



**Gannett Fleming**

*Excellence Delivered As Promised*

June 21, 2019

Honorable Rosemary Chiavetta, Secretary  
Pennsylvania Public Utility Commission  
Keystone Building - North 201  
400 North Street  
Harrisburg, PA 17120

Dear Secretary Chiavetta:

**Annual Depreciation Report of  
Duquesne Light Company**

Enclosed for filing on behalf of Duquesne Light Company are three (3) copies of the 2019 Annual Depreciation Report. This report is filed pursuant to the regulations at 52 Pa. Code Section 73.9(a). We have also included a CD which contains the electronic files of the report.

Copies of this report are also being provided to the Office of Consumer Advocate, the Bureau of Investigation and Enforcement and the Office of Small Business Advocate.

Very truly yours,

**GANNETT FLEMING VALUATION  
AND RATE CONSULTANTS, LLC**

**JOHN J. SPANOS**  
President

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JUN 27 2019

PA PUBLIC UTILITY COMMISSION  
SECRETARY'S BUREAU

JJS:mle

Enclosure

cc: Richard A. Kanaskie, Esq., Bureau of Investigation and Enforcement (w/encl-1)  
Tanya J. McCloskey, Esq., Office of Consumer Advocate (w/encl-1)  
Mr. John R. Evans, Office of Small Business Advocate (w/encl-1)  
Ms. Diane Havrilla, Supervisor (w/enc-3)

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**DUQUESNE LIGHT COMPANY**  
**ANNUAL DEPRECIATION REPORT**  
**TO THE PENNSYLVANIA**  
**PUBLIC UTILITY COMMISSION**  
**(CODE M-110150F2019)**

**JUNE 2019**

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**PA PUBLIC UTILITY COMMISSION**  
**SECRETARY'S BUREAU**

DUQUESNE LIGHT COMPANY

ANNUAL DEPRECIATION REPORT TO THE  
PENNSYLVANIA PUBLIC UTILITY COMMISSION  
(CODE M-110150F2019)

JUNE 2019

INTRODUCTION AND SUMMARY

This report is prepared in response to the requirements related to the monitoring of depreciation practices set forth in 52 Pa. Code Chapter 73. In accordance with the requirements, the report presents an explanation of the methods used, the calculation of remaining life depreciation accrual rates as of December 31, 2018; a summary of the plant accounting transactions, including the 2018 retirements expressed as a percent of the plant balance; a summary of the depreciation reserve activity, including the reserve as a percent of the plant balance; an explanation of any unusual retirements; the net salvage amortization amount for 2019 based on 2014 through 2018 experience; and an explanation of exclusions from the experienced net salvage.

The annual accrual rate calculations were based on the results of a service life study incorporating data through 2014. The prior service life study was based on data through December 31, 2009. The same methods of depreciation are used in this report as were used in previous annual depreciation reports.

The composite depreciation rate related to total depreciable electric plant as of December 31, 2018, is 2.82 percent in comparison to the composite rate of 2.86 percent as of December 31, 2017 and 2.70 percent as of December 31, 2016.

The overall composite annual depreciation accrual rates for transmission plant decreased slightly from December 31, 2016 through December 31, 2018. The composite

annual accrual rate from December 31, 2016 to December 31, 2017 decreased slightly due to low growth and a resulting higher reserve to plant ratio. The composite rate continued to decrease from December 31, 2017 to December 31, 2018 due to low growth and a higher reserve to plant ratio. The composite annual depreciation accrual rate for distribution plant from December 31, 2016 to December 31, 2017 increased due to high growth and the implementation of the meter conversion program in Account 370, Meters. The composite annual accrual rate decreased slightly from December 31, 2017 to December 31, 2018 due to growth in the longer level asset classes. The composite rate for general plant increased from December 31, 2016 to December 31, 2017 due to high growth and lower reserve to plant ratio for the short-lived accounts. The composite rate decreased from December 31, 2017 to December 31, 2018 due to high growth in the longer level asset class such as Account 390, Structures and Improvements.

#### REMAINING LIFE DEPRECIATION ACCRUAL RATES

The annual depreciation accrual rates to be used during 2019 are calculated as of December 31, 2018, and based on the straight line remaining life method using the average service life procedure for property installed prior to 1983 and the equal life group procedure for property installed subsequent to 1982. The annual depreciation accrual rates for depreciable plant as of December 31, 2018, are set forth in column 8 in Table 2 on pages 10 and 11. The annual accrual rate for depreciable plant equals the pro forma annual accrual in column 6 divided by the original cost in column 3.

For the purpose of calculating the composite remaining life accrual rates as of December 31, 2018, the book reserve for each plant account is allocated among vintages in proportion to the calculated accrued depreciation for the account as of

December 31, 2018. Descriptions of the derivation of remaining life accruals at a given point in time for the vintages calculated by the average service life (ASL) procedure and for the vintages calculated by the equal life group (ELG) procedure follow. An example of the calculation is presented on pages 4 through 6.

For vintages prior to 1983, for which the ASL procedure is applicable, the remaining life annual accrual for each vintage is determined by dividing future book accruals (original cost less book reserve) by the average remaining life (expectancy) of the vintage. The average remaining life is derived directly from the estimated future survivor curve in accordance with the average service life procedure.

For vintages beginning with 1983, for which the ELG procedure is applicable, the remaining life annual accrual for each vintage is determined by dividing future book accruals (original cost less book reserve) by the composite remaining life for the surviving original cost of that vintage. The composite remaining life is derived by compositing the individual equal life group remaining lives in accordance with the following equation:

$$\text{Composite Remaining Life} = \frac{\sum \left( \frac{\text{Book Cost}}{\text{Life}} \times \text{Remaining Life} \right)}{\sum \frac{\text{Book Cost}}{\text{Life}}}$$

The book costs and lives of the several equal life groups which are summed in the foregoing equation are defined by the estimated future survivor curve.

