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May 11, 2022

## **Via eTariff Filing**

Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, NE  
Washington, DC 20426

**Re: PJM Interconnection, L.L.C., Atlantic City Electric Company, Baltimore Gas and Electric Company, Commonwealth Edison Company, Delmarva Power & Light Company, Potomac Electric Power Company, and PECO Electric Company**

**Docket Nos.**

**ER21-201-000**

**ER21-203-000**

**ER21-204-000**

**ER21-205-000**

**ER21-206-000**

**ER21-209-000**

Dear Secretary Bose:

Atlantic City Electric Company (“ACE”), Baltimore Gas and Electric Company (“BGE”), Commonwealth Edison Company (“ComEd”), Delmarva Power & Light Company (“DPL), Potomac Electric Power Company (“Pepco”), and PECO Electric Company (“PECO”), collectively (“Exelon Companies”) submit<sup>1</sup> for filing this Response to the Deficiency Letter received on March 10, 2022. The Deficiency Letter in many instances seeks information relating to one or several, but not all, of the Exelon Companies – we have indicated for each response on which company’s behalf the response is tendered.

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<sup>1</sup> Pursuant to Order No. 714, this filing is submitted by PJM on behalf of the Exelon Companies as part of an XML filing package that conforms with the Commission’s regulations. PJM has agreed to make all filings on behalf of the PJM Transmission Owners in order to retain administrative control over the PJM Tariff. Thus, the Exelon Companies has requested PJM submit this filing in the eTariff system as part of PJM’s electronic Intra PJM Tariff.

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On October 6, 2020, in compliance with Order No. 864,<sup>2</sup> and pursuant to Section 205 of the Federal Power Act,<sup>3</sup> the Exelon Companies submitted to the Federal Energy Regulatory Commission's ("FERC" or "Commission") their required compliance filings. Order No. 864 required such submission by the date of the utility's next annual formula rate informational update, which, for the Exelon Companies, would have been in May 2020.

On May 6, 2020, the Commission granted the Exelon Companies an extension of time<sup>4</sup> until thirty days after Commission action on a settlement submitted to the Commission on April 24, 2020, in Docket No. ER19-5 et al. ("Docket No. ER19-5 Settlement Agreement")<sup>5</sup> Accordingly, given the Commission's approval of the Docket No. ER19-5 Settlement Agreement on September 24, 2020, the compliance filings were submitted on October 6, 2020.<sup>6</sup>

Order No. 864 contemplated that most utilities would amend their rates to conform to the order, but also permitted utilities to demonstrate that their rates already conform to the order.<sup>7</sup> The tariff modifications included pursuant to the Docket No. ER19-5 Settlement Agreement — which post-date Order No. 864 — were specifically designed to meet the requirements of Order No. 864, and no further modification to rates is necessary for ACE, BGE, ComEd, DPL, and Pepco, the subjects of the Docket No. ER19-5 Settlement Agreement.

PECO was part of a separate rate proceeding from the other Exelon Companies, and filed its own settlement agreement in that proceeding on July 22, 2019. ("PECO Settlement Agreement").<sup>8</sup> The PECO settlement pre-dated Order No. 864, and while it complied with Order No. 864 in most respects, it did not include a permanent tariff worksheet

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<sup>2</sup> See *Public Utility Transmission Rate Changes to Address Accumulated Deferred Income Taxes*, 169 FERC ¶ 61,139 (2019) ("Order No. 864"), reh'g denied, 171 FERC ¶ 61,033 (2020).

<sup>3</sup> 16 U.S.C. §§ 824d (2021).

<sup>4</sup> Notice of Extension of Time, *Public Utility Transmission Rate Changes to Address Accumulated Deferred Income Taxes*, Docket No. RM19-5 (May 6, 2020).

<sup>5</sup> *Commonwealth Edison Co., et al.*, Submission of Settlement Agreement, Docket Nos. ER19-5 et al. (April 24, 2020). ("Docket No. ER19-5 Settlement Agreement"). The Settlement Agreement, like the underlying proceeding it settled, involved consolidated rate cases of ACE, BGE, ComEd, DPL, and Pepco.

<sup>6</sup> *Commonwealth Edison Co.*, 172 FERC ¶ 61,272 (2020) ("September 24, 2020 Settlement Order").

<sup>7</sup> Order No. 864 at P 101.

<sup>8</sup> *PJM Interconnection, LLC*, Submission of Settlement Agreement, Docket No. ER17-1519 (July 22, 2019). ("PECO Settlement Agreement").

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required by Order No. 864. The required worksheet for PECO was submitted as part of PECO's Order No. 864 compliance filing in Docket No. ER21-209.

## I. RESPONSES TO SPECIFIC DEFICIENCY LETTER QUESTIONS

### ADIT Worksheet:

#### **STAFF REQUEST 1**

*In Order No. 864, the Commission required the ADIT Worksheet to include five categories of information: (1) how any ADIT accounts were re-measured and the excess or deficient ADIT contained therein; (2) the accounting for any excess or deficient amounts in Accounts 254 (Other Regulatory Liabilities) and 182.3 (Other Regulatory Assets, respectively); (3) whether the excess or deficient ADIT is protected or unprotected; (4) the accounts to which the excess or deficient ADIT are amortized; and (5) the amortization period of the excess or deficient ADIT being returned or recovered through the rates.<sup>9</sup> The Commission stated that it expects public utilities to identify each specific source of the excess or deficient ADIT, classify the excess or deficient ADIT as protected or unprotected, and list the proposed amortization period associated with each source in their proposed ADIT Worksheets.<sup>10</sup>*

*Each of the Exelon Companies proposes to comply with the ADIT Worksheet requirements of Order No. 864 by including two ADIT worksheets: (1) an ADIT worksheet that demonstrates excess and deficient ADIT (ADIT Worksheet); and (2) an ADIT Worksheet that demonstrates the ADIT remeasurement as a result of the Tax Cuts and Jobs Act (Remeasurement Worksheet).<sup>11</sup> The Exelon Companies provide populated Excel versions of these worksheets as attachments to their Compliance Filings.*

#### **STAFF REQUEST 1a: (Pepco)**

*For category (1), please explain how Pepco's proposed Remeasurement Worksheet complies with the requirement to demonstrate how any ADIT accounts were re-measured and the excess*

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<sup>9</sup> Order No. 864, 169 FERC ¶ 61,139 at PP 52, 62.

<sup>10</sup> *Id.* P 65.

<sup>11</sup> The ADIT Worksheet for each respective Exelon Companies is found in the following Attachment to their Formula Rate: ACE (Attachment 1B), BG&E (Attachment 1B), ComEd (Attachment 1B), Delmarva (Attachment 1B), Pepco (Attachment 1D), and PECO (Attachment 9). The Remeasurement Worksheet for each respective Exelon Companies is found in the following Attachment to their Formula Rate: ACE (Attachment 1C), BG&E (Attachment 1C), ComEd (Attachment 1C), Delmarva (Attachment 1C), Pepco (Attachment 1D), and PECO (Attachment 9A).

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*or deficient ADIT contained therein, including the pre- and post-Tax Cuts and Jobs Act balances for those accounts.*

## **RESPONSE TO STAFF REQUEST 1a: (Pepco)**

When corporate income tax rates are changed at the federal or state level, the financial accounting rules require utilities to re-measure the Accumulated Deferred Income Tax (“ADIT”) balances to account for the new rate at which the ADIT amounts will reverse and become due in the future. Deficient Deferred Income Taxes (“DDIT”) or Excess Deferred Income Taxes (“EDIT”) represent the difference between deferred taxes at the old and new statutory tax rates.

Pepco’s proposed Remeasurement Worksheet demonstrates how the ADIT accounts were re-measured and shows the excess and / or deficient ADIT. The following is an overview of the mechanics of the worksheet (*Accumulated Deferred Income Taxes Remeasurement (Excel Tab: 1F – ADIT Remeasurement)*):

Column (A) – Represents a detailed description of federal gross timing differences as of December 31, 2017.

Column (B) – Represents a summarized description of federal gross timing differences as of December 31, 2017.

Column (C) – Represents the category of each federal gross timing difference as of December 31, 2017 (i.e., Unprotected Non-Property, Unprotected Property, Protected Property).

Column (D) – Represents the federal gross timing differences as of December 31, 2017.

Column (E) – Represents the federal gross timing differences as of December 31, 2017 multiplied by the federal statutory tax rate of 35% (i.e., before the federal statutory rate change from 35% to 21%).

Column (F) – Represents the state related ADIT as of December 31, 2017.

Column (G) – Represents the federal ADIT associated with state ADIT multiplied by the federal statutory tax rate of 35% (i.e., before the federal statutory rate change from 35% to 21%). State income taxes are deductible for federal income

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tax purposes; therefore, state ADIT generally represents a future tax deduction for federal income tax purposes.

Column (H) – Represents the total federal and state ADIT as of December 31, 2017 prior to the federal statutory rate change. This column is the summation of Columns E, F, and G. Column H represents the pre-Tax Cuts and Jobs Act ADIT balances.

Column (I) – Represents the federal gross timing differences as of December 31, 2017.

Column (J) – Represents the federal gross timing differences as of December 31, 2017 multiplied by the federal statutory tax rate of 21% (i.e., after the federal statutory rate change from 35% to 21%).

Column (K) - Represents the state related ADIT as of December 31, 2017.

Column (L) – Represents the federal ADIT associated with state ADIT multiplied by the new federal statutory tax rate of 21%.

Column (M) – Represents the total federal and state ADIT as of December 31, 2017 after the federal statutory rate change. This column is the summation of Columns J, K, and L. Column M represents the re-measured post-Tax Cuts and Jobs Act ADIT balances.

Column (N) – Represents the difference between federal ADIT measured at the old federal statutory tax rate of 35% and the new federal statutory tax rate of 21%. Column N represents the federal deficient and excess deferred income taxes arising from the federal statutory rate change.

Column (O) – Represents the federal deficient and excess deferred income taxes excluded from rates and therefore not recoverable in either retail or transmission rates.

Column (P) – Represents the ADIT associated with the income tax regulatory asset or liability that is excluded from rate base.

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Column (Q) – Represents the total deficient and excess ADIT balances related to the federal statutory tax rate change related to the Tax Cuts and Jobs Act.

Column (R) – Represents the allocator used for each component of deficient and excess ADIT balances.

Column (S) – Identifies the deficient and excess ADIT balances allocable to transmission.

Column (T) – Represents the allocator used to determine the portion of deficient and excess ADIT balances attributable to transmission.

Column (U) – Represents the deficient and excess ADIT balances allocated to transmission.

Column (V) – Represents the FERC Account where each component of ADIT is recorded.

## ***STAFF REQUEST 1b: (ACE, BGE, ComEd, and DPL)***

*For category (3), ACE, BG&E, ComEd, and Delmarva each refer to “Protected Property,” “Unprotected property,” and “Non-property” as categories in the respective Remeasurement Worksheets.<sup>12</sup> Please explain whether the “Non-property” category can be re-labeled as “Unprotected non-property” to match references elsewhere, such as in Line 1 of the ADIT Worksheets.*

## **RESPONSE TO STAFF REQUEST 1b: (ACE, BGE, ComEd, and DPL)**

For ACE, BGE, ComEd, and DPL, the nomenclature in Column C “Category” can be re-labeled from “Non-Property” to “Unprotected Non-Property” to match references elsewhere. This update can also be applied to Pepco. This change can be made in the next annual update filing or as otherwise directed by the Commission.

## ***STAFF REQUEST 1c: (All Exelon Companies)***

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<sup>12</sup> See, e.g., ACE Remeasurement Worksheet at column E, Category

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*For category (4), each company's ADIT Worksheet includes a note that specifies that excess ADIT is amortized to Account 411.1 and deficient ADIT is amortized to Account 410.1.<sup>13</sup> Please specify the accounts to which the amounts in Column (A) are amortized (e.g., Account 410.1).*

## **RESPONSE TO STAFF REQUEST 1c: (All Exelon Companies)**

The amortization of deficient and excess deferred income taxes that will be recovered from or passed through to customers through future rates will be recorded in FERC Accounts 410.1 (Provision for Deferred Income Taxes, Utility Operating Income) and 411.1 (Provision for Deferred Income Taxes—Credit, Utility Operating Income), as appropriate.

Each ADIT account (i.e., FERC Account 190, 282, and 283) contains both deficient and excess deferred income taxes. For reporting purposes, the amortization is reported on a net basis (i.e., excess ADIT is amortized to Account 411.1 and deficient ADIT is amortized to Account 410.1). For example, to the extent the amortization of deficient and excess deferred income taxes related to unprotected property results in a net benefit (i.e., net excess deferred income tax position), the entire amortization amount is recorded to Account 411.1.

The following is a summary of accounts to which the amortization in Column (A) is being amortized:

| Deficient / Excess Deferred Income Tax Amortization |             |             |             |
|---|-------------|-------------|-------------|
| Company   | Account 190 | Account 282 | Account 283 |
| ACE   | 411.1       | 411.1       | 411.1       |
| BG&E  | 411.1       | 411.1       | 411.1       |
| ComEd   | 411.1       | 411.1       | 411.1       |
| Delmarva  | 411.1       | 411.1       | 411.1       |
| PECO  | 411.1       | 411.1       | 411.1       |
| PEPCO   | 411.1       | 411.1       | 411.1       |

## ***STAFF REQUEST 1d: (All Exelon Companies, Except PECO)***

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<sup>13</sup> See, e.g., ACE ADIT Worksheet at row 199, Note B

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*For category (5), each company's ADIT Worksheet includes a note that "The amortization of protected property related deficient and (excess) ADIT will be calculated using the Average Rate Assumption Method (ARAM) or a manner that complies with the normalization requirements and may vary by year depending on where each underlying asset resides in its individual life cycle."<sup>14</sup> Please clarify what this note means and state if it indicates a change to the proposed amortization periods.*

## **RESPONSE TO STAFF REQUEST 1d: (All Exelon Companies, Except PECO)**

The footnote is intended to signal the amortization of protected property related deficient and excess ADIT will be calculated using the Average Rate Assumption Method (ARAM) unless new guidance is issued by the Internal Revenue Service that would require a modification to this methodology to comply with the normalization requirements. The note does not indicate a change to the proposed amortization periods.

### **Additional Order No. 864 Requirements:**

#### ***STAFF REQUEST 2: (All Exelon Companies)***

*In Order No. 864, the Commission required public utilities with transmission formula rates to provide supporting documentation to justify their proposed amortization periods.<sup>15</sup> As such, please provide justification for the amortization periods each Exelon Company proposes to use for its excess and deficient ADIT. Additionally, please clarify if the amortization periods are only applicable to the Tax Cuts and Jobs Act ADIT amounts.*

## **RESPONSE TO STAFF REQUEST 2: (All Exelon Companies)**

The amortization periods for ACE, BGE, ComEd, DPL, and Pepco were agreed to in the Docket No. ER19-5 Settlement Agreement at Sections 2.1.1, 2.1.1.1, 2.1.1.2, and 2.1.1.3. (For convenience of reference, the Docket No. ER19-5 Settlement Agreement, without its various attachments, is appended to this response as Attachment A. The referenced sections are at pages 3-4 of Attachment A.) The Docket No. ER19-5 Settlement Agreement was approved by the Commission in the September 24, 2020 Settlement Order.<sup>16</sup> The amortization periods for PECO are likewise based on settlement agreement,

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<sup>14</sup> See, e.g., ACE ADIT Worksheet at row 199, Note A

<sup>15</sup> Order No. 864, 169 FERC ¶ 61,139 at PP 65, 104.

<sup>16</sup> *Commonwealth Edison Co., et al.*, 172 FERC ¶ 61,272 (2020) ("September 24, 2020 Settlement Order").



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as provided in the PECO Settlement Agreement at Section 2.7. (For convenience of reference, the PECO Settlement Agreement, without its various attachments, is appended to this response as Attachment B. The referenced section is at pages 9-10 of Attachment B.) The PECO Settlement Agreement was approved by the Commission on December 5, 2019.<sup>17</sup> The amortization periods apply to state related deficient and excess deferred income tax amortization as well as future federal rate changes.

### ***STAFF REQUEST 3: (All Exelon Companies)***

*In Order No. 864, the Commission required that public utilities propose tariff revisions to their formula rates to account for excess and deficient ADIT resulting from the Tax Cuts and Jobs Act and any future tax rate changes, including state and local tax rate changes.<sup>18</sup> Further, the Commission stated that it would no longer require public utilities to make a Federal Power Act (FPA) section 205 filing to include excess and deficient ADIT in rates after tax rate changes.<sup>19</sup>*

### ***STAFF REQUEST 3a: (PECO)***

*Please explain whether, and if so how, PECO's Note A of its ADIT Worksheet in Attachment 9, which includes references to specific balances as of December 31, 2017, applies to future tax rate changes.*

### **RESPONSE TO STAFF REQUEST 3a: (PECO)**

PECO's Note A of its ADIT Worksheet in Attachment 9, which includes references to specific balances as of December 31, 2017, does not apply to future rate changes. To the extent there is a future rate change, PECO plans to make a Section 205 filing to include the associated excess and deficient ADIT.

### ***STAFF REQUEST 3b: (All Exelon Companies)***

*Each Exelon Company's Remeasurement Worksheet includes the tax rate hardcoded into calculations of Federal ADIT and other columns. Please explain how this complies with the requirement to account excess and deficient ADIT resulting from the Tax Cuts and*

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<sup>17</sup> See *PJM Interconnection, L.L.C.*, 169 FERC ¶ 61,186 (2019) ("PECO Settlement Order").

<sup>18</sup> *Id.* PP 29, 43, 51, 62, 65, 69.

<sup>19</sup> *Id.* PP 48, 65, 69.

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*Jobs Act and any future tax rate changes without needing to submit an FPA section 205 filing.<sup>20</sup>*

### **RESPONSE TO STAFF REQUEST 3b: (All Exelon Companies)**

To the extent there is a future tax rate change, the ADIT Remeasurement Worksheet will be updated to include a new section presented above the re-measurement section for Tax Cuts and Jobs Act. This detailed approach is necessary to provide transparency regarding the impacts of any future rate changes. The approved Docket No, ER19-5 Settlement Agreement at Sections 2.3, 2.3.1, and 2.3.2 provide for these future updates. (Attachment A, pages 6-7).

To the extent there is a future rate change, PECO, which reached an earlier separate settlement agreement apart from ACE, BGE, ComEd, DPL and Pepco, plans to make a Section 205 filing to include the associated excess and deficient ADIT.

### ***STAFF REQUEST 3c: (Pepco and PECO)***

*Both Pepco and PECO have some labels in their ADIT Worksheets that only reference excess deferred income taxes (e.g., ACE's "1D - EDIT Rate Base Adjustment"). Please explain how this complies with the requirement to also account for future tax rate changes that may lead to deficient deferred income taxes without needing to submit an FPA 205 filing.*

### **RESPONSE TO STAFF REQUEST 3c: (Pepco and PECO)**

With respect to Pepco, to the extent there is a future tax rate change, the ADIT Remeasurement Worksheet will be updated to include a new section presented above the re-measurement section for Tax Cuts and Jobs Act. This detailed approach is necessary to provide transparency regarding the impacts of any future rate changes. The approved Docket No, ER19-5 Settlement Agreement, at Sections 2.3, 2.3.1, and 2.3.2 provide for these future updates. (Attachment A, pages 6-7).

To the extent there is a future rate change, PECO, which reached an earlier separate settlement agreement apart from ACE, BGE, ComEd, DPL and Pepco, plans to make a Section 205 filing to include the associated excess and deficient ADIT.

### ***STAFF REQUEST 4: (All Exelon Companies, except PECO)***

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<sup>20</sup> See, e.g., ACE Remeasurement Worksheet, column G, Federal ADIT @ 35%

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*Exelon Companies note that the Formula Rate for each company were permitted to go into effect on an interim basis; they also note the date of the following annual update for those same companies. However, the Exelon Companies state that Order No. 864 requires each such public utility to submit a filing demonstrating compliance with the final rule with a January 27, 2020, effective date.<sup>21</sup>*

## ***STAFF REQUEST 4a: (All Exelon Companies, except PECO)***

*Please clarify the proposed effective date for each Exelon Company.*

## **RESPONSE TO STAFF REQUEST 4a: (All Exelon Companies, except PECO)**

Under their Settlement Agreement, the effective date of the revised tariffs for the Exelon Companies except PECO is June 1, 2020. Please refer to Section 4.3 of Docket No. ER19-5 Settlement Agreement. (Attachment A, page 16). In addition, the parties filed a motion for interim rates, which was granted, effective May 1, 2020, allowing use of the rates in the calculations that were used to perform the Annual Updates submitted in May 2020.<sup>22</sup>

## ***STAFF REQUEST 4b: (All Exelon Companies, except PECO)***

*Where you request an effective date that is different from the January 27, 2020 effective date, please provide a demonstration that the requested effective date would not adversely impact transmission customers or justify why the proposed effective date is consistent with or superior to the final rule.<sup>23</sup>*

## **RESPONSE TO STAFF REQUEST 4b: (All Exelon Companies, except PECO)**

Transmission customers will receive the full benefits associated with the federal rate change going back to the January 1, 2018 date the new tax rate went into effect. See, e.g., Sections 2.1.2.1, 2.1.3, and 3.2 of Docket No. ER19-5 Settlement Agreement (Attachment A, pages 4-5 and 12-13) which provide for the amortization of TCJA amounts beginning January 1, 2018 and going forward, and flow through of those

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<sup>21</sup> See, e.g., ACE Transmittal at 3, citing Order No. 864, 169 FERC ¶ 61,139 at P 100.

<sup>22</sup> *Commonwealth Edison, et al.*, 171 FERC ¶ 63,015 (2020) (Order Granting Motion for Interim Rates).

<sup>23</sup> Order No. 864, 169 FERC ¶ 61,139 at P 66 & n.101 (noting “that the public utility would need to demonstrate that its proposal is consistent with or superior to the requirements of the final rule” in support for Commission consideration of the public utility’s proposal to implement the ADIT Worksheets).

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amounts to customers as part of current rates or in a refund amount specified in Section 3.2.

## ***STAFF REQUEST 5: (All Exelon Companies)***

*In Order No. 864, the Commission required that public utilities with transmission formula rates capture the full regulatory liability for excess ADIT in rates, beginning on the effective date of any proposed tariff provision. In other words, the full amount of excess ADIT resulting from the Tax Cuts and Jobs Act must be returned to formula rate customers.<sup>24</sup> Please explain whether each Exelon Company will return the full amount of excess ADIT resulting from the Tax Cuts and Jobs Act.*

## **RESPONSE TO STAFF REQUEST 5: (All Exelon Companies, except PECO)**

Transmission customers will receive the full benefits associate with the federal rate change. See, e.g., Sections 2.1.2.1, 2.1.3, and 3.2 of the Docket No. ER19-5 Settlement Agreement (Attachment A, pages 4-5 and 12-13) which provide for the amortization of TCJA amounts beginning January 1, 2018 and going forward, and flow through of those amounts to customers as part of current rates or in a refund amount specified in Section 3.2. The Settlement Agreement was approved in the September 24, 2020 Settlement Order.

## **RESPONSE TO STAFF REQUEST 5: (PECO)**

Transmission customers will receive the full benefits associate with the federal rate change. See, Section 2.7 of PECO Settlement Agreement (Attachment B at pages 9-10) which provide for the amortization of TCJA amounts beginning January 1, 2018 and going forward, and flow through of those amounts to customers. The PECO Settlement Agreement was approved December 5, 2019, in the PECO Settlement Order.

## ***STAFF REQUEST 6: (All Exelon Companies, except PECO)***

*Prior to Order No. 864, the Commission did not allow excess and deficient ADIT to be included in transmission formula rates without prior Commission approval.<sup>25</sup> Instead, as specified in Order No. 144, public utilities with transmission formula rates were required to “begin the process of making up deficiencies in or eliminating excesses in their*

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<sup>24</sup> Order No. 864, 169 FERC ¶ 61,139 at P 45.

<sup>25</sup> See *PJM Interconnection, L.L.C.* 165 FERC ¶ 61,275, at P 28 (2018).

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*deferred tax reserves so that, within a reasonable period of time to be determined on a case-by-case basis, they will be operating under a full normalization policy,” and public utilities were required to make adjustments pertaining to tax rate changes in their respective next rate cases.<sup>26</sup> Additionally, the Commission has also found that where a public utility did not seek to return excess ADIT or recover deficient ADIT within a reasonable period of time and/or in its next rate case, a portion of the excess or deficient ADIT may still be available for return or recovery, respectively. The Commission explained that such a filing would not be made pursuant to Order No. 864, but rather, it would be within the scope Order No. 144’s requirement that such public utilities reflect any adjustments made to their ADIT balances as a result of the Tax Cuts and Jobs Act in their next rate case.<sup>27</sup> Note B on each ADIT Worksheet (e.g. for ACE: “1B - ADIT Amortization”) of the populated spreadsheets states that “The remaining unamortized deficient and (excess) ADIT related to the Tax Reform Act of 1986 will be amortized using the Average Rate Assumption Method (ARAM) as provided in the Settlement in Docket No. ER19-5 et al. The current year amortization of deficient and (excess) ADIT is recorded in FERC Accounts 410.1 and 411.1.”*

### ***STAFF REQUEST 6a: (All Exelon Companies, except PECO)***

*Please indicate if each Exelon Company is seeking to return past period excess ADIT or recover past period deficient ADIT.*

### **RESPONSE TO STAFF REQUEST 6a: (All Exelon Companies, except PECO)**

Each of ACE, BGE, ComEd, DPL, and Pepco is recovering from or passing through to customers certain unamortized deficient and excess deferred income taxes arising from past periods.

### ***STAFF REQUEST 6b: (All Exelon Companies, except PECO)***

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<sup>26</sup> Tax Normalization for Certain Items Reflecting Time Differences in the Recognition of Expenses or Revenues for Ratemaking and Income Tax Purposes, Order No. 144, 15 FERC ¶ 61,133, at 31,560, 31,519 (1981), order on reh’g, Order No. 144-A, 18 FERC ¶ 61,133 (1982). See also PJM Interconnection, L.L.C., 161 FERC ¶ 61,163, at 19 (2017), reh’g denied, 164 FERC ¶ 61,173 (2018), aff’d sub nom. Balt. Gas & Elec. Co. v. FERC, 954 F.3d 279 (D.C. Cir. 2020).

<sup>27</sup> Order No. 864-A, 171 FERC ¶ 61,033 at PP 4, 32-37 (citing, *inter alia*, *Commonwealth Edison Co.*, 164 FERC ¶ 61,172, at PP 111, 130, 133 (2018)).

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*Where each Exelon Company has received prior Commission approval for these amounts, please demonstrate this approval, as well as the method by which this excess ADIT was already being returned to customers in your Formula Rate.*

## **RESPONSE TO STAFF REQUEST 6b: (All Exelon Companies, except PECO)**

Please refer to Docket No. ER19-5 Settlement Agreement at Sections 2.2 and 2.4 (Attachment A at pages 5-6 and 8) for details regarding the recovery and / or pass through of unamortized deficient and excess deferred income taxes arising from past periods. The Settlement Agreement was approved by the Commission in the September 24, 2020 Settlement Order.

## ***STAFF REQUEST 7: (Pepco)***

*In Order No. 864, the Commission required that the full regulatory liability for excess ADIT should be captured in transmission formula rates, beginning on the effective date of any proposed tariff provision. Please provide sufficient information to determine total excess and deficient ADIT resulting from the Tax Cuts and Jobs Act being returned or recovered from customers.<sup>28</sup>*

## **RESPONSE TO STAFF REQUEST 7: (Pepco)**

Transmission customers will receive the full benefits associate with the federal rate change going back to the January 1, 2018 date the new tax rate went into effect. See, e.g., Sections 2.1.2.1, 2.1.3, and 3.2 Docket No. ER19-5 Settlement Agreement (Attachment A, pages 4-5 and 12-13) which provide for the amortization of TCJA amounts beginning January 1, 2018 and going forward, and flow through of those amounts to customers as part of current rates or in a refund amount specified in Section 3.2. The Settlement Agreement was approved by the Commission in the September 24, 2020 Settlement Order.

## ***STAFF REQUEST 8: (Pepco)***

*Exelon Companies explain that Pepco's Formula Rate, as modified in the Settlement Agreement, includes the required Rate Base Adjustment Mechanism so that unamortized excess ADIT is deducted from rate base. Specifically, Line 42 of the main schedule of the Formula Rate includes the "Unamortized Excess/Deficient ADIT Allocated to*

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<sup>28</sup> *Id.* at P 45.

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*Transmission,” computed in Attachment 1D of the Formula Rate and that Line 43 combines the unamortized excess and deficient ADIT allocated to transmission with the total ADIT, measured using the enacted tax rate that is expected to apply when the underlying temporary differences are expected to be settled or realized, allocated to transmission to yield the actual rate base adjustment amount.<sup>29</sup> However, we are unable to verify the allocators used in Pepco’s Formula Rate. Please provide additional details to verify Pepco’s use of allocators.*

### **RESPONSE TO STAFF REQUEST 8: (Pepco)**

EDIT balances were either directly allocated to transmission based on the nature of the underlying ADIT balance or through plant and labor allocators. The transmission allocators make up the residual percentage after application of the allocators used for electric distribution. This methodology ensures that 100% of non-directly allocable EDIT amounts are reflected in customer rates. The methodology was agreed upon in Docket No. ER19-5 Settlement Agreement at Section 3.1 and note 5. (Attachment A, at pages 11-12). The Settlement Agreement was approved by the Commission in the September 24, 2020 Settlement Order.

### **STAFF REQUEST 9: (PECO)**

*Exelon Companies explain that PECO’s Rate Base Adjustment Mechanism for ADIT balances related to utility operations can be found in PECO’s Attachment H-7 on page 2 and that PECO’s Income Tax Allowance Adjustment Mechanism can be found in PECO’s Attachment H-7, page 3, line 39. However, we are unable to verify these calculations. Please provide a populated Formula Rate in a workable format (e.g., Excel file) that would allow us to verify the following calculations.*

### **RESPONSE TO STAFF REQUEST 9: (PECO)**

Please refer to workable populated spreadsheet submitted with PECO’s 2020 Annual Transmission True-Up filing, submitted herewith as Attachment C.<sup>30</sup> PECO’s Rate Base Adjustment Mechanism for ADIT balances related to utility operations can be found in PECO’s Attachment H-7, page 2 of 5, lines 31a to 31c and PECO’s Income Tax Allowance Adjustment Mechanism (before the gross-up) can be found in PECO’s

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<sup>29</sup> Pepco Transmittal at 5.

<sup>30</sup> Specifically, Attachment C hereto consists of the PECO 2020 true-up spreadsheet submitted as part of an information filing in Docket No. ER17-1519 on May 28, 2021 as Appendix 2A.

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Attachment H-7, page 3 of 5, line 39 and the Income Tax Allowance Adjustment Mechanism (with the gross-up) can be found in PECO's Attachment H-7, page 3 of 5, line 43.

