



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

AN EXELON COMPANY

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

Telephone 215.841.5777  
Fax 215.841.6208  
www.peco.com  
dick.webster@peco-energy.com

PECO  
2301 Market Street  
S15  
Philadelphia, PA 19103

December 15, 2023

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

Subject: PECO Distribution System Improvement Charge Electric Operations  
Electric Tariff No. 7, Supplement No. 39  
Effective January 1, 2024 Docket No. M-2018-3000598

Dear Secretary Chiavetta:

The filing contains PECO's quarterly Electric Distribution System Improvement Charge ("DSIC") filing as required by paragraph B.1.6 of the Supplemental Implementation Order, Docket No. M-2012-2293611, entered September 21, 2016

The Company's latest reported Return on Equity ("ROE") of 5.185% (see Schedule D-2 of PECO's Quarterly Earnings Report filed November 30, 2023) is below the Commission's authorized ROE of 9.75% for DSIC purposes (see Attachment F of the Commission's Electric Quarterly Earnings report issued October 19, 2023). Therefore, the DSIC rate will change from 0.69% to 1.01% effective with bills rendered on or after January 1, 2024.

Included in this filing is a credit adjustment with interest of \$49,380. PECO re-stated plant additions in its September 20, 2023 DSIC filing at Docket No. M-2023-3043192. These re-stated numbers would have impacted the DSIC rate for the period of April 1, 2023 through June 30, 2023. PECO worked with the Bureau of Audits to refund the correct over-charge to the customers.

Also Included in this filing is a correction to Incremental Plant Additions (Attachment 2, Page 2, Column 1) for the months of July 2023 and August 2023. This was due to projects on the LTIP list that were not eligible. This adjustment to plant additions also causes changes to Depreciation, Deferred Income Taxes and State Tax Flow Through amounts (Attachment 2, Page 2). PECO reviewed the prior DSIC filing (October 1, 2023 – December 31, 2023) at Docket No. M-2023-3043192. These corrections had no impact on the DSIC rate of 0.69% for that period.

Rosemary Chiavetta, Secretary  
December 15, 2023  
Page 2

The following attachments are included in support of the filing:  
Attachment 1 – Supplement No. 39 to Electric Tariff No. 7  
Attachment 2 – Calculation of the DSIC for the period January 1, 2024 to March 31, 2024

Thank you for your assistance in this matter and if you have any questions please contact Megan McDevitt, Senior Manager, Retail Rates at 267-533-1942 or via email at [megan.mcdevitt@exeloncorp.com](mailto:megan.mcdevitt@exeloncorp.com).

Sincerely,

A handwritten signature in black ink, appearing to read 'RCH', followed by a horizontal flourish line.

cc: P. T. Diskin, Director, Bureau of Technical Utility Services (e-mail only)  
K. A. Hafner, Acting Director, Office of Special Assistants (e-mail only)  
R. A. Kanaskie, Director, Bureau of Investigation & Enforcement (e-mail only)  
K. A. Monaghan, Director, Bureau of Audits (e-mail only)  
A. Bakare, McNees, Wallace and Nurick (e-mail only)  
C. Mincavage, McNees, Wallace and Nurick (e-mail only)  
Office of Consumer Advocate (e-mail only)  
Office of Small Business Advocate (e-mail only)

# ATTACHMENT 1

**PECO Energy Company**

**Electric Service Tariff**

**COMPANY OFFICE LOCATION**

**2301 Market Street**

**Philadelphia, Pennsylvania 19103**

---

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

---

**Issued December 15, 2023**

**Effective January 1, 2024**

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

---

**NOTICE**

---

**LIST OF CHANGES MADE BY THIS SUPPLEMENT**

**DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC) – 7th Revised Page No. 48**

Revised DSIC rate from 0.69% to 1.01%.

