

**ATTACHMENT H-1A**

**Atlantic City Electric Company**

**Formula Rate - Appendix A**  
**Shaded cells are input cells**

Notes      FERC Form 1 Page # or Instruction

2008

**Allocators**

<b>Wages &amp; Salary Allocation Factor</b>			
1	Transmission Wages Expense	p354.21.b	\$ 1,662,426
2	Total Wages Expense	p354.28b	\$ 20,474,113
3	Less A&G Wages Expense	p354.27b	\$ 595,694
4	Total	(Line 2 - 3)	19,878,419
5	<b>Wages &amp; Salary Allocator</b>	(Line 1 / 4)	<b>8.3630%</b>
<b>Plant Allocation Factors</b>			
6	Electric Plant In Service	(Note B) p207.104g	\$ 2,138,714,296
7	Common Plant In Service - Electric	(Line 24)	0
8	Total Plant In Service	(Sum Lines 6 & 7)	2,138,714,296
9	Accumulated Depreciation (Total Electric Plant)	p219.29c	\$ 626,776,018
10	Accumulated Intangible Amortization	p200.21c	\$ 39,453,724
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)	666,229,742
14	Net Plant	(Line 8 - 13)	1,472,484,554
15	Transmission Gross Plant	(Line 29 - Line 28)	683,727,618
16	<b>Gross Plant Allocator</b>	(Line 15 / 8)	<b>31.9691%</b>
17	Transmission Net Plant	(Line 39 - Line 28)	486,142,961
18	<b>Net Plant Allocator</b>	(Line 17 / 14)	<b>33.0151%</b>

**Plant Calculations**

<b>Plant In Service</b>			
19	Transmission Plant In Service	(Note B) p207.58.g	\$ 658,126,150
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	12,676,170
22	<b>Total Transmission Plant In Service</b>	(Line 19 - 20 + 21)	<b>670,802,320</b>
23	General & Intangible	p205.5.g & p207.99.g	\$ 154,553,934
24	Common Plant (Electric Only)	(Notes A & B) p356	\$ -
25	Total General & Common	(Line 23 + 24)	154,553,934
26	Wage & Salary Allocation Factor	(Line 5)	8.36297%
27	<b>General &amp; Common Plant Allocated to Transmission</b>	(Line 25 * 26)	<b>12,925,297</b>
28	<b>Plant Held for Future Use (Including Land)</b>	(Note C) p214	<b>1,350,288</b>
29	<b>TOTAL Plant In Service</b>	(Line 22 + 27 + 28)	<b>685,077,906</b>
<b>Accumulated Depreciation</b>			
30	Transmission Accumulated Depreciation	(Note B) p219.25.c	\$ 190,199,742
31	Accumulated General Depreciation	p219.28.c	\$ 48,851,218
32	Accumulated Intangible Amortization	(Line 10)	39,453,724
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)	88,304,942
36	Wage & Salary Allocation Factor	(Line 5)	8.36297%
37	<b>General &amp; Common Allocated to Transmission</b>	(Line 35 * 36)	<b>7,384,915</b>
38	<b>TOTAL Accumulated Depreciation</b>	(Line 30 + 37)	<b>197,584,657</b>
39	<b>TOTAL Net Property, Plant &amp; Equipment</b>	(Line 29 - 38)	<b>487,493,249</b>

**Adjustment To Rate Base**

<b>Accumulated Deferred Income Taxes</b>			
40	ADIT net of FASB 106 and 109		-113,687,402
41	Accumulated Investment Tax Credit Account No. 255	Enter Negative (Notes A & I)	0
42	Net Plant Allocation Factor	(Line 18)	33.02%
43	<b>Accumulated Deferred Income Taxes Allocated To Transmission</b>	(Line 41 * 42) + Line 40	<b>-113,687,402</b>
43a	<b>Transmission Related CWIP (Current Year 12 Month weighted average balances)</b>	(Note B) p216.43.b as Shown on Attachment 6	<b>0</b>
<b>Transmission O&amp;M Reserves</b>			
44	<b>Total Balance Transmission Related Account 242 Reserves</b>	Enter Negative Attachment 5	<b>-1,273,787</b>
<b>Prepayments</b>			
45	Prepayments	(Note A) Attachment 5	5,470,404
46	<b>Total Prepayments Allocated to Transmission</b>	(Line 45)	<b>5,470,404</b>
<b>Materials and Supplies</b>			
47	Undistributed Stores Exp	(Note A) p227.6c & 16.c	850,542
48	Wage & Salary Allocation Factor	(Line 5)	8.36%
49	Total Transmission Allocated	(Line 47 * 48)	71,131
50	Transmission Materials & Supplies	p227.8c	\$ 2,770,421
51	<b>Total Materials &amp; Supplies Allocated to Transmission</b>	(Line 49 + 50)	<b>2,841,552</b>
<b>Cash Working Capital</b>			
52	Operation & Maintenance Expense	(Line 85)	12,980,467
53	1/8th Rule	x 1/8	12.5%
54	<b>Total Cash Working Capital Allocated to Transmission</b>	(Line 52 * 53)	<b>1,622,558</b>
<b>Network Credits</b>			
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	<b>TOTAL Adjustment to Rate Base</b>	(Line 43 + 43a + 44 + 46 + 51 + 54 - 57)	<b>-105,026,675</b>
59	<b>Rate Base</b>	(Line 39 + 58)	<b>382,466,574</b>

