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PECO  
2301 Market Street  
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Philadelphia, PA 19103

December 6, 2019

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

**SUBJECT: PECO Energy Company (PECO) Federal Tax Adjustment Credit (FTAC)  
PECO Tariff Electric No. 6, Supplement No. 23, Effective January 1, 2020  
Docket No. P-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.

On January 18, 2019, PECO filed Electric Tariff No. 6, Supplement No. 2, which was effective February 1, 2019 to reset the FTAC to 0.00% for the residential, small commercial and streetlighting classes in order to complete the one-month refund of the TCJA.

On September 20, 2019 PECO filed Electric Tariff No. 6, Supplement No. 18, which was effective October 1, 2019 through December 31, 2019, to reconcile the FTAC for residential, small commercial and streetlighting customers.

PECO hereby files Electric Tariff No. 6, Supplement No. 23, which will be effective January 1, 2020 to reset the FTAC to 0.00% for residential, small commercial, streetlighting and large commercial and industrial customers.

The FTAC value will decrease from 4.91% to 0.00% for residential customers which will result in a decrease of \$2.73 for a typical residential customer using 700 kWh per month. The FTAC values for small commercial and lighting customers will decrease from 1.80% and 4.34% to 0.00%, respectively. The FTAC value for large commercial and industrial customers will increase from a credit of 4.14% to 0.00%.

Rosemary Chiavetta, Secretary  
December 6, 2019  
Page 2

PECO will perform a 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 final over or under FTAC recovery.

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,

A handwritten signature in black ink, appearing to read "R. Webster, Jr.", with a long horizontal flourish extending to the right.

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

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

Enclosures

**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 December 6, 2019**

**Effective January 1, 2020**

**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) – 4<sup>th</sup> Revised Page No. 33** - Setting FTAC to zero for Residential, Small Commercial, and Streetlight customers and large commercial and industrial as of January 1, 2020.

**TABLE OF CONTENTS**

List of Communities Served.....	4
How to Use Loose-Leaf Tariff.....	5
Definition of Terms and Explanation of Abbreviations.....	6,7,8,9
<b>RULES AND REGULATIONS:</b>	
1. The Tariff.....	10
2. Service Limitations.....	10
3. Customer's Installation.....	11
4. Application for Service.....	12
5. Credit.....	13
6. Private-Property Construction.....	14, 15
7. Extensions.....	16,17
8. Rights-of-Way.....	18
9. Introduction of Service.....	19
10. Company Equipment.....	19
11. Tariff and Contract Options.....	21
12. Service Continuity.....	22
13. Customer's Use of Service.....	23 <sup>1</sup>
14. Metering.....	23
15. Demand Determination.....	24
16. Meter Tests.....	25
17. Billing and Standard Payment Options.....	26
18. Payment Terms & Termination of Service.....	27 <sup>1</sup> , 27A, 28
19. Unfulfilled Contracts.....	29
20. Cancellation by Customer.....	29
21. General.....	30
22. Rules For Designation of Procurement Class.....	30
23. EGS Switching.....	31
24. Load Data Exchange.....	31
STATE TAX ADJUSTMENT CLAUSE.....	32
FEDERAL TAX ADJUSTMENT CREDIT (FTAC).....	33 <sup>4</sup>
GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASS 1 AND 2.....	34 <sup>4</sup> , 35 <sup>5</sup>
GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASS 3/4.....	36 <sup>4</sup>
RECONCILIATION.....	37, 38
NUCLEAR DECOMMISSIONING COST ADJUSTMENT CLAUSE (NDCA).....	39 <sup>1</sup>
PROVISIONS FOR RECOVERY OF UNIVERSAL SERVICE FUND CHARGE (USFC).....	40 <sup>1</sup>
PROVISION FOR THE RECOVERY OF CONSUMER EDUCATION PLAN COSTS.....	41 <sup>1</sup>
TRANSMISSION SERVICE CHARGE.....	42 <sup>3</sup>
NON-BYPASSABLE TRANSMISSION CHARGE (NBT).....	43 <sup>3</sup>
PROVISION FOR THE TAX ACCOUNTING REPAIR CREDIT (TARC).....	44 <sup>2</sup>
PROVISION FOR THE RECOVERY OF ENERGY EFFICIENCY AND CONSERVATION PROGRAM COSTS PHASE III.....	45 <sup>2</sup>
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC).....	46 <sup>2</sup> , 47, 48
<b>RATES:</b>	
Rate R Residence Service.....	49 <sup>7</sup>
Rate R-H Residential Heating Service.....	50 <sup>7</sup>
Rate RS-2 Net Metering.....	51, 52, 53
Rate GS General Service.....	54 <sup>5</sup> , 55
Rate PD Primary-Distribution Power.....	56 <sup>3</sup>
Rate HT High-Tension Power.....	57 <sup>3</sup>
Rate EP Electric Propulsion.....	58 <sup>2</sup>
Rate POL Private Outdoor Lighting.....	59 <sup>1</sup> , 60
Rate SL-S Street Lighting-Suburban Counties.....	61 <sup>1</sup> , 62
Rate SL-E Street Lighting Customer-Owned Facilities.....	63 <sup>4</sup> , 64
Rate SL-C Smart Lighting Control Customer Owned Facilities.....	65 <sup>4</sup> , 66, 67
Rate TLCL Traffic Lighting Constant Load Service.....	68 <sup>5</sup>
Rate BLI Borderline Interchange Service.....	69
Rate AL Alley Lighting in City of Philadelphia.....	70 <sup>1</sup>
<b>RIDERS:</b>	
Applicability Index of Riders.....	71
Capacity Reservation Rider.....	72, 73, 74 <sup>1</sup> , 75 <sup>1</sup> , 76
CAP Rider - Customer Assistance Program.....	77
Casualty Rider.....	78
Commercial/Industrial Direct Load Control Program Rider.....	79, 80
Construction Rider.....	81

