

ATTACHMENT H-1A

Atlantic City Electric Company

Formula Rate - Appendix A

Notes FERC Form 1 Page # or Instruction

2009

Shaded cells are input cells

Allocators

| | | | |
|---|--|---------------------|------------------|
| Wages & Salary Allocation Factor | | | |
| 1 | Transmission Wages Expense | p354.21.b | \$ 1,936,649 |
| 2 | Total Wages Expense | p354.28b | \$ 22,359,783 |
| 3 | Less A&G Wages Expense | p354.27b | \$ 937,023 |
| 4 | Total | (Line 2 - 3) | 21,422,760 |
| 5 | Wages & Salary Allocator | (Line 1 / 4) | 9.0401% |
| Plant Allocation Factors | | | |
| 6 | Electric Plant In Service | (Note B) p207.104g | \$ 2,213,507,017 |
| 7 | Common Plant In Service - Electric | (Line 24) | 0 |
| 8 | Total Plant In Service | (Sum Lines 6 & 7) | 2,213,507,017 |
| 9 | Accumulated Depreciation (Total Electric Plant) | p219.29c | \$ 659,554,002 |
| 10 | Accumulated Intangible Amortization | p200.21c | \$ 34,907,238 |
| 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) | 694,461,240 |
| 14 | Net Plant | (Line 8 - 13) | 1,519,045,777 |
| 15 | Transmission Gross Plant | (Line 29 - Line 28) | 670,668,677 |
| 16 | Gross Plant Allocator | (Line 15 / 8) | 30.2989% |
| 17 | Transmission Net Plant | (Line 39 - Line 28) | 481,006,134 |
| 18 | Net Plant Allocator | (Line 17 / 14) | 31.6650% |

Plant Calculations

| | | | |
|---------------------------------|---|---|--------------------|
| Plant In Service | | | |
| 19 | Transmission Plant In Service | (Note B) p207.58.g | \$ 651,469,979 |
| 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 | 6,626,748 |
| 22 | Total Transmission Plant In Service | (Line 19 - 20 + 21) | 658,096,727 |
| 23 | General & Intangible | p205.5.g & p207.99.g | \$ 139,067,987 |
| 24 | Common Plant (Electric Only) | (Notes A & B) p356 | \$ - |
| 25 | Total General & Common | (Line 23 + 24) | 139,067,987 |
| 26 | Wage & Salary Allocation Factor | (Line 5) | 9.04015% |
| 27 | General & Common Plant Allocated to Transmission | (Line 25 * 26) | 12,571,950 |
| 28 | Plant Held for Future Use (Including Land) | (Note C) p214 | 782,029 |
| 29 | TOTAL Plant In Service | (Line 22 + 27 + 28) | 671,450,706 |
| Accumulated Depreciation | | | |
| 30 | Transmission Accumulated Depreciation | (Note B) p219.25.c | \$ 182,095,766 |
| 31 | Accumulated General Depreciation | p219.28.c | \$ 48,794,686 |
| 32 | Accumulated Intangible Amortization | (Line 10) | 34,907,238 |
| 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) | 83,701,924 |
| 36 | Wage & Salary Allocation Factor | (Line 5) | 9.04015% |
| 37 | General & Common Allocated to Transmission | (Line 35 * 36) | 7,566,777 |
| 38 | TOTAL Accumulated Depreciation | (Line 30 + 37) | 189,662,543 |
| 39 | TOTAL Net Property, Plant & Equipment | (Line 29 - 38) | 481,788,163 |

Adjustment To Rate Base

| | | | |
|--|---|---|---------------------|
| Accumulated Deferred Income Taxes | | | |
| 40 | ADIT net of FASB 106 and 109 | Attachment 1 | -127,041,193 |
| 41 | Accumulated Investment Tax Credit Account No. 255 | p266.h | 0 |
| 42 | Net Plant Allocation Factor | (Line 18) | 31.67% |
| 43 | Accumulated Deferred Income Taxes Allocated To Transmission | (Line 41 * 42) + Line 40 | -127,041,193 |
| 43a | Transmission Related CWIP (Current Year 12 Month weighted average balances) | (Note B) p216.43.b as Shown on Attachment 6 | 0 |
| Transmission O&M Reserves | | | |
| 44 | Total Balance Transmission Related Account 242 Reserves | Enter Negative Attachment 5 | -1,263,058 |
| Prepayments | | | |
| 45 | Prepayments | (Note A) Attachment 5 | 10,623,329 |
| 46 | Total Prepayments Allocated to Transmission | (Line 45) | 10,623,329 |
| Materials and Supplies | | | |
| 47 | Undistributed Stores Exp | (Note A) p227.6c & 16.c | 1,040,283 |
| 48 | Wage & Salary Allocation Factor | (Line 5) | 9.04% |
| 49 | Total Transmission Allocated | (Line 47 * 48) | 94,043 |
| 50 | Transmission Materials & Supplies | p227.8c | \$ 2,803,997 |
| 51 | Total Materials & Supplies Allocated to Transmission | (Line 49 + 50) | 2,898,040 |
| Cash Working Capital | | | |
| 52 | Operation & Maintenance Expense | (Line 85) | 13,896,981 |
| 53 | 1/8th Rule | x 1/8 | 12.5% |
| 54 | Total Cash Working Capital Allocated to Transmission | (Line 52 * 53) | 1,737,123 |
| 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 + 43a + 44 + 46 + 51 + 54 - 57) | -113,045,759 |
| 59 | Rate Base | (Line 39 + 58) | 368,742,404 |

O&M

| | | | | |
|--|---|----------|----------------------------------|-------------------|
| Transmission O&M | | | | |
| 60 | Transmission O&M | | p321.112.b | \$ 9,398,722 |
| 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 | Transmission O&M | | (Lines 60 - 63 + 64 + 65) | 9,398,722 |
| Allocated General & Common Expenses | | | | |
| 67 | Common Plant O&M | (Note A) | p356 | \$ - |
| 68 | Total A&G | | p323.197.b | \$ 51,840,122 |
| 69 | Less Property Insurance Account 924 | | p323.185b | \$ 483,711 |
| 70 | Less Regulatory Commission Exp Account 928 | (Note E) | p323.189b | \$ 3,129,059 |
| 71 | Less General Advertising Exp Account 930.1 | | p323.191b | \$ 63,088 |
| 72 | Less DE Enviro & Low Income and MD Universal Funds | | p335.b | \$ - |
| 73 | Less EPRI Dues | (Note D) | p352-353 | \$ 99,873 |
| 74 | General & Common Expenses | | (Lines 67 + 68) - Sum (69 to 73) | 48,064,391 |
| 75 | Wage & Salary Allocation Factor | | (Line 5) | 9.0401% |
| 76 | General & Common Expenses Allocated to Transmission | | (Line 74 * 75) | 4,345,092 |
| 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 | \$ 483,711 |
| 81 | General Advertising Exp Account 930.1 | (Note F) | p323.191b | 0 |
| 82 | Total | | (Line 80 + 81) | 483,711 |
| 83 | Net Plant Allocation Factor | | (Line 18) | 31.67% |
| 84 | A&G Directly Assigned to Transmission | | (Line 82 * 83) | 153,167 |
| 85 | Total Transmission O&M | | (Line 66 + 76 + 79 + 84) | 13,896,981 |

