January 29, 2014

Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First St NE
Washington, DC 20426

Re: Commonwealth Edison Indiana Single Issue Filing to Update Depreciation Rate
Docket No. ER14-1205-000

Dear Secretary Bose:

Pursuant to Section 205 of the Federal Power Act (“FPA”)1 and Part 35 of the Federal Energy Regulatory Commission’s (“FERC” or “Commission”) regulations,2 Commonwealth Edison Company, on behalf of itself and its wholly-owned subsidiary Commonwealth Edison of Indiana, Inc. (“ComEd of Indiana”) (collectively, “ComEd”), submits for filing revisions to the stated depreciation rates contained in their transmission rate schedules previously accepted by the Commission.3 In this filing, ComEd is not making a change to the structure of its formula, but is merely updating the stated depreciation values to implement the results of objectively performed accounting and actuarial studies.4 ComEd requests that the Commission accept these revised tariff sheets within sixty days of this filing, effective March 31, 2014.

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3 Attachment H-13 of the PJM Tariff calculates rates for the ComEd zone and collects the cost-of-service rates for ComEd and ComEd of Indiana. Pursuant to Order No. 714, this filing is submitted by PJM Interconnection, L.L.C. (“PJM”) on behalf of ComEd as part of an XML filing package that conforms with the Commission’s regulations. PJM has agreed to make all filings on behalf of the PJM Transmission Owners in order to retain administrative control over the PJM Tariff. Thus, ComEd has requested PJM submit this Original Service Agreement No. 3747 in the eTariff system as part of PJM’s electronic Service Agreements Tariff.
4 ComEd has revised Attachment No. 9 to its formula rate (Attachment H-13A of the PJM Tariff) to track the depreciation study results, as set forth in Exh. No. COM-002. The revisions include the updated depreciation rates, and also include the corresponding Uniform System of Accounts account numbers for each rate so that there is no uncertainty about application of these revised rates. ComEd of Indiana entered into a Letter Agreement with ComEd specifying the rate established by the new depreciation study, and providing for the periodic updating of the stated ComEd of Indiana depreciation rate subject to filing of such revised depreciation rates with the Commission pursuant to Section 205 of the FPA. This Letter Agreement is being submitted in e-tariff as part of the PJM Service Agreement Tariff as Original Service Agreement No. 3747.
I. Identification of Applicant

ComEd, an Illinois corporation, is an operating subsidiary of Exelon Corporation, a Pennsylvania corporation. ComEd maintains more than 91,000 miles of overhead and underground transmission and distribution facilities in Northern Illinois, as well as transmission facilities in Northern Indiana owned by its subsidiary ComEd Indiana, and provides delivered electric power to more than 3.8 million customers. ComEd does not own any generation facilities. ComEd transferred operational control over its transmission facilities to PJM on May 1, 2004. ComEd’s retail electric service is regulated by the Illinois Commerce Commission (“ICC”), while PJM’s provision of transmission service over its transmission facilities and its sales for resale of electric energy in interstate commerce are regulated by this Commission.

II. Persons to Whom Correspondence Should be Addressed

<table>
<thead>
<tr>
<th>Name</th>
<th>Title/Position</th>
<th>Address</th>
<th>Phone</th>
<th>Email</th>
</tr>
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</tr>
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III. Background and Statement of Nature, Reasons, and Basis for Filing

On March 1, 2007, ComEd filed its proposal pursuant to Section 205 of the FPA to use a cost of service formula rate to charge customers for network and point-to-point transmission service to load within the ComEd zone under the PJM Tariff.5 On June 5, 2007, the Commission set the proposed rates for hearing.6 A Settlement was filed on October 5, 2007 on behalf of ComEd and its interested customers.7 ComEd of Indiana’s Transmission Revenue Requirement

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5 Commonwealth Edison Submits Sixth Revised Sheet 245 et al to FERC Electric Tariff Sixth Revised Volume 1, Docket No. ER07-583 (filed March 1, 2007).
is charged to ComEd through a service agreement between those entities, and the charge is then passed through to customers through the ComEd formula. The Commission approved the Settlement on January 18, 2008.

ComEd and ComEd of Indiana’s tariff sheets include stated depreciation rates. ComEd’s Formula Rate Implementation Protocols and the Settlement Agreement state that the Formula Rate uses stated rates for depreciation that may only be changed pursuant to a Section 205 or 206 application made effective by the Commission. In addition, the Protocols and the Settlement Agreement provide that an application “to modify stated values for depreciation rates . . . under the Formula Rate or Protocols shall not open review of other components of the Formula Rate or Protocols.” ComEd made a single-issue filing to update the depreciation rates in 2009, and the Commission accepted those changes effective June 1, 2009.

