



pecoSM

AN EXELON COMPANY

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PECO
2301 Market Street
S15
Philadelphia, PA 19103

December 18, 2024

Via E-Filing

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) –
Electric
Effective on January 1, 2025, Compliance Filing – General Base Rate Case for
Electric Operations – Docket No. R-2024-3046931
Informational Calculation Pages

Dear Secretary Chiavetta:

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

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

In addition, the reconciliation of the Pennsylvania state income tax rate reduction for year 2023 is reflected in Attachment A, pages 1, 5 and 6 of the computation sheets.

Note that there is no computation associated with the year 2025 Pennsylvania state income tax rate reduction change. This state income tax rate reduction is included in electric distribution rates associated with Docket No. R-2024-3046931, the electric distribution rate case.

The new surcharge is a value of 0.00%, which will be effective January 1, 2025, and replaces the current **credit** value of 0.04%. A monthly bill for a residential customer using 700 kWh will increase by \$0.03, or 0.02% from \$143.86 to \$143.89.

Please note that the revised tariff page reflecting the new STAS rate has already been provided in the Compliance Filing for PECO's 2024 General Base Rate Case for Electric Operations at Docket No. R-2024-3046931 concurrently filed on December 18, 2024.

Thank you for your assistance in this matter and if you have any questions please contact Megan A. McDevitt, Senior Manager, Retail Rates at 267-533-1942 or via email at the

Rosemary Chiavetta, Secretary
December 18, 2024
Page 2

following: megan.mcdevitt@exeloncorp.com.

Sincerely,

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

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

Enclosure

Copies to: K. Hafner, Director, Office of Special Assistants (e-mail only)
P. T. Diskin, Director, Bureau of Technical Utility Services (e-mail only)
K. A. Monaghan, Director, Bureau of Audits (e-mail only)
A. Kaster, 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)

PECO Energy-Electric Operations
State Tax Adjustment Surcharge
Effective January 1, 2025

<u>Calculation of STAS Effective January 1, 2025</u>		<u>Reference</u>
1 . Capital Stock Tax - 2025	\$0	Note (a)
2 . PURTA Assessment - 7/31/24	(\$263,806)	Att. A, Pg. 3, Ln. 5
3 . PURTA Supplemental Assessment - 7/31/24	\$2,598	Att. A, Pg. 4, Ln. 5
4 . 1307 (g.1) Gross Receipts Tax	\$0	Att. A, Pg. 2, Ln. 16
5 . PA CNIT Rate Reduction Over/(Under) Return for Actual 2023	\$49,701	Att A, Pg, 5, Col 4 Dec 2023 (b)
6 . Reconciliation of Prior STAS	<u>\$152,389</u>	Att. B, Pg. 1, Ln. 9
7 . Net Due from (to) Customers	(\$59,117)	Ln. 1+ Ln. 2 +Ln. 3 + Ln. 4 + Ln. 5 + Ln. 6
8 . Total Due from (to) Customers Including Gross Receipts Tax	(\$62,824)	Ln. 7 / (1-0.059)
9 . Operating Revenues Subject to STAS from January 1, 2025 through December 31, 2025	\$2,133,669,753	Att. A, Pg. 2, Ln. 13
10 . State Tax Adjustment Surcharge	0.00%	Ln. 8 / Ln. 9

(a) The 2025 capital stock tax rate is the same as was reflected at Docket No. R-2024-3046931, the Company's 2024 distribution base rate case, with a value of 0.00 mills.

(b) The PA state income tax rate reduction for year 2025 is reflected in electric distribution base rates at Docket No. R-2024-3046931, the Company's 2024 electric distribution base rate case. In addition, the reconciliation of the Pennsylvania state income tax rate reduction for year 2023 is reflected in Attachment A, pages 1, 5 and 6 of the computation sheets.

PECO Energy-Electric Operations
Computation of Operating Revenues Subject to 2025 STAS

