

PECO Gas
Class COS Study - 2008
Future Test Year Ended December 31, 2008 (\$000s)
FUNCTIONALIZATION

Account Description	Account Code	Account Balance	Allocator	<u>SUPPLY STORAGE DISTRIBUTION ONSITE</u>			
I. GAS PLANT IN SERVICE							
1 A. INTANGIBLE PLANT							
2 Subtotal- INTANGIBLE PLANT	301-303	4,262	PLANT None	3..~8 38	91 91	3,644 3,644	490 490
B. PRODUCTION PLANT							
3 Boiler Equipment	306	0	None	0			
4 L.P.G. Equipment	311	14,314	SUPP	14,314			
5 SNG Plant	320	~	None	~			
6 Subtotal - PRODUCTION PLANT	304-338	14,314		14,314			
C. STORAGE PLANT							
7 Structures and Improvements	361	16	STOR	0	16	0	0
8 Gas Holders	362	6,019	STOR	0	6,019	0	0
9 Purification Equipment	363	7,194	STOR	0	7,194	0	0
10 Liquification Equipment	364	21,340	STOR	0	21,340	0	0
11 Other Equipment	368	0	None	0	0	0	0
12 Subtotal- STORAGE PLANT	360-368			0	0	0	0
13 D. TRANSMISSION PLANT	370-373	0	None				
E. DISTRIBUTION PLANT							
14 Land and Land Rights	374	2,949	DIST	o		2,949	0
15 Structures and Improvements	375	14,491	DIST	o		14,491	0
16 Mains	376	805,771	DIST	o		805,771	0
17 Mains- Direct Assignment	376Direct	6,013	DIST	o		6,013	0
18 Mains- Joint	376Joint	3,277	DIST	o		3,277	0
19 Compressor Station Equipment	377	0	DIST	o		0	0
20 Meas. & Reg. Stat. Equip. - General	378	12,670	DIST	o		12,670	0
21 Meas. & Reg. Stat. Equip. - City Gate	379	31,940	DIST	o		31,940	0
22 Meas. & Reg. Stat. Equip. - Direct	379Dir	5,355	DIST	o		5,355	0
23 Services	380	499,886	DIST	o		499,886	0
24 Meters	381	63,706	ONSITE	o		0	63,706
25 Meters Install.	382	122,819	ONSITE	o		0	122,819
26 Indust. Meas. & Reg. Station Equipment	385	3,500	DIST	o		3,500	0
27 Other Equipment	387	0	DIST	o		1,319	g
28 Subtotal- DISTRIBUTION PLANT	374-387	1,573,695		o		1,387,170	186,525

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F. GENERAL PLANT							
29 Land and Land Rights	389	0	None	0	0	0	0
30 Structures and Improvements	390	5,939	LABOR	45	489	3,330	2,076
31 Office Furniture and Equipment	391	30	LABOR	0	2	17	10
32 Tools, Shop and Garage Equipment	394	3,529	LABOR	27	290	1,979	1,234
33 Power Operated Equipment	396	1,935	LABOR	15	159	1,085	676
34 Communication Equipment	397	172	LABOR	1	14	96	60
35 Miscellaneous Equipment	398	6~1	LABOR	0	5	3~4	2~1
36 Subtotal- GENERAL PLANT	389-399	11,666		88	960	6,541	4,078
37 TOTAL UTILITY PLANT		1,638,506		14,439	35,620	1,397,354	191,093
II. DEPRECIATION RESERVE							
38 Intangible Plant	108	4,055	PLANT	36	86	3,467	466
39 Production Plant	108	11,461	SUPPPT	11,461	0	0	0
40 Local Storage Plant	108	22,648	STORPT	0	22,648	0	0
41 Transmission Plant	108	0	None	0	0	0	0
42 Mains	108	230,071	DIST	0	0	230,071	0
43 Mains- Direct Assignment	108	1,339	DIST	0	0	1,339	0
44 Mains- Joint	108	791	DIST	0	0	791	0
45 Services	108	166,862	DIST	0	0	166,862	0
46 Meters	108	67,725	ONSITE	0	0	0	67,725
47 Distr Other	108	24,923	DIST	0	0	24,923	0
48 Distr Other- Direct	108	1,726	DIST	0	0	1,726	0
49 General Plant	108	3,343	LABOR	2~5	27,5	1,874	1,169
50 TOTAL - DEPRECIATION RESERVE	108	534,944		11,522	23,009	431,053	69,360
III. OTHER RATE BASE ITEMS							
51 Gas Storage Inventory		127,069	STOR	0	127,069	0	0
52 Materials & Supplies		152	PLANT	1	3	130	18
53 Accum Deferred Income Taxes		(187,842)	PLANT	(1,657)	(4,002)	(160,589)	(21,594)
54 Customer Deposits		(11,256)	DIST	0	0	(11,256)	0
55 Common Plant		61,670	LABOR	463	5,073	34,577	21,557
56 Customer Advances for Construction		~	D~ST				
57 Total - OTHER RATE BASE ITEMS		(12,103)		(1,192)	128,143	(139,035)	(19)
58 IV. TOTAL RATE BASE Excl. Working Cap.		1,091,459		1,725	140,754	827,266	121,714
59 Working Capital	131	12,845	PLANT	113	27~4	~	1,477
60 V. TOTAL RATE BASE		1,104,304		1,838	141,027	838,248	123,190

