



An Exelon Company

Richard G. Webster, Jr.
Vice President

Telephone 215.841.4000
Fax 215.841.6208
www.peco.com
dick.webster@peco-energy.com

PECO
Regulatory Policy and Strategy
2301 Market Street
S15
Philadelphia, PA 19103

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March 31, 2017

MAR 31 2017

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265

PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

Re: Nuclear Decommissioning Cost Adjustment (NDCA), Docket No. R-00973953

Dear Secretary Chiavetta:

As part of its restructuring and merger settlements, PECO is required to file the NDCA every five years with the Commission to reflect updated cost studies and fund balances as well as license extensions. The purpose of this filing is to reduce revenue recovered through the Nuclear Decommissioning Cost Adjustment (NDCA) to a credit of (\$24.037) million, in revenue annually, resulting in a decrease to the NDCA from -\$0.0002 per kWh to a credit value of -\$0.0006 per kWh. In addition to the supporting information required under §52 Pa. Code 53.52(a)(b) this filing includes:

- Attachment 1 - NDCA Calculation;
- Attachment 2 - Nuclear Decommissioning Costs Escalated to 2017 Dollars;
- Attachment 3 - Decommissioning Expenditures By Year;
- Attachment 4 - PECO Energy Nuclear Decommissioning Trust Fund Balances as of December 31, 2016;
- Attachment 5 - Annual Decommissioning Expense by Unit;
- Attachment 6 - PECO Energy Consolidated Income Statement for 12 Months Ending December 31, 2016;
- Attachment 7 - Sample Tariff Page

Note, wording in the NDCA has been revised to clarify how the adjustment is applied to the various rate classes.

Please direct any questions with regard to the above to Mike Trzaska at 215-841-4611.

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

Sincerely,

Copies to: C. Walker-Davis, Director, Office of Special Assistants
P. T. Diskin, Director, Bureau of Technical Utility Services
K. Monaghan, Director, Bureau of Audits
R. A. Kanaskie, Director, Bureau of Investigation & Enforcement
Office of Consumer Advocate
Office of Small Business Advocate
McNees, Wallace & Nurick

Proposed Changes to Electric Tariff No. 5

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 37 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 February 28, 2017, PECO Energy served 1.62 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	1,277,251
Rate RH	182,441
Rate GS	150,366
Rate HT	2,640
Rate PD	461
Lighting	9,795
EP	5

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

This change would decrease the NDCA from $-\$0.0002$ per kWh to a credit value of $-\$0.0006$ 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, 2018 per Paragraph 20 of the Restructuring Settlement.

(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 \$22.7 million per year (versus the current level), which equates to 0.758% 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. 37, 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 the subsequent filing for January 1, 2018 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 a credit value of -\$0.0006 per kWh is based on a total annual cost of service ratemaking allowance for nuclear decommissioning expense of \$3.860 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	0
Limerick 2	0
Peach Bottom 1	3,859,745
Peach Bottom 2	0
Peach Bottom 3	0
Salem 1	0
Salem 2	0
TOTAL	3,859,745

The \$0.00 Annual Expense Accrual for Limerick 1 and Limerick 2 from the Base Accruals for those units set forth in the present Page No. 37 to the Company's Electric Service Tariff (\$4.403 mm and \$8.043 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 October 20, 2014, 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 PECO's Restructuring Settlement at Docket No. R-00973953, order entered on May 14, 1998 and 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 values 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 the cost of service per unit and the proposed period of collection is:

<u>Unit</u>	<u>Cost of Service</u> <u>(\$mm)</u>	<u>Period of Collection</u>
Limerick 1	0.000	1/1/2018 – 2043
Limerick 2	0.000	1/1/2018 – 2048
Peach Bottom 1	3.860	1/1/2018 – 2032
Peach Bottom 2	0.000	1/1/2018 – 2032
Peach Bottom 3	0.000	1/1/2018 – 2033
Salem 1	0.000	1/1/2018 – 2035
Salem 2	0.000	1/1/2018 – 2039

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	2044
Limerick 2	2049
Peach Bottom 1	2033
Peach Bottom 2	2033
Peach Bottom 3	2034
Salem 1	2036
Salem 2	2040

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

<u>Unit</u>	<u>Year</u>
Limerick 1	2087
Limerick 2	2087
Peach Bottom 1	2038
Peach Bottom 2	2057
Peach Bottom 3	2057
Salem 1	2080
Salem 2	2080