ComEd submits this single-issue filing to revise the stated depreciation rates. In this filing, ComEd is not making a change to the structure of the tariffs or the Formula Rate, but is merely updating the stated depreciation levels to implement the results of the objectively performed accounting and actuarial studies. The accompanying testimony of Gerald J. Kozel, Vice President and Controller of ComEd, explains the changes to depreciation rates. As Mr. Kozel explains, ComEd made a commitment to the ICC to complete depreciation studies every five years or less, beginning with the 2008 depreciation study. In accordance with that commitment, Gannett Fleming was engaged in 2013 to perform an Electric Plant Depreciation Study (“Depreciation Study”) utilizing the assets in service as of December 31, 2012.

As explained by Mr. Kozel, a depreciation study is performed primarily to determine the appropriate depreciation rates to apply to plant in service, so as to recover the cost of the assets, including the costs of ultimate removal and salvage, during the period over which the assets are consumed. Depreciation rates change over time due to numerous factors which may shorten or extend the useful life of property, including changes in technology, updates to operational practices, changes in the mix of assets within a composite depreciable group, and variances in estimated removal costs and salvage recoveries versus actual amounts. The depreciation rate is

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8 See PJM Attachment H-13A, Appendix A at lines 71-72; see also Tariff Sheets for Commonwealth Edison Company of Indiana, Docket No. ER10-3333 (Jan. 17, 2009).
10 See Attachment H-13B at Section 1.h.
11 Id.
12 See Letter Order, ER09-937 (May 18, 2009) (accepting ComEd’s revisions to the stated rates for depreciation and PBOP expenses).
13 Testimony of Gerald J. Kozel, Exhibit No. COM-001 at 4-5 (“Kozel Testimony”).
14 Id. at 5.
15 Id. at 6.
16 Id.
17 Id. at 4-7.
primarily determined through analysis of the Average Service Life ("ASL") and Net Salvage/Removal costs.\textsuperscript{18} The depreciation rates are developed based on the historical experiences of the company, analysis of the current and future uses of the various property classes, and expertise of Gannett Fleming, an independent third-party depreciation expert. These factors are then combined to determine a depreciation rate, which is then applied prospectively to the depreciable groups of assets.\textsuperscript{19}

In support of ComEd’s request to update its stated depreciation rates, and in addition to this transmittal letter, ComEd is filing the Kozel Testimony and associated exhibits. A summary depreciation report, which describes the methodologies and procedures used in calculating ComEd’s depreciation rates, as well as the results of the independent third-party study are included as Exhibit No. COM-002. Mr. Kozel is also sponsoring an exhibit that provides a breakdown of the depreciation rates by FERC account number and compares the previous depreciation rates to the new depreciation rates. As Mr. Kozel explains, the changes in the depreciation rates for transmission plant from the previous depreciation study were primarily driven by an increase in the estimated cost of future net removals.\textsuperscript{20} Future net removal cost rates have increased primarily as a result of increasing labor costs and general and administrative expenses.\textsuperscript{21}

As discussed in Mr. Kozel’s testimony, the customers in the ComEd zone will experience a slight rate increase due to the revised depreciation rates. The estimated increase in ComEd’s revenue requirement due to the change in depreciation rates is estimated to be approximately $10.0 million, or approximately 2\%, based on ComEd’s projected 2013 revenue.\textsuperscript{22}

IV. Compliance with Commission Requirements

A. List of Documents Submitted

Applicants submit herewith:

1. This transmittal letter

2. Clean Tariff Sheets (Attachment A)

\textsuperscript{18} Id. \\
\textsuperscript{19} Id. at 4-8. \\
\textsuperscript{20} See Exhibit No. COM-001 at 6-7. \\
\textsuperscript{21} Id. \\
\textsuperscript{22} Id. at 7. As explained by Mr. Kozel, this projection is based on estimated plant balances as of December 31, 2013. Mr. Kozel also explains that ComEd of Indiana’s estimated impact constitutes $.2 million of the projected $10.0 million.
3. Signature Copy of Letter Agreement (Attachment B)


B. Proposed Effective Date

ComEd respectfully requests that the Commission accept the revised depreciation rates within sixty days of this filing, to be effective March 31, 2014. Under the ComEd Formula Rate, ComEd will file an Annual Update in May 2014, setting new rate levels that will go into effect June 1, 2014. The 2014 update will, for the most part, rely on 2013 Form 1 data. Consistent with the Formula Rate and the Implementation Protocols, the rate levels charged for the following year will then be subject to a true-up on June 1, 2015, with the true-up based on 2014 data. Because the 2013 Form 1 data will not incorporate the revised depreciation rate levels, the revised stated depreciation rate will be reflected for the first time in the actual rate levels charged to customers in ComEd’s 2014 True-Up, which will go into effect June 1, 2015. This implementation is consistent with that previously approved for ComEd.23

C. Designation

All charges will flow through ComEd’s existing Formula Rate, which is Attachment H-13A, under the PJM Tariff.

