

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

VIA E-FILE ONLY

July 1, 2021

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

SUBJECT: Attachment Update and Replacement Pages - Original Tariff Gas - Pa PUC No. 4 Issued June 30, 2021 - to become effective July 1, 2021 Compliance Filing - General Base Rate Case for Gas Operations – Docket No. R-2020-3018929

Dear Secretary Chiavetta:

PECO Energy Company ("PECO") previously filed Original Tariff Gas - Pa PUC No. 4 bearing an effective date of July 1, 2021. PECO has identified 5 pages that need correction. PECO is refiling 3 pages of Attachment A and page 58 to the gas tariff to reflect the correct values and corrected the issued date to page 74.

Due to the ongoing COVID-19 pandemic, PECO's office personnel are working remotely. Accordingly, PECO will not have its usual access to photocopying and U.S. mail, among other services. PECO requests that all communications with PECO 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@pecoenergy.com.

Sincerely,

Enclosures

cc: Certificate of Service (e-mail only)
Marissa Boyle, (e-mail only)
David Huff (e-mail only)

RATE L - LARGE HIGH LOAD FACTOR SERVICE

AVAILABILITY.

Large volume high load factor service for use in commercial and/or industrial applications, with the right reserved to restrict its use as a boiler fuel and for other non-critical use. This service shall be under a contract specifying in Mcf, the maximum daily quantity (MDQ) of natural gas to be supplied on a seasonal basis. The winter period MDQ may not exceed the summer period MDQ. Deliveries shall be as nearly as practicable at uniform hourly rates of flow.

MONTHLY RATE TABLE.

FIXED DISTRIBUTION CHARGE: \$260.00 per month

VARIABLE DISTRIBUTION CHARGE: \$7.1491 per Mcf for the first 50% of all usage.

\$2.1715 per Mcf for the additional use.

STATE TAX ADJUSTMENT CLAUSE, DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC), TAX CUTS AND JOBS ACT (TCJA) VOLUNTARY SURCHARGE, COMMODITY CHARGE ("CC") (if customer receives Sales Service), GAS COST ADJUSTMENT CHARGE ("GCA"), GAS PROCUREMENT CHARGE ("GPC"), BALANCING SERVICE COST ("BSC"), and PROVISION FOR THE TAX ACCOUNTING REPAIR CREDIT (TARC) apply to this rate. The Consumer Education Charge is incorporated in the Variable Distribution Charge.

MINIMUM CHARGE.

The monthly minimum charge shall be the Fixed Distribution Charge.

MEASUREMENT.

The quantities of gas used shall be determined from the Company's meters, corrected to standard conditions, namely 60° Fahrenheit temperature and 30 inches of mercury barometric pressure.

UNAUTHORIZED OVERRUN.

Any quantity of gas taken for this service on any day of the month in excess of the MDQ specified in the contract for this service shall constitute unauthorized overrun volume for such day, except when such excess results from fluctuations in day-to-day deliveries hereunder determined by the Company to be normal and in accordance with good operating practices. The sum of all such unauthorized volume in a month shall be billed at the following: for the period November 1 through March 31, the applicable penalty for unauthorized use is the greater of (a) \$75 per Mcf, or (b) the market rate as defined below for the cost of gas plus \$25 per Mcf. For the period April 1 through October 31, the applicable penalty for unauthorized use is the greater of (a) \$25 per Mcf or (b) the market rate as defined below for the cost of gas plus \$10 per Mcf. The resulting amount shall be paid in addition to the charges specified in this rate.

The term "market rate" shall mean the Monthly Weighted Price (MWP) which is applied to all unauthorized gas volumes. The MWP shall be calculated by first dividing the daily unauthorized usage (in Mcf) by the total monthly unauthorized usage (in Mcf) for each day of the calendar month when unauthorized usage occurs. This results in the daily weighting factor for each day of the calendar month when unauthorized usage occurs. Subsequently, each daily weighting factor is multiplied by the greater of a) the Midpoint of Transco, Zone 6 non-NY North Daily rate for such unauthorized usage day; or b) the Midpoint Texas Eastern M3 Daily rate for such unauthorized usage day as reported in the Daily Price Survey published by Platts McGraw Hill Gas Daily or its successors, resulting in a daily weighted price. (In the event that Platts McGraw Hill Gas Daily or its successors ceases to publish these two indices, PECO will propose a reasonable substitute to the Commission.) All of the daily Weighted prices for a particular calendar month are summed and the result is equal to the MWP.

