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July 1, 2010

BY FEDERAL EXPRESS

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

Re: PECO Energy Company Supplement No. 104 to Electric Tariff No. 3
Issued July 1, 2010, Effective August 30, 2010
Change in Methodology for Implementing Monthly Transition Charge
("CTC") Rate Changes

Dear Secretary Chiavetta:

PECO encloses for filing with the Commission eight copies of Supplement No. 104 to Tariff Electric Pa. P.U.C. No. 3 which is being issued on July 1, 2010 to become effective on August 30, 2010. Additionally we have also enclosed the information requested under 52 Pa. Code, Section 53.52(a).

In this tariff filing the Company is requesting a change in the methodology used to implement a rate change caused by a monthly Transition Charge (CTC) reconciliation. Monthly CTC changes are provided for in 2010 to help ensure the Company fully collects its stranded costs. December 2010 is the final month of CTC billings. The change will shorten the time period between the effective date of the rate change and the time the change is reflected on customer bills. This methodology will provide the quickest impact on the CTC billings which will facilitate the reconciliation process.

Please acknowledge receipt of the foregoing on the enclosed extra copy of this letter.

Sincerely,

cc: M. C. Lesney, Director, Bureau of Audits
J. E. Simms, Director, Office of Trial Staff
Office of Consumer Advocate
Office of Small Business Advocate
R. F. Wilson, Director, Fixed Utility Services
Certificate of Service

Enclosures

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SECRETARY'S BUREAU

PECO ENERGY COMPANY
Proposed Changes to Supplement No. 104 to Tariff No. 3

Information furnished with the filing of rate changes under 52 Pa. Code, Section 53.52(a).

(a)(1) The specific reason for each change.

The Company's Electric Restructuring Order (Docket No.'s R-00973953/ P-00971265 and Commission Orders at D-98S042 and R-00027912) and resulting tariff provides for quarterly, or monthly, Transition Charge (CTC/ITC) reconciliations and rate changes during the final year of billings, i.e., 2010, to help ensure complete recovery of its allowed stranded costs. The tariff states, in part ..."In the event the Company determines a rate change is required, such tariff rates will be filed on 10 days notice to the Commission." In this filing the Company wishes to state that the new rates will be applied to customer bills on an "as rendered basis" beginning with the effective date of the rate change. This methodology will provide the quickest impact on the Transition Charge billings which will facilitate the reconciliation process. Please see the red-line version of the new tariff page, Attachment (a)(1).

The general rule for applying rate changes currently is described in "Tariff Rule 1.3 Application" and states "a customer will receive service under the rates and riders of this tariff with their first scheduled billing cycle beginning January 1, 2010 or as otherwise indicated in this tariff". The application of this rule currently causes a one month delay from effective date to the first billing cycle impacted.

(a)(2) The total number of customers served by the utility.

As of June 1, 2010, PECO Energy served 1,568,774 customers.

(a)(3) A calculation of the number of customers, by tariff subdivision, whose bills will be affected by the change.

The Tariff clarification will only impact the timing of a rate change, not the rate change itself.

(a)(4) The effect of the change on the utility's customers.

None. See (a)(3).

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(a)(5) The effect, whether direct or indirect, of the proposed change on the utility's revenue and expenses.

The Tariff change will provide the quickest impact on the CTC billings which will facilitate the reconciliation process and help ensure full recovery of stranded costs and termination by December 31, 2010.

(a)(6) The effect of the change on the service rendered by the utility.

None.

(a)(7) A list of factors considered by the utility.

Timeliness of applying a Transition Charge rate change to help ensure full recovery of stranded costs.

(a)(8) Studies undertaken by the utility in order to draft its proposed change.

None.

(a)(9) Customer polls taken and other documents which indicate customer acceptance and desire for the proposed change.

None.

(a)(10) Plans the utility has for introducing or implementing the changes with respect to its customers.

Customers will be noticed of the rate changes at the time their bill is impacted which is the current practice.

(a)(11) F.C.C., or FERC or Commission orders or rulings applicable to the filings.

None.

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Supplement No. 104 To
Tariff Electric Pa. P.U.C. No. 3
Fifth Revised Page No. 30
Superseding Fourth Revised Page No. 30

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PECO Energy Company

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:

- 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.
- 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.
- For all such customers, PECO Energy will then determine the extent to which the reason for the reduction in 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.
- 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.
- 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:

- PECO Energy will calculate the customer's average billing demand and energy usage for calendar year 1996;
- 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;
- 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 and will be applied to bills on an as rendered basis. 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.

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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

Issued July 1, 2010

Effective August 30, 2010

Deleted: December 21, 2009
Deleted: January 1, 2010

PECO Energy Company

Electric Service Tariff

COMPANY OFFICE LOCATION

2301 Market Street
Philadelphia, Pennsylvania 19101

For List of Communities Served, See Page 4.

Issued: July 1, 2010

Effective: August 30, 2010

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

NOTICE.

PECO Energy Company

Superseding Eighty Fourth Revised Page No. 1A

LIST OF CHANGES MADE BY THIS SUPPLEMENT

Competitive Transition Charge (CTC)/ITC Intangible Transition Charge (ITC) Fifth Revised Page No. 30

Adds text indicating monthly rate changes of the CTC/ITC will be applied to bills on an as rendered basis.

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(C)

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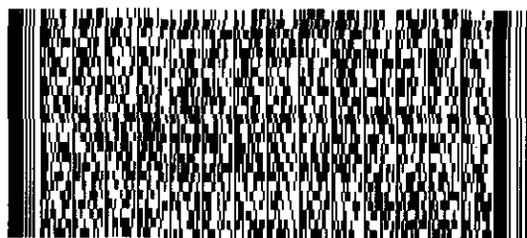
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