



pecoSM

AN EXELON COMPANY

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PECO
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VIA E-FILE ONLY

May 29, 2026

Matthew Hoshmer, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, Second Floor
Harrisburg, PA 17120

SUBJECT: PECO Energy Company ("PECO") Financial Report for the twelve months ended March 31, 2026 for Gas Operations, Docket No. M-2026-3059582

Dear Secretary Hoshmer:

This letter transmits for filing with the Commission PECO's Financial Report for the twelve months ended March 31, 2026, for Gas Operations (Utility Code – 122300). This report includes the annualization, normalization and other ratemaking adjustments typically permitted by the Commission. Please note that this report includes a tax repair benefit of \$53.1M in adjusted income for common equity or 2.34% in adjusted return on common equity.

Copies have been provided to the Office of Special Assistants, Bureau of Investigation and Enforcement, Office of Consumer Advocate, Office of Small Business Advocate and Bureau of Technical Utility Services.

Sincerely,

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)
V. Johns, Bureau of Technical Utility Services (email only)
E. Laudenslager, Bureau of Technical Utility Services (email only)
Office of Consumer Advocate (email service only)
Office of Small Business Advocate (email service only)

PECO-GAS OPERATIONS

Financial Report

Twelve Months Ended March 31, 2026

Company Name: 122300-PECO-Gas Operations
 Financial Report for Twelve Months Ended: 3/31/2026

SCHEDULE A1
 (in thousands)

	Actual per Books	Intrastate %	Intrastate Per Books	Adjustments (a)	Adjusted Results
Original Cost					
Plant in Service	4,997,692	1.0000	4,997,692	766,957	5,764,649
Depreciation Reserve	1,152,595	1.0000	1,152,595	255,802	1,408,397
Net Plant	3,845,097	1.0000	3,845,097	511,154	4,356,251
ADDITIONS:					
Ld./Pit. Future Use	-	1.0000	-	0	-
Materials & Suppl.	32,223	1.0000	32,223	0	32,223
CWC (b)	13,044	1.0000	13,044	0	13,044
Other	-	1.0000	-	0	-
DEDUCTIONS:					
Acc. Def. Income Taxes	-	0.0000	-	0	-
Liberalized Depr.	273,065	1.0000	273,065	24,610	297,675
I. T. C.	-	1.0000	-	0	-
Other	-	1.0000	-	0	-
Customer Deposits	17,493	1.0000	17,493	0	17,493
Customer Advances	1,594	1.0000	1,594	0	1,594
Cont. Aid of Constr.	(4,517)	1.0000	(4,517)	-2,907	(7,424)
Other	107,671	1.0000	107,671	-9,114	98,557
 RATE BASE	 3,495,058		 3,495,058	 498,565	 3,993,623
 Operating Revenues	 891,163	 1.0000	 891,163	 (40,238)	 850,925
Operating Revenue Deductions:					
O & M Expense	508,903	1.0000	508,903	(25,680)	483,223
Annual Depreciation	91,928	1.0000	91,928	50,620	142,548
Taxes-					
-Other Than Income	9,140	1.0000	9,140	-	9,140
-State Income-Curr.	-	1.0000	-	(4,882)	(4,882)
-Fed. Income-Curr.	(50,897)	1.0000	(50,897)	(12,853)	(63,750)
-Deferred Inc. Txes.	45,023	1.0000	45,023	-	45,023
-I.T.C. (net)	(4)	1.0000	(4)	-	(4)
Total Oper. Rev. Ded.	604,093		604,093	7,205	611,298
Inc. Avail. For Ret.	287,070		287,070	(47,443)	239,627
 RATE OF RETURN - Overall	 8.21%		 8.21%		 6.00%

COMPANY NAME:

PECO-Gas Operations
SUMMARY OF ADJUSTMENTS
(in Thousands\$)

SCHEDULE B

Rate Base Adjustments	Rate Base	Revenues	Expenses	Taxes Other Than Income	State Income Taxes	Federal Income Taxes
(1) Adjustment for Additional Plant in Service	\$766,957					
(2) Adjustment for Additional Accumulated Reserve	\$255,802					
(3) Adjustment for Additional Accumulated Deferred Income Taxes	\$ 12,590					

