BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY
COMMISSION

v.

DOCKET NO. R-2018-3000164

PECO ENERGY COMPANY

JOINT PETITION FOR PARTIAL SETTLEMENT

August 28, 2018
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BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

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v.

DOCKET NO. R-2018-3000164

PECO ENERGY COMPANY

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JOINT PETITION FOR PARTIAL SETTLEMENT

TO THE HONORABLE DEPUTY CHIEF ADMINISTRATIVE LAW JUDGE
CHRISTOPHER P. PELL AND ADMINISTRATIVE LAW JUDGE F. JOSEPH BRADY:

PECO Energy Company ("PECO"), the Pennsylvania Public Utility Commission’s ("Commission") Bureau of Investigation and Enforcement ("I&E"), the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), the Philadelphia Area Industrial Energy Users Group ("PAIEUG"), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), the Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia ("TURN et al."), the Community Action Association of Pennsylvania ("CAAP"), Tesla, Inc. ("Tesla"), ChargePoint, Inc. ("ChargePoint"), and Wal-Mart Stores East, LP and Sam’s East, Inc. ("Walmart") (collectively, the "Joint Petitioners"), by their respective counsel, submit this Joint Petition For Partial Settlement ("Settlement") in the above-captioned proceeding and request that the Administrative Law Judges approve the Settlement without modification. NRG Energy Inc. ("NRG") opposes the Settlement only to the extent that it is based on PECO’s allocation of certain indirect costs to residential distribution service instead of residential default service and the effect of reallocating

1 ArcelorMittal USA, LLC ("ArcelorMittal"), Calpine Energy Solutions ("Calpine") and the International Brotherhood of Electrical Workers, Local 614 ("IBEW"), which are parties to this proceeding, have authorized the Joint Petitioners to represent that they do not oppose the Settlement.
those costs to residential default service, with a commensurate reduction in the level of residential distribution charges. This issue has been reserved for briefing by the parties.

In support of this Settlement, the Joint Petitioners state as follows:

I. BACKGROUND

1. On March 29, 2018, PECO filed with the Commission Tariff Electric – Pa. P.U.C. No. 6 ("Tariff No. 6"). Tariff No. 6 reflects an increase in annual distribution revenue of approximately $82 million, or 2.2% of PECO’s total Pennsylvania jurisdictional operating revenues. Accompanying Tariff No. 6, PECO filed the supporting data required by the Commission’s regulations (52 Pa. Code § 53.52 et seq) for a historic test year ("HTY") ended December 31, 2017, a future test year ("FTY") ending December 31, 2018 and a fully projected future test year ("FPFTY") ending December 31, 2019. The Company’s supporting information included the prepared direct testimony of eight initial witnesses and the various exhibits sponsored by them.

2. PECO’s proposed rate increase reflected $71 million savings in 2019 from changes in federal income tax law made by the Tax Cuts and Jobs Act ("TCJA"), which became effective on January 1, 2018.\(^2\) PECO also proposed to refund the amount of PECO’s reduced tax expense in 2018, which PECO projects to be approximately $68 million under its existing rates, through a reconcilable surcharge mechanism (the Federal Tax Adjustment Credit ("FTAC")).\(^3\)

3. By Order issued April 19, 2018, the Commission instituted a formal investigation to determine the lawfulness, justness and reasonableness of PECO’s existing and proposed rates,

\(^3\) The savings of $71 million in 2019 and $68 million in 2018 are the net effect of the TCJA’s reduction in the federal income tax rate from 35% to 21%, the amortization of a regulatory asset established to reflect excess accumulated deferred income taxes created by the tax rate reduction, and the elimination of bonus depreciation for public utilities.
rules and regulations. Accordingly, Tariff No. 6 was suspended by operation of law until December 28, 2018. This case was then assigned to Deputy Chief Administrative Law Judge Christopher P. Pell and Administrative Law Judge F. Joseph Brady (the "ALJs") for purposes of conducting hearings and issuing a Recommended Decision.

4. On April 4, 2018, Carrie B. Wright, Esq. entered a Notice of Appearance on behalf of I&E. On April 9, 2018, the OSBA filed a formal Complaint, Public Statement, Verification, and a Notice of Appearance on behalf of Elizabeth Rose Triscari, Esq. On April 12, 2018, the OCA filed a formal Complaint, Public Statement, and Notices of Appearance on behalf of Christy M. Appleby, Esq., Hayley Dunn, Esq., and Aron J. Beatty, Esq. Complaints were also filed by PAIEUG on April 26, 2018, and by the Trustees of the University of Pennsylvania ("UPENN") on May 2, 2018. A formal Complaint by West Norriton Township was docketed by the Commission on June 26, 2018.

5. By letter dated April 20, 2018, PECO notified the ALJs and the parties that it would rely upon 52 Pa. Code § 5.61(d), which provides that answers to complaints docketed in Commission-instituted investigations of rates are not required except as directed by the Commission or presiding officer. Neither the Commission, nor the ALJs, directed the Company to submit answers to any complaints.

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5 On June 20, 2018, UPENN submitted a Petition for Leave to Withdraw Rate Complaint, which was granted by the ALJs on July 3, 2018.

6 On July 18, 2018, West Norriton Township submitted a Petition for Leave to Withdraw its Complaint. On August 3, 2018, the ALJs granted their Petition.
6. The following Petitions to Intervene were filed:

<table>
<thead>
<tr>
<th>Petition</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAUSE-PA</td>
<td>April 10, 2018</td>
</tr>
<tr>
<td>IBEW</td>
<td>April 17, 2018</td>
</tr>
<tr>
<td>CAAP</td>
<td>April 23, 2018</td>
</tr>
<tr>
<td>Delaware Valley Regional Planning Commission (“DVRPC”)(^7)</td>
<td>April 27, 2018</td>
</tr>
<tr>
<td>TURN et al.</td>
<td>May 3, 2018</td>
</tr>
<tr>
<td>Tesla</td>
<td>May 3, 2018</td>
</tr>
<tr>
<td>Walmart</td>
<td>May 3, 2018</td>
</tr>
<tr>
<td>NRG</td>
<td>May 4, 2018</td>
</tr>
<tr>
<td>Retail Energy Supply Association (“RESA”)(^8)</td>
<td>May 4, 2018</td>
</tr>
<tr>
<td>Laborers International Union of North America, Local 57 (“LIUNA”)(^9)</td>
<td>May 18, 2018</td>
</tr>
<tr>
<td>ArcelorMittal</td>
<td>May 24, 2018</td>
</tr>
<tr>
<td>Calpine</td>
<td>May 24, 2018</td>
</tr>
<tr>
<td>ChargePoint</td>
<td>July 3, 2018</td>
</tr>
</tbody>
</table>

7. On July 3, 2018, ChargePoint filed a Motion for Admission Pro Hac Vice which was granted in Prehearing Order #5, dated July 24, 2018.

8. A Prehearing Conference was held on May 8, 2018, at which a schedule was established for the submission of testimony and the conduct of hearings. Specifically, and consistent with Commission practice, a schedule was adopted whereby all case-in-chief, rebuttal and surrebuttal testimony would be submitted in writing in advance of hearings. Evidentiary

\(^7\) On May 16, 2018, DVRPC submitted a letter to the ALJs stating they reached an agreement with PECO and were withdrawing from the case. This request to withdraw was granted by the ALJs on July 3, 2018.

\(^8\) On July 17, 2018, RESA filed a Petition for Leave to Withdraw. On August 3, 2018 the ALJs granted the Petition.

\(^9\) On August 15, 2018, LIUNA filed a Petition for Leave to Withdraw Intervention.
hearings were scheduled for August 20-22, 2018, at which all testimony and exhibits would be placed in the record and all witnesses presented for oral rejoinder and cross-examination, if any, thereon. The ALJs thereafter issued Prehearing Order #1 establishing this schedule.

9. Six public input hearings were held at the dates, locations and times shown below:

<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Time(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 6, 2018</td>
<td>Media, PA</td>
<td>6:00 p.m.</td>
</tr>
<tr>
<td>June 7, 2018</td>
<td>Worcester Township, PA</td>
<td>7:00 p.m.</td>
</tr>
<tr>
<td>June 12, 2018</td>
<td>Newtown, PA</td>
<td>6:00 p.m.</td>
</tr>
<tr>
<td>June 14, 2018</td>
<td>Philadelphia, PA</td>
<td>10:00 a.m.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6:00 p.m.</td>
</tr>
<tr>
<td>July 18, 2018</td>
<td>Oxford, PA</td>
<td>6:00 p.m.</td>
</tr>
</tbody>
</table>

10. On June 12, 2018, PECO filed a Motion to File the Supplemental Direct Testimony of Richard A. Schlesinger (PECO St. No. 8-S) (“Motion”). No party opposed the Motion, and it was granted by Prehearing Order #3, dated June 26, 2018.

11. In accordance with the previously-established schedule, on June 26, 2018, the OCA, OSBA, I&E, ArcelorMittal, CAUSE-PA, LIUNA, NRG, PAIEUG, TESLA, TURN and Walmart submitted a total of seventeen written statements of direct testimony and accompanying exhibits. On July 24, 2018, PECO, CAAP, ChargePoint, OCA, OSBA, PAIEUG, and TURN submitted a total of 14 statements of rebuttal testimony with accompanying exhibits. On August 8, 2018, PECO, CAUSE-PA, I&E, OCA, NRG, PAIEUG and TURN, submitted 14 surrebuttal statements. On August 16, 2018, PECO submitted an Oral Rejoinder outline for Alan B. Cohn.

12. Negotiations were conducted by the Joint Petitioners to try to achieve a settlement of some or all of the issues in this case. As a result of those negotiations, the Joint Petitioners were able to agree to the Settlement set forth herein, which resolves all issues except for NRG’s
claim regarding PECO's allocation of certain indirect costs to residential distribution service instead of residential default service (the "Reserved Issue"). Consequently, all parties waived cross-examination of all witnesses, except for PECO and NRG, who requested cross-examination of Chris Peterson and Alan B. Cohn, respectively, concerning the Reserved Issue. The evidentiary hearings scheduled for August 20 and 22, 2018 were cancelled.

13. The Joint Petitioners acknowledge that, except to the extent specifically set forth herein, they have not sought, nor would they be able, to agree upon the specific rate case adjustments which support their respective conclusions. Nonetheless, they are in full agreement that this Settlement is in the best interest of customers and of the Company and, therefore, is in the public interest.

II. TERMS AND CONDITIONS OF SETTLEMENT

14. The Settlement consists of the following terms and conditions:

A. Revenue Requirement

15. PECO will be permitted to charge, effective for service rendered on and after January 1, 2019, the Settlement Rates set forth in Appendix A. The Settlement Rates are designed to produce an annual increase in electric operating revenues of $85.5 million, which is reduced to $14.9 million following the application of 2019 tax savings related to TCJA. The revenue requirement is further adjusted to account for the roll-in of Distribution System Improvement Surcharge ("DSIC") revenue for a net revenue increase of $24.9 million as shown in the proof of revenues provided as Appendix B. The revenue requirement agreed upon above reflects a reduction to rate base for the excess Accumulated Deferred Income Taxes ("ADIT") amount (regulatory liability related to TCJA) as of the end of the FPFTY. The Company agrees to continue such treatment in future base rate filings until the entire amount has been refunded in future years.
B. Revenue Allocation And Rate Design

16. The Settlement Rates reflect the allocation of the annual net increase in electric operating revenue to each rate class agreed to by the Joint Petitioners, as set forth below:

<table>
<thead>
<tr>
<th>Rate</th>
<th>Net Revenue $</th>
<th>% Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>14,716,454</td>
<td>2.2%</td>
</tr>
<tr>
<td>Residential Heating</td>
<td>4,016,155</td>
<td>2.9%</td>
</tr>
<tr>
<td>General Service</td>
<td>3,031,316</td>
<td>1.3%</td>
</tr>
<tr>
<td>Primary Distribution</td>
<td>146,143</td>
<td>1.8%</td>
</tr>
<tr>
<td>High Tension</td>
<td>2,414,390</td>
<td>1.6%</td>
</tr>
<tr>
<td>Electric Propulsion</td>
<td>220,575</td>
<td>3.1%</td>
</tr>
<tr>
<td>Lighting</td>
<td>358,992</td>
<td>1.8%</td>
</tr>
<tr>
<td>Total</td>
<td>24,904,024</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

17. The Settlement Rates reflect the agreement among the Joint Petitioners with respect to PECO's monthly Fixed Distribution Service (Customer) Charges for Rates R, RH and HT as follows:

<table>
<thead>
<tr>
<th>Rates R and RH</th>
<th>$10.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate HT</td>
<td>$354.00</td>
</tr>
</tbody>
</table>

For Rates R, RH and HT, the Variable Distribution Charges were scaled back to produce the class revenues shown in the table in Paragraph 16, above. For all other rate classes, the Fixed Distribution Service Charges under the Settlement Rates were adjusted, and the Variable

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10 Net Revenue increases include a revenue reduction related to the TCJA and additional DSIC revenue above 2018 levels.
Distribution Charges were scaled back, to produce the class revenues shown in the table in Paragraph 16, above.11

C. Residential And Low-Income Customer Issues

18. The terms of the Joint Petitioners' agreement on issues concerning residential customers and low-income customers are set forth in Appendix C to this Joint Petition.

D. FPFTY Reports

19. PECO will provide the Commission's Bureau of Technical Utility Services ("TUS"), I&E, OCA, and OSBA with an update to PECO Exhibit BSY-2, Sch. C-2, no later than April 1, 2019, which should include actual capital expenditures, plant additions, and retirements by month from January 1, 2018 through December 31, 2018. Then, no later than April 1, 2020, another update of PECO Exhibit BSY-1, Sch. C-2 should be submitted showing actuals from January 1, 2019 through December 31, 2019. In PECO's next base rate proceeding, the Company will prepare a comparison of its actual expenses and rate base additions for the twelve months ended December 31, 2019 to its projections in this case.

E. Quarterly Earnings Reports

20. The Joint Petitioners acknowledge the issue raised by I&E in I&E Statement No. 3, pages 54-68, regarding the manner in which utilities should present financial results of operations adjusted on a ratemaking basis for future plant additions in their Quarterly Earnings Reports (the "QER Issue") but do not agree on the substantive issue or relevance to this proceeding. In the event the Commission issues a final order that adopts the I&E position on the QER Issue in any proceeding in which the Commission states that the I&E position will be applied to all regulated utilities or via a secretarial letter after notice to PECO and an opportunity

11 Paragraphs 16 and 17 describe the principal elements of the rate structure and rate design incorporated in the Settlement Rates. While every effort has been made to ensure that the description is accurate, if any inconsistency is perceived between that description and the specific rates set forth in Appendix A, the latter shall take precedence.
to be heard, PECO will not appeal the Commission’s determination with respect to the QER Issue.

F. DSIC

21. PECO will not implement a DSIC during the calendar year ending December 31, 2019. The first DSIC in 2020 will be effective no earlier than April 1, 2020 based on DSIC-eligible expenditures during January and February 2020. In any event, the Company will not begin to impose a DSIC until the total aggregate gross plant costs (before depreciation or amortization) associated with the eligible property that has been placed in service exceed the following total aggregate plant costs claimed by the Company in the FPFTY: $7,193.6 million, shown in detail in Appendix D.

22. In compliance with the Supplemental Implementation Order entered on September 21, 2016 at Docket No. M-2012-2293611, the amounts shown in Appendix D constitute the baseline of gross plant balances to be achieved in order to restart charges under the Company’s DSIC. This provision relates solely to the calculation of the DSIC during the time that the Settlement Rates are in effect and is not determinative for future ratemaking purposes of the projected plant additions to be included in rate base in a fully projected future test year filing.

23. For all DSIC-related purposes, PECO’s DSIC rate shall apply to the qualifying revenues set forth in the following table. The Nuclear Decommissioning Charge will be removed from base rates for the DSIC calculation. Additionally, the Non-Bypassable Transmission Charge, the State Tax Adjustment Surcharge (“STAS”) and the FTAC will not be included in the DSIC calculation.

Qualifying Revenues for DSIC Rate

<table>
<thead>
<tr>
<th>Qualifying Charges (Included in the DSIC)</th>
<th>Non-Qualifying Charges (Excluded from the DSIC)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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-9-
<table>
<thead>
<tr>
<th>Fixed Charge</th>
<th>Nuclear Decommissioning Cost (will be removed from base rates for the DSIC calculation)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable Distribution Charge</td>
<td>Non-Bypassable Transmission Charge</td>
</tr>
<tr>
<td>High Voltage Discount</td>
<td>State Tax Adjustment</td>
</tr>
<tr>
<td>Applicable Riders&lt;sup&gt;12&lt;/sup&gt;</td>
<td>FTAC</td>
</tr>
<tr>
<td>Consumer Education</td>
<td></td>
</tr>
</tbody>
</table>

24. PECO will charge the DSIC to Kimberly-Clark ("K-C"), a member of the Philadelphia Area Industry Energy Users Group, according to the following terms and conditions:

(a) K-C’s responsibility to pay the DSIC will be capped at a DSIC rate of 1.5% (of qualifying revenues set forth above in the Qualifying Revenues for DSIC Rate table) for K-C’s Rate HT account.

(b) If PECO’s DSIC goes above 1.5% while K-C is capped at 1.5%, PECO will forego surcharge recovery of amounts that would otherwise be charged to K-C, i.e. those amounts would not be recovered from other ratepayers through the DSIC. However, PECO would only forego surcharge recovery from K-C for amounts that exceed the cap (the DSIC rate of 1.5%). The full amount of PECO's DSIC-eligible plant investment will be rolled into base rates in the Company's next base rate case proceeding.

(c) The 1.5% cap for K-C will remain in effect until the implementation of new rates following PECO's next electric distribution base rate case proceeding.

(d) Additionally, the Joint Petitioners agree that the issue of whether or not any PECO customer(s) should be granted an exemption from DSIC charges under the transmission

<sup>12</sup> Includes the Capacity Reservation Rider Charges, CAP Rider, Commercial and Industrial Direct Load Control Rider, Economic Development Rider, Investment Guarantee Rider Charges, Residential Direct Load Control Rider, Night Service Rider (GS, PD and HT rates), and Pilot Electric Vehicle Direct Current Fast Charger Rider.
voltage provisions in the Commission's Final Implementation Order may be fully addressed, without prejudice, in PECO’s next base rate case proceeding.

G. Act 40 of 2016 (“Act 40”)

25. Section 1301.1(a), 66 Pa.C.S. § 1301.1(a), which was added to the Public Utility Code by Act 40 of 2016, provides, in relevant part, that a utility’s federal income tax expense shall be calculated on a stand-alone basis for ratemaking purposes. As a consequence, consolidated tax adjustments would no longer be reflected in calculating income tax expense for ratemaking purposes. Section 1301.1(b), 66 Pa.C.S. § 1301.1(b), deals with the use of amounts representing a “differential” calculated by reference to Section 1301.1(a). The level of revenue requirement included in this Settlement reflects the resolution of the Joint Petitioners’ positions regarding 66 Pa.C.S. § 1301.1 for this case. The Company submitted a calculation of what its consolidated tax adjustment would have been absent the enactment of Act 40 of 2016 in PECO Exhibit BSY-1, Schedule D-18, p. 3. The Company will continue to submit this calculation in future rate filings submitted with a test year that ends on or before December 31, 2025. The amount calculated by PECO was not contested by any party in this case.

H. Pilot Electric Vehicle Direct Current Fast Charger (“EV-FC”) Rider

26. The Company will revise the EV-FC Rider to: (1) provide that the demand credit will be available for a 36-month term or until the Pilot concludes, whichever comes first; and (2) remove the following Rider provision: “The DCFC does not limit its compatibility to an exclusive subset of EVs via the use of proprietary charging networks or technology, including but not limited to communication protocols, connectors, or ports. (Exceptions will be made for DCFCs dedicated solely to workplace fleet charging.)”

27. The Joint Petitioners agree that Pilot participants will be required to provide data for all DCFCs connected to the PECO system and not separately metered in order to allow PECO
to investigate the development of future DCFC rates. This data will include, for each DCFC: the number installed, the number of charging ports, the nameplate capacity (in kW), hourly and monthly usage (kWh), and the hourly and monthly demand (kW).

I. FTAC

28. The Company will revise the FTAC to refund the 2018 estimated TCJA savings of $68 million, which includes 2018 tax expense savings and the 2018 protected and unprotected Excess Deferred Income Taxes ("EDIT") consistent with the Company’s proposed amortization periods, to customers on a bills-rendered basis beginning January 1, 2019. The amount of TCJA savings for each class will be determined based on the ratio of the estimated 2018 annual distribution revenues for each class multiplied by the $68 million total TCJA savings. The FTAC will be calculated for the residential, small commercial and streetlighting rate classes (Rates R, RH, GS, SLS, POL, AL, TLCL, SLE) to refund the 2018 TCJA savings over a one-month period in January of 2019, subject to reconciliation of revenues credited under the FTAC and the Company’s actual 2018 TCJA savings after the end of the refund period. For the industrial classes (Rates HT, PD, EP), the FTAC will be calculated to refund the 2018 TCJA savings over a one-year period starting in January 2019, subject to reconciliation of revenues credited under the FTAC and the Company’s actual 2018 TCJA savings after the end of the refund period. The amount being refunded to all rate classes will include interest accrued in 2018 using the residential mortgage lending rate specified by the Secretary of Banking in accordance with the Loan Interest Protection Law (41 P.S. §§ 101, et. seq.). No interest will be paid to customers on any amount of TCJA savings held by the Company in 2019 and refunded to customers.
J. Rate HT High Voltage Discount

29. PECO’s increase in the Rate HT high voltage discount, as scaled back pursuant to the rate allocation agreed to in this proceeding, is adopted. PAIEUG’s proposal to remove the demand caps on the Rate HT high voltage discount is adopted.

K. Capacity Reservation Rider (“CRR”) Reporting

30. In the next base rate case, for each CRR customer added, the Company agrees to:

1. Provide schedules showing the class, usage and billing details of that customer and a breakdown of the revenue received from that customer.

2. Show the cost of the capacity being reserved and indicate the basis for determining the cost as either a system average or specific costs to serve each customer.

31. PECO will treat this information as highly confidential and will provide it pursuant to the terms of a Protective Order.

L. Vegetation Management Reporting

32. The Company agrees to submit annual reports to TUS, I&E, OCA, and OSBA that detail the number of ash trees removed per year and average cost per ash tree by year, along with a total breakdown of vegetation management expense by year. Yearly reporting will be submitted no later than April 1 of the following year until the next rate case is filed.

III. THE SETTLEMENT IS IN THE PUBLIC INTEREST

33. PECO, CAUSE-PA, CAAP, ChargePoint, I&E, the OCA, the OSBA, PAIEUG, Tesla, TURN and Walmart have each prepared, and attached to this Joint Petition, Statements in Support identified as Attachments A through K, respectively, setting forth the bases upon which they believe that the Settlement, including the Settlement Rates, is fair, just, reasonable, non-discriminatory, lawful and in the public interest.
34. The Joint Petitioners submit that the Settlement is in the public interest for the following additional reasons:

- The Settlement provides for an increase in annual net electric operating revenues of $24.9 million, or approximately 0.7% (based on total Pennsylvania jurisdictional operating revenue), in lieu of the $82 million, or 2.2% (based on total Pennsylvania jurisdictional operating revenue), increase originally requested. The effect of the increases under the Settlement Rates on a typical customer in each major rate class is set forth in Appendix E.

- The Settlement amicably and expeditiously resolves a number of important and potentially contentious issues. The administrative burden and costs to litigate these matters to conclusion would be significant.

- The Settlement Rates will allocate the agreed upon revenue requirement to each customer class in a manner that is reasonable in light of the rate structure/cost of service positions of all Joint Petitioners.

- The Joint Petitioners arrived at the Settlement terms after conducting discovery and engaging in in-depth discussions over several weeks. The Settlement terms and conditions constitute a carefully crafted package representing reasonable negotiated compromises on the issues addressed herein. Thus, the Settlement is consistent with the Commission’s rules and practices encouraging negotiated settlements (see 52 Pa. Code §§ 5.231, 69.391, 69.401), and is supported by substantial record evidence.
IV. ADDITIONAL TERMS AND CONDITIONS

35. The Commission's approval of the Settlement shall not be construed as approval of any Joint Petitioner's position on any issue, except to the extent required to effectuate the terms and agreements of the Settlement. Accordingly, this Settlement may not be cited as legal precedent in any future proceeding, except to the extent required to implement this Settlement.

36. It is understood and agreed among the Joint Petitioners that the Settlement is the result of compromise and does not necessarily represent the position(s) that would be advanced by any Joint Petitioner in this or any other proceeding, if it were fully litigated.

37. This Settlement is being presented only in the context of this proceeding in an effort to fully resolve the issues presented in this proceeding in a manner that is fair and reasonable. The Settlement is the product of compromise. This Settlement is presented without prejudice to any position which any of the Joint Petitioners may have advanced and without prejudice to the position any of the Joint Petitioners may advance on the merits of the issues in future proceedings, except to the extent necessary to effectuate the terms and conditions of this Settlement.

38. This Settlement is conditioned upon the Commission's approval of the terms and conditions contained herein without modification. If the Commission should disapprove the Settlement or modify any terms and conditions herein, this Settlement may be withdrawn upon written notice to the Commission and all active parties within five (5) business days following entry of the Commission's Order by any of the Joint Petitioners and, in such event, shall be of no force and effect. In the event that the Commission disapproves the Settlement or the Company or any other Joint Petitioner elects to withdraw the Settlement as provided above, the Joint

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13 For example, if the Commission accepts NRG's reserved position on allocation, it will have direct and cascading effects on the Settlement here, which could necessitate withdrawal from the Settlement.
Petitioners reserve their respective rights to fully litigate this case, including, but not limited to, presentation of witnesses, cross-examination and legal argument through submission of Briefs, Exceptions and Replies to Exceptions.

39. If the ALJs, in their Recommended Decision, recommend that the Commission adopt the Settlement as herein proposed without modification, the Joint Petitioners agree to waive the filing of Exceptions with respect to any issues addressed by the Settlement. However, the Joint Petitioners do not waive their rights to file Exceptions with respect to any modifications to the terms and conditions of this Settlement or any additional matters proposed by the ALJs in their Recommended Decision. The Joint Petitioners also reserve the right to file Replies to any Exceptions that may be filed.

WHEREFORE, the Joint Petitioners, by their respective counsel, respectfully request as follows:

1. That Deputy Chief Administrative Law Judge Pell, Administrative Law Judge Brady and the Commission approve the Settlement embodied in this Joint Petition, including all terms and conditions thereof; and

2. That the Commission find the Settlement Rates to be just and reasonable and grant the Company permission to file the Tariff attached hereto as Appendix A to become effective for service rendered on and after January 1, 2019, which Tariff, inter alia, is designed to produce an annual net increase in electric operating revenue of $24.9 million.
Dated: August 28, 2018

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APPENDIX A

Proposed Tariff (Settlement Rates)
APPENDIX A

PECO Energy Company

Electric Service Tariff

COMPANY OFFICE LOCATION

2301 Market Street

Philadelphia, Pennsylvania 19101

For List of Communities Served, See Page 4.

Issued xxx x, xxxx  Effective Jan 1, 2019

ISSUED BY: M. A. Innocenzo – President & CEO

PECO Energy Distribution Company

2301 MARKET STREET

PHILADELPHIA, PA. 19101

NOTICE
LIST OF CHANGES MADE BY THIS SUPPLEMENT

Definition of Terms and Explanatory Notes of Abbreviations - Original Page No. 7 and Original Page No. 8 - Interested Index - definition.

Rule 2.2 SINGLE-POINT DELIVERY - Original Page No. 10 - Added verbiage for clarity.

Rule 2.5 SINGLE-PHASE UP TO 160 KVA - Original Page No. 11 - Revised to include parallel operation.

Rule 2.7 NONSTANDARD SERVICE - Original Page No. 12 - Added verbiage for clarity.

Rule 4.2 SERVICE CONTRACT - Original Page No. 13 - Added verbiage for clarity.

Rule 6.3 CUSTOMER'S SERVICE EXTENSION - Original Page No. 14 - Clarified responsibility for customer-owned facilities.

Rule 7.2 UNDERGROUND SERVICE IN NEW RESIDENTIAL DEVELOPMENTS - Original Page No. 17 - A citation of 60 Pa. Code § 57.01 is added.

Rule 10.2 CUSTOMER'S RESPONSIBILITY - Original Page No. 19 - Added verbiage that reinforces the Act 287 obligations.

Rule 14.1 1 ELECTRIC TV - Original Page No. 24 - Deleted original Rule 14.10 (obsolescent) and renumbered the existing Rule 14.11 as Rule 14.10.

Rule 15.3 POWER FACTOR ADJUSTMENT - Original Page No. 25 - Revised to clarify how power factor is billed.

Rule 17.2 BILLING OPTIONS - Original Page No. 26 - Alignment with Gas tariff clarifying that the EGS is responsible for communicating the customer's billing option to PECO.

Rule 17.5 LATE FEES AND COLLECTION COSTS - Original Page No. 26 - Added verbiage for clarity to define late fees.

Rule 22.1 DESIGNATION OF PROCUREMENT CLASS - Original Page No. 30 - Revised verbiage in paragraph F and G for clarity.

Rule 22.3 EGS SWITCHING - Original Page No. 31 - New rule added under EGS Switching to align the Electric Tariff with the Gas Service Tariff rule 21.2.

FEDERAL TAX ADJUSTMENT CREDIT (FTAC) - Original Page No. 33 - Added.

GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASSES 1 AND 2 LOADS UP TO 100Kw - Original Page No. 34 - Added verbiage for clarity and working capital price updated.

GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASS 3/4 LOADS GREATER THAN 100Kw - Original Page No. 36 - Added verbiage for clarity and working capital price updated.

PROVISIONS FOR RECOVERY OF UNIVERSAL SERVICE FUND CHARGE (USFC) - Original Page No. 46 - Remapping selected phrases.

TRANSMISSION SERVICE CHANGE (TSC) - Original Page No. 48 - Ongoing selected phrases.

RATE R RESIDENCE SERVICE - Original Page No. 52 - Revised the 'Availability' provisions of Rate R reporting detached garages and farms. Also, added Federal Tax Adjustment Credit (FTAC). Distribution prices updated.

RATE R RESIDENTIAL HEATING SERVICE - Original Page No. 52 - Language updated. Also, added Federal Tax Adjustment Credit (FTAC). Distribution prices updated.

RATE R-2 NET METERING - Original Page No. 52 - Paragraph 3 - added clarifying verbiage in regards to virtual net metering.

RATE GS GENERAL SERVICE - Original Page No. 54 - Added terms to the Rate GS availability provisions to stop with the effective dates of various provisions that PECO is proposing to Rate R. Distribution prices updated. Also, added Federal Tax Adjustment Credit (FTAC). Added 1500 KVA limit for 120/240 and 277/480 volt services with outdoor transformer.

RATE PD PRIMARY DISTRIBUTION POWER - Original Page No. 56 - Distribution prices updated. Also, added Federal Tax Adjustment Credit (FTAC).

RATE HT HIGH TENSION POWER - Original Page No. 57 - Distribution prices updated. Demand price removed for greater than or equal to 600kW. Also, added Federal Tax Adjustment Credit (FTAC).


RATE POL PRIVATE OUTDOOR LIGHTING - Original Page No. 59 - Revisions made to rate schedules and standard terms. Also, added Federal Tax Adjustment Credit (FTAC).

Issued: xxx x, xxxx 
Effective January 1, 2019

RATE SL-E STREET LIGHTING, CUSTOMER OWNED FACILITIES - Original Page No. 61, 62, 63. Moved paragraph 6 for Services to the first paragraph under "Terms and Conditions" and made changes to DETERMINATION OF ENERGY BILLED for clarity. Distribution prices updated. Added Federal Tax Adjustment Credit (FTAC). Removed "DETERMINATION OF BILLED DEMAND.

RATE SL-C SMART LIGHTING CONTROL, CUSTOMER OWNED FACILITIES - Original Page No. 65 - Added a new rate for customer-owned street lighting facilities with smart control technology.


RATE SL-I BORDERLINE INTERCHANGE SERVICE - Original Page No. 69 - Replace Service Charge with reference to applicable PECO base rate schedules.


APPLICABILITY INDEX OF RIDERS - Original Page No. 71 - Updated to include new Electric Vehicle Pilot Rider.

CONSTRUCTION RIDER - Original Page No. 75 - Added verbiage for clarity.

ECONOMIC DEVELOPMENT RIDER - Original Page No. 72 - Added verbiage for clarity. Under the "Rate Reduction" section, added language concerning approval of the rate reduction and payment terms.

ELECTRIC VEHICLE DCFC PILOT RIDER (EVDC) - Original Page No. 84 - New pilot rider added.


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**Effective January 1, 2015**

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Economic Development Rider
Electric Vehicle DCFC Rider (EV-FC)
Emergency Energy Conservation Rider
Investment Return Guarantee Rider
Night Service GS Rider
Night Service HT Rider
Night Service PD Rider
Receivership Rider
Residential Direct Load Control Program Rider
Temporary Service Rider

Issued: January 1, 2019

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Effective January 1, 2019

Deleted: Issued March 29, 2018
Effective May 28, 2018
LIST OF COMMUNITIES SERVED

PHILADELPHIA:
CITY AND COUNTY OF Philadelphia:

DELAWARE COUNTY:
CITY: Chester:
FIRST-CLASS TOWNSHIPS: Aston, Darby, Havenford, Lower Chichester, Lower Merion, Marple, Neifer Providence, Radnor, Ridley, Springfield, Tircum, Upper Chichester, Upper Darby,
SECOND-CLASS TOWNSHIPS: Bethel, Birmingham, Chester, Concord, Edgmont, Middletown, Newtown, Thornbury, Upper Providence.

BUCKS COUNTY:
FIRST-CLASS TOWNSHIPS: Bristol,

MONTGOMERY COUNTY:

CHESTER COUNTY:
CITY: Coatesville.
BOROUGHS: Avondale, Downingtown, Kennett Square, Malvern, Media, Oxford, Parkesburg, Phoenixville, South Coatesville, Spring City, West Chester, West Grove.
FIRST-CLASS TOWNSHIP: Cain.

YORK COUNTY:
BOROUGH: Delta.
SECOND CLASS TOWNSHIPS: Chanceford, Fawn, Lower Chanceford, Peach Bottom,
HOW TO USE LOOSE-LEAF TARIFF

1. This Tariff is issued on the loose-leaf plan. Each page will be issued as "original page," consecutively numbered, commencing with the title page, which in all cases will be considered as Page No. 1. For example: "Original Page No. 2", "Original Page No. 3," etc.

2. All changes in, additions to, or eliminations from, original pages, will be made by the issue of consecutively numbered supplements to this Tariff and by reprinting the page or pages affected by such change, addition, or elimination. Such supplements will indicate the changes which they effect and will carry a statement of the makeup of the Tariff, as revised. The Table of Contents will be retsekkad with each supplement.

3. When a page is reprinted the first time, it will be designated under the P.U.C. number as "First Revised Page No.", the second time as "Second Revised Page No.", etc. First revised pages will supersede original pages; second revised pages will supersede first revised pages, etc.

4. When changes or additions to be made require more space than is available, one or more pages will be added to the Tariff, to which the same number will be given with letter affix. For example, if changes were to be made in Original Page No. 2 and, to show the changed matter, more than one page should be required, the new page would be issued as "First Revised Page No. 2", and the added page would be issued as "Original Page No. 2A." If a second added page should be required, it would be issued as "Original Page No. 2B." Subsequent reprints will be consecutively designated as "First Revised...", "Second Revised...", etc.

5. On receipt of a revised page it will be placed in the Tariff immediately following the page which it supersedes, and the page which is to be superseded hereby plainly marked "See following page for pending revision." On the date when such revised page becomes effective the page superseded should be removed from the Tariff.

Issued: Issued March 29, 2018
December 18, 2015 Effective January 1, 2016

Deleted: Issued March 29, 2018
Effective May 28, 2018
DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS

Advanced Meter - Advanced Meter shall have the meaning set forth in the Electric Generation Supplier Coordination Tariff.

Advanced Meter Services - Advanced Meter Services shall have the meaning set forth in the Electric Generation Supplier Coordination Tariff.

Advanced Meter Service Provider or AMSP - The Company or an EGS that provides Advanced Meter Services.

Available rate - A rate which may be obtained by a customer if the use of service conforms to the character of service contemplated in the rate, and the location is such that this service can be supplied from existing facilities of the Company.

Bad credit - A customer shall be deemed by the Company to have bad credit if the customer has been delinquent on payment of two consecutive bills or more, or more bills in the last twelve billing cycles or tendered a check or checks that are subsequently dishonored by a payee according to 13 Pa.C.S. §3502, within the last twelve billing cycles. Industrial and commercial customers also shall be deemed by the Company to have bad credit if the customer is insolvent, (as evidenced by a credit report prepared by a reputable credit bureau or credit reporting agency or public financial data, liabilities exceeding assets or generally failing to pay debts as they become due) or has a class of publicly-traded debt outstanding that is rated to below investment grade, or tendered two or more checks that are subsequently dishonored by a payee according to 13 Pa.C.S. §3502, within the last twelve billing cycles.

Base Rate (or rate) - The Base Rates are Rates R, R-H, RS-2, GS, PD, HT, POL, SU-S, SU-E, SU-C, TLI, EP, and AL.

Billing demand - The calculated or measured demand after correction, if any, for power factor, except that the billing demand may be limited to a minimum figure.

Btu - British thermal unit.

Capacity charge - A charge based upon demand, either with or without power factor correction.


Concrete Energy Supply - unbundled energy and capacity provided by an Electric Generation Supplier.

Consolidated EDC Billing - Billing provided by the Company as provided for in the Electric Generation Supplier Coordination Tariff.

Consolidated EGS Billing - Billing provided by an EGS as provided for in Electric Generation Supplier Coordination Tariff.

Continuous service - Service which the Company endeavors to keep available at all times.

Creditworthy - A creditworthy customer pays the Company's charges as and when due and otherwise complies with the Rules and Regulations of this Tariff or the PaPUC. To determine whether a customer is creditworthy with respect to a particular account, the Company will evaluate the customer's record of paying Company charges for all of the customer's other Company accounts, and may also take into consideration the customer's general credit.

Customer - Any person, partnership, association, or corporation, lawfully receiving service at a single meter location from the Company. For purposes of billing for an Electric Generation Supplier (as defined below), the term customer may include all meter locations for which a summary bill is provided. In addition, unless explicitly prohibited by the Public Utility Code or the Commission's Rules and Regulations, an EGS may act as an agent for an end use customer upon written authorization to PECO Energy which may be part of the notice of EGS selection.

Customer's service extension - The facilities extending from the customer's service-receiving equipment to the Company's service supply lines.

Default Service (DS) - The provision of energy or energy and capacity by PECO Energy as Default Service Provider to customers that are: (1) not eligible to obtain Competitive Energy Supply, (2) choose not to obtain Competitive Energy Supply, (3) return to default service after having obtained Competitive Energy Supply or Competitive Default Service, or (4) who contract for Competitive Energy Supply from an EGS (as defined below) that fails to deliver such energy or energy and capacity.

Default Service Provider (DSP) - The incumbent EDC within a certificated service territory or a Commission approved alternative supplier of electric generation.

Demand - The maximum rate-of-use of energy during a specified time interval, expressed in kilowatts.
DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS (continued)

Direct Access - Direct Access shall have the meaning set forth in the Competition Act.

Electric Distribution Company (EDC) - Electric Distribution Company (EDC) shall have the meaning set forth in the Competition Act.

Electric Generation Supplier (EGS) - Electric Generation Supplier (EGS) shall have the meaning set forth in the Competition Act.

Electric Generation Supplier Coordination Tariff (or Supplier Tariff) - PECO Energy's Electric Generation Supplier Coordination Tariff provides procedures for EGS & PECO EDC interaction to make arrangements necessary to implement Direct Access for retail customers.

Energy Supply Charge - PECO Energy's charge for energy or energy and capacity to customers that receive Default Service.

Energy charge - a charge based upon kilowatt-hours of use.


Fixed Distribution Service Charge - A charge to recover costs caused by the presence of the customer on the system other than the costs associated with the customer's demand or energy consumption.


Hp, horsepower - As used herein, horsepower shall be computed as the equivalent of 750 watts.

Initial Contract Term - An initial contract term for a service location shall be 1) the customer's first Term of Contract for service to the location or 2) the first Term of Contract after the customer changes service for a location to a different Rate.

Interest Index - An annual interest rate determined by the average of one-year Treasury Bills for September, October, and November of the previous year.

KV, kilovolts - 1000 volts.

KVA, kilovoltamperes - Unit of measurement of rate-of-use, which determines electrical capacity, required; it is obtained by multiplying the voltage of a circuit by its amperage.

KW, kilowatt - Unit of measurement of useful power.

KWh, kilowatt-hour - Unit of measurement of energy; an amount equivalent to the use of one kilowatt for one hour.

Lumen - Unit of measurement of quantity of light.

Measured Demand - A customer's highest demand during a 30-minute time interval in a billing period.

Month - A month under this Tariff means 1/12 of a year, or the period of approximately 30 days between two regular consecutive readings of the Company's meter or meters installed on the customer's premises.

PaPUC or Commission - The Pennsylvania Public Utility Commission.

PECO Energy or the Company - PECO Energy Company.

Point of Delivery - The single service point at which the service-supply lines of the Company terminate and the customer's facilities for receiving the service begin.

PJM - PJM shall mean the PJM Interconnection, L.L.C.

PJM System - PJM System shall mean the transmission facilities located in the Mid-Atlantic Region that are controlled by PJM.

Power Factor - As used herein, power factor is, in a single-phase circuit, the ratio of the watts to the volt-amperes, and in a polyphase circuit, is the ratio of the total watts to the vector sum of the volt-amperes in the several phases.

Principal Office - The Company's Main Office Building is located at 2301 Market Street, Philadelphia, Pa. 19103.

Property Line - The division line between land held in or for private use, and land in which the public or the Company has a right of use; or, the division line between separately owned or occupied land.
DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS (continued)

Separate EDC Billing - Billing provided by the Company as provided for in the Electric Generation Supplier Coordination Tariff.

Separate EGS Billing - Billing provided by an EGS as provided for in the Electric Generation Supplier Coordination Tariff.

Service - The distribution of energy for use by the customer, including all things done by the Company in connection with such distribution.

The Company - PECO Energy Company unless otherwise specified.

The facilities - The facilities (conductors, cables, conduits, etc.) extending from the Company's facilities in the highway or other trunk line location to the facilities owned and maintained by the customer.

A connection - A connection for which the tariff rules provide for an interconnection agreement before the customer operates that generation in parallel with the Company's distribution system.

Standard single-phase alternating current - 60 hertz, in accordance with Tariff Rule 2.5 (Single Phase Up To 150 kVA):
(a) nominally 120/240 volts, 3 wires;
(b) nominally 120 volts, 2 wires to installations consisting of not more than two 15 ampere branch circuits;
(c) nominally 120/208 volts, 3 wires, for residential service, where available in conjunction with standard polyphase secondary.

Standard polyphase alternating current - 60 hertz. Only one service is available to a building, however, the Company will provide standard service to customer premises containing multiple buildings in accordance with Tariff Rule 2.2 (Single Point Delivery).

For purposes of determining service capacity and parallel-generating capacity limits, a building is defined as a structure, separated from other structures, or a portion of a contiguous structure separated from the remainder of the structure by approved firewalls. When demand or service voltage requires the installation of transformation equipment on the owner's premises, the transformation shall consist of a pad mounted transformer installed at a location provided by the owner and approved by the Company outside the building or a transformer bank installed inside the building in a vault located on the ground floor or one story below grade, meeting National Electrical Code requirements. The Company will not install, own or maintain any conductors inside or beneath a building not installed in accordance with the Company's distribution system.

Standard high tension - unregulated alternating current, 60 hertz, nominally 2,400 volts, 2-phase, 3 wires, or nominally 4,160 volts, 3-phase, 4 wires.

Standard primary - unregulated alternating current, 60 hertz, nominally 13,200, 33,000, 69,000, 138,000 or 230,000 volts. The Company's charges for service, which are comprised of the Fixed Distribution Service Charge and Variable Distribution Service Charge, are nonbypassable and must be paid by any customer regardless of the voltage level at which the customer is served.

Service-supply lines - The facilities (conductors, cables, conduits, etc.) extending from the Company's facilities in the highway or other trunk line location to the facilities owned and maintained by the customer.

DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS (continued)

Charge, are nonbypassable and must be paid by any customer regardless of the voltage level at which the customer is served.

Where two or more such standard voltages are present in a given area, the Company will select the service voltage at which the required service can be supplied most economically. Nominally 13,200, 33,000, 69,000, 138,000 or 230,000 volts are available in the various desired both by the Company and the customer. For service at 13,200 or 33,000 volts, where the customer's demand exceeds 7,000 kW, the service capacity and the parallel-generating capacity are both limited to 750 kVA for transformers located inside the building and 500 kVA for transformers located outside the building.

Where two or more such standard voltages are present in a given area, the Company will select the service voltage at which the required service can be supplied most economically. Nominally 13,200, 33,000, 69,000, 138,000 or 230,000 volts are available in the various

The Company's charges for service, which are comprised of the Fixed Distribution Service Charge and Variable Distribution Service Charge, are nonbypassable and must be paid by any customer regardless of the voltage level at which the customer is served.

Service-supply lines - The facilities (conductors, cables, conduits, etc.) extending from the Company's facilities in the highway or other trunk line location to the facilities owned and maintained by the customer.

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Deleted: 750 kVA for transformers located inside the building or 1,500 kVA for transformers located outside the building.
DEFINITION OF TERMS AND EXPLANATION OF ABBREVIATIONS (continued)

Summary Billing Account - An aggregate bill presented for two or more meter locations owned or legally controlled by the same partnership, association, corporation, or governmental agency, etc. for: (1) the Company's charges for service; and/or (2) an EGS's charges for Competitive Energy Supply, as permitted by Rule 2.2.

Tariff - the Electric Service Tariff comprising the Base Rates, rules and regulations which, in conjunction with Pennsylvania Public Utility Law and Pennsylvania Public Utility Commission Regulations, govern the distribution of electric energy including all things done by the Company in connection with such distribution, and/or the supply of electric energy under Default Service, and other PPUC jurisdictional services.

Variable Distribution Service Charge - the variable energy supply charges for the provision of unbundled distribution service, including all things done by the Company in connection with such distribution service.
RULES AND REGULATIONS

1. THE TARIFF

1.1 FILING AND POSTING. A copy of this Tariff, which comprises the Rates, Rules and Regulations under which service and Default Service will be provided to its customers by PECO Energy, is on file with the Commission and is posted and open to inspection at the Principal Office of the Company. A copy of this tariff is also available on the Company’s website at http://www.peco.com.

1.2 REVISIONS. This Tariff may be revised, amended, supplemented or otherwise changed from time to time in accordance with the Pennsylvania Public Utility Law, and such changes, when effective, shall have the same force and effect as the present Tariff.

1.3 APPLICATION. The Tariff provisions apply to everyone lawfully receiving service from the Company, under the rates therein, and the recipient of service, whether service is based upon contract, agreement, accepted signed application, or otherwise, shall be subject to the terms of the Tariff. In addition, the rates therein shall apply to everyone receiving service unlawfully or otherwise, including unauthorized use as referred to in Rule 4.7 of this Tariff. A customer will receive service under the rates and riders of this Tariff effective with their first scheduled billing cycle after the effective date of the tariff or as otherwise indicated in this Tariff.

1.4 BASIS OF CHARGE. Time elapsed is a factor in the supply of service and the rates and minimum charges named in this Tariff, while predicated on periods of supply of not less than one year, are stated in values for direct application only to monthly periods of service supply and will be adjusted for application to service supplied during other time intervals.

1.5 RULES AND REGULATIONS. The Rules and Regulations, filed as part of this Tariff, are a part of every contract for service made by the Company and govern all classes of service where applicable, unless specifically modified by a rate or rider provisions. The obligations imposed on customers in the Rules and Regulations apply as well to everyone receiving service unlawfully and to unauthorized use of service.

1.6 USE OF RIDERS. The terms governing the supply of service under a particular Base Rate may be modified or amended only by the application of those standard riders, filed as part of this Tariff, which are specifically mentioned as applicable to that rate in the Applicability Index of Riders.

1.7 STATEMENT BY AGENTS. No representative has authority to modify a Tariff rule or provision, or to bind the Company by any promise or representation contrary thereto.

2. SERVICE LIMITATIONS

2.1 CHARACTER. This Tariff applies only to the distribution and/or supply of electric energy of the standard characteristics available in the locality in which the premises to be served are situated. The Company does not offer to distribute and/or supply electric energy of nonstandard characteristics.

2.2 SINGLE-POINT DELIVERY. The Company will provide standard distribution and/or supply through a single delivery and metering point for the total requirements at each separate premises of any person, partnership, association, or corporation, lawfully receiving service, except when in the Company’s sole judgment, special conditions warrant the installation of additional facilities. Unless otherwise stated herein, the Base Rates in the Tariff for each class of service are based upon that standard. Separate distribution and/or supply for the same customer at other points of consumption shall be separately metered and billed, except that: (1) when the Company is providing Consolidated EDC Billing, the Company will provide summary billing of its charges for and/or an EGS’ charges (if requested by the EGS) for Competitive Energy Supply; and (2) when the Company is providing Separate EDC Billing, the Company will provide summary billing of its charges.

2.3 SINGLE-POINT AVAILABILITY. Service delivered at a single point is available to one or more buildings or units devoted essentially to a single purpose, provided and so long as:

(a) Such buildings or units are:
   (1) held, possessed, and either utilized or operated as a single establishment by a single responsible entity, and
   (2) unified on the basis of family, business, industry, enterprise, or governmental agency or through conveniences and services, such as heat, elevator, janitor, care of halls, walks and lawns, etc., furnished by such entity, and
   (3) situated on a single or on contiguous land parcels except where such buildings or units constitute interdependent parts of a single industrial enterprise. In determining ‘‘contiguity’’ hereunder of parcels abutting opposite sides of public or private ways, the boundaries of such parcels shall be considered as extending to the center of such ways.

(b) There is granted and maintained to the Company easement or other rights, adequate in the Company’s reasonable judgment to supply service direct to any such buildings or units if, as and when a cessation of any one or more of the conditions stated in paragraph (a) above should occur, or there should arise in any manner a Company duty of such direct supply.
RULES AND REGULATIONS (continued)

(c) The transforming, receiving and distribution facilities on the customer's side of the delivery point are:
   (1) furnished, installed and maintained at the expense of the customer, and
   (2) owned and controlled by or at the expense of the customer,

(d) The Company is under no legal obligation of direct supply to any portion of said buildings or units or their appurtenances.

(e) A guarantee by deposit or otherwise is given and maintained to the Company sufficient in its reasonable judgment to insure it against loss in primary, secondary and/or distribution investment in the event of change in the nature of holding and possession of such building or units, in the nature thereof, or in the type of service delivered thereto.

(f) All utilization equipment on the customer's side of the Company delivery point is furnished, installed and operated and maintained by the customer. The Company shall have the right to inspect the customer's premises for the purposes of performing an environmental assessment.

3.3 POINT OF DELIVERY. The Company shall designate, in writing, upon request, a satisfactory point of delivery where the customer shall take possession of service. The point of delivery specified in such writing shall be the boundary of the property of the Company, the boundary line of the City of Philadelphia beyond the City of Philadelphia, the City Line or the County Line and such point as may be shown by the Company's records.

3.4 THE CUSTOMER'S LIABILITY. The customer shall indemnify, defend, and hold harmless the Company from and against all actions, causes of action, claims and demands whatsoever, and from and against all costs, damages, expenses, losses, charges, debts and liabilities whatsoever which may be imposed by or against the Company by reason of the customer's failure to comply with any of the provisions of these rules and regulations.

3.5 THE CUSTOMER'S OBLIGATION. The customer shall furnish the Company any and all information in its possession regarding potential or actual contamination, waste or hazardous materials or other adverse environmental conditions.

3.6 ACCESS TO METER. The Company has the right to install and maintain its meter(s) for remote reading purposes. The meter(s) location shall also be situated so that the meter(s) are not concealed, but shall be situated and located in a fashion applicable to the Company.

3.7 THE CUSTOMER'S LIABILITY. The customer shall indemnify, defend, and hold harmless the Company from and against all actions, causes of action, claims and demands whatsoever, and from and against all costs, damages, expenses, losses, charges, debts and liabilities whatsoever which may be imposed by or against the Company by reason of the customer's failure to comply with any of the provisions of these rules and regulations.

3.8 THE CUSTOMER'S OBLIGATION. The customer shall furnish the Company any and all information in its possession regarding potential or actual contamination, waste or hazardous materials or other adverse environmental conditions.

4.1 THE CUSTOMER'S LIABILITY. The customer shall indemnify, defend, and hold harmless the Company from and against all actions, causes of action, claims and demands whatsoever, and from and against all costs, damages, expenses, losses, charges, debts and liabilities whatsoever which may be imposed by or against the Company by reason of the customer's failure to comply with any of the provisions of these rules and regulations.

4.2 THE CUSTOMER'S OBLIGATION. The customer shall furnish the Company any and all information in its possession regarding potential or actual contamination, waste or hazardous materials or other adverse environmental conditions.

4.3 THE CUSTOMER'S LIABILITY. The customer shall indemnify, defend, and hold harmless the Company from and against all actions, causes of action, claims and demands whatsoever, and from and against all costs, damages, expenses, losses, charges, debts and liabilities whatsoever which may be imposed by or against the Company by reason of the customer's failure to comply with any of the provisions of these rules and regulations.

4.4 THE CUSTOMER'S OBLIGATION. The customer shall furnish the Company any and all information in its possession regarding potential or actual contamination, waste or hazardous materials or other adverse environmental conditions.
RULES AND REGULATIONS (continued)

3.4 SERVICE ENTRANCE EQUIPMENT. All equipment beyond the point of delivery, except the meter, shall be installed by the customer. Installation shall be in conformity with the National Electrical Code and the Company's published "Electric Service Requirements," and shall include, where necessary, an approved sealable device for mounting a meter. The meter will be supplied, owned and sealed by the Company or another AMSP.

3.5 SECONDARY SERVICE CONNECTION. (a) Wiring of any premises for connection to overhead lines must be brought outside of the building to a location designated or approved by the Company, at which point the house wiring must extend at least 3 feet for attachment to the Company's service-supply lines. (b) Service connections to the Company's underground facilities shall terminate on the customer's premises in an approved connection box from which customer's wiring shall extend to the other service entrance equipment.

3.6 UNDERGROUND SERVICE. Customers desiring an underground service from overhead wires must bear the excess cost incurred therein. Specifications and terms for such construction will be furnished by the Company on request.

3.7 NONSTANDARD SERVICE. The customer or applicant for service shall pay the cost of any special installation necessary to meet the unusual requirements of the customer or applicant for service, including but not limited to: (1) service at other than standard voltages, (2) service for loads that will be intermittent and which, in the Company's sole judgment, would not generate sufficient revenue to recover the installation costs of the required facilities, (3) service for loads that will be continuous but that will generate minimal usage, and which, in the Company's sole judgment, would not generate sufficient revenue to recover the installation costs of the required facilities, (4) service for loads that will require provision of closer voltage regulation than required by standard service, and (5) situations analogous to the Company's sole judgment, such environmental conditions existed whereby the Company agrees to provide service, which are not normally offered in other sections of the Tariff to any customer located on a premises.

The customer or applicant shall pay all costs to the Company for performing environmental assessments, including, but not limited to, the cost of consultations utilized by the Company, the cost of removal and disposal of contamination, waste or hazardous materials or dealing with other adverse environmental conditions associated with either the initial installation, modification, repair, maintenance or removal of service facilities.

3.8 RELAY PROTECTION. The customer must install at the customer's own expense a reverse-phase relay of approved type on all alternating current motors for passenger and freight elevators, hoists, and cranes, and a reverse-power relay for parallel operation.

4. APPLICATION FOR SERVICE

4.1 PLACE OF APPLICATION. Customers may apply for service at the Company's Principle Office or, in some cases, over the telephone.

4.2 SERVICE CONTRACT. Every applicant for service may be required to sign a contract, agreement, or other form then in use by the Company, covering the special circumstances of the use of service, and shall abide by these Rules and Regulations and the standard requirements of the Company including, but not limited to those in PECO's Electric Service Requirements Manual ("Blue Book"). The customer must abide by the specifications utilized by the Company, the cost of removal end disposal of contamination, waste or hazardous materials or dealing with other adverse environmental conditions associated with either the initial installation, modification, repair, maintenance or removal of service facilities.

4.3 CONTRACT DATA. The application shall contain a statement of the premises to be served, the rate under which service is desired, and such conditions or riders as are applicable to the special circumstances of the case.

4.4 RIGHT TO REJECT. The Company may place limitations on the amount and character of service it will supply or may reject applications for service not under a standard rate, which might affect service to other customers; which is to be delivered at a location or at a standard voltage that involves excessive cost, for bad credit, for the applicant's failure to provide identifying documentation, when an applicant's self-identification cannot be verified, or for other good and sufficient reasons. Customers cannot be denied Default Service or new service for failure to pay the EGS's charges.

The Company has the right to restrict service to only those locations which will not expose the Company to liability for known or suspected contamination, waste or hazardous materials or other adverse environmental conditions.

4.5 ACCEPTANCE. Before the Company's affirmative acceptance is received, the Company will consider the application to be "pending." When a written application is received, it constitutes the contract between the customer and the Company, subject to the Rules and Regulations. A customer or other recipient of service also becomes contractually obligated to the Company when service is provided according to the application either with or without modification, or when the customer otherwise receives service.

4.6 SPECIAL CONTRACTS. Standard contracts shall be for terms as specified in the statement of the rate, but where large or special investment is necessary for the supply of service, or where service is to be used for an emergency or temporary replacement of another method of operation, contracts of longer term than specified in the rate, or with special guarantees of revenue, or both, may be required.
4.7 UNAUTHORIZED USE. Unauthorized connection to the Company's facilities, and/or the use of service obtained from the Company without authority, or by any false pretense, may be terminated by the Company. The use of service without notifying the Company or the AMSP and enabling them to read its meter will render the user liable for any amount due for service provided to the premises from the time of the last reading of the meter, immediately preceding the customer's occupancy, as shown by the Company's books.

4.8 WITHDRAWAL OF APPLICATION. In the event the customer (or potential customer) withdraws an application for either new or modified service, the customer will reimburse the Company for all reasonable costs incurred by the Company in anticipation of providing the new or modified service.

5. CREDIT

5.1 PAYMENT OBLIGATION. For customers for whom the Company provides Consolidated EDC Billing or Separate EDC Billing, the provision of service for any purpose, at any location, is contingent upon payment of all charges provided for in this Tariff (and, for the same class of service (residential or non-residential) under the Company's Gas Service Tariff, if the customer also receives gas service at the same premises) as applicable to the location and the character of service.

The Company may, at its discretion, determine liability for a past due balance by:
1) Use of Company records that contain information previously provided to the Company;
2) Information contained on a valid mortgage, lease, deed or tenant's license;
3) Use of commercially available public records databases;
4) Government and property ownership records.

5.2 PRIOR DEBTS. Service will not be furnished to former customers until any indebtedness to the Company for previous service of the same or similar classification has been satisfied or a payment arrangement has been made on the debt. This rule does not apply to the disputed portion of disputed bills under investigation. The Company will apply this rule to the disputed portion of disputed bills if, and only if, (1) the Company has made diligent and reasonable efforts to investigate and resolve the dispute; (2) the result of the investigation is that the customer's claims are unwarranted or invalid; (3) the Commission and/or the Bureau of Consumer Services has decided a formal or informal complaint in the Company's favor and no timely appeal is filed; and (4) the customer nevertheless continues to dispute the same matter in bad faith.

5.3 GUARANTEE OF PAYMENTS. The Company may charge a security deposit before it will render service to an applicant or before the Company will continue to render service to a customer for whom the Company provides Consolidated EDC Billing or Separate EDC Billing. The Company may charge deposits to applicants and customers if they have bad credit, lack creditworthiness or as otherwise permitted by Commission statutes, rules, regulations, and as required by Federal Bankruptcy Law. The applicant or customer may be required to provide a cash deposit, letter of credit, surety bond, or other guarantee, satisfactory to the Company. The Company will hold the deposit as security for the payment of final bills and in compliance with the Company's Rules and Regulations. In addition, the Company may require industrial and commercial customers for whom it provides Consolidated EDC Billing or Separate EDC Billing to post a deposit at any time if the Company determines that the customer is no longer creditworthy or has bad credit or as otherwise permitted by Commission statutes, rules, regulations and as required by Federal Bankruptcy Law. The Company retains the right to charge customers additional deposits based upon continued bad credit or lack of creditworthiness and increased usage.

5.4 AMOUNT OF DEPOSIT. For residential customers, the deposit will be equal to one-sixth of the applicant's or customer's estimated annual bill for Company charges, based on applicable rates. A deposit from a residential customer shall conform to the requirements of 66 Pa. C.S. §1404(c) and applicable Pennsylvania Public Utility Commission regulations. For industrial and commercial accounts, the amount of the deposit shall be the Company's projection of the sum of the Company charges in the customer's two highest monthly bills in the 12 months following the deposit. The provisions of 11 U.S.C. §366(b) of the Federal Bankruptcy Code, or any successor statute or provision, shall, if inconsistent, supersede the provisions of this rule.
5.5 RETURN OF DEPOSIT. Deposits secured from a residential customer shall either be applied with interest to the customer’s account or returned to the customer with interest in accordance with 66 Pa. C.S. §1404(C) and applicable Pennsylvania Public Utility Commission regulations. In cases of discontinuance or termination of service, deposits will be returned with accrued interest upon payment of all service charges and guarantees or with deduction of unpaid accounts. Deposits secured from a residential customer, plus accrued interest, which may be held (C) until a timely payment history is established, are refunded when a ratepayer is not currently delinquent and has made on time and in full payments for service provided by the Company for 24 consecutive months. Any residential or commercial customer having secured the return of the deposit may be required to make another deposit in accordance with Commission statutes, regulations or Federal Bankruptcy Law if the Customer demonstrates bad credit or lacks creditworthiness subsequent to the return of the initial deposit.

5.6 INTEREST ON DEPOSIT. The Company will allow simple interest on cash deposits calculated as follows:

(A) with respect to commercial accounts, interest, will be computed at the simple annual rate determined by the Secretary of Revenue for the underpayment of tax under Section 806 of the Act of April 19, 1929 (P.L. 343, No. 176), known as the Fiscal Code

(B) with respect to commercial and industrial accounts, at the lower of the interest index or six percent;

Deposit shall cease to bear interest upon discontinuance of service (or, if earlier, when the Company closes the account).

5.7 CREDIT INFORMATION. CUSTOMERS: In addition to information required otherwise herein, customers for whom the Company provides Consolidated EDC billing or Separate EDC billing shall be required to provide to the Company with such credit information, as the Company requires. The Company may report to a national credit bureau on credit history associated with past-due amounts.

APPLICANTS: The Company’s credit and application procedures for applicants are as follows: (1) positive identification of applicant obtained from previous customer record or through one of the major credit reporting bureaus or through in person identification; (2) determination of liability for a past due balance; (3) determination if a deposit is required based upon applicant’s previous account history if available or through third party credit scoring of applicants. The Company uses a commercially recognized credit scoring methodology that is within the range of generally accepted industry practice. The applicant’s or customer’s utility payment history determines the credit score. The Company uses this customer-specific credit score to either request or waive a security deposit.