## ***STAFF REQUEST 10: (PECO)***

*Please explain whether PECO includes a calculation to gross-up excess and deficient ADIT recorded in Accounts 182.3 and 254, respectively.*

## **RESPONSE TO STAFF REQUEST 10: (PECO)**

PECO's Income Tax Allowance Adjustment Mechanism on Attachment H-7, page 3 of 5, Line 43 reflects the gross-up of excess and deficient ADIT recorded in Accounts 182.3 and 254, respectively.

## ***STAFF REQUEST 11: (PECO)***

*PECO's Income Tax Allowance Adjustment Mechanism at Line 143A of its Formula Rate includes a calculation grossing up any amortized excess deferred income tax for a given year. Please explain whether this gross-up calculation results in a double gross-up of excess and deficient ADIT.*

## **RESPONSE TO STAFF REQUEST 11: (PECO)**

PECO's Income Tax Allowance Adjustment Mechanism on Attachment H-7, page 3 of 5, Line 43 does not result in a double gross-up. The amount presented on line 39 is before gross-up. The amount on Line 43 is after gross-up. As a result, the amortization of excess deferred income taxes is only grossed-up one time and no double gross-up is occurring.

## **II. DOCUMENTS SUBMITTED WITH THIS FILING**

The Exelon Companies submit:

1. This deficiency response letter;
2. Attachment A: Docket No. ER19-5 Settlement Agreement, without its various attachments, submitted to the Commission on April 24, 2020. Approved by the Commission September 24, 2020;



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3. Attachment B: PECO Settlement Agreement, without its various attachments, submitted to the Commission July 22, 2019 in Docket No. ER17-1519. Approved by the Commission December 5, 2019; and
4. Attachment C: PECO populated 2020 true-up spreadsheet, in native excel format, submitted as part of an information filing in Docket No. ER17-1519 on May 28, 2021 as Appendix 2A.

### III. SERVICE

The Exelon Companies will serve this filing on all parties on the official service list in the referenced dockets. In addition, PJM has served a copy of this filing on all PJM Members and on all state utility regulatory commissions in the PJM Region by posting this filing electronically. In accordance with the Commission's regulations,<sup>31</sup> PJM will post a copy of this filing to the FERC filings section of its internet site, located at the following link: <http://www.pjm.com/documents/ferc-manuals/ferc-filings.aspx> with a specific link to the newly-filed document, and will send an e-mail on the same date as this filing to all PJM Members and all state utility regulatory commissions in the PJM Region<sup>32</sup> alerting them that this filing has been made by PJM and is available by following such link. If the document is not immediately available by using the referenced link, the document will be available through the referenced link within 24 hours of the filing. Also, a copy of this filing will be available on the Commission's eLibrary website located at the following link: <http://www.ferc.gov/docs-filing/elibrary.asp> in accordance with the Commission's regulations and Order No. 714.

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<sup>31</sup> See 18 CFR §§ 35.2(e) and 385.2010(f)(3).

<sup>32</sup> PJM already maintains, updates, and regularly uses e-mail lists for all PJM members and affected state commissions.

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## IV. CONCLUSION

For the reasons discussed above, the Exelon Companies respectfully request that the Commission accept their Order No. 864 compliance filings..

Respectfully submitted,

/s/ Stan Berman

Stan Berman

Eric Todderud

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/s/ Amy L. Blauman

Amy L. Blauman

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## CERTIFICATE OF SERVICE

I hereby certify that I have this day served an electronic copy of the foregoing document upon each person designated on the official service list established in Docket Nos. ER21-201, 203, 204, 205, 206, and 209.

Dated this 11th day of May, 2022, at Washington, D.C.

/s/ Stan Berman  
Berman and Todderud LLP  
3502 Fremont Ave. N., Suite 1  
Seattle, WA 98103  
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**ATTACHMENT A**  
**ER19-5 ET AL. SETTLEMENT AGREEMENT**  
**ACE, BGE, COMED, DPL, PEPCO**  
**(WITHOUT SETTLEMENT ATTACHMENTS)**

**UNITED STATES OF AMERICA**  
**BEFORE THE**  
**FEDERAL ENERGY REGULATORY COMMISSION**

|   |   |
|---|---|
| Commonwealth Edison Company<br>PJM Interconnection, L.L.C.        | Docket Nos. ER19-5-000<br>ER19-5-001<br>ER19-5-002          |
| Delmarva Power & Light Company<br>PJM Interconnection, L.L.C.     | ER19-6-000<br>ER19-6-001<br>ER19-6-002                      |
| Potomac Electric Power Company<br>PJM Interconnection, L.L.C.     | ER19-10-000<br>ER19-10-001<br>ER19-10-002                   |
| Baltimore Gas and Electric Company<br>PJM Interconnection, L.L.C. | ER19-14-000<br>ER19-14-001<br>ER19-14-002                   |
| Atlantic City Electric Company<br>PJM Interconnection, L.L.C.     | ER19-18-000<br>ER19-18-001<br>ER19-18-002<br>(consolidated) |

**SETTLEMENT AGREEMENT**

This Settlement Agreement (“Settlement Agreement”) is made pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission” or “FERC”), 18 C.F.R. § 385.602 (2020), by and among Atlantic City Electric Company (“ACE”); Baltimore Gas and Electric Company (“BGE”); Commonwealth Edison Co. (“ComEd”) on its own behalf and on behalf of its subsidiary Commonwealth Edison Co. of Indiana; Delmarva Power & Light Company (“Delmarva”); Potomac Electric Power Company (“Pepco”); Delaware Municipal Electric Corporation, Inc.; New Jersey Division of Rate Counsel; Office of the People’s Counsel of the District of Columbia; and Southern Maryland

Electric Cooperative, Inc. (each a “Settling Party” and all collectively, the “Settling Parties”).<sup>1</sup> The Settling Parties enter into this Settlement Agreement to resolve the matters set for hearing in the above-captioned consolidated dockets. Additionally, the following Non-Objecting Parties, have not executed the agreement as Settling Parties, but have participated in the settlement discussions and do not oppose the settlement:<sup>2</sup> Delaware Division of the Public Advocate; Delaware Public Service Commission; Maryland Office of People’s Counsel; and Maryland Public Service Commission (the Settling Parties and Non-Objecting Parties may be individually referred to as a “Party” or collectively as the “Parties”).

## ARTICLE I

**1.1** DEFINITIONS. The following terms have the meanings set forth herein:

“ADIT” means accumulated deferred income taxes.

“Catch-Up FAS 109 Proceedings” means FERC Docket Nos. ER17-528, ER18-899, ER18-903, ER18-904, and ER18-905.

“Exelon Companies” means ACE, BGE, ComEd, Delmarva, and Pepco.

“FAS 109 Proceedings” means the above-captioned dockets and proceedings.

“Formula Rate Templates” means the provisions contained in the following attachments to PJM’s OATT: Attachment H-1A (ACE); Attachment H-3D (Delmarva); Attachment H-9A (Pepco); Attachment H-13A (ComEd); and Attachment H-2A (BGE).

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<sup>1</sup> The Maryland Office of People’s Counsel and Public Service Commission of the District of Columbia are erroneously listed on the execution page of this Settlement Agreement. They are not Settling Parties and their listing on the execution page should be disregarded.

<sup>2</sup> The New Jersey Board of Public Utilities (“NJBPU”) cannot join a Settlement Agreement except by vote of the Board at a public meeting. Staff of the NJBPU will recommend that the NJBPU become a Non-Objecting Party to the settlement. Once the NJBPU votes, the NJBPU will file a statement with the Commission as to the NJBPU’s position.

“Parties” means the Settling Parties and Non-Objecting Parties.

“PJM OATT” means the PJM Open Access Transmission Tariff.

“Settlement Effective Date” means the date this Settlement Agreement becomes effective in accordance with Section 3.3 of the Settlement Agreement.

“TCJA” means the Tax Cuts and Jobs Act of 2017.

## **ARTICLE II**

The following terms are reflected in the revised Formula Rates under this Settlement Agreement and shall be followed by the Exelon Companies, beginning with the 2020 Annual Update including the true-up of 2019 rates in the 2020 Annual Update.

### **2.1. EXCESS/DEFICIENT DEFERRED TAXES RELATING TO TCJA.**

**2.1.1. AMORTIZATION PERIODS.** The following amortization periods will be applied to compute the amortization of all excess or deficient ADIT arising from changes to income tax rates in the TCJA:

**2.1.1.1. PROTECTED PROPERTY.** An amortization period consistent with the Average Rate Assumption Method (“ARAM”) will be used to amortize excess or deficient ADIT related to protected property.

**2.1.1.2. UNPROTECTED PROPERTY.** For ACE, BGE, Delmarva, and Pepco, an amortization period of five years will be used to amortize excess or deficient ADIT related to unprotected property. For ComEd, an amortization period of the average remaining life will be used for unprotected property.

**2.1.1.3. UNPROTECTED NON-PROPERTY.** An amortization period of four years will be used to amortize excess or deficient ADIT related to unprotected non-property.

**2.1.2. TCJA RELATED BALANCES.** The unamortized transmission-related excess and deficient ADIT balances resulting from the TCJA (“TCJA ADIT Balances”), as of December 31, 2017, are as provided in Attachment C, Table 1.

**2.1.2.1. TCJA AMORTIZATION START DATE.** The TCJA ADIT Balances reflected in Attachment C, Table 1 will be amortized for accounting purposes beginning January 1, 2018 using the amortization periods specified in Section 2.1.1 above.

**2.1.3. PRE-FILING TCJA AMORTIZATION CREDIT.** The portion of the TCJA ADIT Balances reflecting amounts amortized for the nine months between the January 1, 2018 implementation of the TCJA and the October 1, 2018 FAS 109 Filings’ tariff effective date (“Pre-Filing TCJA Amortization”), is included in the Refund Amounts shown in Section 3.2. The respective amounts will be credited to ratepayers, with interest, in a one-time adjustment applied as part of the 2020 Annual Update. This one-time adjustment shall include and reflect the total rate base impact of the TCJA amortization from December 31, 2017 through October 1, 2018.

**2.1.3.1. PRE-FILING TCJA AMOUNTS.** The Pre-Filing TCJA Amounts, including the gross up for income taxes prior to interest, are as provided in Attachment C, Table 2.

**2.1.3.2. PRE-FILING TCJA AMORTIZATIONS REVERSAL.** If and to the extent the Commission reverses, in a final, non-appealable decision, its determination in Docket No. RM19-5 that pre-tariff filing TCJA impacts must be flowed through formula rates, or if and to the extent a final, non-appealable decision in the Catch-Up FAS 109 Proceedings determines



that Pre-Filing TCJA Amortization need not be flowed through formula rates, the Settling Parties agree that the Exelon Companies may recover the Pre-Filing TCJA Amortization specified in Section 2.1.3.1, above, plus interest, from customers through a one-time adjustment applied at the next formula rate annual update following such determination.

**2.1.4. TCJA WORKSHEETS.** The revised Formula Rate Templates under this Settlement, included as Attachment B, incorporate worksheets that address excess and deficient ADIT resulting from the TCJA, and thus when populated will identify: (1) how any ADIT accounts were re-measured and the excess or deficient ADIT contained therein; (2) the amount of excess or deficient ADIT recorded in Accounts 182.3 (Other Regulatory Assets) and 254 (Other Regulatory Liabilities); (3) whether the excess or deficient ADIT is protected or unprotected (and further broken down as appropriate, as between unprotected property or unprotected non-property); (4) the accounts to which the current year amortization of the excess or deficient ADIT is recorded; and (5) the amortization periods of the excess or deficient ADIT being returned or recovered through the rates. When populated, the worksheets will also identify each specific source of the excess or deficient ADIT and list the amortization period associated with each classification or source. In addition, the populated worksheets will provide: (1) supporting documentation necessary to justify the amortization periods and/or reference to the order or agreement in which the amortization periods used were authorized for the amounts at issue; and (2) supporting documentation for the excess and deficient ADIT inputs to the worksheets as part of the annual update process.

**2.2. EXISTING NON-TCJA TAX RATE CHANGES.** With respect to non-TCJA tax rate changes that went into effect prior to October 1, 2018:

**2.2.1. EXISTING NON-TCJA BALANCES.** The transmission-related portion of the unamortized excess and deficient ADIT balances resulting from changes in income tax rates unrelated to the TCJA, as of September 30, 2018, broken out to show protected property, unprotected property, and unprotected non-property, are set out in Attachment C, Table 3.

**2.2.2. EXISTING NON-TCJA AMORTIZATION.** The unamortized excess and deficient ADIT balances set forth in Attachment C, Table 3 will be amortized using the amortization periods specified in Section 2.1.1 above.

**2.3. FUTURE TAX RATE CHANGES.** New income tax rate changes (including local, state, and federal income tax rate changes) effective on or after October 1, 2018 (“New Tax Rates”) will be addressed as follows:

**2.3.1. AUTOMATIC REFLECTION AND AMORTIZATION OF NEW TAX RATES.** New Tax Rates will automatically be reflected in the tariff and, as discussed in 2.3.2, the ADIT balances will be re-measured to determine the amount of excess or deficient ADIT resulting from the New Tax Rates. Amortization of any excess or deficient ADIT associated with the New Tax Rates will be applied in the next formula rate annual update and that update will reflect the full amortization from the re-measurement date of the New Tax Rates, subject to review and challenge in the formula rate annual update process (including, but not limited to, the amount of excess and/or deficient ADIT, the re-measured ADIT balances, categorizations and functionalizations, appropriateness of adjustments to the final tax returns for the period, and compliance with IRS regulations). The amortization periods specified in Section 2.1.1 will be used to compute the amount of

amortization that will be included as adjustments to the ITA in the rates unless changes in amortization periods are required by FERC order, IRS regulation or ruling, or statute.

Unless so required, any proposal to use different amortization periods from those specified in Section 2.1.1 will require an FPA Section 205 or FPA Section 206 filing.

Notwithstanding the foregoing, in the first annual update after the implementation of New Tax Rates by ComEd, customers of ComEd may dispute the ComEd amortization period for unprotected property for that New Tax Rate as part of a challenge to the update.<sup>3</sup>

**2.3.2. INITIAL BALANCES AND CATEGORIZATION OF NEW TAX RATES.** In the first annual update after the implementation of New Tax Rates, the worksheets, that are incorporated into the revised Formula Rate Templates included as part of this Settlement as Attachment B, will be populated showing: (1) how any ADIT accounts were re-measured and the excess or deficient ADIT resulting from the New Tax Rate; (2) the accounting for any excess or deficient ADIT in Accounts 182.3 (Other Regulatory Assets) or 254 (Other Regulatory Liabilities); (3) whether the excess or deficient ADIT is protected or unprotected (and further broken down, as appropriate, between unprotected property or unprotected non-property); (4) the accounts to which the amortization of the excess or deficient ADIT is recorded; and (5) the amortization period of the excess or deficient ADIT being returned or recovered through the rates. The worksheets will also identify each specific source of the excess or deficient ADIT and list the amortization period associated with each classification or source. In addition, the Exelon Companies will provide: (1) reference to the order or agreement in which the amortization periods

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<sup>3</sup> Consistent with ComEd's formula rate protocols, ComEd has the burden with respect to such a challenge.

used were authorized for the amounts at issue or supporting documentation necessary to justify a revision to the agreed upon amortization periods; and (2) supporting documentation for the excess and deficient ADIT inputs to the worksheets as part of the annual update process.

## **2.4. FLOW-THROUGH AMOUNTS.**

**2.4.1. UNAMORTIZED FLOW-THROUGH BALANCES.** The transmission-related portion of unamortized balances of excess or deficient ADIT related to Flow-Through accounting, as of September 30, 2018, are provided in Attachment C, Table 4.

**2.4.2. AMORTIZATION PERIODS.** The unamortized Flow-Through balances as of September 30, 2018 will be amortized over the time periods specified in Attachment C, Table 5.

**2.4.3. NEW FLOW-THROUGH AMOUNTS.** No amortization or recovery of new flow-through amounts will be permitted absent an FPA Section 205 or FPA Section 206 filing.

## **2.5. AFUDC EQUITY.**

**2.5.1. AFUDC EQUITY BALANCES.** The unamortized balances of the transmission-related AFUDC Equity as of September 30, 2018, are provided in Attachment C, Table 6.

**2.5.2. AMORTIZATION.** The Exelon Companies may recover through an adjustment through their ITAs in their Formula Rate Templates an amount equal to the tax effect of the non-deductibility (for federal and state income tax purposes) of Equity AFUDC amounts included as part of annual book depreciation expense in their annual update filings.

**2.5.3. NEW AFUDC EQUITY AMOUNTS.** New AFUDC Equity amounts will automatically flow through the rate as part of the annual book depreciation expense of the new AFUDC Equity balances in the same manner as provided in 2.5.2., and shall be subject to review and challenge in the formula rate annual update process. Each annual update will include a workpaper identifying new AFUDC Equity originations included in the update.

**2.5.4. DEPRECIATION RATE STUDIES .** Within five years of the effective date of the Settlement Agreement, and at least once every five years thereafter, each Exelon Company will file a new depreciation study pursuant to FPA Section 205 and request approval of its depreciation rates (unless the company has otherwise submitted an FPA Section 205 rate filing that addresses its depreciation rates in the prior five years). This commitment will be reflected as a note in each Exelon Company's Formula Rate Template.

**2.6. OTHER TEMPORARY OR PERMANENT DIFFERENCES.** A new FPA Section 205 rate filing by an Exelon Company or FPA Section 206 rate filing by other entities or initiated by the Commission sua sponte will be required before that Exelon Company may reflect in its formula rate template expenses disallowed by the TCJA or any FAS 109 amounts other than the amortizations of the unamortized balances of excess and deficient ADIT related to the TCJA, New Tax Rates, Flow-Through Amounts, and AFUDC Equity, specified herein.

**2.7. OTHER ISSUES.**

**2.7.1. NET OPERATING LOSS (NOL) ADIT.** Any federal NOL related to the TCJA which has been previously determined to be Protected by performing the "with and without test" has been classified as Protected and amortized using Average Remaining Life ("ARL"). The applicable Exelon Company will classify any future NOL ADIT as protected or unprotected at

the time of remeasurement following any New Tax Rate change(s) upon performing the “with and without test.” Any future NOL ADIT that is determined to be related to accelerated depreciation upon performing the “with and without test” will be classified as protected and amortized using ARL or ARAM, but ARAM may only be used to the extent the Exelon Company confirms that it has the capability to tie NOL to specific property. Future NOLs that are not related to accelerated depreciation shall be classified as unprotected and amortized over the same period as unprotected property as identified in Attachment C, Table 1. Such treatment will apply for each NOL ADIT, absent a change in IRS guidance on this issue.

**2.7.2. COST OF REMOVAL (COR) ADIT.** Any federal COR ADIT related to the TCJA for which the net salvage values are included in the Depreciation Study have been and will remain classified as protected, absent a change in IRS guidance on this issue, and amortized using ARAM. The future COR ADIT amounts that are not related to the net salvage values included in the then current Depreciation Study will be classified as unprotected and amortized over the same period as unprotected property as identified in Attachment C, Table 1.

**2.7.3. ASSET RETIREMENT OBLIGATIONS (ARO) AND REGULATORY ASSETS/LIABILITIES.** The Exelon Companies will not include any ADIT or excess/deficient ADIT relating to AROs or regulatory asset/liabilities (other than FAS 109 regulatory asset/liabilities as authorized in this settlement) absent prior Commission approval.

**2.7.4. IRS OR TAX GUIDANCE CHANGES.** Categorization of items as protected or unprotected will remain as reflected in the attached workpapers that contains the categorizations absent a change in IRS guidance with respect to that item. Unamortized excess and deficient ADIT balances associated with changes in income tax rates will not be

adjusted (except for amortization each year) absent audit adjustments, amendments to income tax returns, or change(s) in IRS guidance. Parties also retain their rights under FPA Section 205 and FPA Section 206 to seek changes to the categorizations.

**2.8. WORKPAPERS AND FORMULA RATE.** Each annual update will include the following workpapers, in addition to the worksheets that are part of the Formula Rate Templates themselves:

**2.8.1. ACCUMULATED DEFERRED INCOME TAX SUPPORT.** Work papers that provide additional detail with respect to the ADIT balances reported in Tab 1 of the Formula Rate.

**2.8.2. AFUDC EQUITY DEPRECIATION.** Supporting work paper for the origination and depreciation of AFUDC Equity amounts.

**2.8.3. ASSET RETIREMENTS.** Informational work papers that provide additional detail regarding the tax treatment of annual plant retirements and / or dispositions.

### **ARTICLE III**

**3.1 TARIFF CHANGES.** Effective June 1, 2020, the Formula Rate Templates included as Attachment B to this Settlement Agreement shall replace and supersede the Formula Rate Templates currently included in the PJM OATT.<sup>4</sup> Attachment A to this Settlement Agreement

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<sup>4</sup> The Formula Rate Templates for ACE and Delmarva include, in italics, language relating to the rate treatment of Materials and Supplies (“M&S Language”) that is currently pending before the Commission in Docket Nos. ER20-1187 (ACE) and ER20-1188 (Delmarva). The M&S Language will only be used in determining ACE and Delmarva’s Annual Transmission Revenue Requirements (ATRRs) consistent with the effective dates established by the Commission in Docket Nos. ER20-1187, and ER20-1188. ACE and Delmarva acknowledge and agree that the M&S Language is subject to the rulings of the Commission in Docket Nos. ER20-1187 and

shows in redline/strikeout the agreed-upon changes to the Formula Rate Templates. Within thirty (30) days following the Settlement Effective Date, the Exelon Companies shall submit the tariff records included in Attachments A and B to FERC through eTariff as a compliance filing, to be effective on June 1, 2020. The Parties shall not oppose or protest a filing made by the Exelon Companies in conformity with this Section 3.1.<sup>5</sup>

**3.2 REFUNDS.** In the event this Settlement Agreement becomes effective in accordance with Section 4.3, each of the Exelon Companies will make refunds to their customers for the January 1, 2018 through December 31, 2018 accounting period which will be a one-time adjustment which includes a gross-up for income taxes, by reducing the otherwise applicable transmission revenue requirement in their 2020 Formula Rate Annual Updates by the following amounts:<sup>6</sup>

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ER20-1188, and that certain Parties have not agreed to the M&S Language. If the M&S Language is modified or rejected in Docket Nos. ER20-1187 and ER20-1188, ACE and Delmarva will make a compliance filing to conform the M&S Language as required by the orders in those dockets. This settlement does not resolve the M&S language and Parties remain free to take any position in Docket Nos ER20-1187 and ER20-1188 concerning the amendments in those dockets. ACE and Delmarva agree to hold customers harmless from inclusion of the M&S Language in the Formula Rate Templates so that the ultimate amounts charged are consistent with the orders and outcome in Docket Nos. ER20-1187 and ER20-1188.

<sup>5</sup> Concurrent with the filing of this Settlement Agreement, Pepco is filing a settlement agreement in FERC Docket No. ER19-1475 that settles various other issues relating to Pepco's rates. Because both settlements are being filed simultaneously, and apply to overlapping rate periods, the tariff sheets for Pepco are being submitted in Docket No. ER19-1475 and thus are not attached here. Those tariff sheets incorporate both the agreed changes relating to FAS 109 as well as the changes that have been agreed to in Docket No. ER19-1475. Pepco will formally file its tariff amendments through eTariff in Docket No. ER19-1475, with a similar request for interim rate relief, and such filing will satisfy its obligations in this docket. The Parties agree not to oppose or protest the filings made by Pepco in conformity with this footnote.

<sup>6</sup> The values in the table are calculated in Attachment C, Table 7, which is being filed with this Settlement Agreement.



| Company  | Principal amount of reduction to 2020 revenue requirement | Interest       | Total reduction with interest |
|----------|---|----------------|-------------------------------|
| ACE      | (\$15,500,960)  | \$ (1,738,843) | \$ (17,239,803)               |
| BGE      | (\$13,275,522)  | (1,489,201)    | (14,764,723)                  |
| ComEd    | (\$11,667,672)  | (1,308,838)    | (12,976,510)                  |
| Delmarva | (\$14,229,531)  | (1,596,219)    | (15,825,750)                  |
| Pepco    | (\$14,098,605)  | (1,581,532)    | (15,680,136)                  |

These amounts will be specifically identified in the Exelon Companies' respective 2020 Annual Updates, which will include a notation to identify the credit. These reductions include all principal and interest associated with the refunds, so no additional principal or interest shall be added to the refunds.

In addition to the refunds specified in the table above, the Exelon Companies will apply the new Formula Rate Templates and the Rate Principles in Article III of this Settlement Agreement in calculating the true-up of rates charged the prior year that will be calculated as part of the 2020 Annual Update, with interest as provided in the Formula Rate Templates for true-up amounts.

### **3.3 UNCONTESTED MOTION FOR INTERIM RATES AND EXPEDITED**

**CONSIDERATION.** Simultaneously with filing of this Settlement Agreement, the Exelon Companies shall file with the Chief Administrative Law Judge an Uncontested Motion for Interim Rates and Expedited Consideration, requesting an order by May 1, 2020 that would put the tariff changes as provided in Section 3.1 into effect on an interim basis allowing their use for

the computations in the 2020 Annual Updates to be submitted by the Exelon Companies<sup>7</sup>, and further provide that the Refunds provided in Section 3.2 will be put into effect on an interim basis and included in the 2020 Annual Updates. The Uncontested Motion for Interim Rates and Expedited Consideration will request a shortened response time for answers to the motion. The Exelon Companies shall be authorized to represent that all Parties support granting the Uncontested Motion for Interim Rates and Expedited Consideration and the shortened response time for answers. In the event that the Commission rejects this Settlement Agreement or a Party timely files a notice described in Section 4.3 objecting to a condition or modification ordered by the Commission, a correction will be applied in the next annual update to restore the originally filed rates, refunding or surcharging with interest any amounts that were collected or refunded that were different from the originally filed rate.

**3.4 DOCKET NO. RM19-5 COMPLIANCE FILING OBLIGATIONS.** The Exelon Companies will file a motion seeking to delay the due date of their compliance filing obligations pursuant to Order No. 864 until thirty days after the Commission acts on this Settlement and may indicate that all the Parties support or do not oppose that motion. The Parties agree that the revisions to the Formula Rate Templates and other agreements herein are intended to fully address the Exelon Companies' compliance filing obligations under Order No. 864 and believe that Commission acceptance of the Settlement Agreement will resolve those compliance filing obligations. In the event that the Commission does not extend the due date for the Exelon Companies' Order No. 864 compliance filings, and if the Commission rejects this Settlement Agreement, or a Party timely files a notice described in Section 4.3 objecting to a condition or modification ordered by the Commission, the Exelon Companies may, within 30 days, submit

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<sup>7</sup> Expected to be submitted as informational filings on or before May 15, 2020

revised RM19-5 compliance filings, and all Parties will be free to respond to those compliance filings.

**3.5 REHEARING.** In the event that this Settlement Agreement becomes effective pursuant to Section 4.3, all requests for rehearing and clarification in the FAS 109 Proceedings will be deemed withdrawn. In the event that the Commission rejects this Settlement Agreement or a Party timely files a notice described in Section 4.3 objecting to a condition or modification ordered by the Commission, then the Parties may withdraw the request that the Commission hold in abeyance such rehearing requests and requests for clarification.

**3.6 PENDING LITIGATION.** The Settling Parties agree that the Settlement Agreement, once made effective, resolves all issues in the FAS 109 Proceedings. Parties remain free to pursue issues in any other proceedings, including in the Catch-Up FAS 109 Proceedings, and in Docket RM19-5, except as expressly provided in this Settlement Agreement.

**3.7 2019 ANNUAL UPDATES.** The Settlement Agreement, once made effective, resolves all challenges to FAS 109 pertaining to Flow-through amounts, AFUDC Equity amounts, and tax rate change amounts in the 2019 Annual Update and the 2019 excess/deficient amounts will be reflected in the 2019 true-ups as part of the 2020 Annual Updates. Any such challenges that are pending will be withdrawn and no new challenge to the 2019 Annual Updates can be filed pertaining to these items. The deadline for challenges to FAS 109 Amounts in the 2019 Annual Updates for ACE, Delmarva, and Pepco is tolled until the Settlement Agreement is made effective or is rejected.

**3.8 POST-2019 ANNUAL UPDATES.** The Settlement Agreement does not resolve disputes concerning post-2019 Annual Updates by any of the Exelon Companies, except that the companies shall adhere to the balance amounts that have been agreed to as specified in Sections

2.1.2, 2.1.3.1, 2.4.1, and 2.5.1 and in Tables 1-6 of Attachment C and the calculation of interest as specified in the table in Section 3.2, which are referenced therein, and no entity may challenge those balance amounts or interest amounts in annual updates.

#### **ARTICLE IV**

**4.1. SCOPE OF THE AGREEMENT.** This Settlement Agreement constitutes the entire agreement among the Settling Parties with respect to the subject matter addressed herein, and supersedes any and all prior or contemporaneous representations, agreements, instruments and understandings between them, whether written or oral. There are no other oral understandings, terms, or conditions, and none of the Settling Parties has relied upon any representation, express or implied, not contained in this Settlement Agreement.

**4.2. NON-SEVERABILITY.** The Parties agree and understand that the various provisions of this Settlement Agreement are not severable and shall not become operative unless and until this Settlement Agreement and the revised tariff records provided for herein become effective as described in Section 4.3.

**4.3. EFFECTIVENESS OF SETTLEMENT AGREEMENT.** This Settlement Agreement shall become effective thirty (30) days after (a) the Commission accepts or approves this Settlement Agreement without condition or modification by Final Order, or (b) the Commission accepts or approves this Settlement Agreement with condition(s) or modification(s) by Final Order, if no Party files notice with the Commission within fifteen (15) days of the acceptance or approval of the Settlement Agreement stating that it objects to such condition(s) or modification(s). If any Party files such notice, the Settlement Agreement shall be null and void and of no force or effect, and the Parties shall be deemed to have reserved all of their respective rights and remedies in this proceeding. For purposes of this Settlement Agreement, an order

shall be deemed to be a “Final Order” as of the date rehearing is denied by the Commission, or if rehearing is not sought, the date on which the right to seek Commission rehearing expires.

(While the Settlement Effective Date will likely be after June 1, 2020, the effective date of the Formula Rate amendments under this Settlement, assuming it is made effective, will be June 1, 2020).

**4.4. RESERVATIONS.** Notwithstanding the provisions of Section 4.3, the provisions of Sections 4.6 and 4.7 shall become effective upon execution of the Settlement Agreement.

**4.5. NO PRECEDENT.** This Settlement Agreement is submitted pursuant to Rule 602 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.602 (2020), and is inadmissible as evidence in any proceeding except a proceeding involving a claim of breach of, or an effort to enforce, this Settlement Agreement. No element of this Settlement constitutes precedent or should be deemed “settled practice” as that term was interpreted in *Public Service Commission of New York v. FERC*, 642 F.2d 1335 (D.C. Cir. 1980). It is further understood and agreed that this Settlement Agreement constitutes a negotiated agreement with multiple elements of consideration and, except as explicitly set forth herein, no Settling Party shall be deemed to have approved, accepted, agreed or consented to any principle or position by entering into this Settlement Agreement..

