

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION
DOCKET NO. P-2008-
MARKET RATE TRANSITION PHASE-IN PROGRAM PACKAGE**

VOLUME 1 OF 1

COVER LETTER

PETITION

APPENDIX A: PHASE-IN RIDER

PECO STATEMENT NO. 1 TESTIMONY OF RICHARD G. WEBSTER, JR.

PECO STATEMENT NO. 2 TESTIMONY OF ALAN B. COHN

PECO EXHIBIT ABC-1: LIST OF PRIOR TESTIMONY

**PECO EXHIBIT ABC-2: TARIFF SUPPLEMENT PER PHASE-IN RIDER
AND COST RECOVERY MECHANISM**

**PECO EXHIBIT ABC-3: CALCULATION OF PHASE-IN PRE-PAYMENT
AND CREDIT FACTORS**

**PECO EXHIBIT ABC-4: ILLUSTRATIVE CALCULATION OF PHASE-IN
PLAN OPERATION FOR RATE R**

**PECO EXHIBIT ABC-5: ESTIMATED PLAN IMPLEMENTATION AND
ADMINISTRATION COSTS**

RESPONSES TO 52 PA CODE § 53.52 QUESTIONS

Richard G. Webster, Jr.
Director Regulatory Affairs

Telephone 215.841.5777
www.exeloncorp.com
dick.webster@peco-energy.com

PECO Energy Company
2301 Market Street
Philadelphia, PA 19103

Mail To: P.O. Box 8699
Philadelphia, PA 19101-8699

September 10, 2008

BY HAND DELIVERY

Mr. James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
Harrisburg, PA 17120

Re: Petition of PECO Energy Company for Expedited Approval to Implement a Market Rate Transition Phase-In Program – Docket No. P-

Dear Secretary McNulty:

Enclosed please find an original and eight copies of the Petition of PECO Energy Company for Expedited Approval to Implement a Market Rate Transition Phase-In Program. Included with the Petition are:

1. PECO Statement No. 1 - Direct Testimony of Richard G. Webster, Jr.;
2. PECO Statement No. 2 - Direct Testimony Alan B. Cohn;
3. PECO's Responses to the questions set forth in 52 Pa. Code § 53.52.

If you have any questions regarding this filing, please do not hesitate to contact me at 215-841-5777.

Sincerely,



Richard G. Webster, Jr.
Director
Regulatory Affairs

cc: Certificate of Service
Commissioner James H. Cawley, Chairman
Commissioner Tyrone J. Christy, Vice Chairman
Commissioner Wayne Gardner
Commissioner Kim Pizzingrilli
Commissioner Robert F. Powelson

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PETITION OF PECO ENERGY :
COMPANY FOR EXPEDITED : **Docket No. P-**
APPROVAL TO IMPLEMENT A :
MARKET RATE TRANSITION :
PHASE-IN PROGRAM :

CERTIFICATE OF SERVICE

I hereby certify that I have this day served copies of the Petition of PECO Energy Company for Expedited Approval to Implement a Market Rate Transition Phase-In Program on the following persons and in the manner as set forth below, in accordance with the requirements of 52 Pa. Code § 1.54 and 52 Pa. Code § 54.185(b):

VIA HAND-DELIVERY

Sonny Popowsky, Esquire
Tanya McCloskey, Esquire
Office of Consumer Advocate
555 Walnut Street
Forum Place, Fifth Floor
Harrisburg, PA 17101

Johnnie E. Simms, Esquire
Office of Trial Staff
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
P.O. Box 3265
Harrisburg, PA 17120

Scott Perry, Esquire
Assistant Counsel
Commonwealth of Pennsylvania
Department of Environmental Protection
Rachel Carson State Office Bldg. – 9th Flr.
400 Market Street
Harrisburg, PA 17105-2301

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

David M. Kleppinger, Esquire
McNees, Wallace & Nurick
100 Pine Street
Harrisburg, PA 17108
(Counsel for Phila. Area Industrial Energy
Users Group)