DUQUESNE LIGHT COMPANY  
ACCOUNT 101 AND 106 ELECTRIC PLANT IN SERVICE

ACCOUNT 364 POLES, TOWERS AND FIXTURES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2018

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 54-S0						
1912	1,819.38	1,801	1,819			
1914	9,359.44	9,138	9,359			
1915	10.52	10	11			
1916	7,269.69	6,998	7,270			
1917	18,191.10	17,386	18,191			
1918	3,802.22	3,608	3,789	13	2.76	5
1919	78.73	74	78	1	3.13	
1920	58,606.96	54,809	57,560	1,047	3.50	299
1921	1,243.55	1,154	1,212	32	3.87	8
1922	11,391.59	10,495	11,022	370	4.25	87
1923	1,899.73	1,737	1,824	76	4.62	16
1924	31,903.96	28,950	30,403	1,501	5.00	300
1925	128,147.57	115,380	121,172	6,976	5.38	1,297
1926	68,607.88	61,303	64,380	4,228	5.75	735
1927	233,956.43	207,398	217,809	16,147	6.13	2,634
1928	159,868.42	140,595	147,653	12,215	6.51	1,876
1929	126,294.87	110,157	115,687	10,608	6.90	1,537
1930	166,766.75	144,285	151,528	15,239	7.28	2,093
1931	167,341.81	143,604	150,813	16,529	7.66	2,158
1932	64,324.29	54,735	57,483	6,841	8.05	850
1933	53,168.59	44,858	47,110	6,059	8.44	718
1934	72,940.69	61,027	64,091	8,850	8.82	1,003
1935	9,799.32	8,128	8,536	1,263	9.21	137
1936	73,780.60	60,664	63,709	10,072	9.60	1,049
1937	104,007.28	84,746	89,000	15,007	10.00	1,501
1938	36,045.92	29,110	30,571	5,475	10.39	527
1939	58,025.09	46,431	48,762	9,263	10.79	858
1940	38,690.44	30,680	32,220	6,470	11.18	579
1941	117,246.77	92,104	96,728	20,519	11.58	1,772
1942	105,360.64	81,986	86,102	19,259	11.98	1,608
1943	16,714.76	12,883	13,530	3,185	12.38	257
1944	6,544.94	4,995	5,246	1,299	12.79	102
1945	12,082.60	9,131	9,589	2,494	13.19	189
1946	21.53	16	17	5	13.60	
1947	11,008.79	8,155	8,564	2,445	14.00	175
1948	284,553.50	208,620	219,093	65,460	14.41	4,543
1949	338,776.91	245,803	258,142	80,635	14.82	5,441
1950	410,064.03	294,336	309,112	100,952	15.24	6,624
1951	574,153.44	407,758	428,227	145,926	15.65	9,324
1952	686,330.10	482,085	506,286	180,044	16.07	11,204
1953	881,850.93	612,560	643,310	238,541	16.49	14,466
1954	1,155,074.23	793,363	833,190	321,884	16.91	19,035

DUQUESNE LIGHT COMPANY  
ACCOUNT 101 AND 106 ELECTRIC PLANT IN SERVICE

ACCOUNT 364 POLES, TOWERS AND FIXTURES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2018

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 54-S0						
1955	928,169.85	630,292	661,933	266,237	17.33	15,363
1956	970,281.69	651,166	683,854	286,428	17.76	16,128
1957	1,255,791.15	832,778	874,583	381,208	18.19	20,957
1958	1,252,005.19	820,301	861,480	390,525	18.62	20,973
1959	1,629,109.91	1,054,393	1,107,323	521,787	19.05	27,390
1960	1,491,872.83	953,695	1,001,570	490,303	19.48	25,170
1961	1,018,195.05	642,593	674,851	343,344	19.92	17,236
1962	1,186,654.53	739,238	776,348	410,307	20.36	20,153
1963	1,045,553.23	642,817	675,086	370,467	20.80	17,811
1964	1,140,847.31	691,901	726,634	414,213	21.25	19,492
1965	1,369,677.30	819,519	860,659	509,018	21.69	23,468
1966	1,354,828.47	799,349	839,476	515,352	22.14	23,277
1967	2,280,798.79	1,326,239	1,392,816	887,983	22.60	39,291
1968	1,501,383.27	860,518	903,716	597,667	23.05	25,929
1969	1,359,888.45	767,834	806,379	553,509	23.51	23,544
1970	3,525,268.07	1,960,437	2,058,851	1,466,417	23.97	61,177
1971	1,842,790.20	1,008,762	1,059,402	783,388	24.44	32,054
1972	2,719,730.93	1,465,119	1,538,668	1,181,063	24.91	47,413
1973	3,337,524.32	1,768,888	1,857,686	1,479,838	25.38	58,307
1974	5,314,710.97	2,770,559	2,909,641	2,405,070	25.85	93,039
1975	5,459,503.48	2,797,504	2,937,938	2,521,565	26.33	95,768
1976	5,969,306.99	3,005,665	3,156,549	2,812,758	26.81	104,915
1977	5,470,958.73	2,705,061	2,840,855	2,630,104	27.30	96,341
1978	4,310,938.09	2,092,400	2,197,438	2,113,500	27.79	76,053
1979	5,246,194.47	2,498,762	2,624,200	2,621,994	28.28	92,715
1980	6,522,727.40	3,046,375	3,199,303	3,323,424	28.78	115,477
1981	5,005,607.82	2,291,467	2,406,498	2,599,110	29.28	88,767
1982	6,580,057.86	2,950,037	3,098,129	3,481,929	29.79	116,882
1983	7,055,266.62	4,132,975	4,340,450	2,714,817	25.10	108,160
1984	6,490,489.72	3,739,820	3,927,559	2,562,931	25.38	100,982
1985	8,541,031.67	4,835,932	5,078,695	3,462,337	25.67	134,879
1986	8,234,245.04	4,576,593	4,806,337	3,427,908	25.98	131,944
1987	7,748,075.63	4,222,701	4,434,680	3,313,396	26.30	125,985
1988	9,000,195.07	4,804,304	5,045,479	3,954,716	26.64	148,450
1989	8,798,341.82	4,594,494	4,825,137	3,973,205	26.99	147,210
1990	9,277,074.16	4,733,163	4,970,767	4,306,307	27.36	157,394
1991	10,533,703.79	5,272,119	5,536,779	4,996,925	27.45	182,037
1992	11,712,565.49	5,711,047	5,997,741	5,714,824	27.85	205,200
1993	8,754,927.34	4,174,349	4,383,901	4,371,026	27.98	156,220
1994	9,826,405.85	4,549,626	4,778,017	5,048,389	28.41	177,698
1995	9,435,583.34	4,257,335	4,471,053	4,964,530	28.58	173,706
1996	9,557,018.86	4,171,639	4,381,055	5,175,964	29.05	178,174

