



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

AN EXELON COMPANY

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**VIA E-FILE ONLY**

May 29, 2025

Matthew Homsher, Secretary  
Pennsylvania Public Utility Commission  
Commonwealth Keystone Building  
400 North Street, Second Floor  
Harrisburg, PA 17120

**SUBJECT:** PECO Energy Company ("PECO") Financial Report for the twelve months ended March 31, 2025 for Gas Operations, Docket No. M-2025-3052807

Dear Secretary Homsher:

This letter transmits for filing with the Commission PECO's Financial Report for the twelve months ended March 31, 2025, for Gas Operations (Utility Code – 122300). This report includes the annualization, normalization and other ratemaking adjustments typically permitted by the Commission. Please note that this report includes a tax repair benefit of \$45.9M in adjusted income for common equity or 2.17% in adjusted return on common equity. Copies have been provided to the Office of Special Assistants, Bureau of Investigation and Enforcement, Office of Consumer Advocate, Office of Small Business Advocate and Bureau of Technical Utility Services.

Sincerely,

cc: P. Diskin, Director, Bureau of Technical Utility Services (email only)  
K. Hafner, Director, Office of Special Assistants (email only)  
A. Kaster, Director, Bureau of Investigation & Enforcement (email only)  
V. Johns, Bureau of Technical Utility Services (email only)  
E. Laudenslager, Bureau of Technical Utility Services (email only)  
Office of Consumer Advocate (email service only)  
Office of Small Business Advocate (email service only)

**PECO-GAS OPERATIONS**

**Financial Report**

**Twelve Months Ended March 31, 2025**

Company Name: 122300-PECO-Gas Operations  
 Financial Report for Twelve Months Ended: 3/31/2025

SCHEDULE A1  
 (in thousands)

	Actual per Books	Intrastate %	Intrastate Per Books	Adjustments (a)	Adjusted Results
Original Cost					
Plant in Service	4,539,778	1.0000	4,539,778	844,621	5,384,399
Depreciation Reserve	1,083,471	1.0000	1,083,471	232,933	1,316,404
Net Plant	3,456,307	1.0000	3,456,307	611,688	4,067,995
ADDITIONS:					
Ld./Plt. Future Use	-	1.0000	-	0	-
Materials & Suppl.	29,689	1.0000	29,689	0	29,689
CWC (b)	13,476	1.0000	13,476	0	13,476
Other	-	1.0000	-	0	-
DEDUCTIONS:					
Acc. Def. Income Taxes	-	0.0000	-	0	-
Liberalized Depr.	213,290	1.0000	213,290	-8,660	204,630
I. T. C.	-	1.0000	-	0	-
Other	-	1.0000	-	0	-
Customer Deposits	15,801	1.0000	15,801	0	15,801
Customer Advances	1,225	1.0000	1,225	0	1,225
Cont. Aid of Constr.	(6,711)	1.0000	(6,711)	-11,457	(18,168)
Other	111,939	1.0000	111,939	-9,081	102,858
 RATE BASE	 3,163,927		 3,163,928	 640,886	 3,804,814
Operating Revenues	750,991	1.0000	750,991	(17,391)	733,600
Operating Revenue Deductions:					
O & M Expense	412,192	1.0000	412,192	(24,294)	387,899
Annual Depreciation	99,516	1.0000	99,516	28,778	128,294
Taxes-					
-Other Than Income	8,508	1.0000	8,508	-	8,508
-State Income-Curr.	3	1.0000	3	(1,749)	(1,746)
-Fed. Income-Curr.	9,066	1.0000	9,066	(4,290)	4,776
-Deferred Inc. Txes.	(12,128)	1.0000	(12,128)	-	(12,128)
-I.T.C. (net)	(4)	1.0000	(4)	-	(4)
Total Oper. Rev. Ded.	517,152		517,152	(1,555)	515,597
Inc. Avail. For Ret.	233,839		233,839	(15,836)	218,003
 RATE OF RETURN - Overall	 7.39%		 7.39%		 5.73%

COMPANY NAME:

**PECO-Gas Operations**  
**SUMMARY OF ADJUSTMENTS**  
(in Thousands\$)

SCHEDULE B

<b>Rate Base Adjustments</b>	<b>Rate Base</b>	<b>Revenues</b>	<b>Expenses</b>	<b>Taxes Other Than Income</b>	<b>State Income Taxes</b>	<b>Federal Income Taxes</b>
(1) Adjustment for Additional Plant in Service	\$844,621					
(2) Adjustment for Additional Accumulated Reserve	\$232,933					
(3) Adjustment for Additional Accumulated Deferred Income Taxes	\$ (29,198)					

