

August 9, 2022

Via E-File

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

Re: PA Public Utility Commission v. PECO Energy Company
Docket No. R-2022-3032250

Dear Secretary Chiavetta:

This firm represents PECO Energy Company in the above-captioned matter. Enclosed for filing please find the Joint Petition for Complete Settlement and Motion for Admission of Testimony and Exhibits.

As evidenced by the enclosed Certificate of Service, copies of the above documents have been served upon the presiding Administrative Law Judge and counsel for the parties and intervenors.

Please do not hesitate to contact me if you have any questions.

Very truly yours,


Courtney L. Schultz

CLS/jlc
Enclosures

cc: All Parties per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY :
COMMISSION :
 : **Docket No. R-2022-3032250**
v. :
 :
PECO ENERGY COMPANY :

JOINT PETITION FOR COMPLETE SETTLEMENT

TO ADMINISTRATIVE LAW JUDGE DARLENE HEEP:

I. INTRODUCTION

PECO Energy Company (“PECO” or the “Company”), the Pennsylvania Public Utility Commission’s (“Commission”) Bureau of Investigation and Enforcement (“I&E”), the Office of Consumer Advocate (“OCA”), and the Office of Small Business Advocate (“OSBA”), (hereinafter referred to individually as “Party” or collectively as “Settling Parties”),¹ hereby submit this Joint Petition for Complete Settlement (“Joint Petition” or “Settlement”) and respectfully request that:

1. Administrative Law Judge Darlene Heep (the “ALJ” or “ALJ Heep”) recommend that the Commission approve this Settlement and all of its terms and conditions, and that the Commission grant such approval, without modification;

2. ALJ Heep recommend that the Commission authorize PECO to file a tariff supplement to reflect rates and terms consistent with this Settlement applicable to the Section 1307(f) Purchased Gas Cost rate investigation at Docket No. R-2022-3032250 to be effective for

¹ The Philadelphia Area Industrial Energy Users Group (“PAIEUG”) also participated in this proceeding and has authorized the Settling Parties to represent its non-opposition to this Joint Petition for Complete Settlement.

service rendered on and after December 1, 2022, subject to quarterly adjustments as permitted by the Commission's regulations and that the Commission grant such authorization;

3. Based on the data and testimony submitted in this case, ALJ Heep recommend, and the Commission make, the Findings of Fact and Conclusions of Law proposed at Sections IV and V, respectively, below; and

4. The Commission terminate its investigation at Docket No. R-2022-3032250, including dismissal of the Complaints filed by OCA and OSBA at Docket Nos. C-2022-3032649 and C-2022-3032866, respectively.

II. BACKGROUND

5. On April 29, 2022, pursuant to 66 Pa. C.S. § 1307(f), 52 Pa. Code § 53.64, and 52 Pa. Code § 53.65, PECO submitted data, as required by the Commission's regulations, in advance of its annual Purchased Gas Cost rate filing ("Advance Filing"). The Advance Filing consists of Sections 1 through 22, which respond to information requests in the Commission's regulations at 52 Pa. Code § 53.64.

6. On May 17, 2022, PAIEUG filed a Petition to Intervene, which was unopposed, and which ALJ Heep granted during the telephonic pre-hearing conference on June 9, 2022.

7. On May 24, 2022, I&E entered its appearance in this case.

8. On May 25, 2022, OCA entered its appearance in this case and also filed a Formal Complaint and Public Statement (Docket No. C-2022-3032659).

9. On May 31, 2022, PECO filed its Purchased Gas Cost No. 39 rate to become effective for service rendered on and after December 1, 2022 ("PGC 39 Filing"). PECO made the PGC 39 Filing pursuant to 66 Pa. C.S. § 1307(f), which authorizes certain natural gas distribution companies to make annual purchased gas cost filings with the Commission to reflect increases or

decreases in their natural gas costs. Pursuant to 66 Pa. C.S. § 1307(f)(3), the Company's PGC 39 Filing included a reconciliation of expenses previously incurred and revenues received. In support of its PGC 39 Filing, PECO submitted supporting data and information, including the Direct Testimony of witnesses Scott J. Hughes (PECO Statement No. 1) and Anthony P. DiFelice (PECO Statement No. 2), and accompanying exhibits.

10. On June 7, 2022, OSBA entered its appearance in this case and also filed a Formal Complaint and Public Statement (Docket No. C-2022-3032866).

11. As required by 52 Pa. Code § 53.68, PECO provided public notice of the proposed PGC No. 39 rate through bill inserts and newspaper publications in PECO's service territory.

12. On June 9, 2022, a telephonic prehearing conference was held before ALJ Heep whereby the Parties agreed to a procedural schedule for the submission of further written testimony and conducting evidentiary hearings, as set forth in the Prehearing Order, which ALJ Heep issued on June 17, 2022.

13. The Parties engaged in discovery issued by OCA and I&E. PECO responded to multiple formal, written data requests, many with multiple subparts, and also responded to informal data and information requests.

14. Except for PECO, no other Party filed any testimony, as the Settling Parties reached a settlement agreement prior to the due date for the submission of testimony.

15. The Settling Parties were able to reach a settlement to resolve all issues in this proceeding. As part of the Settlement, the Settling Parties agreed to waive cross-examination of all witnesses and to move for the admission of testimony and exhibits by stipulation, as set forth in Paragraph 23, *infra*.

III. SETTLEMENT

The terms of the Settlement are as follows:

16. Purchased Gas Cost Rates

(a) Attached as Appendix A to this Joint Petition are the rates and underlying cost data resulting from the Settlement that are applicable to the Commodity Charge (“CC”), the Gas Cost Adjustment Charge (“GCA”), the Balancing Charge (“BC”), and the Balancing Service Charge (“BSC”). These rates are predicated on the Company’s current gas cost projections and are the same as originally filed in this proceeding. To the extent that actual experience and changes in forecasted natural gas prices and demand would alter the CC, GCA and the BSC rates, and to account for changes that may result from the outcome of PECO’s currently ongoing natural gas distribution base rate case at Docket No. R-2022-3031113 (the “2022 Gas Base Rate Case”), PECO reserves the right to file quarterly adjustments to be effective September 1, 2022, December 1, 2022, and thereafter in accordance with 52 Pa. Code § 53.64.²

(b) PECO reserves the right to update the Rate Transportation Service-Firm (“TS-F”) standby sales service demand charge, as shown in Appendix A, Exhibit APD-1, to be effective December 1, 2022, to the extent that actual experience and changes in forecasted natural gas prices and demand may alter these rates.

² Pursuant to the terms of the settlement of the Company’s gas base rate case at Docket No. R-2008-2028394 (the “2008 Gas Base Rate Case”), the BC may be updated and revised only as part of PECO’s annual PGC filing. Note that pursuant to the Commission’s Order in the 2022 Gas Base Rate Case, the Gas Procurement Charge (“GPC”), write-off factors for the Merchant Function Charges (“MFC”) and the subsequent MFC’s may be revised. These revisions would represent small changes in dollars per Mcf.

17. **Balancing Charge Rate**

(a) Under the terms of the 2008 Gas Base Rate Case Settlement, PECO is required to update the Balancing Charge as part of its annual Section 1307(f) filing. As set forth in Exhibit SJH-3 accompanying PECO Statement No. 1, the Direct Testimony of Scott J. Hughes in the PGC 39 Filing (and also included in Appendix A), PECO proposed a Balancing Charge of \$0.0176 per Mcf to become effective on December 1, 2022, which is \$0.0035 per Mcf lower than the currently effective Balancing Charge.

(b) The Settling Parties have agreed to adopt PECO's as-filed Balancing Charge. Accordingly, the Balancing Charge, effective December 1, 2022 will be \$0.0176 per Mcf.

18. **Retainage Rate**

(a) In accordance with Paragraph 19 of the 2020 Joint Petition for Complete Settlement,³ the retainage volume adjustment for transportation service customers for the 12 months beginning December 1, 2021 and ending November 30, 2022 is 2.3%, which was calculated based on the weighted three-year average of LUFG plus the portion of Company-use gas attributable to preheater gate station usage for the period ending June 30, 2021.

(b) PECO also agreed that the retainage volume adjustment for the twelve-month period ending November 30, 2023 would be calculated based on the weighted three-year average of LUFG plus the portion of Company-use natural gas attributable to preheater gate station usage for the period ending June 30, 2022.

(c) The Settling Parties have agreed to adopt the retainage rate of 2.8%, which was calculated in accordance with the requirements in the 2020 Joint Petition (as shown

³ See Pennsylvania Public Utility Commission v. PECO Energy Company, Docket No. R-2020-3019661, Order Adopting Joint Petition for Complete Settlement, dated October 8, 2020 (hereinafter referred to as the "2020 Joint Petition").

below), for the period ending November 30, 2023. Attached as Appendix B are the associated tariff pages.

Retainage Calculation for 2022 (PGC 39)				
	Sendout in MCF + Pre-Heater Fuel	Billed Sales in MCF	Retainage Rate	Pre-Heater Company Use
36 months ending 6/30/2022	247,526,729	240,563,825	2.8%	298,487

19. Gas Price Hedging

(a) PECO has complied with the terms of the Ratable Hedging Program for all hedges made through April 2022 and will continue to do so. Pursuant to the Ratable Hedging Program’s execution schedule and since the Company’s reporting in last year’s PGC proceeding, PECO issued Requests for Proposals (“RFPs”) for six execution periods through March 2022 (these periods appear in yellow highlight in Exhibit SJH-2 accompanying PECO Statement No. 1, the Direct Testimony of Scott J. Hughes, in the PGC 39 Filing, whereas those periods highlighted in blue reflect the same information as reported in prior years’ PGC proceedings). PECO entered into transactions with the respondents who could provide supply at the lowest cost for the specified volumes on a fixed price basis.⁴ For the period April 2021 through March 2022, PECO purchased 5.45 MMDth of hedged gas under the program at a weighted average cost of \$5.2747 per Dth as reflected in the table below (*see* Table SJH-4 in PECO Statement No. 1, the Direct Testimony of Scott J. Hughes, in the PGC 39 Filing).

⁴ There are two execution periods shown on Exhibit SJH-2 highlighted in grey. This simply reflects that for the Year 3 Summer, August 2017, and Year 6 Summer, August 2020, execution periods PECO did not receive the requisite three respondents to its RFP, and therefore did not make the hedges for those periods. The additional dark grey highlighting indicates summer months during which PECO no longer hedges gas.

Accordingly, PECO’s purchases under the Ratable Hedging Program through March 2022 have been in compliance with the Ratable Hedging Program execution schedule.

Ratable Hedge Program			
Executed Hedges April 2021 through March 2022			
Execution Month	DTH	\$/DTH	Total \$
July 2021	1,812,000	\$4.4275	\$ 8,022,630
November 2021	1,818,000	\$5.0185	\$ 9,123,720
March 2022	1,818,000	\$6.3753	\$11,590,380
Total	5,448,000	\$5.2747	\$28,736,730

(b) In the PGC 39 Filing, PECO requested that the Ratable Hedging Program be extended for an additional year, as modified in the 2020 Joint Petition, whereby hedging associated with summer purchases was eliminated on a going forward basis. Extending the program for an additional year (“Year 9”) will add Winter periods with volumes at the same bifurcated volumetric level, and with execution periods similar to those used in prior years.

(c) Specifically, the Settling Parties have agreed to extend the Ratable Hedging program for an additional year, which will continue with the current winter hedging schedule of 36,000 Dth/day.

(d) The revised Ratable Hedging Program execution schedule is attached as Appendix C.

(e) As part of the Settlement of this proceeding, PECO has agreed to research both the possibility of entering into financial hedges and the possibility of making changes to the volumes associated with the Ratable Hedging Program in the future for the purpose of mitigating the potential for future PGC rate volatility. In its next annual PGC filing in 2023, the Company will present the results of its hedging research and analysis and any related proposals to utilize financial hedges or otherwise change the existing hedging program.

20. Renewable Natural Gas (“RNG”)

(a) As part of the Settlement of this proceeding, PECO will continue pursuing sources of RNG production via interconnections with RNG producers onto PECO’s gas system. Should PECO acquire RNG, the Company intends to do so at market-based natural gas prices. PECO will not plan to pay a premium for, or otherwise acquire, the environmental attributes of the RNG. Any investment or O&M cost required to bring RNG onto PECO’s system will be assumed by the RNG producer. PECO will provide an update on its efforts to procure RNG in its next annual PGC filing in 2023.

(b) This update will include the following information related to RNG contracts (to the extent applicable): volumes of RNG, prices, length of contract, attributes/environmental credits received or not received, and distribution system capital and/or O&M costs incurred and recovered in the contract.

21. Lost And Unaccounted For Gas (“LUFG”) Monitoring And Reporting

While no further LUFG reporting obligations are required, consistent with its reporting in prior PGC proceedings, PECO has voluntarily reported a three-year weighted average for the periods ending March 31, 2022 and June 30, 2022, consistent with the previous reporting mechanism set forth in the 2015 Joint Petition for Complete Settlement⁵ as part of the PGC 39 Filing.

⁵ See Pennsylvania Public Utility Commission v. PECO Energy Company, Docket No. R-2015-2480969, Order Adopting Joint Petition for Complete Settlement, dated October 22, 2015 (hereinafter referred to as the “2015 Joint Petition”).

PECO LUFG Calculation 2020-2022 PGC (3-Year Average)

	Sendout in Mcf	Billed Sales in Mcf	LUFG
12 Months Ending 3/31/20	84,510,551	84,400,524	0.1%
12 Months Ending 3/31/21	89,347,192	86,980,491	2.6%
12 Months Ending 3/31/22	88,449,680	86,529,132	2.2%
36 Months Ending 3/31/22	262,307,423	257,910,147	1.7%

PECO LUFG Calculation 2022 PGC			
	Sendout in MCF	Billed Sales in MCF	LUFG
12 months ending 6/30/2020	85,885,333	84,063,725	2.1%
12 months ending 6/30/2021	88,714,421	86,920,502	2.0%
12 months ending 6/30/2022	88,537,396	85,950,211	2.9%
36 months ending 6/30/2022	263,137,150	256,934,438	2.4%

22. Off-System Sales/Capacity Release Sharing

Pursuant to the 2021 Joint Petition for Complete Settlement,⁶ the off-system sharing mechanism was extended at the 25% rate through November 30, 2024. In the instant proceeding, the Settling Parties agree that PECO will further extend the off-system sharing mechanism through November 30, 2025.

23. Interest Rate for Over- and Under-Collections

In compliance with Paragraph 24(b) of the 2017 Joint Petition for Complete Settlement,⁷ PECO applied the prime rate in effect sixty (60) days prior to the annual PGC filing date to the monthly over- and under-collections for the PGC period December 1, 2021 through November 30,

⁶ See Pennsylvania Public Utility Commission v. PECO Energy Company, Docket No. R-2021-302629, Order Adopting Joint Petition for Complete Settlement, dated October 7, 2021 (hereinafter referred to as the “2021 Joint Petition”).

⁷ See Pennsylvania Public Utility Commission v. PECO Energy Company, Docket No. R-2017-2602611, Order Adopting Joint Petition for Complete Settlement, dated October 5, 2017 (hereinafter referred to as the “2017 Joint Petition”).

2022. Going forward, as previously agreed, PECO will use the prime rate for commercial borrowing in effect 60 days prior to the annual PGC filing (which occurs on or before June 1 of each year) to determine interest on the monthly over- and under-collections through November 30 of the year in which the PGC filing is made.

24. Admission of Evidence

The Parties agree to waive cross-examination of each other's witnesses and that the testimony and exhibits identified in sections (a) and (b) below may be admitted into evidence by stipulation and motion. To that end, the Parties have prepared, and are filing, a separate Motion, with attached Stipulation, requesting that ALJ Heep admit such testimony and exhibits into the record:

(a) PECO's Advance Filing consisting of Sections 1-22, which was filed with the Commission and served on April 29, 2022, as explained in Paragraph No. 5, *supra*; and

(b) PECO Statement Nos. 1 and 2 with accompanying Exhibits (SJH-1 through SJH-4 and APD-1 through APD-5), which were filed with the Commission and served on May 31, 2022, as explained in Paragraph No. 9, *supra*.

IV. PROPOSED FINDINGS OF FACT

As a consequence of the Settlement terms and conditions set forth in Section III above and supported by the PGC 39 Filing, exhibits and testimony submitted for admission in the record, the Settling Parties request that the ALJ and the Commission make the following findings of fact and such other findings and conclusions as may be required or appropriate:

25. PECO operates a natural gas distribution system in the southeastern portion of Pennsylvania subject to the jurisdiction of the Commission. (PECO St. 1, pp. 4-5).

26. PECO's gas purchasing policy is designed to achieve a reasonable balance of long and short-term gas purchases that assures system supply reliability at the least cost. (PECO St. 1, p. 8-11).

27. The details of PECO's actual gas purchases for the twelve months ending March 31, 2021 are presented in Section 1 of PECO's Advance Filing. (PECO Adv. Filing § 1).

28. PECO receives almost all of its gas supply directly into its distribution system from Texas Eastern Transmission, LP ("Texas Eastern"), Transcontinental Gas Pipe Line Corporation ("Transco"), Adelphia Gateway, and Eastern Shore Natural Gas Company. (PECO St. 1, p. 4). Evidence of record shows that firm transportation contracts with these pipelines provide PECO the ability to purchase gas supplies directly from producers and marketers and to use firm transportation capacity on the pipelines for delivery of the gas to PECO. (PECO St. 1, pp. 4, 7-8; PECO Adv. Filing §§ 2, 3 and 8). PECO also obtains natural gas storage services from Eastern Gas Transmission and Storage, Inc., Texas Eastern, and Transco. (PECO St. 1, p. 4). Evidence of record shows that PECO has purchased all of its requirements on competitive terms. (PECO St. 1, pp. 8-10).

29. PECO participated in significant rulemaking, rate and certificate proceedings before the Federal Energy Regulatory Commission ("FERC") concerning interstate natural gas pipeline company rates and conditions of service that affect its costs and, therefore, its customers' costs. PECO also participated in major FERC proceedings of the interstate pipelines from which it receives transportation and storage service. (PECO Adv. Filing § 5). PECO's efforts in this regard directly reduced costs for its PGC customers (PECO St. 1, pp. 36-37).

