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AN EXELON COMPANY

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PECO
2301 Market Street
S15
Philadelphia, PA 19103

December 20, 2022

Via E-File Only

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

SUBJECT: PECO Energy Company (PECO) State Tax Adjustment Surcharge (STAS) –
Gas
Effective January 1, 2023, Compliance Filing Replacement Pages Docket No.
R-2022-3031113
and Docket No. M-2022-3037158
Informational Calculation Pages

Dear Secretary Chiavetta:

This letter transmits for filing with the Commission the computation sheets showing the derivation of the new gas STAS value.

PECO has recalculated the gas State Tax Adjustment Surcharge (STAS) value to reflect current PURTA assessments resulting from tax rate changes and the reconciliation of prior STAS collections.

The PA state income tax rate reduction for year 2023 is reflected in gas distribution base rates as discussed in the Joint Petition for Settlement of Rate Investigation at Docket No. R-2022-3031113, the Company's 2022 gas distribution base rate case. Refer to Section II, TERMS AND CONDITIONS OF SETTLEMENT, Item 15 of the Joint Petition.

A signed statement is provided in the attached.

The new gas STAS surcharge is a **credit** value of 0.01%, which will be effective January 1, 2023, and replaces the present value of 0.06%. A monthly bill for a residential customer using 160 Ccf will decrease by \$0.16, or 0.07% from \$227.06 to \$226.90.

Please note that the revised tariff page reflecting the new STAS rate has already been provided in the Compliance Filing Replacement Pages for PECO's 2022 Gas Distribution Base Rate Case at Docket No. R-2022-3031113 concurrently filed on December 20, 2022.

Rosemary Chiavetta, Secretary
December 20, 2022
Page 2

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

Thank you for your assistance in this matter and if you have any questions please contact Megan A. McDevitt, Senior Manager, Retail Rates at (215) 841-6361 or via email at the following: megan.mcdevitt@exeloncorp.com.

Sincerely,

A handwritten signature in black ink, appearing to read "RW" followed by a long horizontal flourish.

Richard G. Webster, Jr.
Vice President
Regulatory Policy & Strategy

Enclosure

Copies to: K. G. Sophy, Director, Office of Special Assistants (e-mail only)
P. T. Diskin, Director, Bureau of Technical Utility Services (e-mail only)
K. Monaghan, Director, Bureau of Audits (e-mail only)
R. A. Kanaskie, Director, Bureau of Investigation & Enforcement (e-mail only)
Office of Consumer Advocate (e-mail only)
Office of Small Business Advocate (e-mail only)
McNees, Wallace & Nurick (e-mail only)

I, Richard G. Webster Jr., hereby state that the facts above set forth are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

Signature:

A handwritten signature in black ink, appearing to read "RW" followed by a long horizontal flourish.

Title:

Vice President

Regulatory Policy & Strategy

PECO Energy-Gas Operations
State Tax Adjustment Surcharge and Reconciliation
Effective January 1, 2023

Calculation of STAS Effective January 1, 2023

		<u>Reference</u>
1 . Capital Stock Tax - 2023	\$0	Note (a)
2 . PURTA Assessment - 8/1/22	(\$21,040)	Att. A, Pg. 3, Ln. 5
3 . PURTA Supplemental Assessment - 8/1/22	(\$658)	Att. A, Pg. 4, Ln. 5
4 . Reconciliation of Prior STAS	(\$37,269)	Att. B, Pg. 1, Ln. 7
5 . PA CNIT Rate Reduction for Year 2023	<u>\$0</u>	Note (b)
6 . Net Due from Customers	(\$58,967)	Lns. 1 + 2 + 3 + 4 + 5
7 . Operating Revenues Subject to STAS from January 1, 2023 thru December 31, 2023	\$727,907,065	Att. A, Pg. 2, Ln. 11
8 . State Tax Adjustment Surcharge	-0.01%	Ln. 6 / Ln. 7

(a) The 2023 capital stock tax rate is the same as was reflected at Docket No. R-2022-3031113 the Company's 2022 distribution base rate case, with a value of 0.00 mills.

