

1. REPORT DATE: 00/00/00	:	
2. BUREAU: FUS	:	
3. SECTION(S):	:	
5. APPROVED BY:	:	4. PUBLIC MEETING DATE:
DIRECTOR:	:	00/00/00
SUPERVISOR:	:	
6. PERSON IN CHARGE:	:	7. DATE FILED: 01/02/03
8. DOCKET NO: R-00038102	:	9. EFFECTIVE DATE: 01/01/04

PARTY/COMPLAINANT: PUC

RESPONDENT/APPLICANT: PECO ENERGY COMPANY

COMP/APP COUNTY: UTILITY CODE: 110550

ALLEGATION OR SUBJECT

PECO ENERGY COMPANY - ELECTRIC DIVISION HAS FILED SUPPLEMENT NO 44 ELECTRIC PA PUC NO 3, TO BECOME EFFECTIVE JANUARY 1, 2004, WHICH PROPOSES TO RECOVER \$19.8 MILLION IN REVENUE ANNUALLY, RESULTING IN AN INCREASE TO THE NUCLEAR DECOMMISSIONING COST ADJUSTMENT FROM \$0.0000 PER KWH TO \$0.0006 PER KWH.

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Philadelphia, PA 19101-8699

**ORIGINAL****RECEIVED**

December 31, 2002

JAN 02 2003

Mr. James McNulty, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, PA 17105-3265

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

Re: Supplement No. 44 to Electric Tariff No. 3  
Nuclear Decommissioning Cost Adjustment (NDCA)

Dear Mr. McNulty:

R-00038102

This letter transmits for filing with the Commission eight copies of PECO Energy's Electric Tariff Supplement No. 44 and the supporting information required under 52 Pa. Code 53.52(a). The purpose of this filing is to recover \$19.8 million in revenue annually, resulting in an increase to the Nuclear Decommissioning Cost Adjustment from \$0.0000 per kWh to \$0.0006 per kWh.

This filing also includes:

1. Attachment 1 - NDCA Calculation
2. Attachment 2 - NRC Minimum Calculation
3. Attachment 3 - Explanation of NRC Minimum Calculation
4. Attachment 4 - Calculation of Non-Nuclear Decommissioning Costs
5. Attachment 5 - PECO Energy Financial Report for Electric Regulated Operations for the 12 Months Ending September 30, 2002
6. Attachment 6 - Paragraph 20 of the Joint Petition for Full Settlement of PECO Energy Company's Restructuring Plan

Please direct any questions with regard to the above to William Patterer at 215-841-4526 or Kent Murphy at 215-841-4941.

Would you please acknowledge the foregoing on the enclosed copy of this letter.

Sincerely,



C. Walker-Davis, Esquire, Director - Office of Special Assistants  
R. Bennett, Bureau of Fixed Utility Services  
C. F. Hoffinan, Director, Office of Trial Staff  
T. E. Sheets, Director, Bureau of Audits  
Office of Consumer Advocate  
Office of Small Business Advocate  
McNees, Wallace & Nurick

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# PECO Energy Company

## Electric Service Tariff

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COMPANY OFFICE LOCATION

2301 Market Street  
Philadelphia, Pennsylvania 19101

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PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

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For List of Communities Served, See Page 4.

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Issued: December 31, 2002

Effective: January 1, 2004

ISSUED BY: K. G. LAWRENCE - President  
PECO Energy Distribution Company  
2301 MARKET STREET  
PHILADELPHIA, PA. 19101

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JAN 14 2003

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# NOTICE.

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PECO Energy Company

LIST OF CHANGES MADE BY THIS SUPPLEMENT

NUCLEAR DECOMMISSIONING COST ADJUSTMENT (NDCA) – 2<sup>nd</sup> Revised Page No. 33

Change per updated study.

**TABLE OF CONTENTS**

List of Communities Served .....	4
How to Use Loose-Leaf Tariff.....	5
Definition of Terms and Explanation of Abbreviations.....	6 <sup>3</sup> ,7 <sup>3</sup> ,8,9
RULES AND REGULATIONS:	
1. The Tariff.....	10 <sup>5</sup>
2. Service Limitations.....	10 <sup>5</sup>
3. Customer's Installation.....	11 <sup>3</sup>
4. Application for Service.....	12 <sup>4</sup>
5. Credit.....	13 <sup>3</sup>
6. Private-Property Construction.....	14 <sup>3</sup>
7. Extensions.....	15 <sup>1</sup>
8. Rights-of-Way.....	16
9. Introduction of Service.....	17
10. Company Equipment on Customer's Premises.....	17
11. Tariff and Contract Options.....	18 <sup>3</sup>
12. Service Continuity.....	18 <sup>3</sup> ,19
13. Customer's Use of Service.....	20 <sup>4</sup>
14. Metering.....	20 <sup>4</sup>
15. Demand Determination.....	21 <sup>3</sup>
16. Meter Tests.....	22 <sup>3</sup>
17. Billing and Standard Payment Options.....	22 <sup>3</sup> ,23 <sup>3</sup>
18. Payment Terms & Termination of Service.....	24 <sup>3</sup>
19. Unfulfilled Contracts.....	24 <sup>3</sup>
20. Cancellation by Customer.....	25
21. General.....	26 <sup>1</sup>
22. Direct Access Phase-In Procedures.....	26 <sup>1</sup>
23. EGS Switching.....	27 <sup>3</sup>
24. Load Data Exchange.....	28
STATE TAX ADJUSTMENT CLAUSE.....	29 <sup>7</sup>
COMPETITIVE TRANSITION CHARGE (CTC).....	30 <sup>1</sup> ,31
NET SECURITIZATION ADJUSTMENT.....	32 <sup>7</sup>
NUCLEAR DECOMMISSIONING COST ADJUSTMENT CLAUSE (NDCA).....	33 <sup>2</sup>
UNIVERSAL SERVICE FUND CHARGE (USFC).....	34 <sup>1</sup>
RATES:	
Rate R Residence Service.....	35 <sup>13</sup> ,36 <sup>6</sup>
Rate RT Residence Time-of-Use Service.....	37 <sup>13</sup> ,38 <sup>6</sup>
Rate R-H Residential Heating Service.....	39 <sup>13</sup> ,40 <sup>4</sup>
Rate CAP Customer Assistance Program.....	41 <sup>13</sup> ,42 <sup>5</sup>
Rate OP Off-Peak Service.....	43 <sup>13</sup>
Rate R-S Renewable Energy Service.....	44 <sup>3</sup> ,44A
Rate GS General Service.....	45 <sup>10</sup> ,46 <sup>5</sup> ,47 <sup>6</sup>
Rate PD Primary-Distribution Power.....	48 <sup>10</sup>
Rate HT High-Tension Power.....	49 <sup>9</sup> ,50 <sup>2</sup>
Rate POL Private Outdoor Lighting.....	51 <sup>8</sup> ,52 <sup>3</sup>
Rate SL-P Street Lighting in City of Philadelphia.....	53 <sup>5</sup> ,54 <sup>1</sup> ,55 <sup>4</sup>
Rate SL-S Street Lighting-Suburban Counties.....	56 <sup>8</sup> ,57 <sup>1</sup>
Rate SL-E Street Lighting Customer-Owned Facilities.....	58 <sup>6</sup> ,59
Rate TL Traffic Lighting Service.....	60 <sup>5</sup>
Rate BLI Borderline Interchange Service.....	61
Rate EP Electric Propulsion.....	62 <sup>10</sup> ,63
Rate AL Alley Lighting in City of Philadelphia.....	64 <sup>5</sup>
RIDERS:	
Applicability Index of Riders.....	65 <sup>7</sup>
Auxiliary Service Rider.....	66,67 <sup>6</sup> ,68 <sup>1</sup>
Capacity Reservation Rider.....	69
Casualty Rider.....	70
Competitive Default Service.....	70A <sup>1</sup>
Construction Rider.....	71
Cooling Thermal Storage HT Rider.....	72 <sup>2</sup>
Curtailment HT Rider.....	73 <sup>5</sup>
Economic Efficiency Rider (EER).....	74 <sup>1</sup> ,75

NUCLEAR DECOMMISSIONING COST ADJUSTMENT CLAUSE (NDCA)

The NDCA provides for the recovery of nuclear decommissioning costs related to the Company's Ownership interest in Nuclear Generation as of 12/31/99. The NDCA shall be charged to all customers taking service under this Tariff. The adjustment shall be a cents per kWh charge calculated to the nearest one hundredth of one cent.

The Company's Ownership interest in nuclear generation as of December 31, 1999 consists of the following:

Peach Bottom 1	100%
Peach Bottom 2	42.49%
Peach Bottom 3	42.49%
Salem 1	42.59%
Salem 2	42.59%
Limerick 1	100%
Limerick 2	100%

Formula

The following formula shall be used to determine the NDCA.

$$\text{NDCA} = \frac{\text{PaPUC Authorized Decommissioning Expense Adjustment}}{\text{Total Pennsylvania Jurisdictional Sales for Calculation Year}}$$

Where:

PaPUC Authorized Decommissioning Expense Adjustment  
 (Adjusted Annual Accrual - Base Accrual) x .95 = the Adjusted Annual Accrual  
 in the Calculation Year less the Base Accrual. The NDCA rate shall be \$0.0006/kWh. (C)

Total Pennsylvania Retail Jurisdictional Sales = total kWh sales under this Tariff for the calculation year including sales for distribution or CTC purposes.

Calculation Year = year in which the Company proposes a change to the NDCA. To the extent a new cost study, performed every five years, indicates the Company requires an adjustment in the rate, the Company shall change the NDCA to reflect such new expense level. In calculating the annual expense the Company shall use the sinking fund methodology.

Adjusted Annual Accrual = accrual necessary to fund the Adjusted Obligation.

Adjusted Obligation = Gross Decommissioning Obligation reduced by \$50 million for ratemaking purposes.

Gross Decommissioning Obligation - The total decommissioning cost obligation as approved by the Commission as expressed in escalated future dollars.

Methodology for Calculating Expense

The base period expense shall be based upon the decommissioning costs set forth in the table below. The Company shall use a sinking fund methodology to determine the appropriate level of decommissioning expense. The assumptions shall be consistent with NRC policy and requirements.

The Base Accrual shall consist of the following levels for each unit.

Peach Bottom 1	\$2,992,000
Peach Bottom 2	2,588,000
Peach Bottom 3	5,976,000
Salem 1	2,651,000
Salem 2	2,509,000
Limerick 1	4,403,000
Limerick 2	8,043,000
Total	\$29,162,000

Frequency of Calculation

The annual expense shall be recalculated every five years. The Company shall adjust the NDCA to reflect the new expense level 60 days after filing the new study and the associated rate calculation with the PaPUC. The first calculation of the NDCA shall be considered to have taken place on January 1, 1998.

Completion of Decommissioning

In the event that the actual expenditures necessary to accomplish full decommissioning of the PECO interest are less than the full balance in the funds established for such purpose, PECO shall be entitled to a release of such funds to PECO for the purpose of sharing the amount between ratepayers and shareholders. In the event that such release is granted, PECO's shareholders shall be entitled to retain (1) the first \$50 million of the net after-tax amount and (2) 5 percent of the remaining net after-tax amount of the released funds.

(C) Denotes Change

## Proposed Changes to Electric Tariff No. 3 Supplement No. 44

Information furnished with the filing of rate changes under 52 Pa. Code, Section 53.52(a)(b).

