

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

Public Meeting held December 18, 2025

Commissioners Present:

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

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

Docket No.
P-2025-3056987

OPINION AND ORDER

BY THE COMMISSION:

Before the Pennsylvania Public Utility Commission (Commission) for consideration is the Petition (Petition) of PECO Energy Company (PECO) for approval of its third Long-Term Infrastructure Improvement Plan (LTIIIP-III) for its electric operations, filed with the Commission on August 20, 2025.¹ PECO's LTIIIP-III will increase its projected capital investment to \$1.97 billion over a five-year term ending December 31, 2030.

On September 19, 2025, the Office of Consumer Advocate filed comments (that, *inter alia*, encouraged PECO to engage in an undergrounding analysis whenever faced with distribution system components that have failed multiple times as the result of storm or high wind activity.

¹ Copies of the petition were served on the statutory advocates and the parties of record from PECO's most recent base rate case proceeding at Docket No. R-2024-3046931, in accordance with the requirements Commission regulations at 52 Pa. Code § 121.4(a).

On October 10, 2025, the Commission issued a data request to PECO, via Secretarial Letter, seeking more information on the proposed expenditures in LTIIIP-III. On November 4, 2025, PECO filed its response to the Commission data request.

On November 13, 2025, PECO filed a reply to the OCA that provided clarification of its current undergrounding efforts and supplemented the information provided in LTIIIP-III.

On November 14, 2025, the OCA filed a letter advising the Commission that OCA does not see a need to send the instant matter to the Office of Administrative Law Judge for the purpose of scheduling hearings. No further comments were received, and no hearings were held.

For the reasons expressed in this Opinion and Order we will approve PECO's Petition for its LTIIIP-III.

BACKGROUND

Act 11 of 2012, (Act 11) became effective April 16, 2012, and provides jurisdictional water and wastewater utilities, electric distribution companies (EDCs), and natural gas distribution companies or a city natural gas distribution operation the ability to implement a Distribution System Improvement Charge (DSIC) to recover reasonable and prudent costs incurred to repair, improve or replace certain eligible distribution property that is part of the utility's distribution system. Eligible property is defined in Section 1351 of the Code, 66 Pa. C.S. §1351. Act 11 states that as a precondition of the implementation of a DSIC, a utility must file an LTIIIP with the Commission, consistent with Section 1325 of the Code, 66 Pa.C.S. § 1352.

The Commission promulgated regulations relating to LTIIIPs at 52 Pa. Code §§ 121.1 – 121.8 effective December 20, 2014 (Commission Regulations). In accordance with the regulations, utilities implementing a DSIC must include the

following elements in an LTIP:²

- (1) Identification of the types and age of eligible property;
- (2) An initial schedule for the planned repair and replacement of eligible property;
- (3) A general description of the location of eligible property;
- (4) A reasonable estimate of the quantity of property to be improved or repaired;
- (5) Projected annual expenditures and means to finance the expenditures;
- (6) A description of the manner in which replacement of aging infrastructure will be accelerated and how repair, improvement or replacement will maintain safe, reliable, and reasonable service;
- (7) A workforce management and training program; and
- (8) A description of a utility's outreach and coordination activities with other utilities, PennDOT and local governments on planned maintenance/construction projects.

PECO

PECO, Utility Code 110550, is a corporation organized and existing under the laws of the Commonwealth of Pennsylvania and is a subsidiary of the Exelon Corporation with its principal office in Philadelphia, Pennsylvania. PECO is considered a public utility within the meaning of Section 102 of the Public Utility Code, 66 Pa.C.S. §102, and, with respect to their provision of electric service, an EDC as defined in 66 Pa.C.S. §2803 and is subject to the regulatory jurisdiction of the Commission. PECO serves over 1.7 million electric customers in six counties in the southeast portion of Pennsylvania, including the City of Philadelphia. PECO, through its gas operations,

² See, 52 Pa. Code § 121.3.

Utility Code 122300, provides jurisdictional gas service to approximately 553,000 customers.

PECO's FIRST LTIIIP

On March 11, 2015, PECO filed a petition for Commission approval of its first LTIIIP (LTIIIP-I), for the years 2016 through 2020. The Commission approved PECO's LTIIIP-I by Opinion and Order entered October 22, 2015, at Docket No. P-2015-2471423.

On April 10, 2018, via Secretarial Letter, the Commission initiated a periodic review of PECO's LTIIIP-I, as required by 52 Pa. Code § 121.7(a). By Opinion and Order entered August 23, 2018, at Docket No. M-2018-3000950, the Commission found that PECO's LTIIIP-I was adequately designed to ensure and maintain safe, adequate and reliable service and that PECO had substantially adhered to its plan.

PECO's SECOND LTIIIP

On July 22, 2020, PECO filed a petition seeking approval to implement its second LTIIIP (LTIIIP-II), which was designed to accelerate PECO's reliability-related investments by \$1.36 billion over the five-year term 2020 through 2025. The Commission approved PECO's LTIIIP-II by Opinion and Order entered November 19, 2020, at Docket No. P-2020-3020974.

