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PECO
2301 Market Street
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Philadelphia, PA 19103

December 7, 2020

VIA E-Filing ONLY

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, Second Floor
Harrisburg, PA 17120

SUBJECT: PECO Energy Company (PECO) Federal Tax Adjustment Credit (FTAC)
PECO Tariff Electric No. 6, Supplement No. 42, Effective January 1, 2021, 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 while the FTAC for large commercial and industrial customers was established to refund the TCJA savings over the one-year period of 2019.

During 2019, PECO made several additional FTAC filings in order to reconcile the FTAC, eventually resetting the FTAC to 0.00% on January 1, 2020. In the FTAC filing effective January 1, 2020, PECO had indicated that it would compile final accounting data and then submit an interim FTAC rate adjustment to eliminate any final over or under balances.

In August 2020, PECO made FTAC filing for the rates effective September 1, 2020 through December 31, 2020 to continue to reconcile the final FTAC balances for residential, small commercial, streetlighting and large commercial and industrial customers.

PECO hereby files Electric Tariff No. 6, Supplement No. 42, to reset the FTAC to 0.00% effective on January 1, 2021 for all rate classes. PECO will continue to monitor the over/under collection balance and submit an interim FTAC rate adjustment to eliminate any final over or under balances if deemed necessary.

The following attachment is also included in support of this filing:

Attachment 1 – Revised FTAC Tariffs

Rosemary Chiavetta, Secretary
December 7, 2020
Page 2

As per the stay-at-home orders issued by the Governor and Philadelphia's Mayor due to the ongoing COVID-19 pandemic, PECO's office personnel are working remotely until these restrictions are lifted. Accordingly, PECO will not have its usual access to photocopying and U.S. mail, among other services. Further, per the PUC's directive to forgo mailing hard copies, PECO is making this submission by e-filing and requests that all communications with PECO, likewise, be transmitted by email.

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 or via email: rich.schlesinger@peco-energy.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Chiavetta', followed by a long horizontal flourish.

Enclosures

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

Attachment 1

PECO Energy Company

Electric Service Tariff

COMPANY OFFICE LOCATION

2301 Market Street

Philadelphia, Pennsylvania 19103

For List of Communities Served, See Page 4.

Issued December 7, 2020

Effective January 1, 2021

**ISSUED BY: M. A. Innocenzo – President & CEO
PECO Energy Distribution Company
2301 MARKET STREET
PHILADELPHIA, PA. 19103**

NOTICE

LIST OF CHANGES MADE BY THIS SUPPLEMENT

FEDERAL TAX ADJUSTMENT CREDIT (FTAC) – 6th Revised Page No. 33 - Setting FTAC to zero for Residential, Small Commercial, and Streetlight customers and large commercial and industrial as of January 1, 2021.

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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 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, 2021, the FTAC will be set to: **(C)**

Rates R, RH: 0.00% **(D)**

Rates GS, POL: 0.00% **(I)**

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

- For large commercial and industrial customers (Rates HT, PD, EP), PECO refunded 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. As of January 1, 2021, the FTAC will be set to: **(C)**

Rates HT, PD, EP: 0.00% **(D)**

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. 42 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 19103

For List of Communities Served, See Page 4.

Issued ~~December 7, 2020~~

Effective ~~January 1, 2021~~

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ISSUED BY: M. A. Innocenzo – President & CEO
PECO Energy Distribution Company
2301 MARKET STREET
PHILADELPHIA, PA. 19103

NOTICE

PECO Energy Company

Supplement No. 42 to
Tariff Electric Pa. P.U.C. No. 6
Forty-Second Revised Page No. 1
Supersedes Forty-First Revised Page No. 1

LIST OF CHANGES MADE BY THIS SUPPLEMENT

FEDERAL TAX ADJUSTMENT CREDIT (FTAC) – 6th Revised Page No. 33 - Setting FTAC to zero for Residential, Small Commercial, and Streetlight customers and large commercial and industrial as of January 1, 2021.

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Deleted: Non-Bypassable Transmission Charge (NBT) – 5th 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 - 14th 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 - 14th 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 - 10th Revised Page No. 54

Reflects semiannual adjustment for Non-Bypassable Transmission Charge pursuant to Order at Docket No. P-2014-2409362.

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