BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION

PENNSYLVANIA PUBLIC UTILITY COMMISSION
v.
PECO ENERGY COMPANY - ELECTRIC DIVISION

DOCKET NO. R-2015-2468981

VOLUME VII

Defined Filing Requirements
Section 53.53
General Description of Utility Operations /
Primary Statements of Rate Base and Operating Income

Q. I-A-1 Provide a summary discussion of the rate change request, including specific reasons for each increase or decrease. Also provide a breakdown which identifies the revenue requirement value of the major items generating the requested rate change.

A. I-A-1 The specific reasons for the rate increase are provided in the Company's Statement of Reasons, which is included as part of the Company's filing. A breakdown identifying the revenue requirement value of the major items generating the requested rate change are provided in the direct testimony of Shuo Yin, PECO Statement No. 3, and in PECO Exhibit SY-1.

Q. I-A-2 Identify the proposed witnesses for all statements and schedules of revenues, expenses, taxes, property, valuation and the like.

A. I-A-2 Refer to PECO Statement No. 1, the Direct Testimony of Michael A. Innocenzo, for a summary of proposed witnesses.

Q. I-A-3 Provide a single page summary table showing, at present and at proposed rates, together with references to the filing information, the following as claimed for the fully adjusted test year: Revenues, Operating Expenses, Operating Income, Rate of Return (produced)

A. I-A-3 Refer to PECO Exhibit SY-1, Schedule A-1, for the fully projected future test year (2016), PECO Exhibit SY-2, Schedule A-1, for the future test year (2015) and PECO Exhibit SY-3, Schedule A-1, for the historic year(2014), and PECO Statement No. 3, the direct testimony of Shuo Yin.

Q. I-A-4 Whenever a major generating plant is placed in operating service or removed from operating service the utility shall separately indicate the effect of the plant addition or removal from service upon rate base, revenue, expense, tax, income and revenue requirement as if affects the test year.

A. I-A-4 Not applicable. PECO does not own a major generating plant, but instead purchases from others the power used to serve its default service customers.

Q. I-B-1 Provide a corporate history including the dates of original incorporation, subsequent mergers and acquisitions. Indicate all counties, cities and other governmental subdivisions to which service is provided, including service areas outside this Commonwealth, and the total number of customers or billed units in the areas served.

A. I-B-1 Refer to Attachments I-B-1(a) and I-B-1(b).

A. CORPORATE HISTORY

PECO Energy Company is the result of a series of corporate mergers, acquisitions and operational transformations. The following history explains the transactions relating to PECO's current electric distribution operations.

1. Corporate Ownership

On October 27, 1902, The Philadelphia Electric Company, Inc. ("Philadelphia Electric") was incorporated and its electric distribution business was the result of a number of electric distribution business acquisitions and consolidations within southeastern Pennsylvania.

On February 24, 1928, Philadelphia Electric became a wholly owned subsidiary of the United Gas Improvement Company (now known as "UGI Corporation" or "UGI"). Philadelphia Electric maintained that status until its divestiture from UGI in 1943.

PECO Energy Company ("PECO") was incorporated on October 31, 1929, in connection with the merger of The Philadelphia Electric Company, Philadelphia Suburban Gas and Electric Company and Counties Gas and Electric Company.

On October 20, 2000, in accordance with the final order of the Pennsylvania Public Utility Commission ("Commission") at Docket No. A-110550F0147 (Order entered June 22, 2000), PECO became an indirect, wholly-owned subsidiary of Exelon Corporation ("Exelon") by operation of the merger between PECO and Unicom Corporation. Exelon is a utility services holding company engaged, through Exelon Generation Company, LLC, in the energy generation business, and through PECO, Commonwealth Edison Company, and Baltimore Gas and Electric Company, in the energy delivery business.

On January 1, 2001, in accordance with the Commission's final order at Docket No. A-110550F0147, PECO transferred its electric generation business to Exelon Generation, LLC as part of a corporate restructuring. Exelon Business Services Company ("EBSC"), a shared services provider, was created at this time and PECO subsequently commenced taking shared services from EBSC through a Commission-approved General Services Agreement and cost-based, negotiated, service level arrangements. A corporate organization chart showing PECO's corporate relationship to Exelon and its other subsidiaries may be found in response to defined filing requirement II-A-24.

2. Electric Operations

All of PECO's predecessor companies held letters, patents and other rights issued by the Commonwealth of Pennsylvania, which allowed for the provision of electric service. These instruments and authorities were ultimately transferred, by operation of law, to PECO. Upon passage of the Public Service Company law and the Public Utility Code, PECO's electric service territory rights were grandfathered or acquired through the issuance of certificates of public convenience by the Commission.

B. LISTING OF GOVERNMENTAL SUBDIVISIONS AND TOTAL CUSTOMER POPULATION SERVED

See Attachment I-B-1b.

Annual Estimates of Residential Population

PECO's Electric Service Territory	April 1, 2010	Population Estimate (as of July 1)			
	Census	2010	2011	2012	2013
Pennsylvania Total Population	12,702,379	12,710,472	12,741,310	12,764,475	12,773,801
PECO's Total Electric Service Area	3,906,359	3,911,072	3,929,258	3,946,924	3,959,326
Population Change in PECO's Electric Service Territory Since 2010 Census		4,713	22,899	40,565	52,967
Bucks County Total Population	625,249	625,402	626,484	626,377	626,976
Bucks County PECO Electric Service	548,443	548,590	549,601	549,578	550,203
Population Change in PECO's Bucks County Electric Service Territory Since 2010 Census		147	1,158	1,135	1,760
Bedminster Township	6,574	6,622	6,804	6,872	6,948
Bensalem Township	60,427	60,426	60,459	60,399	60,490
Bristol Borough	9,726	9,720	9,702	9,667	9,633
Bristol Township	54,582	54,573	54,589	54,480	54,394
Buckingham Township	20,075	20,108	20,213	20,290	20,345
Chalfont Borough	4,009	4,010	4,034	4,050	4,062
Doylestown Borough	8,380	8,377	8,373	8,354	8,337
Doylestown Township	17,680	17,680	17,695	17,652	17,634
Dublin Borough	2,158	2,159	2,159	2,155	2,154
Falls Township	34,300	34,283	34,272	34,182	34,080
Hilltown Township	15,030	15,032	15,099	15,137	15,158
Hulmeville Borough	1,003	1,003	1,011	1,008	1,006
Ivyland Borough	1,041	1,041	1,043	1,041	1,058
Langhorne Borough	1,622	1,620	1,620	1,615	1,613
Langhorne Manor Borough	1,442	1,442	1,444	1,443	1,441
Lower Makefield Township	32,559	32,564	32,597	32,624	32,752
Lower Southampton Township	18,909	18,925	19,013	18,980	18,946
Middletown Township	45,436	45,447	45,540	45,495	45,481
Morrisville Borough	8,728	8,724	8,716	8,691	8,668
New Britain Borough	3,037	3,035	3,037	3,035	3,028
New Britain Township	11,075	11,073	11,082	11,060	11,042
New Hope Borough	2,528	2,527	2,527	2,522	2,518
Newtown Borough	2,248	2,249	2,245	2,236	2,231
Newtown Township	19,299	19,320	19,399	19,456	19,564
Northampton Township	39,726	39,724	39,758	39,726	39,698
Penndel Borough	2,328	2,327	2,252	2,254	2,250
Plumstead Township	12,442	12,446	12,492	12,612	12,928
Solebury Township	8,692	8,692	8,697	8,690	8,675
Telford Borough	2,207	2,208	2,208	2,207	2,204
Tullytown Borough	1,872	1,873	1,872	1,870	1,866
Upper Makefield Township	8,190	8,195	8,224	8,244	8,245
Upper Southampton Township	15,152	15,154	15,189	15,180	15,177
Warminster Township	32,682	32,678	32,709	32,752	32,779
Warrington Township	23,418	23,442	23,534	23,519	23,592
Warwick Township	14,437	14,455	14,520	14,575	14,665
Wrightstown Township	2,995	3,001	3,019	3,058	3,101
Yardley Borough	2,434	2,435	2,454	2,447	2,440

Attachment I-8-1(b)

Chester County Total Population	**498,886**	**499,865**	**503,560**	**506,190**	**509,468**
Chester County PECO Electric Service	**487,143**	**487,834**	**491,432**	**493,942**	**497,041**
Increase in Population in PECO's Chester County Electric Service Territory Since 2010 Census		**691**	**4,289**	**6,799**	**9,898**
Avondale Borough	1,265	1,273	1,314	1,383	1,398
Birmingham Township	4,208	4,212	4,222	4,228	4,236
Caln Township	13,817	13,859	13,990	14,024	14,104
Charlestown Township	5,671	5,677	5,683	5,658	5,670
Coatesville city	13,100	13,101	13,121	13,120	13,133
Downingtown Borough	7,891	7,893	7,902	7,918	7,930
East Bradford Township	9,942	9,948	9,972	9,998	10,027
East Brandywine Township	6,742	6,762	7,024	7,276	7,601
East Caln Township	4,838	4,853	4,861	4,864	4,870
East Coventry Township	6,636	6,681	6,723	6,732	6,740
East Fallowfield Township	7,449	7,472	7,500	7,516	7,535
East Goshen Township	18,026	18,038	18,112	18,146	18,188
East MarlBorough Township	7,026	7,030	7,097	7,153	7,212
East Nantmeal Township	1,803	1,807	1,815	1,825	1,830
East Nottingham Township	8,650	8,667	8,744	8,782	8,823
East Pikeland Township	7,079	7,101	7,183	7,250	7,328
Easttown Township	10,477	10,484	10,516	10,541	10,560
East Vincent Township	6,821	6,827	6,835	6,842	6,847
East Whiteland Township	10,650	10,656	10,633	10,668	10,690
Elk Township	1,681	1,683	1,689	1,688	1,691
Franklin Township	4,352	4,362	4,387	4,412	4,426
Highland Township	1,272	1,273	1,273	1,279	1,278
Kennett Township	7,561	7,579	7,644	7,797	7,834
Kennett Square Borough	6,072	6,074	6,100	6,109	6,129
London Britain Township	3,139	3,145	3,170	3,194	3,226
Londonderry Township	2,149	2,173	2,238	2,286	2,329
London Grove Township	7,475	7,503	7,684	7,928	8,144
Lower Oxford Township	5,200	5,207	5,229	5,026	5,045
Malvern Borough	2,998	3,001	3,014	3,027	3,426
Modena Borough	535	535	535	534	533
New Garden Township	11,988	12,008	12,052	12,065	12,073
Newlin Township	1,285	1,286	1,314	1,320	1,337
New London Township	5,631	5,645	5,708	5,772	5,835
North Coventry Township	7,866	7,875	7,898	7,921	7,968
Oxford Borough	5,077	5,076	5,098	5,107	5,108
Parkesburg Borough	3,593	3,596	3,610	3,623	3,637
Penn Township	5,364	5,371	5,433	5,444	5,455
Pennsbury Township	3,604	3,605	3,614	3,622	3,629
Phoenixville Borough	16,440	16,473	16,493	16,506	16,520
Pocopson Township	4,582	4,591	4,632	4,684	4,773
Sadsbury Township	3,570	3,571	3,568	3,700	3,760
Schuylkill Township	8,516	8,518	8,514	8,570	8,581
South Coatesville Borough	1,303	1,311	1,347	1,384	1,425

South Coventry Township	2,604	2,606	2,608	2,611	2,611
Spring City Borough	3,323	3,324	3,330	3,328	3,326
Thornbury Township	3,263	3,271	3,298	3,331	3,362
Tredyffrin Township	29,334	29,348	29,418	29,457	29,505
Upper Oxford Township	2,484	2,483	2,493	2,494	2,499
Upper Uwchlan Township	11,227	11,261	11,372	11,432	11,509
Uwchlan Township	18,088	18,099	18,141	18,320	18,395
Valley Township	6,794	6,829	7,017	7,170	7,316
Wallace Township	3,458	3,467	3,542	3,579	3,646
Warwick Township	2,507	2,507	2,509	2,514	2,525
West Bradford Township	12,223	12,254	12,332	12,418	12,540
West Brandywine Township	7,394	7,400	7,416	7,420	7,434
West Caln Township	9,014	9,025	9,043	9,045	9,047
West Chester Borough	18,461	18,468	18,776	18,910	18,968
West Fallowfield Township	2,566	2,565	2,567	2,571	2,577
West Goshen Township	21,866	21,880	22,551	22,682	22,873
West Grove Borough	2,854	2,853	2,855	2,857	2,857
West MarlBorough Township	814	815	818	820	823
West Nantmeal Township	2,170	2,169	2,178	2,179	2,181
West Nottingham Township	2,722	2,722	2,714	2,706	2,699
West Pikeland Township	4,024	4,028	4,043	4,060	4,070
West Sadsbury Township	2,444	2,446	2,455	2,463	2,467
Westtown Township	10,827	10,834	10,869	10,884	10,911
West Vincent Township	4,567	4,586	4,683	4,785	4,855
West Whiteland Township	18,274	18,288	18,372	18,409	18,453
Willistown Township	10,497	10,504	10,541	10,575	10,708
Delaware County Total Population	**558,726**	**559,033**	**559,058**	**560,699**	**561,973**
Delaware County PECO Electric Service	**558,726**	**559,033**	**559,058**	**560,699**	**561,973**
Population Change in PECO's Delaware County Electric Service Territory Since 2010 Census		**307**	**332**	**1,973**	**3,247**
Aldan Borough	4,152	4,153	4,145	4,152	4,157
Aston Township	16,592	16,652	16,750	16,826	16,873
Bethel Township	8,791	8,809	8,920	9,027	9,075
Brookhaven Borough	8,006	8,020	8,019	8,044	8,064
Chadds Ford Township	3,640	3,657	3,701	3,722	3,736
Chester City	33,972	34,008	33,810	34,005	34,046
Chester Township	3,940	3,971	4,077	4,085	4,090
Chester Heights Borough	2,531	2,533	2,533	2,544	2,553
Clifton Heights Borough	6,652	6,652	6,641	6,655	6,663
Collingdale Borough	8,783	8,782	8,764	8,777	8,785
Colwyn Borough	2,546	2,545	2,540	2,545	2,547
Concord Township	17,231	17,247	17,273	17,358	17,475
Darby Borough	10,690	10,687	10,665	10,678	10,687
Darby Township	9,264	9,266	9,259	9,280	9,300
East Lansdowne Borough	2,668	2,667	2,661	2,663	2,665
Eddystone Borough	2,410	2,409	2,403	2,406	2,407
Edgmont Township	3,987	3,992	4,004	4,028	4,052

Folcroft Borough	6,606	6,606	6,598	6,612	6,624
Glenolden Borough	7,153	7,154	7,141	7,153	7,162
Haverford Township	48,484	48,505	48,523	48,667	48,802
Lansdowne Borough	10,620	10,619	10,597	10,614	10,627
Lower Chichester Township	3,469	3,469	3,464	3,470	3,475
Marcus Hook Borough	2,397	2,396	2,393	2,395	2,396
Marple Township	23,428	23,434	23,435	23,538	23,628
Media Borough	5,327	5,327	5,323	5,333	5,340
Middletown Township	15,807	15,822	15,819	15,868	15,908
Millbourne Borough	1,159	1,160	1,156	1,156	1,156
Morton Borough	2,669	2,671	2,671	2,677	2,682
Nether Providence Township	13,706	13,711	13,705	13,746	13,778
Newtown Township	12,216	12,222	12,222	12,277	12,323
Norwood Borough	5,890	5,889	5,880	5,891	5,900
Parkside Borough	2,328	2,327	2,323	2,327	2,329
Prospect Park Borough	6,454	6,456	6,445	6,466	6,480
Radnor Township	31,531	31,542	31,445	31,422	31,502
Ridley Township	30,768	30,771	30,868	30,949	31,005
Ridley Park Borough	7,002	7,003	6,991	7,003	7,014
Rose Valley Borough	913	916	937	939	941
Rutledge Borough	784	784	796	798	798
Sharon Hill Borough	5,697	5,696	5,684	5,692	5,697
Springfield Township	24,211	24,215	24,202	24,266	24,319
Swarthmore Borough	6,194	6,193	6,186	6,192	6,198
Thornbury Township	7,782	7,803	7,842	7,875	7,919
Tinicum Township	4,091	4,092	4,084	4,091	4,096
Trainer Borough	1,828	1,827	1,838	1,838	1,838
Upland Borough	3,239	3,239	3,239	3,244	3,249
Upper Chichester Township	16,738	16,748	16,796	16,884	16,959
Upper Darby Township	82,795	82,785	82,639	82,755	82,831
Upper Providence Township	10,142	10,145	10,176	10,271	10,312
Yeadon Borough	11,443	11,456	11,475	11,495	11,510
Montgomery County Total Population	**799,874**	**801,071**	**805,217**	**808,946**	**812,376**
Montgomery County PECO Electric Service	**768,985**	**770,042**	**773,589**	**776,963**	**779,831**
Population Change in PECO's Montgomery County Service Territory Since 2010 Census		**1,057**	**4,604**	**7,978**	**10,846**
Abington Township	55,313	55,367	55,461	55,525	55,576
Ambler Borough	6,417	6,445	6,489	6,495	6,501
Bridgeport Borough	4,554	4,557	4,569	4,572	4,577
Bryn Athyn Borough	1,369	1,371	1,384	1,378	1,382
Cheltenham Township	36,790	36,815	36,846	36,835	36,855
Collegeville Borough	5,089	5,093	5,270	5,298	5,317
Conshohocken Borough	7,833	7,842	7,852	7,864	7,865
East Greenville Borough	2,951	2,955	2,960	2,964	2,967
East Norriton Township	13,590	13,648	13,865	13,994	14,073
Franconia Township	13,064	13,086	13,143	13,201	13,227
Green Lane Borough	508	509	509	508	508
Hatboro Borough	7,360	7,367	7,375	7,381	7,407
Hatfield Township	17,249	17,270	17,308	17,505	17,557

Attachment I-B-1(b)

Horsham Township	26,147	26,181	26,277	26,357	26,421
Jenkintown Borough	4,422	4,425	4,439	4,439	4,438
Lansdale Borough	16,269	16,282	16,306	16,368	16,408
Limerick Township	18,074	18,112	18,384	18,488	18,611
Lower Frederick Township	4,840	4,847	4,862	4,876	4,888
Lower Gwynedd Township	11,405	11,422	11,464	11,495	11,534
Lower Merion Township	57,837	57,886	58,045	58,101	58,191
Lower Moreland Township	12,988	13,013	13,075	13,106	13,189
Lower Pottsgrove Township	12,059	12,075	12,104	12,132	12,166
Lower Providence Township	25,436	25,474	25,549	25,602	25,640
Lower Salford Township	14,959	14,997	15,131	15,243	15,318
MarlBorough Township	3,178	3,190	3,231	3,258	3,274
Montgomery Township	24,790	24,825	25,045	25,439	25,699
Narberth Borough	4,282	4,284	4,293	4,293	4,290
Norristown Borough	34,324	34,347	34,386	34,416	34,432
North Wales Borough	3,229	3,231	3,233	3,233	3,233
Pennsburg Borough	3,843	3,846	3,852	3,855	3,857
Perkiomen Township	9,139	9,150	9,176	9,199	9,225
Plymouth Township	16,525	16,547	16,592	16,630	16,664
Pottstown Borough	22,377	22,391	22,461	22,474	22,562
Red Hill Borough	2,383	2,385	2,386	2,387	2,387
Rockledge Borough	2,543	2,545	2,548	2,551	2,553
Royersford Borough	4,752	4,769	4,775	4,779	4,782
Salford Township	2,504	2,505	2,510	2,643	2,800
Schwenksville Borough	1,385	1,387	1,389	1,390	1,391
Skippack Township	13,715	13,741	13,826	14,327	14,529
Souderton Borough	6,618	6,626	6,634	6,640	6,644
Springfield Township	19,418	19,434	19,471	19,495	19,510
Telford Borough	2,659	2,660	2,664	2,667	2,668
Towamencin Township	17,578	17,602	17,666	17,987	18,174
Trappe Borough	3,509	3,517	3,539	3,548	3,558
Upper Dublin Township	25,569	25,613	25,999	26,107	26,169
Upper Frederick Township	3,523	3,528	3,535	3,544	3,552
Upper Gwynedd Township	15,552	15,582	15,705	15,787	15,848
Upper Merion Township	28,388	28,420	28,495	28,557	28,605
Upper Moreland Township	24,015	24,040	24,091	24,134	24,210
Upper Pottsgrove Township	5,315	5,348	5,367	5,380	5,393
Upper Providence Township	21,219	21,270	21,448	21,593	22,010
Upper Salford Township	3,299	3,304	3,320	3,330	3,347
West Conshohocken Borough	1,320	1,320	1,321	1,329	1,380
West Norriton Township	15,663	15,681	15,731	15,762	15,789
West Pottsgrove Township	3,874	3,877	3,882	3,884	3,886
Whitemarsh Township	17,349	17,375	17,435	17,468	17,489
Whitpain Township	18,875	18,896	19,000	19,098	19,140
Worcester Township	9,750	9,767	9,916	10,052	10,165
	768,985	770,042	773,589	776,963	779,831
Philadelphia County Population Total	**1,526,006**	**1,528,516**	**1,538,497**	**1,548,647**	**1,553,165**
Philadelphia PECO Electric Service	**1,526,006**	**1,528,516**	**1,538,497**	**1,548,647**	**1,553,165**

Attachment I-B-1(b)

Population Change in PECO's Philadelphia Electric Service Territory Since 2010 Census		**2,510**	**12,491**	**22,641**	**27,159**
York County Total Population	**434,972**	**435,510**	**436,785**	**437,411**	**438,965**
York County PECO Electric Service	**17,056**	**17,057**	**17,081**	**17,095**	**17,113**
Population Change in PECO's York County Electric Service Territory Since 2010 Census		**1**	**25**	**39**	**57**
Chanceford Township	6,111	6,108	6,106	6,107	6,105
Delta Borough	728	728	730	729	728
Fawn Township	2,376	2,375	2,377	2,376	2,373
Lower Chanceford Township	3,028	3,029	3,043	3,051	3,050
Peach Bottom Township	4,813	4,817	4,825	4,832	4,857
Total Population in PECO's Electric Eelctric Service Territory	**3,906,359**	**3,911,072**	**3,929,258**	**3,946,924**	**3,959,326**
Increase in Population in PECO's Service Territory Since 2010 Census		**4,713**	**22,899**	**40,565**	**52,967**

Note: The estimates are based on the 2010 Census and reflect changes to the April 1, 2010 population due to the Count Question Resolution program and geographic program revisions. See Geographic Terms and Definitions at http://www.census.gov/popest/about/geo/terms.html for a list of the states that are included in each region and division. All geographic boundaries for the 2013 population estimates series except statistical area delineations are as of January 1, 2013. The Office of Management and Budget's statistical area delineations for metropolitan, micropolitan, and combined statistical areas, as well as metropolitan divisions, are those issued by that agency in February 2013

Source: U.S. Census Bureau, Population Division, Annual Estimates of the Resident Population: April 1, 2010 to July 1, 2013
Release Dates: For the United States, regions, divisions, states, and Puerto Rico Commonwealth, December 2013. For counties, municipios, metropolitan statistical areas, micropolitan statistical areas, metropolitan divisions, and combined statistical areas, March 2014. For Cities and Towns (Incorporated Places and Minor Civil Divisions), May 2014."

Q. I-B-2 Provide a description of the property of the utility and an explanation of the system's operation and supply the following, using available projections if actual data is unavailable:

a. A schedule of generating capability showing for the test year, and for the two consecutive 12-month periods prior to the test year, net dependable capacity in KW by unit, plant capacity factor by unit, and total fuel consumption by type and cost for each unit, if available, or for each station, and operation and maintenance expenses by station.

b. A schedule showing for the test year and the 12-month period immediately prior to the test year the scheduled and unscheduled outages – in excess of 48 hours – for each station, the equipment or unit involved, the date the outage occurred, duration of the outage, maintenance expenses incurred for each outage. If available, and amounts reimbursable from suppliers or insurance companies.

c. A schedule for each unit retired during the test year or subsequent to the end of the test year, which shows the unit's KW capacity, hours of operation during the test year, net output generated, cents/KWH of maintenance and fuel expenses, and date of retirement.

d. A schedule showing latest projections of capacity additions and retirements – costs and KW – and reserve capacity at the time of peak for at least 10 years beyond the test year, including the inservice dates – actual or expected – and AFDC cutoff dates – if different from inservice dates – for all new generating units coming on line during or subsequent to the test year, if claimed.

A. I-B-2 Not applicable. PECO does not own any generation assets but instead, purchases power from wholesale generation suppliers and the PJM capacity and energy markets to serve its default service customers.

Q. I-B-3 Provide an overall system map, including and labeling all generating plants, transmission substations – indicate voltage, transmission system lines – indicate voltage, and all interconnection points with other electric utilities, power pools, and other like systems.

A. I-B-3 The "overall system map" requested in this DFR contains Critical Energy Infrastructure Information (CEII) as defined by the Federal Energy Regulatory Commission's (FERC) regulations. Consequently, the requested system map constitutes "Confidential Security Information" under 35 P.S. §§ 2141.1 et seq. and the Pennsylvania Public Utility Commission's regulations at 52 Pa. Code §§102.1 – 102.4. Therefore, an overall system map is not being provided. However, if the Commission determines that access to an overall system map is necessary to decide issues presented in this case, PECO will make the map available for review on a confidential basis, consistent with FERC regulations, to a Commission employee who is trained in handling CEII.

Q. II-A-1 Provide a schedule showing the test year rate base and rates of return at original cost less accrued depreciation under present rates and under proposed rates. Claims made on this schedule should be cross-referenced to appropriate supporting schedules.

A. II-A-1 Refer to Schedule A in Exhibits SY-1 and SY-2, for the fully projected future test year and the future test year, respectively, and Schedule A of Exhibit SY-3 for the historic year.The referenced schedules are discussed in PECO Statement No. 3, the direct testimony of Shuo Yin.

Q. II-A-2 If the schedule provided in response to item 1, is based upon a future test year, provide a similar schedule which is based upon actual data for the 12-month period immediately prior to the test year.

A. II-A-2 Refer to PECO Exhibit SY-3, Schedule A, plus PECO Statement No. 3, the direct testimony of Shuo Yin.

Q. II-A-3 When a utility files a tariff stating a new rate based in whole or in part on the cost of construction, as defined in 66 Pa. C.S. § 1308(f) (relating to voluntary changes in rates), of an electric generating unit, the utility shall identify:

a. The total cost of the generating unit.

b. The following costs:
   (1) The cost and quantity of each category of major equipment, such as switchgear, pumps or diesel generators and the like.
   (2) The cost and quantity of each category of bulk materials, such as concrete, cable and structural steel and the like.
   (3) Manual labor
   (4) Direct and indirect costs of architect/engineering services
   (5) Direct and indirect costs of subcontracts or other contracts involving major components or systems such as turbines, generators, nuclear steam supply systems, major structures and the like.
   (6) Distributed costs.

c. A cost increase of $5 million or more, including AFUDC, over the original utility estimates provided under 66 Pa. C.S. § 515(a) (relating to construction cost of electric generating units) and its causes.

d. Compliance with subsections (a) and (b) will be identical in format and substance as that provided under 52 Pa. Code § 57.103 (relating to estimate of construction costs) for original cost estimates submitted under 66 Pa. C.S. § 515(a).

A. II-A-3

Not applicable. PECO does not own any generation but instead purchases power from wholesale generation suppliers and the PJM capacity and energy market to serve its default service customers.

Q. II-B-1 If a claim is made for future use, supply the following:

a. A description of the plant or land site and its cost any accumulative depreciation.

b. The expected date of use for each item claimed.

c. An explanation as to why it is necessary to acquire each item in advance of its date of use.

d. The date when each item was acquired.

e. The date when each item was placed in plant held for future use.

A. II-B-1 Not applicable. The Company is not making a claim for plant held for future use.

Q. II-B-2 If a claim is made for construction work in progress, provide a supporting schedule which sets forth separately, revenue producing and non-revenue producing amounts, and include, for each category a summary of all work orders, amounts expended at the end of the test year and anticipated in-service dates. Indicate if the construction work in progress will result in insurance recoveries, reimbursements, or retirements of existing facilities. Describe in exact detail the necessity of each project claimed if not detailed on the summary page from the work order. Include final completion dates and estimated total amounts to be spent on each project.

A. II-B-2 Not applicable. The Company is not making a claim for construction work in progress.

Q. II-B-3 If a claim is made for materials and supplies or fuel inventory provide a supporting schedule for each claim showing the latest actual 13 monthly balances and showing in the case of fuel inventory claims, the type of fuel, and location, as in station, and the quantity and price claimed.

A. II-B-3 Refer to Schedule C-11 of Exhibits SY-1 and SY-2 for the thirteen-month average for materials and supplies. The Company is not making a claim for fuel inventory.

Q. II-B-4

If a claim is made for cash working capital provide a supporting schedule setting forth the method and all detailed data utilized to determine the cash working capital requirement. If not provide in the support data provide a lead-lag study of working capital, completed no more than 6 months prior to the rate increase filing.

A. II-B-4

Refer to PECO Statement No. 3, the direct testimony of Shuo Yin, and Schedule C-4 of Exhibits SY-1 and SY-2, for the fully projected future test year and the future test year, respectively, for the calculation of the Company's cash working capital requirement.

Q. II-B-5 If a claim is made for compensating bank balances, provide the following information:

a. Names and address of each bank
b. Types of accounts with each bank – checking, savings, escrow, other services, and the like.
c. Average daily balance in each account.
d. Amount and percentage requirements for compensating bank balance at each bank.
e. Average daily compensating bank balance at each bank.
f. Documents from each bank explaining compensating bank balance requirements.
g. Interest earned on each type of account.
h. A calculation showing the average daily float for each bank.

A. II-B-5 No claim is made for compensating bank balances.

Q.	II-B-6	Explain in detail by statement, or exhibit the appropriateness of additional claims or the use of a method not previously mentioned, in the claimed rate base.
A.	II-B-6	Not applicable. The Company is not claiming any additional items not discussed, explained and supported in the statement of operating income contained in PECO Exhibits SY-1, SY-2, and SY-3 and PECO Statement No. 3, the direct testimony of Shuo Yin.

Q. II-C-1 Prepare a Statement of Income including:

a. The book, or budgeted, statement for the test year.
b. Adjustments to annualize and normalize under present rates, including an elimination of the effects on income of the energy cost rate and state tax adjustment surcharge.
c. The income statement under present rates after adjustment.
d. The adjustment for the revenue requested.
e. The income statement under requested rates after adjustment.

A. II-C-1 Refer to Schedules A-1, D-1 and D-2 of Exhibits SY-1 and SY-2 for the fully projected future test year and the future test year, respectively, and PECO Statement No. 3, the direct testimony of Shuo Yin, which provide the requested information.

Q. II-C-2 If the schedule provided in item 1 is based upon budgeted date for a future test year, provide a similar schedule which is based upon actual data for the 12-month period immediately prior to the test year.

A. II-C-2 Refer to PECO Exhibit SY-3, Schedules A-1, D-1, and D-2 and PECO Statement No. 3, the direct testimony of Shuo Yin, which provide the requested information.

Q. II-D-1 Provide a schedule showing all revenues and expenses for the test year and for the 12-month period immediately prior to the test year, together with an explanation for major variances between test year revenues and expenses and those for the previous 12-month period. Revenues and expenses shall be summarized by the major account categories listed below. If budgeted data for a future test year is not readily available by these categories, an analysis of the data for the 12-month period immediately prior to the future test year or for the most recent available calendar year may serve as the basis ratably allocating the budgeted data into the account categories as follows: OPERATING REVENUES 400 Electric Revenues: Residential Sales Commercial Sales Industrial Sales Public Street & Highway Lighting Sales Sales for Resale Total Other Electric Revenues Other Electric Revenues: Late Payment Charges Miscellaneous Service Revenues Rent from Electric Property Other Electric Revenues Total Other Electric Revenues Total Operating Revenues OPERATING EXPENSES 401-2 Operation and Maintenance Expenses Power Production Expenses: Fuel Net Interchange Deferred Energy Costs Other Transmission Expenses Distribution Expenses Customer Service & Informational Expense Sales Expenses Administrative and General Expenses Total Operation & Maintenance Expenses 403 Depreciation Expenses Amortization of Net Salvage Nuclear Decommissioning Expense 407 Amortization of Property Losses Taxes Other Than Income Taxes 408 Total Operating Expenses Prior to Federal & State Income Taxes Operating Income Prior to Federal and State Income Taxes FEDERAL AND STATE INCOME TAXES 409 Federal Income Taxes State Income Taxes Deferred Federal Income Taxes Deferred State Income Taxes Investment Tax Credit Adjustments 411 Deferrals Amortization – Credit Other Income Tax Credits & Charges Total Federal and State Income Taxes Operating Income After Federal and State Income Taxes OTHER INCOME AND DEDUCTIONS OTHER INCOME 415-18 Non-utility Operating Income 419 Interest and Dividend Income Allowance for Other Funds Used During Construction 421 Gain on Disposition of Property Other Miscellaneous Non-operating Income Total Other Income OTHER INCOME DEDUCTIONS 421 Loss on Disposition of Property 425 Miscellaneous Amortization 426 Miscellaneous Total Other Income Deductions TAXES

APPLICABLE TO OTHER INCOME AND DEDUCTIONS 408 Taxes Other Than Income Taxes 409 Federal Income Tax State Income Tax Total Taxes Applicable to Other Income and Deductions Income Before Interest Charges INTEREST CHARGES 427 Interest on Long-Term Debt

428 Amortization of Debt Discount and Expense 429 Amortization of Premium on Debt 431 Other Interest Expense 432 Allowance for Borrowed Funds Used During Construction – Credit Net Interest Charges Income Before Extraordinary Items Extraordinary Items After Taxes Net Income

A. II-D-1 Refer to Attachment II-D-1(a) and Attachment II-D-1(b) for the requested comparison of revenues and expenses between the Company's claims for the fully projected future test year (2016) and the future test year (2015) and amounts recorded on its books of account for the historic test year (2014), as well as explanations of the variances between projected and actual amounts.

