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COPY OF EMAIL TO KHADIJAH SCOTT

APRIL 26, 2022

Hello Khadijah,

It was interesting speaking with you recently. I admire your comprehensive grasp of the situation and my points at the time.

I had an additional thought in thinking of our telephonic meeting; please keep in mind that in addition to being a PECO customer I am also an Exelon shareholder.

I had mentioned that I understand that the PECO's natural gas charges could be construed as a "pass through" cost based on what PECO must pay to purchase natural gas. My contention was that it could reduce the cost passed on to customers since PECO profits from other line items in its charges to customers.

I have consulted in sales and marketing with over 100 clients in many areas of science, biotechnology, and technology in my career. In looking at "pass through" costs, let's assume, as an example, that I am selling sodium chloride as one of my chemical products to PECO. The cost to me was 35 cents/100 pounds, but suddenly my cost becomes 58 cents/100 pounds. In order to keep PECO as a good customer, I could sell the sodium chloride as a "loss leader" at 40 cents/100 pounds. Yes, I would be losing 18 cents/100 pounds, but it could keep PECO as a happy customer and as I am selling other products to PECO – hopefully at a profit – I am still making an overall profit and getting a good return from sales to PECO.

So I believe that it is possible that PECO could keep its cost-to-customers at a lower rate than it pays for natural gas, making profits in other line items and areas. I believe that would be rationalization for keeping the natural gas costs lower even, if necessary, than the cost PECO needs to pay.

I hope my analogy makes sense. I also hope that the 47% increase, the 1.50% increase apparently implemented April 1, and the proposed 13% increase on May 30, can be reduced.

BTW, On another note ... according to the recent "*PECO 0422 07 EXE 122152*" notice enclosed in bills, PECO's natural gas rates have changed and increased

for an additional 1.5% beginning April 1, 2022, resulting in an increase from \$95.31 to \$96.74 for a residential customer using 80 Ccf/month.

However, in the notice also enclosed in same bill, outlining the May 30, 2022 proposed rate increase, in notification "*PECO 0422 07 EXE 122153*," PECO erroneously claims that a residential customer's typical bill using 80ccf would increase from \$95.31 to \$107.70 or by 13%. However, in the aforementioned "*PECO 0422 122152*" notification the rate for said customer would already be \$96.74, effective April 1, not the \$95.31 in the "EXE 122153" notification.

Regards,



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