

ORIGINAL

000 973953

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**APPLICATION OF PECO ENERGY COMPANY
FOR APPROVAL OF ITS RESTRUCTURING PLAN
UNDER SECTION 2806 OF THE PUBLIC UTILITY CODE**

Exhibit 2

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**RESPONSE TO FILING REQUIREMENTS
RESPONSES D-1 THROUGH D-7**

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ORIGINAL

PECO Energy Company
Response to Filing Requirements

R-00 973953
Schedule D-1

* Respondent: Frank F. Frankowski

Q: Provide the most recent actual property tax assessments and rates for each taxing jurisdiction whose annual assessment is \$20,000 or more.

Response:

Attachment D-1 shows property tax assessments and rates for each taxing jurisdiction whose annual assessment is \$20,000 or more.

* PECO Energy Company, Director of Taxes

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PA PUBLIC UTILITY COMMISSION
PROTHONOTARY'S OFFICE

| ASSESSMENTS | TAXING JURISDICTION NAME | MILLAGE RATE BOTH | |
|-------------|--------------------------------|-------------------------|---------------|
| 23,000 | PHILADELPHIA | 0.08264 | |
| 173,500 | PHILADELPHIA | 0.08264 | |
| 45,334 | PHILADELPHIA | 0.08264 | |
| 14,720,000 | WARD NUMBER 01 | 0.08264 | |
| 177,584 | WARD NUMBER 01 | 0.08264 | |
| 90,176 | WARD NUMBER 01 | 0.08264 | |
| 51,680 | WARD NUMBER 07 | 0.08264 | |
| 832,000 | WARD NUMBER 07 | 0.08264 | |
| 24,640 | WARD NUMBER 08 | 0.08264 | |
| 2,276,800 | WARD NUMBER 09 | 0.08264 | |
| 110,696 | WARD NUMBER 10 | 0.08264 | |
| 24,497 | WARD NUMBER 14 | 0.08264 | |
| 32,000 | WARD NUMBER 18 | 0.08264 | |
| 20,045 | WARD NUMBER 21 | 0.08264 | |
| 109,824 | WARD NUMBER 26 | 0.08264 | |
| 155,680 | WARD NUMBER 27 | 0.08264 | |
| 159,456 | WARD NUMBER 27 | 0.08264 | |
| 48,807 | WARD NUMBER 29 | 0.08264 | |
| 21,616 | WARD NUMBER 30 | 0.08264 | |
| 36,064 | WARD NUMBER 34 | 0.08264 | |
| 500,800 | WARD NUMBER 35 | 0.08264 | |
| 36,835 | WARD NUMBER 39 | 0.08264 | |
| 29,477 | WARD NUMBER 41 | 0.08264 | |
| 134,656 | WARD NUMBER 45 | 0.08264 | |
| 27,136 | WARD NUMBER 45 | 0.08264 | |
| 20,011 | WARD NUMBER 48 | 0.08264 | |
| 28,815 | WARD NUMBER 53 | 0.08264 | |
| 63,169 | WARD NUMBER 56 | 0.08264 | |
| 69,824 | WARD NUMBER 56 | 0.08264 | |
| 20,989 | WARD NUMBER 56 | 0.08264 | |
| 92,843 | WARD NUMBER 58 | 0.08264 | |
| 26,722 | WARD NUMBER 58 | 0.08264 | |
| 44,122 | WARD NUMBER 58 | 0.08264 | |
| | | Municipal | SCHOOL |
| 35,080 | BEDMINSTER | 0.0565 | 0.241 |
| 91,900 | BRISTOL | 0.1071 | 0.43241 |
| 48,270 | BRISTOL | 0.1071 | 0.43241 |
| 41,420 | BRISTOL | 0.1071 | 0.43241 |
| 85,820 | BRISTOL | 0.1071 | 0.43241 |
| 31,330 | DOYLESTOWN | 0.0665 | 0.23695 |
| 21,010 | MIDDLETOWN | 0.08617 | 0.367 |
| 25,080 | NEW BRITAIN | 0.07425 | 0.23695 |
| 34,860 | NEWTOWN | 0.0615 | 0.27276 |
| 194,610 | NEWTOWN | 0.0615 | 0.27276 |
| 46,700 | PLUMSTEAD | 0.0625 | 0.23695 |
| 38,740 | PLUMSTEAD | 0.0625 | 0.23695 |
| 34,650 | PLUMSTEAD | 0.0625 | 0.23695 |
| 37,800 | SOLEBURY | 0.0735 | 0.154 |
| 20,250 | SOLEBURY | 0.0735 | 0.154 |
| 37,160 | SOLEBURY | 0.0735 | 0.154 |
| 35,560 | SOLEBURY | 0.0735 | 0.154 |
| 23,100 | WARMINSTER | 0.07325 | 0.224 |
| 24,400 | EAST BRADFORD | 0.001 | 0.1488 |

Real Estate Division
Power Delivery

| ASSESSMENTS | TAXING JURISDICTION NAME | MILLAGE RATE BOTH | |
|-------------|--------------------------------|-------------------------|----------|
| 23,030 | HIGHLAND | 0.01 | 0.28 |
| 22,800 | TREDDYFFRIN | 0.026 | 0.16322 |
| 22,930 | TREDDYFFRIN | 0.026 | 0.16322 |
| 66,670 | TREDDYFFRIN | 0.026 | 0.16322 |
| 54,250 | CHESTER | 0.96103 | 1.602892 |
| 41,500 | HAVERFORD TWP | 0.12265 | 0.47091 |
| 22,200 | MIDDLETOWN | 0.031 | 0.45323 |
| 31,500 | SPRINGFIELD | 0.12643 | 0.49384 |
| 52,680 | DRUMORE TWP | 0.011 | 0.052 |
| 44,280 | FULTON | 0.013 | 0.052 |
| 85,110 | MARTIC | 0.011 | 0.0734 |
| 91,800 | BRIDGEPORT | 0.0775 | 0.1625 |
| 94,900 | HORSHAM | 0.0438 | 0.278 |
| 270,000 | HORSHAM | 0.0438 | 0.278 |
| 34,000 | LIMERICK | 0.0435 | 0.24306 |
| 39,900 | LOWER MORELAND | 0.0926 | 0.24128 |
| 25,200 | LOWER PROVIDENCE | 0.05375 | 0.3055 |
| 133,100 | PLYMOUTH | 0.0515 | 0.2235 |
| 23,500 | PLYMOUTH | 0.0615 | 0.2235 |
| 25,300 | PLYMOUTH | 0.0615 | 0.2235 |
| 56,600 | TOWAMENCIN | 0.056 | 0.2785 |
| 31,900 | UPPER MERION | 0.063 | 0.1625 |
| 26,000 | WHITPAIN | 0.0445 | 0.24685 |
| 23,800 | WHITPAIN | 0.0445 | 0.24685 |
| 78,300 | LOWER CHANCEFORD | 0.00355 | 0.0165 |
| 32,200 | LOWER CHANCEFORD | 0.00355 | 0.0165 |
| 35,600 | LOWER CHANCEFORD | 0.00355 | 0.0165 |
| 21,100 | LOWER CHANCEFORD | 0.00355 | 0.0165 |
| 49,332 | LOWER CHANCEFORD | 0.00355 | 0.0165 |
| 48,013 | LOWER CHANCEFORD | 0.00355 | 0.0165 |
| 93,500 | LOWER CHANCEFORD | 0.00355 | 0.0165 |
| 43,139 | LOWER CHANCEFORD | 0.00355 | 0.0165 |
| 734,100 | LOWER CHANCEFORD | 0.00355 | 0.0165 |
| 372,000 | PEACH BOTTOM | 0.0031 | 0.0198 |
| 229,000 | PEACH BOTTOM | 0.0031 | 0.0198 |
| 62,500 | PEACH BOTTOM | 0.0031 | 0.0198 |
| 170,800 | PEACH BOTTOM | 0.0031 | 0.0198 |
| 41,700 | PEACH BOTTOM | 0.0031 | 0.0198 |
| 118,596 | PEACH BOTTOM | 0.0031 | 0.0198 |
| 140,468 | PEACH BOTTOM | 0.0031 | 0.0198 |
| 28,020 | PEACH BOTTOM | 0.0031 | 0.0198 |
| 36,551 | PEACH BOTTOM | 0.0031 | 0.0198 |
| 121,100 | PEACH BOTTOM | 0.0031 | 0.0198 |
| 49,582 | PEACH BOTTOM | 0.0031 | 0.0198 |
| 42,727 | PEACH BOTTOM | 0.0031 | 0.0198 |
| 45,500 | PEACH BOTTOM | 0.0031 | 0.0198 |
| 74,800 | PEACH BOTTOM | 0.0031 | 0.0198 |
| 410,000 | PEACH BOTTOM | 0.0031 | 0.0198 |
| 49,745 | PEACH BOTTOM | 0.0031 | 0.0198 |
| 84,861 | PEACH BOTTOM | 0.0031 | 0.0198 |
| 139,600 | PEACH BOTTOM | 0.0031 | 0.0198 |
| 129,000 | DOUGLAS TOWNSHIP | 0.005235 | 0.13139 |

PECO Energy Company
Response to Filing Requirements

Schedule D-2
Respondent: Frank F. Frankowski

Q: Indicate whether base year taxes include any assessments or refunds related to prior period taxes. Indicate the amount, the dates covered by the assessment or refund and the period in which the related income or expense was included, and the date the assessment or refund was reflected on the company's books. Explain whether reserves had been established prior to being billed for any assessment or any account receivable had been recorded prior to the company's receiving a refund.

Response:

In 1996 the company received an assessment for the 1994 Public Utility Realty Tax (PURTA) return in the amount of \$722,598. The assessment was based on the fact that the law provides for such assessment in the event that the Commonwealth pays more to local taxing jurisdictions than is collected in PUTRA tax. There was no book provision for the assessment in 1995. In 1996 there was a reserve set up for \$1,000,000 which will be paid in in the first quarter of 1997.

The \$723,000 assessment is provided on page D-2 of Company Exhibit TPH-1.

PECO Energy Company
Response to Filing Requirements

Schedule D-3
Respondent: Frank F. Frankowski

Q: Has the company applied for or is it attempting to negotiate refunds from federal, local, or state taxing authorities? If yes, provide a full explanation and quantify the possible refund or abatement in question. Provide similar information if additional assessments are anticipated.

Response:

Federal - on February 23, 1994 the Internal Revenue Service (IRS) assessed the Company \$40,777,990 in additional income taxes for the audit period 1987-1990 inclusive. The proposed assessment was subsequently appealed and is still pending. In addition to the issues under appeal, the IRS Appeals office and the Company have determined that the original assessment calculations prepared by the Revenue Agent are incorrect. The Company's preliminary calculations indicate the proposed assessment should be \$1,643,841 lower or \$39,134,129.

On September 15, 1994 the Company filed an amended 1992 federal income tax return to claim a refund of \$7,989,049. The refund claim is a result of the Company deducting decontamination and decommissioning (D&D) charges retroactively assessed by the Department of Energy pursuant to Section 1802© of the Energy Policy Act of 1992, Pub. L. No. 102-486 as well as Consumer Price Index charges associated with the liability. Tax accounting for D&D expenses are a Coordinated Industry Issue for audit by the IRS therefore, the Company anticipates that our claim will be denied on audit and will need to be appealed.

On October 25, 1996 the IRS commenced auditing 1991 through 1993 inclusive. The Company cannot anticipate the outcome of the audit at this time.

The Company has filed Petitions for Resettlement for tax years 1985 - 1994 PA Utility Gross Receipts Tax. The basis for the appeals is the additional assessments for our excluding forfeited discounts in the taxable base. The cumulative additional assessment is approximately \$ 6.3 million.

PECO Energy Company

Response to Filing Requirements

As of December 31, 1996 the Company has appealed to the Pennsylvania Department of Revenue for refunds of Pennsylvania sales and use tax paid to the Commonwealth, in the amount of \$2 million. The Company is also appealing a sales and use tax audit assessment , in the amount of \$12.2 million, for the period April 1, 1990 through December 31, 1993.

PECO Energy Company
Response to Filing Requirements

Schedule D-4
Respondent: Frank F. Frankowski

Q: Provide work papers and supporting documentation showing the derivation of the base year level of each tax, other than income taxes, reflected in the company's filing.

Response:

Taxes other than income taxes are book numbers at December 31, 1996. The book amounts are accrued on the basis of the prior year liability and adjusted for known changes as facts and circumstances dictate. Any over or under accrual is adjusted in the period that actual taxes are paid. The 1996 detail of taxes other than income can be found on page B-17 in Company Exhibit TPH-1.

Pro forma adjustments for these taxes are shown and explained on pages D-2, D-3, D-4, D-12, and D-13 of Company Exhibit TPH-1.

PECO Energy Company
Response to Filing Requirements

Schedule D-5

Respondent: Frank F. Frankowski

Q: Provide a schedule with the beginning and ending year 1996 deferred tax balances by source and/or timing differences. The schedule should separately provide for asset and liability deferred tax balances. The schedule should additionally display actual 1996 accruals and reversals. Provide a schedule showing projected accruals and reversals to the various deferred tax balances starting from year end 1996.

Response:

Attachments D-5a, D-5b, D-5c, D-5d are schedules with the beginning and end of the year deferred tax balances for account 190, account 281, account 282, and account 283. The schedules provide for asset and liability deferred tax balances. The schedules also show temporary/timing differences at 12/31/96. The company does not project accruals and reversals for future years, and as a consequence can only estimate future events by using the change in balances between 1995 and 1996.

The temporary differences column represents the difference between the recognition of book taxes and tax return taxes and is the basis used to compute the deferred tax balance.

The Company's claim for accumulated deferred taxes is shown on page B-19 of Company Exhibit TPH-1 and Attachment D-20b.

Deferred Income Taxes

| A/C 190 Deferred Tax | Temporary Difference 12/31/96 | Balance 12/31/95 | Accruals and Reversals | Balance 12/31/96 | Future Accruals and Reversals Estimated |
|--------------------------------------|-------------------------------|--------------------|------------------------|--------------------|---|
| Electric | | | | | |
| Decommissioning Expense | 35,401,409 | 14,495,256 | 1,162,725 | 15,657,981 | 1,162,725 |
| Obsolete Inventory | 863,337 | 6,520,354 | (5,828,935) | 691,419 | (5,828,935) |
| Environmental Cleanup | 7,432,635 | 3,762,541 | (591,447) | 3,171,094 | (591,447) |
| Deferred Compensation | 1,275,161 | 121,616 | 407,540 | 529,156 | 407,540 |
| FAS 109 | 0 | 8,846,258 | (2,254,412) | 6,591,846 | 0 |
| Contributions in Aid of Construction | 4,227,549 | 3,084,488 | (1,175,610) | 1,908,878 | (1,175,610) |
| Gain on Reacquired Bonds | 1,008,489 | 529,689 | (141,965) | 387,724 | (141,965) |
| Value of Generation Lim#1 | 58,487,765 | 33,250,009 | (3,295,008) | 29,955,001 | (3,295,008) |
| Deferred Fuel | (89,602,826) | (25,000,400) | (13,402,105) | (38,402,505) | (13,402,105) |
| Value of Generation Lim#2 | 28,168,383 | 11,475,283 | (342,552) | 11,132,731 | (342,552) |
| Divided Equivalents | 2,031,361 | (401,873) | 1,208,814 | 806,941 | 1,208,814 |
| Pension Expense | 184,257,542 | 91,031,852 | (17,720,245) | 73,311,607 | (17,720,245) |
| Gross Receipts Tax-Lim#2 | 0 | (37,391) | 37,391 | 0 | 0 |
| Nuclear Design Basis Documentation | (363,068) | (749,556) | 604,220 | (145,336) | 604,220 |
| Nuclear Fuel Outage Costs | 30,207,660 | 14,329,477 | (2,439,889) | 11,889,588 | (2,439,889) |
| Uncollectible Accounts | 129,793,408 | 49,878,617 | 4,054,537 | 53,933,154 | 4,054,537 |
| Avoided Interest | 122,916,284 | 16,974,493 | 34,073,589 | 51,048,082 | 4,213,850 |
| Merrill Creek | 36,564,083 | 14,848,746 | (393,180) | 14,455,566 | (393,180) |
| FAS 106 | 35,785,235 | 27,376,761 | (12,547,063) | 14,829,698 | (12,547,063) |
| PA Sales & Use Tax | 2,614,448 | 619,475 | 491,043 | 1,110,518 | 491,043 |
| Hydrogen Water Chemistry System | 806,379 | 171,358 | 171,075 | 342,433 | 171,075 |
| Pwr Rerate | (21,721,706) | (10,443,289) | 1,183,492 | (9,259,797) | 1,183,492 |
| Interest Income-O' Brien | 1,555,001 | 0 | 642,727 | 642,727 | 642,727 |
| Injuries and Damages | 1,840,710 | 0 | 761,059 | 761,059 | 761,059 |
| Nuclear Decommissioning Earnings | 7,995,105 | 0 | 3,305,326 | 3,305,326 | 3,305,326 |
| NAWI | 3,340,659 | 0 | 1,412,273 | 1,412,273 | 1,412,273 |
| Gas | | | | | |
| Avoided Interest | 2,708,039 | 447,622 | 682,657 | 1,130,279 | 19,836 |
| Gain on Reacquired Bonds | (5,494) | 7,234 | (9,024) | (1,790) | (9,024) |
| Capitalized Inventory Costs | 799,376 | 542,289 | (255,476) | 286,813 | (255,476) |
| Contributions in Aid of Construction | 3,029,434 | 1,514,289 | (262,136) | 1,252,153 | (262,136) |
| Divided Equivalents | 88,598 | 36,347 | 0 | 36,347 | 0 |
| Pension Expense | 27,727,244 | 12,927,094 | (1,881,858) | 11,045,236 | (1,881,858) |
| Obsolete Inventory | 471,781 | 196,027 | 0 | 196,027 | 0 |
| Environmental Cleanup | 3,712,740 | 231,687 | 1,305,608 | 1,537,295 | 1,305,608 |
| Deferred Compensation | 8,424 | 3,607 | 0 | 3,607 | 0 |
| Contingent Liabilities | 3,445,787 | 1,238,949 | 185,990 | 1,424,939 | 185,990 |
| FAS 109 | 0 | 895,918 | 26,565 | 922,483 | 0 |
| FAS 106 | (2,233,137) | (110,168) | (922,958) | (1,033,126) | (922,958) |
| Uncollectible Accounts | (1,104,298) | 722,663 | (1,249,775) | (527,112) | (1,249,775) |
| Injuries and Damages | 159,489 | 0 | 66,180 | 66,180 | 66,180 |
| Other | | | | | |
| Accretion Income | 0 | 3 | (3) | 0 | 0 |
| AMT Deferral | 0 | 101,736,770 | (100,387,797) | 1,348,973 | (1,348,973) |
| Limerick #2 Disallowed Costs | 0 | 8,662 | (8,662) | 0 | 0 |
| Limerick #1 Damaged Nuclear Fuel | 0 | (1,000) | 1,000 | 0 | 0 |
| Avoided Interest | 4,906,335 | 770,337 | 1,268,668 | 2,039,005 | 83,748 |
| | | | 0 | | 0 |
| Total | 628,599,321 | 381,852,094 | (112,057,621) | 269,794,473 | (42,528,156) |

PECO Energy Company
A/C 282
Deferred Income Taxes

| A/C 282 Deferred Tax | Temporary Difference 12/31/96 | Balance 12/31/95 | Accruals and Reversals | Balance 12/31/96 | Future Accruals and Estimated Reversals |
|-------------------------------|-------------------------------|------------------------|------------------------|------------------------|---|
| Electric | | | | | |
| Lib Depreciation | | (1,281,565,400) | (8,650,990) | (1,290,216,390) | 2,000,623 |
| Tax Benefit Transfer Sal.#2 | | (18,302,350) | (3,887,088) | (22,189,438) | (3,887,088) |
| PUC Adjustment | | (25,021,902) | 746,916 | (24,274,986) | 746,916 |
| AMT Deferral | | (1,064,711) | 1,064,711 | 0 | 0 |
| Prelim Eng. Basis Design Doc. | | (1,648,802) | 0 | (1,648,802) | 0 |
| Audit Exp/Deprn Settlements | | (13,755,100) | 460,584 | (13,294,516) | 460,584 |
| Software Amortization | | (4,578,600) | (3,156,822) | (7,735,422) | (3,156,822) |
| Salem Estuary Program | | 0 | (1,507,178) | (1,507,178) | (1,507,178) |
| Lib Deprn Lim#1 Nuc Fuel | | (3,399,610) | (1,714,976) | (5,114,586) | (1,714,976) |
| Lib Deprn Lim#2 Nuc Fuel | | (3,596,722) | (2,031,594) | (5,628,316) | (1,671,597) |
| Elec. CWIP | | 0 | (4,001,447) | (4,001,447) | (4,001,447) |
| Elec PSS AFUDC Debt | | 0 | (33,722,681) | (33,722,681) | 1,578,565 |
| FAS 109 | | (1,950,529,206) | (290,905,949) | (2,241,435,155) | 0 |
| Total Temporary Difference | (5,876,256,295) | | | | |
| Gas | | | | | |
| Lib Depreciation | | (76,280,544) | (7,210,970) | (83,491,514) | 5,198,760 |
| CWIP AFUDC Debt | | 0 | (14,381) | (14,381) | (14,381) |
| PSS AFUDC Debt | | 0 | (699,210) | (699,210) | 10,500 |
| AMT Deferral | | (16,312,953) | 16,312,953 | 0 | 0 |
| FAS 109 | | (67,030,386) | 3,116,839 | (63,913,547) | 0 |
| Total Temporary Difference | (286,009,446) | | | | |
| Common | | | | | |
| Lib Depreciation | | (12,939,966) | (1,776,587) | (14,716,553) | 1,391,608 |
| CWIP AFUDC Debt | | 0 | (350,234) | (350,234) | (350,234) |
| PSS AFUDC Debt | | 0 | (1,064,467) | (1,064,467) | 46,710 |
| FAS 109 | | (9,601,914) | (11,265,478) | (20,867,392) | 0 |
| Total Temporary Difference | (59,470,105) | | | | |
| Total | (6,221,735,846) | (3,485,628,166) | (350,258,049) | (3,835,886,215) | (4,869,457) |

Attachment D-5c

PECO Energy Company
Response to Filing Requirements

Schedule D-6
Respondent: Frank F. Frankowski

Q: Provide the work papers and supporting documentation for all consolidated tax savings.

Response:

Attachments D-6a and D-6b are the development of consolidated tax savings for 1995 and 1996. The 1995 consolidated tax savings was developed from the 1995 federal consolidated income tax return provided in response to Schedule D-7. The 1996 consolidated tax was developed from book accrual numbers at December 31, 1996.

Page D-16 of Company Exhibit TPH-1 shows the consolidated tax savings claim for electric operations based on 1996 data. The split between electric and gas operations was based on 1996 taxable income as developed below:

| | <u>Taxable Income (\$1,000)</u> | <u>Percent</u> | <u>Allocation of Consolidated Tax Savings (\$1,000)</u> |
|----------|---------------------------------|----------------|---|
| Electric | \$621,276 | 98.9% | \$1,782 |
| Gas | \$7,069 | 1.1% | <u>\$20</u> |
| | | | \$1,802 |

PECO Energy Company
 Development of Consolidated Tax Savings
 Based on 12/31/95 Federal Consolidated Income Tax Return

Attachment D-6a

| Company | Taxable Income (Loss) | Federal Tax Rate | Allocable Tax Savings |
|--|--------------------------|---------------------|--------------------------|
| PECO Energy Company | 706,875,536 | | |
| Susquehanna Power Company | 9,376,796 | | |
| PECO Energy Power Company | 577,005 | | |
| Susquehanna Electric Company | 60,769 | | |
| Conowingo Power Company | 86,989,311 | | |
| Eastern Pennsylvania Exploration Company | 434,224 | | |
| Eastern Pennsylvania Development Company | (497) | X.35 | (174) |
| Adwin Realty Company | (1,935,038) | X.35 | (677,263) |
| Adwin Equipment Company | (573,206) | X.35 | (200,622) |
| Adwin Investment Company | 308,801 | | |
| Buttonwoods Associates Inc. | (34,232) | X.35 | (11,981) |
| Energy Performance Services, Inc. | (3,621,845) | X.35 | (1,267,646) |
| PECO Energy Capital Corpation | 3,022,742 | | |
| PECO Gas Supply Company | 6,451 | | |
| Proprietors of the Susquehanna Canal | 0 | | |
| Adwin Schuylkill Cogeneration Inc. | 0 | | |
| | | | |
| Total | 801,486,817 | | (2,157,686) |

PECO Energy Company
 Development of Consolidated Tax Savings
 Based on 12/31/96 Book Accruals

Attachment D-6b

| Company | Taxable Income (Loss) | Federal Tax Rate | Allocable Tax Savings |
|--|--------------------------|---------------------|--------------------------|
| PECO Energy Company | 622,715,103 | | |
| Susquehanna Power Company | 9,965,191 | | |
| PECO Energy Power Company | 618,249 | | |
| Susquehanna Electric Company | (271,586) | X.35 | (95,055.10) |
| Eastern Pennsylvania Exploration Company | (10,000) | X.35 | (3,500.00) |
| Eastern Pennsylvania Development Company | (1,429) | X.35 | (500) |
| Adwin Realty Company | (1,248,403) | X.35 | (436,941) |
| Adwin Equipment Company | 268,571 | | |
| Adwin Investment Company | (484,400) | X.35 | (169,540) |
| Buttonwoods Associates Inc. | (9,300) | X.35 | (3,255) |
| Energy Performance Services, Inc. | (942,857) | X.35 | (330,000) |
| PECO Energy Capital Corpation | 3,844,243 | | |
| Proprietors of the Sesquehanna Canal | 0 | | |
| Adwin Schuylkill Cogeneration Inc. | 322,571 | | |
| PECO Wireless | (1,408,886) | X.35 | (493,110) |
| Horizon Energy | (771,480) | X.35 | (272,918) |
| | | | |
| Total | 632,585,587 | | (1,801,919) |

PECO Energy Company
Response to Filing Requirements

Schedule D-7
Respondent: Frank F. Frankowski

Q: Provide a copy of the base year or most recent available corporate federal tax returns and supporting schedules and, if applicable, a copy of the calculation work papers for the company's consolidated tax savings adjustment.

Response:

Attachment D-7 is a copy of the 1995 consolidated federal income tax return. The return provides supporting schedules for the development of the return. The consolidated tax savings is provided in response to Schedule D-6.

Form **1120**
Department of the Treasury
Internal Revenue Service

U.S. Corporation Income Tax Return

For calendar year 1995 or tax year beginning 1995, ending 1995
Instructions are separate. See page 1 for Paperwork Reduction Act Notice.

OMB No 1545-0123
1995

| | | | |
|---|--|--|--|
| A Check if a: 1 Consolidated return (attach Form 951) <input checked="" type="checkbox"/> | | Name PECO ENERGY COMPANY CONSOLIDATED | B Employer identification number 23-0970240 |
| 2 Personal holding co. (attach Form 970) <input type="checkbox"/> 3 Personal service corp. (as defined in Temp. Regs. sec. 1.441-4) <input type="checkbox"/> | | Number, street, and room or suite no. (If a P.O. box, see page 6 of instructions.) 2301 MARKET STREET | C Date incorporated 11/01/29 |
| | | City or town, state, and ZIP code PHILADELPHIA, PA 19101 | D Total assets (see page 6 of instructions) |

E Check applicable boxes: (1) Initial return (2) Final return (3) Change of address

| | | | | | | | |
|--|--|-----------------|-------------------------------|--|-------|----|---------------|
| 1 a Gross receipts or sales | | 4,228,454.097 | b Less returns and allowances | | c Bal | 1c | 4,228,454.097 |
| 2 Cost of goods sold (Schedule A, line 8) | | | | | | 2 | 1,555,156.630 |
| 3 Gross profit. Subtract line 2 from line 1c | | | | | | 3 | 2,673,297.467 |
| 4 Dividends (Schedule C, line 13) | | | | | | 4 | 26,035.544 |
| 5 Interest | | | | | | 5 | 25,282.482 |
| 6 Gross rents | | | | | | 6 | 34,086.293 |
| 7 Gross royalties | | | | | | 7 | |
| 8 Capital gain net income (attach Schedule D (Form 1120)) | | | | | | 8 | 67,573.902 |
| 9 Net gain or (loss) from Form 4797, Part II, line 20 (attach Form 4797) | | | | | | 9 | 17,324.698 |
| 10 Other income (see page 7 of instructions - attach schedule) | | See Statement 4 | | | | 10 | 342.538 |
| 11 Total income. Add lines 3 through 10 | | | | | | 11 | 2,843,942.924 |

| | | | | | | | |
|---|--|------------------|-------------|--|--|-----|---------------|
| 12 Compensation of officers (Schedule E, line 4) | | | | | | 12 | |
| 13 Salaries and wages (less employment credits) | | | | | | 13 | |
| 14 Repairs and maintenance | | | | | | 14 | 309,629.179 |
| 15 Bad debts | | | | | | 15 | 64,440.560 |
| 16 Rents | | | | | | 16 | 82,542.022 |
| 17 Taxes and licenses | | See Statement 7 | | | | 17 | 391,041.049 |
| 18 Interest | | | | | | 18 | 420,947.655 |
| 19 Charitable contributions (see page 9 of instructions for 10% limitation) | | See Statement 14 | | | | 19 | 3,703.349 |
| 20 Depreciation (attach Form 4562) | | 20 | 540,615.075 | | | | |
| 21 Less depreciation claimed on Schedule A and elsewhere on return | | 21a | | | | 21b | 540,615.075 |
| 22 Depletion | | | | | | 22 | 21,986 |
| 23 Advertising | | | | | | 23 | 547,859 |
| 24 Pension, profit-sharing, etc., plans | | | | | | 24 | 42,448.202 |
| 25 Employee benefit programs | | | | | | 25 | 115,412.536 |
| 26 Other deductions (attach schedule) | | See Statement 18 | | | | 26 | 44,791.001 |
| 27 Total deductions. Add lines 12 through 26 | | | | | | 27 | 2,016,140.473 |
| 28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11 | | | | | | 28 | 827,802.451 |
| 29 Less: a Net operating loss deduction (see page 11 of instructions) | | 29a | | | | | |
| b Special deductions (Schedule C, line 20) | | 29b | 26,315.635 | | | 29c | 26,315.635 |

| | | |
|---|----|-------------|
| 30 Taxable income. Subtract line 29c from line 28 | 30 | 801,486.816 |
| 31 Total tax (Schedule J, line 10) | 31 | 179,246.623 |

| | | | | | | | |
|--|--|-----|-------------|--|--|-----|-------------|
| 32 Payments: a 1994 overpayment credited to 1995 | | 32a | 23,510.007 | | | | |
| b 1995 estimated tax payments | | 32b | 184,496.650 | | | | |
| c Less 1995 refund applied for on Form 4436 | | 32c | () | | | | |
| d Bal | | 32d | 208,006.657 | | | | |
| e Tax deposited with Form 7004 | | 32e | | | | | |
| f Credit from regulated investment companies (attach Form 2439) | | 32f | | | | | |
| g Credit for Federal tax on fuels (attach Form 4136). See instructions | | 32g | 48,130 | | | 32h | 208,054.787 |
| 33 Estimated tax penalty (see page 12 of instructions). Check if Form 2220 is attached | | | | | | 33 | |
| 34 Tax due. If line 32h is smaller than the total of lines 31 and 33, enter amount owed | | | | | | 34 | |
| 35 Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid | | | | | | 35 | 28,808.164 |
| 36 Enter amount of line 35 you want credited to 1996 estimated tax | | | 28,808.164 | | | 36 | NONE |

Under penalty of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Sign Here: *T.R. Hill, Jr.* Signature of officer, Date: **9/10/96**, Title: **V.P. & Controller**

| | | | | |
|--------------------------|---|------|---|--------------------------------|
| Paid Preparer's Use only | Preparer's signature | Date | Check if self-employed <input type="checkbox"/> | Preparer's social security no. |
| | Firm's name (or yours if self-employed) and address | EIN | ZIP code | |

Schedule A Cost of Goods Sold (See page 12 of instructions.)

| | | | |
|---|---|---|----------------|
| 1 | Inventory at beginning of year | 1 | |
| 2 | Purchases | 2 | |
| 3 | Cost of labor | 3 | |
| 4 | Additional section 263A costs (attach schedule) | 4 | |
| 5 | Other costs (attach schedule) Stmt. 24 | 5 | 1,555,156,630. |
| 6 | Total. Add lines 1 through 5 | 6 | 1,555,156,630. |
| 7 | Inventory at end of year | 7 | |
| 8 | Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2 | 8 | 1,555,156,630. |

9 a Check all methods used for valuing closing inventory:

- (i) Cost as described in Regulations section 1.471-3
- (ii) Lower of cost or market as described in Regulations section 1.471-4
- (iii) Other (Specify method used and attach explanation.) ▶

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471-2(c) ▶

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ▶

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO 9d

e Do the rules of section 263A (for property produced or acquired for resale) apply to the corporation? Yes No

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation Yes No

Schedule C Dividends and Special Deductions (See page 13 of instructions.)

| | (a) Dividends received | (b) % | (c) Special deductions (a) x (b) |
|---|------------------------|---------------------------------|----------------------------------|
| 1 Dividends from less-than-20%-owned domestic corporations that are subject to the 70% deduction (other than debt-financed stock) Stmt. 36 | 678,054. | 70 | 474,638. |
| 2 Dividends from 20%-or-more-owned domestic corporations that are subject to the 80% deduction (other than debt-financed stock) | | 80 <small>see instr.</small> | |
| 3 Dividends on debt-financed stock of domestic and foreign corporations (section 246A) | | 42 | |
| 4 Dividends on certain preferred stock of less-than-20%-owned public utilities | | 48 | |
| 5 Dividends on certain preferred stock of 20%-or-more-owned public utilities | | 70 | |
| 6 Dividends from less-than-20%-owned foreign corporations and certain FSCs that are subject to the 70% deduction | | 80 | |
| 7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs that are subject to the 80% deduction | | 100 | |
| 8 Dividends from wholly owned foreign subsidiaries subject to the 100% deduction (section 245(b)) | | | 474,638. |
| 9 Total. Add lines 1 through 8. See page 13 of instructions for limitation | | | |
| 10 Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958 | | 100 | |
| 11 Dividends from certain FSCs that are subject to the 100% deduction (section 245(c)(1)) | | 100 | |
| 12 Dividends from affiliated group members subject to the 100% deduction (section 243(a)(3)) | 25,357,490. | 100 | 25,357,490. |
| 13 Other dividends from foreign corporations not included on lines 3, 6, 7, 8, or 11 | | | |
| 14 Income from controlled foreign corporations under subpart F (attach Form(s) 5471) | | | |
| 15 Foreign dividend gross-up (section 78) | | | |
| 16 IC-DISC and former DISC dividends not included on lines 1, 2, or 3 (section 246(d)) | | | |
| 17 Other dividends | | | |
| 18 Deduction for dividends paid on certain preferred stock of public utilities | | | 483,507. |
| 19 Total dividends. Add lines 1 through 17. Enter here and on line 4, page 1 | 26,035,544. | | |
| 20 Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on line 29b, page 1 | | | 26,315,635. |

Schedule E Compensation of Officers (See instructions for line 12, page 1.)

Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1, Form 1120) are \$500,000 or more.

| (a) Name of officer | (b) Social security number | (c) Percent of time devoted to business | Percent of corporation stock owned | | (f) Amount of compensation |
|---------------------|---|---|------------------------------------|---------------|----------------------------|
| | | | (d) Common | (e) Preferred | |
| 1 | | % | % | % | |
| | | % | % | % | |
| | | % | % | % | |
| | | % | % | % | |
| | | % | % | % | |
| 2 | Total compensation of officers | | | | |
| 3 | Compensation of officers claimed on Schedule A and elsewhere on return | | | | |
| 4 | Subtract line 3 from line 2. Enter the result here and on line 12, page 1 | | | | |

Schedule J Tax Computation (See page 14 of instructions.)

1 Check if the corporation is a member of a controlled group (see section 1561 and 1563)
Important: Members of a controlled group, see instructions on page 14.

2 a If the box on line 1 is checked, enter the corporation's share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order):
 (1) (2) (3)

b Enter the corporation's share of:
 (1) Additional 5% tax (not more than \$11,750)
 (2) Additional 3% tax (not more than \$100,000)

3 Income tax. Check this box if the corporation is a qualified personal service corporation as defined in section 448(d)(2) (see instructions on page 15) **3 280,520,386.**

4 a Foreign tax credit (attach Form 1118) **4a**
 b Possessions tax credit (attach Form 5735) **4b**
 c Check Nonconventional source fuel credit QEV credit (attach Form 8834) **4c**
 d General business credit. Enter here and check which forms are attached:
 3800 3468 5884 6478 6765 8586 8830
 8826 8835 8844 8845 8846 8847 **4d 2,230.**
 e Credit for prior year minimum tax (attach Form 8827) **4e 102,338,744.**

5 Total credits. Add lines 4a through 4e **5 102,340,974.**

6 Subtract line 5 from line 3 **6 178,179,412.**

7 Personal holding company tax (attach Schedule PH (Form 1120)) **7**

8 Recapture taxes. Check if from: Form 4255 Form 8611 **8**

9 a Alternative minimum tax (attach Form 4626) **9a NONE**
 b Environmental tax (attach Form 4626) **9b 1,067,211.**

10 Total tax. Add lines 6 through 9b. Enter here and on line 31, page 1 **10 179,246,623.**

Schedule K Other Information (See page 17 of instructions.)

1 Check method of accounting: a Cash **Yes No**
 b Accrual c Other (specify)

2 See page 19 of the instructions and state the principal:
 a Business activity code no. **4930**
 b Business activity **GENERATION/MANUFACT.**
 c Product or service **DISTRIBUTE ELEC/GAS**

3 Did the corporation at the end of the tax year own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c).) **See Form 851.** **X**

If "Yes," attach a schedule showing: (a) name and identifying number, (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.

4 Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? **X**

If "Yes," enter employer identification number and name of the parent corporation

5 Did any individual, partnership, corporation, estate or trust at the end of the tax year own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c).) **X**

If "Yes," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above.) Enter percentage owned

6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See secs. 301 and 316.) **X**

If "Yes," file Form 5452. If this is a consolidated return, answer here for the parent corporation and on Form 851, Affiliations Schedule, for each subsidiary.

7 Was the corporation a U.S. shareholder of any controlled foreign corporation? (See sections 951 and 957.) **X**
 If "Yes," attach Form 5471 for each such corporation.
 Enter number of Forms 5471 attached **4**

8 At any time during the 1995 calendar year, did the corporation have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? **X**
 If "Yes," the corporation may have to file Form TD F 90-22.1.
 If "Yes," enter name of foreign country **Stmt 37**

9 Was the corporation the grantor of, or transferor to, a foreign trust that existed during the current tax year, whether or not the corporation has any beneficial interest in it? If "Yes," the corporation may have to file Forms 926, 3520, or 3520-A **X**

10 Did one foreign person at any time during the tax year own, directly or indirectly, at least 25% of: (a) the total voting power of all classes of stock of the corporation entitled to vote, or (b) the total value of all classes of stock of the corporation? If "Yes,"
 a Enter percentage owned
 b Enter owner's country
 c The corporation may have to file Form 5472. Enter number of Forms 5472 attached

11 Check this box if the corporation issued publicly offered debt instruments with original issue discount
 If so, the corporation may have to file Form 8281.

12 Enter the amount of tax-exempt interest received or accrued during the tax year

13 If there were 35 or fewer shareholders at the end of the tax year, enter the number

14 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here

15 Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.)

Schedule L Balance Sheets

| | Beginning of tax year | | End of tax year | |
|---|-----------------------|-----------------|-----------------|-----------------|
| | (a) | (b) | (c) | (d) |
| Assets | | | | |
| 1 Cash | | 49,386,893. | | 23,308,648. |
| 2 a Trade notes and accounts receivable | 220,113,597. | | 189,496,474. | |
| b Less allowance for bad debts | (118,279,971.) | 101,833,626. | (118,525,127.) | 70,971,347. |
| 3 Inventories | | 190,961,551. | | 201,646,920. |
| 4 U.S. government obligations | | | | |
| 5 Tax-exempt securities (see instructions) | | 173,114,895. | | 200,518,691. |
| 6 Other current assets (attach schedule) | Stmt 44 | 111,130,943. | | 235,533,456. |
| 7 Loans to stockholders | | | | |
| 8 Mortgage and real estate loans | | | | |
| 9 Other investments (attach schedule) | Stmt 49 | 6,040,604. | | 25,194,052. |
| 10 a Buildings and other depreciable assets | 4,936,374,998. | | 15,251,002,003. | |
| b Less accumulated depreciation | 4,249,364,381. | 10,687,010,617. | 4,638,995,996. | 10,612,006,007. |
| 11 a Depletable assets | 1,195,716,067. | | 1,315,677,069. | |
| b Less accumulated depletion | (837,639,569.) | 358,076,498. | (938,345,196.) | 377,331,873. |
| 12 Land (net of any amortization) | | | | |
| 13 a Intangible assets (amortizable only) | 1,639,029. | | 2,365,596. | |
| b Less accumulated amortization | (410,048.) | 1,228,981. | (353,538.) | 2,012,058. |
| 14 Other assets (attach schedule) | Stmt 54 | 1,481,756,917. | | 1,220,005,104. |
| 15 Total assets | | 13,160,541,525. | | 12,968,528,156. |
| Liabilities and Stockholders' Equity | | | | |
| 16 Accounts payable | | 538,139,552. | | 527,930,208. |
| 17 Mtes., notes, bonds payable in less than 1 year | | 212,735,360. | | 415,048,426. |
| 18 Other current liabilities (attach schedule) | Stmt 59 | 311,569,933. | | 328,519,380. |
| 19 Loans from stockholders | | | | |
| 20 Mtes., notes, bonds payable in 1 year or more | | 5,107,827,062. | | 4,585,359,776. |
| 21 Other liabilities (attach schedule) | Stmt 64 | 2,350,783,477. | | 2,304,315,979. |
| 22 Capital stock: a Preferred stock | 370,172,000. | | 292,067,206. | |
| b Common stock | 3,490,728,489. | 3,860,900,489. | 3,506,312,537. | 3,798,379,743. |
| 23 Paid-in or capital surplus | | 1,271,048. | | 1,326,425. |
| 24 Retained earnings - Appropriated (attach schedule) | | | | |
| 25 Retained earnings - Unappropriated | | 777,314,604. | | 1,007,648,219. |
| 26 Less cost of treasury stock | | () | | () |
| 27 Total liabilities and stockholders' equity | | 13,160,541,525. | | 12,968,528,156. |

Note: You are not required to complete Schedules M-1 and M-2 below if the total assets on line 15, column (d) of Schedule L are less than \$25,000.

Schedule M-1 Reconciliation of Income(Loss) per Books With Income per Return (See page 18 of instructions.)

| | | | |
|---|----------------|--|--------------|
| 1 Net income (loss) per books | 609,730,612. | 7 Income recorded on books this year not included on this return (itemize): | |
| 2 Federal income tax | 189,410,887. | Tax exempt interest \$ | |
| 3 Excess of capital losses over capital gains | | | |
| 4 Income subject to tax not recorded on books this year (itemize): | | | |
| Stmt 72 | 85,143,595. | Stmt 78 | 52,759,187. |
| 5 Expenses recorded on books this year not deducted on this return (itemize): | | 8 Deductions on this return not charged against book income this year (itemize): | |
| a Depreciation \$ | | a Depreciation \$ | |
| b Contributions carryover \$ | | b Contributions carryover \$ | |
| c Travel and entertainment \$ | | | |
| Stmt 75 | 262,819,545. | Stmt 81 | 266,543,001. |
| 6 Add lines 1 through 5 | 1,147,104,639. | 9 Add lines 7 and 8 | 319,302,188. |
| | | 10 Income (line 28, page 1) - line 6 less line 9 | 827,802,451. |

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

| | | | |
|--------------------------------|----------------|---|----------------|
| 1 Balance at beginning of year | 777,314,604. | 5 Distributions: a Cash | 390,340,009. |
| 2 Net income (loss) per books | 609,730,612. | b Stock | |
| 3 Other increases (itemize): | | c Prop. Stmt. 87 | |
| Stmt 84 | 23,469,602. | 6 Other decreases (itemize): | |
| | | Stmt 90 | 12,526,590. |
| 4 Add lines 1, 2, and 3 | 1,410,514,818. | 7 Add lines 5 and 6 | 402,866,599. |
| | | 8 Balance at end of year (line 4 less line 7) | 1,007,648,219. |

Affiliations Schedule

▶ File with each consolidated income tax return

Tax year ending

12/31

19 95

Common parent corporation

PECO ENERGY COMPANY

Employer identification number

23-0970240

Number, street, and room or suite no. (If a P.O. box, see instructions.)

2301 MARKET STREET

City or town, state, and ZIP code

PHILADELPHIA, PA,

19101

Part I Prepayment Credits

| No. | Name and address of corporation | Employer identification number | Prepayment Credits | |
|--|--|--------------------------------|-----------------------------------|---|
| | | | Portion of Form 7004 tax deposits | Portion of estimated tax credits and deposits |
| 1 | Common parent corporation | | | 208,006,657 |
| | Subsidiary corporations: | | | |
| 2 | SUSQUEHANNA POWER COMPANY 2301 MARKET STREET PHILADELPHIA, PA 19101 | 23-1139830 | | |
| 3 | PECO ENERGY POWER COMPANY 2301 MARKET STREET PHILADELPHIA, PA 19101 | 23-0970740 | | |
| 4 | SUSQUEHANNA ELECTRIC COMPANY 2301 MARKET STREET PHILADELPHIA, PA 19101 | 52-0503520 | | |
| 5 | CONOWINGO POWER COMPANY 2301 MARKET STREET PHILADELPHIA, PA 19101 | 52-0280040 | | |
| 6 | EASTERN PENNSYLVANIA EXPLORATION COMPANY 2301 MARKET STREET PHILADELPHIA, PA 19101 | 23-2039821 | | |
| 7 | EASTERN PENNSYLVANIA DEVELOPMENT COMPANY 2301 MARKET STREET PHILADELPHIA, PA 19101 | 23-1706184 | | |
| Totals (Must equal amounts shown on the consolidated tax return) ▶ | | | | 208,006,657 |

Part II Voting Stock Information, Principal Business Activity, Etc. (See instructions.)

| No. | Principal business activity (PBA) | PBA Code No. | Did the subsidiary make any nondividend distributions? (See instructions.) | | Stock holdings at beginning of year | | | |
|-----|-----------------------------------|--------------|--|---------------------------|-------------------------------------|-------------------------|------------------|--------------------------|
| | | | Yes | No | Number of shares | Percent of voting power | Percent of value | Owned by corporation no. |
| | | | 1 | Common parent corporation | | | | |
| | Subsidiary corporations: | | | | | | | |
| 2 | ELECTRIC SERVICES | 4910 | | X | 1,273,000 | 100.00 | 100.00 | 3 |
| 3 | ELECTRIC SERVICES | 4910 | | X | 984,000 | 100.00 | 100.00 | 1 |
| 4 | ELECTRIC SERVICES | 4910 | | X | 1,000 | 100.00 | 100.00 | 1 |
| 5 | ELECTRIC SERVICES | 4910 | | X | 51,143 | 100.00 | 100.00 | 1 |
| 6 | OIL/GAS EXPLORATION | 1330 | | X | 1,000 | 100.00 | 100.00 | 1 |
| 7 | HOLDING COMPANY | 6743 | | X | 1,000 | 100.00 | 100.00 | 1 |

Affiliations Schedule

(Rev. September 1994)
Department of the Treasury
Internal Revenue Service

File with each consolidated income tax return
Tax year ending 12/31, 19 95

OMB No. 1545-0025

Common parent corporation

PECO ENERGY COMPANY

Employer identification number

23-0970240

Number, street, and room or suite no. (If a P.O. box, see instructions.)

2301 MARKET STREET

City or town, state, and ZIP code

PHILADELPHIA PA 19101

Part I Prepayment Credits

| No. | Name and address of corporation | Employer identification number | Prepayment Credits | |
|--|---|--------------------------------|-----------------------------------|---|
| | | | Portion of Form 7004 tax deposits | Portion of estimated tax credits and deposits |
| | Common parent corporation | | | |
| | Subsidiary corporations: | | | |
| 8 | ADWIN REALTY COMPANY 2301 MARKET STREET PHILADELPHIA, PA 19101 | 23-1706179 | | |
| 9 | ADWIN EQUIPMENT COMPANY 2301 MARKET STREET PHILADELPHIA, PA 19101 | 23-1706178 | | |
| 10 | ADWIN INVESTMENT COMPANY 2301 MARKET STREET PHILADELPHIA, PA. 19101 | 51-0332946 | | |
| 11 | BUTTONWOODS ASSOCIATES INC. 2301 MARKET STREET PHILADELPHIA, PA 19101 | 51-0323767 | | |
| 12 | ENERGY PERFORMANCE SERVICES, INC 2301 MARKET STREET PHILADELPHIA, PA 19101 | 23-2750899 | | |
| 13 | PECO ENERGY CAPITAL CORP SUITE 350-F, 1013 CENTRE ROAD WILMINGTON, DE 19805 | 51-0355321 | | |
| Totals (Must equal amounts shown on the consolidated tax return) | | | | |

Part II Voting Stock Information, Principal Business Activity, Etc. (See instructions.)

| No. | Principal business activity (PBA) | PBA Code No. | Did the subsidiary make any nondividend distributions? (See instructions.) | | Stock holdings at beginning of year | | | |
|-----|-----------------------------------|--------------|--|---------------------------|-------------------------------------|-------------------------|------------------|--------------------------|
| | | | Yes | No | Number of shares | Percent of voting power | Percent of value | Owned by corporation no. |
| | | | | Common parent corporation | | | | |
| | Subsidiary corporations: | | | | | | | |
| 8 | R. E. OPERATOR/LESSOR | 6511 | | X | 1,000 | 100.00 | 100.00 | 7 |
| 9 | EQUIPMENT LEASING | 8920 | | X | 1,000 | 100.00 | 100.00 | 7 |
| 10 | INVESTING | 6749 | | X | 100 | 100.00 | 100.00 | 7 |
| 11 | LAND DEVELOPMENT | 6599 | | X | 1,000 | 100.00 | 100.00 | 8 |
| 12 | TECHNICAL CONSULTING | 7389 | | X | 96 | 95.00 | 96.00 | 7 |
| 13 | SPECIAL PURPOSE | 6749 | | X | 1,000 | 100.00 | 100.00 | 1 |

Affiliations Schedule

▶ File with each consolidated income tax return

Tax year ending

12/31, 1995

Common parent corporation

PECO ENERGY COMPANY

Employer identification number

23-0970240

Number, street, and room or suite no. (If a P.O. box, see instructions.)

2301 MARKET STREET

City or town, state, and ZIP code

PHILADELPHIA PA 19101

Part I Prepayment Credits

| No. | Name and address of corporation | Employer identification number | Prepayment Credits | |
|-----|--|--------------------------------|-----------------------------------|---|
| | | | Portion of Form 7004 tax deposits | Portion of estimated tax credits and deposits |
| | Common parent corporation: | | | |
| | Subsidiary corporations: | | | |
| 14 | PECO GAS SUPPLY COMPANY 2301 MARKET STREET PHILADELPHIA, PA 19101 | 23-2798733 | | |
| 15 | PROPRIETORS OF THE SUSQUEHANNA CANAL 2301 MARKET STREET PHILADELPHIA, PA 19101 | 23-1624948 | | |
| 16 | ADWIN SCHUYLKILL COGENERATION INC 2301 MARKET STREET PHILADELPHIA, PA 19101 | 23-2829266 | | |
| | | | | |
| | | | | |
| | | | | |

Totals (Must equal amounts shown on the consolidated tax return) ▶

Part II Voting Stock Information, Principal Business Activity, Etc. (See instructions.)

| No. | Principal business activity (PBA) | PBA Code No. | Did the subsidiary make any nondividend distributions? (See instructions.) | | Stock holdings at beginning of year | | | |
|-----|-----------------------------------|--------------|--|----|-------------------------------------|-------------------------|------------------|--------------------------|
| | | | Yes | No | Number of shares | Percent of voting power | Percent of value | Owned by corporation no. |
| | | | | | | | | |
| | Common parent corporation: | | | | | | | |
| | Subsidiary corporations: | | | | | | | |
| 14 | WHOLESALE TRADE | 4920 | | X | | | | 1 |
| 15 | INACTIVE | | | X | | | | 2 |
| 16 | COGEN | 4930 | | X | | | | 9 |
| | | | | | | | | |
| | | | | | | | | |

Part III Changes in Stock Holdings During the Year (See instructions.)

| Corporation | | Stockholder (Corporation No.) | Change in stock holdings during the year | | | | |
|-------------|-----------------------------------|----------------------------------|--|-----------------|--------------------|---|------------------|
| No. | Name | | Date | (a) Changes | | (b) Shares held after changes described in column (a) | |
| | | | | Shares acquired | Shares disposed of | Percent of voting power | Percent of value |
| 5 | CONOWINGO POWER COMPANY | 4 | 06/19/95 | | 51,143 | | |
| 14 | PECO GAS SUPPLY COMPANY | 1 | 02/08/95 | 1,000 | | 100.00 | 100.00 |
| 16 | ADWIN SCHUYLKILL COGENERATION INC | 9 | 06/19/95 | 100 | | 100.00 | 100.00 |
| 12 | ENERGY PERFORMANCE SERVICES, INC | 7 | 04/01/95 | | 4 | 92.00 | 92.00 |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

Note: If additional stock was issued, or if any stock was retired during the year, show the dates and amounts for these transactions.

If the equitable owners of any capital stock shown above were other than the holders of record, give full details.

Part IV Additional Information (See instructions.)

1 During the tax year, did the corporation have more than one class of stock outstanding?

| No. | Name | Answer to Question 1 | | If yes, list and describe each class of stock. |
|-----|---------------------|----------------------|----|--|
| | | Yes | No | |
| 1 | PECO ENERGY COMPANY | X | | COMMON STOCK |
| 1 | PECO ENERGY COMPANY | X | | PREFERRED, CUMULATIVE, NO PAR |
| | | | | |

2 During the tax year, was there any member of the consolidated group that reaffiliated within 60 months of disaffiliation, or was there any member of the affiliated group that was deconsolidated under Rev. Proc. 91-11, 1991-1 C.B. 470 (as modified by Rev. Proc. 91-39, 1991-27 IRB 11)?

| No. | Name | Answer to Question 2 | | If yes for any part of question 2, list and explain the circumstances. |
|-----|------|----------------------|----|--|
| | | Yes | No | |
| | | | | |
| | | | | |
| | | | | |

3a During the tax year, was there any arrangement in existence by which one or more persons that were not members of the affiliated group could acquire any stock, or acquire any voting power without acquiring stock, in the corporation, other than a de minimis amount, from the corporation or another member of the affiliated group?

| No. | Name | Answer to Question 3a | | Item 3b (see instructions) | Item 3c (see instructions) | Item 3d (see instructions) |
|-----|------|-----------------------|----|-------------------------------|-------------------------------|-------------------------------|
| | | Yes | No | | | |
| | | | | % | % | % |
| | | | | % | % | % |
| | | | | % | % | % |
| | | | | % | % | % |

| No. | Item 3e - Description of arrangements. |
|-----|--|
| | |
| | |
| | |

Please Sign Here

Under penalties of perjury, I declare that I have examined this form, including accompanying statements, and to the best of my knowledge and belief, it is true, correct and complete for the tax year as stated.

J. P. Kelly
Signature of officer

V.P. & Controller
Title

H763

Department of the Treasury
Internal Revenue Service

▶ Attach to your tax return.
▶ See separate instructions.

1995
Attachment
Sequence No. 22

Name(s) shown on return

Identifying number

PECO ENERGY COMPANY CONSOLIDATED

23-0970240

Part I Tentative Credit

| | | | |
|----|---|----|--------|
| 1a | Current year investment credit (Form 3468, Part I) | 1a | |
| b | Current year jobs credit (Form 5884, Part I) | 1b | 2,230. |
| c | Current year credit for alcohol used as fuel (Form 6478) | 1c | |
| d | Current year credit for increasing research activities (Form 6765, Part I) | 1d | NONE |
| e | Current year low-income housing credit (Form 8586, Part I) | 1e | |
| f | Current year enhanced oil recovery credit (Form 8830, Part I) | 1f | |
| g | Current year disabled access credit (Form 8826, Part I) | 1g | |
| h | Current year renewable electricity production credit (Form 8835, Part I) | 1h | |
| i | Current year Indian employment credit (Form 8845, Part I) | 1i | |
| j | Current year credit for employer social security and Medicare taxes paid on certain employee tips (Form 8846, Part I) | 1j | |
| k | Current year credit for contributions to selected community development corporations (Form 8847, Part I) | 1k | |
| l | Current year trans-Alaska pipeline liability fund credit (see instructions) | 1l | |
| m | Current year general business credit. Add lines 1a through 1l | 1m | 2,230. |
| 2 | Passive activity credits included on line 1m (see instructions) | 2 | |
| 3 | Subtract line 2 from line 1m | 3 | 2,230. |
| 4 | Passive activity credits allowed for 1995 (see instructions) | 4 | |
| 5 | Carryforward of general business, WIN, or ESOP credit to 1995 (see instructions for the schedule to attach) | 5 | |
| 6 | Carryback of general business credit to 1995 (see instructions) | 6 | |
| 7 | Tentative general business credit. Add lines 3 through 6 | 7 | 2,230. |

Part II General Business Credit Limitation Based on Amount of Tax

| | | | | |
|----|---|----|----|--------------|
| 8a | Individuals. Enter amount from Form 1040, line 40 | } | 8 | 280,520,386. |
| b | Corporations. Enter amount from Form 1120, Schedule J, line 3 (or Form 1120-A, Part I, line 1) | | | |
| c | Other filers. Enter regular tax before credits from your return | | | |
| 9a | Credit for child and dependent care expenses (Form 2441, line 10) | 9a | | |
| b | Credit for the elderly or the disabled (Schedule R (Form 1040), line 20) | 9b | | |
| c | Mortgage interest credit (Form 8396, line 11) | 9c | | |
| d | Foreign tax credit (Form 1116, line 32, or Form 1118, Sch. B, line 12) | 9d | | |
| e | Possessions tax credit (Form 5735) | 9e | | |
| f | Orphan drug credit (Form 6765) | 9f | | |
| g | Credit for fuel from a nonconventional source | 9g | | |
| h | Qualified electric vehicle credit (Form 8834, line 19) | 9h | | |
| i | Add lines 9a through 9h | 9i | | |
| 10 | Net regular tax. Subtract line 9i from line 8 | 10 | | 280,520,386. |
| 11 | Tentative minimum tax (see instructions): | | | |
| a | Individuals. Enter amount from Form 6251, line 26 | } | 11 | 178,179,412. |
| b | Corporations. Enter amount from Form 4626, line 13 | | | |
| c | Estates and trusts. Enter amount from Form 1041, Schedule I, line 37 | | | |
| 12 | Net income tax: | | | |
| a | Individuals. Add line 10 above and line 28 of Form 6251 | } | 12 | 280,520,386. |
| b | Corporations. Add line 10 above and line 15 of Form 4626 | | | |
| c | Estates and trusts. Add line 10 above and line 41 of Form 1041, Schedule I | | | |
| 13 | If line 10 is more than \$25,000, enter 25% (.25) of the excess (see instructions) | 13 | | 70,123,847. |
| 14 | Subtract line 11 or line 13, whichever is greater, from line 12. If zero or less, enter -0- | 14 | | 102,340,974. |
| 15 | General business credit allowed for current year. Enter the smaller of line 7 or line 14. Enter here and on Form 1040, line 44; Form 1120, Schedule J, line 4d; Form 1120-A, Part I, line 2a; or the appropriate line of your tax return. (Individuals, estates, and trusts, see instructions if the credit for increasing research activities is claimed. C corporations, see instructions for Schedule A if any regular investment credit carryforward is claimed. See the instructions if the corporation has undergone a post-1986 "ownership change.") | 15 | | 2,230. |

**PECO ENERGY COMPANY CONSOLIDATED
1995 Federal Income Tax Return**

I. D. No.: 23-0970240

**Attachment to Form 3800
General Business Credit Carryover**

| | |
|--|---------------------|
| Total General Business Credit Carryover to 1995 | \$ 9,915,246 |
| Unutilized GBC Carryover held pending settlement of 1992 1120X | |
| Increase in Carryover as result of 1120X filing: | |
| GBC utilized - 1992 Original 1120 | \$ 37,857,771 |
| GBC utilized - 1992 1120x | <u>31,107,024</u> |
| | 6,750,747 |
| Investment Tax Credit claimed in 1992 1120X with respect to those basis determinations which relate to nuclear fuel loads which were themselves eligible for ITC. | <u>3,164,499</u> |
| Unutilized GBC Carryover to 1995 held pending settlement of 1992 1120X | \$ 9,915,246 |

Credit for Federal Tax Paid on Fuels
 (And Credit for Purchase of Diesel-Powered Highway Vehicles)
 ▶ See the Instructions for Form 4136.

Department of the Treasury
 Internal Revenue Service (99)

▶ Attach this form to your income tax return.

| | |
|--|---|
| Name (as shown on your income tax return) PECO ENERGY COMPANY CONSOLIDATED | Taxpayer identification number 23-0970240 |
|--|---|

Part I Diesel-Powered Highway Vehicle Credit

| | (a) Number of vehicles | (b) Credit per vehicle | (c) Credit (col. (a) x col. (b)) | CRN |
|--|------------------------------|---------------------------|--|-----|
| 1 Diesel-powered cars | 1 | \$102.00 | | |
| 2 Diesel-powered light trucks and vans | 2 | 198.00 | | |
| 3 Total diesel-powered highway vehicle credit. Add lines 1 and 2, column (c) ▶ | | | 3 | 318 |

Part II Fuel Tax Credit *Caution: You cannot claim any amounts on Form 4136 that you claimed on Form 8849, Form 843, or Schedule C (Form 720).*

4 Nontaxable Use of Gasoline (See instructions.)

| | Type of use | Rate | Gallons | Amount of credit | CRN |
|--------------------------------------|----------------|---------|------------|------------------|-----|
| a Off-highway business use | | \$.184 | 152,615.00 | } 28,081. | 301 |
| b Use on a farm for farming purposes | | .184 | | | |
| c Other | | .184 | | | |

5 Nontaxable Use of Gasohol (See instructions.)

| | Type of use | Rate | Gallons | Amount of credit | CRN |
|---|----------------|--------|---------|------------------|-----|
| a Gasohol containing at least 10% alcohol | | \$.13 | } 312 | | |
| b Gasohol containing at least 7.7% alcohol but less than 10% alcohol | | .1424 | | | |
| c Gasohol containing at least 5.7% alcohol but less than 7.7% alcohol | | .1532 | | | |

**6 Nontaxable Use of Undyed Diesel Fuel (Lines 6a, b, and c)
 Sales by Registered Ultimate Vendors of Undyed Diesel Fuel (Line 6d) (See instructions.)**

| | Type of use | Rate | Gallons | Amount of credit | CRN | |
|--|----------------|---------|---------|------------------|-----|-----------|
| Lines 6a, b, and c: Purchaser bought undyed diesel fuel, certifies that the diesel fuel did not contain visible evidence of dye, and used that diesel fuel for a nontaxable use. <i>Caution: No claim is allowed on lines 6a, b or c for use on a farm for farming purposes or for use by a state or local government.</i> | | | | | | |
| a Heating oil | | \$.244 | } 303 | 19,912. | | |
| b Off-highway business use | | .244 | | | | 81,607.00 |
| c Other nontaxable use | | .244 | | | | |
| d Claimant sold undyed diesel fuel (a) to a state or local government for its exclusive use or (b) for use by the buyer on a farm for farming purposes. Claimant is a registered ultimate vendor, sold the fuel at a tax-excluded price, certifies that the diesel fuel did not contain visible evidence of dye, and obtained the required certificate from the buyer and has no reason to believe any of the information in the certificate is false. | | .244 | | | | |

7 Nontaxable Use of Other Fuels

| | Type of use | Rate | Gallons | Amount of Credit | CRN |
|---|--|---------|---------|------------------|-----|
| a | Special motor fuel (other than LPG) | \$.184 | } | 137. | 304 |
| b | Liquified petroleum gas (LPG) | .183 | | | |
| c | LPG used in intercity or local buses | .109 | | | |
| d | Compressed natural gas (credit rate per thousand cubic feet) | .4854 | | | |

8 Nontaxable Use of Gasoline Used in Aviation (See instructions.)

| | Type of use | Rate | Gallons | Amount of credit | CRN |
|---|---|---------------|---------|------------------|-----|
| a | Used in foreign trade, on a farm, or in certain helicopters | \$.184 | } | | 307 |
| b | Used in commercial aviation (other than foreign trade) | .183/ .14* | | | |

9 Nontaxable Use of Aviation Fuel (other than gasoline)

| | Type of use | Rate | Gallons | Amount of credit | CRN |
|---|---|----------------|---------|------------------|-----|
| a | Used in foreign trade, on a farm, or in certain helicopters | \$.219 | } | | 310 |
| b | Used in commercial aviation (other than foreign trade) | .218/ .175* | | | |

10 Gasohol Blenders (Caution: Do not claim for any gasohol sold or used after September 30, 1995. See instructions on page 4.)

| Percentage of alcohol in the gasohol | Rate | Gallons of gasoline | Amount of credit | CRN |
|--|----------|---------------------|------------------|-----|
| Claimant bought gasoline taxed at the full rate (\$.184) and blended it with alcohol to make gasohol. The gasohol was used or sold for use in a trade or business. | | } | | 302 |
| a At least 10% alcohol | \$.0396 | | | |
| b At least 7.7% alcohol but less than 10% alcohol | .0298 | | | |
| c At least 5.7% alcohol but less than 7.7% alcohol | .0216 | | | |

11 Use of Undyed Diesel Fuel - Train and Intercity and Local Bus (See instructions.)

| Claimant bought undyed diesel fuel, certifies that the diesel fuel did not contain visible evidence of dye, and used the diesel fuel in an engine that propels a diesel-powered train or an automobile bus. | Rate | Gallons | Amount of credit | CRN |
|---|-------------------|---------|------------------|-----|
| a Diesel-powered trains | \$.175 .1875* | } | | 305 |
| b Certain intercity and local buses | .17 | | | |

12 Total fuel tax credit. Add lines 4-11 **12** 48,130.

Part III Total Income Tax Credit

13 Total income tax credit claimed (add lines 3 and 12). Enter here and on Form 1040, line 60 (also check box b on line 60); Form 1120, line 32g; Form 1120-A, line 28g; Form 1120S, line 23c; Form 1041, line 24g; or the proper line of other returns **13** 48,130.

* This rate is only for fuel purchased and used after September 30, 1995. However, pending legislation may change the rates for lines 8b and 9b. Get Pub. 553, Highlights of 1995 Tax Changes.

Depreciation and Amortization (Including Information on Listed Property)

1995

Department of the Treasury Internal Revenue Service (99)

See separate instructions.

Attach this form to your return.

Attachment Sequence No. 67

Name(s) shown on return

Identifying number

PECO ENERGY COMPANY CONSOLIDATED

23-0970240

Business or activity to which this form relates

General Depreciation & Amortization

Part I Election To Expense Certain Tangible Property (Section 179) (Note: If you have any "Listed Property," complete Part V before you complete Part I.)

Table with 5 rows for Section 179 election details: 1. Maximum dollar limitation, 2. Total cost of section 179 property, 3. Threshold cost, 4. Reduction in limitation, 5. Dollar limitation for tax year.

Table with 13 rows for Section 179 election details: 6. Description of property, 7. Listed property amount, 8. Total elected cost, 9. Tentative deduction, 10. Carryover of disallowed deduction from 1994, 11. Taxable income limitation, 12. Section 179 expense deduction, 13. Carryover of disallowed deduction to 1996.

Note: Do not use Part II or Part III below for listed property (automobiles, certain other vehicles, cellular telephones, certain computers, or property used for entertainment, recreation, or amusement). Instead, use Part V for listed property.

Part II MACRS Depreciation For Assets Placed in Service ONLY During Your 1995 Tax Year (Do Not Include Listed Property.)

Section A - General Asset Account Election

14 If you are making the election under section 168(i)(4) to group any assets placed in service during the tax year into one or more general asset accounts, check this box.

Table with 7 columns: (a) Classification of property, (b) Month and year placed in service, (c) Basis for depreciation, (d) Recovery period, (e) Convention, (f) Method, (g) Depreciation deduction.

Section B - General Depreciation System (GDS) (See page 2 of the instructions.)

Table with 7 columns for Section B: 15a-15f. 3-year, 5-year, 7-year, 10-year, 15-year, 20-year property; g. Residential rental property; h. Nonresidential real property.

Section C - Alternative Depreciation System (ADS) (See page 4 of the instructions.)

Table with 4 columns for Section C: 16a. Class life; b. 12-year; c. 40-year.

Part III Other Depreciation (Do Not Include Listed Property.) (See page 4 of the instructions.)

Table with 3 rows for Part III: 17. GDS and ADS deductions for assets placed in service in tax years beginning before 1995; 18. Property subject to section 168(f)(1) election; 19. ACRS and other depreciation.

Part IV Summary (See page 4 of the instructions.)

Table with 3 rows for Part IV: 20. Listed property; 21. Total; 22. Portion of the basis attributable to section 263A costs.

Part V Listed Property - Automobiles, Certain Other Vehicles, Cellular Telephones, Certain Computers, and Property Used for Entertainment, Recreation, or Amusement

Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 23a, 23b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A - Depreciation and Other Information (Caution: See page 5 of the instructions for limitations for automobiles.)

23a Do you have evidence to support the business/investment use claimed? 23b If "Yes," is the evidence written? 24 Property used more than 50% in a qualified business use 25 Property used 50% or less in a qualified business use 26 Add amounts in column (h). Enter the total here and on line 20, page 1 27 Add amounts in column (i). Enter the total here and on line 7, page 1

Section B - Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person.

If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

28 Total business/investment miles driven during the year (DO NOT include commuting miles) 29 Total commuting miles driven during the year 30 Total other personal (noncommuting) miles driven 31 Total miles driven during the year. Add lines 28 through 30 32 Was the vehicle available for personal use during off-duty hours? 33 Was the vehicle used primarily by a more than 5% owner or related person? 34 Is another vehicle available for personal use?

Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who are not more than 5% owners or related persons.

35 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees? 36 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? 37 Do you treat all use of vehicles by employees as personal use? 38 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received? 39 Do you meet the requirements concerning qualified automobile demonstration use? See page 6 of the instructions

Note: If your answer to 35, 36, 37, 38, or 39 is "Yes," you need not complete Section B for the covered vehicles.

Part VI Amortization

40 Amortization of costs that begins during your 1995 tax year: See Amortization Detail 874,075. 41 Amortization of costs that began before 1995 214,558. 42 Total. Enter here and on "Other Deductions" or "Other Expenses" line of your return 1,088,633.

(including environmental tax)

1995

Department of the Treasury
Internal Revenue Service

▶ See separate instructions.
▶ Attach to the corporation's tax return.

Name

PECO ENERGY COMPANY CONSOLIDATED

Employer identification number

23-0970240

| | | | |
|----------|--|-----------|---------------------|
| 1 | Taxable income or (loss) before net operating loss deduction. (Important: If the corporation is subject to the environmental tax, see the instructions for line 16 on page 6.) | 1 | 801,486,816. |
| 2 | Adjustments and preferences: | | |
| a | Depreciation of post-1986 property | 2a | 46,390,985. |
| b | Amortization of certified pollution control facilities | 2b | |
| c | Amortization of mining exploration and development costs | 2c | |
| d | Amortization of circulation expenditures (personal holding companies only) | 2d | |
| e | Adjusted gain or loss | 2e | -286,484. |
| f | Long-term contracts | 2f | |
| g | Installment sales | 2g | |
| h | Merchant marine capital construction funds | 2h | |
| i | Section 833(b) deduction (Blue Cross, Blue Shield, and similar type organizations only) | 2i | |
| j | Tax shelter farm activities (personal service corporations only) | 2j | |
| k | Passive activities (closely held corporations and personal service corporations only) | 2k | |
| l | Loss limitations | 2l | |
| m | Depletion | 2m | |
| n | Tax-exempt interest from specified private activity bonds | 2n | |
| o | Charitable contributions | 2o | |
| p | Intangible drilling costs | 2p | |
| q | Reserves for losses on bad debts of financial institutions | 2q | |
| r | Accelerated depreciation of real property (pre-1987) | 2r | 815,162. |
| s | Accelerated depreciation of leased personal property (pre-1987) (personal holding companies only) | 2s | |
| t | Other adjustments | 2t | |
| u | Combine lines 2a through 2t | 2u | 46,919,663. |
| 3 | Preadjustment alternative minimum taxable income (AMTI). Combine lines 1 through 2u | 3 | 848,406,479. |
| 4 | Adjusted current earnings (ACE) adjustment: | | |
| a | Enter the corporation's ACE from line 10 of the worksheet on page 8 of the instructions | 4a | 905,060,587. |
| b | Subtract line 3 from line 4a. If line 3 exceeds line 4a, enter the difference as a negative amount (see page 4 of the instructions for examples) | 4b | 56,654,108. |
| c | Multiply line 4b by 75% (.75). Enter the result as a positive amount | 4c | 42,490,581. |
| d | Enter the excess, if any, of the corporation's total increases in AMTI from prior year ACE adjustments over its total reductions in AMTI from prior year ACE adjustments (see page 5 of the instructions). Note: You must enter an amount on line 4d (even if line 4b is positive) | 4d | 469,547,723. |
| e | ACE adjustment: | | |
| | • If you entered a positive number or zero on line 4b, enter the amount from line 4c here as a positive amount. | 4e | 42,490,581. |
| | • If you entered a negative number on line 4b, enter the smaller of line 4c or line 4d here as a negative amount. | | |
| 5 | Combine lines 3 and 4e. If zero or less, stop here; the corporation does not owe alternative minimum tax | 5 | 890,897,060. |
| 6 | Alternative tax net operating loss deduction.(see page 5 of the instructions) | 6 | |
| 7 | Alternative minimum taxable income. Subtract line 6 from line 5 | 7 | 890,897,060. |

For Paperwork Reduction Act Notice, see separate instructions.