On December 20, 2023, via Secretarial Letter, the Commission initiated a periodic review of PECO's LTIIIP-II. By Opinion and Order entered June 13, 2024, at Docket No. M-2023-3044313, the Commission found that PECO's LTIIIP-II was designed to ensure and maintain safe, adequate, reasonable, and reliable service and that PECO had substantially adhered to its plan.

Pursuant to 52 Pa. Code § 121.6, a utility with an approved DSIC must file with the Commission an Annual Asset Optimization Plan (AAOP) that describes all the eligible property repaired, improved and replaced in the prior 12-month period under its

LTIIIP and prior year’s AAOP and the eligible property to be repaired, improved, and replaced in the upcoming 12-month period. On February 28, 2025, PECO filed its 2025 AAOP at Docket No. M-2025-3053669. In its 2025 AAOP, PECO noted that due to supply chain delays experienced in 2023 and permitting issues experienced in 2024, it did not meet its LTIIIP-II goal for main stem cable replacements in 2024. PECO noted in its 2025 AAOP that it expects to meet or exceed its LTIIIP-II goals/targets apart from the Main Stem Cable Replacement Program.

In supplemental information filed with the Commission, PECO provided a table depicting its estimated spending versus its actual spending under LTIIIP-II. Table 1 below depicts PECO’s LTIIIP-II planned spending and Table 2 depicts actual LTIIIP-II spending through 2024 and forecast spending for 2025.

Table 1: LTIIIP-II Planned Spending

LTIIIP II Planned Spending						
\$M						
	2021	2022	2023	2024	2025	2021-2025
	<i>Plan</i>	<i>Plan</i>	<i>Plan</i>	<i>Plan</i>	<i>Plan</i>	<i>Plan</i>
Storm Hardening and Resiliency Programs						
CEMI Areas	\$ 13.5	\$ 13.5	\$ 13.5	\$ 13.5	\$ 13.8	\$ 67.8
CEMI Targeted Circuits	\$ 6.5	\$ 6.6	\$ 6.7	\$ 7.2	\$ 7.4	\$ 34.4
Aerial Infrastructure Resiliency Programs						
Aerial Infrastructure Resiliency Areas	\$ 4.9	\$ 5.0	\$ 5.1	\$ 5.2	\$ 5.3	\$ 25.5
Aerial Infrastructure Resiliency Targeted Assets	\$ 30.3	\$ 70.0	\$ 71.0	\$ 71.0	\$ 71.0	\$ 313.3
Building Substation Retirement Program	\$ 21.0	\$ 22.0	\$ 14.0	\$ 14.0	\$ 14.0	\$ 85.0
Unit Substation Retirements	\$ 25.0	\$ 44.0	\$ 46.0	\$ 46.0	\$ 46.0	\$ 207.0
Underground Facilities Obsolescence Programs						
Main Stem Cable Replacement	\$ 30.5	\$ 43.0	\$ 43.0	\$ 43.0	\$ 45.0	\$ 204.5
Underground Res Development (URD) Cable Replacement	\$ 51.5	\$ 80.0	\$ 87.0	\$ 90.0	\$ 92.0	\$ 400.5
Switchgear Replacement Program	\$ 0.5	\$ 6.5	\$ 8.5	\$ 5.0	\$ 0.5	\$ 21.0
Electric LTIIIP Eligible/Programs	\$ 183.7	\$ 290.6	\$ 294.8	\$ 294.9	\$ 295.0	\$ 1,359.0
Facility Relocation Projection	\$ 15.0	\$ 15.0	\$ 15.0	\$ 15.0	\$ 15.0	\$ 75.0
Total	\$ 198.7	\$ 305.6	\$ 309.8	\$ 309.9	\$ 310.0	\$ 1,434.0

