

ATTACHMENT H-1A

Atlantic City Electric Company

Formula Rate - Appendix A

FERC Form 1 Page # or
Instruction

2006

Shaded cells are input cells

Allocators

Wages & Salary Allocation Factor			
1	Transmission Wages Expense		\$ 1,626,356
2	Total Wages Expense	p354.21.b	\$ 29,601,302
3	Less A&G Wages Expense	p354.27b	\$ 371,547
4	Total	(Line 2 - 3)	29,229,755
5	Wages & Salary Allocator	(Line 1 / 4)	5.5640%
Plant Allocation Factors			
6	Electric Plant In Service	(Note B) p207.104g	\$ 1,935,067,409
7	Common Plant In Service - Electric	(Line 24)	0
8	Total Plant In Service	(Sum Lines 6 & 7)	1,935,067,409
9	Accumulated Depreciation (Total Electric Plant)	p219.29c	\$ 590,740,224
10	Accumulated Intangible Amortization	(Note A) p200.21c	\$ 39,079,646
11	Accumulated Common Amortization - Electric	(Note A) p356	\$ -
12	Accumulated Common Plant Depreciation - Electric	(Note A) p356	\$ -
13	Total Accumulated Depreciation	(Sum Lines 9 to 12)	629,819,870
14	Net Plant	(Line 8 - 13)	1,305,247,539
15	Transmission Gross Plant	(Line 29 - Line 28)	531,138,247
16	Gross Plant Allocator	(Line 15 / 8)	27.4480%
17	Transmission Net Plant	(Line 39 - Line 28)	356,487,276
18	Net Plant Allocator	(Line 17 / 14)	27.3119%

Plant Calculations

Plant In Service			
19	Transmission Plant In Service	(Note B) p207.58.g	\$ 516,669,805
20	For Reconciliation only - remove New Transmission Plant Additions for Current Calendar Year	For Reconciliation Only Attachment 6 - Enter Negative	
21	New Transmission Plant Additions for Current Calendar Year (weighted by months in service)	Attachment 6	6,131,466
22	Total Transmission Plant In Service	(Line 19 - 20 + 21)	522,801,271
23	General & Intangible	p205.5.g & p207.99.g	\$ 149,836,667
24	Common Plant (Electric Only)	(Notes A & B) p356	\$ -
25	Total General & Common	(Line 23 + 24)	149,836,667
26	Wage & Salary Allocation Factor	(Line 5)	5.56404%
27	General & Common Plant Allocated to Transmission	(Line 25 * 26)	8,336,976
28	Plant Held for Future Use (Including Land)	(Note C) p214	1,350,288
29	TOTAL Plant In Service	(Line 22 + 27 + 28)	532,488,535
Accumulated Depreciation			
30	Transmission Accumulated Depreciation	(Note B) p219.25.c	\$ 171,328,836
31	Accumulated General Depreciation	p219.28.c	\$ 20,627,562
32	Accumulated Intangible Amortization	(Line 10)	39,079,646
33	Accumulated Common Amortization - Electric	(Line 11)	0
34	Common Plant Accumulated Depreciation (Electric Only)	(Line 12)	0
35	Total Accumulated Depreciation	(Sum Lines 31 to 34)	59,707,208
36	Wage & Salary Allocation Factor	(Line 5)	5.56404%
37	General & Common Allocated to Transmission	(Line 35 * 36)	3,322,134
38	TOTAL Accumulated Depreciation	(Line 30 + 37)	174,650,970
39	TOTAL Net Property, Plant & Equipment	(Line 29 - 38)	357,837,564

Adjustment To Rate Base

Accumulated Deferred Income Taxes			
40	ADIT net of FASB 106 and 109		-75,535,023
41	Accumulated Investment Tax Credit Account No. 255	Enter Negative (Notes A & I)	0
42	Net Plant Allocation Factor	(Line 18)	27.31%
43	Accumulated Deferred Income Taxes Allocated To Transmission	(Line 41 * 42) + Line 40	-75,535,023
Transmission O&M Reserves			
44	Total Balance Transmission Related Account 242 Reserves	Enter Negative Attachment 5	-1,120,587
Prepayments			
45	Prepayments	(Note A) Attachment 5	3,696,138
46	Total Prepayments Allocated to Transmission	(Line 45)	3,696,138
Materials and Supplies			
47	Undistributed Stores Exp	(Note A) p227.6c & 16.c	\$ 1,684,512
48	Wage & Salary Allocation Factor	(Line 5)	5.56%
49	Total Transmission Allocated	(Line 47 * 48)	93,727
50	Transmission Materials & Supplies	p227.8c	\$ 3,389,361
51	Total Materials & Supplies Allocated to Transmission	(Line 49 + 50)	3,483,088
Cash Working Capital			
52	Operation & Maintenance Expense	(Line 85)	10,634,952
53	1/8th Rule	x 1/8	12.5%
54	Total Cash Working Capital Allocated to Transmission	(Line 52 * 53)	1,329,369
Network Credits			
55	Outstanding Network Credits	(Note N) From PJM	0
56	Less Accumulated Depreciation Associated with Facilities with Outstanding Network Credits	(Note N) From PJM	0
57	Net Outstanding Credits	(Line 55 - 56)	0
58	TOTAL Adjustment to Rate Base	(Line 43 + 44 + 46 + 51 + 54 - 57)	-68,147,015
59	Rate Base	(Line 39 + 58)	289,690,549

O&M

Transmission O&M				
60	Transmission O&M		p321.112.b	\$ 8,124,664
61	Less extraordinary property loss		Attachment 5	0
62	Plus amortized extraordinary property loss		Attachment 5	0
63	Less Account 565		p321.96.b	\$ -
64	Plus Schedule 12 Charges billed to Transmission Owner and booked to Account 565	(Note O)	PJM Data	0
65	Plus Transmission Lease Payments	(Note A)	p200.4.c	\$ -
66	Transmission O&M		(Lines 60 - 63 + 64 + 65)	8,124,664
Allocated General & Common Expenses				
67	Common Plant O&M	(Note A)	p356	\$ -
68	Total A&G		p323.197.b	\$ 45,978,686
69	Less Property Insurance Account 924		p323.185b	\$ 409,734
70	Less Regulatory Commission Exp Account 928	(Note E)	p323.189b	\$ 2,462,747
71	Less General Advertising Exp Account 930.1		p323.191b	\$ 1,176
72	Less DE Enviro & Low Income and MD Universal Funds		p335.b	\$ -
73	Less EPRI Dues	(Note D)	p352-353	\$ -
74	General & Common Expenses		(Lines 67 + 68) - Sum (69 to 73)	43,105,029
75	Wage & Salary Allocation Factor		(Line 5)	5.5640%
76	General & Common Expenses Allocated to Transmission		(Line 74 * 75)	2,398,382
Directly Assigned A&G				
77	Regulatory Commission Exp Account 928	(Note G)	p323.189b	0
78	General Advertising Exp Account 930.1	(Note K)	p323.191b	0
79	Subtotal - Transmission Related		(Line 77 + 78)	0
80	Property Insurance Account 924		p323.185b	\$ 409,734
81	General Advertising Exp Account 930.1	(Note F)	p323.191b	0
82	Total		(Line 80 + 81)	409,734
83	Net Plant Allocation Factor		(Line 18)	27.31%
84	A&G Directly Assigned to Transmission		(Line 82 * 83)	111,906
85	Total Transmission O&M		(Line 66 + 76 + 79 + 84)	10,634,952

