

## **Responses to the Questions in 52 Pa. Code Section 53.52**

### **53.53(a)**

#### **1. The specific reasons for the change.**

The change in the tariff is being made to implement the Company's Market Rate Transition Phase-in Plan and to provide for the recovery of costs associated with that plan and the Company's Consumer Education Plan.

#### **2. The total number of customers served by the utility.**

PECO has approximately 1.6 million electric customers as of June 30, 2008.

#### **3. A calculation of the number of customers, by tariff subdivision, whose bill will be affected by the change.**

The Market Rate Transition Phase-in Plan is voluntary, and customers must opt-in to participate. Therefore, the Company cannot estimate the number of customers it may affect. All 1.6 million electric customers would be affected by the proposed tariff change that provides for the recovery of the costs of the plan and the Consumer Education Plan.

#### **4. The effect of the change on the utility's customers.**

The purpose of the Market Rate Transition Phase-in Plan is to allow a customer to transition to higher generation supply prices through a series of smaller increases by prepaying some of the future increase. The tariff change for cost recovery will be a small addition to customers' bills. The cost recovery charge is explained in detail in the testimony that accompanies the Company's filing.

#### **5. The direct or indirect effect of the proposed change on the utility's revenue and expenses.**

The Market Rate Transition Phase-in Plan will not affect revenue. The cost of implementing the program, including Consumer Education Plan costs, will be recovered from customers through the proposed cost recovery mechanism. Accordingly, that charge will increase revenues, but only to the extent necessary to recover program costs.

#### **6. The effect of the change on the service rendered by the utility.**

PECO does not expect the proposed tariff changes to affect service.

**7. A list of factors considered by the utility in its determination to make the change. The list shall include a comprehensive statement about why these factors were chosen and the relative importance of each.**

The changes are being proposed to implement the Commission's Policies to Mitigate Potential Electricity Price Increases and the Commission's Policy Statement on Retail Electric Markets and Default Service. See No. 11, below.

**8. Studies undertaken by the utility in order to draft its proposed change.**

No specific studies were undertaken.

**9. Customer polls taken and other documents which indicate customer acceptance and desire for the proposed change. If the poll or other documents reveal discernible public opposition, an explanation of why the change is in the public interest shall be provided.**

No customer polls were taken.

**10. Plans the utility has for introducing or implementing the changes with respect to its ratepayers.**

Plans for implementing the Market Rate Transition Phase-in Plan and associated cost recovery mechanism are discussed in the Company's Petition and accompanying testimony.

**11. FCC, FERC, or Commission orders or rulings applicable to the filing.**

The following orders are applicable to the filing:

Docket M-00061957 – Policies to Mitigate Potential Electricity Price Increases

Docket M-2008-2032274 – PECO Energy Company Consumer Education Plan

Docket L-00040169 – Electric Distribution Companies Obligation to Serve Retail Customers at the Conclusion of the Transition Period

Docket M-00072009 – Default Service and Retail Electric Markets

**53.52(b)**

**1. The specific reasons for each increase or decrease.**

The increases are associated with the Company's proposed Market Rate Transition Phase-in Plan and the recovery of program costs for that plan and the Company's Consumer Education Plan.

**2. The operating income statement of the utility for a 12-month period, the end of which may not be more than 120 days prior to the filing.**

PECO's operating income statement for the 12 months ended June 30, 2008 is attached.

**3. A calculation of the number of customers, by tariff subdivision, whose bills will be increased.**

PECO estimates that the electric bills of approximately 1.6 million customers will increase if the proposed cost recovery mechanism is approved.

**4. A calculation of the total increases, in dollars, by tariff subdivision, projected to an annual basis.**

PECO does not know the actual level of increase at this time. PECO Exhibit ABC-5, which accompanies the direct testimony of Alan B. Cohn submitted as part of the Company's filing, contains an estimate of the annual costs PECO will seek to recover. This cost level is representative of the revenue increase because the cost recovery mechanism will be a reconcilable charge designed to recover only PECO's actual costs.

**5. A calculation of the number of customers, by tariff subdivision, whose bills will be decreased.**

PECO does not believe any customers' bills will decrease because of the proposed changes.

**6. A calculation of the total decreases, in dollars, by tariff subdivision, projected on an annual basis.**

See the answer to No. 5, above.



