

ATTACHMENT H-9A

| | | |
|---------------------------------------|-----------------------------------|-------------|
| Potomac Electric Power Company | FERC Form 1 Page # or Instruction | 2006 |
| Formula Rate -- Appendix A | Notes | |

Shaded cells are input cells

Allocators

| | | | |
|---|--|---------------------|------------------|
| Wages & Salary Allocation Factor | | | |
| 1 | Transmission Wages Expense | p354.12b | \$ 5,214,086 |
| 2 | Total Wages Expense | p354.28b | \$ 55,282,932 |
| 3 | Less A&G Wages Expense | p354.27b | \$ 4,774,584 |
| 4 | Total | (Line 2 - 3) | 50,508,348 |
| 5 | Wages & Salary Allocator | (Line 1 / 4) | 10.32322% |
| Plant Allocation Factors | | | |
| 6 | Electric Plant In Service | (Note B) p207.104g | \$ 4,747,808,810 |
| 7 | Common Plant In Service - Electric | (Line 24) | 0 |
| 8 | Total Plant In Service | (Sum Lines 6 & 7) | 4,747,808,810 |
| 9 | Accumulated Depreciation (Total Electric Plant) | p219.29c | \$ 2,090,745,795 |
| 10 | Accumulated Intangible Amortization | (Note A) p200.21c | \$ 62,795,741 |
| 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) | 2,153,541,536 |
| 14 | Net Plant | (Line 8 - 13) | 2,594,267,274 |
| 15 | Transmission Gross Plant | (Line 29 - Line 28) | 727,961,718 |
| 16 | Gross Plant Allocator | (Line 15 / 8) | 15.3326% |
| 17 | Transmission Net Plant | (Line 39 - Line 28) | 404,078,346 |
| 18 | Net Plant Allocator | (Line 17 / 14) | 15.5758% |

Plant Calculations

| | | | |
|---------------------------------|---|---|--------------------|
| Plant In Service | | | |
| 19 | Transmission Plant In Service | (Note B) p207.58.g | \$ 646,721,613 |
| 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 | 44,806,155 |
| 22 | Total Transmission Plant In Service | (Line 19 - 20 + 21) | 691,527,768 |
| 23 | General & Intangible | p205.5.g & p207.99.g | 352,932,158 |
| 24 | Common Plant (Electric Only) | (Notes A & B) p356 | 0 |
| 25 | Total General & Common | (Line 23 + 24) | 352,932,158 |
| 26 | Wage & Salary Allocation Factor | (Line 5) | 10.32322% |
| 27 | General & Common Plant Allocated to Transmission | (Line 25 * 26) | 36,433,950 |
| 28 | Plant Held for Future Use (Including Land) | (Note C) p214 | 0 |
| 29 | TOTAL Plant In Service | (Line 22 + 27 + 28) | 727,961,718 |
| Accumulated Depreciation | | | |
| 30 | Transmission Accumulated Depreciation | (Note B) p219.25.c | 302,623,672 |
| 31 | Accumulated General Depreciation | p219.28.c | 143,144,922 |
| 32 | Accumulated Intangible Amortization | (Line 10) | 62,795,741 |
| 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) | 205,940,663 |
| 36 | Wage & Salary Allocation Factor | (Line 5) | 10.32322% |
| 37 | General & Common Allocated to Transmission | (Line 35 * 36) | 21,259,700 |
| 38 | TOTAL Accumulated Depreciation | (Line 30 + 37) | 323,883,372 |
| 39 | TOTAL Net Property, Plant & Equipment | (Line 29 - 38) | 404,078,346 |

Adjustment To Rate Base

| | | | |
|--|---|------------------------------------|--------------------|
| Accumulated Deferred Income Taxes | | | |
| 40 | ADIT net of FASB 106 and 109 | | -97,140,022 |
| 41 | Accumulated Investment Tax Credit Account No. 255 | Enter Negative (Notes A & I) | 0 |
| 42 | Net Plant Allocation Factor | (Line 18) | 15.58% |
| 43 | Accumulated Deferred Income Taxes Allocated To Transmission | (Line 41 * 42) + Line 40 | -97,140,022 |
| Transmission O&M Reserves | | | |
| 44 | Total Balance Transmission Related Account 242 Reserves | Enter Negative Attachment 5 | -4,210,479 |
| Prepayments | | | |
| 45 | Prepayments | (Note A) Attachment 5 | 24,403,297 |
| 46 | Total Prepayments Allocated to Transmission | (Line 45) | 24,403,297 |
| Materials and Supplies | | | |
| 47 | Undistributed Stores Exp | (Note A) p227.6c & 16.c | 3,630,910 |
| 48 | Wage & Salary Allocation Factor | (Line 5) | 10.32% |
| 49 | Total Transmission Allocated | (Line 47 * 48) | 374,827 |
| 50 | Transmission Materials & Supplies | p227.8c | 3,679,102 |
| 51 | Total Materials & Supplies Allocated to Transmission | (Line 49 + 50) | 4,053,929 |
| Cash Working Capital | | | |
| 52 | Operation & Maintenance Expense | (Line 85) | 32,656,005 |
| 53 | 1/8th Rule | x 1/8 | 12.5% |
| 54 | Total Cash Working Capital Allocated to Transmission | (Line 52 * 53) | 4,082,001 |
| Network Credits | | | |
| 55 | Outstanding Network Credits | (Note N) From PJM | 0 |
| 56 | Less Accumulated Depreciation Associated with Facilities with Outstanding Network Credits | (Note N) From PJM | 0 |
| 57 | Net Outstanding Credits | (Line 55 - 56) | 0 |
| 58 | TOTAL Adjustment to Rate Base | (Line 43 + 44 + 46 + 51 + 54 - 57) | -68,811,275 |
| 59 | Rate Base | (Line 39 + 58) | 335,267,071 |

O&M

| | | | | |
|--|---|----------|----------------------------------|-------------------|
| Transmission O&M | | | | |
| 60 | Transmission O&M | | p321.112.b | 22,799,227 |
| 61 | Less extraordinary property loss | | Attachment 5 | 0 |
| 62 | Plus amortized extraordinary property loss | | Attachment 5 | 0 |
| 63 | Less Account 565 | | p321.96.b | 15,996 |
| 64 | Plus Schedule 12 Charges billed to Transmission Owner and booked to Account 565 | (Note O) | PJM Data | 0 |
| 65 | Plus Transmission Lease Payments | (Note A) | p200.4.c | 0 |
| 66 | Transmission O&M | | (Lines 60 - 63 + 64 + 65) | 22,783,231 |
| Allocated General & Common Expenses | | | | |
| 67 | Common Plant O&M | (Note A) | p356 | 0 |
| 68 | Total A&G | | p323.197.b | 95,561,930 |
| 69 | Less Property Insurance Account 924 | | p323.185b | 1,151,566 |
| 70 | Less Regulatory Commission Exp Account 928 | (Note E) | p323.189b | 308,203 |
| 71 | Less General Advertising Exp Account 930.1 | | p323.191b | 139,268 |
| 72 | Less DE Enviro & Low Income and MD Universal Funds | | p335.b | 0 |
| 73 | Less EPRI Dues | (Note D) | p352-353 | 63,782 |
| 74 | General & Common Expenses | | (Lines 67 + 68) - Sum (69 to 73) | 93,899,111 |
| 75 | Wage & Salary Allocation Factor | | (Line 5) | 10.3232% |
| 76 | General & Common Expenses Allocated to Transmission | | (Line 74 * 75) | 9,693,408 |
| 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 | 1,151,566 |
| 81 | General Advertising Exp Account 930.1 | (Note F) | p323.191b | 0 |
| 82 | Total | | (Line 80 + 81) | 1,151,566 |
| 83 | Net Plant Allocation Factor | | (Line 18) | 15.58% |
| 84 | A&G Directly Assigned to Transmission | | (Line 82 * 83) | 179,366 |
| 85 | Total Transmission O&M | | (Line 66 + 76 + 79 + 84) | 32,656,005 |

Depreciation & Amortization Expense

| | | | | |
|-----------------------------|--|----------|---------------------|-------------------|
| Depreciation Expense | | | | |
| 86 | Transmission Depreciation Expense | | p336.7b&c | 13,868,295 |
| 87 | General Depreciation | | p336.10b&c | 14,137,801 |
| 88 | Intangible Amortization | (Note A) | p336.1d&e | 9,299,324 |
| 89 | Total | | (Line 87 + 88) | 23,437,125 |
| 90 | Wage & Salary Allocation Factor | | (Line 5) | 10.3232% |
| 91 | General Depreciation Allocated to Transmission | | (Line 89 * 90) | 2,419,465 |
| 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) | 10.3232% |
| 96 | Common Depreciation - Electric Only Allocated to Transmission | | (Line 94 * 95) | 0 |
| 97 | Total Transmission Depreciation & Amortization | | (Line 86 + 91 + 96) | 16,287,760 |

Taxes Other than Income

| | | | | |
|----|--------------------------------------|--|--------------|------------------|
| 98 | Taxes Other than Income | | Attachment 2 | 7,720,334 |
| 99 | Total Taxes Other than Income | | (Line 98) | 7,720,334 |

