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March 22, 2019

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

SUBJECT: PECO Energy Company Distribution System Improvement Charge  
Electric Operations – Electric Tariff No. 6, Supplement No. 6,  
Effective April 1, 2019, Docket No. M-2018-3000598

Dear Secretary Chiavetta:

Enclosed is PECO's Electric Distribution System Improvement Charge ("DSIC") filing for the period April 1, 2019 through June 30, 2019. PECO has included the remaining e-factor amount to be returned to customers over the next three months in accordance with the Commission's Supplemental Order at docket M-2012-229361 dated September 21, 2016.

The Company's DSIC rate will therefore change from 0% to a credit of 0.29% effective with bills rendered on or after April 1, 2019.

The following attachment is included in support of the filing:

Attachment 1 – Calculation of the DSIC for the period April 1, 2019 to June 30, 2019  
Attachment 2 – Supplement No. 6 to Tariff Electric No. 6

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

Sincerely,



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

# ATTACHMENT 1

PECO  
**ATTACHMENT 1 - COMPUTATION OF CUMULATIVE PROPOSED ELECTRIC DSIC**  
APPLICATION PERIOD: April 1, 2019 THROUGH June 30, 2019

**DSIC = (DSI \* PTRR) + Dep + e / PQR**

Line No.			Amount
1	DSI	= Eligible Distribution System Improvement Costs (Attachment 1, Page 2, Column 8)	\$ -
2	PTRR	= Pre-tax Return Rate applicable to DSIC eligible property (Attachment 1, Page 3, Line 4)	2.33%
3	DSI PTR	= Pre-tax Return on DSIC eligible property (Line 1 * Line 2)	\$ -
4	Dep	= Depreciation expense applicable to DSIC eligible property (Attachment 1, Page 2, Column 11, Dec-18 + Jan-19 + Feb-19)	\$ -
5	e	= Amount calculated over/(under) the annual reconciliation feature or Commission audit (Attachment 1, Page 4, Column 4 + Column 7) <b>Note 3</b>	\$ 919,801
6	Net Amt. Recoverable (w/o GRT)	= Net Amount to be Recovered/(Refunded) ((includes Over/Under) Collection) (w/o GRT) (Line 3 + Line 4 - Line 5)	\$ (919,801)
7	Net Amt. Recoverable (w/ GRT)	= Net Amount to be Recovered/(Refunded) (includes Over/Under) Collection (w/ GRT) (Line 6 * <b>Note 1</b> )	\$ (977,472)
8	PQR	= Projected quarterly revenues (Attachment 1, Page 2, Column 12, Apr-19 + May-19 + Jun-19 - <b>Note 2</b> )	<u>\$ 332,187,681</u>
9	DSIC	= Distribution System Improvement Rider (Line 7 / Line 8) <b>Note 4</b>	-0.29%

**Note 1:**

1 / (1 - T) = (T = 5.9% Gross Receipts Tax)

1.062699256

**Note 2:**

Per Settlement at Docket No. P-2015-2471423, nuclear decommissioning costs and non-bypassable transmission costs are ineligible for use in projected revenues for DSIC purposes. Decommissioning = \$3,860,000 annual / 4 quarters = \$965,000; projected non-bypassable costs for the quarter = \$(634,753).

\$ 330,247

**Note 3:**

Reflects 100% of the over collection and interest amount shown on the Distribution System Improvement Charge ("DSIC") Reconciliation Statement, dated February 22, 2019 at Docket No M-2019-3008033.

**Note 4:**

The over collection as described in Note 3 is being refunded per the Commission's Supplemental Implementation Order at Docket No. M-2012-2293611. Besides the over collection, PECO's DSIC rate is 0.00% as of January 1, 2019 as a result of Commission approval of PECO's base rate case, at Docket No. R-2018-3000164.