**O&M**

<b>Transmission O&amp;M</b>				
60	Transmission O&M		p321.112.b	\$ 9,126,554
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)	p200.3c	\$ -
66	<b>Transmission O&amp;M</b>		(Lines 60 - 63 + 64 + 65)	<b>9,126,554</b>
<b>Allocated General &amp; Common Expenses</b>				
67	Common Plant O&M	(Note A)	p356	\$ -
68	Total A&G		p323.197.b	\$ 48,602,729
69	Less Property Insurance Account 924		p323.185b	\$ 350,369
70	Less Regulatory Commission Exp Account 928	(Note E)	p323.189b	\$ 3,463,479
71	Less General Advertising Exp Account 930.1		p323.191b	\$ 54,971
72	Less DE Enviro & Low Income and MD Universal Funds		p335.b	\$ -
73	Less EPRI Dues	(Note D)	p352-353	\$ 34,018
74	<b>General &amp; Common Expenses</b>		(Lines 67 + 68) - Sum (69 to 73)	44,699,892
75	Wage & Salary Allocation Factor		(Line 5)	8.3630%
76	<b>General &amp; Common Expenses Allocated to Transmission</b>		(Line 74 * 75)	<b>3,738,238</b>
<b>Directly Assigned A&amp;G</b>				
77	Regulatory Commission Exp Account 928	(Note G)	p323.189b	0
78	General Advertising Exp Account 930.1	(Note K)	p323.191b	0
79	<b>Subtotal - Transmission Related</b>		(Line 77 + 78)	<b>0</b>
80	Property Insurance Account 924		p323.185b	\$ 350,369
81	General Advertising Exp Account 930.1	(Note F)	p323.191b	0
82	<b>Total</b>		(Line 80 + 81)	<b>350,369</b>
83	Net Plant Allocation Factor		(Line 18)	33.02%
84	<b>A&amp;G Directly Assigned to Transmission</b>		(Line 82 * 83)	<b>115,675</b>
85	<b>Total Transmission O&amp;M</b>		<b>(Line 66 + 76 + 79 + 84)</b>	<b>12,980,467</b>

**Depreciation & Amortization Expense**

<b>Depreciation Expense</b>				
86	Transmission Depreciation Expense		p336.7b&c	14,201,744
87	General Depreciation		p336.10b&c	5,063,134
88	Intangible Amortization	(Note A)	p336.1d&e	146,372
89	<b>Total</b>		(Line 87 + 88)	<b>5,209,506</b>
90	Wage & Salary Allocation Factor		(Line 5)	8.3630%
91	<b>General Depreciation Allocated to Transmission</b>		(Line 89 * 90)	<b>435,669</b>
92	Common Depreciation - Electric Only	(Note A)	p336.11.b	0
93	Common Amortization - Electric Only	(Note A)	p356 or p336.11d	0
94	<b>Total</b>		(Line 92 + 93)	<b>0</b>
95	Wage & Salary Allocation Factor		(Line 5)	8.3630%
96	<b>Common Depreciation - Electric Only Allocated to Transmission</b>		(Line 94 * 95)	<b>0</b>
97	<b>Total Transmission Depreciation &amp; Amortization</b>		<b>(Line 86 + 91 + 96)</b>	<b>14,637,413</b>

**Taxes Other than Income**

98	Taxes Other than Income		Attachment 2	893,839
99	<b>Total Taxes Other than Income</b>		<b>(Line 98)</b>	<b>893,839</b>

**Return / Capitalization Calculations**

<b>Long Term Interest</b>				
100	Long Term Interest		p117.62c through 67c	54,956,753
101	Less LTD Interest on Securitization Bonds	(Note P)	Attachment 8	23,518,887
102	<b>Long Term Interest</b>		*(Line 100 - line 101)*	<b>31,437,866</b>
103	<b>Preferred Dividends</b>	enter positive	p118.29c	<b>\$ 262,842</b>
<b>Common Stock</b>				
104	Proprietary Capital		p112.16c	\$ 543,339,680
105	Less Preferred Stock	enter negative	(Line 114)	-6,214,500
106	Less Account 216.1	enter negative	p112.12c	\$ -
107	<b>Common Stock</b>		(Sum Lines 104 to 106)	<b>537,125,180</b>
<b>Capitalization</b>				
108	Long Term Debt		p112.17c through 21c	\$ 1,056,272,762
109	Less Loss on Reacquired Debt	enter negative	p111.81.c	\$ 14,103,726
110	Plus Gain on Reacquired Debt	enter positive	p113.61.c	\$ -
111	Less ADIT associated with Gain or Loss	enter negative	Attachment 1	2,087,030
112	Less LTD on Securitization Bonds	(Note P)	Attachment 8	-422,207,762
113	<b>Total Long Term Debt</b>		(Sum Lines 108 to 112)	<b>650,255,756</b>
114	Preferred Stock		p112.3c	\$ 6,214,500
115	Common Stock		(Line 107)	537,125,180
116	<b>Total Capitalization</b>		(Sum Lines 113 to 115)	<b>1,193,595,436</b>
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)	0.0483
121	Preferred Cost	Preferred Stock	(Line 103 / 114)	0.0423
122	Common Cost	Common Stock	(Note J) Fixed	0.1130
123	Weighted Cost of Debt	Total Long Term Debt (WCLTD)	(Line 117 * 120)	0.0242
124	Weighted Cost of Preferred	Preferred Stock	(Line 118 * 121)	0.0000
125	Weighted Cost of Common	Common Stock	(Line 119 * 122)	0.0565
126	<b>Total Return ( R )</b>		(Sum Lines 123 to 125)	<b>0.0807</b>
127	<b>Investment Return = Rate Base * Rate of Return</b>		<b>(Line 59 * 126)</b>	<b>30,854,903</b>

**Composite Income Taxes**

Income Tax Rates			
128	FIT=Federal Income Tax Rate		35.00%
129	SIT=State Income Tax Rate or Composite	(Note I)	8.99%
130	p	(percent of federal income tax deductible for state purposes)	0.00%
131	T	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\}$	40.85%
132	T/(1-T)		69.05%
ITC Adjustment			
133	Amortized Investment Tax Credit	(Note I) enter negative	\$ (1,021,567)
134	T/(1-T)	p286.8f (Line 132)	69.05%
135	Net Plant Allocation Factor	(Line 18)	33.0151%
136	ITC Adjustment Allocated to Transmission	(Line 133 * (1 + 134) * 135)	-570,164
137	Income Tax Component =	$CIT=(T/1-T) * Investment\ Return * (1-(WCLTD/R)) =$	[Line 132 * 127 * (1-(123 / 126))] 14,921,626
138	<b>Total Income Taxes</b>	<b>(Line 136 + 137)</b>	<b>14,351,462</b>

