

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

Pennsylvania Public Utility Commission	:	R-2022-3032250
Office of Consumer Advocate	:	C-2022-3032649
Office of Small Business Advocate	:	C-2022-3032866
	:	
v.	:	
	:	
PECO Energy Company	:	
(1307(f) Purchased Gas Cost)	:	

RECOMMENDED DECISION

Before
Darlene Davis Heep
Administrative Law Judge

INTRODUCTION

The parties - 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 “Parties”)¹ have submitted a Joint Petition for Complete Settlement (“Settlement Agreement”) and request that the Commission approve the proposed settlement and all terms and conditions without modification. This Decision recommends approval and adoption of the full settlement of PECO Energy Company’s annual purchased gas cost tariff and Settlement Agreement, without modification, because it complies with the Public Utility Code and is in the public interest.²

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 the Joint Petition for Complete Settlement.

² The statutory deadline is December 1, 2022 and the last public meeting prior to that deadline is November 10, 2022.

In the Settlement Agreement, the parties have agreed to the Purchased Gas Cost (“PGC”) Rates proposed by PECO in its PGC filings. Under the Settlement Agreement, the Total PGC Rates effective December 1, 2022, in dollars per Mcf, are as follows: Rates GR (General Service- Residential) and CAP (Customer Assistance Program) - \$7.5016; Rate GC (General Service - Commercial and Industrial) - \$7.4799; and Rates OL (Outdoor Lighting), L (Large High Load Factor Service) and MV-F (Motor Vehicle Service- Firm) - \$7.4767. These numbers are adjustable based on experience and changes in prices and demand.

Also under the Settlement Agreement, the parties have agreed to accept the Balancing Charge proposed by PECO of \$0.0176 per Mcf effective December 1, 2022. The retainage volume adjustment for transportation service customers will be 2.8% for the 12 months beginning December 1, 2022 and ending November 30, 2023.

The parties also have agreed to extend by one year the Ratable Hedging Program the parties agreed to in the 2016 PGC Settlement, as modified by the 2020 Joint Petition for Settlement.³ The Parties also report that PECO had Lost and Unaccounted for Gas (“LUFG”) of 1.7% for the 36-month period ending March 31, 2022 and 2.4% LUFG for the 36-month period ending June 30, 2022. Additionally, the Settlement provides that PECO will further investigate purchase of Renewable Natural Gas, with least cost procurement guidelines, and research financial hedging with a goal of mitigating future PGC rate volatility.

HISTORY OF THE PROCEEDING

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 Purchased Gas Cost rate filing (“Advance Filing”). The Advance Filing consists of

³ 2016 Joint Petition at Paragraphs 19(c) and (d), Docket Number R-2016-2545925. The program was extended in previous PGC Settlements. See *Pa. Pub. Util. Comm’n v. PECO Energy Co.*, Docket No. R-2017-2602611, Order Adopting Joint Petition for Complete Settlement, dated October 5, 2017 (hereinafter referred to as the “2017 Joint Petition”); *Pa. Pub. Util. Comm’n v. PECO Energy Co.*, Docket No. R-2018-3001568, Order Adopting Joint Petition for Complete Settlement, dated October 4, 2018 (hereinafter referred to as the “2018 Joint Petition”). See *Pa. Pub. Util. Comm’n v. PECO Energy Co.*, Docket No. 2019-3009624, Order Adopting Joint Petition for Complete Settlement, dated October 3, 2019 (hereinafter referred to as the “2019 Joint Petition”).

Sections 1 through 22, which respond to information requested in the Commission's regulations at 52 Pa. Code § 53.64.

On May 17, 2022, PAIEUG filed a Petition to Intervene.

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

On May 25, 2022, OCA entered its appearance in this case and also filed a Formal Complaint and Public Statement at Docket No. C-2022-3032649.

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. The Company's PGC 39 Filing included a reconciliation of expenses previously incurred, and revenues received pursuant to 66 Pa.C.S. § 1307(f)(3), PECO also submitted supporting data and information, which included the Direct Testimony of witnesses Scott J. Hughes (PECO St. No. 1) and Anthony P. DiFelice (PECO St. No. 2) and accompanying exhibits.

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

On June 9, 2022, a telephonic prehearing conference was held. At the conference, Parties agreed to a procedural schedule for the submission of further written testimony and evidentiary hearings. The PAIEUG Petition to Intervene was unopposed and was granted during the conference. On June 17, 2022, a Prehearing Order was issued which memorialized the matters discussed at the prehearing conference including granting PAIEUG's petition to intervene and the litigation schedule.

