



An Exelon Company

Brian D. Crowe
Director Retail Rates

Telephone 215.841.5316
Fax 215.841.6333
www.exeloncorp.com
brian.crowe@peco-energy.com

PECO Energy Company
2301 Market Street
Philadelphia, PA 19103

Mail To: P.O. Box 8699
PA 19101-8699

November 1, 2007

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

Re: Supplement No. 75 to Electric Tariff No. 3
Nuclear Decommissioning Cost Adjustment (NDCA)

Dear Secretary McNulty:

This letter transmits for filing with the Commission eight copies of PECO Energy Electric Tariff Supplement No. 75 and the supporting information required under §52 Pa.Code 53.52(a)(b). The purpose of this filing is to reduce revenue recovered through the Nuclear Decommissioning Cost Adjustment (NDCA) to \$0.00 million in revenue annually, resulting in a decrease to the NDCA from \$0.0001 per kWh to \$0.0000 per kWh.

This filing also includes:

- Attachment 1 – NDCA Calculation;
- Attachment 2 - Nuclear Decommissioning Costs Escalated to 2008 Dollars;
- Attachment 3 - Decommissioning Expenditures By Year;
- Attachment 4 - PECO Energy Nuclear Decommissioning Trust Fund Balances as of September 30, 2007;
- Attachment 5 – Annual Decommissioning Expense by Unit;
- Attachment 6 – PECO Energy Consolidated Income Statement for 12 Months Ending September 30, 2007;
- Attachment 7 – 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 Paul Patterson at 215-841-5386 or Kent Murphy at 215-841-4941.

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

Sincerely,

C. Walker-Davis, Director of Office of Special Assistants
Robert Wilson, Director, Bureau of Fixed Utility Services
Johnnie E. Simms, Esquire, Director, Office of Trial Staff
M. Carl Lesney, Director, Bureau of Audits
Office of Consumer Advocate
Office of Small Business Advocate
McNees, Wallaces & Nurick
Eric Epstein

P266662

Joseph Otis Minott, Esq.
135 South 19th Street- Suite 300
Philadelphia, PA 19103
email: joe_minott@cleanair.org
(Counsel for Clean Air Counsel)

Dennis M. Moore, Esq.
Associate General Counsel-Litigation
National Railroad Passenger Corporation
60 Massachusetts Avenue N.E.
Washington, DC 20002
(Counsel for Amtrak)

Kenneth M. Bama, Esq.
Wayne R. Frigard, Esq.
Rubin and Rudman LLP
50 Rowes Wharf
Boston, MA 02110
email: wfrigard@rubinrudman.com
(Counsel for Amtrak)

Phil Bertocci, Esq.
Community Legal Services, Inc.
1424 Chestnut Street, 4th Fl.
Philadelphia, PA 19102
email: pbertocci@clsphila.org
(Counsel for CEPA, et al.)

Joe Dworetzky, Esq./Matthew Hamermesh, Esq.
Hangley Aronchick Segal & Pudlin
One Logan Square - 27th Fl.
Philadelphia, PA 19103
email: jad@hangley.com
mah@hangley.com
(Counsel for Mid-Atlantic Power Supply)

John L. Munsch, Esq.
Deborah J. Henry, Esq.
Allegheny Power
800 Cabin Hill Drive
Greensburg, PA 15601-1689
email: jmunsch@alleghenyenergy.com
dhenry1@alleghenyenergy.com
(Counsel for Allegheny Power)

David Desalle, Esq.
Ryan, Russell, Ogden & Seltzer
800 North Third Street, Suite 101
Harrisburg, PA 17102
(Counsel for GPU)

John Will Ongman, Esq.
Marc Machlin, Esq.
Pepper Hamilton LLP
600 Fourteenth St., NW
Washington, DC 20005
email: ongmanj@peppertlaw.com
machlinm@peppertlaw.com
(Counsel for Amtrak)

Stephanie A. Sugrue, Esq./ Mary Ann Ralls, Esq.
Shelia Hollis, Esq.
Duane, Morris & Heckscher, LLP
1667 K Street, N.W. - Suite 700
Washington, DC 20006
(Counsel for QST)

