



An Exelon Company

Richard G. Webster, Jr.
Vice President
Regulatory Policy and Strategy

Telephone 215.841.4000 ext 5777
Fax 215.841.6208
www.peco.com
dick.webster@peco-energy.com

PECO
2301 Market Street, 515
Philadelphia, PA 19103

December 20, 2013

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

**SUBJECT: State Tax Adjustment Surcharge (STAS) Filing - Electric
To become effective on January 1, 2014**

Dear Secretary Chiavetta:

This letter transmits for filing with the Commission the computation sheets showing the derivation of the State Tax Adjustment Surcharge value.

PECO has recalculated the State Tax Adjustment Surcharge (STAS) value to reflect a decrease in the year 2014 Capital Stock Tax rate, PURTA assessments resulting from tax rate changes and the reconciliation of prior STAS collections.

The calculated surcharge is a **credit** value of 0.21%, effective for scheduled billing cycles ending on and after January 1, 2014. Since the value remains the same as the currently effective rate, no new tariff sheets will be filed.

Thank you for your assistance in this matter and please direct any questions regarding the above to Richard Schlesinger, Manager, Retail Rates at (215) 841-5771.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Webster", with a long horizontal flourish extending to the right.

Copies to: C. Walker-Davis, Director, Office of Special Assistants
P. T. Diskin, Director, Bureau of Technical Utility Services
D. P. Hosler, Director, Bureau of Audits
J. E. Simms, Director, Bureau of Investigation & Enforcement
Office of Consumer Advocate
Office of Small Business Advocate
McNees, Wallace & Nurick

enclosures

PECO Energy - Electric Operations
State Tax Adjustment Surcharge
Effective January 1, 2014

		<u>Reference</u>
<u>Calculation of STAS Effective January 1, 2014</u>		
1 . Capital Stock Tax - 2014	(\$3,132,206)	Att. A, Pg. 3, Ln. 7
2 . PURTA Assessment - 8/15/13	\$731,182	Att. A, Pg. 4, Ln. 5
3 . PURTA Supplemental Assessment - 8/15/13	(\$91,163)	Att. A, Pg. 5, Ln. 15
4 . 1307 (g.1) Gross Receipts Tax	\$0	Att. A, Pg. 2, Ln. 13
5 . Reconciliation of Prior STAS	<u>\$31,115</u>	Att. B, Pg. 1, Ln. 8
6 . Net Due from (to) Customers	(\$2,461,072)	Ln. 1+ Ln. 2 +Ln. 3 + Ln. 4 + Ln. 5
7 . Total Due from (to) Customers Including Gross Receipts Tax	(\$2,615,380)	Ln. 6 / (1-0.059)
8 . Operating Revenues Subject to STAS from January 1, 2014 through December 31, 2014	\$1,220,132,742	Att. A, Pg. 2, Ln. 12
9 . State Tax Adjustment Surcharge	-0.21%	Ln. 7 / Ln. 8

PECO Energy - Electric Operations
Computation of Operating Revenues Subject to 2014 STAS

