

Appendix A

Delmarva Power & Light Company

Formula Rate

Notes

FERC Form 1 Page # or Instruction

2004

Shaded cells are input cells

Allocators

Wages & Salary Allocation Factor				
1	Transmission Wages Expense		p354.19.b	2,403,821
2	Total Wages Expense		p354.25b	26,079,403
3	Less A&G Wages Expense		p354.24b	974,180
4	Total		(Line 2 - 3)	25,105,223
5	Wages & Salary Allocator		(Line 1 / 4)	9.5750%
Plant Allocation Factors				
6	Electric Plant in Service	(Note B)	p207.95g	1,782,855,760
7	Common Plant In Service - Electric		(Line 24)	88,961,282
8	Total Plant In Service		(Sum Lines 6 & 7)	1,871,817,042
9	Accumulated Depreciation (Total Electric Plant)		p219.28c	709,134,924
10	Accumulated Intangible Amortization	(Note A)	p200.21c	22,843,559
11	Accumulated Common Amortization - Electric	(Note A)	p356	0
12	Accumulated Common Plant Depreciation - Electric	(Note A)	p356	42,155,908
13	Total Accumulated Depreciation		(Sum Lines 9 to 12)	774,134,391
14	Net Plant		(Line 8 - 13)	1,097,682,651
15	Transmission Gross Plant		(Line 29 - Line 28)	538,331,589
16	Gross Plant Allocator		(Line 15 / 8)	28.7598%
17	Transmission Net Plant		(Line 39 - Line 28)	309,484,170
18	Net Plant Allocator		(Line 17 / 14)	28.1943%

Plant Calculations

Plant In Service				
19	Transmission Plant In Service	(Note B)	p207.58.g	512,364,441
20	For True up only - remove New Transmission Plant Additions for Current Calendar Year	For True Up Only	Attachment 6	0
21	New Transmission Plant Additions for Current Calendar Year (weighted by months in service)		Attachment 6	8,130,759
22	Total Transmission Plant In Service		(Line 19 - 20 + 21)	520,495,200
23	General & Intangible		p205.5.g & p207.90.g	97,319,856
24	Common Plant (Electric Only)	(Notes A & B)	p356	88,961,282
25	Total General & Common		(Line 23 + 24)	186,281,138
26	Wage & Salary Allocation Factor		(Line 5)	9.57498%
27	General & Common Plant Allocated to Transmission		(Line 25 * 26)	17,836,389
28	Plant Held for Future Use (Including Land)	(Note C)	p214	0
29	TOTAL Plant In Service		(Line 22 + 27 + 28)	538,331,589
Accumulated Depreciation				
30	Transmission Accumulated Depreciation	(Note B)	p219.25.c	219,738,993
31	Accumulated General Depreciation		p219.27.c	30,127,854
32	Accumulated Intangible Amortization		(Line 10)	22,843,559
33	Accumulated Common Amortization - Electric		(Line 11)	0
34	Common Plant Accumulated Depreciation (Electric Only)		(Line 12)	42,155,908
35	Total Accumulated Depreciation		(Sum Lines 31 to 34)	95,127,321
36	Wage & Salary Allocation Factor		(Line 5)	9.57498%
37	General & Common Allocated to Transmission		(Line 35 * 36)	9,108,425
38	TOTAL Accumulated Depreciation		(Line 30 + 37)	228,847,418
39	TOTAL Net Property, Plant & Equipment		(Line 29 - 38)	309,484,170

