



COMMONWEALTH OF PENNSYLVANIA  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
400 NORTH STREET, HARRISBURG, PA 17120

IN REPLY, PLEASE  
REFER TO OUR FILE

April 8, 2026

Docket No. M-2026-3060770  
Utility Code: 110550

BRENDAN J. TAYLOR  
VICE PRESIDENT - REGULATORY POLICY & STRATEGY  
PECO ENERGY COMPANY  
2301 MARKET STREET S18  
PHILADELPHIA, PA 19103  
[Brendan.taylor@exeloncorp.com](mailto:Brendan.taylor@exeloncorp.com)

**Re: Annual Asset Optimization Plan for PECO Energy Company at  
Docket No. M-2026-3060770**

Dear Mr. Taylor:

On February 27, 2026, PECO Energy Company (PECO) filed its Annual Asset Optimization Plan (AAOP) for its electric operations with the Pennsylvania Public Utility Commission (Commission), pursuant to 52 Pa. Code § 121.6.

The Commission's Regulations require utilities with an approved Distribution System Improvement Charge (DSIC) to file annually an AAOP with the Commission. The AAOP shall be filed 60 days after the prior 12 months of the company's Long-Term Infrastructure Improvement Plan (LTIIIP) has expired, and pursuant to this timeframe for each successive AAOP. 52 Pa. Code § 121.6(a).

The AAOP must include:

- 1) A description that specifies all of the eligible property repaired, improved, and replaced in the prior 12-month period under its LTIIIP and prior year's AAOP.
- 2) A description of the eligible property to be repaired, improved, and replaced in the upcoming 12-month period.

The Commission is charged with reviewing each AAOP only to determine whether the utility is in substantial compliance with the repairs, improvements, or replacements of the specific eligible property in its approved LTIIIP, for the corresponding 12-month timeframes. 52 Pa. Code § 121.6(d). The Commission has delegated the review of AAOPs to the Bureau of Technical Utility Services (TUS).

**Timely Filing**

*52 Pa. Code § 121.6(a)*

*A utility with an approved DSIC shall file with the Commission, for informational purposes, an AAO plan. The AAO plan shall be filed annually with the Commission 60 days after the 12 months of its LTIIIP has expired and under this time frame for each successive year of the term of the LTIIIP.*

PECO's AAOP complies with this requirement.

### **Content**

*52 Pa. Code § 121.6(b)*

*An AAO plan must include:*

- (1) A description that specifies all the eligible property repaired, improved and replaced in the prior 12-month period under its LTIIIP and prior year's AAO plan.*
- (2) A description of the eligible property to be repaired, improved and replaced in the upcoming 12-month period.*

PECO's AAOP substantially complies with this requirement.

### **Substantial Adherence to LTIIIP**

*52 Pa. Code § 121.6(d)*

*An AAO plan will be reviewed by the Commission only to determine whether the utility is in substantial compliance with the repairs, improvements or replacements of the specific eligible property in its approved LTIIIP for the corresponding 12-month time frames.*

*52 Pa. Code § 121.6(e)*

*Absent any major modifications to the LTIIIP or Commission action to reject an AAO plan within 60 days of its submission to the Commission, the AAO plan will be deemed approved. The Commission may extend its consideration period if necessary.*

*52 Pa. Code § 121.6(f)*

*If an AAO plan is rejected by the Commission, the utility will be notified of the plan's deficiencies and actions needed to repair, improve or replace eligible property to bring the utility into compliance with the work schedule in its approved LTIIIP. If the utility concludes that it needs to revise its LTIIIP to comply with the Commission's determinations, it shall file a petition for modification under § 121.5.*

The Commission reviewed PECO's AAOP and found that PECO generally complied with its LTIIIP project goals and spending. PECO stated that it met or exceeded its 2025 scope commitments for the majority of its planned LTIIIP work categories, including: Customers Experiencing Multiple Interruptions Areas (CEMI), CEMI Targeted Circuits, Aerial Infrastructure Resiliency (AIR), AIR Targeted Assets, Circuit Rebuilds Enabling Unit Substation

Retirements, and Underground Residential Development (URD) cable replacements. PECO also provided reasonable explanations for any shortfalls in its initiatives.

Exhibit A of the AAOP indicated that PECO spent approximately \$313.1 million on LTIP programs in 2025, compared to the \$310 million estimated in its LTIP, excluding Facility Relocations. PECO noted that its Main Stem Cable Replacement Program is still recovering from previously experienced material delays in 2023 during the COVID-19 pandemic and underground external utility conflicts that caused permitting issues in 2024. Additionally, the Overbrook Building Substation Retirement experienced an increase in scope due to blocked ducts requiring approximately two miles of additional civil design and construction. PECO did not meet the 2025 scope commitment for the Building Substation Retirement Program. However, PECO averred that it would continue civil and aerial construction for Overbrook with the plan to complete the retirement of Overbrook Building Substation by end of 2026, the first year of PECO's most recently approved LTIP.<sup>1</sup> Additionally, PECO averred that in 2025, the company increased its workforce by 86 full-time employees and has contracted 257 equivalent full-time contracting resources.

PECO stated that it expects to meet or exceed its LTIP eligible property replacement and improvement targets for 2026 and that it expects to spend approximately \$428.6 million on LTIP projects in 2026, compared to the LTIP projection of \$351.6 million (an approximate 21.9% increase). PECO also provided descriptions of the eligible property to be repaired, improved and replaced in the upcoming 12-month period under the programs identified in its LTIP.

Compliance with the LTIP is evaluated on a multiyear basis over the life of the LTIP. Construction and budget variations in individual years can be expected and it is reasonable to expect that over a multi-year timeframe, much of this variation will be mitigated.

The AAOP does not propose a Major Modification to the company's LTIP.

Accordingly, PECO's AAOP appears to substantially conform to the schedule set forth in the company's LTIP.

## **Conclusion**

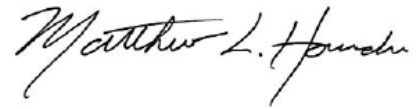
Upon review of PECO's AAOP filed on February 27, 2026, it appears that the filing substantially complies with the requirements of 52 Pa. Code § 121.6 and it is approved. This approval is contingent upon the possibility that subsequent audits, reviews and inquiries, in any Commission proceeding, may be conducted pursuant to 52 Pa. Code § 121.

If you are dissatisfied with the resolution of this matter, you may, as set forth in 52 Pa. Code § 5.44, file a petition with the Commission within twenty (20) days after the date of this letter. Please direct any questions regarding this filing to Clinton McKinley, TUS, at [cmckinley@pa.gov](mailto:cmckinley@pa.gov).

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<sup>1</sup> See, *Petition of PECO Energy Company for Approval of its Third Electric Long-Term Infrastructure Improvement Plan*, Opinion and Order Entered December 18, 2025, at Docket No. P-2025-3056987.

Sincerely,

A handwritten signature in black ink that reads "Matthew L. Homsher". The signature is written in a cursive style with a large initial "M" and a long, sweeping underline.

Matthew L. Homsher  
Secretary

cc: Kriss Brown, LAW  
Allison Kaster, BIE  
Dan Searfoorce, TUS  
John Van Zant, TUS  
Brent Killian, BIE