



*Approved 2006 Budget and
Service Category Rates
Effective January 1, 2006 to May 31, 2006*

Posted pursuant to tariff requirements in Schedule 9 of
the PJM Open Access Transmission Tariff.





Approved 2006 Service Category Rates⁽¹⁾

<i>(\$ in millions)</i>	Total Costs	Billing Determinants	Approved 2005 Rates	Approved 2006 Rates
Control Area Services	\$147.9	710,000,000 Megawatt Hours of Load	\$0.2208	\$0.2082
FTR Administration (Mwh)	\$4.0	1,195,473,105 FTR Megawatt Hours	\$0.0033	\$0.0034
FTR Administration (Bid/Offer)	\$6.2	3,040,878,000 FTR Bid/Offer Hours	\$0.0031	\$0.0020
Market Support (Mwh)	\$80.0	1,463,207,456 Megawatt Hours of Generation, Load and cleared bid/offers	\$0.0622	\$0.0547
Market Support (Bid / Offer Segment)	\$1.1	17,317,357 Bid/Offer Segments	\$0.0693	\$0.0693
Regulation & Frequency Response	\$5.2	17,021,572 Megawatt Hours	\$0.2860	\$0.2820
Capacity Resource & Obligation Management	\$10.6	104,518,612 Megawatt Days of Resource or Obligation Provided	\$0.1310	\$0.1022
Total	\$255.0			
FERC Fees	\$38.3	710,000,000 Megawatt Hours of Load	\$0.0318	\$0.0512

(1) Rates effective January 1, 2006 through May 31, 2006



2006 Approved Variable Service Category Monthly Rate Estimates

<i>(Rates in dollars)</i>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Control Area Services (9-1) Per Load MWh ⁽¹⁾	0.1996	0.2266	0.2193	0.2375	0.2269	0.1996	0.1777	0.1765	0.2119	0.2239	0.2235	0.1971

(1) Forecasted annual transmission usage is 710,000,000 megawatt hours and is used as the billing determinant for Control Area Services (9-1).



Non-Divisional Cost by Service Category ⁽¹⁾

<i>(\$ in millions)</i>	Divisional Budget	Current Year and Completed Projects	Asset Purchase	Total
Control Area Services	105.4	39.7	2.8	147.9
FTR Administration	6.7	2.4	1.1	10.2
Market Support	50.7	27.8	2.6	81.1
Regulation & Frequency Response	4.4	0.7	0.1	5.2
Capacity Resource & Obligation Mgmt	6.1	4.1	0.4	10.6
Total	173.3	\$74.7	\$ 7.0	\$255.0

(1) There were no costs included in Service categories for recovery of Operating Reserves, Working Capital Reserves or Financial Covenant Requirements



2006 Divisional Budget

Division	<i>(dollars in millions)</i>
Executive Office	\$11.8
Finance	9.7
Information Services	39.5
System Operations	28.4
System Planning	9.3
Market Services	10.7
Corporate Services	20.0
Legal	6.9
External Affairs	15.6
Corporate Items	21.4
Totals	\$173.3



Approved 2006 Project Portfolio Summary

<i>(\$ in millions)</i>	Capital	Expense	Total
Application Replacements	3.5	1.0	4.5
Current Applications & Systems Reliability	8.6	2.8	11.4
New Products / Services	7.2	2.8	10.0
Risk Management	1.7	6.1	7.8
Interregional Coordination	1.0	0.5	1.5
Total	22.0	13.2	35.2



2006 Budget Assumptions

- Formula rate design in effect January 1, 2006.
- All Market Integration efforts have been completed.
- Recovery of depreciation and deferred depreciation related to the market integration assets began on January 1, 2005.
- 2006 represents the sixth of seven years of billings for the asset purchase, a \$18.8 million reduction from 2005 billings to members.
- Current FERC-approved interconnection processes remain the same, with interconnection study costs billed directly to developers.
- System planning responsibilities include economic planning and an extended 10 year transmission plan.
- Reliability First becomes effective January 1, 2006.
- Does not include any provisions for potential NERC fines or penalties.



2006 Budget Assumptions

- Organization of PJM States (OPSI) costs and FERC Fees are collected via separate schedules in the Tariff and billed directly to customers/members in PJM.
- Income taxes accrue on pretax income and temporary differences between book and tax expenses for which valuation allowances have been established.
- \$22 million in PJM capital project spending excluding the second control center (AC²).
- Corporate Contingency is .5% of operating expense budget or \$1.3 million.
- Interest rate for capital borrowings is 7.25%.
- Annual transmission volumes increase to 710 terawatt hours.