RULES AND REGULATIONS.

The Company's rules and regulations in effect from time to time where not inconsistent with any specific provisions hereof are a part of this rate schedule.

Issued June 30, 2021 Effective July 1, 2021

RATE NGS - Negotiated Gas Service

AVAILABILITY. Service under this rate is available only to customers that satisfy the following criteria:

- 1. The customer either must have a history of at least 18,000 Mcf of annual natural gas usage billed by the Company. Alternatively, if a new customer, the customer must establish that the facilities to be served are likely to consume at least 18,000 Mcf of annual natural gas usage.
- 2. The customer must document a viable, currently available competitive alternative to service under the Rates GC, L, TS-F, or TS-I including any applicable riders. Documentation must include a written description of the competitive alternative and any further information necessary to establish the cost and demonstrate the viability of the customer's competitive alternative with reasonable certainty. The Company shall have sole discretion over whether the customer is eligible for a rate negotiated pursuant to this rate based on the information provided by the customer. If the customer already has in place a competitive alternative, the Company may require such written proof of the existence, nature, and working condition of such alternative, as the Company deems appropriate and necessary.
- 3. The customer executes an NGS agreement that comports with all other provisions of this rate.
- 4. As per Commission Order at Docket No. R-2020-3018929 (Order Entered June 22, 2021), the Company is required to provide an updated competitive alternative analysis to the Commission for any customer that has not had their alternative fuel source verified for a period of five years or more at the point when the Company files a base rate case.

QUALITY OF SERVICE. Service quality shall be negotiated and specified in each service agreement. Service quality may be firm, interruptible or a hybrid thereof. Priority 1 customers, however, shall be required to take firm standby service as a component of service provided under this rate schedule unless the customer demonstrates to the Company's reasonable satisfaction that it has an installed, operable backup system. Unless expressly stated in the service agreement, an interruptible customer shall bear the entire risk for any and all damages associated with an interruption.

NATURE OF SERVICE. The nature of service shall be negotiated and specified in each service agreement. Service may involve any one or more of the following services: supply; transportation; storage; upgrade or installation of mains, services, and appurtenant facilities; and such other natural gas management services the customer may require from time to time. The service agreement shall include all essential terms and conditions of the negotiated service. Where a term is not defined expressly in the service agreement, it shall have the meaning specified in the Tariff or, if the Tariff does not provide a definition, the meaning generally understood within the natural gas industry.

<u>TERM LENGTH/NOTICE OF TERMINATION</u>. The primary term length of a service agreement shall be no less than one year in length. Either the customer or the Company may terminate the agreement at the end of the primary term by giving written notice of termination at least one hundred-eighty (180) days before primary term ending date unless otherwise stated in the service agreement. If neither party gives such notice, then the agreement shall continue for consecutive one year terms until terminated by either party giving written notice of termination at least one hundred-eighty (180) days before the end of the continued term. Terms and conditions applicable to any continued term shall be stated in the service agreement.

RATES, CHARGES, BILLING.

- Rates for service shall be negotiated and specified in the applicable service agreement. Rates negotiated for this service shall be presumed to have been designed to recover a fair rate of return on the incremental investment in facilities needed to provide service to the customer.
- 2. Rates will be, in the Company's sole judgment, competitive but the Company shall not be obligated to agree to charges that match the customer's costs under the customer's viable, currently available competitive alternative.
- 3. Unless otherwise stated in the service agreement, no charge of otherwise general applicability (e.g., State Tax Adjustment Clause) shall apply to service under this rate.
- 4. Unless otherwise stated in the service agreement, no charge applicable to other sales or transportation services offered under the Company's tariff (e.g., Rates GC, L, TS-I, TS-F) shall apply to service under this rate.

<u>PAYMENT TERMS</u>. Payment terms may be negotiated and specified in the service agreement. Unless the service agreement provides specific terms governing the billing of charges, Section 16. Standard Payment Terms of the Rules and Regulations of the Tariff shall apply.

<u>RULES AND REGULATIONS</u>. The Company's Rules and Regulations in effect from time to time, where not inconsistent with any provision hereof or the terms and conditions of the applicable service agreement, shall apply to a service agreement negotiated under this rate.

Issued June 30, 2021 Effective July 1, 2021

PECO Energy Company

Gas-Pa. P.U.C. No. 4 Original Page No. 58 Deleted: 3

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RATE L - LARGE HIGH LOAD FACTOR SERVICE

AVAILABILITY.