Form 4626 (1995)

| | | | |
|----|--|----|--------------|
| 8 | Enter the amount from line 7 (alternative minimum taxable income) | 8 | 890,897,060. |
| 9 | Exemption phase-out computation (if line 8 is \$310,000 or more, skip lines 9a and 9b and enter -0- on line 9c): | | |
| a | Subtract \$150,000 from line 8 (if you are completing this line for a member of a controlled group, see page 5 of the instructions). If zero or less, enter -0- | 9a | |
| b | Multiply line 9a by 25% (.25) | 9b | |
| c | Exemption. Subtract line 9b from \$40,000 (if you are completing this line for a member of a controlled group, see page 5 of the instructions). If zero or less, enter -0- | 9c | NONE |
| 10 | Subtract line 9c from line 8. If zero or less, enter -0- | 10 | 890,897,060. |
| 11 | Multiply line 10 by 20% (.20) | 11 | 178,179,412. |
| 12 | Alternative minimum tax foreign tax credit. See page 5 of the instructions for limitations | 12 | |
| 13 | Tentative minimum tax. Subtract line 12 from line 11 | 13 | 178,179,412. |
| 14 | Regular tax liability before all credits except the foreign tax credit and possessions tax credit | 14 | 280,520,386. |
| 15 | Alternative minimum tax. Subtract line 14 from line 13. Enter the result on the appropriate line of the corporation's income tax return (e.g., Form 1120, Schedule J, line 9a). If zero or less, enter -0- | 15 | NONE |
| 16 | Environmental tax. Subtract \$2 million from line 5 (figured without the corporation's environmental tax deduction). Multiply the excess, if any, by 0.12% (.0012). Enter the result here and on the appropriate line of the corporation's income tax return (e.g., Form 1120, Schedule J, line 9b). If you are completing this line for a member of a controlled group, see page 6 of the instructions | 16 | 1,067,211. |

Adjusted Current Earnings Worksheet

▶ See ACE Worksheet instructions (which begin on page 6).

| | | | | |
|-----|---|-------|----|--------------|
| 1 | Pre-adjustment AMTI. Enter the amount from line 3 of Form 4626 | | 1 | 848,406,479. |
| 2 | ACE depreciation adjustment: | | | |
| a | AMT depreciation | 2a | | 493,408,928. |
| b | ACE depreciation: | | | |
| (1) | Post-1993 property | 2b(1) | | 78,582,286. |
| (2) | Post-1989 pre-1994 property | 2b(2) | | 133,831,919. |
| (3) | Pre-1990 MACRS property | 2b(3) | | 27,814,165. |
| (4) | Pre-1990 original ACRS property | 2b(4) | | 154,107,570. |
| (5) | Property described in sections 168(f)(1) through (4) | 2b(5) | | -274. |
| (6) | Other property | 2b(6) | | 35,017,753. |
| (7) | Total ACE depreciation. Add lines 2b(1) through 2b(6) | 2b(7) | | 429,353,419. |
| c | ACE depreciation adjustment. Subtract line 2b(7) from line 2a | | 2c | 64,055,509. |
| 3 | Inclusion in ACE of items included in earnings and profits (E&P): | | | |
| a | Tax-exempt interest income | 3a | | 57,464. |
| b | Death benefits from life insurance contracts | 3b | | |
| c | All other distributions from life insurance contracts (including surrenders) | 3c | | |
| d | Inside buildup of undistributed income in life insurance contracts | 3d | | |
| e | Other items (see Regulations sections 1.56(g)-1(c)(6)(iii) through (ix) for a partial list) | 3e | | |
| f | Total increase to ACE due to inclusion in ACE of items included in E&P. Add lines 3a through 3e | | 3f | 57,464. |
| 4 | Disallowance of items not deductible from E&P: | | | |
| a | Certain dividends received | 4a | | 474,638. |
| b | Dividends paid on certain preferred stock of public utilities that are deductible under section 247 | 4b | | 483,507. |
| c | Dividends paid to an ESOP that are deductible under section 404(k) | 4c | | |
| d | Nonpatronage dividends that are paid and deductible under section 1382(c) | 4d | | |
| e | Other items (see Regulations section 1.56(g)-1(d)(3)(i) and (ii) for a partial list) | 4e | | |
| f | Total increase to ACE because of disallowance of items not deductible from E&P. Add lines 4a through 4e | | 4f | 958,145. |
| 5 | Other adjustments based on rules for computing E&P: | | | |
| a | Intangible drilling costs | 5a | | -262,057. |
| b | Circulation expenditures | 5b | | |
| c | Organizational expenditures | 5c | | |
| d | LIFO inventory adjustments | 5d | | |
| e | Installment sales | 5e | | -764,750. |
| f | Total other E&P adjustments. Combine lines 5a through 5e | | 5f | -1,026,807. |
| 6 | Disallowance of loss on exchange of debt pools | | 6 | |
| 7 | Acquisition expenses of life insurance companies for qualified foreign contracts | | 7 | |
| 8 | Depletion | | 8 | |
| 9 | Basis adjustments in determining gain or loss from sale or exchange of pre-1994 property | | 9 | -7,390,203. |
| 10 | Adjusted current earnings. Combine lines 1, 2c, 3f, 4f, and 5f through 9. Enter the result here and on line 4a of Form 4626 | | 10 | 905,060,587. |

Sales of Business Property
 (Also Involuntary Conversions and Recapture Amounts
 Under Sections 179 and 280F(b)(2))

OMB No. 1545-0184

1995
 Attachment
 Sequence No. 27

▶ Attach to your tax return. ▶ See separate instructions.

Name(s) shown on return: **PECO ENERGY COMPANY CONSOLIDATED** Identifying number: **23-0970240**

1 Enter here the gross proceeds from the sale or exchange of real estate reported to you for 1995 on Form(s) 1099-S (or a substitute statement) that you will be including on line 2, 11, or 22 **1**

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft - Property Held More Than 1 Year

| (a) Description of property | (b) Date acquired (mo., day, yr.) | (c) Date sold (mo., day, yr.) | (d) Gross sales price | (e) Depreciation allowed or allowable since acquisition | (f) Cost or other basis, plus improvements and expense of sale | (g) LOSS ((f) minus the sum of (d) and (e)) | (h) GAIN ((d) plus (e) minus (f)) |
|-----------------------------|-----------------------------------|-------------------------------|-----------------------|---|--|---|-----------------------------------|
| 2 Stmt 122 | | | | | | 14,717,321. | 1,757,327. |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

| | | |
|---|----------|---------------------------|
| 3 Gain, if any, from Form 4684, line 39 | 3 | |
| 4 Section 1231 gain from installment sales from Form 6252, line 26 or 37 | 4 | 764,750. |
| 5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824 | 5 | |
| 6 Gain, if any, from line 34, from other than casualty or theft | 6 | 2,688,837. |
| 7 Add lines 2 through 6 in columns (g) and (h) | 7 | (14,717,321.) 5,210,914. |
| 8 Combine columns (g) and (h) of line 7. Enter gain or (loss) here, and on the appropriate line as follows: | 8 | -9,506,407. |

Partnerships - Enter the gain or (loss) on Form 1065, Schedule K, line 6. Skip lines 9, 10, 12, and 13 below.
S corporations - Report the gain or (loss) following the instructions for Form 1120S, Schedule K, lines 5 and 6. Skip lines 8, 10, 12, and 13 below, unless line 8 is a gain and the S corporation is subject to the capital gains tax.
All others - If line 8 is zero or a loss, enter the amount on line 12 below and skip lines 9 and 10. If line 8 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain as a long-term capital gain on Schedule D and skip lines 9, 10, and 13 below.

| | | |
|---|-----------|--|
| 9 Nonrecaptured net section 1231 losses from prior years (see instructions) | 9 | |
| 10 Subtract line 9 from line 8. If zero or less, enter -0-. Also enter on the appropriate line as follows (see instructions): | 10 | |

S corporations - Enter this amount on Schedule D (Form 1120S), line 13, and skip lines 12 and 13 below.
All others - If line 10 is zero, enter the amount from line 8 on line 13 below. If line 10 is more than zero, enter the amount from line 9 on line 13 below, and enter the amount from line 10 as a long-term capital gain on Schedule D.

Part II Ordinary Gains and Losses

11 Ordinary gains and losses not included on lines 12 through 18 (include property held 1 year or less):

| | | | | | | | |
|----------|--|--|--|--|--|--------|----------|
| Stmt 127 | | | | | | 9,643. | 759,073. |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

| | | | |
|--|-----------|---------------|-------------|
| 12 Loss, if any, from line 8 | 12 | 9,506,407. | |
| 13 Gain, if any, from line 8, or amount from line 9 if applicable | 13 | | |
| 14 Gain, if any, from line 33 | 14 | | 26,081,675. |
| 15 Net gain or (loss) from Form 4684, lines 31 and 38a | 15 | | |
| 16 Ordinary gain from installment sales from Form 6252, line 25 or 36 | 16 | | |
| 17 Ordinary gain or (loss) from like-kind exchanges from Form 8824 | 17 | | |
| 18 Recapture of section 179 expense deduction for partners and S corporation shareholders from property dispositions by partnerships and S corporations (see instructions) | 18 | | |
| 19 Add lines 11 through 18 in columns (g) and (h) | 19 | (9,516,050.) | 26,840,748. |

| | | | |
|--|---------------|-------------|--|
| 20 Combine columns (g) and (h) of line 19. Enter gain or (loss) here, and on the appropriate line as follows: | 20 | 17,324,698. | |
| a For all except individual returns: Enter the gain or (loss) from line 20 on the return being filed. | | | |
| b For individual returns: | | | |
| (1) If the loss on line 12 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here and on line 22 of Schedule A (Form 1040). Identify as from "Form 4797, line 20b(1)." See instructions | 20b(1) | | |
| (2) Redetermine the gain or (loss) on line 20, excluding the loss, if any, on line 20b(1). Enter here and on Form 1040, line 14 | 20b(2) | | |

Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255

| 21 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property: | | (b) Date acquired (mo., day, yr.) | (c) Date sold (mo., day, yr.) | | |
|--|--|--------------------------------------|----------------------------------|------------|------------|
| A E 100 STEAM PROD | | VARIOUS | 1995 | | |
| B E 100 STEAM PROD | | VARIOUS | 1995 | | |
| C E 101 NUC PROD | | VARIOUS | 1995 | | |
| D E 103 T&D FAC | | VARIOUS | 1995 | | |
| Relate lines 21A through 21D to these columns | | Property A | Property B | Property C | Property D |
| 22 | Gross sales price (Note: See line 1 before completing.) | 22 163,571. | 83. | 367. | 5,114. |
| 23 | Cost or other basis plus expense of sale | 23 4,096. | | | 134,858. |
| 24 | Depreciation (or depletion) allowed or allowable | 24 7,384. | | | 536,388. |
| 25 | Adjusted basis. Subtract line 24 from line 23 | 25 -3,288. | | | -401,530. |
| 26 | Total gain. Subtract line 25 from line 22 | 26 166,859. | 83. | 367. | 406,644. |
| 27 If section 1245 property: | | | | | |
| 27a | a Depreciation allowed or allowable from line 24 | 27a 7,384. | | | 536,388. |
| 27b | b Enter the smaller of line 26 or 27a | 27b 7,384. | | | 406,644. |
| 28 If section 1250 property: If straight line depreciation was used, enter -0- on line 28g, except for a corporation subject to section 291. | | | | | |
| 28a | a Additional depreciation after 1975 (see instructions) | 28a | | | |
| 28b | b Applicable percentage multiplied by the smaller of line 26 or line 28a (see instructions) | 28b | | | |
| 28c | c Subtract line 28a from line 26. If residential rental property or line 26 is not more than line 28a, skip lines 28d and 28e | 28c | | | |
| 28d | d Additional depreciation after 1969 and before 1976 | 28d | | | |
| 28e | e Enter the smaller of line 28c or 28d | 28e | | | |
| 28f | f Section 291 amount (corporations only) | 28f | | | |
| 28g | g Add lines 28b, 28e, and 28f | 28g | | | |
| 29 If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership. | | | | | |
| 29a | a Soil, water, and land clearing expenses | 29a | | | |
| 29b | b Line 29a multiplied by applicable percentage (see instructions) | 29b | | | |
| 29c | c Enter the smaller of line 26 or 29b | 29c | | | |
| 30 If section 1254 property: | | | | | |
| 30a | a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions) | 30a | | | |
| 30b | b Enter the smaller of line 26 or 30a | 30b | | | |
| 31 If section 1255 property: | | | | | |
| 31a | a Applicable percentage of payments excluded from income under section 126 (see instructions) | 31a | | | |
| 31b | b Enter the smaller of line 26 or 31a (see instructions) | 31b | | | |

Summary of Part III Gains. Complete property columns A through D, through line 31b before going to line 32.

| | | | |
|----|---|----|-------------|
| 32 | Total gains for all properties. Add columns A through D, line 26 | 32 | 28,770,512. |
| 33 | Add property columns A through D, lines 27b, 28g, 29c, 30b, and 31b. Enter here and on line 14 | 33 | 26,081,675. |
| 34 | Subtract line 33 from line 32. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6 | 34 | 2,688,837. |

Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less
See instructions.

| | (a) Section 179 | (b) Section 280F(b)(2) |
|----|---|---------------------------|
| 35 | Section 179 expense deduction or depreciation allowable in prior years | 35 |
| 36 | Recomputed depreciation. See instructions | 36 |
| 37 | Recapture amount. Subtract line 36 from line 35. See the instructions for where to report | 37 |

Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255

| 21 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property: | (b) Date acquired (mo., day, yr.) | (c) Date sold (mo., day, yr.) | | |
|--|--------------------------------------|----------------------------------|------------|------------|
| A S301 CF NUC PROD | VARIOUS | 1995 | | |
| B L351 1 NUC PROD | VARIOUS | 1995 | | |
| C C801 T&D FAC | VARIOUS | 1995 | | |
| D C801 T&D FAC RC | VARIOUS | 1995 | | |
| Relate lines 21A through 21D to these columns | Property A | Property B | Property C | Property D |
| 22 Gross sales price (Note: See line 1 before completing.) | 22 11,476. | 997,730. | 3,993. | 702. |
| 23 Cost or other basis plus expense of sale | 23 -226,200. | -620,055. | -369,585. | |
| 24 Depreciation (or depletion) allowed or allowable | 24 92,805. | -955,760. | -347,823. | |
| 25 Adjusted basis. Subtract line 24 from line 23 | 25 -319,005. | 335,705. | -21,762. | |
| 26 Total gain. Subtract line 25 from line 22 | 26 330,481. | 662,025. | 25,755. | 702. |
| 27 If section 1245 property: | | | | |
| a Depreciation allowed or allowable from line 24 | 27a 92,805. | -955,760. | -347,823. | |
| b Enter the smaller of line 26 or 27a | 27b 92,805. | -955,760. | -347,823. | |
| 28 If section 1250 property: If straight line depreciation was used, enter -0- on line 28g, except for a corporation subject to section 291. | | | | |
| a Additional depreciation after 1975 (see instructions) | 28a | | | |
| b Applicable percentage multiplied by the smaller of line 26 or line 28a (see instructions) | 28b | | | |
| c Subtract line 28a from line 26. If residential rental property or line 26 is not more than line 28a, skip lines 28d and 28e | 28c | | | |
| d Additional depreciation after 1969 and before 1976 | 28d | | | |
| e Enter the smaller of line 28c or 28d | 28e | | | |
| f Section 291 amount (corporations only) | 28f | | | |
| g Add lines 28b, 28e, and 28f | 28g | | | |
| 29 If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership. | | | | |
| a Soil, water, and land clearing expenses | 29a | | | |
| b Line 29a multiplied by applicable percentage (see instructions) | 29b | | | |
| c Enter the smaller of line 26 or 29b | 29c | | | |
| 30 If section 1254 property: | | | | |
| a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions) | 30a | | | |
| b Enter the smaller of line 26 or 30a | 30b | | | |
| 31 If section 1255 property: | | | | |
| a Applicable percentage of payments excluded from income under section 126 (see instructions) | 31a | | | |
| b Enter the smaller of line 26 or 31a (see instructions) | 31b | | | |

Summary of Part III Gains. Complete property columns A through D, through line 31b before going to line 32.

| | |
|--|----|
| 32 Total gains for all properties. Add columns A through D, line 26 | 32 |
| 33 Add property columns A through D, lines 27b, 28g, 29c, 30b, and 31b. Enter here and on line 14 | 33 |
| 34 Subtract line 33 from line 32. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6 | 34 |

Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less
See instructions.

| | (a) Section 179 | (b) Section 280F(b)(2) |
|--|-----------------|------------------------|
| 35 Section 179 expense deduction or depreciation allowable in prior years | 35 | |
| 36 Recomputed depreciation. See instructions | 36 | |
| 37 Recapture amount. Subtract line 36 from line 35. See the instructions for where to report | 37 | |

Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255

| 21 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property: | (b) Date acquired (mo., day, yr.) | (c) Date sold (mo., day, yr.) | | |
|--|--------------------------------------|----------------------------------|------------|------------|
| A S301 CF NUC PROD | VARIOUS | 1995 | | |
| B L351 1 NUC PROD | VARIOUS | 1995 | | |
| C C801 T&D FAC | VARIOUS | 1995 | | |
| D C801 T&D FAC RC | VARIOUS | 1995 | | |
| Relate lines 21A through 21D to these columns | Property A | Property B | Property C | Property D |
| 22 Gross sales price (Note: See line 1 before completing.) | 22 11,476. | 997,730. | 3,993. | 702. |
| 23 Cost or other basis plus expense of sale | 23 -226,200. | -620,055. | -369,585. | |
| 24 Depreciation (or depletion) allowed or allowable | 24 92,805. | -955,760. | -347,823. | |
| 25 Adjusted basis. Subtract line 24 from line 23 | 25 -319,005. | 335,705. | -21,762. | |
| 26 Total gain. Subtract line 25 from line 22 | 26 330,481. | 662,025. | 25,755. | 702. |
| 27 If section 1245 property: | | | | |
| a Depreciation allowed or allowable from line 24 | 27a 92,805. | -955,760. | -347,823. | |
| b Enter the smaller of line 26 or 27a | 27b 92,805. | -955,760. | -347,823. | |
| 28 If section 1250 property: If straight line depreciation was used, enter -0- on line 28g, except for a corporation subject to section 291. | | | | |
| a Additional depreciation after 1975 (see instructions) | 28a | | | |
| b Applicable percentage multiplied by the smaller of line 26 or line 28a (see instructions) | 28b | | | |
| c Subtract line 28a from line 26. If residential rental property or line 26 is not more than line 28a, skip lines 28d and 28e | 28c | | | |
| d Additional depreciation after 1969 and before 1976 | 28d | | | |
| e Enter the smaller of line 28c or 28d | 28e | | | |
| f Section 291 amount (corporations only) | 28f | | | |
| g Add lines 28b, 28e, and 28f | 28g | | | |
| 29 If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership. | | | | |
| a Soil, water, and land clearing expenses | 29a | | | |
| b Line 29a multiplied by applicable percentage (see instructions) | 29b | | | |
| c Enter the smaller of line 26 or 29b | 29c | | | |
| 30 If section 1254 property: | | | | |
| a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions) | 30a | | | |
| b Enter the smaller of line 26 or 30a | 30b | | | |
| 31 If section 1255 property: | | | | |
| a Applicable percentage of payments excluded from income under section 126 (see instructions) | 31a | | | |
| b Enter the smaller of line 26 or 31a (see instructions) | 31b | | | |

Summary of Part III Gains. Complete property columns A through D, through line 31b before going to line 32.

| | |
|--|----|
| 32 Total gains for all properties. Add columns A through D, line 26 | 32 |
| 33 Add property columns A through D, lines 27b, 28g, 29c, 30b, and 31b. Enter here and on line 14 | 33 |
| 34 Subtract line 33 from line 32. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6 | 34 |

Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less
See instructions.

| | (a) Section 179 | (b) Section 280F(b)(2) |
|--|-----------------|------------------------|
| 35 Section 179 expense deduction or depreciation allowable in prior years | 35 | |
| 36 Recomputed depreciation. See instructions | 36 | |
| 37 Recapture amount. Subtract line 36 from line 35. See the instructions for where to report | 37 | |

Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255

| 21 | (a) Description of section 1245, 1250, 1252, 1254, or 1255 property: | (b) Date acquired (mo., day, yr.) | (c) Date sold (mo., day, yr.) | | |
|---|--|--------------------------------------|----------------------------------|------------|------------|
| A | C804 OFFICE MACHINES | VARIOUS | 1995 | | |
| B | C805 OFFICE FURNITUR | VARIOUS | 1995 | | |
| C | C805 OFFICE FURN RC | VARIOUS | 1995 | | |
| D | C808 BLDG IMP | VARIOUS | 1995 | | |
| Relate lines 21A through 21D to these columns | | Property A | Property B | Property C | Property D |
| 22 | Gross sales price (Note: See line 1 before completing.) | 22 124. | 68. | 13. | -512. |
| 23 | Cost or other basis plus expense of sale | 23 -129,982. | -63,970. | -11,719. | 13,364. |
| 24 | Depreciation (or depletion) allowed or allowable | 24 -129,646. | -62,190. | -11,393. | 61,371. |
| 25 | Adjusted basis. Subtract line 24 from line 23 | 25 -336. | -1,780. | -326. | -48,007. |
| 26 | Total gain. Subtract line 25 from line 22 | 26 460. | 1,848. | 339. | 47,495. |
| 27 | If section 1245 property: | | | | |
| a | Depreciation allowed or allowable from line 24 | 27a -129,646. | -62,190. | -11,393. | 61,371. |
| b | Enter the smaller of line 26 or 27a | 27b -129,646. | -62,190. | -11,393. | 47,495. |
| 28 | If section 1250 property: If straight line depreciation was used, enter -0- on line 28g, except for a corporation subject to section 291. | | | | |
| a | Additional depreciation after 1975 (see instructions) | 28a | | | |
| b | Applicable percentage multiplied by the smaller of line 26 or line 28a (see instructions) | 28b | | | |
| c | Subtract line 28a from line 26. If residential rental property or line 26 is not more than line 28a, skip lines 28d and 28e | 28c | | | |
| d | Additional depreciation after 1969 and before 1976 | 28d | | | |
| e | Enter the smaller of line 28c or 28d | 28e | | | |
| f | Section 291 amount (corporations only) | 28f | | | |
| g | Add lines 28b, 28e, and 28f | 28g | | | |
| 29 | If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership. | | | | |
| a | Soil, water, and land clearing expenses | 29a | | | |
| b | Line 29a multiplied by applicable percentage (see instructions) | 29b | | | |
| c | Enter the smaller of line 26 or 29b | 29c | | | |
| 30 | If section 1254 property: | | | | |
| a | Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions) | 30a | | | |
| b | Enter the smaller of line 26 or 30a | 30b | | | |
| 31 | If section 1255 property: | | | | |
| a | Applicable percentage of payments excluded from income under section 126 (see instructions) | 31a | | | |
| b | Enter the smaller of line 26 or 31a (see instructions) | 31b | | | |

Summary of Part III Gains. Complete property columns A through D, through line 31b before going to line 32.

| | | | |
|----|---|----|--|
| 32 | Total gains for all properties. Add columns A through D, line 26 | 32 | |
| 33 | Add property columns A through D, lines 27b, 28g, 29c, 30b, and 31b. Enter here and on line 14 | 33 | |
| 34 | Subtract line 33 from line 32. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6 | 34 | |

Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less
See instructions.

| | (a) Section 179 | (b) Section 280F(b)(2) |
|----|---|------------------------|
| 35 | Section 179 expense deduction or depreciation allowable in prior years | 35 |
| 36 | Recomputed depreciation. See instructions | 36 |
| 37 | Recapture amount. Subtract line 36 from line 35. See the instructions for where to report | 37 |

Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255

| 21 | (a) Description of section 1245, 1250, 1252, 1254, or 1255 property: | (b) Date acquired (mo., day, yr.) | (c) Date sold (mo., day, yr.) | | | |
|----|--|--------------------------------------|----------------------------------|--------------|------------|--------|
| A | C BUILDINGSS | VARIOUS | 1995 | | | |
| B | TRANS & DISTR FCLTY | 06/30/31 | 06/19/95 | | | |
| C | Int- Oil & Gas Field | 06/01/76 | 01/17/95 | | | |
| D | Int- Oil & Gas Field | 06/01/76 | 08/01/95 | | | |
| | Relate lines 21A through 21D to these columns | Property A | Property B | Property C | Property D | |
| 22 | Gross sales price (Note: See line 1 before completing.) | 22 | -3,857. | 74,413,939. | 76,187. | 4,626. |
| 23 | Cost or other basis plus expense of sale | 23 | -25,490. | 104,534,956. | 9,151. | |
| 24 | Depreciation (or depletion) allowed or allowable | 24 | 279,028. | 56,532,620. | | |
| 25 | Adjusted basis. Subtract line 24 from line 23 | 25 | -304,518. | 48,002,336. | 9,151. | |
| 26 | Total gain. Subtract line 25 from line 22 | 26 | 300,661. | 26,411,603. | 67,036. | 4,626. |
| 27 | If section 1245 property: | | | | | |
| a | Depreciation allowed or allowable from line 24 | 27a | 279,028. | 56,532,620. | | |
| b | Enter the smaller of line 26 or 27a | 27b | 279,028. | 26,411,603. | | |
| 28 | If section 1250 property: If straight line depreciation was used, enter -0- on line 28g, except for a corporation subject to section 291. | | | | | |
| a | Additional depreciation after 1975 (see instructions) | 28a | | | | |
| b | Applicable percentage multiplied by the smaller of line 26 or line 28a (see instructions) | 28b | | | | |
| c | Subtract line 28a from line 26. If residential rental property or line 26 is not more than line 28a, skip lines 28d and 28e | 28c | | | | |
| d | Additional depreciation after 1969 and before 1976 | 28d | | | | |
| e | Enter the smaller of line 28c or 28d | 28e | | | | |
| f | Section 291 amount (corporations only) | 28f | | | | |
| g | Add lines 28b, 28e, and 28f | 28g | | | | |
| 29 | If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership. | | | | | |
| a | Soil, water, and land clearing expenses | 29a | | | | |
| b | Line 29a multiplied by applicable percentage (see instructions) | 29b | | | | |
| c | Enter the smaller of line 26 or 29b | 29c | | | | |
| 30 | If section 1254 property: | | | | | |
| a | Intangible drilling and development costs, expenditures for development of mines and other natural deposits, and mining exploration costs (see instructions) | 30a | | | | |
| b | Enter the smaller of line 26 or 30a | 30b | | | | |
| 31 | If section 1255 property: | | | | | |
| a | Applicable percentage of payments excluded from income under section 126 (see instructions) | 31a | | | | |
| b | Enter the smaller of line 26 or 31a (see instructions) | 31b | | | | |

Summary of Part III Gains. Complete property columns A through D, through line 31b before going to line 32.

| | | | |
|----|---|----|--|
| 32 | Total gains for all properties. Add columns A through D, line 26 | 32 | |
| 33 | Add property columns A through D, lines 27b, 28g, 29c, 30b, and 31b. Enter here and on line 14 | 33 | |
| 34 | Subtract line 33 from line 32. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6 | 34 | |

Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less
See instructions.

| | (a) Section 179 | (b) Section 280F(b)(2) |
|----|---|------------------------|
| 35 | Section 179 expense deduction or depreciation allowable in prior years | 35 |
| 36 | Recomputed depreciation. See instructions | 36 |
| 37 | Recapture amount. Subtract line 36 from line 35. See the instructions for where to report | 37 |

Information Return of U.S. Persons With Respect to Certain Foreign Corporations

OMB No. 1545-0704

File in Duplicate
(see When and Where To File in the instructions)

Department of the Treasury
Internal Revenue Service

Information furnished for the foreign corporation's annual accounting period (tax year required by section 898) (see instructions) beginning **01/01/95** and ending **12/31/95**

▶ See separate instructions.

Name of person filing this return
PECO ENERGY CO.

A Identifying number
23-0970240

Number, street, and room or suite no. (or P.O. box number if mail is not delivered to street address)
2301 MARKET STREET

B Category of filer (see Who Must File in the instructions and check applicable box(es)): (1) (2) (3) (4) (5) X

City or town, state, and ZIP code
PHILADELPHIA PA 19101

C Enter the total percentage of voting stock of the foreign corporation you owned at the end of its annual accounting period
100.0000%

Filer's tax year beginning **01/01/95** and ending **12/31/95**

D Person(s) on whose behalf this information return is filed:

| (1) Name | (2) Address | (3) Identifying number | (4) Check applicable box(es) | | |
|-----------------------------------|--|------------------------|------------------------------|---------|----------|
| | | | Shareholder | Officer | Director |
| ENERGY PERFORMANCE SERVICES, INC. | 2003 RENAISSANCE BLVD KING OF PRUSSIA, PA 19406 | 23-2750899 | X | | |
| | | | | | |

Important: Fill in all applicable lines and schedules. All information must be in the English language. All amounts must be stated in U.S. dollars unless otherwise indicated.

Enter the foreign corporation's functional currency ▶ **CANADIAN DOLLAR** 1.1989840

1 a Name and address of foreign corporation
**ENERGY PERFORMANCE SERVICES OF NORTH AMERICA
175 BOUCHARD BLVD, SUITE 150
DORVAL, QUEBEC**

b Employer identification number, if any
N/A

c Country under whose laws incorporated
CANADA

d Date of incorporation
06/19/92

e Principal place of business
DORVAL, QUEBEC

f Principal business activity code number
**H9S 1A9
7389**

g Principal business activity
ENRGY PRFRM. CONTRACT

2 Provide the following information for the foreign corporation's accounting period stated above.

a Name, address, and identifying number of branch office or agent (if any) in the United States
**ENRGY PERFRM. SERVICES INC
2003 RENAISSANCE BLVD
KING OF PRUSSIA, PA 19406
23-2750899**

b If a U.S. income tax return was filed, please show:

| | |
|------------------------------|---|
| (i) Taxable income or (loss) | (ii) U.S. income tax paid (after all credits) |
| | |

c Name and address of foreign corporation's statutory or resident agent in country of incorporation
**PETER BASSETT
175 BOUCHARD BLVD, SUITE 150
DORVAL, QUEBEC**

d Name and address (including corporate department, if applicable) of person (or persons) with custody of the books and records of the foreign corporation, and the location of such books and records, if different
**PETER BASSETT
SAME AS ABOVE**

Schedule A Stock of the Foreign Corporation
Part I - ALL Classes of Stock

| (a) Description of each class of stock | (b) Number of shares issued and outstanding | |
|--|---|--------------------------------------|
| | (i) Beginning of annual accounting period | (ii) End of annual accounting period |
| COMMON | 1,000. | 1,000. |
| | | |

Part II - Additional Information for PREFERRED Stock
(To be completed only by Category (1) filers for foreign personal holding companies)

| (a) Description of each class of PREFERRED stock (Note: This description should match the corresponding description entered in Part I, column (a).) | (b) Par value in functional currency | (c) Rate of dividend | (d) Indicate whether the stock is cumulative or noncumulative |
|--|--------------------------------------|----------------------|---|
| NOT APPLICABLE | | | |
| | | | |

Schedule E Income, War Profits, and Excess Profits Taxes Paid or Accrued (see instructions)

| | (a) Name of country or U.S. possession | Amount of tax | | |
|---|---|----------------------------|-----------------------------|------------------------|
| | | (b) In foreign currency | (c) Spot conversion rate | (d) In U.S. dollars |
| 1 | U.S. | | | NONE |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | Total | | | NONE |

Schedule F Balance Sheet

Important: Schedule F requests financial accounting information prepared and translated into U.S. dollars in accordance with U.S. GAAP. See instructions for exception for DASTM corporations.

| Assets | | (a) Beginning of annual accounting period | (b) End of annual accounting period |
|--------------------------------------|--|---|---|
| 1 | Cash | 17,999. | 51,718. |
| 2 a | Trade notes and accounts receivable | 142,961. | 78,045. |
| b | Less allowance for bad debts | () | () |
| 3 | Inventories | | |
| 4 | Other current assets (attach schedule) <i>See Statement, 130.</i> | | 295,120. |
| 5 | Loans to stockholders and other related persons | | |
| 6 | Investment in subsidiaries (attach schedule) | | |
| 7 | Other investments (attach schedule) | | |
| 8 a | Buildings and other depreciable assets | 6,086. | 56,618. |
| b | Less accumulated depreciation | 593. | 4,980. |
| 9 a | Depletable assets | | |
| b | Less accumulated depletion | () | () |
| 10 | Land (net of any amortization) | | |
| Intangible assets: | | | |
| a | Goodwill | | |
| b | Organization costs | | |
| c | Patents, trademarks, and other intangible assets | | |
| d | Less accumulated amortization for lines 11a, b, and c | () | () |
| 12 | Other assets (attach schedule) | | |
| 13 | Total assets | 166,453. | 476,521. |
| Liabilities and Stockholders' Equity | | | |
| 14 | Accounts payable | 10,962. | 151,868. |
| 15 | Other current liabilities (attach schedule) <i>See Statement, 130.</i> | 12,878. | 17,771. |
| 16 | Loans from stockholder and other related persons | | |
| 17 | Other liabilities (attach schedule) <i>See Statement, 130.</i> | 780,131. | 919,720. |
| Capital stock: | | | |
| 18a | Preferred stock | | |
| 18b | Common stock | 1,000. | 1,000. |
| 19 | Paid-in or capital surplus (attach reconciliation) | | |
| 20 | Retained earnings | -638,518. | -613,838. |
| 21 | Less cost of treasury stock | () | () |
| 22 | Total liabilities and stockholders' equity | 166,453. | 476,521. |

Does the foreign corporation have an interest in a partnership or trust? Yes No

Schedule H Current Earnings and Profits (enter the amounts on lines 1 through 5c in functional currency)

| | | | |
|---|---------------|------------------|---------|
| Current year net income or (loss) per foreign books of account | | 1 | 37,292. |
| Net adjustments made to line 1 to determine current earnings and profits according to U.S. financial and tax accounting standards (see instructions): | | | |
| | Net Additions | Net Subtractions | |
| Capital gains or losses | | | |
| Depreciation and amortization | | | |
| Depletion | | | |
| Investment or incentive allowance | | | |
| Changes to statutory reserves | | | |
| Inventory adjustments | | | |
| Taxes Stmt. 131 | | | |
| Other (attach schedule) | | | |
| Total net additions | | | |
| Total net subtractions | | | |
| Current earnings and profits (line 1 plus line 3 minus line 4) | | 5a | 37,292. |
| DASTM gains or (loss) for foreign corporations that use DATSM (see instructions) | | 5b | |
| Combine lines 5a and 5b | | 5c | 37,292. |
| Current earnings and profits in U.S. dollars (line 5c translated at the weighted average exchange rate as defined in Regulations Section 1.989(b)-1) | | 5d | 31,103. |
| Enter exchange rate used for line 5d | 1.1989840 | | |

Schedule I Summary of Shareholder's Income From Foreign Corporation (see instructions)

| | | |
|---|---|------|
| Subpart F income (line 40b, Worksheet A in the instructions) | 1 | NONE |
| Earnings invested in U.S. property (line 17, Worksheet B in the instructions) | 2 | |
| Previously excluded subpart F income withdrawn from qualified investments (line 6b, Worksheet C in the instructions) | 3 | |
| Previously excluded export trade income withdrawn from investment in export trade assets (line 7b, Worksheet D in the instructions) | 4 | |
| Earnings invested in excess passive assets (line 21, Worksheet E in the instructions) | 5 | |
| Factoring income | 6 | |
| Total of lines 1 through 6. Enter here and on your income tax return | 7 | NONE |
| Dividends received (translated at spot rate on payment date under section 989(b)(1)) | 8 | |
| Exchange gain or (loss) on a distribution of previously taxed income | 9 | |

Was any income of the foreign corporation blocked OR did any become unblocked during the tax year (see section 964(b))?
 If the answer to either part of the question is "Yes," check the "Yes" box and attach an explanation Yes No

Accumulated Earnings and Profits (E&P) of Controlled Foreign Corporation

(Form 5471)
(Rev. June 1996)
Department of the Treasury
Internal Revenue Service

▶ Attach to Form 5471.

Name of person filing Form 5471

Identifying number

ENERGY PERFORMANCE SERVICES, INC

23-2750899

Name of foreign corporation

ENERGY PERFORMANCE SERVICES OF NORTH AMERICA

| Important. Enter amounts in functional currency. | (a) Post-1986 Undistributed Earnings (post-86 section 959(c)(3) balance) | (b) Pre-1987 E&P Not Previously Taxed (pre-87 section 959(c)(3) balance) | (c) Previously Taxed E&P (sections 959(c)(1) and (2) balances) | | | (d) Total Section 984(a) E&P (combine columns (a), (b), and (c)) |
|--|--|--|--|---|------------------------|--|
| | | | (i) Earnings Invested in U.S. Property | (ii) Earnings Invested in Excess Passive Assets | (iii) Subpart F Income | |
| 1 Balance at beginning of year | -154,173. | | | | | -154,173. |
| 2a Current year E&P | 37,292. | | | | | |
| b Current year deficit in E&P | | | | | | |
| 3 Total current and accumulated E&P not previously taxed (line 1 plus line 2a, minus line 2b) | -116,881. | | | | | |
| 4 Amounts included under section 951(a) or reclassified under section 959(c) in current year | | | | | | |
| 5a Actual distributions or reclassifications of previously taxed E&P | | | | | | |
| b Actual distributions of non-previously taxed E&P | | | | | | |
| 6a Balance of previously taxed E&P at end of year (line 1 plus line 4, minus line 5a) | | | | | | |
| b Balance of E&P not previously taxed at end of year (line 3 minus line 4, minus line 5b) | -116,881. | | | | | |
| 7 Balance at end of year (Enter amount from line 6a or line 6b, whichever is applicable) | -116,881. | | | | | -116,881. |

For Paperwork Reduction Act Notice, see page 1 of the Instructions for Form 5471.

Schedule J (Form 5471) (Rev. 8-95)

Form **5471**

(Rev. June 1995)

Information Return of U.S. Persons With Respect to Certain Foreign Corporations

▶ See separate instructions.

OMB No. 1545-0704

File in Duplicate
(see When and Where
To File in the
instructions)

Department of the Treasury
Internal Revenue Service

Information furnished for the foreign corporation's annual accounting period (tax year required by section 898) (see instructions) beginning **01/01/95** and ending **12/31/95**

Name of person filing this return

PECO ENERGY CO.

A Identifying number

23-0970240

Number, street, and room or suite no. (or P.O. box number if mail is not delivered to street address)

2301 MARKET STREET

B Category of filer (see Who Must File in the instructions and check applicable box(es)): (1) (2) (3) (4) (5)

City or town, state, and ZIP code

PHILADELPHIA

PA 19101

C Enter the total percentage of voting stock of the foreign corporation you owned at the end of its annual accounting period **90.0000%**

Filer's tax year beginning

01/01/95

and ending

12/31/95

D Person(s) on whose behalf this information return is filed:

| (1) Name | (2) Address | (3) Identifying number | (4) Check applicable box(es) | | |
|-----------------------------------|--|------------------------|------------------------------|---------|----------|
| | | | Shareholder | Officer | Director |
| ENERGY PERFORMANCE SERVICES, INC. | 2003 RENAISSANCE BLVD KING OF PRUSSIA, PA 19406 | 23-2750899 | X | | |
| | | | | | |

Important: Fill in all applicable lines and schedules. All information must be in the English language. All amounts must be stated in U.S. dollars unless otherwise indicated.

26.5999990

Enter the foreign corporation's functional currency ▶

KORUNA

1 a Name and address of foreign corporation

**EPS CR s.r.o.
RUBESOVA 10
1200 00 PRAGUE 2, CZECH REPUBLIC**

b Employer identification number, if any

N/A

c Country under whose laws incorporated

CZECH REPUBLIC

d Date of incorporation

e Principal place of business

05/09/93 PRAGUE, CZECH REPUBLIC

f Principal business activity code number

7389

g Principal business activity

ENERGY PRFRM CONTRACT

2 Provide the following information for the foreign corporation's accounting period stated above.

a Name, address, and identifying number of branch office or agent (if any) in the United States

**ENERGY PERFORM. SERV'S INC
2003 RENAISSANCE BLVD
KING OF PRUSSIA, PA 19406
23-2750899**

b If a U.S. income tax return was filed, please show:

(i) Taxable income or (loss)

(ii) U.S. income tax paid
(after all credits)

c Name and address of foreign corporation's statutory or resident agent in country of incorporation

**IVO SLAVOTINEK
RUBESOVA 10
1200 00 PRAGUE 2, CZECH REPUB.**

d Name and address (including corporate department, if applicable) of person (or persons) with custody of the books and records of the foreign corporation, and the location of such books and records, if different

**IVO SLAVOTINEK
SAME AS ABOVE**

Schedule A Stock of the Foreign Corporation

Part I - ALL Classes of Stock

| (a) Description of each class of stock | (b) Number of shares issued and outstanding | |
|--|---|--------------------------------------|
| | (i) Beginning of annual accounting period | (ii) End of annual accounting period |
| COMMON | 7,000. | 7,000. |
| | | |

Part II - Additional Information for PREFERRED Stock

(To be completed only by Category (1) filers for foreign personal holding companies)

| (a) Description of each class of PREFERRED stock (Note: This description should match the corresponding description entered in Part I, column (a).) | (b) Par value in functional currency | (c) Rate of dividend | (d) Indicate whether the stock is cumulative or noncumulative |
|--|--------------------------------------|----------------------|---|
| | | | |

Schedule E Income, War Profits, and Excess Profits Taxes Paid or Accrued (see instructions)

| | (a) Name of country or U.S. possession | Amount of tax | | |
|-------|---|----------------------------|-----------------------------|------------------------|
| | | (b) In foreign currency | (c) Spot conversion rate | (d) In U.S. dollars |
| 1 | U.S. | | | NONE |
| 4 | | | | |
| Total | | | | NONE |

Schedule F Balance Sheet

Important: Schedule F requests financial accounting information prepared and translated into U.S. dollars in accordance with U.S. GAAP. See instructions for exception for DASTM corporations.

| Assets | | (a) Beginning of annual accounting period | (b) End of annual accounting period |
|--|--------------------|---|---|
| Cash | | 170,229. | 105,830. |
| Trade notes and accounts receivable | | 1,933,365. | 1,008,264. |
| Less allowance for bad debts | | () | () |
| Inventories | | | |
| Other current assets (attach schedule) | See Statement 133. | | 438,046. |
| Loans to stockholders and other related persons | | | |
| Investment in subsidiaries (attach schedule) | | | |
| Other investments (attach schedule) | | | |
| Buildings and other depreciable assets | | 37,096. | 61,756. |
| Less accumulated depreciation | | 14,500. | 28,612. |
| Depletable assets | | | |
| Less accumulated depletion | | () | () |
| Land (net of any amortization) | | | |
| Intangible assets: | | | |
| Goodwill | | | |
| Organization costs | | | |
| Patents, trademarks, and other intangible assets | | | |
| Less accumulated amortization for lines 11a, b, and c | | () | () |
| Other assets (attach schedule) | See Statement 133. | 111,552. | |
| Total assets | | 2,237,742. | 1,585,284. |
| Liabilities and Stockholders' Equity | | | |
| Accounts payable | | 1,736,257. | 1,294,707. |
| Other current liabilities (attach schedule) | See Statement 133. | 679,025. | 380,962. |
| Loans from stockholder and other related persons | | | |
| Other liabilities (attach schedule) | See Statement 133. | | 43,514. |
| Capital stock: | | | |
| Preferred stock | | | |
| Common stock | | 7,000. | 7,000. |
| Paid-in or capital surplus (attach reconciliation) | See Statement 133. | | 12,746. |
| Retained earnings | | -184,540. | -153,645. |
| Less cost of treasury stock | | () | () |
| Total liabilities and stockholders' equity | | 2,237,742. | 1,585,284. |
| Does the foreign corporation have an interest in a partnership or trust? | | Yes | <input checked="" type="checkbox"/> No |

Schedule H Current Earnings and Profits (enter the amounts on lines 1 through 5c in functional currency)

| | | |
|--|---------------|------------------|
| Current year net income or (loss) per foreign books of account | 1 | 1,500,325. |
| Net adjustments made to line 1 to determine current earnings and profits according to U.S. financial and tax accounting standards (see instructions): | | |
| | Net Additions | Net Subtractions |
| a Capital gains or losses | | |
| Depreciation and amortization | | |
| Depletion | | |
| b Investment or incentive allowance | | |
| Changes to statutory reserves | | |
| Inventory adjustments | | |
| c Taxes Stmt. 134 | | |
| h Other (attach schedule) | | |
| Total net additions | | |
| Total net subtractions | | |
| 5a Current earnings and profits (line 1 plus line 3 minus line 4) | 5a | 1,500,325. |
| DASTM gains or (loss) for foreign corporations that use DASTM (see instructions) | 5b | |
| Combine lines 5a and 5b | 5c | 1,500,325. |
| d Current earnings and profits in U.S. dollars (line 5c translated at the weighted average exchange rate as defined in Regulations Section 1.989(b)-1) | 5d | 56,403. |
| Enter exchange rate used for line 5d | | 26.5999990 |

Schedule I Summary of Shareholder's Income From Foreign Corporation (see instructions)

| | | |
|---|---|------|
| Subpart F income (line 40b, Worksheet A in the instructions) | 1 | NONE |
| Earnings invested in U.S. property (line 17, Worksheet B in the instructions) | 2 | |
| Previously excluded subpart F income withdrawn from qualified investments (line 6b, Worksheet C in the instructions) | 3 | |
| Previously excluded export trade income withdrawn from investment in export trade assets (line 7b, Worksheet D in the instructions) | 4 | |
| Earnings invested in excess passive assets (line 21, Worksheet E in the instructions) | 5 | |
| Factoring income | 6 | |
| Total of lines 1 through 6. Enter here and on your income tax return | 7 | NONE |
| Dividends received (translated at spot rate on payment date under section 989(b)(1)) | 8 | |
| Exchange gain or (loss) on a distribution of previously taxed income | 9 | |

Was any income of the foreign corporation blocked OR did any become unblocked during the tax year (see section 964(b))?

If the answer to either part of the question is "Yes," check the "Yes" box and attach an explanation Yes No

Accumulated Earnings and Profits (E&P) of Controlled Foreign Corporation

OMB No. 1545-0704

(Form 5471)
(Rev. June 1995)
Department of the Treasury
Internal Revenue Service

▶ Attach to Form 5471.

Name of person filing Form 5471

Identifying number

ENERGY PERFORMANCE SERVICES, INC

23-2750899

Name of foreign corporation

EPS CR s.r.o.

| Important. Enter amounts in functional currency. | (a) Post-1986 Undistributed Earnings (post-86 section 959(c)(3) balance) | (b) Pre-1987 E&P Not Previously Taxed (pre-87 section 959(c)(3) balance) | (c) Previously Taxed E&P (sections 959(c)(1) and (2) balances) | | | (d) Total Section 964(a) E&P (combine columns (a), (b), and (c)) |
|---|--|--|--|---|------------------------|--|
| | | | (i) Earnings Invested in U.S. Property | (ii) Earnings Invested in Excess Passive Assets | (iii) Subpart F Income | |
| 1 Balance at beginning of year | -4,051,073. | | | | | -4,051,073. |
| 2a Current year E&P | 1,500,325. | | | | | |
| b Current year deficit in E&P | | | | | | |
| 3 Total current and accumulated E&P not previously taxed (line 1 plus line 2a, minus line 2b) | -2,550,748. | | | | | |
| 4 Amounts included under section 951(a) or reclassified under section 959(c) in current year | | | | | | |
| 5a Actual distributions or reclassifications of previously taxed E&P | | | | | | |
| b Actual distributions of non-previously taxed E&P | | | | | | |
| 6a Balance of previously taxed E&P at end of year (line 1 plus line 4, minus line 5a) | | | | | | |
| b Balance of E&P not previously taxed at end of year (line 3 minus line 4, minus line 5b) | -2,550,748. | | | | | |
| 7 Balance at end of year (Enter amount from line 6a or line 6b, whichever is applicable) | -2,550,748. | | | | | -2,550,748. |

For Paperwork Reduction Act Notice, see page 1 of the Instructions for Form 5471.

Schedule J (Form 5471) (Rev. 8-95)

Information Return of U.S. Persons With Respect to Certain Foreign Corporations

▶ See separate instructions.

File In Duplicate
(see When and Where To File in the instructions)

Department of the Treasury
Internal Revenue Service

Information furnished for the foreign corporation's annual accounting period (tax year required by section 998) (see instructions) beginning **01/01/95** and ending **12/31/95**

Name of person filing this return

PECO ENERGY CO.

A Identifying number

23-0970240

Number, street, and room or suite no. (or P.O. box number if mail is not delivered to street address)

2301 MARKET STREET

B Category of filer (see Who Must File in the instructions and check applicable box(es)): (1) (2) (3) (4) (5)

City or town, state, and ZIP code

PHILADELPHIA

PA 19101

C Enter the total percentage of voting stock of the foreign corporation you owned at the end of its annual accounting period **99.0000%**

Filer's tax year beginning **01/01/95**

and ending **12/31/95**

D Person(s) on whose behalf this information return is filed:

| (1) Name | (2) Address | (3) Identifying number | (4) Check applicable box(es) | | |
|----------------------------------|--|------------------------|------------------------------|---------|----------|
| | | | Shareholder | Officer | Director |
| ENERGY PERFORMANCE SERVICES, INC | 2003 RENAISSANCE BLVD KING OF PRUSSIA, PA 19406 | 23-2750899 | X | | |
| | | | | | |

Important: Fill in all applicable lines and schedules. All information must be in the English language. All amounts must be stated in U.S. dollars unless otherwise indicated.

149.4999177

Enter the foreign corporation's functional currency ▶

ESCUDO

1 a Name and address of foreign corporation

**ENERGY PERFORMANCE SERVICES OF PORTUGAL
ESTRADA do GUINCHO, ATLANTIC GARDENS
2750 CASCAIS, PORTUGAL**

b Employer identification number, if any

N/A

c Country under whose laws incorporated

PORTUGAL

d Date of incorporation

10/01/95

e Principal place of business

CASCAIS, PORTUGAL

f Principal business activity code number

7389

g Principal business activity

ENRGY PRFRM CONTRACT

2 Provide the following information for the foreign corporation's accounting period stated above.

a Name, address, and identifying number of branch office or agent (if any) in the United States

**ENERGY PERFORM. SERV'S INC
2003 RENAISSANCE BLVD
KING OF PRUSSIA, PA 19406
23-2750899**

b If a U.S. income tax return was filed, please show:

| | |
|------------------------------|---|
| (i) Taxable income or (loss) | (ii) U.S. income tax paid (after all credits) |
| | |

c Name and address of foreign corporation's statutory or resident agent in country of incorporation

**HAITHAM SHAMIL AL-KHUDAYRI
ALTO DA BARRA, BLOCO B, LOTE 6
2780 OEIRAS, PORTUGAL**

d Name and address (including corporate department, if applicable) of person (or persons) with custody of the books and records of the foreign corporation, and the location of such books and records, if different

**COOPERS & LYBRAND, LDA
EDIFICIOS AS CARAVELAS, RUA DR
1050 LISBOA, PORTUGAL**

Schedule A Stock of the Foreign Corporation

Part I - ALL Classes of Stock

| (a) Description of each class of stock | (b) Number of shares issued and outstanding | |
|--|---|--------------------------------------|
| | (i) Beginning of annual accounting period | (ii) End of annual accounting period |
| COMMON | | 34,000. |
| | | |

Part II - Additional Information for PREFERRED Stock

(To be completed only by Category (1) filers for foreign personal holding companies)

| (a) Description of each class of PREFERRED stock (Note: This description should match the corresponding description entered in Part I, column (a).) | (b) Par value in functional currency | (c) Rate of dividend | (d) Indicate whether the stock is cumulative or noncumulative |
|---|--------------------------------------|----------------------|---|
| | | | |

Schedule H Current Earnings and Profits (enter the amounts on lines 1 through 5c in functional currency)

| | | | | |
|---|---------------|------------------|----|--------------|
| Current year net income or (loss) per foreign books of account | | | 1 | -16,355,291. |
| Net adjustments made to line 1 to determine current earnings and profits according to U.S. financial and tax accounting standards (see instructions): | Net Additions | Net Subtractions | | |
| Capital gains or losses | | | | |
| Depreciation and amortization | | | | |
| Depletion | | | | |
| Investment or incentive allowance | | | | |
| Changes to statutory reserves | | | | |
| Inventory adjustments | | | | |
| Taxes Stmt. 136 | | | | |
| Other (attach schedule) | | | | |
| Total net additions | | | | |
| Total net subtractions | | | | |
| Current earnings and profits (line 1 plus line 3 minus line 4) | | | 5a | -16,355,291. |
| DASTM gains or (loss) for foreign corporations that use DASTM (see instructions) | | | 5b | |
| Combine lines 5a and 5b | | | 5c | -16,355,291. |
| Current earnings and profits in U.S. dollars (line 5c translated at the weighted average exchange rate as defined in Regulations Section 1.989(b)-1) | | | 5d | -109,400. |
| Enter exchange rate used for line 5d | 149.4999177 | | | |

Schedule I Summary of Shareholder's Income From Foreign Corporation (see instructions)

| | | |
|---|---|------|
| Subpart F income (line 40b, Worksheet A in the instructions) | 1 | NONE |
| Earnings invested in U.S. property (line 17, Worksheet B in the instructions) | 2 | |
| Previously excluded subpart F income withdrawn from qualified investments (line 6b, Worksheet C in the instructions) | 3 | |
| Previously excluded export trade income withdrawn from investment in export trade assets (line 7b, Worksheet D in the instructions) | 4 | |
| Earnings invested in excess passive assets (line 21, Worksheet E in the instructions) | 5 | |
| Factoring income | 6 | |
| Total of lines 1 through 6. Enter here and on your income tax return | 7 | NONE |
| Dividends received (translated at spot rate on payment date under section 989(b)(1)) | 8 | |
| Exchange gain or (loss) on a distribution of previously taxed income | 9 | |

Was any income of the foreign corporation blocked OR did any become unblocked during the tax year (see section 964(b))?
 If the answer to either part of the question is "Yes," check the "Yes" box and attach an explanation Yes No

Accumulated Earnings and Profits (E&P) of Controlled Foreign Corporation

OMB No. 1545-0704

(Form 5471)
(Rev. June 1995)
Department of the Treasury
Internal Revenue Service

▶ Attach to Form 5471.

Name of person filing Form 5471

Identifying number

ENERGY PERFORMANCE SERVICES, INC

23-2750899

Name of foreign corporation

ENERGY PERFORMANCE SERVICES OF PORTUGAL

| Important. Enter amounts in functional currency. | (a) Post-1986 Undistributed Earnings (post-86 section 959(c)(3) balance) | (b) Pre-1987 E&P Not Previously Taxed (pre-87 section 959(c)(3) balance) | (c) Previously Taxed E&P (sections 959(c)(1) and (2) balances) | | | (d) Total Section 984(a) E&P (combine columns (a), (b), and (c)) |
|---|--|--|--|---|------------------------|--|
| | | | (i) Earnings Invested in U.S. Property | (ii) Earnings Invested in Excess Passive Assets | (iii) Subpart F Income | |
| 1 Balance at beginning of year | | | | | | |
| 2a Current year E&P | | | | | | |
| b Current year deficit in E&P | 16,355,291. | | | | | |
| 3 Total current and accumulated E&P not previously taxed (line 1 plus line 2a, minus line 2b) | -16,355,291. | | | | | |
| 4 Amounts included under section 951(a) or reclassified under section 959(c) in current year | | | | | | |
| 5a Actual distributions or reclassifications of previously taxed E&P | | | | | | |
| b Actual distributions of non-previously taxed E&P | | | | | | |
| 6a Balance of previously taxed E&P at end of year (line 1 plus line 4, minus line 5a) | | | | | | |
| b Balance of E&P not previously taxed at end of year (line 3 minus line 4, minus line 5b) | -16,355,291. | | | | | |
| 7 Balance at end of year (Enter amount from line 6a or line 6b, whichever is applicable) | -16,355,291. | | | | | -16,355,291. |

For Paperwork Reduction Act Notice, see page 1 of the Instructions for Form 5471.

Schedule J (Form 5471) (Rev. 8-95)

**SCHEDULE O
(Form 5471)**

(Rev. June 1995)

Department of the Treasury
Internal Revenue Service

Organization or Reorganization of Foreign Corporation, and Acquisitions and Dispositions of Its Stock

OMB No. 1545-0704

▶ Attach to Form 5471.

| | |
|---|---|
| Name of person filing Form 5471 PECO ENERGY CO. | Identifying number 23-0970240 |
|---|---|

Name of foreign corporation

ENERGY PERFORMANCE SERVICES OF PORTUGAL

Important: All information must be in the English language AND all amounts must be stated in U.S. dollars. Complete a separate Schedule O for each foreign corporation for which information must be reported.

Part I To Be Completed by Officers and Directors

| (a) Name of shareholder for whom acquisition information is reported | (b) Address of shareholder | (c) Identifying number of shareholder | (d) Date of original 5% acquisition | (e) Date of additional 5% acquisition |
|---|-------------------------------|--|--|--|
| | | | | |
| | | | | |
| | | | | |
| | | | | |

Part II To Be Completed by Shareholders

Section A. - General Shareholder Information

| (a) Name, address, and identifying number of shareholder(s) filing this schedule | (b) For shareholder's latest U.S. income tax return filed indicate: | | | (c) Date (if any) shareholder last filed information return under section 6046 for the foreign corporation |
|---|--|-----------------------|---|---|
| | (1) Type of return (enter form number) | (2) Date return filed | (3) Internal Revenue Service Center where filed | |
| PECO ENERGY CO. | 1120 | 09/16/96 | PHILADELPHIA, PA | |
| | | | | |
| | | | | |

If this return is required because one or more shareholders became U.S. persons, attach a list showing the names of such persons and the date each became a U.S. person.

Section B. - U.S. Persons Who Are Officers or Directors of the Foreign Corporation

| (a) Name of U.S. officer or director | (b) Address | (c) Social security number | (d) Check appropriate box(es) | |
|---|-----------------------|-------------------------------|-------------------------------|-----|
| | | | Offr | Dir |
| THOMAS DREESSEN | 2003 RENAISSANCE BLVD | ██████████ | X | |
| RONALD ROBERTSON | KING OF PRUSSIA, PA | ██████████ | X | |

Section C. - Acquisition of Stock

| (a) Name of shareholder(s) filing this schedule | (b) Class of stock acquired | (c) Date of acquisition | (d) Method of acquisition | (e) Number of shares acquired | | |
|--|--------------------------------|----------------------------|------------------------------|----------------------------------|-------------------|-----------------------|
| | | | | (1) Directly | (2) Indirectly | (3) Constructively |
| ENERGY PERFORMANCE SE | COMMON | 10/01/95 | PURCHASE | 999. | | |
| THOMAS DREESSEN | COMMON | 10/01/95 | PURCHASE | 1. | | |

For Paperwork Reduction Act Notice, see page 1 of the Instructions for Form 5471.

Schedule O (Form 5471) (Rev. 6-95)

Information Return of U.S. Persons With Respect to Certain Foreign Corporations

OMB No. 1545-0704

File in Duplicate
(see When and Where To File in the instructions)

Department of the Treasury
Internal Revenue Service

Information furnished for the foreign corporation's annual accounting period (tax year required by section 998) (see instructions) beginning **01/01/95** and ending **12/31/95**

See separate instructions.

Name of person filing this return

PECO ENERGY CO.

A Identifying number

23-0970240

Number, street, and room or suite no. (or P.O. box number if mail is not delivered to street address)

2301 MARKET STREET

B Category of filer (see Who Must File in the instructions and check applicable box(es)):

(1) (2) (3) (4) (5)

City or town, state, and ZIP code

PHILADELPHIA

PA 19101

C Enter the total percentage of voting stock of the foreign corporation you owned at the end of its annual accounting period **99.9000%**

Filer's tax year beginning **01/01/95**

and ending **12/31/95**

D Person(s) on whose behalf this information return is filed:

| (1) Name | (2) Address | (3) Identifying number | (4) Check applicable box(es) | | |
|----------------------------------|--|------------------------|------------------------------|---------|----------|
| | | | Shareholder | Officer | Director |
| ENERGY PERFORMANCE SERVICES, INC | 2003 RENAISSANCE BLVD KING OF PRUSSIA, PA 19406 | 23-2750899 | X | | |
| | | | | | |

Important: Fill in all applicable lines and schedules. All information must be in the English language. All amounts must be stated in U.S. dollars unless otherwise indicated.

402.6293077

Enter the foreign corporation's functional currency ▶

PESO

1 a Name and address of foreign corporation

**ENERGY PERFORMANCE SERVICES (CHILE) S.A.
MATILDE SALAMANCA 920
SANTIAGO, CHILE**

b Employer identification number, if any

N/A

c Country under whose laws incorporated

CHILE

d Date of incorporation

e Principal place of business

03/31/95

SANTIAGO, CHILE

f Principal business activity code number

7389

g Principal business activity

ENERGY PRFRM CONTRACT

2 Provide the following information for the foreign corporation's accounting period stated above.

a Name, address, and identifying number of branch office or agent (if any) in the United States

**ENERGY PERFORM. SERV'S INC
2003 RENAISSANCE BLVD
KING OF PRUSSIA, PA 19406
23-2750899**

b If a U.S. income tax return was filed, please show:

(i) Taxable income or (loss)

(ii) U.S. income tax paid
(after all credits)

c Name and address of foreign corporation's statutory or resident agent in country of incorporation

**LEONARDO MIRANDA
MATILDE SALAMANCA 920
SANTIAGO, CHILE**

d Name and address (including corporate department, if applicable) of person (or persons) with custody of the books and records of the foreign corporation, and the location of such books and records, if different

**ROBERT CAMPOS
AV. ALONSO OVALLE 1141 DEPTO. A
SANTIAGO, CHILE**

Schedule A Stock of the Foreign Corporation

Part I - ALL Classes of Stock

| (a) Description of each class of stock | (b) Number of shares issued and outstanding | |
|--|---|--------------------------------------|
| | (i) Beginning of annual accounting period | (ii) End of annual accounting period |
| COMMON | | 9,850. |
| | | |

Part II - Additional Information for PREFERRED Stock

(To be completed only by Category (1) filers for foreign personal holding companies)

| (a) Description of each class of PREFERRED stock (Note: This description should match the corresponding description entered in Part I, column (a).) | (b) Par value in functional currency | (c) Rate of dividend | (d) Indicate whether the stock is cumulative or noncumulative |
|--|--------------------------------------|----------------------|---|
| | | | |

Schedule E Income, War Profits, and Excess Profits Taxes Paid or Accrued (see instructions)

| (a) Name of country or U.S. possession | Amount of tax | | |
|---|----------------------------|-----------------------------|------------------------|
| | (b) In foreign currency | (c) Spot conversion rate | (d) In U.S. dollars |
| U.S. | | | NONE |
| | | | |
| | | | |
| | | | |
| | | | |
| Total | | | NONE |

Schedule F Balance Sheet

Important: Schedule F requests financial accounting information prepared and translated into U.S. dollars in accordance with U.S. GAAP. See instructions for exception for DASTM corporations.

| Assets | | (a) | (b) |
|--|-----|---------------------------------------|---|
| | | Beginning of annual accounting period | End of annual accounting period |
| Cash | 1 | | 1,696. |
| Trade notes and accounts receivable | 2a | | |
| Less allowance for bad debts | 2b | () () | |
| Inventories | 3 | | |
| Other current assets (attach schedule) See Statement, 138. | 4 | | 11,218. |
| Loans to stockholders and other related persons | 5 | | |
| Investment in subsidiaries (attach schedule) | 6 | | |
| Other investments (attach schedule) | 7 | | |
| Buildings and other depreciable assets | 8a | | 9,929. |
| Less accumulated depreciation | 8b | () () | 993. |
| Depletable assets | 9a | | |
| Less accumulated depletion | 9b | () () | |
| Land (net of any amortization) | 10 | | |
| Intangible assets: | | | |
| Goodwill | 11a | | |
| Organization costs | 11b | | |
| Patents, trademarks, and other intangible assets | 11c | | |
| Less accumulated amortization for lines 11a, b, and c | 11d | () () | |
| Other assets (attach schedule) | 12 | | |
| Total assets | 13 | | 21,850. |
| Liabilities and Stockholders' Equity | | | |
| Accounts payable | 14 | | 7,918. |
| Other current liabilities (attach schedule) See Statement, 138. | 15 | | 59,318. |
| Loans from stockholder and other related persons | 16 | | |
| Other liabilities (attach schedule) | 17 | | |
| Capital stock: | | | |
| Preferred stock | 18a | | |
| Common stock | 18b | | 9,850. |
| Paid-in or capital surplus (attach reconciliation) | 19 | | |
| Retained earnings | 20 | | -55,236. |
| Less cost of treasury stock | 21 | () () | |
| Total liabilities and stockholders' equity | 22 | | 21,850. |
| Does the foreign corporation have an interest in a partnership or trust? | | | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> |

Schedule H Current Earnings and Profits (enter the amounts on lines 1 through 5c in functional currency)

| | | |
|--|----------------------|-------------------------|
| Current year net income or (loss) per foreign books of account | 1 | -22,467,118. |
| Net adjustments made to line 1 to determine current earnings and profits according to U.S. financial and tax accounting standards (see instructions): | | |
| | Net Additions | Net Subtractions |
| a Capital gains or losses | | |
| Depreciation and amortization | | |
| Depletion | | |
| Investment or incentive allowance | | |
| Changes to statutory reserves | | |
| Inventory adjustments | | |
| Taxes Stmt. 139 | | |
| h Other (attach schedule) | | |
| 3 Total net additions | | |
| 4 Total net subtractions | | |
| 5a Current earnings and profits (line 1 plus line 3 minus line 4) | 5a | -22,467,118. |
| DASTM gains or (loss) for foreign corporations that use DASTM (see instructions) | 5b | |
| Combine lines 5a and 5b | 5c | -22,467,118. |
| Current earnings and profits in U.S. dollars (line 5c translated at the weighted average exchange rate as defined in Regulations Section 1.989(b)-1) | 5d | -55,801. |
| Enter exchange rate used for line 5d | | 402.6293077 |

Schedule I Summary of Shareholder's Income From Foreign Corporation (see instructions)

| | | |
|---|---|------|
| Subpart F income (line 40b, Worksheet A in the instructions) | 1 | NONE |
| Earnings invested in U.S. property (line 17, Worksheet B in the instructions) | 2 | |
| Previously excluded subpart F income withdrawn from qualified investments (line 6b, Worksheet C in the instructions) | 3 | |
| Previously excluded export trade income withdrawn from investment in export trade assets (line 7b, Worksheet D in the instructions) | 4 | |
| Earnings invested in excess passive assets (line 21, Worksheet E in the instructions) | 5 | |
| Factoring income | 6 | |
| Total of lines 1 through 6. Enter here and on your income tax return | 7 | NONE |
| Dividends received (translated at spot rate on payment date under section 989(b)(1)) | 8 | |
| Exchange gain or (loss) on a distribution of previously taxed income | 9 | |

Was any income of the foreign corporation blocked OR did any become unblocked during the tax year (see section 964(b))?
 If the answer to either part of the question is "Yes," check the "Yes" box and attach an explanation Yes No

Accumulated Earnings and Profits (E&P) of Controlled Foreign Corporation

(Form 5471)
(Rev. June 1995)
Department of the Treasury
Internal Revenue Service

▶ Attach to Form 5471.

Name of person filing Form 5471

Identifying number

ENERGY PERFORMANCE SERVICES, INC

23-2750899

Name of foreign corporation

ENERGY PERFORMANCE SERVICES (CHILE) S.A.

| Important. Enter amounts in functional currency. | (a) Post-1986 Undistributed Earnings (post-86 section 959(c)(3) balance) | (b) Pre-1987 E&P Not Previously Taxed (pre-87 section 959(c)(3) balance) | (c) Previously Taxed E&P (sections 959(c)(1) and (2) balances) | | | (d) Total Section 984(a) E&P (combine columns (a), (b), and (c)) |
|--|--|--|---|--|-------------------------------|---|
| | | | <i>(i)</i> Earnings Invested in U.S. Property | <i>(ii)</i> Earnings Invested in Excess Passive Assets | <i>(iii)</i> Subpart F Income | |
| 1 Balance at beginning of year | | | | | | |
| 2a Current year E&P | | | | | | |
| b Current year deficit in E&P | 22,467,118. | | | | | |
| 3 Total current and accumulated E&P not previously taxed (line 1 plus line 2a, minus line 2b) | -22,467,118. | | | | | |
| 4 Amounts included under section 951(a) or reclassified under section 959(c) in current year | | | | | | |
| 5a Actual distributions or reclassifications of previously taxed E&P | | | | | | |
| b Actual distributions of non-previously taxed E&P | | | | | | |
| 6a Balance of previously taxed E&P at end of year (line 1 plus line 4, minus line 5a) | | | | | | |
| b Balance of E&P not previously taxed at end of year (line 3 minus line 4, minus line 5b) | -22,467,118. | | | | | |
| 7 Balance at end of year (Enter amount from line 6a or line 6b, whichever is applicable) | -22,467,118. | | | | | -22,467,118. |

For Paperwork Reduction Act Notice, see page 1 of the Instructions for Form 5471.

Schedule J (Form 5471) (Rev. 6-95)

**SCHEDULE O
(Form 5471)**

(Rev. June 1995)

Department of the Treasury
Internal Revenue Service

**Organization or Reorganization of Foreign
Corporation, and Acquisitions and
Dispositions of Its Stock**

▶ Attach to Form 5471.

OMB No. 1545-0704

Name of person filing Form 5471

Identifying number

PECO ENERGY CO.

23-0970240

Name of foreign corporation

ENERGY PERFORMANCE SERVICES (CHILE) S.A.

Important: All information must be in the English language AND all amounts must be stated in U.S. dollars. Complete a separate Schedule O for each foreign corporation for which information must be reported.

Part I To Be Completed by Officers and Directors

| (a) Name of shareholder for whom acquisition information is reported | (b) Address of shareholder | (c) Identifying number of shareholder | (d) Date of original 5% acquisition | (e) Date of additional 5% acquisition |
|---|-------------------------------|--|--|--|
| | | | | |
| | | | | |
| | | | | |
| | | | | |

Part II To Be Completed by Shareholders

Section A. - General Shareholder Information

| (a) Name, address, and identifying number of shareholder(s) filing this schedule | (b) For shareholder's latest U.S. income tax return filed indicate: | | | (c) Date (if any) shareholder last filed information return under section 6046 for the foreign corporation |
|---|--|-----------------------|---|---|
| | (1) Type of return (enter form number) | (2) Date return filed | (3) Internal Revenue Service Center where filed | |
| PECO ENERGY CO. | 1120 | 09/16/96 | PHILADELPHIA, PA | |
| | | | | |
| | | | | |

If this return is required because one or more shareholders became U.S. persons, attach a list showing the names of such persons and the date each became a U.S. person.

Section B. - U.S. Persons Who Are Officers or Directors of the Foreign Corporation

| (a) Name of U.S. officer or director | (b) Address | (c) Social security number | (d) Check appropriate box(es) | |
|---|-----------------------|-------------------------------|-------------------------------|-----|
| | | | Offr | Dir |
| THOMAS DREESSEN | 2003 RENAISSANCE BLVD | ██████████ | X | |
| DANIEL WITCHER, JR | KING OF PRUSSIA, PA | ██████████ | X | |

Section C. - Acquisition of Stock

| (a) Name of shareholder(s) filing this schedule | (b) Class of stock acquired | (c) Date of acquisition | (d) Method of acquisition | (e) Number of shares acquired | | |
|--|--------------------------------|----------------------------|------------------------------|----------------------------------|-------------------|-----------------------|
| | | | | (1) Directly | (2) Indirectly | (3) Constructively |
| ENERGY PERFORMANCE SE | COMMON | 03/31/95 | PURCHASE | 999. | | |
| DANIEL WITCHER | COMMON | 03/31/95 | PURCHASE | 1. | | |

For Paperwork Reduction Act Notice, see page 1 of the instructions for Form 5471.

Schedule O (Form 5471) (Rev. 6-95)

Jobs Credit

1995

Attachment Sequence No. **77**

Department of the Treasury
Internal Revenue Service

▶ Attach to your return.

Name(s) shown on return

Identifying number

PECO ENERGY COMPANY CONSOLIDATED

23-0970240

Part I Current Year Jobs Credit

| | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--|---------------|--|--|---|-------------------|--|--|---|---------------|---|--|---|-------------------|---|--|---|--------------|--|--|--|--|
| 1 | Enter the total qualified wages paid or incurred during the tax year for services of employees who are certified as members of a targeted group and who began work for you before January 1, 1995 . . . | 1 | 5,574. | | | | | | | | | | | | | | | | | | | | |
| 2 | Current year credit. Multiply line 1 by 40% (.40). You must subtract this amount from the deduction on your return for salaries and wages. (Members of a controlled group, see instructions.) | 2 | 2,230. | | | | | | | | | | | | | | | | | | | | |
| 3 | Jobs credits from flow-through entities | 3 | | | | | | | | | | | | | | | | | | | | | |
| <table border="1"> <tr> <td colspan="2">If you are a -</td> <td colspan="2">Then enter total of current year jobs credit(s) from -</td> </tr> <tr> <td>a</td> <td>Shareholder . . .</td> <td colspan="2">Schedule K-1 (Form 1120S), lines 12d, 12e, or 13 . . .</td> </tr> <tr> <td>b</td> <td>Partner . . .</td> <td colspan="2">Schedule K-1 (Form 1065), lines 13c, 13d, or 14 . . .</td> </tr> <tr> <td>c</td> <td>Beneficiary . . .</td> <td colspan="2">Schedule K-1 (Form 1041), line 13</td> </tr> <tr> <td>d</td> <td>Patron . . .</td> <td colspan="2">Written statement from cooperative</td> </tr> </table> | | If you are a - | | Then enter total of current year jobs credit(s) from - | | a | Shareholder . . . | Schedule K-1 (Form 1120S), lines 12d, 12e, or 13 . . . | | b | Partner . . . | Schedule K-1 (Form 1065), lines 13c, 13d, or 14 . . . | | c | Beneficiary . . . | Schedule K-1 (Form 1041), line 13 | | d | Patron . . . | Written statement from cooperative | | | |
| If you are a - | | Then enter total of current year jobs credit(s) from - | | | | | | | | | | | | | | | | | | | | | |
| a | Shareholder . . . | Schedule K-1 (Form 1120S), lines 12d, 12e, or 13 . . . | | | | | | | | | | | | | | | | | | | | | |
| b | Partner . . . | Schedule K-1 (Form 1065), lines 13c, 13d, or 14 . . . | | | | | | | | | | | | | | | | | | | | | |
| c | Beneficiary . . . | Schedule K-1 (Form 1041), line 13 | | | | | | | | | | | | | | | | | | | | | |
| d | Patron . . . | Written statement from cooperative | | | | | | | | | | | | | | | | | | | | | |
| 4 | Total current year jobs credit. Add lines 2 and 3. (S corporations, partnerships, estates, trusts, and cooperatives, see instructions.) | 4 | 2,230. | | | | | | | | | | | | | | | | | | | | |

Part II Tax Liability Limit (See Who Must File Form 3800 to find out if you complete Part II or file Form 3800.)

| | | | |
|----|--|----|--|
| 5a | Individuals. Enter amount from Form 1040, line 40 | 5 | |
| b | Corporations. Enter amount from Form 1120, Schedule J, line 3 (or Form 1120-A, Part I, line 1) | | |
| c | Other filers. Enter regular tax before credits from your return | | |
| 6a | Credit for child and dependent care expenses (Form 2441, line 10) | 6a | |
| b | Credit for the elderly or the disabled (Schedule R (Form 1040), line 20) | 6b | |
| c | Mortgage interest credit (Form 8396, line 11) | 6c | |
| d | Foreign tax credit (Form 1116, line 32, or Form 1118, Sch. B, line 12) | 6d | |
| e | Possessions tax credit (Form 5735) | 6e | |
| f | Orphan drug credit (Form 6765) | 6f | |
| g | Credit for fuel from a nonconventional source | 6g | |
| h | Qualified electric vehicle credit (Form 8834, line 19) | 6h | |
| i | Add lines 6a through 6h | 6i | |
| 7 | Net regular tax. Subtract line 6i from line 5 | 7 | |
| 8 | Tentative minimum tax (see instructions): | | |
| a | Individuals. Enter amount from Form 6251, line 26 | 8 | |
| b | Corporations. Enter amount from Form 4626, line 13 | | |
| c | Estates and trusts. Enter amount from Form 1041, Schedule I, line 37 | | |
| 9 | Net income tax: | | |
| a | Individuals. Add line 7 above and line 28 of Form 6251 | 9 | |
| b | Corporations. Add line 7 above and line 15 of Form 4626 | | |
| c | Estates and trusts. Add line 7 above and line 41 of Form 1041, Schedule I | | |
| 10 | If line 7 is more than \$25,000, enter 25% (.25) of the excess (see instructions) | 10 | |
| 11 | Subtract line 8 or line 10, whichever is greater, from line 9. If less than zero, enter -0- | 11 | |
| 12 | Jobs credit allowed for the current year. Enter the smaller of line 4 or line 11. This is your General Business Credit for 1995. Enter here and on Form 1040, line 44; Form 1120, Schedule J, line 4d; Form 1120-A, Part I, line 2a; or the appropriate line of other income tax returns | 12 | |

Installment Sale Income

1995

Attachment
Sequence No. 79

Department of the Treasury
Internal Revenue Service

- ▶ See separate instructions.
- ▶ Attach to your tax return.
- ▶ Use a separate form for each sale or other disposition of property on the installment method.