Depreciation & Amortization Expense

| | | | | |
|-----------------------------|--|----------|----------------------------|-------------------|
| Depreciation Expense | | | | |
| 86 | Transmission Depreciation Expense | | p336.7b&c | 15,454,991 |
| 87 | General Depreciation | | p336.10b&c | 5,375,323 |
| 88 | Intangible Amortization | (Note A) | p336.1d&e | 48,740 |
| 89 | Total | | (Line 87 + 88) | 5,424,063 |
| 90 | Wage & Salary Allocation Factor | | (Line 5) | 9.0401% |
| 91 | General Depreciation Allocated to Transmission | | (Line 89 * 90) | 490,343 |
| 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) | 9.0401% |
| 96 | Common Depreciation - Electric Only Allocated to Transmission | | (Line 94 * 95) | 0 |
| 97 | Total Transmission Depreciation & Amortization | | (Line 86 + 91 + 96) | 15,945,334 |

Taxes Other than Income

| | | | | |
|----|--------------------------------------|--|------------------|----------------|
| 98 | Taxes Other than Income | | Attachment 2 | 809,389 |
| 99 | Total Taxes Other than Income | | (Line 98) | 809,389 |

Return / Capitalization Calculations

| | | | | |
|---------------------------|---|------------------------------|------------------------------|-------------------|
| Long Term Interest | | | | |
| 100 | Long Term Interest | | p117.62c through 67c | 65,824,409 |
| 101 | Less LTD Interest on Securitization Bonds | (Note P) | Attachment 8 | 21,780,263 |
| 102 | Long Term Interest | | *(Line 100 - line 101)* | 44,044,146 |
| 103 | Preferred Dividends | enter positive | p118.29c | \$ 262,841 |
| Common Stock | | | | |
| 104 | Proprietary Capital | | p112.16c | \$ 649,380,739 |
| 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) | 643,166,239 |
| Capitalization | | | | |
| 108 | Long Term Debt | | p112.17c through 21c | \$ 1,025,488,411 |
| 109 | Less Loss on Reacquired Debt | enter negative | p111.81.c | \$ (12,788,654) |
| 110 | Plus Gain on Reacquired Debt | enter positive | p113.61.c | \$ - |
| 111 | Less ADIT associated with Gain or Loss | enter negative | Attachment 1 | 1,548,604 |
| 112 | Less LTD on Securitization Bonds | (Note P) | Attachment 8 | -391,423,411 |
| 113 | Total Long Term Debt | | (Sum Lines Lines 108 to 112) | 622,824,950 |
| 114 | Preferred Stock | | p112.3c | \$ 6,214,500 |
| 115 | Common Stock | | (Line 107) | 643,166,239 |
| 116 | Total Capitalization | | (Sum Lines 113 to 115) | 1,272,205,689 |
| 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) | 0.0707 |
| 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) | 0.0354 |
| 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 | Total Return (R) | | (Sum Lines 123 to 125) | 0.0919 |
| 127 | Investment Return = Rate Base * Rate of Return | | (Line 59 * 126) | 33,872,075 |

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 | $T = 1 - \frac{((1 - SIT) * (1 - FIT))}{(1 - SIT * FIT * p)}$ | 40.85% |
| 132 | T/(1-T) | | 69.05% |
| ITC Adjustment | | | |
| 133 | Amortized Investment Tax Credit | (Note I) enter negative | \$ (1,019,535) |
| 134 | T/(1-T) | p286.8f (Line 132) | 69.05% |
| 135 | Net Plant Allocation Factor | (Line 18) | 31.6650% |
| 136 | ITC Adjustment Allocated to Transmission | (Line 133 * (1 + 134) * 135) | -545,760 |
| 137 | Income Tax Component = | $CIT = (T/1-T) * Investment\ Return * (1 - (WCLTD/R)) =$ | [Line 132 * 127 * (1 - (123 / 126))] 14,386,189 |
| 138 | Total Income Taxes | (Line 136 + 137) | 13,840,429 |

REVENUE REQUIREMENT

| Summary | | | |
|--|---|-----------------------------------|--------------|
| 139 | Net Property, Plant & Equipment | (Line 39) | 481,788,163 |
| 140 | Adjustment to Rate Base | (Line 58) | -113,045,759 |
| 141 | Rate Base | (Line 59) | 368,742,404 |
| 142 | O&M | (Line 85) | 13,896,981 |
| 143 | Depreciation & Amortization | (Line 97) | 15,945,334 |
| 144 | Taxes Other than Income | (Line 99) | 809,389 |
| 145 | Investment Return | (Line 127) | 33,872,075 |
| 146 | Income Taxes | (Line 138) | 13,840,429 |
| 147 | Gross Revenue Requirement | (Sum Lines 142 to 146) | 78,364,209 |
| Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities | | | |
| 148 | Transmission Plant In Service | (Line 19) | 651,469,979 |
| 149 | Excluded Transmission Facilities | (Note M) Attachment 5 | 0 |
| 150 | Included Transmission Facilities | (Line 148 - 149) | 651,469,979 |
| 151 | Inclusion Ratio | (Line 150 / 148) | 100.00% |
| 152 | Gross Revenue Requirement | (Line 147) | 78,364,209 |
| 153 | Adjusted Gross Revenue Requirement | (Line 151 * 152) | 78,364,209 |
| Revenue Credits & Interest on Network Credits | | | |
| 154 | Revenue Credits | (Note N) Attachment 3 | 3,321,642 |
| 155 | Interest on Network Credits | PJM Data | - |
| 156 | Net Revenue Requirement | (Line 153 - 154 + 155) | 75,042,567 |
| Net Plant Carrying Charge | | | |
| 157 | Net Revenue Requirement | (Line 156) | 75,042,567 |
| 158 | Net Transmission Plant | (Line 19 - 30) | 469,374,213 |
| 159 | Net Plant Carrying Charge | (Line 157 / 158) | 15.9878% |
| 160 | Net Plant Carrying Charge without Depreciation | (Line 157 - 86) / 158 | 12.6951% |
| 161 | Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes | (Line 157 - 86 - 127 - 138) / 158 | 2.5300% |
| Net Plant Carrying Charge Calculation per 100 Basis Point increase in ROE | | | |
| 162 | Net Revenue Requirement Less Return and Taxes | (Line 156 - 145 - 146) | 27,330,063 |
| 163 | Increased Return and Taxes | Attachment 4 | 50,829,330 |
| 164 | Net Revenue Requirement per 100 Basis Point increase in ROE | (Line 162 + 163) | 78,159,393 |
| 165 | Net Transmission Plant | (Line 19 - 30) | 469,374,213 |
| 166 | Net Plant Carrying Charge per 100 Basis Point increase in ROE | (Line 164 / 165) | 16.6518% |
| 167 | Net Plant Carrying Charge per 100 Basis Point increase in ROE without Depreciation | (Line 163 - 86) / 165 | 13.3591% |
| 168 | Net Revenue Requirement | (Line 156) | 75,042,567 |
| 169 | True-up amount | Attachment 6 | 6,204,303 |
| 170 | Plus any increased ROE calculated on Attachment 7 other than PJM Sch. 12 projects | Attachment 7 | 478,624 |
| 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 | Net Zonal Revenue Requirement | (Line 168 - 169 + 171) | 82,175,494 |
| Network Zonal Service Rate | | | |
| 173 | 1 CP Peak | (Note L) PJM Data | 2,707 |
| 174 | Rate (\$/MW-Year) | (Line 172 / 173) | 30,361 |
| 175 | Network Service Rate (\$/MW/Year) | (Line 174) | 30,361 |

