

ATTACHMENT H-9A

Potomac Electric Power Company			Notes	FERC Form 1 Page # or Instruction	2010
Formula Rate -- Appendix A					
Shaded cells are input cells					
Allocators					
Wages & Salary Allocation Factor					
1	Transmission Wages Expense			p354.21b	\$ 5,886,057
2	Total Wages Expense			p354.28b	\$ 61,657,632
3	Less A&G Wages Expense			p354.27b	\$ 3,698,096
4	Total			(Line 2 - 3)	57,959,536
5	Wages & Salary Allocator			(Line 1 / 4)	10.1555%
Plant Allocation Factors					
6	Electric Plant in Service	(Note B)		p207.104g	\$ 5,642,730,066
7	Common Plant In Service - Electric			(Line 24)	0
8	Total Plant In Service			(Sum Lines 6 & 7)	5,642,730,066
9	Accumulated Depreciation (Total Electric Plant)			p219.29c	\$ 2,515,077,216
10	Accumulated Intangible Amortization	(Note A)		p200.21c	\$ 90,036,395
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)	2,605,113,611
14	Net Plant			(Line 8 - 13)	3,037,616,455
15	Transmission Gross Plant			(Line 29 - Line 28)	873,803,402
16	Gross Plant Allocator			(Line 15 / 8)	15.4855%
17	Transmission Net Plant			(Line 39 - Line 28)	490,773,275
18	Net Plant Allocator			(Line 17 / 14)	16.1565%
Plant Calculations					
Plant In Service					
19	Transmission Plant In Service	(Note B)		p207.58.g	\$ 807,986,629
20	For Reconciliation only - remove New Transmission Plant Additions for Current Calendar Year	For Reconciliation Only		Attachment 6 - Enter Negative	0
21	New Transmission Plant Additions for Current Calendar Year (weighted by months in service)			Attachment 6	28,283,333
22	Total Transmission Plant In Service			(Line 19 - 20 + 21)	836,269,962
23	General & Intangible			p205.5.g & p207.99.g	369,588,804
24	Common Plant (Electric Only)	(Notes A & B)		p356	0
25	Total General & Common			(Line 23 + 24)	369,588,804
26	Wage & Salary Allocation Factor			(Line 5)	10.15546%
27	General & Common Plant Allocated to Transmission			(Line 25 * 26)	37,533,440
28	Plant Held for Future Use (Including Land)	(Note C)		p214	0
29	TOTAL Plant In Service			(Line 22 + 27 + 28)	873,803,402
Accumulated Depreciation					
30	Transmission Accumulated Depreciation	(Note B)		p219.25.c	355,683,955
31	Accumulated General Depreciation			p219.28.c	179,239,194
32	Accumulated Intangible Amortization			(Line 10)	90,036,395
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)	269,275,589
36	Wage & Salary Allocation Factor			(Line 5)	10.15546%
37	General & Common Allocated to Transmission			(Line 35 * 36)	27,346,172
38	TOTAL Accumulated Depreciation			(Line 30 + 37)	383,030,127
39	TOTAL Net Property, Plant & Equipment			(Line 29 - 38)	490,773,275
Adjustment To Rate Base					
Accumulated Deferred Income Taxes					
40	ADIT net of FASB 106 and 109			Attachment 1	-142,520,577
41	Accumulated Investment Tax Credit Account No. 255	Enter Negative	(Notes A & I)	p266.h	0
42	Net Plant Allocation Factor			(Line 18)	16.16%
43	Accumulated Deferred Income Taxes Allocated To Transmission			(Line 41 * 42) + Line 40	-142,520,577
43a	Transmission Related CWIP (Current Year 12 Month weighted average balances)	(Note B)		p216.43.b as Shown on Attachment 6	51,147,320
Transmission O&M Reserves					
44	Total Balance Transmission Related Account 242 Reserves	Enter Negative		Attachment 5	-4,276,176
Prepayments					
45	Prepayments	(Note A)		Attachment 5	39,480,295
46	Total Prepayments Allocated to Transmission			(Line 45)	39,480,295
Materials and Supplies					
47	Undistributed Stores Exp	(Note A)		p227.6c & 16.c	2,514,325
48	Wage & Salary Allocation Factor			(Line 5)	10.16%
49	Total Transmission Allocated			(Line 47 * 48)	255,341
50	Transmission Materials & Supplies			p227.8c	3,870,371
51	Total Materials & Supplies Allocated to Transmission			(Line 49 + 50)	4,125,712
Cash Working Capital					
52	Operation & Maintenance Expense			(Line 85)	36,169,837
53	1/8th Rule			x 1/8	12.5%
54	Total Cash Working Capital Allocated to Transmission			(Line 52 * 53)	4,521,230
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)	-47,522,197
59	Rate Base			(Line 39 + 58)	443,251,078

O&M

Transmission O&M				
60	Transmission O&M		p321.112.b	23,997,403
61	Less extraordinary property loss		Attachment 5	0
62	Plus amortized extraordinary property loss		Attachment 5	0
63	Less Account 565		p321.96.b	0
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)	p200.3.c	0
66	Transmission O&M		(Lines 60 - 63 + 64 + 65)	23,997,403
Allocated General & Common Expenses				
67	Common Plant O&M	(Note A)	p356	0
68	Total A&G		p323.197.b	119,993,642
69	Less Property Insurance Account 924		p323.185b	1,055,080
70	Less Regulatory Commission Exp Account 928	(Note E)	p323.189b	-447,791
71	Less General Advertising Exp Account 930.1		p323.191b	1,140,089
72	Less DE Enviro & Low Income and MD Universal Funds		p335.b	0
73	Less EPRI Dues	(Note D)	p352-353	63,816
74	General & Common Expenses		(Lines 67 + 68) - Sum (69 to 73)	118,182,448
75	Wage & Salary Allocation Factor		(Line 5)	10.1555%
76	General & Common Expenses Allocated to Transmission		(Line 74 * 75)	12,001,970
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	1,055,080
81	General Advertising Exp Account 930.1	(Note F)	p323.191b	0
82	Total		(Line 80 + 81)	1,055,080
83	Net Plant Allocation Factor		(Line 18)	16.16%
84	A&G Directly Assigned to Transmission		(Line 82 * 83)	170,464
85	Total Transmission O&M		(Line 66 + 76 + 79 + 84)	36,169,837

Depreciation & Amortization Expense

Depreciation Expense				
86	Transmission Depreciation Expense		p336.7b&c	17,661,828
87	General Depreciation		p336.10b&c	12,066,722
88	Intangible Amortization	(Note A)	p336.1d&e	5,185,059
89	Total		(Line 87 + 88)	17,251,781
90	Wage & Salary Allocation Factor		(Line 5)	10.1555%
91	General Depreciation Allocated to Transmission		(Line 89 * 90)	1,751,998
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)	10.1555%
96	Common Depreciation - Electric Only Allocated to Transmission		(Line 94 * 95)	0
97	Total Transmission Depreciation & Amortization		(Line 86 + 91 + 96)	19,413,826

Taxes Other than Income

98	Taxes Other than Income		Attachment 2	7,265,108
99	Total Taxes Other than Income		(Line 98)	7,265,108

Return / Capitalization Calculations

Long Term Interest				
100	Long Term Interest		p117.62c through 67c	98,896,342
101	Less LTD Interest on Securitization Bonds	(Note P)	Attachment 8	0
102	Long Term Interest		"(Line 100 - line 101)"	98,896,342
103	Preferred Dividends	enter positive	p118.29c	-
Common Stock				
104	Proprietary Capital		p112.16c	\$ 1,428,161,322
105	Less Preferred Stock	enter negative	(Line 114)	0
106	Less Account 216.1	enter negative	p112.12c	-1,646,367
107	Common Stock		(Sum Lines 104 to 106)	1,426,514,955
Capitalization				
108	Long Term Debt		p112.17c through 21c	1,548,525,000
109	Less Loss on Reacquired Debt	enter negative	p111.81c	-33,028,611
110	Plus Gain on Reacquired Debt	enter positive	p113.61c	0
111	Less ADIT associated with Gain or Loss	enter negative	Attachment 1	-216,318
112	Less LTD on Securitization Bonds	enter negative	Attachment 8	0
113	Total Long Term Debt		(Sum Lines 108 to 112)	1,515,280,071
114	Preferred Stock		p112.3c	0
115	Common Stock		(Line 107)	1,426,514,955
116	Total Capitalization		(Sum Lines 113 to 115)	2,941,795,026
117	Debt %	Total Long Term Debt	(Line 113 / 116)	52%
118	Preferred %	Preferred Stock	(Line 114 / 116)	0%
119	Common %	Common Stock	(Line 115 / 116)	48%
120	Debt Cost	Total Long Term Debt	(Line 102 / 113)	0.0653
121	Preferred Cost	Preferred Stock	(Line 103 / 114)	0.0000
122	Common Cost	Common Stock	(Note J) Fixed	0.1130
123	Weighted Cost of Debt	Total Long Term Debt (WCLTD)	(Line 117 * 120)	0.0336
124	Weighted Cost of Preferred	Preferred Stock	(Line 118 * 121)	0.0000
125	Weighted Cost of Common	Common Stock	(Line 119 * 122)	0.0548
126	Total Return (R)		(Sum Lines 123 to 125)	0.0884
127	Investment Return = Rate Base * Rate of Return		(Line 59 * 126)	39,189,099

