



**peco**<sup>SM</sup>

AN EXELON COMPANY

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March 31, 2022

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

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 the NDCA every five years with the Commission to reflect updated cost studies and fund balances as well as license extensions. The purpose of this filing is to reduce the annual credit through the Nuclear Decommissioning Cost Adjustment (NDCA) to (\$23.7) million. This will result in the NDCA remaining as a credit of -\$0.0006 per kWh effective as of January 1, 2023. In addition to the supporting information required under §52 Pa. Code 53.52(a)(b) this filing includes:

- Attachment 1 - NDCA Calculation;
- Attachment 2 - Nuclear Decommissioning Costs Escalated to 2022 Dollars;
- Attachment 3 - Decommissioning Expenditures By Year;
- Attachment 4 - PECO Energy Nuclear Decommissioning Trust Fund Balances as of December 31, 2021;
- Attachment 5 - Annual Decommissioning Expense by Unit;
- Attachment 6 - PECO Energy Consolidated Income Statement for 12 Months Ending December 31, 2021;
- Attachment 7 - Sample Tariff Page

Due to the continuing COVID-19 pandemic, PECO's employees are working in the office on a part-time basis. Accordingly, PECO employees will have limited access to photocopying and U.S. mail, among other services. PECO requests that all communications with PECO employees continue to be transmitted by email.

Please direct any questions with regard to the above to Mike Trzaska at 215-841-4611 or at michael.trzaska@exeloncorp.com.

Sincerely,

Copies to: K. Sophie, 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

## Proposed Changes to Electric Tariff No. 7

Information furnished with the filing of rate changes under 52 Pa. Code, Section 53.52(a)(b).

**(a)(1) The specific reason for each change**

The tariff update is required to satisfy the requirements of the Nuclear Decommissioning Cost Adjustment Clause (NDCA) as specified in Page 41 of the Company's Electric Tariff. The NDCA was established in the Company's Tariff as a result of the Restructuring Settlement, Docket No. R-00973953. The purpose of the NDCA is to provide for recovery of increased nuclear decommissioning costs related to the Company's Ownership interest in Nuclear Generation as of December 31, 1999.

**(a)(2) The total number of customers served by the utility.**

As of December 31, 2021, PECO Energy served 1.69 million electric customers.

**(a)(3) A calculation of the number of customers, by tariff subdivision, whose bills will be affected by the change.**

Shown below are the numbers of customers, by Tariff subdivision, whose bills will be affected by the change.

Rate R	1,322,795
Rate RH	195,011
Rate GS	155,308
Rate HT	2,712
Rate PD	395
Lighting	10,301
EP	5

**(a)(4) The effect of the change on the utility's customers.**

This proposal results in no change to the current NDCA credit value of  $-\$0.0006$  per kWh.

**(a)(5) The effect, whether direct or indirect, of the proposed change on the utility's revenue and expenses.**

This update results in no change to the current NDCA credit value of  $\$0.0006$  per kWh and will allow PECO to lower the revenue requirement to cover the expense level associated with the adjusted annual expense accrual, resulting in no effect on net income for ratemaking purposes. The NDCA calculation indicates that the Company will reduce recovery by  $\$23.7$  million per year (versus the current level), which equates to 0.697% of the most recent 12 months operating revenue.

**(a)(6) The effect of the change on the service rendered by the utility.**

None.

**(a)(7) A list of factors considered by the utility in its determination to make a change. The list shall include a comprehensive statement as to why these factors were chosen and the relative importance of each. This subsection does not apply to a portion of a tariff change seeking a general rate increase as defined in 66 Pa. CS 1308.**

The Company's Electric Tariff, Page No. 41, requires that the NDCA must be calculated every five years with the assumption that the first calculation was performed on January 1, 1998. Therefore, the Company is required to perform this calculation and the subsequent filing for January 1, 2023, to meet the requirements of the Tariff.

The Energy Policy Act of 2005 (Public Law 108-59) included federal income tax provisions, that modified the federal income tax rules for qualified decommissioning trust funds. Pending issuance of Treasury Regulations explaining parameters around the transfer of amounts to a qualified decommissioning trust fund and the cost of service requirement, PECO's recovery of additional nuclear decommissioning costs should continue to be predicated on the following assumptions that have been used for calculating the amount to be included in cost of service and historically have been used for purpose of maximizing the use of qualified decommissioning trust funds.