**REVENUE REQUIREMENT**

Summary			
139	Net Property, Plant & Equipment	(Line 39)	487,493,249
140	Adjustment to Rate Base	(Line 58)	-105,026,675
141	<b>Rate Base</b>	(Line 59)	<b>382,466,574</b>
142	O&M	(Line 85)	12,980,467
143	Depreciation & Amortization	(Line 97)	14,637,413
144	Taxes Other than Income	(Line 99)	893,839
145	Investment Return	(Line 127)	30,854,903
146	Income Taxes	(Line 138)	14,351,462
147	<b>Gross Revenue Requirement</b>	<b>(Sum Lines 142 to 146)</b>	<b>73,718,084</b>
Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities			
148	Transmission Plant In Service	(Line 19)	658,126,150
149	Excluded Transmission Facilities	(Note M) Attachment 5	27,526,011
150	Included Transmission Facilities	(Line 148 - 149)	630,600,139
151	Inclusion Ratio	(Line 150 / 148)	95.82%
152	Gross Revenue Requirement	(Line 147)	73,718,084
153	<b>Adjusted Gross Revenue Requirement</b>	(Line 151 * 152)	<b>70,634,838</b>
Revenue Credits & Interest on Network Credits			
154	Revenue Credits	(Note N) Attachment 3	4,111,805
155	Interest on Network Credits	PJM Data	-
156	<b>Net Revenue Requirement</b>	<b>(Line 153 - 154 + 155)</b>	<b>66,523,034</b>
Net Plant Carrying Charge			
157	Net Revenue Requirement	(Line 156)	66,523,034
158	Net Transmission Plant	(Line 19 - 30)	467,926,408
159	Net Plant Carrying Charge	(Line 157 / 158)	14.2166%
160	Net Plant Carrying Charge without Depreciation	(Line 157 - 86) / 158	11.1815%
161	Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes	(Line 157 - 86 - 127 - 138) / 158	2.1411%
Net Plant Carrying Charge Calculation per 100 Basis Point increase in ROE			
162	Net Revenue Requirement Less Return and Taxes	(Line 156 - 145 - 146)	21,316,669
163	Increased Return and Taxes	Attachment 4	48,439,196
164	Net Revenue Requirement per 100 Basis Point increase in ROE	(Line 162 + 163)	69,755,865
165	Net Transmission Plant	(Line 19 - 30)	467,926,408
166	Net Plant Carrying Charge per 100 Basis Point increase in ROE	(Line 164 / 165)	14.9074%
167	Net Plant Carrying Charge per 100 Basis Point increase in ROE without Depreciation	(Line 163 - 86) / 165	11.8724%
168	Net Revenue Requirement	(Line 156)	66,523,034
169	True-up amount	Attachment 6	(1,667,410)
170	Plus any increased ROE calculated on Attachment 7 other than PJM Sch. 12 projects	Attachment 7	493,272
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	450,000
172	<b>Net Zonal Revenue Requirement</b>	(Line 168 - 169 + 171)	<b>65,798,896</b>
Network Zonal Service Rate			
173	1 CP Peak	(Note L) PJM Data	2,638
174	Rate (\$/MW-Year)	(Line 172 / 173)	24,939
175	<b>Network Service Rate (\$/MW/Year)</b>	<b>(Line 174)</b>	<b>24,939</b>

**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 CWIP will be linked to Attachment 6 which shows detail support by project (incentive and non-incentive).
- 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  $p =$  "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  $(1/(1-T))$ . A utility must not include tax credits as a reduction to rate base and as an amortization against taxable income. Per FERC order in Docket No. ER08-10, the ROE is 11.30%, which includes a 50 basis-point RTO membership adder as authorized by FERC to become effective on December 1, 2007. Per FERC orders in Docket Nos. ER08-686 and ER08-1423, the ROE for specific projects identified or to be identified in Attachment 7 is 12.80%, which includes a 150 basis-point transmission incentive ROE adder as authorized by FERC to become effective June 1, 2008 and November 1, 2008 respectively.
- J 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 Transmission Related</i>	<i>Plant Related</i>	<i>Labor Related</i>	<i>Total ADIT</i>
<b>ADIT-282</b>	0	(353,005,117)	0	
<b>ADIT-283</b>	0	6,781,561	(36,201,763)	
<b>ADIT-190</b>	0	(7,351,796)	28,398,801	
<b>Subtotal</b>	0	(353,575,352)	(7,802,962)	
<b>Wages &amp; Salary Allocator</b>			8.3630%	
<b>Gross Plant Allocator</b>		31.9691%		
<b>ADIT</b>	0	(113,034,842)	(652,559)	(113,687,402)

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 (2,087,030)

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
<b>ADIT-190</b>							
190 BAD DEBT RESERVE		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		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		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		(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		(252,724)	(252,724)	-	-	-	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		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		(174,251)	-	-	-	(174,251)	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		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		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		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		(334,160)	(334,160)	-	-	-	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		625,941	-	-	625,941	-	Miscellaneous temporary differences that are less than \$100,000 for each item. Related to all functions
190 OFFICER'S/MANAGERS DEFERRED COMP		432,683	-	-	-	432,683	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		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		3,323,872	3,323,872	-	-	-	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		1,230,175	1,230,175	-	-	-	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.
190 ENVIRONMENTAL SITE EXPENSE		1,320,480	1,320,480	-	-	-	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		(382,112)	-	-	(382,112)	-	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		8,512	8,512	-	-	-	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		15,668	15,668	-	-	-	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.