**Total** \$640,886

<b>Income Statement Adjustments</b>	<b>Rate Base</b>	<b>Revenues</b>	<b>Expenses</b>	<b>Taxes Other Than Income</b>	<b>State Income Taxes</b>	<b>Federal Income Taxes</b>
(1) Interest on Customer Deposits*			\$ 771		\$ (62)	\$ (151)
(2) Revenue Annualization*	\$ 1,216				\$ 97	\$ 239
(3) Wage Change, Pension and FAS 106 Adjustment*			\$ 1,922		\$ (154)	\$ (376)
(4) Adjust for Additional Book Depreciation Expense*			\$ 28,778		\$ (2,299)	\$ (5,646)
(5) Elimination of Profit from IS Sales*	\$ -		\$ -		\$ -	\$ -
(6) Elimination of Off-System Related Revenues and Costs*	\$ (30,757)		\$ (23,068)		\$ (614)	\$ (1,509)
(7) Weather Normalization of Distribution Revenues*	\$ 12,854				\$ 1,027	\$ 2,522
(8) Leap Year Revenue Normalization	\$ 638				\$ 51	\$ 125
(9) CAP Revenue Credit Annualization	\$ 4				\$ -	\$ 1
(10) Normalization of Uncollectible Accounts Expense*			\$ (3,918)		\$ 313	\$ 769
(11) Eliminate DSIC Revenue*	\$ (1,346)				\$ (108)	\$ (264)

**Total** \$ (17,391) \$ 4,484 \$ (1,749) \$ (4,290)

COMPANY NAME:

**PECO**  
**Gas Operations**  
**Explanation of Adjustments**

SCHEDULE C

**Rate Base Adjustments**

- (1) Adjustment for Additional Plant in Service
- (2) Adjustment for Additional Accumulated Reserve
- (3) Adjustment for Additional Accumulated Deferred Income Taxes

**Income Statement Adj.**

- (1) Adjustment to Include Interest on Customer Deposits-The purpose of this adjustment is to include interest expense of the Company due to customer deposits. This adjustment was included at R-2020-3018929, the most recently concluded gas base rate case.
- (2) Revenue Annualization-The purpose of this adjustment is to annualize revenues to reflect period end level of customers. This adjustment was included at R-2020-3018929, the most recently concluded gas base rate case.
- (3) Wage Change, Pension and FAS 106 Adjustment-The purpose of this adjustment is to develop the changes in wages, pensions and FAS 106 benefits not yet fully reflected in the twelve month period. This adjustment was included at R-2020-3018929, the most recently concluded gas base rate case.
- (4) Adjustment for Additional Book Depreciation Expense - This adjustment is necessary to reflect a additional depreciation expense for additional plant in service.
- (5)
- (6) Elimination of Off-System Related Revenues and Costs-The purpose of this adjustment is to remove all revenues and gas costs related to off-system sales including sales for resale and the Company share for capacity release credits. Customers receive 75% of the margin through the Purchased Gas Cost rate while the Company retains 25% of the margin. This adjustment was included at R-2020-3018929, the most recently concluded gas base rate case.
- (7) Weather Normalization of Distribution Revenues-The purpose of this adjustment is to reflect the effect of weather normalization on distribution revenues. This adjustment was included at R-2020-3018929, the most recently concluded gas base rate case.
- (8) Leap Year Revenue Normalization - The purpose of this adjustment is to add one quarter of one-day non-customer and non-reconcilable surcharge distribution revenue to normalize the revenue impact from leap year.
- (9) CAP Revenue Credit Annualization - The purpose of this adjustment is to annualize the cost of the discounts provided to customers enrolled in Company's Customer Assistance Program ("CAP") in the form of a bill credit, reflecting the number of CAP at the end of reporting period.
- (10) Adjustment to Normalize Uncollectible Accounts Expense-The purpose of this adjustment is to normalize uncollectible accounts expense. This adjustment was included at R-2020-3018929, the most recently concluded gas base rate case.

