SAUL EWING
LLP

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June 19, 2025

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

RE: Updated Information Submitted in Compliance with Section 1307(f) of the Public Utility Code and Direct Testimony
Recovery of Purchased Gas Costs
Docket No. R-2025-3054868; Tariff Gas - Pa. P.U.C. No. 6 - PECO Energy Company

Dear Secretary Homsher:

Enclosed for filing please find the following updated Sections and Direct Testimony:

- Section 15 of the Advanced Filing;
- Section 16 of the Advanced Filing;
- Section 17 of the Advanced Filing;
- Section 22 of the Advanced Filing; and
- Direct Testimony of Suzette Adams (PECO Statement No. 1)

PECO respectfully requests that these updated Sections of the Advanced Filing and updated Direct Testimony be replaced with the corresponding Sections filed on April 30, 2025 and Direct Testimony that was filed on May 30, 2025.

Sincerely,

/s/ *Kruti B. Patel*

Kruti B. Patel

Enc.

CERTIFICATE OF SERVICE

I, Kruti B. Patel, Esquire, hereby certify that I am on this day serving copies of PECO's Updated Advance Information Section and Direct Testimony upon the participants listed below in accordance with the requirements of 52 Pa. Code § 1.54 (relating to service by a participant):

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Dated: June 18, 2025

By: /s/ *Kruti B. Patel*
Kruti B. Patel, Esquire

Updated Section 15

Data for the consecutive three-day peak periods over the last five send out years are shown below. PECO's send out year begins September 1 and ends August 31 of the following year. "Int" means the rate was interrupted for some portion or all of the day. "Avail" means the rate was available for use the entire day.

Date	Mcf	Avg. Tem	Max. Tem	Min. Tem	Status Rate TSI	Status Rate IS	Status Rate TCS	Status Rate CGS*
1/28/2021	635,344	27	33	23	Avail	Avail	Avail	Avail
1/29/2021	677,652	24	29	19	Avail	Avail	Avail	Avail
1/30/2021	570,260	30	35	25	Avail	Avail	Avail	Avail
TOTAL	**1,883,256**							
1/29/2022	748,912	17	24	12	Avail	Int	Avail	N/A
1/30/2022	667,611	23	27	19	Avail	Int	Avail	N/A
1/31/2022	629,552	28	35	24	Avail	Int	Avail	N/A
TOTAL	**2,046,075**							
12/23/2022	728,437	17	47	8	Avail	Int	Avail	N/A
12/24/2022	761,932	18	22	10	Avail	Int	Avail	N/A
12/25/2022	657,876	23	28	17	Avail	Int	Avail	N/A
TOTAL	**2,148,245**							
1/15/2024	605,525	27	28	26	Avail	Avail	Avail	N/A
1/16/2024	687,045	23	30	14	Avail	Avail	Avail	N/A
1/17/2024	698,763	23	26	18	Avail	Avail	Avail	N/A
TOTAL	**1,991,333**							
1/20/2025	736,728	17	26	10	Int	Int	Int	N/A
1/21/2025	791,455	15	18	11	Int	Int	Int	N/A
1/22/2025	773,696	16	19	12	Int	Int	Int	N/A
TOTAL	**2,301,879**							

*Rate CGS was removed effective 7/1/2021 in Gas Rate Case Docket #R-2020-3018929.

Only partial information is available by rate class for the three-day peaks since some rate classes are not metered on a daily basis. A tabulation by rate class is shown below.

Rate Class	Description	Frequency of Meter Reading
TSI & IS	Interruptible transportation & sales	Daily
TSF & L	Firm transportation & sales	Daily
TCS	Interruptible by temperature	Daily
CGS	City Gate Sales	Daily
GC	Commercial firm sales	Monthly
GR	Residential firm sales	Monthly
MV-F	Motor vehicle-firm sales	Monthly
MV-I	Motor vehicle-interruptible sales	Monthly
OL	Outdoor lighting	Monthly

The usage by rate class for the three-day peaks for the last five send out years appears below. All figures are in Mcf.

Date	TSI/IS	TSF/L	TCS	GC	GR	Others*	Total Mcf
1/28/2021	46,076	50,749	634	172,960	363,538	1,387	635,344
1/29/2021	47,456	51,174	681	186,003	390,951	1,387	677,652
1/30/2021	48,221	50,235	555	151,478	318,384	1,387	570,260
1/29/2022	45,850	53,364	509	209,477	438,148	1,564	748,912
1/30/2022	46,332	52,836	446	183,215	383,218	1,564	667,611
1/31/2022	46,649	53,025	415	170,751	357,148	1,564	629,552
12/23/2022	47,128	47,922	87	210,619	420,886	1,795	728,437
12/24/2022	37,096	42,413	94	226,971	453,564	1,795	761,932
12/25/2022	41,035	45,944	78	189,780	379,244	1,795	657,876
1/15/2024	40,847	46,634	300	169,191	347,022	1,531	605,525
1/16/2024	41,156	48,258	346	195,261	400,493	1,531	687,045
1/17/2024	46,031	49,354	349	197,143	404,354	1,531	698,763
1/20/2025	22,507	57,772	0	205,511	449,145	1,793	736,728
1/21/2025	22,733	58,345	0	222,440	486,144	1,793	791,455
1/22/2025	22,874	58,300	0	216,835	473,894	1,793	773,696

** Rates MV-F, MV-I, OL, CGS, L, IS, Interdepartmental

Updated Section 16

OVERVIEW OF THE METHODOLOGY

The key steps used to determine the design day requirement are listed below. Each step is explained in detail following this overview.

STEP 1 Establish the design day temperature.

STEP 2 Gather daily load and temperature data from the past winter seasons.

STEP 3 Perform a linear regression analysis of firm demand versus average temperature for the day.

STEP 4 Determine the total projected design day requirement for the next winter season by adding a firm load growth component and the firm standby sales requirement for transportation customers.

STEP 5 Project the design day requirement for the next 10 years using the result obtained in step 4.

STEP 1 - BASIS FOR THE DESIGN DAY TEMPERATURE

PECO Energy Company ("PECO") uses a design temperature of zero degrees Fahrenheit. This design temperature is the average of hourly temperatures over a 24-hour period. PECO does not use a reserve factor in its design day planning.

The design temperature of zero degrees is a reasonable compromise between reliability and cost. It provides assurance that firm service customers are not likely to face service interruptions and keeps the costs for peak day capacity at an acceptable level.

The following table shows the lowest 24-hour average temperatures measured in each winter season for the last 30 years.

