



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

September 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. 36
Effective October 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 5.510% (see Schedule D-2 of PECO's Quarterly Earnings Report filed August 28, 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 August 27, 2026). Therefore, the DSIC rate will change from 0.42% to 1.05% effective with bills rendered on or after October 1, 2026.

The following attachments are included in support of the filing:

Attachment 1 – Electric Tariff No. 8, Supplement No. 36

Attachment 2 – Calculation of the DSIC for the period October 1, 2026 to December 31, 2026

Thank you for your assistance in this matter and if you have any questions, please contact Kirthi Kothapalli, Senior Manager, Retail Rates at 267-533-1332 or via email at kirthi.kothapalli@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)
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

Electric Service Tariff

COMPANY OFFICE LOCATION

2301 Market Street

Philadelphia, Pennsylvania 19103

For List of Communities Served, See Page 4.

Issued September 18, 2026

Effective October 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) – 5th Revised Page No. 49

Revised DSIC rate from 0.42% to 1.05%.

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.....	12 ¹
5. Credit	13
6. Private-Property Construction.....	14 ¹ , 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.....	27 ¹
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.....	34 ¹
INCREMENTAL COVID-19-RELATED UNCOLLECTIBLE EXPENSE (ICUS)	35 ⁴
FIBER AFFILIATE REVENUE SURCHARGE (FARS)	36 ⁴
GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASS 1 AND 2.....	37 ⁴ , 38 ⁴ , 39 ⁴
GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASS 3/4	40 ⁷
RECONCILIATION	41 ¹ , 42 ¹
NUCLEAR DECOMMISSIONING COST ADJUSTMENT CLAUSE (NDCA).....	43
PROVISIONS FOR RECOVERY OF UNIVERSAL SERVICE FUND CHARGE (USFC).....	44 ¹
PROVISION FOR THE RECOVERY OF CONSUMER EDUCATION PLAN COSTS	45 ²
TRANSMISSION SERVICE CHARGE	46 ³
NON-BYPASSABLE TRANSMISSION CHARGE (NBT).....	47 ³
PROVISION FOR THE RECOVERY OF ENERGY EFFICIENCY AND CONSERVATION PROGRAM COSTS PHASE V.....	48 ²
DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)	49 ⁵ , 50, 51
RATES:	
Rate R Residence Service	52 ¹⁴
Rate R-H Residential Heating Service	53 ¹⁴
Rate RS-2 Net Metering	54, 55, 56
Rate GS General Service	57 ⁸ , 58
Rate PD Primary-Distribution Power	59 ¹¹
Rate HT High-Tension Power.....	60 ⁶
Rate EP Electric Propulsion.....	61 ⁴
Rate POL Private Outdoor Lighting.....	62 ⁶ , 63
Rate SL-S Street Lighting-Suburban Counties.....	64 ⁶ , 65
Rate SL-E Street Lighting Customer-Owned Facilities	66 ⁷ , 67
Rate SL-C Smart Lighting Control Customer Owned Facilities	68 ⁷ , 69, 70
Rate TLCL Traffic Lighting Constant Load Service.....	71 ¹¹
Rate BLI Borderline Interchange Service.....	72
Rate AL Alley Lighting in City of Philadelphia.....	73 ⁴
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 1.05% 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: OCTOBER 1, 2026 THROUGH DECEMBER 31, 2026

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

Line No.				Amount
1	DSI	=	Eligible Distribution System Improvement Costs (Attachment 2, Page 2, Column 7)	\$ 169,430,150
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)	\$ 4,136,878
4 (a)	STFT	=	State Tax (After Tax) Flow Through (Attachment 2, Page 2, Column 9, Jun-26 + Jul-26 + Aug-26)	\$ (80,245)
4 (b)	STFT	=	State Tax (Pre-Tax) Flow Through (4A * Attachment 2, Page 3, Column 4)	\$ (109,800)
5	Dep	=	Depreciation expense applicable to DSIC eligible property (Attachment 2, Page 2, Column 8, Jun-26 + Jul-26 + Aug-26)	\$ 703,773
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)	\$ 4,730,852
8	Net Amt. Recoverable (w/ GRT)	=	Net Amount to be Recovered/(Refunded) (includes Over/Under) Collection (w/ GRT) (Line 7 * Note 1)	\$ 5,027,473
9	PQR	=	Projected quarterly revenues (Attachment 2, Page 2, Column 10, Oct-26 + Nov-26 + Dec-26 - Note 2)	<u>\$ 480,514,680</u>
10	DSIC	=	Distribution System Improvement Rider (Line 8 / Line 9)	1.05%

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

								Eligible Distribution System				
Month	Incremental Plant Additions	Cumulative Plant Additions	Accumulated Cost of Removal	Accumulated Depreciation	Retirements	Accumulated Deferred Income Taxes	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	212,602,993
Feb-26	\$ 24,390,986	\$ 24,390,986	\$ (1,074,500)	\$ 24,793	\$ -	\$ 442,813	\$ 24,997,879	\$ 24,793	\$ (31,403)	\$ 190,065,823		
Mar-26	\$ 10,854,421	\$ 35,245,407	\$ (2,852,040)	\$ 85,904	\$ -	\$ 632,837	\$ 37,378,706	\$ 61,110	\$ (12,865)	\$ 184,817,768		
Apr-26	\$ 21,261,509	\$ 56,506,916	\$ (3,472,633)	\$ 177,892	\$ -	\$ 1,007,034	\$ 58,794,623	\$ 91,989	\$ (25,140)	\$ 163,605,382		
May-26	\$ 22,459,360	\$ 78,966,276	\$ (3,501,751)	\$ 310,158	\$ -	\$ 1,398,828	\$ 80,759,041	\$ 132,265	\$ (26,267)	\$ 174,919,310		
Jun-26	\$ 29,422,882	\$ 108,389,158	\$ (6,858,396)	\$ 490,746	\$ -	\$ 1,829,003	\$ 112,927,805	\$ 180,589	\$ (32,461)	\$ 205,560,874		
Jul-26	\$ 28,806,800	\$ 137,195,958	\$ (9,186,202)	\$ 726,398	\$ -	\$ 2,240,197	\$ 143,415,565	\$ 235,652	\$ (29,362)	\$ 208,188,781		
Aug-26	\$ 24,719,509	\$ 161,915,467	\$ (10,888,189)	\$ 1,013,931	\$ -	\$ 2,359,574	\$ 169,430,150	\$ 287,533	\$ (18,421)	\$ 193,114,742		
Sep-26	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 152,376,707		
Oct-26	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 139,390,221		
Nov-26	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 155,957,164		
Dec-26	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 185,167,295		

PECO
ATTACHMENT 2 - COMPUTATION OF CUMULATIVE PROPOSED ELECTRIC DSIC PRE-TAX RATE OF RETURN
APPLICATION PERIOD: OCTOBER 1, 2026 THROUGH DECEMBER 31, 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	43.12%	4.51%	1.94%	-	1.94%
2	Common Equity	56.88%	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 March 31, 2026 at Docket No. M-2026-3063930 (issued August 27, 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%.

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