D. Section 205 Compliance Requirements

1. Names and Addresses of Persons to Whom a Copy of this Filing has Been Provided

ComEd has served a copy of this filing on PJM, the ICC, and the Indiana Utility Regulatory Commission. ComEd has requested that PJM post a copy of this filing on the PJM website, which is monitored by all PJM Members and state utility regulatory commissions in the PJM Region. Also, a copy of this filing will be available on the Commission’s eLibrary website located at the following link: http://www.ferc.gov/docs-filing/elibrary.asp in accordance with the Commission’s regulations and Order No. 714.

2. Description of the Filing

A description of the filing is set forth above.

23 See Letter Order, Docket No. ER09-937 (May 18, 2009) (accepting ComEd’s revisions to the stated rates for depreciation and PBOP and the proposed implementation).
3. **Statement of the Reasons for Submission**

This transmittal letter and the attachments explain the reasons for the filing.

4. **Requisite Agreement**

No additional agreement is required by contract for the filing of proposed changes.

5. **Statement Regarding Inclusion of Any Expense of Costs in Cost of Service Statements that Have Been Alleged or Adjudged Illegal, Duplicative, or Unnecessary Costs that are Demonstrably the Product of Discriminatory Employment Practices**

There are no costs included in this filing that have been alleged or adjudged in any administrative or judicial proceeding to be illegal, duplicative, or unnecessary costs, nor has any expense or cost been demonstrated to be the product of discriminatory or employment practices, within the meaning of Section 35.13(d)(3) of the Commission’s regulations.

6. **Cost of Service and Revenue Information to Support Filing and Request for Waiver**

Applicants believe that they have provided sufficient information for the Commission to determine the reasonableness of the proposed changes. To the extent that this filing requires waivers of Section 35.13 of the Commission’s regulations, Applicants respectfully request such waivers, including waivers of Section 35.13(c), (d), (e), and (h) of the Commission’s regulations, 18 C.F.R. §§ 35.13(c), (d), (e), and (h). This filing, and the accompanying attachments, provides ample support for the Commission to accept the Application for filing. To the extent that this filing fails to contain any information otherwise required for technical compliance with the Commission’s regulations, Applicants respectfully request that compliance with such regulations be waived.
V. Conclusion

For the foregoing reasons, ComEd respectfully requests the Commission accept its modified depreciation rates, within sixty days of this filing, effective March 31, 2014.

Respectfully submitted,

/s/ Stan Berman
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/s/ Eugene Bernstein
Eugene Bernstein
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eugene.bernstein@exeloncorp.com

Counsel for Commonwealth Edison
LETTER AGREEMENT
by and between
COMMONWEALTH EDISON COMPANY
and
COMMONWEALTH EDISON COMPANY OF INDIANA, INC.
January 28, 2014

Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First St NE
Washington, DC 20426

Dear Secretary Bose:

This Letter serves to memorialize the agreement between Commonwealth Edison Company of Indiana, Inc., (formerly Chicago District Electric Generating Corporation and hereafter referred to as “ComEd of Indiana”) and Commonwealth Edison Company (“ComEd”) to allow for the periodic updating of the depreciation rates used in the formula rate calculations for charges from ComEd of Indiana to ComEd under the 1958 Transmission Service Agreement between ComEd of Indiana and ComEd. ComEd of Indiana and ComEd agree that:

1. Changes to the depreciation rates may only be proposed through a Section 205 filing submitted to the Federal Energy Regulatory Commission (“FERC”), and will only become effective upon acceptance by FERC.

2. This Letter Agreement will be filed as part of the PJM Service Agreement Tariff, as Original Service Agreement No. 3747.

3. ComEd of Indiana will employ a depreciation rate of 1.67% in computing charges under the formula, consistent with a 2013 electric plant depreciation study of ComEd of Indiana. ComEd of Indiana will use this stated depreciation rate until a future Section 205 filing is submitted to FERC with a proposal to amend this agreement.

/s/ Gerald J. Kozel
Gerald J. Kozel
Assistant Secretary
ComEd of Indiana

/s/ Joseph R. Trpik Jr.
Joseph R. Trpik Jr.
Senior Vice President, Chief Financial Officer and Treasurer
Commonwealth Edison Company
January 28, 2014

Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First St NE
Washington, DC 20426

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Gerald J. Kozel
Assistant Secretary
ComEd of Indiana

Joseph R. Upik Jr.
Senior Vice President, Chief Financial Officer and Treasurer
Commonwealth Edison Company
ATTACHMENT C
UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

COMMONWEALTH EDISON CO.

Docket No. ER14-____-000

Direct Testimony of

GERALD J. KOZEL

Vice President and Controller
Commonwealth Edison Company
I. INTRODUCTION

Q. What is your name and business address?
A. My name is Gerald J. Kozel, Commonwealth Edison Company (“ComEd”), Three Lincoln Centre, Oakbrook Terrace, Illinois 60181.

