



pecoSM

AN EXELON COMPANY

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PECO
2301 Market Street
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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 Gas Operations
Gas Tariff No. 6, Supplement No. 17
Effective July 1, 2026 Docket No. M-2018-3000598

Dear Secretary Homsher:

The filing contains PECO's quarterly Gas 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 7.313% (see Schedule D-2 of PECO's Quarterly Earnings Report filed May 29, 2026) is below the Commission's authorized ROE of 10.25% for DSIC purposes (see Attachment G of the Commission's Gas Quarterly Earnings report issued June 18, 2026). Therefore, the DSIC rate will change from 0.49% to 1.33% effective with bills rendered on or after July 1, 2026.

The following attachments are included in support of the filing:

Attachment 1 – Gas Tariff No. 6, Supplement No. 17

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

GAS SERVICE TARIFF

COMPANY OFFICE LOCATION

2301 Market Street
Philadelphia, Pennsylvania 19103

For List of Communities Served, See Page 3.

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. 51

Revised DSIC rate from 0.49% to 1.33%.

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DISTRIBUTION SYSTEM IMPROVEMENT CHARGE
(DSIC)

In addition to the net charges provided for in this Tariff, a charge of 1.33% 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: 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)	\$ 65,007,686
2	PTRR	= Pre-tax Return Rate applicable to DSIC eligible property (Attachment 2, Page 3, Line 4)	2.48%
3	DSI PTR	= Pre-tax Return on DSIC eligible property (Line 1 * Line 2)	\$ 1,612,862
4 (a)	STFT	= State Tax (After Tax) Flow Through (Attachment 2, Page 2, Column 9, Mar-26 + Apr-26 + May 26)	\$ (48,305)
4 (b)	STFT	= State Tax (Pre-Tax) Flow Through (4(a) * Attachment 2, Page 3, Column 4)	\$ (66,096)
5	Dep	= Depreciation expense applicable to DSIC eligible property (Attachment 2, Page 2, Column 8, Mar-26 + Apr-26 + May-26)	\$ 229,364
6	e	= Amount calculated (over)/under the annual reconciliation feature or Commission audit	\$ -
7	Net Amt. Recoverable	= Net Amount to be Recovered/(Refunded) (includes Over/Under Collection) (Line 3 + Line 4(b) + Line 5 + Line 6)	\$ 1,776,130
8	PQR	= Projected quarterly revenues (Attachment 2, Page 2, Column 10, sum(Jan-26 - Dec-26) / 4)	<u>\$ 133,140,904</u>
9	DSIC	= Distribution System Improvement Rider (Line 7 / Line 8)	1.33%

PECO
ATTACHMENT 2 - COMPUTATION OF CUMULATIVE PROPOSED GAS DSIC by MONTH
APPLICATION PERIOD: JULY 1, 2026 THROUGH SEPTEMBER 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	\$ 13,648,579	\$ 37,972,591	\$ (393,078)	\$ 101,774	\$ -	\$ 679,721	\$ 38,263,895	\$ 54,783	\$ (16,765)	\$ 62,801,295
Apr-26	\$ 8,466,390	\$ 46,438,981	\$ (422,479)	\$ 176,808	\$ -	\$ 824,326	\$ 46,684,653	\$ 75,033	\$ (9,519)	\$ 36,572,971
May-26	\$ 18,422,581	\$ 64,861,562	\$ (422,479)	\$ 276,355	\$ -	\$ 1,147,672	\$ 65,007,686	\$ 99,548	\$ (22,021)	\$ 23,918,868
Jun-26							\$ -			\$ 18,561,352
Jul-26							\$ -			\$ 19,882,315
Aug-26							\$ -			\$ 19,919,825
Sep-26							\$ -			\$ 20,892,208
Oct-26							\$ -			\$ 31,975,044
Nov-26							\$ -			\$ 54,626,967
Dec-26							\$ -			\$ 79,229,166

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ATTACHMENT 2 - COMPUTATION OF CUMULATIVE PROPOSED GAS 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%	10.25%	5.83%	1.368309139	7.98%
3	Total	<u>100.00%</u>		<u>7.78%</u>		<u>9.92%</u>
4	9.92% Annual PTRR / 4 quarters = 2.48% Quarterly PTRR					

Note 1:

Line 2, Column (2), from the PUC's Quarterly Earnings Report page 23, 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%.

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