**TABLE OF CONTENTS**

List of Communities Served.....	4
How to Use Loose-Leaf Tariff.....	5
Definition of Terms and Explanation of Abbreviations.....	6,7,8,9
<b>RULES AND REGULATIONS:</b>	
1. The Tariff.....	10
2. Service Limitations.....	10
3. Customer's Installation.....	11 <sup>1</sup>
4. Application for Service.....	12
5. Credit.....	13
6. Private-Property Construction.....	14, 15
7. Extensions.....	16,17
8. Rights-of-Way.....	18
9. Introduction of Service.....	19
10. Company Equipment.....	19
11. Tariff and Contract Options.....	21
12. Service Continuity.....	22
13. Customer's Use of Service.....	24
14. Metering.....	24
15. Demand Determination.....	24
16. Meter Tests.....	26
17. Billing and Standard Payment Options.....	27 <sup>1</sup>
18. Payment Terms & Termination of Service.....	28
19. Unfulfilled Contracts.....	31
20. Cancellation by Customer.....	31
21. General.....	32
22. Rules For Designation of Procurement Class.....	32
23. EGS Switching.....	33 <sup>1</sup>
24. Load Data Exchange.....	33 <sup>1</sup>
STATE TAX ADJUSTMENT CLAUSE.....	34 <sup>1</sup>
FEDERAL TAX ADJUSTMENT CREDIT (FTAC).....	35
GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASS 1 AND 2.....	36 <sup>8</sup> , 37 <sup>8</sup> , 37A <sup>8</sup>
GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASS 3/4.....	38 <sup>8</sup>
RECONCILIATION.....	39, 40
NUCLEAR DECOMMISSIONING COST ADJUSTMENT CLAUSE (NDCA).....	41 <sup>1</sup>
PROVISIONS FOR RECOVERY OF UNIVERSAL SERVICE FUND CHARGE (USFC).....	42 <sup>2</sup>
PROVISION FOR THE RECOVERY OF CONSUMER EDUCATION PLAN COSTS.....	43 <sup>2</sup>
TRANSMISSION SERVICE CHARGE.....	44 <sup>4</sup>
NON-BYPASSABLE TRANSMISSION CHARGE (NBT).....	45 <sup>4</sup>
PROVISION FOR THE TAX ACCOUNTING REPAIR CREDIT (TARC).....	46
PROVISION FOR THE RECOVERY OF ENERGY EFFICIENCY AND CONSERVATION PROGRAM COSTS PHASE IV.....	47 <sup>2</sup>
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC).....	48 <sup>7</sup> , 49 <sup>1</sup> , 50
<b>RATES:</b>	
Rate R Residence Service.....	51 <sup>12</sup>
Rate R-H Residential Heating Service.....	52 <sup>12</sup>
Rate RS-2 Net Metering.....	53 <sup>1</sup> , 54, 55 <sup>1</sup>
Rate GS General Service.....	56 <sup>7</sup> , 57
Rate PD Primary-Distribution Power.....	58 <sup>4</sup>
Rate HT High-Tension Power.....	59 <sup>4</sup>
Rate EP Electric Propulsion.....	60 <sup>2</sup>
Rate POL Private Outdoor Lighting.....	61 <sup>1</sup> , 62
Rate SL-S Street Lighting-Suburban Counties.....	63 <sup>1</sup> , 64
Rate SL-E Street Lighting Customer-Owned Facilities.....	65 <sup>7</sup> , 66
Rate SL-C Smart Lighting Control Customer Owned Facilities.....	67 <sup>8</sup> , 68, 69
Rate TLCL Traffic Lighting Constant Load Service.....	70 <sup>7</sup>
Rate BLI Borderline Interchange Service.....	71
Rate AL Alley Lighting in City of Philadelphia.....	72 <sup>3</sup>
<b>RIDERS:</b>	
Applicability Index of Riders.....	73
Capacity Reservation Rider.....	74, 75, 76, 77, 78
CAP Rider - Customer Assistance Program.....	79 <sup>1</sup>
Casualty Rider.....	80
Construction Rider.....	81

**DISTRIBUTION SYSTEM IMPROVEMENT CHARGE**  
**(DSIC)**

In addition to the net charges provided for in this Tariff, a value of 1.01% will apply consistent with the Commission Order dated October 22, 2015 at Docket No. P-2015-2471423, approving the DSIC.

(C)

**1. General Description**

**A. Purpose:** To recover the reasonable and prudent costs incurred to repair, improve, or replace eligible property which is completed and placed in service and recorded in the individual accounts, as noted below, between base rate cases and to provide the Company with the resources to accelerate the replacement of aging infrastructure, to comply with evolving regulatory requirements and to develop and implement solutions to regional supply problems.

The costs of extending facilities to serve new customers are not recoverable through the DSIC.

**B. Eligible Property:** The DSIC-eligible property will consist of the following:

- Poles and Tower (Account 364);
- Overhead conductor (Account 365) and underground conduit and conductors (Accounts 366 and 367);
- Line transformers (Account 368) and substation equipment (Account 362);
- Any fixture or device related to eligible property listed above, including insulators, circuit breakers, fuses, reclosers, grounding wires, crossarms and brackets, relays, capacitors, converters and condensers;
- Unreimbursed costs related to highway relocation projects where an electric distribution company must relocate its facilities; and
- Other related capitalized costs.

