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PECO Energy Company  
2301 Market Street  
Philadelphia, PA 19103

Mail To: P.O. Box 8699  
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December 19, 2008

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

**SUBJECT: State Tax Adjustment Surcharge (STAS) Filing - Electric  
SUPPLEMENT NO. 85 TO TARIFF ELECTRIC - PaPUC NO. 3  
Issued December 19, 2008 - to become effective on January 1, 2009**

Dear Mr. McNulty:

This letter transmits for filing with the Commission eight copies each of the following:

- 1) Supplement No. 85 to Tariff Electric - PaPUC No. 3.
- 2) Computation sheets showing the derivation of the new State Tax Adjustment Surcharge value.

PECO has recalculated the State Tax Adjustment Surcharge (STAS) value to reflect a decrease in the Year 2009 Capital Stock Tax rate, PURTA tax rates for assessments and a reconciliation of prior STAS collections.

The new surcharge is a **credit** value of 0.54%, effective for scheduled billing cycles beginning after January 1, 2009, which replaces the present **credit** value of 2.13%. A monthly bill for a residential customer using 500 kWh will increase by 74 cents, or 0.94%, from \$78.59 to \$79.33.

Would you please acknowledge receipt of the foregoing on the enclosed copy of this letter.

Sincerely,



Copies to: C. Walker-Davis, Director, Office of Special Assistants  
Robert Wilson, Director, Bureau of Fixed Utility Services  
M. C. Lesney, Director, Bureau of Audits  
J. E. Simms, Director, Office of Trial Staff  
C. T. Weakley, Office of Trial Staff  
Office of Consumer Advocate  
Office of Small Business Advocate  
McNees, Wallace & Nurick

# PECO Energy Company

Electric Service Tariff

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**COMPANY OFFICE LOCATION**

2301 Market Street  
Philadelphia, Pennsylvania 19101

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For List of Communities Served, See Page 4.

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Issued December 19, 2008

Effective: January 1, 2009

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

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# NOTICE.

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**LIST OF CHANGES MADE BY THIS SUPPLEMENT**

**State Tax Adjustment Clause (STAC) (13<sup>th</sup> Revised Page No. 29)**

Effective for billing cycles beginning after January 1, 2009, the State Tax Adjustment Clause will reflect a credit value of 0.54%.

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**STATE TAX ADJUSTMENT CLAUSE**

In addition to the net charges provided for in this tariff, a surcharge credit value of 0.54% will apply to all PaPUC jurisdictional charges, exclusive of Energy and Capacity Charges, in the Base Rates and riders effective for scheduled billing cycles beginning after January 1, 2009. (I)

Whenever any of the tax rates used in the calculation of the surcharge are changed, or recoveries are authorized under Sections 2806, 2809 or 2810 of the Competition Act, the surcharge will be recomputed as prescribed by the Commission. The recalculation will be submitted to the Commission within ten days after the change occurs and the effective date shall be ten days after filing.

In addition, if a recalculation is submitted as a result of a tax rate change (including the Revenue Neutral Reconciliation rate) the Company will thereafter file each year by December 21 annual updates or revisions with the Commission which will reflect only this tax change. These annual updates will be effective ten days after filing and will continue until such time as the effect of the change in tax rates has been included in base rates.

(I) Denotes Increase

PECO Energy - Electric Operations  
State Tax Adjustment Surcharge  
Effective January 1, 2009

<u>Calculation of STAS Effective January 1, 2009</u>		<u>Reference</u>
<u>Non-RNR Effects</u>		
1 . Capital Stock Tax - 2009	(\$8,596,791)	Att. A, Pg. 3, Ln. 7
2 . PURTA Assessment - 8/1/08	(\$893,899)	Att. A, Pg. 4, Ln. 5
3 . PURTA Supplemental Assessment - 8/1/08	(\$112,428)	Att. A, Pg. 5, Ln. 10
4 . Reconciliation of Prior STAS	<u>(\$1,356,673)</u>	Att. B, Pg. 1, Ln. 14
5 . Net Due from (to) Customers	(\$10,959,791)	Ln. 1+ Ln. 2 +Ln. 3 + Ln. 4
6 . Total Due from (to) Customers Including Gross Receipts Tax	(\$11,646,962)	Ln. 5 / (1-0.059)
<u>RNR and Section 1307 (g.1) GRT Effects</u>		
7 . 1307 (g.1) Gross Receipts Tax	\$0	Att. A, Pg. 2, Ln. 10
8 . Reconciliation of RNR for STAS	\$28,193	Att. B, Pg. 1, Ln. 13
9 . Net Due from (to) Customers	\$28,193	Ln. 7 + Ln. 8
10 . Total Due from (to) Customers Including Gross Receipts Tax	\$29,961	Ln. 9 / (1-0.059)
11 . Total Non-RNR and RNR/1307(g.1) Due from (to) Customers	(\$11,617,001)	Ln. 6 + Ln. 10
12 . Operating Revenues Subject to STAS from January 1, 2009 thru December 31, 2009	\$2,139,109,619	Att. A, Pg. 2, Ln. 9
13 . State Tax Adjustment Surcharge	-0.54%	Ln. 11 / Ln. 12

