

Richard G. Webster, Jr.
Director
Rates and Regulatory Affairs

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PECO Energy Company
2301 Market Street, 515
Philadelphia, PA 19103

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Philadelphia, PA 19101-8699

August 1, 2011

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265

**SUBJECT: PECO Energy Company Reconciliation of Smart Meter Cost Recovery for
12 Month Period ended June 30, 2011 and Proposed Surcharge Rates Effective
January 1, 2012 - Docket No. M-2009-2123944**

Dear Secretary Chiavetta:

As required by Commission Order at Docket No. M-2009-2123944, PECO Energy Company ("PECO") transmits for filing with the Pennsylvania Public Utility Commission eight copies of the annual SMCRS reconciliation consisting of the following:

- 1) Exhibit 1 - Tariff pages reflecting the proposed (SMCRS);
- 2) Exhibits 2-9 – Computation sheets showing the reconciliation of cost recovery for the 12 month period ended June 30, 2011 and the derivation of the new SMCRS values

The following proposed surcharges will be effective for scheduled billing cycles beginning on or after January 1, 2012:

Variable Distribution Service Charge for Residential Customers (Rates R, RH and OP)	0.20¢/kWh
Fixed Distribution Service Charge for Small Commercial and Industrial Customers (Rate GS)	\$1.58 per Customer
Fixed Distribution Service Charge for Large Commercial and Industrial Customers (Rates PD, HT and EP)	\$1.57 per Customer

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Rosemary Chiavetta, Secretary
August 1, 2011
Page 2

The CAP maximum and minimum discounts will be calculated in a subsequent filing to be effective January 1, 2012.

In addition, as part of this filing, PECO has updated the SCRMS mechanism contained on page 40B of our electric tariff to properly reflect the return on equity provisions as contained in Dockets No. R-2010-2161575 and No. M-2009-2123944.

Once the Final Order associated with the filing is issued, PECO will file on one day's notice updated tariff pages.

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

Sincerely,



Richard G. Webster, Jr.
Director
Rates & Regulatory Affairs

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Copies to: Cheryl Walker-Davis, Director, Office of Special Assistants
Robert F. Wilson, Director, Bureau of Fixed Utility Services
M. Carl Lesney, Director, Bureau of Audits
Johnnie E. Simms, Director, Office of Trial Staff

PENNSYLVANIA PUBLIC UTILITY COMMISSION

PECO Energy Company

: DOCKET NO. M-2009-2123944

CERTIFICATE OF SERVICE

I hereby certify that I have this day served a true copy of the foregoing documents upon the participants, listed below, in the manner indicated below:

VIA First Class Mail

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Jennedy S. Johnson, Esquire
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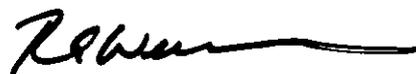
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SECRETARY'S BUREAU**



Richard G. Webster, Jr.
Director, Retail Rates
PECO Energy Company
2301 Market Street S15-2
Philadelphia, PA 19103
(215) 841-5777

Dated: August 1, 2011

EXHIBIT 1

PECO Energy Company

Electric Service Tariff

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JUL 30 2011

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

COMPANY OFFICE LOCATION

2301 Market Street
Philadelphia, Pennsylvania 19101

For List of Communities Served, See Page 4.

Issued August 1, 2011

Effective January 1, 2012

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

NOTICE.

LIST OF CHANGES MADE BY THIS SUPPLEMENT

Smart Meter Cost Recovery Surcharge (SMCRS) - xxx Revised Page No. 40B

The initial ROE utilized in the Smart Meter Cost Recovery Surcharge was changed from 10.5% to 10.0% per the Settlement at Docket No. R-2010-2161575. Additionally, language for calculating ROE in subsequent periods was changed to be consistent with Smart Meter Technology Procurement and Installation Plan Order at Docket No. M-2009-2123944.

Rate R – Residence Service xxx Revised Page No. 41

The Variable Distribution Service Charge is increased.

Rate RH- Residential Heating Service xxx Revised Page No. 43

The Variable Distribution Service Charge is increased.

Rate OP – Off Peak Service xxx Revised Page No. 46

The Variable Distribution Service Charge is increased.

Rate GS – General Service xxx Revised Page No. 47

The Fixed Distribution Service Charge is increased

Rate PD – Primary Distribution Power xxx Revised Page No. 50

The Fixed Distribution Service Charge is increased

Rate HT – High Tension Power xxx Revised Page No. 51

The Fixed Distribution Service Charge is increased

Rate EP – Electric Propulsion xxx Revised Page No. 63

The Fixed Distribution Service Charge is increased

SMART METER COST RECOVERY SURCHARGE (SMCRS)

Purpose: The purpose of this surcharge is to provide for full and current cost recovery of all incremental costs associated with the Company's PaPUC-approved Smart Meter Program.

Applicability: The surcharge shall be a per-customer charge calculated to the nearest one cent, which shall be added to the fixed distribution rates for billing purposes for all commercial and industrial customers with metered service. The surcharge shall be on a cents per kWh basis for residential customers calculated to the nearest one hundredth of a cent. The rate shall be calculated separately for each customer class (residential, small commercial and industrial, and large commercial and industrial).