**4.6. SETTLEMENT DISCUSSIONS.** The discussions between and among the Parties that have produced this Settlement Agreement have been conducted with the explicit understanding, pursuant to Rule 602 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.602 (2020), that all offers of settlement and discussions relating thereto shall be privileged and confidential, shall be without prejudice to the position of any Party, or participant presenting any such offer or participating in any such discussion, and are not to be used in any manner in

connection with this proceeding, any other proceeding, or otherwise, except to the extent necessary to enforce its terms. Notwithstanding the foregoing, the Parties agree that the terms of the settlement may be shared with the participants in the ER19-1475 proceeding (namely, Pepco, SMECO, DC OPC, MD OPC, FERC Trial Staff and the Settlement Judge) to ensure conforming changes to the ER19-1475 settlement.

**4.7. FURTHER ASSURANCES.** Each Party shall cooperate with, and shall not take any action inconsistent with: (i) the filing of this Settlement Agreement with the Commission, and (ii) efforts to obtain Commission acceptance or approval of this Settlement Agreement without change or condition. No Party shall take any action that is inconsistent with the provisions of this Settlement Agreement. Without limitation of the foregoing, no Party may submit a section 205 or 206 filing under the FPA to change the deferred tax provisions of the Formula Rates while this Settlement Agreement is pending before the Commission for approval, nor may any Party support such a request by another entity.

**4.8. WAIVER.** No provision of this Settlement Agreement may be waived except through a writing signed by an authorized representative of the waiving Settling Party or the waiving Settling Parties. Waiver of any particular provision of this Settlement Agreement shall not be deemed to waive any other provision or provisions hereof.

**4.9. MODIFICATIONS/STANDARD OF REVIEW.** Unless the Settling Parties otherwise agree in writing, any modification to this Settlement Agreement proposed by a Party after the Settlement Agreement has become effective in accordance with Section 4.3 shall, as between the Parties, be subject to the “public interest” standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956) (the *Mobile-Sierra* doctrine), as clarified in *Morgan*

*Stanley Capital Group, Inc. v. Public Utility District No. 1 of Snohomish County, Washington*, 554 U.S. 527 (2008) and refined in *NRG Power Marketing, LLC v. Maine Public Utilities Commission*, 558 U.S. 165, 174-75 (2010). The standard of review for any modifications to this Settlement Agreement requested by a non-Party or initiated by the Commission acting *sua sponte* will be the most stringent standard permissible under applicable law. See *NRG Power Mktg., LLC v. Maine Pub. Utils. Comm'n*, 558 U.S. at 174-75.

**4.10. SUCCESSORS AND ASSIGNS.** This Settlement Agreement is binding upon and for the benefit of the Settling Parties and their successors and assigns.

**4.11. CAPTIONS AND REFERENCES TO SECTIONS.** The captions in this Settlement Agreement are for convenience of reference only and are not a part of this Settlement Agreement and do not in any way limit or amplify the terms and provisions of this Settlement Agreement and shall have no effect on its interpretation. Unless otherwise indicated, references to “Sections” in this Settlement Agreement refer to sections in this Settlement Agreement and references to “Articles” in this Settlement Agreement refer to articles in this Settlement Agreement.

**4.12. AMBIGUITIES NEUTRALLY CONSTRUED.** This Settlement Agreement is the result of negotiations among, and has been reviewed by, each Settling Party and its respective counsel. Accordingly, this Settlement Agreement shall be deemed to be the product of each Settling Party, and no ambiguity shall be construed in favor of or against any Settling Party based on authorship of this Settlement Agreement.

**4.13. AUTHORIZATION.** Each person executing this Settlement Agreement on behalf of a Settling Party represents and warrants that he or she is duly authorized and empowered to act on

behalf of, and to authorize this Settlement Agreement to be executed on behalf of, the Settling Party that he or she represents.

**4.14. NOTICES.** All notices, demands, and other communications hereunder shall be in writing and shall be delivered to each Settling Party's "Corporate Official" as found on the Commission's website at <http://www.ferc.gov/docs-filing/corp-off.asp> or the representative(s) of each Settling Party included on the official service list in the FAS 109 Proceedings. Notices will also be provided to the persons on the Commission's official service list in the FAS 109 Proceedings.

**4.15. COUNTERPARTS.** This Settlement Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

**4.16 SECTION 205 AND 206 FILINGS.** Except as expressly provided in this Settlement Agreement, nothing contained herein shall be construed as affecting in any way the right of any of the Exelon Companies unilaterally to make an application of any type to the Commission to modify prospectively, in whole or in part, their Formula Rates under Section 205 of the FPA, or to oppose any filing made or action taken under Section 206 of the FPA. Except as expressly provided in this Settlement Agreement, nothing contained herein shall be construed as affecting in any way the right of the Commission, any Party, or any other entity to unilaterally make an application of any type to the Commission to modify prospectively, in whole or in part, the Formula Rates under Section 206 of the FPA, or to oppose any filing made under Section 205 of the FPA.



IN WITNESS WHEREOF, the Settling Parties execute this Settlement Agreement.

BALTIMORE GAS AND ELECTRIC CO.

By: Mark D. Case Date: 04/22/2020

COMMONWEALTH EDISON CO.

By: \_\_\_\_\_ Date: \_\_\_\_\_

ATLANTIC CITY ELECTRIC CO.; DELMARVA POWER & LIGHT CO.;  
POTOMAC ELECTRIC POWER CO.,

By: \_\_\_\_\_ Date: \_\_\_\_\_

DELAWARE MUNICIPAL ELECTRIC CORPORATION, INC.

By: \_\_\_\_\_ Date: \_\_\_\_\_

MARYLAND OFFICE OF PEOPLE'S COUNSEL

By: \_\_\_\_\_ Date: \_\_\_\_\_

NEW JERSEY DIVISION OF RATE COUNSEL

By: \_\_\_\_\_ Date: \_\_\_\_\_

OFFICE OF THE PEOPLE'S COUNSEL OF THE DISTRICT OF COLUMBIA

By: \_\_\_\_\_ Date: \_\_\_\_\_

PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA

By: \_\_\_\_\_ Date: \_\_\_\_\_

SOUTHERN MARYLAND ELECTRIC POWER COOPERATIVE, INC.

By: \_\_\_\_\_ Date: \_\_\_\_\_

IN WITNESS WHEREOF, the Settling Parties execute this Settlement Agreement.

BALTIMORE GAS AND ELECTRIC CO.

By: \_\_\_\_\_ Date: \_\_\_\_\_

COMMONWEALTH EDISON CO.

By: CAW Date: 4/22/20

ATLANTIC CITY ELECTRIC CO.; DELMARVA POWER & LIGHT CO.;  
POTOMAC ELECTRIC POWER CO.,

By: \_\_\_\_\_ Date: \_\_\_\_\_

DELAWARE MUNICIPAL ELECTRIC CORPORATION, INC.

By: \_\_\_\_\_ Date: \_\_\_\_\_

MARYLAND OFFICE OF PEOPLE'S COUNSEL

By: \_\_\_\_\_ Date: \_\_\_\_\_

NEW JERSEY DIVISION OF RATE COUNSEL

By: \_\_\_\_\_ Date: \_\_\_\_\_

OFFICE OF THE PEOPLE'S COUNSEL OF THE DISTRICT OF COLUMBIA

By: \_\_\_\_\_ Date: \_\_\_\_\_

PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA

By: \_\_\_\_\_ Date: \_\_\_\_\_

SOUTHERN MARYLAND ELECTRIC POWER COOPERATIVE, INC.

By: \_\_\_\_\_ Date: \_\_\_\_\_

IN WITNESS WHEREOF, the Settling Parties execute this Settlement Agreement.

BALTIMORE GAS AND ELECTRIC CO.

By: \_\_\_\_\_ Date: \_\_\_\_\_

COMMONWEALTH EDISON CO.

By: \_\_\_\_\_ Date: \_\_\_\_\_

ATLANTIC CITY ELECTRIC CO.; DELMARVA POWER & LIGHT CO.;  
POTOMAC ELECTRIC POWER CO.,

By:  Date: \_\_\_\_\_

DELAWARE MUNICIPAL ELECTRIC CORPORATION, INC.

By: \_\_\_\_\_ Date: \_\_\_\_\_

MARYLAND OFFICE OF PEOPLE'S COUNSEL

By: \_\_\_\_\_ Date: \_\_\_\_\_

NEW JERSEY DIVISION OF RATE COUNSEL

By: \_\_\_\_\_ Date: \_\_\_\_\_

OFFICE OF THE PEOPLE'S COUNSEL OF THE DISTRICT OF COLUMBIA

By: \_\_\_\_\_ Date: \_\_\_\_\_

PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA

By: \_\_\_\_\_ Date: \_\_\_\_\_

SOUTHERN MARYLAND ELECTRIC POWER COOPERATIVE, INC.

By: \_\_\_\_\_ Date: \_\_\_\_\_

IN WITNESS WHEREOF, the Settling Parties execute this Settlement Agreement.

BALTIMORE GAS AND ELECTRIC CO.

By: \_\_\_\_\_ Date: \_\_\_\_\_

COMMONWEALTH EDISON CO.

By: \_\_\_\_\_ Date: \_\_\_\_\_

ATLANTIC CITY ELECTRIC CO.; DELMARVA POWER & LIGHT CO.;  
POTOMAC ELECTRIC POWER CO.,

By: \_\_\_\_\_ Date: \_\_\_\_\_

DELAWARE MUNICIPAL ELECTRIC CORPORATION, INC.

By:  \_\_\_\_\_ Date: 4/22/2020

MARYLAND OFFICE OF PEOPLE'S COUNSEL

By: \_\_\_\_\_ Date: \_\_\_\_\_

NEW JERSEY DIVISION OF RATE COUNSEL

By: \_\_\_\_\_ Date: \_\_\_\_\_

OFFICE OF THE PEOPLE'S COUNSEL OF THE DISTRICT OF COLUMBIA

By: \_\_\_\_\_ Date: \_\_\_\_\_

PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA

By: \_\_\_\_\_ Date: \_\_\_\_\_

SOUTHERN MARYLAND ELECTRIC POWER COOPERATIVE, INC.

By: \_\_\_\_\_ Date: \_\_\_\_\_

IN WITNESS WHEREOF, the Settling Parties execute this Settlement Agreement.

BALTIMORE GAS AND ELECTRIC CO.

By: \_\_\_\_\_ Date: \_\_\_\_\_

COMMONWEALTH EDISON CO.

By: \_\_\_\_\_ Date: \_\_\_\_\_

ATLANTIC CITY ELECTRIC CO.; DELMARVA POWER & LIGHT CO.;  
POTOMAC ELECTRIC POWER CO.,

By: \_\_\_\_\_ Date: \_\_\_\_\_

DELAWARE MUNICIPAL ELECTRIC CORPORATION, INC.

By: \_\_\_\_\_ Date: \_\_\_\_\_

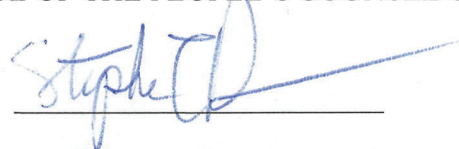
MARYLAND OFFICE OF PEOPLE'S COUNSEL

By: \_\_\_\_\_ Date: \_\_\_\_\_

NEW JERSEY DIVISION OF RATE COUNSEL

By:  \_\_\_\_\_ Date: 22-April-2020

OFFICE OF THE PEOPLE'S COUNSEL OF THE DISTRICT OF COLUMBIA

By:  \_\_\_\_\_ Date: 22-April-2020

PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA

By: \_\_\_\_\_ Date: \_\_\_\_\_

SOUTHERN MARYLAND ELECTRIC POWER COOPERATIVE, INC.

By: \_\_\_\_\_ Date: \_\_\_\_\_

IN WITNESS WHEREOF, the Settling Parties execute this Settlement Agreement.

BALTIMORE GAS AND ELECTRIC CO.

By: \_\_\_\_\_ Date: \_\_\_\_\_

COMMONWEALTH EDISON CO.

By: \_\_\_\_\_ Date: \_\_\_\_\_

ATLANTIC CITY ELECTRIC CO.; DELMARVA POWER & LIGHT CO.,  
POTOMAC ELECTRIC POWER CO.,

By: \_\_\_\_\_ Date: \_\_\_\_\_

DELAWARE MUNICIPAL ELECTRIC CORPORATION, INC.

By: \_\_\_\_\_ Date: \_\_\_\_\_

MARYLAND OFFICE OF PEOPLE'S COUNSEL

By: \_\_\_\_\_ Date: \_\_\_\_\_

NEW JERSEY DIVISION OF RATE COUNSEL

By: \_\_\_\_\_ Date: \_\_\_\_\_

OFFICE OF THE PEOPLE'S COUNSEL OF THE DISTRICT OF COLUMBIA

By: \_\_\_\_\_ Date: \_\_\_\_\_

PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA

By: \_\_\_\_\_ Date: \_\_\_\_\_

SOUTHERN MARYLAND ELECTRIC POWER COOPERATIVE, INC.

By: Mark R. Mandryk Date: 04/22/2020

**ATTACHMENT B**  
**ER17-1519 PECO SETTLEMENT AGREEMENT**  
**(WITHOUT SETTLEMENT ATTACHMENTS)**

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

PJM Interconnection, L.L.C. ) Docket Nos. ER17-1519-000  
ER17-1519-001

**SETTLEMENT AGREEMENT**

This Settlement Agreement (“Settlement Agreement”) is made pursuant to Rule 602 of the Rules of Practice and Procedure of the Federal Energy Regulatory Commission (“Commission” or “FERC”), 18 C.F.R. § 385.602 (2018), by and among PECO Energy Company (“PECO”), Pennsylvania Office of Consumer Advocate (“PAOCA”), and Philadelphia Area Industrial Energy Users Group (“PAIEUG”) (each a “Settling Party” and all collectively, the “Settling Parties”). The Settling Parties enter into the Settlement Agreement to resolve, upon the Commission’s approval of this Settlement Agreement without condition or modification unacceptable to the Settling Parties, all issues in Docket No. ER17-1519 and all sub-dockets thereto.

**ARTICLE I**

1.1 *Definitions.* The following terms have the meanings set forth herein:

“ADIT” means Accumulated Deferred Income Taxes.

“Attachment H-7” means pages 1 through 5 of the Formula Rate Template.

“ATRR” means the Annual Transmission Revenue Requirement.

“Formula Rate” means the provisions contained in Attachments H-7A (“Formula Rate Template”), H-7B (“MDTAC”), and H-7C (“Protocols”) of the PJM OATT.



“OATT ATT” means an Attachment to the PJM OATT.

“PA OCA” means Pennsylvania Office of Consumer Advocate.

“PAIEUG” means Philadelphia Area Industrial Energy Users Group.

“PECO” means PECO Energy Company.

“PJM” means PJM Interconnection, L.L.C.

“PJM OATT” means the PJM Open Access Transmission Tariff.

“Rate Moratorium Period” means the period December 1, 2017 through December 31, 2021.

“Settlement Effective Date” means the date the Settlement Agreement becomes effective in accordance with Section 3.3 of the Settlement Agreement.

## ARTICLE II

2.1 *Tariff Records.* The Formula Rate is comprised of the following four tariff records:

- (a) OATT ATT H-7 (NITS Rate),
- (b) OATT ATT H-7A (Formula Rate Template),
- (c) OATT ATT H-7B (MDTAC), and
- (d) OATT ATT H-7C (Protocols).

The Settlement filing will include five tariff records, effective as follows:

- (a) OATT ATT H-7 (Version 4.0.0) will be effective December 1, 2017;
- (b) OATT ATT H-7A (Version 2.0.0) will be effective December 1, 2017;
- (c) OATT ATT H-7B (Version 1.0.0) will be effective December 1, 2017;
- (d) OATT ATT H-7A (Version 3.0.0) will be effective January 1, 2018; and

- (e) OATT ATT H-7C (Version 1.0.0) will be effective upon the effectiveness of the Settlement Agreement as set forth in Section 3.3 of the Settlement Agreement, such that it is being filed with a “to be determined” effective date of 12/31/9998.<sup>1</sup>

The tariff records are being submitted by PJM through eTariff with this Settlement Agreement. The contents of the five tariff records are reflected in Exhibits A (NITS Rate), B-1 and B-2 (Formula Rate Templates), C (MDTAC), and D (Protocols) to this Settlement Agreement. Exhibits B-1, B-2 and C are live Excel spreadsheets. The eTariff filing also includes a Clean Tariff Attachment and Marked Tariff Attachment.

- 2.2 *Posting of Revised Rates.* No later than the first day of the first full month that begins at least 30 days after the Settlement Effective Date, PECO shall
- (i) recalculate the projected net revenue requirements posted by PECO on the PJM website and OASIS website on or about the May 15<sup>th</sup> immediately prior to the Settlement Effective Date, and (ii) post such recalculated projected net revenue requirements on the PJM website and OASIS. PECO shall perform such recalculation by applying the tariff terms as revised pursuant to the Settlement Agreement, which revisions are shown in redline form in the Marked Tariff Attachment to the eTariff filing. PECO will use such recalculated projected net revenue requirements in calculating the invoices rendered for PJM OATT

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<sup>1</sup> This tariff record version will be replaced with a record with the appropriate effective date in a compliance filing to be made within 30 days of when the effective date is known.

transmission services provided beginning with the first full month that begins at least 30 days after the Settlement Effective Date, until such projected net revenue requirement is superseded by a new projected net revenue requirement calculation.

- 2.3 *Refunds for OATT ATT H-7A for December 2017.* PECO shall pay refunds to its transmission customers that pay the rate for Network Integration Transmission Service calculated in OATT ATT H-7A in the amounts provided under this Section 2.3 for the period December 1, 2017 through December 31, 2017. This stipulated amount of refunds is in lieu of, and explicitly includes, all refunds to which such transmission customers would be entitled (as well as any surcharges for which such transmission customers would be responsible) for the period December 1, 2017 through December 31, 2017 as a result of the effectiveness of the revised OATT ATT H-7A rates provided for in this Settlement Agreement. PECO will make such refunds by reducing on a pro rata basis the otherwise applicable Total Annual Revenue Requirements in OATT ATT H-7A, Attachment 1, column 14 in its next Annual Update after the Settlement Effective Date by \$985,093 (the “Fixed December 2017 Refund”), plus interest at the rate specified in 18 C.F.R. § 35.19a. Such interest will begin to accrue on June 1, 2019. The refund will be specifically identified in PECO’s Annual Update, which will include a notation to identify the credit.<sup>2</sup>

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<sup>2</sup> For example, if the Settlement Effective Date is August 31, 2019, PECO will make refunds to its customers that pay the rate for Network Integration Transmission Service calculated in OATT ATT H-7A by reducing on a pro rata basis the otherwise applicable net revenue requirements in

2.4 *Surcharge for OATT ATT H-7B for December 2017.* PECO shall surcharge its transmission customers that pay the rate calculated in OATT ATT H-7B in the amounts provided under this Section 2.4 for the period December 1, 2017 through December 31, 2017. This stipulated amount of surcharge is in lieu of, and explicitly includes, all surcharges for which such transmission customers would be responsible (as well as any refunds to which such transmission customers would be entitled) for the period December 1, 2017 through December 31, 2017 as a result of the effectiveness of the revised OATT ATT H-7B rates provided for in this Settlement Agreement. PECO will apply such surcharge by increasing the otherwise applicable Annual Revenue Requirement in OATT ATT H-7B in its next Annual Update after the Settlement Effective Date by \$134,737, plus interest at the rate specified in 18 C.F.R. § 35.19a. Such interest will begin to accrue on June 1, 2019. The surcharge will be specifically identified in PECO's Annual Update, which will include a notation to identify the surcharge.

2.5 *Other Refunds and Surcharges.*

- (a) To the extent the rates that PECO charged for transmission service under OATT ATT H-7A of the PJM OATT for service provided between January 1, 2018 and the date the rates provided for in the Settlement Agreement are reflected in PECO's invoices pursuant to Section 2.2 are greater than the

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its 2020 Annual Update for OATT ATT H-7A, Attachment 1 by the sum (a) the Fixed December 2017 Refund amount and (b) interest on the Fixed December 2017 Refund from June 1, 2019 until paid.

rates provided for in the Settlement Agreement, PECO will refund the difference to its PJM OATT transmission customers through the Annual Update process performed by May 31<sup>st</sup> of each year pursuant to PECO's Protocols, with interest on such refunds as provided in those Protocols. To the extent the rates that PECO charged for transmission service under OATT ATT H-7A of the PJM OATT for service provided between January 1, 2018 and the date the rates provided for in the Settlement Agreement are reflected in PECO's invoices pursuant to Section 2.2 are less than the rates provided for in the Settlement Agreement, PECO will surcharge the difference to its PJM OATT transmission customers through the Annual Update process performed by May 31<sup>st</sup> of each year pursuant to PECO's Protocols, with interest on such surcharges as provided in those Protocols. For the purposes of determining refunds or surcharges under 2.5(a) and per Section 2.2 above, PECO will revise its 2019 Annual Update and 2019 projected net revenue requirements<sup>3</sup> consistent with the Settlement Formula Rate Template (OATT ATT H-7A)<sup>4</sup> and relevant provisions of the Settlement Protocols (OATT ATT H-7C).<sup>5</sup>

- (b) To the extent the rates that PECO charged for transmission service under OATT ATT H-7B of the PJM OATT for service provided between January 1, 2018 and the date the rates provided for in the Settlement Agreement are

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<sup>3</sup> Section 2.2 above, filed May 10, 2019 in Docket No. ER17-1519.

<sup>4</sup> Section 2.1 above.

<sup>5</sup> Section 2.1 above.

reflected in PECO's invoices pursuant to Section 2.2 are greater than the rates provided for in the Settlement Agreement, PECO will refund the difference to its PJM OATT transmission customers through the Annual Update process performed by May 31<sup>st</sup> of each year pursuant to PECO's Protocols, with interest on such refunds as provided in those Protocols. To the extent the rates that PECO charged for transmission service under OATT ATT H-7B of the PJM OATT for service provided between December 1, 2017 and the date such rates are reflected in PECO's invoices pursuant to Section 2.2 are less than the rates provided for in the Settlement Agreement, PECO will surcharge the difference to its PJM OATT transmission customers through the Annual Update process performed by May 31<sup>st</sup> of each year pursuant to PECO's Protocols, with interest on such surcharges as provided in those Protocols. For the purposes of determining refunds or surcharges under 2.5(b) and per Section 2.2 above, PECO will revise its 2019 Annual Update and 2019 projected net revenue requirements<sup>6</sup> consistent with the MDTAC (OATT ATT H-7B)<sup>7</sup> and relevant provisions of the Settlement Protocols (OATT ATT H-7C).<sup>8</sup>

2.6 *ROE Provisions; Rate Moratorium.* The Tariff changes reflected in Exhibit B-1 and B-2 of this Settlement Agreement set the ROE at 10.35%, which consists of a base ROE of 9.85% and an RTO Participation Adder of 50 basis points. The

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<sup>6</sup> Section 2.2 above, filed May 10, 2019 in Docket No. ER17-1519.

<sup>7</sup> Section 2.1 above.

<sup>8</sup> Section 2.1 above.

Tariff changes reflected in Exhibits B-1 and B-2 of this Settlement Agreement also include a 55.75% cap on the equity percentage of PECO's capital structure ("common equity cap"), and provide that if the equity percentage of PECO's capital structure exceeds 55.75% such that it is subject to the common equity cap, the debt percentage of PECO's capital structure shall be increased by the amount by which the equity percentage of PECO's capital structure exceeds 55.75% ("debt offset provision"), so that the equity, preferred stock and debt percentages of PECO's capital structure total to 100%. The base ROE, common equity cap and debt offset provision shall not be subject to change during the ROE Moratorium Period, but shall be subject to change pursuant to sections 205 and 206 of the Federal Power Act ("FPA") thereafter. No Settling Party may submit a filing under section 205 or 206 of the FPA prior to December 31, 2021 to change the base ROE, common equity cap, or debt offset provision, nor may any Settling Party support such a request by another entity. Nothing in this Settlement Agreement shall preclude any party from filing a section 206 complaint challenging PECO's 50-basis point RTO Participation Adder at any time and nothing in this Settlement Agreement shall preclude other parties from opposing such filing. Nothing in this Settlement Agreement shall preclude PECO from making a filing under section 205 to seek approval of other ROE adders at any time, and nothing in this Settlement Agreement shall preclude other parties from protesting any such filing.

2.7 *Implementation of the Tax Cuts & Jobs Act of 2017.* As identified in PECO's Annual Update Informational Filing filed in Docket No. ER17-1519-000 on May 11, 2018, PECO's Formula Rate Template calculations reflect a 21 percent Federal corporate income tax rate effective January 1, 2018, consistent with the Tax Cuts & Jobs Act of 2017. That tax rate reduction affected the amount of excess/deficient deferred income tax amounts that shall be returned to, or collected from, customers. The Formula Rate Template includes in rate base a regulatory liability (rate base reduction) or regulatory asset (rate base increase) equal to the average unamortized balance of PECO's excess or deficient ADIT and reflects the amortization of such regulatory liability or regulatory asset. Attachment 9 to the Formula Rate Template requires PECO to state by category (Protected Property, Non-Protected Property and Non-Protected, Non-Property) the annual balances of the unamortized excess or deficient ADIT, the annual amortization amount and the time periods over which PECO will amortize each category of excess or deficient deferred income tax amounts, which are:

| <u>Excess / Deficient ADIT Category</u> | <u>Balance as of December 31, 2017</u>   | <u>Amortization Period</u>            |
|---|--|---------------------------------------|
| Protected                               | Transmission: \$79,726,712;<br>Electric General to be allocated between Distribution and Transmission: \$1,683,749;<br>Common to be allocated between Distribution, Transmission and Gas: \$11,901,494 | Average Rate Assumption Method (ARAM) |
| Non-Protected Property                  | \$16,962,821   | 7-year straight-line amortization     |



| <u>Excess / Deficient<br/>ADIT Category</u> | <u>Balance as of December 31,<br/>2017</u> | <u>Amortization Period</u>        |
|---|--|-----------------------------------|
| Non-Protected, Non-Property                 | (\$260,021)                                | 5-year straight-line amortization |

For accounting purposes, the amortization of the excess or deficient ADIT shall begin on January 1, 2018. For purposes of the Formula Rate Template, the amortization shall be reflected as part of the true-up beginning in 2018. The Formula Rate Template requires PECO to include the unamortized balances of the excess or deficient ADIT categories and the monthly amortized amounts on Attachment 9 to the Formula Rate Template until the excess ADIT has been fully amortized.

2.8 *PECO's Prepaid Pension Asset.* The Formula Rate Template includes PECO's transmission-related Pension Asset as an adjustment to rate base (Attachment H-7, page 2, line 35). Attachment 10 to the Formula Rate Template provides that the adjustment to rate base for the transmission-related Pension Asset is capped at \$33 million. Attachment 10 to the Formula Rate Template provides that the \$33 million cap may not be changed absent Commission approval granted pursuant to section 205 or 206 of the FPA. The Formula Rate Template includes, as an adjustment to rate base, the transmission-related ADIT and unamortized net excess or deficient ADIT associated with the Pension Asset.

Attachment 10 to the Formula Rate Template includes an ATRR discount for sixty (60) percent of the return associated with the transmission-related Net Pension Asset (Pension Asset less ADIT and excess ADIT). Formula Rate

Template Attachment 10 reflects the impact of including the transmission-related Net Pension Asset in rate base and then computes the sixty (60) percent ATRR Discount on the transmission-related Net Pension Asset. The Formula Rate Template includes the Net Pension Asset ATRR Discount as a reduction to the revenue requirement (Formula Rate Template Attachment H-7, Page 3, Line 48a). Attachment 10 to the Formula Rate Template provides that the Pension Discount % may not be changed absent Commission approval granted pursuant to section 205 or 206 of the FPA.

In combination, these Formula Rate Template provisions provide for PECO to recover forty (40) percent of the ATRR associated with inclusion of the transmission-related Net Pension Asset in rate base, subject to the cap set forth in Formula Rate Template Attachment 10.

2.9 *MDTAC*. Attachment H-7B (MDTAC) includes only the income tax/(credit) for excess deferred income taxes in the MDTAC that is related to the current year. No income tax expense/(credit) will be included for prior year amounts that should have been recovered in prior periods, matching the costs of plant (*i.e.*, tax benefits from depreciation expense) to the periods that they are reflected in rates. The terms of Attachment H-7B limit the charge to network service customers that serve one or more end-use customers taking distribution service from PECO under its applicable tariff on file with the Pennsylvania Public Utility Commission.

2.10 *Annual Rate Credit*. PECO will provide an annual rate credit of \$850,000 each year for the period beginning January 1, 2018 and terminating on December 31,

2021. This credit shall be applied against the otherwise applicable Total Annual Revenue Requirements in OATT ATT H-7A, Attachment 1, column 15a on a pro rata basis.

2.11 *Depreciation.* Section IV.K of the Protocols provides that no later than March 31, 2020, and each March 31 thereafter, PECO shall submit a limited FPA section 205 filing to revise its depreciation rates for Accounts 352 through 359 and 390 through 398 and amortization rates for Account 303. The depreciation rates shall be consistent with PECO's recorded depreciation expense and gross plant balances for the immediately preceding year. PECO will propose to the Commission in such FPA section 205 filing that the new depreciation and amortization rates be made effective such that they will be used when PECO performs its next true-up calculation following such filing (e.g., for use by May 31, 2020 for the true up of 2019 rates in the case of the March 31, 2020 section 205 filing). Any party may oppose PECO's revised depreciation and amortization rates and/or its requested effective date. The Protocols provide that when, at least once every five years, PECO completes its depreciation study, it will file said study as part of the limited FPA section 205 filing to which such study relates.

2.12 *Service Company Costs.* Section II.F.7 of the Protocols requires PECO to include in each Annual Update a workpaper with a breakdown of the service company costs allocated to and incurred by PECO and recognized in its Annual FERC Form No. 1. The Protocols provide that this breakdown will show the service company costs allocated to and incurred by PECO by Uniform System of Accounts (USofA)

account number and expense item. The Protocols provide that this breakdown will be reconciled to: (1) Exelon Business Services Company (BSC)'s Annual Form 60, Schedule XVII – Analysis of Billing – Associate Companies (Account 457), Line 31 (or the equivalent line number should that line number change); and (2) the inputs included in the annual transmission Formula Rate Template.

2.13 *Adjustment to Income Tax Allowance (ITA) for Permanent Differences.* The Formula Rate Template includes, as an adjustment to the total income taxes included in the Formula Rate Template, the differences between PECO's income taxes due under the federal and state calculations and the income taxes calculated in the Formula Rate Template ("Permanent Differences") for the transmission-related portion of the following items: Equity AFUDC, meals and entertainment unrelated to charitable activities, non-deductible memberships unrelated to charitable activities, additional compensation to employee stock, and life insurance premiums. The Protocols require PECO to include in each Annual Update a workpaper that identifies and describes the amount of book depreciation expense associated with AFUDC Equity and its impact on income tax expense. The Formula Rate Template precludes PECO from adjusting its income tax allowance for the following items: dividend received deductions, equity in earnings of unconsolidated subsidiaries, and the rabbi trust. The Formula Rate Template requires Commission authorization under FPA Section 205 or 206 in order for PECO include any other Permanent Differences as an adjustment to the income tax allowance computation in the Formula Rate.