Q. By whom and in what position are you employed?
A. I am employed by ComEd as its Vice President and Controller.

Q. Please summarize your educational and employment background.
A. I graduated from the University of Illinois at Urbana-Champaign in 1994 with a Bachelor’s degree in Accounting and Business Administration. I am a Certified Public Accountant (“CPA”) in the State of Illinois and a member of the American Institute of Certified Public Accountants (“AICPA”).

I began my career at Arthur Andersen, LLP in 1994 as a staff auditor in the audit practice of the company’s Chicago office. Over the next eight years, my responsibilities increased and I was eventually promoted to Manager. In June 2002, I joined Deloitte & Touche LLP, where I continued my career as an auditor and was promoted to Senior Manager. During my time at both companies, a significant portion of my time was focused on the energy and utility industries. In 2005, I joined Exelon and held roles as Manager and Director. I was promoted to my current role as Vice President and Controller in March 2013.

Q. What are your responsibilities as the Vice President and Controller?
A. In my current role as Vice President and Controller for ComEd, I am responsible for ComEd’s accounting operations and associated internal controls as well as its external
financial report filings with the Securities and Exchange Commission (“SEC”), the
Federal Energy Regulatory Commission (the “Commission” or “FERC”), and the Illinois
Commerce Commission (“ICC”). Additionally, I am responsible, in conjunction with my
counterparts from Exelon Corporation (“Exelon”), the ultimate parent company of
ComEd, for accounting research at ComEd, including the implementation of new
accounting standards.

Q. **What is the purpose of your testimony?**
A. In this proceeding, Commonwealth Edison Company and Commonwealth Edison
Company of Indiana (collectively, “ComEd”) are requesting that the Commission
approve their request for approval to modify the stated depreciation rates contained in
their transmission rate schedules.

Q. **Do you sponsor any exhibits?**
A. Yes. Besides my testimony, I am sponsoring Exhibit Nos. COM-002, which is discussed
below.

II. **THE 2013 ELECTRIC PLANT DEPRECIATION STUDY (“DEPRECIATION
STUDY”)**

Q. **Briefly explain the purpose of depreciation.**
A. In the accounting sense, depreciation is the recovery of the capital cost of property, plant
and equipment, including ultimate removal costs net of salvage proceeds, at an orderly
rate over the life of the property. In this context, the term “capital recovery” is frequently
used in place of the term “depreciation.” A principal reason for recognizing depreciation
is the systematic and rational reflection of the consumption of capital in cost-of-service or
expenses over the period of time that the assets are used and useful in the performance of
utility service. Under basic ratemaking principles, utilities are entitled to recover the costs associated with investments made to provide jurisdictional services. In cost-of-service ratemaking, depreciation rates are applied to investments in plant in service to derive the depreciation expense for different groups. Depreciation expenses are recovered over the life of an asset, thereby allowing utilities to recover their investment in those assets.

Q. **Why is it necessary for ComEd to update its depreciation rates?**

A. Depreciation rates change over time due to numerous factors including changes in technology, updates to operational practices, which may shorten or extend the useful life of property, changes in the mix of assets within a composite depreciable group, variances in estimated removal costs and salvage recoveries versus actual amounts, etc. Because of these different factors, it is prudent to periodically update depreciation rates to reflect the most currently available data. Additionally, in accordance with ICC order 07-0566, ComEd agreed to complete depreciation studies every five years or less. The Depreciation Study has been submitted to the ICC contemporaneously with the filing at FERC.

Q. **How were ComEd’s stated depreciation rates developed?**

A. The depreciation rates were developed by an independent third-party depreciation expert based on industry experience, the historical experiences of the company, discussions with engineers and other company experts familiar with the current and future uses of the various property classes. A summary of the depreciation study is attached to my testimony as Exhibit COM-002.
Q. What method does ComEd use to calculate the revised stated depreciation rates?

A. ComEd applies the remaining life method, which uses retirement experience to develop remaining lives that are applied to the electric plant accounts using the broad group procedure. The remaining life method spreads the unrecovered cost of plant over the estimated remaining life that incorporates any over or under recoveries that may exist.

Q. Who prepared the depreciation study?

A. The depreciation study was prepared by Gannett Fleming, Inc., an independent third party depreciation expert under my direction. The depreciation study was led and managed by the Manager of Plant Accounting for ComEd. I have reviewed the results of the study and believe that it is reasonable and correct.

Q. What are the results of the depreciation study with respect to Transmission Plant?

A. The results of the Depreciation Study are included in Exhibit No. COM-002.

Q. What factors are driving a change in the depreciation rate for transmission plant?

A. The change in the depreciation rate for transmission plant from the previous depreciation study was primarily driven by an increase in the estimated cost of future net removals (estimated removal cost, net salvage proceeds). Future net removal cost rates have increased primarily as a result of increasing labor costs including direct labor rates, pension and PBOP rates, third-party contractor costs, and general and administrative overhead cost allocations.