5.8 APPLICABILITY TO CUSTOMERS RESIDING AT PLACE OF BUSINESS. For purposes of all of the provisions of this Rule 5, when a customer resides at a place of business or commercial establishment, legitimately served pursuant to a commercial or industrial rate schedule, that is not a residential dwelling unit attached thereto, the customer is not thereby entitled to any of the protections in the Pennsylvania Public Utility Code or the Commission’s regulations implementing the Pennsylvania Public Utility Code, or to any of the provisions of these rules or this Tariff that apply exclusively to deposits for residential customers.

6.1 COMPANY'S SERVICE LINES. Where the Company has distribution facilities of adequate capacity on the highway or in other public right-of-way or on public private property, it will provide, own and maintain standard service-supply lines as follows:

(A) UNDERGROUND: Underground cable construction to a point of delivery approximately 18 inches inside the property line of the customer, except:

(1) For secondary service to new residences or new apartment buildings, underground cable construction will be extended to a meter location or connection box (located at the building or buildings, as designated by the Company) in accordance with Rule 7.5.

(2) The Company will make necessary repairs to customer-owned extensions of secondary service-supply lines for residential customers at no charge. If such customer-owned extension requires replacement, the Company will make the replacement and assume ownership of the service-supply line with the Company bearing the cost up to 200 feet in length and the customer bearing the cost for all additional length.

(B) AERIAL: A single span of aerial open wire or cable construction to the first suitable support of the customer, nominally 100 feet inside the property line of the customer, unless customer requests or incurs additional expense, as the case may be.

6.2 SERVICE-SUPPLY ALTERATIONS. Changes related to a service-supply line or a meter owned by the Company, including the installation of protective devices or visual markers, to be safe working distance from the Company’s facilities, for the accommodation of the customer, shall be at the expense of the customer. If the alteration to the Company’s facilities is temporary in nature and the materials used in the alteration can later by re-used by the Company, as for example the installation of protective “hard cover” to allow a customer, developer, or contractor to work safely in close proximity to the Company’s facilities, then at the Company’s discretion it may charge a refundable deposit in lieu of charging the customer for the cost of the re-usable materials.

6.3 CUSTOMER’S SERVICE EXTENSION. The customer shall provide, own, inspect and maintain the service extension from the Company’s service-supply lines to the point of delivery and receiving equipment. PECO may install a Company-owned meter or transformer on customer-owned property or facilities. Such installation does not alter the responsibility of the customer to provide, own, inspect, and maintain such facilities.

6.4 METERS AND TRANSFORMERS. The Company will provide, own and maintain any meter or meters, and also the transformer or transformers (both potential and current type transformers), required in the supply of service of the current characteristics specified by the Base Rate or rider under which the service is provided, unless the customer receives Advanced Motor Services from an AMSP in that case such AMSP will install, own, and/or maintain the Customer’s meter or meters while the Company will continue to own the potential and current type transformers. The supply of transformers by the Company shall be limited to those required for a single standard transformation.

Issued: Issued March 29, 2018
Effective: Effective May 28, 2018

Effective: January 1, 2014
6.5 TRAILER PARKS. Where it is established by plans, development, use or other facts that the operation of a trailer park is predominantly to provide rental locations for non-transient trailers, with not less than two nor more than four such locations, the Company, upon written application of the trailer park operator and upon the receipt of an enabling agreement and of adequate rights-of-way, will construct, own and operate within the trailer park specified aerial electric energy, the trailer park operator being liable for payment of service to trailer park tenants not contracting in their own names. The Company’s obligation to install or extend such distribution facilities within the trailer park is limited to the investment warranted by the anticipated revenue. Alterations of such distribution facilities at the request of the trailer park operator when not for the purpose of serving additional trailer rental locations will be at the cost of the trailer park operator. A trailer park operator desiring underground distribution facilities within a trailer park consisting of less than five locations must bear the excess cost incident thereto. Specifications and terms for such underground construction will be furnished by the Company on request. In new trailer parks consisting of five or more locations, underground distribution facilities will be extended in accordance with Rule 7.3.
7.1 TRUNK LINE CONSTRUCTION. The Company will construct, own and maintain overhead or underground distribution facilities, either secondary, primary, or high tension, located on the highway or on rights-of-way acquired by the Company and used or usable as part of the Company's general distribution system.

7.2 LINE EXTENSIONS FOR STANDARD SERVICE.

A. DEFINITIONS: For the purposes of this rule, when capitalized herein, the below terms shall have the following meanings:

(1) Line Extension -- A single-phase or polyphase addition to the public utility electric supply line for the purpose of supplying standard service (as described under Rule 2 above, but not including Line Extensions for nonstandard service as described in Rule 3.7 above) to and connected with the customer's point of delivery which addition is so located that it cannot be supplied by means of a service line from the existing electric supply line.

(2) Contractor Cost -- The amount paid by the Company to a contractor for work performed on a Line Extension.

(3) Customer -- End use customer of the Company, or a developer.

(4) Direct Labor Cost -- The pay and expenses of the Company employees directly attributable to work performed on Line Extensions, but not including construction overheads or payroll taxes, worker's compensation expenses or similar indirect expenses.

(5) Direct Material Cost -- The purchase price of materials used for a Line Extension, but not including related storage expenses. In computing Direct Material Costs, proper allowance shall be made for unused materials, materials recovered from temporary structures, and discounts allowed and realized in the purchase of materials.

(6) Total Construction Cost -- For single-phase Line Extensions, the estimated total cost to the Company for the construction of the Line Extension, which cost shall include: Contractor Cost, Direct Labor Cost, and Direct Material Cost. For polyphase Line Extensions, the estimated total cost to the Company for the construction of the Line Extension, which cost shall include: Contractor Cost, Direct Labor Cost, Direct Material Cost and allocated overheads. For projects requiring significant design work, the Company will provide a preliminary cost estimate and charge customers a non-refundable deposit of 10% of the total estimated costs to fund the detailed design work. The detailed design work cost will not be included in the Total Construction Cost of the Line Extension used to determine contribution in aid of construction (CIAC).

(7) Capacity Adjusted Cost -- For polyphase Line Extensions, the Total Construction Cost of a Line Extension multiplied by the percentage of that Line Extension's capacity installed to serve the Customer's capacity needs.

(8) Revenue Guarantee Contribution -- The estimated Variable Distribution Service Charges, as defined in the "Definitions of Terms and Explanation of Abbreviations" section of this tariff, to be received by the Company from the Customer for a twelve (12) month period commencing with the first month after the Line Extension is completed.

B. SINGLE-PHASE LINE EXTENSIONS FOR STANDARD SERVICE. For a Customer whose use of the Line Extension is not speculative, the Company will construct a single-phase Line Extension as follows. The Company will construct a Line Extension up to 2,500 feet without a charge to the Customer. For Line Extensions over 2,500 feet, a Customer shall pay the Company a contribution in aid of construction (CIAC) equal to the amount by which the Total Construction Cost of the Line Extension beyond 2,500 feet exceeds the Customer's Revenue Guarantee Contribution for the first three (3) year period after the Line Extension is completed. A Customer who is not a developer must pay the CIAC in full prior to the construction of the single-phase Line Extension.

C. POLYPHASE LINE EXTENSIONS FOR STANDARD SERVICE. For a Customer whose use of the Line Extension is not speculative, the Company will construct a polyphase Line Extension, as follows. A Customer must pay the Company a CIAC equal to the amount by which the Capacity Adjusted Cost of the Line Extension exceeds the Customer's Revenue Guarantee Contribution for the first five (5) year period after the Line Extension is completed. A Customer who is not a developer must pay the CIAC in full prior to the construction of the polyphase Line Extension.

D. DEVELOPERS. Prior to the construction of any Line Extension, a developer may, in lieu of paying the full CIAC, pay a minimum of 35 percent (35%) of the CIAC and, for the remaining amount, post a surety bond in a form reasonably acceptable to the Company. The unpaid portion of the CIAC is subject to interest at the then applicable prime rate and is payable no later than twelve (12) months from the date of the initial payment.
RULES AND REGULATIONS (continued)

E. SPECULATIVE LINE EXTENSIONS. A Line Extension is speculative when, in the Company's reasonable opinion there is doubt, (1) as to the continued use, or the level of use, of the new Line Extension by the Customer; or (2) as to the Company's recovery of the Total Construction Cost for a polyphase Line Extension if a Capacity Adjusted Cost is applied.

Under the first scenario of a speculative Line Extension, the Company will construct the Line Extension for a Customer, as follows: pursuant to an individual contract between the Customer and the Company, in addition to any CIAC, the Customer may be required to provide the Company a customer advance in the form of an up-front payment, or, if mutually agreed to by the Customer and the Company, a surety bond in the amount of the Customer’s Revenue Guarantee Contribution used in the CIAC calculation as set forth in Part B or C above, as applicable (“Customer Advance”). If, after three (3) years for a single-phase Line Extension, or five (5) years for a polyphase Line Extension, the Customer’s Variable Distribution Service Charges have met or exceeded the Customer Advance, the Company will either: (1) return the Customer Advance to the Customer if an up-front payment has been made; or (2) terminate the Customer’s obligation to maintain the surety bond.

Under the second scenario of a speculative Line Extension, the Company will construct a polyphase Line Extension for a Customer, as follows: the Customer must pay the Company a CIAC equal to the amount by which the Total Construction Cost of the polyphase Line Extension exceeds the Customer’s Revenue Guarantee Contribution for the first five (5) year period after the Line Extension is completed. The Customer may receive a refund of all or part of the CIAC paid if, during that five (5) year period, additional Customers have connected to the Line Extension for which the Customer paid the CIAC. The refund, if any, will be calculated based on the load of the connecting Customers.

7.3 UNDERGROUND SERVICE IN NEW RESIDENTIAL DEVELOPMENTS.

A. For the purposes of this rule, and in accordance with 52 Pa. Code 5.57.81, the following words and terms shall have the following meanings, unless the context clearly indicates otherwise:

1. Applicant For Electric Service - The developer of: a recorded plot plan consisting of five or more lots; or one or more five-unit apartment houses.
2. Developer - The party responsible for construction and providing improvements in a development; that is, streets, sidewalks, and utility-ready lots.
3. Development - A planned project which is developed by a developer/applicant for electric service set out in a recorded plot plan of five or more adjoining unoccupied lots for the construction of single-family residences, detached or otherwise, mobile homes, or apartment houses, all of which are intended for year-around occupancy, if electric service to such lots necessitates extending the Company’s existing distribution lines.
4. Distribution Line - An electric supply line of untransformed voltage from which energy is delivered to one or more service lines.
5. Service Line - An electric supply line of transformed voltage from which service is delivered to the residence.
6. Subdivision - A tract of land divided by a subdivider into five or more adjoining unoccupied lots for the construction of single-family residences, detached or otherwise, or apartment houses, all of which are intended for year-around occupancy, if electric service to such lots necessitates extending the Company’s existing distribution lines.
Rules and Regulations (continued)

B. INSTALLATION OF DISTRIBUTION AND SERVICE LINES. All distribution and service lines installed pursuant to an application for electric service within a development will be installed underground, and will be owned and maintained by the Company. Pad-mounted transformers may be installed at the option of the Company. Excavating and backfilling will be performed by the developer of the project or by such other agent as the developer may authorize. Installation of service-related facilities will be performed by the Company or by such other agent as the Company may authorize. Upon terms and conditions prescribed elsewhere in this tariff, the Company will not be liable for injury or damage occasioned by the willful or negligent excavation breakage, or other interference with its underground lines occasioned by anyone other than its own employees or agents.

Nothing in this section shall prohibit the Company from performing its own excavating and backfilling for greater system design flexibility. However, no charges other than those specified in Section 57.83(4) of Title 52 shall be permitted.

C. APPLICANTS FOR SERVICE. The applicant for service to a development shall conform with the following:

1. At its own cost, provide the Company with a copy of the recorded development plot plan identifying property boundaries, and easements satisfactory to the Company for occupancy by distribution, service and street-lighting lines and related facilities.

2. At its own cost, clear the ground in which the lines and related facilities are to be laid of trees, stumps and other obstructions, provide the excavating and backfilling subject to the inspection and approval of the Company, and rough grade it to within six inches of final grade, so that the Company’s part of the installation will consist only of laying of the lines and installing other service-related facilities. Excavating and backfilling performed or provided by the applicant will follow the Company’s underground construction standards and specifications set forth by the Company in written form and presented to the applicant at the time of application for service and presentation of the recorded plot plan to the Company. If the Company’s specifications have not been met by the applicant’s excavating and backfilling, such excavating and backfilling will be corrected or redone by the applicant or its authorized agent. Failure to comply with the Company’s construction standards and specifications permits the Company to refuse utility service until such standards and specifications are met.

3. Request service at such time that the lines may be installed before curbs, pavements and sidewalks are laid; carefully coordinate scheduling of the Company’s line and facility installation with the general project construction schedule, including coordination with any other utility sharing the same trench; keep the route of lines clear of machinery and other obstructions when the line installation crew is scheduled to appear; and otherwise cooperate with the Company to avoid unnecessary costs and delay.

4. Pay to the Company any necessary and additional costs incurred by the Company as a result of the following:

   a) Installation of underground facilities that deviate from the Company’s underground construction standards and specifications if such deviation is requested by the applicant for electric service and is acceptable to the Company.

   b) A change in the plot plan by the applicant for electric service after the Company has completed engineering for the project and/or has commenced installation of its facilities.

   c) Physical characteristics such as oversized lots or lots with extreme set-back where under the Company’s line extension policy contained in this tariff a change is mandated for overhead service.

5. No charges other than those described in paragraph (4) of this subsection shall be borne by the applicant for electric service or by any other utility sharing the same trench, even if the Company elects to perform its own excavating and backfilling.

D. APPLICABILITY. The provisions of this rule will apply to all applications for service to developments, herein before defined, which are filed after the effective date of this tariff.

E. SUBDIVISIONS. Underground facilities in new residential developments are only required by Sections 57.81 through 57.87 of Title 52 when a bonafide developer exists, i.e., only when utility-ready lots are provided by the developer. A new subdivision is not required to have underground service. However, should the lot owner or owners in a subdivision desire underground service, such service shall be provided by the Company if such lot owner or owners, at their option, either comply with Section 57.83 of Title 52, or pay to the Company such charges as are contained in the Company’s tariff for service not required by Title 52.

7.4 TAX ACCOUNTING OF CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER ADVANCES. All contributions in aid of construction (CIAc), customer advances or other like payments received by the Company shall constitute taxable income as defined by the Internal Revenue Service. The income taxes on such CIAC or customer advances will be segregated in a deferred account for inclusion in rate base in a future rate case proceeding. Such income taxes associated with CIAC or customer advances will not be charged to the specific contributor to the capital.

8. RIGHTS-OF-WAY

8.1 TERM AND RENTALS. When the premises of a customer is so located that the customer can be served only by facilities extending over the property of another, the customer shall accept service for such term as is provided in a permit or other applicable agreement covering the location and the maintenance of service equipment, and shall reimburse the Company for any and all special or rental charges that may be made for such rights by said permit or agreement.
8.2 PROCUREMENT BY CUSTOMER. Customers applying for the construction of an extension may be required to secure to, and for, the Company, all necessary and convenient rights-of-way and to pay any associated costs.

8.3 DELAYS. Applications for service from an extension to be constructed where a right-of-way is not owned by the Company will only be accepted subject to delays incident to obtaining a satisfactory right-of-way.

9. INTRODUCTION OF SERVICE

9.1 WIRING IN PROGRESS. Service-supply lines will not be installed before the time that the customer's wiring of the premises is actually in progress.

9.2 INSPECTION. The Company reserves the right to refuse the introduction of service unless a written certificate of approval, satisfactory to the Company, has been received from a competent inspection agency authorized to perform this service in the specific locality in which service is to be provided.

9.3 COMPANY'S RIGHT TO INSPECT. The Company shall have the right, but shall not be obliged to inspect, any installation before it begins to deliver electricity or at any later time, and reserve the right to reject any wiring or appliances not in accordance with the Company's standard requirements; but such inspection, or failure to inspect, or to reject, shall not render the Company liable or responsible for any loss or damage, resulting from defects in the installation, wiring, or appliances, or from violation of Company rules, or from accidents which may occur upon the premises of the customer.

9.4 DEFECTIVE INSTALLATION. The Company may refuse to connect if, in its judgment, the customer's installation is defective, or does not comply with such reasonable requirements as may be necessary for safety, or is in violation of the Company's standard requirements.

9.5 UNSATISFACTORY INSTALLATION. The Company may refuse to connect if, in its judgment, the customer's equipment, or use thereof, might injuriously affect the equipment of the Company, or the Company's service to other customers.

9.6 FINAL CONNECTION. The final connection between the customer's installation and the Company's service lines shall be made by or under the supervision of a representative of the Company, except for standard single-phase secondary aerial service, in which case the customer may make the final connection in accordance with the Company's standard requirements.

9.7 NEW OR TRANSFER CUSTOMER CHARGE. When a customer's account for service is initiated or when a customer's account is transferred from one address to another address, there will be a charge of $8.00 to cover the clerical expenses incurred by the Company. The State Tax Adjustment Clause applies to this charge.

10. COMPANY EQUIPMENT

10.1 COMPANY MAINTENANCE. The Company shall keep in repair and maintain its own property installed on the premises of the customer.

10.2 CUSTOMER'S RESPONSIBILITY. The customer shall be responsible for safekeeping of the Company's property while on the customer's premises. In the event of injury or destruction of any such property the customer shall pay the costs of repairs and replacement. Any changes made to the Customer's premises after the Company completes its service and meter installation that, in the opinion of the Company, creates an unsafe condition, shall be the Customer's responsibility to pay any costs associated with remedying the unsafe condition including, but not limited to, any required protective measures and/or relocations of Company property.

Customers with privately owned or operated underground utility facilities on their premises may have obligations as facility owners under the Underground Utility Line Protection Act, 51 Pa. C.S. § 1741 et seq. These include becoming a member of Pennsylvania One Call, maintaining said facilities, and providing approximate locations of said facilities with temporary markings within the required time period in response to Pennsylvania One Call notifications. Customers should create and retain bird's eye view drawings reflecting the location of said facilities on the premises and use these drawings as necessary to reflect any changes made following installation. If said facilities are insufficiently marked prior to the lawful start date of any Company excavation or construction work or if said facilities are insufficiently marked prior to the lawful start date of any Company excavation or construction work or if the Company is unable to notify a facility owner or its agent for excavation or similar work covered under the Act because the facility owner is not a member of the Pennsylvania One Call system, the Company shall not be liable to customers or any other third parties for any damages, including property damage, economic damages, costs, associated consequential damages or personal injuries.

10.3 PROTECTION BY CUSTOMER. The customer shall protect the equipment of the Company on the premises, and shall not permit any person, except a Company employee having standard badge of the Company or other Company identification, to break any seals upon, or do any work on, any meter or other apparatus of the Company located on the customer's premises.

10.4 TAMPERING. In the event of the Company's meters or other property being tampered with or interfered with, the customer being supplied through such equipment shall pay the amount which the Company may estimate is due for service used but not registered on the Company's meter, and for any repairs or replacements required, as well as for costs of inspections, investigations, and protective installations.
10.5 RIGHT OF ACCESS. The Company's identified employees shall have access to the premises of the customer at all reasonable times for the purpose of reading meters, and for installing, testing, inspecting, repairing, removing or changing any or all equipment belonging to the Company. In the event of an emergency, the Company shall have the right to access customer owned facilities and equipment for the purpose of restoring electric service, for the purpose of rendering the electric facilities safe and reliable, or for the purpose of reducing the likelihood of damage to the Company's facilities and equipment.

10.6 OWNERSHIP AND REMOVAL. All equipment supplied by the Company shall remain its exclusive property, and the Company shall have the right to remove the same from the premises of the customer at any time after the termination of service from whatever cause.

10.7 POLE REMOVAL OR RELOCATION REQUESTED BY RESIDENTIAL PROPERTY OWNERS. The cost for removal or relocation of distribution live poles and their associated attachments made pursuant to the request of a residential property owner who is not entitled to receive condemnation damages to cover the cost of such work shall be borne by the property owner and shall be limited to contractor, direct labor, and direct material costs incurred less maintenance expenses avoided as a result of the pole removal or relocation. The calculation of such cost for removal or relocation shall be in accordance with the Public Utility Commission Regulations - Title 52, Section 57.27.
10.11 RELOCATION OF COMPANY FACILITIES REQUESTED BY NON-RESIDENTIAL PROPERTY OWNERS. Except as otherwise provided by law (e.g., 66 Pa.C.S. Section 2704, et seq.), a non-residential property owner, such as a builder, developer or contractor (Owner), shall pay to the Company the costs of relocation of Company facilities or equipment, made for the accommodation of the Owner or in fulfillment of the Owner’s obligation to any public authority. If the facility relocation is made to accommodate the Owner’s project or in fulfillment of the Owner’s obligation to any public authority, then the Owner shall be responsible to pay PECO for the relocation costs even if the relocation request is made by an entity other than the Owner. A request for relocation of Company facilities shall be in writing. The relocation cost shall include labor (including overhead), materials, storeroom expense and transportation, less the depreciated value of any equipment replaced. Where the relocation is done in conjunction with construction of a supply line to a development, the Company shall include in the relocation cost only those costs caused by the Owner’s request. The Company will notify the Owner in writing of the relocation cost. Advance payment of relocation costs will be required before the Company will commence the work, except, at the sole discretion of the Company, under special circumstances.

Where the relocation relates to a development that will generate additional revenue for the Company, the Company will give the Owner an initial credit against the relocation costs in an amount not to exceed 5% of the estimated annual revenue recovered through the Company’s tariffed Variable Distribution Service Charges from the portion of the development under construction at the time of the relocation request. The Company will give the Owner an additional credit against relocation costs not to exceed 5% of the estimated additional revenue recovered through the Company’s tariffed Variable Distribution Service Charges realized from new load on the PECO Energy system due to buildings not under construction at the time of the initial relocation but that are under roof within a five (5) year period from the date of completion of the relocation work. Credits will be held by the Company and distributed to the owner, on a pro rata basis, as additional loads from the development are connected to PECO Energy’s distribution system. No credits will be given for loads connected after the five year period from the date of completion of the relocation work. When the relocation is done in conjunction with extension of a line in accordance with §7.2 of the Tariff, the Company will include in the credit calculation only such estimated annual revenue that exceeds the minimum revenue guarantee required by §7.2. The cost and expense of project changes which require a second relocation of the same Company facilities shall be borne solely by the party requesting the change without offset or credit.

10.9 AERIAL LINE CLEARANCE. In accordance with the requirements set forth in the National Electrical Safety Code, the Company shall have the right to trim, remove, or separate trees, vegetation or any structures therein which, in the opinion of the Company, interfere with its aerial conductors, such that they may pose a threat to public safety or to system reliability.

10.10 ADVANCED METER SERVICES PERFORMED BY AMSP5. The provisions of this Rule 10 are subject to the terms of the Electric Generation Supplier Coordination Tariff.

10.11 RECOVERY FOR PROPERTY DAMAGE. If Company equipment is damaged through the negligence or intentional act(s) of any individual(s) or entity(s), the entity(s) responsible for causing the damage shall reimburse the Company for all aspects of the resulting damages. The reimbursement shall include costs related to: labor, material, transportation and tools. “Labor” shall include benefit and administrative overhead based on the Company’s current standard schedule, including third party contract repairs or modifications. Additionally, “Labor” may be calculated using a "blended" or average pay rate consistent with the above referenced standards. “Materials” may include an added stores expense calculated using the above referenced standards.

11.1 CHOICE OF RATE. When the class of service - supply or conditions of use are such that two or more Base Rates are available, a customer shall select the Base Rate on which the customer will be billed.

11.2 COMPANY ASSISTANCE. The Company upon request will, to a reasonable extent, assist customers in selecting the most advantageous Base Rate or rate application (i.e., Base rate together with applicable riders).

11.3 RATE CHANGES. A customer may not change Base Rates during the "initial contract term" as defined in the "Definition of Terms and Explanation of Abbreviations" section above unless the Company agrees to permit the change. At any other time, a customer may change to a Base Rate for which the customer qualifies upon 30 days notice to the Company. Customer ownership and obligation to maintain customer owned transformation facilities and equipment, as well as the point of delivery, will be unaffected by any Base Rate change initiated by the customer.

A customer may request that the Company modify the terms of its contract, other than the customer’s Base Rate, but the Company will only allow such modification when, in the Company’s sole judgment, the modification does not conflict with the Company’s Tariff and is not detrimental to the Company.

The Company will not make any Base Rate change retroactive, unless, in the Company’s sole judgment, the Company failed to adequately respond to a customer's request for assistance or modification at the time of such request.
12. SERVICE CONTINUITY

12.1 LIMITATION ON LIABILITY FOR SERVICE INTERRUPTIONS AND VARIATIONS. The Company does not guarantee continuous, regular and uninterrupted supply of service. The Company may, without liability, interrupt or limit the supply of service for the purpose of making repairs, changes, or improvements in any part of its system for the general good of the service or the safety of the public or for the purpose of preventing or limiting any actual or threatened instability or disturbance of the system. The Company is also not liable for any damages due to accident, strike, storm, riot, fire, flood, legal process, state or municipal interference, or any other cause beyond the Company’s control.

In all other circumstances, the liability of the Company to customers or other persons for damages, direct or consequential, including damage to computers and other electronic equipment and appliances, loss of business, or loss of production caused by any interruption, reversal, spike, surge or variation in supply or voltage, transient voltage, or any other failure in the supply of electricity shall in no event, unless caused by the willful and/or wanton misconduct of the Company, exceed an amount in liquidated damages equivalent to the greater of $1000 or two times the charge to the customer for the service affected during the period in which such interruption, reversal, spike, surge, or variation in supply or voltage, transient voltage, or any other failure in the supply of electricity occurs. In addition, no charge will be made to the customer for the affected service during the period in which such interruption, reversal, spike, surge or variation in supply or voltage, transient voltage, or any other failure in the supply of electricity occurs. A variety of protective devices and alternate power supplies that may prevent or reduce such damage are available for purchase by the customer from third parties. The Company makes no warranty as to merchantability or fitness for a particular purpose, express or implied, by operation of law or otherwise.

To the extent applicable under the Uniform Commercial Code or on any theory of contract or products liability, the Company limits its liability in accordance with the previous paragraph to any Customer or third party for claims involving and including, but not limited to, product liability, breach of contract, and breach of actual or implied warranties of merchantability or fitness for an intended purpose.

12.2 ADDITIONAL LIMITATIONS ON LIABILITY IN CONNECTION WITH DIRECT ACCESS. Other than its duty to deliver electric energy and capacity, the Company shall have no duty or liability to a customer receiving Competitive Energy Supply arising out of or related to a contract or other relationship between such a customer and an EGS. The Company shall implement customer selection of an EGS consistent with applicable rules of the Commission and shall have no liability to a customer receiving Competitive Energy Supply arising out of or related to switching EGSs, unless the Company is negligent in switching or failing to switch a customer.

The Company shall have no duty or liability with respect to electric energy before it is delivered by an EGS to a point of delivery on the PECO Energy distribution system. After its receipt of electric energy and capacity at the point of delivery, the Company shall have the same duty and liability for distribution service to customers receiving Competitive Energy Supply as to those receiving electric energy and capacity from the Company.

12.3 EMERGENCY LOAD CONTROL. Pursuant to order of Pennsylvania Public Utility Commission, the following provision is incorporated in this Tariff.

Whenever the demands for power on all or part of the Company's system exceed or threaten to exceed the capacity then actually and lawfully available to supply such demands, or whenever such conditions exist as the system of another public utility or power pool with which the Company's system is interconnected and cause a reduction in the capacity available to the Company from that source or threaten the integrity of the Company's system, a load emergency situation exists. In such case, the Company shall take such reasonable steps as the time available permits to bring the demands within the then-available capacity or otherwise control load. Such steps shall include but shall not be limited to reduction or interruption of service to one or more customers, in accordance with the Company's procedures for controlling load. The Company shall establish procedures for controlling load including schedules of load shedding priorities to be followed in compliance with the foregoing paragraph, may revise such procedures from time to time, and shall revise them if so required by the Pennsylvania Public Utility Commission. A copy of such procedures or of the revision thereof currently in effect shall be kept available for public inspection at the Company's Principal Office, and another such copy shall be kept on file with the Pennsylvania Public Utility Commission.

12.4 EMERGENCY ENERGY CONSERVATION. Pursuant to order of the Pennsylvania Public Utility Commission, the following provision is incorporated in this Tariff.

Whenever an event occurs which is actually resulting, or in the judgment of the Company threatens to result, in a restriction of the fuel supplies available to the Company or its energy suppliers, such that the amount of electric energy which the Company is able to supply is or will be adversely affected, an emergency energy situation exists.

In the event of an emergency energy conservation situation, the Company shall take such reasonable measures as it believes necessary and proper to conserve available fuel supplies. Such measures may include, but shall not be limited to, reduction, interruption, or suspension of service to one or more of its customers or classes of customers in accordance with the Company's procedures for emergency energy conservation.

The Company shall establish procedures for emergency energy conservation, including, if it deems necessary, schedules of service interruption and suspension priorities to be followed as prescribed by the foregoing paragraph.

The Company may revise such procedures from time to time, and shall revise them if so required by the Pennsylvania Public Utility Commission. A copy of any such revised procedures or of the revision thereof currently in effect shall be kept available for public inspection at each office at which the Company maintains a copy of its Tariff for public inspection, and another such copy shall be kept on file with the Pennsylvania Public Utility Commission.

12.5 NOTICE OF TROUBLE. The customer must immediately notify the Company if service is interrupted or is otherwise unsatisfactory due to defects, obstructions, or accident, affecting the supply of service.
12.6 RELOCATION OF DELIVERY POINT. In the event that the Company shall be required by any public authority to place
underground lines, or relocating any portion of its lines or other apparatus, the customer, at the customer's own
expense, shall change the location of his point of delivery to a place readily accessible to the new location.

13. CUSTOMER'S USE OF SERVICE

13.1 RESALE OF SERVICE. Pursuant to Section 1315 of the Public Utility Code, 66 Pa. C.S. § 1315, a customer may resell Energy
and Capacity and/or service provided by PECO Energy under its default service plan if (1) the Company provides such service under a
single contract at one application of an available Base Rate and for the total requirements of the premises served, and (2) the location and
use of the service conforms to all the availability requirements of the Tariff for provision to the customer for the customer's own account.

All residential units connected after May 10, 1980, except those dwelling units under construction or under written contract for
construction as of that date, must be individually metered by either the Company, the AMSP, or the landlord for their basic electric service
supply. Electrically supplied metered heating, cooling or water heating service may be provided if such supply will result in energy
conservation. The bill rendered by the retailer to any consumer shall not exceed the amount which PECO Energy would bill its own residential
customers for the same quantity of service under the applicable tariffed residential rate.

The requirements for individually metered dwelling units in new construction may be waived at the sole discretion of the Company.
Such waiver will only be granted when the owner can demonstrate to the Company that there are valid reasons for such waiver and that
there will not be a significant impact on the consumption of an individual customer.

13.2 FLUCTUATIONS. Electric service must not be used in such a manner as to cause unusual fluctuations or disturbances in the
Company's supply system, and, in the case of violation of this rule, the Company may discontinue service, or require the customer to modify
the installation and/or equip it with approved controlling devices.

13.3 TYPE OF INSTALLATIONS. Motor and other installations connected to the Company's lines must be of a type to use minimum
starting current and must conform to the requirements of the Company as to wiring, character of equipment, and control devices.

13.4 UNBALANCED LOAD. The customer shall at all times take, and use, energy in such manner that the load will be balanced
between phases to within nominally 10%. In the event of unbalanced polyphase loads, the Company reserves the right to require the
customer to make the necessary changes at the customer's expense to correct the unsatisfactory condition, or to compute the demand used
for billing purposes on the assumption that the load on each phase is equal to that on the greatest phase.

13.5 ADDITIONAL LOAD. The service connection, transformers, meters and equipment supplied by the Company for each customer,
have no additions to the equipment or load connected thereto will be allowed except by consent of the Company.

13.6 CHANGE OF INSTALLATION. The customer shall give immediate written notice to the Company of any proposed increase or
decrease in, or change of purpose or location of, the installation.

13.7 FAILURE TO GIVE NOTICE. Failure to give notice of additions or changes in load or location shall render the customer liable for
any damage to the meters or their auxiliary apparatus, or the transformers, or wires, of the Company, caused by the additional or changed
installation.

14. METERING

14.1 SUPPLY OF METERS. An EGS that is also an AMSP may provide Advanced Meter Services in accordance with the Electric Generation
Supplier Coordination Tariff. Otherwise, subject to Rules 14.3 and 14.9, the measurement of service for billing purposes shall be by meters
furnished and installed by the Company. The Company will select the type and make of metering equipment to be used for meters supplied by the
Company, and may, from time to time, change or alter the equipment, its sole obligation being to supply meters that will accurately and adequately
furnish records for billing purposes. In fulfilling its obligations with respect to metering and meter reading, and with respect to AMSPs that provide
Advanced Meter Services, the Company will comply with Electric Generation Supplier Coordination Tariff.

14.2 SPECIAL MEASUREMENTS. The Company shall have the right, at its option and its own expense, to place demand meters,
reactive-component meters, or other instruments, on the premises of any customer except for any customer for whom an AMSP is providing
Advanced Meter Services, for the purpose of measuring the demand and/or the power factor, or for other tests of all, or any part, of the
customer's load.

14.3 CUSTOMER REQUEST FOR SPECIAL METER. If a customer for whom the Company is providing either metering and meter
reading wishes to replace its billing metering equipment, to the extent technically possible, the Company may, offer, provide and support a
selection of qualified meters and perform installation within a reasonable amount of time and at the expense of the customer. The
customer must pay for any such metering equipment based on the net incremental cost of purchasing and installing the new metering
equipment as approved by the Commission. The Company will own and maintain all such new metering equipment.
14.14 POWER FACTOR MEASUREMENT. For customers for whom the Company is providing metering and meter reading or Advanced Meter Services, the Company reserves the right to measure the power factor of the customer’s load, either by test or by permanently installed instruments. For customers for whom an AMSP is providing Advanced Meter Services, the Company reserves the right to require such AMSP to measure the power factor of the load of the customer on the same basis the Company measures the power factor of customers for which the Company provides metering and meter reading or Advanced Meter Services.

14.15 REVERSE REGISTRATION. The Company may, by ratchet or other device, control its meters to prevent reverse registration.

14.16 ESTIMATED USAGE. The kilowatt-hours and billing demands to be paid for may be determined by computation instead of by measurement in the case of installations having a fixed load or demand controlled to operate for a definite number of hours each day.

14.17 METER READING INTERVALS. The Company will read its meters in accordance with Appendix C to the Joint Petition for Full Settlement and at scheduled regular intervals of one month. Monthly customer usage will be prorated for seasonally for customers for whom it provides Consolidated EDC Billing or Separate EDC Billing, the Company will render standard bills for the recorded use of service based upon the time interval between meter readings. EDB & EDC charges shall be based on the EDC defined meter reading rate schedules. Only those bills which cover a period of service of less than 20 days or more than 35 days will be prorated. The Company will render “short period” bills as needed to ensure a customer can switch their electric service in accordance with the accelerated switching process final omitted rulemaking order that amends 52 Pa. Code, Ch. 57.172 – 57.179. (See Dockets No. L-2014-2409383 and P-2014-2446292.)

14.18 ESTIMATED USAGE. For customers for whom the Company provides meter reading or Advanced Meter Reading Services, the Company shall estimate the amount of service supplied to premises where access to the meter is not available or if such estimate is necessary, and to installations at remote locations when warranted by the type of installation, regularity of usage, or other circumstances. For customers for whom it provides Consolidated EDC Billing or Separate EDC Billing, the Company will render bills in standard form based on such estimate and so marked, for the customer’s acceptance. Meter readings will be secured from time to time and billing will be revised when they disclose that the estimate failed to approximate the actual usage.

14.19 CUSTOMER SELECTED ADVANCED METERS. A customer may request either PECO Energy or an AMSP to have an Advanced Meter installed and have Advanced Meter Services provided pursuant to Appendix C of the Joint Petition for Full Settlement and any applicable rules adopted by the Commission. For an advanced meter to be deployed in the PECO Energy service territory, it must be included in the Commission’s Advanced Meter Catalog, and indicated as eligible for deployment in the PECO Energy territory.

15. DEMAND DETERMINATION

15.1 MEASURED DEMANDS. Measured demands may be quantified by recording or indicating instruments showing, unless otherwise specified, the greatest 30-minute rate-of-use of energy, provided that in the case of hoists, elevators, welding machine, electric furnaces, or other installations where the use of electricity is intermittent or subject to violent fluctuation the demand may be fixed by special determination.

15.2 DEMAND DETERMINATION.

(a) Special Determination. Where charges specified in this Tariff are based upon the customer’s demand, it is intended that such demand shall fairly represent the customer’s actual demand that the Company shall stand ready to serve. In the case of installations where the customer’s regular use of service in the ordinary course of the customer’s business is such that measurement over a thirty-minute interval does not result in a fair or equitable measure of the customer’s demand, the demand may be estimated from the known character of use and the rating data of the equipment connected, or from special tests. The intent of this provision is that the demand so determined shall fairly represent the demand that the Company must stand ready to serve.

(b) Demand Waiver. When a customer wishes to conduct a test of equipment or process that is not part of the customer’s normal operations, the customer may request that the Company waive the demand caused by that test, if that demand is the highest measured demand in the billing month. The Company will agree to such a waiver if the following conditions are met:

1. The Company’s metering is of a type which allows for the determination of 30-minute demands, and
2. The customer’s request is in writing, received by the Company at least 15 business days before the date of the commencement of the proposed test. The request must state the nature of the test, the size of the loads to be tested and the starting and ending times, and
3. The Company determines that the tests are not a part of the customer’s normal operations, and
4. The test will not last for more than twelve (12) consecutive hours, and
5. The customer has not conducted a test and received a demand waiver for a test pursuant to this rule within one year of the proposed test.

Upon receipt of a request for a demand waiver, the Company will inform the customer in writing within fifteen (15) days of receipt of the customer’s request whether it will grant the proposed waiver.
15.3 POWER FACTOR ADJUSTMENT.

A. Standard Power Factor (based on measured demands)

<table>
<thead>
<tr>
<th>Measured Demands (kW)</th>
<th>Standard Power Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>185 or less</td>
<td>80%</td>
</tr>
<tr>
<td>186 to 2,500</td>
<td>90%</td>
</tr>
<tr>
<td>Over 2,500</td>
<td>95%</td>
</tr>
</tbody>
</table>

B. Adjustment to Measured Demand. When a customer’s measured power factor is less than the standard power factor values above, the Company will, in its sole judgment, determine the customer’s measured demand by the rule of the standard power factor to the measured power factor. The Company will then use the adjusted demand as a basis for calculating the customer’s billing demand in accordance with the applicable rate schedule.

C. Determining Measured Power Factor:

1. For customers with measured demands of 750 kW or greater in three consecutive months:
   - If continuous equipment capable of continuous power factor measurement is installed, the Company shall determine measured power factor based on demand less than 750 kW for twelve consecutive months. (a) If the Company determines that changes in the customer’s load characteristics will result in a reduction of measured demand in less than 750 kW, the measured power factor shall be determined as follows:
     - a. Continuous equipment capable of continuous power factor measurement is installed.
     - b. The Company, in its sole judgment, may discontinue continuous power factor measurement if it is determined that the customer’s measured demand is less than 750 kW for twelve consecutive months. (b) The Company shall determine measured power factor based on demand less than 750 kW for twelve consecutive months.
     - When meters are installed, the measured power factor shall be the standard power factor that is coincident with the customer’s maximum measured demand.
     - The measured power factor shall be determined as follows:
       - a. Continuous equipment capable of continuous power factor measurement is installed.
       - b. The Company, in its sole judgment, may discontinue continuous power factor measurement if it is determined that the customer’s measured demand is less than 750 kW for twelve consecutive months.

2. For all other customers, including those with measured demands of less than 185 kW:
   - (a) If the customer requests measurement of power factor, the power factor shall be determined as follows:
     - a. Continuous equipment capable of continuous power factor measurement is installed.
     - b. Continuous equipment capable of continuous power factor measurement is installed.
     - c. The customer shall determine the customer’s measured power factor to be the standard power factor above.
   - If the customer’s measured power factor is less than the standard power factor, the customer shall have their power factor continually measured.

3. For all other customers, including those with measured demands of less than 185 kW:
   - (a) If the customer requests measurement of power factor, the measured power factor shall be determined as follows:
     - a. Continuous equipment capable of continuous power factor measurement is installed.
     - b. Continuous equipment capable of continuous power factor measurement is installed.
     - c. The customer shall determine the customer’s measured power factor to be the standard power factor above.

4. A customer who receives Advanced Meter Services from an AMSP is subject to these rules regarding determination of measured power factor:

16. METER TESTS

16.1 METER TESTS. The Company at its expense, will make periodic tests and inspections of its meters in order to maintain them at a high standard of accuracy.

16.2 REQUEST TESTS. The Company will make additional tests or inspections of its meters at the request of a customer or an EGS providing Competitive Energy Supply to a customer, but reserves the right to make the charge provided for in the Electric Regulations of the Pennsylvania Public Utility Commission, under conditions therein specified.

16.3 ADJUSTMENT FOR ERROR. Should any of the Company’s meters become defective or fail to register correctly, the use of electricity shall be determined by a test of any such meter, or by the registration of a meter set in its place during the period next following, or by averaging the amount registered for the preceding billing period and the amount registered during not less than one week immediately subsequent to the repairs to, or change of, the meter, taking into consideration the character of use by the customer.

16.4 RESIDENCE METER ERRORS. Meter errors in the Company’s meters in residence service may be determined on the basis of the registration of the corresponding period during the preceding year, if records are available and conditions of use remain the same.

16.5 ADMINISTRATION TESTS. The Company, at its own expense, will make only such tests of the Company’s meters as it deems necessary for the proper administration of its rates, or as are required by law.

16.6 TESTING SERVICE. The Company will, upon request by the customer, make tests of the Company’s meters to supply special information regarding the customer’s use of service, provided that the estimated cost of such special tests shall be paid by the customer to the Company in advance.
RULES AND REGULATIONS (continued)

17. BILLING AND STANDARD PAYMENT OPTIONS

17.1 BILLING PERIOD. Billing for service will be based upon the amount of use and the time interval of its delivery. The customer will be billed, in accordance with Rule 14.7, in a manner that is fair and equitable. The due date for monthly billing periods will be adjusted when time elapsed between readings is substantially greater or less than a month.

17.2 BILLING OPTIONS. A customer may select one of the following three billing options as communicated to PECO by the customer's supplier:

(a) Consolidated EDC Billing,
(b) Consolidated EGS Billing,
(c) Separate EDC/EGS Billing, as those terms are defined herein.

If a customer does not make a selection, the customer shall receive Consolidated EDC Billing. When the Company provides Consolidated EDC Billing or Separate EDC Billing, it will comply with the terms and conditions of the Electric Generation Supplier Coordination Tariff.

17.3 PAYMENT.

(a) The Company's bills to customers are payable upon presentation. Payments for service received must be made on or before the due date shown on the bill. The due date shall be determined by the Company and shall not be later than twenty days from the date of transmission of the bill for Rates R, RH, RS-2, POL, and GS (excluding Summary Billing Accounts). The due date shall not be later than 15 days from the date of transmission of the bill for all other rates, including Summary Billing Accounts, notwithstanding the foregoing, the due date may be up to thirty days for accounts (including Summary Billing Accounts) with the United States of America, the Commonwealth of Pennsylvania, or any of their departments, political subdivisions, or instrumentalities. The Company may allow a reasonable amount of additional time for payment of bills on industrial and commercial accounts of nonresidential customers. If the due date that appears on a customer's bill falls on a Saturday, Sunday, bank holiday, or any other day when the offices of the Company which regularly receive payments are not open to the general public, the due date shall be extended to the next business day. The payment period will not be extended because of the customer's failure to receive a bill unless said failure is due to the fault of the Company.

(b) Payment may be made at any commercial office of the Company or at any authorized payment agency. The customer bears the risk of delivery of payment forwarded on or after the date confirmed in any termination notice sent to the customer.

(c) The Company may require that a customer that is not creditworthy tender payment by means of a defeated, cashier's, teller's, or bank check, or by wire transfer, or in cash or other immediately available funds.

(d) A customer must pay any disputed portion of disputed bills under investigation. The Company will apply the due date to the disputed portion of disputed bills, if and only if: (1) the Company has made diligent and reasonable efforts to investigate and resolve the dispute; (2) the result of the investigation is that the customer's claims are unwarranted or invalid; (3) the Commission, under the terms of the Electric Generation Supplier Coordination Tariff, has decided a formal or informal complaint in the Company's favor and no timely appeal is filed; and (4) the customer nevertheless continues to dispute the same matter in bad faith.

17.4 PAYMENT PROCESSING. When the Company is providing Consolidated EDC Billing, Default Service or Separate EDC Billing, and the customer returns a partial payment to the Company, the payment will be applied as follows:

1. Any past due balances including those for prior PECO basic service charges, for prior EGS receivables purchased by the Company, for prior installment amounts on payment agreements, and also for any reconnetion charges.

2. Any current charges including those for current PECO basic service charges, for current EGS receivables purchased by the Company, and for current installment amounts on payment agreements.

3. Nonbasic service charges.

17.5 LATE FEES AND COLLECTION COSTS. If payment is made at a Company office or authorized payment agency after the due date, a late fee will be added to the bill for service due and payable. If payment is made by mail, the late fee will not be assessed if the payment is received by the Company more than five days after the due date. For Rates R, RH, RS-2, POL, and GS, the late fee will be 1.5% per month; for all other rates, the late fee will be 2% per month. If the Company files suit to recover a late fee, the customer will be required to pay the Company's costs of collection. In addition, a customer that is not creditworthy will be required to pay the Company's costs of collection. In addition, a customer that is not creditworthy will be required to pay the Company's costs of collection. In addition, a customer that is not creditworthy will be required to pay the Company's costs of collection. In addition, a customer that is not creditworthy will be required to pay the Company's costs of collection. In addition, a customer that is not creditworthy will be required to pay the Company's costs of collection.

17.6 BILLING BILLING.

(a) At the option of a customer receiving residential service under Rates R, RH, RS-2, POL, and GS, an estimated monthly bill for service to be rendered by the customer over a twelve month period may be billed at the interval of its delivery. Any difference between the estimated amount paid and the actual charges for the twelve month period billed at the customer's option, either be included in the next twelve months or incorporated into the 12th month bill. Additionally, the difference in monthly payments from the customer, the credit or debit will be adjusted. Budget billing may be discontinued upon the customer's request at which time any difference between budget billing amount and actual charges becomes due and payable. If a monthly budget bill is not paid, a late fee will be added to the unpaid balance of actual charges on the next billing date in accordance with Rule 17.3 and 17.5. Any such late fee will be calculated based on the lesser of budget billing amounts and actual charged amounts. The Company may also arrange budget billing for creditworthy commercial and industrial customers.

(b) When the Company provides Consolidated EDC Billing, the EGS's charges will be invoiced in the customer's Budget Billing Plan.
17.7 CALCULATION OF LATE FEE. Where a late fee is applicable, the amount of the late fee to be added to the unpaid balance shall be calculated by multiplying the unpaid past due balance, exclusive of any previous unpaid late fees, by the appropriate late fee rate.

17.8 TAX EXEMPTION. If a customer is tax exempt, the customer must provide a tax exempt form to PECO Energy and to its EGS, regardless of which billing option the customer chooses.

17.9 BILLING ERRORS. When the Company provides Consolidated EDC Billing, PECO Energy shall not be responsible for billing errors resulting from incorrect price information received from an EGS.

17.10 RETURNED PAYMENT CHARGE. If a check (electronic or paper) received in payment of a customer’s account is returned to the Company unpaid or if upon a second attempt by the Company or its agent for payment the check is again returned unpaid, then the Company will add a returned payment charge to the customer’s account in the amount of $20.00.

17.11 APPLICABILITY TO CUSTOMERS RESIDING AT PLACE OF BUSINESS. For purposes of all of the provisions of Rule 17, when a customer resides at a place of business or commercial establishment legitimately served pursuant to a commercial or industrial Base Rate, that is not a residential dwelling unit attached thereto, the customer is not thereby entitled to any of the protections in the Public Utility Code or the Commission’s regulations implementing the Pennsylvania Public Utility Code, or to any of the provisions of these rules or this Tariff, that apply exclusively to payment terms for residential customers.

18. PAYMENT TERMS & TERMINATION OF SERVICE

18.1 NON-PAYMENT TERMINATION. When the Company is providing either Consolidated EDC Billing or Separate EDC Billing, the customer is subject to collection action, including termination of service (in accordance with the Pennsylvania Public Utility Code or the Commission’s regulations, on the portion of the past due amount attributable to the Company’s charges for: (1) service, (2) Energy and Capacity and (3) to Customer EGS Receivables purchased by the Company. Upon termination of service, the Company may also remove its equipment. Notice that complies with applicable Commission regulations shall conclusively be considered to be “reasonable” hereunder. Consistent with 52 PA Code §56.100, the Company will accept the following most current and valid documents as proof of household income: (1) income tax returns; (2) pay stubs; (3) benefit letters and governmental agency verification; (4) other forms to be accepted at the Company’s discretion. The customer must provide this information within 10 days of the Company’s request. This information may also be used by the company to determine deposit requirements, payment arrangements, and any other income specific program.

18.2 PAYMENT TERMS. When the Company is providing either Consolidated EDC Billing or Separate EDC Billing, the Company will, in accordance with Pennsylvania Public Utility Law and applicable Pennsylvania Public Utility Commission Regulations and Orders, negotiate payment arrangements on the portion of the past due amount attributable to its charges for: (1) service (2) Energy and Capacity and (3) to Customer EGS Receivables purchased by the Company. However, the Company will not negotiate payment arrangements on behalf of an EGS.

18.3 TERMINATION FOR CAUSE. The Company may terminate on reasonable notice if entry to the meter or meters is refused or if access thereto is obstructed or hazardous; or if utility service is taken without the knowledge or approval of the Company; or for other violation of these Rules and Regulations and/or applicable Commission rules, including those found at Pennsylvania Public Utility Code or the Commission’s regulations.

18.4 SAFETY TERMINATION. The Company may terminate without notice if the customer’s installation has become hazardous or defective.

18.5 TERMINATION FOR CAUSE. The Company may terminate without notice if the customer’s installation is refused or if its equipment is defective.

18.6 TERMINATION FOR FRAUD. The Company may terminate without notice if the customer’s equipment or use thereof might injuriously affect the equipment of the Company, or the Company’s service to other customers; or if a certificate of approval is refused after a re-examination of the customer’s installation by a competent inspection agency authorized to perform this service in the specific locality where service is provided.

18.7 TERMINATION FOR FRAUD. The Company may terminate without notice for abuse, fraud, material misrepresentation of the customer’s identity, or tampering with the connections, the Company’s meters, or other equipment of the Company.
19.7 RECONNECTION CHARGE. If service is terminated or discontinued by reason of act of the customer, the same customer, whether an applicant or a customer as defined at 66 Pa. C.S. § 1403, shall pay a reconnection charge prior to restoration of service at the same address within twelve months after discontinuance or termination. The reconnection charges, listed below, are based on the Company's current standard schedule of reconnection fees, which include direct labor costs, contractor costs, and material/transportation costs. In the case of fraud, the reconnection charge will also include allocated overheads, all investigative costs, and administrative costs as determined by the Company. All theft and fraud reconnections will be completed at the premise and will not be performed remotely.

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Reconnect Fees For Non-Payment</th>
<th>Reconnect Fees For Theft/Fraud</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric Reconnect at the Meter</td>
<td>$ 75.00</td>
<td>$ 350.00</td>
</tr>
<tr>
<td>Electric Reconnect at Tap</td>
<td>$ 260.00</td>
<td>$ 1,180.00</td>
</tr>
<tr>
<td>Electric Reconnect - Underground dig</td>
<td>$ 1,650.00</td>
<td>$ 4,450.00</td>
</tr>
<tr>
<td>Electric with dual meters</td>
<td>$ 190.00</td>
<td>$ 350.00</td>
</tr>
<tr>
<td>Electric Remote Reconnect (one or dual meters)</td>
<td>$ 20.00</td>
<td>N/A</td>
</tr>
</tbody>
</table>
19. UNFULFILLED CONTRACTS

19.1 NOTICE OF DISCONTINUANCE BY CUSTOMER. Notice to discontinue service before the expiration of a contract term will not relieve a customer from any minimum, or guaranteed, payment under any contract or rate. In the case of residential customers this Rule only applies if the customer has signed an express written contract that clearly sets forth such a term and condition of service.

19.2 COMPLETION OF TERM. If, by reason of any act, neglect or default of a customer, the Company’s service is suspended, or the Company is prevented from providing service in accordance with the terms of any contract it may have entered into with the customer, the minimum charge for the unexpired portion of the initial contract term shall become due and payable immediately as liquidated damages. These liquidated damages may, at the option of the Company, be offset by estimated revenues from a succeeding customer at the same location, if such exists.

20. CANCELLATION BY CUSTOMER

20.1 TERMINATION NOTICE. Customers who have fulfilled their initial contract term and wish to discontinue service from the Company must give the Company at least 7 days written notice to that effect.

20.2 FINAL BILL. The customer is liable for service taken after notice to terminate the contract, until the meter is read and/or disconnected. The final bill for service is then due.
21. GENERAL

21.1 OFFICE OF THE COMPANY. Wherever, in this Tariff, it is provided that notice be given or sent to the Company, or the office of the Company, such notice, delivered or mailed, postage prepaid to any commercial office, shall be deemed sufficient, unless the Principal Office of the Company at 2301 Market Street, Philadelphia, is expressly mentioned.

21.2 NO PREJUDICE OF RIGHTS. The failure by the Company to enforce any of the terms of this Tariff shall not be deemed a waiver of its right to do so.

21.3 GRATUITIES TO EMPLOYEES. The Company’s employees are strictly forbidden to demand or accept any personal compensation, or gifts, for service rendered by them while working for the Company on the Company’s time.

21.4 BILLING CHANGES. Where billing changes are made as the result of an investigation made at customer’s request or by routine inspection, the change of billing may be applied to the bill for the regular meter reading period preceding such investigation, and will, in any event, apply to the bill for the period during which the investigation is made.

21.5 EXCEPTIONAL CASES. The usual supply of electric service shall be subject to the provisions of this Tariff, but when special service-safety conditions or problems arise for which provision is not otherwise made, the Company may modify or adapt its supply terms to meet the peculiar requirements of such case, provided that such modified terms are a rational expansion of standard tariff provisions.

21.6 ASSIGNMENT. Subject to the Rules and Regulations, all contracts made by the Company shall be binding upon, and oblige and inure to the benefit of, the successors and assigns, heirs, executors and administrators of the parties thereto.

21.7 OTHER CHARGES. The Company may, if feasible, provide and charge for services, other than those provided for in this Tariff, when requested by the customer. The Company is not obligated to provide such services. The Company will, if possible, give the customer an advance written estimate of the costs to provide the service. Costs shall include, but not be limited to, materials, supplies, labor, transportation and overhead.

21.8 TAX INDEMNIFICATION. If PECO Energy becomes liable under Section 2806(g) or 2809(c) of the Public Utility Code, 66 C.S. §§ 2806(g) and 2809(c), for Pennsylvania state taxes not paid by an Electric Generation Supplier (EGS), the non-compliant EGS shall indemnify PECO Energy for the amount of additional state tax liability imposed upon PECO Energy by the Pennsylvania Department of Revenue due to the failure of the EGS to pay or remit to the Commonwealth the tax imposed on its gross receipts under Section 1101 of the Tax Reform Code of 1971 or Chapter 28 of Title 46.

22. RULES FOR DESIGNATION OF PROCUREMENT CLASS

22.1 DESIGNATION OF PROCUREMENT CLASS

a) Annually, in November the Company shall notify the customer of their procurement group class designation which shall be effective the following June 1.

b) The procurement class designation shall be used to determine the appropriate Generation Supply Adjustment to apply to the customer.

c) For non-residential customers, the procurement class shall be determined based upon the customer’s peak measured demand in the prior June-May period.

d) There shall be three procurement class designations. They are:

1) Residential
2) Small Commercial and Industrial up to and including 100 kW
3) Large Commercial and Industrial greater than 100 kW

e) Procurement class designation shall only change once per year on the date established in rule 22.1a.

f) New customers in a new facility shall be assigned to a procurement class based upon an engineering estimate of the customer’s diversified peak demand.

2) A new customer in an existing facility shall be assigned to the same procurement class as the last customer in that facility unless the new customer will use the existing facility in a substantially different manner.

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Deleted: (C) Denotes Change
Deleted: Issued March 29, 2018
Effective May 26, 2018
Deleted: Issued April 17, 2017
Effective June 1, 2017
23. EGS SWITCHING

23.1 PECO Energy will accommodate requests by customers to switch EGSs on active accounts and pending active (Instant Connect) accounts in accordance with this Rule 23, Commission Order M-2014-2401065, and other applicable Commission Orders.

23.2 To switch to a new EGS, a customer must inform the new EGS. Customers that wish to switch are not required to contact PECO Energy to initiate a switch; PECO Energy will only switch a customer in accordance with Rule 23.2.

23.3 To enable a new EGS to complete a switch, a customer must provide to the new EGS the customer's PECO Energy account number as it appears on the customer’s PECO Energy monthly bill.

23.4 If a Customer contacts the Company to discontinue electric service and indicates that the Customer will be relocating outside of the Company's service territory, the Company will notify the current EGS of the Customer’s discontinuance of service for the account at the Customer's location. If relocating within the Company’s service territory the Company will seamlessly move the current EGS to the new location if all qualifications are met in accordance with PUC Order M-2014-2401065.

23.5 If and when a customer's EGS discontinues its supply in the event of bankruptcy, loss of license, or similar occurrence, or if a Customer is dropped by its EGS for non-payment or other reason then the customer may select a new EGS. The customer will receive its energy supply from PECO Energy until the switch becomes effective.

23.6 Nothing in this Rule 23 shall be interpreted to preclude EGSs from entering into agreements for supply with a term of service of one month. EGSs may enter into agreements for longer.

23.7 (Deleted: Supplement No. 10 to Original Page No. 30)

24. LOAD DATA EXCHANGE

24.1 PECO Energy will provide to a customer or the customer’s designated EGS or authorized consultant, all available data from the meter once each calendar year for no fee. The exchange of data among PECO Energy, EGSs, and customers shall be in accordance with the Supplier Tariff and the Final Consensus Plan for Electronic Data Exchange Standards for Electric Deregulation in the Commonwealth of Pennsylvania, as approved by the Commission.
STATE TAX ADJUSTMENT CLAUSE

In addition to the net charges provided for in this tariff, a surcharge credit value of 0.01% will apply to all PaPUC jurisdictional distribution charges in the Base Rates and Riders, effective January 1, 2016.

Wherever any of the tax rates used in the calculation of the surcharge are changed, or recoveries are authorized under Sections 2805, 2809 or 2810 of the Competition Act, the surcharge will be recomputed as prescribed by the Commission. The recalculation will be submitted to the Commission within ten days after the change occurs and the effective date shall be ten days after filing.

In addition, if a recalculation is submitted as a result of a tax rate change (including the Revenue Neutral Reconciliation rate) the Company will thereafter file each year by December 21 annual updates or revisions with the Commission which will reflect only this tax change. These annual updates will be effective ten days after filing and will continue until such time as the effect of the change in tax rates has been included in base rates.
FEDERAL TAX ADJUSTMENT CREDIT (FTAC)

To pass the 2018 effects of the Tax Cuts and Jobs Act ("TCJA") to customers, the FTAC will apply a negative surcharge to all PaPUC jurisdictional distribution charges on a bills-rendered basis beginning January 1, 2018. This FTAC will be provided through a separate mechanism showing a line item on customer bills (e.g., Federal Tax Adjustment Credit - "FTAC").

The FTAC will be based on the difference in total annual revenue requirements before and after implementing the 2018 effects of the TCJA, and the calculation will reflect the reduction in required revenues. The reduction in required revenues will be divided by estimated annual applicable base revenues to develop the total amount of 2018 benefits to be refunded to customers. The amount being refunded will include interest accrued in 2018 using the residential mortgage lending rate specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law (P.S 58. 101) at 1.6%. No interest will be paid to customers on any amount of TCJA savings held by the Company in 2018 and refunded to customers.

Peco will calculate the FTAC as follows, subject to reconciliation of revenues credited under the FTAC and the Company's actual 2018 TCJA savings after the end of the refund period:

- For residential, small commercial, and small industrial customers (R, S, RHE, BS, PSC, AL, TLC, SLE), PECO will refund the 2018 TCJA savings by applying the negative surcharge to bills rendered over a one-month period in January 2019.

- For large commercial and industrial customers (fates T, D, E), PECO will refund the 2018 TCJA savings by applying the negative surcharge to bills rendered over a one-year period, effective January 1, 2019 through December 31, 2019.

The FTAC will be reconciled at the end of the recovery periods above. The Company may file interim rate adjustments to eliminate any over or under recovery of the surcharge outside of their respective filing periods. Such adjustments would be filed on at least 30 days' notice.

A final reconciliation statement will be filed within 30 days after completion of the total over/under collection refund process. The FTAC revenues and reconciliation will be subject to audit by the Commission's Bureau of Audits.

The FTAC will not be included in the calculation of the Distribution System Improvement Charge ("DSIC").
LOADS UP TO 100KW

Applicability: June 1, 2017. This adjustment shall apply to all customers taking default service from the Company with demands up to 100 kW. The rate contained herein shall be calculated to the nearest one thousandth of a cent. The GSA shall contain the cost of generation supply for each tariff.

Pricing: The rates below shall include the cost of procuring power to serve the default service customers including the cost of complying with the Alternative Energy Portfolio Standards Act ("AEPS") or the "Act") plus associated administrative expenses incurred in acquiring components of the regulatory approved energy plan. The pricing for default service will represent the estimate of the cost to serve the specific tariff rate for the next quarterly period beginning with the three months ending August 31, 2017. The rates in this tariff shall be updated quarterly on June 1, September 1, December 1 and March 1 commencing June 1, 2017 and are not prorated. If the balance of over/under recovery gets too large, the Company can file a reconciliation that will mitigate the subsequent impact. The generation service charge shall be calculated using the following formulas:

\[
GSA(n) = \frac{(C-E+A+AEPS+S*(1 - T) + WC) \times (1-ALL)/(1-LL) + AEPS/S*1/(1 - T)}{S \times 1/(1 - T)}
\]

where:

- \( C \): The sum of the amounts paid to the full requirements suppliers providing the power for the quarterly period, the spot market purchases for the quarterly period, plus the cost of any other energy acquired for the quarterly period. Cost shall include energy, capacity, and ancillary services, distribution line losses, cost of complying with the Alternative Energy Portfolio Standards, and any other load serving entity charges other than network transmission service and costs assigned under the Regional Transmission Expansion Plan. Ancillary services shall include any allocation by PJM to PECO default service associated with the failure of a PJM member to pay its bill from PJM as well as the load serving entity charges listed in the Supply Master Agreement Exhibit D as the responsibility of the supplier. This component shall include the proceeds and costs from the exercise of Auction Revenues Rights granted to PECO by PJM.