Name(s) shown on return

Identifying number

EASTERN PENNSYLVANIA EXPLORATION COMPANY

23-2039821

- 1 Description of property ▶ **Int- Oil & Gas Field**
- 2a Date acquired (month, day, year) ▶ **06/01/76** b Date sold (month, day, year) ▶ **09/01/92**
- 3 Was the property sold to a related party after May 14, 1980? See instructions Yes No
- 4 If the answer to question 3 is "Yes," was the property a marketable security? If "Yes," complete Part III. If "No," complete Part III for the year of sale and for 2 years after the year of sale Yes No

Part I Gross Profit and Contract Price. Complete this part for the year of sale only.

| | | | |
|----|--|----|--|
| 5 | Selling price including mortgages and other debts. Do not include interest whether stated or unstated | 5 | |
| 6 | Mortgages and other debts the buyer assumed or took the property subject to, but not new mortgages the buyer got from a bank or other source | 6 | |
| 7 | Subtract line 6 from line 5 | 7 | |
| 8 | Cost or other basis of property sold | 8 | |
| 9 | Depreciation allowed or allowable | 9 | |
| 10 | Adjusted basis. Subtract line 9 from line 8 | 10 | |
| 11 | Commissions and other expenses of sale | 11 | |
| 12 | Income recapture from Form 4797, Part III. See instructions | 12 | |
| 13 | Add lines 10, 11, and 12 | 13 | |
| 14 | Subtract line 13 from line 5. If zero or less, stop here. Do not complete the rest of this form | 14 | |
| 15 | If the property described on line 1 above was your main home, enter the total of lines 14 and 22 from Form 2119. Otherwise, enter -0- | 15 | |
| 16 | Gross profit. Subtract line 15 from line 14 | 16 | |
| 17 | Subtract line 13 from line 6. If zero or less, enter -0- | 17 | |
| 18 | Contract price. Add line 7 and line 17 | 18 | |

Part II Installment Sale Income. Complete this part for the year of sale and any year you receive a payment or have certain debts you must treat as a payment on installment obligations.

| | | | |
|----|--|----|--------------------|
| 19 | Gross profit percentage. Divide line 16 by line 18. For years after the year of sale, see instructions | 19 | 83.33930769 |
| 20 | For year of sale only - Enter amount from line 17 above; otherwise, enter -0- | 20 | |
| 21 | Payments received during year. See instructions. Do not include interest whether stated or unstated | 21 | 582,508. |
| 22 | Add lines 20 and 21 | 22 | 582,508. |
| 23 | Payments received in prior years. See instructions. Do not include interest whether stated or unstated | 23 | 717,488. |
| 24 | Installment sale income. Multiply line 22 by line 19 | 24 | 485,458. |
| 25 | Part of line 24 that is ordinary income under recapture rules. See instructions | 25 | |
| 26 | Subtract line 25 from line 24. Enter here and on Schedule D or Form 4797. See instructions | 26 | 485,458. |

Part III Related Party Installment Sale Income. Do not complete if you received the final payment this tax year.

- 27 Name, address, and taxpayer identifying number of related party _____
- 28 Did the related party, during this tax year, resell or dispose of the property ("second disposition")? Yes No
- 29 If the answer to question 28 is "Yes," complete lines 30 through 37 below unless one of the following conditions is met. Check only the box that applies.
- a The second disposition was more than 2 years after the first disposition (other than dispositions of marketable securities). If this box is checked, enter the date of disposition (month, day, year) ▶ _____
 - b The first disposition was a sale or exchange of stock to the issuing corporation.
 - c The second disposition was an involuntary conversion where the threat of conversion occurred after the first disposition.
 - d The second disposition occurred after the death of the original seller or buyer.
 - e It can be established to the satisfaction of the Internal Revenue Service that tax avoidance was not a principal purpose for either of the dispositions. If this box is checked, attach an explanation. See instructions.

| | | | |
|----|--|----|--|
| 30 | Selling price of property sold by related party | 30 | |
| 31 | Enter contract price from line 18 for year of first sale | 31 | |
| 32 | Enter the smaller of line 30 or line 31 | 32 | |
| 33 | Total payments received by the end of your 1995 tax year. See instructions | 33 | |
| 34 | Subtract line 33 from line 32. If zero or less, enter -0- | 34 | |
| 35 | Multiply line 34 by the gross profit percentage on line 19 for year of first sale | 35 | |
| 36 | Part of line 35 that is ordinary income under recapture rules. See instructions | 36 | |
| 37 | Subtract line 36 from line 35. Enter here and on Schedule D or Form 4797. See instructions | 37 | |

Installment Sale Income

1995

Attachment Sequence No. 79

Department of the Treasury
Internal Revenue Service

- ▶ See separate instructions.
- ▶ Attach to your tax return.
- ▶ Use a separate form for each sale or other disposition of property on the installment method.

Name(s) shown on return

Identifying number

ENERGY PERFORMANCE SERVICES, INC

23-2750899

- 1 Description of property ▶ **WHITEHORSE - HEAT PUMP SYSTEM**
- 2a Date acquired (month, day, year) ▶ **01/01/88** b Date sold (month, day, year) ▶ **07/01/93**
- 3 Was the property sold to a related party after May 14, 1980? See instructions Yes No
- 4 If the answer to question 3 is "Yes," was the property a marketable security? If "Yes," complete Part III. If "No," complete Part III for the year of sale and for 2 years after the year of sale Yes No

Part I Gross Profit and Contract Price. Complete this part for the year of sale only.

| | | |
|----|--|----|
| 5 | Selling price including mortgages and other debts. Do not include interest whether stated or unstated | 5 |
| 6 | Mortgages and other debts the buyer assumed or took the property subject to, but not new mortgages the buyer got from a bank or other source | 6 |
| 7 | Subtract line 6 from line 5 | 7 |
| 8 | Cost or other basis of property sold | 8 |
| 9 | Depreciation allowed or allowable | 9 |
| 10 | Adjusted basis. Subtract line 9 from line 8 | 10 |
| 11 | Commissions and other expenses of sale | 11 |
| 12 | Income recapture from Form 4797, Part III. See instructions | 12 |
| 13 | Add lines 10, 11, and 12 | 13 |
| 14 | Subtract line 13 from line 5. If zero or less, stop here. Do not complete the rest of this form | 14 |
| 15 | If the property described on line 1 above was your main home, enter the total of lines 14 and 22 from Form 2119. Otherwise, enter -0- | 15 |
| 16 | Gross profit. Subtract line 15 from line 14 | 16 |
| 17 | Subtract line 13 from line 6. If zero or less, enter -0- | 17 |
| 18 | Contract price. Add line 7 and line 17 | 18 |

Part II Installment Sale Income. Complete this part for the year of sale and any year you receive a payment or have certain debts you must treat as a payment on installment obligations.

| | | | |
|----|--|----|-------------|
| 19 | Gross profit percentage. Divide line 16 by line 18. For years after the year of sale, see instructions | 19 | 56.73400000 |
| 20 | For year of sale only - Enter amount from line 17 above; otherwise, enter -0- | 20 | |
| 21 | Payments received during year. See instructions. Do not include interest whether stated or unstated | 21 | 492,283. |
| 22 | Add lines 20 and 21 | 22 | 492,283. |
| 23 | Payments received in prior years. See instructions. Do not include interest whether stated or unstated | 23 | 1,201,883. |
| 24 | Installment sale income. Multiply line 22 by line 19 | 24 | 279,292. |
| 25 | Part of line 24 that is ordinary income under recapture rules. See instructions | 25 | |
| 26 | Subtract line 25 from line 24. Enter here and on Schedule D or Form 4797. See instructions | 26 | 279,292. |

Part III Related Party Installment Sale Income. Do not complete if you received the final payment this tax year.

- 27 Name, address, and taxpayer identifying number of related party _____
- 28 Did the related party, during this tax year, resell or dispose of the property ("second disposition")? Yes No
- 29 If the answer to question 28 is "Yes," complete lines 30 through 37 below unless one of the following conditions is met. Check only the box that applies.
- a The second disposition was more than 2 years after the first disposition (other than dispositions of marketable securities). If this box is checked, enter the date of disposition (month, day, year) ▶ _____
 - b The first disposition was a sale or exchange of stock to the issuing corporation.
 - c The second disposition was an involuntary conversion where the threat of conversion occurred after the first disposition.
 - d The second disposition occurred after the death of the original seller or buyer.
 - e It can be established to the satisfaction of the Internal Revenue Service that tax avoidance was not a principal purpose for either of the dispositions. If this box is checked, attach an explanation. See instructions.
- | | | |
|----|--|----|
| 30 | Selling price of property sold by related party | 30 |
| 31 | Enter contract price from line 18 for year of first sale | 31 |
| 32 | Enter the smaller of line 30 or line 31 | 32 |
| 33 | Total payments received by the end of you: 1995 tax year. See instructions | 33 |
| 34 | Subtract line 33 from line 32. If zero or less, enter -0- | 34 |
| 35 | Multiply line 34 by the gross profit percentage on line 19 for year of first sale | 35 |
| 36 | Part of line 35 that is ordinary income under recapture rules. See instructions | 36 |
| 37 | Subtract line 36 from line 35. Enter here and on Schedule D or Form 4797. See instructions | 37 |

Credit for Increasing Research Activities
(and orphan drug credit from fiscal year 1994-95 flow-through entities)

1995
Attachment
Sequence No. 81

Department of the Treasury
Internal Revenue Service

See separate instructions.
Attach to your return.

Name(s) shown on return

Identifying number

PECO ENERGY COMPANY CONSOLIDATED

23-0970240

Part I Current Year Credit for Increasing Research Activities (Do not include costs incurred after June 30, 1995.)

Table with 18 rows for Part I. Columns include line number, description, and amount. Key values: Line 1: 3,387,360; Line 2: 1,693,680; Line 3: 1,693,680; Line 4: 215,200; Line 8: 215,200; Line 13: 107,600; Line 14: 107,600; Line 15: 1,801,280; Line 16: 360,256.

Part II Tax Liability Limit (See Who Must File Form 3800 to find out if you complete Part II or file Form 3800.)

Table with 27 rows for Part II. Columns include line number, description, and amount. Key values: Line 19: NONE; Line 20i: 20a-20h; Line 21: 21; Line 22: 22; Line 23: 23; Line 24: 24; Line 25: 25; Line 26: 26; Line 27: 27.

Part III Current Year Orphan Drug Credit From Flow-Through Entities and Tax Liability Limit (see instructions)

Note: To complete Part III, you will need entries from Part II. If you did not complete Part II, enter, on lines 29, 30, and 32, the required information for lines 19, 20a through 20e, and 22.

| | | | | |
|----|--|----|--|----|
| 28 | Orphan drug credit(s) from flow-through entities (partnerships, S corporations, estates, or trusts) | | | 28 |
| 29 | Amount from line 19, page 1 | 29 | | |
| 30 | Total of lines 20a through 20e, page 1 | 30 | | |
| 31 | Subtract line 30 from line 29 | 31 | | |
| 32 | Amount from line 22, page 1 | 32 | | |
| 33 | Subtract line 32 from line 31 | | | 33 |
| 34 | Orphan drug credit allowed for the current year. Enter here and on the appropriate line of your return the smaller of line 28 or line 33 | | | 34 |

Application for Automatic Extension of Time To File Corporation Income Tax Return

OMB No. 1545-0233

Name of corporation: PECO Energy Company Employer identification number: 23-0970240

Number, street, and room or suite no. (If a P.O. box or outside the United States, see instructions.)
2301 Market Street, S12-5, Taxes Division
City or town, state, and ZIP code
Philadelphia, PA 19101

- Check type of return to be filed:
- | | | | | |
|---|--|--|---|---------------------------------------|
| <input checked="" type="checkbox"/> Form 1120 | <input type="checkbox"/> Form 1120-FSC | <input type="checkbox"/> Form 1120-ND | <input type="checkbox"/> Form 1120-REIT | <input type="checkbox"/> Form 1120-SF |
| <input type="checkbox"/> Form 1120-A | <input type="checkbox"/> Form 1120-H | <input type="checkbox"/> Form 1120-PC | <input type="checkbox"/> Form 1120-RIC | <input type="checkbox"/> Form 990-C |
| <input type="checkbox"/> Form 1120-F | <input type="checkbox"/> Form 1120-L | <input type="checkbox"/> Form 1120-POL | <input type="checkbox"/> Form 1120S | <input type="checkbox"/> Form 990-T |

Form 1120-F filers: Check here if you do not have an office or place of business in the United States

- 1a I request an automatic 6-month (or, for certain corporations, 3-month) extension of time until Sept. 15, 1996, to file the income tax return of the corporation named above for calendar year 1995 or tax year beginning , 19 , and ending , 19 .
- b If this tax year is for less than 12 months, check reason:
 Initial return Final return Change in accounting period Consolidated return to be filed

2 If this application also covers subsidiaries to be included in a consolidated return, complete the following:

| Name and address of each member of the affiliated group | Employer identification number | Tax period |
|---|--------------------------------|------------|
| Conowingo Power Company | 52-0280040 | 1995 |
| Adwin Schuylkill Cogeneration Inc. | 23-2829266 | 1995 |
| Susquehanna Power Company | 23-1139830 | 1995 |
| PECO Gas Supply Company | 23-2798733 | 1995 |
| PECO Energy Capital Corp. | 51-0355321 | 1995 |
| PECO Power Company | 23-0970740 | 1995 |
| Proprietor's of The Susquehanna Canal | 23-1624948 | 1995 |
| Energy Performance Services Inc. | 23-2750899 | 1995 |
| The Susquehanna Electric Company | 52-0503520 | 1995 |
| Eastern Pennsylvania Development Company | 23-1706184 | 1995 |
| Adwin Equipment Company | 23-1706178 | 1995 |
| Adwin Investment Company | 51-0332946 | 1995 |
| Adwin Realty Company | 23-1706179 | 1995 |
| Buttonwoods Associates, Inc. | 51-0323767 | 1995 |
| Eastern Pennsylvania Exploration Company | 23-2039821 | 1995 |

| | | |
|--|-------|----------------|
| 3 Tentative tax (see instructions) | 3 | 193,872,459 |
| 4 Credits: | | |
| a Overpayment credited from prior year | 4a | 23,510,007 |
| b Estimated tax payments for the tax year | 4b | 184,496,650 |
| c Less refund for the tax year applied for on Form 4466 | 4c | (-) |
| | Bal ▶ | 4d 208,006,657 |
| e Credit from regulated investment companies | 4e | |
| f Credit for Federal tax on fuels | 4f | |
| 5 Total. Add lines 4d through 4f | 5 | 208,006,657 |
| 6 Balance due. Subtract line 5 from line 3. Deposit this amount electronically or with a Federal Tax Deposit (FTD) Coupon (see instructions) | 6 | (14,134,198) |

Signature.—Under penalties of perjury, I declare that I have been authorized by the above-named corporation to make this application, and to the best of my knowledge and belief the statements made are true, correct, and complete.

T. P. Hill, Jr. Vice Pres./Controller 3/15/96
(Signature of officer or agent) (Title) (Date)

Corporate Qualified Stock Purchases

▶ See separate instructions.

Section A - Purchasing Corporation

| | | | |
|---|--------------------------------------|--|--|
| 1a Name and address of purchasing corporation | | 1b Employer identification number (see instructions) | |
| DELMARVA POWER & LIGHT COMPANY 800 KING STREET WILMINGTON, DE 19899 | | 51-0084283 | |
| 1c Tax year ending | 1d State or country of incorporation | | |
| 12/31/95 | DELAWARE | | |

Section B - Target Corporation

| | | | |
|---|---------------------|-----------------------------------|--|
| 2a Name and address of target corporation | | 2b Employer identification number | |
| CONOWINGO POWER COMPANY 2301 MARKET STREET PHILADELPHIA PA 19101 | | 52-0280040 | |
| 2c Tax year ending | 2d Acquisition date | | |
| 12/31/95 | 6/19/95 | | |
| 2e Service Center where income tax return filed and date filed (see instructions) | | | |
| PHILADELPHIA PA, NOT YET FILED | | | |
| 2f State or country of incorporation | | | |
| PENNSYLVANIA | | | |

RECEIVED
INTERNAL REVENUE SERVICE
MAR 8 1996
WILMINGTON, DELAWARE
RECEPTIONIST #4

Section C - Common Parent, Selling Affiliate, or S Corporation Shareholder

(Complets only for a section 338(h)(10) election.)

| | | | |
|---|--|-----------------------|--|
| 3a Name and address of common parent, selling affiliate, or S corporation shareholder | | 3b Identifying number | |
| PECO ENERGY COMPANY 2301 MARKET STREET P.O. BOX 8699 PHILADELPHIA, PA 19101-8699 | | 23-0970240 | |
| 3c Tax year ending | | | |
| 12/31/95 | | | |
| 3d Service Center where income tax return filed and date filed | | | |
| PHILADELPHIA PA, NOT YET FILED | | | |

Section D - General Information

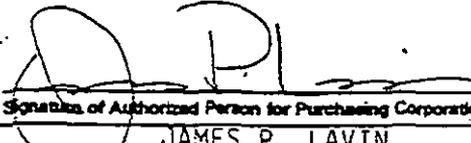
| | Yes | No |
|---|-----|----|
| 4 Was the purchasing corporation listed in Section A, above, a member of an affiliated group of corporations before the acquisition date? | X | |
| 5 Was the target corporation listed in Section B, above, before the acquisition date: | | |
| a A member of an affiliated group? | | X |
| b A member of a consolidated group? | X | |
| 6 Is the target corporation or any target affiliate: | | |
| a A controlled foreign corporation? | | X |
| b A foreign corporation with income, gain, or loss effectively connected with the conduct of a trade or business within the United States (including U.S. real property interests)? | | X |
| c A qualifying foreign target? | | X |
| d A corporation to which section 936 applies? | | X |
| e A corporation electing under section 1504(d) or section 953(d)? | | X |
| f A domestic international sales corporation (DISC)? | | X |
| g A passive foreign investment company (PFIC) | | X |
| h If the answer to item 6c is "Yes," is the PFIC a pedigreed qualified electing fund? | | |

For Paperwork Reduction Act Notices, see separate instructions.

Section E - Elections under section 338

- 7 Check here to make a section 338(h)(10) election for the target corporation listed in Section B on page 1
- 8 Check here to make a section 338 election (other than a section 338(h)(10) election) for the target corporation listed in Section B on page 1
- 9 If the box on line 8 is checked for the target corporation listed in Section B on page 1, check here to make a gain recognition election for that corporation
- 10 Check here if this form is filed to make a section 338 election for any target corporation, in addition to the one listed in Section B on page 1

Under penalties of perjury, I state and declare that I am authorized to make the election(s) on line 7, 8, 9 or 10 on behalf of the purchasing corporation(s).

 | 3/8/96 | Chief
 Signature of Authorized Person for Purchasing Corporation(s) Date Comptroller & Accounting Of
 JAMES P. LAVIN Title

 | 3/5/96 | Vice President/Contro
 Signature of Authorized Person for the Common Parent, selling affiliate, or S corporation thereof. Date Title
 I. P. HILL, JR.

(Applicable only if a section 338(h)(10) election is made.)

Delmarva Power & Light Company 51-0084283 - Purchaser
 Conowingo Power Company 52-0280040 - Target
 FORM 8023-A Attachment

Fair Market
Value

Class I

| | |
|------------|--|
| cash | |
| petty cash | |

| |
|-----------|
| 1,134,769 |
| 784 |

Class II

| |
|--|
| |
|--|

| |
|--|
| |
|--|

Class III

| | |
|----------------------------|--|
| net plant in service | |
| net accounts receivable | |
| supplies | |
| stores exp | |
| prepayments | |
| unbilled revenue | |
| Deferred Fuel | |
| accrued vacation | |
| sfas 106 | |
| Deferred DSM Program Costs | |
| other | |

| |
|------------|
| 76,025,983 |
| 5,597,401 |
| 355,933 |
| 53,701 |
| 32,844 |
| 2,594,560 |
| 78,919 |
| 387,172 |
| 576,000 |
| 598,140 |
| 29,849 |

Class IV

| | | |
|------------------------|-------------|----------|
| acquisition adjustment | Useful Life | 15 years |
|------------------------|-------------|----------|

| |
|------------|
| 72,100,403 |
|------------|

total assets

159,566,458

Liabilities

| | |
|-----------------------------|--|
| Opebs | |
| accounts payable | |
| customer deposits | |
| accrued state & local taxes | |
| Customer Deposits | |
| tax collections payable | |
| accrued vacation & sicktime | |
| Unclaimed Monies | |
| Flex Spending | |
| General Liability Claims | |
| customer advances | |
| deferred maintenance | |
| Deferred Energy Assistance | |
| Other Def Credits | |
| total liabilities | |

| |
|-------------|
| (576,000) |
| (249,879) |
| (40,683) |
| (20,293) |
| (4,717) |
| (54,569) |
| (387,172) |
| (14,342) |
| (8) |
| 0 |
| (29,672) |
| (37,501) |
| (1,475) |
| (147) |
| (1,416,458) |

total assets/liabilities

158,150,000

Disclosure Statement

Do not use this form to disclose items or positions that are contrary to Treasury regulations. Instead, use Form 8275-R, Regulation Disclosure Statement. See separate instructions.

▶ Attach to your return.

Name(s) shown on return

PECO ENERGY COMPANY CONSOLIDATED

Identifying number shown on return

23-0970240

Part I General Information (See instructions.)

| (a) Rev. Rul., Rev. Proc., etc. | (b) Item or Group of Items | (c) Detailed Description of Items | (d) Form or Schedule | (e) Line No. | (f) Amount |
|------------------------------------|----------------------------------|---|----------------------------|--------------------|---------------|
| 1 D. & D. COSTS | 001 | DECONTAMINATION AND DECOMMISSIONING COST | 1120 | 2 | 5,620,235 |
| 2 | | | | | |
| 3 | | | | | |

Part II Detailed Explanation (See instructions.)

1 SEE ATTACHMENT FOR DETAILED DESCRIPTION

2

3

Part III Information About Pass-Through Entity. To be completed by partners, shareholders, beneficiaries, or residual interest holders.

Complete this part only if you are making adequate disclosure with respect to pass-through item.

Note: A pass-through entity is a partnership, an S corporation, an estate, a trust, a regulated investment company, a real estate investment trust, or real estate mortgage investment conduit (REMIC).

| | |
|--|---|
| 1 Name, address, and ZIP code of pass-through entity | 2 Identifying number of pass-through entity |
| | 3 Tax year of pass-through entity to |
| | 4 Internal Revenue Service Center where the pass-through entity filed its return |

PECO Energy Company Consolidated
23-0970240
Attachment to Form 8275
1995

Decontamination and Decommissioning Payment

Taxpayer has claimed a deduction in this return in the amount of \$5,620,235 which reflects the special assessments paid prior to September 16, 1996 to the United States Department of Energy for the decontamination and decommissioning fund. This amount constitutes part of a larger amount which taxpayer is obligated to pay pursuant to Title XI of the Energy Policy Act of 1992 (Act). The payments are to continue for a period of the earlier of fifteen years or when a specific amount (\$2.25 billion for all companies) has been collected. On its originally filed 1992 return, taxpayer claimed a deduction for such payments on the same basis as in this return.

Prior to the filing of this return, taxpayer filed an amended 1992 return which recognized the entire amount of the liability which was established by the Act. Thus, the amount claimed as a deduction for decontamination and decommissioning payments has been subsumed in the amount reflected in the 1992 amended return.

The Service has not yet responded to the 1992 amended return and the tax refund claimed therein has not been received. In the event that such tax refund claim is approved, taxpayer will amend its 1995 return to eliminate the duplicative deduction claimed in this return.

Credit For Prior Year Minimum Tax-Corporations

OMB No. 1545-1257

Form **8827**
 Department of the Treasury
 Internal Revenue Service

1995

▶ Attach to the corporation's tax return

| | | | |
|---|--|---|---------------------|
| Name PECO ENERGY COMPANY CONSOLIDATED | | Employer identification number 23-0970240 | |
| 1 | Alternative minimum tax for 1994. Enter the amount from line 15 of the 1994 Form 4626 | 1 | NONE |
| 2 | Minimum tax credit carryforward from 1994. Enter the amount from line 9 of the 1994 Form 8827 | 2 | 173,420,339. |
| 3 | Enter any 1994 credit for fuel produced from a nonconventional source and any orphan drug credit not allowed for 1994. See instructions | 3 | |
| 4 | Add lines 1, 2, and 3 | 4 | 173,420,339. |
| 5 | Enter the corporation's 1995 regular income tax liability minus allowable tax credits. See instructions | 5 | 280,518,156. |
| 6 | Enter the tentative minimum tax from line 13 of the 1995 Form 4626 | 6 | 178,179,412. |
| 7 | Subtract line 6 from line 5. If zero or less, enter -0- | 7 | 102,338,744. |
| 8 | Minimum tax credit. Enter the smaller of line 4 or line 7. Also enter this amount on the appropriate line of the corporation's income tax return (e.g., Form 1120, Schedule J, line 4e). If the corporation had a post-1986 ownership change or has preacquisition excess credits, see instructions | 8 | 102,338,744. |
| 9 | Minimum tax credit carryforward to 1996. Subtract line 8 from line 4. See instructions | 9 | 71,081,595. |

Form 8827 (1995)

PECO ENERGY COMPANY CONSOLIDATED
1995 Federal Income Tax Return

I. D. No.: 23-0970240

Attachment to Form 8827
Alternative Minimum Tax Credit Carryover

| | |
|---|--------------------|
| 1987 Form 1120 as filed | \$ 66,756,972 |
| Form 1120X | 1,350,358 |
| Unallowed §29 Fuel Credits | <u>152,148</u> |
| Subtotal | 68,259,478 |
| 1988 Credit | 22,895,702 |
| 1989 Credit | 67,605,046 |
| 1990 Credit | 14,513,280 |
| 1992 Form 1120X | 4,582,821 |
| 1992 Unallowed §29 Fuel credit | <u>146,833</u> |
| Total AMT Credit Carryover to 1995 | 178,003,160 |
| Less: AMT Credit generated filing 1992 Form 1120x (Decontamination/Decommission issue); total liability deducted in amended return versus deductions in subsequent returns on the pay as you go method. Will hold AMT Credit pending settlement of 1992 Return. | <u>(4,582,821)</u> |
| Total AMT Credit Carryover to 1995 available for utilization. | \$ 173,420,339 |

s:\wp51\fitrtn95\company\amtcaryf.doc

Report of Foreign Bank and Financial Accounts

TD F 90-22.1 (10/92)
SUPERSEDES ALL PREVIOUS EDITIONS

For the calendar year 19 1995

Do not file this form with your Federal Tax Return.

This form should be used to report financial interest in or signature authority or other authority over one or more bank accounts, securities accounts, or other financial accounts in foreign countries as required by Department of the Treasury Regulations (31 CFR 103). You are not required to file a report if the aggregate value of the accounts did not exceed \$10,000. Check all appropriate boxes. See instructions on back for definitions. File this form with Dept. of the Treasury, P.O. Box 32621, Detroit, MI 48232.

| | | |
|--|--|--|
| Name (Last, First, Middle) ENERGY PERFORMANCE SERVICES, INC | 2 Social security number or employer identification number if other than individual 23-2750899 | 3 Name in item 1 refers to <input type="checkbox"/> Individual <input type="checkbox"/> Partnership <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Fiduciary |
| Address (Street, City, State, Country, ZIP) 2301 MARKET STREET PHILADELPHIA PA 19101 | | |

I had signature authority over one or more foreign accounts, but had no "financial interest" in such accounts (see Instruction J). Indicate for these accounts:

a Name and social security number or taxpayer identification number of each owner _____

b Address of each owner _____

(Do not complete item 9 for these accounts)

6 I had a "financial interest" in one or more foreign accounts owned by a domestic corporation, partnership or trust which is required to file TD F 90-22.1 (See instruction L). Indicate for these accounts:

a Name and taxpayer identification number of each such corporation, partnership or trust _____

b Address of each such corporation, partnership or trust _____

(Do not complete item 9 for these accounts)

I had a "financial interest" in one or more foreign accounts, but the total maximum value of these accounts (see Instruction I) did not exceed \$10,000 at any time during the year. (If you checked this box, do not complete item 9).

I had a "financial interest" in 25 or more foreign accounts. (If you checked this box, do not complete item 9).

If you had a "financial interest" in one or more but fewer than 25 foreign accounts which are required to be reported, and the total maximum value of the accounts exceeded \$10,000 during the year (see instruction I), write the total number of those accounts in the box below:
 Complete items a through f below for one of the accounts and attach a separate TD F 90-22.1 for each of the others.
 Items 1, 2, 3, 9, and 10 must be completed for each account.

Check here if this is an attachment: 6

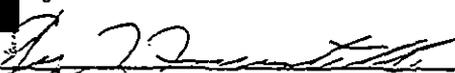
| | |
|---|---|
| a Name in which account is maintained EPS c r s . r . o . | b Name of bank or other person with whom account is maintained AGROBNAKA FILIALKA PRAHA |
| c Number and other account designation, if any ACCT # 993804-504-0600 | d Address of office or branch where account is maintained OPLETALOVA 4, PRAGUE 1,CZ 11121 CZECH REPUBLIC |

5 Type of account (If not certain of English name for the type of account, give the foreign language name and describe the nature of the account. Attach additional sheets if necessary.)

Bank Account Securities Account Other (specify)

Maximum value of account (see instruction I)

Under \$10,000 \$10,000 to \$50,000 \$50,000 to \$100,000 Over \$100,000

| | | |
|---|---|--------------------------|
| Signature  | 11 Title (Not necessary if reporting a personal account) C.F.O. | 12 Date 9/4/96 |
|---|---|--------------------------|

Department of the Treasury

Report of Foreign Bank and Financial Accounts

TD F 90-22.1 (10/92)
SUPERSEDES ALL PREVIOUS EDITIONS

For the calendar year 19 1995

Do not file this form with your Federal Tax Return.

This form should be used to report financial interest in or signature authority or other authority over one or more bank accounts, securities accounts, or other financial accounts in foreign countries as required by Department of the Treasury Regulations (31 CFR 103). You are not required to file a report if the aggregate value of the accounts did not exceed \$10,000. Check all appropriate boxes. See instructions on back for definitions. File this form with Dept. of the Treasury, P.O. Box 32621, Detroit, MI 48232.

| | | |
|--|--|--|
| 1 Name (Last, First, Middle) ENERGY PERFORMANCE SERVICES, INC | 2 Social security number or employer identification number if other than individual 23-2750899 | 3 Name in item 1 refers to <input type="checkbox"/> Individual <input type="checkbox"/> Partnership <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Fiduciary |
| 4 Address (Street, City, State, Country, ZIP) 2301 MARKET STREET PHILADELPHIA PA 19101 | | |

I had signature authority over one or more foreign accounts, but had no "financial interest" in such accounts (see instruction J). Indicate for these accounts:

a Name and social security number or taxpayer identification number of each owner _____

b Address of each owner _____

(Do not complete item 9 for these accounts)

I had a "financial interest" in one or more foreign accounts owned by a domestic corporation, partnership or trust which is required to file TD F 90-22.1 (See instruction L). Indicate for these accounts:

Name and taxpayer identification number of each such corporation, partnership or trust _____

Address of each such corporation, partnership or trust _____

(Do not complete item 9 for these accounts)

I had a "financial interest" in one or more foreign accounts, but the total maximum value of these accounts (see instruction I) did not exceed \$10,000 at any time during the year. (If you checked this box, do not complete item 9).

I had a "financial interest" in 25 or more foreign accounts. (If you checked this box, do not complete item 9.)

If you had a "financial interest" in one or more but fewer than 25 foreign accounts which are required to be reported, and the total maximum value of the accounts exceeded \$10,000 during the year (see instruction I), write the total number of those accounts in the box below:

Complete items a through f below for one of the accounts and attach a separate TD F 90-22.1 for each of the others.

Items 1, 2, 3, 9, and 10 must be completed for each account.

Check here if this is an attachment:

| | |
|---|--|
| a Name in which account is maintained EPS (CANADA) INC. SERVICES DE PERFORMANCE ENERGETIQUE | b Name of bank or other person with whom account is maintained BANK OF NOVA SCOTIA |
| c Number and other account designation, if any 1323-14 2833-12 | d Address of office or branch where account is maintained TOUR SCOTIA, 1002 SHERBROCKE STWEST MONTREAL, QUEBEC H3A 3L6 |

1 Type of account. (If not certain of English name for the type of account, give the foreign language name and describe the nature of the account.)

Attach additional sheets if necessary.)

Bank Account Securities Account Other (specify) _____

3 Maximum value of account (see instruction I)

Under \$10,000 \$10,000 to \$50,000 \$50,000 to \$100,000 Over \$100,000

| | | |
|---------------------------------|--|--------------------------|
| Signature <i>[Signature]</i> | 11 Title (Not necessary if reporting a personal account) <i>[Signature]</i> | 12 Date <i>5/4/96</i> |
|---------------------------------|--|--------------------------|

Department of the Treasury

Report of Foreign Bank and Financial Accounts

TD F 90-22.1 (10/92)
SUPERSEDES ALL PREVIOUS EDITIONS

For the calendar year 19 1995

Do not file this form with your Federal Tax Return.

This form should be used to report financial interest in or signature authority or other authority over one or more bank accounts, securities accounts, or other financial accounts in foreign countries as required by Department of the Treasury Regulations (31 CFR 103). You are not required to file a report if the aggregate value of the accounts did not exceed \$10,000. Check all appropriate boxes. See instructions on back for definitions. File this form with Dept. of the Treasury, P.O. Box 32621, Detroit, MI 48232.

| | | |
|--|--|--|
| Name (Last, First, Middle) ENERGY PERFORMANCE SERVICES, INC | 2 Social security number or employer identification number if other than individual 23-2750899 | 3 Name in item 1 refers to <input type="checkbox"/> Individual <input type="checkbox"/> Partnership <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Fiduciary |
| Address (Street, City, State, Country, ZIP) 2301 MARKET STREET PHILADELPHIA PA 19101 | | |

I had signature authority over one or more foreign accounts, but had no "financial interest" in such accounts (see instruction J). Indicate for these accounts:

a Name and social security number or taxpayer identification number of each owner _____

b Address of each owner _____

(Do not complete item 9 for these accounts)

I had a "financial interest" in one or more foreign accounts owned by a domestic corporation, partnership or trust which is required to file TD F 90-22.1 (See instruction L). Indicate for these accounts:

a Name and taxpayer identification number of each such corporation, partnership or trust _____

b Address of each such corporation, partnership or trust _____

(Do not complete item 9 for these accounts)

I had a "financial interest" in one or more foreign accounts, but the total maximum value of these accounts (see instruction I) did not exceed \$10,000 at any time during the year. (If you checked this box, do not complete item 9).

I had a "financial interest" in 25 or more foreign accounts. (If you checked this box, do not complete item 9.)

If you had a "financial interest" in one or more but fewer than 25 foreign accounts which are required to be reported, and the total maximum value of the accounts exceeded \$10,000 during the year (see instruction I), write the total number of those accounts in the box below.

Complete items a through f below for one of the accounts and attach a separate TD F 90-22.1 for each of the others.

Items 1, 2, 3, 9, and 10 must be completed for each account.

Check here if this is an attachment.

| | |
|---|---|
| a Name in which account is maintained ENERGY PERFORMANCE SERVICES OF PORTUGAL | b Name of bank or other person with whom account is maintained NOVA REDE-BANCO COMERCIAL PORTUGUESE |
| c Number and other account designation, if any 00 167 735 311 | d Address of office or branch where account is maintained SUCURSAL NOVA REDE RUA DO CURO 180-182; 1100 LISBOA, PORTUGAL |

1 Type of account (If not certain of English name for the type of account, give the foreign language name and describe the nature of the account. Attach additional sheets if necessary.)

Bank Account Securities Account Other (specify)

2 Maximum value of account (see instruction I)

Under \$10,000 \$10,000 to \$50,000 \$50,000 to \$100,000 Over \$100,000

| | | |
|---------------|--|--------------------------|
| Signature | 11 Title (Not necessary if reporting a personal account) CFO | 12 Date 9/4/96 |
|---------------|--|--------------------------|

Department of the Treasury

Report of Foreign Bank and Financial Accounts

TD F 90-22.1 (10/92)
SUPERSEDES ALL PREVIOUS EDITIONS

For the calendar year 19 1995

Do not file this form with your Federal Tax Return.

This form should be used to report financial interest in or signature authority or other authority over one or more bank accounts, securities accounts, or other financial accounts in foreign countries as required by Department of the Treasury Regulations (31 CFR 103). You are not required to file a report if the aggregate value of the accounts did not exceed \$10,000. Check all appropriate boxes. See instructions on back for definitions. File this form with Dept. of the Treasury, P.O. Box 32621, Detroit, MI 48232.

| | | |
|--|--|--|
| Name (Last, First, Middle) ENERGY PERFORMANCE SERVICES, INC | 2 Social security number or employer identification number if other than individual 23-2750899 | 3 Name in item 1 refers to <input type="checkbox"/> Individual <input type="checkbox"/> Partnership <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Fiduciary |
| Address (Street, City, State, Country, ZIP) 2301 MARKET STREET PHILADELPHIA PA 19101 | | |

I had signature authority over one or more foreign accounts, but had no "financial interest" in such accounts (see Instruction J).
Indicate for these accounts:
Name and social security number or taxpayer identification number of each owner _____

Address of each owner _____

(Do not complete item 5 for these accounts)

I had a "financial interest" in one or more foreign accounts owned by a domestic corporation, partnership or trust which is required to file TD F 90-22.1 (See instruction L). Indicate for these accounts:
Name and taxpayer identification number of each such corporation, partnership or trust _____

Address of each such corporation, partnership or trust _____

(Do not complete item 9 for these accounts)

I had a "financial interest" in one or more foreign accounts, but the total maximum value of these accounts (see instruction I) did not exceed \$10,000 at any time during the year. (If you checked this box, do not complete item 9).
 I had a "financial interest" in 25 or more foreign accounts. (If you checked this box, do not complete item 9).
If you had a "financial interest" in one or more but fewer than 25 foreign accounts which are required to be reported, and the total maximum value of the accounts exceeded \$10,000 during the year (see instruction I), write the total number of those accounts in the box below:
Complete items a through f below for one of the accounts and attach a separate TD F 90-22.1 for each of the others.
Items 1, 2, 3, 9, and 10 must be completed for each account.
Check here if this is an attachment:

| | |
|---|--|
| a Name in which account is maintained ENERGY PERFORM. SERVICES (CHILE) SA | b Name of bank or other person with whom account is maintained BANCO O'HIGGINS |
| c Number and other account designation, if any 100 200 1620 | d Address of office or branch where account is maintained AV. PROVIDENCIA 2047 SANTIAGO, CHILE |

e Type of account (If not certain of English name for the type of account, give the foreign language name and describe the nature of the account.
Attach additional sheets if necessary.)
 Bank Account Securities Account Other (specify) _____

f Maximum value of account (see instruction I)
 Under \$10,000 \$10,000 to \$50,000 \$50,000 to \$100,000 Over \$100,000

| | | |
|---------------------------------|--|--------------------------|
| Signature <i>[Signature]</i> | 11 Title (Not necessary if reporting a personal account) CFO | 12 Date 9/4/96 |
|---------------------------------|--|--------------------------|

Report of Foreign Bank and Financial Accounts

TD F 90-22.1 (10/92)
SUPERSEDES ALL PREVIOUS EDITIONS

For the calendar year 19 1995

Do not file this form with your Federal Tax Return.

This form should be used to report financial interest in or signature authority or other authority over one or more bank accounts, securities accounts, or other financial accounts in foreign countries as required by Department of the Treasury Regulations (31 CFR 103). You are not required to file a report if the aggregate value of the accounts did not exceed \$10,000. Check all appropriate boxes. See instructions on back for definitions. File this form with Dept. of the Treasury, P.O. Box 32621, Detroit, MI 48232.

| | | |
|--|--|--|
| Name (Last, First, Middle) ENERGY PERFORMANCE SERVICES, INC | 2 Social security number or employer identification number if other than individual 23-2750899 | 3 Name in item 1 refers to <input type="checkbox"/> Individual <input type="checkbox"/> Partnership <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Fiduciary |
| Address (Street, City, State, Country, ZIP) 2301 MARKET STREET PHILADELPHIA PA 19101 | | |

I had signature authority over one or more foreign accounts, but had no "financial interest" in such accounts (see instruction J). Indicate for these accounts:

a Name and social security number or taxpayer identification number of each owner _____

b Address of each owner _____

(Do not complete item 9 for these accounts)

I had a "financial interest" in one or more foreign accounts owned by a domestic corporation, partnership or trust which is required to file TD F 90-22.1 (See instruction L). Indicate for these accounts:

a Name and taxpayer identification number of each such corporation, partnership or trust _____

b Address of each such corporation, partnership or trust _____

(Do not complete item 9 for these accounts)

I had a "financial interest" in one or more foreign accounts, but the total maximum value of these accounts (see instruction I) did not exceed \$10,000 at any time during the year. (If you checked this box, do not complete item 9).

I had a "financial interest" in 25 or more foreign accounts. (If you checked this box, do not complete item 9.)

If you had a "financial interest" in one or more but fewer than 25 foreign accounts which are required to be reported, and the total maximum value of the accounts exceeded \$10,000 during the year (see instruction I), write the total number of those accounts in the box below:
 Complete items a through f below for one of the accounts and attach a separate TD F 90-22.1 for each of the others.

Items 1, 2, 3, 9, and 10 must be completed for each account.

Check here if this is an attachment.

| | |
|--|---|
| a Name in which account is maintained Energy Performance Services Inc. SR s.r.o. | b Name of bank or other person with whom account is maintained Investiona a rozvojova banka |
| c Number and other account designation, if any 173 7 821/5200 | d Address of office or branch where account is maintained Bratislava, Slovak Republic |

Type of account (if not certain of English name for the type of account, give the foreign language name and describe the nature of the account. Attach additional sheets if necessary.)

Bank Account Securities Account Other (specify) _____

Maximum value of account (see instruction I)

Under \$10,000 \$10,000 to \$50,000 \$50,000 to \$100,000 Over \$100,000

| | | |
|---|--|--------------------------|
| Signature  | 11 Title (Not necessary if reporting a personal account) CFO | 12 Date 9/6/95 |
|---|--|--------------------------|

Department of the Treasury

Report of Foreign Bank and Financial Accounts

TD F 90-22.1 (10/92)
SUPERSEDES ALL PREVIOUS EDITIONS

For the calendar year 19 1995
Do not file this form with your Federal Tax Return.

This form should be used to report financial interest in or signature authority or other authority over one or more bank accounts, securities accounts, or other financial accounts in foreign countries as required by Department of the Treasury Regulations (31 CFR 103). You are not required to file a report if the aggregate value of the accounts did not exceed \$10,000. Check all appropriate boxes. See instructions on back for definitions. File this form with Dept. of the Treasury, P.O. Box 32521, Detroit, MI 48232.

| | | |
|--|--|--|
| Name (Last, First, Middle) ENERGY PERFORMANCE SERVICES, INC | 2 Social security number or employer identification number if other than individual 23-2750899 | 3 Name in item 1 refers to <input type="checkbox"/> Individual <input type="checkbox"/> Partnership <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Fiduciary |
| Address (Street, City, State, Country, ZIP) 2301 MARKET STREET PHILADELPHIA PA 19101 | | |

I had signature authority over one or more foreign accounts, but had no "financial interest" in such accounts (see Instruction J).
Indicate for these accounts:
Name and social security number or taxpayer identification number of each owner _____

Address of each owner _____

(Do not complete item 9 for these accounts)

I had a "financial interest" in one or more foreign accounts owned by a domestic corporation, partnership or trust which is required to file TD F 90-22.1 (See instruction 1). Indicate for these accounts:
Name and taxpayer identification number of each such corporation, partnership or trust _____

Address of each such corporation, partnership or trust _____

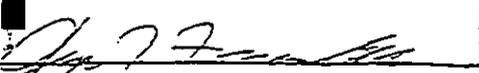
(Do not complete item 9 for these accounts)

I had a "financial interest" in one or more foreign accounts, but the total maximum value of these accounts (see instruction 1) did not exceed \$10,000 at any time during the year. (If you checked this box, do not complete item 9).
 I had a "financial interest" in 25 or more foreign accounts. (If you checked this box, do not complete item 9).
If you had a "financial interest" in one or more but fewer than 25 foreign accounts which are required to be reported, and the total maximum value of the accounts exceeded \$10,000 during the year (see instruction 1), write the total number of those accounts in the box below:
Complete items a through f below for one of the accounts and attach a separate TD F 90-22.1 for each of the others.
Items 1, 2, 3, 9, and 10 must be completed for each account.
Check here if this is an attachment:

| | |
|--|--|
| a Name in which account is maintained Energy Performance Services Inc (Chile) S.A. | b Name of bank or other person with whom account is maintained Banko O'Higgins |
| c Number and other account designation, if any 00-002-03475-1 | d Address of office or branch where account is maintained Av. Providencia 2047 Santiago, Chile |

2 Type of account. (If not certain of English name for the type of account, give the foreign language name and describe the nature of the account. Attach additional sheets if necessary.)
 Bank Account Securities Account Other (specify) _____

Maximum value of account (see instruction 1)
 Under \$10,000 \$10,000 to \$50,000 \$50,000 to \$100,000 Over \$100,000

| | | |
|---|--|---------------------------|
| Signature  | 11 Title (Not necessary if reporting a personal account) CFO | 12 Date 9/14/96 |
|---|--|---------------------------|

Underpayment of Estimated Tax by Corporations

1995

▶ See separate instructions.

▶ Attach to the corporation's tax return.

| | |
|---|---|
| Name PECO ENERGY COMPANY CONSOLIDATED | Employer identification number 23-0970240 |
|---|---|

Note: In most cases, the corporation does not need to file Form 2220. The IRS will figure any penalty owed and bill the corporation. File Form 2220 only if one or more boxes in Part I apply to the corporation. If the corporation does not need to file Form 2220, it may still use it to figure the penalty. Enter the amount from line 36, Part III, on the penalty line of the corporation's income tax return, but do not attach Form 2220.

Part I Reasons For Filing - Check the boxes below that apply to the corporation. If any box is checked, the corporation must file Form 2220 with the corporation's tax return, even if it does not owe the penalty. If the box on line 1 or line 2 applies, the corporation may be able to lower or eliminate the penalty. See instructions.

- 1 The corporation is using the annualized income installment method.
- 2 The corporation is using the adjusted seasonal installment method.
- 3 The corporation is a "large corporation" figuring its first required installment based on the prior year's tax.

Part II Figuring the Underpayment

| | | | | | |
|---|----|---------------------|------------------|------------------|------------------|
| 4 Total tax (see instructions) | 4 | 179,246,623. | | | |
| 5 a Personal holding company tax included on line 4 (Schedule PH (Form 1120), line 26) | 5a | | | | |
| b Interest due under the look-back method of section 460(b)(2) for completed long-term contracts included on line 4 | 5b | | | | |
| c Credit for Federal tax paid on fuels (see instructions) | 5c | 48,130. | | | |
| d Total. Add lines 5a through 5c | 5d | 48,130. | | | |
| 6 Subtract line 5d from line 4. If the result is less than \$500, do not complete or file this form. The corporation does not owe the penalty | 6 | 179,198,493. | | | |
| 7 Enter the tax shown on the corporation's 1994 income tax return. (CAUTION: See instructions before completing this line.) | 7 | | | | |
| 8 Enter the smaller of line 6 or line 7. If the corporation is required to skip line 7, enter the amount from line 6 on line 8 | 8 | 179,198,493. | | | |
| 9 Installment due dates. Enter in columns (a) through (d) the 15th day of the 4th, 6th, 9th, and 12th months of the corporation's tax year ▶ | 9 | (a) | (b) | (c) | (d) |
| | | 04/17/95 | 06/15/95 | 09/15/95 | 12/15/95 |
| 10 Required installments. If the box on line 1 or line 2 above is checked enter the amounts from Schedule A, line 41. If the box on line 3 (but not 1 or 2) is checked, see the instructions for the amounts to enter. If none of these boxes is checked, enter 25% of line 8 in each column | 10 | 44799624. | 44799623. | 44799623. | 44799623. |
| 11 Estimated tax paid or credited for each period (see instructions). For column (a) only, enter the amount from line 11 on line 15 | 11 | 63859447. | 53127001. | 36020209. | 55000000. |
| Complete lines 12 through 18 of one column before going to the next column. | | | | | |
| 12 Enter amount, if any, from line 18 of the preceding column | 12 | | 19059823. | 27387201. | 18607787. |
| 13 Add lines 11 and 12, | 13 | | 72186824. | 63407410. | 73607787. |
| 14 Add amounts on lines 16 and 17 of the preceding column | 14 | | | | |
| 15 Subtract line 14 from line 13. If zero or less, enter -0- | 15 | 63859447. | 72186824. | 63407410. | 73607787. |
| 16 If the amount on line 15 is zero, subtract line 13 from line 14. Otherwise, enter -0- | 16 | | | | |
| 17 Underpayment. If line 15 is less than or equal to line 10, subtract line 15 from line 10. Then go to line 12 of the next column. Otherwise, go to line 18 (see instructions) | 17 | | | | |
| 18 Overpayment. If line 10 is less than line 15, subtract line 10 from line 15. Then go to line 12 of the next column | 18 | 19059823. | 27387201. | 18607787. | 28808164. |

Complete Part III on page 2 to figure the penalty. If there are no entries on line 17, no penalty is owed.

Part II Figuring the Penalty

| | (a) | (b) | (c) | (d) |
|---|-----|-----|-----|-----|
| 9 Enter the date of payment or the 15th day of the 3rd month after the close of the tax year, whichever is earlier (see instructions). (Form 990-PF and Form 990-T filers: Use 5th month instead of 3rd month.) | 19 | | | |
| 0 Number of days from due date of installment on line 9 to the date shown on line 19 | 20 | | | |
| 1 Number of days on line 20 after 4/15/95 and before 7/1/95 | 21 | | | |
| 22 Underpayment on line 17 x $\frac{\text{Number of days on line 21}}{365} \times 10\%$ | 22 | | | |
| 23 Number of days on line 20 after 6/30/95 and before 1/1/96 | 23 | | | |
| 24 Underpayment on line 17 x $\frac{\text{Number of days on line 23}}{365} \times 9\%$ | 24 | | | |
| 25 Number of days on line 20 after 12/31/95 and before 4/1/96 | 25 | | | |
| 26 Underpayment on line 17 x $\frac{\text{Number of days on line 25}}{366} \times 9\%$ | 26 | | | |
| 27 Number of days on line 20 after 3/31/96 and before 7/1/96 | 27 | | | |
| 28 Underpayment on line 17 x $\frac{\text{Number of days on line 27}}{366} \times 9\%$ | 28 | | | |
| 29 Number of days on line 20 after 6/30/96 and before 10/1/96 | 29 | | | |
| 30 Underpayment on line 17 x $\frac{\text{Number of days on line 29}}{366} \times 9\%$ | 30 | | | |
| 31 Number of days on line 20 after 9/30/96 and before 1/1/97 | 31 | | | |
| 32 Underpayment on line 17 x $\frac{\text{Number of days on line 31}}{366} \times 9\%$ | 32 | | | |
| 33 Number of days on line 20 after 12/31/96 and before 2/16/97 | 33 | | | |
| 34 Underpayment on line 17 x $\frac{\text{Number of days on line 33}}{365} \times 9\%$ | 34 | | | |
| 35 Add lines 22, 24, 26, 28, 30, 32, and 34 | 35 | | | |
| 36 Penalty. Add columns (a) through (d), line 35. Enter here and on line 33, Form 1120; line 29, Form 1120-A; or comparable line for other income tax returns | | | | 36 |

*If the corporation's tax year ends after December 31, 1995, see the instructions for lines 28, 30, 32, and 34.

Combined ELIMINATIONS Adjustments PECO ENERGY
LOCATOR COMPANY
CONSOLIDATED

Consolidated Schedules
1120 Page 1

| | | | | |
|------|--|----------------|------|----------------|
| 1 a | Gross receipts or sales | 4,228,454,097. | | 4,228,454,097. |
| 1 b | Less returns and allowances | | | |
| 1 c | Balance | 4,228,454,097. | | 4,228,454,097. |
| 2 | Cost of goods sold and/or operations | 1,555,156,630. | | 1,555,156,630. |
| 3 | Gross profit | 2,673,297,467. | | 2,673,297,467. |
| 4 | Dividends | 26,035,544. | | 26,035,544. |
| 5 | Interest | 25,282,482. | | 25,282,482. |
| 6 | Gross rents | 34,086,293. | | 34,086,293. |
| 7 | Gross royalties | | | |
| 8 | Capital gain net income | 67,573,902. | | 67,573,902. |
| 9 | Net gain or (loss) from Form 4797 | 17,324,698. | | 17,324,698. |
| 10 | Other income | 342,538. | | 342,538. |
| 11 | Total income | 2,843,942,924. | | 2,843,942,924. |
| 12 | Compensation of officers | | | |
| 13 | Salaries and wages | | | |
| 14 | Repairs | 309,629,179. | | 309,629,179. |
| 15 | Bad debts | 64,440,560. | | 64,440,560. |
| 16 | Rents | 82,542,022. | | 82,542,022. |
| 17 | Taxes | 391,041,049. | | 391,041,049. |
| 18 | Interest | 420,947,655. | | 420,947,655. |
| 19 | Contributions | 3,703,349. | NONE | 3,703,349. |
| 20 | Depreciation | 540,615,075. | | 540,615,075. |
| 21 a | Less depreciation claimed elsewhere | | | |
| 21 b | Net depreciation | 540,615,075. | | 540,615,075. |
| 22 | Depletion | 21,986. | | 21,986. |
| 23 | Advertising | 547,859. | | 547,859. |
| 24 | Pension, profit-sharing plans, etc. | 42,448,202. | | 42,448,202. |
| 25 | Employee benefit programs | 115,412,536. | | 115,412,536. |
| 26 | Other deductions | 44,791,001. | | 44,791,001. |
| 27 | Total deductions | 2,016,140,473. | NONE | 2,016,140,473. |
| 28 | Taxable income before NOL & Spec. Deductions | 827,802,451. | NONE | 827,802,451. |
| 29 | NOL deduction | | | |
| 29 | Special deductions | 26,315,635. | | 26,315,635. |
| 30 | Taxable income | 801,486,816. | NONE | 801,486,816. |

11783

| | PECO ENERGY COMPANY | SUSQUEHANNA POWER COMPANY | PECO ENERGY POWER COMPANY | SUSQUEHANNA ELECTRIC COMPANY | CONOWINGO POWER COMPANY | EASTERN PENNSYLVANIA EXPLORATION COMPANY | EASTERN PENNSYLVANIA DEVELOPMENT COMPANY | ADWIN REALTY COMPANY |
|---|------------------------|------------------------------|------------------------------|---------------------------------|----------------------------|---|---|-------------------------|
| Consolidated Schedules | | | | | | | | |
| 1120 Page 1 | 23-0970240 | 23-1139830 | 23-0970740 | 52-0503520 | 52-0280040 | 23-2039821 | 23-1706184 | |
| 1 a Gross receipts or sales | 4,157,994,960. | | | 26,493,166. | 35,775,555. | 79,243. | | |
| 1 b Less returns and allowances | | | | | | | | |
| 1 c Balance | 4,157,994,960. | | | 26,493,166. | 35,775,555. | 79,243. | | |
| 2 Cost of goods sold and/or operations | 1,511,728,968. | 53,426. | | 6,540,750. | 24,942,334. | 51,442. | | 1,754,226. |
| 3 Gross profit | 2,646,265,992. | -53,426. | | 19,952,416. | 10,833,221. | 27,801. | | -1,754,226. |
| 4 Dividends | 17,625,078. | | 8,401,800. | | | | | 8,666. |
| 5 Interest | 21,359,980. | 90,301. | 7,186. | | 97,860. | 2,136. | | 123,825. |
| 6 Gross rents | 13,245,401. | 15,679,712. | 1,002,783. | 325,736. | 348,929. | | | 3,226,899. |
| 7 Gross royalties | | | | | | | | |
| 8 Capital gain net income | 1,032,764. | | | | 66,541,138. | 557,120. | | NONE |
| 9 Net gain or (loss) from Form 4797 | -10,225,658. | | | | 26,411,603. | | | 349,957. |
| 10 Other income | 717,296. | | | | 535,879. | | | -3,559. |
| 11 Total income | 2,690,020,853. | 15,716,587. | 9,411,769. | 20,278,152. | 104,768,630. | 587,057. | | 1,951,562. |
| 12 Compensation of officers | | | | | | | | |
| 13 Salaries and wages | | | | | | | | |
| 14 Repairs | 303,731,092. | 924. | | 3,388,786. | 2,059,398. | | | 365,796. |
| 15 Bad debts | 64,336,516. | | | | 104,044. | | | |
| 16 Rents | 66,300,272. | | | 15,679,711. | 299,030. | | | 95,531. |
| 17 Taxes | 377,041,944. | 3,040,051. | 175,419. | 710,192. | 9,336,367. | 70,667. | 497. | 676,832. |
| 18 Interest | 418,833,516. | -75,721. | 131,972. | 3,601. | -33,177. | | | 1,780,733. |
| 19 Contributions | 3,687,260. | NONE | NONE | NONE | 16,089. | NONE | NONE | NONE |
| 20 Depreciation | 533,836,754. | 3,290,942. | 107,921. | | 2,021,367. | 3,954. | | 801,400. |
| 21 a Less depreciation claimed elsewhere | | | | | | | | |
| 21 b Net depreciation | 533,836,754. | 3,290,942. | 107,921. | | 2,021,367. | 3,954. | | 801,400. |
| 22 Depletion | | | | | | 21,986. | | |
| 23 Advertising | 545,129. | | | | 2,730. | | | |
| 24 Pension, profit-sharing plans, etc. | 39,993,898. | | | | 2,454,304. | | | |
| 25 Employee benefit programs | 113,034,372. | | | 495,093. | 1,520,194. | | | |
| 26 Other deductions | 43,895,795. | 83,595. | 17,653. | | -1,027. | 56,226. | | 160,242. |
| 27 Total deductions | 1,965,237,548. | 6,339,791. | 432,965. | 20,217,383. | 17,779,319. | 152,833. | 497. | 3,880,534. |
| 28 Taxable income before NOL & Spec. Deductions | 724,783,305. | 9,376,796. | 8,978,804. | 60,769. | 86,989,311. | 434,224. | -497. | -1,928,972. |
| 29 NOL deduction | | | | | | | | |
| 29 Special deductions | 17,907,769. | | 8,401,800. | | | | | 6,066. |
| 30 Taxable income | 706,875,536. | 9,376,796. | 577,004. | 60,769. | 86,989,311. | 434,224. | -497. | -1,935,038. |

H783

| | | | | | | | |
|----------------------------|-----------------------------|--------------------------------|--|-----------------------------|----------------------------|--|--------------------------------------|
| ADWIN EQUIPMENT COMPANY | ADWIN INVESTMENT COMPANY | BUTTONWOODS ASSOCIATES INC. | ENERGY PERFORMANCE SERVICES, INC | PECO ENERGY CAPITAL CORP | PECO GAS SUPPLY COMPANY | PROPRIETORS OF THE SUSQUEHANNA CANAL | ADWIN SCHUYLKILL COGENERATION INC |
|----------------------------|-----------------------------|--------------------------------|--|-----------------------------|----------------------------|--|--------------------------------------|

Consolidated Schedules

| 1120 Page 1 | 23-1706178 | 51-0332946 | 51-0323767 | 23-2750899 | 51-0355321 | 23-2798733 | 23-1624948 | 23-2829266 |
|---|------------|------------|------------|-------------|------------|------------|------------|------------|
| 1 a Gross receipts or sales | | | 931,300. | 7,020,234. | | 159,639. | | |
| 1 b Less returns and allowances | | | | | | | | |
| 1 c Balance | | | 931,300. | 7,020,234. | | 159,639. | | |
| 2 Cost of goods sold and/or operations | 54,285. | 4,132. | 892,641. | 8,971,409. | 4,830. | 158,187. | | |
| 3 Gross profit | -54,285. | -4,132. | 38,659. | -1,951,175. | -4,830. | 1,452. | | |
| 4 Dividends | | | | | | | | |
| 5 Interest | 67,105. | 264,514. | 3,879. | 119,515. | 3,146,176. | 5. | | |
| 6 Gross rents | 256,833. | | | | | | | |
| 7 Gross royalties | | | | | | | | |
| 8 Capital gain net income | | NONE | | 235,808. | | | | |
| 9 Net gain or (loss) from Form 4797 | | -4,132. | | | | | | |
| 10 Other income | -707,954. | 56,583. | | -148,786. | -113,459. | 6,538. | | |
| 11 Total income | -438,301. | 312,833. | 42,538. | -1,744,638. | 3,027,887. | 7,995. | | |
| 12 Compensation of officers | | | | | | | | |
| 13 Salaries and wages | | | | | | | | |
| 14 Repairs | 83,183. | | | | | | | |
| 15 Bad debts | | | | | | | | |
| 16 Rents | 10,889. | 4,000. | | 149,289. | 3,300. | | | |
| 17 Taxes | -44,528. | 32. | 100. | 31,631. | 1,845. | | | |
| 18 Interest | 191. | | 16,492. | 290,048. | | | | |
| 19 Contributions | NONE | NONE | NONE | | | | NONE | |
| 20 Depreciation | 41,052. | | | 511,685. | | | | |
| 21 a Less depreciation claimed elsewhere | | | | | | | | |
| 21 b Net depreciation | 41,052. | | | 511,685. | | | | |
| 22 Depletion | | | | | | | | |
| 23 Advertising | | | | | | | | |
| 24 Pension, profit-sharing plans, etc. | | | | | | | | |
| 25 Employee benefit programs | 42,193. | | | 380,684. | | | | |
| 26 Other deductions | 1,925. | | 60,178. | 513,870. | | 1,544. | | |
| 27 Total deductions | 134,905. | 4,032. | 76,770. | 1,877,207. | 5,145. | 1,544. | NONE | |
| 28 Taxable income before NOL & Spec. Deductions | -573,206. | 308,801. | -34,232. | -3,621,845. | 3,022,742. | 6,451. | NONE | |
| 29 NOL deduction | | | | | | | | |
| 29 Special deductions | | | | | | | | |
| 30 Taxable income | -573,206. | 308,801. | -34,232. | -3,621,845. | 3,022,742. | 6,451. | NONE | |

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| | Combined | ELIMINATIONS LOCATOR | Adjustments | PECO ENERGY COMPANY CONSOLIDATED |
|--------------------------------------|-------------|-------------------------|-------------|--|
| Line 10 - Other income | | | | |
| MISCELLANEOUS. | 1,996. | | | 1,996. |
| PARTNERSHIP INCOME | -1,339,211. | | | -1,339,211. |
| UTILITY INCOME | 358,975. | | | 358,975. |
| MANAGEMENT INCOME | 784. | | | 784. |
| CONTRIBUTIONS IN AID OF CONSTRUCTION | 1,223,085. | | | 1,223,085. |
| OTHER INCOME | 96,909. | | | 96,909. |

| | | | | |
|-------|----------|--|--|----------|
| Total | 342,538. | | | 342,538. |
|-------|----------|--|--|----------|

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| | ADWIN EQUIPMENT COMPANY | ADWIN INVESTMENT COMPANY | BUTTONWOODS ASSOCIATES INC | ENERGY PERFORMANCE SERVICES, INC | PECO ENERGY CAPITAL CORP | PECO GAS SUPPLY COMPANY | PROPRIETORS OF THE SUSQUEHANNA CANAL | ADWIN SCHUYLKILL COGENERATION INC |
|--------------------------------------|-------------------------------|--------------------------------|-------------------------------|--|-----------------------------|----------------------------|---|--|
| Line 10 - Other income | 23-1706178 | 51-0332946 | 51-0323767 | 23-2750899 | 51-0355321 | 23-2798733 | 23-1624948 | 23-2829266 |
| MISCELLANEOUS. | | | | 1,987. | | | | |
| PARTNERSHIP INCOME | -771,113. | 56,583. | | -150,773. | -113,459. | 6,538. | | |
| UTILITY INCOME | | | | | | | | |
| MANAGEMENT INCOME | | | | | | | | |
| CONTRIBUTIONS IN AID OF CONSTRUCTION | | | | | | | | |
| OTHER INCOME | 63,159. | | | | | | | |

| | | | | | | | | |
|-------|-----------|---------|--|-----------|-----------|--------|--|--|
| Total | -707,954. | 56,583. | | -148,786. | -113,459. | 6,538. | | |
|-------|-----------|---------|--|-----------|-----------|--------|--|--|

Line 17 - Taxes Summary

| | |
|--------------------------------|--------------|
| Taxes (excluding income taxes) | 311,393,454. |
| Other State and Local Taxes | 79,201,960. |

| | |
|--|----------|
| Environmental tax | |
| PECO ENERGY COMPANY | 437,768. |
| SUSQUEHANNA POWER COMPANY | 14,514. |
| PECO ENERGY POWER COMPANY | 143. |
| SUSQUEHANNA ELECTRIC COMPANY | 512. |
| CONOWINGO POWER COMPANY | -9,028. |
| EASTERN PENNSYLVANIA EXPLORATION COMPANY | 266. |
| ADWIN INVESTMENT COMPANY | 32. |
| PECO ENERGY CAPITAL CORP | 1,428. |

| | |
|----------------------------|----------|
| Environmental tax subtotal | 445,635. |
|----------------------------|----------|

| | |
|-------|--------------|
| Total | 391,041,049. |
|-------|--------------|

| | Combined | ELIMINATIONS LOCATOR | Adjustments | PECO ENERGY COMPANY CONSOLIDATED |
|---|---------------------|-------------------------|-------------|--|
| Line 17 - Taxes excluding income taxes | | | | |
| PA CAPITAL STOCK | 41,699,104. | | | 41,699,104. |
| PA GROSS RECEIPTS | 163,176,047. | | | 163,176,047. |
| PA UNEMPLOYMENT COMPENSATION | 2,951,144. | | | 2,951,144. |
| LOCAL REAL ESTATE -PAYMD | 6,184,286. | | | 6,184,286. |
| LOCAL FRANCHISE | 232,326. | | | 232,326. |
| STATE EXCISE TAX ON INSURANCE PREM'S | 175,870. | | | 175,870. |
| MD GROSS RECEIPTS | 1,984,543. | | | 1,984,543. |
| MD PERSONAL PROPERTY | 200. | | | 200. |
| PURTA (PA REAL ESTATE TAXES) | 63,655,324. | | | 63,655,324. |
| PHILA REALTY OCCUPANCY | 992,052. | | | 992,052. |
| CAPITAL STOCK - W/VA | -130. | | | -130. |
| NJ PERSONAL PROPERTY | -9,420. | | | -9,420. |
| MD. UNEMPLOYMENT COMPENSATION | 81,433. | | | 81,433. |
| MD. ENVIRONMENTAL SURCHARGE | 227,176. | | | 227,176. |
| MD CAPITAL STOCK | 765,075. | | | 765,075. |
| TAXES EXCLUDING INCOME TAXES | 88,377. | | | 88,377. |
| LOCAL REAL ESTATE - N.J. | 2,483,714. | | | 2,483,714. |
| PA SALES & USE TAX ASSESSMENTS | -718,141. | | | -718,141. |
| GENERAL SERVICE FEES | -75,000. | | | -75,000. |
| STATE FRANCHISE | 1,646. | | | 1,646. |
| SEVERANCE (PRODUCTION) TAX | 4,882. | | | 4,882. |
| FEDERAL UNEMPLOY COMP | 371,393. | | | 371,393. |
| FICA | 26,882,568. | | | 26,882,568. |
| TELEPHONE & TELEGRAPH | 122,280. | | | 122,280. |
| FED EXCISE TAX ON INS PREM | -15,681. | | | -15,681. |
| PURTA RECOVERABLE | 7,311. | | | 7,311. |
| FED EXCISE REPLAC POWER INS | 124,548. | | | 124,548. |
| TEXAS PERSONAL PROPERTY TAX | 527. | | | 527. |
| TAXES EXCLUDING INCOME TAXES | 216,105. | | | 216,105. |
| TEXAS PERSONAL PROPERTY TAX | 527. | | | 527. |
| Total | 311,610,086. | | | 311,610,086. |

PECO ENERGY COMPANY SUSQUEHANNA POWER COMPANY PECO ENERGY POWER COMPANY SUSQUEHANNA ELECTRIC COMPANY CONOWINGO POWER COMPANY EASTERN PENNSYLVANIA EXPLORATION COMPANY EASTERN PENNSYLVANIA DEVELOPMENT COMPANY ADWIN REALTY COMPANY

Line 17 - Taxes excluding income taxes

| | 23-0970240 | 23-1139830 | 23-0970740 | 52-0503520 | 52-0280040 | 23-2039821 | 23-1706184 | |
|--------------------------------------|--------------|------------|------------|------------|------------|------------|------------|----------|
| PA CAPITAL STOCK | 41,438,802. | | 108,000. | | 131,942. | -2,613. | 300. | 93,042. |
| PA GROSS RECEIPTS | 163,176,047. | | | | | | | |
| PA UNEMPLOYMENT COMPENSATION | 2,919,465.0 | | | | 9,525. | | | |
| LOCAL REAL ESTATE -PA/MD | 3,491,281.0 | 1,713,996. | 72,000. | | 323,519. | | | 583,490. |
| LOCAL FRANCHISE | 230,523. | | | | | | | |
| STATE EXCISE TAX ON INSURANCE PREM'S | 176,080. | | | 876. | -1,086. | | | |
| MD GROSS RECEIPTS | | 8,886. | | | 1,975,657. | | | |
| MD PERSONAL PROPERTY | 100.0 | | | | | | | |
| PURTA (PA REAL ESTATE TAXES) | 63,705,614.0 | | -50,290. | | | | | |
| PHILA REALTY OCCUPANCY | 992,052.0 | | | | | | | |
| CAPITAL STOCK - W/VA | | | | | | -130. | | |
| NJ PERSONAL PROPERTY | -9,420. | | | | | | | |
| MD. UNEMPLOYMENT COMPENSATION | | | | 78,636. | 2,797. | | | |
| MD. ENVIRONMENTAL SURCHARGE | | | | 220,000. | 7,176. | | | |
| MD CAPITAL STOCK | | 634,800. | | | | | | |
| TAXES EXCLUDING INCOME TAXES | 135. | 10,770. | | 23,994. | 53,478. | | | |
| LOCAL REAL ESTATE - N.J. | 2,483,714.0 | | | | | | | |
| PA SALES & USE TAX ASSESSMENTS | -718,141. | | | | | | | |
| GENERAL SERVICE FEES | -75,000. | | | | | | | |
| STATE FRANCHISE | | | | | | 1,646. | | |
| SEVERANCE (PRODUCTION) TAX | | | | | | 4,882. | | |
| FEDERAL UNEMPLOY COMP | 333,997.0 | | | 31,273. | 5,295. | | | |
| FICA | 26,311,952.0 | | | 348,246. | 189,943. | | | |
| TELEPHONE & TELEGRAPH | 126,000. | | | | -3,720. | | | |
| FED EXCISE TAX ON INS PREM | -15,681.0 | | | | | | | |
| PURTA RECOVERABLE | 7,311.0 | | | | | | | |
| FED EXCISE REPLAC POWER INS | 124,548. | | | | | | | |
| TEXAS PERSONAL PROPERTY TAX | | | | | | | | |
| TAXES EXCLUDING INCOME TAXES | 216,105. | | | | | | | |
| TEXAS PERSONAL PROPERTY TAX | | | | | | | | |

Total 304,915,484. 2,368,452. 129,710. 703,025. 2,824,801. 3,785. 300. 676,532.

| | ADWIN EQUIPMENT COMPANY | ADWIN INVESTMENT COMPANY | BUTTONWOODS ASSOCIATES INC | ENERGY PERFORMANCE SERVICES, INC | PECO ENERGY CAPITAL CORP | PECO GAS SUPPLY COMPANY | PROPRIETORS OF THE SUSQUEHANNA CANAL 23-1624948 | ADWIN SCHUYLKILL CODERATION INC 23-2829266 |
|--|-------------------------------|--------------------------------|-------------------------------|--|-----------------------------|----------------------------|---|--|
| Line 17 - Taxes excluding income taxes | 23-1706178 | 51-0332946 | 51-0323767 | 23-2750899 | 51-0355321 | 23-2798733 | | |
| PA CAPITAL STOCK | -101,323. | | | 30,954. | | | | |
| PA GROSS RECEIPTS | | | | | | | | |
| PA UNEMPLOYMENT COMPENSATION | 22,060. | | | | | 94. | | |
| LOCAL REAL ESTATE -PA/MD | | | | | | | | |
| LOCAL FRANCHISE | 1,753. | | | | | 50. | | |
| STATE EXCISE TAX ON INSURANCE PREM'S | | | | | | | | |
| MD GROSS RECEIPTS | | | | | | | | |
| MD PERSONAL PROPERTY | | | 100. | | | | | |
| PURTA (PA REAL ESTATE TAXES) | | | | | | | | |
| PHILA REALTY OCCUPANCY | | | | | | | | |
| CAPITAL STOCK - W/VA | | | | | | | | |
| NJ PERSONAL PROPERTY | | | | | | | | |
| MD. UNEMPLOYMENT COMPENSATION | | | | | | | | |
| MD. ENVIRONMENTAL SURCHARGE | | | | | | | | |
| MD CAPITAL STOCK | | | | | | | | |
| TAXES EXCLUDING INCOME TAXES | | | | | | | | |
| LOCAL REAL ESTATE - N.J. | | | | | | | | |
| PA SALES & USE TAX ASSESSMENTS | | | | | | | | |
| GENERAL SERVICE FEES | | | | | | | | |
| STATE FRANCHISE | | | | | | | | |
| SEVERANCE (PRODUCTION) TAX | | | | | | | | |
| FEDERAL UNEMPLOY COMP | 802. | | | | | 26. | | |
| FICA | 32,180. | | | | | 247. | | |
| TELEPHONE & TELEGRAPH | | | | | | | | |
| FED EXCISE TAX ON INS PREM | | | | | | | | |
| PURTA RECOVERABLE | | | | | | | | |
| FED EXCISE REPLAC POWER INS | | | | | | | | |
| TEXAS PERSONAL PROPERTY TAX | | | | 527. | | | | |
| TAXES EXCLUDING INCOME TAXES | | | | | | | | |
| TEXAS PERSONAL PROPERTY TAX | | | | 527. | | | | |
| Total | -44,528. | | 100. | 32,008. | 417. | | | |

Line 17 - State and local taxes

| | Combined | ELIMINATIONS LOCATOR | Adjustments | PECO ENERGY COMPANY CONSOLIDATED |
|-----------------|-------------|-------------------------|-------------|--|
| PA INCOME TAXES | 66,145,207. | | | 66,145,207. |
| NJ INCOME TAXES | 4,718,495. | | | 4,718,495. |
| MD INCOME TAXES | 8,250,835. | | | 8,250,835. |
| WV INCOME TAXES | 34,489. | | | 34,489. |
| MI INCOME TAXES | 8,774. | | | 8,774. |
| AL INCOME TAXES | -414. | | | -414. |
| LA INCOME TAXES | 44,574. | | | 44,574. |

| | | | | |
|-------|-------------|--|--|-------------|
| Total | 79,201,960. | | | 79,201,960. |
|-------|-------------|--|--|-------------|

Line 17 - State and local taxes

| | PECO ENERGY COMPANY 23-0970240 | SUSQUEHANNA POWER COMPANY 23-1139830 | PECO ENERGY POWER COMPANY 23-0970740 | SUSQUEHANNA ELECTRIC COMPANY 52-0503520 | CONOWINGO POWER COMPANY 52-0280040 | EASTERN PENNSYLVANIA EXPLORATION COMPANY 23-2039821 | EASTERN PENNSYLVANIA DEVELOPMENT COMPANY 23-1706184 | ADWIN REALTY COMPANY |
|-----------------|-----------------------------------|---|---|--|---------------------------------------|--|--|----------------------|
| PA INCOME TAXES | 66,103,641.1 | | 45,566. | 656. | 15,654. | -20,807. | 197. | 300. |
| NJ INCOME TAXES | 4,718,345.1 | | | | | | | |
| MD INCOME TAXES | 1,082,811.1 | 657,085. | | 5,999. | 6,504,940. | | | |
| WV INCOME TAXES | | | | | | 34,489. | | |
| MI INCOME TAXES | | | | | | 8,774. | | |
| AL INCOME TAXES | | | | | | -414. | | |
| LA INCOME TAXES | | | | | | 44,574. | | |

Handwritten:
71,904,797

| | | | | | | | | |
|-------|-------------|----------|---------|--------|------------|---------|------|------|
| Total | 71,904,797. | 657,085. | 45,566. | 6,655. | 6,520,594. | 66,616. | 197. | 300. |
|-------|-------------|----------|---------|--------|------------|---------|------|------|

| ADWIN EQUIPMENT COMPANY | ADWIN INVESTMENT COMPANY | BUTTONWOODS ASSOCIATES INC | ENERGY PERFORMANCE SERVICES, INC | PECO ENERGY CAPITAL CORP | PECO GAS SUPPLY COMPANY | PROPRIETORS OF THE SUSQUEHANNA CANAL | ADWIN SCHUYLKILL COGENERATION INC |
|-------------------------------|--------------------------------|-------------------------------|--|-----------------------------|----------------------------|---|--|
| 23-1706178 | 51-0332946 | 51-0323767 | 23-2750899 | 51-0355321 | 23-2798733 | 23-1624948 | 23-2829266 |

Line 17 - State and local taxes

PA INCOME TAXES
 NJ INCOME TAXES
 MD INCOME TAXES
 WV INCOME TAXES
 MI INCOME TAXES
 AL INCOME TAXES
 LA INCOME TAXES

150.