Return / Capitalization Calculations

| | | | | |
|---------------------------|---|------------------------------|-------------------------|----------------------|
| Long Term Interest | | | | |
| 100 | Long Term Interest | | p117.62c through 67c | 73,798,066 |
| 101 | Less LTD Interest on Securitization Bonds | (Note P) | Attachment 8 | 0 |
| 102 | Long Term Interest | | *(Line 100 - line 101)* | 73,798,066 |
| 103 | Preferred Dividends | enter positive | p118.29c | 211,249 |
| Common Stock | | | | |
| 104 | Proprietary Capital | | p112.16c | \$ 1,091,193,733 |
| 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) | 1,089,547,366 |
| Capitalization | | | | |
| 108 | Long Term Debt | | p112.18c through 22c | 1,201,800,000 |
| 109 | Less Loss on Reacquired Debt | enter negative | p111.81c | -42,722,893 |
| 110 | Plus Gain on Reacquired Debt | enter positive | p113.61c | 0 |
| 111 | Less ADIT associated with Gain or Loss | enter negative | Attachment 1 | 18,350,270 |
| 112 | Less LTD on Securitization Bonds | (Note P) | Attachment 8 | 0 |
| 113 | Total Long Term Debt | | (Sum Lines 108 to 112) | 1,177,427,377 |
| 114 | Preferred Stock | | p112.3c | 0 |
| 115 | Common Stock | | (Line 107) | 1,089,547,366 |
| 116 | Total Capitalization | | (Sum Lines 113 to 115) | 2,266,974,743 |
| 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) | 0.0627 |
| 121 | Preferred Cost | Preferred Stock | (Line 103 / 114) | 0.0000 |
| 122 | Common Cost | Common Stock | (Note J) Fixed | 0.1080 |
| 123 | Weighted Cost of Debt | Total Long Term Debt (WCLTD) | (Line 117 * 120) | 0.0326 |
| 124 | Weighted Cost of Preferred | Preferred Stock | (Line 118 * 121) | 0.0000 |
| 125 | Weighted Cost of Common | Common Stock | (Line 119 * 122) | 0.0519 |
| 126 | Total Return (R) | | (Sum Lines 123 to 125) | 0.0845 |
| 127 | Investment Return = Rate Base * Rate of Return | | (Line 59 * 126) | 28,316,730 |

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 | -2,034,384 |
| 135 | Net Plant Allocation Factor | | (Line 132) | 67.32% |
| 136 | ITC Adjustment Allocated to Transmission | | (Line 18) | 15.5758% |
| | | | (Line 133 * (1 + 134) * 135) | -530,174 |
| 137 | Income Tax Component = | $CIT=(T/(1-T) * Investment\ Return * (1-(WCLTD/R))) =$ | [Line 132 * 127 * (1-(123 / 126))] | 11,714,561 |
| 138 | Total Income Taxes | | (Line 136 + 137) | 11,184,387 |

REVENUE REQUIREMENT

| Summary | | | | |
|--|---|----------|-----------------------------------|--------------------|
| 139 | Net Property, Plant & Equipment | | (Line 39) | 404,078,346 |
| 140 | Adjustment to Rate Base | | (Line 58) | -68,811,275 |
| 141 | Rate Base | | (Line 59) | 335,267,071 |
| 142 | O&M | | (Line 85) | 32,656,005 |
| 143 | Depreciation & Amortization | | (Line 97) | 16,287,760 |
| 144 | Taxes Other than Income | | (Line 99) | 7,720,334 |
| 145 | Investment Return | | (Line 127) | 28,316,730 |
| 146 | Income Taxes | | (Line 138) | 11,184,387 |
| 147 | Gross Revenue Requirement | | (Sum Lines 142 to 146) | 96,165,216 |
| Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities | | | | |
| 148 | Transmission Plant In Service | | (Line 19) | 646,721,613 |
| 149 | Excluded Transmission Facilities | (Note M) | Attachment 5 | 0 |
| 150 | Included Transmission Facilities | | (Line 148 - 149) | 646,721,613 |
| 151 | Inclusion Ratio | | (Line 150 / 148) | 100.00% |
| 152 | Gross Revenue Requirement | | (Line 147) | 96,165,216 |
| 153 | Adjusted Gross Revenue Requirement | | (Line 151 * 152) | 96,165,216 |
| Revenue Credits & Interest on Network Credits | | | | |
| 154 | Revenue Credits | | Attachment 3 | 4,381,876 |
| 155 | Interest on Network Credits | (Note N) | PJM Data | - |
| 156 | Net Revenue Requirement | | (Line 153 - 154 + 155) | 91,783,340 |
| Net Plant Carrying Charge | | | | |
| 157 | Net Revenue Requirement | | (Line 156) | 91,783,340 |
| 158 | Net Transmission Plant | | (Line 19 - 30) | 344,097,941 |
| 159 | Net Plant Carrying Charge | | (Line 157 / 158) | 26.6736% |
| 160 | Net Plant Carrying Charge without Depreciation | | (Line 157 - 86) / 158 | 22.6433% |
| 161 | Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes | | (Line 157 - 86 - 127 - 138) / 158 | 11.1637% |
| | | | | 24.81 |
| Net Plant Carrying Charge Calculation per 100 Basis Point increase in ROE | | | | |
| 162 | Net Revenue Requirement Less Return and Taxes | | (Line 156 - 145 - 146) | 52,282,223 |
| 163 | Increased Return and Taxes | | Attachment 4 | 42,197,150 |
| 164 | Net Revenue Requirement per 100 Basis Point increase in ROE | | (Line 162 + 163) | 94,479,373 |
| 165 | Net Transmission Plant | | (Line 19 - 30) | 344,097,941 |
| 166 | Net Plant Carrying Charge per 100 Basis Point increase in ROE | | (Line 164 / 165) | 27.4571% |
| 167 | Net Plant Carrying Charge per 100 Basis Point in ROE without Depreciation | | (Line 163 - 86) / 165 | 23.4268% |
| 168 | Net Revenue Requirement | | (Line 156) | 91,783,340 |
| 169 | True-up amount | | Attachment 6 | (1,370,326) |
| 170 | Plus any increased ROE calculated on Attachment 7 other than PJM Sch. 12 projects | | Attachment 7 | 338,952 |
| 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) | 90,751,966 |
| Network Zonal Service Rate | | | | |
| 173 | 1 CP Peak | (Note L) | PJM Data | 6,947 |
| 174 | Rate (\$/MW-Year) | | (Line 172 / 173) | 13,063 |
| 175 | Network Service Rate (\$/MW/Year) | | (Line 174) | 13,063 |

Notes

- A Electric portion only
- B Exclude Construction Work In Progress and leases that are expensed as O&M (rather than amortized). New Transmission plant that is expected to be placed in service in the current calendar year weighted by number of months it is expected to be in-service. New Transmission plant expected to be placed in service in the current calendar year that is not included in the PJM Regional Transmission Plan (RTEP) must be separately detailed on Attachment 5. For the Reconciliation, new transmission plant that was actually placed in service weighted by the number of months it was actually in service
- C Transmission Portion Only
- D All EPRI Annual Membership Dues
- E All Regulatory Commission Expenses
- F Safety related advertising included in Account 930.1
- G Regulatory Commission Expenses directly related to transmission service, RTO filings, or transmission siting itemized in Form 1 at 351.h.
- I The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and $p =$ "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.
- J ROE is determined initially to be 10.80% on facilities in service prior to 1-1-06 and 11.30% on facilities in service on or after 1-1-06 per settlement in ER05-515.
- K Education and outreach expenses relating to transmission, for example siting or billing
- L As provided for in Section 34.1 of the PJM OATT and the PJM established billing determinants will not be revised or updated in the annual rate reconciliations per settlement in ER05-515.
- M Amount of transmission plant excluded from rates per Attachment 5.
- N Outstanding Network Credits is the balance of Network Facilities Upgrades Credits due Transmission Customers who have made lump-sum payments (net of accumulated depreciation) towards the construction of Network Transmission Facilities consistent with Paragraph 657 of Order 2003-A. Interest on the Network Credits as booked each year is added to the revenue requirement to make the Transmission Owner whole on Line 155.
- O Payments made under Schedule 12 of the PJM OATT that are not directly assessed to load in the Zone under Schedule 12 are included in Transmission O&M. If they are booked to Acct 565, they are included in on line 64
- P Securitization bonds may be included in the capital structure per settlement in ER05-515.

END

Potomac Electric Power Company

Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet

| | Only Transmission Related | Plant Related | Labor Related | Total ADIT |
|--------------------------|---------------------------------|------------------|------------------|---------------|
| ADIT-282 | 0 | (678,081,491) | 0 | |
| ADIT-283 | 0 | (83,248,133) | (10,336,061) | |
| ADIT-190 | 0 | 134,837,056 | (150,307) | |
| Subtotal | 0 | (626,492,568) | (10,486,368) | |
| Wages & Salary Allocator | | 15.3326% | 10.3252% | |
| Gross Plant Allocator | | | | |
| ADIT | 0 | (96,057,492) | (1,082,530) | (97,140,022) |

Note: ADIT associated with Gain or Loss on Recaptured Debt is included in Column A here and included in Cost of Debt on Appendix A, Line 111 Amount (18,350,270)

