

Appendix A

Atlantic City Electric Company

Formula Rate

Notes

FERC Form 1 Page # or Instruction

2004

Shaded cells are input cells

Allocators

Wages & Salary Allocation Factor				
1	Transmission Wages Expense		p354.19.b	1,434,291
2	Total Wages Expense		p354.25b	29,200,755
3	Less A&G Wages Expense		p354.24b	377,503
4	Total		(Line 2 - 3)	28,823,252
5	Wages & Salary Allocator		(Line 1 / 4)	4.9762%
Plant Allocation Factors				
6	Electric Plant in Service	(Note B)	p207.95g	1,693,334,474
7	Common Plant In Service - Electric		(Line 24)	0
8	Total Plant In Service		(Sum Lines 6 & 7)	1,693,334,474
9	Accumulated Depreciation (Total Electric Plant)		p219.28c	646,046,696
10	Accumulated Intangible Amortization	(Note A)	p200.21c	33,935,359
11	Accumulated Common Amortization - Electric	(Note A)	p356	0
12	Accumulated Common Plant Depreciation - Electric	(Note A)	p356	0
13	Total Accumulated Depreciation		(Sum Lines 9 to 12)	679,982,055
14	Net Plant		(Line 8 - 13)	1,013,352,419
15	Transmission Gross Plant		(Line 29 - Line 28)	475,326,237
16	Gross Plant Allocator		(Line 15 / 8)	28.0704%
17	Transmission Net Plant		(Line 39 - Line 28)	291,969,012
18	Net Plant Allocator		(Line 17 / 14)	28.8122%

Plant Calculations

Plant In Service				
19	Transmission Plant In Service	(Note B)	p207.58.g	428,596,945
20	For True up only - remove New Transmission Plant Additions for Current Calendar Year	For True Up Only	Attachment 6	0
21	New Transmission Plant Additions for Current Calendar Year (weighted by months in service)		Attachment 6	39,194,518
22	Total Transmission Plant In Service		(Line 19 - 20 + 21)	467,791,463
23	General & Intangible		p205.5.g & p207.90.g	151,417,454
24	Common Plant (Electric Only)	(Notes A & B)	p356	0
25	Total General & Common		(Line 23 + 24)	151,417,454
26	Wage & Salary Allocation Factor		(Line 5)	4.97616%
27	General & Common Plant Allocated to Transmission		(Line 25 * 26)	7,534,774
28	Plant Held for Future Use (Including Land)	(Note C)	p214	1,350,288
29	TOTAL Plant In Service		(Line 22 + 27 + 28)	476,676,525
Accumulated Depreciation				
30	Transmission Accumulated Depreciation	(Note B)	p219.25.c	180,624,666
31	Accumulated General Depreciation		p219.27.c	20,977,642
32	Accumulated Intangible Amortization		(Line 10)	33,935,359
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)	54,913,001
36	Wage & Salary Allocation Factor		(Line 5)	4.97616%
37	General & Common Allocated to Transmission		(Line 35 * 36)	2,732,559
38	TOTAL Accumulated Depreciation		(Line 30 + 37)	183,357,225
39	TOTAL Net Property, Plant & Equipment		(Line 29 - 38)	293,319,300

Adjustment To Rate Base

Accumulated Deferred Income Taxes			
40	ADIT net of FASB 106 and 109		-88,955,502
41	Accumulated Investment Tax Credit Account No. 255	(Notes A & I)	0
42	Net Plant Allocation Factor		28.81%
43	Accumulated Deferred Income Taxes Allocated To Transmission		-88,955,502
Prepayments			
44	Prepayments (Account 165)	(Note A)	4,939,702
45	Net Plant Allocation Factor		28.8122%
46	Total Prepayments Allocated to Transmission		1,423,236
Materials and Supplies			
47	Undistributed Stores Exp	(Note A)	1,124,292
48	Wage & Salary Allocation Factor		4.98%
49	Total Transmission Allocated		55,947
50	Transmission Materials & Supplies		2,637,229
51	Total Materials & Supplies Allocated to Transmission		2,693,176
Cash Working Capital			
52	Operation & Maintenance Expense		10,106,965
53	1/8th Rule		12.5%
54	Total Cash Working Capital Allocated to Transmission		1,263,371
Network Credits			
55	Outstanding Network Credits	(Note N)	0
56	Less Accumulated Depreciation Associated with Facilities with Outstanding Network Credits	(Note N)	0
57	Net Outstanding Credits		0
58	TOTAL Adjustment to Rate Base		-83,575,720
59	Rate Base		209,743,580