Adjustment To Rate Base

Accumulated Deferred Income Taxes			
40	ADIT net of FASB 106 and 109	Attachment 1	-94,418,722
41	Accumulated Investment Tax Credit Account No. 255	p266.h	0
42	Net Plant Allocation Factor	(Line 18)	28.19%
43	Accumulated Deferred Income Taxes Allocated To Transmission	(Line 41 * 42) + Line 40	-94,418,722
Prepayments			
44	Prepayments (Account 165)	(Note A) p110.46d	177,511,643
45	Net Plant Allocation Factor	(Line 18)	28.1943%
46	Total Prepayments Allocated to Transmission	(Line 44 * 45)	50,048,202
Materials and Supplies			
47	Undistributed Stores Exp	(Note A) p227.6c & 15.c	1,206,450
48	Wage & Salary Allocation Factor	(Line 5)	9.57%
49	Total Transmission Allocated	(Line 47 * 48)	115,517
50	Transmission Materials & Supplies	p227.8c	1,936,279
51	Total Materials & Supplies Allocated to Transmission	(Line 49 + 50)	2,051,796
Cash Working Capital			
52	Operation & Maintenance Expense	(Line 82)	14,135,708
53	1/8th Rule	x 1/8	12.5%
54	Total Cash Working Capital Allocated to Transmission	(Line 52 * 53)	1,766,964
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 + 46 + 51 + 54 - 57)	-40,551,760
59	Rate Base	(Line 39 + 58)	268,932,411

O&M

Transmission O&M			
60	Transmission O&M	p321.100.b	9,544,421
61	Less Account 565	p321.88.b	0
62	Less Schedule 12 payments applicable to the entire zone if not booked to Account 565	(Note O) PJM Data	0
63	Plus Transmission Lease Payments	(Note A) P200.3.c	0
64	Transmission O&M	(Lines 60 - 61 + 62 + 63)	9,544,421
Allocated General & Common Expenses			
65	Common Plant O&M	(Note A) p356	0
66	Total A&G	p323.168.b	45,685,168
67	Less Property Insurance Account 924	p323.156b	2,256,656
68	Less Regulatory Commission Exp Account 928	(Note E) p323.160b	2,120,965
69	Less General Advertising Exp Account 930.1	p323.162b	1,590
70	Less EPRI Dues	(Note D) p352-353	0
71	General & Common Expenses	(Lines 65 + 66) - Sum (67 to 70)	41,305,957
72	Wage & Salary Allocation Factor	(Line 5)	9.5750%
73	General & Common Expenses Allocated to Transmission	(Line 71 * 72)	3,955,039
Directly Assigned A&G			
74	Regulatory Commission Exp Account 928	(Note G) p323.160b	0
75	General Advertising Exp Account 930.1	(Note K) p323.162b	0
76	Subtotal - Transmission Related	(Line 74 + 75)	0
77	Property Insurance Account 924	p323.156b	2,256,656
78	General Advertising Exp Account 930.1	(Note F) p323.162b	0
79	Total	(Line 77 + 78)	2,256,656
80	Net Plant Allocation Factor	(Line 18)	28.19%
81	A&G Directly Assigned to Transmission	(Line 79 * 80)	636,249
82	Total Transmission O&M	(Line 64 + 73 + 76 + 81)	14,135,708

Depreciation & Amortization Expense

83	Depreciation Expense			
	Transmission Depreciation Expense		p336.7b&c	11,712,478
84	General Depreciation		p336.9b&c	4,010,086
85	Intangible Amortization	(Note A)	p336.1d&e	3,008,887
86	Total		(Line 84 + 85)	7,018,973
87	Wage & Salary Allocation Factor		(Line 5)	9.5750%
88	General Depreciation Allocated to Transmission		(Line 86 * 87)	672,066
89	Common Depreciation - Electric Only	(Note A)	p336.10.b	2,420,150
90	Common Amortization - Electric Only	(Note A)	p356 or p336.10d	1,466,443
91	Total		(Line 89 + 90)	3,886,593
92	Wage & Salary Allocation Factor		(Line 5)	9.5750%
93	Common Depreciation - Electric Only Allocated to Transmission		(Line 91 * 92)	372,141
94	Total Transmission Depreciation & Amortization		(Line 83 + 88 + 93)	12,756,684