		<u>Reference</u>
1 . <u>Booked Revenue from Sales</u>	\$2,895,229,596	2023 FERC Form 1, Pg. 300-301, Ln. 12
2 . Less : Non - jurisdictional revenue		
Sales for Resale	\$87,469	2023 FERC Form 1, Pg. 300-301, Ln. 11
3 . Less: Unbilled Revenues	(\$12,374,784)	2023 FERC Form 1, Pg. 304, Ln. 42
Surcharge Over/Under Collections Included in Revenue	(\$32,999,390)	Company Records
STAS Revenue Included in Line 1	<u>(\$1,727,071)</u>	Company Records
4 . <u>Operating Revenues Subject to STAS</u> <u>Before Adjustments</u>	\$2,942,243,372	
5 . Less: Transmission Charges Included in Lines 1 through 3	\$109,485,481	Company Records
6 . Less:		
Energy and Capacity Charges Included in Lines 1 through 3	\$1,150,008,788	Company Records
7 . Plus: Full Year Effect of Energy Efficiency and Conservation Program	\$41,225,998	Company Compliance Filing on April 30, 2024 at Docket No. M- 2024-3048749
8 . Plus: Proforma Distribution Adjustments from Change in USFC Rate	\$49,284,519	Company filing on October 14, 2024 at Docket No. M-2024- 3050966
9 . Plus: Full Year Effect of Non-Bypassable Transmission Charge in Distribution Rates	 \$10,471,872	Company filing on November 13, 2023 at Docket No. P-2014- 2409362
10 . Plus: Distribution System Improvement Charge	(\$4,168,859)	Company Compliance filing on December 18, 2024 for Electric Distribution Base Rate Case at Docket No. R-2024-3046931
11 . Plus: 2024 Electric Distribution Base Rate Case	\$ 353,755,946	Joint Petition for Non-Unanimous Partial Settlement Filing on August 30, 2024 for Electric Distribution Base Rate Case at Docket No. R-2024-3046931
12 . Plus: Proforma Consumer Education Cost Recovery	<u>\$351,174</u>	Company filing on January 31, 2024 at Docket No. R-2009- 2099208 and Docket No. R- 2021-3024601
13 . Adjusted Base Revenues for 2025 STAS	\$2,133,669,753	
14 . 0.0 Mill GRT PURTA Surcharge	\$0	Ln. 13 * 0.0000 (a)

(a) Refer to Attachment B, Pg. 3 for the Pennsylvania Bulletin announcing the Gross Receipts Tax PURTA Surcharge beginning January 1, 2025 due to the Public Utility Realty Tax Act Surcharge

PECO Energy
2023 PURTA Adjustment

Per July 31, 2024 Assessment (a)	<u>Transmission</u>	<u>Distribution</u>	<u>Gas</u>	<u>Total</u>
1 . Tax Base	\$149,266,006	\$249,790,344	\$29,253,567	\$428,309,918
2 . Tax @ 23.7970 Mills	\$3,552,081	\$5,944,258	\$696,147	\$10,192,486
2024 Rate Case PURTA				
3 . Tax Base	\$149,266,006	\$249,790,344	\$29,253,567	\$428,309,918
4 . Tax @ 24.8531 Mills	<u>\$3,709,723</u>	<u>\$6,208,064</u>	<u>\$727,042</u>	<u>\$10,644,829</u>
5 . Amount Due from / (to) Customers	(\$157,642)	(\$263,806)	(\$30,895)	(\$452,343)

(a) See Attachment B, Pg. 4

PECO Energy
Supplemental PURTA Adjustments

Per July 31, 2024 Assessment (a)	<u>Transmission</u>	<u>Distribution</u>	<u>Gas</u>	<u>Total</u>
1 . Adjustment for 2019 Tax Year	\$179	\$263	\$39	\$481
2 . Adjustment for 2020 Tax Year	\$176	\$279	\$40	\$495
3 . Adjustment for 2021 Tax Year	\$169	\$277	\$38	\$484
4 . Adjustment for 2022 Tax Year	\$1,134	<u>\$1,779</u>	<u>\$231</u>	\$3,144
5 . Amount Due from / (to) Customers	N.A.	\$2,598	\$348	N.A.

(a) See Attachment B, Pg. 4

PECO Energy-Electric Operations
Actual Over/(Under) Return Reconciliation Associated with PA State Income Tax Rate Changes
For Actual Year 2023
Exclude Gross Receipts Tax
12 Months Ended December 31, 2023

Portion of 2023 STAS Revenue PA State Tax Rate Reduction Excludes Gross Receipts Tax (1) = Company Records	2023 PA State Income Tax Rate Revenue Rerduction Excludes Gross Receipts Tax (2) = Att A, Pg 6, Ln 16	Over/(Under) Return (3) = (2) - (1)	Cumulative Balance Over/(Under) Return (4) = from (3)
Jan	(\$57,624)	(\$103,723)	(\$46,099)
Feb	(\$107,733)	(\$103,723)	\$4,010
Mar	(\$102,362)	(\$103,723)	(\$1,361)
Apr	(\$98,346)	(\$103,723)	(\$5,377)
May	(\$95,631)	(\$103,723)	(\$8,092)
Jun	(\$105,284)	(\$103,723)	\$1,561
Jul	(\$130,690)	(\$103,723)	\$26,967
Aug	(\$138,627)	(\$103,723)	\$34,904
Sep	(\$132,992)	(\$103,723)	\$29,269
Oct	(\$107,935)	(\$103,723)	\$4,212
Nov	(\$101,661)	(\$103,723)	(\$2,062)
Dec	(\$115,491)	(\$103,723)	\$11,768
	(\$1,294,377)	(\$1,244,675)	\$49,701