Winter Season	Lowest Daily Average Temperature (degrees Fahrenheit)
95-96	10
96-97	12
97-98	25
98-99	21
99-00	14
00-01	19
01-02	27
02-03	15
03-04	12
04-05	13
05-06	21
06-07	13
07-08	19
08-09	12
09-10	18
10-11	18
11-12	21
12-13	17
13-14	11
14-15	10
15-16	15
16-17	19
17-18	11
18-19	14
19-20	26
20-21	24
21-22	17
22-23	17
23-24	20
24-25	15

STEP 2 - DAILY LOAD AND TEMPERATURE DATA

PECO's customer base is segregated into two general categories, firm and interruptible. These categories are then further separated into customer classes: residential, commercial, and industrial.

Firm customers receive uninterrupted delivery of gas and can be found in all customer classes. Firm load has two components, base and variable. Base load can be clearly identified in the summer and consists of residential and commercial customers using appliances such as water heaters and gas ranges, and industrial customers utilizing gas for processes. Base load is not sensitive to daily temperature changes. Variable load, which is highly sensitive to temperature changes, can be found in all customer classes and normally is the result of using natural gas as a heating source.

Customers in the interruptible category are generally large industrial or commercial entities and electric power generators. Interruptible customers receive a reduced rate on the condition that service will be interrupted at various times throughout the year. The interruptible rates offered by PECO are: TCS - Temperature Controlled Service, CGS - City Gate Service, IS - Interruptible Sales Service, TS-I - Transportation Service-Interruptible, and MV-I – Motor Vehicle Interruptible.

TEMPERATURE DATA

PECO's weather data is measured at the Philadelphia Airport by its weather data vendor, DTN. Daily average temperatures are computed from hourly readings. Temperature averages are computed using the gas day, which falls from 10am-10am daily.

LOAD MEASUREMENT

PECO measures daily gas use by its largest commercial and industrial customers, typically served by both firm and interruptible transportation service. This measurement is accomplished by an automatic meter reading system. Each meter serving a customer has an electronic module that transmits data over telephone lines at one or more times throughout the day to PECO for purposes of determining usage and billing. Use of gas by small commercial and residential customers is measured daily then aggregated by month.

DETERMINATION OF THE FIRM DAILY DEMAND

PECO's design day projection is based solely on firm load requirements. The projection assumes that on the design day all of PECO's interruptible sales and interruptible transportation services--Rates IS, CGS, TCS, MV-I and TSI--are fully interrupted. Interruption is necessary to assure adequate supplies and distribution system capacity to serve firm requirement customers.

The analysis is based on data from the five most recent winters. To obtain this information, the following steps are performed:

1. Daily winter load figures are retrieved where the average temperature is 50 degrees Fahrenheit or below.
2. The data values are normalized to the current year to account for prior year growth and the different average BTU content experienced year-to-year.
3. The firm system daily demand is computed by subtracting the large commercial and industrial load, which is measured daily, from the total gas sendout for each

day. This temperature and demand information is then used in a linear regression analysis.

STEP 3 - LINEAR REGRESSION ANALYSIS

A linear regression analysis is performed using the firm demand as the dependent variable and the daily average temperature as the explanatory independent variable. The line resulting from the analysis is called the regression or least squares line. The line is placed so that the sum of the squares of the deviation is minimized. Graph A demonstrates the relationship between temperature, shown on the x axis, and system firm daily demand, shown on the y axis.

Regression analysis determines the nature of the linear relationship between two interval or ratio scale variables, while correlation analysis measures the strength of the linear relationship between them. Correlation analysis provides the Coefficient of Correlation, r. This number indicates both the direction and the strength of the linear relationship between the dependent variable (y), firm demand, and the independent variable (x), temperature.

When r is negatively sloped, as shown on Graph A, the firm demand and temperature are inversely related. The larger the absolute value of r, the stronger the linear relationship between firm demand and temperature. If r = -1 or r = +1, the regression will actually include all of the data points. The r factor for this analysis is 0.975.

Another measure of the strength of the relationship is the Coefficient of Determination, r squared. Its numerical value is the proportion of the variation in y, firm

demand that is explained by the regression line. That is, the total variation in y versus the unexplained variation in x. This analysis shows an r squared value of 0.9497.

The regression analysis indicates a daily firm load requirement of 911,203 MCF at zero degrees, which represents the daily firm requirement of residential and small commercial customers. Temperature dependent load is 14,226 MCF per degree.

STEP 4 - DETERMINE THE TOTAL PROJECTED DESIGN DAY REQUIREMENT FIRM STANDBY REQUIREMENTS FOR GAS TRANSPORTATION CUSTOMERS

PECO also must include its firm standby sales service obligation in its design day projection. This service is a form of firm sales provided to firm transportation customers under Rate TS-F that purchase this service. It serves two purposes - first, standby sales service provides a back-up sales service to the customer's transportation supplies. If transportation supplies cannot be delivered by the pipelines or are not available for any reason, the customer can purchase gas from PECO under standby sales service. The second reason for standby sales service is to preserve the customer's right to return to traditional sales service. If customers wish to discontinue transportation service, they can automatically resume purchases from PECO as sales customers. The daily standby sales service requirement is 1,379 MCF and is based on the sum of the standby sales quantities for Rate TS-F customers.

FIRM LOAD GROWTH

The design day projection also must reflect expected base and variable load growth through March 2025. This is a result of additions to the customer base. Projected daily firm load growth from residential and commercial classes is 6,562 MCF.

Customer Class	Number of Customers Added	Estimated Design Day Requirement
Residential	8,195	5,173 MCF
Commercial	417	1,388 MCF

PROJECTED DESIGN DAY REQUIREMENT

The following is a summary of all previously discussed elements of the design day requirement. The total design day requirement is projected to be 919,144 MCF for the 2025-2026 winter season. This requirement is based on a design day temperature of zero degrees Fahrenheit, and no reserve factor is included in projecting the design day requirement.

Firm Load from Regression Analysis ..... 911,203 MCF

Firm Standby Sales Requirement .....… 1,379 MCF

Firm Load Growth..... 6,562 MCF

Total Design Day Req. 2025-2026 Winter..... 919,144 MCF

COMPARISON OF AVAILABLE RESOURCES WITH THE PROJECTED DESIGN DAY REQUIREMENT

The resources listed in the table below are expected to be available for the 2025-2026 winter. A deficit of 6,324 MCF is projected between the design day requirements and current resources. PECO will use a combination of resources such as bundled peaking services and delivered services to satisfy this deficit.

