

**Estimated Annual Depreciation Accruals Related to  
Utility Plant in Service for 2022**

**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, 2022.

Estimated Annual Depreciation Accruals Related to Utility Plant In Service for 2022

Utility Account	2018 Service Life Study - Average Service Life	2018 Service Life Study - Dispersion Curve	2022 Depreciation Rate	Original Cost of Gross Plant - January 1, 2022	2022 Estimated Plant Additions	2022 Estimated Plant Retirements	Estimated Original Cost of Gross Plant - December 31, 2022	Accumulated Book Reserve - January 1, 2022	2022 Estimated Annual Depreciation Accrual	2022 Estimated Plant Retirements	2022 - Estimated Cost of (Removal) / Salvage	Estimated Accumulated Book Reserve - December 31, 2022	Estimated Depreciable Plant Net Book Value - December 31, 2022
361 Structures and Improvements	50	R2.5	2.65%	193,642,914	27,612,522	(845,721)	220,409,715	42,592,111	4,453,187	(845,721)	(952,814)	45,246,763	175,162,952
362 Station Equipment	53	R3	3.01%	1,142,893,629	42,965,365	(6,399,990)	1,179,459,004	475,291,178	20,921,863	(6,399,990)	(3,939,920)	485,873,131	693,585,873
364 Poles, Towers and Fixtures	53	R2	2.47%	984,214,929	103,205,695	(7,412,402)	1,080,008,222	134,674,322	22,885,573	(7,412,402)	(12,141,177)	138,006,316	942,001,906
365 Overhead Conductors & Devices	52	R2.5	2.49%	1,778,202,234	205,850,395	(8,082,009)	1,975,970,620	290,652,479	40,790,992	(8,082,009)	(13,273,231)	310,088,231	1,665,882,389
366 Underground Conduit	70	R4	2.04%	585,149,045	58,888,738	(431,082)	643,606,701	171,607,543	9,754,377	(431,082)	(2,963,356)	177,967,482	465,639,219
367 Underground Conductors & Devices	54	S0.5	2.40%	1,493,968,325	110,638,691	(10,332,242)	1,594,274,774	212,939,320	33,026,711	(10,332,242)	(11,070,171)	224,563,618	1,369,711,156
368 Line Transformers	47	R1.5	2.98%	718,547,517	65,468,115	(13,615,362)	770,400,270	184,255,732	16,931,159	(13,615,362)	(732,236)	186,839,293	583,560,977
369.1 Services - Aerial	53	R4	2.84%	177,493,571	10,176,996	(126,275)	187,544,292	60,984,607	3,496,557	(126,275)	(473,886)	63,881,003	123,663,289
369.2 Services - Underground	55	R3	3.19%	272,144,729	2,976,463	(206,089)	274,915,103	121,189,437	4,929,201	(206,089)	(321,911)	125,590,638	149,324,465
370.1 Meter Transformers	35	R2	3.20%	4,063,994	563,588	-	4,627,582	568,158	118,865	-	-	687,023	3,940,559
370.2 Smart Meters	15	S2	11.14%	336,556,462	11,535,654	(13,326)	348,078,790	157,378,113	20,352,181	(13,326)	(6,493)	177,710,475	170,368,315
371 Installs on Customers' Premises	36	R4	6.95%	1,030,123	-	-	1,030,123	966,644	4,579	-	-	971,223	58,900
371.1 Installs on Customers' Premises - DLC Switches (Note A)	15	S2	15.08%	12,742,260	-	-	12,742,260	8,391,017	713,010	-	-	9,104,027	3,638,233
373 Street Lighting and Signal Systems	24	L0	Various	62,929,602	3,375,859	(2,577,878)	63,727,583	29,856,691	1,833,568	(2,577,878)	(231,916)	28,880,465	34,847,118
374 Asset Retirement costs (Note B)	N/A	N/A	N/A	3,418,616	-	(122,379)	3,296,237	2,209,858	28,456	(122,379)	-	2,115,935	1,180,302
<b>Distribution Subtotal</b>				<b>7,766,997,950</b>	<b>643,258,081</b>	<b>(50,164,755)</b>	<b>8,360,091,276</b>	<b>1,893,557,210</b>	<b>180,240,279</b>	<b>(50,164,755)</b>	<b>(46,107,111)</b>	<b>1,977,525,623</b>	<b>6,382,565,653</b>
Intangible Plant Allocated to Distribution (Note C)				217,219,777	15,982,190	(597,005)	232,604,962	145,441,200	21,124,638	(597,005)	-	165,968,833	66,636,129
General Plant Allocated to Distribution (Note D)				276,448,030	6,590,314	(6,791,505)	276,246,839	96,213,833	19,722,033	(6,791,505)	(910,359)	108,234,002	168,012,837
Common Plant Allocated to Distribution (Note E)				726,719,381	69,574,769	(12,447,174)	783,846,976	327,452,333	52,819,352	(12,447,174)	(3,155,692)	364,668,819	419,178,157
<b>Depreciable Total</b>				<b>8,987,385,138</b>	<b>735,405,354</b>	<b>(70,000,439)</b>	<b>9,652,790,053</b>	<b>2,462,664,576</b>	<b>273,906,302</b>	<b>(70,000,439)</b>	<b>(50,173,162)</b>	<b>2,616,397,277</b>	<b>7,036,392,776</b>

Fleet Depreciation (Note F)	(10,789,140)
ARC Amortization (Note B)	(222,201)
Act 129 (Note G)	(713,010)
Regulatory Assets (Note H)	(2,349,382)
Adjusted 2022 estimated annual depreciation accrual	<u>259,832,569</u>
	<b>Note I</b>

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 2022 Estimated Annual Depreciation Accrual column for the Common Plant allocated to Distribution row is \$10.8 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 \$10.8 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 2022 Estimated Plant Additions column and related depreciation is in the 2022 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 2022 Estimated Annual Depreciation Accrual is \$2.3 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-1, Schedule D-17.