Atlantic City Electric Company

Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet

190	DEFERRED PURCHASED POWER		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		26,950,783	-	-	-	26,950,783	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		4,124,337			4,124,337	-	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		51,960	51,960	-	-	-	Book records a deduction for accrual liability of Public Utility Assessment. A tax deduction is only allowed for actual payments made. Retail Related
190	SEVERANCE PACKAGE		(4,751,596)				(4,751,596)	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
190	AMORTIZATION (LEGAL)		-					year incurred. For tax purposes, these costs are capital in nature and are amortized over a 30 year period. Generation related.
	LOSS ON REACO DEBT		(1,754,672)	(1,754,672)				over the life of the new bond issue for book purposes. Excluded here since included in Cost of Debt
	ASBESTOS REMOVAL		1	1				as paid. These costs were deferred and amortized for book purposes. Generation related.
	SERP		798,575				798,575	Affects company personnel across all functions.
	NUG BUYOUT		55,145,910	55,145,910				Generation related
	AMORT of OPEB		(10,769,125)			(10,769,125)		OPEB, labor related and relates to all functions
	NOL		(2,782,606)			(2,782,606)		Related to both T & D plant
	AMA		2,315			2,315		Related to both T & D plant
	Miscell Diff		(113,554)				(113,554)	This deferred tax balance relates to plant and results from life and method differences. Related to both T & D plant
	Stranded Costs		(40,224,769)	(40,224,769)				All Generation related
	Deregulation/Stranded Cost Generation Assets		(6,646,284)	(6,646,284)				This deferred tax balance relates to our plant and results from life and method differences. Generation related
	PLANT RELATED		(1,747,518)	(1,747,518)				This deferred tax balance relates to plant and results from life and method differences. Related to both T & D plant
	Reclass		3,811,947	3,811,947				Related to generation
	1999 AMT		1,625,341			1,625,341		Plant related
	De-regulated Deferred		80,685,095	80,685,095				Related to generation and retail
190	<b>Subtotal - p234</b>		135,790,959	112,278,151	-	(7,351,796)	30,864,604	
	<b>Less FASB 109 Above if not separately removed</b>							
190	<b>Less FASB 106 Above if not separately removed</b>		2,465,803				2,465,803	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	<b>Total</b>		133,325,156	112,278,151	-	(7,351,796)	28,398,801	

Instructions for Account 190:

- ADIT items related only to Transmission are directly assigned to Column D
  - ADIT items related to Plant and not in Columns C & D are included in Column E
  - 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
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	(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	(421,298,425)	(68,293,308)	(353,005,117)	-	-	This deferred tax balance relates to our plant and results from life and method differences. Related to both T & D plant.
	<b>Subtotal - p275</b>	(529,716,588)	(176,711,471)	(353,005,117)	-	-	
	<b>Less FASB 109 Above if not separately removed</b>						
	<b>Less FASB 106 Above if not separately removed</b>						
282	<b>Total</b>	(529,716,588)	(176,711,471)	(353,005,117)	-	-	

Instructions for Account 282:

- ADIT items related only to Transmission are directly assigned to Column D
  - ADIT items related to Plant and not in Columns C & D are included in Column E
  - 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	(15,390)	-	-	(15,390)	-	For tax purposes, payments for deferred compensation are deducted when paid. Affects company personnel across all functions.
283	SEVERANCE PACKAGE	(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	(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)		(6,211)	(6,211)	-	-	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 REACO DEBT		(332,358)	(332,358)	-	-	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		(2,277,818)	(2,277,818)	-	-	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		(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		(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)		(927,567)	-	-	(927,567)	Labor related. Affects company personnel across all functions.
283	ACE REGULATORY RESTRUCTURING CHARGES		355,615	355,615	-	-	Costs incurred and paid for customer care enhancement program associated with deregulation 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		113,767	113,767	-	-	Generation related
283	Reserve for Future Stranded Cost Disallowances		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		3,371,827			3,371,827	This deferred tax balance relates to plant and results from life and method differences. Related to both T & D plant
283	DEFERRED REVENUE		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		147,735,394	147,735,394			All Generation related
	MISCELL RESERVE		124,443	124,443			Generation related, Environmental Reserve for BL England site.
	PENSION PAYMENT RESERVE		(36,973,296)			(36,973,296)	Affects company personnel across all functions.
	SERP		(823,558)			(823,558)	Affects company personnel across all functions.
	SECTION 461(H) Prepaid		(651,031)			(651,031)	Related to both T & D plant
	NUG BUYOUT		7,588,588	7,588,588			Generation related
	AMORT of OPEB		4,082,031			4,082,031	OPEB, labor related and relates to all functions
	BGS Deferred Related - Retail		26,572,632	26,572,632			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		1,936,946			1,936,946	Related to both T & D plant
283	Plant Related		(194,127,961)	(75,708,827)		(118,419,134)	
	Reclass		(3,811,947)	-3811947			Related to generation
283	Subtotal - p277 (Form 1-F filer: see note 6, below)		(45,210,604)	101,796,988	-	(111,637,573)	(35,370,018)
283	Less FASB 109 Above if not separately removed		(118,419,134)			(118,419,134)	
	Less FASB 106 Above if not separately removed		831,745				831,745
283	Total		72,376,785	101,796,988	-	6,781,561	(36,201,763)

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		
4	Amortization to line 133 of Appendix A	Total	10,037,587 1,021,567
5	Total	10,037,587	1,021,567
6	Total Form No. 1 (p 266 & 267)	Form No. 1 balance (p.266) for e	10,037,587 1,021,567
7	Difference /1		0