30. In the past year, PECO renewed several storage and transportation service agreements, after unsuccessfully soliciting competitive alternatives (PECO St. 1, pp. 33-34).

31. PECO continued to review pipeline open seasons and capacity to determine whether participation in a project could help PECO meet its projections for increased firm demand or offer a reliable least-cost alternative to an existing transportation or storage contract nearing expiration. (PECO St. 1, p. 35). PECO continued its review of the Regional Energy Access (“REA”) project, with a projected in-service date of December 2024. This would add 100,000 Dth/day of REA firm transportation capacity, thereby enabling PECO to move gas from receipt points in the Leidy Pennsylvania Marcellus Shale production area to delivery points on PECO’s distribution system. Transco filed its 7(c) FERC Application on March 26, 2021. Subsequently, on April 28, 2021, Exelon Corporation filed comments in support of the REA application. (PECO St. 1, pp. 32-33).

32. During the historic period, PECO did not purchase natural gas from any affiliated interest. (PECO St. 1, pp. 25-26).

33. PECO did not withhold supplies or capacity from the market. (PECO St. 1, pp. 6-7).

34. Projected natural gas costs, as reflected in this Settlement, are based on peak-day capacity requirements at a 0-degree design day temperature, as fully set forth in the record. (PECO Adv. Filing § 16; PECO St. 1, p. 8).

V. PROPOSED CONCLUSIONS OF LAW

35. This proceeding is a consolidation of two reviews that the Commission is required to undertake pursuant to Sections 1307(f) and 1318 of the Public Utility Code (66 Pa. C.S. §§ 1307(f) and 1318) (hereinafter, Section 1307(f) and Section 1318, respectively). Specifically, under Section 1307(f), the Commission must determine whether PECO met the standards of Section 1318 with regard to the natural gas costs PECO incurred during an historic twelve-month period. In addition, because PECO filed a tariff proposing a new rate reflecting a

change in its natural gas costs, the Commission must determine whether the specific findings of Section 1318 can be made with regard to the period that rates will be in effect (the “Application Period”). This finding is a condition precedent to the Commission’s approval of PECO’s proposed rates. *See* 66 Pa. C.S. § 1318. The provisions of Section 1318(a) are applicable to all gas utilities that recover their natural gas costs pursuant to Section 1307(f).

(a) Historic Reconciliation Period Standards

(i) With respect to PECO’s natural gas purchases and purchasing practices during the twelve-month historic reconciliation period ended March 31, 2022, it is requested that the Commission find that PECO met the standards set out in Section 1318 and required by Section 1307(f)(5) as to all actual purchased natural gas costs in the historic period. It is also requested that the Commission find, pursuant to Section 1307(f)(5) and based upon the evidence presented in this case, that during the twelve months ended March 31, 2022: (1) PECO met the requirements of Section 1318(a) by pursuing a least-cost fuel procurement policy, consistent with its obligation to provide safe, adequate and reliable service to its customers; and (2) PECO met the requirements of Section 1318(b) relating to its purchases of natural gas, transportation services and storage services from affiliates.

(b) Projected and Interim Period Findings

(i) With respect to the twelve-month period beginning December 1, 2022, which is when the proposed rates agreed to by the Settling Parties in this Settlement would be in effect, it is requested that the Commission make the findings concerning PECO’s natural gas purchasing policies and practices required by Section 1318, including those in subsections (a)(1) through (a)(4) and (b)(1) through (b)(3) thereof, based upon information presently available and the evidence of record in this proceeding.

(ii) The Settling Parties agree that PECO's projected natural gas purchases and projected natural gas purchasing policies will comply with the standards of Section 1318 and that their assessment is supported by the evidence of record in this proceeding relating to such projected purchases and natural gas purchasing policies. Nevertheless, it is expressly understood and agreed that the findings relating to the rate to become effective December 1, 2022 are made solely for the purpose of setting prospective rates that shall be subject to the standards of Section 1318 and to further review in an appropriate future proceeding. Paragraph 36(b) of the Joint Petition is not intended to limit or prevent in any way present or future complainants from reviewing, after such projected natural gas purchases actually have been made and natural gas purchasing practices actually have been implemented, whether PECO's natural gas purchases and natural gas purchasing practices have, in fact, complied with the standards of Section 1318. If, in an appropriate future proceeding, natural gas purchases and natural gas purchasing practices relating to the period December 1, 2022 through November 30, 2023 are challenged, the Commission's findings in this Paragraph 36(b) of the Joint Petition shall pose no bar to the examination of such purchases and practices including, but not limited to, disallowance of, or reductions to, such costs during the one-year period commencing December 1, 2022.

(iii) The Settling Parties agree that future examination of the natural gas costs relating to the period April 1, 2022 through November 30, 2023 shall be permitted to determine whether PECO's experienced and projected natural gas purchases and natural gas purchasing practices complied with the standards set forth in Section 1318 and the terms of prior settlements, and that the Commission's adoption of the findings under this Paragraph 36(b) of the Joint Petition shall not be construed to limit or prevent any disallowance or reduction of such costs that are otherwise permitted.

VI. CONDITIONS OF SETTLEMENT

36. The Settling Parties acknowledge and agree that this Settlement shall have the same force and effect as if the Parties fully litigated this proceeding.

37. This Settlement is conditioned upon the Commission's approval of terms and conditions contained herein without modification. If the Commission modifies the Settlement, any Party may elect to withdraw from this Settlement and may proceed with litigation, and, in such event, this Settlement shall be void and of no effect. Such election to withdraw must be made in writing, filed with the Secretary of the Commission and served upon all Parties within five (5) business days after the entry of an order modifying the Settlement. This Settlement is proposed by the Settling Parties to settle all issues in the instant proceeding and is made without any admission against, or prejudice to, any position that any Party to this Settlement may adopt during any subsequent litigation of this or any other proceeding.

38. If the Commission does not approve the Settlement and the proceedings continue to hearing, the Parties reserve their respective rights to present additional testimony and to conduct full cross-examination, briefing and argument.

39. The Commission's approval of this Settlement shall not be construed to represent approval of any Party's position on any issue, except to the extent required to effectuate the terms and agreements of this Settlement, in this and future proceedings.

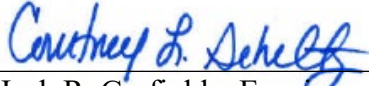
40. It is understood and agreed among the Settling Parties that this Settlement is the result of compromises and does not necessarily represent the position(s) that would be advanced by any Party if this proceeding were fully litigated.

41. This Settlement is being presented only in the context of this Section 1307(f) proceeding in an effort to resolve outstanding issues in a manner that is fair and reasonable. The Settlement is the product of compromise. With the exception of matters identified in Sections

III and IV as they relate to this proceeding and for the specific time periods set forth therein should the Commission approve this Settlement without modification, this Settlement is presented without prejudice to any position which any of the Parties may have advanced and without prejudice to the position any of the Parties may advance in the future on the merits of the issues.

42. The Settling Parties prepared and attached to this Settlement, as Appendices D-G respectively, statements in support setting forth the bases upon which they believe the Settlement is fair, just and reasonable and is, therefore, in the public interest.

WHEREFORE, the Settling Parties, by their respective counsel, respectfully request that Administrative Law Judge Darlene Heep and the Commission approve this Settlement, including all terms and conditions thereof, and that the Commission enter an order consistent with this Settlement resolving and terminating the proceeding and resolving all outstanding complaints.



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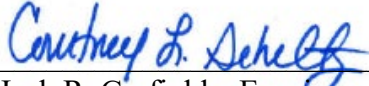
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Dated: August 9, 2022

WHEREFORE, the Settling Parties, by their respective counsel, respectfully request that Administrative Law Judge Darlene Heep and the Commission approve this Settlement, including all terms and conditions thereof, and that the Commission enter an order consistent with this Settlement resolving and terminating the proceeding and resolving all outstanding complaints.



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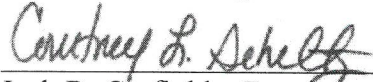


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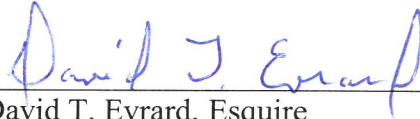
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Dated: August 9, 2022

APPENDIX A

**Rates and Cost Data Applicable To
The Commodity Charge (“CC”),
The Gas Cost Adjustment Charge (“GCA”),
The Balancing Service Charge (“BSC”) and
The Balancing Charge (“BC”)**

Exhibit APD-1

Proposed Changes in PGC Rate Prices Effective December 1, 2022

Rates GR, CAP, GC, L, OL and MV-F
(Values in \$ per Mcf)

		<u>06/01/22</u> Unbundled Rates	Change in Rates	<u>12/01/22</u> Unbundled Rates	
Rates GR and CAP	CC	\$7.8997	(\$1.4852)	\$6.4145	
	GCA	\$0.4461	\$0.1069	\$0.5530	
	BSC	<u>\$0.4925</u>	<u>\$0.0416</u>	<u>\$0.5341</u>	
	Total	\$8.8383	(\$1.3367)	\$7.5016	
Rates GC	CC	\$7.8730	(\$1.4802)	\$6.3928	
	GCA	\$0.4461	\$0.1069	\$0.5530	
	BSC	<u>\$0.4925</u>	<u>\$0.0416</u>	<u>\$0.5341</u>	
	Total	\$8.8116	(\$1.3317)	\$7.4799	
Rates OL, L and MV-F	CC	\$7.8690	(\$1.4794)	\$6.3896	
	GCA	\$0.4461	\$0.1069	\$0.5530	
	BSC	<u>\$0.4925</u>	<u>\$0.0416</u>	<u>\$0.5341</u>	
	Total	\$8.8076	(\$1.3309)	\$7.4767	
Rate OL					
	(1.5 MCF)	CC	\$11.8035	(\$2.2191)	\$9.5844
	(1.7 MCF)		\$13.3773	(\$2.5150)	\$10.8623
	(2.1 MCF)		\$16.5249	(\$3.1067)	\$13.4182
	(2.4 MCF)		\$18.8856	(\$3.5506)	\$15.3350
	(1.5 MCF)	GCA	\$0.6692	\$0.1603	\$0.8295
	(1.7 MCF)		\$0.7584	\$0.1817	\$0.9401
	(2.1 MCF)		\$0.9368	\$0.2245	\$1.1613
	(2.4 MCF)		\$1.0706	\$0.2566	\$1.3272
	(1.5 MCF)	BSC	\$0.7388	\$0.0624	\$0.8012
	(1.7 MCF)		\$0.8373	\$0.0707	\$0.9080
	(2.1 MCF)		\$1.0343	\$0.0873	\$1.1216
	(2.4 MCF)		\$1.1820	\$0.0998	\$1.2818
Rate L					
First 50% of Usage		CC	\$7.8690	(\$1.4794)	\$6.3896
Additional Use			\$7.8690	(\$1.4794)	\$6.3896
First 50% of Usage		GCA	\$0.4461	\$0.1069	\$0.5530
Additional Use			\$0.4461	\$0.1069	\$0.5530
First 50% of Usage		BSC	\$0.4925	\$0.0416	\$0.5341
Additional Use			\$0.4925	\$0.0416	\$0.5341
Standby Sales Demand Charge Under Rate TS-F		\$22.57	\$0.2000	\$22.77	
Unit Credit for Rate TS-F Standby Sales Purchases		\$0.74	\$0.0100	\$0.75	
Balancing Charge-Transportation		\$0.0211	(\$0.0035)	\$0.0176	

Exhibit APD-2

PGC No. 39 Calculation Including Gas Procurement Charge (GPC) and Merchant Function Charge (MFC)

Application Period : December 1, 2022 through November 30, 2023

Computation Period : December 1, 2022 through November 30, 2023

\$/Mcf

		<u>Rates GR and CAP</u>	<u>Rate GC</u>	<u>Rates OL, L and MV-F</u>
CC Including GPC	Exhibit APD-3, Page 1	\$6.3858	\$6.3858	\$6.3858
x				
Write-Off Factor (a)		0.45%	0.11%	0.06%
=				
MFC		<u>\$0.0287</u>	<u>\$0.0070</u>	<u>\$0.0038</u>
CC Including GPC and MFC		\$6.4145	\$6.3928	\$6.3896
GCA	Exhibit APD-3, Page 1	\$0.5530	\$0.5530	\$0.5530
BSC	Exhibit APD-4, Page 1	<u>\$0.5341</u>	<u>\$0.5341</u>	<u>\$0.5341</u>
Total PGC		\$7.5016	\$7.4799	\$7.4767

(a) From Docket No. R-2020-3018929, the 2020 PECO Gas Distribution Base Rate Case.

Exhibit APD-3

Computation of Sales Service Cost Adjustment No. 39
 Application and Computation Period : 12 Months
 December 1, 2022 Through November 30, 2023

1. Projected Commodity Charge Excluding Gas Procurement Charge (GPC)	\$413,064,034	Pg. 2	\$6.3639 /Mcf
GPC From Docket No. R-2020-3018929			<u>\$0.0219</u> /Mcf
Total CC = Commodity Charge Including GPC			\$6.3858 /Mcf
2. E = Experienced and Estimated Net Over/(Under)			
a. Commodity Cost Over / (Under)	(\$24,286,034)	Pg. 2	(\$0.5197) /Mcf
b. Rate IS Profit Monies	(\$3,343)	Pg. 5	(\$0.0001) /Mcf
c. Net Interest on Item a.	(\$958,651)	Pg. 6	(\$0.0205) /Mcf
d. Supplier Refunds (Including Interest)	<u>(\$593,025)</u>	Pg. 8	<u>(\$0.0127)</u> /Mcf
Experienced Net Over/Under Collections - GCA	(\$25,841,053)		(\$0.5530) /Mcf
3. S = Projected Sales for Computation Period CC	64,907,702	mcf	
4. S = Projected Sales for Computation Period GCA	46,724,926	mcf	
GCA Charge / (Credit) to Customers	\$0.5530		/Mcf

Month	Gross Cost of Gas Excl. TOP (1)	Total Exclusions (2)	Net Cost of Gas (3) = (1) - (2)	Allocation Factor (4)	Recoverable Cost of Gas (5) = (3) x (4)	CC/GCA Revenues In Base (6)	Monthly Over/(Under) Collection (7) = (6) - (5)	Cumulative Total (8)
Balance - Nov. 30, 2020								(\$4,911,377)
Dec	\$25,538,069	\$53,051	\$25,485,018	0.99919320	\$25,464,457	\$21,581,141	(\$3,883,316)	(\$8,794,693)
Jan '21	\$29,036,888	\$51,282	\$28,985,606	0.99952239	\$28,971,762	\$30,961,888	\$1,990,126	(\$6,804,567)
Feb	\$35,238,393	\$147,173	\$35,091,220	0.99944828	\$35,071,860	\$32,474,858	(\$2,597,002)	(\$9,401,569)
March	\$18,814,531	\$98,075	\$18,716,456	0.99962998	\$18,709,531	\$26,857,645	\$8,148,114	(\$1,253,455)
April	\$9,430,756	\$19,318	\$9,411,438	0.99957358	\$9,407,425	\$14,375,788	\$4,968,363	\$3,714,908
May	\$6,449,665	\$26,040	\$6,423,625	0.99970369	\$6,421,722	\$8,449,909	\$2,028,187	\$5,743,095
June	\$5,505,508	\$19,604	\$5,485,904	0.99973007	\$5,484,423	\$5,014,207	(\$470,216)	\$5,272,879
July	\$5,093,433	\$6,612	\$5,086,821	0.99976122	\$5,085,606	\$3,336,300	(\$1,749,306)	\$3,523,573
Aug	\$4,836,185	\$6,246	\$4,829,939	0.99978012	\$4,828,877	\$3,063,216	(\$1,765,661)	\$1,757,912
Sept	\$5,331,659	\$11,038	\$5,320,621	0.99990663	\$5,320,124	\$3,373,619	(\$1,946,505)	(\$188,593)
Oct	\$7,021,391	\$16,975	\$7,004,416	0.99938750	\$7,000,126	\$4,046,628	(\$2,953,498)	(\$3,142,091)
Nov	\$30,770,193	\$22,658	\$30,747,535	0.99922758	\$30,723,785	\$10,042,443	(\$20,681,342)	(\$23,823,433)
12 Months -PAPUC Bureau of Audits Adjustment	\$183,066,671	\$478,072	\$182,588,599		\$182,489,698	\$163,577,642	(\$18,912,056)	\$290,170
12 Months -Nov 30, 2022	\$328,402,423	\$697,838	\$327,704,585		\$327,561,125		Balance at Nov 30, 2021	(\$23,533,263)

Month	Gross Cost of Gas Excl. TOP (1)	Total Exclusions (2)	Net Cost of Gas (3) = (1) - (2)	Allocation Factor (4)	Recoverable Cost of Gas (5) = (3) x (4)	CC/GCA Revenues In Base (6)	Monthly Over/(Under) Collection (7) = (6) - (5)	Cumulative Total (8)
Balance - Nov. 30, 2021								(\$23,533,263)
Dec	\$32,995,433	\$78,998	\$32,916,435	0.99929715	\$32,893,300	\$29,106,930	(\$3,786,370)	(\$27,319,633)
Jan '22	\$56,576,205	\$60,828	\$56,515,377	0.99926540	\$56,473,861	\$48,501,514	(\$7,972,347)	(\$35,291,980)
Feb	\$42,357,447	\$95,788	\$42,261,659	0.99945544	\$42,238,645	\$54,491,110	\$12,252,465	(\$23,039,515)
March	\$27,984,313	\$96,965	\$27,887,348	0.99948565	\$27,873,004	\$34,677,329	\$6,804,325	(\$16,235,190)
April	\$19,749,425	\$55,667	\$19,693,758	0.99951165	\$19,684,140	\$23,822,252	\$4,138,112	(\$12,097,078)
May (est)	\$22,270,800	\$86,220	\$22,184,580	0.99975975	\$22,179,250	\$13,663,941	(\$8,515,309)	(\$20,612,387)
June (est)	\$15,279,800	\$39,611	\$15,240,189	0.99975361	\$15,236,434	\$9,502,431	(\$5,734,003)	(\$26,346,390)
July (est)	\$14,388,800	\$31,909	\$14,356,891	0.99982455	\$14,354,372	\$10,206,910	(\$4,147,462)	(\$30,493,852)
Aug (est)	\$14,434,800	\$39,532	\$14,395,268	0.99985192	\$14,393,136	\$10,239,714	(\$4,153,422)	(\$34,647,274)
Sept (est)	\$15,016,800	\$31,064	\$14,985,736	0.99994196	\$14,984,866	\$11,675,609	(\$3,309,257)	(\$37,956,531)
Oct (est)	\$24,824,800	\$46,601	\$24,778,199	0.99981160	\$24,773,531	\$27,006,561	\$2,233,030	(\$35,723,501)
Nov (est)	\$42,523,800	\$34,655	\$42,489,145	0.99970441	\$42,476,586	\$53,914,053	\$11,437,467	(\$24,286,034)
12 Months	\$328,402,423	\$697,838	\$327,704,585		\$327,561,125	\$326,808,354	(\$752,771)	
12 Months -Nov 30, 2023	\$414,234,600	\$1,014,618	\$413,219,982		\$413,064,034			