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I. OPERATION & MAINTENANCE EXPENSE								
A. PRODUCTION EXPENSES								
1, Manufactured Gas Production								
61 Operations Labor	701	0	None	0	0	0	0	0
62 LNG Expense	717	10_-2	SUPP	10;2	0	0	0	0
63 Subtotal - O&M Accounts 701-716	710-716	102		102	0	0	0	0
64 Maint. of Structure & Improvements	741	68	SUPP	68	0	0	0	0
65 Maint Production Equipment	743	170	SUPP	170	0	0	0	0
66 Subtotal - O&M Accounts 717-742	717-742	238		238	0	0	0	0
67 Subtotal- Manufactured Gas Production	710-742	339		339	0	0	0	0
68 2. Other Gas Supply Expenses								
69 Natural Gas City Gate Purchases	804	0	None	0	0	0	0	0
70 Other Natural Gas Purchases	805	0	None	0	0	0	0	0
71 Natural Gas Oper Expenses	807	1,831	DIST	0	0	1,831	0	0
72 Natural Gas W/D from Storage	808	0	None	0	0	0	0	0
73 Gas Used for Other Util Operations	812	0	None	0	0	0	0	0
74 LNG Operating Expenses	813	0	None	0	0	0	0	0
75 Subtotal - PRODUCTION EXPENSES	710-813	2,171		339	0	1,831	0	0
B. NATURAL GAS STORAGE EXPENSES								
76 LNG Operating Exp Admin	840	228	STOR	0	228	0	0	0
77 Training	841	71_-7	STOR	0	71;7	0	0	0
78 Subtotal - O&M Accounts 840-841	840-841	945		0	945	0	0	0
79 Maintenance Exp- Admin	843	3,403	STOR	0	3,403	0	0	0
80 Operating Exp- Admin	850		None	0	0	0	0	0
81 Subtotal - Maint, Accounts 843,1-850	843,1-850			0	3,403	0	0	0
82 Subtotal - NATURAL GAS STORAGE	840-850	4,348		0	4,348	0	0	0
83 C. TRANSMISSION EXPENSES	856-863	0	None	0	0	0	0	0