- 2.14 *Regulatory Assets.* The Formula Rate Template provides that PECO shall not include any regulatory assets in rate base nor collect amortization expense related to any regulatory assets without Commission approval granted pursuant to section 205 or 206 of the FPA.
- 2.15 *Unfunded Reserves.* The Formula Rate Template includes a reduction to rate base for the transmission-related portion of all unfunded reserves (funds collected from customers that (a) have not been set aside in a trust, escrow or restricted account, (b) whose balance is collective from customers through cost accruals to accounts that are recovered under the Formula Rate Template, and (c) whose balance is not offset by a balance sheet account).
- 2.16 *Capital Balances and Cost Calculations.* PECO's transmission Formula Rate Template utilizes 13-month average capital balances. Attachment 11 to Formula Rate Template provides that long-term debt interest expense shall include only the interest expense recorded in Account Nos. 427 to 430 associated with long-term debt, and exclude gains, losses and costs related to hedges. Attachment 10 and Attachment 5, Page 2 to the Formula Rate Template provide that the long-term debt rate calculation will incorporate the activity in Account Nos 427, 428, 428.1, 429, 429.1 and 430. Attachment 11 to the Formula Rate Template also includes a workpaper showing by USofA account the 13-monthly debt and capital balances utilized in Attachment 5, Page 2 to calculate the cost of long-term debt and capitalization structure.

2.17 *Administrative & General (A&G) Expenses.* Attachment 5B, Line 4 of the Formula Rate Template excludes the following A&G Expenses recorded in Account No. 923 and found at Form 1 323.184.b.: (1) amortization of CAP Shopping and Seamless Moves; (2) amortization of DSP IV Admin Costs; (3) Miscellaneous Advertising; (4) SEPA Solar Power Study; (5) PSU Sponsorship; (6) EU IT Prepaid Meter Assess O&M; and (7) Customer Operations AMI/CI O&M. Attachment 5B, Line 4 of the Formula Rate Template includes the following A&G Expenses listed in Account No. 923 and found at Form 1 323.184.b.: Communications, Public Advocacy and Corporate Relations and Government and Regulatory Affairs and Public Policy expenses. Attachment 5B, Lines 11 and 12, of the Formula Rate Template exclude EPRI Annual Membership Dues listed in Form 1 353.f, non-safety-related advertising included in Account No. 930.1 found at Form 1 323.191.b and Chamber of Commerce Dues and Civic Organization Expenses in Account No. 930.2 found at Form 1 323.192.b; and include the costs related to Project Cancellation Fees and Remediation Expenditures (provided, that with regard to the Metal Bank Superfund, PECO must include as a credit any receipts received from the EPA and/or obtained through litigation with the remediation contractors related to Metal Bank Superfund). Attachment 5B, Line 9 of the Formula Rate Template includes Regulatory Commission Expenses directly related to transmission service, ISO filings, or transmission siting itemized at Form 1 351.h and excludes all other Regulatory Commission Expenses itemized at Form 1 351.h.

- 2.18 *Additional Specific Changes to the Formula Rate.* In addition to the changes to the Formula Rate set forth above, the Settling Parties have agreed to additional specific changes to the Formula Rate, including the NITS Rate, Formula Rate Template, MDTAC, and Protocols. All such changes are reflected in Exhibits A (NITS Rate), B-1 and B-2 (Formula Rate Template), C (MDTAC), and D (Protocols) to this Settlement Agreement.
- 2.19 *Formula Rate Controls.* To the extent there are any differences between the description of the Formula Rate in this Settlement Agreement and the Formula Rate itself, the Formula Rate shall control.
- 2.20 *Reporting of Materials and Supplies in FERC Form 1.* Beginning with its 2019 Annual FERC Form No. 1 filing, and in all future years, PECO will report its Materials and Supplies balances on page 227 of its FERC Form No. 1s in accordance with applicable FERC Form No. 1 requirements as established by the Commission. No Settling Party is waiving its rights to contend what such requirements are or how they should be applied to PECO. The Formula Rate Template provides that the TLF recovery percentage and cap identified in the reference for column g (Materials and Supplies) to Attachment 4- Rate Base Worksheet in the Formula Rate Template, will be subject to modification only through Commission authorization under section 205 or section 206 of the Federal Power Act. For the period prior to 2019, PECO will pay no refunds for its inclusion in rate base of materials and supplies in the Formula Rate Template.

### ARTICLE III

- 3.1 *Scope of the Agreement.* The Settlement Agreement constitutes the entire agreement among the Settling Parties with respect to the subject matter addressed herein, and supersedes any and all prior or contemporaneous representations, agreements, instruments and understandings between them, whether written or oral. There are no other oral understandings, terms, or conditions, and none of the Settling Parties has relied upon any representation, express or implied, not contained in the Settlement Agreement.
- 3.2 *Non-Severability.* The Settling Parties agree and understand that the various provisions of the Settlement Agreement are not severable and shall not become operative unless and until the Settlement Agreement and the revised tariff records provided for herein become effective as described in Section 3.3.
- 3.3 *Effectiveness of Settlement Agreement.*
- (a) When approved in its entirety without modification or condition, the Settlement Agreement shall become effective and shall resolve all issues and disputes in Docket No. ER17-1519 and all sub-dockets thereto, and such dockets shall be terminated. Consistent with Section 3.3(b), the Settlement Effective Date of this Settlement Agreement shall be: (i) the date on which the Commission issues an order approving this Settlement Agreement without modification or condition, or (ii) if the Commission issues an order conditioning or modifying the Settlement Agreement,



sixteen days after such order if no Settling Party gives notice pursuant to Section 3.3(b).

- (b) If the Commission approves this Settlement Agreement with conditions or modifications, any Settling Party shall have 15 days to notify the other Settling Parties in writing that it wishes to terminate the Settlement Agreement. If no Settling Party submits such notice, the Settlement Agreement shall become effective with the modifications or conditions imposed by FERC. If any Settling Party files such notice to terminate, this Settlement Agreement shall not become effective and shall be null and void, and no Settling Party shall be bound or prejudiced by any part of this Settlement Agreement.

- 3.4 *Rehearing Requests, Appeals and Orders.* In the event that any person or entity requests rehearing of an order by the FERC approving this Settlement Agreement, or takes a judicial appeal of FERC's order approving the Settlement Agreement, and FERC modifies or conditions the Settlement Agreement in any manner in an order on rehearing or as a result of a judicial appeal, the Settling Parties shall have all of the same rights as set forth in Section 3.3(b) to terminate the Settlement Agreement that would have applied if the Commission had modified or conditioned its approval of the Settlement Agreement in its original order on the Settlement Agreement.

- 3.5 *Reservations.* Notwithstanding the provisions of Sections 3.2 and 3.3, the provisions of Sections 3.7 and 3.8 shall become effective upon execution of the Settlement Agreement.
- 3.6 *No Precedent.* The Settlement Agreement is submitted pursuant to Rule 602 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.602 (2018), and is inadmissible as evidence in any proceeding, except a proceeding involving a claim of breach of, or an effort to enforce, the Settlement Agreement. The Settlement Agreement does not establish any rule or "settled practice" as that term was interpreted in *Public Service Commission of New York v. FERC*, 642 F.2d 1335 (D.C. Cir. 1980). It is further understood and agreed that this Settlement Agreement constitutes a negotiated agreement with multiple elements of consideration and, except as explicitly set forth herein, no Settling Party shall be deemed to have approved, accepted, agreed, or consented to any principle or position in this proceeding, and none of the provisions of this Settlement Agreement shall be cited or referred to by any party in any federal or state proceeding as establishing any precedent or settled practice.
- 3.7 *Settlement Discussions.* The discussions between and among the Settling Parties that have produced the Settlement Agreement have been conducted with the explicit understanding, pursuant to Rule 602 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.602 (2018), that all offers of settlement and discussions relating thereto shall be privileged and confidential, shall be without prejudice to the position of any Settling Party or participant presenting any

such offer or participating in any such discussion, and are not to be used in any manner in connection with this proceeding, any other proceeding, or otherwise, except to the extent necessary to enforce its terms.

- 3.8 *Further Assurances.* Each Settling Party shall cooperate with and support and shall not take any action inconsistent with: (i) the filing of the Settlement Agreement with the Commission, and (ii) efforts to obtain Commission acceptance or approval of the Settlement Agreement without change or condition. No Settling Party shall take any action that is inconsistent with the provisions of the Settlement Agreement. Without limitation of the foregoing, no Settling Party may submit a section 205 or 206 filing under the FPA to change PECO's base ROE while this Settlement Agreement is pending before the Commission for approval, nor may any Settling Party support such a request by another entity.
- 3.9 *Waiver.* No provision of the Settlement Agreement may be waived except through a writing signed by an authorized representative of all affected Settling Parties. Waiver of any particular provision of the Settlement Agreement shall not be deemed to waive any other provision or provisions hereof.
- 3.10 *Modifications/Standard of Review.* Unless the Settling Parties otherwise agree in writing, any modification to the Settlement Agreement proposed by one of the Settling Parties after the Settlement Agreement has become effective in accordance with Section 3.3 shall be subject to the "public interest" application of the just and reasonable standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power Commission*

*v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956) (the *Mobile-Sierra* doctrine), as clarified in *Morgan Stanley Capital Group, Inc. v. Public Utility District No. 1 of Snohomish County, Washington*, 554 U.S. 527 (2008) and refined in *NRG Power Marketing, LLC v. Maine Public Utilities Commission*, 558 U.S. 165, 174-75 (2010). The standard of review for any modifications to the Settlement Agreement requested by a non-Settling Party or non-party or initiated by the Commission acting *sua sponte* will be the most stringent standard permissible under applicable law. See *NRG Power Marketing, LLC v. Maine Public Utilities Commission*, 558 U.S. 165, 174-75 (2010).


- 3.11 *Successors and Assigns.* The Settlement Agreement is binding upon and for the benefit of the Settling Parties and their successors and assigns.
- 3.12 *Captions and References to Sections.* The captions in the Settlement Agreement are for convenience of reference only and are not a part of the Settlement Agreement and do not in any way limit or amplify the terms and provisions of the Settlement Agreement and shall have no effect on its interpretation. Unless otherwise indicated, references to “Sections” in the Settlement Agreement refer to sections in the Settlement Agreement.
- 3.13 *Ambiguities Neutrally Construed.* The Settlement Agreement is the result of negotiations among, and has been reviewed by, each Settling Party and its respective counsel. Accordingly, the Settlement Agreement shall be deemed to be the product of each Settling Party, and no ambiguity shall be construed in favor of or against any Settling Party based on authorship of the Settlement Agreement.

- 3.14 *Authorization.* Each person executing the Settlement Agreement on behalf of a Settling Party represents and warrants that he or she is duly authorized and empowered to act on behalf of, and to authorize the Settlement Agreement to be executed on behalf of, the Settling Party that he or she represents.
- 3.15 *Effect of Settlement.* This Settlement Agreement shall operate as a full and final settlement, release, discharge, accord, and satisfaction of all disputes, claims, demands, liabilities, rights, and/or obligations of the Settling Parties generally and each individual Settling Party related to or arising out of the issues in Docket No. ER17-1519-000 and all sub-dockets thereto.
- 3.16 *Notices.* All notices, demands, and other communications hereunder shall be in writing and shall be delivered to each Settling Party's "Corporate Official" as found on the Commission's website at <http://www.ferc.gov/docs-filing/corp-off.asp> or the representative(s) of each Settling Party included on the official service lists in Docket Nos. ER17-1519-000 and ER17-1519-001.
- 3.17 *Counterparts.* The Settlement Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.
- 3.18 *Section 205 and 206 Filings.* Except as provided in Section 2.6 of this Settlement Agreement, nothing contained herein shall be construed as affecting in any way the right of PECO unilaterally to make an application of any type to the Commission to modify, in whole or in part, its Formula Rate under section 205 of the FPA or to oppose any filing made or action taken under section 206 of the

FPA. Except as provided in Section 2.6 of this Settlement Agreement, nothing contained herein shall be construed as affecting in any way the right of the Commission, any Settling Party, or any other entity to unilaterally make an application of any type to the Commission to modify, in whole or in part, PECO's Formula Rate under section 206 of the FPA, or to oppose any filing made under section 205 of the FPA.

IN WITNESS WHEREOF, the Settling Parties have caused the Settlement Agreement to be duly executed.

PECO Energy Company

By: 

Date: 7/12/19

Pennsylvania Office of Consumer Advocate

By: \_\_\_\_\_

Date: \_\_\_\_\_

Philadelphia Area Industrial Energy Users Group

By: \_\_\_\_\_

Date: \_\_\_\_\_

*[Docket No. ER17-1519 Settlement Agreement – Signature Page]*

IN WITNESS WHEREOF, the Settling Parties have caused the Settlement Agreement to be duly executed.

PECO Energy Company

By: \_\_\_\_\_ Date: \_\_\_\_\_

Pennsylvania Office of Consumer Advocate

By: Jam M. By Date: 7/12/2019

Philadelphia Area Industrial Energy Users Group

By: \_\_\_\_\_ Date: \_\_\_\_\_

*[Docket No. ER17-1519 Settlement Agreement – Signature Page]*



IN WITNESS WHEREOF, the Settling Parties have caused the Settlement Agreement to be duly executed.

PECO Energy Company

By: \_\_\_\_\_ Date: \_\_\_\_\_

Pennsylvania Office of Consumer Advocate

By: \_\_\_\_\_ Date: \_\_\_\_\_

Philadelphia Area Industrial Energy Users Group

By: Chavis Pennington Date: 7/12/19

*[Docket No. ER17-1519 Settlement Agreement – Signature Page]*

ATTACHMENT C  
PECO POPULATED FORMULA

(DOCKET NO. ER17-1519  
MAY 28, 2021 INFORMATION FILING  
APPENDIX 2A)

ATTACHMENT H-7A  
FORMULA RATE TEMPLATE

Rate Formula Template  
Utilizing FERC Form 1 Data  
**PECO Energy Company**

Attachment H-7  
Formula Rate - Non-Levelized

| Line No. | (1)   | (2)  | (3)   | (4)         | (5)<br>Allocated Amount |
|----------|---|--|-------|-------------|-------------------------|
| 1        | GROSS REVENUE REQUIREMENT                                   |  |       |             | 199,072,090             |
| 2a       | Additional Annual Refund (from 2018 to 2021)                | (page 3, line 48)<br>Attachment 1, line 17, col 15a              |       |             | 850,000                 |
| 2        | REVENUE CREDITS   | Attachment 5A, line 15   | Total | TP          | 11,663,924              |
| 3        | NET REVENUE REQUIREMENT                                     | (line 1 minus lines 2 and 2a)                                    |       | Allocicator | 186,558,267             |
| 4        | REGIONAL NET REVENUE REQUIREMENT                            | Attachment 1, line 18, col. 14 - Attachment 1, line 17a, col. 14 |       |             | 30,684,956              |
| 5        | Regional True-up Adjustment with Interest                   | Attachment 1, line 18, col. 15 - Attachment 1, line 17a, col. 15 |       |             | (20,233)                |
| 6        | REGIONAL NET REVENUE REQUIREMENT with TRUE-UP               | Attachment 1, line 18, col. 16 - Attachment 1, line 17a, col. 16 |       |             | 30,664,723              |
| 7        | ZONAL NET REVENUE REQUIREMENT                               | Attachment 1, line 17a, col. 14 less line 2                      |       |             | 155,873,311             |
| 8        | Zonal True-up Adjustment with Interest                      | Attachment 1, line 17a, col. 15                                  |       |             | (106,225)               |
| 9        | ZONAL NET REVENUE REQUIREMENT with TRUE-UP                  | Line 7 + Line 8  |       |             | 155,767,086             |
| 10       | Competitive Bid Concessions                                 | Attachment 1, line 18, col. 13                                   |       |             | -                       |
| 11       | Zonal Load  | 1 CP from PJM in MW  |       |             | 8,148                   |
| 12       | Network Integration Transmission Service rate for PECO Zone | (line 9/11)  |       |             | \$19,117                |

Rate Formula Template  
Utilizing FERC Form 1 Data  
PECO Energy Company

Formula Rate - Non-Levelized

| Line No. | (1)   | (2)           | (3)       | (4)                                 | (5)           |
|----------|---|---------------|-----------|-------------------------------------|---------------|
|          | Source  | Company Total | Allocator | Transmission<br>(Col 3 times Col 4) |               |
| 1        | 205.46, g for end of year, records for other months                             | -             | NA        | 100.00%                             | -             |
| 2        | Attachment 4, Line 14, Col. (b)   | 1,701,185.631 | TP        | 0.00%                               | 1,701,185.631 |
| 3        | 207.75, g for end of year, records for other months                             | 6,979,726,224 | NA        | 0.00%                               | -             |
| 4        | Attachment 4, Line 14, Col. (c)   | 289,111,117.5 | W/S       | 9.22%                               | 26,658,978    |
| 5        | Attachment 4D, Line 19, Col. (s) and Line 21, Col. (s)                          | 191,707,700   | DA        | 9.22%                               | 19,845,082    |
| 6        | Attachment 4, Line 14, Col. (d)   | 701,404,667   | W/S       | 9.22%                               | 64,676,612    |
| 7        | (enter negative) Attach. 4E, Line 25, Col. (x)                                  | (3,183,945)   | W/S       | 9.22%                               | (293,359)     |
| 8        | (Sum of Lines 1 through 7)  | 9,859,951,452 | GP=       | 18.38%                              | 1,812,072,711 |
| 9        | 219.20-24, e for end of year, records for other months                          | -             | NA        | 100.00%                             | -             |
| 10       | Attachment 8, Page 3, Line 10, Col. (E)   | 525,086,000   | TP        | 0.00%                               | 525,086,000   |
| 11       | 219.26, c for end of year, records for other months                             | 1,796,538,812 | NA        | 0.00%                               | -             |
| 12       | Attachment 8, Page 3, Line 11, Col. (E)   | 88,106,012    | W/S       | 9.22%                               | 8,124,266     |
| 13       | Attachment 8, Page 3, Line 16, Col. (E) and Col. (G)                            | 137,248,811   | DA        | 9.22%                               | 15,945,077    |
| 14       | Attachment 8, Page 3, Line 12, Col. (E)   | 315,931,537   | W/S       | 9.22%                               | 29,132,087    |
| 15       | (enter negative) Attach. 4E, Line 39, Col. (x)                                  | (1,650,807)   | W/S       | 9.22%                               | (152,221)     |
| 16       | (Sum of Lines 10 through 16)  | 2,861,260,366 |           |                                     | 578,135,209   |
| 17       | TOTAL ACCUM. DEPRECIATION   |               |           |                                     |               |
| 18       | NET PLANT IN SERVICE  |               |           |                                     |               |
| 19       | Production  | -             |           |                                     | -             |
| 20       | Transmission  | 1,176,099,631 |           |                                     | 1,176,099,631 |
| 21       | Distribution  | 5,183,187,412 |           |                                     | -             |
| 22       | General   | 201,005,162   |           |                                     | 18,534,711    |
| 23       | Intangible  | 54,458,889    |           |                                     | 3,900,004     |
| 24       | Common  | 385,473,130   |           |                                     | 35,544,526    |
| 25       | Costs To Achieve  | (1,553,138)   |           |                                     | (141,371)     |
| 26       | TOTAL NET PLANT   | 6,998,691,086 | NP=       | 17.63%                              | 1,233,937,501 |
| 27       | ADJUSTMENTS TO RATE BASE (Note R)   |               |           |                                     |               |
| 28       | Account No. 281 (enter negative)  | Zero          | NA        | zero                                | -             |
| 29       | Account No. 282 (enter negative)  | (205,366,900) | TP        | 100.00%                             | (205,366,900) |
| 30       | Account No. 283 (enter negative)  | (10,411,029)  | TP        | 100.00%                             | (10,411,029)  |
| 31       | Account No. 190   | 13,399,353    | TP        | 100.00%                             | 13,399,353    |
| 31a      | Unamortized EDIT Balance - Protected Property (enter negative)                  | (78,264,271)  | TP        | 100.00%                             | (78,264,271)  |
| 31b      | Unamortized EDIT Balance - Non-Protected Property (enter negative)              | (10,904,675)  | TP        | 100.00%                             | (10,904,675)  |
| 31c      | Unamortized EDIT Balance - Non-Protected, Non-Property (enter negative)         | 129,998       | TP        | 100.00%                             | 129,998       |
| 32       | Account No. 255 (enter negative)  | -             | TP        | 100.00%                             | -             |
| 33       | Unfunded Reserves (enter negative)  | (6,100,237)   | DA        | 100.00%                             | (6,100,237)   |
| 34       | CWIP  | -             | DA        | 100.00%                             | -             |
| 35       | Pension Asset   | -             | DA        | 100.00%                             | -             |
| 36       | Unamortized Regulatory Asset  | 27,715,110    | DA        | 100.00%                             | 27,715,110    |
| 37       | Unamortized Abandoned Plant   | -             | DA        | 100.00%                             | -             |
| 38       | Outstanding Network Credits   | -             | DA        | 100.00%                             | -             |
| 39       | Less Accum. Deprec. associated with Facilities with Outstanding Network Credits | -             | DA        | 100.00%                             | -             |
| 40       | TOTAL ADJUSTMENTS   | (269,802,652) |           |                                     | (269,802,652) |
| 41       | LAND HELD FOR FUTURE USE  | 10,489,663    | TP        | 100.00%                             | 10,489,663    |
| 42       | WORKING CAPITAL   |               |           |                                     |               |
| 43       | CWC   | 30,130,821    | TP        | 100.00%                             | 8,702,363     |
| 44       | Materials & Supplies  | 10,794,289    | TP        | 100.00%                             | 10,794,289    |
| 45       | Prepayments (Account 165)   | 1,162,987     | DA        | 100.00%                             | 1,162,987     |
| 46       | TOTAL WORKING CAPITAL   | 42,088,096    |           |                                     | 20,659,638    |
| 47       | RATE BASE   | 6,781,466,194 |           |                                     | 995,284,151   |

Rate Formula Template  
Utilizing FERC Form 1 Data  
PECO Energy Company

Formula Rate - Non-Levelized

| Line No. | (1)  | (2)           | (3)       | (4)     | (5)                              |
|----------|--|---------------|-----------|---------|----------------------------------|
|          | Source   | Company Total | Allocator |         | Transmission (Col 3 times Col 4) |
| 1        | O&M  |               |           |         |                                  |
| 2        | Transmission   | 206,204,601   | TP        | 100.00% | 206,204,601                      |
| 3        | Less Account 566 (Misc Trans Expense) (enter negative)                     | (12,292,850)  | TP        | 100.00% | (12,292,850)                     |
| 4        | Less Account 565 (enter negative)  | (153,065,697) | TP        | 100.00% | (153,065,697)                    |
| 5        | Less Accounts 561.4 and 561.8 (enter negative)                             | 186,364,361   | DA        |         | 16,337,692                       |
| 6        | A&G  |               |           |         |                                  |
| 7        | Account 566  |               |           |         |                                  |
| 8        | Amortization of Regulatory Asset   |               |           |         |                                  |
| 9        | Miscellaneous Transmission Expense (less amortization of regulatory asset) | 12,292,850    | TP        | 100.00% | 12,292,850                       |
| 10       | Total Account 566  | 1,543,300     | W/S       | 9.22%   | 142,308                          |
| 11       | PBOP Adjustment  |               | W/S       | 9.22%   |                                  |
| 12       | Less O&M Cost to Achieve Included in O&M Above (enter negative)            |               |           |         |                                  |
| 13       | TOTAL O&M  | 241,046,365   |           |         | 69,618,904                       |
| 14       | DEPRECIATION EXPENSE (Note U)  |               |           |         |                                  |
| 15       | Transmission   | 26,664,777    | TP        | 100.00% | 26,664,777                       |
| 16       | General  | 19,912,049    | W/S       | 9.22%   | 1,836,093                        |
| 17       | Intangible - Transmission  | 3,856,500     | TP        | 100.00% | 3,856,500                        |
| 18       | Intangible - General   | 3,826,966     | W/S       | 9.22%   | 352,885                          |
| 19       | Intangible - Distribution  | 11,597,384    | NA        | zero    |                                  |
| 20       | Common - Electric  | 38,856,904    | W/S       | 9.22%   | 3,583,000                        |
| 21       | Common Depreciation Expense Related to Costs To Achieve (enter negative)   | (669,268)     | W/S       | 9.22%   | (61,713)                         |
| 22       | Amortization of Abandoned Plant  |               | DA        | 100.00% |                                  |
| 23       | TOTAL DEPRECIATION   | 104,045,312   |           |         | 36,231,541                       |
| 24       | TAXES OTHER THAN INCOME TAXES  |               |           |         |                                  |
| 25       | LABOR RELATED  |               |           |         |                                  |
| 26       | Payroll  | 12,565,762    | W/S       | 9.22%   | 1,158,690                        |
| 27       | Labor Related Taxes to be Excluded   |               | W/S       | 9.22%   |                                  |
| 28       | PLANT RELATED  |               |           |         |                                  |
| 29       | Property   | 12,492,918    | GP        | 18.38%  | 2,295,962                        |
| 30       | Excluded Taxes Per Attachment 5C Line 5                                    | 138,105,314   | NA        | zero    |                                  |
| 31       | Other  | 838,054       | GP        | 18.38%  | 154,018                          |
| 32       | Plant Related Taxes to be Excluded   |               | GP        | 18.38%  |                                  |
| 33       | TOTAL OTHER TAXES  | 164,002,048   |           |         | 3,608,671                        |
| 34       | INTEREST ON NETWORK CREDITS  |               |           |         |                                  |
| 35       | From PJM   |               | DA        | 100.00% |                                  |
| 36       | INCOME TAXES   |               |           |         |                                  |
| 37       | WCLTD = Page 4, Line 19  | 0.2889        |           |         |                                  |
| 38       | R = Page 4, Line 15  | 0.3066        |           |         |                                  |
| 39       | FIT & SIT & P  |               |           |         |                                  |
| 40       | 1 / (1 - T) = (T from line 33)   | 1.4063        |           |         |                                  |
| 41       | Amortized Investment Tax Credit (enter negative)                           | (2,355)       |           |         |                                  |
| 42       | Excess Deferred Income Taxes (enter negative)                              | (3,911,495)   |           |         |                                  |
| 43       | Tax Effect of Permanent Differences  | 214,029       |           |         |                                  |
| 44       | Income Tax Calculation   | 153,126,970   | NA        | 100.00% | 22,473,731                       |
| 45       | ITC adjustment   | (3,312)       | TP        | 100.00% | (3,312)                          |
| 46       | Excess Deferred Income Tax Adjustment                                      | (5,500,788)   | TP        | 100.00% | (5,500,788)                      |
| 47       | Permanent Differences Tax Adjustment                                       | 300,992       | TP        | 100.00% | 300,992                          |
| 48       | Total Income Taxes   | 147,923,863   |           |         | 17,270,624                       |
| 49       | RETURN   |               |           |         |                                  |
| 50       | Rate Base times Return   | 499,475,304   | NA        |         | 73,305,660                       |
| 51       | Net Pension Asset ATRR Discount (enter negative)                           | (963,310)     |           |         | (963,310)                        |
| 52       | REVENUE REQUIREMENT  | 1,155,529,782 | DA        | 100.00% | 199,072,090                      |

(1) (2) (3) (4) (5)

SUPPORTING CALCULATIONS AND NOTES

| Line No. | (1)   | (2)                                    | (3)           | (4)               | (5)             |
|----------|---|--|---------------|-------------------|-----------------|
| 1        | TRANSMISSION PLANT INCLUDED IN ISO RATES                    |  |               |                   |                 |
| 2        | Total Transmission plant                                    | (Page 2, Line 2, Column 3)             |               |                   | 1,701,185,631   |
| 3        | Less Transmission plant excluded from PJM rates             | (Note H)                               |               |                   | -               |
| 4        | Less Transmission plant included in OATT Ancillary Services | (Note I)                               |               |                   | -               |
|          | Transmission plant included in PJM rates                    | (Line 1 minus Lines 2 & 3)             |               |                   | 1,701,185,631   |
| 5        | Percentage of Transmission plant included in PJM Rates      | (Line 4 divided by Line 1)             |               | TP=               | 100.00%         |
| 6        | WAGES & SALARY ALLOCATOR (W&S)                              |  |               | Allocation        |                 |
| 7        | Electric Production   | Form 1 Reference                       | \$            |                   |                 |
| 8        | Electric Transmission                                       | 354.20.b                               | -             |                   |                 |
| 9        | Electric Distribution                                       | 354.21.b                               | 13,919,867    |                   |                 |
| 10       | Electric Other  | 354.23.b                               | 102,646,282   |                   | W&S Allocator   |
| 11       | Total (W&S Allocator is 1 if lines 7-10 are zero)           | 354.24.25.26.b                         | 34,391,969    |                   | (S/ Allocation) |
|          |   | (Sum of Lines 7 through 10)            | 150,958,118   |                   | 9.22% = WS      |
| 12       | RETURN (R)  | (Note V)                               |               | Cost              |                 |
| 13       |   |  |               | (Notes K, O, & R) |                 |
| 14       |   |  | \$            |                   | Weighted        |
| 15       | Long Term Debt  | (Attachment 5, line 10 Notes Q & R)    | 3,822,880,147 | 3.90%             | 1.81%           |
| 16       | Preferred Stock (112.3.e)                                   | (Attachment 5, line 11 Notes Q & R)    | -             | 0.00%             | 0.00%           |
| 17       | Common Stock  | (Attachment 5, line 12 Notes K, Q & R) | 4,432,826,541 | 10.35%            | 5.56%           |
| 18       | Total   | (Attachment 5, line 13)                | 8,255,706,689 |                   | 7.37% =R        |

Rate Formula Template  
Utilizing FERC Form 1 Data  
PECO Energy Company

Formula Rate - Non-Levelized

General Note: References to pages in this formulary are indicated as: (page#, line#, col#)  
References to data from FERC Form 1 are indicated as: #/x,y,z (page, line, column)