Composite Income Taxes

Income Tax Rates

128	FIT=Federal Income Tax Rate			35.00%
129	SIT=State Income Tax Rate or Composite		(Note I)	8.05%
130	p	(percent of federal income tax deductible for state purposes)	Per State Tax Code	0.00%
131	T	$T=1 - (((1 - SIT) * (1 - FIT)) / (1 - SIT * FIT * p)) =$		40.23%
132	T/(1-T)			67.32%

ITC Adjustment

133	Amortized Investment Tax Credit		(Note I)	
134	T/(1-T)	enter negative	p266.8f	-1,706,748
135	Net Plant Allocation Factor		(Line 132)	67.32%
136	ITC Adjustment Allocated to Transmission		(Line 18)	16.1565%
			(Line 133 * (1 + 134) * 135)	-461,373

137	Income Tax Component =	$CIT=(T/(1-T) * Investment Return * (1-(WCLTD/R)) =$		(Line 132 * 127 * (1-(123 / 126)))	16,349,486
138	Total Income Taxes			(Line 136 + 137)	15,888,112

REVENUE REQUIREMENT

Summary

139	Net Property, Plant & Equipment		(Line 39)	490,773,275
140	Adjustment to Rate Base		(Line 58)	-47,522,197
141	Rate Base		(Line 59)	443,251,078
142	O&M		(Line 85)	36,169,837
143	Depreciation & Amortization		(Line 97)	19,413,826
144	Taxes Other than Income		(Line 99)	7,265,108
145	Investment Return		(Line 127)	39,189,099
146	Income Taxes		(Line 138)	15,888,112

147	Gross Revenue Requirement			(Sum Lines 142 to 146)	117,925,982
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Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities

148	Transmission Plant In Service		(Line 19)	807,986,629
149	Excluded Transmission Facilities	(Note M)	Attachment 5	0
150	Included Transmission Facilities		(Line 148 - 149)	807,986,629
151	Inclusion Ratio		(Line 150 / 148)	100.00%
152	Gross Revenue Requirement		(Line 147)	117,925,982
153	Adjusted Gross Revenue Requirement		(Line 151 * 152)	117,925,982

Revenue Credits & Interest on Network Credits

154	Revenue Credits		Attachment 3	5,737,332
155	Interest on Network Credits	(Note N)	PJM Data	-

156	Net Revenue Requirement			(Line 153 - 154 + 155)	112,188,651
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Net Plant Carrying Charge

157	Net Revenue Requirement		(Line 156)	112,188,651
158	Net Transmission Plant		(Line 19 - 30)	452,302,674
159	Net Plant Carrying Charge		(Line 157 / 158)	24.8039%
160	Net Plant Carrying Charge without Depreciation		(Line 157 - 86) / 158	20.8990%
161	Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes		(Line 157 - 86 - 127 - 138) / 158	8.7219%

Net Plant Carrying Charge Calculation per 100 Basis Point increase in ROE

162	Net Revenue Requirement Less Return and Taxes		(Line 156 - 145 - 146)	57,111,440
163	Increased Return and Taxes		Attachment 4	58,673,451
164	Net Revenue Requirement per 100 Basis Point increase in ROE		(Line 162 + 163)	115,784,890
165	Net Transmission Plant		(Line 19 - 30)	452,302,674
166	Net Plant Carrying Charge per 100 Basis Point increase in ROE		(Line 164 / 165)	25.5990%
167	Net Plant Carrying Charge per 100 Basis Point in ROE without Depreciation		(Line 163 - 86) / 165	21.6941%

Net Revenue Requirement

168	Net Revenue Requirement		(Line 156)	112,188,651
169	True-up amount		Attachment 6	(1,761,285)
170	Plus any increased ROE calculated on Attachment 7 other than PJM Sch. 12 projects		Attachment 7	1,334,988
171	Facility Credits under Section 30.9 of the PJM OATT and Facility Credits to Vineland per settlement in ER05-515		Attachment 5	-
172	Net Zonal Revenue Requirement		(Line 168 - 169 + 171)	111,762,354

Network Zonal Service Rate

173	1 CP Peak		(Note L)	PJM Data	6,654
174	Rate (\$/MW-Year)			(Line 172 / 173)	16,796

175	Network Service Rate (\$/MW/Year)			(Line 174)	16,796
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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 CWP will be linked to Attachment 6 which shows detail support by project (incentive and non-incentive).
- C Transmission Portion Only
- D All EPRI Annual Membership Dues
- E All Regulatory Commission Expenses
- F Safety related advertising included in Account 930.1
- G Regulatory Commission Expenses directly related to transmission service, RTO filings, or transmission siting itemized in Form 1 at 351.h.
- I The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and $p =$ "the percentage of federal income tax deductible for state income taxes". If the utility includes taxes in more than one state, it must explain in Attachment 5 the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to use amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) multiplied by $(1/1-T)$. A utility must not include tax credits as a reduction to rate base and as an amortization against taxable income. Per FERC order in Docket No. ER08-10, the ROE is 11.30%, which includes a 50 basis-point RTO membership adder as authorized by FERC to become effective on December 1, 2007. Per FERC orders in Docket Nos. ER08-686 and ER08-1423, the ROE for specific projects identified or to be identified in Attachment 7 is 12.80%, which includes a 150 basis-point transmission incentive ROE adder as authorized by FERC to become effective June 1, 2008 and November 1, 2008 respectively.
- J
- K Education and outreach expenses relating to transmission, for example siting or billing
- L As provided for in Section 34.1 of the PJM OATT and the PJM established billing determinants will not be revised or updated in the annual rate reconciliations per settlement in ER05-515.
- M Amount of transmission plant excluded from rates per Attachment 5.
- N Outstanding Network Credits is the balance of Network Facilities Upgrades Credits due Transmission Customers who have made lump-sum payments (net of accumulated depreciation) towards the construction of Network Transmission Facilities consistent with Paragraph 657 of Order 2003-A. Interest on the Network Credits as booked each year is added to the revenue requirement to make the Transmission Owner whole on Line 155.
- O Payments made under Schedule 12 of the PJM OATT that are not directly assessed to load in the Zone under Schedule 12 are included in Transmission O&M. If they are booked to Accl 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.

Potomac Electric Power Company

Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet

	Only Transmission Related	Plant Related	Labor Related	Total ADIT
ADIT- 282	0	(826,043,876)	(11,205,754)	
ADIT-283	(348,050)	(66,497,352)	(73,742,226)	
ADIT-190	0	17,794,188	18,837,559	
Subtotal	(348,050)	(874,747,040)	(66,110,421)	
Wages & Salary Allocator		15.4855%	10.1555%	
Gross Plant Allocator				
ADIT	(348,050)	(135,458,711)	(6,713,817)	(142,520,577)

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 (216,318)

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

A	B Total	C Gas, Prod Or Other Related	D Only Transmission Related	E Plant Related	F Labor Related	G Justification
ADIT-190						
Deferred Compensation(stk)	9,736,781				9,736,781	For book purposes, deferred compensation and deferred payments are expensed when accrued. For tax purposes, they are deducted when paid. Affects company personnel across all functions.
Bad Debt Reserve Amort	8,416,171			8,416,171		Under the Tax Reform Act of 1986, taxpayers were required to switch from the reserve method for bad debts to the specific write-off method. The amounts previously accumulated in a reserve were required to be included in taxable income over a four year period. The reserve method is used for book purposes. Related to all revenues.
Excess Accrued Vacation Pay	2,206,334				2,206,334	For book purposes, accrued vacation pay is expensed during the current year. For tax purposes, only the portion of the vacation allowance actually taken or paid by March 15th of the following year can be deducted currently. Affects company personnel across all functions.
FAS 109 - Deferred Taxes on ITC	2,412,407			2,412,407		Pursuant to the requirements of FAS 109, Pepco's accumulated deferred taxes must encompass all timing differences regardless of whether the difference is normalized or flowed-through. These balances primarily represent the deferred taxes on prior flow-through items, including the amount of the required gross-up necessary for full recovery of the prior flow-through amount. Related to all plant.
FAS 109 Regulatory Receivable/Liability	5,798,023			5,798,023		Pursuant to the requirements of FAS 109, Pepco's accumulated deferred taxes must encompass all timing differences regardless of whether the difference is normalized or flowed-through. These balances primarily represent the deferred taxes on prior flow-through items, including the amount of the required gross-up necessary for full recovery of the prior flow-through amount. Related to all plant.
PG County Right of Way	451,318	451,318				For book purposes, these taxes were accrued when the proposed tax was enacted by the PG County Council. Since Maryland counties are prohibited from enacting any tax without the authority of the state legislature, for tax purposes they are not deductible until the tax is affirmed. Related to both T & D.
Mirant Settlement	9,733,233	9,733,233				Represents a payment from Mirant to Pepco to settle some of the Company's claims. For book purposes the payment was accounted for on the balance sheet as a contingent liability. For tax purposes, since the funds were received, a portion of the payment was treated as currently taxable.
Health Care Plans	936,244			936,244		Additions to the reserve for health insurance payments are deducted currently for book purposes but are deducted for tax purposes when they are paid. Affects company personnel across all functions.
Severance Pay/Other Comp/Incentive Bonus	4,820,846				4,820,846	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. Affects company personnel across all functions.
Accrued Liability - Environmental Site Exp	4,931,294	4,931,294				For book purposes, environmental expenses are expensed when accrued. For tax purposes, they are deducted when paid.
Prepaid Interest	1,589,135				1,589,135	For book purposes, prepaid expenses, which related to a future period but are paid in the current period, must be capitalized and amortized to the balance sheet as an asset. For tax purposes, there is "12-month rule" which allows taxpayers that meet the 12-month rule to currently deduct the amount, as long as the benefits does not extend beyond 12 months. The prepaid interest relates to the Life Insurance plans, that is why this is labor related.
Contribution Carryforward	5,280,054			5,280,054		PHI's consolidated return is in an NOL situation, therefore, Pepco's charitable contributions are carried forward until such time as PHI is in a taxable income position. For book purposes, the contributions are expensed when incurred. Related to all functions.
Capital Loss Limitation	(7,703)	(7,703)				Capital losses are limited to the amount of capital gains.
FAS 106 OPEB Adjustment	34,085,158				34,085,158	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(k) accounts are currently deductible for tax purposes. Affects company personnel across all functions. See the explanation for Account 190.
Miscellaneous	(275,620)	(2,032,418)		1,756,798		PHI's consolidated return is in an NOL situation, therefore, they are carried forward until such time as PHI is in a taxable income position.
Federal/State NOL	1,889,384			1,404,920	484,464	AMT related to 2006/2007.
AMT	0					
Subtotal - p234	92,003,057	13,075,722	0	26,004,618	52,922,717	
Less FASB 109 Above if not separately removed	8,210,430	0	0	8,210,430		
Less FASB 106 Above if not separately removed	34,085,158				34,085,158	
Total	49,707,470	13,075,722	0	17,794,188	18,837,559	