Depreciation & Amortization Expense

Depreciation Expense				
86	Transmission Depreciation Expense		p336.7b&c	13,022,780
87	General Depreciation		p336.10b&c	4,856,849
88	Intangible Amortization	(Note A)	p336.1d&e	2,241,728
89	Total		(Line 87 + 88)	7,098,577
90	Wage & Salary Allocation Factor		(Line 5)	5.5640%
91	General Depreciation Allocated to Transmission		(Line 89 * 90)	394,968
92	Common Depreciation - Electric Only	(Note A)	p336.11.b	0
93	Common Amortization - Electric Only	(Note A)	p356 or p336.11d	0
94	Total		(Line 92 + 93)	0
95	Wage & Salary Allocation Factor		(Line 5)	5.5640%
96	Common Depreciation - Electric Only Allocated to Transmission		(Line 94 * 95)	0
97	Total Transmission Depreciation & Amortization		(Line 86 + 91 + 96)	13,417,748

Taxes Other than Income

98	Taxes Other than Income		Attachment 2	1,042,825
99	Total Taxes Other than Income		(Line 98)	1,042,825

Return / Capitalization Calculations

Long Term Interest					
100	Long Term Interest		p117.62c through 67c	56,866,570	
101	Less LTD Interest on Securitization Bonds	(Note P)	Attachment 8	24,056,481	
102	Long Term Interest		"(Line 100 - line 101)"	32,810,089	
103	Preferred Dividends	enter positive	p118.29c	\$ 262,842	
Common Stock					
104	Proprietary Capital		p112.16c	\$ 470,775,334	
105	Less Preferred Stock	enter negative	(Line 114)	-6,214,500	
106	Less Account 216.1	enter negative	p112.12c	\$ -	
107	Common Stock		(Sum Lines 104 to 106)	464,560,834	
Capitalization					
108	Long Term Debt		p112.18c through 22c	\$ 974,220,563	
109	Less Loss on Reacquired Debt	enter negative	p111.81.c	\$ 15,341,732	
110	Plus Gain on Reacquired Debt	enter positive	p113.61.c	\$ -	
111	Less ADIT associated with Gain or Loss	enter negative	Attachment 1	838,039	
112	Less LTD on Securitization Bonds	(Note P)	Attachment 8	-469,505,563	
113	Total Long Term Debt		(Sum Lines 108 to 112)	520,894,771	
114	Preferred Stock		p112.3c	\$ 6,214,500	
115	Common Stock		(Line 107)	464,560,834	
116	Total Capitalization		(Sum Lines 113 to 115)	991,670,105	
117	Debt %	Total Long Term Debt	(Note Q)	(Line 113 / 116)	50%
118	Preferred %	Preferred Stock	(Note Q)	(Line 114 / 116)	0%
119	Common %	Common Stock	(Note Q)	(Line 115 / 116)	50%
120	Debt Cost	Total Long Term Debt		(Line 102 / 113)	0.0630
121	Preferred Cost	Preferred Stock		(Line 103 / 114)	0.0423
122	Common Cost	Common Stock	(Note J)	Fixed	0.1080
123	Weighted Cost of Debt	Total Long Term Debt (WCLTD)		(Line 117 * 120)	0.0315
124	Weighted Cost of Preferred	Preferred Stock		(Line 118 * 121)	0.0000
125	Weighted Cost of Common	Common Stock		(Line 119 * 122)	0.0540
126	Total Return (R)		(Sum Lines 123 to 125)	0.0855	
127	Investment Return = Rate Base * Rate of Return		(Line 59 * 126)	24,766,795	

Composite Income Taxes

Income Tax Rates			
128	FIT=Federal Income Tax Rate		35.00%
129	SIT=State Income Tax Rate or Composite	(Note I)	9.01%
130	p	(percent of federal income tax deductible for state purposes)	0.00%
131	T		40.85%
132	T/(1-T)	$T=1 - (((1 - SIT) * (1 - FIT)) / (1 - SIT * FIT * p)) =$	69.07%
ITC Adjustment			
133	Amortized Investment Tax Credit	(Note I)	
134	T/(1-T)	enter negative	\$ (1,366,091)
135	Net Plant Allocation Factor		27.3119%
136	ITC Adjustment Allocated to Transmission		-630,815
137	Income Tax Component =	$CIT=(T/(1-T) * Investment\ Return * (1-(WCLTD/R))) =$	10,805,092
138	Total Income Taxes	(Line 136 + 137)	10,174,278

REVENUE REQUIREMENT

Summary			
139	Net Property, Plant & Equipment	(Line 39)	357,837,564
140	Adjustment to Rate Base	(Line 58)	-68,147,015
141	Rate Base	(Line 59)	289,690,549
142	O&M	(Line 85)	10,634,952
143	Depreciation & Amortization	(Line 97)	13,417,748
144	Taxes Other than Income	(Line 99)	1,042,825
145	Investment Return	(Line 127)	24,766,795
146	Income Taxes	(Line 138)	10,174,278
147	Gross Revenue Requirement	(Sum Lines 142 to 146)	60,036,598
Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities			
148	Transmission Plant In Service	(Line 19)	516,669,805
149	Excluded Transmission Facilities	(Note M) Attachment 5	27,526,011
150	Included Transmission Facilities	(Line 148 - 149)	489,143,794
151	Inclusion Ratio	(Line 150 / 148)	94.67%
152	Gross Revenue Requirement	(Line 147)	60,036,598
153	Adjusted Gross Revenue Requirement	(Line 151 * 152)	56,838,098
Revenue Credits & Interest on Network Credits			
154	Revenue Credits	Attachment 3	2,934,200
155	Interest on Network Credits	(Note N) PJM Data	-
156	Net Revenue Requirement	(Line 153 - 154 + 155)	53,903,898
Net Plant Carrying Charge			
157	Net Revenue Requirement	(Line 156)	53,903,898
158	Net Transmission Plant	(Line 19 - 30)	345,340,969
159	Net Plant Carrying Charge	(Line 157 / 158)	15.6089%
160	Net Plant Carrying Charge without Depreciation	(Line 157 - 86) / 158	11.8379%
161	Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes	(Line 157 - 86 - 127 - 138) / 158	2.5984%
Net Plant Carrying Charge Calculation per 100 Basis Point increase in ROE			
162	Net Revenue Requirement Less Return and Taxes	(Line 156 - 145 - 146)	18,962,825
163	Increased Return and Taxes	Attachment 4	37,389,997
164	Net Revenue Requirement per 100 Basis Point increase in ROE	(Line 162 + 163)	56,352,822
165	Net Transmission Plant	(Line 19 - 30)	345,340,969
166	Net Plant Carrying Charge per 100 Basis Point increase in ROE	(Line 164 / 165)	16.3180%
167	Net Plant Carrying Charge per 100 Basis Point increase in ROE without Depreciation	(Line 163 - 86) / 165	12.5470%
168	Net Revenue Requirement	(Line 156)	53,903,898
169	True-up amount	Attachment 6	5,358,459
170	Plus any increased ROE calculated on Attachment 7 other than PJM Sch. 12 projects	Attachment 7	532,508
171	Facility Credits under Section 30.9 of the PJM OATT and Facility Credits paid to Vineland per settlement in ER05-515 (Note R)	Attachment 5	369,000
172	Net Zonal Revenue Requirement	(Line 168 - 169 + 171)	60,163,865
Network Zonal Service Rate			
173	1 CP Peak	(Note L) PJM Data	3,009
174	Rate (\$/MW-Year)	(Line 172 / 173)	19,995
175	Network Service Rate (\$/MW/Year)	(Line 174)	19,995

