

PECO Gas
Class COS Study - 2008
Future Test Year Ended December 31, 2008 (\$000s)
Reconciliation of Net Income at Present Rates

Account Description	Account Code	Revenue Requirement per RLO-1	Reclasses and Adjustments	Account Balance		
I. GAS PLANT IN SERVICE						
1 A. INTANGIBLE PLANT						
2 Subtotal- INTANGIBLE PLANT	301-303	4,262	0	4,262		
B. PRODUCTION PLANT						
3 Boiler Equipment	306					
4 L.P.G. Equipment	311	14,314	0	14,314		
5 SNG Plant	320.0	0	0			
6 Subtotal- PRODUCTION PLANT	304-338	14,314	0	14,314		
C. STORAGE PLANT						
7 Structures and Improvements	361	16		16		
8 Gas Holders	362	6,019		6,019		
9 Purification Equipment	363	7,194		7,194		
10 Liquification Equipment	364	21,340		21,340		
11 Other Equipment	368	0	0			
12 Subtotal - STORAGE PLANT	360-368	34,569	0	34,569		
13 D. TRANSMISSION PLANT						
E. DISTRIBUTION PLANT						
14 Land and Land Rights	374	2,949		2,949		
15 Structures and Improvements	375	14,491		14,491		
16 Mains	376	815,060	(9,289)	805,771	A	Direct / Joint assignment- Mains
17 Mains- Direct Assignment	376Direct		6,013	6,013	A	Direct assignment- Mains
18 Mains- Joint	376Joint		3,277	3,277	A	Joint assignment- Mains
19 Compressor Station Equipment	377	0		0		
20 Meas. & Reg. Stat. Equip. - General	378	12,670		12,670		
21 Meas. & Reg. Stat. Equip. - City Gate	379	37,295	(5,355)	31,940	B	Direct assignment- Meas & Reg
22 Meas. & Reg. Stat. Equip. - Direct	379Dir		5,355	5,355	B	Direct assignment- Meas & Reg
23 Services	380	499,886		499,886		
24 Meters	381	63,706		63,706		
25 Meters Install.	382	122,819		122,819		
26 Indust. Meas. & Reg. Station Equipment	387	3,500		3,500		
27 Other Equipment	388	1,319	0			
28 Subtotal - DISTRIBUTION PLANT	374-387	1,573,695	0	1,573,695		

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F. GENERAL PLANT					
29 Land and Land Rights	389				
30 Structures and Improvements	390	5,939		5,939	
31 Office Furniture and Equipment	391	30		30	
32 Tools, Shop and Garage Equipment	394	3,529		3,529	
33 Power Operated Equipment	395	1,935		1,935	
34 Communication Equipment	398	172		172	
35 Miscellaneous Equipment	399	6,~1	~.0	6,~1	
36 Subtotal - GENERAL PLANT	389-399	11,666		11,666	
37 TOTAL UTILITY PLANT		1,638,506		1,638,506	
II. DEPRECIATION RESERVE					
38 Intangible Plant	180Int	4,055		4,055	
39 Production Plant	180Prod	11,461		11,461	
40 Local Storage Plant	180Stor	22,648		22,648	
41 Transmission Plant	180Trans			0	
42 Mains	180Mains	232,201	(2,130)	230,071	C Direct / Joint assignment- Mains
43 Mains- Direct Assignment	180MainsDirect		1,339	1,339	C Direct assignment- Mains
44 Mains- Joint	180Mains Joint		791	791	C Joint assignment- Mains
45 Services	180Services	166,862		166,862	
46 Meters	180Meters	67,725		67,725	
47 Distr Other	180Dist	26,649	(1,726)	24,923	D Direct assignment- Meas & Reg
48 Distr Other- Direct			1,726	1,726	D Direct assignment- Meas & Reg
49 General Plant	180Gen	3,343			
50 TOTAL - DEPRECIATION RESERVE	108	534,944	0	534,944	
III. OTHER RATE BASE ITEMS					
51 Gas Storage Inventory		127,069		127,069	
52 Materials & Supplies		152		152	
53 Accum Deferred Income Taxes		(187,842)		(187,842)	
54 Customer Deposits		(11,256)		(11,256)	
55 Common Plant		61,670		61,670	
56 Customer Advances for Construction			0		
57 Total - OTHER RATE BASE ITEMS		(12,103)	0	(12,103)	
58 IV. TOTAL RATE BASE Excl. Working Cap.		1,091,459	0	1,091,459	
59 Working Capital	131	12,845	0	12,845	
60 V. TOTAL RATE BASE		1,104,304	0	1,104,304	