**(a)(1) The specific reason for each change**

The tariff change is required to satisfy the requirements of the Nuclear Decommissioning Cost Adjustment Clause (NDCA) as specified in Page 33 of the Company's Electric Tariff. The NDCA was established in the Company's Tariff as a result of the Restructuring Settlement, Docket No. R-00973953. The purpose of the NDCA is to provide for recovery of increased nuclear decommissioning costs related to the Company's Ownership interest in Nuclear Generation as of 12/31/99.

**(a)(2) The total number of customers served by the utility.**

As of November 30, 2002, PECO Energy served 1.53 million electric customers.

**(a)(3) A calculation of the number of customers, by tariff subdivision, whose bills will be affected by the change.**

Shown below are the numbers of customers, by Tariff subdivision, whose bills will be affected by the change.

Rate R	1,221,155
Rate RH	152,862
Rate GS	150,975
Rate HT	2,092
Rate PD	1,048
Lighting	971
EP	3

**(a)(4) The effect of the change on the utility's customers.**

This change would increase the NDCA from \$0.0000 per kWh to \$0.0006 per kWh, which will be incorporated in the charges of all affected customers. This change will be implemented with the first meter reading after January 1, 2004 per Paragraph 20 of the Restructuring Settlement (see attached).

**(a)(5) The effect, whether direct or indirect, of the proposed change on the utility's revenue and expenses.**

The proposed change will allow PECO to recover additional revenue to cover the additional expense level associated with the adjusted accrual resulting in no effect on net income for ratemaking purposes. The NDCA calculation indicates that the Company will need to recover an additional \$19.8 million dollars per year, which equates to 0.56% of the Company's most recent 12 months operating revenue.

**(a)(6) The effect of the change on the service rendered by the utility.**

None.

- (a)(7) A list of factors considered by the utility in its determination to make a change. The list shall include a comprehensive statement as to why these factors were chosen and the relative importance of each. This subsection does not apply to a portion of a tariff change seeking a general rate increase as defined in 66 Pa. CS 1308.**

The Company's Electric Tariff, Page No. 33, requires that the NDCA must be calculated every five years with the assumption that the first calculation was performed on 1/1/1998. Therefore, the Company is required to perform this calculation and subsequent filing for 1/1/2003 to meet the requirements of the Tariff.

Specific factors considered, among others, include the Nuclear Regulatory Commission's regulations concerning the calculation of nuclear decommissioning costs and the decommissioning trust fund balances. These are the relevant factors set forth on the applicable tariff page.

- (a)(8) Studies undertaken by the utility in order to draft its proposed change. This paragraph does not apply to a portion of the tariff change seeking a general rate increase as defined in 66 Pa. C.S. 1308.**

See attachments 2-4.

- (a)(9) Customer polls taken and other documents, which indicate customer acceptance and desire for the proposed change. If the poll or other documents reveal discernable public opposition, an explanation of why the change is in the public interest shall be provided.**

None.

- (a)(10) Plans the utility has for introducing or implementing the changes with respect to ratepayers.**

The Company proposes to notify its customers in the first billing cycle when the NDCA is applied to the bills.

- (a)(11) F.C.C., FERC, or Commission orders or ruling applicable to the filing.**

PECO's Restructuring Settlement, Docket No. R-00973953, Order entered on May 14, 1998 (authorizing the NDCA).

PECO Merger Settlement, Docket No. A-110550F0147, Order entered June 22, 2000 (authorizing modifications to the NDCA).

PaPUC Secretarial Letter dated 5/3/2001 (clarifying the real rate of return used for calculating the decommissioning expense accrual).

10 CFR Section 50.75, "Reporting and Recordkeeping for Decommissioning Planning".

- (b)(1) The specific reasons for the increase or decrease.**

The increase in the NDCA is required to meet the minimum funding requirements for the nuclear portion of decommissioning costs as required by the NRC along with the non-nuclear portion of decommissioning costs not addressed by the NRC minimum calculation. The primary drivers for the NRC minimum calculation are the performance of the decommissioning trust funds in recent years and the NRC assumptions for the cost escalation of the waste burial factor. First, Attachment 1 provides a calculation of

the NDCA and shows a need to increase the NDCA to recover approximately \$19.8 million per year, which is 95% of the difference between the Adjusted Annual Accrual of \$50.0 million and the Base Accrual of \$29.2 Million. Attachment 2 provides the NRC minimum calculation and Attachment 3 provides a detailed explanation of the NRC minimum calculation. Additionally, Attachment 4 explains the recovery of the non-nuclear portion of decommissioning costs not addressed in the NRC minimum calculation.

- (b)(2) **The operating income statement of the utility for a 12-month period, the end of which may not be more than 120 days prior to the filing. Water and wastewater utilities with annual revenues under \$100,000 and municipal corporations subject to Commission jurisdiction may provide operating income statements for a 12 month period, the end of which may not be more than 180 days prior to filing.**

See the attached PECO Energy - Electric Regulated Operations Financial Report for the 12 month period ending September 30, 2002 that was filed with the Commission on November 27, 2002.

- (b)(3) **A calculation of the number of customers, by tariff subdivision, whose bills will be increased.**

See response to 53.52 (a)(3).

- (b)(4) **A calculation of the total increase, in dollars, by tariff subdivision, projected on an annual basis.**

The annual effect for the period covered under this filing will be an increase of \$19.8 million annually for recovery nuclear decommissioning costs associated with former PECO owned plants starting in January 2004. A breakdown of the increase, by tariff subdivision, is as follows:

<u>Rate</u>	<u>MWh sales for 2004</u>	<u>Increase in Decommissioning Expense (\$000)</u>
Rate R	8,403,473	\$ 5,042
Rate RH	2,930,943	\$ 1,758
Rate GS	6,864,846	\$ 4,119
Rate HT	14,775,821	\$ 8,865
Rate PD	1,125,620	\$ 675
Rate EP	664,764	\$ 399
Street Lighting	168,321	\$ 101

**Nuclear Decommissioning Cost Adjustment (NDCA) Calculation**

$$\text{NDCA} = \frac{\text{PaPUC Authorized Decommissioning Expense Adjustment}}{\text{Total Pennsylvania Jurisdictional Sales for Calculation Year}}$$

Adjusted Annual Accrual = NRC Minimum Requirement + Non-nuclear accrual  
 Adjusted Annual Accrual = \$41.360 M (Attach. 2) + \$8.682 M (Attach. 4) = \$50.042 M

$$\begin{aligned} \text{PaPUC Authorized Decommissioning Expense Adjustment} \\ &= (\text{Adjusted Annual Accrual} - \text{Base Accrual}) * 0.95 \\ &= (\$50.042 \text{ M} - \$29.162 \text{ M}) * 0.95 \\ &= \$19.836 \text{ M} \end{aligned}$$

Total Pa. Jurisdictional Sales for Calculation Year (2004) = 34,933,789,000 kWh

$$\text{NDCA} = \frac{\$19,836,000}{34,933,789,000 \text{ kWh}}$$

NDCA = \$0.0006 per kWh

## NRC Minimum Calculations for Limerick, Peach Bottom and Salem

Funding Start Date: 01/01/04  
 PaPUC Assumption for RROR during Operation: 3.00%  
 Assumption for RROR after Retirement: 2.00%  
 PaPUC Assumption for Escalation: 3.50%

Beginning of Year 2002 Data  
 Northeast Regional Labor Cost Factor (L)  
 Industrial Electric Power Cost Factor (E)  
 Light Fuel Oil Cost Factor (E)  
 Waste Burial Cost Factor for PWR's (Compact) (B)  
 Waste Burial Cost Factor for BWR's (Non-Compact) (B)

EOY 2002
160.5
139.5
72.9
9,273
8,880

Unit	License Expiration	MWth	Calculated Overall Escalation Factor (a)	BOY 2003 NRC Minimums (million, \$) (b)	BOY 2003 NRC Minimums Owner % Adj. (million, \$) (c)	Present Value of NDCA \$50M Adj (million, \$) (d)	BOY 2003 NRC Minimums NDCA 50M Adj. (million, \$) (e)	Projected Fund Balance as of 1/1/03 Fund Balances (f)	Present Value of Future Contributions (million, \$) (g)	Funds at Shutdown (million, \$) (h)	Overage/ (Shortfall) at Funding Start Date (million, \$) (i)	Percent of Current Contribution to Meet NRC Minimums (j)	New Contributions to Meet NRC Minimums (k)
Limerick 1	26-Oct-24	3458	3.331	449.7	449.7	7.32	442.4	118.4	68.9	346.5	(51.8)	175%	7,717
Limerick 2	22-Jun-29	3458	3.331	449.7	449.7	6.38	443.3	77.1	145.9	473.5	14.2	90%	7,260
Peach Bottom 1	2-Jul-14	115		71.2	71.2	1.57	69.7	13.8	25.9	54.1	(11.4)	144%	4,310
Peach Bottom 2	8-Aug-13	3458	3.331	449.7	191.1	4.34	186.7	71.3	22.4	124.4	(46.9)	310%	8,011
Peach Bottom 3	2-Jul-14	3458	3.331	449.7	191.1	4.22	186.9	75.7	56.1	179.8	(5.2)	109%	6,525
Salem 1	13-Aug-16	3411	3.424	359.5	153.1	3.18	149.9	56.7	28.6	123.8	(18.0)	163%	4,318
Salem 2	18-Apr-20	3411	3.424	359.5	153.1	2.85	150.3	49.8	33.5	134.9	(9.5)	128%	3,218
<b>PECO Units</b>				<b>2,589.1</b>	<b>1,659.1</b>	<b>29.87</b>	<b>1,629.2</b>	<b>462.6</b>	<b>381.4</b>	<b>1,437.0</b>	<b>-128.6</b>		<b>41,360</b>

## PECO Additional Decommissioning Funding

Contributions ←—————→									Present Value Calculation of Future Contributions						
Year of Deposit	Collections (000\$)	Limerick 1	Limerick 2	Salem 1	Salem 2	Peach 1	Peach 2	Peach 3	Limerick 1	Limerick 2	Salem 1	Salem 2	Peach 1	Peach 2	Peach 3
		26-Oct-24	22-Jun-29	13-Aug-16	18-Apr-20	2-Jul-14	8-Aug-13	2-Jul-14							
<i>Funding</i>															
2003	29,162	4,403	8,043	2,651	2,509	2,992	2,588	5,976	4,338	7,925	2,612	2,472	2,948	2,550	5,888
2004	29,162	4,403	8,043	2,651	2,509	2,992	2,588	5,976	4,212	7,894	2,536	2,400	2,862	2,476	5,717
2005	29,162	4,403	8,043	2,651	2,509	2,992	2,588	5,976	4,089	7,470	2,462	2,330	2,779	2,404	5,550
2006	29,162	4,403	8,043	2,651	2,509	2,992	2,588	5,976	3,970	7,253	2,390	2,262	2,698	2,334	5,389
2007	29,162	4,403	8,043	2,651	2,509	2,992	2,588	5,976	3,855	7,041	2,321	2,197	2,619	2,266	5,232
2008	29,162	4,403	8,043	2,651	2,509	2,992	2,588	5,976	3,742	6,836	2,253	2,133	2,543	2,200	5,076
2009	29,162	4,403	8,043	2,651	2,509	2,992	2,588	5,976	3,633	6,637	2,188	2,070	2,469	2,136	4,931
2010	29,162	4,403	8,043	2,651	2,509	2,992	2,588	5,976	3,528	6,444	2,124	2,010	2,397	2,073	4,788
2011	29,162	4,403	8,043	2,651	2,509	2,992	2,588	5,976	3,425	6,256	2,062	1,952	2,327	2,013	4,648
2012	29,162	4,403	8,043	2,651	2,509	2,992	2,588	5,976	3,325	6,074	2,002	1,895	2,259	1,954	4,513
2013	26,574	4,403	8,043	2,651	2,509	2,992		5,976	3,226	5,897	1,944	1,840 (f)	-	-	4,381
2014	17,606	4,403	8,043	2,651	2,509				3,134	5,725	1,887	1,786	-	-	-
2015	17,606	4,403	8,043	2,651	2,509				3,043	5,558	1,832	1,734	-	-	-
2016	14,955	4,403	8,043		2,509				2,954	5,397	-	1,683	-	-	-
2017	14,955	4,403	8,043		2,509				2,868	5,239	-	1,634	-	-	-
2018	14,955	4,403	8,043		2,509				2,785	5,087	-	1,587	-	-	-
2019	14,955	4,403	8,043		2,509				2,704	4,939	-	1,541	-	-	-
2020	12,446	4,403	8,043						2,625	4,795	-	-	-	-	-
2021	12,446	4,403	8,043						2,548	4,655	-	-	-	-	-
2022	12,446	4,403	8,043						2,474	4,520	-	-	-	-	-
2023	12,446	4,403	8,043						2,402	4,388	-	-	-	-	-
2024	8,043		8,043						-	4,260	-	-	-	-	-
2025	8,043		8,043						-	4,136	-	-	-	-	-
2026	8,043		8,043						-	4,016	-	-	-	-	-
2027	8,043		8,043						-	3,899	-	-	-	-	-
2028	8,043		8,043						-	3,785	-	-	-	-	-
2029									-	-	-	-	-	-	-
<b>Funding</b>	<b>503,225</b>	<b>92,463</b>	<b>209,118</b>	<b>34,463</b>	<b>42,653</b>	<b>32,912</b>	<b>25,880</b>	<b>65,736</b>	<b>68,893</b>	<b>145,924</b>	<b>28,613</b>	<b>33,526</b>	<b>25,902</b>	<b>22,405</b>	<b>56,117</b>

