



pecoSM

AN EXELON COMPANY

Brendan J. Taylor
Vice President
Regulatory Policy & Strategy

Telephone 215.841.5777
Fax 215.841.6208
www.peco.com
Brendan.Taylor@exeloncorp.com

PECO
2301 Market Street
S18
Philadelphia, PA 19103

March 20, 2026

Matthew Homsher, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17105-3265

Subject: PECO Distribution System Improvement Charge Gas Operations
Gas Tariff No. 6, Supplement No. 14
Effective April 1, 2026 Docket No. M-2018-3000598

Dear Secretary Homsher:

In accordance with PECO's Joint Petition for Settlement to its 2024 Gas Distribution Rate Case Docket No. R-2024-3046932. PECO agreed not to implement a DSIC during the calendar year ending December 31, 2025 (except to implement any reconciliation of DSIC amounts in accordance with the Supplemental Implementation Order). The first DSIC in 2026 will be effective no earlier than March 31, 2026 based on DSIC-eligible expenditures during January and February 2026.

PECO met the 2024 Gas Distribution Rate Case settlement plant addition threshold by the end of December 2025 and therefore, PECO will resume the DSIC collection effective April 1st, 2026. The DSIC collection at this time will be calculated based on the LTIIP plant additions in January and February 2026.

In addition, in compliance with the Supplemental Implementation Order entered on September 21, 2016 at Docket No. M-2012-2293611, PECO includes Attachment 3 which shows a comparison of actual DSIC-eligible plant as of December 31, 2025 vs. projected plant investment placed in service for the fully projected test year claimed in PECO's 2024 Gas Distribution Rate Case. This comparison shows that actual plant additions have exceeded the projected plant investment in PECO's 2024 Gas Distribution Rate Case.

This filing also includes an under-collection balance of \$56,023. This was filed on January 9, 2026 as part of PECO's Annual Gas DSIC reconciliation at Docket No. M-2026-3059688.

The Company's DSIC rate will therefore change from 0% to a charge value of 0.49% effective with bills rendered on or after April 1, 2026.

The following attachments are included in support of the filing:

Attachment 1 – Gas Tariff No. 6, Supplement No. 14

Attachment 2 – Calculation of the DSIC for the period April 1, 2026 to June 30, 2026

Attachment 3 – Actual Plant Additions vs. FPFTY

Matthew Homsher, Secretary
March 20, 2026
Page 2

Thank you for your assistance in this matter and if you have any questions please contact Ben Yin, Director, Regulatory Strategy and Revenue Policy at 215-841-5463 or via email at the following: ben.yin@exeloncorp.com.

Sincerely,

A handwritten signature in black ink, appearing to be 'Ben Yin', written in a cursive style.

cc: P. Diskin, Director, Bureau of Technical Utility Services (email only)
K. Hafner, Director, Office of Special Assistants (email only)
A. Kaster, Director, Bureau of Investigation & Enforcement (email only)
C. Yother, Director, Bureau of Audits (email only)
A. Bakare, McNees, Wallace and Nurick (email only)
C. Mincavage, McNees, Wallace and Nurick (email only)
Office of Consumer Advocate (email only)
Office of Small Business Advocate (email only)

ATTACHMENT 1

PECO ENERGY COMPANY

GAS SERVICE TARIFF

COMPANY OFFICE LOCATION

2301 Market Street
Philadelphia, Pennsylvania 19103

For List of Communities Served, See Page 3.

Issued March 20, 2026

Effective April 1, 2026

ISSUED BY: DAVID M. VAHOS - President & CEO
PECO Energy Distribution Company
2301 MARKET STREET
PHILADELPHIA, PA. 19103

NOTICE.

LIST OF CHANGES MADE BY THIS SUPPLEMENT

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC) – 3rd Revised Page No. 51

Revised DSIC rate from 0.00% to 0.49%.