PECO - Electric Operations
Before The Pennsylvania Public Utility Commission
Fully Projected Future Test Year Ending December 31, 2016
($ in Thousands)

Attachment II-D-1 (a)

Revenue and Expense Comparison for 2016, 2015 and 2014

Line No	Description		[1] Pennsylvania Jurisdiction 2014	[2] Pennsylvania Jurisdiction 2015	[3] Pennsylvania Jurisdiction 2016
	TOTAL OPERATING REVENUES				
1	Residential	440	$ 1,489,567	$ 1,503,220	$ 1,449,737
2	C & I Small	442	404,652	384,673	347,020
3	C & I Large	442	213,153	216,786	204,139
4	Railroads & Railways	446	9,150	10,480	10,300
5	Street Lighting	445	21,956	22,313	22,092
6	Interdepartmental	448	1,264	992	1,008
7	Transmission - All Classes		87,178	108,112	127,798
	Total Operating Revenue		2,226,919	2,246,577	2,162,094
8	Sales For Resale	447	5,968		
9	Forfeited Discounts	450	14,487	12,808	13,082
10	Miscellaneous Service Revenues	451	5,691	4,246	4,386
11	Rent For Electric Property	454	14,217	13,068	11,129
12	Decommissioning Payment		(23,500)	(23,500)	(23,500)
13	Other Electric Revenues	456	6,160	6,400	6,600
14	Transmission of Electricity for Others	456.1		-	-
15	Total Revenues		2,249,943	2,259,599	2,173,791
	TOTAL OPERATING EXPENSES				
16	Power Supply		855,288	821,894	737,479
17	Transmission Expenses		81,552	99,922	118,117
18	Regional Market		243	297	352
19	Distribution Expenses		315,412	273,834	263,814
20	Customer Accounts Expenses		135,516	128,532	127,750
21	Customer Service & Information Expense		77,724	82,851	84,820
22	Sales Expense		1,006	1,214	1,222
23	Administrative & General Expense		153,073	177,405	177,986
24	Total Operating Expenses		1,619,814	1,585,949	1,511,539
25	DEPRECIATION EXPENSE		161,088	181,191	187,826
26	TAXES--OTHER THAN INCOME		147,901	150,239	144,729
27	Total Expenses		1,928,803	1,917,379	1,844,094
28	Total Operating Income Before Income Taxes		$ 321,140	$ 342,220	$ 329,696
29	State Income Taxes		6,005	12,138	10,601
30	Federal Income Taxes		(7,979)	67,823	57,560
31	Deferred Income Taxes		71,517	13,939	14,874
32	ITC Amortization		(42)	(42)	(41)
33	Consolidated Tax Adjustment		(1,339)	(1,339)	(1,339)
34	Net Income Tax Expenses		68,162	92,520	81,655
35	Net Operating Income		$ 252,978	$ 249,700	$ 248,041

<u>Total Revenue for 2015 is $10M higher than 2014. The main drivers are</u>:

- Non-Bypassable Transmission revenue of $38M, which is primarily offset in Transmission cost
- Energy Efficiency program cost recovery of $14M, which is primarily offset in O&M expense
- Unfavorable weather in 2014 for Electric Distribution of $10M
- Load Growth/Mix of $3M
- Energy Revenue of ($23M) primarily driven by increased shopping activities and lower Sales for Resale ($6M), which are primarily offset in Power Supply cost
- Retail Bypassable Transmission revenue of ($17M), which is primarily offset in Transmission cost
- Smart Meter program cost recovery of ($5M), which is primarily offset in O&M expense
- Forfeited Discounts and Remote Connect/Disconnect revenue of ($3M) primarily driven by the tariff rate reduction

<u>Total Revenue for 2016 is ($86M) lower than 2015. The main drivers are</u>:

- Energy Revenue of ($92M) primarily driven by increased shopping activities, which is primarily offset in Power Supply cost
- Retail Bypassable Transmission revenue of ($18M) primarily driven by lower rates, which is primarily offset in Transmission cost
- Smart Meter program cost recovery of ($10M), which is primarily offset in O&M expense
- Energy Efficiency program cost recovery of ($7M), which is primarily offset in O&M expense
- Non-Bypassable Transmission revenue of $38M, which is primarily offset in Transmission cost
- Load Growth/Mix of $4M

<u>Total Operating Expenses for 2015 are $34M lower than 2014. The main drivers are:</u>

- Lower Power Supply Cost $33M primarily as the result of lower Energy Revenue and lower Sales for Resale Revenue
- Higher Transmission Cost ($18M) primarily as the result of higher retail Transmission Revenue
- Lower Distribution Expenses $42M primarily driven by higher than normal storm activities in 2014 and different classification in Salaries and Wages between distribution expenses and Administrative & General Expenses in 2014 and 2015
- Lower Customer Accounts Expenses $7M primarily as the result of lower meter reading cost in 2015 due to the deployment of smart meters
- Higher Customer Service and Information ($5M) primarily due to Energy Efficiency driven by the performance of commercial programs and Direct Load Control customer credits that offset spend in 2014.
- Higher Administrative & General Expenses ($24M) primarily driven by different classification in Salaries and Wages between distribution expenses and Administrative & General Expenses in 2014 and 2015 , timing of non-IT service

initiatives occurring in 2015, unusually low 2014 costs in Injuries and Damages whereas the budget is based on a three year average, higher Pension and Benefits costs.

PECO does not budget by FERC account, please refer the company's response to SDR-OM-02 for more detailed variance explanations by natural expense code.

<u>Total Operating Expenses for 2016 are $74M lower than 2015. The main drivers are:</u>

- Lower Power Supply Cost $84M primarily as the result of lower Energy Revenue and lower Sales for Resale Revenue
- Higher Transmission Cost ($18M) primarily as the result of higher retail Transmission Revenue
- Lower Distribution Cost $10M is primarily driven by a decrease in Smart Meter/Smart Grid contracting costs related to timing of the deployment program

PECO does not budget by FERC account, please refer the company's response to SDR-OM-02 for more detailed variance explanations by natural expense code.

<u>Total Depreciation Expenses for 2015 are ($20M) higher than 2014. The main drivers are:</u>

- Higher Smart Meter Amortization ($8M)
- Higher Plant Depreciation ($7M)
- Higher DSP Reg. Assets Amortization ($2M)
- Higher Software IT Amortization ($2M)

<u>Total Depreciation Expenses for 2016 are ($7M) higher than 2015. The main drivers are:</u>

- Higher Plant Depreciation ($5M)
- Higher Software IT Amortization ($4M)
- Lower Smart Meter Amortization $1M
- Lower DSP Reg. Assets Amortization $1M

<u>Total Tax Other Than Income for 2015 are ($2M) higher than 2014. The main drivers are:</u>

- One-time adjustment of Sales & Use Tax audit which lowered 2014 Tax Other Than Income by $2M
- Higher Gross Receipt Tax related to higher retail revenue ($1M)

<u>Total Tax Other Than Income for 2016 are $6M lower than 2015. The main drivers are:</u>

- Lower Gross Receipt Tax related to lower retail revenue $5M
- Lower Capital Stock Tax $1M

<u>Total Income Tax for 2015 are ($24M) higher than 2014. The main drivers are:</u>

- Higher State Income Tax ($6M) is primarily driven by unusually higher storm capital costs in 2014
- Higher Federal Income Taxes ($75M) is primarily driven by 50% bonus depreciation in 2014 and unusually higher storm capital costs in 2014
- Lower Deferred Income Taxes $57M is primarily driven by 50% bonus depreciation in 2014

Total Income Tax for 2016 are $11M lower than 2015. The main drivers are:

- Lower Federal Income Tax $10M is primarily driven by pre-tax income decrease in 2016

Q. II-D-2 Provide a summary of test year adjustments which sets forth the effect of the adjustment upon the following: operating revenues, operating expenses, taxes other than income taxes, operating income before income taxes, State income tax, Federal income tax and income available for return. In addition, test year adjustments shall be presented on the basis of the major account categories set out at II-D-1.

A. II-D-2 Refer to Schedules D-3 and D-5 of Exhibits SY-1 and SY-2, for a summary of each proposed adjustment for the fully projected future test year and future test year, respectively. The impact on taxes other than income is reflected on Schedule D-16, and the impact on State and Federal income taxes is shown on Schedule D-18.

Q. II-D-3 List and explain all nonrecurring or extraordinary expenses incurred in the test year and all expenses included in the test year which do not occur yearly but are of a nature that they do occur over an extended period of years, for example, non-yearly maintenance programs, and the like.

A. II-D-3 Future test year expenses do not include any nonrecurring or extraordinary expenses.

Q. II-D-4 As a separate item, list extraordinary property losses related to property previously included in cost of service when the gain or loss on this property has occurred or is likely to occur in the future test year. The proposed ratemaking treatment of extraordinary gains and losses must also be disclosed. Sufficient supporting data must be provided.

A. II-D-4 No claim is being made for extraordinary property losses.

Q. II-D-5 Provide the amount of accumulated reserve for uncollectible accounts, method and rate of accrual, amounts accrued, and amounts written-off in each of last three years.

A. II-D-5

Uncollectible Accounts
($000)

Year	Reserve Balance*	Write-offs	Change-In Reserve
2012	$(90,612)	$50,111	$(58,575)
2013	(101,356)	49,271	(60,015)
2014	(94,568)	56,578	(49,790)

*Represents reserve for uncollectible customer accounts at the end of each year for electric services only. Does not include reserve for late payment charges or reserves on other accounts.

The reserve methodology is predominantly based on applying loss rates developed specifically for PECO to the outstanding receivable balance by risk segment. Risk segments represent a group of customers with similar credit quality indicators. Risk indicators are computed based on various attributes, including the customers' delinquency of account balances and payment history. Loss rates applied to the accounts receivable balances are based on historical average charge-offs as a percentage of accounts receivable in each risk segment. Once established, the loss factors are updated quarterly. On a monthly basis, the reserve is calculated and analyzed, taking into account the then current month's write-offs, and is adjusted as required.

Q. II-D-6

Supply detailed calculations to support the total claim for rate case expense, including supporting data for outside service rendered. Provide the items comprising the estimated rate case expense claim for the current rate case.

A. II-D-6

Refer to Schedule D-7 of Exhibits SY-1 and SY-2and PECO Statement No. 3, the direct testimony of Shuo Yin.

Q. II-D-7

Submit schedules for the test year and for the 12-month period immediately prior to the test year showing by major components, if included in claimed test year expenses, the expenses incurred in each of the following expense categories.

a. Miscellaneous general expenses, including account 930.
b. Outside service expenses.
c. Regulatory commission expenses.
d. Advertising expenses, including advertising engaged in by trade associations whenever the utility has claimed a contribution to the trade association as a ratemaking claim – provide explanation of types and purposes of such advertising.
e. Research and development expenses – provide a listing of major projects.
f. Charitable and civic contributions, by recipient and amount.

A. II-D-7

a. Refer to Attachment II-D-7(a) for Miscellaneous general expenses, including account 930 for distribution.
b. Refer to Attachment II-D-7(a) for Outside service expenses for distribution.
c. Refer to Attachment II-D-7(a) for Regulatory commission expenses for distribution.
d. Refer to Attachment II-D-7(a) for Advertising expenses for distribution.
e. Refer to Attachment II-D-7(a) for a listing of major projects for Research and Development expenses for distribution.
f. Charitable and civic contributions are not included in the Company's test year claim.

PECO Energy Company

Regulatory Commission, Miscellaneous General, Outside Services Employed, Advertising, and Research and Development Expenses for Electric Distribution

Years Ended December 31,
(Thousands of Dollars)

Line No.	Expense	2014	2015	2016
	Account 930.2 Miscellaneous General Expenses			
1	Association Dues	$ 568	$ 585	$ 602
2	Other Experimental and General Research Expenses	6	-	-
3	Bank Fees	695	644	644
4	Project Cancellation Fees and Write-offs	35	-	-
5	Environmental Remediation Expenses and Reserve Adjustments	65	-	-
6	Corporate Dues	161	144	144
7	Obsolete Materials Reserve Adjustments	19	(121)	(120)
8	Board of Director Fees	247	249	255
9	Undistributed employee expenses	183	-	-
10	Research and Development Membership Fees	339	557	571
11	Reversal of Opt-In Program write-off	(231) (1)	-	-
12	Miscellaneous Adjustments	23	28	(12)
13	Total Account 930.2	$ 2,110	$ 2,086 (a)	$ 2,084 (a)

Notes:

(1) To be recovered through the Generation Supply Adjustment (DSP 3).
(a) PECO does not budget at the FERC account level. The 2015-2016 totals agree with the Revenue Requirement Model. Category lines reflect budgeted amounts where possible. Remaining lines are allocated based on 2014 results.

PECO Energy Company

Regulatory Commission, Miscellaneous General, Outside Services Employed, Advertising, and Research and Development Expenses for Electric Distribution

Years Ended December 31,
(Thousands of Dollars)

Line No.	Expense	2014		2015		2016	
	Account 923 - Outside Services Employed						
14	BSC - Various	$ 49,304	(2)	$ 52,887		$ 52,141	
15	Contracting Services	12,720		13,661		13,468	
16	Contracting Professional	4,010		4,311		4,250	
17	DSP Expense	4,248	(3)	4,388		4,326	
18	Total Account 923	$ 70,282		$ 75,246	(a)	$ 74,185	(a)

Notes:

(2) Relates to Exelon Business Service Company, LLC (BSC) that provides a variety of corporate support services to PECO Energy Company (PECO). These services include, human resources, financial, information technology, supply management services, planning and engineering of delivery systems, management of construction, maintenance and operations of the transmission and delivery systems, general administration and overall utility administration etc.

(3) Relates to administration costs of the Default Service Program which are recovered through the Generation Supply Adjustment.
(a) PECO does not budget at the FERC account level. The 2015-2016 totals agree with the Revenue Requirement Model. Category lines reflect budgeted amounts where possible. Remaining lines are allocated based on 2014 results.

Line No.	Expense	2014		2015		2016	
	Account 928.0 - Regulatory Commission Expenses						
19	Pennsylvania Public Utility Commission General Assessment	$ 7,014		$ 7,749		$ 9,299	
20	Pennsylvania Office of Consumer Advocate	554		534		641	
21	Pennsylvania Small Business Advocate	124		135		163	
22	Total Account 928	$ 7,691		$ 8,419	(a)	$ 10,102	(a)

Notes:

(a) PECO does not budget at the FERC account level. The 2015-2016 totals agree with the Revenue Requirement Model. Category lines reflect budgeted amounts where possible. Remaining lines are allocated based on 2014 results.

PECO Energy Company

Regulatory Commission, Miscellaneous General, Outside Services Employed, Advertising, and Research and Development Expenses for Electric Distribution

Years Ended December 31,
(Thousands of Dollars)

Line No.	Expense	2014		2015		2016	
	Account(s) 909.0, 930.1, 913.0 - Advertising Expenses						
23	Conservation of energy	$ 1,257		$ 1,138		$ 1,030	
24	Other advertising expenses	604		547		495	
25	Total Accounts (Advertising Expenses)	$ 1,861	(4)	$ 1,685	(a)	$ 1,525	(a)

Notes:

(4) Account 930.1 does have activity posted during 2014; however, based on the recipients of the payments (expense) booked to account 930.1, the activity is deemed to be non-recoverable and is not included on this schedule in response to this request.

(a) PECO does not budget at the FERC account level. The 2015-2016 totals agree with the Revenue Requirement Model. Category lines reflect budgeted amounts where possible. Remaining lines are allocated based on 2014 results.

Line No.	Expense	2014		2015		2016	
	Research and Development Expenses						
26	Electric Power Research Institute (EPRI)	$ 227		$ 314		$ 323	
27	Georgia Tech Research Corp	99		-		-	
28	Arizona State University	13		-		-	
29	National Electric Energy Testing, Research & Applications Center	-		38		39	
30	Centre for Energy Advancement through Technological Innovation	-		19		20	
31	Power Systems Engineering Research Center	-		12		12	
32	Other	6		174		176	
33	Total Research and Development Expenditures	$ 345	(5)	$ 557	(5), (a)	$ 571	(5), (a)

Notes:

(5) included in account 930.2; refer to line item(s) 2 and 10 of section above.
(a) PECO does not budget at the FERC account level. The 2015-2016 totals agree with the Revenue Requirement Model. Category lines reflect budgeted amounts where possible. Remaining lines are allocated based on 2014 results.

Charitable Contributions

34 Note: These expenses are classified as "below the line" and are not included for rate-making purposes. Accordingly, these expenses are not included on this schedule in response to this request.

Q. II-D-8

Provide an analysis by function of charges by affiliates, for the test year and the 12-month period immediately prior to the test year, for services rendered included in the operating expenses of the filing company. Explain the nature of the service and the basis on which charges or allocations are made, including a copy of an applicable contract. Also, explain major variances between the charges for the test year and the correspondence charges for the prior 12-month period.

A. II-D-8

Refer to Attachment II-D-8(a) for 2014 and budgeted 2015 and 2016 expenditures for services rendered by affiliates Exelon Business Services Company (BSC), Commonwealth Edison Company and Exelon Power Labs.

Refer to SDR-OM-15 for the nature of the services and the basis on which charges or allocations are made.

PECO Energy Co.
BSC and Other Affiliates Operations & Maintenance Costs
Presentation Basis: PECO Electric Distribution

($ in thousands)

Ln. Ref.		2014 Direct	2014 Indirect	2014 Total	2015 Direct	2015 Indirect	2015 Total	2016 Direct	2016 Indirect	2016 Total
1	**Charges billed by BSC**									
2	**Non-Information Technology (IT) Costs:**									
3	Communications, Public Advocacy & Corporate Relations	12	575	587	17	591	608	17	541	558
4	Corporate Development	-	939	939	-	1,079	1,079	-	1,070	1,070
5	Corporate Strategy & Sustainability	6	761	767	-	771	771	-	775	775
6	Executives	3	4,864	4,867	-	4,123	4,123	-	3,052	3,052
7	Exelon Utilities	295	4,102	4,397	-	5,054	5,054	-	4,608	4,608
8	Finance	3,139	8,790	11,929	3,743	8,906	12,649	3,678	8,745	12,423
9	Government and Regulatory Affairs & Public Policy	-	1,536	1,536	-	1,626	1,626	-	1,610	1,610
10	Human Resources	4,624	(151)	4,473	4,781	82	4,863	4,713	145	4,858
11	Investments	-	137	137	-	139	139	-	132	132
12	Security	-	2,490	2,490	-	3,525	3,525	-	3,233	3,233
13	Legal Services	3,019	2,345	5,364	3,246	2,481	5,727	3,250	2,548	5,798
14	Risk	-	552	552	-	916	916	-	973	973
15	Supply	11	452	463	-	468	468	-	464	464
16	Transportation	-	4	4	45	31	76	42	31	73
17	**Total Non-IT:**	11,109	27,396	38,505	11,832	29,792	41,624	11,700	27,927	39,627
18										
19	**IT Costs (Excluding Smart Meter (SM) and Smart Grid (SG)):**									
20	IT Projects	2,430	-	2,430	1,517	-	1,517	1,559	-	1,559
21	IT Transactional	25,815	-	25,815	26,648	-	26,648	28,212	-	28,212
22	IT Enterprise Wide System (EWS)	-	1,438	1,438	-	1,374	1,374	-	1,033	1,033
23	IT Entrepreneurial Growth	-	-	-	-	956	956	-	936	936
24	IT Infrastructure and Operations (I&O)	-	749	749	-	308	308	-	395	395
25	IT NERC CIP V5	78	-	78	319	-	319	97	-	97
26	**Total IT Costs (Excluding SM and SG IT):**	28,323	2,187	30,510	28,484	2,638	31,122	29,868	2,364	32,232
27										
28	**Total IT and Non-IT Costs:**	39,432	29,583	69,015	40,316	32,430	72,746	41,568	30,291	71,859
29										
30	**IT SM/SG Costs:**									
31	**SM/SG IT**	15,426	-	15,426	15,184	-	15,184	15,099	-	15,099
32										
33	**Total Charges billed by BSC (excluding Non-Utility):**	54,858	29,583	84,441	55,500	32,430	87,930	56,667	30,291	86,958
34										
35	**Non-Utility Charges:**									
36	Charitable Contributions	-	917	917	-	973	973	-	962	962
37	Lobbying	-	115	115	-	111	111	-	109	109
38	Merger Costs	-	1,540	1,540	-	3,537	3,537	-	-	-
39	**Total Non-Utility Charges:**	-	2,572	2,572	-	4,621	4,621	-	1,071	1,071
40										
41	**Total BSC Charges (including Non-Utility):**	54,858	32,155	87,013	55,500	37,051	92,551	56,667	31,362	88,029
42										
43	**Other Affiliate Charges (Not Above)**									
44	Calibration Testing from Exelon Power Labs	597	-	597	300	-	300	300	-	300
45	Market Research Charges from ComEd	1	-	1	-	-	-	-	-	-
46	**Total Other Affiliate Charges:**	598	-	598	300	-	300	300	-	300
47										
48	**Total BSC and Other Affiliate Charges:**	55,456	32,155	87,611	55,800	37,051	92,851	56,967	31,362	88,329
49										
50	Variance explanations									
51	There are no major variances between the charges for the test years and the corresponding charges for the prior 12-month period.									

Q. II-D-9 Prepare a detailed schedule for the test year showing types of social and service organization memberships paid for, the cost thereof, the accounting treatment and whether included in claimed test year expenses.

A. II-D-9 No social and service organization memberships are included in the Company's claimed test year expenses.

Q. II-D-10

Provide the following payroll and employee benefit data – regular and overtime – separately for the test year and for the 12-month period immediately prior to the test year:

a. The average and year-end number of employees and the unadjusted annual payroll expenses and employees benefit expense associated with union personnel.
b. The average and year-end number of employees and the unadjusted annual payroll expense and employee benefit expense associated with nonunion personnel.
c. The average and year-end number of employees and the unadjusted annual payroll expense and employee benefit expense associated with management employees, if different than b.
d. A summary of the wage rate, salary and employee benefit changes granted or to be granted during the year.
e. The claimed test year payroll expense and employee benefit expense.
f. The percentage of payroll expense and employee benefit expense applicable to operation and maintenances and the basis thereof.

A. II-D-10

Refer to Attachment II-D-10(a) for responses to items (a.) through (f.)

Attachment
II-D-10(a)

a. Average and year end number of union employees: (1)

	Average	Year End
2014	1,241	1,281
2015	1,273	1,278
2016	1,272	1,270

b. Average and year end number of non-union employees: (1)

	Average	Year End
2014	1,168	1,176
2015	1,194	1,195
2016	1,187	1,184

c. Average and year end number of exempt management and professional employees: (1)

	Average	Year End
2014	932	939
2015	958	958
2016	951	948

(1) Payroll and Benefit expenses are not available by union/non-union and management/professional splits.

d. The wage increases for hourly employees (1/1) and salaried employees (3/1) are listed below:

	2015 Budget	2016 Budget
1/1 Employees	2.5%	2.5%
3/1 Employees	2.5%	2.5%

All job title salaries are based on market reference averages, which were reviewed for 2015 and 2016. Some ranges moved, while other ranges stayed the same. The movement of the range impacts the employee's year end merit increase based on the location in the range.

e. Total O&M payroll and benefits expenses are as follows:

	2015 Budget $million	2016 Budget $million
Total Payroll	$ 110.7	$ 115.2
Total OT	$ 17.7	$ 18.6
Total P&B	$ 36.1	$ 35.2

f. The percentage of payroll expense and employee benefit expense applicable to O&M are as follows:

	2015 Budget	2016 Budget
Payroll	65.4%	65.9%
OT	63.4%	63.9%
P&B	64.6%	65.0%

Basis of O&M:

Payroll: Direct labor is budgeted to projects with an O&M and capital split. Back office and other support labor is allocated based on the direct labor and contracting splits

OT: Budgeted to categories of work with O&M and capital splits. Categories of work are based on historical data.

P&B: Generally allocated to O&M and capital based on payroll split to O&M and capital

Q. II-D-11 Describe costs relative to leasing equipment, including computer rentals, and office space, including terms and conditions of the leases. State method for calculating monthly or annual payments.

A. II-D-11 Refer to Attachment II-D-11(a).

PECO Energy Company
Lease Costs (Electric distribution only)
(In dollars)

Vendor	Average Monthly Rate			Length of Lease		Lease commencement date
SEPTA conduit	$	15,195	A	Four 5-year periods beginning 10/1/1997.	C	4/3/1998
Verizon	$	84,119	A	Year to year	D	Amended 12/31/05
Railroad Leases	$	17,920	A	Various	E	Various
CSX	$	1,749	A	25 years	F	7/14/2006
L & G meters	$	634,704	B	15 years (expired October 2014)		10/12/1999
Fleet Vehicles	$	27,863	A	Various	G	Various

A - The average monthly rate was calculated using 2014 data, consistent with information used for the SEC Form 10-K lease disclosures.

B - The average monthly rate was calculated using 2014 data, lease expired on 10/14/2014, demoninator of 10.5 months used to calculate monthly average.

C - Either party has the right to terminate the agreement at any time by giving one-year notice.

D - Either party can terminate by giving one-year written notice.

E - PECO leases multiple sections of land from Amtrak and others when poles and other equipment need to be set up on land belonging to Amtrak. Some leases are noncancelable and some are renewed year-to-year and are cancelable at those times.

F - PECO executed this agreement to lease land for a non-cancellable 25-year initial term and prepaid the entire amount ($643K) due under the agreement at the inception. Rent expense represents the amortization of the prepaid amount over the life of the lease (25 years).

G - Fleet vehicle leases are of various durations.

Q. II-D-12 Submit a statement of past and anticipated changes, since the previous rate case, in major accounting procedures, explain any differences between the basis or procedure used in allocations of revenues, expenses, depreciation and taxes in the current rate case and that used in the prior rate cases, and list all internal and independent audit reports for the most recent 2 year period.

A. II-D-12 Refer to Attachment II-D-12(a). As PECO Energy filed a base rate case in 2010, the requested information on significant accounting policies is found in FERC Form 1, Footnote 1 – Significant Accounting Policies and in the SEC Form 10-K for 2010, 2011, 2012, 2013. See SDR-GEN-02 for 2014 FERC form. As the information in those two reports for each year are identical, only the relevant pages from the FERC Form 1 are attached.

Exelon is the sponsor of the pension and OPEB plans. PECO (and Exelon's other subsidiaries) participate in the Exelon plans and apply multiemployer accounting, which requires recording allocated costs and contributions in PECO's financial statements. Historically, Exelon has allocated the components of pension and OPEB costs to PECO based upon several factors, including the measures of active employee participation. Pension and OPEB contributions were allocated to PECO in proportion to active service costs recognized and total costs recognized, respectively. Beginning in 2015, Exelon is allocating pension and OPEB costs to PECO based on both active and retired employee participation and, contributions are being allocated based on accounting cost.

For information regarding allocations between electric and gas, see PECO Statement 4, the testimony of Scott A. Bailey.

Refer to Attachment II-D-12(b) for a list of internal audit reports issued in 2013 and 2014.

Refer to Attachment II-D-12(c) for the external audit reports. The audit reports are Management's Report on Internal Control Over Financial Reporting dated February 13, 2014 and February 13, 2015, the Report of Independent Registered Public Accounting Firm dated February 13, 2014 and February 13, 2015, the Project Cost Verification Performance Audit Report dated September 3, 2014 and the PAPUC Focused Management and Operations Audit Report dated September 2014.

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NOTES TO FINANCIAL STATEMENTS (Continued)

PECO Energy Company
Condensed Notes to Financial Statements
(Dollars in millions, unless otherwise noted)

1. Significant Accounting Policies

Description of Business

Incorporated in Pennsylvania in 1929, PECO Energy Company (PECO) is engaged principally in the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to residential, commercial and industrial customers in southeastern Pennsylvania, Including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of distribution services to residential, commercial and industrial customers in the Pennsylvania counties surrounding the City of Philadelphia. PECO is subject to extensive regulation by the Pennsylvania Public Utility Commission (PAPUC) as to electric and gas distribution rates and service, the issuances of certain securities and certain other aspects of PECO's operations. PECO is a public utility under the Federal Power Act subject to regulation by the Federal Energy Regulatory Commission (FERC) as to transmission rates and certain other aspects of PECO's business and by the U.S. Department of Transportation as to pipeline safety and other aspects of gas operations. Additionally, PECO is also subject to NERC mandatory reliability standards. Pursuant to the Pennsylvania Electricity Generation Customer Choice and Competition Act of 1996 (Competition Act), the Commonwealth of Pennsylvania required the unbundling of retail electric services in Pennsylvania into separate energy transmission and distribution services with open retail competition for generation services. PECO serves as the local distribution company providing electric distribution services in its franchised service territory in southeastern Pennsylvania and energy service to customers who do not choose a competitive electric generation supplier or who choose to return to the utility after taking service from a competitive electric generation supplier.

Basis of Presentation

PECO is a principal indirect subsidiary of Exelon Corporation (Exelon), which indirectly owns 100% of PECO's common stock. At December 31, 2010 and 2009, PECO's common stock without par value consisted of 500,000,000 shares authorized and 170,478,507 shares outstanding. At December 31, 2010 and 2009, PECO's cumulative preferred stock without par value consisted of 15,000,000 shares authorized and 874,720 shares outstanding. Shares of preferred stock have full voting rights, including the right to accumulate votes in the election of directors. At December 31, 2010, PECO's preferred stock was owned by 945 shareholders.

Accounting policies for regulated operations are in accordance with those prescribed by the regulatory authorities having jurisdiction, principally the PAPUC and FERC. The accompanying financial statements have been prepared in accordance with the accounting requirements of FERC as set forth in the Uniform System of Accounts (USOA) and accounting releases, which differ from accounting principles generally accepted in the United States of America (GAAP).

PECO's investments in its subsidiaries, PECO Energy Transition Trust (PETT), ExTel Corporation, LLC, Adwin Realty Company, PECO Wireless, LLC, PECO Energy Capital Trust IV (PECO Trust IV) and PECO Energy Capital Corporation (PECC) are accounted for under the equity method of accounting in accordance with the USOA. PECO Wireless, LLC is the parent company of ATNP Finance Company and sole member of PEC Financial Services, LLC. PECC is the general partner of PECO Energy Capital, L.P., which is the grantor of PECO Energy Capital Trust III (PECO Trust III).

Use of Estimates

The preparation of financial statements in conformity with USOA requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Areas in which significant estimates have been made include, but are not limited to, the accounting for asset retirement obligations (AROs), pension and other postretirement benefits, inventory reserves, allowance for uncollectible accounts, asset impairments, derivative instruments, fixed asset depreciation, environmental remediation costs, taxes and unbilled energy revenues. Actual results could differ from those estimates.

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NOTES TO FINANCIAL STATEMENTS (Continued)

Accounting for the Effects of Regulation

PECO accounts for its regulated electric and gas operations in accordance with accounting policies prescribed by the regulatory authorities having jurisdiction, principally the PAPUC under state public utility laws and the FERC under various Federal laws. PECO applies the authoritative guidance for accounting for certain types of regulation, which requires PECO to record in its financial statements the effects of rate regulation for utility operations that meet the following criteria: (1) third-party regulation of rates; (2) cost-based rates; and (3) a reasonable expectation that all costs will be recoverable from customers through rates. Regulatory assets and liabilities are amortized in the Statements of Income consistent with the recovery or refund included in customer rates. PECO believes that it is probable that its currently recorded regulatory assets and liabilities will be recovered and settled in future rates. However, PECO continues to evaluate its ability to apply the authoritative guidance for accounting for certain types of regulation, including consideration of current events in its regulatory and political environments. If a separable portion of PECO's business was no longer able to meet the criteria discussed above, PECO would be required to eliminate from its financial statements the effects of regulation for that portion, which would have a material impact on its results of operations and financial position. See Note 2—Regulatory Matters for additional information.

Revenues

Operating revenues are recorded as service is rendered or energy is delivered to customers. At the end of each month, PECO accrues an estimate for the unbilled amount of energy delivered or services provided to customers. See Note 3—Accounts Receivable for further information.

Income Taxes

Deferred Federal and state income taxes are provided on all significant temporary differences between the book basis and the tax basis of assets and liabilities and for tax benefits carried forward. Investment tax credits previously utilized for income tax purposes have been deferred on the PECO's Balance Sheets and are recognized in book income over the life of the related property. In accordance with USOA, PECO reports deferred income tax balances arising from temporary differences in Accounts 190, 282 and 283 as appropriate, which differs from the net presentation required by GAAP. See Note 9—Income Taxes for additional information. PECO recognizes accrued interest related to unrecognized tax benefits in interest expense or interest income in Other Income and Deductions on its Statements of Income.

PECO accounts for uncertain income tax positions in accordance with FERC's guidance on Accounting and Financial Reporting for Uncertainty in Income Taxes, issued in Docket No. AI07-2-000 for FERC reporting purposes. The guidance requires, among other things, that entities should continue to recognize deferred income taxes for FERC accounting and reporting purposes based on the difference between positions taken in tax returns filed or expected to be filed and amounts reported in financial statements.

Pursuant to the Internal Revenue Code, Exelon and its subsidiaries file a consolidated Federal income tax return that includes its subsidiaries in which it owns at least 80% of the outstanding stock. Income taxes are allocated to each of Exelon's subsidiaries included in the filing of the consolidated Federal income tax return based on the separate return method. PECO's income tax expense reflects the effects of income taxes associated with certain subsidiary companies that are disregarded entities for federal income tax purposes, but have been accounted for under the equity method of accounting in accordance with the USOA. PECO records an income tax valuation allowance for deferred tax assets which are not more likely than not to be realized in the future. PECO records an income tax valuation allowance for deferred tax assets which are not more likely than not to be realized in the future.