Billing Provisions: The surcharge shall be calculated on a quarterly basis using the following formula:

SM(n) = (C+E+I)/R(n) where:

C – the incremental cost of the Company's Smart Meter Program. These costs shall include the following:

Capital and expense items relating to all plan elements, equipment and facilities, as well as incremental administrative costs and the cost of the Company's customer acceptance program and the cost upon approval by the Commission of acquiring a grant under the American Reinvestment and Recovery Act of 2009 as well as the cost of complying with the rules necessary to receive the grant. Specifically, these costs shall include, but are not limited to, the capital costs of capital expenditures for any equipment, software and facilities required to implement the Smart Meter Program, including depreciation, a return on the un-depreciated investment, and taxes, as well as operating and maintenance expenses. The rate of return to be used in calculating capital costs shall be at the Company's weighted average cost of capital. Consistent with the settlement in PECO's base rate case at Docket No. R-2010-2161575, the first surcharge filing shall use a return on equity of 10.0%. However, if at any time in the future, PECO's last litigated case is more than three years old, the quarterly rate of return for the electric utility barometer group from the Report on Quarterly Earnings of Jurisdictional Utilities prepared by the Commission's Bureau of Fixed Utility Services shall be used until a rate of return is determined in a subsequent litigated case, to be effective for the subsequent three-year period. The capital structure and the cost of debt and preferred stock shall be as filed in the Company's most recent quarterly earnings report. Administrative costs shall include incremental costs related to plan development and approval, cost analysis, measurement and verification, reporting, testing, upgrades, maintenance and personnel training plus any other incremental cost necessary to implement the PaPUC-approved Smart Meter Program. Costs recoverable under this surcharge shall also include cost, whether capital or expense that is stranded due to the implementation of the approved Smart Meter Program. Any reductions in operating expenses or avoided capital expenditures due to the Smart Meter Program will be deducted from the incremental costs of the Smart Meter Program to derive the net incremental cost of the Program that is recoverable. Such reductions shall include any reductions in the Company's current meter and meter reading costs. (C)

SM(n) = smart meter cost for customer class "n" including over or under recovery and associated interest.

E – The estimated over or under recovery from the prior year. The reconciliation period shall be the 12 months ended June 30.

I – Interest on any over or under recovery balance. Interest shall be a rate of 6% and shall be calculated from the month of over or under collection to the mid-point of the recovery period.

n – rate class where: 1 = residential, 2 = small C&I, 3 = large C&I

Residential – Rates R, RH, OP = 0.20¢/kWh

Small C&I – Rate GS = \$1.58/Fixed Distribution Charge

Large C&I – Rates HT, PD, EP = \$1.57/Fixed Distribution Charge (I)

R – The total delivery service customers for the commercial and industrial rate class for the application period where the application period shall be as defined in the filing schedule. In the case of the residential class it shall represent delivered sales for the application period.

Filing Schedule: The estimated surcharge shall be filed 15 days prior to the start of the application period. Quarterly rates shall be effective on the first full billing cycle starting after January 1, April 1, July 1 and October 1. The quarterly rates will only be updated if the rate changes by more than 5%. The reconciliation filing shall be made on August 1 of each year. The resultant over or under recovery shall be included in the Smart Meter surcharge commencing on January 1 following the reconciliation filing.

(I) Indicates Increase

(C) Indicates Change

PECO Energy Company

RATE R RESIDENCE SERVICE

AVAILABILITY.

Single-phase service in the entire territory of the Company to the dwelling and appurtenances of a single private family (or to a multiple dwelling unit building consisting of two to five dwelling units, whether occupied or not), for the domestic requirements of its members when such service is supplied through one meter. Service is also available for related farm purposes when such service is supplied through one meter in conjunction with the farmhouse domestic requirements.

Each dwelling unit connected after May 10, 1980 except those dwelling units under construction or under written contract for construction as of that date must be individually metered for their basic service supply. Centrally supplied master metered heating, cooling or water heating service may be provided if such supply will result in energy conservation.

The term "residence service" includes service to: (a) the separate dwelling unit in an apartment house or condominium, but not the halls, basement, or other portions of such building common to more than one such unit; (b) the premises occupied as the living quarters of five persons or less who unite to establish a common dwelling place for their own personal comfort and convenience on a cost-sharing basis; (c) the premises owned by a church, and primarily designated or set aside for, and actually occupied and used as, the dwelling place of a priest, rabbi, pastor, rector, nun or other functioning Church Divine, and the resident associates; (d) private dwellings in which a portion of the space is used for the conduct of business by a person residing therein; (e) farm purpose uses by an individual employing the natural processes of growth for the production of grain, stock, dairy, poultry, garden truck, or other agricultural products.

The term does NOT include service to: (a) Premises institutional in character including Clubs, Fraternities, Orphanages or Homes; (b) premises defined as a rooming house or boarding house in the Municipal Code for Cities of the First Class enacted by Act of General Assembly; (c) a premises containing a residence unit but primarily devoted to a professional or other office, studio, or other gainful pursuit; (d) farms operated principally to sell, prepare, or process products produced by others, or farms using air conditioning for climatic control in conjunction with growth processes (except those customers receiving such service as of August 2, 1969); (e) electric furnaces or welding apparatus other than a transformer type "limited input" arc welder with an input not to exceed 37-1/2 amperes at 240 volts.