Supplies Delivered on FT Contracts .....421,528 MCF

Storage Withdrawals..... 241,729 MCF

LNG.....190,000 MCF

Propane.....24,838 MCF

Delivered Hedged Contracts.....34,726 MCF

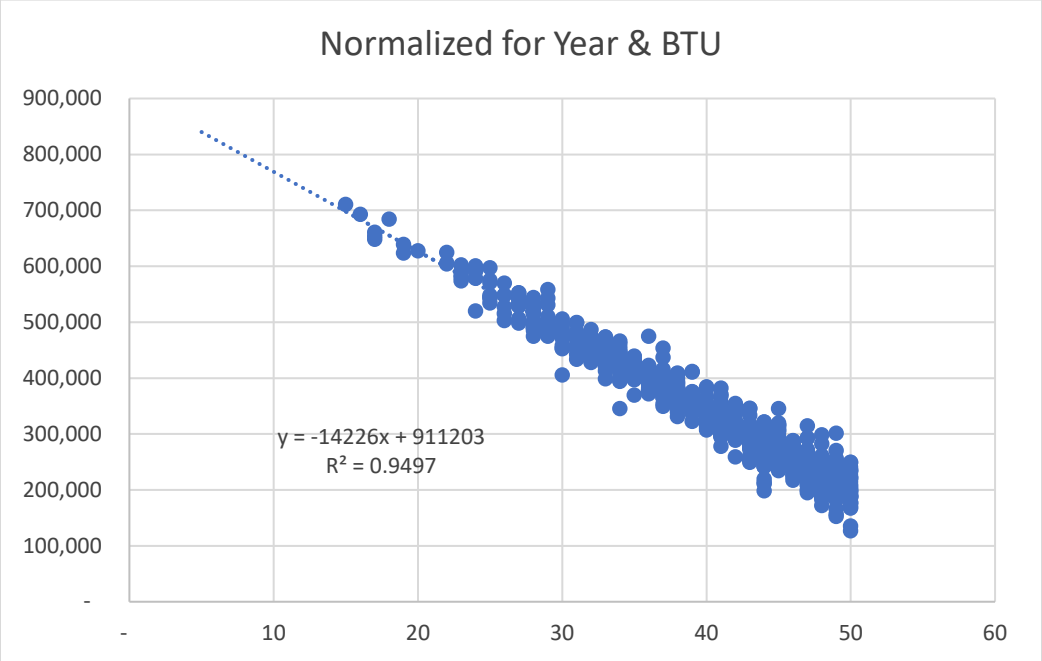
Total Resources..... 912,820 MCF

STEP 5 - 10 YEAR PROJECTION OF THE DESIGN DAY REQUIREMENT

The design day figure for the 2025-2026 winter season is used to project the design day requirement for the next ten years. The requirement is assumed to increase at the same rate as the total firm sales.

Winter Season	Projected Firm Sales MMCF/Year	Projected Design Day Requirement MCF/Day
2025-2026	66,594	919,144
2026-2027	69,225	955,459
2027-2028	69,947	965,420
2028-2029	71,052	980,672
2029-2030	71,651	988,945
2030-2031	71,751	990,330
2031-2032	71,852	991,716
2032-2033	71,952	993,104
2033-2034	72,053	994,494
2034-2035	72,154	995,886

GRAPH A


Normalized for Year & BTU
900,000
800,000
700,000
600,000
500,000
400,000
300,000
200,000
100,000
-
y = -14226x + 911203
R² = 0.9497
-
10
20
30
40
50
60

Updated Section 17 - Projected 10-Year Minimum Gas Requirements

The following is an analysis of data demonstrating the minimum gas entitlements needed to provide reliable and uninterrupted service, on a projected future basis, to firm customers during peak periods. The projected minimum gas requirements needed to serve firm sales customers over the next 10 years are shown in the tables below. Requirements for annual, winter, and design day time periods are included.

Table 1 - Firm Gas Requirements for Normal Weather (4,348 Degree Days)

Year	Annual Mdth	Winter Period (Nov. 1 to Mar. 31) Mdth	Design (0 degrees F Avg.) Mdth/day
2025	70,764	54,588	953
2026	73,560	56,745	991
2027	74,327	57,337	1,001
2028	75,501	58,242	1,017
2029	76,138	58,734	1,026
2030	76,244	58,816	1,027
2031	76,351	58,898	1,028
2032	76,458	58,981	1,029
2033	76,565	59,063	1,030
2034	76,672	59,146	1,031

Table 2 - Firm Gas Requirements for Design Weather (4,783 Degree Days)

Year	Annual Mdth	Winter Period (Nov. 1 to Mar. 31) Mdth	Design Day (0 degrees F Avg.) Mdth/day
2025	75,446	59,270	953
2026	78,427	61,612	991
2027	79,245	62,255	1,001
2028	80,497	63,238	1,017
2029	81,176	63,772	1,026
2030	81,289	63,861	1,027
2031	81,403	63,950	1,028
2032	81,517	64,040	1,029
2033	81,631	64,129	1,030
2034	81,745	64,219	1,031

RELIABILITY AND SUPPLY PLANS

A. Overview. Pursuant to Sections 1317(c) and (d) of the Public Utility Code (66 Pa. C. S. §§1317(c) and (d)), PECO Energy Company (PECO) is required to submit, as part of it's filing under Section 1307(f) of the Public Utility Code (66 Pa. C. S. §§1307): (1) a reliability plan; and (2) a supply plan. For PECO, the reliability plan includes descriptions of (a) the projected peak day and seasonal requirements of firm customers that utilize the distribution system during the 12-month projected period specified in Section 1307(f)(1) of the Public Utility Code; and (b) the transportation capacity, storage, peaking or on-system production that ensures deliverability of the natural gas supplies necessary to meet such projected period peak day and seasonal requirements. The supply plan that PECO is required to file must set forth its proposed plan for the acquisition or receipt of natural gas supplies.

B. Reliability Plan.

(1) Peak Day. PECO, as discussed in Section 16, has a winter design day requirement of 919,144 mcf or 952,877 dth. PECO plans to meet its design day demand requirement by utilizing its various sources of firm transportation (FT) capacity and gas supply. These sources of FT capacity and supply will typically be used in the following order:

First, PECO will use its long-term gas supply contracts, which feed into its FT capacity on Transco, Texas Eastern and Adelphia to deliver 436,998 dth to its citygate on the peak day.

Second, PECO will supplement the supply from its long-term gas supply contracts with supplies withdrawn from storage and delivered under storage-related firm transportation contracts. The total delivered storage available for delivery on a peak day is 250,600 dth.