Exclusions and Allocation Factor

Exclusions								Allocation Factor Calculation					
Month	cost of cgs gas (a) (1)	Cost of Reg IS Cust. Gas (a) (2)	Cost of Indtpt. IS Gas (a) (3)	Cost of TCS Gas (b) (4)	Cost of MV-I Gas (a) (5)	Rate NGS Exclusion (c) (6)	Total Exclusions (7)	Month	Interdept. Firm Mcf (1)	CC Sales Mcf (2)	Total Applicable Sales Mcf (3) = (1) + (2)	Allocation Factor (4) = (2)/(3)	GCA Sales Mcf (5)
Dec	\$0	\$18,357	\$0	\$34,473	\$221	\$0	\$53,051	Dec	4,533	5,613,983	5,618,516	0.99919320	5,613,983
Jan '21	\$0	\$514	\$0	\$50,768	\$0	\$0	\$51,282	Jan '21	3,961	8,289,440	8,293,401	0.99952239	8,289,440
Feb	\$0	\$76,789	\$0	\$70,266	\$118	\$0	\$147,173	Feb	4,798	8,691,716	8,696,514	0.99944828	8,691,716
March	\$0	\$489	\$0	\$97,550	\$36	\$0	\$98,075	March	2,582	6,975,468	6,978,050	0.99962998	6,975,468
April	\$0	\$75	\$0	\$18,951	\$292	\$0	\$19,318	April	1,550	3,633,369	3,634,919	0.99957358	3,633,369
May	\$0	\$926	\$0	\$24,931	\$183	\$0	\$26,040	May	633	2,135,649	2,136,282	0.99970369	2,135,649
June	\$0	\$4,066	\$0	\$15,290	\$248	\$0	\$19,604	June	355	1,314,788	1,315,143	0.99973007	1,314,788
July	\$0	\$792	\$0	\$5,817	\$3	\$0	\$6,612	July	220	921,121	921,341	0.99976122	921,121
Aug	\$0	\$2,584	\$0	\$3,648	\$14	\$0	\$6,246	Aug	186	845,725	845,911	0.99978012	845,725
Sept	\$0	\$3,129	\$0	\$7,873	\$36	\$0	\$11,038	Sept	83	888,847	888,930	0.99990663	888,847
Oct	\$0	\$2,806	\$0	\$13,880	\$289	\$0	\$16,975	Oct	617	1,006,724	1,007,341	0.99938750	1,006,724
Nov	\$0	\$602	\$0	\$21,608	\$448	\$0	\$22,658	Nov	1,931	2,497,996	2,499,927	0.99922758	2,497,996
12 Months	\$0	\$111,129	\$0	\$365,055	\$1,888	\$0	\$478,072	12 Months	21,449	42,814,826	42,836,275		42,814,826
12 Months -Nov 30, 2022	\$0	\$119,861	\$0	\$575,303	\$2,674	\$0	\$697,838						

(a) CGS, IS, Eddystone IS and MV-I Sales Volumes x Commodity Price Excl. TOP, CGS incl. Off-Peak Reservation Charge
(b) TCS Sales Volume x (Commodity Price Excl TOP + TCS Fixed Commodity Cost Component)
(c) Demand portion based on Rate CGS Firm Reservation Supply Charge / 30.41 x NGS Sales Volume,
Commodity portion based on Weighted Average Commodity Cost of Gas x NGS Sales Volume

Exclusions and Allocation Factor

Exclusions								Allocation Factor Calculation					
Month	cost of cgs gas (a) (1)	Cost of Reg IS Cust. Gas (a) (2)	Cost of Indtpt. IS Gas (a) (3)	Cost of TCS Gas (b) (4)	Cost of MV-I Gas (a) (5)	Rate NGS Exclusion (c) (6)	Total Exclusions (7)	Month	Interdept. Firm Mcf (1)	CC Sales Mcf (2)	Total Applicable Sales Mcf (3) = (1) + (2)	Allocation Factor (4) = (2)/(3)	GCA Sales Mcf (5)
Dec	\$0	\$34,148	\$0	\$44,757	\$93	\$0	\$78,998	Dec	4,246	6,036,849	6,041,095	0.99929715	6,036,849
Jan '22	\$0	\$7,158	\$0	\$53,670	\$0	\$0	\$60,828	Jan '22	6,148	8,363,051	8,369,199	0.99926540	8,363,051
Feb	\$0	\$27,002	\$0	\$68,723	\$63	\$0	\$95,788	Feb	5,121	9,398,746	9,403,867	0.99945544	9,398,746
March	\$0	\$14,477	\$0	\$81,736	\$752	\$0	\$96,965	March	3,196	6,210,457	6,213,653	0.99948565	6,210,457
April	\$0	\$2,297	\$0	\$53,020	\$350	\$0	\$55,667	April	2,154	4,408,589	4,410,743	0.99951165	4,408,589
May (est)	\$0	\$4,789	\$0	\$81,223	\$208	\$0	\$86,220	May (est)	633	2,634,150	2,634,783	0.99975975	1,607,205
June (est)	\$0	\$4,392	\$0	\$35,017	\$202	\$0	\$39,611	June (est)	355	1,440,428	1,440,783	0.99975361	783,136
July (est)	\$0	\$4,719	\$0	\$27,004	\$186	\$0	\$31,909	July (est)	220	1,253,730	1,253,950	0.99982455	754,447
Aug (est)	\$0	\$5,422	\$0	\$33,915	\$195	\$0	\$39,532	Aug (est)	186	1,255,913	1,256,099	0.99985192	786,035
Sept (est)	\$0	\$5,336	\$0	\$25,522	\$206	\$0	\$31,064	Sept (est)	83	1,430,061	1,430,144	0.99994196	927,299
Oct (est)	\$0	\$4,928	\$0	\$41,479	\$194	\$0	\$46,601	Oct (est)	617	3,274,254	3,274,871	0.99981160	2,675,299
Nov (est)	\$0	\$5,193	\$0	\$29,237	\$225	\$0	\$34,655	Nov (est)	1,931	6,530,755	6,532,686	0.99970441	5,431,460
12 Months	\$0	\$119,861	\$0	\$575,303	\$2,674	\$0	\$697,838	12 Months	24,890	52,236,983	52,261,873		47,382,573
12 Months -Nov 30, 2023	\$0	\$47,539	\$0	\$965,072	\$2,007	\$0	\$1,014,618						

(a) CGS, IS, Eddystone IS and MV-I Sales Volumes x Commodity Price Excl. TOP, CGS incl. Off-Peak Reservation Charge
(b) TCS Sales Volume x (Commodity Price Excl TOP + TCS Fixed Commodity Cost Component)
(c) Demand portion based on Rate CGS Firm Reservation Supply Charge / 30.41 x NGS Sales Volume,
Commodity portion based on Weighted Average Commodity Cost of Gas x NGS Sales Volume

SSC Revenues

	CC Appl. Sales In Month (1)	CC Gas Rates (Excl GRT) (2)	CC Revenues (3) = (1) x (2)	GCA Appl. Sales In Month (4)	Prior Pd. O/(U) Adjust. Rate (5)	Prior Pd. O/(U) Adjust. Revenue (6) = (4) x (5)	Total Revenues Recovered In Base Rates (7) = (3) + (6)
Dec bef 12/1	2,725,196	\$3.2301	\$8,802,656	2,725,196	\$0.7297	\$1,988,576	\$10,791,232
Dec aft 12/1	2,888,787	\$3.6705	\$10,603,293	2,888,787	\$0.0646	\$186,616	\$10,789,909
Jan '21 bef 12/1	-	\$3.2301	\$0		\$0.7297	\$0	\$0
Jan '21 aft 12/1	8,289,440	\$3.6705	\$30,426,390	8,289,440	\$0.0646	\$535,498	\$30,961,888
Feb	8,691,716	\$3.6714	\$31,910,766	8,691,716	\$0.0649	\$564,092	\$32,474,858
March	6,975,468	\$3.7602	\$26,229,155	6,975,468	\$0.0901	\$628,490	\$26,857,645
April	3,633,369	\$3.8430	\$13,963,037	3,633,369	\$0.1136	\$412,751	\$14,375,788
May	2,135,649	\$3.8430	\$8,207,299	2,135,649	\$0.1136	\$242,610	\$8,449,909
June	1,314,788	\$3.7030	\$4,868,660	1,314,788	\$0.1107	\$145,547	\$5,014,207
July	921,121	\$3.5151	\$3,237,832	921,121	\$0.1069	\$98,468	\$3,336,300
Aug	845,725	\$3.5151	\$2,972,808	845,725	\$0.1069	\$90,408	\$3,063,216
Sept	888,847	\$3.6903	\$3,280,112	888,847	\$0.1052	\$93,507	\$3,373,619
Oct	1,006,724	\$3.9165	\$3,942,835	1,006,724	\$0.1031	\$103,793	\$4,046,628
Nov	2,497,996	\$3.9171	\$9,784,900	2,497,996	\$0.1031	\$257,543	\$10,042,443
12 Months	42,814,826		\$158,229,743	42,814,826		\$5,347,899	\$163,577,642

SSC Revenues

	CC Appl. Sales In Month (1)	CC Gas Rates (Excl GRT) (2)	CC Revenues (3) = (1) x (2)	GCA Appl. Sales In Month (4)	Prior Pd. O/(U) Adjust. Rate (5)	Prior Pd. O/(U) Adjust. Revenue (6) = (4) x (5)	Total Revenues Recovered In Base Rates (7) = (3) + (6)
Dec bef 12/1	3,318,033	\$3.9171	\$12,997,067	3,318,033	\$0.1031	\$342,089	\$13,339,156
Dec aft 12/1	2,718,816	\$5.4841	\$14,910,259	2,718,816	\$0.3154	\$857,515	\$15,767,774
Jan '22 bef 12/1	-	\$3.9171	\$0		\$0.1031	\$0	\$0
Jan '22 aft 12/1	8,363,051	\$5.4841	\$45,863,808	8,363,051	\$0.3154	\$2,637,706	\$48,501,514
Feb	9,398,746	\$5.4812	\$51,516,407	9,398,746	\$0.3165	\$2,974,703	\$54,491,110
March	6,210,457	\$5.1377	\$31,907,465	6,210,457	\$0.4460	\$2,769,864	\$34,677,329
April	4,408,589	\$4.8486	\$21,375,485	4,408,589	\$0.5550	\$2,446,767	\$23,822,252
May (est)	2,634,150	\$4.8486	\$12,771,942	1,607,205	\$0.5550	\$891,999	\$13,663,941
June (est)	1,440,428	\$6.3107	\$9,090,110	783,136	\$0.5265	\$412,321	\$9,502,431
July (est)	1,253,730	\$7.8424	\$9,832,252	754,447	\$0.4966	\$374,658	\$10,206,910
Aug (est)	1,255,913	\$7.8424	\$9,849,369	786,035	\$0.4966	\$390,345	\$10,239,714
Sept (est)	1,430,061	\$7.8424	\$11,215,112	927,299	\$0.4966	\$460,497	\$11,675,609
Oct (est)	3,274,254	\$7.8424	\$25,678,008	2,675,299	\$0.4966	\$1,328,553	\$27,006,561
Nov (est)	6,530,755	\$7.8424	\$51,216,790	5,431,460	\$0.4966	\$2,697,263	\$53,914,053
12 Months	52,236,983		\$308,224,074	47,382,573		\$18,584,280	\$326,808,354

IS Profits

	Gross Reg IS Revenue	IS Gas Penalty Revenue	Unauth. IS Gas Revenue	"Net" IS Reg Revenue (4) = (1)-(2)-(3)	Reg IS Sales Mcf (5)	Commodity Cost/Mcf (6)	Total Reg IS Cost of Gas (7) = (5) x (6)	Increase In Taxable Income (8) = (4) - (7)	Profit to Be Returned To Customers (9) = (8) x 75%	Applicable GCA Sales (10)	IS Profit Return Rate (11)	IS Profits Distributed to Custs. (12) = (10) x (11)	Cumulative Over/(Under) Reconciliation (13) = (9) - (12)
Balance - Nov. 30, 2020													\$46,047
Dec bef 12/1										2,725,196	\$0.0010	\$2,725	\$43,322
Dec aft 12/1	\$20,507	\$0	\$0	\$20,507	3,318	\$5.5324	\$18,357	\$2,150	\$1,613	2,888,787	\$0.0014	\$4,044	\$40,891
Jan '21 bef 12/1										0	\$0.0010	\$0	\$40,891
Jan '21 aft 12/1	\$768	\$0	\$0	\$768	111	\$4.6302	\$514	\$254	\$191	8,289,440	\$0.0014	\$11,605	\$29,477
Feb	\$20,935	\$0	\$0	\$20,935	3,919	\$19.5940	\$76,789	(\$55,854)	(\$41,891)	6,691,716	\$0.0014	\$12,168	(\$24,582)
March	\$1,044	\$0	\$0	\$1,044	163	\$2.9992	\$489	\$555	\$416	6,975,468	\$0.0012	\$8,371	(\$32,537)
April	\$285	\$0	\$0	\$285	26	\$2.8952	\$75	\$210	\$158	3,633,369	\$0.0011	\$3,997	(\$36,376)
May	\$2,253	\$0	\$0	\$2,253	359	\$2.5796	\$926	\$1,327	\$995	2,135,649	\$0.0011	\$2,349	(\$37,730)
June	\$7,025	\$0	\$0	\$7,025	1,244	\$3.2686	\$4,066	\$2,959	\$2,219	1,314,788	\$0.0011	\$1,446	(\$36,957)
July	\$2,313	\$0	\$0	\$2,313	296	\$2.6758	\$792	\$1,521	\$1,141	921,121	\$0.0010	\$921	(\$36,737)
Aug	\$6,160	\$0	\$0	\$6,160	931	\$2.7759	\$2,584	\$3,576	\$2,682	845,725	\$0.0010	\$846	(\$34,901)
Sept	\$4,344	\$0	\$0	\$4,344	612	\$5.1129	\$3,129	\$1,215	\$911	888,847	\$0.0010	\$889	(\$34,879)
Oct	\$4,973	\$0	\$0	\$4,973	671	\$4.1815	\$2,806	\$2,167	\$1,625	1,006,724	\$0.0010	\$1,007	(\$34,261)
Nov	\$844	\$0	\$0	\$844	78	\$7.7182	\$602	\$242	\$182	2,497,996	\$0.0010	\$2,498	(\$36,577)
12 Months	\$71,451	\$0	\$0	\$71,451	11,728		\$111,129	(\$39,678)	(\$29,758)	42,814,826		\$52,866	(\$82,624)
Balance at Nov 30, 2021													(\$36,577)

IS Profits

	Gross Reg IS Revenue	IS Gas Penalty Revenue	Unauth. IS Gas Revenue	"Net" IS Reg Revenue (4) = (1)-(2)-(3)	Reg IS Sales Mcf (5)	Commodity Cost/Mcf (6)	Total Reg IS Cost of Gas (7) = (5) x (6)	Increase In Taxable Income (8) = (4) - (7)	Profit to Be Returned To Customers (9) = (8) x 0% (a)	Applicable GCA Sales (10)	IS Profit Return Rate (11)	IS Profits Distributed to Custs. (12) = (10) x (11)	Cumulative Over/(Under) Reconciliation (13) = (9) - (12)
Balance - Nov. 30, 2021													(\$36,577)
Dec bef 12/1										3,318,033	\$0.0010	\$3,318	(\$39,895)
Dec aft 12/1	\$64,844	\$0	\$0	\$64,844	8,062	\$4.2357	\$34,148	\$30,696	\$0	2,718,816	(\$0.0008)	(\$2,175)	(\$37,720)
Jan '22 bef 12/1										0	\$0.0010	\$0	(\$37,720)
Jan '22 aft 12/1	\$3,329	\$0	\$0	\$3,329	468	\$15.2958	\$7,158	(\$3,829)	\$0	8,363,051	(\$0.0008)	(\$6,690)	(\$31,030)
Feb	\$16,543	\$0	\$0	\$16,543	2,554	\$10.5724	\$27,002	(\$10,459)	\$0	9,398,746	(\$0.0008)	(\$7,519)	(\$23,511)
March	\$8,068	\$0	\$0	\$8,068	1,251	\$11.5721	\$14,477	(\$6,409)	\$0	6,210,457	(\$0.0009)	(\$5,589)	(\$17,922)
April	\$2,424	\$0	\$0	\$2,424	289	\$7.9488	\$2,297	\$127	\$0	4,408,589	(\$0.0009)	(\$3,968)	(\$13,954)
May (est)	\$8,921	\$0	\$0	\$8,921	820	\$5.8400	\$4,789	\$4,132	\$0	1,607,205	(\$0.0009)	(\$1,446)	(\$12,508)
June (est)	\$8,220	\$0	\$0	\$8,220	760	\$5.7800	\$4,392	\$3,828	\$0	783,136	(\$0.0009)	(\$705)	(\$11,803)
July (est)	\$8,818	\$0	\$0	\$8,818	814	\$5.8000	\$4,719	\$4,099	\$0	754,447	(\$0.0008)	(\$604)	(\$11,199)
Aug (est)	\$10,115	\$0	\$0	\$10,115	932	\$5.8200	\$5,422	\$4,693	\$0	786,035	(\$0.0008)	(\$629)	(\$10,570)
Sept (est)	\$10,189	\$0	\$0	\$10,189	963	\$5.5400	\$5,336	\$4,853	\$0	927,299	(\$0.0008)	(\$742)	(\$9,828)
Oct (est)	\$9,459	\$0	\$0	\$9,459	899	\$5.4800	\$4,928	\$4,531	\$0	2,675,299	(\$0.0008)	(\$2,140)	(\$7,688)
Nov (est)	\$9,848	\$0	\$0	\$9,848	924	\$5.6200	\$5,193	\$4,655	\$0	5,431,460	(\$0.0008)	(\$4,345)	(\$3,343)
12 Months	\$160,779	\$0	\$0	\$160,779	18,736		\$119,861	\$40,918	\$0	47,382,573		(\$33,234)	\$33,234
Balance at Nov 30, 2022													(\$3,343)