- \( AEPS \): The projected total cost of complying with the Alternative Energy Portfolio Standards Act ("AEPS") or the "Act") not included in the C component above for the quarterly period for each procurement class. Costs include the amount paid for Alternative Energy and/or Alternative Energy Credits ("AECs") purchased for compliance with the Act, the cost of administering and conducting any procurement of Alternative Energy and/or AEC's, payments to the AEC program administrator for its costs of administering an alternative energy credits program, payments to a third party for its costs in operating an AEC registry, any charge levied by PECO's regional transmission operator to ensure that alternative energy sources are reliable, a credit for the sale of any AEC's sold during the calculation period, and the cost of Alternative Compliance Payments that are deemed recoverable by the Commission, plus any other direct or indirect cost of acquiring Alternative Energy and/or AEC's and complying with the AEPS statute.

- \( E \): Experienced over or under collection calculated under the reconciliation provision of the tariff to be effective semiannually with recovery during the periods March 1 through August 31 of the current year and September 1 of the current year through February 28 (29) of the following year.

- \( A \): Administrative Cost - This includes the cost of the Independent Evaluator, consultants providing guidance on the development of the procurement plan, legal fees incurred in gaining approval of the plan and any other costs associated with designing and implementing a procurement plan including the cost of the pricing forecast necessary for estimating cost recoverable under this tariff. Also included in this component shall be the cost to implement real time pricing or other time sensitive pricing such as dynamic pricing that is required of the Company or is approved in its Act 129 filing. Administrative Costs also includes any other costs incurred to implement retail market enhancements directed by the Commission in its Retail Market Investigation at Docket No. 1-2011-2237952 or any other applicable docket that are not recovered from GSA's or through another rate.

- \( S \): Estimated sales for the period the rate is in effect for the classes to which the GSA is being calculated.

- \( LL \): Line losses for the specific rate class provided in the Company's Electric Generation Supplier Coordination Tariff rule 6.6.

- \( WC \): $0.0013/kWh to represent the cash working capital for power purchases.

Auction Revenue Rights (ARR) - Allocated annually by PJM to Firm transmission customers, the ARR's allow a Company to select rights to specific transmission paths in order to avoid congestion charges. In general, the line loss adjustment is applicable to Procurement Class 2 tariffs as those classes contain rate classes with three different line loss factors: Current Charges:

<table>
<thead>
<tr>
<th>Rate</th>
<th>GSA Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>R</td>
<td>$0.06804</td>
</tr>
<tr>
<td>RH</td>
<td>$0.06804</td>
</tr>
<tr>
<td>GS</td>
<td>$0.06235</td>
</tr>
</tbody>
</table>

Effective January 1, 2019
DECO Energy Company


Original Page No. 36

DEPARTMENTAL PAGE NO. 35

GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASSES 1 AND 2 LOADS UP TO 10 MW (CONTINUED)

| GEN | GSA (2) | Deleted: Supplement No. 507 to
|-----|---------|------------------|
| PD  | $0.05128| Deleted: (C) Denotes Change
| HY  | $0.05585| Deleted: Issued March 29, 2018
| PDL*| GSA (2) | Deleted: Effective May 28, 2018
| SL-B*| $0.04044| Effective January 1, 2018
| TCOL| $0.04044| Effective January 1, 2018
| SL-E*| $0.04044| Effective January 1, 2018
| AL* | $0.04044| Effective January 1, 2018

* Prices shall exclude capacity from the Procurement Class 2 RFP results.

Procedure: For Procurement Classes 1 and 2 the GSA shall be filed 45 days before the effective dates of June 1, September 1, December 1 and March 1 in conjunction with the Reconciliation Schedule.
GENERATION SUPPLY ADJUSTMENT FOR PROCUREMENT CLASS 3/4

LOADS GREATER THAN 100KW

Applicability: June 1, 2017 this adjustment shall apply to all customers taking default service from the Company with demands greater than 100 kw.

Hourly Pricing Service

Pricing: The rates below shall include the cost of procuring power to serve the default service customers plus associated administrative expenses incurred in acquiring power and gaining regulatory approval of any procurement strategy and plan. The rates for the GSA 3/4 Hourly Pricing Adder* shall be updated quarterly on June 1, September 1, December 1 and March 1 commencing June 1, 2017 and are not prorated. If the balance of over/(under) recovery gets too large due to billing lag, the Company can file a reconciliation that will mitigate the subsequent impact. The cost for this hourly service rate shall be as follows:

Generation Supply Cost (GSC) = (C+R+AS+E)/(1-T)+WC

Where:

C = The PJM day ahead hourly price multiplied by the customers usage in the hour summed up for all hours in the month

\( PJM_{DA} \times usage \) (1-LL)

PJM DAM - PJM on day ahead hourly price

Usage - Electricity used by an end use customer

R = The PJM reliability pricing model (RPM) charge for month for the customer. The RPM charge shall be the customers peak load contribution as established for PJM purposes multiplied by the current RPM monthly charge and the PJM established reserve margin adjustment

\( PLC \times (1+RM) \times Preve \times Bill Days \)

PLC = Peak load contribution

RM = Reserve margin adjustment per PJM

Preve = Capacity price per MW-day

AC = Administrative Cost - This includes an allocation of the cost of the Independent Evaluator, consultants providing guidance on the development of the procurement strategy, legal fees incurred gaining approval of the plan, and any other costs associated with designing and implementing a procurement plan divided by the total default service sales and then multiplied by the customers usage for the month.

Administrative Costs also includes any other costs incurred to implement retail market enhancements directed by the Commission in its Retail Market Investigation at Docket No. 1-2011-2237982 or any other applicable docket that are not recovered from EGSs or through another rate

Asx Usage

A = Administrative cost

S = Default service sales

AS = The cost, on a S/MW basis, of acquiring ancillary services from PJM and of complying with the Alternative Energy Portfolio Standard, multiplied by the customers usage for the month and divided by (1-LL). Congestion charges including the proceeds and costs from the exercise of Auction Revenue Rights shall be included in this component. Ancillary services shall be those included in the Supply Master Agreement as being the responsibility of the supplier.

\( (PJM_{DA} \times usage) (1-LL) + AEPS/Sales \times Usage \)

PJM DAM = S/MW charged by PJM for ancillary services

AEPS = Cost of complying with the alternative energy portfolio standard

Sales for which AEPS cost is incurred

If the supplier provides the ancillary services and AEPS cost then the customer shall be charged the supplier's rate for these services times usage and divided by (1-LL).

Auction Revenue Rights (ARR) = Allocated annually by PJM to Firm transmission customers, the ARRs allow a Company to select rights to specific transmission paths in order to avoid congestion charges

LL = Line loss factor as provided in the Company's Electric Generation Supplier Coordination Tariff Rule 6.6 based upon the customers distribution rate class adjusted to remove losses included in the PJM LMP

T = The currently effective gross receipts tax rate

E = \( \frac{1}{1+T} \)

\( E \times (Purchased\ Generative\ Assets \times Over/under\ recovery\ as\ calculated\ in\ the\ reconciliation) \)

\( S_{WC} = \) Procurement class 3/4 sales

WC = $0.006 kWh for working capital associated with power purchases

WCA = Individual customer sales x WC

Procedure: The E" factor shall be updated semiannually in conjunction with the Reconciliation. The applicable above items are converted to the rates listed below:

<table>
<thead>
<tr>
<th>Tariff Rate</th>
<th>GS</th>
<th>PD</th>
<th>HT</th>
<th>SP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hourly Pricing Adder* (dollars/kWh)</td>
<td>$0.02910</td>
<td>$0.02904</td>
<td>$0.02900</td>
<td>$0.02950</td>
</tr>
</tbody>
</table>

* Includes administrative cost (AC), ancillary service charge (AS), E factor (E) and working capital (WC).
**RECONCILIATION**

**Applicability:** June 1, 2017 this adjustment shall apply to all customers with default service during the period.

*Cost* of which is being reconciled. Customers taking default service during the reconciliation period that have default service prior to the assessment of the collection of the over/(under) adjustment shall pay or receive credit for the over/(under) adjustment through the migration provision. The Company shall notify the Commission and parties to the Default Service Settlement 15 days in advance of the quarterly or monthly filing if the Migration Provision will be implemented in the filing.

This adjustment shall be calculated on a semi-annual basis for Procurement Classes 1, 2 and 3/4 Hourly. The reconciliation period will include the six month period beginning January 1 and July 1 commencing with the July 1, 2017 through December 31, 2017 reconciliation period for Procurement Classes 1 and 2 and the six month period July 1, 2017 through December 31, 2017 for Procurement Class 3/4 Hourly. There will be two initial transition reconciliation periods for Procurement 3/4 Hourly only. They are the reconciliation period including February 2017 and the reconciliation period including the four month period March 1, 2017 through June 30, 2017, respectively.

The reconciliation shall be separate for each procurement class. Any resulting over or under recovery shall be assessed on an equal per kilowatt hour basis to all customers in the relevant procurement group. For Procurement Classes 1 and 2 and for Procurement Class 3/4 Hourly after the transition period, any over/(under) recovery shall be collected after the occurrence of two months from the end of the reconciliation period. For the two initial transition reconciliation periods for Procurement Classes 3/4 Hourly any over/(under) recovery shall be collected after the occurrence of one month from the occurrence of the effectiveness date.

For Procurement Classes 1, 2 and 3/4 Hourly, recovery shall be over a six month period commencing September 1 and March 1, 2017, the initial six month period is March 1, 2017 through August 31, 2017 for Procurement Classes 1 and 2 and March 1, 2018 through August 31, 2018 for Procurement Class 3/4 Hourly. For Procurement Class 3/4 Hourly, the two initial transition recovery periods corresponding to the two initial transition reconciliation periods are June 1, 2017 through August 31, 2017 and September 1, 2017 through February 28, 2018, respectively.

For purposes of this notice the reconciliation shall be calculated 45 days before the effective date of recovery. The over or under recovery shall be calculated using the formula below.

The calculation of the over/(under) recovery shall be done separately for the following procurement classes: Class 1 — Residential, Class 2 — Small C&I up to 100 kW, and Class 3/4 — Large C&I greater than 100 kW.

**Reconciliation Formula**

\[ E = \frac{E_{\text{U}}}{E_{\text{T}}} = \frac{E_{\text{U}}}{E_{\text{T}}} \]

\[ E_{\text{U}} = \frac{C_{\text{U}}}{E_{\text{T}}} \]

Where:

- \( E \) = Experienced over or under collection plus associated interest
- \( E_{\text{U}} \) = Migration Provision
- \( E_{\text{T}} \) = The monthly difference between revenue billed to the procurement class and the cost of supply as described below in Cost, AEPS Cost and Administrative Cost.
- \( N \) = Procurement class
- \( M \) = Migration Rider
- \( C_{\text{U}} \) = The monthly difference between revenue billed to the procurement class and the cost of supply as described below in Cost, AEPS Cost and Administrative Cost.
- \( C_{\text{T}} \) = The total cost of complying with the Alternative Energy Portfolio Standards Act ("AEPS" or the "Act") not included in the Cost component above for the reconciliation period for Procurement Classes 1 and 2 and not included in the ancillary services component (C) for Procurement Class 3/4 Hourly Service. Costs include the amount paid for Alternative Energy and/or Alternative Energy Credits ("AEC's") purchased for compliance with the Act, the cost of administering and conducting any procurement of Alternative Energy and/or AEC's, payments to the AEC program administrator for its costs of administering an alternative energy credit program, payments to third party for its costs in operating a registry, any charge levied by PECO's regional transmission operator to ensure that alternative energy sources are available, a credit for the sale of any AEC's sold during the calculation period and all costs of AEPS compliance that are deemed recoverable by the Commission, plus any other direct or indirect cost of acquiring Alternative Energy and/or AEC's and complying with the AEPS statute.

**Administrative Costs** = This includes the cost of the Independent Evaluators, consultants providing guidance on the development of the procurement strategy, legal fees incurred gaining approval of the strategy, and any other costs associated with designing and implementing a procurement plan including the cost of the pricing forecast necessary for estimating cost recoverable under this tariff. Also included in this component shall be the cost to implement real time pricing or other time sensitive pricing such as dynamic pricing that is required of the Company or approved in its Act 129 filing. Administrative Costs also includes other costs incurred to implement retail market enhancements directed by the Commission in its Retail Market Investigation at Docket No. 1-2011-2237952 and any other applicable docket that are not recovered from EGS's or through another rate.

**Full Requirements Supply** = A product purchased by the Company that includes a fixed price for all energy consumed. The only cost added by the Company to the full requirements price is for gross receipts tax, distribution line losses, and administrative cost.

**Ancillary Services** = The following services in the PJM OATT: reactive support, frequency control, operating reserves, supplemental reserves, imbalance charges, PJM annual charges, any PJM assessment associated with non-payment by members, and any other load serving entity charges not listed here but contained in Exhibit D of the Supply Master Agreement. Also included shall be the proceeds and costs from the exercise of auction revenue rights for Procurement Class 3/4 Hourly Service.
Auction Revenue Rights (ARR) = Allocated annually by PJM to Firm transmission customers, the ARR’s allow a Company to select rights to specific transmission paths in order to avoid congestion charges.

Capacity = The amount charged to PECO by PJM for capacity for its default service load under the reliability pricing model (RPM).

I = interest on the over or under collection at the prime rate of interest for commercial banking, not to exceed the legal rate of interest, in effect on the last day of the month the over collection or under collection occurs, as reported in the Wall Street Journal in accordance with the Order at Docket No. L-2014-2421001. This interest rate basis becomes effective with January 2016 over or under collections.

S = Estimated default service retail sales in kWh for the period of cost of which is being reconciled.

ALL = The average line losses in a procurement class as a percent of generation.

LL = The average line losses for a particular rate (e.g. HT, PD, GS) as provided in the Electric Generation Supplier Coordination Tariff rule 6.6.

GRT = The current gross receipts tax rate.

Procurement Class - Set of customers for which the company has a common procurement plan.

Procedural Schedule
The Company shall file the calculation of the over/under collection for the period being reconciled and the proposed adjustment to the GSA 45 days before the effective date as described below. The over/under collection adjustment for Procurement Classes 1 and 2, and for Procurement Class 3/4 Hourly after the two initial transition periods, shall be effective no earlier than the first day of the month such that the commencement of recovery shall lag by two months. For the two initial transition periods for Procurement Class 3/4 Hourly, the initial over/under collection adjustment shall be effective no earlier than the first day of the month such that the commencement of recovery shall lag by three months and two months, respectively. For Procurement Classes 1, 2 and the 3/4 Hourly the GSA will be effective June 1, September 1, December 1 and March 1 commencing June 1, 2017 with over/under collection recovery occurring over the six month period beginning September 1 and March 1. For Procurement Class 3/4 Hourly, the two initial transition recovery periods for over/under collections are June 1, 2017 through August 31, 2017 and September 1, 2017 through February 28, 2018. The data provided in the reconciliation shall be audited on an annual basis by the PaPUC Bureau of Audits.
NUCLEAR DECOMMISSIONING COST ADJUSTMENT CLAUSE (NDCA)

The NDCA provides for the recovery of nuclear decommissioning costs related to the Company's Ownership interest in Nuclear Generation as of 12/31/99. The NDCA shall be charged to all customers taking service under this Tariff. The adjustment shall be a cents per kWh charge calculated to the nearest one hundredth of one cent.

The Company's Ownership interest in nuclear generation as of December 31, 1999 consists of the following:

- Peach Bottom 1 100%
- Peach Bottom 2 42.49%
- Salem 1 42.59%
- Salem 2 100%
- Limerick 1 42.59%
- Limerick 2 100%

Formula

The following formula shall be used to determine the NDCA.

\[
\text{NDCA} = \text{Total Pennsylvania Jurisdictional Sales for Calculation Year} \\
\text{Where:} \\
\text{Total Pennsylvania Jurisdictional Sales} = \text{total kWh sales under this Tariff for the calculation year including sales for distribution.} \\
\text{Calculation Year} = \text{year in which the Company proposes a change to the NDCA. To the extent a new cost study, performed every five years, indicates the Company requires an adjustment in the rate, the Company shall change the NDCA to reflect such new expense level.} \\
\text{In calculating the annual expense, the Company shall use the sinking fund methodology.} \\
\text{Adjusted Annual Accrual = accrual necessary to fund the Adjusted Obligation.} \\
\text{Adjusted Obligation = Gross Decommissioning Obligation reduced by $50 million for ratemaking purposes.} \\
\text{Gross Decommissioning Obligation - The total decommissioning cost obligation as approved by the Commission as expressed in escalated future dollars.} \\
\text{Methodology for Calculating Expense} \\
\text{The base period expense shall be based upon the decommissioning costs set forth in the table below. The Company shall use a sinking fund methodology to determine the appropriate level of decommissioning expense. The assumptions shall be consistent with NRC policy and requirements.} \\
\text{The Base Accrual shall consist of the following levels for each unit.} \\
\begin{align*}
\text{Peach Bottom 1} & : \$2,992,000 \\
\text{Peach Bottom 2} & : 2,588,000 \\
\text{Peach Bottom 3} & : 5,975,000 \\
\text{Salem 1} & : 2,651,000 \\
\text{Salem 2} & : 2,509,000 \\
\text{Limerick 1} & : 4,409,000 \\
\text{Limerick 2} & : 8,043,000 \\
\text{Total} & : \$29,162,000 \\
\end{align*}
\text{Frequency of Calculation} \\
\text{The annual expense shall be recalculated every five years. The Company shall adjust the NDCA to reflect the new expense level 60 days after filing the new study and the associated rate calculation with the PaPUC. The first calculation of the NDCA shall be considered to have taken place on January 1, 1998.} \\
\text{Completion of Decommissioning} \\
\text{In the event that the actual expenditures necessary to accomplish full decommissioning of the PECO interest are less than the full balance in the funds established for such purpose, PECO shall be entitled to a release of such funds to PECO for the purpose of sharing the amount between ratepayers and shareholders. In the event that such release is granted, PECO's shareholders shall be entitled to retain: (1) the first $50 million of the net after-tax amount, and (2) 5 percent of the remaining net after-tax amount of the released funds.}
PROVISIONS FOR RECOVERY OF UNIVERSAL SERVICE FUND CHARGE (USFC)

Variable Distribution Service Charge rates for electric service in Residential Rate Schedule R and R-H of this Tariff shall include a credit ($0.00187) per kWh for recovery of Universal Service Fund Cost (USFC), calculated in the manner set forth below pursuant to Section 2804 (8) of the Competition Act. The USFC rate for electric service shall be increased or decreased annually, to reflect changes in the level of Universal Service Fund costs, net of base rate recoveries, in the manner described below:

COMPUTATION OF USFC

The USFC per kWh ($0.0000), shall be computed in accordance with the formula set forth below:

\[ \text{USFC} = \frac{\text{C} + \text{L} - \text{E} - \text{I} + \text{F}}{\text{S}} \]

The USFC, so computed, shall be included in distribution rates charged to Customers for service pursuant to the rate schedules identified above. The amount of USFC, per kWh, will vary, if appropriate, based upon annual filings by the Company.

Reconcilable Customer Assistance Program (CAP) Costs – The difference between discounts provided to CAP customers (CAP revenue shortfalls) recovered through base rates and total CAP discounts, net of a 27% offset factor.

\[ \text{USFC} = \text{Universal Service Fund Charge to be included in the rate for each kWh of Variable Distribution Service Charge calculated under Rate Schedules R and R-H to recover Reconcilable CAP Costs plus certain LIURP related expenditures.} \]

C - Cost in dollars of the Reconcilable CAP Costs for the projected period.

L - Incremental LIURP related expenditures not included in base rates. 2017 projected costs include the incremental LIURP and De-facto heating audit spend beginning in October 2017 which is the result of the settlement at Docket No M-2012-2290911. This additional audit spend will occur for a three year period from October 2017 through September 2020, Effective January 1, 2018, as part of the Settlement at Docket 2-2016-3000164. PECO has increased its annual LIURP budget by $1M.

E - The net overcollection or (undercollection) of Universal Service Fund Charges. The net overcollection or undercollection shall be determined for the most recent period, beginning with the month following the last month which was included in the previous overcollection or undercollection calculation reflected in rates. Included in the "E" factor will be Reconcilable CAP Costs, and LIURP related expenditures.

Each overcollection or undercollection statement shall also provide for refund or recovery of amounts necessary to adjust for overrecovery or underrecovery of "E" factor amounts under the previous USFC.

I - Interest on any over or under recovery balance. Interest shall be computed monthly at a 6% annual simple interest rate from the month that the overcollection or undercollection occurs to the mid-point of the recovery period.

F - Correction Factor of the in-Program Arrangement Forgiveness Program which was the result of the settlement at Appendix C of Docket No R-2015-2469891. This Correction Factor adjusts the $2M recovery included in base rates. The $2M was based upon the estimated Accounts Receivable balance ("AR") of CAP customers at the time of the settlement. The Correction Factor adjusts the $2M recovery to the final ending balance of the AR at the time of conversion to the new CAP/FCO program. The Correction Factor will be used for the period of 2016 through 2021.

S - projected kWh of electric service to be billed under Rate R and Rate RH (exclusive of CAP Riders) during the projected period when rates will be in effect.

FILING WITH PENNSYLVANIA PUBLIC UTILITY COMMISSION; AUDIT; RECONCILIATION

The Company’s annual USFC filing and its annual reconciliation statement shall be submitted to the Commission 120 days prior to new rates being effective January 1 of each year, or at such time as the Commission may prescribe. The USFC mechanism is subject to annual audit review by the Bureau of Audits.
PROVISION FOR THE RECOVERY OF CONSUMER EDUCATION PLAN COSTS

Purpose: The purpose of this surcharge is to provide for full and current cost recovery of expenditures associated with the Company’s proposed consumer education plan for the transition to a competitive energy market. The proposed plan shall consist of the cost of the consumer education plan approved in Docket M-2008-2032274 and P-2008-2062739. Included in these costs shall be the cost of educating customers on available mitigation options such as the Voluntary Market Rate Phase-In Rider.

Applicability: The surcharge shall be a per customer charge calculated to the nearest one cent, which shall be added to the fixed distribution rates for billing purposes for all customers. The rate shall be calculated separately for each procurement class. The current Consumer Education Plan Cost for each Class 1 is a 1.0 charge per month for Rates R, RH and CAP, Class 2 and 3 is a 0.1 charge per month for Rate GS and for Class 4 is a 0.1 charge per month for Rates HT and PD with an April 1, 2019 effective date.

Billing Provisions: The surcharge shall be calculated on an annual basis using the following formula:

\[ M(n) = \frac{C + S + E + R(n) (1 - T)}{R(n)} \]

C – the cost of the consumer education program includes the following:
Consumer Education Costs – The incremental cost of programs designed to educate consumers regarding the coming transition to a competitive market such as advertising, customer notices, informational materials cost, and any other incremental cost associated with educating consumers about the market and about available mitigation programs offered by the Company less any cost covered by the Company’s Paragraph 37 Funds. Costs associated with this program shall be expensed to FERC account 910. Also includes the costs of the new residential Customer Assistance Program (CAP) consumer education program per Docket No. M-2012-2290711.

E – The estimated over or (under) recovery from the prior year. The reconciliation period shall be the 12 months ended December 31
S – The cost of implementing the supplier-oriented bill as approved in the Final Order at Docket No. M-2014-2405345,
I – Interest on any over or (under) recovery balance. Interest shall be a rate of 8% and shall be calculated from the month of over or under collection to the midpoint of the recovery period,

N – Procurement class where 1 = residential, 2 = C&I up to 100 kW, 3 = C&I from 100-500 kW, and 4 = C&I >500 kW
R – Total delivery service customers for the procurement class for the application period where the application period shall be the 12-month period commencing annually on April 1 after the reconciliation period,
T – The current Pennsylvania gross receipt tax rate included in base rates

Filing Schedule: The estimated surcharge shall be filed by February 1 of each year to be effective on the following April 1. The application period shall be the 12 months that start the April 1 effective date of the surcharge. The Bureau of Audits shall audit the data in the surcharge on an annual basis.
TRANSMISSION SERVICE CHARGE (TSC)

Purpose: The purpose of this surcharge is to provide for full and current cost recovery of all transmission service related costs incurred under the PJM open access transmission tariff on behalf of the Company's default service load.

Applicability: The surcharge shall be assessed to all default service customers. The cost shall be allocated to each rate class based upon the coincident peak used by PJM to establish the network service obligation.

Billing Provisions: The surcharge shall be calculated on a semi-annual basis using the formula below:

\[ TSC(n) = \frac{(C+E)}{S(n)}\times\left(\frac{1}{1-T}\right) \]

\( TSC(n) \) — transmission service cost for customer class \( n \) including over or under recovery and associated interest.

\( C \) — the transmission service charges incurred by PECO under the PJM open access transmission tariff. These costs shall include the following:

- Network Integration Transmission Service costs and Non-Firm Point to Point Transmission costs. Included in the cost to be recovered is a working capital (WC) component as defined below.
- Charges assessed by PJM for network service within the PECO zone. Included in such charges are costs for the base network service charge for the zone as well as any load serving entity charges assessed to PECO under the PJM OATT that are listed in PECO's Supply Master Agreement Exhibit D as the responsibility of the Buyer. Included in the cost to be recovered is a working capital (WC) component as defined below.

\( WC \) — cost for working capital associated with the purchase of transmission service from PJM at a rate of $211 per mW. WC is a component of the C factor.

\( E \) — The estimated over or under recovery from the applicable reconciliation period.

\( I \) — interest on the over or under collection at the prime rate of interest for commercial banking, not to exceed the legal rate of interest, in effect on the last day of the month the over collection or under collection occurs, as reported in the Wall Street Journal in accordance with the Order at Docket No. L-2014-2421001. This interest rate basis becomes effective with January 2016 over or under collections.

\( S(n) \) — Estimated default service sales for residential class and the street lighting class in the applicable application period. For the commercial and industrial class it shall be the estimated billed demand for the applicable application period. The application period will be the period when rates will be in effect.

\( T \) — The current Pennsylvania gross receipt tax rate included in base rates.

Current Transmission Service Rate:

- Residential — Rates R, RH (reconciled as a group)
  - Rates R — $0.0532 per kilowatthour
  - Rates RH — $0.0532 per kilowatthour

- Small C&I — Rates GS
  - Rates GS — $1.34 per billed kW

- Large C&I — Rates HT, PD, EP (reconciled as a group)
  - Rates HT, PD, EP — $1.01 per billed kW

- Street Lighting — SLE, SLS, POL, AL, TLCL (reconciled as a group)
  - Rates SLE, SLS, POL, AL, TLCL — $0.0033 per kilowatt hour

Issued March 29, 2018
Effective January 1, 2018

Issued November 16, 2017
Effective December 1, 2017

 Issued March 29, 2018
Effective May 28, 2018

Section Break (Continued)
NON-BYPASSABLE TRANSMISSION CHARGE (NBT)

Purpose: The purpose of this surcharge is to provide for full and current cost recovery of certain transmission service related costs incurred under the PJM open access transmission tariff on behalf of the Company’s distribution service load in accordance with Docket # P-2014-2400262.

Applicability: The surcharge shall be assessed to all distribution customers. The cost shall be allocated to each rate class based upon the coincident peak used by PJM to establish the network service obligation.

Billing Provisions: The NBT shall be included in distribution rates charged to customers taking service under the Residential, Small C&I and Street Lighting class rate schedules as described below.

For Rates PD, HT, and EP (Large C&I class), a PJM Peak Load Contribution (PLC) shall be determined in accordance with PJM rules and used to calculate the NBT. Customer’s PLC will be computed to the nearest kilowatt. The NBT shall be recovered through a separate charge listed on customers’ bills.

The surcharge shall be calculated on a semi-annual basis using the formula below:

\[ NBT(n) = \frac{C + E + I}{S(n)} \times \frac{1}{1 - T} \]

where;

- \( NBT(n) \) = transmission service cost for customer class \( n \) including over or under recovery and associated interest.
- \( C \) = the transmission service charges incurred by PECO under the PJM open access transmission tariff. These costs shall include the following:
  - Regional Transmission Expansion Plan charges
  - Expansion Cost Recovery charges
  - Generation Deactivation/Reliability Must Run charges
  - Any costs to implement the Non-Bypassable Transmission charge in accordance with Docket # P-2014-2400262.
- \( E \) = the estimated over or under recovery from the applicable reconciliation period.
- \( I \) = interest on any over or under recovery balance. Interest shall be computed monthly at a 6% annual simple interest rate from the month that the overcollection or undercollection occurred to the mid-point of the recovery period.
- \( n \) = rate class where: 1 = residential, 1a = RH, 2 = small C&I, 3 = large C&I, 4 = street lighting.

Residential – Rates R, RH (reconciled as a group)
Small C&I – Rate GS
Large C&I – Rates HT, PD, EP (reconciled as a group)
Street Lighting – SLE, SLS, POL, AL, TLCL (reconciled as a group).

\( S \) = Estimated distribution service sales for residential class and the street lighting class in the applicable application period. For the Small C&I class (Rate GS), it shall be the estimated billed demand for the applicable application period. For the Large C&I class (Rates PD, HT, and EP), the PJM PLC shall be used to calculate the NBT. The application period will be the period when rates will be in effect.

\( T \) = the currently effective gross receipts tax rate.

Filing and Reconciliation: The Company shall submit filings 15 days prior to the start of the application period beginning June 1, 2015. Thereafter, the Company will file a surcharge adjustment 15 days prior to June 1 and December 1 of each year. If it is apparent that such methodology would result in a significant over or under recovery before the next 6 month filing for an individual customer class, the Company may propose a rate adjustment 15 days prior to the next effective GSA rate adjustment date (Effective date of March 1, September 1). The annual reconciliation statement will be made by December 31 each year.

Current Non-Bypassable Transmission Rate:

\[ R = \$0.0016 \text{ per kilowatthour} \]
\[ R/H = \$0.0016 \text{ per kilowatthour} \]
\[ \text{Small C&I} = \$0.0285 \text{ per billed kW} \]
\[ \text{Large C&I} = \$1.00 \text{ per kW based on the PJM PLC} \]
\[ \text{Street Lighting} = \$3.00065 \text{ per kilowatt hour} \]

Effective: January 1, 2015
Purpose: The purpose of this credit is to provide customers a bill credit for the tax benefits gained as a result of a change in the method of tax accounting for certain expenditures. The Tax Accounting Repair Credit is as proposed in the Settlement at Docket No. R-2010-2161575 in Section II E(2) and the Settlement at Docket No. R-2015-2468981 in Section II E (20).

Applicability: The credit shall be calculated to the nearest one-hundredth of a cent for billing purposes for all customers, except for customers on Rates SLE, SLS, POL, TLCL and AL where it shall be the nearest one cent. The TARC shall be credited to each rate schedule as follows:

<table>
<thead>
<tr>
<th>Rate</th>
<th>Credit Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate R</td>
<td>$(0.0019)/kWh</td>
</tr>
<tr>
<td>Rate RH</td>
<td>$(0.0019)/kWh</td>
</tr>
<tr>
<td>Rate GS</td>
<td>$(0.0013)/kWh</td>
</tr>
<tr>
<td>Rate POL</td>
<td>$(0.52)/lamp</td>
</tr>
<tr>
<td>Rate SL-S</td>
<td>$(6.25)/lamp</td>
</tr>
<tr>
<td>Rate SL-E</td>
<td>$(0.52)/location</td>
</tr>
<tr>
<td>Rate AL</td>
<td>$(0.52)/location</td>
</tr>
<tr>
<td>Rate TLCL</td>
<td>$(0.52)/location</td>
</tr>
<tr>
<td>Rates HT, PO, EP</td>
<td>$(0.0004)/kWh</td>
</tr>
</tbody>
</table>

The Variable Distribution Service charges, for the above rate schedules shall include the above listed TARC credits. For the lighting rate schedules, the applicable location or fixed distribution service charges shall include the TARC credit.

Calculation of TARC Credit:

Billing Provisions: The credit shall be calculated by rate schedule using the following formula:

$$ TARC = \frac{R(n)}{BU(n)} \times (1-T) $$

Where:
- $$ R(n) $$ is the amount accrued as a result of a change in the tax accounting method for electric system repairs for rate class n divided by 7.
- $$ I $$ is the interest on the bill credit. Interest shall be at a rate of 6% simple interest and shall be calculated on the monthly unamortized balance of the tax-effected catch-up deduction.
- $$ BU(n) $$ is the total annual Billing Units for the rate class.
- $$ T $$ is the current Pennsylvania gross receipt tax rate included in base rates.

Filings and Reconciliations: One year prior to the scheduled expiration of the credit the Company will evaluate whether a change in the credit is required in order to avoid a significant over or under recovery at the end of the rate credit period. If a base rate case has not been filed prior to the expiration of the credit, a final reconciliation filing will be made on or before January 31, 2019, at which time any under or over recoveries will be reflected in rates in effect from April 1, 2019 to June 30, 2019. If it is apparent that such methodology would result in a significant over or under recovery at December 31, 2018 for an individual rate class the Company will propose a revised rate credit to become effective April 1, 2018. Interest will not be applied to any over or under recoveries for the bill credit prior to January 1, 2016. Starting on January 1, 2016 the bill credit will reflect 6% simple interest on the monthly unamortized balance of the tax-effected catch-up deduction. If the amount to be credited to customers is modified based upon the results of an IRS audit of the accounting change, the Company shall modify the credit accordingly through a filing with the Commission. Such filing shall be made 60 days prior to the effective date. Additionally, if the value of the credit has been reduced due to a State Net Operating Loss (NOL), a filing shall be made to increase the credit when the NOL has been used by the Company.
The purpose of this surcharge is to provide for full and current cost recovery of expenditures associated with the Company's Phase III Energy Efficiency and Conservation Program Costs (EEPC). The surcharge shall be calculated in each rate schedule using the following formulas:

\[ \text{EEPC}(n) = \frac{(C + \text{E}(\text{SWE})) \times (1)}{(\text{BU})(1 - T)} \]

- C: The cost of the Energy Efficiency and Conservation Program includes all expenditures, of the individual programs such as materials, equipment, installation, custom programs, evaluation measurement and verification, educating customers about availability to the extent not included in Consumer Education cost, not recovered through any separate recovery mechanism, and any other cost associated with the programs. Costs that relate to measures that are applicable to more than one rate class or that are shown to provide system-wide benefits, will be allocated to each class based on the ratio of class-specific projected program costs to the total projected program costs. Any direct load control benefits to the Company from the programs shall be credited against the cost. The program costs are those approved by the PA PUC and audit costs for the Phase III program ending May 31, 2021.

- E: The over or (under) recovery from the applicable reconciliation period. Interest will not be applied to any over/under collections, but all collections shall be applied to the EEPC and will not be subject to the 2% spending limit of the EE&C Plan.

- BU: The total Billing Units for the applicable recovery period.

- T: The current Pennsylvania gross receipts tax rate included in base rates.

- n: The rate class for which the EEPC is being calculated: 1 = Residential, 2 = Small C&I, 3 = LCM, 4 = Street Lighting, 5 = Large C&I, 6 = Rates HT, PD, EP, 7 = Small Lighting, 8 = Rates SL, AL, TLCL

Filing and Reconciliation: The estimated EEPC shall be filed by May 1 each year to be effective June 1. The first surcharge, effective June 1, 2016 will contain "C" and "E" factors calculated as follows: The "C-factor" will have two components: one including Phase II costs and the other including Phase III costs. The Phase III component will be set using projected costs for the 12 month period from June 1, 2016 through May 31, 2017. The Phase II component will be set using any Phase II costs from projects started prior to the end of Phase II, but not yet billed as of June 1, 2016. For the "E-factor" over/under rate will include the Phase II costs for the 10 month period from June 1, 2015 through March 31, 2016.

The second EEPC, effective June 1, 2017, will be calculated as follows: the "C-factor" will include Phase III costs for the period June 1, 2017 through May 31, 2018 and the "E-factor" will include Phase II costs for the 12 months of 2016 and Phase III costs for the 10 months of June 1, 2016 through March 31, 2017. Subsequent EEPCs, effective June 1 each year will be calculated using a 12 month "C-factor" for the period June 1 through May 31 and an "E-factor" for the period of April 1 through March 31.

A reconciliation statement filing, in accordance with C.S. Title 66 §1307(e) will be made by April 30 of each year. The last Phase II only reconciliation statement will be for the 10 month period from June 1, 2015 through March 31, 2016. Phase III reconciliation statements will be for the 12 month period April 1 through March 31 of each plan year. The first Phase III reconciliation statement will cover the period April 1, 2016 through March 31, 2017 and include 2 months (April and May) of Phase II revenues and expenses and 10 months of Phase III revenues and expenses (June through March).
In addition to the net charges provided for in this Tariff, a charge of 0.00% will apply consistent with the Commission Order dated October 22, 2015 at Docket No. P-2015-2471423, approving the DSIC.

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 a natural gas distribution company or city natural gas distribution operation must relocate its facilities; and
- Other related capitalized costs.

C. Effective Date: The DSIC will become effective January 1, 2016.
2. Computation of the DSIC

A. Calculation: The initial DSIC, effective January 1, 2016, shall be calculated to recover the fixed costs of eligible plant additions that have not previously been reflected in the Company's rates or rate base and will have been placed in service between September 1, 2015 and November 30, 2015. Thereafter, the DSIC will be updated on a quarterly basis to reflect eligible plant additions placed in service during the three-month periods ending one month prior to the effective date of each DSIC update. Billing for the DSIC will be on a bills rendered basis. Thus, changes in the DSIC rate will occur as follows:

<table>
<thead>
<tr>
<th>Effective Date of Change</th>
<th>Date to which DSIC Eligible Plant Additions Reflected</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 1</td>
<td>September - November</td>
</tr>
<tr>
<td>April 1</td>
<td>December - February</td>
</tr>
<tr>
<td>July 1</td>
<td>March - May</td>
</tr>
<tr>
<td>October 1</td>
<td>June - August</td>
</tr>
</tbody>
</table>

B. Determination of Fixed Costs: The fixed costs of eligible distribution system improvements projects will consist of depreciation and pre-tax return, calculated as follows:

1. Depreciation: The depreciation expense shall be calculated by applying the annual accrual rates employed in the Company's most recent base rate case for the plant accounts in which each retirement unit of DSIC-eligible property is recorded to the original cost of DSIC-eligible property.

2. Pre-tax return: The pre-tax return shall be calculated using the statutory state and federal income tax rates, the Company's actual capital structure and actual cost rates for long-term debt and preferred stock as of the last day for the three-month period ending one month prior to the effective date of the DSIC and subsequent updates.

C. Application of DSIC: The DSIC will be expressed as a percentage carried to two decimal places and will be applied to the total amount billed to each customer for distribution service and the State Tax Adjustment Surcharge (STAS). To calculate the DSIC, one-fourth of the annual fixed costs associated with all property eligible for cost recovery under the DSIC will be divided by the Company's projected revenue for distribution service (including all applicable clauses and riders) for the quarterly period during which the charge will be collected, exclusive of the STAS.

D. Formula: The formula for calculation of the DSIC is as follows:

\[
\text{DSIC} = \frac{\text{DSI} \times \text{PTTR} + \text{Dep} \times e}{\text{PQR}}
\]

Where:

- \( \text{DSI} \) = Original cost of eligible distribution system improvement projects net of accrued depreciation.
- \( \text{PTTR} \) = Pre-tax return rate applicable to DSIC eligible property.
- \( \text{Dep} \) = Depreciation expense related to DSIC-eligible property.
- \( e \) = Amount calculated (+/-) under the annual reconciliation feature or Commission audit, as described below.
- \( \text{PQR} \) = Projected quarterly revenues for distribution service (including all applicable clauses and riders) from existing customers plus netted revenue from any customers which will be gained or lost by the beginning of the applicable service period.

Revenue shall be based upon one-fourth of the estimated annual distribution revenue.
3. Quarterly Updates: Supporting data for each quarterly update will be filed with the Commission and served upon the Commission's Bureau of Investigation and Enforcement, the Office of Consumer Advocate, Bureau of Audits and the Office of Small Business Advocate at least ten (10) days prior to the effective date of the update.

4. Customer Safeguards

A. Cap: The DSIC is capped at 5.0% of the amount billed to customers for distribution service (including all applicable clauses and riders) as determined on an annualized basis.

B. Audit/Reconciliation: The DSIC is subject to audit at intervals determined by the Commission. Any cost determined by the Commission not to comply with any provision of 66 Pa C.S. §§ 1350, et seq., shall be credited to customer accounts. The DSIC is subject to annual reconciliation based on a reconciliation period consisting of the twelve months ending December 31 of each year or the Company may elect to subject the DSIC to quarterly reconciliation but only upon request and approval by the Commission. The revenue received under the DSIC for the reconciliation period will be compared to the Company's eligible costs for that period. The difference between revenue and costs will be recouped or refunded, as appropriate, in accordance with Section 1307(e), over a one-year period commencing on April 1 of each year or in the next quarter if permitted by the Commission. If DSIC revenues exceed DSIC-eligible costs, such over-collections will be refunded with interest. Interest on over-collections and credits will be calculated at the residential mortgage rate specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law (41 P.S. §§ 101, et seq.) and will be refunded in the same manner as an over-collection. The Company is not permitted to accrue interest on under-collections.

C. New Base Rates: The DSIC will be reset at zero upon application of new base rates to customer billings that provide for prospective recovery of the annual costs that had previously been recovered under the DSIC. Thereafter, only the fixed costs of new eligible plant additions that have not previously been reflected in the Company's rates or rate base will be reflected in the quarterly updates of the DSIC.

D. Customer Notice: Customers shall be notified of changes in the DSIC by including appropriate information on the first bill they receive following any change or through an explanatory bill insert included with the first billing.

E. All customer classes: The DSIC shall be applied equally to all customer classes.

F. Earning Reports: The DSIC will also be reset at zero if, in any quarter, data filed with the Commission in the Company's then most recent Annual or Quarterly Earnings reports show that the Company would earn a rate of return that would exceed the allowable rate of return used to calculate its fixed costs under the DSIC as described in the pre-tax return section. The Company shall file a tariff supplement implementing the reset to zero due to overearning on one-day's notice and such supplement shall be filed simultaneously with the filing of the most recent Annual or Quarterly Earnings reports indicating that the Company has earned a rate of return that would exceed the allowable rate of return used to calculate its fixed costs.

G. Residual E-Factor Recovery Upon Reset To Zero: The Company shall file with the Commission interim rate revisions to resolve the residual over- or under-collection of E-factor amount after the DSIC rate has been reset to zero. The Company can collect or credit the residual over- or under-collection balance when the DSIC rate is reset to zero. The Company shall refund any over-collections and is entitled to recover any under-collections as set forth in Section 4.B. Once the Company determines the specific amount of the residual over- or under-collection amount after the DSIC rate is reset to zero, the Company shall file a tariff supplement with supporting data to address that residual amount. The tariff supplement shall be served upon the Commission's Bureau of Investigation and Enforcement, the Bureau of Audits, the Office of Consumer Advocate, and the Office of Small Business Advocate at least ten (10) days prior to the effective date of the supplement.
RATE R RESIDENCE SERVICE

AVAILABILITY:
Single-phase service in the entire territory of the Company to the dwelling and appurtenances of a single private family (or to a multiple dwelling unit building consisting of two to five dwelling units, whether occupied or not), for the domestic requirements of its members when such service is supplied through one meter. Service is also available for related farm purposes when such service is supplied through one meter in conjunction with the farmhouse domestic requirements.

Each dwelling unit connected after May 10, 1980 except those dwelling units under construction or under written contract for construction as of that date must be individually metered for their basic service supply. Centrally supplied master metered heating, cooling, or water heating service may be provided if such supply will result in energy conservation.

The term "residence service" includes service to: (a) the separate dwelling unit in an apartment house or condominium, but not the halls, basement, or other portions of such building common to more than one such unit; (b) the premises occupied as the living quarters of five persons or less who unite to establish a common dwelling place for their personal comfort and convenience on a cost-sharing basis; (c) the premises owned by a church, and primarily designated or set aside for, and actually occupied and used as, the dwelling place of a priest, rabbi, pastor, sexton, or other functioning Church Divine, and the resident associates; (d) private dwellings in which a portion of the space is used for the conduct of business by a person residing therein; (e) a detached garage, located on the same premises as the customer's dwelling unit, that is utilized only for the domestic requirements of the dwelling unit's members who is served through the same meter as the dwelling unit; (f) a detached garage, located on the same premises as the customer's dwelling unit, that is utilized only for the domestic requirements of the dwelling unit's members and requires separate metering service as a result of zoning restrictions or legal requirements.

The term does NOT include service to: (a) Premises institutional in character including Clubs, Fraternities, Orphanages or homes; (b) premises defined as a boarding house or lodging house in the Municipal Code for Cities of the First Class enacted by Act of General Assembly; (c) premises containing a residence unit but primarily devoted to a professional or other office, studio, or other gainful pursuit; (d) electric furnaces or welding apparatus other than a transformer type "limited input" arc welder with an input not to exceed 37 1/2 amperes at 240 volts.

CURRENT CHARACTERISTICS. Standard single-phase secondary service.

MONTHLY RATE TABLE.

FIXED DISTRIBUTION SERVICE CHARGE: $20.00

VARIABLE DISTRIBUTION SERVICE CHARGE:

ALL kWhs $0.0612 per kWh

ENERGY SUPPLY CHARGE:

Refer to the Generation Supply Adjustment Procurement Class 1.

TRANSMISSION SERVICE FOR CUSTOMERS RECEIVING DEFAULT SERVICE: The Transmission Service Charge shall apply.

MINIMUM CHARGE: The minimum charge per month will be the Fixed Distribution Service Charge.

STATE TAX ADJUSTMENT CLAUSE, FEDERAL TAX ADJUSTMENT CREDIT DETAIL, NUCLEAR DECOMMISSIONING COST ADJUSTMENT, UNIVERSAL SERVICE FUND CHARGE, NON-BYPASSABLE TRANSMISSION CHARGE, PROVISION FOR THE RECOVERY OF ENERGY EFFICIENCY AND CONSERVATION PROGRAM COSTS, PROVISION FOR THE TAX ACCOUNTING REPAIR CREDIT AND PROVISION FOR THE RECOVERY OF CONSUMER EDUCATION PLAN COSTS APPLY TO THIS RATE.

PAYMENT TERMS. Standard.

Issued: March 28, 2018
Effective January 1, 2019
RATE R.H. RESIDENTIAL HEATING SERVICE

AVAILABILITY:
Single phase service to the dwelling and appurtenances of a single private family (or to a multiple dwelling unit building consisting of two to five dwelling units, whether occupied or not), for domestic requirements when such service is provided through one meter and where the dwelling is heated by electric space heating systems. The systems eligible for this rate are (a) permanently connected electric resistance heaters where such heaters supply all of the heating requirements of the dwelling, (b) heat pump installations where the heat pump serves as the heating system for the dwelling and all of the supplementary heating required is supplied by electric resistance heaters, and (c) heat pump installations where the heat pump serves as the heating system for the dwelling and all of the supplementary heating required is supplied by non-electric energy sources. All space heating installations must meet Company requirements. This rate schedule is not available for commercial, institutional, or industrial establishments.

CURRENT CHARACTERISTICS: Standard single phase secondary service.

MONTHLY RATE TABLE

<table>
<thead>
<tr>
<th>SERVICE CHARGE DESCRIPTION</th>
<th>RATE DETAILS</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIXED DISTRIBUTION SERVICE CHARGE</td>
<td>$0.90</td>
</tr>
<tr>
<td>VARIABLE DISTRIBUTION SERVICE CHARGE - SUMMER MONTHS</td>
<td>$0.06 per kWh for all kWh</td>
</tr>
<tr>
<td>VARIABLE DISTRIBUTION SERVICE CHARGE - WINTER MONTHS</td>
<td>$0.045 per kWh for all kWh</td>
</tr>
<tr>
<td>ENERGY SUPPLY CHARGE</td>
<td>Refer to the Generation Supply Adjustment Procurement Class 1.</td>
</tr>
</tbody>
</table>

TRANSMISSION SERVICE FOR CUSTOMERS RECEIVING DEFAULT SERVICE: The Transmission Service Charge shall apply.

MINIMUM CHARGE: The minimum charge per month will be the Fixed Distribution Service Charge.

STATE TAX ADJUSTMENT CLAUSE, FEDERAL TAX ADJUSTMENT CREDIT, NUCLEAR DECOMMISSIONING COST ADJUSTMENT, UNIVERSAL SERVICE FUND CHARGE, NON-BYPASSABLE TRANSMISSION CHARGE, PROVISION FOR THE RECOVERY OF ENERGY EFFICIENCY AND CONSERVATION PROGRAM COSTS, PROVISION FOR THE TAX ACCOUNTING REPAIR CREDIT AND PROVISION FOR THE RECOVERY OF CONSUMER EDUCATION PLAN COSTS APPLY TO THIS RATE.

COMBINED RESIDENTIAL AND COMMERCIAL SERVICE: Where a portion of the service provided is used for commercial purposes, the appropriate general service rate is applicable to all service; or, at the option of the customer, the wiring may be so arranged that the residential service may be separately metered and this rate is then applicable to the residential service only.

PAYMENT TERMS: Standard.
PURPOSE:
This Rate sets forth the eligibility, terms and conditions applicable to Customers with installed qualifying renewable customer-owned generation using a net metering system.

APPLICABILITY:
This Rate applies to renewable customer-generators served under Rates R, RH, CAP, GS, HT, PD and EP who install a device or devices which are, in the Company's judgment, subject to Commission review, a bona fide technology for use in generating electricity from qualifying Tier I or Tier II alternative energy sources pursuant to Alternative Energy Portfolio Standards Act No. 2004-213 (Act 213) or Commission regulations and which will be operated in parallel with the Company's system. This Rate is limited to installations where the renewable energy generating system is intended primarily to offset part or all of the customer-generator's requirements for electricity. A renewable customer-generator is a non-utility owner or operator of a net metered generation system with a nameplate capacity of not greater than 50 kilowatts if installed at a residential service (Rate R, RH, or CAP) or not larger than 3,000 kilowatts at other customer service locations (Rate GS, HT, PD and EP), except for Customers whose systems are above 3 megawatts and up to 5 megawatts who make their systems available to operate in parallel with the Company during grid emergencies as defined by the regional transmission organization or where a microgrid is in place for the purpose of maintaining critical infrastructure such as homeland security assignments, emergency services facilities, hospitals, traffic signals, wastewater treatment plants or telecommunications facilities provided that technical rules for operating generators interconnected with facilities of the Company have been promulgated by the Institute of Electrical and Electronic Engineers (IEEE) and the Commission.

Qualifying renewable energy installations are limited to Tier I and Tier II alternative energy sources as defined by Act 213 and Commission Regulations. The Customer's equipment must conform to the Commission’s Interconnection Standards and Regulations pursuant to Act 213. This Rate is not applicable when the source of supply is service purchased from a neighboring electric utility under Borderline Service.

Service under this Rate is available upon request to renewable customer-generators on a first-come, first-served basis so long as the total rated generating capacity installed by renewable customer-generator facilities does not adversely impact service to other Customers and does not compromise the protection scheme(s) employed on the Company's electric distribution system.

METERING PROVISIONS:
A Customer may select one of the following metering options in conjunction with service under applicable Rate Schedule R, RH, CAP, GS, HT, PD or EP:

1. A customer-generator facility used for net metering shall be equipped with a single bi-directional meter that can measure and record the flow of electricity in both directions at the same rate. A dual meter arrangement may be substituted for a single bi-directional meter at the Customer's expense.

2. If the customer-generator's existing electric metering equipment does not meet the requirements under option (1) above, the Company shall install new metering equipment for the Customer-generator at the Company's expense. Any subsequent metering equipment change necessitated by the customer-generator shall be paid for by the customer-generator. The customer-generator has the option of utilizing a qualified meter service provider to install metering equipment for the measurement of generation at the customer-generator's expense.

Additional metering equipment for the purpose of qualifying alternative energy credits owned by the customer-generator shall be paid for by the customer-generator. The Company shall have the right to audit the customer-generator's metering equipment to ensure compliance with metering requirements. Any additional metering equipment required for the measurement of generation at the customer-generator's expense shall be installed by the customer-generator.

3. Meter aggregation on properties owned or leased and operated by a customer-generator shall be allowed for purposes of net metering. Meter aggregation shall be limited to meters located on properties within two (2) miles of the boundaries of the customer-generator's property. Meter aggregation shall only be available for properties located within the Company's service territory. Physical meter aggregation shall be at the customer-generator's expense. The Company shall provide the necessary equipment to complete physical aggregation. If the customer-generator requests virtual meter aggregation, it shall be provided by the Company at the customer-generator's expense. The customer-generator shall be responsible only for any incremental expense entailed in processing his account on a virtual meter aggregation basis.
RATE RS-2 NET METERING (continued)

The following billing provisions apply to customer-generators in conjunction with service under applicable Rate R, RH, CAP, GS, HT, PD, EP:

1. The customer-generator will receive a credit for each kilowatt-hour received by the Company up to the total amount of electricity delivered to the Customer during the billing period at the full retail rate consistent with Commission regulations. If a customer-generator supplies more electricity to the Company than the Company delivers to the customer-generator in a given billing period, the excess kilowatt-hour shall be carried forward and credited against the customer-generator's usage in subsequent billing periods at the full retail rate. Any excess kilowatt-hours will continue to accumulate until the end of the PJM planning period ending May 31 of each year. On an annual basis, the Company will compensate the customer-generator for kilowatt-hours received from the customer-generator in excess of the kilowatt-hours delivered by Company to the customer-generator during the preceding year at the "full retail value for all energy produced" consistent with Commission regulations. The customer-generator is responsible for the customer charge, demand charge and other applicable charges under the applicable Rate Schedule.

2. If the Company supplies more kilowatt-hours of electricity than the customer-generator facility feeds back to the Company's system during the billing period, all charges of the appropriate rate schedule shall be applied to the net kilowatt-hours at the full retail rate consistent with Commission regulations to the customer-generator's account equally. Any excess kilowatt-hours at the end of the PJM planning period will not carry over to the next year and reduce distribution charges. The customer-generator is responsible for the customer charge, demand charge and other applicable charges under the applicable Rate Schedule.

3. For customer-generators involved in virtual meter aggregation programs, any excess credit shall be applied first to the account containing the meter through which the generating facility supplies electricity to the distribution system, also known as the "host account." If the host account's usage has been fully offset by this credit and additional excess credit still remains, PECO will divide the remaining credit into equal parts based on the number of additional virtually metered accounts under the customer-generator's name, also known as "satellite accounts," and apply one part to each satellite account in a "waterfall"-like fashion at each account's designated rate. This process continues as PECO bills each subsequent satellite account, with any remaining excess credit from each divided equally among the remaining satellite accounts. Virtual meter aggregation is the combination of readings and billing for all meters regardless of rate class on properties owned or leased and operated by a customer-generator by means of the Company's billing process, rather than through physical rewiring of the customer-generator's property for a physical, single point of contact. The customer-generators are responsible for the customer charge, demand charge and other applicable charges under the applicable Rate Schedule.

4. Procurement Class 3rd customer-generators will receive a generation credit, at the PJM Day Ahead hourly energy rate, for each kilowatt-hour received by the Company during each hour of the billing period up to the total amount of electricity delivered to the customer during each hour of the billing period.

5. Procurement Class 4th customer-generators will receive a variable distribution credit for each kilowatt-hour received by the Company during the monthly billing period, up to the total amount of electricity delivered to the Customer during each hour of the billing period at the applicable distribution rate.

Procurement Class 4th customer-generators are responsible for the customer charge, demand charge and other applicable charges under the applicable Rate Schedule.

Any excess kilowatt-hours at the end of the PJM planning period will not carry over to the next year and reduce distribution charges.

NET METERING FOR SHOPPING CUSTOMERS:

1. Customer-generators may take net metering services from EGSs that offer such services.

2. If a net-metering customer takes service from an EGS, the Company will credit the customer for distribution charges for each kilowatt-hour produced by a Tier I or Tier II resource installed on the customer-generator's side of the electric revenue meter, up to the total amount of kilowatt-hours delivered to the customer by the Company during the billing period. If a customer-generator supplies more electricity to the electric distribution system than the EGS delivers to the customer-generator in a given billing period, the excess kilowatt-hour shall be carried forward and credited against the customer-generator's usage in subsequent billing periods at the Company's distribution rates. Any excess kilowatt-hours at the end of the PJM planning period will not carry over to the next year and reduce distribution charges. The customer-generator is responsible for the customer charge, demand charge and other applicable charges under the applicable Rate Schedule.

3. If the Company delivers more kilowatt-hours of electricity than the customer-generator facility feeds back to the Company's system during the billing period, all charges of the applicable rate schedule shall be applied to the net kilowatt-hours of electricity that the Company delivered. The customer-generator is responsible for the customer charge, demand charge and other applicable charges under the applicable Rate Schedule.
RATE R5-2 NET METERING (continued)

4. Pursuant to Commission regulations, the credit or compensation terms for excess electricity produced by customer-generators who are customers of EGSs shall be stated in the service agreement between the customer-generator and the EGS.

5. If a customer-generator switches electricity suppliers, the Company shall treat the end of the service as if it were the end of the PJM planning period.

APPLICATION.

Customer-generators seeking to receive service under the provisions of this Rate must submit a written application to the Company demonstrating compliance with the Net Metering Rate provisions and quantifying the total rated generating capacity of the customer-generator facility. The installation cannot be directly connected to the Company's distribution system ("stand alone"). Instead, the installation must be connected to a facility (residence or business) that is connected to the Company's distribution system.

MINIMUM CHARGE.

The Minimum Charges under Rate Schedule R, RH, CAP, GS, PD, HT and EP apply for installations under this Rate.

RIDERS.

Riders rendered by the Company under this Rate shall be subject to charges stated in any other applicable Rate.
RATE GS GENERAL SERVICE

AVAILABILITY.
Service through a single metering installation for offices, professional, commercial or industrial establishments, governmental agencies, farms and other applications outside the scope of the Residence Service rate schedules.

For service configurations that are nominally 120/208 volts, 3 phase, 4 wires, if either the service capacity or the parallel-generating capacity exceeds 750 kVA for transformers located inside the building, the only rate option available to the customer will be Rate HT. If either the service capacity or the parallel-generating capacity exceeds 1,500 kVA for transformers located outside the building, the customer may request service at 277/480 volts, 3 phase, 4 wires from transformers located outside the building. Otherwise the only rate option available to the customer will be Rate HT.

For service configurations that are nominally 277/480 volts, 3 phase, 4 wires, if either the service capacity or the parallel-generating capacity exceeds either 750 kVA for transformers located inside the building or 1,500 kVA for transformers located outside the building, the only rate option available to the customer will be Rate HT.

CURRENT CHARACTERISTICS.
Standard single-phase or polyphase secondary service.

MONTHLY RATE TABLE.
FIXED DISTRIBUTION SERVICE CHARGE:
- $14.42 for single-phase service without demand measurement, or
- $18.68 for single-phase service with demand measurement, or
- $46.62 for polyphase service.

VARIABLE DISTRIBUTION SERVICE CHARGE:
- $0.0019 per kWh for all kWh

ENERGY SUPPLY CHARGE: Refer to the Generation Supply Adjustment Procurement Classes 2 and 3D.

TRANSMISSION SERVICE FOR CUSTOMERS RECEIVING DEFAULT SERVICE: The Transmission Service Charge shall apply.

STATE TAX ADJUSTMENT CLAUSE: FEDERAL TAX ADJUSTMENT CREDIT (FTAC), NUCLEAR DECOMMISSIONING COST ADJUSTMENT, NON-BYPASSABLE TRANSMISSION CHARGE, PROVISION FOR THE RECOVERY OF ENERGY EFFICIENCY AND CONSERVATION PROGRAM COSTS, PROVISION FOR THE TAX ACCOUNTING REPAIR CREDIT AND PROVISION FOR THE RECOVERY OF CONSUMER EDUCATION PLAN COSTS APPLY TO THIS RATE.

DETERMINATION OF DEMAND.
The billing demand may be measured where consumption exceeds 1,100 kilowatt-hours per month for three consecutive months, or where load tests indicate a demand of five or more kilowatts; or where the customer requests demand measurement. Measured demands will be determined to the nearest 0.1 of a kilowatt but will not be less than 1.2 kilowatts, and will be adjusted for power factor in accordance with the Rules and Regulations.

For those customers with demand measurement the billing demand will be determined as follows:
(a) For customers with demand up to 500 kW, the billing demand shall be the measured demand, with a minimum billing demand of 1.2 kW.
(b) For customers with demand greater than 500 kW, the billing demand shall be the greater of (i) the measured demand, (ii) 40% of the maximum contract demand; or (iii) the maximum measured demand from the prior year.

If a measured demand customer has less than 1,100 monthly kilowatt-hours of use, the monthly billing demand will be the measured demand or the metered monthly kilowatt-hours divided by 175 hours, whichever is less, but not less than 1.2 kilowatts. For those customers without demand measurement, the monthly billing demand will be computed by dividing the metered monthly kilowatt-hours by 175 hours. The computed demand will be determined to the nearest 0.1 of a kilowatt, but will not be less than 1.2 kilowatts.

MINIMUM CHARGE.
The monthly minimum charge for customers without demand measurement will be the Fixed Distribution Service Charge. The monthly minimum charge for customers with demand measurement will be the Fixed Distribution Service Charge plus a charge of $4.96 per kW of billing demand. In addition to the above, for customers in Procurement Class 3D, charges will be assessed on PJM's reliability pricing model.
SPECIAL PROVISION

In accordance with Section 1511, Title 66 Public Utilities, a volunteer fire company, non-profit rescue squad, non-profit ambulance service or a non-profit senior citizen center meeting the requirements set forth below, may, upon application, elect to have its electric service billed at any of the following rate schedules: Rate R Residential Service or Rate R-H Residential Heating Service, as appropriate for the application. The execution of an electric service contract for a minimum term of one year at the chosen rate will be required of any entity electing service pursuant to the options provided by this provision.

For the purposes of this provision, the following words and terms shall have the following meanings, unless the context clearly indicates otherwise:

VOLUNTEER FIRE COMPANY. A separately metered service location consisting of a building, sirens, a garage for housing vehicular fire fighting equipment, or a facility certified by the Pennsylvania Emergency Management Agency (PEMA) for fire fighter training. The use of electric service at this location shall be to support the activities of the volunteer fire company. Any fund raising activities at this service location must be used solely to support volunteer fire fighting operations.

The customer of record at this service location must be a predominantly volunteer fire company recognized by the local municipality or PEMA as a provider of firefighting services.

NON PROFIT SENIOR CITIZEN CENTER. A separately metered service location consisting of a facility for the use of senior citizens coming together as individuals or groups and where access to a wide range of services to senior citizens is provided. The customer of record at this service location must be an organization recognized by the Internal Revenue Service (IRS) or the Commonwealth as a non-profit entity and recognized by the Pennsylvania Department of Aging as an operator of a senior citizen center.

NON-PROFIT RESCUE SQUAD. A separately metered service location consisting of a building, sirens, a garage for housing vehicular rescue equipment; and qualified by the Commonwealth as a non-profit entity; and a facility recognized by the Pennsylvania Emergency Management Agency (PEMA) or the Pennsylvania Department of Health as a provider of rescue services. The use of electric service at this location shall be to support the activities of the non-profit rescue squad. Any fund raising activities at this service location must be used solely to support the non-profit rescue squad operations.