DUQUESNE LIGHT COMPANY  
ACCOUNT 101 AND 106 ELECTRIC PLANT IN SERVICE

ACCOUNT 364 POLES, TOWERS AND FIXTURES

CALCULATED REMAINING LIFE DEPRECIATION ACCRUAL  
RELATED TO ORIGINAL COST AS OF DECEMBER 31, 2018

YEAR (1)	ORIGINAL COST (2)	CALCULATED ACCRUED (3)	ALLOC. BOOK RESERVE (4)	FUTURE BOOK ACCRUALS (5)	REM. LIFE (6)	ANNUAL ACCRUAL (7)
SURVIVOR CURVE.. IOWA 54-S0						
1997	14,382,063.46	6,092,242	6,398,072	7,983,991	29.26	272,864
1998	2,098,854.87	860,530	903,728	1,195,127	29.50	40,513
1999	438,265.37	173,465	182,173	256,092	29.76	8,605
2000	1,486,787.42	566,615	595,059	891,728	30.04	29,685
2001	2,747,238.38	1,004,940	1,055,388	1,691,850	30.34	55,763
2002	2,810,670.30	983,172	1,032,527	1,778,143	30.67	57,977
2003	5,660,399.78	1,895,102	1,990,236	3,670,164	30.80	119,161
2004	7,516,233.99	2,387,156	2,506,991	5,009,243	31.16	160,759
2005	7,820,936.71	2,354,102	2,472,278	5,348,659	31.35	170,611
2006	11,271,768.93	3,198,928	3,359,514	7,912,255	31.55	250,785
2007	5,666,846.63	1,505,114	1,580,670	4,086,177	31.79	128,537
2008	7,289,905.37	1,799,149	1,889,466	5,400,439	32.05	168,500
2009	8,413,876.48	1,918,364	2,014,666	6,399,210	32.17	198,919
2010	12,628,447.75	2,629,243	2,761,231	9,867,217	32.32	305,298
2011	22,102,369.00	4,144,194	4,352,232	17,750,137	32.50	546,158
2012	17,273,236.04	2,863,903	3,007,670	14,265,566	32.71	436,122
2013	27,480,411.40	3,946,187	4,144,285	23,336,126	32.81	711,250
2014	15,223,748.17	1,829,895	1,921,755	13,301,993	32.95	403,702
2015	14,055,806.71	1,347,952	1,415,619	12,640,188	33.00	383,036
2016	15,137,627.22	1,062,661	1,116,007	14,021,620	33.09	423,742
2017	26,228,453.50	1,140,938	1,198,213	25,030,240	32.98	758,952
2018	45,256,268.62	678,844	712,922	44,543,347	32.72	1,361,349
	485,352,642.84	155,485,518	163,290,416	322,062,227		10,630,424

COMPOSITE REMAINING LIFE AND ANNUAL ACCRUAL RATE, PERCENT .. 30.3 2.19

Inasmuch as book cost divided by life equals the whole life annual accrual, the foregoing equation reduces to the following form:

$$\text{Composite Remaining Life} = \frac{\sum \text{Book Cost} - \text{Calc. Reserve}}{\sum \text{Whole Life Annual Accrual}}$$

or

$$\text{Composite Remaining Life} = \frac{\sum \text{Whole Life Future Accruals}}{\sum \text{Whole Life Annual Accruals}}$$

The composite remaining life calculations were made using computer software that utilizes detailed ELG calculations of whole life future accruals and annual accruals in order to derive the vintage composite remaining lives for the ELG vintages.

The annual accrual rate for each account is equal to the sum of the remaining life annual accruals divided by the total original cost. The composite remaining life is calculated by dividing the sum of the future book accruals by the sum of the remaining life annual accruals.

#### 2018 PLANT AND RESERVE ACTIVITY

Tables 3 and 4 present summaries by account of the plant and reserve accounting activity as of December 31, 2018. Table 3 on pages 12 and 13 sets forth the original cost as of December 31, 2017, the beginning of the year; additions; retirements; transfer and adjustments; the balance at the end of the year, December 31, 2018 and the retirements expressed as a percent of the beginning plant balance.

The high percentage retirements in Account 370, Meters, is due to the conversion to smart meters throughout the system. The high percentage retirements in Account 370.1, Meters – Communication Equipment is the result of upgrading all associated communication equipment. The high retirements in Account 392,

Transportation Equipment, and Account 396, Power Operated Equipment, is due to the need to upgrade the vehicle fleet. The high retirement activity in 2018 for Accounts 393.00, Stores Equipment; 395.00, Laboratory Equipment; and 397.00, Communication Equipment; is due to high surviving balances for vintages being retired for amortization accounting.

Table 4 on page 14 sets forth the book depreciation reserve balance at the beginning of the year, December 31, 2017; annual accruals; retirements; gross salvage; cost of removal; miscellaneous debits and credits; the balance at the end of the year, December 31, 2018; and the book reserve as a percent of the plant balance as of December 31, 2018.

#### AMORTIZATION OF NET SALVAGE

The 2019 amortization amount for experienced negative net salvage is \$5,112,487 based on the experienced negative net salvage during the five-year period, 2014 through 2018. The calculation of the amortization amounts by account is set forth in Table 5, on page 15.

In order to be consistent with this manner of recognizing salvage, no adjustments for salvage were made to the annual accruals and accrued depreciation calculated for each function. There were no exclusions from the 2014 through 2018 net salvage experience.