CURRENT CHARACTERISTICS. Standard single-phase secondary service.

MONTHLY RATE TABLE.

FIXED DISTRIBUTION SERVICE CHARGE: \$7.20

VARIABLE DISTRIBUTION SERVICE CHARGE:

.All kWhs 6.06¢ per kWh

(l)

ENERGY SUPPLY CHARGE:

Refer to the Generation Supply Adjustment Procurement Class 1.

TRANSMISSION SERVICE FOR CUSTOMERS RECEIVING DEFAULT SERVICE: per the Transmission Service Charge.

MINIMUM CHARGE: The minimum charge per month will be the Fixed Distribution Service Charge.

STATE TAX ADJUSTMENT CLAUSE, NUCLEAR DECOMMISSIONING COST ADJUSTMENT, UNIVERSAL SERVICE FUND CHARGE, Transmission Service Charge, PROVISION FOR THE RECOVERY OF ENERGY EFFICIENCY AND CONSERVATION PROGRAM COSTS, SMART METER COST RECOVERY SURCHARGE AND PROVISION FOR THE RECOVERY OF CONSUMER EDUCATION PLAN COSTS APPLY TO THIS RATE.

PAYMENT TERMS. Standard.

(l) Denotes Increase

PECO Energy Company

Superseding xxxxxx Revised Page No. 43

RATE R-H RESIDENTIAL HEATING SERVICE

AVAILABILITY.

Single-phase service to the dwelling and appurtenances of a single private family (or to a multiple dwelling unit building consisting of two to five dwelling units, whether occupied or not), for domestic requirements when such service is provided through one meter and where the dwelling is heated by specified types of electric space heating systems. The systems eligible for this rate are (a) permanently connected electric resistance heaters where such heaters supply all of the heating requirements of the dwelling, (b) heat pump installations where the heat pump serves as the heating system for the dwelling and all of the supplementary heating required is supplied by electric resistance heaters, and (c) heat pump installations where the heat pump serves as the heating system for the dwelling and all of the supplementary heating required is supplied by non-electric energy sources and/or by electric energy sources served on Rate O-P Off-Peak Service. All space heating installations must meet Company requirements. This rate schedule is not available for commercial, institutional or industrial establishments.

Wood, solar, wind, water, and biomass systems may be used to supply a portion of the heating requirements in conjunction with service provided hereunder. Any customer system of this type that produces electric energy may not be operated concurrently with service provided by the Company except under written agreement setting forth the conditions of such operation as provided by and in accordance with the provisions of the Auxiliary Service Rider.

Each dwelling unit connected after May 10, 1980 except those dwelling units under construction or under written contract for construction as of that date, must be individually metered.

CURRENT CHARACTERISTICS. Standard single-phase secondary service.

MONTHLY RATE TABLE.

FIXED DISTRIBUTION SERVICE CHARGE: \$7.20

VARIABLE DISTRIBUTION SERVICE CHARGE:

SUMMER MONTHS. (June through September)

6.06¢ per kWh for all kWh.

(I)

WINTER MONTHS. (October through May)

4.12¢ per kWh for all kWh

(I)

ENERGY SUPPLY CHARGE:

Refer to the Generation Supply Adjustment Procurement Class 1

TRANSMISSION SERVICE FOR CUSTOMERS RECEIVING DEFAULT SERVICE: per the Transmission Service Charge

MINIMUM CHARGE. The minimum charge per month will be the Fixed Distribution Service Charge.

STATE TAX ADJUSTMENT CLAUSE, NUCLEAR DECOMMISSIONING COST ADJUSTMENT, UNIVERSAL SERVICE FUND CHARGE PROVISION FOR THE RECOVERY OF ENERGY EFFICIENCY AND CONSERVATION PROGRAM COSTS, SMART METER COST RECOVERY SURCHARGE AND PROVISION FOR THE RECOVERY OF CONSUMER EDUCATION PLAN COSTS APPLY TO THIS RATE.

COMBINED RESIDENTIAL AND COMMERCIAL SERVICE. Where a portion of the service provided is used for commercial purposes, the appropriate general service rate is applicable to all service; or, at the option of the customer, the wiring may be so arranged that the residential service may be separately metered and this rate is then applicable to the residential service only.

PAYMENT TERMS. Standard.

(I) Denotes Increase

RATE OP OFF-PEAK SERVICE

AVAILABILITY.

In conjunction with Rates R, RT, R-H and with residence service under Rate GS, for any customer receiving service at 120/240 volts, 3 wires, or 120/208 volts, 3 wires, for the operation of 240-volt or 208-volt domestic equipment of a type approved by the Company. Any load connected for service under Rate OP may not be connected for service under any other rate during the period that service under Rate OP is interrupted. Service will be interrupted during on-peak periods as established by the Company. This rate is not available when the source of supply is service purchased from a neighboring company under a borderline-purchase agreement. Effective January 1, 2004, service under Rate OP will be restricted to service locations receiving Rate OP service or that are the subject of a Rate OP service application as of December 31, 2003. Effective January 1, 2013 (last bill issued December 31, 2012) this rate will no longer be applicable in its current form.

SPECIAL RULES AND REGULATIONS.