PECO Energy - Electric Operations  
Computation of Operating Revenues Subject to STAS

		<u>Reference</u>
1 . <u>Booked Revenue from Sales</u>	\$4,537,404,178	2007 FERC # 1, Pg. 300, Ln. 12
2 . Less : Non - jurisdictional revenue		
Sales for Resale	\$30,244,836	2007 FERC # 1, Pg. 300, Ln. 11
Interdepartmental Revenues	\$8,551,270	Company Records
Unbilled Revenues	\$28,657,688	2007 FERC # 1, Pg. 301
3 . Less : LILR Revenue not subject to STAS	\$ 11,748,058	Company Records
STAS Revenue Included in Line 1	\$ (7,319,995)	Company Records
4 . Less: Competitive Transition Charges/Intangible Transition Charges	<u>\$ 973,414,685</u>	Company Records
5 . <u>Operating Revenues Subject to STAS Excl Total Transition Charges Before Adjustments</u>	\$3,492,107,636	
6 . Add: Estimated Total Transition Charges for Year 2009	\$907,440,000	Company Filing on October 14, 2008 at Docket No. M-2008-2062221
7 . Less:		
Energy and Capacity Charges Included in Lines 1 through 3	\$ 2,263,099,463	Company Records
8 . Plus: Proforma Distribution Adjustments from Changes in USFC and NDCA Rates	<u>\$ 2,661,446</u>	Supplemental USFC Revenues per Docket No. M- 00061945
9 . Adjusted Base Revenues for 2009 STAS	\$2,139,109,619	
10 . 0.0 Mill GRT PURTA Surcharge	\$ -	Ln. 9 * 0.0000 (a)

(a) Refer to Attachment B, Pg. 3 for the Pennsylvania Bulletin announcing the Gross Receipts Tax PURTA Surcharge beginning January 1, 2009 due to the Public Realty Tax Act Surcharge

PECO Energy  
Capital Stock Tax Adjustment

	<u>TOTAL</u>	<u>TRANS. / DIST.</u>
1 . Value of Capital Stock 2005 (a)	\$1,148,770,384	
2 . Apportionment Percentage (a)	0.938937	
3 . Taxable Value Capital Stock	\$1,078,623,018	\$791,601,433
4 . Tax Rate Thru 1997 @ 12.75 mills		<u>x 0.01275</u>
5 . Pa. Capital Stock Tax @ 12.75 mills		\$10,092,918
6 . Pa. Capital Stock Tax @ 1.89 mills - Year 2009		\$1,496,127
7 . Annualized Tax Decrease from Rate Change - Year 2009		\$8,596,791

(a) Resettlement from the Department of Revenue, Attachment B, Pg. 4

PECO Energy  
2007 PURTA Adjustment

<b>Per August 1, 2008 Assessment (a)</b>	<b><u>Transmission &amp; Distribution</u></b>	<b><u>Total</u></b>
1 . Tax Base	\$254,525,909	\$295,445,048
2 . Tax @ 25.1305 Mills	\$6,396,364	\$7,424,682
2007 Traditional PURTA		
3 . Tax Base	\$173,577,690	\$201,483,099
4 . Tax @ 42 Mills	<u>\$7,290,263</u>	<u>\$8,462,290</u>
5 . Amount Due from / (to) Customers	(\$893,899)	(\$1,037,608)

(a) See Attachment B, Pg. 5

PECO Energy  
Supplemental PURTA Adjustments

<b>Per August 1, 2008 Assessment (a)</b>	<b><u>Transmission &amp; Distribution</u></b>	<b><u>Total</u></b>
1 . Adjustment for 1998 Tax Year	(\$116,680)	(\$548,825)
2 . Adjustment for 1999 Tax Year	(\$4,034)	(\$25,912)
3 . Adjustment for 2000 Tax Year	\$22,028	\$25,305
4 . Adjustment for 2001 Tax Year	\$21,718	\$25,192
5 . Adjustment for 2002 Tax Year	(\$6,349)	(\$7,334)
6 . Adjustment for 2003 Tax Year	(\$8,255)	(\$9,649)
7 . Adjustment for 2004 Tax Year	(\$9,108)	(\$10,668)
8 . Adjustment for 2005 Tax Year	(\$9,806)	(\$11,617)
9 . Adjustment for 2006 Tax Year	<u>(\$1,942)</u>	(\$2,308)
10 . Amount Due from / (to) Customers	(\$112,428)	N.A.