**DUQUESNE LIGHT COMPANY**

**TABLE 1. ORIGINAL COST, BOOK RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS BY FUNCTION RELATED TO UTILITY PLANT AT DECEMBER 31, 2016, DECEMBER 31, 2017 AND DECEMBER 31, 2018**

	2016	2017	2018
<b>TRANSMISSION PLANT</b>			
ORIGINAL COST (DEPRECIABLE)	852,591,842.03	885,261,270.16	917,660,279.78
BOOK ACCRUED DEPRECIATION	226,828,643	245,928,474	265,682,013
BOOK RESERVE % OF O.C.	26.60%	27.78%	28.95%
ORIGINAL COST DEPRECIATED	625,763,201	639,332,796	651,978,266
ANNUAL DEPRECIATION EXPENSE	21,744,658	22,184,779	22,593,644
ANNUAL % OF O.C.	2.55%	2.51%	2.46%
<b>DISTRIBUTION PLANT</b>			
ORIGINAL COST (DEPRECIABLE)	2,483,482,649.88	2,608,414,261.42	2,749,648,114.23
BOOK ACCRUED DEPRECIATION	824,254,529	847,441,781	849,480,263
BOOK RESERVE % OF O.C.	33.19%	32.49%	30.89%
ORIGINAL COST DEPRECIATED	1,659,228,122	1,760,972,480	1,900,167,852
ANNUAL DEPRECIATION EXPENSE	65,831,167	72,627,880	75,587,187
ANNUAL % OF O.C.	2.65%	2.78%	2.75%
<b>GENERAL PLANT</b>			
ORIGINAL COST (DEPRECIABLE)	301,108,653.38	310,536,299.91	333,287,735.96
BOOK ACCRUED DEPRECIATION	118,671,550	124,059,760	137,838,580
BOOK RESERVE % OF O.C.	39.41%	39.95%	41.36%
ORIGINAL COST DEPRECIATED	184,780,238	186,476,539	195,449,154
ANNUAL DEPRECIATION EXPENSE	10,743,197	13,893,275	14,597,580
ANNUAL % OF O.C.	3.57%	4.47%	4.38%
<b>TOTAL COMPANY</b>			
ORIGINAL COST (DEPRECIABLE)	3,637,183,145.29	3,804,211,831.49	4,000,596,129.97
BOOK ACCRUED DEPRECIATION	1,169,754,721	1,217,430,015	1,253,000,857
BOOK RESERVE % OF O.C.	32.16%	32.00%	31.32%
ORIGINAL COST DEPRECIATED	2,469,771,561	2,586,781,815	2,747,595,272
ANNUAL DEPRECIATION EXPENSE	98,319,022	108,705,934	112,778,411
ANNUAL % OF O.C.	2.70%	2.86%	2.82%
<b>NON-DEPRECIABLE PLANT</b>			
LAND AND LAND RIGHTS	33,586,941.53	33,442,284.32	41,732,715.03
INTANGIBLE PLANT	242,697,438.38	263,004,503.19	292,705,497.35
REGIONAL TRANSMISSION	12,948,096.37	0.00	0.00
LEASEHOLD IMPROVEMENTS	9,932,992.22	11,739,854.33	14,608,919.87
<b>TOTAL PLANT IN SERVICE</b>	<b>3,936,348,613.79</b>	<b>4,112,398,473.33</b>	<b>4,349,643,262.22</b>

DUQUESNE LIGHT COMPANY

TABLE 2. SUMMARY OF ESTIMATED SURVIVOR CURVES, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO ELECTRIC PLANT AS OF DECEMBER 31, 2018

DEPRECIABLE GROUP (1)	SURVIVOR CURVE (2)	ORIGINAL COST AS OF DECEMBER 31, 2018 (3)	BOOK DEPRECIATION RESERVE (4)	FUTURE ACCRUALS (5)	CALCULATED ANNUAL ACCRUAL		COMPOSITE REMAINING LIFE (8)=(5)/(3)	
					AMOUNT (6)	RATE (7)=(6)/(3)		
<b>DEPRECIABLE PLANT</b>								
<b>TRANSMISSION PLANT</b>								
352	STRUCTURES AND IMPROVEMENTS							
	MAJOR STRUCTURES	24,798,788.06	7,013,383	17,785,404	807,874	3.26	22.0	
	OTHER SMALL STRUCTURES	5,638,115.65	1,389,961	4,248,155	139,646	2.48	30.4	
	TOTAL ACCOUNT 352	30,434,903.71	8,403,344	22,031,559	947,520	3.11	23.3	
353	STATION EQUIPMENT	405,705,669.77	119,918,236	285,787,434	13,091,705	3.23	21.8	
354	TOWERS AND FIXTURES	70,779,076.37	34,063,006	36,716,070	896,489	1.27	41.0	
355	POLES AND FIXTURES	54,883,247.49	12,493,854	42,389,394	1,195,255	2.18	35.5	
356	OVERHEAD CONDUCTORS AND DEVICES	117,916,699.29	34,614,159	83,302,541	1,993,773	1.69	41.8	
357	UNDERGROUND CONDUIT	80,764,817.93	29,099,172	51,665,646	1,440,544	1.78	35.9	
358	UNDERGROUND CONDUCTORS AND DEVICES	147,897,750.39	26,082,176	121,815,574	2,864,734	1.94	42.5	
359	ROADS AND TRAILS	9,278,114.83	1,008,067	8,270,048	163,624	1.76	50.5	
	<b>TOTAL TRANSMISSION PLANT</b>	<b>917,660,279.78</b>	<b>265,682,013</b>	<b>651,978,268</b>	<b>22,593,644</b>	<b>2.46</b>	<b>28.9</b>	
<b>DISTRIBUTION PLANT</b>								
361	STRUCTURES AND IMPROVEMENTS							
	MAJOR STRUCTURES	38,359,981.02	25,041,329	13,318,653	831,954	2.17	16.0	
	OTHER SMALL STRUCTURES	28,889,117.68	13,549,385	15,339,733	592,778	2.05	25.9	
	TOTAL ACCOUNT 361	67,249,098.70	38,590,714	28,658,386	1,424,732	2.12	20.1	
362	STATION EQUIPMENT							
	COMPANY STATIONS	430,434,419.40	143,352,561	287,081,859	9,768,701	2.27	29.4	
	CUSTOMER HIGH TENSION	34,910,587.07	15,940,748	18,969,839	888,433	2.54	21.4	
	PORTABLE SUBSTATIONS	4,413,012.19	1,036,261	3,376,751	134,129	3.04	25.2	
	TOTAL ACCOUNT 362	469,758,018.66	160,329,570	309,428,449	10,791,263	2.30	28.7	
364	POLES, TOWERS AND FIXTURES	485,352,642.84	163,290,416	322,062,227	10,630,424	2.19	30.3	
365	OVERHEAD CONDUCTORS AND DEVICES	510,798,999.41	152,593,279	358,205,721	13,820,898	2.71	25.9	
366	UNDERGROUND CONDUIT	149,049,091.16	48,435,415	100,613,676	2,077,660	1.39	48.4	
367	UNDERGROUND CONDUCTORS AND DEVICES	401,241,802.27	108,624,028	292,617,774	10,364,107	2.58	28.2	
368	LINE TRANSFORMERS							
	OVERHEAD	240,866,905.90	74,708,767	166,158,139	7,623,840	3.17	21.8	
	CONVENTIONAL DISTRIBUTION	70,322,072.14	18,724,786	51,597,286	2,123,330	3.02	24.3	
	NETWORK	51,312,535.63	11,921,012	39,391,524	1,600,192	3.12	24.6	
	UNDERGROUND RESISTORS DISTRIBUTION	34,778,676.21	9,879,083	24,899,593	1,089,232	3.13	22.9	
	TOTAL ACCOUNT 368	397,280,189.88	115,233,648	282,046,542	12,436,594	3.13	22.7	
369.2	SERVICES	65-R1.5	98,724,558.62	37,011,184	61,713,375	1,675,947	1.70	36.8
370	METERS AND SMART METERS	15-S2.5	127,989,276.36	(329,846)	128,319,122	11,305,930	8.83	11.3
370.1	METERS - COMMUNICATION EQUIPMENT	10-S3	43,969.24	34,455	9,514	2,522	5.74	3.8
373	STREET LIGHTING EQUIPMENT	31-L0	42,180,467.09	25,667,401	16,493,066	1,057,110	2.51	15.6
	<b>TOTAL DISTRIBUTION PLANT</b>	<b>2,749,648,114.23</b>	<b>849,480,263</b>	<b>1,900,167,852</b>	<b>76,587,187</b>	<b>2.75</b>	<b>25.1</b>	

