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January 18, 2019

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

Re: PECO Energy – Electric Tariff No. 6, Supplement No. 2, Federal Tax Adjustment Credit (FTAC) Effective February 1, 2019, Docket No. R-2018-3000164

Dear Secretary Chiavetta:

On December 21, 2018, PECO Energy Company (“PECO” or the “Company”) filed Original Tariff Electric PaPUC No. 6 in accordance with paragraph 6 of the Commission’s Opinion and Order regarding PECO’s Joint Petition for Partial Settlement of Rate Investigation (R-2018-3000164). This tariff was effective for service rendered on or after January 1, 2019.

The tariff contained, among other items, the Federal Tax Adjustment Credit (“FTAC”), the mechanism to refund the 2018 estimated Tax Cuts and Jobs Act (“TCJA”) savings to customers. The FTAC for residential, small commercial and streetlighting customers was established to refund the TCJA savings over the one-month period of January 2019, subject to reconciliation.

PECO hereby files Electric Tariff No. 6, Supplement No. 2, effective February 1, 2019, resetting the FTAC to 0% for the residential, small commercial and streetlighting classes in order to complete the one-month refund of the TCJA, subject to final reconciliation.

PECO will perform the reconciliation for the above rate classes within the next several months after final accounting data has been compiled. PECO will then file an interim FTAC rate adjustment(s), including supporting calculations, in accordance with the terms of the FTAC tariff surcharge mechanism to eliminate any over or under FTAC recovery. Any interim adjustment(s) will be filed on at least 10 days notice.

Ms. Rosemary Chiavetta, Secretary  
January 18, 2019  
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Thank you for your assistance in this matter and if you have any questions please do not hesitate to call me at (215) 841-5777.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Webster", followed by a horizontal line.

Richard G. Webster, Jr.  
Vice President  
Regulatory Policy & Strategy

cc: 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 and Nurick

**PECO Energy Company**

**Electric Service Tariff**

**COMPANY OFFICE LOCATION**

**2301 Market Street**

**Philadelphia, Pennsylvania 19101**

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**For List of Communities Served, See Page 4.**

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**Issued January 18, 2019**

**Effective February 1, 2019**

**ISSUED BY: M. A. Innocenzo – President & CEO  
PECO Energy Distribution Company  
2301 MARKET STREET  
PHILADELPHIA, PA. 19101**

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**NOTICE**

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**LIST OF CHANGES MADE BY THIS SUPPLEMENT**

**FEDERAL TAX ADJUSTMENT CREDIT (FTAC) – 1<sup>st</sup> Revised Page No. 33** - Setting FTAC to zero for Residential, Small Commercial, and Streetlight customers as of February 1, 2019.

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**FEDERAL TAX ADJUSTMENT CREDIT (FTAC)**

To pass the 2018 effects of the Tax Cuts and Jobs Act ("TCJA") to customers, the FTAC will apply a negative surcharge to all PaPUC jurisdictional distribution charges, on a bills-rendered basis beginning on January 1, 2019. This FTAC will be provided through a separate mechanism showing a line item on customer bills (e.g. Federal Tax Adjustment Credit – "FTAC").

The FTAC will be based on the difference in total annual revenue requirement before and after implementing the 2018 effects of the TCJA and the calculation will reflect the reduction in required revenues. The reduction in required revenues will be divided by estimated annual applicable base revenues to develop the total amount of 2018 benefits to be refunded to customers. The amount being refunded will include interest accrued in 2018 using the residential mortgage lending rate specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law (41 P.S. §§ 101, et seq.). No interest will be paid to customers on any amount of TCJA savings held by the Company in 2019 and refunded to customers.

PECO will calculate the FTAC as follows, subject to reconciliation of revenues credited under the FTAC and the Company's actual 2018 TCJA savings after the end of the refund period:

- For residential, small commercial, and streetlighting customers (Rates R, RH, GS, SL-S, POL, AL, TLCL, SLE), PECO will refund the 2018 TCJA savings by applying the negative surcharge to bills rendered over a one-month period in January of 2019. As of February 1, 2019, the FTAC will be set to: (C)

|                           |        |     |
|---------------------------|--------|-----|
| Rates R, RH:              | 00.00% | (I) |
| Rates GS, POL:            | 00.00% | (I) |
| Rates AL, TLCL, SLE, SLS: | 00.00% | (I) |

- For large commercial and industrial customers (Rates HT, PD, EP), PECO will refund the 2018 TCJA savings by applying the negative surcharge to bills rendered over a one-year period, effective January 1, 2019 through December 31, 2019.

Rates HT, PD, EP: -4.14%

The FTAC will be reconciled at the end of the recovery periods above. The Company may file interim rate adjustments to eliminate any over or under recovery of the surcharges outside of their respective filing periods. Such adjustments would be filed on at least 10 days' notice.

A final reconciliation statement will be filed within 30 days after completion of the final over/under collection refund/recovery. The FTAC revenues and reconciliation will be subject to audit by the Commission's Bureau of Audits.

The FTAC will not be included in the calculation of the Distribution System Improvement Charge (DSIC).

(C) Denotes Change

(I) Denotes Increase

**PECO Energy Company**

**Electric Service Tariff**

**COMPANY OFFICE LOCATION**

**2301 Market Street  
Philadelphia, Pennsylvania 19101**

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**For List of Communities Served, See Page 4.**

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**Issued January 18, 2019**

**Effective February 1, 2019**

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**ISSUED BY: M. A. Innocenzo – President & CEO  
PECO Energy Distribution Company  
2301 MARKET STREET  
PHILADELPHIA, PA. 19101**

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**NOTICE**

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PECO Energy Company

Supplement No. 2 to  
Tariff Electric Pa. P.U.C. No. 6  
Second Revised Page No. 1  
Supersedes First Revised Page No. 1

**LIST OF CHANGES MADE BY THIS SUPPLEMENT**

**FEDERAL TAX ADJUSTMENT CREDIT (FTAC)**, 1<sup>st</sup> Revised Page No. 33 - Setting FTAC to zero for Residential, Small Commercial, and Streetlight customers as of February 1, 2019.

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Reflects quarterly adjustments to the GSA 1 and 2 Procurement Classes pursuant to the Order at Docket No. P-2016-2534980 ¶
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Reflects quarterly adjustment for the GSA 3/4 Hourly Pricing Procurement Class pursuant to the Order at Docket No. P-2016-2534980 ¶
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PECO Energy Company

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|                          |        |     |
|--------------------------|--------|-----|
| Rates R, RH,             | 00.00% | (I) |
| Rates GS, POL            | 00.00% | (I) |
| Rates AL, TLCL, SLE, SLS | 00.00% | (I) |

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- For large commercial and industrial customers (Rates HT, PD, EP), PECO will refund the 2018 TCJA savings by applying the negative surcharge to bills rendered over a one-year period, effective January 1, 2019 through December 31, 2019.

Rates HT, PD, EP, -4.14%

The FTAC will be reconciled at the end of the recovery periods above. The Company may file interim rate adjustments to eliminate any over or under recovery of the surcharges outside of their respective filing periods. Such adjustments would be filed on at least 10 days' notice.

A final reconciliation statement will be filed within 30 days after completion of the final over/under collection refund/recovery. The FTAC revenues and reconciliation will be subject to audit by the Commission's Bureau of Audits.

The FTAC will not be included in the calculation of the Distribution System Improvement Charge (DSIC).

(C) Denotes Change

(I) Denotes Increase

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