Paul L. Zeigler, Esq.
Paul L. Zeigler PC
300 Bridge Street, Second Floor
P.O. Box B
New Cumberland, PA 17070
(Counsel for Delaware Valley Schools Energy/Utility Consortium)

Kenneth Zielonis, Esq.
Stevens & Lee
208 N. 3rd Street - Suite 310
Harrisburg, PA 17108-2090
(Counsel for Pennsylvania Retailers Association)

C. Neil Petersen, Esq.
South Eastern Pennsylvania Transportation Authority
Office of the General Counsel
1234 Market Street - Fifth Floor
Philadelphia, PA 19107-3780
(Counsel for SEPTA)



Brian D. Crowe
Director, Retail Rates
PECO, An Exelon Company
2301 Market Street, S15-2
Philadelphia, PA 19103
Dated: November 1, 2007

Certificate of Service

I hereby certify that I have this day served the foregoing document on the following by first class mail:

Susan M. Shanaman, Esq.
212 North Third Street, Suite 203
Harrisburg, PA 17101
(Counsel for CEED)

Christopher B. Craig, Esq.
Senate Democratic Appropriations Committee
Room 545, Main Capitol Building
Harrisburg, PA 17120
email: ccraig@dem.pasen.gov
(Counsel for Senator Furno)

William R. Lloyd, Jr.
Office of Small Business Advocate
Suite 1102, Commerce Bldg.
300 North Second Street
Harrisburg, PA 17101
(Counsel for Small Business Advocate)

Pennsylvania Rural Electric Association
212 Locust Street
Harrisburg, PA 17108

Roger Clark, Esq.
NESIP 905 Denston Drive
Ambler, PA 19002-3901
(Attorney for Environmentalists)

Paul E. Russell, Esq.
PP&L Services Corporation
Two North Ninth Street
Allentown, PA 18101
email: perussell@pplweb.com
(Counsel for PP&L)

Johnnie E. Simms, Director
Pennsylvania Public Utility Commission
Office of Trial Staff-Commonwealth Keystone Bldg.
400 North St.
Harrisburg, PA 17102
(Counsel for Office of Trial Staff)

John Halsted, Esq.
Gawthrop, Greenwood & Halsted
P. O. Box 562
West Chester, PA 19381-0562
email: gghlaw@gawthrop.com
(Counsel for East Brandywine Township)

Tanya McCloskey, Esq.
Office of Consumer Advocate
555 Walnut Street
Forum Place, 5th Floor
Harrisburg, PA 17101
email paoca@ptd.net

John Hanger
610 N. Third Street
Harrisburg, PA 17101-1113
(Counsel for Citizens for Pennsylvania's Future)

Eric Epstein
4100 Hillsdale Road
Harrisburg, PA 17112
email: eepstein@igc.apc.org
(Pro Se)

David M. Kleppinger, Esq.
Charis M. Burak, Esq.
McNees, Wallace & Nurick
100 Pine Street
Harrisburg, PA 17108
email: dkleppin@mwm.com
Counsel for Phila. Area Industrial Energy Users
Group, to the Industrial Energy Consumers of Pa. & City of
Philadelphia)

Gordon Smith, Esq.
John & Hengerer
1200 17th Street, N.W. - Suite 600
Washington, DC 20036-3006
(Counsel for Electric Clearinghouse, Vastar and Noram Energy)

Lillian Smith Harris, Esq.
Hawke & McKeon LLP
Harrisburg Energy Center
100 North Tenth Street - P.O. Box 1778
Harrisburg, PA 17105
(Counsel for Municipal Group)

Daniel Clearfield, Esq.
Kevin Moody, Esq.
Wolf, Block, Schorr and Solis-Cohen LLP
1650 Arch Street - 22nd Fl.
Philadelphia, PA 19103
email: dclearfield@wolfblock.com
kmoody@wolfblock.com
(Counsel for Enron Energy Services, Inc.)