Specific factors considered, among others, include the qualified and non-qualified fund balances as well as the estimates of nuclear decommissioning costs derived from comprehensive studies performed by Constellation for Limerick and Peach Bottom and TLG Services, Inc. (TLG) for Salem. Both Constellation and TLG used estimating practices generally accepted in the nuclear industry and supported by U.S. Nuclear Regulatory Commission regulation. These are relevant factors set forth on the applicable tariff page. In addition, PECO's estimates are based on the following factors to derive the annual expense accrual needed to provide adequate funding for the nuclear decommissioning activities for the former PECO units:

**1. Annual Expense Accrual.** PECO's proposed update results in no change to the current NDCA credit value of  $-\$0.0006$  per kWh and is based on a total annual cost of service ratemaking allowance for nuclear decommissioning expense of \$4.213 million (net of any applicable gross receipts or other applicable taxes), which is the sum of the Annual Expense Accruals derived for each of the former PECO nuclear units as follows:

Unit	Annual Expense Accrual (\$)
Limerick 1	0
Limerick 2	0
Peach Bottom 1	4,213,220
Peach Bottom 2	0
Peach Bottom 3	0
Salem 1	0
Salem 2	0
TOTAL	4,213,220

The \$0.00 Annual Expense Accrual for Limerick 1 and Limerick 2 from the Base Accruals for those units set forth in the present Page No. 41 to the Company's Electric Service Tariff (\$4.403M and \$8.043M) is in large part caused by the estimated effect that the 20-year operating license extension granted by the U.S Nuclear Regulatory Commission on October 20, 2014, would have on trust fund earnings based on current trust fund levels for those units.

The \$0.00 Annual Expense Accrual for Peach Bottom 2 and Peach Bottom 3 from the Base Accruals for those units set forth in the present Page No. 41 to the Company's Electric Service Tariff (\$2.588M and \$5.976M) is in large part caused by the estimated effect that the 20-year operating license extension granted by the U.S Nuclear Regulatory Commission on May 7, 2003, would have on trust fund earnings based on current trust fund levels for those units.

The \$0.00 Annual Expense Accrual for Salem 1 and Salem 2 from the Base Accruals for those units set forth in the present Page No. 41 to the Company's Electric Service Tariff (\$2.651M and \$2.509M) is in large part caused by the estimated effect that the 20-year operating license extension granted by the U.S Nuclear Regulatory Commission on June 30, 2011, would have on trust fund earnings based on current trust fund levels for those units.

2. **Factors used in Calculating Annual Accruals.** PECO's Annual Accruals for the former PECO units were derived using the following:

a. **Real Rate of Return.** The settlement would provide specifically that the calculated annual accruals permitted for ratemaking purposes is predicated on a 3 percent real rate of return of earnings on the trust fund balances for each Unit. This assumption is unchanged from that used by the Commission in PECO's Restructuring Settlement at Docket No. R-00973953, order entered on May 14, 1998, and the settlement of PECO's 2003 NDCA filing at Docket No. R-00038102 et al, order entered September 9, 2003.

b. **Assumed after tax rate of return to be earned by funds.** 6.5 percent.

c. **Methodology used to convert present to future dollars.** The present or current values of fund balances are escalated using a 6.5% after-tax rate of return. Costs are escalated 3.5%. Therefore, a real rate of return of 3% is used for converting from present or current dollars to future dollars.

d. **Period of Collection.** The amount of decommissioning costs included in the cost of service per unit and the proposed period of collection is:

Unit	Cost of Service (\$M)	Period of Collection
Limerick 1	0.000	1/1/2023 - 2043
Limerick 2	0.000	1/1/2023 - 2048
Peach Bottom 1	4.213	1/1/2023 - 2032
Peach Bottom 2	0.000	1/1/2023 - 2032
Peach Bottom 3	0.000	1/1/2023 - 2033
Salem 1	0.000	1/1/2023 - 2035
Salem 2	0.000	1/1/2023 - 2039

e. **Description of the proposed method of decommissioning** (for example, prompt dismantlement, safe storage):

Unit	Method of Decommissioning
Limerick 1	Decon
Limerick 2	Decon
Peach Bottom 1	SAFSTOR
Peach Bottom 2	Decon
Peach Bottom 3	Decon
Salem 1	Decon
Salem 2	Decon

f. **Estimated year in which substantial decommissioning costs will first be incurred:**