(a) From Docket No. R-2020-3018929 and Docket No. R-2021-3025629

PUC Adjustment plus Interest

Month	GCA Applicable Sales (1)	PUC Adj. Factor \$/Mcf (2)	PUC Adjust. Revenues Retrnd To Custs. (3) = (1) x (2)	
Balance				(\$1,311)
- Nov. 30, 2020				
Dec bef 12/1	2,725,196	\$0.0000	\$0	(\$1,311)
Dec aft 12/1	2,888,787	\$0.0000	\$0	(\$1,311)
Jan '21 bef 12/1	-	\$0.0000	\$0	(\$1,311)
Jan '21 aft 12/1	8,289,440	\$0.0000	\$0	(\$1,311)
Feb	8,691,716	\$0.0000	\$0	(\$1,311)
March	6,975,468	\$0.0000	\$0	(\$1,311)
April	3,633,369	\$0.0000	\$0	(\$1,311)
May	2,135,649	\$0.0000	\$0	(\$1,311)
June	1,314,788	\$0.0000	\$0	(\$1,311)
July	921,121	\$0.0000	\$0	(\$1,311)
Aug	845,725	\$0.0000	\$0	(\$1,311)
Sept	888,847	\$0.0000	\$0	(\$1,311)
Oct	1,006,724	\$0.0000	\$0	(\$1,311)
Nov	2,497,996	\$0.0000	\$0	(\$1,311)
12 Months	42,814,826		\$0	
Balance at Nov 30, 2021				(\$1,311)

PUC Adjustment plus Interest

Month	GCA Applicable Sales (1)	PUC Adj. Factor \$/Mcf (2)	PUC Adjust. Revenues Retrnd To Custs. (3) = (1) x (2)	
Balance				(\$1,311)
- Nov. 30, 2021				
Dec bef 12/1	3,318,033	\$0.0000	\$0	(\$1,311)
Dec aft 12/1	2,718,816	\$0.0000	\$0	(\$1,311)
Jan '22 bef 12/1	-	\$0.0000	\$0	(\$1,311)
Jan '22 aft 12/1	8,363,051	\$0.0000	\$0	(\$1,311)
Feb	9,398,746	\$0.0000	\$0	(\$1,311)
March	6,210,457	\$0.0000	\$0	(\$1,311)
April	4,408,589	\$0.0000	\$0	(\$1,311)
May (est)	1,607,205	\$0.0000	\$0	(\$1,311)
June (est)	783,136	\$0.0000	\$0	(\$1,311)
July (est)	754,447	\$0.0000	\$0	(\$1,311)
Aug (est)	786,035	\$0.0000	\$0	(\$1,311)
Sept (est)	927,299	\$0.0000	\$0	(\$1,311)
Oct (est)	2,675,299	\$0.0000	\$0	(\$1,311)
Nov (est)	5,431,460	\$0.0000	\$0	(\$1,311)
12 Months	47,382,573		\$0	
Balance at Nov 30, 2022				(\$1,311)

Month	Gross Cost of Gas Excl. TOP (1)	Total Exclusions (2)	Net Cost of Gas (3) = (1) - (2)	Allocation Factor (4)	Recoverable Cost of Gas (5) = (3) x (4)
Balance					
- Nov. 30, 2022					
Dec (est)	\$67,276,050	\$150,407	\$67,125,643	0.99960195	\$67,098,924
Jan '23 (est)	\$81,254,050	\$193,306	\$81,060,744	0.99950992	\$81,021,018
Feb (est)	\$67,990,800	\$180,004	\$67,810,796	0.99951464	\$67,777,883
March (est)	\$52,240,300	\$189,544	\$52,050,756	0.99962487	\$52,031,230
April (est)	\$25,197,800	\$81,978	\$25,115,822	0.99951656	\$25,103,680
May (est)	\$17,824,800	\$61,413	\$17,763,387	0.99976478	\$17,759,209
June (est)	\$13,281,800	\$28,367	\$13,253,433	0.99975976	\$13,250,249
July (est)	\$12,788,800	\$22,981	\$12,765,819	0.99982877	\$12,763,633
Aug (est)	\$12,612,800	\$28,026	\$12,584,774	0.99985542	\$12,582,955
Sept (est)	\$12,537,800	\$20,871	\$12,516,929	0.99994321	\$12,516,218
Oct (est)	\$19,068,800	\$32,181	\$19,036,619	0.99981527	\$19,033,102
Nov (est)	\$32,160,800	\$25,540	\$32,135,260	0.99970976	\$32,125,933
12 Months	\$414,234,600	\$1,014,618	\$413,219,982		\$413,064,034

SSC Revenues

	CC Appl. Sales In Month (1)	CC Gas Rates (Excl GRT) (2)	CC Revenues (3) = (1) x (2)
Dec bef 12/1 (est)	5,888,818	\$7.8424	\$46,182,466
Dec aft 12/1 (est)	4,773,923	\$6.3639	\$30,380,767
Jan '23 bef 12/1 (est)	-	\$7.8424	\$0
Jan '23 aft 12/1 (est)	12,538,670	\$6.3639	\$79,794,839
Feb (est)	10,545,753	\$6.3639	\$67,112,118
March (est)	8,516,423	\$6.3639	\$54,197,664
April (est)	4,453,376	\$6.3639	\$28,340,842
May (est)	2,690,520	\$6.3639	\$17,122,198
June (est)	1,477,318	\$6.3639	\$9,401,506
July (est)	1,284,634	\$6.3639	\$8,175,283
Aug (est)	1,286,306	\$6.3639	\$8,185,925
Sept (est)	1,461,399	\$6.3639	\$9,300,200
Oct (est)	3,339,344	\$6.3639	\$21,251,251
Nov (est)	6,651,217	\$6.3639	\$42,327,680
12 Months	64,907,702		\$421,772,739

Interest on Moneys Owed to Customers - Summary

Month	CC Portion of SSC Revenue (1)	Recoverable Cost of Gas (2)	Current Over/(Under) Collection for Interest (3) = (1) - (2)
Balance			
- Nov. 30, 2022			
Dec bef 12/1 (est)			
Dec aft 12/1 (est)	\$76,563,233	\$67,098,924	\$9,464,309
Jan '23 bef 12/1 (est)			
Jan '23 aft 12/1 (est)	\$79,794,839	\$81,021,018	(\$1,226,179)
Feb (est)	\$67,112,118	\$67,777,883	(\$665,765)
March (est)	\$54,197,664	\$52,031,230	\$2,166,434
April (est)	\$28,340,842	\$25,103,680	\$3,237,162
May (est)	\$17,122,198	\$17,759,209	(\$637,011)
June (est)	\$9,401,506	\$13,250,249	(\$3,848,743)
July (est)	\$8,175,283	\$12,763,633	(\$4,588,350)
Aug (est)	\$8,185,925	\$12,582,955	(\$4,397,030)
Sept (est)	\$9,300,200	\$12,516,218	(\$3,216,018)
Oct (est)	\$21,251,251	\$19,033,102	\$2,218,149
Nov (est)	\$42,327,680	\$32,125,933	\$10,201,747
12 Months	\$421,772,739	\$413,064,034	\$8,708,705

Exhibit APD-4

Computation of Balancing Service Cost Adjustment No. 39
Application and Computation Period : 12 Months
December 1, 2022 Through November 30, 2023

1. C = Projected Cost of Gas for Application Period	\$35,361,023	Pg. 2	\$0.5448 /Mcf
2. E = Experienced and Estimated Net Over/(Under)			
a. Balancing Over / (Under)	(\$292,354)	Pg. 2	(\$0.0045) /Mcf
b. Miscellaneous Surcharge Monies	\$823,296	Pg. 5	\$0.0127 /Mcf
c. Net Interest on Item a.	\$161,265	Pg. 6	\$0.0025 /Mcf
d. Supplier Refunds (Including Interest)	<u>\$2,041</u>	Pg. 7	<u>\$0.0000</u> /Mcf
Experienced Net Over/(Under) Collections	\$694,248		\$0.0107 /Mcf
3. C - E	\$34,666,775		\$0.5341 /Mcf
4. S = Projected Sales for Computation Period	64,907,702	mcf	
Charge / (Credit) to Customers			\$0.5341 /Mcf

Over/(Under) Collections

Exhibit APD-4

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Month	Gross Cost of Storage (1)	Total Exclusions (2)	Net Cost of Storage (3) = (1) - (2)	Allocation Factor (4)	Recoverable Cost (5) = (3) x (4)	BSC Revenues In Base (6)	Monthly Over/(Under) Collection (7) = (6) - (5)	Cumulative Total (8)
Balance	-Nov 30, 2020							(\$1,495,765)
Dec	\$1,859,941	\$26,906	\$1,833,035	0.99943321	\$1,831,996	\$3,089,707	\$1,257,711	(\$238,054)
Jan '21	\$1,913,039	\$28,568	\$1,884,471	0.99966296	\$1,883,836	\$4,225,897	\$2,342,061	\$2,104,007
Feb	\$1,997,193	\$29,296	\$1,967,897	0.99960974	\$1,967,129	\$4,422,962	\$2,455,833	\$4,559,840
March	\$1,875,682	\$32,671	\$1,843,011	0.99973842	\$1,842,529	\$3,751,857	\$1,909,328	\$6,469,168
April	\$1,843,080	\$24,685	\$1,818,395	0.99970667	\$1,817,862	\$2,107,793	\$289,931	\$6,759,099
May	\$1,780,648	\$25,153	\$1,755,495	0.99979987	\$1,755,144	\$1,261,747	(\$493,397)	\$6,265,702
June	\$1,817,562	\$23,720	\$1,793,842	0.99982002	\$1,793,519	\$799,473	(\$994,046)	\$5,271,656
July	\$1,819,377	\$22,626	\$1,796,751	0.99984514	\$1,796,473	\$588,189	(\$1,208,284)	\$4,063,372
Aug	\$1,853,546	\$22,343	\$1,831,203	0.99985864	\$1,830,944	\$544,791	(\$1,286,153)	\$2,777,219
Sept	\$1,837,743	\$22,584	\$1,815,159	0.99994036	\$1,815,051	\$557,062	(\$1,257,989)	\$1,519,230
Oct	\$1,807,153	\$23,092	\$1,784,061	0.99961589	\$1,783,376	\$614,009	(\$1,169,367)	\$349,863
Nov	\$1,807,810	\$23,655	\$1,784,155	0.99946336	\$1,783,198	\$1,375,258	(\$407,940)	(\$58,077)
12 Months	\$22,212,774	\$305,299	\$21,907,475		\$21,901,057	\$23,338,745	\$1,437,688	
12 Months -Nov 30, 2022	\$29,283,248	\$314,777	\$28,968,471		\$28,960,541			

Over/(Under) Collections

Exhibit APD-4

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Month	Gross Cost of Storage (1)	Total Exclusions (2)	Net Cost of Storage (3) = (1) - (2)	Allocation Factor (4)	Recoverable Cost (5) = (3) x (4)	BSC Revenues In Base (6)	Monthly Over/(Under) Collection (7) = (6) - (5)	Cumulative Total (8)
Balance	-Nov 30, 2021							(\$58,077)
Dec	\$1,800,432	\$30,487	\$1,769,945	0.99949307	\$1,769,048	\$3,335,941	\$1,566,893	\$1,508,816
Jan '22	\$1,855,100	\$31,914	\$1,823,186	0.99946220	\$1,822,205	\$4,777,044	\$2,954,839	\$4,463,655
Feb	\$1,961,837	\$33,218	\$1,928,619	0.99960636	\$1,927,860	\$5,438,402	\$3,510,542	\$7,974,197
March	\$2,356,328	\$32,671	\$2,323,657	0.99963131	\$2,322,800	\$3,707,047	\$1,384,247	\$9,358,444
April	\$2,394,551	\$29,438	\$2,365,113	0.99965649	\$2,364,301	\$2,732,405	\$368,104	\$9,726,548
May (est)	\$2,712,000	\$23,876	\$2,688,124	0.99975975	\$2,687,478	\$1,148,226	(\$1,539,252)	\$8,187,296
June (est)	\$2,689,000	\$20,102	\$2,668,898	0.99975361	\$2,668,240	\$674,984	(\$1,993,256)	\$6,194,040
July (est)	\$2,712,000	\$22,485	\$2,689,515	0.99982455	\$2,689,043	\$630,500	(\$2,058,543)	\$4,135,497
Aug (est)	\$2,712,000	\$22,754	\$2,689,246	0.99985192	\$2,688,848	\$631,598	(\$2,057,250)	\$2,078,247
Sept (est)	\$2,689,000	\$20,230	\$2,668,770	0.99994196	\$2,668,615	\$719,178	(\$1,949,437)	\$128,810
Oct (est)	\$2,712,000	\$23,000	\$2,689,000	0.99981160	\$2,688,493	\$1,646,622	(\$1,041,871)	(\$913,061)
Nov (est)	\$2,689,000	\$24,602	\$2,664,398	0.99970441	\$2,663,610	\$3,284,317	\$620,707	(\$292,354)
12 Months	\$29,283,248	\$314,777	\$28,968,471		\$28,960,541	\$28,726,264	(\$234,277)	
12 Months -Nov 30, 2023	\$35,723,000	\$351,071	\$35,371,929		\$35,361,023			

Exclusions and Allocation Factor

Exclusions					Allocation Factor Calculation				
Month	Standby Sales Service (1)	Cost of TCS Gas (a) (2)	Rate NGS Exclusion (b) (3)	Total Exclusions (4) = (1) + (2) + (3)	Interdept. Firm Mcf (1)	BSC Sales Mcf (2)	Total Applicable Sales Mcf (3) = (1) + (2)	Allocation Factor (4) = (2)/(3)	
Dec	\$22,595	\$3,546	\$765	\$26,906	Dec	4,533	7,993,150	7,997,683	0.99943321
Jan '21	\$22,213	\$5,256	\$1,099	\$28,568	Jan '21	3,961	11,748,394	11,752,355	0.99966296
Feb	\$21,952	\$5,923	\$1,421	\$29,296	Feb	4,798	12,289,419	12,294,217	0.99960974
March	\$22,449	\$9,232	\$990	\$32,671	March	2,582	9,868,112	9,870,694	0.99973842
April	\$22,215	\$2,071	\$399	\$24,685	April	1,550	5,282,690	5,284,240	0.99970667
May	\$22,209	\$2,824	\$120	\$25,153	May	633	3,162,273	3,162,906	0.99979987
June	\$22,101	\$1,611	\$8	\$23,720	June	355	1,972,058	1,972,413	0.99982002
July	\$22,074	\$552	\$0	\$22,626	July	220	1,420,404	1,420,624	0.99984514
Aug	\$22,006	\$337	\$0	\$22,343	Aug	186	1,315,603	1,315,789	0.99985864
Sept	\$21,947	\$637	\$0	\$22,584	Sept	83	1,391,609	1,391,692	0.99994036
Oct	\$22,151	\$939	\$2	\$23,092	Oct	617	1,605,673	1,606,290	0.99961589
Nov	\$22,005	\$1,324	\$326	\$23,655	Nov	1,931	3,596,385	3,598,316	0.99946336
12 Months	\$265,917	\$34,252	\$5,130	\$305,299	12 Months	21,449	61,645,770	61,667,219	
12 Months -Nov 30, 2022	\$269,147	\$41,134	\$4,496	\$314,777					(a) TCS Sales Volume x TCS Fixed Cost Storage Component (b) Based on C factor portion of Balancing Service Charge (BSC) x NGS Sales Volume

Exclusions and Allocation Factor

Exclusions					Allocation Factor Calculation				
Month	Standby Sales Service (1)	Cost of TCS Gas (a) (2)	Rate NGS Exclusion (b) (3)	Total Exclusions (4) = (1) + (2) + (3)	Interdept. Firm Mcf (1)	BSC Sales Mcf (2)	Total Applicable Sales Mcf (3) = (1) + (2)	Allocation Factor (4) = (2)/(3)	
Dec	\$25,836	\$3,544	\$1,107	\$30,487	Dec	4,246	8,371,702	8,375,948	0.99949307
Jan '22	\$25,948	\$4,531	\$1,435	\$31,914	Jan '22	6,148	11,425,603	11,431,751	0.99946220
Feb	\$26,023	\$5,241	\$1,954	\$33,218	Feb	5,121	13,004,308	13,009,429	0.99960636
March	\$25,921	\$6,750	\$0	\$32,671	March	3,196	8,665,373	8,668,569	0.99963131
April	\$25,425	\$4,013	\$0	\$29,438	April	2,154	6,268,421	6,270,575	0.99965649
May (est)	\$18,897	\$4,979	\$0	\$23,876	May (est)	633	2,634,150	2,634,783	0.99975975
June (est)	\$17,937	\$2,165	\$0	\$20,102	June (est)	355	1,440,428	1,440,783	0.99975361
July (est)	\$20,820	\$1,665	\$0	\$22,485	July (est)	220	1,253,730	1,253,950	0.99982455
Aug (est)	\$20,669	\$2,085	\$0	\$22,754	Aug (est)	186	1,255,913	1,256,099	0.99985192
Sept (est)	\$18,597	\$1,633	\$0	\$20,230	Sept (est)	83	1,430,061	1,430,144	0.99994196
Oct (est)	\$20,322	\$2,678	\$0	\$23,000	Oct (est)	617	3,274,254	3,274,871	0.99981160
Nov (est)	\$22,752	\$1,850	\$0	\$24,602	Nov (est)	1,931	6,530,755	6,532,686	0.99970441
12 Months	\$269,147	\$41,134	\$4,496	\$314,777	12 Months	24,890	65,554,698	65,579,588	
12 Months -Nov 30, 2023	\$267,794	\$83,277	\$0	\$351,071					(a) TCS Sales Volume x TCS Fixed Cost Storage Component (b) Based on C factor portion of Balancing Service Charge (BSC) x NGS Sales Volume