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 1/1/2017)</u>
-------------	--

Limerick 1	1,009,099
Limerick 2	1,124,686
Peach Bottom 1	251,824
Peach Bottom 2	400,624
Peach Bottom 3	430,031
Salem 1	391,686
Salem 2	414,987

<u>Unit</u>	<u>Estimated Cost of Decommissioning (in 1,000s of Future Dollars)</u>
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Limerick 1	4,795,694
Limerick 2	5,216,991
Peach Bottom 1	473,490
Peach Bottom 2	859,176
Peach Bottom 3	939,016
Salem 1	1,304,946
Salem 2	1,398,248

<u>Unit</u>	<u>Required Annual Accrual (in \$1,000/yr)</u>
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Limerick 1	0
Limerick 2	0
Peach Bottom 1	3,860
Peach Bottom 2	0
Peach Bottom 3	0
Salem 1	0
Salem 2	0

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

<u>Unit</u>	<u>Ownership Interest</u>
Limerick 1	100.00%
Limerick 2	100.00%
Peach Bottom 1	100.00%
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. 37.

- (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 May 3, 2001 (clarifying the real rate of return used for calculating the decommissioning expense accrual);
PECO's 2003 NDCA Filing Settlement, Docket No. R-00038102, Order entered on September 9, 2003 and
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. 37 to PECO's Electric Tariff. Attachment 1 provides a calculation of the NDCA and shows a NDCA revenue requirement of approximately -\$24.037 million per year, which is 95% of the difference between the Adjusted Annual Accrual of \$3.860 million and the Base Accrual of \$29.162 million. Attachment 2 provides the 2017 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 December 31, 2016. Attachment 5 provides the annual expenses by unit which sum to \$3.860 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 December 31, 2016.

(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 \$22.7 million annually for recovery of nuclear decommissioning costs associated with former PECO owned plants starting in January 2018. A breakdown of the decrease, by tariff subdivision, is as follows:

<u>Rate</u>	<u>MWh sales for 2018</u>	<u>Decrease in Decommissioning Expense (\$000)</u>
Rate R	10,700,236	\$ 6,420
Rate RH	2,778,744	\$ 1,667
Rate GS	8,087,742	\$ 4,853
Rate HT	14,857,026	\$ 8,914
Rate PD	531,305	\$ 319
Rate EP	683,609	\$ 410
Street Lighting	193,190	\$ 116

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 = \$3,860 M

PaPUC Authorized Decommissioning Expense Adjustment
 = (Adjusted Annual Accrual - Base Accrual) * 0.95
 = (\$3,860 M - \$29,162 M) * 0.95
 = -\$24,037 M

Total PA. Jurisdictional Sales for Calculation Year (2018) = 37,831,851,272 kWh

$$\text{NDCA} = \frac{-\$24,037,143}{37,831,851,272} \text{ kWh}$$

NDCA = -\$0.0006 per kWh

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Nuclear Decommissioning Costs Escalated to 2017 Dollars
(\$ thousands)

<u>Unit</u>	<u>2017 Estimates</u>
Limerick 1	\$ 1,009,099
Limerick 2	\$ 1,124,686
Peach Bottom 1	\$ 251,824
Peach Bottom 2	\$ 400,624
Peach Bottom 3	\$ 430,031
Salem 1	\$ 391,686
Salem 2	\$ 414,987

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Limerick 1
Decommissioning Expenditures By Year
(\$ thousands)

<u>Year</u>	<u>Decommissioning Expenditure</u>
2044	\$ 23,656
2045	\$ 122,626
2046	\$ 57,878
2047	\$ 62,000
2048	\$ 66,598
2049	\$ 71,147
2050	\$ 76,214
2051	\$ 81,642
2052	\$ 312,551
2053	\$ 416,753
2054	\$ 337,478
2055	\$ 265,210
2056	\$ 136,372
2057	\$ 132,844
2058	\$ 94,810
2059	\$ 20,734
2060	\$ 22,271
2061	\$ 23,792
2062	\$ 25,487
2063	\$ 27,302
2064	\$ 29,327
2065	\$ 31,330
2066	\$ 33,561
2067	\$ 35,952
2068	\$ 38,618
2069	\$ 41,256
2070	\$ 44,194
2071	\$ 47,342
2072	\$ 50,853
2073	\$ 54,326
2074	\$ 58,195
2075	\$ 62,340
2076	\$ 66,963
2077	\$ 71,537
2078	\$ 76,632
2079	\$ 82,090
2080	\$ 88,178
2081	\$ 123,668
2082	\$ 157,730
2083	\$ 168,964
2084	\$ 181,316
2085	\$ 193,890
2086	\$ 540,439
2087	\$ 139,632
	<u>\$ 4,795,694</u>

