



**PECO ENERGY COMPANY
IMPLEMENTATION PLAN
for the
MANAGEMENT EFFICIENCY
INVESTIGATION**

Docket No. D-2025-3053971

February 20, 2026

PECO Energy Company
Management Efficiency Investigation
Implementation Plan

This implementation plan is submitted in response to the Pennsylvania Public Utility Commission’s Management Efficiency Investigation of PECO Energy Company (“PECO” or “Company”). The implementation plan is organized to address each recommendation contained in each chapter of the Report. For each recommendation, the Implementation Plan states PECO’s response, the actions to be taken, the individual responsible, and the expected completion date.

**PECO Energy Company
Management Efficiency Investigation
Implementation Plan**

Follow-up Recommendation III-1

Complete distribution of the fiber affiliate revenue surcharge (FARS) to PECO's ratepayers.

Response

Accepted.

Action

As part of the Company's 2024 electric distribution rate case settlement, PECO established a surcharge credit to return amounts collected for use of its fiber assets to electric distribution ratepayers.

PECO plans to file a final reconciliation of the FARS credit with the PUC by the end of February 2026. By March 31, 2026, PECO also plans to file a proposal to address any balance remaining at the end of January 2026.

Individual Responsible

Brendan J. Taylor, VP Regulatory Policy and Strategy.

Expected Completion Date

TBD pending final proposal planned to be filed by March 31, 2026

**PECO Energy Company
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Follow-up Recommendation III-3

Expand PECO's Cost Allocation Manual (CAM), or develop a corporate-wide CAM, to include all policies and procedures used to ensure consistent application of all cost allocations between PECO and its affiliates.

Response

Accepted

Action

PECO will evaluate its existing Cost Allocation Manual (CAM) and related documentation to ensure that cost allocation policies, procedures, and methodologies governing intercompany transactions are clearly documented, consistently applied, and aligned with applicable regulatory requirements. This evaluation will include a review of how allocation factors are developed, updated, and applied for costs generated by PECO. As part of this effort, PECO will assess whether the CAM sufficiently reflects current practices and governing agreements and whether enhancements are needed to improve clarity, transparency, and consistency.

Individual Responsible

Caroline Fulginiti, VP & Assistant Controller, Exelon Business Services Co.

Expected Completion Date

March 31, 2027

**PECO Energy Company
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Recommendation III-4

Review and document PECO's process to track and report changes to cost allocation calculations to ensure verification of allocation rates applied to regulated entities.

Response

Accepted

Action

PECO will review its current processes for maintaining and updating cost allocation rates to consider whether opportunities exist to improve documentation and support periodic verification. As part of this review, PECO will consider whether additional tracking or reporting practices may be beneficial to support transparency, oversight, and consistency with approved cost allocation methodologies.

Individual Responsible

Caroline Fulginiti, VP & Assistant Controller, Exelon Business Services Co.

Expected Completion Date

March 31, 2027

**PECO Energy Company
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Follow-up Recommendation IV-1

Investigate innovative methods for reducing excessive overtime hours for individual employees such as proposing maximum allowable overtime levels for employees.

Response

Accepted

Action

1. Electric Operations will continue to evaluate alternatives identified in the Management Efficiency Investigation follow-up review to improve overtime (OT) performance.
2. PECO will continue to evaluate and improve the existing fatigue reports process; Electric Operations will resume utilizing fatigue reports to improve knowledge and understanding on the impacts of overtime on safety and performance.
3. The Safety and Human Performance department will continue to analyze overtime usage to determine optimal levels that balance performance and safety.
4. PECO will continue to utilize the overtime hours Key Performance Indicator (KPI) by department and include it in the monthly Overtime Cost Management report.

Individual Responsible

Jennifer Hannah, Vice President, Electric Operations

Expected Completion Date

Ongoing

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Follow-up Recommendation IV-3

Continue improving CEMI and strive for zero customers experiencing ten or more outages.

Response

Accepted

Action

PECO evaluated the identified customers who experienced ten or more sustained interruptions in 2025. In 2025, there were 1,763 CEMI-10 customers spread across 39 circuits. All 2025 CEMI 10 customers have planned projects. PECO will continue this process going forward for any customers who experience ten or more sustained interruptions in the given year.