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I. OPERATION & MAINTENANCE EXPENSE						
A. PRODUCTION EXPENSES						
1. Manufactured Gas Production						
61 Operations Labor	701	0		0		
62 LNG Expense	717	<u>102</u>	0	<u>102</u>		
63 Subtotal - O&M Accounts 701-716	710-716	<u>102</u>	0	<u>102</u>		
64 Maint. of Structure & Improvements	741	58		68		
65 Maint Production Equipment	742	17	~0	<u>170</u>		
66 Subtotal - O&M Accounts 717-742	717-742	238	0	<u>238</u>		
67 Subtotal - Manufactured Gas Production	710-742	339	0	339		
2. Other Gas Supply Expenses						
69 Natural Gas City Gate Purchases	804	609,762	(609,762)	0	E	Remove PGC costs, revenue
70 Other Natural Gas Purchases	805	16,374	(16,374)	0	E	Remove PGC costs, revenue
71 Natural Gas Oper Expenses	807	1,831		1,831		
72 Natural Gas W/D from Storage	808	47,710	(47,710)	0	E	Remove PGC costs, revenue
73 Gas Used for Other Util Operations	812	0		0		
74 LNG Operating Expenses	813	~			E	Remove PGC costs, revenue
75 Subtotal- PRODUCTION EXPENSES	710-813	667,212	(665,041)	2,171		
B. NATURAL GAS STORAGE EXPENSES						
76 LNG Operating Exp Admin	840	228		228		
77 Training	841	<u>717</u>	0	<u>717</u>		
78 Subtotal - O&M Accounts 840-841	840-841	<u>945</u>	0	<u>945</u>		
79 Maintenance Exp- Admin	843	3,403		3,403		
80 Operating Exp- Admin	850	~	0			
81 Subtotal - Maint. Accounts 843.1-850	843.1-850	3,403	0	3,403		
82 Subtotal - NATURAL GAS STORAGE	840-850	4,348	0	4,348		
83 C. TRANSMISSION EXPENSES		0	0	0		

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D. DISTRIBUTION EXPENSES					
84 Operation Supv & Engineering	870	68		68	
85 Mains and Services Expenses	874	7,816		7,816	
86 Natural Gas Oper Exp	875	1,062		1,062	
87 Meas & Reg Exp- City Gate Stations	877	3		3	
88 Meter & House Regulator Expenses	878	3,575		3,575	
89 Customer Install- Gas Business Costs	879	3,589		3,589	
90 Other expenses	880	4,152		4,152	
91 Maint. Supervision & Engineering	885	11		11	
92 Maint. of Mains	887	12,462		12,462	
93 Maint. of Meas. & Reg. Station Exp.-Gen.	889	724		724	
94 Maint. of Services	892	1,741		1,741	
95 Maint. of Meters & House Regulators	893	969		969	
96 Maintenance of Other Equipment	894	1,082		1,082	
97 Subtotal- DISTRIBUTION EXPENSES	870-894	37,253		37,253	
98 Total - OPERATION & MAINTENANCE EXP.		708,813	(665,041)	43,772	
II. CUSTOMER ACCOUNTS EXPENSES					
99 Customer Service - Administrative	901	0		0	
100 Meter Reading Expenses	902	2,560		2,560	
101 Customer Records & Collection Expense	903	10,664		10,664	
102 Uncollectible Accounts	904	10,963	(2,234)	8,729	H Pre-Programmed Arrearages
103 Uncollectible Accounts- PPA	904PPA		2,234	2,234	H Pre-Pmgrammed Arrearages
104 Miscellaneous Customer Accounts Exp.	905	10,909		10,909	
105 Discounts / Adjustments			<u>0</u>		
106 Total - CUSTOMER ACCOUNTS EXPENSES		35,095	0	35,095	
II 1 . CUSTOMER SERVICE & INFORM. EXP.					
107 Customer Assistance Expenses	908	1,618		1,618	
108 Inform. & Instructional Advertising Exp.	909	363		363	
109 Misc. Customer Service & Inform. Exp.	910	39		39	
110 Demonstrating and Selling Expenses	912	838		838	
111 Miscellaneous Sales Expenses	916	196	<u>0</u>	196	
112 Total- CUSTOMER SERV. & INFORM. EXP.		3,054	0	3,054	
113 Total CUST. ACCT., SERV. & SALES EXP.		38,149	0	38,149	