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Limerick 2
Decommissioning Expenditures By Year
(\$ thousands)

<u>Year</u>	<u>Decommissioning Expenditure</u>
2049	\$ 111,891
2050	\$ 289,139
2051	\$ 470,329
2052	\$ 443,251
2053	\$ 342,761
2054	\$ 366,329
2055	\$ 209,394
2056	\$ 156,350
2057	\$ 170,820
2058	\$ 119,773
2059	\$ 20,726
2060	\$ 22,263
2061	\$ 23,783
2062	\$ 25,477
2063	\$ 27,292
2064	\$ 29,316
2065	\$ 31,318
2066	\$ 33,549
2067	\$ 35,938
2068	\$ 38,603
2069	\$ 41,240
2070	\$ 44,177
2071	\$ 47,324
2072	\$ 50,833
2073	\$ 54,305
2074	\$ 58,173
2075	\$ 62,316
2076	\$ 66,938
2077	\$ 71,509
2078	\$ 76,603
2079	\$ 82,059
2080	\$ 88,144
2081	\$ 123,621
2082	\$ 157,670
2083	\$ 168,900
2084	\$ 181,247
2085	\$ 193,817
2086	\$ 540,234
2087	\$ 139,579
	<u>\$ 5,216,991</u>

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

<u>Year</u>	<u>Decommissioning Expenditure</u>
2017	\$ 204
2018	\$ 212
2019	\$ 219
2020	\$ 227
2021	\$ 235
2022	\$ 243
2023	\$ 251
2024	\$ 261
2025	\$ 269
2026	\$ 279
2027	\$ 288
2028	\$ 299
2029	\$ 309
2030	\$ 320
2031	\$ 331
2032	\$ 343
2033	\$ 64,458
2034	\$ 99,754
2035	\$ 118,603
2036	\$ 91,142
2037	\$ 83,424
2038	\$ 11,820
	<u>\$ 473,490</u>

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

<u>Year</u>	<u>Decommissioning</u> <u>Expenditure</u>
2033	\$ 25,962
2034	\$ 82,810
2035	\$ 112,425
2036	\$ 108,256
2037	\$ 73,678
2038	\$ 78,926
2039	\$ 52,471
2040	\$ 8,275
2041	\$ 35,591
2042	\$ 29,640
2043	\$ 25,586
2044	\$ 6,948
2045	\$ 7,422
2046	\$ 7,951
2047	\$ 8,517
2048	\$ 9,149
2049	\$ 9,774
2050	\$ 10,470
2051	\$ 13,717
2052	\$ 17,723
2053	\$ 18,950
2054	\$ 20,300
2055	\$ 21,745
2056	\$ 52,400
2057	\$ 20,490
	<u>\$ 859,176</u>

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

<u>Year</u>	<u>Decommissioning Expenditure</u>
2034	\$ 26,230
2035	\$ 57,498
2036	\$ 108,208
2037	\$ 130,255
2038	\$ 106,462
2039	\$ 109,438
2040	\$ 62,844
2041	\$ 41,108
2042	\$ 44,036
2043	\$ 37,198
2044	\$ 6,733
2045	\$ 7,193
2046	\$ 7,706
2047	\$ 8,255
2048	\$ 8,845
2049	\$ 9,427
2050	\$ 10,074
2051	\$ 13,167
2052	\$ 16,970
2053	\$ 18,101
2054	\$ 19,344
2055	\$ 20,671
2056	\$ 49,691
2057	\$ 19,562
	<u>\$ 939,016</u>

Salem 1
Decommissioning Expenditures By Year
(\$ thousands)