Taxes Other than Income

95	Taxes Other than Income		Exhibit B	5,780,003
96	Total Taxes Other than Income		(Line 95)	5,780,003

Return / Capitalization Calculations

Long Term Interest				
97	Long Term Interest		p117.58c through 63c	32,505,980
98	Less LTD Interest on Securitization Bonds	(Note P)	Attachment 8	0
99	Long Term Interest		(Line 97)	32,505,980
100	Preferred Dividends	enter positive	p118.29c	1,023,677
Common Stock				
101	Proprietary Capital		p112.15d	608,452,647
102	Less Preferred Stock	enter negative	(Line 110)	-21,669,800
103	Less Account 216.1	enter negative	p112.12d	2,177,779
104	Common Stock		(Sum Lines 101 to 103)	588,960,626
Capitalization				
105	Long Term Debt		p112.17d through 20d	647,879,600
106	Less Loss on Reacquired Debt	enter negative	p111.67.d	-17,648,262
107	Plus Gain on Reacquired Debt	enter positive	p113.56d	0
108	Less LTD on Securitization Bonds	(Note P)	Attachment 8	0
109	Total Long Term Debt		(Line 105 - 107)	630,231,338
110	Preferred Stock		p112.3d	21,669,800
111	Common Stock		(Line 104)	588,960,626
112	Total Capitalization		(Sum Lines 109 to 111)	1,240,861,764
113	Debt %	Total Long Term Debt	(Line 109 / 112)	51%
114	Preferred %	Preferred Stock	(Line 110 / 112)	2%
115	Common %	Common Stock	(Line 111 / 112)	47%
116	Debt Cost	Total Long Term Debt	(Line 99 / 109)	0.0516
117	Preferred Cost	Preferred Stock	(Line 100 / 110)	0.0472
118	Common Cost	Common Stock	(Note J) Fixed	0.1290
119	Weighted Cost of Debt	Total Long Term Debt (WCLTD)	(Line 113 * 116)	0.0262
120	Weighted Cost of Preferred	Preferred Stock	(Line 114 * 117)	0.0008
121	Weighted Cost of Common	Common Stock	(Line 115 * 118)	0.0612
122	Total Return (R)		(Sum Lines 119 to 121)	0.0882
123	Investment Return = Rate Base * Rate of Return		(Line 59 * 122)	23,733,183

Composite Income Taxes

Income Tax Rates			
124	FIT=Federal Income Tax Rate		35.00%
125	SIT=State Income Tax Rate or Composite	(Note I)	8.02%
126	p	(percent of federal income tax deductible for state purposes)	0.00%
127	T	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$	40.21%
128	T/ (1-T)		67.26%
ITC Adjustment			
129	Amortized Investment Tax Credit	(Note I) enter negative	p266.8f -867,164
130	T/(1-T)		(Line 128) 67.26%
131	Net Plant Allocation Factor		(Line 18) 28.1943%
132	ITC Adjustment Allocated to Transmission		(Line 129 * (1 + 130) * 131) -408,943
133	Income Tax Component =	$CIT=(T/1-T) * Investment\ Return * (1-(WCLTD/R)) =$	(Line 128 * 123 * (1-(119 / 122))) 11,224,931
134	Total Income Taxes		(Line 132 + 133) 10,815,989