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 $p = \frac{\text{FIT}}{\text{FIT} + \text{SIT}}$ "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

| | Only Transmission Related | Plant Related | Labor Related | Total ADIT |
|--------------------------|---------------------------------|------------------|------------------|---------------|
| ADIT- 282 | 0 | (368,847,068) | 0 | |
| ADIT-283 | 0 | 3,178,732 | (6,577,523) | |
| ADIT-190 | 0 | (48,741,619) | (9,787,919) | |
| Subtotal | 0 | (414,409,955) | (16,365,442) | |
| Wages & Salary Allocator | | | 9.0401% | |
| Gross Plant Allocator | | 30.2989% | | |
| ADIT | 0 | (125,561,733) | (1,479,460) | (127,041,193) |

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 (1,548,604)

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.

| ADIT-190 | A | B Total | C Gas, Prod or Other Related | D Only Transmission Related | E Plant | F Labor | G Justifications |
|----------|----------------------------------|------------|------------------------------------|--------------------------------------|------------|------------|--|
| 190 | BAD DEBT RESERVE | 5,917,061 | 5,917,061 | - | - | - | Under the fair market value rules, taxpayers were required to assess 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 | (245,677) | (245,677) | - | - | - | 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 | ACCRAUAL SEVERANCE | (174,304) | - | - | - | (174,304) | For book purposes, the costs are expensed when a formal plan is 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 | - | - | - | the disallowances of plant costs associated with ACE's investment in Unit |
| 190 | MERGER RELATED ENTRIES | 4,840,658 | - | - | - | 4,840,658 | Atlantic City Electric Company merger costs deducted for tax purposes. |
| 190 | Misc Deferred Debits - Retail | - | - | - | - | - | 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 | 1,180,734 | - | - | 1,180,734 | - | Miscellaneous temporary differences that are less than \$100,000 for each item. Related to all functions |
| 190 | OFFICER'S/MANAGERS DEFERRED COMP | 430,462 | - | - | - | 430,462 | 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 | - | - | - | - | - | 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 |
| 190 | ENVIRONMENTAL SITE EXPENSE | 1,141,655 | 1,141,655 | - | - | - | to set aside a reserve for environmental site clean-up expenses. For tax deduction is permitted until the "all events" test is met typically when economic performance has occurred. This book reserve is primarily related |
| 190 | MARK TO MARKET § 475 ADJUSTMENT | (407,837) | - | - | (407,837) | - | 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. |
| 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 | 27,057,844 | - | - | - | 27,057,844 | 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. |

Atlantic City Electric Company

Attachment 1- Accumulated Deferred Income Taxes (ADIT) Worksheet

| | | | | | | | | |
|-----|---|--|--------------|--------------|---|--------------|--------------|--|
| 190 | SECTION 461(H) - PREPAID INSURANCE | | 4,051,138 | | | 4,051,138 | - | 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) | 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 |
| 190 | AMORTIZATION (LEGAL) | | 7,723 | 7,723 | | | | year incurred. For tax purposes, these costs are capital in nature and are amortized over a 30 year period. Generation related. |
| 190 | LOSS ON REACO DEBT | | (1,753,406) | (1,753,406) | | | | over the life of the new bond issue for book purposes. Excluded here since included in Cost of Debt |
| 190 | ASBESTOS REMOVAL | | 1 | 1 | | | | full as paid - These costs were deferred and amortized for book purposes. Generation related. |
| 190 | SERP | | 798,534 | | | | 798,534 | Affects company personnel across all functions. |
| 190 | NUG BUYOUT | | 55,145,910 | 55,145,910 | | | | Generation related |
| 190 | AMORT of OPEB | | (10,769,125) | | | (10,769,125) | | OPEB, labor related and relates to all functions |
| 190 | NOL | | (2,796,020) | | | (2,796,020) | | Related to both T & D plant |
| 190 | AMA | | (471,885) | | | (471,885) | | Related to both T & D plant |
| 190 | Miscall Diff | | (386,235) | | | | (386,235) | This deferred tax balance relates to plant and results from life and method differences. Related to both T & D plant |
| 190 | Stranded Costs | | (40,648,480) | (40,648,480) | | | | All Generation related |
| 190 | Deregulation/Stranded Cost Generation Assets | | (6,747,245) | (6,747,245) | | | | 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 | | 3,420,393 | | | 3,420,393 | | Plant related |
| | De-regulated Deferrec | | 80,685,095 | 80,685,095 | | | | Related to generation and reta |
| 190 | SERP | | (555,956) | | | | (555,956) | Affects company personnel across all functions. |
| 190 | PENSION PAYMENT RESERVE | | (44,665,532) | | | | (44,665,532) | Affects company personnel across all functions. |
| 190 | Regulatory Liability - Demand Response Working Group | | 122,149 | | | | 122,149 | Demand response incentive program |
| 190 | Regulatory Liability - Infrastructure Improvement Surcharge | | 62,994 | | | 62,994 | | Infrastructure investment surcharge |
| 190 | NOL | | 3,091,228 | | | 3,091,228 | | Related to both T & D plant |
| 190 | AMA | | 2,416,492 | | | 2,416,492 | | Related to both T & D plant |
| 190 | NJSA | | (15,274) | | | (15,274) | | Affects company personnel across all functions. |
| 190 | Stranded Costs | | (240,739) | (240,739) | | | | All Generation related |
| 190 | Miscall Diff | | 7,080,554 | | | | 7,080,554 | This deferred tax balance relates to plant and results from life and method differences. Related to both T & D plant |
| 190 | Plant Related (Reclass) | | (48,709,540) | | | (48,709,540) | | This deferred tax balance relates to our plant and results from life and method differences. Related to both T & D plant. |
| | Subtotal - p234 | | 54,390,201 | 110,453,936 | - | (48,741,619) | (7,322,116) | |
| | Less FASB 109 Above if not separately removed | | | | | | | |
| 190 | Less FASB 106 Above if not separately removed | | 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 | Total | | 51,924,398 | 110,453,936 | - | (48,741,619) | (9,787,919) | |