The normal control device furnished by the Company has a limited capacity. The customer shall notify the Company before connecting any load in addition to an existing water heater. If necessary, the Company will install a control device with a rating of 200 amperes to accommodate the additional 240-volt controlled load. For controlled loads larger than 200 amperes the control device shall be furnished, installed and maintained by the customer. Service may be interrupted for a total of not more than 6-1/2 hours per day during scheduled periods which may vary from customer to customer.

The Company has a program to replace seven-day clock control devices as they fail with five-day radio-control devices which provide uninterrupted service on Saturdays, Sundays and holidays.

MONTHLY RATE TABLE.

FIXED DISTRIBUTION SERVICE CHARGE: \$1.75 per month

VARIABLE DISTRIBUTION SERVICE CHARGE: 6.06¢ per kWh

(I)

ENERGY SUPPLY CHARGE: Refer to the Generation Supply Adjustment Procurement Class 1

TRANSMISSION SERVICE FOR CUSTOMERS RECEIVING DEFAULT SERVICE: per the Transmission Service Charge

MINIMUM CHARGE: The minimum charge per month will be the Fixed Distribution Service Charge.

STATE TAX ADJUSTMENT CLAUSE, NUCLEAR DECOMMISSIONING COST ADJUSTMENT, PROVISION FOR THE RECOVERY OF ENERGY EFFICIENCY AND CONSERVATION PROGRAM COSTS, SMART METER COST RECOVERY SURCHARGE AND PROVISION FOR THE RECOVERY OF CONSUMER EDUCATION PLAN COSTS APPLY TO THIS RATE.

PAYMENT TERMS. Standard.

(I) Denotes Increase

RATE-GS GENERAL SERVICE

AVAILABILITY.

Service through a single metering installation for offices, professional, commercial or industrial establishments, governmental agencies, and other applications outside the scope of the Residence Service rate schedules. For service configurations that are nominally 120/208 volts, 3 phase, 4 wires and the service capacity exceeds 750 kVa for transformers located either inside or outside the building, the only rate option available to the customer will be Rate HT. For service configurations that are nominally 277/480 volts, 3 phase, 4 wires and capacity exceeds either 750 kVa for transformers located inside the building or 1,500 kVa for transformers located outside the building, the only rate option available to the customer will be Rate HT.

CURRENT CHARACTERISTICS.

Standard single-phase or polyphase secondary service.

MONTHLY RATE TABLE.

FIXED DISTRIBUTION SERVICE CHARGE:

- \$ 12.52 for single-phase service without demand measurement, or
- \$ 15.82 for single-phase service with demand measurement, or
- \$ 39.52 for polyphase service.

(I)
(I)
(I)

VARIABLE DISTRIBUTION SERVICE CHARGE:

- \$4.96 per kW of billed demand
- 0.49¢ per kWh for all kWh

ENERGY EFFICIENCY CHARGE: 0.27¢ per kWh

ENERGY SUPPLY CHARGE: Refer to the Generation Supply Adjustment Procurement Class 2, 3 or 4

TRANSMISSION SERVICE FOR CUSTOMERS RECEIVING DEFAULT SERVICE: per the Transmission Service Charge

STATE TAX ADJUSTMENT CLAUSE, NUCLEAR DECOMMISSIONING COST ADJUSTMENT PROVISION FOR THE RECOVERY OF ENERGY EFFICIENCY AND CONSERVATION PROGRAM COSTS, SMART METER COST RECOVERY SURCHARGE AND PROVISION FOR THE RECOVERY OF CONSUMER EDUCATION PLAN COSTS APPLY TO THIS RATE.

DETERMINATION OF DEMAND.

The billing demand will be measured where consumption exceeds 1,100 kilowatt-hours per month for three consecutive months; or where load tests indicate a demand of five or more kilowatts; or where the heating modification is applied; or where the customer requests demand measurement. Measured demands will be determined to the nearest 0.1 of a kilowatt but will not be less than 1.2 kilowatts, and will be adjusted for power factor in accordance with the Rules and Regulations.

For those customers with demand measurement the billing demand will not be less than the minimum value stated in the contract for service. If a measured demand customer has less than 1,100 monthly kilowatt-hours of use, the monthly billing demand will be the measured demand or the metered monthly kilowatt-hours divided by 175 hours, whichever is less, but not less than 1.2 kilowatts.

For those customers without demand measurement, the monthly billing demand will be computed by dividing the metered monthly kilowatt-hours by 175 hours. The computed demand will be determined to the nearest 0.1 of a kilowatt, but will not be less than 1.2 kilowatts.

(I) Denotes Increase

RATE-PD PRIMARY-DISTRIBUTION POWER

AVAILABILITY.

Untransformed service from the primary supply lines of the Company's distribution system where the customer installs, owns, and maintains any transforming, switching and other receiving equipment required. However, standard primary service is not available in areas where the distribution voltage has been changed to either 13 kV or 33 kV unless the customer was served with standard primary service before the conversion of the area to either 13 kV or 33 kV. This rate is available only for service locations served on this rate on July 6, 1987 as long as the original primary service has not been removed. PECO Energy may refuse to increase the load supplied to a customer served under this rate when, in PECO Energy's sole judgment, any transmission or distribution capacity limitations exist. If a customer changes the billing rate of a location being served on this rate, PECO Energy may refuse to change that location back to Rate PD when, in PECO Energy's sole judgment, any transmission or distribution capacity limitations exist.