An Exelon Company

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August 29, 2008

Mr. James McNulty  
Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, Pennsylvania 17120

Dear Mr. McNulty:

In accordance with 52 PA Code, Sections 71.1 to 71.9, enclosed for filing are an original and three copies of PECO's Financial Report for the twelve months ended June 30, 2008 for Electric Regulated Operations. This report includes the annualization, normalization and other ratemaking adjustments typically permitted by the Commission. Copies have been provided to the Office of Special Assistants (including computerized format), Office of Trial Staff, Office of Consumer Advocate, and the Small Business Advocate.

Sincerely,

A handwritten signature in black ink that reads "Brian D. Crowe".

Attachment

copies to: Office of Consumer Advocate  
Office of Special Assistants (including computerized format)  
Johnnie E. Simms, Director, Office of Trial Staff  
Office of Small Business Advocate  
R. Wilson, Bureau of Fixed Utility Services  
D. Huff, Bureau of Fixed Utility Services

**PECO-ELECTRIC REGULATED OPERATIONS**

**Financial Report**

**Twelve Months Ended June 30, 2008**

Company Name:110550-PECO-Electric Regulated Operations  
 Financial Report for Twelve Months Ending: 06/30/08

SCHEDULE A1  
 (in thousands)

Original Cost	Actual per Books	Intrastate %	Intrastate Per Books	Adjustments (a)	Adjusted Results
Plant in Service	6,466,384	1.0000	6,466,384	0	6,466,384
Depreciation Reserve	1,309,077	1.0000	1,309,077	0	1,309,077
Net Plant	5,157,307	1.0000	5,157,307	0	5,157,307
ADDITIONS:					
Ld./Plt. Future Use	0	1.0000	0	0	0
Materials & Suppl.	16,080	1.0000	16,080	0	16,080
CWC (b)	39,088	1.0000	39,088	0	39,088
Other	0	1.0000	0	0	0
DEDUCTIONS:					
Acc.Def.Income Taxes	0	1.0000	0	0	0
Liberalized Depr.	430,834	1.0000	430,834	0	430,834
I.T.C.	0	1.0000	0	0	0
Other	0	1.0000	0	0	0
Customers Deposits	53,162	1.0000	53,162	0	53,162
Customer Advances	3,162	1.0000	3,162	0	3,162
Cont.Aid of Constr.	-26,120	1.0000	-26,120	0	-26,120
Other	0	1.0000	0	0	0
RATE BASE	4,751,437	1.0000	4,751,437	0	4,751,437
Operating Revenues	4,595,644	1.0000	4,595,644	-2,553,826	2,041,818
Operating Revenue Deductions:					
O & M Expense	2,927,797	1.0000	2,927,797	-2,398,704	529,093
Annual Depreciation	765,587	1.0000	765,587	83,863	849,450
Taxes -					
-Other Than Income	275,272	1.0000	275,272	-147,497	127,775
-State Income-Curr.	0	1.0000	0	-7,370	-7,370
-Fed. Income-Curr.	167,993*	1.0000	167,993	-31,956	136,037
-Deferred Inc.Txs.	0	1.0000	0	-3,478	-3,478
-I.T.C. (net)	0	1.0000	0	0	0
Total Oper.Rev.Ded.	4,136,649	1.0000	4,136,649	-2,505,142	1,631,507
Inc.Avail.for Ret.	458,995	1.0000	458,995	-48,684	410,311
RATE OF RETURN-Overall	9.66%		9.66%		8.64%

\*includes federal, state and deferred income taxes and ITC

COMPANY NAME:

PECO

SCHEDULE B

**SUMMARY OF ADJUSTMENTS**

*Electric Regulated Operations*

<u>Rate Base</u> <u>Adjustments</u>	<u>Rate Base</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Other Than Income</u>	<u>State Income</u> <u>Taxes</u>	<u>Federal Income</u> <u>Taxes</u>
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0

