



An Exelon Company

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September 15, 2011

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:

PECO Energy is permitted to file quarterly adjustments to the Smart Meter Cost Recovery Surcharge Mechanism, which are allowed to go into effect on 15 days notice. As provided for in the Commission's Final Order at Docket No. M-2009-2123944 the rate will only be updated if the rate changes by more than 5%. PECO has recalculated the rate and determined that it would change the rates by less than 5%. Therefore, the Company will not be changing its Smart Meter Cost Recovery Surcharge on October 1, 2011.

This letter transmits for filing with the Commission eight copies of PECO Energy's second quarterly update including:

Exhibit 1 – Smart Meter Projected Costs for October 1, 2011 to December 31, 2011

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

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

Sincerely,

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SEP 15 2011

Copies to: C. Walker-Davis, Director, Office of Special Assistants  
P. Diskin, Director, Bureau of Technical Utility Services  
M. C. Lesney, Director, Bureau of Audits  
J. E. Simms, Director, Bureau of Investigation & Enforcement  
Office of Consumer Advocate  
Office of Small Business Advocate  
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PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

**Exhibit 1**  
**PECO Energy Smart Meter Project**  
**Projected Costs for**  
**October 1, 2011 to December 31, 2011**

**Smart Meter Cost Recovery (\$M)**

Line	Forecast 4Q 2011 <sup>(1)</sup>			
	Oct	Nov	Dec	
1	Deferred Costs (through June 2010)	\$ 0.24	\$ 0.24	\$ 0.24
2	2011 O&M to be Recovered	0.63	0.63	0.27
3	2011 Depreciation	0.23	0.23	0.23
4	2011 Capital Revenue Requirement	0.53	0.53	0.53
5	Total Revenue Requirement <sup>(2)</sup>	\$ 1.63	\$ 1.62	\$ 1.26
6	Total Revenue Requirement (adj. for GRT)	\$ 1.73	\$ 1.72	\$ 1.34
7	<b>Quarterly Costs to be Recovered (\$M)</b>	<b>\$ 4.79</b>		
<b>Quarterly Cost Recovery by class:</b>				
8	Res	\$ 4.30		
9	SCI	\$ 0.47		
10	LCI	\$ 0.01		
<b>Estimated Monthly Rate:</b>				
11	Res (¢/kWh)	0.134		
12	SCI (\$/customer)	\$ 1.01		
13	LCI (\$/customer)	\$ 1.01		

<sup>(1)</sup> Figures may not total due to rounding.

<sup>(2)</sup> Reflects costs net of ~48% DOE stimulus fund grant.

**Exhibit 1**  
**PECO Energy Smart Meter Project**  
**Quarterly Surcharge Comparison**

<u>Line</u>		<b>In effect</b>	<b>In effect</b>	<b>In effect</b>	<b>Forecasted</b>	
	<b>Estimated Monthly Rate:</b>	<b>1Q 2011</b>	<b>2Q 2011</b>	<b>3Q 2011</b>	<b>4Q 2011</b>	
1	Res (¢/kWh)	0.10	0.10	0.10	0.13	
2	SCI (\$/customer)	0.79	\$ 0.79	\$ 0.79	\$ 1.01	
3	LCI (\$/customer)	0.79	\$ 0.79	\$ 0.79	\$ 1.01	
						<b>3Q to 4Q</b>
						<b>%</b>
	<b>Average Customer monthly bill with surcharge:</b>					<b>increase</b>
4	Res (500 kWh usage)	\$86.63	\$86.93	\$ 89.08	\$ 89.25	0.19%
5	SCI (10,000 kWh usage, 25kW)	\$1,158.66	\$1,154.61	\$ 1,243.61	\$ 1,243.84	0.02%
6	LCI (200,000 kWh usage, 500kW)	\$20,304.33	\$20,164.32	\$ 22,404.32	\$ 22,404.55	0.00%

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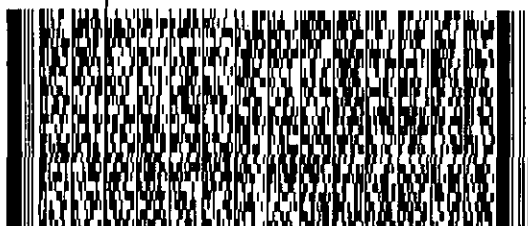
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