

**PENNSYLVANIA PUBLIC UTILITY COMMISSION
HARRISBURG, PENNSYLVANIA 17120**

**Petition of PECO Energy Company -
Electric for Approval of its
Third Long-Term Infrastructure
Improvement Plan**

**Public Meeting held December 18, 2025
3056987-TUS
Docket No. P-2025-3056987**

STATEMENT OF CHAIRMAN STEPHEN M. DeFRANK

Before the Commission is the Petition of PECO Electric Company for approval of its third Long-Term Infrastructure Improvement Plan (LTIIP) for its electric operations. The proposal is a five-year plan, from 2026 through 2030, projected to invest approximately \$2 billion to replace and upgrade the utility's infrastructure. PECO's LTIIP would invest in five main areas:

- Storm hardening and resiliency,
- Replacing underground cable and equipment,
- Replacing older and degraded substation equipment,
- Replacing smart meters approaching obsolescence, and
- Facility relocations.

PECO's filing shows the history of significant major storms the Company has experienced since 2015. This includes eight major storm events over that time, with each averaging roughly 350,000 customer interruptions, adding up to roughly 2.7 million customer interruptions in total. These details exhibit the necessity for electric utilities like PECO to continue investing in storm hardening and resiliency.

In comparison, PECO's current LTIIP is on track to expend approximately \$1.2 billion. As such, this instant proposal represents a marked increase in capital investment, with the all-in projections exceeding \$2 billion resulting in a two-thirds increase over the current LTIIP. I acknowledge that LTIIPs are not an endorsement of cost-recovery, as increased capital costs can be financed through a number of means that need not necessarily require a dollar-for-dollar rate increase, including retained earnings, new debt, and shareholder equity. Nonetheless, LTIIPs are a reasonable barometer for the future rate outlook of our utilities.

Noting all of this, I implore PECO, along with other utilities seeing large capital outlay increases, to consider options that can mitigate rate appreciation. The Commission has broad authority to establish new and novel rate designs. As an example, I believe multi-year rate plans may be a tool that the Commission can use to help instill more measured affordability. Further, utilities should consider more targeted investment in areas that manifest significant increases in reliability and resiliency. Finally, utilities should consider piloting alternatives that have the potential to realize savings when compared to typical distribution infrastructure.

In closing, I encourage our fixed utilities to think outside-the-box for ways to help balance the regulatory compact between customer affordability and utility investment.

December 18, 2025
Date



Stephen M. DeFrank
Chairman