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April 14, 2010

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

RECEIVED

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PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

Dear Mr. McNulty:

On December 17, 2009 the Commission approved the Company's Annual Competitive Transition Charge (CTC) Reconciliation including the proposed language changes to the CTC rider concerning quarterly and monthly filings (please see Attachment A, Item #2). The specific CTC rider language changes were submitted as part of our annual CTC filing and are provided for reference as Attachment B).

On December 21, 2009 PECO Energy Company filed Supplement No. 97 to Tariff Electric No. 3 to reflect the Commission's actions of December 17, 2009. Erroneously, we omitted Page No. 30 from the filing which contained the tariff language that was approved (please refer to Attachment B). Therefore, PECO Energy encloses for filing with the Commission an original and eight copies of the following updated tariff pages to Tariff Electric Pa PUC No. 3 to remedy the situation:

79th Revised Page No. 1A - List of Changes Made to this Supplement;  
74<sup>th</sup> Revised Page No. 2 – Table of Contents;  
75<sup>th</sup> Revised Page No. 2 – Table of Contents;  
76<sup>th</sup> Revised Page No. 2 - Table of Contents;  
77<sup>th</sup> Revised Page No. 2 – Table of Contents;  
78<sup>th</sup> Revised Page No. 2 – Table of Contents;  
4th Revised Page No. 30 - Competitive Transition Charge (CTC/ITC Intangible Transition Charge).

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

Sincerely,

cc: Larry Treaster, Bureau of Audits  
Richard Kanaskie, Office of Trial Staff

# ATTACHMENT A



COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE  
REFER TO OUR FILE

December 17, 2009

**MR RICHARD G WEBSTER JR**  
**DIRECTOR**  
**RATES AND REGULATORY AFFAIRS**  
**PECO ENERGY COMPANY**  
**P O BOX 8699**  
**PHILADELPHIA PA 19101-8699**

**RE: PECO Energy Company's Competitive Transition Charge Reconciliation**  
**Filing For The Year Ended September 30, 2009**  
**M-2009-2128478**

Dear Mr. Webster:

The Commission, at its Public Meeting of December 17, 2009, considered the Bureau of Audits recommendations regarding the Company's Competitive Transition Charge (CTC) reconciliation filing for the period October 1, 2008 through September 30, 2009. After considering the staff's recommendations regarding this filing, the Commission took the following action:

1. Accepted PECO Energy Company's CTC reconciliation statement, filed October 14, 2009, subject to public hearing held pursuant to 66 Pa. C.C. §1307(e).
2. Approved the proposed language changes to PECO Energy Company's CTC/ITC Rider to permit quarterly, and if necessary, monthly reconciliation and rate adjustment filings to be filed on ten days notice.
3. Approved the proposed CTC and Market Energy rates as reflected in the filing submitted on October 14, 2009 that reflects system average CTC and Market Energy rates of 3.01 and 5.12 cents per KWH, respectively, and directed PECO Energy Company to submit, within ten days, the appropriate tariff supplement reflecting the approved CTC rates, to become effective January 1, 2010.
4. Directed PECO Energy Company to submit a final CTC reconciliation by March 31, 2011.

The CTC is subject to continuous Commission review and annual audit as well as reconciliation reports and hearings in accordance with Section 1307(e) of the Public Utility Code, 66 Pa. C.S. § 1307(e)

Any subsequent submissions to the Commission related to this docketed case should reference Docket No. M-2009-2128478.

Very truly yours,

James J. McNulty  
Secretary

Contact Person: Keith Mather  
(717) 772-3440

# ATTACHMENT B

**COMPETITIVE TRANSITION CHARGE (CTC)/INTANGIBLE TRANSITION CHARGE (ITC)**

Incorporated into the tariff rate schedules are the applicable non-bypassable Competitive Transition Charge (CTC) and Intangible Transition Charge (ITC) authorized to recover PECO Energy's approved Transition or Stranded Costs plus a 10.75% return and applicable Pennsylvania Gross Receipts Tax (Pa GRT). Each customer will be charged their full CTC/ITC allocable to their use of the transmission and distribution system. As an alternative means of collecting the CTC/ITC, individual customers and PECO Energy may mutually agree to a payment schedule that fully collects the same present value without bypass by the customer or overcollection by PECO Energy. For purposes of determining such a payment schedule, the Company will follow the provisions contained in paragraph 25 of the Joint Petition for Full Settlement.