Third, PECO will utilize its two peaking facilities to inject firm supplies directly into its distribution system. PECO's LNG facility will provide 196,973 dth on a peak day, and its propane facility will provide another 25,750 dth on a peak day.

Finally, PECO will supplement these services with other firm winter delivered services totaling 42,556 dth per day. All or a portion of the winter delivered service requirement may be supplied by Natural Gas Suppliers (NGSs) under PECO's Gas Choice Program, if they elect the delivered service option. This supply will be obtained in the summer of 2025 for delivery to PECO's citygate starting in December 2025, through an RFP process.

As shown below, the sources of capacity and supply identified above, in total, meet the aforementioned peak-day requirement of 952,877 dth:

1.	Pipeline FT Deliveries	436,998	dth
2.	Pipeline Storage Deliveries	250,600	dth
3.	Peaking Facilities	222,723	dth
4.	Delivered Winter Services[1]	42,556	dth
	Total	**952,877**	**dth**

(2) Seasonal Requirements. PECO's annual requirements can be split into two separate seasons: 1) the winter period of November-March; and 2) the summer period of April-October. The two seasons typically exhibit starkly different demand requirements because they have significantly different levels of experienced heating degree-days.

While varying from month to month and with actual weather conditions, the 2025-2026 winter season is projected to exhibit increasing demand in November (average day of 241,643 dth) and December (average day of 344,663 dth), a peak month in January (average day of 431,858 dth), and waning demand in February (average day of 388,956 dth) and March (average day of 255,536 dth). As previously explained, PECO will satisfy these demand requirements by generally first using its base load supplies delivered on its interstate pipeline FT capacity and, as temperatures decline, using pipeline storage withdrawals, peaking facility supplies, and other sources of supply generally in that order. Daily swings in demand will generally be accommodated with no-notice withdrawals from, or injections to, storage and purchases of spot supplies on an economic basis.

The 2025 summer season is projected to exhibit less on-system demand. However, the summer season also is the time to inject gas into storage for withdrawals the following winter. PECO projects that average-day on-system demand will decline from 137,349 dth/day in April to a low of 51,238 dth/day in August and then increase gradually through October (average day of 85,098 dth). Storage injections during this period are projected to average 74,121 dth per day. Typically, all demand and storage injections will be satisfied with gas supplies flowing on interstate pipeline FT capacity. Just as in the winter season, daily swings in demand will generally be accommodated by

[1] For the winter of 2025-2026, PECO has entered into a winter delivered supply contracts that reduce the quantity required to be obtained via RFP to meet is peak day demand. PECO, through its approved hedging program, entered into fixed price delivered supply contracts equal to 36,000 Dth/d.

withdrawals from, or injections to, storage and purchases of spot supplies on an economic basis.

(3) Reliability of Supply. PECO ensures firm supply service through its contractual arrangements with reliable suppliers. All of PECO's long-term supply contracts and delivered peaking service contracts contain liquidated damages clauses for non-performance. PECO's asset management agreements, where a third-party manages PECO's storage and related transportation contracts for a fee, also contain liquidated damages clauses. PECO has experienced no instances of failure-to-perform on its long-term gas supply and asset management agreements, which it attributes to the selection of reputable, reliable suppliers and asset managers as well as arranging for supply deliveries from diverse, liquid, geographic sources.

C. Supply Plan. As demonstrated throughout this filing, PECO satisfies the demand requirements of its customers through a combination of long-term contracts, summer injection contracts, winter season contracts, and spot gas purchase contracts. These sources provide PECO with significant flexibility in terms of price and volume. The long-term contracts generally feed into interstate pipeline capacity for delivery into the PECO gas distribution system, while the summer injection gas flows on pipeline FT for injection into storage. Winter season purchases are typically delivered directly to the PECO gas distribution system at pipeline citygate interconnections. Spot purchases can be delivered directly to PECO as well as into pipeline FT capacity for subsequent delivery to PECO. As PECO's customers transfer to NGSs for their gas supply, PECO will need to purchase less gas on average but will need to retain sufficient resources to satisfy its Supplier of Last Resort Obligations.

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY COMMISSION
V.
PECO ENERGY COMPANY

Docket No. R-2025-3054868

UPDATED DIRECT TESTIMONY
OF
SUZETTE E. ADAMS

PECO STATEMENT NO. 1

TABLE OF CONTENTS

UPDATED DIRECT TESTIMONY OF SUZETTE E. ADAMS

I. INTRODUCTION

1. Q. Please state your name and business address.

A. My name is Suzette E. Adams. My business address is PECO Energy Company, 2301 Market Street, Philadelphia, PA 19103.

2. Q. What is your educational background?

A. I hold a Bachelor's Degree in Accounting from Temple University and a Master's Degree in Business Administration from Eastern University.

3. Q. Have you previously submitted testimony in rate proceedings?

A. Yes. I have submitted testimony on behalf of PECO Energy Company ("PECO" or the "Company") in the Purchased Gas Cost ("PGC") 40 proceeding at Docket No. R-2023-3040285 and PGC 41 proceeding at Docket No. R-2024-3048767.

4. Q. Please describe your work experience relevant to your Direct Testimony.

A. I have been employed at PECO or its affiliate, Exelon Business Services Company ("Exelon BSC") since May 2002. I started as a Senior Accountant in the accounting department of Exelon BSC. In that role, I performed functions of an accountant which included journal entries, account reconciliation, depreciation expenses and prepared various internal and external (SEC, FERC, PUC) reporting. In 2006, I became the Senior Gas Supply & Transportation Analyst. My responsibilities included tracking departmental Key Performance Indicators, supply planning, storage asset management, asset optimization, daily, monthly, seasonal and long-term natural gas purchasing, analyzing and authorizing capacity releases and scheduling natural gas flow on interstate pipelines. Over the last seven years I have worked in Project Management overseeing large scale projects, I managed the Call

Center, and served as the Chief of Staff to the Chief Customer Officer (CCO) in Customer Operations.

5. Q. Please identify your current job responsibilities.

A. In May 2022, I became the Senior Manager of PECO's Gas Supply & Transportation Department. In this position, I manage all aspects of PECO's natural gas supply acquisition portfolio including contract negotiation, administration and accounting, gas supply procurement, risk management, off-system sales and capacity release, and long and short-term supply planning. This includes management and optimization of upstream pipeline storage assets and pipeline transportation, as well as decisions on hedging strategies for future supplies. I am also responsible for reviewing all gas supply and capacity costs and providing testimony regarding all gas acquisition activities in the annual Pennsylvania Public Utility Commission (the "Commission") Purchased Gas Cost Proceedings. In addition, I am also responsible for oversight of the high-volume transportation program and management of Federal Energy Regulatory issues impacting PECO Gas and its customers.