Table 2: LTIIIP-II Actual Spending 2021 through 2024 and Forecast for 2025

LTIIIP II Actual/Forecast Spending					
\$M					
	<i>2021</i>	<i>2022</i>	<i>2023</i>	<i>2024</i>	<i>2021-2025</i>
	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Actual / Forecast</i>
Storm Hardening and Resiliency Programs					
CEMI Areas	\$ 12.0	\$ 13.0	\$ 7.1	\$ 7.6	\$ 51.6
CEMI Targeted Circuits	\$ 5.4	\$ 8.0	\$ 7.4	\$ 6.6	\$ 32.4
Aerial Infrastructure Resiliency Programs					
Aerial Infrastructure Resiliency Areas	\$ 6.0	\$ 4.2	\$ 6.8	\$ 5.3	\$ 26.7
Aerial Infrastructure Resiliency Targeted Assets	\$ 30.2	\$ 24.6	\$ 20.0	\$ 21.4	\$ 128.3
Building Substation Retirement Program	\$ 14.4	\$ 17.0	\$ 9.9	\$ 14.2	\$ 90.2
Unit Substation Retirements	\$ 29.0	\$ 36.3	\$ 30.7	\$ 46.3	\$ 195.5
Underground Facilities Obsolescence Programs					
Main Stem Cable Replacement	\$ 37.3	\$ 40.4	\$ 24.2	\$ 34.6	\$ 177.1
Underground Res Development (URD) Cable Replacement	\$ 53.3	\$ 70.7	\$ 62.6	\$ 74.0	\$ 346.9
Switchgear Replacement Program	\$ 0.2	\$ 2.7	\$ 8.7	\$ 16.6	\$ 39.8
Electric LTIIIP Eligible/Programs	\$ 187.8	\$ 216.9	\$ 177.4	\$ 226.6	\$ 1,088.6
Facility Relocation Projection	\$ 7.3	\$ 8.1	\$ 16.0	\$ 19.8	\$ 75.0
Total	\$ 195.1	\$ 225.0	\$ 193.4	\$ 246.4	\$ 1,163.6

In the instant Petition, PECO indicated that its LTIIIP-III builds on LTIIIP-I and LTIIIP-II by continuing to focus on infrastructure improvements designed to enhance reliability by strengthening and modernizing PECO’s electric distribution system.

PECO’s THIRD LTIIIP

An EDC must submit a successor to its LTIIIP at least 120 days before the expiration of its current LTIIIP to continue to recover the fixed costs of eligible property through its DSIC.³ PECO’s LTIIIP-III covers the time period January 1, 2026, through December 31, 2030, which immediately follows the expiration of LTIIIP-II on December 31, 2025. PECO’s LTIIIP-III was provided in the Petition as PECO Exhibit No. 1.

Through its LTIIIP-III, PECO would increase projected capital investment over the

³ See, 52 Pa. Code § 121.(c)

five years ending December 31, 2030, by \$1.97 billion in four primary initiatives: (1) storm hardening and resiliency; (2) replacing underground cable and equipment with higher risk profiles; (3) replacing older and degraded substation equipment, including switchgear; and (4) replacing smart meters approaching obsolescence. Of the total investment, PECO highlighted that approximately \$1.06 billion will be focused on storm hardening and resiliency measures, approximately \$13 million would be targeted to replace aging substation switchgear that is at greater risk of failure, and approximately \$206 million would be directed to replace and upgrade smart meters approaching obsolescence. PECO also noted that its LTIP-III includes a \$100 million investment for facility relocations, as permitted by Section 1351 of the Code.

PECO's LTIP-III encompasses nine programs (LTIP-III Programs) that PECO averred were developed to address its primary investment initiatives: (1) Customers Experiencing Multiple Interruptions (CEMI) Areas; (2) Aerial Infrastructure Resiliency (AIR) Areas; (3) AIR Targeted Assets; (4) Building Substation Retirement; (5) Unit Substation Retirement; (6) Main Stem Cable Replacement; (7) Underground Residential Development (URD) Cable Replacement; (8) Substation Switchgear Replacement; and (9) Meter Replacement.

Appendix A of its LTIP-III included a table that identified PECO's proposed projects and the corresponding estimated expenditures (LTIP-III Summary Table) over the term of LTIP-III. Appendix A also included a summary for each of the nine LTIP-III Programs that described the program and the project justification process, defined a success metric, identified the long-term goal of the program, and indicated how project locations will be determined.

PECO's Petition addressed the eight elements required by 52 Pa. Code § 121.3, as discussed below:

(1) TYPES AND AGE OF ELIGIBLE PROPERTY

PECO's Position

In its Petition, PECO indicated that LTIP-III covers a broad spectrum of distribution-related equipment and facilities, including overhead and underground conductors; underground cables; transformers and distribution substation equipment; various fixtures and switching devices such as poles, lightning arresters, fuses, circuit breakers, reclosers and cross arms; and smart meters. PECO indicated that as of December 31, 2024, it owns and operates approximately 29,600 miles of aerial distribution lines, approximately 17,100 miles of underground distribution lines, 664-unit substations, and 21 building substations. PECO also owns and operates approximately 1,100 miles of electric transmissions lines that are under the operational control of the regional transmission organization, PJM Interconnection LLC, subject to the jurisdiction of the Federal Energy Regulatory Commission. PECO's LTIP-III consists of projects to improve or replace these facilities as well as the supporting infrastructure including poles, cross arms, and transformers. The types and ages of eligible property that will be improved or replaced under the nine LTIP-III Programs are detailed in Table 3, below.