REVENUE REQUIREMENT

Summary			
135	Net Property, Plant & Equipment	(Line 39)	309,484,170
136	Adjustment to Rate Base	(Line 58)	-40,551,760
137	Rate Base	(Line 59)	268,932,411
138	O&M	(Line 82)	14,135,708
139	Depreciation & Amortization	(Line 94)	12,756,684
140	Taxes Other than Income	(Line 96)	5,780,003
141	Investment Return	(Line 123)	23,733,183
142	Income Taxes	(Line 134)	10,815,989
143	Gross Revenue Requirement	(Sum Lines 138 to 142)	67,221,567
Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities			
144	Transmission Plant In Service	(Line 19)	512,364,441
145	Excluded Transmission Facilities	(Note M) Attachment 5	0
146	Included Transmission Facilities	(Line 144 - 145)	512,364,441
147	Inclusion Ratio	(Line 146 / 144)	100.00%
148	Gross Revenue Requirement	(Line 143)	67,221,567
149	Adjusted Gross Revenue Requirement	(Line 147 * 148)	67,221,567
Revenue Credits & Interest on Network Credits			
150	Revenue Credits	Attachment 3	7,990,662
151	Interest on Network Credits	(Note N) PJM Data	-
152	Net Revenue Requirement	(Line 149 - 150 + 151)	59,230,905
Net Plant Carrying Charge without New Investment Incentive			
153	Net Revenue Requirement	(Line 152)	59,230,905
154	Net Transmission Plant	(Line 19 - 30)	292,625,448
155	Net Plant Carrying Charge without New Investment Incentive	(Line 153 / 154)	20.2412%
156	Net Plant Carrying Charge without New Investment Incentive without Depreciation	(Line 153 - 83) / 154	16.2387%
157	Net Plant Carrying Charge without New Investment Incentive without Depreciation, Return, nor Income Taxes	(Line 153 - 83 - 123 - 134) / 154	4.4320%
Net Plant Carrying Charge with 100 Basis Point New Investment Incentive			
158	Net Revenue Requirement Less Return and Taxes	(Line 152 - 141 - 142)	24,681,734
159	Incentive Return and Taxes	Attachment 4	36,928,700
160	Net Revenue Requirement with 100 Basis Point New Investment Incentive	(Line 158 + 159)	61,610,434
161	Net Transmission Plant	(Line 19 - 30)	292,625,448
162	Net Plant Carrying Charge with 100 Basis Point New Investment Incentive	(Line 160 / 161)	21.0544%
163	Net Plant Carrying Charge with 100 Basis Point New Investment Incentive without Depreciation	(Line 159 - 83) / 161	17.0518%
164	Net Revenue Requirement	(Line 152)	59,230,905
165	True-up amount	Attachment 6	
166	Net Zonal Revenue Requirement	(Line 164 - 166)	59,230,905
Network Zonal Service Rate			
167	1 CP Peak	(Note L) PJM Data	3,636
168	Rate (\$/MW-Year)	(Line 166 / 167)	16,290
169	Network Service Rate (\$/MW/Year)	(Line 168)	16,290

Notes

- A Electric portion only
- B Exclude Construction Work In Progress and leases that are expensed as O&M (rather than amortized). New Transmission plant included in the PJM Regional Transmission Expansion Plan (RTEP) which is expected to be placed in service in the current calendar year weighted by number of months it is expected to be in-service. New Transmission plant expected to be placed in service in the current calendar year that is not included in RTEP must be separately detailed on Attachment 5. For the true-up, new transmission plant which was included in the PJM RTEP actually placed in service weighted by the number of months it was actually in service
- C Transmission Portion Only
- D All EPRI Annual Membership Dues
- E All Regulatory Commission Expenses
- F Safety related advertising included in Account 930.1
- G Regulatory Commission Expenses directly related to transmission service, RTO filings, or transmission siting itemized in Form 1 at 351.h.
- I The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and $p =$ "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) multiplied by $(1/1-T)$. A utility must not include tax credits as a reduction to rate base and as an amortization against taxable income.
- J ROE will be supported in the original filing and no change in ROE may be made absent a filing with FERC.
- K Education and outreach expenses relating to transmission, for example siting or billing
- L Network or Point to Point transactions of over one year for which the full revenue is received by the transmission owner
- M Amount of transmission plant excluded from rates, includes investment in generation step-up transformers to the extent included in Plant in Service.
- N Outstanding Network Credits is the balance of Network Facilities Upgrades Credits due Transmission Customers who have made lump-sum payments (net of accumulated depreciation) towards the construction of Network Transmission Facilities consistent with Paragraph 657 of Order 2003-A. Interest on the Network Credits as booked each year is added to the revenue requirement to make the Transmission Owner whole on Line 151.
- O Payments made under Schedule 12 of the PJM OATT are excluded in Transmission O&M on line 62 since they are already assessed under Schedule 12
- P Appropriate adjustments to the capital structure may be made to reflect state authorized issuances of securitized bonds. Any such adjustments must be supported in the Section 205 filing seeking application of this formula .

