

PENNSYLVANIA PUBLIC UTILITY COMMISSION
Uniform Cover and Calendar Sheet

1. REPORT DATE: December 7, 2004	2. BUREAU AGENDA NO. DEC-2004-FUS-1400*
3. BUREAU: Fixed Utility Services	
4. SECTION(S): Finance/Tariffs	5. PUBLIC MEETING DATE:
6. APPROVED BY: Director: R. Rosenthal 3-5242 <i>RR</i> Mgr/Spvr: R. F. Wilson 3-6162 <i>RFW</i> Legal Review: <i>RJG</i>	December 16, 2004
7. PERSONS IN CHARGE: Glunz 5-4364/ Marino 2-2151	9. EFFECTIVE DATE OF FILING: January 1, 2005
8. DOCKET NOS.: R-00973953; R-00040041	

**DOCUMENT
FOLDER**

10. (a) **CAPTION** (abbreviate if more than 4 lines)
 (b) Short summary of history & facts, documents & briefs
 (c) Recommendation
- (a) PECO Energy Company filed Supplement Nos. 61 and 62 to Tariff Electric PA PUC No. 3 to become effective January 1, 2005.
- (b) Supplement No. 61 puts into effect new rates in compliance with PECO's electric restructuring and merger orders, and various other related Commission Orders. Supplement No. 62 puts into effect the new 2005 Gross Receipts Tax rate onto adjusted Energy/Capacity rates that appear in Supplement No. 61.
- (c) The Bureau of Fixed Utility Services recommends that the Commission adopt the proposed Order.

DOCKETED
JAN 06 2005

10. MOTION BY: Commissioner Chm. Holland	Commissioner Thomas - Yes
SECONDED: Commissioner Bloom	Commissioner Pizzingrilli - Yes
	Commissioner

CONTENT OF MOTION: Staff recommendation adopted.



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

IN REPLY PLEASE
REFER TO OUR FILE

DECEMBER 20, 2004

R-00973953
R-00040041

TO ALL PARTIES OF RECORD

DOCKETED
JAN 25 2005

**DOCUMENT
FOLDER**

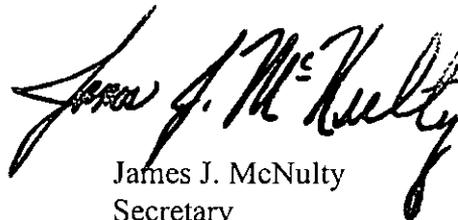
PECO Energy Company filed Supplement Nos. 61 and 62 to Tariff Electric Pa. P.U.C. No. 3

To Whom It May Concern:

This is to advise you that the Commission in Public Meeting on December 16, 2004 has adopted an Order in the above entitled proceeding.

An Order has been enclosed for your records.

Very truly yours,



James J. McNulty
Secretary

fg
encls
cert. mail

See Attached Listing for Additional Parties of Record.

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265**

Public Meeting held December 16, 2004

Commissioners Present:

Wendell F. Holland, Chairman
Robert K. Bloom, Vice Chairman
Glen R. Thomas
Kim Pizzingrilli

DOCKETED
JAN 25 2005

PECO Energy Company filed Supplement Nos. 61
and 62 to Tariff Electric Pa. P.U.C. No. 3

Docket Numbers:
R-00973953
R-00040041

ORDER

**DOCUMENT
FOLDER**

BY THE COMMISSION:

On October 29, 2004, PECO Energy Company (PECO) filed Supplement No. 61 to Tariff Electric Pa. P.U.C. No. 3 to become effective January 1, 2005. Supplement No. 61 is filed in compliance with:

- Electric Restructuring Order at Docket Nos. R-00973953 and P-00971265 requiring annual reconciliation of Transition Charges (filed at M-FACE0409)
- Order at Docket No. R-00027912 approving the base rate roll-in of the Revenue Neutral Reconciliation (RNR) Gross Receipt Tax rate effect
- Order at Docket No. R-00038102 approving the Nuclear Decommissioning Cost Adjustment (NDCA) charge
- Order at Docket No. R-00038535 approving the Universal Service Fund Charge (USFC) requiring annual reconciliation (filed at M-FACE0410)

On November 1, 2004, PECO filed Supplement No. 62 to Tariff Electric Pa. P.U.C. No. 3 to become effective January 1, 2005. Supplement No. 62 is a roll-in of the 2005 Gross Receipts Tax (GRT) rate into base rates for electric generation only. Calculations for this roll-in are based upon Commission approval of the adjustments to rates in PECO's October 29, 2004, filing.

PECO estimates that a typical monthly bill for a residential customer using 500 kWh per month in 2004 will increase by \$0.05 (0.07%) as a result of the following changes incorporated into Supplement No. 61:

- The annual reconciliation of Transition Charge recoveries (filed at M-FACE0409);
- The reflection of a 15 mill RNR in base rates (Docket No. R-00027912)
- The reflection of a 0.01 cent/kWh Nuclear Decommissioning Cost Adjustment (NDCA) charge included in Variable Distribution Charges (R-00038102);
- The reflection of 0.04 cent/kWh Universal Service Fund Charge (USFC) included in Variable Distribution Charges of Rate R and Rate R-H reflecting the annual reconciliation filed at Docket No. M-FACE0410 (Docket No. R-00038535)

Supplement 61 adjusts rates for the annual reconciliation of the 2004 Transition Charge (CTC). The annual reconciliation increases the customer's price to compare for energy and capacity, but has no impact on customer bills as the annual reconciliation causes an offsetting effect between decreasing transition charges and increasing energy/capacity charges. This portion of Supplement 61 relating to annual reconciliation is based upon a compliance filing at Docket No. M-FACE0409, which is still pending before the Commission.

Supplement No. 61 also addresses the Revenue Neutral Reconciliation (RNR) and Nuclear Decommissioning Cost Adjustment (NDCA) for 2005. The 15 mill Revenue Neutral Reconciliation (RNR) Gross Receipt Tax rate in base rates, and the 0.01 cent/kWh NDCA are provided for informational purposes only and cause no change to customer bills or PECO's revenues. The roll-in of PECO's 2003 RNR tax liability was approved by Commission Order entered December 19, 2002, at Docket No. R-00027912. The NDCA was approved by Commission Order entered September 9, 2003, at Docket No. R-00038102. Compliance tariffs relating to both the RNR and the NDCA were made effective January 1, 2004, by Commission Order entered December 18, 2003 at Docket No. R-00038990. The RNR and NDCA are not subject to a rate cap. Nevertheless, the

roll-in of the RNR causes PECO's average transmission and distribution (T&D) rates to remain below the distribution rate cap throughout the rate cap period, and it continues to cause generation rate components (competitive transition charge, intangible transition charge and energy/capacity) to remain above the generation rate cap through calendar year 2005.

Supplement No. 61 also includes an adjustment for the Customer Assistance Program (CAP). As a result of an anticipated under-collection of \$1,485,214 to cover CAP costs, the Universal Service Fund Charge (USFC) was increased from 0.003 cent/kWh to 0.004 cent/kWh. For a residential customer using 500 kWh per month this change would result in an increase of \$0.05 (0.07%) to a typical monthly bill. The USFC is applied to Rate Class R (R and RT subclasses) and Rate Class RH. The USFC is not subject to a rate cap. This portion of Supplement 61 relating to the USFC is based upon the compliance filing at Docket No. M-FACE0410, which is also still pending before the Commission.