The Parties engaged in discovery and PECO responded to multiple formal, written data requests, many with multiple subparts, and responded to informal data and information requests. PECO filed testimony. No other party filed testimony.

Parties were able to reach a settlement to resolve all issues in this proceeding. As part of the Settlement, the Parties agreed to waive cross-examination of all witnesses and to move for the admission of testimony and exhibits by stipulation. (Joint Petition, ¶ 23).

On August 9, 2022, the Parties filed a Joint Petition for Complete Settlement and a Joint Motion for Admission of Testimony and Exhibits. An order admitting testimony and exhibits was issued on August 16, 2022.

The following were admitted into the record of this proceeding:

- a. PECO's Advance Filing consisting of Sections 1-22; and
- b. PECO Statement. Nos. 1 and 2 and accompanying Exhibits (CPT-1 through CPT-6 and APD-1 through APD-5)

The record closed upon submission of the Settlement Agreement documents on August 9, 2022.

FINDINGS OF FACT

1. PECO operates a natural gas distribution system in the southeastern portion of Pennsylvania subject to the jurisdiction of the Commission (PECO St. 1, p. 4-5) and is authorized by the provisions of Section 1307(f) of the Public Utility Code, and the Commission's gas cost recovery regulations at 52 Pa. Code §§ 53.61-53.68 to make annual purchased gas cost filings proposing gas rate modifications to reflect increases or decreases in its natural gas costs.

2. The Office of Consumer Advocate is authorized to represent the interests of consumers before the Commission. Act 161 of 1976, 71 P.S. § 309-2.

3. The Commission's Bureau of Investigation and Enforcement serves as the prosecutory bureau for purposes of representing the public interest in ratemaking and service matters before the Office of Administrative Law Judge and enforcing compliance with laws and regulations. *Implementation of Act 129 of 2008 Organization of Bureaus and Offices*, Docket No. M-2008-2071852 (Order entered August 11, 2011).

4. The Office of Small Business Advocate is authorized and directed to represent the interests of small business consumers of utility service in Pennsylvania under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41-399.50.

5. The Philadelphia Area Industrial Energy Users Group is an ad hoc group of energy customers receiving transportation-related services from PECO, including service under Rate TS-1 (Gas Transportation Service - Interruptible) and Rate TS-F (Gas Transportation Service - Firm).

6. The parties have filed a Joint Petition for Complete Settlement signed by PECO, OCA, OSBA, and I&E. (Joint Petition, p. 17)

7. PAIEUG is not opposed to the Settlement. (Joint Petition, p. 1, n.1).

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

9. The details of PECO's actual gas purchases for the period ending March 31, 2022 are presented in Section 1 of PECO's Advance Filing. (PECO Adv. Filing § 1).

10. 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).

11. PECO has firm transportation contracts with these pipelines that provide PECO with 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).

12. PECO also obtains natural gas storage services from Eastern Gas Transmission and Storage, Inc., Texas Eastern, and Transco on competitive terms. (PECO St. 1, p. 4, pp. 8-10).

13. PECO participated in 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 its customers’ costs in an effort to reduce costs of its PGC customers. (PECO St. 1, pp. 36-37; PECO Adv. Filing § 5).

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

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

16. 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).

SETTLEMENT

The following is directly from the Joint Petition. The numbering and format used in the Joint Petition is retained here for ease of reference. The terms of the Settlement are stated *verbatim* below (original footnotes included):

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 § 53.64.⁴
- 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.

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.

⁴ 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.

- 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,⁵ 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 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

⁵ See *Pa. 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”).

lowest cost for the specified volumes on a fixed price basis.⁶ 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).

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.

⁶ 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.

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 [operational and maintenance] 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

- a. 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 Settlement⁷ as part of the PGC 39 Filing.

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%

⁷ 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”).

22. Off-System Sales/Capacity Release Sharing

- a. Pursuant to the 2021 Joint Petition for Complete Settlement,⁸ 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

- a. In compliance with Paragraph 24(b) of the 2017 Joint Petition for Complete Settlement,⁹ 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, 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.

Joint Petition, Part III, at 3-10.

The Parties also state the following Conditions of Settlement which are adopted verbatim from the Joint Petition. The numbering and format used in the Joint Petition is retained here for ease of reference:

36. 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

⁸ See *Pennsylvania Public Utility Commission v. PECO Energy Company*, Docket No. R-2021-3025629, Order Adopting Joint Petition for Complete Settlement, dated October 7, 2021 (hereinafter referred to as the "2021 Joint Petition").