Unit	Year
Limerick 1	2044
Limerick 2	2049
Peach Bottom 1	2028
Peach Bottom 2	2033
Peach Bottom 3	2034
Salem 1	2036
Salem 2	2040

g. **Estimated year in which decommissioning costs will be substantially complete:**

Unit	Year
Limerick 1	2075
Limerick 2	2075
Peach Bottom 1	2036
Peach Bottom 2	2059
Peach Bottom 3	2059
Salem 1	2089
Salem 2	2089

h. **Total estimated cost of decommissioning expressed in current dollars and future dollars and cost per year in both current and future dollars)**

Unit	Estimated Cost of Decommissioning (In 1,000s as of 1/1/2022)
Limerick 1	977,205
Limerick 2	1,014,473
Peach Bottom 1	276,919
Peach Bottom 2	365,949
Peach Bottom 3	385,331
Salem 1	410,439
Salem 2	403,879

Unit	Estimated Cost of Decommissioning (In 1,000s of Future Dollars)
Limerick 1	3,019,086
Limerick 2	3,173,898
Peach Bottom 1	387,901
Peach Bottom 2	675,367
Peach Bottom 3	709,464
Salem 1	1,469,434
Salem 2	1,460,262

Unit	Required Annual Accrual (In \$1,000/yr.)
Limerick 1	0
Limerick 2	0
Peach Bottom 1	4,213
Peach Bottom 2	0
Peach Bottom 3	0
Salem 1	0
Salem 2	0

**i. The Company's ownership interest in nuclear generation as of December 31, 1999:**

Unit	Ownership Interest
Limerick 1	100.00%
Limerick 2	100.00%
Peach Bottom 1	100.00%
Peach Bottom 2	42.49%
Peach Bottom 3	42.49%
Salem 1	42.59%
Salem 2	42.59%

**(a)(8) Studies undertaken by the utility in order to draft its proposed change. This paragraph does not apply to a portion of the tariff change seeking a general rate increase as defined in 66 Pa. C.S. 1308.**

See attachments 2-5. The cost figures were derived from nuclear decommissioning estimates performed by Constellation for Limerick and Peach Bottom and TLG Services, Inc. for Salem and with U.S. Nuclear Regulatory Commission Regulations. The trust fund balances were derived from the books of account for each of the qualified and non-qualified trust fund balances established for each of the former PECO units in accordance with U.S. NRC and U.S. Department of Revenue Internal Revenue Service regulations. The annual accruals for each unit were derived using the sinking fund methodology as required by the Company's Electric Tariff, Page No. 41.

**(a)(9) Customer polls taken and other documents, which indicate customer acceptance and desire for the proposed change. If the poll or other documents reveal discernable public opposition; an explanation of why the change is in the public interest shall be provided.**

None.

**(a)(10) Plans the utility has for introducing or implementing the changes with respect to ratepayers.**

The Company proposes to notify its customers in the first billing cycle when the NDCA is applied to the bills.

**(a)(11) F.C.C., FERC, or Commission orders or ruling applicable to the filing.**

- PECO's Restructuring Settlement, Docket No. R-00973953, Order entered on May 14, 1998 (authorizing the NDCA);
- PECO Merger Settlement, Docket No. A-110550F0147, Order entered June 22, 2000 (authorizing modifications to the NDCA);
- PaPUC Secretarial Letter dated May 3, 2001 (clarifying the real rate of return used for calculating the decommissioning expense accrual);
- PECO's 2003 NDCA Filing Settlement, Docket No. R-00038102, Order entered on September 9, 2003, and
- 10 CFR Section 50.75, "Reporting and Recordkeeping for Decommissioning Planning".

**(b)(1) The specific reasons for the increase or decrease.**

There is no change to the current NDCA credit value of \$0.0006 per kWh as a result of this update. The NDCA credit value of \$0.0006 per kWh is the result of subtracting the Annual Expense Accruals derived from the current study from the Base Annual Expense Accruals, as set forth at Page No. 41 to PECO's Electric Tariff. Attachment 1 provides a calculation of the NDCA and shows a NDCA revenue requirement of approximately - \$23.7 million per year, which is 95% of the difference between the Adjusted Annual Accrual of \$4.213 million and the Base Accrual of \$29.162 million. Attachment 2 provides the 2022 decommissioning cost estimates. Attachment 3 provides the detailed future decommissioning expenditures for each nuclear unit. Attachment 4 provides the qualified and non-qualified trust fund balances for each nuclear unit as of December 31, 2021. Attachment 5 provides the annual expenses by unit which sum to \$4.213 million.