PECO is a party to an agreement (Tax Sharing Agreement) with Exelon that provides for the allocation of consolidated tax liabilities and benefits. The Tax Sharing Agreement generally provides that each party is allocated an amount of tax similar to that which would be owed had the party been separately subject to tax. Any net benefit attributable to the parent is reallocated to other members. That allocation is treated as a contribution to the capital of the party receiving the benefit.

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NOTES TO FINANCIAL STATEMENTS (Continued)

Taxes Directly Imposed on Revenue-Producing Transactions

PECO presents any tax assessed by a governmental authority that is directly imposed on a revenue-producing transaction between a seller and a customer on a gross (included in revenues and costs) basis. See Note 16—Supplemental Financial Information for PECO's utility taxes that are presented on a gross basis.

Cash and Cash Equivalents

PECO considers investments purchased with an original maturity of three months or less to be cash equivalents.

Restricted Cash and Investments

As of December 31, 2010 and 2009, PECO's restricted cash primarily represented funds from the sales of assets that were subject to PECO's mortgage indenture. PECO's restricted cash is not available for general operations until released from the mortgaged indenture.

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts reflects PECO's best estimates of losses on the accounts receivable balances. PECO estimates the allowance for uncollectible accounts on customer receivables by applying internally developed loss rates to the outstanding receivable balance by risk segment. Risk segments represent a group of customers with similar credit quality indicators that are computed based on various attributes, including delinquency of their balances and payment history. Loss rates applied to the accounts receivable balances are based on historical average charge-offs as a percentage of accounts receivable in each risk segment. Customers' accounts are generally considered delinquent if the amount billed is not received by the time the next bill is issued, which normally occurs on a monthly basis. Customer accounts are written off consistent with approved regulatory requirements. PECO's provisions for uncollectible accounts will continue to be affected by changes in volume, prices and economic conditions as well as changes in PAPUC regulations.

Inventories

Gas. Gas inventory includes the weighted average costs of stored natural gas and propane. The costs of natural gas and propane are generally included in inventory when purchased and charged to fuel expense or deferred energy costs when used. PECO has several long-term storage contracts for natural gas as well as a liquefied natural gas storage facility.

Materials and Supplies. Materials and supplies inventory generally includes the average costs of transmission and distribution materials. Materials are generally charged to inventory when purchased and expensed or capitalized to plant, as appropriate, when installed or used.

Provisions are recorded for excess and obsolete inventory.

Marketable Securities

All marketable securities are reported at fair value. Unrealized gains and losses, net of tax, for PECO's available-for-sale securities are reported in other comprehensive income. Any decline in the fair value of PECO's available-for-sale securities below the cost basis is reviewed to determine if such decline is other-than-temporary. If the decline is determined to be other-than-temporary, the cost basis of the available-for-sale securities is written down to fair value as a new cost basis and the amount of the write-down is included in earnings.

Property, Plant and Equipment

Property, plant and equipment is recorded at original cost. Original cost includes labor and materials, construction overhead, when appropriate, capitalized interest and allowance for funds used during construction (AFUDC) for regulated

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property at PECO. The cost of repairs and maintenance, including planned major maintenance activities and minor replacements of property, is charged to maintenance expense as incurred.

Third parties reimburse PECO for all or a portion of expenditures for certain capital projects. Such contributions in aid of construction costs (CIAC) are netted against the project costs. The U.S. Department of Energy (DOE) smart grid investment grand (SGIG) funds reimbursed to PECO by the DOE are accounted for as CIAC.

Upon retirement, the cost of regulated property, net of salvage, is charged to accumulated depreciation in accordance with the composite method of depreciation. Removal costs are capitalized to accumulated depreciation when incurred and recorded to depreciation expense over the life of the new asset constructed consistent with PECO's regulatory recovery method. For unregulated property, the cost and accumulated depreciation of property, plant and equipment retired or otherwise disposed of is charged to accumulated depreciation.

See Note 4—Property, Plant and Equipment for additional information regarding property, plant and equipment.

Deferred Energy Costs

PECO's natural gas rates are subject to a PAPUC purchased gas cost adjustment clause (PGC) designed to recover or refund the difference between the actual cost of purchased gas and the amount included in rates. Differences between the amounts billed to customers and the actual costs recoverable are deferred and recovered or refunded in future periods by means of prospective quarterly adjustments to rates. At December 31, 2010 and 2009, over-recovered energy costs of $25 million and $22 million, respectively, were recorded in Account 242 (Miscellaneous Current and Deferred Liabilities) on PECO's Balance Sheets.

Capitalized Software Costs

Costs incurred during the application development stage of software projects that are developed or obtained for internal use are capitalized. Such capitalized amounts are amortized ratably over the expected lives of the projects when they become operational, generally not to exceed five years. Certain other capitalized software costs are being amortized over longer lives, pursuant to regulatory approval or requirement. At December 31, 2010 and 2009, PECO's net unamortized capitalized software costs were $64 million and $55 million, respectively. During 2010 and 2009, PECO's amortization of capitalized software costs were $19 million and $15 million, respectively.

Depreciation and Amortization

Depreciation is generally recorded over the estimated service lives of property, plant and equipment on a straight-line basis using the composite method. The estimated service lives for PECO are primarily based on the average service lives from the most recent depreciation study. See Note 4—Property, Plant and Equipment for further information regarding depreciation.

Amortization of regulatory assets is recorded over the recovery period specified in the related legislation or regulatory agreement. See Note 2—Regulatory Matters for additional information regarding PECO's regulatory assets.

Asset Retirement Obligations

The authoritative guidance for accounting for AROs requires the recognition of a liability for a legal obligation to perform an asset retirement activity even though the timing and/or method of settlement may be conditional on a future event. The liabilities associated with non-nuclear AROs are adjusted on an ongoing rotational basis, at least once every five years, due to the passage of new laws and regulations and revisions to either the timing or amount of estimates of undiscounted cash flows and estimates of cost escalation factors. AROs are accreted each year to reflect the time value of money for these present value obligations through a charge to operating and maintenance expense in the Statement of Income or, in the case of the majority of PECO's accretion, through an increase to regulatory assets. See Note 10—Asset Retirement Obligations for additional information.

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AFUDC

PECO applies the authoritative guidance for accounting for certain types of regulation to calculate AFUDC, which is the cost, during the period of construction, of debt and equity funds used to finance construction projects for regulated operations. AFUDC is recorded as a charge to construction work in progress and as a non-cash credit to AFUDC that is included in Account 432, Allowance for Borrowed Funds Used During Construction - Credit, for debt-related funds and Account 419.1, Allowance for Other Funds Used During Construction, for equity-related funds. The rates used for capitalizing AFUDC are computed under a method prescribed by regulatory authorities. At December 31, 2010 and 2009, credits to AFUDC debt and equity were $11 million and $6 million, respectively.

Guarantees

PECO recognizes, at the inception of a guarantee, a liability for the fair market value of the obligations it has undertaken in issuing the guarantee, including the ongoing obligation to perform over the term of the guarantee in the event that the specified triggering events or conditions occur.

The liability that is initially recognized at the inception of the guarantee is reduced as PECO is released from risk under the guarantee. Depending on the nature of the guarantee, PECO's release from risk may be recognized only upon the expiration or settlement of the guarantee or by a systematic and rational amortization method over the term of the guarantee. See Note 15—Commitments and Contingencies for additional information.

Asset Impairments

PECO evaluates the carrying value of its long-lived assets when circumstances indicate the carrying value of those assets may not be recoverable.

Derivative Financial Instruments

PECO has entered into derivative natural gas contracts to hedge its long-term price risk in the natural gas market. As part of the preparation for the expiration of the power purchase agreement (PPA) with Exelon Generation Company, LLC (Generation) at the end of 2010, PECO entered into derivative contracts to procure electric supply through a competitive RFP process as outlined in its PAPUC-approved Default Service Provider Program (DSP Program). PECO does not enter into derivatives for proprietary trading purposes. PECO's derivative activities are in accordance with Exelon's Risk Management Policy.

All derivatives are recognized on the balance sheet at their fair value unless they qualify for the normal purchases and normal sales scope exception. Additionally, derivatives that qualify and are designated for hedge accounting are classified as either hedges of the fair value of a recognized asset or liability or of an unrecognized firm commitment (fair value hedge) or hedges of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability (cash flow hedge). Cash inflows and outflows related to derivative instruments are included as a component of operating, investing or financing cash flows in the Statement of Cash Flows, depending on the underlying nature of the PECO's hedged items.

Revenues and expenses on contracts that qualify, and are designated, as normal purchases and normal sales are recognized when the underlying physical transaction is completed. Normal purchases and normal sales are contracts where physical delivery is probable, quantities are expected to be used or sold in the normal course of business over a reasonable period of time and price is not tied to an unrelated underlying derivative. If it were determined that a transaction designated as a normal purchase or a normal sale no longer met the exceptions, the fair value of the related contract would be recorded on the balance sheet and offset by a regulatory asset or liability at PECO. See Note 7—Derivative Financial Instruments for additional information.

Retirement Benefits

PECO participates in Exelon's defined benefit pension plans and other postretirement plans. The measurement of

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the plan obligations and costs of providing benefits under these plans involve various factors, including numerous assumptions and accounting elections. The assumptions are reviewed annually and at any interim remeasurement of the plan obligations. The impact of assumption changes on pension and other postretirement benefit obligations is generally recognized over the expected average remaining service period of the employees rather than immediately recognized in the income statement. See Note 11—Retirement Benefits for additional discussion of PECO's accounting for retirement benefits.

New Accounting Pronouncements

PECO has identified the following new accounting pronouncements that have been recently adopted or issued that may affect PECO upon adoption.

Transfers of Financial Assets

In June 2009, the FASB issued authoritative guidance amending the accounting for the transfers of financial assets. Key provisions include (i) the removal of the concept of qualifying special purpose entities, (ii) the introduction of the concept of a participating interest, in circumstances in which a portion of a financial asset has been transferred and (iii) the requirement that to qualify for sale accounting, the transferor must evaluate whether it maintains effective control over transferred financial assets either directly or indirectly. Furthermore, this guidance required enhanced disclosures about transfers of financial assets and a transferor's continuing involvement. This guidance was effective for the PECO beginning January 1, 2010 and was required to be applied prospectively. See Note 8—Debt and Credit Agreements for discussion regarding the application of this guidance as it relates to PECO's accounts receivable agreement.

Fair Value Measurements Disclosures

In January 2010, the FASB issued authoritative guidance intended to improve disclosures about fair value measurements. The guidance requires entities to disclose significant transfers in and out of fair value hierarchy levels and the reasons for the transfers and to present information about purchases, sales, issuances and settlements separately in the reconciliation of fair value measurements using significant unobservable inputs (Level 3). Additionally, the guidance clarifies that a reporting entity should provide fair value measurements for each class of assets and liabilities and disclose the inputs and valuation techniques used for fair value measurements using significant other observable inputs (Level 2) and significant unobservable inputs (Level 3). This guidance was effective for interim and annual periods beginning after December 15, 2009 except for the disclosures about purchases, sales, issuances and settlements in the Level 3 reconciliation, which is effective for interim and annual periods beginning after December 15, 2010. As this guidance provided only disclosure requirements, the adoption of this standard did not impact PECO's results of operations, cash flows or financial position.

Credit Quality of Financing Receivables and Allowance for Credit Losses Disclosures

In July 2010, the FASB issued authoritative guidance requiring entities to disclose additional information about their allowance for uncollectible accounts and the credit quality of their financing receivables, which include loans defined as a contractual right to receive money, on demand or on fixed or determinable dates, with terms exceeding one year. The additional disclosure requirements include the nature of the credit risk inherent in their financing receivables balance, how the risk is analyzed and assessed in determining the allowance for uncollectible accounts, and the changes and reasons for changes in the allowance for uncollectible accounts. This guidance is applicable to PECO's long-term installment plan receivables and was effective on December 31, 2010. As this guidance provides only additional disclosure requirements, the adoption of this standard did not impact PECO's results of operations, cash flows or financial position. See the discussion of PECO's allowance for uncollectible accounts policy above and Note 3—Accounts Receivable for further information.

Revenue Arrangements with Multiple Deliverables

In October 2009, the FASB issued authoritative guidance that amends existing guidance for identifying separate deliverables in a revenue-generating transaction where multiple deliverables exist, and provides guidance for allocating and recognizing revenue based on those separate deliverables. The guidance is expected to result in more multiple-deliverable arrangements being separable than under current guidance. This guidance was effective for PECO beginning on January 1, 2011 and is required to be applied prospectively to new or significantly modified revenue arrangements. PECO has concluded that this guidance will not have a material impact on its results of operations, cash flows or financial position.

2. Regulatory Matters

Regulatory and Legislative Proceedings

The following matters below discuss, in all material respects, the current status of regulatory and legislative proceedings of PECO.

2010 Pennsylvania Electric and Natural Gas Distribution Rate Cases. On March 31, 2010, PECO filed separate petitions before the PAPUC for increases of $316 million and $44 million to its annual service revenue requirement for electric and natural gas distribution, respectively, to fund critical infrastructure improvement projects to meet customer demand and ensure the safe and reliable delivery of electricity and natural gas. Costs related to customer assistance discount programs are also included in the annual service revenue requirement. These costs were previously transferred to Generation under the purchase power agreement (PPA), which expired on December 31, 2010. On December 16, 2010, the PAPUC approved the settlement of PECO's electric and natural gas distribution rate cases for increases in annual service revenue of $225 million and $20 million, respectively. The settlements do not impact recoverability of PECO's regulatory assets currently recorded and the electric settlement provides for recovery of PJM transmission service costs, on a full and current basis through a rider. The settlements include a stipulation regarding how expected tax benefits related to anticipated IRS guidance on repair costs allowance deduction methodology are to be handled from a rate-making perspective. The settlements require the expected cash benefit from the application of the new methodology to prior tax years be refunded to customers over a seven-year period. The prospective tax benefit claimed as a result of the new methodology is to be reflected in tax expense in the year in which it is claimed on the tax return and will be reflected in the determination of revenue requirements in the next electric and natural gas distribution base rate cases. The approved electric and natural gas distribution rates became effective on January 1, 2011.

The 2010 electric distribution rate case settlement did not specify the rate of return upon which the settlement rates are based, but rather provided for an increase in annual revenue. PECO's most recently approved weighted average debt and equity return on electric rate base, which included electric transmission, distribution and generation, was 11.23% (approved in 1990). PECO has not filed a transmission rate case since rates have been unbundled. PECO's purchased gas cost rates are not subject to caps and do not earn a return. The 2008 and 2010 natural gas distribution rate case settlements did not specify the rate of return upon which the settlement rates are based, but rather provided for an increase in annual revenue.

2008 Pennsylvania Natural Gas Distribution Rate Case. In October 2008, the PAPUC approved the settlement related to PECO's natural gas distribution rate case, which was filed in March 2008 providing an increase of $77 million to its annual natural gas distribution revenue. As part of the settlement, PECO agreed to enhance its low-income programs as well as provide funding for new energy-efficiency programs to help customers manage their energy usage and gas bills. The approved natural gas distribution rates became effective on January 1, 2009.

Nuclear Decommissioning Funding. In 2009, the PAPUC entered an order instituting an investigation into whether PECO's nuclear decommissioning cost adjustment clause (NDCAC), which is a rider that allows PECO to collect funds from customers for future decommissioning costs of seven former PECO nuclear units now owned by Generation, should continue after December 31, 2010. During the course of the investigation, PECO and the interested parties reached an agreement, as set forth in a Stipulation and Joint Memorandum filed on February 24, 2010 (Settlement) that PECO is entitled to recovery from customers through the NDCAC beyond December 31, 2010 for the funding of future decommissioning costs. The Settlement also contained a provision in which it was agreed that PECO would not claim recovery under the NDCAC for any projected incremental physical decommissioning costs with respect to any former PECO nuclear unit as a result of an extension of that unit's NRC operating license. On July 15, 2010, the PAPUC

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PECO Energy Company
Condensed Notes to Financial Statements
(Dollars in millions, unless otherwise noted)

1. Significant Accounting Policies

Description of Business

Incorporated in Pennsylvania in 1929, PECO Energy Company (PECO) is engaged principally in the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to residential, commercial and industrial customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of distribution services to residential, commercial and industrial customers in the Pennsylvania counties surrounding the City of Philadelphia. PECO is subject to extensive regulation by the Pennsylvania Public Utility Commission (PAPUC) as to electric and gas distribution rates and service, the issuances of certain securities and certain other aspects of PECO's operations. PECO is a public utility under the Federal Power Act subject to regulation by the Federal Energy Regulatory Commission (FERC) as to transmission rates and certain other aspects of PECO's business and by the U.S. Department of Transportation as to pipeline safety and other aspects of gas operations. Additionally, PECO is also subject to NERC mandatory reliability standards. Pursuant to the Pennsylvania Electricity Generation Customer Choice and Competition Act of 1996 (Competition Act), the Commonwealth of Pennsylvania required the unbundling of retail electric services in Pennsylvania into separate energy transmission and distribution services with open retail competition for generation services. PECO serves as the local distribution company providing electric distribution services in its franchised service territory in southeastern Pennsylvania and energy service to customers who do not choose a competitive electric generation supplier or who choose to return to the utility after taking service from a competitive electric generation supplier.

Basis of Presentation

PECO is a principal indirect subsidiary of Exelon Corporation (Exelon), which indirectly owns 100% of PECO's common stock. At December 31, 2011 and 2010, PECO's common stock without par value consisted of 500,000,000 shares authorized and 170,478,507 shares outstanding. At December 31, 2011 and 2010, PECO's cumulative preferred stock without par value consisted of 15,000,000 shares authorized and 874,720 shares outstanding. Shares of preferred stock have full voting rights, including the right to accumulate votes in the election of directors. At December 31, 2011, PECO's preferred stock was owned by 899 shareholders.

Accounting policies for regulated operations are in accordance with those prescribed by the regulatory authorities having jurisdiction, principally the PAPUC and FERC. The accompanying financial statements have been prepared in accordance with the accounting requirements of FERC as set forth in the Uniform System of Accounts (USOA) and accounting releases, which differ from accounting principles generally accepted in the United States of America (GAAP).

PECO's investments in its subsidiaries, ExTel Corporation, LLC, PECO Wireless, LLC, PECO Energy Capital Trust IV (PECO Trust IV) and PECO Energy Capital Corporation (PECC) are accounted for under the equity method of accounting in accordance with the USOA. PECO Wireless, LLC is the parent company of ATNP Finance Company and sole member of PEC Financial Services, LLC. PECC is the general partner of PECO Energy Capital, L.P., which is the grantor of PECO Energy Capital Trust III (PECO Trust III).

Use of Estimates

The preparation of financial statements in conformity with USOA requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Areas in which significant estimates have been made include, but are not limited to, the accounting for asset retirement obligations (AROs), pension and other postretirement benefits, inventory reserves, allowance for uncollectible accounts, asset impairments, derivative instruments, fixed asset depreciation, environmental remediation costs, taxes and unbilled energy revenues. Actual results could differ from those estimates.

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Accounting for the Effects of Regulation

PECO accounts for its regulated electric and gas operations in accordance with accounting policies prescribed by the regulatory authorities having jurisdiction, principally the PAPUC under state public utility laws and the FERC under various Federal laws. PECO applies the authoritative guidance for accounting for certain types of regulation, which requires PECO to record in its financial statements the effects of cost-based rate regulation for entities with regulated operations that meet the following criteria: (1) rates are established or approved by a third-party regulator; (2) rates are designed to recover the entity's cost of providing services or products; and (3) there is a reasonable expectation that rates are set at levels that will recover the entity's costs from customers. PECO accounts for its regulated operations in accordance with regulatory and legislative guidance from the regulatory authorities having jurisdiction, principally the PAPUC under state public utility laws and the FERC under various Federal laws. Regulatory assets and liabilities are amortized and the related expense is recognized in the Statement of Income consistent with the recovery or refund included in customer rates. PECO believes that it is probable that its currently recorded regulatory assets and liabilities will be recovered and settled, respectively, in future rates. However, PECO continues to evaluate its ability to apply the authoritative guidance for accounting for certain types of regulation, including consideration of current events in its regulatory and political environments. If a separable portion of PECO's business was no longer able to meet the criteria discussed above, PECO would be required to eliminate from its financial statements the effects of regulation for that portion, which would have a material impact on its results of operations and financial position. See Note 2—Regulatory Matters for additional information.

Revenues

Operating revenues are recorded as service is rendered or energy is delivered to customers. At the end of each month, PECO accrues an estimate for the unbilled amount of energy delivered or services provided to customers. See Note 3—Accounts Receivable for further information.

Income Taxes

Deferred Federal and state income taxes are provided on all significant temporary differences between the book basis and the tax basis of assets and liabilities and for tax benefits carried forward. Investment tax credits previously utilized for income tax purposes have been deferred on the PECO's Balance Sheets and are recognized in book income over the life of the related property. In accordance with USOA, PECO reports deferred income tax balances arising from temporary differences in Accounts 190, 282 and 283 as appropriate, which differs from the net presentation required by GAAP. See Note 9—Income Taxes for additional information. PECO recognizes accrued interest related to unrecognized tax benefits in interest expense or interest income in Other Income and Deductions on its Statements of Income.

PECO accounts for uncertain income tax positions in accordance with FERC's guidance on Accounting and Financial Reporting for Uncertainty in Income Taxes, issued in Docket No. AI07-2-000 for FERC reporting purposes. The guidance requires, among other things, that entities should continue to recognize deferred income taxes for FERC accounting and reporting purposes based on the difference between positions taken in tax returns filed or expected to be filed and amounts reported in financial statements.

Pursuant to the Internal Revenue Code, Exelon and its subsidiaries file a consolidated Federal income tax return that includes its subsidiaries in which it owns at least 80% of the outstanding stock. Income taxes are allocated to each of Exelon's subsidiaries included in the filing of the consolidated Federal income tax return based on the separate return method. PECO's income tax expense reflects the effects of income taxes associated with certain subsidiary companies that are disregarded entities for federal income tax purposes, but have been accounted for under the equity method of accounting in accordance with the USOA. PECO records an income tax valuation allowance for deferred tax assets which are not more likely than not to be realized in the future. See Note 9—Income Taxes for additional information.

PECO is a party to an agreement (Tax Sharing Agreement) with Exelon that provides for the allocation of consolidated tax liabilities and benefits. The Tax Sharing Agreement generally provides that each party is allocated an amount of tax similar to that which would be owed had the party been separately subject to tax. Any net benefit attributable to the parent is reallocated to other members. That allocation is treated as a contribution to the capital of the party receiving the benefit.

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Taxes Directly Imposed on Revenue-Producing Transactions

PECO presents any tax assessed by a governmental authority that is directly imposed on a revenue-producing transaction between a seller and a customer on a gross (included in revenues and costs) basis. See Note 15—Supplemental Financial Information for PECO's utility taxes that are presented on a gross basis.

Cash and Cash Equivalents

PECO considers investments purchased with an original maturity of three months or less to be cash equivalents.

Restricted Cash and Investments

Restricted cash and investments represent restricted funds to satisfy designated current liabilities. As of December 31, 2011 and 2010, PECO's restricted cash primarily represented funds from the sales of assets that were subject to PECO's mortgage indenture. PECO's restricted cash is not available for general operations until released from the mortgaged indenture.

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts reflects PECO's best estimates of losses on the accounts receivable balances. PECO estimates the allowance for uncollectible accounts on customer receivables by applying internally developed loss rates to the outstanding receivable balance by risk segment. Risk segments represent a group of customers with similar credit quality indicators that are computed based on various attributes, including delinquency of their balances and payment history. Loss rates applied to the accounts receivable balances are based on historical average charge-offs as a percentage of accounts receivable in each risk segment. Customers' accounts are generally considered delinquent if the amount billed is not received by the time the next bill is issued, which normally occurs on a monthly basis. Customer accounts are written off consistent with approved regulatory requirements. PECO's provisions for uncollectible accounts will continue to be affected by changes in volume, prices and economic conditions as well as changes in PAPUC regulations.

Inventories

Inventory is recorded at the lower of cost or market. Provisions are recorded for excess and obsolete inventory.

Gas. Gas inventory includes the weighted average costs of stored natural gas and propane. The costs of natural gas and propane are generally included in inventory when purchased and charged to fuel expense or deferred energy costs when used or sold. PECO has several long-term storage contracts for natural gas as well as a liquefied natural gas storage facility.

Materials and Supplies. Materials and supplies inventory generally includes the weighted average costs of transmission and distribution materials. Materials are generally charged to inventory when purchased and expensed or capitalized to plant, as appropriate, when installed or used.

Marketable Securities

All marketable securities are reported at fair value. Unrealized gains and losses, net of tax, for PECO's available-for-sale securities are reported in other comprehensive income. Any decline in the fair value of PECO's available-for-sale securities below the cost basis is reviewed to determine if such decline is other-than-temporary. If the decline is determined to be other-than-temporary, the cost basis of the available-for-sale securities is written down to fair value as a new cost basis and the amount of the write-down is included in earnings.

Property, Plant and Equipment

Property, plant and equipment is recorded at original cost. Original cost includes labor and materials, construction overhead, and when appropriate allowance for funds used during construction (AFUDC) for regulated property at PECO. The cost of repairs and maintenance, Including planned major maintenance activities and minor replacements of property, is charged to maintenance expense as incurred.

Third parties reimburse PECO for all or a portion of expenditures for certain capital projects. Such contributions in aid of construction costs (CIAC) are netted against the project costs. The U.S. Department of Energy (DOE) smart grid investment grand (SGIG) funds reimbursed to PECO by the DOE are accounted for as CIAC.

Upon retirement, the cost of regulated property, net of salvage, is charged to accumulated depreciation in accordance with the composite method of depreciation. Removal costs are capitalized to accumulated depreciation when incurred and recorded to depreciation expense over the life of the new asset constructed consistent with PECO's regulatory recovery method. For unregulated property, the cost and accumulated depreciation of property, plant and equipment retired or otherwise disposed of is charged to accumulated depreciation.

See Note 4—Property, Plant and Equipment for additional information regarding property, plant and equipment.

Capitalized Software Costs

Costs incurred during the application development stage of software projects that are developed or obtained for internal use are capitalized. Such capitalized amounts are amortized ratably over the expected lives of the projects when they become operational, generally not to exceed five years. Certain other capitalized software costs are being amortized over longer lives, pursuant to regulatory approval or requirement. At December 31, 2011 and 2010, PECO's net unamortized capitalized software costs were $67 million and $64 million, respectively. During 2011 and 2010, PECO's amortization of capitalized software costs were $25 million and $19 million, respectively.

Depreciation and Amortization

Depreciation is generally recorded over the estimated service lives of property, plant and equipment on a straight-line basis using the composite method. The estimated service lives for PECO are primarily based on the average service lives from the most recent depreciation study. See Note 4—Property, Plant and Equipment for further information regarding depreciation.

Amortization of regulatory assets is recorded over the recovery period specified in the related legislation or regulatory agreement. See Note 2—Regulatory Matters for additional information regarding PECO's regulatory assets.

Asset Retirement Obligations

The authoritative guidance for accounting for AROs requires the recognition of a liability for a legal obligation to perform an asset retirement activity even though the timing and/or method of settlement may be conditional on a future event. The liabilities associated with non-nuclear AROs are adjusted on an ongoing rotational basis, at least once every five years, due to the passage of new laws and regulations and revisions to either the timing or amount of estimates of undiscounted cash flows and estimates of cost escalation factors. AROs are accreted each year to reflect the time value of money for these present value obligations through a charge to operating and maintenance expense in the Statement of Income or, in the case of the majority of PECO's accretion, through an increase to regulatory assets. See Note 10—Asset Retirement Obligations for additional information.

AFUDC

PECO applies the authoritative guidance for accounting for certain types of regulation to calculate AFUDC, which is the cost, during the period of construction, of debt and equity funds used to finance construction projects for regulated operations. AFUDC is recorded as a charge to construction work in progress and as a non-cash credit to AFUDC that is included in Account 432, Allowance for Borrowed Funds Used During Construction - Credit, for debt-related funds and Account 419.1, Allowance for Other Funds Used During Construction, for equity-related funds. The rates used for

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capitalizing AFUDC are computed under a method prescribed by regulatory authorities. At December 31, 2011 and 2010, credits to AFUDC debt and equity were $13 million and $11 million, respectively.

Guarantees

PECO recognizes, at the inception of a guarentee, a liability for the fair market value of the obligations it has undertaken in issuing the guarantee, including the ongoing obligation to perform over the term of the guarantee in the event that the specified triggering events or conditions occur.

The liability that is initially recognized at the inception of the guarantee is reduced as PECO is released from risk under the guarantee. Depending on the nature of the guarantee, PECO's release from risk may be recognized only upon the expiration or settlement of the guarantee or by a systematic and rational amortization method over the term of the guarantee.

Asset Impairments

PECO evaluates the carrying value of its long-lived assets when circumstances indicate the carrying value of those assets may not be recoverable.

Derivative Financial Instruments

PECO has entered into derivative natural gas contracts to hedge its long-term price risk in the natural gas market. As part of the preparation for the expiration of the power purchase agreement (PPA) with Exelon Generation Company, LLC (Generation) at the end of 2010, PECO entered into derivative contracts to procure electric supply through a competitive RFP process as outlined in its PAPUC-approved Default Service Provider Program (DSP Program). PECO does not enter into derivatives for proprietary trading purposes. PECO's derivative activities are in accordance with Exelon's Risk Management Policy.

All derivatives are recognized on the balance sheet at their fair value unless they qualify for the normal purchases and normal sales scope exception. Additionally, derivatives that qualify and are designated for hedge accounting are classified as either hedges of the fair value of a recognized asset or liability or of an unrecognized firm commitment (fair value hedge) or hedges of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability (cash flow hedge). Cash inflows and outflows related to derivative instruments are included as a component of operating, investing or financing cash flows in the Statement of Cash Flows, depending on the underlying nature of the PECO's hedged items.

Revenues and expenses on contracts that qualify, and are designated, as normal purchases and normal sales are recognized when the underlying physical transaction is completed. Normal purchases and normal sales are contracts where physical delivery is probable, quantities are expected to be used or sold in the normal course of business over a reasonable period of time and price is not tied to an unrelated underlying derivative. If it were determined that a transaction designated as a normal purchase or a normal sale no longer met the exceptions, the fair value of the related contract would be recorded on the balance sheet and offset by a regulatory asset or liability at PECO. See Note 7—Derivative Financial Instruments for additional information.

Retirement Benefits

PECO participates in Exelon's defined benefit pension plans and other postretirement plans. The measurement of the plan obligations and costs of providing benefits under these plans involve various factors, including numerous assumptions and accounting elections. The assumptions are reviewed annually and at any interim remeasurement of the plan obligations. The impact of assumption changes on pension and other postretirement benefit obligations is generally recognized over the expected average remaining service period of the employees rather than immediately recognized in the income statement. See Note 11—Retirement Benefits for additional discussion of PECO's accounting for retirement benefits.

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New Accounting Pronouncements

PECO has identified the following new accounting pronouncements that have been recently adopted or issued that may affect PECO upon adoption.

Fair Value Measurements. In May 2011, the FASB issued authoritative guidance amending existing guidance for measuring fair value and for disclosing information about fair value measurements. The FASB indicated that for many of the requirements it does not intend for the amendments to result in a change to current accounting. Required disclosures are expanded under the new guidance, especially for fair value measurements that are categorized within Level 3 of the fair value hierarchy, for which quantitative information about the unobservable inputs, the valuation processes used by the entity, and the sensitivity of the measurement to the unobservable inputs will be required. In addition, entities will be required to disclose the categorization by level of the fair value hierarchy for items that are not measured at fair value in the statement of financial position but for which the fair value is required to be disclosed. The guidance is effective for periods beginning after December 15, 2011 and is required to be applied prospectively. PECO is not currently impacted by the changes regarding the measurement of fair value and will include the required disclosures in its March 31, 2012 Form 3-Q.

Disclosures About Offsetting Assets and Liabilities. In December 2011, the FASB issued authoritative guidance requiring entities to expand disclosures about instruments and transactions eligible for offset in the Balance Sheet, and instruments and transactions subject to an agreement similar to a master netting arrangement. The required disclosures will include both gross and net information about instruments to which the guidance applies, including derivatives and securities borrowing and securities lending arrangements. This guidance is effective for PECO for periods beginning on or after January 1, 2013 and is required to be applied retroactively. As this guidance provides only disclosure requirements, the adoption of this standard will not impact PECO's results of operations, cash flows or financial positions.

2. Regulatory Matters

Pennsylvania Regulatory Matters

2010 Pennsylvania Electric and Natural Gas Distribution Rate Cases. On December 16, 2010, the PAPUC approved the settlement of PECO's electric and natural gas distribution rate cases, which were filed in March 2010, providing increases in annual service revenue of $225 million and $20 million, respectively. The electric settlement provides for recovery of PJM Interconnection, LLC (PJM) transmission service costs on a full and current basis through a rider. The approved electric and natural gas distribution rates became effective on January 1, 2011.

In addition, the settlements included a stipulation regarding how tax benefits related to the application of any new Internal Revenue Service (IRS) guidance on repairs deduction methodology are to be handled from a rate-making perspective. The settlements require that the expected cash benefit from the application of any new guidance to prior tax years be refunded to customers over a seven-year period. On August 19, 2011, the IRS issued Revenue Procedure 2011-43 providing a safe harbor method of tax accounting for electric transmission and distribution property. PECO adopted the safe harbor and elected a method change for the 2010 tax year. The expected total refund to customers for the tax cash benefit from the application of the safe harbor to costs incurred prior to 2010 is $171 million. On October 4, 2011, PECO filed a supplement to its electric distribution tariff to execute the refund to customers of the tax cash benefit related to the IRC Section 481(a) "catch-up" adjustment claimed on the 2010 income tax return, which is subject to adjustment based on the outcome of IRS examinations. Credits will be reflected in customer bills beginning January 1, 2012. Tax benefits claimed prospectively as a result of Revenue Procedure 2011-43 will be reflected as a reduction to income tax expense in the year in which it is claimed on the tax return and will be reflected in the determination of revenue requirements in the next electric distribution base rate case. The IRS anticipates issuing guidance in 2012 on the appropriate tax treatment of repair costs for gas distribution assets. See Note 9 Income Taxes for additional information.