⁹ 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").

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.

Joint Petition, Part VI, at 15-16.

DISCUSSION

PECO filed PGC No. 39 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. Various parties joined the proceedings or filed complaints. The parties have reached a settlement agreement and are seeking approval of the Joint Petition for Complete Settlement and the rates proposed therein.

Commission policy is to encourage settlements, which are usually preferable to the results of a fully litigated proceeding. 52 Pa. Code §§ 5.231, 69.401. When considering a settlement for approval, the Commission must determine that a settlement is in the public interest. *Pa. Pub. Util. Comm'n v. York Water Co.*, Docket No. R-00049165 (Order entered October 4, 2004); *Pa. Pub. Util. Comm'n v. C S Water & Sewer Assocs.*, 74 Pa. PUC 767 (1991); *Pa. Pub. Util. Comm'n v. Phila. Elec. Co.*, 6 Pa. PUC 1 (1985). In this proceeding, PECO, I&E, OCA and OSBA have each signed an agreement that fully resolves all outstanding issues. The Parties state that the remaining party, PAIEUG, has authorized them to represent its non-opposition to this Joint Petition for Complete Settlement.

The provisions of Section 1318(a) are applicable to gas utilities that recover their gas costs pursuant to Section 1307(f). Under Section 1307(f), the Commission must determine whether PECO has met the standards of Section 1318 regarding the gas costs PECO incurred during an historic twelve-month period. Also, because the tariff filed by PECO proposes a new rate reflecting a change in the company's natural gas costs, the Commission must determine whether the specific findings of Section 1318 can be made regarding the period that rates will be in effect (the "Application Period"). *See* 66 Pa.C.S. § 1318.

In accordance with Section 1318(a), to approve the settlement here and the proposed rates therein, the Commission must find that the proposed rates are just and reasonable and that PECO is pursuing a least cost fuel procurement policy, consistent with its obligation to provide safe, adequate and reliable service to its customers. In making such an assessment, the Public Utility Code requires the Commission to make four findings as set forth in Section 1318(a). They are:

- (1) That the utility has fully and vigorously represented the interests of its ratepayers in proceedings before the Federal Energy Regulatory Commission (FERC);
- (2) That the utility has taken all prudent steps necessary to negotiate favorable gas supply contracts and to relieve the utility from terms in existing contracts with its gas suppliers which are or may be adverse to the interest of the utility's ratepayers;

(3) That the utility has taken all prudent steps necessary to obtain lower cost gas supplies on both short-term and long-term bases both within and outside the Commonwealth, including the use of gas transportation arrangements with pipelines and other distribution companies; and,

(4) That the utility has not withheld from the market or caused to be withheld from the market any gas supplies which should have been utilized as part of a least cost fuel procurement policy.

66 Pa.C.S. § 1318(a).

Each issue is considered with respect to this settlement as follows:

1. PECO has fully and vigorously represented the interests of its ratepayers in proceedings before the Federal Energy Regulatory Commission.

According to PECO's advanced filing Section 5, PECO participated in rulemaking, rate and certificate proceedings before FERC. These proceedings concerned the interstate pipelines from which PECO receives transportation and storage service interstate natural gas pipeline company rates and the conditions of service that affect both the costs to PECO and to its customers. (PECO Adv. Filing § 5).

PECO asserts that its efforts directly reduced costs to its customers. As examples, PECO witness Scott Hughes, Manager of PECO's Gas Acquisition Department, testified that PECO's participation in the Eastern Gas and Transmission and Storage, Inc.¹⁰ and Texas Eastern¹¹ matters before FERC in 2021 is expected to benefit PECO's PGC customers "by achieving litigated or settlement rates in both cases that are less than the increases sought in the as-filed rates, resulting in smaller rate increases for PECO and its PGC customers." (PECO St. 1, pp. 36-37). These assertions are not contested by the other parties.

¹⁰ FERC Docket No. RP21-1187.

¹¹ FERC Docket No. RP21-1001.

2. PECO has taken all prudent steps necessary to negotiate favorable gas supply contracts and to relieve the utility from terms in existing contracts with its gas suppliers which are or may be adverse to the interest of the utility's ratepayers.