Total

150.

1120 Page 1 Detail

Line 19 - Contributions deduction

| | |
|---|--------------|
| Line 28, taxable income without regard to contributions | 831,505,800. |
| Line 29a, NOL deduction | |
| Taxable income without regard to contributions deduction NOL carrybacks, and net capital loss carrybacks | 831,505,800. |
| Contributions deduction as limited | 83,150,580. |

Contributions carryover

| Year ending | Amount Generated | Amount Utilized | Converted to NOL Carryover | Carryover Not Utilized |
|--------------------------------|---------------------|--------------------|-------------------------------|---------------------------|
| 12/31/90 | NONE | | | NONE |
| 12/31/91 | NONE | NONE | | |
| 12/31/92 | NONE | NONE | | |
| 12/31/93 | NONE | NONE | | |
| 12/31/94 | | | | |
| 12/31/95 | 3,703,349. | 3,703,349. | | |
| | ----- | ----- | | |
| Total | 3,703,349. | 3,703,349. | | NONE |
| Amount to Page 1, Line 19 | | <u>3,703,349.</u> | | |
| Expired carryover: | | | | ----- NONE |
| Total carried forward to 1996: | | | | ----- NONE |

1120 Page 1 Detail

Line 19 - Current year contribution

CURRENT-YEAR CONTRIBUTIONS

| Combined | ELIMINATIONS LOCATOR | Adjustments | PECO ENERGY COMPANY CONSOLIDATED |
|------------|-------------------------|-------------|--|
| 3,703,349. | | | 3,703,349. |

Total

| | |
|------------|------------|
| 3,703,349. | 3,703,349. |
|------------|------------|

Line 19 - Current year contribution

CURRENT-YEAR CONTRIBUTIONS

| PECO ENERGY COMPANY | SUSQUEHANNA POWER COMPANY | PECO ENERGY POWER COMPANY | SUSQUEHANNA ELECTRIC COMPANY | CONOWINGO POWER COMPANY | EASTERN PENNSYLVANIA EXPLORATION COMPANY | EASTERN PENNSYLVANIA DEVELOPMENT COMPANY | ADWIN REALTY COMPANY |
|---------------------|---------------------------|---------------------------|------------------------------|-------------------------|--|--|----------------------|
| 23-0970240 | 23-1139830 | 23-0970740 | 52-0503520 | 52-0280040 | 23-2039821 | 23-1706184 | |
| 3,687,260. | | | | 16,089. | | | |

Total

| | |
|------------|---------|
| 3,687,260. | 16,089. |
|------------|---------|

1120 Page 1 Detail

Line 19 - Current year contribution

CURRENT-YEAR CONTRIBUTIONS

| ADWIN EQUIPMENT COMPANY | ADWIN INVESTMENT COMPANY | BUTTOWOODS ASSOCIATES INC | ENERGY PERFORMANCE SERVICES, INC | PECO ENERGY CAPITAL CORP | PECO GAS SUPPLY COMPANY | PROPRIETORS OF THE SUSQUEHANNA CANAL | ADWIN SCHUYLKILL COGENERATION INC |
|-------------------------------|--------------------------------|------------------------------|--|-----------------------------|----------------------------|---|--|
| 23-1706178 | 51-0332946 | 51-0323767 | 23-2750899 | 51-0355321 | 23-2798733 | 23-1624948 | 23-2829266 |

Total

1120 Page 1 Detail

| | Combined | ELIMINATIONS LOCATOR | Adjustments | PECO ENERGY COMPANY CONSOLIDATED |
|---|-------------|-------------------------|-------------|--|
| Line 26 - Other deductions | | | | |
| Reduction of research expenses by research credit | NONE | | | NONE |
| OTHER DEDUCTIONS | 54,888. | | | 54,888. |
| MISC CIVIC EXPENSES | 542,373. | | | 542,373. |
| GAS METER SHOP SETTLEMENT | 425,000. | | | 425,000. |
| POWER RERATE EXPENDITURES | 8,951,538. | | | 8,951,538. |
| EASEMENTS, CLEARING & GRADING | 716,005. | | | 716,005. |
| COST OF REMOVAL | 2,478,298. | | | 2,478,298. |
| AUDIT ADJUSTMENTS - ROLLOVER ITEMS | -373,189. | | | -373,189. |
| REPAIR ALLOWANCE | 20,124,847. | | | 20,124,847. |
| CONSULTATION SERVICES | -54,971. | | | -54,971. |
| INTANGIBLE DRILLING COSTS | 56,226. | | | 56,226. |
| SOFTWARE DEVELOPMENT COSTS | 5,745,919. | | | 5,745,919. |
| SECTION 179A DEDUCTION | 110,000. | | | 110,000. |
| ABANDONED MERGERS EXP | 4,854,544. | | | 4,854,544. |
| MARKETING | 36,389. | | | 36,389. |
| MISCELLANEOUS EXPENSE | 1,606. | | | 1,606. |
| DUES & SUBSCRIPTIONS | 32,895. | | | 32,895. |
| Amortization | 1,088,633. | | | 1,088,633. |

| | | | | |
|-------|-------------|--|--|-------------|
| Total | 44,791,001. | | | 44,791,001. |
|-------|-------------|--|--|-------------|

1120 Page 1 Detail

| | PECO ENERGY COMPANY | SUSQUEHANNA POWER COMPANY | PECO ENERGY POWER COMPANY | SUSQUEHANNA ELECTRIC COMPANY | CONOWINGO POWER COMPANY | EASTERN PENNSYLVANIA EXPLORATION COMPANY | EASTERN PENNSYLVANIA DEVELOPMENT COMPANY | ADWIN REALTY COMPANY |
|---|------------------------|------------------------------|------------------------------|------------------------------------|----------------------------|---|---|-------------------------|
| Line 26 - Other deductions | 23-0970240 | 23-1139830 | 23-0970740 | 52-0503520 | 52-0280040 | 23-2039821 | 23-1706184 | |
| Reduction of research expenses by research credit | | NONE | | | | | | |
| OTHER DEDUCTIONS | | | | | | | | 54,888. |
| MISC CIVIC EXPENSES | 59,048. | | | | | | | |
| GAS METER SHOP SETTLEMENT | 425,000. | | | | | | | |
| POWER RERATE EXPENDITURES | 8,951,538. | | | | | | | |
| EASEMENTS, CLEARING & GRADING | 712,545. | 1,094. | 179. | | 2,187. | | | |
| COST OF REMOVAL | 2,478,298. | | | | | | | |
| AUDIT ADJUSTMENTS - ROLLOVER ITEMS | -369,975. | | | | -3,214. | | | |
| REPAIR ALLOWANCE | 20,124,847. | | | | | | | |
| CONSULTATION SERVICES | -59,047. | | | | | | | |
| INTANGIBLE DRILLING COSTS | | | | | | 56,226. | | |
| SOFTWARE DEVELOPMENT COSTS | 5,745,919. | | | | | | | |
| SECTION 179A DEDUCTION | 110,000. | | | | | | | |
| ABANDONED MERGERS EXP | 4,854,544. | | | | | | | |
| MARKETING | | | | | | | | |
| MISCELLANEOUS EXPENSE | | | | | | | | |
| DUES & SUBSCRIPTIONS | | | | | | | | |
| Amortization | 864,078. | 82,501. | 17,474. | | | | | 105,354. |

| | | | | | | | | |
|-------|-------------|---------|---------|--|---------|---------|--|----------|
| Total | 43,896,795. | 83,595. | 17,653. | | -1,027. | 56,226. | | 160,242. |
|-------|-------------|---------|---------|--|---------|---------|--|----------|

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Line 26 - Other deductions

Reduction of research expenses by research credit
 OTHER DEDUCTIONS
 MISC CIVIC EXPENSES
 GAS METER SHOP SETTLEMENT
 POWER RERATE EXPENDITURES
 EASEMENTS, CLEARING & GRADING
 COST OF REMOVAL
 AUDIT ADJUSTMENTS - ROLLOVER ITEMS
 REPAIR ALLOWANCE
 CONSULTATION SERVICES
 INTANGIBLE DRILLING COSTS
 SOFTWARE DEVELOPMENT COSTS
 SECTION 179A DEDUCTION
 ABANDONED MERGERS EXP
 MARKETING
 MISCELLANEOUS EXPENSE
 DUES & SUBSCRIPTIONS
 Amortization

| ADWIN EQUIPMENT COMPANY | ADWIN INVESTMENT COMPANY | BUTTONWOODS ASSOCIATES INC | ENERGY PERFORMANCE SERVICES, INC | PECO ENERGY CAPITAL CORP | PECO GAS SUPPLY COMPANY | PROPRIETORS OF THE SUSQUEHANNA CANAL | ADWIN SCHUYLKILL COGENERATION INC |
|-------------------------------|--------------------------------|-------------------------------|--|-----------------------------|----------------------------|---|--|
| 23-1706178 | 51-0332946 | 51-0323767 | 23-2750899 | 51-0355321 | 23-2798733 | 23-1624948 | 23-2829266 |

483,325.

4,076.

36,389.

1,606.

2,350.

15,757.

30,545.

1,544.

1,925.

Total

| | | | |
|--------|---------|----------|--------|
| 1,925. | 60,178. | 513,870. | 1,544. |
|--------|---------|----------|--------|

| | | | |
|----------|-------------------------|-------------|--|
| Combined | ELIMINATIONS LOCATOR | Adjustments | PECO ENERGY COMPANY CONSOLIDATED |
|----------|-------------------------|-------------|--|

Consolidated Schedules

Sch. A Summary

| | | | |
|---|---|----------------|----------------|
| 1 | Inventory - beginning | | |
| 2 | Purchases | | |
| 3 | Cost of Labor | | |
| 4 | Addit. 203A Costs | | |
| 5 | Other Costs | 1,555,156,630. | 1,555,156,630. |
| 0 | Total | 1,555,156,630. | 1,555,156,630. |
| 7 | Inventory - Ending | | |
| 8 | Cost of Goods Sold and/or Operations | 1,555,156,630. | 1,555,156,630. |

| | PECO ENERGY COMPANY | SUSQUEHANNA POWER COMPANY | PECO ENERGY POWER COMPANY | SUSQUEHANNA ELECTRIC COMPANY | CONOWINGO POWER COMPANY | EASTERN PENNSYLVANIA EXPLORATION COMPANY | EASTERN PENNSYLVANIA DEVELOPMENT COMPANY | ADWIN REALTY COMPANY |
|------------------------|------------------------|------------------------------|------------------------------|---------------------------------|----------------------------|---|---|-------------------------|
| Consolidated Schedules | | | | | | | | |
| Sch. A Summary | 23-0970240 | 23-1139830 | 23-0970740 | 52-0503520 | 52-0280040 | 23-2039821 | 23-1706184 | |

| | | | | | | | | |
|---|---|----------------|---------|------------|-------------|---------|--|------------|
| 1 | Inventory - beginning | | | | | | | |
| 2 | Purchases | | | | | | | |
| 3 | Cost of Labor | | | | | | | |
| 4 | Addtl. 263A Costs | | | | | | | |
| 5 | Other Costs | 1,511,728,968. | 53,426. | 6,540,750. | 24,942,334. | 51,442. | | 1,754,226. |
| 6 | Total | 1,511,728,968. | 53,426. | 6,540,750. | 24,942,334. | 51,442. | | 1,754,226. |
| 7 | Inventory - Ending | | | | | | | |
| 8 | Cost of Goods Sold and/or Operations | 1,511,728,968. | 53,426. | 6,540,750. | 24,942,334. | 51,442. | | 1,754,226. |

| | | | | | | | |
|----------------------------|-----------------------------|--------------------------------|--|-----------------------------|-------------------------------|--|--------------------------------------|
| ADWIN EQUIPMENT COMPANY | ADWIN INVESTMENT COMPANY | BUTTONWOODS ASSOCIATES INC. | ENERGY PERFORMANCE SERVICES, INC | PECO ENERGY CAPITAL CORP | PECO GAS SUPPLY COMPANY .. | PROPRIETORS OF THE SUSQUEHANNA CANAL | ADWIN SCHUYLKILL COGENERATION INC |
|----------------------------|-----------------------------|--------------------------------|--|-----------------------------|-------------------------------|--|--------------------------------------|

Consolidated Schedules

| Sch. A Summary | 23-1706178 | 51-0332946 | 51-0323767 | 23-2750899 | 51-0355321 | 23-2798733 | 23-1624948 | 23-2829266 |
|---|------------|------------|------------|------------|------------|------------|------------|------------|
| 1 Inventory - beginning | | | | | | | | |
| 2 Purchases | | | | | | | | |
| 3 Cost of Labor | | | | | | | | |
| 4 Addtl. 283A Costs | | | | | | | | |
| 5 Other Costs | 54,285. | 4,132. | 892,641. | 8,971,409. | 4,830. | 158,187. | | |
| 6 Total | 54,285. | 4,132. | 892,641. | 8,971,409. | 4,830. | 158,187. | | |
| 7 Inventory - Ending | | | | | | | | |
| 8 Cost of Goods Sold and/or Operations | 54,285. | 4,132. | 892,641. | 8,971,409. | 4,830. | 158,187. | | |

| | Combined | ELIMINATIONS LOCATOR | Adjustments | PECO ENERGY COMPANY CONSOLIDATED |
|-------------------------------------|----------------|-------------------------|-------------|--|
| Line 5 - Other cost of goods sold | | | | |
| EXPENSE - MERCH & JOBBING | 1,757,045. | | | 1,757,045. |
| NON-OPERATING RENTAL | -22,644. | | | -22,644. |
| SUPERVISION & ENGINEERING | 13,981,445. | | | 13,981,445. |
| FUEL | 190,506,015. | | | 190,506,015. |
| STEAM EXPENSE | 21,304,726. | | | 21,304,726. |
| ELECTRIC EXPENSE | 3,001,477. | | | 3,001,477. |
| MISC STEAM POWER EXPENSE | 12,335,349. | | | 12,335,349. |
| SUPERVISION & ENGINEERING | 87,029,537. | | | 87,029,537. |
| FUEL - OTHER CHARGES | 37,515,915. | | | 37,515,915. |
| HELIUM & OTHER COOLANTS | 8,539,585. | | | 8,539,585. |
| STEAM EXPENSE | 31,033,599. | | | 31,033,599. |
| ELECTRIC EXPENSE | 123,572. | | | 123,572. |
| MISC NUCLEAR POWER EXPENSE | 129,700,208. | | | 129,700,208. |
| SUPERVISION & ENGINEERING | 1,302,405. | | | 1,302,405. |
| WATER | 4,215,356. | | | 4,215,356. |
| HYDRAULIC EXPENSE | 3,844,621. | | | 3,844,621. |
| MISC HYDRAULIC EXPENSE | 179,036. | | | 179,036. |
| SUPERVISION & ENGINEERING | 655,248. | | | 655,248. |
| FUEL | 9,803,827. | | | 9,803,827. |
| GENERATION EXPENSE | 560,234. | | | 560,234. |
| MISC OTHER POWER GEN EXPENSE | 378,704. | | | 378,704. |
| PURCH POWER EXPENSE | 363,551,690. | | | 363,551,690. |
| SYSTEM CONTROL & LOAD DISPATCH | 7,897,380. | | | 7,897,380. |
| OTHER EXPENSE | -19,707,620. | | | -19,707,620. |
| SUPERVISION & ENGINEERING | 3,265,227. | | | 3,265,227. |
| LOAD DISPATCH | 2,897,216. | | | 2,897,216. |
| STATION EXPENSE | 1,125,368. | | | 1,125,368. |
| OVERHEAD LINE EXPENSE | 851,964. | | | 851,964. |
| UNDERGROUND LINE EXPENSE | 74,872. | | | 74,872. |
| MISC TRANSMISSION SYSTEM EXPENSE | 3,484,936. | | | 3,484,936. |
| SUPERVISION & ENGINEERING | 5,398,336. | | | 5,398,336. |
| LOAD DISPATCHING | 3,875,287. | | | 3,875,287. |
| STATION EXPENSE | 4,790,329. | | | 4,790,329. |
| OVERHEAD LINE EXPENSE | 10,230,794. | | | 10,230,794. |
| UNDERGROUND LINE EXPENSE | 6,093,991. | | | 6,093,991. |
| STREET LIGHT & TRAFFIC SIGNAL EXP | 163,224. | | | 163,224. |
| METER EXPENSE | 905,116. | | | 905,116. |
| INSTALLATION EXPENSE | 2,443,820. | | | 2,443,820. |
| DISTRIBUTION EXPENSE | 20,021,060. | | | 20,021,060. |
| SUPERVISION EXPENSE | 231,346. | | | 231,346. |
| METER READING EXPENSE | 10,059,158. | | | 10,059,158. |
| CUSTOMER RECONCILE & COLLECT | 37,734,677. | | | 37,734,677. |
| MISCELLANEOUS | 6,885,317. | | | 6,885,317. |
| SUPERVISION - COMMERCIAL OPERATIONS | 6,816. | | | 6,816. |
| CUSTOMER ASSISTANCE EXPENSE | 4,021,734. | | | 4,021,734. |
| INFO & INST ADV EXP - COMMERCIAL | 881,314. | | | 881,314. |
| MISC CUST SERV & INFO - COMMERCIAL | 3,620,092. | | | 3,620,092. |
| SUPERVISION | 57,141. | | | 57,141. |
| DEMONSTRATING & SELLING | 6,119,274. | | | 6,119,274. |
| SALES EXPENSE | 50,274. | | | 50,274. |
| Page total | 1,044,775,393. | | | 1,044,775,393. |
| Grand total | 1,555,156,630. | | | 1,555,156,630. |

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| | Combined | ELIMINATIONS LOCATOR | Adjustments | PECO ENERGY COMPANY CONSOLIDATED |
|-------------------------------------|--------------|-------------------------|-------------|--|
| Line 5 - Other cost of goods sold | | | | |
| SALARIES | 95,314,700. | | | 95,314,700. |
| OFFICE SUPPLIES | 93,085,034. | | | 93,085,034. |
| OUTSIDE SERVICES | 13,347,478. | | | 13,347,478. |
| PROPERTY INSURANCE | 8,848,103. | | | 8,848,103. |
| INJURIES AND DAMAGES | 15,536,614. | | | 15,536,614. |
| REGULATOR COMMISSION EXPENSE | 5,771,751. | | | 5,771,751. |
| DUPLICATE | -3,664,832. | | | -3,664,832. |
| GENERAL | 6,790,173. | | | 6,790,173. |
| OPERATIONAL SUPERV & ENGINEER | 84,689. | | | 84,689. |
| GAS PURCHASES | 168,054,401. | | | 168,054,401. |
| PURCHASED GAS | 3,779,472. | | | 3,779,472. |
| WITHDRAWN LNG | 6,823,812. | | | 6,823,812. |
| PURCHASED GAS | -639,789. | | | -639,789. |
| GAS SUPPLY EXPENSE | 19,358,978. | | | 19,358,978. |
| SUPERVISION & ENGINEERING | 679,622. | | | 679,622. |
| LABOR & EXPENSES | 677,871. | | | 677,871. |
| PURCHASED GAS | 751,214. | | | 751,214. |
| SUPERVISION & ENGINEERING | 1,078,779. | | | 1,078,779. |
| DISTRIBUTION LOAD DISPATCH | 345,268. | | | 345,268. |
| MAINS & SERVICE EXPENSE | 2,199,652. | | | 2,199,652. |
| M&R STATION GENERAL EXPENSE | 80,039. | | | 80,039. |
| M&R STATION IND EXPENSE | 781,287. | | | 781,287. |
| METER & HOUSE REGULATOR EXPENSE | 1,800,004. | | | 1,800,004. |
| CUSTOMER INSTALLATION EXPENSE | 5,931,611. | | | 5,931,611. |
| OTHER EXPENSE | 4,525,780. | | | 4,525,780. |
| SUPERVISION | 20,996. | | | 20,996. |
| METER READING EXPENSE | 2,414,294. | | | 2,414,294. |
| CUST RECEIPTS & COLLECT EXPENSE | 6,212,698. | | | 6,212,698. |
| MISC CUSTOMER ACCOUNTS EXPENSE | 1,143,845. | | | 1,143,845. |
| SUPERVISION - COMMERCIAL OPERATIONS | 1,154. | | | 1,154. |
| CUST ASSISTANCE EXPENSE | 461,268. | | | 461,268. |
| INFO & INST ADV EXP - COMMERCIAL | 10,826. | | | 10,826. |
| SUPERVISION | 567,031. | | | 567,031. |
| MISC SALES EXPENSE | 71,500. | | | 71,500. |
| SALARIES | 7,426,347. | | | 7,426,347. |
| OFFICE SUPPLIES & EXPENSE | 5,101,027. | | | 5,101,027. |
| OUTSIDE SERVICES | 1,100,995. | | | 1,100,995. |
| PROPERTY INSURANCE | 196,322. | | | 196,322. |
| INJURIES AND DAMAGES | 1,274,846. | | | 1,274,846. |
| REGULATORY COMMISSION EXPENSE | 1,061,174. | | | 1,061,174. |
| DUPLICATE | 3,550. | | | 3,550. |
| MISCELLANEOUS GENERAL EXPENSE | 421,093. | | | 421,093. |
| LEASE OPERATING EXPENSES | 30,945. | | | 30,945. |
| HANDLING EXPENSES | 2,627. | | | 2,627. |
| DECOMMISSIONING EXPENSE | 17,763,384. | | | 17,763,384. |
| OTHER ELECTRIC POWER EXPENSE | 49,046. | | | 49,046. |
| LIQUIFIED PETROLEUM GAS EXPENSE | 165,547. | | | 165,547. |
| LIQUIFIED PETROLEUM GAS PURCHASE | 430,261. | | | 430,261. |
| OTHER COSTS | 782,341. | | | 782,341. |
| MEAS REGULATE EXPENSE | 1,194,032. | | | 1,194,032. |
| Page total | 499,248,860. | | | 499,248,860. |

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| | Combined | ELIMINATIONS LOCATOR | Adjustments | PECO ENERGY COMPANY CONSOLIDATED |
|---|-------------|-------------------------|-------------|--|
| <hr/> | | | | |
| Line 5 - Other cost of goods sold | | | | |
| <hr/> | | | | |
| MANAGEMENT COMM | 9,424. | | | 9,424. |
| COST OF SERVICE - CONSULTING | 308,963. | | | 308,963. |
| COST OF SERVICE - SALE OF SYSTEMS | 4,636,568. | | | 4,636,568. |
| COST OF SERVICE- ANNUITY MAINTENANCE | 900,267. | | | 900,267. |
| SUBCONTRACTED PROJECT COSTS | 707,548. | | | 707,548. |
| UTILITY EXPENSE | 7,497. | | | 7,497. |
| OVERHEAD RECOVERY-COST OF SERVICE | -577,199. | | | -577,199. |
| MISC COST | 181,416. | | | 181,416. |
| MRKTING, SEMINARS, COMMISS, MOVING&MISC | 331,386. | | | 331,386. |
| WARRANTY EXPENSE | 210,154. | | | 210,154. |
| MANAGEMENT FEES | 784. | | | 784. |
| COST OF SALES OF TOWNHOUSES | 859,922. | | | 859,922. |
| SETTLEMENT CHARGES | 28,284. | | | 28,284. |
| CUST SERV & INFO EXPENSE | 431,685. | | | 431,685. |
| DEMONSTRATING & SELLING EXPENSE | 2,723,457. | | | 2,723,457. |
| ADVERTISING EXPENSE | 371,776. | | | 371,776. |
| RENTS | 445. | | | 445. |
| <hr/> | | | | |
| Page total | 11,132,377. | | | 11,132,377. |
| <hr/> | | | | |

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| | PECO ENERGY COMPANY | SUSQUEHANNA POWER COMPANY | PECO ENERGY POWER COMPANY | SUSQUEHANNA ELECTRIC COMPANY | CONOWINGO POWER COMPANY | EASTERN PENNSYLVANIA EXPLORATION COMPANY | EASTERN PENNSYLVANIA DEVELOPMENT COMPANY | ADWIN REALTY COMPANY |
|-------------------------------------|------------------------|------------------------------|------------------------------|------------------------------------|----------------------------|---|---|-------------------------|
| Line 5 - Other cost of goods sold | 23-0970240 | 23-1139830 | 23-0970740 | 52-0503520 | 52-0280040 | 23-2039821 | 23-1706184 | |
| EXPENSE - MERCH & JOBBING | 1,755,764. | | | | 1,281. | | | |
| NON-OPERATING RENTAL | -22,644. | | | | | | | |
| SUPERVISION & ENGINEERING | 13,981,445. | | | | | | | |
| FUEL | 190,506,015. | | | | | | | |
| STEAM EXPENSE | 21,304,726. | | | | | | | |
| ELECTRIC EXPENSE | 3,001,477. | | | | | | | |
| MISC STEAM POWER EXPENSE | 12,335,349. | | | | | | | |
| SUPERVISION & ENGINEERING | 87,029,537. | | | | | | | |
| FUEL - OTHER CHARGES | 37,515,915. | | | | | | | |
| HELIUM & OTHER COOLANTS | 8,539,585. | | | | | | | |
| STEAM EXPENSE | 31,033,599. | | | | | | | |
| ELECTRIC EXPENSE | 123,572. | | | | | | | |
| MISC NUCLEAR POWER EXPENSE | 129,700,208. | | | | | | | |
| SUPERVISION & ENGINEERING | 1,023,414. | | | 278,991. | | | | |
| WATER | 963,727. | | | 3,251,629. | | | | |
| HYDRAULIC EXPENSE | 1,537,168. | 575. | | 2,306,878. | | | | |
| MISC HYDRAULIC EXPENSE | 11,126. | | | 167,910. | | | | |
| SUPERVISION & ENGINEERING | 655,248. | | | | | | | |
| FUEL | 9,803,827. | | | | | | | |
| GENERATION EXPENSE | 560,234. | | | | | | | |
| MISC OTHER POWER GEN EXPENSE | 378,704. | | | | | | | |
| PURCH POWER EXPENSE | 339,907,418. | | | | 23,644,272. | | | |
| SYSTEM CONTROL & LOAD DISPATCH | 7,897,380. | | | | | | | |
| OTHER EXPENSE | -19,707,620. | | | | | | | |
| SUPERVISION & ENGINEERING | 3,223,445. | | | | 41,782. | | | |
| LOAD DISPATCH | 2,897,216. | | | | | | | |
| STATION EXPENSE | 1,125,368. | | | | | | | |
| OVERHEAD LINE EXPENSE | 851,931. | | | | 33. | | | |
| UNDERGROUND LINE EXPENSE | 74,872. | | | | | | | |
| MISC TRANSMISSION SYSTEM EXPENSE | 3,484,899. | 4. | | | 33. | | | |
| SUPERVISION & ENGINEERING | 5,350,218. | | | | 48,118. | | | |
| LOAD DISPATCHING | 3,875,287. | | | | | | | |
| STATION EXPENSE | 5,292,709. | | | | -502,380. | | | |
| OVERHEAD LINE EXPENSE | 10,060,753. | | | | 170,041. | | | |
| UNDERGROUND LINE EXPENSE | 6,065,579. | | | | 28,412. | | | |
| STREET LIGHT & TRAFFIC SIGNAL EXP | 154,661. | | | | 8,563. | | | |
| METER EXPENSE | 871,437. | | | | 33,679. | | | |
| INSTALLATION EXPENSE | 2,414,563. | | | | 29,257. | | | |
| DISTRIBUTION EXPENSE | 19,681,733. | | | | 339,327. | | | |
| SUPERVISION EXPENSE | 231,346. | | | | | | | |
| METER READING EXPENSE | 9,892,321. | | | | 166,837. | | | |
| CUSTOMER RECONCILE & COLLECT | 37,371,007. | | | | 363,670. | | | |
| MISCELLANEOUS | 6,836,990. | | | | 48,327. | | | |
| SUPERVISION - COMMERCIAL OPERATIONS | 6,816. | | | | | | | |
| CUSTOMER ASSISTANCE EXPENSE | 3,934,659. | | | | 87,075. | | | |
| INFO & INST ADV EXP - COMMERCIAL | 856,371. | | | | 24,943. | | | |
| MISC CUST SERV & INFO - COMMERCIAL | 3,619,349. | | | | 743. | | | |
| SUPERVISION | 57,141. | | | | | | | |
| DEMONSTRATING & SELLING | 6,100,169. | | | | 19,105. | | | |
| SALES EXPENSE | 49,702. | | | | 572. | | | |
| Page total | 1,014,215,716. | 579. | | 6,005,408. | 24,553,690. | | | |
| Grand total | 1,511,728,968. | 53,426. | | 6,540,750. | 24,942,334. | 51,442. | | 1,754,226. |

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Line 5 - Other cost of goods sold

| ADWIN EQUIPMENT COMPANY | ADWIN INVESTMENT COMPANY | BUTTONWOODS ASSOCIATES INC | ENERGY PERFORMANCE SERVICES, INC | PECO ENERGY CAPITAL CORP | PECO GAS SUPPLY COMPANY | PROPRIETORS OF THE SUSQUEHANNA CANAL | ADWIN SCHUYLKILL COGENERATION INC |
|-------------------------------|--------------------------------|-------------------------------|--|-----------------------------|----------------------------|---|--|
| 23-1706178 | 51-0332946 | 51-0323767 | 23-2750899 | 51-0355321 | 23-2798733 | 23-1624948 | 23-2829266 |

EXPENSE - MERCH & JOBBING
 NON-OPERATING RENTAL
 SUPERVISION & ENGINEERING
 FUEL
 STEAM EXPENSE
 ELECTRIC EXPENSE
 MISC STEAM POWER EXPENSE
 SUPERVISION & ENGINEERING
 FUEL - OTHER CHARGES
 HELIUM & OTHER COOLANTS
 STEAM EXPENSE
 ELECTRIC EXPENSE
 MISC NUCLEAR POWER EXPENSE
 SUPERVISION & ENGINEERING
 WATER
 HYDRAULIC EXPENSE
 MISC HYDRAULIC EXPENSE
 SUPERVISION & ENGINEERING
 FUEL
 GENERATION EXPENSE
 MISC OTHER POWER GEN EXPENSE
 PURCH POWER EXPENSE
 SYSTEM CONTROL & LOAD DISPATCH
 OTHER EXPENSE
 SUPERVISION & ENGINEERING
 LOAD DISPATCH
 STATION EXPENSE
 OVERHEAD LINE EXPENSE
 UNDERGROUND LINE EXPENSE
 MISC TRANSMISSION SYSTEM EXPENSE
 SUPERVISION & ENGINEERING
 LOAD DISPATCHING
 STATION EXPENSE
 OVERHEAD LINE EXPENSE
 UNDERGROUND LINE EXPENSE
 STREET LIGHT & TRAFFIC SIGNAL EXP
 METER EXPENSE
 INSTALLATION EXPENSE
 DISTRIBUTION EXPENSE
 SUPERVISION EXPENSE
 METER READING EXPENSE
 CUSTOMER RECONCILE & COLLECT
 MISCELLANEOUS
 SUPERVISION - COMMERCIAL OPERATIONS
 CUSTOMER ASSISTANCE EXPENSE
 INFO & INST ADV EXP - COMMERCIAL
 MISC CUST SERV & INFO - COMMERCIAL
 SUPERVISION
 DEMONSTRATING & SELLING
 SALES EXPENSE

Page total

| | | | | | | | |
|-------------|---------|--------|----------|------------|--------|----------|--|
| Grand total | 54,285. | 4,132. | 892,641. | 8,971,409. | 4,830. | 158,187. | |
|-------------|---------|--------|----------|------------|--------|----------|--|

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Line 5 - Other cost of goods sold

| | PECO ENERGY COMPANY 23-0970240 | SUSQUEHANNA POWER COMPANY 23-1139830 | PECO ENERGY POWER COMPANY 23-0970740 | SUSQUEHANNA ELECTRIC COMPANY 52-0503520 | CONOWINGO POWER COMPANY 52-0280040 | EASTERN PENNSYLVANIA EXPLORATION COMPANY 23-2039821 | EASTERN PENNSYLVANIA DEVELOPMENT COMPANY 23-1706184 | ADWIN REALTY COMPANY |
|-------------------------------------|-----------------------------------|---|---|--|---------------------------------------|--|--|----------------------|
| SALARIES | 95,109,314. | 44,040. | | 98,298. | 2,169. | 14,495. | | |
| OFFICE SUPPLIES | 91,619,905. | 8,856. | | 25,762. | 307,277. | | | 40,309. |
| OUTSIDE SERVICES | 12,885,454. | | | | 71,942. | | | 1,112,759. |
| PROPERTY INSURANCE | 8,640,346. | | | 164,640. | 1,921. | 3,375. | | 340,611. |
| INJURIES AND DAMAGES | 15,362,315. | | | 174,389. | -90. | | | 40,720. |
| REGULATOR COMMISSION EXPENSE | 5,698,493. | | | 72,683. | 575. | | | |
| DUPLICATE | -3,637,681. | | | | -27,151. | | | |
| GENERAL | 6,549,688. | -49. | | -430. | 32,001. | | | |
| OPERATIONAL SUPERV & ENGINEER | 84,689. | | | | | | | 208,838. |
| GAS PURCHASES | 167,917,057. | | | | | | | |
| PURCHASED GAS | 3,779,472. | | | | | | | |
| WITHDRAWN LNG | 6,823,812. | | | | | | | |
| PURCHASED GAS | -639,789. | | | | | | | |
| GAS SUPPLY EXPENSE | 19,358,978. | | | | | | | |
| SUPERVISION & ENGINEERING | 679,622. | | | | | | | |
| LABOR & EXPENSES | 677,871. | | | | | | | |
| PURCHASED GAS | 751,214. | | | | | | | |
| SUPERVISION & ENGINEERING | 1,078,779. | | | | | | | |
| DISTRIBUTION LOAD DISPATCH | 345,268. | | | | | | | |
| MAINS & SERVICE EXPENSE | 2,199,652. | | | | | | | |
| M&R STATION GENERAL EXPENSE | 80,039. | | | | | | | |
| M&R STATION IND EXPENSE | 781,287. | | | | | | | |
| METER & HOUSE REGULATOR EXPENSE | 1,800,004. | | | | | | | |
| CUSTOMER INSTALLATION EXPENSE | 5,931,611. | | | | | | | |
| OTHER EXPENSE | 4,525,780. | | | | | | | |
| SUPERVISION | 20,996. | | | | | | | |
| METER READING EXPENSE | 2,414,294. | | | | | | | |
| CUST RECEIPTS & COLLECT EXPENSE | 6,212,698. | | | | | | | |
| MISC CUSTOMER ACCOUNTS EXPENSE | 1,143,845. | | | | | | | |
| SUPERVISION - COMMERCIAL OPERATIONS | 1,154. | | | | | | | |
| CUST ASSISTANCE EXPENSE | 461,268. | | | | | | | |
| INFO & INST ADV EXP - COMMERCIAL | 10,826. | | | | | | | |
| SUPERVISION | 567,031. | | | | | | | |
| MISC SALES EXPENSE | 71,450. | | | | | | | |
| SALARIES | 5,524,232. | | | | | | | |
| OFFICE SUPPLIES & EXPENSE | 4,982,605. | | | | | | | |
| OUTSIDE SERVICES | 923,772. | | | | | | | |
| PROPERTY INSURANCE | 106,915. | | | | | | | |
| INJURIES AND DAMAGES | 1,274,846. | | | | | | | |
| REGULATORY COMMISSION EXPENSE | 1,061,174. | | | | | | | |
| DUPLICATE | 3,550. | | | | | | | |
| MISCELLANEOUS GENERAL EXPENSE | 421,093. | | | | | | | |
| LEASE OPERATING EXPENSES | | | | | | | | |
| HANDLING EXPENSES | | | | | | 30,945. | | |
| DECOMMISSIONING EXPENSE | 17,763,384. | | | | | 2,627. | | |
| OTHER ELECTRIC POWER EXPENSE | 49,046. | | | | | | | |
| LIQUIFIED PETROLEUM GAS EXPENSE | 165,547. | | | | | | | |
| LIQUIFIED PETROLEUM GAS PURCHASE | 430,261. | | | | | | | |
| OTHER COSTS | 778,690. | | | | | | | |
| MEAS REGULATE EXPENSE | 1,194,032. | | | | | | | |
| Page total | 493,985,889. | 52,847. | | 535,342. | 388,644. | 51,442. | | 1,743,237. |

1120 Page 2 Detail

| | ADWIN EQUIPMENT COMPANY | ADWIN INVESTMENT COMPANY | BUTTONWOODS ASSOCIATES INC | ENERGY PERFORMANCE SERVICES, INC | PECO ENERGY CAPITAL CORP | PECO GAS SUPPLY COMPANY | PROPRIETORS OF THE SUSQUEHANNA CANAL 23-1624948 | ADWIN SCHUYLKILL COGENERATION INC 23-2829266 |
|--|-------------------------------|--------------------------------|-------------------------------|--|-----------------------------|----------------------------|---|--|
| Line 5 - Other cost of goods sold | 23-1706178 | 51-0332946 | 51-0323767 | 23-2750899 | 51-0355321 | 23-2798733 | | |
| SALARIES | 2,845. | | | | 3,230. | | | |
| OFFICE SUPPLIES | 8,932. | 1,543. | | | | | | |
| OUTSIDE SERVICES | 42,032. | 2,589. | | | 1,475. | | | |
| PROPERTY INSURANCE | 476. | | | | | | | |
| INJURIES AND DAMAGES | | | | | | | | |
| REGULATOR COMMISSION EXPENSE DUPLICATE | | | | | | | | |
| GENERAL | | | | | 125. | | | |
| OPERATIONAL SUPERV & ENGINEER | | | | | | | | |
| GAS PURCHASES | | | | | | 137,344. | | |
| PURCHASED GAS | | | | | | | | |
| WITHDRAWN LNG | | | | | | | | |
| PURCHASED GAS | | | | | | | | |
| GAS SUPPLY EXPENSE | | | | | | | | |
| SUPERVISION & ENGINEERING | | | | | | | | |
| LABOR & EXPENSES | | | | | | | | |
| PURCHASED GAS | | | | | | | | |
| SUPERVISION & ENGINEERING | | | | | | | | |
| DISTRIBUTION LOAD DISPATCH | | | | | | | | |
| MAINS & SERVICE EXPENSE | | | | | | | | |
| M&R STATION GENERAL EXPENSE | | | | | | | | |
| M&R STATION IND EXPENSE | | | | | | | | |
| METER & HOUSE REGUALTOR EXPENSE | | | | | | | | |
| CUSTOMER INSTALLATION EXPENSE | | | | | | | | |
| OTHER EXPENSE | | | | | | | | |
| SUPERVISION | | | | | | | | |
| METER READING EXPENSE | | | | | | | | |
| CUST RECEIPTS & COLLECT EXPENSE | | | | | | | | |
| MISC CUSTOMER ACCOUTNS EXPENSE | | | | | | | | |
| SUPERVISION - COMMERCIAL OPERATIONS | | | | | | | | |
| CUST ASSIATANCE EXPENSE | | | | | | | | |
| INFO & INST ADV EXP - COMMERCIAL | | | | | | | | |
| SUPERVISION | | | | | | | | |
| MISC SALES EXPENSE | | | | | | | 50. | |
| SALARIES | | | | 1,881,322. | | | 20,793. | |
| OFFICE SUPPLIES & EXPENSE | | | | 118,422. | | | | |
| OUTSIDE SERVICES | | | | 177,223. | | | | |
| PROPERTY INSURANCE | | | | 89,407. | | | | |
| INJURIES AND DAMAGES | | | | | | | | |
| REGULATORY COMMISSION EXPENSE DUPLICATE | | | | | | | | |
| MISCELLANEOUS GENERAL EXPENSE | | | | | | | | |
| LEASE OPERATING EXPENSES | | | | | | | | |
| HANDLING EXPENSES | | | | | | | | |
| DECOMMISSIONING EXPENSE | | | | | | | | |
| OTHER ELECTRIC POWER EXPENSE | | | | | | | | |
| LIQUIFIED PETROLEUM GAS EXPENSE | | | | | | | | |
| LIQUIFIED PETROLEUM GAS PURCHASE | | | | | | | | |
| OTHER COSTS | | | 3,651. | | | | | |
| MEAS REGULATE EXPENSE | | | | | | | | |
| Page total | 54,285. | 4,132. | 3,651. | 2,266,374. | 4,830. | 158,187. | | |

1120 Page 2 Detail

Line 5 - Other cost of goods sold

| | PECO ENERGY COMPANY | SUSQUEHANNA POWER COMPANY | PECO ENERGY POWER COMPANY | SUSQUEHANNA ELECTRIC COMPANY | CONOWINGO POWER COMPANY | EASTERN PENNSYLVANIA EXPLORATION COMPANY | EASTERN PENNSYLVANIA DEVELOPMENT COMPANY | ADWIN REALTY COMPANY |
|--------------------------------------|---------------------|---------------------------|---------------------------|------------------------------|-------------------------|--|--|----------------------|
| | 23-0970240 | 23-1139830 | 23-0970740 | 52-0503520 | 52-0280040 | 23-2039821 | 23-1706184 | |
| MANAGEMENT COMM | | | | | | | | 9,424. |
| COST OF SERVICE - CONSULTING | | | | | | | | |
| COST OF SERVICE - SALE OF SYSTEMS | | | | | | | | |
| COST OF SERVICE- ANNUITY MAINTENANCE | | | | | | | | |
| SUBCONTRACTED PROJECT COSTS | | | | | | | | |
| UTILITY EXPENSE | | | | | | | | |
| OVERHEAD RECOVERY-COST OF SERVICE | | | | | | | | |
| MISC COST | | | | | | | | 1,565. |
| MRKTING,SEMINARS,COMMISS,MOVING&MISC | | | | | | | | |
| WARRANTY EXPENSE | | | | | | | | |
| MANAGEMENT FEES | | | | | | | | |
| COST OF SALES OF TOWNHOUSES | | | | | | | | |
| SETTLEMENT CHARGES | | | | | | | | |
| CUST SERV & INFO EXPENSE | 431,685. | | | | | | | |
| DEMONSTRATING & SELLING EXPENSE | 2,723,457. | | | | | | | |
| ADVERTISING EXPENSE | 371,776. | | | | | | | |
| RENTS | 445. | | | | | | | |

Page total 3,527,363. 10,989.

1120 Page 2 Detail

Line 5 - Other cost of goods sold

| ADWIN EQUIPMENT COMPANY | ADWIN INVESTMENT COMPANY | BUTTONWOODS ASSOCIATES INC | ENERGY PERFORMANCE SERVICES, INC | PECO ENERGY CAPITAL CORP | PECO GAS SUPPLY COMPANY | PROPRIETORS OF THE SUSQUEHANNA CANAL | ADWIN SCHUYLKILL COGENERATION INC |
|-------------------------------|--------------------------------|-------------------------------|--|-----------------------------|----------------------------|---|--|
| 23-1706178 | 51-0332946 | 51-0323767 | 23-2750899 | 51-0355321 | 23-2798733 | 23-1624948 | 23-2829266 |

MANAGEMENT COMM
 COST OF SERVICE - CONSULTING
 COST OF SERVICE - SALE OF SYSTEMS
 COST OF SERVICE- ANNUITY MAINTENANCE
 SUBCONTRACTED PROJECT COSTS
 UTILITY EXPENSE
 OVERHEAD RECOVERY-COST OF SERVICE
 MISC COST
 MRKING, SEMINARS, COMMISS, MOVING&MISC
 WARRANTY EXPENSE
 MANAGEMENT FEES
 COST OF SALES OF TOWNHOUSES
 SETTLEMENT CHARGES
 CUST SERV & INFO EXPENSE
 DEMONSTRATING & SELLING EXPENSE
 ADVERTISING EXPENSE
 RENTS

308,963.
 4,636,568.
 900,267.
 707,548.
 7,497.
 -577,199.
 179,851.
 331,386.
 210,154.

784.
 859,922.
 28,284.

Page total

888,990. 6,705,035.

| | PECO ENERGY COMPANY | SUSQUEHANNA POWER COMPANY | PECO ENERGY POWER COMPANY | SUSQUEHANNA ELECTRIC COMPANY | CONOWINGO POWER COMPANY | EASTERN PENNSYLVANIA EXPLORATION COMPANY | EASTERN PENNSYLVANIA DEVELOPMENT COMPANY | ADWIN REALTY COMPANY |
|----------------|------------------------|------------------------------|------------------------------|---------------------------------|----------------------------|---|---|-------------------------|
| Sch. C Summary | 23-0970240 | 23-1139830 | 23-0970740 | 52-0503520 | 52-0280040 | 23-2039821 | 23-1706184 | |

Consolidated Schedules

| Dividends | | | | | | | | |
|--------------------|---|-------------|--|------------|--|--|--|--------|
| 1 | Domestic Corps-subj. to 70% ded | 669,388. | | | | | | 8,666. |
| 2 | Domestic Corps-subj. to 80% ded | | | | | | | |
| 3 | Debt-Financed stock - Dom & Fgn | | | | | | | |
| 4 | Pref Stk < 20% owned Pub Util | | | | | | | |
| 5 | Pref Stk > = 20% owned Pub Util | | | | | | | |
| 6 | < 20% Fgn Corps & FSC's-70% | | | | | | | |
| 7 | > = 20% Fgn Corps & FSC's-80% | | | | | | | |
| 8 | Wholly-owned fgn subs-100% | | | | | | | |
| 10 | Domestic corps-Small Bus Inv | | | | | | | |
| 11 | From FSC's subject to 100% ded | | | | | | | |
| 12 | Affiliated group members subj to 100% deduction | 16,955,690. | | 8,401,800. | | | | |
| 13 | Foreign corps not incl. above | | | | | | | |
| 14 | Controlled fgn groups under Subpart F | | | | | | | |
| 15 | Foreign Dividend Gross-up | | | | | | | |
| 16 | IC-DISC and former DISC Div not included above | | | | | | | |
| 17 | Other dividends | | | | | | | |
| 19 | TOTAL DIVIDENDS | 17,625,078. | | 8,401,800. | | | | 8,666. |
| Special Deductions | | | | | | | | |
| 1 | Domestic Corps-subj. to 70% ded | 468,572. | | | | | | 6,066. |
| 2 | Domestic Corps-subj. to 80% ded | | | | | | | |
| 3 | Debt-Financed stock-Dom & Fgn | | | | | | | |
| 4 | Pref Stk < 20% owned Pub Util | | | | | | | |
| 5 | Pref Stk > = 20% owned Pub Util | | | | | | | |
| 6 | < 20% Fgn Corps & FSC's-70% | | | | | | | |
| 7 | > = 20% Fgn Corps & FSC's-80% | | | | | | | |
| 8 | Wholly-owned fgn subs-100% | | | | | | | |
| 9 | Total Lines 1-8 | 468,572. | | | | | | 6,066. |
| 10 | Domestic corps-Small Bus Inv | | | | | | | |
| 11 | From FSC's subject to 100% ded | | | | | | | |
| 12 | Affiliated group members subj to 100% deduction | 16,955,690. | | 8,401,800. | | | | |
| 18 | Deduction for Div Paid on Pref Stock of Public Utilities | 483,507. | | | | | | |
| 20 | Total Deductions | 17,907,769. | | 8,401,800. | | | | 6,066. |

| | | | | | | | |
|----------------------------|-----------------------------|--------------------------------|--|-----------------------------|----------------------------|--|--------------------------------------|
| ADWIN EQUIPMENT COMPANY | ADWIN INVESTMENT COMPANY | BUTTONWOODS ASSOCIATES INC. | ENERGY PERFORMANCE SERVICES, INC | PECO ENERGY CAPITAL CORP | PECO GAS SUPPLY COMPANY | PROPRIETORS OF THE SUSQUEHANNA CANAL | ADWIN SCHUYLKILL COGENERATION INC |
|----------------------------|-----------------------------|--------------------------------|--|-----------------------------|----------------------------|--|--------------------------------------|

Consolidated Schedules

| | | | | | | | | |
|----------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Sch. C Summary | 23-1706178 | 51-0332946 | 51-0323767 | 23-2750899 | 51-0355321 | 23-2798733 | 23-1624948 | 23-2829266 |
|----------------|------------|------------|------------|------------|------------|------------|------------|------------|

| Dividends | | | | | | | | |
|--------------------|---|--|--|--|--|--|--|--|
| 1 | Domestic Corps-subj. to 70% ded | | | | | | | |
| 2 | Domestic Corps-subj. to 80% ded | | | | | | | |
| 3 | Debt-Financed stock - Dom & Fgn | | | | | | | |
| 4 | Pref Stk < 20% owned Pub Util | | | | | | | |
| 5 | Pref Stk > = 20% owned Pub Util | | | | | | | |
| 6 | < 20% Fgn Corps & FSC's-70% | | | | | | | |
| 7 | > = 20% Fgn Corps & FSC's-80% | | | | | | | |
| 8 | Wholly-owned fgn subs-100% | | | | | | | |
| 10 | Domestic corps-Small Bus Inv | | | | | | | |
| 11 | From FSC's subject to 100% ded | | | | | | | |
| 12 | Affiliated group members subj to 100% deduction | | | | | | | |
| 13 | Foreign corps not incl. above | | | | | | | |
| 14 | Controlled fgn groups under Subpart F | | | | | | | |
| 15 | Foreign Dividend Gross-up | | | | | | | |
| 10 | IC-DISC and former DISC Div not included above | | | | | | | |
| 17 | Other dividends | | | | | | | |
| 19 | TOTAL DIVIDENDS | | | | | | | |
| Special Deductions | | | | | | | | |
| 1 | Domestic Corps-subj. to 70% ded | | | | | | | |
| 2 | Domestic Corps-subj. to 80% ded | | | | | | | |
| 3 | Debt-Financed stock-Dom & Fgn | | | | | | | |
| 4 | Pref Stk < 20% owned Pub Util | | | | | | | |
| 5 | Pref Stk > = 20% owned Pub Util | | | | | | | |
| 6 | < 20% Fgn Corps & FSC's-70% | | | | | | | |
| 7 | > = 20% Fgn Corps & FSC's-80% | | | | | | | |
| 8 | Wholly-owned fgn subs-100% | | | | | | | |
| 9 | Total Lines 1-8 | | | | | | | |
| 10 | Domestic corps-Small Bus Inv | | | | | | | |
| 11 | From FSC's subject to 100% ded | | | | | | | |
| 12 | Affiliated group members subj to 100% deduction | | | | | | | |
| 18 | Deduction for Div Paid on Pref Stock of Public Utilities | | | | | | | |
| 20 | Total Deductions | | | | | | | |

1120 Page 2 Detail

Sch. C - Dividends Subject to 70% Deduction

PECO ENERGY COMPANY

DOMESTIC CORP., 20% OWNED, 70% DED.

669,388.

Subtotal

669,388.

ADWIN REALTY COMPANY

DOMESTIC CORP., 20% OWNED, 70% DED.

8,666.

Subtotal

8,666.

Total Sch. C - Dividends Subject to 70% Deduction

678,054.

1120 Page 3 Detail

Sch. K - Question 8

The corporation has an interest in, or signature or other authority over a financial account in the following countries:

ENERGY PERFORMANCE SERVICES, INC

CANADA
CZECH REPUBLIC
CHILE
PORTUGAL

| | | | |
|----------|--------------|-------------|--------------|
| Combined | ELIMINATIONS | Adjustments | PECO ENERGY |
| | LOCATOR | | COMPANY |
| | | | CONSOLIDATED |

Consolidated Schedules

Sch. L - Beginning

| Assets | | | |
|--------------------------------------|---------------------------------|-----------------|-----------------|
| 1 | Cash | 49,386,893. | 49,386,893. |
| 2 a | Trade Notes and A/R | 220,113,597. | 220,113,597. |
| | b Less allowance for Bad Debts | 118,279,971. | 118,279,971. |
| 3 | Inventories | 190,961,551. | 190,961,551. |
| 4 | US Government Obligations | | |
| 5 | Tax-exempt Securities | 173,114,895. | 173,114,895. |
| 6 | Other Current Assets | 111,130,943. | 111,130,943. |
| 7 | Loans to Stockholders | | |
| 8 | Mtge and Real Estate Loans | | |
| 9 | Other Investments | 368,521,295. | -362,480,691. |
| | | | 6,040,604. |
| 10a | Buildings and Other Depreciable | | |
| | Assets | 14,936,374,998. | 14,936,374,998. |
| | b Less Accum. Depreciation | 4,249,364,381. | 4,249,364,381. |
| 11a | Depletable Assets | 1,195,716,067. | 1,195,716,067. |
| | b Less Accum. Depletion | 837,639,569. | 837,639,569. |
| 12 | Land (net of any Amortization) | | |
| 13a | Intangible Assets | 1,639,029. | 1,639,029. |
| | b Less Accum. Amortization | 410,048. | 410,048. |
| 14 | Other Assets | 1,481,756,917. | 1,481,756,917. |
| 16 | Total Assets | 13,523,022,216. | -362,480,691. |
| | | | 13,160,541,525. |
| Liabilities and Stockholders' Equity | | | |
| 16 | Accounts Payable | 538,139,552. | 538,139,552. |
| 17 | Mtges, Notes, Bond Payable | | |
| | in less than 1 year | 212,735,360. | 212,735,360. |
| 18 | Other Current Liabilities | 311,569,933. | 311,569,933. |
| 19 | Loans from Stockholders | | |
| 20 | Mtges, Notes, Bonds Payable | | |
| | in 1 year or more | 5,107,827,062. | 5,107,827,062. |
| 21 | Other Liabilities | 2,350,783,477. | 2,350,783,477. |
| 22a | Capital stock-Preferred | 370,172,000. | 370,172,000. |
| 22b | Capital stock-Common | 3,574,948,077. | -84,219,588. |
| | | | 3,490,728,489. |
| 23 | Paid-in or Capital Surplus | 251,854,926. | -250,593,878. |
| | | | 1,271,048. |
| 24 | Retained earnings-Appropriated | -769,948. | 769,948. |
| 25 | Retained earnings-Unappropri | 805,761,777. | -28,447,173. |
| | | | 777,314,604. |
| 26 | Less cost of Treasury Stock | | |
| 27 | Total Liabilities and | | |
| | Stockholders' Equity | 13,523,022,216. | -362,480,691. |
| | | | 13,160,541,525. |

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PECO ENERGY COMPANY CONSOLIDATED

23-0970240

| | PECO ENERGY COMPANY | SUSQUEHANNA POWER COMPANY | PECO ENERGY POWER COMPANY | SUSQUEHANNA ELECTRIC COMPANY | CONOWINGO POWER COMPANY | EASTERN PENNSYLVANIA EXPLORATION COMPANY | EASTERN PENNSYLVANIA DEVELOPMENT COMPANY | AIDWIN REALTY COMPANY |
|---|------------------------|------------------------------|------------------------------|---------------------------------|----------------------------|---|---|--------------------------|
| Consolidated Schedules | | | | | | | | |
| Sch. L - Beginning | 23-0970240 | 23-1139830 | 23-0970740 | 52-0503520 | 52-0280040 | 23-2039821 | 23-1706184 | |
| Assets | | | | | | | | |
| 1 Cash | 40,845,392 | 46,909 | 144,001 | -21,723 | 2,777,602 | 486,827 | 2,080 | 2,599,882 |
| 2 a Trade Notes and A/R | 164,683,711 | 1,953,085 | -284,895 | 3,784,788 | 6,212,506 | 206,438 | 506,665 | 3,471,011 |
| b Less allowance for Bad Debts | 118,159,853 | | | | 120,118 | | | |
| 3 Inventories | 190,236,366 | | | 537,940 | 187,245 | | | |
| 4 US Government Obligations | | | | | | | | |
| 5 Tax-exempt Securities | 173,114,895 | | | | | | | |
| 6 Other Current Assets | 104,518,032 | 1,388,133 | 30,168 | 354,664 | 4,562,844 | 7,130 | | 247,783 |
| 7 Loans to Stockholders | | | | | | | | |
| 8 Mtge and Real Estate Loans | | | | | | | | |
| 9 Other Investments | 216,167,725 | 1 | 75,843,207 | | | | 42,050,693 | 25,717,122 |
| 10a Buildings and Other Depreciable | | | | | | | | |
| Assets | 14,665,871,826 | 122,895,707 | 6,488,180 | 833 | 115,940,257 | | | 16,912,501 |
| b Less Accum. Depreciation | 4,171,480,629 | 39,423,792 | 553,481 | | 34,999,180 | | | 2,488,737 |
| 11a Depletable Assets | 1,176,390,856 | | | | | 19,325,211 | | |
| b Less Accum. Depletion | 818,484,797 | | | | | 19,154,772 | | |
| 12 Land (net of any Amortization) | | | | | | | | |
| 13a Intangible Assets | | | | | | | | 668,029 |
| b Less Accum. Amortization | | | | | | | | 365,544 |
| 14 Other Assets | 1,450,915,142 | 183,928 | 17,606 | 842,905 | 28,492,929 | | | |
| 15 Total Assets | 13,074,618,666 | 87,043,971 | 81,684,786 | 5,499,327 | 123,054,085 | 870,834 | 42,559,458 | 46,762,047 |
| Liabilities and Stockholders' Equity | | | | | | | | |
| 16 Accounts Payable | 521,531,646 | -96,616 | 322,546 | 4,092,599 | 6,784,706 | 432,854 | 3,380 | 1,832,539 |
| 17 Mtges, Notes, Bond Payable | | | | | | | | |
| in less than 1 year | 182,500,000 | 1,649,344 | 12,100,000 | | | | 6,550,000 | 9,047,416 |
| 18 Other Current Liabilities | 303,273,031 | 2,698,216 | 570,636 | 550,597 | 3,377,264 | -72,180 | 19,544 | |
| 19 Loans from Stockholders | | | | | | | | |
| 20 Mtges, Notes, Bonds Payable | | | | | | | | |
| in 1 year or more | 5,091,205,464 | | | 60,000 | | | | 12,174,055 |
| 21 Other Liabilities | 2,319,489,737 | 6,949,820 | 120,961 | 874,523 | 20,149,126 | 1,232,504 | -1,708 | 502,778 |
| 22a Capital stock-Preferred | 370,172,000 | | | | | | | |
| 22b Capital stock-Common | 3,490,728,489 | 47,047,450 | 24,600,000 | 10,000 | 12,555,038 | 1,000 | 1,000 | 1,000 |
| 23 Paid-in or Capital Surplus | 1,271,048 | 22,200,000 | 36,500,000 | | 19,100,000 | 15,994,000 | 57,985,356 | 40,029,316 |
| 24 Retained earnings-Appropriated | | | | | | | | |
| 25 Retained earnings-Unappropri | 794,447,251 | 6,595,757 | 7,470,643 | -88,392 | 61,087,951 | -16,717,344 | -21,998,114 | -16,825,057 |
| 26 Less cost of Treasury Stock | | | | | | | | |
| 27 Total Liabilities and | | | | | | | | |
| Stockholders' Equity | 13,074,618,666 | 87,043,971 | 81,684,786 | 5,499,327 | 123,054,085 | 870,834 | 42,559,458 | 46,762,047 |

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Statement

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| | | | | | | | |
|----------------------------|-----------------------------|--------------------------------|--|-----------------------------|----------------------------|--|--------------------------------------|
| ADWIN EQUIPMENT COMPANY | ADWIN INVESTMENT COMPANY | BUTTONWOODS ASSOCIATES INC. | ENERGY PERFORMANCE SERVICES, INC | PECO ENERGY CAPITAL CORP | PECO GAS SUPPLY COMPANY | PROPRIETORS OF THE SUSQUEHANNA CANAL | ADWIN SCHUYLKILL COGENERATION INC |
|----------------------------|-----------------------------|--------------------------------|--|-----------------------------|----------------------------|--|--------------------------------------|

Consolidated Schedules

| Sch. L - Beginning | 23-1706178 | 51-0332946 | 51-0323767 | 23-2750899 | 51-0355321 | 23-2798733 | 23-1624948 | 23-2829266 |
|--|-------------|------------|------------|-------------|-------------|------------|------------|------------|
| Assets | | | | | | | | |
| 1 Cash | 1,119,973. | 5,515. | 111,326. | 1,220,770. | 48,339. | | | |
| 2 a Trade Notes and A/R | 1,758,316. | 3,026,116. | 16,789. | 11,969,849. | 22,809,278. | | | |
| b Less allowance for Bad Debts | | | | | | | | |
| 3 Inventories | | | | | | | | |
| 4 US Government Obligations | | | | | | | | |
| 5 Tax-exempt Securities | | | | | | | | |
| 6 Other Current Assets | 21,645. | | 544. | | | | | |
| 7 Loans to Stockholders | | | | | | | | |
| 8 Mtgs and Real Estate Loans | | | | | | | | |
| 9 Other Investments | 1,381,892. | 408,252. | | 109,619. | 6,842,784. | | | |
| 10 a Buildings and Other Depreciable Assets | 407,085. | | 2,678,069. | 5,180,540. | | | | |
| b Less Accum. Depreciation | 37,898. | | | 380,664. | | | | |
| 11 a Depletable Assets | | | | | | | | |
| b Less Accum. Depletion | | | | | | | | |
| 12 Land (net of any Amortization) | | | | | | | | |
| 13 a Intangible Assets | | | | 971,000. | | | | |
| b Less Accum. Amortization | | | | 44,504. | | | | |
| 14 Other Assets | | 29,913. | 17,144. | 1,257,350. | | | | |
| 15 Total Assets | 4,651,013. | 3,469,796. | 2,823,872. | 20,283,960. | 29,700,401. | | | |
| Liabilities and Stockholders' Equity | | | | | | | | |
| 16 Accounts Payable | 273,055. | 1,617. | 388,248. | 2,572,978. | | | | |
| 17 Mtges, Notes, Bond Payable in less than 1 year | | | | 888,600. | | | | |
| 18 Other Current Liabilities | 566,100. | 38,729. | 19,775. | 107,309. | 420,912. | | | |
| 19 Loans from Stockholders | | | | | | | | |
| 20 Mtges, Notes, Bonds Payable in 1 year or more | | | 1,211,066. | 3,176,477. | | | | |
| 21 Other Liabilities | 92,289. | -67,205. | | 1,440,652. | | | | |
| 22 a Capital stock-Preferred | | | | | | | | |
| 22 b Capital stock-Common | 1,000. | 100. | 1,000. | 1,000. | 1,000. | | | |
| 23 Paid-in or Capital Surplus | 9,450,284. | 3,500,000. | 1,196,495. | 14,977,365. | 29,651,062. | | | |
| 24 Retained earnings-Appropriated | | | | -769,948. | | | | |
| 25 Retained earnings-Unappropriated | -5,731,715. | -3,445. | 7,288. | -2,110,473. | -372,573. | | | |
| 26 Less cost of Treasury Stock | | | | | | | | |
| 27 Total Liabilities and Stockholders' Equity | 4,651,013. | 3,469,796. | 2,823,872. | 20,283,960. | 29,700,401. | | | |

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| | PECO ENERGY COMPANY | SUSQUEHANNA POWER COMPANY | PECO ENERGY POWER COMPANY | SUSQUEHANNA ELECTRIC COMPANY | CONOWINGO POWER COMPANY | EASTERN PENNSYLVANIA EXPLORATION COMPANY | EASTERN PENNSYLVANIA DEVELOPMENT COMPANY | ADWIN REALTY COMPANY |
|-------------------------------|------------------------|------------------------------|------------------------------|---------------------------------|----------------------------|---|---|-------------------------|
| Consolidated Schedules | | | | | | | | |
| Sch. L - Ending | 23-0970240 | 23-1139830 | 23-0970740 | 52-0503520 | 52-0280040 | 23-2039821 | 23-1706184 | |

| Assets | | | | | | | | | |
|---|----------------------------------|-----------------|--------------|-------------|------------|--------------|--------------|--------------|--------------|
| 1 | Cash | 17,171,879. | 773,443. | 68,144. | 2,542,669. | 1,162,799. | 114,339. | 772. | 1,228,548. |
| 2 a | Trade Notes and A/R | 129,056,243. | 1,344,241. | 8,565,605. | 3,479,885. | 5,845,169. | 10,751. | 22,161. | 468,253. |
| b | Less allowance for Bad Debts | 118,525,127. | | | | 152,955. | | | |
| 3 | Inventories | 201,177,705. | | | 469,215. | 544,555. | | | |
| 4 | US Government Obligations | | | | | | | | |
| 5 | Tax-exempt Securities | 204,092,278. | | | | | | | |
| 6 | Other Current Assets | 229,096,904. | 2,622,348. | 30,168. | -149,621. | 3,573,587. | | | 163,435. |
| 7 | Loans to Stockholders | | | | | | | | |
| 8 | Mtge and Real Estate Loans | | | | | | | | |
| 9 | Other Investments | 153,902,444. | 1. | 75,713,538. | | | | 39,301,506. | 26,527,625. |
| 10a | Buildings and Other Depreciable | | | | | | | | |
| | Assets | 15,091,347,517. | 126,016,113. | 6,488,179. | 833. | 107,704,704. | | | 19,021,771. |
| b | Less Accum. Depreciation | 4,596,137,334. | 38,151,549. | 598,775. | | 31,684,310. | | | 3,331,780. |
| 11a | Depletable Assets | 1,296,350,456. | | | | | 19,325,613. | | |
| b | Less. Accum. Depletion | 919,060,282. | | | | | 19,284,914. | | |
| 12 | Land (net of any Amortization) | | | | | | | | |
| 13a | Intangible Assets | | | | | | | | 481,640. |
| b | Less Accum. Amortization | | | | | | | | 233,864. |
| 14 | Other Assets | 1,219,146,571. | 262,948. | 12,678. | -521,536. | 26,654,854. | | | |
| 15 | Total Assets | 12,907,619,254. | 92,867,545. | 90,279,537. | 5,821,445. | 113,648,403. | 166,789. | 39,324,439. | 44,325,628. |
| Liabilities and Stockholders' Equity | | | | | | | | | |
| 16 | Accounts Payable | 499,830,814. | 10,914,608. | 8,938,982. | 2,767,226. | 95,545. | | 22,232. | 1,548,626. |
| 17 | Mtges, Notes, Bond Payable | | | | | | | | |
| | in less than 1 year | 401,003,000. | | | | | | 4,100,000. | 9,011,719. |
| 18 | Other Current Liabilities | 325,473,638. | 1,241,168. | 357,393. | -23,697. | 611,175. | -4,703. | | |
| 19 | Loans from Stockholders | | | | | | | | |
| 20 | Mtges, Notes, Bonds Payable | | | | | | | | |
| | in 1 year or more | 4,570,352,162. | | | 60,000. | | | | 11,770,887. |
| 21 | Other Liabilities | 2,293,287,832. | 4,998,231. | 267,528. | 2,000,000. | 9,218,365. | 52,195. | 161,300. | 1,412,623. |
| 22a | Capital stock-Preferred | 292,067,206. | | | | | | | |
| 22b | Capital stock-Common | 3,506,312,537. | 47,047,450. | 24,600,000. | 10,000. | 12,555,038. | 1,000. | 1,000. | 1,000. |
| 23 | Paid-in or Capital Surplus | 1,271,578. | 22,215,078. | 48,740,078. | 1,050,000. | 32,843,701. | 16,544,000. | 62,778,895. | 41,189,316. |
| 24 | Retained earnings-Appropriated | | 1,785,112. | 157,372. | | | | | |
| 25 | Retained earnings-Unappropriated | 1,018,020,487. | 4,665,898. | 7,218,184. | -42,084. | 58,324,579. | -16,425,703. | -27,738,988. | -20,608,543. |
| 26 | Less cost of Treasury Stock | | | | | | | | |
| 27 | Total Liabilities and | | | | | | | | |
| | Stockholders' Equity | 12,907,619,254. | 92,867,545. | 90,279,537. | 5,821,445. | 113,648,403. | 166,789. | 39,324,439. | 44,325,628. |

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| | | | | | | | |
|----------------------------|-----------------------------|--------------------------------|--|-----------------------------|----------------------------|--|--------------------------------------|
| ADWIN EQUIPMENT COMPANY | ADWIN INVESTMENT COMPANY | BUTTONWOODS ASSOCIATES INC. | ENERGY PERFORMANCE SERVICES, INC | PECO ENERGY CAPITAL CORP | PECO GAS SUPPLY COMPANY | PROPRIETORS OF THE SUSQUEHANNA CANAL | ADWIN SCHUYLKILL COGENERATION INC |
|----------------------------|-----------------------------|--------------------------------|--|-----------------------------|----------------------------|--|--------------------------------------|

Consolidated Schedules

| Sch. L - Ending | 23-1706178 | 51-0332946 | 51-0323767 | 23-2750899 | 51-0355321 | 23-2798733 | 23-1624948 | 23-2829266 |
|---|-------------|------------|------------|-------------|-------------|------------|------------|------------|
| Assets | | | | | | | | |
| 1 Cash | 351,605. | 3,942. | 99,205. | 841,746. | 9,362. | 102,994. | | |
| 2 a Trade Notes and A/R | 1,218,027. | 3,280,955. | 58,573. | 11,020,696. | 30,861,296. | 109,688. | | 100. |
| b Less allowance for Bad Debts | | | | | | | | |
| 3 Inventories | | | | | | | | |
| 4 US Government Obligations | | | | | | | | |
| 5 Tax-exempt Securities | | | | | | | | |
| 6 Other Current Assets | 140,532. | | | 56,103. | | | | |
| 7 Loans to Stockholders | | | | | | | | |
| 8 Mtge and Real Estate Loans | | | | | | | | |
| 9 Other Investments | 3,541,514. | 484,146. | | 228,080. | 17,718,279. | 50,000. | | |
| 10 a Buildings and Other Depreciable | | | | | | | | |
| Assets | 397,740. | | 2,501,888. | 5,227,962. | | | | |
| b Less Accum. Depreciation | 38,910. | | | 737,648. | | | | |
| 11 a Depletable Assets | | | | | | | | |
| b Less. Accum. Depletion | | | | | | | | |
| 12 Land (net of any Amortization) | | | | | | | | |
| 13 a Intangible Assets | | | | 1,883,956. | | | | |
| b Less Accum. Amortization | | | | 119,674. | | | | |
| 14 Other Assets | | | 15,053. | 1,089,390. | | | | |
| 15 Total Assets | 5,610,508. | 3,769,043. | 2,674,719. | 19,490,611. | 48,588,937. | 262,682. | | 100. |
| Liabilities and Stockholders' Equity | | | | | | | | |
| 16 Accounts Payable | 436,753. | 3,133. | 311,488. | 2,569,512. | 416,342. | 170,492. | | |
| 17 Mtges, Notes, Bond Payable | | | | | | | | |
| in less than 1 year | | | | 933,707. | | | | |
| 18 Other Current Liabilities | 46,038. | 108,292. | 19,775. | 223,624. | 1,077,852. | | | |
| 19 Loans from Stockholders | | | | | | | | |
| 20 Mtges, Notes, Bonds Payable | | | | | | | | |
| in 1 year or more | | | 695,726. | 2,481,001. | | | | |
| 21 Other Liabilities | 238,415. | -64,167. | | 1,962,022. | | | | |
| 22 a Capital stock-Preferred | | | | | | | | |
| 22 b Capital stock-Common | 1,000. | 100. | 1,000. | 1,000. | | 100,000. | | 100. |
| 23 Paid-in or Capital Surplus | 10,633,823. | 3,500,000. | 1,651,732. | 15,424,005. | 48,662,788. | | | |
| 24 Retained earnings-Appropriated | | | | | | | | |
| 25 Retained earnings-Unappropr | -5,745,521. | 221,685. | -5,002. | -4,104,260. | -1,568,045. | -7,810. | | |
| 26 Less cost of Treasury Stock | | | | | | | | |
| 27 Total Liabilities and | | | | | | | | |
| Stockholders' Equity | 5,610,508. | 3,769,043. | 2,674,719. | 19,490,611. | 48,588,937. | 262,682. | | 100. |

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Combined

ELIMINATIONS LOCATOR

Adjustments

PECO ENERGY COMPANY
CONSOLIDATED

Sch. L, Line 6 - Other current assets

| | Beginning | Ending | Beginning | Ending | Beginning | Ending | Beginning | Ending |
|-------------------------------------|--------------|--------------|-----------|--------|-----------|--------|--------------|--------------|
| PREPAID TAXES & INSURANCE | 25,512,708. | 28,556,737. | | | | | 25,512,708. | 28,556,737. |
| DEF FUEL, ACCR & BANKED SICK & VACA | -14,851,765. | 55,969,502. | | | | | -14,851,765. | 55,969,502. |
| ACCRUED UTILITY REVENUE | 100,470,000. | 150,984,000. | | | | | 100,470,000. | 150,984,000. |
| SECURITY DEPOSITS & ADVANCES | | 23,217. | | | | | | 23,217. |

Total

111,130,943. 235,533,456. 111,130,943. 235,533,456.