**Special Rules for On-Site Generation**

To ensure that customers that use on-site generation equipment that operates in parallel with PECO Energy's transmission and distribution system pay their fully allocated share of Transition or Stranded Costs through the Company's CTC/ITC, to be reflected in the Reconciliation set forth below, the Company will follow the following procedure:

1. For all customers served under the Auxiliary Service Rider, PECO Energy will determine annually, following completion of each calendar year during which it is charging a CTC/ITC, whether any such customer purchased at least 10% fewer kilowatt-hours through PECO Energy's transmission and distribution system than the customer purchased during the applicable base year as defined below.
2. Base Year definition: For customers who begin service under the Auxiliary Service Rider on or after January 1, 1997, the base year will be the immediate prior calendar year. For all other Auxiliary Service Rider customers, the base year will be 1996.
3. For all such customers, PECO Energy will then determine the extent to which the reason for the reduction is use of on-site generation equipment. If this cannot be determined using metering data otherwise available to the Company, the customer will be required to provide metering data for its generator, or of its load served by that generator.
4. If the Company determines that the ratio expressed as a percentage between: (a) the amount of the usage difference caused by the on-site generation; and (b) the base year usage, is 10% or more, then the Company will render a separate bill to the customer that is equal to the difference between: (1) the total CTC/ITC amount that the customer would have paid in the just completed calendar year using monthly usage and demand data for the base year (adjusted for any portion that is not related to on-site generation); and (2) the total CTC/ITC amount that the customer did pay in the just completed calendar year.
5. The separate bill will be issued in the first quarter of the new calendar year, and will be due within thirty (30) days of the issuance date printed on the bill.

Alternatively, for existing industrial and commercial customers whose peak load during 1996 was at least four (4) megawatts, and who can document that they were actively self generating or considering self-generation as of December 31, 1996 or earlier, will pay CTC/ITC charges following full start-up of any self-generation facility they install before December 31, 2010 as follows:

1. PECO Energy will calculate the customer's average billing demand and energy usage for calendar year 1996;
2. Using those billing determinants PECO Energy will determine the dollar amount that would be charged were the customer billed for CTC/ITC using the prevailing Rate HT CTC/ITC charges;
3. PECO Energy will bill the customer one-third of the dollar amount determined in accordance with step 2.

This provision shall not apply to customers served under the annual reconciliation provision of Rate RS.

**Reconciliation of Transition or Stranded Cost Recovery (CTC/ITC)**

The Company shall file an annual reconciliation of the CTC recovery (including ITC recovery) on a rate class specific ( i.e. Residential and Commercial/Industrial in accordance with Paragraph 53 of the Joint Petition for Settlement at Docket No. A-110550F0147) basis in accordance with Section 1307(e) of the Pennsylvania Public Utility Code. The reconciliation during calendar year 2010 will be done quarterly or, if necessary, monthly in order to insure full CTC/ITC recovery and termination by December 31, 2010. In the event the Company determines a rate change is required, such tariff rates will be filed on 10 days notice to the Commission. A final reconciliation report will be filed with the Commission by March 31, 2011. The reconciliation will include a redetermination of the CTC/ITC rates necessary to refund or recover previous over or under recoveries of the Annual CTC/ITC Revenue Requirement based upon the difference between CTC/ITC revenue from actual usage of the PECO Energy transmission and distribution system by rate class and the assumed level of CTC/ITC revenue for the class based upon sales in Appendix E of the Joint Petition for Full Settlement. (C)

Accordingly, the adjusted CTC/ITC rates will be calculated to produce the level of CTC/ITC revenue that will make the actual unamortized Transition or Stranded Cost principal balance at the next true-up date equal to the projected balance at that date (as set forth on Sheet 3 of 3 of Appendix E of the Joint Petition for Full Settlement incorporating a 10.75% interest rate and applicable Pa GRT). Sales for each true-up period shall be determined by assuming, as shown in Appendix E of the Joint Petition for Full Settlement, a total sales level in 1999 of 33,569,358 MWH and increasing such sales level for each rate class by 0.8% on an annual basis, unless it is apparent that such methodology would significantly over or under recover the Annual CTC/ITC Revenue Requirement for the following year, in which case the Company will propose an adjusted sales level that reflects actual sales and updated sales projections for the following year.