PECO witness Mr. Hughes testified that PECO regularly reviews all pipeline open seasons to determine whether any new, cost-effective, firm natural gas transportation sources are available that would provide alternatives to an existing transportation or storage contract approaching its expiration date that offers a reliable least-cost alternative. (PECO St. 1, pp. 31-32). PECO also contacts representatives of its existing contracts to determine whether there are less costly options to existing services. (PECO St. 1, p. 35). This testimony was uncontested and unchallenged.

3. PECO has taken all prudent steps necessary to obtain lower cost gas supplies on both short-term and long-term bases both within and outside the Commonwealth, including the use of gas transportation arrangements with pipelines and other distribution companies.

According to the testimony, PECO uses various methods, such as long-term contracts and daily index or fixed price spot purchases as part of its least cost procurement policy. PECO also uses Requests for Proposals to obtain least cost bids for natural gas supplies. (PECO St. 1, pp. 9-10; PECO St. in Support at 3). The Company also uses its interstate transportation contracts for supply purchases from geographically diverse locations that have substantial liquidity. (*Id.* at 10). Mr. Hughes's uncontested testimony is that this allows PECO the flexibility to analyze the market and optimize its purchases, considering commodity and transportation costs, in order to reduce the price of natural gas delivered to the city gate. (PECO St. 1 at 10-11). This supports a finding that PECO has taken prudent steps to negotiate favorable contracts.

I&E states that it acknowledges that the natural gas costs incurred by PECO were under "adherence to a least cost fuel procurement policy." Appendix F, I&E Statement in Support, p. 4.

4. PECO has not withheld from the market or caused to be withheld from the market any gas supplies which should have been utilized as part of a least cost fuel procurement policy.

Nothing in the record supports a finding that PECO has withheld gas supplies from the market or caused them to be withheld from the market.

Section 1318(b) provides that in any instance in which a natural gas distribution company purchases all or part of its gas supplies from an affiliated interest, a finding must be made with regard to the justness and reasonableness of all such purchases. According to Mr. Hughes, PECO did purchase natural gas from an affiliated interest, namely Constellation Energy Group, who was at that time was a subsidiary of Exelon Corporation, PECO's parent corporation, and an affiliate of PECO. He explained as follows:

In October of 2021, PECO provided incorrect meter usage information for a HVT [High Volume Transportation] customer being supplied by Constellation Energy Group . . . This error overstated customer usage by 1,812 MCF for the month of October 2021. That erroneous data was posted on the Company's Electronic Bulletin Board ("EBB"). Per the Balancing Provision for transportation sales customers as found on page 54 of the Company's Gas Service Tariff, Constellation delivered gas equal to the posted deliveries. If PECO had allocated the excess deliveries to the customer's account, it would have caused the customer to incur a month end balance exceeding its total contract quantity of 54 Mcf. This large month end imbalance would have caused the customer to be subjected to Month Balancing Service fees as found at page 55 of the gas tariff. At the customer's usage rate of about 20 Mcf per day it would have taken about three months for the customer to pull down its bank to where Monthly Banking Service fees would no longer be applicable. In order to mitigate the over delivery situation without inconveniencing the HVT customer, PECO purchased the 1,812 Mcf from Constellation at the October monthly weighted average cost of gas of .068/Mcf for a total of \$7,371.65. Additionally, as of February 1, 2022, Constellation is no longer affiliated with PECO or Exelon Corporation.

PECO St. 1, pp. 5-6.

The purchase from the affiliated interest was due to the correction of an error by PECO and in accordance with the balancing provision for transportation sales customers in PECO’s tariff, as explained by Mr. Hughes. It also prevented the customer from incurring charges. Further, the company from which the purchase was made is no longer affiliated with PECO or Exelon.

There is no indication that PECO or Constellation withheld from the market any gas supplies which should have been utilized as part of a least cost fuel procurement policy. The previous discussion established that PECO attempted to obtain less costly gas supplies on both short-term and long-term bases from nonaffiliated interests. Also, the record did not show a contract to purchase gas from an affiliated interest per 1318(b)(2). Therefore, this purchase was just and reasonable at that time.

Other Issues in the Settlement Agreement

A. Purchased Gas Cost Rates - Settlement §16

The rates agreed to in the Settlement are the same as those originally proposed by PECO in its filing. The PGC includes the Commodity Charge (“CC”), the Gas Cost Adjustment Charge (“GCA”), the Balancing Charge (“BC”), and the Balancing Service Charge (“BSC”). The total projected cost applicable to the PGC for the estimated period is about \$193.8 million. (PECO St. No. 1, p. 8). The total projected cost applicable to the PGC for the application period is approximately \$446.2 million. (PECO St. No. 1, p. 8).

