PECO ENERGY COMPANY
STATEMENT NO. 8

BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY COMMISSION
v.
PECO ENERGY COMPANY – GAS DIVISION

DOCKET NO. R-2022-3031113

DIRECT TESTIMONY

WITNESS: BENJAMIN S. YIN

SUBJECT: PROPOSED CHANGES TO PECO'S
GAS SERVICE AND SUPPLIER
COORDINATION TARIFFS

DATED: MARCH 31, 2022

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DIRECT TESTIMONY
OF
BENJAMIN S. YIN

I. INTRODUCTION AND PURPOSE OF TESTIMONY

1. Q. Please state your name and business address.

A. My name is Benjamin S. Yin. My business address is PECO Energy Company, 2301 Market Street, Philadelphia, Pennsylvania 19103.

2. Q. By whom are you employed and in what capacity?

A. I am employed by PECO Energy Company ("PECO" or the "Company") as Director, Regulatory Strategy and Revenue Policy. In that capacity, I am responsible for managing certain regulatory filings, audits and specific segments of larger regulatory proceedings, including evaluating, analyzing and supporting the Company's requests for changes in revenue related to its regulated electric distribution and transmission business and its gas distribution business. I am also responsible for providing expert testimony and coordinating the preparation of testimony by other witnesses on behalf of the Company with respect to various regulatory issues.

3. Q. Please describe your educational background.

A. I received a Bachelor of Economics degree in International Trading from Southwestern University of Economics and Finance, Chengdu, China in 1995 and an MBA, with dual concentrations in Finance and Management Information Systems, from Drexel University in 2001.

4. Q. Please describe your professional experience.

A. Upon graduation from Drexel in 2001, I was hired by PECO as a Senior Financial Analyst in the Finance Department. Thereafter, I was promoted to Principal Financial Analyst in 2007 and then was promoted to Manager of Revenue Policy in 2009. I assumed my current position in 2019.

5. Q. What is the purpose of your testimony?

A. My testimony will explain proposed revisions to PECO's Tariff Gas – Pa. P.U.C. No. 4 that have been incorporated in the Company's proposed Tariff Gas – Pa. P.U.C. No. 5 ("Gas Tariff No. 5") filed in this case, as well as several relevant changes to PECO's Gas Choice Supplier Coordination Tariff ("Gas Supplier Tariff"). My testimony divides the proposed changes into the following categories: (1) rules and regulations; (2) Section 1307 surcharges; and (3) various miscellaneous provisions.

6. Q. Mr. Yin, have you submitted testimony previously before the Pennsylvania Public Utility Commission ("Commission")?

A. Yes. I submitted testimony on behalf of PECO in the Company's 2015 and 2018 electric distribution base rate proceedings before the Commission at Docket Nos. R-2015-2468981 and R-2018-3000164, respectively.

7. Q. Are you sponsoring any exhibits in this case?

A. Yes. I am sponsoring the following PECO Exhibits:

PECO Exhibit BSY-1 Calculation of the Theft Investigation Fee

PECO Exhibit BSY-2	Calculation of the Gas Procurement Charge ("GPC")
PECO Exhibit BSY-3	Components and Calculation of the Merchant Function Charge ("MFC")
PECO Exhibit BSY-4	Relevant Gas Supplier Coordination Tariff Pages (Including a Blackline to Show Proposed Changes)

In addition, as explained by Company witness Joseph A. Bisti in PECO Statement No. 7, the various retail tariff changes that I am discussing are shown in PECO Exhibit JAB-2, the Company's proposed Gas Tariff No. 5 in blackline format. Accordingly, I will refer to PECO Exhibit JAB-2 in certain points in my testimony.

II. RULES AND REGULATIONS

8. Q. Please describe the change PECO is proposing to the definition of "Delivery Point".

A. The definition currently specifies the first fitting after the outlet side of the gas meter as the Company's point of delivery. However, in some instances, PECO regulators or relief devices are located downstream of the meter. Accordingly, PECO proposes to revise the definition to clarify that the delivery point will be the first fitting after the outlet side of the regulator or relief valve if located downstream of the meter.