DUQUESNE LIGHT COMPANY

TABLE 2. SUMMARY OF ESTIMATED SURVIVOR CURVES, ORIGINAL COST, BOOK DEPRECIATION RESERVE AND CALCULATED ANNUAL DEPRECIATION ACCRUALS RELATED TO ELECTRIC PLANT AS OF DECEMBER 31, 2018

DEPRECIABLE GROUP (1)	SURVIVOR CURVE (2)	ORIGINAL COST AS OF DECEMBER 31, 2018 (3)	BOOK DEPRECIATION RESERVE (4)	FUTURE ACCRUALS (5)	CALCULATED ANNUAL ACCRUAL		COMPOSITE REMAINING LIFE (8)=(5)/(6)	
					AMOUNT (6)	RATE (7)=(6)/(3)		
<b>GENERAL PLANT</b>								
390	STRUCTURES AND IMPROVEMENTS							
	MAJOR STRUCTURES	55-S0.5	127,248,553.97	37,597,402	89,651,152	3,782,506	2.97	23.7
	OTHER SMALL STRUCTURES	45-R3	5,718,947.46	1,185,229	4,533,718.00	144,442	2.53	31.4
	TOTAL ACCOUNT 390		<u>132,967,501.43</u>	<u>38,782,631</u>	<u>94,184,870</u>	<u>3,926,948</u>	<u>2.95</u>	<u>24.0</u>
391	OFFICE FURNITURE AND EQUIPMENT							
	OFFICE FURNITURE	20-SQ	5,527,450.84	1,931,735	3,595,716	272,224	4.92	13.2
	E.D.P EQUIPMENT	5-SQ	20,355,638.84	9,678,548	10,677,091	3,777,087	18.56	2.8
	TOTAL ACCOUNT 391		<u>25,883,089.68</u>	<u>11,610,283</u>	<u>14,272,807</u>	<u>4,049,311</u>	<u>15.64</u>	<u>3.5</u>
392	TRANSPORTATION EQUIPMENT		60,365,045.57	35,568,133	24,796,913	**		
393	STORES EQUIPMENT	30-SQ	1,910,748.56	1,195,240	715,509	62,444	3.27	11.5
394	TOOLS, SHOP AND GARAGE EQUIPMENT	25-SQ	22,187,853.09	7,340,829	14,847,024	874,560	3.94	17.0
395	LABORATORY EQUIPMENT	20-SQ	2,481,835.95	1,242,988	1,238,848	122,875	4.95	10.1
396	POWER OPERATED EQUIPMENT		3,684,680.46	1,460,710	2,223,970	**		
397	COMMUNICATION EQUIPMENT	15-SQ	83,436,805.61	40,345,323	43,091,482	5,542,953	6.64	7.8
398	MISCELLANEOUS EQUIPMENT	20-SQ	370,175.61	292,444	77,731	18,489	4.99	4.2
	TOTAL GENERAL PLANT		<u>333,287,735.96</u>	<u>137,838,580</u>	<u>195,449,154</u>	<u>14,597,580</u>	<u>4.38</u>	<u>13.4</u>
	TOTAL DEPRECIABLE PLANT		<u>4,000,596,129.97</u>	<u>1,253,000,857</u>	<u>2,747,595,272</u>	<u>112,778,411</u>	<u>2.82</u>	<u>24.4</u>
<b>INTANGIBLE AND NONDEPRECIABLE PLANT</b>								
301	ORGANIZATION		103,415.81					
302	FRANCHISES AND CONSENTS		6,830.09					
303	MISCELLANEOUS INTANGIBLE PLANT		292,595,251.45	122,208,783				
350	LAND AND LAND RIGHTS		14,131,169.13					
360	LAND AND LAND RIGHTS		21,456,748.79					
389	LAND AND LAND RIGHTS		6,144,797.11					
390.2	STRUCTURES AND IMPROVEMENTS - LEASEHOLDS		14,608,919.87	8,441,972				
	TOTAL INTANGIBLE AND NONDEPRECIABLE PLANT		<u>349,047,132.25</u>	<u>130,650,755</u>				
	TOTAL ELECTRIC PLANT		<u>4,349,643,262.22</u>	<u>1,383,651,611</u>				

NOTE: Transportation was switched from group to individual with gain loss.

