

Estimated Annual Depreciation Accruals Related to Utility Plant In Service for 2019

Utility Account	2013 Service Life Study - Average Service Life	2013 Service Life Study - Dispersion Curve	2019 Depreciation Rate	Original Cost of Gross Plant - January 1, 2019	2019 Estimated Plant Additions	2019 Estimated Plant Retirements	Estimated Original Cost of Gross Plant - December 31, 2019	Accumulated Book Reserve - January 1, 2019	2019 Estimated Annual Depreciation Accrual	2019 Estimated Plant Retirements	2019 - Estimated Cost of (Removal) / Salvage	Estimated Accumulated Book Reserve - December 31, 2019	Estimated Depreciable Plant Net Book Value - December 31, 2019
361 Structures and Improvements	50	R2.5	2.88%	125,428,827	14,168,298	(335,999)	139,261,126	38,674,522	2,747,729	(335,999)	(415,401)	40,670,851	98,590,275
362 Station Equipment	50	R3	3.20%	1,093,293,600	71,208,079	(1,368,617)	1,163,133,062	447,827,680	21,820,316	(1,368,617)	(3,165,239)	465,114,140	698,018,922
364 Poles, Towers and Fixtures	53	R2	2.59%	716,552,686	40,717,827	(3,248,571)	754,021,942	150,386,668	15,619,354	(3,248,571)	(4,837,437)	157,920,014	596,101,928
365 Overhead Conductors & Devices	52	R2.5	2.60%	1,252,147,926	95,318,697	(5,539,337)	1,341,927,286	267,413,360	27,792,794	(5,539,337)	(8,088,980)	281,577,837	1,060,349,449
366 Underground Conduit	65	R4	2.43%	433,415,604	31,094,535	(287,392)	464,222,747	160,926,505	7,338,492	(287,392)	(1,799,470)	166,178,135	298,044,612
367 Underground Conductors & Devices	53	R1.5	2.44%	1,271,591,438	109,262,925	(8,096,960)	1,372,757,403	196,620,830	28,859,888	(8,096,960)	(8,590,536)	208,793,222	1,163,964,181
368 Line Transformers	46	R1.5	3.15%	603,509,080	38,767,345	(8,066,974)	634,209,451	190,789,812	13,723,523	(8,066,974)	(264,832)	196,181,529	438,027,922
369.1 Services - Aerial	50	R4	3.06%	154,865,666	9,432,120	(217,041)	164,080,745	53,321,639	3,298,687	(217,041)	(336,761)	56,066,524	108,014,221
369.2 Services - Underground	53	R3	3.19%	266,240,251	3,425,425	(212,575)	269,453,101	107,863,064	5,180,774	(212,575)	(300,551)	112,530,712	156,922,389
370.1 Meter Transformers	35	R2	3.05%	3,215,585	949,652	-	4,165,237	294,740	104,001	-	-	398,741	3,766,496
370.2 Smart Meters	15	S2	8.87%	321,093,004	21,642,614	(22,442)	342,713,176	96,864,097	20,036,966	(22,442)	-	116,878,621	225,834,555
371 Installs on Customers' Premises	35	R3	5.85%	1,030,123	-	-	1,030,123	952,879	4,663	-	-	957,542	72,581
371.1 Installs on Customers' Premises - DLC Switches	15	S2	11.31%	12,742,223	-	-	12,742,223	6,157,538	792,288	-	-	6,949,826	5,792,397
373 Street Lighting and Signal Systems	24	L0	6.54%	42,785,218	847,330	(165,313)	43,467,235	31,675,858	742,566	(165,313)	128,574	32,381,685	11,085,550
373.1 Aerial Street Lighting	24	L0	5.42%	2,084,035	168,725	(52,264)	2,200,496	500,042	87,232	(52,264)	(4,460)	530,550	1,669,946
373.2 Underground Street Lighting	24	L0	4.49%	17,001,730	5,243,114	(732,598)	21,512,246	(2,315,552)	883,663	(732,598)	(178,461)	(2,342,948)	23,855,194
373.3 Private Outdoor Lighting	24	L0	7.63%	5,367,662	-	-	5,367,662	4,751,849	49,013	-	-	4,800,862	566,800
374 Asset Retirement costs (Note A)	N/A	N/A	N/A	1,915,839	-	(23,072)	1,892,767	1,997,522	15,985	(23,072)	-	1,990,435	(97,668)
Distribution Subtotal				6,324,280,497	442,246,686	(28,369,155)	6,738,158,028	1,754,703,053	149,097,934	(28,369,155)	(27,853,554)	1,847,578,278	4,890,579,751
Intangible Plant Allocated to Distribution (Note B)				158,314,367	17,733,629	(542,035)	175,505,961	103,686,690	15,375,338	(542,035)	-	118,519,994	56,985,967
General Plant Allocated to Distribution (Note C)				235,494,202	4,716,817	(4,217,860)	235,993,159	65,576,450	14,457,539	(4,217,860)	(381,379)	75,434,750	160,558,409
Common Plant Allocated to Distribution (Note D)				555,649,996	55,162,223	(13,262,317)	597,549,902	250,942,511	40,046,919	(13,262,317)	(1,108,717)	276,618,396	320,931,506
Depreciable Total				7,273,739,062	519,859,355	(46,391,367)	7,747,207,050	2,174,908,704	218,977,730	(46,391,367)	(29,343,650)	2,318,151,417	5,429,055,632

Fleet Depreciation (Note E)	(6,726,538)
ARC Amortization (Note A)	(172,179)
Act 129 (Note F)	(792,288)
Regulatory Assets (Note G)	(2,124,512)
Adjusted 2019 estimated annual depreciation accrual.	<u>209,162,213</u>
	Note H

Notes:

Note A: 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 B: 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 and therefore, not included in the 2013 Depreciation Study.

Note C: The General Plant allocated to Electric Distribution relates to various General Plant utility accounts identified in the 2013 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. Yin's testimony (PECO Statement No. 3).

Note D: The Common Plant allocated to Electric Distribution relates to various Common Plant utility accounts identified in the 2013 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 E: Included in the 2018 Estimated Annual Depreciation Accrual column for the Common Plant allocated to Distribution row is \$6.7 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 \$6.7 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 2018 Estimated Plant Additions column and related depreciation is in the 2018 Estimated Annual Depreciation Accrual column.

Note F: 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 G: Included in the 2018 Estimated Annual Depreciation Accrual is \$2.1 million relating to PECO Regulatory Asset amortization. Regulatory Asset amortization expense is charged to a Regulatory Asset.

Note H: Agrees to Electric Distribution depreciation expense included in the revenue requirements calculation in Exhibit BSY-1, Schedule D-17, page 1 of 2.