TABLE OF CONTENTS

Index of Communities Served.....	3
How to Use Loose-Leaf Tariff.....	4
Definition of Terms and Explanation of Abbreviations.....	5, 6, 7 ¹
RULES AND REGULATIONS:	
1. The Gas Service Tariff.....	8
2. Service Specifications.....	9
3. Customer's Installation.....	10
4. Application for Service.....	11 ¹
5. Credit.....	12 ¹
6. Service-Supply Facilities.....	13
7. Extensions.....	13
8. Rights-of-Way.....	15
9. Introduction of Service.....	15
10. Company Equipment.....	16
11. Tariff Options on Applications for Service.....	17
12. Service Continuity.....	18
13. Customer's Use of Service.....	22
14. Measurement.....	22
15. Tests.....	24
16. Payment Terms.....	25 ¹
17. Termination by the Company.....	27
18. Unfulfilled Contracts.....	27
19. Cancellation by Customer.....	28
20. General.....	28
21. Gas Choice Program Enrollment and/or Switching.....	29
22. Usage Data.....	29
23. Affiliated Marketer Standards of Conduct.....	30
24. Requests for Energy Efficiency Information.....	33
25. Creditworthiness of Natural Gas Supplier (NGS) Serving High Volume Transportation Customers.....	33
26. Gas Quality Standards.....	36, 37, 38, 39
STATE TAX ADJUSTMENT CLAUSE.....	40 ¹
UNIVERSAL SERVICE COST RECOVERY MECHANISM.....	41 ¹
SALES SERVICE COSTS - ("SSC") Section 1307(f).....	42 ⁶ , 43 ² , 44
GAS PROCUREMENT CHARGE.....	45
MERCHANT FUNCTION CHARGE.....	46 ⁶ , 47 ⁶
BALANCING SERVICE COSTS ("BSC").....	48 ⁶ , 49
CONSUMER EDUCATION CHARGE (CEC).....	50 ²
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC).....	51 ³ , 52, 53, 54, 55, 56
RATES:	
Rate GR General Service - Residential.....	57 ³
Rate GC General Service - Commercial and Industrial.....	58, 59
Rate OL Outdoor Lighting.....	60
Rate L Large High Load Factor Service.....	61
Rate MV-F Motor Vehicle Service-Firm.....	62
Rate MV-I Motor Vehicle Service-Interruptible.....	63
Rate IS-Interruptible Service.....	65
Rate TCS-Temperature Controlled Service.....	67
Gas Transportation Service - General Terms and Conditions.....	69 ¹ , 70 ² , 71, 72, 73
Rate TS-I Gas Transportation Service - Interruptible.....	74
Rate TS-F Gas Transportation Service-Firm.....	75
Rate NGS - Negotiated Gas Service.....	76
RIDERS:	
Applicability Index of Riders.....	78
Casualty Rider.....	79
Construction Rider.....	79
Neighborhood Gas Pilot Rider.....	80
Receivership Rider.....	82
Temporary Service Rider.....	82
Customer Assistance Program (CAP) Rider.....	83

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE
(DSIC)

In addition to the net charges provided for in this Tariff, a charge of 0.49% will apply consistent with the Commission Order dated September 3, 2015 at Docket No. P-2013-2347340, approving the DSIC. (C)

(C) Denotes Change

ATTACHMENT 2

PECO
ATTACHMENT 2 - COMPUTATION OF CUMULATIVE PROPOSED GAS DSIC
APPLICATION PERIOD: APRIL 1, 2026 THROUGH JUNE 30, 2026

$$\text{DSIC} = (\text{DSI} * \text{PTRR}) + \text{STFT} + \text{Dep} + \text{e} * 1 / (1 - \text{T}) / \text{PQR}$$

<u>Line No.</u>				<u>Amount</u>
1	DSI	=	Eligible Distribution System Improvement Costs (Attachment 2, Page 2, Column 7)	\$ 24,091,790
2	PTRR	=	Pre-tax Return Rate applicable to DSIC eligible property (Attachment 2, Page 3, Line 4)	2.40%
3	DSI PTR	=	Pre-tax Return on DSIC eligible property (Line 1 * Line 2)	\$ 578,005
4 (a)	STFT	=	State Tax (After Tax) Flow Through (Attachment 2, Page 2, Column 9, Dec-25 + Jan-26 + Feb 26)	\$ (30,517)
4 (b)	STFT	=	State Tax (Pre-Tax) Flow Through (4(a) * Attachment 2, Page 3, Column 4)	\$ (41,757)
5	Dep	=	Depreciation expense applicable to DSIC eligible property (Attachment 2, Page 2, Column 8, Dec-25 + Jan-26 + Feb-26)	\$ 46,992
6	e	=	Amount calculated (over)/under the annual reconciliation feature or Commission audit	\$ 56,023
7	Net Amt. Recoverable	=	Net Amount to be Recovered/(Refunded) (includes Over/Under Collection) (Line 3 + Line 4(b) + Line 5 + Line 6)	\$ 639,263
8	PQR	=	Projected quarterly revenues (Attachment 2, Page 2, Column 10, sum(Jan-26 - Dec-26) / 4)	<u>\$ 130,564,087</u>
9	DSIC	=	Distribution System Improvement Rider (Line 7 / Line 8)	0.49%