In filing 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 | C | D | E | F | G |
|---|--------------|----------------------------------|---------------------------------|------------------|------------------|--|
| ADIT-190 | Total | Gas, Prod Or Other Related | Only Transmission Related | Plant Related | Labor Related | Justification |
| Fuel Supply Sale | 56,500 | 56,500 | | | | Deferred taxes related to the termination of Peppo's planned nuclear plant |
| Fuel Rights Sale | 554,404 | 554,404 | | | | Deferred taxes related to the termination of Peppo's planned nuclear plant |
| Enrichment Contract Sale | (148,139) | (148,139) | | | | Deferred taxes related to the termination of Peppo's planned nuclear plant |
| Fuel Excise Tax Write-off | 84,054 | 84,054 | | | | Deferred taxes related Generation |
| Deferred Payments | (9,101,680) | | | | (9,101,680) | For book purposes, deferred executive compensation and deferred payments are expensed when accrued. For tax purposes, they are deducted when paid. Affects company personnel across all functions. |
| Deferred Compensation(stk) | (1,218,553) | | | | (1,218,553) | For tax purposes, they are deducted when paid. Affects company personnel across all functions. |
| Additional Rental Income | 6,105 | | | | 6,105 | Rental of General Plant and therefore allocated on labor. |
| D. C. Gross Receipts Tax | (669,965) | (669,965) | | | | Retail related |
| Control Center - Lease Payment | 71,842,247 | | | 71,842,247 | | 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 Peppo 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. For average payment plan above customer's average meter readings or average yearly customer annual monthly payments based on this average. For tax purposes, payments are included in income upon receipt whereas for book purposes, income is based on the meters read basis. The debt to deferred tax arises |
| Avg. Payment Plan | 63,177 | 63,177 | | | | |
| Customer Deposits | (174,272) | (174,272) | | | | Customer deposits are treated as deferred liabilities for book purposes, for tax purposes deposits held over two years are included in taxable income. Retail related |
| Normalization Adjustment | (2,995,380) | | | (2,995,380) | | This adjustment reflects the flowback to the customer for the difference resulting from taxes deferred at the 46% federal tax rate and the lower 34% corporate tax rate in accordance with the Tax Reform Act of 1986. Involves all plant and is not limited to retail. |
| Normalization-MD Case 8162 | (1,095,487) | | | (1,095,487) | | This adjustment reflects the flowback to the customer for the difference resulting from taxes deferred at the 46% federal tax rate and the lower 34% corporate tax rate in accordance with the Tax Reform Act of 1986 involves all plant and is not limited to retail. |
| CIAC | 58,041,346 | | | 58,041,346 | | Notice 87-51, if CIAC are not grossed up, the deferred taxes must be included in rate base in order for the |
| Normalization - Unbilled Revenues | 342,224 | | | 342,224 | | Relates to all revenues |
| Unbilled Revenues(1989 & TRA 1986) | 1,506,953 | | | 1,506,953 | | Relates to all revenues |
| Unbilled Revenue Adj. DC Order #10387 | 5,661 | | | 5,661 | | Relates to all revenues |
| NPDES Permits (Net) | 470,708 | 470,708 | | | | The cost of discharge permits for the Company's generating stations are expensed currently for book purposes and are required to be amortized over a 5 year period for tax purposes. Generation related |
| Csp. Construct Period Taxes | 14,701 | | | 14,701 | | Pursuant to IRC Section 189, these taxes are capitalized and amortized over ten years for tax purposes whereas for book purposes, they are deducted currently. Related to all plant. Under the Tax Reform Act of 1986, taxpayers were required to switch from the reserve method for bad debt 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. |
| Bad Debt Reserve Amort | 1,557,101 | | | 1,557,101 | | |
| Bad Debt Expense/Adjustment | 6,344,056 | | | 6,344,056 | | |
| Excess Accrued Vacation Pay | 1,689,961 | | | | 1,689,961 | 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. |
| Connection Fees | (287,959) | (287,959) | | | | 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. |
| Service - Conn Fee Income | 111,364 | 111,364 | | | | 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 |
| Dep - Conn Fee Income | 438,094 | 438,094 | | | | capitalized and depreciated for tax purposes. For book purposes, connection fees are excluded from |
| Mine Closing Costs/Conemaugh Adj | (299,179) | (299,179) | | | | Generation related |
| Const Audit Adj. | (570,820) | | | (570,820) | | This deferred tax balance relate to prior Internal Revenue Service audits of the Company |
| FAS 109 - Deferred Taxes on ITC | 10,920,573 | | | 10,920,573 | | Pursuant to the requirements of FAS 109, Peppo's accumulated deferred taxes must encompass all timing differences regardless of whether the difference is normalized or flow-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 | 41,976,695 | | | 41,976,695 | | Pursuant to the requirements of FAS 109, Peppo's accumulated deferred taxes must encompass all timing differences regardless of whether the difference is normalized or flow-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 - Flowthrough Items | (1,170,337) | | | (1,170,337) | | Pursuant to the requirements of FAS 109, Peppo's accumulated deferred taxes must encompass all timing differences regardless of whether the difference is normalized or flow-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 - Normalization | (2,547,512) | | | (2,547,512) | | Pursuant to the requirements of FAS 109, Peppo's accumulated deferred taxes must encompass all timing differences regardless of whether the difference is normalized or flow-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 - Earnings Effect | (56,918) | | | (56,918) | | differences regardless of whether the difference is normalized or flow-through. These balances primarily |
| Current Portion of Deferred Tax Liability | (1,424,631) | | | (1,424,631) | | Represents the portion of the deferred taxes that have been identified as current. Related to all plant. |
| SMCO Contract Termination/Interest | 1,066,901 | 1,066,901 | | | | For book purposes, the gain was recorded when the termination contract was entered into. For tax purposes, the gain is recognized when the terms of the contract are met. Generation related. |
| Human Resource Initiatives/Gu | 105,835 | 105,835 | | | | Relates to prior IRS audit adjustments. The tax amortization period is longer than the book's which currently expensed these costs. Guide is generation related |
| Customer Sharing | (16,678,521) | (16,678,521) | | | | expensed when the gain on the sale was recorded. For tax purposes, gain to be shared is deducted when paid. Generation related |
| Pension Curtailment | 4,237,288 | 4,237,288 | | | | 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. |
| Transition Costs | 14,288,975 | 14,288,975 | | | | 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. Generation related |
| Severance Payments/Other | 6,886,338 | | | | 6,886,338 | 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 individuals. Affects company personnel across all functions. |
| Empowerment Zone Credit | 507,376 | | | | 507,376 | PHI's consolidated return is in an NOL situation, therefore, Peppo's Empowerment Zone credit is carried forward until such time as PHI is in a taxable income position. Affects company personnel across all functions. |
| PG County Right of Way | 415,274 | | | 415,274 | | Council. Since Maryland counties are prohibited from enacting any tax without the authority of the state |
| DC Consolidated Audit Adjustment | (570,820) | | | (570,820) | | This deferred tax balance relates to a lower DC consolidated rate |
| Mirant Settlement | 15,288,350 | 15,288,350 | | | | Represents a payment from Mirant to Peppo 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. |
| Accrued Retired Executive Compensation | 1,080,146 | | | | 1,080,146 | PHI's consolidated return is in an NOL situation, therefore, Peppo'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. |

| | | | | | | |
|---|-------------|------------|---|-------------|-----------|--|
| Contribution Carryforward | 0 | | | 0 | | 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. |
| Subtotal - p234 | 200,894,324 | 18,509,705 | 0 | 182,534,926 | (150,307) | |
| Less FASB 109 Above if not separately removed | 47,689,870 | | 0 | 47,689,870 | 0 | |
| Less FASB 106 Above if not separately removed | 0 | | 0 | 0 | 0 | |
| Total | 153,196,454 | 18,509,705 | 0 | 134,837,056 | (150,307) | |

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
5. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving
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

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Deferred Income Taxes (ADIT) Worksheet

| ADIT-282 | A | B Total | C Gas, Prod Or Other | D Only Transmission | E Plant | F Labor | G | Justification |
|--|---|---------------|----------------------------|---------------------------|---------------|------------|---|---|
| | | | | | | | | |
| Accelerated Depreciation | | (341,074,143) | | | (341,074,143) | | | computed pursuant to the Internal Revenue Code and the book depreciation associated with all assets. |
| (B)G&E Gain On Sale | | (1,044,571) | (1,044,571) | | | | | Generation related |
| Repair Allowance | | (159,001,880) | | | (159,001,880) | | | Deferred tax represents the difference between tax deductible repairs and book capitalization of repair costs. Affects company personnel across all functions. |
| Repair Allowance Proceeds | | 3,769,122 | | | 3,769,122 | | | previously expensed repair allowance property and is included in taxable income. For book purposes, proceeds are charged to the depreciation reserve. Affects company personnel across all functions. |
| Disc on Bond Redemption | | (1,091,056) | | | (1,091,056) | | | For book purposes, the discount is amortized over the life of the replacement bond issuance. For tax purposes, the discount is deducted currently. Related to all functions. |
| Adj. Tax Gain - TDR's | | (355,833) | | | (355,833) | | | 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. |
| Adj. Tax Gain - FAR's | | (42,505) | | | (42,505) | | | This adjustment reflects the disposition or salvage relating to FARs. 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) | | 3,882,906 | | | 3,882,906 | | | 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. |
| Disp of ACRS Mass Property | | (229,564) | | | (229,564) | | | be currently recognized as taxable income or loss. For book purposes the proceeds from the disposition of |
| Control Center - Depreciation/Amort | | (50,771,479) | | | (50,771,479) | | | See the explanation for Account 190. |
| Removal Cost Adjustment | | (12,374,800) | | | (12,374,800) | | | 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. |
| Removal Cost Adj. - MD | | (5,249,860) | (5,249,860) | | | | | 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. Retail related. |
| Removal Cost Adj. - DC | | (23,357,347) | (23,357,347) | | | | | 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. Retail related. |
| Book Deprec-Reloc Proceeds | | 223,575 | | | 223,575 | | | For book purposes, the relocation proceeds are credited to the book depreciation reserve. For tax purposes relocation proceeds are included in income upon receipt. Related to all plant. |
| Proceeds ACRS Mass Property | | 2,117,040 | | | 2,117,040 | | | For tax purposes, any disposition or salvage relating to post-1980 accelerated cost recovery property must be currently recognized as taxable income or loss. For book purposes the proceeds from the disposition or salvage of post-1980 property is credited to the depreciation reserve. Related to all plant. |
| Disp of ACRS Non Mass Prop | | (671,436) | | | (671,436) | | | be currently recognized as taxable income or loss. For book purposes the proceeds from the disposition of |
| Normalization Adjustment | | 19,547,961 | | | 19,547,961 | | | See the explanation for Account 190 |
| Normalization-MD Case 8162 | | 4,603,431 | | | 4,603,431 | | | See the explanation for Account 191 |
| Capitalized Interest | | 18,064,257 | | | 18,064,257 | | | 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 |
| AFUDC Debt | | (8,827,231) | | | (8,827,231) | | | For book purposes, AFUDC is capitalized and depreciated. For tax purposes, AFUDC is not recognized. Related to all plant. |
| Capitalized Real Estate Taxes | | 45,648 | | | 45,648 | | | 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 | | (10,373,428) | (10,373,428) | | | | | 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) | | 159,737 | | | 159,737 | | | purposes, AFUDC is used. Related to all plant. |
| FAS 109 Earnings Benefit 34/35% | | (376,373) | | | (376,373) | | | See the explanation for Account 190. |
| FAS 109 - Flowthrough Items | | (965,790) | | | (965,790) | | | See the explanation for Account 190. |
| FAS 109 - Normalization | | 24,022,288 | | | 24,022,288 | | | See the explanation for Account 190. |
| FAS 109 - CCRP/AFUDC Equity | | (38,454,742) | | | (38,454,742) | | | See the explanation for Account 190. |
| FAS 109 Earnings Effect - Nonoperating | | 2,428,547 | | | 2,428,547 | | | See the explanation for Account 190. |
| 89 KV Line Amortization | | 180,296 | 180,296 | | | | | 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 | | (159,077,658) | | | (159,077,658) | | | 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 | | 6,161,100 | 6,161,100 | | | | | Energy Use Mgt. assets. Retail related |
| Reduction State Taxes | | 560,848 | | | 560,848 | | | Related to all plant. |
| MD Subtraction (Adj Gain or Loss) | | (478,518) | | | (478,518) | | | the imposition of MD income tax on assets placed in service prior to the commencement of MD income taxes on operating income in 2000. Related to all assets. |
| Spare Parts | | 4,862 | | | 4,862 | | | to be depreciated for tax purposes. Related to all spare parts. |
| DC Consolidated Adjustment | | 2,935,227 | | | 2,935,227 | | | See the explanation for Account 190. |
| Subtotal - p275 (Form 1-F filer: see note 6 below) | | (725,111,371) | (33,683,810) | 0 | (691,427,561) | 0 | | |
| Less FASB 109 Above if not separately removed | | (13,346,070) | | | (13,346,070) | | | |
| Less FASB 106 Above if not separately removed | | 0 | | | 0 | | | |
| Total | | (711,765,301) | (33,683,810) | 0 | (678,081,491) | 0 | | |