II. PURPOSE OF TESTIMONY

6. Q. What is the purpose of your Direct Testimony in this proceeding?

A. The purpose of my Direct Testimony is to present the information required in Section 1317(a) of the Pennsylvania Public Utility Code (the "Code") (*See* 66 Pa. C.S.A. § 1317(a)) so that the Commission may make the findings required by Section 1318 of the Code (*See* 66 Pa. C.S.A. § 1318) for a determination that PECO's PGC rates and charges for the historic period (April 1, 2024 through March 31, 2025), the estimated period (April 1, 2025 through November 30, 2025)

and the PGC application period (December 1, 2025 through November 30, 2026) are just and reasonable. To that end, I am sponsoring the information previously filed by the Company on April 30, 2025 (the "Advance Filing Information") in support of this year's purchased gas cost proceeding ("PGC 42"). Additionally, I will describe the Company's natural gas purchase policies and practices, including PECO's use of natural gas pipeline transportation and storage contracts, and set forth its plans for evaluating and continuing to incorporate Marcellus Shale production into its supply portfolio.

7. Q. Are you sponsoring any exhibits?

A. No, I am not sponsoring any exhibits. However, as previously mentioned, I am sponsoring the Advance Filing Information, which has been separated into Sections 1 through 22, and which correspond, generally, to the PGC filing requirements set forth in 66 Pa. C.S.A § 1317.

8. Q. Please provide a general description of PECO's natural gas system.

A. PECO's natural gas system is located in Southeastern Pennsylvania and serves the four-county area surrounding, but not including, the City of Philadelphia and a portion of Lancaster County. Because this is not a natural gas-producing region, PECO and its natural gas customers depend on the interstate natural gas pipeline system to deliver natural gas into PECO's distribution system. This dependency applies to all natural gas supplies, storage, and interstate transportation services, except for PECO's two on-system peak-shaving facilities. For a schematic of PECO's natural gas system, please refer to Section 13 of the Advance Filing Information.

9. Q. Please identify PECO's interstate transmission suppliers.

A. Texas Eastern Transmission, LP ("Texas Eastern"), Transcontinental Gas Pipeline Corporation ("Transco"), Eastern Shore Natural Gas Company ("Eastern Shore"), and Adelphia Gateway are the four interstate natural gas pipelines that deliver natural gas directly to PECO's city gates. In addition, Eastern Gas Transmission and Storage, Inc. ("EGTS"), Texas Eastern, and Transco also provide natural gas storage services, which PECO uses to meet winter daily and peaking requirements. In the case of EGTS' storage service, intermediate transportation service from Texas Eastern is required to deliver the natural gas to PECO's city gate.

III. HISTORIC AND PROJECTED NATURAL GAS PURCHASES

10. Q. Please describe the information provided in Section 1 of the Advance Filing Information.

A. The information provided in Section 1 of the Advance Filing Information accounts for all of the Company's purchased natural gas costs during the period from January 1, 2024 through March 31, 2025, and includes the source of the natural gas, the price and the associated volumes. This information also includes applicable rates, demand components, and incremental purchased natural gas costs associated with contracted interstate pipeline transportation and storage services. All costs detailed in Section 1 result from applying the Company's policy to purchase natural gas on a basis that ensures system reliability at the least-cost.

11. Q. During the past 12 months, did PECO purchase natural gas from any affiliated interest?

A. No, PECO did not purchase natural gas from any affiliated interest during the past 12 months.

12. Q. Has PECO withheld or caused to be withheld from the market any natural gas supplies which should have been utilized as part of a least-cost fuel procurement policy?

A. No. Because PECO is neither a natural gas producer nor a wholesale market participant of significant size or scope, it could not benefit from withholding any natural gas supplies from the market. For these same reasons, PECO has no market power in the pipeline capacity market. PECO only engages in purchases related to providing natural gas service to its retail customers and a small amount of off-system sales from which its retail customers derive substantial benefit.

13. Q. Has PECO included in its PGC rates any purchased natural gas costs that should be charged to transportation customers?

A. No. When a transportation customer uses PECO's purchased natural gas under Rate IS ("Interruptible Service"), these fuel costs are excluded from costs to be recovered from PECO's PGC customers. In addition, PECO provides Standby Sales Service for firm and interruptible transportation customers whereby those customers may purchase natural gas from the Company at the standard retail rate should a customer's supplier fail to deliver gas. The demand charge revenues derived from Standby Sales Service are credited toward recovery of purchased natural gas costs through the Section 1307(f) mechanism. If a firm transportation ("FT") customer fails to elect Standby Sales Service and nevertheless uses PECO's purchased natural gas to make up for deficient supplier deliveries, or if an interruptible customer consumes unauthorized volumes, the customer is charged tariff rates for

the natural gas used and assessed a penalty for the delivery deficiency. These penalty revenues are also credited to PECO's PGC customers.

14. Q. Please describe the information provided in Sections 6 and 7 of the Advance Filing Information.

A. Sections 6 and 7 of the Advance Filing Information provide the projected cost of purchasing natural gas for the estimated period (April 1, 2025 through November 30, 2025) and the PGC application period (December 1, 2025 through November 30, 2026), respectively. This information includes the expected source of the natural gas, the price, and the associated volumes. The projected purchases reflect the Company's policy to purchase natural gas on a basis that ensures system reliability at the least-cost. Sections 6 and 7 of the Advance Filing Information include all projected interstate pipeline costs, storage demand costs, variable storage and fuel-related costs, and commodity costs for the relevant time periods. As shown in Section 6 of the Advance Filing Information, the total projected cost applicable to the PGC for the estimated period is approximately $178.390 million. As shown in Section 7 of the Advance Filing Information, the total projected cost applicable to the PGC for the application period is approximately $416.639 million.

IV. DESIGN DAY REQUIREMENTS

15. Q. Have you provided an overview of the methodology the Company employs to determine design day requirements?

A. Yes. Details of PECO's design day methodology and a description of its 2025-2026 winter design day requirements are included in the updated Section 16 of the Advance Filing Information. As described in the updated Section 16, PECO's supply resources, combined with peaking and delivered supply, will satisfy the Company's design day requirement of 919,144 Mcf for the 2025-2026 winter season.