CURRENT CHARACTERISTICS.

Standard primary service.

MONTHLY RATE TABLE.

FIXED DISTRIBUTION SERVICE CHARGE: \$294.56

(I)

VARIABLE DISTRIBUTION SERVICE CHARGE:

\$4.68 per kW of billing demand

0.34¢ per kWh for all kWh

ENERGY EFFICIENCY CHARGE: \$0.91 per kW of Peak Load Contribution

ENERGY SUPPLY CHARGE: Refer to the Generation Supply Adjustment Procurement Class 2, 3 or 4

TRANSMISSION SERVICE FOR CUSTOMERS RECEIVING DEFAULT SERVICE: The Transmission Service Charge shall apply.

STATE TAX ADJUSTMENT CLAUSE, NUCLEAR DECOMMISSIONING COST ADJUSTMENT PROVISION FOR THE RECOVERY OF ENERGY EFFICIENCY AND CONSERVATION PROGRAM COSTS, SMART METER COST RECOVERY SURCHARGE AND PROVISION FOR THE RECOVERY OF CONSUMER EDUCATION PLAN COSTS APPLY TO THIS RATE.

DETERMINATION OF BILLING DEMAND.

The billing demand will be computed to the nearest kilowatt and will never be less than the measured demand, adjusted for power factor in accordance with the Rules and Regulations, nor less than 25 kilowatts. The 25kW minimum shall apply to the Energy Supply Charge and the Transmission Supply Charge. Additionally, the billing demand will not be less than 40% of the maximum demand specified in the contract.

MINIMUM CHARGE.

The monthly minimum charge shall be the Fixed Distribution Service Charge, plus the charge per kW component of the Variable Distribution Service Charge, plus in the case of Procurement Class 4 customers, charges assessed under PJM's reliability pricing model.

TERM OF CONTRACT.

The initial contract term shall be for at least three years.

PAYMENT TERMS.

Standard.

(I) Denotes Increase

RATE-HT HIGH-TENSION POWER

AVAILABILITY.

Untransformed service from the Company's standard high-tension lines, where the customer installs, owns, and maintains, any transforming, switching and other receiving equipment required.

CURRENT CHARACTERISTICS.

Standard high-tension service.

MONTHLY RATE TABLE.

FIXED DISTRIBUTION SERVICE CHARGE: \$296.86

(I)

VARIABLE DISTRIBUTION SERVICE CHARGE:

\$3.59 per kW of billing demand from January 1, 2011 to December 31, 2011
\$3.57 per kW of billing demand from January 1, 2012 to December 31, 2012
\$3.55 per kW of billing demand after December 31, 2012
0.19¢ per kWh for all kWh

Customers served under LILR as of April 1, 2010:

For the period from January 1, 2011 through December 31 2011 distribution charges calculated under this tariff shall be multiplied by 50%

For the period from January 1, 2012 through December 31, 2012 distribution charges calculated under this tariff shall be multiplied by 75%

Subsequent to December 31, 2012 former LILR customers shall pay the above tariff rates

ENERGY SUPPLY CHARGE: Refer to the Generation Supply Adjustment Procurement Class 2, 3 or 4

ENERGY EFFICIENCY CHARGE: \$0.91 per kW of Peak Load Contribution

TRANSMISSION SERVICE FOR CUSTOMERS RECEIVING DEFAULT SERVICE: The Transmission Service Charge shall apply.

HIGH VOLTAGE DISTRIBUTION DISCOUNT:

For customers supplied at 33,000 volts: 14¢ per kW of measured demand.

For customers supplied at 69,000 volts: 45¢ per kW for first 10,000 kW of measured demand.

For customers supplied over 69,000 volts: 45¢ per kW for first 100,000 kW of measured demand.

STATE TAX ADJUSTMENT CLAUSE, PROVISION FOR THE RECOVERY OF CONSUMER EDUCATION PLAN COSTS, PROVISION FOR THE RECOVERY OF ENERGY EFFICIENCY AND CONSERVATION PROGRAM, SMART METER COST RECOVERY SURCHARGE AND NUCLEAR DECOMMISSIONING COST ADJUSTMENT APPLY TO THIS RATE.

DETERMINATION OF BILLING DEMAND.

The billing demand will be computed to the nearest kilowatt and will never be less than the measured demand, adjusted for power factor in accordance with the Rules and Regulations, nor less than 25 kilowatts. Additionally, the billing demand will not be less than 40% of the maximum demand specified in the contract. The 25 kW minimum shall apply to the Energy Supply Charge and the Transmission Supply Charge.

DELIVERY POINTS.

Where the load of a customer located on single or contiguous premises becomes greater than the capacity of the standard circuit or circuits established by the Company to supply the customer, an additional separate delivery point may be established for such premises upon the written request of the customer with billing continued as if the service were being delivered and metered at a single point, provided such multi-point delivery is not advantageous to the Company.

MINIMUM CHARGE.

The monthly minimum charge shall be the Fixed Distribution Service Charge, plus the charge per kW component of the Variable Distribution Service Charge, and modify less the high voltage discount where applicable plus in the case of Procurement Class 4 customers, charges assessed on PJM's reliability pricing model.