		<u>Reference</u>
1 . <u>Booked Revenue from Sales</u>	\$2,425,886,345	2012 FERC # 1, Pg. 300, Ln. 12
2 . Less : Non - jurisdictional revenue		
Sales for Resale	\$11,367,484	2012 FERC # 1, Pg. 300, Ln. 11
3 . Less: Unbilled Revenues	\$ (6,298,283)	2012 FERC # 1, Pg. 304, Ln. 42
Surcharge Over/Under Collections Included in Revenue	\$ (16,029,298)	Company Records
STAS Revenue Included in Line 1	<u>\$ (614,052)</u>	Company Records
4 . <u>Operating Revenues Subject to STAS</u> <u>Before Adjustments</u>	\$2,437,460,494	
5 . Less: Transmission Charges Included in Lines 1 through 3	\$103,892,171	Company Records
6 . Less		
AEPS, Energy and Capacity Charges Included in Lines 1 through 3	\$ 1,100,113,998	Company Records
7 . Plus: Full Year Effect of Smart Meter Cost Recovery Surcharge	\$ 7,975,640	Company filing on December 13, 2013 at Docket No. M-2009-2123944
8 . Plus: Full Year Effect of Energy Efficiency and Conservation Program	\$ (14,175,241)	Company filing on March 29, 2013 at Docket No. M-2012-2333992
9 . Plus: Proforma Distribution Adjustments from Change in USFC Rate	\$ (60,665)	Company filing on October 11, 2013 at Docket No. M-2013-2381533
10 . Plus: Full Year Effect of Decommissioning Cost Adjustment	\$ (5,421,904)	Company filing on March 30, 2012 at Docket No. R-00973953
11 . Plus: Proforma Consumer Education Cost Recovery	<u>\$ (1,639,413)</u>	Company filing on January 1, 2013 at Docket No. R-2009-2099208
12 . Adjusted Base Revenues for 2014 STAS	\$1,220,132,742	
13 . 0.0 Mill GRT PURTA Surcharge	\$ -	Ln. 12 * 0.0000 (a)

(a) Refer to Attachment B, Pg. 3 for the Pennsylvania Bulletin announcing the Gross Receipts Tax PURTA Surcharge beginning January 1, 2014 due to the Public Utility Realty Tax Act Surcharge

PECO Energy
Capital Stock Tax Adjustment

	<u>TOTAL</u>	<u>ELECTRIC</u>		<u>GAS</u>
		<u>TRANSMISSION</u>	<u>DISTRIBUTION</u>	
1 . Value of Capital Stock 2012 (a)	\$2,353,290,896			
2 . Apportionment Percentage (a)	0.992624			
3 . Taxable Value Capital Stock (b)	\$2,335,933,022	\$269,566,671	\$1,410,903,545	\$655,462,806
4 . Tax Rate @ 2.89 mills (c)		N. A.	<u>x 0.00289</u>	<u>x 0.00289</u>
5 . Pa. Capital Stock Tax @ 2.89 mills		N. A.	\$4,077,511	\$1,894,288
6 . Pa. Capital Stock Tax @ 0.67 mills - Year 2014		N. A.	\$945,305	\$439,160
7 . Annualized Tax Decrease from Rate Change - Year 2014		N. A.	(\$3,132,206)	(\$1,455,128)

(a) See Attachment B, Pg. 4. Per Act 119 of 2006, the Pennsylvania Department of Revenue ("Department") ceased issuing Official Notices of Settlement after December 1, 2007 for Capital Stock Tax filings. Attached are the relevant pages from PECO Energy Company's 2012 Pennsylvania Capital Stock Tax Return.

(b) Electric (Transmission (11.54%), Distribution (60.40%) and Gas (28.06%)) based on utility plant and revenues.

(c) Capital stock tax rate reflected at R-2010-2161575, the Company's year 2010 electric base rate case.

PECO Energy
2012 PURTA Adjustment

	<u>Transmission</u>	<u>Distribution</u>	<u>Gas</u>	<u>Total</u>
Per August 15, 2013 Revised Assessment (a)				
1 . Tax Base	\$98,945,271	\$130,853,282	\$23,842,234	\$253,640,787
2 . Tax @ 32.0219 Mills	\$3,168,416	\$4,190,171	\$763,474	\$8,122,060
2010 Rate Case PURTA				
3 . Tax Base	\$ 98,945,271	\$130,853,282	\$23,842,234	\$253,640,787
4 . Tax @ 26.4341 Mills	<u>\$2,615,529</u>	<u>\$3,458,989</u>	<u>\$630,248</u>	<u>\$6,704,766</u>
5 . Amount Due from / (to) Customers	\$552,887	\$731,182	\$133,226	\$1,417,294