Notes

- A Electric portion only
- B Exclude Construction Work In Progress and leases that are expensed as O&M (rather than amortized). New Transmission plant that is expected to be placed in service in the current calendar year weighted by number of months it is expected to be in-service. New Transmission plant expected to be placed in service in the current calendar year that is not included in the PJM Regional Transmission Plan (RTEP) must be separately detailed on Attachment 5. For the Reconciliation, new transmission plant that was actually placed in service weighted by the number of months it was actually in service
- C Transmission Portion Only
- D All EPRI Annual Membership Dues
- E All Regulatory Commission Expenses
- F Safety related advertising included in Account 930.1
- G Regulatory Commission Expenses directly related to transmission service, RTO filings, or transmission siting itemized in Form 1 at 351.h.
- I The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and $p = \frac{\text{the percentage of federal income tax deductible for state income taxes}}{\text{the percentage of federal income tax deductible for state income taxes}}$. If the utility includes taxes in more than one state, it must explain in Attachment 5 the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to use amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) multiplied by $(1/I-1)$. A utility must not include tax credits as a reduction to rate base and as an amortization against taxable income.
- J ROE is determined initially to be 10.80% on facilities in service prior to 1-1-06 and 11.30% on facilities in service on or after 1-1-06 per settlement in ER05-515.
- K Education and outreach expenses relating to transmission, for example siting or billing
- L As provided for in Section 34.1 of the PJM OATT and the PJM established billing determinants will not be revised or updated in the annual rate reconciliations per settlement in ER05-515.
- M Amount of transmission plant excluded from rates per Attachment 5.
- N Outstanding Network Credits is the balance of Network Facilities Upgrades Credits due Transmission Customers who have made lump-sum payments (net of accumulated depreciation) towards the construction of Network Transmission Facilities consistent with Paragraph 657 of Order 2003-A. Interest on the Network Credits as booked each year is added to the revenue requirement to make the Transmission Owner whole on Line 155.
- O Payments made under Schedule 12 of the PJM OATT that are not directly assessed to load in the Zone under Schedule 12 are included in Transmission O&M. If they are booked to Acct 565, they are included in on line 64
- P Securitization bonds may be included in the capital structure per settlement in ER05-515.
- Q ACE capital structure is initially fixed at 50% common equity and 50% debt per settlement in ER05-515 subject to moratorium provisions in the settlement.
- R Per the settlement in ER05-515, the facility credits of \$15,000 per month paid to Vineland will increase to \$37,500 per month (prorated for partial months) effective on the date FERC approves the settlement in ER05-515.

END

Atlantic City Electric Company

Attachment 1- Accumulated Deferred Income Taxes (ADIT) Worksheet

	<i>Only</i>			
	<i>Transmission</i>	<i>Plant</i>	<i>Labor</i>	<i>Total</i>
	<i>Related</i>	<i>Related</i>	<i>Related</i>	<i>ADIT</i>
ADIT- 282	0	(282,426,538)	0	
ADIT-283	0	4,748,199	(19,577,687)	
ADIT-190	0	5,049,020	6,932,312	
Subtotal	0	(272,629,319)	(12,645,374)	
Wages & Salary Allocator			5.5640%	
Gross Plant Allocator		27.4480%		
ADIT	0	(74,831,429)	(703,594)	(75,535,023)

Note: ADIT associated with Gain or Loss on Reacquired Debt is included in Column A here and included in Cost of Debt on Appendix A, Line 111.
Amount (838,039)

In filling out this attachment, a full and complete description of each item and justification for the allocation to Columns C-F and each separate ADIT item will be listed. Dissimilar items with amounts exceeding \$100,000 will be listed separately.

	A		B Total	C Gas, Prod or Other Related	D Only Transmission Related	E Plant	F Labor	G Justifications
ADIT-190								
190	BAD DEBT RESERVE	Retail	5,917,061	5,917,061	-	-	-	Under the Tax Reform Act of 1986, taxpayers were required to account for bad debts using the specific write-off method. The reserve method is used for book purposes. The amount represents the add-back of book reserve. Retail related.
190	FASB 112-ACCTING FOR POST RETIRE	Labor	1,058,203	-	-	-	1,058,203	The book records accrual for post employment benefits. Tax deduction is taken at the time a payment is made. Affects company personnel across all functions.
190	LEGAL REGULATORY FEES	Retail	1,597,109	1,597,109	-	-	-	Legal fees incurred and paid for regulatory issues were deferred for book purposes. For tax purposes, the fees were deductible in full as paid. Retail related.
190	LEAC DISALLOWANCE	Retail	(111,388)	(111,388)	-	-	-	For tax purposes, LEAC (Levelized Energy Adjustment Clause) disallowance costs were deductible as incurred. For book purposes, a reserve for the disallowance costs was recorded. Retail related.
190	UNCOLLECTIBLE ACCOUNTS	Retail	(731,130)	(731,130)	-	-	-	Under the Tax Reform Act of 1986, taxpayers were required to account for bad debts using the specific write-off method. The reserve method is used for book purposes. The amount represents the deduction for tax purposes. Retail related.
190	FEBRUARY 98 SPECIAL RESERVES	Generation	144,186	144,186	-	-	-	For book purposes, the loan value position for Portland Station was written off as a loss. For tax purposes, the loss was not deductible. Generation related.
190	ACCRUAL SEVERANCE	Labor	(173,940)				(173,940)	adopted and the employees to be severed have been identified. For tax purposes, the costs are deductible when they are paid to the severed individual.
190	CLAIMS RESERVE	Labor	902,210				902,210	For book purposes, a deduction is taken for amounts set aside as a reserve for possible health, injury, and damages claims against ACE. For tax purposes, these amounts are not deductible until paid out as claims. Affects company personnel across all functions.
190	PLANT ABANDONMENT - SFAS 90	Generation	6,834,488	6,834,488			-	Plant Abandonment Amount represents deferred tax asset resulting from the disallowances of plant costs associated with ACE's investment in Unit No. 1 of the Hope Creek Generation Station upon adoption of FAS 90 in 1986. [The FAS90 requires that a loss be recognized if disallowance costs provide no return on investment of any portion of a plant.] Generator related.
190	MERGER RELATED ENTRIES	Plant	4,840,658				4,840,658	Reflects deferred taxes generated on Delmarva Power & Light Company /Atlantic City Electric Company merger costs deducted for tax purposes. For books these costs were capitalized. Pension related and therefore labor related.
190	Misc Deferred Debits - Retail		(244,043)	(244,043)				Retail related
190	Stores Clearing Accounts		204,113			204,113		Stores relates to all functions
190	Nuclear Fuel		249,176	249,176				Generation related
190	Hope Creek O&M		189,982	189,982				Generation related
190	Amortization of OPEB		920,894				920,894	OPEB, labor related and relates to all functions
190	MISCELLANEOUS	Missing Labor p	(61,275)			(61,275)		Miscellaneous temporary differences that are less than \$100,000 for each item. Related to all functions
190	OFFICER'S/MANAGERS DEFERRED COMP	Labor	275,338	-	-	-	275,338	For book purposes, deferred compensation and deferred payments are expensed when accrued. For tax purposes, they are not deducted until paid. Affects company personnel across all functions.
190	HYDROGEN WATER CHEMISTRY W/O	Generation	6,033	6,033	-	-	-	Amortization of book costs on generation project study which was an add-back for tax purposes. Generation related.
190	DSM COSTS	retail	2,930,472	2,930,472	-	-	-	For books, Demand Side Management Costs are deferred. For tax these costs are expensed when paid. These deferred taxes are the result of this book/tax difference which is retail in nature. Retail related.
190	DEFERRED FUEL	Generation	1,606,396	1,606,396	-	-	-	Difference between actual fuel expense as compared to the fuel expense computed in accordance with fuel adjustment clause formulas as deferred on books. In accordance with Section 162 Ordinary and Necessary Business Expenses and Section 461 Rules for Taxable year of Deduction, fuel costs are deductible in the year incurred for federal tax purposes. Rate surcharges are includible in the taxable year the underlying monthly bill is adjusted. Refunds are deductible in the taxable year that the liability is fixed and economic performance has occurred. These deferred taxes are the result of this book/tax difference. Generation Related.

