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August 12, 2010

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
North Office Building
P. O. Box 3265 - B-20
Harrisburg, PA 17105-3265

**PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU**

SUBJECT: Proposed Changes to Electric Tariff No. 3 Supplement No. 107
Issued August 12, 2010 - to become effective on September 3, 2010
Docket No. R-2010-2186710 Change in Methodology for Implementing
Monthly Transition Charge ("CTC") Rate Changes

Dear Secretary Chiavetta:

On July 1, 2010 PECO Energy Company ("PECO Energy") filed with the Pennsylvania Public Utility Commission Supplement No. 104 to Tariff Electric Pa. P.U.C. No. 3. PECO Energy voluntarily postponed the effective date of Supplement No. 104 until September 3, 2010 (see Supplement No. 106). Accordingly, this letter transmits for filing with the Commission eight copies of Supplement No. 107 to Tariff Electric - PaPUC No. 3, which reflects the new effective date of September 3, 2010 for the Change in Methodology for Implementing Monthly Transition Charge ("CTC") Rate Changes.

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

Sincerely,

cc: w/enclosures

- C. Walker-Davis, Director, Office of Special Assistants
- Robert Wilson, Director, Bureau of Fixed Utility Services
- Paul T. Diskin, Bureau of Fixed Utility Services
- David Keim, Bureau of Fixed Utility Services
- Erin Laudenslager, 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

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**PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU**

For List of Communities Served, See Page 4.

Issued: August 12, 2010

Effective: September 3, 2010

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

NOTICE.

PECO Energy Company

LIST OF CHANGES MADE BY THIS SUPPLEMENT

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

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

PECO Energy Company

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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:

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 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. (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

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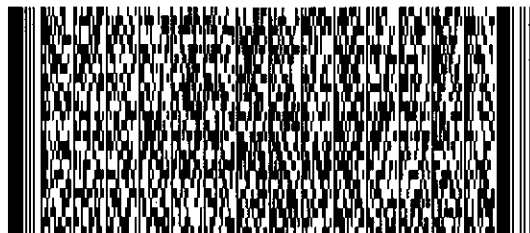
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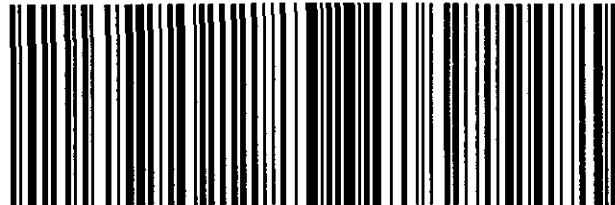
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