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AN EXELON COMPANY

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PECO
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Philadelphia, PA 19103

June 18, 2026

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

Subject: PECO Distribution System Improvement Charge Electric Operations
Electric Tariff No. 8, Supplement No. 31
Effective July 1, 2026 Docket No. M-2018-3000598

Dear Secretary Homsher:

The filing contains PECO's quarterly Electric Distribution System Improvement Charge ("DSIC") filing as required by paragraph B.1.6 of the Supplemental Implementation Order, Docket No. M-2012-2293611, entered September 21, 2016

The Company's latest reported Return on Equity ("ROE") of 5.849% (see Schedule D-2 of PECO's Quarterly Earnings Report filed May 29, 2026) is below the Commission's authorized ROE of 10.05% for DSIC purposes (see Attachment F of the Commission's Electric Quarterly Earnings report issued June 18, 2026). Therefore, the DSIC rate will change from 0.11% to 0.42% effective with bills rendered on or after July 1, 2026.

The following attachments are included in support of the filing:

Attachment 1 – Electric Tariff No. 8, Supplement No. 31

Attachment 2 – Calculation of the DSIC for the period July 1, 2026 to September 30, 2026

Thank you for your assistance in this matter and if you have any questions please contact Brendan Taylor, Vice President, Regulatory Policy and Strategy at 215-841-5777 or via email at the following: brendan.taylor@exeloncorp.com.

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)
C. Yother, Director, Bureau of Audits (email only)
R. Layton, Supervisor, Bureau of Technical Utility Services (email only)
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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

Electric Service Tariff

COMPANY OFFICE LOCATION

2301 Market Street

Philadelphia, Pennsylvania 19103

For List of Communities Served, See Page 4.

Issued June 18, 2026

Effective July 1, 2026

**ISSUED BY: Michael A Innocenzo – 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) – 4th Revised Page No. 49

Revised DSIC rate from 0.11% to 0.42%.

TABLE OF CONTENTS

List of Communities Served 4

How to Use Loose-Leaf Tariff 5

 Definition of Terms and Explanation of Abbreviations 6,7,8,9

RULES AND REGULATIONS:

 1. The Tariff 10

 2. Service Limitations 10

 3. Customer's Installation 11

 4. Application for Service 12¹

 5. Credit 13

 6. Private-Property Construction 14¹, 15

 7. Extensions 16,17

 8. Rights-of-Way 18

 9. Introduction of Service 19

 10. Company Equipment 19

 11. Tariff and Contract Options 21

 12. Service Continuity 22

 13. Customer's Use of Service 24

 14. Metering 24

 15. Demand Determination 25

 16. Meter Tests 26

 17. Billing and Standard Payment Options 27¹

 18. Payment Terms & Termination of Service 28

 19. Unfulfilled Contracts 31

 20. Cancellation by Customer 31

 21. General 32

 22. Rules For Designation of Procurement Class 32

 23. EGS Switching 33

 24. Load Data Exchange 33

STATE TAX ADJUSTMENT CLAUSE 34¹

INCREMENTAL COVID-19-RELATED UNCOLLECTIBLE EXPENSE (ICUS) 35³

FIBER AFFILIATE REVENUE SURCHARGE (FARS) 36³

GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASS 1 AND 2 37⁴, 38⁴, 39⁴

GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASS 3/4 40⁶

RECONCILIATION 41¹, 42¹

NUCLEAR DECOMMISSIONING COST ADJUSTMENT CLAUSE (NDCA) 43

PROVISIONS FOR RECOVERY OF UNIVERSAL SERVICE FUND CHARGE (USFC) 44¹

PROVISION FOR THE RECOVERY OF CONSUMER EDUCATION PLAN COSTS 45²

TRANSMISSION SERVICE CHARGE 46³

NON-BYPASSABLE TRANSMISSION CHARGE (NBT) 47³

PROVISION FOR THE RECOVERY OF ENERGY EFFICIENCY AND CONSERVATION PROGRAM COSTS PHASE V 48²

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC) 49⁴, 50, 51

RATES:

 Rate R Residence Service 52¹³

 Rate R-H Residential Heating Service 53¹³

 Rate RS-2 Net Metering 54, 55, 56

 Rate GS General Service 57⁸, 58

 Rate PD Primary-Distribution Power 59⁸

 Rate HT High-Tension Power 60⁶

 Rate EP Electric Propulsion 61⁴

 Rate POL Private Outdoor Lighting 62⁵, 63

 Rate SL-S Street Lighting-Suburban Counties 64⁵, 65

 Rate SL-E Street Lighting Customer-Owned Facilities 66⁷, 67

 Rate SL-C Smart Lighting Control Customer Owned Facilities 68⁷, 69, 70

 Rate TLCL Traffic Lighting Constant Load Service 71¹⁰

 Rate BLI Borderline Interchange Service 72

 Rate AL Alley Lighting in City of Philadelphia 73⁴

RIDERS:

 Applicability Index of Riders 74

 Capacity Reservation Rider 75, 76, 77, 78, 79

 CAP Rider - Customer Assistance Program 80

 Casualty Rider 81

 Construction Rider 82

DISTRIBUTION SYSTEM IMPROVEMENT CHARGE
(DSIC)

In addition to the net charges provided for in this Tariff, a value of 0.42 % will apply consistent with the Commission Order dated October 22, 2015 at Docket No. P-2015-2471423, approving the DSIC.