As demonstrated in the recently approved Annual Asset Optimization Plan (AAOP), filed February 28, 2025, PECO continues to execute the plan outlined in the PUC LTIP plan. The Company replaced aging infrastructure and enhanced breakdown capabilities in various programs. For example, in 2025, PECO completed eight projects in LTIP CEMI Areas and three projects in Targeted Circuits programs. Starting in 2026, the CEMI Targeted Circuits Program was absorbed into the CEMI Areas Program; PECO plans to complete 15 to 20 LTIP CEMI Areas projects.

Lastly, PECO continued to utilize CEMI as a selection factor for PECO's worst performing circuits program. As demonstrated in PECO's 2024 Annual Electric Reliability Report (PUC Docket No. M-2016-2522508), PECO continues to review and analyze the worst performing 5% circuits of the system.

Individual Responsible

Iris Boci, Vice President, Technical Services

Expected Completion Date

Ongoing

**PECO Energy Company
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Follow-up Recommendation IV-4

Strive to reduce outages caused by broken/uprooted vegetation.

Response

Accepted

Action

PECO is committed to reducing the number of broken limbs and uprooted tree-caused vegetation outages in its service territory through comprehensive maintenance programs, reliability focused projects and other targeted initiatives. The scope of the Distribution Preventative Maintenance program includes Aggressive Canopy Management on a number of circuit sections each year. There is a continued focus on Emerald Ash Borer mitigation using dedicated funding and by leveraging other programs including Hazard Tree Removals and capital projects. Ash tree failures continue to be a significant driver of vegetation related events due to the prevalence of the Emerald Ash Borer infestation. PECO continues to leverage additional vegetation clearance opportunities in conjunction with capital distribution projects, including the Worst Performing Veg Sections program, each year. In addition, PECO has implemented additional programs to address customers experiencing multiple interruptions in repeat years. Specifically, PECO has begun implementing a targeted Blue-Sky clearance approach to address these customers' reliability.

Individual Responsible

Iris Boci, Vice President, Technical Services

Expected Completion Date

Ongoing.

**PECO Energy Company
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Follow-up Recommendation V-1

Continue efforts to reduce hits on gas infrastructure.

Response

Accepted

Action

PECO will continue to strengthen and evolve its damage prevention program to further reduce the risk of hits to gas infrastructure. Building on recent enhancements, the Company's ongoing efforts focus on sustained improvements in pre-excavation planning, contractor oversight, locating accuracy, and excavation best practices.

1. Strengthened pre-excavation planning
 - PECO's Damage Prevention department implemented a new ticket management system which allows PECO to improve its oversight of locating vendors and the on-time completion of One Call tickets.
 - Damage Prevention automated the process from the locating vendor back to PECO via conflict codes and automated trouble locate support documents that enable the team to schedule vac trucks accordingly.
2. Enhanced contractor oversight
 - Additional Damage Prevention Inspectors and Senior Contact Coordinators for quality control over the locating vendors.
 - These SCCs will be responsible for auditing all the contractors and vendors on the system and completing a specific checklist developed by the Damage Prevention department.
 - The Damage Prevention department also increased the amount of damage prevention inspectors in the field from six to ten over the past 18 months, which will allow a timelier response to excavators for mapping discrepancies.
3. Improved locating accuracy and quality assurance
 - Increased frequency of field audits and spot checks of locate work – Locate vendors are contractually obligated to complete 2% field audits per month.

- 4 additional SCCs to audit each locate tech monthly and submit the findings back to Damage Prevention to review during monthly meetings.
 - Deployment of advanced locating technology (e.g. Marker Pins and Marker Balls.)
4. Excavation best-practice reinforcement
- Mandatory soft-dig (vacuum excavation or hand-digging) within tolerance zones of all regulator stations and transmission assets for all 2nd and 3rd party excavations.

Individual Responsible

Chantee Angus, Vice President, Gas

Expected Completion Date

Ongoing.

**PECO Energy Company
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Follow-up Recommendation V-2

Refine and strengthen PECO's damage prevention plan specific to plastic mains, including prioritizing installation of marker balls or marker pins along any currently unmarked plastic mains.

Response

Accepted

Action

PECO will refine and strengthen its damage prevention strategy specific to plastic gas mains to further reduce excavation-related risk. This action plan prioritizes improved locate reliability, enhanced workforce training, reinforced excavation practices, improved record accuracy, and formalized learning from damage events.