Michael G. Banta, Esq.
Indianapolis Power & Light Company
One Monument Circle
P.O. Box 1595
Indianapolis, IN 46206-1595
(Counsel for IP&L)

PECO Energy Company

Electric Service Tariff

COMPANY OFFICE LOCATION

2301 Market Street

Philadelphia, Pennsylvania 19101

For List of Communities Served, See Page 4.

Issued November 1, 2007

Effective: January 1, 2008

**ISSUED BY: D. P. O'Brien – President
PECO Energy Distribution Company
2301 MARKET STREET
PHILADELPHIA, PA. 19101**

NOTICE.

PECO Energy Company

LIST OF CHANGES MADE BY THIS SUPPLEMENT

Nuclear Decommissioning Cost Adjustment Clause (NDCA) – 4th Revised Page No. 33
Change date and decreasing rate from \$0.0001/kWh to \$0.0000/kWh

PECO Energy Company

TABLE OF CONTENTS

List of Communities Served	4
How to Use Loose-Leaf Tariff	5
Definition of Terms and Explanation of Abbreviations	6 ⁵ ,7 ⁶ ,8,9 ²
RULES AND REGULATIONS:	
1. The Tariff	10 ¹¹
2. Service Limitations	10 ¹⁰
3. Customer's Installation	11 ⁵
4. Application for Service	12 ⁸
5. Credit	13 ⁸
6. Private-Property Construction	14 ⁸
7. Extensions	15 ²
8. Rights-of-Way	16 ²
9. Introduction of Service	17 ²
10. Company Equipment on Customer's Premises	17 ²
11. Tariff and Contract Options	18 ⁵
12. Service Continuity	18 ⁵ ,19 ²
13. Customer's Use of Service	20 ⁴
14. Metering	20 ⁴
15. Demand Determination	21 ⁵
16. Meter Tests	22 ³
17. Billing and Standard Payment Options	22 ³ ,23 ⁶
18. Payment Terms & Termination of Service	24 ⁶
19. Unfulfilled Contracts	24 ⁶
20. Cancellation by Customer	25 ²
21. General	26 ³
22. Direct Access Phase-In Procedures	26 ³
23. EGS Switching	27 ⁵
24. Load Data Exchange	28
STATE TAX ADJUSTMENT CLAUSE	29 ¹¹
COMPETITIVE TRANSITION CHARGE (CTC)	30 ³ ,31 ²
NET SECURITIZATION ADJUSTMENT	32 ¹⁴
NUCLEAR DECOMMISSIONING COST ADJUSTMENT CLAUSE (NDCA)	33 ⁴
UNIVERSAL SERVICE FUND CHARGE (USFC)	34 ⁸
RATES:	
Rate R Residence Service	35 ¹⁹ ,36 ⁹
Rate RT Residence Time-of-Use Service	37 ²¹ ,38 ⁹
Rate R-H Residential Heating Service	39 ²² ,40 ⁴
Rate RS-2	40A ¹ , 40B ¹
Rate CAP Customer Assistance Program	41 ¹⁴ ,42 ⁸
Rate OP Off-Peak Service	43 ²²
Rate R-S Renewable Energy Service	44 ³ ,44A
Rate GS General Service	45 ¹⁵ ,46 ¹² ,47 ¹³
Rate PD Primary-Distribution Power	48 ¹⁵
Rate HT High-Tension Power	49 ¹⁶ ,50 ⁹
Rate POL Private Outdoor Lighting	51 ¹³ ,52 ⁵
Rate SL-P Street Lighting in City of Philadelphia	53 ¹¹ ,54 ¹ ,55 ⁴
Rate SL-S Street Lighting-Suburban Counties	56 ¹³ ,57 ¹
Rate SL-E Street Lighting Customer-Owned Facilities	58 ¹⁰ ,59
Rate TL Traffic Lighting Service	60 ⁹
Rate BLI Borderline Interchange Service	61
Rate EP Electric Propulsion	62 ¹ ,63
Rate AL Alley Lighting in City of Philadelphia	64 ⁹
RIDERS:	
Applicability Index of Riders	85 ¹¹
Auxiliary Service Rider	66 ² ,67 ¹⁰ ,88 ¹
CAP Rider – Customer Assistance Program	68A ⁴ , 68B ³ , 68C ³ , 68D ³
Capacity Reservation Rider	89
Casualty Rider	70
Competitive Default Service	70A ²
Construction Rider	71
Cooling Thermal Storage HT Rider	72 ⁴
Curtailment HT Rider	73 ⁷
Economic Efficiency Rider (EER)	74 ¹ ,75