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Sch. L, Line 6 - Other current assets

PREPAID TAXES & INSURANCE
 DEF FUEL, ACCR & BANKED SICK & VACA
 ACCRUED UTILITY REVENUE
 SECURITY DEPOSITS & ADVANCES

| | PECO ENERGY COMPANY 23-0970240 | | SUSQUEHANNA POWER COMPANY 23-1139830 | | PECO ENERGY POWER COMPANY 23-0970740 | | SUSQUEHANNA ELECTRIC COMPANY 52-0503520 | |
|--------------|-----------------------------------|---------------------|---|-------------------|---|----------------|--|------------------|
| | Beginning | Ending | Beginning | Ending | Beginning | Ending | Beginning | Ending |
| | 20,909,100. | 25,684,145. | 1,388,133. | 2,622,348. | 30,168. | 30,168. | 33,000. | -149,621. |
| | -15,221,068. | 55,882,759. | | | | | 321,664. | |
| | 98,830,000. | 147,530,000. | | | | | | |
| Total | 104,518,032. | 229,096,904. | 1,388,133. | 2,622,348. | 30,168. | 30,168. | 354,664. | -149,621. |

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Sch. L, Line 6 - Other current assets

PREPAID TAXES & INSURANCE
 DEF FUEL, ACCR & BANKED SICK & VACA
 ACCRUED UTILITY REVENUE
 SECURITY DEPOSITS & ADVANCES

| | CONOWINGO POWER COMPANY 52-0280040 | | EASTERN PENNSYLVANIA EXPLORATION COMPANY 23-2039821 | | EASTERN PENNSYLVANIA DEVELOPMENT COMPANY 23-1706184 | | ADWIN REALTY COMPANY 23-0970240 | |
|-------------------------------------|---------------------------------------|-------------------|---|--------|---|--------|------------------------------------|-----------------|
| | Beginning | Ending | Beginning | Ending | Beginning | Ending | Beginning | Ending |
| PREPAID TAXES & INSURANCE | 2,875,205. | 32,844. | 7,130. | | | | 247,783. | 163,435. |
| DEF FUEL, ACCR & BANKED SICK & VACA | 47,639. | 86,743. | | | | | | |
| ACCRUED UTILITY REVENUE | 1,640,000. | 3,454,000. | | | | | | |
| SECURITY DEPOSITS & ADVANCES | | | | | | | | |
| Total | 4,562,844. | 3,573,587. | 7,130. | | | | 247,783. | 163,435. |

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Sch. L, Line 6 - Other current assets

PREPAID TAXES & INSURANCE
 DEF FUEL, ACCR & BANKED SICK & VACA
 ACCRUED UTILITY REVENUE
 SECURITY DEPOSITS & ADVANCES

| | ADWIN EQUIPMENT COMPANY 23-1706178 | | ADWIN INVESTMENT COMPANY 51-0332946 | | BUTTERNWOODS ASSOCIATES INC. 51-0323767 | | ENERGY PERFORMANCE SERVICES, INC 23-2750899 | |
|-------------------------------------|---------------------------------------|-----------------|--|--------|--|--------|---|----------------|
| | Beginning | Ending | Beginning | Ending | Beginning | Ending | Beginning | Ending |
| PREPAID TAXES & INSURANCE | 21,645. | 140,532. | | | 544. | | | 32,886. |
| DEF FUEL, ACCR & BANKED SICK & VACA | | | | | | | | |
| ACCRUED UTILITY REVENUE | | | | | | | | |
| SECURITY DEPOSITS & ADVANCES | | | | | | | | 23,217. |
| Total | 21,645. | 140,532. | | | 544. | | | 56,103. |

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PECO ENERGY CAPITAL CORP

PECO GAS SUPPLY COMPANY

PROPRIETORS OF THE
SUSQUEHANNA CANAL
23-1624948

ADWIN SCHUYLKILL
COGENERATION INC
23-2829266

51-0355321

23-2798733

Sch. L, Line 6 - Other current assets

| PECO ENERGY CAPITAL CORP | | PECO GAS SUPPLY COMPANY | | PROPRIETORS OF THE SUSQUEHANNA CANAL | | ADWIN SCHUYLKILL COGENERATION INC | |
|--------------------------|--------|-------------------------|--------|--------------------------------------|--------|-----------------------------------|--------|
| Beginning | Ending | Beginning | Ending | Beginning | Ending | Beginning | Ending |
| | | | | | | | |

PREPAID TAXES & INSURANCE
 DEF FUEL, ACCR & BANKED SICK & VACA
 ACCRUED UTILITY REVENUE
 SECURITY DEPOSITS & ADVANCES

Total

1120 Page 4 Detail

Combined

ELIMINATIONS LOCATOR

Adjustments

PECO ENERGY COMPANY
CONSOLIDATED

Sch. L, Line 9 - Other investments

INVESTMENTS IN PARTNERSHIPS
INVESTMENTS IN ASSOCIATED CO'S
MORTGAGES, LAND OPTIONS, OTHER
BRIDGEWATER INVESTMENT

| | Beginning | Ending | Beginning | Ending | Beginning | Ending | Beginning | Ending |
|--------------------------------|--------------|--------------|---------------|---------------|-----------|--------|-------------|-------------|
| INVESTMENTS IN PARTNERSHIPS | 7,251,036. | 18,457,155. | | | | | 7,251,036. | 18,457,155. |
| INVESTMENTS IN ASSOCIATED CO'S | 363,894,510. | 302,091,626. | -362,480,691. | -292,273,081. | | | 1,413,827. | 9,818,545. |
| MORTGAGES, LAND OPTIONS, OTHER | -3,425,099. | -3,925,099. | | | | | -3,425,099. | -3,925,099. |
| BRIDGEWATER INVESTMENT | 800,840. | 843,451. | | | | | 800,840. | 843,451. |

Total

| | | | | | |
|--------------|--------------|---------------|---------------|------------|-------------|
| 368,521,295. | 317,467,133. | -362,480,691. | -292,273,081. | 6,040,604. | 25,194,052. |
|--------------|--------------|---------------|---------------|------------|-------------|

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Sch. E, Line 9 - Other investments

INVESTMENTS IN PARTNERSHIPS
 INVESTMENTS IN ASSOCIATED CO'S
 MORTGAGES, LAND OPTIONS, OTHER
 BRIDGEWATER INVESTMENT

| | PECO ENERGY COMPANY 23-0970240 | | SUSQUEHANNA POWER COMPANY 23-1139830 | | PECO ENERGY POWER COMPANY 23-0970740 | | SUSQUEHANNA ELECTRIC COMPANY 52-0503520 | |
|--------------|-----------------------------------|---------------------|---|-----------|---|--------------------|--|--------|
| | Beginning | Ending | Beginning | Ending | Beginning | Ending | Beginning | Ending |
| | 216,091,348. | 153,826,067. | 1. | 1. | 75,843,207. | 75,713,538. | | |
| | 76,377. | 76,377. | | | | | | |
| Total | 216,167,725. | 153,902,444. | 1. | 1. | 75,843,207. | 75,713,538. | | |

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Sch. L, Line 9 - Other investments

INVESTMENTS IN PARTNERSHIPS
 INVESTMENTS IN ASSOCIATED CO'S
 MORTGAGES, LAND OPTIONS, OTHER
 BRIDGEWATER INVESTMENT

| | CONDOWINGO POWER COMPANY 52-0280040 | | EASTERN PENNSYLVANIA EXPLORATION COMPANY 23-2039821 | | EASTERN PENNSYLVANIA DEVELOPMENT COMPANY 23-1706184 | | ADWIN REALTY COMPANY | |
|--------------|--|--------|---|--------|---|--------------------|----------------------|--------------------|
| | Beginning | Ending | Beginning | Ending | Beginning | Ending | Beginning | Ending |
| | | | | | 42,050,693. | 39,301,506. | 28,453,137. | 29,720,866. |
| | | | | | | | -3,501,476. | -4,001,476. |
| | | | | | | | 765,461. | 808,235. |
| Total | | | | | 42,050,693. | 39,301,506. | 25,717,122. | 26,527,625. |

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Sch. L, Line 9 - Other Investments

INVESTMENTS IN PARTNERSHIPS
 INVESTMENTS IN ASSOCIATED CO'S
 MORTGAGES, LAND OPTIONS, OTHER
 BRIDGEWATER INVESTMENT

| | ADWIN EQUIPMENT COMPANY 23-1706178 | | ADWIN INVESTMENT COMPANY 51-0332946 | | BUTTONWOODS ASSOCIATES INC. 51-0323767 | | ENERGY PERFORMANCE SERVICES, INC 23-2750899 | |
|--------------|---------------------------------------|-------------------|--|-----------------|---|--------|---|-----------------|
| | Beginning | Ending | Beginning | Ending | Beginning | Ending | Beginning | Ending |
| | | | 408,252. | 484,146. | | | | 204,730. |
| | 1,346,513. | 3,506,298. | | | | | 109,619. | 23,350. |
| | 35,379. | 35,216. | | | | | | |
| Total | 1,381,892. | 3,541,514. | 408,252. | 484,146. | | | 109,619. | 228,080. |

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| PECO ENERGY CAPITAL CORP 51-0355321 | | PECO GAS SUPPLY COMPANY 23-2798733 | | PROPRIETORS OF THE SUSQUEHANNA CANAL 23-1624948 | | ADWIN SCHUYLKILL COGENERATION INC 23-2829266 | |
|--|--------|---------------------------------------|--------|---|--------|--|--------|
| Beginning | Ending | Beginning | Ending | Beginning | Ending | Beginning | Ending |

Sch. L, Line 9 - Other Investments

INVESTMENTS IN PARTNERSHIPS
INVESTMENTS IN ASSOCIATED CO'S
MORTGAGES, LAND OPTIONS, OTHER
BRIDGEWATER INVESTMENT

| | | | | | | | |
|------------|-------------|--|---------|--|--|--|--|
| 6,842,784. | 17,718,279. | | 50,000. | | | | |
|------------|-------------|--|---------|--|--|--|--|

Total 6,842,784. 17,718,279. 50,000.

Sch. L, Line 14 - Other assets

| | Combined | | ELIMINATIONS LOCATOR | | Adjustments | | PECO ENERGY COMPANY CONSOLIDATED | |
|-------------------------------------|--------------|--------------|----------------------|--------|-------------|--------|----------------------------------|--------------|
| | Beginning | Ending | Beginning | Ending | Beginning | Ending | Beginning | Ending |
| OTHER ASSETS | 167,960. | | | | | | 167,960. | |
| UNAMORTIZED DEBT EXPENSES | 21,892,147. | 18,448,141. | | | | | 21,892,147. | 18,448,141. |
| UNRECOVERED PLANT & PROPERTY LOSSES | 45,874,177. | 41,396,217. | | | | | 45,874,177. | 41,396,217. |
| PRELIMINARY SURVEY & INVESTIGATION | 38,784,628. | 6,757,442. | | | | | 38,784,628. | 6,757,442. |
| CLEARING ACCOUNTS | 6,410,963. | 3,524,301. | | | | | 6,410,963. | 3,524,301. |
| DEF. DEBITS- BILLINGS, D.O. FAS 109 | 494,274,874. | 483,865,686. | | | | | 494,274,874. | 483,865,686. |
| RESEARCH & DEVELOPMENT EXPENDITURES | | 55,056. | | | | | | 55,056. |
| UNAMORT PREMIUMS ON REACQUIRED DEBT | 320,878,593. | 308,576,588. | | | | | 320,878,593. | 308,576,588. |
| DEFERRED INCOME TAXES | 553,456,431. | 384,021,474. | | | | | 553,456,431. | 384,021,474. |
| DEFERRED FINANCING FEES | 17,144. | 15,053. | | | | | 17,144. | 15,053. |

Total 1,481,756,917. 1,246,659,958. 1,481,756,917. 1,246,659,958.

Sch. L, Line 14 - Other assets

OTHER ASSETS
 UNAMORTIZED DEBT EXPENSES
 UNRECOVERED PLANT & PROPERTY LOSSES
 PRELIMINARY SURVEY & INVESTIGATION
 CLEARING ACCOUNTS
 DEF. DEBITS- BILLINGS, D.D. FAS 109
 RESEARCH & DEVELOPMENT EXPENDITURES
 UNAMORT PREMIUMS ON REACQUIRED DEBT
 DEFERRED INCOME TAXES
 DEFERRED FINANCING FEES

| | ADWIN EQUIPMENT COMPANY 23-1706178 | | ADWIN INVESTMENT COMPANY 51-0332946 | | BUTTONWOODS ASSOCIATES INC. 51-0323767 | | ENERGY PERFORMANCE SERVICES, INC 23-2750899 | |
|--------------|---------------------------------------|--------|--|--------|---|---------|---|------------|
| | Beginning | Ending | Beginning | Ending | Beginning | Ending | Beginning | Ending |
| | | | | | | | 167,960. | |
| | | | 29,913. | | | | | |
| | | | | | 17,144. | 15,053. | | |
| | | | | | | | 1,089,390. | 1,089,390. |
| Total | | | 29,913. | | 17,144. | 15,053. | 1,257,350. | 1,089,390. |

| PECO ENERGY CAPITAL CORP | | PECO GAS SUPPLY COMPANY | | PROPRIETORS OF THE SUSQUEHANNA CANAL | | ADWIN SCHUYLKILL COGENERATION INC | |
|--------------------------|--------|-------------------------|--------|--------------------------------------|--------|-----------------------------------|--------|
| 51-0355321 | | 23-2798733 | | 23-1624948 | | 23-2829266 | |
| Beginning | Ending | Beginning | Ending | Beginning | Ending | Beginning | Ending |

Sch. L, Line 14 - Other assets

- OTHER ASSETS
- UNAMORTIZED DEBT EXPENSES
- UNRECOVERED PLANT & PROPERTY LOSSES
- PRELIMINARY SURVEY & INVESTIGATION CLEARING ACCOUNTS
- DEF. DEBITS- BILLINGS, D.O. FAS 109
- RESEARCH & DEVELOPMENT EXPENDITURES
- UNAMORT PREMIUMS ON REACQUIRED DEBT
- DEFERRED INCOME TAXES
- DEFERRED FINANCING FEES

Total

Combined

ELIMINATIONS LOCATOR

Adjustments

PECO ENERGY COMPANY
CONSOLIDATED

Schl. Line 18

Other current liabilities

| | Beginning | Ending | Beginning | Ending | Beginning | Ending | Beginning | Ending |
|--------------------------------------|-------------|--------------|-----------|-----------|-----------|--------|-------------|--------------|
| ACCRUED TAXES | 87,751,227. | 108,328,252. | | | | | 87,751,227. | 108,328,252. |
| ACCRUED INTEREST | 93,206,443. | 88,088,656. | | | | | 93,206,443. | 88,088,656. |
| DIVIDENDS DECLARED | 15,096,312. | 20,722,383. | | | | | 15,096,312. | 20,722,383. |
| TAX COLLECTIONS PAYABLE | 12,332,740. | 6,861,920. | | | | | 12,332,740. | 6,861,920. |
| ADVANCES & OTHER ACCRUED LIABILITIES | 42,707,383. | 44,809,686. | | -611,175. | | | 42,707,383. | 44,198,511. |
| UTILITY PROPERTY UNDER LEASE - CURR | 60,475,828. | 60,319,658. | | | | | 60,475,828. | 60,319,658. |

| | | | | | | | | |
|-------|--------------|--------------|--|-----------|--|--|--------------|--------------|
| Total | 311,569,933. | 329,130,555. | | -611,175. | | | 311,569,933. | 328,519,380. |
|-------|--------------|--------------|--|-----------|--|--|--------------|--------------|

Other current liabilities

ACCRUED TAXES
 ACCRUED INTEREST
 DIVIDENDS DECLARED
 TAX COLLECTIONS PAYABLE
 ADVANCES & OTHER ACCRUED LIABILITIES
 UTILITY PROPERTY UNDER LEASE - CURR

PECO ENERGY COMPANY SUSQUEHANNA POWER COMPANY PECO ENERGY POWER COMPANY SUSQUEHANNA ELECTRIC COMPANY

23-0970240 23-1139830 23-0970740 52-0503520

| | 23-0970240 | | 23-1139830 | | 23-0970740 | | 52-0503520 | |
|--------------------------------------|-------------|--------------|------------|------------|------------|----------|------------|-----------|
| | Beginning | Ending | Beginning | Ending | Beginning | Ending | Beginning | Ending |
| ACCRUED TAXES | 80,645,633. | 105,063,950. | 2,737,500. | 1,290,288. | 404,212. | 347,384. | -67,466. | -158,093. |
| ACCRUED INTEREST | 93,007,895. | 88,057,922. | 2,963. | -5,303. | 151,184. | -5,231. | | |
| DIVIDENDS DECLARED | 15,096,312. | 20,722,383. | | | | | | |
| TAX COLLECTIONS PAYABLE | 12,194,286. | 6,850,662. | -42,327. | -43,817. | 5,973. | 5,973. | 107,428. | -38,246. |
| ADVANCES & OTHER ACCRUED LIABILITIES | 41,853,077. | 44,459,055. | | | 9,267. | 9,267. | 510,635. | 172,642. |
| UTILITY PROPERTY UNDER LEASE - CURR | 60,475,828. | 60,319,658. | | | | | | |

Total 303,273,031. 325,473,638. 2,698,216. 1,241,168. 570,636. 357,393. 550,597. -23,697.

1120 Page 4 Detail

Other current liabilities

ACCRUED TAXES
 ACCRUED INTEREST
 DIVIDENDS DECLARED
 TAX COLLECTIONS PAYABLE
 ADVANCES & OTHER ACCRUED LIABILITIES
 UTILITY PROPERTY UNDER LEASE - CURR

| | CONOWINGO POWER COMPANY 52-0280040 | | EASTERN PENNSYLVANIA EXPLORATION COMPANY 23-2039821 | | EASTERN PENNSYLVANIA DEVELOPMENT COMPANY 23-1706184 | | ADWIN REALTY COMPANY | |
|--------------------------------------|---------------------------------------|-----------------|---|----------------|---|--------|----------------------|--------|
| | Beginning | Ending | Beginning | Ending | Beginning | Ending | Beginning | Ending |
| ACCRUED TAXES | 3,044,559. | 537,541. | -72,180. | -4,703. | 19,544. | | | |
| ACCRUED INTEREST | -3,441. | 4,717. | | | | | | |
| DIVIDENDS DECLARED | | | | | | | | |
| TAX COLLECTIONS PAYABLE | 3,984. | 54,567. | | | | | | |
| ADVANCES & OTHER ACCRUED LIABILITIES | 332,162. | 14,350. | | | | | | |
| UTILITY PROPERTY UNDER LEASE - CURR | | | | | | | | |
| Total | 3,377,264. | 611,175. | -72,180. | -4,703. | 19,544. | | | |

| | ADWIN EQUIPMENT COMPANY 23-1706178 | | ADWIN INVESTMENT COMPANY 51-0332946 | | BUTTONWOODS ASSOCIATES INC. 51-0323767 | | ENERGY PERFORMANCE SERVICES, INC 23-2750899 | |
|--------------------------------------|---------------------------------------|---------|--|----------|---|---------|---|----------|
| | Beginning | Ending | Beginning | Ending | Beginning | Ending | Beginning | Ending |
| Other current liabilities | | | | | | | | |
| ACCRUED TAXES | 560,198. | 42,012. | 38,729. | 108,292. | 19,775. | 19,775. | | 4,125. |
| ACCRUED INTEREST | | | | | | | 47,842. | 36,551. |
| DIVIDENDS DECLARED | | | | | | | | |
| TAX COLLECTIONS PAYABLE | 3,660. | 3,641. | | | | | 59,467. | 28,961. |
| ADVANCES & OTHER ACCRUED LIABILITIES | 2,242. | 385. | | | | | | 153,987. |
| UTILITY PROPERTY UNDER LEASE - CURR | | | | | | | | |

| | | | | | | | | |
|-------|----------|---------|---------|----------|---------|---------|----------|----------|
| Total | 566,100. | 46,038. | 38,729. | 108,292. | 19,775. | 19,775. | 107,309. | 223,624. |
|-------|----------|---------|---------|----------|---------|---------|----------|----------|

1120 Page 4 Detail

| | | | |
|--|---------------------------------------|---|--|
| PECO ENERGY CAPITAL CORP 51-0355321 | PECO GAS SUPPLY COMPANY 23-2798733 | PROPRIETORS OF THE SUSQUEHANNA CANAL 23-1624948 | ADWIN SCHUYLKILL COGENERATION INC 23-2829266 |
|--|---------------------------------------|---|--|

Other current liabilities

ACCRUED TAXES
 ACCRUED INTEREST
 DIVIDENDS DECLARED
 TAX COLLECTIONS PAYABLE
 ADVANCES & OTHER ACCRUED LIABILITIES
 UTILITY PROPERTY UNDER LEASE - CURR

| | PECO ENERGY CAPITAL CORP | | PECO GAS SUPPLY COMPANY | | PROPRIETORS OF THE SUSQUEHANNA CANAL | | ADWIN SCHUYLKILL COGENERATION INC | |
|--------------------------------------|--------------------------|-------------------|-------------------------|--------|--------------------------------------|--------|-----------------------------------|--------|
| | Beginning | Ending | Beginning | Ending | Beginning | Ending | Beginning | Ending |
| ACCRUED TAXES | 420,643. | 1,077,673. | | | | | | |
| ACCRUED INTEREST | | | | | | | | |
| DIVIDENDS DECLARED | | | | | | | | |
| TAX COLLECTIONS PAYABLE | 269. | 179. | | | | | | |
| ADVANCES & OTHER ACCRUED LIABILITIES | | | | | | | | |
| UTILITY PROPERTY UNDER LEASE - CURR | | | | | | | | |
| Total | 420,912. | 1,077,852. | | | | | | |

Sch. L, Line 21 - Other Liabilities

| | Beginning | Ending | Beginning | Ending | Beginning | Ending | Beginning | Ending |
|--------------------------------------|----------------|----------------|-----------|--------|-----------|--------|----------------|----------------|
| UNAMORTIZED PREMIUMS ON L.T. DEBT | 11,188. | 9,580. | | | | | 11,188. | 9,580. |
| UNAMORTIZED DISCOUNT ON L.T. DEBT | -38,225,580. | -32,609,058. | | | | | -38,225,580. | -32,609,058. |
| UTILITY PROPERTY UNDER LEASE - L.T. | 114,089,199. | 120,104,848. | | | | | 114,089,199. | 120,104,848. |
| CUSTOMER DEPOSITS | 13,610,532. | 11,511,096. | | | | | 13,610,532. | 11,511,096. |
| CUSTOMER ADVANCES | 3,014,608. | 2,595,382. | | | | | 3,014,608. | 2,595,382. |
| DEFERRED CREDITS | 170,538,785. | 170,282,420. | | | | | 170,538,785. | 170,282,420. |
| ACCUMULATED DEFERRED ITC | 374,100,379. | 351,568,699. | | | | | 374,100,379. | 351,568,699. |
| UNAMORTIZED GAIN ON REAQUIRED DEBT | 4,407,235. | 3,163,386. | | | | | 4,407,235. | 3,163,386. |
| ACCUM DEF TAXES - ACCEL AMORT PROP | 1,809,880. | 1,791,419. | | | | | 1,809,880. | 1,791,419. |
| ACCUM DEF TAXES- OTHER PROP | 1,448,082,651. | 1,470,377,023. | | | | | 1,448,082,651. | 1,470,377,023. |
| ACCUM DEF TAXES- OTHER THAN PROPERTY | 172,629,555. | 159,627,916. | | | | | 172,629,555. | 159,627,916. |
| FAS 106-DECONTAM/DECOMM LIABILITY | 86,702,000. | 54,352,676. | | | | | 86,702,000. | 54,352,676. |
| EMISSION ALLOWANCE | -5,117. | 209,693. | | | | | -5,117. | 209,693. |
| MINORITY INTEREST - EPS | | 160,877. | | | | | | 160,877. |
| ADVANCED RENTALS | 18,162. | 18,151. | | | | | 18,162. | 18,151. |
| WARRANTY & JOB RESERVE | | 370,236. | | | | | | 370,236. |

Total 2,350,783,477. 2,313,534,344. 2,350,783,477. 2,313,534,344.

PECO ENERGY COMPANY SUSQUEHANNA POWER COMPANY PECO ENERGY POWER COMPANY SUSQUEHANNA ELECTRIC COMPANY

Sch. L, Line 21 - Other liabilities

| | 23-0970240 | | 23-1139830 | | 23-0970740 | | 52-0503520 | |
|-------------------------------------|----------------|----------------|------------|------------|------------|----------|------------|------------|
| | Beginning | Ending | Beginning | Ending | Beginning | Ending | Beginning | Ending |
| UNAMORTIZED PREMIUMS ON L.T. DEBT | 11,188. | 9,580. | | | | | | |
| UNAMORTIZED DISCOUNT ON L.T. DEBT | -38,225,113. | -32,609,058. | | | | | | |
| UTILITY PROPERTY UNDER LEASE - L.T. | 114,089,199. | 120,104,848. | | | | | | |
| CUSTOMER DEPOSITS | 13,542,509. | 11,470,413. | | | | | | |
| CUSTOMER ADVANCES | 2,591,871. | 2,542,902. | | | | | | |
| DEFERRED CREDITS | 170,338,297. | 168,053,846. | | | | | | |
| ACCUMULATED DEFERRED ITC | 372,067,015. | 350,619,066. | | | | | | 2,000,000. |
| UNAMORTIZED GAIN ON REAQUIRED DEBT | 4,337,659. | 3,163,386. | 963,363. | 949,633. | | | | |
| ACCUM DEF TAXES - ACCEL AMORT PROP | 369,228. | 199,633. | | | 69,576. | | | |
| ACCUM DEF TAXES- OTHER PROP | 1,433,348,270. | 1,464,812,502. | 5,986,457. | 4,048,598. | 51,852. | 267,528. | 177,258. | |
| ACCUM DEF TAXES- OTHER THAN PROPERT | 161,582,731. | 150,358,345. | | | | | 67,265. | |
| FAS 106-DECONTAM/DECOMM LIABILITY | 85,442,000. | 54,352,676. | | | | | 630,000. | |
| EMISSION ALLOWANCE | -5,117. | 209,693. | | | | | | |
| MINORITY INTEREST - EPS | | | | | | | | |
| ADVANCED RENTALS | | | | | | | | |
| WARRANTY & JOB RESERVE | | | | | | | | |

Total 2,319,489,737. 2,293,287,832. 6,949,820. 4,998,231. 120,961. 267,528. 874,523. 2,000,000.

CONOWINGO POWER COMPANY

EASTERN PENNSYLVANIA
EXPLORATION COMPANY

EASTERN PENNSYLVANIA
DEVELOPMENT COMPANY

ADWIN REALTY COMPANY

52-0280040

23-2039821

23-1706184

Sch. L, Line 21 - Other Liabilities

UNAMORTIZED PREMIUMS ON L.T. DEBT
UNAMORTIZED DISCOUNT ON L.T. DEBT
UTILITY PROPERTY UNDER LEASE - L.T.
CUSTOMER DEPOSITS
CUSTOMER ADVANCES
DEFERRED CREDITS
ACCUMULATED DEFERRED ITC
UNAMORTIZED GAIN ON REAQUIRED DEBT
ACCLUM DEF TAXES - ACCEL AMORT PROP
ACCLUM DEF TAXES- OTHER PROP
ACCLUM DEF TAXES- OTHER THAN PROPERTY
FAS 106-DECONTAM/DECOMM LIABILITY
EMISSION ALLOWANCE
MINORITY INTEREST - EPS
ADVANCED RENTALS
WARRANTY & JOB RESERVE

| | Beginning | Ending | Beginning | Ending | Beginning | Ending | Beginning | Ending |
|---------------------------------------|--------------------|-------------------|-------------------|----------------|----------------|-----------------|-----------------|-------------------|
| CUSTOMER DEPOSITS | 68,023. | 40,683. | | | | | | |
| CUSTOMER ADVANCES | 422,737. | 52,480. | | | | | | |
| DEFERRED CREDITS | 48,865. | 35,529. | 75. | 75. | | | 151,548. | 192,970. |
| ACCUMULATED DEFERRED ITC | 1,070,001. | | | | | | | |
| UNAMORTIZED GAIN ON REAQUIRED DEBT | | | | | | | | |
| ACCLUM DEF TAXES - ACCEL AMORT PROP | 7,021,441. | | 1,232,429. | 52,120. | -1,708. | 423. | 333,068. | 1,201,502. |
| ACCLUM DEF TAXES- OTHER PROP | 10,888,059. | 9,089,673. | | | | | | |
| ACCLUM DEF TAXES- OTHER THAN PROPERTY | 630,000. | | | | | | | |
| FAS 106-DECONTAM/DECOMM LIABILITY | | | | | | | | |
| EMISSION ALLOWANCE | | | | | | | | |
| MINORITY INTEREST - EPS | | | | | | 160,877. | | |
| ADVANCED RENTALS | | | | | | | 18,162. | 18,151. |
| WARRANTY & JOB RESERVE | | | | | | | | |
| Total | 20,149,126. | 9,218,365. | 1,232,504. | 52,195. | -1,708. | 161,300. | 502,778. | 1,412,623. |

1120 Page 4 Detail

Sch. L, Line 21 - Other liabilities

UNAMORTIZED PREMIUMS ON L.T. DEBT
 UNAMORTIZED DISCOUNT ON L.T. DEBT
 UTILITY PROPERTY UNDER LEASE - L.T.
 CUSTOMER DEPOSITS
 CUSTOMER ADVANCES
 DEFERRED CREDITS
 ACCUMULATED DEFERRED ITC
 UNAMORTIZED GAIN ON REAQUIRED DEBT
 ACCUM DEF TAXES - ACCEL AMORT PROP
 ACCUM DEF TAXES- OTHER PROP
 ACCUM DEF TAXES- OTHER THAN PROPERTY
 FAS 106-DECONTAM/DECOM LIABILITY
 EMISSION ALLOWANCE
 MINORITY INTEREST - EPS
 ADVANCED RENTALS
 WARRANTY & JOB RESERVE

| | ADWIN EQUIPMENT COMPANY 23-1706178 | | ADWIN INVESTMENT COMPANY 51-0332946 | | BUTTONWOODS ASSOCIATES INC. 51-0323767 | | ENERGY PERFORMANCE SERVICES, INC 23-2750899 | |
|--------------|---------------------------------------|----------|--|----------|---|--------|---|------------|
| | Beginning | Ending | Beginning | Ending | Beginning | Ending | Beginning | Ending |
| | | | | | | | | |
| | | | | | | | 1,440,652. | 1,591,786. |
| | 789. | 58,517. | -67,205. | -64,167. | | | | |
| | 91,500. | 179,898. | | | | | | |
| | | | | | | | | 370,236. |
| Total | 92,289. | 238,415. | -67,205. | -64,167. | | | 1,440,652. | 1,962,022. |

1120 Page 4 Detail

Sch. 1, Line 21 - Other liabilities

- UNAMORTIZED PREMIUMS ON L.T. DEBT
- UNAMORTIZED DISCOUNT ON L.T. DEBT
- UTILITY PROPERTY UNDER LEASE - L.T.
- CUSTOMER DEPOSITS
- CUSTOMER ADVANCES
- DEFERRED CREDITS
- ACCUMULATED DEFERRED ITC
- UNAMORTIZED GAIN ON REAQUIRED DEBT
- ACCUM DEF TAXES - ACCEL AMORT PROP
- ACCUM DEF TAXES- OTHER PROP
- ACCUM DEF TAXES- OTHER THAN PROPERTY
- FAS 106-DECONTAM/DECOMM LIABILITY
- EMISSION ALLOWANCE
- MINORITY INTEREST - EPS
- ADVANCED RENTALS
- WARRANTY & JOB RESERVE

| PECO ENERGY CAPITAL CORP 51-0355321 | | PECO GAS SUPPLY COMPANY 23-2198733 | | PROPRIETORS OF THE SUSQUEHANNA CANAL 23-1624948 | | ADWIN SCHUYLKILL COGENERATION INC 23-2829266 | |
|--|--------|---------------------------------------|--------|---|--------|--|--------|
| Beginning | Ending | Beginning | Ending | Beginning | Ending | Beginning | Ending |

Total

| | PECO ENERGY COMPANY | SUSQUEHANNA POWER COMPANY | PECO ENERGY POWER COMPANY | SUSQUEHANNA ELECTRIC COMPANY | CONOWINGO POWER COMPANY | EASTERN PENNSYLVANIA EXPLORATION COMPANY | EASTERN PENNSYLVANIA DEVELOPMENT COMPANY | ADWIN REALTY COMPANY |
|------------------------|------------------------|------------------------------|------------------------------|---------------------------------|----------------------------|---|---|-------------------------|
| Consolidated Schedules | 23-0970240 | 23-1139830 | 23-0970740 | 52-0503520 | 52-0280040 | 23-2039821 | 23-1706184 | |

| Schedule M-1 | | | | | | | | | |
|--------------|--|----------------|-------------|-------------|-----------|--------------|-----------|-------------|-------------|
| 1 | Net income per books | 609,730,612. | 8,257,053. | 8,810,113. | 46,308. | 2,140,942. | 291,641. | -5,763,290. | -3,539,964. |
| 2 | Federal Income Tax | 181,763,715. | 4,957,350. | -45,101. | 203,142. | 2,845,049. | -364,956. | 680. | 255,216. |
| 3 | Excess Capital Losses | | | | | | | | |
| 4 | Income Subject to Tax not Recorded on Books | 74,396,704. | | 8,401,800. | | 2,308,280. | | | 34,784. |
| 6 | Expenses Recorded on Books Not Deducted in Return | | | | | | | | |
| | a Depreciation | | | | | | | | |
| | b Contribution Carryover | | | | | | | | |
| | c Travel and Entertainment | | | | | | | | |
| | Other | 268,330,610. | -1,963,659. | 220,144. | -264,970. | -8,229,615. | 82,261. | | 1,121,999. |
| 8 | Total Lines 1-5 | 1,134,221,641. | 11,250,744. | 17,386,956. | -15,520. | -935,344. | 8,946. | -5,762,610. | -2,127,965. |
| 7 | Income Recorded on Books not Included in Return | | | | | | | | |
| | a Tax-exempt Interest | | | | | | | | |
| | Other | 148,445,574. | 101,503. | 8,326,629. | | -90,522,772. | -485,458. | -5,762,113. | -429,755. |
| 8 | Deductions in Return not included on Books | | | | | | | | |
| | a Depreciation | | | | | | | | |
| | b Contribution Carryover | | NONE | NONE | NONE | | NONE | NONE | NONE |
| | Other | 260,992,762. | 1,772,445. | 81,523. | -76,289. | 2,598,117. | 60,180. | | 230,762. |
| 9 | Total Lines 7 and 8 | 409,438,336. | 1,873,948. | 8,408,152. | -76,289. | -87,924,655. | -425,278. | -5,762,113. | -198,993. |
| 10 | Income (Line 28, Page 1) | 724,783,305. | 9,376,796. | 8,978,804. | 60,769. | 86,989,311. | 434,224. | -497. | -1,928,972. |

| Schedule M-2 | | | | | | | | | |
|--------------|------------------------------|----------------|-------------|-------------|----------|-------------|--------------|--------------|--------------|
| 1 | Balance at beginning of year | 794,447,251. | 6,595,757. | 7,470,643. | -88,392. | 61,087,951. | -16,717,344. | -21,998,114. | -16,825,057. |
| 2 | Net Income per Books | 609,730,612. | 8,257,053. | 8,810,113. | 46,308. | 2,140,942. | 291,641. | -5,763,290. | -3,539,964. |
| 3 | Other Increases | 6,336,955. | | | | | | 449,340. | |
| 4 | Total Line 1-3 | 1,410,514,818. | 14,852,810. | 16,280,756. | -42,084. | 63,228,893. | -16,425,703. | -27,312,064. | -20,365,021. |
| 5 | Distributions | | | | | | | | |
| | a Cash | 390,340,009. | 8,401,800. | 8,905,200. | | | | | |
| | b Stock | | | | | | | | |
| | c Property | | | | | 4,904,314. | | | |
| 6 | Other Decreases | 2,154,322. | 1,785,112. | 157,372. | | | | 426,924. | 243,522. |
| 7 | Total lines 5 and 6 | 392,494,331. | 10,186,912. | 9,062,572. | | 4,904,314. | | 426,924. | 243,522. |
| 8 | Balance at end of year | 1,018,020,487. | 4,665,898. | 7,218,184. | -42,084. | 58,324,579. | -16,425,703. | -27,738,988. | -20,608,543. |

| | | | | | | | | |
|--|----------------------------|-----------------------------|--------------------------------|--|-----------------------------|----------------------------|--|--------------------------------------|
| | ADWIN EQUIPMENT COMPANY | ADWIN INVESTMENT COMPANY | BUTTONWOODS ASSOCIATES INC. | ENERGY PERFORMANCE SERVICES, INC | PECO ENERGY CAPITAL CORP | PECO GAS SUPPLY COMPANY | PROPRIETORS OF THE SUSQUEHANNA CANAL | ADWIN SCHUYLKILL COGENERATION INC |
|--|----------------------------|-----------------------------|--------------------------------|--|-----------------------------|----------------------------|--|--------------------------------------|

Consolidated Schedules

| | | | | | | | | |
|-------------------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Sch. M1 and M-2 Summary | 23-1706178 | 51-0332946 | 51-0323767 | 23-2750899 | 51-0955321 | 23-2798733 | 23-1624948 | 23-2829266 |
|-------------------------|------------|------------|------------|------------|------------|------------|------------|------------|

| Schedule M-1 | | | | | | | | |
|--------------|--|-------------|----------|----------|-------------|-------------|---------|------|
| 1 | Net income per books | -13,806. | 225,130. | -12,290. | -2,519,720. | -1,195,472. | -7,810. | |
| 2 | Federal Income Tax | 33,212. | 89,918. | -21,942. | -1,377,434. | 1,072,038. | | |
| 3 | Excess Capital Losses | | | | | | | |
| 4 | Income Subject to Tax not Recorded on Books | | 2,027. | | | | | |
| 5 | Expenses Recorded on Books Not Deducted in Return | | | | | | | |
| | a Depreciation | | | | | | | |
| | b Contribution Carryover | | | | | | | |
| | c Travel and Entertainment | | | | | | | |
| | Other | 197,275. | 3,038. | | 168,568. | 3,146,176. | 7,718. | |
| 6 | Total Lines 1-5 | 216,681. | 320,113. | -34,232. | -3,728,586. | 3,022,742. | -92. | |
| 7 | Income Recorded on Books not Included in Return | | | | | | | |
| | a Tax-exempt Interest | | | | | | | |
| | Other | | 11,312. | | -200,355. | | -6,543. | |
| 8 | Deductions in Return not included on Books | | | | | | | |
| | a Depreciation | | | | | | | |
| | b Contribution Carryover | NONE | NONE | NONE | | | | NONE |
| | Other | 789,887. | | | 93,614. | | | |
| 9 | Total Lines 7 and 8 | 789,887. | 11,312. | NONE | -106,741. | | -6,543. | NONE |
| 10 | Income (Line 28, Page 1) | -573,206. | 308,801. | -34,232. | -3,621,845. | 3,022,742. | 6,451. | NONE |
| Schedule M-2 | | | | | | | | |
| 1 | Balance at beginning of year | -5,731,715. | -3,445. | 7,288. | -2,110,473. | -372,573. | | |
| 2 | Net Income per Books | -13,806. | 225,130. | -12,290. | -2,519,720. | -1,195,472. | -7,810. | |
| 3 | Other Increases | | | | 1,295,881. | | | |
| 4 | Total Line 1-3 | -5,745,521. | 221,685. | -5,002. | -3,334,312. | -1,568,045. | -7,810. | |
| 5 | Distributions | | | | | | | |
| | a Cash | | | | | | | |
| | b Stock | | | | | | | |
| | c Property | | | | | | | |
| 6 | Other Decreases | | | | 769,948. | | | |
| 7 | Total lines 5 and 6 | | | | 769,948. | | | |
| 8 | Balance at end of year | -5,745,521. | 221,685. | -5,002. | -4,104,260. | -1,568,045. | -7,810. | |

| | Combined | ELIMINATIONS LOCATOR | Adjustments | PECO ENERGY COMPANY CONSOLIDATED |
|--|-------------|-------------------------|-------------|--|
| ----- | | | | |
| Sch M-1, Line 4 - Income Subj. to Tax Not on Books | | | | |
| ----- | | | | |
| DIV'S FROM SUB CO'S SUBJ TO 100%EXCL | 25,357,490. | | | 25,357,490. |
| SALEM LEASING INTEREST INCOME | 3,758,687. | | | 3,758,687. |
| UNBILLED REVENUE -TAX | 53,444,000. | | | 53,444,000. |
| CONTRIBUTIONS IN AID OF CONSTRUCTION | 1,125,604. | | | 1,125,604. |
| PTNR. PORTFOLIO INT INC | 41,128. | | | 41,128. |
| DIVID. -70% DEDUCTION | 669,388. | | | 669,388. |
| DECOMM CORP BOND INTEREST | 747,298. | | | 747,298. |

| | | | | |
|-------|-------------|--|--|-------------|
| Total | 85,143,595. | | | 85,143,595. |
|-------|-------------|--|--|-------------|

| | PECO ENERGY COMPANY | SUSQUEHANNA POWER COMPANY | PECO ENERGY POWER COMPANY | SUSQUEHANNA ELECTRIC COMPANY | CONOWINGO POWER COMPANY | EASTERN PENNSYLVANIA EXPLORATION COMPANY | EASTERN PENNSYLVANIA DEVELOPMENT COMPANY | ADWIN REALTY COMPANY |
|--|---------------------|---------------------------|---------------------------|------------------------------|-------------------------|--|--|----------------------|
| Sch M-1, Line 4 - Income Subj. to Tax Not on Books | 23-0970240 | 23-1139830 | 23-0970740 | 52-0503520 | 52-0280040 | 23-2039821 | 23-1706184 | |
| DIV'S FROM SUB CO'S SUBJ TO 100%EXCL | 16,955,690. | | 8,401,800. | | | | | |
| SALEM LEASING INTEREST INCOME | 3,758,687. | | | | | | | |
| UNBILLED REVENUE -TAX | 51,670,000. | | | | 1,774,000. | | | |
| CONTRIBUTIONS IN AID OF CONSTRUCTION | 591,324. | | | | 534,280. | | | |
| PTNR. PORTFOLIO INT INC | 4,317. | | | | | | | 34,784. |
| DIVID. -70% DEDUCTION | 669,388. | | | | | | | |
| DECOMM CORP BOND INTEREST | 747,298. | | | | | | | |

Total 74,396,704. 8,401,800. 2,308,280. 34,784.

| | ADWIN EQUIPMENT COMPANY | ADWIN INVESTMENT COMPANY | BUTTONWOODS ASSOCIATES INC | ENERGY PERFORMANCE SERVICES, INC | PECO ENERGY CAPITAL CORP | PECO GAS SUPPLY COMPANY | PROPRIETORS OF THE SUSQUEHANNA CANAL | ADWIN SCHUYLKILL COGENERATION INC |
|--|-------------------------------|--------------------------------|-------------------------------|--|-----------------------------|----------------------------|---|--|
| Sch M-1, Line 4 - Income Subj. to Tax Not on Books | 23-1706178 | 51-0332946 | 51-0323767 | 23-2750899 | 51-0355321 | 23-2798733 | 23-1624948 | 23-2829266 |

DIV'S FROM SUB CO'S SUBJ TO 100%EXCL
 SALEM LEASING INTEREST INCOME
 UNBILLED REVENUE -TAX
 CONTRIBUTIONS IN AID OF CONSTRUCTION
 PTNR. PORTFOLIO INT INC
 DIVID. -70% DEDUCTION
 DECOMM CORP BOND INTEREST

2,027.

Total 2,027.

| | Combined | ELIMINATIONS LOCATOR | Adjustments | PECO ENERGY COMPANY CONSOLIDATED |
|--|---------------------|-------------------------|-------------|--|
| Sch. M-1, Line 5 - Expenses on books Not in Return | | | | |
| AMORT. OF PREM'S PAID-REQUIRED DEBT | 26,985,661. | | | 26,985,661. |
| 50% NON-DEDUCTIBLE BUSINESS MEALS | 818,913. | | | 818,913. |
| DEF COMPENSATION(ACCR NET OF PYMTS) | 914,209. | | | 914,209. |
| AMORT OF LIM 1&COM DECLAR ORDER COST | 22,647,156. | | | 22,647,156. |
| DIVID.EQUIVALENCE(ACCR NET OF PYMTS) | -1,295,919. | | | -1,295,919. |
| ENVIRONMENTAL CLEAN-UP COSTS | 233,975. | | | 233,975. |
| D.O.E.-DECON/DECOMM EXPENDITURES | -361,663. | | | -361,663. |
| DECOMMISSIONING EXPENSES | 2,492,100. | | | 2,492,100. |
| OBSELETE INVENTORY WRITEDOWN | -14,129,338. | | | -14,129,338. |
| AVOIDED INTEREST | 18,345,322. | | | 18,345,322. |
| AUDIT ADJUSTMENTS - ROLLOVER ITEMS | 373,189. | | | 373,189. |
| CIVIL PENALTIES & OTHER VIOLATIONS | 375,270. | | | 375,270. |
| DEFERRED TAXES | 184,060,838. | | | 184,060,838. |
| ITC ADJUSTMENT | -21,678,887. | | | -21,678,887. |
| STATE INCOME TAXES | -48,231. | | | -48,231. |
| UNIFORM CAP OF INVENTORY - END OF YR | 1,421,218. | | | 1,421,218. |
| POLITICAL ACTION COMMITTEE EXP | 53,176. | | | 53,176. |
| DEPREC ADJ FOR LEASED VEHICLES | 148. | | | 148. |
| JOBS CREDIT | 2,230. | | | 2,230. |
| GOODWILL | -5,942. | | | -5,942. |
| GROSS REC TAX ON DEF REV | 11,707. | | | 11,707. |
| VACATION / HOLIDAY PAY | -1,048,577. | | | -1,048,577. |
| ORGANIZATIONAL COSTS | 7,718. | | | 7,718. |
| VALUATION LOSS | 500,000. | | | 500,000. |
| INTANGIBLE DRILLING COSTS | 108,156. | | | 108,156. |
| FAS 106 | -7,335,271. | | | -7,335,271. |
| LOBBYING EXPENSES | 1,055,333. | | | 1,055,333. |
| NUCLEAR OUTAGE ACCRUAL - BK | 39,280,000. | | | 39,280,000. |
| UNCOLLECTIBLES - BK/TX | 5,246,864. | | | 5,246,864. |
| DUES | 414,009. | | | 414,009. |
| AMORT OF HYDROGEN WTR CHEM SYS | 414,476. | | | 414,476. |
| WARRANTY RESERVE | 150,000. | | | 150,000. |
| INTEREST INC/EXP ADJ | | | | |
| STAC GIVEBACK | 2,579,697. | | | 2,579,697. |
| DEFERRED CONTRACT COSTS | 92,008. | | | 92,008. |
| HAKE COMENANT | 140,000. | | | 140,000. |
| Total | 262,818,545. | | | 262,818,545. |

Sch. M-1, Line 5 - Expenses on books Not in Return

| | PECO ENERGY COMPANY | SUSQUEHANNA POWER COMPANY | PECO ENERGY POWER COMPANY | SUSQUEHANNA ELECTRIC COMPANY | CONOWINGO POWER COMPANY | EASTERN PENNSYLVANIA EXPLORATION COMPANY | EASTERN PENNSYLVANIA DEVELOPMENT COMPANY | ADWIN REALTY COMPANY |
|--------------------------------------|---------------------|---------------------------|---------------------------|------------------------------|-------------------------|--|--|----------------------|
| | 23-0970240 | 23-1139830 | 23-0970740 | 52-0503520 | 52-0280040 | 23-2039821 | 23-1706184 | |
| AMORT. OF PREM'S PAID-REQUIRED DEBT | 26,985,661. | | | | | | | |
| 50% NON-DEDUCTIBLE BUSINESS MEALS | 777,409. | | | 2,945. | 600. | | | |
| DEF COMPENSATION(ACCR NET OF PYMTS) | 914,209. | | | | | | | |
| AMORT OF LIM 1&COM DECLAR ORDER COST | 22,647,156. | | | | | | | |
| DIVID.EQUIVALENCE(ACCR NET OF PYMTS) | -1,295,919. | | | | | | | |
| ENVIRONMENTAL CLEAN-UP COSTS | 233,975. | | | | | | | |
| D.O.E.-DECON/DECOMM EXPENDITURES | -361,663. | | | | | | | |
| DECOMMISSIONING EXPENSES | 2,492,100. | | | | | | | |
| OBSELETE INVENTORY WRITEDOWN | -14,129,338. | | | | | | | |
| AVOIDED INTEREST | 18,233,750. | 76,959. | | | | 34,613. | | |
| AUDIT ADJUSTMENTS - ROLLOVER ITEMS | 369,975. | | | | | 3,214. | | |
| CIVIL PENALTIES & OTHER VIOLATIONS | 375,257. | | | 13. | | | | |
| DEFERRED TAXES | 187,317,395. | -2,024,346. | 220,144. | -259,257. | -1,740,350. | -25,895. | | 613,218. |
| ITC ADJUSTMENT | -21,629,908. | -16,272. | | | | -32,707. | | |
| STATE INCOME TAXES | 6,458,461. | | | | | -6,506,692. | | |
| UNIFORM CAP OF INVENTORY - END OF YR | 1,421,218. | | | | | | | |
| POLITICAL ACTION COMMITTEE EXP | 53,176. | | | | | | | |
| DEPREC ADJ FOR LEASED VEHICLES | 148. | | | | | | | |
| JDS CREDIT | 2,230. | | | | | | | |
| GOODWILL | | | | | | | | |
| GROSS REC TAX ON DEF REV | | | | | | 11,707. | | |
| VACATION / HOLIDAY PAY | -1,048,234. | | | -8,671. | | | | 8,781. |
| ORGANIZATIONAL COSTS | | | | | | | | |
| VALUATION LOSS | | | | | | | | 500,000. |
| INTANGIBLE DRILLING COSTS | | | | | | 108,156. | | |
| FAS 106 | -7,335,271. | | | | | | | |
| LOBBYING EXPENSES | 1,054,953. | | | | | | | |
| NUCLEAR OUTAGE ACCRUAL - BK | 39,280,000. | | | | | | | |
| UNCOLLECTIBLES - BK/TX | 5,251,864. | | | | | | | |
| DUES | 414,009. | | | | | | | |
| AMORT OF HYDROGEN WTR CHEM SYS | 414,476. | | | | | | | |
| WARRANTY RESERVE | | | | | | | | |
| INTEREST INC/EXP ADJ | -3,146,176. | | | | | | | |
| STAC GIVEBACK | 2,579,697. | | | | | | | |
| DEFERRED CONTRACT COSTS | | | | | | | | |
| HAKE COVENANT | | | | | | | | |
| Total | 268,330,610. | -1,963,659. | 220,144. | -264,970. | -8,229,615. | 82,261. | | 1,121,999. |

| | ADWIN EQUIPMENT COMPANY | ADWIN INVESTMENT COMPANY | BUTTONWOODS ASSOCIATES INC | ENERGY PERFORMANCE SERVICES, INC | PECO ENERGY CAPITAL CORP | PECO GAS SUPPLY COMPANY | PROPRIETORS OF THE SUSQUEHANNA CANAL | ADWIN SCHUYLKILL COGENERATION INC |
|--|-------------------------------|--------------------------------|-------------------------------|--|-----------------------------|----------------------------|---|--|
| Sch. M-1, Line 5 - Expenses on books Not in Return | 23-1706178 | 51-0332946 | 51-0323767 | 23-2750899 | 51-0355321 | 23-2798733 | 23-1624948 | 23-2829266 |

| | | | | | | | | |
|---------------------------------------|----------|--------|--|-----------|------------|--------|--|--|
| AMORT. OF PREM'S PAID-REACQUIRED DEBT | | | | | | | | |
| 50% NON-DEDUCTIBLE BUSINESS MEALS | | | | 37,959. | | | | |
| DEF COMPENSATION(ACCR NET OF PYMTS) | | | | | | | | |
| AMORT OF LIM 1&COM DECLAR ORDER COST | | | | | | | | |
| DIVID.EQUIVALENCE(ACCR NET OF PYMTS) | | | | | | | | |
| ENVIRONMENTAL CLEAN-UP COSTS | | | | | | | | |
| D.O.E.-DECON/DECOMM EXPENDITURES | | | | | | | | |
| DECOMMISSIONING EXPENSES | | | | | | | | |
| OBSELETE INVENTORY WRITEDOWN | | | | | | | | |
| AVOIDED INTEREST | | | | | | | | |
| AUDIT ADJUSTMENTS - ROLLOVER ITEMS | | | | | | | | |
| CIVIL PENALTIES & OTHER VIOLATIONS | | | | | | | | |
| DEFERRED TAXES | 57,728. | 3,038. | | -100,837. | | | | |
| ITC ADJUSTMENT | | | | | | | | |
| STATE INCOME TAXES | | | | | | | | |
| UNIFORM CAP OF INVENTORY - END OF YR | | | | | | | | |
| POLITICAL ACTION COMMITTEE EXP | | | | | | | | |
| DEPREC ADJ FOR LEASED VEHICLES | | | | | | | | |
| JOB CREDIT | | | | | | | | |
| GOODWILL | | | | -5,942. | | | | |
| GROSS REC TAX ON DEF REV | | | | | | | | |
| VACATION / HOLIDAY PAY | -453. | | | | | | | |
| ORGANIZATIONAL COSTS | | | | | | 7,718. | | |
| VALUATION LOSS | | | | | | | | |
| INTANGIBLE DRILLING COSTS | | | | | | | | |
| FAS 106 | | | | | | | | |
| LOBBYING EXPENSES | | | | 380. | | | | |
| NUCLEAR OUTAGE ACCRUAL - BK | | | | | | | | |
| UNCOLLECTIBLES - BK/TX | | | | -5,000. | | | | |
| DUES | | | | | | | | |
| AMORT OF HYDROGEN WIR CHEM SYS | | | | | | | | |
| WARRANTY RESERVE | | | | 150,000. | | | | |
| INTEREST INC/EXP ADJ | | | | | 3,146,176. | | | |
| STAC GIVEBACK | | | | | | | | |
| DEFERRED CONTRACT COSTS | | | | 92,008. | | | | |
| HAKE COVENANT | 140,000. | | | | | | | |

| | | | | | | | | |
|-------|----------|--------|--|----------|------------|--------|--|--|
| Total | 197,275. | 3,038. | | 168,568. | 3,146,176. | 7,718. | | |
|-------|----------|--------|--|----------|------------|--------|--|--|

| | PECO ENERGY COMPANY | SUSQUEHANNA POWER COMPANY | PECO ENERGY POWER COMPANY | SUSQUEHANNA ELECTRIC COMPANY | CONOWINGO POWER COMPANY | EASTERN PENNSYLVANIA EXPLORATION COMPANY | EASTERN PENNSYLVANIA DEVELOPMENT COMPANY | ADWIN REALTY COMPANY |
|--|------------------------|------------------------------|------------------------------|------------------------------------|----------------------------|---|---|-------------------------|
| Sch. M-1, Line 7 - Income on Books Not in Return | 23-0970240 | 23-1139830 | 23-0970740 | 52-0503520 | 52-0280040 | 23-2039821 | 23-1706184 | |
| Gain/loss on disposition of assets | 68,669,734. | | | | -92,952,741. | -485,458. | | -442,394. |
| ACCRETION INCOME NET | 672,997. | | | | | | | |
| EQUITY IN EARNINGS OF SUBSIDIARIES | 3,779,506. | | 8,257,053. | | | | -5,762,113. | -27,142. |
| PARTNERSHIP INCOME | 41,860. | | | | | | | 39,781. |
| AMORT. OF GAIN ON REACQUIRED BONDS | 1,174,274. | | 69,576. | | | | | |
| BOOKED UNBILLED REVENUE | 48,700,000. | | | | 1,814,000. | | | |
| AFUDC | 26,898,700. | 101,503. | | | 49,235. | | | |
| AMORT OF ANTI-TRUST SETTLEMENT | 8,503. | | | | | | | |
| PA USE TAX ADJUSTMENT | -1,500,000. | | | | | | | |
| DEFERRED REVENUE | | | | | 566,734. | | | |
| EQUITY IN EARNINGS ADJUSTMENT | | | | | | | | |

| | | | | | | | | |
|-------|--------------|----------|------------|--|--------------|-----------|-------------|-----------|
| Total | 148,445,574. | 101,503. | 8,326,629. | | -90,522,772. | -485,458. | -5,762,113. | -429,755. |
|-------|--------------|----------|------------|--|--------------|-----------|-------------|-----------|

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Sch. M-1, Line 7 - Income on Books Not in Return

Gain/loss on disposition of assets
 ACCRETION INCOME NET
 EQUITY IN EARNINGS OF SUBSIDIARIES
 PARTNERSHIP INCOME
 AMORT. OF GAIN ON REAQUIRED BONDS
 BOOKED UNBILLED REVENUE
 AFUDC
 AMORT OF ANTI-TRUST SETTLEMENT
 PA USE TAX ADJUSTMENT
 DEFERRED REVENUE
 EQUITY IN EARNINGS ADJUSTMENT

| ADWIN EQUIPMENT COMPANY | ADWIN INVESTMENT COMPANY | BUTTONWOODS ASSOCIATES INC | ENERGY PERFORMANCE SERVICES, INC | PECO ENERGY CAPITAL CORP | PECO GAS SUPPLY COMPANY | PROPRIETORS OF THE SUSQUEHANNA CANAL | ADWIN SCHUYLKILL COGENERATION INC |
|-------------------------------|--------------------------------|-------------------------------|--|-----------------------------|----------------------------|---|--|
| 23-1706178 | 51-0332946 | 51-0323767 | 23-2750899 | 51-0355321 | 23-2798733 | 23-1624948 | 23-2829266 |

| | | | | | | | |
|-------|---------|--|-----------|--|---------|--|--|
| | 4,132. | | -218,045. | | | | |
| | 7,180. | | 17,690. | | -6,543. | | |
| Total | 11,312. | | -200,355. | | -6,543. | | |

| | Combined | ELIMINATIONS LOCATOR | Adjustments | PECO ENERGY COMPANY CONSOLIDATED |
|--|---------------------|-------------------------|-------------|--|
| Sch. M-1, Line 8 - Deductions in Return Not on Books | | | | |
| LONG TERM INCENTIVE PLAN | 2,154,322. | | | 2,154,322. |
| UNCOLLECTIBLE ACCOUNT RESERVE | -92,481. | | | -92,481. |
| GROSS RECEIPTS TAX -PA/MD | 722,598. | | | 722,598. |
| PREMIUMS PAID TO REACQUIRE DEBT | 14,848,183. | | | 14,848,183. |
| TRUSTEE FEES -ESCROW FUNDS | 170,779. | | | 170,779. |
| UNIFORM CAPITAL OF INVENTORY | 2,039,313. | | | 2,039,313. |
| ADDITIONAL DEPRITATION -FUEL | 6,444,396. | | | 6,444,396. |
| ADD'L DEPREC PLNT&SOFTWARE EXCL.FUEL | 29,413,270. | | | 29,413,270. |
| EASEMENTS, CLEARING & GRADING | 716,005. | | | 716,005. |
| SALEM LEASING RENTAL EXPENSE | 15,145,323. | | | 15,145,323. |
| COST OF REMOVAL | 2,478,298. | | | 2,478,298. |
| REPAIR ALLOWANCE | 20,124,847. | | | 20,124,847. |
| DEFERRED FUEL | 71,455,944. | | | 71,455,944. |
| PURTA | 1,243. | | | 1,243. |
| REAL ESTATE TAXES CAPITALIZED | 37,824. | | | 37,824. |
| NUCLEAR DESIGN BASIS DOCUMENTATION | 510,665. | | | 510,665. |
| CAPITALIZED INTEREST | 34,316. | | | 34,316. |
| POWER RERATE EXPENDITURES | 8,170,776. | | | 8,170,776. |
| NUCLEAR OUTAGE COST ACCRUAL | 48,984,487. | | | 48,984,487. |
| PENSION COSTS | 33,905,952. | | | 33,905,952. |
| CO-OP INVEST ADJ | -10,000. | | | -10,000. |
| PARTNERSHIP LOSS | 768,055. | | | 768,055. |
| COMMISSIONS EXPENSE | 49,623. | | | 49,623. |
| SOFTWARE DEVELOPMENT COSTS | -2,885,040. | | | -2,885,040. |
| PARTNERSHIP-INTERST EXP ON INVEST. | 38,296. | | | 38,296. |
| INTANGIBLE DRILLING COSTS | 56,226. | | | 56,226. |
| RABBI TRUST | -130,000. | | | -130,000. |
| VRIP / VSIP COSTS | 13,927,657. | | | 13,927,657. |
| MICP / ICP | -96,526. | | | -96,526. |
| CLEARING ACCOUNT EXPENSE | -505,831. | | | -505,831. |
| CONVERSION COSTS | 210,743. | | | 210,743. |
| CONFIDENT LEGAL LIABILITY | -3,000,000. | | | -3,000,000. |
| MOO EXPENSE | 2,622,170. | | | 2,622,170. |
| SALEM ESTUARY | 311,645. | | | 311,645. |
| CHARITABLE CONTRIBUTIONS | -2,272,764. | | | -2,272,764. |
| MINE CLOSURE COSTS | 82,687. | | | 82,687. |
| CLEAN FUEL VEHICLES + REFUEL STATIONS | 110,000. | | | 110,000. |
| Total | 266,543,001. | | | 266,543,001. |

| | PECO ENERGY COMPANY | SUSQUEHANNA POWER COMPANY | PECO ENERGY POWER COMPANY | SUSQUEHANNA ELECTRIC COMPANY | CONOWINGO POWER COMPANY | EASTERN PENNSYLVANIA EXPLORATION COMPANY | EASTERN PENNSYLVANIA DEVELOPMENT COMPANY | ADWIN REALTY COMPANY |
|--|------------------------|------------------------------|------------------------------|------------------------------------|----------------------------|---|---|-------------------------|
| Sch. M-1, Line 8 - Deductions in Return Not on Books | 23-0970240 | 23-1139830 | 23-0970740 | 52-0503520 | 52-0280040 | 23-2039821 | 23-1706184 | |
| LONG TERM INCENTIVE PLAN | 2,154,322. | | | | | | | |
| UNCOLLECTIBLE ACCOUNT RESERVE | | | | | -92,481. | | | |
| GROSS RECEIPTS TAX -PA/MD | 722,598. | | | | | | | |
| PREMIUMS PAID TO REACQUIRE DEBT | 14,848,183. | | | | | | | |
| TRUSTEE FEES -ESCROW FUNDS | 170,779. | | | | | | | |
| UNIFORM CAPITAL OF INVENTORY | 2,039,313. | | | | | | | |
| ADDITIONAL DEPREIATION -FUEL | 6,444,396. | | | | | | | |
| ADD'L DEPREI PLNT&SOFTWARE EXCL.FUEL | 26,705,843. | 1,771,351. | 80,101. | | 598,408. | 3,954. | | 138,167. |
| EASEMENTS, CLEARING & GRADING | 712,545. | 1,094. | 179. | | 2,187. | | | |
| SALEM LEASING RENTAL EXPENSE | 15,145,323. | | | | | | | |
| COST OF REMOVAL | 2,478,298. | | | | | | | |
| REPAIR ALLOWANCE | 20,124,847. | | | | | | | |
| DEFERRED FUEL | 71,103,828. | | | | 352,116. | | | |
| PURTA | | | 1,243. | | | | | |
| REAL ESTATE TAXES CAPITALIZED | 33,148. | | | | | | | 4,576. |
| NUCLEAR DESIGN BASIS DOCUMENTATION | 510,665. | | | | | | | |
| CAPITALIZED INTEREST | 34,316. | | | | | | | |
| POWER RERATE EXPENDITURES | 8,170,776. | | | | | | | |
| NUCLEAR OUTAGE COST ACCRUAL | 48,984,487. | | | | | | | |
| PENSION COSTS | 31,211,430. | | | 100,000. | 2,594,522. | | | |
| CO-OP INVEST ADJ | -10,000. | | | | | | | |
| PARTNERSHIP LOSS | | | | | | | | |
| COMMISSIONS EXPENSE | | | | | | | | 49,623. |
| SOFTWARE DEVELOPMENT COSTS | -2,885,040. | | | | | | | |
| PARTNERSHIPT-INTERST EXP ON INVEST. | | | | | | | | 38,296. |
| INTANGIBLE DRILLING COSTS | | | | | | 56,226. | | |
| RABBI TRUST | -130,000. | | | | | | | |
| VRIP / VSIP COSTS | 14,112,596. | | | 21,401. | -206,340. | | | |
| MICP / ICP | | | | | | | | |
| CLEARING ACCOUNT EXPENSE | 245,628. | | | -197,690. | -553,769. | | | |
| CONVERSION COSTS | 210,743. | | | | | | | |
| CONTIGENT LEGAL LIABILITY | -3,000,000. | | | | | | | |
| MOO EXPENSE | 2,622,170. | | | | | | | |
| SALEM ESTUARY | 311,645. | | | | | | | |
| CHARITABLE CONTRIBUTIONS | -2,272,764. | | | | | | | |
| MINE CLOSURE COSTS | 82,687. | | | | | | | |
| CLEAN FUEL VEHICLES + REFUEL STATIONS | 110,000. | | | | | | | |
| Total | 260,992,762. | 1,772,445. | 81,523. | -76,289. | 2,598,117. | 60,180. | | 230,762. |

1120 Page 4 Detail

| | ADWIN EQUIPMENT COMPANY | ADWIN INVESTMENT COMPANY | BUTTONWOODS ASSOCIATES INC | ENERGY PERFORMANCE SERVICES, INC | PECO ENERGY CAPITAL CORP | PECO GAS SUPPLY COMPANY | PROPRIETORS OF THE SUSQUEHANNA CANAL | ADWIN SCHUYLKILL COGENERATION INC |
|--|-------------------------------|--------------------------------|-------------------------------|--|-----------------------------|----------------------------|---|--|
| Sch. M-1, Line 8 - Deductions in Return Not on Books | 23-1706178 | 51-0332946 | 51-0323767 | 23-2750899 | 51-0355321 | 23-2798733 | 23-1624948 | 23-2829266 |

LONG TERM INCENTIVE PLAN
 UNCOLLECTIBLE ACCOUNT RESERVE
 GROSS RECEIPTS TAX -PA/MD
 PREMIUMS PAID TO REACQUIRE DEBT
 TRUSTEE FEES -ESCROW FUNDS
 UNIFORM CAPITAL OF INVENTORY
 ADDITIONAL DEPRATION -FUEL
 ADD'L DEPREC PLNT&SOFTWARE EXCL.FUEL
 EASEMENTS, CLEARING & GRADING
 SALEM LEASING RENTAL EXPENSE
 COST OF REMOVAL
 REPAIR ALLOWANCE
 DEFERRED FUEL
 PURTA
 REAL ESTATE TAXES CAPITALIZED
 NUCLEAR DESIGN BASIS DOCUMENTATION
 CAPITALIZED INTEREST
 POWER RERATE EXPENDITURES
 NUCLEAR OUTAGE COST ACCRUAL
 PENSION COSTS
 CO-OP INVEST ADJ
 PARTNERSHIP LOSS
 COMMISSIONS EXPENSE
 SOFTWARE DEVELOPMENT COSTS
 PARTNERSHIP-INTERST EXP ON INVEST.
 INTANGIBLE DRILLING COSTS
 RABBI TRUST
 VRIP / VSIP COSTS
 MICP / ICP
 CLEARING ACCOUNT EXPENSE
 CONVERSION COSTS
 CONTIGENT LEGAL LIABILITY
 MGD EXPENSE
 SALEM ESTUARY
 CHARITABLE CONTRIBUTIONS
 MINE CLOSURE COSTS
 CLEAN FUEL VEHICLES + REFUEL STATIONS

21,832.
 93,614.
 768,055.

| | | | | | | | | |
|-------|----------|---------|--|--|--|--|--|--|
| Total | 789,887. | 93,614. | | | | | | |
|-------|----------|---------|--|--|--|--|--|--|

| | Combined | ELIMINATIONS LOCATOR | Adjustments | PECO ENERGY COMPANY CONSOLIDATED |
|--|------------|-------------------------|-------------|--|
| Sch. M-2, Line 3 - Other increases | | | | |
| CAPITAL STOCK ACTIVITY | 6,336,955. | | | 6,336,955. |
| C&L AUDIT ADJUSTMENT TO 94 F/S | 406,000. | | | 406,000. |
| FOREIGN TRANSLATION LOSS | 43,340. | | | 43,340. |
| TO ADJ BEGINNING 94 RE TO REFLECT DOMESTIC EPS COR | 825,368. | | | 825,368. |
| TO REFLECT 1993 CZECH PUSH-BACK | 470,513. | | | 470,513. |
| TO ELIMINATE SUBSIDIARY ACTIVITY | | -1,745,221. | | -1,745,221. |
| ADJ FOR 94 STKHLOS EQUITY OF SUBSIDIARIES | | 17,132,647. | | 17,132,647. |

| | | | |
|-------|------------|-------------|-------------|
| Total | 8,082,176. | 15,387,426. | 23,469,602. |
|-------|------------|-------------|-------------|

1120 Page 1 Detail

Sch. M-2, Line 3 - Other Increases

| PECO ENERGY COMPANY | SUSQUEHANNA POWER COMPANY | PECO ENERGY POWER COMPANY | SUSQUEHANNA ELECTRIC COMPANY | CONOWINGO POWER COMPANY | EASTERN PENNSYLVANIA EXPLORATION COMPANY | EASTERN PENNSYLVANIA DEVELOPMENT COMPANY | ADWIN REALTY COMPANY |
|---------------------|---------------------------|---------------------------|------------------------------|-------------------------|--|--|----------------------|
| 23-0970240 | 23-1139830 | 23-0970740 | 52-0503520 | 52-0280040 | 23-2039821 | 23-1706184 | |

CAPITAL STOCK ACTIVITY
 C&L AUDIT ADJUSTMENT TO 94 F/S
 FOREIGN TRANSLATION LOSS
 TO ADJ BEGINNING 94 RE TO REFLECT DOMESTIC EPS COR
 TO REFLECT 1993 CZECH PUSH-BACK
 TO ELIMINATE SUBSIDIARY ACTIVITY
 ADJ FOR 94 STKHLDS EQUITY OF SUBSIDIARIES

| | | | | | | | |
|------------|--|--|--|--|--|----------|--|
| 6,336,955. | | | | | | 406,000. | |
| | | | | | | 43,340. | |

Total ----- 6,336,955. ----- 449,340. -----

1120 Page 1 Detail

| | Combined | ELIMINATIONS LOCATOR | Adjustments | PECO ENERGY COMPANY CONSOLIDATED |
|--|------------|-------------------------|-------------|--|
| Sch. M-2, Line 5c - Property distributions | | | | |
| PROPERTY DISTRIBUTION TO PARENT | 4,904,314. | | | 4,904,314. |
| PROP DISTRIB OF SUB - CPCD | | -4,904,314. | | -4,904,314. |

| | | | | |
|-------|------------|-------------|--|--|
| Total | 4,904,314. | -4,904,314. | | |
|-------|------------|-------------|--|--|

1120 Page 1 Detail

| PECO ENERGY COMPANY | SUSQUEHANNA POWER COMPANY | PECO ENERGY POWER COMPANY | SUSQUEHANNA ELECTRIC COMPANY | CONOWINGO POWER COMPANY | EASTERN PENNSYLVANIA EXPLORATION COMPANY | EASTERN PENNSYLVANIA DEVELOPMENT COMPANY | ADWIN REALTY COMPANY |
|---------------------|---------------------------|---------------------------|------------------------------|-------------------------|--|--|----------------------|
| 23-0970240 | 23-1139830 | 23-0970740 | 52-0503520 | 52-0280040 | 23-2039821 | 23-1706184 | |

Sch. M-2, Line 5c - Property distributions

PROPERTY DISTRIBUTION TO PARENT
PROP DISTRIB OF SUB - CPCD

4,904,314.

Total

4,904,314.

Sch. M-2, Line 5c - Property distributions

PROPERTY DISTRIBUTION TO PARENT
PROP DISTRIB OF SUB - CPCO

| ADWIN EQUIPMENT COMPANY | ADWIN INVESTMENT COMPANY | BUTTONWOODS ASSOCIATES INC | ENERGY PERFORMANCE SERVICES, INC | PECO ENERGY CAPITAL CORP | PECO GAS SUPPLY COMPANY | PROPRIETORS OF THE SUSQUEHANNA CANAL | ADWIN SCHUYLKILL COGENERATION INC |
|-------------------------------|--------------------------------|-------------------------------|--|-----------------------------|----------------------------|---|--|
| 23-1706178 | 51-0332946 | 51-0323767 | 23-2750899 | 51-0355321 | 23-2798733 | 23-1624948 | 23-2829266 |

Total

Sch. M-2, Line 6 - Other Decreases

LONG TERM INCENTIVE PLAN
 TO ADJ R.E. TO PRIOR YEAR AUDITED F/S
 RECLASSIFICATION OF MINORITY INTEREST IN SUB
 TRANSFER TO APPROPRIATED R.E.
 TO ADJ FOR STOCK ISSUANCE EXPENSES OF PECC L.P.
 CURR YR DECREASE IN R.E. OF SUBS

| PECO ENERGY COMPANY | SUSQUEHANNA POWER COMPANY | PECO ENERGY POWER COMPANY | SUSQUEHANNA ELECTRIC COMPANY | CONOWINGO POWER COMPANY | EASTERN PENNSYLVANIA EXPLORATION COMPANY | EASTERN PENNSYLVANIA DEVELOPMENT COMPANY | ADWIN REALTY COMPANY |
|---------------------|---------------------------|---------------------------|------------------------------|-------------------------|--|--|----------------------|
| 23-0970240 | 23-1139830 | 23-0970740 | 52-0503520 | 52-0280040 | 23-2039821 | 23-1706184 | |

2,154,322.

1,785,112.

157,372.

266,047.
160,877.

243,522.

Total

| | | | | | | |
|------------|------------|----------|--|--|----------|----------|
| 2,154,322. | 1,785,112. | 157,372. | | | 426,924. | 243,522. |
|------------|------------|----------|--|--|----------|----------|

1120 Page 1 Detail

Sch. M-2, Line 6 - Other Decreases

LONG TERM INCENTIVE PLAN
 TO ADJ R.E. TO PRIOR YEAR AUDITED F/S
 RECLASSIFICATION OF MINORITY INTEREST IN SUB
 TRANSFER TO APPROPRIATED R.E.
 TO ADJ FOR STOCK ISSUANCE EXPENSES OF PECC L.P.
 CURR YR DECREASE IN R.E. OF SUBS

| ADWIN EQUIPMENT COMPANY | ADWIN INVESTMENT COMPANY | BUTTONWOODS ASSOCIATES INC | ENERGY PERFORMANCE SERVICES, INC | PECO ENERGY CAPITAL CORP | PECO GAS SUPPLY COMPANY | PROPRIETORS OF THE SUSQUEHANNA CANAL | ADWIN SCHUYLKILL COGENERATION INC |
|-------------------------------|--------------------------------|-------------------------------|--|-----------------------------|----------------------------|---|--|
| 23-1706178 | 51-0332946 | 51-0323767 | 23-2750899 | 51-0355321 | 23-2798733 | 23-1624948 | 23-2029266 |

769,948.