VIA FIRST CLASS MAIL

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

Paul E. Russell, Esquire
PP&L Services Corporation
Two North Ninth Street
Allentown, PA 18101
(Counsel for PP&L)

Mike Cornwell
Dominion Retail
120 Tredegar Street
Richmond, VA 23219

David MacGregor, Esquire
Post & Schell
Four Penn Center
1600 JFK Blvd.
Philadelphia, PA 19103-2808
(Counsel for PP&L)

Todd Stewart, Esquire
Hawke & McKeon, LLP
Harrisburg Energy Center
100 North Tenth Street - P.O. Box 1778
Harrisburg, PA 17105
(Counsel for Dominion Retail)

Daniel Clearfield, Esquire
Kevin Moody, Esquire
Wolf, Block, Schorr and Solis-Cohen LLP
1650 Arch Street - 22nd Fl.
Philadelphia, PA 19103
(Counsel for Retail Energy Supply
Association)

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

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

Christopher Lewis, Esquire
Blank Rome, LLP
One Logan Square
130 North 18th Street
Philadelphia, PA 19103-6998
(Counsel for Constellation
New Energy)

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

Roger E. Clark
Sustainable Development Fund
718 Arch Street, Suite 300 North
Philadelphia, PA 19106-1591

Stephen L. Feld, Esquire
FirstEnergy Service Company
76 South Main Street
Akron, OH 44308

VIA FIRST CLASS MAIL

Linda R. Evers, Esq.
FirstEnergy Service Company
2800 Pottsville Pike
Reading, PA 19612-6001

PJM Interconnection, LLC
Office of the General Counsel
955 Jefferson Avenue
Valley Forge Corporate Center
Norristown, PA 19403-2497

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

Mark Baird
Reliant Energy
1000 Main Street
Houston, TX 77002

John L. Munsch, Esquire
Allegheny Power
800 Cabin Hill Drive
Greensburg, PA 15601-1689
(Counsel for Allegheny Power)

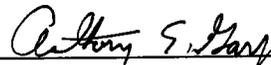
Brian Kalcic
Excel Consulting
Suite 720-T
225 Meramec Avenue
St Louis, MO 63015

Phil Bertocci, Esquire
Community Legal Services, Inc.
1424 Chestnut Street, 4th Floor
Philadelphia, PA 19102

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

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

Joseph Dominguez
Senior Vice President and General Counsel
Exelon Generation
300 Exelon Way
Kennett Square, PA 19348



Anthony E. Gay
Assistant General Counsel
Exelon Business Services Company
2301 Market Street
Philadelphia, Pennsylvania 19101
215.841.4635
215.568.3389
Anthony.Gay@exeloncorp.com

Dated: September 10, 2008

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PETITION OF PECO ENERGY COMPANY :
FOR EXPEDITED APPROVAL OF ITS : DOCKET NO. P-
MARKET RATE TRANSITION PHASE-IN :
PROGRAM :**

PETITION OF PECO ENERGY COMPANY

PECO Energy Company (“PECO” or the “Company”) hereby requests the Pennsylvania Public Utility Commission’s expedited approval to implement a voluntary Market Rate Transition Phase-In Program (the “Phase-In Program”). The purpose of PECO’s proposed Phase-In Program is to give eligible customers a rate option to help them manage the transition from PECO’s capped generation rates to market-priced generation, which will occur on January 1, 2011. The Phase-In Program will allow participating customers to make advance payments as part of their bills from July 1, 2009 through December 31, 2010. The advance payments will then be credited to their bills, with interest, between January 1, 2011 and December 31, 2012.

The Phase-In Program is one part of PECO’s comprehensive Rate Mitigation Plan that includes, among other features, a default service program with competitive, laddered procurement, expanded retail competition programs and phase-out of declining rate blocks, increased discounts for low-income customers, a Market Rate Transition Deferral Program to help customers defer expected post-rate cap price increases, a Market Rate Transition Energy Efficiency Package, and a Customer Education Plan to increase customer awareness of rising

energy prices and how they can more smoothly transition to those prices.¹ PECO is seeking expedited approval of this Petition as part of its efforts to help electricity consumers in its service territory prepare now for the expected future price increases.

