



Richard G. Webster, Jr.
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PECO Energy Company
2301 Market Street, 515
Philadelphia, PA 19103

Mail To: 8699
Philadelphia, PA 19101-8699

December 21, 2009

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

SUBJECT: State Tax Adjustment Surcharge (STAS) Filing - Electric
SUPPLEMENT NO. 98 TO TARIFF ELECTRIC - PaPUC NO. 3
Issued December 21, 2009 - to become effective on January 1, 2010

Dear Mr. McNulty:

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

- 1) Supplement No. 98 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 an increase in the Years 2009 and 2010 Capital Stock Tax rates, PURTA tax rates for assessments and a reconciliation of prior STAS collections.

The new surcharge is a **credit** value of 0.26%, effective for scheduled billing cycles beginning after January 1, 2010, which replaces the present **credit** value of 0.54%. A monthly bill for a residential customer using 500 kWh will increase by 15 cents, or 0.18%, from \$81.38 to \$81.53.

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

Sincerely,

A handwritten signature in black ink, appearing to read "R. Webster", with a long horizontal flourish extending to the right.

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

COMPANY OFFICE LOCATION

2301 Market Street
Philadelphia, Pennsylvania 19101

For List of Communities Served, See Page 4.

Issued December 21, 2009

Effective: January 1, 2010

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

NOTICE.

LIST OF CHANGES MADE BY THIS SUPPLEMENT

STATE TAX ADJUSTMENT CLAUSE (14th Revised Page No. 29)

Effective for billing cycles beginning after January 1, 2010, the State Tax Adjustment Clause will reflect a credit value of 0.26%

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STATE TAX ADJUSTMENT CLAUSE

In addition to the net charges provided for in this tariff, a surcharge credit value of 0.26% 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, 2010. (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, 2010

<u>Calculation of STAS Effective January 1, 2010</u>		<u>Reference</u>
<u>Non-RNR Effects</u>		
1 . Capital Stock Tax - 2010	(\$8,125,740)	Att. A, Pg. 3, Ln. 10
2 . PURTA Assessment - 7/31/09	(\$596,204)	Att. A, Pg. 4, Ln. 5
3 . PURTA Supplemental Assessment - 7/31/09	(\$11,342)	Att. A, Pg. 5, Ln. 11
4 . Reconciliation of Prior STAS	<u>\$3,382,956</u>	Att. B, Pg. 1, Ln. 13
5 . Net Due from (to) Customers	(\$5,350,330)	Ln. 1+ Ln. 2 +Ln. 3 + Ln. 4
6 . Total Due from (to) Customers Including Gross Receipts Tax	(\$5,685,792)	Ln. 5 / (1-0.059)
<u>RNR and Section 1307 (g.1) GRT Effects</u>		
7 . Reconciliation of RNR for STAS	(\$557,917)	Att. B, Pg. 1, Ln. 12
8 . Net Due from (to) Customers	(\$557,917)	Ln. 7
9 . Total Due from (to) Customers Including Gross Receipts Tax	(\$592,898)	Ln. 8 / (1-0.059)
10 . Total Non-RNR and RNR/1307(g.1) Due from (to) Customers	(\$6,278,690)	Ln. 6 + Ln. 9
11 . Operating Revenues Subject to STAS from January 1, 2010 thru December 31, 2010	\$2,437,771,592	Att. A, Pg. 2, Ln. 11
12 . State Tax Adjustment Surcharge	-0.26%	Ln. 10 / Ln. 11

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

		<u>Reference</u>
1 . <u>Booked Revenue from Sales</u>	\$4,512,423,975	2008 FERC # 1, Pg. 300, Ln. 12
2 . Less : Non - jurisdictional revenue		
Sales for Resale	\$39,488,223	2008 FERC # 1, Pg. 300, Ln. 11
Interdepartmental Revenues	\$8,794,721	Company Records
Unbilled Revenues	\$10,401,442	2008 FERC # 1, Pg. 301
3 . Less : LILR Revenue not subject to STAS	\$ 13,477,011	Company Records
STAS Revenue Included in Line 1	\$ (43,039,234)	Company Records
4 . Less: Competitive Transition Charges/Intangible Transition Charges	<u>\$ 966,347,474</u>	Company Records
5 . <u>Operating Revenues Subject to STAS Excl Total Transition Charges Before Adjustments</u>	\$3,516,954,338	
6 . Add: Estimated Total Transition Charges for Year 2010	\$1,104,477,300	Company Filing on October 14, 2009 at Docket No. M-2009-2128478
7 . Less:		
Energy and Capacity Charges Included in Lines 1 through 3	\$ 2,300,390,523	Company Records
8 . Plus: Proforma Distribution Adjustments from Change in USFC Rate	\$ 11,692,931	Additional USFC Revenues per Docket No. M-2009- 2128293
9 . Plus: Proforma Act 129 Conservation Cost Recovery	\$ 103,025,894	Company Filing on December 21, 2009 at Docket No. M- 2009-2093215
10 . Plus: Proforma Consumer Education Cost Recovery	<u>\$ 2,011,652</u>	Company Filing on June 2, 2009 at Docket No. M-2008- 2032274
11 . Adjusted Base Revenues for 2010 STAS	\$2,437,771,592	