Total

 769,948.

| | | | | | | | |
|---------------------|---------------------------|---------------------------|------------------------------|-------------------------|--|--|----------------------|
| PECO ENERGY COMPANY | SUSQUEHANNA POWER COMPANY | PECO ENERGY POWER COMPANY | SUSQUEHANNA ELECTRIC COMPANY | CONOWINGO POWER COMPANY | EASTERN PENNSYLVANIA EXPLORATION COMPANY | EASTERN PENNSYLVANIA DEVELOPMENT COMPANY | ADWIN REALTY COMPANY |
| 23-0970240 | 23-1139830 | 23-0970740 | 52-0503520 | 52-0280040 | 23-2039821 | 23-1706184 | |

Consolidated Schedules
Form 4136

| | |
|---|---------|
| Part 1 Diesel-Powered Highway Vehicle Credit | |
| 1 Diesel-powered cars | |
| 2 Diesel-powered light trucks and vans | |
| 3 Vehicle credit | |
| Part 2 Fuel Tax Credit | |
| 4 Gasoline | 28,081. |
| 5 Gasohol | |
| 6 Undyed Diesel Fuel | 19,912. |
| 7 Other Fuels | 137. |
| 8 Gas used in aviation | |
| 9 Aviation fuel | |
| 10 Gasohol blenders | |
| 11 Diesel in train and bus | |
| 12 Fuel tax credit | 48,130. |
| 13 Total credit | 48,130. |

| | | | | | | | |
|----------------------------|--------------------------------|--------------------------------|--|-----------------------------|----------------------------|--|--|
| ADWIN EQUIPMENT COMPANY | ADWIN INVESTMENT COMPANY | BUTTONWOODS ASSOCIATES INC. | ENERGY PERFORMANCE SERVICES, INC | PECO ENERGY CAPITAL CORP | PECO GAS SUPPLY COMPANY | PROPRIETORS OF THE SUSQUEHANNA CANAL | ADWIN SCHUYLKILL COGENERATION INC |
|----------------------------|--------------------------------|--------------------------------|--|-----------------------------|----------------------------|--|--|

Consolidated Schedules

| | | | | | | | | |
|-----------|------------|------------|------------|------------|------------|------------|------------|------------|
| Form 4138 | 23-1706178 | 51-0332946 | 51-0323767 | 23-2750899 | 51-0355321 | 23-2798733 | 23-1624948 | 23-2829266 |
|-----------|------------|------------|------------|------------|------------|------------|------------|------------|

| |
|---|
| Part 1 Diesel-Powered Highway Vehicle Credit |
| 1 Diesel-powered cars |
| 2 Diesel-powered light trucks and vans |
| 3 Vehicle credit |
| Part 2 Fuel Tax Credit |
| 4 Gasoline |
| 5 Gasohol |
| 6 Undyed Diesel Fuel |
| 7 Other Fuels |
| 8 Gas used in aviation |
| 9 Aviation fuel |
| 10 Gasohol blenders |
| 11 Diesel in train and bus |
| 12 Fuel tax credit |
| 13 Total credit |

Combined ELIMINATIONS Adjustments PECO ENERGY
 LOCATOR COMPANY
 CONSOLIDATED

Consolidated Schedules
Schedule D

| Short-Term Capital Gains and Losses | | | |
|-------------------------------------|-------------|-----------|-------------|
| Short-Term capital gain or (loss) | 15,843. | | 15,843. |
| Gain from installment sales | | | |
| Gain or (loss) from Form 8824 | | | |
| Unused capital loss carryover | 511,555. | | 511,555. |
| Net Short-Term Gains and Losses | -495,712. | | -495,712. |
| Long-Term Capital Gains and Losses | | | |
| Long-Term capital gain or (loss) | 68,069,614. | | 68,069,614. |
| Form 4797 Part I gain | 792,928. | -792,928. | |
| Gain from installment sales | | | |
| Gain or (loss) from Form 8824 | | | |
| Net Long-Term Gains and Losses | 68,862,542. | -792,928. | 68,069,614. |
| Part III - Summary | | | |
| Short-term gain over long-term loss | | | |
| Long-term gain over short-term loss | 68,366,830. | -792,928. | 67,573,902. |
| Net capital gain | 68,366,830. | -792,928. | 67,573,902. |

| | | | | | | | |
|---------------------|---------------------------|---------------------|------------------------------|-------------------------|--|--|----------------------|
| PECO ENERGY COMPANY | SUSQUEHANNA POWER COMPANY | PECO ENERGY COMPANY | SUSQUEHANNA ELECTRIC COMPANY | CONOWINGO POWER COMPANY | EASTERN PENNSYLVANIA EXPLORATION COMPANY | EASTERN PENNSYLVANIA DEVELOPMENT COMPANY | ADWIN REALTY COMPANY |
| 23-0970240 | 23-1139830 | 23-0970740 | 52-0503520 | 52-0280040 | 23-2039821 | 23-1706184 | |

**Consolidated Schedules
Schedule D**

| | | | | | | | |
|--|------------|--|-------------|----------|--|------|--|
| Short-Term Capital Gains and Losses | | | | | | | |
| Short-Term capital gain or (loss) | 15,843. | | | | | | |
| Gain from installment sales | | | | | | | |
| Gain or (loss) from Form 8824 | | | | | | | |
| Unused capital loss carryover | 511,555. | | | | | | |
| Net Short-Term Gains and Losses | -495,712. | | | | | | |
| Long-Term Capital Gains and Losses | | | | | | | |
| Long-Term capital gain or (loss) | 1,528,476. | | 66,541,138. | | | | |
| Form 4797 Part I gain | | | | 557,120. | | | |
| Gain from installment sales | | | | | | | |
| Gain or (loss) from Form 8824 | | | | | | | |
| Net Long-Term Gains and Losses | 1,528,476. | | 66,541,138. | 557,120. | | | |
| Part III - Summary | | | | | | | |
| Short-term gain over long-term loss | | | | | | | |
| Long-term gain over short-term loss | 1,032,764. | | 66,541,138. | 557,120. | | | |
| Net capital gain | 1,032,764. | | 66,541,138. | 557,120. | | NONE | |

Schedule D, Page 1 Detail - Short Term Gains and Losses

PECO ENERGY COMPANY

| (A) Kind of Property | (B) Date Acquired | (C) Date Sold | (D) Gross Sales Price | (E) Cost or Other Basis | (F) Gain or (Loss) |
|-------------------------------------|-------------------|---------------|-----------------------|-------------------------|--------------------|
| COREFUND FUNDS (RABBI TRUST ACCT) | | 1995 | 946,946. | 931,103. | 15,843 |
| Short Term Capital Gains and Losses | | | | | 15,843 |

Schedule D, Page 1 Detail

Line 4 - Unused Carryovers

| Taxable Year | Carryover | Remaining |
|--------------|-----------|-----------|
| 1995 | | |
| 1994 | 206,826. | |
| 1993 | 304,729. | |
| 1992 | | |
| 1991 | | |
| 1990 | | |
| 1989 | | |
| 1988 | | |
| 1987 | | |
| Total | 511,555. | |

Schedule D, Page 1 Detail - Long Term Gains and Losses

PECO ENERGY COMPANY

| (A) Kind of Property | (B) Date Acquired | (C) Date Sold | (D) Gross Sales Price | (E) Cost or Other Basis | (F) Gain or (Loss) |
|------------------------------------|-------------------|---------------|-----------------------|-------------------------|--------------------|
| DECOMMISSIONING FUNDS | | | 1,711,408. | | 1,711,408 |
| BUCKS COUNTY PROPERTY | 09/08/88 | 1995 | 105,615. | 119,903. | -14,288 |
| MONTGOMERY COUNTY PROPERTY | 1931 | 1995 | -11,493. | 6,908. | -18,401 |
| COREFUND FUNDS (RABBI TRUST ACCTS) | | | 14,537. | | 14,537 |
| EMISSION ALLOWANCES | VARIOUS | 1995 | | 164,780. | -164,780 |
| Long Term Capital Gains and Losses | | | | | 1,528,476 |

Schedule D, Page 1 Detail - Long Term Gains and Losses

CONOWINGO POWER COMPANY

| (A) Kind of Property | (B) Date Acquired | (C) Date Sold | (D) Gross Sales Price | (E) Cost or Other Basis | (F) Gain or (Loss) |
|------------------------------------|-------------------|---------------|-----------------------|-------------------------|--------------------|
| SECTION 338(H)(10) GAIN | 06/30/31 | 06/19/95 | 68,840,301. | 2,299,163. | 66,541,138 |
| LAND AND LAND RIGHTS | 06/30/31 | 06/19/95 | 3,241,225. | 3,241,225. | NONE |
| LAND AND LAND RIGHTS | 06/30/31 | 06/19/95 | 1,200,203. | 1,200,203. | NONE |
| Long Term Capital Gains and Losses | | | | | 66,541,138 |

| | | | | | | | |
|------------------------|------------------------------|------------------------------|------------------------------------|----------------------------|---|---|-------------------------|
| PECO ENERGY COMPANY | SUSQUEHANNA POWER COMPANY | PECO ENERGY POWER COMPANY | SUSQUEHANNA ELECTRIC COMPANY | CONOWINGO POWER COMPANY | EASTERN PENNSYLVANIA EXPLORATION COMPANY | EASTERN PENNSYLVANIA DEVELOPMENT COMPANY | ADWIN REALTY COMPANY |
|------------------------|------------------------------|------------------------------|------------------------------------|----------------------------|---|---|-------------------------|

Consolidated Schedules

| | | | | | | | |
|-----------|------------|------------|------------|------------|------------|------------|------------|
| Form 3800 | 23-0970240 | 23-1139830 | 23-0970740 | 52-0503520 | 52-0280040 | 23-2039821 | 23-1706184 |
|-----------|------------|------------|------------|------------|------------|------------|------------|

| | |
|--|--------|
| Part 1 Tentative Credit | |
| 1 a Investment credit | |
| b Jobs credit | 2,230. |
| c Alcohol fuel cr. | |
| d Research credit | NONE |
| e Low-inc. housing cr. | |
| f Enhanced oil recovery | |
| g Disabled access cr. | |
| h Renew. elect. prod. cr. | |
| i Indian emp. credit | |
| j Employer FICA paid | |
| k Community develop. | |
| l Trans-Alaska pipeline | |
| m Current year credit | 2,230. |
| 2 Passive activity cr. included in 1a-1k. | |
| 3 Line 11 loss 2 | 2,230. |
| 4 Passive activity cr. allowed | |
| 5 Carryforwards | |
| 6 Carrybacks | |
| 7 Tentative GBC | 2,230. |

ADWIN EQUIPMENT
COMPANY

ADWIN
INVESTMENT
COMPANY

BUTTONWOODS
ASSOCIATES INC.

ENERGY
PERFORMANCE
SERVICES, INC

PECO ENERGY
CAPITAL CORP

PECO GAS SUPPLY
COMPANY

PROPRIETORS OF
THE SUSQUEHANNA
CANAL

ADWIN
SCHUYLKILL
COGENERATION
INC

Consolidated Schedules
Form 3800

23-1706178

51-0332946

51-0323767

23-2750899

51-0355321

23-2798733

23-1624948

23-2829266

| |
|--|
| Part 1 Tentative Credit |
| 1 a Investment credit |
| b Jobs credit |
| c Alcohol fuel cr. |
| d Research credit |
| e Low-inc. housing cr. |
| f Enhanced oil recovery |
| g Disabled access cr. |
| h Renew. elect. prod. cr. |
| i Indian emp. credit |
| j Employer FICA paid |
| k Community develop. |
| l Trans-Alaska pipeline |
| m Current year credit |
| 2 Passive activity cr. included in 1a-1k. |
| 3 Line 1l less 2 |
| 4 Passive activity cr. allowed |
| 5 Carryforwards |
| 6 Carrybacks |
| 7 Tentative GBC |

Combined

ELIMINATIONS
LOCATOR

Adjustments

PECO ENERGY
COMPANY
CONSOLIDATED

Consolidated Schedules - Form 4562

| Consolidated 4562 Summary | | | |
|--------------------------------------|--|--------------|--------------|
| Part I - Section 179 Expense | | | |
| 2 | Sec 179 property placed in service in current year | | |
| 6 | Nonlisted property | | |
| 7 | Listed property | | |
| 8 | Total elected cost | | |
| 9 | Tentative deduction | | |
| 10 | Carryover of disallowed from 1994 | | |
| 12 | Sec 179 expense deduction | | |
| 13 | Carryover of disallowed deduction to 1996 | | |
| Part II - MACRS | | | |
| 15 | General Depreciation System | | |
| A | 3-year property | | |
| B | 5-year property | 23,972,696. | 23,972,696. |
| C | 7-year property | 1,126,498. | 1,126,498. |
| D | 10-year property | | |
| E | 15-year property | 3,629,515. | 3,629,515. |
| F | 20-year property | 7,810,207. | 7,810,207. |
| G | 27.5-year residential real | | |
| H | 39-year nonresidential real | 405,498. | 405,498. |
| 16 | Alternative Depreciation System | | |
| A | Class life | | |
| B | 12-year | | |
| C | 40-year | | |
| Part III - Other Depreciation | | | |
| 17 | GDS and ADS - prior years | 252,401,093. | 252,401,093. |
| 18 | Property subject to 168(f)(1) | | |
| 19 | ACRS and other depreciation | 251,157,239. | 251,157,239. |
| Part IV - Summary | | | |
| 20 | Listed property | | |
| 21 | Total depreciation | 540,615,075. | 540,615,075. |
| 40 | Amortization - current year | 874,075. | 874,075. |
| 41 | Amortization - prior year | 214,558. | 214,558. |
| 42 | Total amortization | 1,088,633. | 1,088,633. |

JSA

PECO ENERGY
COMPANY

SUSQUEHANNA
POWER COMPANY

PECO ENERGY
POWER COMPANY

SUSQUEHANNA
ELECTRIC
COMPANY

CONOWINGO POWER
COMPANY

EASTERN
PENNSYLVANIA
EXPLORATION
COMPANY

EASTERN
PENNSYLVANIA
DEVELOPMENT
COMPANY

ADWIN REALTY
COMPANY

Consolidated Schedules - Form 4562 23-0970240

23-1139830

23-0970740

52-0503520

52-0280040

23-2039821

23-1706184

Consolidated 4562 Summary

Part I - Section 179 Expense

2 Sec 179 property placed in
service in current year

6 Nonlisted property

7 Listed property

8 Total elected cost

9 Tentative deduction

10 Carryover of disallowed
from 1994

12 Sec 179 expense deduction

13 Carryover of disallowed
deduction to 1996.

Part II - MACRS

15 General Depreciation System

A 3-year property

B 5-year property 23,972,696.

C 7-year property 1,088,571.

D 10-year property

E 15-year property 3,629,515.

F 20-year property 7,810,207.

G 27.5-year residential real

H 39-year nonresidential real 400,985.

4,831.

4,513.

16 Alternative Depreciation System

A Class life

B 12-year

C 40-year

Part III - Other Depreciation

17 GDS and ADS - prior years 247,492,189. 1,818,018. 107,921. 1,673,225. 3,954. 787,166.

18 Property subject to 168(f)(1)

19 ACRS and other depreciation 249,442,591. 1,360,595. 348,142. 4,890.

Part IV - Summary

20 Listed property

21 Total depreciation 533,836,754. 3,290,942. 107,921. 2,021,367. 3,954. 801,400.

40 Amortization - current year 864,078.

41 Amortization - prior year 82,501. 17,474. 105,354.

42 Total amortization 864,078. 82,501. 17,474. 105,354.

ADWIN EQUIPMENT
COMPANY

ADWIN
INVESTMENT
COMPANY

BUTTONWOODS
ASSOCIATES INC.

ENERGY
PERFORMANCE
SERVICES, INC

PECO ENERGY
CAPITAL CORP

PECO GAS SUPPLY
COMPANY

PROPRIETORS OF
THE SUSQUEHANNA
CANAL

ADWIN
SCHUYLKILL
COGENERATION
INC

Consolidated Schedules - Form 4562 23-1706178

51-0332946

51-0323767

23-2750899

51-0355321

23-2798733

23-1624948

23-2829266

Consolidated 4562 Summary

Part I - Section 179 Expense

2 Sec 179 property placed in
service in current year

6 Nonlisted property

7 Listed property

8 Total elected cost

9 Tentative deduction

10 Carryover of disallowed
from 1994

12 Sec 179 expense deduction

13 Carryover of disallowed
deduction to 1996.

Part II - MACRS

15 General Depreciation System

A 3-year property

B 5-year property

C 7-year property 1,266.

31,830.

D 10-year property

E 15-year property

F 20-year property

G 27.5-year residential real

H 39-year nonresidential real

16 Alternative Depreciation System

A Class life

B 12-year

C 40-year

Part III - Other Depreciation

17 GDS and ADS - prior years 38,765.

479,855.

18 Property subject to 168(f)(1)

19 ACRS and other depreciation 1,021.

Part IV - Summary

20 Listed property

21 Total depreciation 41,052.

511,685.

40 Amortization - current year 1,925.

6,528.

1,544.

41 Amortization - prior year

9,229.

42 Total amortization 1,925.

15,757.

1,544.

Combined ELIMINATIONS Adjustments PECO ENERGY
 LOCATION COMPANY
 CONSOLIDATED

Consolidated Schedules

462B-AMT

| | | | |
|---|--------------|------|--------------|
| Taxable income before NOL | 801,486,816. | NONE | 801,486,816. |
| 1 Adjustments and Preferences | | | |
| Depr. of post 1986 property | 46,390,985. | | 46,390,985. |
| 2 Amount of pollution control facilities | | | |
| Amount of exploration and dev cost | | | |
| Amount of circulation expenses | | | |
| Adjusted gain or loss | -286,484. | | -286,484. |
| Long-term contracts | | | |
| Installment sales | | | |
| Merchant marine funds | | | |
| Section 833(b) deduction | | | |
| Tax shelter farm activities | | | |
| Passive activities | | | |
| Loss limitations | | | |
| m Depreciation | | | |
| Tax exempt interest | | | |
| o Charitable contributions | | | |
| Intangible drilling costs | | | |
| Reserve for bad debt losses | | | |
| Accel depr of real property | 815,162. | | 815,162. |
| Accel depr of leased property | | | |
| Other adjustments | | | |
| u Total adjustments and preferences | 46,919,663. | | 46,919,663. |
| 3 Pre-adjustment AMTI | 848,406,479. | NONE | 848,406,479. |
| Adjusted current earnings adj | | | |
| 4 ACE from line 10 of worksheet | 905,060,587. | NONE | 905,060,587. |
| Line 4a less line 3 | 56,654,108. | NONE | 56,654,108. |
| Line 4b multiplied by 75% | 42,490,581. | NONE | 42,490,581. |
| Total increases over reductions | 469,547,723. | | 469,547,723. |
| ACE adjustment | 42,490,581. | NONE | 42,490,581. |
| 6 Sum of lines 3 and 4e | 890,897,060. | NONE | 890,897,060. |
| 6 AMT NOL deduction | | | |
| 7 Alternative minimum taxable inc. | 890,897,060. | NONE | 890,897,060. |

| | PECO ENERGY COMPANY | SUSQUEHANNA POWER COMPANY | PECO ENERGY POWER COMPANY | SUSQUEHANNA ELECTRIC COMPANY | CONOWINGO POWER COMPANY | EASTERN PENNSYLVANIA EXPLORATION | EASTERN PENNSYLVANIA DEVELOPMENT | ADWIN REALTY COMPANY |
|------------------------|------------------------|------------------------------|------------------------------|------------------------------------|----------------------------|--|--|-------------------------|
| Consolidated Schedules | 23-0970240 | 23-1139830 | 23-0970740 | 52-0503520 | 52-0280040 | 23-2039821 | 23-1706184 | |

462B-AMT

| | | | | | | | | | |
|---|--|--------------|-------------|----------|---------|-------------|------------|-------|-------------|
| 1 | Taxable income before NOL | 706,875,536. | 9,376,796. | 577,004. | 60,769. | 86,989,311. | 434,224. | -497. | -1,935,038. |
| 1 | Adjustments and Preferences | | | | | | | | |
| | Depr. of post 1986 property | 44,476,357. | 1,004,599. | 50,485. | | 508,349. | 610. | | 379,641. |
| 2 | Amount of pollution control facilities | | | | | | | | |
| | Amount of exploration and dev cost | | | | | | | | |
| | Amount of circulation expenses | | | | | | | | |
| | Adjusted gain or loss | -273,350. | | | | | | | |
| | Long-term contracts | | | | | | | | |
| | Installment sales | | | | | | | | |
| | Merchant marine funds | | | | | | | | |
| | Section 833(b) deduction | | | | | | | | |
| | Tax shelter farm activities | | | | | | | | |
| | Passive activities | | | | | | | | |
| | Loss limitations | | | | | | | | |
| | m Depletion | | | | | | | | |
| | Tax exempt interest | | | | | | | | |
| | o Charitable contributions | | | | | | | | |
| | Intangible drilling costs | | | | | | | | |
| | Reserve for bad debt losses | | | | | | | | |
| | Accel depr of real property | 812,846. | 1,934. | | | | | | |
| | Accel depr of leased property | | | | | | | | |
| | Other adjustments | | | | | | | | |
| u | Total adjustments and preferences | 45,015,853. | 1,006,533. | 50,485. | | 508,349. | 610. | | 379,641. |
| 3 | Pre-adjustment AMTI | 751,891,389. | 10,383,329. | 627,489. | 60,769. | 87,497,660. | 434,834. | -497. | -1,555,397. |
| | Adjusted current earnings adj | | | | | | | | |
| 4 | ACE from line 10 of worksheet | 809,347,676. | 10,787,930. | 640,452. | 60,769. | 87,499,043. | -312,889. | -497. | -1,725,907. |
| | Line 4a less line 3 | 57,456,287. | 404,601. | 12,983. | | 1,383. | -747,723. | | -170,510. |
| | Line 4b multiplied by 75% | 43,092,215. | 303,451. | 9,722. | | 1,037. | 560,792. | | 127,883. |
| | Total increases over reductions | 463,962,477. | 688,496. | 200,000. | | 1,896,750. | 1,000,000. | | 400,000. |
| | ACE adjustment | 43,092,215. | 303,451. | 9,722. | | 1,037. | -560,792. | | -127,883. |
| 5 | Sum of lines 3 and 4e | 794,983,604. | 10,686,780. | 637,211. | 60,769. | 87,498,697. | -125,958. | -497. | -1,683,280. |
| 6 | AMT NOL deduction | | | | | | | | |
| 7 | Alternative minimum taxable inc. | 794,983,604. | 10,686,780. | 637,211. | 60,769. | 87,498,697. | -125,958. | -497. | -1,683,280. |

| | | | | | | | | |
|------------------------|----------------------------|--------------------------------|--------------------------------|--|-----------------------------|----------------------------|--|-------------------------------------|
| | ADWIN EQUIPMENT COMPANY | ADWIN INVESTMENT COMPANY | BUTTONWOODS ASSOCIATES INC. | ENERGY PERFORMANCE SERVICES, INC | PECO ENERGY CAPITAL CORP | PECO GAS SUPPLY COMPANY | PROPRIETORS OF THE SUSQUEHANNA CANAL | ADWIN SCHUYLKILL COGENERATION |
| Consolidated Schedules | 23-1706178 | 51-0332946 | 51-0323767 | 23-2750899 | 51-0355321 | 23-2798733 | 23-1624948 | 23-2829266 |

4626-AMT

| | | | | | | | | |
|---|--|-----------|----------|----------|-------------|------------|--------|------|
| | Taxable income before NOL | -573,206. | 308,801. | -34,232. | -3,621,845. | 3,022,742. | 6,451. | NONE |
| 1 | Adjustments and Preferences | | | | | | | |
| | Depr. of post 1980 property | -683. | 12,195. | | -40,568. | | | |
| 2 | Amount of pollution control facilities | | | | | | | |
| | Amount of exploration and dev cost | | | | | | | |
| | Amount of circulation expenses | | | | | | | |
| | Adjusted gain or loss | | | | -13,134. | | | |
| | Long-term contracts | | | | | | | |
| | Installment sales | | | | | | | |
| | Merchant marine funds | | | | | | | |
| | Section 833(b) deduction | | | | | | | |
| | Tax shelter farm activities | | | | | | | |
| | Passive activities | | | | | | | |
| | Loss limitations | | | | | | | |
| m | Depletion | | | | | | | |
| | Tax exempt interest | | | | | | | |
| o | Charitable contributions | | | | | | | |
| | Intangible drilling costs | | | | | | | |
| | Reserve for bad debt losses | | | | | | | |
| | Accel depr of real property | 382. | | | | | | |
| | Accel depr of leased property | | | | | | | |
| | Other adjustments | | | | | | | |
| u | Total adjustments and preferences | -301. | 12,195. | | -53,702. | | | |
| 3 | Pre-adjustment AMTI | -573,507. | 320,996. | -34,232. | -3,675,547. | 3,022,742. | 6,451. | NONE |
| | Adjusted current earnings adj | | | | | | | |
| 4 | ACE from line 10 of worksheet | -535,393. | 308,977. | -34,232. | -4,004,535. | 3,022,742. | 6,451. | NONE |
| | Line 4a less line 3 | 38,114. | -12,019. | | -328,988. | | | NONE |
| | Line 4b multiplied by 75% | 28,586. | 9,014. | | 246,741. | | | NONE |
| | Total increases over reductions | 200,000. | 200,000. | | 1,000,000. | | | NONE |
| | ACE adjustment | 28,586. | -9,014. | | -246,741. | | | NONE |
| 6 | Sum of lines 3 and 4e | -544,921. | 311,982. | -34,232. | -3,922,288. | 3,022,742. | 6,451. | NONE |
| 6 | AMT NOL deduction | | | | | | | |
| 7 | Alternative minimum taxable inc. | -544,921. | 311,982. | -34,232. | -3,922,288. | 3,022,742. | 6,451. | NONE |

Form 4626 Detail

Line 4 - ACE Carryover

| | 1990 | 1991 | 1992 | 1993 | 1994 | 1995 |
|---|------|------|------|--------------|--------------|--------------|
| | ---- | ---- | ---- | ---- | ---- | ---- |
| ACE | | | | 818,879,848. | 867,726,140. | 905,060,587. |
| AMTI | | | | 503,108,992. | 561,800,396. | 848,408,479. |
| ACE over AMTI | | | | 315,772,856. | 305,925,744. | 58,654,108. |
| AMTI over ACE | | | | | | |
| 75% ACE preference . | | | | 236,829,642. | 229,444,308. | 42,490,581. |
| 75% ACE reduction .. | | | | | | |
| Carryover created .. | | | | 236,829,642. | 229,444,308. | 42,490,581. |
| Prior yr carryover (Reduction allowed) | | | | | 236,829,642. | 466,273,950. |
| Carryover used (Reduction claimed) | | | | | | |
| Carryover remaining | | | | 236,829,642. | 466,273,950. | 508,764,531. |

Combined ELIMINATIONS Adjustments PECO ENERGY
 LOCATOR COMPANY
 CONSOLIDATED

Consolidated Schedules
 4626 - ACE Worksheet

| | | | | |
|-----|--------------------------------------|--------------|------|--------------|
| 1 | Pre-adjustment AMTI | 848,406,479. | NONE | 848,406,479. |
| | ACE depreciation adjustment | | | |
| 2 a | AMT depreciation expense | 493,408,928. | | 493,408,928. |
| | b ACE depreciation expense: | | | |
| | (i) Post-1995 property | 78,582,286. | | 78,582,286. |
| | (ii) Post-1991 property | 133,831,919. | | 133,831,919. |
| | (iii) Pre-1992 MACRS | 27,814,165. | | 27,814,165. |
| | (iv) Pre-1992 ACRS | 154,107,570. | | 154,107,570. |
| | (v) Sec. 168(i)(1)-(4) | -274. | | -274. |
| | (vi) Other property | 35,017,753. | | 35,017,753. |
| | (vii) Total ACE depreciation exp. | 429,353,419. | | 429,353,419. |
| c | ACE depreciation adjustment | 64,055,509. | | 64,055,509. |
| | Items included in E&P | | | |
| 3 a | Tax exempt interest income | 57,464. | | 57,464. |
| | b Life insurance death benefits | | | |
| | c Other life insurance distributions | | | |
| | d Inside buildup of undist. income | | | |
| | e Other items | | | |
| f | Total increase due to E&P items | 57,464. | | 57,464. |
| | Items not deductible in E&P | | | |
| 4 a | Certain dividends received | 474,638. | | 474,638. |
| b | Public utility dividends | 483,507. | | 483,507. |
| c | Dividends paid to an ESOP | | | |
| d | Non-patronage dividends | | | |
| e | Other items | | | |
| f | Total due to disallowed E&P items | 958,145. | | 958,145. |
| | Other E&P adjustments | | | |
| 5 a | Intangible drilling costs | -262,057. | | -262,057. |
| b | Circulation expenses | | | |
| c | Organizational expenses | | | |
| d | LIFO inventory adjustments | | | |
| e | Installment sales | -764,750. | | -764,750. |
| f | Total other E&P adjustments | -1,026,807. | | -1,026,807. |
| 6 | Loss disallowance on debts pools | | | |
| 7 | Acquisition expenses | | | |
| 8 | Depletion | | | |
| 9 | Basis adj. from sale of property | -7,390,203. | | -7,390,203. |
| 10 | Adjusted current earnings | 905,060,587. | NONE | 905,060,587. |

| | ADWIN EQUIPMENT COMPANY | ADWIN INVESTMENT COMPANY | BUTTONWOODS ASSOCIATES INC. | ENERGY PERFORMANCE SERVICES, INC | PECO ENERGY CAPITAL CORP | PECO GAS SUPPLY COMPANY | PROPRIETORS OF THE SUSQUEHANNA CANAL | ADWIN SCHUYLKILL COGENERATION |
|--------------------------------------|----------------------------|--------------------------------|--------------------------------|--|-----------------------------|----------------------------|--|-------------------------------------|
| Consolidated Schedules | 23-1706178 | 51-0332946 | 51-0323767 | 23-2750899 | 51-0355321 | 23-2798733 | 23-1624948 | 23-2829266 |
| 4626 - ACE Worksheet | | | | | | | | |
| 1 Pre-adjustment AMTI | -573,507. | 320,996. | -34,232. | -3,675,547. | 3,022,742. | 6,451. | NONE | |
| ACE depreciation adjustment | | | | | | | | |
| 2 a AMT depreciation expense | 41,353. | -12,195. | | 552,253. | | | | |
| b ACE depreciation expense: | | | | | | | | |
| (i) Post-1995 property | | | | | | | | |
| (ii) Post-1991 property | 3,513. | | | 596,964. | | | | |
| (iii) Pro-1992 MACRS | | | | | | | | |
| (iv) Pre-1992 ACRS | | | | | | | | |
| (v) Sec. 108(i)(1)(4) | -274. | | | | | | | |
| (vi) Other property | | -176. | | | | | | |
| (vii) Total ACE depreciation exp. | 3,239. | -176. | | 596,964. | | | | |
| c ACE depreciation adjustment | 38,114. | -12,019. | | -44,711. | | | | |
| Items included in E&P | | | | | | | | |
| 3 a Tax exempt interest income | | | | | | | | |
| b Life insurance death benefits | | | | | | | | |
| c Other life insurance distributions | | | | | | | | |
| d Inside buildup of undist. income | | | | | | | | |
| e Other items | | | | | | | | |
| f Total increase due to E&P items | | | | | | | | |
| Items not deductible in E&P | | | | | | | | |
| 4 a Certain dividends received | | | | | | | | |
| b Public utility dividends | | | | | | | | |
| c Dividends paid to an ESOP | | | | | | | | |
| d Non-patronage dividends | | | | | | | | |
| e Other items | | | | | | | | |
| f Total due to disallowed E&P items | | | | | | | | |
| Other E&P adjustments | | | | | | | | |
| 5 a Intangible drilling costs | | | | | | | | |
| b Circulation expenses | | | | | | | | |
| c Organizational expenses | | | | | | | | |
| d LIFO inventory adjustments | | | | | | | | |
| e Installment sales | | | | -279,292. | | | | |
| f Total other E&P adjustments | | | | -279,292. | | | | |
| 6 Loss disallowance on debts pools | | | | | | | | |
| 7 Acquisition expenses | | | | | | | | |
| 8 Depletion | | | | | | | | |
| 9 Basis adj. from sale of property | | | | -4,985. | | | | |
| 10 Adjusted current earnings | -535,393. | 308,977. | -34,232. | -4,001,535. | 3,022,742. | 6,451. | NONE | |

Combined ELIMINATIONS Adjustments PECO ENERGY
 LOCATOR COMPANY
 CONSOLIDATED

Consolidated Schedules
 ACE Worksheet - Basis Adj

| Alternative Minimum Tax | | |
|---|--------------------|--------------------|
| Section 1231 Gain | 1,757,327. | 1,757,327. |
| Ordinary Gain | 759,073. | 759,073. |
| Part III Gain | 28,770,512. | 28,770,512. |
| Total Alternative Minimum Tax Gain | 31,286,912. | 31,286,912. |
| Adjusted Current Earnings | | |
| Section 1231 Gain | 1,757,327. | 1,757,327. |
| Ordinary Gain | 759,073. | 759,073. |
| Part III Gain | 28,770,512. | 28,770,512. |
| Total Adjusted Current Earnings Gain | 31,286,912. | 31,286,912. |
| Total ACE less AMT Gain | | |
| Alternative Minimum Tax | | |
| Section 1231 Loss | 14,717,321. | 14,717,321. |
| Ordinary Loss | 9,643. | 9,643. |
| Total Alternative Minimum Tax Loss | 14,726,964. | 14,726,964. |
| Adjusted Current Earnings | | |
| Section 1231 Loss | 14,713,189. | 14,713,189. |
| Ordinary Loss | 9,643. | 9,643. |
| Total Adjusted Current Earnings Loss | 14,722,832. | 14,722,832. |
| Total AMT less ACE Loss | 4,132. | 4,132. |
| Total ACE Basis Adjustment | 4,132. | 4,132. |

| | PECO ENERGY COMPANY | SUSQUEHANNA POWER COMPANY | PECO ENERGY POWER COMPANY | SUSQUEHANNA ELECTRIC COMPANY | CONOWINGO POWER COMPANY | EASTERN PENNSYLVANIA EXPLORATION | EASTERN PENNSYLVANIA DEVELOPMENT | ADWIN REALTY COMPANY |
|---------------------------|------------------------|------------------------------|------------------------------|------------------------------------|----------------------------|--|--|-------------------------|
| Consolidated Schedules | | | | | | | | |
| ACE Worksheet - Basis Adj | 23-0970240 | 23-1139830 | 23-0970740 | 52-0503520 | 52-0280040 | 23-2039821 | 23-1706184 | |

| | | | | | | | | |
|--------------------------------------|-------------|--|--|--|-------------|---------|--|----------|
| Alternative Minimum Tax | | | | | | | | |
| Section 1231 Gain | 1,757,327. | | | | | | | |
| Ordinary Gain | | | | | | | | 759,073. |
| Part III Gain | 2,287,247. | | | | 26,411,603. | 71,662. | | |
| Total Alternative Minimum Tax Gain | 4,044,574. | | | | 26,411,603. | 71,662. | | 759,073. |
| Adjusted Current Earnings | | | | | | | | |
| Section 1231 Gain | 1,757,327. | | | | | | | |
| Ordinary Gain | | | | | | | | 759,073. |
| Part III Gain | 2,287,247. | | | | 26,411,603. | 71,662. | | |
| Total Adjusted Current Earnings Gain | 4,044,574. | | | | 26,411,603. | 71,662. | | 759,073. |
| Total ACE less AMT Gain | | | | | | | | |
| Alternative Minimum Tax | | | | | | | | |
| Section 1231 Loss | 14,260,589. | | | | | | | 409,116. |
| Ordinary Loss | 9,643. | | | | | | | |
| Total Alternative Minimum Tax Loss | 14,270,232. | | | | | | | 409,116. |
| Adjusted Current Earnings | | | | | | | | |
| Section 1231 Loss | 14,260,589. | | | | | | | 409,116. |
| Ordinary Loss | 9,643. | | | | | | | |
| Total Adjusted Current Earnings Loss | 14,270,232. | | | | | | | 409,116. |
| Total AMT less ACE Loss | | | | | | | | |
| Total ACE Basis Adjustment | | | | | | | | |

| Consolidated Schedules | ADWIN EQUIPMENT COMPANY | ADWIN INVESTMENT COMPANY | BUTTONWOODS ASSOCIATES INC. | ENERGY PERFORMANCE SERVICES, INC | PECO ENERGY CAPITAL CORP | PECO GAS SUPPLY COMPANY | PROPRIETORS OF THE SUSQUEHANNA CANAL | ADWIN SCHUYLKILL COGENERATION |
|---------------------------|----------------------------|--------------------------------|--------------------------------|--|-----------------------------|----------------------------|--|-------------------------------------|
| ACE Worksheet - Basis Adj | 23-1706178 | 51-0332946 | 51-0323767 | 23-2750899 | 51-0355321 | 23-2798733 | 23-1624948 | 23-2829266 |

| | | | | | | | | |
|--------------------------------------|--|--------|--|---------|--|--|--|--|
| Alternative Minimum Tax | | | | | | | | |
| Section 1231 Gain | | | | | | | | |
| Ordinary Gain | | | | | | | | |
| Part III Gain | | | | | | | | |
| Total Alternative Minimum Tax Gain | | | | | | | | |
| Adjusted Current Earnings | | | | | | | | |
| Section 1231 Gain | | | | | | | | |
| Ordinary Gain | | | | | | | | |
| Part III Gain | | | | | | | | |
| Total Adjusted Current Earnings Gain | | | | | | | | |
| Total ACE less AMT Gain | | | | | | | | |
| Alternative Minimum Tax | | | | | | | | |
| Section 1231 Loss | | 4,132. | | 43,484. | | | | |
| Ordinary Loss | | | | | | | | |
| Total Alternative Minimum Tax Loss | | 4,132. | | 43,484. | | | | |
| Adjusted Current Earnings | | | | | | | | |
| Section 1231 Loss | | | | 43,484. | | | | |
| Ordinary Loss | | | | | | | | |
| Total Adjusted Current Earnings Loss | | | | 43,484. | | | | |
| Total AMT less ACE Loss | | 4,132. | | | | | | |
| Total ACE Basis Adjustment | | 4,132. | | | | | | |

Combined

ELIMINATIONS
LOCATOR

Adjustments

PECO ENERGY
COMPANY
CONSOLIDATED

Consolidated Schedules
Form 4797

| Section 1231 Gains and Losses | | | |
|------------------------------------|-------------|-----------|-------------|
| Gain from Form 4684 line 39 | | | |
| Gain from installment sales | 764,750. | | 764,750. |
| Loss from Form 8824 | | | |
| Gain from Form 8824 | | | |
| Gain from 4797 line 34 | 2,688,837. | | 2,688,837. |
| Line 7(g) Section 1231 loss | 14,717,321. | | 14,717,321. |
| Line 7(h) Section 1231 gain | 5,210,914. | | 5,210,914. |
| Total Section 1231 gain (loss) | -9,506,407. | | -9,506,407. |
| Nonrecaptured prior year losses | | | |
| Net Section 1231 gain | | | |
| | | | |
| Ordinary Gains and Losses | | | |
| Line 11(g) ordinary (loss) | | | |
| | 9,643. | | 9,643. |
| Line 11(h) ordinary gain | | | |
| | 759,073. | | 759,073. |
| Section 1231 loss | 10,299,335. | -792,928. | 9,506,407. |
| Section 1231 gain | | | |
| Gain from 4797 line 33 | 26,081,675. | | 26,081,675. |
| Loss from Form 4684 | | | |
| Gain from Form 4684 | | | |
| Gain from installment sales | | | |
| Loss from Form 8824 | | | |
| Gain from Form 8824 | | | |
| Recapture of Section 179 deduction | | | |
| Net ordinary gain or (loss) | 16,531,770. | 792,928. | 17,324,698. |

| | | | | | | | |
|-------------------------------|--------------------------------|-----------------------------------|---|-----------------------------|-------------------------------|---|--|
| ADWIN EQUIPMENT COMPANY | ADWIN INVESTMENT COMPANY | BUTTONWOODS ASSOCIATES INC. | ENERGY PERFORMANCE SERVICES, INC | PECO ENERGY CAPITAL CORP | PECO GAS SUPPLY COMPANY | PROPRIETORS OF THE SUSQUEHANNA CANAL | ADWIN SCHUYLKILL COGENERATION INC |
| 23-1706178 | 51-0332946 | 51-0323767 | 23-2750899 | 51-0355321 | 23-2798733 | 23-1624948 | 23-2829266 |

Consolidated Schedules
Form 4797

| | |
|--------------------------------------|----------|
| Section 1231 Gains and Losses | |
| Gain from Form 4684 line 39 | |
| Gain from installment sales | 279,292. |
| Loss from Form 8824 | |
| Gain from Form 8824 | |
| Gain from 4797 line 34 | |
| Line 7(g) Section 1231 loss | 4,132. |
| Line 7(h) Section 1231 gain | 43,484. |
| Line 7(h) Section 1231 gain | 279,292. |
| Total Section 1231 gain (loss) | -4,132. |
| Nonrecaptured prior year losses | |
| Net Section 1231 gain | 235,808. |
| Ordinary Gains and Losses | |
| Line 11(g) ordinary (loss) | |
| Line 11(h) ordinary gain | |
| Section 1231 loss | 4,132. |
| Section 1231 gain | |
| Gain from 4797 line 33 | |
| Loss from Form 4684 | |
| Gain from Form 4684 | |
| Gain from installment sales | |
| Loss from Form 8824 | |
| Gain from Form 8824 | |
| Recapture of Section 179 deduction | |
| Net ordinary gain or (loss) | -4,132. |

Form 4797, Page 1 Detail Part 1

PECO ENERGY COMPANY

| (A) Description of Property | (B) Date Acquired | (C) Date Sold | (D) Gross Sales Price | (E) Deprec. Allowed | (F) Cost or Other Basis Plus Improv and Sale Expense | (G) Loss | (H) Gain |
|-----------------------------|-------------------|---------------|-----------------------|---------------------|--|------------|----------|
| L498 CF BRADSHAW | VARIOUS | 1995 | 6,750. | 595,397. | 751,987. | 149,840. | |
| E100 STEAM PROD | VARIOUS | 1995 | 205,400. | 3,418,974. | 5,411,856. | 1,787,482. | |
| E100 STEAM PROD RC | VARIOUS | 1995 | 183,713. | 1,474,808. | 2,675,207. | 1,016,686. | |
| E101 NUC PROD | VARIOUS | 1995 | | | 23. | 23. | |
| E102 HYDRO PROD | VARIOUS | 1995 | 14,136. | -33,734. | 298,010. | 317,608. | |
| E103 T&D FAC | VARIOUS | 1995 | | | 2,267. | 2,267. | |
| E103 T&D FAC RC | VARIOUS | 1995 | -30,837. | 851,735. | 6,465,334. | 5,644,436. | |
| E106 | VARIOUS | 1995 | | | 21,687. | 21,687. | |
| E106 BUILDINGS RC | VARIOUS | 1995 | | | 1,421. | 1,421. | |
| E107 BUILDINGS | VARIOUS | 1995 | | | 2. | 2. | |
| E107 BUILDINGS RC | VARIOUS | 1995 | | 2,405. | 4,951. | 2,546. | |
| E BUILDINGS | VARIOUS | 1995 | | 263. | 527. | 264. | |
| S201 1 NUC PROD | VARIOUS | 1995 | 197. | 18,246. | 34,985. | 16,542. | |
| S251 2 NUC PROD | VARIOUS | 1995 | | 17,685. | 126,554. | 108,869. | |
| S301 CF NUC PROD | VARIOUS | 1995 | | 1,788,454. | 3,044,232. | 1,255,778. | |
| L447 2 LIMERICK 2 | VARIOUS | 1995 | -4,820. | -268,412. | 129,559. | 402,791. | |
| G602 LNG | VARIOUS | 1995 | | 113,075. | 990,190. | 877,115. | |
| G603 DIST FAC | VARIOUS | 1995 | | | 1,011. | 1,011. | |
| G603 DIST FAC RC | VARIOUS | 1995 | -582. | 54,440. | 1,315,264. | 1,261,406. | |
| G606 | VARIOUS | 1995 | | | 27,540. | 27,540. | |
| C801 T&D FAC | VARIOUS | 1995 | | | 619. | 619. | |
| C806 BUILDINGS | VARIOUS | 1995 | 1,339. | 4,038. | 17,364. | 11,987. | |
| C807 BUILDINGS | VARIOUS | 1995 | 1,961. | | 456,297. | 454,336. | |
| C807 BUILDINGS RC | VARIOUS | 1995 | | 579. | 1,309. | 730. | |
| C BUILDINGS | VARIOUS | 1995 | | 82. | 185. | 103. | |
| E LAND TRANSMISSION | VARIOUS | 1995 | 2,534. | -9,701. | 199,171. | 206,338. | |
| E LAND DISTRIBUTION | VARIOUS | 1995 | | | 152,845. | 152,845. | |
| Bucks County-Land | VARIOUS | 1995 | | | 2,110. | 2,110. | |
| Montgo County - Land | 1963 | 1995 | 1,255,000. | 38,635. | 487,200. | | 806,435. |
| Montgo County - Land | 1953 | 1995 | 40,000. | | 21,367. | | 18,633. |
| Montgo County - Land | VARIOUS | 1995 | 185,885. | | 66,262. | | 119,623. |
| Montgo County - Land | VARIOUS | 1995 | 175,000. | 2,416. | 93,256. | | 84,160. |

Form 4797, Page 1 Detail Part I

PECO ENERGY COMPANY

| (A) Description of Property | (B) Date Acquired | (C) Date Sold | (D) Gross Sales Price | (E) Deprec. Allowed | (F) Cost or Other Basis Plus Improv and Sale Expense | (G) Loss | (H) Gain |
|-----------------------------|-------------------|---------------|-----------------------|---------------------|--|-----------|------------|
| Chester County -Land | VARIOUS | 1995 | 15,000. | | 3,473. | | 11,527. |
| Chester County -Land | 1994 | 1995 | 22,000. | | 10,905. | | 11,095. |
| Bucks County-Land | 1970 | 1995 | 1,100,000. | | 428,743. | | 671,257. |
| Montgo County - Land | 1931 | 1995 | 25,000. | | 3,784. | | 21,216. |
| Chester County -Land | 1983 | 1995 | 1,501. | | 806. | | 695. |
| Bucks Cnty -Easement | 1987 | 1995 | 18,135. | | 18,135. | | |
| Bucks Cnty -Easement | 1931 | 1995 | 1,762. | | 1,762. | | |
| Chester Cnty-Easemnt | 1964 | 1995 | 18,000. | | 18,000. | | |
| Montgo Cnty-Easement | 1955 | 1995 | 5,050. | | 5,050. | | |
| Montgo Cnty-Easement | 1983 | 1995 | 950. | | 950. | | |
| Chester Cnty-Easemnt | 1931 | 1995 | 13,000. | | 314. | | 12,686. |
| Bucks Cnty - Easemnt | 1931 | 1995 | 5,798. | | 5,798. | | |
| Montgo Cnty- Easemnt | 1954 | 1995 | 3,412. | | 3,412. | | |
| Hydro Wtr Chem-abnmt | 1992 | 1995 | | | 12,995. | 12,995. | |
| Salem Lease Property | 1982 | 1994 | | | 517,070. | 517,070. | |
| Part I 4797 Gain or Loss | | | | | | 14260589. | 1,757,327. |

Form 4797, Page 1 Detail Part 1

ADWIN REALTY COMPANY

| (A) Description of Property | (B) Date Acquired | (C) Date Sold | (D) Gross Sales Price | (E) Deprec. Allowed | (F) Cost or Other Basis Plus Improv and Sale Expense | (G) Loss | (H) Gain |
|--------------------------------|----------------------|------------------|-----------------------------|---------------------------|--|----------|----------|
| ABE PARTNERSHIP K-1 | 10/06/92 | 07/21/95 | | | 409,116. | 409,116. | |
| Part 1 4797 Gain or Loss | | | | | | 409,116. | |

Form 4797, Page 1 Detail Part 1

ADWIN INVESTMENT COMPANY

| (A) Description of Property | (B) Date Acquired | (C) Date Sold | (D) Gross Sales Price | (E) Deprec. Allowed | (F) Cost or Other Basis Plus Improv and Sale Expense | (G) Loss | (H) Gain |
|--------------------------------|----------------------|------------------|-----------------------------|---------------------------|--|----------|----------|
| Part 1 4797 Gain or Loss | | | | | | 4,132. | |

Form 4797, Page 1 Detail Part I

ENERGY PERFORMANCE SERVICES, INC

| (A) Description of Property | (B) Date Acquired | (C) Date Sold | (D) Gross Sales Price | (E) Deprec. Allowed | (F) Cost or Other Basis Plus Improv and Sale Expense | (G) Loss | (H) Gain |
|-----------------------------|-------------------|---------------|-----------------------|---------------------|--|----------|----------|
| FURNITURE & FIXTURES | 06/30/87 | 06/30/95 | 61,078. | 66,222. | 170,784. | 43,484. | |
| Part I 4797 Gain or Loss | | | | | | 43,484. | |

Form 4797, Page 1 Detail Part II

PECO ENERGY COMPANY

| (A) Description of Property | (B) Date Acquired | (C) Date Sold | (D) Gross Sales Price | (E) Deprec. Allowed | (F) Cost or Other Basis Plus Improv and Sale Expense | (G) Loss | (H) Gain |
|-----------------------------------|-------------------|---------------|-----------------------|---------------------|--|----------|----------|
| E103 T&D FAC | 1995 | 1995 | -81. | | 9,562. | 9,643. | |
| Part II Ordinary Gains and Losses | | | | | | 9,643. | |

Form 4797, Page 1 Detail Part II

ADWIN REALTY COMPANY

| (A) Description of Property | (B) Date Acquired | (C) Date Sold | (D) Gross Sales Price | (E) Deprec. Allowed | (F) Cost or Other Basis Plus Improv and Sale Expense | (G) Loss | (H) Gain |
|-----------------------------------|-------------------|---------------|-----------------------|---------------------|--|----------|----------|
| CORNERS PRTNRSH INT | 07/23/91 | 03/01/95 | 960,000. | | 258,298. | | 701,702. |
| PAD PRTNRSH INT | 03/30/72 | 12/01/95 | 60,000. | 43,205. | 45,834. | | 57,371. |
| Part II Ordinary Gains and Losses | | | | | | | 759,073. |

Form 5471 - Information return of U.S. persons with respect to certain foreign corporations
Form 5471 page 2 detail

Schedule C, line 16 - Other deductions

| | Amount |
|--------------------------|----------|
| GENERAL & ADMINISTRATIVE | 8,347. |
| INSURANCE | 9,030. |
| OFFICE EXPENSES | 22,104. |
| PROFESSIONAL FEES | 82,654. |
| TELEPHONE | 19,934. |
| ENTERTAINMENT & MEALS | 18,045. |
| SUBCONTRACTED COSTS | 34,355. |
| BENEFITS | 14,593. |
| | 209,062. |

Form 5471 - Information return of U.S. persons with respect to certain foreign corporations
Form 5471 page 3 detail

Schedule F - Other current assets

UNBILLED CONSULTING
PREPAYMENTS

Beginning

Ending

289,269.
5,851.

295,120.

Schedule F - Other current liabilities

FED WITHHOLDING
ACCRUED TAXES

Beginning

Ending

12,878.

18,083.
-312.

12,878.

17,771.

Schedule F - Other liabilities

DEPOSITS ON CONTRACT
INTERCOMPANY A/P
NOTES PAYABLE

Beginning

Ending

780,131.

901,796.
17,924.

780,131.

919,720.

Form 5471 - Information return of U.S. persons with respect to certain foreign corporations
Form 5471 page four detail

Schedule H - Other reconciling items

Net additions

Net subtracts

FOREIGN RETURN NOT AVAILABLE

Form 5471 - Information return of U.S. persons with respect to certain foreign corporations
Form 5471 page 2 detail

Schedule C, line 8 - Other income

Amount

NON-OPERATING

641,884.

641,884.

Schedule C, line 15 - Taxes

Amount

TAXES OTHER THAN INCOME

309,411.

309,411.

Schedule C, line 16 - Other deductions

Amount

GENERAL & ADMINISTRATIVE

250,095.

BENEFITS

825,611.

COMMISSIONS

329,707.

INSURANCE

22,397.

OFFICE EXPENSE

90,812.

PROFESSIONAL FEES

174,735.

TELEPHONE

247,885.

TRAVEL & ENTERTAINMENT

468,612.

SUBCONTRACT COSTS

OVERHEAD RECOVERY

MISC EXPENSE

2,409,854.

Form 5471 - Information return of U.S. persons with respect to certain foreign corporations
Form 5471 page 3 detail

Schedule F - Other current assets

UNBILLED CONSULTING
PREPAYMENTS

| Beginning | Ending |
|-----------|----------|
| | 312,572. |
| | 125,474. |
| | 438,046. |

Schedule F - Other assets

PREPAID ASSETS

| Beginning | Ending |
|-----------|--------|
| 111,552. | |
| 111,552. | |

Schedule F - Other current liabilities

INTERCOMPANY PAYABLES
ACCRUED TAXES

| Beginning | Ending |
|-----------|----------|
| 679,025. | 378,243. |
| | 2,719. |
| 679,025. | 380,962. |

Schedule F - Other liabilities

BILLING IN EXCESS OF COST

| Beginning | Ending |
|-----------|---------|
| | 43,514. |
| | 43,514. |

Schedule F - Capital surplus reconciliation

ADDITIONAL PAID IN CAPITAL

| Beginning | Ending |
|-----------|---------|
| | 12,746. |
| | 12,746. |

Form 5471 - Information return of U.S. persons with respect to certain foreign corporations
=====

Form 5471 page four detail

Schedule H - Other reconciling items

Net additions

Net subtracts

FOREIGN RETURN NOT AVAILABLE

=====

Form 5471 - Information return of U.S. persons with respect to certain foreign corporations
=====

Form 5471 page 3 detail
=====

Schedule F - Capital surplus reconciliation

Beginning

Ending

ADDITIONAL PAID IN CAPITAL

94,194.

94,194.
=====

Form 5471 - Information return of U.S. persons with respect to certain foreign corporations
Form 5471 page four detail

| Schedule H - Other reconciling items | Net additions | Net subtracts |
|--------------------------------------|---------------|---------------|
| FOREIGN RETURN NOT AVAILABLE | | |

Form 5471 - Information return of U.S. persons with respect to certain foreign corporations
Form 5471 page 2 detail

| Schedule C, line 15 - Taxes | Amount |
|-----------------------------|----------|
| TAXES OTHER THAN INCOME | 644,054. |
| | 644,054. |

| Schedule C, line 16 - Other deductions | Amount |
|--|-------------|
| GENERAL & ADMINISTRATIVE | 32,460. |
| PROFESSIONAL FEES | 6,056,712. |
| SUBCONTRACTED PROJECT COSTS | 605,602. |
| INTER CO EXPENSE | 403,600. |
| OFFICE EXPENSE | 619,729. |
| TELEPHONE | 84,960. |
| TRAVEL & ENTERTAINMENT | 1,288,782. |
| BENEFITS | 908,744. |
| | 10,000,589. |

Form 5471 - Information return of U.S. persons with respect to certain foreign corporations
Form 5471 page 3 detail

Schedule F - Other current assets

Beginning

Ending

PREPAYMENTS

11,218.

11,218.

Schedule F - Other current liabilities

Beginning

Ending

INTERCOMPANY PAYABLE

59,318.

59,318.

Form 5471 - Information return of U.S. persons with respect to certain foreign corporations
Form 5471 page four detail

Schedule H - Other reconciling items

Net additions

Net subtracts

FOREIGN RETURN NOT AVAILABLE

Combined ELIMINATIONS Adjustments PECO ENERGY
LOCATOR COMPANY
CONSOLIDATED

Consolidated Schedules

Form 5884

| Part 1 Curr Year Credit | | |
|-------------------------|--------|--------|
| 1 Qualified wages | 5,574. | 5,574. |
| 2 40% of line 1 | 2,230. | 2,230. |
| 3 Flow-through credit | | |
| 4 Current year credit | 2,230. | 2,230. |

| | | | | | | | |
|------------------------|------------------------------|------------------------------|------------------------------------|----------------------------|---|---|-------------------------|
| PECO ENERGY COMPANY | SUSQUEHANNA POWER COMPANY | PECO ENERGY POWER COMPANY | SUSQUEHANNA ELECTRIC COMPANY | CONOWINGO POWER COMPANY | EASTERN PENNSYLVANIA EXPLORATION COMPANY | EASTERN PENNSYLVANIA DEVELOPMENT COMPANY | ADWIN REALTY COMPANY |
|------------------------|------------------------------|------------------------------|------------------------------------|----------------------------|---|---|-------------------------|

Consolidated Schedules

| | | | | | | | |
|-----------|------------|------------|------------|------------|------------|------------|------------|
| Form 5884 | 23-0970240 | 23-1139830 | 23-0970740 | 52-0503520 | 52-0280040 | 23-2039821 | 23-1706184 |
|-----------|------------|------------|------------|------------|------------|------------|------------|

| | |
|-------------------------|--------|
| Part 1 Curr Year Credit | |
| 1 Qualified wages | 5,574. |
| 2 40% of line 1 | 2,230. |
| 3 Flow-through credit | |
| 4 Current year credit | 2,230. |

ADWIN EQUIPMENT
COMPANY

ADWIN
INVESTMENT
COMPANY

BUTTONWOODS
ASSOCIATES INC.

ENERGY
PERFORMANCE
SERVICES, INC

PECO ENERGY
CAPITAL CORP

PECO GAS SUPPLY
COMPANY

PROPRIETORS OF
THE SUSQUEHANNA
CANAL

ADWIN
SCHUYLKILL
COGENERATION
INC

Consolidated Schedules

Form 5884 23-1706178 51-0332946 51-0323767 23-2750899 51-0355321 23-2798733 23-1624948 23-2829266

| |
|-------------------------|
| Part 1 Curr Year Credit |
| 1 Qualified wages |
| 2 40% of line 1 |
| 3 Flow-through credit |
| 4 Current year credit |

| | | | | | | | |
|-------------------------------|------------|------------|------------|------------|------------|------------|------------|
| Consolidated Schedules | | | | | | | |
| Form 6765 | 23-0970240 | 23-1139830 | 23-0970740 | 52-0503520 | 52-0280040 | 23-2039821 | 23-1706184 |

| | |
|------------------------------------|------------|
| Part I Research Credit | |
| 1 Basic research prmts | 3,387,360. |
| 2 Base period amount | 1,693,680. |
| 3 Line 1 less 2 | 1,693,680. |
| Qualified Expenses | |
| 4 Wages | 215,200. |
| 5 Cost of supplies | |
| 6 Rental or lease costs | |
| 7 Contract Expenses | |
| 8 Total qualified exp. | 215,200. |
| 9 Fixed base percentage | |
| 10 Average gross receipts | |
| 11 Base amount | |
| 12 Line 8 less 11 | 215,200. |
| 13 50% of line 8 | 107,600. |
| 14 Line 12 or 13 | 107,600. |
| 15 Add lines 3 and 14 | 1,801,280. |
| 16 Tentative credit | 360,256. |
| 17 Flow through credits | NONE |
| 18 Current year credit | NONE |
| Part III Orphan Drug Credit | |
| 20 Flow through credits | |
| 33 Adjustments | |
| 34 Current year credit | |

| | | | | | | | |
|----------------------------|--------------------------------|--------------------------------|--|-----------------------------|----------------------------|--|--|
| ADWIN EQUIPMENT COMPANY | ADWIN INVESTMENT COMPANY | BUTTONWOODS ASSOCIATES INC. | ENERGY PERFORMANCE SERVICES, INC | PECO ENERGY CAPITAL CORP | PECO GAS SUPPLY COMPANY | PROPRIETORS OF THE SUSQUEHANNA CANAL | ADWIN SCHUYLKILL COGENERATION INC |
|----------------------------|--------------------------------|--------------------------------|--|-----------------------------|----------------------------|--|--|

Consolidated Schedules

| | | | | | | | | |
|-----------|------------|------------|------------|------------|------------|------------|------------|------------|
| Form 6765 | 23-1706178 | 51-0332946 | 51-0323767 | 23-2750899 | 51-0355321 | 23-2798733 | 23-1624948 | 23-2829266 |
|-----------|------------|------------|------------|------------|------------|------------|------------|------------|

| | | | | | | | | |
|------------------------------------|--|--|--|--|--|--|--|--|
| Part I Research Credit | | | | | | | | |
| 1 Basic research prmts | | | | | | | | |
| 2 Base period amount | | | | | | | | |
| 3 Line 1 less 2 | | | | | | | | |
| Qualified Expenses | | | | | | | | |
| 4 Wages | | | | | | | | |
| 5 Cost of supplies | | | | | | | | |
| 6 Rental or lease costs | | | | | | | | |
| 7 Contract Expenses | | | | | | | | |
| 8 Total qualified exp. | | | | | | | | |
| 9 Fixed base percentage | | | | | | | | |
| 10 Average gross receipts | | | | | | | | |
| 11 Base amount | | | | | | | | |
| 12 Line 8 less 11 | | | | | | | | |
| 13 60% of line 8 | | | | | | | | |
| 14 Line 12 or 13 | | | | | | | | |
| 15 Add lines 3 and 14 | | | | | | | | |
| 16 Tentative credit | | | | | | | | |
| 17 Flow through credits | | | | | | | | |
| 18 Current year credit | | | | | | | | |
| Part III Orphan Drug Credit | | | | | | | | |
| 29 Flow through credits | | | | | | | | |
| 33 Adjustments | | | | | | | | |
| 34 Current year credit | | | | | | | | |

Combined ELIMINATIONS Adjustments PECO ENERGY
 LOCATOR COMPANY
 CONSOLIDATED

Consolidated Schedules
 8827 - Prior Year Min Tax

| Minimum Tax Credit | | | |
|-------------------------|-----------------------------|--------------|--------------|
| 1 | 1994 AMT | NONE | NONE |
| 2 | AMT credit carryforward | 173,420,339. | 173,420,339. |
| 3 | Nonconventional fuel source | | |
| 4 | Sum of lines 1, 2, and 3 | 173,420,339. | 173,420,339. |
| 5 | 1995 regular income tax | 280,518,156. | 280,518,156. |
| 6 | 1995 tentative minimum tax | 178,179,412. | 178,179,412. |
| 7 | Line 6 less line 6 | 102,338,744. | 102,338,744. |
| 8 | Minimum tax credit | 102,338,744. | 102,338,744. |
| AMT Credit Carryforward | | | |
| 9 | Line 4 less line 8 | 71,081,595. | 71,081,595. |

| | | | | | | | |
|---------------------|---------------------------|---------------------------|------------------------------|-------------------------|----------------------------------|----------------------------------|----------------------|
| PECO ENERGY COMPANY | SUSQUEHANNA POWER COMPANY | PECO ENERGY POWER COMPANY | SUSQUEHANNA ELECTRIC COMPANY | CONOWINGO POWER COMPANY | EASTERN PENNSYLVANIA EXPLORATION | EASTERN PENNSYLVANIA DEVELOPMENT | ADWIN REALTY COMPANY |
| 23-0970240 | 23-1139830 | 23-0970740 | 52-0503520 | 52-0280040 | 23-2039821 | 23-1706184 | |

Consolidated Schedules
8827 - Prior Year Min Tax

| Minimum Tax Credit | | |
|-------------------------|-----------------------------|--------------|
| 1 | 1994 AMT | NONE |
| 2 | AMT credit carryforward | 173,420,339. |
| 3 | Nonconventional fuel source | |
| 4 | Sum of lines 1, 2, and 3 | 173,420,339. |
| 5 | 1995 regular income tax | NONE |
| 6 | 1995 tentative minimum tax | 158,996,721. |
| 7 | Line 6 less line 5 | |
| 8 | Minimum tax credit | |
| AMT Credit Carryforward | | |
| 9 | Line 4 less line 8 | 173,420,339. |
| | | NONE |

| | | | | | | | |
|----------------------------|--------------------------------|--------------------------------|--|-----------------------------|----------------------------|--|-------------------------------------|
| ADWIN EQUIPMENT COMPANY | ADWIN INVESTMENT COMPANY | BUTTONWOODS ASSOCIATES INC. | ENERGY PERFORMANCE SERVICES, INC | PECO ENERGY CAPITAL CORP | PECO GAS SUPPLY COMPANY | PROPRIETORS OF THE SUSQUEHANNA CANAL | ADWIN SCHUYLKILL COGENERATION |
| 23-1706178 | 51-0332946 | 51-0323767 | 23-2750899 | 51-0355321 | 23-2798733 | 23-1624948 | 23-2829266 |

Consolidated Schedules
8827 - Prior Year Min Tax

| Minimum Tax Credit | |
|-------------------------|-----------------------------|
| 1 | 1994 AMT |
| 2 | AMT credit carryforward |
| 3 | Nonconventional fuel source |
| 4 | Sum of lines 1, 2, and 3 |
| 5 | 1995 regular income tax |
| 6 | 1995 tentative minimum tax |
| 7 | Line 5 less line 6 |
| 8 | Minimum tax credit |
| AMT Credit Carryforward | |
| 9 | Line 4 less line 8 |

**PECO ENERGY COMPANY CONSOLIDATED
1995 Federal Income Tax Return**

E. I. No.: 23-0970240

**Election of Repair Allowance
IRC Reg. §1.167(a)-11(d)(2)(ii)**

PECO Energy Company and subsidiaries to which it applies hereby elects, consents to and agrees to apply, under IRC Regulation Section 1.167(a)-11(d)(2)(ii), all the provisions of said section for the year 1995 for the following asset guideline classes:

| | |
|--------|--|
| 49.13 | Electric Utility Steam Production Plant |
| 49.14 | Electric Utility Transmission & Distribution Plant |
| 49.21 | Gas Utility Distribution Facilities |
| 49.221 | Gas Utility Manufactured Gas Production Plant |

The 10% used property exclusion rule, §1.167(a)-11(b)(5)(iii), has not been applied to exclude used property from the election for this year.

The special vintage account rules, §1.167(a)-11(d)(2)(iii) apply to this year's election.

The taxpayer does not elect to allocate the adjusted basis of a special basis vintage account in accordance with §1.167(a)-11(d)(3)(vi).

No property was excluded from the election by application of any special rules of the regulations.

**PECO ENERGY COMPANY CONSOLIDATED
1995 Federal Income Tax Return**

E. I. No.: 23-0970240

**Attachment for Schedule C (Form 1120)
Dividends Received By Corporations Deduction
*IRC Section 243(b) and Reg. §1.243-4(c)**

PECO Energy Company and its subsidiaries, as shown on Form 851 attached to this return, herein elect the dividends received deduction under IRC Section 243(b) for the calendar year 1995. All Companies have the same tax year and are located at 2301 Market St., Philadelphia, PA 19101.

s:\wp51\litrn95\ELECTION\§243(b)E.95

* not needed annually unless a new company joins the group

PECO Energy Company Consolidated
1995 Federal Income Tax Return

E. I. No.: 23-0970240

Election To Amortize Organizational Expenditures
60 Months Pursuant To IRC Sec. 248

Pursuant to IRC Sec. 248, PECO Gas Supply Company, E.I. No. 23-2798733, hereby elects to amortize all organizational expenditures over a period of 60 months beginning March 1, 1995, the month that the corporation began business.

| <u>Description of Expenditures</u> | <u>Date Incurred</u> | <u>Amount</u> |
|------------------------------------|----------------------|---------------|
| Legal Expenses | 3/1/95 | \$ 9,262 |

**PECO ENERGY COMPANY CONSOLIDATED
1995 Federal Income Tax Return**

E. I. No.: 23-0970240

**Attachment to Form 1120
Adoption of Recurring Item Exception
Method of Accounting Under IRC SEC. 461(h)(3)**

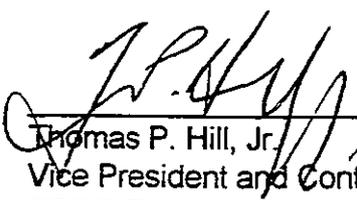
PECO Energy Company and its subsidiaries is adopting the recurring item exception method of IRC Sec. 461(h)(3) for any items included in this consolidated return to which Sec. 461(h)(3) and the regulations therein were intended to apply.

**PECO ENERGY COMPANY CONSOLIDATED
1995 Federal Income Tax Return**

E. I. No.: 23-0970240

**Election To Conform Tax Allocations Under
IRC Reg. § § 1.1502-32 and 1.1502-33(d)**

PECO Energy Company and subsidiaries hereby elect, under IRC Sections as referenced above to retroactively conform earnings and profits to the method described in such sections and to make all adjustments necessary by reason of this election to avoid any duplication and omissions within the group for the purpose of reflecting prior use of earnings and profits.



Thomas P. Hill, Jr.
Vice President and Controller
PECO Energy Company
September 12, 1996

PECO ENERGY COMPANY CONSOLIDATED
1995 Federal Income Tax Return

E. I. No.: 23-0970240

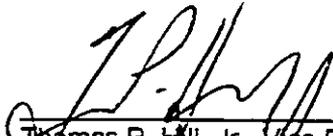
SECTION 170(a)(2) ELECTION TO TREAT CHARITABLE
CONTRIBUTION AS PAID DURING THE TAX YEAR

Taxpayer hereby elects under the provisions of IRC SEC. 170(A)-11(b) to treat the contribution shown below as paid during the tax year ending December 31, 1995.

Name of charitable organization: Greater Philadelphia Urban Affairs Coalition
Total amount of contribution: \$ 110,000.00
Amount treated as paid during the tax year: \$ 110,000.00
Date of contribution: January 22, 1996

Name of charitable organization: Philadelphia High School Academies, Inc.
Total amount of contribution: \$ 100,000.00
Amount treated as paid during the tax year: \$ 100,000.00
Date of contribution: January 19, 1996

Under penalties of perjury, I declare that the attached resolution authorizing the charitable contribution was adopted by the corporation's board of directors during the tax year ended December 31, 1995.



Thomas P. Hill, Jr., Vice President and Controller
PECO Energy Company
September 12, 1996

Sworn to and subscribed before me
this 12th day of Sept. 19 96

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NOTARIAL SEAL
KEITH R. WILKERSON, Notary Public
City of Philadelphia, Phila. County
My Commission Expires Jan. 31, 2000



PECO ENERGY

NOV 01 1995

Memorandum

Location: Corporate Secretary's Office
S26-1

Date: October 24, 1995

To: Gwendolyn S. King, Senior Vice President
Corporate and Public Affairs
J. Barry Mitchell, Vice President, Finance, and Treasurer
Joseph R. Reifsnyder, Director, Accounting Services

From: Katherine K. Dodd, Corporate Secretary *KKD/cab*

Subject: Contribution Approved by the Board of Directors

At the October 23, 1995 meeting of the Board of Directors of PECO Energy Company, the following resolutions were adopted approving corporate contributions on behalf of the Company:

RESOLVED that the Treasurer or Assistant Treasurer of the Company is authorized to make a contribution in the amount of \$110,000 to the Greater Philadelphia Urban Affairs Coalition. Management will take steps necessary to qualify for Pennsylvania Neighborhood Assistance Program tax credits to the extent available.

RESOLVED that the Treasurer or Assistant Treasurer of the Company is authorized to make a contribution in the amount of \$100,000 to the Philadelphia High School Academies, Inc. in support of their programs and services throughout the City. Management will take steps necessary to qualify for Pennsylvania Neighborhood Assistance Program tax credits to the extent available.

KKD/cab

**PECO Energy Company Consolidated
1995 Federal Income Tax Return**

E. I. No.: 23-0970240

**Election Statement Under Section 1033
Gain Deferral on Involuntary Conversion**

The Environmental Protection Agency (EPA) issued Emission Allowances to PECO Energy Company on April 1, 1993. A portion (2.8%) of such allowances were withheld by the EPA and are subsequently sold at auction, resulting in an involuntary conversion for PECO Energy Company.

The taxpayer elects, in accordance with the provisions of Section 1033(a)(2) of the Internal Revenue Code, not to have any gain recognized with respect to the proceeds received on the sale of emission allowances and hereby designates the purchase cost of new emission allowances as replacement property within the meaning of Section 1033(a)(2). In the cost recovery schedule detailed below, the taxpayer states that the basis in new emission allowances will be reduced by \$101,753 upon the subsequent purchase of emission allowances within a two year period.

| <u>Description</u> | <u>Date Purchased</u> | <u>Date Sold</u> | <u>Proceeds</u> | <u>Cost</u> | <u>Gain (Loss)</u> |
|--|---------------------------|----------------------|-----------------|-------------|------------------------|
| Emission Allowances (PECO's % from Keystone) | 1/11/93 | 3/23/95 | \$ 22,743 | 0 | \$ 22,743 |
| Emission Allowances (PECO's % from Conemaugh) | 1/11/93 | 3/23/95 | 50,813 | 0 | 50,813 |
| Emission Allowances (From PECO) | 1/11/93 | 3/23/95 | <u>28,197</u> | <u>0</u> | <u>28,197</u> |
| Total | | | 101,753 | 0 | \$101,753 |

PECO ENERGY COMPANY CONSOLIDATED
1995 Federal Income Tax Return
E. I. No.: 23-0970240

Parent Corporation's Statement Regarding Receipt of Liquidating
Distribution From subsidiary (Reg. §1.332-6(b))

Conowingo Power Company, a wholly owned subsidiary of PECO Energy Company, was liquidated during PECO Energy Company's tax year ending December 31, 1995 in conjunction with a §338(h)(10) election, which is a separate attachment in this return. The following statement is provided pursuant to Income Tax Regulations §1.332-6(b).

(1) Certified copy of the liquidation plan and resolutions adopting plan: See attached. The details of the plan are as follows:

- (a) The liquidation plan was adopted on May 24, 1994.
- (b) Pursuant to the plan, in June 1995, all of the assets not sold pursuant to a §338(h)(10) election, were distributed to PECO Energy Company, and PECO Energy Company assumed all of the liabilities associated with such assets.
- (c) On June 19, 1995, all of the outstanding stock of Conowingo Power Company was sold to Delmarva Power & Light Company.

(2) Properties received:

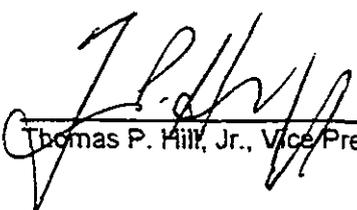
| <u>Assets</u> | <u>Tax Basis of Distribution</u> | <u>Book Value at Distribution</u> |
|---------------------------------------|----------------------------------|-----------------------------------|
| Transmission & Distribution Equipment | \$ 5,364,241 | \$ 5,740,841 |
| Land | 2,829,562 | 2,829,562 |
| Land Rights | 186,714 | 186,714 |
| Motor Vehicles | 14,568 | 14,568 |
| Misc. Equipment | 919,218 | 958,274 |
| Structures | 17,418 | 19,383 |
| Accum. Depreciation | <u>(6,005,408)</u> | <u>(4,845,028)</u> |
| Net Value Transferred | \$3,326,313 | \$4,904,314 |

(3) Indebtedness received:

(a) None

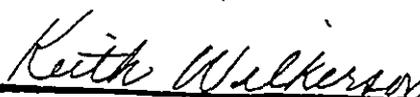
(4) Statement of stock ownership:

On the date the plan was adopted, and at all times since then up to the date of sale and liquidating distribution, PECO Energy Company owned all of the issued and outstanding stock of Conowingo Power Company. This consisted of 51,143 shares of voting common stock, which Delmarva Power & Light purchased on June 19, 1995, at a cost of \$158,150,000.00 and liabilities assumed.


Thomas P. Hill, Jr., Vice President and Controller

S:\wp51\FITRN\§332EI.doc

Seen to and subscribed before me
this 16 day of Sept. 19 96.



NOTARIAL SEAL
KEITH R. WILKERSON, Notary Public
City of Philadelphia, Phila. County
My Commission Expires Jan. 31, 2000

PECO ENERGY COMPANY

ASSISTANT SECRETARY'S CERTIFICATE

I, Todd D. Cutler, Assistant Secretary of PECO ENERGY COMPANY (the "Company"), a corporation duly organized and existing under the laws of the Commonwealth of Pennsylvania, DO HEREBY CERTIFY that attached hereto are true, correct and complete copies of (1) the Plan of Liquidation of Conowingo Power Company ("COPCO"), (2) the Unanimous Consent of Sole Stockholder of COPCO, and (3) the Unanimous Consent of the Board of Directors of COPCO, each of which was prepared, executed and delivered in connection with the Company's sale of COPCO to Delmarva Power & Light Company.

WITNESS, my hand and the seal of PECO ENERGY COMPANY this 30th day of August 1996.



Assistant Secretary

**PLAN OF LIQUIDATION OF CONOWINGO POWER
COMPANY, A MARYLAND CORPORATION**

1. The Stock Purchase Agreement (the "Agreement") dated May 24, 1994 between Delmarva Power & Light Company, a corporation organized under the laws of Delaware and Virginia ("Delmarva"), and PECO Energy Company, a corporation organized under the laws of the Commonwealth of Pennsylvania ("PECO Energy"), provides that Delmarva will purchase 100% of the stock of Conowingo Power Company ("COPCO"), a corporation organized under the laws of the State of Maryland and a wholly owned subsidiary of PECO Energy. In order to effectuate the desired tax treatment for this transaction, the Agreement states that Delmarva and PECO Energy will file timely elections to treat the sale of stock as a deemed asset sale and liquidation by COPCO pursuant to section 338(h)(10) of the Internal Revenue Code of 1986, as amended (the "338(h)(10) election"). Upon approval of the COPCO board of directors and stockholder, and solely for purposes of and by reason of the 338(h)(10) election, COPCO will be completely liquidated in accordance with the procedures set forth in this Plan. This Plan is a plan of liquidation solely pursuant to Section 332 of the Code and the distributions contemplated in the Plan, together with the distributions treated as occurring pursuant to the 338(h)(10) election, are distributions in complete liquidation of the Corporation solely for purposes of federal income tax law (and any comparable state or local income tax law).

2. This Plan must be approved by a majority of the COPCO board of directors and by two thirds of the stockholders of the corporation. No agreement for the deemed sale of COPCO's assets and the deemed liquidation of COPCO will have legal effect unless this Plan is approved by both the directors and stockholder of COPCO as specified above. The effective date of the Plan shall be the date on which it is adopted by the stockholder of COPCO.

3. It is contemplated that the Plan shall be effected by (i) the distribution by COPCO to its stockholder, of (A) title to the 500 kV Peach Bottom-Keeney transmission line and all real property relating thereto with the exception of certain reserved property rights, (B) title to COPCO's service facility at Bridge and High Streets in Elkton, Maryland, and (C) leased vehicles, equipment and parts in stock, and the lease of a building in Delta, Pennsylvania and (ii) the sale of all of the stock of COPCO to Delmarva in the transaction which is the subject of the 338(h)(10) election. The distributions referred to above may be made in one or a series of distributions and in such manner and at such time prior to the Closing (as defined in the Agreement) as the board of directors, in its discretion, may determine, to the end that, by the time of Closing (as defined in the Agreement), COPCO shall have distributed all of its assets, including the proceeds from the deemed sale of the assets of COPCO pursuant to the 338(h)(10) election, to its stockholder.

4. Notwithstanding any provision of this Plan, the board of directors is not required to liquidate or dissolve the Company within the meaning of the Corporations and Associations Article of the Maryland Annotated Code.
5. The board of directors may modify or amend this Plan (other than this Paragraph 5) at any time without stockholder approval if it determines that such action would be in the best interests of COPCO or its stockholder. If any amendment or modification appears necessary and in the judgement of the board of directors will adversely affect the interests of COPCO, such amendment or modification will be submitted to the stockholder for approval. The board of directors may abandon this Plan without stockholder approval at any time prior to Closing if it determines that the abandonment would be in the best interests of COPCO or its stockholder.
6. The officers of COPCO, as authorized by the board of directors and applicable law, shall carry out the details of this Plan, and shall take any and all additional action necessary or desirable to complete this Plan.