O&M

Transmission O&M			
60	Transmission O&M		7,233,594
61	Less Account 565		0
62	Less Schedule 12 payments applicable to the entire zone if not booked to Account 565	(Note O)	0
63	Plus Transmission Lease Payments	(Note A)	0
64	Transmission O&M		7,233,594
Allocated General & Common Expenses			
65	Common Plant O&M	(Note A)	0
66	Total A&G		49,454,940
67	Less Property Insurance Account 924		2,306,450
68	Less Regulatory Commission Exp Account 928	(Note E)	2,754,204
69	Less General Advertising Exp Account 930.1		6,002
70	Less EPRI Dues	(Note D)	0
71	General & Common Expenses		44,388,284
72	Wage & Salary Allocation Factor		4.9762%
73	General & Common Expenses Allocated to Transmission		2,208,832
Directly Assigned A&G			
74	Regulatory Commission Exp Account 928	(Note G)	0
75	General Advertising Exp Account 930.1	(Note K)	0
76	Subtotal - Transmission Related		0
77	Property Insurance Account 924		2,306,450
78	General Advertising Exp Account 930.1	(Note F)	0
79	Total		2,306,450
80	Net Plant Allocation Factor		28.81%
81	A&G Directly Assigned to Transmission		664,539
82	Total Transmission O&M		10,106,965

Depreciation & Amortization Expense

83	Depreciation Expense			
	Transmission Depreciation Expense		p336.7b&c	11,291,691
84	General Depreciation		p336.9b&c	3,138,623
85	Intangible Amortization	(Note A)	p336.1d&e	3,364,075
86	Total		(Line 84 + 85)	6,502,698
87	Wage & Salary Allocation Factor		(Line 5)	4.9762%
88	General Depreciation Allocated to Transmission		(Line 86 * 87)	323,585
89	Common Depreciation - Electric Only	(Note A)	p336.10.b	0
90	Common Amortization - Electric Only	(Note A)	p356 or p336.10d	0
91	Total		(Line 89 + 90)	0
92	Wage & Salary Allocation Factor		(Line 5)	4.9762%
93	Common Depreciation - Electric Only Allocated to Transmission		(Line 91 * 92)	0
94	Total Transmission Depreciation & Amortization		(Line 83 + 88 + 93)	11,615,276

Taxes Other than Income

95	Taxes Other than Income		Exhibit B	6,180,054
96	Total Taxes Other than Income		(Line 95)	6,180,054

Return / Capitalization Calculations

Long Term Interest				
97	Long Term Interest		p117.58c through 63c	61,544,524
98	Less LTD Interest on Securitization Bonds	(Note P)	Attachment 8	26,571,083
99	Long Term Interest		(Line 97)	34,973,441
100	Preferred Dividends	enter positive	p118.29c	263,507
Common Stock				
101	Proprietary Capital		p112.15d	538,618,212
102	Less Preferred Stock	enter negative	(Line 110)	-6,230,500
103	Less Account 216.1	enter negative	p112.12d	0
104	Common Stock		(Sum Lines 101 to 103)	532,387,712
Capitalization				
105	Long Term Debt		p112.17d through 20d	1,036,086,503
106	Less Loss on Reacquired Debt	enter negative	p111.67.d	-17,832,022
107	Plus Gain on Reacquired Debt	enter positive	p113.56d	0
108	Less LTD on Securitization Bonds	(Note P)	Attachment 8	-531,371,503
109	Total Long Term Debt		(Line 105 - 107)	486,882,978
110	Preferred Stock		p112.3d	6,230,500
111	Common Stock		(Line 104)	532,387,712
112	Total Capitalization		(Sum Lines 109 to 111)	1,025,501,190
113	Debt %	Total Long Term Debt	(Line 109 / 112)	47%
114	Preferred %	Preferred Stock	(Line 110 / 112)	1%
115	Common %	Common Stock	(Line 111 / 112)	52%
116	Debt Cost	Total Long Term Debt	(Line 99 / 109)	0.0718
117	Preferred Cost	Preferred Stock	(Line 100 / 110)	0.0423
118	Common Cost	Common Stock	(Note J) Fixed	0.1290
119	Weighted Cost of Debt	Total Long Term Debt (WCLTD)	(Line 113 * 116)	0.0341
120	Weighted Cost of Preferred	Preferred Stock	(Line 114 * 117)	0.0003
121	Weighted Cost of Common	Common Stock	(Line 115 * 118)	0.0670
122	Total Return (R)		(Sum Lines 119 to 121)	0.1013
123	Investment Return = Rate Base * Rate of Return		(Line 59 * 122)	21,253,507