16. Q. Is PECO proposing a change to its design day as a result of its experience during the 2024-2025 winter season?

A. No. PECO's design day methodology, as well as system performance this past winter, supports the continued use of a zero degree design day.

V. PECO'S NATURAL GAS PURCHASE POLICIES AND PRACTICES

17. Q. Does PECO pursue a least-cost procurement policy?

A. Yes, it does.

18. Q. Please describe PECO's least-cost procurement policy.

A. PECO's natural gas procurement policy is designed to achieve a reasonable balance of long- and short-term natural gas purchases under different pricing approaches, in order to achieve system supply reliability at the least-cost. As previously discussed, the details of PECO's actual natural gas purchases for the fifteen (15) months ending March 31, 2025 and its estimated purchases through November 30, 2026, are presented in the Advance Filing Information (Sections 1, 6 and 7). PECO

utilizes its interstate transportation and storage entitlements to obtain and deliver market-priced supplies to the PECO natural gas distribution system.

19. Q. Please explain the practical implementation of the policy.

A. PECO manages its least-cost procurement strategy through purchases made under long-term (more than one month), such as purchases made in conjunction with the Ratable Hedging Program, and short-term (one month or less) contracts, and on the daily spot market. Purchases made under long- and short-term contracts generally use two pricing mechanisms: (1) daily or first-of-the-month indices; and (2) adjusted New York Mercantile Exchange ("NYMEX") futures pricing. Index-based pricing refers to the use of either a first-of-the-month index at a particular location, such as the index published in the *Inside FERC Gas Market Report*, or a daily index at a particular location, such as those published in *Gas Daily*. NYMEX futures pricing refers to the use of a selection of monthly natural gas futures prices from a NYMEX futures contract pricing screen, or a monthly NYMEX settlement price, plus or minus a negotiated locational basis. PECO receives bids from suppliers for the lowest basis numbers, which, when added to the applicable NYMEX futures price or NYMEX settlement price, affords PECO the least-cost natural gas price at its city gate.

Spot purchases are made at either a daily index or a fixed price. PECO also uses Requests for Proposals ("RFPs") to obtain least-cost bids for natural gas supplies. In this process, the bids may or may not contain a premium or discount depending on the market and time of year.

Additionally, PECO continued and extended its Ratable Hedging Program as authorized by the Joint Petition for Complete Settlement in last year's PGC proceeding at Docket No. R-2024-3048767.

20. Q. Why does PECO employ a variety of pricing approaches rather than just one?

A. PECO uses different pricing approaches to reduce the price volatility risk associated with using only one approach. The flexibility of using different pricing methods has enabled PECO to diversify its natural gas-purchasing portfolio. By employing these various options, PECO reasonably limits its exposure to intra-month, monthly and seasonal pricing volatility.

21. Q. What other methods does PECO use to mitigate its exposure to price volatility?

A. One additional method PECO uses to mitigate its exposure to price volatility is to use its interstate transportation contracts for supply purchases from geographically diverse locations that have substantial liquidity. This allows PECO the flexibility to analyze the market and optimize its purchases to reduce the price of natural gas delivered to its city gate, considering both commodity and transportation costs. PECO's interstate transportation capacity ensures access to supplies from the Gulf of Mexico, mid-continent, and the Appalachian region, which includes Marcellus Shale natural gas supplies from Pennsylvania and other Marcellus Shale natural gas-producing areas.

PECO also mitigates its exposure to price volatility by using its interstate pipeline storage entitlements. In addition to providing a source of wintertime deliverability, access to pipeline storage allows PECO to purchase natural gas

during the summer period. The natural gas procured in the summer period can be redelivered during periods of strong demand, when prices could potentially be higher (typically, the winter period). However, summer prices for natural gas are not always predictably lower than winter prices.

22. Q. Does storage provide PECO with a substantial source of supply?

A. Yes. As shown in Sections 16 and 22 of the Advance Filing Information, 26.48% of the Company's required design day supply, which equates to 241,729 Mcf, will be received via delivery from contracted underground storage. In addition, LNG, propane, and delivered peaking services combine to represent about 27.34% of the required design day supply. Accordingly, as shown in Sections 16 and 22 of the Advance Filing Information, 190,000 Mcf are available from LNG, 24,838 Mcf are available from propane, and 34,726 Mcf are available from delivered hedged contracts.[1] Overall, the use of storage and LNG enables PECO to substantially mitigate its exposure to the price volatility that typically occurs during the winter, while ensuring sufficient deliverability to meet firm demand.

PECO plans to fill its contracted storage to approximately ninety-five percent (95%) of capacity, in the aggregate, by October 31 of each year. For a typical winter, PECO reduces the inventory of natural gas in its contracted storage to approximately 20% of capacity by March 31 of each year. Additionally, PECO can store 1.2 Bcf of natural gas at its on-system LNG facility, which is filled to capacity during the summer liquefaction season.

[1] For the upcoming 2025-2026 winter, PECO, through its approved hedging program, will enter into fixed price delivered supply contracts equal to 36,000 Dth/day.

23. Q. Are there limitations on PECO's source of supply from its LNG facility, its propane facility, or contracted storage?

A. Yes, there are certain system operational factors the Company must consider when using LNG, propane, or storage supply. The LNG, propane, and contracted underground storage tanks are filled during the summer months, and the natural gas in those tanks must last through the winter months (November – March). The Company closely monitors LNG, propane, and storage inventory, especially from November through January, to ensure our ability to meet customer needs through the winter and early spring.

24. Q. Please explain PECO's strategy to ensure system reliability.

A. PECO's reliability strategy is two-fold. First, PECO must ensure that sufficient capacity exists to satisfy design day deliverability requirements. This capacity is diversified into three categories: (1) pipeline FT capacity; (2) pipeline storage capacity; and (3) peaking capacity. Peaking capacity refers to PECO's LNG facility, propane-air facility, and contracted peaking services with reliable third-party suppliers.

Second, PECO must ensure that a firm source of supply exists to utilize the capacity resources described above. PECO ensures the availability of firm supplies through its contractual arrangements with its suppliers. PECO subjects all potential counterparties to a credit analysis. If the credit analysis deems the counterparty acceptable, PECO will negotiate a NAESB Agreement with the counterparty, which enables PECO to procure natural gas at competitive prices for its PGC customers.

