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PECO  
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December 21, 2018

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

SUBJECT: State Tax Adjustment Surcharge (STAS) Filing – Electric  
To become effective on January 1, 2019

Dear Secretary Chiavetta:

This letter transmits for filing with the Commission the computation sheets showing the derivation of the State Tax Adjustment Surcharge value.

PECO has recalculated the State Tax Adjustment Surcharge (STAS) value to reflect current PURTA assessments resulting from tax rate changes and the reconciliation of prior STAS collections.

The calculated surcharge is a **credit** value of 0.01%, effective January 1, 2019. Since the value remains the same as the current effective rate, no new tariff sheets will be filed.

Thank you for your assistance in this matter and please direct any questions regarding the above to Richard Schlesinger, Manager, Retail Rates at (215) 841-5771.

Sincerely,



Copies to: K. G. Sophy, 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

PECO Energy-Electric Operations  
State Tax Adjustment Surcharge  
Effective January 1, 2019

<u>Calculation of STAS Effective January 1, 2019</u>		<u>Reference</u>
1 . Capital Stock Tax - 2019	\$0	Note (a)
2 . PURTA Assessment - 9/10/18	(\$23,805)	Att. A, Pg. 3, Ln. 5
3 . PURTA Supplemental Assessment - 9/10/18	\$4,027	Att. A, Pg. 4, Ln. 20
4 . 1307 (g.1) Gross Receipts Tax	\$0	Att. A, Pg. 2, Ln. 17
5 . Reconciliation of Prior STAS	<u>(\$62,736)</u>	Att. B, Pg. 1, Ln. 8
6 . Net Due from (to) Customers	(\$82,514)	Ln. 1+ Ln. 2 +Ln. 3 + Ln. 4 + Ln. 5
7 . Total Due from (to) Customers Including Gross Receipts Tax	(\$87,688)	Ln. 6 / (1-0.059)
8 . Operating Revenues Subject to STAS from January 1, 2019 through December 31, 2019	\$1,285,336,331	Att. A, Pg. 2, Ln. 16
9 . State Tax Adjustment Surcharge	-0.01%	Ln. 7 / Ln. 8

(a) The 2019 capital stock tax rate is the same as was reflected at Docket No. R-2018-3000164, the Company's 2018 distribution base rate case, with a value of 0.00 mills.

PECO Energy-Electric Operations  
Computation of Operating Revenues Subject to 2019 STAS

		<u>Reference</u>
1 . <u>Booked Revenue from Sales</u>	\$2,160,037,278	2017 FERC Form 1, Pg. 300, Ln. 12
2 . Less : Non - jurisdictional revenue Sales for Resale	\$134,972	2017 FERC Form 1, Pg. 300, Ln. 11
3 . Less: Unbilled Revenues Surcharge Over/Under Collections Included in Revenue STAS Revenue Included in Line 1	\$10,606,895 \$7,248,701 <u>(\$265,526)</u>	2017 FERC Form 1, Pg. 304, Ln. 42 Company Records Company Records
4 . <u>Operating Revenues Subject to STAS Before Adjustments</u>	\$2,142,312,236	
5 . Less: Transmission Charges Included in Lines 1 through 3	\$65,265,722	Company Records
6 . Less: Energy and Capacity Charges Included in Lines 1 through 3	\$685,252,370	Company Records
7 . Plus: Full Year Effect of Smart Meter Cost Recovery Surcharge	\$46,775	Company filing on January 31, 2018 at Docket No. R-2009- 2099208
8 . Plus: Full Year Effect of Energy Efficiency and Conservation Program	\$48,112,083	Company Records
9 . Plus: Proforma Distribution Adjustments from Change in USFC Rate	(\$20,688,720)	Company filing on October 12, 2018 at Docket No. M-2018- 3004394
10 . Plus: Nuclear Decommissioning Cost Adjustment	(\$24,037,143)	Company filing on March 31, 2017 per Docket No. R- 00973953
11 . Plus: Full Year Effect of Non-Bypassable Transmission Charge  in Distribution Rates	  (\$92,753,934)	Company filing on November 7, 2018 at Docket No. P-2014- 2409362
12 . Plus: Full Year Effect of Year 2018 Distribution  Base Rate Case Revenue	  \$24,918,576	Company Compliance filing on December 21, 2018 at Docket No. R-2018-3000164
13 . Plus: Proforma Adjustment for Tax Credit and Jobs Act	(\$82,598,450)	Company Compliance filing on December 21, 2018 at Docket No. R-2018-3000164
14 . Plus: Proforma Adjustment of Tax Accounting Repair Credit	\$40,457,999	Company Records
15 . Plus: Proforma Consumer Education Cost Recovery	<u>\$85,001</u>	Company filing on January 31, 2018 at Docket No. R-2009- 2099208
16 . Adjusted Base Revenues for 2018 STAS	\$1,285,336,331	
17 . 0.0 Mill GRT PURTA Surcharge	\$0	Ln. 16 * 0.0000 (a)