/1 Difference must be zero

# Atlantic City Electric Company

## Attachment 2 - Taxes Other Than Income Worksheet

Other Taxes	Page 263 Col (i)	Allocator	Allocated Amount
<b>Plant Related</b>		<b>Gross Plant Allocator</b>	
1 Real property (State, Municipal or Local)	2,282,742		
2 Personal property			
3 City License	-		
4 State Excise	-		
<b>Total Plant Related</b>	2,282,742	31.9691%	729,772
<b>Labor Related</b>		<b>Wages &amp; Salary Allocator</b>	
5 Federal FICA & Unemployment	1,843,860		
6 Unemployment	75,842		
<b>Total Labor Related</b>	1,919,702	8.3630%	160,544
<b>Other Included</b>		<b>Gross Plant Allocator</b>	
7 Miscellaneous	11,019		
<b>Total Other Included</b>	11,019	31.9691%	3,523
<b>Total Included</b>			893,839
<b>Excluded</b>			
8 State Franchise tax	66,941		
9 TEFA	20,282,662		
10 Use & Sales Tax	1,226,567		
11 Total "Other" Taxes (included on p. 263)	25,789,633		
12 Total "Taxes Other Than Income Taxes" - acct 408.10 (p. 114.14)	<u>25,789,633</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)	782,127
2	Total Rent Revenues (Sum Line 1)	782,127

**Account 456 - Other Electric Revenues (Note 1)**

3	Schedule 1A	\$ 920,406
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)	1,674,866
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)	1,275,599
10	Rent or Attachment Fees associated with Transmission Facilities (Note 3)	32,477
11	Gross Revenue Credits (Sum Lines 2-10)	4,685,475
12	Less line 17g	(573,671)
13	Total Revenue Credits	4,111,805

**Revenue Adjustment to determine Revenue Credit**

14 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.

15 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.

16 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).

17a	Revenues included in lines 1-11 which are subject to 50/50 sharing.	814,604
17b	Costs associated with revenues in line 17a	332,737
17c	Net Revenues (17a - 17b)	481,867
17d	50% Share of Net Revenues (17c / 2)	240,934
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)	240,934
17g	Line 17f less line 17a	(573,671)
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.	9,575,364
19	Amount offset in line 4 above	60,383,695
20	Total Account 454, 456 and 456.1	74,644,534
21	Note 4: SECA revenues booked in Account 447.	

**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)	48,439,196
B	100 Basis Point increase in ROE		1.00%

**Return Calculation**

59	Rate Base		(Line 39 + 58)	382,466,574
<b>Long Term Interest</b>				
100	Long Term Interest		p117.62c through 67c	54,956,753
101	Less LTD Interest on Securitization B <sub>i</sub> (Note P)		Attachment 8	23,518,887
102	<b>Long Term Interest</b>		"(Line 100 - line 101)"	31,437,866
103	<b>Preferred Dividends</b>	enter positive	p118.29c	262,842
<b>Common Stock</b>				
104	Proprietary Capital		p112.16c	543,339,680
105	Less Preferred Stock	enter negative	(Line 114)	-6,214,500
106	Less Account 216.1	enter negative	p112.12c	0
107	<b>Common Stock</b>		(Sum Lines 104 to 106)	537,125,180
<b>Capitalization</b>				
108	Long Term Debt		p112.17c through 21c	1,056,272,762
109	Less Loss on Reacquired Debt	enter negative	p111.81.c	14,103,726
110	Plus Gain on Reacquired Debt	enter positive	p113.61.c	0
111	Less ADIT associated with Gain or Loss	enter negative	Attachment 1	2,087,030
112	Less LTD on Securitization Bonds	enter negative	Attachment 8	-422,207,762
113	<b>Total Long Term Debt</b>		(Sum Lines 108 to 112)	650,255,756
114	Preferred Stock		p112.3c	6,214,500
115	Common Stock		(Line 107)	537,125,180
116	<b>Total Capitalization</b>		(Sum Lines 113 to 115)	1,193,595,436
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)	0.0483
121	Preferred Cost		Preferred Stock (Line 103 / 114)	0.0423
122	Common Cost	(Note J from Appendix A)	Common Stock Appendix A % plus 100 Basis Pts	0.1230
123	Weighted Cost of Debt		Total Long Term Debt (WCLTD) (Line 117 * 120)	0.0242
124	Weighted Cost of Preferred		Preferred Stock (Line 118 * 121)	0.0000
125	Weighted Cost of Common		Common Stock (Line 119 * 122)	0.0615
126	<b>Total Return ( R )</b>		<b>(Sum Lines 123 to 125)</b>	<b>0.0857</b>
127	<b>Investment Return = Rate Base * Rate of Return</b>		<b>(Line 59 * 126)</b>	<b>32,767,236</b>

**Composite Income Taxes**

(Note L)

<b>Income Tax Rates</b>				
128	FIT=Federal Income Tax Rate			35.00%
129	SIT=State Income Tax Rate or Composite			8.99%
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)			69.05%
<b>ITC Adjustment</b>				
133	Amortized Investment Tax Credit	enter negative	p266.8f	-1,021,567
134	T/(1-T)		(Line 132)	69.05%
135	Net Plant Allocation Factor		(Line 18)	33.0151%
136	<b>ITC Adjustment Allocated to Transmission</b>	(Note I from Appendix A)	(Line 133 * (1 + 134) * 135)	<b>-570,164</b>
137	<b>Income Tax Component =</b>	$CIT = (T/(1-T)) * Investment Return * (1 - (WCLTD/R)) =$		16,242,124
138	<b>Total Income Taxes</b>			<b>15,671,960</b>