Atlantic City Electric Company

Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet

190	ENVIRONMENTAL SITE EXPENSE	Generation	2,204,812	2,204,812	-	-	-	These deferred taxes are the result of a deduction taken for book purposes to set aside a reserve for environmental site clean-up expenses. For tax no deduction is permitted until the "all events" test is met typically when economic performance has occurred. This book reserve is primarily related to Deepwater and BL England sites which should not be in transmission service. Generation Related.
190	MARK TO MARKET § 475 ADJUSTMENT	All Receivables	783,927			783,927	-	Pursuant to IRC Sec 475, the company is taking deduction to mark-to-market its accounts receivable. For book purposes, the receivables remained valued at their original amounts. Reflects unbilled revenues and customer accounts receivables. Applies to all functions.
190	NJ EXCISE TAX	Retail	2,079,985	2,079,985	-	-	-	Gross receipts and franchise tax catch up and go current payment. Fully deducted when paid on the tax return. Book amortized over 10 years. Retail related.
190	PEACH BOTTOM MASTER LEASE	Generation	459,607	459,607	-	-	-	Leased hardware is being tax depreciated. The portion of the lease payments charged to expense on the books must be added back to income for tax purposes. Retail related.
190	DEFERRED PURCHASED POWER	Generation	2,818,011	2,818,011	-	-	-	Book records amortization on Susquehanna deferred capitalized costs. For tax purposes, the amortization is added back to taxable income. Retail related.
190	PENSION PAYMENT RESERVE	Labor	(3,428,917)	-	-	-	(3,428,917)	Book records a deduction for actual SFAS 87 pension expense. A tax deduction is only allowed for actual payments into the pension trust. Affects company personnel across all functions.
190	SECTION 461(H) - PREPAID INSURANCE	Plant	4,122,255			4,122,255	-	Book records a deduction for accrual liabilities of worker compensation and T&D property insurance. A tax deduction is only allowed for actual payments made. Related to both T & D plant
190	SECTION 461(H) - PREPAID OTHER	Retail	381,968	381,968	-	-	-	Book records a deduction for accrual liability of Public Utility Assessment. A tax deduction is only allowed for actual payments made. Retail Related
190	PLANT RELATED	All Plant	(1,110,103)	(1,110,103)				This deferred tax balance relates to plant and results from life and method differences. Related to both T & D plant
190	Subtotal - p234		34,666,087	25,222,622	-	5,049,020	4,394,445	
	Less FASB 109 Above if not separately removed							
190	Less FASB 106 Above if not separately removed	Labor	(2,537,867)				(2,537,867)	FAS No. 106 requires accrual basis instead of cash basis accounting for post retirement health care and life insurance benefits for book purposes. Amounts paid to participants or funded through the VEBA or 401(h) accounts are currently deductible for tax purposes. Affects company personnel across all functions.
190	Total		37,203,954	25,222,622	-	5,049,020	6,932,312	

Instructions for Account 190:

1. ADIT items related only to Transmission are directly assigned to Column D
2. ADIT items related to Plant and not in Columns C & D are included in Column E
3. ADIT items related to labor and not in Columns C & D are included in Column F
4. ADIT items related to labor and not in Columns C & D are included in Column F
5. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded.
6. Re: Form 1-F filer: Sum of subtotals for Accounts 282 and 283 should tie to Form No. 1-F, p.113.57.c

A		B		C		D		E		F		G	
ADIT-282		Total	Gas, Prod or Other Related	Only Transmission Related	Plant	Labor	Justifications						
282	Deregulation/Stranded Cost Generation Assets	Generation	(108,418,163)	(108,418,163)	-	-	-	-	-	-	-	-	This deferred tax balance relates to our plant and results from life and method differences. Generation related
282	Plant Related	All Plant	(350,719,846)	(68,293,308)		(282,426,538)							This deferred tax balance relates to our plant and results from life and method differences. Related to both T & D plant.
	Subtotal - p275												
	Less FASB 109 Above if not separately removed												
	Less FASB 106 Above if not separately removed												
282	Total		(459,138,009)	(176,711,471)	-	(282,426,538)	-	-	-	-	-	-	

Instructions for Account 282:

1. ADIT items related only to Transmission are directly assigned to Column D
2. ADIT items related to Plant and not in Columns C & D are included in Column E
3. ADIT items related to labor and not in Columns C & D are included in Column F
4. ADIT items related to labor and not in Columns C & D are included in Column F
5. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded.
6. Re: Form 1-F filer: Sum of subtotals for Accounts 282 and 283 should tie to Form No. 1-F, p.113.57.c

A		B		C		D		E		F		G	
ADIT-283		Total	Gas, Prod or Other Related	Only Transmission Related	Plant	Labor	Justifications						
283	DUPONT RECEIVABLE		(6,498)	(6,498)	-	-	-	-	-	-	-	-	Tax deduction was taken for direct write off of receivable from Dupont project. For book purposes, reserve was recorded. Generation related.
283	BOARD OF DIRECTORS DEFERRED COMP	Labor	(15,390)	-	-	(15,390)							For tax purposes, payments for deferred compensation are deducted when paid. Affects company personnel across all functions.
283	SEVERANCE PACKAGE	Labor	(2,035)	-	-	(2,035)							For tax purposes, the severance costs are deductible when they are paid to the severed individual. For book purposes, the costs are expensed when a formal plan is adopted and the employees to be severed have been identified. Affects company personnel across all functions.
283	REGULATORY ISSUES	Retail	(1,912,208)	(1,912,208)	-	-	-	-	-	-	-	-	Costs incurred and paid for regulatory issues are deferred and amortized for book purposes. These costs were tax deductible in full as paid. Retail related

Atlantic City Electric Company

Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet

283	AMORTIZATION (LEGAL)	Retail	(5,369)	(5,369)	-	-	Legal costs related to Deepwater emergency facility were expensed on the books in the year incurred. For tax purposes, these costs are capital in nature and are amortized over a 30 year period. Generation related.
283	LOSS ON REACQ DEBT	Plant	(838,039)	(838,039)	-	-	The cost of bond redemption is deductible currently for tax purposes and is amortized over the life of the new bond issue for book purposes. Excluded here since included in Cost of Debt
283	ASBESTOS REMOVAL	Generation	(2,498,288)	(2,498,288)	-	-	Costs incurred and paid by the company for asbestos removal were tax deductible in full as paid. These costs were deferred and amortized for book purposes. Generation related.
283	DEFERRED EXPENSE CLEARING	Plant	(1,087,778)			(1,087,778)	Reflects the deferred taxes generated as a result of the tax deductions taken for actual store room expenses. For book purposes, these amounts were recorded as an asset in FERC account 163.
283	PROPERTY LOSS AMORTIZATION	Generation	(1,554,677)	(1,554,677)	-	-	Reflects the deferred taxes as a result of the tax deductions taken on various generation related studies, such as Atlantic Generation Study, Hydrogen Water Chemistry, Baseline Configuration and Nuclear Fuel Contract Costs. Generation related.
283	SAVINGS & THRIFT GUARANTEE 401(k)	Labor	(927,567)			(927,567)	Labor related. Affects company personnel across all functions.
283	ACE REGULATORY RESTRUCTURING CHARGES	Retail	355,615	355,615	-	-	Costs incurred and paid for customer care enhancement program associated with de-regulation are deferred and amortized for book purposes. Amortization of these costs were non-tax deductible. Retail related.
283	GATX Terminal Agreement for Atlantic CT's	Generation	113,767	113,767	-	-	Generation related
283	Reserve for Future Stranded Cost Disallowances	Generation	4,148,440	4,148,440	-	-	For book purposes, a loss due to future disallowance of stranded generation assets was set up as a reserve. For tax purposes, the loss is not deductible until the generation assets are disposed of. Retail related.
283	DUP-CL PROP R		(192,037)	(192,037)			Generation related
283	DUP-CL REM CO		(205,157)	(205,157)			Generation related
283	Less FASB 109 Above if not separately removed		(420,954)			(420,954)	FAS 109 Plant related, related to all functions.
283	Misc De-Regulation		196,783	196,783			Various items related to deregulation
283	Market to Market		321,554	321,554			Accounts Receivable, Other
283	Miscell Diff	Missing labor Piece	(1,339,978)			(1,339,978)	This deferred tax balance relates to plant and results from life and method differences. Related to both T & D plant
283	DEFERRED REVENUE	Retail	615,928	615,928			Reflects the deferred taxes generated as a result of revenue included as taxable income. For book purposes this amount was deferred in FERC account 254000. Retail related
	Stranded Costs		112,042,313	112,042,313			All Generation related
	MISCELL RESERVE		124,443	124,443			Generation related, Environmental Reserve for BL England site,
	PENSION PAYMENT RESERVE		(16,396,161)			(16,396,161)	Affects company personnel across all functions.
	SERP		(64,812)			(64,812)	Affects company personnel across all functions.
	SECTION 461(H) Prepaid		(651,031)			(651,031)	Related to both T & D plant
	NUG BUYOUT		3,672,770	3,672,770			Generation related
	AMORT OF OPEB		2,041,015			2,041,015	OPEB, labor related and relates to all functions
	BGS Deferred Related - Retail		1,500,228	1,500,228			Retail related
	MISC DEFERRED DEBITS		31,581	31,581			Deferred Costs for Universal Service Fund, Retail related
	NOL		2,922,347			2,922,347	Related to both T & D plant
	AMA		1,944,600			1,944,600	Related to both T & D plant
283	Plant Related	Plant	(186,560,494)	(75,708,826)		(110,851,668)	
283	Subtotal - p277 (Form 1-F filer: see note 6, below)		(84,647,088)	40,202,323		(106,103,469)	(18,745,942)
283	Less FASB 109 Above if not separately removed		(110,851,668)			(110,851,668)	
	Less FASB 106 Above if not separately removed		831,745				831,745
283	Total		25,372,835	40,202,323		4,748,199	(19,577,687)