Large volume high load factor service for use in commercial and/or industrial applications, with the right reserved to restrict its use as a boiler fuel and for other non-critical use. This service shall be under a contract specifying in Mcf, the maximum daily quantity (MDQ) of natural gas to be supplied on a seasonal basis. The winter period MDQ may not exceed the summer period MDQ. Deliveries shall be as nearly as practicable at uniform hourly rates of flow.

MONTHLY RATE TABLE.

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The summer period is defined as the calendar months of April through November, inclusive. The winter period is defined as the calendar months of December, January, February and March. ¶

DETERMINATION OF BILLING DEMAND. ¶

The billing demand shall be computed each month to the nearest Mcf and shall be the highest measured quantity of gas, corrected to standard conditions, taken in a 24-hour interval. The summer period billing demand for all Customers will never be less than 80% of the summer period MDQ nor less than 100 Mcf per day. \P

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Deleted: plus the Variable Distribution Charge price applied to the Mcf that would result from 15 days' use of the Customer's billing demand for the month.

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Issued, June 30, 2021 Effective July 1, 2021

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PECO Energy Company Proposed Revenue Allocation and Rates of Return by Rate Class

Required Revenue Allocation Prior to Scaleback

Based on I&E Exhibit 3-SR, Schedules 3 and 4.

The TS-I/TS-F allocation below aligns with Schedule 3 based on the Commission's citation to Schedule 3 RORs in its Final Order (Table 11).

		(1)		(2)		(3)		(4)		(5)	(6)		(7)	(8)	
						(2) - (1)					(3) + (4) + (5)		(1) + (6)	(6) / (1)	
	Cur	rent Distribution		Proposed	Increase In			GPC		MFC	Net	Net Adj		%	
Rate		Revenue (a)	Dis	tribution Revenue	Di	stribution Revenue		Reduction (b)	F	Reduction (c)	Revenue Ask	D	istribution Revenue	Increase	
Residential (GR)	\$	232,897,943	\$	298,060,650	\$	63,567,121	\$	(693,000)	\$	(800,000) \$	62,074,121	\$	294,972,064	26.7%	
General Service (GC)	\$	100,029,711	\$	100,465,726	\$	436,014	\$	(370,000)	\$	(66,000) \$	14	\$	100,029,725	0.0%	
Outdoor Lighting (OL)	\$	414	\$	398	\$	(16)	\$	- :	\$	- \$	0	\$	414	0.0%	
Large High Load Factor (L)	\$	75,475	\$	107,903	\$	32,428	\$	- :	\$	- \$	32,428	\$	107,903	43.0%	
Motor Vehicle Service - Firm (MV-F)	\$	469,852	\$	442,803	\$	(27,049)	\$	(7,000)	\$	- \$	(34,049)	\$	435,803	-7.2%	
Motor Vehicle Service - Interruptible (MV-I)	\$	2,676	\$	2,972	\$	296	\$	- :	\$	- \$	296	\$	2,972	11.1%	
Interruptible Service (IS)	\$	34,964	\$	32,897	\$	(2,068)	\$	- :	\$	- \$	(2,068)	\$	32,896	-5.9%	
Temperature-Controlled Service (TCS)	\$	681,833	\$	688,708	\$	6,875	\$	- :	\$	- \$	6,875	\$	688,708	1.0%	
Gas Transportation - Interruptible (TS-I)	\$	9,261,536	\$	10,776,981	\$	664,334	\$	- :	\$	- \$	664,334	\$	9,925,870	7.2%	
Gas Transportation - Firm (TS-F)	\$	16,564,871	\$	17,229,205	\$	1,515,445	\$	-	\$	- \$	1,515,445	\$	18,080,316	9.1%	
Total	\$	360,019,275	\$	427,808,242	\$	66,193,381	\$	(1,070,000)	\$	(866,000) \$	64,257,381	\$	424,276,656	17.8%	

- (a) Includes O&M components recovered by PECO's Gas Procurement Charge (GPC) and Merchant Function Charge (MFC)
- (b) Refer to PECO Exhibit RAS-2, Page 7
- (c) Refer to PECO Exhibit RAS-3, Page 3

Required Revenue Allocation After Proportional Scaleback

Based on PUC-Approved Change in Distribution Revenues:

Scaleback only applies to customer classes receiving distribution revenue increases.