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

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Deferred Income Taxes (ADIT) Worksheet

| ADIT-283 | A | B Total | C Gas, Prod Or Other | D Only Transmission | E Plant | F Labor | G | Justification |
|-----------------------------|---|-------------|----------------------------|---------------------------|-------------|------------|---|--|
| | | | | | | | | |
| Capitalized A&G | | (36,194) | | | (36,194) | | | 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 | | (6,617,515) | | | (6,617,515) | | | 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 | | (4,474,295) | | | (4,474,295) | | | but capitalized and depreciated for book purposes. Related to all plant. |
| Doug Pt Term Costs - G E | | (4,777,478) | | | (4,777,478) | | | Deferred taxes related to the termination of Pepco's planned nuclear plant. Generation related. |
| G E Term Costs - Non-Jur | | (312,954) | | | (312,954) | | | Deferred taxes related to the termination of Pepco's planned nuclear plant. Generation related. |
| Plant Abandonment | | 10,793,821 | 10,793,821 | | | | | Deferred taxes related to the termination of Pepco's planned nuclear plant. Generation related. |
| Invol Conv - Denwood Sub | | (24,003) | (24,003) | | | | | For book purposes a loss from an involuntary conversion is deductible. For tax purposes, a loss from an involuntary conversion is deductible only if the converted property is used in a business or for the production of income. Distribution related. |
| Invol Conv - Mid Prop MG016 | | (13,654) | | | (13,654) | | | For book purposes a loss from an involuntary conversion is deductible. For tax purposes, a loss from an involuntary conversion is deductible only if the converted property is used in a business or for the production of income. |
| Invol Conv - Civic Center | | (162,266) | | | (162,266) | | | For book purposes a loss from an involuntary conversion is deductible. For tax purposes, a loss from an involuntary conversion is deductible only if the converted property is used in a business or for the production of income. |

| | | | | | |
|---|---------------|--------------|--|---------------|--|
| D.C. Adjustment | 137,737 | 137,737 | | | This represents the reversal of deferred taxes accrued at 48% that reversed at 46% to DC customers. Retail related. |
| MD Adjustment | 381,342 | 381,342 | | | This represents the reversal of deferred taxes accrued at 48% that reversed at 46% to MD customers. Retail related. |
| Excess Book Over Tax Gain | (47,331) | (47,331) | | | The deferred tax balance reflects the difference between the book gain and tax gain on the disposition/salvage of assets. Related to all assets. |
| FAS 106 OPEB Adjustment | 33,722,182 | | | 33,722,182 | 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. |
| OPEB Adj DC Order #10387 | (39,231) | | | (39,231) | manner in which the DC Commission ordered these costs to be recovered from customers. Retail related. |
| Bk Desc on Pbil Bond Int | 2,678 | 2,678 | | | Generation related. |
| Book Deprec on AFUDC | 12,414 | | | 12,414 | Related to all assets. |
| Envirotech Investment | (28,031) | (28,031) | | | Unregulated business. |
| D.C. Street Lighting | (110,705) | (110,705) | | | The difference between the book gain and tax gain related to the non-operating sale of the DC street lights. Retail related. |
| Exp - Redemp. Pref. Stk | 6,167 | | | 6,167 | The deferred tax balance represents the difference between the book and tax treatment for the redemption of preferred stock. Related to all functions. |
| PSI Cost-Caugh Proj | (82,232) | (82,232) | | | Pumped Hydro (CAUPH) project. These costs are being amortized for book purposes over a different period than for tax purposes. Generation related. |
| Amort Loss on Reacquisition | (18,350,270) | (18,350,270) | | | 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. |
| D.C. Street Lighting Gain | 1,194,215 | 1,194,215 | | | The difference between the book gain and tax gain related to the non-operating sale of the DC street lights. Retail related. |
| Health Care Plans | 1,410,467 | | | 1,410,467 | Payments are deducted when accrued for book purposes and when paid for tax. Affects company personnel across all functions. |
| Control Center - Interest Expense | (57,898,225) | | | (57,898,225) | See the explanation for the control center transaction in Account 190. |
| Loss on Marketable Securities | 235,139 | 235,139 | | | The deferred tax balance reflects the difference between the book gain and tax gain on the disposition/salvage of marketable securities. |
| Ordinary Gains/Losses | 391,827 | | | 391,827 | The difference between the book gain and tax gain on the disposition/salvage of assets. Related to all assets. |
| Capital Gains/Losses-D.C. | 2,709 | | | 2,709 | The difference between the book gain and tax gain on the disposition/salvage of assets. Related to all assets. |
| Legal Fees | 47,842 | | | 47,842 | tax purposes, these costs are capital in nature and are amortized over a 30 year period. Related to all Generation related. |
| Amort of Unit Train Costs | (501) | (501) | | | |
| Dividend Income Not Rec'd/Other Rental Income | (45,193) | (45,193) | | | |
| Normalization Adjust | 4,484,214 | | | 4,484,214 | See the explanation for Account 190 |
| ESOP Deduction over ESOP ITC | (1,914) | | | (1,914) | Affects company personnel across all functions. |
| Other Exp - Non Oper(PC) | 30,748 | 30,748 | | | Unregulated business. |
| Normalization-MD Case 8162 | 3,493,885 | | | 3,493,885 | See the explanation for Account 190 |
| Int Income - Basis Adj | (4,373) | | | (4,373) | Related to all functions. |
| NPDES Permits, 1981-83 | 37,995 | 37,995 | | | purposes and are required to be amortized over a 5 year period for tax purposes. Generation related. |
| Compensation | 23,913,779 | | | 23,913,779 | Deferred employee comp. Related to all functions |
| Contributions | (2,453) | | | (2,453) | Charitable contributions. Related to all functions. |
| SFAS 121 Impairment Loss | 929,405 | 929,405 | | | book purposes. For tax purposes, an asset can not be written down for the loss. Generation related. |
| FAS 109 - Flowthrough Items | 53,642,985 | | | 53,642,985 | See the explanation for Account 190. |
| FAS 109 - Normalization | (675,152) | | | (675,152) | See the explanation for Account 190. |
| FAS 109 - Regulatory Receivable/Liability | (91,488,677) | | | (91,488,677) | See the explanation for Account 190. |
| FAS 109 - Earnings Effect - Nonoperating/Other | (780,156) | (780,156) | | | See the explanation for Account 190. |
| FAS 109 - CCRF Equity | (3,083,053) | (3,083,053) | | | See the explanation for Account 190. |
| CCRF - Operating/DSM 2000 | (1,089,359) | (1,089,359) | | | DSM related. Retail related. |
| CCRF - Common Facility Costs | 161,802 | 161,802 | | | DSM related. Retail related. |
| CCRF Adj DC Order #10387 | 75,742 | 75,742 | | | DSM related. Retail related. |
| Gain/Loss on Disposal of Allowances | 99,877 | 99,877 | | | Generation related. |
| Human Resource Initiatives | 442,353 | | | 442,353 | Payments are deducted when accrued for book purposes and when paid for tax. Affects company personnel across all functions. |
| Severance Pay/Other Comp/Incentive Bonus | (3,265,859) | | | (3,265,859) | 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 individual. Affects company personnel across all functions. |
| Pension Plan Contribution | (56,065,765) | | | (56,065,765) | The company is allowed to deduct for tax purposes all payments made to fund the pension plan in full per ERISA. For book purposes pension plan contributions are governed by FAS 106. This limiting difference |
| VA GRT Adj | (1,674) | (1,674) | | | Retail related. |
| SMECO Contract Termination | (413,040) | (413,040) | | | For book purposes, the gain is recognized when the terms of the contract are met. Generation related. |
| Conservation Costs (DSM) | (4,394,241) | (4,394,241) | | | DSM related. Retail related. |
| Merger Costs - Software | 1,203 | | | 1,203 | Related to BG&E/PEPCO merger. Related to all functions. |
| Gainsharing / '94-'95 IRS Audit Adjustment | (10,705) | | | (10,705) | |
| Amortization-DSM Debt (DC) | 605,473 | 605,473 | | | DSM related. Retail related. |
| Empowerment Zone | (16,887) | | | (16,887) | See the explanation for Account 190. |
| Miscellaneous | (273,849) | (273,849) | | | See the explanation for Account 190. |
| Guide Landfill | (119,811) | (119,811) | | | See the explanation for Account 190. |
| Other Comprehensive Income | 0 | | | 0 | SERPA. Affects company personnel across all functions. |
| DC Consolidated Adjustment | 779,051 | | | 779,051 | See the explanation for Account 190. |
| Subtotal - p277 (Form 1-F filer: see note 6, below) | (117,649,984) | (19,227,907) | | (121,786,977) | 23,346,900 |
| Less FASB 109 Above if not separately removed | (38,520,844) | | | (38,520,844) | |
| Less FASB 106 Above if not separately removed | 33,682,961 | | | | 33,682,961 |
| Total | (112,812,101) | (19,227,907) | | (83,246,133) | (10,338,061) |