Composite Income Taxes

Income Tax Rates			
124	FIT=Federal Income Tax Rate		35.00%
125	SIT=State Income Tax Rate or Composite	(Note I)	9.02%
126	p	(percent of federal income tax deductible for state purposes)	0.00%
127	T	$T = 1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$	40.86%
128	T / (1-T)		69.09%
ITC Adjustment			
129	Amortized Investment Tax Credit	(Note I) enter negative	p266.8f -4,724,320
130	T/(1-T)		(Line 128) 69.09%
131	Net Plant Allocation Factor		(Line 18) 28.8122%
132	ITC Adjustment Allocated to Transmission		(Line 129 * (1 + 130) * 131) -2,301,679
133	Income Tax Component =	$CIT = (T/1-T) * \text{Investment Return} * (1 - (WCLTD/R)) =$	(Line 128 * 123 * (1 - (119 / 122))) 9,742,632
134	Total Income Taxes		(Line 132 + 133) 7,440,953

REVENUE REQUIREMENT

Summary			
135	Net Property, Plant & Equipment		(Line 39) 293,319,300
136	Adjustment to Rate Base		(Line 58) -83,575,720
137	Rate Base		(Line 59) 209,743,580
138	O&M		(Line 82) 10,106,965
139	Depreciation & Amortization		(Line 94) 11,615,276
140	Taxes Other than Income		(Line 96) 6,180,054
141	Investment Return		(Line 123) 21,253,507
142	Income Taxes		(Line 134) 7,440,953
143	Gross Revenue Requirement		(Sum Lines 138 to 142) 56,596,753
Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities			
144	Transmission Plant In Service		(Line 19) 428,596,945
145	Excluded Transmission Facilities	(Note M)	Attachment 5 72,688,010
146	Included Transmission Facilities		(Line 144 - 145) 355,908,935
147	Inclusion Ratio		(Line 146 / 144) 83.04%
148	Gross Revenue Requirement		(Line 143) 56,596,753
149	Adjusted Gross Revenue Requirement		(Line 147 * 148) 46,998,212
Revenue Credits & Interest on Network Credits			
150	Revenue Credits		Attachment 3 2,445,693
151	Interest on Network Credits	(Note N)	PJM Data -
152	Net Revenue Requirement		(Line 149 - 150 + 151) 44,552,519
Net Plant Carrying Charge without New Investment Incentive			
153	Net Revenue Requirement		(Line 152) 44,552,519
154	Net Transmission Plant		(Line 19 - 30) 247,972,279
155	Net Plant Carrying Charge without New Investment Incentive		(Line 153 / 154) 17.9667%
156	Net Plant Carrying Charge without New Investment Incentive without Depreciation		(Line 153 - 83) / 154 13.4131%
157	Net Plant Carrying Charge without New Investment Incentive without Depreciation, Return, nor Income Taxes		(Line 153 - 83 - 123 - 134) / 154 1.8415%
Net Plant Carrying Charge with 100 Basis Point New Investment Incentive			
158	Net Revenue Requirement Less Return and Taxes		(Line 152 - 141 - 142) 15,858,060
159	Incentive Return and Taxes		Attachment 4 31,896,877
160	Net Revenue Requirement with 100 Basis Point New Investment Incentive		(Line 158 + 159) 47,754,937
161	Net Transmission Plant		(Line 19 - 30) 247,972,279
162	Net Plant Carrying Charge with 100 Basis Point New Investment Incentive		(Line 160 / 161) 19.2582%
163	Net Plant Carrying Charge with 100 Basis Point New Investment Incentive without Depreciation		(Line 159 - 83) / 161 14.7046%
164	Net Revenue Requirement		(Line 152) 44,552,519
165	True-up amount		Attachment 6 -
166	Net Zonal Revenue Requirement		(Line 164 - 166) 44,552,519
Network Zonal Service Rate			
167	1 CP Peak	(Note L)	PJM Data 2,454
168	Rate (\$/MW-Year)		(Line 166 / 167) 18,155
169	Network Service Rate (\$/MW/Year)		(Line 168) 18,155

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 included in the PJM Regional Transmission Expansion Plan (RTEP) which 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 RTEP must be separately detailed on Attachment 5. For the true-up, new transmission plant which was included in the PJM RTEP actually placed in service weighted by the number of months it was actually in service
- C Transmission Portion Only
- D All EPRI Annual Membership Dues
- E All Regulatory Commission Expenses
- F Safety related advertising included in Account 930.1
- G Regulatory Commission Expenses directly related to transmission service, RTO filings, or transmission siting itemized in Form 1 at 351.h.
- I The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and $p =$ "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize 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.
- J ROE will be supported in the original filing and no change in ROE may be made absent a filing with FERC.
- K Education and outreach expenses relating to transmission, for example siting or billing
- L Network or Point to Point transactions of over one year for which the full revenue is received by the transmission owner
- M Amount of transmission plant excluded from rates, includes investment in generation step-up transformers to the extent included in Plant in Service.
- 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 151.
- O Payments made under Schedule 12 of the PJM OATT are excluded in Transmission O&M on line 62 since they are already assessed under Schedule 12
- P Appropriate adjustments to the capital structure may be made to reflect state authorized issuances of securitized bonds. Any such adjustments must be supported in the Section 205 filing seeking application of this formula .