		(9)		(10)		(11)		(12)		(13)		(14)	(15)	
									((10) + (11) + (12)		(9) + (13)	(13) / (9)	
	Cu	rrent Distribution		Increase In		GPC		MFC	Net			djusted Proposed	%	
Rate		Revenue (a)	Distribution Revenue Reduction (d) Re			Reduction (e)	Revenue Ask			stribution Revenue	Increase			
Residential (GR)	\$	232,897,943	\$	27,963,192	\$	(656,000)	\$	(800,000)	\$	26,507,192	\$	259,405,135	11.4%	
General Service (GC)	\$	100,029,711	\$	191,803	\$	(350,000)	\$	(66,000)	\$	(224,197)	\$	99,805,514	-0.2%	
Outdoor Lighting (OL)	\$	414	\$	(16)	\$	-	\$	-	\$	(1)	\$	413	-0.2%	
Large High Load Factor (L)	\$	75,475	\$	14,265	\$	-	\$	-	\$	14,265	\$	89,740	18.9%	
Motor Vehicle Service - Firm (MV-F)	\$	469,852	\$	(27,049)	\$	(7,000)	\$	-	\$	(34,049)	\$	435,803	-7.2%	
Motor Vehicle Service - Interruptible (MV-I)	\$	2,676	\$	130	\$	-	\$	-	\$	130	\$	2,806	4.9%	
Interruptible Service (IS)	\$	34,964	\$	(2,068)	\$	-	\$	-	\$	(2,068)	\$	32,896	-5.9%	
Temperature-Controlled Service (TCS)	\$	681,833	\$	3,024	\$	-	\$	-	\$	3,024	\$	684,858	0.4%	
Gas Transportation - Interruptible (TS-I)	\$	9,261,536	\$	292,241	\$	-	\$	-	\$	292,241	\$	9,553,776	3.2%	
Gas Transportation - Firm (TS-F)	\$	16,564,871	\$	666,645	\$	-	\$	-	\$	666,645	\$	17,231,515	4.0%	
Total	\$	360,019,275	\$	29,102,166	\$	(1,013,000)	\$	(866,000)	\$	27,223,166	\$	387,242,442	7.6%	

- (d) Refer to Attachment B, Page 7
- (c) Refer to Attachment C, Page 3

Final Increase Requested:	\$65,976,052
Increase Granted:	\$29,118,484
% of Final Proposed "Ask":	44.13%
Scaleback %:	55.87%

