

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17120**

Public Meeting held December 19, 2024

Commissioners Present:

Stephen M. DeFrank, Chairman
Kimberly Barrow, Vice Chair
Kathryn L. Zerfuss
John F. Coleman, Jr.
Ralph V. Yanora

Securities Certificate of PECO Energy Company for
the issuance of up to \$3.5 billion in a principal
amount of debt collateralized by mortgage bonds

Docket No.
S-2024-3051683

ORDER

BY THE COMMISSION:

On October 16, 2024, PECO Energy Company (PECO or the Company) filed for registration pursuant to Chapter 19 of the Pennsylvania Public Utility Code, 66 Pa. C.S. §§ 1901, *et seq.*, the above-docketed securities certificate for the issuance of up to \$3.5 billion principal amount of debt collateralized by the Company's First Mortgage Bonds (Collateralized Notes). PECO voluntarily extended the statutory consideration period to December 19, 2024. Filed concurrently with the instant filing were securities certificates docketed at S-2024-3051686, S-2024-3051687 and S-2024-3051688 for the issuance of up to \$3.5 billion principal amount of senior secured debt consisting of Subordinated Unsecured Debt (Subordinated Debt), First and Senior Unsecured Debt (Unsecured Debt), and First and Refunding Mortgage Bonds (Mortgage Bonds), respectively. Collectively, the Mortgage Bonds, Collateralized Notes, Unsecured Debt, and Subordinated Debt are hereafter referred to as (Debt Securities). The aggregate amount of funds that may be raised by PECO under Docket Nos. S-2024-3051683,

S-2024-3051686, S-2024-3051687 and S-2024-3051688 (Collectively, the 2024 Securities Certificates) is limited to \$3.5 billion, plus the principal amount of Mortgage Bonds issued as collateral for Collateralized Notes and the principal amount of any bank loans relating to a liquidity or credit facility with respect to Collateralized Notes issued as remarketed notes.

PECO is a public utility incorporated under the laws of the Commonwealth of Pennsylvania on October 31, 1929. PECO provides electric delivery service to approximately 1.7 million customers in the City of Philadelphia and the surrounding Philadelphia area, and natural gas delivery service to approximately 600,000 customers in Southeastern Pennsylvania. PECO's ultimate parent is Exelon Corporation.

PECO is filing the 2024 Securities Certificates to issue up to an aggregate amount of \$3.5 billion of long-term debt over the course of the next three years, ending December 31, 2027, commencing with Commission Orders registering the instant securities certificates. The four securities certificates currently filed by PECO will replace four substantially similar securities certificates registered by Orders entered December 2, 2021, at Docket Nos. S-2021-3029168, S-2021-3029169, S-2021-3029176, and S-2021-3029179 (collectively, the 2021 Securities Certificates). By Commission Order, the 2021 Securities Certificates allowed registration of debt up to \$2.5 billion aggregate principal through the combination of Mortgage Bonds, Collateralized Notes, Unsecured Debt, or Subordinate Debt.

Under the 2021 Securities Certificates, PECO issued \$1.925 billion of Mortgage Bonds. PECO's ability to register new debt pursuant to the 2021 Securities Certificates is to expire on December 31, 2024. Through this filing, the Company requests that the Commission cancel any remaining unused registration capacity of the 2021 Securities Certificates.

The Company desires flexibility to sell Debt Securities in one or more sales or issuances, either publicly through competitive bidding, agency arrangements, negotiated underwritings or continuous offerings or privately through direct placements or bank borrowings, with the maturities, redemption provisions, sinking fund provisions and other terms including delayed deliveries, to be established separately for each sale or issuance. Based on current market conditions, PECO estimates that maturity will vary from one year to 40 years for Collateralized Notes and Senior Unsecured Debt and from three to 50 years for Mortgage Bonds and from 30 to 60 years for Subordinated Debt. Interest rates or prices to PECO will vary for each sale and will depend primarily upon market conditions at the time of the sale for the type of Debt Securities and the Company's credit ratings for such Debt Securities.

PECO's capital structure, as of June 30, 2024, consists of 43.43% long-term debt and 56.57% shareholder's equity.¹ The Company has an issuer credit rating from S&P Global Ratings of BBB+ with a positive outlook.

PECO states that the Company may issue the Debt Securities during the next three years in order to take advantage of refunding opportunities, to repay maturing debt, to finance the Company's capital expenditures to the extent not funded by internally generated sources, to renew, replace or expand the Company's bank credit facilities that have terms of one year or longer, to make contributions to pension plans, and/or other general corporate purposes. PECO currently projects capital spending of \$1.575 billion in new and replacement electric distribution plant in 2024. Refinancings are expected to include the refinancing of a \$350 million first mortgage bond issue maturing in 2025. Other refinancings will depend on market conditions.

¹ See, Exhibit A of PECO's filing.

The Commission has determined that the Company is current with its annual financial report, its annual Security Planning and Readiness Self-Certification report, and there are no outstanding Commission fines or assessments due.

We have examined PECO's instant securities certificate and have determined that the proposed issuance of up to \$3.5 billion principal amount of Collateralized Notes appears to be necessary or proper for the present and probable future capital needs of the utility and, as a result, the securities certificate should be registered; **THEREFORE,**

IT IS ORDERED:

1. That the securities certificate filed by PECO Energy Company for the issuance of up to \$3.5 billion principal amount of debt collateralized by PECO's First Mortgage Bonds is hereby registered.
2. That within 60 days of the issuance of the securities pursuant to the instant registration, PECO Energy Company shall file notice with the Commission of such issuance together with a summary of the interest rate, maturity and call provisions of the securities issued, along with (a) a copy of the Registration Statement and any amendments filed by the Company with the SEC in respect of the proposed issuance of Debt Securities; (b) a copy of the resolution of the Board of Directors of PECO Energy Company authorizing the issuance of Debt Securities; (c) the form of indenture under which the proposed Debt Securities are to be issued; (d) a statement showing, in journal entry form, all charges and credits to be made on the books of account of the Company as a result of the issuances of the Debt Securities; and, (e) a copy of Underwriting Agreement, Purchase Agreement or Agency Agreement in respect of the proposed issuance of Debt Securities.

3. That the aggregate principal amount from issuances made pursuant to the instant securities certificate plus those realized pursuant to PECO Energy Company's securities certificates docketed at S-2024-3051686, S-2024-3051687, and S-2024-3051688 shall not exceed \$3.5 billion.

4. That the authority granted by this Order replaces any authority remaining pursuant to PECO Energy Company's securities certificate for the issuance of Collateralized Notes docketed at S-2021-3029179.

5. That the period of time for which the issuance of debt collateralized by PECO's First Mortgage Bonds is granted will end on December 31, 2027.

6. Consistent with Section 1903(b) of the Public Utility Code, 66 Pa. C.S. § 1903(b), the registration of the subject securities certificate does not represent Commission approval of the proposed projects for rate recovery pursuant to 66 Pa. C.S. §§ 1301-1328.

7. That completion of all issuances pursuant to the Order and submission of the final filing under Ordering Paragraph No. 2, above, this case be marked closed.

BY THE COMMISSION,

A handwritten signature in black ink, appearing to read "Rosemary Chiavetta". The signature is written in a cursive style with a large initial "R".

Rosemary Chiavetta
Secretary

(SEAL)

ORDER ADOPTED: December 19, 2024

ORDER ENTERED: December 19, 2024