END

Atlantic City Electric Company

	<i>Only</i>			
	<i>Transmission</i>	<i>Plant</i>	<i>Labor</i>	<i>Total</i>
	<i>Related</i>	<i>Related</i>	<i>Related</i>	<i>ADIT</i>
ADIT-282	0	(325,102,428)	0	
ADIT-283	0	(67,463,186)	(944,991)	
ADIT-190	0	75,127,796	3,972,475	
Subtotal	0	(317,437,819)	3,027,484	
Wages & Salary Allocator /1			4.9762%	
Gross Plant Allocator		28.0704%		
ADIT	0	(89,106,155)	150,652	(88,955,502)

/1 Form 1-F Version will use Gross Plant Allocator

Attachment 1- Accumulated Deferred Income Taxes (ADIT) Worksheet

ADIT-190	Total	Plant	Labor	De-Regulation (Generation)	Others
190 BAD DEBT RESERVE	5,917,192	-	-	-	5,917,192
190 FASB 112-ACCTING FOR POST RETIRE	1,058,203	-	1,058,203	-	-
190 LEGAL REGULATORY FEES	63,474	-	-	-	63,474
190 LEAC DISALLOWANCE	(111,388)	-	-	-	(111,388)
190 UNCOLLECTIBLE ACCOUNTS	(1,140,685)	-	-	-	(1,140,685)
190 FEBRUARY 98 SPECIAL RESERVES	144,186	-	-	-	144,186
190 ACCRUAL SEVERANCE	(100,099)	-	-	(100,099)	-
190 CLAIMS RESERVE	902,210	-	-	-	902,210
190 PLANT ABANDONMENT - SFAS 90	6,834,488	6,834,488	-	-	-
190 MERGER RELATED ENTRIES	4,840,658	-	-	-	4,840,658
190 MISCELLANEOUS	1,569,250	-	-	65,446	1,503,804
190 OFFICERS/MANAGERS DEFERRED COMP	327,200	-	327,200	-	-
190 HYDROGREN WATER CHEMISTRY W/O	6,033	-	-	-	6,033
190 DSM COSTS	2,930,472	-	-	-	2,930,472
190 DEFERRED FUEL	1,606,396	-	-	-	1,606,396
190 ENVIRONMENTAL SITE EXPENSE	2,204,812	-	-	-	2,204,812
190 MARK TO MARKET § 475 ADJUSTMENT	780,312	-	-	-	780,312
190 NJ EXCISE TAX	2,079,985	-	-	-	2,079,985
190 PEACH BOTTOM MASTER LEASE	459,607	-	-	-	459,607
190 DEFERRED PURCHASED POWER	2,818,011	-	-	-	2,818,011
190 PENSION PAYMENT RESERVE	5,052,876	-	5,052,876	-	-
190 SECTION 461(H) - PREPAID INSURANCE	1,742,514	-	-	-	1,742,514
190 SECTION 461(H) - PREPAID OTHER	381,968	-	-	-	381,968
190 PLANT RELATED	80,685,285	68,293,308	-	5,671,027	6,720,950
Subtotal - p234	121,052,959	75,127,796	6,438,278	5,636,374	33,850,511
Less FASB 109 Above if not separately removed	-	-	-	-	-
Less FASB 106 Above if not separately removed	2,465,803	-	2,465,803	-	-
Total	118,587,156	75,127,796	3,972,475	5,636,374	33,850,511

Instructions for Account 190:

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column A
- ADIT items related only to Transmission are directly assigned to Column B
- ADIT items related Plant and not in Columns A & B are directly assigned to Column C
- ADIT items related to labor and not in Columns A & B are directly assigned to Column D
- Since 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
- Re: Form 1-F filer: Sum of subtotals for Accounts 282 and 283 should tie to Form No. 1-F, p.113.57.c

EXHIBIT B - Accumulated Deferred Income Taxes (ADIT) Worksheet

ADIT-282	Total	Plant	Labor	De-Regulation (Generation)	Others
282 Deregulation/Stranded Cost Generation Assets	(108,418,163)	-	-	(108,418,163)	-
282 Plant Related	(325,102,428)	(325,102,428)	-	-	-
Subtotal - p275 (Form 1-F filer: see note 6 below)	(433,520,591)	(325,102,428)	-	(108,418,163)	-
Less FASB 109 Above if not separately removed	-	-	-	-	-
Less FASB 106 Above if not separately removed	-	-	-	-	-
Total	(433,520,591)	(325,102,428)	-	(108,418,163)	-