Total \$498,565

Income Statement Adjustments	Rate Base	Revenues	Expenses	Taxes Other Than Income	State Income Taxes	Federal Income Taxes
(1) Interest on Customer Deposits*			\$ 824		\$ (62)	\$ (162)
(2) Revenue Annualization*	\$ 529				\$ 40	\$ 104
(3) Wage Change, Pension and FAS 106 Adjustment*			\$ 1,323		\$ (99)	\$ (261)
(4) Adjust for Additional Book Depreciation Expense*			\$ 50,620		\$ (3,791)	\$ (9,984)
(5) Elimination of Profit from IS Sales*	\$ -		\$ -		\$ -	\$ -
(6) Elimination of Off-System Related Revenues and Costs*	\$ (34,754)		\$ (26,065)		\$ (651)	\$ (1,713)
(7) Weather Normalization of Distribution Revenues*	\$ (6,260)				\$ (469)	\$ (1,234)
(8) Leap Year Revenue Normalization	\$ 630				\$ 47	\$ 125
(9) CAP Revenue Credit Annualization	\$ (174)				\$ (13)	\$ (34)
(10) Normalization of Uncollectible Accounts Expense*			\$ (1,761)		\$ 132	\$ 347
(11) Eliminate DSIC Revenue*	\$ (209)				\$ (16)	\$ (41)

Total \$ (40,238) \$ 24,940 \$ (4,882) \$ (12,853)

COMPANY NAME:

PECO
Gas Operations
Explanation of Adjustments

SCHEDULE C

Rate Base Adjustments

- (1) Adjustment for Additional Plant in Service
- (2) Adjustment for Additional Accumulated Reserve
- (3) Adjustment for Additional Accumulated Deferred Income Taxes

Income Statement Adj.

- (1) Adjustment to Include Interest on Customer Deposits-The purpose of this adjustment is to include interest expense of the Company due to customer deposits. This adjustment was included at R-2020-3018929, the most recently concluded gas base rate case.
- (2) Revenue Annualization-The purpose of this adjustment is to annualize revenues to reflect period end level of customers. This adjustment was included at R-2020-3018929, the most recently concluded gas base rate case.
- (3) Wage Change, Pension and FAS 106 Adjustment-The purpose of this adjustment is to develop the changes in wages, pensions and FAS 106 benefits not yet fully reflected in the twelve month period. This adjustment was included at R-2020-3018929, the most recently concluded gas base rate case.
- (4) Adjustment for Additional Book Depreciation Expense - This adjustment is necessary to reflect a additional depreciation expense for additional plant in service.
- (5)
- (6) Elimination of Off-System Related Revenues and Costs-The purpose of this adjustment is to remove all revenues and gas costs related to off-system sales including sales for resale and the Company share for capacity release credits. Customers receive 75% of the margin through the Purchased Gas Cost rate while the Company retains 25% of the margin. This adjustment was included at R-2020-3018929, the most recently concluded gas base rate case.
- (7) Weather Normalization of Distribution Revenues-The purpose of this adjustment is to reflect the effect of weather normalization on distribution revenues. This adjustment was included at R-2020-3018929, the most recently concluded gas base rate case.
- (8) Leap Year Revenue Normalization - The purpose of this adjustment is to add one quarter of one-day non-customer and non-reconcilable surcharge distribution revenue to normalize the revenue impact from leap year.
- (9) CAP Revenue Credit Annualization - The purpose of this adjustment is to annualize the cost of the discounts provided to customers enrolled in Company's Customer Assistance Program ("CAP") in the form of a bill credit, reflecting the number of CAP at the end of reporting period.
- (10) Adjustment to Normalize Uncollectible Accounts Expense-The purpose of this adjustment is to normalize uncollectible accounts expense. This adjustment was included at R-2020-3018929, the most recently concluded gas base rate case.