9. Q. Please describe the changes PECO is proposing with regard to reconnection fees.

A. A customer who decides to steal gas often creates unsafe conditions that pose a threat to both the customer and other nearby individuals and businesses. Section 1407 of the Public Utility Code allows utilities to impose reconnection fees after lawful termination of service based on the "public utility's cost as approved by the

Commission."[1] PECO's existing Rule 17.6 establishes reconnection fees for terminations associated with non-payment, as well as fees for investigation and remediation of theft. PECO proposes to separate these two fees into distinct tariff rules, with a new Rule 17.7 imposing a $400 theft fee. Rule 17.6 will continue to address reconnection fees for terminations associated with non-payment at the same levels set forth in PECO's existing Gas Service Tariff. A new Rule 17.7 will be created to separately address fees for investigation and remediation of theft.

The proposed fee would update and replace the existing two separate theft reconnection fees, depending on whether theft remediation is performed at the meter or curb. The $400 fee would better align the theft fee with the current average costs incurred to investigate and remediate theft across PECO's gas and electric operations, including the costs of field personnel, back-office support and analytic support. PECO Exhibit BSY-1 describes how the theft investigation fee was developed and provides an itemization of the costs.

10. Q. Is the proposed $400 fee identical to the theft fee contained in Rule 18.8 of PECO's current Electric Service Tariff ("Electric Tariff")?

A. Yes, and the tariff language addressing the applicability of the theft fee is also consistent with Rule 18.8 of PECO's Electric Tariff approved by the Commission in the settlement of the Company's 2021 electric base rate case ("2021 Settlement").[2]

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[1] 66 Pa.C.S. § 1407(a); *see also* 52 Pa. Code § 56.191(a).

[2] *See Pa. P.U.C. v. PECO Energy Co. – Elec. Div.*, Docket No. R-2021-3024601 (Recommended Decision dated Oct. 6, 2021), pp. 10, 69-70. The Recommended Decision was approved and adopted without modification by the Commission's Order entered on November 18, 2021.

PECO proposes to set the theft fee, in this case, to the $400 level agreed to in the 2021 Settlement for consistency across the Company's gas and electric operations. Moreover, PECO Exhibit BSY-1 demonstrates that the proposed $400 fee is less than the current average cost ($460) to investigate and terminate theft.

III. SECTION 1307 SURCHARGES

11. Q. What is a Section 1307 surcharge mechanism?

A. Section 1307 of the Public Utility Code, 66 Pa.C.S. § 1307, authorizes utilities to establish automatic adjustment clauses that allow them to recover, outside of a base rate proceeding, specific, designated categories of costs. Cost recovery is subject to annual review and reconciliation, such that over- or under-recoveries of actual costs are refunded to customers or recouped, as applicable. The operation of Section 1307 clauses is also subject to annual public hearings and periodic audits by the Commission.

12. Q. Is PECO proposing changes to any Section 1307 surcharge mechanisms?

A. Yes, the Company is proposing to revise its Universal Service Fund Charge ("USFC"), Consumer Education Charge ("CEC"), Gas Procurement Charge ("GPC"), Merchant Function Charge ("MFC") and Distribution System Improvement Charge ("DSIC").

13. Q. Please describe the changes PECO is proposing to the USFC.

A. The USFC, among other things, is a mechanism by which the Company returns to customers funds collected in base rates for its energy efficiency programs that were not expended. PECO currently collects $2,727,500 through base rates each year for energy efficiency programs.[3] If the Company expends less than that amount annually, a credit is provided to residential customers through the USFC.

In this proceeding, as explained by Company witness Doreen L. Masalta in PECO Statement No. 9, the Company is proposing changes to its energy efficiency programs and to increase its annual expenditures by $500,000 to $3,272,500. To implement this increase, the gas USFC must be revised to reflect the new energy efficiency spending level.

In addition, as explained by Company witness Kelly A. Colarelli in PECO Statement No. 10, PECO is proposing to increase its current gas Low-Income Usage Reduction Program ("LIURP") funding by $250,000 (i.e., to $2.5 million annually) through the end of its proposed 2019-2024 Universal Service and Energy Conservation Plan ("USECP").[4] PECO currently collects $2,250,000 through base rates each year to fund its gas LIURP.[5] To implement the additional $250,000 LIURP funding, PECO proposes to revise the USFC "E-factor" in Gas Tariff No. 5 to recover and reconcile incremental LIURP expenditures not reflected in base rates.

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[3] *See Pa. P.U.C. v. PECO Energy Co. – Gas Div.*, Docket No. R-2020-3018929 (Opinion and Order entered June 22, 2021) ("2020 Gas Rate Case Order"), p. 115.