(a) See Attachment B, Pg. 5

PECO Energy-Electric Operations  
State Tax Adjustment Surcharge Reconciliation  
For the Year 2008

Reference

**Reconciliation of Current STAS**

RNR Effects (a)

1 . Net Due from (to) Customers	\$ 5,952,863	12/21/07 STAS Filing, Att. A, Pg. 1, Ln. 10
2 . Total RNR for Future Recovery	\$5,952,863	Ln.1

Non - RNR Effects

3 . Capital Stock Tax - 2008	(\$10,512,505)	12/21/07 STAS Filing, Att. A, Pg. 1, Ln. 1
4 . Reduction in PURTA Liabilities per 1307 (g.1)	\$ (38,082,652)	12/21/07 STAS Filing, Att. A, Pg. 1, Ln. 2
5 . PURTA Assessment - 8/8/07	(\$123,967)	12/21/07 STAS Filing, Att. A, Pg. 1, Ln. 3
6 . PURTA Supplemental Assessment - 8/8/07	(\$26,011)	12/21/07 STAS Filing, Att. A, Pg. 1, Ln. 4
7 . Reconciled Amount due from/(to) Customers	<u>\$832,779</u>	12/21/07 STAS Filing, Att. A, Pg. 1, Ln. 5
8 . Non - RNR Amount Due from / (to) Customers	(\$47,912,356)	Ln. 3 + Ln. 4 + Ln. 5 + Ln. 6 + Ln. 7
9 . Total RNR and Non-RNR Effects	(\$41,959,493)	Ln. 2 + Ln. 8

Less: STAS Revenues Collected from Customers-2008

10 . RNR Related	\$5,924,670	Att. B, Pg. 2
11 . Non-RNR Related	<u>(\$46,555,683)</u>	Att. B, Pg. 2
12 . Total	(\$40,631,013)	Ln. 10 + Ln. 11

Net Due from/(to) Customers

13 . RNR Related	\$28,193	Ln. 2 - Ln. 10
14 . Non-RNR Related	<u>(\$1,356,673)</u>	Ln. 8 - Ln. 11
15 . Total	(\$1,328,480)	Ln. 13 + Ln. 14

(a) Includes Section 1307 (g.1) GRT

PECO Energy - Electric Operations  
STAS Collections-Company Records  
12 Months Ended December 31, 2008

	<u>RNR Related</u>	<u>Non-RNR Related</u>
Jan	\$234,874	(\$803,117)
Feb	\$529,505	(\$4,251,769)
Mar	\$506,086	(\$4,063,720)
April	\$468,083	(\$3,758,571)
May	\$448,589	(\$3,602,035)
Jun	\$572,317	(\$4,595,533)
July	\$713,869	(\$5,732,153)
Aug	\$688,676	(\$5,529,867)
Sep	\$619,833	(\$4,977,077)
Oct	\$480,707	(\$3,859,935)
Nov (a)	\$497,471	(\$3,994,541)
Dec (a)	<u>\$554,523</u>	<u>(\$4,452,657)</u>
Total	\$6,314,533	(\$49,620,975)
Less: GRT	<u>\$ 389,863</u>	<u>\$ (3,065,292)</u>
Net After GRT	\$5,924,670	(\$46,555,683)

(a) Projection

# NOTICES

## Public Utility Realty Tax Act Surcharge Rate Notice for the Tax Year Beginning January 1, 2009

[38 Pa.B. 5401]  
[Saturday, September 27, 2008]

Section 8111-A(d) of 72 P. S. requires the Secretary of Revenue to publish the rate of the Public Utility Realty Tax Act (PURTA) surcharge in the form of a notice in the *Pennsylvania Bulletin* by October 1, 2003, and by each October 1 thereafter. The tax rate established in 72 P. S. § 8111-A(d) shall be imposed upon gross receipts taxes as provided in 72 P. S. § 8111-A(d) for the period beginning the next January 1.

The result of the PURTA surcharge calculation provided in 72 P. S. § 8111-A for the tax year beginning January 1, 2009, is zero mills. Therefore, no PURTA surcharge under 72 P. S. § 8111-A(d) will be imposed for the taxable period beginning January 1, 2009.