Rates to become effective December 1, 2022 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

(See Joint Petition, Appendix A). 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 § 53.64.¹² The rates are also subject to adjustment based on the outcome of *Pennsylvania Public Utility Commission v PECO Energy Company – Gas Division*, Docket No, R-2022-3031113, the pending PECO natural gas distribution base rate case.

However, on its face, the increase between the 2021 settlement rate and the rate agreed upon in this settlement raises questions regarding whether these are least cost purchases. In the 2021 Settlement, the rates agreed upon were as follows:

SETTLEMENT 2021	Rates GR and CAP (\$/Mcf)	Rate GC (\$/Mcf)	Rates OL, L and MV-F (\$/Mcf)
Total PGC Rate Effective December 1, 2021	\$4.1682	\$4.1406	\$4.1299

Pa. Public Utility Commission v. PECO Energy Company, Docket No. R-2021-3025629, p. 14. Compared with the Settlement PGC in this matter, there appears to be a significant increase. These rates require further examination.

The parties did not challenge the detailed explanation of the increase as provided by Mr. Anthony P. DiFelice in PECO St. 2. Mr. DiFelice testified that pursuant to the PECO Gas Restructuring Settlement, filed and approved at Docket No. R-00994787, the PGC rate is unbundled into the Sales Service Cost (“SSC”) and the Balancing Service Cost (“BSC”). The SSC is a charge to those customers purchasing natural gas supply from PECO. The BSC recovers costs associated with the operations of contract storage facilities and PECO’s peaking services from all of PECO’s low-volume customers, whether they purchase their natural gas supply from PECO or from a competitive natural gas supplier. He defined low-volume customers as

¹² PECO also reserves the right to update its Gas Transportation Service Firm rate, Rate TS-F, as experience and changes in forecasted natural gas prices and demand call for a change. PECO St. in Support at 8; Attachment A; Exhibit APD-1.

customers taking service under Rate Schedules GR, CAP, GC, 13 OL, L and MV-F. PECO St. No. 2, p. 3.

He further detailed as follows:

as set forth in the PECO tariff, the Company recovers the projected cost of purchased natural gas and natural gas procurement charges through the Commodity Charge (“CC”) factor of the SSC and the “C” factor^[13] of the BSC. In addition, amounts for prior period over/under collections, refunds, interest and other items are recovered through the GCA of the SSC and the “E” factor^[14] of the BSC. In total, under PGC No. 38, which was approved by the Commission at Docket No. R-2021-3025629, the Company began recovering \$6.2265 per Mcf for Rates GR and CAP, \$6.2078 per Mcf for Rate GC and \$6.2050 per Mcf for Rates OL, L and MV-F as the bundled SSC and BSC charges applicable to its retail sales service as of December 1, 2021.

That amount was updated by a February 25, 2022 filing for PGC No. 38-Q1 that put into effect, as of March 1, 2022, PGC rates of \$5.8156 per Mcf for Rates GR and CAP, \$5.7991 per Mcf for Rate 3 GC and \$5.7966 per Mcf for Rates OL, L and MV-F. Finally, the May 31, 2022 filing 4 for PGC No. 38-Q2 effective June 1, 2022 has PGC rates of \$8.8383 per Mcf for Rates 5 GR and CAP, \$8.8116 per Mcf for Rate GC and \$8.8076 per Mcf for Rates OL, L and 6 MV-F.

PECO St. No. 2, pp. 5-6. Notably, by June 1, 2022, the PGC rates were as follows:

	Rates GR and CAP (\$/Mcf)	Rate GC (\$/Mcf)	Rates OL, L and MV-F (\$/Mcf)
Total PGC Rate Effective June 1, 2022	\$8.8383	\$8.8116	\$8.8076

Id. These rates are somewhat higher than the settlement rates here. Mr. DiFelice testified that the difference is because, for the instant period, the CC component of the SSC, exclusive of the

¹³ "C" - Cost in dollars: for all types of storage and related services, project the cost for the projected period when rates will be in effect. Exhibit APD-5.

¹⁴ "E" - the net overcollection or undercollection of Balancing Service Costs. *Id.*

MFC, is projected to decrease by \$1.4785 per Mcf, from \$7.8643 per Mcf in PGC No. 38-Q2 to \$6.3858 per Mcf in PGC 5 No. 39. The GCA reconciliation component of the SSC will increase from \$0.4461 per Mcf in PGC No. 38-Q2 to \$0.5530 per Mcf in PGC No. 39. Lastly, the BSC will increase from \$0.4925 per Mcf to \$0.5341 per Mcf.