**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 refunded the 2018 TCJA savings by applying the negative surcharge to bills rendered over a one-month period in January of 2019. As of January 1, 2020, the FTAC will be set to: (C)

Rates R, RH: 0.00% (D)

Rates GS, POL: 0.00% (D)

Rates AL, TLCL, SLE, SLC, SLS: 0.00% (D)

- 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: 0.00% (I)

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

(D) Denotes Decrease

(I) Denotes Increase

Supplement No. ~~23~~ to  
ELECTRIC PA P.U.C NO. 6

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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 ~~December 6~~, 2019

Effective ~~January 1~~, 2020

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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. 23 to  
Tariff Electric Pa. P.U.C. No. 6  
Twenty Third Revised Page No. 1  
Supersedes Twenty Second Revised Page No. 1

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**LIST OF CHANGES MADE BY THIS SUPPLEMENT**

**FEDERAL TAX ADJUSTMENT CREDIT (FTAC) - 4<sup>th</sup> Revised Page No. 33** - Setting FTAC to zero for Residential, Small Commercial, and Streetlight customers and large commercial and industrial as of January 1, 2020

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- Deleted: Non-Bypassable Transmission Charge (NBT) - 3<sup>rd</sup> Revised Page No. 43**  
Reflects semiannual adjustment for Non-Bypassable Transmission Charge pursuant to Order at Docket No. P-2014-2409362 ¶  
¶
- Rate R - Residence Service - 7<sup>th</sup> Revised Page No. 49**  
Reflects semiannual adjustment for Non-Bypassable Transmission Charge pursuant to Order at Docket No. P-2014-2409362 ¶  
¶
- Rate RH - Residential Heating Service - 7<sup>th</sup> Revised Page No. 50**  
Reflects semiannual adjustment for Non-Bypassable Transmission Charge pursuant to Order at Docket No. P-2014-2409362 ¶  
¶
- Rate GS - General Service - 6<sup>th</sup> Revised Page No. 64**  
Reflects semiannual adjustment for Non-Bypassable Transmission Charge pursuant to Order at Docket No. P-2014-2409362 ¶  
¶
- Rate SL-E Street Lighting Customer Owned Facilities - 4<sup>th</sup> Revised Page No. 63**  
Reflects semiannual adjustment for Non-Bypassable Transmission Charge pursuant to Order at Docket No. P-2014-2409362 ¶  
¶
- Rate SL-C Smart Lighting Control Lighting Customer Owned Facilities - 4<sup>th</sup> Revised Page No. 65**  
Reflects semiannual adjustment for Non-Bypassable Transmission Charge pursuant to Order at Docket No. P-2014-2409362 ¶  
¶
- Rate TLCL - Traffic Lighting Constant Load Service - 6<sup>th</sup> Revised Page No. 68**  
Reflects semiannual adjustment for Non-Bypassable Transmission Charge pursuant to Order at Docket No. P-2014-2409362 ¶