The 2010 electric and natural gas distribution rate case settlements did not specify the rate of return upon which the settlement rates are based, but rather provided for an increase in annual revenue. PECO has not filed a transmission rate case since rates have been unbundled.

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PECO Energy Company
Condensed Notes to Financial Statements
(Dollars in millions, unless otherwise noted)

1. Significant Accounting Policies

Description of Business

Incorporated in Pennsylvania in 1929, PECO Energy Company (PECO) is engaged principally in the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to residential, commercial and industrial customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of distribution services to residential, commercial and industrial customers in the Pennsylvania counties surrounding the City of Philadelphia. PECO is subject to extensive regulation by the Pennsylvania Public Utility Commission (PAPUC) as to electric and gas distribution rates and service, the issuances of certain securities and certain other aspects of PECO's operations. PECO is a public utility under the Federal Power Act subject to regulation by the Federal Energy Regulatory Commission (FERC) as to transmission rates and certain other aspects of PECO's business and by the U.S. Department of Transportation as to pipeline safety and other aspects of gas operations. Additionally, PECO is also subject to NERC mandatory reliability standards. Pursuant to the Pennsylvania Electricity Generation Customer Choice and Competition Act of 1996 (Competition Act), the Commonwealth of Pennsylvania required the unbundling of retail electric services in Pennsylvania into separate energy transmission and distribution services with open retail competition for generation services. PECO serves as the local distribution company providing electric distribution services in its franchised service territory in southeastern Pennsylvania and energy service to customers who do not choose a competitive electric generation supplier or who choose to return to the utility after taking service from a competitive electric generation supplier.

Basis of Presentation

PECO is a principal indirect subsidiary of Exelon Corporation (Exelon), which indirectly owns 100% of PECO's common stock. At December 31, 2012 and 2011, PECO's common stock without par value consisted of 500,000,000 shares authorized and 170,478,507 shares outstanding. At December 31, 2012 and 2011, PECO's cumulative preferred stock without par value consisted of 15,000,000 shares authorized and 874,720 shares outstanding. Shares of preferred stock have full voting rights, including the right to accumulate votes in the election of directors. At December 31, 2012, PECO's preferred stock was owned by 856 shareholders. On March 25, 2013, PECO announced that it issued a notice of redemption for all of its outstanding preferred securities with a redemption date of May 1, 2013.

Accounting policies for regulated operations are in accordance with those prescribed by the regulatory authorities having jurisdiction, principally the PAPUC and FERC. The accompanying financial statements have been prepared in accordance with the accounting requirements of FERC as set forth in the Uniform System of Accounts (USOA) and accounting releases, which differ from accounting principles generally accepted in the United States of America (GAAP).

PECO's investments in its subsidiaries, ExTel Corporation, LLC, PECO Wireless, LLC, PECO Energy Capital Trust IV (PECO Trust IV) and PECO Energy Capital Corporation (PECC) are accounted for under the equity method of accounting in accordance with the USOA. PECO Wireless, LLC is the parent company of ATNP Finance Company and sole member of PEC Financial Services, LLC. PECC is the general partner of PECO Energy Capital, L.P., which is the grantor of PECO Energy Capital Trust III (PECO Trust III). Extel Corporation, LLC and PECO Wireless, LLC are consolidated in PECO's GAAP Financial Statements.

Use of Estimates

The preparation of financial statements in conformity with USOA requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Areas in which significant estimates have been made include, but are not limited to, the accounting for asset retirement obligations (AROs), pension and other postretirement benefits, inventory reserves, allowance for uncollectible accounts, asset

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impairments, derivative instruments, fixed asset depreciation, environmental remediation costs, taxes and unbilled energy revenues. Actual results could differ from those estimates.

Accounting for the Effects of Regulation

PECO accounts for its regulated electric and gas operations in accordance with accounting policies prescribed by the regulatory authorities having jurisdiction, principally the PAPUC under state public utility laws and the FERC under various Federal laws. PECO applies the authoritative guidance for accounting for certain types of regulation, which requires PECO to record in its financial statements the effects of cost-based rate regulation for entities with regulated operations that meet the following criteria: (1) rates are established or approved by a third-party regulator; (2) rates are designed to recover the entity's cost of providing services or products; and (3) there is a reasonable expectation that rates are set at levels that will recover the entity's costs from customers. PECO accounts for its regulated operations in accordance with regulatory and legislative guidance from the regulatory authorities having jurisdiction, principally the PAPUC under state public utility laws and the FERC under various Federal laws. Regulatory assets and liabilities are amortized and the related expense is recognized in the Statement of Income consistent with the recovery or refund included in customer rates. PECO believes that it is probable that its currently recorded regulatory assets and liabilities will be recovered and settled, respectively, in future rates. However, PECO continues to evaluate its ability to apply the authoritative guidance for accounting for certain types of regulation, including consideration of current events in its regulatory and political environments. If a separable portion of PECO's business was no longer able to meet the criteria discussed above, PECO would be required to eliminate from its financial statements the effects of regulation for that portion, which would have a material impact on its results of operations and financial position. See Note 2—Regulatory Matters for additional information.

Revenues

Operating revenues are recorded as service is rendered or energy is delivered to customers. At the end of each month, PECO accrues an estimate for the unbilled amount of energy delivered or services provided to customers. See Note 4—Accounts Receivable for further information.

Income Taxes

Deferred Federal and state income taxes are provided on all significant temporary differences between the book basis and the tax basis of assets and liabilities and for tax benefits carried forward. Investment tax credits previously utilized for income tax purposes have been deferred on the PECO's Balance Sheets and are recognized in book income over the life of the related property. In accordance with USOA, PECO reports deferred income tax balances arising from temporary differences in Accounts 190, 282 and 283 as appropriate, which differs from the net presentation required by GAAP. See Note 10—Income Taxes for additional information. PECO recognizes accrued interest related to unrecognized tax benefits in interest expense or interest income in Other Income and Deductions on its Statements of Income.

PECO accounts for uncertain income tax positions in accordance with FERC's guidance on Accounting and Financial Reporting for Uncertainty in Income Taxes, issued in Docket No. AI07-2-000 for FERC reporting purposes. The guidance requires, among other things, that entities should continue to recognize deferred income taxes for FERC accounting and reporting purposes based on the difference between positions taken in tax returns filed or expected to be filed and amounts reported in financial statements.

Pursuant to the Internal Revenue Code, Exelon and its subsidiaries file a consolidated Federal income tax return that includes its subsidiaries in which it owns at least 80% of the outstanding stock. Income taxes are allocated to each of Exelon's subsidiaries included in the filing of the consolidated Federal income tax return based on the separate return method. PECO's income tax expense reflects the effects of income taxes associated with certain subsidiary companies that are disregarded entities for federal income tax purposes, but have been accounted for under the equity method of accounting in accordance with the USOA. PECO records an income tax valuation allowance for deferred tax assets which are not more likely than not to be realized in the future. See Note 10—Income Taxes for additional information.

PECO is a party to an agreement (Tax Sharing Agreement) with Exelon that provides for the allocation of

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consolidated tax liabilities and benefits. The Tax Sharing Agreement generally provides that each party is allocated an amount of tax similar to that which would be owed had the party been separately subject to tax. Any net benefit attributable to the parent is reallocated to other members. That allocation is treated as a contribution to the capital of the party receiving the benefit.

Taxes Directly Imposed on Revenue-Producing Transactions

PECO presents any tax assessed by a governmental authority that is directly imposed on a revenue-producing transaction between a seller and a customer on a gross (included in revenues and costs) basis. See Note 16—Supplemental Financial Information for PECO's utility taxes that are presented on a gross basis.

Cash and Cash Equivalents

PECO considers investments purchased with an original maturity of three months or less to be cash equivalents.

Restricted Cash and Investments

Restricted cash and investments represent restricted funds to satisfy designated current liabilities. As of December 31, 2012 and 2011, PECO's restricted cash primarily represented funds from the sales of assets that were subject to PECO's mortgage indenture. PECO's restricted cash is not available for general operations until released from the mortgaged indenture.

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts reflects PECO's best estimates of losses on the accounts receivable balances. PECO estimates the allowance for uncollectible accounts on customer receivables by applying loss rates developed specifically for each company to the outstanding receivable balance by risk segment. Risk segments represent a group of customers with similar credit quality indicators that are computed based on various attributes, including delinquency of their balances and payment history. Loss rates applied to the accounts receivable balances are based on historical average charge-offs as a percentage of accounts receivable in each risk segment. Customers' accounts are generally considered delinquent if the amount billed is not received by the time the next bill is issued, which normally occurs on a monthly basis. Customer accounts are written off consistent with approved regulatory requirements. PECO's provisions for uncollectible accounts will continue to be affected by changes in volume, prices and economic conditions as well as changes in PAPUC regulations.

Inventories

Inventory is recorded at the lower of cost or market. Provisions are recorded for excess and obsolete inventory.

Gas. Gas inventory includes the weighted average costs of stored natural gas and propane. The costs of natural gas and propane are generally included in inventory when purchased and charged to fuel expense or deferred energy costs when used or sold. PECO has several long-term storage contracts for natural gas as well as a liquefied natural gas storage facility.

Materials and Supplies. Materials and supplies inventory generally includes the weighted average costs of transmission and distribution materials. Materials are generally charged to inventory when purchased and expensed or capitalized to plant, as appropriate, when installed or used.

Marketable Securities

All marketable securities are reported at fair value. Unrealized gains and losses, net of tax, for PECO's available-for-sale securities are reported in other comprehensive income. Any decline in the fair value of PECO's available-for-sale securities below the cost basis is reviewed to determine if such decline is other-than-temporary. If the decline is determined to be other-than-temporary, the cost basis of the available-for-sale securities is written down to fair

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value as a new cost basis and the amount of the write-down is included in earnings.

Property, Plant and Equipment

Property, plant and equipment is recorded at original cost. Original cost includes labor and materials, construction overhead, and when appropriate allowance for funds used during construction (AFUDC) for regulated property at PECO. The cost of repairs and maintenance, including planned major maintenance activities and minor replacements of property, is charged to maintenance expense as incurred.

Third parties reimburse PECO for all or a portion of expenditures for certain capital projects. Such contributions in aid of construction costs (CIAC) are netted against the project costs. The U.S. Department of Energy (DOE) smart grid investment grand (SGIG) funds reimbursed to PECO by the DOE are accounted for as CIAC.

Upon retirement, the cost of regulated property, net of salvage, is charged to accumulated depreciation in accordance with the composite method of depreciation. Removal costs are capitalized to accumulated depreciation when incurred and recorded to depreciation expense over the life of the new asset constructed consistent with PECO's regulatory recovery method. For unregulated property, the cost and accumulated depreciation of property, plant and equipment retired or otherwise disposed of is charged to accumulated depreciation.

See Note 5—Property, Plant and Equipment for additional information regarding property, plant and equipment.

Capitalized Software Costs

Costs incurred during the application development stage of software projects that are developed or obtained for internal use are capitalized. Such capitalized amounts are amortized ratably over the expected lives of the projects when they become operational, generally not to exceed five years. Certain other capitalized software costs are being amortized over longer lives, pursuant to regulatory approval or requirement. At December 31, 2012 and 2011, PECO's net unamortized capitalized software costs were $63 million and $67 million, respectively. During 2012 and 2011, PECO's amortization of capitalized software costs were $30 million and $25 million, respectively.

Depreciation and Amortization

Depreciation is generally recorded over the estimated service lives of property, plant and equipment on a straight-line basis using the composite method. The estimated service lives for PECO are primarily based on the average service lives from the most recent depreciation study. See Note 5—Property, Plant and Equipment for further information regarding depreciation.

Amortization of regulatory assets is recorded over the recovery period specified in the related legislation or regulatory agreement. See Note 2—Regulatory Matters for additional information regarding PECO's regulatory assets.

Asset Retirement Obligations

The authoritative guidance for accounting for AROs requires the recognition of a liability for a legal obligation to perform an asset retirement activity even though the timing and/or method of settlement may be conditional on a future event. The liabilities associated with non-nuclear AROs are adjusted on an ongoing rotational basis, at least once every five years, due to the passage of new laws and regulations and revisions to either the timing or amount of estimates of undiscounted cash flows and estimates of cost escalation factors. AROs are accreted each year to reflect the time value of money for these present value obligations through a charge to operating and maintenance expense in the Statement of Income or, in the case of the majority of PECO's accretion, through an increase to regulatory assets. See Note 11—Asset Retirement Obligations for additional information.

AFUDC

PECO applies the authoritative guidance for accounting for certain types of regulation to calculate AFUDC, which is the cost, during the period of construction, of debt and equity funds used to finance construction projects for regulated operations. AFUDC is recorded as a charge to construction work in progress and as a non-cash credit to AFUDC that is included in Account 432, Allowance for Borrowed Funds Used During Construction - Credit, for debt-related funds and Account 419.1, Allowance for Other Funds Used During Construction, for equity-related funds. The rates used for capitalizing AFUDC are computed under a method prescribed by regulatory authorities. At December 31, 2012 and 2011, credits to AFUDC debt and equity were $6 million and $13 million, respectively.

Guarantees

PECO recognizes, at the inception of a guarantee, a liability for the fair market value of the obligations it has undertaken in issuing the guarantee, including the ongoing obligation to perform over the term of the guarantee in the event that the specified triggering events or conditions occur.

The liability that is initially recognized at the inception of the guarantee is reduced as PECO is released from risk under the guarantee. Depending on the nature of the guarantee, PECO's release from risk may be recognized only upon the expiration or settlement of the guarantee or by a systematic and rational amortization method over the term of the guarantee.

Asset Impairments

PECO evaluates the carrying value of its long-lived assets when circumstances indicate the carrying value of those assets may not be recoverable.

Derivative Financial Instruments

PECO has entered into derivative natural gas contracts to hedge its long-term price risk in the natural gas market. PECO has entered into derivative contracts to procure electric supply through a competitive RFP process as outlined in its PAPUC-approved Default Service Provider Program (DSP Program). PECO does not enter into derivatives for proprietary trading purposes. PECO's derivative activities are in accordance with Exelon's Risk Management Policy.

All derivatives are recognized on the balance sheet at their fair value unless they qualify for the normal purchases and normal sales scope exception. Additionally, derivatives that qualify and are designated for hedge accounting are classified as either hedges of the fair value of a recognized asset or liability or of an unrecognized firm commitment (fair value hedge) or hedges of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability (cash flow hedge). Cash inflows and outflows related to derivative instruments are included as a component of operating, investing or financing cash flows in the Statement of Cash Flows, depending on the underlying nature of the PECO's hedged items.

Revenues and expenses on contracts that qualify, and are designated, as normal purchases and normal sales are recognized when the underlying physical transaction is completed. While these contracts are considered derivative financial instruments, they are not required to be recorded at fair value, but rather are recorded on an accrual basis of accounting. Normal purchases and normal sales are contracts where physical delivery is probable, quantities are expected to be used or sold in the normal course of business over a reasonable period of time and price is not tied to an unrelated underlying derivative. If it were determined that a transaction designated as a normal purchase or a normal sale no longer met the exceptions, the fair value of the related contract would be recorded on the balance sheet and offset by a regulatory asset or liability. See Note 8—Derivative Financial Instruments for additional information.

Retirement Benefits

PECO participates in Exelon's defined benefit pension plans and other postretirement plans. The measurement of the plan obligations and costs of providing benefits under these plans involve various factors, including numerous assumptions and accounting elections. The assumptions are reviewed annually and at any interim remeasurement of the plan obligations. The impact of assumption changes or experience different from that assumed on pension and other postretirement benefit obligations is recognized over time rather than immediately recognized in the income statement.

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Gains or losses in excess of the greater of ten percent of the projected benefit obligation or the MRV of plan assets are amortized over the expected average remaining service period of plan participants. See Note 12—Retirement Benefits for additional discussion of PECO's accounting for retirement benefits.

New Accounting Pronouncements

PECO has identified the following new accounting pronouncements that have been recently adopted or issued that may affect PECO upon adoption.

Fair Value Measurements. In May 2011, the FASB issued authoritative guidance amending existing guidance for measuring fair value and for disclosing information about fair value measurements. The new guidance does not impact the fair value measurements included in the PECO's Financial Statements as of December 31, 2012. The guidance was effective for PECO beginning with the period ended March 31, 2012 and was required to be applied prospectively. PECO updated the existing fair value disclosures during the first quarter of 2012 to comply with the new requirements for this standard. See Note 7 – Fair Value of Financial Assets and Liabilities for new disclosures.

Disclosures About Offsetting Assets and Liabilities. In December 2011 (and amended in January 2013), the FASB issued authoritative guidance requiring entities to disclose both gross and net information about recognized derivative instruments, including bifurcated embedded derivatives, repurchase and reverse repurchase agreements, and securities borrowing or lending transactions that are offset on the balance sheet or subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset on the balance sheet. This guidance is effective for PECO for periods beginning on or after January 1, 2013 and is required to be applied retrospectively. As this guidance provides only disclosure requirements, the adoption of this standard will not impact PECO's results of operations, cash flows or financial positions.

Presentation of Items Reclassified out of Accumulated Other Comprehensive Income. In February 2013, the FASB issued authoritative guidance requiring entities to present either in the notes or parenthetically on the face of the financial statements, reclassifications from each component of accumulated other comprehensive income and the impacted income statement line items. Entities only need to disclose the impacted income statement line item for components reclassified to net income in their entirety; otherwise, a cross-reference to the related note should be provided. This guidance is effective for PECO for periods beginning after December 15, 2012 and is required to be applied prospectively. As this guidance provides only disclosure requirements, the adoption of this standard will not impact PECO's results of operations, cash flows or financial positions.

2. Regulatory Matters

Pennsylvania Regulatory Matters

2010 Pennsylvania Electric and Natural Gas Distribution Rate Cases. On December 16, 2010, the PAPUC approved the settlement of PECO's electric and natural gas distribution rate cases, which were filed in March 2010, providing increases in annual service revenue of $225 million and $20 million, respectively. The electric settlement provides for recovery of PJM transmission service costs on a full and current basis through a rider. The approved electric and natural gas distribution rates became effective on January 1, 2011.

In addition, the settlements included a stipulation regarding how tax benefits related to the application of any new IRS guidance on repairs deduction methodology are to be handled from a rate-making perspective. The settlements require that the expected cash benefit from the application of any new guidance to tax years prior to 2011 be refunded to customers over a seven-year period. On August 19, 2011, the IRS issued Revenue Procedure 2011-43 providing a safe harbor method of tax accounting for electric transmission and distribution property. PECO adopted the safe harbor and elected a method change for the 2010 tax year. The expected total refund to customers for the tax cash benefit from the application of the safe harbor to costs incurred prior to 2010 is $171 million. On October 4, 2011, PECO filed a supplement to its electric distribution tariff to execute the refund to customers of the tax cash benefit related to the IRC Section 481(a) "catch-up" adjustment claimed on the 2010 income tax return, which is subject to adjustment based on the

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New Accounting Pronouncements

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Presentation of Items Reclassified out of Accumulated Other Comprehensive Income. In February 2013, the FASB issued authoritative guidance requiring entities to present either in the notes or parenthetically on the face of the financial statements, reclassifications from each component of accumulated other comprehensive income and the impacted income statement line items. Entities only need to disclose the impacted income statement line item for components reclassified to net income in their entirety; otherwise, a cross-reference to the related note should be provided. This guidance is effective for PECO for periods beginning after December 15, 2012 and is required to be applied prospectively. As this guidance provides only disclosure requirements, the adoption of this standard will not impact PECO's results of operations, cash flows or financial positions.

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In addition, the settlements included a stipulation regarding how tax benefits related to the application of any new IRS guidance on repairs deduction methodology are to be handled from a rate-making perspective. The settlements require that the expected cash benefit from the application of any new guidance to tax years prior to 2011 be refunded to customers over a seven-year period. On August 19, 2011, the IRS issued Revenue Procedure 2011-43 providing a safe harbor method of tax accounting for electric transmission and distribution property. PECO adopted the safe harbor and elected a method change for the 2010 tax year. The expected total refund to customers for the tax cash benefit from the application of the safe harbor to costs incurred prior to 2010 is $171 million. On October 4, 2011, PECO filed a supplement to its electric distribution tariff to execute the refund to customers of the tax cash benefit related to the IRC Section 481(a) "catch-up" adjustment claimed on the 2010 income tax return, which is subject to adjustment based on the

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NOTES TO FINANCIAL STATEMENTS (Continued)

PECO Energy Company
Condensed Notes to Financial Statements
(Dollars in millions, unless otherwise noted)

1. Significant Accounting Policies

Description of Business

Incorporated in Pennsylvania in 1929, PECO Energy Company (PECO) is engaged principally in the purchase and regulated retail sale of electricity and the provision of transmission and distribution services to residential, commercial and industrial customers in southeastern Pennsylvania, including the City of Philadelphia, as well as the purchase and regulated retail sale of natural gas and the provision of distribution services to residential, commercial and industrial customers in the Pennsylvania counties surrounding the City of Philadelphia. PECO is subject to extensive regulation by the Pennsylvania Public Utility Commission (PAPUC) as to electric and gas distribution rates and service, the issuances of certain securities and certain other aspects of PECO's operations. PECO is a public utility under the Federal Power Act subject to regulation by the Federal Energy Regulatory Commission (FERC) as to transmission rates and certain other aspects of PECO's business and by the U.S. Department of Transportation as to pipeline safety and other aspects of gas operations. Additionally, PECO is also subject to the North American Electric Reliability Corporation (NERC) mandatory reliability standards. Pursuant to the Pennsylvania Electricity Generation Customer Choice and Competition Act of 1996 (Competition Act), the Commonwealth of Pennsylvania required the unbundling of retail electric services in Pennsylvania into separate energy transmission and distribution services with open retail competition for generation services. PECO serves as the local distribution company providing electric distribution services in its franchised service territory in southeastern Pennsylvania and energy service to customers who do not choose a competitive electric generation supplier or who choose to return to the utility after taking service from a competitive electric generation supplier.

Basis of Presentation

PECO is a principal indirect subsidiary of Exelon Corporation (Exelon), which indirectly owns 100% of PECO's common stock. At December 31, 2013 and 2012, PECO's common stock without par value consisted of 500,000,000 shares authorized and 170,478,507 shares outstanding. At December 31, 2012, PECO's cumulative preferred stock without par value consisted of 15,000,000 shares authorized and 874,720 shares outstanding, which were owned by 856 shareholders. On March 25, 2013, PECO announced that it issued a notice of redemption for all of its outstanding preferred securities with a redemption date of May 1, 2013. As a result of the redemption, PECO is now indirectly, wholly-owned by Exelon.

Accounting policies for regulated operations are in accordance with those prescribed by the regulatory authorities having jurisdiction, principally the PAPUC and FERC. The accompanying financial statements have been prepared in accordance with the accounting requirements of FERC as set forth in the Uniform System of Accounts (USOA) and accounting releases, which differ from accounting principles generally accepted in the United States of America (GAAP).

PECO's investments in its subsidiaries, ExTel Corporation, LLC, PECO Wireless, LLC, PECO Energy Capital Trust IV (PECO Trust IV) and PECO Energy Capital Corporation (PECC) are accounted for under the equity method of accounting in accordance with the USOA. PECO Wireless, LLC is the parent company of ATNP Finance Company and sole member of PEC Financial Services, LLC. PECC is the general partner of PECO Energy Capital, L.P., which is the grantor of PECO Energy Capital Trust III (PECO Trust III). ExTel Corporation, LLC and PECO Wireless, LLC are consolidated in PECO's GAAP Financial Statements.

Use of Estimates

The preparation of financial statements in conformity with USOA requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Areas in which significant estimates have been made include, but are not limited to, the accounting for asset retirement obligations (AROs), pension and other postretirement benefits, inventory reserves, allowance for uncollectible accounts, asset impairments, derivative instruments, fixed asset depreciation, environmental remediation costs, taxes and unbilled energy revenues. Actual results could differ from those estimates. .

Accounting for the Effects of Regulation

PECO accounts for its regulated electric and gas operations in accordance with accounting policies prescribed by the regulatory authorities having jurisdiction, principally the PAPUC under state public utility laws and the FERC under various Federal laws. PECO applies the authoritative guidance for accounting for certain types of regulation, which requires PECO to record in its financial statements the effects of cost-based rate regulation for entities with regulated operations that meet the following criteria: (1) rates are established or approved by a third-party regulator; (2) rates are designed to recover the entity's cost of providing services or products; and (3) there is a reasonable expectation that rates are set at levels that will recover the entity's costs from customers. PECO accounts for its regulated operations in accordance with regulatory and legislative guidance from the regulatory authorities having jurisdiction, principally the PAPUC under state public utility laws and the FERC under various Federal laws. Regulatory assets and liabilities are amortized and the related expense is recognized in the Statement of Income consistent with the recovery or refund included in customer rates. PECO believes that it is probable that its currently recorded regulatory assets and liabilities will be recovered and settled, respectively, in future rates. However, PECO continues to evaluate its ability to apply the authoritative guidance for accounting for certain types of regulation, including consideration of current events in its regulatory and political environments. If a separable portion of PECO's business was no longer able to meet the criteria discussed above, PECO would be required to eliminate from its financial statements the effects of regulation for that portion, which would have a material impact on its results of operations and financial position. See Note 2—Regulatory Matters for additional information.

PECO treats the impacts of a final rate order received after the balance sheet date but prior to the issuance of the financial statements as a non-recognized subsequent event, as the receipt of a final rater order is a separate and distinct event that has future impacts on the parties affected by the order.

Revenues

Operating Revenues. Operating revenues are recorded as service is rendered or energy is delivered to customers. At the end of each month, PECO accrues an estimate for the unbilled amount of energy delivered or services provided to customers. See Note 4—Accounts Receivable for further information.

Income Taxes

Deferred Federal and state income taxes are provided on all significant temporary differences between the book basis and the tax basis of assets and liabilities and for tax benefits carried forward. Investment tax credits previously utilized for income tax purposes have been deferred on the PECO's Balance Sheets and are recognized in book income over the life of the related property. In accordance with USOA, PECO reports deferred income tax balances arising from temporary differences in Accounts 190, 282 and 283 as appropriate, which differs from the net presentation required by GAAP. See Note 10—Income Taxes for additional information. PECO recognizes accrued interest related to unrecognized tax benefits in Interest expense or Interest income in Other income and deductions on its Statements of Income.

PECO accounts for uncertain income tax positions in accordance with FERC's guidance on Accounting and Financial Reporting for Uncertainty in Income Taxes, issued in Docket No. AI07-2-000 for FERC reporting purposes. The guidance requires, among other things, that entities should continue to recognize deferred income taxes for FERC accounting and reporting purposes based on the difference between positions taken in tax returns filed or expected to be filed and amounts reported in financial statements.

Pursuant to the Internal Revenue Code, Exelon and its subsidiaries file a consolidated Federal income tax return that includes its subsidiaries in which it owns at least 80% of the outstanding stock. Income taxes are allocated to each of Exelon's subsidiaries included in the filing of the consolidated Federal income tax return based on the separate return method. PECO's income tax expense reflects the effects of income taxes associated with certain subsidiary companies that are disregarded entities for federal income tax purposes, but have been accounted for under the equity method of

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accounting in accordance with the USOA. PECO records an income tax valuation allowance for deferred tax assets which are not more likely then not to be realized in the future. See Note 10—Income Taxes for additional information.

PECO is a party to an agreement (Tax Sharing Agreement) with Exelon that provides for the allocation of consolidated tax liabilities and benefits. The Tax Sharing Agreement generally provides that each party is allocated an amount of tax similar to that which would be owed had the party been separately subject to tax. Any net benefit attributable to the parent is reallocated to other members. That allocation is treated as a contribution to the capital of the party receiving the benefit.

Taxes Directly Imposed on Revenue-Producing Transactions

PECO collects certain taxes from customers such as sales and gross receipts taxes, surcharges, and other fees that are levied by state or local govemments on the sale or distribution of gas and electricity. Some of these taxes are imposed on the customer, but paid by PECO, while others are imposed on PECO. Where these taxes are imposed on the customer, such as sales taxes, they are reported on a net basis with no impact to the Statement of Income. However, where these taxes are imposed on PECO, such as gross receipts taxes or other surcharges or fees, they are reported on a gross basis. Accordingly, revenues are recognized for the taxes collected from customers along with an offsetting expense. See Note 18—Supplemental Financial Information for PECO's utility taxes that are presented on a gross basis.

Cash and Cash Equivalents

PECO considers investments purchased with an original maturity of three months or less to be cash equivalents.

Restricted Cash and Investments

Restricted cash and investments represent restricted funds to satisfy designated current liabilities. As of December 31, 2013 and 2012, PECO's restricted cash primarily represented funds from the sales of assets that were subject to PECO's mortgage Indenture. PECO's restricted cash is not available for general operations until released from the mortgaged indenture.

Allowance for Uncollectible Accounts

The allowance for uncollectible accounts reflects PECO's best estimates of losses on the accounts receivable balances. PECO estimates the allowance for uncollectible accounts on customer receivables by applying loss rates developed specifically for each company to the outstanding receivable balance by risk segment. Risk segments represent a group of customers with similar credit quality indicators that are computed based on various attributes, including delinquency of their balances and payment history. Loss rates applied to the accounts receivable balances are based on historical average charge-offs as a percentage of accounts receivable in each risk segment. Customers' accounts are generally considered delinquent if the amount billed is not received by the time the next bill is issued, which normally occurs on a monthly basis. Customer accounts are written off consistent with approved regulatory requirements. PECO's provisions for uncollectible accounts will continue to be affected by changes in volume, prices and economic conditions as well as changes in PAPUC regulations.

Variable Interest Entities

Exelon accounts for its investments in and arrangements with VIEs based on the authoritative guidance which includes the following specific requirements:

- requires an entity to qualitatively assess whether it should consolidate a VIE based on whether the entity (1) has the power to direct matters that most significantly impact the activities of the VIE, and (2) has the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE,
- requires an ongoing reconsideration of this assessment instead of only upon certain triggering events, and

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- requires the entity that consolidates a VIE (the primary beneficiary) to present separately on the face of its balance sheet (1) the assets of the consolidated VIE, if they can be used to only settle specific obligations of the consolidated VIE, and (2) the liabilities of a consolidated VIE for which creditors do not have recourse to the general credit of the primary beneficiary.

Based on the above accounting guidance, Exelon has adopted the following policies related to variable interest entities:

- Exelon has presented separately on its Consolidated Balance Sheets, to the extent material, the assets of its consolidated VIEs that can only be used to settle specific obligations of the consolidated VIE, and the liabilities of Exelon's consolidated VIEs for which creditors do not have recourse to Exelon's general credit.

- Exelon has qualitatively assessed whether the equity holders of the entity have the power to direct matters that most significantly impact the entity.

PECO does not have any significant VIEs.

Inventories

Inventory is recorded at the lower of cost or market. Provisions are recorded for excess and obsolete inventory.

Gas. Gas inventory includes the weighted average costs of stored natural gas and propane. The costs of natural gas and propane are generally included in inventory when purchased and charged to fuel expense or deferred energy costs when used or sold. PECO has several long-term storage contracts for natural gas as well as a liquefied natural gas storage facility.

Materials and Supplies. Materials and supplies inventory generally includes the weighted average costs of transmission and distribution materials. Materials are generally charged to inventory when purchased and expensed or capitalized to plant, as appropriate, when installed or used.

Marketable Securities

All marketable securities are reported at fair value. Unrealized gains and losses, net of tax, for PECO's available-for-sale securities are reported in other comprehensive income. Any decline in the fair value of PECO's available-for-sale securities below the cost basis is reviewed to determine if such decline is other-than-temporary. If the decline is determined to be other-than-temporary, the cost basis of the available-for-sale securities is written down to fair value as a new cost basis and the amount of the write-down is included in earnings.

Property, Plant and Equipment

Property, plant and equipment is recorded at original cost. Original cost includes labor and materials, construction overhead, and when appropriate allowance for funds used during construction (AFUDC) for regulated property at PECO. The cost of repairs and maintenance, including planned major maintenance activities and minor replacements of property, is charged to maintenance expense as incurred.

Third parties reimburse PECO for all or a portion of expenditures for certain capital projects. Such contributions in aid of construction costs (CIAC) are netted against the project costs. The U.S. Department of Energy (DOE) smart grid investment grand (SGIG) funds reimbursed to PECO by the DOE are accounted for as CIAC.

Upon retirement, the cost of regulated property, net of salvage, is charged to accumulated depreciation in accordance with the composite method of depreciation. Removal costs are capitalized to accumulated depreciation when incurred and recorded to depreciation expense over the life of the new asset constructed consistent with PECO's regulatory recovery method. For unregulated property, the cost and accumulated depreciation of property, plant and equipment retired or otherwise disposed of is charged to accumulated depreciation.

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
PECO Energy Company	(1) X An Original (2) _ A Resubmission	(Mo, Da, Yr) 03/27/2014	2013/Q4

NOTES TO FINANCIAL STATEMENTS (Continued)

See Note 5—Property, Plant and Equipment for additional information regarding property, plant and equipment.

Capitalized Software Costs

Costs incurred during the application development stage of software projects that are developed or obtained for internal use are capitalized. Such capitalized amounts are amortized ratably over the expected lives of the projects when they become operational, generally not to exceed five years. Certain other capitalized software costs are being amortized over longer lives, pursuant to regulatory approval or requirement. At December 31, 2013 and 2012, PECO's net unamortized capitalized software costs were $71 million and $63 million, respectively. During 2013 and 2012, PECO's amortization of capitalized software costs were $33 million and $30 million, respectively.

Depreciation and Amortization

Depreciation is generally recorded over the estimated service lives of property, plant and equipment on a straight-line basis using the composite method. The estimated service lives for PECO are primarily based on the average service lives from the most recent depreciation study. See Note 5—Property, Plant and Equipment for further information regarding depreciation.