Instructions for Account 190:
 1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
 2. ADIT items related only to Transmission are directly assigned to Column D
 3. ADIT items related to Plant and not in Columns C & D are included in Column E
 4. ADIT items related to labor and not in Columns C & D are included in Column F included in taxable income in different periods than they are included in rates, therefore if the item giving
 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

Potomac Electric Power Company

Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet

A	B Total	C Gas, Prod Or Other Related	D Only Transmission Related	E Plant Related	F Labor Related	G Justification
ADIT- 282						
Accelerated Depreciation	(430,563,354)			(430,563,354)		This amount represents the difference between the tax depreciation on assets placed in service after 1974 as computed pursuant to the Internal Revenue Code and the book depreciation associated with all assets.
Repair Allowance	(138,324,378)			(138,324,378)		Deferred tax represents the difference between tax deductible repairs and book capitalization of repair costs. Affects company personnel across all functions.
Adj. Tax Gain - TDR's	539,859			539,859		This adjustment reflects the disposition or salvage relating to TDRs. For tax purposes salvage is required to be recognized currently as taxable income for certain depreciation vintages. For book purposes salvage is credited to the depreciation reserve. Related to plant in all functions.
Adjust. Tax Gain (Operating)	3,567,487			3,567,487		This adjustment reflects the disposition or salvage relating to operating assets. For tax purposes salvage is required to be recognized currently as taxable income for certain depreciation vintages. For book purposes salvage is credited to the depreciation reserve. Related to all assets.
Control Center - Depreciation/Amort	(94,685,702)			(94,685,702)		See the explanation for Account 190.

Removal Cost Adjustment	(22,662,160)		(22,662,160)		Removal costs are deductible for tax purposes but are recorded as a reduction to the depreciation reserve for book purposes. Removal costs relating to post-1980 assets are required to be normalized under the Internal Revenue Code. Related to all assets.
Capitalized Interest	30,181,021		30,181,021		The Tax Reform Act of 1986 eliminated the current deduction for interest incurred during construction and required that it be capitalized and depreciated over the tax life of the asset. This deferred tax is due to the differences in the way AFUDC-debt is calculated versus the way interest must be calculated for tax purposes. Related to all plant.
AFUDC Debt	(5,606,401)		(5,606,401)		For book purposes, AFUDC is capitalized and depreciated. For tax purposes, AFUDC is not recognized. Related to all plant.
Capitalized Real Estate Taxes	21,075		21,075		For book purposes, certain real estate taxes were expensed. For tax purposes, those taxes were capitalized and are being depreciated. Related to all plant.
Extraordinary Gain-Nova	(8,303,806)	(8,303,806)			This deferred tax balance relates to a prior Internal Revenue Service audit related to the sale of Pepco's northern Virginia sales territory and assets located therein. Retail related
Construction Per. Interest(Net)	264,333		264,333		For tax purposes some interest was required to be capitalized related to self constructed assets. For book purposes, AFUDC is used. Related to all plant.
FAS 109 Earnings Benefit 34/35%	0		0		See the explanation for Account 190.
FAS 109 - Flowthrough Items	0		0		See the explanation for Account 190.
FAS 109 - Normalization	0		0		See the explanation for Account 190.
FAS 109 - CCRF/AFUDC Equity	(33,981,376)		(33,981,376)		See the explanation for Account 190.
69 KV Line Amortization	218,609	218,609			This deferred tax balance relates to a prior Internal Revenue Service audit related to the depreciation period for 69kv line costs. Distribution related.
Simplified Service Method	(270,126,414)		(270,126,414)		For book purposes, certain overhead costs are capitalized and depreciated over the life of the related asset. For tax purposes, these overheads are currently deducted. Related to all plant.
EUM Assets	6,253,612	6,253,612			This deferred tax balance relates to a prior Internal Revenue Service audit related to the depreciation of Energy Use Mgt. assets. Retail related
DC Consolidated Adjustment	0		0		See the explanation for Account 190.
Casualty Losses	(14,486,794)		(14,486,794)		This deferred tax balance relates to the run out of the depreciation expense related to the 1998 casualty loss claim filed with the IRS. This item was previously included in depreciation above.
Control Center - Lease Payment	98,456,125		98,456,125		For book purposes, the rental payments on the control center are expensed during the current year. For tax purposes, control center is treated as if Pepco continues to own it. The rent expense is added back to book income, the assets are depreciated and interest expense is imputed and deducted. Sale/lease back of center used for control of T & D.
CIAC	68,940,347		68,940,347		Under the Tax Reform Act of 1986, post '86 CIAC must be included in income for tax purposes. Under IRS Notice 87-51, if CIAC are not grossed up, the deferred taxes must be included in rate base in order for the Company to be in compliance with the depreciation normalization provisions of the Internal Revenue Code. Related to both T & D plant.
Connection Fees	(1,443,980)	(1,443,980)			Connection fees are considered taxable income by the Internal Revenue Service and their costs are capitalized and depreciated for tax purposes. For book purposes, connection fees are excluded from income and from the depreciable cost of the assets as a contribution in aid of construction. Retail related.
Preliminary Survey Costs	59,452	59,452			For tax purposes, survey costs are to be capitalized under 263A and depreciated.
Conservation Costs (DSM)	(11,733,934)	(11,733,934)			DSM related. Retail related.
Pension Curtailment	3,496,754	3,496,754			For book purposes, these costs were expensed when the gain on the divestiture sale were recorded. For tax purposes, the costs are deducted when paid. Related to sale of generation assets.
SFAS 121 Impairment Loss	859,870	859,870			Write down of Benning/Buzzard point plant to fair market value based on the SFAS 121 impairment test for book purposes. For tax purposes, an asset can not be written down for the loss. Generation related.
Capitalized A&G	889,593		889,593		Prior to the Tax Reform Act of 1986, these amounts were deducted in the year incurred for tax purposes, but capitalized and depreciated for book purposes. Related to all plant.
Capit'd Fringe Benefits	1,701,830		1,701,830		Prior to the Tax Reform Act of 1986, these amounts were deducted in the year incurred for tax purposes, but capitalized and depreciated for book purposes. Related to all plant.
Capit'd Payroll & Use Tax	889,157		889,157		Prior to the Tax Reform Act of 1986, these amounts were deducted in the year incurred for tax purposes, but capitalized and depreciated for book purposes. Related to all plant.
Leased Vehicles	(459,496)		(459,496)		For tax purposes leased vehicles are capitalized and depreciated. For book purposes, the vehicles are treated as leases, with a monthly lease amount being calculated. For tax purposes, a portion of the monthly lease amount needs to be added back.
Control Center - Interest Expense	(70,131,644)		(70,131,644)		See the explanation for the control center transaction in Account 190.
FAS 109 - CCRF Equity	(15,743,143)	(15,743,143)			See the explanation for Account 190.
Capitalized Pension	15,551,640		15,551,640		For book purposes, a portion of pension is capitalized based on labor dollars charged to capital construction projects. For tax purposes, this capitalization must be reversed and replaced with tax capitalization. Tax capitalization is based on the same capitalization percentage, but is applied to the current period funding rather than the ant the book expenses.
Capitalized OPEB	(11,205,754)			(11,205,754)	For book purposes, a portion of OPEB is capitalized based on labor dollars charged to capital construction projects. For tax purposes, this capitalization must be reversed and replaced with tax capitalization. Tax capitalization is based on the same capitalization percentage, but is applied to the current period funding rather than the ant the book expenses.
Subtotal - p275 (Form 1-F filer: see note 6 below)	(897,567,572)	(26,336,566)	0	(860,025,252)	(11,205,754)
Less FASB 109 Above if not separately removed	(49,724,519)	(15,743,143)	0	(33,981,376)	0
Less FASB 106 Above if not separately removed	0	0	0	0	0
Total	(847,843,053)	(10,593,423)	0	(826,043,876)	(11,205,754)