**(b)(2) The operating income statement of the utility for a 12-month period, the end of which may not be more than 120 days prior to the filing. Water and wastewater utilities with annual revenues under \$100,000 and municipal corporations subject to Commission jurisdiction may provide operating income statements for a 12-month period, the end of which may not be more than 180 days prior to filing.**

See Attachment 6 for PECO's operating income statement for the 12 months ending December 31, 2021.

**(b)(3) A calculation of the number of customers, by tariff subdivision, whose bills will be increased.**

None.

**(b)(4) A calculation of the total increase, in dollars, by tariff subdivision, projected on an annual basis.**

None.

**(b)(5) A calculation of the number of customers, by tariff subdivision, whose bills will be decreased.**

See response to 53.52 (a)(3).

**(b)(6) A calculation of the total decreases, in dollars, by tariff subdivision, projected to an annual basis.**

The annual effect for the period covered under this filing will result in a decrease of \$23.7 million annually for recovery of nuclear decommissioning costs associated with former PECO owned plants starting in January 2023. A breakdown of the decrease, by tariff subdivision, is as follows:

<u>Rate</u>	<u>MWh Sales for 2023</u>	<u>Decrease in Decommissioning Expense (\$000)</u>
Rate R	11,242,571	\$ 7,176
Rate RH	2,892,192	\$ 1,846
Rate GS	7,818,496	\$ 4,991
Rate HT	14,009,922	\$ 8,943
Rate PD	501,012	\$ 320
Rate EP	500,840	\$ 320
Street Lighting	166,497	\$ 106

**Nuclear Decommissioning Cost Adjustment (NDCA) Calculation**

$$\text{NDCA} = \frac{\text{PaPUC Authorized Decommissioning Expense Adjustment}}{\text{Total Pennsylvania Jurisdictional Sales for Calculation Year}}$$

$$\begin{aligned} \text{Adjusted Annual Accrual} &= \text{Total Nuclear Decommissioning Annual Requirement} \\ \text{Adjusted Annual Accrual} &= \quad \quad \quad \$4,213 \text{ M} \end{aligned}$$

$$\begin{aligned} \text{PaPUC Authorized Decommissioning Expense Adjustment} \\ &= (\text{Adjusted Annual Accrual} - \text{Base Accrual}) * 0.95 \\ &= (\quad \$4,213 \text{ M} - \$29,162 \text{ M}) * 0.95 \\ &= \quad \quad \quad -\$23,701 \text{ M} \end{aligned}$$

$$\text{Total PA. Jurisdictional Sales for Calculation Year (2023)} = 37,131,529,486 \text{ kWh}$$

$$\text{NDCA} = \frac{-\$23,701,341}{37,131,529,486} \text{ kWh}$$

$$\text{NDCA} = -0.0006 \text{ per kWh} * \text{Variable distribution charge for all rates except POL, SL-S and AL}$$

For Rates POL, SL-S, AL:

$$\begin{aligned} \text{Allocated Decommissioning Cost to POL, SLS, AL} &= \frac{\$(13,484)}{336,540} \\ \text{Total Annual Lamp Bills} &= \end{aligned}$$

$$\text{NDCA} = \$ (0.04) \text{ per fixture}$$

**Nuclear Decommissioning Costs Escalated to 2022 Dollars**  
(\$ thousands)

<u>Unit</u>	<u>2022 Estimates</u>
Limerick 1	\$ 977,205
Limerick 2	\$ 1,014,473
Peach Bottom 1	\$ 276,919
Peach Bottom 2	\$ 365,949
Peach Bottom 3	\$ 385,331
Salem 1	\$ 410,439
Salem 2	\$ 403,879