As part of this Petition, PECO also requests approval of a tariff supplement, attached as Appendix A, which would: 1) implement a Market Rate Transition Phase-In Rider; and 2) establish an automatic adjustment clause under Section 1307 of the Public Utility Code (66 Pa. C.S. § 1307) to recover the costs PECO will incur to implement and administer the Phase-In Program. In support of this Petition, PECO is submitting contemporaneously the prepared direct testimony of Richard G. Webster, PECO's Director of Regulatory Affairs, and Alan B. Cohn, PECO's Manager of Revenue Analysis. Mr. Webster's testimony (PECO Statement No. 1) explains why PECO believes the public interest is served by expedited implementation of its proposed Phase-In Program, Rider and cost recovery clause. Mr. Cohn's testimony (PECO Statement No. 2) and associated exhibits (PECO Exhibits ABC-1 through ABC-5) describe the Phase-In Rider and explain how it is proposed to work. In addition, Mr. Cohn's testimony explains the Company's proposal to establish an adjustment clause to recover the costs of implementing and administering the Phase-In Program.

I. INTRODUCTION

1. PECO is a public utility and an electric distribution company ("EDC"), as defined in Section 2803 of the Public Utility Code (66 Pa. C.S. § 2803), that provides electric transmission and distribution service to approximately 1.6 million customers within its authorized service territory in southeastern Pennsylvania.

¹ PECO's Customer Education Plan was approved by the Commission by Order entered August 8, 2008 at Docket No. M-2008-2032274.

2. As an EDC, PECO is the provider of last resort (“POLR”) for its electric customers (*see* 66 Pa. C.S. § 2807(e)(1)). In this role, PECO furnishes electric generation service to its customers not served by an alternative energy generation supplier (“EGS”) and does so at fixed rates that are capped through December 31, 2010 at levels specified in settlement agreements approved by this Commission in 1998 and 2000.²

3. When its existing generation rate caps expire, PECO will become the default service provider (“DSP”) within its authorized service territory and will continue to furnish generation service to customers that are not served by an EGS. More specifically, under 66 Pa. C.S. § 2907(e)(3), PECO “shall acquire electric energy at prevailing market prices” to serve non-shopping customers and “shall recover fully all reasonable costs” of doing so. Based on current estimates of electric generation prices at the time PECO’s generation rate caps expire, PECO anticipates that customers, whether they choose an EGS or elect default service, will experience material increases in their electric bills.

4. In order to help customers manage the transition to market-priced generation service, PECO intends to implement, with the Commission’s approval, a comprehensive Rate Mitigation Plan, as discussed in Mr. Webster’s direct testimony. One important element of the Company’s rate mitigation strategy is the proposed Phase-In Program, which is the subject of this Petition.

²*Application of PECO Energy Company, Pursuant to Chapters 11, 19, 21, 22, and 28 of the Public Utility Code for Approval of (1) a Plan of Corporate Restructuring, Including the Creation of a Holding Company and (2) the Merger of the Newly Formed Holding Company and Unicom Corporation, Docket No. A-110550F0147 (June 22, 2000); Application of PECO Energy Company for Approval of its Restructuring Plan Under Section 2806 of the Public Utility Code, et al., Docket No. R-000973953 and P-00971265 (May 3, 1998).*

II. THE MARKET RATE TRANSITION PHASE-IN PROGRAM

A. Overview Of The Program

5. The Market Rate Transition Phase-In Program is designed to allow eligible customers to transition to market prices for generation service over a period of three and one-half years through a series of increases beginning in July 2009. Although the caps on PECO's generation rates will not expire until December 31, 2010, the Phase-In Program will give eligible customers the option, beginning in July 2009, to make advance payments to cover a portion of the increase expected to occur as of January 1, 2011.