Instructions for Account 282:
1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
2. ADIT items related only to Transmission are directly assigned to Column D
3. ADIT items related to Plant and not in Columns C & D are included in Column E
4. ADIT items related to labor and not in Columns C & D are included in Column F
5. Deferred income taxes arise when items are included in taxable income in different periods than
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

**Potomac Electric Power Company
Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet**

ADIT-283	A	B Total	C Gas, Prod Or Other	D Only Transmission	E Plant	F Labor	G	Justification
Bk Depr on Poll Bond Int		(113,620)	(113,620)					Generation related.
Amort Loss on Reacquisition		(216,318)	(216,318)					The cost of bond redemption is deductible currently for tax purposes and is amortized over the life of the new bond issue for book purposes. Related to all functions.
Loss on Marketable Securities		(11,655,949)	(11,655,949)					The deferred tax balance reflects the difference between the book gain and tax gain on the disposition/salvage of marketable securities.
FAS 109 - Regulatory Receivable/Liability		0			0			See the explanation for Account 190.
FAS 109 - Earnings Effect - Nonoperating/Other		0	0					See the explanation for Account 190.
FAS 109 - Flowthrough Items		(20,394,994)			(20,394,994)			See the explanation for Account 190.
SERP		(2,987,410)				(2,987,410)		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.
Pension Plan Contribution		(126,550,153)			(55,682,068)	(70,868,085)		The company is allowed to deduct for tax purposes all payments made to fund the General Retirement Plan per ERISA. For book purposes pension plan contributions are governed by FAS 106. This timing difference represents the excess tax payment over book. Affects company personnel across all functions.
Miscellaneous		(2,073,326)	(2,073,326)					See the explanation for Account 190.
PNC Investment- Deferred Comp		1,258,328	0			1,258,328		For book purposes, deferred compensation and deferred payments are expensed when accrued. For tax purposes, they are deducted when paid.
Customer Sharing		(2,875,643)	(2,875,643)					For book purposes, the gain on the divestiture of the generating assets to be shared with customers was expensed when the gain on the sale was recorded. For tax purposes, gain to be shared is deducted when paid. Generation related.
Blueprint for the Future		(1,853,480)			(1,853,480)			For book purposes, the cost of the Blueprint project is being currently deducted. For tax purposes, this amount can not be deducted current and must be capitalized.

DC Consolidated Adjustment	0			0		For book purposes, the cost of the Blueprint project is being currently deducted. For tax purposes, this amount can not be deducted current and must be capitalized.
Regulatory Assets- FERC True Up	(348,050)		(348,050)			When a regulatory asset is established, books credits income, which for tax purposes needs to be reversed along with the associated amortization.
Regulatory Assets	(16,256,571)	(6,149,707)		(8,961,804)	(1,145,060)	When a regulatory asset is established, books credits income, which for tax purposes needs to be reversed along with the associated amortization.
Subtotal - p277 (Form 1-F filer: see note 6, below)	(184,067,185)	(23,084,563)	(348,050)	(86,892,346)	(73,742,226)	
Less FASB 109 Above if not separately removed	(20,394,994)			(20,394,994)		
Less FASB 106 Above if not separately removed	-			-		
Total	(163,672,191)	(23,084,563)	(348,050)	(66,497,352)	(73,742,226)	

Instructions for Account 283:

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C
- ADIT items related only to Transmission are directly assigned to Column D
- ADIT items related to Plant and not in Columns C & D are included in Column E
- ADIT items related to labor and not in Columns C & D are included in Column F
- Deferred income taxes arise when items are included in taxable income in different periods than
- Re: Form 1-F filer: Sum of subtotals for Accounts 282 and 283 should tie to Form No. 1-F, p.113.57.c

Potomac Electric Power Company
Attachment 1- Accumulated Deferred Income Taxes (ADIT) Worksheet

ADITC-255

	Item	Balance	Amortization
1	Rate Base Treatment		
2	Balance to line 41 of Appendix A	Total	
3	Amortization		
4	Amortization to line 133 of Appendix A	Total	6,530,436 1,706,748
5	Total	6,530,436	1,706,748
6	Total Form No. 1 (p 266 & 267)	Form No. 1 balance	6,530,436 1,706,748
7	Difference /1	-	-

Potomac Electric Power Company
Attachment 2 - Taxes Other Than Income Worksheet

Other Taxes	Page 263 Col (i)	Allocator	Allocated Amount
Plant Related	Gross Plant Allocator		
1 Transmission Personal Property Tax (directly assigned to Transmission)	\$ 6,986,224	100%	\$ 6,986,224
1a Other Personal Property Tax (excluded)	\$ 25,581,753	0%	\$ -
2 Capital Stock Tax		15.4855%	\$ -
3 Gross Premium (insurance) Tax		15.4855%	\$ -
4 PURTA	(1,316,928)	15.4855%	\$ (203,933)
5 Corp License		15.4855%	\$ -
		15.4855%	\$ -
Total Plant Related	31,251,049		6,782,292
Labor Related	Wages & Salary Allocator		
6 Federal FICA & Unemployment & state unemployment	4,754,255		
Total Labor Related	4,754,255	10.1555%	482,816
Other Included	Gross Plant Allocator		
7 Miscellaneous	0		
Total Other Included	0	15.4855%	0
Total Included			7,265,108

Currently Excluded

8 Franchise	0
9 kWhTax - State Gross Receipt (Excise Tax)	107,862,625
10 Electric environmental surcharge	2,289,607
11 Universal service fee	8,575,525
12 Montgomery County Fuel	154,170,797
13 PSC assessment	7,562,752
14 Real property (State, Municipal or Local)	8,630,670
15 DC Right of Way	20,226,233
16 Use & Sales Tax	2,822,980
17 FHUT	19,766
18 DC Ballpark	16,200
19 DC Reliable Energy Trust Fund	20,897,376
20 Misc. Other	239,672
21 Total "Other" Taxes (included on p. 263)	369,319,509
22 Total "Taxes Other Than Income Taxes" - acct 408.10 (p. 114.14)	369,319,509
23 Difference	(0)

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 overheads shall be treated as in footnote B above
- E Excludes prior period adjustments in the first year of the formula's operation and reconciliation for the first year

Pepco
Allocation of Property taxes to
Transmission Function
Year Ended December 31, 2010

<u>Assessable Plant</u>	<u>Maryland</u>
Transmission	\$ 615,018,073
Distribution	\$ 2,167,201,887
General	\$ 161,107,365
Total T,D&Genl	<u>\$ 2,943,327,325</u>

<u>Plant ratios by Jurisdiction</u>	
Transmission Ratio	0.20895334
Distribution ratio	0.73631018
General Ratio	<u>0.05473648</u>
	1.00000000

<u>Property Taxes</u>	\$ 32,567,977
Transmission Property Tax	\$ 6,805,188
Distribution Property tax	\$ 23,980,133
General Property Tax	<u>\$ 1,782,656</u>
Total check	<u>\$ 32,567,977</u>

<u>Allocation of General to Transmission</u>	
General Property Tax	\$ 1,782,656
Trans Labor Ratio	0.101554591
Trans General	181,037

<u>Total Transmission Property Taxes</u>	
Transmission	\$ 6,805,188
General	<u>\$ 181,037</u>
Total Transmission Property Taxes	<u>\$ 6,986,224</u>

Potomac Electric Power Company

Attachment 3 - Revenue Credit Workpaper

Account 454 - Rent from Electric Property		
1	Rent from Electric Property - Transmission Related (Note 3)	10,786,247
2	Total Rent Revenues (Sum Lines 1)	10,786,247
 Account 456 - Other Electric Revenues (Note 1)		
3	Schedule 1A	\$ 627,413
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)	1,886,584
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)	-
10	Rent or Attachment Fees associated with Transmission Facilities (Note 3)	-
11	Gross Revenue Credits (Sum Lines 2-10)	13,300,244
12	Less line 17g	(7,562,912)
13	Total Revenue Credits	5,737,332
 Revenue Adjustment to determine Revenue Credit		
14	Note 1: All revenues related to transmission that are received as a transmission owner (i.e., not received as a LSE), for which the cost of the service is recovered under this formula, except as specifically provided for elsewhere in this Attachment or elsewhere in the formula will be included as a revenue credit or included in the peak on line 173 of Appendix A.	
15	Note 2: If the costs associated with the Directly Assigned Transmission Facility Charges are included in the Rates, the associated revenues are included in the Rates. If the costs associated with the Directly Assigned Transmission Facility Charges are not included in the Rates, the associated revenues are not included in the Rates.	
16	Note 3: Ratemaking treatment for the following specified secondary uses of transmission assets: (1) right-of-way leases and leases for space on transmission facilities for telecommunications; (2) transmission tower licenses for wireless antennas; (3) right-of-way property leases for farming, grazing or nurseries; (4) licenses of intellectual property (including a portable oil degasification process and scheduling software); and (5) transmission maintenance and consulting services (including energized circuit maintenance, high-voltage substation maintenance, safety training, transformer oil testing, and circuit breaker testing) to other utilities and large customers (collectively, products). Company will retain 50% of net revenues consistent with Pacific Gas and Electric Company, 90 FERC ¶ 61,314. Note: in order to use lines 17a - 17g, the utility must track in separate subaccounts the revenues and costs associated with each secondary use (except for the cost of the associated income taxes).	
17a	Revenues included in lines 1-11 which are subject to 50/50 sharing.	10,786,247
17b	Costs associated with revenues in line 17a	4,339,577
17c	Net Revenues (17a - 17b)	6,446,670
17d	50% Share of Net Revenues (17c / 2)	3,223,335
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)	3,223,335
17g	Line 17f less line 17a	(7,562,912)
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.	10,687,846
19	Amount offset in line 4 above	112,247,673
20	Total Account 454, 456 and 456.1	136,235,763
21	Note 4: SECA revenues booked in Account 447.	