(a) See Attachment B, Pg. 5

PECO Energy
Supplemental PURTA Adjustments

	<u>Generation / Transmission (b)</u>	<u>Transmission & Distribution / Distribution (c)</u>	<u>Gas</u>	<u>Total</u>
Per August 15, 2013 Revised Assessment (a)				
1 . Adjustment for 1998 Tax Year	\$33,155	\$9,745	\$2,938	\$45,838
2 . Adjustment for 1999 Tax Year	(\$2,863)	(\$566)	(\$204)	(\$3,632)
3 . Adjustment for 2000 Tax Year	N.A.	(\$4,769)	(\$710)	(\$5,479)
4 . Adjustment for 2001 Tax Year	N.A.	(\$4,235)	(\$678)	(\$4,913)
5 . Adjustment for 2002 Tax Year	N.A.	(\$6,441)	(\$999)	(\$7,440)
6 . Adjustment for 2003 Tax Year	N.A.	(\$5,558)	(\$939)	(\$6,497)
7 . Adjustment for 2004 Tax Year	N.A.	(\$5,783)	(\$990)	(\$6,773)
8 . Adjustment for 2005 Tax Year	N.A.	(\$6,413)	(\$1,184)	(\$7,597)
9 . Adjustment for 2006 Tax Year	N.A.	(\$10,765)	(\$2,028)	(\$12,793)
10 . Adjustment for 2007 Tax Year	N.A.	(\$10,198)	(\$1,640)	(\$11,838)
11 . Adjustment for 2008 Tax Year	N.A.	(\$12,854)	(\$1,953)	(\$14,807)
12 . Adjustment for 2009 Tax Year	(\$3,355)	(\$4,809)	(\$1,182)	(\$9,346)
13 . Adjustment for 2010 Tax Year	(\$3,704)	(\$5,127)	(\$1,052)	(\$9,883)
14 . Adjustment for 2011 Tax Year	(\$17,179)	<u>(\$23,390)</u>	<u>(\$4,308)</u>	(\$44,877)
15 . Amount Due from / (to) Customers	N.A.	(\$91,163)	(\$14,929)	N.A.

(a) See Attachment B, Pg. 5

(b) Years 1998 and 1999 reflect Generation. Year 2009 and onward reflect Transmission.

(c) Years 1998 through 2008 reflect Transmission and Distribution. Year 2009 and onward reflect Distribution.

PECO Energy-Electric Operations
State Tax Adjustment Surcharge Reconciliation
For the Year 2013

Reconciliation of Current STAS

Reference

1 . 1307 (g.1) Gross Receipts Tax	\$0	12/21/12 STAS Filing, Att. A, Pg. 1, Ln. 4
2 . Capital Stock Tax - 2013	(\$2,924,938)	12/21/12 STAS Filing, Att. A, Pg. 1, Ln. 1
3 . PURTA Assessment - 8/1/12	\$594,631	12/21/12 STAS Filing, Att. A, Pg. 1, Ln. 2
4 . PURTA Supplemental Assessment - 8/1/12	\$17,093	12/21/12 STAS Filing, Att. A, Pg. 1, Ln. 3
5 . Reconciliation of Prior STAS	<u>(\$17,672)</u>	12/21/12 STAS Filing, Att. A, Pg. 1, Ln. 5
6 . Subtotal	(\$2,330,886)	Ln. 1 + Ln. 2 + Ln. 3 + Ln. 4 + Ln. 5
7 . Less STAS Revenues Collected from Customers - 2013	<u>(\$2,362,001)</u>	Att. B, Pg. 2
8 . Net Due from/(to) Customers	\$31,115	Ln. 6 - Ln. 7

PECO Energy - Electric Operations
STAS Collections-Company Records
12 Months Ended December 31, 2013

Jan	(\$240,686)
Feb	(\$240,761)
Mar	(\$218,788)
April	(\$198,429)
May	(\$177,837)
Jun	(\$198,425)
July	(\$250,006)
Aug	(\$236,397)
Sep	(\$212,809)
Oct	(\$165,279)
Nov (a)	(\$179,745)
Dec (a)	<u>(\$190,934)</u>
Total	(\$2,510,095)