END

Delmarva Power & Light Company

Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet Tax Detail

Page 1 of 4

	Only Transmission Related	Plant Related	Labor Related	Total ADIT
ADIT- 282	0	(336,188,441)	0	
ADIT-283	0	(52,610,825)	(79,388,818)	
ADIT-190	0	85,500,380	4,292,636	
Totals	0	(303,298,886)	(75,096,182)	
		28.7598%	9.5750%	
	0	(87,228,275)	(7,190,447)	(94,418,722)

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

Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet Tax Detail

Page 2 of 4

ADIT-190	Gas, Prod Or Other Related	Only Transmission Related	Plant Related	Labor Related
Merrill Creek Excess Capacity	9,213,359			
Above Market Sales Contracts	8,231,751			
Below Market Sales Contracts	(389,404)			
Allowance for Doubtful Accounts	3,791,364			
Environmental Expense	1,944,081			
Merger Costs	(6,068,791)			
Insurance Claims Reserve	974,405			
Emissions Allowances	(50,559)			
Preliminary Survey & Investigation Costs	(670)			
Merrill Creek - Rent	3,126,374			
Wilmington Coal Gas Site Cleanup	(1,512,241)			
Merger Costs	1,357,219			
Miscellaneous	210,288			
Deferred Fuel	7,715,087			
Summit Transfer	398,013			
Venture Capital Invest/Partnership Inc	388,323			
Gain on Sale of Microwave Systems	(234,579)			
MD DSM Deferred Interest	(344,100)			
Deferred ITC	0		6,792,548	
Plant Related			80,311,874	
Pension And Other Labor Related				4,292,636
OPEB				(3,519,734)
Subtotal - p234	28,749,920	0	87,104,422	772,902
Less FASB 109 Above if not separately removed			1,604,042	-
Less FASB 106 Above if not separately removed				(3,519,734)
Total	28,749,920	0	85,500,380	4,292,636

Instructions for Account 190:

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column A
- ADIT items related only to Transmission are directly assigned to Column B
- ADIT items related Plant and not in Columns A & B are directly assigned to Column C
- ADIT items related to labor and not in Columns A & B are directly assigned to Column D
- Since deferred income taxes arise when items are included in taxable income in different periods than they are included in rates - therefore, if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded
- Re: Form 1-F filer: Sum of subtotals for Accounts 282 and 283 should tie to Form No. 1-F, p.113.57.c

Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet Tax Detail

Page 3 of 4

ADIT- 282

	(A) Gas, Prod Or Other Related	(B) Only Transmission Related	(C) Plant Related	(D) Labor Related
Recoverable Income Tax Plant Related			(36,368,381) (374,931,211)	
Subtotal - p275 (Form 1-F filer: see note 6 below)	0	0	(411,299,592)	0
Less FASB 109 Above if not separately removed			(75,111,151)	
Less FASB 106 Above if not separately removed				
Total	0	0	(336,188,441)	0

Instructions for Account 282:

- ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column A
- ADIT items related only to Transmission are directly assigned to Column B
- ADIT items related Plant and not in Columns A & B are directly assigned to Column C
- ADIT items related to labor and not in Columns A & B are directly assigned to Column D
- Since deferred income taxes arise when items are included in taxable income in different periods than they are included in rates - therefore, if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded

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

Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet Tax Detail

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ADIT-283

	Gas, Prod Or Other Related	Only Transmission Related	Plant Related	Labor Related
Merger Costs	(328,585)			
Inventory Materials Reserve	349,880			
DSM Costs	81			
Deferred Fuel	(14,726,042)			
Deferred Fuel Interest	(114,588)			
Reacquired Debt	(5,777,128)			
Mark to Market Adj	340,823			
Miscellaneous	(1,722,176)			
Copco DSM Costs	(208,244)			
MD DSM Deferred Interest	346,833			
Miscellaneous Reserve Adjustment	(167,000)			
Plant Related			(37,546,130)	
Pension And Other Labor Related				(79,388,818)