BSC Revenues

	BSC Appl. Sales mcf (1)	Cost of Gas Rates (Excl GRT) (2)	Cost of Gas Revenues (3) = (1) x (2)	Prior Pd. O/(U) Adjust. Rate (4)	Prior Pd. O/(U) Adjust. Revenue (5) = (1) x (4)	Total Revenues Recovered In Base Rates (6) = (3) + (5)
Dec bef 12/1	3,880,115	\$0.3796	\$1,472,892	\$0.0354	\$137,356	\$1,610,248
Dec aft 12/1	4,113,035	\$0.3535	\$1,453,958	\$0.0062	\$25,501	\$1,479,459
Jan '21 bef 12/1	-	\$0.3796	\$0	\$0.0354	\$0	\$0
Jan '21 aft 12/1	11,748,394	\$0.3535	\$4,153,057	\$0.0062	\$72,840	\$4,225,897
Feb	12,289,419	\$0.3536	\$4,345,539	\$0.0063	\$77,423	\$4,422,962
March	9,868,112	\$0.3646	\$3,597,914	\$0.0156	\$153,943	\$3,751,857
April	5,282,690	\$0.3748	\$1,979,952	\$0.0242	\$127,841	\$2,107,793
May	3,162,273	\$0.3748	\$1,185,220	\$0.0242	\$76,527	\$1,261,747
June	1,972,058	\$0.3818	\$752,932	\$0.0236	\$46,541	\$799,473
July	1,420,404	\$0.3912	\$555,662	\$0.0229	\$32,527	\$588,189
Aug	1,315,603	\$0.3912	\$514,664	\$0.0229	\$30,127	\$544,791
Sept	1,391,609	\$0.3776	\$525,472	\$0.0227	\$31,590	\$557,062
Oct	1,605,673	\$0.3600	\$578,042	\$0.0224	\$35,967	\$614,009
Nov	3,596,385	\$0.3600	\$1,294,699	\$0.0224	\$80,559	\$1,375,258
12 Months	61,645,770		\$22,410,003		\$928,742	\$23,338,745

BSC Revenues

	BSC Appl. Sales mcf (1)	Cost of Gas Rates (Excl GRT) (2)	Cost of Gas Revenues (3) = (1) x (2)	Prior Pd. O/(U) Adjust. Rate (4)	Prior Pd. O/(U) Adjust. Revenue (5) = (1) x (4)	Total Revenues Recovered In Base Rates (6) = (3) + (5)
Dec bef 12/1	4,601,339	\$0.3600	\$1,656,482	\$0.0224	\$103,070	\$1,759,552
Dec aft 12/1	3,770,363	\$0.4327	\$1,631,436	(\$0.0146)	(\$55,047)	\$1,576,389
Jan '22 bef 12/1	-	\$0.3600	\$0	\$0.0224	\$0	\$0
Jan '22 aft 12/1	11,425,603	\$0.4327	\$4,943,858	(\$0.0146)	(\$166,814)	\$4,777,044
Feb	13,004,308	\$0.4327	\$5,626,964	(\$0.0145)	(\$188,562)	\$5,438,402
March	8,665,373	\$0.4340	\$3,760,772	(\$0.0062)	(\$53,725)	\$3,707,047
April	6,268,421	\$0.4350	\$2,726,763	\$0.0009	\$5,642	\$2,732,405
May (est)	2,634,150	\$0.4350	\$1,145,855	\$0.0009	\$2,371	\$1,148,226
June (est)	1,440,428	\$0.4677	\$673,688	\$0.0009	\$1,296	\$674,984
July (est)	1,253,730	\$0.5020	\$629,372	\$0.0009	\$1,128	\$630,500
Aug (est)	1,255,913	\$0.5020	\$630,468	\$0.0009	\$1,130	\$631,598
Sept (est)	1,430,061	\$0.5020	\$717,891	\$0.0009	\$1,287	\$719,178
Oct (est)	3,274,254	\$0.5020	\$1,643,675	\$0.0009	\$2,947	\$1,646,622
Nov (est)	6,530,755	\$0.5020	\$3,278,439	\$0.0009	\$5,878	\$3,284,317
12 Months	65,554,698		\$29,065,663		(\$339,399)	\$28,726,264

Over/(Under) Collections

Exhibit APD-4

Page 8

Month	Gross Cost of Storage (1)	Total Exclusions (2)	Net Cost of Storage (3) = (1) - (2)	Allocation Factor (4)	Recoverable Cost (5) = (3) x (4)
Balance	-Nov 30, 2022				
Dec (est)	\$3,533,000	\$37,746	\$3,495,254	0.99960195	\$3,493,863
Jan '23 (est)	\$3,533,000	\$42,149	\$3,490,851	0.99950992	\$3,489,140
Feb (est)	\$3,386,000	\$38,941	\$3,347,059	0.99951464	\$3,345,434
March (est)	\$3,533,000	\$40,890	\$3,492,110	0.99962487	\$3,490,800
April (est)	\$2,689,000	\$29,423	\$2,659,577	0.99951656	\$2,658,291
May (est)	\$2,712,000	\$25,291	\$2,686,709	0.99976478	\$2,686,077
June (est)	\$2,689,000	\$20,713	\$2,668,287	0.99975976	\$2,667,646
July (est)	\$2,712,000	\$22,969	\$2,689,031	0.99982877	\$2,688,571
Aug (est)	\$2,712,000	\$23,385	\$2,688,615	0.99985542	\$2,688,226
Sept (est)	\$2,689,000	\$20,694	\$2,668,306	0.99994321	\$2,668,154
Oct (est)	\$2,712,000	\$23,735	\$2,688,265	0.99981527	\$2,687,768
Nov (est)	\$2,823,000	\$25,135	\$2,797,865	0.99970976	\$2,797,053
12 Months	\$35,723,000	\$351,071	\$35,371,929		\$35,361,023

BSC Revenues

	BSC Appl. Sales mcf (1)	Cost of Gas Rates (Excl GRT) (2)	Cost of Gas Revenues (3) = (1) x (2)
Dec bef 12/1 (est)	5,888,818	\$0.5020	\$2,956,187
Dec aft 12/1 (est)	4,773,923	\$0.5448	\$2,600,833
Jan '23 bef 12/1 (est)	-	\$0.5020	\$0
Jan '23 aft 12/1 (est)	12,538,670	\$0.5448	\$6,831,067
Feb (est)	10,545,753	\$0.5448	\$5,745,326
March (est)	8,516,423	\$0.5448	\$4,639,747
April (est)	4,453,376	\$0.5448	\$2,426,199
May (est)	2,690,520	\$0.5448	\$1,465,795
June (est)	1,477,318	\$0.5448	\$804,843
July (est)	1,284,634	\$0.5448	\$699,869
Aug (est)	1,286,306	\$0.5448	\$700,780
Sept (est)	1,461,399	\$0.5448	\$796,170
Oct (est)	3,339,344	\$0.5448	\$1,819,275
Nov (est)	6,651,217	\$0.5448	\$3,623,583
12 Months	64,907,702		\$35,109,674

Interest on Revenues to be Returned to Customers

Month	CC Portion of BSC Revenue	Recoverable Cost of Gas	Current Over/(Under) Collection for Interest
	(1)	(2)	(3) = (1) - (2)
Balance			
-Nov 30, 2022			
Dec bef 12/1 (est)			
Dec aft 12/1 (est)	\$5,557,020	\$3,493,863	\$2,063,157
Jan '23 bef 12/1 (est)			
Jan '23 aft 12/1 (est)	\$6,831,067	\$3,489,140	\$3,341,927
Feb (est)	\$5,745,326	\$3,345,434	\$2,399,892
March (est)	\$4,639,747	\$3,490,800	\$1,148,947
April (est)	\$2,426,199	\$2,658,291	(\$232,092)
May (est)	\$1,465,795	\$2,686,077	(\$1,220,282)
June (est)	\$804,843	\$2,667,646	(\$1,862,803)
July (est)	\$699,869	\$2,688,571	(\$1,988,702)
Aug (est)	\$700,780	\$2,688,226	(\$1,987,446)
Sept (est)	\$796,170	\$2,668,154	(\$1,871,984)
Oct (est)	\$1,819,275	\$2,687,768	(\$868,493)
Nov (est)	\$3,623,583	\$2,797,053	\$826,530
12 Months	\$35,109,674	\$35,361,023	(\$251,349)

Exhibit SJH-3

2022 Balancing Charges			
Annual Cost for Storage (PECO PGC 38, Section 7 Page 1)			\$ 23,944,188
Aggregate Imbalances for TS Customers			
	Aggregate Daily Excess Deliveries	Aggregate Daily Deficient Deliveries	
Dec-20	63,553	55,983	
Jan-21	58,359	94,788	
Feb-21	94,515	35,077	
Mar-21	31,597	66,618	
Apr-21	33,823	52,650	
May-21	58,189	51,122	
Jun-21	25,599	66,232	
Jul-21	64,754	24,898	
Aug-21	30,373	69,710	
Sep-21	20,323	64,723	
Oct-21	29,369	66,363	
Nov-21	83,445	40,069	
Total	593,899	688,233	
Total Aggregate 12 Month Daily TS Imbalance in MCF			1,282,132
Projected Annual PGC Volume in MCF			65,720,240
Percentage of Storage Cost applicable to PGC customers (Agg Imbal/projected vol)			1.95%
Annual Storage Cost Applicable to Transportation Customers			
1.95% of	\$ 23,944,188		\$ 467,126
Revenue From Excess Delivery Penalty Charge for Dec 20 through Nov 21 In mcf	71,391	\$ 0.25	\$ 17,847.75
Calculation of the Proposed Adjusted Balancing Charges			
Storage Cost applicable to Transportation Customers			\$ 449,278
Divided by TS MCF Actual Dec 20 through Nov 21			25,511,702
Balancing Charge per MCF			\$0.0176

APPENDIX B

Pro Forma Tariff Pages

Retainage Volume Adjustment Rate

PECO Energy Company

Natural Gas Supplier Coordination Tariff – The Tariff, setting forth the basic requirements for interactions and coordination between the Company, as the natural gas distribution company, and Suppliers necessary for maintaining the delivery of Competitive Natural Gas Supply from Suppliers to their Low Volume Transportation Customers under the Company’s Gas Choice program.

Principal Office - The Company’s Main Office Building located at 2301 Market Street, Philadelphia, Pa. 19103.

Property line - The division line between land held in, or for, private use, and land in which the public or the Company has a right of use; or, the division line between separately owned or occupied land.

Sales Service Cost (“SSC”) - Cost of commodity and non-storage interstate pipeline firm transportation capacity to delivery such commodity to the city gate for Low Volume Sales Customers.

Rate - The rates are CAP, GR, GC, OL, L, MV-F, MV-I, IS, TCS, TS-I, TS-F, and NGS or the successors thereto.

Separate NGS Billing (“Dual Billing”) – Separate Billing by an NGS of its charges for gas supply service.

Service - The distribution of gas for use by the Customer, including all things done by the Company in connection with such distribution.

Service-Supply Pipe - The pipe extending from the Company's supply main to a metered delivery point or, in the case of installations comprised exclusively of outdoor gas lights, to the first such light.

Summary Billing Accounts - An aggregate bill prepared at the option of the Company for Customers with multiple accounts that are related within the same partnership, association, corporation or governmental agency.

Supplier of Last Resort Service (“SLR Service” or “Sales Service”) - Natural gas supply service provided by the Company as supplier-of-last-resort to residential, small commercial, small industrial and essential human needs Customers who: (1) do not choose a Supplier or chose to be served by their supplier of last resort; (2) who are refused service by a Supplier; (3) whose Supplier has defaulted or exited the system; or (4) who return to SLR service after having obtained Competitive Natural Gas Supply.

System Maintenance Order (“SMO”) – operational directive issued by the Company in its sole discretion to protect the operational integrity of its systems in terms of line pressure and adequacy of supply, which orders directly affect the quantity of gas to be delivered on the same gas day or other near-term gas days and may require a Customer or class of Customers, or a Customer’s natural gas supplier or agent, to maintain, decrease or increase the quantity of natural gas delivered to the Company’s system.

Tariff – This Gas Service Tariff comprising the rates, rules and regulations that apply to the distribution of natural gas, including all things done by the Company in connection with such distribution and/or the supply of natural gas under Supplier of Last Resort (Sales) Service.

Transportation Service – Natural gas supply service provided to HVT Customers, by an alternative Natural Gas Supplier as further detailed in Rule 1.1 of the Gas Transportation Service General Terms and Conditions Section of this Tariff.

Variable Distribution Service Charge – The variable charges on a Mcf basis for the provision of unbundled distribution service, including all things done by the Company in connection with such distribution service.

Volume Adjustment - the current adjustable factor applied to all rate classes to account for: a) reduction for system losses of 2.8% and b) thermal correction, the latter being determined by dividing the daily average Btu content per cubic foot of gas for the Company’s system by a reference Btu content of 1,000 Btu per cubic foot. (I)

(I) Denotes Increase

GAS TRANSPORTATION SERVICE - GENERAL TERMS AND CONDITIONS

(Applicable to: Rate TS-I Gas Transportation Service-Interruptible and Rate TS-F Gas Transportation Service-Firm.)

1. TRANSPORTATION SERVICE

1.1 GENERAL. Transportation service shall consist of: the receipt of gas on behalf of a Customer; the transportation of gas through the Company's distribution facilities; and the delivery of equivalent quantities of gas to the Customer, adjusted for thermal correction and system losses where applicable.

Transportation service may also include Standby Sales Service to permit purchases of gas under one of the Company's retail sales rate schedules.

1.2 TERMS DEFINED. The following definitions shall apply throughout the transportation portion of this tariff:

RECEIVED/RECEIPT shall refer to gas tendered to the Company for the Customer's account at one or more of the interconnections between the Company and its interstate pipeline suppliers, or other specified location. The normal unit of measurement is the dekatherm or mmBtu.

DELIVERED/DELIVERY shall refer to gas tendered to the Customer by the Company at the Customer's specified location. The normal unit of measurement is the Mcf.

USE/USAGE shall refer to gas actually consumed by the Customer at the specified location as measured by the Company's meter in Mcf.

DEFICIENT DELIVERIES shall refer to occurrences in which the Customer uses more gas than the quantity of transportation gas tendered by the Company for delivery.

EXCESS DELIVERIES shall refer to occurrences in which the Customer uses less than the quantity of gas tendered by the Company for delivery.

1.3 VOLUME ADJUSTMENT. The quantity of transportation gas received into the Company's distribution system for the Customer's account shall be: (a) reduced by 2.8% for system losses; and (b) adjusted for thermal correction determined by dividing the daily average Btu content per cubic foot of gas for the Company's system by a reference Btu content of 1,000 Btu per cubic foot. Where the transported gas can be delivered directly to the Customer without commingling with other system supplies, no reduction for system losses shall be made, and the thermal correction shall be based on the daily average Btu content of the pipeline to which the Customer is directly connected. (I)

1.4 SUPPLY COST ADJUSTMENT. If the Company incurs any added gas supply cost in order to provide transportation service by displacement, or for other reasons, such additional cost will be charged to the Customer. Displacement occurs when a Customer, who is directly connected to one of the Company's pipeline suppliers, arranges for receipt of transportation gas on another pipeline to which the Customer is not directly connected. Revenues received by the Company in payment for added gas supply cost will be credited to firm sales Customers through the annual Sales Service Costs reconciliation (Section 1307[f]).

1.5 SERVICE AGREEMENT. The Customer will be required to execute a Transportation Service Agreement which will specify an initial Transportation Contract Quantity (TCQ) to be the maximum daily volume of gas, expressed in Mcf net of system losses where applicable, to be transported and delivered to the Customer. The agreement will also specify delivery locations, the election of Standby Sales Service, the commodity charge to be in effect for the term of the agreement, and any special provisions for service. The standard term for a Transportation Service Agreement shall be twelve months, unless the Company and the Customer agree to a shorter or longer term.

The TCQ shall not exceed the lower of (a) the capacity of the Company's metering and regulating equipment at the Customer's location; or (b) 110% of the maximum daily usage of the Customer during the twelve-month period prior to the execution of the Transportation Service Agreement, unless full documentation of new or additional gas usage capability is provided by the Customer. If a Customer chooses to designate an Agent to act on the Customer's behalf for scheduling, dispatching, billing and other administrative aspects of transportation service, such designation shall be made in the Transportation Service Agreement. The designation of an Agent shall not relieve the Customer of ultimate responsibility for payment for service or other obligations incurred under this tariff.

Every November 1 following execution of the Transportation Service Agreement, the Customer's TCQ shall be automatically adjusted by the Company to be 110% of the maximum daily usage of the Customer during the prior twelve-month period if such adjustment would raise or lower the customer TCQ by the higher of either 10 mcf or 10%. The TCQ may also be adjusted by mutual agreement of the Customer and the Company.

(Continued)

(I) Denotes Increase

Supplier of Last Resort Service (“SLR” or “Sales Service”) - Natural gas supply service provided by the Company to residential, small commercial, small industrial and essential human needs Customers who: (1) do not choose a Supplier or chose to be served by their supplier of last resort; (2) who are refused service by a Supplier; (3) whose Supplier has defaulted or exited the system; or (4) who return to SLR service after having obtained Competitive Natural Gas Supply.

System Maintenance Order (“SMO”) - operational directives issued by the Company in its sole discretion to protect the operational integrity of its system in terms of line pressure and adequacy of supply, which orders will directly affect the quantity of gas to be delivered on the same gas day or other near-term gas days and may require a Customer or class of Customers, or a Customer’s natural gas supplier or agent, to maintain, decrease or increase the quantity of natural gas delivered to the Company’s system

Tariff - this Natural Gas Supplier Coordination Tariff.

Volume Adjustment - the current adjustable factor applied to all rate classes to account

for: a) reduction for system losses of 2.8%; and b) thermal correction, the latter being determined by dividing the daily average Btu content per cubic foot of gas for the Company’s system by a reference Btu content of 1,000 Btu per cubic foot.