25. Q. What was PECO's experience regarding meeting customer demand this past winter?

A. As illustrated in Table SA-1 below, PECO experienced a winter that was overall, by degree day, 3.7% warmer than a normal winter. December through February were colder than normal, and November and March were significantly warmer than normal which was offset by the colder than normal temperatures in December through February.[2] Variations from normal weather by season, month, or day present balancing challenges. These challenges can be exacerbated by certain factors. For example, on warmer than normal days, the challenges can be made worse by the increase in firm supply receipts associated with the LVT Gas Choice program and the Company's Ratable Hedging Program, and on colder than normal days, by exposure to market area price volatility and limited LNG, propane and underground storage inventory. PECO utilized its balancing assets, such as contracted storage, as well as its daily load balancing processes to minimize costs this past winter.

Table SA-1

Heating Degree Days (HDD)						
	November	December	January	February	March	Total
	2024	2024	2025	2025	2025	
HDD Normal	511	799	952	799	636	3,697
HDD Actual	397	813	1066	809	476	3,561
Difference	-114	14	114	10	-160	-136
HDD vs Normal	-22.3%	1.8%	12.0%	1.3%	-25.2%	-3.7%

[2] PECO defines a normal winter as 3,854 heating degree days ("HDD").

Q. Was there any impact on PECO's contracted supply, or on the operation of the Company's on-system propane or LNG facilities for the duration of the winter weather period?

A. No. PECO did not experience any interruptions or reductions in its contracted natural gas deliveries. Although the winter was relatively warm, the Company's propane and LNG facilities were available to operate in a safe and efficient manner if needed; supplies from those assets remain crucial in allowing the Company to meet the high customer demand experienced during the normal winter weather periods.

26. Q. Did PECO enter into any Off-System Sales during the most recent winter season where the purchase price exceeded the sales price? If so, please explain.

A. No.

27. Q. Did the past winter result in any new records for the Company's natural gas system sendouts?

A. Yes. For context, Table SA-2 below provides the top 20 highest sendout days in the Company's history.

Table SA-2

Rank	System Sendout MCF	Plant Sendout MCF	Date	Airport Temperature	Wind Speed
1	800,927	775,393	Saturday, January 06, 2018	11	13
2	791,455	770,593	Tuesday, January 21, 2025	15	8
3	790,627	763,764	Friday, January 05, 2018	12	21
4	782,361	757,668	Monday, January 21, 2019	16	13
5	779,550	754,130	Thursday, January 31, 2019	15	13
6	778,349	757,766	Sunday, February 15, 2015	10	20
7	776,980	750,804	Sunday, December 31, 2017	12	10
8	773,696	752,455	Wednesday, January 22, 2025	16	3
9	770,605	749,103	Friday, February 01, 2019	15	13
10	767,421	740,109	Thursday, February 19, 2015	11	19
11	766,103	740,745	Wednesday, January 30, 2019	14	13
12	761,932	748,146	Saturday, December 24, 2022	18	19
13	759,549	726,625	Tuesday, January 07, 2014	11	14
14	748,912	730,867	Saturday, January 29, 2022	18	16
15	748,059	722,740	Thursday, January 04, 2018	19	22
16	746,011	727,121	Monday, January 01, 2018	16	13
17	738,801	715,769	Friday, February 20, 2015	14	8
18	736,728	717,743	Monday, January 20, 2025	17	12
19	735,540	714,085	Saturday, January 15, 2022	19	10
20	731,348	707,044	Tuesday, January 02, 2018	20	9

28. Q: Did PECO incur any pipeline penalties this past year?

A. No, PECO did not incur any pipeline penalties this past year.

29. Q. Did PECO's supply contracts perform as required during the winter of 2025-2026?

A. Yes. For the winter of 2025-2026, all natural gas scheduled under PECO's supply contracts was delivered to PECO's city gate.

30. Q. Based on its experience in recent winters, is PECO considering any changes to its natural gas supply portfolio?

A. Yes. While the Company believes that its current mix of FT, firm storage, propane, LNG, and delivered peaking contracted services provides adequate peaking capacity to ensure the system reliability necessary to meet peak demand in a safe, least-cost manner at present, PECO continues to analyze supply portfolio and on-

system LNG solutions to address observations from experiences these past few winters, as well as for peak-day demand projections. Although this past winter was relatively mild, the Company's projected growth in design day and overall demand supports the Company's continuing review of how to best manage its natural gas supply portfolio. To that end, PECO has continued its examination of potential long- and short-term solutions to assist in meeting customer demand during the heating season, including peak-day demand. The results of this examination are discussed below in response to Questions 34 through 36.

31. Q. Please provide an update on the steps the Company took to ensure availability of supply for the winter of 2024-2025.

A. As described in the Direct Testimony in PECO's prior PGC proceedings,[3] PECO continues to analyze and adopt multiple solutions to procure reliable, least-cost assets for both the short- and long-term peak day supply deficits. To that end, to ensure the availability of winter delivery services for the winter of 2024-2025 (as explained at page 2 of Section 22 of the Advance Filing Information in PGC 41 (Docket No. R-2024-3048767)), PECO took the following steps to acquire the 25,745 Dth needed:

- PECO procured 30,000 Dth/day of delivered supply via the Company's approved Ratable Hedging program., leaving us with a surplus of 4,255 Dth

[3] *See* Direct Testimony of Carlos P. Thillet (PGC 35 through 38) and Direct Testimony of Scott J. Hughes (PGC 39).

32. Q. Did PECO purchase any trucked LNG or propane under the aforementioned call options and if so, why?

A. No, PECO did not purchase any trucked LNG or propane under the aforementioned call options.

33. Q. How does the Company plan to ensure availability of supply for the winter of 2025-2026?

A. PECO will utilize both short- and long-term solutions to address its supply needs for the winter of 2025-2026. As to the short-term solutions, similar to previous winters, PECO will depend on delivered supply in order to meet part of its design day requirements.[4] PECO has taken the following steps to ensure the availability of the 42,556 Dth/day of required delivered supply:

- PECO will procure 36,000 Dth/day of delivered supply via the Company's Ratable Hedging program.

In addition, PECO will take the following steps to obtain the remainder of the delivered natural gas resources needed:

- On or before July 1, 2025, PECO will issue a notice of Additional Capacity Constraints, as explained in the Company's DSO program, which is anticipated to produce a similar yield as in prior years.

- PECO will issue an RFP for delivered supply equal to the total winter delivered resources required, less the supply procured under the ratable hedging program and DSO program participation listed above.

34. Q. Please describe the actions PECO is pursuing to address the longer term peak day requirements through the winter of 2034-2035.

A. To reduce reliance on delivered supply, the Company continues to investigate longer term solutions. The objectives of the longer-term solution are to provide

[4] PECO's design day requirements can be found at page 2 of Section 22 of the Advance Filing Information.