Instructions for Account 282:

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column A
- ADIT items related only to Transmission are directly assigned to Column B
- ADIT items related Plant and not in Columns A & B are directly assigned to Column C
- ADIT items related to labor and not in Columns A & B are directly assigned to Column D
- Since 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
- Re: Form 1-F filer: Sum of subtotals for Accounts 282 and 283 should tie to Form No. 1-F, p.113.57.c

EXHIBIT B - Accumulated Deferred Income Taxes (ADIT) Worksheet

ADIT-283	Total	Plant	Labor	De-Regulation	Others
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283 DUPONT RECEIVABLE	(6,498)	-	-	-	(6,498)
283 BOARD OF DIRECTORS DEFERRED COMP	(15,390)	-	(15,390)	-	-
283 SEVERANCE PACKAGE	(2,035)	-	(2,035)	-	-
283 REGULATORY ISSUES	449,799	-	-	-	449,799
283 AMORTIZATION (LEGAL)	(2,984)	-	-	-	(2,984)
283 LOSS ON REACQ DEBT	(1,599,973)	-	-	-	(1,599,973)

283 ASBESTOS REMOVAL	(2,718,759)	-	-	-	(2,718,759)
283 DEFERRED EXPENSE CLEARING	(964,728)	-	-	-	(964,728)
283 PROPERTY LOSS AMORTIZATION	(1,554,677)	-	-	-	(1,554,677)
283 SAVINGS & THRIFT GUARANTEE	(927,567)	-	(927,567)	-	-
283 ACE REGULATORY RESTRUCTURING CHARGES	369,137	-	-	369,137	-
283 GATX Terminal Agreement for Atlantic CT's	113,767	-	-	113,767	-
283 Reserve for Future Stranded Cost Disallowances	4,148,440	-	-	4,148,440	-
283 Miscell Diff	(253,687)	-	-	196,783	(450,470)
283 DEFERRED REVENUE	615,928	-	-	-	615,928
283 Plant Related	(181,158,941)	(172,913,301)	-	-	(8,245,640)
	-	-	-	-	-
Subtotal - p277 (Form 1-F filer: see note 6, below)	(183,508,166)	(172,913,301)	(944,991)	4,828,128	(14,478,002)
Less FASB 109 Above if not separately removed	(105,450,115)	(105,450,115)	-	-	-
Less FASB 106 Above if not separately removed	-	-	-	-	-
Total	(78,058,051)	(67,463,186)	(944,991)	4,828,128	(14,478,002)

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 A
 2. ADIT items related only to Transmission are directly assigned to Column B
 3. ADIT items related Plant and not in Columns A & B are directly assigned to Column C
 4. ADIT items related to labor and not in Columns A & B are directly assigned to Column D
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

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

<i>Other Taxes</i>	<i>Page 263 Col (i)</i>	<i>Allocator</i>	<i>Allocated Amount</i>
<i>Plant Related</i>		<i>Gross Plant Allocator</i>	
Real property (State, Muncipal or Local)	2,388,406		
Personal property	-		
City License	-		
State Excise			
<i>Total Plant Related</i>	2,388,406	28.0704%	670,436
<i>Labor Related</i>		<i>Wages & Salary Allocator /1</i>	
Federal FICA & Unemployment	6,226,974		
Unemployment	349,494		
<i>Total Labor Related</i>	6,576,468	4.9762%	327,256
<i>Other Included</i>		<i>Gross Plant Allocator</i>	
Use & Sales Tax	9,175		
TEFA *	18,452,815		
Miscellaneous	10		
<i>Total Other Included</i>	18,462,000	28.0704%	5,182,362
<i>Total Included</i>			6,180,054
<i>Currently Excluded</i>			
State Franchise tax	(726,298)		
Grand Total	26,700,576		
Taxes Other than income Taxes per 2003 FERC Report	<u>26,700,575</u>		
Difference	1		