6. An eligible customer that elects to participate in the Phase-In Program will experience a series of gradual increases in the price of generation service in July 2009 and in January 2010, 2011, and 2012. To achieve this result, participating customers will make pre-payments in 2009 and 2010. Those pre-payments, plus the annual interest they accrue at 6%, compounded monthly, will be applied to the participating customers' bills as credits in 2011 and 2012. The credits will decline from 2011 to 2012 and will end on December 31, 2012, so that, as of January 1, 2013, these customers' bills will reflect the actual cost of generation supply service.

B. Eligibility; Competitive Neutrality; Enrollment

7. The Phase-In Program will be available to residential customers, commercial and industrial customers served on Rate Schedules GS, PD and HT with peak load not exceeding 500 kilowatts (kW) and to street lighting customers. Customers that are part of PECO's electric Customer Assistance Plan ("CAP") and customers whose accounts are in arrears will not be eligible for the program. Because these customers are not able to pay their current bills, as

evidenced by their participation in CAP or their existing arrearages, they would not be in a position to make the additional pre-payments called for under the Phase-In Program.

8. The Phase-In Program is competitively neutral from an electric “choice” perspective because it will be offered to eligible customers whether they purchase default generation service from PECO or purchase their generation supply from an EGS. Also, the pre-payments called for under the program will be non-bypassable for participating customers.

9. Participation in the Phase-In Program is entirely voluntary and PECO will only enroll customers who affirmatively “opt in” in order to participate. However, PECO intends to provide multiple means for customers to enroll in the program and will provide appropriate customer education and outreach about the program.

10. Upon approval of the Phase-In Program by the Commission, PECO will educate customers about the Program and open a 60-day enrollment period. PECO will educate customers through bill inserts, media advertisements, e-mails to its electronically billed customers, and notices on PECO’s website (www.peco.com/know). Additional enrollments will not be allowed after the enrollment period ends.

11. Customers will be able to enroll through the Internet by a conspicuous tab on PECO’s website; through PECO’s Interactive Voice Response (“IVR”) system; by calling PECO’s customer service line; or by completing and returning a pre-addressed and postage pre-paid enrollment form.

C. Pre-Payments And Credits

12. In order to calculate the pre-payments that are set forth in the Market Rate Transition Phase-In Rider, PECO had to estimate the increases in generation supply rates for each customer class that will occur as of January 1, 2011. As the basis for those estimates, PECO used the prices established by the successful bids in PPL Electric Utilities Corporation's ("PPL") March 2008 request for proposals ("RFP") for full requirements default supply service for the year 2010. However, PECO had to adjust the RFP results to recognize differences between PECO and PPL. The four adjustments that PECO made to the PPL RFP prices are described in Mr. Cohn's testimony.

13. Using the adjusted PPL RFP prices, PECO estimated the equal increases that would have to occur in July 2009 and January 2010 to move customers' current, capped default service rates to the estimated rate levels over a period of three and one-half years. A detailed calculation by rate schedule is provided in PECO Exhibit ABC-2, which is attached to Mr. Cohn's testimony. For an average customer served under Rate R (Residential Service), the parameters described above produce a series of increases equal to 3.4% of the customer's total bill followed by increases of 0.4%. In contrast, without the proposed Phase-In Program, the same estimated future prices for generation supply service would cause an average Rate R customer's bill to increase by 17% in 2011, as also shown on PECO Exhibit ABC-3.

14. The equal percentage increases to become effective in 2009 and 2010 for each eligible rate schedule, as explained above, were converted to a rate for each rate schedule, expressed in cents per kilowatt hour ("kWh"), to be applied to participating customers' bills.

This conversion calculation is shown on PECO Exhibit ABC-3. For a Rate R customer, these rates are 0.53 cents per kWh and 1.07 cents per kWh for 2009 and 2010, respectively.