PECO with a least-cost, reliable source of supply enabling the Company to meet its firm demand, eliminate the peak-day supply gap while providing deliveries to PECO gate stations, and further eliminating exposure to market area price volatility. To that end, PECO is currently involved in two projects that will aid it in meeting its long-term supply objectives.

First, PECO has continued its evaluation of participation in pipeline open seasons as a way of securing additional cost-effective FT to PECO's City Gate. As discussed below (and also in the Company's response to Question 11, PECO Statement No. 3, the Direct Testimony of Blerina Gaba-Teme), PECO continues to evaluate pipeline open seasons and capacity made available via permanent capacity releases to determine if any new, cost-effective, firm natural gas transportation source to PECO's city gate become available.

Second, as discussed in the Direct Testimony of Scott J. Hughes in PGC 39, and in detail in the Direct Testimony of Carlos P. Thillet submitted in PGC 32 through PGC 38, PECO has continued its LNG investment and continues to take actions that will lead to increasing LNG Vaporization capability at the Company's West Conshohocken facility from 160,000 Mcf/day to 220,000 Mcf/day, directly reducing reliance on delivered supply. The Natural Gas Reliability Project, of which the increased LNG Vaporization capability is a part, is also discussed in depth in the Direct Testimony of Carlos P. Thillet (PECO Statement No. 2) in Docket No. P-2021-3024328.[5] In that proceeding, PECO explained the need for the

[5] PECO filed its Petition for a Finding of Necessity on May 14, 2021. A copy of the Direct Testimony in Docket No. P-2021-3024328, which is confidential, will be made available upon request and execution of a confidentiality agreement acceptable to PECO.

Natural Gas Reliability Project from the standpoint of ensuring the reliability of PECO's natural gas supply to meet design day requirements.

35. Q. How will the actions taken by PECO described above reduce the currently projected deficit between currently contracted-for pipeline storage and FT deliveries, as well as LNG and propane capacity and peak day demand requirements?

A. First, for reference, Table SA-3 provides a comparison of projected design day demand compared to current and planned future assets.

Table SA-3

DESIGN DAY DEMAND VS ASSETS (Dth/D)					
WINTER	DESIGN DAY DEMAND	PROJECTED TOTAL ASSETS	GAP	% GAP	Notes
2025-2026	952,877	946,321	-6,556	-1%	Assets equal current Pipeline FT and Storage deliveries plus PECO LNG and Propane vaporization assets. Includes Hedged Gas for executed contracts of 36,000 Dth/d.
2026-2027	991,000	946,321	-44,679	-5%	Assets at steady state
2027-2028	1,001,000	946,321	-54,679	-5%	
2028-2029	1,017,000	946,321	-70,679	-7%	
2029-2030	1,026,000	946,321	-79,679	-8%	
2030-2031	1,027,000	946,321	-80,679	-8%	
2031-2032	1,028,000	946,321	-81,679	-8%	
2032-2033	1,029,000	946,321	-82,679	-8%	
2033-2034	1,030,000	946,321	-83,679	-8%	
2034-2035	1,031,000	946,321	-84,679	-8%	

The projected total assets for the winter of 2025-2026 include all of PECO's current firm assets, which increase by 36,000 Dth/day beginning in the winter of 2025-2026.

The acquisition of these firm assets will result in the elimination of the current firm gap between total assets and design day demand of 1%. By the winter of 2026-2027, PECO is projecting to have a deficit beyond the projected design day of -5%. PECO plans to meet this deficit through the hedging program which may also result in supplemental capacity, which will better enable the Company to serve its customers should future instances occur where any of the interstate pipelines delivering supply to PECO's service area are subjected to equipment failures, integrity concerns, or other obstacles or force majeure events that prevent them from meeting their contracted obligations during periods of high natural gas demand. Supplemental capacity would also provide a degree of flexibility to ensure deliverability and help to lessen exposure to market area price volatility.

VI. REGIONAL AND SUSTAINABLE NATURAL GAS ACQUISITION STRATEGY

36. Q. Has the Company purchased any natural gas produced in Marcellus Shale regions?

A. Yes. PECO has purchased natural gas from Marcellus Shale production areas. Since 2010, PECO has incorporated increasing quantities of locally produced Marcellus Shale natural gas into its portfolio of supply assets. The only supply PECO purchases that it presumes is not from the Marcellus production regions are those necessary for injections into its WSS storage contract, located upstream on

Transco's main line.[6] PECO uses its FT contracts to purchase and transport natural gas primarily from both the Southwestern and the Northeastern/Leidy production areas in Pennsylvania.

PECO projects that most of its purchases going forward, other than those needed to refill its Transco WSS storage contract located in the Gulf Area storage, will be made at pooling points inside of Pennsylvania. PECO, however, remains mindful of its obligation to seek the least-cost natural gas for its customers. As such, it retains the ability to adjust its purchase points to coincide with changes to industry fundamentals should those changes affect the cost of natural gas in different locations.

37. Q. Please describe any steps the Company has taken to Acquire Renewable Natural Gas (RNG).

A. PECO has continued to pursue a strategy to support the growth of Renewable Natural Gas ("RNG") production and secure a reliable source of natural gas supply onto PECO's distribution system at market-based prices. PECO is actively supporting a RNG project being developed by a third party and has completed the appropriate feasibility study to assess whether the project can safely deliver natural gas into PECO's distribution system. PECO is currently working through the necessary technical and contractual details required to potentially finalize an interconnection agreement. As previously noted in prior PGC filings, while PECO does not intend to pay a premium for, or otherwise acquire, the environmental

[6] Due to the location of certain purchase receipt points, the Company reasonably assumes they are supported by Marcellus Shale gas produced in Pennsylvania. However, the Company is not privy to pipeline information regarding physical flows to the well head. Nor does the Company's least-cost obligation to its firm customers require it to request such proof from its counterparties.

attributes of the RNG delivered into its system as natural gas, PECO would like maximum flexibility to pursue sources of RNG production that would be most advantageous to PECO's PGC customers.

Per the PGC 41 Settlement, if PECO were to acquire RNG, it committed to do so in a manner that is consistent with the Company's least-cost procurement strategy for natural gas, *e.g.*, it would pursue the least cost RNG, and would undertake commercially reasonable efforts to minimize the cost impact to PECO'S PGC customers from the costs associated with purchasing RNG.

VII. CONCLUSION

38. Q. Does this conclude your Direct Testimony?

A. Yes, it does.