<u>Year</u>	<u>Decommissioning Expenditure</u>
2036	\$ 18,170
2037	\$ 68,277
2038	\$ 99,370
2039	\$ 97,092
2040	\$ 68,474
2041	\$ 73,150
2042	\$ 48,474
2043	\$ 5,914
2044	\$ 6,353
2045	\$ 6,787
2046	\$ 27,806
2047	\$ 40,520
2048	\$ 41,534
2049	\$ 12,409
2050	\$ 4,913
2051	\$ 5,263
2052	\$ 5,503
2053	\$ 6,039
2054	\$ 6,469
2055	\$ 6,748
2056	\$ 7,442
2057	\$ 7,953
2058	\$ 8,294
2059	\$ 9,126
2060	\$ 9,800
2061	\$ 10,196
2062	\$ 11,218
2063	\$ 12,017
2064	\$ 12,565
2065	\$ 13,790
2066	\$ 14,772
2067	\$ 15,407
2068	\$ 16,993
2069	\$ 18,158
2070	\$ 18,939
2071	\$ 20,837
2072	\$ 22,376
2073	\$ 23,281
2074	\$ 25,614
2075	\$ 27,439
2076	\$ 28,690
2077	\$ 31,486
2078	\$ 33,729
2079	\$ 189,954
2080	\$ 65,606
	<u>\$ 1,304,946</u>

Salem 2
Decommissioning Expenditures By Year
(\$ thousands)

<u>Year</u>	<u>Decommissioning Expenditure</u>
2040	\$ 35,286
2041	\$ 91,209
2042	\$ 128,373
2043	\$ 118,498
2044	\$ 108,262
2045	\$ 106,896
2046	\$ 58,154
2047	\$ 45,987
2048	\$ 49,635
2049	\$ 13,859
2050	\$ 4,568
2051	\$ 4,893
2052	\$ 5,116
2053	\$ 5,615
2054	\$ 6,015
2055	\$ 6,273
2056	\$ 6,919
2057	\$ 7,394
2058	\$ 7,712
2059	\$ 8,485
2060	\$ 9,111
2061	\$ 9,480
2062	\$ 10,430
2063	\$ 11,173
2064	\$ 11,682
2065	\$ 12,821
2066	\$ 13,734
2067	\$ 14,324
2068	\$ 15,799
2069	\$ 16,882
2070	\$ 17,608
2071	\$ 19,373
2072	\$ 20,804
2073	\$ 21,645
2074	\$ 23,814
2075	\$ 25,510
2076	\$ 26,674
2077	\$ 29,274
2078	\$ 31,359
2079	\$ 176,606
2080	\$ 60,996
	<u>\$ 1,398,248</u>

**PECO Energy Nuclear Decommissioning Trust Fund Balances
As of December 31, 2016**

(\$)

<u>Unit</u>	<u>Qualified Fund</u>	<u>Non-Qualified Fund</u>	<u>TOTAL</u>
Limerick 1	\$ 403,373,438	\$ 5,127,568	\$ 408,501,006
Limerick 2	\$ 423,561,544	\$ 6,685,014	\$ 430,246,557
Peach Bottom 1	\$ 86,824,890	\$ 14,157,503	\$ 100,982,392
Peach Bottom 2	\$ 169,490,547	\$ 23,700,202	\$ 193,190,749
Peach Bottom 3	\$ 181,709,455	\$ 31,375,215	\$ 213,084,670
Salem 1	\$ 220,416,130	\$ 14,524,617	\$ 234,940,748
Salem 2	\$ 185,492,405	\$ 9,820,511	\$ 195,312,917
	<u>\$ 1,670,868,409</u>	<u>\$ 105,390,630</u>	<u>\$ 1,776,259,040</u>

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Annual Decommissioning Expense By Unit
(\\$)

<u>Unit</u>	<u>Annual Expense</u>
Limerick 1	\$ -
Limerick 2	\$ -
Peach Bottom 1	\$ 3,859,745
Peach Bottom 2	\$ -
Peach Bottom 3	\$ -
Salem 1	\$ -
Salem 2	\$ -
	<u>\$ 3,859,745</u>

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**PECO ENERGY CONSOLIDATED
INCOME STATEMENT
TWELVE MONTHS ENDED DECEMBER 31, 2016**