[4] The 2019-2024 USCEP is pending before the Commission at Docket No. M-2018-3005795. As such, PECO is currently operating under its Commission-approved 2016-2018 USECP that has an annual LIURP budget of $2,250,000.

[5] *See Pa. P.U.C. v. PECO Energy Co. – Gas Div.*, Docket No. R-2010-2161592 (Opinion and Order entered Dec. 29, 2010) ("2010 Gas Rate Case Order").

14. Q. Please describe the update PECO is proposing to the CEC.

A. PECO is proposing to revise the CEC to include costs associated with additional education and outreach directed to low- and moderate-income gas residential customers about PECO's universal service programs. This proposal is described by Ms. Colarelli in PECO Statement No. 10. Commencing on January 1, 2023, PECO proposes to recover up to $85,000 per year of incremental costs associated with this expanded outreach proposal through the CEC. In addition, PECO is proposing revisions for consistency with the CEC contained in PECO's Electric Tariff. These changes include the addition of a more detailed computation formula, associated definitions and filing schedule to clarify the Company's existing recovery and reconciliation processes.

15. Q. Please describe the update PECO is proposing to the GPC.

A. The GPC is comprised of non-fuel gas procurement costs incurred by the Company on behalf of its Sales Service (default) customers supplied under Rate Schedules GR, CAP, GC, OL, L, and MV-F. The current GPC ($0.0219 per Mcf) was established in PECO's 2020 gas rate case and has been effective since July 2021. PECO is proposing to update the GPC in this proceeding based on projected costs.

16. Q. What is the relationship between the costs included in the GPC and distribution base rates?

A. Consistent with current, Commission-approved practice, non-fuel gas procurement costs will be included in the GPC and eliminated from distribution base rates.

17. Q. What procurement costs have been identified?

A. PECO has identified and quantified the following non-fuel natural gas procurement cost categories for inclusion in the GPC: Labor and Benefits, Outside Legal Costs, IT-Related Gas Procurement Costs and Cash Working Capital ("CWC"). In this case, PECO is proposing to continue to exclude these costs from distribution base rates and to recover them through a separate GPC charge, in the same manner approved by the Commission at Docket No. P-2012-2328614 and at Docket No. R-2020-3018929, the 2020 gas distribution base rate case.

18. Q. How did the Company calculate procurement-related labor and benefits costs to be recovered in the GPC?

A. The Company's calculation of $787,000 for procurement-related labor and benefits costs is shown on PECO Exhibit BSY-2, pp. 1 and 2. The Company determined the procurement-related work hours by Company group and then calculated the associated hourly rate of $102.66 (which includes salaries and wages, other payroll, incentive compensation, pensions, benefits and payroll-related taxes) to derive total procurement-related labor and benefit costs.

19. Q. What Company groups were examined?

A. Procurement-related work hours were determined for Gas Supply, Finance and Accounting, Internal Legal, Regulatory, Enterprise Credit and Risk and Management Support. *See* PECO Exhibit BSY-2, p. 2.

20. Q. How was the hourly rate of $102.66 per hour determined?

A. This rate is developed in PECO Exhibit BSY-2, p. 3. Projected expenses for salaries and wages, other payroll, incentive compensation, pensions, benefits and payroll-related taxes were determined. These costs were divided by the number of gas operations and maintenance full-time equivalent employees, and that figure was divided by annual hours as adjusted for vacation, holidays and sick time. This calculation produced the hourly rate of $102.66.

21. Q. Please describe how the Company determined the outside legal cost component of the GPC.

A. These costs represent external legal costs projected for the Company's annual Purchased Gas Cost ("PGC") proceeding. PECO Exhibit BSY-2, pp. 1 and 4, show outside legal costs of $60,000.

22. Q. How did the Company determine the applicable GasStar information system cost component of the GPC?

A. PECO's GasStar information system functions as the sub-ledger, transaction manager, scheduler and report generator for all costs and quantities related to the Company's commodity purchases, pipeline demand and storage costs. Therefore, it has procurement and non-procurement-related functions. Total annual expenses for the twelve months ended December 31, 2023 were $90,000 for maintenance of the GasStar system, as shown on PECO Exhibit BSY-2, p. 5. This cost was adjusted to include only the commodity cost-related portion of gas supply costs based on an allocation factor of 71.11% taken from the Company's November 29, 2021 compliance filing for Purchased Gas Costs at Docket No. R-2021-3025629, which was used for the PGC No. 38 rate filing to become effective on December 1, 2021. The resulting allocated cost of $64,000 is reflected on PECO Exhibit BSY-2, pp. 1 and 5.

