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December 22, 2010

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

**Re: PECO Energy Company (PECO) Supplement No. 10 to Electric Service Tariff No. 4  
Changes in Budget Billing Provision effective March 18, 2011**

Dear Secretary Chiavetta:

PECO Energy Company encloses for filing with the Commission eight copies of Supplement No. 10 to Electric Service Tariff No. 4 issued on December 22, 2010, effective March 18, 2011. The purpose of this filing is to reflect the proposed changes and improvements to PECO's budget billing program. The proposed changes to the budget billing program were discussed with the Staffs of the Office of Consumer Advocate and Bureau of Consumer Services in October 2010. PECO has also enclosed "Redline" versions of the tariff pages and copies of the information requested under 52 Pa. Code, Section 53.52(a).

Please acknowledge receipt of the foregoing on the enclosed copy of this letter. A business reply envelope is enclosed for your convenience.

Thank you for your assistance in this matter. If you have any questions, please call me at 215-841-5777.

Sincerely,

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

w/enclosures

cc: C. Walker-Davis, Esquire, Director – Office of Special Assistants  
R. F. Wilson, Director, Bureau of Fixed Utility Services  
J. E. Simms, Director, Office of Trial Staff  
M. Carl Lesney, Director, Bureau of Audits  
Office of Consumer Advocate  
Office of Small Business Advocate  
Bureau of Consumer Services  
McNees, Wallace & Nurick  
R. E. Wallace, Bureau of Audits

**Proposed Changes to  
PECO Energy Company Electric Service Tariff No. 4 Supplement No. 10**

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

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

PECO Energy Company ("PECO") is proposing changes to improve its budget billing program. The tariff reflects changes to the program and better describes features of the program. PECO has determined that the current process of removing customers two months in arrears from budget billing does not meet the needs of the customers or of the company.

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

The total number of electric customers served by PECO was 1,568,029 as of October 31, 2010.

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

As of October 31, 2010, PECO had 191,958 electric customers enrolled in budget billing. In 2010, PECO has been removing about 4,700 electric customers per month from budget billing due to delinquency.

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

The proposed approach ensures that delinquent customers will no longer be removed from budget billing. Late payment charges will be assessed on the lesser of budget billing arrears and actual charges arrears. The company will take collection/termination actions based on the lesser of budget billing arrears and actual charges arrears.

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

Assessing late payment charges while customers are still enrolled in budget billing is estimated to increase late payment charge revenues. Allowing delinquent customers to remain enrolled in budget billing is estimated to have a favorable impact on net charge-offs. The final revenue and expense impact however, will be based on actual customer payment behavior and budget billing enrollment levels resulting from these changes.

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

There is no effect to the retail service rendered by PECO as a result of the proposed changes.

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

In determining what changes to make to budget billing, PECO considered the following factors: the adverse impacts of current budget billing practices to customer satisfaction and complaint volumes; the potential of budget billing to serve as a rate mitigation tool; the seasonal affordability benefits of budget billing; the impacts of policies relating to late payment charges and disconnection for non-payment; and the implementation cost related to the process changes.

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

No studies were performed in the preparation of the proposed changes; however, PECO conducted an informal survey of budget billing practices of three other large utilities in Pennsylvania. PECO found that the proposed changes are consistent with the existing practices of those utilities.

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

No customer polls were taken in the preparation of the proposed budget billing changes. However, the changes were reviewed with the Staffs of the Office of Consumer Advocate (OCA) and the Bureau of Consumer Services (BCS) on October 6, 2010. Both OCA and BCS were supportive of the changes.

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

PECO will more actively promote budget billing to customers calling for payment assistance as those customers will no longer be removed from budget billing due to delinquency.

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

In the preparation of the proposed tariff changes, PECO considered the Order and Opinion in *Mary Frayne v. PECO Energy Company* (Order, Docket No. C - 20029005) issued on September 10, 2003. The Order outlines additional guidance for budget billing such as how it can aid customers in planning for their utility bills and budgeting accordingly.

# 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 22, 2010

Effective March 18, 2011

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

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PECO Energy Company

LIST OF CHANGES MADE BY THIS SUPPLEMENT

Rules and Regulations - 2nd Revised Page No. 24  
Updated to describe improvements to the Budget Billing Program.

**RULES AND REGULATIONS (continued)**

**17. BILLING AND STANDARD PAYMENT OPTIONS**

**BILLING PERIOD.** Billing for service will be based upon the amount of use and the time interval of its delivery. The customer will be billed in accordance with rule 14.7. Rate values stated for direct application to monthly billing periods will be adjusted when time elapsed between readings is substantially greater or less than a month.

**17.2 BILLING OPTIONS.** A customer may select one of the following three billing options: (1) Consolidated EDC Billing; (2) Consolidated EGS Billing; and (3) Separate EDC/EGS Billing, as those terms are defined herein. If a customer does not make a selection, the customer shall receive Consolidated EDC Billing. When the Company provides Consolidated EDC Billing or Separate EDC Billing, it will comply with the terms and conditions of the Electric Generation Supplier Coordination Tariff.