Table 3: LTIIIP-III Types and Ages of Eligible Property

PECO LTIIIP-III Types and Age of Eligible Property	
PECO LTIIIP Initiatives	Description
CEMI Areas and CEMI Targeted Circuits	Encompasses full range of distribution assets such as: poles, cross-arms, conductors, switches, fuses, transformers, and other associated equipment. The age is varying as the target areas and circuits are based on performance.
Aerial Infrastructure Resiliency Areas and Targeted Areas	Aerial assets include the overhead conductors and associated supporting equipment such as poles, insulators, connectors and cutouts. PECO has approximately 180,000 poles with primary wires attached that were installed more than 50 years ago.
Building Substation Retirement Program	Building substations contain multiple transformers and associated equipment. PECO has active retirement plans for four of its 21 building substations currently in service. PECO’s remaining building substations without active retirement plans are 60 years old or older.
Unit Substation Retirement Program	PECO currently has 664 unit substations in service with 639 of them being 45 years old or older. Each contains a single transformer and associated conductors.
Main Stem Cable Replacement Program	The target of this program will be to replace cross-linked polyethylene cable manufactured prior to 1985, paper-insulated lead covered cable, and other cable with a high failure rate.
Underground Residential Development Cable Replacement Program	PECO will focus on replacement of URD cable installed prior to 1985 and in developments with radial supplies. PECO plans to replace a total of 780 to 1,140 miles of cable over the five year term of LTIIIP III.
Switchgear Replacement Program	Switchgear includes the equipment necessary to route the power supplied by a transformer through metal conductors, called a “bus,” to which circuit breakers are attached. The circuit breakers supply individual feeder lines. The switchgear also includes the protective and monitoring equipment that is necessary to detect and isolate faults, via the circuit breakers, that may occur inside or outside of the substation. All of PECO's outdoor metal-clad switchgear equipment is estimated to be between 53 and 73 years old.
Meter Replacement	PECO has 1,821,605 smart meters deployed across its service area with an average age of 12 years and expected service lives of 15 - 20 years
Facility Relocations	The eligible property, type of work, and schedules comprising facility relocation projects are driven by the construction plans of PennDOT, the Pennsylvania Turnpike Commission, and local municipalities.

Comments

No comments were received regarding the types and ages of eligible property.

Resolution

Upon review of PECO's LTIP-III, the Commission finds that it fulfills the requirements of 52 Pa. Code § 121.3(a)(1) by identifying the types and ages of eligible property for which it seeks DSIC recovery.

(2) INITIAL SCHEDULE FOR PLANNED REPAIR AND REPLACEMENT OF ELIGIBLE PROPERTY

PECO's Position

The LTIP-III Summary Table included in LTIP-III as Appendix A identified the number of proposed projects, the initial schedule, and estimated expenditures over the term of LTIP-III. PECO noted that the number of projects and replacements for any given level of investment may differ from estimates if actual site conditions are more or less favorable than those assumed for purposes of those estimates. Table 4, below, consists of an excerpt from the LTIP-III Summary Table.

Table 4: LTIP-III Summary Table Excerpt

	2026		2027		2028		2029		2030		5 Year Total (2026-2030)	
PECO LTIP Spending Plan (\$ in million)	Capital	Units	Capital	Units	Capital	Units	Capital	Units	Capital	Units	Capital	Units
Storm Hardening and Resiliency Programs												
CEMI Areas	\$ 24.9	15-20 (P)	\$ 43.6	15-20 (P)	\$ 44.7	15-20 (P)	\$ 45.8	15-20 (P)	\$ 46.9	15-20 (P)	\$ 205.9	75-100 (P)
AIR Programs												
AIR Areas	\$ 1.9	1-3 (P)	\$ 10.3	3-6 (P)	\$ 15.8	4-8 (P)	\$ 21.5	5-10 (P)	\$ 22.1	5-10 (P)	\$ 71.6	18-37 (P)
AIR Targeted Assets	\$ 49.8	10,000-12,000 (A)	\$ 50.5	10,000-12,000 (A)	\$ 61.3	12,000-14,000 (A)	\$ 65.1	12,000-14,000 (A)	\$ 66.5	12,000-14,000 (A)	\$ 293.2	56,000-66,000 (A)
Building Substation Retirement	\$ 22.5	-	\$ 19.7	1 (B)	\$ 20.2	-	\$ 20.7	1 (B)	\$ 21.2	-	\$ 104.3	2 (B)
Unit Substation Retirement	\$ 72.3	15-25 (U)	\$ 73.3	15-25 (U)	\$ 74.5	15-25 (U)	\$ 80.9	15-25 (U)	\$ 87.8	15-25 (U)	\$ 388.8	75-125 (U)
Underground Facilities Replacement Programs												
Main Stem Cable Replacement	\$ 33.1	15-30 (MI)	\$ 61.1	30-50 (MI)	\$ 57.0	30-50 (MI)	\$ 58.4	30-50 (MI)	\$ 57.0	30-50 (MI)	\$ 266.6	135-230 (MI)
URD Cable Replacement	\$106.3	220-300 (MI)	\$ 79.8	140-210 (MI)	\$ 70.8	140-210 (MI)	\$ 76.5	140-210 (MI)	\$ 85.5	140-210 (MI)	\$ 418.9	780-1,140 (MI)
Substation Switchgear Replacement Program	\$ 10.3	2 (S)	\$ 2.3	2 (S)	\$ -	-	\$ -	-	\$ -	-	\$ 12.6	4 (S)
Meter Replacement Program	\$ 10.5	40,000-60,000 (MR)	\$ 46.2	180,000-220,000 (MR)	\$ 51.8	180,000-220,000 (MR)	\$ 47.9	180,000-220,000 (MR)	\$ 49.2	180,000-220,000 (MR)	\$ 205.5	760,000-940,000 (MR)
Subtotal	\$331.6	-	\$386.8	-	\$396.1	-	\$416.8	-	\$436.2	-	\$1,967.4	-
Facility Relocation Projection	\$ 20.0	-	\$ 20.0	-	\$ 20.0	-	\$ 20.0	-	\$ 20.0	-	\$ 100.0	-
Total	\$351.6	-	\$406.8	-	\$416.1	-	\$436.8	-	\$456.2	-	\$2,067.4	-