NON-PROFIT AMBULANCE SERVICE. A separately metered service location consisting of a building, sirens, a garage for housing vehicular rescue equipment, and qualified by the Commonwealth as a non-profit entity, and a facility licensed by the Pennsylvania Department of Health as a provider of ambulance services. The use of electric service at this location shall be to support the activities of the non-profit ambulance service. Any fund raising activities at this service location must be used solely to support the non-profit ambulance service operations.

TERM OF CONTRACT.
The initial contract term shall be for at least one year.

PAYMENT TERMS.
Standard.
RATE PD PRIMARY DISTRIBUTION POWER

AVAILABILITY
Untransformed service from the primary supply lines of the Company's distribution system where the customer installs, owns, and maintains any transforming, switching and other receiving equipment required. However, standard primary service is not available in areas where the distribution voltage has been changed to either 13 kV or 33 kV unless the customer was served with standard primary service before the conversion of the area to either 13 kV or 33 kV. This rate is available only for service locations served on the rate on July 6, 1987 as long as the original primary service has not been removed. PECO Energy may refuse to increase the load supplied to a customer served under this rate when, in PECO Energy's sole judgment, any transmission or distribution capacity limitations exist. If a customer changes the billing rate of a location being served on this rate, PECO Energy may refuse to change that location back to Rate PD when, in PECO Energy's sole judgment, any transmission or distribution capacity limitations exist.

CURRENT CHARACTERISTICS
Standard primary service.

MONTHLY RATE TABLE

FIXED DISTRIBUTION SERVICE CHARGE: $296.00

VARIABLE DISTRIBUTION SERVICE CHARGE: $7.48 per kW of billing demand
($0.0100) per kWh for all kWh

ENERGY EFFICIENCY CHARGE: $0.44 per kW of Peak Load Contribution

ENERGY SUPPLY CHARGE: Refer to the Generation Supply Adjustment Procurement Classes 2 and 3.

TRANSMISSION SERVICE FOR CUSTOMERS RECEIVING DEFAULT SERVICE
The Transmission Service Charge shall apply.

STATE TAX ADJUSTMENT CLAUSE, FEDERAL TAX ADJUSTMENT CREDIT, FEDERAL NUCLEAR DECOMMISSIONING COST ADJUSTMENT PROVISION FOR THE RECOVERY OF ENERGY EFFICIENCY AND CONSERVATION PROGRAM COSTS, NON-BYPASSABLE TRANSMISSION CHARGE, PROVISION FOR THE TAX ACCOUNTING REPAIR CREDIT AND PROVISION FOR THE RECOVERY OF CONSUMER EDUCATION PLAN COSTS APPLY TO THIS RATE.

DETERMINATION OF BILLING DEMAND
The billing demand will be computed to the nearest kilowatt and will never be less than the measured demand, adjusted for power factor in accordance with the Rules and Regulations, nor less than 25 kilowatts. The 25kW minimum shall apply to the Energy Supply Charge and the Transmission Supply Charge. Additionally, the billing demand will not be less than 40% of the maximum demand specified in the contract.

MINIMUM CHARGE
The monthly minimum charge shall be the Fixed Distribution Service Charge, plus the charge per kW component of the Variable Distribution Service Charge, plus in the case of Procurement Class 344 customers, charges assessed under PJM's reliability pricing model.

TERM OF CONTRACT
The initial contract term shall be for at least three years.

PAYMENT TERMS
Standard.

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Effective May 28, 2018
Deleted: Issued December 21, 2017
Effective January 1, 2018

Submission No. 54 to:
Tariff Electric Pa. P.U.C. No. 56
Sixteenth Revised Page No. 55
PECO Energy Company
Supersedes Fifteenth
Revised/Original Page No. 56

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RATE: HT HIGH TENSION POWER

AVAILABILITY
Untransformed service from the Company's standard high tension lines, where the customer installs, owns, and maintains, any transforming, switching and other receiving equipment required.

CURRENT CHARACTERISTICS
Standard high tension service.

MONTHLY RATE TABLE

FIXED DISTRIBUTION SERVICE CHARGE: $4354.00

VARIABLE DISTRIBUTION SERVICE CHARGE:
$0.15 per kW of billing demand
(0.00025) per kWh for all kWh

HIGH VOLTAGE DISTRIBUTION DISCOUNT:
For customers supplied at 33,000 volts: $0.15 per kW of measured demand
For customers supplied at 69,000 volts: $0.21 per kW of measured demand.
For customers supplied over 69,000 volts: $0.21 per kW of measured demand.

ENERGY EFFICIENCY CHARGE: $0.54 per kW of Peak Load Contribution

ENERGY SUPPLY CHARGE: Refer to the Generation Supply Adjustment Procurement Classes 2 and 3/4.

TRANSMISSION SERVICE FOR CUSTOMERS RECEIVING DEFAULT SERVICE: The Transmission Service Charge shall apply.

STATE TAX ADJUSTMENT CLAUSE, FEDERAL TAX ADJUSTMENT CREDIT (FTA), PROVISION FOR THE RECOVERY OF CONSUMER EDUCATION PLAN COSTS. NON-BYPASSABLE TRANSMISSION CHARGE, PROVISION FOR THE RECOVERY OF ENERGY EFFICIENCY AND CONSERVATION PROGRAM, PROVISION FOR THE TAX ACCOUNTING REPAIR CREDIT AND NUCLEAR DECOMMISSIONING COST ADJUSTMENT APPLY TO THIS RATE.

DETERMINATION OF BILLING DEMAND
The billing demand will be computed to the nearest kilowatt and will never be less than the measured demand, adjusted for power factor in accordance with the Rules and Regulations, nor less than 25 kilowatts. Additionally, the billing demand will not be less than 40% of the maximum demand specified in the contract. The 25 kW minimum shall apply to the Energy Supply Charge and the Transmission Supply Charge.

CONJUNCTIVE BILLING OF MULTIPLE DELIVERY POINTS
If the load of a customer located at a delivery point becomes greater than the capacity of the standard circuit or circuits established by the Company to supply the customer at that delivery point, upon the written request of the customer, the Company will establish a new delivery point and bill the customer as if it were delivering and metering the two services at a single point, as long as installation of the new service is in the Company's system, less costly for the Company than upgrading the service to the first delivery point and provided that such multi-point delivery is not disadvantageous to the Company.

MINIMUM CHARGE
The monthly minimum charge shall be the Fixed Distribution Service Charge, plus the charge per kW component of the Variable Distribution Service Charge, and modified the high voltage discount where applicable plus the sum of Procurement Class 3/4 customers, charges assessed on PJM's reliability pricing model.

TERM OF CONTRACT
The initial contract term shall be for at least three years.

PAYMENT TERMS
Standard.

Effective January 1, 2018
RATE EP ELECTRIC PROPULSION

AVAILABILITY:
This rate is available only to the National Rail Passenger Corporation (AMTRAK) and to the Southeastern Pennsylvania Transportation Authority (SEPTA) for untransformed service from the Company's standard high tension lines, where the customer installs, owns, and maintains any transforming, switching and other receiving equipment required and where the service is provided for the operation of electrified transit and railroad systems and appurtenances.

CURRENT CHARACTERISTICS:
Standard sixty hertz (60 Hz) high tension service.

MONTHLY RATE TABLE:

FIXED DISTRIBUTION SERVICE CHARGE: $1,262.35 per delivery point

VARIABLE DISTRIBUTION SERVICE CHARGE:
$0.44 per kW of billing demand
($0.0015) per kWh for all kWh

HIGH VOLTAGE DISTRIBUTION DISCOUNT:
For delivery points supplied at 33,000 volts: $0.15 per kW.
For delivery points supplied at 69,000 volts: $0.25 per kW for first 10,000 kW of measured demand.
For delivery points supplied over 69,000 volts: $0.41 per kW for first 100,000 kW of measured demand.

ENERGY SUPPLY CHARGE: Refer to the Generation Supply Adjustment Procurement Class 34.

ENERGY EFFICIENCY CHARGE: $0.64 per kW of Peak Load Contribution

TRANSMISSION SERVICE FOR CUSTOMERS RECEIVING DEFAULT SERVICE: The Transmission Service Charge shall apply.

STATE TAX ADJUSTMENT CLAUSE. FEDERAL TAX ADJUSTMENT CREDIT/SETTLEMENT PROVISION FOR THE RECOVERY OF CONSUMER EDUCATION PLAN COSTS, NON-BYPASSABLE TRANSMISSION CHARGE, PROVISION FOR THE RECOVERY OF ENERGY EFFICIENCY AND CONSERVATION PROGRAM COSTS, PROVISION FOR THE TAX ACCOUNTING REPAIR CREDIT AND NUCLEAR DECOMMISSIONING COST ADJUSTMENT APPLY TO THIS RATE.

DETERMINATION OF BILLING DEMAND:
The billing demand will be computed to the nearest kilowatt and will never be less than the measured demand, adjusted for power factor in accordance with the Rules and Regulations, nor less than 5,000 kilowatts. Additionally, the billing demand will not be less than 40% of the maximum demand specified in the contract.

CONJUNCTIVE BILLING OF MULTIPLE DELIVERY POINTS:
If the load of a customer located at a delivery point becomes greater than the capacity of the standard circuit or circuits established by the Company to supply the customer at that delivery point, the Company, upon the written request of the customer, may establish a new delivery point and bill the customer as if it were delivering to a single point. This service is not disadvantageous to the Company and, in the Company's opinion, less costly for the Company than upgrading the service to the first delivery point and providing such multi-point delivery is not disadvantageous to the Company.

Issued: 1/1/00, Effective January 1, 2015

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Deleted: Issued March 29, 2016 Effective May 28, 2016
Deleted: Issued December 21, 2017 Effective January 1, 2018

Section Break (Continuous)
### RATE POL Private Outdoor Lighting

**Availability:**
To any residential or commercial customer wishing to install outdoor lighting of sidewalks, driveways, yards, lots and similar places, outside the scope of service under Rates SL-S and SL-E.

**Monthly Rate Table:**

<table>
<thead>
<tr>
<th>Luminaire Type</th>
<th>Watts (nominally)</th>
<th>Lumens</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mercury-Vapor Lamps</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>100 Watts</td>
<td>4,000</td>
<td></td>
</tr>
<tr>
<td>175 Watts</td>
<td>6,000</td>
<td></td>
</tr>
<tr>
<td>250 Watts</td>
<td>12,000</td>
<td></td>
</tr>
<tr>
<td>400 Watts</td>
<td>20,000</td>
<td></td>
</tr>
<tr>
<td>400 Watts Floodlight</td>
<td>22,000</td>
<td></td>
</tr>
<tr>
<td><strong>Sodium-Vapor Lamps</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>70 Watts</td>
<td>5,800</td>
<td></td>
</tr>
<tr>
<td>250 Watts</td>
<td>25,000</td>
<td></td>
</tr>
<tr>
<td>400 Watts</td>
<td>50,000</td>
<td></td>
</tr>
<tr>
<td>400 Watts Floodlight</td>
<td>50,000</td>
<td></td>
</tr>
</tbody>
</table>

Service to the above listed Mercury-Vapor Lamps and Sodium-Vapor Lamps is not available as of January 1, 2016 to new customers or existing customers for new or replacement luminaires. The Company will not replace defective or broken mercury vapor or sodium vapor luminaires, including ballasts, in such cases, the customer must take service under one of the current lighting unit options as set forth below.

**Metal Halide Lamps**

<table>
<thead>
<tr>
<th>Watts (nominally)</th>
<th>Lumens</th>
</tr>
</thead>
<tbody>
<tr>
<td>100 Watts</td>
<td>7,800</td>
</tr>
<tr>
<td>175 Watts</td>
<td>13,000</td>
</tr>
<tr>
<td>250 Watts</td>
<td>20,000</td>
</tr>
<tr>
<td>400 Watts</td>
<td>30,000</td>
</tr>
<tr>
<td>1,000 Watts</td>
<td>110,000</td>
</tr>
</tbody>
</table>

**High Pressure Sodium Vapor Lamps**

<table>
<thead>
<tr>
<th>Watts (nominally)</th>
<th>Lumens</th>
</tr>
</thead>
<tbody>
<tr>
<td>50 Watts</td>
<td>4,000</td>
</tr>
<tr>
<td>70 Watts</td>
<td>6,800</td>
</tr>
<tr>
<td>100 Watts</td>
<td>9,500</td>
</tr>
<tr>
<td>150 Watts</td>
<td>16,000</td>
</tr>
<tr>
<td>250 Watts</td>
<td>25,000</td>
</tr>
<tr>
<td>400 Watts</td>
<td>50,000</td>
</tr>
<tr>
<td>1,000 Watts</td>
<td>130,000</td>
</tr>
</tbody>
</table>

**Light-Emitting Diode Lamps**

<table>
<thead>
<tr>
<th>Watts (nominally)</th>
<th>Lumens</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 Watts</td>
<td>3,300</td>
</tr>
<tr>
<td>50 Watts</td>
<td>6,000</td>
</tr>
<tr>
<td>87 Watts</td>
<td>8,300</td>
</tr>
<tr>
<td>163 Watts</td>
<td>15,800</td>
</tr>
<tr>
<td>215 Watts</td>
<td>20,000</td>
</tr>
</tbody>
</table>

**Energy Supply Charge:** Refer to the Generation Supply Adjustment Procurement Class 2.

**Transmission Service for Customers Receiving Default Service:** The Transmission Service Charge shall apply.

**State Tax Adjustment Clause:** Federal Tax Adjustment Credit (FTAC) Provision for the Recovery of Consumer Education Program Costs, Provision for the Recovery of Energy Efficiency, Non-Bypassable Transmission Charge, Conservation Program Costs, Provision for the Tax Accounting Repair Credit and Nuclear Decommissioning Cost Adjustment to this Rate....

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*Issued xxx xx, 2015*

Effective January 1, 2016

TERMS AND CONDITIONS:

1. Service. Lighting service shall be supplied from distribution facilities and equipment installed, owned, and maintained by the Company. Each lighting installation must be separately connected to any point of delivery on the Company’s secondary distribution system. Lighting service will be supplied on an all-night, every-night basis and shall be metered after sunset and off before sunrise. The Company will charge for the energy expended at the rate shown in the Monthly Rate Table. Billing for use of the lighting service shall be made for the hours of darkness between the hours of 4:00 p.m. and 4:00 a.m. billing for use of the lighting service shall be made for the hours of darkness between the hours of 4:00 p.m. and 4:00 a.m.

2. Standard Installations. In connection with the standard service provided hereinafter, the Company will install, own and maintain all facilities within highway limits, all standard service-supply lines, and all Lighting Units. The customer will install, own and maintain all poles on the customer’s property and all service extensions on the customer’s property from the Company’s standard service-supply lines.

3. Non-Standard Installations. For underground service furnished at the request of the customer where aerial service would be normal, or for other than standard installations made at the request of the customer and of a type approved by the Company, the Company will charge, in addition to the amount it would normally have invested and will require the customer to contribute all excess costs.

4. Location, Authorization, and Protection. The location of lamps to be supplied is to be approved by the property designated authorized representative of the customer. The customer shall furnish any permits or other authority required for the installation, connection, and operation of the Lighting Units served hereunder.

5. Equipment Ownership. If, at the request of the customer, the Company removes or replaces any existing Private Outdoor Lighting Installation, the Company will charge for removal or replacement of the installation and the associated poles and conductors used exclusively for the street lighting installation. The Company shall have the right to remove any equipment which it deems necessary for the safe and efficient operation of its facilities.

6. Outage Allocations. Written notice to the Company prior to 4:00 p.m. of the failure of any light to burn on the previous night shall entitle the customer to a pro rata reduction in the charges under this rate for the hours of failure. No reduction in the charges under this rate shall be made for outages resulting from the customer’s failure to protect the lighting system or for failure to burns, ice, storm, flood, windstorm, fire, civil or military authorities, or any other cause beyond the Company’s control.

7. Customer Responsibility. The customer shall be solely responsible for determining the amount, location, and sufficiency of illumination, including conducting all studies of luminosity, lighting location, and traffic.

TERM OF CONTRACT.

The initial contract term for each lighting unit shall be for at least three years.

PAYMENT TERMS.

Standard.

Effective January 1, 2019.
RATE S5 STREET LIGHTING-SUBURBAN COUNTIES,

AVAILABILITY.
The rates in the Rate Table apply to all customer-owned installations for (a) Federal, state, county and municipal authorities and community associations entering into a contract for lighting service, and (b) building operation developers for lighting during the development period, of streets that are to be dedicated, where the municipality has approved the lighting and agreed to subsequently assume the charges for it under a standard agreement.

An annual rate table is prepared of manufacturer's rating of its lamps, ballasts, transformers, individual controls, and other load components required for the operation.

Incandescent Filament Lamps

<table>
<thead>
<tr>
<th>Size of Lamp (Nominal)</th>
<th>Billing Walls</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>300 Lumens</td>
<td>52</td>
<td>$2.42</td>
</tr>
<tr>
<td>600 Lumens</td>
<td>58</td>
<td>$7.30</td>
</tr>
<tr>
<td>1,000 Lumens</td>
<td>103</td>
<td>$14.07</td>
</tr>
<tr>
<td>2,500 Lumens</td>
<td>200</td>
<td>$28.45</td>
</tr>
<tr>
<td>5,000 Lumens</td>
<td>448</td>
<td>$52.86</td>
</tr>
<tr>
<td>10,000 Lumens</td>
<td>680</td>
<td>$65.28</td>
</tr>
</tbody>
</table>

Mercury Vapor Lamps

<table>
<thead>
<tr>
<th>Size of Lamp (Nominal)</th>
<th>Billing Walls</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,000 Lumens</td>
<td>115</td>
<td>$8.68</td>
</tr>
<tr>
<td>6,000 Lumens</td>
<td>191</td>
<td>$24.30</td>
</tr>
<tr>
<td>8,000 Lumens</td>
<td>275</td>
<td>$49.77</td>
</tr>
<tr>
<td>12,000 Lumens</td>
<td>429</td>
<td>$85.00</td>
</tr>
<tr>
<td>20,000 Lumens</td>
<td>788</td>
<td>$109.29</td>
</tr>
<tr>
<td>50,000 Lumens</td>
<td>1,000</td>
<td>$215.87</td>
</tr>
</tbody>
</table>

Service to the above listed Incandescent Filament Lamps and Mercury-Vapor Lamps not available after January 1, 2018 to new Customers or existing customers for new or replacement luminaires. The Company will not replace defective or broken incandescent filament or mercury-vapor luminaires, including ballasts. In such cases, the customer must take service under one of the current lighting unit options as set forth below.

High Pressure Sodium-Vapor Lamps

<table>
<thead>
<tr>
<th>Size of Lamp (Nominal)</th>
<th>Billing Walls</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,000 Lumens</td>
<td>84</td>
<td>$294.00</td>
</tr>
<tr>
<td>9,000 Lumens</td>
<td>131</td>
<td>$240.50</td>
</tr>
<tr>
<td>16,000 Lumens</td>
<td>192</td>
<td>$305.40</td>
</tr>
<tr>
<td>25,000 Lumens</td>
<td>284</td>
<td>$403.00</td>
</tr>
<tr>
<td>50,000 Lumens</td>
<td>450</td>
<td>$567.00</td>
</tr>
</tbody>
</table>

Light-Emitting Diode Lamps

<table>
<thead>
<tr>
<th>Size of Lamp (Nominal)</th>
<th>Billing Walls</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,300 Lumens</td>
<td>33</td>
<td>$24.85</td>
</tr>
<tr>
<td>5,000 Lumens</td>
<td>53</td>
<td>$32.57</td>
</tr>
<tr>
<td>8,000 Lumens</td>
<td>77</td>
<td>$48.00</td>
</tr>
<tr>
<td>11,000 Lumens</td>
<td>103</td>
<td>$52.10</td>
</tr>
<tr>
<td>20,000 Lumens</td>
<td>215</td>
<td>$78.00</td>
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ENERGY SUPPLY CHARGE: Refer to the Generation Supply Adjustment, Procurement Class 2.

TRANSMISSION SERVICE FOR CUSTOMERS RECEIVING DEFAULT SERVICE: The Transmission Service Charge shall apply.

STATE TAX ADJUSTMENT CLAUSE: FEDERAL TAX ADJUSTMENT CREDIT (FTAC) PROVISION FOR THE RECOVERY OF CONSUMER EDUCATION PLAN COSTS, PROVISION FOR THE RECOVERY OF ENERGY EFFICIENCY AND CONSERVATION PROGRAM COSTS, NON-BYPASSABLE TRANSMISSION CHARGE, PROVISION FOR THE TAX ACCOUNTING REPAIR CREDIT AND NUCLEAR DECOMMISSIONING COST ADJUSTMENT, APPLY TO THIS RATE.
TERMS AND CONDITIONS

1. Standard Supply and Standard Installations. The Company, in its sole discretion, shall determine the supply and standard installations to be made at the location where the Company's distribution facilities and equipment are available to the public. Supply may be underground or overhead. Standard installations made at the expense of the customer shall be made only during regular daytime working hours after notification by the customer of the necessity.

2. Standard Installations. The Company will install, own, and maintain its distribution facilities and equipment on the public highways, streets, or alleys to the extent permitted by three times the prospective revenue recovered through the Company's Variable Distribution Service Charges, with any additional equipment to be assumed by the customer.

3. Non-Standard Installations. For underground supply furnished at the request of the customer where aerial supply would be normal, or for other standard installations made at the request of the customer, and of a type approved by the Company, the Company shall assume the cost up to the amount it would normally have invested and will require the customer to contribute all excess costs.

4. Location Authorization and Protection. The location of lights shall be protected at the customer's expense. The customer shall furnish any necessary power for the operation and maintenance of poles, wires, lamp, and other equipment necessary to operate the lamps at the approved locations.

5. Customer Responsibility. The customer shall be solely responsible for determining the amount, location, and sufficiency of illumination, including conducting all studies of luminosity, lighting locations, and traffic.

TERM OF CONTRACT

The initial contractual term for each lighting installation shall be for at least three years.

PAYMENT TERMS

Rents will be rendered monthly. Each month, for the purpose of computing the price, shall be considered 1/12 of a year.

Effective January 1, 2016
TERMS AND CONDITIONS

• The service location charge includes an Energy Efficiency Program Surcharge of $0.05 per location wattage and the effective hours of use of such wattage during the calendar month under the established operation schedules as set forth under Terms and Conditions, Paragraph 4, Service. The wattage, expressed to the nearest tenth of a watt, of a Service Location shall be comprised of manufacturer’s rating of its lamps, ballasts, transformers, individual controls and other load components required for its operation. The aggregate of wattages of all Service Locations in service shall constitute the billing demand for the month.

STATE TAX ADJUSTMENT CLAUSE

Nuclear Decommissioning Cost Adjustment

The energy use for a month of a Service Location shall be computed to the nearest kilowatt hour as the product of one thousandth of its aggregate of wattages of all Service Locations in service, nominally 100 feet, to the customer’s first supporting structure. The customer is responsible for installing supply conductors from the first supporting structure to all Utilization Facilities.

TERMS AND CONDITIONS

1. Service. Lighting service will be operated on all night, every night lighting schedules, under which lights normally are turned on after sunset and off before sunrise with approximately 100 annual operating hours (average monthly burning hours = 342.11 hours). All streetlights shall be delivered to a delivery point specified by the customer. The customer shall assume all costs of installing such lamp receptacles.

2. Ownership of Utilization Facilities

a. Service Locations Supplied from Aerial Circuits: customer shall provide, own and maintain the Utilization Facilities defined as the brackets, hangers, luminaires, lamp(s) (LED array), ballasts/drivers, transformers, individual controls, mounding and supporting insulators between the lamp receptacles and line wires of the Company distribution facilities and any other components as required for the operation of each Service Location.

The service location charge includes an Energy Efficiency Program Surcharge of $0.05 per location wattage and the effective hours of use of such wattage during the calendar month under the established operation schedules as set forth under Terms and Conditions, Paragraph 4, Service. The wattage, expressed to the nearest tenth of a watt, of a Service Location shall be comprised of manufacturer’s rating of its lamps, ballasts, transformers, individual controls and other load components required for its operation. The aggregate of wattages of all Service Locations in service shall constitute the billing demand for the month.

STATE TAX ADJUSTMENT CLAUSE

Nuclear Decommissioning Cost Adjustment

The energy use for a month of a Service Location shall be computed to the nearest kilowatt hour as the product of one thousandth of its aggregate of wattages of all Service Locations in service, nominally 100 feet, to the customer’s first supporting structure. The customer is responsible for installing supply conductors from the first supporting structure to all Utilization Facilities.

TERMS AND CONDITIONS

1. Service. Lighting service will be operated on all night, every night lighting schedules, under which lights normally are turned on after sunset and off before sunrise with approximately 100 annual operating hours (average monthly burning hours = 342.11 hours). All streetlights shall be delivered to a delivery point specified by the customer. The customer shall assume all costs of installing such lamp receptacles.

2. Ownership of Utilization Facilities

a. Service Locations Supplied from Aerial Circuits: customer shall provide, own and maintain the Utilization Facilities defined as the brackets, hangers, luminaires, lamp(s) (LED array), ballasts/drivers, transformers, individual controls, mounding and supporting insulators between the lamp receptacles and line wires of the Company distribution facilities and any other components as required for the operation of each Service Location.

The service location charge includes an Energy Efficiency Program Surcharge of $0.05 per location wattage and the effective hours of use of such wattage during the calendar month under the established operation schedules as set forth under Terms and Conditions, Paragraph 4, Service. The wattage, expressed to the nearest tenth of a watt, of a Service Location shall be comprised of manufacturer’s rating of its lamps, ballasts, transformers, individual controls and other load components required for its operation. The aggregate of wattages of all Service Locations in service shall constitute the billing demand for the month.

STATE TAX ADJUSTMENT CLAUSE

Nuclear Decommissioning Cost Adjustment

The energy use for a month of a Service Location shall be computed to the nearest kilowatt hour as the product of one thousandth of its aggregate of wattages of all Service Locations in service, nominally 100 feet, to the customer’s first supporting structure. The customer is responsible for installing supply conductors from the first supporting structure to all Utilization Facilities.

TERMS AND CONDITIONS

1. Service. Lighting service will be operated on all night, every night lighting schedules, under which lights normally are turned on after sunset and off before sunrise with approximately 100 annual operating hours (average monthly burning hours = 342.11 hours). All streetlights shall be delivered to a delivery point specified by the customer. The customer shall assume all costs of installing such lamp receptacles.
4. Power Factor. The Utilization Facilities provided by the customer shall be of such a nature as to maintain the power factor of each Lighting Unit at not less than 85%.

5. Supply Facilities. Lighting service shall be supplied from distribution facilities and equipment installed, owned and maintained by the Company. A customer contribution for new, additional or relocated lighting service may be required as described in Paragraph 6.

Where Company ownership of conduit, manholes or vaults may not be practical for reasons beyond its control (such as bridges, overpasses, underpasses and limited access highways), the customer shall make available at no expense to the Company, space for the Company's distribution facilities required in rendering service under this rate.

6. Connection of Service Location. For new, additional or relocated Service Locations and for any modernization or maintenance work involving connections to the Company's distribution circuits, the customer will provide sufficient length of conductors to permit the Company to make taps at the top of the pole for aerial circuits, or for splices to underground circuits at the designated delivery point on the Company's secondary voltage circuit. All work done by the customer that may involve Company street lighting, control, and other distribution circuits shall be performed under Company permit and blocking procedures.

7. Service. Lighting service will be operated on all-night, every-night lighting schedules, under which lights normally are turned on after sunset and off before sunrise with approximately 4,100 annual operating hours. Average monthly turning hours = 34.11 hours. Extended lighting service during all daylight hours will be supplied for lamps specified by the customer.

8. Change in Size and Type of Service Locations. Written notice of any planned change in size or type of any components of Service Locations shall be furnished by the customer to the Company not less than 10 days prior to the effective date of such change. The customer shall be responsible for notification to the Company of any changes made in manufactured wattage ratings at any Service Location.

9. Service Maintenance. Upon receipt of report of a Service Location not receiving power, the Company will determine the cause of power failure and will restore service to the distribution circuit and control equipment, disconnecting, if necessary, any faulty Service Location from the circuit. Customer will make necessary repairs between the minimums of the faulty utilization facilities and the point of connection to the Company's distribution circuit. In the event the fault is located in the Company's facilities, the customer will repair the faulty Service Location and shall reimburse the Company for the cost of the faulty Service Location.

10. Authorization and Protection. The customer shall, to the extent of its ability, furnish any requisite authority for the erection and maintenance of poles, wires, fixtures and other equipment necessary to operate the lights at the locations and under the conditions designated, and shall protect the Company from malicious damage to the lighting system.

11. New, Additional or Relocated Lighting. The total costs to provide lighting service for new, additional or relocated lamps installed by the customer shall be subject to a revenue test. If the costs exceed the estimated revenue recovered through the Company's tariffs for Variable Distribution Service Charges for four years, a customer contribution for all excess costs will be required.

12. Relocation of Service Locations. Where a pole is replaced by the Company at its own option, it shall be the customer's responsibility to have the Utilization Facilities transferred from the old to the new pole.

13. Customer Responsibility. The customer shall be solely responsible for determining the amount, location and sufficiency of illumination, including conducting all studies of luminosity, lighting location, and traffic.

TERM OF CONTRACT.
The initial contract term for each Service Location shall be for at least one year.

PAYMENT TERMS.
Bills will be rendered monthly.

Issued: 2019
Effective: January 1, 2019
RATE SL-C SMART LIGHTING CONTROL LIGHTING CUSTOMER OWNED FACILITIES

AVAILABILITY

Any governmental agency for outdoor lighting, provided for the safety and convenience of the public of streets, highways, bridges, parks or
similar places, that complies with each of the following conditions:

(A) Installs a Smart Lighting Control Module approved by the Company that has capabilities including but not necessarily limited to:
   a. Measurement of energy usage at the individual Utilization Facility level;
   b. Customer control of the lamp's burning hours;
   c. Data showing failure of the lamp to burn, such as customer notification, that customer can provide to Company upon request;
   d. Ability of customer to dim the lights (LED only);

(B) Provides energy usage to the Company as described below under Data Requirements.

(C) Installs, owns, and maintains all Utilization Facilities, as defined in the Terms and Conditions of this Base Rate. (All facilities and
their installation shall be approved by the Company.)

This rate is also available to community associations of residential property owners both inside and outside the City of Philadelphia for the
lighting of streets that are not dedicated. This rate is not available to commercial or industrial customers.

Customers may take service under the rate beginning on July 1, 2019.

MONTHLY RATE TABLE.

SERVICE LOCATION DISTRIBUTION CHARGE: $5.05 per Service Location (as defined below)

VARIABLE DISTRIBUTION CHARGE: $0.0055 per kWh

ENERGY SUPPLY CHARGE Refer to the Generation Supply Adjustment Procurement Class 2.

TRANSMISSION SERVICE FOR CUSTOMERS RECEIVING DEFAULT SERVICE. The Transmission Service charge shall apply.

STATE TAX ADJUSTMENT CLAUSE, FEDERAL TAX ADJUSTMENT CLAUSE, PROVISION FOR THE RECOVERY OF CONSUMER DEPRESSED PLANT COSTS, NON-RECOVERABLE TRANSMISSION CHARGE, NUCLEAR DECOMMISSIONING COST ADJUSTMENT APPLY TO THIS RATE.

SERVICE LOCATION.

A Service Location is the point of delivery from the Company's secondary circuit that connects to one or more Utilization Facilities. A customer
may connect multiple Utilization Facilities to a single Service Location in accordance with Paragraph 2.b and approved by the Company.

DATA REQUIREMENTS.

The customer must notify the Company of its intent to enroll or modify lights under this rate at least 30 days prior to the start of the regularly
scheduled billing cycle during which the enrollment or modification will become effective.

The customer must provide the following data to the Company from its Company-approved Smart Lighting Control Module for each light
added or modified:

(A) Manufacturer-rated wattage
(B) Annual burning hours, if different than the standard 4,100 burning hours as defined below under paragraph 1 Service of
Terms and Conditions.
(C) Dimming percentage/level

The Company also requires the customer to provide the Global Positioning System (GPS) coordinates for each light.

DETERMINATION OF ENERGY BILLED.

Upon acceptance of the required data, the Company will modify the energy billed going forward for a period of at least twelve months or at
another frequency as required by the Company. The energy usage for a month of a Service Location shall be computed in accordance with Paragraph 4.b, and approved by the Company.

The customer must, at any time and without prior notice, request that the customer provide updates to the above data or provide actual
energy consumption data and burning hours for each light, by calendar month, for up to the past 12 months to verify the continued accuracy
of Company billing.

For any regularly scheduled billing cycle in which the customer has not provided acceptable information from its Company-approved Smart
Lighting Control Module, the Company shall modify the energy billed going forward by changing the burning hours used in the standard
4,100 burning hours as defined below under Paragraph 1 Service of Terms and Conditions.

The Company reserves the right to modify the customer's rate to SL-E in the continued absence of required data from the customer.

TERMS AND CONDITIONS.

1. Service. For any regularly scheduled billing cycle in which the customer has not provided acceptable information from its
Company-approved Smart Lighting Control Module, lighting service will be operated on all-night, every-night lighting schedules,
under which lamps normally are turned on after sunset and off before sunrise, with approximately 4,100 annual operating hours
per lamp. Standard burning hours = 24 x 11 hours. Extended lighting service during daylight hours will be supplied for ramps
specified by the customer.

If the customer provides information from the Smart Lighting Control Module as described above to justify a different billing usage,
the burning hours used by the customer will be used instead of the standard 4,100 annual operating hours.

☑️ Issued: March 22, 2018
☑️ Effective January 1, 2019
☑️ Deleted: Issued March 22, 2018
☑️ Effective May 28, 2019
2. Ownership of Utilization Facilities
   a. Service Locations Supplied from Aerial Circuits: Customer shall provide, own and maintain the Utilization Facilities, defined as the brackets, lamps, luminaires, ballast, drivers, transformers, Company-approved Smart Control Modules, conduits, matching and supporting insulators between the luminaires and line wires of the Company's distribution facilities and any other components as required for the operation of each Service Location. The Company shall provide the supporting pole or post for such aerial-supplied Service Location and will issue, authorizations to permit the customer to install the said Utilization Facilities.
   b. Service Locations Supplied from Underground Circuits: Customer shall provide, own and maintain the Utilization Facilities defined as brackets or hangers, luminaires, pad-mounted transformers, individual circuits and connections and shall assume all costs of installing such Utilization Facilities. Customer shall also provide, own, and maintain the supporting pole or post, foundation with 90 degree pipe bend and conduit from the luminaries to sidewalk level, or in special cases, such as federally and state financed limited access highways, a Service Location designated by the Company as the primary voltage circuit. Except as provided in Supply Facilities, the Company shall own conduit from the distribution circuit to the 100 degree pipe bend. The customer shall own conduits from its distribution system to the designated Service Location and shall provide sufficient length of conduits for the purpose of adapting the designated Service Location in the pole bases where sidewalk level access is provided.

3. Standards of Construction for Utilization Facilities. Customer construction shall meet the Company's standards which are based upon the National Electrical Safety Codes. Designs of proposed constructions deviating from such standards shall be submitted to the Company for approval before proceeding with any work.

4. Photo Current. The Utilization Facilities supplied by the Company shall be of such a nature as to maintain the power factor of each lighting unit of not less than 85%.

5. Supply Facilities. Lighting service shall be supplied from distribution facilities and equipment installed, owned and maintained by the Company. A customer contribution for new, additional or relocated lighting service may be required as described in Paragraph 10.

6. Service to Group of Utilization Facilities. When the customer requests service to a group of Utilization Facilities supplied from distribution facilities, the customer is responsible for providing the support poles or posts for the Utilization Facilities. The Company will provide a service, nominally 100 feet, to the customer's first supporting structure. The customer is responsible for installing supply conductors from the first supporting structure to the Utilization Facilities.

7. Underground Supply. When groups of Utilization Facilities are supplied from underground distribution facilities, the customer is responsible for the supporting poles or posts and the supply conductors to each Utilization Facility from the designated Service Location. If the customer requests an underground supply to a group of Utilization Facilities and the designated Service Location is a secondary terminal pole, the customer will install, own, maintain, and control such pole, including the cable on the pole.

8. Connection of Service Locations. For new, additional or relocated Service Locations and for any modernization or maintenance and installing connections to the Company's distribution circuits, the customer will provide sufficient length of conductors to permit the Company to make taps at the top of the pole for aerial circuits, or for splices to underground circuits at the designated Service Location on the Company's secondary voltage circuit. All work done by the customer that may involve Service Location, shall be performed under Company permit and knock-out procedures.

9. Change in Size and Type of Service Locations. Written notice of any planned change in size or type of any components of Service Locations, or any replacement of the Company-approved Smart Control Module, shall be furnished by the customer to the Company not less than 30 days prior to the effective date of such change. The customer shall be responsible for notification to the Company of any changes made in manufacturer's wattage ratings at any Service Location.

10. Service Maintenance. Upon request of a Service Location not receiving power, the Company will determine the cause of power failure to permit the Company to perform service to the distribution circuit and same equipment, disconnecting, if necessary, any faulty Service Location from the circuit. Customer will make necessary repairs between the luminaires of the faulty Utilization Facilities and the point of connection to the Company's distribution circuit. In the event the fault is located in the Company's owned facilities, the customer shall notify the Company for the purpose of the replaced facilities.

11. Authorization and Protection. The customer shall, to the extent of one's ability, furnish any requisites authority for the erection and maintenance of poles, wires, fixtures and other equipment necessary to operate the lights at the locations, and under the conditions designated, and shall notify the Company from malicious damage to the lighting system.

12. New, Additional or Relocated Lighting. The total costs (to provide lighting service for new, additional or relocated lighting, installed by the Company) shall be subject to a revenue test. If the costs exceed the estimated revenue recovered through the Company's tariffed Variable Distribution Service Charges for four years, a customer contribution for all excess costs will be required.
RATE SL-C SMART LIGHTING CONTROL LIGHTING CUSTOMER OWNED FACILITIES (continued)

11. Relocation of Service Locations. Where a pole is replaced by the Company at its own option, it shall be the customer's responsibility to have the Utilization Facilities transferred from the old to the new pole.

12. Customer Responsibility. The customer shall be solely responsible for determining the amount, location and sufficiency of illumination, including conducting all studies of invisibility, lighting location, and traffic.

TERM OF CONTRACT:
The initial contract term for each Service Location shall be for at least one year.

PAYMENT TERMS:
Billing will be rendered monthly.
**RATe TLCL TRAFFIC LIGHTING CONSTANT LOAD SERVICE**

**availability.**

To any municipality using the Company's standard service for (a) electric traffic signal lights installed, owned and maintained by the municipality, and/or (b) unmetered traffic control cameras or other small constant load electronic devices with a demand of less than 1.2 kW, owned and maintained by the municipality.

To any non-municipal non-residential customer using the Company's standard service for unmetered small constant load electronic devices with a demand of less than 1.2 kW, owned and maintained by the non-municipal customer, which are electrically separate from any other facilities, whether municipally-owned or non-municipally-owned, that are receiving service from PECO as a separate account.

To any non-municipal non-residential customer using the Company's standard service for unmetered small constant load electronic devices with a demand of less than 1.2 kW, owned and maintained by the non-municipal customer, which are electrically integrated with any other facilities, whether municipally-owned or non-municipally-owned, that are receiving service from PECO as a separate account, but only if the non-municipal customer meets the conditions of the Special Termination Rights provision of this Rate.

**current characteristics.**

Standard single phase secondary service.

**rate table.**

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<th>SERVICE LOCATION CHARGE</th>
<th>$3.15 PER LOCATION</th>
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<td>Variable Distribution Service Charge</td>
<td>$0.01 x $3 per kWh as defined below</td>
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<tr>
<td>Energy Supply Charge</td>
<td>Refer to the Generation Supply Adjustment Procurement Class 2</td>
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**Transmission Service for Customers Receiving Default Service.** Transmission Service Charge shall apply.

**State Tax Adjustment Clause; Federal Tax Adjustment Credit (PTAC).** Provision for the recovery of Consumer Education Plan Costs; Provision for the Recovery of Energy Efficiency, Non-Bypassable Transmission Charge, Conservation Program Costs; Provision for the Tax Accounting Repair Credit and Nuclear Decommissioning Cost Adjustment Apply to This Rate.

**Special Rules and Regulations.**

The use of energy will be estimated by the Company on the basis of the size of lamps and controlling apparatus and the burning hours. The customer shall immediately notify the Company whenever any change is made in the equipment or the burning hours or constant load devices, so that the Company may forthwith revise its estimate of the energy used.

The Company shall not be liable for damage to person or property arising, accruing or resulting from the attachment of the signal equipment to its poles, wires, or fixtures. The customer shall be responsible to determine the amount, location and sufficiency of illumination, including conducting all studies of luminosity, lighting location, and traffic.

**Special Termination Rights**

Some facilities that receive service under Rate TLCL may be electrically configured such that it is not possible to terminate service to the Rate TLCL facility without also terminating service to a facility that is receiving service under a separate account, Rate or Rider. In the event of non-payment of bills for service to such a Rate TLCL facility, PECO will provide a termination notice to the customer. The customer may then, at its discretion, notify PECO that it intends to engage in self-termination by removing its facilities from the PECO system within 30 days. If the customer has not removed its facilities by then, PECO may, at its sole discretion and upon 72-hour notice, physically remove the customer facility as a means of terminating service to that facility.

**Term of Contract**

The initial contract term for each signal light installation and constant load device shall be for at least one year.

**Payment Terms.**

Standard.
RATE BLU BORDERLINE INTERCHANGE SERVICE

AVAILABILITY.
Electric service supplied under reciprocal agreements, to neighboring electric utilities for resale in their adjacent territory at delivery points where the Company in its judgment can provide capacity in excess of the requirements of present and prospective customers in its own territory and for periods fixed by contract and terminable after the expiration of the initial term if capacity is no longer available.

CURRENT CHARACTERISTICS.
Standard primary or secondary service.

MONTHLY RATE TABLE.
For contracts newly entered on or after January 1, 2016, the Company will provide borderline interchange service under the Variable Distribution Service Charge of the appropriate Base Rate, plus an amount equal to 1% per month on the additional investment in facilities required by the Company to deliver and meter the service supplied. The appropriate Base Rate is the rate under which the Customer would be served if located within the Company's franchised service territory.

The Company will not apply this rate to contracts entered prior to January 1, 2016 unless the Company and the customer mutually agree to do so.

MEASUREMENT.
The energy delivered may be metered or may be estimated from the purchaser's resales plus an agreed-upon correction to cover transformation and distribution losses.

TERM OF CONTRACT.
The initial contract term shall be for at least five years, and thereafter from year to year until terminated by 60 days' notice from either party, unless the Company and the customer mutually agree to a different term in the contract for service.

PAYMENT TERMS.
Payment of amounts billed shall be made within 15 days from date of bill.

| Deleted: Issued March 29, 2018 | Effective May 28, 2018 |
| Deleted: Issued December 18, 2015 | Effective January 1, 2016 |

STATE TAX ADJUSTMENT CLAUSE, NUCLEAR DECOMMISSIONING COST ADJUSTMENT, THE ENERGY EFFICIENCY AND CONSERVATION PROGRAM COSTS APPLY TO THIS RATE.
RATE AL - ALLEY LIGHTING IN CITY OF PHILADELPHIA

APPLICABILITY. To multiple, unmetered lighting service supplied the City of Philadelphia to operate lamps and appurtenances for all night outdoor lighting of alleys and courts that are installed, owned and maintained by the City, which assumes the cost involved in making the connections to the Company’s facilities. This rate shall no longer be available to new lighting installations effective January 1, 2011.

LIGHTING DISTRIBUTION SERVICE DEFINED. All night outdoor lighting of alleys and courts by lights installed on poles or supports supplied by the City.

NOTICE TO COMPANY. The City shall give advance notice to the Company of all proposed new installations or of the replacement, removal or reconstruction of existing installations. The City shall advise the Company as to each new installation or change in the equipment or connected load of an existing installation, including any change in burning hours and the date on which such new or changed operation took effect.

MONTHLY RATE TABLE.

SERVICE LOCATION CHARGE: $1 Per Location (as defined below)*

*The service location charge includes an Energy Efficiency Program Surcharge of $0.01

ENERGY SUPPLY CHARGE: Refer to the Generation Supply Adjustment Procurement Class 2.

TRANSMISSION SERVICE FOR CUSTOMERS RECEIVING DEFAULT SERVICE: The Transmission Service Charge shall apply.

STATE TAX ADJUSTMENT CLAUSE. FEDERAL TAX ADJUSTMENT CREDIT (FTAC) PROVISION FOR THE RECOVERY OF CONSUMER EDUCATION PLAN COSTS PROVISION FOR THE RECOVERY OF ENERGY EFFICIENCY AND CONSERVATION PROGRAM COSTS, NON-SYPASSABLE TRANSMISSION CHARGE, PROVISION FOR THE TAX ACCOUNTING REPAIR CREDIT AND NUCLEAR DECOMMISSIONING COST ADJUSTMENT CLAUSE APPLY TO THIS RATE.

PLAN OF MONTHLY BILLING.

Bills may be rendered in equal monthly installments, computed from the calculated annual use of energy, adjusted each month to give effect to any new or changed rate of annual use, by reason of changes in the City’s installation, with charge or credit for fractional parts of the month during which a change occurred.

LIABILITY PROVISION.

The Company shall not be liable for damage, or for claims for damage, to persons or property, arising, accruing or resulting from, installation, location or use of lamps, wires, fixtures and appurtenances; or resulting from failure of any light, or lights, to burn for any cause whatsoever. The customer shall be responsible to determine the amount, location and sufficiency of illumination, including conducting all studies of luminosity, lighting location, and traffic.

Effective January 1, 2018
**Introductory Statement**

Customers under different rates of this Tariff frequently desire services or present situations and conditions of supply which require special supply terms, charges or guarantees or which warrant modification of the amount or method of charge from the prices set forth in the Base Rate under which they are provided service. Modifications for such conditions are defined by rider provisions included as a part of this Tariff. Riders may be employed when applicable, with or without signed agreement between the customer and the Company as the case may require, notwithstanding anything to the contrary contained in the Base Rate to which the rider is applied.

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Effective January 1, 2019
PURPOSE.

This Rider sets forth the eligibility, terms and conditions applicable to Customers who operate generation in parallel with the Company's distribution system and for whom the Company needs to reserve electric capacity to serve their load when the customer's generating plant goes offline.

This Rider also sets forth the eligibility, terms and conditions applicable to Customers who want to reserve capacity in excess of their present demand from the PECO distribution system for new business growth or expansion.

DEFINITIONS.

Demand and billing demand are defined in tariff sections “Definitions of Terms and Explanation of Abbreviations” and Section 15 of “Rules and Regulations.”

1. "Ability to Shed Load" — The capability of the customer to reduce or interrupt its total connected load as a means of offsetting some or all of the loss of its Parallel Generation in the event that its Parallel Generation goes offline or is not operating to full capacity.

2. "Capacity Reservation" — The contracted amount of firm electrical distribution capacity, expressed in kW, reserved by the Company solely to meet the capacity requirement for which a customer has contracted under the CRR.

3. CRR Level:
   a. For customers with Parallel Generation, the portion of their Capacity Reservation equal to the contracted percentage of the Generator Nameplate Capacity of their customer-owned Parallel Generation, determined pursuant to the provisions of the section of this Rider titled “Capacity Reservation vs. CRR Level Determination.”
   b. For customers seeking to reserve capacity for new business growth or expansion, the portion of their Capacity Reservation for which they have contracted under the CRR for that purpose.

4. "Failure To Shed Load" Penalty — A charge assessed to a customer with a Capacity Reservation, CRR Level, or both that were not in whole or part based upon Ability to Shed Load when that customer's generating plant goes offline and the customer does not shed load as agreed upon.

5. "Generator Nameplate Capacity" — The maximum rated output of a generator under specific conditions designated by the manufacturer.

6. "Operational Flexibility in Operation of Generation" — The capability of the customer to flexibly operate multiple generating facilities as a means of offsetting some or all of the loss of its Parallel Generation, in the event that its Parallel Generation goes offline or is not operating to full capacity.

7. "Parallel Load" — The power consumed by the equipment supporting the operation of a customer's generation.

8. "Parallel Generation" — Non-utility generating facility(ies) approved for Parallel Operation.

9. "Parallel Operation" — Occurs when a non-utility generating facility(ies) interconnected with and operates as part of the Company's distribution system.

Uncovered Demand — The difference between the customer's CRR Level and the customer's Capacity Reservation.

APPLICABILITY/AVAILABILITY.

Applicable to customers, with customer generating facilities that have generating capacity of 100 kW or greater and are first placed online, or are granted approval for Parallel Operation, after January 1, 2016. This includes but is not limited to Qualifying Facilities or Small Power Producers and cogenerators as defined in the Public Utility Regulatory Policies Act, whose electrical requirements are partially or wholly provided by facilities not owned by the Company and when such facilities operate in parallel with the Company's distribution system. All such customers will be supplied under the provisions of this Rider, the customer's applicable Base Rate, and other applicable riders.

Issued: XXXX Effective January 1, 2019

Issued: March 29, 2018 Effective May 28, 2019
Customers who wish to reserve available electrical capacity in excess of their present demand for new business growth or expansion may do so under this rider.

NOTICE BEFORE COMMENCEMENT OF CRR SERVICE.
The customer shall not commence initial operation of any other source of supply in parallel with the Company's distribution lines until written permission is given by the Company for such parallel operation. Prior to a customer is placed on the CRR, the Company must provide written notice to the customer that includes the Capacity Reservation under the CRR and informing the customer that, upon receiving service under the CRR, capacity beyond that amount may not be available to serve the customer. The Company shall have the right to inspect the customer's installation prior to providing such written permission, and at any reasonable time thereafter, in accordance with Tariff Rule 6.3.

CAPACITY RESERVATION VS. CRR LEVEL DESIGNATION.
The maximum firm capacity available to be reserved will be determined by the Company based upon its review of capacity available on its system at the time that a request for Capacity Reservation is made.

In all cases, if the requested electric capacity is not available the customer shall pay all cost to the Company of any construction necessary to meet the customer's Capacity Reservation requirement. To the extent that the requested capacity is needed for new business growth or expansion, the standard revenue test will apply when calculating the cost to be paid by the customer.
The Company must reserve capacity for a customer based upon an amount that the Company and customer agree accurately reflects the maximum demand that the Company must stand ready to serve to that customer.

For customers generating in parallel with the Company's distribution system:

- For billing purposes, PECO will set the associated CRR Level as designated below:
  - For customers who have Generator Nameplate Capacity of greater than 100 kW but less than or equal to 5,000 kW, the CRR Level will be 60% of the Generator Nameplate Capacity.
  - For customers who have Generator Nameplate Capacity of greater than 5,000 kW but less than or equal to 10,000 kW, the CRR Level will be 50% of the Generator Nameplate Capacity.

- Any customer, regardless of size of load or generation, may initiate negotiation as set forth below to designate the CRR level other than these levels.

Batteries and other electrical storage shall not be deemed to be generators for purposes of the CRR, and the nameplate capacity of storage or battery equipment shall not be included as, or treated as, equivalent to Parallel Generation for purposes of determining a customer's Capacity Reservation or CRR Level.

For customers who want to reserve capacity for new business growth or expansion, both the Capacity Reservation and the associated CRR Level will be determined by negotiation.

Issued: xx.xxx, xxxx
Effective January 1, 2015
NEGOTIATIONS FOR OPERATION OF CUSTOMER GENERATION.

If the CRR Level is set through negotiations for customer operations in parallel with the Company's distribution system, the following will apply:

The customer and PECO will meet to discuss customer operations. After such discussions, the customer may designate a CRR level other than as set forth above, based upon one or more of the following factors as defined above:

1. Parasitic Load: This will be subtracted from the customer's Generation Nameplate Capacity prior to determining the CRR Level.

2. Operational Flexibility in Operation of Generation: A customer with multiple generating units may consent to operate its facilities in a manner that reduces its CRR requirement and consequently its CRR Level.

3. Ability to Shed Load: A customer may commit to shed some portion of its load to offset some or all of the loss of its Parallel Generation in a manner that reduces its CRR requirement and consequently its CRR Level.

If PECO accepts the customer's designated Capacity Reservation and CRR Level, then both amounts shall be set at the customer-designated level.

If PECO does not accept the customer's designated Capacity Reservation and CRR Level, then PECO may file a complaint with the PUC (to be referred to the Office of Mediation). Pending resolution of the complaint, the Capacity Reservation and CRR Level shall be set as follows (subject to retrospective revision upon completion of the mediation/litigation):

- For customer designations based upon Parasitic Load, Operational Flexibility, or both, the Capacity Reservation and the CRR Level will be set at the customer-designated levels.

- For customer designations based in whole or part on Ability to Shed Load, the Capacity Reservation and CRR Level will be set at PECO-designated levels.

PROCEDURES TO CONFIRM MODE OF CUSTOMER GENERATION OPERATION.

If a customer's CRR Level is set by negotiation based upon Parasitic Load or Operational Flexibility of Generation, or both, then:

- The customer shall inform PECO in writing if its generation operations differ materially from the mode of operations used to set the CRR Level.

- The customer shall verify to PECO once each calendar year that its generator operations in the prior year did not differ materially from the mode of operations used to set the CRR Level.

- PECO shall have the right to conduct an audit of customer operations to determine whether generator operations differed materially from the mode of operations used to set the CRR Level.

NOTICE OF OPERATION CONTRARY TO A NEGOTIATED CRR LEVEL AND RESET PROVISION.

If, in its determination, PECO believes that a customer has operated its distributed generation units in a manner contrary to the mode of operations used to set the CRR Level, PECO may issue a written violation notice to the customer.

A customer shall not be deemed to have operated its distributed generation units in a manner contrary to the mode of operations used to set its CRR Level if both of the following are true:

- The customer was required to alter its mode of operations in response to a directive from PECO or because of conditions existing on PECO's distribution system.

- The customer's actual demand does not exceed its Capacity Reservation at any time.
PECO Energy Company

PILOT CAPACITY RESERVATION RIDER (CRRI) continued

PECO will rescind a violation notice if, within 30 calendar days of receiving the violation notice, a customer furnishes evidence showing that it operated its distributed generation units consistent with the mode of operations used to set the CRR during the period in question. If PEKO is not satisfied that the information provided by the customer demonstrates that it operated its distributed generation units consistent with the mode operations used to set the CRR level, PEKO may file a complaint with the Commission and the Commission's determination shall prevail on whether the notice of violation will be deemed to be confirmed. If a customer does not furnish such evidence within 30 calendar days of receiving the violation notice, the violation notice is confirmed.

If a customer receives two confirmed violation notices within a 24-month period, the customer’s going-forward CRR for the next 12 months shall be set at a level based upon the actual operations that led to the violation notice. Thereafter, the CRR may be reset to a lower level only upon the customer demonstrating that it has made material changes to its mode of operations to allow it to operate in the then-described manner.

PENALTY AND RESET FOR FAILURE TO SHED LOAD.
For customers with a Capacity Reservation Level or both that were set in whole or part based upon Ability to Shed Load, the following penalty and reset provisions shall apply:

- Penalty: If the customer’s generator goes offline and the customer does not shed load as agreed upon the customer will be assessed a ‘Rolling Load Shedding Penalty’ calculated by determining the amount of load that the customer agreed to shed, but did not shed, and applying a penalty charge equal to 125% of the full demand charge in the prevailing rate to that amount of load on the first such occurrence, and 150% of the full demand charge in the prevailing rate to that amount of load for the second and subsequent occurrences, for the month in which the load shedding did not occur.

- Reset: The customer’s going-forward Capacity Reservation and CRR Level for the next 12 months shall be set at a level based upon the actual operations that occurred during the failure to shed load. Alternatively, the customer can opt to pay PEKO for the actual cost of the required upgrades to PEKO’s distribution facilities to allow the customer to use delivery service at the higher operating level during outages in accordance with PEKO’s line extension policy (Tariff Rule 7.2). Thereafter, these amounts may be reset to a lower level only upon the customer demonstrating that it has made material changes to its mode of operations to allow it to operate in the then-described manner.

TEMPORARY DISCONNECTION OF CUSTOMER SERVICE.
PEKO shall have the right to temporarily disconnect the customer on an emergency basis if, in PEKO’s opinion, the customer’s failure to shed load as agreed creates a risk to PEKO’s distribution system or service to other customers.

BINDING LEGAL DUTY.
A CRR customer whose CRR Level is set at a negotiated level based in whole or part upon the customer’s representation that it has an Ability to Shed Load will be deemed to have a binding legal duty to shed such load.

RATE AND BILLING.
Subject to the Minimum Charge Provisions below, the demand charges for the customer’s underlying applicable Base Rate of GS, HT, PD & EP apply to the billing demand determined under the CRR.

Customers will be billed monthly their CRR Level plus actual electric demand and usage except as follows below:

For customers who reserve capacity due only to Parallel Generation, if such customer’s actual registered demand is greater than the customer’s Uncovered Demand for a given month, then for that month only, the CRR Level used to calculate the customer’s bill will be reduced by an amount equal to such difference, but in no event will the CRR Level be less than zero.

For customers who reserve capacity for business growth or expansion, if the customer’s actual registered demand in a given month includes any portion of the CRR Level contracted for expansion for that month, then for that month only, the CRR Level used to calculate the customer’s bill will be reduced by an amount equal to such portion, but in no event will the CRR Level be less than zero.

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Effective: January 1, 2019
MINIMUM CHARGE.

Subject to the Rate and Billing provisions above, the monthly minimum charge under the customer’s underlying applicable Base Rate (GS, HT, RD, and EP) will be calculated based on the minimum demand determined in accordance with the CRR.

The monthly minimum demand charge for a customer reserving capacity due only to Parallel Generation will be the greater of:

1. The demand as registered by the customer’s meter;
2. An amount equal to the customer’s CRR Level, plus 40% of the customer’s Uncovered Demand;
3. Any designated contract minimum.

The monthly minimum demand for a customer reserving capacity due only to new business growth or expansion will be an amount equal to the customer’s CRR Level, plus 40% of the customer’s Uncovered Demand.

The monthly minimum customer charge will be determined by applying the minimum demand to the applicable demand charge for the customer’s underlying applicable Base Rate.

TERM OF CONTRACT.

The term of a CRR contract shall be three years for all non-negotiated CRR applications. For negotiated CRR levels, the contract term shall be negotiated. There is no right to automatic renewal of a CRR; upon the expiration of the contract term, the Company will review available capacity on its system and, if such capacity is available, the parties will enter into a new CRR contract using the procedures set forth above.

Demand and billing demand are defined in the tariff sections "Definition of Terms and Explanation of Abbreviations" and Section 15 of "Rules and Regulations". No customers who reserve capacity due to Parallel Generation will pay demand charges greater than if the actual load behind its meter. Customers who reserve capacity for business growth or expansion will pay the reserved CRR amount even though it exceeds their current actual load behind the meter.
CUSTOMER ASSISTANCE PROGRAM (CAP RIDER)

AVAILABILITY.
To payment-troubled customers who are currently served under or otherwise qualify for Rate R, or RH (excluding multiple dwelling unit buildings consisting of two to five dwelling units). Customers must apply for the rates contained in this rider and must demonstrate annual household gross income as or below 150% of the Federal Poverty guidelines. In addition, these customers will not be able to obtain Competitive Energy Supply.

Based on the applicable level of income, number of household members, and their historical usage CAP customers will receive a Fixed Credit Option (FCO) based upon their individual household need. The details of the FCO calculation can be found in the PECO Universal Service and Energy Conservation Plan at Docket No. M-2015-2507139.

DISCOUNT LEVELS: The Company will modify the level of discounts every quarter to adjust for changes in Customer usage as well as any rate changes which may have occurred.

CERTIFICATION/VERIFICATION Prior to enrollment in the CAP Rider, and then again every two years, customers must verify, to PECO's satisfaction, that their household income level meets the "Availability" standards set forth in this Rider. Customers being considered for the CAP Rider will be required to:

• Provide information sufficient to demonstrate to PECO their household income level.
• Waive certain privacy rights to enable PECO to effectively conduct the above certification process.
• Apply for and assign to PECO at least one energy assistance grant from the Commonwealth.
• Participate in various energy education and conservation programs facilitated by PECO.

PECO may, at its sole discretion, supplement this verification process by using data from Commonwealth or federal government programs which demonstrate the income eligibility of its customers. Such data may come from a customer's participation in, or receipt of benefits from, the Low Income Home Energy Assistance Program, Temporary Assistance for Needy Families, Food Stamps, Supplemental Security Income, and Medicaid. Information available from the Pennsylvania Department of Revenue may also be used where appropriate to expedite the process.

MINIMUM CHARGE: The minimum charge per month will be the $12 for Residential customers or $30 for Residential Heating customers.

ARREARAGE: Customers who qualify and are enrolled in CAP will have their pre-program arrearage ("PPA") forgiven if the Customer pays his/her new, discounted CAP bill on time and in full each month. With every full and on-time monthly payment, one-twelfth of the PPA will be forgiven. If the customer develops any in-program arrearage while on the CAP Rate – that is, if the customer does not pay the entire outstanding balance – then preprogram arrearage forgiveness will not resume until the first month in which the full outstanding balance is paid.
AVAILABILITY/APPLICABILITY.
To service provided during a period when a customer is prevented for a length of time in excess of 48 hours from using all or a substantial part of the amount contracted for by reason of strike, riot, fire, storm, flood, drought, interference by civil or military authorities, or any other cause beyond the customer's control ("Period of Interruption").

NOTICE REQUIRED.
Written request shall be made to the Company for the application of this rider with advice as to the extent of the interruption, its date, cause and probable duration. Written requests must be submitted to the Company within 30 calendar days after the end of the Period of interruption.

RATE IMPACT.
During Periods of interruption, PECO Energy will not apply guarantees of revenue (power factor adjustment, minimum billing demand, and contract minimum) as contained in the customer's Contract, but will apply the actual registered demand. If the customer receives Default Service, the terms of this rider shall not apply to the Energy Supply Charge.

BILLS PRORATED.
Bills supplied shall be prorated, based upon the actual level of operation during the Period of Interruption.

RETURN TO NORMAL USE.
The customer shall use reasonable diligence in resuming the use of service as provided in the Contract.

TERM OF CONTRACT.
The initial contract term shall be extended for a period equal to the Period of interruption so that the Company shall secure a working term at full connected load equal to the term of the Contract.
COMMERCIAL/INDUSTRIAL DIRECT LOAD CONTROL PROGRAM (DLCP) RIDER

AVAILABILITY.
This rider is available to any small commercial or industrial retail customer with peak measured demands less than or equal to 100kW served under rates GS, PD, or HT that: (a) is the owner of the premises at which service hereunder is to be provided; (b) is provided with electric service at such premises through a separate meter; (c) has a fully functional electric central air conditioning system(s) as the principal and dedicated source of air conditioning for such premises, the electric service for which is delivered by the Company through such separate meter and is (are) capable of accepting a programmable communicating thermostat(s) (PCT), as determined by the Company or its agent; (d) allows the Company to periodically control the PCT(s); and (e) is located at a premises where the Company's control signal can reach the connected unit.