PECO Energy
Capital Stock Tax Adjustment

	<u>TOTAL</u>	<u>TRANS. / DIST.</u>
1 . Value of Capital Stock 2006 (a)	\$1,314,911,708	
2 . Apportionment Percentage (a)	0.939116	
3 . Taxable Value Capital Stock	\$1,234,854,624	\$917,126,529
4 . Tax Rate Thru 1997 @ 12.75 mills		<u> x 0.01275</u>
5 . Pa. Capital Stock Tax @ 12.75 mills		\$11,693,363
6 . Pa. Capital Stock Tax @ 2.89 mills - Year 2010		\$2,650,496
7 . Annualized Tax Decrease from Rate Change - Year 2010		\$9,042,867
8 . Add Adjustment for Increase in 2009 Capital Stock Tax Rate (b)		0.00100
9 . Additional Capital Stock Tax for 2009 Rate Increase (b), (c)		\$917,127
10 . Net Capital Stock Tax Adjustment Decrease		\$8,125,740

(a) From the Department of Revenue, Attachment B, Pg. 3

(b) Attachment B, Pg. 4

(c) Value is equal to Line 3 x Line 8.

PECO Energy
2008 PURTA Adjustment

Per July 31, 2009 Assessment (a)	<u>Transmission & Distribution</u>	<u>Total</u>
1 . Tax Base	\$261,959,768	\$301,762,202
2 . Tax @ 26.4341 Mills	\$6,924,670	\$7,976,812
3 . Tax Base	\$179,068,422	\$206,276,261
4 . Tax @ 42 Mills	<u>\$7,520,874</u>	<u>\$8,663,603</u>
5 . Amount Due from / (to) Customers	(\$596,204)	(\$686,791)

(a) See Attachment B, Pg. 5

PECO Energy
Supplemental PURTA Adjustments

Per July 31, 2009 Assessment (a)	<u>Transmission & Distribution</u>	<u>Total</u>
1 . Adjustment for 1998 Tax Year	(\$1,981)	(\$9,320)
2 . Adjustment for 1999 Tax Year	\$130	\$834
3 . Adjustment for 2000 Tax Year	\$163	\$187
4 . Adjustment for 2001 Tax Year	(\$91)	(\$106)
5 . Adjustment for 2002 Tax Year	(\$127)	(\$147)
6 . Adjustment for 2003 Tax Year	(\$113)	(\$132)
7 . Adjustment for 2004 Tax Year	\$267	\$313
8 . Adjustment for 2005 Tax Year	(\$1,324)	(\$1,568)
9 . Adjustment for 2006 Tax Year	(\$1,834)	(\$2,180)
10 . Adjustment for 2007 Tax Year	<u>(\$6,432)</u>	(\$7,466)
11 . Amount Due from / (to) Customers	(\$11,342)	N.A.

(a) See Attachment B, Pg. 5

PECO Energy-Electric Operations
State Tax Adjustment Surcharge Reconciliation
For the Year 2009