0

<u>Income Statement</u> <u>Adjustments</u>	<u>Rate Base</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Other Than Income</u>	<u>State Income</u> <u>Taxes</u>	<u>Federal Income</u> <u>Taxes</u>
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<u>Income Statement</u> <u>Adjustments</u>	<u>Rate Base</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Other Than Income</u>	<u>State Income</u> <u>Taxes</u>	<u>Federal Income</u> <u>Taxes</u>
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(1)Adjustment to Reflect Proforma Transition Charge Revenues*		(\$1,786)		\$1,760	(\$354)	(\$1,117)
(2)Annualization for Growth and Customers*		\$11,530		\$713	\$1,081	\$3,407
(3)Wage Change, Pension and FAS 106 Adjustment*			\$8,365		(\$836)	(\$2,635)
(4)Book Depreciation/Amortization on Year End Asset Basis*			\$83,863	\$0	(\$8,187)	(\$25,819)
(5)Tax Depn. and Amort. at Year End*					\$1,579	\$2,872
(6)Normalization of Tax Deferrals*						(\$3,478)
(7)Adjustment to Exclude Energy Sales Revenues and Costs*	(\$2,557,208)		(\$2,418,988)	(\$149,592)	\$1,136	\$3,583
(8)Interest on Customer Deposits*			\$2,053		(\$205)	(\$647)
(9)Amortization of July 2006 Heat/Wind Storm and Hurricane Ernesto Storm Expens			\$9,866		(\$986)	(\$3,108)
(10)Adj. to Rev and Exp to Reflect Weather Normalization*		(\$6,362)		(\$378)	(\$598)	(\$1,885)
(11)Consolidated Tax Savings*						(\$6,607)

<b>Total</b>		(\$2,553,826)	(\$2,314,841)	(\$147,497)	(\$7,370)	(\$35,434)
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COMPANY NAME:

**PECO**  
**Electric Regulated Operations**  
**Explanation of Adjustments**

SCHEDULE C

**Income Statement Adjustments**

- (1) Adjustment to Reflect Proforma Transition Charge Revenues on Year End Stranded Cost Asset-The purpose of this adjustment is to reflect the proforma transition charge revenues associated with the December 31, 2004 unrecovered stranded cost asset.
- (2) Annualization of Growth and Customers-The purpose of this adjustment is to annualize revenues, expenses and taxes in order to reflect year end level of customers and the year end usage per customer. This adjustment was approved at R-00973953 and R-891364.
- (3) Wage Change, Pension and FAS 106 Adjustment-The purpose of this adjustment is to develop the change in wages effective in year 2004 not yet fully reflected in the twelve month period and FAS 106 costs. These adjustments were approved at R-00973953. In addition, a pension adjustment is included.
- (4) Adjustment for Book Depreciation/Amortization to Reflect Year End Asset Basis-This adjustment is necessary to adjust book depreciation and amortization on a period end basis. This adjustment was approved at R-00973953.
- (5) Tax Depreciation and Amort. at Year End-The purpose of this adjustment is to annualize tax depreciation based on year end plant. This adjustment was approved at R-00973953.
- (6) Normalization of Tax Deferrals- The purpose of this adjustment is to normalize tax deferrals for year end plant. This adjustment was approved at R-00973953.
- (7) Adjustment to Exclude Energy Sales Revenues and Costs-The purpose of this adjustment is to remove revenues and associated costs for energy sales from the Company's regulated operations.
- (8) Adjustment to Include Interest on Customer Deposits-The purpose of this adjustment is to include the cost of interest accrued to the Company due to customer deposits. This adjustment was approved at R-00973953.
- (9) Amortization of the July 2006 Heat/Wind Storm and Hurricane Ernesto Storm-Related Expenses-The purpose of this adjustment is to reflect the amortization of the July 2006 heat/wind storm and Hurricane Ernesto storm-related expenses.
- (10) Adj. to Revenues and Expenses to Reflect Weather Normalization-The purpose of this adjustment is to reflect the effect of weather normalization on distribution revenues and expenses. This adjustment was approved at R-00973953.
- (11) Adjustment to Include Consolidated Tax Savings-The purpose of this adjustment is to reflect consolidated tax savings associated with non regulated subsidiary companies. This adjustment was used at R-00973953.