Instructions for Account 283:
1. ADT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C.
2. ADT items related only to Transmission are directly assigned to Column D.
3. ADT items related to Plant and not in Columns C & D are included in Column E.
4. ADT 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.113.7.c

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 | 14,526,247 2,034,384 |
| 5 | Total | | 14,526,247 2,034,384 |
| 6 | Total Form No. 1 (p.266 & 267) | Form No. 1 balance | 14,526,247 2,034,384 |
| 7 | Difference /1 | | - - |

Potomac Electric Power 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> |
|--|-----------------------------|-------------------------------------|-----------------------------|
| | | | |
| Plant Related | | Gross Plant Allocator | |
| 1 Transmission Personal Property Tax (directly assigned to Transmission) | \$ 6,485,817 | 100% | \$ 6,485,817 |
| 1a Other Personal Property Tax (excluded) | 26,318,462 | 0% | \$ - |
| 2 Capital Stock Tax | | 15.3326% | \$ - |
| 3 Gross Premium (insurance) Tax | | 15.3326% | \$ - |
| 4 PURTA | | 15.3326% | \$ - |
| 5 Corp License | | 15.3326% | \$ - |
| | | 15.3326% | \$ - |
| Total Plant Related | 32,804,279 | | 6,485,817 |
| | | | |
| Labor Related | | Wages & Salary Allocator | |
| 6 Federal FICA & Unemployment & state unemployment | 11,958,641 | | |
| Total Labor Related | 11,958,641 | 10.3232% | 1,234,516 |
| | | | |
| Other Included | | Gross Plant Allocator | |
| 7 Miscellaneous | 0 | | |
| Total Other Included | 0 | 15.3326% | 0 |
| Total Included | | | 7,720,334 |
| | | | |
| Currently Excluded | | | |
| 8 Franchise | 84,000 | | |
| 9 kWhTax - State Gross Receipt (Excise Tax) | 108,608,081 | | |
| 10 Electric environmental surcharge | 2,180,000 | | |
| 11 Universal service fee | 7,524,412 | | |
| 12 Montgomery County Fuel | 84,265,821 | | |
| 13 PSC assessment | 8,512,911 | | |
| 14 Real property (State, Municipal or Local) | 3,747,791 | | |
| 15 DC Right of Way | 17,643,499 | | |
| 16 Use & Sales Tax | 1,752,821 | | |
| 17 FHUT | 18,286 | | |
| 18 DC Ballpark | 16,500 | | |
| 19 DC Reliable Energy Trust Fund | 7,305,100 | | |
| 20 Misc. Other | 0 | | |
| 21 Total "Other" Taxes (included on p. 263) | 286,422,142 | | |
| 22 Total "Taxes Other Than Income Taxes" - acct 408.10 (p. 114.14) | 286,422,142 | | |
| 23 Difference | - | | |

Criteria for Allocation:

- A Other taxes that are incurred through ownership of plant including transmission plant will be allocated based on the Gross Plant Allocator. If the taxes are 100% recovered at retail they will not be included
- B Other taxes that are incurred through ownership of only general or intangible plant will be allocated based on the Wages and Salary Allocator. If the taxes are 100% recovered at retail they will not be included
- C Other taxes that are assessed based on labor will be allocated based on the Wages and Salary Allocator
- D Other taxes except as provided for in A, B and C above, that are incurred and (1) are not fully recovered at retail or (2) are directly or indirectly related to transmission service will be allocated based on the Gross Plant Allocator; provided, however, that 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, 2006

| <u>Assesable Plant</u> | <u>Maryland</u> |
|------------------------|-------------------------|
| Transmission | \$ 501,064,016 |
| Distribution | \$ 1,840,040,565 |
| General | \$ 160,974,191 |
| Total T,D&Genl | <u>\$ 2,502,078,772</u> |

| <u>Plant ratios by Jurisdiction</u> | |
|-------------------------------------|-------------------|
| Transmission Ratio | 0.20025909 |
| Distribution ratio | 0.73540473 |
| General Ratio | <u>0.06433618</u> |
| | 1.00000000 |

| | |
|------------------------------|----------------------|
| <u>Property Taxes</u> | \$ 31,347,496 |
| Transmission Property Tax | \$ 6,277,621 |
| Distribution Property tax | \$ 23,053,097 |
| General Property Tax | <u>\$ 2,016,778</u> |
| Total check | <u>\$ 31,347,496</u> |

| <u>Allocation of General to Transmission</u> | |
|---|--------------|
| General Property Tax | \$ 2,016,778 |
| Trans Labor Ratio | 0.103232163 |
| Trans General | 208,196 |

| <u>Total Transmission Property Taxes</u> | |
|---|---------------------|
| Transmission | \$ 6,277,621 |
| General | <u>\$ 208,196</u> |
| Total Transmission Property Taxes | <u>\$ 6,485,817</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) | | 8,160,227 |
| 2 Total Rent Revenues | (Sum Lines 1) | 8,160,227 |
| Account 456 - Other Electric Revenues (Note 1) | | |
| 3 Schedule 1A | | \$ 600,860 |
| 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) | | 1,342,434 |
| 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) | 10,103,521 |
| 12 Less line 17g | | (5,721,645) |
| 13 Total Revenue Credits | | 4,381,876 |
| | | |
| <u>Revenue Adjustment to determine Revenue Credit</u> | | |
| 14 | Note 1: All revenues related to transmission that are received as a transmission owner (i.e., not received as a LSE), for which the cost of the service is recovered under this formula, except as specifically provided for elsewhere in this Attachment or elsewhere in the formula will be included as a revenue credit or included in the peak on line 173 of Appendix A. | |
| 15 | Note 2: If the costs associated with the Directly Assigned Transmission Facility Charges are included in the Rates, the associated revenues are included in the Rates. If the costs associated with the Directly Assigned Transmission Facility Charges are not included in the Rates, the associated revenues are not included in the Rates. | |
| 16 | Note 3: Ratemaking treatment for the following specified secondary uses of transmission assets: (1) right-of-way leases and leases for space on transmission facilities for telecommunications; (2) transmission tower licenses for wireless antennas; (3) right-of-way property leases for farming, grazing or nurseries; (4) licenses of intellectual property (including a portable oil degasification process and scheduling software); and (5) transmission maintenance and consulting services (including energized circuit maintenance, high-voltage substation maintenance, safety training, transformer oil testing, and circuit breaker testing) to other utilities and large customers (collectively, products). Company will retain 50% of net revenues consistent with Pacific Gas and Electric Company, 90 FERC ¶ 61,314. Note: in order to use lines 17a - 17g, the utility must track in separate subaccounts the revenues and costs associated with each secondary use (except for the cost of the associated income taxes). | |
| 17a | Revenues included in lines 1-11 which are subject to 50/50 sharing. | 8,160,227 |
| 17b | Costs associated with revenues in line 17a | 3,283,063 |
| 17c | Net Revenues (17a - 17b) | 4,877,164 |
| 17d | 50% Share of Net Revenues (17c / 2) | 2,438,582 |
| 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) | 2,438,582 |
| 17g | Line 17f less line 17a | (5,721,645) |
| 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. | 6,471,437 |
| 19 | Amount offset in line 4 above | 67,072,550 |
| 20 | Total Account 454 and 456 | 83,647,508 |

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) | 42,197,150 |
| B | 100 Basis Point increase in ROE | | 1.00% |

Return Calculation

| | | | | |
|-----|--|------------------------------|---------------------------------|---------------|
| 59 | Rate Base | | (Line 39 + 58) | 335,267,071 |
| | Long Term Interest | | | |
| 100 | Long Term Interest | | p117.62c through 67c | 73,798,066 |
| 101 | Less LTD Interest on Securitization E(Note P) | | Attachment 8 | 0 |
| 102 | Long Term Interest | | "(Line 100 - line 101)" | 73,798,066 |
| 103 | Preferred Dividends | enter positive | p118.29c | 211,249 |
| | Common Stock | | | |
| 104 | Proprietary Capital | | p112.16c | 1,091,193,733 |
| 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) | 1,089,547,366 |
| | Capitalization | | | |
| 108 | Long Term Debt | | p112.18c through 22c | 1,201,800,000 |
| 109 | Less Loss on Reacquired Debt | enter negative | p111.81c | -42,722,893 |
| 110 | Plus Gain on Reacquired Debt | enter positive | p113.61c | 0 |
| 111 | Less ADIT associated with Gain or Loss | enter negative | Attachment 1 | 18,350,270 |
| 112 | Less LTD on Securitization Bonds | enter negative | Attachment 8 | 0 |
| 113 | Total Long Term Debt | | (Sum Lines 108 to 112) | 1,177,427,377 |
| 114 | Preferred Stock | | p112.3c | 0 |
| 115 | Common Stock | | (Line 107) | 1,089,547,366 |
| 116 | Total Capitalization | | (Sum Lines 113 to 115) | 2,266,974,743 |
| 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) | 0.0627 |
| 121 | Preferred Cost | Preferred Stock | (Line 103 / 114) | 0.0000 |
| 122 | Common Cost | Common Stock | Appendix A % plus 100 Basis Pts | 0.1180 |
| 123 | Weighted Cost of Debt | Total Long Term Debt (WCLTD) | (Line 117 * 120) | 0.0326 |
| 124 | Weighted Cost of Preferred | Preferred Stock | (Line 118 * 121) | 0.0000 |
| 125 | Weighted Cost of Common | Common Stock | (Line 119 * 122) | 0.0567 |
| 126 | Total Return (R) | | (Sum Lines 123 to 125) | 0.0893 |
| 127 | Investment Return = Rate Base * Rate of Return | | (Line 59 * 126) | 29,928,082 |

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 | (2,034,384) |
| 134 | T/(1-T) | | (Line 132) | 67% |
| 135 | Net Plant Allocation Factor | | (Line 18) | 15.5758% |
| 136 | ITC Adjustment Allocated to Transmission | (Note I from Appendix A) | (Line 133 * (1 + 134) * 135) | -530,174 |
| 137 | Income Tax Component = | $CIT=(T/1-T) * Investment\ Return * (1-(WCLTD/R)) =$ | | 12,799,243 |
| 138 | Total Income Taxes | | | 12,269,068 |