For determining the initial eligibility or existing small commercial or industrial retail customers under this rider, the peak measured demand level will be calculated by a process similar to that as described in PECO's Default Service Program pursuant to Docket No. P-2008-206273. For new customers, this peak measured demand level shall be based upon an engineering estimate of their diversified peak demand for a new facility or an existing facility with a substantially different use. A new customer in an existing facility shall be assigned the same peak measured demand level as the last customer in that facility.

Service hereunder is not restricted to commercial or industrial customers that obtain electric power and energy supply from the Company under Default Service.

Notwithstanding the previous provisions of this Availability section, the availability of this rider is limited by the ability of the Company and its agent to purchase and install the necessary controls needed to implement and administer the Commercial and Industrial Direct Load Control program (DLCP).

PROGRAM PROVISIONS.
The (DLCP) allows the Company to obtain temporary reductions in the electric power and energy demands on the electric delivery system located in its service territory through reductions in the commercial or industrial customers' electric power and energy usage requirements. The Company reserves the right to activate the DLCP for any reason, including: (a) response to shortages of available capacity on the Company's distribution system; (b) a response to shortages of available capacity on the transmission system located in the Company's service territory; (c) preservation of the availability of other load response resources; or (d) reduction of peak load A commercial or industrial customer to which this rider is available that elects service hereunder is defined as a participant. An activation of the (DLCP) is defined as an event.

During an event, a participant in the (DLCP) allows the Company to remotely control the PCT(s). The Company is allowed to exercise such control without notice at any time. Control events will be limited to the period beginning June 1 and extending through September 30 of each year, except holidays.

EVENT PERFORMANCE:
During an event the Company is allowed to control the participant's PCT(s) for the duration of the event.

A participant commences service hereunder on the date the Company inspects and approves the functionality of the participant's central air conditioning unit(s) and installs the programmable communicating thermostat(s).
COMMERCIAL/INDUSTRIAL DIRECT LOAD CONTROL PROGRAM (DLC) RIDER (continued)

INSTALLATION.
The PCT(s) is (are) an enabling technology necessary to participate in the (DLCP). The PCT(s) will be installed by the Company at its' sole expense (not to exceed the scope necessary to remove the old thermostat(s), and install the new PCT(s)). The Company will warrant the PCT(s) and installation for a period of one year from the date of original installation. After such time, the customer is responsible for any maintenance of the device and battery replacement, when (if required) to ensure the unit continues to operate. The participant is responsible for maintaining a safe operating environment for such device(s).

TESTING & VERIFICATION.
The Company is allowed to inspect the PCT(s) at any time during normal business hours and without notice to insure such device(s) is (are) fully operational, and the participant grants the Company permission to enter upon its premises to conduct such inspections. If, in the course of such inspection, the Company determines that the participant interfered with the functionality of the device(s) in any way, (a) the participant is immediately removed from the (DLCP) and service hereunder is terminated, with such termination effective as of the date of the installation of such device(s) or of the most recent passing inspection, whichever is more recent; (b) all credits previously given to such participant since such effective termination date are immediately reimbursed by such participant to the Company; and (c) such participant is not eligible to take service hereunder or participate in the (DLCP) for a period of not less than (3) calendar years following such effective termination date.

For a situation in which the Company performs excessive maintenance or replacement of any remote control device(s) due to vandalism or other cause, the Company may remove the participant for which such device(s) is (are) provided from the (DLCP) and terminate service hereunder to such participant. In such situation, the Company may deny future participation in the (DLCP) to such participant.

COMPENSATION.
The Company provides a credit to the participant on each bill issued for the Summer Period (June through September for a total of 4 monthly credits), as defined in the Definitions part of the General Terms and Conditions of the Company's Schedule of Rates. This credit applied to such participant's bill corresponds with the Program option selected by such participant.

Programmable Communicating Thermostat Option: $10.00 per bill per installed device for the summer billing period.

The participant shall begin receiving the bill credit on the next appropriate bill cycle following a complete enrollment in the program. The total annual credit shall not exceed $40.00 per PCT installed. Consistent with the terms in this tariff, incentives will be paid through October 31, 2020.

The credit provided in accordance with this rider is separately stated on the participant's bill.

MISCELLANEOUS GENERAL PROVISIONS.
The Company is not liable for any damage or injury, including any consequential damage, resulting from the intentional or unintentional interruption of the operation of the participant's central air conditioning unit.

Provisions contained in this rider do not serve to modify the Company's rights contained in the General Terms and Conditions of the Company's Schedule of Rates.

TERMS OF CONTRACT.
The initial term of participation within this program shall end on May 31, 2021, but extended participation is possible, but predicated on future regulatory directives as yet to be determined. As Company is providing the enabling technology device, PCT(s), for participation, there is an early termination provision (upon thirty days' written notice by either party). The Company reserves the right to modify the terms of this Rider at any time. Participants who have elected to terminate, can return to the program, but must wait 12 months before being permitted to do so.
CONSTRUCTION RIDER

AVAILABILITY/APPLICABILITY.
To service provided during or immediately following a major construction or expansion period or during a receding load period, after the expiration of the initial contract term, while a business is in process of dissolution. A major construction or expansion period is defined as a construction or expansion project undertaken by the customer which upon completion will require an upward modification of the customer's contract limits.

RATE IMPACT.
During the expanding load period preceding the operation within the load limits provided in the contract or the receding load period subsequent to the fulfillment of the initial contract term, PECO Energy will not apply the following guarantees of revenue: power factor adjustment, minimum billing demand, and contract minimum. If the customer receives Default Service, the terms of this rider shall not apply to the Energy Supply Charge.

RIDER TERM.
The total term of application of this rider during the preliminary or construction period shall be 6 months subject to the option of the Company to grant not more than three successive renewals of the rider term on major construction projects. Its application during a receding load period subsequent to the completion of an initial contract term shall be for not more than one year.

TERM OF CONTRACT.
The initial contract term for service to expanding locations to which this rider is applied shall be extended for a period corresponding to the total number of months this rider is applied to the customer's bill during construction or expansion of the customer's facility.

OTHER RIDERS.
This rider, when applied to service to temporary installations to which the Temporary Service Rider is also applied, shall not operate as a waiver of the requirement that monthly minimum charges be paid for a period of not less than 6 months.

For customers taking service under PECO's Capacity Reservation Rider (CRR), the terms of the Construction Rider shall only apply to actual demand for load behind the meter that is not covered by the CRR Level, as defined within the terms and conditions of the CRR.

Issued: xxx.x.xxx, Effective January 1, 2016

Deleted: Issued March 31, 2017, Effective June 1, 2017
Deleted: Effective May 28, 2018
PECO Energy Company

ECONOMIC DEVELOPMENT RIDER

AVAILABILITY/APPLICABILITY. This rider is available to customers taking distribution service under Rate HT, FD, or GS. For new services, the customer must have a projected load of at least 350 kW and the service being energized. For existing services, the customer must have a peak load of at least 350 kW and apply for the rider before the load growth occurs. The company will begin to apply the rider until at least 30 days after the customer provides written notice of its desire to be placed on the rider. Customers may qualify for this rider through provisions of either I-A, I-B, I-C, or II below. This Rider shall be available to customers regardless of whether the energy is purchased under default service rates or through an EGS.

I. EMPLOYMENT & LOAD GROWTH - designed to encourage growth in all sectors of the industrial and commercial group, customers can qualify by meeting the appropriate requirements below.

A. QUALIFICATIONS.
1. Manufacturing Customers
   a. The New Manufacturing Customer or existing manufacturing customer files with the Company, before the effective date of the rider for the Service Location, a Manufacturing Sales Tax Exemption Certificate, as defined below, for the Service Location. This condition is waived for Stevedoring Operations located within a Port Enterprise Development Area as defined in Title 52, Chapter 121 of the Pennsylvania Code.
   b. The existing manufacturing customer files with the Company copies of the Base Period Employment Reports as defined below, for the Service Location.
   c. For existing locations has already demonstrated a minimum 10 new jobs and a sustained increase in usage (minimum of 100 kW for at least 3 months) over the Base Period, as defined below. The Company reserves the right to request documentation to demonstrate that employment levels have been maintained over the course of eligibility for this rider.

2. Brownfield Redevelopment
   a. A new or existing customer who develops a site designated as a Brownfield Site (defined below) and demonstrates a minimum of 100 kW of new or incremental load.

B. RATE REDUCTION. The rate reduction will be applicable to the customer's base bill for the Qualifying Service Location before the application of the State Tax Adjustment, and Nuclear Decommissioning Cost Adjustment.

   Any customer will not be eligible for the rate reduction in any month in which the customer has an unpaid balance which includes late payment charges.

   1. Monthly Eligibility — The Company reserves the right to require updated documentation in order for the customer to remain eligible for the rider.
   2. A credit equivalent to 15% of the customer's Variable Distribution Service Charge ('VDC'). For New Manufacturing locations or Brownfield Redevelopment the credit will apply to all kW of the VDC. For all existing customers the credit will apply to all incremental kW of the VDC.

II. COMPETITIVE ALTERNATIVE: any manufacturing or non-manufacturing customer with a viable competitive alternative to service from PECO may be eligible for benefits as outlined below.

A. QUALIFICATIONS.
1. Provide documentation of a viable, currently available competitive alternative to service from PECO. The customer must provide a written description of the competitive alternative and any further information that the Company requires in order to document the cost and demonstrate the viability of the customer's competitive alternative.
2. Demonstrate a sustained increase in load (1MW minimum month over month for 3 months) as measured on PECO's meter, or a demonstrated retention of at least 1MW of load and
3. Demonstrate increasing employment of 10 jobs/MW as reported on PA Form UC-2, or demonstrated retention of at least 10 jobs/MW of load retained for the same period as #2.

B. RATE REDUCTION. The rate reduction will be applicable to the customer's base bill for the Qualifying Service Location before the application of the State Tax Adjustment and Nuclear Decommissioning Cost Adjustment.

   1. Any customer will not be eligible for the rate reduction in any month in which the customer has an unpaid balance which includes late payment charges. The Company shall be the sole judge of any customer's eligibility for any rate negotiated rate reduction.
   2. Any qualifying existing or new customer may qualify for a negotiated decrease in VDC charges of up to 15% to meet the customer's documented competitive alternative. The rate reduction and payment terms for service may be negotiated and specified in the applicable service agreement. Unless the service agreement provides specific terms, the billing of charges, Section 17, Ratemaking and Standard Payment Terms of the Rates and Regulations of the Tariff shall apply. The Company reserves the right to require updated documentation in order for the customer to remain eligible for the rider.
ECONOMIC DEVELOPMENT RIDER (continued)

DEFINITIONS.

1. Service Location: A single or contiguous premises having one or more delivery points for distribution service billed by the Company under a single account.

2. New Manufacturing Customer: The Company has not previously provided service to the Service Location, or the service previously provided by the Company to the Service Location was not used for substantially the same type of operation or was terminated at least twelve (12) months before the customer's contractually specified effective date for service under this rider. This condition is waived for existing service locations where an entity has assumed operation of a service location from a customer which has ceased operations as a result of dissolution, so long as the formation of the entity did not occur as a result of merger, joint venture, acquisition and/or any other variation of combined business structures with the former customer at the service location. In any event, the completed application for the rider must be made within 6 months from the later of the date: (1) the customer first received service from the Company; or (2) the date the customer received its sales tax exemption certificate from the Commonwealth of Pennsylvania.

3. Manufacturing Sales Tax Exemption Certificate: Pennsylvania Sales Tax Blanket Exemption Certificate filed by the customer with the Company showing the address of the Service Location and certifying that more than fifty (50) percent (on an annual basis) of the service purchased by the customer for the Service Location is exempt from sales tax because it is used in manufacturing operations, shipbuilding operations, or ship cleaning operations.


5. Base Period: The twelve (12) month period immediately preceding the billing month in which the customer provides the Company written notice of its desire to be placed on the rider. If the customer does not then qualify for the rider within 60 days of the written notice, then the base period will be the twelve month period immediately preceding the billing period for which this rider is first applied to the customer's bills.

6. Base Period Employment Report: The Employment Reports for all quarterly reporting periods, as defined by 43 P.S. 753 (d), in the Base Period.

7. Base Period Employees: The arithmetic mean of the number of employees each month as reported on the applicable Base Period Employment Report. An adjustment will be made to normalize Base Period Employees in quarters during which either the Casualty or Construction Rider was in effect for the Service Location.

8. Base Period Energy: The number of kilowatt-hours used by the customer for service to the Qualifying Service Location during each month of the Base Period. An adjustment will be made to normalize usage in months during which the Construction or Casualty rider was in effect.

9. Current Employment Report: The Employment Report covering the calendar month immediately following the Base Period as defined by 43 P.S. 753 (d). The customer may submit an updated Employment Report at any time to reflect increases in Current Period Employees replacing and superseding the original report. The Company reserves the right to request an updated Employment Report at any time which may reflect increases or decreases in Current Period Employees replacing and superseding the original report.

10. Current Period Employees: The arithmetic mean of the number of employees each month as reported on the Current Employment Report.

11. Brownfield Site: Refers to real property, the expansion, redevelopment, or reuse of which may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant. Requires documentation either by providing a copy of the pertinent sections of the ASTM E1903-97 Phase II Site Assessment documenting the site contamination or by providing a letter from a local, state or federal regulatory agency confirming the site is classified as a Brownfield by that agency.

TERM OF CONTRACT. This rider shall be in effect for either a period of five years provided that the customer maintains qualification for the duration of that time.

RENEWAL. A customer may renew the rider at any time in accordance with the terms and provisions of the rider as it applies to Qualifying Existing Service Locations. For renewal customers, the Base Period Energy for any month of the new Base Period shall not be less than the Base Period Energy of the corresponding month of the customer's previous Base Period. The Term of Contract for the renewal shall begin on the date on which the renewal of the rider is first applied based on the new Base Period.

TRANSFER OF OWNERSHIP. The Company will only apply the rider to the customer's bills for the term of contract. If, during the term of contract, the ownership of the service location changes, the Company may continue to apply the rider to the new owner's bills for the Service Location. If the Company continues to apply the rider in such circumstances, the Company shall apply the rider to the new owner's bill for the Service Location as if the new owner had been on the rider for the Service Location for the same period of time as was the previous owner.
ELECTRIC VEHICLE DCFC PILOT RIDER (EV-FC)

AVAILABILITY/APPLICABILITY.
Applicable to a service that includes at least one permanently connected and publicly available (or workplace fleet) Public Direct Current Fast Charger (DCFC) served under Rate (36). A DCFC shall be available for all fees imposed by the owner of the station for charging the electric vehicle. The DCFC is exempt from resale provisions as outlined in Tariff Rule 13.1, pending issuance of a Final Order on Commission Docket M-2017-2604382.

DEFINITIONS.
Electric Vehicle (EV) — Any vehicle licensed to operate on public roadways that is propelled in whole or in part by electrical energy, stored on-board for the purpose of propulsion. Types of electric vehicles include, but are not limited to, plug-in hybrid electric vehicles and battery electric vehicles.
Electric Vehicle Supply Equipment (EVSE) — A device which permits the transfer of electric energy (by conductive or inductive means) to a battery or other energy storage device in an EV.
Public Direct Current Fast Charger (DCFC) — A high powered, publicly available (or workplace fleet) EVSE solely dedicated to recharging an EV's battery via the use of direct current. To be considered publicly available, the DCFC must be located along a public roadway corridor, at a public charging location, at a multi-dwelling unit (MDU) residential building, or at a workplace for fleet or customer charging.

INSTALLATION AND ENROLLMENT.
The Company shall provide service based on the DCFC's nameplate capacity when the Company has available distribution facilities with sufficient capacity, and if the provision of service will not in any way interfere with service to other customers. The station must be designed to protect for back flow of electricity to the Company's electrical distribution circuit. The owner of the DCFC shall be responsible for maintaining a safe operating environment for the device(s). The Company shall not be liable for any damage or injury, including any consequential damage, resulting from the operation of the DCFC.

The Customer may be responsible to submit an application and documentation of the completed DCFC installation to the Company in order to become eligible for the rider.

TRANSFER OF OWNERSHIP.
If during the term of contract, the ownership of the service location changes, the Company may continue to apply the rider to the new owner's bills for the Service Location. If the Company continues to apply the rider in such circumstances, the Company shall apply the rider to any new owner's bills for the Service Location as if the new owner had been the owner for the Service Location for the same period of time as was the previous owner.

MISCELLANEOUS GENERAL PROVISIONS.
If the owner requests that the service to the DCFC be permanently disconnected, the Company reserves the right to charge that owner for the removal of any required facilities and equipment previously required to furnish service to the DCFC. Such payment by the owner shall not relieve the owner of any liability for removal of said facilities and equipment.

Pilot participants will be required to provide data for all DCFCs connected to the PECO system and not separately metered in order to allow PECO to investigate the development of future DCFC rates. This data will include, for each DCFC, the number installed, the number of charging ports, the nameplate capacity (in kW), hourly and monthly usage (kWh), and the hourly and monthly demand (kW).

RATE IMPACT.
All terms and conditions of the applicable Base Rate are applicable. The Company shall calculate and apply a fixed demand (kW) credit, initially equal to 50% of the combined maximum nameplate capacity ratings for all DCFCs connected to the service to the customer's billed distribution demand. At no time will the billing demand be less than the minimum demand applicable under the provisions of the applicable Base Rate. The Company reserves the right to reduce the demand credit based on a comparison of the customer's peak demands before and after installation of the DCFC.

If the customer receives Default PLR Service, the terms of this rider shall not also apply to the Energy Supply Charge.
ELECTRIC VEHICLE DC TO CHARGE RIDE (EV-FC) (continued)

OTHER RIDERS:

This rider, when applied to service to temporary installations to which the Temporary Service Rider is also applied, shall not operate as a waiver of the requirement that monthly minimum charges be paid for a period of not less than 6 months.

TERM OF CONTRACT:

The Company shall provide this credit for no more than 30 months from the date of enrollment or until the conclusion date of the pilot, whichever comes first. There is no right to automatic renewal. Extended participation may be possible and could be predicated on future regulatory directions as yet to be determined.
EMERGENCY ENERGY CONSERVATION RIDER

AVAILABILITY/APPLICABILITY.
This rider is applicable in conjunction with Tariff Rule 12.3 relating to mandatory emergency energy conservation. It provides for modifications to the charges and practices otherwise applicable to certain customers as a result of compliance with or non-compliance with energy conservation curtailment levels as mandated by the appropriate governmental authority under emergency energy conservation conditions resulting from actual or potential shortage of fuel for electric generation. This rider is applicable to individual electric customer accounts served under Rates EP and HT, with a billing demand of 2,000 kilowatts or higher, in a recent twelve-month period prior to the emergency conservation condition. Customers designated by the procedures of Tariff Rule 12.3 and by the Pennsylvania Public Utility Commission, will be exempt from the provisions of this rider.

BASE PERIOD ENERGY USE.
The base energy use for a weekly period shall be determined by the Company for each applicable customer account based upon a consideration of the customer’s actual past or current electric consumption and the customer’s existing operations.

MANDATORY CURTAILMENT ENERGY USE LEVEL TARGET.
The mandatory curtailment energy use level target for each applicable customer shall be that percentage of base period energy use ordered pursuant to the emergency energy conservation procedures provided by Tariff Rule 12.3 or other percentage as a result of the order of appropriate governmental authority.

COMPLIANCE.
When the energy consumption in any weekly period during the period of mandatory curtailment exceeds the mandatory curtailment energy use level target, the customer will be deemed to be in non-compliance. Customers deemed to be in non-compliance will not receive the billing modifications as set forth in this rider. In the event of continued non-compliance, the Company, upon notice to the Commission, may discontinue service.

BILLING FOR CUSTOMERS IN COMPLIANCE.
During the period of emergency energy conservation condition, billing will be based on special meter readings made to identify the demand established and energy used during the current energy use period. Customers in compliance with conservation orders will be excused from minimum bills and historical or contract demand or ratchet provisions and will be billed instead on the basis of current consumption and demand wherever the normal calculation method would produce a greater bill. If the customer receives Default Service, the terms of this rider shall not apply to the Energy Supply Charge.

These customers will be individually notified of this special billing provision before the implementation of the emergency energy conservation procedure.
INVESTMENT RETURN GUARANTEE RIDER

AVAILABILITY/APPLICABILITY.
To contracts which require investment in supply facilities greater than warranted by the incremental revenue recovered through the Company’s tariffed Variable Distribution Service Charges of the Base Rate under which PECO Energy provides service.

COST OF EXTENSION.
The cost of the extension of supply facilities, including the cost of the service connection, shall be set forth in each agreement for the application of this rider.

MINIMUM GUARANTEE.
The minimum monthly payment shall be the amount set forth in the rider agreement or, in the event of later increases of the customer’s load, the minimum of the rate at which service is rendered, whichever minimum obligation is the greater.

CONSTRUCTION ADVANCES.
Where the service desired is of a special character or doubtful permanency, the Company will require payment of a sum equal to the cost of the extension as an advance for construction. A credit of 20% of the total amount of the customer’s revenue recovered through the Company’s tariffed Variable Distribution Service Charges will be allowed by the Company up to an aggregate refund of 100% of such sum, with the right to retain such portion of the advance as needed to guarantee the payment of subsequent bills.

FULFILLMENT OF CONTRACT TERM.
In the event of the discontinuance for any reason of the distribution of energy before the expiration of the term of the contract with which this rider is applied, the customer shall pay the Company immediately thereon a pro rata share of the cost of the extension for the unexpired portion of the contract term.

OWNERSHIP OF DISTRIBUTION SUPPLY FACILITIES.
The provisions of this rider shall not under any circumstances be considered as conferring upon the customer any title to, or right of property in, the distribution supply facilties.

CONTRACT TERM.
Contract terms in excess of one year may be arranged with the customer to assure the return required by the investment in distribution supply facilities.
NIGHT SERVICE GS RIDER

(The number of customers served under this rider may be limited by the availability of the required demand meters)

AVAILABILITY/APPLICABILITY.

To distribution service provided during Off-Peak Hours for demands in excess of those supplied during On-Peak Hours. The demand specified for Off-Peak Hours may be limited to an amount determined by the Company which shall be dependent upon the capacity of the generation, transmission and distribution facilities available for such supply.

DEFINITION OF PEAK HOURS.

On-Peak Hours are defined as the hours between 8:00 am and 8:00 pm, Eastern Standard Time or Daylight Savings Time, whichever is in common use, daily except Saturdays, Sundays and holidays, except that the On-Peak Hours will end at 4:00 pm on Fridays. Off-Peak Hours are defined as the hours other than those specified as On-Peak Hours.

RATES IMPACT.

Rate GS (with demand measurement), including all terms and guarantees, is applicable during On-Peak Hours if the customer receives Default PLR Service, the terms of this rider shall not also apply to the Energy Supply Charge.

MONTHLY RATE TABLE.

Night Service billing and metering charge: $14.24
Charge per kW of Off-Peak billing demand per month: $2.76

STATE TAX ADJUSTMENT CLAUSE AND FEDERAL TAX ADJUSTMENT CREDIT APPLIES TO THIS RIDER.

DETERMINATION OF OFF-PEAK BILLING DEMAND.

The Off-Peak billing demand shall be the amount by which the greatest demand during Off-Peak Hours, as determined by measurement, exceeds the billing demand for On-Peak Hours, whether the latter is a minimum or an actual demand. The measured power factor used for power factor adjustment in accordance with Rule 15.3 shall be the power factor consistent with the customer’s maximum measured demand during Off-Peak Hours.

OTHER RIDERS.

This rider will not be applied in conjunction with the Temporary Service Rider.

TERM OF CONTRACT.

The initial contract term shall be for at least one year.
NIGHT SERVICE HT RIDER

AVAILABILITY/APPLICABILITY.
To distribution service provided during Off-Peak Hours for demands in excess of those supplied during On-Peak Hours. The demand specified for Off-Peak Hours shall be limited to an amount determined by the Company which shall be dependent upon the capacity of the generation, transmission and distribution facilities available for such supply.

DEFINITION OF PEAK HOURS.
On-Peak Hours are defined as the hours between 8:00 am and 8:00 pm. Eastern Standard Time or Daylight Savings Time, whichever is in common use, daily except Saturdays, Sundays and holidays, except that the On-Peak Hours will end at 4:00 pm on Fridays. Off-Peak Hours are defined as the hours other than those specified as On-Peak Hours.

RATE IMPACT.
Rates HT or EP, including all terms and guarantees, are applicable during On-Peak Hours. If the customer receives Default PLR Service, the terms of this rider shall not apply to the Energy Supply Charge.

MONTHLY RATE TABLE.
Night Service billing and metering charge: $11.39
Charge per kW of Off-Peak billing demand: $2.17 per month for Rate HT
$2.10 per month for Rate EP.

STATE TAX ADJUSTMENT CLAUSE AND FEDERAL TAX ADJUSTMENT CREDIT APPLIES TO THIS RIDER.

DETERMINATION OF OFF-PEAK BILLING DEMAND.
The Off-Peak billing demand shall be the amount by which the greatest demand during Off-Peak Hours, as determined by measurement, exceeds the billing demand for On-Peak Hours, whether the latter is a minimum or an actual demand. The measured power factor used for power factor adjustment in accordance with Rule 15.3 shall be the power factor coincident with the customer's maximum measured demand during On-Peak Hours.

OTHER RIDERS.
This rider will not be applied in conjunction with the Temporary Service Rider.

TERM OF CONTRACT.
The initial contract term shall be for at least one year.
NIGHT SERVICE PD RIDER

AVAILABILITY/APPLICABILITY.
To distribution service provided during Off-Peak Hours for demands in excess of those supplied during On-Peak Hours. The demand specified for Off-Peak Hours shall be limited to an amount determined by the Company which shall be dependent upon the capacity of the generation, transmission and distribution facilities available for such supply.

DEFINITION OF PEAK HOURS.
On-Peak Hours are defined as the hours between 8:00 am and 8:00 pm, Eastern Standard Time or Daylight Savings Time, whichever is in common use, daily except Saturdays, Sundays and holidays; except that the On-Peak Hours will end at 4:00 pm on Fridays. Off-Peak Hours are defined as the hours other than those specified as On-Peak Hours.

RATE IMPACT.
Rate PD, including all terms and guarantees, is applicable during On-Peak Hours. If the customer receives Default PLR Service, the terms of this rider shall not also apply to the Energy Supply Charge.

MONTHLY RATE TABLE.
Night Service billing and metering charge: $11.39
Charge per kW of Off-Peak billing demand per month: $2.66

STATE TAX ADJUSTMENT CLAUSE AND FEDERAL TAX ADJUSTMENT CREDIT APPLIES TO THIS RIDER.

DETERMINATION OF OFF-Peak BILLING DEMAND.
The Off-Peak billing demand shall be the amount by which the greatest demand during Off-Peak Hours, as determined by measurement, exceeds the billing demand for On-Peak Hours, whether the latter is a minimum or an actual demand, except that, when said greatest demand during Off-Peak Hours exceeds the demand specified for Off-Peak Hours, said greatest Off-Peak demand shall be reduced by the amount of the excess in determining the Off-Peak billing demand. The measured power factor used for power factor adjustment in accordance with Rule 15.3 shall be the power factor coincident with the customer's maximum measured demand during On-Peak hours.

OTHER RIDERS.
The rider will not be applied in conjunction with the Temporary Service Rider.

TERM OF CONTRACT.
The initial contract term shall be for at least one year.

Issued: December 18, 2015
Effective January 1, 2016
AVAILABILITY/APPLICABILITY
To service provided to a Receiver-Trustee for the continued operation of a property formerly under contract for its electric service requirements.

AUTHORITY FOR OPERATION.
The Receiver-Trustee shall possess the authority under appointment by Court, through an order duly entered, to operate premises recited in a contract for electric service under which the Company has been providing service.

ACCEPTANCE.
The Receiver-Trustee shall accept and adopt for the continuation of service the contract theretofore in effect, including all of its provisions, and agree to pay the Company for all charges levied during the receivership-trusteeship at the rate specified therein.

BILLING.
The Company reserves the right to render bills on a biweekly basis. To provide for biweekly billing under this rider, the provisions of the applicable rate and rider, if any, will be modified as follows:

(a) Where applicable, all references to monthly or month will be changed to biweekly or biweek.
(b) Where applicable, capacity charges will first be determined from the pricing in the monthly rate table and such sum will then be multiplied by 14/30ths (0.4667) to determine the capacity charges for the billing period.
(c) The energy charges will be determined by using the prices in the monthly rate table; however, the limit of the kilowatt-hours to be billed in each price block will be determined by multiplying the hours' use of billing demand for each price block or the kilowatt-hour limits of a given price block by 0.4667.
(d) The high voltage discount applicable to Rate HT will be determined by using the pricing in the monthly rate table and such sum will then be multiplied by 0.4667 to determine the discount for the billing period.
(e) The minimum charge will be determined on a monthly basis and such sum will then be multiplied by 0.4667 to determine the minimum charge for the billing period.
(f) A discount of 0.4% will be applied to the total bill.
(g) A bill will be rendered biweekly covering the charges for the preceding billing period and such bill shall be paid within fifteen (15) days after receipt thereof.

If the customer receives Default Service, the terms of this rider shall also apply to the Energy Supply Charge.

TERM OF CONTRACT.
The completion of the term of the contract taken over, or as terminated by the discharge of the Receiver-Trustee, or as arranged with the Receiver-Trustee for the continuation of service under the standard terms of this Tariff.
AVAILABLE.

Central Air Conditioning Cycling Control Option:
This rider is available to any residential retail customer under rates R, RH, RS-2, and CAP that (a) is the owner of the premises at which service hereunder is to be provided; (b) is provided with electric service at such premises through a separate meter; (c) has a fully functional electric central air conditioning system (AC) as the principal and dedicated source of air conditioning for such premises, the electric service for which is delivered by the Company through such separate meter and is (are) capable of accepting a Company control device(s), as determined by the Company or its agent; (d) allows the Company to periodically cycle such AC compressor(s); and (e) is located at a premises where the Company's control signal can reach a control unit mounted near such connected unit.

Electric Water Heater Control Option:
This rider is available to any residential retail customer under rates R, RH, RS-2, and CAP that (a) is the owner of the premises at which service hereunder is to be provided; (b) is provided with electric service at such premises through a separate meter; (c) has a fully functional electric water heater, the electric service for which is delivered by the Company through such separate meter and is (are) capable of accepting a Company control device(s), as determined by the Company or its agent; (d) allows the Company to periodically control such electric water heater(s); and (e) is located at a premises where the Company's control signal can reach a control unit mounted near such connected unit.

Service hereunder is not restricted to residential retail customers that obtain full requirements electric supply from the Company under Default Service.

Notwithstanding the previous provisions of this Availability section, the availability of this rider is limited by the ability of the Company and its agent to purchase and install the necessary controls needed to implement and administer the Residential Direct Load Control Program (DLCP).

PROGRAM PROVISIONS.
The DLCP allows the Company to obtain temporary reductions in the electric power and energy demands on the electric delivery system located in its service territory through reductions in residential retail customers' electric power and energy usage requirements. The Company reserves the right to activate the DLCP for any reason, including (a) response to shortages of available capacity on the Company's distribution system; (b) response to shortages of available capacity on the transmission system located in the Company's service territory; (c) preservation of the availability of other load response resources; or (d) reduction of peak load. A residential retail customer to which this rider is available that elects service hereunder is defined as a participant. An activation of the DLCP is defined as an event.

During an event, a participant in the DLCP allows the Company to remotely control the duty cycle of such participant's AC compressor(s) and/or control such participant's electric water heater(s). The Company is allowed to exercise such control without notice at any time. Control events will be limited to the period beginning June 1 and extending through September 30 of each year, except holidays.

EVENT PERFORMANCE:
During an event, the Company is allowed to cycle the participant's AC compressor(s) for the full duration of the event, with such cycling performed so that the AC compressor(s) alternates every fifteen (15) minutes between being available for cooling and not being available for cooling.
During an event under the electric water heater control option, the Company is allowed to control the participant's electric water heater for the full duration of the event.

A participant commences service hereunder on the date the Company inspects and approves the functionality of the participant's AC compressor(s) and/or electric water heater and installs the remote control device(s).

INSTALLATION,

The Company or its agent installs the remote control device(s) used to cycle the AC compressor(s) and/or electric water heater(s), and the Company owns, operates, and maintains such device(s). The participant is responsible for maintaining a safe operating environment for such device(s). For a situation in which the participant replaces its AC compressor(s) and/or water heaters, the participant is responsible for providing the Company with adequate notice so that the Company has time to schedule the removal of such device(s) from the AC compressor(s) and/or water heater(s) being removed and the installation of such device(s) on the replacement AC compressor(s) and/or electric water heater(s).

TESTING & VERIFICATION

The Company is allowed to inspect the remote control device(s) at any time and without notice to insure such device(s) is (are) fully operational, and the participant grants the Company permission to enter upon its premises to conduct such inspections. If, in the course of such inspection, the Company determines that the participant interfered with the functionality of the device(s) in any way, (a) the participant is immediately removed from the (DLCP) and service hereunder is terminated, with such termination effective as of the date of the installation of such device(s) or of the most recent passing inspection, whichever is more recent; (b) all credits previously given to such participant since such effective termination date are immediately reimbursed by such participant to the Company; and (c) such participant is not eligible to take service hereunder or participate in the (DLCP) for a period of not less three (3) calendar years following such effective termination date.

For a situation in which the Company performs excessive maintenance or replacement of any remote control device(s) due to vandalism or other cause, the Company may remove the participant for which such device(s) is (are) provided from the (DLCP) and terminate service hereunder to such participant. In such situation, the Company may deny future participation in the (DLCP) to such participant.

COMPENSATION,

The Company provides a credit to the participant on each bill issued for the Summer Period (June 1 through September 30) for a total of four monthly credits. The credit applied to such participant's bill corresponds with the Program option selected by such participant.

Central AC Compressor Cycling Credit: $10.00 per bill per installed device for the summer billing period
Electric Water Heater Control Credit: $10.00 per bill per installed device for the summer billing period

The participant shall begin receiving the bill credit on the next appropriate bill cycle following a complete enrollment in the program. The participant shall receive the applicable bill credit for each device installed. The total annual credit shall not exceed (a) $40.00 per device installed on an AC compressor, and (b) $40.00 per device installed on an electric water heater. Consistent with the terms in this tariff, incentives will be paid through October 31, 2020.
The credit provided in accordance with this rider is separately stated on the participant's bill.

MISCELLANEOUS GENERAL PROVISIONS.
The Company or its agent will certify a participant's equipment prior to installation of a load control device. Any equipment determined to not meet the certification standards will be ineligible to participate in the DLCP. Eligible equipment includes fully functional central air conditioning systems and electric water heaters in good condition that are compatible with the load control technology used for the program. Window air conditioning units are not eligible for participation.

The Company is not liable for any damage or injury, including any consequential damage, resulting from the intentional or unintentional interruption of the operation of the participants' AC compressor(s) and/or water heater(s). Only CAC units are eligible for program participation. Window mounted air conditioners do not qualify.

Provisions contained in this rider do not serve to modify the Company's rights contained in the General Terms and Conditions of the Company's Schedule of Rates.

TERMS OF CONTRACT.
The initial term of participation within this program shall end on May 31, 2021, but extended participation is possible, but predicated on future regulatory directives as yet to be determined. The Company reserves the right to modify the terms of this Rider at any time. Participants who have elected to terminate, can return to the program, but must wait 12 months before being permitted to do so.
TEMPORARY SERVICE RIDER

APPLICABILITY.
To the provision of service, including builders construction service, when the Company must install temporary facilities that will be used for a limited period or for a service that is of doubtful permanency.

AVAILABILITY.
Temporary service will be provided only when the Company has available distribution facilities with sufficient capacity, and if the provision of service will not in any way interfere with service to other customers.

INVESTMENT IN DISTRIBUTION FACILITIES.
The cost of the extension and removal of facilities required to furnish the temporary service under the applicable rate shall be paid by the customer, but such payment shall not confer upon, nor entitle the customer to any title to, or right of property in, said facilities and equipment.

MINIMUM TERM.
Application of this rider to Rates R, R-H and GS shall not, for billing purposes, be considered to be for a period of less than one month.

Application of this rider to Rates PD and HT shall require payment of the minimum provisions of the contract for each month of the temporary service period, but in no case shall such period be considered, with respect to the guarantee of the monthly minimum charges, as of less duration than 6 months.

RATE IMPACT.
Billing shall be under the provisions of the applicable base rate and riders.

TERM OF CONTRACT.
Short term arrangements as agreed upon.

Issued March 28, 2018
Effective May 28, 2018

Deleted: 6
Deleted: 68
Deleted: 34

Effective January 1, 2016

Section Break (Continuous)
APPENDIX B

Proof of Revenues
<table>
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<tr>
<th>Rate</th>
<th>Current Distribution Revenue</th>
<th>Proposed Distribution Revenue</th>
<th>Increase in Distribution Revenue</th>
<th>GSA/TSC Reduction</th>
<th>Net of GSA / TSC Revenue</th>
<th>2019 Tax Reform</th>
<th>DSIC Revenue</th>
<th>Net Revenue Ask</th>
<th>% Increase</th>
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<td>Residential</td>
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<td>High Tension</td>
<td>$148,754,033</td>
<td>$157,609,045</td>
<td>$8,855,012</td>
<td>(498,769)</td>
<td>$10,420,243</td>
<td>$8,292,973</td>
<td>$1,401,071</td>
<td>$2,429,941</td>
<td>1.7%</td>
</tr>
<tr>
<td>Electric Propulsion</td>
<td>$7,206,544</td>
<td>$7,634,814</td>
<td>$428,270</td>
<td>(16,452)</td>
<td>$611,818</td>
<td>$459,027</td>
<td>$66,764</td>
<td>$230,575</td>
<td>3.1%</td>
</tr>
<tr>
<td>Lighting</td>
<td>$20,075,238</td>
<td>$21,357,094</td>
<td>$1,281,858</td>
<td>(3,554)</td>
<td>$1,278,302</td>
<td>$1,070,548</td>
<td>$151,236</td>
<td>$353,592</td>
<td>1.8%</td>
</tr>
<tr>
<td>Total</td>
<td>$1,224,574,130</td>
<td>$1,314,854,124</td>
<td>$90,280,994</td>
<td>(4,488,845)</td>
<td>$85,541,148</td>
<td>(70,822,573)</td>
<td>$10,000,000</td>
<td>$24,916,679</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

* Current Distribution Revenue for 2019 includes a revenue reduction for Tax Reform and additional DSIC revenue above 2018 levels.
## PECO Energy Company (Electric)
### Rate Year Ended December 31, 2019
#### Rate Design- Rate Classes Residential (R)

<table>
<thead>
<tr>
<th>Line</th>
<th>Customer Charges</th>
<th>PRESENT RATES</th>
<th>PROPOSED RATES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Rate R</td>
<td>Bills</td>
<td>Rate Revenue</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$15,606,895</td>
<td>$131,878,262</td>
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<tr>
<td>2</td>
<td>Second Meter</td>
<td>$859,944</td>
<td>$1,651,092</td>
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<tr>
<td>3</td>
<td>Total Customer Charges</td>
<td>$16,466,839</td>
<td>$133,529,354</td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>kWh-Based rates</td>
<td>kWh</td>
<td>Rate Revenue</td>
</tr>
<tr>
<td>6</td>
<td>Rate R</td>
<td>$10,518,755,417</td>
<td>$652,899,149</td>
</tr>
<tr>
<td>7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Total Distribution Charges</td>
<td>$10,518,755,417</td>
<td>$652,899,149</td>
</tr>
<tr>
<td>9</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>CAP discount- Non-distribution</td>
<td>$41,845,320</td>
<td>$41,845,320</td>
</tr>
<tr>
<td>11</td>
<td>CAP discount- Distribution</td>
<td>$29,078,951</td>
<td>$(29,904,052)</td>
</tr>
<tr>
<td>12</td>
<td>Energy Efficiency</td>
<td>$1,843,566</td>
<td>$1,841,566</td>
</tr>
<tr>
<td>13</td>
<td>Regulatory Initiative</td>
<td>$(38,537,391)</td>
<td>$(38,537,391)</td>
</tr>
<tr>
<td>14</td>
<td>Tax Reform</td>
<td>$9,758,051</td>
<td>$9,758,051</td>
</tr>
<tr>
<td>15</td>
<td>Rate Case Adjustment</td>
<td>$(10,163,598)</td>
<td>$(10,134,124)</td>
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<tr>
<td>16</td>
<td>Load Reduction</td>
<td>$2,672,377</td>
<td>$2,748,204</td>
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<tr>
<td>17</td>
<td>Annualization</td>
<td>$(105,353,266)</td>
<td>$(77,293,725)</td>
</tr>
<tr>
<td>18</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Total Distribution Revenue</td>
<td>$681,075,237</td>
<td>$731,449,288</td>
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<td>Line</td>
<td>Customer Charges</td>
<td>PRESENT RATES</td>
<td>PROPOSED RATES</td>
</tr>
<tr>
<td>------</td>
<td>-----------------</td>
<td>---------------</td>
<td>---------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Bills</td>
<td>Rate</td>
</tr>
<tr>
<td>1</td>
<td>Rate RH</td>
<td>2,247,564</td>
<td>$8.45</td>
</tr>
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<td>2</td>
<td>Total Customer Charges</td>
<td>2,247,564</td>
<td>$8.45</td>
</tr>
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<td>3</td>
<td>From Rate RH</td>
<td>2,247,564</td>
<td>$8.45</td>
</tr>
<tr>
<td>4</td>
<td>kWh-Based rates</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Rate RH Jun - Sept</td>
<td>665,139,000</td>
<td>$0.06207</td>
</tr>
<tr>
<td>6</td>
<td>Rate RH Oct - May</td>
<td>2,055,961,000</td>
<td>$0.04395</td>
</tr>
<tr>
<td>7</td>
<td>Total Distribution Charges</td>
<td>2,721,100,000</td>
<td>$131,644,664</td>
</tr>
<tr>
<td>8</td>
<td>CAP discount- Non-distribution</td>
<td>$ (4,258,773)</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>CAP discount- Distribution</td>
<td>$ (2,959,486)</td>
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</tr>
<tr>
<td>10</td>
<td>Energy Efficiency</td>
<td>$ -</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Regulatory Initiative</td>
<td>$ 415,273</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Tax Reform</td>
<td>$ (7,821,633)</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Rate Case Adjustment</td>
<td>$ 1,984,088</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Load Reduction</td>
<td>$ (2,180,313)</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Annualization</td>
<td>$ 618,353</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Total Distribution Revenue</td>
<td>$ (14,202,290)</td>
<td></td>
</tr>
</tbody>
</table>

**PECO Energy Company (Electric)**

Rate Year Ended December 31, 2019
Rate Design- Rate Class Residential Heating (RH)
<table>
<thead>
<tr>
<th>Line</th>
<th>Customer Charges</th>
<th>PRESENT RATES</th>
<th>PROPOSED RATES</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bills</td>
<td>Rate</td>
<td>Revenue</td>
</tr>
<tr>
<td>1</td>
<td>Single-Phase- No Demand</td>
<td>362,089</td>
<td>14.26</td>
</tr>
<tr>
<td>2</td>
<td>Single-Phase- With Demand</td>
<td>1,065,741</td>
<td>18.17</td>
</tr>
<tr>
<td>3</td>
<td>Poly-Phase- With Demand</td>
<td>393,382</td>
<td>43.51</td>
</tr>
<tr>
<td>4</td>
<td>GS Night Service Rider</td>
<td>34,963</td>
<td>14.30</td>
</tr>
<tr>
<td></td>
<td>Total Customer Charges</td>
<td>1,821,211</td>
<td>$42,143,891</td>
</tr>
<tr>
<td>8</td>
<td>kWh-Based Rates</td>
<td>kWh</td>
<td>Rate</td>
</tr>
<tr>
<td>9</td>
<td>Single-Phase- No Demand</td>
<td>8,031,535,267</td>
<td>($0.0006)</td>
</tr>
<tr>
<td>10</td>
<td>Single-Phase- With Demand</td>
<td>-</td>
<td>$0.0000</td>
</tr>
<tr>
<td>11</td>
<td>Poly-Phase- With Demand</td>
<td>-</td>
<td>$0.0000</td>
</tr>
<tr>
<td>12</td>
<td>GS Night Service Rider</td>
<td>-</td>
<td>$0.0000</td>
</tr>
<tr>
<td>13</td>
<td>Intercompany- All kWh</td>
<td>37,339,818</td>
<td>$0.0221</td>
</tr>
<tr>
<td>14</td>
<td>Total Distribution Charges</td>
<td>8,068,875,085</td>
<td>$ (3,994,179)</td>
</tr>
<tr>
<td>18</td>
<td>kW-based Rates</td>
<td>kWh</td>
<td>Rate</td>
</tr>
<tr>
<td>19</td>
<td>GS Night Service Rider</td>
<td>128,655</td>
<td>$2.39</td>
</tr>
<tr>
<td>20</td>
<td>Billed demand kW</td>
<td>26,641,802</td>
<td>$7.46</td>
</tr>
<tr>
<td>21</td>
<td>Total Distribution Charges</td>
<td>$195,034,305</td>
<td>$199,648,375</td>
</tr>
<tr>
<td>24</td>
<td>Energy Efficiency</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>25</td>
<td>Regulatory Initiative</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>26</td>
<td>Tax Reform</td>
<td>($12,818,381)</td>
<td>-</td>
</tr>
<tr>
<td>27</td>
<td>Rate Case Adjustment</td>
<td>$3,273,720</td>
<td>-</td>
</tr>
<tr>
<td>28</td>
<td>Load Reduction</td>
<td>($3,016,565)</td>
<td>$ (3,087,927)</td>
</tr>
<tr>
<td>29</td>
<td>Annualization</td>
<td>$233,500</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Total Distribution Revenue</td>
<td>$224,850,669</td>
<td>$239,646,884</td>
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</tbody>
</table>
## PECO Energy Company (Electric)
**Rate Year Ended December 31, 2019**
**Rate Design - Rate Class Primary Distribution (PD)**

<table>
<thead>
<tr>
<th>Line</th>
<th>Customer Charges</th>
<th><strong>PRESENT RATES</strong></th>
<th><strong>PROPOSED RATES</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bills</td>
<td>Rate Revenue</td>
<td>Rate Revenue</td>
</tr>
<tr>
<td>1</td>
<td>Rate PD</td>
<td>$5,400 296.09 $1,598,886</td>
<td>$296.10 $1,598,940</td>
</tr>
<tr>
<td>2</td>
<td>Rate PD-NSR Fixed</td>
<td>1,524 11.39 $17,358</td>
<td>$11.39 $17,358</td>
</tr>
<tr>
<td>3</td>
<td>Total Customer Charges</td>
<td>5,400 $1,616,244</td>
<td>$1,616,298</td>
</tr>
<tr>
<td>4</td>
<td><strong>Total kWh-Based rates</strong></td>
<td><strong>kWh</strong></td>
<td><strong>Rate</strong></td>
</tr>
<tr>
<td>5</td>
<td>Rate PD</td>
<td>405,541,802 ($0.0006) $243,325</td>
<td>($0.0006) $243,325</td>
</tr>
<tr>
<td>6</td>
<td>Rate PD-NSR Fixed</td>
<td>0.0000</td>
<td>0</td>
</tr>
<tr>
<td>7</td>
<td>Total kWh-Based Charges</td>
<td>405,541,802 $243,325</td>
<td>$243,325</td>
</tr>
<tr>
<td>8</td>
<td><strong>Total kW-Based Rates</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Rate PD</td>
<td>1,038,613 $7.01 $7,280,676</td>
<td>$7.26 $7,540,329</td>
</tr>
<tr>
<td>10</td>
<td>Rate PD-NSR Fixed</td>
<td>4,002 2.16 $8,644</td>
<td>2.66 $10,661</td>
</tr>
<tr>
<td>11</td>
<td>Total Demand-Based Charges</td>
<td>1,038,613 $7,289,320</td>
<td>$7,550,990</td>
</tr>
<tr>
<td>12</td>
<td>Total Distribution Charges</td>
<td>$7,045,595</td>
<td>$7,307,665</td>
</tr>
<tr>
<td>13</td>
<td>Energy Efficiency</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>14</td>
<td>Regulatory Initiative</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>15</td>
<td>Tax Reform</td>
<td>523,440</td>
<td>523,440</td>
</tr>
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<td>16</td>
<td>Rate Case Adjustment</td>
<td>136,808</td>
<td>136,808</td>
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<td>17</td>
<td>Load Reduction</td>
<td>97,485</td>
<td>97,485</td>
</tr>
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<td>18</td>
<td>Amortization</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>19</td>
<td>Annualization</td>
<td>484,113</td>
<td>484,113</td>
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<tr>
<td>20</td>
<td>Total Distribution Revenue</td>
<td>8,178,120</td>
<td>8,823,858</td>
</tr>
<tr>
<td>Line</td>
<td>Customer Charges</td>
<td>Bills</td>
<td>Present Rates</td>
</tr>
<tr>
<td>------</td>
<td>------------------</td>
<td>-------</td>
<td>---------------</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Rate</td>
<td>Revenue</td>
</tr>
<tr>
<td>1</td>
<td>High Tension HT</td>
<td>31,932</td>
<td>299.62</td>
</tr>
<tr>
<td>2</td>
<td>Rate HT-NSR Fixed</td>
<td>12,912</td>
<td>11.39</td>
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<td>3</td>
<td>Total Customer Charges</td>
<td>31,932</td>
<td>$ 9,714,534</td>
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<td>4</td>
<td>kWh-Based rates</td>
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<td></td>
</tr>
<tr>
<td>5</td>
<td>High Tension HT</td>
<td>14,887,392,197</td>
<td>($0.0006)</td>
</tr>
<tr>
<td>6</td>
<td>Rate HT-NSR Fixed</td>
<td></td>
<td>$0.0000</td>
</tr>
<tr>
<td>7</td>
<td>Total kWh-Based Charges</td>
<td>14,887,392,197</td>
<td>($8,932,435)</td>
</tr>
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<td>8</td>
<td>kW-based Rates</td>
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</tr>
<tr>
<td>9</td>
<td>High Tension HT</td>
<td>33,247,136</td>
<td>4.77</td>
</tr>
<tr>
<td>10</td>
<td>Rate HT-NSR Fixed</td>
<td>337,965</td>
<td>2.01</td>
</tr>
<tr>
<td>11</td>
<td>33KV</td>
<td>9,118,539</td>
<td>(0.15)</td>
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<td>12</td>
<td>69KV</td>
<td>231,192</td>
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</tr>
<tr>
<td>13</td>
<td>&gt;69KV</td>
<td>2,432,864</td>
<td>(0.48)</td>
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<td>14</td>
<td>Total Demand-Based Charges</td>
<td>$156,488,634</td>
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<td>Total Distribution Charges</td>
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<td>17</td>
<td>Regulatory Initiative</td>
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<td>-</td>
</tr>
<tr>
<td>18</td>
<td>Tax Reform</td>
<td>(9,392,973)</td>
<td>-</td>
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<td>Rate Case Adjustment</td>
<td>2,454,931</td>
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<tr>
<td>20</td>
<td>Load Reduction</td>
<td>(3,578,657)</td>
<td>-</td>
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<tr>
<td>21</td>
<td>Annualization</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>22</td>
<td>Total Distribution Revenue</td>
<td>$146,754,033</td>
<td>$157,605,045</td>
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### PECO Energy Company (Electric)

**Rate Year Ended December 31, 2019**

**Rate Design- Rate Class Electric Propulsion (EP)**

<table>
<thead>
<tr>
<th>Line</th>
<th>Customer Charges</th>
<th>Present Rates</th>
<th>Proposed Rates</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Bills</td>
<td>Rate</td>
<td>Revenue</td>
</tr>
<tr>
<td>1</td>
<td>Electric Propulsion</td>
<td>465</td>
<td>$1,292.35</td>
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<td>Total Customer Charges</td>
<td>465</td>
<td>$600,942</td>
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<tr>
<td></td>
<td>kWh-Based rates</td>
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</tr>
<tr>
<td>5</td>
<td>All kWh</td>
<td>625,634,756</td>
<td>($0.0006)</td>
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<tr>
<td>6</td>
<td>Total kWh-Based Charges</td>
<td>625,634,756</td>
<td>$375,381</td>
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<td>KW-Based rates</td>
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</tr>
<tr>
<td>9</td>
<td>All kW</td>
<td>1,685,572</td>
<td>$4.27</td>
</tr>
<tr>
<td>10</td>
<td>Rate EP- NSR Fixed</td>
<td>59,570</td>
<td>$2.01</td>
</tr>
<tr>
<td>11</td>
<td>Total Demand-Based Charges</td>
<td></td>
<td>$7,318,814</td>
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<tr>
<td>12</td>
<td>Total Distribution Charges</td>
<td></td>
<td>$6,943,454</td>
</tr>
<tr>
<td>13</td>
<td>Energy Efficiency</td>
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<td>-</td>
</tr>
<tr>
<td>14</td>
<td>Regulatory Initiative</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>17</td>
<td>Tax Reform</td>
<td></td>
<td>$ (458,007)</td>
</tr>
<tr>
<td>18</td>
<td>Rate Case Adjustment</td>
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<td>$120,175</td>
</tr>
<tr>
<td>19</td>
<td>Load Reduction</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>20</td>
<td>Annualization</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>21</td>
<td>Annualization</td>
<td></td>
<td>$ (337,832)</td>
</tr>
<tr>
<td>22</td>
<td>Total Distribution Revenue</td>
<td></td>
<td>$7,206,544</td>
</tr>
</tbody>
</table>

**Total Distribution Revenue**

$7,206,544

$7,834,814
## TECO Energy Company (Electric)
Rate Year Ended December 31, 2019
Rate Design - Rate Classes Lighting

<table>
<thead>
<tr>
<th>Line</th>
<th>Customer/Location Charges</th>
<th>Bills/Locations</th>
<th>Rate</th>
<th>Revenue</th>
<th>Rate</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>SL-E</td>
<td>2,119,152</td>
<td>$7.11</td>
<td>$15,067,169</td>
<td>$6.65</td>
<td>$14,092,359</td>
</tr>
<tr>
<td>3</td>
<td>TLCL</td>
<td>105,240</td>
<td>$3.62</td>
<td>$380,969</td>
<td>$3.67</td>
<td>$386,620</td>
</tr>
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<td>4</td>
<td>AL</td>
<td>179,940</td>
<td>$2.25</td>
<td>$404,865</td>
<td>$2.34</td>
<td>$421,060</td>
</tr>
<tr>
<td>5</td>
<td>Total Customer Charges</td>
<td>2,404,332</td>
<td>$15,833,003</td>
<td>$14,899,429</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>kWh-Based rates</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>SL-E</td>
<td>143,062,964</td>
<td>$0.00853</td>
<td>$1,220,327</td>
<td>$0.01754</td>
<td>$2,509,324</td>
</tr>
<tr>
<td>9</td>
<td>TLCL</td>
<td>49,199,914</td>
<td>$0.01477</td>
<td>$726,683</td>
<td>$0.01620</td>
<td>$797,039</td>
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<tr>
<td>10</td>
<td>Total kWh-Based Charges</td>
<td>192,262,878</td>
<td>$1,947,010</td>
<td>$3,306,363</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td></td>
<td></td>
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<td></td>
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<td>12</td>
<td>Company Owned Lighting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>SLS</td>
<td>-</td>
<td>$2,056,591</td>
<td>$2,108,006</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>POL</td>
<td>11,313,964</td>
<td>$1,045,370</td>
<td>$1,071,592</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Total Company Owned Lighting</td>
<td>11,313,964</td>
<td>$3,101,962</td>
<td>$3,179,511</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Total Distribution Charges</td>
<td></td>
<td>$5,048,971</td>
<td>$6,485,874</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Energy Efficiency</td>
<td></td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
</tr>
<tr>
<td>20</td>
<td>Regulatory Initiative</td>
<td></td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
</tr>
<tr>
<td>21</td>
<td>Tax Reform</td>
<td></td>
<td>$1,070,748</td>
<td>$-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Rate Case Adjustment</td>
<td></td>
<td>$272,230</td>
<td>$-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Load Reduction</td>
<td></td>
<td>$28,219</td>
<td>$28,219</td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>Annualization</td>
<td></td>
<td>$826,737</td>
<td>$-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td></td>
<td></td>
<td>$20,075,238</td>
<td>$21,357,094</td>
<td></td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>Total Distribution Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX C

Residential and Low-Income Customer Issues
Appendix C:
Residential and Low-Income Customer Issues

Items 1-5 will have a commencement date of January 1, 2019. Dates for items 6-7 are discussed in the text of those items.

1. CAP Enrollment

PECO will accept certification by a Community-Based Organization ("CBO") as confirmation of customer annual household gross income for purposes of CAP enrollment and verification of confirmed income status, contingent upon the following:

(a) The CBO must be an attendee of PECO’s Universal Services Advisory Committee meetings or otherwise demonstrate to PECO’s satisfaction that it is qualified to perform income certification;

(b) PECO and the CBO must reach agreement, through arms-length negotiations, regarding the scope of work to be performed by the CBO and cost reimbursement from PECO to the CBO (such agreement to include the right for PECO to audit and/or terminate for quality control purposes); and

(c) PECO will be allowed to recover all funds paid to CBO’s for this function, on a dollar-for-dollar basis through its period USFC filings without offsets for working capital (5%) or receivables (22%).

PECO will actively solicit at least twice per year, for purposes of CAP enrollment, through mailings and outbound calls all confirmed low income customers with existing debt to PECO who are not currently enrolled in CAP.

Within 6 months of the effective date of rates, PECO will revise its termination notice to state: “You may be eligible for a payment agreement or special assistance programs, which may stop the termination of your service. Call 1-888-480-1533 right away to determine if you are eligible for a payment agreement or assistance, dispute your bill or to provide us with household income or occupant information.” PECO will submit the revised tariff language to the Commission’s Bureau of Consumer Services and, subject to BCS consent, will change its termination notice as per above.
2. **CAP Credit Maximum**

(a) PECO will increase the CAP Credit Maximum by $200 per customer, as follows

<table>
<thead>
<tr>
<th>FPL</th>
<th>PECO Annual Maximum CAP Credits - Rate R</th>
<th>New PECO Maximum Rate R</th>
<th>PECO Annual Maximum CAP Credits - Rate RH</th>
<th>New PECO Maximum Rate RH</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-50%</td>
<td>$2,048</td>
<td>[$2,048 * (1+%age rate increase)] + $200</td>
<td>$2,922</td>
<td>[$2,922 * (1+%age rate increase)] + $200</td>
</tr>
<tr>
<td>51-100%</td>
<td>$1,389</td>
<td>[$1,389 * (1+%age rate increase)] + $200</td>
<td>$1,881</td>
<td>[$1,881 * (1+%age rate increase)] + $200</td>
</tr>
<tr>
<td>101-150%</td>
<td>$1,241</td>
<td>[$1,241 * (1+%age rate increase)] + $200</td>
<td>$1,661</td>
<td>[$1,661 * (1+%age rate increase)] + $200</td>
</tr>
</tbody>
</table>

(b) The increased discounts will be recovered as marginal costs of providing the CAP discount, with recovery through the USFC, with offsets for working capital (5%) or receivables (22%)

3. **LIURP Spend**

PECO will increase its LIURP budget by $1 million per year. In its next base rate proceeding, PECO may propose a LIURP budget that does not include this additional $1 million per year. The additional $1 million LIURP budget amount shall be in addition to PECO's existing LIURP budget, including the $1 million dollars of additional LIURP spending that was agreed to in the FCO Settlement at Paragraph C.1, and is subject to the following conditions:

(a) These incremental LIURP funds may be used to resolve related safety/health issues and structural issues that would otherwise prohibit or hamper LIURP measures in the home.

(b) PECO will initially target these funds to customers who exceed the applicable CAP Credit Maximum after the increase in the CAP Credit Maximums is implemented. PECO will evaluate each such residence and determine whether: (1) performing LIURP work would require safety/health/structural work, and (2) performing such safety/health/structural work is
appropriate to allow LIURP measures to be implemented. PECO shall retain discretion of whether to expend LIURP funds at any such residence;

(c) PECO is shall use its best efforts to spend these incremental LIURP funds; and

(d) For LIURP funds that are spent, PECO will recover those funds through the USFC, without offsets for working capital (5%) or receivables (22%).

(e) Nothing here shall restrict the parties’ rights to make any LIURP budget proposals in future PUC proceedings initiated after January 1, 2019.

4. Winter Termination

PECO has informed the Parties that it reached a Settlement with the prosecutorial division of I&E in Docket No. M-2018-2531404 addressing winter termination issues. As part of that Settlement, PECO has agreed to make tariff modifications to its winter termination provisions within 60 days of approval of that Settlement.

In this proceeding the OCA has raised issues concerning the determination of low-income status for the purpose of winter terminations. As resolution of the issues in this proceeding, PECO agrees to:

(a) include in its planned Tariff filing in Docket No. M-2018-2531404 at least the following provisions:

- Adopt language that mirrors the language of Columbia Gas and/or the FirstEnergy companies providing greater flexibility in the documentation that will be accepted to establish income eligibility
- Allow income verification from CBOs
- Adopt language providing that any customer identified as confirmed low-income in the Company’s records in the prior four years shall not be required to re-certify or re-verify income to gain the protections of the winter shutoff protections
- Adopt language providing that any customer having established income eligibility for cold weather protections within at least the 12 months preceding the start of the cold weather season shall not be required to re-certify or re-verify their income for that heating season
- Adopt language providing that income eligibility for the cold weather protections may be established using 30-day annualized income rather than being based solely on an annual income.
(b) The parties reserve their rights to address the provisions of the Settlement in Docket M-2018-2531404 and final proposed tariff that PECO may submit in that docket.

5. **Budget Billing**

When a low-income customer is entering into a Deferred Payment Arrangement (“DPA”), PECO will inform them of the availability of budget billing, but will not require the customer to enroll in budget billing as a condition of obtaining the DPA. PECO will seek input from its Universal Service Advisory Committee about how to inform customers about the benefits of budget billing and deferred payment arrangements.

6. **Security Deposits**

(a) PECO confirms that it has returned or credited the security deposits of low-income customers that it was inadvertently holding and which were identified in its discovery response CAUSE-PA-I-18-1.

(b) Beginning in August, the Company will complete monthly reviews of its customer accounts to identify deposits paid and assessed for customers who have: (1) verified their income is below 150% FPL within the past four years; or (2) received LIHEAP grants within the past two years. Any such customers who have paid or been assessed a security deposit will promptly have the deposit credited to their account.

7. **Limited English Proficiency (“LEP”)**

(a) Within six months of the Commission approval of this Settlement, PECO will conduct a language assessment of the residents in its service territory. On the basis of its needs assessment, PECO will draft and distribute for comment its written policy statement on how it intends to service its LEP customers.