Notes

- A Reserved
- B The balances in Accounts 190, 281, 282 and 283, as adjusted by any amounts in contra accounts identified as regulatory assets or liabilities related to FASB 106 or 109. Balance of Account 255 is reduced by prior flow throughs and excluded if the utility chose to utilize amortization of tax credits against taxable income. Account 281 is not allocated.
- C Reserved
- D Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission at page 3, line 12, column 5 minus amortization of Regulatory Asset at page 3, line 7, column 5. For Prepayments, refer to Note K in Attachment 4.
- E Page 3, Line 5: Attachment 5B, Line 4 - Exclude: (1) amortization of CAP Shopping and Seamless Moves; (2) amortization of DSP IV Admin Costs; (3) Miscellaneous Advertising; (4) SEPA Solar Power Study; (5) PSU Sponsorship; (6) EUI/T Prepaid Meter Assess O&M; and (7) Customer Operations AMI/CI O&M. Include Communications, Public Advocacy and Corporate Relations and Government and Regulatory Affairs and Public Policy expenses listed in Account 923 found at Form 1 323.184.b.
- F Attachment 5B, Lines 11, and 12 - Exclude EPRI Annual Membership Dues listed in Form 1 at 353.1, non-safety-related advertising included in Account 930.1 found at 323.191.b and Chamber of Commerce Dues and Civic Organization Expenses in Account 930.2 found at 323.192.b; include the costs related to Project Cancellation Fees and Remediation Expenditures (provided, that with regard to the Metal Bank Superfund, PECO must include as a credit any receipts received from the EPA and/or obtained through litigation with the remediation contractors related to Metal Bank Superfund). Attachment 5B, Line 9- include Regulatory Commission Expenses directly related to transmission service, ISO filings, or transmission siting itemized at 351.h., and exclude all other Regulatory Commission Expenses itemized at 351.h.
- G Includes only FICA, unemployment, highway, property, gross receipts, and other assessments charged in the current year. Taxes related to income are excluded. Gross receipts taxes are not included in transmission revenue requirement in the Rate Formula Template, since they are recovered elsewhere.
- H The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) multiplied by (1/1-T) (page 3, line 36). Excess Deferred Income Taxes reduce income tax expense by the amount of the expense multiplied by (T/1-T).
- I Inputs Required:  
FIT = 21.00%  
SIT = 9.99% (State Income Tax Rate or Composite SIT)  
p = 0.00% (percent of federal income tax deductible for state purposes)
- J Removes transmission plant determined by Commission order to be state-jurisdictional according to the seven-factor test (until Form 1 balances are adjusted to reflect application of seven-factor test).
- K Removes dollar amount of transmission plant to be included in the development of OATT ancillary services rates and generation step-up facilities, which are deemed included in OATT ancillary services. For these purposes, generation step-up facilities are those facilities at a generator substation on which there is no through-flow when the generator is shut down.
- L ROE will be supported in the original filing and no change in ROE may be made absent a Section 205 or Section 206 filing with FERC. The equity component of the capital structure will be capped at 55.75% and shall not be subject to change during the ROE Moratorium Period established under the Settlement Agreement in Docket No. ER 17-1519. Thereafter, the cap shall be subject to change pursuant to sections 205 and 206 of the Federal Power Act.
- M Reserved
- N All items related to Contributions in Aid of Construction (CIAC), including investment in CIAC and CIAC related ADIT, excess/(deficient) ADIT and amortization of excess/(deficient) ADIT shall be excluded from the formula rate.
- O Transmission-related ADIT, Excess/(Deficient) ADIT, and the amortization of Excess/(Deficient) ADIT shall be included in the formula rate except as noted in Notes N and P. For clarity of administration of the formula rate, this specifically includes (but is not limited to) transmission-related amounts related to Amortization of Book Premiums on Reacquired Debt, Pension Expense Provision, Loss on Reacquired Debt, FAS 112 and Electric Rate Case Expense – Regulatory Asset – Current.
- P ADIT, Excess/(Deficient) ADIT and the amortization of Excess/(Deficient) ADIT related to Accrued Benefits, Deferred Compensation, Vacation pay Change in Provision and Accrued Vacation shall be excluded from the formula rate.
- Q All ADIT-190, ADIT-282, and ADIT-283 amounts reflected on Attachment 4C must be based on a timing difference between book expense recognition and expense recognition for tax purposes.
- R Calculated using 13 month average balance, except ADIT.
- S Unamortized Abandoned Plant and Amortization of Abandoned Plant will be zero until FERC explicitly approves recovery of the cost of abandoned plant pursuant to Section 205 of the FPA.
- T Recovery of Regulatory Asset is permitted only as specifically authorized pursuant to Section 205 or 206 of the FPA by FERC. Recovery of any regulatory assets not specifically identified in the initial version of this formula rate template approved by FERC in Docket No. ER 17-1519-000 will require specific authorization from FERC.
- U Excludes Asset Retirement Obligation balances
- V Company shall include only gains and losses on interest free locks associated with debt issuances. Absent a Section 205 filing, Company shall not include in the Formula Rate, the gains, losses, or costs related to other hedges.
- W The Tax Effect of Permanent Differences captures the differences in the income taxes due under the Federal and State calculations and the income taxes calculated in Attachment H that are not the result of a timing difference. Items that can be included in formula for recovery are AFUDC Equity, Meals & Entertainment (50%), Memberships & Dues Not Deductible, Additional Compensation to Employee-Stock, and Life Insurance Premiums. Items that can not be included in formula for recovery are Dividend Received Deductions, Equity in Earnings of Unconsol. Subs, and Other Pernis (Rabbi Trust). Commission authorization is required in order to include any other permanent difference as an adjustment to the income tax allowance computation in the Formula Rate Template.
- X Calculated on Attachment 4A.
- Y Unfunded Reserves are customer contributed capital such as when Injuries and Damages expense is accrued but not yet incurred. Also, pursuant to Special Instructions to Accounts 228.1 through 228.4, no amounts shall be credited to accounts 228.1 through 228.4 unless authorized by a regulatory authority or authorities to be collected in a utility's rates.
- Z Amortization of Regulatory Asset for Environmental Remediation of Manufactured Gas Plants shall be excluded from the formula rate.



To be completed in conjunction with Attachment H-7.

| Line No. | (1)  | (2)<br>Attachment H-7<br>Page, Line, Col.   | (3)<br>Transmission            | (4)<br>Allocation |
|----------|--|---|--------------------------------|-------------------|
| 1        | Gas Transmission Plant - Total                           |   |                                |                   |
| 2        | Net Transmission Plant - Total                           | Attach H-7, p. 2, lines 2, col 5 (Note A)<br>Attach H-7, p. 5, line 20 col 5 plus line 34 & 37 col 5 (Note B) | 1,701,155,631<br>1,170,092,631 |                   |
| 3        | O&M EXPENSE  |   |                                |                   |
| 4        | Total O&M Allocated to Transmission                      | Attach H-7, p. 3, line 12 col 5<br>(line 3 divided by line 1 col 3)   | 69,618,904<br>0.04             | 0.04              |
| 5        | GENERAL INTANGIBLE AND COMMON (G&C) DEPRECIATION EXPENSE |   |                                |                   |
| 6        | Total G, I & C Depreciation Expense                      | Attach H-7, p. 3, lines 15 to 18, col 5 (Note H)<br>(line 5 divided by line 1 col 3)                          | 9,566,764<br>0.01              | 0.01              |
| 7        | TAXES OTHER THAN INCOME TAXES                            |   |                                |                   |
| 8        | Total Other Taxes  | Attach H-7, p. 3, line 30 col 5<br>(line 7 divided by line 1 col 3)   | 3,608,671<br>0.00              | 0.00              |
| 9        | Less Revenue Credits                                     | Attach H-7, p. 1, line 2, col 5<br>(line 9 divided by line 1 col 3)   | 11,663,824<br>-                | -                 |
| 10       | Annual Allocation Factor for Revenue Credits             |   |                                |                   |
| 11       | Annual Allocation Factor for Expense                     | Sum of lines 4, 6, 8, and 10  | 0.05                           | 0.05              |
| 12       | INCOME TAXES   |   |                                |                   |
| 13       | Total Income Taxes                                       | Attach H-7, p. 3, line 45 col 5<br>(line 12 divided by line 2 col 3)  | 17,270,624<br>0.01             | 0.01              |
| 14       | RETURN   |   |                                |                   |
| 15       | Return on Rate Base                                      | Attach H-7, p. 3, lines 47 and 48 col 5<br>(line 14 divided by line 2 col 3)                                  | 723,423,260<br>0.06            | 0.06              |
| 16       | Annual Allocation Factor for Return                      | Sum of lines 13 and 15  | 0.08                           | 0.08              |

Attachment 1  
Project Revenue Requirement Worksheet  
PECO Energy Company

| Line No. | Project Name  | (1)                          | (2)                 | (3)                                       | (4)                   | (5)                               | (6)                                 | (7)                  | (8)                          | (9)                        | (10)                             | (11)  | (12)               | (12a)                   | (13)                             | (14)                 | (15)                         | (15a)       | (16) |
|----------|---|------------------------------|---------------------|---|-----------------------|-----------------------------------|-------------------------------------|----------------------|------------------------------|----------------------------|----------------------------------|---|--------------------|-------------------------|----------------------------------|----------------------|------------------------------|-------------|------|
|          |   | PECO Project Number or Zonal | Project Gross Plant | Annual's Depreciation Expense for Expense | Annual Expense Charge | Project Net Plant or CWIP Balance | Annual Allocation Factor for Return | Annual Return Charge | Project Depreciation Expense | Annual Revenue Requirement | Incentive Return in Basis Points | Incentive Return                              | Ceiling Rate       | Complies Bid Concession | Total Annual Revenue Requirement | Time's Up Adjustment | Additional Return (Note O)   | Net Rev Req |      |
|          |   |                              | (Note C)            | (Page Line 11)                            | (Col. 3 * Col. 4)     | (Notes D & I)                     | (Page Line 16)                      | (Col. 6 * Col. 7)    | (Notes E & I)                | (Sum Col. 5, 8 & 9)        | (Note K)                         | (Amendment 2, Line 28 / 100 * Col. 11 Col. 9) | (Sum Col. 10 & 12) | (Note J)                | (Sum Col. 10 & 12)               | (Note F)             | (Sum Col. 14, 15 & (Note G)) |             |      |
| 17a      | Zonal   |                              |                     |   | \$ 1,981,230          | \$ 976,107,953                    | 0.08                                | 74,374,598           | 21,919,626                   | 168,255,554                | -                                | -   | 168,255,554        | -                       | 168,255,554                      | (106,225)            | (718,419)                    | 4,338,228   |      |
| 17b      | Central Point 500 kV Substation Addition            | 60209                        | \$ 34,380,112       | 27,689,998                                | \$ 3,692,122          | \$ 27,689,998                     | 0.05                                | 2,107,732            | 622,368                      | 4,405,972                  | -                                | 4,405,972                                     | -                  | 4,405,972               | (2,932)                          | (18,813)             | 2,384,228                    |             |      |
| 17c      | Richmond-Weston 230 kV Line Re-conductor            | 60190                        | \$ 6,591            | 4,170,549                                 | \$ 2,420,557          | \$ 4,170,549                      | 0.08                                | 317,725              | 106,204                      | 2,688,135                  | -                                | 2,688,135                                     | -                  | 2,688,135               | (431)                            | (2,767)              | 644,936                      |             |      |
| 17d      | Richmond-Weston 230 kV Line Re-conductor            | 61368.8                      | \$ 1,535,247        | 1,390,183                                 | \$ 145,064            | \$ 1,390,183                      | 0.08                                | 109,525              | 35,401                       | 216,045                    | -                                | 216,045                                       | -                  | 216,045                 | (144)                            | (922)                | 214,979                      |             |      |
| 17e      | Whippan 500 kV Circuit Breaker Addition             | 60269.6                      | \$ 3,538,302        | 2,618,365                                 | \$ 919,937            | \$ 2,618,365                      | 0.08                                | 199,522              | 59,395                       | 417,094                    | -                                | 417,094                                       | -                  | 417,094                 | (278)                            | (1,783)              | 415,433                      |             |      |
| 17f      | Elroy-Hoeseck 500 kV Line Rating Increase           | 60171.1                      | \$ 4,456,311        | 3,498,245                                 | \$ 958,066            | \$ 3,498,245                      | 0.08                                | 266,549              | 79,348                       | 562,800                    | -                                | 562,800                                       | -                  | 562,800                 | (374)                            | (2,603)              | 560,023                      |             |      |
| 17g      | Elroy-Hoeseck 500 kV Line Rating Increase           | 60171.1 and 61590.2          | \$ 23,835,643       | 30,915,746                                | \$ 1,160,088          | \$ 30,915,746                     | 0.08                                | 2,353,627            | 747,532                      | 4,263,177                  | -                                | 4,263,177                                     | -                  | 4,263,177               | (2,869)                          | (18,203)             | 4,244,105                    |             |      |
| 17h      | Chickadee-Lanswood 230 kV Line Upgrades             | 60727                        | \$ 18,636,480       | 15,498,046                                | \$ 3,138,434          | \$ 15,498,046                     | 0.08                                | 1,180,874            | 411,654                      | 2,470,339                  | -                                | 2,470,339                                     | -                  | 2,470,339               | (1,666)                          | (9,548)              | 2,458,124                    |             |      |
| 17i      | Byrn Mawr-Plymouth 138 kV Line Re-build             | 62140                        | \$ 16,739,403       | 15,183,335                                | \$ 1,556,068          | \$ 15,183,335                     | 0.08                                | 1,186,910            | 349,291                      | 2,320,890                  | -                                | 2,320,890                                     | -                  | 2,320,890               | (1,547)                          | (9,910)              | 2,309,433                    |             |      |
| 17j      | Emble 230-138 kV Transformer Addition               | 61182                        | \$ 17,016,132       | 14,853,114                                | \$ 2,163,018          | \$ 14,853,114                     | 0.08                                | 1,121,130            | 390,515                      | 2,394,598                  | -                                | 2,394,598                                     | -                  | 2,394,598               | (1,606)                          | (10,224)             | 2,382,767                    |             |      |
| 17k      | Chickadee-Soille 138 kV Line Re-conductor           | 61178                        | \$ 8,327,759        | 6,991,562                                 | \$ 1,336,197          | \$ 6,991,562                      | 0.08                                | 531,960              | 158,365                      | 1,095,626                  | -                                | 1,095,626                                     | -                  | 1,095,626               | (729)                            | (4,678)              | 1,090,218                    |             |      |
| 17l      | Bradford-Planchow 230 kV Line Upgrades              | 60790                        | \$ 1,712,754        | 1,513,820                                 | \$ 198,934            | \$ 1,513,820                      | 0.08                                | 113,346              | 34,337                       | 233,040                    | -                                | 233,040                                       | -                  | 233,040                 | (155)                            | (995)                | 231,890                      |             |      |
| 17m      | North Wales-Harman 230 kV Line Re-conductor         | 60506                        | \$ 2,229,232        | 1,765,695                                 | \$ 463,537            | \$ 1,765,695                      | 0.08                                | 134,537              | 47,715                       | 290,746                    | -                                | 290,746                                       | -                  | 290,746                 | (194)                            | (1,241)              | 289,310                      |             |      |
| 17n      | North Wales-Whippan 230 kV Line Re-conductor        | 60505                        | \$ 2,546,803        | 1,952,437                                 | \$ 594,366            | \$ 1,952,437                      | 0.08                                | 148,766              | 52,707                       | 325,482                    | -                                | 325,482                                       | -                  | 325,482                 | (218)                            | (1,390)              | 323,874                      |             |      |
| 17o      | North Wales-Whippan 230 kV Line Re-conductor        | 60296                        | \$ 3,631,396        | 2,624,264                                 | \$ 1,007,132          | \$ 2,624,264                      | 0.08                                | 199,956              | 59,524                       | 436,215                    | -                                | 436,215                                       | -                  | 436,215                 | (290)                            | (1,863)              | 434,063                      |             |      |
| 17p      | Newlinville 230 kV Capacitor Bank Addition          | 60207                        | \$ 4,811,873        | 3,573,027                                 | \$ 1,238,846          | \$ 3,573,027                      | 0.08                                | 272,247              | 81,045                       | 587,479                    | -                                | 587,479                                       | -                  | 587,479                 | (391)                            | (2,508)              | 584,580                      |             |      |
| 17q      | Chickadee-Mickleton 230 kV Series Resistor Addition | 60209                        | \$ 2,699,444        | 2,036,609                                 | \$ 662,835            | \$ 2,036,609                      | 0.08                                | 155,180              | 46,195                       | 332,753                    | -                                | 332,753                                       | -                  | 332,753                 | (221)                            | (1,421)              | 331,111                      |             |      |
| 17r      | Chickadee-Mickleton 230 kV Line Re-conductor        | 60264                        | \$ 2,221,241        | 1,637,670                                 | \$ 583,571            | \$ 1,637,670                      | 0.08                                | 124,782              | 41,255                       | 277,142                    | -                                | 277,142                                       | -                  | 277,142                 | (185)                            | (1,183)              | 275,774                      |             |      |
| 17s      | Chickadee-Mickleton 230 kV Line Re-conductor        | 60257                        | \$ 5,325,225        | 4,496,633                                 | \$ 828,592            | \$ 4,496,633                      | 0.08                                | 342,774              | 102,040                      | 703,984                    | -                                | 703,984                                       | -                  | 703,984                 | (469)                            | (3,006)              | 700,510                      |             |      |
| 17t      | Elroy 500 kV Dynamic Reactive Device                | 60287                        | \$ 4,315,230        | 3,294,248                                 | \$ 1,020,982          | \$ 3,294,248                      | 0.08                                | 244,148              | 72,680                       | 526,844                    | -                                | 526,844                                       | -                  | 526,844                 | (350)                            | (2,250)              | 524,244                      |             |      |
| 17u      | Heaton 230 kV Capacitor Bank Addition               | 60208                        | \$ 13,038,203       | 13,472,623                                | \$ 348,186            | \$ 13,472,623                     | 0.08                                | 1,025,851            | 292,734                      | 1,953,833                  | -                                | 1,953,833                                     | -                  | 1,953,833               | (1,010)                          | (8,342)              | 1,944,488                    |             |      |
| 17v      | Peach Bottom 500-230 kV Transformer Rating Increase | 62766.2                      | \$ 990,089          | 1,032,382                                 | \$ 48,186             | \$ 1,032,382                      | 0.08                                | 76,878               | 23,421                       | 150,285                    | -                                | 150,285                                       | -                  | 150,285                 | (36)                             | (642)                | 149,688                      |             |      |
| 17w      | Peach Bottom 500 kV Substation Upgrades             |                              |                     |   |                       |                                   |                                     |                      |                              |                            |                                  |   |                    |                         |                                  |                      |                              |             |      |
| 18       | Annual Totals                                       |                              | 1,701,185,631       | 1,176,999,631                             | 524,186,000           | 1,176,999,631                     |                                     | 89,612,974           | 26,664,777                   | 199,072,090                | -                                | 199,072,090                                   | -                  | 199,072,090             | (126,458)                        | (853,000)            | 30,664,732                   |             |      |

Notes:

A Gross Transmission Plant is that identified on page 2 Line 2 of Attachment II

B Project Gross Plant is the total capital investment for the project calculated in the same method as the gross plant value in Line 1. This value includes subsequent capital investments required to maintain the facilities to their original capabilities.

C Project Net Plant is the total capital investment for the project calculated in the same method as the gross plant value in Line 1. This value includes subsequent capital investments required to maintain the facilities to their original capabilities.

D Project Depreciation Expense is the actual value booked for the project and included in the Depreciation Expense in Attachment II, page 3, line 14. Project Depreciation Expense includes the amortization of Abandoned Plant.

E The Net Rev Req is the value to be used in the rate calculation under the applicable Schedule 12 under the PJM OATT for each project.

F The Total General, Intangible and Common Depreciation Expense includes any depreciation expense directly associated with a project and hereby included in page 2 column 9.

G The Unamortized Abandoned Plant balance is included in Net Plant, and Amortization of Abandoned Plant is included in Depreciation/Amortization Expense.

H The Competitive Bid Concession is the reduction in revenue, if any, that the company agreed to, for instance, to be selected to build facilities as the result of a competitive process and equals the amount by which the annual revenue requirement is reduced from the ceiling rate over the remaining months of the Rate Year.

I All transmission facilities reflected in the revenue requirement on Attachment II, Line 3 are to be included in this Attachment 1.

J Facilities that provide Wholesale Distribution Service are not to be listed as projects on Lines 15, the revenue requirements associated with these facilities are calculated on Attachment 11

K When an updated projected net revenue requirement is posted due to an asset acquisition as provided for in the Protocols, the difference between the updated net revenue requirement in Col (16) and the revenues collected to date will be recovered over the remaining months of the Rate Year.

L Additional refund \$850,000 per year for 2018-2021 and \$0 for 2022 and beyond.

Attachment 2  
Incentive ROE  
PECO Energy Company

995,284,151

1 Rate Base Attachment H-7, Page 2 line 47, Col.5

|  | \$            | %     | Cost   | Weighted      |
|--|---------------|-------|--------|---------------|
| 2 100 Basis Point Incentive Return   |               |       |        |               |
| 3 Long Term Debt (Attachment H-7, Notes Q and R)                             | 3,822,880,147 | 46.3% | 3.90%  | 1.8%          |
| 4 Preferred Stock (Attachment H-7, Notes Q and R)                            | -             | 0.0%  | 0.00%  | 0.0%          |
| 5 Common Stock (Attachment H-7, Notes K, Q and R)                            | 4,432,826,541 | 53.7% | 11.35% | 6.1%          |
| 6 Total (sum lines 3-5)  | 8,255,706,689 |       |        | 7.9%          |
| 7 100 Basis Point Incentive Return multiplied by Rate Base (line 1 * line 6) |               |       |        | 78,649,747.52 |

|  | \$          | % | Cost   | Weighted    |
|--|-------------|---|--------|-------------|
| 8 INCOME TAXES   |             |   |        |             |
| 9 $T=1 - \{(1 - SIT) * (1 - FIT) / (1 - SIT * FIT * p)\} =$  | 28,8921%    |   |        |             |
| 10 $GIT=(T/I-T) * (1-(WCLTD/R)) =$                           | 31.3353%    |   |        |             |
| 11 WCLTD = Line 3  |             |   |        |             |
| 12 and FIT, SIT & p are as given in footnote K.              |             |   |        |             |
| 13 $1 / (1 - T) =$ (from line 9)                             | 1.4063      |   |        |             |
| 14 Amortized Investment Tax Credit (266.8f) (enter negative) | (2,355)     |   |        |             |
| 15 Excess Deferred Income Taxes (enter negative)             | (3,911,495) |   |        |             |
| 16 Tax Effect of Permanent Differences: (Note B)             | 214,029     |   |        |             |
| 17 Income Tax Calculation = line 10 * line 7                 | 24,645,106  |   |        | 24,645,106  |
| 18 ITC adjustment (line 13 * line 14)                        | (3,312)     |   | 100.0% | (3,312)     |
| 19 Excess Deferred Income Tax Adjustment (line 13 * line 15) | (5,500,788) |   | 100.0% | (5,500,788) |
| 20 Permanent Differences Tax Adjustment (line 13 * 16)       | 300,992     |   | 100.0% | 300,992     |
| 21 Total Income Taxes (sum lines 17 - 20)                    | 19,441,999  |   |        | 19,441,999  |

|   |                     |  |  |             |
|---|---------------------|--|--|-------------|
| 22 Return and Income Taxes with 100 basis point increase in ROE                                 | (Sum lines 7 & 21)  |  |  | 98,091,746  |
| 23 Return (Attach. H-7, page 3 line 47 col 5)   |                     |  |  | 73,305,660  |
| 24 Income Tax (Attach. H-7, page 3 line 45 col 5)   |                     |  |  | 17,270,624  |
| 25 Return and Income Taxes without 100 basis point increase in ROE                              | (Sum lines 23 & 24) |  |  | 90,576,284  |
| 26 Incremental Return and Income Taxes for 100 basis point increase in ROE                      | (Line 22 - line 25) |  |  | 7,515,463   |
| 27 Rate Base (line 1)   |                     |  |  | 995,284,151 |
| 28 Incremental Return and Income Taxes for 100 basis point increase in ROE divided by Rate Base | (Line 26 / line 27) |  |  | 0.0076      |

Notes:

- A Line 5 includes a 100 basis point increase in ROE that is used only to determine the increase in return and income taxes associated with a 100 basis point increase in ROE. Any actual ROE incentive must be approved by the Commission. For example, if the Commission were to grant a 137 basis point ROE incentive, the increase in return and taxes for a 100 basis point increase in ROE would be multiplied by 1.37 on Attachment 1 column 12.
- B The Tax Effect of Permanent Differences captures the differences in the income taxes due under the Federal and State calculations and the income taxes calculated in Attachment H-7 that are not the result of a timing difference

Attachment 3  
Project True-Up  
PECO Energy Company

| 1  | Rate Year being True-Up                             |                             | Revenue Requirement Projected For Rate Year    |                     |                                  | E                | Actual Revenue Requirement (Note C)         |                                 | Annual True-Up Calculation           |   |                             | J         |
|----|---|-----------------------------|--|---------------------|----------------------------------|------------------|---|---------------------------------|--------------------------------------|---|-----------------------------|-----------|
|    | A   | B                           | C  | D                   | % of Total Revenue Requirement   |                  | F   | G                               | H                                    | I   |                             |           |
| 2  | Project Name  | PJM Project Number or Zonal | Projected Net Revenue Requirement <sup>1</sup> | Revenue Requirement | Revenue Requirement <sup>2</sup> | Revenue Received | Actual Net Revenue Requirement <sup>2</sup> | Net Under/Over Collection (F-H) | Prior Period Adjustment <sup>5</sup> | Interest Income (Expense) <sup>3</sup>          | Total True-Up (G + H) + (I) |           |
| 3a | Zonal   |                             |  |                     |                                  |                  |   |                                 |                                      |   |                             |           |
| 3b | Center Point 500 KV Substation Addition             | 80269                       |  |                     |                                  |                  |   |                                 | (98,887)                             | (7,337)   | (106,225)                   |           |
| 3c | Center Point 230 KV Substation Addition             | 80269.10                    |  |                     |                                  |                  |   |                                 | (2,729)                              | (203)   | (2,932)                     |           |
| 3d | Richmond-Waneta 230 KV Line Re-conductor            | b1591                       |  |                     |                                  |                  |   |                                 | (1,365)                              | (101)   | (1,466)                     |           |
| 3e | Richmond-Waneta 230 KV Line Re-conductor            | b1398.8                     |  |                     |                                  |                  |   |                                 | (401)                                | (30)  | (431)                       |           |
| 3f | Whitpain 500 KV Circuit Breaker Addition            | 80269.6                     |  |                     |                                  |                  |   |                                 | (134)                                | (10)  | (144)                       |           |
| 3g | Elroy-Hoscusack 500 KV Line Rating Increase         | 80171.1                     |  |                     |                                  |                  |   |                                 | (259)                                | (19)  | (278)                       |           |
| 3h | Gambler-Richmond 230 KV Line Rating Increase        | b1590.1 and b1590.2         |  |                     |                                  |                  |   |                                 | (1,160)                              | (86)  | (1,246)                     |           |
| 3i | Chickster-Linwood 230 KV Line Upgrades              | b1900                       |  |                     |                                  |                  |   |                                 | (2,671)                              | (198)   | (2,869)                     |           |
| 3j | Byrn Mawr-Plymouth 138 KV Line Rebuild              | 80727                       |  |                     |                                  |                  |   |                                 | (1,440)                              | (107)   | (1,547)                     |           |
| 3k | Chickster-Saville 138 KV Line Re-conductor          | b2140                       |  |                     |                                  |                  |   |                                 | (1,495)                              | (111)   | (1,606)                     |           |
| 3l | Waneta 230-138 KV Transformer Addition              | b1182                       |  |                     |                                  |                  |   |                                 | (679)                                | (50)  | (729)                       |           |
| 3m | Chickster 230-138 KV Transformer Addition           | b1178                       |  |                     |                                  |                  |   |                                 | (145)                                | (11)  | (155)                       |           |
| 3n | Bradford-Plainsbrook 230 KV Line Upgrades           | 80790                       |  |                     |                                  |                  |   |                                 | (181)                                | (13)  | (194)                       |           |
| 3o | North Wales-Hartman 230 KV Line Re-conductor        | 80506                       |  |                     |                                  |                  |   |                                 | (203)                                | (15)  | (218)                       |           |
| 3p | Bradford-Plainsbrook 230 KV Line Upgrades           | 80789                       |  |                     |                                  |                  |   |                                 | (198)                                | (15)  | (212)                       |           |
| 3q | Plainsbrook 230 KV Capacitor Bank Addition          | 80206                       |  |                     |                                  |                  |   |                                 | (270)                                | (20)  | (290)                       |           |
| 3r | Newlinville 230 KV Capacitor Bank Addition          | 80207                       |  |                     |                                  |                  |   |                                 | (364)                                | (27)  | (391)                       |           |
| 3s | Chickster-Mickleton 230 KV Series Reactor Addition  | 80209                       |  |                     |                                  |                  |   |                                 | (206)                                | (15)  | (221)                       |           |
| 3t | Buckingham-Pleasant Valley 230 KV Line Re-conductor | 80264                       |  |                     |                                  |                  |   |                                 | (172)                                | (13)  | (185)                       |           |
| 3u | Elroy 500 KV Dynamic Reactive Device                | 80287                       |  |                     |                                  |                  |   |                                 | (436)                                | (32)  | (469)                       |           |
| 3v | Heaton 230 KV Capacitor Bank Addition               | 80208                       |  |                     |                                  |                  |   |                                 | (326)                                | (24)  | (350)                       |           |
| 3w | Peach Bottom 500-230 KV Transformer Rating Increase | 82594                       |  |                     |                                  |                  |   |                                 | (940)                                | (70)  | (1,010)                     |           |
| 3z | Peach Bottom 500 KV Substation Upgrades             | 82766.2                     |  |                     |                                  |                  |   |                                 | (33)                                 | (2)   | (36)                        |           |
| 4  | Total Annual Revenue Requirements (Note A)          |                             |  |                     |                                  |                  |   |                                 |                                      |   |                             |           |
|    |   |                             |  |                     |                                  |                  |   |                                 |                                      | Monthly Interest Rate Interest Income (Expense) | (8,735)                     | (126,458) |
|    |   |                             |  |                     |                                  |                  |   |                                 |                                      |   | 0.00                        |           |
|    |   |                             |  |                     |                                  |                  |   |                                 |                                      |   | (8,735)                     |           |

- Notes:
- 1) From Attachment 1, line 17, col. 14 for the projection for the Rate Year.
  - 2) From Attachment 1, line 17, col. 14, less col. 15(G) for each project and Attachment H-7, line 7 for zonal.
  - 3) "Revenue Received" on line 3 Zonal, Col. (D), is the total amount of revenue received for the True-Up Year under PJM OATT Attachments 7, 8 and H-7 and "Revenue Received" on letter-denominated line 3 entries, Col. (E), is the amount of revenue received for the True-Up Year for the project designated in Cols. A and B under PJM OATT Schedule 12 PECO Appendix and PECO Appendix A as reported on pages 328-330 of the Form No. 1. The Revenue Received in Col. E excludes any True-Up revenues.
  - 4) Interest from Attachment 6.
  - 5) Prior Period Adjustment from line 5 is pro rata to each project, unless the error was project specific.