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 | \$ 62,795,741 | 62,795,741 | 0 | Respondent is Electric Utility only. |
| 11 | Accumulated Common Amortization - Electric | (Note A) | p356 | 0 | 0 | 0 | |
| 12 | Accumulated Common Plant Depreciation - Electric | (Note A) | p356 | 0 | 0 | 0 | |
| Plant In Service | | | | | | | |
| 24 | Common Plant (Electric Only) | (Notes A & B) | p356 | 0 | 0 | 0 | |
| Accumulated Deferred Income Taxes | | | | | | | |
| 41 | Accumulated Investment Tax Credit Account No. 255 | (Notes A & I) | p266.h | 14,526,247 | 0 | 0 | Respondent is Electric Utility only. |
| Materials and Supplies | | | | | | | |
| 47 | Undistributed Stores Exp | (Note A) | p227.6c & 16.c | \$ 3,630,910 | 3,630,910 | 0 | Respondent is Electric Utility only. |
| Allocated General & Common Expenses | | | | | | | |
| 65 | Plus Transmission Lease Payments | (Note A) | p200.4.c | | | | |
| 67 | Common Plant O&M | (Note A) | p356 | 0 | 0 | 0 | |
| Depreciation Expense | | | | | | | |
| 88 | Intangible Amortization | (Note A) | p336.1d&e | \$ 9,299,324 | 9,299,324 | 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 | 986,410 | 0 | 986,410 | 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 | \$ 4,747,808,810 | 0 | 0 | See Form 1 |
| Plant In Service | | | | | | | |
| 19 | Transmission Plant In Service | (Note B) | p207.58.g | \$ 646,721,613 | 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 | 302,623,672 | 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 | 98072 | 63782 | | 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 | \$ 308,203 | 0 | 308,203 | See FERC Form 1 pages 350-351. |
| 77 | Directly Assigned A&G Regulatory Commission Exp Account 928 | (Note G) | p323.189b | 308,203 | 0 | 308,203 | 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 | 139,268 | - | 139,268 | None |

MultiState Workpaper

| Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions | | | | State 1 | State 2 | State 3 | State 4 | State 5 | Details |
|--|--|----------|---|-------------------|--------------|------------------------|------------------------|------------------------|---|
| 129 | Income Tax Rates SIT=State Income Tax Rate or Composite | (Note I) | 0 | Maryland 7.00% | DC 9.975% | Enter State Enter % | Enter State Enter % | Enter State Enter % | Enter Calculation Apportioned: MD 3.65%, DC 4.4% |

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 | 139,268 | 0 | 139,268 | 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 |
|--|--|--|--|------------|------------|----------------------|---------|
| | | | | Enter \$ | | Amount | |
| 44 | Transmission Related Account 242 Reserves (exclude current year environmental site related reserves) | | | - | 100% | - | |
| | Directly Assignable to Transmission | | | | | | |
| | Labor Related, General plant related or Common Plant related | | | 38,918,152 | 10.32% | 4,017,605 | |
| | Plant Related | | | 1,257,933 | 15.33% | 192,874 | |
| | Other | | | | 0.00% | - | |
| | Total Transmission Related Reserves | | | 40,176,085 | | 4,210,479 | |

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 | | 10.323% | | | | |
| | Pension Liabilities, if any, in Account 242 | - | 10.323% | - | | | |
| | Prepayments | \$ 76,320,298 | 10.323% | 7,878,709 | | | |
| | Prepaid Pensions if not included in Prepayments | \$ 160,072,085 | 10.323% | 16,524,588 | | | |
| | | 236,392,383 | 10.32% | 24,403,297 | | | |

Outstanding Network Credits Cost Support

| Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions | | | | Outstanding Network Credits | Description of the Credits |
|--|---|----------|----------|-----------------------------|------------------------------------|
| | | | | Enter \$ | |
| 55 | Network Credits | | | 0 | General Description of the Credits |
| | Outstanding Network Credits | (Note N) | From PJM | | None |
| 56 | Less Accumulated Depreciation Associated with Facilities with Outstanding Network Credits | (Note N) | From PJM | 0 | 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 | 6,947 | 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 |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Energy Delivery Services | 11,438,051 | 8,712,543 | 11,271,801 | 1,172,663 | 32,595,058 |
| Procurement & Supply Services | 587,950 | 405,619 | 798,846 | 291,518 | 2,083,933 |
| Facilities Services | 612,773 | 560,952 | 346,768 | 653,611 | 2,174,104 |
| Real Estate Services | 61,889 | 62,278 | - | 41,929 | 166,097 |
| Security Services | 366,207 | 287,093 | 648,345 | 132,734 | 1,434,380 |
| Controller | 401,003 | 433,324 | 851,241 | 473,148 | 2,158,716 |
| General Accounting Services | 1,031,581 | 983,639 | 1,648,874 | 1,116,661 | 4,780,756 |
| Accounts Payable Services | 494,979 | 452,946 | 758,080 | 156,343 | 1,862,349 |
| Asset Management | 202,158 | 167,290 | 708,262 | 212,571 | 1,290,280 |
| Risk Management | 295,381 | 339,945 | 783,208 | 531,989 | 1,950,524 |
| Insurance & Claims | 2,533,915 | 2,179,697 | 4,929,844 | 3,835,453 | 13,478,909 |
| External Reporting | 805,341 | 829,913 | 1,839,183 | 1,110,933 | 4,585,370 |
| Corporate Planning | 486,926 | 498,382 | 878,169 | 808,261 | 2,671,738 |
| Regulatory Affairs | 2,823,894 | 1,665,307 | 3,715,939 | - | 8,205,140 |
| Treasury Services | (322,364) | (78,744) | (40,719) | 80,872 | (360,955) |
| Tax Services | 387,054 | 444,063 | 135,537 | 534,011 | 1,500,665 |
| Investor Relations | 387,463 | 441,411 | 1,017,505 | 667,034 | 2,513,413 |
| Human Resource Services | 1,905,901 | 1,289,212 | 2,576,080 | 908,871 | 6,680,064 |
| Compensation & Benefits | 161,779 | 221,238 | 482,763 | 364,716 | 1,230,496 |
| Employee Relations | - | - | - | - | - |
| Payroll Services | 414,778 | 266,323 | 264,030 | 72,038 | 1,017,169 |
| Legal Services | 2,902,218 | 1,784,265 | 5,548,127 | 1,545,234 | 11,779,844 |
| Corporate Secretary Services | 484,473 | 550,120 | 1,268,063 | 829,863 | 3,132,518 |
| Internal Audit | 590,819 | 607,496 | 865,209 | 807,552 | 2,871,075 |
| Marketing Services | 765,365 | 1,354,633 | 2,313,325 | 51,903 | 4,485,226 |
| IS Management & Administration | - | - | - | - | - |
| Desktop/Network Support | 98,923 | 69,556 | 295,520 | - | 463,998 |
| Operations Management | 322,346 | 241,875 | 404,195 | 153,946 | 1,122,362 |
| Information Strategy | 287,226 | 237,945 | 562,447 | - | 1,087,618 |
| Communications Services | 587,899 | 639,378 | 1,069,099 | 855,875 | 3,152,251 |
| Government Relations | 284,710 | 281,811 | 885,936 | 428,751 | 1,881,209 |
| Environmental & Safety | 994,664 | 715,074 | 1,557,288 | 508,900 | 3,775,927 |
| Executive Management | 2,052,737 | 1,707,076 | 4,106,096 | 6,967,624 | 14,833,532 |
| Total | 34,448,039 | 28,351,663 | 52,489,061 | 25,315,003 | 140,603,766 |

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

1 April Year 2 TO populates the formula with Year 1 data from FERC Form 1 data for Year 1 (e.g., 2004)
 \$ 81,045,531 Rev Req based on Year 1 data Must run Appendix A to get this number (without any cap adds in line 21 of Appendix A)

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

| | Est. In Service Date | Weighting | Amount | One 12th |
|---|----------------------|-----------|------------|-----------|
| Jan | | 11.5 | - | - |
| Feb | | 10.5 | - | - |
| Mar | | 9.5 | - | - |
| Apr | | 8.5 | - | - |
| May | | 7.5 | - | - |
| Jun | 3,500,000 | 6.5 | 22,750,000 | 1,895,833 |
| Jul | | 5.5 | - | - |
| Aug | | 4.5 | - | - |
| Sep | | 3.5 | - | - |
| Oct | | 2.5 | - | - |
| Nov | | 1.5 | - | - |
| Dec | 2,500,000 | 0.5 | 1,250,000 | 104,167 |
| Total | 6,000,000 | | 24,000,000 | 2,000,000 |
| New Transmission Plant Additions for Year 2 (weighted by months in service) | | | | 2,000,000 |

3 April Year 2 TO adds weighted Cap Adds to plant in service in Formula
 \$ 2,000,000 Input to Formula Line 21

4 May Year 2 Post results of Step 3 on PJM web site
 \$ 81,251,530 Must run Appendix A to get this number (with prospective weighted cap adds in line 21)

5 June Year 2 Results of Step 3 go into effect for the Rate Year 1 (e.g., June 1, 2005 - May 31, 2006)
 \$ 81,251,530

6 April Year 3 TO populates the formula with Year 2 data from FERC Form 1 for Year 2 (e.g., 2005)
 \$ 87,179,393 Rev Req based on Prior Year data Must run Appendix A to get this number (without any cap adds in line 21 of Appendix A)

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

| | Est. In Service Date | Weighting | Amount | One 12th |
|-------|----------------------|-----------|-------------|------------|
| Jan | | 11.5 | - | - |
| Feb | | 10.5 | - | - |
| Mar | | 9.5 | - | - |
| Apr | | 8.5 | - | - |
| May | | 7.5 | - | - |
| Jun | 82,719,055 | 6.5 | 537,673,858 | 44,806,155 |
| Jul | | 5.5 | - | - |
| Aug | | 4.5 | - | - |
| Sep | | 3.5 | - | - |
| Oct | | 2.5 | - | - |
| Nov | | 1.5 | - | - |
| Dec | | 0.5 | - | - |
| Total | 82,719,055 | | 537,673,858 | 44,806,155 |