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PECO Energy Company

Supplement No. ~~x~~ to
Gas-Pa. P.U.C. No. 4
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Natural Gas Supplier Coordination Tariff – The Tariff, setting forth the basic requirements for interactions and coordination between the Company, as the natural gas distribution company, and Suppliers necessary for maintaining the delivery of Competitive Natural Gas Supply from Suppliers to their Low Volume Transportation Customers under the Company's Gas Choice program.

Principal Office - The Company's Main Office Building located at 2301 Market Street, Philadelphia, Pa. 19103.

Property line - The division line between land held in, or for, private use, and land in which the public or the Company has a right of use; or, the division line between separately owned or occupied land.

Sales Service Cost ("SSC") - Cost of commodity and non-storage interstate pipeline firm transportation capacity to delivery such commodity to the city gate for Low Volume Sales Customers.

Rate - The rates are CAP, GR, GC, OL, L, MV-F, MV-I, IS, TCS, TS-I, TS-F, and NGS or the successors thereto.

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Service - The distribution of gas for use by the Customer, including all things done by the Company in connection with such distribution.

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Tariff – This Gas Service Tariff comprising the rates, rules and regulations that apply to the distribution of natural gas, including all things done by the Company in connection with such distribution and/or the supply of natural gas under Supplier of Last Resort (Sales) Service.

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Volume Adjustment - the current adjustable factor applied to all rate classes to account for: a) reduction for system losses of ~~2.8~~ % (l) and b) thermal correction, the latter being determined by dividing the daily average Btu content per cubic foot of gas for the Company's system by a reference Btu content of 1,000 Btu per cubic foot.

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Effective December 1, 2022

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GAS TRANSPORTATION SERVICE - GENERAL TERMS AND CONDITIONS

(Applicable to: Rate TS-I Gas Transportation Service-Interruptible and Rate TS-F Gas Transportation Service-Firm.)

1. TRANSPORTATION SERVICE

1.1 GENERAL. Transportation service shall consist of: the receipt of gas on behalf of a Customer; the transportation of gas through the Company's distribution facilities; and the delivery of equivalent quantities of gas to the Customer, adjusted for thermal correction and system losses where applicable.

Transportation service may also include Standby Sales Service to permit purchases of gas under one of the Company's retail sales rate schedules.

1.2 TERMS DEFINED. The following definitions shall apply throughout the transportation portion of this tariff:

RECEIVED/RECEIPT shall refer to gas tendered to the Company for the Customer's account at one or more of the interconnections between the Company and its interstate pipeline suppliers, or other specified location. The normal unit of measurement is the dekatherm or mmBtu.

DELIVERED/DELIVERY shall refer to gas tendered to the Customer by the Company at the Customer's specified location. The normal unit of measurement is the Mcf.

USE/USAGE shall refer to gas actually consumed by the Customer at the specified location as measured by the Company's meter in Mcf.

DEFICIENT DELIVERIES shall refer to occurrences in which the Customer uses more gas than the quantity of transportation gas tendered by the Company for delivery.

EXCESS DELIVERIES shall refer to occurrences in which the Customer uses less than the quantity of gas tendered by the Company for delivery.

1.3 VOLUME ADJUSTMENT. The quantity of transportation gas received into the Company's distribution system for the Customer's account shall be: (a) reduced by 2.8% for system losses; and (b) adjusted for thermal correction determined by dividing the daily average Btu content per cubic foot of gas for the Company's system by a reference Btu content of 1,000 Btu per cubic foot. Where the transported gas can be delivered directly to the Customer without commingling with other system supplies, no reduction for system losses shall be made, and the thermal correction shall be based on the daily average Btu content of the pipeline to which the Customer is directly connected.

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1.4 SUPPLY COST ADJUSTMENT. If the Company incurs any added gas supply cost in order to provide transportation service by displacement, or for other reasons, such additional cost will be charged to the Customer. Displacement occurs when a Customer, who is directly connected to one of the Company's pipeline suppliers, arranges for receipt of transportation gas on another pipeline to which the Customer is not directly connected. Revenues received by the Company in payment for added gas supply cost will be credited to firm sales Customers through the annual Sales Service Costs reconciliation (Section 1307(f)).

1.5 SERVICE AGREEMENT. The Customer will be required to execute a Transportation Service Agreement which will specify an initial Transportation Contract Quantity (TCQ) to be the maximum daily volume of gas, expressed in Mcf net of system losses where applicable, to be transported and delivered to the Customer. The agreement will also specify delivery locations, the election of Standby Sales Service, the commodity charge to be in effect for the term of the agreement, and any special provisions for service. The standard term for a Transportation Service Agreement shall be twelve months, unless the Company and the Customer agree to a shorter or longer term.

The TCQ shall not exceed the lower of (a) the capacity of the Company's metering and regulating equipment at the Customer's location; or (b) 110% of the maximum daily usage of the Customer during the twelve-month period prior to the execution of the Transportation Service Agreement, unless full documentation of new or additional gas usage capability is provided by the Customer. If a Customer chooses to designate an Agent to act on the Customer's behalf for scheduling, dispatching, billing and other administrative aspects of transportation service, such designation shall be made in the Transportation Service Agreement. The designation of an Agent shall not relieve the Customer of ultimate responsibility for payment for service or other obligations incurred under this tariff.

Every November 1 following execution of the Transportation Service Agreement, the Customer's TCQ shall be automatically adjusted by the Company to be 110% of the maximum daily usage of the Customer during the prior twelve-month period if such adjustment would raise or lower the customer TCQ by the higher of either 10 mcf or 10%. The TCQ may also be adjusted by mutual agreement of the Customer and the Company.

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PECO Energy Company

Supplier of Last Resort Service ("SLR" or "Sales Service") - Natural gas supply service provided by the Company to residential, small commercial, small industrial and essential human needs Customers who: (1) do not choose a Supplier or chose to be served by their supplier of last resort; (2) who are refused service by a Supplier; (3) whose Supplier has defaulted or exited the system; or (4) who return to SLR service after having obtained Competitive Natural Gas Supply.

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Tariff - this Natural Gas Supplier Coordination Tariff.

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for: a) reduction for system losses of 2.8%; and b) thermal correction, the latter being determined by dividing the daily average Btu content per cubic foot of gas for the Company's system by a reference Btu content of 1,000 Btu per cubic foot.

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Effective December 1, 2022

APPENDIX C

**Ratable Hedging Program
Execution Schedule**

RATABLE HEDGING SCHEDULE

Year 6 Winter		Execution Periods					
	Total Daily	Nov '20	Mar '21	Jul '21	Nov '21	Mar '22	Jul '22
Delivery Month	Hedged DTH	24 Months Out	20 Months Out	16 Months Out	12 Months Out	8 Months Out	4 Months Out
Nov '22	36,000	6,000	6,000	6,000	6,000	6,000	6,000
Dec '22	36,000	6,000	6,000	6,000	6,000	6,000	6,000
Jan '23	36,000	6,000	6,000	6,000	6,000	6,000	6,000
Feb '23	36,000	6,000	6,000	6,000	6,000	6,000	6,000
Mar '23	36,000	6,000	6,000	6,000	6,000	6,000	6,000

Year 7 Winter		Execution Periods					
	Total Daily	Nov '21	Mar '22	Jul '22	Nov '22	Mar '23	Jul '23
Delivery Month	Hedged DTH	24 Months Out	20 Months Out	16 Months Out	12 Months Out	8 Months Out	4 Months Out
Nov '23	36,000	6,000	6,000	6,000	6,000	6,000	6,000
Dec '23	36,000	6,000	6,000	6,000	6,000	6,000	6,000
Jan '24	36,000	6,000	6,000	6,000	6,000	6,000	6,000
Feb '24	36,000	6,000	6,000	6,000	6,000	6,000	6,000
Mar '24	36,000	6,000	6,000	6,000	6,000	6,000	6,000

Year 8 Winter		Execution Periods					
	Total Daily	Nov '22	Mar '23	Jul '23	Nov '23	Mar '24	Jul '24
Delivery Month	Hedged DTH	24 Months Out	20 Months Out	16 Months Out	12 Months Out	8 Months Out	4 Months Out
Nov '24	36,000	6,000	6,000	6,000	6,000	6,000	6,000
Dec '24	36,000	6,000	6,000	6,000	6,000	6,000	6,000
Jan '25	36,000	6,000	6,000	6,000	6,000	6,000	6,000
Feb '25	36,000	6,000	6,000	6,000	6,000	6,000	6,000
Mar '25	36,000	6,000	6,000	6,000	6,000	6,000	6,000

Year 9 Winter		Execution Periods					
	Total Daily	Nov '23	Mar '24	Jul '24	Nov '24	Mar '25	Jul '25
Delivery Month	Hedged DTH	24 Months Out	20 Months Out	16 Months Out	12 Months Out	8 Months Out	4 Months Out
Nov '25	36,000	6,000	6,000	6,000	6,000	6,000	6,000
Dec '25	36,000	6,000	6,000	6,000	6,000	6,000	6,000
Jan '26	36,000	6,000	6,000	6,000	6,000	6,000	6,000
Feb '26	36,000	6,000	6,000	6,000	6,000	6,000	6,000
Mar '26	36,000	6,000	6,000	6,000	6,000	6,000	6,000

APPENDIX D

**PECO Energy Company's
Statement in Support**

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	
	:	
v.	:	Docket No. R-2022-3032250
	:	
PECO ENERGY COMPANY	:	

**PECO ENERGY COMPANY’S
STATEMENT IN SUPPORT OF THE
JOINT PETITION FOR COMPLETE SETTLEMENT**

PECO Energy Company (“PECO” or the “Company”) submits this Statement in Support with respect to the unopposed Joint Petition for Complete Settlement (“Joint Petition” or “Settlement”) in the above-captioned proceeding.¹ For the reasons stated herein and in the Joint Petition, PECO believes that the settlement embodied in the Joint Petition is fair and reasonable and in the public interest. PECO also believes that the settlement terms comply with and implement the Commission’s regulations in a just and reasonable manner. Additionally, by resolving all issues raised in this proceeding, this Settlement will avoid the time, expense and uncertainty of litigation. Therefore, PECO requests that Administrative Law Judge Darlene Heep and the Commission approve the Joint Petition, without modification, and make the findings required by Sections 1317 and 1318 of the Public Utility Code (66 Pa. C.S.A. §§ 1317 and 1318).

I. BACKGROUND

On April 29, 2022, pursuant to 66 Pa. C. S. § 1307(f) and 52 Pa. Code §§ 53.64 and 53.65, PECO submitted data, as required by the Commission’s regulations, in advance of its annual

¹ The Joint Petitioners are PECO, the Office of Consumer Advocate (“OCA”), the Pennsylvania Public Utility Commission’s (“Commission”) Bureau of Investigation and Enforcement (“I&E”), and the Office of Small Business Advocate (“OSBA”) (hereinafter referred to collectively as “Settling Parties”). The Philadelphia Area Industrial Energy Users Group (“PAIEUG”) have indicated that it is not opposed to the Settlement. Each of the aforementioned are referred to individually as a “Party” herein.

Purchased Gas Cost (“PGC”) rate filing (“Advance Filing”). The Advance Filing consists of Sections 1 through 22, which respond to information requests in the Commission’s regulations at 52 Pa. Code § 53.64.

On May 31, 2022, PECO filed its Purchased Gas Cost No. 39 rate to become effective for service rendered on and after December 1, 2022 (“PGC 39 Filing”). PECO made the PGC 39 Filing pursuant to 66 Pa. C.S. § 1307(f), which authorizes certain natural gas distribution companies to make annual purchased gas cost filings with the Commission to reflect increases or decreases in their natural gas costs. Pursuant to 66 Pa. C.S. § 1307(f)(3), the Company’s PGC 39 Filing included a reconciliation of expenses previously incurred and revenues received. In support of its PGC 39 Filing, PECO submitted supporting data and information including the Direct Testimonies of witnesses Scott J. Hughes (PECO Statement No. 1) and Anthony P. DiFelice (PECO Statement No. 2) and accompanying exhibits.

A. Direct Testimony of Scott J. Hughes

In its PGC 39 Filing, PECO made the following requests and proposals, in relevant part:

(i) Historic and Projected Gas Purchases

The PGC 39 Filing proposed to recover the Company’s historic gas purchases as set forth in Section 1 of the Advance Information (PECO St. No. 1, pp. 5-7) and the Company’s projected gas purchases as set forth in Sections 6 and 7 of the Advance Information. (PECO St. No. 1, p. 7). According to Section 6 of the Advance Information, the total projected cost applicable to the PGC for the estimated period is \$193.8 million. (PECO St. No. 1, p. 8). According to Section 7 of the Advance Information, the total projected cost applicable to the PGC for the application period is approximately \$446.2 million. (PECO St. No. 1, p. 8).

(ii) Gas Purchase Policies and Practices

The PGC 39 Filing also sought acceptance of the Company's least-cost procurement policy, which achieves a reasonable balance of long- and short-term gas purchases under different pricing approaches (designed to reduce price volatility risk) in order to achieve system supply reliability at the least-cost. (PECO St. No. 1, pp. 8-10). PECO's procurement policy also incorporates use of its interstate transportation contracts to purchase supplies from geographically diverse locations that have substantial liquidity, and its peaking facilities. (PECO St. No. 1, pp. 11-12).

(iii) Hedging Policy

Regarding its Ratable Hedging Program, the Company proposed extending the Ratable Hedging Program by an additional year. (PECO St. No. 1, p. 30). In addition, as agreed in the 2020 Joint Petition for Complete Settlement (2020 Joint Petition),² PECO will no longer engage in hedging for summer purchases but will continue with its current winter hedging schedule. (PECO St. No. 1, p. 28).

(iv) Off System Sales Sharing Mechanism

The PGC 39 Filing also proposed to extend the Company's existing 25% off-system sales sharing mechanism through November 30, 2025. (PECO St. No. 1, p. 38).

(v) The Balancing Charge

The PGC 39 Filing proposed a Balancing Charge of \$0.0176 per Mcf to become effective on December 1, 2022 (\$0.0035 per Mcf less than the currently effective Balancing Charge). (PECO St. No. 1, pp. 30-31).

² See Pennsylvania Public Utility Commission v. PECO Energy Company, Docket No. R-2020-3019661, Order Adopting Joint Petition for Complete Settlement, dated October 8, 2020 (hereinafter referred to as the "2020 Joint Petition").

B. Direct Testimony of Anthony P. DiFelice

(i) Proposed PGC Rates

The PGC 39 Filing described the development of the PGC rates to become effective December 1, 2022, and requested approval thereof. (PECO St. No. 2, pp. 5-6). The PGC rate is unbundled into the Sales Service Cost (“SSC”) and the Balancing Service Cost (“BSC”). (PECO St. No. 2, pp. 5-6). The SSC is a charge to those customers purchasing gas supply from PECO. (PECO St. No. 2, p. 3). The BSC recovers costs associated with the operation of contract storage facilities and PECO’s peaking services from all of PECO’s low-volume customers. (PECO St. No. 2, p. 3).

II. RESOLUTION OF ISSUES & SETTLEMENT TERMS

A. Resolution of Issues

Some of the Parties raised issues concerning the Company’s approach to renewable natural gas (“RNG”) and the potential use of financial hedging to assist in providing rate relief to customers.

B. Settlement Terms

The specific terms detailing the agreement of the Settling Parties is set forth in detail below:

Purchased Gas Cost Rates – PECO’s forecast of purchased natural gas costs and its purchased natural gas cost rates,³ as originally filed, are accepted, subject to further adjustment in accordance with the Commission’s quarterly adjustment procedures as set forth in 52 Pa. Code § 53.64 and to account for changes that may result from the outcome of PECO’s currently ongoing natural gas distribution base rate case at Docket No. R-2022-3031113 (the “2022 Gas Base Rate Case”).

³ The Company’s PGC Rates are comprised of the Commodity Charge (“CC”), the Gas Cost Adjustment Charge (“GCA”), and the BSC.

Balancing Charge Rate – The Company proposed a Balancing Charge of \$0.0176 per Mcf to become effective on December 1, 2022 (\$0.0035 per Mcf less than the currently effective Balancing Charge).

The Settling Parties have agreed to adopt the as-filed Balancing Charge. Accordingly, the Balancing Charge, effective December 1, 2022, will be \$0.0176 per Mcf.

Retainage Volume Adjustment Rate – In accordance with Paragraph 18 of the 2021 Joint Petition,⁴ the retainage volume adjustment for transportation service customers for the 12 months beginning December 1, 2021 and ending November 30, 2022 is 2.3%, which was calculated based on the weighted three-year average of LUGF plus the portion of Company-use gas attributable to preheater gate station usage for the period ending June 30, 2021. The Company also agreed that (i) the retainage volume adjustment for the twelve-month period ending November 30, 2022, would be calculated based on the weighted three-year average of LUGF plus the portion of Company-use natural gas attributable to preheater gate station usage for the period ending June 30, 2021; and (ii) Direct Pipeline customer sendout and volumes delivered would be removed from the retainage rate calculation beginning with this PGC filing and on a going forward basis.

The Settling Parties agree that the retainage volume adjustment will be 2.8% for the 12 months beginning December 1, 2022 and ending November 30, 2023, as shown on the tariff pages attached to the Joint Petition as Appendix B.

Gas Price Hedging – The Company has complied with the terms of the Ratable Hedging Program for all hedges made through April 2022 and will continue to do so. In the PGC 39 Filing, PECO requested that the Ratable Hedging Program be extended for an additional year. Extending

⁴ See Pennsylvania Public Utility Commission v. PECO Energy Company, Docket No. R-2021-302629, Order Adopting Joint Petition for Complete Settlement, dated October 7, 2021 (hereinafter referred to as the 2021 Joint Petition).

the program for an additional year (“Year 9”) will add Winter periods with volumes at the same bifurcated volumetric level, and with execution periods similar to those used in prior years.

Specifically, the Settling Parties have agreed: (i) to extend the Ratable Hedging program for an additional year, which will continue with the current winter hedging schedule of 36,000 Dth/day. The revised Ratable Hedging Program execution schedule is attached to the Joint Petition as Appendix C.