PECO Energy Company

NUCLEAR DECOMMISSIONING COST ADJUSTMENT CLAUSE (NDCA)

The NDCA provides for the recovery of nuclear of 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. As of January 1, 2008, the NDCA shall be \$0.0000/kWh and will be added to the distribution charge for Rates POL and SL-S, the service location distribution charge for Rate SL-E, and the Variable Distribution Service Charges for all other customers. (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. 75

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 December 31, 1999.

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

As of September 30, 2007, PECO Energy served 1.56 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	1,247,879
Rate RH	150,325
Rate GS	154,092
Rate HT	2,419
Rate PD	656
Lighting	1,075
EP	3

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

This change would decrease the NDCA from \$0.0001 per kWh to \$0.0000 per kWh, which will be incorporated in the charges of all customers to whom the NDCA is applicable. This change will be implemented with the first meter reading after January 1, 2008 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 lower the revenue requirement to cover the expense level associated with the adjusted annual expense accrual, resulting in no effect on net income for ratemaking purposes. The NDCA calculation indicates that the Company will reduce recovery by \$3.6 million per year (versus the current level), which equates to 0.070% of the 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 January 1, 1998. Therefore, the Company is required to perform this calculation and subsequent filing for January 1, 2008 to meet the requirements of the Tariff.

The Energy Policy Act of 2005 (Public Law 108-59) included federal income tax provisions, that modified the federal income tax rules for qualified decommissioning trust funds. Pending issuance of Treasury Regulations explaining parameters around the transfer of amounts to a qualified decommissioning trust fund and the cost of service requirement, PECO's recovery of additional nuclear decommissioning costs should continue to be predicated on the following assumptions that have been used for calculating the amount to be included in cost of service and historically have been used for purpose of maximizing the use of qualified decommissioning trust funds.

Specific factors considered, among others, include the qualified and non-qualified fund balances as well as the estimates of nuclear decommissioning costs derived from comprehensive studies performed by TLG Services, Inc. (TLG) using estimating practices generally accepted in the nuclear industry and supported by U.S. Nuclear Regulatory Commission regulation. These are relevant factors set forth on the applicable tariff page. In addition, PECO's estimates are based on the following factors to derive the annual expense accrual needed to provide adequate funding for the nuclear decommissioning activities for the former PECO units:

1. Annual Expense Accrual. PECO's proposed reduction of the NDCA to \$0.0000 per kWh is based on a total annual cost of service ratemaking allowance for nuclear decommissioning expense of \$30.114 million (net of any applicable gross receipts or other applicable taxes), which is the sum of the Annual Expense Accruals derived for each of the former PECO nuclear units as follows:

<u>Units</u>	<u>Annual Expense Accrual (\$)</u>
Limerick 1	7,404,158
Limerick 2	12,130,654
Peach Bottom 1	2,279,981
Peach Bottom 2	0
Peach Bottom 3	0
Salem 1	4,999,400
Salem 2	<u>3,299,437</u>
TOTAL	30,113,630

The \$0.00 Annual Expense Accrual for Peach Bottom 2 and Peach Bottom 3 from the Base Accruals for those units set forth in the present Page No. 33 to the Company's Electric Service Tariff (\$2.588 mm and \$5.976 mm) is in large part caused by the estimated effect that the 20-year operating license extension granted by the U.S Nuclear Regulatory Commission on May 7, 2003, would have on trust fund earnings based on current trust fund levels for those units.