Prior Period Adjustments

| (a)                               | (b)               | (c)               | (d)                       |
|-----------------------------------|-------------------|-------------------|---------------------------|
| Prior Period Adjustments (Note B) | Amount In Dollars | Interest (Note B) | Total Col. (b) + Col. (c) |
|                                   | (117,723)         | -                 | (117,723)                 |

- Notes:
- A For each project or Attachment H, the utility will populate the formulae with the inputs for the True-Up Year. The revenue requirements, based on actual operating results for the True-Up Year, associated with the projects and Attachment H will then be entered in Col. (F) above. Column (E) above contains the actual revenues received associated with Attachment H and any Projects paid by the PTO to the utility during the True-Up Year. Then in Col. (G), Col. (E) is subtracted from Col. (F) to calculate the True-up Adjustment. The Prior Period Adjustment from Line 5 below is input in Col. (H). Column (I) is the applicable interest rate from Attachment 6. Column (J) adds the interest on the sum of Col. (G) and (H). Col. (J) is the sum of Col. (G), (H), and (I).
  - B Prior Period Adjustment is the amount of an adjustment to correct an error in a prior period. Interest will be calculated for the prior period adjustment based on the FERC Refund interest rate specified in 18 CFR 35.19(a) for the period up to the date the projected rates went into effect. PECO will provide the supporting worksheet for the interest calculation when prior period adjustment is needed.
  - C The Actual Revenue Requirement in the True-Up Adjustment calculation for years 2020 and later shall use the depreciation and amortization rates approved for use by the Commission when PECO performs the True-Up Adjustment.





Attachment 4A  
PECO Energy Company  
ADIT Worksheet for Projection

Projection for the 12 months ended 12/31/2020

ADIT for the Projection

| (a)                                 | (b)                  | (c)  | (d)                      | (e)                                  | (f)               | (g)                                 | (h) (Note A)  | (i)                                 | (j)           | (k)                           | (l)                            |
|-------------------------------------|----------------------|------|--------------------------|--------------------------------------|-------------------|-------------------------------------|---------------|-------------------------------------|---------------|-------------------------------|--------------------------------|
| Beginning Balance & Monthly Changes | Month                | Year | Weighting for Projection | Beginning Balance/ Monthly Increment | 100% Transmission | 100% Allocator (f) x Allocator 100% | Plant Related | GP Allocator (h) x Allocator 0.1838 | Labor Related | S/W Allocator (i) x Allocator | Total ADIT (d) x [(g)+(i)+(k)] |
|                                     |                      |      |                          |                                      |                   |                                     |               | From Attach H Page 2, Line 18       |               | From Attach H Page 4, Line 16 |                                |
| <b>ADIT-282</b>                     |                      |      |                          |                                      |                   |                                     |               |                                     |               |                               |                                |
| 1                                   | Balance              | 2019 | 100.00%                  | -                                    | (204,512,756)     | (204,512,756)                       | -             | -                                   | (32,036,440)  | (2,954,084)                   | (207,466,840)                  |
| 2                                   | Increment            | 2020 | 91.78%                   | -                                    | (209,280)         | (209,280)                           | -             | -                                   | (77,939)      | (7,187)                       | (198,675)                      |
| 3                                   | Increment            | 2020 | 84.11%                   | -                                    | (209,280)         | (209,280)                           | -             | -                                   | (77,939)      | (7,187)                       | (182,069)                      |
| 4                                   | Increment            | 2020 | 75.62%                   | -                                    | (209,280)         | (209,280)                           | -             | -                                   | (77,939)      | (7,187)                       | (163,684)                      |
| 5                                   | Increment            | 2020 | 67.40%                   | -                                    | (209,280)         | (209,280)                           | -             | -                                   | (77,939)      | (7,187)                       | (145,893)                      |
| 6                                   | Increment            | 2020 | 58.90%                   | -                                    | (209,280)         | (209,280)                           | -             | -                                   | (77,939)      | (7,187)                       | (127,508)                      |
| 7                                   | Increment            | 2020 | 50.68%                   | -                                    | (209,280)         | (209,280)                           | -             | -                                   | (77,939)      | (7,187)                       | (109,716)                      |
| 8                                   | Increment            | 2020 | 42.19%                   | -                                    | (209,280)         | (209,280)                           | -             | -                                   | (77,939)      | (7,187)                       | (91,331)                       |
| 9                                   | Increment            | 2020 | 33.70%                   | -                                    | (209,280)         | (209,280)                           | -             | -                                   | (77,939)      | (7,187)                       | (72,946)                       |
| 10                                  | Increment            | 2020 | 25.48%                   | -                                    | (209,280)         | (209,280)                           | -             | -                                   | (77,939)      | (7,187)                       | (55,155)                       |
| 11                                  | Increment            | 2020 | 16.99%                   | -                                    | (209,280)         | (209,280)                           | -             | -                                   | (77,939)      | (7,187)                       | (36,770)                       |
| 12                                  | Increment            | 2020 | 8.77%                    | -                                    | (209,280)         | (209,280)                           | -             | -                                   | (77,939)      | (7,187)                       | (18,978)                       |
| 13                                  | Increment            | 2020 | 0.27%                    | -                                    | (209,280)         | (209,280)                           | -             | -                                   | (77,939)      | (7,187)                       | (993)                          |
| 14                                  | Sum Ties to December | 2020 |                          | -                                    | (207,024,115)     | (207,024,115)                       | -             | -                                   | (32,971,713)  | (3,040,326)                   | (208,670,158)                  |
| 15                                  | Increment            | 2020 |                          | -                                    | (7,334,377)       | (7,334,377)                         | -             | -                                   | -             | -                             | (7,334,377)                    |
| 16                                  | Total                | 2020 |                          | -                                    | (214,358,492)     | (214,358,492)                       | -             | -                                   | (32,971,713)  | (3,040,326)                   | (216,004,535)                  |
| <b>ADIT-283</b>                     |                      |      |                          |                                      |                   |                                     |               |                                     |               |                               |                                |
| 17                                  | Balance              | 2019 |                          | -                                    | -                 | -                                   | (6,136,756)   | (1,127,820)                         | (97,024,112)  | (8,946,606)                   | (10,074,425)                   |
| 18                                  | Balance              | 2020 |                          | -                                    | -                 | -                                   | (4,790,923)   | (880,481)                           | (106,347,739) | (9,806,338)                   | (10,686,819)                   |
| 19                                  | Average              |      |                          | -                                    | -                 | -                                   | (5,463,839)   | (1,004,150)                         | (101,685,926) | (9,376,472)                   | (10,380,622)                   |
| <b>ADIT-281</b>                     |                      |      |                          |                                      |                   |                                     |               |                                     |               |                               |                                |
| 20                                  | Balance              | 2019 |                          | Zero                                 | Zero              | Zero                                | Zero          | Zero                                | Zero          | Zero                          | Zero                           |
| 21                                  | Balance              | 2020 |                          | Zero                                 | Zero              | Zero                                | Zero          | Zero                                | Zero          | Zero                          | Zero                           |
| 22                                  | Average              |      |                          | Zero                                 | Zero              | Zero                                | Zero          | Zero                                | Zero          | Zero                          | Zero                           |
| <b>ADIT-190</b>                     |                      |      |                          |                                      |                   |                                     |               |                                     |               |                               |                                |
| 23                                  | Balance              | 2019 | 100.00%                  | -                                    | -                 | -                                   | 20,138,019    | 3,700,987                           | 95,696,411    | 8,824,178                     | 12,525,165                     |
| 24                                  | Increment            | 2020 | 91.78%                   | -                                    | -                 | -                                   | -             | -                                   | -             | -                             | -                              |
| 25                                  | Increment            | 2020 | 84.11%                   | -                                    | -                 | -                                   | -             | -                                   | -             | -                             | -                              |
| 26                                  | Increment            | 2020 | 75.62%                   | -                                    | -                 | -                                   | -             | -                                   | -             | -                             | -                              |
| 27                                  | Increment            | 2020 | 67.40%                   | -                                    | -                 | -                                   | -             | -                                   | -             | -                             | -                              |
| 28                                  | Increment            | 2020 | 58.90%                   | -                                    | -                 | -                                   | -             | -                                   | -             | -                             | -                              |
| 29                                  | Increment            | 2020 | 50.68%                   | -                                    | -                 | -                                   | -             | -                                   | -             | -                             | -                              |
| 30                                  | Increment            | 2020 | 42.19%                   | -                                    | -                 | -                                   | -             | -                                   | -             | -                             | -                              |
| 31                                  | Increment            | 2020 | 33.70%                   | -                                    | -                 | -                                   | -             | -                                   | -             | -                             | -                              |
| 32                                  | Increment            | 2020 | 25.48%                   | -                                    | -                 | -                                   | -             | -                                   | -             | -                             | -                              |
| 33                                  | Increment            | 2020 | 16.99%                   | -                                    | -                 | -                                   | -             | -                                   | -             | -                             | -                              |
| 34                                  | Increment            | 2020 | 8.77%                    | -                                    | -                 | -                                   | -             | -                                   | -             | -                             | -                              |
| 35                                  | Increment            | 2020 | 0.27%                    | -                                    | -                 | -                                   | 23,998,409    | 4,410,454                           | 107,996,505   | 9,958,371                     | 14,368,825                     |
| 36                                  | Sum Ties to December | 2020 |                          | -                                    | -                 | -                                   | -             | -                                   | -             | -                             | 13,446,995                     |

Line 36, If there are no items subject to proration, use average of lines 23 and 35

(212,938,162)

Total ADIT

PECO Energy Company  
ADIT Worksheet for True-Up

True-Up for the 12 months ended 12/31/2020

ADIT for True-Up

|    | (a)<br>Balance | (b)<br>Month    | (c)<br>Year | (d)<br>Weighting<br>for Projection | (e)<br>Balance<br>from ADIT BOY<br>and ADIT EOY<br>workpapers | (f)<br>100%<br>Transmission | (g)<br>100% Allocator<br>(f) x Allocator<br>100% | (h) (Note A)<br>Plant<br>Related | (i)<br>GP Allocator<br>(h) x Allocator<br>0.1838 | (j)<br>Labor<br>Related | (k)<br>S/W Allocator<br>(j) x Allocator<br>From Attach H<br>Page 4, Line 16 | (l)<br>Total<br>ADIT<br>(d) x [(g)+(i)+(k)] |
|----|----------------|-----------------|-------------|------------------------------------|---|-----------------------------|--|----------------------------------|--|-------------------------|---|---|
|    |                | <i>ADIT-282</i> |             |                                    |   |                             |  |                                  |  |                         |   |   |
| 38 | Balance        | December        | 2019        |                                    | (1,261,244,192)   | (200,390,143)               | -  | -                                | -  | (31,198,496)            |   |   |
| 39 | Balance        | December        | 2020        |                                    | (754,356,825)   | (204,512,756)               | -  | -                                | -  | (32,036,440)            |   |   |
| 40 | Balance        | Average         |             |                                    | (1,007,800,508)   | (202,451,449)               | (202,451,449)                                    | -                                | -  | (31,617,468)            | (2,915,451)   | (205,366,900)                               |
|    |                | <i>ADIT-283</i> |             |                                    |   |                             |  |                                  |  |                         |   |   |
| 41 | Balance        | December        | 2019        |                                    | (129,949,790)   | -                           | -  | (6,106,670)                      | (1,122,291)                                      | (104,384,871)           | (9,625,342)   |   |
| 42 | Balance        | December        | 2020        |                                    | (132,193,874)   | -                           | -  | (6,136,756)                      | (1,127,820)                                      | (97,024,112)            | (8,946,606)   |   |
| 43 | Balance        | Average         |             |                                    | (131,071,832)   | -                           | -  | (6,121,713)                      | (1,125,055)                                      | (100,704,492)           | (9,285,974)   | (10,411,029)                                |
|    |                | <i>ADIT-281</i> |             |                                    |   |                             |  |                                  |  |                         |   |   |
| 44 | Balance        | December        | 2019        |                                    | Zero  | Zero                        | Zero   | Zero                             | Zero   | Zero                    | Zero  | Zero  |
| 45 | Balance        | December        | 2020        |                                    | Zero  | Zero                        | Zero   | Zero                             | Zero   | Zero                    | Zero  | Zero  |
| 46 | Balance        | Average         |             |                                    | Zero  | Zero                        | Zero   | Zero                             | Zero   | Zero                    | Zero  | Zero  |
|    |                | <i>ADIT-190</i> |             |                                    |   |                             |  |                                  |  |                         |   |   |
| 47 | Balance        | December        | 2019        |                                    | 169,734,784   | -                           | -  | 19,259,193                       | 3,539,476  | 116,408,740             | 10,734,065  | 14,273,540                                  |
| 48 | Balance        | December        | 2020        |                                    | 171,590,154   | -                           | -  | 20,138,019                       | 3,700,987  | 95,696,411              | 8,824,178   | 12,525,165                                  |
| 49 | Balance        | Average         |             |                                    | 170,662,469   | -                           | -  | 19,698,606                       | 3,620,231  | 106,052,576             | 9,779,121   | 13,399,353                                  |

Note: A Plant Related ADIT reflects the total Electric plant related ADIT from Attachment 4B and 4C, which is allocated to transmission in Column (i) with GP allocation factor.





9 3. ADIT items related to plant other than general plant, intangible plant or common plant and not in Columns C & D are included in Column E.

10 4. ADIT items related to labor, general plant, intangible plant, or common plant and not in Columns C & D are included in Column F.

11 5. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore, if the item giving rise to the ADIT is not included in the formula,  
12 the associated ADIT amount shall be excluded.

**ADIT - 202 ( Attachment H-7 Notes) (and Q)**

G

F

E

D

C

B

|     | A<br>Notes (and Q)                            | B<br>Total      | C<br>Gas, Prod<br>Retail Or Other<br>Related | D<br>Only<br>Transmission<br>Related | E<br>Plant<br>Related | F<br>Labor<br>Related | G<br>Justification  |
|-----|---|-----------------|--|--------------------------------------|-----------------------|-----------------------|---|
| 13a | Property Related ADIT, Excl. ARO              | -               | -  | -                                    | -                     | -                     | -   |
| 13b | Common  | (29,107,226)    | -  | -                                    | -                     | (29,107,226)          | Included because plant in service is included in rate base. |
| 13c | Distribution                                  | (1,277,494,888) | (1,277,494,888)                              | -                                    | -                     | -                     | Related to Distribution property.                           |
| 13d | Electric General                              | (3,136,156)     | -  | -                                    | -                     | (3,136,156)           | Included because plant in service is included in rate base. |
| 13e | Transmission                                  | (235,859,579)   | -  | (235,859,579)                        | -                     | -                     | Included because plant in service is included in rate base. |
| 13f |   |                 |  |                                      |                       |                       |   |
| 13g |   |                 |  |                                      |                       |                       |   |
| 13h |   |                 |  |                                      |                       |                       |   |
| 14  | Subtotal - p275.2b                            | (1,545,597,849) | (1,277,494,888)                              | (235,859,579)                        | -                     | (32,243,382)          |   |
| 15  | Less FASB 109 Above if not separately removed | (284,355,657)   | (287,839,335)                                | (35,469,436)                         | -                     | (1,044,886)           |   |
| 16  | Less FASB 106 Above if not separately removed |                 |  |                                      |                       |                       |   |
| 17  | Total (Line 14 - Line 16 - Line 16)           | (1,261,244,192) | (1,029,655,553)                              | (200,390,143)                        | -                     | (31,198,496)          |   |

**Instructions for Account 282:**

- ADIT items related only to Non-Electric Operations (e.g. Gas, Water, Sewer) or Production are directly assigned to Column C
- ADIT items related only to Transmission are directly assigned to Column D
- ADIT items related to Plant other than general plant, intangible plant or common plant and not in Columns C & D are included in Column E
- ADIT items related to labor, general plant, intangible plant, or common plant and not in Columns C & D are included in Column F
- Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

ADIT-248 (Attachment H-7, Note O, Part D)

|      | A   | B             | C  | D                        | E                 | F                 | G  |
|------|---|---------------|--|--------------------------|-------------------|-------------------|--|
|      | Net (O, Part D)                               | Total         | Gas, Prod<br>Retail Or Other<br>Retained | Transmission<br>Retained | Plant<br>Retained | Labor<br>Retained | Justification  |
| 25   | ACT 129 SMART METER                           | -             | -  | -                        | -                 | -                 | - Retail related   |
| 25a  | AEC RECEIVABLE                                | (930,652)     | (930,652)                                | -                        | -                 | -                 | - Retail related   |
| 25b  | AMORT-BK-PREMIUMS ON REACQD DEBT-9.5%         | (269,975)     | -  | -                        | (269,975)         | -                 | - Book recapitalizes costs incurred to retire or restructure debt issuances. Tax deducts these costs when incurred.  |
| 25c  | CAP FORGIVENESS REG ASSET                     | -             | -  | -                        | -                 | -                 | - Retail related   |
| 25d  | CAP SHOPPING REG ASSET                        | -             | -  | -                        | -                 | -                 | - Retail related   |
| 25e  | DSP 2 - REGULATORY ASSET                      | (45,613)      | (45,613)                                 | -                        | -                 | -                 | - Retail related   |
| 25f  | ELEC RATE CASE EXP - REG ASSET                | (142,257)     | (142,257)                                | -                        | -                 | -                 | - Retail related   |
| 25g  | ENERGY EFFICIENCY REG ASSET                   | (60,561)      | (60,561)                                 | -                        | -                 | -                 | - Retail related   |
| 25h  | Gross Up on State Dst Tax Adj- AMR Reg Asset  | (192,532)     | (192,532)                                | -                        | -                 | -                 | - Retail related   |
| 25i  | HOLIDAY PAY CHANGE IN PROVISION               | (262,244)     | -  | -                        | -                 | -                 | - The book expense on Jan 1 of calendar year; accelerated tax expense taken in previous calendar year. Related to all functions.   |
| 25j  | OC-Dst FIT & SIT                              | -             | -  | -                        | -                 | -                 | - Excluded because the underlying account(s) are not included in model   |
| 25k  | OTHER CURRENT REG ASSET:                      | -             | -  | -                        | -                 | -                 | -  |
| 25l  | LOSS OF REACQUIRED DEBT                       | (51,488)      | -  | -                        | -                 | -                 | - Book recapitalizes costs incurred to retire or restructure debt issuances. Tax deducts these costs when incurred. Included in debt capitalization ratio on Appendix A, line 111.             |
| 25m  | VACATION ACCRUAL                              | (1,600,829)   | (1,600,829)                              | -                        | (51,488)          | -                 | - Current portion of vacation pay earned and expensed for books, tax takes the deduction when paid out. Related to all functions.  |
| 25n  | SMART METER                                   | (3,337,244)   | (3,337,244)                              | -                        | -                 | -                 | - Retail related   |
| 25o  | CAP SHOPPING REG ASSET - CURRENT              | -             | -  | -                        | -                 | -                 | - Retail related   |
| 25p  | CAP FORGIVENESS REG ASSET - CURRENT           | (1,015,422)   | (1,015,422)                              | -                        | -                 | -                 | - Retail related   |
| 25q  | FAS 112                                       | (206,973)     | -  | -                        | -                 | (206,973)         | - Employer provided benefits to former employees but before retirement.  |
| 25r  | PURTA   | (67,403)      | -  | -                        | (67,403)          | -                 | - Property taxes. Book records on an accrual method based on the prior year; tax reverses the book accrual and deducts the actual payments made. - Relates to all functions.                   |
| 25s  | ELEC RATE CASE EXP - REG ASSET - CURRENT      | (142,257)     | (142,257)                                | -                        | -                 | -                 | - Retail related   |
| 25t  | SEAMLESS MOVES                                | (0)           | -  | -                        | -                 | (0)               | - Book accrues and capitalizes anticipated Pension costs based on actuarial analysis. Tax deducts or capitalizes retirement benefits only when the amounts are paid. Retail related.           |
| 25u  | OTHER CURRENT REG ASSET                       | -             | -  | -                        | -                 | -                 | - Gas Related  |
| 25v  | PENSION EXPENSE PROVISION                     | 94,537,653    | -  | -                        | -                 | 94,537,653        | - Book accrues and capitalizes anticipated Pension costs based on actuarial analysis. Tax deducts or capitalizes retirement benefits only when the amounts are paid. Related to all functions. |
| 25w  | RATE CHANGE REG ASSET                         | (6,167,317)   | (6,167,317)                              | -                        | -                 | -                 | - Gross up related to non-property tax rate change TCJA  |
| 25x  | STATE TAX RESERVE                             | (3,653,656)   | -  | -                        | (3,653,656)       | -                 | - The state income tax is cash basis   |
| 25y  | ARJ- Reg Asset                                | (5,140,850)   | (5,140,850)                              | -                        | -                 | -                 | -  |
| 25z  | FERG 494 SETTLEMENT DECEMBER 2019             | (557,890)     | -  | -                        | -                 | -                 | -  |
| 25aa | TSC UNDER RECOVERY                            | (68,722)      | -  | -                        | -                 | -                 | -  |
| 25ab | CLOUD COMPUTING                               | (941,505)     | -  | -                        | (941,537)         | -                 | - Retail related   |
| 25ac |   |               |  |                          |                   |                   |  |
| 25ad |   |               |  |                          |                   |                   |  |
| 25ae |   |               |  |                          |                   |                   |  |
| 25af |   |               |  |                          |                   |                   |  |
| 26   | Subtotal - p276.9.b                           | (119,391,023) | (19,400,146)                             | -                        | (4,984,039)       | (95,006,870)      |  |
| 27   | Less FASB 106 Above if not separately removed | 10,558,767    | 58,135                                   | -                        | 1,122,631         | 9,378,001         |  |
| 28   | Less FASB 106 Above if not separately removed | -             | -  | -                        | -                 | -                 |  |
| 29   | Total   | (129,949,790) | (19,458,281)                             | -                        | (6,106,670)       | (104,384,871)     |  |

Instructions for Account 248:

- ADIT items related only to Non-Electric Operations (e.g. Gas, Water, Sewer) or Production are directly assigned to Column C
- ADIT items related only to Transmission are directly assigned to Column D
- ADIT items related to Plant other than general plant, intangible plant or common plant and not in Columns C & D are included in Column E
- ADIT items related to labor, general plant, intangible plant, or common plant and not in Columns C & D are included in Column F
- Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

| a | ADIT-282 | A | B             | C             | D | E           | F            | G   |
|---|----------|---|---------------|---------------|---|-------------|--------------|---|
|   |          |   |               |               |   |             |              |   |
| b | ADIT-283 |   | (754,356,825) | (204,512,756) | - | (6,136,756) | (32,036,440) | Related to employer costs of benefits, such as health insurance, 401 (k), etc. The amounts are recorded to the liability and cleared through payments during each bi-weekly payroll. Any balance in the account at the end of the month would relate to the month-end accrual that is recorded at the end of the month and reversed on the first calendar day of the next month. As such, there is a book to tax timing difference. |
| c | ADIT-199 |   | (132,193,874) | -             | - | 20,138,019  | (97,024,112) | Book expense recorded when stock is granted; tax expense when stock is issued at market price - employees in all functions.   |
| d | Subtotal |   | (714,960,545) | (204,512,756) | - | 14,001,263  | (95,696,411) | Retain bad debt. For book, expense taken as it's identified; tax deduction not taken until fully written-off and all collection efforts abandoned. Relates to retail operations. Excludes the underlying account(s) are not included in model.  |

Line In filling out this attachment, a full and complete description of each item and justification for the allocation to Columns C-F and each separate ADIT item will be listed. Dissimilar items with amounts exceeding \$100,000 will be listed separately.

| ADIT-199 (Attachment H-7 Notes P and Q) |  | A           |   | B                               |                  | C                |                  | D                |                  | E                |                  | F                |                  | G                |                  |
|---|--|-------------|---|---------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|   |  | Total       | Gas, Prod<br>Retail Or Other<br>Related | Only<br>Transmission<br>Related | Plant<br>Related | Plant<br>Related | Labor<br>Related | Labor<br>Related | Labor<br>Related | Labor<br>Related | Labor<br>Related | Labor<br>Related | Labor<br>Related | Labor<br>Related | Labor<br>Related |
| 1c                                      | Accrued Benefits   | 986,158     | 986,158                                 | -                               | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| 1d                                      | Employee Nonqualified Stock Plan                                   | 1,099,978   | -                                       | -                               | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| 1e                                      | Allowance for Doubtful Accounts (Bad Debt)                         | 30,840,407  | 30,840,407                              | -                               | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| 1f                                      | Pennsylvania Charitable Contribution Carry-Forward, net of Federal | 600,142     | 600,142                                 | -                               | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| 1g                                      | Customer Advances for Construction                                 | 801,270     | -                                       | -                               | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| 1h                                      | Deferred Compensation  | 1,442,139   | 1,442,139                               | -                               | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| 1i                                      | Deferred Revenue   | 448,761     | 448,761                                 | -                               | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| 1j                                      | Other Employees Provided Benefits                                  | 18,627      | -                                       | -                               | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| 1k                                      | Asset Retirement Costs   | 5,765,922   | 5,765,922                               | -                               | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| 1l                                      | Other Accrued Expenses   | 223,848     | 223,848                                 | -                               | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| 1m                                      | Accrued Employee Bonus   | 13,427,614  | 13,427,614                              | -                               | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| 1n                                      | Obsolete Materials   | 605,617     | 605,617                                 | -                               | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| 1o                                      | Other Unearned Revenue - Deferred Remis                            | 254,230     | -                                       | -                               | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| 1p                                      | Accrued Payroll Taxes  | 3,157,206   | 3,157,206                               | -                               | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| 1q                                      | Pennsylvania Net Operating Loss, net of Federal.                   | 19,883,789  | -                                       | -                               | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| 1r                                      | Post Retirement Benefits   | 70,973,363  | -                                       | -                               | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| 1s                                      | Accrued Sales and Use Taxes  | 1,193,842   | 1,193,842                               | -                               | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| 1t                                      | Unbilled Revenue   | 1,169,951   | 1,169,951                               | -                               | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| 1u                                      | Accrued Severance  | 203,242     | -                                       | -                               | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| 1v                                      | Accrued Employee Vacation  | 938,510     | 938,510                                 | -                               | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| 1w                                      | Accrued Vegetation Management                                      | 7,521,851   | 7,521,851                               | -                               | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| 1x                                      | Accrued Workers Compensation                                       | 9,973,587   | -                                       | -                               | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| 1y                                      |  |             |   |                                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| 1z                                      |  |             |   |                                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| 1aa                                     |  |             |   |                                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| 1ab                                     |  |             |   |                                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| 1ac                                     |  |             |   |                                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| 1ad                                     |  |             |   |                                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| 1ae                                     |  |             |   |                                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| 1af                                     |  |             |   |                                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| 1ag                                     |  |             |   |                                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| 1ah                                     |  |             |   |                                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| 1ai                                     |  |             |   |                                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| 1aj                                     |  |             |   |                                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| 1ak                                     |  |             |   |                                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| 1al                                     |  |             |   |                                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| 1am                                     |  |             |   |                                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| 1an                                     |  |             |   |                                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| ...                                     |  |             |   |                                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| 2                                       | Subtotal- p22-4-6  |             |   |                                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| 3                                       | Less FASB 109 Above if not separately removed                      | 171,590,154 | 55,755,724                              | -                               | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                |
| 4                                       | Less FASB 106 Above if not separately removed                      |             |   |                                 |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| 5                                       | Total (Line 2 - Line 3 - Line 4)                                   | 171,590,154 | 55,755,724                              | -                               | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                | -                |

Instructions for Account 199:

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
- ADIT items related only to Transmission are directly assigned to Column D
- ADIT items related to Plant (other than general plant, intangible plant or common plant) and not in Columns C, E, & D are included in Column E
- ADIT items related to labor (general plant, intangible plant, or common plant) and not in Columns C, E, & D are included in Column F
- Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

ADIT-32 (Attachment H-7 Notes N and O)

|     | A<br>Notes N and O                                 | B<br>Total      | C<br>Gas, Prod<br>Retail Or Other<br>Related | D<br>Only<br>Transmission<br>Related | E<br>Plant<br>Related | F<br>Labor<br>Related | G  |
|-----|--|-----------------|--|--------------------------------------|-----------------------|-----------------------|--|
| 13a | Property Related ADIT, Excl. ARO                   | -               | -  | -                                    | -                     | -                     | -  |
| 13b | Common   | (28,920,413)    | -  | -                                    | -                     | (28,920,413)          | Included because plant in service is included in rate base.  |
| 13c | Distribution                                       | (487,974,579)   | (487,974,579)                                | -                                    | -                     | -                     | Related to Distribution property.  |
| 13d | Electric General                                   | (3,116,028)     | -  | -                                    | -                     | (3,116,028)           | Included because plant in service is included in rate base.  |
| 13e | Transmission                                       | (234,445,806)   | (29,833,050)                                 | (204,512,756)                        | -                     | -                     | Included because plant in service is included in rate base.  |
| 13f | Other Flow-Through Items                           | (781,321,202)   | (726,886,915)                                | (43,253,223)                         | (1,181,064)           | -                     | Accumulated Deferred Income Taxes attributable to income tax related regulatory assets and liabilities. This balance is excluded from rate base. |
| 13g |  |                 |  |                                      |                       |                       |  |
| 13h |  |                 |  |                                      |                       |                       |  |
| 14  | Subtotal - 274.1                                   | (1,538,678,027) | (1,244,694,544)                              | (247,765,979)                        | (1,181,064)           | (32,036,440)          |  |
| 15  | Total ADIT - 100 - Items if not separately removed | (781,321,202)   | (726,886,915)                                | (43,253,223)                         | (1,181,064)           | -                     |  |
| 16  | Total ADIT - 106 - Items if not separately removed |                 |  |                                      |                       |                       |  |
| 17  | Total Line 14 - Line 15 - Line 16                  | (754,356,625)   | (517,807,629)                                | (204,512,756)                        | -                     | (32,036,440)          |  |

Instructions for Account 382:

- ADIT items related only to Non-Electric Operations (e.g. Gas, Water, Sewer) or Production are directly assigned to Column C.
- ADIT items related only to Transmission are directly assigned to Column D.
- ADIT items related to Plant other than general plant, intangible plant or common plant and not in Columns C, & D are included in Column E.
- ADIT items related to labor, general plant, intangible plant, or common plant and not in Columns C & D are included in Column F.
- Deferred income taxes arise when items are included in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be evaluated.