(a) Refer to Attachment B, Pg. 3 for the Pennsylvania Bulletin announcing the Gross Receipts Tax PURTA Surcharge beginning January 1, 2019 due to the Public Utility Realty Tax Act Surcharge

PECO Energy  
2017 PURTA Adjustment

	<u>Distribution</u>	<u>Total</u>
<b>Per September 10, 2018 Assessment (a)</b>		
1 . Tax Base	\$135,719,386	\$273,077,235
2 . Tax @ 30.4009 Mills	\$4,125,992	\$8,301,794
 2018 Rate Case PURTA		
3 . Tax Base	\$135,719,386	\$273,077,235
4 . Tax @ 30.5763 Mills	<u>\$4,149,797</u>	<u>\$8,349,691</u>
 5 . Amount Due from / (to) Customers	(\$23,805)	(\$47,897)

(a) See Attachment B, Pg. 4

PECO Energy  
Supplemental PURTA Adjustments

<b>Per September 10, 2018 Assessment (a)</b>	<b><u>Transmission &amp; Distribution / Distribution (b)</u></b>	<b><u>Total</u></b>
1 . Adjustment for 1998 Tax Year	\$2,260	\$10,630
2 . Adjustment for 1999 Tax Year	\$460	\$2,952
3 . Adjustment for 2000 Tax Year	\$1,482	\$1,703
4 . Adjustment for 2001 Tax Year	\$1,700	\$1,972
5 . Adjustment for 2002 Tax Year	(\$36)	(\$42)
6 . Adjustment for 2003 Tax Year	\$0	\$0
7 . Adjustment for 2004 Tax Year	(\$20)	(\$24)
8 . Adjustment for 2005 Tax Year	(\$21)	(\$25)
9 . Adjustment for 2006 Tax Year	(\$24)	(\$28)
10 . Adjustment for 2007 Tax Year	\$0	\$0
11 . Adjustment for 2008 Tax Year	\$0	\$0
12 . Adjustment for 2009 Tax Year	(\$14)	(\$27)
13 . Adjustment for 2010 Tax Year	(\$13)	(\$26)
14 . Adjustment for 2011 Tax Year	\$184	\$353
15 . Adjustment for 2012 Tax Year	(\$12)	(\$24)
16 . Adjustment for 2013 Tax Year	(\$326)	(\$589)
17 . Adjustment for 2014 Tax Year	(\$303)	(\$531)
18 . Adjustment for 2015 Tax Year	(\$984)	(\$1,846)
18 . Adjustment for 2016 Tax Year	<u>(\$306)</u>	(\$626)
20 . Amount Due from / (to) Customers	\$4,027	N.A.

(a) See Attachment B, Pg. 4

(b) Years 1998 through 2008 reflect Transmission and Distribution.  
Year 2009 and onward reflect Distribution.

PECO Energy-Electric Operations  
State Tax Adjustment Surcharge Reconciliation  
For the Year 2018