**PECO**  
**ATTACHMENT 1 - COMPUTATION OF CUMULATIVE PROPOSED ELECTRIC DSIC PRE-TAX RATE OF RETURN**  
**APPLICATION PERIOD: April 1, 2019 THROUGH June 30, 2019**

Line No.		Capitalization Ratio (1)	Embedded Cost <b>Note 1</b> (2)	Rate of Return (3) = (1) * (2)	Tax Multiplier <b>Note 2</b> (4)	Pre-Tax Rate of Return (5) = (3) * (4)
1	Long-Term Debt	46.41%	4.43%	2.06%	-	2.06%
2	Common Equity	53.59%	9.65%	5.17%	1.406313504	7.27%
3	Total	<u>100.00%</u>		<u>7.23%</u>		<u>9.33%</u>
4	9.33% Annual PTRR / 4 quarters = 2.33% Quarterly PTRR					

**Note 1:**

Line 2, Column (2), from the PUC's Quarterly Earnings Report page 18, line 7, dated September 30, 2018 at Docket No. M-2018-3006643 (issued January 17, 2019).

**Note 2:**

The tax multiplier is calculated as follows:  $1/[(1 - \text{Pa. Tax Rate}) \times (1 - \text{Fed Rate})]$  where the Pa. tax rate is 9.99% and Fed. Tax rate is 21%.  
 $1/[(1 - 9.99\%) \times (1 - 21\%)] = 1.406313504$

# ATTACHMENT 2

**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 March 22, 2019**

**Effective April 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**

**DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC) – 1<sup>st</sup> revised Page No. 46**  
Revised DSIC rate from 0.00% to a credit value of 0.29%.

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**DISTRIBUTION SYSTEM IMPROVEMENT CHARGE**  
**(DSIC)**

In addition to the net charges provided for in this Tariff, a credit of 0.29% will apply consistent with the Commission Order dated October 22, 2015 at Docket No. P-2015-2471423, approving the DSIC.

(C)

**1. General Description**

**A. Purpose:** To recover the reasonable and prudent costs incurred to repair, improve, or replace eligible property which is completed and placed in service and recorded in the individual accounts, as noted below, between base rate cases and to provide the Company with the resources to accelerate the replacement of aging infrastructure, to comply with evolving regulatory requirements and to develop and implement solutions to regional supply problems.

The costs of extending facilities to serve new customers are not recoverable through the DSIC.

**B. Eligible Property:** The DSIC-eligible property will consist of the following:

- Poles and Tower (Account 364);
- Overhead conductor (Account 365) and underground conduit and conductors (Accounts 366 and 367);
- Line transformers (Account 368) and substation equipment (Account 362);
- Any fixture or device related to eligible property listed above, including insulators, circuit breakers, fuses, reclosers, grounding wires, crossarms and brackets, relays, capacitors, converters and condensers;
- Unreimbursed costs related to highway relocation projects where a natural gas distribution company or city natural gas distribution operation must relocate its facilities; and
- Other related capitalized costs.

**C. Effective Date:** The DSIC will become effective January 1, 2016.

(C) Denotes Change

**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 March **22**, 2019**

**Effective **April 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. 6 to  
Tariff Electric Pa. P.U.C. No. 6  
Sixth Revised Page No. 1  
Supersedes Fifth Revised Page No. 1

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**LIST OF CHANGES MADE BY THIS SUPPLEMENT**

**DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC) - 1<sup>st</sup> revised Page No. 46**  
Revised DSIC rate from 0.00% to a credit value of 0.29%.

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- Deleted: **Nuclear Decommissioning Cost Adjustment Clause (NDCA) - 1<sup>st</sup> Revised Page 39**  
Revision to correct accrual amounts in the Methodology for Calculating Expense section that were inadvertently not updated. ¶

Issued March 22, 2019

Effective April 1, 2019

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PECO Energy Company

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PECO Energy Company

Supplement No. 6 to  
Tariff Electric Pa. P.U.C. No. 6  
First Revised Page No. 46  
Supersedes Original Page No. 46

**DISTRIBUTION SYSTEM IMPROVEMENT CHARGE  
(DSIC)**

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- Other related capitalized costs.

**C. Effective Date:** The DSIC will become effective January 1, 2016.

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Issued ~~March 22, 2019~~

Effective ~~April 1, 2019~~

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