

**Estimated Annual Depreciation Accruals Related to
Utility Plant in Service for 2021**

Summary –

This exhibit is based on the results of the 2018 Depreciation Study and updated to reflect the estimated original cost of PECO's electric and common plant in service at December 31, 2021.

Estimated Annual Depreciation Accruals Related to Utility Plant In Service for 2021

Utility Account	2018 Service Life Study - Average Service Life	2018 Service Life Study - Dispersion Curve	2021 Depreciation Rate	Original Cost of Gross Plant - January 1, 2021	2021 Estimated Plant Additions	2021 Estimated Plant Retirements	Estimated Original Cost of Gross Plant - December 31, 2021	Accumulated Book Reserve - January 1, 2021	2021 Estimated Annual Depreciation Accrual	2021 Estimated Plant Retirements	2021 - Estimated Cost of (Removal) / Salvage	Estimated Accumulated Book Reserve - December 31, 2021	Estimated Depreciable Plant Net Book Value - December 31, 2021
361 Structures and Improvements	50	R2.5	2.65%	167,040,038	27,448,597	(845,721)	193,642,914	40,762,520.00	3,628,126	(845,721)	(952,814)	42,592,111	151,050,803
362 Station Equipment	53	R3	3.01%	1,106,597,425	42,696,194	(6,399,990)	1,142,893,629	466,064,004.00	19,567,084	(6,399,990)	(3,939,920)	475,291,178	667,602,451
364 Poles, Towers and Fixtures	53	R2	2.47%	889,083,564	102,543,767	(7,412,402)	984,214,929	134,673,927.00	19,553,974	(7,412,402)	(12,141,177)	134,674,322	849,540,607
365 Overhead Conductors & Devices	52	R2.5	2.49%	1,581,691,309	204,592,934	(8,082,009)	1,778,202,234	277,545,741.00	34,461,978	(8,082,009)	(13,273,231)	290,652,479	1,487,549,755
366 Underground Conduit	70	R4	2.04%	527,046,333	58,533,794	(431,082)	585,149,045	167,034,097.00	7,967,884	(431,082)	(2,963,356)	171,607,543	413,541,502
367 Underground Conductors & Devices	54	S0.5	2.40%	1,394,360,314	109,940,253	(10,332,242)	1,493,968,325	204,830,376.00	29,511,357	(10,332,242)	(11,070,171)	212,939,320	1,281,029,005
368 Line Transformers	47	R1.5	2.98%	667,074,660	65,088,219	(13,615,362)	718,547,517	183,584,256.00	15,019,074	(13,615,362)	(732,236)	184,255,732	534,291,785
369.1 Services - Aerial	53	R4	2.84%	167,503,971	10,115,875	(126,275)	177,493,571	58,395,844.00	3,188,924	(126,275)	(473,886)	60,984,607	116,508,964
369.2 Services - Underground	55	R3	3.19%	269,393,283	2,957,535	(206,089)	272,144,729	116,883,503.00	4,833,934	(206,089)	(321,911)	121,189,437	150,955,292
370.1 Meter Transformers	35	R2	3.20%	3,503,640	560,354	-	4,063,994	465,571.00	102,587	-	-	568,158	3,495,836
370.2 Smart Meters	15	S2	11.14%	325,100,370	11,469,418	(13,326)	336,556,462	137,379,127.00	20,018,805	(13,326)	(6,493)	157,378,113	179,178,349
371 Installs on Customers' Premises	36	R4	6.95%	1,030,123	-	-	1,030,123	962,065.00	4,579	-	-	966,644	63,479
371.1 Installs on Customers' Premises - DLC Switches (Note A)	15	S2	15.08%	12,742,260	-	-	12,742,260	7,678,007.00	713,010	-	-	8,391,017	4,351,243
373 Street Lighting and Signal Systems	24	L0	Various	62,152,325	3,355,155	(2,577,878)	62,929,602	30,937,122.00	1,729,363	(2,577,878)	(231,916)	29,856,691	33,072,911
374 Asset Retirement costs (Note B)	N/A	N/A	N/A	3,540,995	-	(122,379)	3,418,616	2,274,471.00	57,766	(122,379)	-	2,209,858	1,208,758
Distribution Subtotal				7,177,860,610	639,302,095	(50,164,755)	7,766,997,950	1,829,470,631.00	160,358,445	(50,164,755)	(46,107,111)	1,893,557,210	5,873,440,740
Intangible Plant Allocated to Distribution (Note C)				196,770,933	21,045,849	(597,005)	217,219,777	128,147,449.00	17,890,756	(597,005)	-	145,441,200	71,778,577
General Plant Allocated to Distribution (Note D)				275,346,473	7,893,062	(6,791,505)	276,448,030	85,008,860.00	18,906,837	(6,791,505)	(910,359)	96,213,833	180,234,197
Common Plant Allocated to Distribution (Note E)				666,747,958	72,418,597	(12,447,174)	726,719,381	297,752,450.00	45,302,749	(12,447,174)	(3,155,692)	327,452,333	399,267,048
Depreciable Total				8,316,725,974	740,659,603	(70,000,439)	8,987,385,138	2,340,379,390.00	242,458,787	(70,000,439)	(50,173,162)	2,462,664,576	6,524,720,562