KEY:	
Projects	P
Assets	A
Miles	MI
Meters	MR
Unit Substations	U
Building Substations	B
Switchgears	S

Comments

No comments were received regarding the schedule for planned repair and replacement of eligible property.

Resolution

Upon review of PECO's LTIIIP-III, the Commission finds that it fulfills the requirements of 52 Pa. Code § 121.3(a)(2) by providing an initial schedule for planned repair and replacement of eligible property.

(3) LOCATION OF ELIGIBLE PROPERTY

PECO's Position

In its Petition, PECO noted that its authorized service territory spans all or portions of Bucks, Chester, Delaware, York, and Montgomery Counties, and the City of Philadelphia. PECO further indicated that its investment under LTIIIP-III will be targeted and prioritized based on several factors including historic outage patterns as identified by meter data, adequacy of equipment in locations with elevated outage frequencies and opportunities to improve existing circuits.

PECO indicated that six of the nine LTIIIP-III Programs address property with a higher probability of failure including: (1) the CEMI Areas Program, (2) the AIR Areas Program, (3) the AIR Targeted Assets Program, (4) the Main Stem Cable Replacement Program, (5) the URD Cable Replacement Program, and (6) the Meter Replacement Program. PECO indicated that it will identify circuits and geographic areas where customers have experienced higher-than-average annual interruptions by using a CEMI index to track the number of customers that have experienced more than four interruptions in a year. PECO averred that it will determine where outages are occurring with greater frequency through this process and, therefore, where to direct and accelerate increased investment during LTIIIP-III.

PECO noted that the CEMI Areas Program targets investment based on measures of actual substandard performance of specific areas and circuits, while PECO's AIR programs and cable replacement programs target investment using an age and condition-based assessment to replace equipment that has a higher probability of failure. PECO

stated that the AIR programs are designed to replace aerial infrastructure across PECO's entire electric service area on a systematic basis to upgrade facilities that are the most vulnerable to failures caused by age-related degradation, normal environmental exposure, and ordinary wear and tear factors that increase the probability of storm-related damage.

Additionally, PECO noted that its Unit Substation Retirement Program, Building Substation Retirement Program, and Substation Switchgear Replacement Program address property with high-risk profiles, based on the impact a failure would have on PECO's distribution system. Finally, PECO noted that facility relocation areas will be based on the construction plans of PennDOT, Pennsylvania Turnpike Commission, and local municipalities.

Comments

No comments were received regarding the location of eligible property.

Resolution

Upon review of PECO's LTIP-III, the Commission finds that LTIP-III fulfills the requirements of 52 Pa. Code § 121.3(a)(3) by providing a general description of the location of eligible property.

- (4) REASONABLE ESTIMATES OF THE QUANTITY OF PROPERTY TO BE IMPROVED; and**
- (5) PROJECTED ANNUAL EXPENDITURES AND MEASURES TO ENSURE THAT THE PLAN IS COST EFFECTIVE**

PECO's Position

As shown in Table 4, above, over the five-year term of LTIP-III, PECO intends to complete 75 to 100 projects under the CEMI Areas Program, 18 to 37 projects under the AIR Areas Program, and replace 56,000 to 66,000 assets through the AIR Targeted Assets Program. Additionally, PECO indicated that all 21 of its existing building

substations are aging and contain obsolete equipment. PECO plans to retire two building substations over the term of LTIIIP-III. Separately, PECO forecasted that 664-unit substations will be in service at the end of 2025 and proposed to increase the retirement rate to 15-to-25-unit substations each year for a total of 75-to-125-unit substations to be retired under LTIIIP-III. Finally, PECO indicated that, as of May 1, 2025, it has 1,821,605 smart meters deployed across its service area with the majority reaching the end of their lifespan at approximately the same time. As such, PECO indicated that it would begin proactively replacing additional smart meters with the long-term goal of upgrading its current generation of meters within 15 years.