(C) Indicates Change

LIST OF CHANGES MADE BY THIS SUPPLEMENT

Rule 1.3 – 14th Revised Page No. 10  
Applicability date changed.

COMPETITIVE TRANSITION CHARGE (CTC)/INTANGIBLE TRANSITION CHARGE (ITC) – 4<sup>th</sup> Revised Page No. 30  
Added language

UNIVERSAL SERVICE FUND CHARGE (USFC) 10<sup>th</sup> Revised Page No. 34

SUMMARY OF PROVISIONS FOR RECOVERY OF UNIVERSAL SERVICE FUND COSTS 1<sup>st</sup> Revised Page No. 34.2

Rate R – 26th Revised Page No. 35  
Variable Distribution Service Charge, Competitive Transition Charge and Energy and Capacity Charges changed.

Rate RT – 28<sup>th</sup> Revised Page No. 37  
Variable Distribution Service Charge, Competitive Transition Charge and Energy and Capacity Charges changed.

Rate RH – 29<sup>th</sup> Revised Page No. 39  
Variable Distribution Service Charge, Competitive Transition Charge and Energy and Capacity Charges changed.

Rate OP – 24<sup>th</sup> Revised Page No. 43  
Competitive Transition Charge and Energy and Capacity Charge changed.

Rate GS – 21st Revised Page No. 45, 16<sup>th</sup> Revised Page No. 46, 16<sup>th</sup> Revised Page No. 47  
Competitive Transition Charge and Energy and Capacity Charges changed.

Rate PD – 21st Revised Page No. 48  
Competitive Transition Charge and Energy and Capacity Charges changed.

Rate HT – 20<sup>th</sup> Revised Page No. 49  
Competitive Transition Charge and Energy and Capacity Charges changed.

Rate POL – 17<sup>th</sup> Revised Page No. 51  
Competitive Transition Charge and Energy and Capacity Charges changed.

Rate SL-P - 15<sup>th</sup> Revised Page No. 53  
Competitive Transition Charge and Energy and Capacity Charges changed.

Rate SL-S – 17<sup>th</sup> Revised Page No. 56  
Competitive Transition Charge and Energy and Capacity Charges changed.

Rate SL-E – 14<sup>th</sup> Revised Page No. 58  
Competitive Transition Charge and Energy and Capacity Charges changed.

Rate TL – 13<sup>th</sup> Revised Page No. 60  
Competitive Transition Charge and Energy and Capacity Charges changed.

Rate EP – 21st Revised Page No. 62  
Competitive Transition Charge and Energy and Capacity Charges changed.

Rate AL – 13<sup>th</sup> Revised Page No. 64  
Competitive Transition Charge and Energy and Capacity Charges changed.

Auxiliary Service Rider – 13<sup>th</sup> Revised Page No. 67  
Variable Distribution Service Charge, Competitive Transition Charge and Energy and Capacity Charges changed.

Customer Assistance Program – (CAP) Rider – 11<sup>th</sup> Revised Page 68A, 10<sup>th</sup> Revised Page No. 68B, 10th Revised Page No. 68C and 10th Revised Page No. 68D  
Variable Distribution Service Charge, Competitive Transition Charge and Energy and Capacity Charges changed.

Employment and Economic Recovery Rider – 14<sup>th</sup> Revised Page No. 79  
Competitive Transition Charge and Energy and Capacity Charges changed.

Seasonal Capacity Charge Service Rider – 14<sup>th</sup> Revised Page No. 94  
Competitive Transition Charge and Energy and Capacity Charges changed.

Suburban Street Lighting Rider- 12<sup>th</sup> Revised Page No. 96A  
Service Location CTC Charge is increased.

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**COMPETITIVE TRANSITION CHARGE (CTC)/INTANGIBLE TRANSITION CHARGE (ITC)**

Incorporated into the tariff rate schedules are the applicable non-bypassable Competitive Transition Charge (CTC) and Intangible Transition Charge (ITC) authorized to recover PECO Energy's approved Transition or Stranded Costs plus a 10.75% return and applicable Pennsylvania Gross Receipts Tax (Pa GRT). Each customer will be charged their full CTC/ITC allocable to their use of the transmission and distribution system. As an alternative means of collecting the CTC/ITC, individual customers and PECO Energy may mutually agree to a payment schedule that fully collects the same present value without bypass by the customer or overcollection by PECO Energy. For purposes of determining such a payment schedule, the Company will follow the provisions contained in paragraph 25 of the Joint Petition for Full Settlement.