New Transmission Plant Additions for Year 3 (weighted by months in service) 44,806,155 Input to Formula Line 21
 91783339.82

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

Remove all Cap Adds placed in service in Year 2
 For Reconciliation only - remove actual New Transmission Plant Additions for Year 2 \$ 8,556,975 Input to Formula Line 20

Add weighted Cap Adds actually placed in service in Year 2

| | Actual In Service Date | Weighting | Amount | One 12th |
|-------|------------------------|-----------|------------|-----------|
| Jan | 194,240 | 11.5 | 2,233,760 | 186,147 |
| Feb | - | 10.5 | - | - |
| Mar | 719,691 | 9.5 | 6,837,065 | 569,755 |
| Apr | 120,046 | 8.5 | 1,020,391 | 85,033 |
| May | 571,524 | 7.5 | 4,286,430 | 357,203 |
| Jun | 148,406 | 6.5 | 964,639 | 80,387 |
| Jul | 49,206 | 5.5 | 270,633 | 22,553 |
| Aug | - | 4.5 | - | - |
| Sep | 5,778,182 | 3.5 | 20,223,637 | 1,685,303 |
| Oct | 111,226 | 2.5 | 278,065 | 23,172 |
| Nov | 847,419 | 1.5 | 1,271,129 | 105,927 |
| Dec | 17,035 | 0.5 | 8,518 | 710 |
| Total | 8,556,975 | | 37,394,266 | 3,116,189 |

New Transmission Plant Additions for Year 2 (weighted by months in service) 3,116,189 Input to Formula Line 21

86,620,338.50 Result of Formula for Reconciliation Must run Appendix A with cap adds in line 21 & line 20
 (Year 2 data with total of Year 2 Cap Adds removed and monthly weighted average of Year 2 actual Cap Adds added in)

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

| | | | |
|------------------------------|----------------------------|---|-------------|
| The Reconciliation in Step 8 | The forecast in Prior Year | = | |
| 86,620,338 | 87,877,498 | | (1,257,160) |

Interest on Amount of Refunds or Surcharges

Interest rate pursuant to 35.19a for March o 0.7000%

| Month | Yr | 1/12 of Step 9 | Interest rate for March of the Current Yr | Months | Interest | Surcharge (Refund) Owed |
|-------|--------|----------------|--|--------|----------|-------------------------|
| Jun | Year 1 | (104,763) | 0.7000% | 11.5 | (8,433) | (113,197) |
| Jul | Year 1 | (104,763) | 0.7000% | 10.5 | (7,700) | (112,463) |
| Aug | Year 1 | (104,763) | 0.7000% | 9.5 | (6,967) | (111,730) |
| Sep | Year 1 | (104,763) | 0.7000% | 8.5 | (6,233) | (110,997) |
| Oct | Year 1 | (104,763) | 0.7000% | 7.5 | (5,500) | (110,263) |
| Nov | Year 1 | (104,763) | 0.7000% | 6.5 | (4,767) | (109,530) |
| Dec | Year 1 | (104,763) | 0.7000% | 5.5 | (4,033) | (108,797) |
| Jan | Year 2 | (104,763) | 0.7000% | 4.5 | (3,300) | (108,063) |
| Feb | Year 2 | (104,763) | 0.7000% | 3.5 | (2,567) | (107,330) |
| Mar | Year 2 | (104,763) | 0.7000% | 2.5 | (1,833) | (106,597) |
| Apr | Year 2 | (104,763) | 0.7000% | 1.5 | (1,100) | (105,863) |
| May | Year 2 | (104,763) | 0.7000% | 0.5 | (367) | (105,130) |
| Total | | (1,257,160) | | | | (1,309,960) |

| | | Balance | Interest rate from above | Amortization over Rate Year | Balance |
|---------------------|--------|-------------|--------------------------|--------------------------------|-------------|
| Jun | Year 2 | (1,309,960) | 0.7000% | (114,194) | (1,204,936) |
| Jul | Year 2 | (1,204,936) | 0.7000% | (114,194) | (1,099,177) |
| Aug | Year 2 | (1,099,177) | 0.7000% | (114,194) | (992,677) |
| Sep | Year 2 | (992,677) | 0.7000% | (114,194) | (885,432) |
| Oct | Year 2 | (885,432) | 0.7000% | (114,194) | (777,437) |
| Nov | Year 2 | (777,437) | 0.7000% | (114,194) | (668,685) |
| Dec | Year 2 | (668,685) | 0.7000% | (114,194) | (559,172) |
| Jan | Year 3 | (559,172) | 0.7000% | (114,194) | (448,892) |
| Feb | Year 3 | (448,892) | 0.7000% | (114,194) | (337,841) |
| Mar | Year 3 | (337,841) | 0.7000% | (114,194) | (226,012) |
| Apr | Year 3 | (226,012) | 0.7000% | (114,194) | (113,400) |
| May | Year 3 | (113,400) | 0.7000% | (114,194) | 0 |
| Total with interest | | | | (1,370,326) | |

| | |
|--|---------------|
| The difference between the Reconciliation in Step 8 and the forecast in Prior Year with interest | (1,370,326) |
| Rev Req based on Year 2 data with estimated Cap Adds for Year 3 | \$ 91,783,340 |
| Revenue Requirement for Year 3 | 90,413,014 |

10 May Year 3 Post results of Step 9 on PJM web site
\$ 90,413,014 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)
\$ 90,413,014

Potomac Electric Power Company

Attachment 7 - Transmission Enhancement Charge Worksheet

New Plant Carrying Charge

Fixed Charge Rate (FCR) if not a CIAC

| Formula Line | | | |
|--------------|-----|---|----------|
| A | 160 | Net Plant Carrying Charge without Depreciation | 22.6433% |
| B | 167 | Net Plant Carrying Charge per 100 Basis Point in ROE without Depreciation | 23.4268% |
| C | | Line B less Line A | 0.7835% |

FCR if a CIAC

| | | | |
|---|-----|--|----------|
| D | 161 | Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes | 11.1637% |
|---|-----|--|----------|

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 settlement in ER05-515, ROE is determined initially to be 10.80% on facilities in service prior to 1-1-06 and 11.30% on facilities in service on or after 1-1-06.