Instructions for Account 283:
 1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
 2. ADIT items related only to Transmission are directly assigned to Column D
 3. ADIT items related to Plant and not in Columns C & D are included in Column E
 4. ADIT items related to labor and not in Columns C & D are included in Column F
 5. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded
 6. Re: Form 1-F filer: Sum of subtotals for Accounts 282 and 283 should tie to Form No. 1-F, p.113.57.c

ADITC-255

	Item	Balance	Amortization
1	Rate Base Treatment		
2	Balance to line 41 of Appendix A	Total	
3	Amortization		

Atlantic City Electric Company

Attachment 2 - Taxes Other Than Income Worksheet

Other Taxes	Page 263 Col (i)	Allocator	Allocated Amount
Plant Related		Gross Plant Allocator	
1 Real property (State, Municipal or Local)	2,408,934		
2 Personal property	-		
3 City License	-		
4 State Excise	-		
Total Plant Related	2,408,934	27.4480%	661,205
Labor Related		Wages & Salary Allocator	
5 Federal FICA & Unemployment	6,449,921		
6 Unemployment	289,761		
Total Labor Related	6,739,682	5.5640%	374,999
Other Included		Gross Plant Allocator	
7 Miscellaneous	24,120		
Total Other Included	24,120	27.4480%	6,620
Total Included			1,042,825
Excluded			
8 State Franchise tax	58,047		
9 TEFA	21,068,003		
10 Use & Sales Tax	(339,045)		
11 Total "Other" Taxes (included on p. 263)	29,959,741		
12 Total "Taxes Other Than Income Taxes" - acct 408.10 (p. 114.14)	<u>29,959,741</u>		
13 Difference	-		

Criteria for Allocation:

- A Other taxes that are incurred through ownership of plant including transmission plant will be allocated based on the Gross Plant Allocator. If the taxes are 100% recovered at retail they will not be included
- B Other taxes that are incurred through ownership of only general or intangible plant will be allocated based on the Wages and Salary Allocator. If the taxes are 100% recovered at retail they will not be included
- C Other taxes that are assessed based on labor will be allocated based on the Wages and Salary Allocator
- D Other taxes except as provided for in A, B and C above, that are incurred and (1) are not fully recovered at retail or (2) are directly or indirectly related to transmission service will be allocated based on the Gross Plant Allocator; provided, however, that

Atlantic City Electric Company

Attachment 3 - Revenue Credit Workpaper

Account 454 - Rent from Electric Property		
1	Rent from Electric Property - Transmission Related (Note 3)	54,424
2	Total Rent Revenues (Sum Line 1)	54,424
 Account 456 - Other Electric Revenues (Note 1)		
3	Schedule 1A	\$ 914,332
4	Net revenues associated with Network Integration Transmission Service (NITS) for which the load is not included in the divisor (difference between NITS credits from PJM and PJM NITS charges paid by Transmission Owner) (Note 4)	-
5	Point to Point Service revenues for which the load is not included in the divisor received by Transmission Owner (Note 4)	810,793
6	PJM Transitional Revenue Neutrality (Note 1)	-
7	PJM Transitional Market Expansion (Note 1)	-
8	Professional Services (Note 3)	-
9	Revenues from Directly Assigned Transmission Facility Charges (Note 2)	1,164,866
10	Rent or Attachment Fees associated with Transmission Facilities (Note 3)	95,066
11	Gross Revenue Credits (Sum Lines 2-10)	3,039,481
12	Less line 17g	(105,281)
13	Total Revenue Credits	2,934,200
 <u>Revenue Adjustment to determine Revenue Credit</u>		
14	<p>Note 1: All revenues related to transmission that are received as a transmission owner (i.e., not received as a LSE), for which the cost of the service is recovered under this formula, except as specifically provided for elsewhere in this Attachment or elsewhere in the formula will be included as a revenue credit or included in the peak on line 173 of Appendix A.</p>	
15	<p>Note 2: If the costs associated with the Directly Assigned Transmission Facility Charges are included in the Rates, the associated revenues are included in the Rates. If the costs associated with the Directly Assigned Transmission Facility Charges are not included in the Rates, the associated revenues are not included in the Rates.</p>	
16	<p>Note 3: Ratemaking treatment for the following specified secondary uses of transmission assets: (1) right-of-way leases and leases for space on transmission facilities for telecommunications; (2) transmission tower licenses for wireless antennas; (3) right-of-way property leases for farming, grazing or nurseries; (4) licenses of intellectual property (including a portable oil degasification process and scheduling software); and (5) transmission maintenance and consulting services (including energized circuit maintenance, high-voltage substation maintenance, safety training, transformer oil testing, and circuit breaker testing) to other utilities and large customers (collectively, products). Company will retain 50% of net revenues consistent with Pacific Gas and Electric Company, 90 FERC ¶ 61,314. Note: in order to use lines 17a - 17g, the utility must track in separate subaccounts the revenues and costs associated with each secondary use (except for the cost of the associated income taxes).</p>	
17a	Revenues included in lines 1-11 which are subject to 50/50 sharing.	149,490
17b	Costs associated with revenues in line 17a	61,072
17c	Net Revenues (17a - 17b)	88,418
17d	50% Share of Net Revenues (17c / 2)	44,209
17e	Costs associated with revenues in line 17a that are included in FERC accounts recovered through the formula times the allocator used to functionalize the amounts in the FERC account to the transmission service at issue.	-
17f	Net Revenue Credit (17d + 17e)	44,209
17g	Line 17f less line 17a	(105,281)
18	Note 4: If the facilities associated with the revenues are not included in the formula, the revenue is shown here but not included in the total above and is explained in the Cost Support; for example revenues associated with distribution facilities. In addition, Revenues from Schedule 12 are not included in the total above to the extent they are credited under Schedule 12.	15,478,666
19	Amount offset in line 4 above	32,168,287
20	Total Account 454 and 456	50,835,924