Company Name: 122300-PECO-Gas Operations
 INTRASTATE per BOOKS

SCHEDULE D-1

Calc. Of Return on Common Equity for the period: 3/31/2026
 (In Thousands)

	Capital Ratios	Rate Base	Totals	Weighted Cst. Rates	Total Rate Base Cst./Debt/Pref.
	-----	-----	-----	-----	-----
1. Debt	0.4310	3,495,058	1,506,370	0.0451	67,937
2. Preferred	0.0000		0	0.0000	0
3. Common Equity	0.5690		1,988,688		
4. TOTAL	1.0000		3,495,058		67,937

					Intrastate per Books

5. Income Available for Return					287,070
6. Less: Total Rate Base Related Cost of Debt & Preferred					67,937
7. Income Available for Common Equity (Line 5 - Line 6)					219,133
8. Debt Cost					67,937
9. Less: Interest Expense used to compute State & Fed. Income Tax					62,300
10. Difference (Line 8 less Line 9)					5,637
11. Times: Effective State and Federal Income Tax Rate					0.2721335
12. Net Addition of (Deduction) (Line 10 x Line 11)					1,534
13. Income Available for Common Equity, Including Income Tax Effect of Using Debt Cost (Line 7 Plus Line 12)					220,667
14. Return on Common Equity (Line 7/ Line 3, Col. 3)					0.11019
15. Return on Common Equity Including Tax Effect of Using Debt Cost (Line 13/Line 3, col. 3)					0.11096

Company Name: 122300-PECO-Gas Operations
 INTRASTATE ADJUSTED
 Calc. Of Return on Common Equity for the period: 3/31/2026
 (In Thousands)

SCHEDULE D-2

	Capital Ratios	Rate Base	Totals	Weighted Cst. Rates	Total Rate Base Cst./Debt/Pref.
	-----	-----	-----	-----	-----
1. Debt	0.4310	3,993,623	1,721,251	0.0451	77,628
2. Preferred	0.0000		0	0.0000	0
3. Common Equity	0.5690		2,272,371		
4. TOTAL	1.0000		3,993,623		77,628

	Intrastate Adjusted

5. Income Available for Return	239,627
6. Less: Total Rate Base Related Cost of Debt & Preferred	77,628
7. Income Available for Common Equity (Line 5 - Line 6)	161,999
8. Debt Cost	77,628
9. Less: Interest Expense used to compute State & Fed. Income Tax	62,300
10. Difference (Line 8 less Line 9)	15,328
11. Times: Effective State and Federal Income Tax Rate	0.2721335
12. Net Addition of (Deduction) (Line 10 x Line 11)	4,171
13. Income Available for Common Equity, Including Income Tax Effect of Using Debt Cost (Line 7 Plus Line 12)	166,171
14. Return on Common Equity (Line 7/ Line 3, Col. 3)	0.07129
15. Return on Common Equity Including Tax Effect of Using Debt Cost (Line 13/Line 3, col. 3)	0.07313

SCHEDULE E

Company: 122300-PECO-Gas Operations
 Calculation of Capital Structure and Related Ratios
 for the period: 3/31/2026
 (in thousands)

	Total Company Actual Amount Outstanding	Ratios
Total Debt	6,658,915	0.4310
Total Preferred	0	0.0000
Common Equity:		
Common Stock	1,423,004	
Premium on Common Stock	4,366,259	
Capital Surplus	0	
Capital Stock Expense	0	
Retained Earnings	3,001,301	
Other	0	
Total Common Equity	8,790,564	0.5690
Total Capital	15,449,479	1.0000

PECO - Gas Operation
Cost of Debt as Ratemaking Adjusted
for the Twelve Months Ended March 31, 2026
(\$ in Thousands)