**CONOWINGO POWER COMPANY
UNANIMOUS CONSENT OF SOLE STOCKHOLDER**

Pursuant to the Corporations and Associations Article of the Maryland Annotated Code, the undersigned, being the sole stockholder of Conowingo Power Company, a Maryland corporation (COPCO), hereby unanimously consents and agrees that the following resolutions are adopted as the action of the stockholder:

RESOLVED, that, for purposes of effectuating the desired tax consequences upon sale of the stock of COPCO, the stockholder approves the dissolution of COPCO in a deemed asset sale and liquidation pursuant to section 338(h)(10) of the Internal Revenue Code of 1986, as amended, and the Treasury regulations thereunder;

RESOLVED, that the stockholder approves the dissolution of COPCO pursuant to the Plan of Liquidation attached hereto; and

RESOLVED, that the Board of Directors and officers of COPCO are authorized to take any and all additional action necessary or desirable to carry out the foregoing resolutions.

RESOLVED, that this consent be filed with the Secretary of COPCO.

Dated: May 24, 1995

SOLE STOCKHOLDER:

PECO Energy Company

Attest:

Valerie K. Dore

By:

Kenneth G. Lawrence
Kenneth G. Lawrence

Senior Vice President - Finance
and Chief Financial Officer

**CONOWINGO POWER COMPANY
UNANIMOUS CONSENT OF BOARD OF DIRECTORS**

Pursuant to Section 2-408 of the Corporations and Associations Article of the Maryland Annotated Code, the undersigned, being all of the directors of Conowingo Power Company, a Maryland corporation (COPCO), hereby unanimously consent and agree that the following resolutions are adopted as the action of the Board of Directors:

RESOLVED, that for purposes of the effectuating the desired tax consequences upon the sale of the stock of COPCO, the Board approves the dissolution of COPCO in a deemed asset sale and liquidation pursuant to section 338(h)(10) of the Internal Revenue Code of 1986, as amended, and the Treasury regulations thereunder;

RESOLVED, that the Board approves the dissolution of COPCO pursuant to the Plan of Liquidation attached hereto; and

RESOLVED, that the officers of COPCO are authorized to take any and all additional action necessary or desirable to carry out the foregoing resolutions.

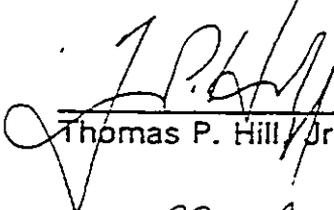
RESOLVED, that this consent be filed with the Secretary of COPCO.

Dated: May 24, 1995

BOARD OF DIRECTORS:



Samuel M. Gawthrop, Jr.



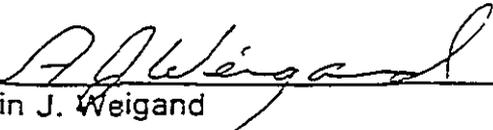
Thomas P. Hill, Jr.



Patrick L. Naugle



William J. Williams



Alvin J. Weigand

**PECO ENERGY COMPANY CONSOLIDATED
1995 Federal Income Tax Return**

E. I. No.: 23-0970240

**Election to Deduct Disaster Loss in Previous
Tax Year Under IRC Reg. 1.165-11**

PECO Energy Company and subsidiaries hereby elect under IRC Sec. 165(i) to deduct the casualty losses occurring between January 1, 1996 and September 15, 1996 in the tax year prior to the year of loss.

The property that was damaged or destroyed by the disaster is located in Pennsylvania.

We have made an attempt to quantify such costs. In the event that subsequent events change the amount, this election is meant to apply.

PECO ENERGY COMPANY

I.D. No: 23-0970240

1995 Election Under Section 468A

Peach Bottom Atomic Power Station - Unit 2

PECO Energy Company, EIN #23-0970240, located at 2301 Market Street, Philadelphia, PA 19101, hereby makes an election under Code Section 468A pursuant to Treasury Regulation 1.468A-7 for the taxable year 1995.

The election is made with respect to Unit 2 of the Peach Bottom Atomic Power Station located at R.D. #1, Delta, PA 17314. The employer identification number for the Peach Bottom 2 Nuclear Decommissioning Fund is 23-6919893.

There were no actual cash payments made to the Nuclear Decommissioning Fund during the taxable year that were not treated as deemed cash payments under Treasury Regulation 1.468A-2(c)(1). The total amount of cash payments deemed made to the Nuclear Decommissioning Fund under Treasury regulation 1.468A-2(c)(1) for 1995 is \$2,157,324. The cost of service amount for the taxable year 1995 is \$3,079,248

Attached is a schedule of Ruling amounts obtained by the PECO Energy Company with respect to Unit 2 of the Peach Bottom Atomic Power Station.

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**PECO Energy Company Consolidated
1995 Federal Income Tax Return**

E. I. No.: 23-0970240

**Election To Amortize Start-Up Expenditures
60 Months Pursuant To IRC Sec. 195**

In accordance with IRC Sec. 195, PECO Energy Company and its subsidiaries hereby elect to amortize start up expenditures over a period of 60 months for PECO Energy - Telecommunications Group, The Power Team, PECO Gas Supply Company, and Adwin Schuylkill Cogeneration Inc. Amortization will begin the month that the Business activities will be placed in service.

We have made an attempt to quantify such costs. In the event that subsequent events change the amount, this election is meant to apply.

**PECO Energy Company Consolidated
1995 Federal Income Tax Return**

E. I. No.: 23-0970240

**Election To Amortize Organizational Expenditures
60 Months Pursuant To IRC Sec. 248**

Pursuant to IRC Sec. 248, PECO Energy Company and its subsidiaries hereby elect to amortize all organizational expenditures over a period of 60 months for PECO Energy - Telecommunications Group, The Power Team, and Adwin Schuylkill Cogeneration Inc. Amortization will begin the month that the Business activities will be placed in service.

We have made an attempt to quantify such costs. In the event that subsequent events change the amount, this election is meant to apply.

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Patricia M. Healy
Gerald P. Farano
Reid & Priest
701 Pennsylvania Ave., NW.
Washington, D.C. 20004

Person to Contact:
Paul Handleman
Telephone Number:
(202) 622-3110
Refer Reply To:
CC:DOM:P&SI:6 - TR-31-02633-95
Date: FEB 27 1996

In Re: PECO Energy Company
Revised Schedule of Ruling Amounts for
Peach Bottom Atomic Generating Station, Unit 2

Dear Ms. Healy and Mr. Farano:

The enclosed copy of a letter is sent to you under the provisions of a power of attorney currently on file with the Internal Revenue Service.

Sincerely yours,

Charles B. Ramsey/PR
CHARLES B. RAMSEY
Chief, Branch 6
Office of the Assistant
Chief Counsel
(Passthroughs and Special
Industries)

Enclosure:
Copy of Letter

Letter 1690 (Rev. 10-90)

Internal Revenue Service

Department of the Treasury

Index Number: 468A.04-02

P.O. Box 7604
Ben Franklin Station
Washington, DC 20044

J. Barry Mitchell
Vice President, Finance
and Treasurer
PECO Energy Company
2301 Market Street
Philadelphia, PA 19101

Person to Contact:

Paul Handleman
Telephone Number:

(202) 622-3110
Refer Reply to:

CC:DOM:P&SI:6 -- TR-31-02633-95
Date:

FEB 27 1996

In re: Revised Schedule of Ruling Amounts
Peach Bottom Atomic Generating Station, Unit 2

Legend:

*"This document may not be used or cited as precedent.
Section 6110 (j) (3) of the Internal Revenue Code."*

| | | |
|--------------|---|---|
| Taxpayer | = | PECO Energy Company E.I.N.: 23-0970240 |
| Plant | = | Peach Bottom Atomic Generating Station, Unit 2 |
| Location | = | Delta, Pennsylvania |
| Commission A | = | Pennsylvania Public Utility Commission |
| Commission B | = | Federal Energy Regulatory Commission |
| State X | = | Pennsylvania |
| Firm | = | NUS Corporation Gaitherburg, Maryland |
| District | = | Philadelphia, Pennsylvania |

Dear Mr. Mitchell:

This letter responds to your request dated November 17, 1995, and additional correspondence, that was submitted by your authorized legal representative on behalf of the Taxpayer. The request is for a revised schedule of ruling amounts under the mandatory review requirement of section 1.468A-3(i)(1)(ii)(A) of the Income Tax Regulations for the Taxpayer's nuclear decommissioning fund (the "Fund") under the jurisdiction of Commission A and Commission B (the "Commissions"). The required information for the schedule of ruling amounts was submitted on behalf of the Taxpayer pursuant to section 1.468A-3(h)(2).

The Taxpayer has represented the following facts and information:

The Taxpayer is incorporated in State X and is an operating utility providing electric and gas service in State X. The Taxpayer is subject to the audit jurisdiction of the District. The Taxpayer owns a 42.49 percent undivided interest as a tenant-in-common in the Plant, which is situated at Location. The Plant began commercial operations in 1974 and the Plant's operating license issued by the Nuclear Regulatory Commission expires at midnight on August 8, 2013.

Commission A, in Docket No. R-891364, effective April 19, 1990 (the "1990 Order"), approved the amount of decommissioning costs included in the Taxpayer's cost of service for ratemaking purposes for electrical energy sales to State X customers. Commission A reviewed the components of the Taxpayer's cost of service, including the portion allocated to Commission B. In the 1990 Order, the jurisdictional percentages were allocated to Commission A in the amount of 93.822 percent of total electrical energy sales and to Commission B in the amount of 6.178 percent of total electrical energy sales for a total of 100 percent. The Commission B jurisdiction was further divided such that 4.563 percent was allocable to Commission B Power Sales and 1.615 percent was allocable to Commission B Wholesale Sales.

Commission B, in Docket No. ER91-478-000, effective October 1, 1991 (the "1991 Order"), increased the jurisdictional percentage allocated to Commission B Wholesale Sales to 2.1163 percent. Effective May 16, 1995, in Docket No. ER95-770-000, Commission B accepted an electric tariff (the "1995 Tariff") allowing the Taxpayer to enter into separate power sales agreements. The jurisdictional percentage allocated to Commission B Power Sales under the 1995 Tariff is 12.888 percent. Approval of these jurisdictional percentages is granted notwithstanding that the sum of the percentages for the

Commissions exceeds 100 percent. Approval is granted based on the Taxpayer's representation that this excess is due to difference in the timing and procedures of the Commission A and Commission B rate cases.

On August 28, 1991, the Internal Revenue Service last approved a formula under section 1.468A-3(a)(4) of the regulations for determining the Taxpayer's revised schedule of ruling amounts. In exercising our discretion under section 1.468A-3(a)(4), the revised schedule of ruling amounts was limited to a 5-year period under section 1.468A-3(i)(1)(ii)(A). Thus, the Taxpayer requests a new revised schedule of ruling amounts.

For the years 1995 through 1999, Commission A in the 1990 Order included decommissioning costs in the Taxpayer's cost of service in the amount of \$2,729,282 a year.

For the years 1995 through 1999, Commission B in the 1991 Order included decommissioning costs in the Taxpayer's cost of service under the Commission B Wholesale Sales in the amount of \$63,912 a year. For the year 1995, decommissioning costs are included under the Commission B Power Sales in the amount of \$49,458 and under the Commission B 1995 Tariff in the amount of \$236,587. For the years 1996 through 1999, decommissioning costs are included under the Commission B 1995 Tariff in the amount of \$377,093 a year.

Contrary to the required information under section 1.468A-3(h)(2)(vi)(B)(5), (6), (7), and (8) of the regulations, the Commissions have not stated the estimated total cost of decommissioning the Plant in future dollars; the estimated cost of decommissioning expressed in future dollars for each taxable year beginning in the estimated year in which substantial decommissioning costs will first be incurred and ending with the estimated year decommissioning will be substantially complete; the methodology used in converting the estimated cost of decommissioning expressed in current dollars to future dollars; and the assumed after-tax rate of return to be earned on the Fund assets. Instead, the Commissions use a methodology for decommissioning the Plant that is based solely on the current cost of decommissioning. This method is referred to as the Constant Current Accrual Method (the "Method"). Under the Method, there are no estimates made as to future inflation rates, future costs or (except for relatively short periods set at 7.0 percent) future interest rates.

The current cost of decommissioning the Plant is based upon a detailed engineering study prepared by the Firm that reflects the cost of decommissioning the Plant currently. This study is updated periodically. In the interim, the current

decommissioning costs are redetermined by applying a series of inflation indices intended to measure the cost increase within each of the various components of decommissioning. The Taxpayer claims that this is the most conservative approach to funding the future cost of decommissioning because it is based on actual facts that are known rather than on future earnings and the growth of costs.

The method of decommissioning the Plant is the immediate dismantling method. The estimated year in which substantial decommissioning costs will first be incurred is the year 2013. The estimated year in which the decommissioning of the Plant will be substantially completed is the year 2017. The estimated date in which the Plant will no longer be included in the Taxpayer's rate base for ratemaking purposes, as determined by the Commissions in establishing or approving rates during the first ratemaking proceed in which the Plant was included in the Taxpayer's rate base, is 2008.

For Commission A and Commission B Power Sales, the total estimated cost of decommissioning the Plant is \$183,621,000 (in 1990 dollars). For Commission B Wholesale Sales, the total estimated cost of decommissioning the Plant is \$203,214,000 (in 1991 dollars). For the Commission B 1995 Tariff, the total estimated cost of decommissioning the Plant is \$184,066,750 (the weighted average between \$183,621,000 and \$203,214,000). As of January 1, 1995, the asset balance of the Fund was \$20,871,715.

The funding period and funding limitation period began on January 1, 1984 and ends on December 31, 2013. The estimated period for which the Fund is to be in effect is 25 years (1984 through 2008) and the estimated useful life of the Plant is 35 years (1974 through 2008). Thus, the Taxpayer has calculated the qualifying percentage to be 71.43 percent.

Under the Method, the Taxpayer determines the current portion of the Taxpayer's cost of decommissioning the Plant. The cost is the product of the qualifying percentage and the total current decommissioning cost for the Plant. In order to determine the amount of any "underfunding," the Taxpayer subtracts the actual amount accumulated in the Fund from the amount that should be in the Fund. If "underfunding" occurs, the amount of the "underfunding" would be amortized over the same period approved by the Commissions. Thus, in determining the amount of the schedule of ruling amounts under the Method for the Taxpayer's 1995 through 1999 tax years, the following formula was used:

$$\frac{(TC \times QP)}{A} + \frac{(TC \times QP) \times B - QB}{A \times C}$$

Where:

- QB = balance in the Fund,
- QP = qualifying percentage,
- TC = the Taxpayer's share of the total cost to decommission currently,
- A = total number of years for the Taxpayer's collection of decommissioning costs,
- B = total number of years since the Taxpayer first began collecting decommissioning costs, and
- C = total number of years remaining for the Taxpayer's collection of decommissioning costs.

Because the effective date of the Commission B 1995 Tariff does not correspond to the beginning or end of a taxable year, computations under the formula for 1995 require the use of a weighted average. Although the Method and resulting formula would allow the Taxpayer to recompute the ruling amount each year, the Taxpayer represents that it only will perform the computation when either of the Commissions adjusts the amount of decommissioning costs included in the Taxpayer's cost of service for ratemaking purposes through a base rate proceeding. Thus, the Taxpayer requests specified dollar ruling amounts for the Commissions and is limiting its request to a 5-year period.

Section 468A of the Code provides that a taxpayer may elect to deduct the amount of payments made to a qualified nuclear decommissioning fund. However, section 468A(b) limits the amount paid into the fund for any taxable year to the lesser of the amount of nuclear decommissioning costs allocable to the fund that is included in the taxpayer's cost of service for ratemaking purposes for the taxable year or the ruling amount applicable to that year.

Section 468A(d)(1) of the Code provides that no deduction shall be allowed for any payment to the nuclear decommissioning fund unless the taxpayer requests and receives from the Secretary a schedule of ruling amounts. The "ruling amount" for any taxable year is defined under section 468A(d)(2) as the amount which the Secretary determines to be necessary to fund that

portion of nuclear decommissioning costs which bears the same ratio to the nuclear power plant as the period for which the fund is in effect bears to the estimated useful life of the plant. This term is further defined to include the amount necessary to prevent excessive funding of nuclear decommissioning costs or funding of these costs at a rate more rapid than level funding, taking into account such discount rates as the Secretary deems appropriate.

Section 468A(g) of the Code provides that a taxpayer shall be deemed to have made a payment to the nuclear decommissioning fund on the last day of the taxable year if the payment is made on account of the taxable year within $2\frac{1}{2}$ months after the close of the taxable year.

Section 1.468A-1(a) of the regulations provides, in part, that an eligible taxpayer may elect to deduct nuclear decommissioning costs under section 468A of the Code. An "eligible taxpayer," as defined under section 1.468A-1(b)(1), is a taxpayer that has a qualifying interest in a nuclear power plant. As defined under section 1.468A-1(b)(2), a "qualifying interest" is, among other things, a direct ownership interest, including an interest held as a tenant in common or joint tenant.

Section 1.468A-2(b)(1) of the regulations provides, in part, that the maximum amount of cash payments made (or deemed made) to a nuclear decommissioning fund during any taxable year shall not exceed the lesser of (i) the cost of service amount applicable to the nuclear decommissioning fund for such taxable year; (ii) or the ruling amount applicable to the nuclear decommissioning fund for such taxable year.

Section 1.468A-3(a)(1) of the regulations generally provides, in part, that a schedule of ruling amounts for a nuclear decommissioning fund is a ruling specifying annual payments that, over the taxable years remaining in the "funding period" as of the date the schedule first applies, will result in a projected balance of the nuclear decommissioning fund as of the last day of the funding period equal to (and in no event more than) the "amount of decommissioning costs allocable to the fund."

Section 1.468A-3(a)(2) of the regulations provides that, to the extent consistent with the principles and provisions of section 1.468A-3, each schedule of ruling amounts shall be based on the reasonable assumptions and determinations used by the applicable public utility commission(s) in establishing or approving the amount of decommissioning costs to be included in the cost of service for ratemaking purposes, taking into account amounts that are otherwise required to be included in the taxpayer's income under section 38 of the Code and the

regulations thereunder. Thus, for example, each schedule of ruling amounts shall be based on the public utility commission's reasonable assumptions concerning (i) the after-tax rate of return to be earned by the amounts collected for decommissioning; (ii) the total estimated cost of decommissioning the nuclear power plant; and (iii) the frequency of contributions to the nuclear decommissioning fund for a taxable year.

Under section 1.468A-3(a)(3) of the regulations, the Internal Revenue Service shall provide a schedule of ruling amounts that is identical to the schedule proposed by the taxpayer, but no such schedule shall be provided unless the taxpayer's proposed schedule is consistent with the principles and provisions of section 1.468A-3.

Section 1.468A-3(a)(4) of the regulations provides that if, in establishing or approving the amount of decommissioning costs to be included in cost of service for ratemaking purposes, the applicable public utility commission uses an estimated cost of decommissioning that is based on price levels in effect at the time of the ratemaking proceeding (*i.e.*, the public utility commission does not estimate the cost of decommissioning in future dollars), the Service may, in its discretion, provide a formula or method for determining a schedule of ruling amounts (rather than a schedule specifying a dollar amount for each taxable year) that is consistent with the principles and provisions of section 1.468A-3.

Section 1.468A-3(b)(1) of the regulations provides that the ruling amount, specified in a schedule of ruling amounts, for any taxable year in the level funding limitation period shall not be less than the ruling amount specified in such schedule for any earlier taxable year. Under section 1.468A-3(b)(2)(i) and (ii), the level funding limitation period begins on the first day of the first taxable year for which a deductible payment is made to the nuclear decommissioning fund and ends on the last day of the taxable year that includes the estimated date on which the nuclear power plant will no longer be included in the taxpayer's rate base for ratemaking purposes.

Section 1.468A-3(c)(1)(i) and (ii) of the regulations provides that the funding period for a nuclear decommissioning fund is the period that begins on the first day of the first taxable year for which a deductible payment is made (or deemed to be made) to such nuclear decommissioning fund and ends the later of the last day of the taxable year that includes the estimated date on which decommissioning costs of the nuclear power plant to which the nuclear decommissioning fund relates will no longer be included in the taxpayer's cost of service for ratemaking purposes; or the last day of the taxable year that includes the estimated date on which the nuclear power plant to which the

nuclear decommissioning fund relates will no longer be included in the taxpayer's rate base for ratemaking purposes.

Section 1.468A-3(d)(1) of the regulations provides that the amount of decommissioning costs allocable to a nuclear decommissioning fund is the taxpayer's share of the total estimated cost of decommissioning the nuclear power plant multiplied by the qualifying percentage.

Section 1.468A-3(d)(2)(i) of the regulations provides, in part, that the total estimated cost of decommissioning a nuclear power plant is the reasonably estimated cost of decommissioning used by the applicable public utility commission in establishing or approving the amount of these costs, to be included in cost of service for ratemaking purposes.

Section 1.468A-3(d)(3) of the regulations provides that a taxpayer's share of the total estimated cost of decommissioning a nuclear power plant equals the total estimated cost of decommissioning the plant multiplied by the taxpayer's qualifying interest in the plant.

Section 1.468A-3(d)(4)(i) of the regulations provides that the qualifying percentage for any nuclear decommissioning fund is equal to the fraction, the numerator of which is the number of taxable years in the estimated period for which the nuclear decommissioning fund is to be in effect and the denominator of which is the number of taxable years in the estimated useful life of the applicable nuclear power plant.

Under section 1.468A-3(d)(4)(ii) of the regulations, the estimated period for which a nuclear decommissioning fund is to be in effect (A) begins on the later of the first day of the first taxable year for which a deductible payment is made to the nuclear decommissioning fund or the first day of the taxable year that includes the date that the nuclear power plant begins commercial operations; and (B) ends on the last day of the taxable year that includes the estimated date on which the nuclear power plant to which the nuclear decommissioning fund relates will no longer be included in the taxpayer's rate base for ratemaking purposes. Likewise, under section 1.468A-3(d)(4)(iii), the estimated useful life of a nuclear power plant (A) begins on the first day of the taxable year that includes the date that the plant begins commercial operations; and (B) ends on the last day of the taxable year that includes the estimated date on which the nuclear power plant will no longer be included in the taxpayer's rate base for ratemaking purposes.

Section 1.468A-3(e)(3) of the regulations provides that, for purposes of section 1.468A-3(d)(4)(ii) and (iii), the estimated

date on which the nuclear power plant to which the nuclear decommissioning fund relates will no longer be included in the taxpayer's rate base for ratemaking purposes is determined under the ratemaking assumptions used by the applicable public utility commission in establishing or approving rates during the first ratemaking proceeding in which the nuclear power plant was included in the taxpayer's rate base.

Section 1.468A-3(f)(1) of the regulations provides that if two or more public utility commissions establish or approve rates for electric energy generated by a single nuclear power plant, then the schedule of ruling amounts shall be separately determined pursuant to the rules of sections 1.468A-3(a) through (e) for each public utility commission that has determined the amount of decommissioning costs to be included in the cost of service for ratemaking purposes for this plant. Under section 1.468A-3(f)(2), this separate determination shall be based on the reasonable assumptions and determinations used by the relevant public utility commission and shall take into account only that portion of the total estimated cost of decommissioning that is properly allocable to the ratepayer whose rates are established or approved by the public utility commission. According to section 1.468A-3(f)(3), the ruling amounts for any tax year is the sum of the ruling amounts for such tax year determined under the separate schedules of ruling amounts.

Section 1.468A-3(g) of the regulations provides that the Service shall not provide a taxpayer with a schedule of ruling amounts for any nuclear decommissioning fund unless the public utility commission that establishes or approves the rates for electric energy generated by the plant to which the nuclear decommissioning fund relates has (1) determined the amount of decommissioning costs to be included in the taxpayer's cost of service for ratemaking purposes; and (2) has disclosed the after-tax rate of return and any other assumptions and determinations used in establishing or approving the amount.

Section 1.468A-3(h)(2) of the regulations enumerates the information required to be submitted by a taxpayer in order to receive a ruling amount for any taxable year.

Under section 1.468A-3(i)(1)(ii)(A) of the regulations, any taxpayer that has obtained a formula or method for determining a schedule of ruling amounts for any taxable year under section 1.468A-3(a)(4) (which applies when a public utility commission estimates decommissioning costs in current dollars) must file a request for a revised schedule of ruling amounts on or before the deemed payment deadline for its fifth taxable year that begins after its taxable year in which the most recent formula or method was received.

Section 1.468A-3(i)(1)(iii) of the regulations provides that a taxpayer is required to request a revised schedule of ruling amounts for a nuclear decommissioning fund if (A) any public utility commission that establishes or approves rates for the furnishing or sale of electric energy generated by a nuclear power plant to which the nuclear decommissioning fund relates (1) increases the proposed period over which decommissioning costs of the nuclear power plant will be included in cost of service for ratemaking purposes; (2) adjusts the estimated date on which the nuclear power plant will no longer be included in the taxpayer's rate base for ratemaking purposes; or (3) reduces the amount of decommissioning costs to be included in cost of service for any taxable year; and (B) the taxpayer's most recent request for a schedule of ruling amounts did not provide notice to the Service of the action by the public utility commission.

Section 1.468A-3(i)(2) of the regulations provides that any taxpayer that has obtained a schedule of ruling amounts pursuant to section 1.468A-3(h) can request a revised schedule of ruling amounts. Such a request must be made in accordance with the rules of section 1.468A-3(h); thus, the Service shall not provide a revised ruling amount applicable to a taxable year in response to a request for a schedule of ruling amounts that is filed after the deemed payment deadline date for such taxable year.

Section 1.468A-7(a) of the regulations provides, in general, that an eligible taxpayer is allowed a deduction for the taxable year in which the taxpayer makes a cash payment (or is deemed to make a cash payment) to a nuclear decommissioning fund only if the taxpayer elects the application of section 468A of the Code. A separate election is required for each nuclear decommissioning fund and for each taxable year with respect to which payments are to be deducted under section 468A. In the case of an affiliated group of corporations that join in filing a consolidated return for a taxable year, the common parent must make a separate election on behalf of each member whose payments to a nuclear decommissioning fund during such taxable year are to be deducted under section 468A. The election under section 468A for any taxable year is irrevocable and must be made by attaching a statement ("Election Statement") and a copy of the schedule of ruling amounts provided pursuant to the rules of section 1.468A-3 to the taxpayer's federal income tax return (or, in the case of an affiliated group of corporations that join in filing a consolidated return, the consolidated return) for such taxable year. The return to which the Election Statement and a copy of the schedule of ruling amounts is attached must be filed on or before the time prescribed by law (including extensions) for filing the return for the taxable year with respect to which payments are to be deducted under section 468A.

We have examined the representations and information submitted by the Taxpayer in relation to the requirements set forth in the section 468A of the Code and the regulations thereunder. Based solely on these representations, we reach the following conclusions:

1. The Taxpayer has a qualifying interest in the Plant and is, therefore, an eligible taxpayer under section 1.468A-1(b) of the regulations.
2. The Commissions have determined the amount of decommissioning costs to be included in the Taxpayer's cost of service for ratemaking purposes as required by section 1.468A-3(g) of the regulations.
3. The Taxpayer has calculated the shares of the total decommissioning costs allocable to each of the Commissions, as required by section 1.468A-3(f)(2) of the regulations.
4. We are exercising our discretion under section 1.468A-3(a)(4) of the regulations by allowing the Taxpayer to use a formula for determining the 5-year schedule of ruling amounts. The approved formula is shown and explained on page 5 of this ruling and the resulting schedule of ruling amounts is shown below.
5. The maximum amount of cash payments made (or deemed made) to the Fund during any tax year is restricted to the lesser amount of the decommissioning costs applicable to such Fund or the ruling applicable to this Fund, as set forth under section 1.468A-(2)(b)(1) of the regulations.
6. The qualifying percentage under section 1.468A-3(d)(4) of the regulations is calculated to be 71.43 percent.

Based on the above determinations, we conclude that the Taxpayer's proposed schedule of ruling amounts satisfies the requirements of section 468A of the Code. The following schedule of ruling amounts is specifically approved for the Commissions:

APPROVED REVISED SCHEDULE OF RULING AMOUNTS
TAXABLE YEARS 1995 THROUGH 1999

| <u>YEAR</u> | <u>COMMISSION A</u> | <u>COMMISSION B WHOLESALE SALES</u> | <u>COMMISSION B POWER SALES</u> | <u>COMMISSION B 1995 TARIFF</u> | <u>TOTAL</u> |
|--------------------------------------|---------------------|---|-------------------------------------|-------------------------------------|--------------|
| 1995 | \$1,922,585 | \$51,073 | \$34,840 | \$148,832 | \$2,157,330 |
| EACH YEAR 1996 THROUGH 1999 | \$1,922,585 | \$51,073 | -0- | \$237,221 | \$2,210,879 |

In exercising our discretion under section 1.468A-3(a)(4) of the regulations, the approved schedule of ruling amounts is being limited to a 5-year period under section 1.468A-3(i)(1)(ii)(A). Moreover, approval of the schedule of ruling amounts is contingent on there being no change in the facts and circumstances, known or assumed, at the time this ruling is issued. If any of the events described in section 1.468A-3(i)(1)(iii) occur in future years, the Taxpayer must request a review and revision of the schedule of ruling amounts. Under section 1.468A-3(i)(1)(iv), the Taxpayer is required to file such a request on or before the deemed payment deadline date for the first taxable year in which the rates reflecting such action became effective.

The approved schedule of ruling amounts is relevant only to those payments made to the Fund. Payments allocable to any funds other than the Fund cannot qualify for purposes of the deduction under the provisions of section 468A of the Code. As stated above, payments made to the Fund can qualify only to the extent that they do not exceed the lesser of the decommissioning costs applicable to the Fund or the ruling amounts applicable to the Fund in the taxable year.

Except as specifically set forth above, no opinion is expressed concerning the federal income tax consequences of the above described facts under any other provision of the Code or regulations. This letter ruling is directed only to the taxpayer who requested it. Section 6110(j)(3) of the Code provides that this ruling may not be used or cited as precedent.

In accordance with the power of attorney on file, a copy of this letter is being sent to your authorized legal representative. Pursuant to section 1.468A-7(a) of the regulations, a copy of this letter must be attached (with the required Election Statement) to the Taxpayer's federal income tax

return for each taxable year in which the Taxpayer claims a deduction for payments made to the Fund.

Sincerely yours,

Charles B. Ramsey/CR

CHARLES B. RAMSEY
Chief, Branch 6
Office of the Assistant
Chief Counsel
(Passthroughs and Special
Industries)

Enclosure:
6110 copy

PECO ENERGY COMPANY

I.D. No: 23-0970240

1995 Election Under Section 468A

Peach Bottom Atomic Power Station - Unit 3

PECO Energy Company, EIN #23-0970240, located at 2301 Market Street, Philadelphia, PA 19101, hereby makes an election under Code Section 468A pursuant to Treasury Regulation 1.468A-7 for the taxable year 1995.

The election is made with respect to Unit 3 of the Peach Bottom Atomic Power Station located at R.D. #1, Delta, PA 17314. The employer identification number for the Peach Bottom 3 Nuclear Decommissioning Fund is 23-6919894.

There were no actual cash payments made to the Nuclear Decommissioning Fund during the taxable year that were not treated as deemed cash payments under Treasury Regulation 1.468A-2(c)(1). The total amount of cash payments deemed made to the Nuclear Decommissioning Fund under Treasury Regulation 1.468A-2(c)(1) for 1995 is \$2,158,452. The cost of service amount for the taxable year 1995 is \$3,077,148.

Attached is a schedule for Ruling amounts obtained by the PECO Energy Company with respect to Unit 3 of the Peach Bottom Atomic Power Station.

s:\wp51\fitrtn95\election\468apbs3.doc

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Patricia M. Healy
Gerald P. Farano
Reid & Priest
701 Pennsylvania Ave., NW.
Washington, D.C. 20004

Person to Contact:
Paul Handleman
Telephone Number:
(202) 622-3110
Refer Reply To:
CC:DOM:P&SI:6 - TR-31-02634-95
Date: MAR 5 1995

In Re: PECO Energy Company
Revised Schedule of Ruling Amounts for
Peach Bottom Atomic Generating Station, Unit 3

Dear Ms. Healy and Mr. Farano:

The enclosed copy of a letter is sent to you under the provisions of a power of attorney currently on file with the Internal Revenue Service.

Sincerely yours,


CHARLES B. RAMSEY
Chief, Branch 6
Office of the Assistant
Chief Counsel
(Passthroughs and Special
Industries)

Enclosure:
Copy of Letter

Letter 1690 (Rev. 10-90)

Internal Revenue Service

Department of the Treasury

Index Number: 468A.04-02

P.O. Box 7604
Ben Franklin Station
Washington, DC 20044

Person to Contact:

J. Barry Mitchell
Vice President, Finance
and Treasurer
PECO Energy Company
2301 Market Street
Philadelphia, PA 19101

Paul Handleman
Telephone Number:

(202) 622-3110
Refer Reply to:

CC:DOM:P&SI:6 -- TR-31-02634-95
Date:

MAR 5 1996

In re: Revised Schedule of Ruling Amounts
Peach Bottom Atomic Generating Station, Unit 3

Legend:

*This document may not be used or cited as precedent
Section 6110 (j) (3) of the Internal Revenue Code.*

- Taxpayer = PECO Energy Company
E.I.N.: 23-0970240
- Plant = Peach Bottom Atomic Generating Station,
Unit 3
- Location = Delta, Pennsylvania
- Commission A = Pennsylvania Public Utility Commission
- Commission B = Federal Energy Regulatory Commission
- State X = Pennsylvania
- Firm = NUS Corporation
Gaithersburg, Maryland
- District = Philadelphia, Pennsylvania

Dear Mr. Mitchell:

This letter responds to your request dated November 17, 1995, and additional correspondence, that was submitted by your authorized legal representative on behalf of the Taxpayer. The request is for a revised schedule of ruling amounts under the mandatory review requirement of section 1.468A-3(i)(1)(ii)(A) of the Income Tax Regulations for the Taxpayer's nuclear decommissioning fund (the "Fund") under the jurisdiction of Commission A and Commission B (the "Commissions"). The required information for the schedule of ruling amounts was submitted on behalf of the Taxpayer pursuant to section 1.468A-3(h)(2).

The Taxpayer has represented the following facts and information:

The Taxpayer is incorporated in State X and is an operating utility providing electric and gas service in State X. The Taxpayer is subject to the audit jurisdiction of the District. The Taxpayer owns a 42.49 percent undivided interest as a tenant-in-common in the Plant, which is situated at Location. The Plant began commercial operations in 1974 and the Plant's operating license issued by the Nuclear Regulatory Commission expires at midnight on July 2, 2014.

Commission A, in Docket No. R-891364, effective April 19, 1990 (the "1990 Order"), approved the amount of decommissioning costs included in the Taxpayer's cost of service for ratemaking purposes for electrical energy sales to State X customers. Commission A reviewed the components of the Taxpayer's cost of service, including the portion allocated to Commission B. In the 1990 Order, the jurisdictional percentages were allocated to Commission A in the amount of 93.822 percent of total electrical energy sales and to Commission B in the amount of 6.178 percent of total electrical energy sales for a total of 100 percent. The Commission B jurisdiction was further divided such that 4.563 percent was allocable to Commission B Power Sales and 1.615 percent was allocable to Commission B Wholesale Sales.

Commission B, in Docket No. ER91-478-000, effective October 1, 1991 (the "1991 Order"), increased the jurisdictional percentage allocated to Commission B Wholesale Sales to 2.1163 percent. Effective May 16, 1995, in Docket No. ER95-770-000, Commission B accepted an electric tariff (the "1995 Tariff") allowing the Taxpayer to enter into separate power sales agreements. The jurisdictional percentage allocated to Commission B Power Sales under the 1995 Tariff is 12.888 percent. Approval of these jurisdictional percentages is granted notwithstanding that the sum of the percentages for the

Commissions exceeds 100 percent. Approval is granted based on the Taxpayer's representation that this excess is due to difference in the timing and procedures of the Commission A and Commission B rate cases.

On August 28, 1991, the Internal Revenue Service last approved a formula under section 1.468A-3(a)(4) of the regulations for determining the Taxpayer's revised schedule of ruling amounts. In exercising our discretion under section 1.468A-3(a)(4), the revised schedule of ruling amounts was limited to a 5-year period under section 1.468A-3(i)(1)(ii)(A). Thus, the Taxpayer requests a new revised schedule of ruling amounts.

For the years 1995 through 1999, Commission A in the 1990 Order included decommissioning costs in the Taxpayer's cost of service in the amount of \$2,727,406 a year.

For the years 1995 through 1999, Commission B in the 1991 Order included decommissioning costs in the Taxpayer's cost of service under the Commission B Wholesale Sales in the amount of \$63,891 a year. For the year 1995, decommissioning costs are included under the Commission B Power Sales in the amount of \$49,424 and under the Commission B 1995 Tariff in the amount of \$236,427. For the years 1996 through 1999, decommissioning costs are included under the Commission B 1995 Tariff in the amount of \$376,838 a year.

Contrary to the required information under section 1.468A-3(h)(2)(vi)(B)(5), (6), (7), and (8) of the regulations, the Commissions have not stated the estimated total cost of decommissioning the Plant in future dollars; the estimated cost of decommissioning expressed in future dollars for each taxable year beginning in the estimated year in which substantial decommissioning costs will first be incurred and ending with the estimated year decommissioning will be substantially complete; the methodology used in converting the estimated cost of decommissioning expressed in current dollars to future dollars; and the assumed after-tax rate of return to be earned on the Fund assets. Instead, the Commissions use a methodology for decommissioning the Plant that is based solely on the current cost of decommissioning. This method is referred to as the Constant Current Accrual Method (the "Method"). Under the Method, there are no estimates made as to future inflation rates, future costs or (except for relatively short periods set at 7.0 percent) future interest rates.

The current cost of decommissioning the Plant is based upon a detailed engineering study prepared by the Firm that reflects the cost of decommissioning the Plant currently. This study is updated periodically. In the interim, the current

decommissioning costs are redetermined by applying a series of inflation indices intended to measure the cost increase within each of the various components of decommissioning. The Taxpayer claims that this is the most conservative approach to funding the future cost of decommissioning because it is based on actual facts that are known rather than on future earnings and the growth of costs.

The method of decommissioning the Plant is the immediate dismantling method. The estimated year in which substantial decommissioning costs will first be incurred is the year 2013. The estimated year in which the decommissioning of the Plant will be substantially completed is the year 2017. The estimated date in which the Plant will no longer be included in the Taxpayer's rate base for ratemaking purposes, as determined by the Commissions in establishing or approving rates during the first ratemaking proceed in which the Plant was included in the Taxpayer's rate base, is 2008.

For Commission A and Commission B Power Sales, the total estimated cost of decommissioning the Plant is \$183,621,000 (in 1990 dollars). For Commission B Wholesale Sales, the total estimated cost of decommissioning the Plant is \$203,214,000 (in 1991 dollars). For the Commission B 1995 Tariff, the total estimated cost of decommissioning the Plant is \$184,066,750 (the weighted average between \$183,621,000 and \$203,214,000). As of January 1, 1995, the asset balance of the Fund was \$20,792,495.

The funding period and funding limitation period began on January 1, 1984 and ends on December 31, 2013. The estimated period for which the Fund is to be in effect is 25 years (1984 through 2008) and the estimated useful life of the Plant is 35 years (1974 through 2008). Thus, the Taxpayer has calculated the qualifying percentage to be 71.43 percent.

Under the Method, the Taxpayer determines the current portion of the Taxpayer's cost of decommissioning the Plant. The cost is the product of the qualifying percentage and the total current decommissioning cost for the Plant. In order to determine the amount of any "underfunding," the Taxpayer subtracts the actual amount accumulated in the Fund from the amount that should be in the Fund. If "underfunding" occurs, the amount of the "underfunding" would be amortized over the same period approved by the Commissions. Thus, in determining the amount of the schedule of ruling amounts under the Method for the Taxpayer's 1995 through 1999 tax years, the following formula was used:

$$\frac{(TC \times QP)}{A} + \frac{(TC \times QP) \times B - QB}{C}$$

Where:

- QB = balance in the Fund,
- QP = qualifying percentage,
- TC = the Taxpayer's share of the total cost to decommission currently,
- A = total number of years for the Taxpayer's collection of decommissioning costs,
- B = total number of years since the Taxpayer first began collecting decommissioning costs, and
- C = total number of years remaining for the Taxpayer's collection of decommissioning costs.

Because the effective date of the Commission B 1995 Tariff does not correspond to the beginning or end of a taxable year, computations under the formula for 1995 require the use of a weighted average. Although the Method and resulting formula would allow the Taxpayer to recompute the ruling amount each year, the Taxpayer represents that it only will perform the computation when either of the Commissions adjusts the amount of decommissioning costs included in the Taxpayer's cost of service for ratemaking purposes through a base rate proceeding. Thus, the Taxpayer requests specified dollar ruling amounts for the Commissions and is limiting its request to a 5-year period.

Section 468A of the Code provides that a taxpayer may elect to deduct the amount of payments made to a qualified nuclear decommissioning fund. However, section 468A(b) limits the amount paid into the fund for any taxable year to the lesser of the amount of nuclear decommissioning costs allocable to the fund that is included in the taxpayer's cost of service for ratemaking purposes for the taxable year or the ruling amount applicable to that year.

Section 468A(d)(1) of the Code provides that no deduction shall be allowed for any payment to the nuclear decommissioning fund unless the taxpayer requests and receives from the Secretary a schedule of ruling amounts. The "ruling amount" for any taxable year is defined under section 468A(d)(2) as the amount which the Secretary determines to be necessary to fund that

portion of nuclear decommissioning costs which bears the same ratio to the nuclear power plant as the period for which the fund is in effect bears to the estimated useful life of the plant. This term is further defined to include the amount necessary to prevent excessive funding of nuclear decommissioning costs or funding of these costs at a rate more rapid than level funding, taking into account such discount rates as the Secretary deems appropriate.

Section 468A(g) of the Code provides that a taxpayer shall be deemed to have made a payment to the nuclear decommissioning fund on the last day of the taxable year if the payment is made on account of the taxable year within 2½ months after the close of the taxable year.

Section 1.468A-1(a) of the regulations provides, in part, that an eligible taxpayer may elect to deduct nuclear decommissioning costs under section 468A of the Code. An "eligible taxpayer," as defined under section 1.468A-1(b)(1), is a taxpayer that has a qualifying interest in a nuclear power plant. As defined under section 1.468A-1(b)(2), a "qualifying interest" is, among other things, a direct ownership interest, including an interest held as a tenant in common or joint tenant.

Section 1.468A-2(b)(1) of the regulations provides, in part, that the maximum amount of cash payments made (or deemed made) to a nuclear decommissioning fund during any taxable year shall not exceed the lesser of (i) the cost of service amount applicable to the nuclear decommissioning fund for such taxable year; (ii) or the ruling amount applicable to the nuclear decommissioning fund for such taxable year.

Section 1.468A-3(a)(1) of the regulations generally provides, in part, that a schedule of ruling amounts for a nuclear decommissioning fund is a ruling specifying annual payments that, over the taxable years remaining in the "funding period" as of the date the schedule first applies, will result in a projected balance of the nuclear decommissioning fund as of the last day of the funding period equal to (and in no event more than) the "amount of decommissioning costs allocable to the fund."

Section 1.468A-3(a)(2) of the regulations provides that, to the extent consistent with the principles and provisions of section 1.468A-3, each schedule of ruling amounts shall be based on the reasonable assumptions and determinations used by the applicable public utility commission(s) in establishing or approving the amount of decommissioning costs to be included in the cost of service for ratemaking purposes, taking into account amounts that are otherwise required to be included in the taxpayer's income under section 88 of the Code and the

regulations thereunder. Thus, for example, each schedule of ruling amounts shall be based on the public utility commission's reasonable assumptions concerning (i) the after-tax rate of return to be earned by the amounts collected for decommissioning; (ii) the total estimated cost of decommissioning the nuclear power plant; and (iii) the frequency of contributions to the nuclear decommissioning fund for a taxable year.

Under section 1.468A-3(a)(3) of the regulations, the Internal Revenue Service shall provide a schedule of ruling amounts that is identical to the schedule proposed by the taxpayer, but no such schedule shall be provided unless the taxpayer's proposed schedule is consistent with the principles and provisions of section 1.468A-3.

Section 1.468A-3(a)(4) of the regulations provides that if, in establishing or approving the amount of decommissioning costs to be included in cost of service for ratemaking purposes, the applicable public utility commission uses an estimated cost of decommissioning that is based on price levels in effect at the time of the ratemaking proceeding (*i.e.*, the public utility commission does not estimate the cost of decommissioning in future dollars), the Service may, in its discretion, provide a formula or method for determining a schedule of ruling amounts (rather than a schedule specifying a dollar amount for each taxable year) that is consistent with the principles and provisions of section 1.468A-3.

Section 1.468A-3(b)(1) of the regulations provides that the ruling amount, specified in a schedule of ruling amounts, for any taxable year in the level funding limitation period shall not be less than the ruling amount specified in such schedule for any earlier taxable year. Under section 1.468A-3(b)(2)(i) and (ii), the level funding limitation period begins on the first day of the first taxable year for which a deductible payment is made to the nuclear decommissioning fund and ends on the last day of the taxable year that includes the estimated date on which the nuclear power plant will no longer be included in the taxpayer's rate base for ratemaking purposes.

Section 1.468A-3(c)(1)(i) and (ii) of the regulations provides that the funding period for a nuclear decommissioning fund is the period that begins on the first day of the first taxable year for which a deductible payment is made (or deemed to be made) to such nuclear decommissioning fund and ends the later of the last day of the taxable year that includes the estimated date on which decommissioning costs of the nuclear power plant to which the nuclear decommissioning fund relates will no longer be included in the taxpayer's cost of service for ratemaking purposes; or the last day of the taxable year that includes the estimated date on which the nuclear power plant to which the

nuclear decommissioning fund relates will no longer be included in the taxpayer's rate base for ratemaking purposes.

Section 1.468A-3(d)(1) of the regulations provides that the amount of decommissioning costs allocable to a nuclear decommissioning fund is the taxpayer's share of the total estimated cost of decommissioning the nuclear power plant multiplied by the qualifying percentage.

Section 1.468A-3(d)(2)(i) of the regulations provides, in part, that the total estimated cost of decommissioning a nuclear power plant is the reasonably estimated cost of decommissioning used by the applicable public utility commission in establishing or approving the amount of these costs, to be included in cost of service for ratemaking purposes.

Section 1.468A-3(d)(3) of the regulations provides that a taxpayer's share of the total estimated cost of decommissioning a nuclear power plant equals the total estimated cost of decommissioning the plant multiplied by the taxpayer's qualifying interest in the plant.

Section 1.468A-3(d)(4)(i) of the regulations provides that the qualifying percentage for any nuclear decommissioning fund is equal to the fraction, the numerator of which is the number of taxable years in the estimated period for which the nuclear decommissioning fund is to be in effect and the denominator of which is the number of taxable years in the estimated useful life of the applicable nuclear power plant.

Under section 1.468A-3(d)(4)(ii) of the regulations, the estimated period for which a nuclear decommissioning fund is to be in effect (A) begins on the later of the first day of the first taxable year for which a deductible payment is made to the nuclear decommissioning fund or the first day of the taxable year that includes the date that the nuclear power plant begins commercial operations; and (B) ends on the last day of the taxable year that includes the estimated date on which the nuclear power plant to which the nuclear decommissioning fund relates will no longer be included in the taxpayer's rate base for ratemaking purposes. Likewise, under section 1.468A-3(d)(4)(iii), the estimated useful life of a nuclear power plant (A) begins on the first day of the taxable year that includes the date that the plant begins commercial operations; and (B) ends on the last day of the taxable year that includes the estimated date on which the nuclear power plant will no longer be included in the taxpayer's rate base for ratemaking purposes.

Section 1.468A-3(e)(3) of the regulations provides that, for purposes of section 1.468A-3(d)(4)(ii) and (iii), the estimated

date on which the nuclear power plant to which the nuclear decommissioning fund relates will no longer be included in the taxpayer's rate base for ratemaking purposes is determined under the ratemaking assumptions used by the applicable public utility commission in establishing or approving rates during the first ratemaking proceeding in which the nuclear power plant was included in the taxpayer's rate base.

Section 1.468A-3(f)(1) of the regulations provides that if two or more public utility commissions establish or approve rates for electric energy generated by a single nuclear power plant, then the schedule of ruling amounts shall be separately determined pursuant to the rules of sections 1.468A-3(a) through (e) for each public utility commission that has determined the amount of decommissioning costs to be included in the cost of service for ratemaking purposes for this plant. Under section 1.468A-3(f)(2), this separate determination shall be based on the reasonable assumptions and determinations used by the relevant public utility commission and shall take into account only that portion of the total estimated cost of decommissioning that is properly allocable to the ratepayer whose rates are established or approved by the public utility commission. According to section 1.468A-3(f)(3), the ruling amounts for any tax year is the sum of the ruling amounts for such tax year determined under the separate schedules of ruling amounts.

Section 1.468A-3(g) of the regulations provides that the Service shall not provide a taxpayer with a schedule of ruling amounts for any nuclear decommissioning fund unless the public utility commission that establishes or approves the rates for electric energy generated by the plant to which the nuclear decommissioning fund relates has (1) determined the amount of decommissioning costs to be included in the taxpayer's cost of service for ratemaking purposes; and (2) has disclosed the after-tax rate of return and any other assumptions and determinations used in establishing or approving the amount.

Section 1.468A-3(h)(2) of the regulations enumerates the information required to be submitted by a taxpayer in order to receive a ruling amount for any taxable year.

Under section 1.468A-3(i)(1)(ii)(A) of the regulations, any taxpayer that has obtained a formula or method for determining a schedule of ruling amounts for any taxable year under section 1.468A-3(a)(4) (which applies when a public utility commission estimates decommissioning costs in current dollars) must file a request for a revised schedule of ruling amounts on or before the deemed payment deadline for its fifth taxable year that begins after its taxable year in which the most recent formula or method was received.

Section 1.468A-3(i)(1)(iii) of the regulations provides that a taxpayer is required to request a revised schedule of ruling amounts for a nuclear decommissioning fund if (A) any public utility commission that establishes or approves rates for the furnishing or sale of electric energy generated by a nuclear power plant to which the nuclear decommissioning fund relates (1) increases the proposed period over which decommissioning costs of the nuclear power plant will be included in cost of service for ratemaking purposes; (2) adjusts the estimated date on which the nuclear power plant will no longer be included in the taxpayer's rate base for ratemaking purposes; or (3) reduces the amount of decommissioning costs to be included in cost of service for any taxable year; and (B) the taxpayer's most recent request for a schedule of ruling amounts did not provide notice to the Service of the action by the public utility commission.

Section 1.468A-3(i)(2) of the regulations provides that any taxpayer that has obtained a schedule of ruling amounts pursuant to section 1.468A-3(h) can request a revised schedule of ruling amounts. Such a request must be made in accordance with the rules of section 1.468A-3(h); thus, the Service shall not provide a revised ruling amount applicable to a taxable year in response to a request for a schedule of ruling amounts that is filed after the deemed payment deadline date for such taxable year.

Section 1.468A-7(a) of the regulations provides, in general, that an eligible taxpayer is allowed a deduction for the taxable year in which the taxpayer makes a cash payment (or is deemed to make a cash payment) to a nuclear decommissioning fund only if the taxpayer elects the application of section 468A of the Code. A separate election is required for each nuclear decommissioning fund and for each taxable year with respect to which payments are to be deducted under section 468A. In the case of an affiliated group of corporations that join in filing a consolidated return for a taxable year, the common parent must make a separate election on behalf of each member whose payments to a nuclear decommissioning fund during such taxable year are to be deducted under section 468A. The election under section 468A for any taxable year is irrevocable and must be made by attaching a statement ("Election Statement") and a copy of the schedule of ruling amounts provided pursuant to the rules of section 1.468A-3 to the taxpayer's federal income tax return (or, in the case of an affiliated group of corporations that join in filing a consolidated return, the consolidated return) for such taxable year. The return to which the Election Statement and a copy of the schedule of ruling amounts is attached must be filed on or before the time prescribed by law (including extensions) for filing the return for the taxable year with respect to which payments are to be deducted under section 468A.

We have examined the representations and information submitted by the Taxpayer in relation to the requirements set forth in the section 468A of the Code and the regulations thereunder. Based solely on these representations, we reach the following conclusions:

1. The Taxpayer has a qualifying interest in the Plant and is, therefore, an eligible taxpayer under section 1.468A-1(b) of the regulations.
2. The Commissions have determined the amount of decommissioning costs to be included in the Taxpayer's cost of service for ratemaking purposes as required by section 1.468A-3(g) of the regulations.
3. The Taxpayer has calculated the shares of the total decommissioning costs allocable to each of the Commissions, as required by section 1.468A-3(f)(2) of the regulations.
4. We are exercising our discretion under section 1.468A-3(a)(4) of the regulations by allowing the Taxpayer to use a formula for determining the 5-year schedule of ruling amounts. The approved formula is shown and explained on page 5 of this ruling and the resulting schedule of ruling amounts is shown below.
5. The maximum amount of cash payments made (or deemed made) to the Fund during any tax year is restricted to the lesser amount of the decommissioning costs applicable to such Fund or the ruling applicable to this Fund, as set forth under section 1.468A-(2)(b)(1) of the regulations.
6. The qualifying percentage under section 1.468A-3(d)(4) of the regulations is calculated to be 71.43 percent.

Based on the above determinations, we conclude that the Taxpayer's proposed schedule of ruling amounts satisfies the requirements of section 468A of the Code. The following schedule of ruling amounts is specifically approved for the Commissions:

APPROVED REVISED SCHEDULE OF RULING AMOUNTS
TAXABLE YEARS 1995 THROUGH 1999

| YEAR | COMMISSION A | COMMISSION B WHOLESALE SALES | COMMISSION B POWER SALES | COMMISSION B 1995 TARIFF | TOTAL |
|-----------|--------------|---------------------------------|-----------------------------|-----------------------------|-------------|
| 1995 | \$1,923,343 | \$51,086 | \$34,854 | \$149,188 | \$2,158,471 |
| EACH YEAR | | | | | |
| 1996 | | | | | |
| THROUGH | | | | | |
| 1999 | \$1,923,343 | \$51,086 | -0- | \$237,789 | \$2,212,218 |

In exercising our discretion under section 1.468A-3(a)(4) of the regulations, the approved schedule of ruling amounts is being limited to a 5-year period under section 1.468A-3(i)(1)(ii)(A). Moreover, approval of the schedule of ruling amounts is contingent on there being no change in the facts and circumstances, known or assumed, at the time this ruling is issued. If any of the events described in section 1.468A-3(i)(1)(iii) occur in future years, the Taxpayer must request a review and revision of the schedule of ruling amounts. Under section 1.468A-3(i)(1)(iv), the Taxpayer is required to file such a request on or before the deemed payment deadline date for the first taxable year in which the rates reflecting such action became effective.

The approved schedule of ruling amounts is relevant only to those payments made to the Fund. Payments allocable to any funds other than the Fund cannot qualify for purposes of the deduction under the provisions of section 468A of the Code. As stated above, payments made to the Fund can qualify only to the extent that they do not exceed the lesser of the decommissioning costs applicable to the Fund or the ruling amounts applicable to the Fund in the taxable year.

Except as specifically set forth above, no opinion is expressed concerning the federal income tax consequences of the above described facts under any other provision of the Code or regulations. This letter ruling is directed only to the taxpayer who requested it. Section 6110(j)(3) of the Code provides that this ruling may not be used or cited as precedent.

In accordance with the power of attorney on file, a copy of this letter is being sent to your authorized legal representative. Pursuant to section 1.468A-7(a) of the regulations, a copy of this letter must be attached (with the required Election Statement) to the Taxpayer's federal income tax

return for each taxable year in which the Taxpayer claims a deduction for payments made to the Fund.

Sincerely yours,

Charles B. Ramsey/CR
CHARLES B. RAMSEY
Chief, Branch 6
Office of the Assistant
Chief Counsel
(Passthroughs and Special
Industries)

Enclosure:
6110 copy

PECO ENERGY COMPANY

I.D. No: 23-0970240

1995 Election Under Section 468A

Salem Generating Station - Unit 1

PECO Energy Company, EIN #23-0970240, located at 2301 Market Street, Philadelphia, PA 19101, hereby makes an election under Code Section 468A pursuant to Treasury Regulation 1.468A-7 for the taxable year 1995.

The election is made with respect to Unit 1 of the Salem Generating Station located at P.O. Box 236, Hancock's Bridge, NJ 08038. The employer identification number for the Salem 1 Nuclear Decommissioning Fund is 23-6919895.

There were no actual cash payments made to the Nuclear Decommissioning fund during the taxable year that were not treated as deemed cash payments under Treasury Regulation 1.468A-2(c)(1). The total amount of cash payments deemed made to the Nuclear Decommissioning Fund under Treasury Regulation 1.468A-2(c)(1) for 1995 is \$1,594,680. The cost of service amount for the taxable year 1995 is \$2,128,908.

Attached is a schedule of Ruling amounts obtained by the PECO Energy Company with respect to Unit 1 of the Salem Generating Station.

s:\wp51\fitrtn95\election\468Asa11.doc

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Patricia M. Healy
Gerald P. Farano
Reid & Priest
701 Pennsylvania Ave., NW.
Washington, D.C. 20004

Person to Contact:
Paul Handleman
Telephone Number:
(202) 622-3110
Refer Reply To:
CC:DOM:P&SI:6 - TR-31-02629-95
Date:

In Re: PECO Energy Company
Revised Schedule of Ruling Amounts for
Salem Generating Station, Unit 1

Dear Ms. Healy and Mr. Farano:

The enclosed copy of a letter is sent to you under the provisions of a power of attorney currently on file with the Internal Revenue Service.

Sincerely yours,

Charles B. Ramsey/WR
CHARLES B. RAMSEY
Chief, Branch 6
Office of the Assistant
Chief Counsel
(Passthroughs and Special
Industries)

Enclosure:
Copy of Letter

Letter 1690 (Rev. 10-90)

Internal Revenue Service

Department of the Treasury

Index Number: 468A.04-02

P.O. Box 7604
Ben Franklin Station
Washington, DC 20044

J. Barry Mitchell
Vice President, Finance
and Treasurer
PECO Energy Company
2301 Market Street
Philadelphia, PA 19101

Person to Contact:

Paul Handlenan
Telephone Number:

(202) 622-3110
Refer Reply to:

CC:DOM:P&SI:6 -- TR-31-02629-95
Date:

FEB 27 1996

In re: Revised Schedule of Ruling Amounts
Salem Generating Station, Unit 1

Legend:

*"This document may not be used or cited as precedent
Section 6110 (j) (3) of the Internal Revenue Code."*

- Taxpayer = PECO Energy Company
E.I.N.: 23-0970240
- Plant = Salem Generating Station, Unit 1
- Location = Hancock's Bridge, New Jersey
- Commission A = Pennsylvania Public Utility Commission
- Commission B = Federal Energy Regulatory Commission
- State X = Pennsylvania
- Firm = NUS Corporation
Gaitherburg, Maryland
- District = Philadelphia, Pennsylvania

Dear Mr. Mitchell:

This letter responds to your request dated November 17, 1995, and additional correspondence, that was submitted by your authorized legal representative on behalf of the Taxpayer. The request is for a revised schedule of ruling amounts under the mandatory review requirement of section 1.468A-3(i)(1)(ii)(A) of the Income Tax Regulations for the Taxpayer's nuclear decommissioning fund (the "Fund") under the jurisdiction of Commission A and Commission B (the "Commissions"). The required information for the schedule of ruling amounts was submitted on behalf of the Taxpayer pursuant to section 1.468A-3(h)(2).

The Taxpayer has represented the following facts and information:

The Taxpayer is incorporated in State X and is an operating utility providing electric and gas service in State X. The Taxpayer is subject to the audit jurisdiction of the District. The Taxpayer owns a 42.59 percent undivided interest as a tenant-in-common in the Plant, which is situated at Location. The Plant began commercial operations in 1977 and the Plant's operating license issued by the Nuclear Regulatory Commission expires at midnight on August 13, 2016.

Commission A, in Docket No. R-891364, effective April 19, 1990 (the "1990 Order"), approved the amount of decommissioning costs included in the Taxpayer's cost of service for ratemaking purposes for electrical energy sales to State X customers. Commission A reviewed the components of the Taxpayer's cost of service, including the portion allocated to Commission B. In the 1990 Order, the jurisdictional percentages were allocated to Commission A in the amount of 93.822 percent of total electrical energy sales and to Commission B in the amount of 6.178 percent of total electrical energy sales for a total of 100 percent. The Commission B jurisdiction was further divided such that 4.563 percent was allocable to Commission B Power Sales and 1.615 percent was allocable to Commission B Wholesale Sales.

Commission B, in Docket No. ER91-478-000, effective October 1, 1991 (the "1991 Order"), increased the jurisdictional percentage allocated to Commission B Wholesale Sales to 2.1163 percent. Effective May 16, 1995, in Docket No. ER95-770-000, Commission B accepted an electric tariff (the "1995 Tariff") allowing the Taxpayer to enter into separate power sales agreements. The jurisdictional percentage allocated to Commission B Power Sales under the 1995 Tariff is 12.888 percent. Approval of these jurisdictional percentages is granted notwithstanding that the sum of the percentages for the

Commissions exceeds 100 percent. Approval is granted based on the Taxpayer's representation that this excess is due to difference in the timing and procedures of the Commission A and Commission B rate cases.

On August 28, 1991, the Internal Revenue Service last approved a formula under section 1.468A-3(a)(4) of the regulations for determining the Taxpayer's revised schedule of ruling amounts. In exercising our discretion under section 1.468A-3(a)(4), the revised schedule of ruling amounts was limited to a 5-year period under section 1.468A-3(i)(1)(ii)(A). Thus, the Taxpayer requests a new revised schedule of ruling amounts.

For the years 1995 through 1999, Commission A in the 1990 Order included decommissioning costs in the Taxpayer's cost of service in the amount of \$1,888,637 a year.

For the years 1995 through 1999, Commission B in the 1991 Order included decommissioning costs in the Taxpayer's cost of service under the Commission B Wholesale Sales in the amount of \$42,474 a year. For the year 1995, decommissioning costs are included under the Commission B Power Sales in the amount of \$34,225 and under the Commission B 1995 Tariff in the amount of \$163,575. For the years 1996 through 1999, decommissioning costs are included under the Commission B 1995 Tariff in the amount of \$260,721 a year.

Contrary to the required information under section 1.468A-3(h)(2)(vi)(B)(5), (6), (7), and (8) of the regulations, the Commissions have not stated the estimated total cost of decommissioning the Plant in future dollars; the estimated cost of decommissioning expressed in future dollars for each taxable year beginning in the estimated year in which substantial decommissioning costs will first be incurred and ending with the estimated year decommissioning will be substantially complete; the methodology used in converting the estimated cost of decommissioning expressed in current dollars to future dollars; and the assumed after-tax rate of return to be earned on the Fund assets. Instead, the Commissions use a methodology for decommissioning the Plant that is based solely on the current cost of decommissioning. This method is referred to as the Constant Current Accrual Method (the "Method"). Under the Method, there are no estimates made as to future inflation rates, future costs or (except for relatively short periods set at 7.0 percent) future interest rates.

The current cost of decommissioning the Plant is based upon a detailed engineering study prepared by the Firm that reflects the cost of decommissioning the Plant currently. This study is updated periodically. In the interim, the current

decommissioning costs are redetermined by applying a series of inflation indices intended to measure the cost increase within each of the various components of decommissioning. The Taxpayer claims that this is the most conservative approach to funding the future cost of decommissioning because it is based on actual facts that are known rather than on future earnings and the growth of costs.

The method of decommissioning the Plant is the immediate dismantling method. The estimated year in which substantial decommissioning costs will first be incurred is the year 2016. The estimated year in which the decommissioning of the Plant will be substantially completed is the year 2021. The estimated date in which the Plant will no longer be included in the Taxpayer's rate base for ratemaking purposes, as determined by the Commissions in establishing or approving rates during the first ratemaking proceed in which the Plant was included in the Taxpayer's rate base, is 2008.

For Commission A and Commission B Power Sales, the total estimated cost of decommissioning the Plant is \$141,031,000 (in 1990 dollars). For Commission B Wholesale Sales, the total estimated cost of decommissioning the Plant is \$155,669,000 (in 1991 dollars). For the Commission B 1995 Tariff, the total estimated cost of decommissioning the Plant is \$141,346,824 (the weighted average between \$141,031,000 and \$155,669,000). As of January 1, 1995, the asset balance of the Fund was \$17,073,442.

The funding period and funding limitation period began on January 1, 1984 and ends on December 31, 2016. The estimated period for which the Fund is to be in effect is 25 years (1984 through 2008) and the estimated useful life of the Plant is 32 years (1977 through 2008). Thus, the Taxpayer has calculated the qualifying percentage to be 78.13 percent.

Under the Method, the Taxpayer determines the current portion of the Taxpayer's cost of decommissioning the Plant. The cost is the product of the qualifying percentage and the total current decommissioning cost for the Plant. In order to determine the amount of any "underfunding," the Taxpayer subtracts the actual amount accumulated in the Fund from the amount that should be in the Fund. If "underfunding" occurs, the amount of the "underfunding" would be amortized over the same period approved by the Commissions. Thus, in determining the amount of the schedule of ruling amounts under the Method for the Taxpayer's 1995 through 1999 tax years, the following formula was used:

$$\frac{(TC \times QP)}{A} + \frac{(TC \times QP) \times B - QB}{C}$$

Where:

- QB = balance in the Fund,
- QP = qualifying percentage,
- TC = the Taxpayer's share of the total cost to decommission currently,
- A = total number of years for the Taxpayer's collection of decommissioning costs,
- B = total number of years since the Taxpayer first began collecting decommissioning costs, and
- C = total number of years remaining for the Taxpayer's collection of decommissioning costs.

Because the effective date of the Commission B 1995 Tariff does not correspond to the beginning or end of a taxable year, computations under the formula for 1995 require the use of a weighted average. Although the Method and resulting formula would allow the Taxpayer to recompute the ruling amount each year, the Taxpayer represents that it only will perform the computation when either of the Commissions adjusts the amount of decommissioning costs included in the Taxpayer's cost of service for ratemaking purposes through a base rate proceeding. Thus, the Taxpayer requests specified dollar ruling amounts for the Commissions and is limiting its request to a 5-year period.

Section 468A of the Code provides that a taxpayer may elect to deduct the amount of payments made to a qualified nuclear decommissioning fund. However, section 468A(b) limits the amount paid into the fund for any taxable year to the lesser of the amount of nuclear decommissioning costs allocable to the fund that is included in the taxpayer's cost of service for ratemaking purposes for the taxable year or the ruling amount applicable to that year.

Section 468A(d)(1) of the Code provides that no deduction shall be allowed for any payment to the nuclear decommissioning fund unless the taxpayer requests and receives from the Secretary a schedule of ruling amounts. The "ruling amount" for any taxable year is defined under section 468A(d)(2) as the amount which the Secretary determines to be necessary to fund that

portion of nuclear decommissioning costs which bears the same ratio to the nuclear power plant as the period for which the fund is in effect bears to the estimated useful life of the plant. This term is further defined to include the amount necessary to prevent excessive funding of nuclear decommissioning costs or funding of these costs at a rate more rapid than level funding, taking into account such discount rates as the Secretary deems appropriate.

Section 468A(g) of the Code provides that a taxpayer shall be deemed to have made a payment to the nuclear decommissioning fund on the last day of the taxable year if the payment is made on account of the taxable year within 2½ months after the close of the taxable year.

Section 1.468A-1(a) of the regulations provides, in part, that an eligible taxpayer may elect to deduct nuclear decommissioning costs under section 468A of the Code. An "eligible taxpayer," as defined under section 1.468A-1(b)(1), is a taxpayer that has a qualifying interest in a nuclear power plant. As defined under section 1.468A-1(b)(2), a "qualifying interest" is, among other things, a direct ownership interest, including an interest held as a tenant in common or joint tenant.

Section 1.468A-2(b)(1) of the regulations provides, in part, that the maximum amount of cash payments made (or deemed made) to a nuclear decommissioning fund during any taxable year shall not exceed the lesser of (i) the cost of service amount applicable to the nuclear decommissioning fund for such taxable year; (ii) or the ruling amount applicable to the nuclear decommissioning fund for such taxable year.

Section 1.468A-3(a)(1) of the regulations generally provides, in part, that a schedule of ruling amounts for a nuclear decommissioning fund is a ruling specifying annual payments that, over the taxable years remaining in the "funding period" as of the date the schedule first applies, will result in a projected balance of the nuclear decommissioning fund as of the last day of the funding period equal to (and in no event more than) the "amount of decommissioning costs allocable to the fund."

Section 1.468A-3(a)(2) of the regulations provides that, to the extent consistent with the principles and provisions of section 1.468A-3, each schedule of ruling amounts shall be based on the reasonable assumptions and determinations used by the applicable public utility commission(s) in establishing or approving the amount of decommissioning costs to be included in the cost of service for ratemaking purposes, taking into account amounts that are otherwise required to be included in the taxpayer's income under section 88 of the Code and the

regulations thereunder. Thus, for example, each schedule of ruling amounts shall be based on the public utility commission's reasonable assumptions concerning (i) the after-tax rate of return to be earned by the amounts collected for decommissioning; (ii) the total estimated cost of decommissioning the nuclear power plant; and (iii) the frequency of contributions to the nuclear decommissioning fund for a taxable year.

Under section 1.468A-3(a)(3) of the regulations, the Internal Revenue Service shall provide a schedule of ruling amounts that is identical to the schedule proposed by the taxpayer, but no such schedule shall be provided unless the taxpayer's proposed schedule is consistent with the principles and provisions of section 1.468A-3.

Section 1.468A-3(a)(4) of the regulations provides that if, in establishing or approving the amount of decommissioning costs to be included in cost of service for ratemaking purposes, the applicable public utility commission uses an estimated cost of decommissioning that is based on price levels in effect at the time of the ratemaking proceeding (*i.e.*, the public utility commission does not estimate the cost of decommissioning in future dollars), the Service may, in its discretion, provide a formula or method for determining a schedule of ruling amounts (rather than a schedule specifying a dollar amount for each taxable year) that is consistent with the principles and provisions of section 1.468A-3.

Section 1.468A-3(b)(1) of the regulations provides that the ruling amount, specified in a schedule of ruling amounts, for any taxable year in the level funding limitation period shall not be less than the ruling amount specified in such schedule for any earlier taxable year. Under section 1.468A-3(b)(2)(i) and (ii), the level funding limitation period begins on the first day of the first taxable year for which a deductible payment is made to the nuclear decommissioning fund and ends on the last day of the taxable year that includes the estimated date on which the nuclear power plant will no longer be included in the taxpayer's rate base for ratemaking purposes.

Section 1.468A-3(c)(1)(i) and (ii) of the regulations provides that the funding period for a nuclear decommissioning fund is the period that begins on the first day of the first taxable year for which a deductible payment is made (or deemed to be made) to such nuclear decommissioning fund and ends the later of the last day of the taxable year that includes the estimated date on which decommissioning costs of the nuclear power plant to which the nuclear decommissioning fund relates will no longer be included in the taxpayer's cost of service for ratemaking purposes; or the last day of the taxable year that includes the estimated date on which the nuclear power plant to which the

nuclear decommissioning fund relates will no longer be included in the taxpayer's rate base for ratemaking purposes.

Section 1.468A-3(d)(1) of the regulations provides that the amount of decommissioning costs allocable to a nuclear decommissioning fund is the taxpayer's share of the total estimated cost of decommissioning the nuclear power plant multiplied by the qualifying percentage.

Section 1.468A-3(d)(2)(i) of the regulations provides, in part, that the total estimated cost of decommissioning a nuclear power plant is the reasonably estimated cost of decommissioning used by the applicable public utility commission in establishing or approving the amount of these costs, to be included in cost of service for ratemaking purposes.

Section 1.468A-3(d)(3) of the regulations provides that a taxpayer's share of the total estimated cost of decommissioning a nuclear power plant equals the total estimated cost of decommissioning the plant multiplied by the taxpayer's qualifying interest in the plant.

Section 1.468A-3(d)(4)(i) of the regulations provides that the qualifying percentage for any nuclear decommissioning fund is equal to the fraction, the numerator of which is the number of taxable years in the estimated period for which the nuclear decommissioning fund is to be in effect and the denominator of which is the number of taxable years in the estimated useful life of the applicable nuclear power plant.

Under section 1.468A-3(d)(4)(ii) of the regulations, the estimated period for which a nuclear decommissioning fund is to be in effect (A) begins on the later of the first day of the first taxable year for which a deductible payment is made to the nuclear decommissioning fund or the first day of the taxable year that includes the date that the nuclear power plant begins commercial operations; and (B) ends on the last day of the taxable year that includes the estimated date on which the nuclear power plant to which the nuclear decommissioning fund relates will no longer be included in the taxpayer's rate base for ratemaking purposes. Likewise, under section 1.468A-3(d)(4)(iii), the estimated useful life of a nuclear power plant (A) begins on the first day of the taxable year that includes the date that the plant begins commercial operations; and (B) ends on the last day of the taxable year that includes the estimated date on which the nuclear power plant will no longer be included in the taxpayer's rate base for ratemaking purposes.

Section 1.468A-3(e)(3) of the regulations provides that, for purposes of section 1.468A-3(d)(4)(ii) and (iii), the estimated

date on which the nuclear power plant to which the nuclear decommissioning fund relates will no longer be included in the taxpayer's rate base for ratemaking purposes is determined under the ratemaking assumptions used by the applicable public utility commission in establishing or approving rates during the first ratemaking proceeding in which the nuclear power plant was included in the taxpayer's rate base.

Section 1.468A-3(f)(1) of the regulations provides that if two or more public utility commissions establish or approve rates for electric energy generated by a single nuclear power plant, then the schedule of ruling amounts shall be separately determined pursuant to the rules of sections 1.468A-3(a) through (e) for each public utility commission that has determined the amount of decommissioning costs to be included in the cost of service for ratemaking purposes for this plant. Under section 1.468A-3(f)(2), this separate determination shall be based on the reasonable assumptions and determinations used by the relevant public utility commission and shall take into account only that portion of the total estimated cost of decommissioning that is properly allocable to the ratepayer whose rates are established or approved by the public utility commission. According to section 1.468A-3(f)(3), the ruling amounts for any tax year is the sum of the ruling amounts for such tax year determined under the separate schedules of ruling amounts.

Section 1.468A-3(g) of the regulations provides that the Service shall not provide a taxpayer with a schedule of ruling amounts for any nuclear decommissioning fund unless the public utility commission that establishes or approves the rates for electric energy generated by the plant to which the nuclear decommissioning fund relates has (1) determined the amount of decommissioning costs to be included in the taxpayer's cost of service for ratemaking purposes; and (2) has disclosed the after-tax rate of return and any other assumptions and determinations used in establishing or approving the amount.

Section 1.468A-3(h)(2) of the regulations enumerates the information required to be submitted by a taxpayer in order to receive a ruling amount for any taxable year.

Under section 1.468A-3(i)(1)(ii)(A) of the regulations, any taxpayer that has obtained a formula or method for determining a schedule of ruling amounts for any taxable year under section 1.468A-3(a)(4) (which applies when a public utility commission estimates decommissioning costs in current dollars) must file a request for a revised schedule of ruling amounts on or before the deemed payment deadline for its fifth taxable year that begins after its taxable year in which the most recent formula or method was received.

Section 1.468A-3(i)(1)(iii) of the regulations provides that a taxpayer is required to request a revised schedule of ruling amounts for a nuclear decommissioning fund if (A) any public utility commission that establishes or approves rates for the furnishing or sale of electric energy generated by a nuclear power plant to which the nuclear decommissioning fund relates (1) increases the proposed period over which decommissioning costs of the nuclear power plant will be included in cost of service for ratemaking purposes; (2) adjusts the estimated date on which the nuclear power plant will no longer be included in the taxpayer's rate base for ratemaking purposes; or (3) reduces the amount of decommissioning costs to be included in cost of service for any taxable year; and (B) the taxpayer's most recent request for a schedule of ruling amounts did not provide notice to the Service of the action by the public utility commission.

