



COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P.O. BOX 3265, HARRISBURG, PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE

May 3, 2001

Brian D. Crowe, Director
Regulatory & Government Affairs
PECO Energy Company
P.O. Box 8699
Philadelphia, PA 19101-8699

DOCKETED
MAY 08 2001

**Re: Approval of Restructuring Plan of PECO Energy Company under
Section 2806 of the Public Utility Code; Docket No. R-00973953**

Dear Mr. Crowe:

By letter dated March 30, 2001, PECO Energy Company (PECO) requests the confirmation of one aspect of the Commission's Order adopted on December 11, 1997 in the above-captioned matter. Specifically, in connection with a filing to be made at the Nuclear Regulatory Commission (NRC), PECO has learned that the NRC allows only a 2% real earnings rate on decommissioning funds unless the state regulator determines that a different level is appropriate. PECO seeks confirmation from the Commission that a 3% real earnings rate was utilized in calculating the Company's annual nuclear decommissioning funding level of \$29,162,000 in the above-captioned proceeding. As you note, PECO intends only to verify the assumption used in the development of this decommissioning expense level and recognizes that such verification in no manner limits the Commission's ability to change such assumption in future proceedings.

In approving PECO's electric restructuring plan, with modifications, the Commission determined that the appropriate annual nuclear decommissioning funding level was \$29,162,000, which is reflected in Supplement No. 21 to Tariff Electric Pa. P.U.C. No. 3, First Revised Page No. 33. A review of the underlying documentation presented in the restructuring proceeding reveals that this amount was calculated on the basis of an earnings rate of 6.5% and a cost escalation rate of approximately 3.5% (GDP deflator) for a real earnings rate of 3%. Therefore, the Commission confirms that PECO's allowance of \$29,162,000 was based upon a real earnings rate of 3%.

**DOCUMENT
FOLDER**

Very truly yours,

James J. McNulty
James J. McNulty
Secretary

cc: Law Bureau