Atlantic City Electric Company

Attachment 4 - Calculation of 100 Basis Point Increase in ROE

A	Return and Taxes with 100 Basis Point increase in ROE		
	100 Basis Point increase in ROE and Income Taxes	(Line 127 + Line 138)	37,389,997
B	100 Basis Point increase in ROE		1.00%

Return Calculation

59	Rate Base		(Line 39 + 58)	289,690,549
Long Term Interest				
100	Long Term Interest		p117.62c through 67c	56,866,570
101	Less LTD Interest on Securitization B _i (Note P)		Attachment 8	24,056,481
102	Long Term Interest		"(Line 100 - line 101)"	32,810,089
103	Preferred Dividends	enter positive	p118.29c	262,842
Common Stock				
104	Proprietary Capital		p112.16c	470,775,334
105	Less Preferred Stock	enter negative	(Line 114)	-6,214,500
106	Less Account 216.1	enter negative	p112.12c	0
107	Common Stock		(Sum Lines 104 to 106)	464,560,834
Capitalization				
108	Long Term Debt		p112.18c through 22c	974,220,563
109	Less Loss on Reacquired Debt	enter negative	p111.81.c	15,341,732
110	Plus Gain on Reacquired Debt	enter positive	p113.61.c	0
111	Less ADIT associated with Gain or Loss	enter negative	Attachment 1	838,039
112	Less LTD on Securitization Bonds	enter negative	Attachment 8	-469,505,563
113	Total Long Term Debt		(Sum Lines Lines 108 to 112)	520,894,771
114	Preferred Stock		p112.3c	6,214,500
115	Common Stock		(Line 107)	464,560,834
116	Total Capitalization		(Sum Lines 113 to 115)	991,670,105
117	Debt %	(Note Q from Appendix A) Total Long Term Debt	(Line 113 / 116)	50%
118	Preferred %	(Note Q from Appendix A) Preferred Stock	(Line 114 / 116)	0%
119	Common %	(Note Q from Appendix A) Common Stock	(Line 115 / 116)	50%
120	Debt Cost	Total Long Term Debt	(Line 102 / 113)	0.0630
121	Preferred Cost	Preferred Stock	(Line 103 / 114)	0.0423
122	Common Cost	Common Stock	Appendix A % plus 100 Basis Pts	0.1180
123	Weighted Cost of Debt	Total Long Term Debt (WCLTD)	(Line 117 * 120)	0.0315
124	Weighted Cost of Preferred	Preferred Stock	(Line 118 * 121)	0.0000
125	Weighted Cost of Common	Common Stock	(Line 119 * 122)	0.0590
126	Total Return (R)		(Sum Lines 123 to 125)	0.0905
127	Investment Return = Rate Base * Rate of Return		(Line 59 * 126)	26,215,248

Composite Income Taxes

(Note L)

Income Tax Rates				
128	FIT=Federal Income Tax Rate			35.00%
129	SIT=State Income Tax Rate or Composite			9.01%
130	p = percent of federal income tax deductible for state purposes		Per State Tax Code	0.00%
131	T	$T = 1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\}$		40.85%
132	T/ (1-T)			69.07%
ITC Adjustment				
133	Amortized Investment Tax Credit	enter negative	p266.8f	-1,366,091
134	T/(1-T)		(Line 132)	69.07%
135	Net Plant Allocation Factor		(Line 18)	27.3119%
136	ITC Adjustment Allocated to Transmission	(Note I from Appendix A)	(Line 133 * (1 + 134) * 135)	-630,815
137	Income Tax Component =	$CIT = (T/(1-T)) * Investment Return * (1 - (WCLTD/R)) =$		11,805,564
138	Total Income Taxes			11,174,749

Atlantic City Electric Company

Attachment 5 - Cost Support

Electric / Non-electric Cost Support

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Electric Portion	Non-electric Portion	Details
Plant Allocation Factors							
10	Accumulated Intangible Amortization	(Note A)	p200.21c	\$ 39,079,646	39,079,646	0	Respondent is Electric Utility only.
11	Accumulated Common Amortization - Electric	(Note A)	p356	0	0	0	
12	Accumulated Common Plant Depreciation - Electric	(Note A)	p356	0	0	0	
Plant In Service							
24	Common Plant (Electric Only)	(Notes A & B)	p356	0	0	0	
Accumulated Deferred Income Taxes							
41	Accumulated Investment Tax Credit Account No. 255	(Notes A & I)	p266.h	14,942,923	14,942,923	0	Respondent is Electric Utility only.
Materials and Supplies							
47	Undistributed Stores Exp	(Note A)	p227.6c & 16.c	1,684,512	1,684,512	0	Respondent is Electric Utility only.
Allocated General & Common Expenses							
65	Plus Transmission Lease Payments	(Note A)	p200.4.c	0	0	0	
67	Common Plant O&M	(Note A)	p356	0	0	0	
Depreciation Expense							
88	Intangible Amortization	(Note A)	p336.1d&e	2,241,728	2,241,728	0	Respondent is Electric Utility only.
92	Common Depreciation - Electric Only	(Note A)	p336.11.b	0	0	0	
93	Common Amortization - Electric Only	(Note A)	p356 or p336.11d	0	0	0	

Transmission / Non-transmission Cost Support

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Transmission Related	Non-transmission Related	Details
28	Plant Held for Future Use (Including Land) Directly Assigned A&G	(Note C)	p214	5,553,713	1,350,288	4,203,425	"Transmission RW - Carl's Corner" and "Future Conversion of Cumberland-Corcon 138 KV" are transmission.
73	Regulatory Commission Exp Account 928	(Note C)	p323.160b	Enter	Enter	Enter	

CWIP & Expensed Lease Worksheet

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	CWIP in Form 1 Amount	Expensed Lease in Form 1 Amount	Details
Plant Allocation Factors							
6	Electric Plant in Service	(Note B)	p207.104g	1,935,067,409	0	0	See Form 1
Plant In Service							
19	Transmission Plant In Service	(Note B)	p207.58.g	516,669,805	0	0	See Form 1
24	Common Plant (Electric Only)	(Notes A & B)	p356	0	0	0	
Accumulated Depreciation							
30	Transmission Accumulated Depreciation	(Note B)	p219.25.c	171,328,836	0	0	See Form 1

EPRI Dues Cost Support

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	EPRI Dues	Details	
Allocated General & Common Expenses							
73	Less EPRI Dues	(Note D)	p352-353	0	0	See Form 1	

Atlantic City Electric Company

Attachment 5 - Cost Support

Regulatory Expense Related to Transmission Cost Support

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Transmission Related	Non-Transmission Related	Details
70	Allocated General & Common Expenses Less Regulatory Commission Exp Account 928	(Note E)	p323.189b	2,462,747	0	2,462,747	Transmission related.
77	Directly Assigned A&G Regulatory Commission Exp Account 928	(Note G)	p323.189b	2,462,747	0	2,462,747	Transmission related.