**Special Rules for On-Site Generation**

To ensure that customers that use on-site generation equipment that operates in parallel with PECO Energy's transmission and distribution system pay their fully allocated share of Transition or Stranded Costs through the Company's CTC/ITC, to be reflected in the Reconciliation set forth below, the Company will follow the following procedure:

1. For all customers served under the Auxiliary Service Rider, PECO Energy will determine annually, following completion of each calendar year during which it is charging a CTC/ITC, whether any such customer purchased at least 10% fewer kilowatt-hours through PECO Energy's transmission and distribution system than the customer purchased during the applicable base year as defined below.
2. Base Year definition: For customers who begin service under the Auxiliary Service Rider on or after January 1, 1997, the base year will be the immediate prior calendar year. For all other Auxiliary Service Rider customers, the base year will be 1996.
3. For all such customers, PECO Energy will then determine the extent to which the reason for the reduction is use of on-site generation equipment. If this cannot be determined using metering data otherwise available to the Company, the customer will be required to provide metering data for its generator, or of its load served by that generator.
4. If the Company determines that the ratio expressed as a percentage between: (a) the amount of the usage difference caused by the on-site generation; and (b) the base year usage, is 10% or more, then the Company will render a separate bill to the customer that is equal to the difference between: (1) the total CTC/ITC amount that the customer would have paid in the just completed calendar year using monthly usage and demand data for the base year (adjusted for any portion that is not related to on-site generation); and (2) the total CTC/ITC amount that the customer did pay in the just completed calendar year.
5. The separate bill will be issued in the first quarter of the new calendar year, and will be due within thirty (30) days of the issuance date printed on the bill.

Alternatively, for existing industrial and commercial customers whose peak load during 1996 was at least four (4) megawatts, and who can document that they were actively self generating or considering self-generation as of December 31, 1996 or earlier, will pay CTC/ITC charges following full start-up of any self-generation facility they install before December 31, 2010 as follows:

1. PECO Energy will calculate the customer's average billing demand and energy usage for calendar year 1996;
2. Using those billing determinants PECO Energy will determine the dollar amount that would be charged were the customer billed for CTC/ITC using the prevailing Rate HT CTC/ITC charges;
3. PECO Energy will bill the customer one-third of the dollar amount determined in accordance with step 2.

This provision shall not apply to customers served under the annual reconciliation provision of Rate RS.

**Reconciliation of Transition or Stranded Cost Recovery (CTC/ITC)**

The Company shall file an annual reconciliation of the CTC recovery (including ITC recovery) on a rate class specific (i.e. Residential and Commercial/Industrial in accordance with Paragraph 53 of the Joint Petition for Settlement at Docket No. A-110550F0147) basis in accordance with Section 1307(e) of the Pennsylvania Public Utility Code. The reconciliation during calendar year 2010 will be done quarterly or, if necessary, monthly in order to insure full CTC/ITC recovery and termination by December 31, 2010. In the event the Company determines a rate change is required such tariff rates will be filed on 10 days notice to the Commission. A final reconciliation report will be filed with the Commission by March 31, 2011. The reconciliation will include a redetermination of the CTC/ITC rates necessary to refund or recover previous over or under recoveries of the Annual CTC/ITC Revenue Requirement based upon the difference between CTC/ITC revenue from actual usage of the PECO Energy transmission and distribution system by rate class and the assumed level of CTC/ITC revenue for the class based upon sales in Appendix E of the Joint Petition for Full Settlement.

(C)

Accordingly, the adjusted CTC/ITC rates will be calculated to produce the level of CTC/ITC revenue that will make the actual unamortized Transition or Stranded Cost principal balance at the next true-up date equal to the projected balance at that date (as set forth on Sheet 3 of 3 of Appendix E of the Joint Petition for Full Settlement incorporating a 10.75% interest rate and applicable Pa GRT). Sales for each true-up period shall be determined by assuming, as shown in Appendix E of the Joint Petition for Full Settlement, a total sales level in 1999 of 33,569,358 MWH and increasing such sales level for each rate class by 0.8% on an annual basis, unless it is apparent that such methodology would significantly over or under recover the Annual CTC/ITC Revenue Requirement for the following year, in which case the Company will propose an adjusted sales level that reflects actual sales and updated sales projections for the following year.

(C) Indicates Change