Atlantic City Electric Company
Attachment 3 - Revenue Credit Workpaper

Account 454 - Rent from Electric Property		
1 Rent from Electric Property - Transmission Related /3		15,190
2 Total Rent Revenues	(Sum Line 1)	15,190
 Account 456 - Other Electric Revenues		
3 Schedule 1A		\$ 938,189
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) /4		-
5 Point to Point Service revenues for which the load is not included in the divisor		-
6 PJM Transitional Revenue Neutrality /1		-
7 PJM Transitional Market Expansion /1		-
8 Professional Services /3		-
9 Revenues from Directly Assigned Transmission Facility Charges /2		1,291,800
10 Rent or Attachment Fees associated with Transmission Facilities /3		200,514
11 Total Revenue Credits	(Sum Lines 2-10)	2,445,693
 Revenue Adjustment to determine Revenue Credit		
12 /1 For revenues streams that will cease prior to the end of the Service Year for which the Rate resulting from this formula will be assessed, the amount included will be the amount of revenues received in the Test Year divided by 12 times the number of months in the service year for which revenues will be received.		881,347
13 /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 in		
14 /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 revenues consistent with Pacific Gas and Electric Company, 90 FERC ¶ 61,314		215,703
15 /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 explained in the Cost Support. In addition Revenues from Schedule 12 are included elsewhere in the formula and are not included in the total above. For example revenues associated with distribution facilities.		13,700,365
16 Amount offset in line 4 above		
17 Total Account 454 and 456		17,243,108

Atlantic City Electric Company

Attachment 4 - 100 Basis Point Increase in ROE

Net Plant New Investment Incentive @ 100 Basis Points

A	Return and Taxes with New Investment ROE Incentive New Investment ROE Incentive and Income Taxes	31,896,877
B	Net Plant New Investment Incentive @ 100 Basis Points	1.00%

Return Calculation

59	Rate Base		(Line 39 + 58)	209,743,580
	Long Term Interest			
97	Long Term Interest		p117.58c through 63c	61,544,524
99	Long Term Interest		(Line 97)	34,973,441
100	Preferred Dividends	enter positive	p118.29c	263,507
	Common Stock			
101	Proprietary Capital		p112.15d	538,618,212
102	Less Preferred Stock	enter negative	(Line 110)	-6,230,500
103	Less Account 216.1	enter negative	p112.12d	0
104	Common Stock		(Sum Lines 101 to 103)	532,387,712
	Capitalization			
105	Long Term Debt		p112.17d through 20d	1,036,086,503
106	Less Loss on Reacquired Debt	enter negative	p111.67.d	-17,832,022
107	Plus Gain on Reacquired Debt	enter positive	p113.56d	0
109	Total Long Term Debt		(Line 105 - 107)	486,882,978
110	Preferred Stock		p112.3d	6,230,500
111	Common Stock		(Line 104)	532,387,712
112	Total Capitalization		(Sum Lines 109 to 111)	1,025,501,190
113	Debt %	Total Long Term Debt	(Line 109 / 112)	47%
114	Preferred %	Preferred Stock	(Line 110 / 112)	1%
115	Common %	Common Stock	(Line 111 / 112)	52%
116	Debt Cost	Total Long Term Debt	(Line 99 / 109)	0.0718
117	Preferred Cost	Preferred Stock	(Line 100 / 110)	0.0423
118	Common Cost	(Note J) Common Stock	Fixed plus 100 Basis Pts	0.1390
119	Weighted Cost of Debt	Total Long Term Debt (WCLTD)	(Line 113 * 116)	0.0341
120	Weighted Cost of Preferred	Preferred Stock	(Line 114 * 117)	0.0003
121	Weighted Cost of Common	Common Stock	(Line 115 * 118)	0.0722
122	Total Return (R)		(Sum Lines 119 to 121)	0.1065
123	Investment Return = Rate Base * Rate of Return		(Line 59 * 122)	22,342,388

Composite Income Taxes

(Note L)

Income Tax Rates				
124	FIT=Federal Income Tax Rate		0	35.00%
125	SIT=State Income Tax Rate or Composite		0	9.02%
126	p = percent of federal income tax deductible for state purposes		Per State Tax Code	0.00%
127	T	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		40.86%
128	T/ (1-T)			69.09%
ITC Adjustment				
129	Amortized Investment Tax Credit	enter negative	p266.8f	-4,724,320
130	T/(1-T)		(Line 128)	69.09%
131	Net Plant Allocation Factor		(Line 18)	28.8122%
132	ITC Adjustment Allocated to Transmission	(Note L)	(Line 129 * (1 + 130) * 131)	-940,499
133	Income Tax Component =	$CIT=(T/1-T) * Investment Return * (1-(WCLTD/R)) =$		10,494,988
134	Total Income Taxes			9,554,489

Cost Support

Electric / Non-electric Cost Support

PJM Formula 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	33,935,359	33,935,359	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	19,701,694	19,701,694	0	Respondent is Electric Utility only.
Prepayments							
44	Prepayments (Account 165)	(Note A)	p110.46d	4,939,702	4,939,702	0	Repondenet is Electric Utility only.
Materials and Supplies							
47	Undistributed Stores Exp	(Note A)	p227.6c & 15.c	1,124,292	1,124,292	0	Repondenet is Electric Utility only.
Allocated General & Common Expenses							
63	Plus Transmission Lease Payments	(Note A)	P200.3.c				
65	Common Plant O&M	(Note A)	p356	0	0	0	
Depreciation Expense							
85	Intangible Amortization	(Note A)	p336.1d&e	3,364,075	3,364,075	0	Repondenet is Electric Utility only.
89	Common Depreciation - Electric Only	(Note A)	p336.10.b	0	0	0	
90	Common Amortization - Electric Only	(Note A)	p356 or p336.10d	0	0	0	

Transmission / Non-transmission Cost Support

PJM Formula 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)	(Note C)	p214	5,603,814	1,350,288	4,253,526	"Transmission RW - Carll's Corner" and "Future Conversion of Cumberland-Corcon 138 KV" are transmission.