(b) The PA state income tax rate reduction for year 2023 is reflected in gas distribution base rates as discussed in the Joint Petition for Settlement of Rate Investigation at Docket No. R-2022-3031113, the Company's 2022 distribution base rate case. Refer to Section II, TERMS AND CONDITIONS OF SETTLEMENT, Item 15 of the Joint Petition.

PECO Energy-Gas Operations
Operating Revenues Subject to 2023 STAS

		<u>Reference</u>
1 . Booked Revenue from Sales	\$508,272,840	2021 Gas Annual Report to the Commission, Pg. 26, Ln. 5
2 . Less :		
CGS Revenue	\$0	Company Records
Unbilled Revenues	\$6,766,474	Company Records
Surcharge Over/Under Collections Included in Revenue	(\$420,270)	Company Records
STAS Revenue	<u>(\$1,780,050)</u>	Company Records
3 . Billed Revenue Excluding STAS	\$503,706,686	
4 . Plus: Full year effect of 1/1/23 PGC No. 39	\$172,119,321	Company Records
5 . Plus: Proforma Adjustments for Gas Universal Service Fund Charge	\$875,779	Company filing on September 14, 2022 at Docket No. M-2022-3033986
6 . Plus: Proforma Adjustment of Gas Consumer Education	\$85,000	Company Compliance Filing on Nov 17, 2022 at Docket No. R-2022-3031113
7 . Plus: Proforma Adjustment for Tax Cuts and Job Act	(\$1,011,859)	Company filing on Feb 14, 2022 at Docket No. R-2018- 3000512
8 . Plus: Per 2020 Distribution Base Rate Increase	\$13,128,782	Company Compliance Filing on June 30, 2021 at Docket No. R-2020-3018929
9 . Plus: Per 2022 Distribution Base Rate Increase	\$49,372,000	Company Compliance Filing on Nov 17, 2022 at Docket No. R-2022-3031113
10 . Plus: Distribution System Improvement Charge	<u>(\$10,368,644)</u>	Company filing on December 16, 2022 at Docket No. M- 2022-3037028
11 . Gross Intrastate Operating Revenues Subject to STAS Estimated for 2023	\$727,907,065	

PECO Energy
2021 PURTA Adjustment

	<u>Gas</u>	<u>Total</u>
Per August 1, 2022 Assessment (a)		
1 . Tax Base	\$25,898,922	\$329,502,829
2 . Tax @ 27.1851 Mills	\$704,065	\$8,957,567
2022 Rate Case PURTA		
3 . Tax Base	\$25,898,922	\$329,502,829
4 . Tax @ 27.9975 Mills	<u>\$725,105</u>	<u>\$9,225,255</u>
5 . Amount Due from / (to) Customers	(\$21,040)	(\$267,688)

(a) See Attachment B, Pg. 3

PECO Energy
Supplemental PURTA Adjustments

Per August 1, 2022 Assessment (a)	<u>Gas</u>	<u>Total</u>
1 . Adjustment for 2017 Tax Year	(\$149)	(\$1,607)
2 . Adjustment for 2018 Tax Year	(\$185)	(\$2,046)
3 . Adjustment for 2019 Tax Year	(\$144)	(\$1,784)
4 . Adjustment for 2020 Tax Year	<u>(\$180)</u>	(\$2,223)
5 . Amount Due from / (to) Customers	(\$658)	N.A.