Company Name:110550-PECO-Electric Regulated Operations

INTRASTATE per BOOKS

SCHEDULE D-1

Calc. of Return on Common Equity for the period: 06/30/08  
(In Thousands)

	Capital Ratios	Rate Base	Totals	Weighted Cst.Rates	Total Rate Base Cst./Debt/Pref.
1. Debt	0.3944	4,751,437	1,873,967	0.0588	110,189
2. Preferred	0.0184		87,426	0.0477	4,170
3. Common Equity	0.5872		2,790,044		
4. TOTAL	1.0000		4,751,437		114,359
					=====
					Intrastate per Books
5. Income Available for Return					458,995
6. Less: Total Rate Base Related Cost of Debt & Preferred					114,359
7. Income Available for Common Equity (Line 5-Line 6)					344,636
8. Debt Cost					110,189
9. Less: Interest Expense used to compute State & Fed.Income Tax					207,675
10.Difference (Line 8 less Line 9)					-97,486
11.Times: Effective State & Federal Income Tax Rate					0.41494
12.Net Addition of (Deduction) (Line 10 X Line 11)					-40,451
13.Income Available for Common Equity, Including Income Tax Effect of Using Debt Cost (Line 7 Plus Line 12)					304,185
14.Return on Common Equity (Line 7/Line 3, Col.3)					0.12352
15.Return on Common Equity Including Tax Effect of Using Debt Cost (Line 13/Line 3, Col. 3)					0.10903

Company Name:110550-PECO-Electric Regulated Operations

INTRASTATE ADJUSTED

SCHEDULE D-2

Calc. of Return on Common Equity for the period: 06/30/08  
(In Thousands)

	Capital Ratios	Rate Base	Totals	Weighted Cst.Rates	Total Rate Base Cst./Debt/Pref.
1. Debt	0.3944	4,751,437	1,873,967	0.0588	110,189
2. Preferred	0.0184		87,426	0.0477	4,170
3. Common Equity	0.5872		2,790,044		
4. TOTAL	1.0000		4,751,437		114,359
					-----
					Intrastate Adjusted
					-----
5. Income Available for Return					410,311
6. Less: Total Rate Base Related Cost of Debt & Preferred					114,359
7. Income Available for Common Equity (Line 5-Line 6)					295,952
8. Debt Cost					110,189
9. Less: Interest Expense used to compute State & Fed.Income Tax					207,675
10.Difference (Line 8 less Line 9)					-97,486
11.Times: Effective State & Federal Income Tax Rate					0.41494
12.Net Addition of (Deduction) (Line 10 X Line 11)					-40,451
13.Income Available for Common Equity, Including Income Tax Effect of Using Debt Cost (Line 7 Plus Line 12)					255,501
14.Return on Common Equity (Line 7/Line 3, Col.3)					0.10607
15.Return on Common Equity Including Tax Effect of Using Debt Cost (Line 13/Line 3, Col. 3)					0.09158

SCHEDULE E      Company: 110550-PECO-Electric Regulated Operations  
 Calculation of Capital Structure and Related Ratios  
 for the period: 06/30/08  
 (in thousands)

	Total Company Actual Amount Outstanding	Ratios
Total Debt	1,827,342	0.3944
Total Preferred	85,182	0.0184
Common Equity:		
Common Stock*	1,423,004	
Premium on Common Stock	0	
Capital Surplus	0	
Capital Stock Expense	366,071	
Retained Earnings	465,093	
Other	466,354	
Total Common Equity	2,720,522	0.5872
Total Capital	4,633,046	1.0000

\*In accordance with the "Joint Petition for Settlement" filed in the PECO Energy Company/Unicom Corporation merger/corporate restructuring proceeding at Docket No. A-110550F0147, as approved by final order of the Commission issued June 22, 2000.

PECO  
 Cost of Debt and Preferred Stock as Adjusted  
 for the Twelve Months Ended June 30, 2008  
 (in Thousands\$)