Instructions for Account 190:

ADIT item

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 AD

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

| ADIT-282 | A | B | C | D | E | F | G |
|----------|---|----------------------------|---------------------------|-------|---------------|---|---|
| | 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 |
| | Plant Related | (492,809,479) | (68,293,308) | | (424,516,171) | | This deferred tax balance relates to our plant and results from life and method differences. Related to both T & D plant. |
| 282 | Plant Related (Reclass) | 55,669,103 | | | 55,669,103 | | This deferred tax balance relates to our plant and results from life and method differences. Related to both T & D plant. |
| | Subtotal - p275 | (645,558,539) | (176,711,471) | | (368,847,068) | | |
| | Less FASB 109 Above if not separately removed | | | | | | |
| 282 | Total | (645,558,539) | (176,711,471) | | (368,847,068) | | |

Instructions for Account 282:

ADIT items

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

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) | 2,193,878 | | |
| 2 Personal property | | | |
| 3 City License | - | | |
| 4 State Excise | - | | |
| Total Plant Related | 2,193,878 | 30.2989% | 664,721 |
| Labor Related | | Wages & Salary Allocator | |
| 5 Federal FICA & Unemployment | 1,456,506 | | |
| 6 Unemployment | 104,241 | | |
| Total Labor Related | 1,560,747 | 9.0401% | 141,094 |
| Other Included | | Gross Plant Allocator | |
| 7 Miscellaneous | 11,797 | | |
| Total Other Included | 11,797 | 30.2989% | 3,574 |
| Total Included | | | 809,389 |
| Excluded | | | |
| 8 State Franchise tax | (93,408) | | |
| 9 TEFA | 19,587,596 | | |
| 10 Use & Sales Tax | (881,511) | | |
| 11 Total "Other" Taxes (included on p. 263) | 22,379,099 | | |
| 12 Total "Taxes Other Than Income Taxes" - acct 408.10 (p. 114.14) | <u>22,379,099</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) | | 832,609 |
| 2 Total Rent Revenues | (Sum Line 1) | 832,609 |
| Account 456 - Other Electric Revenues (Note 1) | | |
| 3 Schedule 1A | | \$ 877,752 |
| 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) | | 1,058,766 |
| 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) | | 1,137,222 |
| 10 Rent or Attachment Fees associated with Transmission Facilities (Note 3) | | 5,554 |
| 11 Gross Revenue Credits | (Sum Lines 2-10) | 3,911,903 |
| 12 Less line 17g | | (590,262) |
| 13 Total Revenue Credits | | 3,321,642 |
| | | |
| <u>Revenue Adjustment to determine Revenue Credit</u> | | |
| 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. | 838,163 |
| 17b | Costs associated with revenues in line 17a | 342,360 |
| 17c | Net Revenues (17a - 17b) | 495,803 |
| 17d | 50% Share of Net Revenues (17c / 2) | 247,902 |
| 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) | 247,902 |
| 17g | Line 17f less line 17a | (590,262) |
| 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. | |
| | | 8,896,063 |
| 19 | Amount offset in line 4 above | 61,326,083 |
| 20 | Total Account 454, 456 and 456.1 | 74,134,049 |
| 21 | Note 4: SECA revenues booked in Account 447. | 7,628,037 |

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) | 50,829,330 |
| B | 100 Basis Point increase in ROE | | 1.00% |

Return Calculation

| | | | | | |
|-----|---|--------------------------|-------------------------------|---------------------------------|--------|
| 59 | Rate Base | | (Line 39 + 58) | 368,742,404 | |
| | Long Term Interest | | | | |
| 100 | Long Term Interest | | p117.62c through 67c | 65,824,409 | |
| 101 | Less LTD Interest on Securitization B _i (Note P) | | Attachment 8 | 21,780,263 | |
| 102 | Long Term Interest | | "(Line 100 - line 101)" | 44,044,146 | |
| 103 | Preferred Dividends | enter positive | p118.29c | 262,841 | |
| | Common Stock | | | | |
| 104 | Proprietary Capital | | p112.16c | 649,380,739 | |
| 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) | 643,166,239 | |
| | Capitalization | | | | |
| 108 | Long Term Debt | | p112.17c through 21c | 1,025,488,411 | |
| 109 | Less Loss on Reacquired Debt | enter negative | p111.81.c | -12,788,654 | |
| 110 | Plus Gain on Reacquired Debt | enter positive | p113.61.c | 0 | |
| 111 | Less ADIT associated with Gain or Loss | enter negative | Attachment 1 | 1,548,604 | |
| 112 | Less LTD on Securitization Bonds | enter negative | Attachment 8 | -391,423,411 | |
| 113 | Total Long Term Debt | | (Sum Lines Lines 108 to 112) | 622,824,950 | |
| 114 | Preferred Stock | | p112.3c | 6,214,500 | |
| 115 | Common Stock | | (Line 107) | 643,166,239 | |
| 116 | Total Capitalization | | (Sum Lines 113 to 115) | 1,272,205,689 | |
| 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) | 0.0707 |
| 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) | 0.0354 |
| 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 | Total Return (R) | | (Sum Lines 123 to 125) | 0.0969 | |
| 127 | Investment Return = Rate Base * Rate of Return | | (Line 59 * 126) | 35,715,787 | |

Composite Income Taxes

(Note L)

| | | | | |
|-----|---|---|------------------------------|-------------------|
| | Income Tax Rates | | | |
| 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% |
| | ITC Adjustment | | | |
| 133 | Amortized Investment Tax Credit | enter negative | p266.8f | -1,019,535 |
| 134 | T/(1-T) | | (Line 132) | 69.05% |
| 135 | Net Plant Allocation Factor | | (Line 18) | 31.6650% |
| 136 | ITC Adjustment Allocated to Transmission | (Note I from Appendix A) | (Line 133 * (1 + 134) * 135) | -545,760 |
| 137 | Income Tax Component = | $CIT = (T/(1-T)) * Investment Return * (1 - (WCLTD/R)) =$ | | 15,659,303 |
| 138 | Total Income Taxes | | | 15,113,543 |

