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AN EXELON COMPANY

Jack R. Garfinkle
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March 28, 2025

VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120

**Re: Petition of PECO Energy Company for Authority to Defer for Regulatory Accounting and Reporting Purposes Certain Losses from Extraordinary Storm Damage Related to the February 2025 Storm
Docket No. P-2025-**

Dear Secretary Chiavetta:

Enclosed please find the **Petition of PECO Energy Company (the “Petition”)** for filing in the above-referenced matter.

Copies of the Petition have been served in accordance with the enclosed Certificate of Service.

If you have any questions regarding this filing, please contact me directly at 856.912.4738.

Thank you.

Very truly yours,

Jack R. Garfinkle

c: Per Certificate of Service

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

**PETITION OF PECO ENERGY
COMPANY FOR AUTHORITY TO
DEFER FOR REGULATORY
ACCOUNTING AND REPORTING
PURPOSES CERTAIN LOSSES FROM
EXTRAORDINARY STORM DAMAGE
RELATED TO THE FEBRUARY 2025
STORM** :
:
:
: **DOCKET NO. P-2025-**
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:
:

PETITION OF PECO ENERGY COMPANY

I. INTRODUCTION

PECO Energy Company (“PECO” or the “Company”) hereby requests that the Pennsylvania Public Utility Commission (the “Commission”) issue an Order, pursuant to Section 1701 of the Pennsylvania Public Utility Code¹ (“the Code”), authorizing PECO to defer for regulatory accounting and reporting purposes extraordinary storm losses incurred by the Company for regulatory treatment and recovery in PECO’s next electric distribution rate case (including any amortization period of recovery of such expenses) pursuant to Section 1308(d) of the Code.²

The extraordinary storm losses arose as a result of a severe storm event throughout PECO’s service territory that began on February 16, 2025 and ended on February 19, 2025 (the “February Storm”). These losses are the incremental operation and maintenance (“O&M”) expenses above straight-time internal labor costs and exclude capital incurred by the Company in responding to the February Storm. The Company is not requesting that the Commission decide

¹ 66 Pa.C.S. § 1701.

² 66 Pa.C.S. § 1308(d).

the ratemaking treatment of such losses at this time. Instead, PECO proposes that the Commission address the applicable ratemaking issues in the Company's next electric distribution rate case.

In support of its Petition, the Company submits as follows:

II. BACKGROUND

1. PECO is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania with its principal office in Philadelphia, Pennsylvania. PECO provides electric distribution service to nearly 1.7 million customers.

2. The Company's attorney authorized to receive service in this matter is:

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3. The amounts that PECO seeks to defer are expenses related to the incremental O&M expenses above straight-time internal labor costs to repair damage to facilities and to restore electric service within PECO's service area following a historically severe storm event. The storm caused downed trees and tree limbs, damaged electric equipment, and resulted in power outages for PECO customers throughout PECO's entire service territory.

The February Storm consisted of a strong cold front, with severe winds gusting above 50 miles per hour. The severe winds started during the afternoon of February 16, 2025, and continued through the evening of Monday, February 17, 2025. The February Storm caused damage to PECO facilities and resulted in approximately 239,223 customer service

interruptions.³ PECO's Emergency Response Organization was activated, with crews working to safely restore service to the impacted customers. Over 1,653 employees, contractors, and mutual assistance crews worked through challenging conditions, including high winds, freezing temperatures, and extensive damage to PECO equipment. As a result of their successful efforts, power outages created by the February Storm were resolved by February 21, 2025 at 4:46 p.m.

III. DEFERRAL OF EXTRAORDINARY LOSSES

4. The Commission's regulations adopt the Federal Energy Regulatory Commission's ("FERC") Uniform System of Accounts as the accounting standard for electric public utilities in Pennsylvania. 52 Pa. Code § 57.42(a).⁴

5. General Instruction 7 of the Uniform System of Accounts ("General Instruction 7") states that utilities may treat as extraordinary those events that are of an "unusual nature and infrequent occurrence" that are "events...of significant effect which are abnormal and significantly different from the ordinary and typical activities of the company, and which would not reasonably be expected to recur in the foreseeable future." 18 CFR Pt. 101. The rule goes on to note that generally, an item should result in expenses totaling more than 5% of income to be treated as an "extraordinary item." *Id.*

6. The Commission has specifically recognized storm damage, among other, non-storm related items, to be "extraordinary items" under General Instruction 7 and has approved deferral of storm expenses in previous similar instances.⁵ The Commission has also approved

³ See *Report of Service Outage to Pennsylvania Public Utility Commission Secretary's Bureau*, Docket No. M-2021-3023564, filed on March 24, 2025.

⁴ PECO Energy Company is a Class A electric public utility as defined by 52 Pa. Code § 57.41(a).

⁵ See, e.g., *Petition of FirstEnergy Pennsylvania Electric Company for Authority to Defer, for Regulatory Accounting and Reporting Purposes, Certain Losses from Extraordinary Storm Damage*, P-2025-3052975 (Opinion and Order entered March 13, 2025) (approving deferral of storm damage expenses from storm causing outages for more than 13% of utility customers); *Petition of Pennsylvania Power Co. for Authorization to Defer, for*

deferral of losses associated with extraordinary events where the amount of losses was not yet finally determined and less than 5%.⁶

IV. FEBRUARY STORM

7. PECO's request in this Petition arises from the restoration efforts required as a result of the February Storm's effect on its service territory. The February Storm caused widespread tree and wind damage, leading to a significant amount of downed lines, broken poles, and damage to transformers and crossarms. A total of 239,223 customers, or 14.4% of the customers in PECO's service territory, were impacted by the damage sustained from February 16, 2025 to February 19, 2025.⁷

Damage to the Company's facilities from the February Storm required repair or replacement of 205 poles, 37 miles of wire and cable, 250 crossarms, 5,250 fuses, and 103 transformers. The high winds and freezing temperatures paired with the extensive damage to equipment created very challenging conditions for the necessary restoration activities.