While the increase from the 2021 settlement rates to the settlement rates herein are noteworthy, the rates will be approved here given the constraints of the Commission's policy favoring settlement and the fact that the parties participating in this action do not object to the rates. As further evidence that the Company is pursuing the least cost procurement policy, PECO presented testimony that firm transportation contracts 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). There was testimony that PECO renewed several storage and transportation service agreements after unsuccessfully soliciting competitive alternatives. (PECO St. 1, pp. 33-34). Nevertheless, the evidence supports a finding that PECO has purchased all of its requirements on competitive terms. (PECO St. 1, pp. 8-10).

PECO asserts that the Settlement allows the Company to recover a reasonable estimate of its projected period gas costs in a manner protecting the interests of the Company and its ratepayers. (PECO St. in Support at 8).

OCA had no concerns with the purchases and found no issue with the rates proposed by PECO and accepted them as part of the Settlement. OCA also notes that the CC in the settlement and proposed by PECO is a reduction to the current charge. (See Exhibit APD-1; OCA Statement in Support, p. 3; Joint Petition, Appendix E, p. 3).

I&E asserts that proper calculation of the E-factor ensures that rates are adjusted properly and that it analyzed the E-factor calculations of PECO. I&E found PECO's E-factor calculations satisfactory and in accordance with Commission practices and therefore did not prepare direct testimony. (Appendix F; I&E Statement in Support, pp. 4-5).

B. Balancing Charge Rate - Settlement §17

PECO proposed a Balancing Charge of \$0.0176 per Mcf to become effective December 1, 2022. This is \$0.0035 per McF less than the current Balancing Charge. (See PECO St. 1, pp. 30-31). The settlement accepts this charge.¹⁵

OCA also notes that the Settlement Balancing Charge is less than the currently effective charge. (See Exhibit APD-1. OCA finds the charge reasonable and accurate. (See OCA Statement in Support, p. 3).

C. Retainage Rate - Settlement §18

The parties agree that the retainage volume adjustment will be 2.8% for the period December 1, 2022 through November 30, 2023. (See Joint Petition, Appendix B). This is based on an agreement reached in the settlement of the 2021 PECO PGC case. There, the parties agreed that the retainage volume adjustment for transportation service customers for the 12 months beginning December 1, 2021 and ending November 30, 2022 is 2.3%, and would be 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. The parties 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 LUFG 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

¹⁵ The settlement in the 2008 Base Rate Settlement required the Company to update the Balancing Charge as part of its 1307(f) filing. See *Pa. Pub. Util. Comm'n v. PECO Energy Co.*, Docket No. R-2008-2028394 (Order entered October 23, 2008).

would be removed from the retainage rate calculation beginning with this PGC filing and on a going forward basis. (See §18 of the Joint Petition for Settlement in Docket No. R-2021-3025629).

OCA states that this retainage calculation is accurate and reasonable and consistent with previous PECO PGC cases. Appendix E; OCA Statement in Support, p. 4. I&E notes that the retainage calculations are the same as those negotiated in the 2020 PGC proceedings, which are in the public interest, and that the methodology is in the public interest, equalizing the responsibilities of the rate classifications and protecting all ratepayers from unwarranted subsidization of other classifications. (Appendix F; I&E Statement in Support, p. 5).

D. Gas Price Hedging - Settlement §19

In the 2016 PGC Case, PECO requested to replace the volumetric component of its then existing hedging program with a “Ratable Hedging Program.” Under this Program, PECO hedges about 12% of its projected gas purchase. The program has been extended by agreement in subsequent PGC case settlements. The 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.” (Appendix E, OCA Statement in Support, p. 4 referencing PECO St. 1, p. 28).

PECO proposed in this filing to extend its Ratable Hedging Program by one year. The parties agreed. See PECO St. 1, p. 30. Also under the Settlement, in accordance with its 2020 PGC case, PECO will continue with its current winter hedging schedule of 36,000 Dth/day but will no longer engage in hedging for summer purchases. (See PECO St. 1, p. 28; *Pa. Pub. Util. Comm’n v. PECO Energy Co.*, Docket No. R-2020-301966 (Order entered October 8, 2020)).

While PECO now engages in physical hedging efforts, in this settlement, PECO has agreed to research financial hedges and make changes to the volumes associated with

Ratable Hedging. The idea here is to possibly mitigate the potential for future PGC rate volatility. The results of this research and analysis will be presented in PECO's 2023 PGC filing.