Amortization of regulatory assets is recorded over the recovery period specified in the related legislation or regulatory agreement. When the recovery or refund period is less than one year, amortization is recorded to the line item in which the deferred cost would have originally been recorded in PECO's Statement of Income. With the exception of income tax-related regulatory assets, when the recovery period is more than one year, the amortization is recorded to Depreciation and amortization (Account 403) in PECO's Statement of Income. For income tax related regulatory assets, amortization is generally recorded to Income tax expense (Account 409.1) in PECO's Statement of Income. See Note 2—Regulatory Matters for additional information regarding PECO's regulatory assets.

Asset Retirement Obligations

The authoritative guidance for accounting for AROs requires the recognition of a liability for a legal obligation to perform an asset retirement activity even though the timing and/or method of settlement may be conditional on a future event. The liabilities associated with non-nuclear AROs are adjusted on an ongoing rotational basis, at least once every five years, due to the passage of new laws and regulations and revisions to either the timing or amount of estimates of undiscounted cash flows and estimates of cost escalation factors. AROs are accreted each year to reflect the time value of money for these present value obligations through a charge to operating and maintenance expense in the Statement of Income or, in the case of the majority of PECO's accretion, through an increase to regulatory assets. See Note 11—Asset Retirement Obligations for additional information.

AFUDC

PECO applies the authoritative guidance for accounting for certain types of regulation to calculate AFUDC, which is the cost, during the period of construction, of debt and equity funds used to finance construction projects for regulated operations. AFUDC is recorded as a charge to construction work in progress and as a non-cash credit to AFUDC that is included in Account 432, Allowance for borrowed funds used during construction - credit, for debt-related funds and Account 419.1, Allowance for other funds used during construction, for equity-related funds. The rates used for capitalizing AFUDC are computed under a method prescribed by regulatory authorities. At December 31, 2013 and 2012, credits to AFUDC debt and equity were $6 million and $6 million, respectively.

Guarantees

PECO recognizes, at the inception of a guarantee, a liability for the fair market value of the obligations it has undertaken in issuing the guarantee, including the ongoing obligation to perform over the term of the guarantee in the event that the specified triggering events or conditions occur.

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
PECO Energy Company	(1) X An Original (2) A Resubmission	03/27/2014	2013/Q4

NOTES TO FINANCIAL STATEMENTS (Continued)

The liability that is initially recognized at the inception of the guarantee is reduced as PECO is released from risk under the guarantee. Depending on the nature of the guarantee, PECO's release from risk may be recognized only upon the expiration or settlement of the guarantee or by a systematic and rational amortization method over the term of the guarantee.

Asset Impairments

PECO evaluates the carrying value of its long-lived assets when circumstances indicate the carrying value of those assets may not be recoverable.

Derivative Financial Instruments

PECO has entered into derivative natural gas contracts to hedge its long-term price risk in the natural gas market. PECO has entered into derivative contracts to procure electric supply through a competitive RFP process as outlined in its PAPUC-approved Default Service Provider Program (DSP Program). PECO does not enter into derivatives for propriatary trading purposes. PECO's derivative activities are in accordance with Exelon's Risk Management Policy.

All derivatives are recognized on the balance sheet at their fair value unless they qualify for the normal purchases and normal sales scope exception. Additionally, derivatives that qualify and are designated for hedge accounting are classified as either hedges of the fair value of a recognized asset or liability or of an unrecognized firm commitment (fair value hedge) or hedges of a forecasted transaction or the variability of cash flows to be received or paid related to a recognized asset or liability (cash flow hedge). Cash inflows and outflows related to derivative instruments are included as a component of operating, investing or financing cash flows in the Statement of Cash Flows, depending on the underlying nature of the PECO's hedged items.

Revenues and expenses on contracts that qualify, and are designated, as normal purchases and normal sales are recognized when the underlying physical transaction is completed. While these contracts are considered derivative financial instruments, they are not required to be recorded at fair value, but rather are recorded on an accrual basis of accounting. Normal purchases and normal sales are contracts where physical delivery is probable, quantities are expected to be used or sold in the normal course of business over a reasonable period of time and price is not tied to an unrelated underlying derivative. If it were determined that a transaction designated as a normal purchase or a normal sale no longer met the exceptions, the fair value of the related contract would be recorded on the balance sheet and offset by a regulatory asset or liability. See Note 8—Derivative Financial Instruments for additional information.

Retirement Benefits

PECO participates in Exelon's defined benefit pension plans and other postretirement plans. The measurement of the plan obligations and costs of providing benefits under these plans involve various factors, including numerous assumptions and accounting elections. The assumptions are reviewed annually and at any interim remeasurement of the plan obligations. The impact of assumption changes or experience different from that assumed on pension and other postretirement benefit obligations is recognized over time rather than immediately recognized in the income statement. Gains or losses in excess of the greater of ten percent of the projected benefit obligation or the MRV of plan assets are amortized over the expected average remaining service period of plan participants. See Note 12—Retirement Benefits for additional discussion of PECO's accounting for retirement benefits.

New Accounting Pronouncements

PECO has identified the following new accounting pronouncements that have been recently adopted or issued that may affect PECO upon adoption.

Presentations of Items Reclassified out of Accumulated Other Comprehensive Income. In February 2013, the FASB issued authoritative guidance requiring entities to present either in the notes or parenthetically on the face of the financial statements, reclassifications from each component of accumulated other comprehensive income and the affected income statement line items. Entities only need to disclose the affected income statement line item for components

Name of Respondent	This Report is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
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NOTES TO FINANCIAL STATEMENTS (Continued)

reclassified to net income in their entirety; otherwise, a cross-reference to the related note should be provided. This guidance was effective for PECO for periods beginning after December 15, 2012 and was required to be applied prospectively. As this guidance provides only disclosure requirements, the adoption of this standard did not impact PECO's Statement of Income, Statement of Cash Flows or Balance Sheet. See Note 16—Changes in Accumulated Other Comprehensive Income for the new disclosures.

Disclosures About Offsetting Assets and Liabilities. In December 2011 (and amended in January 2013), the FASB issued authoritative guidance requiring entities to disclose both gross and net information about recognized derivative instruments, including bifurcated embedded derivatives, repurchase and reverse repurchase agreements, and securities borrowing or lending transactions that are offset on the balance sheet or subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are offset on the balance sheet. The guidance was effective for PECO for periods beginning on or after January 1, 2013 and was required to be applied retrospectively. As this guidance provides only disclosure requirements, the adoption of this standard did not impact PECO's Statement of Income, Statement of Cash Flows or Balance Sheet. See Note 8—Derivative Financial Instruments for the new disclosures.

Inclusion of the Fed Funds Effective Swap Rate as a Benchmark Interest Rate for Hedge Accounting Purposes. In July 2013, the FASB issued authoritative guidance permitting entities to designate the Fed Funds Effective Swap Rate as a U.S. benchmark interest rate for hedge accounting purposes. Prior to the issuance of this guidance, only interest rates on direct treasury obligations of the U.S. government and the LIBOR swap rate were considered benchmark interest rates in the U.S. This guidance was effective immediately and can be applied prospectively for qualifying new or redesignated hedging relationships entered into on or after July 17, 2013. Currently, PECO does not use the Fed Funds Effective Swap Rate as a benchmark interest rate, but may in the future.

The following recently issued accounting standard is not yet required to be reflected in PECO's financial statements.

Presentation of Unrecognized Tax Benefits When Net Operating Loss Carryforwards, Similar Tax Losses or Tax Credit Carryforwards Exist. In July 2013, the FASB issued authoritative guidance requiring entities to present unrecognized tax benefits as a reduction to deferred tax assets for losses or other tax carryforwards that would be available to offset the uncertain tax positions at the reporting date. Currently, PECO presents its unrecognized tax benefits as liabilities on a gross basis unless an unrecognized tax benefit is directly associated with a tax position taken in a tax year that results in the recognition of a net operating loss or other tax carryforward for that year. This guidance is effective for PECO for periods beginning after December 15, 2013 and is required to be applied prospectively, with retroactive application permitted. PECO will not retroactively adopt this guidance. This guidance is currently not expected to have an impact on PECO upon adoption. The adoption of this standard will not impact the PECO's Statement of Income.

2. Regulatory Matters

Pennsylvania Regulatory Matters

2010 Pennsylvania Electric and Natural Gas Distribution Rate Cases. On December 16, 2010, the PAPUC approved the settlement of PECO's electric and natural gas distribution rate cases, which were filed in March 2010, providing increases in annual service revenue of $225 million and $20 million, respectively. The electric settlement provides for recovery of PJM transmission service costs on a full and current basis through a rider. The approved electric and natural gas distribution rates became effective on January 1, 2011.

In addition, the settlements included a stipulation regarding how tax benefits related to the application of any new IRS guidance on repairs deduction methodology are to be handled from a rate-making perspective. The settlements require that the expected cash benefit from the application of any new guidance to tax years prior to 2011 be refunded to customers over a seven-year period. On August 19, 2011, the IRS issued Revenue Procedure 2011-43 providing a safe harbor method of tax accounting for electric transmission and distribution property. PECO adopted the safe harbor and elected a method change for the 2010 tax year. The expected total refund to customers for the tax cash benefit from the

PECO Energy Company

Below is a list of PECO Energy Company's (PECO) internal audit reports issued from January 1, 2013 through December 31, 2014.

PECO Internal Audit Reports Issued in 2013

1. 2013 PECO Energy Acquisition Health Check
2. 2013 PECO Vegetation Management Health Check
3. 2013 PECO Gas Operations Review
4. 2013 PECO Smart Grid Smart Meter Review - Phase I
5. 2013 PECO Political Action Committee Review
6. 2013 PECO Electric System Work Management Review
7. 2013 PECO Storm Management Review
8. 2013 PECO Smart Grid Smart Meter Review - Phase 2
9. 2013 PECO CIMS Year-End Continuous Monitoring Review

PECO Internal Audit Reports Issued in 2014

1. 2014 PECO Payment Processing Review
2. 2014 PECO Gas SCADA System Review
3. 2014 PECO Design and Configuration Management Review
4. 2014 PECO Gas Procurement Review
5. 2014 PECO CIMS Continuous Monitoring Review
6. 2014 PECO Vendor Root Cause Investigation Assessment
7. 2014 PECO Affiliated Transactions Compliance Review
8. 2014 PECO Customer Care Center Review

9. 2014 PECO Gas Preventive Maintenance Review
10. 2014 PECO Smart Grid Smart Meter Review
11. 2014 PECO CIMS Continuous Monitoring Review – Phase 2
12. 2014 PECO Fleet Management Review
13. 2014 PECO Gas Accelerated Program Review
14. 2014 PECO Off-Cycle Supplier Switching Review
15. 2014 PECO Vendor Root Cause Investigation Review

Management's Report on Internal Control Over Financial Reporting

The management of PECO Energy Company (PECO) is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PECO's management conducted an assessment of the effectiveness of PECO's internal control over financial reporting as of December 31, 2013. In making this assessment, management used the criteria in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, PECO's management concluded that, as of December 31, 2013, PECO's internal control over financial reporting was effective.

The effectiveness of the PECO's internal control over financial reporting as of December 31, 2013, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

February 13, 2014

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Management's Report on Internal Control Over Financial Reporting

The management of PECO Energy Company (PECO) is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PECO's management conducted an assessment of the effectiveness of PECO's internal control over financial reporting as of December 31, 2014. In making this assessment, management used the criteria in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, PECO's management concluded that, as of December 31, 2014, PECO's internal control over financial reporting was effective.

The effectiveness of the PECO's internal control over financial reporting as of December 31, 2014, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

February 13, 2015

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of PECO Energy Company:

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of PECO Energy Company ("the Company") and its subsidiaries at December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control—Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
February 13, 2014

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of PECO Energy Company:

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of PECO Energy Company (the "Company") and its subsidiaries at December 31, 2014 and 2013 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 8. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
February 13, 2015

KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

EXECUTIVE SUMMARY

September 3, 2014

Ms. Debbie Haught
Program Manager, Smart Grid Investment Grant
U.S. Department of Energy,
1000 Independence Avenue, S.W.
Washington, DC 20585

Dear Ms. Haught:

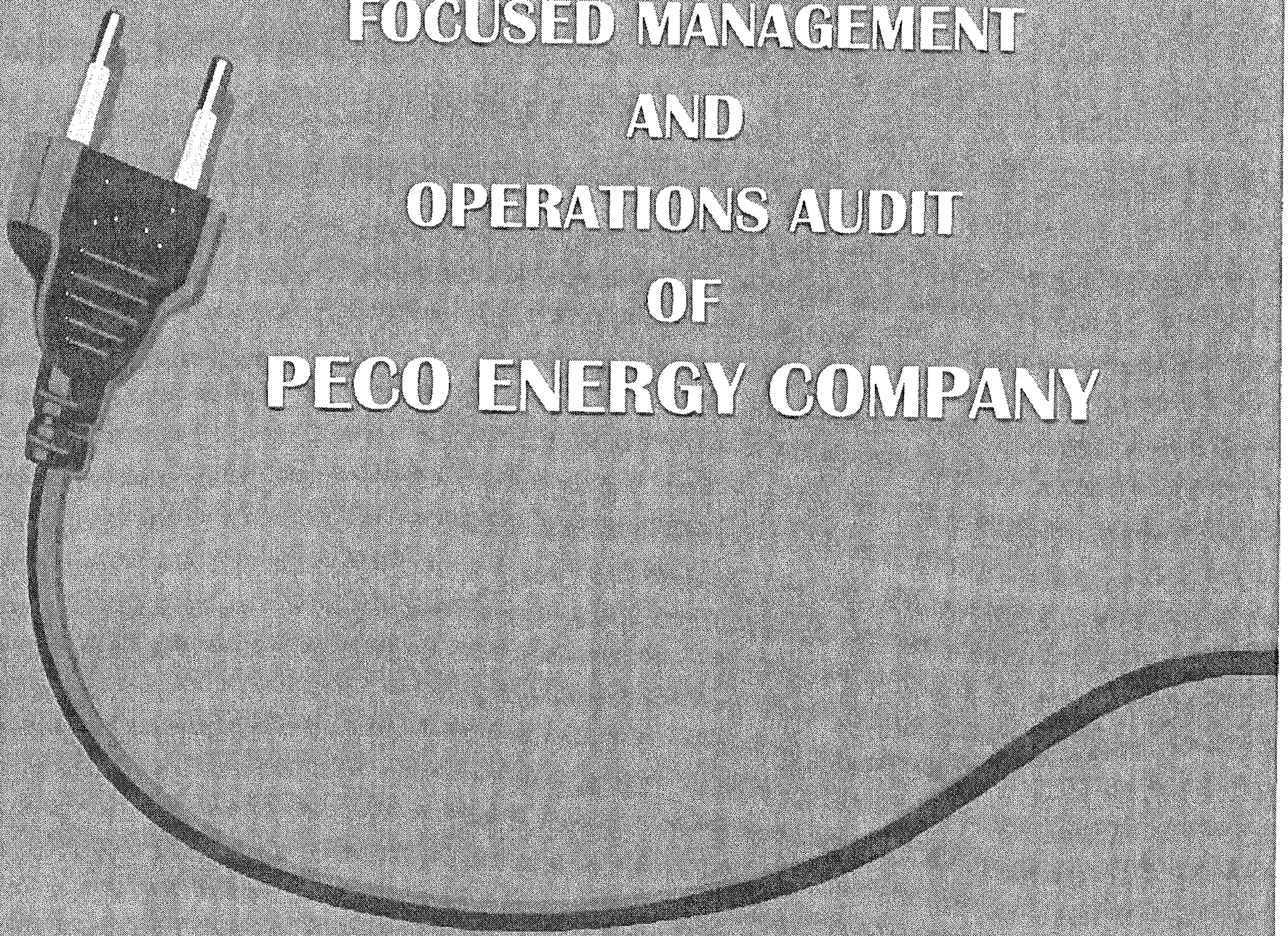
This report presents the results of our Project Cost Verification performance audit conducted to address the performance audit objectives relative to PECO Energy Company (hereinafter referred to as "Auditee" or "PECO"). Our work was performed during the period April 10 to September 3, 2014, and our results, reported herein, are as of September 3, 2014.

We conducted this performance audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and recommendations based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and recommendations based on our audit objective.

The Auditee received a grant award, Recovery Act Assistance Agreement DE-OE0000207 (referred to as the Award), from the U.S. Department of Energy (DOE), amounting to $200,000,000 (or 48.2 percent of total budgeted project costs of $415,118,676). Under the Award, the Auditee is required to contribute $215,118,676 (or 51.8 percent) from non-Federal source contributions (referred to as cost share). The Auditee submitted Invoices No. 1 through No. 39 to DOE, covering the period September 1, 2009 through April 10, 2014, in conjunction with the Award. Our audit objective was to determine the accuracy, allowability, allocability, and reasonableness of reported total direct project costs incurred related to the DOE Award, in accordance with Federal Acquisition Regulation (FAR) Part 31, *Contract Cost Principles and Procedures*, Subpart 31.2, *Contracts with Commercial Organizations* (FAR 31.2).

A project cost verification audit does not include an audit of the Auditee's indirect costs incurred or a final audit of an Auditee's indirect cost rates. Our scope included verification of direct project costs recorded on the Auditee's books and records and determining the allowability, allocability, accuracy and reasonableness of the direct costs charged to the contract/agreement. Our testwork included sample testing of direct costs charged to the Award. Regarding fringe costs, our testwork included determining that the Auditee billed its fringe costs at actual fringe cost rates and applied the fringe rates to its documented bases of allocation.

Our audit covered the Award costs incurred during the period September 1, 2009 through April 10, 2014.



FOCUSED MANAGEMENT AND OPERATIONS AUDIT OF PECO ENERGY COMPANY

Prepared by the
Pennsylvania Public Utility Commission
Bureau of Audits

Issued September 2014

Docket Nos. D-2013-2370921

Q. II-D-13 Regardless of whether a claim for negative or positive net salvage is made, attach an exhibit showing gross salvage, cost of removal, third party reimbursements, if any, and net salvage for the test year and 4 previous years.

A. II-D-13 Refer to Attachment II-D-13(a), which shows the 2012-2016 net salvage (cost of removal net of salvage value) that has been, or is expected to be, closed to the Accumulated Reserve. The 2015 and 2016 net salvage amounts are based on a three-year average of experienced net salvage for the years 2012 2014.

PECO Energy Company
Net Salvage
2012 - 2016

			Year				
New Product Class	depr_group	Values	2012	2013	2014	2015	2016
Common	Allocated to Electric	Sum of cost_of_removal	674,579.93	1,175,047.44	3,620,100.57	1,817,356.06	1,817,356.06
		Sum of salv_credits	(140,029.45)	(317,391.04)	(361,650.75)	(271,571.34)	(271,571.34)
		Sum of Net Salvage	534,550.47	857,656.40	3,258,449.82	1,545,784.71	1,545,784.71
	Allocated to Gas	Sum of cost_of_removal	182,900.59	319,163.44	1,027,011.84	515,578.55	515,578.55
		Sum of salv_credits	(37,966.55)	(86,208.96)	(102,599.25)	(77,043.99)	(77,043.99)
		Sum of Net Salvage	144,934.05	232,954.48	924,412.59	438,534.56	438,534.56
	PECO Common 3901 PA	Sum of cost_of_removal	(839,441.11)	(1,093,193.98)	(4,483,255.61)	(2,138,630.23)	(2,138,630.23)
		Sum of salv_credits	-	-	-	-	-
		Sum of Net Salvage	(839,441.11)	(1,093,193.98)	(4,483,255.61)	(2,138,630.23)	(2,138,630.23)
	PECO Common 3902 PA	Sum of cost_of_removal	(825.67)	(356,982.17)	(96,048.53)	(151,285.46)	(151,285.46)
		Sum of salv_credits	-	-	-	-	-
		Sum of Net Salvage	(825.67)	(356,982.17)	(96,048.53)	(151,285.46)	(151,285.46)
	PECO Common 3903 PA	Sum of cost_of_removal	-	(4,681.37)	-	(1,560.46)	(1,560.46)
		Sum of salv_credits	-	-	-	-	-
		Sum of Net Salvage	-	(4,681.37)	-	(1,560.46)	(1,560.46)
	PECO Common 3911 PA	Sum of cost_of_removal	(302.73)	-	(1,214.00)	(505.58)	(505.58)
		Sum of salv_credits	-	-	-	-	-
		Sum of Net Salvage	(302.73)	-	(1,214.00)	(505.58)	(505.58)
	PECO Common 3912 PA	Sum of cost_of_removal	(3,109.12)	(30,508.34)	(65,319.27)	(32,978.91)	(32,978.91)
		Sum of salv_credits	-	-	-	-	-
		Sum of Net Salvage	(3,109.12)	(30,508.34)	(65,319.27)	(32,978.91)	(32,978.91)
	PECO Common 3913 PA	Sum of cost_of_removal	(12,078.33)	-	-	(4,026.11)	(4,026.11)
		Sum of salv_credits	-	-	-	-	-
		Sum of Net Salvage	(12,078.33)	-	-	(4,026.11)	(4,026.11)
	PECO Common 3922 PA	Sum of cost_of_removal	(493.18)	(932.50)	(555.00)	(660.23)	(660.23)
		Sum of salv_credits	51,200.00	104,500.00	160,850.00	105,516.67	105,516.67
		Sum of Net Salvage	50,706.82	103,567.50	160,295.00	104,856.44	104,856.44
	PECO Common 3923 PA	Sum of cost_of_removal	(229.09)	(465.00)	(675.00)	(456.36)	(456.36)
		Sum of salv_credits	112,515.00	283,850.00	291,750.00	229,371.67	229,371.67
		Sum of Net Salvage	112,285.91	283,385.00	291,075.00	228,915.30	228,915.30
	PECO Common 3924 PA	Sum of cost_of_removal	-	(15.00)	-	(5.00)	(5.00)
		Sum of salv_credits	-	5,000.00	-	1,666.67	1,666.67
		Sum of Net Salvage	-	4,985.00	-	1,661.67	1,661.67
	PECO Common 3925 PA	Sum of cost_of_removal	(14.55)	(45.00)	(30.00)	(29.85)	(29.85)
		Sum of salv_credits	3,800.00	4,765.00	1,150.00	3,238.33	3,238.33
		Sum of Net Salvage	3,785.45	4,720.00	1,120.00	3,208.48	3,208.48
	PECO Common 3926 PA	Sum of cost_of_removal	(15.00)	(45.00)	(15.00)	(25.00)	(25.00)
		Sum of salv_credits	15.00	3,650.00	1,300.00	1,655.00	1,655.00
		Sum of Net Salvage	-	3,605.00	1,285.00	1,630.00	1,630.00
	PECO Common 3943 PA	Sum of cost_of_removal	-	(154.15)	-	(51.38)	(51.38)
		Sum of salv_credits	10,466.00	1,835.00	9,200.00	7,167.00	7,167.00
		Sum of Net Salvage	10,466.00	1,680.85	9,200.00	7,115.62	7,115.62
	PECO Common 3980 PA	Sum of cost_of_removal	(971.74)	(7,188.37)	-	(2,720.04)	(2,720.04)
		Sum of salv_credits	-	-	-	-	-
		Sum of Net Salvage	(971.74)	(7,188.37)	-	(2,720.04)	(2,720.04)
Common Sum of cost_of_removal			0.00	0.00	(0.00)	0.00	0.00
Common Sum of salv_credits			-	-	-	-	-
Common Sum of Net Salvage			0.00	0.00	0.00	0.00	0.00
Electric - Distribution	Allocated Common Plant - Electric Distribution	Sum of cost_of_removal	(587,059.88)	(1,034,100.70)	(3,125,349.07)	(1,568,981.84)	(1,568,981.84)
		Sum of salv_credits	121,862.02	279,320.04	312,224.71	234,456.26	234,456.26
		Sum of Net Salvage	(465,197.86)	(754,780.66)	(2,813,124.36)	(1,334,525.58)	(1,334,525.58)
	Allocated General Plant - Electric Distribution	Sum of cost_of_removal	(887,217.77)	(67,174.35)	(45,406.87)	(330,486.70)	(330,486.70)
		Sum of salv_credits	-	-	-	-	-
		Sum of Net Salvage	(887,217.77)	(67,174.35)	(45,406.87)	(330,486.70)	(330,486.70)
	PECO Electric 3611 PA	Sum of cost_of_removal	(316,451.74)	(246,246.40)	(8,852.17)	(190,516.77)	(190,516.77)
		Sum of salv_credits	-	1,428.40	-	476.13	476.13
		Sum of Net Salvage	(316,451.74)	(244,818.00)	(8,852.17)	(190,040.64)	(190,040.64)
	PECO Electric 3612 PA	Sum of cost_of_removal	(60,545.06)	(372,409.99)	(35,396.74)	(156,117.26)	(156,117.26)
		Sum of salv_credits	-	11.74	-	3.91	3.91
		Sum of Net Salvage	(60,545.06)	(372,398.25)	(35,396.74)	(156,113.35)	(156,113.35)
	PECO Electric 3613 PA	Sum of cost_of_removal	(2,102.18)	(101,290.18)	-	(34,464.12)	(34,464.12)
		Sum of salv_credits	-	-	-	-	-
		Sum of Net Salvage	(2,102.18)	(101,290.18)	-	(34,464.12)	(34,464.12)
	PECO Electric 3620 PA	Sum of cost_of_removal	(1,950,656.68)	(1,188,041.43)	(693,782.31)	(1,277,493.47)	(1,277,493.47)
		Sum of salv_credits	111,111.00	1,975.59	5,376.88	39,487.82	39,487.82
		Sum of Net Salvage	(1,839,545.68)	(1,186,065.84)	(688,405.43)	(1,238,005.65)	(1,238,005.65)
	PECO Electric 3640 PA	Sum of cost_of_removal	(3,534,318.52)	(3,280,826.82)	(3,740,221.88)	(3,518,455.74)	(3,518,455.74)
		Sum of salv_credits	-	-	-	-	-
		Sum of Net Salvage	(3,534,318.52)	(3,280,826.82)	(3,740,221.88)	(3,518,455.74)	(3,518,455.74)
	PECO Electric 3650 PA	Sum of cost_of_removal	(5,625,558.97)	(6,025,323.43)	(7,958,832.13)	(6,536,571.51)	(6,536,571.51)
		Sum of salv_credits	437,750.81	458,982.69	221,208.65	372,647.38	372,647.38
		Sum of Net Salvage	(5,187,808.16)	(5,566,340.74)	(7,737,623.48)	(6,163,924.13)	(6,163,924.13)
	PECO Electric 3660 PA	Sum of cost_of_removal	(660,117.35)	(610,314.54)	(2,123,918.36)	(1,131,450.08)	(1,131,450.08)
		Sum of salv_credits	-	-	421,539.35	140,513.12	140,513.12
		Sum of Net Salvage	(660,117.35)	(610,314.54)	(1,702,379.01)	(990,936.97)	(990,936.97)
	PECO Electric 3670 PA	Sum of cost_of_removal	(4,561,847.45)	(5,547,082.99)	(6,842,430.31)	(5,650,453.58)	(5,650,453.58)
		Sum of salv_credits	437,750.83	458,982.65	545,430.43	480,721.30	480,721.30
		Sum of Net Salvage	(4,124,096.62)	(5,088,100.34)	(6,296,999.88)	(5,169,732.28)	(5,169,732.28)
	PECO Electric 3680 PA	Sum of cost_of_removal	(265,774.50)	(308,440.07)	(315,555.11)	(296,589.89)	(296,589.89)
		Sum of salv_credits	538,567.56	569,728.42	390,617.33	499,637.77	499,637.77
		Sum of Net Salvage	272,793.06	261,288.35	75,062.22	203,047.88	203,047.88
	PECO Electric 3691 PA	Sum of cost_of_removal	(270,636.18)	(274,343.73)	(332,815.32)	(292,598.41)	(292,598.41)
		Sum of salv_credits	-	-	-	-	-
		Sum of Net Salvage	(270,636.18)	(274,343.73)	(332,815.32)	(292,598.41)	(292,598.41)
	PECO Electric 3692 PA	Sum of cost_of_removal	(132,839.18)	(135,992.34)	(199,571.41)	(156,134.31)	(156,134.31)
		Sum of salv_credits	-	-	-	-	-
		Sum of Net Salvage	(132,839.18)	(135,992.34)	(199,571.41)	(156,134.31)	(156,134.31)
	PECO Electric 3700 PA	Sum of cost_of_removal	667.44	(27,744.12)	(6,485.59)	(11,187.42)	(11,187.42)
		Sum of salv_credits	-	-	-	-	-
		Sum of Net Salvage	667.44	(27,744.12)	(6,485.59)	(11,187.42)	(11,187.42)
	PECO Electric 3730 PA	Sum of cost_of_removal	(16,788.43)	(10,121.31)	(14,510.96)	(13,806.90)	(13,806.90)
		Sum of salv_credits	12,629.54	76,973.23	-	29,867.59	29,867.59
		Sum of Net Salvage	(4,158.89)	66,851.92	(14,510.96)	16,060.69	16,060.69
	PECO Electric 3731 PA	Sum of cost_of_removal	(6,220.49)	(2,385.10)	(11,405.71)	(6,670.43)	(6,670.43)
		Sum of salv_credits	-	-	-	-	-
		Sum of Net Salvage	(6,220.49)	(2,385.10)	(11,405.71)	(6,670.43)	(6,670.43)
	PECO Electric 3732 PA	Sum of cost_of_removal	(36,024.97)	(47,697.02)	(83,276.61)	(55,666.20)	(55,666.20)
		Sum of salv_credits	-	-	-	-	-
		Sum of Net Salvage	(36,024.97)	(47,697.02)	(83,276.61)	(55,666.20)	(55,666.20)
Electric - Distribution Sum of cost_of_removal			(18,913,491.91)	(19,279,534.52)	(25,537,810.55)	(21,227,644.65)	(21,227,644.65)
Electric - Distribution Sum of salv_credits			1,659,671.76	1,847,402.76	1,896,397.35	1,797,811.30	1,797,811.30
Electric - Distribution Sum of Net Salvage			(17,253,820.15)	(17,432,131.76)	(23,641,413.20)	(19,429,833.36)	(19,429,833.36)
Electric - General Plant Allocated	Allocated to Electric Distribution	Sum of cost_of_removal	887,217.77	67,174.35	45,406.87	330,486.70	330,486.70
		Sum of salv_credits	-	-	-	-	-
		Sum of Net Salvage	887,217.77	67,174.35	45,406.87	330,486.70	330,486.70
	Allocated to Electric Transmission	Sum of cost_of_removal	132,268.18	9,155.79	7,188.03	52,316.97	52,316.97
		Sum of salv_credits	-	-	-	-	-
		Sum of Net Salvage	132,268.18	9,155.79	7,188.03	52,316.97	52,316.97
	PECO Electric 3901 PA	Sum of cost_of_removal	(985,520.94)	(3,034.00)	(46,631.82)	(345,062.25)	(345,062.25)
		Sum of salv_credits	-	-	-	-	-
		Sum of Net Salvage	(985,520.94)	(3,034.00)	(46,631.82)	(345,062.25)	(345,062.25)
	PECO Electric 3902 PA	Sum of cost_of_removal	(19,861.31)	(68,726.05)	-	(29,529.12)	(29,529.12)
		Sum of salv_credits	-	-	-	-	-
		Sum of Net Salvage	(19,861.31)	(68,726.05)	-	(29,529.12)	(29,529.12)
	PECO Electric 3940 PA	Sum of cost_of_removal	-	-	(5,963.08)	(1,987.69)	(1,987.69)
		Sum of salv_credits	-	-	-	-	-
		Sum of Net Salvage	-	-	(5,963.08)	(1,987.69)	(1,987.69)
	PECO Electric 3970 PA	Sum of cost_of_removal	(14,103.70)	(4,570.09)	-	(6,224.60)	(6,224.60)
		Sum of salv_credits	-	-	-	-	-
		Sum of Net Salvage	(14,103.70)	(4,570.09)	-	(6,224.60)	(6,224.60)
Electric - General Plant Allocated Sum of cost_of_removal			0.00	(0.00)	0.00	0.00	0.00
Electric - General Plant Allocated Sum of salv_credits			-	-	-	-	-
Electric - General Plant Allocated Sum of Net Salvage			0.00	(0.00)	0.00	0.00	0.00
Total Sum of cost_of_removal			(18,913,491.91)	(19,279,534.52)	(25,537,810.55)	(21,227,644.65)	(21,227,644.65)
Total Sum of salv_credits			1,659,671.76	1,847,402.76	1,896,397.35	1,797,811.30	1,797,811.30
Total Sum of Net Salvage			(17,253,820.16)	(17,432,131.76)	(23,641,413.20)	(19,429,833.36)	(19,429,833.36)

Q. II-D-14 State the amount of debt interest utilized for test year income tax calculations, including the amount so utilized which has been allocated from the debt interest of an affiliate, and provide details of debt interest allocation computations.

A. II-D-14 Refer to Schedule D-18 of Exhibits SY-1 and SY-2 for the fully projected future test year and future test year, respectively, and PECO Statement No. 3, the direct testimony of Shuo Yin. The Company has not included any debt interest of an affiliate in its interest synchronization calculation.

Q. II-D-15

Provide a schedule for the test year of Federal and Pennsylvania taxes other than income taxes, per books, pro forma at present rates, and pro forma at proposed rates, including the following tax categories:

a. Social security
b. Unemployment
c. Capital stock
d. Public utility
e. P.U.C. assessment
f. Other property taxes
g. Any other appropriate categories

A. II-D-15

Refer to Exhibit SY-1, Schedule D-16, Pages 1-3 for 2016 budget amounts, pro forma at present rates and pro forma at proposed rates. Refer to Exhibit SY-2, Schedule D-16, Pages 1-3 for 2015 budget amounts, pro forma at present rates and pro forma at proposed rates.

Q. II-D-16 Submit a schedule showing the adjustments from taxable net income per books to taxable net income pro forma under existing rates and pro forma under proposed rates, together with an explanation of all normalizing adjustments. Submit detailed calculations supporting taxable income before State and Federal income taxes where the income tax is subject to allocation due to operations in another state or due to operation of other taxable utility or non-utility business, or by operating divisions or areas.