CWIP & Expensed Lease Worksheet

PJM Formula 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)	p207.95g	1,693,334,474	0	0	See Form 1
Plant In Service							
19	Transmission Plant In Service	(Note B)	p207.58.g	428,596,945	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	180,624,666	0	0	See Form 1

EPRI Dues Cost Support

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

Regulatory Expense Related to Transmission Cost Support

PJM Formula Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Transmission Related	Non-transmission Related	Details
68	Allocated General & Common Expenses Less Regulatory Commission Exp Account 928	(Note E)	p323.160b	2,754,204	0	2,754,204	Transmission related.
74	Directly Assigned A&G Regulatory Commission Exp Account 928	(Note G)	p323.160b	2,754,204	0	2,754,204	Transmission related.

Safety Related Advertising Cost Support

PJM Formula Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Safety Related	Non-safety Related	Details
78	Directly Assigned A&G General Advertising Exp Account 930.1	(Note F)	p323.162b	6,002	-	6,002	None

MultiState Workpaper

PJM Formula Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				State 1	State 2	State 3	State 4	State 5	Details
125	Income Tax Rates SIT=State Income Tax Rate or Composite	(Note I)	0	NJ 9.00%	PA 9.900%				Enter Calculation Apportioned: NJ 9.00%, PA 0.0176%

Education and Out Reach Cost Support

PJM Formula Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Education & Outreach	Other	Details
75	Directly Assigned A&G General Advertising Exp Account 930.1	(Note K)	p323.162b	6,002	-	6,002	None

Excluded Plant Cost Support

PJM Formula Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Excluded Transmission Facilities	Description of the Facilities
145	Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities Excluded Transmission Facilities	(Note M)	Attachment 5	72,688,010 Enter \$	Facilities at < 69kV booked in FERC transmission electric plant in service accounts. None

Add more lines if necessary

Outstanding Network Credits Cost Support

PJM Formula 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	0	General Description of the Credits
				Enter \$	None
56	Less Accumulated Depreciation Associated with Facilities with Outstanding Network Credits	(Note N)	From PJM	0	
				Enter \$	None
Add more lines if necessary					

Interest on Outstanding Network Credits Cost Support

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

PJM Load Cost Support

PJM Formula Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				1 CP Peak	Description & PJM Documentation
Network Zonal Service Rate					
167	1 CP Peak	(Note L)	PJM Data	2,454	See Form 1

Statements BG/BH (Present and Proposed Revenues)

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

Atlantic City Electric Company

Attachment 6 - Estimate and True-up Worksheet

Step Month Year Action

Exec Summary

- 1 April XXX TO populates the formula with Prior Year data
- 2 April XXX TO estimates Cap Adds for Current Year weighted based on Months expected to be in service in Current Year
- 3 April XXX TO adds weighted Cap Adds to plant in service in Formula
- 4 May XXX Post on PJM web site
- 5 June XXX Rates go into effect

- 6 April XXXX TO populates the formula with Prior Year data
- 7 April XXXX TO estimates Cap Adds during Current Year (calendar) weighted based on Months expected to be in service in Current Year
- 8 April XXXX True-up - TO calculates true-up by removing from Step 6 the total Cap Adds placed in service that year and adding weighted average Cap Adds in true-up
- 9 April XXXX True-up - TO adds the difference between the true-up in Step 8 and the forecast in Prior Year with interest to the result of Step 7
- 10 May XXXX Post on PJM web site
- 11 June XXXX Rates go into effect
- 12 June XXXX Return to Step 6 for following year

2003 Prior Year
2004 Current Year

Detailed Example

- 1 April XXX TO populates the formula with Prior Year data
\$ 37,674,349 Rev Req based on Prior Year data