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
<b>Plant Allocation Factors</b>							
10	Accumulated Intangible Amortization	(Note A)	p200.21c	\$ 39,453,724	39,453,724	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	
<b>Plant In Service</b>							
24	Common Plant (Electric Only)	(Notes A & B)	p356	0	0	0	
<b>Accumulated Deferred Income Taxes</b>							
41	Accumulated Investment Tax Credit Account No. 255	(Notes A & I)	p266.h	10,037,587	10,037,587	0	Respondent is Electric Utility only.
<b>Materials and Supplies</b>							
47	Undistributed Stores Exp	(Note A)	p227.6c & 16.c	850,542	850,542	0	Respondent is Electric Utility only.
<b>Allocated General &amp; Common Expenses</b>							
65	Plus Transmission Lease Payments	(Note A)	p200.3c	0	0	0	
67	Common Plant O&M	(Note A)	p356	0	0	0	
<b>Depreciation Expense</b>							
88	Intangible Amortization	(Note A)	p336.1d&e	146,372	146,372	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
<b>Plant Allocation Factors</b>							
6	Electric Plant in Service	(Note B)	p207.104g	2,138,714,296	0	0	See Form 1
<b>Plant In Service</b>							
19	Transmission Plant In Service	(Note B)	p207.58.g	658,126,150	0	0	See Form 1
24	Common Plant (Electric Only)	(Notes A & B)	p356	0	0	0	
<b>Accumulated Depreciation</b>							
30	Transmission Accumulated Depreciation	(Note B)	p219.25.c	190,199,742	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	
<b>Allocated General &amp; Common Expenses</b>							
73	Less EPRI Dues	(Note D)	p352-353	34018	34018		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	3,463,479	0	3,463,479	Transmission related.
77	Directly Assigned A&G Regulatory Commission Exp Account 928	(Note G)	p323.189b	3,463,479	0	3,463,479	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	54,971	-	54,971	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)	9%	NJ 9.00%	PA 9.900%				Enter Calculation Apportioned: NJ 8.8864%, PA 0.1082%

**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	54,971	-	54,971	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	
<b>Example</b>				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
44 Transmission Related Account 242 Reserves (exclude current year environmental site related reserves)				Enter \$		Amount	
	Directly Assignable to Transmission			-	100%	-	
	Labor Related, General plant related or Common Plant related			8,695,443	8.36%	727,197	
	Plant Related			1,709,744	31.97%	546,590	
	Other				0.00%	-	
	Total Transmission Related Reserves			10,405,187		1,273,787	

**Prepayments**

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Description of the Prepayments			
45 Prepayments							
5	Wages & Salary Allocator		8.363%	To Line 45			
	Pension Liabilities, if any, in Account 242	-	8.363%	-			
	Prepayments	\$ 59,350,245	8.363%	4,963,443			
	Prepaid Pensions if not included in Prepayments	\$ 6,061,976	8.363%	506,961			
		65,412,221		5,470,404			
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)	450,000	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	2,638.4	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
Executive Management	\$ 6,088,669	\$ 4,685,228	\$ 13,055,598	\$ 11,843,832	\$ 35,673,327
Security Services Administration	448,463	281,895	1,103,634	215,476	2,049,468
Purchasing, Storeroom & Materials Mgt	764,668	401,128	2,292,990	162,133	3,620,919
Vehicle Resource Management	823,131	510,583	667,782	23,980	2,025,476
General Services	2,499,014	1,185,490	1,992,218	833,669	6,510,391
Building Services	845,609	719,336	2,002,356	650,304	4,217,605
Real Estate	1,062,693	914,165	168,676	123,622	2,269,156
Corporate Insurance Administration	161,286	107,288	243,862	132,157	644,593
Claims Administration	554,166	522,344	1,258,298	-	2,334,808
Regulatory Affairs	3,557,440	2,525,542	5,206,817	51,787	11,341,586
Accounts Payable Accounting Services	480,561	369,796	415,968	175,455	1,441,780
Payroll Services	345,067	197,596	527,080	82,924	1,152,667
Asset & Project Accounting Services	465,891	441,261	1,235,701	396,926	2,539,779
Investor Relations	163,900	137,954	391,953	232,342	926,149
Shareholder Services	239,252	200,704	573,491	340,459	1,353,906
Financial Reporting	714,616	611,787	1,710,178	1,032,682	4,069,263
Sarbanes-Oxley Compliance	170,005	155,738	406,322	240,877	972,942
Investment Financial Management	162,452	144,408	324,998	227,000	858,858
Other Financial Services	4,822,102	4,016,397	7,066,305	5,585,377	21,490,181
Insurance Premiums & Claims	2,183,779	1,532,480	3,622,824	2,853,195	10,192,278
Cost of Benefits	9,645,396	5,280,286	14,835,121	4,851,358	34,612,161
Executive Compensation Services	1,304,179	1,102,347	3,098,578	1,836,230	7,341,334
Other Human Resources Services	6,003,234	3,552,335	7,295,156	4,221,881	21,072,606
Legal Services	3,295,848	2,149,716	4,685,334	1,193,530	11,324,428
Audit Services	901,281	937,556	1,344,601	725,695	3,909,133
Special Billing	596,177	523,426	1,032,596	23,547	2,175,746
Other Customer Care	32,330,273	33,228,289	9,939,300	-	75,497,862
Marketing Services	1,337,414	901,584	2,152,837	71,686	4,463,521
Information Technology	6,446,316	4,108,253	28,658,896	2,414,853	41,628,318
PHI Corporate Contributions	4,413	3,760	10,600	6,249	25,022
Federal Government Affairs	236,465	199,898	565,539	334,717	1,336,619
Other Corporate Communications	965,371	576,380	1,674,735	591,134	3,807,620
Environmental Management Services	1,356,946	891,749	2,094,110	594,133	4,936,938
System Operations Shared	2,441,554	1,611,650	5,351,445	186,866	9,591,515
Electric Maintenance Meter Shop	1,353,932	767,471	-	-	2,121,403
Other Delivery Services	23,228,812	16,373,165	29,935,926	40,567	69,578,470
Power Procurement	1,691,047	1,405,532	2,847,431	-	5,944,010
Management & Administration	112,436	21,520	-	10,169,677	10,303,633
Merchant Functions	907,522	-	-	21,600,003	22,507,525
Engineering Administration	254,758	117,831	-	10,043,444	10,416,033
Internal Consulting Services	104,095	70,196	157,910	-	332,201
IT Voice Support	-	-	2,430	-	2,430
Interns	159,834	109,390	144,916	342	414,482
<b>Total</b>	<b>\$ 121,230,067</b>	<b>\$ 93,593,454</b>	<b>\$ 160,094,512</b>	<b>\$ 84,110,109</b>	<b>\$ 459,028,142</b>