**Limerick 1**  
**Decommissioning Expenditures By Year**  
(\$ thousands)

<u>Year</u>	<u>Decommissioning Expenditure</u>
2042	\$ 767
2043	\$ 4,408
2044	\$ 36,555
2045	\$ 145,245
2046	\$ 21,259
2047	\$ 22,773
2048	\$ 24,395
2049	\$ 76,321
2050	\$ 235,637
2051	\$ 264,503
2052	\$ 303,903
2053	\$ 337,344
2054	\$ 276,763
2055	\$ 197,158
2056	\$ 77,712
2057	\$ 92,765
2058	\$ 99,100
2059	\$ 13,576
2060	\$ 13,444
2061	\$ 14,441
2062	\$ 15,427
2063	\$ 16,526
2064	\$ 17,703
2065	\$ 19,016
2066	\$ 20,315
2067	\$ 21,762
2068	\$ 23,312
2069	\$ 29,223
2070	\$ 79,506
2071	\$ 85,169
2072	\$ 91,236
2073	\$ 98,002
2074	\$ 104,695
2075	\$ 139,125
	<u>\$ 3,019,086</u>

**Limerick 2**  
**Decommissioning Expenditures By Year**  
(\$ thousands)

<u>Year</u>	<u>Decommissioning Expenditure</u>
2047	\$ 2,976
2048	\$ 5,996
2049	\$ 196,708
2050	\$ 332,126
2051	\$ 271,479
2052	\$ 310,770
2053	\$ 357,440
2054	\$ 340,957
2055	\$ 248,118
2056	\$ 87,198
2057	\$ 114,901
2058	\$ 122,748
2059	\$ 13,539
2060	\$ 13,104
2061	\$ 14,076
2062	\$ 15,037
2063	\$ 16,108
2064	\$ 17,255
2065	\$ 18,535
2066	\$ 19,801
2067	\$ 21,211
2068	\$ 22,722
2069	\$ 28,484
2070	\$ 77,495
2071	\$ 83,014
2072	\$ 88,927
2073	\$ 95,522
2074	\$ 102,046
2075	\$ 135,605
	<u>\$ 3,173,898</u>

**Peach Bottom 1**  
**Decommissioning Expenditures By Year**  
(\$ thousands)

<u>Year</u>	<u>Decommissioning Expenditure</u>
2022	\$ 1,096
2023	\$ 1,134
2024	\$ 1,177
2025	\$ 1,215
2026	\$ 1,257
2027	\$ 1,301
2028	\$ 9,161
2029	\$ 37,110
2030	\$ 63,023
2031	\$ 65,229
2032	\$ 79,394
2033	\$ 93,886
2034	\$ 8,962
2035	\$ 13,417
2036	\$ 10,537
	<u>\$ 387,901</u>

**Peach Bottom 2**  
**Decommissioning Expenditures By Year**  
(\$ thousands)

<u>Year</u>	<u>Decommissioning Expenditure</u>
2031	\$ 527
2032	\$ 1,406
2033	\$ 21,906
2034	\$ 47,656
2035	\$ 54,429
2036	\$ 61,150
2037	\$ 69,704
2038	\$ 79,296
2039	\$ 64,970
2040	\$ 46,992
2041	\$ 16,293
2042	\$ 18,432
2043	\$ 19,745
2044	\$ 4,530
2045	\$ 3,074
2046	\$ 3,293
2047	\$ 3,528
2048	\$ 3,789
2049	\$ 4,048
2050	\$ 4,336
2051	\$ 4,645
2052	\$ 6,561
2053	\$ 15,393
2054	\$ 16,489
2055	\$ 17,663
2056	\$ 18,973
2057	\$ 20,269
2058	\$ 21,713
2059	\$ 24,557
	<u>\$ 675,367</u>

**Peach Bottom 3  
Decommissioning Expenditures By Year**  
(\$ thousands)

<u>Year</u>	<u>Decommissioning Expenditure</u>
2032	\$ 695
2033	\$ 1,477
2034	\$ 42,163
2035	\$ 83,776
2036	\$ 61,738
2037	\$ 70,385
2038	\$ 81,031
2039	\$ 71,244
2040	\$ 52,323
2041	\$ 19,545
2042	\$ 26,826
2043	\$ 28,737
2044	\$ 5,385
2045	\$ 3,055
2046	\$ 3,273
2047	\$ 3,506
2048	\$ 3,757
2049	\$ 4,004
2050	\$ 4,279
2051	\$ 4,572
2052	\$ 6,442
2053	\$ 15,078
2054	\$ 16,113
2055	\$ 17,219
2056	\$ 18,452
2057	\$ 19,664
2058	\$ 21,014
2059	\$ 23,709
	<u>\$ 709,464</u>