**C. Effective Date:** The DSIC will become effective January 1, 2016.

(C) Denotes Change

# ATTACHMENT 2

**PECO**  
**ATTACHMENT 2 - COMPUTATION OF CUMULATIVE PROPOSED ELECTRIC DSIC**  
**APPLICATION PERIOD: JANUARY 1, 2024 THROUGH MARCH 31, 2024**

$$\text{DSIC} = (\text{DSI} * \text{PTRR}) + \text{STFT} + \text{Dep} + e) * 1 / (1 - T) / \text{PQR}$$

Line No.			Amount
1	DSI	= Eligible Distribution System Improvement Costs (Attachment 2, Page 2, Column 7)	\$ 136,523,565
2	PTRR	= Pre-tax Return Rate applicable to DSIC eligible property (Attachment 2, Page 3, Line 4)	2.28%
3	DSI PTR	= Pre-tax Return on DSIC eligible property (Line 1 * Line 2)	\$ 3,111,283
4 (a)	STFT	= State Tax (After Tax) Flow Through (Attachment 2, Page 2, Column 9, Sept-23 + Oct-23 + Nov-23)	\$ (22,704)
4 (b)	STFT	= State Tax (Pre-Tax) Flow Through (4A * Attachment 2, Page 3, Column 4)	\$ (31,406)
5	Dep	= Depreciation expense applicable to DSIC eligible property (Attachment 2, Page 2, Column 8, Sept-23 + Oct-23 + Nov-23)	\$ 684,042
6	e	= Amount calculated (over)/under the annual reconciliation feature or Commission audit ( <b>Note 3</b> )	\$ (49,380)
7	Net Amt. Recoverable (w/o GRT)	= Net Amount to be Recovered/(Refunded) ((includes Over/Under) Collection) (w/o GRT) (Line 3 + Line 4(b) + Line 5 + Line 6)	\$ 3,714,540
8	Net Amt. Recoverable (w/ GRT)	= Net Amount to be Recovered/(Refunded) (includes Over/Under) Collection (w/ GRT) (Line 7 * <b>Note 1</b> )	\$ 3,947,439
9	PQR	= Projected quarterly revenues (Attachment 2, Page 2, Column 10, Jan-24 + Feb-24 + Mar-24 - <b>Note 2</b> )	<u>\$ 390,755,723</u>
10	DSIC	= Distribution System Improvement Rider (Line 8 / Line 9)	1.01%

**Note 1:**

1 / (1 - T) = (T = 5.9% Gross Receipts Tax) 1.062699256

**Note 2:**

Per Settlement at Docket No. P-2015-2471423, nuclear decommissioning costs and non-bypassable transmission costs are ineligible for use in projected revenues for DSIC purposes. Decommissioning = \$4,213,220 annual / 4 quarters = \$1,053,305; projected non-bypassable costs for the quarter = \$26,659,572. \$ 27,712,877

**Note 3:**

Credit adjustment with interest of \$49,380. PECO re-stated plant additions in its September 20, 2023 DSIC filing at Docket No. M-2023-3043192. These re-stated numbers would have impacted the DSIC rate for the period of April 1, 2023 through June 30, 2023. PECO worked with the Bureau of Audits to refund the correct over-charge to the customers.



**PECO**  
**ATTACHMENT 2 - COMPUTATION OF CUMULATIVE PROPOSED ELECTRIC DSIC PRE-TAX RATE OF RETURN**  
**APPLICATION PERIOD: JANUARY 1, 2024 THROUGH MARCH 31, 2024**

Line No.		Capitalization Ratio  (1)	Embedded Cost <b>Note 1</b> (2)	Rate of Return  (3) = (1) * (2)	Tax Multiplier <b>Note 2</b> (4)	Pre-Tax Rate of Return  (5) = (3) * (4)
1	Long-Term Debt	47.22%	4.23%	2.00%	-	2.00%
2	Common Equity	52.78%	9.75%	5.15%	1.383261703	7.12%
3	Total	<u>100.00%</u>		<u>7.14%</u>		<u>9.12%</u>
4	9.12% Annual PTRR / 4 quarters = 2.28% Quarterly PTRR					

**Note 1:**

Line 2, Column (2), from the PUC's Quarterly Earnings Report page 18, line 7, dated June 30, 2023 at Docket No. M-2023-3042679 (issued October 19, 2023).

**Note 2:**

The tax multiplier is calculated as follows:  $1/[1-(\text{Fed Rate}+(\text{Pa. Tax Rate} \times (1 - \text{Fed Rate})))]$  where the Pa. tax rate is 8.49% and Fed. Tax rate is 21%.

$$1/[1-(21\%+(8.49\%*(1-21\%)))] = 1.383261703$$