Safety Related Advertising Cost Support

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Safety Related	Non-safety Related	Details
81	Directly Assigned A&G General Advertising Exp Account 930.1	(Note F)	p323.191b	1,176	-	1,176	None

MultiState Workpaper

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				State 1	State 2	State 3	State 4	State 5	Details
129	Income Tax Rates SIT=State Income Tax Rate or Composite	(Note I)	0	NJ 9.00%	PA 9.900%				Enter Calculation Apportioned: NJ 8.87%, PA 0.1185%

Education and Out Reach Cost Support

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Education & Outreach	Other	Details
78	Directly Assigned A&G General Advertising Exp Account 930.1	(Note K)	p323.191b	1,176	-	1,176	None

Excluded Plant Cost Support

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Excluded Transmission Facilities	Description of the Facilities
149	Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities Excluded Transmission Facilities	(Note M)	Attachment 5	27,526,011	General Description of the Facilities
Instructions:				Enter \$	None
1 Remove all investment below 69 kV or generator step up transformers included in transmission plant in service that are not a result of the RTEP Process					
2 If unable to determine the investment below 69kV in a substation with investment of 69 kV and higher as well as below 69 kV, the following formula will be used:				Or	
Example				Enter \$	
A Total investment in substation				1,000,000	
B Identifiable investment in Transmission (provide workpapers)				500,000	
C Identifiable investment in Distribution (provide workpapers)				400,000	
D Amount to be excluded (A x (C / (B + C)))				444,444	
Add more lines if necessary					

Atlantic City Electric Company

Attachment 5 - Cost Support

Outstanding Network Credits Cost Support

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Outstanding Network Credits	Description of the Credits
Network Credits					
55	Outstanding Network Credits	(Note N)	From PJM	Enter \$ 0	General Description of the Credits None
56	Less Accumulated Depreciation Associated with Facilities with Outstanding Network Credits	(Note N)	From PJM	0	None
Add more lines if necessary					

Transmission Related Account 242 Reserves

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Total	Allocation	Transmission Related	Details
				Enter \$		Amount	
44	Transmission Related Account 242 Reserves (exclude current year environmental site related reserves)			-	100%	-	
	Directly Assignable to Transmission			9,652,425	5.56%	537,065	
	Labor Related, General plant related or Common Plant related			2,125,914	27.45%	583,522	
	Plant Related				0.00%	-	
	Other					-	
	Total Transmission Related Reserves			11,778,339		1,120,587	

Prepayments

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Description of the Prepayments			
45 Prepayments							
5	Wages & Salary Allocator		5.564%	To Line 45			
	Pension Liabilities, if any, in Account 242	-	5.564%	-			
	Prepayments	\$ 54,768,275	5.564%	3,047,330			
	Prepaid Pensions if not included in Prepayments	\$ 11,660,723	5.564%	648,808			
		66,428,998		3,696,138			
Add more lines if necessary							

Extraordinary Property Loss

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Amount	Number of years	Amortization	w/ interest
61	Less extraordinary property loss		Attachment 5	\$ -			
62	Plus amortized extraordinary property loss		Attachment 5		5	\$ -	\$ -

Atlantic City Electric Company

Attachment 5 - Cost Support

Interest on Outstanding Network Credits Cost Support

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Interest on Network Credits	Description of the Interest on the Credits
155	Revenue Credits & Interest on Network Credits Interest on Network Credits	(Note N)	PJM Data	0 Enter \$	General Description of the Credits None
<i>Add more lines if necessary</i>					

Facility Credits under Section 30.9 of the PJM OATT and Facility Credits paid to Vineland per settlement in ER05-515 (Note R)

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions		Amount	Description & PJM Documentation
171	Net Revenue Requirement Facility Credits under Section 30.9 of the PJM OATT and Facility Credits paid to Vineland per settlement in ER05-515 (Note R)	369,000	Settlement agreement. \$15k/mo Jan-Apr 18 + \$37.5/mo Apr 19-Dec.

PJM Load Cost Support

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				1 CP Peak	Description & PJM Documentation
173	Network Zonal Service Rate 1 CP Peak	(Note L)	PJM Data	3,009	See Form 1

Statements BG/BH (Present and Proposed Revenues)

Customer	Billing Determinants	Current Rate	Proposed Rate	Current Revenues	Proposed Revenues	Change in Revenues
ACE zone						
Total						

Atlantic City Electric Company

Attachment 5a - Allocations of Costs to Affiliate

	Delmarva Power	Atlantic City	Pepco	non regulated	Total
Energy Delivery Services	11,438,051	8,712,543	11,271,801	1,172,663	32,595,058
Procurement & Supply Services	587,950	405,619	798,846	291,518	2,083,933
Facilities Services	612,773	560,952	346,768	653,611	2,174,104
Real Estate Services	61,889	62,278	-	41,929	166,097
Security Services	366,207	287,093	648,345	132,734	1,434,380
Controller	401,003	433,324	851,241	473,148	2,158,716
General Accounting Services	1,031,581	983,639	1,648,874	1,116,661	4,780,756
Accounts Payable Services	494,979	452,946	758,080	156,343	1,862,349
Asset Management	202,158	167,290	708,262	212,571	1,290,280
Risk Management	295,381	339,945	783,208	531,989	1,950,524
Insurance & Claims	2,533,915	2,179,697	4,929,844	3,835,453	13,478,909
External Reporting	805,341	829,913	1,839,183	1,110,933	4,585,370
Corporate Planning	486,926	498,382	878,169	808,261	2,671,738
Regulatory Affairs	2,823,894	1,665,307	3,715,939	-	8,205,140
Treasury Services	(322,364)	(78,744)	(40,719)	80,872	(360,955)
Tax Services	387,054	444,063	135,537	534,011	1,500,665
Investor Relations	387,463	441,411	1,017,505	667,034	2,513,413
Human Resource Services	1,905,901	1,289,212	2,576,080	908,871	6,680,064
Compensation & Benefits	161,779	221,238	482,763	364,716	1,230,496
Employee Relations	-	-	-	-	-
Payroll Services	414,778	266,323	264,030	72,038	1,017,169
Legal Services	2,902,218	1,784,265	5,548,127	1,545,234	11,779,844
Corporate Secretary Services	484,473	550,120	1,268,063	829,863	3,132,518
Internal Audit	590,819	607,496	865,209	807,552	2,871,075
Marketing Services	765,365	1,354,633	2,313,325	51,903	4,485,226
IS Management & Administration	-	-	-	-	-
Desktop/Network Support	98,923	69,556	295,520	-	463,998
Operations Management	322,346	241,875	404,195	153,946	1,122,362
Information Strategy	287,226	237,945	562,447	-	1,087,618
Communications Services	587,899	639,378	1,069,099	855,875	3,152,251
Government Relations	284,710	281,811	885,936	428,751	1,881,209
Environmental & Safety	994,664	715,074	1,557,288	508,900	3,775,927
Executive Management	2,052,737	1,707,076	4,106,096	6,967,624	14,833,532
Total	34,448,039	28,351,663	52,489,061	25,315,003	140,603,766

Attachment 6 - Estimate and Reconciliation Worksheet

Step Month Year Action

Exec Summary

- 1 April Year 2 TO populates the formula with Year 1 data from FERC Form 1 from Year 1 (e.g., 2004)
- 2 April Year 2 TO estimates all transmission Cap Adds for Year 2 weighted based on Months expected to be in service in Year 2 (e.g., 2005)
- 3 April Year 2 TO adds weighted Cap Adds to plant in service in Formula
- 4 May Year 2 Post results of Step 3 on PJM web site
- 5 June Year 2 Results of Step 3 go into effect for the Rate Year 1 (June 1, 2005 - May 31, 2006)

- 6 April Year 3 TO populates the formula with Year 2 data from FERC Form 1 for Year 2 (e.g., 2005)
- 7 April Year 3 TO estimates Cap Adds during Year 3 weighted based on Months expected to be in service in Year 3 (e.g., 2006)
- 8 April Year 3 Reconciliation - TO calculates Reconciliation by removing from Year 2 data - the total Cap Adds placed in service in Year 2 and adding weighted average in Year 2 actual Cap Adds in Reconciliation (adjusted to include any Reconciliation amount from prior year)
- 9 April Year 3 Reconciliation - TO adds the difference between the Reconciliation in Step 8 and the forecast in Line 5 with interest to the result of Step 7 (this difference is also added to Step 8 in the subsequent year)
- 10 May Year 3 Post results of Step 9 on PJM web site
- 11 June Year 3 Results of Step 9 go into effect for the Rate Year 2 (e.g., June 1, 2006 - May 31, 2007)