Company Name: 122300-PECO-Gas Operations  
 INTRASTATE per BOOKS

SCHEDULE D-1

Calc. Of Return on Common Equity for the period: 3/31/2025  
 (In Thousands)

	Capital Ratios	Rate Base	Totals	Weighted Cst. Rates	Total Rate Base Cst./Debt/Pref.
	-----	-----	-----	-----	-----
1. Debt	0.4425	3,163,928	1,400,038	0.0435	60,902
2. Preferred	0.0000		0	0.0000	0
3. Common Equity	0.5575		1,763,890		
4. TOTAL	1.0000		3,163,928		60,902
=====					
					Intrastate per Books
					-----
5. Income Available for Return					233,839
6. Less: Total Rate Base Related Cost of Debt & Preferred					60,902
7. Income Available for Common Equity (Line 5 - Line 6)					172,937
8. Debt Cost					60,902
9. Less: Interest Expense used to compute State & Fed. Income Tax					69,110
10. Difference (Line 8 less Line 9)					-8,208
11. Times: Effective State and Federal Income Tax Rate					0.2760835
12. Net Addition of (Deduction) (Line 10 x Line 11)					-2,266
13. Income Available for Common Equity, Including Income Tax Effect of Using Debt Cost (Line 7 Plus Line 12)					170,671
14. Return on Common Equity (Line 7/ Line 3, Col. 3)					0.09804
15. Return on Common Equity Including Tax Effect of Using Debt Cost (Line 13/Line 3, col. 3)					0.09676

Company Name: 122300-PECO-Gas Operations  
 INTRASTATE ADJUSTED  
 Calc. Of Return on Common Equity for the period: 3/31/2025  
 (In Thousands)

SCHEDULE D-2

	Capital Ratios	Rate Base	Totals	Weighted Cst. Rates	Total Rate Base Cst./Debt/Pref.
	-----	-----	-----	-----	-----
1. Debt	0.4425	3,804,814	1,683,630	0.0435	73,238
2. Preferred	0.0000		0	0.0000	0
3. Common Equity	0.5575		2,121,184		
4. TOTAL	1.0000		3,804,814		73,238
=====					
					Intrastate Adjusted
					-----
5. Income Available for Return					218,003
6. Less: Total Rate Base Related Cost of Debt & Preferred					73,238
7. Income Available for Common Equity (Line 5 - Line 6)					144,765
8. Debt Cost					73,238
9. Less: Interest Expense used to compute State & Fed. Income Tax					69,110
10. Difference (Line 8 less Line 9)					4,128
11. Times: Effective State and Federal Income Tax Rate					0.2760835
12. Net Addition of (Deduction) (Line 10 x Line 11)					1,140
13. Income Available for Common Equity, Including Income Tax Effect of Using Debt Cost (Line 7 Plus Line 12)					145,905
14. Return on Common Equity (Line 7/ Line 3, Col. 3)					0.06825
15. Return on Common Equity Including Tax Effect of Using Debt Cost (Line 13/Line 3, col. 3)					0.06878

SCHEDULE E

Company: 122300-PECO-Gas Operations  
 Calculation of Capital Structure and Related Ratios  
 for the period: 3/31/2025  
 (in thousands)

	Total Company Actual Amount Outstanding	Ratios
Total Debt	5,958,847	0.4425
Total Preferred	0	0.0000
Common Equity:		
Common Stock	1,423,004	
Premium on Common Stock	3,785,240	
Capital Surplus	0	
Capital Stock Expense	0	
Retained Earnings	2,299,429	
Other	0	
Total Common Equity	7,507,673	0.5575
Total Capital	13,466,520	1.0000

**PECO - Gas Operation**  
**Cost of Debt as Ratemaking Adjusted**  
**for the Twelve Months Ended March 31, 2025**  
**( \$ in Thousands )**