(b) The parties agree that, other than requirements that may currently exist in the Commission’s regulations with respect to provision of service to LEP households, the language analysis shall not commit PECO to undertake specific measures with respect to LEP households.
### Appendix D:
**Gross Plant Costs**

PECO - Electric Operations
Before The Pennsylvania Public Utility Commission
Fully Projected Future Test Year Ended December 31, 2019
($ in Thousands)

<table>
<thead>
<tr>
<th>Line No</th>
<th>Description</th>
<th>Schedule</th>
<th>Per Budget December 31 FPFTY 2019</th>
<th>Adjustments</th>
<th>Adjusted December 31 FPFTY 2019 [2] + [3]</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Intangible Plant</td>
<td>Sec. C-2, Sch 2</td>
<td>$189,905</td>
<td>$(14,254)</td>
<td>$175,650</td>
</tr>
<tr>
<td>2</td>
<td>Transmission Plant</td>
<td>Sec. C-2, Sch 2</td>
<td>1,760,203</td>
<td>(1,760,203)</td>
<td>-</td>
</tr>
<tr>
<td>3</td>
<td>Distribution Plant</td>
<td>Sec. C-2, Sch 2</td>
<td>6,781,042</td>
<td>-</td>
<td>6,781,042</td>
</tr>
<tr>
<td>4</td>
<td>General Plant</td>
<td>Sec. C-2, Sch 2</td>
<td>267,160</td>
<td>(30,224)</td>
<td>236,936</td>
</tr>
<tr>
<td>5</td>
<td>Sub-Total Plant-In-Service</td>
<td>Sum L1 to L6</td>
<td>$8,998,310</td>
<td>$(1,804,681)</td>
<td>$7,193,628</td>
</tr>
<tr>
<td>6</td>
<td>Completed Construction Not Classified</td>
<td>G/L a/c # 105</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>7</td>
<td>Plant-In-Service</td>
<td>Sum L7 to L9</td>
<td>$8,998,310</td>
<td>$(1,804,681)</td>
<td>$7,193,628</td>
</tr>
<tr>
<td>8</td>
<td>Construction Work-In-Progress</td>
<td>G/L a/c # 107</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>9</td>
<td>Other</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>10</td>
<td>Total Utility Plant</td>
<td>Sum L7 to L9</td>
<td>$8,998,310</td>
<td>$(1,804,681)</td>
<td>$7,193,628</td>
</tr>
</tbody>
</table>
APPENDIX E

Rate Effects For Typical Customers
In Each Major Rate Class
Appendix E:
Rate Effects For Typical Customers In Each Major Rate Class

**Residential Class**
Under the Settlement Rates, the monthly residential distribution customer charge will increase $1.55 (or 18.3%) from $8.45 to $10.00\(^1\). This increase in the distribution customer charge is in lieu of the Company’s proposed monthly distribution customer charge of $12.50, which represents a $4.05 increase (or 47.9%). In addition, under the Settlement Rates, the bill for a typical Residential customer that uses 700 kWh per month will increase by $1.27 per month, from $102.65 to $103.92\(^2\) (or 1.2%), including default service generation, taxes and other surcharges. In comparison, in the Company’s proposed filing, the bill for a typical Residential customer that uses 700 kWh per month would have increased by $3.28 per month, from $102.65 to $105.93\(^3\) (or 3.2%), including default service generation, taxes, and other surcharges.

**Commercial Class**
Under the Settlement Rates, the monthly distribution customer charge for a Rate GS polyphase demand customer will increase $0.69 (or 1.6%) from $43.53 to $44.22. This increase in the distribution customer charge is in lieu of the Company’s proposed monthly distribution customer charge of $44.37. In addition, under the Settlement Rates, the bill for a typical Rate GS polyphase with demand customer with monthly billing demand of 25 kW will increase by $2.96 per month, from $859.09 to $862.05 (or 0.3%), including default service generation, taxes and other surcharges. In comparison, in the Company’s proposed filing, the bill for a typical Rate GS polyphase with demand customer with monthly billing demand of 25 kW demand would have increased by $11.06 per month, from $859.09 to $870.15 (or 1.3%), including default service generation, taxes, and other surcharges.

**Industrial Class**
Under the Settlement Rates, the monthly distribution customer charge for a Rate HT customer will increase $54.22 (or 18.1%) from $299.78 to $354.00. This increase in the distribution customer charge is in lieu of the Company’s proposed monthly distribution customer charge of $299.63. In addition, under the Settlement Rates, the bill for a typical HT customer with monthly billing demand of 500 kW will increase by $79.37 per month, from $14,769.32 to $14,848.69 (or 0.5%), including default service generation, taxes and other surcharges. In comparison, in the Company’s proposed filing, the bill for a typical Rate HT customer with monthly billing demand of 500 kW would have increased by $193.99 per month, from $14,769.32 to $14,963.31 (or 1.3%), including default service generation, taxes, and other surcharges.

---

\(^1\)Rates from Appendix B, Revenue Allocation And Rate Design.

\(^2\)All calculations use riders in effect at 3/1/18 and the price-to-compare from 3/1/18, which assures that the rates are being compared on a consistent basis.

\(^3\)PECO Energy Company -- General Base Rate Filing, Volume No. I - Customer Notice.
STATEMENT A

Statement in Support of Joint Petition for Partial Settlement of PECO Energy Company
STATEMENT OF PECO ENERGY COMPANY
IN SUPPORT OF THE
JOINT PETITION FOR PARTIAL SETTLEMENT

August 28, 2018
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STATEMENT OF PECO ENERGY COMPANY
IN SUPPORT OF THE
JOINT PETITION FOR PARTIAL SETTLEMENT

TO THE HONORABLE DEPUTY CHIEF ADMINISTRATIVE LAW JUDGE
CHRISTOPHER P. PELL AND ADMINISTRATIVE LAW JUDGE F. JOSEPH BRADY:

I. INTRODUCTION AND OVERVIEW

PECO Energy Company ("PECO" or the "Company") submits this Statement in Support of the Joint Petition for Partial Settlement ("Joint Petition" or "Settlement") entered into by and among PECO and the following Joint Petitioners:1

- Bureau of Investigation and Enforcement ("I&E");
- Office of Consumer Advocate ("OCA");
- Office of Small Business Advocate ("OSBA");
- Philadelphia Area Industrial Energy Users Group ("PAIEUG");
- Coalition for Affordable Utility Services & Energy Efficiency in Pennsylvania ("CAUSE-PA");

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1 ArcelorMittal USA, LLC ("ArcelorMittal"), Calpine Energy Solutions ("Calpine") and the International Brotherhood of Electrical Workers, Local 614 ("IBEW"), which are parties to this proceeding, have authorized the Joint Petitioners to represent that they do not oppose the Settlement.
Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia ("TURN et al.");

Community Action Association of Pennsylvania ("CAAP");

Tesla, Inc. ("Tesla");

ChargePoint, Inc. ("ChargePoint"); and

Wal-Mart Stores East, LP and Sam’s East, Inc. ("Walmart")

NRG Energy, Inc. ("NRG") opposes the Settlement only to the extent that it is based on PECO’s allocation of certain indirect costs to residential distribution service instead of residential default service and the effect of reallocating those costs to residential default service, with a commensurate reduction in the level of residential distribution charges. This issue has been reserved for briefing by the parties.

The Settlement was achieved only after a comprehensive investigation of PECO’s operations and finances, which included (1) extensive discovery (PECO responded to over 500 interrogatories); (2) submission of direct, supplemental direct, rebuttal, surrebuttal and oral rejoinder testimony covering a wide range of issues; (3) informal discovery, including Technical Conferences held on May 22 and June 5, 2018; (4) public input hearings; and (5) negotiations among the Joint Petitioners as to the appropriate revenue level, rate structure, rate design, and other matters, as set forth in detail in the Joint Petition.

The Settlement has been achieved among parties representing a wide array of stakeholder interests, including residential, commercial and industrial customers; organizations representing the interests of low-income customers; and developers of electric vehicles ("EVs") and EV charging networks. The fact that the Settlement was reached among parties displaying the diverse interests of the Joint Petitioners is, in itself, strong evidence that the Settlement is reasonable and in the public interest. In fact, the Settlement reflects a carefully balanced
compromise of the interests of all the Joint Petitioners based on their thorough and detailed consideration of the evidence adduced in this case, all of which was entered into the record at the evidentiary hearing conducted on August 21, 2018.

Significantly, three of the signatories – I&E, OCA, and OSBA – are charged with specific legal obligations to carefully scrutinize all aspects of a utility’s request to increase rates. I&E, which has the broadest mandate, functions as an independent prosecutorial bureau within the Pennsylvania Public Utility Commission (the “Commission”) and, as such, is charged with representing the public interest in utility rate proceedings. The OCA has a statutory obligation to protect the interests of consumers of public utility service. And the OSBA represents the interests of small businesses. As evidenced by their active and extensive participation in all aspects of this case, these statutory parties have conscientiously and rigorously discharged their statutory obligations. The statutory parties’ joining in, and fully supporting, the Settlement is strong evidence that the Settlement’s terms and conditions are just, reasonable and in the public interest.

Moreover, as explained hereafter, the Company presented a compelling case for rate relief. This is evidenced by, among other factors, the fact that PECO’s base rates have not increased since January 1, 2016; PECO has invested approximately $0.9 billion in new and replacement electric distribution plant since the Company’s current base rates became effective;


3 See 71 Pa.C.S. §§ 309-1 et seq.

4 See 73 P.S. §§ 399.41 et seq.

5 See Pa. P.U.C. v. T.W. Phillips Gas and Oil Co., Docket Nos. R-2010-2167797 et al., 2010 Pa. PUC LEXIS 1598 at *80-85 (Recommended Decision issued October 5, 2010) (relying upon the support of I&E’s predecessor, the Office of Trial Staff (“OTS”), the OCA and the OSBA as evidence that the settlement in that case was reasonable and in the public interest). The Recommended Decision was expressly approved and adopted by the Commission in its Final Order entered November 4, 2010 at the above-referenced docket.
the Company is planning to invest approximately an additional $1.0 billion in new and replacement electric distribution plant in 2018 and 2019; and PECO’s load growth has declined from 2016 to 2017 by 0.5% (PECO St. No. 2, pp. 2-3).

The Company’s need for rate relief and the reasonableness of the increase in revenues set forth in the Settlement are addressed further in Section II, below. Section II also discusses the other terms of the Settlement and explains why they are reasonable in light of the evidence presented in this case and are in the public interest. Section III is a summation of the reasons why the Settlement as a whole is in the public interest.

A. The Settlement Is Consistent With Commission Policy, Practice And Precedent Concerning Settlements

The Commission’s long-standing policy, practice and precedent, which are embodied in its regulation at 52 Pa. Code § 5.231 and its Policy Statement on Settlements at 52 Pa. Code § 69.401, strongly encourage parties to resolve contested proceedings by settlement. Indeed, in its Policy Statement, the Commission stated that “the results achieved from a negotiated settlement or stipulation, or both, in which the interested parties have had an opportunity to participate are often preferable to those achieved at the conclusion of a fully litigated proceeding.” There are many reasons why settlements can produce better outcomes and do a better job of promoting the public interest than full litigation, which have been repeatedly affirmed in decisions approving proposed settlements. Those reasons were aptly summarized in the Commission’s approval of a settlement of PECO’s 2015 electric rate case:

A full settlement of all the issues in a proceeding eliminates the time, effort and expense that otherwise would have been used in litigating the proceeding, while a partial settlement may significantly reduce the time, effort and expense of litigating a case. A settlement, whether whole or partial, benefits not only the
named parties directly, but, indirectly, all customers of the public utility involved in the case.

Rate increase proceedings are expensive to litigate, and the reasonable cost of such litigation is an operating expense recovered in the rates approved by the Commission. Partial or full settlements allow the parties to avoid the substantial costs of preparing and serving testimony and the cross-examination of witnesses in lengthy hearings, the preparation and service of briefs, reply briefs, exceptions and replies to exceptions, together with the briefs and reply briefs necessitated by any appeal of the Commission’s decision, yielding significant expense savings for the company’s customers. For this and other sound reasons, settlements are encouraged by long-standing Commission policy.⁶

Settlements also promote the public interest in another important way. In settlements, parties can, through compromise and agreement, craft innovative and creative solutions that the Commission may not be in a position to develop and impose unilaterally. The Settlement in this case contains a number of terms that are excellent examples of innovative and creative solutions achieved by agreement of the parties, as more fully explained in the Joint Petition (see, e.g., Appendix C) and summarized in Section II, below.

B. Settlements That Do Not Stipulate Or Identify The Specific Components Underlying A Settled Revenue Increase Have Been Consistently Approved And Strongly Endorsed By The Commission As Promoting The Public Interest

As the Joint Petition makes clear (see Paragraphs 13 and 34-37), the Joint Petitioners acknowledge that, subject to the limited exceptions set forth in the Joint Petition, they have not sought, nor would they be able, to agree upon the specific ratemaking adjustments that support their respective decisions to enter into the Settlement. Nonetheless, as the Joint Petitioners explain in their respective Statements in Support, they are in full agreement that the Settlement achieves the following goals:

• Resolves a number of contested issues, by means of interrelated compromises, in a manner that produces an overall outcome well within the range of reasonable outcomes supported by the record evidence;

• Appropriately and fairly balances (1) the interests of customers in receiving safe, adequate and reliable service at just and reasonable rates; and (2) the interests of the Company and its shareholders in having a reasonable opportunity – through continued prudent and efficient management – to earn a fair return on their investment in property dedicated to the public service, which will support further investment in additional needed plant and equipment;

• Expeditiously returns 2018 tax savings related to the Tax Cuts and Jobs Act ("TCJA") to all customers.7

• Produces a fair result for all parties; and

• Therefore, for all the foregoing reasons, is in the public interest.

As explained above, the Joint Petition embodies a so-called “black box” settlement because the Joint Petitioners have neither agreed upon, nor identified, their individual assessments of the various subsidiary components of the overall revenue requirement upon which they settled. The Joint Petitioners’ approach facilitates settlements by allowing parties to agree to an overall settled outcome that all parties find reasonable without abandoning or reversing their litigation positions on issues they deem important and thereby compromising their ability to present their arguments in other proceedings where settlement may not be possible.8

8 See 52 Pa. Code § 5.231 and the Commission’s Policy Statement on Settlements, supra. The Commission has approved black box settlements of base rate increases for many large utilities, including the settlement of PECO’s 2015 electric rate case discussed previously. See also Pa. P.U.C. v. UGI Utilities, Inc. - Gas Division, Docket No. R-2015-2518438 (Final Order entered October 14, 2016) (approving a black box settlement for a base rate increase of $27 million); Pa. P.U.C. v. Columbia Gas of Pennsylvania, Inc., Docket No. R-2014-2406274 (Final...
Thus, the net result is reasonable and acceptable to all, so long as the parties are not forced to reveal their positions and strategies or the compromises they made to reach the settled outcome.

The Joint Petitioners’ approach to delineating the terms of the Settlement in the Joint Petition, namely, a “black box” subject to limited but appropriate exceptions, has been consistently and repeatedly found to be in the public interest and approved by the Commission. In the Recommended Decision recommending approval of the black box settlement in PECO’s 2015 electric rate case, for example, Administrative Law Judge Angela T. Jones explained:

The Commission has noted that “Black box” settlements are an important aspect in the process of delivering timely and cost effective regulation. A black box settlement is a means to reach agreement on a rate increase in a case where the issues raised are varied and complex. To delineate and specify each component of the rate increase to the issues would be difficult, time-consuming, expensive and costly to the consumers as a rate case expense. To curtail any delineation is to save time, expense and costs of the parties and the ratepayers. The Commission has in the past found such black box settlements to be reasonable and in the public interest. The instant case is consistent with Commission precedent.9

Similarly, in the Peoples TWP LLC’s 2013 base rate case,10 the Commission approved a settlement and stated the following in response to a complainant’s specific objection to the black box nature of the settlement:

We have historically permitted the use of “black box” settlements as a means of promoting settlement among the parties in contentious base rate proceedings. Settlement of rate cases saves a significant amount of time and expense for customers, companies,

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and the Commission and often results in alternatives that may not have been realized during the litigation process. Determining a company’s revenue requirement is a calculation involving many complex and interrelated adjustments that affect expenses, depreciation, rate base, taxes and the company’s cost of capital. Reaching an agreement between various parties on each component of a rate increase can be difficult and impractical in many cases. For these reasons, we support the use of a “black box” settlement in this proceeding and, accordingly, deny this Exception.11

As evidenced by the authorities discussed above, the Commission fully endorses the concept of black box settlements such as the Settlement achieved in this case.

C. General Standard For Approval Of Settlements

It is well established that, in order to approve a settlement, the Commission must determine that the proposed terms and conditions, viewed in the context of the settlement as a whole, are in the public interest. See Pa. P.U.C. v. CS Water & Sewer Assoc., 74 Pa. P.U.C. 767, 771 (1991); Pa. P.U.C. v. Philadelphia Electric Co., 60 Pa. P.U.C. 1, 22 (1985). In Section II, below, each of the principal terms of the Settlement is discussed in light of the record evidence and the parties’ positions. As explained therein, the final resolution achieved by each of those terms is consistent with, and promotes, the public interest.

II. SPECIFIC SETTLEMENT TERMS12

A. Revenue Requirement (Joint Petition, Paragraph 15)

On March 29, 2018, PECO filed with the Commission Tariff Electric — Pa. P.U.C. No. 6 (“Tariff No. 6”), which reflected an increase in annual distribution revenues of approximately

11 Id. at 28.

12 Section II of this Statement in Support contains a general description of the terms and conditions of the Settlement set forth in the Joint Petition. While every effort has been made to try to ensure that the descriptions are accurate, if any inconsistency exists or is perceived between the Statement in Support and the terms and conditions of the Joint Petition, the Joint Petition shall take precedence and shall control.
$82 million, or 2.2% of its total Pennsylvania jurisdictional operating revenues, based on data for a fully projected future test year ("FPFTY") ending December 31, 2019. On April 19, 2018, the Commission adopted an Order (the "Suspension Order") suspending the tariff filing and referring it to the Office of Administrative Law Judge for an investigation to determine the lawfulness, justness, and reasonableness of the rates, rules, and regulations proposed by PECO.

Accordingly, PECO's Tariff No. 6 was suspended by operation of law until December 28, 2018. As previously explained, following detailed formal and informal discovery, the submission of multiple rounds of testimony and extensive negotiations, the Joint Petitioners agreed to the Settlement embodied in the Joint Petition. Under the terms of the Settlement, PECO will be entitled to charge electric distribution base rates (the "Settlement Rates"), effective for service rendered on and after January 1, 2019, designed to produce an annual increase in electric operating revenues of $85.5 million, which is reduced to $14.9 million following the application of 2019 tax savings related to the TCJA. The revenue requirement is further adjusted to account for the roll-in of Distribution System Improvement Surcharge ("DSIC") revenue for a net revenue increase of $24.9 million. This agreed-upon revenue requirement reflects a reduction to rate base for the excess Accumulated Deferred Income Taxes ("ADIT") amount (regulatory liability related to the TCJA) as of the end of the FPFTY. The net revenue increase of $24.9 million equates to 0.7% of PECO's total Pennsylvania jurisdictional operating revenues.

Under the Settlement Rates, the bill for a typical Residential customer that uses 700 kWh per month will increase by $1.27 per month, from $102.65 to $103.92\(^1\) (or 1.2%), including default service generation, taxes and other surcharges (Appendix E, Joint Petition). In comparison, in the Company's proposed filing, the bill for a typical Residential customer that

\(^{13}\) All calculations use riders and the price-to-compare that are in effect as of March 1, 2018, to ensure that rates are being compared on a consistent basis.
uses 700 kWh per month would have increased by $3.28 per month, from $102.65 to $105.93\textsuperscript{14} (or 3.2%), including default service generation, taxes, and other surcharges. The increases originally proposed and those that would result from the Settlement Rates are set forth for the other major customer classes in Appendix E to the Joint Petition.

The increase in customer rates and total annual operating revenues under the Settlement must be viewed in the context of the period since the Company’s last increase in base rates became effective. PECO’s current base rates were established by the \textit{PECO 2015 Order} and became effective on January 1, 2016. Consequently, if the Settlement is approved, PECO customers will have experienced no increase in distribution base rates in three years. Moreover, prior to its 2015 electric base rate case, PECO had not filed for an increase in electric distribution base rates since 2010.

Since its current base rates were established in 2016, PECO has been successful in controlling the increase in its operating and maintenance (“O&M”) expenses. In fact, when adjusted for major storms, PECO projects a 0.4% compound annual growth rate in O&M expense from 2016 through the end of 2019 (PECO St. No. 2, pp. 5-7). Notwithstanding its efforts to control O&M expenses, other factors, discussed below, have created the need for PECO to increase its electric distribution base rates.

Significantly, since the Company’s current base rates became effective on January 1, 2016, PECO has invested approximately $0.9 billion in new and replacement electric distribution plant (PECO St. No. 2, p. 2). Additionally, PECO will invest approximately $1.0 billion in new and replacement electric distribution plant in 2018 and 2019 (\textit{Id.}). As a consequence, the

\textsuperscript{14} PECO Energy Company – General Base Rate Filing, Volume No. I - Customer Notice.
Company's rate base will have increased by approximately 20% from $4.0 billion (as of December 31, 2016) to $4.8 billion (as of December 31, 2019) (PECO St. No. 1, p. 5).

As a result of the Company’s recent investments, PECO's electric reliability continued to outperform the Commission’s preferred target level in 2015, 2016, and 2017 in each of the measures for which the Commission has established standards. For example, PECO's average number of service interruptions was over 30% below the preferred benchmark level during this period and the average time customers were without power was 14% below the benchmark as measured by the following Commission reliability metrics:

- System Average Interruption Frequency Index ("SAIFI"): The average number of sustained interruptions per customer during a year was 0.85 interruptions (2015-2017) compared to the benchmark of 1.23 interruptions.

- Customer Average Interruption Duration Index ("CAIDI"): The average duration of interruptions that a PECO customer experiences during a year was 96 minutes (2015-2017) compared to the benchmark of 112 minutes.

- System Average Interruption Duration Index ("SAIDI"): The sum of all sustained customer interruption durations divided by the total number of PECO customers was 83 minutes (2015-2017) compared to the benchmark of 138 minutes.

(PECO St. No. 1, pp. 15-16). In addition, according to the Commission’s annual reports on electric service reliability in Pennsylvania for 2014 to 2016, PECO was the only large electric utility in Pennsylvania with reliability performance better than its baseline score prior to restructuring (i.e., 1994-1998 five-year average of annual systemwide metrics) in every quarter from 2014 to 2016 (Id. at p. 16). These metrics are evidence of PECO’s sound management of its electric distribution system.

While PECO has been making substantial investments in new and replacement electric plant to maintain and enhance service to customers, its overall load growth has actually been negative. From 2016 to 2017, PECO’s overall load growth declined by 0.5%, notwithstanding
the fact that the number of customers has increased by 0.8% during the same period (PECO St. No. 2, p. 3). The decline in load growth occurred despite the addition of new customers due, in significant part, to energy efficiency and conservation measures that PECO implemented in response to the mandates imposed by Act 129 of 2008 ("Act 129"). *Id.*

The factors discussed above, namely, increased investment and declining load growth, have compromised the Company’s ability to earn a fair return on its investment absent rate relief, notwithstanding its efforts to control its O&M expenses. On a pro forma basis, PECO’s electric distribution operations are projected to produce an overall return on invested capital of 5.84%, and a return on common equity of only 7.30%, during the twelve months ending December 31, 2019 (PECO St. No. 2, p. 4). Those return levels are clearly inadequate, as Mr. Paul R. Moul points out in his direct testimony (PECO St. No. 5). Absent rate relief, PECO’s financial results would deteriorate even further in 2020 and thereafter and could jeopardize PECO’s ability to appropriately invest in the infrastructure needed to maintain and improve its safety, reliability and customer service levels. It is particularly important for PECO to maintain and possibly improve its credit ratings because the electric distribution function is extremely capital intensive (PECO St. No. 2, p. 4). In fact, PECO projects that it will need to invest approximately $2.5 billion in new and replacement electric delivery plant over the next five years (2018-2022) (*Id.* at p. 5). Accordingly, it is important that PECO obtain the increased revenues that the Settlement will provide.

In light of the standards consistently applied by this Commission, the revenue requirement provisions of the Settlement are reasonable and in the public interest. In the *PECO 2015 Order*, the Commission outlined the following general principles for assessing whether a settlement meets the public interest standard:
The purpose of this investigation is to establish distribution rates for PECO’s customers that are “just and reasonable” pursuant to Section 1301 of the Code, 66 Pa. C.S. § 1301. A public utility seeking a general rate increase is entitled to an opportunity to earn a fair rate of return on the value of the property dedicated to public service. *Bluefield Water Works and Improvement Co. v. Public Service Comm’n of West Virginia*, 262 U.S. 679 (1923) (*Bluefield*).

In determining what constitutes a fair rate of return, the Commission is guided by the criteria set forth in *Bluefield*, supra, and *Federal Power Comm’n v. Hope Natural Gas Co.*, 320 U.S. 591 (1944). In *Bluefield* the United States Supreme Court stated:

> A public utility is entitled to such rates as will permit it to earn a return on the value of the property which it employs for the convenience of the public equal to that generally being made at the same time and in the same general part of the country on investments in other business undertakings which are attended by corresponding risks and uncertainties; but it has no constitutional right to profits such as are realized or anticipated in highly profitable enterprises or speculative ventures. The return should be reasonably sufficient to assure confidence in the financial soundness of the utility and should be adequate, under efficient and economical management, to maintain and support its credit and enable it to raise the money necessary for the proper discharge of its public duties. A rate of return may be too high or too low by changes affecting opportunities for investment, the money market and business conditions generally.\(^\text{15}\)

Neither the Public Utility Code nor principles of due process require the Commission to adhere to a specific formula or methodology to determine “just and reasonable” utility rates.\(^\text{16}\)

Indeed, Pennsylvania appellate precedent holds as follows:

> [T]he power to fix “just and reasonable” rates imports a flexibility in the exercise of a complicated regulatory function by a

\(^{15}\) *PECO 2015 Order*, pp. 6-7.

\(^{16}\) *See Duquesne Light Co. v. Barasch*, 488 U.S. 299, 315-16 (1989) ("the Commission was not bound to the use of any single formula or combination of formulae in determining rates") (quoting *FPC v. Hope Natural Gas Co.*, 320 U.S. 591, 605 (1944)).
specialized decision-making body and that the term “just and reasonable” was not intended to confine the ambit of regulatory discretion to an absolute or mathematical formulation but rather to confer upon the regulatory body the power to make and apply policy concerning the appropriate balance between prices charged to utility customers and returns on capital to utility investors consonant with constitutional protections applicable to both.\textsuperscript{17}

In short, “just and reasonable” rates, like the associated concept of a “fair return,” are not point values. Rather, both “just and reasonable” rates and a “fair return” exist within a “constitutional range of reasonableness.”\textsuperscript{18} And there are a variety of ways in which the parameters of the “constitutional range of reasonableness” can be determined. As long-standing Commission precedent establishes, one important way to identify an outcome that is within the acceptable “range” is through the settlement process. In that way, parties with differing interests engage in an adversarial process to scrutinize the evidence supporting a rate request and, based on robust negotiations, agree to a reasonable overall result.

Applying the ratemaking principles discussed above and the standards employed by the Commission for assessing settlements, the revenue level set forth in the Settlement is reasonable, in the public interest and should be approved. As previously explained, the interval since the Company’s last base rate case, the significant increase in its plant in service since that time, and declining load growth, among other factors detailed in the testimony of PECO’s witnesses, present a compelling case for significant rate relief.

Moreover, with respect to the Bluefield, Hope, and Barasch standards, the Settlement carefully balances (1) the right of the Company and its investors “to earn a return on the value of the property which it employs for the convenience of the public” and “to maintain and support its credit and enable it to raise the money necessary for the proper discharge of its public duties”


\textsuperscript{18} Duquesne Light, supra, 488 U.S. at 312. See also Pennsylvania Gas and Water Co., supra.
with (2) the right of customers to pay rates that are commensurate with “business undertakings which are attended by corresponding risks and uncertainties” without providing the utility “profits . . . realized or anticipated in highly profitable enterprises or speculative ventures.”

That balance is ensured by the fact that parties legally obligated to protect consumers and the public interest vigorously investigated all aspects of the Company’s proposed increase and concluded that the Settlement Rates are just and reasonable. Similarly, the Company carefully considered the proposed revenue increase in light of the obligation to its investors to secure a reasonable opportunity to earn a fair return, maintain the financial stability of its business, and obtain needed capital on reasonable terms. The Company concluded that the Settlement Rates satisfy those criteria. The careful balance of interests achieved by the Settlement avoids what could have been a significant expenditure of time, money and other resources by the parties and the Commission to individually resolve a number of issues and proposed adjustments that have now been subsumed by the interrelated compromises that led to the Settlement. Those savings are in everyone’s interest and, in themselves, are another important reason why the Settlement promotes the public interest.

B. Revenue Allocation And Rate Design (Joint Petition, Paragraphs 16-17)

As required by the Commission’s filing requirements, PECO submitted a fully allocated class cost of service study (the “COS study”), which was prepared and sponsored by Jiang Ding (PECO St. No. 6 and accompanying exhibits). Ms. Ding applied well-established cost of service principles and well-accepted COS study procedures to functionalize and classify the Company’s total cost of providing distribution service and to allocate the functionalized and classified costs

19 Bluefield, supra.
among its major rate classifications (PECO St. No. 6, pp. 6-9). Consistent with the Commission’s practice and precedent, the costs of demand-related distribution assets were allocated among the rate classes based upon their respective class non-coincident peak (“NCP”) demands (PECO St. No. 6, pp. 12-13).

OCA proposed several revisions to the COS study, some of which Ms. Ding accepted, and Ms. Ding explained why the others were not warranted (PECO St. No. 6-R, pp. 2-9). In addition, NRG, which is not a Joint Petitioner, asserted that PECO has improperly allocated over $100 million in distribution service costs for residential customers that should instead be recovered as residential default service costs (see generally NRG St. No. 1). NRG’s assertions were addressed by Mr. Alan B. Cohn in rebuttal testimony, oral rejoinder and testimony at hearings and by the cross-examination of Mr. Peterson at hearings, and all parties will have the opportunity to address NRG’s arguments in briefing.

Revenue Allocation (Joint Petition, Paragraph 16). Although complete agreement could not be reached among all the Joint Petitioners with respect to either the Company’s COS study or the revisions and refinements to that study proposed by other parties, there was no dispute that a COS study should be used as a guide, that rates should be designed to move all classes closer to their indicated cost of service, and that the Commission has long recognized that the movement toward cost of service should be tempered by the concept of gradualism in order to avoid large, disruptive, one-time increases to any particular customer class. That was the approach the Company employed to develop its proposed revenue allocation and rate design in this case, as explained by PECO witness Mark Kehl (PECO St. No. 7, p. 3).

The allocation of the revenue increase under the Settlement Rates was subject to careful consideration and detailed negotiations among the Joint Petitioners. As a result, the Joint
Petitioners were able to reach agreement on the allocation among customer classes of the revenue increase under the Settlement Rates that is depicted in Paragraph 16 of the Joint Petition. That allocation is within the range proposed by the Joint Petitioners and, more importantly, it provides for reasonable movement toward the system average rate of return by the various customer classes as measured by the Company’s COS study. Accordingly, the revenue allocation effected by the Settlement Rates and depicted in Paragraph 16 of the Joint Petition is consistent with the Commonwealth Court decision in *Lloyd v. Pa. P.U.C.*, 904 A.2d 1010 (Pa. Cmwlth. 2006). Moreover, as the Commonwealth Court recognized in pre-*Lloyd* decisions, which were not disturbed by its holding in *Lloyd*, “there is no single cost of service study or methodology that can be used to answer all questions pertaining to costs” ⁹²⁰ nor is there any “set formula for determining proper ratios among rates of different customer classes.” ⁹²¹

**Rate Design (Joint Petition, Paragraph 17).** The Joint Petitioners’ litigation positions regarding rate design differed somewhat from each other and from the Company’s proposed rates. The principal area of disagreement related to the level of PECO’s fixed distribution service charges (i.e., customer charges) and, in particular, the customer charges for the Residential class. As explained by Ms. Ding, PECO’s proposed customer charge for the Residential class was supported by the same type of customer cost analysis that the Commission approved in PPL’s 2012 base rate case ²² as the basis for the customer charges it adopted there (PECO St. No. 6-R, pp. 10-15). As part of the Settlement, the Joint Petitioners have agreed that the Residential customer charge should be $10.00 per month in lieu of a charge of $12.50 per month proposed by the Company (Joint Petition, Paragraph 17 and Appendix A). The

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Residential customer charge is fully supported by the detailed analysis of customer-related costs conducted by Ms. Ding, who followed the approach approved in PPL’s 2012 base rate case. That analysis shows that the customer related costs for the total Residential class support a customer charge of $15.53 per month (PECO Exhibit JD-5). In addition, and consistent with the recommendation made by PAIEUG (PAIEUG St. No. 1, p. 39), the Joint Petitioners have agreed that the Rate HT customer charge should be $354, which is also supported by the Company’s customer-related cost analysis (PECO Exhibit JD-5).

Reasonableness of the revenue allocation and rate design provisions of the Settlement. Every rate proceeding consists of two parts. First, the overall revenues to which a utility is entitled must be determined. The second part of the process must determine how much of the total revenue requirement each rate class should bear. The allocation of revenue responsibility can be one of the more contentious parts of a rate proceeding because it is a “zero sum” exercise among the non-utility parties—any revenue responsibility not borne by a particular rate class must be borne by one or more other rate classes. While cost of service studies are the touchstone for reasonable allocations of revenue responsibility among rate classes, the Commission has often stated that cost of service analyses must reflect the exercise of judgment and are as much a matter of art as of science. For that reason, Pennsylvania appellate courts have repeatedly held that the Commission, in crafting a reasonable rate structure, is “invested with a flexible limit of judgment” and may establish just, reasonable and nondiscriminatory rates within a “range of reasonableness.”

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Thus, establishing a reasonable revenue allocation requires a careful balancing of the countervailing interests of the non-utility parties representing the various customer classes. Accordingly, this aspect of a rate proceeding is particularly well suited to achieving a reasonable overall outcome based on the give-and-take of the settlement process. That is precisely what occurred in this case, which resulted in a complete settlement of all contested issues involving revenue allocation and rate design among a wide array of parties representing the interests of residential, commercial, industrial and lighting customers.

While settlement negotiations among parties representing a wide array of customer and stakeholder interests can, in itself, ensure a reasonable outcome, the revenue allocation under the Settlement Rates also comports with well-accepted ratemaking principles. As previously explained, although some parties proposed revisions and refinements to the Company's COS study, the Joint Petitioners are in general agreement that the Settlement Rates make appropriate progress in moving all classes closer to their cost of service consistent with the principle of gradualism.

With respect to rate design, the Settlement Rates reflect the need to recover the customer component of total cost of service in the customer charge, while recognizing that increases in the customer charges can impact low-usage customers. Accordingly, the Settlement Rates provide for an increase in the Company's residential customer charge, but in a lesser amount than the customer charge the Company originally proposed.

For all the foregoing reasons, the proposed revenue allocation and rate design are reasonable, appropriately balance the interests of all parties, and are in the public interest.

C. Residential And Low-Income Customer Issues (Joint Petition, Paragraph 18)
Appendix C of the Joint Petition details the resolution of several significant residential and low-income customer issues, including (1) the enrollment process for PECO’s customer assistance program (“CAP”) and CAP credit maximums used by the Company; (2) the budget for PECO’s Low Income Usage Reduction Program (“LIURP”) and how LIURP funds should be targeted; (3) the process for determining low-income status for the purpose of winter termination protections; (4) the use of budget billing; (5) the process for ensuring the low-income customers are not assessed a security deposit; and (6) a language assessment of residents of PECO’s service territory and development of a written policy regarding service to customers with limited English proficiency.

Each issue was resolved through the collaboration of the Joint Petitioners on a practical, reasonable and innovative basis that, in all probability, could not have been achieved in a litigated proceeding. The resolution achieved by the Settlement is in the interest of low-income customers, other residential customers and the Company and, therefore, is also in the public interest.

D. FPFTY Reports (Joint Petition, Paragraph 19)

In its initial filing, PECO developed its FPFTY revenue requirement employing plant-in-service balances and other rate base elements projected as of the end of the FPFTY (December 31, 2019). I&E proposed that the Company update PECO Exhibit BSY-2, Schedule C-2, and PECO Exhibit BSY-1, Schedule C-2 to include actual capital expenditures, plant additions, and retirements by month for 2018 and 2019, respectively (I&E St. No. 3, pp. 23-24). I&E further requested that, for the Company’s next base rate proceeding, PECO prepare a comparison of its actual expenses and rate base additions for the twelve months ended December 31, 2019 to its
projections in this case (*id.*). PECO has agreed to provide such updates and comparisons, as set forth in more detail in Paragraph 19 of the Joint Petition.

E. Quarterly Earnings Reports (Joint Petition, Paragraph 20)

I&E raised an issue regarding the manner in which utilities should present financial results of operations adjusted on a ratemaking basis for future plant additions in their Quarterly Earnings Reports (the “QER Issue”) (I&E Statement No. 3, pp. 54-68). The Joint Petitioners do not agree on the substantive issue or relevance to this proceeding. In the Settlement, however, PECO agreed that it will not appeal the Commission’s determination with respect to the QER Issue if the Commission issues a final order that adopts the I&E position on the QER Issue in any proceeding in which the Commission states that the I&E position will be applied to all regulated utilities or via a secretarial letter after notice to PECO and an opportunity to be heard.

F. DSIC (Joint Petition, Paragraphs 21-24)

The Settlement provides that PECO will not implement a DSIC during the calendar year ending December 31, 2019 and the first DSIC in 2020 will be effective no earlier than April 1, 2020. In any event, and in compliance with the Supplemental Implementation Order entered on September 21, 2016 at Docket No. M-2012-2293611, the Company will not begin to impose a DSIC until the total aggregate gross plant costs (before depreciation or amortization) associated with the eligible property that has been placed in service exceed the baseline of gross plant balances shown in Appendix D of the Joint Petition (which total $7,193.6 million). This provision relates solely to the calculation of the DSIC during the time that the Settlement Rates are in effect.

PAIEUG proposed modifications to PECO’s DSIC, including that the DSIC exclude application to those customers who take service at a higher voltage level (PAIEUG St. No. 1, p.
Under the Settlement, the Joint Petitioners agreed that the issue of whether or not any PECO customer(s) should be granted an exemption from DSIC charges under the transmission voltage provisions in the Commission’s Final Implementation Order at Docket No. M-2012-2293611 may be fully addressed, without prejudice, in PECO’s next base rate case proceeding. The Settlement also details the qualifying revenues to which the DSIC rate shall apply and the terms and conditions under which the DSIC will be applied to PAIEUG member Kimberly-Clark.


Section 1301.1(a), 66 Pa. C.S. § 1301.1(a), which was added to the Public Utility Code by Act 40, provides that a utility’s federal income tax expense shall be calculated on a stand-alone basis for ratemaking purposes. As a consequence, consolidated tax adjustments (“CTAs”) would no longer be reflected in calculating income tax expense for ratemaking purposes. Section 1301.1(b), 66 Pa. C.S. § 1301.1(b), deals with the use of amounts representing a “differential” calculated by reference to Section 1301.1(a). In this proceeding, the Company submitted a calculation of what its CTA would have been absent the enactment of Act 40 in PECO Exhibit BSY-1, Schedule D-18, p. 3. While the amount calculated by PECO was not contested by any party in this case, the OCA proposed that the amounts representing the “differential” be deducted from the Company’s rate base (OCA St. No. 1, pp. 18-19).
Under the Settlement, the level of revenue requirement reflects the resolution of the Joint
Petitioners' positions regarding 66 Pa. C.S. § 1301.1 for this case. In addition, the Company
will continue to submit a CTA in future rate filings with a test year that ends on or before
December 31, 2025.

H.  Pilot Electric Vehicle Direct Current Fast Charger (“EV-FC”) Rider (Joint
Petition, Paragraphs 26-27)

The OCA, OSBA, Tesla and ChargePoint all expressed support for PECO’ s proposed
EV-FC Rider as a means to encourage the development of EV charging (OCA St. No. 3, p. 34;
OSBA St. No. 1, pp. 8-9; Tesla St. No. BB-1, pp. 4, 12; ChargePoint St. No. 1, p. 4). Some of
these parties recommended that PECO remove the EV-FC Rider’s restrictions on the use of
proprietary technology (OCA St. No. 3, p. 34; Tesla St. No. BB-1, pp. 4-5, 15-17) and collect
data related to the Pilot to inform future rate design (OCA St. No. 3, p. 35; Tesla St. No. BB-1, p.
4; ChargePoint St. No. 1, pp. 6-7). Finally, ChargePoint recommended that the term of the
demand credit available to Pilot participants be extended beyond the thirty months proposed by
the Company and that the Commission initiate a statewide proceeding related to the appropriate
role of utilities in EV charging (ChargePoint St. No. 1, pp. 9-10, 13-14).

Under the Settlement, the Company will revise the EV-FC Rider to (1) provide that the
demand credit will be available for a thirty-six month term or until the Pilot concludes,
whichever comes first; and (2) remove the restriction on use of proprietary technology. The
Joint Petitioners agree that Pilot participants will be required to provide data for all Direct
Current Fast Chargers (“DCFCs”) connected to the PECO system and not separately metered in
order to allow PECO to investigate the development of future DCFC rates.
I. Federal Tax Adjustment Credit ("FTAC") (Joint Petition, Paragraph 28)

PECO proposed to refund 2018 tax savings related to the TCJA, which PECO projects to be approximately $68 million under its existing rates, through the FTAC (PECO St. No. 8, pp. 4-6). While no party opposed the Company's FTAC, OCA, I&E and PAIEUG each recommended certain revisions. The OCA recommended that the Company consider beginning the refund in 2018 rather than waiting until 2019 (OCA St. No. 1, p. 39). I&E recommended that the FTAC refund begin on the effective date of new base rates, be limited to one year with a one-month reconciliation thereafter, and utilize the residential mortgage lending rate to accrue interest (I&E St. No. 1, pp. 20-22). Finally, PAIEUG recommended that PECO refund the entirety of the excess unprotected accumulated deferred federal income taxes ("ADFIT") through the FTAC in one year, or, alternatively, use a four-year amortization period for ADFIT instead of PECO's proposed five-year amortization period (PAIEUG St. No. 1, p. 14).

Following discussions and negotiations, the Joint Petitioners achieved an agreement on the FTAC as detailed in Paragraph 28 of the Joint Petition. The Company will revise the FTAC to refund the 2018 estimated TCJA savings of $68 million, which includes 2018 tax expense savings and the 2018 protected and unprotected Excess Deferred Income Taxes ("EDIT") consistent with the Company's proposed amortization periods, to customers on a bills-rendered basis beginning January 1, 2019. The FTAC will be calculated for the residential, small commercial and streetlighting rate classes to refund the 2018 TCJA savings over a one-month period in January of 2019, subject to reconciliation of revenues credited under the FTAC and the Company's actual 2018 TCJA savings after the end of the refund period. For the industrial classes, the FTAC will be calculated to refund the 2018 TCJA savings over a one-year period starting in January 2019, also subject to reconciliation. The amount being refunded to all rate
classes will include interest accrued in 2018 using the residential mortgage lending rate. No interest will be paid to customers on any amount of TCJA savings held by the Company in 2019 and refunded to customers.

**J. Rate HT High Voltage Discount (Joint Petition, Paragraph 29)**

PECO proposed to increase the Rate HT high voltage discount, but retain the existing discount demand caps (PECO St. No. 7, pp. 10-11). ArcelorMittal supported PECO’s proposed rate design while PAIEUG recommended that PECO eliminate the discount demand caps (ArcelorMittal St. No. 1, pp. 7-8; PAIEUG St. No. 1, p. 39). Under the Settlement, PECO will increase the Rate HT high voltage discount, as scaled back pursuant to the rate allocation agreed to in this proceeding, and remove the demand caps on the Rate HT high voltage discount.

**K. Capacity Reservation Rider (“CRR”) Reporting (Joint Petition, Paragraphs 30-31)**

I&E recommended that PECO provide a variety of data concerning CRR customers in the Company’s next base rate proceeding to allow the Commission to analyze the impact of the CRR (I&E St. No. 3, pp. 52-53). As part of the Settlement, in its next base rate case, for each CRR customer added, PECO will (1) provide schedules showing the class, usage and billing details of that customer and a breakdown of the revenue received from that customer; and (2) show the cost of the capacity being reserved and indicate the basis for determining the cost as either a system average or specific cost to serve each customer. PECO will treat this information as highly confidential and will provide it pursuant to the terms of a Protective Order.

**L. Vegetation Management Reporting (Joint Petition, Paragraph 32)**

The Emerald Ash Borer (“EAB”) is an exotic, invasive insect pest that infests ash trees and kills the trees it infests (PECO St. No. 1-R, p. 5). The EAB has spread throughout the
Commonwealth, including PECO’s service territory, and will kill all or nearly all mature ash trees in that area (id. at pp. 5-6). PECO’s claim for vegetation management expense reflected a substantial increase, above historic levels, in the number of ash trees removed in hazardous locations relative to PECO’s distribution facilities (id. at p. 6).

Although the Settlement does not specify the revenue requirement specific to vegetation management or the Company’s EAB program, PECO has agreed to submit annual reports to the Commission’s Bureau of Technical Utility Services (”TUS”), I&E, OCA, and OSBA that detail the number of ash trees removed per year and average cost per ash tree by year, along with a total breakdown of vegetation management expense by year. Yearly reporting will be submitted no later than April 1 of the following year until the Company’s next rate case is filed.

III. SUMMARY: THE SETTLEMENT IS IN THE PUBLIC INTEREST

The Settlement, both in its specific terms and viewed holistically, is reasonable, supported by record evidence, and in the public interest for, among others, the following principal reasons:

- The revenue requirement provisions provide for Settlement Rates that are within the “constitutional range of reasonableness” 26 and are consistent with the legal standards articulated in the Bluefield, Hope and Duquesne Light decisions, as interpreted and applied by the Pennsylvania Supreme Court in Pennsylvania Gas and Water. The Settlement Rates reflect a careful balance of the interests of customers with those of the Company and its investors. As such, the Settlement Rates protect customers from paying excessive rates while allowing the Company and its investors a reasonable opportunity to earn a fair return on their investment.

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26 See Duquesne Light, supra.
in property devoted to public service and to obtain additional capital needed to meet the Company’s service obligations. See Section II.A., supra.

- The rate structure and rate design provisions of the Settlement resolve a number of contentious issues in a manner that is acceptable to parties representing every major customer class and service classification. While the parties could not agree to a single, specific cost of service methodology, they are in general agreement that the Settlement Rates provide for reasonable progress in moving all major customer classes closer to their cost of service consistent with the Commission-approved principle of gradualism. See Section II.B., supra.

- The Settlement reasonably resolves various contested issues, including, in particular, those pertaining to residential and low-income customer issues, QERs, the DSIC, the application of Act 40, the EV-FC Rider, the FTAC, the Rate HT high voltage discount, the CRR and vegetation management reporting, in a manner that is fair to the various stakeholders involved. See Sections II.C - L., supra.

- In reaching this Settlement, the Joint Petitioners thoroughly considered all issues, including those raised in the testimony and evidence presented by the parties to this proceeding and during public input hearings. As a result of that consideration, the Joint Petitioners believe that the Settlement meaningfully addresses all such issues and, therefore, should be approved without modification.
• All of the foregoing benefits are achieved while also conserving the time, resources and money that would otherwise have to be expended if this case were to be fully litigated. Customers are direct beneficiaries of these savings.

IV. CONCLUSION

For the reasons set forth above and in the Joint Petition, PECO submits that the Settlement is a fair and reasonable compromise that is fully supported by the record evidence. Accordingly, the Company respectfully requests that the Administrative Law Judges and the Commission: (1) approve the Settlement without modification; (2) find that the Settlement Rates are just and reasonable; and (3) grant the Company permission to file the tariff attached to the Joint Petition as Appendix A to become effective for service rendered on and after January 1, 2019.

Respectfully submitted,

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Dated: August 28, 2018

Counsel for PECO Energy Company
STATEMENT B

Statement in Support of Joint Petition for Partial Settlement of the Pennsylvania Public Utility Commission Bureau of Investigation and Enforcement
STATEMENT B

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY COMMISSION

v. 

Docket No. R-2018-3000164

PECO ENERGY COMPANY - ELECTRIC DIVISION

BUREAU OF INVESTIGATION AND ENFORCEMENT
STATEMENT IN SUPPORT OF
JOINT PETITION FOR SETTLEMENT OF RATE INVESTIGATION

TO DEPUTY CHIEF ADMINISTRATIVE LAW JUDGE CHRISTOPHER PELL AND ADMINISTRATIVE LAW JUDGE F. JOSEPH BRADY:

The Bureau of Investigation and Enforcement (I&E) of the Pennsylvania Public Utility Commission (Commission), by and through Prosecutor, Carrie B. Wright, hereby respectfully submits that the terms and conditions of the foregoing Joint Petition for Partial Settlement of Rate Investigation (Joint Petition or Settlement) are in the public interest and represent a fair, just, reasonable and equitable balance of the interests of PECO Energy Company – Electric Division (PECO or Company) and its customers. The parties to this Settlement Agreement have conducted extensive formal and informal discovery and have participated in numerous Settlement Conferences. The extensive discussions and sharing of
information has culminated in the submission of the attached Settlement Agreement. The request for approval of the Joint Petition is based on I&E's conclusion that the Settlement Agreement meets all the legal and regulatory standards necessary for approval. "The prime determinant in the consideration of a proposed Settlement is whether or not it is in the public interest."\(^1\) The Commission has recognized that a settlement "reflects a compromise of the positions held by the parties of interest, which, arguably fosters and promotes the public interest."\(^2\) The Settlement Agreement in the instant proceeding protects the public interest in that a comparison of the original filing submitted by the Company and the negotiated agreement demonstrates that compromises are evident throughout the Joint Petition.

The Bureau of Investigation and Enforcement is of the opinion that the terms and conditions of the Joint Petition are in the public interest. In support of this position, I&E offers the following:

I. INTRODUCTION

A. Legal Landscape Regarding Public Utilities

A business may acquire "public utility status" when that business is the sole organization that maintains the infrastructure utilized in providing an essential service to

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the public for compensation.\(^3\) As duplicating the vast and costly fixed physical infrastructure (e.g., substations, poles, lines, etc.) and allowing multiple businesses to provide the essential service would be wasteful, the public utility obtains a natural monopoly as the sole service provider in the extended geographic service territory.\(^4\) In order to protect consumers, the public utility’s rates and services are regulated.\(^5\) Price regulation strives to replicate the results of effective competition.\(^6\)

As a public utility, an electric distribution company (EDC) shall provide just and reasonable rates to customers receiving electric service in the Commonwealth of Pennsylvania.\(^7\) A public utility is entitled to a rate that allows it to recover those expenses that are reasonably necessary to provide service to its customers and allows the utility an opportunity to obtain a reasonable rate of return on its investment.\(^8\) A public utility shall also provide safe and reliable service by furnishing and maintaining adequate facilities and reasonable services and by making the necessary improvements thereto.\(^9\)

**B. I&E’s Role**

Through its bureaus and offices, the Commission has the authority to take appropriate enforcement actions that are necessary to ensure compliance with the Public Utility Code and other applicable laws.

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4. *Principles of Public Utility Rates*, at 3-14; 66 Pa.C.S. § 2802 (it is in the public interest for the distribution of electricity to be regulated as a natural monopoly by the Commission).


Utility Code and Commission regulations and orders. The Commission established I&E to serve as the prosecutory bureau to represent the public interest in ratemaking and utility service matters and to enforce compliance with the Public Utility Code. By representing the public interest in rate proceedings before the Commission, I&E works to balance the interest of customers, utilities, and the regulated community as a whole to ensure that a utility’s rates are just, reasonable, and nondiscriminatory.

C. Procedural History

On March 29, 2018, PECO Energy Company (Company or PECO) filed proposed Tariff Electric-PA. P.U.C. No. 6. Tariff No. 6 set forth proposed rates designed to produce an increase in PECO’s annual distribution revenue of approximately $82 million, or 2.2% above existing jurisdictional operating revenues.

On April 19, 2018, the Commission entered an Order instituting an investigation into the lawfulness, justness and reasonableness of the Company’s proposed rates. Pursuant to 66 Pa.C.S. Section 1308(d), proposed Tariff Electric-PA. P.U.C. No. 6 was suspended by operation of law until December 28, 2018, unless permitted by Commission Order to become effective on an earlier date.

The Commission assigned the Company’s filing to the Office of Administrative Law Judge (OALJ) for the development of an evidentiary record culminating in a Recommended Decision (RD). The OALJ subsequently assigned the suspended

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11 See 66 Pa.C.S. §§ 1301, 1304.
proceeding to Administrative Law Judges Christopher Pell and F. Joseph Brady for investigation and scheduling of hearings to consider the lawfulness, justness and reasonableness of the Company's rate increase request.

Pursuant to its charge to represent the public interest in matters impacting rates, I&E filed its initial Notice of Appearance on April 4, 2018. The Office of Small Business Advocate (OSBA) filed its Formal Complaint on April 9, 2018. The Office of Consumer Advocate (OCA) filed a formal Complaint dated April 12, 2018. Complaints were filed on May 2, 2018, by the Philadelphia Area Industrial Energy Users group (PAIEUG) and the Trustees of the University of Pennsylvania (UPENN). West Norriton Township filed its formal Complaint on June 26, 2018. Petitions to Intervene were filed by the following: Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) on April 10, 2018; the International Brotherhood of Electrical Workers, Local 614 (IBEW) on April 17, 2018; the Community Action Alliance of Pennsylvania (CAAP) on April 23, 2018; the Delaware Valley Regional Planning Commission (DVRPC) on April 27, 2018; the Tenant Union Representative Network and the Action Alliance of Senior Citizens of Greater Philadelphia (TURN et al.) on May 3, 2018; Tesla, Inc. on May 3, 2018; Wal-Mart Stores East, LP and Sam's East, Inc. (Wal-Mart) on May 3, 2018; NRG Energy, Inc. (NRG) on May 4, 2018; the Retail Energy Supply Association (RESA) on May 18, 2018; Laborers International Union of North America, Local 57 (LIUNA) on May 18, 2018; ArcelorMittal USA, LLC (ArcelorMittal)
on May 24, 2018; Calpine Energy Solution (Calpine) on may 24, 2018; and ChargePoint, Inc. (ChargePoint) on July 3, 2018.

A Prehearing Conference was held on May 8, 2018, at which time a procedural schedule was established and the aforementioned Petitions to Intervene were granted. The procedural schedule included filing dates for written Direct, Rebuttal, and Surrebuttal Testimony and Main Briefs and Reply Briefs, as well as dates for Evidentiary Hearings.

Six Public Input Hearings were held in the PECO service territory from June 6, 2018 to June 18, 2018. In accordance with the procedural, the following Non-Company parties filed Direct Testimony on June 26, 2018: I&E, OCA, OSBA, TURN et al., PAIEUG, ArcelorMittal, CAUSE-PA, LIUNA, NRG, Tesla, and Walmart. On July 24, 2018, PECO, OCA, OSBA, CAAP, ChargePoint, TURN et al., and PAIEUG filed Rebuttal Testimony. On August 8, 2018, Surrebuttal Testimony was filed by I&E, PECO, OCA, PAIEUG, CAUSE-PA, NRG, and TURN et al.

On August 15, 2018, the parties informed the ALJs that they had reached a settlement in principal which is opposed by NRG only to the extent that it is based on PECO’s allocation of certain indirect costs to residential distribution service instead of residential default service. The first and last scheduled days of hearings were cancelled. On Tuesday, August 21, 2018, a hearing was held for the purpose of moving the Parties’ pre-filed written testimony into the record and cross examination of PECO witness Alan Cohn and NRG witness Chris Peterson. The parties, with the exception of NRG, also filed verifications to the testimony in lieu of presenting witnesses.
II. DISCUSSION

The Commission encourages settlements, which eliminate the time, effort, and expense of litigating a matter to its ultimate conclusion. Here, the Joint Petitioners successfully achieved a Settlement Agreement of most of the issues.

The Settlement Agreement is a “Black Box” agreement, which does not specifically identify the resolution of certain disputed issues. Instead, an overall increase to base rates is agreed to and Joint Petitioners retain all rights to further challenge all issues in subsequent proceedings. A “Black Box” settlement benefits ratepayers as it allows for the resolution of a proceeding in a timely manner while avoiding significant additional expenses.

I&E contends that an agreement as to the resolution of each and every disputed issue in this proceeding would not have been possible without judicial intervention. Additional testimony and exhibits, three days of litigious hearings, briefing, and further involvement of both ALJs would have added time and expense to an already cumbersome and complex proceeding. Ratepayers benefit when rate case expenses stay at a reasonable level. The request for approval of the Joint Petition for Settlement is based on the I&E conclusion that the Settlement Agreement meets all the legal and regulatory standards necessary for approval. “The prime determinant in the consideration of a proposed Settlement is

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14 See id. at *11.
15 See id.
16 See id.
whether or not it is in the public interest." 17 The Commission has recognized that a settlement “reflects a compromise of the positions held by the parties of interest, which, arguably fosters and promotes the public interest.” 18 The Settlement Agreement in the instant proceeding protects the public interest in that a comparison of the original filing submitted by the Company and the negotiated agreement demonstrates that compromises are evident throughout the Joint Petition.

A. Revenue Requirement (Joint Petition ¶ 15)

The proposed Settlement will allow PECO to file new tariff rates designed to provide an overall distribution base rate increase of $85.5 million in electric operating revenues for service rendered on or after the Commission enters an Order approving the Settlement, instead of the Company’s requested approximately $143 million increase. When the 2019 tax savings resulting from the Tax Cuts and Jobs Act (TCJA) are applied to this increase it is reduced to $14.9 million. The revenue requirement adjusted for the roll-in of the Distribution System Improvement Charge (DSIC) is $24.9 million. The parties to the Joint Settlement have agreed upon the additional annual electric distribution revenues as a Black Box settlement, subject to a few specific provisions that affect rate design and the setting of rates in the future.

Based on I&E’s analysis of the Company’s filing and discovery responses received, the rate increase under the proposed Settlement represents a result that is within

the range of likely outcomes in the event that the case was fully litigated. The increase is appropriate and, when accompanied by other important provisions contained in the Settlement, yields a result that is both just and reasonable and in the public interest.

As noted above, the additional revenue in this proceeding is base rate revenue and has been agreed to in the context of a Black Box settlement. A Black Box agreement does not specifically identify the resolution of any disputed issues. Instead, an overall increase to base rates is agreed to and parties retain all rights to further challenge all issues in subsequent proceedings. A Black Box settlement benefits ratepayers as it allows for the resolution of a proceeding in a timely manner while avoiding significant additional expenses. I&I is of the opinion that an agreement as to the resolution of each and every disputed issue in this proceeding would not have been possible without judicial intervention. The involvement of the ALJ would have added time and expense to an already cumbersome proceeding. Avoiding this necessity will benefit ratepayers by keeping the expenses associated with this filing at a reasonable level. The previous Chairman of the Commission has commented on Black Box settlements and stated that the "[d]etermination of a company's revenue requirement is a calculation that involves many complex and interrelated adjustments affecting revenue, expenses, rate base and the company's cost of capital. To reach an agreement on each component of a rate increase is an undertaking that in many cases would be difficult, time-consuming, expensive and perhaps impossible."
Black Box settlements are an integral component of the process of delivering timely and cost-effective regulation.”

This increased level of Black Box revenue adequately balances the interests of ratepayers and the Company. PECO will receive sufficient operating funds in order to provide safe and adequate service while ratepayers are protected as the resulting increase minimizes the impact of the initial proposal. Mitigation of the level of the rate increase benefits ratepayers and results in rates that satisfy the regulatory standard requiring just and reasonable rates. As such, this element supports the standard for approval of a settlement as the resulting rates are just and reasonable and in accordance with the Public Utility Code and all pertinent case law.

B. Allocation and Rate Design (Joint Petition ¶¶ 16, 17, Appendix A)

The allocation of rate increase among the customer classes was a significant issue in this proceeding. Per the Settlement, the Company proposed to increase residential rates by approximately $14.7 million for the residential class and approximately $4 million for the residential heating class instead of the originally requested approximately $45 million for the residential rate class and approximately $13 million for the residential heating class.

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20 PECO Exhibit MK-1.
In this proceeding, PECO provided a summary of various costs related to the customer charge in its exhibit JD-5. I&E Witness Kubas specifically addressed PECO’s proposal to increase the fixed monthly costs for the residential customer class and the general services customer class. It is important to allow the utility to recover only those direct monthly costs that vary with the addition or loss of a customer through the Customer Charge. This charge provides the Company with a steady, predictable level of income that will allow for the proper maintenance and upkeep of the system. Establishing the proper customer charge protects ratepayers by ensuring that PECO is not being overcompensated. Moderating the requested increase in this proceeding also benefits ratepayers as it allows them to reap a greater portion of the benefit of conservation. Shifting costs to the volumetric portion of a customer’s bill allows for the immediate realization of the benefit of conserving usage. Designing rates to allow customers to have greater control of their electric bills is in the public interest.

PECO proposed to increase the Rate R monthly Customer Charge from its current rate of $8.45 to $12.50.\textsuperscript{21} I&E disagreed with such a large increase in the fixed Customer Charge.\textsuperscript{22} Under the Settlement, the Company agreed to set the residential Customer Charge at $10.00 per month. I&E supports the Settlement, which moderates the increase in the Customer Charge for residential customers.

Based on I&E’s review of the cost of service studies presented in this proceeding, I&E views the Settlement to be within the range of reasonable outcomes that would result

\textsuperscript{21} PECO Statement No. 7 at p. 8.
\textsuperscript{22} I&E Statement No. 3 pp. 42-46.
from full litigation of this case. Further, the mitigated level of Customer Charge demonstrates a compromise of the interests of the parties. As such, these provisions are in the public interest.

C. Residential and Low-Income Customer Issues (Joint Petition ¶ 18, Appendix C)

I&E took no position in this proceeding on the low-income customer issues address in paragraph 18 and Appendix C of the Settlement petition. However, Appendix C paragraph 4 refers to a settlement reached with I&E in a separate docket (M-2018-2531404) related to winter terminations. I&E continues to full support the agreement reached with PECO at that docket.

D. Fully Projected Future Test Year Reporting (Joint Petition ¶ 19)

The Company uses a Fully Projected Future Test Year (FPFTY) in its filing. The use of a FPFTY ending December 31, 2019, resulted in a claim of $325,063,000 for rate base associated solely with the FPFTY.\(^{23}\) I&E witness Kubas discussed the potential conflict that can arise with the “used and useful” requirement for including investments in rate base.\(^{24}\) Further, Mr. Kubas recommended that the Company provide interim reports until the filing of its next base rate case to allow the Commission to measure and verify the accuracy of PECO’s projected investments in future facilities.\(^{25}\)

\(^{23}\) I&E Statement No. 3 p. 23.
\(^{24}\) I&E Statement No. 3 p. 6.
\(^{25}\) I&E Statement No. 3 pp. 23-24.
In paragraph 19 of the Joint Petition, PECO agrees to provide to I&E, OCA, OSBA, and the Commission’s Bureau of Technical Utility Services (TUS) updates by April 1, 2019, setting forth its electric division’s actual capital expenditures, plant additions, and requirements by month. Additionally, PECO will file an update providing these actual amounts, for the twelve months ending December 31, 2019, no later than April 1, 2020. This provision is in the public interest as it ensures that the Commission will receive data sufficient to allow for the evaluation and confirmation of the accuracy of PECO’s projections.