Potomac Electric Power 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)	58,673,451
B	100 Basis Point increase in ROE		1.00%

Return Calculation

59	Rate Base		(Line 39 + 58)	443,251,078
	Long Term Interest			
100	Long Term Interest		p117.62c through 67c	98,896,342
101	Less LTD Interest on Securitization E(Note P)		Attachment 8	0
102	Long Term Interest		"(Line 100 - line 101)"	98,896,342
103	Preferred Dividends	enter positive	p118.29c	0
	Common Stock			
104	Proprietary Capital		p112.16c	1,428,161,322
105	Less Preferred Stock	enter negative	(Line 114)	0
106	Less Account 216.1	enter negative	p112.12c	-1,646,367
107	Common Stock		(Sum Lines 104 to 106)	1,426,514,955
	Capitalization			
108	Long Term Debt		p112.17c through 21c	1,548,525,000
109	Less Loss on Reacquired Debt	enter negative	p111.81c	-33,028,611
110	Plus Gain on Reacquired Debt	enter positive	p113.61c	0
111	Less ADIT associated with Gain or Loss	enter negative	Attachment 1	-216,318
112	Less LTD on Securitization Bonds	enter negative	Attachment 8	0
113	Total Long Term Debt		(Sum Lines 108 to 112)	1,515,280,071
114	Preferred Stock		p112.3c	0
115	Common Stock		(Line 107)	1,426,514,955
116	Total Capitalization		(Sum Lines 113 to 115)	2,941,795,026
117	Debt %	Total Long Term Debt	(Line 113 / 116)	52%
118	Preferred %	Preferred Stock	(Line 114 / 116)	0%
119	Common %	Common Stock	(Line 115 / 116)	48%
120	Debt Cost	Total Long Term Debt	(Line 102 / 113)	0.0653
121	Preferred Cost	Preferred Stock	(Line 103 / 114)	0.0000
122	Common Cost	Common Stock	Appendix A % plus 100 Basis Pts	0.1230
123	Weighted Cost of Debt	Total Long Term Debt (WCLTD)	(Line 117 * 120)	0.0336
124	Weighted Cost of Preferred	Preferred Stock	(Line 118 * 121)	0.0000
125	Weighted Cost of Common	Common Stock	(Line 119 * 122)	0.0596
126	Total Return (R)		(Sum Lines 123 to 125)	0.0933
127	Investment Return = Rate Base * Rate of Return		(Line 59 * 126)	41,338,481

Composite Income Taxes

	Income Tax Rates			
128	FIT=Federal Income Tax Rate			35.00%
129	SIT=State Income Tax Rate or Composite			8.05%
130	p = percent of federal income tax deductible for state purposes		Per State Tax Code	0.00%
131	T	$T=1 - \frac{((1 - SIT) * (1 - FIT))}{(1 - SIT * FIT * p)}$		40.23%
132	T/ (1-T)			67.32%
	ITC Adjustment			
133	Amortized Investment Tax Credit	enter negative	p266.8f	(1,706,748)
134	T/(1-T)		(Line 132)	67%
135	Net Plant Allocation Factor		(Line 18)	16.1565%
136	ITC Adjustment Allocated to Transmission	(Note I from Appendix A)	(Line 133 * (1 + 134) * 135)	-461,373
137	Income Tax Component =	$CIT=(T/1-T) * Investment\ Return * (1-(WCLTD/R)) =$		17,796,343
138	Total Income Taxes			17,334,970

Potomac Electric Power 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	\$ 90,036,395	90,036,395	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	\$ 6,530,436	6,530,436	0	Respondent is Electric Utility only.
Materials and Supplies							
47	Undistributed Stores Exp	(Note A)	p227.6c & 16.c	\$ 2,514,325	2,514,325	0	Respondent is Electric Utility only.
Allocated General & Common Expenses							
65	Plus Transmission Lease Payments	(Note A)	p200.3.c				
67	Common Plant O&M	(Note A)	p356	0	0	0	
Depreciation Expense							
88	Intangible Amortization	(Note A)	p336.1d&e	\$ 5,185,059	5,185,059	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	\$ 6,517,712	0	6,517,712	Specific identification based on plant records: The following plant investments are included:
73	Regulatory Commission Exp Account 928	(Note C)	p323.160b	Enter	Enter	Enter	Enter Details
							1
							2
							3
							4
							5

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	\$ 5,642,730,066	0	0	See Form 1
Plant In Service							
19	Transmission Plant In Service	(Note B)	p207.58.g	\$ 807,986,629	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	\$ 355,683,955	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	\$ 63,816	63,816		See Form 1

Potomac Electric Power 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	\$ (447,791)	0	-447,791	See FERC Form 1 pages 350-351.
77	Directly Assigned A&G Regulatory Commission Exp Account 928	(Note G)	p323.189b	\$ (447,791)	0	-447,791	FERC

Safety Related Advertising Cost Support

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Safety Related	Non-safety Related	Details
81	Directly Assigned A&G General Advertising Exp Account 930.1	(Note F)	p323.191b	\$ 1,140,089	-	1,140,089	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)	8.0500%	Maryland 7.00%	DC 9.975%	Enter State Enter %	Enter State Enter %	Enter State Enter %	Enter Calculation Apportioned: MD 3.65%, DC 4.40%

Education and Out Reach Cost Support

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Education & Outreach	Other	Details
78	Directly Assigned A&G General Advertising Exp Account 930.1	(Note K)	p323.191b	\$ 1,140,089	0	1,140,089	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	0	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				Or	
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:				Enter \$	
Example					
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	
<i>Add more lines if necessary</i>					

Potomac Electric Power Company

Attachment 5 - Cost Support

Transmission Related Account 242 Reserves

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions		Total	Allocation	Transmission Related	Details
44	Transmission Related Account 242 Reserves (exclude current year environmental site related reserves)	Enter \$		Amount	
	Directly Assignable to Transmission	-	100%	-	
	Labor Related, General plant related or Common Plant related	37,242,236	10.16%	3,782,120	
	Plant Related	3,190,447	15.49%	494,056	
	Other		0.00%	-	
	Total Transmission Related Reserves	40,432,683		4,276,176	

Prepayments

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Description of the Prepayments
45	Prepayments		To Line 45	
5	Wages & Salary Allocator		10.155%	
	Pension Liabilities, if any, in Account 242	-	10.155%	-
	Prepayments	\$ 115,077,348	10.155%	11,686,633
	Prepaid Pensions if not included in Prepayments	\$ 273,681,979	10.155%	27,793,662
		388,759,326	10.16%	39,480,295

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

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	\$ -	\$ -

Potomac Electric Power 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
Revenue Credits & Interest on Network Credits					
155	Interest on Network Credits	(Note N)	PJM Data	0	General Description of the Credits
				Enter \$	None
<i>Add more lines if necessary</i>					

Facility Credits under Section 30.9 of the PJM OATT and Facility Credits to Vineland per settlement in ER05-515

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Amount	Description & PJM Documentation
Net Revenue Requirement					
171	Facility Credits under Section 30.9 of the PJM OATT and Facility Credits to Vineland per settlement in ER05-515				
				-	

PJM Load Cost Support

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				1 CP Peak	Description & PJM Documentation
Network Zonal Service Rate					
173	1 CP Peak	(Note L)	PJM Data	6,654.2	See Form 1

Statements BG/BH (Present and Proposed Revenues)

Customer	Billing Determinants	Current Rate	Proposed Rate	Current Revenues	Proposed Revenues	Change in Revenues
Pepco zone				-	-	-
Total				-	-	-