		<u>Reference</u>
<u>Reconciliation of Current STAS</u>		
<u>RNR Effects (a)</u>		
1 . Net Due from (to) Customers	\$ 28,193	12/19/08 STAS Filing, Att. A, Pg. 1, Ln. 9
2 . Total RNR for Future Recovery	\$28,193	Ln.1
<u>Non - RNR Effects</u>		
3 . Capital Stock Tax - 2009	(\$8,596,791)	12/19/08 STAS Filing, Att. A, Pg. 1, Ln. 1
4 . PURTA Assessment - 8/1/08	(\$893,899)	12/19/08 STAS Filing, Att. A, Pg. 1, Ln. 2
5 . PURTA Supplemental Assessment - 8/1/08	(\$112,428)	12/19/08 STAS Filing, Att. A, Pg. 1, Ln. 3
6 . Reconciled Amount due from/(to) Customers	<u>(\$1,356,673)</u>	12/19/08 STAS Filing, Att. A, Pg. 1, Ln. 4
7 . Non - RNR Amount Due from / (to) Customers	(\$10,959,791)	Ln. 3 + Ln. 4 + Ln. 5 + Ln. 6
8 . Total RNR and Non-RNR Effects	(\$10,931,598)	Ln. 2 + Ln. 7
Less: STAS Revenues Collected from Customers-2008		
9 . RNR Related	\$586,110	Att. B, Pg. 2
10 . Non-RNR Related	<u>(\$14,342,747)</u>	Att. B, Pg. 2
11 . Total	(\$13,756,637)	Ln. 9 + Ln. 10
Net Due from/(to) Customers		
12 . RNR Related	(\$557,917)	Ln. 2 - Ln. 9
13 . Non-RNR Related	<u>\$3,382,956</u>	Ln. 7 - Ln. 10
14 . Total	\$2,825,039	Ln. 12 + Ln. 13

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

PECO Energy - Electric Operations
STAS Collections-Company Records
12 Months Ended December 31, 2009

	<u>RNR Related</u>	<u>Non-RNR Related</u>
Jan	\$605,446	(\$4,861,554)
Feb	\$1,786	(\$966,070)
Mar	\$1,654	(\$894,837)
April	\$1,492	(\$807,173)
May	\$1,556	(\$841,736)
Jun	\$1,717	(\$928,765)
July	\$1,930	(\$1,044,352)
Aug	\$2,154	(\$1,165,378)
Sep	\$2,047	(\$1,107,470)
Oct	\$1,538	(\$831,811)
Nov (a)	\$1,614	(\$873,054)
Dec (a)	<u>\$1,727</u>	<u>(\$934,291)</u>
Total	\$624,661	(\$15,256,491)
Less: GRT	<u>\$ 38,551</u>	<u>\$ (913,744)</u>
Net After GRT	\$586,110	(\$14,342,747)

(a) Projection

Commonwealth of Penns
DEPARTMENT OF REVENUE

Attachment B Pg 3 1/2

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



REV-1011 CT APP (05-06)

WORKSHEET

WORKSHEET #..... 00241237
DATE OF WORKSHEET.. 12/31/2008
ACCOUNT ID:..... 0415-103
TAX PERIOD ENDING:.... 12/2006
TAX TYPE:..... CAPITAL STOCK
PERIOD DUE DATE:..... 04/17/2007
RECEIVED DATE:..... 10/15/2007

PECO ENERGY COMPANY
10 S DEARBORN 51ST FL
CHICAGO IL 60603

CAPITAL STOCK/FRANCHISE TAX

	<u>AS REPORTED</u>	<u>AS ADJUSTED</u>	<u>NOTES</u>
HISTORY OF EARNINGS - BOOK INCOME			
01/01/02 12/31/02		40,688,768	PY
01/01/03 12/31/03		136,130,567	PY
01/01/04 12/31/04		73,328,857	Y6
01/01/05 12/31/05		91,900,458	PY
01/01/06 12/31/06	262,441,422		
TOTAL BOOK INCOME		604,490,072	
AVERAGE NET INCOME	120,898,014	120,898,014	
EQUITY YEAR ENDING	1,809,950,323		F1
EQUITY YEAR BEGINNING	1,705,268,023	1,705,268,023	F1
NET WORTH	1,809,950,323	1,809,950,323	
CAPITAL STOCK VALUE	1,314,911,708	1,314,911,708	
APPORTIONMENT PROPORTION	0.936399	0.939116	M6
CAPITAL STOCK/FRANCHISE TAX PENALTY	6,020,969	6,038,439	M6

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	6,449,433,435	6,756,877,339	M6
SINGLE FACTOR - DENOMINATOR	6,887,487,592	7,194,931,496	M6
APPORTIONMENT PROPORTION	0.936399	0.939116	M6

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

Commonwealth of Pennsylvania
DEPARTMENT OF REVENUE



REV-997 CT APP (07-08)

71790771526000483500

ASSESSMENT NOTICE

PECO ENERGY COMPANY
10 S DEARBORN 51ST FL
CHICAGO IL 60603

NOTICE#:..... 00241237
DATE OF NOTICE:..... 12/31/2008
ACCOUNT ID:..... 0415-103
TAX PERIOD ENDING:..12/2006
TAX TYPE:..... CAPITAL STOCK
PERIOD DUE DATE:..... 04/17/2007
RECEIVED DATE:..... 10/15/2007