A. II-D-16 Refer to Schedule D-18 of Exhibits SY-1 and SY-2 for the fully projected future test year the future test year, respectively, and PECO Statement No. 3, the direct testimony of Shuo Yin.

Q. II-D-17 Submit a schedule showing for the last 5 years the income tax refunds, plus interest – net of taxes, received from the Federal government due to prior years' claims.

A. II-D-17 Refer to Attachment II-D-17(a) for a schedule detailing the last five years of Federal income tax refunds. The refunds shown in the attachment do not relate to electric distribution operations. There were no refunds for the years 2010 and 2013.

THE ATTACHMENT IS CONFIDENTIAL AND IS SUBMITTED ONLY IN THE CONFIDENTIAL NON-PUBLIC VERSION OF THIS RESPONSE FILED WITH THE COMMISSION

Q. II-D-18 Furnish a breakdown of major items comprising prepaid and deferred income tax charges and other deferred income tax credits, reserves and associated reversals on liberalized depreciation.

A. II-D-18 Refer to Attachment II-D-18(a) for the breakdown of major items.

PECO Energy Company
Prepaid and Deferred Taxes
12 Months Ended December 31, 2014
(Thousand $)

		Electric
Accumulated Deferred Income Taxes (Account 190)		
	Accrued Benefits	914
	Addback of Non Qualified Stock Expense	2,839
	Addback of Other Equity Compensation Expense	2,385
	Amortization of Organizational Costs	6
	Bad Debt	32,040
	Charitable Contributions	96
	Deferred Compensation Liability	5,586
	Customer Adavances for Construction	252
	Deferred Revenue	2,522
	FIN 47	505
	Electric Bill Credit	47,858
	Incentive Pay	10,255
	Injury/Personal Damage Reserve	7,846
	Merger Costs Deferred	13,056
	Miscellaneous Deferred Charges	(60)
	Obsolete Inventory	490
	Other Current	1,100
	Other Current Reg Asset	(2,923)
	Other Unearned Revenue	259
	PA NOL	9,646
	Pension Expense	(133,624)
	Pole Attachment Revenue Reserve	4,129
	Post Retirement Benefits	136,211
	Reserve For Employee Litigations	19
	SA Unbilled Reserve	2,709
	SECA Refund	227
	SEPTA Railroad Rent	1,763
	Severance Payments	234
	State Income Taxes	(3,654)
	Vacation Pay Change	2,004
	Vegetation Management Accrual	2,111
	Workers Compensation Reserve	5,037
	Total Account 190	151,835
Accumulated Deferred Income Taxes (Accounts 282 &283)		
Other Property (Account 282)		
	FAS 109	(1,087,628)
	Software	(6,229)
	Liberalized Depreciation	(1,018,346)
		(2,112,204)
Other (Account 283)		
	Amortization on Loss of Reacquired Debt	(1,636)
	Regulatory Asset	(32,907)
	Interest Rate Swap	(877)
		(35,419)
	Total Accounts 282 and 283	(2,147,623)

Q. II-D-19 Explain how the Federal corporate graduated tax rates have been reflected for rate case purposes. If the Pennsylvania jurisdictional utility is part of a multi-corporate system, explain how the tax savings are allocated to each member of the system.

A. II-D-19

PECO joins with its parent Exelon Corporation ("Exelon") and other subsidiaries of Exelon in filing a consolidated federal income tax return. The federal taxable income of PECO, on a stand-alone basis, and the taxable income of the consolidated group both exceed the amount ($18.3 M) at which the graduated tax rates are fully phased out. Therefore, there are no tax savings from graduated federal corporate income taxes to be reflected by PECO for rate making purposes.

Q. II-D-20 Explain the treatment given to costs of removal in the income tax calculation and the basis for such treatment.

A. II-D-20 The Company includes the cost of removal in the income tax calculation in accordance with Revenue Ruling 2000-7 of the IRS. Costs of removal are treated as deductible tax expense when incurred and need not be capitalized as part of the cost of the replacement asset under section 263 or 263A.

Q. II-D-21 Show income tax loss/gain carryovers from previous years. Show loss/gain carryovers by years of origin and amounts remaining by years at the beginning of the test year.

A. II-D-21 Tax loss carryovers related to Pennsylvania State Corporate Net Income Tax.

Tax Period Beginning	Tax Period Ending	Net Loss Generated (Thousand $)	Amount Deducted Current Period (Thousand $)	Net Loss Carryforward to Next Period (Thousand $)
1/1/2011	12/31/2011	230,001		230,001
1/1/2012	12/31/2012		20,612	209,389
1/1/2013	12/31/2013		39,874	169,515

Q. II-D-22

State whether the company eliminates tax savings by the payment of actual interest on construction work in progress not in rate base claim. If response is affirmative:

a. Set forth amount of construction claimed in this tax savings reduction and explain the basis for this amount.
b. Explain the manner in which the debt portion of this construction is determined for purposes of the deferral calculations.
c. State the interest rate used to calculate interest on this construction debt portion, and the manner in which it is derived.
d. Provide details of calculation to determine tax savings reduction, and state whether State taxes are increased to reflect the construction interest elimination.

A. II-D-22

The Company computes tax benefit/expense based on synchronized interest expense with the debt actually supporting its plant in service included in its measures of value, which, therefore, excludes interest on construction work in progress that is not in the Company's rate base claim.

Q. II-D-23

Under section 1552 of the Internal Revenue Code (26 U.S.C.A. § 1552) and 26 CFR 1.1552-1 (1983), if applicable, a parent company, in filing a consolidated income tax return for the group, must choose one of four options by which it must allocate total income tax liability of the group to the participating members to determine each member's tax liability to the Federal government (if this interrogatory is not applicable, so state):

a. State what option has been chosen by the group.

b. Provide, in summary form, the amount of tax liability that has been allocated to each of the participating members in the consolidated income tax return for the test year and the most recent 3 years for which data is available.

c. Provide a schedule, in summary form, of contributions, which were determined on the basis of separate tax return calculations, made by each of the participating members to the tax liability indicated in the consolidated group tax return. Provide total amounts of actual payments to the tax depository for the tax year, as computed on the basis of separate returns of members.

d. Provide the most recent annual income tax return for the group.

e. Provide details of the amount of the net operating losses of any member allocated to the income tax returns of each of the members of the consolidated group for the test year and the 3 most recent years for which data is available, together with a summary of the actual tax payments for those years.

f. Provide details of the amount of net negative income taxes, after all tax credits are accounted for, of any member allocated to the income tax return of each of the members of the consolidated group for the test year and the 3 most recent years for which data is available, together with a summary of the actual tax payments for those years.

A. II-D-23

a. PECO Energy Company is owned by Exelon Corporation (Exelon). Internal Revenue Code Section 1552 provides for an allocation of consolidated income tax for "earnings and profits" purposes only. Exelon has elected option (a)(2), which in general, allocates consolidated tax (other than alternative minimum tax) among subsidiaries in accordance with Separate Return Tax. Generally, as set forth in the Exelon Tax Sharing Agreement, subsidiaries having positive allocations pay the amount of such allocations and subsidiaries having negative allocations receive payment for their allocation.

b. Confidential Attachments II-D-23(a-c) details the tax liability allocated to each of the participating members in the consolidated federal income tax return for 2013, 2012 and 2011.

c. Exelon is the parent company of the Exelon consolidated group that includes PECO Energy Company and makes all necessary income tax payments to the Internal Revenue Service for the net tax liability that is due for the consolidated group. Exelon charges member companies that have positive federal income tax allocation and pays member companies that have a negative federal income tax allocation. The amounts Exelon receives from, or pays to, each member company are the same amounts as detailed in Confidential Attachments II-D-23(a-c).

d. The most recent Federal income tax return filed by the consolidated group is for tax year 2013. The complete tax return contains over 1,000 pages. Confidential Attachment II-D-23(d) contains pages 1-5 of the Federal Form 1120 and a summary of taxable income by member company. Access to the complete Federal Income Tax returns shall be provided upon request.

e. The details of members with net operating losses are shown on Confidential Attachments II-D-23(a-c) in the column entitled

"Taxable Income". Net operating losses are expressed as negative numbers on the attachment. See part c of this defined filing requirement for the detail of actual tax payments.

f. The details of the amounts of net negative income taxes are shown on Confidential Attachments II-D-23(a-c) in the column entitled "Net Tax Liability". Net negative income taxes are expressed as negative numbers. See part c of this defined filing requirement for the detail of actual tax payments.

THE ATTACHMENTS ARE CONFIDENTIAL AND ARE SUBMITTED ONLY IN THE NON-PUBLIC VERSION OF THIS RESPONSE FILED WITH THE COMMISSION.

Q. II-D-24

Provide detailed computations by vintage year showing State and Federal deferred income taxes resulting from the use of accelerated tax depreciation associated with post-1969 public utility property, ADR rates, and accelerated tax depreciation associated with post-1980 public utility property under the Accelerated Cost Recovery System (ACRS).

A. II-D-24

Attachments II-D-24(a-d) contain the tax depreciation for all assets included in the Company's measure of value. The book depreciation is presented in Schedule 18 of PECO Exhibits SY-1 and SY-2. The Company tax records do not separately identify property installed prior to 1970 and property installed subsequent to 1969.

Attachments II-D-24(a-d) also include plant installed subsequent to 1980, but the Company does not segregate data in the manner requested.

PowerTax Deferred Tax Recovery By Type Report
Rpt # 216 1/29/2015 3:33 PM
10200 PECO Energy Company
2) PECO New Master Case
Tax Year: 2014
Electric TDE
Grouped By: Total Tax Classes

	Tax Recovery			Book Recovery			Basis Diff	Current Difference			Current Deferred Tax			
Jurisdiction: Federal	**Depreciation**	**Loss/(Gain)**	**Tax Total**	**Depreciation**	**Loss/(Gain)**	**Book Total**	**Orig Diff**	**Depreciation**	**Loss/(Gain)**	**Orig Diff**	**Depreciation**	**Loss/(Gain)**	**Orig Diff**	**Total DIT**
Federal														
Method Federal Only	$851,126.96	$1,359,743.62	$2,210,870.58	$999,891.55	$1,362,433.26	$2,362,324.81	$0.00	($148,764.59)	($2,689.64)	$0.00	($60,277.47)	($1,089.81)	$0.00	($61,367.28)
ML Fed Only	$251,490,461.01	$46,659,486.37	$298,149,947.38	$101,246,742.49	$2,203,532.15	$103,450,274.64	$0.00	$150,243,718.52	$44,455,954.22	$0.00	$52,977,620.06	$15,675,668.01	$0.00	$68,653,288.07
Depreciation Difference	$252,341,587.97	$48,019,229.99	$300,360,817.96	$102,246,634.04	$3,565,965.41	$105,812,599.45	$0.00	$150,094,953.93	$44,453,264.58	$0.00	$52,917,342.59	$15,674,578.20	$0.00	$68,591,920.79
Life FT Federal Only	$999,891.55	$1,362,433.26	$2,362,324.81	$11,426,729.02	$0.00	$11,426,729.02	$0.00	($10,426,837.47)	$1,362,433.26	$0.00	$0.00	$0.00	$0.00	$0.00
ML FT Fed	$0.00	$1,224,272.86	$1,224,272.86	$17,417,436.15	$0.00	$17,417,436.15	$0.00	($17,417,436.15)	$1,224,272.86	$0.00	($1,961,532.69)	$137,876.28	$0.00	($1,823,656.41)
Depreciation Difference	$999,891.55	$2,586,706.12	$3,586,597.67	$28,844,165.17	$0.00	$28,844,165.17	$0.00	($27,844,273.62)	$2,586,706.12	$0.00	($1,961,532.69)	$137,876.28	$0.00	($1,823,656.41)
AFUDC Debt Fed	$0.00	$0.00	$0.00	$2,904,973.50	$0.00	$2,904,973.50	$0.00	($2,904,973.50)	$0.00	$0.00	($1,010,617.28)	$0.00	$0.00	($1,010,617.28)
Avoided Cost Fed	$0.00	$0.00	$0.00	($3,946,766.20)	$0.00	($3,946,766.20)	$0.00	$3,946,766.20	$0.00	$0.00	$1,375,485.87	$0.00	$0.00	$1,375,485.87
Cap 263A Book, State Use FED	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Cap 263A Book, Taxes Cap FED	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Cap Depreciation Fed	$0.00	$0.00	$0.00	($10,380.22)	$0.00	($10,380.22)	$55,137.18	$10,380.22	$0.00	($55,137.18)	$3,633.07	$0.00	($19,298.01)	($15,664.94)
CIAC Fed	$0.00	$0.00	$0.00	($5,498,462.20)	$0.00	($5,498,462.20)	$7,310,223.69	$5,498,462.20	$0.00	($7,310,223.69)	$1,923,337.47	$0.00	($2,558,578.29)	($635,240.82)
CIAC Smart Grant Fed	$0.00	$0.00	$0.00	$963,810.99	$0.00	$963,810.99	($441,374.53)	($963,810.99)	$0.00	$441,374.53	($337,333.80)	$0.00	$154,481.09	($182,852.71)
Ind Cost Meth Basis Adj Fed	$0.00	$0.00	$0.00	$9,074,489.66	$0.00	$9,074,489.66	($18,348,911.76)	($9,074,489.66)	$0.00	$18,348,911.76	($3,176,071.41)	$0.00	$6,422,119.12	$3,246,047.71
InterCo Transfer PECO FED	$0.00	$0.00	$0.00	$45,604.89	$0.00	$45,604.89	$0.00	($45,604.89)	$0.00	$0.00	($15,961.71)	$0.00	$0.00	($15,961.71)
ITC Basis Reduct Fed	$0.00	$0.00	$0.00	$67,033.39	$0.00	$67,033.39	$0.00	($67,033.39)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pensions-Book FED	$0.00	$0.00	$0.00	($0.02)	$0.00	($0.02)	$0.00	$0.02	$0.00	$0.00	$0.01	$0.00	$0.00	$0.01
Pensions-Tax FED	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Rep Allow Fed	$0.00	$0.00	$0.00	$805,660.75	$0.00	$805,660.75	$0.00	($805,660.75)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Repairs QAR Rets Transm Fed	$0.00	$0.00	$0.00	$1,950.13	$0.00	$1,950.13	$0.00	($1,950.13)	$0.00	$0.00	($682.54)	$0.00	$0.00	($682.54)
Repairs Rets Transm Fed	$0.00	$0.00	$0.00	($2,165.73)	$0.00	($2,165.73)	$0.00	$2,165.73	$0.00	$0.00	$758.01	$0.00	$0.00	$758.01
Repairs Transmission Fed	$0.00	$0.00	$0.00	$743,195.78	$0.00	$743,195.78	($10,000,000.00)	($743,195.78)	$0.00	$10,000,000.00	($260,118.51)	$0.00	$3,500,000.00	$3,239,881.49
Software Fed	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	($4,772,281.53)	$0.00	$0.00	$4,772,281.53	$0.00	$0.00	$1,670,298.54	$1,670,298.54
Trans Cap Depr Fed	$0.00	$0.00	$0.00	($7,000.85)	$0.00	($7,000.85)	$0.00	$7,000.85	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Book Overhead	$0.00	$0.00	$0.00	$5,141,943.87	$0.00	$5,141,943.87	$26,197,206.95	($5,141,943.87)	$0.00	$26,197,206.95	($1,497,570.82)	$0.00	$9,169,022.45	$7,671,451.63
Medicare-D	$0.00	$0.00	$0.00	($233,252.83)	$0.00	($233,252.83)	$0.00	$233,252.83	$0.00	$0.00	$81,638.51	$0.00	$0.00	$81,638.51
Book Overhead	$0.00	$0.00	$0.00	($233,252.83)	$0.00	($233,252.83)	$0.00	$233,252.83	$0.00	$0.00	$81,638.51	$0.00	$0.00	$81,638.51
AFUDC - FT Fed	$0.00	$0.00	$0.00	$5,631,844.82	$0.00	$5,631,844.82	($4,608,790.26)	($5,631,844.82)	$0.00	$4,608,790.26	$0.00	$0.00	$0.00	$0.00
Cap 263A Book, State Use FT FE	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Cap 263A Book, Taxes Cap FT F	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
EddyStone Piping FT Fed	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
ITC Basis Reduct FT Fed	$0.00	$0.00	$0.00	$433,917.22	$0.00	$433,917.22	$0.00	($433,917.22)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pensions-Book FT FED	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pensions-Tax FT FED	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

PowerTax Deferred Tax Recovery By Type Report
Rpt # 216 1/29/2015 3:33 PM
10200 PECO Energy Company
2) PECO New Master Case
Tax Year: 2014
Electric TDE
Grouped By: Total Tax Classes

	Tax Recovery			Book Recovery			Basis Diff	Current Difference			Current Deferred Tax			
Jurisdiction: Federal	**Depreciation**	**Loss/(Gain)**	**Tax Total**	**Depreciation**	**Loss/(Gain)**	**Book Total**	**Orig Diff**	**Depreciation**	**Loss/(Gain)**	**Orig Diff**	**Depreciation**	**Loss/(Gain)**	**Orig Diff**	**Total DIT**
Federal														
Rep Allow FT Fed	$0.00	$0.00	$0.00	$16,059,058.65	$0.00	$16,059,058.65	$0.00	($16,059,058.65)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Repairs Distribution Fed FT	$0.00	$0.00	$0.00	$14,385,661.02	$0.00	$14,385,681.02	(113,000,000.00)	($14,385,661.02)	$0.00	$113,000,000.00	$0.00	$0.00	$0.00	$0.00
Repairs QAR Rets Distr Fed FT	$0.00	$0.00	$0.00	$13,742.15	$0.00	$13,742.15	$0.00	($13,742.15)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Repairs Rets Distr Fed FT	$0.00	$0.00	$0.00	($37,404.81)	$0.00	($37,404.81)	$0.00	$37,404.81	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Trans Cap Depr FT Fed	$0.00	$0.00	$0.00	($164,528.31)	$0.00	($164,528.31)	$0.00	$164,528.31	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Book Overhead	$0.00	$0.00	$0.00	$36,322,290.74	$0.00	$36,322,290.74	(117,608,790.26)	($36,322,290.74)	$0.00	$117,608,790.26	$0.00	$0.00	$0.00	$0.00
481a QAR Retire Transm Fed	$38,935.99	$0.00	$38,935.99	$0.00	$0.00	$0.00	$0.00	$38,935.99	$0.00	$0.00	$13,627.59	$0.00	$0.00	$13,627.59
481a QAR Transm Bonus Fed	$24,816.16	$0.00	$24,818.16	$0.00	$0.00	$0.00	$0.00	$24,816.16	$0.00	$0.00	$8,685.67	$0.00	$0.00	$8,685.67
481a QAR Transm Fed	($69,194.25)	$0.00	($69,194.25)	$0.00	$0.00	$0.00	$0.00	($69,194.25)	$0.00	$0.00	($24,217.97)	$0.00	$0.00	($24,217.97)
481a Rep Transm Bonus Fed	$185,623.35	$0.00	$185,623.35	$0.00	$0.00	$0.00	$0.00	$185,623.35	$0.00	$0.00	$64,968.18	$0.00	$0.00	$64,968.18
481a Repairs Transm 2nd Fed	($19,490.68)	$0.00	($19,490.68)	$0.00	$0.00	$0.00	$0.00	($19,490.68)	$0.00	$0.00	($6,821.74)	$0.00	$0.00	($6,821.74)
481a Repairs Transm Fed	($1,485,612.12)	$0.00	($1,485,612.12)	$0.00	$0.00	$0.00	$0.00	($1,485,612.12)	$0.00	$0.00	($519,964.27)	$0.00	$0.00	($519,964.27)
481a Retire Transm Fed	$61,303.68	$0.00	$61,303.68	$0.00	$0.00	$0.00	$0.00	$61,303.68	$0.00	$0.00	$21,456.28	$0.00	$0.00	$21,456.28
FED PECO Pension Adj	$106,310.64	$0.00	$106,310.64	$0.00	$0.00	$0.00	($1,068,355.06)	$106,310.64	$0.00	$1,068,355.06	$37,208.71	$0.00	$373,924.28	$411,132.99
ML Adj Fed	($241,638.50)	$0.00	($241,638.50)	$0.00	$0.00	$0.00	$0.00	($241,638.50)	$0.00	$0.00	($84,573.48)	$0.00	$0.00	($84,573.48)
Tax Only	($1,398,945.73)	$0.00	($1,398,945.73)	$0.00	$0.00	$0.00	($1,068,355.06)	($1,398,945.73)	$0.00	$1,068,355.06	($489,631.03)	$0.00	$373,924.28	($115,706.75)
481a Repairs Distr 2nd Fed FT	($192,481.18)	$0.00	($182,481.18)	$0.00	$0.00	$0.00	$0.00	($192,481.18)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Tax Only	($192,481.18)	$0.00	($192,481.18)	$0.00	$0.00	$0.00	$0.00	($192,481.18)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total Tax Classes	$251,750,052.61	$50,605,938.11	$302,356,988.72	$172,321,780.99	$3,565,965.41	$175,887,746.40	144,874,352.27)	$79,428,271.62	$47,039,970.70	$144,874,352.27	$49,050,246.56	$15,812,454.48	$9,542,946.73	$74,405,647.77
Company/JurSubtotal:	$251,750,052.61	$50,605,938.11	$302,355,988.72	$172,321,780.99	$3,585,965.41	$175,887,746.40	144,874,352.27)	$79,428,271.82	$47,039,970.70	$144,874,352.27	$49,050,246.56	$15,812,454.48	$9,542,946.73	$74,406,647.77
Adjust for Partial Normalization	$999,891.55	$1,362,433.26	$2,362,324.81	$999,891.55	$1,382,433.26	$2,382,324.81								
Accum Reserve Adjustments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00								
Company/Jur Total:	$250,750,161.06	$49,243,502.85	$299,993,663.91	$171,321,889.44	$2,203,532.15	$173,525,421.59								

$271,342,584.59

PowerTax Deferred Tax Recovery By Type Report
Rpt # 218 1/29/2015 3:33 PM
10200 PECO Energy Company
2) PECO New Master Case
Tax Year: 2014
Electric TDE
Grouped By: Total Tax Classes

	Tax Recovery			Book Recovery			Basis Diff	Current Difference			Current Deferred Tax			
Jurisdiction: PA State	**Depreciation**	**Loss/(Gain)**	**Tax Total**	**Depreciation**	**Loss/(Gain)**	**Book Total**	**Orig Diff**	**Depreciation**	**Loss/(Gain)**	**Orig Diff**	**Depreciation**	**Loss/(Gain)**	**Orig Diff**	**Total DIT**
PA State														
ML PA	$7,292,372.87	$725,898.66	$8,018,271.53	$11,881,047.08	$30,832.62	$11,911,879.70	$0.00	($4,588,674.21)	$695,066.04	$0.00	$561,014.05	($84,979.19)	$0.00	$476,034.86
ML PA Non-Conforming	$12,301,863.69	$438,642.74	$12,740,506.43	$5,219,094.59	$59,717.79	$5,278,812.38	$0.00	$7,082,769.10	$378,924.95	$0.00	$716,665.25	$38,341.27	$0.00	$755,006.52
Depreciation Difference	$19,594,236.56	$1,164,541.40	$20,758,777.96	$17,100,141.67	$90,550.41	$17,190,692.08	$0.00	$2,494,094.89	$1,073,990.99	$0.00	$1,277,679.30	($46,637.92)	$0.00	$1,231,041.38
ML FT PA	$3,906,959.64	$9,498,778.15	$13,405,737.79	$36,562,415.04	$162,634.66	$36,725,049.70	$0.00	($32,655,455.40)	$9,336,143.49	$0.00	($17,995.09)	$5,144.77	$0.00	($12,850.32)
ML FT PA Non-Conforming	$135,410,423.13	$44,322,698.63	$179,733,121.78	$76,428,350.95	$1,950,347.08	$78,378,698.03	$0.00	$58,982,072.18	$42,372,351.55	$0.00	($62,359.51)	($44,798.68)	$0.00	($107,158.19)
ML PA Tax Only FT	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00		$0.00	$0.00
Depreciation Difference	$139,317,382.77	$53,821,476.78	$193,138,859.55	$112,990,765.99	$2,112,981.74	$116,103,747.73	$0.00	$26,326,616.78	$51,708,495.04	$0.00	($80,354.60)	($39,653.91)	$0.00	($120,008.51)
AFUDC PA	$0.00	$0.00	$0.00	$2,904,973.50	$0.00	$2,904,973.50	$0.00	($2,904,973.50)	$0.00	$0.00	($298,982.80)	$0.00	$0.00	($298,982.80)
Avoided Cost PA	$0.00	$0.00	$0.00	($3,946,766.20)	$0.00	($3,946,766.20)	$0.00	$3,946,766.20	$0.00	$0.00	$403,027.20	$0.00	$0.00	$403,027.20
Cap 263A Book, State Use PA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Cap 263A Book, Taxes Cap PA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
CIAC PA	$0.00	$0.00	$0.00	($5,498,462.20)	$0.00	($5,498,462.20)	$7,310,223.69	$5,498,462.20	$0.00	($7,310,223.69)	$552,613.68	$0.00	($730,291.36)	($177,677.68)
CIAC Smart Grant PA	$0.00	$0.00	$0.00	$963,810.99	$0.00	$963,810.99	($441,374.53)	($963,810.99)	$0.00	$441,374.53	($96,284.69)	$0.00	$44,093.31	($52,191.38)
Ind Cost Meth Basis Adj PA	$0.00	$0.00	$0.00	$9,074,489.66	$0.00	$9,074,489.66	($18,348,911.76)	($9,074,489.66)	$0.00	$18,348,911.76	($906,541.52)	$0.00	$1,833,056.28	$926,514.76
ITC Basis Reduct PA	$0.00	$0.00	$0.00	$67,033.39	$0.00	$67,033.39	$0.00	($67,033.39)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pensions-Book PA	$0.00	$0.00	$0.00	($0.02)	$0.00	($0.02)	$0.00	$0.02	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pensions-Tax PA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Rep Allow PA	$0.00	$0.00	$0.00	$805,660.75	$0.00	$805,660.75	$0.00	($805,660.75)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Repairs QAR Rets Transm PA	$0.00	$0.00	$0.00	$1,950.13	$0.00	$1,950.13	$0.00	($1,950.13)	$0.00	$0.00	($194.82)	$0.00	$0.00	($194.82)
Repairs Rets Transm PA	$0.00	$0.00	$0.00	($2,165.73)	$0.00	($2,165.73)	$0.00	$2,165.73	$0.00	$0.00	$216.36	$0.00	$0.00	$216.36
Repairs Transmission PA	$0.00	$0.00	$0.00	$743,195.78	$0.00	$743,195.78	$10,000,000.00)	($743,195.78)	$0.00	$10,000,000.00	($74,245.26)	$0.00	$999,000.00	$924,754.74
Trans Cap Depr PA	$0.00	$0.00	$0.00	($7,000.85)	$0.00	($7,000.85)	$0.00	$7,000.85	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Book Overhead	$0.00	$0.00	$0.00	$5,106,719.20	$0.00	$5,106,718.20	$21,480,062.60)	($5,106,719.20)	$0.00	$21,480,062.60	($420,391.85)	$0.00	$2,145,858.23	$1,725,466.38
Medicare-D PA	$0.00	$0.00	$0.00	($233,252.83)	$0.00	($233,252.83)	$0.00	$233,252.83	$0.00	$0.00	$23,301.96	$0.00	$0.00	$23,301.96
Book Overhead	$0.00	$0.00	$0.00	($233,252.83)	$0.00	($233,252.83)	$0.00	$233,252.83	$0.00	$0.00	$23,301.96	$0.00	$0.00	$23,301.96
AFUDC - FT PA	$0.00	$0.00	$0.00	$5,631,844.82	$0.00	$5,631,844.82	($4,608,790.26)	($5,631,844.82)	$0.00	$4,608,790.26	$0.00	$0.00	$0.00	$0.00
Cap 263A Book, State Use FT P/	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Cap 263A Book, Taxes Cap FT P.	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Cap Depreciation PA FT	$0.00	$0.00	$0.00	($10,380.22)	$0.00	($10,380.22)	$55,137.18	$10,380.22	$0.00	($55,137.18)	$0.00	$0.00	$0.00	$0.00
EddyStone Piping FT PA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
InterCo Transfer PECO FT PA	$0.00	$0.00	$0.00	$45,604.89	$0.00	$45,604.89	$0.00	($45,604.89)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
ITC Basis Reduct FT PA	$0.00	$0.00	$0.00	$433,917.22	$0.00	$433,917.22	$0.00	($433,917.22)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pensions-Book FT PA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pensions-Tax FT PA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

PowerTax Deferred Tax Recovery By Type Report
Rpt # 216 1/29/2015 3:33 PM
10200 PECO Energy Company
2) PECO New Master Case
Tax Year: 2014
Electric TDE
Grouped By: Total Tax Classes

	Tax Recovery			Book Recovery			Basis Diff	Current Difference			Current Deferred Tax			
Jurisdiction: PA State	**Depreciation**	**Loss/(Gain)**	**Tax Total**	**Depreciation**	**Loss/(Gain)**	**Book Total**	**Orig Diff**	**Depreciation**	**Loss/(Gain)**	**Orig Diff**	**Depreciation**	**Loss/(Gain)**	**Orig Diff**	**Total DIT**
PA State														
Rep Allow FT PA	$0.00	$0.00	$0.00	$16,059,058.65	$0.00	$16,059,058.65	$0.00	($16,059,058.65)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Repairs Distribution PA FT	$0.00	$0.00	$0.00	$14,385,661.02	$0.00	$14,385,661.02	113,000,000.00)	($14,385,661.02)	$0.00	$113,000,000.00	$0.00	$0.00	$0.00	$0.00
Repairs QAR Rets Distr PA FT	$0.00	$0.00	$0.00	$13,742.15	$0.00	$13,742.15	$0.00	($13,742.15)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Repairs Rets Distr PA FT	$0.00	$0.00	$0.00	($37,404.81)	$0.00	($37,404.81)	$0.00	$37,404.81	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Software PA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	($4,772,281.53)	$0.00	$0.00	$4,772,281.53	$0.00	$0.00	$0.00	$0.00
Trans Cap Depr FT PA	$0.00	$0.00	$0.00	($164,528.31)	$0.00	($164,528.31)	$0.00	$164,528.31	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Book Overhead	$0.00	$0.00	$0.00	$36,357,515.41	$0.00	$36,357,515.41	122,325,934.61)	($36,357,515.41)	$0.00	$122,325,934.61	$0.00	$0.00	$0.00	$0.00
481a QAR Retire Transm PA	$11,076.44	$0.00	$11,076.44	$0.00	$0.00	$0.00	$0.00	$11,076.44	$0.00	$0.00	$1,106.51	$0.00	$0.00	$1,106.51
481a QAR Transm PA	($70,301.12)	$0.00	($70,301.12)	$0.00	$0.00	$0.00	$0.00	($70,301.12)	$0.00	$0.00	($7,023.09)	$0.00	$0.00	($7,023.09)
481a Repairs Transm 2nd PA	($21,071.61)	$0.00	($21,071.61)	$0.00	$0.00	$0.00	$0.00	($21,071.61)	$0.00	$0.00	($2,105.05)	$0.00	$0.00	($2,105.05)
481a Repairs Transm PA	($1,485,612.15)	$0.00	($1,485,612.15)	$0.00	$0.00	$0.00	$0.00	($1,485,612.15)	$0.00	$0.00	($148,412.66)	$0.00	$0.00	($148,412.66)
481a Retire Transm PA	$67,270.19	$0.00	$67,270.19	$0.00	$0.00	$0.00	$0.00	$67,270.19	$0.00	$0.00	$6,720.28	$0.00	$0.00	$6,720.28
PA PECO Pension Adj	$153,123.20	$0.00	$153,123.20	$0.00	$0.00	$0.00	($1,068,355.06)	$153,123.20	$0.00	$1,068,355.06	$15,297.02	$0.00	$106,728.67	$122,025.69
Repairs QAR Rets Transm State	($828.01)	$0.00	($828.01)	$0.00	$0.00	$0.00	$0.00	($828.01)	$0.00	$0.00	($82.72)	$0.00	$0.00	($82.72)
Repairs Rets Transm State PA	$894.38	$0.00	$894.38	$0.00	$0.00	$0.00	$0.00	$894.38	$0.00	$0.00	$89.35	$0.00	$0.00	$89.35
Tax Only	($1,345,448.68)	$0.00	($1,345,448.68)	$0.00	$0.00	$0.00	($1,068,355.06)	($1,345,448.68)	$0.00	$1,068,355.06	($134,410.36)	$0.00	$106,728.67	($27,681.69)
481a Repairs Distr 2nd PA FT	($206,979.97)	$0.00	($206,979.97)	$0.00	$0.00	$0.00	$0.00	($206,979.97)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
ML Adj PA FT	($241,638.50)	$0.00	($241,638.50)	$0.00	$0.00	$0.00	$0.00	($241,638.50)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Repairs QAR Rets Distr State PA	($2,499.85)	$0.00	($2,499.85)	$0.00	$0.00	$0.00	$0.00	($2,499.85)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Repairs Rets Distr State PA FT	$8,651.29	$0.00	$8,651.29	$0.00	$0.00	$0.00	$0.00	$8,651.29	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Tax Only	($442,467.03)	$0.00	($442,467.03)	$0.00	$0.00	$0.00	$0.00	($442,467.03)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total Tax Classes	$157,123,703.62	$54,986,018.18	$212,109,721.80	$171,321,889.44	$2,203,532.15	$173,525,421.59	144,874,352.27)	($14,198,185.82)	$52,782,486.03	$144,874,352.27	$665,824.46	($88,291.84)	$2,252,586.90	$2,832,119.52
Company/JurSubtotal:	$157,123,703.62	$54,986,018.18	$212,109,721.80	$171,321,889.44	$2,203,532.15	$173,525,421.59	144,874,352.27)	($14,198,185.82)	$52,782,486.03	$144,874,352.27	$665,824.46	($88,291.84)	$2,252,586.90	$2,832,119.52
Adjust for Partial Normalization	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00								
Accum Reserve Adjustments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00								
Company/Jur Total:	$157,123,703.62	$54,986,018.18	$212,109,721.80	$171,321,889.44	$2,203,532.15	$173,525,421.59								