<u>Reconciliation of Current STAS</u>		<u>Reference</u>
1 . 1307 (g.1) Gross Receipts Tax	\$0	12/21/17 STAS Filing, Att. A, Pg. 1, Ln. 4
2 . Capital Stock Tax - 2018	\$0	12/21/17 STAS Filing, Att. A, Pg. 1, Ln. 1
3 . PURTA Assessment - 8/1/17	(\$246,295)	12/21/17 STAS Filing, Att. A, Pg. 1, Ln. 2
4 . PURTA Supplemental Assessment - 8/1/17	\$1,040	12/21/17 STAS Filing, Att. A, Pg. 1, Ln. 3
5 . Reconciliation of Prior STAS	<u>\$46,199</u>	12/21/17 STAS Filing, Att. A, Pg. 1, Ln. 5
6 . Subtotal	(\$199,056)	Ln. 1 + Ln. 2 + Ln. 3 + Ln. 4 + Ln. 5
7 . Less STAS Revenues Collected from Customers - 2018	<u>(\$136,320)</u>	Att. B, Pg. 2
8 . Net Due from/(to) Customers	(\$62,736)	Ln. 6 - Ln. 7

PECO Energy-Electric Operations  
STAS Collections-Company Records  
12 Months Ended December 31, 2018

Jan	(\$19,439)
Feb	(\$10,372)
Mar	(\$10,609)
April	(\$9,423)
May	(\$9,225)
Jun	(\$10,222)
July	(\$13,194)
Aug	(\$13,458)
Sep	(\$13,769)
Oct	(\$10,531)
Nov (est)	(\$11,609)
Dec (est)	<u>(\$13,013)</u>
Total	(\$144,866)
Less: GRT	<u>\$ (8,546)</u>
Net After GRT	(\$136,320)

# NOTICES

## DEPARTMENT OF REVENUE

### **Public Utility Realty Tax Act; Surcharge Rate Notice for the Tax Year Beginning January 1, 2019**

**[48 Pa.B. 5676]  
[Saturday, September 8, 2018]**

Section 1111-A(d) of the Tax Reform Code of 1971 (act) (72 P.S. § 8111-A(d)) requires the Secretary of Revenue to publish the rate of the Public Utility Realty Tax Act (PURTA) surcharge in the form of a notice in the *Pennsylvania Bulletin* by October 1, 2003, and by each October 1 thereafter. The tax rate established in section 1111-A(d) of the act shall be imposed upon gross receipts taxes as provided in section 1111-A(d) of the act for the period beginning the next January 1.

The result of the PURTA surcharge calculation provided in section 1111-A of the act for the tax year beginning January 1, 2019, is zero mills. Therefore, no PURTA surcharge under section 1111-A(d) of the act will be imposed for the taxable period beginning January 1, 2019.

**REVISED**

**September 10, 2018**

**ATTACHMENT B, PAGE 4  
 1 OF 2**

PECO ENERGY CO  
 2301 MARKET ST. N3-3  
 PHILADELPHIA, PA 19101

**Re: 2017 Pennsylvania Public Utility Realty Tax  
 Notice of Determination**

Dear Taxpayer:

Pursuant to the Public Utility Realty Tax Act, the Department of Revenue herein provides notice of the state taxable values of PURTA realty and the millage rate for tax year 2017. This notice is based on information provided by County Tax Assessor offices. Any discrepancies must be addressed with that agency and not with the Pennsylvania Department of Revenue. Please note, any net liabilities resulting from prior years' adjustments are due and payable along with the current year liability.

Payment of tax is required within 45 days of the mailing date of this notice. Previous payments, adjustments and credits should be taken into consideration. Payments and correspondence relevant to the PURTA tax or this notice should be mailed directly to the above address.

All payments of \$1,000 or more must be made electronically or by certified or cashier's check remitted in person or by express mail courier. For information on electronic filing options, visit [www.etides.state.pa.us](http://www.etides.state.pa.us).

Thank you for your attention to this matter.

Sincerely,

	Tax Year	<u>2017</u>	<u>2016</u>
Department of Revenue	1) Total Realty Tax Equivalent (RTE):	\$ 28,440,510	\$ 28,722,605
Bureau of Corporation Taxes	2) Total State Taxable Value (STV) for all utilities:	\$ 1,247,342,352	\$ 1,250,224,213
PURTA Tax Unit	3) PURTA Millage Rate, including 7.6 mills for PTA:	30.4009 mills	30.5740 mills
	4) Utility STV:	<b>\$273,077,235</b>	<b>\$272,097,374</b>
	5) Liability (Line 3 x Line 4):	<b>\$8,301,794</b>	<b>\$8,319,105</b>
	6) Utility Transition Credit:	N/A	N/A
	7) Utility Liability Adjustment:	N/A	(\$626)
	8) Utility Transition Credit Adjustment:	N/A	N/A