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 | \$ 34,907,238 | 34,907,238 | 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 | 9,018,052 | 9,018,052 | 0 | Respondent is Electric Utility only. |
| Materials and Supplies | | | | | | | |
| 47 | Undistributed Stores Exp | (Note A) | p227.6c & 16.c | 1,040,283 | 1,040,283 | 0 | Respondent is Electric Utility only. |
| Allocated General & Common Expenses | | | | | | | |
| 65 | Plus Transmission Lease Payments | (Note A) | p200.3c | 0 | 0 | 0 | |
| 67 | Common Plant O&M | (Note A) | p356 | 0 | 0 | 0 | |
| Depreciation Expense | | | | | | | |
| 88 | Intangible Amortization | (Note A) | p336.1d&e | 48,740 | 48,740 | 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 | 4,985,454 | 782,029 | 4,203,425 | "Transmission R/W - Carl's Corner" |
| 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 | 2,213,507,017 | 0 | 0 | See Form 1 |
| Plant In Service | | | | | | | |
| 19 | Transmission Plant In Service | (Note B) | p207.58.g | 651,469,979 | 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 | 182,095,766 | 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 | 99873 | 99873 | 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 | 3,129,059 | 0 | 3,129,059 | Transmission related. |
| 77 | Directly Assigned A&G Regulatory Commission Exp Account 928 | (Note G) | p323.189b | 3,129,059 | 0 | 3,129,059 | 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 | 63,088 | - | 63,088 | 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 | 63,088 | - | 63,088 | 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 | - | 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 | | | | Enter \$ | |
| 55 | Outstanding Network Credits | (Note N) | From PJM | 0 | General Description of the Credits |
| | | | | | None |
| 56 | Less Accumulated Depreciation Associated with Facilities with Outstanding Network Credits | (Note N) | From PJM | 0 | None |
| | | | | | 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) | | | | | | |
| | Directly Assignable to Transmission | | | - | 100% | - | |
| | Labor Related, General plant related or Common Plant related | | | 6,832,260 | 9.04% | 617,646 | |
| | Plant Related | | | 2,130,147 | 30.30% | 645,411 | |
| | Other | | | | 0.00% | - | |
| | Total Transmission Related Reserves | | | 8,962,406 | | 1,263,058 | |

Prepayments

| Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions | | | | Description of the Prepayments | | | |
|--|---|---------------|--------|--------------------------------|--|--|--|
| 45 Prepayments | | | | | | | |
| 5 | Wages & Salary Allocator | | 9.040% | To Line 45 | | | |
| | Pension Liabilities, if any, in Account 242 | - | 9.040% | - | | | |
| | Prepayments | \$ 54,858,453 | 9.040% | 4,959,285 | | | |
| | Prepaid Pensions if not included in Prepayments | \$ 62,654,335 | 9.040% | 5,664,044 | | | |
| | | 117,512,788 | | 10,623,329 | | | |
| 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. |

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 | 2,706.6 | 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 | \$ 4,776,200 | \$ 4,206,278 | \$ 11,176,729 | \$ 11,422,465 | \$ 31,581,672 |
| Security Services Administration | 531,601 | 350,190 | 993,436 | 240,207 | 2,115,434 |
| Purchasing, Storeroom & Materials Mgt | 919,078 | 651,941 | 2,487,044 | 92,788 | 4,150,851 |
| Vehicle Resource Management | 927,590 | 651,080 | 717,229 | 20,800 | 2,316,699 |
| General Services | 2,508,024 | 1,236,672 | 2,036,503 | 891,824 | 6,673,023 |
| Building Services | 1,170,573 | 1,002,154 | 2,358,359 | 555,940 | 5,087,026 |
| Real Estate | 1,126,058 | 996,620 | 336,051 | 38,847 | 2,497,576 |
| Corporate Insurance Administration | 180,103 | 124,022 | 272,694 | 152,806 | 729,625 |
| Claims Administration | 594,597 | 550,445 | 1,346,080 | - | 2,491,122 |
| Regulatory Affairs | 3,638,374 | 3,135,445 | 5,884,208 | 27,180 | 12,685,207 |
| Accounts Payable Accounting Services | 591,850 | 440,696 | 500,847 | 222,724 | 1,756,117 |
| Payroll Services | 410,386 | 246,398 | 627,209 | 97,863 | 1,381,856 |
| Asset & Project Accounting Services | 528,719 | 434,792 | 1,403,906 | 355,773 | 2,723,190 |
| Investor Relations | 155,445 | 138,572 | 359,753 | 284,773 | 938,543 |
| Shareholder Services | 232,179 | 206,012 | 538,394 | 415,127 | 1,391,712 |
| Financial Reporting | 836,383 | 744,405 | 1,914,097 | 1,493,091 | 4,987,976 |
| Sarbanes-Oxley Compliance | 153,467 | 155,750 | 354,939 | 282,860 | 947,016 |
| Investment Financial Management | 309,277 | 284,564 | 623,004 | 511,886 | 1,728,731 |
| Other Financial Services | 4,751,222 | 3,951,602 | 6,244,083 | 6,209,663 | 21,156,570 |
| Insurance Premiums & Claims | 2,146,823 | 1,567,582 | 3,357,127 | 3,069,819 | 10,141,351 |
| Cost of Benefits | 13,342,891 | 8,411,214 | 19,826,849 | 7,519,685 | 49,100,639 |
| Executive Compensation Services | 79,333 | 71,356 | 182,639 | 152,071 | 485,399 |
| Other Human Resources Services | 4,653,174 | 2,818,636 | 6,309,870 | 4,100,477 | 17,882,157 |
| Legal Services | 2,495,233 | 2,391,093 | 4,766,020 | 1,140,122 | 10,792,468 |
| Audit Services | 1,156,972 | 727,079 | 1,478,923 | 782,490 | 4,145,464 |
| Special Billing | 580,006 | 621,015 | 1,127,265 | 28,989 | 2,357,275 |
| Other Customer Care | 34,879,364 | 34,292,030 | 10,358,342 | 62 | 79,529,798 |
| Marketing Services | 1,346,830 | 970,132 | 1,832,720 | 74,530 | 4,224,212 |
| Information Technology | 7,180,933 | 4,115,177 | 28,620,279 | 5,014,635 | 44,931,024 |
| PHI Corporate Contributions | 11,474 | 10,172 | 26,664 | 20,427 | 68,737 |
| Federal Government Affairs | 244,765 | 217,449 | 567,270 | 440,610 | 1,470,094 |
| Other Corporate Communications | 982,347 | 657,377 | 1,508,623 | 656,193 | 3,804,540 |
| Environmental & Safety Services | 1,541,344 | 1,076,227 | 2,396,773 | 646,793 | 5,661,137 |
| System Operations Shared | 2,539,144 | 1,797,936 | 6,336,254 | 221,411 | 10,894,745 |
| Electric Maintenance Meter Shop | 1,060,099 | 447,295 | - | 106 | 1,507,500 |
| Other Delivery Services | 27,546,136 | 17,753,626 | 38,170,556 | 45,097 | 83,515,415 |
| Power Procurement | 2,254,471 | 1,558,667 | 3,168,805 | - | 6,981,943 |
| Management & Administration | 44,065 | (3,348) | - | 7,972,371 | 8,013,088 |
| Merchant Functions | 709,640 | - | - | 14,804,766 | 15,514,406 |
| Supply Engineering & Support | 256,726 | 65,323 | - | 9,727,193 | 10,049,242 |
| Internal Consulting Services | 378,530 | 224,916 | 545,602 | - | 1,149,048 |
| Interns | 196,424 | 120,153 | 207,382 | 3,936 | 527,895 |
| Building Services | 8,276 | 82,562 | 3,929,060 | 107,118 | 4,127,016 |
| Total | \$ 129,976,126 | \$ 99,501,307 | \$ 174,891,588 | \$ 79,845,518 | \$ 484,214,539 |

| | | | |
|---|---|--|---------------------------------------|
| 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, 2009 |
|---|---|--|---------------------------------------|