Name of Respondent PHI Service Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2008
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**Schedule XVII - Analysis of Billing – Associate Companies (Account 457)**

1. For services rendered to associate companies (Account 457), list all of the associate companies.

Line No.	Name of Associate Company (a)	Account 457.1 Direct Costs Charged (b)	Account 457.2 Indirect Costs Charged (c)	Account 457.3 Compensation For Use of Capital (d)	Total Amount Billed (e)
1	Potomac Electric Power Company	70,313,952	90,411,393	( 630,833)	160,094,512
2	Delmarva Power & Light Company	37,169,665	84,325,788	( 265,386)	121,230,067
3	Atlantic City Electric	22,993,733	70,823,730	( 224,009)	93,593,454
4	Conectiv Energy Supply, Inc.	19,820,277	10,843,609	( 37,598)	30,626,288
5	Conectiv Delmarva Generation, Inc.	5,683,137	11,664,701	( 56,877)	17,290,961
6	Pepco Energy Services, Inc.	4,018,268	9,426,518	( 70,597)	13,374,189
7	Conectiv Atlantic Generation, LLC	3,189,892	4,706,247	( 26,309)	7,869,830
8	Conectiv Bethlehem, LLC	1,945,436	1,766,615	( 31,160)	3,680,891
9	Pepco Holdings, Inc.	219,543	3,138,792	( 86,688)	3,271,647
10	Potomac Capital Investment Corporation	1,300,935	1,086,853	( 22,585)	2,365,203
11	PHI Operating Services Company	703,267	1,216,914	( 951)	1,919,230
12	Thermal Energy Limited Partnership	108,347	684,357	( 7,865)	784,839
13	Conectiv Mid-Merit, LLC	940,099	179,868	( 902)	1,119,065
14	Conectiv Thermal Systems	138,656	160,340	( 1,033)	297,963
15	Atlantic Southern Properties	53,082	90,180	( 572)	142,690
16	Conectiv Communications, Inc.	732	37,058	( 813)	36,977
17	ATE Investments, Inc.	1,310	26,026	( 695)	26,641
18	Atlantic City Electric Transition Funding, LLC	51,570	670,171	( 21,846)	699,895
19	Delaware Operating Services Company	2,006			2,006
20	Conectiv Properties and Investments, Inc.	9,125	62,047		71,172
21	Conectiv Pennsylvania Generation, LLC	14	6,175	( 45)	6,144
22	Conectiv Solutions LLC	8,461	5,117		13,578
23	Conectiv North East, LLC	80,417	3,130	( 37)	83,510
24	Atlantic Generation, Inc.	7,221	1,169	( 8)	8,382
25	DCTC-Burney, Inc.	782	348		1,130
26	Conectiv Services II, Inc.	37,593	12,763		50,356
27	Vineland General, Inc.	12,660	150	( 1)	12,809
28	Vineland Limited, Inc.		6		6
29	ACE REIT, Inc.	13	21	( 1)	33
30	Conectiv	7,625	11,091	( 334)	18,382
31	Atlantic Thermal Operating Company	49	119,384		119,433
32	Conectiv Energy Holding Company	424	223,071	( 6,983)	216,512
33	Delta, LLC	347			347
34					
35					
36					
37					
38					
39					
<b>40</b>	<b>Total</b>	<b>168,818,638</b>	<b>291,703,632</b>	<b>( 1,494,128)</b>	<b>459,028,142</b>





9 April Year 3 Reconciliation - TO adds the difference between the Reconciliation in Step 7 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 7		The forecast in Prior Year				
59,471,190		61,061,868		= (1,590,678)		
Interest on Amount of Refunds or Surcharges						
Interest rate pursuant to 35.19a for March of 0.3800%						
Month	Yr	1/12 of Step 9	Interest rate for March of the Current Yr	Months	Interest	Surcharge (Refund) Owed
Jun	Year 1	(132,556)	0.3800%	11.5	(5,793)	(138,349)
Jul	Year 1	(132,556)	0.3800%	10.5	(5,289)	(137,845)
Aug	Year 1	(132,556)	0.3800%	9.5	(4,785)	(137,342)
Sep	Year 1	(132,556)	0.3800%	8.5	(4,282)	(136,838)
Oct	Year 1	(132,556)	0.3800%	7.5	(3,778)	(136,334)
Nov	Year 1	(132,556)	0.3800%	6.5	(3,274)	(135,831)
Dec	Year 1	(132,556)	0.3800%	5.5	(2,770)	(135,327)
Jan	Year 2	(132,556)	0.3800%	4.5	(2,267)	(134,823)
Feb	Year 2	(132,556)	0.3800%	3.5	(1,763)	(134,319)
Mar	Year 2	(132,556)	0.3800%	2.5	(1,259)	(133,816)
Apr	Year 2	(132,556)	0.3800%	1.5	(756)	(133,312)
May	Year 2	(132,556)	0.3800%	0.5	(252)	(132,808)
Total		(1,590,678)				(1,626,945)

		Amortization over				
		Balance	Interest rate from above	Rate	Year	Balance
Jun	Year 2	(1,626,945)	0.3800%	(138,951)		(1,494,177)
Jul	Year 2	(1,494,177)	0.3800%	(138,951)		(1,360,904)
Aug	Year 2	(1,360,904)	0.3800%	(138,951)		(1,227,124)
Sep	Year 2	(1,227,124)	0.3800%	(138,951)		(1,092,836)
Oct	Year 2	(1,092,836)	0.3800%	(138,951)		(958,038)
Nov	Year 2	(958,038)	0.3800%	(138,951)		(822,728)
Dec	Year 2	(822,728)	0.3800%	(138,951)		(686,904)
Jan	Year 3	(686,904)	0.3800%	(138,951)		(550,563)
Feb	Year 3	(550,563)	0.3800%	(138,951)		(413,704)
Mar	Year 3	(413,704)	0.3800%	(138,951)		(276,326)
Apr	Year 3	(276,326)	0.3800%	(138,951)		(138,425)
May	Year 3	(138,425)	0.3800%	(138,951)		(0)
Total with interest						(1,667,410)