PECO averred that the projected annual expenditures in LTIIIP-III are cost-effective because it has targeted accelerated investment to replace at-risk facilities that could adversely affect reliability. PECO noted that this investment in replacement equipment will have a direct positive impact on customer service and reliability, in addition to reducing maintenance and outage costs. PECO also indicated that it would seek opportunities to streamline project administration and reduce costs. For example, as in LTIIIP-I and LTIIIP-II, PECO will continue to coordinate LTIIIP-III projects by geographic area to realize reasonable economies of scale where applicable, reduce the costs of emergency response time, and avoid mobilization/demobilization costs. To maximize volume discounts and obtain the lowest unit cost for materials (e.g., cable and hardware), PECO indicated that it would leverage its competitive bidding processes and relationships with existing suppliers to pursue longer-term contracts. Additionally, PECO indicated that its supply team will work with its engineering department to ensure that accurate quantities are procured. Lastly, PECO stated that it will promote cost-effectiveness and efficiency by using a qualified workforce and robust work management tools for all LTIIIP-III projects.

Comments

No comments were received regarding the reasonable estimates of the quantity or expenditures of property to be improved, and cost effectiveness of the plan.

Resolution

Upon review of PECO's LTIIIP-III, the Commission finds that LTIIIP-III fulfills the requirements of 52 Pa. Code § 121.3(a)(4)-(5) by providing reasonable estimates of the quantity of property to be improved and the projected annual expenditures and means to finance the expenditures and ensure cost effectiveness.

(6) ACCELERATED REPLACEMENT AND MAINTAINING ADEQUATE, EFFICIENT, SAFE, RELIABLE AND REASONABLE SERVICE TO CUSTOMERS

PECO's Position

PECO averred that with LTIIIP-III it would continue replacing property with a higher probability of failure by consolidating and accelerating its CEMI programs and expanding the underground equipment replacement programs implemented in LTIIIP-I and LTIIIP-II. PECO indicated that the CEMI index tracks the number of customers that have experienced at least four interruptions in a year and provides focused information on area-specific and circuit specific customer outages. PECO noted that based on the CEMI information, it can specifically design for and target geographic areas and specific circuits where customers experience a number of sustained interruptions that are higher than the overall system average. PECO stated that selective aerial/undergrounding primary wire relocation were identified as a potential improvement under PECO's CEMI Areas and CEMI Targeted Assets Program.

Chart 1, below, demonstrates that PECO's LTIIIP-III would continue its accelerated pace of infrastructure replacement and improvement spending year over year.

Table 5, below, details the expected improvements and goals outlined in PECO’s LTIP-III by LTIP Project.