SCHEDULE F

Line No	Description	[1] Amount Outstanding	[3] Effective Interest Rate	[2] Percent to Total	[4] Average Weighted Cost Rate [2] * [3]	[5] Annualized Cost
First & Refunding Mortgage Bonds - Fixed Rate						
1	5.90% due 2034	75,000	6.00%	1.13%	0.07%	
2	5.95% due 2036	300,000	6.04%	4.51%	0.27%	
3	5.70% due 2037	175,000	5.81%	2.63%	0.15%	
4	4.80% due 2043	250,000	4.89%	3.75%	0.18%	
5	4.15% due 2044	300,000	4.23%	4.51%	0.19%	
6	3.70% due 2047	325,000	3.77%	4.88%	0.18%	
7	3.90% due 2048	325,000	3.99%	4.88%	0.19%	
	3.90% due 2049	325,000	4.17%	4.88%	0.20%	
8	3.00% due 2049	325,000	3.10%	4.88%	0.15%	
9	2.80% due 2050	350,000	2.86%	5.26%	0.15%	
10	3.05% due 2051	375,000	3.11%	5.63%	0.18%	
11	2.85% due 2051	375,000	2.91%	5.63%	0.16%	
12	4.60% due 2052	350,000	4.71%	5.26%	0.25%	
13	4.375% due 2052	425,000	4.46%	6.38%	0.28%	
14	4.90% due 2033	575,000	5.03%	8.63%	0.43%	
15	5.25% due 2054	575,000	5.34%	8.63%	0.46%	
16	4.875% due 2035	525,000	4.96%	7.88%	0.39%	
17	5.65% due 2055	525,000	5.72%	7.88%	0.45%	
18	Sub-Total Fixed Rate	<u>6,475,000</u>		<u>97.23%</u>		
Trust Preferred Capital Securities						
19	7.38% Rate Due 4/6/28	80,521	7.50%	1.21%	0.09%	
20	Variable Rates Due 4/6/28	805	8.75%	0.01%	0.00%	
21	5.75% Rate Due 6/15/33	103,093	5.88%	1.55%	0.09%	
22	Sub-Total Capital Securities	<u>184,419</u>		<u>2.77%</u>		
23	Total Long-Term Debt	6,659,419		<u>100.00%</u>	<u>4.51%</u>	
24	Adjustment for Tenders & Calls	<u>(504)</u>				
25	Net Long-Term Debt	<u>\$ 6,658,915</u>				
26	Annualized Cost	\$ 300,340				
27	Adjustment for Tenders & Calls Reacquired	<u>68</u>				
28	Total	<u>\$ 300,408</u>				<u>4.51%</u>

**SCHEDULE A
SUPPORTING DATA**

PECO-GAS OPERATIONS
Plant in Service at March 31, 2026
Gas Plant
(in Thousands\$)

A-1

	<u>Plant</u>	<u>Depreciation Reserve</u>	<u>Net</u>
Total Depreciable Gas Plant	\$ 4,705,376	\$ 1,047,005	\$ 3,658,371
 <u>Add: Other Accounts</u>			
302, 360 Franchise, Land and Land Rights	\$ 66		\$ 66
374 Land and Land Rights	<u>\$ 5,810</u>		<u>\$ 5,810</u>
Total Gas Plant	\$ 4,711,252	\$ 1,047,005	\$ 3,664,247
Allocated Common Plant	<u>\$ 286,440</u>	<u>\$ 105,590</u>	<u>\$ 180,850</u>
Total Gas and Allocated Common	\$ 4,997,692	\$ 1,152,595	\$ 3,845,097

PECO-GAS OPERATIONS
Plant in Service at March 31, 2026
Common Plant
(in Thousands\$)

A-2

	<u>Plant</u>	Depreciation <u>Reserve</u>	<u>Net</u>
Depreciable Common Plant	\$ 1,236,863	\$ 458,689	\$ 778,174
 <u>Other Common Plant</u>			
301, 389 Organization, Land and Land Rights	<u>\$ 7,447</u>		<u>\$ 7,447</u>
 Total Common Plant in Service	 \$ 1,244,310	 \$ 458,689	 \$ 785,620
 <u>Total Common Plant Allocated</u>			
PECO Electric	\$ 957,870	\$ 353,099	\$ 604,771
Electric Distribution	\$ 837,708	\$ 308,804	\$ 528,904
Gas	\$ 286,440	\$ 105,590	\$ 180,850

PECO-GAS OPERATIONS
AVERAGE GAS INVENTORY AND MATERIALS AND SUPPLIES
Thirteen Months Ended March 31, 2026
(in Thousands\$)