**Salem 1**  
**Decommissioning Expenditures By Year**  
(\$ thousands)

Year	Decommissioning Expenditure
2034	\$ 911
2035	\$ 2,543
2036	\$ 17,772
2037	\$ 59,243
2038	\$ 89,784
2039	\$ 88,416
2040	\$ 49,140
2041	\$ 52,503
2042	\$ 24,566
2043	\$ 6,675
2044	\$ 7,169
2045	\$ 7,186
2046	\$ 33,655
2047	\$ 27,189
2048	\$ 26,783
2049	\$ 3,045
2050	\$ 2,904
2051	\$ 3,326
2052	\$ 3,226
2053	\$ 3,447
2054	\$ 3,957
2055	\$ 4,238
2056	\$ 4,399
2057	\$ 4,864
2058	\$ 5,210
2059	\$ 5,395
2060	\$ 5,993
2061	\$ 6,405
2062	\$ 6,632
2063	\$ 7,349
2064	\$ 7,891
2065	\$ 8,152
2066	\$ 9,034
2067	\$ 9,678
2068	\$ 10,045
2069	\$ 11,105
2070	\$ 11,896
2071	\$ 12,318
2072	\$ 13,683
2073	\$ 14,624
2074	\$ 15,142
2075	\$ 16,781
2076	\$ 18,018
2077	\$ 18,614
2078	\$ 20,628
2079	\$ 22,098
2080	\$ 22,936
2081	\$ 25,357
2082	\$ 27,164
2083	\$ 28,127
2084	\$ 31,243
2085	\$ 33,391
2086	\$ 34,575
2087	\$ 38,317
2088	\$ 259,700
2089	\$ 184,990
	\$ 1,469,434

**Salem 2**  
**Decommissioning Expenditures By Year**  
(\$ thousands)

Year	Decommissioning Expenditure
2040	\$ 30,645
2041	\$ 80,704
2042	\$ 111,473
2043	\$ 89,453
2044	\$ 67,156
2045	\$ 71,313
2046	\$ 42,635
2047	\$ 31,308
2048	\$ 30,828
2049	\$ 2,811
2050	\$ 2,681
2051	\$ 3,070
2052	\$ 3,151
2053	\$ 3,181
2054	\$ 3,652
2055	\$ 3,912
2056	\$ 4,060
2057	\$ 4,489
2058	\$ 4,809
2059	\$ 4,979
2060	\$ 5,531
2061	\$ 5,911
2062	\$ 6,121
2063	\$ 6,783
2064	\$ 7,283
2065	\$ 7,524
2066	\$ 8,338
2067	\$ 8,932
2068	\$ 9,271
2069	\$ 10,250
2070	\$ 10,980
2071	\$ 11,369
2072	\$ 12,629
2073	\$ 13,497
2074	\$ 13,976
2075	\$ 15,488
2076	\$ 16,630
2077	\$ 17,180
2078	\$ 19,039
2079	\$ 20,395
2080	\$ 21,169
2081	\$ 23,404
2082	\$ 25,071
2083	\$ 25,960
2084	\$ 28,836
2085	\$ 30,819
2086	\$ 31,912
2087	\$ 35,365
2088	\$ 243,550
2089	\$ 170,739
	\$ 1,460,262

**PECO Energy Nuclear Decommissioning Trust Fund Balances**  
**As of December 31, 2021**  
 (\$)

<u>Unit</u>	<u>Qualified Fund</u>	<u>Non-Qualified Fund</u>	<u>TOTAL</u>
Limerick 1	\$ 617,300,939	\$ 6,338,973	\$ 623,639,912
Limerick 2	\$ 657,665,177	\$ 8,399,911	\$ 666,065,087
Peach Bottom 1	\$ 155,732,751	\$ 3,455,063	\$ 159,187,814
Peach Bottom 2	\$ 345,699,168	\$ 32,344,907	\$ 378,044,075
Peach Bottom 3	\$ 366,149,935	\$ 43,393,916	\$ 409,543,851
Salem 1	\$ 329,257,340	\$ 19,971,405	\$ 349,228,746
Salem 2	\$ 277,812,812	\$ 12,429,678	\$ 290,242,489
	<u>\$ 2,749,618,121</u>	<u>\$ 126,333,853</u>	<u>\$ 2,875,951,974</u>