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TABLE OF CONTENTS

List of Communities Served ..... 4  
 How to Use Loose-Leaf Tariff ..... 5  
 Definition of Terms and Explanation of Abbreviations ..... 6, 7, 8, 9  
**RULES AND REGULATIONS**  
 1. The Tariff ..... 10  
 2. Service Limitations ..... 10  
 3. Customer's Installaton ..... 11  
 4. Application for Service ..... 12  
 5. Credit ..... 13  
 6. Private-Property Construction ..... 14, 15  
 7. Extensions ..... 16, 17  
 8. Rights-of-Way ..... 18  
 9. Introduction of Service ..... 19  
 10. Company Equipment ..... 19  
 11. Tariff and Contract Options ..... 21  
 12. Service Continuity ..... 22  
 13. Customer's Use of Service ..... 23<sup>1</sup>  
 14. Metering ..... 23  
 15. Demand Determination ..... 24  
 16. Meter Tests ..... 25  
 17. Billing and Standard Payment Options ..... 26  
 18. Payment Terms & Termination of Service ..... 27<sup>1</sup>, 27A, 28  
 19. Unfulfilled Contracts ..... 29  
 20. Cancellation by Customer ..... 29  
 21. General ..... 30  
 22. Rules For Designation of Procurement Class ..... 30  
 23. EGS Switching ..... 31  
 24. Load Data Exchange ..... 31  
**STATE TAX ADJUSTMENT CLAUSE**  
 FEDERAL TAX ADJUSTMENT CREDIT (FTAC) ..... 33<sup>4</sup>  
 GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASS 1 AND 2 ..... 34<sup>4</sup>, 35<sup>4</sup>  
 GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASS 3/4 ..... 36<sup>4</sup>  
**RECONCILIATION** ..... 37, 38  
 NUCLEAR DECOMMISSIONING COST ADJUSTMENT CLAUSE (NDCA) ..... 39<sup>1</sup>  
 PROVISIONS FOR RECOVERY OF UNIVERSAL SERVICE FUND CHARGE (USFC) ..... 40<sup>1</sup>  
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**TRANSMISSION SERVICE CHARGE** ..... 42<sup>3</sup>  
 NON-BYPASSABLE TRANSMISSION CHARGE (NBT) ..... 43<sup>3</sup>  
 PROVISION FOR THE TAX ACCOUNTING REPAIR CREDIT (TARC) ..... 44<sup>2</sup>  
 PROVISION FOR THE RECOVERY OF ENERGY EFFICIENCY AND CONSERVATION PROGRAM COSTS PHASE III ..... 45<sup>2</sup>  
**DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)** ..... 46<sup>2</sup>, 47, 48  
**RATES**  
 Rate R Residence Service ..... 49<sup>7</sup>  
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 Rate PD Pnmary-Distribution Power ..... 56<sup>3</sup>  
 Rate HT High-Tension Power ..... 57<sup>3</sup>  
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**RIDERS**  
 Applicability Index of Riders ..... 71  
 Capacity Reservation Rider ..... 72, 73, 74<sup>1</sup>, 75<sup>1</sup>, 76  
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