Section 1.468A-3(i)(2) of the regulations provides that any taxpayer that has obtained a schedule of ruling amounts pursuant to section 1.468A-3(h) can request a revised schedule of ruling amounts. Such a request must be made in accordance with the rules of section 1.468A-3(h); thus, the Service shall not provide a revised ruling amount applicable to a taxable year in response to a request for a schedule of ruling amounts that is filed after the deemed payment deadline date for such taxable year.

Section 1.468A-7(a) of the regulations provides, in general, that an eligible taxpayer is allowed a deduction for the taxable year in which the taxpayer makes a cash payment (or is deemed to make a cash payment) to a nuclear decommissioning fund only if the taxpayer elects the application of section 468A of the Code. A separate election is required for each nuclear decommissioning fund and for each taxable year with respect to which payments are to be deducted under section 468A. In the case of an affiliated group of corporations that join in filing a consolidated return for a taxable year, the common parent must make a separate election on behalf of each member whose payments to a nuclear decommissioning fund during such taxable year are to be deducted under section 468A. The election under section 468A for any taxable year is irrevocable and must be made by attaching a statement ("Election Statement") and a copy of the schedule of ruling amounts provided pursuant to the rules of section 1.468A-3 to the taxpayer's federal income tax return (or, in the case of an affiliated group of corporations that join in filing a consolidated return, the consolidated return) for such taxable year. The return to which the Election Statement and a copy of the schedule of ruling amounts is attached must be filed on or before the time prescribed by law (including extensions) for filing the return for the taxable year with respect to which payments are to be deducted under section 468A.

We have examined the representations and information submitted by the Taxpayer in relation to the requirements set forth in the section 468A of the Code and the regulations thereunder. Based solely on these representations, we reach the following conclusions:

1. The Taxpayer has a qualifying interest in the Plant and is, therefore, an eligible taxpayer under section 1.468A-1(b) of the regulations.
2. The Commissions have determined the amount of decommissioning costs to be included in the Taxpayer's cost of service for ratemaking purposes as required by section 1.468A-3(g) of the regulations.
3. The Taxpayer has calculated the shares of the total decommissioning costs allocable to each of the Commissions, as required by section 1.468A-3(f)(2) of the regulations.
4. We are exercising our discretion under section 1.468A-3(a)(4) of the regulations by allowing the Taxpayer to use a formula for determining the 5-year schedule of ruling amounts. The approved formula is shown and explained on page 5 of this ruling and the resulting schedule of ruling amounts is shown below.
5. The maximum amount of cash payments made (or deemed made) to the Fund during any tax year is restricted to the lesser amount of the decommissioning costs applicable to such Fund or the ruling applicable to this Fund, as set forth under section 1.468A-(2)(b)(1) of the regulations.
6. The qualifying percentage under section 1.468A-3(d)(4) of the regulations is calculated to be 78.13 percent.

Based on the above determinations, we conclude that the Taxpayer's proposed schedule of ruling amounts satisfies the requirements of section 468A of the Code. The following schedule of ruling amounts is specifically approved for the Commissions:

APPROVED REVISED SCHEDULE OF RULING AMOUNTS
TAXABLE YEARS 1995 THROUGH 1999

| YEAR | COMMISSION A | COMMISSION B WHOLESALE SALES | COMMISSION B POWER SALES | COMMISSION B 1995 TARIFF | TOTAL |
|--------------------------------------|--------------|---------------------------------|-----------------------------|-----------------------------|-------------|
| 1995 | \$1,421,692 | \$37,357 | \$25,763 | \$109,873 | \$1,594,685 |
| EACH YEAR 1996 THROUGH 1999 | \$1,421,692 | \$37,357 | -0- | \$175,125 | \$1,634,174 |

In exercising our discretion under section 1.468A-3(a)(4) of the regulations, the approved schedule of ruling amounts is being limited to a 5-year period under section 1.468A-3(i)(1)(ii)(A). Moreover, approval of the schedule of ruling amounts is contingent on there being no change in the facts and circumstances, known or assumed, at the time this ruling is issued. If any of the events described in section 1.468A-3(i)(1)(iii) occur in future years, the Taxpayer must request a review and revision of the schedule of ruling amounts. Under section 1.468A-3(i)(1)(iv), the Taxpayer is required to file such a request on or before the deemed payment deadline date for the first taxable year in which the rates reflecting such action became effective.

The approved schedule of ruling amounts is relevant only to those payments made to the Fund. Payments allocable to any funds other than the Fund cannot qualify for purposes of the deduction under the provisions of section 468A of the Code. As stated above, payments made to the Fund can qualify only to the extent that they do not exceed the lesser of the decommissioning costs applicable to the Fund or the ruling amounts applicable to the Fund in the taxable year.

Except as specifically set forth above, no opinion is expressed concerning the federal income tax consequences of the above described facts under any other provision of the Code or regulations. This letter ruling is directed only to the taxpayer who requested it. Section 6110(j)(3) of the Code provides that this ruling may not be used or cited as precedent.

In accordance with the power of attorney on file, a copy of this letter is being sent to your authorized legal representative. Pursuant to section 1.468A-7(a) of the regulations, a copy of this letter must be attached (with the required Election Statement) to the Taxpayer's federal income tax

return for each taxable year in which the Taxpayer claims a deduction for payments made to the Fund.

Sincerely yours,

Charles B. Ramsey/por

CHARLES B. RAMSEY
Chief, Branch 6
Office of the Assistant
Chief Counsel
(Passthroughs and Special
Industries)

Enclosure:
6110 copy

PECO Energy COMPANY

I.D. No.: 23-0970240

1995 Election Under Section 468A

Salem Generating Station - Unit 2

PECO Energy Company, EIN #23-0970240, located at 2301 Market Street, Philadelphia, PA 19101, hereby makes an election under Code Section 468A pursuant to Treasury Regulation 1.468A-7 for the taxable year 1995.

The election is made with respect to Unit 2 of the Salem Generating Station located at P.O. Box 236, Hancock's Bridge, NJ 08038. The employer identification number for the Salem 2 Nuclear Decommissioning Fund is 23-6919897.

There were no actual cash payments made to the Nuclear Decommissioning fund during the taxable year that were not treated as deemed cash payments under Treasury Regulation 1.468A-2(c)(1). The total amount of cash payments deemed made to the Nuclear Decommissioning Fund under Treasury Regulation 1.468A-2(c)(1) for 1995 is \$1,573,056. The cost of service amount for the taxable year 1995 is \$2,001,132.

Attached is a schedule of Ruling amounts obtained by the PECO Energy Company with respect to Unit 2 of the Salem Generating Station.

s:\wp51\fitrtn95\election\468Asal2.doc

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Patricia M. Healy
Gerald P. Farano
Reid & Priest
701 Pennsylvania Ave., NW.
Washington, D.C. 20004

Person to Contact:
Paul Handleman
Telephone Number:
(202) 622-3110
Refer Reply To:
CC:DOM:P&SI:6 - TR-31-02630-95
Date: FEB 27 1996

In Re: PECO Energy Company
Revised Schedule of Ruling Amounts for
Salem Generating Station, Unit 2

Dear Ms. Healy and Mr. Farano:

The enclosed copy of a letter is sent to you under the provisions of a power of attorney currently on file with the Internal Revenue Service.

Sincerely yours,

Charles B. Ramsey/pc

CHARLES B. RAMSEY
Chief, Branch 6
Office of the Assistant
Chief Counsel
(Passthroughs and Special
Industries)

Enclosure:
Copy of Letter

Letter 1690 (Rev. 10-90)

P.O. Box 7604
Ben Franklin Station
Washington, DC 20044

Index Number: 468A.04-02

Person to Contact:

J. Barry Mitchell
Vice President, Finance
and Treasurer
PECO Energy Company
2301 Market Street
Philadelphia, PA 19101

Paul Handleman
Telephone Number:

(202) 622-3110
Refer Reply to:

CC:DOM:P&SI:6 -- TR-31-02630-95
Date:

FEB 27 1996

In re: Revised Schedule of Ruling Amounts
Salem Generating Station, Unit 2

*"This document may not be used or cited as precedent.
Section 6110 (2) (3) of the Internal Revenue Code."*

Legend:

- Taxpayer = PECO Energy Company
E.I.N.: 23-0970240
- Plant = Salem Generating Station, Unit 2
- Location = Hancock's Bridge, New Jersey
- Commission A = Pennsylvania Public Utility Commission
- Commission B = Federal Energy Regulatory Commission
- State X = Pennsylvania
- Firm = NUS Corporation
Gaithersburg, Maryland
- District = Philadelphia, Pennsylvania

Dear Mr. Mitchell:

This letter responds to your request dated November 17, 1995, and additional correspondence, that was submitted by your authorized legal representative on behalf of the Taxpayer. The request is for a revised schedule of ruling amounts under the mandatory review requirement of section 1.468A-3(i)(1)(ii)(A) of the Income Tax Regulations for the Taxpayer's nuclear decommissioning fund (the "Fund") under the jurisdiction of Commission A and Commission B (the "Commissions"). The required information for the schedule of ruling amounts was submitted on behalf of the Taxpayer pursuant to section 1.468A-3(h)(2).

The Taxpayer has represented the following facts and information:

The Taxpayer is incorporated in State X and is an operating utility providing electric and gas service in State X. The Taxpayer is subject to the audit jurisdiction of the District. The Taxpayer owns a 42.59 percent undivided interest as a tenant-in-common in the Plant, which is situated at Location. The Plant began commercial operations in 1981 and the Plant's operating license issued by the Nuclear Regulatory Commission expires at midnight on April 18, 2020.

Commission A, in Docket No. R-891364, effective April 19, 1990 (the "1990 Order"), approved the amount of decommissioning costs included in the Taxpayer's cost of service for ratemaking purposes for electrical energy sales to State X customers. Commission A reviewed the components of the Taxpayer's cost of service, including the portion allocated to Commission B. In the 1990 Order, the jurisdictional percentages were allocated to Commission A in the amount of 93.822 percent of total electrical energy sales and to Commission B in the amount of 6.178 percent of total electrical energy sales for a total of 100 percent. The Commission B jurisdiction was further divided such that 4.563 percent was allocable to Commission B Power Sales and 1.615 percent was allocable to Commission B Wholesale Sales.

Commission B, in Docket No. ER91-478-000, effective October 1, 1991 (the "1991 Order"), increased the jurisdictional percentage allocated to Commission B Wholesale Sales to 2.1163 percent. Effective May 16, 1995, in Docket No. ER95-770-000, Commission B accepted an electric tariff (the "1995 Tariff") allowing the Taxpayer to enter into separate power sales agreements. The jurisdictional percentage allocated to Commission B Power Sales under the 1995 Tariff is 12.888 percent. Approval of these jurisdictional percentages is granted notwithstanding that the sum of the percentages for the

Commissions exceeds 100 percent. Approval is granted based on the Taxpayer's representation that this excess is due to difference in the timing and procedures of the Commission A and Commission B rate cases.

On August 28, 1991, the Internal Revenue Service last approved a formula under section 1.468A-3(a)(4) of the regulations for determining the Taxpayer's revised schedule of ruling amounts. In exercising our discretion under section 1.468A-3(a)(4), the revised schedule of ruling amounts was limited to a 5-year period under section 1.468A-3(i)(1)(ii)(A). Thus, the Taxpayer requests a new revised schedule of ruling amounts.

For the years 1995 through 1999, Commission A in the 1990 Order included decommissioning costs in the Taxpayer's cost of service in the amount of \$1,738,522 a year.

For the years 1995 through 1999, Commission B in the 1991 Order included decommissioning costs in the Taxpayer's cost of service under the Commission B Wholesale Sales in the amount of \$38,474 a year. For the year 1995, decommissioning costs are included under the Commission B Power Sales in the amount of \$31,504 and under the Commission B 1995 Tariff in the amount of \$150,523. For the years 1996 through 1999, decommissioning costs are included under the Commission B 1995 Tariff in the amount of \$239,916 a year.

Contrary to the required information under section 1.468A-3(h)(2)(vi)(B)(5), (6), (7), and (8) of the regulations, the Commissions have not stated the estimated total cost of decommissioning the Plant in future dollars; the estimated cost of decommissioning expressed in future dollars for each taxable year beginning in the estimated year in which substantial decommissioning costs will first be incurred and ending with the estimated year decommissioning will be substantially complete; the methodology used in converting the estimated cost of decommissioning expressed in current dollars to future dollars; and the assumed after-tax rate of return to be earned on the Fund assets. Instead, the Commissions use a methodology for decommissioning the Plant that is based solely on the current cost of decommissioning. This method is referred to as the Constant Current Accrual Method (the "Method"). Under the Method, there are no estimates made as to future inflation rates, future costs or (except for relatively short periods set at 7.0 percent) future interest rates.

The current cost of decommissioning the Plant is based upon a detailed engineering study prepared by the Firm that reflects the cost of decommissioning the Plant currently. This study is updated periodically. In the interim, the current

decommissioning costs are redetermined by applying a series of inflation indices intended to measure the cost increase within each of the various components of decommissioning. The Taxpayer claims that this is the most conservative approach to funding the future cost of decommissioning because it is based on actual facts that are known rather than on future earnings and the growth of costs.

The method of decommissioning the Plant is the immediate dismantling method. The estimated year in which substantial decommissioning costs will first be incurred is the year 2020. The estimated year in which the decommissioning of the Plant will be substantially completed is the year 2025. The estimated date in which the Plant will no longer be included in the Taxpayer's rate base for ratemaking purposes, as determined by the Commissions in establishing or approving rates during the first ratemaking proceed in which the Plant was included in the Taxpayer's rate base, is 2008.

For Commission A and Commission B Power Sales, the total estimated cost of decommissioning the Plant is \$141,031,000 (in 1990 dollars). For Commission B Wholesale Sales, the total estimated cost of decommissioning the Plant is \$155,669,000 (in 1991 dollars). For the Commission B 1995 Tariff, the total estimated cost of decommissioning the Plant is \$141,346,824 (the weighted average between \$141,031,000 and \$155,669,000). As of January 1, 1995, the asset balance of the Fund was \$15,875,164.

The funding period and funding limitation period began on January 1, 1985 and ends on December 31, 2020. The estimated period for which the Fund is to be in effect is 24 years (1985 through 2008) and the estimated useful life of the Plant is 28 years (1981 through 2008). Thus, the Taxpayer has calculated the qualifying percentage to be 85.71 percent.

Under the Method, the Taxpayer determines the current portion of the Taxpayer's cost of decommissioning the Plant. The cost is the product of the qualifying percentage and the total current decommissioning cost for the Plant. In order to determine the amount of any "underfunding," the Taxpayer subtracts the actual amount accumulated in the Fund from the amount that should be in the Fund. If "underfunding" occurs, the amount of the "underfunding" would be amortized over the same period approved by the Commissions. Thus, in determining the amount of the schedule of ruling amounts under the Method for the Taxpayer's 1995 through 1999 tax years, the following formula was used:

$$\frac{(TC \times QP)}{A} + \frac{(TC \times QP) \times B - QB}{C}$$

Where:

- QB = balance in the Fund,
- QP = qualifying percentage,
- TC = the Taxpayer's share of the total cost to decommission currently,
- A = total number of years for the Taxpayer's collection of decommissioning costs,
- B = total number of years since the Taxpayer first began collecting decommissioning costs, and
- C = total number of years remaining for the Taxpayer's collection of decommissioning costs.

Because the effective date of the Commission B 1995 Tariff does not correspond to the beginning or end of a taxable year, computations under the formula for 1995 require the use of a weighted average. Although the Method and resulting formula would allow the Taxpayer to recompute the ruling amount each year, the Taxpayer represents that it only will perform the computation when either of the Commissions adjusts the amount of decommissioning costs included in the Taxpayer's cost of service for ratemaking purposes through a base rate proceeding. Thus, the Taxpayer requests specified dollar ruling amounts for the Commissions and is limiting its request to a 5-year period.

Section 468A of the Code provides that a taxpayer may elect to deduct the amount of payments made to a qualified nuclear decommissioning fund. However, section 468A(b) limits the amount paid into the fund for any taxable year to the lesser of the amount of nuclear decommissioning costs allocable to the fund that is included in the taxpayer's cost of service for ratemaking purposes for the taxable year or the ruling amount applicable to that year.

Section 468A(d)(1) of the Code provides that no deduction shall be allowed for any payment to the nuclear decommissioning fund unless the taxpayer requests and receives from the Secretary a schedule of ruling amounts. The "ruling amount" for any taxable year is defined under section 468A(d)(2) as the amount which the Secretary determines to be necessary to fund that

portion of nuclear decommissioning costs which bears the same ratio to the nuclear power plant as the period for which the fund is in effect bears to the estimated useful life of the plant. This term is further defined to include the amount necessary to prevent excessive funding of nuclear decommissioning costs or funding of these costs at a rate more rapid than level funding, taking into account such discount rates as the Secretary deems appropriate.

Section 468A(g) of the Code provides that a taxpayer shall be deemed to have made a payment to the nuclear decommissioning fund on the last day of the taxable year if the payment is made on account of the taxable year within 2½ months after the close of the taxable year.

Section 1.468A-1(a) of the regulations provides, in part, that an eligible taxpayer may elect to deduct nuclear decommissioning costs under section 468A of the Code. An "eligible taxpayer," as defined under section 1.468A-1(b)(1), is a taxpayer that has a qualifying interest in a nuclear power plant. As defined under section 1.468A-1(b)(2), a "qualifying interest" is, among other things, a direct ownership interest, including an interest held as a tenant in common or joint tenant.

Section 1.468A-2(b)(1) of the regulations provides, in part, that the maximum amount of cash payments made (or deemed made) to a nuclear decommissioning fund during any taxable year shall not exceed the lesser of (i) the cost of service amount applicable to the nuclear decommissioning fund for such taxable year; (ii) or the ruling amount applicable to the nuclear decommissioning fund for such taxable year.

Section 1.468A-3(a)(1) of the regulations generally provides, in part, that a schedule of ruling amounts for a nuclear decommissioning fund is a ruling specifying annual payments that, over the taxable years remaining in the "funding period" as of the date the schedule first applies, will result in a projected balance of the nuclear decommissioning fund as of the last day of the funding period equal to (and in no event more than) the "amount of decommissioning costs allocable to the fund."

Section 1.468A-3(a)(2) of the regulations provides that, to the extent consistent with the principles and provisions of section 1.468A-3, each schedule of ruling amounts shall be based on the reasonable assumptions and determinations used by the applicable public utility commission(s) in establishing or approving the amount of decommissioning costs to be included in the cost of service for ratemaking purposes, taking into account amounts that are otherwise required to be included in the taxpayer's income under section 88 of the Code and the

regulations thereunder. Thus, for example, each schedule of ruling amounts shall be based on the public utility commission's reasonable assumptions concerning (i) the after-tax rate of return to be earned by the amounts collected for decommissioning; (ii) the total estimated cost of decommissioning the nuclear power plant; and (iii) the frequency of contributions to the nuclear decommissioning fund for a taxable year.

Under section 1.468A-3(a)(3) of the regulations, the Internal Revenue Service shall provide a schedule of ruling amounts that is identical to the schedule proposed by the taxpayer, but no such schedule shall be provided unless the taxpayer's proposed schedule is consistent with the principles and provisions of section 1.468A-3.

Section 1.468A-3(a)(4) of the regulations provides that if, in establishing or approving the amount of decommissioning costs to be included in cost of service for ratemaking purposes, the applicable public utility commission uses an estimated cost of decommissioning that is based on price levels in effect at the time of the ratemaking proceeding (i.e., the public utility commission does not estimate the cost of decommissioning in future dollars), the Service may, in its discretion, provide a formula or method for determining a schedule of ruling amounts (rather than a schedule specifying a dollar amount for each taxable year) that is consistent with the principles and provisions of section 1.468A-3.

Section 1.468A-3(b)(1) of the regulations provides that the ruling amount, specified in a schedule of ruling amounts, for any taxable year in the level funding limitation period shall not be less than the ruling amount specified in such schedule for any earlier taxable year. Under section 1.468A-3(b)(2)(i) and (ii), the level funding limitation period begins on the first day of the first taxable year for which a deductible payment is made to the nuclear decommissioning fund and ends on the last day of the taxable year that includes the estimated date on which the nuclear power plant will no longer be included in the taxpayer's rate base for ratemaking purposes.

Section 1.468A-3(c)(1)(i) and (ii) of the regulations provides that the funding period for a nuclear decommissioning fund is the period that begins on the first day of the first taxable year for which a deductible payment is made (or deemed to be made) to such nuclear decommissioning fund and ends the later of the last day of the taxable year that includes the estimated date on which decommissioning costs of the nuclear power plant to which the nuclear decommissioning fund relates will no longer be included in the taxpayer's cost of service for ratemaking purposes; or the last day of the taxable year that includes the estimated date on which the nuclear power plant to which the

nuclear decommissioning fund relates will no longer be included in the taxpayer's rate base for ratemaking purposes.

Section 1.468A-3(d)(1) of the regulations provides that the amount of decommissioning costs allocable to a nuclear decommissioning fund is the taxpayer's share of the total estimated cost of decommissioning the nuclear power plant multiplied by the qualifying percentage.

Section 1.468A-3(d)(2)(i) of the regulations provides, in part, that the total estimated cost of decommissioning a nuclear power plant is the reasonably estimated cost of decommissioning used by the applicable public utility commission in establishing or approving the amount of these costs, to be included in cost of service for ratemaking purposes.

Section 1.468A-3(d)(3) of the regulations provides that a taxpayer's share of the total estimated cost of decommissioning a nuclear power plant equals the total estimated cost of decommissioning the plant multiplied by the taxpayer's qualifying interest in the plant.

Section 1.468A-3(d)(4)(i) of the regulations provides that the qualifying percentage for any nuclear decommissioning fund is equal to the fraction, the numerator of which is the number of taxable years in the estimated period for which the nuclear decommissioning fund is to be in effect and the denominator of which is the number of taxable years in the estimated useful life of the applicable nuclear power plant.

Under section 1.468A-3(d)(4)(ii) of the regulations, the estimated period for which a nuclear decommissioning fund is to be in effect (A) begins on the later of the first day of the first taxable year for which a deductible payment is made to the nuclear decommissioning fund or the first day of the taxable year that includes the date that the nuclear power plant begins commercial operations; and (B) ends on the last day of the taxable year that includes the estimated date on which the nuclear power plant to which the nuclear decommissioning fund relates will no longer be included in the taxpayer's rate base for ratemaking purposes. Likewise, under section 1.468A-3(d)(4)(iii), the estimated useful life of a nuclear power plant (A) begins on the first day of the taxable year that includes the date that the plant begins commercial operations; and (B) ends on the last day of the taxable year that includes the estimated date on which the nuclear power plant will no longer be included in the taxpayer's rate base for ratemaking purposes.

Section 1.468A-3(e)(3) of the regulations provides that, for purposes of section 1.468A-3(d)(4)(ii) and (iii), the estimated

date on which the nuclear power plant to which the nuclear decommissioning fund relates will no longer be included in the taxpayer's rate base for ratemaking purposes is determined under the ratemaking assumptions used by the applicable public utility commission in establishing or approving rates during the first ratemaking proceeding in which the nuclear power plant was included in the taxpayer's rate base.

Section 1.468A-3(f)(1) of the regulations provides that if two or more public utility commissions establish or approve rates for electric energy generated by a single nuclear power plant, then the schedule of ruling amounts shall be separately determined pursuant to the rules of sections 1.468A-3(a) through (e) for each public utility commission that has determined the amount of decommissioning costs to be included in the cost of service for ratemaking purposes for this plant. Under section 1.468A-3(f)(2), this separate determination shall be based on the reasonable assumptions and determinations used by the relevant public utility commission and shall take into account only that portion of the total estimated cost of decommissioning that is properly allocable to the ratepayer whose rates are established or approved by the public utility commission. According to section 1.468A-3(f)(3), the ruling amounts for any tax year is the sum of the ruling amounts for such tax year determined under the separate schedules of ruling amounts.

Section 1.468A-3(g) of the regulations provides that the Service shall not provide a taxpayer with a schedule of ruling amounts for any nuclear decommissioning fund unless the public utility commission that establishes or approves the rates for electric energy generated by the plant to which the nuclear decommissioning fund relates has (1) determined the amount of decommissioning costs to be included in the taxpayer's cost of service for ratemaking purposes; and (2) has disclosed the after-tax rate of return and any other assumptions and determinations used in establishing or approving the amount.

Section 1.468A-3(h)(2) of the regulations enumerates the information required to be submitted by a taxpayer in order to receive a ruling amount for any taxable year.

Under section 1.468A-3(i)(1)(ii)(A) of the regulations, any taxpayer that has obtained a formula or method for determining a schedule of ruling amounts for any taxable year under section 1.468A-3(a)(4) (which applies when a public utility commission estimates decommissioning costs in current dollars) must file a request for a revised schedule of ruling amounts on or before the deemed payment deadline for its fifth taxable year that begins after its taxable year in which the most recent formula or method was received.

Section 1.468A-3(i)(1)(iii) of the regulations provides that a taxpayer is required to request a revised schedule of ruling amounts for a nuclear decommissioning fund if (A) any public utility commission that establishes or approves rates for the furnishing or sale of electric energy generated by a nuclear power plant to which the nuclear decommissioning fund relates (1) increases the proposed period over which decommissioning costs of the nuclear power plant will be included in cost of service for ratemaking purposes; (2) adjusts the estimated date on which the nuclear power plant will no longer be included in the taxpayer's rate base for ratemaking purposes; or (3) reduces the amount of decommissioning costs to be included in cost of service for any taxable year; and (B) the taxpayer's most recent request for a schedule of ruling amounts did not provide notice to the Service of the action by the public utility commission.

Section 1.468A-3(i)(2) of the regulations provides that any taxpayer that has obtained a schedule of ruling amounts pursuant to section 1.468A-3(h) can request a revised schedule of ruling amounts. Such a request must be made in accordance with the rules of section 1.468A-3(h); thus, the Service shall not provide a revised ruling amount applicable to a taxable year in response to a request for a schedule of ruling amounts that is filed after the deemed payment deadline date for such taxable year.

Section 1.468A-7(a) of the regulations provides, in general, that an eligible taxpayer is allowed a deduction for the taxable year in which the taxpayer makes a cash payment (or is deemed to make a cash payment) to a nuclear decommissioning fund only if the taxpayer elects the application of section 468A of the Code. A separate election is required for each nuclear decommissioning fund and for each taxable year with respect to which payments are to be deducted under section 468A. In the case of an affiliated group of corporations that join in filing a consolidated return for a taxable year, the common parent must make a separate election on behalf of each member whose payments to a nuclear decommissioning fund during such taxable year are to be deducted under section 468A. The election under section 468A for any taxable year is irrevocable and must be made by attaching a statement ("Election Statement") and a copy of the schedule of ruling amounts provided pursuant to the rules of section 1.468A-3 to the taxpayer's federal income tax return (or, in the case of an affiliated group of corporations that join in filing a consolidated return, the consolidated return) for such taxable year. The return to which the Election Statement and a copy of the schedule of ruling amounts is attached must be filed on or before the time prescribed by law (including extensions) for filing the return for the taxable year with respect to which payments are to be deducted under section 468A.

We have examined the representations and information submitted by the Taxpayer in relation to the requirements set forth in the section 468A of the Code and the regulations thereunder. Based solely on these representations, we reach the following conclusions:

1. The Taxpayer has a qualifying interest in the Plant and is, therefore, an eligible taxpayer under section 1.468A-1(b) of the regulations.
2. The Commissions have determined the amount of decommissioning costs to be included in the Taxpayer's cost of service for ratemaking purposes as required by section 1.468A-3(g) of the regulations.
3. The Taxpayer has calculated the shares of the total decommissioning costs allocable to each of the Commissions, as required by section 1.468A-3(f)(2) of the regulations.
4. We are exercising our discretion under section 1.468A-3(a)(4) of the regulations by allowing the Taxpayer to use a formula for determining the 5-year schedule of ruling amounts. The approved formula is shown and explained on page 5 of this ruling and the resulting schedule of ruling amounts is shown below.
5. The maximum amount of cash payments made (or deemed made) to the Fund during any tax year is restricted to the lesser amount of the decommissioning costs applicable to such Fund or the ruling applicable to this Fund, as set forth under section 1.468A-(2)(b)(1) of the regulations.
6. The qualifying percentage under section 1.468A-3(d)(4) of the regulations is calculated to be 85.71 percent.

Based on the above determinations, we conclude that the Taxpayer's proposed schedule of ruling amounts satisfies the requirements of section 468A of the Code. The following schedule of ruling amounts is specifically approved for the Commissions:

APPROVED REVISED SCHEDULE OF RULING AMOUNTS
TAXABLE YEARS 1995 THROUGH 1999

| YEAR | COMMISSION A | COMMISSION B WHOLESALE SALES | COMMISSION B POWER SALES | COMMISSION B 1995 TARIFF | TOTAL |
|-------------------|--------------|---------------------------------|-----------------------------|-----------------------------|-------------|
| 1995 | \$1,400,263 | \$36,533 | \$25,375 | \$110,902 | \$1,573,073 |
| EACH YEAR 1996 | | | | | |
| THROUGH 1999 | \$1,400,263 | \$36,533 | -0- | \$176,765 | \$1,613,561 |

In exercising our discretion under section 1.468A-3(a)(4) of the regulations, the approved schedule of ruling amounts is being limited to a 5-year period under section 1.468A-3(i)(1)(ii)(A). Moreover, approval of the schedule of ruling amounts is contingent on there being no change in the facts and circumstances, known or assumed, at the time this ruling is issued. If any of the events described in section 1.468A-3(i)(1)(iii) occur in future years, the Taxpayer must request a review and revision of the schedule of ruling amounts. Under section 1.468A-3(i)(1)(iv), the Taxpayer is required to file such a request on or before the deemed payment deadline date for the first taxable year in which the rates reflecting such action became effective.

The approved schedule of ruling amounts is relevant only to those payments made to the Fund. Payments allocable to any funds other than the Fund cannot qualify for purposes of the deduction under the provisions of section 468A of the Code. As stated above, payments made to the Fund can qualify only to the extent that they do not exceed the lesser of the decommissioning costs applicable to the Fund or the ruling amounts applicable to the Fund in the taxable year.

Except as specifically set forth above, no opinion is expressed concerning the federal income tax consequences of the above described facts under any other provision of the Code or regulations. This letter ruling is directed only to the taxpayer who requested it. Section 6110(j)(3) of the Code provides that this ruling may not be used or cited as precedent.

In accordance with the power of attorney on file, a copy of this letter is being sent to your authorized legal representative. Pursuant to section 1.468A-7(a) of the regulations, a copy of this letter must be attached (with the required Election Statement) to the Taxpayer's federal income tax

return for each taxable year in which the Taxpayer claims a deduction for payments made to the Fund.

Sincerely yours,

Charles B. Ramsey/PC

CHARLES B. RAMSEY
Chief, Branch 6
Office of the Assistant
Chief Counsel
(Passthroughs and Special
Industries)

Enclosure:
6110 copy

PECO ENERGY COMPANY

I.D. No.: 23-0970240

1995 Election Under Section 468A

Limerick Generating Station - Unit 1

PECO Energy Company, EIN #23-0970240, located at 2301 Market Street, Philadelphia, PA 19101, hereby makes an election under Code Section 468A pursuant to Treasury Regulation 1.468A-7 for the taxable year 1995.

The election is made with respect to Unit 1 of the Limerick Generating Station located at Evergreen and Sanatoga Roads, P.O. Box A, Sanatoga, PA 19464. The employer identification number for the Limerick 1 Nuclear Decommissioning Fund is 23-6919896.

There were no actual cash payments made to the Nuclear Decommissioning Fund during the taxable year that were not treated as deemed cash payments under Treasury Regulation 1.468A-2(c)(1). The total amount of cash payments deemed made to the Nuclear Decommissioning Fund under Treasury Regulation 1.468A-2(c)(1) for 1995 is \$5,655,012. The cost of service amount for the taxable year 1995 is \$5,655,012.

Attached is a schedule of Ruling amounts obtained by PECO Energy Company with respect to Unit 1 of the Limerick Generating Station.

s:\wp51\fitrtn95\election\468Algs1.doc

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Patricia M. Healy
Gerald P. Farano
Reid & Priest
701 Pennsylvania Ave., NW.
Washington, D.C. 20004

Person to Contact:
Paul Handleman
Telephone Number:
(202) 622-3110
Refer Reply To:
CC:DOM:P&SI:6 - TR-31-02631-95
Date: FEB 27 1996

In Re: PECO Energy Company
Revised Schedule of Ruling Amounts for
Limerick Generating Station, Unit 1

Dear Ms. Healy and Mr. Farano:

The enclosed copy of a letter is sent to you under the provisions of a power of attorney currently on file with the Internal Revenue Service.

Sincerely yours,

Charles B Ramsey/pt
CHARLES B. RAMSEY
Chief, Branch 6
Office of the Assistant
Chief Counsel
(Passthroughs and Special
Industries)

Enclosure:
Copy of Letter

Letter 1690 (Rev. 10-90)

Index Number: 468A.04-02

P.O. Box 7604
Ben Franklin Station
Washington, DC 20044J. Barry Mitchell
Vice President, Finance
and Treasurer
PECO Energy Company
2301 Market Street
Philadelphia, PA 19101

Person to Contact:

Paul Handleman
Telephone Number:(202) 622-3110
Refer Reply to:CC:DOM:P&SI:6 -- TR-31-02631-95
Date:

FEB 27 1996

In re: Revised Schedule of Ruling Amounts
Limerick Generating Station, Unit 1

Legend:

*"This document may not be used or cited as precedent.
Section 6110 (j) (3) of the Internal Revenue Code."*

| | | |
|--------------|---|---|
| Taxpayer | = | PECO Energy Company E.I.N.: 23-0970240 |
| Plant | = | Limerick Generating Station, Unit 1 |
| Location | = | Saratoga, Pennsylvania |
| Commission A | = | Pennsylvania Public Utility Commission |
| Commission B | = | Federal Energy Regulatory Commission |
| State X | = | Pennsylvania |
| Firm | = | NUS Corporation Gaithersburg, Maryland |
| District | = | Philadelphia, Pennsylvania |

Dear Mr. Mitchell:

This letter responds to your request dated November 17, 1995, and additional correspondence, that was submitted by your authorized legal representative on behalf of the Taxpayer. The request is for a revised schedule of ruling amounts under the mandatory review requirement of section 1.468A-3(i)(1)(ii)(A) of the Income Tax Regulations for the Taxpayer's nuclear decommissioning fund (the "Fund") under the jurisdiction of Commission A and Commission B (the "Commissions"). The required information for the schedule of ruling amounts was submitted on behalf of the Taxpayer pursuant to section 1.468A-3(h)(2).

The Taxpayer has represented the following facts and information:

The Taxpayer is incorporated in State X and is an operating utility providing electric and gas service in State X. The Taxpayer is subject to the audit jurisdiction of the District. The Taxpayer owns 100 percent of the Plant, which is situated at Location. The Plant began commercial operations in 1986 and the Plant's operating license issued by the Nuclear Regulatory Commission expires at midnight on October 26, 2024.

Commission A, in Docket No. R-891364, effective April 19, 1990 (the "1990 Order"), approved the amount of decommissioning costs included in the Taxpayer's cost of service for ratemaking purposes for electrical energy sales to State X customers. Commission A reviewed the components of the Taxpayer's cost of service, including the portion allocated to Commission B. In the 1990 Order, the jurisdictional percentages were allocated to Commission A in the amount of 93.822 percent of total electrical energy sales and to Commission B in the amount of 6.178 percent of total electrical energy sales for a total of 100 percent. The Commission B jurisdiction was further divided such that 4.563 percent was allocable to Commission B Power Sales and 1.615 percent was allocable to Commission B Wholesale Sales.

Commission B, in Docket No. ER91-478-000, effective October 1, 1991 (the "1991 Order"), increased the jurisdictional percentage allocated to Commission B Wholesale Sales to 2.1163 percent. Effective May 16, 1995, in Docket No. ER95-770-000, Commission B accepted an electric tariff (the "1995 Tariff") allowing the Taxpayer to enter into separate power sales agreements. The jurisdictional percentage allocated to Commission B Power Sales under the 1995 Tariff is 12.888 percent. Approval of these jurisdictional percentages is granted notwithstanding that the sum of the percentages for the Commissions exceeds 100 percent. Approval is granted based on

the Taxpayer's representation that this excess is due to difference in the timing and procedures of the Commission A and Commission B rate cases.

On August 28, 1991, the Internal Revenue Service last approved a formula under section 1.468A-3(a)(4) of the regulations for determining the Taxpayer's revised schedule of ruling amounts. In exercising our discretion under section 1.468A-3(a)(4), the revised schedule of ruling amounts was limited to a 5-year period under section 1.468A-3(i)(1)(ii)(A). Thus, the Taxpayer requests a new revised schedule of ruling amounts.

For the years 1995 through 1999, Commission A in the 1990 Order included decommissioning costs in the Taxpayer's cost of service in the amount of \$5,004,465 a year.

For the years 1995 through 1999, Commission B in the 1991 Order included decommissioning costs in the Taxpayer's cost of service under the Commission B Wholesale Sales in the amount of \$125,391 a year. For the year 1995, decommissioning costs are included under the Commission B Power Sales in the amount of \$90,688 and under the Commission B 1995 Tariff in the amount of \$434,476. For the years 1996 through 1999, decommissioning costs are included under the Commission B 1995 Tariff in the amount of \$692,505 a year.

Contrary to the required information under section 1.468A-3(h)(2)(vi)(B)(5), (6), (7), and (8) of the regulations, the Commissions have not stated the estimated total cost of decommissioning the Plant in future dollars; the estimated cost of decommissioning expressed in future dollars for each taxable year beginning in the estimated year in which substantial decommissioning costs will first be incurred and ending with the estimated year decommissioning will be substantially complete; the methodology used in converting the estimated cost of decommissioning expressed in current dollars to future dollars; and the assumed after-tax rate of return to be earned on the Fund assets. Instead, the Commissions use a methodology for decommissioning the Plant that is based solely on the current cost of decommissioning. This method is referred to as the Constant Current Accrual Method (the "Method"). Under the Method, there are no estimates made as to future inflation rates, future costs or (except for relatively short periods set at 7.0 percent) future interest rates.

The current cost of decommissioning the Plant is based upon a detailed engineering study prepared by the Firm that reflects the cost of decommissioning the Plant currently. This study is updated periodically. In the interim, the current decommissioning costs are redetermined by applying a series of

inflation indices intended to measure the cost increase within each of the various components of decommissioning. The Taxpayer claims that this is the most conservative approach to funding the future cost of decommissioning because it is based on actual facts that are known rather than on future earnings and the growth of costs.

The method of decommissioning the Plant is the immediate dismantling method. The estimated year in which substantial decommissioning costs will first be incurred is the year 2024. The estimated year in which the decommissioning of the Plant will be substantially completed is the year 2033. The estimated date in which the Plant will no longer be included in the Taxpayer's rate base for ratemaking purposes, as determined by the Commissions in establishing or approving rates during the first ratemaking proceed in which the Plant was included in the Taxpayer's rate base, is 2024.

For Commission A and Commission B Power Sales, the total estimated cost of decommissioning the Plant is \$196,265,000 (in 1990 dollars). For Commission B Wholesale Sales, the total estimated cost of decommissioning the Plant is \$217,255,000 (in 1991 dollars). For the Commission B 1995 Tariff, the total estimated cost of decommissioning the Plant is \$196,773,846 (the weighted average between \$196,265,000 and \$217,255,000). As of January 1, 1995, the asset balance of the Fund was \$45,274,396.

The funding period and funding limitation period began on January 1, 1986 and ends on December 31, 2024. The estimated period for which the Fund is to be in effect is 39 years (1986 through 2024) and the estimated useful life of the Plant is 39 years (1986 through 2024). Thus, the Taxpayer has calculated the qualifying percentage to be 100 percent.

Under the Method, the Taxpayer determines the current portion of the Taxpayer's cost of decommissioning the Plant. The cost is the product of the qualifying percentage and the total current decommissioning cost for the Plant. In order to determine the amount of any "underfunding," the Taxpayer subtracts the actual amount accumulated in the Fund from the amount that should be in the Fund. If "underfunding" occurs, the amount of the "underfunding" would be amortized over the same period approved by the Commissions. Thus, in determining the amount of the schedule of ruling amounts under the Method for the Taxpayer's 1995 through 1999 tax years, the following formula was used:

$$\frac{(TC \times QP)}{A} + \frac{\frac{(TC \times QP)}{A} \times B - QB}{C}$$

Where:

- QB = balance in the Fund,
- QP = qualifying percentage,
- TC = the Taxpayer's share of the total cost to decommission currently,
- A = total number of years for the Taxpayer's collection of decommissioning costs,
- B = total number of years since the Taxpayer first began collecting decommissioning costs, and
- C = total number of years remaining for the Taxpayer's collection of decommissioning costs.

Because the effective date of the Commission B 1995 Tariff does not correspond to the beginning or end of a taxable year, computations under the formula for 1995 require the use of a weighted average. Although the Method and resulting formula would allow the Taxpayer to recompute the ruling amount each year, the Taxpayer represents that it only will perform the computation when either of the Commissions adjusts the amount of decommissioning costs included in the Taxpayer's cost of service for ratemaking purposes through a base rate proceeding. Thus, the Taxpayer requests specified dollar ruling amounts for the Commissions and is limiting its request to a 5-year period.

Section 468A of the Code provides that a taxpayer may elect to deduct the amount of payments made to a qualified nuclear decommissioning fund. However, section 468A(b) limits the amount paid into the fund for any taxable year to the lesser of the amount of nuclear decommissioning costs allocable to the fund that is included in the taxpayer's cost of service for ratemaking purposes for the taxable year or the ruling amount applicable to that year.

Section 468A(d)(1) of the Code provides that no deduction shall be allowed for any payment to the nuclear decommissioning fund unless the taxpayer requests and receives from the Secretary a schedule of ruling amounts. The "ruling amount" for any taxable year is defined under section 468A(d)(2) as the amount which the Secretary determines to be necessary to fund that

portion of nuclear decommissioning costs which bears the same ratio to the nuclear power plant as the period for which the fund is in effect bears to the estimated useful life of the plant. This term is further defined to include the amount necessary to prevent excessive funding of nuclear decommissioning costs or funding of these costs at a rate more rapid than level funding, taking into account such discount rates as the Secretary deems appropriate.

Section 468A(g) of the Code provides that a taxpayer shall be deemed to have made a payment to the nuclear decommissioning fund on the last day of the taxable year if the payment is made on account of the taxable year within 2½ months after the close of the taxable year.

Section 1.468A-1(a) of the regulations provides, in part, that an eligible taxpayer may elect to deduct nuclear decommissioning costs under section 468A of the Code. An "eligible taxpayer," as defined under section 1.468A-1(b)(1), is a taxpayer that has a qualifying interest in a nuclear power plant. As defined under section 1.468A-1(b)(2), a "qualifying interest" is, among other things, a direct ownership interest, including an interest held as a tenant in common or joint tenant.

Section 1.468A-2(b)(1) of the regulations provides, in part, that the maximum amount of cash payments made (or deemed made) to a nuclear decommissioning fund during any taxable year shall not exceed the lesser of (i) the cost of service amount applicable to the nuclear decommissioning fund for such taxable year; (ii) or the ruling amount applicable to the nuclear decommissioning fund for such taxable year.

Section 1.468A-3(a)(1) of the regulations generally provides, in part, that a schedule of ruling amounts for a nuclear decommissioning fund is a ruling specifying annual payments that, over the taxable years remaining in the "funding period" as of the date the schedule first applies, will result in a projected balance of the nuclear decommissioning fund as of the last day of the funding period equal to (and in no event more than) the "amount of decommissioning costs allocable to the fund."

Section 1.468A-3(a)(2) of the regulations provides that, to the extent consistent with the principles and provisions of section 1.468A-3, each schedule of ruling amounts shall be based on the reasonable assumptions and determinations used by the applicable public utility commission(s) in establishing or approving the amount of decommissioning costs to be included in the cost of service for ratemaking purposes, taking into account amounts that are otherwise required to be included in the taxpayer's income under section 88 of the Code and the

regulations thereunder. Thus, for example, each schedule of ruling amounts shall be based on the public utility commission's reasonable assumptions concerning (i) the after-tax rate of return to be earned by the amounts collected for decommissioning; (ii) the total estimated cost of decommissioning the nuclear power plant; and (iii) the frequency of contributions to the nuclear decommissioning fund for a taxable year.

Under section 1.468A-3(a)(3) of the regulations, the Internal Revenue Service shall provide a schedule of ruling amounts that is identical to the schedule proposed by the taxpayer, but no such schedule shall be provided unless the taxpayer's proposed schedule is consistent with the principles and provisions of section 1.468A-3.

Section 1.468A-3(a)(4) of the regulations provides that if, in establishing or approving the amount of decommissioning costs to be included in cost of service for ratemaking purposes, the applicable public utility commission uses an estimated cost of decommissioning that is based on price levels in effect at the time of the ratemaking proceeding (*i.e.*, the public utility commission does not estimate the cost of decommissioning in future dollars), the Service may, in its discretion, provide a formula or method for determining a schedule of ruling amounts (rather than a schedule specifying a dollar amount for each taxable year) that is consistent with the principles and provisions of section 1.468A-3.

Section 1.468A-3(b)(1) of the regulations provides that the ruling amount, specified in a schedule of ruling amounts, for any taxable year in the level funding limitation period shall not be less than the ruling amount specified in such schedule for any earlier taxable year. Under section 1.468A-3(b)(2)(i) and (ii), the level funding limitation period begins on the first day of the first taxable year for which a deductible payment is made to the nuclear decommissioning fund and ends on the last day of the taxable year that includes the estimated date on which the nuclear power plant will no longer be included in the taxpayer's rate base for ratemaking purposes.

Section 1.468A-3(c)(1)(i) and (ii) of the regulations provides that the funding period for a nuclear decommissioning fund is the period that begins on the first day of the first taxable year for which a deductible payment is made (or deemed to be made) to such nuclear decommissioning fund and ends the later of the last day of the taxable year that includes the estimated date on which decommissioning costs of the nuclear power plant to which the nuclear decommissioning fund relates will no longer be included in the taxpayer's cost of service for ratemaking purposes; or the last day of the taxable year that includes the estimated date on which the nuclear power plant to which the

nuclear decommissioning fund relates will no longer be included in the taxpayer's rate base for ratemaking purposes.

Section 1.468A-3(d)(1) of the regulations provides that the amount of decommissioning costs allocable to a nuclear decommissioning fund is the taxpayer's share of the total estimated cost of decommissioning the nuclear power plant multiplied by the qualifying percentage.

Section 1.468A-3(d)(2)(i) of the regulations provides, in part, that the total estimated cost of decommissioning a nuclear power plant is the reasonably estimated cost of decommissioning used by the applicable public utility commission in establishing or approving the amount of these costs, to be included in cost of service for ratemaking purposes.

Section 1.468A-3(d)(3) of the regulations provides that a taxpayer's share of the total estimated cost of decommissioning a nuclear power plant equals the total estimated cost of decommissioning the plant multiplied by the taxpayer's qualifying interest in the plant.

Section 1.468A-3(d)(4)(i) of the regulations provides that the qualifying percentage for any nuclear decommissioning fund is equal to the fraction, the numerator of which is the number of taxable years in the estimated period for which the nuclear decommissioning fund is to be in effect and the denominator of which is the number of taxable years in the estimated useful life of the applicable nuclear power plant.

Under section 1.468A-3(d)(4)(ii) of the regulations, the estimated period for which a nuclear decommissioning fund is to be in effect (A) begins on the later of the first day of the first taxable year for which a deductible payment is made to the nuclear decommissioning fund or the first day of the taxable year that includes the date that the nuclear power plant begins commercial operations; and (B) ends on the last day of the taxable year that includes the estimated date on which the nuclear power plant to which the nuclear decommissioning fund relates will no longer be included in the taxpayer's rate base for ratemaking purposes. Likewise, under section 1.468A-3(d)(4)(iii), the estimated useful life of a nuclear power plant (A) begins on the first day of the taxable year that includes the date that the plant begins commercial operations; and (B) ends on the last day of the taxable year that includes the estimated date on which the nuclear power plant will no longer be included in the taxpayer's rate base for ratemaking purposes.

Section 1.468A-3(e)(3) of the regulations provides that, for purposes of section 1.468A-3(d)(4)(ii) and (iii), the estimated

date on which the nuclear power plant to which the nuclear decommissioning fund relates will no longer be included in the taxpayer's rate base for ratemaking purposes is determined under the ratemaking assumptions used by the applicable public utility commission in establishing or approving rates during the first ratemaking proceeding in which the nuclear power plant was included in the taxpayer's rate base.

Section 1.468A-3(f)(1) of the regulations provides that if two or more public utility commissions establish or approve rates for electric energy generated by a single nuclear power plant, then the schedule of ruling amounts shall be separately determined pursuant to the rules of sections 1.468A-3(a) through (e) for each public utility commission that has determined the amount of decommissioning costs to be included in the cost of service for ratemaking purposes for this plant. Under section 1.468A-3(f)(2), this separate determination shall be based on the reasonable assumptions and determinations used by the relevant public utility commission and shall take into account only that portion of the total estimated cost of decommissioning that is properly allocable to the ratepayer whose rates are established or approved by the public utility commission. According to section 1.468A-3(f)(3), the ruling amounts for any tax year is the sum of the ruling amounts for such tax year determined under the separate schedules of ruling amounts.

Section 1.468A-3(g) of the regulations provides that the Service shall not provide a taxpayer with a schedule of ruling amounts for any nuclear decommissioning fund unless the public utility commission that establishes or approves the rates for electric energy generated by the plant to which the nuclear decommissioning fund relates has (1) determined the amount of decommissioning costs to be included in the taxpayer's cost of service for ratemaking purposes; and (2) has disclosed the after-tax rate of return and any other assumptions and determinations used in establishing or approving the amount.

Section 1.468A-3(h)(2) of the regulations enumerates the information required to be submitted by a taxpayer in order to receive a ruling amount for any taxable year.

Under section 1.468A-3(i)(1)(ii)(A) of the regulations, any taxpayer that has obtained a formula or method for determining a schedule of ruling amounts for any taxable year under section 1.468A-3(a)(4) (which applies when a public utility commission estimates decommissioning costs in current dollars) must file a request for a revised schedule of ruling amounts on or before the deemed payment deadline for its fifth taxable year that begins after its taxable year in which the most recent formula or method was received.

Section 1.468A-3(i)(1)(iii) of the regulations provides that a taxpayer is required to request a revised schedule of ruling amounts for a nuclear decommissioning fund if (A) any public utility commission that establishes or approves rates for the furnishing or sale of electric energy generated by a nuclear power plant to which the nuclear decommissioning fund relates (1) increases the proposed period over which decommissioning costs of the nuclear power plant will be included in cost of service for ratemaking purposes; (2) adjusts the estimated date on which the nuclear power plant will no longer be included in the taxpayer's rate base for ratemaking purposes; or (3) reduces the amount of decommissioning costs to be included in cost of service for any taxable year; and (B) the taxpayer's most recent request for a schedule of ruling amounts did not provide notice to the Service of the action by the public utility commission.

Section 1.468A-3(i)(2) of the regulations provides that any taxpayer that has obtained a schedule of ruling amounts pursuant to section 1.468A-3(h) can request a revised schedule of ruling amounts. Such a request must be made in accordance with the rules of section 1.468A-3(h); thus, the Service shall not provide a revised ruling amount applicable to a taxable year in response to a request for a schedule of ruling amounts that is filed after the deemed payment deadline date for such taxable year.

Section 1.468A-7(a) of the regulations provides, in general, that an eligible taxpayer is allowed a deduction for the taxable year in which the taxpayer makes a cash payment (or is deemed to make a cash payment) to a nuclear decommissioning fund only if the taxpayer elects the application of section 468A of the Code. A separate election is required for each nuclear decommissioning fund and for each taxable year with respect to which payments are to be deducted under section 468A. In the case of an affiliated group of corporations that join in filing a consolidated return for a taxable year, the common parent must make a separate election on behalf of each member whose payments to a nuclear decommissioning fund during such taxable year are to be deducted under section 468A. The election under section 468A for any taxable year is irrevocable and must be made by attaching a statement ("Election Statement") and a copy of the schedule of ruling amounts provided pursuant to the rules of section 1.468A-3 to the taxpayer's federal income tax return (or, in the case of an affiliated group of corporations that join in filing a consolidated return, the consolidated return) for such taxable year. The return to which the Election Statement and a copy of the schedule of ruling amounts is attached must be filed on or before the time prescribed by law (including extensions) for filing the return for the taxable year with respect to which payments are to be deducted under section 468A.

We have examined the representations and information submitted by the Taxpayer in relation to the requirements set forth in the section 468A of the Code and the regulations thereunder. Based solely on these representations, we reach the following conclusions:

1. The Taxpayer has a qualifying interest in the Plant and is, therefore, an eligible taxpayer under section 1.468A-1(b) of the regulations.
2. The Commissions have determined the amount of decommissioning costs to be included in the Taxpayer's cost of service for ratemaking purposes as required by section 1.468A-3(g) of the regulations.
3. The Taxpayer has calculated the shares of the total decommissioning costs allocable to each of the Commissions, as required by section 1.468A-3(f)(2) of the regulations.
4. We are exercising our discretion under section 1.468A-3(a)(4) of the regulations by allowing the Taxpayer to use a formula for determining the 5-year schedule of ruling amounts. The approved formula is shown and explained on page 5 of this ruling and the resulting schedule of ruling amounts is shown below.
5. The maximum amount of cash payments made (or deemed made) to the Fund during any tax year is restricted to the lesser amount of the decommissioning costs applicable to such Fund or the ruling applicable to this Fund, as set forth under section 1.468A-(2)(b)(1) of the regulations.
6. The qualifying percentage under section 1.468A-3(d)(4) of the regulations is calculated to be 100 percent.

Based on the above determinations, we conclude that the Taxpayer's proposed schedule of ruling amounts satisfies the requirements of section 468A of the Code. The following schedule of ruling amounts is specifically approved for the Commissions:

APPROVED REVISED SCHEDULE OF RULING AMOUNTS
TAXABLE YEARS 1995 THROUGH 1999

| <u>YEAR</u> | <u>COMMISSION A</u> | <u>COMMISSION B WHOLESALE SALES</u> | <u>COMMISSION B POWER SALES</u> | <u>COMMISSION B 1995 TARIFF</u> | <u>TOTAL</u> |
|--------------------------------------|---------------------|---|-------------------------------------|-------------------------------------|--------------|
| 1995 | \$5,036,282 | \$131,309 | \$91,264 | \$415,342 | \$5,674,197 |
| EACH YEAR 1996 THROUGH 1999 | \$5,036,282 | \$131,309 | -0- | \$662,008 | \$5,829,599 |

In exercising our discretion under section 1.468A-3(a)(4) of the regulations, the approved schedule of ruling amounts is being limited to a 5-year period under section 1.468A-3(i)(1)(ii)(A). Moreover, approval of the schedule of ruling amounts is contingent on there being no change in the facts and circumstances, known or assumed, at the time this ruling is issued. If any of the events described in section 1.468A-3(i)(1)(iii) occur in future years, the Taxpayer must request a review and revision of the schedule of ruling amounts. Under section 1.468A-3(i)(1)(iv), the Taxpayer is required to file such a request on or before the deemed payment deadline date for the first taxable year in which the rates reflecting such action became effective.

The approved schedule of ruling amounts is relevant only to those payments made to the Fund. Payments allocable to any funds other than the Fund cannot qualify for purposes of the deduction under the provisions of section 468A of the Code. As stated above, payments made to the Fund can qualify only to the extent that they do not exceed the lesser of the decommissioning costs applicable to the Fund or the ruling amounts applicable to the Fund in the taxable year.

Except as specifically set forth above, no opinion is expressed concerning the federal income tax consequences of the above described facts under any other provision of the Code or regulations. This letter ruling is directed only to the taxpayer who requested it. Section 6110(j)(3) of the Code provides that this ruling may not be used or cited as precedent.

In accordance with the power of attorney on file, a copy of this letter is being sent to your authorized legal representative. Pursuant to section 1.468A-7(a) of the regulations, a copy of this letter must be attached (with the required Election Statement) to the Taxpayer's federal income tax

return for each taxable year in which the Taxpayer claims a deduction for payments made to the Fund.

Sincerely yours,

Charles B. Ramsey/PAC
CHARLES B. RAMSEY
Chief, Branch 6
Office of the Assistant
Chief Counsel
(Passthroughs and Special
Industries)

Enclosure:
6110 copy

PECO ENERGY COMPANY

I.D. No.: 23-0970240

1995 Election Under Section 468A

Limerick Generating Station - Unit 2

PECO Energy Company, EIN #23-0970240, located at 2301 Market Street, Philadelphia, PA 19101, hereby makes an election under Code Section 468A pursuant to Treasury Regulation 1.468A-7 for the taxable year 1995.

The election is made with respect to Unit 2 of the Limerick Generating Station located at Evergreen and Sanatoga Roads, P.O. Box A, Sanatoga, PA 19464. The employer identification number for the Limerick 2 Nuclear Decommissioning Fund is 23-2639658.

There were no actual cash payments made to the Nuclear Decommissioning Fund during the taxable year that were not treated as deemed cash payments under Treasury Regulation 1.468A-2(c)(1). The total amount of cash payments deemed made to the Nuclear Decommissioning Fund under Treasury regulation 1.468A-2(c)(1) for 1995 is \$4,624,860. The cost of service amount for the taxable year 1995 is \$4,626,924.

Attached is a schedule of Ruling amounts obtained by the PECO Energy Company with respect to Unit 2 of the Limerick Generating Station.

S:\wp51\fitrtn95\election\468Algs2.doc

Internal Revenue Service

Department of the Treasury
Washington, DC 20224

Patricia M. Healy
Gerald P. Farano
Reid & Priest
701 Pennsylvania Ave., NW.
Washington, D.C. 20004

Person to Contact:
Paul Handleman
Telephone Number:
(202) 622-3110
Refer Reply To:
CC:DOM:P&SI:6 - TR-31-02632-95
Date: FEB 28 1996

In Re: PECO Energy Company
Revised Schedule of Ruling Amounts for
Limerick Generating Station, Unit 2

Dear Ms. Healy and Mr. Farano:

The enclosed copy of a letter is sent to you under the provisions of a power of attorney currently on file with the Internal Revenue Service.

Sincerely yours,

Charles B. Ramsey /pc

CHARLES B. RAMSEY
Chief, Branch 6
Office of the Assistant
Chief Counsel
(Passthroughs and Special
Industries)

Enclosure:
Copy of Letter

Letter 1690 (Rev. 10-90)

Index Number: 468A.04-02

P.O. Box 7604
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CC:DOM:P&SI:6 -- TR-31-02632-95

Date:

FEB 28 1996

In re: Revised Schedule of Ruling Amounts
Limerick Generating Station, Unit 2

Legend:

This document may not be used or cited as precedent.
Section 6110 (j) (3) of the Internal Revenue Code.

| | | |
|--------------|---|---|
| Taxpayer | = | PECO Energy Company E.I.N.: 23-0970240 |
| Plant | = | Limerick Generating Station, Unit 2 |
| Location | = | Saratoga, Pennsylvania |
| Commission A | = | Pennsylvania Public Utility Commission |
| Commission B | = | Federal Energy Regulatory Commission |
| State X | = | Pennsylvania |
| Firm | = | NUS Corporation Gaithersburg, Maryland |
| District | = | Philadelphia, Pennsylvania |

Dear Mr. Mitchell:

This letter responds to your request dated November 17, 1995, and additional correspondence, that was submitted by your authorized legal representative on behalf of the Taxpayer. The request is for a revised schedule of ruling amounts under the mandatory review requirement of section 1.468A-3(i)(1)(ii)(A) of the Income Tax Regulations for the Taxpayer's nuclear decommissioning fund (the "Fund") under the jurisdiction of Commission A and Commission B (the "Commissions"). The required information for the schedule of ruling amounts was submitted on behalf of the Taxpayer pursuant to section 1.468A-3(h)(2).

The Taxpayer has represented the following facts and information:

The Taxpayer is incorporated in State X and is an operating utility providing electric and gas service in State X. The Taxpayer is subject to the audit jurisdiction of the District. The Taxpayer owns 100 percent of the Plant, which is situated at Location. The Plant began commercial operations in 1990 and the Plant's operating license issued by the Nuclear Regulatory Commission expires at midnight on October 26, 2029.

Commission A, in Docket No. R-891364, effective April 19, 1990 (the "1990 Order"), approved the amount of decommissioning costs included in the Taxpayer's cost of service for ratemaking purposes for electrical energy sales to State X customers. Commission A reviewed the components of the Taxpayer's cost of service, including the portion allocated to Commission B. In the 1990 Order, the jurisdictional percentages were allocated to Commission A in the amount of 93.822 percent of total electrical energy sales and to Commission B in the amount of 6.178 percent of total electrical energy sales for a total of 100 percent. The Commission B jurisdiction was further divided such that 4.563 percent was allocable to Commission B Power Sales and 1.615 percent was allocable to Commission B Wholesale Sales.

Commission B, in Docket No. ER91-478-000, effective October 1, 1991 (the "1991 Order"), increased the jurisdictional percentage allocated to Commission B Wholesale Sales to 2.1163 percent. Effective May 16, 1995, in Docket No. ER95-770-000, Commission B accepted an electric tariff (the "1995 Tariff") allowing the Taxpayer to enter into separate power sales agreements. The jurisdictional percentage allocated to Commission B Power Sales under the 1995 Tariff is 12.888 percent. Approval of these jurisdictional percentages is granted notwithstanding that the sum of the percentages for the Commissions exceeds 100 percent. Approval is granted based on

decommissioning costs are redetermined by applying a series of inflation indices intended to measure the cost increase within each of the various components of decommissioning. The Taxpayer claims that this is the most conservative approach to funding the future cost of decommissioning because it is based on actual facts that are known rather than on future earnings and the growth of costs.

The method of decommissioning the Plant is the immediate dismantling method. The estimated year in which substantial decommissioning costs will first be incurred is the year 2029. The estimated year in which the decommissioning of the Plant will be substantially completed is the year 2033. The estimated date in which the Plant will no longer be included in the Taxpayer's rate base for ratemaking purposes, as determined by the Commissions in establishing or approving rates during the first ratemaking proceed in which the Plant was included in the Taxpayer's rate base, is 2029.

For Commission A and Commission B Power Sales, the total estimated cost of decommissioning the Plant is \$170,185,000 (in 1990 dollars). For Commission B Wholesale Sales, the total estimated cost of decommissioning the Plant is \$188,893,000 (in 1991 dollars). For the Commission B 1995 Tariff, the total estimated cost of decommissioning the Plant is \$170,693,621 (the weighted average between \$170,185,000 and \$188,893,000). As of January 1, 1995, the asset balance of the Fund was \$20,098,044.

The funding period and funding limitation period began on January 1, 1990 and ends on December 31, 2029. The estimated period for which the Fund is to be in effect is 40 years (1990 through 2029) and the estimated useful life of the Plant is 40 years (1990 through 2029). Thus, the Taxpayer has calculated the qualifying percentage to be 100 percent.

Under the Method, the Taxpayer determines the current portion of the Taxpayer's cost of decommissioning the Plant. The cost is the product of the qualifying percentage and the total current decommissioning cost for the Plant. In order to determine the amount of any "underfunding," the Taxpayer subtracts the actual amount accumulated in the Fund from the amount that should be in the Fund. If "underfunding" occurs, the amount of the "underfunding" would be amortized over the same period approved by the Commissions. Thus, in determining the amount of the schedule of ruling amounts under the Method for the Taxpayer's 1995 through 1999 tax years, the following formula was used:

portion of nuclear decommissioning costs which bears the same ratio to the nuclear power plant as the period for which the fund is in effect bears to the estimated useful life of the plant. This term is further defined to include the amount necessary to prevent excessive funding of nuclear decommissioning costs or funding of these costs at a rate more rapid than level funding, taking into account such discount rates as the Secretary deems appropriate.

Section 468A(g) of the Code provides that a taxpayer shall be deemed to have made a payment to the nuclear decommissioning fund on the last day of the taxable year if the payment is made on account of the taxable year within 2½ months after the close of the taxable year.

Section 1.468A-1(a) of the regulations provides, in part, that an eligible taxpayer may elect to deduct nuclear decommissioning costs under section 468A of the Code. An "eligible taxpayer," as defined under section 1.468A-1(b)(1), is a taxpayer that has a qualifying interest in a nuclear power plant. As defined under section 1.468A-1(b)(2), a "qualifying interest" is, among other things, a direct ownership interest, including an interest held as a tenant in common or joint tenant.

Section 1.468A-2(b)(1) of the regulations provides, in part, that the maximum amount of cash payments made (or deemed made) to a nuclear decommissioning fund during any taxable year shall not exceed the lesser of (i) the cost of service amount applicable to the nuclear decommissioning fund for such taxable year; (ii) or the ruling amount applicable to the nuclear decommissioning fund for such taxable year.

Section 1.468A-3(a)(1) of the regulations generally provides, in part, that a schedule of ruling amounts for a nuclear decommissioning fund is a ruling specifying annual payments that, over the taxable years remaining in the "funding period" as of the date the schedule first applies, will result in a projected balance of the nuclear decommissioning fund as of the last day of the funding period equal to (and in no event more than) the "amount of decommissioning costs allocable to the fund."

Section 1.468A-3(a)(2) of the regulations provides that, to the extent consistent with the principles and provisions of section 1.468A-3, each schedule of ruling amounts shall be based on the reasonable assumptions and determinations used by the applicable public utility commission(s) in establishing or approving the amount of decommissioning costs to be included in the cost of service for ratemaking purposes, taking into account amounts that are otherwise required to be included in the taxpayer's income under section 88 of the Code and the

regulations thereunder. Thus, for example, each schedule of ruling amounts shall be based on the public utility commission's reasonable assumptions concerning (i) the after-tax rate of return to be earned by the amounts collected for decommissioning; (ii) the total estimated cost of decommissioning the nuclear power plant; and (iii) the frequency of contributions to the nuclear decommissioning fund for a taxable year.

Under section 1.468A-3(a)(3) of the regulations, the Internal Revenue Service shall provide a schedule of ruling amounts that is identical to the schedule proposed by the taxpayer, but no such schedule shall be provided unless the taxpayer's proposed schedule is consistent with the principles and provisions of section 1.468A-3.

Section 1.468A-3(a)(4) of the regulations provides that if, in establishing or approving the amount of decommissioning costs to be included in cost of service for ratemaking purposes, the applicable public utility commission uses an estimated cost of decommissioning that is based on price levels in effect at the time of the ratemaking proceeding (i.e., the public utility commission does not estimate the cost of decommissioning in future dollars), the Service may, in its discretion, provide a formula or method for determining a schedule of ruling amounts (rather than a schedule specifying a dollar amount for each taxable year) that is consistent with the principles and provisions of section 1.468A-3.

Section 1.468A-3(b)(1) of the regulations provides that the ruling amount, specified in a schedule of ruling amounts, for any taxable year in the level funding limitation period shall not be less than the ruling amount specified in such schedule for any earlier taxable year. Under section 1.468A-3(b)(2)(i) and (ii), the level funding limitation period begins on the first day of the first taxable year for which a deductible payment is made to the nuclear decommissioning fund and ends on the last day of the taxable year that includes the estimated date on which the nuclear power plant will no longer be included in the taxpayer's rate base for ratemaking purposes.

Section 1.468A-3(c)(1)(i) and (ii) of the regulations provides that the funding period for a nuclear decommissioning fund is the period that begins on the first day of the first taxable year for which a deductible payment is made (or deemed to be made) to such nuclear decommissioning fund and ends the later of the last day of the taxable year that includes the estimated date on which decommissioning costs of the nuclear power plant to which the nuclear decommissioning fund relates will no longer be included in the taxpayer's cost of service for ratemaking purposes; or the last day of the taxable year that includes the estimated date on which the nuclear power plant to which the

nuclear decommissioning fund relates will no longer be included in the taxpayer's rate base for ratemaking purposes.

Section 1.468A-3(d)(1) of the regulations provides that the amount of decommissioning costs allocable to a nuclear decommissioning fund is the taxpayer's share of the total estimated cost of decommissioning the nuclear power plant multiplied by the qualifying percentage.

Section 1.468A-3(d)(2)(i) of the regulations provides, in part, that the total estimated cost of decommissioning a nuclear power plant is the reasonably estimated cost of decommissioning used by the applicable public utility commission in establishing or approving the amount of these costs, to be included in cost of service for ratemaking purposes.

Section 1.468A-3(d)(3) of the regulations provides that a taxpayer's share of the total estimated cost of decommissioning a nuclear power plant equals the total estimated cost of decommissioning the plant multiplied by the taxpayer's qualifying interest in the plant.

Section 1.468A-3(d)(4)(i) of the regulations provides that the qualifying percentage for any nuclear decommissioning fund is equal to the fraction, the numerator of which is the number of taxable years in the estimated period for which the nuclear decommissioning fund is to be in effect and the denominator of which is the number of taxable years in the estimated useful life of the applicable nuclear power plant.

Under section 1.468A-3(d)(4)(ii) of the regulations, the estimated period for which a nuclear decommissioning fund is to be in effect (A) begins on the later of the first day of the first taxable year for which a deductible payment is made to the nuclear decommissioning fund or the first day of the taxable year that includes the date that the nuclear power plant begins commercial operations; and (B) ends on the last day of the taxable year that includes the estimated date on which the nuclear power plant to which the nuclear decommissioning fund relates will no longer be included in the taxpayer's rate base for ratemaking purposes. Likewise, under section 1.468A-3(d)(4)(iii), the estimated useful life of a nuclear power plant (A) begins on the first day of the taxable year that includes the date that the plant begins commercial operations; and (B) ends on the last day of the taxable year that includes the estimated date on which the nuclear power plant will no longer be included in the taxpayer's rate base for ratemaking purposes.

Section 1.468A-3(e)(3) of the regulations provides that, for purposes of section 1.468A-3(d)(4)(ii) and (iii), the estimated

Section 1.468A-3(i)(1)(iii) of the regulations provides that a taxpayer is required to request a revised schedule of ruling amounts for a nuclear decommissioning fund if (A) any public utility commission that establishes or approves rates for the furnishing or sale of electric energy generated by a nuclear power plant to which the nuclear decommissioning fund relates (1) increases the proposed period over which decommissioning costs of the nuclear power plant will be included in cost of service for ratemaking purposes; (2) adjusts the estimated date on which the nuclear power plant will no longer be included in the taxpayer's rate base for ratemaking purposes; or (3) reduces the amount of decommissioning costs to be included in cost of service for any taxable year; and (B) the taxpayer's most recent request for a schedule of ruling amounts did not provide notice to the Service of the action by the public utility commission.

Section 1.468A-3(i)(2) of the regulations provides that any taxpayer that has obtained a schedule of ruling amounts pursuant to section 1.468A-3(h) can request a revised schedule of ruling amounts. Such a request must be made in accordance with the rules of section 1.468A-3(h); thus, the Service shall not provide a revised ruling amount applicable to a taxable year in response to a request for a schedule of ruling amounts that is filed after the deemed payment deadline date for such taxable year.

Section 1.468A-7(a) of the regulations provides, in general, that an eligible taxpayer is allowed a deduction for the taxable year in which the taxpayer makes a cash payment (or is deemed to make a cash payment) to a nuclear decommissioning fund only if the taxpayer elects the application of section 468A of the Code. A separate election is required for each nuclear decommissioning fund and for each taxable year with respect to which payments are to be deducted under section 468A. In the case of an affiliated group of corporations that join in filing a consolidated return for a taxable year, the common parent must make a separate election on behalf of each member whose payments to a nuclear decommissioning fund during such taxable year are to be deducted under section 468A. The election under section 468A for any taxable year is irrevocable and must be made by attaching a statement ("Election Statement") and a copy of the schedule of ruling amounts provided pursuant to the rules of section 1.468A-3 to the taxpayer's federal income tax return (or, in the case of an affiliated group of corporations that join in filing a consolidated return, the consolidated return) for such taxable year. The return to which the Election Statement and a copy of the schedule of ruling amounts is attached must be filed on or before the time prescribed by law (including extensions) for filing the return for the taxable year with respect to which payments are to be deducted under section 468A.

We have examined the representations and information submitted by the Taxpayer in relation to the requirements set forth in the section 468A of the Code and the regulations thereunder. Based solely on these representations, we reach the following conclusions:

1. The Taxpayer has a qualifying interest in the Plant and is, therefore, an eligible taxpayer under section 1.468A-1(b) of the regulations.
2. The Commissions have determined the amount of decommissioning costs to be included in the Taxpayer's cost of service for ratemaking purposes as required by section 1.468A-3(g) of the regulations.
3. The Taxpayer has calculated the shares of the total decommissioning costs allocable to each of the Commissions, as required by section 1.468A-3(f)(2) of the regulations.
4. We are exercising our discretion under section 1.468A-3(a)(4) of the regulations by allowing the Taxpayer to use a formula for determining the 5-year schedule of ruling amounts. The approved formula is shown and explained on page 5 of this ruling and the resulting schedule of ruling amounts is shown below.
5. The maximum amount of cash payments made (or deemed made) to the Fund during any tax year is restricted to the lesser amount of the decommissioning costs applicable to such Fund or the ruling applicable to this Fund, as set forth under section 1.468A-(2)(b)(1) of the regulations.
6. The qualifying percentage under section 1.468A-3(d)(4) of the regulations is calculated to be 100 percent.

Based on the above determinations, we conclude that the Taxpayer's proposed schedule of ruling amounts satisfies the requirements of section 468A of the Code. The following schedule of ruling amounts is specifically approved for the Commissions:

APPROVED REVISED SCHEDULE OF RULING AMOUNTS
TAXABLE YEARS 1995 THROUGH 1999

| YEAR | COMMISSION A | COMMISSION B WHOLESALE SALES | COMMISSION B POWER SALES | COMMISSION B 1995 TARIFF | TOTAL |
|-----------|--------------|---------------------------------|-----------------------------|-----------------------------|-------------|
| 1995. | \$4,094,392 | \$103,251 | \$74,196 | \$353,391 | \$4,625,230 |
| EACH YEAR | | | | | |
| 1996 | | | | | |
| THROUGH | | | | | |
| 1999 | \$4,094,392 | \$103,251 | -0- | \$563,265 | \$4,760,908 |

In exercising our discretion under section 1.468A-3(a)(4) of the regulations, the approved schedule of ruling amounts is being limited to a 5-year period under section 1.468A-3(i)(1)(ii)(A). Moreover, approval of the schedule of ruling amounts is contingent on there being no change in the facts and circumstances, known or assumed, at the time this ruling is issued. If any of the events described in section 1.468A-3(i)(1)(iii) occur in future years, the Taxpayer must request a review and revision of the schedule of ruling amounts. Under section 1.468A-3(i)(1)(iv), the Taxpayer is required to file such a request on or before the deemed payment deadline date for the first taxable year in which the rates reflecting such action became effective.

The approved schedule of ruling amounts is relevant only to those payments made to the Fund. Payments allocable to any funds other than the Fund cannot qualify for purposes of the deduction under the provisions of section 468A of the Code. As stated above, payments made to the Fund can qualify only to the extent that they do not exceed the lesser of the decommissioning costs applicable to the Fund or the ruling amounts applicable to the Fund in the taxable year.

Except as specifically set forth above, no opinion is expressed concerning the federal income tax consequences of the above described facts under any other provision of the Code or regulations. This letter ruling is directed only to the taxpayer who requested it. Section 6110(j)(3) of the Code provides that this ruling may not be used or cited as precedent.

In accordance with the power of attorney on file, a copy of this letter is being sent to your authorized legal representative. Pursuant to section 1.468A-7(a) of the regulations, a copy of this letter must be attached (with the required Election Statement) to the Taxpayer's federal income tax

return for each taxable year in which the Taxpayer claims a deduction for payments made to the Fund.

Sincerely yours,

Charles B. Ramsey/CR

CHARLES B. RAMSEY
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Enclosure:
6110 copy