SCHEDULE F

<u>Item/Description</u>	Issue Maturity		Interest Rate	Outstanding Balance	Effective		
	Date	Date			Cost Rate	Percent to Total	Weighted Cost Rate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b><u>Long Term Debt</u></b>							
<b><u>Mortgage Bonds, Preferred Securities and Other</u></b>							
4.75% due 2012	9/23/2002	2012	4.750%	\$225,000	4.94%	12.10%	0.60%
5.90% due 2034	4/23/2004	2034	5.900%	\$75,000	5.97%	4.03%	0.24%
5.95% due 2036	9/25/06	2036	5.950%	\$300,000	6.04%	16.13%	0.97%
5.95% due 2011	11/1/2001	2011	5.950%	\$250,000	6.06%	13.45%	0.81%
5.70% due 2037	3/19/2007	2037	5.700%	\$175,000	5.81%	9.41%	0.55%
5.35% due 2018	3/3/2008	2018	5.350%	\$500,000	5.40%	26.89%	1.45%
4.00% due 2012	3/5/2008	2012	4.000%	\$150,000	4.03%	8.07%	0.33%
7.38% Preferred Securities	4/6/1998		7.380%	\$80,521	7.46%	4.33%	0.32%
9.75% Preferred Securities	4/6/1998		9.750%	\$805	9.75%	0.04%	0.00%
5.75% Preferred Securities	6/24/2003		5.750%	\$103,083	5.84%	5.54%	0.32%
<b>Total Long Term Debt</b>				<b>\$1,859,419</b>		<b>100.00%</b>	<b>5.59%</b>
							<b>\$103,942</b>
Adjustment for Tenders and Calls				<b>(\$32,077)</b>			<b>\$3,582</b>
<b>Total Long Term Debt Incl. Adj. for Calls and Tenders</b>				<b>\$1,827,342</b>		<b>\$107,524</b>	<b>5.88%</b>

PECO  
 Cost of Debt and Preferred Stock as Adjusted  
 for the Twelve Months Ended June 30, 2008  
 (in Thousands\$)

SCHEDULE F

<u>Item/Descriptor</u>	Issue Date (1)	Maturity Date (2)	Interest Rate (3)	Outstanding Balance (4)	Effective		
					Cost Rate (5)	Percent to Total (6)	Weighted Cost Rate (7)
<b><u>Preferred Stock</u></b>							
4.400% Cumul	12/1/1941		4.400%	\$22,650	4.40%	25.89%	1.14%
4.400% Cumul	3/1/1942		4.400%	\$4,822	4.03%	5.51%	0.22%
3.800% Cumul	12/5/46		3.800%	\$30,000	3.80%	34.30%	1.30%
4.300% Cumul	2/5/1948		4.300%	\$15,000	4.44%	17.15%	0.76%
4.680% Cumul	5/14/53		4.680%	<u>\$15,000</u>	4.76%	<u>17.15%</u>	<u>0.82%</u>
<b>Total Preferred</b>				<b>\$87,472</b>		<b>100.00%</b>	<b>4.24%</b>
							<b>\$3,709</b>
Adjustment for Calls and Tenders				<u>(\$2,290)</u>			<u>\$355</u>
<b>Total Preferred Incl. Adj. for Calls and Tenders</b>				<b>\$85,182</b>			<b>\$4,064</b> 4.77%

**SCHEDULE A  
SUPPORTING DATA**

PECO-Electric Regulated Operations  
 Plant in Service at June 30, 2008  
 (in Thousands)

		<u>Plant</u>	<u>Depreciation Reserve</u>	<u>Net</u>
Electric Regulated Plant in Service	\$	4,102,087	\$ 1,191,683	\$ 2,910,404
Stranded Cost	\$	<u>2,030,231</u>	\$ -	<u>\$2,030,231</u>
Adjusted Plant and Stranded Cost Asset and Reserve	\$	6,132,318	\$ 1,191,683	\$ 4,940,635
Allocated Common	\$	<u>334,066</u>	\$ 117,394	<u>\$ 216,672</u>
<b>Total Electric Regulated Plant and Allocated Common</b>	<b>\$</b>	<b>6,466,384</b>	<b>\$ 1,309,077</b>	<b>\$ 5,157,307</b>

PECO-Electric Regulated Operations  
 Plant in Service at June 30, 2008  
 (in Thousands)

Common Plant

	<u>Plant</u>	<u>Depreciation Reserve</u>	<u>Net</u>
Depreciable Common Plant	\$ 472,305	\$ 168,595	\$ 303,710
 <u>Other Common Plant</u>			
301, 389 Organization, Land and Land Rights	<u>\$ 7,462</u>		<u>\$ 7,462</u>
 <b>Total Common Plant in Service</b>	 \$ 479,767	 \$ 168,595	 \$ 311,172
 <u>Total Common Plant Allocated</u>			
PECO Electric	\$ 378,728	\$ 133,089	\$ 245,639
Electric Regulated	\$ 334,066	\$ 117,394	\$ 216,672
Gas	\$ 101,039	\$ 35,506	\$ 65,533

PECO-Electric Regulated Operations A-3  
 AVERAGE ELECTRIC MATERIALS AND SUPPLIES  
 Thirteen Months Ended June 30, 2008  
 (in Thousands)