23. Q. Please describe the CWC cost and resulting revenue requirement included in the Company's proposed GPC.

A. CWC costs are associated with the time lag between when the Company incurs its default gas supply costs and when it receives revenue from customers for such costs. That difference, or "net lag" is 17.40 days based on PECO's analysis of the revenue and expense lags. The Company's CWC claim is shown on PECO Exhibit BSY-2, pp. 1 and 6, and is based on information from PECO Exhibit MJT-1, Schedule C-4, p. 23. Annual commodity and capacity fuel costs of $226,628,000 were split based on a 76.80% allocation to commodity fuel costs obtained from the Company's November 29, 2021 compliance filing for Purchased Gas Costs at Docket No. R-2021-3025629, which was used for the PGC No. 38 rate filing to become effective on December 1, 2021**.** This results in an annual commodity cost of $174,050,000. The annual commodity cost of $174,050,000 was converted to a daily commodity cost of $477,000. The net lag of 17.40 days was applied to the daily commodity cost to derive an annual CWC cost of $8,300,000.

The associated annual revenue requirement was determined by multiplying the annual CWC ($8,300,000) by PECO's pre-tax overall cost of capital of 7.68% (based on the Company's cost of capital from PECO Exhibit PRM-1, Sch. 1, p. 1), the composite federal and state income tax rate of 28.892%, and PECO's gross revenue conversion factor of 1.40631 set forth in PECO Exhibit BSY-2, p. 6. The resulting annual revenue requirement of $835,000 is reflected on PECO Exhibit BSY-2, pp. 1 and 6.

24. Q. What are the total annual gas procurement costs PECO has included for recovery in the Company's proposed GPC?

A. As summarized on PECO Exhibit BSY-2, p. 1, the total annual non-fuel procurement costs included in the Company's GPC are $1,746,000 for labor and benefits, outside legal costs, GasStar costs and CWC costs. These annual non-fuel procurement costs are also eliminated from distribution rates by an associated distribution revenue requirement reduction.

25. Q. How did you determine the GPC and the associated distribution base revenue requirement reduction?

A. The revised GPC was calculated by dividing the non-fuel procurement costs of $1,746,000 by the projected default service volumes of 45,275,031 Mcf for the fully projected future test year ending December 31, 2023 ("FPFTY") for Rate Schedules GR, CAP, GC, OL, L and MV-F (PECO Exhibit BSY-2, p. 1). The resulting GPC rate is $0.0386 per Mcf. Consistent with the Commission regulation and current practice, the GPC rate will be included in the Company's PGC rate (PECO Exhibit

JAB-2) and will remain constant until PECO's next gas distribution base rate proceeding.

The purpose of the distribution revenue requirement reduction is to eliminate from distribution rates the procurement-related costs included in the GPC rate. The associated distribution base rate reduction of $0.0269 per Mcf for non-fuel procurement costs was determined by dividing the annual gas procurement costs of $1,746,000 by the projected distribution sales volumes of 65,011,479 Mcf for FPFTY, as shown on PECO Exhibit BSY-2, p. 1. The resulting distribution rate reduction of $0.0269 per Mcf is shown on PECO BSY-2, p. 1.

The distribution revenue requirement reduction is determined by applying the distribution base rate reduction of $0.0269 per Mcf to the associated projected distribution service volumes for the applicable classes of service. As noted above, the overall reduction is $1,746,000, as applied to the classes of service shown in PECO Exhibit BSY-2, p. 7. This distribution revenue requirement reduction is factored into the Company's overall distribution revenue requirement claim in this case, as discussed by Mr. Bisti in PECO Statement No. 7.

26. Q. Please describe the update PECO is proposing to the MFC.

A. The MFC recovers charge-offs of uncollectible PGC commodity charge revenues billed to sales service (default) customers. The MFC is calculated separately for three groups of customers consisting of: (1) Rate Schedules GR and CAP; (2) Rate Schedule GC; and (3) Rate Schedules L, OL and MV-F. The current write-off factors used to calculate the quarterly MFC rates were determined in PECO's 2020 gas base rate case (0.45% for Rate Schedule GR including CAP; 0.11% for Rate Schedule GC; and 0.06% for Rate Schedules L, OL and MV-F). PECO is proposing to update the write-off factors in this proceeding based on current costs and use those factors to calculate the update to the MFC, as it did in its previous 2020 gas distribution base rate case.