Less: GRT \$ (148,094)

Net After GRT (\$2,362,001)

(a) Projection

NOTICES

**DEPARTMENT
OF REVENUE**

**Public Utility Realty Tax Act (PURTA); Surcharge Rate Notice for the Tax Year Beginning January 1,
2014**

[43 Pa.B. 5682]

[Saturday, September 21, 2013]

72 P. S. § 8111-A(d) requires the Secretary of Revenue to publish the rate of the Public Utility Realty Tax Act (PURTA) surcharge in the form of a notice in the *Pennsylvania Bulletin* by October 1, 2003, and by each October 1 thereafter. The tax rate established in 72 P. S. § 8111-A(d) shall be imposed upon gross receipts taxes as provided in 72 P. S. § 8111-A(d) for the period beginning the next January 1.

The result of the PURTA surcharge calculation provided in 72 P. S. § 8111-A for the tax year beginning January 1, 2014, is zero mills. Therefore, no PURTA surcharge under 72 P. S. § 8111-A(d) will be imposed for the taxable period beginning January 1, 2014.

DANIEL MEUSER,
Secretary

[Pa.B. Doc. No. 13-1765. Filed for public inspection September 20, 2013, 9:00 a.m.]

1010012293

REVENUE ID 1000013050
 TAX YEAR END 12312012 NAME PECO ENERGY COMPANY
 RCT-101 PAGE 2 OF 6 PA CORPORATE TAX REPORT 2012

SECTION A: CS/FF

OLDEST PERIOD FIRST	TAX PERIOD BEGINNING	TAX PERIOD ENDING	BOOK INCOME					
YEAR 1	01012008	12312008	352828034	Investment in LLC	XX	N	1	
YEAR 2	01012009	12312009	-161446558	Holding Company	XX	N	2	
YEAR 3	01012010	12312010	26596141	Family Farm	XX	N	7	
YEAR 4	01012011	12312011	459310139				0	
YEAR 5								
YEAR 6								
YEAR 7								
CUR YR	01012012	12312012	465,559,782					

USE WHOLE DOLLARS ONLY

2. TOTAL BOOK INCOME (sum of income for all tax periods up to, but not over 5 years total)	2	1142847538
3. DIVISOR (in years and in part years rounded to three decimal places) See instructions.	3	5.000
4. Divide Line 2 by Line 3.	4	228569508
5. AVERAGE BOOK INCOME - Enter Line 4, or if Line 4 is less than zero enter "0".	5	228569508
6. Divide Line 5 by 0.095.	6	2405994821
7. Shareholders' equity at the END of the current period	7	3067875961
8. Shareholders' equity at the BEGINNING of the current period	8	3029094723
9. If Line 7 is more than twice as great or less than half as much as Line 8, add Lines 7 and 8 and divide by 2. Otherwise enter Line 7.	9	3067875961
10. NET WORTH- Enter Line 9, or if Line 9 is less than zero enter "0".	10	3067875961
11. Multiply Line 10 by 0.75.	11	2300906971
12. Add Lines 6 and 11.	12	4706901792
13. Divide Line 12 by 2.	13	2353450896
14. Valuation deduction	14	-160000
15. CAPITAL STOCK VALUE - Line 13 less Line 14, but not less than "0". If 100% taxable, enter Line 15 on Line 17.	15	2353290896
16. Proportion of taxable assets or apportionment proportion (From Schedule A-1, Line 5)	16	0.992624
17. TAXABLE VALUE - Multiply Line 15 by Line 16. If less than zero, enter "0".	17	2335933022
18. CAPITAL STOCK/FOREIGN FRANCHISE TAX - Multiply Line 17 by _____	18	4414913