1. Enhanced plastic pipe locating methods
 - Increased installation of tracer wire and marker balls on all new plastic infrastructure
2. Damage prevention training
 - Refresher courses on proper exposure, support, and protection of plastic mains and services
3. Excavation best-practice reinforcement
 - Mandatory soft-dig (vacuum excavation or hand-digging) within tolerance zones of all regulator stations and transmission assets for all 2nd and 3rd party excavations.
4. Improved record accuracy
 - Processes to immediately correct mapping errors found during field work
5. Root-cause analysis escalation
 - Formal RCA review after every plastic pipe damage event.
 - Cross-departmental lessons learned shared monthly.

Individual Responsible

Chantee Angus, Vice President, Gas

Expected Completion Date

Ongoing.

**PECO Energy Company
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Follow-up Recommendation V-3

Continue reducing overtime by evaluating optimal staffing levels, fatigue rates, etc.

Response

Accepted

Action

1. Gas Operations will continue to evaluate alternatives identified in the Management Efficiency Investigation follow-up review to improve overtime (OT) performance.
2. PECO will continue to evaluate and improve the existing fatigue reports process; Gas Operations will resume utilizing fatigue reports to improve knowledge and understanding on the impacts of overtime on safety and performance.
3. The Safety and Human Performance department will continue to analyze overtime usage to determine optimal levels that balance performance and safety.
4. PECO will continue to utilize the overtime hours Key Performance Indicator (KPI) by department and include it in the monthly Overtime Cost Management report.

Individual Responsible

Chantee Angus, Vice President, Gas

Expected Completion Date

Ongoing.

**PECO Energy Company
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Follow-up Recommendation V-4

Eliminate known mapping inaccuracies, begin proactively GPS locating existing underground gas infrastructure, and establish goals for these programs.

Response

Accepted

Action

PECO will continue efforts to improve the accuracy of its gas system mapping and to reduce the risk associated with inaccurate underground facility location information.

PECO will continue addressing known mapping inaccuracies through its existing Gas Mapping Program, including resolution of identified GIS “challenge points,” using field investigations and high-accuracy GPS data to improve the quality of mapped asset locations.

In addition to capturing GPS data during new construction, leak repairs, and other excavation-driven activities, PECO will evaluate opportunities to further expand proactive GPS locating of existing underground gas infrastructure, including leveraging planned work activities and ongoing system reviews. PECO will continue GPS locating of distribution system valves and will utilize this information, where practicable, to improve confidence in the mapped location and connectivity of adjacent facilities.

As PECO progresses through its transition to a connected GIS platform, the Company will utilize enhanced system capabilities to identify areas where additional location data may improve mapping accuracy and to support prioritization of future mapping activities. PECO will continue to track progress and program performance related to gas mapping accuracy and GPS locating efforts and will periodically review program objectives to support ongoing improvement of system records.

Individual Responsible

Chantee Angus, Vice President, Gas

Expected Completion Date

Ongoing.

**PECO Energy Company
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Follow-up Recommendation VI-1

Update PECO's Safety Rule Book to include a revision history that includes the date it was revised, who made changes, the nature of changes, and who approved them; and add chapter links within the pdf file to improve usability.

Response

Accepted.

Action

PECO will implement a Safety App that will be accessible by all employees and will have the most up-to-date version of the Safety Rule Book. Additionally, PECO will utilize the Management Model to document changes and updates to the Safety Rule Book. Both of these actions will allow for easier accessibility and tracking of changes.

Individual Responsible

Alexandria Walker, Director Human Safety and Performance

Expected Completion Date

June 30, 2026

**PECO Energy Company
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Follow-up Recommendation VI-2

Correct minor deficiencies in physical security.

Response

Accepted.

Action

Fencing and barbed wire will be enhanced and/or replaced. Fence heights may be increased in sections where potential climb aids exist from neighboring properties.

These enhancements will be completed under the Office & Support Facilities (O&SF) Physical Security Enhancement Program.

Individual Responsible

Thomas Marshall, Director, Security

Expected Completion Date

Ongoing through December 2029.

**PECO Energy Company
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Follow-up Recommendation VI-3

Install physical measures at appropriate locations to remind workers not to store material in the clearance area.

Response

Accepted

Action

Create and install signage to be placed on interior fencing around Office & Support Facilities (O&SF) yards reminding personnel to maintain 5' clearances from storing materials/equipment from the fence.

Individual Responsible

Thomas Marshall, Director, Security

Expected Completion Date

December 2026

**PECO Energy Company
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Follow-up Recommendation VII-1

Reduce over 90-day account arrearages levels and continue innovating methods to expand resources to assist payment troubled customers and customers who received delayed bills.