	<u>Allocated Electric</u> <u>M&amp;S, Tools and Other</u>	<u>Stores</u> <u>Undistributed</u>
Jun-07	\$13,250	\$460
Jul-07	\$13,552	\$611
Aug-07	\$13,701	\$606
Sep-07	\$15,404	\$540
Oct-07	\$16,153	\$576
Nov-07	\$16,361	\$591
Dec-07	\$16,281	\$0
Jan-08	\$16,747	(\$435)
Feb-08	\$16,507	(\$608)
Mar-08	\$17,353	(\$836)
Apr-08	\$17,945	(\$1,081)
May-08	\$18,450	(\$735)
Jun-08	<u>\$17,976</u>	<u>(\$600)</u>
13 month Total	\$209,680	(\$911)
13 month Average	\$16,129	(\$70)
Allocated to Electric Regulated		(\$49)
<b>Total</b>	<b><u>\$16,080</u></b>	

**SCHEDULE B  
SUPPORTING DATA**

PECO-Electric Regulated Operations  
ADJUSTMENT TO REFLECT PROFORMA TRANSITION CHARGE REVENUES  
ON YEAR END JUNE 30, 2008 STRANDED COST ASSET  
(in Thousands)

B-1

The purpose of this adjustment is to reflect the proforma transition charge revenues associated with the June 30, 2008 unrecovered stranded cost asset.

Actual Transition Charge Revenues-Year Ended 6/30/08	\$983,231
Allowable Transition Charge Revenues-Year Ended 6/30/09	<u>\$981,445</u>
Decrease in Transition Charge Related Revenues	\$1,786
Gross Receipts Tax	<u>(\$1,760)</u>
Decrease in Revenues Net of Gross Receipts Tax	\$3,546
Decrease in Income Taxes @ 41.494%	\$1,471
Decrease in Income for Return	\$2,075

PECO-Electric Regulated Operations  
Summary of Annualization of Revenues, Expenses, and Taxes  
Twelve Months Ended June 30, 2008  
(Thousand \$)

B-2

The purpose of this adjustment is to annualize revenues, expenses, and taxes in order to reflect the level of customers and period end usage per customer.

Increase in Distribution Revenue (B-2a)	\$11,530
Less: Gross Receipts Tax	<u>\$713</u>
Increase in Distribution Revenue After Gross Receipts Tax	\$10,817
Increase in Taxable Income	\$10,817
Less: Income Taxes at 41.494%	<u>\$4,488</u>
Increase in Income for Return	\$6,329

PECO-Electric Regulated Operations  
 Growth in Usage of Existing Customers and  
 Annualization of New Customer Usage  
 Twelve Months Ended June 30, 2008

B-2a

Growth In Usage of Existing Customers and Additional Revenue	Resid.	House Heating	Small C&I	Rate PD	Rate HT	Total
*****	*****	*****	*****	*****	*****	*****
Annual Growth in kwh, 3 yr. avg. (B-2b,c)	189	-231	501	-1462	135149	
1/2 of Annual Growth in kwh	95	-116	251	-731	67575	
No. Of Customers Beginning of Test Year (B-2b,c)	1245378	150485	153944	658	2391	
Increase in Usage	118310910	-17456260	38539944	-480998	161571825	300585421
Revenue, cents per kwh (b)	4.64	3.32	1.66	2.03	0.72	
Increased Revenue, Thousand \$	\$ 5,490	\$ (580)	\$ 641	\$ (10)	\$ 1,163	\$ 6,704
Annualization of New Customer Usage and Additional Revenue						
*****						
Customers Added During Year, (B-2b,c)	7852	3553	1521	-18	51	
1/2 of Customers Added During Year	3926	1777	761	-9	26	
Average Use per Customer in kwh (B-2b,c)	8630	16662	56052	1047854	6478606	
Increased Sales in kwh	33881380	29608374	42655572	-9430686	188443756	265158396
Revenue, cents per kwh (b)	4.64	3.32	1.66	2.03	0.72	
Increased Revenue, Thousand \$	\$ 1,572	\$ 983	\$ 708	\$ (191)	\$ 1,213	\$ 4,285
Customer Charge-Annual	\$ 65.97	\$ 62.16	\$ 145.44	\$ 3,398.00	\$ 3,556.67	
Revenue from Customer Charge, Thousand \$	\$ 259	\$ 110	\$ 111	\$ (31)	\$ 92	\$ 541
Total Additional Distribution Revenue	\$ 7,321	\$ 513	\$ 1,460	\$ (232)	\$ 2,468	\$ 11,530

(a) Residential is total of Rates R, CAP and OP. House Heating is Rate RH.  
 Small Commercial and Industrial is total of Rate GS.