Q. Explain how the future net removal cost rates were developed.

Historical removal costs less historical salvage proceeds divided by historical retirement costs is used as a starting point to estimate the future net salvage/removal rates. Based on
meetings with the Company’s operating and engineering personnel and considering industry averages, the future net salvage/removal rates were confirmed or adjusted. The adjustments were based on current or future business practices that may have changed since the previous depreciation study and overall industry averages.

Q. What was the result of the depreciation study with respect to General Plant?

A. The depreciation rates for individual accounts are provided in the results of Gannett Fleming’s study, provided in Exhibit No. COM-002.

Q. How will the revised depreciation rates affect transmission rates for customers in the ComEd zone?

A. The revised depreciation rates are estimated to increase the transmission revenue requirement for ComEd, calculated pursuant to the Formula Rate, by approximately $10.0 million. This projection is based on ComEd’s estimated plant balances as of December 31, 2013. This includes an increase to transmission related assets of approximately $8.0 million, an increase to the Communications Equipment booked to Account 397, and a decrease to general (excluding account 397) and intangible plant.

Q. How will the revised depreciation rates affect Commonwealth Edison Company of Indiana, Inc. (“ComEd of Indiana”) transmission rates?

A. The revised depreciation rates are estimated to increase the charge from ComEd of Indiana to ComEd by approximately $0.2 million. This projection is based on ComEd of Indiana’s estimated plant balances as of December 31, 2013. The charges from ComEd of Indiana to ComEd are passed through to customers in the ComEd transmission
formula, and the $.2 million is included in the overall estimated $10.0 million impact discussed above.

Q. If accepted by the Commission, how will ComEd implement the revised stated rates for depreciation?

A. Under the ComEd formula, ComEd will be filing a formula update for 2014, setting new rate levels that will go into effect June 1, 2014. That update relates to calendar year 2014, but will, for the most part, rely on 2013 Form 1 data. The rate levels charged for the following year will then be subject to a true-up on June 1, 2015, with the true up based on 2014 Form 1 data. Because the 2013 Form 1 data does not incorporate the revised depreciation rate levels, the revised stated depreciation rates will be reflected for the first time in the actual rate levels charged to customers in ComEd’s 2014 True-Up, which will go into effect June 1, 2015.

Q. Does this complete your testimony?

A. Yes.
DECLARATION

State of Illinois )
) ss
County of DuPage )

Gerald J. Kozel hereby declares under penalty of the laws of the United States that the foregoing documents is true and correct to the best of his knowledge and belief. See 25 U.S.C. 1746

Executed this 28th day of January, 2014

[Signature]
Gerald J. Kozel
Summary of the 2013 Electric Plant Depreciation Study

Commonwealth Edison Company

January 2014
COMMONWEALTH EDISON COMPANY  
Summary of the 2013 Electric Plant Depreciation Study

Introduction

The Valuation and Rate Division of Gannett Fleming, Inc. (“Gannett Fleming”) was engaged to perform the Depreciation Study for ComEd and ComEd of Indiana. The Valuation and Rate Division of Gannett Fleming, Inc. provides valuation, depreciation and related services to the utility industry.

The primary objective of this study was to determine appropriate annual depreciation rates for book purposes. The depreciation rates were based on estimated survivor curves and net salvage percents applicable to the depreciable property groups of electric plant in service as of December 31, 2012. The rates presented in Table 1 are based on the straight line method of depreciation and the average service life procedure using the average remaining life technique.

The service life and net salvage estimates resulting from the study were based on informed engineering judgment, which incorporated analysis of historical plant retirement data recorded through 2012, a review of Company practice and outlook as they related to plant operation and retirement, and considerations of current practice in the electric industry, including knowledge of service life and net salvage estimates used for other electric companies.

Depreciation as used in accounting is a method of distributing fixed capital costs, less net salvage, over a period of time by allocating annual amounts to expense. Each annual amount of such depreciation expense is part of that year’s total cost of providing utility service. Depreciation expense recovers the service value of the asset over the estimated remaining life of the plant. The objective of this recovery is to recognize the consumption of physical plant on the Commonwealth Edison Company and Commonwealth Edison of Indiana Company (collectively, “Company”) books.

The 2013 Electric Plant Depreciation Study (“2013 Study”), which is based on plant balances as of December 31, 2012, updates the Company’s previous 2008 Study.

Net Salvage Estimates

The average net salvage percents were based on informed judgment which incorporated analysis of available historical data related to the property, the impact of the ages of retirement and inflation on net salvage, a review of management’s current plans and operating policies, including Engineering’s estimates of current removal cost and gross salvage by major retirement units, the prior net salvage estimates and a general knowledge of net salvage values experienced and estimated in the electric industry.