TERM OF CONTRACT.

The initial contract term shall be for at least three years.

PAYMENT TERMS.

Standard.

(I) Denotes Increase

PECO Energy Company

RATE EP ELECTRIC PROPULSION

AVAILABILITY.

This rate is available only to the National Rail Passenger Corporation (AMTRAK) and to the Southeastern Pennsylvania Transportation Authority (SEPTA) for untransformed service from the Company's standard high-tension lines, where the customer installs, owns, and maintains any transforming, switching and other receiving equipment required and where the service is provided for the operation of electrified transit and railroad systems and appurtenances.

CURRENT CHARACTERISTICS.

Standard sixty hertz (60 Hz) high-tension service.

MONTHLY RATE TABLE.

FIXED DISTRIBUTION SERVICE CHARGE: \$1,291.57 per delivery point

(I)

VARIABLE DISTRIBUTION SERVICE CHARGE:

\$3.03 per kW of billing demand

0.25¢ per kWh for all kWh

ENERGY SUPPLY CHARGE: Refer to the Generation Supply Adjustment Procurement Class 4.

ENERGY EFFICIENCY CHARGE: \$0.91 per kW of Peak Load Contribution

TRANSMISSION SERVICE FOR CUSTOMERS RECEIVING DEFAULT SERVICE: The Transmission Service Charge shall apply.

HIGH VOLTAGE DISTRIBUTION DISCOUNT:

For delivery points supplied at 33,000 volts: 14¢ per kW

For delivery points supplied at 69,000 volts: 45¢ per kW for first 10,000 kW of measured demand.

For delivery points supplied over 69,000 volts: 45¢ per kW for first 100,000 kW of measured demand.

STATE TAX ADJUSTMENT CLAUSE, PROVISION FOR THE RECOVERY OF CONSUMER EDUCATION PLAN COSTS, PROVISION FOR THE RECOVERY OF ENERGY EFFICIENCY AND CONSERVATION PROGRAM COSTS, SMART METER COST RECOVERY SURCHARGE AND NUCLEAR DECOMMISSIONING COST ADJUSTMENT APPLY TO THIS RATE.

DETERMINATION OF BILLING DEMAND.

The billing demand will be computed to the nearest kilowatt and will never be less than the measured demand, adjusted for power factor in accordance with the Rules and Regulations, nor less than 5,000 kilowatts. Additionally, the billing demand will not be less than 40% of the maximum demand specified in the contract.

CONJUNCTIVE BILLING OF MULTIPLE DELIVERY POINTS.

If the load of a customer located at a delivery point becomes greater than the capacity of the circuits established by the Company to supply the customer at that delivery point, upon the written request of the customer, the Company will establish a new delivery point and bill the customer as if it were delivering and metering the two services at a single point, as long as installation of the new service is, in the Company's opinion, less costly for the Company than upgrading the service to the first delivery point.

(I) Indicates Increase

Exhibit 2
PECO Energy Smart Meter Project
Reconciliation of Revenue and Costs for Period July 1, 2010 through June 30, 2011

E-Factor Period	Actual Smart Meter Costs (1)	Actual Stimulus Funding (2)	Actual Recoverable Costs (3) = (1) - (2)	Actual Revenue (4)	C-Factor Over/(Under) Recovery (5) = (4) - (3)	Interest Rate (6)	Interest Time Factor (7)	(a) Interest Owed/ (Interest Recouped) (8) = (5) x (6) x (7)
Balance								
Jul-10	\$ 2,498,583	\$ 1,082,376	\$ 1,416,206	\$ -	\$ (1,416,206)	n/a	n/a	n/a
Aug-10	\$ 241,577	\$ 104,163	\$ 137,414	\$ -	\$ (137,414)	n/a	n/a	n/a
Sep-10	\$ 464,945	\$ 197,857	\$ 267,088	\$ -	\$ (267,088)	n/a	n/a	n/a
Oct-10	\$ 1,508,214	\$ 587,008	\$ 921,206	\$ -	\$ (921,206)	n/a	n/a	n/a
Nov-10	\$ 747,055	\$ 331,824	\$ 415,230	\$ -	\$ (415,230)	n/a	n/a	n/a
Dec-10	\$ 950,500	\$ 426,502	\$ 523,998	\$ -	\$ (523,998)	n/a	n/a	n/a
Jan-11	\$ 767,092	\$ 265,337	\$ 501,754	\$ 724,276	\$ 222,522	6%	18/12	\$ 20,027
Feb-11	\$ 973,522	\$ 344,254	\$ 629,268	\$ 1,309,629	\$ 680,361	6%	17/12	\$ 57,831
Mar-11	\$ 995,819	\$ 373,519	\$ 622,300	\$ 1,094,874	\$ 472,574	6%	16/12	\$ 37,806
Apr-11	\$ 1,542,900	\$ 484,536	\$ 1,058,364	\$ 974,761	\$ (83,603)	6%	15/12	\$ (6,270)
May-11	\$ 1,778,849	\$ 639,839	\$ 1,139,010	\$ 869,502	\$ (269,508)	6%	14/12	\$ (18,866)
Jun-11	\$ 1,179,195	\$ 381,513	\$ 797,682	\$ 1,180,365	\$ 382,683	6%	13/12	\$ 24,874
	\$ 13,648,250	\$ 5,218,729	\$ 8,429,521	\$ 6,153,407	\$ (2,276,114)			\$ 115,402