Response

Accepted

Action

PECO will continue its efforts to engage payment troubled customers, low-income customers and those who may have received delayed bills to help reduce the level of over 90-day account arrearages. Actions include:

1. Complete distribution of the Customer Relief Fund (CRF) to provide immediate, one-time bill assistance to limited and moderate-income and low-income households.
2. Continue outreach to low-income customers providing education and awareness on how to apply for available assistance and usage reduction programs.
3. Continue to be responsive to customers who may have experienced a delayed bill by providing billing explanations and offering extended payment arrangements.

Individual Responsible

Kelly Colarelli, Vice President, Customer Operations

Expected Completion Date

December 31, 2026

**PECO Energy Company
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Follow-up Recommendation VII-2

Improve overall customer satisfaction by resolving issues with the CIS.

Response

Accepted

Action

PECO will continue to identify and mitigate issues impacting the Customer Service Representatives' (CSRs) ability to more efficiently serve customers and improve customer service performance.

Focus areas will include:

1. Targeted billing refresher training for agents to improve accuracy and efficiency when responding to customer billing complaints.
2. Onboarding of additional contractor agents to stabilize service levels and reduce abandoned calls during elevated call volumes.
3. Continue to review selected customer calls to identify improvement opportunities which may include increased or enhanced training.
4. Review and update as necessary CSR training modules to ensure accuracy and identify potential improvements.

Individual Responsible

Kelly Colarelli, Vice President, Customer

Expected Completion Date

Ongoing.

**PECO Energy Company
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Follow-up Recommendation VII-3

Resolve the technical issues causing errors such as billing issues and downtime of the new CIS.

Response

Accepted

Action

PECO will continue to identify and mitigate technical issues impacting system availability that may be affecting Customer Service Representatives' (CSRs) ability to more efficiently serve customers and improve customer service performance.

Individual Responsible

Kelly Colarelli, Vice President, Customer

Expected Completion Date

December 31, 2026

**PECO Energy Company
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Follow-up Recommendation IX-1

Continue to improve safety performance.

Response

Accepted

Action

PECO remains committed to improving safety performance through continuous evaluation of injury trends, targeted corrective actions, enhanced training, leadership accountability, and investment in safety systems and tools. PECO has shifted to an Energy Based Safety Model where employees are educated and aware of SIF (serious injury and fatality) prevention. This is accomplished by educating employees on High Energy Hazard Recognition and implementation of Direct and Limited Controls. The Company will continue to build on its mature safety culture, focus on reducing preventable injuries, and pursue sustained improvement through effective corrective action programs. PECO will monitor results and adjust strategies as needed.

PECO encourages open dialogue for safety improvements through various Safety Meetings and Line Lead Teams. Line Lead Teams are employee-led teams which focus on specific safety categories including Ergonomics, Slips-Trips-Falls, Hazard Recognition, and Safe Driving.

PECO additionally works closely across the EXELON Utilities to share safety learning and best practices.

Individual Responsible

Alexandria Walker, Director, Human Safety and Performance

Expected Completion Date

Ongoing.

**PECO Energy Company
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Follow-up Recommendation IX-2

Continue efforts to reduce the total number of motor vehicle accidents.

Response

Accepted

Action

PECO remains committed to reducing motor vehicle accidents through continuous improvement in training, data driven risk mitigation, leadership engagement, and performance monitoring. While external factors contribute to total MVA rates, the Company will continue to focus on controllable behaviors and targeted interventions to drive sustained improvement. -driven risk mitigation, leadership engagement, and performance monitoring. While external factors contribute to total MVA rates, the Company will continue to focus on controllable behaviors and targeted interventions to drive sustained improvement.

Actions will include:

1. Continue mandatory annual participation in the Driver Training School and periodically assess training content and delivery to ensure it is aligned with observed accident trends (e.g., backing, intersections, low speed maneuvers, seasonal risks). Driver Training School includes The SMITH Systems Training to educate drivers on safe driving behaviors and defensive driving, including speed maneuvers and seasonal risks.
2. Continue monitoring MVA, RVA, and SVA (serious vehicle accidents) rates against internal benchmarks and adjust focus areas and interventions based on performance trends and emerging risks.
3. Reinforce safe driving expectations through leadership communications and safety discussions.

Individual Responsible

Alexandria Walker, Director, Human Safety and Performance

Expected Completion Date

Ongoing.