Regulatory Accounting and Reporting Purposes Certain Losses From Extraordinary Storm Damage, Docket No. P-2019-3014311 (Opinion and Order entered Jan. 16, 2020) (approving deferral of storm damage expenses associated with Winter Storm Avery); *Petition of Metropolitan Edison Co. for Authorization to Defer, for Regulatory Accounting and Reporting Purposes Certain Losses From Extraordinary Storm Damage*, Docket No. P-2014-2412229 (Opinion and Order entered May 22, 2014) (approving deferral of storm damage expenses associated with Winter Storm Nika); *Petition of PPL Electric Utilities Corporation for Authorization to Defer, for Regulatory Accounting and Reporting Purposes Certain Losses From Extraordinary Storm Damage*, Docket No. P-2011-2270396 (Opinion and Order entered Dec. 15, 2011) (approving deferral of storm damage expenses anticipated to total between \$15 million and \$20 million associated with Hurricane Irene).

⁶ See *Petition of PPL Electric Utilities Corporation for Authority to Defer for Accounting and Financial Reporting Purposes Certain Losses from Extraordinary Storm Damage and to Amortize Such Losses*, Docket No. P-00032069 (Opinion and Order entered Jan 16, 2004).

⁷ PECO filed a "Major Event Exclusion Request" with the Pennsylvania Public Utility Commission on March 24, 2025.

8. The first notification of a service interruption from the February Storm occurred on February 16, 2025 at 2:55 p.m. and service was restored to the last affected customer on February 21, 2025 at 4:46 p.m.

9. Storm restoration was led by PECO's Emergency Response Organization, which coordinated the efforts of over 1,653 employees, contractors, and mutual assistance crews. Storm roles included 877 Aerial Lineman, 67 Forepersons, 149 Technicians, and 560 Vegetation Management contractors.

10. The severe damage sustained by PECO's system resulted in extraordinary incremental O&M expenses related to the restoration. The total incremental storm expenses to PECO, exclusive of straight time internal labor and capital expenses is \$15.9 million as of March 24, 2025, which PECO now requests authorization to defer as "extraordinary items" for accounting purposes. This amount represents 5.3% of PECO's income for the twelve-month period ended December 31, 2024, which exceeds the 5% threshold set forth in General Instruction 7.

V. RATE RECOVERY

11. Consistent with prior Commission practice, the Company normalizes storm damage expense based on a five-year historical average of actual storm damage expense. Its base rates have been designed to recover only a "normal" level of storm damage expense.

12. The Commission has granted petitions to defer storm damage expenses in recognition of the fact that this type of cost might evade legitimate recovery under typical ratemaking practices because storm damage expenses are not within the control of a utility and

are difficult to project for purposes of prospective recovery in base rates.⁸ For this reason, it is necessary for PECO to be granted approval of the requested accounting treatment to ensure that the Company may raise these expenses as an extraordinary item in its next base rate proceeding.

13. Approving this request is fully consistent with both General Instruction 7 and Commission precedent. Upon Commission approval, PECO shall be permitted to recover up to \$15.9 million for February Storm costs subject to review for reasonableness and prudence in PECO's next electric distribution rate case under Section 1308(d) of the Code (including any amortization period for recovery of such expenses). PECO shall retain the burden of proof with respect to demonstrating the reasonableness and prudence of these costs.

⁸ See, e.g., *Pa. P.U.C. v. PPL Electric Utilities Corporation*, Docket No. R-2012-2290597 (Opinion and Order entered Apr. 3, 2014), p. 15.

VI. CONCLUSION

Based upon the foregoing, PECO respectfully requests that the Commission grant this Petition authorizing PECO to defer for accounting and financial purposes actual extraordinary expenses caused by the February Storm as identified in this petition.

Respectfully submitted,



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Jack R. Garfinkle (Pa. No. 81892)
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Counsel For PECO Energy Company

Dated: March 28, 2025

VERIFICATION

I, Richard G. Webster, Jr., hereby declare that I am the Vice President, Regulatory Policy and Strategy for PECO Energy Company; that, as such, I am authorized to make this verification on its behalf; that the facts set forth in the foregoing Petition are true and correct to the best of my knowledge, information, and belief; and that I make this verification subject to the penalties of 18 Pa. C.S. § 4904 pertaining to false statements to authorities.

DATE: March 28, 2025



Richard G. Webster, Jr.

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

PETITION OF PECO ENERGY	:	
COMPANY FOR AUTHORITY TO	:	
DEFER FOR REGULATORY	:	
ACCOUNTING AND REPORTING	:	DOCKET NO. P-2025
PURPOSES CERTAIN LOSSES FROM	:	
EXTRAORDINARY STORM DAMAGE	:	
RELATED TO THE FEBRUARY 2025	:	
STORM	:	

CERTIFICATE OF SERVICE

I hereby certify and affirm that I have this day served a copy of the **Petition of PECO Energy Company for Authority to Defer for Regulatory Accounting and Reporting Purposes Certain Losses from Extraordinary Storm Damage related to the February 2025 Storm** on the following persons in the manner specified in accordance with the requirements of 52 Pa. Code § 1.54:

VIA ELECTRONIC MAIL

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Dated: March 28, 2025



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