**Annual Decommissioning Expense By Unit**  
(\$)

<u>Unit</u>	<u>Annual Expense</u>
Limerick 1	\$ -
Limerick 2	\$ -
Peach Bottom 1	\$ 4,213,220
Peach Bottom 2	\$ -
Peach Bottom 3	\$ -
Salem 1	\$ -
Salem 2	\$ -
	<u>\$ 4,213,220</u>

**PECO ENERGY CONSOLIDATED  
INCOME STATEMENT  
TWELVE MONTHS ENDED DECEMBER 31, 2021**

	<b>12 Months Ended 12/31/2021</b>
<b><u>Operating Revenues</u></b>	
Retail	\$ 3,176,477,105
Wholesale	-
Other	-
Intercompany	20,829,782
Nonconsolidated Affiliate - Revenue	-
<b>Total Operating Revenues</b>	<b>\$ 3,197,306,886</b>
<b><u>Operating Expenses</u></b>	
Purchased Power	699,239,502
Intercompany Purchased Power	193,608,520
Purchased Power Nonconsolidated Affiliate	-
Fuel	188,346,687
Intercompany Fuel	28,397
Operating and Maintenance	757,154,738
Business Services Contracted Services	168,765,828
Interco Operating and Maintenance	7,924,982
Operating & Maintenance Nonconsolidated Affiliate	-
Goodwill Impairment	-
Intangible Asset Impairment	-
Depreciation and Amortization	347,651,533
Taxes Other Than Income	183,864,623
<b>Total Operating Expenses</b>	<b>\$ 2,546,584,810</b>
Gain (Loss) on Sale of Assets	29,089
<b>Total Operating Income</b>	<b>\$ 650,751,165</b>
<b><u>Other Income and Deductions</u></b>	
Interest Expense, Net of Amounts Capitalized	(148,685,960)
Intercompany Interest Expense	(8,146)
Interest Expense Nonconsolidated Affiliate	(11,912,530)
Distributions on Preferred Security Subsidiaries	-
Earnings of Consolidated Companies	-
Intercompany Interest Income	16,794
Other, Net	26,201,959
<b>Total Other Income and Deductions</b>	<b>\$ (134,387,883)</b>
Income Before Income Taxes & Other Items	\$ 516,363,282
Income Taxes	12,147,877
Equity in Earnings of Uncons	(270,721)
<b>Net Income</b>	<b>\$ 504,486,126</b>
Preferred Stock Dividends	-
<b>Net Income On Common Stock</b>	<b>\$ 504,486,126</b>

**PECO Energy Company**

**Electric Service Tariff**

**COMPANY OFFICE LOCATION**

**2301 Market Street**

**Philadelphia, Pennsylvania 19103**

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**For List of Communities Served, See Page 4.**

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**Issued xxxx xx, 2022**

**Effective January 1, 2023**

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

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**NOTICE**

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**LIST OF CHANGES MADE BY THIS SUPPLEMENT**

**NUCLEAR DECOMMISSIONING COST ADJUSTMENT CLAUSE (NDCA) - X Revised Page 41**  
Revisions made in accordance with Docket No. R-00973953.

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**NUCLEAR DECOMMISSIONING COST ADJUSTMENT CLAUSE (NDCA)**

The NDCA provides for the recovery of nuclear of decommissioning costs related to the Company's Ownership interest in Nuclear Generation as of 12/31/99. The NDCA shall be charged to all customers taking service under this Tariff. The adjustment shall be a cents per kWh charge calculated to the nearest one hundredth of one cent.

