on the utility books.
-
- III - A - 67**
- a. The Company's pro forma test year operating income statement claim for federal income taxes is set forth on Section D, Schedule D-20 of Exhibit RLO-1.
 - b. Please refer to Section D, Schedule D-20 of Exhibit RLO-I.
 - c. Not applicable.
 - d. Not applicable.
 - e. Not applicable.

Q. III- A- 68 Provide the debit and credit in the test year to the Deferred Taxes due to Accelerated Depreciation for federal income tax, and provide the debit and credit for the Job Development Credits (whatever account) for test year.

A. III - A - 68 Refer to Exhibit RLO-1, Schedule C-6, for the deferred taxes due to accelerated depreciation for federal income tax for the test year.

The Company does not have any Job Development Credits.

III - A - 69 Reconcile all data given in answers to questions on income taxes charged on the test year operating statement with regard to income taxes paid, income taxes charged because of normalization and credits due to yearly write-offs of past years' income tax deferrals and from normalization of investment tax and development credits (Both state and federal income taxes).

^{AO} **III - A - 69** There is no reconciliation because: 1) the test year income tax expense does not reflect taxes paid based on prior years' income; and 2) the test year income tax expense does not contain any normalization or credits due to yearly write-offs of past years' income tax deferrals.

Refer to Exhibit RLO-1, Schedule D-20, for the amount of normalization of investment tax credits for the test year.

The Company has no development credits.

III - A - 70 With respect to determination of income taxes, federal and state:

- a. Show income tax results of the annualizing and normalizing adjustments to the test year record before any rate increase.
- b. Show income taxes for the annualized and normalized test year.
- c. Show income tax effect of the rate increase requested.
- d. Show income taxes for the normalized and annualized test year after application of the full rate increase.

[It is imperative that continuity exists between the income tax calculations as recorded for the test year and the final income tax calculation under proposed rates. If the company has more than one accounting area, then additional separate worksheets must be provided in addition to those for total company.]

Ao **III - A - 70** Refer to Exhibit RLO-1, Schedule D-20, and Exhibit RLO-2, Schedule D-20, for the income tax calculations at present and proposed rates for the future and historic years respectively.

Q. III-A-71 In adjusting the test year to an annualized year under present rates, explain any changes that may be due to book or tax depreciation change and to debits and credits to income tax expense due to accelerated depreciation, deferred taxes, job development credits, tax refunds or other items.

(The above refers only the adjustments going from recorded test year to annualized test year.)

A. III-A-71 Refer to Exhibit RLO-1, Schedule D-20, and Exhibit RLO-2, Schedule D-20.