ASSESSMENT FOR TAX PERIOD ENDING: 12/2006

TAX ASSESSMENT AMOUNT: 17,470.00 PLUS INTEREST ON ASSESSED TAX

THE BANKRUPTCY CODE, 11 U.S.C. §362(b)(9)(D), PERMITS THE ISSUANCE OF A TAX ASSESSMENT AND/OR A NOTICE AND DEMAND FOR PAYMENT. PRE-PETITION LIABILITIES DO NOT HAVE TO BE PAID. TAX LIABILITIES FOR PERIODS AFTER THE BANKRUPTCY FILING DATE MUST BE PAID.

TO FORMALLY CONTEST THIS ASSESSMENT, A PETITION FOR REASSESSMENT, ALONG WITH A COPY OF THIS NOTICE OF ASSESSMENT, MUST BE FILED ON OR BEFORE 03/31/2009. PETITIONS, SIGNED BY A CORPORATE OFFICER, MAY BE FILED ONLINE AT WWW.BOARDOFAPPEALS.STATE.PA.US OR MAILED TO: BOARD OF APPEALS
PO BOX 281021
HARRISBURG PA 17128-1021

PERIOD SUMMARY FOR TAX TYPE: CAPITAL STOCK

	LIABILITY	PAYMENTS/CREDITS	BALANCE
TAX	6,038,439.00	6,020,969.00	17,470.00
INTEREST*	2,239.00	0.00	2,239.00
PENALTY			
OTHER/MISC			
TOTAL DUE			<u>19,709.00</u>

*INCLUDES INTEREST AS OF 01/10/2009

SEE REVERSE SIDE FOR MORE INFORMATION

DETACH AT PERFORATION

CORP TAX	BUREAU OF CORPORATION TAX	REV-997 11-07
TAXPAYER NAME:.. PECO ENERGY COMPANY		
NOTICE NUMBER:.. 00241237		
NOTICE DATE:..... 12/31/2008		
ACCOUNT ID:..... 0415-103		
TAX PERIOD:..... 12/2006		
TAX TYPE:..... CAPITAL STOCK		
TOTAL DUE:..... 19,709.00		
		PAYMENT AMOUNT: \$

DETACH AT PERFORATION

MAKE CHECK OR MONEY ORDER PAYABLE TO: PA DEPT. OF REVENUE

DO NOT WRITE IN THIS SPACE

00113104151030000000200612003000241237000002



COMMONWEALTH OF PENNSYLVANIA *Attachment B Pg 4*
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

October 16, 2009

CORRECTED

TO ALL JURISDICTIONAL FIXED UTILITIES SUBJECT TO STAS:

On October 9, 2009, Governor Edward G. Rendell signed into law the 2009-2010 state budget, which included several tax changes effecting businesses in Pennsylvania. Among the tax changes was the postponement of the scheduled phase-out of the Capital Stock and Franchise Tax rate. The tax rate was scheduled to decrease from 1.89 mills to .89 mills, effective January 1, 2010. The 2009-2010 budget states the Capital Stock and Franchise tax rate will be set at 2.89 mills, retroactive to January 1, 2009, and remain at that rate through December 31, 2011.

This new tax law change may allow for the filing of a State Tax Adjustment Surcharge (STAS) if you currently have such a rider in your utility tariff. The Capital Stock and Franchise Tax change requires that a STAS change be filed within ten days of the signing of the law. However, in view of the timing of this change in tax law vis-à-vis the required annual STAS filing, we are waiving the ten day filing period requirement and allowing the tax changes to be reflected in your next annual STAS filing. The one-mill increase in the Capital Stock and Franchise Tax rate shall be applied to the most recent valuation placed on the utility for that tax. If your STAS currently reflects the previous 1.89 mill rate for 2009 years, the 1.0 mill rate difference can be applied to the updated annual STAS calculation. As usual, this filing should include an annual reconciliation of tax payments and collections from ratepayers.

If you need more information regarding the effect upon customer rates of this change to your tax liability, please contact staff members Karl Germick at (717) 787-6476 or Erin Laudenslager at (717) 787-5155.

Very truly yours,

James J. McNulty
Secretary

BUREAU OF CORPORATION TAXES
PO BOX 280704
HARRISBURG PA 17128-0704



July 31, 2009

PECO ENERGY CO
2301 MARKET ST. N3-3

PHILADELPHIA, PA 19101

**Re: 2008 Pennsylvania Public Utility Realty Tax
Notice of Determination**

Dear Taxpayer:

Pursuant to the Public Utility Realty Tax Act, the Department of Revenue herein provides notice of the state taxable values of PURTA realty and the millage rate for tax year 2008. 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.