Potomac Electric Power Company

Attachment 5a - Allocations of Costs to Affiliate

	Delmarva Power	Atlantic City	Pepco	Non - Regulated	Total
Executive Management	\$ 10,516,277	\$ 8,837,511	\$ 21,926,204	\$ 11,757,408	\$ 53,037,400
Security Services Administration	618,393	380,037	635,375	143,447	1,777,252
Purchasing, Storeroom and Materials Mgt	940,197	699,975	2,155,397	87,980	3,883,549
Vehicle Resource Management	976,688	643,781	686,830	8,709	2,316,008
General Services	2,422,238	1,243,998	1,915,352	559,750	6,141,338
Building Services	1,273,029	1,015,993	2,578,525	1,137,326	6,004,873
Real Estate	1,125,241	860,958	288,975	41,043	2,316,217
Corporate Insurance Administration	174,300	126,826	279,220	99,282	679,628
Claims Administration	584,708	553,775	1,381,801	-	2,520,284
Regulatory Affairs	4,139,483	2,605,625	5,777,790	33,661	12,556,559
Accounts Payable Accounting Services	664,779	498,013	547,693	136,408	1,846,893
Payroll Services	210,401	128,658	305,370	35,143	679,572
Asset and Project Accounting Services	601,542	458,784	1,434,472	223,459	2,718,257
Investor Relations	186,374	164,777	435,412	247,962	1,034,525
Shareholder Services	261,248	231,789	616,657	391,570	1,501,264
Financial Reporting	779,296	670,777	1,802,495	1,096,446	4,349,014
Sarbanes-Oxley Compliance	157,117	139,071	387,417	213,190	896,795
Investment Financial Management	473,580	393,895	943,128	571,715	2,382,318
Other Financial Services	3,441,411	2,512,041	4,352,186	3,528,078	13,833,716
Insurance Premiums & Claims	2,396,492	1,889,999	3,638,673	2,296,391	10,221,555
Cost of Benefits	7,818,293	3,899,851	12,050,409	1,863,118	25,631,671
Executive Compensation Services	120,603	106,961	283,277	195,024	705,865
Other Human Resources Services	4,778,240	2,830,428	5,788,453	2,826,635	16,223,756
Legal Services	2,527,907	2,566,307	4,378,082	1,135,875	10,608,171
Audit Services	1,205,416	495,765	1,522,368	768,214	3,991,763
Special Billing	507,001	605,846	1,089,716	25,027	2,227,590
Other Customer Care	39,360,661	33,399,846	14,950,810	10,619	87,721,936
Marketing Services	1,043,859	619,811	1,429,526	39,855	3,133,051
Information Technology	8,166,950	4,765,484	27,520,711	3,837,710	44,290,855
PHI Corporate Contributions	9,935	8,856	23,135	17,320	59,246
Federal Government Affairs	230,092	204,003	537,574	330,686	1,302,355
Other Corporate Communications	1,035,084	586,363	1,393,265	471,496	3,486,208
Environmental & Safety Services	1,582,105	1,203,592	2,294,146	453,367	5,533,210
System Operations Shared	2,264,027	1,642,693	6,136,046	232,089	10,274,855
Electric Maintenance Meter Shop Shared	1,043,276	403,146	-	-	1,446,422
Other Delivery Services	31,831,398	20,171,000	47,127,782	156,317	99,286,497
Power Procurement	2,306,224	1,536,003	3,070,340	-	6,912,567
Management & Administration	47,923	-	-	19,281,820	19,329,743
Merchant Functions	368,782	-	-	11,704,920	12,073,702
Supply Engineering & Support	97,428	33,273	-	5,585,478	5,716,179
Internal Consulting Services	353,388	247,559	749,516	-	1,350,463
Interns	196,613	113,443	216,890	984	527,930
Building Services	6,229	90,529	3,406,140	-	3,502,898
Other	1,225	350	(4,288)	276,666	273,953
Total	\$ 138,845,453	\$ 99,587,392	\$ 186,052,870	\$ 71,822,188	\$ 496,307,903

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, 2010
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Schedule XVII - Analysis of Billing – Associate Companies (Account 457)

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

Line No.	Name of Associate Company (a)	Account 457.1 Direct Costs Charged (b)	Account 457.2 Indirect Costs Charged (c)	Account 457.3 Compensation For Use of Capital (d)	Total Amount Billed (e)
1	Potomac Electric Power Company	76,578,434	109,489,711	(15,275)	186,052,870
2	Delmarva Power & Light Company	46,162,134	92,689,856	(6,537)	138,845,453
3	Atlantic City Electric	23,739,939	75,853,417	(5,964)	99,587,392
4	Conectiv Energy Supply, Inc.	15,893,502	8,199,164	(1,922)	24,090,744
5	Conectiv Delmarva Generation, LLC	2,094,910	9,337,430	(3,272)	11,429,068
6	Pepco Energy Services, Inc.	3,613,781	9,421,911	(2,740)	13,032,952
7	Conectiv Atlantic Generation, LLC	1,107,715	3,863,664	(1,468)	4,969,911
8	Conectiv Bethlehem, LLC	984,292	2,245,877	(1,841)	3,228,328
9	Pepco Holdings, Inc.	204,733	3,892,626	(3,388)	4,093,971
10	Potomac Capital Investment Corporation	553,247	1,715,082	(1,438)	2,266,891
11	PHI Operating Services Company, LLC	212,805	1,613,603	(649)	1,825,759
12	Thermal Energy Limited Partnership I	27,229	443,403	(139)	470,493
13	Conectiv Mid-Merit, LLC	1,312,821	100,914	(73)	1,413,662
14	Conectiv Thermal Systems, Inc.	19,327	74,153	(41)	93,439
15	Atlantic Southern Properties, Inc.	36,768	331,916	(47)	368,637
16	Conectiv Communications, Inc.	158	8,578	(2)	8,734
17	ATE Investments, Inc.	69	3,755	(3)	3,821
18	Atlantic City Electric Transition Funding, LLC	7,603	893		8,496
19	Conectiv Properties and Investments, Inc.	2,262	63,022	(6)	65,278
20	Conectiv Solutions LLC	3,171	13,897	(11)	17,057
21	Conectiv North East, LLC	139,175	31,902	(3)	171,074
22	Atlantic Generation, Inc.	58	5,875	(2)	5,931
23	DCTC-Burney, Inc.	2,081	19		2,100
24	Conectiv Services, Inc.	2,099	26,273	(5)	28,367
25	Vineland General, Inc.	71,937			71,937
26	Delaware Operating Services Company, LLC	2,327			2,327
27	ACE REIT, LLC	2,280	74		2,354
28	Conectiv, LLC	1,635,707	755,325	89	2,391,121
29	ATS Operating Services, Inc.	149	249,644	(78)	249,715
30	Conectiv Energy Holding Company, LLC	1,148,422	310,016	(1,337)	1,457,101
31	Conectiv Vineland Solar, LLC	31,108	19,515	(7)	50,616
32	Atlantic Jersey Thermal Systems, Inc.		52		52
33	Conectiv Pennsylvania Generation, LLC	2,130	122		2,252
34					
35					
36					
37					
38					
39					
40	Total	175,592,373	320,761,689	(46,159)	496,307,903

Potomac Electric Power Company

Attachment 6 - Estimate and Reconciliation Worksheet

Step Month Year Action

Exec Summary

- 1 April Year 2 TO populates the formula with Year 1 data from FERC Form 1 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 populates 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 populates the formula with Year 1 data from FERC Form 1 data for Year 1 (e.g., 2004)
110,075,738 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	Monthly Additions	Monthly Additions	Monthly Additions	Weighting	Other Plant In Service	Other Plant In Service	MAPP CWIP	MAPP In Service	Other Plant In Service	Other Plant In Service	MAPP CWIP	MAPP In Service	
	Other Plant In Service	Other Plant In Service	MAPP CWIP	MAPP In Service		Amount (A x E)	Amount (B x E)	Amount (C x E)	Amount (D x E)	(F / 12)	(G / 12)	(H / 12)	(I / 12)	
Jan			25,060,159		11.5	-	-	288,191,829	-	-	-	24,015,986	-	
Feb			827,000		10.5	-	-	8,683,500	-	-	-	723,625	-	
Mar			794,000		9.5	-	-	7,543,000	-	-	-	628,583	-	
Apr			(1,341,000)		8.5	-	-	(11,398,500)	-	-	-	(949,875)	-	
May			616,000		7.5	-	-	4,620,000	-	-	-	385,000	-	
Jun	12,000,069		616,000		6.5	78,000,449	-	4,004,000	-	6,500,037	-	333,667	-	
Jul			616,000		5.5	-	-	3,388,000	-	-	-	282,333	-	
Aug			616,000		4.5	-	-	2,772,000	-	-	-	231,000	-	
Sep			616,000		3.5	-	-	2,156,000	-	-	-	179,667	-	
Oct			716,000		2.5	-	-	1,790,000	-	-	-	149,167	-	
Nov			716,000		1.5	-	-	1,074,000	-	-	-	89,500	-	
Dec			724,000		0.5	-	-	362,000	-	-	-	30,167	-	
Total	12,000,069	-	30,576,159	-		78,000,449	-	-	-	6,500,037	-	26,098,819	-	
New Transmission Plant Additions and CWIP (weighted by months in service)										6,500,037	-	26,098,819	-	
										6,500,037	-	26,098,819	-	
										Input to Line 21 of Appendix A	-	-	6,500,037	-
										Input to Line 43a of Appendix A	-	26,098,819	26,098,819	
										Month In Service or Month for CWIP	5.50	#DIV/0!	1.76	#DIV/0!