OCA strongly supports continuation of the Ratable Hedging Program. OCA also supports PECO conducting research regarding financial hedges that could possibly prove effective in countering price volatility. (Appendix E; OCA Statement in Support, pp. 4-5).

E. Renewable Natural Gas ("RNG") - Settlement §20

According to PECO, the parties expressed an interest in PECO pursuing RNG options. As part of this settlement, PECO will continue pursuing sources of RNG production via interconnections with RNG producers onto PECO's gas system. If RNG is acquired, PECO intends to do so at market-based gas prices. Under the agreement, the company will not plan to pay a premium for RNG. If O&M costs are required to add RNG to the PECO system, that cost will be absorbed by the RNG producer. PECO will include in the 2023 PECO PGC filing information regarding this effort, including volumes of RNG, prices, length of contract, attributes and environmental credits and distribution and O&M costs incurred and recovered.

OCA supports these efforts by PECO regarding RNG, provided its purchase is consistent with a least cost procurement policy. Appendix E; OCA Statement in Support, p. 5-6. OCA also is in favor of the safeguards in place concerning any associated costs so that the RNG developers and not the PECO customers bear the costs. (Appendix E; OCA Statement in Support, p. 5-6).

I&E asserts that the RNG information reporting requirements will serve as an aid to assure that PECO follows a least cost fuel procurement strategy given that RNG is generally more expensive than traditional gas supply. (Appendix F; I&E Statement in Support, pp. 5-6). OSBA supports what it views as a "conservative approach" to purchasing RNG contained in the Settlement. OSBA also asserts that OSBA requested the detailed reports that PECO will provide

in accordance with the settlement and that this will allow an analysis of the impact of RNG acquisitions. (Appendix F; OSBA Statement in Support, p. 3).

F. Lost and Unaccounted for Gas (“LUFG”) Monitoring and Reporting - Settlement §21

The parties have accepted the Company’s voluntarily reported LUFG percentages as reasonable. OCA notes that the three-year weighted averages for the periods ending March 31, 2022 of 1.7% and June 20, 2022 of 2.4% are both below the 3.0% LUFG maximum prescribed in 52 Pa. Code §59.111, which provides metrics at a minimum that each NGDC and city natural gas distribution operation must reduce system loss performance.

OSBA finds, however, that the LUFG increased significantly in the year ending June 2022 compared to the two previous years. While OSBA described this as “worrisome,” it does not propose any action in this proceeding but will monitor LUFG trends in the future “to ensure that the uptick in rates was an anomaly.” PECO has agreed in this settlement to provide the weighted average LUFG for the 36-month period ending June 30, 2022, and OSBA will find this helpful in its analysis. (See Appendix G; OSBA Statement in Support, p. 2).

G. Off System Sales Sharing Mechanism - Settlement §22

As explained by OCA, this mechanism allows PECO to retain a percentage of all revenues it receives from off-system sales and capacity release transactions with the remaining going to PGC customers. Appendix E; OCA Statement in Support, p. 6. PECO currently receives 25% with 75% flowing to customers. PECO proposed and the parties have agreed that the Company will extend the existing off-system sales sharing mechanism at the 25% rate through November 30, 2025. (See PECO St. 1, p. 38).

OSBA supports the extension of the off-system sharing mechanism for an additional year, asserting that it incentivizes PECO to engage in off-system sales, “thereby lowering the cost of gas to the [] ratepayers.” (Appendix G; OSBA Statement in Support, pp. 2-3).

H. Interest Rate for Over- and Under-Collections - Settlement §23

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.

OCA states that this system is consistent with the method prescribed in 66 Pa.C.S. § 1307(f)(5).

I. Settlement - General

OCA noted that upon its review of the initial PECO filing, and prior to agreeing with the Settlement, OCA did not identify any significant concerns with PECO's filing and determined that it would not file testimony. (Appendix E; OCA Statement in Support, p. 3). I&E stated that after conducting a thorough review of PECO's filings and supporting documents, discovery responses and data, it is satisfied that this Settlement reflects adherence to the proper regulatory standards and contains adequate protections for ratepayers. (Appendix F; I&E Statement in Support, p. 4).

The OSBA supports the Settlement and asserts that it is in the best interests of the small business customers. (Appendix G; OSBA Statement in Support, p. 2). The PAIEUG also participated in this proceeding and does not oppose the terms of the Joint Petition for Complete Settlement. PECO asserts that the Settlement complies with the regulations of the Commission and will avoid the time and expense of unnecessary litigation. (Appendix D; PECO St. in Support, p.1).