THOMAS W. WOLF,  
Secretary

###

DAU-19 PC (04-01)  
 COMMONWEALTH OF PENNSYLVANIA  
 DEPARTMENT OF REVENUE  
 BUREAU OF AUDITS  
 DEPT. 281001  
 HARRISBURG, PA 17128-1001



**CORPORATION TAXES  
 RESETTLEMENT  
 (Official)**

T/C 05 RESETTLEMENT  
 CORPORATION TAX FILE (BOX) NUMBER  
 0415103  
 AUDIT ASSIGNMENT NUMBER  
 CTPHL0605693

REPRESENTATIVE

COMPANY

77-710153

PECO ENERGY COMPANY  
 2301 MARKET STREET  
 ATTN: NARJIT BHOGAL  
 PHILADELPHIA, PA 19101

TYPE OF TAX  
 01 CAPITAL STOCK TAX  
 02 FRANCHISE TAX

IN ACCOUNT WITH THE COMMONWEALTH OF PENNSYLVANIA

WORK SHEETS <input checked="" type="checkbox"/>	RESETTLEMENT OF CAPITAL STOCK/FRANCHISE TAX			TAX DR. OR CR.
	for the 1 year or, days ended			Dec 31, 2005
to supersede the resettlement made			Feb 01, 2008	01/02
in the amount of	\$6,446,341 (Tax)	\$0 (Penalty)	\$6,446,341	PENALTY DR. OR CR.
				\$0
				201/202
	Proration of Taxable Assets	Value of Capital Stock as appraised By the Department of Revenue	Taxable Value of Capital Stock	
	\$6,421,154,486 X	\$1,148,770,384 =	\$1,078,623,018	
	\$6,838,749,885			
	\$0 =	0.000000		
	\$0 =	0.000000		
	\$0 =	0.000000		
	\$0 =	0.000000		
	\$0 =	0.000000		
	\$0 =	0.000000		
	Total of above percentages	0.000000	0.000000	
	Taxable Value		\$1,078,623,018	
	Tax Rate 5.99 Mills			\$6,460,952
	Penalty (For failure to file report within time limit prescribed by law)			\$0

Department of Revenue  
 Harrisburg, PA, 8/26/2008  
 RESETTLED AND DELIVERED TO AUDITOR GENERAL:

Department of Auditor General  
 Harrisburg, PA, SEP 26 2008  
 AUDITED AND APPROVED:

FOR THE SECRETARY OF REVENUE  
 MICHAEL J. AMOROSO, CPA

*Frank Kramer*  
 FOR THE AUDITOR GENERAL  
 Frank Kramer

Calculated \_\_\_\_\_

Copy Mailed **OCT 3 - 2008**



Mailing Date:  
August 1, 2008

PECO ENERGY CO  
2301 MARKET STREET  
S12 3  
PHILADELPHIA, PA 19101

**Re: 2007 Pennsylvania Public Utility Realty Tax  
Notice of Determination**

Dear Taxpayer:

Pursuant to the Public Utility Realty Tax Act, as amended by Act 4 of 1999 and Act 23 of 2000, the Department of Revenue herein gives notice of the state taxable values of PURTA realty and the millage rate applicable to tax year 2007. This notice is based on information provided by your County Tax Assessor's Office. Any errors must be addressed with that agency and not with the Pennsylvania Department of Revenue. Notice is also given for any PURTA/PTA Tax and transitional credit adjustments for prior tax years.

Please be advised that payment of tax is required within 45 days of the mailing of this Notice of Determination. Previous payments, adjustments, or credits should be taken into consideration. Payments and inquiry correspondence relevant to the PURTA Tax - Notice of Determination should be mailed directly to the above address.

Thank you for your attention to this matter.

**1998 - 2007 NOTICES:**

2007 Liability:	\$7,424,682.00
2006 Liability Adjustment:	(\$2,308.00)
2005 Liability Adjustment:	(\$11,617.00)
2004 Liability Adjustment:	(\$10,668.00)
2003 Liability Adjustment:	(\$9,649.00)
2002 Liability Adjustment:	(\$7,334.00)
2001 Liability Adjustment:	\$25,192.00
2001 Transition Credit Adjustment:	\$0.00
2000 Liability Adjustment:	\$25,305.00
2000 Transition Credit Adjustment:	\$0.00
1999 Liability Adjustment:	(\$25,912.00)
1999 Transition Credit Adjustment:	\$0.00
1998 Liability Adjustment:	(\$548,825.00)
1998 Transition Credit Adjustment:	\$0.00

Sincerely,

Bureau of Corporation Taxes  
Department of Revenue

**PLEASE SEE PAGE 2  
FOR DETAIL**

Account ID: 3500103