27. Q. What are the updated write-off factors from this proceeding that are used to calculate the proposed MFC and the natural gas suppliers' Purchase of Receivables ("POR") discount rates?

A. The updated write-off factors are 0.42% for Rate Schedule GR including CAP; 0.13% for Rate Schedule GC; and 0.04% for Rate Schedules L, OL and MV-F. These factors are based on a three-year weighted average of charge-offs (2019-2021) expressed as a percentage of billed revenues. Refer to PECO Exhibit BSY-3, p. 1, for the determination of these factors. These factors will remain constant until the Company's next gas distribution base rate proceeding.

28. Q. How is the MFC determined?

A. Write-off factors for each of the applicable groups of rate schedules are multiplied by the Commodity Charge portion of the Company's projected PGC rate to determine the MFC. Upon completion of this proceeding, the approved write-off factors will be applied to the then-existing Commodity Charge portion of the PGC rate to determine the MFC. Thereafter, the MFC will be updated quarterly as the Commodity Charge rate portion of the PGC rate changes, while the approved write-off factors will remain constant until the Company's next gas distribution base rate proceeding.

29. Q. What is the relationship between the costs for charge-offs of uncollectible accounts included in the MFC and the POR discount rates and the expense for uncollectible accounts included for recovery in PECO's gas distribution base rates?

A. In accordance with existing practices, the costs for uncollectible charge-offs for sales service (default) customers reflected in the MFC will be included in the PGC rate as part of the Commodity Charge portion of the PGC. In addition, the costs for uncollectible charge-offs for natural gas suppliers are included as part of the POR discount rates. Therefore, these costs will not be included in PECO's gas distribution base rates.

30. Q. What is the MFC PECO proposes in this proceeding?

A. As shown in PECO Exhibit BSY-3, p. 2, the proposed MFC for Rate Schedule GR including CAP is \$0.0210 per Mcf; for Rate Schedule GC is \$0.0065 per Mcf; and for Rate Schedules L, OL and MV-F is \$0.0019 per Mcf.

31. Q. How is the Company's distribution base rate revenue adjusted to account for costs recovered in the MFC?

A. PECO Exhibit BSY-3, p. 3, shows the reduction to the overall distribution revenue requirement to reflect costs recovered in the MFC for sales service (default) customers. The applicable MFC revenues of \$795,000 will be deducted from the overall distribution revenue requirement for each of Rate Schedule GR including

CAP; Rate Schedule GC; and Rate Schedules L, OL and MV-F, as discussed by Mr. Bisti in PECO Statement No. 7.

32. Q. What is the effect of the updated write-off factors on the POR discount rates for natural gas suppliers?

A. The current POR discount rates will be revised to reflect the updated write-off factors. Specifically, the POR discount rates will be equal to the updated write-off factors at this time. PECO's Gas Supplier Tariff, Section 11.11.2.2, Consolidated NGDC Billing with Purchase of Receivables, item h, reflects the updated POR discount rates. *See* PECO Exhibit BSY-4, p. 5.

33. Q. How is the distribution base rate revenue adjusted to account for costs associated with uncollectible charge-offs recovered through the POR discount rates from natural gas suppliers for customers who shop for their natural gas?

A. PECO Exhibit BSY-3, p. 3, shows the reduction to overall distribution revenue requirements associated with the POR discount rates for shopping customers. These rates, which are equal to the write-off factors at this time, are applied to natural gas supplier revenues to determine the distribution revenue requirement reduction as a result of costs recovered through the POR discount rate. The associated revenue requirement that will be deducted from the overall distribution revenue requirement is $284,000, as shown in PECO Exhibit BSY-3, p. 3, and discussed by Mr. Bisti in PECO Statement No. 7.

34. Q. Please describe the revision that PECO is proposing to its DSIC in conjunction with this gas distribution rate case.