Explanation of NRC Minimum Calculation used for NDCA, by Column

Column	Explanation
(a)	<p>The Calculated Overall Escalation Factor is arrived at using the following formula from 10 CFR Section 50.75: Escalation Factor = .65L + .13E + .22B.</p> <p>L is based on data from the Bureau of Labor Statistics, Data Series ecu13102i, Total Compensation Private Industry Northeast Region, third quarter 2002.</p> <p>E is derived from a combination of both electric and light fuel oil price data from the Bureau of Labor Statistics, Data Series wpu0543, Industrial Electric Power, average, November 2001 through October 2002 and Bureau of Labor Statistics, Data Series wpu0573, Light Fuel Oils, average, November 2001 through October 2002.</p> <p>B is taken from NUREG-1307, Rev. 10 and is specific to BWR or PWR, inside or outside the Atlantic Compact.</p>
(b)	<p>The result of Column (a) multiplied by the NRC minimum as defined in 10 CFR Section 50.75. The NRC minimum for BWR is \$135 Million and for PWR \$105 Million.</p> <p>For PB 1, which was an experimental High Temperature Gas Reactor, the 1995 TLG Inc. cost estimate was escalated to 2003 dollars to arrive at the decommissioning cost of \$71.2 Million. This is a conservative approach as neither the BWR or PWR values in 10 CFR Section 50.75 are relevant for the unique design of PB1.</p>
(c)	<p>Column (b) multiplied by the PECO Energy Ownership share at the time of Restructuring. As indicated in PECO's Tariff (Page 33), Ownership shares at the time of restructuring were as follows: PB1, Limerick 1,2 - 100%; Peach Bottom 2,3 - 42.49%; Salem 1,2 - 42.59%</p>
(d)	<p>The Present Value of the \$50million reduction in the Gross Decommissioning Obligation per the NDCA; allocated based on the each plants percentage of the overall decommissioning obligation. The Real Rate of Return of 3% was used in the calculation.</p>
(e)	<p>Beginning Of Year (BOY) minimum adjusted for \$50million NDCA reduction [= Column (c) - Column (d)]. This represents the minimum funding level required at Beginning Of Year 2003 by the NRC to complete the nuclear portion of decommissioning. This figure is adjusted by the \$50 million reduction for ratemaking purposes, for the NDCA calculation.</p>

Attachment 3  
Page 1 of 2

(f)	The projected balance of PECO's Qualified and Non-Qualified Decommissioning Funds as of 1/1/2003. The projected balance includes the 3 <sup>rd</sup> Quarter ending balance plus ¼ of the annual accrual. One quarter of interest, at 6.5% (from the restructuring settlement), is also assumed on both the 3 <sup>rd</sup> Quarter ending balance and the 4 <sup>th</sup> Quarter portion of the accrual.
(g)	The Present Value of the future contributions from the base accrual from 1/1/2003 to the date of license expiration. See 'PECO D&D Funding' Tab of Attachment 2 for Present Value Calculation of Future Contributions for each plant.
(h)	The Future Value at shutdown for the Sum of Columns (f) and (g) escalated using the Real Rate of Return (RROR) of 3% (from PaPUC restructuring settlement: RROR = 6.5% return on funds less 3.5% escalation). Reference: Secretarial Letter from James J. McNulty, Secretary, Pennsylvania Public Utility Commission to Brian D. Crowe, Director Regulatory & Government Affairs, PECO Energy, Dated May 3, 2001.
(i)	Present value of the difference between column(h) and column (e) using the RROR of 3%.
(j)	= [Column (g) – Column (i)] / Column (g)
(k)	= Column (j) * Base Level Accrual (as specified in Tariff Page No. 33). The sum of this column is used in Attachment 1 as the NRC minimum requirement to calculate the NDCA.

**Calculation of Annual Accrual Required to Recover Non-Nuclear Portion of Decommissioning Costs**

Unit	License Expiration Date	Effective Annual Escalation Rate through Decommissioning	1995 Cost Study	Ownership Share	PECO Share of Cost Estimate	Percent of cost estimate that contains non-nuclear costs	Non-Nuclear costs not recovered in NRC Minimum Calculation	Non-Nuclear Costs End of Life	Annual Accrual Required to recover Non-Nuclear Costs Payment Period 2004 to End Of Life
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Limerick 1	26-Oct-24	3.2580%	368.89	100.00%	368.89	6.86%	25.31	\$65.78	\$1.580
Limerick 2	22-Jun-29	3.3140%	466.54	100.00%	466.54	11.33%	52.86	\$162.51	\$2.662
Peach Bottom 1	2-Jul-14	3.1776%	62.94	100.00%	62.94	9.64%	6.07	\$11.16	\$0.775
Peach Bottom 2	8-Aug-13	3.0914%	179.10	42.49%	76.10	5.62%	4.28	\$7.53	\$0.590
Peach Bottom 3	2-Jul-14	3.1555%	236.60	42.49%	100.53	13.74%	13.81	\$25.30	\$1.757
Salem 1	13-Aug-16	3.2476%	142.01	42.59%	60.48	10.04%	6.07	\$12.11	\$0.649
Salem 2	18-Apr-20	3.2980%	148.00	42.59%	63.03	12.87%	8.11	\$18.42	\$0.670
	Totals				1198.52		116.51	302.83	\$8.682

Notes:

Column

- (a) Decommissioning of Peach Bottom 1 is assumed to begin concurrent with Peach Bottom 3.
- (b) Effective Annual Escalation Rate based on TLG review of 1995 Cost Estimates.(Reference TLG Document E16-1439-002, Rev 0 May 2002)
- (c) From 1995 TLG Cost Studies used in Restructuring settlement.
- (d) Reference Page 33 of PECO Tariff for Ownership Share at time of Restructuring.
- (e) Column (c) \* Column (d)
- (f) Based on review of non-nuclear components in TLG cost estimate.
- (g) Column (e) \* Column (f)
- (h) Future Value of Column (g) at License Expiration Date using escalation rate from Column (b).
- (i) Annuity calculated assuming recovery started 1/1/2004 with interest rate of 6.5%. This sum of this column is used in Attachment 1 to calculate the NDCA.

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Attachment 5

November 27, 2002

Mr. James McNulty  
Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street  
Harrisburg, Pennsylvania 17120

Dear Mr. McNulty,

In accordance with 52 PA Code, Sections 71.1 to 71.9 enclosed for filing are an original and three copies of PECO Energy's Financial Report for the twelve months ended September 30, 2002 for Electric Regulated Operations. This report includes the annualization, normalization and other ratemaking adjustments typically permitted by the Commission. Copies have been provided to the Office of Special Assistants (including computerized format), Office of Trial Staff, Office of Consumer Advocate, and the Small Business Advocate.



enclosures

copies to:

Office of Consumer Advocate  
Office of Special Assistants (including computerized format)  
Charles F. Hoffman-Director, Office of Trial Staff  
Office of Small Business Advocate  
R. Wilson, Bureau of Fixed Utility Services

**PECO ENERGY-ELECTRIC REGULATED OPERATIONS**

**Financial Report**

**Twelve Months Ended September 30, 2002**

**Annex A**  
**Title 52 Public Utilities**  
**Sections 71.1 to 71.9.**

Original Cost	Actual per Books	Intrastate %	Intrastate Per Books	Adjustments (a)	Adjusted Results
Plant in Service	8,395,333	1.0000	8,395,333	0	8,395,333
Depreciation Reserve	1,150,517	1.0000	1,150,517	0	1,150,517
Net Plant	7,244,816	1.0000	7,244,816	0	7,244,816
ADDITIONS:					
Ld./Plt. Future Use	0	1.0000	0	0	0
Materials & Suppl.	5,633	1.0000	5,633	0	5,633
CWC (b)	39,088	1.0000	39,088	0	39,088
Other	0	1.0000	0	0	0
DEDUCTIONS:					
Acc.Def.Income Taxes	0	1.0000	0	0	0
Liberalized Depr.	268,249	1.0000	268,249	0	268,249
I.T.C.	0	1.0000	0	0	0
Other	0	1.0000	0	0	0
Customers Deposits	17,936	1.0000	17,936	0	17,936
Customer Advances	216	1.0000	216	0	216
Cont.Aid of Constr.	-3,115	1.0000	-3,115	0	-3,115
Other	0	1.0000	0	0	0
RATE BASE	7,006,251	1.0000	7,006,251	0	7,006,251
Operating Revenues	3,492,542	1.0000	3,492,542	-1,689,299	1,803,243
Operating Revenue Deductions:					
O & M Expense	2,007,474	1.0000	2,007,474	-1,573,317	434,157
Annual Depreciation	396,903	1.0000	396,903	1,538	398,441
Taxes -					
-Other Than Income	224,017	1.0000	224,017	-94,000	130,017
-State Income-Curr.	0	1.0000	0	-1,741	-1,741
-Fed. Income-Curr.*	179,126	1.0000	179,126	-5,492	173,634
-Deferred Inc.Txs.	0	1.0000	0	6,280	6,280
-I.T.C. (net)	0	1.0000	0	0	0
Total Oper.Rev.Ded.	2,807,520	1.0000	2,807,520	-1,666,732	1,140,788
Inc.Avail.for Ret.	685,022	1.0000	685,022	-22,567	662,455
RATE OF RETURN-Overall	9.78%		9.78%		9.46%

\*Includes state, federal and deferred income taxes and ITC

COMPANY NAME:

PECO Energy  
**SUMMARY OF ADJUSTMENTS**  
*Electric Regulated Operations*

SCHEDULE B

<u>Rate Base Adjustments</u>	<u>Rate Base</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Taxes Other Than Income</u>	<u>State Income Taxes</u>	<u>Federal Income Taxes</u>
	0					
	0					
<u>Income Statement Adjustments</u>	<u>Rate Base</u>	<u>Revenues</u>	<u>Expenses</u>	<u>Taxes Other Than Income</u>	<u>State Income Taxes</u>	<u>Federal Income Taxes</u>
(1)Adj. to Eliminate Def Taxes on Reacquired Debt*		\$0	\$0	\$0	\$379	\$1,194
(2)Annualization for Growth and Customers*		\$3,515		\$193	\$332	\$1,046
(3)Wage Increase and FAS 106 Adjustment *			(\$736)		\$73	\$232
(4)Book Depreciation at Year End *			\$1,538	\$0	\$0	\$0
(5)Tax Deprn. and Amort. at Year End*					\$455	\$1,434
(6)Normalization of Tax Deferrals*						\$4,707
(7)Adjustment to Exclude Energy Sales Revenues and Costs*		(\$1,682,823)	(\$1,597,496)	(\$93,753)	\$842	\$2,654
(8)Interest on Customer Deposits*			\$894		(\$89)	(\$282)
(9) Amort. of Merger Related Charges*		\$0	\$24,021		(\$2,400)	(\$7,567)
(10)Adj. to Rev and Exp to Reflect Weather Normalization*		(\$3,536)		(\$156)	(\$338)	(\$1,064)
(11)Adjustment to Reflect Allowable Transition Charge Revenues*		(\$6,455)		(\$284)	(\$616)	(\$1,945)
(12)Consolidated Tax Savings*						\$0
<b>Total</b>		<b>(\$1,689,299)</b>	<b>(\$1,571,779)</b>	<b>(\$94,000)</b>	<b>(\$1,363)</b>	<b>\$410</b>

COMPANY NAME:

PECO Energy  
Electric Regulated Operations  
Explanation of Adjustments

SCHEDULE C

Income Statement Adjustments

- (1) Adjustment to Eliminate Deferred Taxes on the Premium on Reacquired Debt-The purpose of this adjustment is to eliminate the effects on income of the deferred taxes on the premium on reacquired debt. These taxes are reflected as part of the interest savings on debt shown on Schedules D and F. This adjustment was approved at R-00973953.
- (2) Annualization of Growth and Customers-The purpose of this adjustment is to annualize revenues, expenses and taxes in order to reflect year end level of customers and the year end usage per customer. This adjustment was approved at R-00973953.
- (3) Wage Increase and FAS 106 Adjustment-The purpose of this adjustment is to develop the increases in wages effective in year 2001 not yet fully reflected in the twelve month period including FAS 106. These adjustments were approved at R-00973953.
- (4) Book Depreciation at Year End-The purpose of this adjustment is to present the book depreciation claim on a year end plant basis. This adjustment was approved at R-00973953.
- (5) Tax Depreciation and Amort. at Year End-The purpose of this adjustment is to annualize tax depreciation based on year end plant. This adjustment was approved at R-00973953.
- (6) Normalization of Tax Deferrals- The purpose of this adjustment is to normalize tax deferrals for year end plant. This adjustment was approved at R-00973953.
- (7) Adjustment to Exclude Energy Sales Revenues and Costs-The purpose of this adjustment is to remove revenues and associated costs for energy sales from the Company's regulated operations.
- (8) Adjustment to Include Interest on Customer Deposits-The purpose of this adjustment is to include the cost of interest accrued to the Company due to customer deposits. This adjustment was approved at R-00973953.
- (9) Amortization of Merger Related Charges-The purpose of this adjustment is to reflect the amortization of certain merger related charges associated with the Unicom merger.
- (10) Adj. to Revenues and Expenses to Reflect Weather Normalization-The purpose of this adjustment is to reflect the effect of weather normalization on distribution revenues and expenses. This adjustment was approved at R-00973953.
- (11) Adjustment to Reflect Allowable Transition Charge Related Revenues-The purpose of this adjustment is to reflect allowable transition charge related revenues in the income statement. This adjustment was approved at R-00973953.
- (12) Adjustment to Include Consolidated Tax Savings-The purpose of this adjustment is to reflect consolidated tax savings associated with non regulated subsidiary companies. This adjustment was used at R-00973953.

Company Name: 110550-PECO ENERGY Electric Regulated Operations  
 INTRASTATE per BOOKS

SCHEDULE D-1

Calc. of Return on Common Equity for the period: 09/30/02  
 (In Thousands)

	Capital Ratios	Rate Base	Totals	Weighted Cst. Rates	Total Rate Base Cst./Debt/Pref.
1. Debt	0.3413	7,006,251	2,391,233	0.0834	199,429
2. Preferred	0.0350		245,219	0.0703	17,239
3. Common Equity	0.6238		4,370,499		
4. TOTAL	1.0000		7,006,951		216,668

Intrastate per Books

5. Income Available for Return	685,022
6. Less: Total Rate Base Related Cost of Debt & Preferred	216,668
7. Income Available for Common Equity (Line 5-Line 6)	468,354
8. Debt Cost	199,429
9. Less: Interest Expense used to compute State & Fed. Income Tax	339,034
10. Difference (Line 8 less Line 9)	-139,605
11. Times: Effective State & Federal Income Tax Rate	0.41494
12. Net Addition of (Deduction) (Line 10 X Line 11)	-57,928
13. Income Available for Common Equity, Including Income Tax Effect of Using Debt Cost (Line 7 Plus Line 12)	410,426
14. Return on Common Equity (Line 7/Line 3, Col. 3)	0.10716
15. Return on Common Equity Including Tax Effect of Using Debt Cost (Line 13/Line 3, Col. 3)	0.09391

Calc. of Return on Common Equity for the period: 09/30/02

(In Thousands)

	Capital Ratios	Rate Base	Totals	Weighted Cst. Rates	Total Rate Base Cst./Debt/Pref.
1. Debt	0.3413	7,006,251	2,391,233	0.0834	199,429
2. Preferred	0.0350		245,219	0.0703	17,239
3. Common Equity	0.6238		4,370,499		
4. TOTAL	1.0000		7,006,951		216,668
					-----
					Intrastate Adjusted
					-----
5. Income Available for Return					662,455
6. Less: Total Rate Base Related Cost of Debt & Preferred					216,668
7. Income Available for Common Equity (Line 5-Line 6)					445,787
8. Debt Cost					199,429
9. Less: Interest Expense used to compute State & Fed. Income Tax					339,034
10. Difference (Line 8 less Line 9)					-139,605
11. Times: Effective State & Federal Income Tax Rate					0.41494
12. Net Addition of (Deduction) (Line 10 X Line 11)					-57,928
13. Income Available for Common Equity, Including Income Tax Effect of Using Debt Cost (Line 7 Plus Line 12)					387,859
14. Return on Common Equity (Line 7/Line 3, Col. 3)					0.10200
15. Return on Common Equity Including Tax Effect of Using Debt Cost (Line 13/Line 3, Col. 3)					0.08874

SCHEDULE E

Company: 110550 PECO ENERGY-Electric Regulation Operations  
 Calculation of Capital Structure and Related Ratios  
 for the period: 09/30/02  
 (in thousands)

	Total Company Actual Amount Outstanding	Ratios
Total Debt	1,251,925	0.3413
Total Preferred	128,382	0.0350
Common Equity:		
Common Stock*	1,423,004	
Premium on Common Stock	0	
Capital Surplus	0	
Capital Stock Expense	349,789	
Retained Earnings	346,808	
Other	168,694	
Total Common Equity	2,288,295	0.6238
Total Capital	3,668,602	1.0000

\*In accordance with the "Joint Petition for Settlement" filed in the PECO Energy Company/Unicom Corporation merger/corporate restructuring proceeding at Docket No. A-110550F0147, as approved by final order of the Commission issued June 22, 2000.

PECO Energy  
 Cost of Debt and Preferred Stock as Adjusted  
 for the Twelve Months Ended September 30, 2002  
 (in Thousands\$)

SCHEDULE F

<u>Item/Description</u>	Issue Date	Maturity Date	Interest Rate	Outstanding Balance	Effective		
					Cost Rate	Percent to Total	Weighted Cost Rate
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b><u>Long Term Debt</u></b>							
<b><u>Mortgage Bonds, Preferred Securities and Other</u></b>							
4.75% due 2012	09/16/2002	2012	4.750%	\$225,000	4.86%	15.45%	0.75%
6.625% due 2003	3/1/93	2003	6.625%	\$250,000	6.78%	17.17%	1.16%
6.50% due 2003	5/12/93	2003	6.500%	\$200,000	6.57%	13.73%	0.90%
6.375% due 2005	8/24/93	2005	6.375%	\$75,000	6.42%	5.15%	0.33%
5.95% due 2010	10/30/2001	2011	5.950%	\$250,000	5.99%	17.17%	1.03%
8.00% Preferred Securities	6/6/97	2037	8.000%	\$50,000	8.28%	3.43%	0.28%
7.38% Preferred Securities	04/06/1998	2028	7.380%	\$78,105	7.47%	5.36%	0.40%
INCO	06/04/1997	2027		\$17,240	4.03%	1.18%	0.05%
CP Bonds Ser A due 2012	7/21/88	2012		\$50,000	3.21%	3.43%	0.11%
CP Bonds Ser B due 2012	7/21/88	2012		\$50,000	3.21%	3.43%	0.11%
CP Bonds Ser C due 2012	7/21/88	2012		\$50,000	3.21%	3.43%	0.11%
CP Salem A	7/21/88	2012		\$4,200	3.21%	0.29%	0.01%
MontcoA due 2030	10/14/1999	2030		\$91,775	5.22%	6.30%	0.33%
MontcoB due 2034	10/14/1999	2034		\$13,880	5.32%	0.95%	0.05%
Delco	10/14/1999	2021		\$50,765	5.24%	3.49%	0.18%
Citicorp				<u>\$375</u>	<u>5.25%</u>	<u>0.03%</u>	<u>0.00%</u>
<b>Total Long Term Debt</b>				<b>\$1,456,340</b>		<b>100.00%</b>	<b>5.80%</b>
							<b>\$84,468</b>
Adjustment for Tenders and Calls				<u>(\$204,415)</u>			<u>\$19,931</u>
<b>Total Long Term Debt Incl. Adj. for Calls and Tenders</b>				<b>\$1,251,925</b>			<b>\$104,399</b> 8.34%

PECO Energy  
 Cost of Debt and Preferred Stock as Adjusted  
 for the Twelve Months Ended September 30, 2002  
 (in Thousands\$)

SCHEDULE F

<u>Item/Description</u>	Issue Date (1)	Maturity Date (2)	Interest Rate (3)	Outstanding Balance (4)	Effective		
					Cost Rate (5)	Percent to Total (6)	Weighted Cost Rate (7)
<b><u>Preferred Stock</u></b>							
4.400% Cumul	Dec 1941		4.400%	\$22,650	4.40%	16.48%	0.72%
4.400%	Mar 1942		4.400%	\$4,822	4.84%	3.51%	0.17%
3.800% Cumul	12/5/46		3.800%	\$30,000	3.89%	21.82%	0.85%
4.300% Cumul	2/5/48		4.300%	\$15,000	4.30%	10.91%	0.47%
4.680% Cumul	5/14/53		4.680%	\$15,000	4.69%	10.91%	0.51%
7.48% Cumul	3/30/93		7.480%	<u>\$50,000</u>	7.39%	<u>36.37%</u>	<u>2.69%</u>
<b>Total Preferred</b>				\$137,472		100.00%	5.41%
							\$7,437
Adjustment for Calls and Tenders				<u>(\$9,090)</u>			<u>\$1,594</u>
<b>Total Preferred Incl. Adj. for Calls and Tenders</b>				\$128,382			\$9,031 7.03%