E. Quarterly Earnings Reports (Joint Petition ¶ 20)

In this proceeding I&E witness Kubas noted that the Company’s most Quarterly Earnings Report (QER), which he reviewed as part of this base rate filing, contained future plant projections for plant not yet in service. Mr. Kubas recommended that the Company not be allowed to include FTY or FPFTY plant in any future QERs. While not specifically taking a position on whether it is or is not appropriate to include FTY or FPFTY plant in a utility’s QER, the Settlement provides that the Company will not appeal, after notice and opportunity to be heard, a Commission determination via final order or secretarial letter applicable to all utilities related to the determination of the QER issue. This provision was important to I&E as this issue was recently litigated in the UGI Utilities, Inc. – Electric Division base rate case at Docket R-2017-2640058. In that proceeding I&E specifically requested the Commission issue a Secretarial Letter

26 I&E Statement No. 3, pp. 55-61.
applicable to all utilities addressing this issue. For that reason, it was important to I&E to continue to preserve this issue until a final determination is made by the Commission. Further, PECO’s agreement not to appeal the Commission’s final determination, after notice and opportunity to be heard, gives I&E a level of certainty once that final determination is made.

F. DSIC (Joint Petition ¶¶ 21-24)

In accordance with the Settlement, PECO will not implement a DSIC during the calendar year ending December 31, 2019. Additionally, the first DSIC in 2020 will be effective no earlier than April 1, 2020 and will be based on DSIC-eligible expenditures during January and February 2020. Further, PECO has agreed to impose its DSIC in a manner that is consistent with the Commission’s Supplemental Implementation Order at Docket No. M-2012-2293611. I&E avers that this is in the public interest and benefits both PECO and its ratepayers. First, PECO benefits because it will have access to DSIC funding for necessary infrastructure improvements which helps to ensure PECO is able to meet its obligation to provide its customers with safe and reliable service. Second, customers will benefit because they will not need to fund the DSIC any earlier than April 1, 2020. In sum, ratepayers will have a defined period of time during which they will be relieved from paying any DSIC costs; however, even when the DSIC charge becomes effective, the customers will benefit from the assurance that improved infrastructure will facilitate safe and reliable service.
G. Act 40 of 2016 (Joint Petition ¶ 25)

As the Settlement indicates, no party in this proceeding objected to PECO’s calculation of a consolidated tax adjustment. Further, as noted by the Company, the level of revenue requirement included in this Settlement reflects the resolution of the Joint Petitioners’ positions regarding 66 Pa.C.S. § 1301.1 for this case. PECO provided, in Exhibit BSY-1, Schedule D-18, a calculation of what its consolidated tax adjustment would have been absent the enactment of Act 40 of 2016. PECO has indicated it will continue to provide this calculation in any future rate filings with a test year that ends on or before December 31, 2025. This provision ensures the Parties to a future base rate proceeding will be provided with the necessary information.

H. Pilot Electric Vehicle Direct Current Fast Charger (EV-FC) Rider (Joint Petition ¶¶ 26-27)

I&E took no position on PECO’s Pilot EV-FC rider.

I. FTAC (Joint Petition ¶ 28)

In its filing PECO proposed to refund approximately $68 million to customers as a result of its reduced tax expense for 2018 resulting from the TCJA through a reconcilable surcharge referred to as the Federal Tax Adjustment Credit (FTAC). As noted in the Settlement, the FTAC will be calculated for the residential, small commercial and streetlighting rate classes (Rates R, RH, GS, SLS, POL, AL, TLCL, SLE) to refund the 2018 TCJA savings over a one-month period in January of 2019. Regarding the industrial classes (Rates HT, PD, EP), the FTAC will be calculated to refund the 2018
TCJA savings over a one-year period starting in January 2019. Further, the amounts refunding to all rate classes will include interest accrued in 2018 at the residential mortgage lending rate.

In its Temporary Rates Order at Docket No. M-2018-2641242, the Commission stated that Companies not in for base rate filings would be required to “...accrue interest at the residential mortgage lending rate specified by the Secretary of Banking...” I&E continues to believe that it is appropriate for all utilities to be consistent in returning the estimated TCJA savings. Therefore, it is appropriate for the 2018 portion to be refunded reflecting the residential mortgage lending rate as specified by the Commission.

J. Rate HT High Voltage Discount (Joint Petition ¶ 29)

I&E took no position on the Rate HT voltage discount.

K. Capacity Reservation Rider Reporting (Joint Petition ¶¶ 30-31)

The Settlement Agreement includes provisions addressing the Company’s Capacity Reservation Rider (CRR). The primary impetus for the CRR, which was implemented in the Company’s prior base rate case, is that PECO incurs expenses by continuously holding and maintaining capacity for DG customers whether or not that capacity is actually used. The costs for this load is not paid for by the DG customers, but rather is socialized over multiple classes of customers.

Per the Settlement, the Company has agreed to certain reporting in its next base rate case. This information is largely that which I&E recommended in testimony that
PECO provide in its next base rate case.\textsuperscript{27} The CRR information gathered between the time the instant base rate case and the Company’s next base rate filing will allow a full evaluation of the viability of future proposals to address this subsidization.\textsuperscript{28} Specifically, it will allow the Commission the opportunity to analyze the impact of the CRR, determine how effective the CRR is, and assess whether the revenue from the CRR customers is covering the cost to provide service. Therefore, I&E submits that this provision of the settlement is in the public interest.

\textbf{L. Vegetation Management Reporting (Joint Petition ¶ 32)}

PECO has agreed that no later than April 2 of the following year, each year until the rate case is filed it will submit an annual report to TUS, I&E, OCA and OSBA. This report will indicate the number of ash trees removed per year and the average cost per ash tree. Further there will be a total breakdown of vegetation management expenses by year.

In testimony, I&E had expressed some concern with the actual number of ash trees the Company would need to remove as a result of the emerald ash borer problem.\textsuperscript{29} However, I&E did recognize “the Company’s urgent need to address the emerald ash borer issue and the fact that there is uncertainty in the actual cost per ash tree removal…”\textsuperscript{30}

\begin{itemize}
  \item \textsuperscript{27} I&E Statement No. 3, pp. 52-53.
  \item \textsuperscript{28} I&E Statement No. 3 SR at 7; Settlement Agreement Appendix D.
  \item \textsuperscript{29} I&E St. No. 1, p. 18.
  \item \textsuperscript{30} I&E St. No. 1-SR, p. 26.
\end{itemize}
This provision of the settlement will serve to remove the uncertainty surround the costs and number of trees that need to be removed because of the emerald ash borer. This provision is in the public interest as it ensures that the Commission will receive data sufficient to allow for the evaluation and confirmation of the accuracy of PECO's projections related to management of this problem.

G. I&E's Remaining Issues

The remaining issues raised in I&E's Prehearing Memo and testimony have been satisfactorily resolved through discovery and discussions with the Company and are incorporated into the Black Box resolution of the revenue requirement in this proceeding. The very nature of a settlement is that it incorporates compromise on the part of all parties. This particular Settlement Agreement exemplifies this principle. In addition, a Black Box settlement makes the specific identification of the resolution of disputed issues impossible. Each signatory acknowledges the ultimate revenue allowance but makes no representation as to how this addition to base rate revenue was achieved.

III. CONCLUSION

Based on I&E's analysis of the base rate revenue increase requested by PECO Energy Company - Electric Division, acceptance of this proposed Joint Petition is in the public interest. Resolution of these provisions by settlement rather than continued litigation will avoid the additional time and expense involved in formally pursuing all issues in this proceeding. Increased litigation expenses may cause an increase in revenue beyond that agreed to in the Joint Petition. Acceptance of the foregoing Settlement
Agreement will negate the need to engage in additional litigation including the preparation of Main Briefs, Reply Briefs, Exceptions, and Reply Exceptions. The avoidance of further rate case expense by settlement of these provisions in this base rate investigation proceeding best serves the interests of PECO and its customers. As litigation of this rate case is a recoverable expense, curtailment of these charges is in the public interest.

I&E agrees to settle the disputed issue as to the proper level of additional base rate revenue through a Black Box agreement with limited exceptions. I&E’s agreement to settle this case is made without any admission or prejudice to any position that I&E might adopt during subsequent litigation or the continuation of this litigation in the event the Settlement Agreement is rejected by the Commission or otherwise properly withdrawn by any of the Joint Petitioners.

If the ALJ recommends that the Commission adopt the Settlement Agreement as proposed, I&E has agreed to waive the right to file Exceptions. However, I&E has not waived its rights to file Exceptions with respect to any modifications to the terms and conditions of the Settlement Agreement, or any additional matters, that may be proposed by the ALJ in her Recommended Decision. I&E also reserves the right to file Reply Exceptions to any Exceptions that may be filed by any party to this proceeding. The Settlement Agreement is also conditioned upon the Commission’s approval of all terms and conditions contained therein, and should the Commission fail to approve or otherwise
modify the terms and conditions of the Settlement, the Joint Petition may be withdrawn by I&E or any of the signatories.
WHEREFORE, the Commission’s Bureau of Investigation and Enforcement represents that it supports the Joint Petition for Settlement of Rate Investigation as being in the public interest and respectfully requests that Administrative Law Judges Christopher Pell and Joseph Brady recommend, and the Commission subsequently approve, the foregoing Settlement Agreement, including all terms and conditions contained therein.

Respectfully submitted,

[Signature]
Carrie B. Wright
Prosecutor
Attorney ID #208185

Pennsylvania Public Utility Commission  
*Bureau of Investigation and Enforcement*  
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Dated: August 28, 2018
STATEMENT C

Statement in Support of Joint Petition for Partial Settlement of the Office of Consumer Advocate
STATEMENT C

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission,  
v.  
Docket No. R-2018-3000164  
PECO Energy Company

STATEMENT
OF THE
OFFICE OF CONSUMER ADVOCATE
IN SUPPORT OF
JOINT PETITION FOR PARTIAL SETTLEMENT

The Office of Consumer Advocate (OCA), one of the signatory parties to the Joint Petition for Partial Settlement (Settlement), finds the terms and conditions of the Settlement to be in the public interest and in the interests of PECO’s ratepayers. The OCA respectfully requests that the Pennsylvania Public Utility Commission (Commission) approve the Settlement for the following reasons:

I. BACKGROUND

On March 29, 2018, PECO Energy Company (PECO or the Company) filed proposed Tariff Electric- Pa. P.U.C. No. 6 (Tariff Supplement No. 6) at Docket No. R-2018-3000164 and proposed a May 28, 2018 effective date. PECO is engaged in the business of providing electric distribution service to approximately 1.6 million residential, commercial, and industrial customers in Philadelphia, Bucks, Chester, Delaware, Montgomery, and York counties. Through Tariff
Supplement No. 6, the Company proposed an increase in annual electric operating revenues of approximately $81.9 million, or 6.7% on a distribution revenue basis. PECO’s proposed increase reflected $71 million in tax savings in 2019 resulting from the Tax Cuts and Jobs Act (TCJA), and the Company proposed to refund to ratepayers approximately $68 million in reduced tax expense for 2018 through a surcharge mechanism. Under the Company’s proposal, the total monthly bill (including distribution, transmission, and generation charges) for a residential customer using 700 kilowatt hours (kWh) per month would have increased from $102.65 to $105.93, or by 3.2%. As part of this increase, the Company proposed to increase the Rate R monthly customer charge from $8.45 to $12.50, or by 48%.

The OCA filed a Formal Complaint against the proposed revenue increase on April 12, 2018. On April 4, 2018, the Commission’s Bureau of Investigation and Enforcement (I&E) entered a Notice of Appearance. On April 9, 2018, the OSBA filed a Formal Complaint, Public Statement and a Notice of Appearance. Formal Complaints were also filed by the Pennsylvania Area Industrial Energy Users Group (PAIEUG) on April 26, 2018; by the Trustees of the University of Pennsylvania (UPENN) on May 2, 2018,¹ and by West Norriton Township on June 26, 2018.² Petitions to Intervene were filed by the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA) on April 10, 2018; the Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia (TURN et al.) on May 3, 2018; Community Action Association of Pennsylvania (CAAP) on April 23, 2018;

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¹ On June 20, 2018, UPENN submitted a Petition for Leave to Withdraw Rate Complaint, which was granted on July 3, 2018. Settlement at ¶ 4, fn. 5.

² On July 18, 2018, West Norriton submitted a Petition for Leave to Withdraw its Formal Complaint, which was granted on August 3, 2018. Settlement at ¶ 4, fn. 6.
On April 19, 2018, the Commission entered an Order initiating an investigation into the lawfulness, justness, and reasonableness of the proposed rate increase in this filing and the Company’s existing rates, rules, and regulations. The Commission’s Order suspended the effective date of Tariff Supplement No. 6 until December 28, 2018, by operation of law. The case was assigned to Deputy Chief Administrative Law Judge Christopher P. Pell and Administrative Law Judge Joseph Brady, who issued a Prehearing Conference Order on April 20, 2018. A Prehearing Conference was held on May 8, 2018. Prehearing Order #1, issued May 10, 2018, established a procedural schedule and set forth modifications to the Commission’s regulatory requirements regarding discovery matters. Public Input Hearings were scheduled for and subsequently held on June 6, 2018 in Media at 6:00 p.m.; on June 7, 2018 in Worcester Township at 7:00 p.m.; on June 12, 2018 in Newtown at 6:00 p.m.; on June 14, 2018 in Philadelphia at 10:00

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3 On May 16, 2018, DVRPC submitted a letter stating that they had reached an agreement with PECO and were withdrawing from the case, which was granted on July 3, 2018. Settlement at ¶ 6, fn. 7.

4 On July 17, 2018, RESA filed its Petition for Leave to Withdraw, which was granted on August 3, 2018.

5 On August 15, 2018, LIUNA filed a Petition for Leave to Withdraw. Their Petition is still pending. Settlement at ¶ 6, fn. 9.
a.m. and 6:00 p.m.; and on July 18, 2018 in Oxford at 6:00 p.m. The OCA participated in all Public Input Hearings.

In accordance with the procedural schedule set forth in Prehearing Order #1, the OCA submitted the Direct Testimonies of David J. Effron, OCA Statement No. 1; David Habr, OCA Statement No. 2; Clarence Johnson, OCA Statement No. 3; and Roger D. Colton, OCA Statement No. 4. On July 24, 2018, the OCA submitted the Rebuttal Testimony of Clarence Johnson, OCA Statement 3-R. On August 8, 2018, the OCA submitted the Surrebuttal Testimonies of David J. Effron, OCA Statement No. 1-S; David Habr, OCA Statement No. 2-S; Clarence Johnson, OCA Statement No. 3-S; and Roger D. Colton, OCA Statement No. 4-S. The testimonies of OCA witnesses Effron, Habr, Johnson, and Colton, as identified above, were entered into the record by stipulation of the parties at the evidentiary hearing on August 21, 2018.

Prior to the hearing, several settlement conferences were held to attempt to reach a settlement in principle on the issues raised in this case. As a result of those conferences, the Joint Petitioners were able to reach a comprehensive agreement that resolves all but one issue without

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6 Mr. Effron is a Certified Public Accountant with Berkshire Consulting Services in North Hampton, New Hampshire. Mr. Effron provides consulting services in utility rate matters in this and other jurisdictions. Mr. Effron has significant expertise in areas related to electric operations, utility accounting, and policy matters related to those areas. A complete description of Mr. Effron’s qualifications is provided in OCA Statement No. 1, Appendix I.

7 Dr. David Habr is the owner of Habr Economics, a consulting firm founded in January 2009 that focuses on cost of capital and mergers and acquisitions. Dr. Habr received a Bachelor of Arts and a Master of Arts degree in economics from the University of Nebraska- Lincoln and a Ph.D. degree in Economics from Washington State University. Dr. Habr’s professional background and qualifications are described in OCA St. 2, Exh. DSH-1.

8 Mr. Johnson is a consultant located in Austin, Texas, providing technical analysis, advice, and expert testimony regarding energy and utility regulatory issues. His clients have included state consumer advocate offices, customer groups, and coalitions of municipalities in Texas. Mr. Johnson has over 30 years of experience as a utility regulatory expert, including 25 years as Director of Regulatory Analysis for the Texas Office of Public Utility Counsel (OPC). A more detailed description of Mr. Johnson’s qualifications is included in OCA Statement No. 3, Appendix A.

9 Mr. Colton is a Principal with Fisher, Sheehan & Colton in Belmont, Massachusetts. He provides technical assistance to consumer advocates and public utilities on low income utility issues. He has been involved with the development of ratepayer-funded affordability programs throughout the nation. A complete description of Mr. Colton’s education and experience is provided in OCA Statement No. 4, Appendix A.
the need for further litigation, as set forth in the Settlement. The one issue reserved for litigation: "NRG’s claim regarding PECO’s allocation of certain indirect costs to residential distribution service instead of residential default service." Settlement at ¶ 12. The OCA intends to file its Brief regarding this issue on September 7, 2018.

The terms and conditions of the Settlement satisfactorily address the issues raised in the OCA’s Formal Complaint and Testimony. The OCA recognizes that this Settlement contains modifications from the original recommendations proposed by the OCA. The OCA submits, however, that the agreed upon Settlement achieves a fair resolution of the many complex issues presented in this proceeding.

For these reasons, and those that are discussed in greater detail below, the OCA submits that the Settlement is in the public interest and the best interest of PECO’s ratepayers, and should be approved by the Commission without modification.

II. SETTLEMENT TERMS AND CONDITIONS

A. Revenue Requirement (Settlement ¶¶ 15, 21-25, 28)

Through Tariff Supplement No. 6, the Company proposed an increase in annual electric operating revenues of approximately $81.9 million, or 6.7% on a distribution revenue basis. In its Tariff Supplement No. 6 filing, PECO’s proposed increase also reflected $71 million in tax savings in 2019 resulting from the Tax Cuts and Jobs Act (TCJA), and the Company proposed to refund to ratepayers approximately $68 million in reduced tax expense for 2018 through a surcharge mechanism. Under the Settlement, PECO will be permitted an increase of $14.9 million, which incorporates the application of the $71 million in 2019 tax savings related to the TCJA. Settlement at ¶ 15. The revenue requirement is “further adjusted to account for the roll-in of the Distribution System Improvement Charge (DSIC) revenue for a net revenue increase of $24.9 million.” See,
Settlement at ¶ 15, App. B (Proof of Revenues). The revenue requirement also reflects a reduction to rate base for Accumulated Deferred Income Taxes (ADIT) amounts as of the end of the FPFTY. The Company will continue this treatment until the entire amount has been refunded in future years. Settlement at ¶ 15. This increase is a substantial decrease from the amount originally requested by the Company. On a net revenue basis, the increase is 2.0% percent. Settlement at ¶ 16. The net revenue also reflects the impact of the Tax Cuts and Jobs Act for the Fully Forecasted Future Test Year. The 2018 TCJA tax savings are discussed in Section B, below.

Further, for purposes of calculating the Distribution System Improvement Charge (DSIC), the proposed Settlement provides that PECO will be eligible to include plant additions once the total aggregate gross plant account balances exceed the levels projected by the Company at December 31, 2019 and will not be effective any earlier than April 1, 2020. Settlement at ¶ 21, App. D. The OCA notes that this provision results in PECO realizing a higher level of plant investment before any incremental expenditures can be recovered through the DSIC.

The Settlement represents a “black box” approach to the individual revenue requirement and return on equity issues. Black box settlements avoid the need for protracted disputes over the merits of individual revenue adjustments and avoid the need for a diverse, large group of stakeholders to attempt to reach consensus on a variety of financial numbers. The OCA submits that it is unlikely that the parties would have been able to reach a consensus on each of the disputed accounting and ratemaking issues raised in this matter, as policy and legal positions can differ widely. As such, the parties have not specified a dollar amount for each issue or adjustment raised in this case. Attempting to reach an agreement regarding each adjustment in this proceeding would have likely prevented any settlement from being reached.
Based on the OCA’s analysis of the Company’s filing, discovery responses received, and testimony by all parties, the revenue increase under the Settlement represents a result that would be within the range of likely outcomes in the event of full litigation of the case. The increase is reasonable and yields a result that is in the public interest, particularly when accompanied by other important conditions contained in the Settlement. The increase agreed to in the Settlement provides adequate funding to allow the Company to continue to provide safe, adequate, reliable and continuous service. As such, the OCA submits that the increase agreed to in this Settlement is in the public interest and in the interest of PECO’s ratepayers, and should be approved by the Commission.

B. Federal Tax Adjustment Credit (FTAC) (Settlement at ¶ 28)

The Settlement importantly provides for a flow-through of the 2018 TCJA tax savings to customers. Settlement at ¶ 28. In order to address the impact of the TCJA on PECO’s rates, the proposed Settlement provides:

The Company will revise the FTAC to refund the 2018 estimated TCJA savings of $68 million, which includes 2018 tax expense savings and the 2018 projected and unprotected Excess Deferred Income Taxes ("EDIT") consistent with the Company’s proposed amortization periods, to customers on a bills-rendered basis beginning January 1, 2019. The amount of TCJA savings for each class will be determined based on the ratio of the estimated 2018 annual distribution revenues for each class multiplied by the $68 million TCJA savings. The FTAC will be calculated for the residential, small commercial and streetlighting rate classes (Rates R, RH, GS, SLS, POL, AL, TLCL, SLE) to refund the 2018 TCJA savings over a one-month period in January of 2019, subject to reconciliation revenues credited under the FTAC and the Company’s actual 2018 TCJA savings after the end of the refund period. For the industrial classes (Rate HT, PD, EP), the FTAC will be calculated to refund the 2018 TCJA savings over a one-year period starting in January 2019, subject to reconciliation of revenues credited under the FTAC and the Company’s actual 2018 TCJA savings after the end of the refund period. The amount being refunded to all rate classes will include interest accrued in 2018 using the residential mortgage lending rate specified by the Secretary of Banking in accordance with the Loan Interest Protection Law (41 P.S. §§ 101, et seq.) No interest will be paid to customers on any amount of TCJA savings held by the Company in 2019 and refunded to customers.
Settlement at ¶ 28.

The OCA submits that these provisions are consistent with the Commission’s Order addressing the TCJA, which provided that “tax savings and associated reductions in utility revenue requirements should be flowed back to consumers on a current basis.” Tax Cuts and Jobs Act of 2017, Docket No. M-2018-2641242 (Temporary Rates Order entered May 17, 2018, at 15). The Commission’s Order further provided that, with regard to utilities with pending base rate cases, the Commission “expects the public utility and the parties in each such proceeding to address the effect of the federal tax rate reduction on the justness and reasonableness of the consumer rates charged during the term of the suspension period and, in particular, whether a retroactive surcharge or other measure is necessary to account for the tax rate changes.” Id. at 20-21. The OCA also notes that the interest provision of the proposed Settlement reflects the treatment of interest directed by the Commission for other utilities in its Order. Id. at 18, 23.

Accordingly, the OCA submits that it is appropriate that the parties to this proceeding agreed that the Company will timely refund the 2018 TCJA savings to customers via a negative surcharge. The OCA further submits that returning TCJA savings to customers as provided in the proposed Settlement is just and reasonable and in the public interest.

C. Revenue Allocation (Settlement at ¶ 16, Appendix E)

1. Revenue Allocation

The Settlement provides that PECO can increase base distribution rates by amounts designed to produce a net revenue increase of $24,904,024 in annual operating revenues, including the roll-in of the DSIC. 10 In its filing, the Company proposed to increase its electric distribution

10 The net revenues identified in the Settlement include the application of the $71 million in 2019 tax savings related to the TCJA.
revenues by $81.9 million on a distribution revenue basis. Under the Settlement, residential customers will receive a net distribution increase of $14,716,454 per year, or a 2.2% increase on a net distribution-only basis. Settlement at ¶ 16. Under the Settlement rates, the bill for a typical Rate R residential customer that uses 700 kWh per month will increase by $1.27 per month, from $102.65 to $103.92, or by 1.2%, including distribution, transmission, and generation charges. Settlement at App. E. In the Company’s proposed filing, the bill for a typical Rate R residential customer that uses 700 kWh per month would have increased by $3.28 per month, from $102.65 to $105.93, or by 3.2%, including distribution, transmission, and generation charges. Settlement at App. E. 11

OCA witness Johnson reviewed the Company’s revenue allocation proposal and the Company’s class cost of service study (CCOSS) upon which the Company’s allocation was based. The OCA contested the Company’s CCOSS in this matter and Mr. Johnson submitted a modified CCOSS, which he used in his analysis to develop a recommended allocation of any proposed revenue increase for the Company among its customer classes. See OCA St. No. 3, Schedule CJ-I (summarizing the results of the Company’s CCOSS and Mr. Johnson’s adjusted CCOSS). Based on his CCOSS, Mr. Johnson recommended that the residential class (Rate R) be allocated approximately $60,499,000 of the Company’s proposed revenue increase with a proportional scale back. OCA St. No. 3, Schedule CJ-2. The Company recommended an increase of $19.3 million for residential heating customers (Rate RH), and the OCA proposed to limit the increase to Rate RH customers to $16.9 million. OCA St. No. 3, Schedule CJ-2. In addition to the Company and the OCA, I&E, OSBA, and PAIEUG also submitted allocation recommendations that placed more of the requested increase on residential customers.

11 All calculations use riders in effect at 3/1/18 and the Price-to-Compare from 3/1/18, which assures that the rates are being compared on a consistent basis. See Settlement at App. E.
Based on the OCA’s review of the cost of service studies presented in this proceeding and the varying revenue allocation proposals presented by other parties, the OCA views the Settlement to be within the range of reasonable outcomes that would result from the full litigation of this case. The Settlement allocation ensures reasonable movement of all classes relative to the system average rate of return under all cost studies presented in this case. The OCA submits that the Settlement is reasonable, and when accompanied by other important conditions contained in the proposed Settlement, yields a result that is just and reasonable, in the public interest, and should be approved.

2. Rate Design (Settlement at ¶ 17)

The Settlement provides that PECO’s monthly residential customer charge will increase from $8.45 to $10.00, or 15.5%. Settlement at ¶ 17. In its filing, the Company proposed increasing the residential customer charge to $12.00, or an increase of 48%. OCA witness Johnson calculated a cost-based residential customer charge of $8.11, but recommended that the Company maintain the existing $8.45 customer charge. OCA St. No. 3, and OCA St. No. 3-S, Schedule CJ-S-4.

The OCA submits that the Settlement customer charge more closely reflects appropriate customer costs. A cost-based customer charge provides necessary price signals to customers regarding conservation, and a higher customer charge can discourage energy conservation. OCA St. No. 3 at 32-33. The OCA submits that the residential rate design established through the Settlement is reasonable and consistent with sound ratemaking principles. Combined with the lower revenue requirement increase than the Company sought, these rate design changes result in rates that are significantly below the rates originally proposed by the Company and within the range of likely outcomes in the event of full litigation of the case.
D. Residential and Low-Income Customer Issues

The Settlement also addresses many of the issues raised in the Direct Testimonies of OCA witness Roger Colton; TURN et al. witness Harry Geller; CAUSE-PA witness Mitchell Miller; and CAAP witness Susan Moore. See, Settlement at Appendix C. The Settlement addresses issues related to Customer Assistance Program (CAP) enrollment; the CAP Credit maximum; Low-Income Usage Reduction Program (LIURP) spend; winter termination procedures; budget billing; security deposits; and limited English proficiency. The OCA submits that the proposed modifications are reasonable, in the public interest, and should be adopted.

1. Winter Termination Procedures

OCA witness Colton raised concerns regarding the Company’s identification of confirmed low-income customers for the purposes of the winter termination moratorium. OCA St. No. 4 at 29-34. The Settlement provides that the Company will:

(a) include in its planned Tariff filing in Docket No. M-2018-2531404 at least the following provisions:

- Adopt language that mirrors the language of Columbia Gas and/or the FirstEnergy companies providing greater flexibility in the documentation that will be accepted to establish income eligibility.

- Allow income verification from CBOs.

- Adopt language providing that any customer identified as confirmed low-income in the Company’s records in the prior four years shall not be required to re-certify or re-verify income to gain the protections of the winter shutoff protections.

- Adopt language providing that any customer having established income eligibility for cold weather protections within at least the 12 months preceding the start of the cold weather season shall not be required to re-certify or re-verify their income for that heating season.

- Adopt language providing that income eligibility for the cold weather protections may be established using 30-day annualized income rather than being based solely on an annual income.
Settlement at App. C, ¶ 4. The OCA submits that these tariff modifications will potentially identify more confirmed low-income customers who may be eligible for winter termination protections under Chapter 14. The modifications are in the public interest and should be adopted.

2. **Budget Billing**

OCA witness Colton recommended that the Company expand its use of budget billing for low-income customers entering into a Deferred Payment Arrangement (DPA) because of the benefits to both low-income customers by leveling seasonal variations in bills and to PECO because it will stabilize its receipt of revenue over the course of the year. OCA St. No. 4 at 17.

The Settlement provides that:

- PECO will inform them of the availability of budget billing, but will not require the customer to enroll in budget billing as a condition of obtaining the DPA. PECO will seek input from its Universal Service Advisory Committee about how to inform customers about the benefits of budget billing and deferred payment arrangements.

Settlement at App. C, ¶ 5. The OCA submits that the Settlement will provide low-income customers with more information about the potential benefits of budget billing to help the customer to levelize their payments and to address seasonal variations. The OCA submits that the input from the Universal Service Advisory Committee will provide valuable insight into how best to inform customers of the potential benefits.

3. **CAP Enrollment**

OCA witness Colton recommended that the Company utilize the resource of Community Based Organizations for the purpose of accepting income verification. OCA St. No. 4 at 32-33. OCA witness Colton testified that “given the important role that Community-Based Organizations ("CBOs") play in the lives of PECO customers, PECO should explicitly acknowledge and list verification provided by a CBO as an acceptable form of income verification.” OCA St. No. 4 at
32. The Settlement provides that PECO will accept income verification from CBOs provided that the CBO meets as an attendee at the Universal Services Advisory Group, and PECO has an agreement with the CBO regarding the scope of work to be provided. Settlement at App. C, ¶ 1. The OCA submits that this will provide a significant benefit to low-income customers by allowing the agencies that work closely with customers to provide the income verification information on the customer’s behalf. The OCA submits that this will help customers to streamline enrollment in the CAP.

4. Maximum CAP Credit and LIURP Budget

The Settlement will provide for an increase to the maximum CAP credit by $200 per customer to address continuing affordability issues raised by TURN et al. witness Geller and CAUSE-PA witness Miller. Settlement at App. C, ¶¶ 2, 3. In addition, the Low Income Usage Reduction Program (LIURP) will be increased by $1 million per year. Both of these recommendations will address customers who have exceeded their maximum CAP credit and have difficulty reducing their usage. The Company will specifically seek to target the $1 million increase to those customers who have exceeded their maximum credit. The Settlement provision is consistent with OCA witness Colton’s recommendation that the Company target a minimum percentage of high use, high CAP credit customers for LIURP treatment on an annual basis and specifically target those customers whose calculated Annual Credit exceeds the allowable maximum. OCA St. No. 4 at 37-38. The targeting of LIURP dollars will help to mitigate costs for low-income customers and should be approved as in the public interest.

5. Security Deposits

In response to concerns raised by CAUSE-PA, the Settlement confirms that PECO has returned or credited the security deposits of low-income customers that it was inadvertently
Moreover, the Settlement provides that the Company will immediately begin monthly reviews of
its customer accounts to ensure that the problem does not occur again. The OCA submits that the
proposed procedures are appropriate and should be implemented.

6. **Limited English Proficiency**

In response to concerns raised by TURN et al., the Company will conduct a language
assessment in the service territory and draft a policy statement on how it intends to service its
Limited English Proficiency customers. Settlement at App. C, ¶ 7. The OCA submits that the
Settlement provision will open an important dialogue about how to better communicate with
limited English or non-English speaking customers and should be approved as in the public
interest.

E. **Fully Projected Future Test Year (FPFTY) Reports (Settlement at ¶ 19)**

The Settlement provides that PECO will provide updates of actual capital expenditures,
plant additions, and retirements to the Commission's Bureau of Technical Utility Services (TUS),
I&E, OCA, and OSBA on or before April 1, 2019, for the twelve months ending December 1,
2018, and on or before April 1, 2020, for the twelve months ending December 1, 2019. Settlement
at ¶ 19). Further, the Settlement provides that the Company, in its next base rate proceeding, will
prepare a comparison of its actual expenses and rate base additions for the twelve months ended
December 31, 2019, to its projections in this case. Settlement at ¶ 19. The OCA submits that this
provision will provide valuable information that permits a comparison of projected spending
versus actual spending and is, therefore, in the public interest.
F. Distribution System Improvement Charge (DSIC) (Settlement at ¶ 21-24)

The Settlement provides that PECO will not implement a DSIC during the calendar year ending December 31, 2019. The first DSIC will be effective no earlier than April 1, 2020 based on DSIC-eligible expenditures during January and February 2020. Settlement at ¶ 21. The OCA submits that this provision appropriately addresses PECO’s DSIC and is in the public interest.

G. Pilot Electric Vehicle Direct Current Fast Charger (“EV-FC”) Rider (Settlement at ¶¶ 26-28)

PECO proposed a rider to encourage the installation of commercial charging stations for electric vehicles. The rider could be applied to the charging of commercial fleets and retail stations for electric vehicles. OCA St. No. 3 at 33. In PECO’s proposed tariff filing, the tariff was not available to a public charging station that PECO believed to be using proprietary charging technology. OCA St. No. 3 at 34. The Settlement proposes to revise the tariff to “not limit its compatibility to an exclusive subset of EVs via the use of proprietary charging networks or technology, including but not limited to communication protocols, connectors, or ports. (Exceptions will be made for DCFCs dedicated solely to workplace fleet charging.)” Settlement at ¶ 26. The proposed revision adopts the OCA’s and ChargePoint’s recommendation. As OCA witness Johnson stated, “the retailer’s choice of proprietary or open source technologies is a business model decision. Electric utility tariffs are required to be non-discriminatory in their application.” OCA St. No. 3 at 34. The OCA submits that the proposed tariff revision is reasonable, non-discriminatory, and should be approved as in the public interest.

H. Vegetation Management Reporting

One of the issues raised in the Company’s filing related to additional vegetation management costs related to disease among the ash tree population in the service territory. The Settlement provides that the Company will agree to submit reports to TUS, I&E, OCA, and OSBA
that detail the number of ash trees removed by year, along with a total breakdown of vegetation management expense by year. Settlement at ¶ 32. The reports will provide the parties with important information regarding the continuing impact of the ash tree disease throughout the PECO service territory and should be approved as in the public interest.
III. CONCLUSION

The OCA submits that the terms and conditions of the proposed Partial Settlement of this rate investigation, taken as a whole, represent a fair and reasonable resolution of the issues raised by the OCA in this matter. Therefore, the OCA submits that the Settlement should be approved by the Commission without modification as being in the public interest.

Respectfully Submitted,

/s/ Christy M. Appleby

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STATEMENT D

Statement in Support of Joint Petition for Partial Settlement of the Office of Small Business Advocate
STATEMENT OF THE OFFICE OF SMALL BUSINESS ADVOCATE
IN SUPPORT OF THE JOINT PETITION FOR PARTIAL SETTLEMENT

I. INTRODUCTION

The Small Business Advocate is authorized and directed to represent the interests of small business consumers in proceedings before the Pennsylvania Public Utility Commission ("Commission") under the provisions of the Small Business Advocate Act, Act 181 of 1988, 73 P.S. §§ 399.41 - 399.50. In order to discharge this statutory duty, the Office of Small Business Advocate ("OSBA") is participating as a party to this proceeding to ensure that the interests of small business customers of PECO Energy Company ("PECO" or the "Company") are adequately represented and protected.

II. PROCEDURAL BACKGROUND

On March 29, 2018, PECO filed with the Commission Tariff - Electric Pa. P.U.C. No 6 ("Tariff No. 6"), requesting an increase in annual operating revenues of approximately $82 million, or 2.2% (6.7% on a distribution revenue basis). This proposed rate increase reflected $71 million in tax savings in 2019 from changes in federal income tax law made by the Tax Cuts and Jobs Act ("TCJA"). PECO also proposed to refund the amount of PECO’s reduced tax expense of approximately $68
million in 2018, through a reconcilable surcharge mechanism (the Federal Tax
Adjustment Credit ("FTAC")).

By Order issued April 19, 2018, the Commission instituted a formal investigation
of PECO’s existing and proposed rates, and Tariff No. 6 was suspended by operation of
law until December 28, 2018. This case was assigned to Administrative Law Judge
(“ALJ”) Christopher P. Pell and ALJ F. Joseph Brady for purposes of conducting
hearings and issuing a Recommended Decision.

The Commission’s Bureau of Investigation and Enforcement ("I&E") entered a
notice of appearance on April 4, 2018.

Formal complaints were filed by the OSBA on April 9, 2018, the Office of
Consumer Advocate ("OCA") on April 12, 2018, and the Philadelphia Area Industrial
Energy Users Group ("PAIEUG") on April 26, 2018. Formal complaints were also filed
and later withdrawn by the Trustees of the University of Pennsylvania and West Norriton
Township.

The following parties intervened in the proceeding: the Coalition for Affordable
Utility Services & Energy Efficiency in Pennsylvania ("CAUSE-PA") on April 10, 2018,
the International Brotherhood of Electrical Workers, Local 614 ("IBEW") on April 17,
2018, the Community Action Association of Pennsylvania ("CAAP") on April 23, 2018,
Delaware Valley Regional Planning Commission ("DVRPC") on April 27, 2018, the
Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater
Philadelphia ("TURN") on May 3, 2018, Tesla, Inc. ("Tesla") on May 3, 2018, Wal-Mart
Stores East, LP and Sam’s East, Inc. ("Walmart") on May 3, 2018, NRG Energy Inc.
("NRG") on May 4, 2018, Retail Energy Supply Association ("RESA") on May 4, 2018,
Laborers International Union of North America, Local 57 ("LIUNA") on May 18, 2018, ArcelorMittal USA, LLC ("ArcelorMittal") on May 24, 2018, Calpine Energy Solutions ("Calpine") on May 24, 2018, and ChargePoint, Inc. ("ChargePoint") on July 3, 2018. DVRPC, RESA, LIUNA subsequently withdrew from this proceeding.

A Prehearing Conference was held on May 8, 2018, at which time the parties agreed upon a procedural schedule and discovery modifications.

Subsequently, the parties engaged in extensive formal and informal discovery.

Six Public Input Hearings took place in June.

Direct testimony was submitted on July 24, 2018, by I&E, OCA, OSBA, PAIEUG, ArcelorMittal, CAUSE-PA, LIUNA, NRG, Tesla, Walmart, and TURN. On July 24, 2018, PECO, OCA, OSBA, PAIEUG, CAAP, ChargePoint, and TURN submitted rebuttal testimony. On August 8, 2018, PECO, I&E, OCA, CAUSE-PA, PAIEUG, NRG, and TURN submitted surrebuttal testimony. On August 16, 2018, PECO submitted on oral rejoinder outline.

The parties ultimately successfully negotiated a settlement of all but one issue, NRG’s claim regarding PECO’s allocation of certain indirect costs to residential distribution service instead of residential default service (the “Reserved Issue”). Consequently, all parties waived cross-examination of all witnesses, except for PECO and NRG, who requested cross-examination of witnesses on the Reserved Issue, which occurred at an evidentiary hearing held on August 21, 2018. During the evidentiary hearing, the parties also entered into the record their respective testimony and exhibits. The evidentiary hearings scheduled for August 20, 2018 and August 22, 2018 were cancelled.
The OSBA actively participated in the negotiations that led to the proposed partial settlement, and is a signatory to the Joint Petition for Partial Settlement ("Joint Petition"). The OSBA submits this statement in support of the Joint Petition.

III. STATEMENT IN SUPPORT OF JOINT PETITION

The Joint Petition sets forth a comprehensive list of issues that were resolved through the negotiation process. The following issues were of primary significance to the OSBA when it concluded that the Joint Petition is in the best interests of PECO’s small business customers.

A. Revenue Requirement (Joint Petition at ¶ 15)

As noted above, PECO’s proposed Tariff No. 6 requested $82 million in additional annual revenues. Through the settlement negotiation process, the parties have agreed to a net revenue increase in distribution rate revenues of $24.9 million, reflecting the application of 2019 tax savings related to the TCJA and adjusted to account for additional Distribution System Improvement Surcharge ("DSIC") revenue above 2018 levels. The $24.9 million net increase, or approximately 0.7% (2.0% on distribution revenues) is in lieu of the $82 million increase, or 2.2% (6.7% on distribution revenues), originally requested. The savings to ratepayers is obvious, while the revenues agreed to still allow PECO to operate its system for the benefit of ratepayers and shareholders alike.

B. Revenue Allocation and Rate Design (Joint Petition at ¶¶ 16-17)

In its filing, PECO identified three specific principles that were used to develop the Company’s proposed revenue allocation: 1) PECO’s class cost-of-service study
("COSS") should be used as a guide; 2) the proposed revenue allocation should move all rate classes closer to their respective cost-of-service indications; and 3) customer impacts should be considered, so as to avoid assigning disproportionate increases (relative to the system average) to any of the Company’s major rate classes.¹

However, as noted by OSBA witness Mr. Kalcic in his direct testimony, PECO’s proposed revenue allocation was problematic, since it failed to move all classes closer to cost of service.² In particular, PECO’s proposal would move rate classes HT and EP away from cost of service.³

In an effort to move all classes closer to cost of service and to avoid excessive rate increases, Mr. Kalcic proposed an alternative allocation of PECO’s requested distribution rate increase. The OSBA’s recommended revenue allocation, at PECO’s full rate request, is shown in column 3 of Schedule BK-3.⁴

Mr. Kalcic’s recommended revenue allocation was derived via three steps. First, he assigned each rate class its cost-based increase as shown in PECO Exhibit JD-1, page 2 of 3.⁵

Second, he adjusted the increases from Step 1 so that no class would receive an increase greater than 1.50 times the system average. This step limited the resulting increase to Rates RH and EP to 18.0%, and provided approximately $5.6 million of rate relief to these classes (compared to their cost-based revenue levels). At the same time,

¹ PECO Statement No. 7 at 3.
² OSBA Statement No. 1 at 5.
³ Id.
⁴ Id. at 6, attaching Schedule BK-3.
⁵ Id. at 6.
however, Step 2 resulted in a $5.6 million revenue shortfall, which must be collected from PECO’s remaining rate classes.\(^6\)

Third, Mr. Kalcic assigned the $5.6 million shortfall identified in Step 2 to Rates GS, PD and L (i.e., those classes targeted with increases below 10.0%), in proportion to their respective total cost of service at proposed rates.\(^7\)

Table 1 (below) compares the parties’ adjusted proposed increases for Rate GS customers to the Rate GS increase provided by the Joint Petition.

<table>
<thead>
<tr>
<th>Class</th>
<th>Per Joint Petition</th>
<th>PECO</th>
<th>OSBA</th>
<th>OCA</th>
<th>I&amp;E</th>
<th>PAEIUG</th>
</tr>
</thead>
</table>

Source: Joint Petition at Appendix B, page 1 of 8, and Schedule BK-1R.

1/ Parties’ positions shown in Sch. BK-1R scaled to reflect the overall settlement increase of $89.995 million, before GSA/TSC, 2019 Tax Reform and DSIC adjustments.

As shown in Table 1, the settlement increase for Rate GS reflects a compromise among the parties, particularly with respect to the litigation positions of the OSBA and OCA. Had the Commission given equal weight to those two positions, the overall increase to Rate GS (assuming an overall increase of $24.9 million) would have been (the sum of $13.147 million plus $24.716 million, divided by 2 or) $ 18.931 million, which is $ 4.135 million greater than provided by the Joint Petition. The OSBA concludes that the

\(^6\) OSBA Statement No. 1 at 6.

\(^7\) Id.
revenue allocation in the Joint Petition provides a meaningful benefit to small business customers, since it eliminates the litigation risk associated with the OCA’s proposed increase to Rate GS customers. Therefore, the Joint Petition is in the best interest of PECO’s small business customers.

C. Pilot Electric Vehicle Direct Current Fast Charger (“EV-FC”) Rider (Joint Petition at ¶¶ 26-27)

PECO’s proposed Pilot EV-FC Rider is intended “to support transportation electrification by encouraging the buildout of publicly available (or workplace fleet) fast charging stations through reduced demand charges.” PECO is proposing to conduct a five-year pilot “in order to better understand the potential benefits and challenges associated with offering and serving public EV DCFC installations.” The proposed EV-FC Rider reduces a customer’s demand charges by applying a fixed demand (kW) credit, initially equal to 50% of the combined maximum nameplate capacity rating for all DCFCs installed at a given location, to the customer’s billed distribution demand. PECO reserved the right to reduce the size of the demand credit based on a comparison of measured demands before and after the DCFC installation. The credit, as proposed, would be available for 30 months from the date of enrollment, or until the pilot concludes, whichever is less.

Of great significance to the OSBA, PECO did not propose recovery of any costs associated with the Pilot EV-FC Rider in this proceeding and, additionally, confirmed in response to OSBA-I-9, that it is not proposing to defer the lost revenues associated

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8 PECO Statement No. 8 at 30.
9 Id.
10 OSBA Statement No. 1 at 7.
with the proposed fixed demand credit for future recovery from ratepayers. In the OSBA’s view, the widespread deployment of EV charging stations/infrastructure at residential, commercial and industrial customer sites across the Commonwealth is unlikely to be achieved unless the private sector finds it profitable to participate in the EV charging station market. In that respect, it is important that any public utility involvement in the deployment of EV charging infrastructure not disadvantage private developers, and thereby impede the development of a competitive EV charging station marketplace.

For example, the private sector could not be expected to compete successfully with public utilities in building EV charging infrastructure if public utilities were to deploy ratepayer-funded EV charging stations, since in that scenario utility shareholders would not bear the same costs and business risks associated with EV charging station deployment as private developers.

While PECO is not proposing to build EV charging stations, the fact that PECO’s proposed Pilot EV-FC Rider would not be ratepayer funded will help to ensure that the program does not tilt the EV charging station playing field against private developers.

In paragraph 26 of the Joint Petition, the Company agrees to revise the EV-FC Rider to: (1) provide that the demand credit will be available for a 36-month term or until the Pilot concludes, whichever comes first; and (2) remove the following Rider provision: “The DCFC does not limit its compatibility to an exclusive subset of EVs via the use of

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11 OSBA Statement No. 1 at 8, attaching OSBA-I-9.
12 OSBA Statement No. 1 at 8.
13 Id. at 9.
14 Id.
proprietary charging networks or technology, including but not limited to communication protocols, connectors, or ports. (Exceptions will be made for DCFCs dedicated solely to workplace fleet charging.)"

In paragraph 27 of the Joint Petition, the Joint Petitioners agree that Pilot participants will be required to provide data for all DCFCs connected to the PECO system and not separately metered in order to allow PECO to investigate the development of future DCFC rates. This data will include, for each DCFC: the number installed, the number of charging ports, the nameplate capacity (in kW), hourly and monthly usage (kWh), and the hourly and monthly demand (kW).

Because these revisions (i) expanding the length of the term of the demand credit and the eligibility of participants and (ii) providing for the sharing of information, do not change PECO’s proposal to not recover of any costs associated with the Pilot EV-FC Rider in this proceeding and not to defer the lost revenues associated with the proposed fixed demand credit for future recovery from ratepayers, the OSBA concludes that the EV-FC Rider, as revised by the Joint Petition, is in the best interest of PECO’s small business customers.

D. Judicial Efficiency

Lastly, settlement of this proceeding avoids the litigation of competing proposals and saves the possibly significant costs of further administrative proceedings. Such costs are borne not only by the Joint Petitioners, but ultimately by the Company’s customers as well. Avoiding further litigation of this matter will serve judicial efficiency, and will allow the OSBA to more efficiently employ its resources in other areas.
IV. CONCLUSION

For the reasons set forth in the Joint Petition, as well as the additional factors enumerated in this statement, the OSBA supports the proposed Joint Petition and respectfully requests that ALJ Pell, ALJ Brady, and the Commission approve the Joint Petition in its entirety without modification.

Respectfully submitted,

[Signature]

Elizabeth Rose Triscari
Deputy Small Business Advocate
Attorney ID No. 306921

For:

John R. Evans
Small Business Advocate

Office of Small Business Advocate
300 North Second Street, Suite 202
Harrisburg, PA 17101

Dated: August 28, 2018
STATEMENT E

Statement in Support of Joint Petition for Partial Settlement of the Philadelphia Area Industrial Energy Users Group
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission : 

v. : Docket No. R-2018-3000164

PECO Energy Company : 

STATENMENT IN SUPPORT OF
THE PHILADELPHIA AREA INDUSTRIAL ENERGY USERS GROUP

The Philadelphia Area Industrial Energy Users Group ("PAIEUG"), by and through its counsel, submits that the terms of the Joint Petition for Partial Settlement ("Joint Petition" or "Partial Settlement") concurrently filed with the Pennsylvania Public Utility Commission ("PUC" or "Commission") in the above-captioned proceeding reflect a partial settlement among the Joint Petitioners with respect to PECO Energy Company's ("PECO" or "Company") March 29, 2018, filing of Tariff Electric – Pa. P.U.C. No. 6 ("Tariff No. 6").

As a result of settlement discussions, PECO, PAIEUG, the Bureau of Investigation & Enforcement ("I&E"), the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), the Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia ("TURN et al."), the Community Action Association of Pennsylvania ("CAAP"), Tesla, Inc. ("Tesla"), ChargePoint, Inc. ("ChargePoint"), and Wal-Mart Stores East, LP and Sam's East, Inc. ("Walmart") (collectively, the "Joint Petitioners"), have agreed upon the terms embodied in the foregoing Joint Petition. PAIEUG offers this Statement in Support to further demonstrate that the Partial Settlement is in the public interest and should be approved without modification.
BACKGROUND

1. On March 29, 2018, PECO filed Tariff No. 6, which contained proposed changes in rates, rules, and regulations calculated to produce an increase in PECO's annual distribution revenues of approximately $82 million. PECO's filing also proposed significant modifications to its current tariff, including: (1) the addition of a Federal Tax Adjustment Credit ("FTAC") to refund customers the amount of PECO's reduced tax expense from 2018 due to the implementation of the Tax Cuts and Jobs Act ("TCJA"); (2) a change to the Rate HT high voltage discount; and (3) the continuation of the Capacity Reservation Rider ("CRR") as a pilot program through at least the Company's next base rate proceeding.

2. On April 26, 2018, PAIEUG filed a Complaint in the above-captioned proceeding. As noted in its Complaint, PAIEUG members receive electric service from PECO primarily under Rate HT and use substantial volumes of electricity in their manufacturing and operational processes. As a result, PAIEUG members were concerned that the proposed increase and tariff changes could have an adverse impact on their costs of operations. PAIEUG's Complaint indicated that the PUC should investigate several aspects of PECO's filing, including whether the size of the requested rate increase is appropriate; whether the allocation of the proposed increase among customer classes is just, reasonable, and non-discriminatory; and whether the rate design and rate structure proposed by PECO were appropriate.

3. In accordance with the Commission's policy encouraging negotiated settlement of contested proceedings, the Joint Petitioners engaged in discussions to resolve the issues raised by the various parties. These negotiations resulted in the Partial Settlement, which proposes a resolution of most of the issues between the Joint Petitioners in this proceeding as set forth below.
STATEMENT OF SUPPORT

4. The Commission has a strong policy favoring settlements. As set forth in the Commission's regulations, "[t]he Commission encourages parties to seek negotiated settlements of contested proceedings in lieu of incurring the time, expense and uncertainty of litigation." 52 Pa. Code § 69.391; see also 52 Pa. Code § 5.231. Consistent with the Commission's policy, the Joint Petitioners engaged in negotiations in an effort to settle the issues raised in this proceeding. These ongoing discussions produced the foregoing Partial Settlement.

5. The Joint Petitioners agree that approval of the proposed Partial Settlement is overwhelmingly in the best interest of the parties involved.

6. The Joint Petitioners agree that the Company should be authorized to file a tariff supplement containing the rates set forth in the Joint Petition.

7. The Joint Petitioners agree that PECO should be permitted to implement rates that are designed to produce an annual increase in electric operating revenues of $85.5 million, which is reduced to $14.9 million following the application of 2019 tax savings related to the TCJA and further adjusted to account for the roll-in of the Distribution System Improvement Charge ("DSIC") for a net revenue increase of $24.9 million. Such rates are just, reasonable, and in the public interest. Joint Petition, Paragraph 15.

8. The Joint Petitioners agree that this resulting rate increase should be allocated pursuant to the terms of the Partial Settlement.

9. The Joint Petition is in the public interest for the following reasons:

   a. As a result of the Joint Petition, expenses incurred by the Joint Petitioners and the Commission for completing this proceeding will be less than they would have been if the proceeding had been fully litigated.
b. Uncertainties regarding further expenses associated with possible appeals from the final order of the Commission are avoided as a result of the Joint Petition.

c. The Joint Petition provides a just and reasonable means by which to allocate the resulting rate increase.

d. The Joint Petition reflects compromises on all sides presented without prejudice to any position any Joint Petitioner may have advanced so far in this proceeding.

e. The Joint Petition is presented without prejudice to any position any party may advance in future proceedings involving the Company.

10. The Joint Petition specifically satisfies the concerns of PAIEUG by reasonably allocating the proposed increase among customer classes. In addition, the Joint Petition satisfies PAIEUG's concerns regarding PECO's originally proposed tariff changes by:

a. Ensuring that customers served on Rate HT receive a net revenue increase of approximately $2.4 million, which translates to an increase of 1.6%. See Joint Petition, Paragraph 16.

b. Establishing that Rate HT customers' monthly Fixed Distribution Service (Customer) Charge will be $354.00. Id. at Paragraph 17.

c. Providing that PECO will not implement a DSIC during the calendar year ending December 31, 2019, with the first DSIC in 2020 becoming effective no earlier than April 1, 2020, based on DSIC-eligible expenditures during January and February 2020. Id. at Paragraph 21.

d. Ensuring that the following charges will be removed from base rates for the DSIC calculation: Nuclear Decommissioning Charge, Non-Bypassable Transmission Charge, State Tax Adjustment Surcharge ("STAS"), and Federal Tax Adjustment Credit ("FTAC"). Id. at Paragraph 23.

e. Implementing a 1.5% cap on the DSIC that applies to Kimberly-Clark ("K-C"), a member of PAIEUG. Id. at Paragraph 24. In the event that PECO's DSIC goes above 1.5% while K-C is capped at 1.5%, PECO will forego surcharge recovery of amounts that would otherwise be charged to K-C, i.e. those amounts would not be recovered from other ratepayers through the DSIC. Id. The 1.5% cap for K-C will remain in effect until the implementation of new rates following PECO's next electric distribution base rate proceeding. Id.
f. Revising the FTAC to refund the 2018 estimated TCJA savings of $68 million, which includes 2018 tax expense savings and the 2018 protected and unprotected Excess Deferred Income Taxes ("EDIT") consistent with the Company's proposed amortization periods, to customers on a bills-rendered basis beginning January 1, 2019. The amount of TCJA savings for each class will be determined based on the ratio of the estimated 2018 annual distribution revenues for each class multiplied by the $68 million total TCJA savings. For the industrial classes (Rates HT, PD, EP), the FTAC will be calculated to refund the 2018 TCJA savings over a one-year period starting in January 2019, subject to reconciliation of revenues credited under the FTAC and the Company’s actual 2018 TCJA savings after the end of the refund period. The amount being refunded to all rate classes will include interest accrued in 2018 using the residential mortgage lending rate specified by the Secretary of Banking in accordance with the Loan Interest Protection Law (41 P.S. §§ 101, et. seq.). Id. at Paragraph 28.

g. Adopting: (1) PECO’s increase in the Rate HT high voltage discount, as scaled back pursuant to the rate allocation agreed to in this proceeding; and (2) PAIEUG’s proposal to remove the demand caps on the Rate HT high voltage discount. Id. at Paragraph 29.

h. Agreeing, in the next base rate case, for each CRR customer added, to: (1) provide schedules showing the class, usage and billing details of that customer and a breakdown of the revenue received from that customer; (2) show the cost of the capacity being reserved and indicate the basis for determining the cost as either a system average or specific costs to serve each customer; and (3) treat this information as highly confidential and provide it pursuant to the terms of a Protective Order. Id. at Paragraphs 30-31.

11. PAIEUG supports the foregoing Joint Petition because it is in the public interest; however, in the event that the Administrative Law Judges or the Commission disapprove the Partial Settlement or modify any terms or conditions herein, PAIEUG will resume its litigation position, which differs from the terms of the Joint Petition.

12. As set forth above, PAIEUG submits that the Partial Settlement is in the public interest and adheres to Commission policies promoting negotiated settlements. The Partial Settlement was achieved after numerous negotiations. Although Joint Petitioners have invested
time and resources in the negotiation of the Joint Petition, this process has allowed the parties, as well as the Commission, to avoid expending the substantial resources that would have been required to fully litigate this proceeding while still reaching a just, reasonable, and non-discriminatory result. Joint Petitioners have thus reached an amicable resolution to this dispute as embodied in the Partial Settlement. Approval of the Partial Settlement will permit the Commission and Joint Petitioners to avoid incurring the additional time, expense, and uncertainty of further litigation in this proceeding. See 52 Pa. Code § 69.391.

WHEREFORE, the Philadelphia Area Industrial Energy Users Group respectfully requests that Deputy Chief Administrative Law Judge Christopher P. Pell, Administrative Law Judge F. Joseph Brady, and the Pennsylvania Public Utility Commission approve the foregoing Joint Petition for Partial Settlement without modification.

Respectfully submitted,

McNEES WALLACE & NURICK LLC

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Counsel to the Philadelphia Area Industrial Energy Users Group

Dated: August 28, 2018
STATEMENT F

Statement in Support of Joint Petition for Partial Settlement of the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania
STATEMENT OF THE COALITION FOR AFFORDABLE UTILITY SERVICES AND ENERGY EFFICIENCY IN PENNSYLVANIA (CAUSE-PA) IN SUPPORT OF THE JOINT PETITION FOR APPROVAL OF PARTIAL SETTLEMENT

The Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), one of the signatory parties to the Joint Petition for Approval of Partial Settlement ("Joint Petition" or "Settlement"), respectfully requests that the terms and conditions of the Settlement be approved by the Honorable Administrative Law Judges Christopher P. Pell and F. Joseph Brady, and the Pennsylvania Public Utility Commission (Commission). For the reasons stated more fully below, CAUSE-PA believes that the terms and conditions of the Settlement are in the public interest and should be approved.

I. INTRODUCTION

CAUSE-PA intervened in this proceeding to address, among other issues, the extent to which proposed rate increase would detrimentally impact the ability of low income electric customers within the PECO Energy Company (hereinafter "PECO" or "Company") service territory to access service under reasonable terms and conditions.
In relevant part, the Settlement increases residential rates by 7% for residential non-heating customers and 7.9% for residential heating customers.\(^1\) (Joint Pet., App. B). The fixed charge portion of the residential and residential heat rate structure will increase from $8.45 to $10.00 – substantially less than the proposed $12.50 charge. (Joint Pet. at ¶ 17; see also CAUSE-PA St. 1 at 3; PECO St. 7, Ex. MK-6). The Settlement also provides numerous improvements to PECO’s policies and procedures for its universal service programs. Among the changes are increased outreach to improve the enrollment in the Customer Assistance Program (CAP) program. (See Joint Pet., App. C at ¶ 1). The Settlement also requires PECO to increase its maximum CAP credits to help alleviate the impact of the rate increase on those customers at or near the current CAP maximum credit. (Joint Pet., App. C at ¶ 2(a)).

The Settlement provides that PECO will increase funding for its Low Income Usage Reduction Program (LIURP) by $1 million annually. (Joint Pet., App. C at ¶ 3). In addition to this LIURP budget increase, PECO also agrees to initially target these funds to customers who exceed the applicable CAP Credit Maximum after the increase in the CAP Credit Maximums is implemented. (Joint Pet., App. C at ¶ 3(b)). PECO agrees that these incremental LIURP funds may be used to resolve related safety/health issues and structural issues that would otherwise prohibit or hamper LIURP measures in the home. (Joint Pet., App. C at ¶ 3(a)). Regarding winter terminations and the winter moratorium, PECO agrees to provide greater flexibility in the documentation that will be accepted to establish income eligibility. Specifically, it proposes to allow 30-day annualized income verification from Community Based Organizations (CBOs). (Joint Pet., App. C at ¶ 4). PECO has further agreed that any customer identified as confirmed

\(^1\) These percentages to not take into account the adjustments for the Distribution System Improvement Charge and Federal Tax Adjustment Credit refund of the 2018 Tax Cuts and Jobs Act benefits. After these adjustments, the net increase is 2.2% for residential non-heating customers and 3% for residential heating customers.
low income in the prior four years or any customer who established income eligibility for cold weather protections within at least the 12 months shall not be required to re-certify or re-verify income to gain the protections of the winter shutoff protections. (Joint Pet., App. C at ¶ 4).

PECO has agreed to complete monthly reviews of its customer accounts to identify deposits paid and assessed for customers who have: (1) verified their income is below 150% FPL within the past four years; or (2) received LIHEAP grants within the past two years and credit any collected deposits to their account. (Joint Pet., App. C at ¶ 6). PECO also confirms that it has returned or credited the security deposits of low income customers that it discovered it was inadvertently holding. (Joint Pet., App. C at ¶ 6).

Although CAUSE-PA’s positions in litigation were not fully adopted, the Settlement was arrived at through good faith negotiation by the parties. The Settlement is in the public interest in that it (1) addresses the ability of low income electric customers in PECO’s service territory to access safe and affordable service, (2) balances the interests of the parties, and (3) fairly resolves a number of important issues raised by CAUSE-PA and other parties. If the Settlement is approved, the parties will also avoid the considerable cost of further litigation and/or appeals.
II. STANDARD FOR APPROVAL OF SETTLEMENT

The Commission's regulations lend unambiguous support for settlements, and declare: "It is the policy of the Commission to encourage settlements." The Commission's Policy Statement on settlements of rate cases stated that "the results achieved from a negotiated settlement or stipulation, or both, in which the interested parties have had an opportunity to participate are often preferable to those achieved at the conclusion of a fully litigated proceeding." Settlements are preferred because they "lessen the time and expense that Parties must expend litigating a case and, at the same time, conserve resources." In reviewing whether to approve a proposed settlement, the Commission must determine whether the terms and conditions are in the interest of the public based on a preponderance of the evidence "showing a likelihood or probability of public benefits that need not be quantified or guaranteed." Historically, the Commission has defined the public interest as inclusive of ratepayers, shareholders, and the regulated community at large. Of course, proposed settlement terms must also be consistent with applicable law.

III. TERMS AND CONDITIONS OF SETTLEMENT

A. REVENUE REQUIREMENT

CAUSE-PA did not take a position in this proceeding on the revenue requirement except to explain the detrimental impact of any increase in rates on the ability of low income residential consumers generally to continue to be able to afford service without additional assistance.

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CAUSE-PA focused its case on the need to appropriately remediate any increase in the Company’s residential distribution rates through equitable rate design and the adoption of enhancements to available universal service programming. Rate design and universal service enhancements are discussed below.

B. REVENUE ALLOCATION/RATE DESIGN

1. Revenue Allocation

CAUSE-PA did not take a position in this proceeding on revenue allocation.