Chart 1: PECO LTIP Annual Spending 2021 through 2030

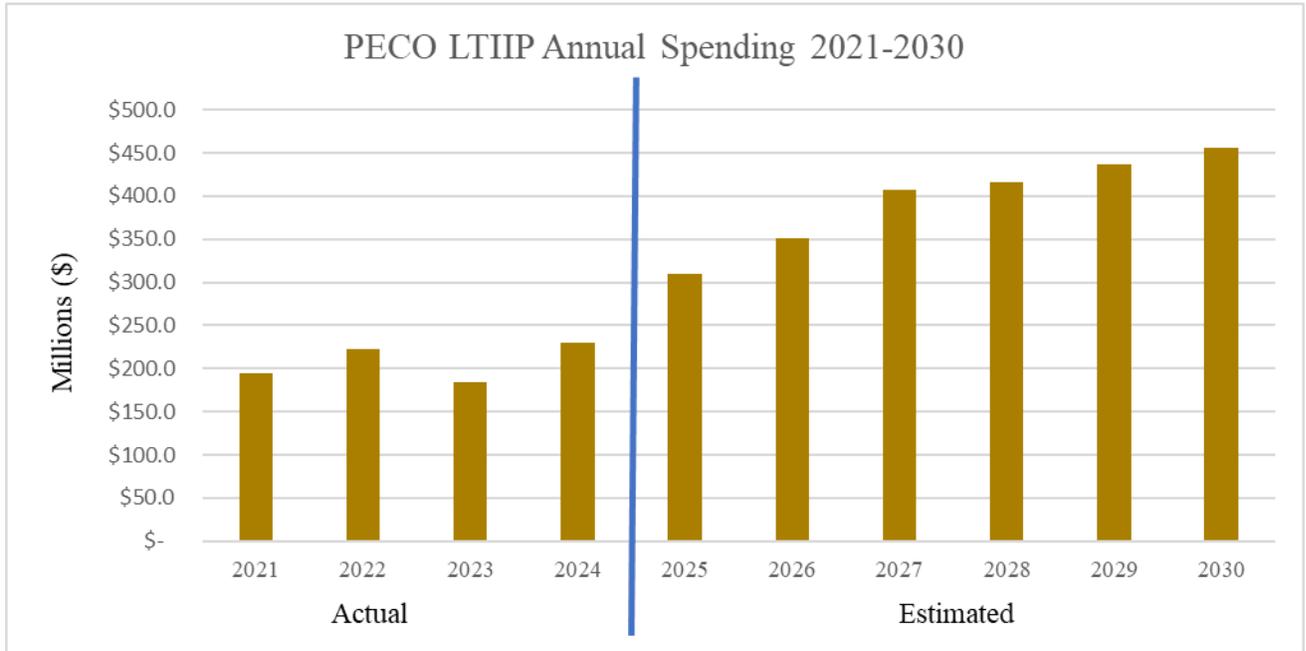


Table 5: PECO LTIIIP-III Expected Improvements and Goals

PECO LTIIIP-III Expected Improvements and Goals	
PECO LTIIIP Initiatives	Expected Improvements and Goals
CEMI Areas and CEMI Targeted Circuits	PECO will measure CEMI effectiveness through the reduction in the frequency of interruptions for areas targeted with a long-term goal of a 25% reduction in interruption frequency in those areas by 2031.
Aerial Infrastructure Resiliency Areas	PECO will measure the Aerial Program effectiveness through any reduction in aerial equipment failures in the targeted areas with a long-term goal of a 25% improvement by 2031.
Aerial Infrastructure Resiliency Targeted Assets	PECO will measure the Aerial Program effectiveness through any reduction in aerial equipment failures on the with a long-term goal of a 25% improvement by 2031.
Building Substation Retirement Program	PECO will accelerate the retirement of building substations and upgrade the downstream portions of the distribution system with a goal of retiring all building substations in the next 20 - 25 years.
Unit Substation Retirement	PECO proposes to increase the retirement rate to 15 to 25 unit substations each year with the long term goal of retiring all unit substations in the next 25 to 30 years.
Main Stem Cable Replacement	PECO plans to replace a total of 135 to 230 miles of main stem cable over the term of LTIIIP III and will measure the effectiveness through the reduction in the annual main stem cable failures per mile of the targeted circuits with a long-term goal of replacing and upgrading all targeted main stem cable in the next 5-10 years.
Underground Residential Development (URD) Cable Replacement	PECO will measure the effectiveness through the reduction in the annual URD cable failures per mile of targeted cable with a long-term goal of replacing and upgrading all targeted URD cable in the next 5-10 years.
Switchgear Replacement	PECO replace four switchgear units under LTIIIP III and will measure the effectiveness through the reduction in emergency repairs and the lowering of the distribution outages due to failure and/or malfunctioning of metal-clad switchgear components. PECO's long-term goal is to replace and upgrade targeted switchgear within 25-35 years.
Meter Replacement	PECO will begin proactively replacing additional smart meters and plans to replace a total of 760,000 to 940,000 meters during the LTIIIP III term with a long-term goal of upgrading the current generation of smart meters within the next 15 years.
Facility Relocations	Based on increasing expenditures in 2023 and 2024, PECO expects that higher spending will continue in 2025 and beyond. PECO's expenditures for facility relocations during the LTIIIP III term is expected to be \$20 million per year.

Comments

As noted above, the OCA in its comments, *inter alia*, encouraged PECO to engage in an undergrounding analysis whenever faced with distribution system components that have failed multiple times as the result of storm or high wind activity. OCA Comments at 4-5. OCA also noted that the Commission should direct PECO to incorporate a more complete analysis of the potential for undergrounding vulnerable facilities into its LTIIIP. OCA Comments at 4. OCA also indicated that a Value of Lost Load (VOLL) should be calculated, not only for the utility, but also for the customers experiencing economic losses due to outages. OCA Comments at 4. No other comments were received regarding the accelerated replacement and maintaining adequate, efficient, safe, reliable and reasonable service to customers.

Resolution

PECO, in its reply, indicated that it thoroughly analyzes distribution components with higher risk profiles and determines the optimal engineering solutions (including undergrounding) that will deliver cost effective reliability and resilience improvements. PECO further noted that factors considered in the analysis include customer impacts, facility location, and field conditions to ensure comprehensive and effective outcomes. PECO also noted that consideration of undergrounding is already part of its CEMI program and that it is currently piloting projects to gather data to facilitate additional informed undergrounding decisions that will produce the best long-term results for customers. PECO Reply at 2.

Considering OCA's comments and PECO's reply, PECO's LTIIIP-III appears to align with the Commission's recommendation in its *2024 Pennsylvania Electric Reliability Report* that EDCs should consider utilizing methodologies to protect conductors within the right-of-way from hazards that may come from outside right-of-way, such as targeted undergrounding, covered overhead conductors (*i.e.*, tree wire), and

hybrid undergrounding.⁴ As such, we will not direct PECO to expand its analysis of the potential for undergrounding vulnerable facilities by requiring a VOLL at this time.

The Commission finds that PECO's LTIIIP-III fulfills the requirements of 52 Pa. Code § 121.3(a)(6) by providing a description of the manner in which infrastructure replacement will be accelerated and how repair, improvement, or replacement will ensure and maintain adequate, efficient, safe, reliable, and reasonable service to customers.