| Details | | Project A | | | | Project B | | | | Project C | | | | | | |
|---------------------------------|---|-------------|---|-----------|---------|-------------|--------------|-----------|---------|-------------|--------------|------------|------------|----------------|-------------------|----------------|
| Schedule 12 | (Yes or No) | No | | | | No | | | | No | | | | | | |
| Life | | 35 | | | | 35 | | | | 35 | | | | | | |
| CIAC | (Yes or No) | No | | | | No | | | | No | | | | | | |
| Increased ROE (Basis Points) | | 50 | | | | 50 | | | | 50 | | | | | | |
| FCR W 10.8% ROE | | 0.212174204 | | | | 0.212174204 | | | | 0.226432755 | | | | | | |
| | (FCR w/ 10.8% ROE + FCR w/ 10.8% ROE x Increased ROE/100) | | | | | | | | | | | | | | | |
| FCR for This Project Investment | | 0.215553362 | | | | 0.215553362 | | | | 0.230350293 | | | | | | |
| Annual Depreciation Exp | | 3,500,000 | may be weighted average of small projects | | | 2,500,000 | | | | 82,719,055 | | | | | | |
| In Service Month (1-12) | | 100,000 | | | | 71,429 | | | | 2,363,402 | | | | | | |
| | | 6 | | | | 12 | | | | 6 | | | | | | |
| W 10.8 % ROE | Invest Yr | Beginning | Depreciation | Ending | Revenue | Beginning | Depreciation | Ending | Revenue | Beginning | Depreciation | Ending | Revenue | Total | Incentive Charged | Revenue Credit |
| W Increased ROE | 2006 | 3,500,000 | 50,000 | 3,450,000 | 477,001 | 2,500,000 | - | 2,500,000 | 44,203 | | | | | \$ 521,204 | | \$ 521,204 |
| W 10.8 % ROE | 2006 | 3,500,000 | 50,000 | 3,450,000 | 483,801 | 2,500,000 | - | 2,500,000 | 44,907 | | | | | \$ 528,708 | \$ 528,708 | |
| W Increased ROE | 2007 | 3,450,000 | 100,000 | 3,350,000 | 810,784 | 2,500,000 | 71,429 | 2,428,571 | 586,709 | 82,719,055 | 1,181,701 | 81,537,354 | 19,644,429 | \$ 21,041,921 | | \$ 21,041,921 |
| W Increased ROE | 2007 | 3,450,000 | 100,000 | 3,350,000 | 822,104 | 2,500,000 | 71,429 | 2,428,571 | 594,915 | 82,719,055 | 1,181,701 | 81,537,354 | 19,663,854 | \$ 21,380,873 | \$ 21,380,873 | |
| W 10.8 % ROE | 2008 | 3,350,000 | 100,000 | 3,250,000 | 789,566 | 2,428,571 | 71,429 | 2,357,143 | 571,553 | 81,537,354 | 2,363,402 | 79,173,953 | 20,290,978 | \$ 21,652,097 | | \$ 21,652,097 |
| W Increased ROE | 2008 | 3,350,000 | 100,000 | 3,250,000 | 800,548 | 2,428,571 | 71,429 | 2,357,143 | 579,519 | 81,537,354 | 2,363,402 | 79,173,953 | 20,601,145 | \$ 21,981,212 | \$ 21,981,212 | |
| W 10.8 % ROE | 2009 | 3,250,000 | 100,000 | 3,150,000 | 768,349 | 2,357,143 | 71,429 | 2,285,714 | 556,398 | 79,173,953 | 2,363,402 | 76,810,551 | 19,755,826 | \$ 21,080,573 | | \$ 21,080,573 |
| W Increased ROE | 2009 | 3,250,000 | 100,000 | 3,150,000 | 778,993 | 2,357,143 | 71,429 | 2,285,714 | 564,122 | 79,173,953 | 2,363,402 | 76,810,551 | 20,056,734 | \$ 21,399,850 | \$ 21,399,850 | |
| W 10.8 % ROE | 2010 | 3,150,000 | 100,000 | 3,050,000 | 747,131 | 2,285,714 | 71,429 | 2,214,286 | 541,243 | 76,810,551 | 2,363,402 | 74,447,150 | 19,220,675 | \$ 20,509,049 | | \$ 20,509,049 |
| W Increased ROE | 2010 | 3,150,000 | 100,000 | 3,050,000 | 757,438 | 2,285,714 | 71,429 | 2,214,286 | 548,725 | 76,810,551 | 2,363,402 | 74,447,150 | 19,512,324 | \$ 20,818,487 | \$ 20,818,487 | |
| W 10.8 % ROE | 2011 | 3,050,000 | 100,000 | 2,950,000 | 725,914 | 2,214,286 | 71,429 | 2,142,857 | 526,088 | 74,447,150 | 2,363,402 | 72,083,748 | 18,685,523 | \$ 19,937,525 | | \$ 19,937,525 |
| W Increased ROE | 2011 | 3,050,000 | 100,000 | 2,950,000 | 735,882 | 2,214,286 | 71,429 | 2,142,857 | 533,329 | 74,447,150 | 2,363,402 | 72,083,748 | 18,967,914 | \$ 20,237,125 | \$ 20,237,125 | |
| W 10.8 % ROE | 2012 | 2,950,000 | 100,000 | 2,850,000 | 704,696 | 2,142,857 | 71,429 | 2,071,429 | 510,932 | 72,083,748 | 2,363,402 | 69,720,346 | 18,150,372 | \$ 19,366,000 | | \$ 19,366,000 |
| W Increased ROE | 2012 | 2,950,000 | 100,000 | 2,850,000 | 714,327 | 2,142,857 | 71,429 | 2,071,429 | 517,932 | 72,083,748 | 2,363,402 | 69,720,346 | 18,423,504 | \$ 19,655,763 | \$ 19,655,763 | |
| W 10.8 % ROE | 2013 | 2,850,000 | 100,000 | 2,750,000 | 683,479 | 2,071,429 | 71,429 | 2,000,000 | 495,777 | 69,720,346 | 2,363,402 | 67,356,945 | 17,615,220 | \$ 18,794,476 | | \$ 18,794,476 |
| W Increased ROE | 2013 | 2,850,000 | 100,000 | 2,750,000 | 692,772 | 2,071,429 | 71,429 | 2,000,000 | 502,535 | 69,720,346 | 2,363,402 | 67,356,945 | 17,879,094 | \$ 19,074,401 | \$ 19,074,401 | |
| W 10.8 % ROE | 2014 | 2,750,000 | 100,000 | 2,650,000 | 662,262 | 2,000,000 | 71,429 | 1,928,571 | 480,622 | 67,356,945 | 2,363,402 | 64,993,543 | 17,080,069 | \$ 18,222,952 | | \$ 18,222,952 |
| W Increased ROE | 2014 | 2,750,000 | 100,000 | 2,650,000 | 671,216 | 2,000,000 | 71,429 | 1,928,571 | 487,139 | 67,356,945 | 2,363,402 | 64,993,543 | 17,334,683 | \$ 18,493,038 | \$ 18,493,038 | |
| W 10.8 % ROE | 2015 | 2,650,000 | 100,000 | 2,550,000 | 641,044 | 1,928,571 | 71,429 | 1,857,143 | 465,466 | 64,993,543 | 2,363,402 | 62,630,142 | 16,544,917 | \$ 17,651,428 | | \$ 17,651,428 |
| W Increased ROE | 2015 | 2,650,000 | 100,000 | 2,550,000 | 649,661 | 1,928,571 | 71,429 | 1,857,143 | 471,742 | 64,993,543 | 2,363,402 | 62,630,142 | 16,790,273 | \$ 17,911,676 | \$ 17,911,676 | |
| W 10.8 % ROE | 2016 | 2,550,000 | 100,000 | 2,450,000 | 619,827 | 1,857,143 | 71,429 | 1,785,714 | 450,311 | 62,630,142 | 2,363,402 | 60,266,740 | 16,009,766 | \$ 17,079,903 | | \$ 17,079,903 |
| W Increased ROE | 2016 | 2,550,000 | 100,000 | 2,450,000 | 628,106 | 1,857,143 | 71,429 | 1,785,714 | 456,345 | 62,630,142 | 2,363,402 | 60,266,740 | 16,245,863 | \$ 17,330,314 | \$ 17,330,314 | |
| W 10.8 % ROE | 2017 | 2,450,000 | 100,000 | 2,350,000 | 598,609 | 1,785,714 | 71,429 | 1,714,286 | 435,156 | 60,266,740 | 2,363,402 | 57,903,339 | 15,474,614 | \$ 16,508,379 | | \$ 16,508,379 |
| W Increased ROE | 2017 | 2,450,000 | 100,000 | 2,350,000 | 606,550 | 1,785,714 | 71,429 | 1,714,286 | 440,949 | 60,266,740 | 2,363,402 | 57,903,339 | 15,701,453 | \$ 16,748,952 | \$ 16,748,952 | |
| W 10.8 % ROE | 2018 | 2,350,000 | 100,000 | 2,250,000 | 577,392 | 1,714,286 | 71,429 | 1,642,857 | 420,000 | 57,903,339 | 2,363,402 | 55,539,937 | 14,939,463 | \$ 15,936,855 | | \$ 15,936,855 |
| W Increased ROE | 2018 | 2,350,000 | 100,000 | 2,250,000 | 584,995 | 1,714,286 | 71,429 | 1,642,857 | 425,552 | 57,903,339 | 2,363,402 | 55,539,937 | 15,157,042 | \$ 16,167,589 | \$ 16,167,589 | |
| W 10.8 % ROE | 2019 | 2,250,000 | 100,000 | 2,150,000 | 556,175 | 1,642,857 | 71,429 | 1,571,429 | 404,845 | 55,539,937 | 2,363,402 | 53,176,535 | 14,404,311 | \$ 15,365,331 | | \$ 15,365,331 |
| W Increased ROE | 2019 | 2,250,000 | 100,000 | 2,150,000 | 563,440 | 1,642,857 | 71,429 | 1,571,429 | 410,155 | 55,539,937 | 2,363,402 | 53,176,535 | 14,612,632 | \$ 15,586,227 | \$ 15,586,227 | |
| W 10.8 % ROE | 2020 | 2,150,000 | 100,000 | 2,050,000 | 534,957 | 1,571,429 | 71,429 | 1,500,000 | 389,690 | 53,176,535 | 2,363,402 | 50,813,134 | 13,869,159 | \$ 14,793,806 | | \$ 14,793,806 |
| W Increased ROE | 2020 | 2,150,000 | 100,000 | 2,050,000 | 541,884 | 1,571,429 | 71,429 | 1,500,000 | 394,759 | 53,176,535 | 2,363,402 | 50,813,134 | 14,068,222 | \$ 15,004,865 | \$ 15,004,865 | |
| W 10.8 % ROE | 2021 | 2,050,000 | 100,000 | 1,950,000 | 513,740 | 1,500,000 | 71,429 | 1,428,571 | 374,535 | 50,813,134 | 2,363,402 | 48,449,732 | 13,334,008 | \$ 14,222,282 | | \$ 14,222,282 |
| W Increased ROE | 2021 | 2,050,000 | 100,000 | 1,950,000 | 520,329 | 1,500,000 | 71,429 | 1,428,571 | 379,362 | 50,813,134 | 2,363,402 | 48,449,732 | 13,523,812 | \$ 14,423,503 | \$ 14,423,503 | |
| W 10.8 % ROE | 2022 | 1,950,000 | 100,000 | 1,850,000 | 492,522 | 1,428,571 | 71,429 | 1,357,143 | 359,379 | 48,449,732 | 2,363,402 | 46,086,331 | 12,798,856 | \$ 13,650,758 | | \$ 13,650,758 |
| W Increased ROE | 2022 | 1,950,000 | 100,000 | 1,850,000 | 498,774 | 1,428,571 | 71,429 | 1,357,143 | 363,965 | 48,449,732 | 2,363,402 | 46,086,331 | 12,979,401 | \$ 13,842,140 | \$ 13,842,140 | |
| W 10.8 % ROE | 2023 | 1,850,000 | 100,000 | 1,750,000 | 471,305 | 1,357,143 | 71,429 | 1,285,714 | 344,224 | 46,086,331 | 2,363,402 | 43,722,929 | 12,263,705 | \$ 13,079,234 | | \$ 13,079,234 |
| W Increased ROE | 2023 | 1,850,000 | 100,000 | 1,750,000 | 477,218 | 1,357,143 | 71,429 | 1,285,714 | 348,569 | 46,086,331 | 2,363,402 | 43,722,929 | 12,434,991 | \$ 13,260,778 | \$ 13,260,778 | |
| W 10.8 % ROE | 2024 | 1,750,000 | 100,000 | 1,650,000 | 450,087 | 1,285,714 | 71,429 | 1,214,286 | 329,069 | 43,722,929 | 2,363,402 | 41,359,528 | 11,728,553 | \$ 12,507,709 | | \$ 12,507,709 |
| W Increased ROE | 2024 | 1,750,000 | 100,000 | 1,650,000 | 455,663 | 1,285,714 | 71,429 | 1,214,286 | 333,172 | 43,722,929 | 2,363,402 | 41,359,528 | 11,890,581 | \$ 12,679,416 | \$ 12,679,416 | |
| W 10.8 % ROE | 2025 | 1,650,000 | 100,000 | 1,550,000 | 428,870 | 1,214,286 | 71,429 | 1,142,857 | 313,913 | 41,359,528 | 2,363,402 | 38,996,126 | 11,193,402 | \$ 11,936,185 | | \$ 11,936,185 |
| W Increased ROE | 2025 | 1,650,000 | 100,000 | (100,000) | 78,445 | 1,214,286 | 71,429 | 1,142,857 | 317,775 | 41,359,528 | 2,363,402 | 38,996,126 | 11,346,171 | \$ 11,742,391 | \$ 11,742,391 | |
| | | | | | | | | | | | | | | \$ | | \$ |
| | | | | | | | | | | | | | | \$ | | \$ |
| | | | | | | | | | | | | | | \$ 328,267,307 | \$ | \$ 323,857,668 |

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