(a) No interest charged for over and under recoveries prior to January 1, 2011

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Exhibit 3
PECO Energy Smart Meter Project
Reconciliation of Revenue and Costs for Period July 1, 2010 through June 30, 2011 by Class

	<u>Res (Rates R, RH, and OP)</u>	<u>Allocation</u>	<u>SCI (Rate GS)</u>	<u>Allocation</u>	<u>LCI (Rates HT, PD and EP)</u>	<u>Allocation</u>	<u>Total</u>
Actual Smart Meter Costs	\$ 12,328,365	90.33%	\$ 1,292,596	9.47%	\$ 27,289	0.20%	\$ 13,648,250
Less: Stimulus Grant	\$ 4,714,040	90.33%	\$ 494,255	9.47%	\$ 10,435	0.20%	\$ 5,218,729
Total Recoverable Costs by Class	\$ 7,614,325		\$ 798,342		\$ 16,854		\$ 8,429,521
Total Revenue by Class	\$ 5,530,330		\$ 609,814		\$ 13,264		\$ 6,153,407
Over (Under) Recovery by Class	\$ (2,083,995)		\$ (188,528)		\$ (3,591)		\$ (2,276,114)
Interest Owed to Customer by Class	\$ 104,242	90.33%	\$ 10,929	9.47%	\$ 231	0.20%	\$ 115,402
Net Over (Under) Recovery	\$ (1,979,753)		\$ (177,599)		\$ (3,360)		\$ (2,160,712)
Number of Customers (a)	1,412,692	90.33%	148,117	9.47%	3,127	0.20%	1,563,936

(a) Per PECO June 2011 Revenue, Sales and Customers Report and excluding all lighting, sales for resale and interdepartmental classes.

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Exhibit 4
PECO Energy Smart Meter Project
Projected Costs for January 1, 2012 to December 31, 2012

<u>Cost Category</u>	<u>Amount</u>
O&M Expenditures	\$ 15,102,426
Depreciation	\$ 8,445,759
Accelerated Depreciation (a)	\$ 2,290,130
Capital Expenditure Revenue Requirement (b)	\$ 7,506,869
Benefits/Avoided Costs (c)	<u>\$ (724,664)</u>
Net Revenue Requirement	\$ 32,620,520
Stimulus Grant (d)	\$ (6,666,881)
Net Smart Meter Projected Costs	\$ 25,953,640

(a) Reflects accelerated depreciation of Automated Meter Reading (AMR) assets

(b) Reflects rate of return on equity of 10%

(c) Reflects reduction in contracted AMR meter read fees

(d) Assumes Grant at approximately 48% of Gross Plant consistent with DOE Grant awarded to PECO (award No. DE-OE0000207). Actual grant funds awarded will be factored into the annual reconciliation of over/under cost recovery.

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Exhibit 5
PECO Energy Smart Meter Project
Projected Recoverable Costs for January 1, 2012 to December 31, 2012

<u>Cost Period</u>	<u>Res (Rates R, RH, and OP)</u>	<u>Allocation</u>	<u>Small C&I (Rate GS)</u>	<u>Allocation</u>	<u>Large C&I (Rates HT, PD and EP)</u>	<u>Allocation</u>	<u>Total</u>
Jan-12	\$ 2,470,224	90.33%	\$ 258,996	9.47%	\$ 5,468	0.20%	\$ 2,734,688
Feb-12	\$ 2,481,591	90.33%	\$ 260,188	9.47%	\$ 5,493	0.20%	\$ 2,747,273
Mar-12	\$ 2,620,619	90.33%	\$ 274,765	9.47%	\$ 5,801	0.20%	\$ 2,901,184
Apr-12	\$ 2,547,279	90.33%	\$ 267,075	9.47%	\$ 5,638	0.20%	\$ 2,819,993
May-12	\$ 2,928,832	90.33%	\$ 307,080	9.47%	\$ 6,483	0.20%	\$ 3,242,395
Jun-12	\$ 2,411,194	90.33%	\$ 252,807	9.47%	\$ 5,337	0.20%	\$ 2,669,339
Jul-12	\$ 2,259,233	90.33%	\$ 236,875	9.47%	\$ 5,001	0.20%	\$ 2,501,108
Aug-12	\$ 2,261,289	90.33%	\$ 237,090	9.47%	\$ 5,005	0.20%	\$ 2,503,384
Sep-12	\$ 2,255,470	90.33%	\$ 236,480	9.47%	\$ 4,992	0.20%	\$ 2,496,943
Oct-12	\$ 2,256,559	90.33%	\$ 236,594	9.47%	\$ 4,995	0.20%	\$ 2,498,149
Nov-12	\$ 2,251,269	90.33%	\$ 236,040	9.47%	\$ 4,983	0.20%	\$ 2,492,292
Dec-12	\$ 2,722,319	90.33%	\$ 285,428	9.47%	\$ 6,026	0.20%	\$ 3,013,773
	\$ 29,465,878		\$ 3,089,419		\$ 65,223		\$ 32,620,520
Less: Funds allocated from Stimulus Grant	\$ (6,022,145)	90.33%	\$ (631,406)	9.47%	\$ (13,330)	0.20%	\$ (6,666,881)
Total Recoverable Costs by Class	\$ 23,443,734		\$ 2,458,013		\$ 51,893		\$ 25,953,640
Number of Customers (a)	1,412,692	90.33%	148,117	9.47%	3,127	0.20%	1,563,936