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 | 78,743,283 | 96,399,563 | (251,258) | 174,891,588 |
| 2 | Delmarva Power & Light Company | 43,784,129 | 86,299,951 | (107,954) | 129,976,126 |
| 3 | Atlantic City Electric | 25,301,543 | 74,294,875 | (95,111) | 99,501,307 |
| 4 | Conectiv Energy Supply, Inc. | 19,621,924 | 5,681,603 | (16,900) | 25,286,627 |
| 5 | Conectiv Delmarva Generation, Inc. | 4,796,447 | 11,128,449 | (25,158) | 15,899,738 |
| 6 | Pepco Energy Services, Inc. | 4,282,527 | 9,656,596 | (34,078) | 13,905,045 |
| 7 | Conectiv Atlantic Generation, LLC | 2,910,261 | 4,176,667 | (10,835) | 7,076,093 |
| 8 | Conectiv Bethlehem, LLC | 1,583,483 | 2,244,563 | (13,145) | 3,814,901 |
| 9 | Pepco Holdings, Inc. | 1,136,131 | 3,258,951 | (43,264) | 4,351,818 |
| 10 | Potomac Capital Investment Corporation | 842,586 | 1,956,646 | (23,052) | 2,776,180 |
| 11 | PHI Operating Services Company | 796,675 | 1,329,406 | (1,910) | 2,124,171 |
| 12 | Thermal Energy Limited Partnership | 100,524 | 563,766 | (3,188) | 661,102 |
| 13 | Conectiv Mid-Merit, LLC | 1,791,382 | 108,302 | (266) | 1,899,418 |
| 14 | Conectiv Thermal Systems | 30,971 | 69,607 | (487) | 100,091 |
| 15 | Atlantic Southern Properties | 54,212 | 195,989 | (671) | 249,530 |
| 16 | Conectiv Communications, Inc. | 116 | 2,200 | (5) | 2,311 |
| 17 | ATE Investments, Inc. | 67 | 10,215 | (155) | 10,127 |
| 18 | Atlantic City Electric Transition Funding, LLC | 24,154 | 198,217 | (4,552) | 217,819 |
| 19 | Conectiv Properties and Investments, Inc. | 2,019 | 34,051 | (51) | 36,019 |
| 20 | Conectiv Solutions LLC | 4,124 | 12,654 | (176) | 16,602 |
| 21 | Conectiv North East, LLC | 138,701 | 8,198 | (37) | 146,862 |
| 22 | Atlantic Generation, Inc. | 318 | 1,799 | (7) | 2,110 |
| 23 | DCTC-Burney, Inc. | 414 | 57 | | 471 |
| 24 | Conectiv Services II, Inc. | 21,299 | 63,382 | (2) | 84,679 |
| 25 | Vineland General, Inc. | 9,006 | | | 9,006 |
| 26 | Vineland Limited, Inc. | 346 | | | 346 |
| 27 | ACE REIT, Inc. | 9 | 62 | | 71 |
| 28 | Conectiv | 25,199 | 4,348 | (67) | 29,480 |
| 29 | Atlantic Thermal Operating Company | 121 | 179,953 | (559) | 179,515 |
| 30 | Conectiv Energy Holding Company | 617 | 586,351 | (7,301) | 579,667 |
| 31 | Conectiv Vineland Solar, LLC | 379,665 | 5,885 | (1) | 385,549 |
| 32 | Atlantic Jersey Thermal | 131 | | | 131 |
| 33 | Delta, LLC | 5 | 34 | | 39 |
| 34 | | | | | |
| 35 | | | | | |
| 36 | | | | | |
| 37 | | | | | |
| 38 | | | | | |
| 39 | | | | | |
| 40 | Total | 186,382,389 | 298,472,340 | (640,190) | 484,214,539 |

Atlantic City Electric Company
Attachment 6 - Estimate and Reconciliation Worksheet

Step Month Year Action

Exec Summary

- 1 April Year 2 TO populate the formula with Year 1 data from FERC Form 1 data for Year 1 (e.g., 2004)
- 2 April Year 2 TO estimates all Transmission Cap Adds and CWIP 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 (e.g., June 1, 2005 - May 31, 2006)
- 6 April Year 3 TO populate the formula with Year 2 data from FERC Form 1 for Year 2 (e.g., 2005)
- 7 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 and CWIP in Reconciliation (adjusted to include any Reconciliation amount from prior year)
- 8 April Year 3 TO estimates Cap Adds and CWIP during Year 3 weighted based on Months expected to be in service in Year 3 (e.g., 2006)
- 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)
- 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 populate the formula with Year 1 data from FERC Form 1 data for Year 1 (e.g., 2004)
64,571,317 Rev Req based on Year 1 data Must run Appendix A to get this number (without inputs in lines 20, 21 or 43a of Appendix A)

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

| | (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) | (J) | (K) | (L) | (M) |
|---|---|---|--------------------------------|--------------------------------------|-----------|--|--|-----------------------------|-----------------------------------|------------------------------------|------------------------------------|-----------------------|-----------------------------|
| | Monthly Additions Other Plant In Service | Monthly Additions Other Plant In Service | Monthly Additions MAPP CWIP | Monthly Additions MAPP In Service | Weighting | Other Plant In Service Amount (A x E) | Other Plant In Service Amount (B x E) | MAPP CWIP Amount (C x E) | MAPP In Service Amount (D x E) | Other Plant In Service (F / 12) | Other Plant In Service (G / 12) | MAPP CWIP (H / 12) | MAPP In Service (I / 12) |
| Jan | | | | | 11.5 | - | - | - | - | - | - | - | - |
| Feb | | | | | 10.5 | - | - | - | - | - | - | - | - |
| Mar | | 2,185,873 | | | 9.5 | 20,765,794 | - | - | - | 1,730,483 | - | - | - |
| Apr | | | | | 8.5 | - | - | - | - | - | - | - | - |
| May | | | | | 7.5 | - | - | - | - | - | - | - | - |
| Jun | | 20,207,423 | | | 6.5 | 131,348,250 | - | - | - | 10,945,687 | - | - | - |
| Jul | | | | | 5.5 | - | - | - | - | - | - | - | - |
| Aug | | | | | 4.5 | - | - | - | - | - | - | - | - |
| Sep | | | | | 3.5 | - | - | - | - | - | - | - | - |
| Oct | | | | | 2.5 | - | - | - | - | - | - | - | - |
| Nov | | | | | 1.5 | - | - | - | - | - | - | - | - |
| Dec | | | | | 0.5 | - | - | - | - | - | - | - | - |
| Total | | 22,393,296 | | | | 152,114,043 | - | - | - | 12,676,170 | - | - | - |
| New Transmission Plant Additions and CWIP (weighted by months in service) | | | | | | | | | | 12,676,170 | - | - | - |
| | | | | | | | | | | 12,676,170 | - | - | - |
| | | | | | | | | | | 12,676,170 | - | - | - |
| | | | | | | | | | | 5.21 | #DIV/0! | #DIV/0! | #DIV/0! |
| | | | | | | | | | | Input to Line 21 of Appendix A | | | |
| | | | | | | | | | | Input to Line 43a of Appendix A | | | |
| | | | | | | | | | | Month In Service or Month for CWIP | | | |