	12 Months Ended 12/31/2016
<u>Operating Revenues</u>	
Retail	\$ 2,986,408,069
Wholesale	-
Other	-
Intercompany	7,734,757
Nonconsolidated Affiliate - Revenue	-
Total Operating Revenues	\$ 2,994,142,826
<u>Operating Expenses</u>	
Purchased Power	598,375,897
Intercompany Purchased Power	286,717,715
Purchased Power Nonconsolidated Affiliate	-
Fuel	162,206,296
Intercompany Fuel	49,167
Operating and Maintenance	664,780,009
Business Services Contracted Services	142,504,696
Interco Operating and Maintenance	3,288,827
Operating & Maintenance Nonconsolidated Affiliate	-
Goodwill Impairment	-
Intangible Asset Impairment	-
Depreciation and Amortization	269,688,153
Taxes Other Than Income	163,985,189
Total Operating Expenses	\$ 2,291,595,950
Gain (Loss) on Sale of Assets	123,799.65
Total Operating Income	\$ 702,670,676
<u>Other Income and Deductions</u>	
Interest Expense, Net of Amounts Capitalized	(111,592,625)
Intercompany Interest Expense	(540)
Interest Expense Nonconsolidated Affiliate	(11,914,543)
Distributions on Preferred Security Subsidiaries	-
Earnings of Consolidated Companies	-
Intercompany Interest Income	374,292
Other, Net	7,260,394
Total Other Income and Deductions	\$ (115,873,021)
Income Before Income Taxes & Other Items	\$ 586,797,655
Income Taxes	149,143,516
Equity in Earnings of Uncons	(250,526)
Net Income	\$ 437,904,666
Preferred Stock Dividends	-
Net Income On Common Stock	\$ 437,904,666

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PECO Energy Company

Electric Service Tariff

COMPANY OFFICE LOCATION

2301 Market Street

Philadelphia, Pennsylvania 19101

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

For List of Communities Served, See Page 4.

Issued XX X, 2017

Effective January 1, 2018

**ISSUED BY: C. L. Adams – President & CEO
PECO Energy Distribution Company
2301 MARKET STREET
PHILADELPHIA, PA. 19101**

NOTICE

LIST OF CHANGES MADE BY THIS SUPPLEMENT

NUCLEAR DECOMMISSIONING COST ADJUSTMENT CLAUSE (NDCA) - Xth Revised Page 37
Revisions made in accordance with Docket No. R-00973953.

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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, 2018, the NDCA shall be a credit value of \$0.0006/kWh and will be added (C) to the Variable Distribution Charge for all rates, except for rates POL, SL-S and AL, which will have a credit value of -\$0.03/location added to the Distribution Charge.

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

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

PECO Energy Company

Electric Service Tariff

COMPANY OFFICE LOCATION

2301 Market Street

Philadelphia, Pennsylvania 19101

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Issued XX, X, 2017

Effective January 1, 2018

**ISSUED BY: C. L. Adams – President & CEO
PECO Energy Distribution Company
2301 MARKET STREET
PHILADELPHIA, PA. 19101**

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NOTICE

PECO Energy Company

Supplement No. xx to
Tariff Electric Pa. P.U.C. No. 5
xxxxx Revised Page No. 1
Supersedes xxxxx Revised Page No. 1

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LIST OF CHANGES MADE BY THIS SUPPLEMENT

NUCLEAR DECOMMISSIONING COST ADJUSTMENT CLAUSE (NDCA) - 1st Revised Page 37
Revisions made in accordance with Docket No. R-00973953.

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DIRECT LOAD CONTROL PROGRAM (DLC)
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Revised Page 86 and 1st Revised Page 87

Issued xxx x, 2017

Effective January 1, 2018

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PECO Energy Company

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PECO Energy Company

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(C) Denotes Change

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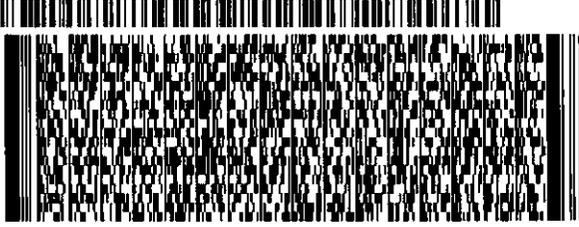
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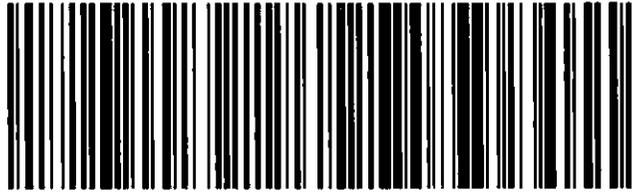
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