(b) Revenue in cents per kwh is the average unit base revenue excluding customer charge revenue, transition revenue, transmission revenue and purchased power.

PECO-Electric Regulated Operations  
 Development of Average Annual Growth in kwh  
 per Customer

B-2b

	12 months ended June <u>2005</u>	12 months ended June <u>2008</u>	3 year <u>average</u>
<b><u>Residential</u></b>			
mwh sales	9978612	10792885	
Number of Customers			
Beginning of Period	1234978	1245378	
End of Period	1237971	1253230	
Monthly Average	1237459	1250696	
kwh per Average Customer	8064	8630	
Growth in kwh per Average Customer *****		566	189
<b><u>House Heating</u></b>			
mwh sales	2516494	2529606	
Number of Customers			
Beginning of Period	144285	150485	
End of Period	145830	154038	
Monthly Average	145000	151816	
kwh per Average Customer	17355	16662	
Growth in kwh per Average Customer *****		-693	-231
<b><u>Small Commercial and Industrial</u></b>			
mwh sales	8321038	8667301	
Number of Customers			
Beginning of Period	152010	153944	
End of Period	152970	155465	
Monthly Average	152543	154629	
kwh per Average Customer	54549	56052	
Growth in kwh per Average Customer		1503	501

PECO-Electric Regulated Operations  
 Development of Average Annual Growth in kwh  
 per Customer

B-2c

	12 months ended June <u>2005</u>	12 months ended June <u>2008</u>	<u>3 year average</u>
<b><u>Rate PD</u></b>			
mwh sales	738672	681105	
Number of Customers			
Beginning of Period	715	658	
End of Period	693	640	
Monthly Average	702	650	
kwh per Average Customer	1052239	1047854	
Growth in kwh per Average Customer *****		-4385	-1462

**Rate HT**

mwh sales	14690970	15697662	
Number of Customers			
Beginning of Period	2413	2391	
End of Period	2423	2442	
Monthly Average	2419	2423	
kwh per Average Customer	6073158	6478606	
Growth in kwh per Average Customer *****		405448	135149

PECO-Electric Regulated Operations  
 ANNUALIZATION OF WAGES, PENSIONS AND FAS 106 ADJUSTMENT  
 Twelve Months Ending June 30, 2008  
 (in Thousands)

B-3

This adjustment develops the increases in wages effective for period end level of employees. Also included in this adjustment are Pension and Post Retirement Benefit Costs/FAS 106 Costs.

**Estimated Wages and FAS 106 Benefits-Company**

Estimated June 2008 Regular Payroll	\$16,270
Paid Days-June 2008	21
Average Payroll Per Paid Day	\$774.8
 Annualized Regular Payroll	
\$774.8 x 261 paid days/year	\$202,223
 Less: Estimated 12 Months Regular Payroll	\$192,232
 Increase in Regular Payroll Expense	\$9,991
 Allocated to Electric Regulated Operations	\$4,434
 Plus: Overtime @ 15.29%	<u>\$678</u>
 Increase in Applicable Payroll Expense	\$5,112
 Adjustment to Pension and Net FAS 106 Costs (a)	<u>\$3,253</u>
 Net Expense Increase	\$8,365
 Decrease in Income Tax at 41.494%	\$3,471
 Decrease in Income for Return	\$4,894
<hr/>	
(a) Proforma	\$21,810
Actual	<u>\$18,557</u>
 Increase	\$3,253

PECO-Electric Regulated Operations  
 ADJUST BOOK DEPRECIATION/AMORTIZATION TO REFLECT YEAR END ASSET  
 BASIS AS OF JUNE 30, 2008  
 (in Thousands)

This adjustment is necessary to adjust book depreciation and amortization on a period end basis.