- 3 April Year 2 TO adds weighted Cap Adds to plant in service in Formula
 \$ 12,676,170 Input to Formula Line 21

- 4 May Year 2 Post results of Step 3 on PJM web site
 65,798,896 Must run Appendix A to get this number (with inputs on lines 21 and 43a of Attachment A)

- 5 June Year 2 Results of Step 3 go into effect for the Rate Year 1 (e.g., June 1, 2005 - May 31, 2006)
 \$ 65,798,896

- 6 April Year 3 TO populate the formula with Year 2 data from FERC Form 1 for Year 2 (e.g., 2005)
75,280,553 Rev Req based on Prior Year data Must run Appendix A to get this number (without inputs in lines 20, 21 or 43a of Appendix A)

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 | | | | |
|---|--------|----------------------------|---|-------------|----------|-------------------------|
| 73,458,482 | | 67,466,306 | | = 5,992,176 | | |
| Interest on Amount of Refunds or Surcharges | | | | | | |
| Interest rate pursuant to 35.19a for March of 0.2800% | | | | | | |
| Month | Yr | 1/12 of Step 9 | Interest rate for March of the Current Yr | Months | Interest | Surcharge (Refund) Owed |
| Jun | Year 1 | 499,348 | 0.2800% | 11.5 | 16,079 | 515,427 |
| Jul | Year 1 | 499,348 | 0.2800% | 10.5 | 14,681 | 514,029 |
| Aug | Year 1 | 499,348 | 0.2800% | 9.5 | 13,283 | 512,631 |
| Sep | Year 1 | 499,348 | 0.2800% | 8.5 | 11,884 | 511,233 |
| Oct | Year 1 | 499,348 | 0.2800% | 7.5 | 10,486 | 509,834 |
| Nov | Year 1 | 499,348 | 0.2800% | 6.5 | 9,088 | 508,436 |
| Dec | Year 1 | 499,348 | 0.2800% | 5.5 | 7,690 | 507,038 |
| Jan | Year 2 | 499,348 | 0.2800% | 4.5 | 6,292 | 505,640 |
| Feb | Year 2 | 499,348 | 0.2800% | 3.5 | 4,894 | 504,242 |
| Mar | Year 2 | 499,348 | 0.2800% | 2.5 | 3,495 | 502,843 |
| Apr | Year 2 | 499,348 | 0.2800% | 1.5 | 2,097 | 501,445 |
| May | Year 2 | 499,348 | 0.2800% | 0.5 | 699 | 500,047 |
| Total | | 5,992,176 | | | | 6,092,845 |

| | | Amortization over | | | |
|---------------------|--------|-------------------|------------------------------------|-----------|-----------|
| | | Balance | Interest rate from above Rate Year | Balance | |
| Jun | Year 2 | 6,092,845 | 0.2800% | 517,025 | 5,592,880 |
| Jul | Year 2 | 5,592,880 | 0.2800% | 517,025 | 5,091,514 |
| Aug | Year 2 | 5,091,514 | 0.2800% | 517,025 | 4,588,745 |
| Sep | Year 2 | 4,588,745 | 0.2800% | 517,025 | 4,084,569 |
| Oct | Year 2 | 4,084,569 | 0.2800% | 517,025 | 3,578,980 |
| Nov | Year 2 | 3,578,980 | 0.2800% | 517,025 | 3,071,976 |
| Dec | Year 2 | 3,071,976 | 0.2800% | 517,025 | 2,563,552 |
| Jan | Year 3 | 2,563,552 | 0.2800% | 517,025 | 2,053,705 |
| Feb | Year 3 | 2,053,705 | 0.2800% | 517,025 | 1,542,430 |
| Mar | Year 3 | 1,542,430 | 0.2800% | 517,025 | 1,029,724 |
| Apr | Year 3 | 1,029,724 | 0.2800% | 517,025 | 515,582 |
| May | Year 3 | 515,582 | 0.2800% | 517,025 | (0) |
| Total with interest | | | | 6,204,303 | |

The difference between the Reconciliation in Step 7 and the forecast in Prior Year with interest 6,204,303
 Rev Req based on Year 2 data with estimated Cap Adds and CWIP for Year 3 (Step 8) \$ 75,971,191
 Revenue Requirement for Year 3 82,175,494

10 May Year 3 Post results of Step 9 on PJM web site 212,127
 \$ 82,175,494 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)
 \$ 82,175,494

r specific projects identified or to be indentified in Attachment 7 is 12.80%, which includes a 150 basis-point transmissio