(a) See Attachment B, Pg. 3

PECO Energy-Gas Operations
State Tax Adjustment Surcharge Reconciliation
For the Year 2022

		<u>Reference</u>
<u>Reconciliation of Current STAS</u>		
1 . Capital Stock Tax Change - Year 2022	\$0	12/17/21 STAS Filing, Att. A, Pg. 1, Ln. 1
2 . PURTA Assessment - 8/1/21	(\$16,786)	12/17/21 STAS Filing, Att. A, Pg. 1, Ln. 2
3 . PURTA Supplemental Assessment- 8/1/21	(\$259)	12/17/21 STAS Filing, Att. A, Pg. 1, Ln. 3
4 . Reconciliation of Prior STAS	<u>\$370,528</u>	12/17/21 STAS Filing, Att. A, Pg. 1, Ln. 4
5 . Total	\$353,483	Ln. 1 + Ln. 2 + Ln. 3 + Ln. 4
Less:		
6 . STAS Revenues Collected from Customers - 2022	<u>\$390,752</u>	Att. B, Pg. 2
7 . Net Due from / (to) Customers	(\$37,269)	Ln. 5 - Ln. 6

PECO Energy-Gas Operations
STAS Collections-Company Records
12 Months Ended December 31, 2022

January	\$32,313
February	\$72,264
March	\$49,083
April	\$36,447
May	\$23,231
June	\$14,655
July	\$13,804
August	\$12,732
September	\$12,730
October	\$18,408
November (est)	\$45,603
December (est)	<u>\$59,482</u>
Total	\$390,752

BUREAU OF TAXATION SUPPORT
PO BOX 280704
HARRISBURG PA 17128-0704



August 1, 2022

PECO ENERGY CO
2301 MARKET ST. N3-3
PHILADELPHIA, PA 19101

Re: 2021 Pennsylvania Public Utility Realty Tax
Notice of Determination

Dear Taxpayer:

Pursuant to the Public Utility Realty Tax Act, the Department of Revenue herein provides notice of the state taxable values of PURTA realty and the millage rate for tax year 2021. This notice is based on information provided by County Tax Assessor offices. Any discrepancies must be addressed with that agency and not with the Pennsylvania Department of Revenue. Please note, any net liabilities resulting from prior years' adjustments are due and payable along with the current year liability.

Payment of tax is required within 45 days of the mailing date of this notice. Previous payments, adjustments and credits should be taken into consideration. Payments and correspondence relevant to the PURTA tax or this notice should be mailed directly to the above address.

All payments of \$1,000 or more must be made electronically or by certified or cashier's check remitted in person or by express mail courier. For information on electronic filing options, visit www.etides.state.pa.us.

If you do not agree with this Notice of Determination, you may file a Petition with the Board of Finance and Revenue pursuant to Section 1109-A of the Tax Reform Code of 1971. The petition must be postmarked by the U.S. Postal Service or received by the Board of Finance and Revenue within 30 days of the mailing date of this notice.

Important update: Beginning in 2023, utilities must file and pay electronically at mypath.pa.gov. More information about the transition to myPATH will be available soon and can be found at www.revenue.pa.gov/mypathinformation.

Tax Year	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
1) Total Realty Tax Equivalent (RTE):	\$29,971,978	\$30,289,428	\$29,192,135	\$28,862,295	\$28,069,503
2) Total State Taxable Value (STV) for all utilities:	\$1,530,348,789	\$1,485,072,289	\$1,389,010,454	\$1,278,147,745	\$1,234,849,928
3) PURTA Millage Rate, including PTA (7.6 mills)	27.1851 mills	27.9959 mills	28.6165 mills	30.1813 mills	30.3311 mills
4) Utility STV:	\$329,502,829	\$339,209,090	\$311,425,266	\$292,838,631	\$273,077,235
5) Liability (Line 3 x Line 4):	\$8,957,567	\$9,496,464	\$8,911,901	\$8,838,251	\$8,282,733
6) Utility Transition Credit:	N/A	N/A	N/A	N/A	N/A
7) Utility Liability Adjustment:	N/A	(\$2,223)	(\$1,784)	(\$2,046)	(\$1,607)
8) Utility Transition Credit Adjustment:	N/A	N/A	N/A	N/A	N/A

Account ID: 3500103