The USFC, in combination with the NDCA, the RNR and the CTC reflect a usage growth factor of 1.0489 in accordance with the Settlement Agreement approved at Docket Nos. R-00973953 and P-00971265. These adjustments, including the increase in the USFC and the 15 mill RNR in base rates (as well as the effects of gross receipts tax) reflect a total revenue increase of approximately \$29.5 million. The CTC and the USFC were reviewed by the Bureaus of Audits and Fixed Utility Services, and were found to be consistent with those at the previously mentioned docket numbers.

Supplement No. 62 reflects the calculation and roll-in of the State Tax Adjustment Surcharge (STAS) associated with the Energy/Capacity portion of PECO Energy's rates. PECO estimates that an additional recoverable amount of \$1,044,092 (0.06%) for the Energy/Capacity portion of its revenues is necessary to reflect the Public Utility Realty Tax Act (PURTA) surcharge pursuant to 72 P.S. § 8111-A(d), that is imposed upon Gross Receipts Taxes (GRT) effective January 1, 2005. PECO notes in this filing that the effects of this GRT increase on the remaining components of PECO

Energy's revenue (Distribution, Transmission and Transition Charges) will be included in the annual State Tax Adjustment Surcharge calculation to be submitted on or about December 22, 2004, to become effective January 1, 2005.

We have examined the proposed tariff supplements and have determined that they appear to be reasonable and consistent with the public interest; **THEREFORE,**

IT IS ORDERED:

1. That Supplement Nos. 61 and 62 to Tariff Electric Pa. P.U.C. No. 3 filed October 29, 2004, and November 1, 2004, respectively, are hereby approved to the extent that matters separately filed and assigned to the Administrative Law Judge (ALJ) at Docket Nos. M-FACE0409 and M-FACE0410, are consistent with and in conformance with subsequent Commission approval of the ALJ decision relating to these M Dockets.

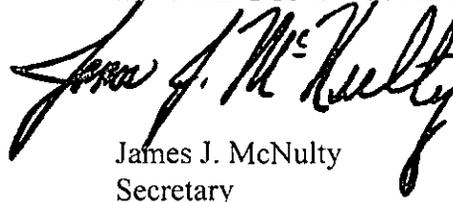
2. That as soon as practicable after the entry of this Order and the Orders at M-FACE0409 and M-FACE0410, PECO Energy Company shall notify its customers of the rate changes by bill insert.

3. That approval of the above tariff change will not preclude this Commission from investigating the financial affairs of PECO Energy Company, and in appropriate cases, ordering refunds or other remedies that may be deemed appropriate.

4. That this Order is without prejudice to any formal complaints timely filed against the proposed tariff supplements.

5. That R-00040041 be marked closed in accordance with the provisions in Ordering Paragraph No. 1.

BY THE COMMISSION,

A handwritten signature in black ink, appearing to read "James J. McNulty". The signature is written in a cursive style with a large, sweeping initial "J".

James J. McNulty
Secretary

(SEAL)

ORDER ADOPTED: December 16, 2004

ORDER ENTERED: **DEC 20 2004**

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ACKNOWLEDGEMENT OF RECEIPT & ACCEPTANCE OF SERVICE

AND NOW, to wit, this _____ day of _____, 20__,

the undersigned, as evidenced by execution hereof, acknowledges receipt, and accepts service of _____ Order _____ an official Commission document entered, issued, or otherwise promulgated under date of _____ December 20, 2004 _____ at Docket No. _____ R-00973953, etal. _____ on behalf of:

MESSENGER
KIM SHAWKEY
SENATOR BRIGHTBILL'S OFFICE
337 MAIN CAPITOL
HARRISBURG PA 17120

Signature

Kindly sign and date this acceptance of service and acknowledgement of receipt, and, return the same for filing to:

SECRETARY'S BUREAU RECORD RETENTION
PA PUBLIC UTILITY COMMISSION
KEYSTONE BUILDING 2ND FLOOR
400 NORTH STREET
Harrisburg, PA 17105-3265

SECRETARY'S BUREAU

2004 DEC 22 PM 2:37

RECEIVED