\* Life Span Procedure was used. Curve Shown is Interim Survivor Curve.

\*\* Annual Accrual is charged on a vehicle by vehicle basis.

DUQUESNE LIGHT COMPANY

TABLE 3. SUMMARY OF PLANT IN SERVICE ACTIVITY FOR THE YEAR ENDED DECEMBER 31, 2018

DEPRECIABLE GROUP	BALANCE AT BEGINNING OF YEAR	+	ADDITIONS	-	RETIREMENTS	+	TRANSFERS AND ADJUSTMENTS	=	BALANCE AT END OF YEAR	PERCENT OF ORIGINAL COST RETIRED
(1)	(2)		(3)		(4)		(6)		(8)	(7)
<b>TRANSMISSION PLANT</b>										
352 STRUCTURES AND IMPROVEMENTS	29,526,042.15		957,191.35		48,329.79		0.00		30,434,903.71	0.16
353 STATION EQUIPMENT	396,212,685.25		12,559,204.25		3,138,131.87		71,912.14		405,705,669.77	0.79
354 TOWERS AND FIXTURES	65,195,822.79		5,583,253.58		0.00		0.00		70,779,076.37	0.00
355 POLES AND FIXTURES	51,419,990.33		3,467,080.19		3,803.03		0.00		54,883,247.49	0.01
356 OVERHEAD CONDUCTORS AND DEVICES	105,012,961.59		13,366,921.19		3,819.27		(459,364.22)		117,916,699.29	0.00
357 UNDERGROUND CONDUIT	81,773,399.95		(1,008,582.02)		0.00		0.00		80,764,817.93	0.00
358 UNDERGROUND CONDUCTORS AND DEVICES	146,905,518.97		992,231.42		0.00		0.00		147,897,750.39	0.00
359 ROADS AND TRAILS	9,214,849.13		63,265.70		0.00		0.00		9,278,114.83	0.00
<b>TOTAL TRANSMISSION PLANT</b>	<b>885,261,270.16</b>		<b>35,980,545.66</b>		<b>3,194,083.96</b>		<b>(387,462.08)</b>		<b>917,660,279.78</b>	
<b>DISTRIBUTION PLANT</b>										
361 STRUCTURES AND IMPROVEMENTS	66,948,966.79		300,131.91		0.00		0.00		67,249,098.70	0.00
362.1 STATION EQUIPMENT - COMPANY STATIONS	415,676,427.63		16,254,501.07		1,496,509.30		0.00		430,434,419.40	0.36
362.2 STATION EQUIPMENT - CUSTOMER HIGH TENSION	34,812,885.17		301,377.37		203,675.47		0.00		34,910,587.07	0.59
362.3 STATION EQUIPMENT - PORTABLE SUBSTATIONS	4,413,012.19		0.00		0.00		0.00		4,413,012.19	0.00
364 POLES, TOWERS AND FIXTURES	440,585,325.16		53,871,030.65		8,815,643.61		(288,069.36)		485,352,642.84	2.00
365 OVERHEAD CONDUCTORS AND DEVICES	470,558,785.46		51,048,757.92		10,674,256.33		(134,287.64)		510,798,999.41	2.27
366 UNDERGROUND CONDUIT	147,123,501.71		2,153,233.82		227,844.37		0.00		149,049,091.16	0.15
367 UNDERGROUND CONDUCTORS AND DEVICES	383,049,753.23		25,933,128.29		7,741,079.25		0.00		401,241,802.27	2.02
368 LINE TRANSFORMERS	385,604,434.69		21,983,579.85		10,307,824.66		0.00		397,280,189.88	2.67
369 SERVICES	96,663,333.25		3,107,213.89		1,045,988.52		0.00		98,724,556.62	1.08
370 METERS AND SMART METERS	121,619,567.90		32,314,248.86		25,944,540.40		0.00		127,989,276.36	21.33
370.1 METERS - COMMUNICATION EQUIPMENT	62,646.58		0.00		18,677.34		0.00		43,969.24	29.81
373 STREET LIGHTING EQUIPMENT	41,293,621.66		1,438,756.77		573,911.34		0.00		42,160,467.09	1.39
<b>TOTAL DISTRIBUTION PLANT</b>	<b>2,608,414,261.42</b>		<b>208,706,960.40</b>		<b>67,049,750.69</b>		<b>(422,367.00)</b>		<b>2,749,648,114.23</b>	
<b>GENERAL PLANT</b>										
390 STRUCTURES AND IMPROVEMENTS	117,846,038.05		15,138,813.59		17,350.21		0.00		132,967,501.43	0.01
391 OFFICE FURNITURE AND EQUIPMENT	22,566,854.55		3,582,843.46		286,408.33		0.00		25,883,089.68	1.18
392 TRANSPORTATION EQUIPMENT	58,848,384.19		3,419,402.93		1,902,741.55		0.00		60,365,045.57	3.23
393 STORES EQUIPMENT	2,182,376.91		0.00		271,628.35		0.00		1,910,748.56	12.45
394 TOOLS, SHOP AND GARAGE EQUIPMENT	20,964,596.96		1,354,182.73		130,926.60		0.00		22,187,853.09	0.62
395 LABORATORY EQUIPMENT	2,406,553.34		245,522.09		170,239.48		0.00		2,481,835.95	7.07
396 POWER OPERATED EQUIPMENT	3,845,685.08		141,292.68		302,297.30		0.00		3,684,680.46	7.86
397 COMMUNICATION EQUIPMENT	81,505,635.22		4,102,450.06		2,171,279.67		0.00		83,436,805.61	2.66
398 MISCELLANEOUS EQUIPMENT	370,175.61		0.00		0.00		0.00		370,175.61	0.00
<b>TOTAL GENERAL PLANT</b>	<b>310,536,299.91</b>		<b>27,984,307.54</b>		<b>5,232,871.49</b>		<b>0.00</b>		<b>333,267,736.96</b>	
<b>TOTAL DEPRECIABLE PLANT</b>	<b>3,804,211,831.49</b>		<b>272,670,813.60</b>		<b>75,476,706.04</b>		<b>(809,809.08)</b>		<b>4,000,696,129.97</b>	