Total Beginning of Taxable Year Assets 9156760482

Total End of Taxable Year Assets 9354065422

F2.00.06 PA101P02



1010012293

1010012193



RCT-101 (08-12) PAGE 1 OF 6
PA CORPORATE TAX REPORT 20 12

DEPARTMENT USE ONLY

A A = 1120 B = 1120S C = 1120C D = 1120F E = 1120H F = 1065 G = 1040 H = Other

STEP A

Tax Year Beginning XX 01012012 Tax Year Ending XX 12312012



STEP B

Amended Report	XX	N	52-53 Week Filer	XX	N	First Report	XX	N
Federal Extension Granted	XX	Y	Address Change	XX	N	KOZ/EIP/SDA Credit	XX	N
Regulated Inv. Co.	XX	N	Change Fed Group	XX	N	File Period Change	XX	N

STEP C

Revenue ID	XX	1000013050	Parent Corporation EIN	232990190
Federal EIN	XX	230970240		
Business Activity Code	XX	221500		
Corporation Name	XX	PECO ENERGY COMPANY		
Address Line 1	XX	10 S DEARBORN 51ST FL		
Address Line 2	XX			
City	XX	CHICAGO		
State	XX	IL		
ZIP	XX	60603		

USE WHOLE DOLLARS ONLY

STEP E:

STEP D	A. Tax Liability from Tax Report (can not be less than zero)	B. Estimated Payments & Credits on Deposit	C. Restricted Credits	Payment Due/Overpayment Calculation: A minus B minus C See Instructions
CS/FF	4414913	30474824	0	-26059911
LOANS	28554	0	0	28554
CNI	8236577	0	0	8236577
TOTAL	12680044	30474824	0	-17794780

STEP F: Transfer/Refund Method: See Instructions

E-File Opt Out: See Instructions Y

17794780 Transfer: Amount to be credited to the next tax year after offsetting all unpaid liabilities

0 Refund: Amount to be refunded after offsetting all unpaid liabilities

STEP G: Corporate Officer (Sign affirmation below)

NAME *M*
 PHONE 3123947777
 EMAIL

FORM 1023
BARCODE 0000

I affirm under penalties prescribed by law this report, including any accompanying schedules and statements, has been examined by me and to the best of my knowledge and belief is a true, correct and complete report. If this report is an amended report, the taxpayer hereby consents to the extension of the assessment period for this tax year to one year from the date of filing of this amended report or three years from the filing of the original report, whichever period last expires, and agrees to retain all required records pertaining to this tax and tax period until the end of the extended assessment period, regardless of any statutory provision providing for a shorter period of retention. For purposes of this extension an original report filed before the due date is deemed filed on the due date. I am authorized to execute this consent to the extension of the assessment period.

Corporate Officer Signature *[Signature]* Date 10/9/2011

BUREAU OF CORPORATION TAXES
PO BOX 280704
HARRISBURG PA 17128-0704



August 1, 2013 (Revised August 15, 2013)

PECO ENERGY CO
2301 MARKET ST. N3-3

PHILADELPHIA, PA 19101

**Re: 2012 Pennsylvania Public Utility Realty Tax
Notice of Determination - Revised August 15, 2013**

Dear Taxpayer:

Pursuant to the Public Utility Realty Tax Act, the Department of Revenue herein provides notice of the state taxable values of PURTA realty and the millage rate for tax year 2012. This notice is based on information provided by your county tax assessor's office. Any errors must be addressed with that agency and not with the Pennsylvania Department of Revenue. Notice is also given for any PURTA/PTA Tax and transitional credit adjustments for prior tax years. Please note, any net liabilities resulting from prior years' adjustments are due and payable along with the current year liability.

Payment of tax is required within 45 days of the mailing date of this notice. Previous payments, adjustments and credits should be taken into consideration. Payments and correspondence relevant to the PURTA tax or this notice should be mailed directly to the above address.

Thank you for your attention to this matter.