2. Factors used in Calculating Annual Accruals. PECO's Annual Accruals for the former PECO units were derived using the following:

a. **Real Rate of Return.** The settlement would provide specifically that the calculated annual accruals permitted for ratemaking purposes is predicated on a 3 percent real rate of return of earnings on the trust fund balances for each Unit. This assumption is unchanged from that used by the Commission in the settlement of PECO's 2003 NDCA filing at Docket No. R-00038102 et al, order entered September 9, 2003.

b. **Assumed after tax rate of return to be earned by funds.** 6.5 percent.

c. **Methodology used to convert present to future dollars.** The present or current value of fund balances are escalated using a 6.5% after-tax rate of return. Costs are escalated 3.5%. Therefore, a real rate of return of 3% is used for converting from present or current dollars to future dollars.

d. **Period of Collection.** The amount of decommissioning costs included in cost of service per unit and the proposed period of collection:

<u>Unit</u>	<u>Cost of Service (\$mm)</u>	<u>Period of Collection</u>
Limerick 1	7.404	1/1/2008 – 2023
Limerick 2	12.130	1/1/2008 – 2028
Peach Bottom 1	2.280	1/1/2008 – 2032
Peach Bottom 2	0.000	1/1/2008 – 2032
Peach Bottom 3	0.000	1/1/2008 – 2033
Salem 1	4.999	1/1/2008 – 2015
Salem 2	3.299	1/1/2008 – 2019

e. **Description of the proposed method of decommissioning** (for example, prompt dismantlement, safe storage):

<u>Unit</u>	<u>Method of Decommissioning</u>
Limerick 1	Decon
Limerick 2	Decon
Peach Bottom 1	Delayed Decon
Peach Bottom 2	Decon
Peach Bottom 3	Decon
Salem 1	Decon
Salem 2	Decon

f. **Estimated year in which substantial decommissioning costs will first be incurred:**

<u>Unit</u>	<u>Year</u>
Limerick 1	2024
Limerick 2	2029
Peach Bottom 1	2033
Peach Bottom 2	2033
Peach Bottom 3	2034
Salem 1	2016
Salem 2	2020

g. Estimated year in which decommissioning costs will be substantially complete:

<u>Unit</u>	<u>Year</u>
Limerick 1	2053
Limerick 2	2053
Peach Bottom 1	2037
Peach Bottom 2	2052
Peach Bottom 3	2052
Salem 1	2047
Salem 2	2047

h. Total estimated cost of decommissioning expressed in current dollars and future dollars and cost per year in both current and future dollars)

<u>Unit</u>	<u>Estimated Cost of Decommissioning (in \$1,000 as of 1/1/2008)</u>
Limerick 1	703,005
Limerick 2	824,920
Peach Bottom 1	182,280
Peach Bottom 2	318,823
Peach Bottom 3	329,222
Salem 1	278,964
Salem 2	266,758

<u>Unit</u>	<u>Estimated Cost of Decommissioning (in 1,000s of Future Dollars)</u>
Limerick 1	1,687,907
Limerick 2	1,979,853
Peach Bottom 1	429,238
Peach Bottom 2	859,906
Peach Bottom 3	920,184
Salem 1	462,882
Salem 2	485,490

<u>Unit</u>	<u>Required Annual Accrual (in \$1,000/yr)</u>
Limerick 1	7,404
Limerick 2	12,131
Peach Bottom 1	2,280
Peach Bottom 2	0
Peach Bottom 3	0
Salem 1	4,999
Salem 2	3,299

- i. The Company's ownership interest in nuclear generation as of December 31, 1999

<u>Unit</u>	<u>Ownership Interest</u>
Limerick 1	100%
Limerick 2	100%
Peach Bottom 1	100%
Peach Bottom 2	42.49%
Peach Bottom 3	42.49%
Salem 1	42.59%
Salem 2	42.59%

- (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 2-5. The cost figures were derived from nuclear decommissioning estimates performed by TLG Services, Inc. for each of the former PECO units and U.S. Nuclear Regulatory Commission Regulations. The trust fund balances were derived from the books of account for each of the qualified and non-qualified trust fund balances established for each of the former PECO units in accordance with U.S. NRC and U.S. Department of Revenue Internal Revenue Service regulations. The annual accruals for each unit were derived using the sinking fund methodology as required by the Company's Electric Tariff, Page No. 33.