ADIT-283 (Attachment H-7: Notes O, P and Q)

A B C D E F G

|      | A   | B             | C                                       | D                               | E                | F                | G  |
|------|---|---------------|---|---------------------------------|------------------|------------------|--|
|      | ADIT-283 (Attachment H-7: Notes O, P and Q)   | Total         | Gas, Prod<br>Retail Or Other<br>Related | Transmission<br>Only<br>Related | Plant<br>Related | Labor<br>Related |  |
| 25a  | AEC Receivable                                | (1,474,421)   | (1,474,421)                             | -                               | -                | -                | - Retail related   |
| 25b  | Regulatory Asset (Covid)                      | (10,955,218)  | (10,955,218)                            | -                               | -                | -                | - Retail related   |
| 25c  | Regulatory Asset (DSP)                        | (343,735)     | (343,735)                               | -                               | -                | -                | - Retail related   |
| 25d  | Regulatory Asset (Electric Rate Case Costs)   | (146,618)     | (146,618)                               | -                               | -                | -                | - Retail related   |
| 25e  | Regulatory Asset (Energy Efficiency)          | (60,561)      | (60,561)                                | -                               | -                | -                | - Retail related   |
| 25f  | Regulatory Asset (AMR)                        | (192,498)     | (192,498)                               | -                               | -                | -                | - Retail related   |
| 25g  | Regulatory Asset (Smart Meters)               | (4,938,073)   | (4,938,073)                             | -                               | -                | -                | - Retail related   |
| 25h  | Regulatory Asset (CAP Forgiveness)            | (1,015,422)   | (1,015,422)                             | -                               | -                | -                | - Retail related   |
| 25i  | Regulatory Asset (ARO)                        | (3,171,417)   | (3,171,417)                             | -                               | -                | -                | - Retail related   |
| 25j  | Regulatory Asset (Rate Change)                | (6,177,151)   | (6,177,151)                             | -                               | -                | -                | - Retail related   |
| 25k  | Regulatory Asset (Other)                      | (557,890)     | (557,890)                               | -                               | -                | -                | - Retail related   |
| 25l  | Loss on Reacquired Debt                       | (303,070)     | -                                       | -                               | (303,070)        | -                | - Excluded because the underlying account(s) are not included in model   |
| 25m  | Accrued Holiday Pay                           | (472,916)     | -                                       | -                               | -                | (472,916)        | - Book recognizes costs incurred to retire or reacquire debt issuances. Tax deducts these costs when incurred. The book expense on Jan 1 of calendar year; accelerated tax expense taken in previous calendar year. Related to all functions. Property taxes. Book records on an accrual method based on the prior year; tax reverses the book accrual and deducts the actual payments made. Related to all functions. |
| 25n  | PURTA   | (67,403)      | -                                       | -                               | (67,403)         | -                | - Book accrues and capitalizes anticipated Pension costs based on actuarial analysis. Tax deducts or capitalizes retirement benefits only when the amounts are paid in cash.   |
| 25o  | PENSION EXPENSE PROVISION                     | (96,551,197)  | -                                       | -                               | -                | (96,551,197)     | - Book accrues and capitalizes anticipated Pension costs based on actuarial analysis. Tax deducts or capitalizes retirement benefits only when the amounts are paid in cash.   |
| 25p  | Accrued State Income Tax Receivable           | (3,651,206)   | -                                       | -                               | (3,651,206)      | -                | - Book accrues and capitalizes anticipated Pension costs based on actuarial analysis. Tax deducts or capitalizes retirement benefits only when the amounts are paid in cash.   |
| 25q  | Child Compting                                | (2,115,077)   | -                                       | -                               | (2,115,077)      | -                | - Book accrues and capitalizes anticipated Pension costs based on actuarial analysis. Tax deducts or capitalizes retirement benefits only when the amounts are paid in cash.   |
| 25r  | FAS 109 Regulatory Asset                      | (150,669,279) | -                                       | -                               | (150,669,279)    | -                | - Included because the related underlying asset is included in rate base. Related to accelerated deductibility of these amounts for tax purposes.  |
| 25s  |   |               |   |                                 |                  |                  | - Accumulated Deferred Income Taxes attributable to income tax related regulatory assets and liabilities. This balance is excluded from rate base.   |
| 25t  |   |               |   |                                 |                  |                  |  |
| 25u  |   |               |   |                                 |                  |                  |  |
| 25v  |   |               |   |                                 |                  |                  |  |
| 25w  |   |               |   |                                 |                  |                  |  |
| 25x  |   |               |   |                                 |                  |                  |  |
| 25y  |   |               |   |                                 |                  |                  |  |
| 25z  |   |               |   |                                 |                  |                  |  |
| 25aa |   |               |   |                                 |                  |                  |  |
| 25ab |   |               |   |                                 |                  |                  |  |
| 25ac |   |               |   |                                 |                  |                  |  |
| 25ad |   |               |   |                                 |                  |                  |  |
| 25ae |   |               |   |                                 |                  |                  |  |
| 25af |   |               |   |                                 |                  |                  |  |
| 25ag |   |               |   |                                 |                  |                  |  |
| 25ah |   |               |   |                                 |                  |                  |  |
| 25ai |   |               |   |                                 |                  |                  |  |
| 25aj |   |               |   |                                 |                  |                  |  |
| 25ak |   |               |   |                                 |                  |                  |  |
| 25al |   |               |   |                                 |                  |                  |  |
| 25am |   |               |   |                                 |                  |                  |  |
| 25an |   |               |   |                                 |                  |                  |  |
| 25ao |   |               |   |                                 |                  |                  |  |
| 25ap |   |               |   |                                 |                  |                  |  |
| 25aq |   |               |   |                                 |                  |                  |  |
| 25ar |   |               |   |                                 |                  |                  |  |
| 25as |   |               |   |                                 |                  |                  |  |
| 25at |   |               |   |                                 |                  |                  |  |
| 25au |   |               |   |                                 |                  |                  |  |
| 25av |   |               |   |                                 |                  |                  |  |
| 25aw |   |               |   |                                 |                  |                  |  |
| 25ax |   |               |   |                                 |                  |                  |  |
| 25ay |   |               |   |                                 |                  |                  |  |
| 25az |   |               |   |                                 |                  |                  |  |
| 25ba |   |               |   |                                 |                  |                  |  |
| 25bb |   |               |   |                                 |                  |                  |  |
| 25bc |   |               |   |                                 |                  |                  |  |
| 25bd |   |               |   |                                 |                  |                  |  |
| 25be |   |               |   |                                 |                  |                  |  |
| 25bf |   |               |   |                                 |                  |                  |  |
| 25bg |   |               |   |                                 |                  |                  |  |
| 25bh |   |               |   |                                 |                  |                  |  |
| 25bi |   |               |   |                                 |                  |                  |  |
| 25bj |   |               |   |                                 |                  |                  |  |
| 25bk |   |               |   |                                 |                  |                  |  |
| 25bl |   |               |   |                                 |                  |                  |  |
| 25bm |   |               |   |                                 |                  |                  |  |
| 25bn |   |               |   |                                 |                  |                  |  |
| 25bo |   |               |   |                                 |                  |                  |  |
| 25bp |   |               |   |                                 |                  |                  |  |
| 25bq |   |               |   |                                 |                  |                  |  |
| 25br |   |               |   |                                 |                  |                  |  |
| 25bs |   |               |   |                                 |                  |                  |  |
| 25bt |   |               |   |                                 |                  |                  |  |
| 25bu |   |               |   |                                 |                  |                  |  |
| 25bv |   |               |   |                                 |                  |                  |  |
| 25bv |   |               |   |                                 |                  |                  |  |
| 25bw |   |               |   |                                 |                  |                  |  |
| 25bx |   |               |   |                                 |                  |                  |  |
| 25by |   |               |   |                                 |                  |                  |  |
| 25bz |   |               |   |                                 |                  |                  |  |
| 25ca |   |               |   |                                 |                  |                  |  |
| 25cb |   |               |   |                                 |                  |                  |  |
| 25cc |   |               |   |                                 |                  |                  |  |
| 25cd |   |               |   |                                 |                  |                  |  |
| 25ce |   |               |   |                                 |                  |                  |  |
| 25cf |   |               |   |                                 |                  |                  |  |
| 25cg |   |               |   |                                 |                  |                  |  |
| 25ch |   |               |   |                                 |                  |                  |  |
| 25ci |   |               |   |                                 |                  |                  |  |
| 25cj |   |               |   |                                 |                  |                  |  |
| 25ck |   |               |   |                                 |                  |                  |  |
| 25cl |   |               |   |                                 |                  |                  |  |
| 25cm |   |               |   |                                 |                  |                  |  |
| 25cn |   |               |   |                                 |                  |                  |  |
| 25co |   |               |   |                                 |                  |                  |  |
| 25cp |   |               |   |                                 |                  |                  |  |
| 25cq |   |               |   |                                 |                  |                  |  |
| 25cr |   |               |   |                                 |                  |                  |  |
| 25cs |   |               |   |                                 |                  |                  |  |
| 25ct |   |               |   |                                 |                  |                  |  |
| 25cu |   |               |   |                                 |                  |                  |  |
| 25cv |   |               |   |                                 |                  |                  |  |
| 25cw |   |               |   |                                 |                  |                  |  |
| 25cx |   |               |   |                                 |                  |                  |  |
| 25cy |   |               |   |                                 |                  |                  |  |
| 25cz |   |               |   |                                 |                  |                  |  |
| 26   | Subtotal - 227.9 k                            | (282,803,152) | (29,033,005)                            | -                               | (156,806,035)    | (97,024,112)     |  |
| 27   | Less FASB 109 Above if not separately removed | (150,669,279) | -                                       | -                               | (150,669,279)    | -                |  |
| 28   | Less FASB 106 Above if not separately removed |               |   |                                 |                  |                  |  |
| 29   | Total   | (132,193,874) | (29,033,005)                            | -                               | (6,136,756)      | (97,024,112)     |  |

Instructions for Account 283:  
 1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C.  
 2. ADIT items related only to Transmission are directly assigned to Column D.  
 3. ADIT items related to Plant other than general plant, intangible plant or common plant and not in Columns C & D are included in Column E.  
 4. ADIT items related to labor, general plant, intangible plant, or common plant and not in Columns C & D are included in Column F.  
 5. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be evaluated.







PECO Energy Company

Attachment 4E - Cost to Achieve Mergers (Note A)

|                                | (a) | (b)                  | (c)        | (d) | (e) | (...) | (x)   |
|--------------------------------|-----|----------------------|------------|-----|-----|-------|-------|
| <b>O&amp;M Cost To Achieve</b> |     |                      |            |     |     |       |       |
| FERC Account                   |     | Constellation Merger | PHI Merger |     |     |       | Total |
| 1 923                          |     | \$ -                 | \$ -       |     |     |       | \$ -  |
| 2 926                          |     | \$ -                 | \$ -       |     |     |       | \$ -  |
| 3 920                          |     | \$ -                 | \$ -       |     |     |       | \$ -  |
| 4                              |     |                      |            |     |     |       | \$ -  |
| 5                              |     |                      |            |     |     |       | \$ -  |
| 6                              |     |                      |            |     |     |       | \$ -  |
| 7                              |     |                      |            |     |     |       | \$ -  |
| 8                              |     |                      |            |     |     |       | \$ -  |
| 9                              |     |                      |            |     |     |       | \$ -  |
| 10                             |     |                      |            |     |     |       | \$ -  |
| 11 Total                       |     | \$ -                 | \$ -       |     |     |       | \$ -  |

Capital Cost To Achieve included in the Electric Portion of Common Plant

|                        | (a) | (b)                  | (c)        | (d) | (e) | (...) | (x)          |
|------------------------|-----|----------------------|------------|-----|-----|-------|--------------|
| <b>Gross Plant</b>     |     | Constellation Merger | PHI Merger |     |     |       | Total        |
| 12 December Prior Year |     | -                    | 3,183,945  |     |     |       | \$ 3,183,945 |
| 13 January             |     | -                    | 3,183,945  |     |     |       | \$ 3,183,945 |
| 14 February            |     | -                    | 3,183,945  |     |     |       | \$ 3,183,945 |
| 15 March               |     | -                    | 3,183,945  |     |     |       | \$ 3,183,945 |
| 16 April               |     | -                    | 3,183,945  |     |     |       | \$ 3,183,945 |
| 17 May                 |     | -                    | 3,183,945  |     |     |       | \$ 3,183,945 |
| 18 June                |     | -                    | 3,183,945  |     |     |       | \$ 3,183,945 |
| 19 July                |     | -                    | 3,183,945  |     |     |       | \$ 3,183,945 |
| 20 August              |     | -                    | 3,183,945  |     |     |       | \$ 3,183,945 |
| 21 September           |     | -                    | 3,183,945  |     |     |       | \$ 3,183,945 |
| 22 October             |     | -                    | 3,183,945  |     |     |       | \$ 3,183,945 |
| 23 November            |     | -                    | 3,183,945  |     |     |       | \$ 3,183,945 |
| 24 December            |     | -                    | 3,183,945  |     |     |       | \$ 3,183,945 |
| 25 Average             |     | -                    | 3,183,945  |     |     |       | \$ 3,183,945 |

Accumulated Depreciation

|                        | (a) | (b)                  | (c)        | (d) | (e) | (...) | (x)          |
|------------------------|-----|----------------------|------------|-----|-----|-------|--------------|
| 26 December Prior Year |     | Constellation Merger | PHI Merger |     |     |       | Total        |
| 27 January             |     | -                    | 1,320,394  |     |     |       | \$ 1,320,394 |
| 28 February            |     | -                    | 1,370,755  |     |     |       | \$ 1,370,755 |
| 29 March               |     | -                    | 1,419,543  |     |     |       | \$ 1,419,543 |
| 30 April               |     | -                    | 1,477,610  |     |     |       | \$ 1,477,610 |
| 31 May                 |     | -                    | 1,538,869  |     |     |       | \$ 1,538,869 |
| 32 June                |     | -                    | 1,594,246  |     |     |       | \$ 1,594,246 |
| 33 July                |     | -                    | 1,648,220  |     |     |       | \$ 1,648,220 |
| 34 August              |     | -                    | 1,699,540  |     |     |       | \$ 1,699,540 |
| 35 September           |     | -                    | 1,758,203  |     |     |       | \$ 1,758,203 |
| 36 October             |     | -                    | 1,814,179  |     |     |       | \$ 1,814,179 |
| 37 November            |     | -                    | 1,884,687  |     |     |       | \$ 1,884,687 |
| 38 December            |     | -                    | 1,944,579  |     |     |       | \$ 1,944,579 |
| 39 Average             |     | -                    | 1,989,662  |     |     |       | \$ 1,989,662 |
|                        |     | -                    | 1,650,807  |     |     |       | \$ 1,650,807 |

PECO Energy Company

Attachment 4E - Cost to Achieve Mergers (Note A)

|    | (a)   | (b)                  | (c)        | (d) | (e) | (...) | (x)          |
|----|---|----------------------|------------|-----|-----|-------|--------------|
|    | Net Plant = Gross Plant Minus Accumulated Depreciation from above | Constellation Merger | PHI Merger |     |     |       | Total        |
| 40 | December Prior Year   | -                    | 1,863,551  | -   | -   | -     | \$ 1,863,551 |
| 41 | January   | -                    | 1,813,190  | -   | -   | -     | \$ 1,813,190 |
| 42 | February  | -                    | 1,764,402  | -   | -   | -     | \$ 1,764,402 |
| 43 | March   | -                    | 1,706,335  | -   | -   | -     | \$ 1,706,335 |
| 44 | April   | -                    | 1,645,076  | -   | -   | -     | \$ 1,645,076 |
| 45 | May   | -                    | 1,589,699  | -   | -   | -     | \$ 1,589,699 |
| 46 | June  | -                    | 1,535,725  | -   | -   | -     | \$ 1,535,725 |
| 47 | July  | -                    | 1,484,405  | -   | -   | -     | \$ 1,484,405 |
| 48 | August  | -                    | 1,425,742  | -   | -   | -     | \$ 1,425,742 |
| 49 | September   | -                    | 1,369,766  | -   | -   | -     | \$ 1,369,766 |
| 50 | October   | -                    | 1,299,258  | -   | -   | -     | \$ 1,299,258 |
| 51 | November  | -                    | 1,239,366  | -   | -   | -     | \$ 1,239,366 |
| 52 | December  | -                    | 1,194,283  | -   | -   | -     | \$ 1,194,283 |
| 53 | Average   | -                    | 1,533,138  | -   | -   | -     | \$ 1,533,138 |

Depreciation (Monthly Change of Accumulated Depreciation from above)

|    | (a)   | (b)                  | (c)        | (d) | (e) | (...) | (x)        |
|----|---|----------------------|------------|-----|-----|-------|------------|
|    | Net Plant = Gross Plant Minus Accumulated Depreciation from above | Constellation Merger | PHI Merger |     |     |       | Total      |
| 54 | January   | -                    | 50,361     | -   | -   | -     | \$ 50,361  |
| 55 | February  | -                    | 48,788     | -   | -   | -     | \$ 48,788  |
| 56 | March   | -                    | 58,067     | -   | -   | -     | \$ 58,067  |
| 57 | April   | -                    | 61,259     | -   | -   | -     | \$ 61,259  |
| 58 | May   | -                    | 55,376     | -   | -   | -     | \$ 55,376  |
| 59 | June  | -                    | 53,974     | -   | -   | -     | \$ 53,974  |
| 60 | July  | -                    | 51,320     | -   | -   | -     | \$ 51,320  |
| 61 | August  | -                    | 58,664     | -   | -   | -     | \$ 58,664  |
| 62 | September   | -                    | 55,975     | -   | -   | -     | \$ 55,975  |
| 63 | October   | -                    | 70,509     | -   | -   | -     | \$ 70,509  |
| 64 | November  | -                    | 59,892     | -   | -   | -     | \$ 59,892  |
| 65 | December  | -                    | 45,083     | -   | -   | -     | \$ 45,083  |
| 66 | Total   | -                    | 669,268    | -   | -   | -     | \$ 669,268 |

Note:

A: Merger-related costs incurred during hold harmless period are to be excluded from rate unless approved by FERC order.

Attachment 5  
Attachment H-7, Pages 3 and 4, Worksheet  
PECO Energy Company

| Line No. | Month                               | Transmission O&M Expenses            | Account No. 566 (Misc. Trans. Expense) | Account No. 565      | Accounts 561.4 and 561.8           | Amortization of Regulatory Asset | Miscellaneous Transmission Expense (less amortization of regulatory asset) | Depreciation Expense - Transmission | Depreciation Expense - Common        | Depreciation Expense - Transmission Intangible                                    | Depreciation Expense - General Intangible              | Depreciation Expense - Distribution                |
|----------|-------------------------------------|--------------------------------------|--|----------------------|------------------------------------|----------------------------------|--|-------------------------------------|--------------------------------------|---|--|--|
|          |                                     | (a)                                  | (b)                                    | (c)                  | (d)                                | (e)                              | (f)  | (g)                                 | (h)                                  | (i)   | (j)  | (k)  |
|          | Attachment H-7, Page 3, Line No.:   | 1                                    | 2                                      | 3                    |                                    | 11                               | 12   | 16                                  |                                      |   |  |  |
|          | Form No. 1                          | 321.112.b                            | 321.97.b                               | 321.96.b             | 321.88.b & 92.b                    | 566                              | 566  | 11, Col J                           | Attachment 8, Page 2, Line 51, Col J | Attachment 8, Page 2, Line 10, Col J  | Attachment 8, Page 2, Line 19, Col J                   | Attachment 8, Page 2, Line 22, Col J               |
| 1        | Total                               | 206,204,601                          | 12,292,850                             | -                    | 153,065,697                        | -                                | 12,292,850   | 26,664,777                          | 38,856,904                           | 3,856,500   | 3,826,966  | 11,597,384   |
|          |                                     | Depreciation Expense - General       | Amortization of Abandoned Plant        | Labor Related Taxes  | Labor Related Taxes to be Excluded | Plant Related Taxes              | Excluded Taxes Per Attachment 5C Line 5                                    | Other Included Taxes                | Plant Related Taxes to be Excluded   | Amortized Investment Tax Credit Consistent with 266.8 F & 266.17 D - Transmission | Excess Deferred Income Tax Amortization - Transmission | Tax Effect of Permanent Differences - Transmission |
|          | Attachment H-7, Page 3, Line Number | (a) 17                               | (b) 19                                 | (c) 23               | (d) (Note F) 24                    | (e) 26                           | (f) 27   | (g) 28                              | (h) (Note F) 29                      | (i) 38  | (j) 39   | (k) 40   |
|          | Form No. 1                          | Attachment 8, Page 1, Line 25, Col J | (Note S)                               | Attachment 5C Line 2 | Attachment 5C Line 9               | Attachment 5C Line 1             | Attachment 5C Line 5   | Attachment 5C Line 3                | Attachment 5C Line 10                | (Note E)  | (Attachment H-7 Note G)                                | (Attachment H-7 Note W)                            |
| 2        | Total                               | \$ 19,912,049                        | \$ -                                   | \$ 12,565,762        | \$ -                               | \$ 12,492,918                    | \$ 138,105,314   | \$ 838,054                          | \$ -                                 | \$ 2,355  | \$ 3,911,495   | \$ 214,029   |

Attachment 5  
Attachment H-7, Pages 3 and 4, Worksheet  
PECO Energy Company

|    |   |  |  |  |  |  |  |  |  |
|----|---|--|--|--|--|--|--|--|--|
| 3  | Long Term Interest (117, sum of 62.c through 67.e), Excluding LVT Interest (Note G) |  |  |  |  |  |  |  |  |
| 4  | Preferred Dividends (118.29c) (positive number)                                     |  |  |  |  |  |  |  |  |
| 5  | Proprietary Capital   |  |  |  |  |  |  |  |  |
| 6  | Less Preferred Stock  |  |  |  |  |  |  |  |  |
| 7  | Less Account 216.1 (enter negative) (Note D)  |  |  |  |  |  |  |  |  |
| 8  | Less Account 219.1 (enter negative)   |  |  |  |  |  |  |  |  |
| 9  | Common Stock<br>(Sum of Line 5 - Line 6 + Line 7 + Line 8)                          |  |  |  |  |  |  |  |  |
| 10 | Long Term Debt (Note A)   |  |  |  |  |  |  |  |  |
| 11 | Preferred Stock (Note B)  |  |  |  |  |  |  |  |  |
| 12 | Common Stock (Note C)   |  |  |  |  |  |  |  |  |
| 13 | Total   |  |  |  |  |  |  |  |  |

|  |  |               |        |        |               |
|--|--|---------------|--------|--------|---------------|
|  |  | \$            | %      | Cost   | Weighted      |
|  | (100% - Line 11, Col (%) - Line 12, Col (%)) | 3,822,880,147 | 46.31% | 3.90%  | 1.81% = WCLTD |
|  | (Line 11, Col (\$) / Line 13, Col (\$))      |               |        | -      | 0.00%         |
|  | (Line 12, Col (\$) / Line 13, Col (\$))      | 4,432,826,541 | 53.69% | 10.35% | 5.56%         |
|  | (Sum of Lines 10-12)                         | 8,255,706,689 |        |        | 7.37% = R     |

|  |               |  |
|--|---------------|--|
|  | \$            |  |
|  | 149,259,987   |  |
|  |               |  |
|  | 4,434,953,389 |  |
|  |               |  |
|  | (2,126,847)   |  |
|  | 4,432,826,541 |  |

Notes:

A Long Term Debt balance will reflect the 13 month average of the balances, of which the 1st and 13th are found on page 112, lines 18.c & d to 21.c & d in the Form No. 1.

B Preferred Stock balance will reflect the 13 month average of the balances, of which the 1st and 13th are found on page 112, lines 3.e & d in the Form No. 1.

C Common Stock balance will reflect the 13 month average of the balances, of which the 1st and 13th are found on page 112, lines 3.c & d, 12.c & d, and 16.c & d in the Form No. 1 as shown on lines 10-12 above. A cap on the equity percentage of PECO's capital structure shall be 55.75%. ROE will be supported in the original filing and no change in ROE may be made absent FERC authorization pursuant to a section 205 or section 206.

D The Account 216.1 balance is input only if positive number in the FERC Form No. 1 (112.12.e).

E Sum of transmission related electric and common amortized investment tax credit amounts. Total electric amount allocated to transmission allocated 100% to transmission; (2) amounts solely related to distribution, gas or non-utility allocated 0% to transmission; (3) amounts related to electric general allocated using the wages and salaries allocator (Attachment H-7, p. 4, line 11, column (5)); (4) amount related to common plant allocated to transmission using the wages and salaries allocator (Attachment H-7, p. 4, line 11, column (5)); multiplied by common utility plant percent to electric (per FF1 page 356).

F Labor and Plant related taxes due to merger are to be excluded consistent with hold harmless commitment.

G All short-term interest related expense will be removed from the formula rate template.



Attachment 5.1 - Revenue Credit Worksheet

Costs associated with revenues in line 17a

| Cost Item                               | Accounts booked to |                | Costs Allocation to |               | Transmission Costs |               | SAW Allocation Factor | Costs Recovered Through ARG Costs |
|---|--------------------|----------------|---------------------|---------------|--------------------|---------------|-----------------------|-----------------------------------|
|   | Total Costs        | (Note A)       | Plant Related       | Labor Related | Plant Related      | Labor Related |                       |                                   |
| 22a Administrative and General Salaries | 930000             | 647,226        | 75%                 | 485,419       | 9.22%              | 59,681        |                       |                                   |
| 22b Employee Pensions and Benefits      | 936000             | 255,080        | 75%                 | 191,310       | 9.22%              | 23,521        |                       |                                   |
| 23 Total Lines 22                       |                    | \$ 902,305     |                     | \$ 676,729    |                    | \$ 83,202     |                       |                                   |
| FERC Account 454                        |                    |                |                     |               |                    |               |                       |                                   |
| 24a Rent from Electric Distribution     | Total Amount       | Other          | 100% Transmission   | Plant Related | Labor Related      | Total         |                       |                                   |
| 24b                                     | \$ 13,150,884      | \$ 13,150,884  |                     |               |                    |               |                       |                                   |
| 24c                                     | 294,549            |                | 294,549             |               |                    |               |                       |                                   |
| 24d                                     | 7,774,819          |                | 7,774,819           |               |                    |               |                       |                                   |
| 24e                                     | 2,771,759          |                | 2,771,759           |               |                    |               |                       |                                   |
| 24f                                     | 2,739,129          |                | 2,739,129           |               |                    |               |                       |                                   |
| 24g                                     | 1,307,790          |                | 1,307,790           |               |                    |               |                       |                                   |
| 24h                                     | 1,307,790          |                | 1,307,790           |               |                    |               |                       |                                   |
| 24i                                     | 28,038,930         | \$ 15,922,643  | \$ 9,377,158        | \$ 2,739,129  | \$ -               |               |                       |                                   |
| 24j                                     |                    | 0%             | 100%                | 18.38%        | 9.22%              |               |                       |                                   |
| 24k                                     |                    | \$ -           | \$ 9,377,158        | \$ 503,400    | \$ -               | \$ 9,880,558  |                       |                                   |
| 24l                                     |                    |                |                     |               |                    |               |                       |                                   |
| 24m                                     |                    |                |                     |               |                    |               |                       |                                   |
| 24n                                     |                    |                |                     |               |                    |               |                       |                                   |
| 24o                                     |                    |                |                     |               |                    |               |                       |                                   |
| 24p                                     |                    |                |                     |               |                    |               |                       |                                   |
| 24q                                     |                    |                |                     |               |                    |               |                       |                                   |
| 24r                                     |                    |                |                     |               |                    |               |                       |                                   |
| 24s                                     |                    |                |                     |               |                    |               |                       |                                   |
| 24t                                     |                    |                |                     |               |                    |               |                       |                                   |
| 24u                                     |                    |                |                     |               |                    |               |                       |                                   |
| 24v                                     |                    |                |                     |               |                    |               |                       |                                   |
| 24w                                     |                    |                |                     |               |                    |               |                       |                                   |
| 24x                                     |                    |                |                     |               |                    |               |                       |                                   |
| 24y                                     |                    |                |                     |               |                    |               |                       |                                   |
| 24z                                     |                    |                |                     |               |                    |               |                       |                                   |
| 25a                                     | Total Amount       | Other          | 100% Transmission   | Plant Related | Labor Related      | Total         |                       |                                   |
| 25b                                     | \$ (3,859,745)     | \$ (3,859,745) |                     |               |                    |               |                       |                                   |
| 25c                                     | 3,817,229          |                | 3,817,229           |               |                    |               |                       |                                   |
| 25d                                     | 11,283,459         |                | 11,283,459          |               |                    |               |                       |                                   |
| 25e                                     | 177,907            |                | 177,907             |               |                    |               |                       |                                   |
| 25f                                     | -                  |                | -                   |               |                    |               |                       |                                   |
| 25g                                     | 2,614,937          |                | 2,614,937           |               |                    |               |                       |                                   |
| 25h                                     | 714,095            |                | 620,045             | 41,545        | 52,505             |               |                       |                                   |
| 25i                                     | 14,747,882         |                | 14,475,925          | 177,907       | 41,545             | 52,505        |                       |                                   |
| 25j                                     |                    | 0%             | 100%                | 18.38%        | 9.22%              |               |                       |                                   |
| 25k                                     |                    | \$ -           | \$ 177,907          | \$ 7,653      | \$ 4,841           | \$ 190,333    |                       |                                   |
| 25l                                     |                    |                |                     |               |                    |               |                       |                                   |
| 25m                                     |                    |                |                     |               |                    |               |                       |                                   |
| 25n                                     |                    |                |                     |               |                    |               |                       |                                   |
| 25o                                     |                    |                |                     |               |                    |               |                       |                                   |
| 25p                                     |                    |                |                     |               |                    |               |                       |                                   |
| 25q                                     |                    |                |                     |               |                    |               |                       |                                   |
| 25r                                     |                    |                |                     |               |                    |               |                       |                                   |
| 25s                                     |                    |                |                     |               |                    |               |                       |                                   |
| 25t                                     |                    |                |                     |               |                    |               |                       |                                   |
| 25u                                     |                    |                |                     |               |                    |               |                       |                                   |
| 25v                                     |                    |                |                     |               |                    |               |                       |                                   |
| 25w                                     |                    |                |                     |               |                    |               |                       |                                   |
| 25x                                     |                    |                |                     |               |                    |               |                       |                                   |
| 25y                                     |                    |                |                     |               |                    |               |                       |                                   |
| 25z                                     |                    |                |                     |               |                    |               |                       |                                   |
| 26a                                     | Total Amount       | Other          | 100% Transmission   | Plant Related | Labor Related      | Total         |                       |                                   |
| 26b                                     | \$ 156,344,148     | \$ 156,344,148 |                     |               |                    |               |                       |                                   |
| 26c                                     | 4,799,870          |                | 4,799,870           |               |                    |               |                       |                                   |
| 26d                                     | 31,152,724         |                | 31,152,724          |               |                    |               |                       |                                   |
| 26e                                     | 1,960,978          |                | 1,960,978           |               |                    |               |                       |                                   |
| 26f                                     | 1,542,621          |                | 1,542,621           |               |                    |               |                       |                                   |
| 26g                                     | 195,800,341        | \$ 189,039,493 | \$ 6,760,848        | \$ -          | \$ -               |               |                       |                                   |
| 26h                                     |                    | 0%             | 100%                | 18.38%        | 9.22%              |               |                       |                                   |
| 26i                                     |                    | \$ -           | \$ 6,760,848        | \$ -          | \$ -               | \$ 6,760,848  |                       |                                   |
| 26j                                     |                    |                |                     |               |                    |               |                       |                                   |
| 26k                                     |                    |                |                     |               |                    |               |                       |                                   |
| 26l                                     |                    |                |                     |               |                    |               |                       |                                   |
| 26m                                     |                    |                |                     |               |                    |               |                       |                                   |
| 26n                                     |                    |                |                     |               |                    |               |                       |                                   |
| 26o                                     |                    |                |                     |               |                    |               |                       |                                   |
| 26p                                     |                    |                |                     |               |                    |               |                       |                                   |
| 26q                                     |                    |                |                     |               |                    |               |                       |                                   |
| 26r                                     |                    |                |                     |               |                    |               |                       |                                   |
| 26s                                     |                    |                |                     |               |                    |               |                       |                                   |
| 26t                                     |                    |                |                     |               |                    |               |                       |                                   |
| 26u                                     |                    |                |                     |               |                    |               |                       |                                   |
| 26v                                     |                    |                |                     |               |                    |               |                       |                                   |
| 26w                                     |                    |                |                     |               |                    |               |                       |                                   |
| 26x                                     |                    |                |                     |               |                    |               |                       |                                   |
| 26y                                     |                    |                |                     |               |                    |               |                       |                                   |
| 26z                                     |                    |                |                     |               |                    |               |                       |                                   |

Note A: Number of employees managing secondary transmission service contracts divided by number of employees managing transmission and distribution secondary service contracts.