(7) WORKFORCE MANAGEMENT AND TRAINING PROGRAM

PECO's Position

PECO stated that for the purposes of LTIIIP-III projects and work, it will only use outside contractors that are fully qualified in accordance with standards set forth in 66 Pa. C.S. § 1359. PECO noted that it administers a standard process for soliciting independent contractors and most are employed through the building trades, which include union apprenticeship programs. PECO also noted that non-union independent contractors are stringently reviewed to assess adequate training and certifications. Contractor solicitation and selection criteria were reviewed in detail by the Commission in its review of PECO's LTIIIP-I.

PECO noted that its Project and Contract Management Group is responsible for initial contractor orientation training and maintaining the contractor information website that includes technical and safety information.

Comments

No comments were received regarding the workforce management and training program.

⁴ See, *2024 Pennsylvania Electric Reliability Report*, available here: https://www.puc.pa.gov/media/3565/24_electric-reliability-report_final.pdf.

Resolution

Upon review of the PECO's LTIP-III, the Commission finds that PECO's LTIP-III fulfills the requirements of 52 Pa. Code § 121.3(a)(7) by providing a workforce management and training program that is designed to ensure that PECO will have access to a qualified workforce to perform the work in a cost-effective, safe and reliable manner.

(8) DESCRIPTION OF OUTREACH AND COORDINATION ACTIVITIES WITH OTHER UTILITIES, PENNDOT AND LOCAL GOVERNMENTS ON PLANNED PROJECTS

PECO's Position

PECO stated that it practices proactive outreach to customers and townships utilizing multichannel, active communication. PECO also noted that townships and municipalities are engaged early in engineering and construction planning and that local residents are sent letters that provide information about projects and identify a dedicated customer liaison contact. PECO further indicated that it engages with businesses to ensure that any planned outages are scheduled to minimize disruption of their day-to-day operations. Additionally, PECO indicated that it works directly with state and local permitting agencies and other outside utilities to proactively communicate and plan with PennDOT, the Philadelphia Streets Department, municipal managers, and other utilities to ensure projects are completed safely, efficiently, and with the least possible impact on local communities.

Comments

No comments were received regarding the description of outreach and coordination activities with other utilities, PennDOT and local governments on planned projects.

Resolution

Upon review PECO's LTIIIP-III, the Commission finds that LTIIIP-III fulfills the requirements of 52 Pa. Code § 121.3(a)(8) by providing a description of PECO's outreach and coordination activities with other utilities, PennDOT and local governments on planned projects and roadways that may be impacted by LTIIIP-III.

THIRD LTIIIP SUMMARY

The Commission's review of an LTIIIP must determine if the LTIIIP:⁵

- Contains measures to ensure that the projected annual expenditures are cost-effective.
- Specifies the manner in which it accelerates or maintains an accelerated rate of infrastructure repair, improvement, or replacement.
- Is sufficient to ensure and maintain adequate, efficient, safe, reliable, and reasonable service.
- Meets the requirements of 52 Pa. Code § 121.3(a).

The utility has the burden of proof to demonstrate that its proposed LTIIIP and associated expenditures are reasonable, cost effective and designed to ensure and maintain sufficient, safe, adequate, reliable, and reasonable service to consumers.⁶

The Commission has reviewed PECO's LTIIIP-III and any resulting comments. The Commission finds that PECO has met its burden of proof by demonstrating that its LTIIIP-III contains measures to ensure that the projected annual expenditures are cost-effective, specifies the manner in which it accelerates or maintains an accelerated rate of infrastructure repair, improvement, or replacement, is sufficient to ensure and

⁵ See, 52 Pa. Code § 121.4(e).

⁶ See, 52 Pa. Code § 121.4(d).

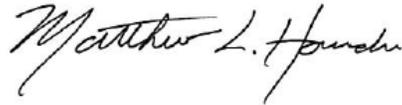
maintain safe, adequate, reliable, and reasonable service, and meets the requirements of 52 Pa. Code § 121.3(a). Accordingly, PECO's LTIIIP-III is approved.

The Commission finds PECO's LTIIIP-III and the manner in which it was filed conforms to the requirements of Act 11 and Commission Regulations. The plan, as approved herein, is designed to maintain safe, adequate, reliable, and reasonable service and, as such, PECO shall be required to comply with the infrastructure replacement schedule and elements of that plan; **THEREFORE,**

IT IS ORDERED:

1. That the Petition of PECO Energy Company for approval of its Third Long-Term Infrastructure Improvement Plan for its Electric Operations is approved, consistent with this Opinion and Order.
2. That the proceeding at Docket No. P-2025-3056987 be closed.

BY THE COMMISSION,



Matthew L. Homsher
Secretary

(SEAL)

ORDER ADOPTED: December 18, 2025

ORDER ENTERED: December 18, 2025