15. The pre-payments, plus accrued interest, will be credited to participating Rate R customers' bills over two years (i.e., from January 1, 2011 through December 31, 2012) and three years for Rate RH and OP customers. Except for Rates RH and OP (which will receive a larger discount, as explained in the testimony of Mr. Cohn), the first year's credit will be twice as large as the credit in the second year. The monthly credit will be a fixed dollar amount that will be determined after the customer's last bill has been issued in 2010. An illustrative calculation of the monthly credits for an average Rate R customer is shown on PECO Exhibit ABC-3.

16. The method of calculating pre-payments, interest and credits, as described above, will not require a reconciliation process. The pre-payments and accrued interest will be tracked for each customer's account and, by the end of the phase-in period, the exact amount of pre-payments plus interest will have been returned to each participating customer as billing credits. To make sure that the entire credit amount is returned to a participating customer, the remaining balance in the customer's account will be credited in the last month of the credit period. Customers will be able to track their pre-payments through information in their monthly bill.

D. Leaving The Plan Before The End Of The Phase-In Period

17. A customer can end its participation in the Phase-In Program at any time after enrolling by calling the Company to give notice of its withdrawal. The rules governing when the withdrawal will become effective are discussed in Mr. Cohn's testimony. Upon withdrawal, a customer's bill will be credited with the entire balance (pre-payments plus interest) in its account.

18. A customer moving from one location to another within PECO's service territory will be able to remain in the Phase-In Program so long as the customer's new account is established at the same time the previous account was closed. A customer that closes his or her account and does not concurrently transfer it to another PECO account will be removed from the program, and the customer's plan balance, including accrued interest, will be returned to the customer. The same treatment will be afforded customers that leave the Company's service territory.

19. A customer can be involuntarily removed from the Phase-In Program if: (a) after enrolling, the customer is put on a CAP rate; or (b) the customer misses two consecutive payments of PECO electric bills. In both instances, any accumulated pre-payments plus accrued interest not previously credited to the customer's account will be applied to the customer's arrearages.

III. COST RECOVERY

20. In order to implement and administer the Phase-In Program, PECO will incur costs, *inter alia*, for information and billing system enhancements, customer notification and customer enrollment. The Company's current estimates of these costs are shown on PECO Exhibit ABC-5 and are addressed in Mr. Cohn's testimony.

21. PECO proposes to establish an adjustment clause under Section 1307 of the Public Utility Code, in the form set forth in Appendix A, to recover the costs of implementing and administering the Phase-In Program, including the costs of this proceeding. The adjustment clause will impose a fully reconcilable, non-bypassable charge on all electric customers that are eligible to participate in the plan. The charge will be included in PECO's distribution rates, not shown as a separate line item on customers' bills, and not included in the "price to compare."

22. The charge calculated under the proposed adjustment clause will be filed with the Commission on February 1 of each year to become effective on April 1 of that year. The charge will be based on an estimate of the expenditures for the year in which it will apply. Capital costs will be amortized over the useful life of the underlying asset with interest at 6% on the unrecovered balance. If PECO files a base rate case before the costs are fully recovered, the remaining unrecovered balance will be included in PECO's rate base in the proceeding and, upon the effective date of those base rates, the unrecovered balance will be removed from charges imposed under the adjustment clause.

23. Actual costs and revenues will be reconciled each year for a prior twelve-month period ending December 31. Any over or under-recovery, plus interest at 6%, will be reflected in the charge filed each February.

24. PECO proposes to file the first charge under the clause on the first day of the month after Commission approval to become effective 60 days later. If the Company incurs costs before April 1, 2009, those costs will be deferred, will accrue interest at 6%, and will be included in PECO's first charge under the clause.

25. As previously discussed, as part of a separate DSP filing, PECO will propose a Market Rate Transition Deferral Plan as another mitigation measure. Additionally, PECO will implement a broad based Customer Education Plan covering both of its proposed mitigation plans. In its DSP filing, PECO will propose to use the same adjustment clause it is asking the Commission to approve in this Petition to recover the costs to implement and administer its Market Rate Transition Deferral Plan and Customer Education Plan.