(a) Per PECO June 2011 Revenue, Sales and Customers Report and Excluding all lighting, sales for resale and interdepartmental classes

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Exhibit 6
PECO Energy Smart Meter Project
Monthly Cost Recovery Charge Calculation for Residential (Rates R, RH and OP)
January 1, 2012 to December 31, 2012

		$MC(n)=(C+E+I)/R(n)$		
		<u>Total Amount</u>	<u>Monthly Amount</u>	<u>Monthly ¢ per kWh</u>
(1)	C = Projected Recoverable Smart Meter Costs	\$ 23,443,734	\$ 1,953,644	0.170
(2)	E = Experienced & Estimated Net Over/(Under) Over/(Under)	\$ 2,083,995	\$ 173,666	0.015
(3)	I = Interest (a)	\$ (104,242)	\$ (8,687)	(0.001)
(4)	Net Recoverable (C+E+I)	\$ 25,423,487	\$ 2,118,624	0.185
(5)	R = Average Annual Sales in MWh (b)	13,776,000	1,148,000	
(6)	Monthly SMCRS in ¢/kWh (4) / (5)		0.18	
(7)	Adjusted for GRT in ¢/kWh (c): (6) * 1 / (1 - .0606)		0.20	

(a) Interest on over and under recoveries at 6%
(b) Per PECO 2012 Electric Sales Forecast
(c) GRT is 6.06% for 2012

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Exhibit 7
PECO Energy Smart Meter Project
Monthly Cost Recovery Charge Calculation for Small Commercial and Industrial (Rates GS)
January 1, 2012 to December 31, 2012

		$MC(n)=(C+E+I)/R(n)$		
		<u>Total Amount</u>	<u>Monthly Amount</u>	<u>Monthly \$ Per Customer</u>
(1)	C = Projected Recoverable Smart Meter Costs	\$ 2,458,013	\$ 204,834	\$ 1.38
(2)	E = Experienced & Estimated Net Over/(Under) Over/(Under)	\$ 188,528	\$ 15,711	\$ 0.11
(3)	I = Interest (a)	\$ (10,929)	\$ (911)	\$ (0.01)
(4)	Net Recoverable (C+E+I)	\$ 2,635,612	\$ 219,634	\$ 1.48
(5)	R = Average SCI Customer Count (b)		148,117	
(6)	Monthly SMCRS in \$/customer (4) / (5)		\$ 1.48	
(7)	Adjusted for GRT in \$/customer (c): (6) * 1 / (1 - .0606)		\$ 1.58	

(a) Interest on over and under recoveries at 6%
(b) Per PECO June 2011 Revenue, Sales and Customers Report and Excluding all lighting, sales for resale and interdepartmental classes
(c) GRT is 6.06% for 2012

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Exhibit B
PECO Energy Smart Meter Project
Monthly Cost Recovery Charge Calculation for Large Commercial and Industrial (Rates HT, PD and EP)
January 1, 2012 to December 31, 2012

$MC(n)=(C+E+I)/R(n)$				
		<u>Total Amount</u>	<u>Monthly Amount</u>	<u>Monthly \$ Per Customer</u>
(1)	C = Projected Recoverable Smart Meter Costs	\$ 51,893	\$ 4,324	\$ 1.38
(2)	E = Experienced & Estimated Net Over/(Under) Over/(Under)	\$ 3,591	\$ 299	\$ 0.10
(3)	I = Interest (a)	\$ (231)	\$ (19)	\$ (0.01)
(4)	Net Recoverable (C+E+I)	\$ 55,253	\$ 4,604	\$ 1.47
(5)	R = Average LCI Customer Count (b)		3,127	
(6)	Monthly SMCRS \$/customer (4) / (5)		\$ 1.47	
(7)	Adjusted for GRT in \$/customer (c): (6) * 1 / (1 - .0606)		\$ 1.57	

(a) Interest on over and under recoveries at 6%
(b) Per PECO June 2011 Revenue, Sales and Customers Report and Excluding all lighting, sales for resale and interdepartmental classes
(c) GRT is 6.06% for 2012

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**Exhibit 9
PECO Energy Smart Meter Project
Proposed SMCRS Rates by Class
January 1, 2012 to December 31, 2012**

Rate	Unit	Current Monthly Rate (1)	Proposed 2012 Monthly Rate (2)	Proposed 2012 Rate Change (3) = (2) - (1)
R	c/kWh	0.10	0.20	0.10
RH	c/kWh	0.10	0.20	0.10
OP	c/kWh	0.10	0.20	0.10
GS	\$/Customer	\$ 0.79	\$ 1.58	\$ 0.79
HT	\$/Customer	\$ 0.79	\$ 1.57	\$ 0.78
PD	\$/Customer	\$ 0.79	\$ 1.57	\$ 0.78
EP	\$/Customer	\$ 0.79	\$ 1.57	\$ 0.78

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