PECO
ATTACHMENT 2 - COMPUTATION OF CUMULATIVE PROPOSED GAS DSIC by MONTH
APPLICATION PERIOD: APRIL 1, 2026 THROUGH JUNE 30, 2026

Month	Incremental Plant Additions	Cumulative Plant Additions	Accumulated Cost of Removal	Accumulated Depreciation	Retirements	Accumulated Deferred Income Taxes	Eligible Distribution System Improvement Projects (net of accumulated depreciation and retirements)	Depreciation Expense	State Tax Flow Through	Projected Distribution Revenues
	(1)	(2)	(3)	(4)	(5)	(6)	(7) = (2) - (3) - (4) - (5) - (6)	(8)	(9)	(10)
Dec-25	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Jan-26	\$ 14,710,341	\$ 14,710,341	\$ (41,252)	\$ 12,845	\$ -	\$ 266,213	\$ 14,472,535	\$ 12,845	\$ (18,647)	\$ 88,450,060
Feb-26	\$ 9,613,672	\$ 24,324,012	\$ (252,179)	\$ 46,992	\$ -	\$ 437,410	\$ 24,091,790	\$ 34,146	\$ (11,870)	\$ 75,733,544
Mar-26							\$ -			\$ 62,801,295
Apr-26							\$ -			\$ 36,572,971
May-26							\$ -			\$ 23,918,868
Jun-26							\$ -			\$ 18,561,352
Jul-26							\$ -			\$ 18,131,403
Aug-26							\$ -			\$ 18,223,787
Sep-26							\$ -			\$ 19,380,652
Oct-26							\$ -			\$ 30,107,550
Nov-26							\$ -			\$ 52,853,398
Dec-26							\$ -			\$ 77,521,468

PECO
ATTACHMENT 2 - COMPUTATION OF CUMULATIVE PROPOSED GAS DSIC PRE-TAX RATE OF RETURN
APPLICATION PERIOD: APRIL 1, 2026 THROUGH JUNE 30, 2026

Line No.		Capitalization Ratio (1)	Embedded Cost Note 1 (2)	Rate of Return (3) = (1) * (2)	Tax Multiplier Note 2 (4)	Pre-Tax Rate of Return (5) = (3) * (4)
1	Long-Term Debt	46.59%	4.52%	2.11%	-	2.11%
2	Common Equity	53.41%	10.25%	5.47%	1.368309139	7.49%
3	Total	<u>100.00%</u>		<u>7.58%</u>		<u>9.60%</u>
4	9.60% Annual PTRR / 4 quarters = 2.40% Quarterly PTRR					

Note 1:

Line 2, Column (2), from the PUC's Quarterly Earnings Report page 23, line 7, dated June 30, 2025 at Docket No. M-2025-3057215 (issued October 23, 2025).

Note 2:

The tax multiplier is calculated as follows: $1/[1-(\text{Fed Rate}+(\text{Pa. Tax Rate} \times (1 - \text{Fed Rate})))]$ where the Pa. tax rate is 7.49% and Fed. Tax rate is 21%.

$$1/[1-(21\%+(7.49\%*(1-21\%)))] = 1.368309139$$

ATTACHMENT 3

Attachment 3

PECO Energy Company - Gas

<i>(in \$1,000)</i>			
A	Plant Balance @12/31/2023	\$	3,905,331
B	Plant Additions in 2024		380,023
C	Plant Additions in 2025		435,603
D=A+B+C	Plant Balance @12/31/2025	\$	4,720,957

2024 Gas Rate Case

<i>(in \$1,000)</i>			
A	Plant Balance @12/31/2023	\$	3,905,331
B	Plant Additions in 2024		344,997
C	Plant Additions in 2025		<u>429,186</u>
D=A+B+C	Plant Balance @12/31/2025	\$	4,679,514