The Company's Ownership interest in nuclear generation as of December 31, 1999 consists of the following:

Peach Bottom 1	100%
Peach Bottom 2	42.49%
Peach Bottom 3	42.49%
Salem 1	42.59%
Salem 2	42.59%
Limerick 1	100%
Limerick 2	100%

**Formula**

The following formula shall be used to determine the NDCA.

$$\text{NDCA} = \frac{\text{PaPUC Authorized Decommissioning Expense Adjustment}}{\text{Total Pennsylvania Jurisdictional Sales for Calculation Year}}$$

Where:

PaPUC Authorized Decommissioning Expense Adjustment (Adjusted Annual Accrual - Base Accrual) x .95 = the Adjusted Annual Accrual in the Calculation Year less the Base Accrual. As of January 1, 2023, the NDCA shall be a credit value of (\$0.0006)/kWh and will be added to the Variable Distribution Charge for all rates except for rates POL, SL-S and AL which will have a credit value of (\$0.04)/location added to the Distribution Charge. (C)

Total Pennsylvania Retail Jurisdictional Sales = total kWh sales under this Tariff for the calculation year including sales for distribution.

Calculation Year = year in which the Company proposes a change to the NDCA. To the extent a new cost study, performed every five years, indicates the Company requires an adjustment in the rate, the Company shall change the NDCA to reflect such new expense level. In calculating the annual expense, the Company shall use the sinking fund methodology.

Adjusted Annual Accrual = accrual necessary to fund the Adjusted Obligation.

Adjusted Obligation = Gross Decommissioning Obligation reduced by \$50 million for ratemaking purposes.

Gross Decommissioning Obligation – The total decommissioning cost obligation as approved by the Commission as expressed in escalated future dollars.

**Methodology for Calculating Expense**

The base period expense shall be based upon the decommissioning costs set forth in the table below. The Company shall use a sinking fund methodology to determine the appropriate level of decommissioning expense. The assumptions shall be consistent with NRC policy and requirements.

The Base Accrual shall consist of the following levels for each unit.

Peach Bottom 1	\$4,213,220	(C)
Peach Bottom 2	0	
Peach Bottom 3	0	
Salem 1	0	
Salem 2	0	
Limerick 1	0	
Limerick 2	0	
Total	\$4,213,220	(C)

**Frequency of Calculation**

The annual expense shall be recalculated every five years. The Company shall adjust the NDCA to reflect the new expense level 60 days after filing the new study and the associated rate calculation with the PaPUC. The first calculation of the NDCA shall be considered to have taken place on January 1, 1998.

**Completion of Decommissioning**

In the event that the actual expenditures necessary to accomplish full decommissioning of the PECO Interest are less than the full balance in the funds established for such purpose, PECO shall be entitled to a release of such funds to PECO for the purpose of sharing the amount between ratepayers and shareholders. In the event that such release is granted, PECO's shareholders shall be entitled to retain: (1) the first \$50 million of the net after-tax amount; and (2) 5 percent of the remaining net after-tax amount of the released funds.

Supplement No. ~~X~~ to  
ELECTRIC PA P.U.C NO. 7

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PECO Energy Company

Electric Service Tariff

COMPANY OFFICE LOCATION

2301 Market Street  
Philadelphia, Pennsylvania 19103

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For List of Communities Served, See Page 4.

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Issued ~~xxxx, xx~~, 2022

Effective ~~January 1~~, 2023

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

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NOTICE

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PECO Energy Company

Supplement No. X to  
Tariff Electric Pa. P.U.C. No. 7  
XX Revised Page No. 1  
Supersedes XX Revised Page No. 1

LIST OF CHANGES MADE BY THIS SUPPLEMENT

**NUCLEAR DECOMMISSIONING COST ADJUSTMENT CLAUSE (NDCA) - X Revised Page 41**  
Revisions made in accordance with Docket No. R-00973953.

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Deleted: **DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC) – 1<sup>st</sup> revised Page No. 48**

Revised DSIC rate from 0% to -0.16%. Provision for the Recovery of Consumer Education Plan Costs – 1st Revised Page No. 43

Reflects annual update to Consumer Education.

Rate R Residence Service – 1st Revised Page No. 51

Decreased the Fixed Distribution Service Charge to reflect the Consumer Education Plan Costs.

Rate R-H Residential Heating Service – 1st Revised Page No. 52

Decreased the Fixed Distribution Service Charge to reflect the Consumer Education Plan Costs.

Rate PD Primary Distribution Power – 1st Revised Page No. 58

Increased the Fixed Distribution Service Charge to reflect the Consumer Education Plan Costs.

Rate HT High Tension Power – 1st Revised Page No. 59

Increased the Fixed Distribution Service Charge to reflect the Consumer Education Plan Costs.

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PECO Energy Company

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