

# **PECO Exhibit RAS-2**

**FEDERAL TAX ADJUSTMENT CHARGE (FTAC)**

A credit value of x.xx% will apply to all PaPUC jurisdictional distribution charges, during the period XXX X, XXXX through XXX X, XXXX, to pass the 2018 effects of the Tax Cuts and Jobs Act ("TCJA") to customers. The FTAC will be computed annually, will be effective ten days after filing, and will continue until the effect of the change in tax rates resulting from the TCJA has been refunded to customers.

The FTAC will be based on the difference in total annual revenue requirement 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 FTAC to be applied to customers' bills for service rendered during the twelve-month period beginning XXX, X. The difference between the actual reduction in required revenue and the reduction in revenues produced by the FTAC as applied will be subject to refund or recovery in an annual revision to the FTAC. The interest rate on the over or under collection will be applied at the residential mortgage lending rate specified by the Secretary of Banking in accordance with the Loan Interest and Protection Law (41 P.S. §§ 101, et seq.)~~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.~~ For any over/under credit balance that remains after XXX X, XXXX, the Company may propose additional FTAC adjustments to ensure that the balance is eliminated.

An annual reconciliation statement will be submitted to the Commission by XXX of each year. A final reconciliation statement will be filed within 30 days after the final over/under balance has been eliminated. The FTAC revenues and reconciliation will be subject to audit by the Commission's Bureau of Audits.