DUQUESNE LIGHT COMPANY

TABLE 3. SUMMARY OF PLANT IN SERVICE ACTIVITY FOR THE YEAR ENDED DECEMBER 31, 2018

DEPRECIABLE GROUP (1)	BALANCE AT BEGINNING OF YEAR (2)	+	ADDITIONS (3)	-	RETIREMENTS (4)	+	TRANSFERS AND ADJUSTMENTS (6)	=	BALANCE AT END OF YEAR (8)	PERCENT OF ORIGINAL COST RETIRED (7)
<b>INTANGIBLE PLANT AND NONDEPRECIABLE PLANT</b>										
301 ORGANIZATION	100,275.19		3,140.62		0.00		0.00		103,415.81	
302 FRANCHISES AND CONSENTS	6,830.09		0.00		0.00		0.00		6,830.09	
303 MISC INTANGIBLE PLANT	262,897,397.91		32,946,378.90		3,248,525.36		0.00		292,595,251.45	
350 LAND AND LAND RIGHTS	13,998,826.48		132,342.65		0.00		0.00		14,131,169.13	
360 LAND AND LAND RIGHTS	13,298,660.73		8,158,088.06		0.00		0.00		21,456,748.79	
382 REGIONAL TRANSMISSION - COMMUNICATION EQUIPMENT	0.00		240,830.92		0.00		(240,830.92)		0.00	
389 LAND AND LAND RIGHTS	6,144,797.11		0.00		0.00		0.00		6,144,797.11	
390.2 STRUCTURES AND IMPROVEMENTS - LEASEHOLDS	11,739,854.33		2,869,065.54		0.00		0.00		14,608,919.87	
<b>TOTAL INTANGIBLE AND NONDEPRECIABLE PLANT</b>	<b>308,186,641.84</b>		<b>44,349,846.69</b>		<b>3,248,525.36</b>		<b>(240,830.92)</b>		<b>349,047,132.25</b>	
<b>TOTAL PLANT IN SERVICE</b>	<b>4,112,398,473.33</b>		<b>317,020,660.29</b>		<b>78,725,231.40</b>		<b>(1,060,840.00)</b>		<b>4,349,643,262.22</b>	

DUQUESNE LIGHT COMPANY

TABLE 4. SUMMARY OF BOOK RESERVE ACTIVITY FOR THE YEAR ENDED DECEMBER 31, 2018

	DEPRECIABLE GROUP (1)	BOOK RESERVE					MISCELLANEOUS DEBITS AND CREDITS (7)	BOOK RESERVE AT END OF YEAR (8)	BOOK RESERVE AS A PERCENT OF ORIGINAL COST (9)
		AT BEGINNING OF YEAR (2)	ANNUAL ACCRUALS (3)	RETIREMENTS (4)	GROSS SALVAGE (5)	COST OF REMOVAL (6)			
303	MISCELLANEOUS INTANGIBLE PLANT	84,514,296	40,943,012	3,248,525	0	0	0	122,208,783	41.77
	<b>TRANSMISSION PLANT</b>								
352	STRUCTURES AND IMPROVEMENTS	7,565,257	887,956	48,330	0	1,621	81	8,403,344	27.61
353	STATION EQUIPMENT	109,411,825	14,574,937	3,138,132	2,000	934,401	2,008	119,918,236	29.56
354	TOWERS AND FIXTURES	33,040,489	1,022,517	0	0	0	0	34,063,006	48.13
355	POLES AND FIXTURES	11,338,822	1,161,872	3,803	0	1,038	0	12,493,854	22.78
356	OVERHEAD CONDUCTORS AND DEVICES	32,651,991	2,010,168	3,819	0	44,180	0	34,614,159	29.35
357	UNDERGROUND CONDUIT	27,624,822	1,474,350	0	0	0	0	29,099,172	36.03
358	UNDERGROUND CONDUCTORS AND DEVICES	23,451,522	2,630,654	0	0	0	0	26,082,176	17.64
359	ROADS AND TRAILS	845,747	162,321	0	0	0	0	1,008,067	10.86
		<b>245,928,474</b>	<b>23,924,774</b>	<b>3,194,084</b>	<b>2,000</b>	<b>981,240</b>	<b>2,089</b>	<b>265,882,013</b>	
	<b>DISTRIBUTION PLANT</b>								
361	STRUCTURES AND IMPROVEMENTS	37,090,248	1,500,465	0	0	0	0	38,590,714	57.38
362	STATION EQUIPMENT	150,896,013	11,779,562	1,700,185	6,717	652,537	0	160,329,570	0.00
364	POLES, TOWERS AND FIXTURES	165,127,255	10,828,979	8,815,844	677,169	4,527,344	0	163,290,416	33.64
365	OVERHEAD CONDUCTORS AND DEVICES	150,709,438	12,009,253	10,874,256	1,949,545	1,400,700	0	152,593,279	29.87
368	UNDERGROUND CONDUIT	46,826,629	2,079,874	227,844	0	43,444	0	48,435,415	32.50
367	UNDERGROUND CONDUCTORS AND DEVICES	105,229,221	9,893,332	7,741,079	2,259,048	1,016,493	0	108,624,028	27.07
368	LINE TRANSFORMERS	113,493,808	12,471,336	10,307,825	756,448	1,180,119	0	115,233,648	29.01
369	SERVICES	36,901,805	2,557,032	1,045,989	0	1,401,664	0	37,011,184	37.49
370	METERS AND SMART METERS	16,102,288	9,790,389	25,944,540	0	277,883	0	(329,846)	(0.26)
370.1	METERS - COMMUNICATION EQUIPMENT	47,700	5,432	18,677	0	0	0	34,455	78.38
373	STREET LIGHTING EQUIPMENT	25,217,377	1,063,231	573,911	0	39,296	0	25,687,401	60.88
	<b>TOTAL DISTRIBUTION PLANT</b>	<b>847,441,781</b>	<b>73,978,886</b>	<b>67,049,751</b>	<b>5,648,928</b>	<b>10,539,579</b>	<b>0</b>	<b>849,480,284</b>	
382	REGIONAL TRANSMISSION - COMMUNICATION EQUIPMENT	0	2,008	0	0	0	(2,008)	0	0.00
	<b>TOTAL REGIONAL TRANSMISSION PLANT</b>	<b>0</b>	<b>2,008</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,008)</b>	<b>0</b>	
	<b>GENERAL PLANT</b>								
390.1	STRUCTURES AND IMPROVEMENTS	34,738,990	4,060,992	17,350	0	0	0	38,782,631	29.17
390.2	STRUCTURES AND IMPROVEMENTS - LEASEHOLDS	7,788,813	635,416	0	0	0	17,943	8,441,972	57.79
391.1	OFFICE FURNITURE	1,662,245	270,462	5,188	0	0	4,213	1,931,735	34.95
391.2	E.D.P. EQUIPMENT	5,936,474	4,003,296	261,222	0	0	0	9,678,548	47.55
392	TRANSPORTATION EQUIPMENT	33,569,924	3,761,425	1,902,742	25,053	(88,300)	28,172	35,568,133	58.92
393	STORES EQUIPMENT	1,394,500	72,368	271,628	0	0	0	1,195,240	62.55
394	TOOLS, SHOP AND GARAGE EQUIPMENT	6,586,913	884,843	130,927	0	0	0	7,340,829	33.08
395	LABORATORY EQUIPMENT	1,285,223	128,004	170,239	0	0	0	1,242,988	50.08
396	POWER OPERATED EQUIPMENT	1,587,023	144,875	302,297	0	0	21,110	1,480,710	39.64
397	COMMUNICATION EQUIPMENT	37,014,533	5,502,070	2,171,280	0	0	0	40,345,323	48.35
398	MISCELLANEOUS EQUIPMENT	273,838	18,509	0	0	0	0	292,444	79.00
	<b>TOTAL GENERAL PLANT</b>	<b>131,848,373</b>	<b>18,482,259</b>	<b>5,232,871</b>	<b>25,053</b>	<b>(86,300)</b>	<b>71,438</b>	<b>148,280,552</b>	
	<b>TOTAL ELECTRIC PLANT</b>	<b>1,309,732,924</b>	<b>158,330,940</b>	<b>78,725,231</b>	<b>5,675,979</b>	<b>11,434,519</b>	<b>71,519</b>	<b>1,383,651,611</b>	