Financial Hedging – PECO will research both the possibility of entering into financial hedges and the possibility of making changes to the volumes associated with the Ratable Hedging program in the future for the purpose of mitigating the potential for future PGC rate volatility. In its 2023 PGC Filing, the Company will present results of its hedging research and analysis and any related proposals to utilize financial hedges or otherwise change the existing hedging program.

Renewable Natural Gas (“RNG”) – PECO will continue pursuing sources of RNG production via interconnections with RNG producers onto PECO’s gas system. Should PECO acquire RNG, the Company intends to do so at market-based natural gas prices. PECO will not plan to pay a premium for, or otherwise acquire, the environmental attributes of the RNG. Any investment or O&M cost required to bring RNG onto PECO’s system will be assumed by the RNG producer. PECO will provide an update on its efforts to procure RNG in its next annual PGC filing in 2023.

This update will include the following information related to RNG contracts (to the extent applicable): volumes of RNG, prices, length of contract, attributes / environmental credits received or not received, and distribution system capital and/or O&M costs incurred and recovered in the contract.

Lost And Unaccounted For Gas Monitoring And Reporting – Though not obligated to do so, the Company has voluntarily reported a three-year weighted average for the periods ending

March 31, 2022, and June 30, 2022, consistent with the previous reporting mechanism set forth in the 2015 Joint Petition.⁵ The Settling Parties have accepted the Company's reported lost and unaccounted for gas ("LUFG") percentages as being reasonable.

Off-System Sales/Capacity Release Sharing – As agreed upon by the Settling Parties, PECO will extend the off-system sharing mechanism at 25% of margin revenues through November 30, 2025.

Interest Rate for Over- and Under-Collections – PECO applied the prime rate in effect for commercial borrowing 60 days prior to the annual PGC filing date to the monthly over- and under-collections for the PGC period December 1, 2021 through November 30, 2022. Going forward, as previously agreed, PECO will use the prime rate for commercial borrowing in effect 60 days prior to the annual PGC filing (which occurs on or before June 1 of each year) to determine interest on the monthly over- and under-collections through November 30 of the year in which the PGC filing is made.

Each of the above-referenced areas is described in further detail below.

Purchased Gas Cost Rates. The reasonableness of the Company's historical gas costs for the 12-month period ending March 31, 2022, is affirmed by the Settlement. (*See* Joint Petition, ¶ 36(a)(i)). Specifically, the Joint Petition concludes that PECO has satisfied the requirements of Section 1318 of the Public Utility Code by pursuing a least-cost fuel procurement policy, consistent with its obligation to provide safe, adequate and reliable natural gas distribution service to its customers, and that PECO has met the requirements of the Public Utility Code relating to affiliate purchases. The Settlement also provides a reasonable basis for calculating and setting the

⁵ See Pennsylvania Public Utility Commission v. PECO Energy Company, Docket No. R-2015-2480969, Order Adopting Joint Petition for Complete Settlement, dated October 22, 2015 (hereinafter referred to as the 2015 Joint Petition).

GCA, CC and BSC to become effective December 1, 2022. (See Joint Petition, ¶ 16(a) and Appendix A). These rates in dollars per Mcf are as follows:

	Rates GR and CAP (\$/Mcf)	Rate GC (\$/Mcf)	Rates OL, L and MV-F (\$/Mcf)
CC	\$6.4145	\$6.3928	\$6.3896
GCA	\$0.5530	\$0.5530	\$0.5530
BSC	\$0.5341	\$0.5341	\$0.5341
Total PGC Rate Effective December 1, 2022	\$7.5016	\$7.4799	\$7.4767

To the extent that actual experience and changes in forecasted natural gas prices and demand would alter such rates or to the extent required to account for changes that may result from the outcome of the 2022 Gas Base Rate Case, PECO reserves the right to file quarterly adjustments to be effective September 1, 2022 and December 1, 2022, and thereafter in accordance with 52 Pa. Code § 53.64. For the December 1, 2022 filing, the PGC rates will be updated as noted above.⁶ As a result, the Settlement allows the Company to recover a reasonable estimate of its projected period purchased gas costs in a manner that protects the interests of the Company and its customers. Under Paragraph 35(b)(ii) of the Joint Petition, the Commission will continue to have the authority to review the actual costs incurred by the Company in a subsequent audit or Section 1307(f) proceeding.

As agreed in the Joint Petition, PECO reserves the right to update Rate TS-F (Gas Transportation Service-Firm) standby sales service demand charge, as shown in Appendix A of the Joint Petition (PECO St. No. 2, Exhibit APD-1), to become effective December 1, 2022, to the extent that actual experience and changes in forecasted natural gas prices and demand would alter those rates.

⁶ As further modified by the Commission's Order in the Company's 2020 Gas Base Rate Case, which changed the GPC and the write-off factors (and subsequently the MFCs) and eliminated Rate CGS.

Balancing Charge Rate. Under the terms of the 2008 Base Rate Case Settlement, the Company is required to update the Balancing Charge as part of its annual 1307(f) filing. The Company proposed a Balancing Charge of \$0.0176 per Mcf to become effective on December 1, 2021, which is \$0.0035 per Mcf less than the currently effective Balancing Charge. (See Joint Petition, ¶ 17(a) and Appendix A). The Settling Parties have agreed to adopt PECO's as-filed Balancing Charge. Accordingly, the Balancing Charge, effective December 1, 2022, will be \$0.0176 per Mcf.

Retainage. Some portion of the natural gas introduced into PECO's distribution system becomes LUGF. Transportation customers arrange to have natural gas delivered to PECO's "City Gate" for delivery to them through PECO's distribution system. PECO, like all other natural gas distribution companies, has tariff rules applicable to transportation service providing that some portion of the natural gas delivered to its City Gate will be deemed to be LUGF. The portion of the natural gas deemed to be LUGF for transported volumes is considered "retainage" and is expressed as a percentage.

In accordance with Paragraph 18 of the 2021 Joint Petition for Complete Settlement, the retainage volume adjustment for transportation service customers is 2.3% for the 12 months beginning December 1, 2021 and ending November 30, 2022. This figure was calculated based on the weighted three-year average of LUGF plus the portion of Company-use gas attributable to preheater gate station usage for the period ending June 30, 2021. The Company agreed in the 2020 Joint Petition that (i) the retainage volume adjustment for the twelve-month period ending November 30, 2022 would be calculated based on the weighted three-year average of LUGF plus the portion of Company-use natural gas attributable to preheater gate station usage for the period ending June 30, 2021, and (ii) Direct Pipeline customer sendout and volumes delivered would be removed from the retainage rate calculation on a going forward basis.

Accordingly, the retainage volume adjustment will be 2.8% for the 12 months beginning December 1, 2022 and ending November 30, 2023, as shown on the tariff pages attached to the Joint Petition as Appendix B. (Joint Petition, ¶ 18(d)).

Gas Price Hedging. PECO employs hedging as an additional tool to purchase natural gas on a basis that reasonably ensures system reliability at the least cost. (PECO St. No. 1, p. 27). PECO's current hedging program, the Ratable Hedging Program, was approved by the Commission as part of the settlement as set forth in 2016 Joint Petition for Complete Settlement,⁷ and extended for an additional three years as part of the settlement as set forth in the 2017 Joint Petition for Complete Settlement,⁸ 2018 Joint Petition for Complete Settlement,⁹ and 2019 Joint Petition for Complete Settlement.¹⁰ The program was extended further and modified to eliminate summer hedging in the 2020 Joint Petition. The program was extended an additional year as part of the settlement as set forth in the 2021 Joint Petition.

PECO has complied with the terms of the Ratable Hedging Program for all hedges made through April 2022 and will continue to do so. (Joint Petition, ¶ 19(a)). In its PGC 39 Filing, the Company proposed that the Ratable Hedging Program be extended for an additional year, as modified in the 2020 Joint Petition, with the effect that hedging associated with summer purchases was eliminated on a going forward basis. The Settling Parties have agreed to extend the Ratable

⁷ See Pennsylvania Public Utility Commission v. PECO Energy Company, Docket No. R-2016-2545925, Order Adopting Joint Petition for Complete Settlement, dated October 6, 2016 (hereinafter referred to as the "2016 Joint Petition").

⁸ See Pennsylvania Public Utility Commission v. PECO Energy Company, Docket No. R-2017-2602611, Order Adopting Joint Petition for Complete Settlement, dated October 5, 2017 (hereinafter referred to as the "2017 Joint Petition").

⁹ See Pennsylvania Public Utility Commission v. PECO Energy Company, Docket No. R-2018-3001568, Order Adopting Joint Petition for Complete Settlement, dated October 4, 2018 (hereinafter referred to as the "2018 Joint Petition").

¹⁰ See Pennsylvania Public Utility Commission v. PECO Energy Company, Docket No. 2019-3009624, Order Adopting Joint Petition for Complete Settlement, dated October 3, 2019 (hereinafter referred to as the "2019 Joint Petition").

Hedging Program for an additional year, which will continue with the current winter hedging schedule of 36,000 Dth/day. The revised Ratable Hedging Program execution schedule is attached as Appendix C.

Financial Hedging. As part of the settlement in this proceeding, and although not required, PECO will research both the possibility of entering into financial hedges and the possibility of making changes to the volumes associated with the Ratable Hedging program in the future for the purpose of mitigating the potential for future PGC rate volatility. In its 2023 PGC Filing, the Company will present results of its hedging research and analysis and any related proposals to utilize financial hedges or otherwise change the existing hedging program.

Renewable Natural Gas (“RNG”). PECO will continue pursuing sources of RNG production via interconnections with RNG producers onto PECO’s gas system. Should PECO acquire RNG, the Company intends to do so at market-based natural gas prices. PECO will not plan to pay a premium for, or otherwise acquire, the environmental attributes of the RNG. Any investment or O&M cost required to bring RNG onto PECO’s system will be assumed by the RNG producer. PECO will provide an update on its efforts to procure RNG in its next annual PGC filing in 2023.

This update will include the following information related to RNG contracts (to the extent applicable): volumes of RNG, prices, length of contract, attributes / environmental credits received or not received, and distribution system capital and/or O&M costs incurred and recovered in the contract.

Lost and Unaccounted For Gas Monitoring and Reporting. Though not required, PECO has voluntarily provided a three-year weighted average for the periods ending March 31, 2022 and

June 30, 2022, consistent with the methodology set forth in Paragraph 20(c) of the 2015 Joint Petition for Complete Settlement,¹¹ in the following tables:

PECO LUGF Calculation 2020-2022 PGC (3-Year Average)

	Sendout in Mcf	Billed Sales in Mcf	LUGF
12 Months Ending 3/31/20	84,510,551	84,400,524	0.1%
12 Months Ending 3/31/21	89,347,192	86,980,491	2.6%
12 Months Ending 3/31/22	88,449,680	86,529,132	2.2%
36 Months Ending 3/31/22	262,307,423	257,910,147	1.7%

PECO LUGF Calculation 2022 PGC			
	Sendout in MCF	Billed Sales in MCF	LUGF
12 months ending 6/30/2020	85,885,333	84,063,725	2.1%
12 months ending 6/30/2021	88,714,421	86,920,502	2.0%
12 months ending 6/30/2022	88,537,396	85,950,211	2.9%
36 months ending 6/30/2022	263,137,150	256,934,438	2.4%

Off System Sales/Capacity Release Sharing. Under its currently approved sharing mechanism, PECO receives 25% of all margin revenues from off-system sales transactions and capacity release transactions (PECO St. 1, p. 38). The Settling Parties have agreed, with respect to this proceeding that PECO will be permitted to continue to receive 25% of all such margin revenues stated above through November 30, 2025. (Joint Petition, ¶ 22). This extension, from November 30, 2024 to November 30, 2025, will allow the Company to enter into longer term asset management agreements, which the Company believes, under certain conditions, will potentially provide for a larger reduction in gas costs (PECO St. 1, p. 39).

¹¹ See Pennsylvania Public Utility Commission v. PECO Energy Company, Docket No. R-2015-2480969, Order Adopting Joint Petition for Complete Settlement, dated October 22, 2015 (hereinafter referred to as the “2015 Joint Petition”).

Interest Rate for Over- and Under-Collections. While PECO files its annual 1307(f) filing on or around June 1 of each year, the Company makes quarterly filings throughout the 12-month period to update rates to reflect actual experience and changes in supply and demand, consistent with 52 Pa. Code § 53.64. Following the amendment of 66 Pa. C.S.A. §1307(f)(5), which now requires that “[r]efunds to customers shall be made with and recoveries from customers shall include interest at the prime rate for commercial borrowing in effect 60 days prior to the tariff filing made under paragraph (1) . . . ,” and in compliance with Paragraph 23(b) of the 2017 Joint Petition, PECO applied the prime rate in effect 60 days prior to the annual PGC filing date to the over- and under-collections for the PGC period December 1, 2021 through November 30, 2022. Going forward, as previously agreed, PECO will use the prime rate for commercial borrowing in effect 60 days prior to the annual PGC filing (which occurs on or before June 1 of each year) to determine interest on the over- and under-collections through November 30 of the year in which the PGC filing is made.

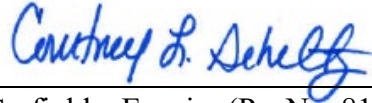
For example, if next year’s PGC filing were made on June 1, 2023, PECO would apply the prime rate for commercial borrowing in effect 60 days in advance of that date to determine the interest to be applied to over- and under-collections from December 1, 2022 through November 30, 2023.

III. CONCLUSION

This Settlement achieves significant positive results, as summarized above. Each of the terms of the Settlement are consistent with PECO’s obligation to provide safe, adequate and reliable natural gas distribution service to its customers. All of the positive results of this Settlement are achieved without requiring hearings, briefing and time consuming and expensive litigation.

For all of the foregoing reasons, PECO Energy Company supports the Joint Petition and respectfully requests that the Administrative Law Judge and the Commission approve it in its entirety and without modification.

Respectfully submitted,



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Counsel for PECO Energy Company

Dated: August 9, 2022

APPENDIX E

**Office of Consumer Advocate's
Statement in Support**

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission :
 :
v. : Docket No. R-2022-3032250
 :
PECO Energy Company :
 :

STATEMENT OF THE
OFFICE OF CONSUMER ADVOCATE
IN SUPPORT OF THE
JOINT PETITION FOR COMPLETE SETTLEMENT

The Office of Consumer Advocate (OCA), a signatory to the Joint Petition for Complete Settlement (Settlement) in the above-captioned proceeding, respectfully requests that the terms and conditions of the Settlement be approved by Administrative Law Judge Darlene D. Heep as well as the Pennsylvania Public Utility Commission (Commission). It is the position of the OCA that the proposed Settlement is in the public interest and in the interests of the residential natural gas customers of PECO Energy Company.

I. INTRODUCTION

On April 29, 2022, PECO Energy Company (PECO or the Company) submitted its purchased gas cost (PGC) pre-filing pursuant to Sections 53.64 and 53.65 of the Pennsylvania Public Utility Commission’s (Commission) regulations, 52 Pa. Code §§ 53.64, 53.65. The OCA filed a Formal Complaint and Public Statement in this proceeding on May 25, 2022, to help ensure that the proposed PGC rates are consistent with a least cost fuel procurement policy and do not

result in rates and charges that are excessive, unjust or unreasonable, discriminatory, or otherwise contrary to Commission regulations or policy.

On May 31, 2022, PECO filed its definitive PGC filing with the Commission, PGC No. 39, proposed Supplement No. 11 to Tariff Gas - Pa. P.U.C. No. 4, to become effective for service rendered on and after December 1, 2022. This filing was assigned to ALJ Heep for investigation and scheduling of hearings to determine whether PECO's gas costs comply with the standards set forth in the Public Utility Code.

On June 9, 2022, a telephonic prehearing conference was held before ALJ Heep at which the Parties agreed to a procedural schedule for the submission of additional written testimony and the holding of evidentiary hearings. This was memorialized in the Prehearing Order, issued by ALJ Heep on June 17, 2022.

To assist in its review of the PECO filing, the OCA retained the services of Jerome D. Mierzwa, a principal in the firm Exeter Associates who has extensive experience in the natural gas industry generally and in reviewing Pennsylvania natural gas distribution company PGC filings. The OCA issued three sets of interrogatories to PECO in this case and reviewed PECO's responses to the interrogatories issued by the other parties to the proceeding.

The parties began settlement discussions while discovery was ongoing, and as stated in the Settlement at ¶ 14, a settlement was reached prior to the due date for the submission of non-PECO direct testimony. Importantly, based on its review of the PECO filing and the Company's discovery responses, and prior to agreeing to the Settlement, the OCA determined that it would not be filing testimony as it had identified no significant concerns with the PECO filing. Therefore, for the reasons set forth below, the OCA submits that the proposed Settlement is in the public interest and should be adopted by the Commission.

II. SETTLEMENT TERMS

A. Purchased Gas Cost Rates (Settlement ¶ 16)

In Appendix A to the Settlement, PECO sets forth the rates and underlying cost data that are applicable to the Commodity Charge, the Gas Cost Adjustment Charge, the Balancing Charge and the Balancing Service Charge. As the Settlement notes, these rates are based on the Company's current gas cost projections and are the same as those originally filed in this proceeding. As the OCA found no issue or concern with how these proposed charges were arrived at or calculated, the OCA has no objection to their taking effect on December 1, 2022. The OCA notes that the Commodity Charge proposed represents a reduction to the Charge currently in effect.

The Settlement further provides that to the extent actual experience or changes in forecasted natural gas prices or demand would alter the Commodity Charge, the Gas Cost Adjustment Charge or the Balancing Service Charge, and to account for changes that may result from PECO's ongoing natural gas distribution base rate case at Docket No. R-2022-3031113 PECO reserves the right to file quarterly adjustments to be effective September 1, 2022, December 1, 2022, and thereafter in accordance with 52 Pa. Code § 53.64.- The OCA recognizes that such changes may occur and understands that they may need to be reflected in upcoming quarterly filings.

B. Balancing Charge Rate (Settlement ¶ 17)

PECO proposed a Balancing Charge of \$0.0176 per Mcf to become effective December 1, 2022. This Charge is \$0.0035 per Mcf lower than the currently effective Balancing Charge. PECO Exh. APD-1. Having reviewed the calculation of the Balancing Charge, the OCA finds the proposed Charge to be accurate and reasonable.