Sincerely,

Department of Revenue
Bureau of Corporation Taxes

Tax Year

2012

1) Total Realty Tax Equivalent (RTE):	\$ 31,420,867
2) Total State Taxable Value (STV) for all utilities:	\$ 1,286,587,891
3) PURTA Millage Rate, including 7.6 mills for PTA:	32.0219 mills
4) Utility STV:	\$253,640,787
5) Liability (Line 3 x Line 4):	\$8,122,060
6) Utility Transition Credit:	N/A
7) Utility Liability Adjustment:	N/A
8) Utility Transition Credit Adjustment:	N/A

**PLEASE SEE PAGE 2
FOR YEARS 1998 - 2011**

Account ID: 3500103

Name: **PECO ENERGY CO** Account Id: **3500103** * Revised: August 15, 2013

Details

Tax Year	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
1) Total Realty Tax Equivalent (RTE):	\$ 30,919,005	\$ 30,268,790	\$ 31,155,071	\$ 30,486,562	\$ 28,792,583	\$ 30,441,139	\$ 30,612,204
2) Total State Taxable Value (STV) for all utilities:	\$ 1,349,294,633	\$ 1,411,694,852	\$ 1,531,443,084	\$ 1,618,701,084	\$ 1,644,224,257	\$ 1,614,409,736	\$ 1,518,615,752
3) PURTA Millage Rate, including 7.6 mills for PTA:	30.5149 mills	29.0415 mills	27.9436 mills	26.4340 mills	25.1113 mills	26.4559 mills	27.7580 mills
	<u>Utility Adjustments</u>						
4) Utility STV:	\$271,685,592	\$264,005,981	\$275,894,454	\$297,504,840	\$294,963,435	\$279,002,515	\$252,466,849
5) Liability (Line 3 x Line 4):	\$8,290,459	\$7,667,130	\$7,709,484	\$7,864,243	\$7,406,915	\$7,381,263	\$7,007,975
6) Utility Transition Credit:	N/A	N/A	N/A	N/A	N/A	N/A	N/A
7) Utility Liability Adjustment:	(\$44,877)	(\$9,883)	(\$9,346)	(\$14,807)	(\$11,838)	(\$12,793)	(\$7,597)
8) Utility Transition Credit Adjustment:	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Tax Year	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
1) Total Realty Tax Equivalent (RTE):	\$ 29,299,053	\$ 29,250,239	\$ 28,956,688	\$ 29,035,507	\$ 28,016,391	\$ 38,534,253	\$ 133,200,000
2) Total State Taxable Value (STV) for all utilities:	\$ 1,420,345,142	\$ 1,355,272,523	\$ 1,350,373,972	\$ 1,323,311,253	\$ 1,346,045,294	\$ 2,033,682,690	\$ 2,070,713,597
3) PURTA Millage Rate, including 7.6 mills for PTA:	28.2281 mills	29.1826 mills	29.0435 mills	29.5416 mills	28.4139 mills	26.5480 mills	71.9257 mills
	<u>Utility Adjustments</u>						
4) Utility STV:	\$239,855,739	\$220,438,528	\$210,412,290	\$211,973,368	\$207,713,164	\$641,902,281	\$625,244,284
5) Liability (Line 3 x Line 4):	\$6,770,672	\$6,432,969	\$6,111,109	\$6,262,032	\$5,901,941	\$17,041,222	\$44,971,133
6) Utility Transition Credit:	N/A	N/A	N/A	\$0	\$0	\$0	\$100,000
7) Utility Liability Adjustment:	(\$6,773)	(\$6,497)	(\$7,440)	(\$4,913)	(\$5,479)	(\$3,632)	\$45,838
8) Utility Transition Credit Adjustment:	N/A	N/A	N/A	\$0	\$0	\$0	\$0

If you do not agree with this Notice of Determination for 2012 PURTA, you may file a Petition for Recalculation with the Board of Finance and Revenue pursuant to Section 1109-A of the Tax Reform Code of 1971. The petition must be postmarked by the U.S. Postal Service or received by the Board of Finance and Revenue within 30 days of the mailing date of this notice. Under separate cover you will receive a Statement of Account. Please review it to confirm the status of payments made, transition credits and adjustments to previous tax liabilities or balances still due. Any overpayment is available for transfer within the account, and any net credit balance for the account is available for refund/assignment.