



**PECO ENERGY**

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**DOCKETED**  
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July 19, 2000

**By Overnight Delivery**

James J. McNulty, Secretary  
Pennsylvania Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

**RECEIVED**  
JUL 20 2000

**PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU**

RE: Application of PECO Energy Company, Pursuant to Chapters 11, 19, 21, 22, and 28 of the Public Utility Code, Docket No. A-110550F0147 (PECO Corporate Restructuring and Holding Company Formation and Merger With Unicom).

**DOCUMENT  
FOLDER**

Dear Secretary McNulty:

PECO Energy Company hereby requests the confirmation of one aspect of PECO's application in the above-captioned matter which was recently approved by Commission order issued June 22, 2000. As originally proposed by PECO as part of the corporate restructuring, and consistent with the Company's Restructuring Settlement (at Docket No. R-00973953) and the Joint Petition for Settlement in this matter, all of PECO's nuclear assets and liabilities will be transferred to the GENCo, including all assets and liabilities associated with the nuclear decommissioning obligations associated with the PECO's nuclear generation. The instant request pertains to the transfer of PECO's nuclear decommissioning trust funds and nuclear decommissioning expense obligations to the to-be formed generation company (GENCO).

It has recently come to PECO's attention that rules of the United States Department of the Treasury Internal Revenue Service may require that, to assure continued advantageous tax treatment for monies placed in the nuclear decommissioning trust funds in accordance with the Joint Petition for Settlement, the Commission should confirm that funds collected in PECO's regulated rates for nuclear decommissioning shall be transferred to GENCo for the sole purpose of being deposited by GENCo in the appropriate trust funds in the same manner in which PECO is currently required to make such deposits. Without such tax treatment, the amount of funding required for the decommissioning of the nuclear generation stations subject to PECO's recovery mechanism would likely increase substantially.

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Accordingly, PECO hereby requests that the Commission confirm that funds collected in PECO's regulated rates for decommissioning expense funding should be paid by PECO to GENCo for the sole purpose of being deposited by GENCo in the appropriate trust funds in the same manner in which PECO is currently required to make such deposits.

This confirmation will not affect the sharing mechanism set forth in the Settlement (in fact, the Commission could confirm that the sharing obligation effectively applies to GENCo) but is simply intended to allow the Commission, as necessary, to ensure that the funds paid by ratepayers are appropriately deposited in trust funds established for the purposes of decommissioning the nuclear stations for which those funds are paid, in accordance with the Joint Petition for Settlement.

With this confirmation, all of PECO's obligations pursuant to the nuclear decommissioning sharing mechanism set forth in the Settlement, as well as all other provisions of the Settlement, remain intact, unchanged and unmodified.

Sincerely,

A handwritten signature in black ink, appearing to be "J.P. H. M.", written in a cursive style.