(C)

1. General Description

A. Purpose: To recover the reasonable and prudent costs incurred to repair, improve, or replace eligible property which is completed and placed in service and recorded in the individual accounts, as noted below, between base rate cases and to provide the Company with the resources to accelerate the replacement of aging infrastructure, to comply with evolving regulatory requirements and to develop and implement solutions to regional supply problems.

The costs of extending facilities to serve new customers are not recoverable through the DSIC.

B. Eligible Property: The DSIC-eligible property will consist of the following:

- Poles and Tower (Account 364);
- Overhead conductor (Account 365) and underground conduit and conductors (Accounts 366 and 367);
- Line transformers (Account 368) and substation equipment (Account 362);
- Any fixture or device related to eligible property listed above, including insulators, circuit breakers, fuses, reclosers, grounding wires, crossarms and brackets, relays, capacitors, converters and condensers;
- Unreimbursed costs related to highway relocation projects where an electric distribution company must relocate its facilities; and
- Other related capitalized costs.

C. Effective Date: The DSIC will become effective January 1, 2016.

(C) Indicates Change

ATTACHMENT 2

PECO
ATTACHMENT 2 - COMPUTATION OF CUMULATIVE PROPOSED ELECTRIC DSIC
APPLICATION PERIOD: JULY 1, 2026 THROUGH SEPTEMBER 30, 2026

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

Line No.				<u>Amount</u>
1	DSI	=	Eligible Distribution System Improvement Costs (Attachment 2, Page 2, Column 7)	\$ 80,759,041
2	PTRR	=	Pre-tax Return Rate applicable to DSIC eligible property (Attachment 2, Page 3, Line 4)	2.44%
3	DSI PTR	=	Pre-tax Return on DSIC eligible property (Line 1 * Line 2)	\$ 1,972,220
4 (a)	STFT	=	State Tax (After Tax) Flow Through (Attachment 2, Page 2, Column 9, Mar-26 + Apr-26 + May-26)	\$ (64,272)
4 (b)	STFT	=	State Tax (Pre-Tax) Flow Through (4A * Attachment 2, Page 3, Column 4)	\$ (87,944)
5	Dep	=	Depreciation expense applicable to DSIC eligible property (Attachment 2, Page 2, Column 8, Mar-26 + Apr-26 + May-26)	\$ 285,364
6	e	=	Amount calculated (over)/under the annual reconciliation feature or Commission audit	\$ -
7	Net Amt. Recoverable (w/o GRT)	=	Net Amount to be Recovered/(Refunded) ((includes Over/Under) Collection) (w/o GRT) (Line 3 + Line 4(b) + Line 5 + Line 6)	\$ 2,169,640
8	Net Amt. Recoverable (w/ GRT)	=	Net Amount to be Recovered/(Refunded) (includes Over/Under) Collection (w/ GRT) (Line 7 * Note 1)	\$ 2,305,675
9	PQR	=	Projected quarterly revenues (Attachment 2, Page 2, Column 10, July-26 + Aug-26 + Sept-26 - Note 2)	<u>\$ 553,680,230</u>
10	DSIC	=	Distribution System Improvement Rider (Line 8 / Line 9)	0.42%

Note 1:
1 / (1 - T) = (T = 5.9% Gross Receipts Tax)

1.062699256

Note 2:
Per Settlement at Docket No. P-2015-2471423, nuclear decommissioning costs and non-bypassable transmission costs are ineligible for use in projected revenues for DSIC purposes. Revenues reflected exclude the forementioned revenues.

PECO
ATTACHMENT 2 - COMPUTATION OF CUMULATIVE PROPOSED ELECTRIC DSIC PRE-TAX RATE OF RETURN
APPLICATION PERIOD: JULY 1, 2026 THROUGH SEPTEMBER 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	43.10%	4.51%	1.94%	-	1.94%
2	Common Equity	56.90%	10.05%	5.72%	1.368309139	7.82%
3	Total	<u>100.00%</u>		<u>7.66%</u>		<u>9.77%</u>
4	9.77% Annual PTRR / 4 quarters = 2.44% Quarterly PTRR					

Note 1:

Line 2, Column (2), from the PUC's Quarterly Earnings Report page 18, line 7, dated December 31, 2025 at Docket No. M-2026-3061962 (issued June 18, 2026).

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%.

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