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IV. ADMINISTRATIVE & GENERAL EXP.					
A. Labor-Related:					
114 Administrative & General Salaries	920	9,187		9,187	
115 Office Supplies & Expenses	921	431		431	
116 Administrative Expenses Transferred	922	(1,594)		(1,594)	
117 Outside Services Employed	923	12,900	(90)	12,810	I Property insurance
118 Injuries & Damages	925	1,505		1,505	
119 Employee Pensions and Benefits	926	11,793		11,793	
120 Subtotal - O&M Accounts 920-923, 926		34,221	(90)	34,131	
B. Other-Related:					
121 Property Insurance	924	0	90	90	I Property insurance
122 Regulatory Commission Expenses	928	3,251		3,251	
123 Duplicate Charges- Gas Used by Utility	929	(638)		(638)	
124 General Advertising Expenses	930.1	295		295	
125 Misc. Gen ^l Expenses	930.2	993		993	
126 Rents	931	94-2		94-2	
127 Subtotal - O&M Accounts 928-931		4,844	90	4,934	
128 Total - ADMINISTRATIVE & GENERAL EXP.		39,065	0	39,065	
129 TOTAL OPER EXP Excl Depr, Tax, Gas Supply		118,816	0	118,816	
VI. DEPRECIATION EXPENSE					
130 Intangible Plant	180Int	268		268	
131 Production Plant	180Prod	105		105	
132 Local Storage Plant	180S~r	495		495	
133 Transmission Plant	180Trans	0		0	
134 Mains	180Mains	11,786	(124)	11,662	F Direct / Joint assignment- Mains
135 Mains- Direct	180MainsDirect		83	83	F Direct assignment- Mains
136 Mains- Joint	180Mains Joint		41	41	F Joint assignment- Mains
137 Services	180Services	9,784		9,784	
138 Meters	180Meters	4,802		4,802	
139 Distr Other	180Dist	1,461	(119)	1,342	G Direct assignment- Meas & Reg
140 Distr Other- Direct			119	119	G Direct assignment- Meas & Reg
141 General Plant	180Gen	403		403	
142 Common Plant Depreciation		6,028		6,028	
143 Normalized MGP Expenditures					
144 Total - DEPRECIATION EXPENSE	403	40,683	0	40,683	

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VII. TAXES OTHER THAN INCOME TAXES					
A. General Taxes					
145	PURTA	1,380		1,380	
146	Capital stock	739		739	
147	Payroll related	3,019		3,019	
148	Real estate	930		930	
149	Miscellaneous	330	0	33	~0
150	Subtotal- Taxes Other Than Income Taxes	408	6,398	0	6,398
B. Franchise and Revenue Taxes					
151	Gross Receipts Tax		0	0	0
152	Subtotal- Franchise and Gross Receipts Tax		0	0	0
C. Income Tax Expense					
153	State Income Tax expense		(1,345)	(1,345)	
154	Federal Income Tax expense		4,445	0	4,445
155	Subtotal- Income tax expense		3,101	0	3,101
156	Total- TAX EXPENSE		9,499	0	9,499
157	TOTAL EXPENSES		836,209	(665,041)	171,168
V. REVENUES at Present Rates					
158	Distribution Revenue	480-483	210,030		210,030
159	PGC Revenue	480-483GCR	665,041	(665,041)	0
160	Company Portion- Off System Margin	480-4831nt	0		0
161	Finance Chges- Unpaid Gas Accts	487	2,817		2,817
162	Misc Service Discounts	488			0
163	Transport Gas for Others	489	0		0
164	Revenue Adjustments	495			
165	Subtotal Gas Revenues, net		877,383	(665,041)	212,342
166	Total Revenue		877,383	(665,041)	212,342
167	Total Expenses		836,209	(665,041)	171,168
168 NET INCOME at Present Rates					
			41,174		41,174

E Remove PGC costs, revenue