A-3

	Propane / Other	Gas Stored Underground	Liquefied Natural Gas Stored	Gas Materials & Supplies	Stores Undist.
Mar-25	\$1,481	\$10,871	\$2,907	\$556	(\$560)
Apr-25	\$1,481	\$11,311	\$2,857	\$573	(\$2,433)
May-25	\$1,481	\$16,991	\$2,804	\$563	(\$911)
Jun-25	\$1,481	\$22,340	\$3,219	\$912	(\$1,049)
Jul-25	\$1,570	\$28,648	\$3,738	\$969	(\$1,747)
Aug-25	\$1,710	\$35,448	\$4,008	\$858	(\$2,066)
Sep-25	\$1,710	\$40,349	\$3,962	\$1,429	(\$2,581)
Oct-25	\$1,710	\$44,863	\$3,912	\$1,380	(\$2,857)
Nov-25	\$1,710	\$44,665	\$3,873	\$1,403	(\$2,421)
Dec-25	\$1,693	\$37,749	\$3,774	\$1,413	\$0
Jan-26	\$1,611	\$25,712	\$2,486	\$1,366	\$129
Feb-26	\$1,267	\$16,131	\$1,621	\$1,344	(\$271)
Mar-26	\$1,267	\$12,703	\$1,563	\$1,397	(\$331)
13 Month Total	\$20,174	\$347,780	\$40,724	\$14,161	(\$17,097)
13 Month Avg	\$1,552	\$26,752	\$3,133	\$1,089	(\$1,315)
Applicable to Gas					0.2302 (\$303)
Total	<u>\$32,223</u>				

PECO-GAS OPERATIONS
CUSTOMER DEPOSITS AND ADVANCES
Thirteen Months Ended March 31, 2026
(in Thousands\$)

A-4

	<u>Customer Deposits</u>	<u>Customer Advances</u>
Mar-25	\$ 14,774	\$ 1,033
Apr-25	\$ 15,409	\$ 1,043
May-25	\$ 15,856	\$ 1,198
Jun-25	\$ 15,962	\$ 1,270
Jul-25	\$ 16,172	\$ 1,295
Aug-25	\$ 16,365	\$ 1,436
Sep-25	\$ 16,683	\$ 1,480
Oct-25	\$ 18,643	\$ 1,981
Nov-25	\$ 18,801	\$ 1,974
Dec-25	\$ 19,104	\$ 2,014
Jan-26	\$ 19,542	\$ 1,976
Feb-26	\$ 19,811	\$ 1,938
Mar-26	<u>\$ 20,288</u>	<u>\$ 2,082</u>
Total	\$ 227,409	\$ 20,720
13 month Avg	\$ 17,493	\$ 1,594

**SCHEDULE B
SUPPORTING DATA**

PECO-GAS OPERATIONS
INTEREST ON CUSTOMER DEPOSITS
Twelve Months Ended March 31, 2026
(in Thousands\$)

B-1

The purpose of this adjustment is to include the cost of interest accrued to the Company on its customer deposits.

Interest on Customer Deposits	\$ 824
Decrease in Income Taxes @ 27.21%	\$ (224)
Decrease in Income for Return	\$ (600)

PECO-GAS OPERATIONS
REVENUE ANNUALIZATION
Twelve Months Ended March 31, 2026
(in Thousands\$)

B-2

The purpose of this adjustment is to annualize revenues for the number of customers at the end of the twelve month period.

Change in Revenues (B-2a)	\$	529
Decrease in Income Taxes @ 27.21%	\$	144
Decrease in Income for Return	\$	385

PECO-GAS OPERATIONS
REVENUE ANNUALIZATION
Twelve Months Ended March 31, 2026
(in Thousands\$)

B-2a

	<u>Residential (a)</u>	<u>SCI</u>	<u>LCI</u>	<u>Other</u>	<u>Total</u>
Revenues	\$ 368,377	\$ 144,857	\$ 357	\$ 597	\$ 514,188
Distribution Weather Adjustment	\$ (4,647)	\$ (1,241)	\$ -	\$ (372)	\$ (6,260)
Margin-Revenue Net of Commodity	\$ 363,730	\$ 143,617	\$ 357	\$ 224	\$ 507,928
Avg Monthly Customers	510,256	44,645	7	16	554,924
Avg Margin Per Customer	Thousand\$ 0.713	\$ 3.217	\$ 51	\$ 14.026	
Number of Customers End of March 2026	511,085	44,626	7	16	555,734
Increase in Number of Customers During the Year	830	(19)	-	-	810
Annualization of Revenue	\$ 591	\$ (62)	\$ -	\$ -	\$ 529

(a) Represents Rates GR and CAP

(b) Represents Rates GC, OL, MVF and L

Revenue figures reflect billed revenues

PECO-GAS OPERATIONS
 ANNUALIZATION OF WAGES, PENSIONS AND FAS 106 ADJUSTMENT
 Twelve Months Ended March 31, 2026
 (in Thousands\$)

B-3

This adjustment develops the increases in wages associated with the annual wage increase. Also included in this adjustment are Pension and Post Retirement Benefit Costs/FAS 106 Costs.

