

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

Telephone 215.841.5777
Fax 215.841.6208
www.peco.com
dick.webster@peco-energy.com

PECO
2301 Market Street
S15
Philadelphia, PA 19103

March 29, 2019

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

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

M-00930383

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

Dear Secretary Chiavetta:

As part of its Restructuring and Merger Settlements, PECO is required to file an NDCA update every five years with the Commission to reflect latest cost studies and fund balances as well as license extension status. PECO last filed the NDCA in March 2017, and upon Commission approval granted in August 8, 2017, revenue recovered through the NDCA was reduced to a credit of (\$24.037) million in revenue annually beginning on January 1, 2018 and running through December 31, 2022. The next scheduled update to the NDCA rate is in January 2023.

The Nuclear Regulatory Commission's (NRC) Regulatory Guide 1.159 states that a licensee "should inform its rate regulator by March 31 of each year when a shortfall in financial assurance has occurred as of December 31 of the preceding year."

The purpose of this letter is to inform the Commission that Exelon will submit a decommissioning funding update to the NRC on or about April 1, 2019, in which it will state a shortfall in decommissioning funding for Peach Bottom (PBAPS) Unit 1. Due to recent market performance, PBAPS Unit 1 did not meet the minimum funding assurance criteria under 10 CFR 50.75 and 10 CFR 50.82 as of December 31, 2018, based solely on the trust fund balance.

This letter is for information purposes only. PECO is not requesting any change to its NDCA recovery mechanism at this time. PECO will update the NDCA calculation with latest fund performance and cost estimates in its next filing per schedule in March of 2022, with new rates effective January 1, 2023. There is reasonable chance of recovery of this shortfall by the time the next NDCA is calculated.

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: 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
E. Epstein (via e-mail)

