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MAR 17 2011

March 17, 2011

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

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

SUBJECT: PECO Energy Company Implementation of Smart Meter Cost Recovery
Surcharge Mechanism at Docket No. M-2009-2123944

Dear Secretary Chiavetta:

PECO Energy is permitted to file quarterly adjustments to the Smart Meter Cost Recovery Surcharge Mechanism, which are allowed to go into effect on 15 days notice. As provided for in the Commission's Final Order at Docket No. M-2009-212394452 the rate will only be updated if the rate changes by more than 5%. PECO has recalculated the rate and determined that it would change the rate by less than 5%. Therefore, the Company will not be changing its Smart Meter Cost Recovery Surcharge on April 1, 2011.

This letter transmits for filing with the Commission eight copies of PECO Energy's first quarterly update including:

Exhibit 1 – Smart Meter Projected Costs for April 1, 2011 to July 31, 2011

Please direct any questions regarding the above to Richard A. Schlesinger at 215-841-5771.

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

Sincerely,

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

Exhibit 1
PECO Energy Smart Meter Project
Projected Costs for April 1, 2011 to July 31, 2011

Smart Meter Cost Recovery (\$M)

Line	Forecast 2Q 2011			
	Apr	May	Jun	
1	Deferred Costs (through June 2010)	\$ 0.24	\$ 0.24	\$ 0.24
2	2011 O&M to be Recovered	0.45	0.45	0.42
3	2011 Depreciation	0.27	0.27	0.28
4	2011 Capital Revenue Requirement	0.20	0.23	0.25
5	Total Revenue Requirement	\$ 1.16	\$ 1.18	\$ 1.19
6	Total Revenue Requirement (adj. for GRT)	\$ 1.23	\$ 1.25	\$ 1.26
7	Quarterly Costs to be Recovered (\$M)	\$ 3.74		
Quarterly Cost Recovery by class:				
8	Res	\$ 3.36		
9	SCI	\$ 0.37		
10	LCI	\$ 0.01		
Estimated Monthly Rate:				
11	Res (¢/kWh)	0.12		
12	SCI (\$/customer)	\$ 0.79		
13	LCI (\$/customer)	\$ 0.79		

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Exhibit 1
PECO Energy Smart Meter Project
Quarterly Surcharge Comparison

<u>Line</u>		<u>In effect</u>	<u>Forecasted</u>	
	Estimated Monthly Rate:	<u>1Q 2011</u>	<u>2Q 2011</u>	
1	Res (¢/kWh)	0.10	0.12	
2	SCI (\$/customer)	\$ 0.79	\$ 0.79	
3	LCI (\$/customer)	\$ 0.79	\$ 0.79	
				%
	Average Customer monthly bill with surcharge:			increase
4	Res (500 kWh usage)	\$ 86.63	\$ 86.72	0.11%
5	SCI (10,000 kWh usage)	\$ 1,051.56	\$ 1,051.56	0.00%
6	LCI (200,000 kWh usage)	\$ 21,849.33	\$ 21,849.33	0.00%

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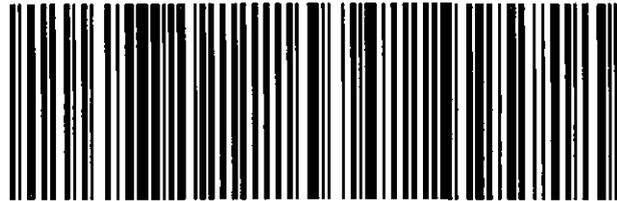
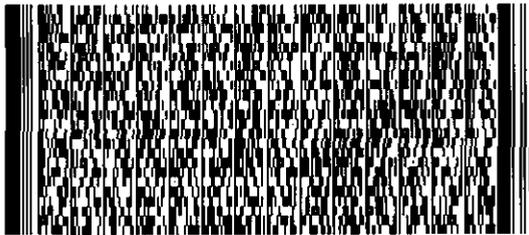
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