Payment of tax is required within 45 days of the mailing date of this notice. Previous payments, adjustments and credits should be taken into consideration. Payments and correspondence relevant to the PURTA tax or this notice should be mailed directly to the above address.

Thank you for your attention to this matter.

1998 - 2008 NOTICES:

Sincerely,

Department of Revenue
Bureau of Corporation Taxes

2008 Liability:	\$7,976,812.00
2007 Liability Adjustment:	(\$7,466.00)
2006 Liability Adjustment:	(\$2,180.00)
2005 Liability Adjustment:	(\$1,568.00)
2004 Liability Adjustment:	\$313.00
2003 Liability Adjustment:	(\$132.00)
2002 Liability Adjustment:	(\$147.00)
2001 Liability Adjustment:	(\$106.00)
2001 Transition Credit Adjustment:	\$0.00
2000 Liability Adjustment:	\$187.00
2000 Transition Credit Adjustment:	\$0.00
1999 Liability Adjustment:	\$834.00
1999 Transition Credit Adjustment:	\$0.00
1998 Liability Adjustment:	(\$9,320.00)
1998 Transition Credit Adjustment:	\$0.00

**PLEASE SEE PAGE 2
FOR DETAIL**

Account ID: 3500103

Name: PECO ENERGY CO

Account Id: 3500103

Detail

Tax Year 2008	2008
1) Total Realty Tax Equivalent (RTE):	\$ 30,668,964
2) Total State Taxable Value (STV) for all utilities:	\$ 1,628,375,233
3) PURTA Millage Rate, including 7.6 mills for Public Transportation Act (PTA):	26.4341 mills
4) STV for Utility:	\$301,762,202
5) Liability (Line 3 x Line 4):	\$7,976,812

Tax Years 1998 - 2007

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
1) \$ 133,200,000	\$ 39,325,770	\$ 28,038,914	\$ 29,099,442	\$ 28,990,586	\$ 29,305,750	\$ 29,384,573	\$ 30,760,047	\$ 30,595,896	\$ 28,884,097	
2) \$ 2,112,587,822	\$ 2,077,918,801	\$ 1,348,314,838	\$ 1,327,003,039	\$ 1,353,004,110	\$ 1,359,261,993	\$ 1,423,988,763	\$ 1,524,547,195	\$ 1,622,465,777	\$ 1,650,203,658	
3) 70.6506 mills	26.5256 mills	28.3955 mills	29.5287 mills	29.0268 mills	29.1600 mills	28.2354 mills	27.7765 mills	26.4577 mills	25.1034 mills	

Utility Adjustment

4) \$625,512,314	\$642,189,073	\$208,010,677	\$212,286,963	\$210,744,647	\$220,800,368	\$240,249,743	\$252,909,098	\$279,490,330	\$295,466,588
5) \$44,192,820	\$17,034,450	\$5,906,567	\$6,268,558	\$6,117,243	\$6,438,539	\$6,783,548	\$7,024,930	\$7,394,671	\$7,417,216
6) \$100,000	\$0	\$0	\$0	N/A	N/A	N/A	N/A	N/A	N/A
7) (\$9,320)	\$834	\$187	(\$106)	(\$147)	(\$132)	\$313	(\$1,568)	(\$2,180)	(\$7,466)
8) \$0	\$0	\$0	\$0	N/A	N/A	N/A	N/A	N/A	N/A

- 1) = Total RTE
- 2) = Total STV
- 3) = Millage Rate (including 7.6 mills for PTA)
- 4) = Utility STV
- 5) = Utility Liability
- 6) = Utility Transition Credit
- 7) = Utility Liability Adjustment
- 8) = Utility Transition Credit Adjustment

If you do not agree with this Notice of Determination for 2008 PURTA, you may file a Petition for Recalculation with the Board of Finance and Revenue pursuant to Section 1109-A of the Tax Reform Code of 1971. The petition must be postmarked by the U.S. Postal Service or received by the Board of Finance and Revenue within 30 days of the mailing date of this notice.

Under separate cover you will receive a Statement of Account. Please review it to confirm the status of payments made, transition credits and adjustments to previous tax liabilities or balances still due. Any overpayment is available for transfer within the account, and any net credit balance for the account is available for refund/assignment.