**PLEASE SEE PAGE 2  
 FOR YEARS 1998 - 2015**

Account ID: 3500103

Details

Tax Year	2015	2014	2013	2012	2011	2010	2009	2008	2007
				<u>Adjusted Totals</u>					
1) Total RTE:	\$ 29,070,605	\$ 28,917,536	\$ 31,046,510	\$ 30,822,687	\$ 30,739,811	\$ 30,171,961	\$ 31,135,956	\$ 30,473,595	\$ 28,773,459
2) Total STV for all utilities:	\$ 1,246,465,530	\$ 1,237,034,508	\$ 1,251,621,397	\$ 1,264,859,639	\$ 1,342,855,900	\$ 1,406,765,057	\$ 1,530,366,454	\$ 1,618,011,951	\$ 1,643,100,381
3) PURTA Millage Rate:	30.9224 mills	30.9765 mills	32.4050 mills	31.9685 mills	30.4914 mills	29.0478 mills	27.9454 mills	26.4340 mills	25.1117 mills
				<u>Utility Adjustment</u>					
4) Utility STV:	\$267,529,625	\$265,565,598	\$235,383,649	\$243,089,124	\$271,685,592	\$264,005,981	\$275,894,454	\$297,504,840	\$294,963,435
5) Liability (Line 3 x Line 4):	\$8,272,658	\$8,226,293	\$7,627,607	\$7,771,195	\$8,284,454	\$7,668,793	\$7,709,981	\$7,864,243	\$7,407,033
6) Utility Transition Credit:	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
7) Utility Liability Adjustment:	(\$1,846)	(\$531)	(\$589)	(\$24)	\$353	(\$26)	(\$27)	\$0	\$0
8) Transition Credit Adjustment:	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Tax Year	2006	2005	2004	2003	2002	2001	2000	1999	1998
				<u>Adjusted Totals</u>					
1) Total RTE:	\$ 30,419,196	\$ 30,591,062	\$ 29,280,689	\$ 29,231,251	\$28,915,220	\$ 28,994,261	\$ 27,969,137	\$ 38,486,960	\$ 40,694,555
2) Total STV for all utilities:	\$ 1,613,570,736	\$ 1,517,831,382	\$ 1,419,697,310	\$ 1,354,637,104	\$ 1,348,557,088	\$ 1,322,020,696	\$ 1,344,790,677	\$ 2,032,621,592	\$ 2,069,278,270
3) PURTA Millage Rate:	26.4521 mills	27.7545 mills	28.2246 mills	29.1783 mills	29.0416 mills	29.5318 mills	28.3981 mills	26.5346 mills	71.9703 mills
				<u>Utility Adjustment</u>					
4) Utility STV:	\$279,002,515	\$252,466,849	\$239,855,739	\$220,438,528	\$210,412,290	\$211,973,368	\$207,713,164	\$641,902,281	\$625,244,284
5) Liability (Line 3 x Line 4):	\$7,380,202	\$7,007,091	\$6,769,832	\$6,432,021	\$6,110,710	\$6,261,948	\$5,900,425	\$17,035,701	\$45,009,023
6) Utility Transition Credit:	N/A	N/A	N/A	N/A	N/A	\$0	\$0	\$0	\$100,000
7) Utility Liability Adjustment:	(\$28)	(\$25)	(\$24)	\$0	(\$42)	\$1,972	\$1,703	\$2,952	\$10,630
8) Transition Credit Adjustment:	N/A	N/A	N/A	N/A	N/A	\$0	\$0	\$0	\$0

If you do not agree with this Notice of Determination for 2017 PURTA, you may file a Petition for Recalculation with the Board of Finance and Revenue pursuant to Section 1109-A of the Tax Reform Code of 1971. The petition must be postmarked by the U.S. Postal Service or received by the Board of Finance and Revenue within 30 days of the mailing date of this notice. To request and receive a detailed Statement of Account, log onto [www.etides.state.pa.us](http://www.etides.state.pa.us). Please review it to confirm the status of payments made, transition credits and adjustments to previous tax liabilities or balances still due. Any overpayment is available for transfer within the account, and any net credit balance for the account is available for refund/assignment.