Fleet Depreciation (Note F)	(8,907,379)
ARC Amortization (Note B)	(253,924)
Act 129 (Note G)	(713,010)
Regulatory Assets (Note H)	(2,395,624)
Adjusted 2021 estimated annual depreciation accrual	<u>230,188,850</u>
Note I	

Notes:

Note A: Utility Account 371.1 was not included in the 2018 study and will continue to depreciate over the 2013 average service life.

Note B: Asset Retirement Costs (ARC) are depreciable plant, but the ARC depreciation expense is not included in the revenue requirements calculation and not included in the claim for the current proceeding.

Note C: The Intangible Plant allocated to Electric Distribution is individually depreciated based on the service lives estimated at the time the plant is placed into service. The amortization rates for Intangible Plant are weighted based on the relative amount of underlying plant booked to the Intangible Plant accounts.

Note D: The General Plant allocated to Electric Distribution relates to various General Plant utility accounts identified in the 2018 Depreciation Study; the depreciation rates are calculated the same as Electric Distribution Plant. The General Plant amounts are allocated to Electric Distribution plant based on a labor allocation methodology as explained in Mr. Trzaska's testimony (PECO Statement No. 3).

Note E: The Common Plant allocated to Electric Distribution relates to various Common Plant utility accounts identified in the 2018 Depreciation Study; the depreciation rates are calculated the same as Electric Distribution Plant. The Common Plant amounts are allocated to Electric plant based on the Common Allocation Factor determined each year and further allocated to Electric Distribution plant based on a labor allocation methodology.

Note F: Included in the 2021 Estimated Annual Depreciation Accrual column for the Common Plant allocated to Distribution row is \$8.9 million relating to PECO Fleet depreciation. PECO Fleet depreciation is reversed from depreciation expense and redistributed to both capital and expense accounts/projects. As a result, a \$8.9 million credit is shown for Fleet depreciation expense. The amount of Fleet depreciation that is capitalized to Electric Distribution capital projects is included in the 2021 Estimated Plant Additions column and related depreciation is in the 2021 Estimated Annual Depreciation Accrual column.

Note G: ACT 129 costs for Direct Load Control (DLC) switches were fully recovered in 2013 and are not included in the claim for the current proceeding.

Note H: Included in the 2021 Estimated Annual Depreciation Accrual is \$2.4 million relating to PECO Regulatory Asset amortization. Regulatory Asset amortization expense is charged to a Regulatory Asset.

Note I: Agrees to Electric Distribution depreciation expense included in the revenue requirements calculation in Exhibit MJT-2, Schedule D-17.