- (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 decrease in the NDCA is the result of subtracting the Annual Expense Accruals derived from the current study from the Base Annual Expense Accruals, as set forth at Page No. 33 to PECO's Electric Tariff. Attachment 1 provides a calculation of the NDCA and shows a NDCA revenue requirement of approximately \$0.904 per year, which is 95% of the difference between the Adjusted Annual Accrual of \$30.114 million and the Base Accrual of \$29.162 Million. Attachment 2 provides the 2008 decommissioning cost estimates. Attachment 3 provides the detailed future decommissioning expenditures for each nuclear unit. Attachment 4 provides the qualified and non-qualified trust fund balances for each nuclear unit as of September 30, 2007. Attachment 5 provides the annual expenses by unit which sum to \$30.114 million.

(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 attachment 6 for PECO's operating income statement for the 12 months ending September 30, 2007.

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

None.

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

None.

(b)(5) A calculation of the number of customers, by tariff subdivision, whose bills will be decreased.

See response to 53.52 (a)(3).

(b)(6) A calculation of the total decreases, in dollars, by tariff subdivision, projected to an annual basis.

The annual effect for the period covered under this filing will result in a decrease of \$3.6 million annually for recovery of nuclear decommissioning costs associated with former PECO owned plants starting in January 2008. A breakdown of the decrease, by tariff subdivision, is as follows:

<u>Rate</u>	<u>MWh sales for 2008</u>	<u>Decrease in Decommissioning Expense (\$000)</u>
Rate R	8,675,628	\$ 868
Rate RH	3,025,864	\$ 303
Rate GS	7,087,171	\$ 709
Rate HT	15,254,352	\$1,524
Rate PD	1,162,074	\$ 116
Rate EP	686,293	\$ 69
Street Lighting	173,722	\$ 17

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 = Total Nuclear Decommissioning Annual Requirement
Adjusted Annual Accrual = \$30.114 M

$$\begin{aligned} \text{PaPUC Authorized Decommissioning Expense Adjustment} &= (\text{Adjusted Annual Accrual} - \text{Base Accrual}) * 0.95 \\ &= (\$30.114 \text{ M} - \$29.162 \text{ M}) * 0.95 \\ &= \$0.904 \text{ M} \end{aligned}$$

Total Pa. Jurisdictional Sales for Calculation Year (2008) = 36,065,106,000 kWh

$$\text{NDCA} = \frac{\$904,000}{36,065,106,000 \text{ kWh}}$$

NDCA = \$0.0000 per kWh

Attachment 2

Nuclear Decommissioning Costs Escalated To 2008 Dollars
(\$ thousands)

<u>Unit</u>		<u>2008 Estimates</u>
Limerick 1	\$	703,005
Limerick 2	\$	824,920
Peach Bottom 1	\$	182,280
Peach Bottom 2	\$	318,823
Peach Bottom 3	\$	329,222
Salem 1	\$	278,964
Salem 2	\$	266,758

Limerick 1
Decommissioning Expenditures By Year
(\$ thousands)

<u>Year</u>	<u>Decommissioning</u> <u>Expenditure</u>
2024 \$	14,079
2025 \$	79,382
2026 \$	41,393
2027 \$	39,471
2028 \$	40,964
2029 \$	42,282
2030 \$	43,762
2031 \$	45,294
2032 \$	199,804
2033 \$	353,685
2034 \$	185,071
2035 \$	102,787
2036 \$	75,466
2037 \$	66,045
2038 \$	42,685
2039 \$	10,884
2040 \$	11,301
2041 \$	11,660
2042 \$	12,068
2043 \$	12,490
2044 \$	12,969
2045 \$	13,380
2046 \$	13,848
2047 \$	17,204
2048 \$	21,365
2049 \$	22,063
2050 \$	22,836
2051 \$	23,635
2052 \$	86,676
2053 \$	23,360
\$	<u>1,687,907</u>

Limerick 2
Decommissioning Expenditures By Year
(\$ thousands)