IV. THE COMPANY'S PROPOSAL IS CONSISTENT WITH THE COMMISSION'S FINAL POLICY STATEMENT AND IS IN THE PUBLIC INTEREST

26. The Commission's Final Policy Statement on Default Service And Retail Markets (52 Pa. Code §§ 69.1811) recommends that DSPs provide their customers options to mitigate anticipated increases occasioned by the transition to market-priced generation supply service through pre-payment or deferral plans that: (1) are available to customers up to at least 25 kW in peak demand; (2) are competitively neutral; (3) provide a phase-in period of not more than three years; and (4) require customers' affirmative consent to enroll. A pre-payment plan, like PECO's proposed Phase-In Program, was specifically mentioned as a favored mitigation measure in the Commission's Order adopting the Final Policy Statement (*Default Service And Retail Electric Markets – Final Policy Statement*, Docket No. M-000772009 (May 10, 2007), pp. 11-12).

27. PECO's Phase-In Program responds to the Commission's recommendation that DSPs offer reasonable rate mitigation options to help their customers transition to market-priced generation supply service. Moreover, the Phase-In Program adheres to the criteria suggested in the Policy Statement, as evidenced by the description of the Plan in Section II, above.

28. The Phase-In Program will enable participating customers to better manage the increases likely to occur when PECO's generation rate caps expire. Based on reasonable current estimates of future market prices for generation service, the program will enable residential customers to replace a one-time increase of approximately 17% in January 2011 with smaller increases (3.4% and 0.4%) over three and one-half years. In so doing, customers will have the opportunity to begin to incorporate the increases into their household budgets earlier and in smaller increments than would otherwise be the case.

29. The Phase-In Program will track participating customers' pre-payments and will assure that participating customers receive the entire amount of their pre-payments, plus interest at 6% compounded monthly, as bill credits.

30. The Phase-In Program also permits enrolled customers to leave the program at any time and receive credits or a refund for the balance of their pre-payments, with interest. Customers that move between locations within PECO's service territory or leave PECO's service territory during the phase-in period are assured that they will be made whole for all of their pre-payments plus interest.

31. The Phase-In Program does not violate the existing caps on PECO's rates for generation supply service because the pre-payments made under the Program are non-bypassable charges for uncapped distribution service and not for rate-capped generation service, as evidenced by the fact that the program is available to customers whether or not they purchase default generation service from PECO. Moreover, the pre-payments will be made on a voluntary "opt-in" basis, will be repaid with interest as billing credits (or refunds in certain instances) and are part of a new service being offered by the Company for the first time after restructuring (*see* 66 Pa. C.S. § 2804(4)(vi)).

32. PECO's Phase-In Program is very similar to PPL's Rate Stabilization Plan ("RSP") after that plan was amended pursuant to the terms of a settlement among the parties at Docket No. P-2008-2021776. By Order entered August 7, 2008, the Commission approved that settlement, which permits PPL to implement its amended RSP.

33. The Company's proposal to recover the cost of implementing the Phase-In Program is also consistent with the Commission's Policy Statement, which provides assurance that DSPs will be able to fully recover administrative costs associated with their mitigation plans

(Section 69.1811). The proposed adjustment clause provides a means for PECO to obtain timely recovery of its actual costs and, through its reconciliation feature, assures that customers will not bear more than the costs PECO incurs.

34. The proposed adjustment clause will recover distribution costs, which will be part of the Company's distribution rates, not its generation rates, and, therefore, is not subject to the existing caps on PECO's rates for generation supply service.

35. PECO fully supports comprehensive energy legislation, and will work with the Governor and General Assembly to gain its approval. Accordingly, the Company will amend or eliminate any part of this filing necessary to implement energy legislation this fall.