**SCHEDULE F**

Line No	Description	[ 1 ] Amount Outstanding	[ 3 ] Effective Interest Rate	[ 2 ] Percent to Total	[ 4 ] Average Weighted Cost Rate [ 2 ] * [ 3 ]	[ 5 ] Annualized Cost
<b><u>First &amp; Refunding Mortgage Bonds - Fixed Rate</u></b>						
1	3.15% due 2025	350,000	3.29%	5.87%	0.19%	
2	5.90% due 2034	75,000	6.00%	1.26%	0.08%	
3	5.95% due 2036	300,000	6.04%	5.03%	0.30%	
4	5.70% due 2037	175,000	5.81%	2.94%	0.17%	
5	4.80% due 2043	250,000	4.89%	4.20%	0.21%	
6	4.15% due 2044	300,000	4.23%	5.03%	0.21%	
7	3.70% due 2047	325,000	3.77%	5.45%	0.21%	
8	3.90% due 2048	650,000	4.08%	10.91%	0.45%	
9	3.00% due 2049	325,000	3.10%	5.45%	0.17%	
10	2.80% due 2050	350,000	2.86%	5.87%	0.17%	
11	3.05% due 2051	375,000	3.11%	6.29%	0.20%	
12	2.85% due 2051	375,000	2.91%	6.29%	0.18%	
13	4.6% due 2052	350,000	4.71%	5.87%	0.28%	
14	4.375% due 2052	425,000	4.46%	7.13%	0.32%	
15	4.90% due 2033	575,000	5.03%	9.65%	0.49%	
16	5.25% due 2054	575,000	5.34%	9.65%	0.52%	
17	Sub-Total Fixed Rate	<u>5,775,000</u>		<u>96.91%</u>		
<b><u>Trust Preferred Capital Securities</u></b>						
18	7.38% Rate Due 4/6/28	80,521	7.46%	1.35%	0.10%	
19	Variable Rates Due 4/6/28	805	6.75%	0.01%	0.00%	
20	5.75% Rate Due 6/15/33	103,093	5.88%	1.73%	0.10%	
21	Sub-Total Capital Securities	<u>184,419</u>		<u>3.09%</u>		
22	Total Long-Term Debt	5,959,419		<u>100.00%</u>	<u>4.35%</u>	
23	Adjustment for Tenders & Calls	<u>(572)</u>				
24	Net Long-Term Debt	<u>\$ 5,958,847</u>				
25	Annualized Cost	\$ 259,235				
26	Adjustment for Tenders & Calls Reacquired	<u>68</u>				
27	Total	<u>\$ 259,303</u>				<u>4.35%</u>

**SCHEDULE A  
SUPPORTING DATA**

PECO-GAS OPERATIONS  
Plant in Service at March 31, 2025  
Gas Plant  
(in Thousands\$)

A-1

	<u>Plant</u>	Depreciation <u>Reserve</u>	<u>Net</u>
Total Depreciable Gas Plant	\$ 4,288,540	\$ 991,817	\$ 3,296,722
 <u>Add: Other Accounts</u>			
302, 360 Franchise, Land and Land Rights	\$ 66		\$ 66
374 Land and Land Rights	<u>\$ 5,639</u>		<u>\$ 5,639</u>
<b>Total Gas Plant</b>	\$ 4,294,244	\$ 991,817	\$ 3,302,427
Allocated Common Plant	<u>\$ 245,534</u>	<u>\$ 91,654</u>	<u>\$ 153,880</u>
<b>Total Gas and Allocated Common</b>	\$ 4,539,778	\$ 1,083,471	\$ 3,456,307

PECO-GAS OPERATIONS  
Plant in Service at March 31, 2025  
Common Plant  
(in Thousands\$)

A-2

	<u>Plant</u>	Depreciation <u>Reserve</u>	<u>Net</u>
Depreciable Common Plant	\$ 1,094,102	\$ 411,189	\$ 682,913
 <u>Other Common Plant</u>			
301, 389 Organization, Land and Land Rights	<u>\$ 7,442</u>		<u>\$ 7,442</u>
 <b>Total Common Plant in Service</b>	 \$ 1,101,544	 \$ 411,189	 \$ 690,355
 <u>Total Common Plant Allocated</u>			
PECO Electric	\$ 856,010	\$ 319,535	\$ 536,475
Electric Distribution	\$ 750,254	\$ 280,058	\$ 470,196
Gas	\$ 245,534	\$ 91,654	\$ 153,880

PECO-GAS OPERATIONS  
AVERAGE GAS INVENTORY AND MATERIALS AND SUPPLIES  
Thirteen Months Ended March 31, 2025  
(in Thousands\$)

