

**Depreciation Study –  
Estimated Annual Depreciation Accruals Related to  
Utility Plant in Service for 2010**

**Summary –**

This exhibit includes the results of the Depreciation Study as related to the estimated original cost of the PECO Energy Company's Electric Distribution and allocated Common Plant in Service at December 31, 2010.

**Exhibit JA-2  
Depreciation Study - Estimated Annual Depreciation Accruals Related to Utility Plant in Service (Depreciable Plant) for 2010**

**PECO Electric Distribution & Common Utility Accounts - Average Service Lives, Depreciation Curves, & 2010 Depreciation Rate**

Asset Description	2008 Service Life (Years)	2008 Service Life Depreciation Curve	2010 Service Life (Years)	2010 Service Life Depreciation Curve	2008 Service Life Depreciation Rate	2010 Service Life Depreciation Rate	Original Book Value of Gross Plant (January 1, 2010)	2010 Estimated Plant Additions	2010 Estimated Plant Retirements	Estimated Original Cost of Old Plant (December 31, 2010)
301 Structures and Improvements	45	L2	50	R2.5	3.4%	3.3%	67,138,040	8,141,529	(78,956)	75,198,612
302 Station Equipment	45	R2.5	45	R2.5	3.6%	3.5%	772,474,929	48,959,510	(1,894,139)	819,740,300
304 Poles, Towers and Fixtures	53	R2	53	R2	2.5%	2.5%	509,428,811	23,140,713	(2,848,177)	530,119,147
305 Overhead Conductors & Devices	52	R3	52	R2.5	2.6%	2.8%	788,093,349	55,956,885	(3,378,739)	840,660,419
306 Underground Conductors & Devices	85	R4	65	R4	2.5%	2.5%	322,382,528	15,623,920	(6,053,130)	317,951,317
307 Underground Cables & Manholes	56	SO.5	62	R1.5	2.3%	2.5%	907,592,188	65,928,259	(9,572,229)	968,240,890
308 Line Transformers	54	R2	48	R4	2.8%	3.0%	443,102,052	23,651,097	(333,022)	458,240,890
309 Aerial Services	51	R4	48	R4	2.7%	3.0%	111,216,580	5,807,056	(298,775)	118,690,614
309.2 Underground Services	52	R2.5	48	R2.5	2.7%	3.0%	245,969,917	5,507,815	(298,775)	251,178,957
370 Meters	20	RO.5	25	R3	8.8%	4.0%	180,781,794	4,210,413	(1,232,457)	183,759,750
371 Installations on Customers Premises	35	R3	35	R3	4.2%	4.0%	1,030,123	0	0	1,030,123
373 Street Lighting and Signal Systems	19	L1	22	L1.5	8.7%	7.4%	50,445,564	1,051,794	(447,320)	51,050,028
374 Asset Retirement Costs (Note A)	N/A	N/A	N/A	N/A	N/A	2,544,557	0	0	2,544,557	
General Plant allocated to Distribution (Note B)						48,535,559	21,777,512	(4,394,930)	65,928,302	
Common Plant allocated to Distribution (Note C)						343,298,691	39,702,325	(19,184,540)	363,816,476	
Electric Distribution Depreciable Total						4,074,570,702	319,469,809	(49,048,957)	4,345,190,513	

**2010 Original Cost of Gross Plant - Beginning to Ending of Year**

Asset Description	Original Book Value of Gross Plant (January 1, 2010)	2010 Estimated Plant Additions	2010 Estimated Plant Retirements	Estimated Original Cost of Old Plant (December 31, 2010)
Fleet Depreciation (Note D)				
AFC Amortization - Distribution (Note A)				
Adjusted 2010 Provision - Alter Fleet & AFC Adjustment				
	4,074,570,702	319,469,809	(49,048,957)	4,345,190,513

**Notes:**  
 Note A: Asset Retirement Costs (ARC) are depreciable plant that is not included in the revenue requirements calculation and not included in the claim for the current proceeding.  
 Note B: The General Plant allocated to Electric Distribution relates to various General Plant utility accounts identified in the 2008 Electric, Gas, and Common Plant Service Life 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.  
 Note C: The Common Plant allocated to Electric Distribution relates to various Common Plant utility accounts identified in the 2008 Electric, Gas, and Common Plant Service Life Study; the depreciation rates are calculated the same as Electric Distribution Plant. The Common Plant amounts are allocated to Electric Distribution plant based on the Common Allocation Factor determined each year.  
 Note D: Included in the 2010 Estimated Annual Depreciation Accrual column for the Common Plant allocated to Distribution row is \$4.0 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 \$4.0 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 2010 Estimated Plant Additions column and related depreciation is in the 2010 Estimated Annual Depreciation Accrual column.  
 Note E: Agrees to Electric Distribution depreciation expense included in the revenue requirements calculation in Exhibit PL-C-1, Schedule D-18, page 1 of 2.  
 Note F: The reserve transfer is associated with enterprise software transferred from Exelon Business Services Company (BSC). The transferred reserve was previously recorded on BSC's books and was transferred to PECO's books in January 2010.  
 Note G: The 2010 Estimated Annualized Depreciation Accruals are estimated by adding the following three items adjusted for the results of the 2008 Electric, Gas and Common Plant Service Life Study: (1) the net plant balance by account as of the appropriate account using a half-year convention; and (2) the 2010 estimated salvage or cost of removal multiplied by the depreciation rate for the appropriate account.