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D. DISTRIBUTION EXPENSES							
84 Operation Supv & Engineering	870	68	DIST	o	0	68	0
85 Mains and Services Expenses	874	7,816	MAIN-SERVICE	o	0	7,816	0
86 Natural Gas Oper Exp	875	1,062	DIST	o	0	1,062	0
87 Meas & Reg Exp- City Gate Stations	877	3	DIST	o	0	3	0
88 Meter & House Regulator Expenses	878	3,575	ONSITE	o	0	0	3,575
89 Customer Install- Gas Business Costs	879	3,589	ONSITE	o	0	0	3,589
90 Other expenses	880	4,152	DISTPT	0	0	3,660	492
91 Maint. Supervision & Engineering	885	11	DIST	0	0	11	0
92 Maint. of Mains	887	12,462	DIST	0	0	12,462	0
93 Maint. of Meas. & Reg. Station Exp.-Gen.	889	724	DIST	0	0	724	0
94 Maint. of Services	892	1,741	DIST	0	0	1,741	0
95 Maint. of Meters & House Regulators	893	969	ONSITE	0	0	0	969
96 Maintenance of Other Equipment	894	1,082	DISTPT	o	0	954	12-8
97 Subtotal- DISTRIBUTION EXPENSES	870-893	37,253		0	0	28,500	8,754
98 Total - OPERATION & MAINTENANCE EXP.		43,772		339	4,348	30,331	8,754
II. CUSTOMER ACCOUNTS EXPENSES							
99 Customer Service- Administrative	901	0	None	0	0	0	0
100 Meter Reading Expenses	902	2,560	ONSITE	0	0	0	2,560
101 Customer Records & Collection Expense	903	10,664	ONSITE	0	0	0	10,664
102 Uncollectible Accounts	904	8,729	DIST	0	0	8,729	0
103 Uncollectible Accounts- PPA	904PPA	2,234	DIST	0	0	2,234	0
104 Miscellaneous Customer Accounts Exp.	905	10,909	ONSITE	0	0	0	10,909
105 Discounts/Adjustments		0	ONSITE				
106 Total - CUSTOMER ACCOUNTS EXPENSES		35,095		0	0	10,963	24,133
III. CUSTOMER SERVICE & INFORM. EXP.							
107 Customer Assistance Expenses	908	1,618	DIST	0	0	1,618	0
108 Inform. & Instructional Advertising Exp.	909	363	DIST	0	0	363	0
109 Misc. Customer Service & Inform. Exp.	910	39	DIST	0	0	39	0
110 Demonstrating and Selling Expenses	912	838	DIST	0	0	838	0
111 Miscellaneous Sales Expenses	916	196	DIST	0	0	19.-6	0
112 Total- CUSTOMER SERV. & INFORM. EXP.		3,054		0	0	3,054	0
113 Total CUST. ACCT., SERV. & SALES EXP.		38,149		0	0	14,017	24,133

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IV. ADMINISTRATIVE & GENERAL EXP.							
A. Labor-Related:							
114 Administrative & General Salaries	920	9,187	LABOR	69	756	5,151	3,211
115 Office Supplies & Expenses	921	431	LABOR	3	35	241	150
116 Administrative Expenses Transferred	922	(1,594)	LABOR	(12)	(131)	(894)	(557)
117 Outside Services Employed	923	12,810	LABOR	96	1,054	7,182	4,478
118 Injuries & Damages	925	1,505	LABOR	11	124	844	526
119 Employee Pensions and Benefits	926	11,793	LABOR	8	~9 970	6,612	4,122
120 Subtotal - O&M Accounts 920-923, 926		34,131		256	2,808	19,136	11,930
B. Other-Related:							
121 Property Insurance	924	90	PLANT	1		77	10
122 Regulatory Commission Expenses	928	3,251	DIST	0		3,251	0
123 Duplicate Charges- Gas Used by Utility	929	(638)	DIST	0		(638)	0
124 General Advertising Expenses	930.1	295	DIST	0		295	0
125 Misc. Gen'l Expenses	930.2	993	DIST	0		993	0
126 Rents	931	942	DIST			94-2	~
127 Subtotal - O&M Accounts 928-931		4,934		1		4,921	10
128 Total - ADMINISTRATIVE & GENERAL EXP.		39,065		257	2,810	24,057	11,941
129 TOTAL OPER EXP Excl Depr, Tax, Gas Supply		118,816		257	7,158	66,573	44,827
VI. DEPRECIATION EXPENSE							
130 Intangible Plant		268	PLANT	2	6	229	31
131 Production Plant		105	SUPP	105	0	0	0
132 Local Storage Plant		495	STOR	0	495	0	0
133 Transmission Plant		0	None	0	0	0	0
134 Mains		11,662	DIST	0	0	11,662	0
135 Mains- Direct		83	DIST	0	0	83	0
136 Mains- Joint		41	DIST	0	0	41	0
137 Services		9,784	DIST	0	0	9,784	0
138 Meters		4,802	ONSITE	0	0	0	4,802
139 Distr Other		1,342	DIST	0	0	1,342	0
140 Distr Other- Direct		119	DIST	0	0	119	0
141 General Plant		403	LABOR	3	33	226	141
142 Common Plant Depreciation		6,028	LABOR	45	496	3,380	2,107
143 Normalized MGP Expenditures		5,551	DIST	0	0	5,551	0
144 Total- DEPRECIATION EXPENSE	403	40,683		156	1,030	32,417	7,081