<u>Year</u>		<u>Decommissioning</u> <u>Expenditure</u>
2029	\$	69,333
2030	\$	180,735
2031	\$	358,107
2032	\$	296,894
2033	\$	212,443
2034	\$	217,898
2035	\$	133,508
2036	\$	82,281
2037	\$	79,873
2038	\$	50,389
2039	\$	10,287
2040	\$	10,681
2041	\$	11,019
2042	\$	11,405
2043	\$	11,804
2044	\$	12,256
2045	\$	12,645
2046	\$	13,087
2047	\$	16,259
2048	\$	20,191
2049	\$	20,851
2050	\$	21,581
2051	\$	22,336
2052	\$	81,914
2053	\$	22,076
	\$	<u>1,979,853</u>

Peach Bottom 1
Decommissioning Expenditures By Year
(\$ thousands)

<u>Year</u>		<u>Decommissioning</u> <u>Expenditure</u>
2033	\$	62,379
2034	\$	112,562
2035	\$	115,863
2036	\$	118,434
2037	\$	20,000
	\$	<u>429,238</u>

Peach Bottom 2
Decommissioning Expenditures By Year
(\$ thousands)

<u>Year</u>	<u>Decommissioning</u> <u>Expenditure</u>
2033 \$	30,372
2034 \$	92,401
2035 \$	160,975
2036 \$	137,044
2037 \$	90,358
2038 \$	93,520
2039 \$	56,144
2040 \$	10,125
2041 \$	36,161
2042 \$	26,200
2043 \$	22,133
2044 \$	7,578
2045 \$	9,846
2046 \$	10,191
2047 \$	10,548
2048 \$	6,902
2049 \$	5,727
2050 \$	5,928
2051 \$	36,160
2052 \$	11,595
\$	<u>859,906</u>

Peach Bottom 3
Decommissioning Expenditures By Year
(\$ thousands)

<u>Year</u>	<u>Decommissioning Expenditure</u>
2034 \$	27,304
2035 \$	74,639
2036 \$	157,142
2037 \$	144,911
2038 \$	109,567
2039 \$	113,401
2040 \$	77,801
2041 \$	39,952
2042 \$	40,681
2043 \$	33,748
2044 \$	4,617
2045 \$	4,760
2046 \$	4,927
2047 \$	5,099
2048 \$	9,126
2049 \$	10,723
2050 \$	11,072
2051 \$	39,789
2052 \$	10,924
\$	<u>920,184</u>

Salem 1
Decommissioning Expenditures By Year
(\$ thousands)

<u>Year</u>	<u>Decommissioning Expenditure</u>
2016 \$	11,647
2017 \$	40,382
2018 \$	63,715
2019 \$	59,486
2020 \$	50,455
2021 \$	52,078
2022 \$	21,786
2023 \$	2,970
2024 \$	3,083
2025 \$	3,182
2026 \$	13,474
2027 \$	22,381
2028 \$	10,081
2029 \$	2,815
2030 \$	2,914
2031 \$	3,016
2032 \$	4,274
2033 \$	3,230
2034 \$	3,344
2035 \$	4,601
2036 \$	3,592
2037 \$	3,707
2038 \$	4,961
2039 \$	3,971
2040 \$	4,122
2041 \$	5,656
2042 \$	4,403
2043 \$	4,557
2044 \$	7,150
2045 \$	6,133
2046 \$	28,793
2047 \$	6,923
\$	<u>462,882</u>

Salem 2
Decommissioning Expenditures By Year
(\$ thousands)

<u>Year</u>	<u>Decommissioning</u> <u>Expenditure</u>
2020	\$ 16,144
2021	\$ 48,145
2022	\$ 75,272
2023	\$ 59,854
2024	\$ 54,852
2025	\$ 52,397
2026	\$ 29,180
2027	\$ 30,066
2028	\$ 13,640
2029	\$ 2,815
2030	\$ 2,914
2031	\$ 3,016
2032	\$ 3,130
2033	\$ 3,941
2034	\$ 3,344
2035	\$ 3,461
2036	\$ 4,904
2037	\$ 3,707
2038	\$ 3,837
2039	\$ 5,280
2040	\$ 4,122
2041	\$ 4,254
2042	\$ 7,145
2043	\$ 4,557
2044	\$ 4,730
2045	\$ 4,881
2046	\$ 28,978
2047	\$ 6,923
	<u>\$ 485,490</u>