Historical data were compiled and analyzed for all available years through 2012. Gross salvage and cost of removal as recorded to the depreciation reserve account and related to experienced retirements were used. Percentages of the cost of plant retired were calculated for each component of net salvage, on both annual and three-year moving average bases. The most recent five-year average also was calculated for consideration.
Service Life Estimates

The service life and net salvage estimates used in the depreciation and amortization calculations were based on judgment which incorporated analysis of available historical data, a review of policies and outlook with management, a general knowledge of the electric industry, and comparisons of the service life and salvage estimates from studies of other electric utilities. The use of survivor curves to reflect the expected dispersion of retirement provides a consistent method of estimating depreciation for electric plant. Iowa type survivor curves were used to depict the estimated survivor curves for the plant account property groups. The analysis is performed at the primary Utility Account level or in some instances at a subaccount level.

The results of the depreciation study analysis were determined and reviewed with management (e.g., Engineering, Construction, Real Estate & Facilities, etc.) for reasonableness to determine the final average service life for each group of assets. In certain cases, based on the experiences of management, prior life estimates, estimates for functionally related facilities, the amount of meaningful retirement experience available, and expectations of how the assets will be utilized in the future, the average service life was adjusted. In addition, the dispersion curves may have changed between the 2008 Study and the 2013 Study due to additional data and changes in additions, retirements, etc. of property units.
TRANSMISSION PLANT

350 – Depreciable Easements

The Average Service Life (ASL) determined during the 2008 Depreciation Study was 70 years. Management’s experience and expectations for the perpetual easements in this utility account indicate that an 80 year ASL is more appropriate. The perpetual easements are not specific to any one utility account and serve all utility accounts within this functional class of plant.

352 – Structures and Improvements

The ASL determined during the 2008 Depreciation Study was 60 years. Management’s experience and expectations for the property units in this utility account indicate that a 65-year ASL is more appropriate. Although there are property units at these substations that will not last 65 years, such as fencing and lighting, the larger and high dollar property units (e.g., structures, plumbing, lot improvements) at the substation are expected to last longer than 65 years.

353 – Station Equipment

The ASL determined during the 2008 Depreciation Study was 50 years. Management’s experience and expectations for the property units in this utility account indicate that a 53-year ASL is more appropriate. Large dollar property units such as transformers are designed to last at least 45 years and large dollar property units such as circuit breakers are expected to last longer than 53 years.

354 – Towers & Fixtures

The ASL determined during the 2008 Depreciation Study was 75 years. The 75-year ASL continues to be appropriate and consistent with management’s experience and expectations for the property units in this utility account. The towers and fixtures are very long lasting property units as they are primarily made of steel. The Company will use the towers and fixtures until they can no longer be used.

355 – Poles & Fixtures

The ASL determined during the 2008 Depreciation Study was 75 years. The 75-year ASL continues to be appropriate and consistent with management’s experience and expectations for the property units in this utility account. Consistent with Towers & Fixtures (Transmission utility account 354), steel poles are the new Company standard and are expected to last an average of 75 years.

356 – Overhead Conductors

The ASL determined during the 2008 Depreciation Study was 60 years. Management’s experience and expectations for the property units in this utility account indicate that a 65-year ASL is more appropriate. Management’s experience is that the property units in Overhead Conductors will have a shorter ASL than the property units in the Towers & Fixtures and Poles & Fixtures utility accounts.
**357 – Underground Conduit**

The ASL determined during the 2008 Depreciation Study was 70 years. Management’s experience and expectations for the property units in this utility account indicate that a 75-year ASL is more appropriate. Conduit that is no longer needed may be abandoned in place since it does not need to be removed. At a later point in time, if the conduit has not collapsed, the conduit may be used for another project.

**358 – Underground Conductors & Devices**

The ASL determined during the 2008 Depreciation Study was 50 years. Management’s experience and expectations for the property units in this utility account indicate that a 52-year ASL is more appropriate.

**359 – Roads & Trails**

The ASL determined during the 2008 Depreciation Study was 75 years. The 75-year ASL continues to be appropriate and consistent with management’s experience and expectations for the property units in this utility account. The property units in this account are constructed of very long lasting types of material (e.g., steel bridges).

Note: The Company applies a single composite depreciation rate to all Transmission Plant. The composite rate is determined by calculating the weighted average rate of the individual utility accounts listed above. The change in the depreciation rate from the 2008 Study of 1.94% to the 2013 Study of 2.18% is primarily the result of an increase in the future net removal rates.

**GENERAL PLANT**

**390 – Structures & Improvements**

The ASL determined during the 2008 Depreciation Study was 50 years. The 50-year ASL continues to be appropriate and consistent with management’s experience and expectations for the property units in this utility account.

**391.01 - Office Machines**

The ASL determined during the 2008 Depreciation Study was 10 years. The 10-year ASL continues to be appropriate and consistent with management’s experience and expectations for the property units in this utility account. Office machines tend to face obsolescence after ten years in service (e.g., payment processing equipment).