2 April XXX TO estimates Cap Adds for Current Year weighted based on Months expected to be in service in Current Year

	Est. In Service Date	Weighting	Amount	One 12th
Jan		12	-	-
Feb		11	-	-
Mar		10	-	-
Apr		9	-	-
May		8	-	-
Jun	197,532	7	1,382,724	115,227
Jul	78,158,581	6	468,951,486	39,079,291
Aug		5	-	-
Sep		4	-	-
Oct		3	-	-
Nov		2	-	-
Dec		1	-	-
Total	78,356,113		470,334,210	39,194,518
New Transmission Plant Additions for Current Calendar Year (weighted by months in service)				39,194,518

- 3 April XXX TO adds weighted Cap Adds to plant in service in Formula
\$ 39,194,518 Input to Formula Line 21

- 4 May XXX Post On PJM Web Site Rev Req and Formula with Exhibits
\$ 44,552,519

- 5 June XXX Rates go into effect
\$ 44,552,519

6 April XXXX TO populates the formula with Prior Year data
 \$ - Rev Req based on Prior Year data

7 April XXXX TO estimates Cap Adds during Current Year (calendar) weighted based on Months expected to be in service in Current Year

	Est. In Service Date	Weighting	Amount	One 12th	
Jan	-	12	-	-	
Feb	-	11	-	-	
Mar	-	10	-	-	
Apr	-	9	-	-	
May	-	8	-	-	
Jun	-	7	-	-	
Jul	-	6	-	-	
Aug	-	5	-	-	
Sep	-	4	-	-	
Oct	-	3	-	-	
Nov	-	2	-	-	
Dec	-	1	-	-	
Total	-	-	-	-	
New Transmission Plant Additions for Current Calendar Year (weighted by months in service)				-	Input to Formula Line 21

8 April XXXX True-up - TO calculates true-up by removing from Step 6 the total Cap Adds placed in service that year and adding weighted average Cap Adds in true-up

Remove all Cap Adds placed in service in Prior Year
 For True up only - remove New Transmission Plant Additions for Current Calendar Year - Input to Formula Line 20

Add Cap Adds actually placed in service in Prior Year

	Actual In Service Date	Weighting	Amount	One 12th	
Jan	-	12	-	-	
Feb	-	11	-	-	
Mar	-	10	-	-	
Apr	-	9	-	-	
May	-	8	-	-	
Jun	-	7	-	-	
Jul	-	6	-	-	
Aug	-	5	-	-	
Sep	-	4	-	-	
Oct	-	3	-	-	
Nov	-	2	-	-	
Dec	-	1	-	-	
Total	-	-	-	-	
New Transmission Plant Additions for Current Calendar Year (weighted by months in service)				-	Input to Formula Line 21

- Result of Formula for true-up

Atlantic City Electric Company

Attachment 7 - Transmission Enhancement Charge Worksheet

New Plant Carrying Charge

FCR if not a CIAC

	Formula Line		
A	156	Net Plant Carrying Charge without New Investment Incentive without Depreciation	13.4131%
B	163	Net Plant Carrying Charge with 100 Basis Point New Investment Incentive without Depreciation	14.7046%
C		Line B less Line A	1.2914%

FCR if a CIAC

D	157	Net Plant Carrying Charge without New Investment Incentive without Depreciation, Return, nor Income Taxes	1.8415%
---	-----	---	---------

**The FCR resulting from Formula in a given year is used for that year only.
Therefore actual revenues collected in a year do not change based on cost data for subsequent years**

The Transmission Enhancement Charges assessed projects pursuant to Schedule 12 include any approved incentives, the amounts credited to the Customers in the zone under Schedule 12 do not include any such incentives.

Details		Project A				Project B				Project C						
Life																
CIAC		No				No				Yes						
ROE Incentive (Basis Points)																
FCR W/O Incentive		0.134131236				0.134131236				0.018414836						
FCR for This Project		0.134131236				0.134131236				0.018414836						
Investment																
Annual Depreciation Exp		-				-				-						
In Service Month (1-12)																
	Invest Yr	Beginning	Depreciation	Ending	Revenue	Beginning	Depreciation	Ending	Revenue	Beginning	Depreciation	Ending	Revenue	Total	Incentive Charged	Revenue Credit
W/O Incentive	2005	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2005	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2006	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2006	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2007	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2007	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2008	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2008	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2009	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2009	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2010	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2010	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2011	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2011	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2012	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2012	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2013	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2013	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2014	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2014	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2015	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2015	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2016	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2016	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2017	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2017	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2018	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2018	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2019	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2019	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2020	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2020	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2021	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2021	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2022	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2022	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2023	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2023	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2024	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2024	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
....			
....	\$ -	\$ -	\$ -

Atlantic City Electric Company

Attachment 8 - Company Exhibit - Securitization Workpaper

Line #

	Long Term Interest	
98	Less LTD Interest on Securitization Bonds	26,571,083
	Capitalization	
108	Less LTD on Securitization Bonds	531,371,503

Calculation of the above Securitization Adjustments

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