**17.3 PAYMENT.**

(a) The Company's bills to customers are payable upon presentation. Payment for service received must be made on or before the due date shown on the bill. The due date shall be determined by the Company and shall be not less than twenty days from the date of transmittal of the bill for Rates R, R-H, RS-2, OP, POL and GS (excluding Summary Billing Accounts). The due date shall be not less than 15 days from the date of transmittal of the bill for all other rates, including Summary Billing Accounts. Notwithstanding the foregoing, the due date may be up to thirty days for accounts (including Summary Billing Accounts) with the United States of America, the Commonwealth of Pennsylvania, or any of their departments, political subdivisions, or instrumentalities. The Company may allow a reasonable amount of additional time for payment of bills on industrial and commercial accounts of creditworthy customers. If the due date that appears on a customer's bill falls on a Saturday, Sunday, bank holiday, or any other day when the offices of the Company which regularly receive payments are not open to the general public, the due date shall be extended to the next business day. The payment period will not be extended because of the customer's failure to receive a bill unless said failure is due to the fault of the Company.

(b) Payment may be made at any commercial office of the Company or at any authorized payment agency. The customer bears the risk of delivery of payment tendered on or after the date contained in any termination notice sent to the customer.

(c) The Company may require that a customer that is not creditworthy tender payment by means of a certified, cashier's, teller's, or bank check, or by wire transfer, or in cash or other immediately available funds.

(d) A customer must pay the undisputed portion of disputed bills under investigation. The Company will apply this rule to the disputed portion of disputed bills, if, and only if: (1) the Company has made diligent and reasonable efforts to investigate and resolve the dispute; (2) the result of the investigation is that the Company determines that the customer's claims are unwarranted or invalid; (3) the Commission and/or the Bureau of Consumer Services has decided a formal or informal complaint in the Company's favor and no timely appeal is filed, and (4) the customer nevertheless continues to dispute the same manner in bad faith.

**17.4 PAYMENT PROCESSING.** When the Company is providing Consolidated EDC Billing, Default Service or Separate EDC Billing, and the customer remits a partial payment to the Company, the payment will be applied as follows:

1. The installment amount for a payment agreement on this balance.
2. Balance due or the installment amount for a payment agreement for Fixed and Variable Distribution Service Charges.
3. Current Fixed and Variable Distribution Service Charges.
4. Balance due for prior charges for Energy and Supply.
5. Current charges for Energy and Supply Charges.
6. Non-basic service charges.

**17.5 LATE FEES AND COLLECTION COSTS.** If payment is made at a Company office or authorized payment agency after the due date shown on the bill, a late fee will be added to the unpaid balance until the entire bill is paid. If payment is made by mail, the late fee will be added if the payment is received by the Company more than five days after the due date shown on the bill. For Rates R, R-H, RS-2, OP, POL and GS this late fee will be 1-1/2 % per month; for all other rates the late fee will be 2% per month. If the Company files suit to collect a delinquent balance on an account (whether active or inactive) or to ensure payment of current bills, the customer will be required to pay the Company's out of pocket court costs (including filing, service, and witness fees) as ordered by the court and such costs will be added to commercial and industrial accounts.

**17.6 BUDGET BILLING.**

(a) At the option of a customer receiving residential service under Rates R, R-H, RS-2, OP, POL and GS, an estimated total bill for all service to be received by the customer over a twelve-month period may be budgeted over the period and an average bill rendered monthly for payment each month. Any difference between the budgeted amounts so paid and the actual charges for a twelve-month budget period will at the customer's option, either be amortized over the next twelve months or incorporated into the twelfth month bill. Absent an indication of preference from the customer, the debit or credit will be amortized. Budget billing may be discontinued upon the customer's request at which time any difference between budget billing amounts and actual charges becomes due and payable. If a monthly budget bill is not paid, a late fee will be added to the unpaid balance if actual charges on the next billing date in accordance with Rule 17.3 and 17.5. The Company may also arrange budget billing for creditworthy commercial and industrial customers.

(b) When the Company provides Consolidated EDC Billing, the EGS's charges will be included in the customer's Budget Billing Plan.

(C) Denotes Change

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**SUPPLEMENT NO. 10 TO  
ELECTRIC PA. P.U.C. NO. 4**

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# 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 22, 2010](#)

Effective [March 18, 2011](#)

ISSUED BY: D. P. O'Brien – President  
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Supplement No. 10 to  
Tariff Electric Pa. P.U.C. No. 4  
Eighth Revised Page No. 1  
Supersedes Seventh Revised Page No. 1

PECO Energy Company

**LIST OF CHANGES MADE BY THIS SUPPLEMENT**

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Updated to describe improvements to the Budget Billing Program.

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**RULES AND REGULATIONS (continued)**

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