

PECO - Electric Operations
Before The Pennsylvania Public Utility Commission
Future Test Year Ended December 31, 2018
(\$ in Thousands)

Exhibit **BSY-4**
Witness: **Benjamin S. Yin**
Page 1 of 1

Impact of the Tax Cut Job Act on Income Taxes

Line No	Description	[1] Reference	[2] Factor Or Amount	[3] Pro Forma 2018 Present Rates
1	Revenue			\$ 2,191,165
2	Operating Expenses			(1,760,292)
3	OIBIT	L1 + L2		<u>\$ 430,873</u>
4				
5				
6	Interest Expense			(87,892)
7	Base Taxable Income	L3 + L6		<u>\$ 342,981</u>
8	State Accelerated Tax Depreciation		\$ 189,890	
9	Pro Forma Book Depreciation		<u>196,754</u>	
10	State Tax Depreciation (Over) Under Book	L9 - L8		\$ 6,864
11	Regulatory Asset Programs M-1, Pension & Post Retirement Benefits			3,150
12	Other Property Basis Adjustments (CIAC/ICM)			(7,197)
13	Removal Costs/Software			(47,849)
15	Permanent Adjustments			869
16	Repair Deduction			<u>(94,900)</u>
17	State Taxable Income	Sum L7 to L15		<u>\$ 203,918</u>
18	State Income Tax before Net Operating Loss	L29 * L31	9.99%	20,371
19	State Net Operating Loss Utilization			-
20	State Income Tax			<u>\$ (20,371)</u>
21	Federal Accelerated Tax Depreciation	Sch D-18 P2	\$ 169,738	
22	Pro Forma Book Depreciation	Sch D-3 P2	<u>196,754</u>	
23	Federal Tax Deducts (Over) Under Book	L21 - L20		\$ 27,016
24	Regulatory Asset Programs M-1, Pension & Post Retirement Benefits			3,150
25	Other Property Basis Adjustments (CIAC/ICM)			(7,197)
26	Removal Costs/Software			(47,849)
28	Repair Deduction			(94,900)
28A	Permanent Adjustments			869
28B	Federal NOL			(4,298)
29	Federal Taxable Income	L7 + Sum L19 to L27		<u>\$ 199,401</u>
30	Federal Income Tax Expense	L29 *	35.00%	\$ 69,790
30A	Federal Income Tax Expense	L29 *	21.00%	41,874
31	Total Tax Expense before Deferred Income Tax	L20 + L30	35.00%	<u>\$ 90,162</u>
31A	Total Tax Expense before Deferred Income Tax	L20 + L30A	21.00%	<u>\$ 62,246</u>
DEFERRED INCOME TAXES				
32	Deferred Taxes on Timing Differences- Federal			\$ (10,668)
33	Deferred Taxes on Timing Differences- State			(1,133)
34	Net Operating Loss Utilization			-
34A	Federal Net Operating Loss Utilization			(1,504)
35	Federal Income Tax Expense on Flow through adjustment			<u>(14,920)</u>
36	Deferred Income Taxes	Sum L32 to L34	35.00%	<u>(28,225)</u>
36A	Deferred Income Taxes		21.00%	(20,389)
37	Net Income Tax Expense @ 35%	L31 - L36		\$ 118,387
37A	Net Income Tax Expense @ 21%	L31A - L36A		82,635
38	Change in Income Tax Expense	L37A - L37		(35,752)
39	Excess Deferred Tax Amortization			(12,513)
40	Total Change in Current & Deferred			<u>(48,265)</u>
41	Gross up for Taxes L38 / 0,711079			(67,876)
42	Rate Base Change Due to TCJA			78,313
43	Pre-tax cost of capital using DSIC ROE			9.11%
44	Change in Revenue Requirement Due to Rate Base	L42 * L43 * 0.5		3,567
45				
46	Total Revenue Requirement Change	L41 - L44		(64,309)
47	W/GRT	L46 / 0.941		(68,341)
48	Allowed Revenue Last Rate Case			\$ 1,288,002
49	% Change in Revenue			5.31%

