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

Supplement No. 36 to
ELECTRIC PA P.U.C NO. 8

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

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

DSIC = (DSI * PTRR) + STFT + Dep + e) * 1 / (1 - T) / 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**)	$ 480,514,680
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 fo r DSIC purposes. Revenues reflected exclude the forementioned revenues.

PECO
ATTACHMENT 2 - COMPUTATION OF CUMULATIVE PROPOSED ELECTRIC DSIC by MONTH
APPLICATION PERIOD: OCTOBER 1, 2026 THROUGH DECEMBER 31, 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	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 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	100.00%		7.66%		9.77%
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-(Fed Rate+(Pa. Tax Rate x (1 - 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