3 April Year 2 TO adds weighted Cap Adds to plant in service in Formula
 \$ 6,500,037 Input to Formula Line 21

4 May Year 2 Post results of Step 3 on PJM web site
114,028,434 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)
 \$ 114,028,434

6 April Year 3 TO populates the formula with Year 2 data from FERC Form 1 for Year 2 (e.g., 2005)
103,502,858 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)

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)

Remove all Cap Adds placed in service in Year 2

For Reconciliation only - remove actual New Transmission Plant Additions for Year 2 \$ 29,201,318 Input to Formula Line 20

Add weighted Cap Adds actually placed in service in Year 2

	(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	\$1,909,764		25,055,310		11.5	21,962,286	-	288,136,065	-	1,830,191	-	24,011,339	-			
Feb	\$2,512,287		826,678		10.5	26,379,014	-	8,680,119	-	2,198,251	-	723,343	-			
Mar	\$1,988,643		794,423		9.5	18,892,109	-	7,547,019	-	1,574,342	-	628,918	-			
Apr	\$2,492,946		3,039,310		8.5	21,190,041	-	25,834,135	-	1,765,837	-	2,152,845	-			
May	\$6,660,850		2,173,519		7.5	49,956,375	-	16,301,393	-	4,163,031	-	1,358,449	-			
Jun	\$3,208,344		295,431		6.5	20,854,236	-	1,920,302	-	1,737,853	-	160,025	-			
Jul	\$2,360,870		626,819		5.5	12,984,785	-	3,447,505	-	1,082,065	-	287,292	-			
Aug	\$3,724,369		1,309,558		4.5	16,759,661	-	5,893,011	-	1,396,638	-	491,084	-			
Sep	\$1,678,300		258,503		3.5	5,874,050	-	904,761	-	489,504	-	75,397	-			
Oct	\$96,302		983,876		2.5	240,755	-	2,459,690	-	20,063	-	204,974	-			
Nov	\$24,798		4,428,519		1.5	37,197	-	6,642,779	-	3,100	-	553,565	-			
Dec	\$2,543,845		1,663,565		0.5	1,271,923	-	831,783	-	105,994	-	69,315	-			
Total	29,201,318	-	41,455,511	-		196,402,430	-	-	-	16,366,869	-	30,716,547	-			
New Transmission Plant Additions and CWIP (weighted by months in service)											16,366,869	-	30,716,547	-		
											Input to Line 21 of Appendix A					
											Input to Line 43a of Appendix A				16,366,869	
											Month In Service or Month for CWIP		5.27	#DIV/0!	3.11	#DIV/0!

106,004,192 Result of Formula for Reconciliation Must run Appendix A with cap adds in line 21 & line 20 (Year 2 data with total of Year 2 Cap Adds removed and monthly weighted average of Year 2 actual Cap Adds added in)

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)

	(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			43179407		11.5	-	-	496,563,181	-	-	-	41,380,265	-			
Feb			579086		10.5	-	-	6,080,403	-	-	-	506,700	-			
Mar			626712		9.5	-	-	5,953,764	-	-	-	496,147	-			
Apr			1166903		8.5	-	-	9,918,676	-	-	-	826,556	-			
May			1441699		7.5	-	-	10,812,743	-	-	-	901,062	-			
Jun			1637692		6.5	-	-	10,644,998	-	-	-	887,083	-			
Jul			5014194		5.5	-	-	27,578,067	-	-	-	2,298,172	-			
Aug	74,700,000		2016318		4.5	336,150,000	-	9,073,431	-	28,012,500	-	756,119	-			
Sep			4498713		3.5	-	-	15,745,496	-	-	-	1,312,125	-			
Oct			4713364		2.5	-	-	11,783,410	-	-	-	981,951	-			
Nov			4931114		1.5	-	-	7,396,671	-	-	-	616,389	-			
Dec	6,500,000		4433993		0.5	3,250,000	-	2,216,997	-	270,833	-	184,750	-			
Total	81,200,000	-	74,239,195	-		339,400,000	-	-	-	28,283,333	-	51,147,320	-			
New Transmission Plant Additions and CWIP (weighted by months in service)											28,283,333	-	51,147,320	-		
											Input to Line 21 of Appendix A					
											Input to Line 43a of Appendix A				28,283,333	
											Month In Service or Month for CWIP		7.82	#DIV/0!	3.73	#DIV/0!

113,523,639 Result of Formula for Reconciliation Must run Appendix A with cap adds in line 21 & line 20 (Year 2 data with total of Year 2 Cap Adds removed and monthly weighted average of Year 2 actual Cap Adds added in)

9 April Year 3 Reconciliation - TO adds the difference between the Reconciliation in Step 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		
106,004,192	-	107,705,258	=	(1,701,067)

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	(141,756)	0.2800%	11.5	(4,565)	(146,320)
Jul	Year 1	(141,756)	0.2800%	10.5	(4,168)	(145,923)
Aug	Year 1	(141,756)	0.2800%	9.5	(3,771)	(145,526)
Sep	Year 1	(141,756)	0.2800%	8.5	(3,374)	(145,129)
Oct	Year 1	(141,756)	0.2800%	7.5	(2,977)	(144,732)
Nov	Year 1	(141,756)	0.2800%	6.5	(2,580)	(144,336)
Dec	Year 1	(141,756)	0.2800%	5.5	(2,183)	(143,939)
Jan	Year 2	(141,756)	0.2800%	4.5	(1,786)	(143,542)
Feb	Year 2	(141,756)	0.2800%	3.5	(1,389)	(143,145)
Mar	Year 2	(141,756)	0.2800%	2.5	(992)	(142,748)
Apr	Year 2	(141,756)	0.2800%	1.5	(595)	(142,351)
May	Year 2	(141,756)	0.2800%	0.5	(198)	(141,954)
Total		(1,701,067)				(1,729,645)

		Balance	Interest rate from above	Amortization over Rate Year	Balance
Jun	Year 2	(1,729,645)	0.2800%	(146,774)	(1,587,714)
Jul	Year 2	(1,587,714)	0.2800%	(146,774)	(1,445,386)
Aug	Year 2	(1,445,386)	0.2800%	(146,774)	(1,302,659)
Sep	Year 2	(1,302,659)	0.2800%	(146,774)	(1,159,533)
Oct	Year 2	(1,159,533)	0.2800%	(146,774)	(1,016,005)
Nov	Year 2	(1,016,005)	0.2800%	(146,774)	(872,076)
Dec	Year 2	(872,076)	0.2800%	(146,774)	(727,745)
Jan	Year 3	(727,745)	0.2800%	(146,774)	(583,008)
Feb	Year 3	(583,008)	0.2800%	(146,774)	(437,867)
Mar	Year 3	(437,867)	0.2800%	(146,774)	(292,319)
Apr	Year 3	(292,319)	0.2800%	(146,774)	(146,364)
May	Year 3	(146,364)	0.2800%	(146,774)	0
Total with interest				(1,761,285)	

The difference between the Reconciliation in Step 7 and the forecast in Prior Year with interest (1,761,285)
 Rev Req based on Year 2 data with estimated Cap Adds and CWIP for Year 3 (Step 8) \$ 113,523,639
 Revenue Requirement for Year 3 111,762,354

10 May Year 3 Post results of Step 9 on PJM web site
 \$ 111,762,354 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)
 \$ 111,762,354

Potomac Electric Power Company

Attachment 7 - Transmission Enhancement Charge Worksheet

1	New Plant Carrying Charge			
2	Fixed Charge Rate (FCR) if not a CIAC			
3	Formula Line			
4	A	160	Net Plant Carrying Charge without Depreciation	20.8990%
5	B	167	Net Plant Carrying Charge per 100 Basis Point in ROE without Depreciation	21.6941%
6	C		Line B less Line A	0.7951%
7	FCR if a CIAC			
8	D	161	Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes	8.7219%