SCHEDULE A  
SUPPORTING DATA

PECO ENERGY-ELECTRIC REGULATED OPERATIONS  
SUMMARY OF RATE BASE ADJUSTMENTS  
As of September 30, 2002  
(Thousand \$)

Original Cost

	<u>Depreciation Plant</u>	<u>Reserve</u>	<u>Net</u>
Total Electric Regulated Plant in Service per Books	\$3,387,835	\$1,056,625	\$2,331,210
CTC Asset	<u>4,710,548</u>		<u>4,710,548</u>
Adjusted Plant and CTC Asset and Reserve	\$8,098,383	\$1,056,625	\$7,041,758
Allocated Common	<u>\$296,950</u>	<u>\$93,892</u>	<u>\$203,058</u>
Total Electric Regulated & Allocated Common	\$8,395,333	\$1,150,517	\$7,244,816

PECO ENERGY-COMMON  
SUMMARY OF ORIGINAL COST  
AND RELATED DEPRECIATION RESERVE  
FOR COMMON PLANT IN SERVICE AT SEPTEMBER 30, 2002  
ORIGINAL COST

	<u>Plant</u>	<u>Depreciation Reserve</u>	<u>Net</u>
Total Depreciable Common Plant . . . .	\$382,891	\$123,505	\$259,386
 <u>Other Common Plant</u>			
301,389 Organization, Land and Land Rights (General)	<u>7,715</u>		<u>7,715</u>
<b>TOTAL OTHER</b>	<b>\$7,715</b>		<b>\$7,715</b>
<b>Total Common Plant in Service</b>	<b>\$390,606</b>	<b>\$123,505</b>	<b>\$267,101</b>
 <u>Total Common Plant Allocated</u>			
PECO Electric	\$328,238	\$103,785	\$224,453
Electric Regulated	\$296,950	\$93,892	\$203,058
Gas	\$62,368	\$19,720	\$42,648

PECO Energy-Electric Regulated Operations A-3  
Average Electric Materials and Supplies, Tools, and Related Equipment  
(Thousand\$)  
13 Months Ended September 30, 2002

	<u>Allocated Electric</u> <u>M&amp;S, Tools and Other</u>	<u>EG</u> <u>Undist.</u>
Oct-01	\$8,699	(\$1,525)
Nov-01	\$8,506	(\$1,295)
Dec-01	\$5,084	\$0
Jan-02	\$5,254	(\$245)
Feb-02	\$5,055	(\$337)
Mar-02	\$5,250	(\$664)
Apr-02	\$5,316	(\$596)
May-02	\$5,409	(\$482)
Jun-02	\$5,488	(\$725)
Jul-02	\$5,606	(\$753)
Aug-02	\$5,775	(\$608)
Sep-02	\$5,092	(\$186)
Sep-01	<u>\$9,561</u>	<u>(\$1,614)</u>
13 Month Total	\$80,095	(\$9,030)
13 Month Avg.	\$6,161	(\$695)
Allocated to Electric Regulated		76.023%
Allocated to Electric Regulated		(\$528)
Total	<u>\$5,633</u>	

SCHEDULE B  
SUPPORTING DATA

PECO ENERGY-ELECTRIC REGULATED OPERATIONS  
ADJUSTMENTS TO ELIMINATE DEFERRED TAXES ON  
THE PREMIUM ON REACQUIRED DEBT  
Twelve Months Ending September 30, 2002  
(Thousand \$)

The purpose of this adjustment is to eliminate the effects on income of the deferred taxes on the premium on reacquired debt. Customers pay for the amortization of the premium on reacquired debt through a higher cost of debt. Customers receive the associated tax savings in the interest savings effect on return on Schedules D-1 and D-2.

Elimination of Deferred Taxes	\$1,573
Increase in Deferred Taxes	\$1,573
Decrease in Income for Return	\$1,573

PECO Energy-Electric Regulated Operations  
 Summary of Annualization of Revenues, Expenses, and Taxes  
 Twelve Months Ended September 30, 2002  
 (Thousand \$)

B-2

The purpose of this adjustment is to annualize revenues, expenses, and taxes in order to reflect the level of customers and period end usage per customer.

Increase in Distribution Revenue (B-2a)	\$3,515
Less: Gross Receipts Tax	<u>\$193</u>
Increase in Distribution Revenue After Gross Receipts Tax	\$3,322
<i>Increase in Taxable Income</i>	\$3,322
Less: Income Taxes at 41.494%	<u>\$1,378</u>
Increase in Income for Return	\$1,944

-----  
 (a) From B-2a

<u>Sales Data</u>		
Increase in Usage of Existing Customers	(kwh)	19,508,722
Increase in Usage from New Customers	(kwh)	<u>(24,620,760)</u>
Total	(kwh)	(5,112,038)

PECO Energy-Electric Regulated Operations  
 Growth in Usage of Existing Customers and  
 Annualization of New Customer Usage  
 Twelve Months Ended September 30, 2002

B-2a

Growth in Usage of Existing Customers and Additional Revenue .....	Resid. .....	House Heating .....	Small C&I .....	Rate PD .....	Rate HT .....	Total .....
Annual Growth in kwh, 3 yr. avg. (B-2b,c)	135	-233	760	-24184	-84110	
1/2 of Annual Growth in kwh	68	-117	380	-12092	-42055	
No. Of Customers Beginning of Test Year (B-2b,c)	1208648	158303	150618	1078	2101	
Increase in Usage	82188064	-18521451	57234840	-13035176	-88357555	18508722
Revenue, cents per kwh (b)	4.37	3.27	1.69	2.33	0.73	
Increased Revenue, Thousand \$	\$ 3,592	\$ (606)	\$ 967	\$ (304)	\$ (645)	\$ 3,004
Annualization of New Customer Usage and Additional Revenue .....						
Customers Added During Year, (B-2b,c)	7169	-1974	204	-20	-10	
1/2 of Customers Added During Year	3585	-987	102	-10	-5	
Average Use per Customer in kwh (B-2b,c)	7686	15684	51544	778897	6832696	
Increased Sales in kwh	27554310	-15480108	5257488	-7788970	-34163480	-24620760
Revenue, cents per kwh (b)	4.37	3.27	1.69	2.33	0.73	
Increased Revenue, Thousand \$	\$ 1,204	\$ (508)	\$ 89	\$ (181)	\$ (249)	\$ 357
Customer Charge-Annual	\$ 65.53	\$ 61.20	\$ 142.68	\$ 2,303.84	\$ 2,637.55	
Revenue from Customer Charge, Thousand \$	\$ 235	\$ (60)	\$ 15	\$ (23)	\$ (13)	\$ 154
Total Additional Distribution Revenue	\$ 5,031	\$ (1,172)	\$ 1,071	\$ (508)	\$ (907)	\$ 3,515

(a) Residential is total of Rates R and OP. House Heating is Rate RH.

Small Commercial and Industrial is total of Rate GS.

(b) Revenue in cents per kwh is the average unit base revenue excluding customer charge revenue, transition revenue, transmission revenue and purchased power.

PECO Energy-Electric Regulated Operations  
 Development of Average Annual Growth in kwh  
 per Customer

B-2b

	12 months ended Sept <u>1999</u>	12 months ended Sept <u>2002</u>	<u>3 year average</u>
<b><u>Residential</u></b>			
mwh sales	8651135	9328820	
Number of Customers			
Beginning of Period	1182509	1208648	
End of Period	1190762	1215817	
Monthly Average	1188319	1213752	
kwh per Average Customer	7280	7686	
Growth in kwh per Average Customer *****		406	135
<b><u>House Heating</u></b>			
mwh sales	2573930	2480614	
Number of Customers			
Beginning of Period	156514	158303	
End of Period	157247	156329	
Monthly Average	157108	158159	
kwh per Average Customer	16383	15684	
Growth in kwh per Average Customer *****		-699	-233
<b><u>Small Commercial and Industrial</u></b>			
mwh sales	7164352	7777913	
Number of Customers			
Beginning of Period	144689	150618	
End of Period	146218	150822	
Monthly Average	145432	150898	
kwh per Average Customer	49263	51544	
Growth in kwh per Average Customer		2281	760

PECO Energy-Electric Regulated Operations  
 Development of Average Annual Growth in kwh  
 per Customer

B-2c

	12 months ended Sept <u>1999</u>	12 months ended Sept <u>2002</u>	<u>3 year average</u>
<u>Rate PD</u>			
mwh sales	1004710	830304	
Number of Customers			
Beginning of Period	1203	1078	
End of Period	1163	1058	
Monthly Average	1180	1066	
kwh per Average Customer	851449	778897	
Growth in kwh per Average Customer		-72552	-24184
*****			

Rate HT

mwh sales	14680173	14294001	
Number of Customers			
Beginning of Period	2050	2101	
End of Period	2086	2091	
Monthly Average	2072	2092	
kwh per Average Customer	7085026	6832696	
Growth in kwh per Average Customer		-252330	-84110
*****			

PECO ENERGY-ELECTRIC REGULATED OPERATIONS  
 ANNUALIZATION OF WAGES AND FAS 106 ADJUSTMENT  
 for the Twelve Months Ended September 30, 2002  
 (Thousand \$)

This adjustment develops the increases in wages effective for period end level of employees. Also included in this adjustment is Post Retirement Benefit Costs/FAS 106 Costs. The result is to annualize wages and benefits.

Estimated Wages and FAS 106 Benefits-Electric Regulated Operations

Estimated Sept 2002 Regular Payroll	\$6,418
Paid Days-Sept 2002	21
Average Payroll Per Paid Day	\$305.6
<i>Annualized Regular Payroll</i>	
\$305.6 x 261 paid days/year	\$79,762
Less: Estimated 12 Months Regular Payroll	\$86,283
Decrease in Regular Payroll Expense	\$6,521
Plus: Overtime @ 8.38%	<u>\$546</u>
Decrease in Applicable Payroll Expense	(\$7,067)
Adjustment to Net FAS 106 Costs (a)	<u>\$6,331</u>
Net Expense Decrease	\$736
Increase in Income Tax at 41.494%	\$305
Increase in Income for Return	\$431
<hr/>	
(a) Estimated	\$43,733
Actual	<u>37,402</u>
Increase	\$6,331

PECO ENERGY-ELECTRIC REGULATED OPERATIONS  
ADJUST BOOK DEPRECIATION ACCRUAL TO REFLECT  
YEAR END PLANT AS OF SEPTEMBER 30, 2002  
(Thousand \$)

This adjustment is necessary to present the book depreciation claim on a period end plant basis.

Annualized Depreciation Associated with Plant for Ratemaking Purposes	\$91,113
Book Depreciation	<u>\$89,575</u>
Increase in Depreciation Accrual	\$1,538
Decrease in Income for Return	\$1,538

PECO ENERGY-ELECTRIC REGULATED OPERATIONS  
INCREASE IN INCOME TAX BY COMPUTING TAX DEPRECIATION  
AND AMORTIZATION ON A YEAR-END BASE AS OF SEPTEMBER 30, 2002  
(Thousand \$)

The purpose of this adjustment is to annualize tax depreciation on period end plant.

Annualized Tax Depreciation including Common	\$116,629
Estimated Tax Depreciation	<u>\$121,182</u>
Decrease in Tax Depreciation	\$4,553
Increase in Income Taxes	\$1,889
Decrease in Income for Return	\$1,889

PECO ENERGY-ELECTRIC REGULATED OPERATIONS  
NORMALIZATION OF TAX DEFERRALS ON YEAR END PLANT  
Twelve Months Ended September 30, 2002  
(Thousand \$)

The purpose of this adjustment is to normalize tax deferrals based on the annualized excess of tax depreciation over straight-line depreciation for period plant.