A-3

	<u>Propane/Other</u>	<u>Gas Stored Underground</u>	<u>Liquefied Natural Gas Stored</u>	<u>Gas Materials and Supplies</u>	<u>Stores Undist.</u>
Mar-25	\$1,481	\$10,871	\$2,907	\$556	(\$560)
Mar-24	\$1,527	\$16,788	\$3,675	\$486	(\$241)
Apr-24	\$1,527	\$14,978	\$3,628	\$542	(\$1,725)
May-24	\$1,527	\$17,448	\$3,571	\$561	(\$780)
Jun-24	\$1,527	\$21,456	\$3,738	\$558	(\$871)
Jul-24	\$1,527	\$26,746	\$4,219	\$543	(\$1,179)
Aug-24	\$1,527	\$30,166	\$4,227	\$664	(\$1,410)
Sep-24	\$1,527	\$33,711	\$4,177	\$699	(\$1,476)
Oct-24	\$1,527	\$37,467	\$4,131	\$560	(\$1,723)
Nov-24	\$1,527	\$36,576	\$4,065	\$557	(\$1,377)
Dec-24	\$1,527	\$31,540	\$3,928	\$517	\$0
Jan-25	\$1,527	\$21,596	\$3,071	\$541	(\$535)
Feb-25	\$1,481	\$13,954	\$2,966	\$528	(\$319)
13 Month Total	\$19,764	\$313,298	\$48,302	\$7,313	(\$12,196)
13 Month Avg	\$1,520	\$24,100	\$3,716	\$563	(\$938)
Applicable to Gas					(\$209)
<b><u>Total</u></b>	<b><u>\$29,689</u></b>				

PECO-GAS OPERATIONS  
 CUSTOMER DEPOSITS AND ADVANCES  
 Thirteen Months Ended March 31, 2025  
 (in Thousands\$)

A-4

	<u>Customer Deposits</u>	<u>Customer Advances</u>
Mar-25	\$ 14,774	\$ 1,033
Mar-24	\$ 16,703	\$ 1,100
Apr-24	\$ 16,758	\$ 1,106
May-24	\$ 16,677	\$ 1,576
Jun-24	\$ 16,632	\$ 1,466
Jul-24	\$ 16,543	\$ 1,612
Aug-24	\$ 16,281	\$ 1,453
Sep-24	\$ 16,033	\$ 1,434
Oct-24	\$ 15,812	\$ 1,110
Nov-24	\$ 15,592	\$ 1,066
Dec-24	\$ 15,404	\$ 964
Jan-25	\$ 13,972	\$ 971
Feb-25	<u>\$ 14,236</u>	<u>\$ 1,037</u>
Total	\$ 205,416	\$ 15,929
13 month Avg	\$ 15,801	\$ 1,225

**SCHEDULE B  
SUPPORTING DATA**

PECO-GAS OPERATIONS  
INTEREST ON CUSTOMER DEPOSITS  
Twelve Months Ended March 31, 2025  
(in Thousands\$)

B-1

The purpose of this adjustment is to include the cost of interest accrued to the Company on its customer deposits.

Interest on Customer Deposits	\$ 771
Decrease in Income Taxes @ 27.61%	\$ (213)
Decrease in Income for Return	\$ (558)

PECO-GAS OPERATIONS  
REVENUE ANNUALIZATION  
Twelve Months Ended March 31, 2025  
(in Thousands\$)

B-2

The purpose of this adjustment is to annualize revenues for the number of custor at the end of the twelve month period.

Change in Revenues (B-2a)	\$ 1,216
Decrease in Income Taxes @ 27.61%	\$ 336
Decrease in Income for Return	\$ 880

PECO-GAS OPERATIONS  
REVENUE ANNUALIZATION  
Twelve Months Ended March 31, 2025  
(in Thousands\$)

B-2a

	<u>Residential (a)</u>	<u>SCI</u>	<u>LCI</u>	<u>Other</u>	<u>Total</u>
Revenues	\$ 331,050	\$ 116,752	\$ (73)	\$ 537	\$ 448,266
Distribution Weather Adjustment	\$ 9,379	\$ 3,340	\$ 135	\$ -	\$ 12,854
Margin-Revenue Net of Commodity	\$ 340,429	\$ 120,091	\$ 62	\$ 537	\$ 461,120
Avg Monthly Customers	508,014	44,835	7	16	552,872
Avg Margin Per Customer	Thousand\$ \$ 0.670	\$ 2.075	\$ 9	\$ 33.591	
Number of Customers End of March 2025	509,773	44,853	7	16	554,649
Increase in Number of Customers During the Year	1,759	18	-	-	1,777
Annualization of Revenue	\$ 1,179	\$ 38	\$ -	\$ -	\$ 1,216

(a) Represents Rates GR and CAP

(b) Represents Rates GC, OL, MVF and L

Revenue figures reflect billed revenues

PECO-GAS OPERATIONS  
 ANNUALIZATION OF WAGES, PENSIONS AND FAS 106 ADJUSTMENT  
 Twelve Months Ended March 31, 2025  
 (in Thousands\$)

B-3

This adjustment develops the increases in wages associated with the annual wage increase. Also included in this adjustment are Pension and Post Retirement Benefit Costs/FAS 106 Costs.