PECO Energy-Electric Operations
Actual Revenue Reduction Associated with PA State Income Tax Rate Changes
For Actual Year 2023
Exclude Gross Receipts Tax
12 Months Ended December 31, 2023

Distribution Related

1	. Deferred Taxes Balance Annual Amortization due to PA Corporate Net Income Tax (CNIT) Rate Reduction	\$	(2,073,059) Company Records
2	. 9 Year Annual Amortization of State Deferred Tax Balance	\$	(230,340) Ln. 1/9
3	. Year 2023 Revenue Requirement Factor for Income Taxes		1.390861 See Note (a) below
4	. Annual Revenue Requirement Reduction state deferred tax amortization	\$	(320,371) Ln. 2 x Ln. 3
5	. <u>Rate Base Impact from Deferred Taxes Amortization due to PA CNIT Rate Reduction</u>		
6	. Changes in year 2023 rate base for Deferred Taxes Amortization change in Rate Base	\$	230,340 -Ln. 2
7	. 2023 Annual Average Factor for Change in Rate Base for Deferred Taxes Amortization		0.5 Average Yearly Factor
8	. Average Deferred Taxes Rate Base Balance Associated with State Income Tax Amortization	\$	115,170 Ln. 6 x Ln. 7
9	. Year 2023 Revenue Requirement Factor for Rate Base		9.36% See Note (b) below
10	. Revenue Req Increase from Change in 2023 Rate Base due to Deferred Taxes Amortization	\$	10,778 Ln. 8 x Ln. 9
11	. <u>Change in Revenue Requirement due to Changes in PA CNIT Rate in 2023 on 2023 Taxes</u>		
12	. Actual 2023 Tax Change, due to Pre 2023 and 2023 PA CNIT rate reduction	\$	(672,305) See Note (c) below
13	. Year 2023 Revenue Requirement Factor For Income Tax		1.390861 See Note (a) below
14	. Revenue Requirement Changes due to change in effective income tax rate in 2023 on tax expense in 2023	\$	(935,083) Ln. 12 x Ln. 13
15	. Total Revenue Reduction in 2023 associated with PA State Income Tax Rate Change before GRT	\$	(1,244,675) Ln. 4 + Ln. 10 + Ln. 14
16	. Total Monthly Revenue Reduction in 2023 associated with PA State Income Tax Rate Change before GRT	\$	(103,723) Ln. 15 / 12 Months

Note (a)

-Federal Income Tax Rate	21.00%
-2023 State Income Tax Rate	8.99%
-T = Combined Effective Federal/State Income Tax Rate	28.1021%
Revenue Requirement Factor = (1 / (1 - T))	1.390861

Note (b)

For Capitalization Ratios and Debt Return Rate, from Docket No. R-2024-3046931, Peco Exhibit MJT-1, Schedule B-7

<u>Rate of Return</u>	Cap Ratio	Cost	Weighted Return	After Tax Return
Debt	47.01%	4.23%	1.99%	1.43%
Common Equity	<u>52.99%</u>	<u>10.00%</u>	<u>5.30%</u>	<u>5.30%</u>
	100.00%		7.29%	6.73% =r' after tax cost of money
				1.390861 Note (a) Revenue Reqmt Factor for Income Tax
				9.36% Revenue Reqmt Factor For Rate Base =r' x Revenue Reqmt Factor for Income Tax

Note (c)

Tax Expense without PA Tax Law Change	\$24,367,734	Company Records
Tax Expense for 2023 with PA Tax Law Change	<u>\$23,695,429</u>	Company Records
Tax Reduction	(\$672,305)	

PECO Energy-Electric Operations
State Tax Adjustment Surcharge Reconciliation
For the Year 2024