Increase in Tax Deferral on Plant Including Common	\$4,707
Decrease in Income for Return	\$4,707

PECO ENERGY-ELECTRIC REGULATED OPERATIONS  
ADJUSTMENT TO EXCLUDE ENERGY SALES REVENUES AND COSTS FROM  
THE COMPANY'S ELECTRIC REGULATED OPERATIONS  
Twelve Months Ended September 30, 2002  
(Thousand \$)

The purpose of this adjustment is to remove revenues and associated costs for the Company's energy sales from its electric regulated operations.

Revenue to be Removed	\$1,682,823
Gross Receipts Tax	<u>\$93,753</u>
Revenue Net of Gross Receipts Tax	\$1,589,070
Power Purchases Costs to be Removed	<u>\$1,597,496</u>
Revenues Net of Cost Removed	(\$8,426)
Increase in Income Taxes @ 41.494%	\$3,496
Increase in Income for Return	\$4,930

PECO ENERGY-ELECTRIC REGULATED OPERATIONS  
INTEREST ON COMPANY DEPOSITS  
Twelve Months Ending September 30, 2002  
(Thousand \$)

The purpose of this adjustment is to include the cost of interest accrued to the Company on its customer deposits.

Interest on Customer Deposits	\$894
Decrease in Income Taxes @ 41.494%	\$371
Decrease in Income for Return . . .	\$523

PECO ENERGY-ELECTRIC REGULATED OPERATIONS  
AMORTIZATION OF MERGER RELATED CHARGES  
Twelve Months Ending September 30, 2002  
(Thousand \$)

The purpose of this adjustment is to reflect the amortization of certain merger related charges associated with the Unicom merger.

Amortization of Package

Estimated Cost	\$72,064
Amortization over 3 Years	\$24,021
Increase in Expense To Reflect Amortization	\$24,021
Decrease in Income Taxes at 41.494%	\$9,967
Decrease in Income for Return	\$14,054

PECO ENERGY-ELECTRIC REGULATED OPERATIONS  
ADJUSTMENT TO DISTRIBUTION REVENUES AND EXPENSES  
TO REFLECT WEATHER NORMALIZED SALES  
Twelve Months Ended September 30, 2002  
(Thousand \$)

The purpose of this adjustment is to reflect the effect of weather normalization on revenues and expenses during the twelve month period.

Decrease in Revenues	\$3,536
Decrease in Gross Receipts Tax	<u>\$156</u>
Decrease in Revenue Net of Gross Receipts Tax	\$3,380
Decrease in Income Taxes at 41.494%	\$1,402
Decrease in Income for Return	\$1,978

PECO ENERGY-ELECTRIC REGULATED OPERATIONS  
ADJUSTMENT TO RECONCILE ACTUAL TRANSITION CHARGE REVENUES  
WITH ALLOWED TRANSITION CHARGE REVENUES  
Twelve Months Ended September 30, 2002  
(Thousand \$)

The purpose of this adjustment is to reflect the estimated allowable transition charge related revenues for the year ending September 2002, as the actual transition charge related revenues are reconcilable with the allowable transition charge related revenues.

Transition Charge Related Revenues	\$852,423
Allowable Transition Charge Related Revenues	<u>\$845,968</u>
Decrease in Transition Charge Related Revenues	\$6,455
Gross Receipts Tax	<u>\$284</u>
Decrease in Revenues Net of Gross Receipts Tax	\$6,171
Decrease in Income Taxes @ 41.494%	\$2,561
Decrease in Income for Return	\$3,610

PECO ENERGY-ELECTRIC REGULATED OPERATIONS  
CONSOLIDATED TAX SAVINGS  
Twelve Months Ending September 30, 2002  
(Thousand \$)

The purpose of this adjustment is to reflect consolidated tax savings associated with nonregulated subsidiary companies.

Tax Savings	\$0
Increase in Income for Return	\$0

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Application of PECO Energy Company for :  
Approval of its Restructuring Plan Under : Docket Nos. R-00973953  
Section 2806 of the Public Utility Code, et al. : and P-00971265

**JOINT PETITION FOR FULL SETTLEMENT  
OF PECO ENERGY COMPANY'S  
RESTRUCTURING PLAN AND RELATED APPEALS  
AND APPLICATION FOR A QUALIFIED RATE ORDER AND  
APPLICATION FOR TRANSFER OF GENERATION ASSETS**

**April 29, 1998**

Rule 4.6 contract charges that do not contain discounts off of Rate Schedules HT, EP, GS, and PD tariffed component charges).

20. On January 1, 1999, PECO will unbundle its retail electric rates and special contracts into the following components: (1) distribution charges, (2) transmission charges, (3) a Competitive Transition Charge ("CTC") and, if applicable, an Intangible Transition Charge ("ITC") and (4) a shopping credit. The system-wide average values for these components for the years indicated are set forth in the following Schedule 1. Attached as Appendix A and incorporated as part of this settlement are tariff sheets setting forth for each rate class the rates, subject to reconciliation as set forth in Part E, that will be effective from January 1, 1999 to December 31, 2010. The tariffs set forth in Appendix A are the tariffs that implement this settlement except as specifically set forth herein.

## SCHEDULE OF SYSTEM-WIDE AVERAGE RATES (a)

Effective Date	Transmission (b) (1)	Distribution (2)	T&D Rate Cap (3) = (1) + (2)	CTC or ITC (4)	Shopping Credit (5)	Generation Rate Cap (6) = (4) + (5)
	¢/kWh	¢/kWh	¢/kWh	¢/kWh	¢/kWh	¢/kWh
January 1, 1999	0.45¢	2.53¢	2.98¢	1.72¢	4.46¢	6.18¢
January 1, 2000	0.45¢	2.53¢	2.98¢	1.92¢	4.46¢	6.38¢
January 1, 2001	0.45¢	2.53¢	2.98¢	2.51¢	4.47¢	6.98¢
January 1, 2002	0.45¢	2.53¢	2.98¢	2.51¢	4.47¢	6.98¢
January 1, 2003	0.45¢	2.53¢	2.98¢	2.47¢	4.51¢	6.98¢
January 1, 2004	0.45¢	2.53¢	2.98¢	2.43¢	4.55¢	6.98¢
January 1, 2005	0.45¢(d)	2.53¢(d)	2.98¢(d)	2.40¢	4.58¢	6.98¢
January 1, 2006	(c)	(c)	N/A	2.66¢	4.85¢	7.51¢
January 1, 2007	(c)	(c)	N/A	2.66¢	5.35¢	8.01¢
January 1, 2008	(c)	(c)	N/A	2.66¢	5.35¢	8.01¢
January 1, 2009	(c)	(c)	N/A	2.66¢	5.35¢	8.01¢
January 1, 2010	(c)	(c)	N/A	2.66¢	5.35¢	8.01¢

- (a) All prices reflect average retail billing for all classes of service (including gross receipts tax). Detail of actual individual rates for each class of service is provided in Appendix A. The average prices as presented in this Schedule 1 reflect the profile of service contained in PECO's proof of revenue set forth in Appendix A.
- (b) The Transmission prices listed are for unbundling only. The Pennsylvania Public Utility Commission does not regulate the rates for transmission service.
- (c) The cap on PECO's transmission and distribution rates under Section 2804(4) of the Electric Competition Act will be extended until June 30, 2005.
- (d) Effective until June 30, 2005.

Schedule 1, Column 3 sets forth the cap on system-wide average transmission and distribution charges that will be in effect from January 1, 1999 through June 30, 2005, provided, however, PECO may if necessary request recovery of additional nuclear decommissioning expense after January 1, 2004, and such expense recovery will not be subject to any rate cap. The tariffed rates in Appendix A underlying the system-wide average figures for CTC/ITC from 1999 through 2010 set forth in Schedule 1, Column 4, and the shopping credits set forth in Schedule 1, Column 5 are fixed for each year, except as provided for in paragraph 24 pertaining to periodic reconciliation of the CTC/ITC. The generation rate caps shown on a system-wide average basis for each year are set forth in Schedule 1, column 6 above from 1999 through 2010.

**B. Rate Caps and Transmission and Distribution Charges**

21. The Joint Petitioners agree that the rate cap exceptions set forth in Section 2804(4) of the Electric Competition Act shall apply to the rates set forth in this settlement, except as otherwise specifically set forth herein. If at any time during the CTC Recovery Period, PECO requests and is granted a rate increase pursuant to Section 2804(4) of the Act (Rate Cap Exceptions) such increase shall not reduce the shopping credits listed in Schedule 1 and such increases shall be allocated to the appropriate unbundled rate category in accordance with determinations of the Commission. As set forth in Schedule 1, the generation rate cap is extended from 2005 to 2010, five years beyond the statutory rate cap period provided in the Electric Competition Act. Customer savings may be greater if, for example, customers obtain lower prices from a competitive

VERIFICATION

I, Brian D. Crowe, hereby declare that I am Director of Regulatory and Governmental Affairs for PECO Energy Company; that as such I am authorized to make this verification on behalf of PECO Energy Company; that the facts set forth in the foregoing Petition are true to the best of my knowledge, information and belief, and that I make this verification subject to the penalties of 18 Pa. C.S. §4904 pertaining to false statement to authorities.

Date: December 31, 2002

  
\_\_\_\_\_  
Brian D. Crowe

Certificate of Service

I hereby certify that I have this day served the foregoing document on the following in the matter of PECO Energy Company's Application For Approval Of Its Restructuring Plan et al, Joint Petition for Settlement; Docket Nos. R-00973953 and P-00971265.

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Philadelphia, PA 19141



Brian D. Crowe  
Director, Regulatory & Governmental Affairs  
PECO Energy Company  
2301 Market Street, S15-2  
Philadelphia, PA 19103  
Dated: December 31, 2002

## Legal Department

Exelon Business Services Company  
2301 Market Street/ S23-1  
P.O.Box 8699  
Philadelphia, PA 19101-8699

Telephone (215) 841-5544  
Fax (215) 568-3389  
www.exeloncorp.com

Business Services  
Company

# ORIGINAL

Direct Dial: 215 841 4941

January 17, 2003

James McNulty, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, Second Floor  
Harrisburg, PA 17120

## RECEIVED

JAN 17 2003

RE: **Supplement No. 44 to Electric Tariff No. 3**  
**Nuclear Decommissioning Cost Adjustment (NDCA)**  
**Docket No.: R-00038102**

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

Dear Mr. McNulty:

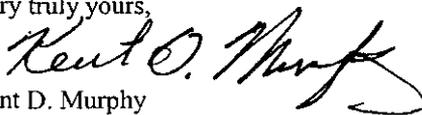
Enclosed for filing with the Commission are the following documents and copies in the matter referenced above.

___	Answer (original and 3 copies)
<u>X</u>	Entry of Appearance (original and 3 copies)
___	Answer and Motion to Dismiss (original and 3 copies)
___	Petition (original and 3 copies)
___	Answer and New Matter (original and 3 copies)
___	Motion to Dismiss (original and 3 copies)
___	Exceptions (original and 9 copies)
___	Reply Exceptions (original and 9 copies)
___	Brief (original and 9 copies)
___	Reply Brief (original and 9 copies)

## DOCUMENT FOLDER

Also enclosed is an extra copy of this letter which I request that you date stamp and return to me in the envelope provided as proof of filing. I have enclosed a Certificate of Service showing that a copy of the above documents were served on the interested parties.