2. Rate Design (Fixed Distribution Service Charge)

Paragraph 17 sets the Fixed Distribution Service Charge (or Fixed Customer Charge), at $10.00 per month, a substantial increase from its current $8.45 per month fixed charge, but significantly lower than PECO’s proposed $12.50 fixed monthly service charge. (CAUSE-PA St. 1 at 16). As CAUSE-PA’s expert witness Mr. Mitchell Miller explained in direct testimony, “adding additional costs to the fixed customer charge will have a disproportionate impact on low income, low use households, and works to undermine energy efficiency efforts.” (CAUSE-PA St. 1 at 15). Increasing the fixed monthly service charge limits customers’ ability to reduce bills through conservation and consumption reduction, and undermines the goals of the Low Income Usage Reduction Program (LIURP). (CAUSE-PA St. 1 at 17-18). High fixed fees also disproportionately impact low income consumers, who use less electric than their higher income counterparts. (CAUSE-PA St. 1 at 16-17; CAUSE-PA St. 1-SR at 4). If the fixed portion of a bill is high, those in smaller homes and apartments (which are more likely to be occupied by low income families) will pay a disproportionate share of the distribution costs. While the increase adopted in the settlement is still significant, the settlement overall is in the public interest because
the charge remains one of the lowest in the state, (PECO St. 7, Exhibit MK-3), and, most critically, the settlement provides necessary adjustments to universal service programs to help low income customers mitigate the impact of the increase – thereby protecting against inappropriate cost-shifting onto vulnerable low income households. The universal service enhancements are discussed below.

C. RESIDENTIAL AND LOW INCOME ISSUES

CAUSE-PA’s expert witness, Mr. Miller explained in direct testimony that the provisions of PECO’s current universal service programming were insufficient to resolve significant and substantial concerns about the continued affordability of electric service in PECO’s service territory, and the corresponding need for assistance, if a rate increase were approved. (CAUSE-PA St. 1 at 19-27). As Mr. Miller pointed out, “[t]here has been a marked and precipitous decline in CAP enrollment within PECO’s service territory over the last few years.” (CAUSE-PA St. 1 at 21-22; CAUSE-PA St. 1-SR at 6). Additionally, “there are more than 7,000 households who exceed their maximum CAP credits annually.” (CAUSE-PA St. 1 at 21). Mr. Miller also pointed out that PECO’s LIURP program is “currently insufficiently funded to remediate the impact of the proposed rate increase.” (CAUSE-PA St. 1 at 25). The additional universal service program enhancements contained within this Settlement are therefore critical to ensure that low income consumers are protected from some of the more severe financial consequences of a rate increase on this uniquely vulnerable population. (CAUSE-PA St. 1 at 7-18, 25).
1. CAP Enrollment

As Mr. Miller explained in his direct testimony, the vast majority of PECO’s low income customers are not enrolled in CAP. (CAUSE-PA St. 1 at 15). As such, those customers are likely to be negatively impacted by the increase in rates. PECO’s CAP enrollment levels have been dropping precipitously — while its low income termination rates are high — signaling a distinct and immediate need to bolster CAP enrollment to meet the needs of PECO’s low income population. (CAUSE-PA St. 1 at 21-25; CAUSE-PA St. 1-SR at 6-9). If left unaddressed, the pending rate increase, combined with PECO’s declining CAP enrollment, is likely to lead to increased terminations and resulting uncollectible expenses, and could have substantial impacts on the health, safety, and welfare of families and communities within PECO’s service territory. (CAUSE-PA St. 1 at 12-13).

To remediate declining CAP enrollment in light of PECO’s rate increase, the Settlement contains a number of provisions designed to make it easier for low income customers to be referred to and enroll in CAP. First in Appendix C, Paragraph 1, the Settlement requires PECO to accept certification by a CBO, subject to certain requirements, as confirmation of customer annual household gross income for purposes of CAP enrollment and verification of confirmed income status. (Joint Pet., App. C at ¶ 1). This adjustment will help curb PECO’s declining CAP

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8 1.(a) The CBO must be an attendee of PECO’s Universal Services Advisory Committee meetings or otherwise demonstrate to PECO’s satisfaction that it is qualified to perform income certification; 1.(b) PECO and the CBO must reach agreement, through arms-length negotiations, regarding the scope of work to be performed by the CBO and cost reimbursement from PECO to the CBO (such agreement to include the right for PECO to audit and/or terminate for quality control purposes); and 1.(c) PECO will be allowed to recover all funds paid to CBO’s for this function, on a dollar-for-dollar basis through its period USFC filings without offsets for working capital (5%) or receivables (22%).
enrollment by allowing customers to apply for CAP through CBOs without the need to duplicate efforts by being required to submit additional documentation to PECO.

In addition to diversifying enrollment options, Appendix C, Paragraph 1 also advances efforts to improve outreach to potentially eligible low income consumers. Pursuant to the Settlement, PECO will actively solicit confirmed low income customers with existing debt to PECO who are not currently enrolled in CAP through mailings and outbound calls at least twice per year. (Joint Pet., App. C at ¶ 1). Also, within six months of the effective date of rates, PECO will revise its termination notice, subject to approval by the Commission’s Bureau of Consumer Services, to include more specific language indicating that customers can avoid termination through payment agreements and CAP enrollment.9 (Joint Pet., App. C at ¶ 1). This adjustment is designed to increase awareness by households facing termination of service of the assistance that may be available to them at the time they need it most.

2. CAP Credit Maximum

As Mr. Miller explains in his direct testimony, PECO’s CAP program gives a fixed credit that is applied to a customer’s monthly bill over the course of the year based on the seasonality of usage, which is designed to match higher credit amounts to months when customers are using more energy. (CAUSE-PA St. 1 at 14). The annual amount of the credit is capped; however in its settlement of its last Universal Service and Energy Conservation Plan,10 PECO committed to

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9 The language is subject to BCS approval and should read: “You may be eligible for a payment agreement or special assistance programs, which may stop the termination of your service. Call 1-888-480-1533 right away to determine if you are eligible for a payment agreement or assistance, dispute your bill or to provide us with household income or occupant information.”

increasing the maximum credit by a percentage equal to the system-wide residential distribution rate increase. (CAUSE-PA St. 1 at 14). Even with this increase, however, “there are more than 7,000 households who [will] exceed their maximum CAP credits annually.” (CAUSE-PA St. 1 at 14). Mr. Miller recommended that that PECO should permit households to seek exemptions from CAP credit maximums for all of the allowable reasons contained in the Commission’s Policy Statement.11 (CAUSE-PA St.1 at 21). However, for the sake of administrative ease, the Settlement proposes to increase the maximum of all tiers by $200, in addition to the previously agreed upon maximum, which will capture the vast majority of those 7,000 households. (Joint Pet., App. C at ¶ 2). While maximum CAP credits are designed as a cost containment measure on CAP costs, by increasing the maximum to account for the rate increase, the settlement recognizes that, because of PECO’s CAP design, certain CAP customers will need additional CAP credits to assist with maintaining affordability. This increase is in the public interest because it preserves affordability for PECO’s most vulnerable customers and continues to maintain cost containment provisions of CAP. The remaining households who are still projected to exceed their maximum CAP credits will be targeted for energy efficiency remediation through PECO’s Low Income Usage Reduction Program (LIURP). (Joint Pet., App. C at ¶ 3).

3. LIURP Budget

LIURP provides comprehensive usage reduction services for low income households, and helps to control energy costs over the long-term – saving participating households an estimated 6.4% for electric baseload jobs and 5.8% for electric heating jobs, leading to total bill savings of 8% and 11.5% respectively. (CAUSE-PA St. 1 at 25). Mr. Miller noted that PECO’s current

LIURP funding is “currently insufficiently funded to remediate the impact of the proposed rate increase.” (CAUSE-PA St. 1 at 25). Mr. Miller recommended that PECO increase its LIURP funding by $2,100,700 per year. (CAUSE-PA St. 1 at 27). He explained that the increase in LIURP funds would allow PECO to remediate all of PECO’s eligible households within a 12-years, which is the LIURP maximum payback period. (CAUSE-PA St. 1 at 27).

The Settlement partially incorporates Mr. Miller’s recommendation by committing PECO to increase its LIURP spending by $1 million per year. (Joint Pet., App. C at ¶ 3). While it is not enough to remediate all homes within 12 years, this increase is squarely within the public interest, as it ensures that low income households are better able to access usage reduction services to reduce their energy burden. This increase in annual LIURP funds will thereby help offset the negative impact of a rate increase on this particularly vulnerable population.

4. LIURP targeting and safety/health/structural work

In addition to increased LIURP funding, Mr. Miller recommended that PECO use the additional funds to target non-CAP confirmed low income customers who will be the customers hardest hit by the rate increase. (CAUSE-PA St. 1 at 27). Mr. Miller also recommended that the increased funding be allowed to be used to resolve related safety/health issues and structural issues that would otherwise prohibit or hamper LIURP measures in the home. (CAUSE-PA St. 1-SR at 10).

The Settlement incorporates some of Mr. Miller’s recommendations and states that the incremental LIURP funds may be used to resolve related safety/health issues and structural issues that would otherwise prohibit or hamper LIURP measures in the home. (Joint Pet., App. C at ¶
3(a)). It also requires PECO to initially target these funds to customers who exceed the applicable CAP Credit Maximum after the increase in the CAP Credit Maximums is implemented. (Joint Pet., App. C at ¶ 3(b)). The Settlement allows PECO to retain discretion to evaluate each such residence and determine whether safety/health/structural work is necessary and whether performing such work is appropriate to allow LIURP measures to be implemented. (Joint Pet., App. C at ¶ 3(b)). The Settlement also requires that PECO is shall use its best efforts to spend these incremental LIURP funds. (Joint Pet., App. C at ¶ 3(c)). For LIURP funds that are spent, PECO will recover those funds through the USFC, without offsets for working capital or receivables. (Joint Pet., App. C at ¶ 3(d)).

Together, these provisions ensure that the funding increases are prudently spent and allocated to gaps in PECO’s existing LIURP. The targeting of LIURP funds will help mitigate the rate increase for those CAP customers who will exceed their CAP maximums. The increased flexibility related to safety/health/structural will allow many customers to benefit from increased energy efficiency who would otherwise have been prevented from receiving LIURP remediation. Each of these provisions are in the public interest because they assist low income customers reduce consumption, thereby mitigating the impact of the rate increase, they are targeted to household who experience significant need, and they provide needed flexibility to PECO to manage both the program and the program budget.

5. Winter Termination

As explained in Mr. Miller’s direct testimony, low income customers “have a markedly higher rate of involuntary, payment-based termination compared to average residential customers.” (CAUSE-PA St. 1 at 12). Mr. Miller further explains:
Loss of electric service can and does have a deep and lasting impact on the health and well-being of the entire household — as well as the community as a whole.

Electricity termination leads to further economic loss due to loss of refrigerated food and medicine. It can impact a child’s ability to study and negatively affect a parent’s custody rights. When a family is without electric service, they often resort to dangerous, high-cost measures — such as candles and gas generators — which increases the risk of carbon monoxide poisoning and house fires. Additionally, loss of essential utility service can lead to eviction from public housing and is also a common catalyst to homelessness, which ultimately causes communities to expend an even greater level of resources to adequately address homelessness and protect the safety of its community members. (CAUSE-PA St. 1 at 13).

The Settlement takes steps to address this issue by allowing greater flexibility as to the methods by which a customer can establish eligibility for the Commission’s winter moratorium on terminations. (Joint Pet., App. C at ¶ 4). At Appendix C, paragraph 4 (a), the Settlement requires that PECO revise its Tariff\(^\text{12}\) to include the following:

- Adopt language that mirrors the language of Columbia Gas and/or the FirstEnergy companies providing greater flexibility in the documentation that will be accepted to establish income eligibility
- Allow income verification from CBOs
- Adopt language providing that any customer identified as confirmed low income in the Company’s records in the prior four years shall not be required to re-certify or re-verify income to gain the protections of the winter shutoff protections
- Adopt language providing that any customer having established income eligibility for cold weather protections within at least the 12 months preceding the start of the cold weather season shall not be required to re-certify or re-verify their income for that heating season

\(^{12}\) PECO has informed the Parties that it reached a Settlement with the prosecutorial division of I&E in Docket No. M-2018-2531404 addressing winter termination issues. As part of that Settlement, PECO has agreed to make tariff modifications to its winter termination provisions within 60 days of approval of that Settlement. Because the terms of that settlement are not yet finalized, and because it involved only I&E and PECO, the settlement in this rate case continue to reserve their right to address the provisions of that settlement when it is published by the Commission for public comment. See Joint Pet., App. C ¶ 4(b).
• Adopt language providing that income eligibility for the cold weather protections may be
established using 30-day annualized income rather than being based solely on an annual income.

This is a critically important provision to the health, safety, and general welfare of our communities, as it enables low income households who would otherwise be terminated be able to maintain service during the winter months. While CAUSE-PA still takes the position that utilities should accept any verification of income, including self-verification, as sufficient to invoke the protection of the winter moratorium, the changes agreed to in this proceeding make great strides in providing flexibility to low income customers at risk of termination. As such, this provision is in the public interest and should be approved.

6. Security Deposits

During the course of discovery, PECO confirmed that it was holding $593,267 in security deposits for 3,451 confirmed low income customers. (CAUSE-PA St. 1 at 28). PECO has confirmed that it has returned those deposits. (Joint Pet., App. C at ¶ 6; see also CAUSE-PA St. 1-SR at 12-13). PECO has agreed to complete monthly reviews of its customer accounts to identify deposits paid and assessed for customers who have: (1) verified their income is below 150% FPL within the past four years; or (2) received LIHEAP grants within the past two years and credit any collected deposits to their account. (Joint Pet., App. C at ¶ 6). CAUSE-PA is satisfied with the steps that PECO has taken to remediate this issue. Certainly, PECO’s continued efforts to ensure compliance with the provisions of Chapter 14 of the public utility code are in the public interest.

D. FULLY PROJECTED FUTURE TEST YEAR (FPFTY) REPORTS

CAUSE-PA did not take a position in this proceeding on FPFTY Reports.

E. QUARTERLY EARNINGS REPORTS

CAUSE-PA did not take a position in this proceeding on Quarterly Earnings Reports.
F. DISTRIBUTION SYSTEM IMPROVEMENT CHARGE (DSIC)
CAUSE-PA did not take a position in this proceeding on DSIC.

G. ACT 40 OF 2016 (ACT 40)
CAUSE-PA did not take a position in this proceeding on Act 40 of 2016.

H. PILOT ELECTRIC VEHICLE DIRECT CURRENT FAST CHARGER ("EV-FC") RIDER
CAUSE-PA did not take a position in this proceeding on the Pilot EV-FC Rider.

I. FEDERAL TAX ADJUSTMENT CREDIT (FTAC)
CAUSE-PA did not take a position in this proceeding on the FTAC.

J. RATE HT HIGH VOLTAGE DISCOUNT
CAUSE-PA did not take a position in this proceeding on the Rate HT High Voltage Discount.

K. CAPACITY RESERVATION RIDER (CRR) REPORTING.
CAUSE-PA did not take a position in this proceeding on CRR Reporting.

L. VEGETATION MANAGEMENT REPORTING
CAUSE-PA did not take a position in this proceeding on Vegetation Management Reporting.

IV. THE SETTLEMENT IS IN THE PUBLIC INTEREST
Mr. Mitchell Miller, expert witness for CAUSE-PA, explained in his testimony: “a key component in determining if a proposed rate is just and reasonable is to measure its effect on rate affordability.” (CAUSE-PA St. 1 at 10). As it stands, low income consumers already face extraordinary levels of unaffordability, often paying nearly 30% of their monthly household income on energy costs alone. (CAUSE-PA St. 1 at 10). “Any increase in rates for basic necessities, including electric for heating, cooking, and hot water, will necessarily result in
increased unaffordability and a corresponding increased rate of service termination.” (CAUSE-PA St. 1 at 12).

The Settlement takes rate affordability into account by limiting the impact of the rate increase on low income households through common-sense enhancements to available universal service programs. These enhancements will help increase enrollment and help those already enrolled in programs to absorb the increase and will better match needy households with available assistance. Thus, the settlement will help ensure low income customers will have access to stable and affordable utility services over the long term.

V. CONCLUSION
CAUSE-PA submits that the Settlement, which the Joint Petitioners were able to negotiate after an extensive investigation of PECO’s filing, is in the public interest. Acceptance of the Settlement avoids the necessity of further administrative and possible appellate proceedings regarding the settled issues at a substantial cost to the Joint Petitioners and PECO’s customers. Accordingly, CAUSE-PA respectfully requests that the Honorable Administrative Law Judges Christopher P. Pell and F. Joseph Brady, and the Commission approve the Settlement.

PENNSYLVANIA UTILITY LAW PROJECT
Counsel for CAUSE-PA

August 27, 2018
STATEMENT G

Statement in Support of Joint Petition for Partial Settlement of the Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia
STATEMENT IN SUPPORT OF THE JOINT PETITION FOR PARTIAL SETTLEMENT
ON BEHALF OF
THE TENANT UNION REPRESENTATIVE NETWORK AND
ACTION ALLIANCE OF SENIOR CITIZENS OF GREATER PHILADELPHIA

August 27, 2018
TURN et al. Statement in Support of Joint Petition for Partial Settlement  
R-2018-3000164

Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia (collectively “TURN et al.”), signatory parties to the Joint Petition for Partial Settlement (Joint Petition or Settlement) in Docket No. R-2018-3000164 through counsel Community Legal Services, respectfully submit that the terms and conditions of the proposed settlement, taken as a whole, are in the public interest, and in support state as follows:

I. Background

On March 29, 2018, PECO submitted a general base rate filing for electric operations. In its filing, PECO proposed to increase its electric distribution revenues by approximately $82 million, effective May 28, 2018. PECO’s proposed rates and other changes are set forth in PECO’s Tariff Electric – Pa. PUC No. 6 (“Tariff No. 6”). PECO proposed to increase revenue by $44.9 million per year for Rate R Residential Service and by $12 million for Rate RH Residential Heating Service. This included an increase in the residential fixed charge to $12.50.

On April 19, 2018, the Public Utility Commission suspended the implementation of those rates by operation of law until December 28, 2018 to allow for an investigation into the lawfulness, justness, and reasonableness of the rates, rules, and regulations contained in the proposed Tariff No. 6.

On May 3, 2018, TURN et al. filed a petition to intervene stating their intent to examine, in this proceeding, whether PECO’s request for a rate increase will result in unjust and unreasonable rates for Philadelphia’s low income residential customers and
consumers. TURN et al.'s Petition to Intervene was granted by the ALJs on May 10, 2018.


II. Settlement

The Settlement terms and conditions are delineated in Paragraphs 14 through 39 of the Joint Petition. TURN et al. support the Settlement because it resolves significant, contested issues presented in the proceeding and is the product of good faith negotiations. Paragraphs 17 and 18 of the Joint Petition address the customer charge for Rates R and RH, as well as the customer issues that are of particular importance to TURN et al.\(^1\) Although TURN et al. did not present testimony on the other substantive issues addressed in the settlement, TURN et al. do not oppose the Settlement with regard to those issues. TURN et al. believe that the terms and conditions of the Settlement, taken as a whole, are in the public interest because they include commitments to review and address key customer service concerns raised by TURN et al. and other parties.

a. Paragraph 17: Customer Charge for Rates R and RH

PECO initially proposed to raise rates for the residential class through an increase of $4.05 per month in its fixed charge. As Mr. Harry Geller testified on behalf of TURN et al., increasing rates in this way is of particular concern for low-income

\(^1\) Paragraph 18 incorporates by reference Appendix C to the Joint Petition on Residential and Low-Income Customer Issues.
households currently struggling to pay current charges. TURN et al. Statement 1 at 10-11. As a part of this settlement, PECO’s customer charge will increase by $1.55 a month, to $10, rather than $4.05 a month. Joint Petition at ¶17. This lesser increase will lower the burden of a rate increase on those households that are least able to afford it.

In addition, PECO has committed to several improvements to customer service and to its low-income programs that will mitigate the remaining rate increase.

b. Paragraph 18: Residential and Low-Income Customer Issues

Fully one quarter of PECO’s residential customers are estimated to be low-income. TURN et al. St. 1 at 6. Paragraph 18, through its incorporation of Appendix C of the Joint Petition, sets forth several steps that PECO will take to ameliorate the effect of the rate increase on economically vulnerable customers, through improvements to the scope and reach of PECO’s low-income programs, and additional customer service improvements that will benefit these economically vulnerable customers.

i. CAP Enrollment

As a part of the Settlement, PECO agrees to the following to improve outreach and enrollment for its Customer Assistance Program:

PECO will accept certification by a Community-Based Organization ("CBO") as confirmation of customer annual household gross income for purposes of CAP enrollment and verification of confirmed income status, contingent upon the following:

(a) The CBO must be an attendee of PECO’s Universal Services Advisory Committee meetings or otherwise demonstrate to PECO’s satisfaction that it is qualified to perform income certification;

(b) PECO and the CBO must reach agreement, through arms-length negotiations, regarding the scope of work to be performed by the CBO
and cost reimbursement from PECO to the CBO (such agreement to include the right for PECO to audit and/or terminate for quality control purposes); and

(c) PECO will be allowed to recover all funds paid to CBO’s for this function, on a dollar-for-dollar basis through its period USFC filings without offsets for working capital (5%) or receivables (22%).

PECO will actively solicit at least twice per year, for purposes of CAP enrollment, through mailings and outbound calls all confirmed low income customers with existing debt to PECO who are not currently enrolled in CAP.

Within 6 months of the effective date of rates, PECO will revise its termination notice to state: “You may be eligible for a payment agreement or special assistance programs, which may stop the termination of your service. Call 1-888-480-1533 right away to determine if you are eligible for a payment agreement or assistance, dispute your bill or to provide us with household income or occupant information.” PECO will submit the revised tariff language to the Commission’s Bureau of Consumer Services and, subject to BCS consent, will change its termination notice as per above.

Joint Petition, Appendix C, at i.

As Mr. Geller notes in his Direct Testimony, PECO’s Customer Assistance Program (CAP) provides several benefits to eligible customers, including a discounted bill (through the use of a bill credit) to approximate the allowable percentage of income under the Commission’s guidelines, and arrearage forgiveness on debts accrued before entering CAP. TURN et al. St. 1 at 12. To a certain extent, customers already enrolled in CAP will be insulated from a rate increase, as the credit they receive will adjust to account for the higher rate. TURN et al. St. 1 at 12, citing PECO Response to CAUSE-PA-I-1. However, low-income customers not enrolled in CAP will see a direct, unmitigated financial impact from the rate increase. TURN et al. St 1 at 12-13. As Mr. Geller testified, “the simple reality for low income households is that they struggle to
keep up with their utility bills and to make ends meet each month[,]” — and so any
increase in costs will have a negative impact on those households’ ability to connect to,
maintain, and afford electric service. TURN et al. St. 1 at 7. At the same time, CAP
enrollment has been declining — fewer customers are receiving assistance than in
previous years. TURN et al. St. 1 at 13, citing PECO Response to TURN-I-9(a).

The improvements PECO commits to in the settlement will increase the portals
through which customers can enroll in CAP and increase the visibility of CAP as an
option for low-income customers. Using Community Based Organizations (CBOs) to
confirm customer income for purposes of CAP enrollment will allow customers to have
more access points to enroll in CAP. As Mr. Geller testified, CBOs physically located
in PECO’s service territory are “uniquely equipped to serve individuals in their
communities[,]” one of the reasons the PUC’s Policy Statement on Customer
Assistance Programs encourages the use of such organizations. TURN et al. St. 1 at 15;
see also 52 Pa. Code § 69.265.

Similarly, PECO commits to actively solicit confirmed low-income customers
with existing debt to enroll in CAP, and to revise termination notices to include more
information about CAP. These efforts will increase the visibility of CAP to those
customers who would most benefit from enrollment — and are most likely to be
experiencing the impact of the rate increase — customers with back balances, and
customers facing termination of service.

\[ii. \textit{CAP Credit Maximum}\]
In addition to improvements to CAP outreach and enrollment, PECO commits in the settlement to increase CAP credit maximums by an additional $200 per customer for each Federal Poverty Level (FPL) tier and for both Rate R and Rate RH. Joint Petition, Appendix C, at ii. As noted by Mitchell Miller, witness for the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania (CAUSE-PA), there are approximately 7000 CAP customers who are already receiving the maximum CAP credits, and as such, the credit they receive does not adequately address their need. CAUSE-PA St. 1 at 21. These customers, despite being on CAP, are paying PECO rates in excess of the allowable percentage of income under the Commission's policy statement. CAUSE-PA St. 1 at 20; TURN et al. St. 1R at 5. Increasing the CAP Credit Maximum by an additional $200 dollars will make electricity more affordable for these vulnerable customers, and lower any impact of the rate increase on these households.

iii. LIURP Spend

PECO further commits to increasing spending for its Low Income Usage Reduction Program (LIURP) by $1 million as a part of the settlement.

PECO will increase its LIURP budget by $1 million per year. In its next base rate proceeding, PECO may propose a LIURP budget that does not include this additional $1 million per year. The additional $1 million LIURP budget amount shall be in addition to PECO's existing LIURP budget, including the $1 million dollars of additional LIURP spending that was agreed to in the FCO Settlement at Paragraph C.1, and is subject to the following conditions:

(a) These incremental LIURP funds may be used to resolve related safety/health issues and structural issues that would otherwise prohibit or hamper LIURP measures in the home.

(b) PECO will initially target these funds to customers who exceed the applicable CAP Credit Maximum after the increase in the CAP Credit
Maximums is implemented. PECO will evaluate each such residence and determine whether: (1) performing LIURP work would require safety/health/structural work, and (2) performing such safety/health/structural work is appropriate to allow LIURP measures to be implemented. PECO shall retain discretion of whether to expend LIURP funds at any such residence;

(c) PECO is shall use its best efforts to spend these incremental LIURP funds; and

(d) For LIURP funds that are spent, PECO will recover those funds through the USFC, without offsets for working capital (5%) or receivables (22%).

(e) Nothing here shall restrict the parties’ rights to make any LIURP budget proposals in future PUC proceedings initiated after January 1, 2019.

Joint Petition, Appendix C, at ii-iii.

LIURP assists households in lowering energy consumption through energy efficiency. TURN et al. St. 1 at 20. By doing so, LIURP mitigates the impact of a rate increase on low-income households with reduced consumption, households will need less money to pay for essential electric service. TURN et al. St. 1 at 20. However, PECO’s LIURP program has been conducting fewer jobs, and seen increasing costs per job – meaning fewer households each year are benefiting from the full possibility of LIURP services. TURN et al. St. 1 at 18-19. As Mr. Geller explained, this means that LIURP is not able to meet existing need for services at current rates, much less address additional need following an increase in rates. TURN et al. St. 1 at 19. An increase in funding will allow PECO to serve additional households, helping those additional households mitigate the impact of the rate increase on their household budgets. In addition, by allowing PECO the flexibility to spend money on health, safety and structural measures that would otherwise impede the ability of PECO to implement
LIURP measures, this additional funding will expand the pool of customers who are able to benefit from LIURP services.

iv. Winter Termination

PECO commits to improving the methods by which it confirms low-income status for purposes of ensuring households receive protection from termination in the wintertime under the winter moratorium. 66 Pa. C.S. § 1406(e). Specifically, PECO agrees to the following:

(a) include in its planned Tariff filing in Docket No. M-2018-2531404 at least the following provisions:

- Adopt language that mirrors the language of Columbia Gas and/or the FirstEnergy companies providing greater flexibility in the documentation that will be accepted to establish income eligibility
- Allow income verification from CBOs
- Adopt language providing that any customer identified as confirmed low-income in the Company’s records in the prior four years shall not be required to re-certify or re-verify income to gain the protections of the winter shutoff protections
- Adopt language providing that any customer having established income eligibility for cold weather protections within at least the 12 months preceding the start of the cold weather season shall not be required to re-certify or re-verify their income for that heating season
- Adopt language providing that income eligibility for the cold weather protections may be established using 30-day annualized income rather than being based solely on an annual income.

(b) The parties reserve their rights to address the provisions of the Settlement in Docket M-2018-2531404 and final proposed tariff that PECO may submit in that docket.

The winter moratorium protects vulnerable households from losing their heat in the wintertime. TURN et al. St. 1R at 6. This protection is critical for health and safety, but as noted by Roger Colton, witness for the Office of Consumer Advocate (OCA), PECO has limited the ways in which customers can show that their incomes are at or below 250% of the Federal Poverty Level, which in turn limits access to the protections of the winter moratorium. OCA St. 4 at 30; TURN et al. St. 1R at 6. As PECO identifies in its rebuttal, this issue is the subject of an ongoing proceeding with the Commission’s Bureau of Investigation and Enforcement (I&E), PECO St. 7R at 17.² The Joint Petition acknowledges that ongoing proceeding, and PECO commits in this settlement to propose several additional tariff provisions that will expand how PECO confirms low-income status for the purpose of the winter moratorium. Importantly, any party to this proceeding retains the rights to address these or other issues in that ongoing proceeding.

v. Security Deposits

PECO commits to returning security deposits of any confirmed low-income customers that it is currently holding, and to initiate a monthly review process to ensure that confirmed low-income customers have their security deposits returned or credited to their account.

(a) PECO confirms that it has returned or credited the security deposits of low-income customers that it was inadvertently holding and which were identified in its discovery response CAUSE-PA-1-18-1.

(b) Beginning in August, the Company will complete monthly reviews of its customer accounts to identify deposits paid and assessed for customers who have: (1) verified their income is below 150% FPL within the past four years; or (2) received LIHEAP grants within the past two years. Any such

² That matter is docketed at M-2018-2531404.
customers who have paid or been assessed a security deposit will promptly have the deposit credited to their account.

Joint Petition, Appendix C, at iv.

As noted by Mr. Geller, charging security deposits to low-income customers is contrary to 66 Pa. C.S. § 1404(a.1), which states that CAP-eligible customers cannot be charged a security deposit by the utility. TURN et al. St. 1 at 28-29. By returning the deposits it was holding, and committing to additional reviews of accounts, PECO commits to ensuring that CAP-eligible customers will not be inappropriately charged security deposits.

vi. Limited English Proficient Customers

PECO has committed to conduct a language needs assessment of the residents in its service territory. On the basis of that assessment, PECO commits to drafting and distributing for comment a written policy statement on how it intends to serve Limited English Proficient (LEP) customers. Joint Petition, Appendix C, at iv. As noted by Mr. Geller in his Direct Testimony, in describing customer service improvements, PECO specifically cited to an increase in the number of bilingual Spanish-speaking agents, so as to be more responsive to Spanish speaking customers. TURN et al. Statement 1 at 23-24, citing PECO St. 1 at 19. However, PECO does not currently have a written policy regarding language access for Limited English Proficient customers, nor has PECO reviewed or completed a needs assessment regarding Limited English customers. TURN et al. St. 1 at 24, citing PECO Responses to TURN-I-20 and TURN-I-21.

By conducting a language needs assessment and drafting a written policy statement regarding LEP customers, PECO will be able to ensure that the quality of
service to LEP households across its service territory is adequate. This is particularly relevant in light of the increased need for interaction these houses may have with PECO as a result of any rate increase — as noted in Mr. Geller’s direct testimony, LEP individuals are more likely to live in poverty than English-proficient individuals. TURN et al. St. 1 at 27:2-3 n. 48. A written policy will help PECO ensure that it is providing information about billing, termination, and low-income programs to all of its customers. This will ensure that LEP customers are not additionally impacted by the rate increase.

III. Conclusion

TURN et al. agree that the Settlement should be approved in its entirety because, in addition to the reasons set forth in this statement, the Settlement avoids unnecessary litigation time and expense. For the foregoing reasons, TURN et al. submit that the terms and conditions of the Joint Petition for Partial Settlement are in the public interest and should be approved by the Administrative Law Judges and the Pennsylvania Public Utility Commission.

Respectfully submitted,

Joline R. Price, Esquire (Attorney ID: 315405)
TURN et al. Statement in Support of Joint Petition for Partial Settlement
R-2018-3000164

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COMMUNITY LEGAL SERVICES, INC.
1424 Chestnut Street
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Attorneys for TURN et al.

August 27, 2018
STATEMENT H

Statement in Support of Joint Petition for Partial Settlement of Community Action Association of Pennsylvania
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission

v.

Docket No. R-2018-3000164

PECO Energy Company

COMMUNITY ACTION ASSOCIATION OF PENNSYLVANIA’S
STATEMENT IN SUPPORT OF SETTLEMENT

NOW COMES the Intervenor, the Community Action Association of Pennsylvania (CAAP) and files this Statement in Support of the settlement reached in the above-captioned matter stating as follows:

1. CAAP is a not-for-profit Pennsylvania corporation and a statewide association representing Pennsylvania’s community action agencies that provide anti-poverty planning and community development activities for low-income communities and services to individuals and families.

2. CAAP has been directly involved in assuring that low-income persons’ utility costs are contained through counseling, advice, payment assistance and energy conservation measures.

3. CAAP intervened in this proceeding to address, on behalf of its clients, the adequacy and availability of the company’s universal service programs.

4. CAAP submitted the rebuttal testimony of Susan Moore (CAAP Statement No. 1-R).

5. Ms. Moore’s testimony addressed the level of funding for the Company’s low-income usage reduction program (LIURP).
6. CAAP contended in its testimony that the proposed funding level for the Company's LIURP was insufficient to meet the need for LIURP services of the Company's low-income customers. The testimony of CAAP further supported the testimony submitted by CAUSE-PA to increase the level of annual LIURP funding.

7. In the settlement, the Company has agreed to increase its annual funding for LIURP by $1,000,000.

8. CAAP believes that the settlement as it relates to that issue—the level of LIURP funding—addresses its concerns and will provide a substantial benefit to low income customers by providing additional conservation measures to those customers that will result in lower energy use and utility costs for those vulnerable customers. Further, those additional measures that promote conservation will benefit the public generally.

9. CAAP did not submit testimony relative to other issues presented in this case so this statement in support will not address those issues.

WHEREFORE, CAAP respectfully requests that the settlement be approved.

Respectfully submitted,

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e-mail: jlvullo@bvrrlaw.com
Attorney for Community Action Association of Pennsylvania
STATEMENT I

Statement in Support of Joint Petition for Partial Settlement of Tesla, Inc.
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission

v.

PECO Energy Company

Docket No. R-2018-3000164

TESLA, INC.’S STATEMENT IN SUPPORT
OF JOINT PETITION FOR PARTIAL SETTLEMENT

TO THE HONORABLE DEPUTY CHIEF ADMINISTRATIVE LAW JUDGE
CHRISTOPHER P. PELL AND ADMINISTRATIVE LAW JUDGE F. JOSEPH BRADY:

Tesla, Inc. (“Tesla”), by and through its counsel, submit that the Joint Petition for Partial
Settlement filed in the above-captioned proceeding is in the public interest and represents a fair,
just, and reasonable resolution of PECO Energy Company’s (“PECO”) proposed Tariff Electric-
Pa. P.U.C. No. 6. As a result of settlement discussions, PECO, the Pennsylvania Public Utility
Commission’s (“Commission”) Bureau of Investigation and Enforcement (“I&E”), the Office of
Consumer Advocate (“OCA”), the Office of Small Business Advocate (“OSBA”), the
Philadelphia Area Industrial Energy Users Group (“PAIEUG”), the Coalition for Affordable
Utility Services and Energy Efficiency in Pennsylvania (“CAUSE-PA”), the Tenant Union
Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia (“TURN
et al.”), the Community Action Association of Pennsylvania (“CAAP”), Tesla, ChargePoint, Inc.
(“ChargePoint”), and Wal-Mart Stores East, LP and Sam’s East, Inc. (“Walmart”) (collectively,
the “Joint Petitioners”), by their respective counsel, submit this Joint Petition For Partial
Settlement (“Settlement”) in the above-captioned proceeding and request that the Administrative
Law Judges approve the Settlement without modification.¹ NRG Energy Inc. ("NRG") opposes the Settlement only to the extent that it is based on PECO’s allocation of certain indirect costs to residential distribution service instead of residential default service and the effect of reallocating those costs to residential default service, with a commensurate reduction in the level of residential distribution charges. This issue has been reserved for briefing by the parties.

In support of this Settlement, the Joint Petitioners state as follows:

I. BACKGROUND

1. On March 29, 2018, PECO filed with the Commission Tariff Electric – Pa. P.U.C. No. 6 ("Tariff No. 6"). Tariff No. 6 reflects an increase in annual distribution revenue of approximately $82 million, or 2.2% of PECO’s total Pennsylvania jurisdictional operating revenues. Accompanying Tariff No. 6, PECO filed the supporting data required by the Commission’s regulations (52 Pa. Code § 53.52 et seq.) for a historic test year ("HTY") ended December 31, 2017, a future test year ("FTY") ending December 31, 2018 and a fully projected future test year ("FPFTY") ending December 31, 2019. The Company’s supporting information included the prepared direct testimony of eight initial witnesses and the various exhibits sponsored by them.

2. PECO’s proposed rate increase reflected $71 million savings in 2019 from changes in federal income tax law made by the Tax Cuts and Jobs Act ("TCJA"), which became effective on January 1, 2018.² PECO also proposed to refund the amount of PECO’s reduced tax

¹ ArcelorMittal USA, LLC ("ArcelorMittal"), Calpine Energy Solutions ("Calpine") and the International Brotherhood of Electrical Workers, Local 614 ("IBEW"), which are parties to this proceeding, have authorized the Joint Petitioners to represent that they do not oppose the Settlement.
expense in 2018, which PECO projects to be approximately $68 million under its existing rates, through a reconcilable surcharge mechanism (the Federal Tax Adjustment Credit ("FTAC")).

3. By Order issued April 19, 2018, the Commission instituted a formal investigation to determine the lawfulness, justness and reasonableness of PECO’s existing and proposed rates, rules and regulations. Accordingly, Tariff No. 6 was suspended by operation of law until December 28, 2018. This case was then assigned to Deputy Chief Administrative Law Judge Christopher P. Pell and Administrative Law Judge F. Joseph Brady (the "ALJs") for purposes of conducting hearings and issuing a Recommended Decision.

4. On April 4, 2018, Carrie B. Wright, Esq. entered a Notice of Appearance on behalf of I&E. On April 9, 2018, the OSBA filed a formal Complaint, Public Statement, Verification, and a Notice of Appearance on behalf of Elizabeth Rose Triscari, Esq. On April 12, 2018, the OCA filed a formal Complaint, Public Statement, and Notices of Appearance on behalf of Christy M. Appleby, Esq., Hayley Dunn, Esq., and Aron J. Beatty, Esq. Complaints were also filed by PAIEUG on April 26, 2018, and by the Trustees of the University of Pennsylvania ("UPENN") on May 2, 2018. A formal Complaint by West Norriton Township was docketed by the Commission on June 26, 2018.

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3 The savings of $71 million in 2019 and $68 million in 2018 are the net effect of the TCJA’s reduction in the federal income tax rate from 35% to 21%, the amortization of a regulatory asset established to reflect excess accumulated deferred income taxes created by the tax rate reduction, and the elimination of bonus depreciation for public utilities.


5 On June 20, 2018, UPENN submitted a Petition for Leave to Withdraw Rate Complaint, which was granted by the ALJs on July 3, 2018.

6 On July 18, 2018, West Norriton Township submitted a Petition for Leave to Withdraw its Complaint. On August 3, 2018, the ALJs granted their Petition.
5. By letter dated April 20, 2018, PECO notified the ALJs and the parties that it would rely upon 52 Pa. Code § 5.61(d), which provides that answers to complaints docketed in Commission-instituted investigations of rates are not required except as directed by the Commission or presiding officer. Neither the Commission, nor the ALJs, directed the Company to submit answers to any complaints.

6. The following Petitions to Intervene were filed:

<table>
<thead>
<tr>
<th>CAUSE-PA</th>
<th>April 10, 2018</th>
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<tbody>
<tr>
<td>IBEW</td>
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<tr>
<td>CAAP</td>
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<tr>
<td>Delaware Valley</td>
<td>April 27, 2018</td>
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<tr>
<td>Regional Planning</td>
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<tr>
<td>Commission (&quot;DVRPC&quot;)</td>
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<tr>
<td>TURN et al.</td>
<td>May 3, 2018</td>
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<tr>
<td>Tesla</td>
<td>May 3, 2018</td>
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<tr>
<td>Walmart</td>
<td>May 3, 2018</td>
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<tr>
<td>NRG</td>
<td>May 4, 2018</td>
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<tr>
<td>Retail Energy Supply</td>
<td>May 4, 2018</td>
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<tr>
<td>Association (&quot;RESA&quot;)</td>
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<tr>
<td>Laborers International</td>
<td>May 18, 2018</td>
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<tr>
<td>Union of North America, Local 57 (&quot;LIUNA&quot;)</td>
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<tr>
<td>ArcelorMittal</td>
<td>May 24, 2018</td>
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<tr>
<td>Calpine</td>
<td>May 24, 2018</td>
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<tr>
<td>ChargePoint</td>
<td>July 3, 2018</td>
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7 On May 16, 2018, DVRPC submitted a letter to the ALJs stating they reached an agreement with PECO and were withdrawing from the case. This request to withdraw was granted by the ALJs on July 3, 2018.

8 On July 17, 2018, RESA filed a Petition for Leave to Withdraw. On August 3, 2018 the ALJs granted the Petition.

9 On August 15, 2018, LIUNA filed a Petition for Leave to Withdraw Intervention.
7. On July 3, 2018, ChargePoint filed a Motion for Admission Pro Hac Vice which was granted in Prehearing Order #5, dated July 24, 2018.

8. A Prehearing Conference was held on May 8, 2018, at which a schedule was established for the submission of testimony and the conduct of hearings. Specifically, and consistent with Commission practice, a schedule was adopted whereby all case-in-chief, rebuttal and surrebuttal testimony would be submitted in writing in advance of hearings. Evidentiary hearings were scheduled for August 20-22, 2018, at which all testimony and exhibits would be placed in the record and all witnesses presented for oral rejoinder and cross-examination, if any, thereon. The ALJs thereafter issued Prehearing Order #1 establishing this schedule.

9. Six public input hearings were held at the dates, locations and times shown below:

<table>
<thead>
<tr>
<th>Date</th>
<th>Location</th>
<th>Time(s)</th>
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</thead>
<tbody>
<tr>
<td>June 6, 2018</td>
<td>Media, PA</td>
<td>6:00 p.m.</td>
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<tr>
<td>June 7, 2018</td>
<td>Worcester Township, PA</td>
<td>7:00 p.m.</td>
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<tr>
<td>June 12, 2018</td>
<td>Newtown, PA</td>
<td>6:00 p.m.</td>
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<tr>
<td>June 14, 2018</td>
<td>Philadelphia, PA</td>
<td>10:00 a.m.</td>
</tr>
<tr>
<td>July 18, 2018</td>
<td>Oxford, PA</td>
<td>6:00 p.m.</td>
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</tbody>
</table>

10. On June 12, 2018, PECO filed a Motion to File the Supplemental Direct Testimony of Richard A. Schlesinger (PECO St. No. 8-S) (“Motion”). No party opposed the Motion, and it was granted by Prehearing Order #3, dated June 26, 2018.

11. In accordance with the previously-established schedule, on June 26, 2018, the OCA, OSBA, I&E, ArcelorMittal, CAUSE-PA, LIUNA, NRG, PAIEUG, Tesla, TURN and Walmart submitted a total of seventeen written statements of direct testimony and accompanying exhibits. On July 24, 2018, PECO, CAAP, ChargePoint, OCA, OSBA, PAIEUG, and TURN submitted a total of 14 statements of rebuttal testimony with accompanying exhibits. On

12. Negotiations were conducted by the Joint Petitioners to try to achieve a settlement of some or all of the issues in this case. As a result of those negotiations, the Joint Petitioners were able to agree to the Settlement set forth herein, which resolves all issues except for NRG's claim regarding PECO's allocation of certain indirect costs to residential distribution service instead of residential default service (the "Reserved Issue"). Consequently, all parties waived cross-examination of all witnesses, except for PECO and NRG, who requested cross-examination of Chris Peterson and Alan B. Cohn, respectively, concerning the Reserved Issue. The evidentiary hearings scheduled for August 20 and 22, 2018 were cancelled.

13. The Joint Petitioners acknowledge that, except to the extent specifically set forth herein, they have not sought, nor would they be able, to agree upon the specific rate case adjustments which support their respective conclusions. Nonetheless, they are in full agreement that this Settlement is in the best interest of customers and of the Company and, therefore, is in the public interest.

II. STATEMENT IN SUPPORT

Tesla primarily sought permission to intervene in PECO's request for a general rate increase to examine the effect of PECO's proposed Pilot Electric Vehicle Direct Current Fast Charger ("EV-FC") Rider. Given Tesla's extensive expertise and experience with the impacts of electric utility tariffs and their relationship with the development of electric vehicle charging, Tesla was in a unique position to represent these interests.
Because the Joint Petition resolves the two issues raised by Tesla regarding the EV-FC Rider and furthers judicial efficiency, Tesla believes that the Joint Petition is in the best interest of PECO's potential EV-FC Rider customers.

A. Tesla's Reasons for Support

The Partial Settlement satisfies the specific concerns of Tesla related to the EV-FC Rider based on the proposed modifications by PECO set forth in the Petition because it appropriately addresses each of Tesla's concerns as discussed in direct testimony. The proposed modifications to the EV-FC Rider ensure that the public interest in broader eligibility requirements for the EV-FC Rider by removing restrictions on the types of Public Direct Current Fast Charger ("DCFC") technology utilized by the customer. The proposed modifications provide a pathway for future DCFC rates because the EV-FC Rider leverages the collection of necessary load and billing data to design prospective Electric Vehicle ("EV") charging specific delivery rates. In addition, although not an issue raised by Tesla, the proposed modifications provision that the demand credit will be available for a 36-month term or until the pilot concludes, whichever comes first, is appropriate and also in the public interest.

The proposed modifications will enable appropriate development of DCFC infrastructure in PECO's territory. The proposed modifications are consistent and support of on-going policy initiatives in the Commonwealth supporting increased charging infrastructure deployment, including appropriately avoiding EVs demand charges on DCFC stations which can create adverse bill impacts without mitigation. The EV-FC Rider comports with rate design principles that enable economic development.

Tesla fully supports the Partial Settlement because it is fair, just, reasonable, non-discriminatory, lawful and in the public interest, as set forth above and as stated in paragraph 34.
of the Petition; however, in the event the ALJs or the Commission rejects the Partial Settlement, Tesla will resume its litigation position.

B. Judicial Efficiency

The Commission has a strong policy favoring settlements. As set forth in the Commission's regulation, “[t]he Commission encourages parties to seek negotiated settlements of contested proceedings in lieu of incurring the time, expense and uncertainty of litigation.”\(^\text{10}\) Consistent with the Commission's policy, the parties engaged in several negotiations to resolve the issues raised by the various parties. These ongoing discussions produced a Settlement in these proceedings.

The Joint Petitioners agree that approval of the proposed Settlement is in the best interest of everyone involved in PECO's rate proceeding. The Settlement serves the public interest by: 1) resolving claims against PECO's Tariff No. 6 through settlement makes it more cost effective than pursuing all of these issues further through litigation; 2) uncertainties regarding further expenses associated with possible appeals from the Final Order of the Commission are avoided as a result of the Settlement; 3) the Settlement results in terms and provisions that present a just and reasonable resolution of the issues it addresses in PECO's proposed Tariff No. 6; and 4) the Settlement reflects compromises on all sides presented without prejudice to any position a party including PECO may have advanced so far in these proceedings and without prejudice to any position a party may advance in future proceedings involving PECO.

As noted above, Tesla avers that the proposed Settlement serves the public interest and adheres to the Commission's policies favoring negotiated settlements. This Settlement was achieved after settlement discussions. While the parties have invested time and resources in the

\(^{10}\) 52 Pa. Code § 69.391; see also 52 Pa. Code § 5.231.
negotiation of the Settlement, this process has allowed the parties and the Commission to avoid expending the substantial resources that would have been required to fully litigate all of the issues in this proceeding while still reaching a just, reasonable and non-discriminatory result. The Joint Petitioners have thus reached an amicable resolution to this dispute as embodied in the proposed Settlement. Approval of the Settlement will permit the Commission and the Joint Petitioners to avoid incurring the additional time, expense and uncertainty of further litigation of issues in this proceeding.¹¹

III. CONCLUSION

For the reasons set forth in the Petition, as well as the additional factors enumerated in this statement, Tesla, Inc. supports and respectfully requests that Deputy Chief Administrative Law Judge Christopher P. Pell and Administrative Law Judge F. Joseph Brady and the Pennsylvania Public Utility Commission approve the Joint Petition for Partial Settlement submitted in this proceeding.

Respectfully submitted,

August 27, 2018

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Counsel for Tesla Inc.
STATEMENT J

Statement in Support of Joint Petition for Partial Settlement of ChargePoint, Inc.
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

Pennsylvania Public Utility Commission : R-2018-3000164
v. :
PECO Energy Company :

STATEMENT IN SUPPORT OF
JOINT PETITION FOR PARTIAL SETTLEMENT
ON BEHALF OF CHARGEPOINT INC. (STATEMENT J)

ChargePoint, Inc., hereby expresses its support for the Joint Petition for Partial Settlement ("Joint Petition"). ChargePoint’s interest in this proceeding is limited to PECO’s proposed Pilot Electric Vehicle Direct Current Fast Charger Rider ("EV-FC Rider"). Accordingly, this Statement of Support is focused exclusively on paragraphs 26 and 27 of the Joint Petition which state as follows:

H. Pilot Electric Vehicle Direct Current Fast Charger ("EV-FC") Rider

26. The Company will revise the EV-FC Rider to: (1) provide that the demand credit will be available for a 36-month term or until the Pilot concludes, whichever comes first; and (2) remove the following Rider provision: “The DCFC does not limit its compatibility to an exclusive subset of EVs via the use of proprietary charging networks or technology, including but not limited to communication protocols, connectors, or ports. (Exceptions will be made for DCFCs dedicated solely to workplace fleet charging.)”

27. The Joint Petitioners agree that Pilot participants will be required to provide data for all DCFCs connected to the PECO system and not separately metered in order to allow PECO to investigate the development of future DCFC rates. This data will include, for each DCFC: the number installed, the number of charging ports, the nameplate capacity (in kW), hourly and monthly usage (kWh), and the hourly and monthly demand (kW).
ChargePoint believes that the EV-FC Rider is a positive step to support transportation electrification in PECO’s service territory and appreciates PECO proposing the Rider in its rate case. Utilities can and should play a critical role in supporting the deployment of EV charging infrastructure and in supporting customers (commonly known as “site hosts”) who want to install EV charging stations on their property for the use of their employees, their customers, their tenants, and/or the public.

One of the most significant challenges for site hosts installing EV charging stations, especially DC fast chargers (DCFC), which deliver large amounts of power for short duration charging, are demand charges. Because EV adoption is still in the early stages yet growing quickly, utilization rates of DCFCs can be relatively low when they are first installed. Regardless of total utilization, a DCFC site host on a commercial rate is typically required to pay a demand charge based on its highest instantaneous demand during the billing period. The impact of demand charges can, in some cases, deter prospective site hosts from installing DCFCs on their property.

ChargePoint supports the EV-FC Rider because it provides some relief from demand charges to site hosts by providing a demand credit equal to 50 percent of the combined maximum nameplate capacity of all DCFCs connected to the site host’s meter. ChargePoint believes that the EV-FC Rider will encourage more prospective site hosts to invest in DCFCs.

Most EV charging takes place at home and at work, which can be incentivized to take place over longer periods of time that are more beneficial to the grid. DC fast charging complements, but does not replace, Level 2 charging. Faster charging increases EV driver range confidence, supports community charging in dense urban areas where home charging
may not be accessible, and enables the electrification of light- and heavier-duty fleets for municipal, state, and private entities.

PECO’s original proposal allowed site hosts to take credits under the EV-FC Rider for a 30-month period or until the pilot period ended, whichever came first. ChargePoint’s rebuttal witness, Michael K. Waters, agrees with other expert witnesses that DCFC site hosts on PECO’s General Service commercial rate may not be able to economically offer public charging until utilization exceeds a 15 percent load factor.1 Prospective smaller independent site hosts may also find that the economic challenges associated with demand charges serve as a high barrier for site hosts whose sole business is not EV charging.2 ChargePoint requested and PECO, along with the other parties, agreed to a modification that extends the credit period to 36 months or until the pilot period ends, whichever comes first. This modification is mutually beneficial to PECO and site hosts. It will allow PECO to collect more comprehensive cost, load, and utilization data that can be used to identify unique needs and load profiles of its DCFC site hosts, and to design more effective DC fast charging rates that can benefit site hosts. The modification can also provide greater incentive to site hosts to install DCFCs, as well as offer more opportunities for burgeoning site hosts to emerge and enter the field.

ChargePoint asserts that the Joint Petition is fair and promotes the public interest. The EV-FC Rider tariff represents a reasonable policy for assessing utility charges for fast charging stations in order to encourage businesses to provide charging services to EVs. The tariff will help overcome barriers to DCFC deployment and help PECO collect more comprehensive data to develop DCFC specific rates.3 Chief among the benefits of the EV-FC Rider is the fact that PECO will be able to

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1 Rebuttal Testimony of Michael K. Waters on behalf of ChargePoint, Inc., p. 5, l. 22 – p. 6, ll. 1-3.
2 Id. at 6, ll.8-11.
3 Id. at 4, ll. 5-7.
use the load and billing data it collects from the EV-FC Rider to develop a longer-term rate solution to better support commercial customers seeking to deploy DCFCs. These public benefits are fair and just, and will be achieved without imposing costs on ratepayers as PECO has confirmed that it is not seeking to recover costs or foregone revenues from ratepayers.

For all of these reasons, ChargePoint supports and recommends that the Commission approve the Joint Petition without modification.
Respectfully submitted.

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Counsel for ChargePoint, Inc.
STATEMENT K

Statement in Support of Joint Petition for Partial Settlement of Wal-Mart Stores East, LP and Sam’s East, Inc.
BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

V. :
PECO Energy Company :

STATEMENT OF INTERVENORS
WAL-MART STORES EAST, LP AND SAM'S EAST, INC.
IN SUPPORT OF JOINT PETITION FOR PARTIAL SETTLEMENT
OF RATE INVESTIGATION

August 27, 2018
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BEFORE THE
Pennsylvania Public Utility Commission

Pennsylvania Public Utility Commission v. PECO Energy Company

Docket No. R-2018-3000164

STATEMENT OF INTERVENORS
WAL-MART STORES EAST, LP AND SAM'S EAST, INC.
IN SUPPORT OF JOINT PETITION FOR PARTIAL SETTLEMENT

TO THE HONORABLE DEPUTY CHIEF ADMINISTRATIVE LAW JUDGE
CHRISTOPHER P. PELL AND ADMINISTRATIVE LAW JUDGE F. JOSEPH BRADY:

I. INTRODUCTION

1. Wal-Mart Stores East, LP and Sam's East, Inc. (collectively, "Walmart"), hereby respectfully, by and through its counsel, submits that the Joint Petition for Partial Settlement (the "Joint Petition" or "Settlement") filed in the above-captioned proceeding by PECO Energy Company ("PECO" or the "Company"), the Pennsylvania Public Utility Commission's ("Commission") Bureau of Investigation and Enforcement ("I&E"), the Office of Consumer Advocate ("OCA"), the Office of Small Business Advocate ("OSBA"), the Philadelphia Area Industrial Energy Users Group ("PAIEUG"), the Coalition for Affordable Utility Services and Energy Efficiency in Pennsylvania ("CAUSE-PA"), the Tenant Union Representative Network and Action Alliance of Senior Citizens of Greater Philadelphia ("TURN et al."), the Community Action Association of Pennsylvania ("CAAP"), Tesla, Inc. ("Tesla"), ChargePoint, Inc. ("ChargePoint"), and Walmart (collectively, the "Joint Petitioners"), by their respective counsel, is in the public interest and represents a reasonable partial resolution of the issues set forth in the Settlement.
2. While the Settlement does not address all of Walmart’s concerns as stated in this proceeding and in the manner preferred by Walmart, the Settlement, taken as a whole, reflects a reasonable compromise amongst numerous competing interests and positions representing a wide range of rate classes. In support of the Settlement, Walmart provides the within Statement in Support of the Partial Settlement and respectfully requests that the terms and conditions of the Settlement be approved by Deputy Chief Administrative Law Judge Christopher P. Pell and Administrative Law Judge F. Joseph Brady and the Pennsylvania Public Utility Commission (“Commission”) without modification.

II. BACKGROUND

3. The background set forth in Paragraphs 1 through 13 of Section I. (Background) of the Joint Petition is incorporated herein by reference as if set forth in its entirety.

III. STATEMENT IN SUPPORT OF THE PARTIAL SETTLEMENT

A. Settlements Encouraged

4. The Commission, as a matter of policy, encourages settlements. See 52 Pa. Code § 5.231. Settlements conserve administrative resources and reduce the uncertainty, time and considerable expense associated with litigating the issues in a proceeding. Moreover, the Commission has stated, that in its judgment, the results achieved from a negotiated settlement in which the interested parties have had an opportunity to participate are often preferable to those achieved at the conclusion of a fully litigated proceeding. See 52 Pa. Code § 69.401.

6. Counsel for the Company, Walmart and the other Joint Petitioners, as well as other parties, participated in a lengthy and extensive investigation of the Company’s March 29, 2018 proposed Tariff Electric-Pa. P.U.C. No. 6 filing (“Tariff No. 6”) in this proceeding, which investigation included substantial discovery and the submission of numerous written interrogatories and voluminous responses thereto and written direct, rebuttal, surrebuttal and oral rejoinder testimony.

7. Over a period of several weeks, counsel for the Company, Walmart and the other Joint Petitioners, as well as other parties, participated in lengthy and extensive discussions and negotiations that resulted in the proposed amicable resolution of all but one of the many complex issues raised in Tariff No. 6.

B. Revenue Requirement, Allocation and Rate Design

8. As an intervenor, Walmart recommended that the Commission consider the impact of a rate increase on customers thoroughly and carefully to ensure that any increase in the Company’s rates are only the minimum amount necessary to compensate the Company for adequate and reliable service. See Walmart Statement No. 1, Direct Testimony of Gregory W. Tillman, p. 4, lines 14 – 19. Additionally, Walmart recommended that the Commission should closely examine the Company’s proposed revenue requirement increase and the associated return on equity (“ROE”), especially when viewed in light of: (1) the customer impact of the resulting revenue requirement increase; (2) the use of a fully projected future test year (which reduces the risk due to regulatory lag based on the inclusion of the most current information in its rates when they will be in effect); and, (3) recent rate case ROEs approved by commissions nationwide. See
9. In Tariff No. 6, the Company proposed an increase to its distribution rates of $82 million. See PECO Energy Company, Statement No. 1, Direct Testimony of Michael A. Innocenzo, p. 4, line 21. However, the actual impact on customers when reflecting the effects of the Tax Cut and Jobs Act ("TCJA") on present rates and adjusting for the pro forma adjustment of $10 million of additional Distribution System Improvement Charge ("DSIC") was $142.5 million. See PECO Energy Company, Statement No. 3, Direct Testimony of Benjamin S. Yin, p. 13, lines 6 – 15. Pursuant to the terms of the Settlement, the negotiated rate schedules were designed to produce an increase in electric operating revenues of $85.5 million and a net revenue increase without DSIC of $14.9 million following the application of 2019 tax savings related to the Tax Cut and Jobs Act ("TCJA"), for a net revenue increase of $24.9 million with the DSIC roll-in. (See Joint Petition, p. 6, Paragraph 15).

10. With respect to rate design, Walmart advocates that rates be set by regulatory agencies based on the utility’s cost of service for each rate class, observing that a regulatory policy that supports the fair-cost- apportionment objective of rate-making ensures that rates reflect cost causation, which has the effect of producing equitable rates that reflect cost causation, sending proper price signals to customers and minimizing price distortions. See Walmart Statement No. 1, Direct Testimony of Gregory W. Tillman, p. 14, lines 14 – 17.

11. Pursuant to the terms of the Settlement, the principle elements of the revenue allocation, rate structure and rate design applicable to each rate schedule are reflected in the Settlement Rates as described at Pages 7 – 8, Paragraphs 16 and 17 of the Joint Petition and rate design for each rate schedule comprising the Settlement Rates is provided in Appendix A to the
Joint Petition. The allocations and rates set forth in Appendix A and Appendix B incorporated in the Settlement Rates reflect significant negotiation among the Joint Petitioners and reflect the Joint Petitioners' agreement with regard to rate structure, rate design and distribution of the increase in revenues in this proceeding. In general, the revenue allocations and rates as set forth in the Joint Petition reflect a reasonable compromise among competing interests to move towards cost of service.

C. The Federal Tax Adjustment Credit ("FTAC")

12. Walmart advocated on behalf of a solution to address the net impact of the TCJA that (i) ensures the entire net benefit created by the TCJA is reflected in the revenue requirements and rates paid by an investor-owned utility’s customers; (ii) supports the transfer of the benefits to customers as quickly as possible; and (iii) incorporates the rate-making principle of simplicity; avoiding the conflation of tax benefit with other rate-making and/or regulatory issues. See Walmart Statement No. 1, Direct Testimony of Gregory W. Tillman, p. 8, lines 3 – 18.

13. The Settlement terms set forth in Paragraph 28 of the Joint Petition regarding the FTAC, a reconcilable surcharge mechanism, are consistent with the principles Walmart advocated.

IV. THE SETTLEMENT IS IN THE PUBLIC INTEREST

14. The terms of the Settlement are supported by the testimony entered into the record and there is, therefore, a sound evidentiary basis for the Settlement terms.

15. Therefore, the Settlement is in the public interest because:

(a) Settlements conserve administrative resources and reduce the uncertainty, time and considerable expense associated with fully litigating the issues in a proceeding.
(b) The results achieved from a negotiated settlement in which the interested parties have had an opportunity to participate are often preferable to those achieved at the conclusion of a fully litigated proceeding.

(c) It provides for an increase in annual base rate distribution revenues of $85.5 million and a net revenue increase without DSIC of $14.9 million, for a net revenue increase of $24.9 million, or approximately 0.7% (based on total Pennsylvania jurisdictional operating revenue), in lieu of the $82 million, or approximately 2.2% (based on total Pennsylvania jurisdictional operating revenue) increase originally requested by the Company.

(d) In general, the revenue allocations and rates as set forth in the Joint Petition reflect a reasonable compromise among competing interests to move towards cost of service.

(e) It was reached after extensive investigation which included substantial discovery and the submission of numerous written interrogatories and voluminous responses thereto and written direct, rebuttal, surrebuttal and oral rejoinder testimony.

(f) It was reached after the Joint Petitioners participated in lengthy and extensive discussions and negotiations that resulted in the proposed amicable resolution of all but one of the many complex issues raised in the proceeding.

(g) There is a sound evidentiary basis for the Settlement terms.

16. Walmart’s support of the Joint Petition and the Settlement does not imply Walmart’s agreement with each and every aspect of the Settlement on an individual term-by-term basis. Rather, Walmart’s support of the Joint Petition and the Settlement, taken as a whole, is based on the premise that the Settlement represents a reasonable compromise amongst numerous competing interests and positions in Tariff No. 6. Settlement of the numerous
complex issues by the parties avoids the uncertainty involved in litigation and the necessity of further costly administrative, and possibly appellate, proceedings regarding the issues resolved the Settlement.

V. CONCLUSION

WHEREFORE, Walmart respectfully requests that Deputy Chief Administrative Law Judge Christopher P. Pell and Administrative Law Judge F. Joseph Brady recommend without modification, and the Commission subsequently approve without modification, the foregoing Joint Petition for Partial Settlement.

Respectfully submitted,

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