<u>Reconciliation of Current STAS</u>		<u>Reference</u>
1 . 1307 (g.1) Gross Receipts Tax	\$0	12/21/23 STAS Filing, Att. A, Pg. 1, Ln. 4
2 . Capital Stock Tax - 2024	\$0	12/21/23 STAS Filing, Att. A, Pg. 1, Ln. 1
3 . PURTA Assessment - 8/1/23	(\$776,794)	12/21/23 STAS Filing, Att. A, Pg. 1, Ln. 2
4 . PURTA Supplemental Assessment - 8/1/23	(\$148,107)	12/21/23 STAS Filing, Att. A, Pg. 1, Ln. 3
5 . Reconciliation of Prior STAS	(\$104,129)	12/21/23 STAS Filing, Att. A, Pg. 1, Ln. 6
6 . PA CNIT Rate Reduction for 2024	<u>\$402,921</u>	12/21/23 STAS Filing, Att. A, Pg. 1, Ln. 5
7 . Subtotal	(\$626,109)	Ln. 1 + Ln. 2 + Ln. 3 + Ln. 4 + Ln. 5 + Ln. 6
8 . Less STAS Revenues Collected from Customers - 2024	<u>(\$778,498)</u>	Att. B, Pg. 2
9 . Net Due from/(to) Customers	\$152,389	Ln. 7 - Ln. 8

PECO Energy-Electric Operations
STAS Collections-Company Records
12 Months Ended December 31, 2024

Jan	(\$120,391)
Feb	(\$56,077)
Mar	(\$64,484)
April	(\$54,101)
May	(\$56,237)
Jun	(\$60,310)
July	(\$85,625)
Aug	(\$90,744)
Sep	(\$62,489)
Oct	(\$64,475)
Nov (est)	(\$53,285)
Dec (est)	<u>(\$59,093)</u>
Total	(\$827,310)
Less: GRT	<u>\$ (48,812)</u>
Net After GRT	(\$778,498)

NOTICES

DEPARTMENT OF REVENUE

Public Utility Realty Tax Act (PURTA); Surcharge Rate Notice for the Tax Year Beginning January 1, 2025

[54 Pa.B. 6074]
[Saturday, September 21, 2024]

Section 1111-A(d) of the Tax Reform Code of 1971 (act) (72 P.S. § 8111-A(d)) requires the Secretary of Revenue to publish the rate of the Public Utility Realty Tax Act (PURTA) surcharge in the form of a notice in the *Pennsylvania Bulletin* by October 1, 2003, and by each October 1 thereafter. The tax rate established in section 1111-A(d) of the act shall be imposed upon gross receipts taxes as provided in section 1111-A(c) of the act for the period beginning the next January 1.

The result of the PURTA surcharge calculation provided in section 1111-A of the act for the tax year beginning January 1, 2025, is zero mills (0.0000). Therefore, no PURTA surcharge under section 1111-A(d) of the act will be imposed for the taxable period beginning January 1, 2025.

PATRICK BROWNE,
Secretary

[Pa.B. Doc. No. 24-1358. Filed for public inspection September 20, 2024, 9:00 a.m.]



PECO ENERGY COMPANY
10 S DEARBORN ST FL 53RD
CHICAGO IL 60603-2300

Date Issued 07/31/2024
Letter ID L0027056502
FEIN **-***0240
Account ID 20016009198
Period Ending 12/31/2023

Public Utility Realty Tax Notice of Determination

This is a notice of the state taxable values of Public Utility Realty and the millage rate for tax year 2023.

Why you are receiving this notice

If you have any questions regarding this notice, please contact the department using the information provided.

This notice is based on information provided by County Tax Assessor offices and any discrepancies must be addressed with that office. Any net liabilities resulting from prior years' adjustments are due and payable with the current year liability.

ra-purta@pa.gov

Tax Year	Total Realty Tax Equivalent	Total State Taxable Value (STV) for all utilities	PURTA millage rate, including PTA	Utility STV	Utility Liability Adjustment
2019	\$28,952,345.00	\$1,381,881,249.00	0.0285514	\$310,735,998.44	\$481.00
2020	\$30,008,327.00	\$1,476,431,994.00	0.0279249	\$338,486,781.96	\$495.00
2021	\$29,639,413.00	\$1,537,588,374.00	0.0268766	\$328,210,057.33	\$484.00
2022	\$29,759,597.00	\$1,724,024,004.00	0.0248617	\$365,592,126.92	\$3,144.00
2023	\$31,324,862.00	\$1,933,997,547.00	0.0237970	\$428,309,918.20	\$10,192,486.00
				Total Liability:	10,197,090.00

General Information

Payment of tax is required within 45 days of the date issued of this notice. Previous payments, adjustments and credits should be taken into consideration when remitting payment.

How to pay

Payments may be submitted online via *my.path.pa.gov*.

000001946309561 01 01 00156 100



Payments of \$1,000.00 or greater that are not submitted electronically are subject to a penalty of 3 percent of the face value of the check up to a maximum penalty of \$500.00.

How to file an appeal

If you disagree with this determination, you may file a petition with the Board of Finance and Revenue. 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 issue date of this notice.