RECOMMENDATION

Settlements avoid the expense of full litigation, and the public interest is served by a determination that the statutory requirements of the Public Utility Code have been met. Approval of the Joint Petition here is recommended because this settlement is in the public interest, resolves the issues in this case, fairly balances the interests of PECO and its ratepayers, and is in accordance with the requirements of Sections 1307 and 1318 of the Public Utility Code. 66 Pa.C.S. §§ 1307 and 1318.

As I&E states, the Settlement reflects adherence to the proper regulatory standards and contains adequate protections for ratepayers. (Appendix F, I&E Statement in Support, p. 4).

It is OCA's position that the proposed Settlement is in the public interest and in the interests of the residential natural gas customers of PECO Energy Company. (Appendix E; OCA Statement in Support, p. 1).

Accordingly, based on the evidence of record, the Joint Petition for Complete Settlement is just and reasonable and in the public interest. The utility is pursuing a least cost fuel procurement policy, consistent with the utility's obligation to provide safe, adequate and reliable service to its customers. Additionally, the Settlement Agreement will save all parties and the public the cost of litigation and, further, the parties representing the public and customers do not find that the settlement is detrimental to the interests of customers and member of the public.

Therefore, this Decision recommends approval, without modification, of the Joint Petition for Complete Settlement pursuant to 66 Pa.C.S. § 1307(f) as it is reasonable and in the public interest for the reasons set forth herein.

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over the parties and subject matter of this proceeding. 66 Pa.C.S. §§ 1307(f), 1317-18 and 501, *et seq.*
2. PECO Energy Company has met the requirements of Section 1318 of the Public Utility Code by pursuing a least cost fuel procurement policy, consistent with their obligations to provide safe, adequate and reliable service to their customers. 66 Pa.C.S. § 1318.
3. PECO Energy Company's rates for purchased gas costs, as the parties have agreed upon in this proceeding, during the relevant time-period, are just and reasonable and in compliance with 66 Pa.C.S. § 1318.
4. PECO Energy Company has fully and vigorously represented the interests of its ratepayers in proceedings before the Federal Energy Regulatory Commission and other relevant non-PUC proceedings during the relevant time period in compliance with 66 Pa.C.S. § 1318(a)(1).
5. PECO Energy Company has taken all prudent steps necessary to negotiate favorable gas supply contracts and to relieve the utility from terms in existing contracts with their gas suppliers which are or may be adverse to the interests of the utility's ratepayers in compliance with 66 Pa.C.S. § 1318(a)(2).
6. PECO Energy Company has taken all prudent steps necessary to obtain lower cost gas supplies on both short-term and long-term bases both within and outside the Commonwealth, including the use of gas transportation arrangements with pipelines and other distribution companies in compliance with 66 Pa.C.S. § 1318(a)(3).
7. PECO Energy Company has not withheld from the market or caused to be withheld from the market any gas supplies which should have been utilized as part of a least cost fuel procurement policy in compliance with 66 Pa.C.S. § 1318(a)(4).

8. The Joint Petition for Settlement is in the public interest. *Pa. Pub. Util. Comm'n v. York Water Co.*, Docket No. R-00049165 (Order entered October 4, 2004); *Pa. Pub. Util. Comm'n v. C S Water & Sewer Assocs.*, 74 Pa. PUC 767 (1991); *Pa. Pub. Util. Comm'n v. Phila. Elec. Co.*, 6 Pa. PUC 1 (1985).

ORDER

THEREFORE,

IT IS RECOMMENDED:

1. That the Joint Petition for Complete Settlement signed by PECO Energy Company, the Pennsylvania Public Utility Commission's Bureau of Investigation and Enforcement, the Office of Consumer Advocate, and the Office of Small Business Advocate, filed at Docket Nos. R-2022-3032250, C-2022-3032649 and C-2022-3032866, be approved without modification.

2. That on not less than one day's notice of the final Commission Order approving the Settlement, PECO Energy Company shall file tariff supplements implementing rates consistent with the proposed rates contained in the Joint Petition for Complete Settlement, as modified to reflect updates and tariff modifications traditionally performed as part of PECO's December 1st PGC compliance filings, if required, to become effective on and after December 1, 2022.

3. That, upon the filing of the tariff supplements described in Paragraph 2, above, the Complaint filed by the Office of Small Business Advocate in these proceedings at Docket No. C-2022-3032866 be marked satisfied and closed.