**391.02 - Office Furniture and Equipment**

The ASL determined during the 2008 Depreciation Study was 15 years. The 15-year ASL continues to be appropriate and consistent with management’s experience and expectations for the property units in this utility account. The Company’s recent experience has been that furniture and equipment will last 15 years and can be relocated to different facilities prior to retirement.
391.03 - Computer Equipment

The ASL determined during the 2008 Depreciation Study was five years. The 5-year ASL continues to be appropriate and consistent with management’s experience and expectations for the property units in this utility account.

392.00 - Transportation – Passenger Cars

The ASL determined during the 2008 Depreciation Study was seven years. Management’s experience and expectations for the property units in this utility account indicate that an 8.5-year ASL is more appropriate. In recent years, cars have been maintained and repaired to keep them in service longer than in the past.

392.01 - Transportation -Tractor Truck

The ASL determined during the 2008 Depreciation Study was 15 years. The 15-year ASL continues to be appropriate and consistent with management’s experience and expectations for the property units in this utility account.

392.02 - Transportation – Trailers

The ASL determined during the 2008 Depreciation Study was 18 years. Management’s experience and expectations for the property units in this utility account indicate that a 17-year ASL is more appropriate. Larger trailers last about 20 years, and smaller ones have a slightly shorter ASL. For the overall group the ASL of 17 years was determined to be appropriate.

392.05 - Transportation – Trucks Less than 13,000 Pounds

The ASL determined during the 2008 Depreciation Study was eight years. Management’s experience and expectations for the property units in this utility account indicate that a 9.5-year ASL is more appropriate. This class of transportation equipment includes SUVs, small pickups and vans. Similar to passenger cars, in recent years this class has been maintained and repaired to keep vehicles in service longer than normal.

392.06 - Transportation – Trucks Greater than 13,000 Pounds

The ASL determined during the 2008 Depreciation Study was 13 years. Management’s experience and expectations for the property units in this utility account indicate that a 14-year ASL is more appropriate. This class of transportation equipment is a mix of 19,000 lb. and 30,000+ lb service trucks. The heavier vehicles last longer than the lighter vehicles.

393 – Stores Equipment

The ASL determined during the 2008 Depreciation Study was 15 years. The 15-year ASL continues to be appropriate and consistent with management’s experience and expectations for the property units in this utility account. Larger dollar property units include forklifts, which are expected to be used for 15 years.
394 – Tools, Shop & Garage Equipment

The ASL determined during the 2002 Depreciation Study was 25 years. The 25-year ASL continues to be appropriate and consistent with management’s experience and expectations for the property units in this utility account.

395 – Laboratory Equipment

The ASL determined during the 2008 Depreciation Study was 15 years. The 15-year ASL continues to be appropriate and consistent with management’s experience and expectations for the property units in this utility account.

396 – Power Operated Equipment

The ASL determined during the 2002 Depreciation Study was 15 years. The 15-year ASL continues to be appropriate and consistent with management’s experience and expectations for the property units in this utility account. The items that the Company purchases in this account would be bulldozers, cranes and hoists, and boring machines. Management’s experience is that these property units would last a shorter amount of time and would have a comparable life to the Transportation Tractor Truck account of 15 years.

397 – Communication Equipment

The ASL determined during the 2008 Depreciation Study was 20 years. Management’s experience and expectations for the property units in this utility account indicate that an 18-year ASL is more appropriate. This is primarily resulting from the need to replace communication equipment resulting from technological obsolescence over time. While many property units in this account have a 20-year ASL (e.g., SCADA, RTU, Microwave Tower, Audio System, and Carrier System), certain other property units that have a shorter expected ASL (e.g., SCADA master station software of eight years) or longer expected ASL (e.g., fiber optics) would offset each other. As a result, the 18-year ASL for Communication Equipment is appropriate.

397.01 - Communication Equipment-Mesh Communication Network Devices

The distribution automation mesh communication network devices is a new group of communication assets which consist of access points, repeaters and e-bridges. Management’s expectations for the property units in this utility account indicate that a 15-year ASL is appropriate.