**Estimated Wages, Pensions and FAS 106 Benefits-Company**

Adjustment to Gas Base Wage	\$	1,049
Plus: Overtime @ 29.46%		<u>\$309</u>
Change in Applicable Payroll Expense		\$1,358
Adjustment to Pension and Net FAS 106 Costs (a)		\$564
Net Expense Change		\$1,922
Decrease in Income Tax at 27.61%		(\$530)
Decrease in Income for Return		(\$1,392)
<hr/>		
(a) Proforma		\$731
Actual		<u>\$167</u>
Increase		\$564

PECO-GAS OPERATIONS  
ADJUST BOOK DEPRECIATION ACCRUAL TO  
CALCULATED ACCRUAL RATE FOR YEAR END PLANT  
Twelve Months Ended March 31, 2025  
(in Thousands\$)

B-4

This adjustment is necessary to present the book depreciation claim on a period end basis.

Annualized Depreciation	\$128,294
Book Depreciation	<u>\$99,516</u>
Change in Depreciation	\$28,778
Decrease in Income Tax at 27.61%	(7,945)
Decrease in Income for Return	(20,833)

PECO-GAS OPERATIONS  
ADJUSTMENT TO ELIMINATE OFF SYSTEM RELATED REVENUES AND COSTS  
Twelve Months Ended March 31, 2025  
(in Thousands\$)

B-6

This adjustment removes the revenues and gas costs related to off-system sales including sales for resale and the Company share for capacity release credits. Customers receive 75% of the net margin through the Purchased Gas Cost rate while the Company retains 25% of the margin.

Revenue to be Removed	\$ 30,757
Expense to be Removed	\$ 23,068
Taxable Income to be Removed	\$ 7,689
Decrease in Income Taxes at 27.61%	\$ (2,123)
Decrease in Income for Return	\$ (5,566)

PECO-GAS OPERATIONS  
ADJUSTMENT TO DISTRIBUTION REVENUES  
TO REFLECT WEATHER NORMALIZED SALES  
Twelve Months Ended March 31, 2025  
(in Thousands\$)

B-7

The purpose of this adjustment is to reflect the effect of weather normalization on distribution revenues during the twelve month period.

Decrease in Revenues	\$ 12,854
Decrease in Income Taxes at 27.61%	\$ 3,549
Decrease in Income for Return	\$ 9,305

PECO-GAS OPERATIONS  
Leap Year Revenue Normalization  
Twelve Months Ended March 31, 2025  
(in Thousands)

B-8

The purpose of this adjustment is to deduct three quarters of one-day non-customer and non-reconc surcharge distribution revenue from 2025 February to normalize the revenue impact from leap year

Total Revenue Increase	\$638
Increase in Income Taxes @ 27.61%	\$176
Increase in Income for Return	\$462

PECO-GAS OPERATIONS  
CAP Revenue Credits and Adjustments  
Twelve Months Ended March 31, 2025  
(in Thousands)

B-9

The purpose of this adjustment is to annualize the cost of the discounts provided to customers enrolled in PECO's Customer Assistance Program ("CAP") in the form of a bill credit, reflecting the number of CAP customers at the end of March 2025

CAP Discount Annualization	\$	(6)
Net of Impact of Write Off and Working Capital	\$	(4)
Increase in Income Taxes @ 27.61%	\$	(1)
Increase in Income for Return	\$	(3)

PECO-GAS OPERATIONS  
NORMALIZATION OF UNCOLLECTIBLE ACCOUNTS EXPENSE  
Twelve Months Ended March 31, 2025  
(in Thousands\$)

B-10

The purpose of this adjustment is to normalize uncollectible accounts expense based on a three year average rate for charge-offs and prior period arrearages.

Adjusted Uncollectibles Amount	\$ 3,515
Amount in Actual Expense	<u>\$ 7,433</u>
Increase in Cost	\$ (3,918)
Decrease in Income Taxes at 27.61%	\$ 1,082
Decrease in Income for Return	\$ 2,836