A. In accordance with the "New Base Rate" section of PECO's DSIC, which was approved by the Commission's Order at Docket No. P-2015-2471423 entered on October 22, 2015, PECO is required to reset the DSIC to 0% upon the effective date of Commission-approved base rates. As required by the terms of the DSIC and Section 1358(b) of the Public Utility Code, PECO is currently charging a DSIC of 0.0%, having reset the DSIC to zero as of July 1, 2021 – the effective date of new base rates established by the Commission in the 2020 Gas Rate Case Order. On March 16, 2022, PECO filed a DSIC charge to be effective April 1, 2022, for the sole purpose of reconciling residual over and under-collections experienced from July 1, 2018 through June 30, 2021. PECO's DSIC charge will be set to zero effective January 1, 2023, as shown in the proposed DSIC. *See* PECO Exhibit JAB-2.

35. Q. Are there any other matters relating to Section 1307 mechanisms in PECO's Gas Service Tariff that you wish to address?

A. Yes, I would like to address PECO's Tax Accounting Repair Credit ("TARC"), which is a rate adjustment mechanism that became effective January 1, 2013 pursuant to the terms of the Joint Petition for Settlement of Rate Investigation in the Company's 2010 gas rate case at Docket No. R-2010-2161592 ("2010 Settlement"). As I will explain, PECO has fully complied with the terms of the 2010 Settlement pertaining to the TARC. Under the terms of the Settlement, PECO committed to take several actions if it subsequently decided to change its method of tax accounting so that property-related expenditures PECO capitalizes for book purposes may be treated for income tax purposes as repair expenses that are deductible in the year incurred.

In particular, PECO agreed to notify the Commission if it elected to make such a change and to pass-through to customers, by a seven-year amortization, the revenue requirement effect of a retrospective, one-time "catch-up" deduction permitted under Section 481(a) of the Internal Revenue Code when a tax accounting change like the "repairs" election is made. Following the 2010 Settlement, PECO changed its method of tax accounting to expense gas utility "repair" costs for income tax purposes. Therefore, consistent with the terms of the 2010 Settlement, PECO notified the Commission of its decision and established the TARC to provide bill credits designed to return $53,828,557 of tax benefits attributable to the "catch-up" repair deduction to customers over the seven-year period from January 1, 2013 through December 31, 2019.

As events turned out, the total tax benefit of the "catch-up" deduction was returned to customers a year earlier than anticipated, but this action resulted in a small over-refund of approximately $170,000. The Company recovered the over-refund from customers via a TARC reconciliation. However, this action resulted in a small over-recovery balance of about $60,000 as of June 30, 2020. Approximately $40,000 of the over-recovery is owed to the residential customer class and was returned through the USFC effective December 1, 2020. About $21,000 of the over-recovery is owed to the commercial customer class. As explained by PECO witness Michael J. Trzaska in Statement No. 3, PECO proposes to return the small over-recovery balance to commercial customers through a distribution revenue requirement reduction.

Accordingly, the Company has fully satisfied the requirement of the 2010 Settlement regarding the TARC.

IV. MISCELLANEOUS REVISIONS

36. Q. What miscellaneous revisions are being proposed by PECO and reflected in the proposed tariff?

A. PECO is proposing four miscellaneous revisions. First, PECO is proposing to add references to the Commission regulations pertaining to meter tests (52 Pa. Code § 59.21) to Rule 15.1 and the Commission's regulations related to access to meters and discontinuance of service (52 Pa. Code § 59.24) to Rule 10.5 of the proposed retail tariff. In addition, PECO is proposing to "cross reference" Rule 10.5 – Right of Access in the Rule 3.3 for clarity.

Second, PECO is proposing to add reference to the Pipeline and Hazardous Materials Safety Administration (PHMSA) regulations related to installation of excess flow check values (49 C.F.R. § 192.383) to Rule 3.6 of the proposed retail tariff.

Third, PECO proposes to eliminate the TARC and to remove any references to that surcharge in all rate schedules in Gas Tariff No. 5. As I explained earlier in my direct testimony, with the return of the small over-recovery balance to commercial customers through a distribution revenue requirement reduction in this base rate case, PECO has fully satisfied the requirements of the 2010 Settlement regarding the return of tax benefits attributable to the "catch-up" repair deduction to customers. Therefore, the TARC is no longer needed to provide bill credits to customers.

Finally, in PECO's Gas Supplier Tariff, PECO proposes to remove the references to Natural Gas Week in Rule 10.11.3.3. This change will allow PECO to choose index prices from publications widely accepted in the natural gas industry, such as Platts.

V. CONCLUSION

37. Q. Does this complete your direct testimony at this time?

A. Yes, it does.

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