Annualized Depreciation Associated with Plant for Ratemaking Purposes	\$105,755
Associated Book Depreciation	<u>\$103,845</u>
Increase in Depreciation	\$1,910
Annualized Amortization Associated with Stranded Cost Asset	\$740,022
Associated Book Amortization for Stranded Cost Asset	<u>\$658,069</u>
Increase in Amortization of Stranded Cost Asset	\$81,953
Increase in Depreciation and Amortization	\$83,863
Decrease in Income Taxes on Stranded Cost Amortization @ 41.494%	\$34,006
Decrease in Income for Return	\$49,857

PECO-Electric Regulated Operations  
INCREASE IN INCOME TAX BY COMPUTING TAX DEPRECIATION  
AND AMORTIZATION ON A YEAR-END BASE AS OF JUNE 30, 2008  
(in Thousands)

B-5

The purpose of this adjustment is to annualize tax depreciation on period end plant.

Income Tax Savings on Annualized Tax Depreciation	\$66,883
Income Tax Savings on Estimated Tax Depreciation	\$71,334
Increase in Income Taxes	\$4,451
Decrease in Income for Return	\$4,451

PECO-Electric Regulated Operations  
NORMALIZATION OF TAX DEFERRALS ON YEAR END PLANT  
Twelve Months Ending June 30, 2008  
(in Thousands)

B-6

The purpose of this adjustment is to normalize tax deferrals based on the annualized excess of tax depreciation over straight-line depreciation for period plant.

Decrease in Tax Deferral on Plant Including Common	\$3,478
Increase in Income for Return	\$3,478

PECO-Electric Regulated Operations  
ADJUSTMENT TO EXCLUDE ENERGY SALES REVENUES AND COSTS FROM  
THE COMPANY'S ELECTRIC REGULATED OPERATIONS  
Twelve Months Ending June 30, 2008  
(in Thousands)

B-7

The purpose of this adjustment is to remove revenues and associated costs for the Company's energy sales from its electric regulated operations.

Revenue to be Removed	\$2,557,208
Gross Receipts Tax	<u>\$149,592</u>
Revenue Net of Gross Receipts Tax	\$2,407,616
Power Purchases Costs to be Removed	<u>\$2,418,988</u>
Net Cost to be Removed	\$11,372
Increase in Income Taxes @ 41.494%	\$4,719
Increase in Income for Return	\$6,653

PECO-Electric Regulated Operations  
INTEREST ON COMPANY DEPOSITS  
Twelve Months Ending June 30, 2008  
(in Thousands)

B-8

The purpose of this adjustment is to include the cost of interest accrued to the Company on its customer deposits.

Interest on Customer Deposits	\$2,053
Decrease in Income Taxes @ 41.494%	\$852
Decrease in Income for Return	\$1,201

PECO-Electric Regulated Operations  
AMORTIZATION OF THE JULY 2006 HEAT/WIND STORM  
AND HURRICANE ERNESTO STORM-RELATED EXPENSES  
Twelve Months Ending June 30, 2008  
(in Thousands)

B-9

The purpose of this adjustment is to amortize storm-related expenses associated with the July 2006 heat/wind storm and Hurricane Ernesto.

Amortization of Expenses

Allocated Cost	\$29,599
Allocated Cost Amortized over Three Years	\$9,866
Cost in Current Expenses	<u>\$0</u>
Increase in Expense To Reflect Amortization	\$9,866
Decrease in Income Taxes at 41.494%	\$4,094
Decrease in Income for Return	\$5,772

PECO-Electric Regulated Operations B-10  
ADJUSTMENT TO DISTRIBUTION REVENUES AND EXPENSES  
TO REFLECT WEATHER NORMALIZED SALES  
Twelve Months Ending June 30, 2008  
(in Thousands)

The purpose of this adjustment is to reflect the effect of weather normalization on revenues and expenses during the twelve month period.

Decrease in Revenues	\$6,362
Decrease in Gross Receipts Tax	<u>\$378</u>
Decrease in Revenue Net of Gross Receipts Tax	\$5,984
Decrease in Income Taxes at 41.494%	\$2,483
Decrease in Income for Return	\$3,501

PECO-Electric Regulated Operations  
CONSOLIDATED TAX SAVINGS  
Twelve Months Ending June 30, 2008  
(in Thousands)

B-11

The purpose of this adjustment is to reflect consolidated tax savings associated with nonregulated subsidiary companies.

Tax Savings	\$6,607
Increase in Income for Return	\$6,607