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

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 effect

Details		B0512 MAPP				B0288 Brighton Sub				
9	"Yes" if a project under PJM OATT Schedule 12, otherwise	Schedule 12 (Yes or No)	Yes			Yes				
12	"No"									
13	Useful life of project	Life	35			35				
14	"Yes" if the customer has paid a lump sum payment in the amount of the investment on line 18, otherwise "No"	CIAC (Yes or No)	No			No				
15	Input the allowed ROE Incentive	Increased ROE (Basis Points)	150			150				
16	From line 4 above if "No" on line 14 and From line 8 above if "Yes" on line 14	Base FCR	20.8990%			20.8990%				
17	Line 6 times line 15 divided by 100 basis points	FCR for This Project	22.0917%			22.0917%				
18	Attachment 6	Investment	74,239,195	may be weighted average of small projects		33,558,380				
19	Line 18 divided by line 13	Annual Depreciation Exp	2,121,120			958,811				
20	Attachment 6	Month In Service or Month for CWIP	3.73			6.50				
27		Invest Yr	Beginning	Depreciation	Ending	Revenue	Beginning	Depreciation	Ending	Revenue
28		2011	74,239,195	-	74,239,195	11,982,227	32,160,114	958,811	31,201,303	7,479,577
29		2012	74,239,195	-	74,239,195	12,666,016	32,160,114	958,811	31,201,303	7,851,698
30		2013	74,239,195	-	74,239,195	11,982,227	31,201,303	958,811	30,242,492	7,279,195
31		2014	74,239,195	-	74,239,195	12,666,016	31,201,303	958,811	30,242,492	7,639,880
32		2015	74,239,195	-	74,239,195	11,982,227	30,242,492	958,811	29,283,682	7,078,813
33		2016	74,239,195	-	74,239,195	12,666,016	30,242,492	958,811	29,283,682	7,428,063
34		2017	74,239,195	-	74,239,195	11,982,227	29,283,682	958,811	28,324,871	6,878,431
35		2018	74,239,195	-	74,239,195	12,666,016	29,283,682	958,811	28,324,871	7,216,246
36		2019	74,239,195	-	74,239,195	11,982,227	28,324,871	958,811	27,366,060	6,678,049
37		2020	74,239,195	-	74,239,195	12,666,016	28,324,871	958,811	27,366,060	7,004,429
38		2021	74,239,195	-	74,239,195	11,982,227	27,366,060	958,811	26,407,249	6,477,667
39		2022	74,239,195	-	74,239,195	12,666,016	27,366,060	958,811	26,407,249	6,792,611
40		2023	74,239,195	-	74,239,195	11,982,227	26,407,249	958,811	25,448,438	6,277,285
41		2024	74,239,195	-	74,239,195	12,666,016	26,407,249	958,811	25,448,438	6,580,794
42		2025	74,239,195	-	74,239,195	11,982,227	25,448,438	958,811	24,489,627	6,076,903
43		2026	74,239,195	-	74,239,195	12,666,016	25,448,438	958,811	24,489,627	6,368,977
44		2027	74,239,195	-	74,239,195	11,982,227	24,489,627	958,811	23,530,816	5,876,521
45		2028	74,239,195	-	74,239,195	12,666,016	24,489,627	958,811	23,530,816	6,157,160
46		2029	74,239,195	-	74,239,195	11,982,227	23,530,816	958,811	22,572,006	5,676,139
47		2030	74,239,195	-	74,239,195	12,666,016	23,530,816	958,811	22,572,006	5,945,342
48		2031	74,239,195	-	74,239,195	11,982,227	22,572,006	958,811	21,613,195	5,475,757
49		2032	74,239,195	-	74,239,195	12,666,016	22,572,006	958,811	21,613,195	5,733,525
50		2033	74,239,195	-	74,239,195	11,982,227	21,613,195	958,811	20,654,384	5,275,375
51		2034	74,239,195	-	74,239,195	12,666,016	21,613,195	958,811	20,654,384	5,521,708
52		2035	74,239,195	-	74,239,195	11,982,227	20,654,384	958,811	19,695,573	5,074,992
53		2036	74,239,195	-	74,239,195	12,666,016	20,654,384	958,811	19,695,573	5,309,890
54		2037	74,239,195	-	74,239,195	11,982,227	19,695,573	958,811	18,736,762	4,874,610
55		2038	74,239,195	-	74,239,195	12,666,016	19,695,573	958,811	18,736,762	5,098,073
56		2039	74,239,195	-	74,239,195	11,982,227	18,736,762	958,811	17,777,951	4,674,228
57		2040	74,239,195	-	74,239,195	12,666,016	18,736,762	958,811	17,777,951	4,886,256
58		2041	74,239,195	-	74,239,195	11,982,227	17,777,951	958,811	16,819,140	4,473,846
59		2042	74,239,195	-	74,239,195	12,666,016	17,777,951	958,811	16,819,140	4,674,439
60		2043	74,239,195	-	74,239,195	11,982,227	16,819,140	958,811	15,860,330	4,273,464
61		2044	74,239,195	-	74,239,195	12,666,016	16,819,140	958,811	15,860,330	4,462,621
62		2045	74,239,195	-	74,239,195	11,982,227	15,860,330	958,811	14,901,519	3,872,892
63		2046	74,239,195	-	74,239,195	12,666,016	14,901,519	958,811	13,942,708	3,283,163

BO512.9 Chalk Point 230 kV Breaker 2A				BO512.12 Chalk Point 230 kV Breaker 3A						
Yes				Yes						
35				35						
No				No						
0				0						
20.8990%				20.8990%						
20.8990%				20.8990%						
2,000,000				2,000,000						
57,143				57,143						
8.00				12.00						
Beginning	Depreciation	Ending	Revenue	Beginning	Depreciation	Ending	Revenue	Total	Incentive Charged	Revenue Credit
2,000,000	19,048	1,980,952	191,547	2,000,000	-	2,000,000	34,832	\$ 28,241,938	\$	\$ 28,241,938
2,000,000	19,048	1,980,952	191,547	2,000,000	-	2,000,000	34,832	\$ 29,576,926	\$ 29,576,926	\$
1,980,952	57,143	1,923,810	459,200	2,000,000	57,143	1,942,857	463,181	\$ 36,789,163	\$	\$ 36,789,163
1,980,952	57,143	1,923,810	459,200	2,000,000	57,143	1,942,857	463,181	\$ 38,484,106	\$ 38,484,106	\$
1,923,810	57,143	1,866,667	447,258	1,942,857	57,143	1,885,714	451,239	\$ 36,130,794	\$	\$ 36,130,794
1,923,810	57,143	1,866,667	447,258	1,942,857	57,143	1,885,714	451,239	\$ 37,794,980	\$ 37,794,980	\$
1,866,667	57,143	1,809,524	435,316	1,885,714	57,143	1,828,571	439,296	\$ 35,472,424	\$	\$ 35,472,424
1,866,667	57,143	1,809,524	435,316	1,885,714	57,143	1,828,571	439,296	\$ 37,105,855	\$ 37,105,855	\$
1,809,524	57,143	1,752,381	423,373	1,828,571	57,143	1,771,429	427,354	\$ 34,814,055	\$	\$ 34,814,055
1,809,524	57,143	1,752,381	423,373	1,828,571	57,143	1,771,429	427,354	\$ 36,416,729	\$ 36,416,729	\$
1,752,381	57,143	1,695,238	411,431	1,771,429	57,143	1,714,286	415,412	\$ 34,155,685	\$	\$ 34,155,685
1,752,381	57,143	1,695,238	411,431	1,771,429	57,143	1,714,286	415,412	\$ 35,727,603	\$ 35,727,603	\$
1,695,238	57,143	1,638,095	399,489	1,714,286	57,143	1,657,143	403,469	\$ 33,497,315	\$	\$ 33,497,315
1,695,238	57,143	1,638,095	399,489	1,714,286	57,143	1,657,143	403,469	\$ 35,038,478	\$ 35,038,478	\$
1,638,095	57,143	1,580,952	387,546	1,657,143	57,143	1,600,000	391,527	\$ 32,838,946	\$	\$ 32,838,946
1,638,095	57,143	1,580,952	387,546	1,657,143	57,143	1,600,000	391,527	\$ 34,349,352	\$ 34,349,352	\$
1,580,952	57,143	1,523,810	375,604	1,600,000	57,143	1,542,857	379,585	\$ 32,180,576	\$	\$ 32,180,576
1,580,952	57,143	1,523,810	375,604	1,600,000	57,143	1,542,857	379,585	\$ 33,660,227	\$ 33,660,227	\$
1,523,810	57,143	1,466,667	363,662	1,542,857	57,143	1,485,714	367,643	\$ 31,522,207	\$	\$ 31,522,207
1,523,810	57,143	1,466,667	363,662	1,542,857	57,143	1,485,714	367,643	\$ 32,971,101	\$ 32,971,101	\$
1,466,667	57,143	1,409,524	351,720	1,485,714	57,143	1,428,571	355,700	\$ 30,863,837	\$	\$ 30,863,837
1,466,667	57,143	1,409,524	351,720	1,485,714	57,143	1,428,571	355,700	\$ 32,281,976	\$ 32,281,976	\$
1,409,524	57,143	1,352,381	339,777	1,428,571	57,143	1,371,429	343,758	\$ 30,205,468	\$	\$ 30,205,468
1,409,524	57,143	1,352,381	339,777	1,428,571	57,143	1,371,429	343,758	\$ 31,592,850	\$ 31,592,850	\$
1,352,381	57,143	1,295,238	327,835	1,371,429	57,143	1,314,286	331,816	\$ 29,547,098	\$	\$ 29,547,098
1,352,381	57,143	1,295,238	327,835	1,371,429	57,143	1,314,286	331,816	\$ 30,903,724	\$ 30,903,724	\$
1,295,238	57,143	1,238,095	315,893	1,314,286	57,143	1,257,143	319,873	\$ 28,888,729	\$	\$ 28,888,729
1,295,238	57,143	1,238,095	315,893	1,314,286	57,143	1,257,143	319,873	\$ 30,214,599	\$ 30,214,599	\$
1,238,095	57,143	1,180,952	303,950	1,257,143	57,143	1,200,000	307,931	\$ 28,230,359	\$	\$ 28,230,359
1,238,095	57,143	1,180,952	303,950	1,257,143	57,143	1,200,000	307,931	\$ 29,525,473	\$ 29,525,473	\$
1,180,952	57,143	1,123,810	292,008	1,200,000	57,143	1,142,857	295,989	\$ 27,571,989	\$	\$ 27,571,989
1,180,952	57,143	1,123,810	292,008	1,200,000	57,143	1,142,857	295,989	\$ 28,836,348	\$ 28,836,348	\$
1,123,810	57,143	1,066,667	280,066	1,142,857	57,143	1,085,714	284,046	\$ 26,913,620	\$	\$ 26,913,620
1,123,810	57,143	1,066,667	280,066	1,142,857	57,143	1,085,714	284,046	\$ 15,481,206	\$ 15,481,206	\$
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Potomac Electric Power Company

Attachment 8 - Company Exhibit - Securitization Workpaper

Line #

	Long Term Interest		
101	Less LTD Interest on Securitization Bonds		0
	Capitalization		
112	Less LTD on Securitization Bonds		0

Calculation of the above Securitization Adjustments