| B0210 Orchard-Below 500kV | | | | B0277 Cumberland Sub:2nd Xfmr | | | | | | |
|---------------------------|--------------|------------|-----------|-------------------------------|--------------|-----------|-----------|--------------|-------------------|----------------|
| Yes | | | | Yes | | | | | | |
| 35 | | | | 35 | | | | | | |
| No | | | | No | | | | | | |
| 150 | | | | 150 | | | | | | |
| 0.11181521 | | | | 0.126951108 | | | | | | |
| 0.122178477 | | | | 0.136911687 | | | | | | |
| 18,572,212 | | | | 6,759,777 | | | | | | |
| 530,635 | | | | 193,136 | | | | | | |
| 7 | | | | 2 | | | | | | |
| Beginning | Depreciation | Ending | Revenue | Beginning | Depreciation | Ending | Revenue | Total | Incentive Charged | Revenue Credit |
| 17,820,480 | 530,635 | 17,289,845 | 2,463,902 | 6,759,777 | 160,947 | 6,598,830 | 1,068,487 | \$ 9,473,662 | \$ | \$ 9,473,662 |
| 17,820,480 | 530,635 | 17,289,845 | 2,643,082 | 6,759,777 | 160,947 | 6,598,830 | 1,139,692 | \$ 9,952,286 | \$ 9,952,286 | \$ |
| 17,289,845 | 530,635 | 16,759,210 | 2,404,569 | 6,598,830 | 193,136 | 6,405,693 | 1,006,346 | \$ 9,246,602 | \$ | \$ 9,246,602 |
| 17,289,845 | 530,635 | 16,759,210 | 2,578,249 | 6,598,830 | 193,136 | 6,405,693 | 1,070,151 | \$ 9,710,577 | \$ 9,710,577 | \$ |
| 16,759,210 | 530,635 | 16,228,576 | 2,345,236 | 6,405,693 | 193,136 | 6,212,557 | 981,827 | \$ 9,019,541 | \$ | \$ 9,019,541 |
| 16,759,210 | 530,635 | 16,228,576 | 2,513,417 | 6,405,693 | 193,136 | 6,212,557 | 1,043,708 | \$ 9,468,867 | \$ 9,468,867 | \$ |
| 16,228,576 | 530,635 | 15,697,941 | 2,285,903 | 6,212,557 | 193,136 | 6,019,420 | 957,309 | \$ 8,792,481 | \$ | \$ 8,792,481 |
| 16,228,576 | 530,635 | 15,697,941 | 2,448,585 | 6,212,557 | 193,136 | 6,019,420 | 1,017,265 | \$ 9,227,158 | \$ 9,227,158 | \$ |
| 15,697,941 | 530,635 | 15,167,306 | 2,226,570 | 6,019,420 | 193,136 | 5,826,284 | 932,790 | \$ 8,565,420 | \$ | \$ 8,565,420 |
| 15,697,941 | 530,635 | 15,167,306 | 2,383,753 | 6,019,420 | 193,136 | 5,826,284 | 990,823 | \$ 8,985,448 | \$ 8,985,448 | \$ |
| 15,167,306 | 530,635 | 14,636,672 | 2,167,237 | 5,826,284 | 193,136 | 5,633,148 | 908,271 | \$ 8,338,359 | \$ | \$ 8,338,359 |
| 15,167,306 | 530,635 | 14,636,672 | 2,318,921 | 5,826,284 | 193,136 | 5,633,148 | 964,380 | \$ 8,743,739 | \$ 8,743,739 | \$ |
| 14,636,672 | 530,635 | 14,106,037 | 2,107,904 | 5,633,148 | 193,136 | 5,440,011 | 883,752 | \$ 8,111,299 | \$ | \$ 8,111,299 |
| 14,636,672 | 530,635 | 14,106,037 | 2,254,089 | 5,633,148 | 193,136 | 5,440,011 | 937,938 | \$ 8,502,030 | \$ 8,502,030 | \$ |
| 14,106,037 | 530,635 | 13,575,403 | 2,048,571 | 5,440,011 | 193,136 | 5,246,875 | 859,233 | \$ 7,884,238 | \$ | \$ 7,884,238 |
| 14,106,037 | 530,635 | 13,575,403 | 2,189,257 | 5,440,011 | 193,136 | 5,246,875 | 911,495 | \$ 8,260,320 | \$ 8,260,320 | \$ |
| 13,575,403 | 530,635 | 13,044,768 | 1,989,238 | 5,246,875 | 193,136 | 5,053,738 | 834,714 | \$ 7,657,178 | \$ 7,657,178 | \$ |
| 13,575,403 | 530,635 | 13,044,768 | 2,124,425 | 5,246,875 | 193,136 | 5,053,738 | 885,052 | \$ 8,018,611 | \$ 8,018,611 | \$ |
| 13,044,768 | 530,635 | 12,514,133 | 1,929,905 | 5,053,738 | 193,136 | 4,860,602 | 810,195 | \$ 7,430,117 | \$ | \$ 7,430,117 |
| 13,044,768 | 530,635 | 12,514,133 | 2,059,592 | 5,053,738 | 193,136 | 4,860,602 | 858,610 | \$ 7,776,902 | \$ 7,776,902 | \$ |
| 12,514,133 | 530,635 | 11,983,499 | 1,870,572 | 4,860,602 | 193,136 | 4,667,465 | 785,676 | \$ 7,203,056 | \$ | \$ 7,203,056 |
| 12,514,133 | 530,635 | 11,983,499 | 1,994,760 | 4,860,602 | 193,136 | 4,667,465 | 832,167 | \$ 7,535,192 | \$ 7,535,192 | \$ |
| 11,983,499 | 530,635 | 11,452,864 | 1,811,239 | 4,667,465 | 193,136 | 4,474,329 | 761,157 | \$ 6,975,996 | \$ 6,975,996 | \$ |
| 11,983,499 | 530,635 | 11,452,864 | 1,929,928 | 4,667,465 | 193,136 | 4,474,329 | 805,724 | \$ 7,293,483 | \$ 7,293,483 | \$ |
| 11,452,864 | 530,635 | 10,922,229 | 1,751,906 | 4,474,329 | 193,136 | 4,281,192 | 736,639 | \$ 6,748,935 | \$ | \$ 6,748,935 |
| 11,452,864 | 530,635 | 10,922,229 | 1,865,096 | 4,474,329 | 193,136 | 4,281,192 | 779,282 | \$ 7,051,773 | \$ 7,051,773 | \$ |
| 10,922,229 | 530,635 | 10,391,595 | 1,692,573 | 4,281,192 | 193,136 | 4,088,056 | 712,120 | \$ 6,521,875 | \$ | \$ 6,521,875 |
| 10,922,229 | 530,635 | 10,391,595 | 1,800,264 | 4,281,192 | 193,136 | 4,088,056 | 752,839 | \$ 6,810,064 | \$ 6,810,064 | \$ |
| 10,391,595 | 530,635 | 9,860,960 | 1,633,240 | 4,088,056 | 193,136 | 3,894,919 | 687,601 | \$ 6,294,814 | \$ 6,294,814 | \$ |
| 10,391,595 | 530,635 | 9,860,960 | 1,735,432 | 4,088,056 | 193,136 | 3,894,919 | 726,396 | \$ 6,568,355 | \$ 6,568,355 | \$ |
| 9,860,960 | 530,635 | 9,330,326 | 1,573,907 | 3,894,919 | 193,136 | 3,701,783 | 663,082 | \$ 6,067,753 | \$ 6,067,753 | \$ |
| 9,860,960 | 530,635 | 9,330,326 | 1,670,600 | 3,894,919 | 193,136 | 3,701,783 | 699,954 | \$ 6,326,645 | \$ 6,326,645 | \$ |
| 9,330,326 | 530,635 | 8,799,691 | 1,514,574 | 3,701,783 | 193,136 | 3,508,646 | 638,563 | \$ 5,840,693 | \$ 5,840,693 | \$ |
| 9,330,326 | 530,635 | 8,799,691 | 1,605,767 | 3,701,783 | 193,136 | 3,508,646 | 673,511 | \$ 6,084,936 | \$ 6,084,936 | \$ |
| 8,799,691 | 530,635 | 8,269,056 | 1,455,241 | 3,508,646 | 193,136 | 3,315,510 | 614,044 | \$ 5,613,632 | \$ 5,613,632 | \$ |
| 8,799,691 | 530,635 | 8,269,056 | 1,540,935 | 3,508,646 | 193,136 | 3,315,510 | 647,069 | \$ 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 | |
| 101 | Less LTD Interest on Securitization Bonds | 21,780,263 |
| | Capitalization | |
| 112 | Less LTD on Securitization Bonds | 391,423,411 |

Calculation of the above Securitization Adjustments

Inputs from Atlantic City Electric Company 2009 FERC Form 1
Pages 256-257 "Long Term Debt (Account 221, 222, 223, and 224)"
Line 27 "Note Payable to ACE Transition Funding - variable"
LTD Interest on Securitization Bonds in column (i)
LTD on Securitization Bonds in column (h)