Very truly yours,

  
Kent D. Murphy  
Assistant General Counsel

KDM:zf

Enc.

P171716

71

ORIGINAL

RECEIVED

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION JAN 17 2003

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

In Re: :  
Supplement No. 44 to Electric Tariff No. 3 : DOCKET NO. R-00038102  
Nuclear Decommissioning Cost :  
Adjustment (NDCA) :

ENTRY OF APPEARANCE

Please be advised that Kent D. Murphy, Assistant General Counsel, is hereby entering his appearance in the above-entitled case.

DOCUMENT  
FOLDER

Respectfully submitted,

  
KENT D. MURPHY, ESQ.  
Assistant General Counsel  
Attorney ID #44793

**DOCKETED**  
JAN 31 2003

Counsel for:  
PECO ENERGY COMPANY  
2301 Market Street  
PO Box 8699  
Philadelphia, PA 19101-8699  
(215) 841-4941  
kent.murphy@exeloncorp.com

Dated: January 17, 2003

**CERTIFICATE OF SERVICE**  
**(Docket No. R-00038102)**

I hereby certify that a true and correct copy of the Entry of Appearance, was served upon the parties listed below by first-class mail, postage prepaid this 17th of January, 2003

Christopher B. Craig, Esq.  
Senate Democratic Appropriations Committee  
Room 545, Main Capitol Building  
Harrisburg, PA 17120  
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(Counsel for GPU)

Stephanie A. Sugrue, Esq./Mary Ann Ralls, Esq. Patricia McNamara  
Sheila Hollis, Esq.  
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(Counsel for CEED)

Linda C. Smith, Esq.  
Dilworth, Paxson, Kalish & Kauffman  
305 North Front Street, Suite 403  
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(Counsel for AARP)

Lance S. Haver  
6048 Ogontz Avenue  
Philadelphia, PA 19141

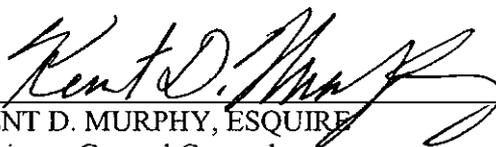
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and Noram Energy)

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(Counsel for SEPTA)

Ethan Giddings  
217 Rodman Avenue  
Jenkintown, PA 19046

  
KENT D. MURPHY, ESQUIRE  
Assistant General Counsel

DATED: January 17, 2003



McNees Wallace & Nurick <sup>LLC</sup>  
attorneys at law

ORIGINAL

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03 MAR -5 AM 10:37

I.A.U.C.  
SECRETARY'S BUREAU

CHARIS M. BURAK  
DIRECT DIAL: (717) 237-5437  
E-MAIL ADDRESS: CBURAK@MWN.COM

March 5, 2003

James J. McNulty, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, 2nd Floor  
Harrisburg, PA 17120

VIA HAND DELIVERY

**RE: Pennsylvania Public Utility Commission v. PECO Energy Company;  
Docket No. R-00038102**

Dear Secretary McNulty:

Enclosed for filing with the Commission are the original and three (3) copies of Philadelphia Area Industrial Energy Users Group's ("PAIEUG") Petition to Intervene in the above-referenced proceeding.

As shown by the attached Certificate of Service, all parties to this proceeding are being duly served. Please date stamp the extra copy of this transmittal letter and kindly return it for our filing purposes.

Very truly yours,

McNEES WALLACE & NURICK LLC

By   
David M. Kleppinger  
Charis M. Burak

Counsel to Philadelphia Area Industrial  
Energy Users Group

CMB:lhe  
Enclosures  
c: Certificate of Service  
Judy Weaver, Scheduling Officer (via hand delivery)

DOCUMENT  
FOLDER

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BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

**ORIGINAL**

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APR 11 11:10:37  
SECRETARY'S BUREAU

PENNSYLVANIA PUBLIC  
UTILITY COMMISSION

v.

DOCKET NO. R-00038102

PECO ENERGY COMPANY

**PHILADELPHIA AREA INDUSTRIAL ENERGY USERS GROUP  
PETITION TO INTERVENE TO  
PECO ENERGY COMPANY'S  
NUCLEAR DECOMMISSIONING COST ADJUSTMENT**

TO THE HONORABLE, THE PENNSYLVANIA PUBLIC UTILITY COMMISSION:

Pursuant to the provisions of 52 Pa. Code §§ 5.71 - 5.74, the Philadelphia Area Industrial Energy Users Group ("PAIEUG") hereby files this Petition to Intervene in the above-captioned proceeding. In support thereof, PAIEUG states as follows:

1. Petitioner is the Philadelphia Area Industrial Energy Users Group ("PAIEUG").

The composition of PAIEUG at this point in time is attached hereto as Appendix "A." Appendix "A" will be updated as necessary.

2. The names and address of Petitioner's attorneys are:

David M. Kleppinger  
Charis M. Burak  
McNEES WALLACE & NURICK LLC  
100 Pine Street  
P.O. Box 1166  
Harrisburg, PA 17108-1166  
Phone: (717) 232-8000  
Fax: (717) 237-5300

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**DOCKETED**  
APR 11 2003

3. On December 31, 2002, PECO Energy Company ("PECO" or "Company") filed Electric Tariff Supplement No. 44, which proposes to increase the Company's Nuclear Decommissioning Cost Adjustment ("NDCA") from \$0.0000 per kWh to \$0.0006 per kWh, as of January 1, 2004. The purpose of this increase is to provide for the recovery of nuclear decommissioning costs related to PECO's interest in nuclear generation as of December 31, 1999.

4. PAIEUG is an ad hoc group of energy-intensive customers receiving electric service under PECO's Rates HT (High Tension Power) and PD (Primary Distribution Power). PAIEUG members use substantial volumes of electricity in their manufacturing and operational processes, and these electric costs are a significant element of their respective costs of operation. The PUC's disposition of PECO's NDCA Filing will have an impact upon the rates PAIEUG members pay for electricity service.

5. The NDCA stems from the Joint Petition for Settlement ("Joint Petition") submitted in PECO's Electric Restructuring Proceeding pursuant to the Electricity Generation Customer Choice and Competition Act ("Competition Act"). The Joint Petition addressed a number of issues raised in PECO's Restructuring Filing, including the Company's decommissioning costs. Specifically, the Joint Petition provided that PECO may, if necessary, request recovery of additional nuclear decommissioning expense after January 1, 2004, and such recovery will not be subject to any rate cap.

6. According to PECO, the aforementioned increase in the NDCA will allow PECO to recover additional revenue to cover the additional expense level associated with nuclear decommissioning. Specifically, PECO submits that its NDCA calculation indicates that the

Company will need to recover an additional \$19.8 million dollars per year from customers. Accordingly, the PUC's disposition of PECO's NDCA filing may have an impact on PAIEUG members' electric service.

7. Therefore, consistent with 52 Pa. Code § 5.72(a), PAIEUG has significant interest in this proceeding, and PAIEUG is not represented by any other party of record. Accordingly, PAIEUG should be granted intervenor status in this proceeding.

**WHEREFORE**, the Philadelphia Area Industrial Energy Users Group respectfully request that the Commission grant this Petition to Intervene and provide PAIEUG with full party status.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

By Charis M. Burak

David M. Kleppinger  
Charis M. Burak  
100 Pine Street  
P.O. Box 1166  
Harrisburg, PA 17108-1166  
Phone: (717)232-8000  
Fax: (717)237-5300

Counsel to the Philadelphia Area Industrial  
Energy Users Group

Dated: March 5, 2003

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PAIEUG  
SECRETARY'S BUREAU

**APPENDIX A**

**PHILADELPHIA AREA INDUSTRIAL ENERGY USERS GROUP**

Air Liquide America L.P.  
Bethlehem Steel Corporation  
The Boeing Company  
Buckeye Pipe Line Company, L.P.  
Franklin Mills Associates Limited Partnership  
GlaxoSmithKline Pharmaceuticals  
Jefferson Health System  
Kimberly-Clark Corporation  
Merck & Co., Inc.  
Occidental Chemical Corporation  
Rohm and Haas Company  
Temple University  
ThyssenKrupp Budd Company

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SECRETARY'S BUREAU

AFFIDAVIT

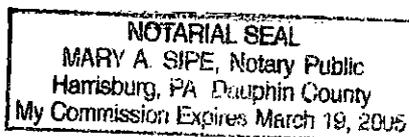
COMMONWEALTH OF PENNSYLVANIA )  
 ) ss:  
COUNTY OF DAUPHIN )

Charis M. Burak, being duly sworn according to law, deposes and says that she is counsel to the Philadelphia Area Industrial Energy Users Group, and that in this capacity she is authorized to and does make this affidavit for them, and that the facts set forth in the foregoing Petition to Intervene are true and correct to the best of her knowledge, information and belief.

Charis M. Burak  
Charis M. Burak

SWORN TO and subscribed  
before me this 5<sup>th</sup> day  
of March, 2003.

Mary A. Sipe  
Notary Public



(SEAL)

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09 MAR -5 AM 10:37  
P.A.P.U.C.  
SECRETARY'S BUREAU

CERTIFICATE OF SERVICE

I hereby certify that I am this day serving a true copy of the foregoing document upon the participants listed below in accordance with the requirements of Section 1.54 (relating to service by a participant).

VIA FIRST-CLASS MAIL

Kent D. Murphy, Esq.  
PECO Energy Company  
2301 Market Street, S12-3  
P.O. Box 8699  
Philadelphia, PA 19101-8699

Tanya McCloskey, Esq.  
James A. Mullins, Esq.  
Office of Consumer Advocate  
555 Walnut Street, Forum Place, 5<sup>th</sup> Floor  
Harrisburg, PA 17101

Carol Pennington, Esq.  
Office of Small Business Advocate  
Suite 1102, Commerce Bldg.  
300 North Second Street  
Harrisburg, PA 17101

Charles Hoffman, Esq.  
Office of Trial Staff  
Pennsylvania Public Utility Commission  
The Commonwealth Keystone Building  
400 North Street, 2<sup>nd</sup> Floor  
Harrisburg, PA 17120

  
\_\_\_\_\_  
Charis M. Burak

Dated this 5<sup>th</sup> day of March, 2003 in Harrisburg, Pennsylvania.

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P.U.C.  
SECRETARY'S BUREAU



COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Office Of Administrative Law Judge  
P.O. Box 3265, Harrisburg, PA 17105-3265

IN REPLY PLEASE  
REFER TO OUR FILE

March 25, 2003

In Re: R-00038102

(See attached list)

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DOCKETED

APR 22 2003

Pennsylvania Public Utility Commission  
v.  
PECO Energy Company

Electric Division has filed Supplement No. 44 Electric PA PUC No. 3, to become effective January 1, 2004, which proposes to recover \$19.8 million in revenue annually, resulting in an increase to the Nuclear Decommissioning cost adjustment from \$0.0000 per KWH to \$0.0006 per KWH.

RECEIVED  
2003 APR 22 PM 12:55  
PA PUC  
SECRETARY'S BUREAU

NOTICE

This is to inform you that an Initial Prehearing Conference by telephone on the above-captioned case will be held as follows:

Date: Tuesday, April 29, 2003

Time: 10:00 a.m.

Presiding: Administrative Law Judge Marlane R. Chestnut  
1302 Philadelphia State Office Building  
1400 West Spring Garden Street  
Philadelphia, PA 19130  
Telephone: (215) 560-2105  
Fax: (215) 560-3133

If you have not provided a current telephone number where you can be reached for participation in the conference OR YOUR AREA CODE HAS CHANGED, then you must contact the presiding officer at least 7 days before the actual conference and provide the necessary information.