PECO Energy Company  
Attachment 5B - A&G Workpaper

323.181.b to 323.196.b

|  | (a)   | (b)            | (c)                    | (d)             | (e)               |
|--|-------|----------------|------------------------|-----------------|-------------------|
|  | Total | S&W Allocation | Gross Plant Allocation | Non-Recoverable | Directly Assigned |
| 1 Administrative and General Salaries                              | 920.0 | \$ 29,310,886  | \$ 29,302,924          | \$ 7,962        | \$ -              |
| 2 Office Supplies and Expenses                                     | 921.0 | 11,159,759     | 11,159,759             | -               | -                 |
| 3 Administrative Expenses Transferred-Credit                       | 922.0 | -              | -                      | -               | -                 |
| 4 Outside Service Employed (Note E)                                | 923.0 | 76,262,322     | 75,693,731             | 568,591         | -                 |
| 5 Property Insurance   | 924.0 | 570,370        | -                      | -               | -                 |
| 6 Injuries and Damages   | 925.0 | 26,744,186     | 570,370                | -               | -                 |
| 7 Employee Pensions and Benefits                                   | 926.0 | 25,497,480     | 26,744,186             | -               | -                 |
| 8 Franchise Requirements   | 927.0 | -              | 25,497,480             | -               | -                 |
| 9 Regulatory Commission Expenses (Note E)                          | 928.0 | 8,007,671      | -                      | 7,941,187       | 66,484            |
| 10 Duplicate Charges-Credit  | 929.0 | (2,256,813)    | (2,256,813)            | -               | -                 |
| 11 General Advertising Expenses (Note E)                           | 930.1 | 1,188,027      | -                      | 1,188,027       | -                 |
| 12 Miscellaneous General Expenses (Note E)                         | 930.2 | 2,638,852      | 1,938,254              | 700,598         | -                 |
| 13 Rents   | 931.0 | -              | -                      | -               | -                 |
| 14 Maintenance of General Plant                                    | 935   | 7,241,621      | 7,241,621              | -               | -                 |
| 15 <b>Administrative &amp; General - Total (Sum of lines 1-14)</b> |       | \$ 186,364,361 | \$ 175,321,142         | \$ 10,406,365   | \$ 66,484         |

|    |                               |            |         |                    |              |
|----|-------------------------------|------------|---------|--------------------|--------------|
| 16 | Allocation Factor             | 9.22%      | 18.38%  | 0.00%              | 100.00%      |
| 17 | Transmission A&G <sup>1</sup> | 16,166,385 | 104,823 | -                  | 66,484       |
| 18 |                               |            |         | Total <sup>2</sup> | \$16,337,692 |

Notes:

<sup>1</sup> Multiply total amounts on line 15, columns (b)-(c) by allocation factors on line 16.

<sup>2</sup> Sum of line 17, columns (b), (c), (d), (e).



PECO Energy Company  
Attachment 5C - Taxes Other Than Income

Page 263  
Col (i)

Taxes Other Than Income

| <b>Plant Related, Subject to Gross Plant Allocator</b>  |   |             |  |
|---|---|-------------|--|
| 1a  | PA Real Estate Tax - 2020   | 7,122,521   |  |
| 1b  | Property Tax Payable  | 5,370,397   |  |
| 1c  |   |             |  |
| ...   |   |             |  |
| 1   | <b>Total Plant Related (Total Lines 1)</b>                                  | 12,492,918  |  |
| <br><b>Labor Related, Subject to Wages &amp; Salary Allocator</b>   |   |             |  |
| 2a  | Federal Unemployment  | 56,025      |  |
| 2b  | Social Security   | 12,288,043  |  |
| 2c  | PA Unemployment   | 221,694     |  |
| ...   |   |             |  |
| 2   | <b>Total Labor Related (Total Lines 2)</b>                                  | 12,565,762  |  |
| <br><b>Other Included, Subject to Gross Plant Allocator</b>   |   |             |  |
| 3a  | State Use Taxes   | 834,412     |  |
| 3b  | Miscellaneous Taxes   | 3,642       |  |
| 3c  |   |             |  |
| ...   |   |             |  |
| 3   | <b>Total Other Included (Total Lines 3)</b>                                 | 838,054     |  |
| 4   | <b>Total Included (Lines 1 to 3)</b>  | 25,896,734  |  |
| <br><b>Taxes Other Than Income Excluded Per Notes A to E</b>  |   |             |  |
| 5a  | PA Gross Receipts Tax - 2019  | (291,924)   |  |
| 5b  | PA Gross Receipts Tax - 2020  | 135,682,362 |  |
| 5c  | Sales Tax Payable   | 2,714,876   |  |
| ...   |   |             |  |
| 5   | <b>Total Excluded Taxes Other Than Income (Total Lines 5)</b>               | 138,105,314 |  |
| 6   | <b>Total Taxes Other Than Income, Included and Excluded (Lines 4 and 5)</b> | 164,002,048 |  |
| 7   | <b>Total Taxes Other Income from p115.14.g</b>                              | 164,002,048 |  |
| 8   | Difference (Line 6 - Line 7)  | -           |  |
| <br><b>Items Included in Line 4, that Are To Be Excluded from Formula Per Attachment 5-P3 Support Note F (Enter Negative)</b> |   |             |  |
| 9a  |   |             |  |
| 9b  |   |             |  |
| ...   |   |             |  |
| 9   | <b>Total Labor Related Taxes to be Excluded (Total Lines 9)</b>             | -           |  |
| 10a   |   |             |  |
| 10b   |   |             |  |
| ...   |   |             |  |
| 10  | <b>Total Plant Related Taxes to be Excluded (Total Lines 10)</b>            | -           |  |

**Criteria for Allocation:**

- A Other taxes that are incurred through ownership of plant including transmission plant will be allocated based on the Gross Plant Allocator. If the taxes are 100% recovered at retail they shall not be included.
- B Other taxes that are incurred through ownership of only general or intangible plant will be allocated based on the Wages and Salary Allocator. If the taxes are 100% recovered at retail they shall not be included.
- C Other taxes that are assessed based on labor will be allocated based on the Wages and Salary Allocator.
- D Other taxes except as provided for in A, B and C above, that are incurred and (1) are not fully recovered at retail or (2) are directly or indirectly related to transmission service will be allocated based on the Gross Plant Allocator; provided, however, that overheads shall be treated as in footnote B above.
- E Excludes prior period adjustments in the first year of the formula's operation and reconciliation for the first year.

Attachment 6  
True-Up Interest Rate  
PECO Energy Company

|    | Month (Note A)              | FERC<br>Monthly<br>Interest Rate |
|----|-----------------------------|----------------------------------|
| 1  | January                     | 0.0044                           |
| 2  | February                    | 0.0040                           |
| 3  | March                       | 0.0044                           |
| 4  | April                       | 0.0045                           |
| 5  | May                         | 0.0046                           |
| 6  | June                        | 0.0045                           |
| 7  | July                        | 0.0047                           |
| 8  | August                      | 0.0047                           |
| 9  | September                   | 0.0045                           |
| 10 | October                     | 0.0046                           |
| 11 | November                    | 0.0045                           |
| 12 | December                    | 0.0046                           |
| 13 | January                     | 0.0042                           |
| 14 | February                    | 0.0039                           |
| 15 | March                       | 0.0042                           |
| 16 | April                       | 0.0039                           |
| 17 | May                         | 0.0040                           |
| 18 | Average of lines 1-17 above | 0.0044                           |

**Note:**

A The FERC Quarterly Interest Rate in column [A] is the interest applicable to the Month indicated.

19 Year 2020

|     | A  | B                              | C   | D         | E   | F                                     |
|-----|--|--------------------------------|---|-----------|---|---------------------------------------|
|     | Project Name   | RTO Project<br>Number or Zonal | Amount<br>Attachment 3,<br>Col. G + Col H | 17 Months | Monthly<br>Interest<br>Rate<br>Line 18<br>above | Interest<br>Col. C x Col D<br>x Col E |
| 21  | Zonal  | Zonal                          | (98,887)                                  | 17        | 0.0044  | (7,337)                               |
| 21a | Center Point 500-230 kV Substation Ac b0269            |                                | (2,729)                                   | 17        | 0.0044  | (203)                                 |
| 21b | Center Point 500-230 kV Substation Ac b0269.10         |                                | (1,365)                                   | 17        | 0.0044  | (101)                                 |
| 21c | Richmond-Waneeta 230 kV Line Re-cc b1591               |                                | (401)                                     | 17        | 0.0044  | (30)                                  |
| 21d | Richmond-Waneeta 230 kV Line Re-cc b1398.8             |                                | (134)                                     | 17        | 0.0044  | (10)                                  |
| 21e | Whitpain 500 kV Circuit Breaker Addit b0269.6          |                                | (259)                                     | 17        | 0.0044  | (19)                                  |
| 21f | Elroy-Hosensack 500 kV Line Rating Ir b0171.1          |                                | (349)                                     | 17        | 0.0044  | (26)                                  |
| 21g | Camden-Richmond 230 kV Line Rating b1590.1 and b1590.2 |                                | (1,160)                                   | 17        | 0.0044  | (86)                                  |
| 21h | Chichester-Linwood 230 kV Line Upgr b1900              |                                | (2,671)                                   | 17        | 0.0044  | (198)                                 |
| 21i | Bryn Mawr-Plymouth 138 kV Line Reb b0727               |                                | (1,553)                                   | 17        | 0.0044  | (115)                                 |
| 21j | Emilie 230-138 kV Transformer Addit b2140              |                                | (1,440)                                   | 17        | 0.0044  | (107)                                 |
| 21k | Chichester-Saville 138 kV Line Re-con b1182            |                                | (1,495)                                   | 17        | 0.0044  | (111)                                 |
| 21l | Waneeta 230-138 kV Transformer Add b1717               |                                | (956)                                     | 17        | 0.0044  | (71)                                  |
| 21m | Chichester 230-138 kV Transformer Ac b1178             |                                | (679)                                     | 17        | 0.0044  | (50)                                  |
| 21n | Bradford-Planebrook 230 kV Line Upg b0790              |                                | (145)                                     | 17        | 0.0044  | (11)                                  |
| 21o | North Wales-Hartman 230 kV Line Re- b0506              |                                | (181)                                     | 17        | 0.0044  | (13)                                  |
| 21p | North Wales-Whitpain 230 kV Line Re b0505              |                                | (203)                                     | 17        | 0.0044  | (15)                                  |
| 21q | Bradford-Planebrook 230 kV Line Upg b0789              |                                | (198)                                     | 17        | 0.0044  | (15)                                  |
| 21r | Planebrook 230 kV Capacitor Bank Ad b0206              |                                | (270)                                     | 17        | 0.0044  | (20)                                  |
| 21s | Newlinville 230 kV Capacitor Bank Ad b0207             |                                | (364)                                     | 17        | 0.0044  | (27)                                  |
| 21t | Chichester-Mickleton 230 kV Series Re b0209            |                                | (206)                                     | 17        | 0.0044  | (15)                                  |
| 21u | Chichester-Mickleton 230 kV Line Re- B0264             |                                | (172)                                     | 17        | 0.0044  | (13)                                  |
| 21v | Buckingham-Pleasant Valley 230 kV Li b0357             |                                | (172)                                     | 17        | 0.0044  | (13)                                  |
| 21w | Elroy 500 kV Dynamic Reactive Devic b0287              |                                | (436)                                     | 17        | 0.0044  | (32)                                  |
| 21x | Heaton 230 kV Capacitor Bank Additio b0208             |                                | (326)                                     | 17        | 0.0044  | (24)                                  |
| 21y | Peach Bottom 500-230 kV Transformer b2694              |                                | (940)                                     | 17        | 0.0044  | (70)                                  |
| 21z | Peach Bottom 500 kV Substation Upgr: b2766.2           |                                | (33)                                      | 17        | 0.0044  | (2)                                   |
| ... |  |                                |   |           |   |                                       |

PBOPs

PECO Energy Company

Calculation of PBOP Expenses

| (a)  | (b)<br>PECO Total | (c)                                | (d)<br>Electric                                   |
|--|-------------------|------------------------------------|---|
| 1 Total PBOP expenses allowed (Note A)           | 1,066,173         | Portion not Capitalized<br>679,716 | Col. (c) x Electric<br>Labor in Note B<br>541,406 |
| 2 Total PBOP Expenses in A&G in the current year |                   | (1,257,843)                        | (1,001,894)                                       |
| 3 PBOP Adjustment                                |                   |                                    | 1,543,300   |
|  |                   |                                    | Line 1 minus line 2                               |

Notes:

A The source of the amounts from the Actuary Study supporting the amount in line 1, column (b) is the 3rd page of the attachment to the January 24, 2017 Willis Towers Watson report on PBOPs for PECO.

|                             |                |          |
|-----------------------------|----------------|----------|
| B Electric Labor (354.28.b) | \$ 182,842,035 | % 79.65% |
| Gas Labor sum (355.62.b)    | 46,709,857     | 20.35%   |
| Total                       | 229,551,892    |          |

C The Willis Towers Watson report on PBOPs does not breakout the amount related to construction labor that is capitalized. As a result, the portion not capitalized is calculated as labor expensed divided by total labor.





**PECO Energy Company  
Attachment 8 - Depreciation and Amortization**

|                                    | Current Year<br>Depr./Amort. Exp<br>Per Formula<br>Total Company<br>(B) | Current Year<br>Depr./Amort. Exp Per FF1<br>/ Atta 4D for Intangible<br>Total Company<br>(C) | Current Year<br>Difference<br>Total Company<br>(D)=(B)-(C) | Allocation %<br>To Transmission<br>(E) | Current Year<br>Difference Allocated<br>To Transmission<br>(F)=(D)*(E) | Prior Year<br>Total Cumulative<br>Difference<br>Total Company<br>(G) | Prior Year<br>Total Cumulative<br>Difference<br>Transmission<br>(H) | Current Year<br>Total Cumulative<br>Difference<br>Total Company<br>(I)=(D)+(G) | Current Year<br>Total Cumulative<br>Difference<br>Transmission<br>(J)=(F)+(H) |
|------------------------------------|---|--|--|--|--|--|---|--|---|
| 1 Transmission                     | \$ 26,664,777   | \$ 26,664,888  | (111)  | 100.00%                                | (111)  | (1,607)  | (1,607)   | (1,718)  | (1,718)   |
| 2 Electric General                 | \$ 19,912,049   | \$ 19,912,062  | (13)   | 9.22%                                  | (1)  | 44   | 4   | 30   | 3   |
| 3 Common - Electric                | \$ 38,856,904   | \$ 38,856,761  | 143  | 9.22%                                  | 13   | (154)  | (15)  | (11)   | (2)   |
| 4 Intangible - Transmission        | \$ 3,856,500  | \$ 3,847,246   | 9,254  | 100.00%                                | 9,254  | 16   | 16  | 9,270  | 9,270   |
| 5 Intangible - General             | \$ 3,826,966  | \$ 3,826,959   | 7  | 9.22%                                  | 1  | (4)  | (4)   | 3  | 0   |
| 6 Intangible - Distribution        | \$ 11,597,384   | \$ 11,597,384  | -  | 0.00%                                  | -  | -  | -   | -  | -   |
| 7                                  |   |  |  |  |  |  |   |  |   |
| 8 <b>Accumulative Depreciation</b> |   |  |  |  |  |  |   |  |   |

|   | Average Accumulative<br>Depr./Amort. Per Book<br>Total Company | Total Cumulative<br>Adjustment<br>Total Company | Adjusted Average<br>Accumulative Depr./Amort.<br>Total Company | Allocation %<br>To Transmission | Adjusted Average<br>Accumulative Depr./Amort.<br>Transmission |
|---|--|---|--|---------------------------------|---|
| 9 |  |   |  |                                 |   |

|                              |                |          |                |         |               |
|------------------------------|----------------|----------|----------------|---------|---------------|
| 10 Transmission              | \$ 525,084,337 | (1,663)  | 525,086,000    | 100.00% | 525,086,000   |
| 11 Electric General          | \$ 88,106,050  | 37       | 88,106,012     | 9.22%   | 8,124,266     |
| 12 Common - Electric         | \$ 315,931,455 | (82)     | 315,931,537    | 9.22%   | 29,132,087    |
| 13 Intangible - Transmission | \$ 14,912,686  | 4,643    | 14,908,043     | 100.00% | 14,908,043    |
| 14 Intangible - General      | \$ 11,246,426  | (1)      | 11,246,427     | 9.22%   | 1,037,034     |
| 15 Intangible - Distribution | \$ 111,094,341 | -        | 111,094,341    | 0.00%   | -             |
| 16 Total Intangible          | \$ 137,253,454 | \$ 4,642 | \$ 137,248,811 |         | \$ 15,945,077 |
| 17                           |                |          |                |         |               |
| 18                           |                |          |                |         |               |
| 19                           |                |          |                |         |               |
| 20                           |                |          |                |         |               |
| 21                           |                |          |                |         |               |
| 22                           |                |          |                |         |               |
| 23                           |                |          |                |         |               |
| 24                           |                |          |                |         |               |

Notes:

- 1 Columns (A), (B), (C), and (D) are fixed and cannot be changed absent Commission approval or acceptance. The depreciation / amortization expense is calculated separately for each row.
- 2 For Electric General and Common General plant, except FERC account 303, Column (E) is the remaining life of the assets in the account for each vintage (amount of plant added in each year is a vintage) weighted by the gross plant balance of each account or subaccount. The remaining life for each vintage is equal to the area under the Mortality Curve specified in Columns (C) and (D) using a half year convention for the first year placed in service. The weighted remaining life is calculated once a year at the beginning of the year.
- 3 For FERC accounts 303, 352 through 390 and 390 through 398, Column F is fixed and cannot be changed absent Commission approval or acceptance.
- 4 Column (G) is the depreciable amount of gross plant investment reported in the annual FERC Form No. 1 filing on pages 207 (Electric) and 356 (Common) by account or subaccount. Column (H) is the accumulated depreciation by account or subaccount.
- 5 Column (I) is the end of year depreciable net plant in the account or subaccount.
- 6 Reserved
- 7 Reserved
- 8 At least every 5 years, PECO Energy Company will file with the Commission a depreciation study supporting its existing Estimated Life and Mortality Curve for each account or subaccount.
- 9 The depreciation expense associated with Asset Retirement Obligations (booked to accounts 359.1 and 399.1) are not included in the tables above.
- 10 The life of each software or other intangible plant will be estimated at the time the plant is placed into service, and will not change over the life of the plant absent Commission approval or acceptance. The combined amortization expense for all intangible plant shall be the sum of each individual plant balance amortized over the life of each individual plant established in this manner.
- 11 The depreciation expenses related to Common General - Electric reflect electric common plant. The depreciation expenses associated with Transportation Equipment, Garage Equipment and Power Operated Tools are excluded from Account 403 and directly assigned to the functional O&M and capital accounts based on use.

**Attachment 9  
Excess / (Deficient) Deferred Income Taxes (Note B and Attachment H-7 Notes N, O and P)  
PECO Energy Company**

|                                     | (a)  | (b)            | (c)            | (d)            | (e)            | (f)            | (g)            | (h)            | (i)            | (j)            | (k)            | (l)            | (m)            | (n)            |
|-------------------------------------|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                     | EDIT Amortization Amount (Note C)                                    | January        | February       | March          | April          | May            | June           | July           | August         | September      | October        | November       | December       | Total          |
| 1                                   | Protected Property   |                |                |                |                |                |                |                |                |                |                |                |                |                |
| 2                                   | Transmission   | \$ 123,015     | \$ 123,015     | \$ 123,015     | \$ 123,015     | \$ 123,015     | \$ 123,015     | \$ 123,015     | \$ 123,015     | \$ 123,015     | \$ 123,015     | \$ 123,015     | \$ 123,015     | \$ 1,476,181   |
| 3                                   | General  | \$ 6,840       | \$ 6,840       | \$ 6,840       | \$ 6,840       | \$ 6,840       | \$ 6,840       | \$ 6,840       | \$ 6,840       | \$ 6,840       | \$ 6,840       | \$ 6,840       | \$ 6,840       | \$ 82,085      |
| 4                                   | Transmission Allocation % (Att H-7 P4, L11, Col 5)                   | 9.22%          |                |                |                |                |                |                |                |                |                |                |                |                |
| 5                                   | Allocated to Transmission  | \$ 631         | \$ 631         | \$ 631         | \$ 631         | \$ 631         | \$ 631         | \$ 631         | \$ 631         | \$ 631         | \$ 631         | \$ 631         | \$ 631         | \$ 7,569       |
| 6                                   | Common (To Be Split TDG)   | \$ 66,348      | \$ 66,348      | \$ 66,348      | \$ 66,348      | \$ 66,348      | \$ 66,348      | \$ 66,348      | \$ 66,348      | \$ 66,348      | \$ 66,348      | \$ 66,348      | \$ 66,348      | \$ 796,172     |
| 7                                   | Transmission Allocation % (L4 * Electric Factor in FERC Form 1 P356) | 7.10%          |                |                |                |                |                |                |                |                |                |                |                |                |
| 8                                   | Allocated to Transmission  | \$ 4,709       | \$ 4,709       | \$ 4,709       | \$ 4,709       | \$ 4,709       | \$ 4,709       | \$ 4,709       | \$ 4,709       | \$ 4,709       | \$ 4,709       | \$ 4,709       | \$ 4,709       | \$ 56,508      |
| 9                                   | <b>Total Protected Property</b>                                      | \$ 128,355     | \$ 128,355     | \$ 128,355     | \$ 128,355     | \$ 128,355     | \$ 128,355     | \$ 128,355     | \$ 128,355     | \$ 128,355     | \$ 128,355     | \$ 128,355     | \$ 128,355     | \$ 1,540,258   |
| 10                                  | Non-Protected Property (Note A)                                      | \$ 201,938     | \$ 201,938     | \$ 201,938     | \$ 201,938     | \$ 201,938     | \$ 201,938     | \$ 201,938     | \$ 201,938     | \$ 201,938     | \$ 201,938     | \$ 201,938     | \$ 201,938     | \$ 2,423,260   |
| 11                                  | Non-Protected, Non-Property - Pension Asset (Note A)                 | \$ 74,045      | \$ 74,045      | \$ 74,045      | \$ 74,045      | \$ 74,045      | \$ 74,045      | \$ 74,045      | \$ 74,045      | \$ 74,045      | \$ 74,045      | \$ 74,045      | \$ 74,045      | \$ 888,540     |
| 12                                  | Non-Protected, Non-Property - Non-Pension Asset (Note A)             | \$ (78,380)    | \$ (78,380)    | \$ (78,380)    | \$ (78,380)    | \$ (78,380)    | \$ (78,380)    | \$ (78,380)    | \$ (78,380)    | \$ (78,380)    | \$ (78,380)    | \$ (78,380)    | \$ (78,380)    | \$ (940,563)   |
| 13                                  | Total Non-Protected, Non-Property (Note A)                           | \$ (4,335)     | \$ (4,335)     | \$ (4,335)     | \$ (4,335)     | \$ (4,335)     | \$ (4,335)     | \$ (4,335)     | \$ (4,335)     | \$ (4,335)     | \$ (4,335)     | \$ (4,335)     | \$ (4,335)     | \$ (52,023)    |
| <b>EDIT Balance (Notes C and D)</b> |  |                |                |                |                |                |                |                |                |                |                |                |                |                |
| 14                                  | Protected Property   |                |                |                |                |                |                |                |                |                |                |                |                |                |
| 15                                  | Transmission   | \$ 78,106,166  | \$ 77,983,151  | \$ 77,860,136  | \$ 77,737,121  | \$ 77,614,106  | \$ 77,491,091  | \$ 77,368,076  | \$ 77,245,060  | \$ 76,999,030  | \$ 76,876,015  | \$ 76,753,000  | \$ 76,629,985  | \$ 77,368,076  |
| 16                                  | General  | \$ 1,497,758   | \$ 1,490,918   | \$ 1,484,077   | \$ 1,477,237   | \$ 1,470,396   | \$ 1,463,556   | \$ 1,456,715   | \$ 1,449,875   | \$ 1,436,194   | \$ 1,429,354   | \$ 1,422,513   | \$ 1,415,673   | \$ 1,456,715   |
| 17                                  | Transmission Allocation %  | 9.22%          |                |                |                |                |                |                |                |                |                |                |                |                |
| 18                                  | Allocated to Transmission  | \$ 138,108     | \$ 137,478     | \$ 136,847     | \$ 136,216     | \$ 135,585     | \$ 134,955     | \$ 134,324     | \$ 133,693     | \$ 132,432     | \$ 131,801     | \$ 131,170     | \$ 130,539     | \$ 134,324     |
| 19                                  | Common (To Be Split TDG)   | \$ 111,132,584 | \$ 110,662,236 | \$ 109,999,889 | \$ 109,337,541 | \$ 108,675,193 | \$ 108,012,846 | \$ 107,350,498 | \$ 106,688,151 | \$ 105,535,655 | \$ 104,469,108 | \$ 103,402,760 | \$ 102,336,412 | \$ 107,344,998 |
| 20                                  | Transmission Allocation %  | 7.10%          |                |                |                |                |                |                |                |                |                |                |                |                |
| 21                                  | Allocated to Transmission  | \$ 790,126     | \$ 785,417     | \$ 780,708     | \$ 775,999     | \$ 771,290     | \$ 766,581     | \$ 761,872     | \$ 757,163     | \$ 747,745     | \$ 743,036     | \$ 738,327     | \$ 733,618     | \$ 761,872     |
| 22                                  | <b>Total Protected Property</b>                                      | \$ 79,034,400  | \$ 78,906,045  | \$ 78,777,690  | \$ 78,649,336  | \$ 78,520,981  | \$ 78,392,626  | \$ 78,264,271  | \$ 78,135,916  | \$ 77,879,207  | \$ 77,750,852  | \$ 77,622,497  | \$ 77,494,142  | \$ 78,264,271  |
| 23                                  | Non-Protected Property (Note A)                                      | \$ 12,116,305  | \$ 11,914,367  | \$ 11,712,428  | \$ 11,510,490  | \$ 11,308,552  | \$ 11,106,613  | \$ 10,904,675  | \$ 10,702,737  | \$ 10,500,798  | \$ 10,298,860  | \$ 10,096,922  | \$ 9,894,983   | \$ 10,904,675  |
| 24                                  | Non-Protected, Non-Property - Pension Asset (Note A)                 | \$ 2,665,622   | \$ 2,591,577   | \$ 2,517,532   | \$ 2,443,487   | \$ 2,369,442   | \$ 2,295,397   | \$ 2,221,352   | \$ 2,147,307   | \$ 2,073,262   | \$ 1,999,217   | \$ 1,925,172   | \$ 1,851,127   | \$ 2,221,352   |
| 25                                  | Non-Protected, Non-Property - Non-Pension Asset (Note A)             | \$ (2,821,631) | \$ (2,743,251) | \$ (2,664,871) | \$ (2,586,490) | \$ (2,508,110) | \$ (2,429,730) | \$ (2,351,350) | \$ (2,272,969) | \$ (2,116,209) | \$ (2,037,829) | \$ (1,959,448) | \$ (1,881,068) | \$ (2,351,350) |
| 26                                  | Total Non-Protected, Non-Property (Note A)                           | \$ (156,009)   | \$ (151,674)   | \$ (147,339)   | \$ (143,003)   | \$ (138,668)   | \$ (134,333)   | \$ (129,998)   | \$ (125,662)   | \$ (121,327)   | \$ (116,992)   | \$ (112,657)   | \$ (108,321)   | \$ (129,998)   |

**Notes:**

A EDIT data, including EDIT amortization amount and balance, for Protected, Non-Protected Property and Non-Protected, Non-Property shall reflect the Transmission portion of EDIT amounts. The amounts and categorization of these balances as of December 31, 2017 is: Protected Property - Transmission (Line 15): \$79,276,712; Protected Property - Electric, General to be allocated between Distribution and Transmission (Line 16): \$1,683,749; Protected Property - Common to be allocated between Distribution, Transmission and Gas (Line 19): \$11,901,494; Non-Protected Property (Line 23): \$16,962,821; Non-Protected Non-Property (Line 26): (\$260,021).

B The amortization schedule of the EDIT balance related to Tax Cuts and Job Act of 2017 shall be consistent with the following periods:

Protected: ARAM  
Non-Protected Property: 7 years  
Non-Protected, Non-Property: 5 years

C The Non-Protected Property EDIT balance shall be fully amortized by the end of 2024 and the Non-Protected, non-Property EDIT balance shall be fully amortized by the end of 2022.

D The data of the annual amortization amount and balance are from PECO's Tax Accounting records.  
EDIT balance was reclassified from ADIT to EDIT in December 2017.





Attachment 10  
Pension Asset Discount Worksheet  
PECO Energy Company

|                  |  |                |        |   |
|------------------|--|----------------|--------|---|
| 1                | 13 Month Average Pension Asset (Note A)                    | 27,715,110     | Source | (Attachment 4, line 28(i))  |
| Net ADIT Balance |  |                |        |   |
| 2                | Prior Year ADIT Related to Transmission Pension Asset      | (8,717,329)    |        | (Attachment 4B "PENSION EXPENSE PROVISION" times S&W Allocator)   |
| 3                | Current Year ADIT Related to Transmission Pension Asset    | (8,902,998)    |        | (Attachment 4C "PENSION EXPENSE PROVISION" times S&W Allocator)   |
| 4                | Average ADIT Balance Related to Transmission Pension Asset | (8,810,163)    |        | (Average of Lines 2 and 3)  |
| 5                | Net Unamortized EDIT Balance                               | \$ (2,221,352) |        | (Attachment 9 line 24 "Average")  |
| 6                | Net Pension Asset  | \$ 16,683,595  |        | (Line 1 plus Line 4 plus Line 5)  |
| 7                | 100% of ATRR on Net Pension Asset                          | 1,605,516      |        | (Line 6 times Attachment H-7 page 3, line 34, col (3) times (1+Attachment H-7 page 4, line 18, col (5)) |
| 8                | Times Pension Discount %                                   | 60%            |        |   |
| 9                | ATRR Discount on Net Pension Asset                         | \$ 963,310     |        | (Line 7 times Line 8)   |

Note:

A: PECO's transmission-related Pension Asset balance is capped at \$33 million. Such limit may only be changed pursuant to a section 205 or 206 filing.