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Account Description	Account Code	Account Balance	Allocator				
VII. TAXES OTHER THAN INCOME TAXES							
A. General Taxes							
145	PURTA	1,380	PLANT	12	29	1,180	159
146	Capital stock	739	RATEBASE	1	94	561	82
147	Payroll related	3,019	LABOR	23	248	1,693	1,055
148	Real estate	930	PLANT	8	20	795	107
149	Miscellaneous	330	PLANT	~	Z	28-2	3-8
150	Subtotal- Taxes Other Than Income Taxes	408 6,398		47	399	4,511	1,441
B. Franchise and Revenue Taxes							
151	Gross Receipts Tax	0	None				0
152	Subtotal- Franchise and Gross Receipts Tax	0		0	0	0	0
C, Income Tax Expense							
153	State Income Tax expense	(1,345)	Pre-Tax	3	(286)	(1,262)	201
154	Federal Income Tax expense	4,445	Pre-Tax	(10)	94.~6	4,173	(664~
155	Subtotal- Income tax expense	3,101		(7)	660	2,911	(463)
156	Total- TAX EXPENSE	9,499		40	1,059	7,422	978
157	TOTAL EXPENSES	171,168		792	9,246	108,243	52,886
V. REVENUES at Present Rates							
158	Distribution Revenue	480-483 210,030	RevReq_PF	700	18,010	144,587	46,734
159	PGC Revenue	480-483PGC 0	None	0	0	0	0
160	Company Portion- Off System Margin	480-4831nt 0	SUPP	0	0	0	0
161	Finance Chges- Unpaid Gas Accts	487 2,817	DIST	0	0	2,817	0
162	Misc Service Discounts	488 0	None	0	0	0	0
163	Transport Gas for Others	489 0	None	0	0	0	0
164	Revenue Adjustments	495 (504~	DIST				
165	Subtotal Gas Revenues, net	212,342		700	18,010	146,899	46,734
166	Total Revenue	212,342		700	18,010	146,899	46,734
167	Total Expenses	171,168		792	9,246	108,243	52,886
168	NET INCOME at Present Rates	<u>41,174</u>		~	<u>8,763</u>	<u>38,656</u>	

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SUMMARY	<u>Account Description</u>	<u>Account Code</u>	<u>Account Balance</u>	<u>Allocator</u>	<u>SUPPLY</u>	<u>STORAGE</u>	<u>DISTRIBUTION</u>	<u>ONSITE</u>
169	Gas revenues		212,342		700	18,010	146,899	46,734
170	Operating expenses		120,986		597	7,158	68,405	44,827
171	Depreciation Expense		40,683		156	1,030	32,417	7,081
172	Taxes other than Income, GRT				4-7	399	4,511	1,441
173	Total Other Expenses		168,067		799	8,587	105,332	53,349
174	Income tax expense		3,101		(7)	660	2,911	(463)
175	Gross receipts tax expense							
176	Total expenses		171,168		792	9,246	108,243	52,886
177	NET INCOME at Present Rates				<u>(93)</u>	<u>8,763</u>	<u>38,656</u>	<u>(6,152)</u>
178	Total Rate Base		<u>111041304</u>		<u>1,838</u>	<u>141,027</u>	<u>838,248</u>	<u>123,190</u>
179	Return at Present Rates		3.7%		(5.0%)	6.2%	4.6%	(5.0%)
REVENUE REQUIREMENTS								
180	Target ROR		8.87%		8.87%	8.87%	8.87%	8.87%
	Using Target for System							
181	Rate Base		1,104,304		1,838	141,027	838,248	123,190
182	Operating expenses		120,986		597	7,158	68,405	44,827
183	Depreciation expense		40,683		156	1,030	32,417	7,081
184	Additional Bad Debt expense		1,026	DIST	0	0	1,026	0
185	Additional LIURP expense		197	DIST	0	0	197	0
186	Taxes other than Income, GRT				4-7	399		
187	Operating expenses to recover		169,290		799	8,587	106,555	53,349
188	Target Return on Rate Base- After taxes		97,952		163	12,509	74,353	10,927
189	Income taxes to recover				72	5,538		
190	Subtotal- Rev Req before GRT		310,609		1,035	26,634	213,827	69,114
191	GRT needed		0		0	0	0	0
192	TOTAL REVENUE REQUIREMENT		310,609		1,035	26,634	213,827	<u>69,114</u>