C. Retainage Rate (Settlement ¶ 18)

In settlement, PECO proposed a retainage rate of 2.8% for the period December 1, 2022 through November 30, 2023. The Company has calculated that rate based on the weighted three-year average of Lost and Unaccounted For Gas (LUFG) plus the portion of Company-use gas attributable to preheater gate station usage for the period ending June 30, 2022. This method of calculation is consistent with that used in previous PECO PGC cases and based upon our review, the OCA finds the rate to be accurate and reasonable.

D. Gas Price Hedging (Settlement ¶ 19)

As a result of the settlement of its 2016 PGC proceeding, PECO instituted a gas price hedging program which it calls its “Ratable Hedging Program.” The program has operated consistently since its inception, the result of annual extensions in each succeeding PGC proceeding. Under the program, PECO hedges approximately 12% of its projected gas purchase volume. PECO St. 1 at 28. The hedging program is designed to mitigate PECO’s exposure to natural gas price volatility by locking-in increments of natural gas by different preset deadlines so that PECO is not hedging all of its natural gas at the same time under the same market conditions. Id. at 27. In its filing in the instant proceeding, PECO reported that for the period April 2021 through March 2022, PECO purchased 5.45 MMDth of hedged gas under the program at a weighted average cost of \$5.2747 per Dth. Id. at 29. PECO proposed that the program be extended for an additional year and the parties have agreed to that proposal in this settlement. The OCA strongly supports the continuation of this program as a means to counter price volatility in the natural gas market. As volatility has increased in the last several years, the OCA has taken the position in the PGC cases of all of Pennsylvania’s natural gas utilities that they should institute or

consider instituting hedging programs to mitigate the effects of price volatility in their gas supply procurements.

PECO's hedging program currently employs only physical hedging, that is, the purchase of the actual gas commodity. It does not utilize financial, or non-physical, hedging. Id. at 30. In its filing, PECO proposed that, in an effort to further mitigate customer exposure to price volatility, it would research the possibility of entering into financial hedges as well as the possibility of making changes to the volumes associated with the Ratable Hedging program in the future and report the results of its research in its 2023 PGC Filing. Id. In settlement, the parties have agreed to PECO's proposal. The OCA supports research into potential modifications to the hedging program that could increase its effectiveness in countering price volatility.

E. Renewable Natural Gas (Settlement ¶ 20)

The Settlement provides that PECO will continue to pursue sources of Renewable Natural Gas (RNG) by way of interconnections with RNG producers onto PECO's natural gas system. If PECO acquires RNG, it intends to purchase it at market-based prices. PECO does not intend to pay a premium price for the gas, nor does it plan to acquire the environmental attributes of the RNG. The Settlement states that any investment or O&M cost necessary to bring RNG onto PECO's system will be incurred by the RNG producer. PECO will provide a report on its efforts to acquire RNG as part of its 2023 PGC filing. If successful in acquiring RNG, the report will include volumes of RNG purchased, prices, length of contract, attributes/environmental credits received or not received, and distribution system capital and/or O&M costs incurred and recovered in the contract with the RNG producer(s).

The OCA supports the development of RNG as an energy resource and further supports its incorporation into the purchased gas portfolios of Pennsylvania's natural gas utilities, provided it

is compatible with the quality and other technical specifications established by the utilities for use on their systems *and* provided its purchase is consistent with a least cost fuel procurement policy as mandated by the Public Utility Code (66 Pa.C.S. § 1318). Here, PECO commits to paying a market-based price for any RNG it purchases, not paying a premium for the product, and requiring that any capital or other costs incurred to connect to PECO's system will be the responsibility of the RNG developer and not PECO's customers. With these safeguards in place, the OCA supports this provision of the Settlement.

F. Lost and Unaccounted For Gas (LUFG) Monitoring and Reporting (Settlement ¶ 21)

In this paragraph of the Settlement, PECO provides its LUFG percentages based on three-year weighted averages for the periods ending March 31, 2022 (1.7%) and June 30, 2022 (2.4%). The OCA observes that both measures fall below the 3.0% LUFG maximum prescribed in 52 Pa. Code § 59.111.

G. Off System Sales/Capacity Release Sharing (Settlement ¶ 22)

In the settlement of last year's PGC proceeding, PECO's existing Off System Sales/Capacity Release Sharing mechanism was extended through November 30, 2024. In the instant Settlement, PECO proposes to extend the mechanism for another year through November 30, 2025. Under this mechanism, PECO is permitted to retain 25% of all revenue it receives from off-system sales and capacity release transactions. The remaining 75% is flowed back to PGC customers. PECO maintains that extending the mechanism another year allows the Company to enter into longer term Asset Management Agreements. PECO states that under a longer term agreement, there are certain conditions under which the value of transportation and storage capacity released can be enhanced, potentially producing a larger reduction in natural gas costs through the mechanism. PECO St. 1 at 39. The OCA has supported such sharing mechanisms over

the years and finds the PECO 25% share to offer a reasonable incentive for the Company to continue to seek out opportunities to make off system sales and releases of capacity. The OCA supports the extension of the sharing mechanism through November 30, 2025.

H. Interest Rate for Over- and Under- Collections (Settlement ¶ 23)

In this paragraph of the Settlement, PECO commits to continuing to determine the interest rate applicable to monthly over and under collections of PGC revenue in accordance with the relevant provision of the settlement of its 2017 PGC proceeding. Specifically, the Company will use the prime rate for commercial borrowing that is in effect 60 days prior to its annual PGC filing. This method of determining the interest rate on over and under collections is consistent with the method prescribed in Section 1307(f)(5) of the Public Utility Code (66 Pa.C.S. § 1307(f)(5)). Accordingly, the OCA supports this provision of the Settlement.

III. CONCLUSION

In consideration of the various elements of the Settlement described above, the OCA finds the Settlement to be in the public interest, and for that reason, submits that its terms and conditions should be approved by the Administrative Law Judge and the Commission.

Respectfully Submitted,
/s/ David T. Evrard
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August 9, 2022
333562

APPENDIX F

**Commission's Office of Investigation and Enforcement's
Statement in Support**

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission :
v. : Docket No. R-2022-3032250
PECO Energy Company – 1307(f) Filing :

**THE BUREAU OF INVESTIGATION AND ENFORCEMENT’S
STATEMENT IN SUPPORT OF JOINT PETITION FOR SETTLEMENT OF
THE SECTION 1307(f) RATE INVESTIGATION**

TO ADMINISTRATIVE LAW JUDGE DARLENE HEEP:

The Bureau of Investigation and Enforcement (“I&E”) of the Pennsylvania Public Utility Commission (“Commission”), by and through its Prosecutor, Carrie B. Wright, hereby respectfully submits that the terms and conditions of the foregoing *Joint Petition for Complete Settlement* pertaining to PECO’s Section 1307(f) Rate Investigation (“Joint Petition” or “Settlement”) are in the public interest and represent a fair, just, reasonable and equitable balance of the interest of PECO Energy Company (“PECO”) and its customers. In support of this position, I&E avers the following:

I. INTRODUCTION

1. I&E is charged with the representation of the public interest in proceedings relating to rates, rate-related services, and application proceedings affecting the public interest held before the Commission. “The prime determinant in the consideration of a proposed Settlement is whether or not it is in the public interest.”¹ Accordingly, it is incumbent upon I&E to ensure that the public interest is served in all matters before the Commission. The request for approval of this Joint Petition for Partial Settlement is founded on I&E’s conclusion that the Settlement meets all the legal and regulatory standards necessary for approval and that the proposed settlement is in the public interest.

2. On May 31, 2022, PECO Energy Company (“PECO” or “Company”) made its Purchased Gas Cost (“PGC”) filing pursuant to 66 Pa. C.S. § 1307(f), which authorizes certain natural gas distribution companies to make annual purchased gas cost filings with the Commission to reflect increases or decreases in their natural gas costs. Pursuant to 66 Pa. C.S. § 1307(f)(3), the Company’s PGC filing included a reconciliation of expenses previously incurred and revenues received. In support of its PGC filing, PECO submitted supporting data and information including direct testimony with exhibits.

3. As required by 52 Pa. Code § 53.68, PECO provided public notice of the proposed PGC rates through bill inserts and newspaper publications in PECO’s service territory.

¹ *Pennsylvania Public Utility Commission v. Philadelphia Electric Company*, 60 PA PUC 1, 22 (1985).

4. On May 17, 2022, the Philadelphia Area Industrial Energy Users Group (“PAIEUG”) filed its Petition to Intervene.

5. On May 24, 2022, the Office of Consumer Advocate (“OCA”) entered its appearance in this proceeding. On May 17, 2022, the Philadelphia Area Industrial Energy Users Group (“PAIEUG”) filed its Petition to Intervene.

6. On May 25, 2022, I&E entered an appearance in this matter.

7. On June 7, 2022, the Office of Small Business Advocate (“OSBA”) entered its appearance in this proceeding.

8. On June 9, 2022, a prehearing conference was held, and a procedural schedule was established for the submission of further written testimony and conducting evidentiary hearings.

9. Discovery, both formal and informal, was undertaken by the parties during the proceeding.

10. In accordance with the Commission’s policy favoring settlements over costly and time-consuming litigation,² a full and complete settlement of all issues was achieved in this matter and is hereby submitted to Judge Heep.

11. I&E respectfully avers that the proposed Settlement is in the public interest and should be approved by the ALJ and adopted by the Commission for the following reasons:

² 52 Pa. Code §5.231.

II. ANALYSIS

12. Prior to agreeing to the terms presented in the Joint Petition, I&E conducted a thorough review of the Companies' filings and supporting information, as well as discovery responses and additional submitted filing data. Based on its analysis of the Companies' filings and supplemental data, I&E is satisfied that the Settlement reflects adherence to the proper regulatory standards and contains adequate protections for ratepayers.

13. The Settlement includes I&E's acknowledgement that the natural gas costs incurred by the Companies during the historic period were done so under adherence to a least cost fuel procurement policy. As provided for in the Public Utility Code, "[n]o rates for a natural gas distribution utility shall be deemed just and reasonable unless the commission finds that the utility is pursuing a least cost fuel procurement policy..."³ I&E's review of all available information in this proceeding confirms this. A least cost fuel procurement policy protects ratepayers from unnecessary and imprudent gas costs and prevents the Company from making a profit on gas supplies provided to its PGC customers.

Specifically, I&E analyzed the Company's E-factor and found that it was calculated in accordance with Commission practices. An E-factor is the experienced over/under collection which reconciles variations between the projected gas costs and actual gas costs as well as variances between projected and actual sales. The E-factor also serves as the vehicle to pass through miscellaneous revenues and calculate interest.

³ 66 Pa. C.S.A. §1318.

This review is crucial because the proper calculation of the E-factor ensures that rates are adjusted properly. I&E is satisfied with this Company's E-factor calculation.

Additionally, I&E reviewed the Company's projected gas costs and determined that it appears those costs are consistent with a least cost fuel procurement policy.

As a result of this review, I&E did not prepare Direct Testimony because the information provided by the Company indicates that its gas purchasing practices were satisfactory.

14. I&E also notes that this PGC continues the retainage calculations as negotiated in the previous PGC proceeding in 2020. The establishment of the proper retainage levels is necessary to ensure that transportation customers contribute an adequate, but not excessive, amount of gas to compensate for the corresponding system-wide UFG. Proper retainage levels equalize the responsibilities of the rate classifications, protects all ratepayers by ensuring equitable contributions to account for UFG, and guards PGC customers and transportation customers against unwarranted subsidies. I&E avers that this calculation methodology is in the public interest.

15. In addition, this Settlement also requires PECO to provide certain reporting information related to its intentions to pursue sources of renewable natural gas ("RNG"). As it is required that PECO follow a least cost fuel procurement strategy, and RNG is generally more costly than traditional gas supply, it is important for the parties to have information to determine whether any RNG purchases made by PECO follow a least cost fuel procurement strategy. The information PECO has agreed to provide will serve as an aid to the parties to

the next PECO PGC filing in determining whether or not PECO has followed a least cost strategy.

16. I&E fully supports the Settlement and believes that all issues have been satisfactorily resolved through discovery and discussions with the Company. Line-by-line identification of the ultimate resolution of every averment is not necessary, as I&E represents that the Settlement maintains the proper balance of the interests of all parties. I&E is satisfied that no further action is necessary and considers its investigation of this filing complete.

III. CONCLUSION

17. Based upon I&E's analysis of the filing, acceptance of this proposed Settlement is in the public interest because the provisions adequately protect the interests of all affected parties, including the signatories to this Settlement Agreement. The Bureau of Investigation and Enforcement is satisfied that the provisions and data contained in PECO's PGC filings, as confirmed by the Joint Petition, accurately support the finding that the Companies' purchased gas costs and their practices adequately protect the public interest.

WHEREFORE, the Commission's Bureau of Investigation and Enforcement, by and through undersigned Prosecutor, avers that it supports the *Joint Petition for Settlement* as being in the public interest and respectfully requests that Administrative Law Judge Heep recommend, and the Commission subsequently approve, the foregoing Settlement, including all terms and conditions contained therein.

Respectfully Submitted,



Carrie B. Wright
Prosecutor
PA Attorney I.D. #208185

Bureau of Investigation and Enforcement
Pennsylvania Public Utility Commission
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(717) 783-6156
Dated: August 9, 2022

APPENDIX G

**Office of Small Business Advocate's
Statement in Support**

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:
	:
v.	:
	: DOCKET NO. R-2022-3032250
	:
PECO ENERGY COMPANY – GAS DIVISION	:
	:

**STATEMENT OF
THE OFFICE OF SMALL BUSINESS ADVOCATE
IN SUPPORT OF THE
JOINT PETITION FOR COMPLETE SETTLEMENT**

Introduction

The Small Business Advocate is authorized and directed to represent the interests of the small business consumers of utility services in the Commonwealth of Pennsylvania under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50. Pursuant to that statutory authority, the Office of Small Business Advocate (“OSBA”) filed a complaint in the above-captioned proceeding, which was initiated by PECO Energy Company (“PECO” or the “Company”) on May 31, 2022.

The OSBA participated in the negotiations that led to the proposed settlement and is a signatory to the Joint Petition for Complete Settlement (“*Joint Petition*”). The OSBA submits this statement in support of the *Joint Petition*.

The Joint Petition

The *Joint Petition* sets forth a comprehensive list of issues that were resolved through the negotiation process. The following issues were of particular significance to the OSBA when it concluded that the *Joint Petition* was in the best interests of the small business customers of Peoples Gas.

Lost and Unaccounted-For Gas

The OSBA reviewed the Company's three-year weighted average lost and unaccounted for gas ("LUFG") rate for the period ending March 31, 2022. PECO Statement No. 1, Table SJH-8. As a general rule the OSBA puts less faith in annual LUFG rates when measured during the heating season, because these rates are less stable and more susceptible to line pack variations than summer period evaluations. The *Joint Petition* provides annual LUFG rates for periods ending June 30th for the past three years. As shown in *Joint Petition* Paragraph 21, the Company's LUFG rate increased substantially in YE June 2022 compared to the two previous years, which is a worrisome result. The OSBA does not propose that any specific actions be taken or penalties applied in this proceeding, but this office will continue to monitor the historical LUFG trends in the future to ensure that the uptick in rates was an anomaly.

As set forth in the *Joint Petition*, PECO will continue to provide the weighted average LUFG rate for the 36-month period ending June 30, 2022. *Joint Petition*, Paragraph 21. This additional reporting helps the OSBA analyze the issue of LUFG and is a just and reasonable resolution of this issue for this proceeding.

Off-System Sales Sharing Mechanism

The *Joint Petition* proposes to extend the Company's off-system sharing mechanism through November 30, 2025, one additional year beyond the mechanism's sunset date of

November 30, 2024. *Joint Petition*, Paragraph 20.

The OSBA submits that this is a just and reasonable resolution of this issue, as the Commission has consistently approved mechanisms of this nature, and this sharing mechanism incentivizes PECO to engage in off-system sales, thereby lowering the cost of gas to the Company's ratepayers.

Renewable Natural Gas

The *Joint Petition* proposes that PECO will continue to look for sources of Renewable Natural Gas ("RNG") via interconnections directly into PECO's gas system. *Joint Petition*, Paragraph 20. Furthermore, the Company commits to that it intends to pay market-based natural gas prices for RNG and will not intend to pay a premium for any environmental attributes of the RNG that it may obtain from those purchases. *Id.* In addition, the Company commits that any O&M costs required to bring RNG into PECO's system will be assumed by the RNG producer. *Id.*

The OSBA supports the conservative approach set forth in the *Joint Petition* for obtaining RNG as a source of supply for PECO. The ALJ and Commission are well-aware that RNG prices vary wildly, thereby necessitating a cautious procurement plan that conforms to the requirements for least-cost natural gas supply. To the extent that PECO does engage in RNG procurements and fails to meet its intention to do so at market-based prices, the OSBA retains its rights under the *Joint Petition* to argue that the excess costs should be disallowed.

Finally, the *Joint Petition* imposes detailed reporting requirements upon PECO. *Id.* The detailed reports were requested by the OSBA to allow this Office to analyze the impact of any RNG supply obtained by the Company.

The OSBA submits that the *Joint Petition's* proposal regarding potential RNG supply is a

just and reasonable resolution of this issue.

Conclusion

For the reasons set forth in the *Joint Petition*, as well as the additional factors that are enumerated in this statement, the OSBA supports the proposed *Joint Petition* and respectfully requests that the ALJ and the Commission approve the *Joint Petition* in its entirety.

Respectfully submitted,



Steven C. Gray
Senior Supervising
Assistant Small Business Advocate
Attorney ID No. 77538

Office of Small Business Advocate
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Dated: August 9, 2022

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PENNSYLVANIA PUBLIC UTILITY COMMISSION	:	
	:	
	:	Docket No. R-2022-3032250
v.	:	
	:	
PECO ENERGY COMPANY	:	

CERTIFICATE OF SERVICE

I, Courtney L. Schultz, Esquire, hereby certify that on this day I caused copies of PECO’S Joint Petition for Complete Settlement (with appendices) and Motion for Admission of Testimony and Exhibits to be served upon the participants listed below in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant):

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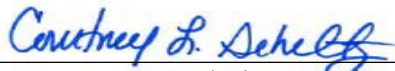
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Dated: August 9, 2022

By: 

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Counsel for PECO Energy Company