V. CUSTOMER NOTICE

36. PECO is providing public notice of this filing to its customers in several ways. PECO is including a stand-alone insert in all customer bills over a thirty-day period beginning on October 1, 2008. This stand-alone bill insert will notify customers of this filing, where they may obtain copies, and how they may participate in this proceeding by filing comments or complaints with the Commission. In addition, PECO is publishing notices containing similar information in all of the major newspapers serving PECO's service territory, and is also issuing a press release to all major media (newspapers, television and radio stations) in its service territory. Finally, all notices will refer to PECO's website, (www.peco.com/know), where a copy of the entire filing will be maintained.

37. In addition to the above notice, PECO is also serving copies of this filing on the Pennsylvania Office of Consumer Advocate, the Pennsylvania Office of Small Business Advocate, and the Commission's Office of Trial Staff.

38. PECO respectfully requests the Commission publish notice of this filing in the Pennsylvania Bulletin, with a reasonable deadline for intervention in this proceeding in light of the above notice PECO is providing. Should the Commission conclude that further notice of this filing is appropriate, PECO will provide such additional notice as directed by the Commission.

VI. PROPOSED SCHEDULE

39. In order for the Phase-In Program to provide the intended benefits for eligible customers, it must be approved sufficiently in advance of July 1, 2009 for PECO to implement its customer education plan and set up the systems needed to operate and administer the plan. Accordingly, PECO proposes the following expedited schedule to accommodate that requirement:

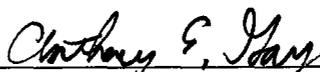
September 10, 2008	PECO's Petition and Direct Testimony filed
September 24, 2008	Prehearing Conference
October 1 and 10, 2008	Technical Conferences and Settlement Discussions Among the Parties
October 17, 2008	Other Parties' Direct Testimony
October 21, 2009	Additional Technical Conference and Settlement Discussions
November 6, 2008	Rebuttal Testimony
November 20-21, 2008	Evidentiary Hearings
December 15, 2008	Main Briefs
December 22, 2008	Reply Briefs
January 22, 2009	Recommended Decision
February 27, 2009	Final Order

VII. CONCLUSION

For the reasons set forth above and in the direct testimony and exhibits accompanying this Petition, PECO requests that the Commission grant this Petition and enter an order:

- (1) Approving PECO's proposed Market Rate Transition Phase-In Program;
- (2) Approving PECO's proposed adjustment clause to recover the costs of implementing and administering the Market Rate Transition Phase-In Program; and
- (3) Permitting the tariff supplement attached as Appendix A to become effective on one day's notice after the Commission enters its Order.

Respectfully submitted,



Romulo L. Diaz, Jr., Esquire (Pa. No. 88795)
Anthony E. Gay, Esquire (Pa. No. 74624)
PECO Energy Company
2301 Market Street
P.O. Box 8699
Philadelphia, PA 19101-8699
Phone: 215.841.4635
Fax: 215.568.3389
E-mail: Anthony.Gay@Exeloncorp.com

Thomas P. Gadsden, Esquire (Pa. No. 28478)
Kenneth M. Kulak, Esquire (Pa. No. 75509)
Anthony C. DeCusatis (Pa. No. 25700)
Morgan, Lewis & Bockius LLP
1701 Market Street
Philadelphia, PA 19103-2921
Phone: 215.963.5234
Fax: 215.963.5001
E-mail: tgadsden@morganlewis.com

September 10, 2008

For PECO Energy Company

VERIFICATION

I, Richard G. Webster, hereby declare that I am Director, Regulatory Affairs of PECO Energy Company; that as such I am authorized to make this verification in its behalf; that the facts set forth in the foregoing Petition of PECO Energy Company for Expedited Approval to Implement a Market Rate Transition Phase-In Program are true and correct to the best of my knowledge, information and belief, and that I make this verification subject to the penalties of 18 Pa. C.S. § 4904 pertaining to false statements to authorities.



Richard G. Webster, Jr.

Date: September 10, 2008