Attachment 4

PECO Energy Nuclear Decommissioning Trust Fund Balances
As of September 30, 2007
(\$)

<u>Unit</u>	<u>Qualified Fund</u>	<u>Non-Qualified Fund</u>	<u>TOTAL</u>
Limerick 1	\$ 215,889,789	\$ 4,721,051	\$ 220,610,840
Limerick 2	\$ 193,118,941	\$ 8,597,743	\$ 201,716,684
Peach Bottom 1	\$ 6,577,305	\$ 36,107,141	\$ 42,684,446
Peach Bottom 2	\$ 81,895,733	\$ 43,822,444	\$ 125,718,177
Peach Bottom 3	\$ 88,515,104	\$ 53,359,055	\$ 141,874,159
Salem 1	\$ 94,866,234	\$ 35,672,642	\$ 130,538,876
Salem 2	\$ 89,915,045	\$ 23,501,379	\$ 113,416,424
	<u>\$ 770,778,151</u>	<u>\$ 205,781,455</u>	<u>\$ 976,559,606</u>

Attachment 5

**Annual Decommissioning Expense By Unit
(\$)**

<u>Unit</u>	<u>Annual Expense</u>
Limerick 1	\$ 7,404,158
Limerick 2	\$ 12,130,654
Peach Bottom 1	\$ 2,279,981
Peach Bottom 2	\$ -
Peach Bottom 3	\$ -
Salem 1	\$ 4,999,400
Salem 2	\$ 3,299,437
	<u>\$ 30,113,630</u>

PECO ENERGY CONSOLIDATED
INCOME STATEMENT
TWELVE MONTHS ENDED SEPTEMBER 30, 2007

	12 Months Ended 9/30/2007
<u>Operating Revenues</u>	
Retail	5,174,565,245.30
Wholesale	48,666,577.62
Other	225,218,648.99
Intercompany	8,444,392.77
Nonconsolidated Affl - Revenue	6,401,846.79
Total Operating Revenues	5,463,296,711.47
<u>Operating Expenses</u>	
Purchased Power	296,292,766.18
Intercompany Purchased Power	1,992,920,364.14
Purchased Power Nonconsol Affl	-
Fuel	575,638,891.63
Intercompany Fuel	-
Operating and Maintenance	473,074,551.13
Business Srvs Contracted Srvs	99,190,558.04
EDSS Contracted Services	20,582,794.51
Interco Operating and Maint	1,604,003.76
Oper&Maint NonConsol Affiliate	-
Goodwill Impairment	-
Intangible Asset Impairment	-
Depreciation and Amortization	753,743,217.42
Taxes Other Than Income	276,190,928.24
Total Operating Expenses	4,489,238,075.05
Operating Income	974,058,636.42
<u>Other Income and Deductions</u>	
Interest Exp, Net of Amts Cap	(87,597,134.01)
Intercompany Interest Expense	(2,177,235.47)
Interest Expense Non Con Affl	(162,270,739.10)
Distributions on Pfd Sec Subs	-
Equity in Earnings of Uncons	(6,946,094.97)
Earnings of Consolidated Cos	-
Intercompany Interest Income	224,162.65
Other, Net	49,369,453.21
Total Other Income and Deductions	(209,397,587.69)
Inc Before Inc Tax & Oth Items	764,661,048.73
Income Taxes	252,516,586.07
Net Income	512,144,462.66
Preferred Stock Dividends	3,695,768.00
Net Income On Common Stock	508,448,694.66

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)

<u>Effective Date</u>	<u>Transmission</u> (b) (1)	<u>Distribution</u> (2)	<u>T&D Rate Cap</u> (3) = (1) + (2)	<u>CTC or ITC</u> (4)	<u>Shopping Credit</u> (5)	<u>Generation Rate Cap</u> (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 FECO'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 FECO'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.

E. 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