PECO Energy Company Gas Class Cost of Service Study

For Fully Projected Future Test Year Ended June 30, 2022

		TOTAL				MOTOR	MOTOR			TRANSP	TRANSP
LINE NO. DESCRIPTION	ALLOCATION BASIS	GAS DIVISION	RESIDENTIAL	GC & OL	LARGE	VEHICLE FIRM	VEHICLE INTER	INTER SERV	TEMP CONTROL	SERV FIRM	SERV INTER
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)
1 OPERATING REVENUE	(5)	(0)	(5)	(=)	()	(0)	(,	(1)	(0)	(14)	(=)
2 INCREASE	\$	27.223.182	\$ 26.507.192 \$	(224,198)	\$ 14,265	\$ (34,049)	\$ 130 \$	(2,068)	\$ 3.024	\$ 666.645	\$ 292.241
3 Distribution Base Rate Revenue (Present Rates)	\$	360,019,275	\$ 232,897,943 \$			\$ 469,852				\$ 16,564,871	\$ 9,261,536
4 Total Dist Base Rate Revenue (Proposed Rate)	\$	387,242,457	\$ 259,405,135 \$	99,805,927	\$ 89,740	\$ 435,803	\$ 2,806 \$	32,896	\$ 684,858	\$ 17,231,515	\$ 9,553,776
5											
6 Forfeited Discounts Revenues	\$	37,494				\$ 34				\$ 1,122	
7 Other Operating Revenue (Present Rates)	\$	1,538,291	\$ 1,115,104 \$			\$ 1,343				7	\$ 29,870
8 TOTAL OPERATING REVENUES	\$	388,818,242	\$ 260,548,604 \$	100,145,659	\$ 90,322	\$ 437,180	\$ 2,814 \$	32,947	\$ 686,357	\$ 17,290,086	\$ 9,584,273
9											
10 OPERATING EXPENSES											
11 Operation and Maintenance Expense Excl Pur Gas	\$	123,549,085									\$ 2,148,841
12 Depreciation and Amortization Expense	\$,	\$ 61,052,984 \$			\$ 82,146					\$ 2,212,334
13 Additional Bad Debt Expense	\$	99,863				\$ (569)					\$ (4,497)
14 Additional PUC / OTS & SBA Fee Expense	\$	88,586				\$ (505)					
15 Taxes Other Than Income Taxes-General 16 Taxes Other Than Income Taxes-Distribution GRT	\$	7,358,489	\$ 5,162,338 \$	1,717,863	\$ 6,181	\$ 6,269	\$ 30 \$	572	\$ 3,303	\$ 311,577	\$ 150,356
	<u>\$</u>	- 040 707 057	φ - ξ	- 40.450.007	φ - -	\$ -	φ - φ Φ 000 Φ	40.070	Ψ	Φ 0.007.440	ф - Ф 4.500.044
17 TOTAL OPERATING EXPENSES BEFORE TAXES	\$	219,767,257		, ,	\$ 168,456	\$ 183,283	, , , , ,	16,376			\$ 4,503,044
 State and Federal Income Taxes @ Effective Tax Rate State and Federal Income Taxes @ Statuatory Rates 	\$	11,972,263 (8,265,585)				\$ (24,895) \$ 47,017		(883) 1.976	\$ (102,886) \$ 163,134		\$ (71,242) \$ 371,578
20 TOTAL OPERATING EXPENSES	<u>\$</u>		\$ 157,319,386 \$			\$ 205,405		,- ,-		\$ 8.846.785	\$ 4.803.380
21 21	Φ	223,473,933	φ 137,319,300 ¢	5 51,975,760	φ 14 <i>1</i> ,354	φ 200,400 ·	φ 1,272 φ	17,409	Φ 137,123	φ 0,040,700	\$ 4,003,300
22 NET OPERATING INCOME EXCL PURCHASED GAS	•	165.344.307	\$ 103,229,218 \$	48.169.899	\$ (57.032)	\$ 231,775	\$ 1.542 \$	15.478	\$ 529.234	\$ 8.443.301	\$ 4.780.893
23	Ψ	100,011,001	Ψ 100,220,210 ψ	40,100,000	ψ (07,002)	Ψ 201,770	ψ 1,042 ψ	10,470	Ψ 020,204	ψ 0,110,001	Ψ 4,700,000
24 Rate Base Excluding Purchased Gas	\$	2,422,178,910	\$ 1.661.040.671 \$	588.583.729	\$ 2.092.234	\$ 2.011.761	\$ 10.188 \$	176.894	\$ 1.070.850	\$ 114.953.370	\$ 52,239,214
25	•	_,, ,	· ,,,,-,-,-,-, ·	,,	+ =,=,=-:	+ =,,	,	,	+ 1,010,000	+,,	*,,
26 RATE OF RETURN UNDER PROPOSED RATES		6.83%	6.21%	8.18%	-2.73%	11.52%	15.14%	8.75%	49.42%	7.34%	9.15%
27											
28 RELATIVE RATE OF RETURN UNDER PROPOSED RATES		1.00	0.91	1.20	-0.40	1.69	2.22	1.28	7.24	1.08	1.34

PECO Energy Company (Gas) Rate Year Ended June 30, 2022

Proof of Revenue at Present and Proposed Rates - Large Load Factor (L)

Line			PRESENT RATES						PROPOSED RATES						
1	Customer Charge	Bills		Rate		evenue		Rate	R	evenue					
2	Base Rate	48	\$	260.00	\$	12,480	\$	260.00	\$	12,480					
3															
4	Total Customer Charge Revenue				\$	12,480			\$	12,480					
5	-														
6	Variable Distribution Charges (mcf-based)	mcf		Rate	R	evenue		Rate	R	evenue					
7	Base Rate - First 50% of usage	8,279	\$	5.3835	\$	44,572	\$	7.1491	\$	59,190					
8	Base Rate - Additional usage	8,279	\$	1.6352	\$	13,538	\$	2.1715	\$	17,979					
9															
10	Distribution System Improvement Charge (DSIC)				\$	3,889			\$	-					
11	Tax Reform (TCJA) - Base Rate Impact				\$	918			\$	-					
12															
13	Total Variable Distribution Charge Revenue				\$	62,918			\$	77,169					
14															
15	Annualization				\$	77			\$	92					
16															
17	Adjusted Total Distribution Revenue				\$	75,475			\$	89,740					