



An Exelon Company

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Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

**SUBJECT: PECO Energy Company Implementation of Smart Meter Cost Recovery
Surcharge Mechanism at Docket No. M-2009-2123944**

Dear Secretary Chiavetta:

In accordance with PECO Energy Company's – General Base Rate for Electric Operations – Docket No. R-2015-2468981, PECO is "rolling" its smart meter costs into base distribution rates effective January 1, 2016. Therefore, the Company will be setting its Smart Meter Cost Recovery Surcharge (SMCRS) to zero on January 1, 2016.

Although the on-going smart meter costs are being rolled into base rates, any over/under collection balances that may exist at January 1, 2016 will be refunded or recouped, as applicable, through the SMCRS later in 2016. The final over and under collection balances however will not be quantified until end of year accounting calculations are complete sometime in early 2016. PECO expects to make a filing in February 2016, on no less than 15 days' notice, effective March 1, 2016 to reset the SMCRS to refund or recoup those balances. Once the balances has been recouped or refunded, as applicable, PECO will then eliminate the SMCRS through a future filing.

Please direct any questions regarding the above to Richard A. Schlesinger at 215-841-5771.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Schlesinger", 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