$183,458,652.48

PowerTax Deferred Tax Recovery By Type Report
Rpt # 216 1/29/2015 3:33 PM
10200 PECO Energy Company
2) PECO New Master Case
Tax Year: 2014
Electric TDE
Grouped By: Total Tax Classes

	Tax Recovery			Book Recovery			Basis Diff	Current Difference			Current Deferred Tax			
Jurisdiction: PA State Offset	**Depreciation**	**Loss/(Gain)**	**Tax Total**	**Depreciation**	**Loss/(Gain)**	**Book Total**	**Orig Diff**	**Depreciation**	**Loss/(Gain)**	**Orig Diff**	**Depreciation**	**Loss/(Gain)**	**Orig Diff**	**Total DIT**
PA State Offset														
Offset - ML PA	$7,292,372.87	$725,898.66	$8,018,271.53	$11,881,047.08	$30,832.62	$11,911,879.70	$0.00	($4,588,674.21)	$695,066.04	$0.00	($196,361.98)	$29,743.79	$0.00	($166,618.19)
Offset - ML PA Non-Conforming	$12,301,863.69	$438,642.74	$12,740,506.43	$5,219,094.59	$59,717.79	$5,278,812.38	$0.00	$7,082,769.10	$378,924.95	$0.00	($250,832.83)	($13,419.44)	$0.00	($264,252.27)
Depreciation Difference	$19,594,236.56	$1,164,541.40	$20,758,777.96	$17,100,141.67	$90,550.41	$17,190,692.08	$0.00	$2,494,094.89	$1,073,990.99	$0.00	($447,194.80)	$16,324.34	$0.00	($430,870.46)
Offset - ML FT PA	$3,906,959.64	$9,498,778.15	$13,405,737.79	$36,562,415.04	$162,634.66	$36,725,049.70	$0.00	($32,655,455.40)	$9,336,143.49	$0.00	$6,262.85	($1,790.54)	$0.00	$4,472.31
Offset - ML FT PA Non-Conformir	$135,410,423.13	$44,322,698.63	$179,733,121.76	$76,428,350.95	$1,950,347.08	$78,378,698.03	$0.00	$58,982,072.18	$42,372,351.55	$0.00	$20,135.41	$14,465.15	$0.00	$34,600.56
Offset - ML PA Tax Only FT	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00		$0.00	$0.00
Depreciation Difference	$139,317,382.77	$53,821,476.78	$193,138,859.55	$112,990,765.99	$2,112,981.74	$115,103,747.73	$0.00	$26,326,616.78	$51,708,495.04	$0.00	$26,398.26	$12,674.61	$0.00	$39,072.87
Offset - AFUDC PA	$0.00	$0.00	$0.00	$2,904,973.50	$0.00	$2,904,973.50	$0.00	($2,904,973.50)	$0.00	$0.00	$103,983.63	$0.00	$0.00	$103,983.63
Offset - Avoided Cost PA	$0.00	$0.00	$0.00	($3,946,766.20)	$0.00	($3,946,766.20)	$0.00	$3,946,766.20	$0.00	$0.00	($140,195.88)	$0.00	$0.00	($140,195.88)
Offset - CIAC PA	$0.00	$0.00	$0.00	($5,498,462.20)	$0.00	($5,498,462.20)	$7,310,223.69	$5,498,462.20	$0.00	($7,310,223.69)	($193,288.08)	$0.00	$255,601.97	$62,313.89
Offset - CIAC Smart Grant PA	$0.00	$0.00	$0.00	$963,810.99	$0.00	$963,810.99	($441,374.53)	($963,810.99)	$0.00	$441,374.53	$33,699.65	$0.00	($15,432.66)	$18,266.99
Offset - Ind Cost Meth Basis Adj I	$0.00	$0.00	$0.00	$9,074,489.66	$0.00	$9,074,489.66	$18,348,911.76)	($9,074,489.66)	$0.00	$18,348,911.76	$317,289.55	$0.00	($641,569.70)	($324,280.15)
Offset - ITC Basis Reduct PA	$0.00	$0.00	$0.00	$67,033.39	$0.00	$67,033.39	$0.00	($67,033.39)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset - Pensions-Book PA	$0.00	$0.00	$0.00	($0.02)	$0.00	($0.02)	$0.00	$0.02	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset - Pensions-Tax PA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset - Rep Allow PA	$0.00	$0.00	$0.00	$805,660.75	$0.00	$805,660.75	$0.00	($805,660.75)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset - Repairs QAR Rets Trans	$0.00	$0.00	$0.00	$1,950.13	$0.00	$1,950.13	$0.00	($1,950.13)	$0.00	$0.00	$68.19	$0.00	$0.00	$68.19
Offset - Repairs Rets Transm PA	$0.00	$0.00	$0.00	($2,165.73)	$0.00	($2,165.73)	$0.00	$2,165.73	$0.00	$0.00	($75.72)	$0.00	$0.00	($75.72)
Offset - Repairs Transmission PA	$0.00	$0.00	$0.00	$743,195.78	$0.00	$743,195.78	$10,000,000.00)	($743,195.78)	$0.00	$10,000,000.00	$25,985.84	$0.00	($349,650.00)	($323,664.16)
Offset - Trans Cap Depr PA	$0.00	$0.00	$0.00	($7,000.85)	$0.00	($7,000.85)	$0.00	$7,000.85	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset Cap 263A Bk, State Use P	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset Cap 263A Bk, Taxes Cap F	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Book Overhead	$0.00	$0.00	$0.00	$5,106,719.20	$0.00	$5,106,719.20	$21,480,062.60)	($5,106,719.20)	$0.00	$21,480,062.60	$147,467.18	$0.00	($751,050.39)	($603,583.21)
Offset - Medicare-D PA	$0.00	$0.00	$0.00	($233,252.83)	$0.00	($233,252.83)	$0.00	$233,252.83	$0.00	$0.00	($8,155.69)	$0.00	$0.00	($8,155.69)
Book Overhead	$0.00	$0.00	$0.00	($233,252.83)	$0.00	($233,252.83)	$0.00	$233,252.83	$0.00	$0.00	($8,155.69)	$0.00	$0.00	($8,155.69)
Offset - AFUDC - FT PA	$0.00	$0.00	$0.00	$5,631,844.82	$0.00	$5,631,844.82	($4,608,790.26)	($5,631,844.82)	$0.00	$4,608,790.26	$0.00	$0.00	$0.00	$0.00
Offset - Cap Depreciation PA FT	$0.00	$0.00	$0.00	($10,380.22)	$0.00	($10,380.22)	$55,137.18	$10,380.22	$0.00	($55,137.18)	$0.00	$0.00	$0.00	$0.00
Offset - EddyStone Piping FT PA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset - InterCo Transfer PECO F	$0.00	$0.00	$0.00	$45,604.89	$0.00	$45,604.89	$0.00	($45,604.89)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset - ITC Basis Reduct FT PA	$0.00	$0.00	$0.00	$433,917.22	$0.00	$433,917.22	$0.00	($433,917.22)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset - Pensions-Book FT PA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset - Pansions-Tax FT PA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset - Rep Allow FT PA	$0.00	$0.00	$0.00	$16,059,058.65	$0.00	$16,059,058.65	$0.00	($16,059,058.65)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset - Repairs Distribution PA F	$0.00	$0.00	$0.00	$14,385,661.02	$0.00	$14,385,661.02	113,000,000.00)	($14,385,661.02)	$0.00	$113,000,000.00	$0.00	$0.00	$0.00	$0.00

PowerTax Deferred Tax Recovery By Type Report
Rpt # 216 1/29/2015 3:33 PM
10200 PECO Energy Company
2) PECO New Mester Case
Tax Year: 2014
Electric TDE
Grouped By: Total Tax Classes

	Tax Recovery			Book Recovery			Basis Diff	Current Difference			Current Deferred Tax			
Jurisdiction: PA State Offset	**Depreciation**	**Loss/(Gain)**	**Tax Total**	**Depreciation**	**Loss/(Gain)**	**Book Total**	**Orig Diff**	**Depreciation**	**Loss/(Gain)**	**Orig Diff**	**Depreciation**	**Loss/(Gain)**	**Orig Diff**	**Total DIT**
PA State Offset														
Offset - Repairs QAR Rets Distr I	$0.00	$0.00	$0.00	$13,742.15	$0.00	$13,742.15	$0.00	($13,742.15)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset - Repairs Rets Distr PA FT	$0.00	$0.00	$0.00	($37,404.81)	$0.00	($37,404.81)	$0.00	$37,404.81	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset - Software PA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	($4,772,281.53)	$0.00	$0.00	$4,772,281.53	$0.00	$0.00	$0.00	$0.00
Offset - Trans Cap Depr FT PA	$0.00	$0.00	$0.00	($164,528.31)	$0.00	($164,528.31)	$0.00	$164,528.31	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset Cap 263A Bk Taxes Cap F	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset Cap263A Bk, State Use FI	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Book Overhead	$0.00	$0.00	$0.00	$36,357,515.41	$0.00	$36,357,515.41	122,325,934.61)	$36,357,515.41)	$0.00	$122,325,934.61	$0.00	$0.00	$0.00	$0.00
Offset - 481a QAR Retire Transm	$11,076.44	$0.00	$11,076.44	$0.00	$0.00	$0.00	$0.00	$11,076.44	$0.00	$0.00	($387.27)	$0.00	$0.00	($387.27)
Offset - 481a QAR Transm PA	($70,301.12)	$0.00	($70,301.12)	$0.00	$0.00	$0.00	$0.00	($70,301.12)	$0.00	$0.00	$2,458.08	$0.00	$0.00	$2,458.08
Offset - 481a Repairs Transm 2n	($21,071.61)	$0.00	($21,071.61)	$0.00	$0.00	$0.00	$0.00	($21,071.61)	$0.00	$0.00	$736.77	$0.00	$0.00	$736.77
Offset - 481a Repairs Transm PA	($1,485,612.15)	$0.00	($1,485,612.15)	$0.00	$0.00	$0.00	$0.00	($1,485,612.15)	$0.00	$0.00	$51,944.45	$0.00	$0.00	$51,944.45
Offset - 481a Retire Transm PA	$67,270.19	$0.00	$67,270.19	$0.00	$0.00	$0.00	$0.00	$67,270.19	$0.00	$0.00	($2,352.11)	$0.00	$0.00	($2,352.11)
Offset - PA PECO Pension Adj	$153,123.20	$0.00	$153,123.20	$0.00	$0.00	$0.00	($1,068,355.06)	$153,123.20	$0.00	$1,068,355.06	($5,353.95)	$0.00	($37,355.03)	($42,708.98)
Offset - Repairs QAR Rets Trans	($828.01)	$0.00	($828.01)	$0.00	$0.00	$0.00	$0.00	($828.01)	$0.00	$0.00	$28.95	$0.00	$0.00	$28.95
Offset - Repairs Rets Transm Sta	$894.38	$0.00	$894.38	$0.00	$0.00	$0.00	$0.00	$894.38	$0.00	$0.00	($31.27)	$0.00	$0.00	($31.27)
Tax Only	($1,345,448.68)	$0.00	($1,345,448.68)	$0.00	$0.00	$0.00	($1,068,355.06)	($1,345,448.68)	$0.00	$1,068,355.06	$47,043.65	$0.00	($37,355.03)	$9,688.62
Offset - 481a Repairs Distr 2nd P	($206,979.97)	$0.00	($206,979.97)	$0.00	$0.00	$0.00	$0.00	($206,979.97)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset - ML Adj PA FT	($241,638.50)	$0.00	($241,638.50)	$0.00	$0.00	$0.00	$0.00	($241,638.50)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset - Repairs QAR Rets Distr S	($2,499.85)	$0.00	($2,499.85)	$0.00	$0.00	$0.00	$0.00	($2,499.85)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset - Repairs Rets Distr State	$8,651.29	$0.00	$8,651.29	$0.00	$0.00	$0.00	$0.00	$8,651.29	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Tax Only	($442,467.03)	$0.00	($442,467.03)	$0.00	$0.00	$0.00	$0.00	($442,467.03)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total Tax Classes	$157,123,703.62	$54,986,018.18	$212,109,721.80	$171,321,889.44	$2,203,532.15	$173,525,421.59	144,874,352.27)	$14,198,185.82)	$52,782,486.03	$144,874,352.27	($234,441.41)	$28,998.96	($788,405.42)	($993,847.87)
Company/JurSubtotal:	$157,123,703.62	$54,986,018.18	$212,109,721.80	$171,321,889.44	$2,203,532.15	$173,525,421.59	144,874,352.27)	$14,198,185.82)	$52,782,486.03	$144,874,352.27	($234,441.41)	$28,998.96	($788,405.42)	($993,847.87)
Adjust for Partial Normalization	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00			$183,458,852.48					
Accum Reserve Adjustments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00								
Company/Jur Total:	$157,123,703.62	$54,986,018.18	$212,109,721.80	$171,321,889.44	$2,203,532.15	$173,525,421.59								

PowerTax Deferred Tax Recovery By Type Report
Rpt # 216 1/29/2016 3:34 PM
10200 PECO Energy Company
2) PECO New Master Case
Tax Year: 2014
Gas
Grouped By: Total Tax Classes

	Tax Recovery			Book Recovery			Basis Diff	Current Difference			Current Deferred Tax			
Jurisdiction: Federal	**Depreciation**	**Loss/(Gain)**	**Tax Total**	**Depreciation**	**Loss/(Gain)**	**Book Total**	**Orig Diff**	**Depreciation**	**Loss/(Gain)**	**Orig Diff**	**Depreciation**	**Loss/(Gain)**	**Orig Diff**	**Total DIT**
Federal														
Method Federal Only	$2,158.89	$122,434.09	$124,592.98	$2,530.48	$122,434.09	$124,964.57	$0.00	($371.59)	$0.00	$0.00	($153.41)	$0.00	$0.00	($153.41)
ML Fed Only	$67,639,115.11	$2,657,478.87	$70,296,593.98	$26,361,238.36	$139,226.23	$26,500,464.59	$0.00	$41,277,876.75	$2,518,252.64	$0.00	$14,383,287.16	$877,485.80	$0.00	$15,260,772.96
Depreciation Difference	$67,641,274.00	$2,779,912.96	$70,421,186.96	$26,363,768.84	$261,660.32	$26,625,429.16	$0.00	$41,277,505.16	$2,518,252.64	$0.00	$14,383,133.75	$877,485.80	$0.00	$15,260,619.55
Life FT Federal Only	$2,530.48	$122,434.09	$124,964.57	$2,029,356.77	$0.00	$2,029,356.77	$0.00	($2,026,826.29)	$122,434.09	$0.00	$0.00	$0.00	$0.00	$0.00
ML FT Fed	$5,688.86	$392,838.85	$398,527.71	$3,883,918.40	$0.00	$3,883,918.40	$0.00	($3,878,229.54)	$392,838.85	$0.00	($371,329.80)	$37,613.24	$0.00	($333,716.56)
Depreciation Difference	$8,219.34	$515,272.94	$523,492.28	$5,913,275.17	$0.00	$5,913,275.17	$0.00	($5,905,055.83)	$515,272.94	$0.00	($371,329.80)	$37,613.24	$0.00	($333,716.56)
AFUDC Debt Fed	$0.00	$0.00	$0.00	$154,326.63	$0.00	$154,326.63	$0.00	($154,326.63)	$0.00	$0.00	($53,894.46)	$0.00	$0.00	($53,894.46)
Avoided Cost Fed	$0.00	$0.00	$0.00	($163,786.61)	$0.00	($163,786.61)	$0.00	$163,786.61	$0.00	$0.00	$57,135.16	$0.00	$0.00	$57,135.16
Cap Depreciation Fed	$0.00	$0.00	$0.00	($2,580.60)	$0.00	($2,580.60)	$18,143.13	$2,580.60	$0.00	($18,143.13)	$903.21	$0.00	($6,350.10)	($5,446.89)
CIAC Fed	$0.00	$0.00	$0.00	($904,799.92)	$0.00	($904,799.92)	$2,405,461.31	$904,799.92	$0.00	($2,405,461.31)	$316,260.25	$0.00	($841,911.46)	($525,651.21)
CIAC Smart Grant Fed	$0.00	$0.00	$0.00	$13,284.75	$0.00	$13,284.75	($125,665.47)	($13,284.75)	$0.00	$125,665.47	($4,649.87)	$0.00	$43,982.92	$39,333.25
Ind Cost Meth Basis Adj Fed	$0.00	$0.00	$0.00	$1,540,119.44	$0.00	$1,540,119.44	($6,151,088.24)	($1,540,119.44)	$0.00	$6,151,088.24	($539,041.82)	$0.00	$2,152,880.88	$1,613,839.06
InterCo Transfer PECO FED	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Repairs Transmission Fed	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Software Fed	$0.00	$0.00	$0.00	$105,410.65	$0.00	$105,410.65	($196,875.67)	($105,410.65)	$0.00	$196,875.67	($36,893.72)	$0.00	$68,906.48	$32,012.76
Book Overhead	$0.00	$0.00	$0.00	$741,974.34	$0.00	$741,974.34	($4,050,024.94)	($741,974.34)	$0.00	$4,050,024.94	($260,181.05)	$0.00	$1,417,508.72	$1,157,327.67
Medicare-D	$0.00	$0.00	$0.00	($39,369.68)	$0.00	($39,369.68)	$0.00	$39,369.68	$0.00	$0.00	$13,779.39	$0.00	$0.00	$13,779.39
Book Overhead	$0.00	$0.00	$0.00	($39,369.68)	$0.00	($39,369.88)	$0.00	$39,369.68	$0.00	$0.00	$13,779.39	$0.00	$0.00	$13,779.39
AFUDC - FT Fed	$0.00	$0.00	$0.00	$251,079.38	$0.00	$251,079.38	($1,516,542.74)	($251,079.38)	$0.00	$1,516,542.74	$0.00	$0.00	$0.00	$0.00
Cap 263A Book, State Use FT FE	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Cap 263A Book, Taxes Cap FT F	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
ITC Basis Reduct FT Fed	$0.00	$0.00	$0.00	$77,474.80	$0.00	$77,474.80	$0.00	($77,474.80)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pensions-Book FT FED	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pensions-Tax FT FED	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Rep Allow FT Fed	$0.00	$0.00	$0.00	$553,676.07	$0.00	$553,676.07	$0.00	($553,676.07)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Repairs Distribution Fed FT	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Repairs Gas Distribution Fed FT	$0.00	$0.00	$0.00	$3,319,519.52	$0.00	$3,319,519.52	$48,830,378.00)	($3,319,519.52)	$0.00	$48,830,378.00	$0.00	$0.00	$0.00	$0.00
Repairs Rets Distr Fed FT	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Trans Cap Depr FT Fed	$0.00	$0.00	$0.00	$71,800.23	$0.00	$71,800.23	$0.00	($71,800.23)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Book Overhead	$0.00	$0.00	$0.00	$4,273,550.00	$0.00	$4,273,550.00	$50,346,920.74)	($4,273,550.00)	$0.00	$50,346,920.74	$0.00	$0.00	$0.00	$0.00

PowerTax Deferred Tax Recovery By Type Report
Rpt # 216 1/29/2015 3:34 PM
10200 PECO Energy Company
2) PECO New Master Case
Tax Year: 2014
Gas
Grouped By: Total Tax Classes

	Tax Recovery			Book Recovery			Basis Diff	Current Difference			Current Deferred Tax			
Jurisdiction: Federal	Depreciation	Loss/(Gain)	Tax Total	Depreciation	Loss/(Gain)	Book Total	Orig Diff	Depreciation	Loss/(Gain)	Orig Diff	Depreciation	Loss/(Gain)	Orig Diff	Total DIT
Federal														
FED PECO Pension Adj	($297,896.33)	$0.00	($297,896.33)	$0.00	$0.00	$0.00	($351,546.94)	($297,896.33)	$0.00	$351,546.94	($104,263.72)	$0.00	$123,041.43	$18,777.71
Tax Only	($297,896.33)	$0.00	($297,896.33)	$0.00	$0.00	$0.00	($351,546.94)	($297,896.33)	$0.00	$351,546.94	($104,263.72)	$0.00	$123,041.43	$18,777.71
Total Tax Classes	$67,351,597.01	$3,295,185.90	$70,646,782.91	$37,253,198.67	$281,660.32	$37,514,858.99	$54,748,492.82)	$30,098,398.34	$3,033,525.58	$54,748,492.62	$13,661,138.57	$915,099.04	$1,540,550.15	$16,118,787.76
Company/JurSubtotal:	$67,351,597.01	$3,295,185.80	$70,646,782.91	$37,253,198.67	$281,660.32	$37,514,858.98	$54,748,492.62)	$30,098,398.34	$3,033,525.58	$54,748,492.62	$13,661,138.57	$916,099.04	$1,540,650.15	$16,116,787.76
Adjust for Partial Normalization	$2,530.48	$122,434.09	$124,964.57	$2,530.48	$122,434.09	$124,964.57								
Accum Reserve Adjustments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00								
Company/Jur Total:	$67,349,066.53	$3,172,751.81	$70,521,818.34	$37,250,668.19	$139,226.23	$37,389,894.42								

$87,880,416.54

PowerTax Deferred Tax Recovery By Type Report
Rpt # 216 1/29/2015 3:34 PM
10200 PECO Energy Company
2) PECO New Master Case
Tax Year: 2014
Gas
Grouped By: Total Tax Classes

	Tax Recovery			Book Recovery			Basis Diff	Current Difference			Current Deferred Tax			
Jurisdiction: PA State	**Depreciation**	**Loss/(Gain)**	**Tax Total**	**Depreciation**	**Loss/(Gain)**	**Book Total**	**Orig Diff**	**Depreciation**	**Loss/(Gain)**	**Orig Diff**	**Depreciation**	**Loss/(Gain)**	**Orig Diff**	**Total DIT**
PA State														
ML FT PA	$16,143,532.10	$1,828,199.32	$17,971,731.42	$20,478,396.64	$51,355.98	$20,529,752.62	$0.00	($4,334,864.54)	$1,776,843.34	$0.00	($36,440.66)	$14,936.88	$0.00	($21,503.78)
ML FT PA Non-Conforming	$24,033,122.97	$1,599,822.28	$25,632,945.25	$11,796,116.89	$87,870.25	$11,883,987.14	$0.00	$12,237,006.08	$1,511,952.03	$0.00	($4,043.25)	($499.57)	$0.00	($4,542.82)
Depreciation Difference	$40,176,655.07	$3,428,021.60	$43,604,678.67	$32,274,513.53	$139,226.23	$32,413,739.76	$0.00	$7,902,141.54	$3,288,795.37	$0.00	($40,483.91)	$14,437.31	$0.00	($26,046.60)
AFUDC PA	$0.00	$0.00	$0.00	$154,326.63	$0.00	$154,326.63	$0.00	($154,326.63)	$0.00	$0.00	($15,818.38)	$0.00	$0.00	($15,818.38)
Avoided Cost PA	$0.00	$0.00	$0.00	($163,786.61)	$0.00	($163,786.61)	$0.00	$163,786.61	$0.00	$0.00	$17,009.71	$0.00	$0.00	$17,009.71
CIAC PA	$0.00	$0.00	$0.00	($904,799.92)	$0.00	($904,799.92)	$2,405,461.31	$904,799.92	$0.00	($2,405,461.31)	$91,004.19	$0.00	($240,305.59)	($149,301.40)
CIAC Smart Grant PA	$0.00	$0.00	$0.00	$13,284.75	$0.00	$13,284.75	($125,665.47)	($13,284.75)	$0.00	$125,665.47	($1,327.15)	$0.00	$12,553.98	$11,226.83
Ind Cost Meth Basis Adj PA	$0.00	$0.00	$0.00	$1,540,119.44	$0.00	$1,540,119.44	($8,151,088.24)	($1,540,119.44)	$0.00	$6,151,088.24	($153,857.95)	$0.00	$614,493.71	$460,635.76
Repairs Transmission PA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Book Overhead	$0.00	$0.00	$0.00	$639,144.29	$0.00	$639,144.29	($3,871,292.40)	($639,144.29)	$0.00	$3,871,292.40	($62,989.58)	$0.00	$386,742.10	$323,752.52
Medicare-D PA	$0.00	$0.00	$0.00	($39,369.68)	$0.00	($39,369.68)	$0.00	$39,369.68	$0.00	$0.00	$3,933.04	$0.00	$0.00	$3,933.04
Book Overhead	$0.00	$0.00	$0.00	($39,369.68)	$0.00	($39,369.68)	$0.00	$39,369.68	$0.00	$0.00	$3,933.04	$0.00	$0.00	$3,933.04
AFUDC - FT PA	$0.00	$0.00	$0.00	$251,079.38	$0.00	$251,079.38	($1,516,542.74)	($251,079.38)	$0.00	$1,516,542.74	$0.00	$0.00	$0.00	$0.00
Cap 263A Book, State Use FT PA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Cap 263A Book, Taxes Cap FT P.	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Cap Depreciation PA FT	$0.00	$0.00	$0.00	($2,580.60)	$0.00	($2,580.60)	$18,143.13	$2,580.60	$0.00	($18,143.13)	$0.00	$0.00	$0.00	$0.00
InterCo Transfer PECO FT PA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
ITC Basis Reduct FT PA	$0.00	$0.00	$0.00	$77,474.80	$0.00	$77,474.80	$0.00	($77,474.80)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pensions-Book FT PA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pensions-Tax FT PA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Rep Allow FT PA	$0.00	$0.00	$0.00	$553,676.07	$0.00	$553,676.07	$0.00	($553,676.07)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Repairs Distribution PA FT	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Repairs Gas Distribution PA FT	$0.00	$0.00	$0.00	$3,319,519.52	$0.00	$3,319,519.52	$48,830,378.00)	($3,319,519.52)	$0.00	$48,830,378.00	$0.00	$0.00	$0.00	$0.00
Repairs Rets Distr PA FT	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Software PA	$0.00	$0.00	$0.00	$105,410.65	$0.00	$105,410.65	($196,875.67)	($105,410.65)	$0.00	$196,875.67	$0.00	$0.00	$0.00	$0.00
Trans Cap Depr FT PA	$0.00	$0.00	$0.00	$71,800.23	$0.00	$71,800.23	$0.00	($71,800.23)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Book Overhead	$0.00	$0.00	$0.00	$4,376,380.05	$0.00	$4,376,380.05	$50,525,653.28)	($4,376,380.05)	$0.00	$50,525,653.28	$0.00	$0.00	$0.00	$0.00

PowerTax Deferred Tax Recovery By Type Report
Rpt # 216 1/29/2015 3:34 PM
10200 PECO Energy Company
2) PECO New Master Case
Tax Year: 2014
Gas
Grouped By: Total Tax Classes

	Tax Recovery			Book Recovery			Basis Diff	Current Difference			Current Deferred Tax			
Jurisdiction: PA State	**Depreciation**	**Loss/(Gain)**	**Tax Total**	**Depreciation**	**Loss/(Gain)**	**Book Total**	**Orig Diff**	**Depreciation**	**Loss/(Gain)**	**Orig Diff**	**Depreciation**	**Loss/(Gain)**	**Orig Diff**	**Total DIT**
PA State														
PA PECO Pension Adj	($225,980.84)	$0.00	($225,980.84)	$0.00	$0.00	$0.00	($351,546.94)	($225,980.84)	$0.00	$351,546.94	($22,575.50)	$0.00	$35,119.54	$12,544.04
Tax Only	($225,980.84)	$0.00	($225,980.84)	$0.00	$0.00	$0.00	($351,546.94)	($225,980.84)	$0.00	$351,546.94	($22,575.50)	$0.00	$35,119.54	$12,544.04
Total Tax Classes	$39,950,674.23	$3,428,021.60	$43,378,695.83	$37,250,668.19	$139,226.23	$37,389,894.42	$54,748,492.62)	$2,700,006.04	$3,288,795.37	$54,748,492.62	($122,115.95)	$14,437.31	$421,861.64	$314,183.00
Company/JurSubtotal:	$39,950,674.23	$3,428,021.60	$43,378,695.83	$37,250,668.19	$139,226.23	$37,389,894.42	$54,748,492.62)	$2,700,006.04	$3,288,795.37	$54,748,492.62	($122,115.95)	$14,437.31	$421,861.64	$314,183.00
Adjust for Partial Normalization	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00								
Accum Reserve Adjustments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00								
Company/Jur Total:	$39,950,674.23	$3,428,021.60	$43,378,696.83	$37,250,668.19	$139,226.23	$37,389,894.42								

$60,737,294.03

PowerTax Deferred Tax Recovery By Type Report
Rpt # 216 1/29/2015 3:34 PM
10200 PECO Energy Company
2) PECO New Master Case
Tax Year: 2014
Gas
Grouped By: Total Tax Classes

	Tax Recovery			Book Recovery			Basis Diff	Current Difference			Currant Deferred Tax			
Jurisdiction: PA State Offset	Depreciation	Loss/(Gain)	Tax Total	Depreciation	Loss/(Gain)	Book Total	Orig Diff	Depreciation	Loss/(Gain)	Orig Diff	Depreciation	Loss/(Gain)	Orig Diff	Total DIT
PA State Offset														
Offset - ML FT PA	$16,143,532.10	$1,828,199.32	$17,971,731.42	$20,478,396.64	$51,355.98	$20,529,752.62	$0.00	($4,334,864.54)	$1,776,843.34	$0.00	$12,725.13	($5,215.98)	$0.00	$7,509.15
Offset - ML FT PA Non-Conformir	$24,033,122.97	$1,599,822.28	$26,632,945.25	$11,796,116.89	$87,870.25	$11,883,987.14	$0.00	$12,237,006.08	$1,511,952.03	$0.00	$1,415.14	$174.85	$0.00	$1,589.99
Depreciation Difference	$40,176,655.07	$3,428,021.60	$43,604,676.67	$32,274,513.53	$139,226.23	$32,413,739.76	$0.00	$7,902,141.54	$3,288,795.37	$0.00	$14,140.27	($5,041.13)	$0.00	$9,099.14
Offset - AFUDC PA	$0.00	$0.00	$0.00	$154,326.63	$0.00	$154,326.63	$0.00	($154,326.63)	$0.00	$0.00	$5,523.29	$0.00	$0.00	$5,523.29
Offset - Avoided Cost PA	$0.00	$0.00	$0.00	($163,786.61)	$0.00	($163,786.61)	$0.00	$163,786.61	$0.00	$0.00	($5,932.50)	$0.00	$0.00	($5,932.50)
Offset - CIAC PA	$0.00	$0.00	$0.00	($904,799.92)	$0.00	($904,799.92)	$2,405,461.31	$904,799.92	$0.00	($2,405,461.31)	($31,806.90)	$0.00	$84,106.96	$52,300.06
Offset - CIAC Smart Grant PA	$0.00	$0.00	$0.00	$13,284.75	$0.00	$13,284.75	($125,665.47)	($13,284.75)	$0.00	$125,665.47	$464.50	$0.00	($4,393.89)	($3,929.39)
Offset - Ind Cost Meth Basis Adj I	$0.00	$0.00	$0.00	$1,540,119.44	$0.00	$1,540,119.44	($6,151,088.24)	($1,540,119.44)	$0.00	$6,151,088.24	$53,850.25	$0.00	($215,072.80)	($161,222.55)
Offset - Repairs Transmission PA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Book Overhead	$0.00	$0.00	$0.00	$639,144.29	$0.00	$639,144.29	($3,871,292.40)	($639,144.29)	$0.00	$3,871,292.40	$22,098.64	$0.00	($135,359.73)	($113,261.09)
Offset - Medicare-D PA	$0.00	$0.00	$0.00	($39,369.68)	$0.00	($39,369.68)	$0.00	$39,369.68	$0.00	$0.00	($1,376.56)	$0.00	$0.00	($1,376.56)
Book Overhead	$0.00	$0.00	$0.00	($39,369.68)	$0.00	($39,369.68)	$0.00	$39,369.68	$0.00	$0.00	($1,376.56)	$0.00	$0.00	($1,376.56)
Offset - AFUDC - FT PA	$0.00	$0.00	$0.00	$251,079.38	$0.00	$251,079.38	($1,516,542.74)	($251,079.38)	$0.00	$1,516,542.74	$0.00	$0.00	$0.00	$0.00
Offset - Cap Depreciation PA FT	$0.00	$0.00	$0.00	($2,580.60)	$0.00	($2,580.60)	$18,143.13	$2,580.60	$0.00	($18,143.13)	$0.00	$0.00	$0.00	$0.00
Offset - InterCo Transfer PECO F	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset - ITC Basis Reduct FT PA	$0.00	$0.00	$0.00	$77,474.80	$0.00	$77,474.80	$0.00	($77,474.80)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset - Pensions-Book FT PA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset - Pensions-Tax FT PA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset - Rap Allow FT PA	$0.00	$0.00	$0.00	$553,676.07	$0.00	$553,676.07	$0.00	($553,676.07)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset - Repairs Distribution PA F	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset - Repairs Gas Distr PA FT	$0.00	$0.00	$0.00	$3,319,519.52	$0.00	$3,319,519.52	$48,830,378.00)	($3,319,519.52)	$0.00	$48,830,378.00	$0.00	$0.00	$0.00	$0.00
Offset - Repairs Rats Distr PA FT	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset - Software PA	$0.00	$0.00	$0.00	$105,410.65	$0.00	$105,410.85	($196,875.67)	($105,410.65)	$0.00	$196,875.67	$0.00	$0.00	$0.00	$0.00
Offset - Trans Cap Depr FT PA	$0.00	$0.00	$0.00	$71,800.23	$0.00	$71,800.23	$0.00	($71,800.23)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offsat Cap 263A Bk Taxas Cap F	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offsat Cap263A Bk, State Use Fl	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Book Ovarhead	$0.00	$0.00	$0.00	$4,376,380.05	$0.00	$4,376,380.05	$50,525,653.28)	($4,376,380.05)	$0.00	$50,525,653.28	$0.00	$0.00	$0.00	$0.00