- 1 April Year 2 TO populates the formula with Year 1 data from FERC Form 1 from Year 1 (e.g., 2004)
\$ 38,955,478 Rev Req based on Year 1 data Must run Appendix A to get this number (without any cap adds in line 21 of Appendix A)

- 2 April Year 2 TO estimates all transmission Cap Adds for Year 2 weighted based on Months expected to be in service in Year 2 (e.g., 2005)

	Est. In Service Date	Weighting	Amount	One 12th
Jan		11.5	-	-
Feb	5,233,934	10.5	54,956,307	4,579,692
Mar		9.5	-	-
Apr		8.5	-	-
May	6,866,876	7.5	51,501,570	4,291,798
Jun	1,862,371	6.5	12,105,412	1,008,784
Jul		5.5	-	-
Aug		4.5	-	-
Sep		3.5	-	-
Oct		2.5	-	-
Nov		1.5	-	-
Dec	76,538,343	0.5	38,269,172	3,189,098
Total	90,501,524		156,832,460	13,069,372
New Transmission Plant Additions for Year 2 (weighted by months in service)				13,069,372

- 3 April Year 2 TO adds weighted Cap Adds to plant in service in Formula
\$ 13,069,372 Input to Formula Line 21

- 4 May Year 2 Post results of Step 3 on PJM web site
\$ 40,172,396 Must run Appendix A to get this number (with prospective weighted cap adds in line 21)

- 5 June Year 2 Results of Step 3 go into effect for the Rate Year 1 (June 1, 2005 - May 31, 2006)
\$ 40,172,396

6 April Year 3 TO populates the formula with Year 2 data from FERC Form 1 for Year 2 (e.g., 2005)
 \$ 53,662,440 Rev Req based on Prior Year data Must run Appendix A to get this number (without any cap adds in line 21 of Appendix A)

7 April Year 3 TO estimates Cap Adds during Year 3 weighted based on Months expected to be in service in Year 3 (e.g., 2006)

	Est. In Service Date	Weighting	Amount	One 12th
Jan		11.5	-	-
Feb	4,361,806	10.5	45,798,963	3,816,580
Mar		9.5	-	-
Apr		8.5	-	-
May		7.5	-	-
Jun		6.5	-	-
Jul		5.5	-	-
Aug		4.5	-	-
Sep		3.5	-	-
Oct		2.5	-	-
Nov		1.5	-	-
Dec	55,557,255	0.5	27,778,628	2,314,886
Total	59,919,061		73,577,591	6,131,466
New Transmission Plant Additions for Year 3 (weighted by months in service)				6,131,466
54272898.13				Input to Formula Line 21

8 April Year 3 Reconciliation - TO calculates Reconciliation by removing from Year 2 data - the total Cap Adds placed in service in Year 2 and adding weighted average in Year 2 actual Cap Adds in Reconciliation (adjusted to include any Reconciliation amount from prior year)

Remove all Cap Adds placed in service in Year 2
 For Reconciliation only - remove actual New Transmission Plant Additions for Year 2 29,277,637 Input to Formula Line 20

Add weighted Cap Adds actually placed in service in Year 2

	Actual In Service Date	Weighting	Amount	One 12th
Jan	80,447	11.5	925,141	77,095
Feb	(37,471)	10.5	(393,446)	(32,787)
Mar	491,526	9.5	4,669,497	389,125
Apr	12,112,587	8.5	102,956,990	8,579,749
May	137,512	7.5	1,031,340	85,945
Jun	3,246	6.5	21,099	1,758
Jul	(28,045)	5.5	(154,248)	(12,854)
Aug	40,459	4.5	182,066	15,172
Sep	9,384	3.5	32,844	2,737
Oct	141,699	2.5	354,248	29,521
Nov	1,953,822	1.5	2,930,733	244,228
Dec	14,372,471	0.5	7,186,236	598,853
Total	29,277,637		119,742,499	9,978,542
New Transmission Plant Additions for Year 2 (weighted by months in service)				9,978,542
				Input to Formula Line 21

51,740,992.58 Result of Formula for Reconciliation Must run Appendix A with cap adds in line 21 & line 20
 (Year 2 data with total of Year 2 Cap Adds removed and monthly weighted average of Year 2 actual Cap Adds added in)

9 April Year 3 Reconciliation - TO adds the difference between the Reconciliation in Step 8 and the forecast in Line 5 with interest to the result of Step 7 (this difference is also added to Step 8 in the subsequent year)

The Reconciliation in Step 8		The forecast in Prior Year		=	
51,740,993	-	46,825,053			4,915,940

Interest on Amount of Refunds or Surcharges

Interest rate pursuant to 35.19a for March o 0.7000%

Month	Yr	1/12 of Step 9	Interest rate for March of the Current Yr	Months	Interest	Surcharge (Refund) Owed
Jun	Year 1	409,662	0.7000%	11.5	32,978	442,639
Jul	Year 1	409,662	0.7000%	10.5	30,110	439,772
Aug	Year 1	409,662	0.7000%	9.5	27,242	436,904
Sep	Year 1	409,662	0.7000%	8.5	24,375	434,037
Oct	Year 1	409,662	0.7000%	7.5	21,507	431,169
Nov	Year 1	409,662	0.7000%	6.5	18,640	428,301
Dec	Year 1	409,662	0.7000%	5.5	15,772	425,434
Jan	Year 2	409,662	0.7000%	4.5	12,904	422,566
Feb	Year 2	409,662	0.7000%	3.5	10,037	419,698
Mar	Year 2	409,662	0.7000%	2.5	7,169	416,831
Apr	Year 2	409,662	0.7000%	1.5	4,301	413,963
May	Year 2	409,662	0.7000%	0.5	1,434	411,095
Total		4,915,940				5,122,409

		Balance	Interest from above	Amortization over Rate Year	Balance
Jun	Year 2	5,122,409	0.7000%	446,538	4,711,728
Jul	Year 2	4,711,728	0.7000%	446,538	4,298,172
Aug	Year 2	4,298,172	0.7000%	446,538	3,881,721
Sep	Year 2	3,881,721	0.7000%	446,538	3,462,354
Oct	Year 2	3,462,354	0.7000%	446,538	3,040,053
Nov	Year 2	3,040,053	0.7000%	446,538	2,614,795
Dec	Year 2	2,614,795	0.7000%	446,538	2,186,560
Jan	Year 3	2,186,560	0.7000%	446,538	1,755,328
Feb	Year 3	1,755,328	0.7000%	446,538	1,321,077
Mar	Year 3	1,321,077	0.7000%	446,538	883,786
Apr	Year 3	883,786	0.7000%	446,538	443,434
May	Year 3	443,434	0.7000%	446,538	(0)
Total with interest				5,358,459	

The difference between the Reconciliation in Step 8 and the forecast in Prior Year with interest 5,358,459

Rev Req based on Year 2 data with estimated Cap Adds for Year 3 \$ 54,272,898

Revenue Requirement for Year 3 59,631,357

Must run Appendix A to get this number (with prospective weighted cap adds in line 21)

10 May Year 3 Post results of Step 9 on PJM web site
\$ 59,631,357 Post results of Step 3 on PJM web site

11 June Year 3 Results of Step 9 go into effect for the Rate Year 2 (e.g., June 1, 2006 - May 31, 2007)
\$ 59,631,357

Atlantic City Electric Company

Attachment 8 - Company Exhibit - Securitization Workpaper

Line #

	Long Term Interest	
101	Less LTD Interest on Securitization Bonds	24,056,481
	Capitalization	
112	Less LTD on Securitization Bonds	469,505,563

Calculation of the above Securitization Adjustments

Inputs from Atlantic City Electric Company 2004 FERC Form 1
Pages 256.1-257.1 "Long Term Debt (Account 221, 222, 223, and 224)"
Line 13 "Note Payable to ACE Transition Funding - variable"
LTD Interest on Securitization Bonds in column (i)
LTD on Securitization Bonds in column (h)