DUQUESNE LIGHT COMPANY

TABLE 6. AMORTIZATION OF EXPERIENCED NET SALVAGE

ACCOUNT (1)	2014		2015		2016		2017		2018		NET SALVAGE (12)	SALVAGE ACCRUAL (13)=(12)/5
	COST OF REMOVAL (2)	GROSS SALVAGE (3)	COST OF REMOVAL (4)	GROSS SALVAGE (5)	COST OF REMOVAL (6)	GROSS SALVAGE (7)	COST OF REMOVAL (8)	GROSS SALVAGE (9)	COST OF REMOVAL (10)	GROSS SALVAGE (11)		
303	5,613	5,613									0	0
350							(1,137)	29,000			30,137	6,027
352	4,909		17,844	469	85,929		58,444	1,524	1,621		(166,754)	(33,351)
353	895,897	35,959	2,452,330	406,904	1,144,499	176,180	678,911	60,109	934,401	2,000	(5,424,888)	(1,084,978)
354					4,754						(4,754)	(951)
355	32,593				1,090				1,038		(34,721)	(6,944)
356	92,632		607,615	73,971	20,472		45,487	23,012	44,180		(713,404)	(142,681)
357					681,771	434,966					(250,150)	(50,030)
358			31,305	29,829	17,437		197,758	194,412			(1,476)	(295)
361	75,911	12,178	7,176		15,176	16	14,089				(100,159)	(20,032)
362	950,022	174,575	981,548	171,241	838,923	7,534	1,075,470	28,425	652,537	6,717	(4,110,008)	(822,002)
364	2,430,116	1,477,526	2,507,523	518,065	2,370,889	1,156,013	3,135,095	893,247	4,527,344	677,169	(10,248,946)	(2,049,789)
365	463,719	1,882,832	1,039,575	1,262,541	3,708,347	1,504,230	1,121,162	597,641	1,400,700	1,949,545	(536,713)	(107,343)
366	1,660		140,960		69,364	265,679	31,924	1,483	43,444		(20,190)	(4,038)
367	601,496	525,720	478,527	607,548	719,726	859,661	547,037	498,352	1,016,493	2,259,048	1,387,050	277,410
368	828,438	1,695,938	1,248,521	550,223	1,152,549	1,098,103	1,077,401	1,095,428	1,180,119	756,448	(290,887)	(58,177)
369	199,513		1,699,066		799,704		1,442,930		1,401,664		(5,542,877)	(1,108,575)
370	15,487		139,301		38,283		2,008		277,983		(473,062)	(94,612)
370.1	2										(2)	0
373	16,099	149	143,370		96,121		37,052		39,296		(331,788)	(66,358)
390.1	156,927		3,517		298,889		60,454				(519,788)	(103,958)
392		736,865	(28,932)	355,859		390,121	(42,884)	128,075	(86,300)	25,053	1,794,088	358,818
397	188		3,890	939							(3,140)	(628)
<b>TOTAL</b>	<b>6,771,222</b>	<b>6,547,355</b>	<b>11,473,138</b>	<b>3,977,589</b>	<b>12,063,922</b>	<b>5,909,941</b>	<b>9,481,201</b>	<b>3,550,707</b>	<b>11,434,519</b>	<b>5,675,979</b>	<b>(25,662,432)</b>	<b>(5,112,487)</b>

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MEGAN ECKRICH

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UNITED STATES US

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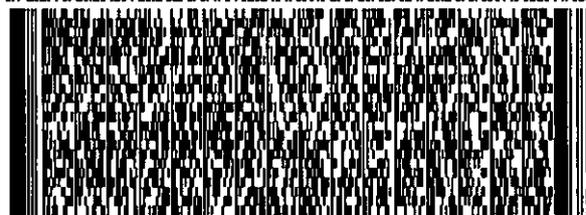
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