PowerTax Deferred Tax Recovery By Type Report
Rpt # 216 1/29/2015 3:34 PM
10200 PECO Energy Company
2) PECO New Master Case
Tax Year: 2014
Gas
Grouped By: Total Tax Classes

	Tax Recovery			Book Recovery			Basis Diff
Jurisdiction: PA State Offset	Depreciation	Loss/(Gain)	Tax Total	Depreciation	Loss/(Gain)	Book Total	Orig Diff
PA State Offset							
Offset - PA PECO Pension Adj	($225,980.84)	$0.00	($225,980.84)	$0.00	$0.00	$0.00	($351,546.94)
Tax Only	($225,980.84)	$0.00	($225,980.84)	$0.00	$0.00	$0.00	($351,546.94)
Total Tax Classes	$39,950,674.23	$3,428,021.60	$43,378,695.83	$37,250,668.19	$139,226.23	$37,389,894.42	$54,748,492.62)
Company/JurSubtotal:	$39,950,674.23	$3,428,021.60	$43,379,695.83	$37,250,668.19	$139,226.23	$37,389,894.42	$54,748,492.62)
Adjust for Partial Normalization	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	
Accum Reserve Adjustments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	
Company/Jur Total:	$39,950,674.23	$3,429,021.60	$43,378,695.83	$37,250,668.19	$139,226.23	$37,389,894.42	

	Current Difference			Current Deferred Tax			
Jurisdiction: PA State Offset	Depreciation	Loss/(Gain)	Orig Diff	Depreciation	Loss/(Gain)	Orig Diff	Total DIT
PA State Offset							
Offset - PA PECO Pension Adj	($225,980.84)	$0.00	$351,546.94	$7,901.43	$0.00	($12,291.84)	($4,390.41)
Tax Only	($225,980.84)	$0.00	$351,546.94	$7,901.43	$0.00	($12,291.84)	($4,390.41)
Total Tax Classes	$2,700,006.04	$3,288,795.37	$54,748,492.62	$42,763.78	($5,041.13)	($147,651.57)	($109,928.92)
Company/JurSubtotal:	$2,700,006.04	$3,288,795.37	$54,748,492.62	$42,763.78	($5,041.13)	($147,651.57)	($109,928.92)

$60,737,294.03

PowerTax Deferred Tax Recovery By Type Report
Rpt # 216 1/29/2015 4:05 PM
10200 PECO Energy Company
2) PECO New Master Case
Tax Year: 2014
Common (NO Software)
Grouped By: Total Tax Classes

	Tax Recovery			Book Recovery			Basis Diff	Current Difference			Current Deferred Tax			
Jurisdiction: Federal	**Depreciation**	**Loss/(Gain)**	**Tax Total**	**Depreciation**	**Loss/(Gain)**	**Book Total**	**Orig Diff**	**Depreciation**	**Loss/(Gain)**	**Orig Diff**	**Depreciation**	**Loss/(Gain)**	**Orig Diff**	**Total DIT**
Federal														
Method Federal Only	$428,567.54	$0.00	$428,567.54	$611,092.67	$0.00	$611,092.67	$0.00	($182,525.13)	$0.00	$0.00	($74,460.24)	$0.00	$0.00	($74,460.24)
ML FAS106 Fed	$168,355.54	$0.00	$168,355.54	$340,872.40	$0.00	$340,872.40	$0.00	($172,516.86)	$0.00	$0.00	($60,380.91)	$0.00	$0.00	($60,380.91)
ML Fed Only	$20,392,012.94	$3,141,569.86	$23,533,582.80	$12,858,801.04	$2,589,225.15	$15,448,026.19	$0.00	$7,533,211.90	$552,344.71	$0.00	$2,634,703.50	$193,179.82	$0.00	$2,827,883.32
Depreciation Difference	$20,988,936.02	$3,141,569.86	$24,130,505.88	$13,810,766.11	$2,589,225.15	$16,399,991.26	$0.00	$7,178,169.91	$552,344.71	$0.00	$2,499,862.35	$193,179.82	$0.00	$2,693,042.17
Life FT Federal Only	$611,092.67	$0.00	$611,092.67	$352,660.38	$0.00	$352,660.38	$0.00	$258,432.29	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
ML FT Fed	$0.00	$0.00	$0.00	$127,914.97	$0.00	$127,914.97	$0.00	($127,914.97)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Depreciation Difference	$611,092.67	$0.00	$611,092.67	$480,575.35	$0.00	$480,575.35	$0.00	$130,517.32	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
AFUDC Debt Fed	$0.00	$0.00	$0.00	$16,613.81	$0.00	$16,613.81	$0.00	($16,613.81)	$0.00	$0.00	($5,854.30)	$0.00	$0.00	($5,854.30)
Avoided Cost Fed	$0.00	$0.00	$0.00	($26,748.53)	$0.00	($26,748.53)	$0.00	$26,748.53	$0.00	$0.00	$9,403.93	$0.00	$0.00	$9,403.93
CIAC Fed	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Book Overhead	$0.00	$0.00	$0.00	($10,134.72)	$0.00	($10,134.72)	$0.00	$10,134.72	$0.00	$0.00	$3,549.63	$0.00	$0.00	$3,549.63
AFUDC - FT Fed	$0.00	$0.00	$0.00	$45,347.04	$0.00	$45,347.04	$0.00	($45,347.04)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Cap 263A Book, State Use FT FE	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Cap 263A Book, Taxes Cap FT F	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
ITC Basis Reduct FT Fed	$0.00	$0.00	$0.00	$1,676.26	$0.00	$1,676.26	$0.00	($1,876.26)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other FT Fed	$0.00	$0.00	$0.00	$2,031,350.16	$0.00	$2,031,350.18	$0.00	($2,031,350.16)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pensions-Book FT FED	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Section 179a FT Fed	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Book Overhead	$0.00	$0.00	$0.00	$2,078,373.46	$0.00	$2,078,373.46	$0.00	($2,078,373.46)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
FED PECO Pension Adj	$865,713.78	$0.00	$865,713.78	$0.00	$0.00	$0.00	$0.00	$865,713.78	$0.00	$0.00	$302,999.80	$0.00	$0.00	$302,999.80
Tax Only	$865,713.78	$0.00	$865,713.78	$0.00	$0.00	$0.00	$0.00	$865,713.78	$0.00	$0.00	$302,999.80	$0.00	$0.00	$302,999.80
Total Tax Classes	$22,465,742.47	$3,141,569.86	$25,607,312.33	$16,359,580.20	$2,589,225.15	$18,948,805.35	$0.00	$6,106,162.27	$552,344.71	$0.00	$2,806,411.78	$193,179.82	$0.00	$2,999,591.60
Company/JurSubtotal:	$22,465,742.47	$3,141,569.86	$25,607,312.33	$16,359,580.20	$2,589,225.15	$18,948,805.36	$0.00	$6,106,182.27	$552,344.71	$0.00	$2,806,411.78	$193,179.82	$0.00	$2,999,591.60
Adjust for Partial Normalization	$611,092.87	$0.00	$611,092.67	$611,092.67	$0.00	$611,092.67								
Accum Reserve Adjustments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00								
Company/Jur Total:	$21,854,649.80	$3,141,569.86	$24,996,219.66	$15,748,487.53	$2,589,225.15	$18,337,712.68								

$6,658,508.98

PowerTax Deferred Tax Recovery By Type Report
Rpt # 216 1/29/2015 4:05 PM
10200 PECO Energy Company
2) PECO New Master Case
Tax Year: 2014
Common (NO Software)
Grouped By: Total Tax Classes

	Tax Recovery			Book Recovery			Basis Diff	Current Difference			Current Deferred Tax			
Jurisdiction: PA State	**Depreciation**	**Loss/(Gain)**	**Tax Total**	**Depreciation**	**Loss/(Gain)**	**Book Total**	**Orig Diff**	**Depreciation**	**Loss/(Gain)**	**Orig Diff**	**Depreciation**	**Loss/(Gain)**	**Orig Diff**	**Total DIT**
PA State														
ML FAS106 FT PA	$168,355.54	$0.00	$168,355.54	$340,872.40	$0.00	$340,872.40	$0.00	($172,516.86)	$0.00	$0.00	($1,150.52)	$0.00	$0.00	($1,150.52)
ML FT PA	$4,823,127.03	$1,657,221.24	$6,480,348.27	$3,894,966.30	$40,065.83	$3,935,032.13	$0.00	$928,160.73	$1,617,155.41	$0.00	($14.19)	($24.71)	$0.00	($38.90)
ML FT PA Non-Conforming	$9,302,592.34	$3,128,324.24	$12,430,916.58	$9,444,410.09	$2,549,159.32	$11,893,569.41	$0.00	($141,817.75)	$579,164.92	$0.00	$0.00	$0.00	$0.00	$0.00
Depreciation Difference	$14,294,074.91	$4,785,545.48	$19,079,620.39	$13,680,248.79	$2,589,225.15	$16,269,473.94	$0.00	$613,826.12	$2,196,320.33	$0.00	($1,164.71)	($24.71)	$0.00	($1,189.42)
AFUDC PA	$0.00	$0.00	$0.00	$16,613.81	$0.00	$16,613.81	$0.00	($16,613.81)	$0.00	$0.00	($1,685.59)	$0.00	$0.00	($1,685.59)
Avoided Cost PA	$0.00	$0.00	$0.00	($26,748.53)	$0.00	($26,748.53)	$0.00	$26,748.53	$0.00	$0.00	$2,700.19	$0.00	$0.00	$2,700.19
CIAC PA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Book Overhead	$0.00	$0.00	$0.00	($10,134.72)	$0.00	($10,134.72)	$0.00	$10,134.72	$0.00	$0.00	$1,014.60	$0.00	$0.00	$1,014.60
AFUDC - FT PA	$0.00	$0.00	$0.00	$45,347.04	$0.00	$45,347.04	$0.00	($45,347.04)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Cap 263A Book, State Use FT PA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Cap 263A Book, Taxes Cap FT P.	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
ITC Basis Reduct FT PA	$0.00	$0.00	$0.00	$1,676.26	$0.00	$1,676.26	$0.00	($1,676.26)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other FT PA	$0.00	$0.00	$0.00	$2,031,350.16	$0.00	$2,031,350.16	$0.00	($2,031,350.16)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pensions-Book FT PA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Section 179a FT PA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Book Overhead	$0.00	$0.00	$0.00	$2,078,373.46	$0.00	$2,078,373.46	$0.00	($2,078,373.46)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
PA PECO Pension Adj	$865,713.78	$0.00	$865,713.78	$0.00	$0.00	$0.00	$0.00	$865,713.78	$0.00	$0.00	$86,484.81	$0.00	$0.00	$86,484.81
Tax Only	$865,713.78	$0.00	$866,713.78	$0.00	$0.00	$0.00	$0.00	$865,713.78	$0.00	$0.00	$86,484.81	$0.00	$0.00	$86,484.81
Total Tax Classes	$15,159,788.69	$4,785,545.48	$19,945,334.17	$15,748,487.53	$2,589,225.15	$18,337,712.68	$0.00	($588,698.84)	$2,196,320.33	$0.00	$86,334.70	($24.71)	$0.00	$86,309.99
Company/JurSubtotal:	$15,159,788.69	$4,785,545.48	$19,945,334.17	$15,748,487.53	$2,589,225.15	$18,337,712.68	$0.00	($588,698.84)	$2,196,320.33	$0.00	$86,334.70	($24.71)	$0.00	$86,309.99
Adjust for Partial Normalization	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00								
Accum Reserve Adjustments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00								
Company/Jur Total:	$15,159,788.69	$4,785,545.48	$19,945,334.17	$15,748,487.53	$2,589,225.15	$18,337,712.68								

$1,607,621.49

PowerTax Deferred Tax Recovery By Type Report
Rpt # 216 1/29/2015 4:05 PM
10200 PECO Energy Company
2) PECO New Master Case
Tax Year: 2014
Common (NO Software)
Grouped By: Total Tax Classes

	Tax Recovery			Book Recovery			Basis Diff	Current Difference			Current Deferred Tax			
Jurisdiction: PA State Offset	**Depreciation**	**Loss/(Gain)**	**Tax Total**	**Depreciation**	**Loss/(Gain)**	**Book Total**	**Orig Diff**	**Depreciation**	**Loss/(Gain)**	**Orig Diff**	**Depreciation**	**Loss/(Gain)**	**Orig Diff**	**Total DIT**
PA State Offset														
Offset - ML FAS106 FT PA	$168,355.54	$0.00	$188,355.54	$340,872.40	$0.00	$340,872.40	$0.00	($172,516.86)	$0.00	$0.00	$402.68	$0.00	$0.00	$402.68
Offset - ML FT PA	$4,823,127.03	$1,657,221.24	$6,480,348.27	$3,894,966.30	$40,065.83	$3,935,032.13	$0.00	$928,160.73	$1,617,155.41	$0.00	$4.93	$8.60	$0.00	$13.53
Offset - ML FT PA Non-Conformir	$9,302,592.34	$3,128,324.24	$12,430,916.58	$9,444,410.09	$2,549,159.32	$11,993,569.41	$0.00	($141,817.75)	$579,164.92	$0.00	$0.00	$0.00	$0.00	$0.00
Depreciation Difference	$14,294,074.91	$4,785,545.48	$19,079,620.39	$13,680,248.79	$2,589,225.15	$16,269,473.94	$0.00	$613,826.12	$2,196,320.33	$0.00	$407.61	$8.60	$0.00	$416.21
Offset - AFUDC PA	$0.00	$0.00	$0.00	$16,613.81	$0.00	$16,613.81	$0.00	($16,613.81)	$0.00	$0.00	$592.64	$0.00	$0.00	$592.64
Offset - Avoided Cost PA	$0.00	$0.00	$0.00	($26,748.53)	$0.00	($26,748.53)	$0.00	$26,748.53	$0.00	$0.00	($947.88)	$0.00	$0.00	($947.88)
Offset - CIAC PA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Book Overhead	$0.00	$0.00	$0.00	($10,134.72)	$0.00	($10,134.72)	$0.00	$10,134.72	$0.00	$0.00	($355.24)	$0.00	$0.00	($355.24)
Offset - AFUDC - FT PA	$0.00	$0.00	$0.00	$45,347.04	$0.00	$45,347.04	$0.00	($45,347.04)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset - ITC Basis Reduct FT PA	$0.00	$0.00	$0.00	$1,676.26	$0.00	$1,676.26	$0.00	($1,676.26)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset - Other FT PA	$0.00	$0.00	$0.00	$2,031,350.16	$0.00	$2,031,350.16	$0.00	($2,031,350.16)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset - Pensions-Book FT PA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset - Section 179a FT PA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset Cap 263A Bk Taxes Cap F	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset Cap263A Bk, State Use Fl	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Book Overhead	$0.00	$0.00	$0.00	$2,078,373.46	$0.00	$2,078,373.46	$0.00	($2,078,373.46)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset - PA PECO Pension Adj	$865,713.78	$0.00	$865,713.78	$0.00	$0.00	$0.00	$0.00	$865,713.78	$0.00	$0.00	($30,269.70)	$0.00	$0.00	($30,269.70)
Tax Only	$865,713.78	$0.00	$865,713.78	$0.00	$0.00	$0.00	$0.00	$865,713.78	$0.00	$0.00	($30,269.70)	$0.00	$0.00	($30,269.70)
Total Tax Classes	$15,159,788.69	$4,785,545.48	$19,945,334.17	$16,748,487.53	$2,589,225.15	$18,337,712.68	$0.00	($588,698.84)	$2,196,320.33	$0.00	($30,217.33)	$8.60	$0.00	($30,208.73)
Company/JurSubtotal:	$15,159,788.69	$4,785,545.48	$19,945,334.17	$15,748,487.53	$2,589,225.15	$18,337,712.88	$0.00	($588,698.84)	$2,196,320.33	$0.00	($30,217.33)	$8.60	$0.00	($30,208.73)
Adjust for Partial Normalization	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00			$1,607,621.49					
Accum Reserve Adjustments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00								
Company/Jur Total:	$15,159,788.69	$4,785,545.48	$19,945,334.17	$15,748,487.53	$2,589,225.15	$18,337,712.68								

PowerTax Deferred Tax Recovery By Typa Report
Rpt # 216 1/29/2015 3:36 PM
10200 PECO Energy Company
2) PECO New Mastar Case
Tax Year: 2014
Common Software
Grouped By: Total Tax Classes

	Tax Recovery			Book Recovery			Basis Diff	Currant Difference			Current Deferred Tax			
Jurisdiction: Federal	**Depreciation**	**Loss/(Gain)**	**Tax Total**	**Depreciation**	**Loss/(Gain)**	**Book Total**	**Orig Diff**	**Depreciation**	**Loss/(Gain)**	**Orig Diff**	**Depreciation**	**Loss/(Gain)**	**Orig Diff**	**Total DIT**
Fadaral														
ML Fed Only	$3,636,222.83	$150,809.82	$3,787,032.65	$6,260,194.46	$0.00	$6,260,194.46	$0.00	($2,623,971.63)	$150,809.82	$0.00	($918,390.09)	$52,783.44	$0.00	($865,606.65)
Depreciation Difference	$3,636,222.83	$150,809.82	$3,787,032.65	$6,260,194.46	$0.00	$6,260,194.46	$0.00	($2,623,971.63)	$150,809.82	$0.00	($918,390.09)	$52,783.44	$0.00	($865,606.65)
AFUDC Debt Fed	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Avoided Cost Fed	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
InterCo Transfer PECO FED	$0.00	$0.00	$0.00	($389,921.57)	$0.00	($389,921.57)	$0.00	$389,921.57	$0.00	$0.00	$136,472.55	$0.00	$0.00	$136,472.55
Software Fed	$0.00	$0.00	$0.00	$9,111,298.98	$0.00	$9,111,298.98	($7,030,842.80)	($9,111,298.98)	$0.00	$7,030,842.80	($3,188,954.65)	$0.00	$2,460,794.98	($728,159.67)
Book Overhead	$0.00	$0.00	$0.00	$8,721,377.41	$0.00	$8,721,377.41	($7,030,842.80)	($8,721,377.41)	$0.00	$7,030,842.80	($3,052,482.10)	$0.00	$2,460,794.98	($591,687.12)
AFUDC - FT Fed	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Cap 263A Book, Stata Use FT FE	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Cap 263A Book, Taxes Cap FT F	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pensions-Book FT FED	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Book Overhead	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total Tax Classes	$3,636,222.83	$150,809.82	$3,787,032.65	$14,981,571.87	$0.00	$14,981,571.87	($7,030,842.80)	($11,345,349.04)	$150,809.82	$7,030,842.80	($3,970,872.19)	$52,783.44	$2,460,794.98	($1,457,293.77)
Company/JurSubtotal:	$3,636,222.83	$150,809.82	$3,787,032.65	$14,981,571.87	$0.00	$14,981,571.87	($7,030,842.80)	($11,345,349.04)	$150,809.82	$7,030,842.80	($3,970,872.19)	$52,783.44	$2,460,794.98	($1,457,293.77)
Adjust for Partial Normalization	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00								
Accum Raserve Adjustments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00								
Company/Jur Total:	$3,636,222.83	$150,809.82	$3,787,032.65	$14,981,571.87	$0.00	$14,981,571.87								

($4,163,696.42)

PowerTax Deferred Tax Recovery By Type Report
Rpt # 216 1/29/2015 3:38 PM
10200 PECO Energy Company
2) PECO New Master Case
Tax Year: 2014
Common Software
Grouped By: Total Tax Classes

	Tax Recovery			Book Recovery			Basis Diff	Current Difference			Current Deferred Tax			
Jurisdiction: PA State	Depreciation	Loss/(Gain)	Tax Total	Depreciation	Loss/(Gain)	Book Total	Orig Diff	Depreciation	Loss/(Gain)	Orig Diff	Depreciation	Loss/(Gain)	Orig Diff	Total DIT
PA State														
ML FT PA	($624,649.24)	$42,683.69	($581,965.55)	$3,416,627.26	$0.00	$3,416,627.26	$0.00	($4,041,276.50)	$42,683.69	$0.00	$0.00	$0.00	$0.00	$0.00
ML FT PA Non-Conforming	$917,220.09	$101,804.02	$1,019,024.11	$2,843,567.20	$0.00	$2,843,567.20	$0.00	($1,926,347.11)	$101,804.02	$0.00	$0.00	$0.00	$0.00	$0.00
Depreciation Difference	$292,570.85	$144,487.71	$437,058.56	$6,260,194.46	$0.00	$6,260,194.46	$0.00	($5,967,623.61)	$144,487.71	$0.00	$0.00	$0.00	$0.00	$0.00
AFUDC PA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Avoided Cost PA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Book Overhead	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
AFUDC - FT PA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Cap 263A Book, State Use FT P/	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Cap 263A Book, Taxes Cap FT P.	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
InterCo Transfer PECO FT PA	$0.00	$0.00	$0.00	($389,921.57)	$0.00	($389,921.57)	$0.00	$389,921.57	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pensions-Book FT PA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Software PA	$0.00	$0.00	$0.00	$9,111,298.98	$0.00	$9,111,298.98	($7,030,842.80)	($9,111,298.98)	$0.00	$7,030,842.80	$0.00	$0.00	$0.00	$0.00
Book Overhead	$0.00	$0.00	$0.00	$8,721,377.41	$0.00	$8,721,377.41	($7,030,842.80)	($8,721,377.41)	$0.00	$7,030,842.80	$0.00	$0.00	$0.00	$0.00
Total Tax Classes	$292,570.85	$144,487.71	$437,058.56	$14,981,571.87	$0.00	$14,981,571.87	($7,030,842.80)	$14,689,001.02)	$144,487.71	$7,030,842.80	$0.00	$0.00	$0.00	$0.00
Company/JurSubtotal:	$292,570.85	$144,487.71	$437,058.56	$14,981,571.87	$0.00	$14,981,571.87	($7,030,842.80)	$14,689,001.02)	$144,487.71	$7,030,842.80	$0.00	$0.00	$0.00	$0.00
Adjust for Partial Normalization	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00								
Accum Reserve Adjustments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00								
Company/Jur Total:	$292,570.85	$144,487.71	$437,058.56	$14,981,571.87	$0.00	$14,981,571.87								

($7,513,670.51)

PowerTax Deferred Tax Recovery By Type Report
Rpt # 216 1/29/2015 3:38 PM
10200 PECO Energy Company
2) PECO New Master Case
Tax Year: 2014
Common Software
Grouped By: Total Tax Classes

	Tax Recovery			Book Recovery			Basis Diff	Current Difference			Current Deferred Tax			
Jurisdiction: PA State Offset	**Depreciation**	**Loss/(Gain)**	**Tax Total**	**Depreciation**	**Loss/(Gain)**	**Book Total**	**Orig Diff**	**Depreciation**	**Loss/(Gain)**	**Orig Diff**	**Depreciation**	**Loss/(Gain)**	**Orig Diff**	**Total DIT**
PA State Offset														
Offset - ML FT PA	($624,649.24)	$42,683.69	($581,965.55)	$3,416,627.26	$0.00	$3,416,627.26	$0.00	($4,041,276.50)	$42,683.69	$0.00	$0.00	$0.00	$0.00	$0.00
Offset - ML FT PA Non-Conformir	$917,220.09	$101,804.02	$1,019,024.11	$2,843,567.20	$0.00	$2,843,567.20	$0.00	($1,926,347.11)	$101,804.02	$0.00	$0.00	$0.00	$0.00	$0.00
Depreciation Difference	$292,570.85	$144,487.71	$437,058.56	$6,260,194.46	$0.00	$6,260,194.46	$0.00	($5,967,623.61)	$144,487.71	$0.00	$0.00	$0.00	$0.00	$0.00
Offset - AFUDC PA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset - Avoided Cost PA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Book Overhead	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset - AFUDC - FT PA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset - InterCo Transfer PECO F	$0.00	$0.00	$0.00	($389,921.57)	$0.00	($389,921.57)	$0.00	$389,921.57	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset - Pensions-Book FT PA	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset - Software PA	$0.00	$0.00	$0.00	$9,111,298.98	$0.00	$9,111,298.98	($7,030,842.80)	($9,111,298.98)	$0.00	$7,030,842.80	$0.00	$0.00	$0.00	$0.00
Offset Cap 263A Bk Taxes Cap F	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Offset Cap263A Bk, State Use F	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Book Overhead	$0.00	$0.00	$0.00	$8,721,377.41	$0.00	$8,721,377.41	($7,030,842.80)	($8,721,377.41)	$0.00	$7,030,842.80	$0.00	$0.00	$0.00	$0.00
Total Tax Classes	$292,570.85	$144,487.71	$437,058.56	$14,981,571.87	$0.00	$14,981,571.87	($7,030,842.80)	($14,689,001.02)	$144,487.71	$7,030,842.80	$0.00	$0.00	$0.00	$0.00
Company/JurSubtotal:	$292,570.85	$144,487.71	$437,058.56	$14,981,571.87	$0.00	$14,981,571.87	($7,030,842.80)	($14,689,001.02)	$144,487.71	$7,030,842.80	$0.00	$0.00	$0.00	$0.00
Adjust for Partial Normalization	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00								
Accum Reserve Adjustments	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00								
Company/Jur Total:	$292,570.85	$144,487.71	$437,058.56	$14,981,571.87	$0.00	$14,981,571.87								

($7,513,670.51)

Q. II-D-25

Submit a schedule showing a breakdown of accumulated and unamortized investment tax credits, by vintage year and percentage rate, together with calculations supporting the amortized amount claimed as a reduction to pro forma income taxes. Provide details of methods used to write-off the unamortized balances.

A. II-D-25

Prior years' deferred investment tax credits ("ITCs") are being recognized in income ratably over the remaining life used for depreciation for financial accounting purposes of the related property. Refer to Attachment II-D-25(a).

PECO ENERGY COMPANY
YEAR OF REPORT: 2014

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Page 266 Line 5 Column g

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Deferred for Year: Account No. (c)	Deferred for Year: Amount (d)	Allocations to Current Year's Income: Account No. (e)	Allocations to Current Year's Income: Amount (f)	Adjustments (g)	Balance at End of Year (h)	Average Period of Allocation to Income (i)
1	Electric Utility								
2	3%	$ -		$ -				$ -	
3	4%	$ -		$ -		$ -	$ -	$ -	
4	7%	$ -		$ -				$ -	
5	10%	$ 9		$ -	411.4	$ 9	$ -	$ -	
6	6.5%	$ 493,231		$ -	411.4	$ 17,836	$ -	$ 475,395	50 yrs
7									
8	TOTAL	$ 493,240		$ -		**$ 17,845**	$ -	$ 475,395	
9	Other					A			
10	Gas Utility								
11	4%	$ 5		$ -	411.4	$ 5	$ -	$ -	
12	10%	$ 2,057,471		$ -	411.4	$ 436,095	$ -	$ 1,621,376	37 yrs
13	TOTAL GAS	$ 2,057,476		$ -		**$ 436,100**	$ -	$ 1,621,376	
14						B			
15	Common Utility.								
16	4%	$ -		$ -				$ -	
17	10%	$ 212,649		$ -	411.4	$ 36,273		$ 176,376	37 yrs
18	TOTAL COMMON	$ 212,649		$ -		**$ 36,273**		$ 176,376	
19									
20	TOTAL ACCUM DEF'D ITC	$ 2,763,365		$ -		$ 490,218	$ -	$ 2,273,147	

			Rate
ITC - Electric	ΣAs =	$ 46,102	9.40%
ITC - Gas	ΣBs =	$ 444,116	90.60%
		$ 490,218	

Allocation of Common to Class of Service	Electric	Gas	Total
Deferred 4%	$ -	$ -	$ -
Deferred 10%	$ -	$ -	$ -
TOTAL	$ -	$ -	$ -
Amortized 4%	$ -	$ -	$ -
Amortized 10%	$ 28,257	$ 8,016	$ 36,273 *
TOTAL	$ 28,257	$ 8,016	$ 36,273
	A	B	

*Allocated based on plant ratio 77.9% Electric v. 22.1% Gas.

PECO ENERGY COMPANY
YEAR OF REPORT: 2015

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Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Deferred for Year: Account No. (c)	Deferred for Year: Amount (d)	Allocations to Current Year's Income: Account No. (e)	Allocations to Current Year's Income: Amount (f)	Adjustments (g)	Balance at End of Year (h)	Average Period of Allocation to Income (i)
1	Electric Utility								
2	3%	$ -		$ -				$ -	
3	4%	$ -		$ -		$ -	$ -	$ -	
4	7%	$ -		$ -				$ -	
5	10%	$ -		$ -		$ -	$ -	$ -	
6	6.5%	$ 475,395		$ -	411.4	$ 17,836	$ -	$ 457,559	50 yrs
7									
8	TOTAL	$ 475,395		$ -		**$ 17,836** A	$ -	$ 457,559	
9	Other								
10	Gas Utility								
11	4%	$ -		$ -		$ -	$ -	$ -	
12	10%	$ 1,621,376		$ -	411.4	$ 412,017	$ -	$ 1,209,359	37 yrs
13	TOTAL GAS	$ 1,621,376		$ -		**$ 412,017** B	$ -	$ 1,209,359	
14									
15	Common Utility								
16	4%	$ -		$ -				$ -	
17	10%	$ 176,376		$ -	411.4	$ 35,777		$ 140,599	37 yrs
18	TOTAL COMMON	$ 176,376		$ -		**$ 35,777**		$ 140,599	
19									
20	TOTAL ACCUM DEF'D ITC	$ 2,273,147		$ -		$ 465,630	$ -	$ 1,807,517	

			Rate
ITC - Electric	ΣAs =	$ 45,706	9.82%
ITC - Gas	ΣBs =	$ 419,924	90.18%
		$ 465,630	

Allocation of Common to Class of Service	Electric	Gas	Total
Deferred 4%	$ -	$ -	$ -
Deferred 10%	$ -	$ -	$ -
TOTAL	$ -	$ -	$ -
Amortized 4%	$ -	$ -	$ -
Amortized 10%	$ 27,870	$ 7,907	$ 35,777 *
TOTAL	$ 27,870 A	$ 7,907 B	$ 35,777

*Allocated based on plant ratio 77.9% Electric v. 22.1% Gas.

PECO ENERGY COMPANY
YEAR OF REPORT: 2016

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Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Deferred for Year: Account No. (c)	Deferred for Year: Amount (d)	Allocations to Current Year's Income: Account No. (e)	Allocations to Current Year's Income: Amount (f)	Adjustments (g)	Balance at End of Year (h)	Average Period of Allocation to Income (i)
1	Electric Utility								
2	3%	$ -		$ -				$ -	
3	4%	$ -		$ -		$ -	$ -	$ -	
4	7%	$ -		$ -				$ -	
5	10%	$ -		$ -		$ -	$ -	$ -	
6	6.5%	$ 457,559		$ -	411.4	$ 17,836	$ -	$ 439,723	50 yrs
7									
8	TOTAL	$ 457,559		$ -		$ 17,836	$ -	$ 439,723	
9	Other					A			
10	Gas Utility								
11	4%	$ -		$ -		$ -	$ -	$ -	
12	10%	$ 1,209,359		$ -	411.4	$ 374,988	$ -	$ 834,371	37 yrs
13	TOTAL GAS	$ 1,209,359		$ -		$ 374,988	$ -	$ 834,371	
14						B			
15	Common Utility								
16	4%	$ -		$ -				$ -	
17	10%	$ 140,599		$ -	411.4	$ 35,022		$ 105,577	37 yrs
18	TOTAL COMMON	$ 140,599		$ -		$ 35,022		$ 105,577	
19									
20	TOTAL ACCUM DEF'D ITC	$ 1,807,517		$ -		$ 427,846	$ -	$ 1,379,671	

			Rate
ITC - Electric	ΣAs =	$ 45,118	10.55%
ITC - Gas	ΣBs =	$ 382,728	89.45%
		$ 427,846	

Allocation of Common to Class of Service	Electric	Gas	Total
Deferred 4%	$ -	$ -	$ -
Deferred 10%	$ -	$ -	$ -
TOTAL	$ -	$ -	$ -
Amortized 4%	$ -	$ -	$ -
Amortized 10%	$ 27,282	$ 7,740	$ 35,022 *
TOTAL	$ 27,282	$ 7,740	$ 35,022
	A	B	

*Allocated based on plant ratio 77.9% Electric v. 22.1% Gas.

Q. II-D-26 Explain in detail by statement or exhibit the appropriateness of claiming any additional items, not otherwise specifically explained and supported in the statement of operating income.

A. II-D-26 Not applicable. The Company is not claiming any additional items not discussed, explained and supported in the statements of operating income contained in Exhibits SY-1 and SY-2, and described in PECO Statement No. 3, the direct testimony of Shuo Yin.

Q. II-D-27 If the utility's operations include non-jurisdictional activities, provide a schedule which demonstrates the manner in which rate base and operating income date have been adjusted to develop the jurisdictional test year claim.

A. II-D-27 Refer to Exhibits SY-1and SY-2 and PECO Statement No. 3, the direct testimony of Shuo Yin. The manner in which non-jurisdictional amounts were calculated is discussed by Mr. Yin. For each claim that relates to operations that include non-jurisdictional activities, the calculation of the non-jurisdictional amount is shown in the applicable schedules of Exhibits SY-1 and SY-2 for the fully projected future test year and the future test year, respectively.

Q. II-E-1 Supply a copy of any budget utilized as a basis for any test year claim, and explain the utility budgeting process.

A. II-E-1 Refer to the Company's response to SDR-ROR-13 for the Company's projected operating budget.

Refer to the direct testimony of Phillip S. Barnett, which explains the Company's budgeting process.

Q. II-E-2 Supply summaries of the utility's projected operating and capital budgets for the 2 calendar years following the end of the test year.

A. II-E-2 Refer to the Company's response to SDR-ROR-13 for the Company's projected operating budgets.

Refer to the Company's response to III-F-2 for the Company's projected capital budgets.