The difference between the Reconciliation in Step 7 and the forecast in Prior Year with interest (1,667,410)  
 Rev Req based on Year 2 data with estimated Cap Adds and CWIP for Year 3 (Step 8) \$ 67,466,306  
 Revenue Requirement for Year 3 65,798,896

10 May Year 3 Post results of Step 9 on PJM web site  
 \$ 65,798,896 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)  
 \$ 65,798,896





For specific projects identified or to be identified in Attachment 7 i:

B0210 Orchard-Below 500kV							
Yes							
35							
No							
150							
0.11181521							
0.122178477							
18,572,212							
530,635							
7							
Beginning	Depreciation	Ending	Revenue	Total	Incentive Charged	Revenue Credit	
18,572,212	221,098	18,351,114	1,247,065	\$ 3,601,822		\$ 3,601,822	
18,572,212	221,098	18,351,114	1,342,153	\$ 3,830,268	\$ 3,830,268		
18,351,114	530,635	17,820,480	2,523,235	\$ 9,518,827		\$ 9,518,827	
18,351,114	530,635	17,820,480	2,707,914	\$ 10,012,099	\$ 10,012,099		
17,820,480	530,635	17,289,845	2,463,902	\$ 9,473,662		\$ 9,473,662	
17,820,480	530,635	17,289,845	2,643,082	\$ 9,952,286	\$ 9,952,286		
17,289,845	530,635	16,759,210	2,404,569	\$ 9,246,602		\$ 9,246,602	
17,289,845	530,635	16,759,210	2,578,249	\$ 9,710,577	\$ 9,710,577		
16,759,210	530,635	16,228,576	2,345,236	\$ 9,019,541		\$ 9,019,541	
16,759,210	530,635	16,228,576	2,513,417	\$ 9,468,867	\$ 9,468,867		
16,228,576	530,635	15,697,941	2,285,903	\$ 8,792,481		\$ 8,792,481	
16,228,576	530,635	15,697,941	2,448,585	\$ 9,227,158	\$ 9,227,158		
15,697,941	530,635	15,167,306	2,226,570	\$ 8,565,420		\$ 8,565,420	
15,697,941	530,635	15,167,306	2,383,753	\$ 8,985,448	\$ 8,985,448		
15,167,306	530,635	14,636,672	2,167,237	\$ 8,338,359		\$ 8,338,359	
15,167,306	530,635	14,636,672	2,318,921	\$ 8,743,739	\$ 8,743,739		
14,636,672	530,635	14,106,037	2,107,904	\$ 8,111,299		\$ 8,111,299	
14,636,672	530,635	14,106,037	2,254,089	\$ 8,502,030	\$ 8,502,030		
14,106,037	530,635	13,575,403	2,048,571	\$ 7,884,238		\$ 7,884,238	
14,106,037	530,635	13,575,403	2,189,257	\$ 8,260,320	\$ 8,260,320		
13,575,403	530,635	13,044,768	1,989,238	\$ 7,657,178		\$ 7,657,178	
13,575,403	530,635	13,044,768	2,124,425	\$ 8,018,611	\$ 8,018,611		
13,044,768	530,635	12,514,133	1,929,905	\$ 7,430,117		\$ 7,430,117	
13,044,768	530,635	12,514,133	2,059,592	\$ 7,776,902	\$ 7,776,902		
12,514,133	530,635	11,983,499	1,870,572	\$ 7,203,056		\$ 7,203,056	
12,514,133	530,635	11,983,499	1,994,760	\$ 7,535,192	\$ 7,535,192		
11,983,499	530,635	11,452,864	1,811,239	\$ 6,975,996		\$ 6,975,996	
11,983,499	530,635	11,452,864	1,929,928	\$ 7,293,483	\$ 7,293,483		
11,452,864	530,635	10,922,229	1,751,906	\$ 6,748,935		\$ 6,748,935	
11,452,864	530,635	10,922,229	1,865,096	\$ 7,051,773	\$ 7,051,773		
10,922,229	530,635	10,391,595	1,692,573	\$ 6,521,875		\$ 6,521,875	
10,922,229	530,635	10,391,595	1,800,264	\$ 6,810,064	\$ 6,810,064		
10,391,595	530,635	9,860,960	1,633,240	\$ 6,294,814		\$ 6,294,814	
10,391,595	530,635	9,860,960	1,735,432	\$ 6,568,355	\$ 6,568,355		
9,860,960	530,635	9,330,326	1,573,907	\$ 6,067,753		\$ 6,067,753	
9,860,960	530,635	9,330,326	1,670,600	\$ 6,326,645	\$ 6,326,645		
9,330,326	530,635	8,799,691	1,514,574	\$ 5,840,693		\$ 5,840,693	
9,330,326	530,635	8,799,691	1,605,767	\$ 6,084,936	\$ 6,084,936		
8,799,691	530,635	8,269,056	1,455,241	\$ 5,613,632		\$ 5,613,632	
8,799,691	530,635	8,269,056	1,540,935	\$ 5,546,659	\$ 5,546,659		
....	....	....	....	\$		\$	
....	....	....	....	\$		\$	
				\$	155,705,413	\$	148,906,300

# Atlantic City Electric Company

## Attachment 8 - Company Exhibit - Securitization Workpaper

Line #

	Long Term Interest	
<b>101</b>	<b>Less LTD Interest on Securitization Bonds</b>	23,518,887
	Capitalization	
<b>112</b>	<b>Less LTD on Securitization Bonds</b>	422,207,762

Calculation of the above Securitization Adjustments

Inputs from Atlantic City Electric Company 2007 FERC Form 1  
Pages 256-257 "Long Term Debt (Account 221, 222, 223, and 224)"  
Line 31 "Note Payable to ACE Transition Funding - variable"  
LTD Interest on Securitization Bonds in column (i)  
LTD on Securitization Bonds in column (h)