

Legal Department

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May 2, 2008

VIA FEDERAL EXPRESS

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

**Re: Review and Approval of Electric Distribution Company Consumer Education Plan
Docket Nos. M-00061957, M-2008-2032274**

Dear Secretary McNulty:

In a letter dated April 14, 2008, the Pennsylvania Public Utility Commission's Office of Communications requested that PECO Energy Company (PECO) file supplemental information regarding its Consumer Education Plan dated December 20, 2007. In accordance with that request, PECO files its supplemental responses to the following two questions:

1. Do your rates currently provide for recovery of any consumer education related costs? If so, what is the amount on an annualized basis? Identify the specific categories of costs, including FERC account numbers and amounts, which are currently being recovered. What current tariff rate and/or tariff provision or rider provides for the recovery of these costs?

Response: PECO has a long-standing practice of providing educational materials on safety and energy efficiency to its customers. The educational materials proposed in our Consumer Education Plan would complement PECO's ongoing practice, not replace it.

PECO's last electric Base Rate Case was in 1989 with rates effective in 1990. PECO's approved rates in that proceeding did not provide for a tariff rate and/or tariff provision or rider for the recovery of the type of consumer education related costs included in our Consumer Education Plan. PECO's rates were subsequently unbundled in 1998 as part of the Settlement of its Electric Restructuring Plan. In its Restructuring Settlement, PECO agreed to fund \$24 million for specific customer

choice consumer education costs, which was included as part of stranded cost recovery. Stranded cost recovery is reconciled and therefore provides no base level of recovery. As proposed in its Consumer Education Plan, PECO will spend the remaining \$640,644 balance of the \$24 million prior to seeking additional recovery. There is no current PECO tariff rate and/or tariff provision or rider that provides for the recovery of any PECO consumer education related costs.

2. What specific categories of costs, including FERC account numbers and amounts, do you feel are recoverable items under your proposed consumer education adjustment rider? These should reflect costs not already recovered per question 1 above.

Response: PECO will seek to recover consumer education costs specifically associated with its Consumer Education campaign to educate customers regarding the transition to a fully competitive market in 2010 and how they can manage their energy costs. These costs will initially be recorded in FERC Account 186 and then amortized to Account 910 when recovered in default services rates and will be incremental to Advertising and Branding and informational programs that PECO has funded in the recent years. PECO has spent approximately \$2.0 million annually on Advertising and Branding over the last five years.

Please feel free to contact us if you need any additional information relating to this matter.

Sincerely,



Verdina Y. Showell,
Assistant General Counsel

cc: Office of Consumer Advocate
Office of Small Business Advocate
Office of Trial Staff
Office of Communications