At the above date and time, the Administrative Law Judge will contact the parties as follows:

Eric Joseph Epstein	717-238-7318
Tanya J. McCloskey, Esquire	717-783-5048
Charis M. Burak, Esquire	717-232-8000
Kent D. Murphy, Esquire	215-841-4941

If you are a person with a disability, and you wish to attend the hearing, we may be able to make arrangements for your special needs. Please call the scheduling office at the Public Utility Commission:

- Scheduling Office: (717) 787-1399.
- AT&T Relay Service number for persons who are deaf or hearing-impaired: 1-800-654-5988.

pc: Judge Chestnut  
June Perry - LA, Keystone 3NW  
Eric Levis - BPL, Keystone 3NE  
Office of Trial Staff (2)  
Consumer Advocate  
Small Business Advocate  
Susan Licon  
Beth Plantz  
Docket Section  
Calendar File

Electric Division has filed Supplement No. 44 Electric PA PUC No. 3, to become effective January 1, 2004, which proposes to recover \$19.8 million in revenue annually, resulting in an increase to the Nuclear Decommissioning cost adjustment from \$0.0000 per KWH to \$0.0006 per KWH.

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R-00038102

Page 2

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Philadelphia, PA 19101-8699

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www.exeloncorp.com

Business Services  
Company

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**ORIGINAL**

**MAR 26 2003**

Direct Dial: 215 841 4941

March 26, 2003

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

James McNulty, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, Second Floor  
Harrisburg, PA 17120

**RE: Pennsylvania Public Utility Commission, Office of Consumer Advocate v. PECO Energy Company  
Docket Nos. R-00038102, R-00038102C0001 and  
Eric Joseph Epstein v. PECO Energy Company, Docket No. R-00038102C0002**

Dear Mr. McNulty:

Enclosed for filing with the Commission are the following documents and copies in the matter referenced above.

- \_\_\_\_\_ Answer (original and 3 copies)
- \_\_\_\_\_ Answer and Motion to Dismiss (original and 3 copies)
- \_\_\_\_\_ Petition (original and 3 copies)
- \_\_\_\_\_ Answer and New Matter (original and 3 copies)
- X   Unopposed Motion to Consolidate of PECO Energy Company (original and 3 copies)
- \_\_\_\_\_ Exceptions (original and 9 copies)
- \_\_\_\_\_ Reply Exceptions (original and 9 copies)
- \_\_\_\_\_ Brief (original and 9 copies)
- \_\_\_\_\_ Reply Brief (original and 9 copies)

Also enclosed is an extra copy of this letter which I request that you date stamp and return to me in the envelope provided as proof of filing. I have enclosed a Certificate of Service showing that a copy of the above documents were served on the interested parties.

Very truly yours,

Kent D. Murphy  
Assistant General Counsel  
Exelon Business Services Company

KDM:zr

Enc.

cc: Parties of Record

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FOLDER**

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MAR 26 2003

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

Pennsylvania Public Utility Commission :  
Office of Consumer Advocate :

v. :

Docket Nos. R-00038102,  
R-00038102C0001

PECO Energy Company :

(consolidated)

Eric Joseph Epstein :

v. :

Docket No. R-00038102C0002  
(not consolidated)

PECO Energy Company :

**UNOPPOSED MOTION TO  
CONSOLIDATE OF  
PECO ENERGY COMPANY**

PECO Energy Company ("PECO" or "the Company"), pursuant to 52 Pa. Code § 5.81, hereby requests Presiding Administrative Law Judge Marlane R. Chestnut to issue an order that consolidates the proceedings indicated above ("The Indicated Proceedings") for all purposes, including but not limited to, the holding of any necessary evidentiary hearings and the issuance of recommended and final decisions. In support, PECO submits as follows:

1. On December 31, 2002, PECO Energy filed Supplement No. 44 to Tariff Electric PA P.U.C. No. 3, with a proposed effective date of January 1, 2004. Supplement No. 44 proposed a \$19.8 million increase to the Nuclear Decommissioning Cost Adjustment charge found at page 33 of PECO's electric tariff, and according to the Company, was filed in accordance with the requirements of the PECO Electric Restructuring Settlement at Docket No. R-00973953 and the PECO Merger Settlement at

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APR 17 2003

Docket No. A-110550F0147. Supplement No. 44 is the subject of Docket No. R-00038102.

2. On February 21, 2003, the Office of Consumer Advocate (“OCA”) filed a formal complaint in which the OCA challenged, *inter alia*, the lawfulness, justness and reasonableness of Supplement No. 44, requested that the matter be suspended in accordance with Section 12308(d) of the Public Utility Code, and requested that the matter proceed to formal evidentiary hearings. The OCA complaint is the subject of Docket No. R-00038102C0001.

3. On February 21, 2003, Eric Joseph Epstein (“Mr. Epstein”) filed a formal complaint in which Mr. Epstein challenged, *inter alia*, the lawfulness, justness and reasonableness of Supplement No. 44, requested that the matter be suspended in accordance with Section 12308(d) of the Public Utility Code, and requested the matter to proceed to formal evidentiary hearings. Mr. Epstein’s complaint is the subject of Docket No. R-00038102C0002.

4. On March 5, 2003, the Philadelphia Area Industrial Energy Users Group (“PAIEUG”) filed a motion to intervene in the proceeding at Docket No. R-00038102.

5. On March 18, 2003, filed an Answer to each of OCA’s and Mr. Epstein’s complaints. Therein, the Company denied that there is a need to suspend Supplement No. 44 beyond the January 1, 2004 proposed effective date because the Company’s suspension of the proposed effective date for 12 months after the filing date of January 1, 2003, already provided more than adequate time to hold any necessary evidentiary hearings and issue a final order. In its Answers, the Company also requested that the Commission issue an order dismissing OCA and Mr. Epstein’s complaints.

6. On March 21, 2003, at Docket No. R-00038102 and R-00038102C0001, the Commission issued an order that consolidated the proceedings, suspended the proposed effective date of Supplement No. 44 by an additional 6-month period until July 1, 2004, ordered an investigation into the justness and reasonableness of the proposed rate increase, and assigned the matter to the Office of Administrative Law Judge for the purposes of hearing and the issuance of a recommended decision.

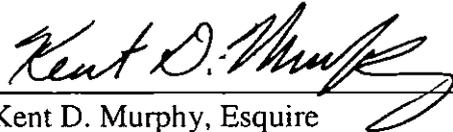
7. The Indicated Proceedings involve common issues of law and fact, including but not limited to factual issues relevant to the legal question of whether or not the rate change associated with the Company's increase in nuclear decommissioning cost recovery proposed in Supplement No. 44 is lawful, just and reasonable.

8. Consolidating The Indicated Proceedings would avoid unnecessary costs and delay that would be incurred if Mr. Epstein's Complaint remained separate for the purposes of hearing and decision.

9. All parties to The Indicated Proceedings (Office of Trial Staff, OCA, Mr. Epstein, PAIEUG) have indicated to the undersigned that they support or do not oppose the instant motion to consolidate.

WHEREFORE, for the foregoing reasons, PECO Energy Company respectfully requests this Honorable Commission issue an appropriate order granting this motion to consolidate the proceedings at Docket Nos. R-00038102, R-00038102C001, and R-00038102C002.

Respectfully submitted,



Kent D. Murphy, Esquire  
Ward L. Smith, Esquire

Exelon Business Services Company  
2301 Market Street, S23-1  
P.O. Box 8699  
Philadelphia, PA 19101-8699  
(215) 841-4941

Counsel for: PECO Energy Company

DATED: March 26, 2003

**BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

OFFICE OF CONSUMER ADVOCATE :  
v. : DOCKET NO. R-00038102C0001  
PECO ENERGY COMPANY :

**CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of PECO Energy Company's Answer in the above matter upon all interested parties by mailing a copy thereof Certified mail, properly addressed and postage prepaid to:

Eric Joseph Epstein  
4100 Hillsdale Road  
Harrisburg, PA 17112

Kenneth Mickens  
Office of Trial Staff  
PA Public Utility Commission  
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Administrative Law Judge Marlane R. Chestnut  
PA Public Utility Commission  
1302 Philadelphia State Office Bldg.  
1400 West Spring Garden Street  
Philadelphia, PA 19130

Dated at Philadelphia, Pennsylvania, March 26, 2003.

  
Kent D. Murphy

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March 26, 2003

Administrative Law Judge Marlane R. Chestnut  
PA Public Utility Commission  
1302 Philadelphia State Office Bldg.  
1400 West Spring Garden Street  
Philadelphia, PA 19130

Re: **Pennsylvania Public Utility Commission et al v. PECO Energy Company, Docket Nos. R-00038102, R-00038102C0001, and R-00038102C0002**

Dear Judge Chestnut

On this date, PECO Energy Company submitted a pleading styled "Unopposed Motion to Consolidate of PECO Energy Company" in which PECO Energy requested Your Honor to issue an order that consolidated R-00038102C0002 with the two other above-referenced proceedings.

Subsequently, Your Honor has informed counsel for PECO Energy through electronic mail that this motion was unnecessary because the referenced proceedings, including Docket No. R-00038102C0002, already had been consolidated through the Commission's March 21, 2003, suspension order at Docket No. R-00038102 because the three proceedings shared the common stem rate proceeding docket number.

As the Company's motion to consolidate now appears unnecessary, that motion is hereby withdrawn.

Respectfully submitted,

Kent D. Murphy  
Assistant General Counsel

cc: All parties  
Secretary McNulty

**RECEIVED**

MAR 31 2003

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

**DOCUMENT  
FOLDER**

**DOCKETED**  
MAY 01 2003

**ORIGINAL**

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :  
v. : Docket No. R-00038102  
PECO Energy Company :

NOTICE OF APPEARANCE

DOCUMENT  
FOLDER

TO THE SECRETARY:

Please enter the appearance of the Office of Trial Staff of the  
Pennsylvania Public Utility Commission in the above-captioned proceeding.

Prosecutor(s) for the Office of Trial Staff, in addition to the undersigned  
will be:

**KENNETH L. MICKENS**

All service on and communications to the Office of Trial Staff in this  
proceeding should be addressed:

**Kenneth L. Mickens, Esquire  
Pa. Public Utility Commission  
Office of Trial Staff  
P.O. Box 3265  
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(717) 787-1976**

**DOCKETED**  
MAR 28 2003

SECRETARY'S BUREAU  
03 MAR 27 AM 11:34

  
Charles F. Hoffman  
Chief Prosecutor

Dated: March 27, 2003

42

BEFORE THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission :  
v. : Docket No. R-00038102  
PECO Energy Company :

**CERTIFICATE OF SERVICE**

I hereby certify that I am serving the foregoing **Notice of Appearance** of the Office of Trial Staff, dated March 27, 2003, either personally, by first class mail, electronic mail, express mail, or by fax upon the persons listed below:

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Honorable Robert A. Christianson  
Chief Administrative Law Judge  
Pa. Public Utility Commission  
P.O. Box 3265  
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Charles F. Hoffman  
Chief Prosecutor  
Office of Trial Staff

Dated: March 27, 2003  
Docket No. R-00038102

R-00038102 Pennsylvania Public Utility Commission v. PECO Energy Company

Electric Division has filed Supplement No. 44 Electric PA PUC No. 3, to become effective January 1, 2004, which proposes to recover \$19.8 million in revenue annually, resulting in an increase to the Nuclear Decommissioning cost adjustment from \$0.0000 per KWH to \$0.0006 per KWH.

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