398 – Miscellaneous Equipment

The ASL determined during the 2008 Depreciation Study was 15 years. The 15-year ASL continues to be appropriate and consistent with management’s experience and expectations for the property units in this utility account. This account is seldom used since property units are applied to individual specific utility accounts.
INTANGIBLE PLANT

303 – Miscellaneous Intangible Plant
The ASL previously assigned was 5 years. The 5 year ASL continues to be appropriate and consistent with management’s experience and expectations for the assets in this utility account. This account consists of miscellaneous software applications (valued at less than $3M per application).
<table>
<thead>
<tr>
<th>Account</th>
<th>Survivor Curve</th>
<th>Net Salvage at 12/31/2012</th>
<th>Original Cost at 12/31/2012</th>
<th>Book Reserve at 12/31/2012</th>
<th>Future Accruals</th>
<th>Annual Accruals Amount</th>
<th>Annual Accruals Rate Life Percent</th>
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<tbody>
<tr>
<td>DEPRECIABLE PLANT</td>
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<tr>
<td>Intangible Plant</td>
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<td>350.2 Land &amp; Land Rights - Perpetual Easements</td>
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<td>17,555,252</td>
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<td>350.2 GL 105 Land &amp; Land Rights - Perpetual Easements</td>
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<td>-</td>
<td>7,365,295</td>
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<tr>
<td>355 Poles and Fixtures</td>
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<td>359 Road and Trails</td>
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<td>General Plant</td>
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<tr>
<td>390 Structures &amp; Improvements</td>
<td>50 - R1 (15)</td>
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<td>391.01 Office Furniture &amp; Equipment - Office Machines</td>
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<td>1,320,873</td>
<td>251,052</td>
<td>146,159</td>
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<tr>
<td>391.02 Office Furniture &amp; Equipment - Furniture/Equipment</td>
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<td>25,089,245</td>
<td>17,697,516</td>
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<td>1,156,489</td>
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<tr>
<td>391.03 Office Furniture &amp; Equipment - Computer Equipment</td>
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<td>44,069,335</td>
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<tr>
<td>392.00 Transportation Equipment - Passenger Cars</td>
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<td>8,293,362</td>
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<td>392.01 Transportation Equipment - Tractor Trucks</td>
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<tr>
<td>392.02 Transportation Equipment - Trailers</td>
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<tr>
<td>392.05 Transportation Equipment - Trucks &lt; 13,000 lbs</td>
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<td>7</td>
<td>55,254,480</td>
<td>21,257,951</td>
<td>30,164,875</td>
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<tr>
<td>392.06 Transportation Equipment - Trucks &gt;= 13,000 lbs</td>
<td>14 - S1.5</td>
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<td>393 Stores Equipment</td>
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<td>395 Laboratory Equipment</td>
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<tr>
<td>396 Power Operated Equipment</td>
<td>15 - L3</td>
<td>5</td>
<td>11,083,738</td>
<td>2,364,581</td>
<td>8,164,970</td>
<td>757,874</td>
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<tr>
<td>397 Communications Equipment</td>
<td>18 - S2 (5)</td>
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<td>340,830,513</td>
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<td>398 Miscellaneous Equipment</td>
<td>15 - SQ</td>
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<td>2,525,603</td>
<td>606,503</td>
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</table>

Commonwealth Edison Company

Table 1. Estimated Depreciation Parameters and Related Remaining Life
Depreciation Rates and Accruals as of December 31, 2012

Exhibit No. COM-002
Page 9 of 10
Table 1. Estimated Depreciation Parameters and Related Remaining Life
Depreciation Rates and Accruals as of December 31, 2012

<table>
<thead>
<tr>
<th>Account Description</th>
<th>Survivor Curve</th>
<th>Net Salvage</th>
<th>Original Cost at 12/31/2012</th>
<th>Book Reserve at 12/31/2012</th>
<th>Future Accruals</th>
<th>Annual Accrual Amount</th>
<th>Composite Remaining Life</th>
<th>Annual Accrual Rate Percent</th>
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</thead>
<tbody>
<tr>
<td>DEPRECIABLE PLANT</td>
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<td>Transmission Plant</td>
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<tr>
<td>350.1 Land &amp; Land Rights - Easements</td>
<td>80 - R4</td>
<td>0</td>
<td>71,056</td>
<td>43,622</td>
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<td>677</td>
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<tr>
<td>350.4 Land &amp; Land Rights - Easements - AEP</td>
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<td>414,651</td>
<td>104,255</td>
<td>3,644</td>
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<tr>
<td>352 Structures &amp; Improvements</td>
<td>65 - R3</td>
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<td>353 Station Equipment</td>
<td>53 - R2</td>
<td>(20)</td>
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<td>354 Towers and Fixtures</td>
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<td>(45)</td>
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<td>1,438,924</td>
<td>1,419,392</td>
<td>30,168</td>
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<tr>
<td>354.4 Towers and Fixtures - AEP</td>
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<td>(45)</td>
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<td>1,289,004</td>
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<tr>
<td>356 Overhead Conductors &amp; Devices</td>
<td>65 - R2.5</td>
<td>(40)</td>
<td>2,096,582</td>
<td>1,042,593</td>
<td>1,892,621</td>
<td>39,761</td>
<td>47.6</td>
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<tr>
<td>356.4 Overhead Conductors &amp; Devices - AEP</td>
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<td>(40)</td>
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<td>1,077,600</td>
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<td>357 Underground Conduit</td>
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<tr>
<td>397 Communications Equipment</td>
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<td>(5)</td>
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