Estimated Wages, Pensions and FAS 106 Benefits-Company

Adjustment to Gas Base Wage	\$	867
Plus: Overtime @ 40.54%		<u>\$351</u>
Change in Applicable Payroll Expense		\$1,218
Adjustment to Pension and Net FAS 106 Costs (a)		\$106
Net Expense Change		\$1,323
Decrease in Income Tax at 27.21%		(\$360)
Decrease in Income for Return		(\$963)
<hr/>		
(a) Proforma		\$1,223
Actual		<u>\$1,118</u>
Increase		\$106

PECO-GAS OPERATIONS
ADJUST BOOK DEPRECIATION ACCRUAL TO
CALCULATED ACCRUAL RATE FOR YEAR END PLANT
Twelve Months Ended March 31, 2026
(in Thousands\$)

B-4

This adjustment is necessary to present the book depreciation claim on a period end basis.

Annualized Depreciation	\$142,548
Book Depreciation	<u>\$91,928</u>
Change in Depreciation	\$50,620
Decrease in Income Tax at 27.21%	(13,775)
Decrease in Income for Return	(36,845)

PECO-GAS OPERATIONS
ADJUSTMENT TO ELIMINATE OFF SYSTEM RELATED REVENUES AND COSTS
Twelve Months Ended March 31, 2026
(in Thousands\$)

B-6

This adjustment removes the revenues and gas costs related to off-system sales including sales for resale and the Company share for capacity release credits. Customers receive 75% of the net margin through the Purchased Gas Cost rate while the Company retains 25% of the margin.

Revenue to be Removed	\$	34,754
Expense to be Removed	\$	26,065
Taxable Income to be Removed	\$	8,688
Decrease in Income Taxes at 27.21%	\$	(2,364)
Decrease in Income for Return	\$	(6,324)

PECO-GAS OPERATIONS
ADJUSTMENT TO DISTRIBUTION REVENUES
TO REFLECT WEATHER NORMALIZED SALES
Twelve Months Ended March 31, 2026
(in Thousands\$)

B-7

The purpose of this adjustment is to reflect the effect of weather normalization on distribution revenues during the twelve month period.

Increase in Revenues	\$ (6,260)
Increase in Income Taxes at 27.21%	\$ (1,703)
Increase in Income for Return	\$ (4,557)

PECO-GAS OPERATIONS
Leap Year Revenue Normalization
Twelve Months Ended March 31, 2026
(in Thousands)

B-8

The purpose of this adjustment is to deduct three quarters of one-day non-customer and non-reconc surcharge distribution revenue from February to normalize the revenue impact from leap year

Total Revenue Increase	\$630
Increase in Income Taxes @ 27.21%	\$172
Increase in Income for Return	\$458

PECO-GAS OPERATIONS
CAP Revenue Credits and Adjustments
Twelve Months Ended March 31, 2026
(in Thousands)

B-9

The purpose of this adjustment is to annualize the cost of the discounts provided to customers enrolled in PECO's Customer Assistance Program ("CAP") in the form of a bill credit, reflecting the number of CAP customers at the end of March 2026

CAP Discount Annualization	\$	239
Net of Impact of Write Off and Working Capital	\$	174
Increase in Income Taxes @ 27.21%	\$	47
Increase in Income for Return	\$	127

PECO-GAS OPERATIONS
NORMALIZATION OF UNCOLLECTIBLE ACCOUNTS EXPENSE
Twelve Months Ended March 31, 2026
(in Thousands\$)

B-10

The purpose of this adjustment is to normalize uncollectible accounts expense based on a three year average rate for charge-offs and prior period arrearages.

Adjusted Uncollectibles Amount	\$	3,836
Amount in Actual Expense	\$	<u>5,598</u>
Increase in Cost	\$	(1,761)
Decrease in Income Taxes at 27.21%	\$	479
Decrease in Income for Return	\$	1,282