Delmarva Power & Light Company

Attachment 2 - Taxes Other Than Income Worksheet

<i>Other Taxes</i>	<i>Page 263 Col (i)</i>	<i>Allocator</i>	<i>Allocated Amount</i>
<i>Plant Related</i>		<i>Gross Plant Allocator</i>	
Real property (State, Muncipal or Local)	8,190,732		
Personal property			
Federal/State Excise	(248,139)		
City License	502,093		
<i>Total Plant Related</i>	8,444,686	28.7598%	2,428,678
<i>Labor Related</i>		<i>Wages & Salary Allocator /1</i>	
Federal FICA & Unemployment	5,550,445		
Unemployment	220,728		
<i>Total Labor Related</i>	5,771,173	9.5750%	552,589
<i>Other Included</i>		<i>Gross Plant Allocator</i>	
Utility Tax	8,717,085		
Miscellaneous	86,702		
Use & Sales Tax	927,617		
<i>Total Other Included</i>	9,731,404	28.7598%	2,798,736
<i>Total Included</i>			5,780,003
<i>Currently Excluded</i>			
State Franchise Tax	(616,428)		
Gross Receipts	6,757,256		
Grand Total	30,088,091		
Taxes Other than income Taxes per 2003 FERC Report	<u>30,088,091</u>		
Difference	-		

Delmarva Power & Light Company

Attachment 3 - Revenue Credit Workpaper

Account 454 - Rent from Electric Property

1 Rent from Electric Property - Transmission Related /3		614,831
2 Total Rent Revenues	(Sum Line 1)	614,831

Account 456 - Other Electric Revenues

3 Schedule 1A		\$ 1,481,398
4 Net revenues associated with Network Integration Transmission Service (NITS) for which the load is not included in the divisor (difference between NITS credits from PJM and PJM NITS charges paid by Transmission Owner) /4		-
5 Point to Point Service revenues for which the load is not included in the divisor		-
6 PJM Transitional Revenue Neutrality /1		-
7 PJM Transitional Market Expansion /1		-
8 Professional Services /3		1,355,594
9 Revenues from Directly Assigned Transmission Facility Charges /2		4,530,475
10 Rent or Attachment Fees associated with Transmission Facilities /3		8,364
11 Total Revenue Credits	(Sum Lines 2-10)	7,990,662

Revenue Adjustment to determine Revenue Credit

12 /1 For revenues streams that will cease prior to the end of the Service Year for which the Rate resulting from this formula will be assessed, the amount included will be the amount of revenues received in the Test Year divided by 12 times the number of months in the service year for which revenues will be received.		1,307,929
13 /2 If the costs associated with the Directly Assigned Transmission Facility Charges are included in the Rates, the associated revenues are included in the Rates. If the costs associated with the Directly Assigned Transmission Facility Charges are not in		
14 /3 Ratemaking treatment for the following specified secondary uses of transmission assets: (1) right-of-way leases and leases for space on transmission facilities for telecommunications; (2) transmission tower licenses for wireless antennas; (3) right-of-way property leases for farming, grazing or nurseries; (4) licenses of intellectual property (including a portable oil degasification process and scheduling software); and (5) transmission maintenance and consulting services (including energized circuit maintenance, high-voltage substation maintenance, safety training, transformer oil testing, and circuit breaker testing) to other utilities and large customers (collectively, products). Company will retain 50% of revenues consistent with Pacific Gas and Electric Company, 90 FERC ¶ 61,314		623,195
15 /4 If the facilities associated with the revenues are not included in the formula, the revenue is shown here, but not included in the total above and explained in the Cost Support. In addition Revenues from Schedule 12 are included elsewhere in the formula and are not included in the total above. For example revenues associated with distribution facilities.		3,756,589
16 Amount offset in line 4 above		
17 Total Account 454 and 456		13,678,375

Delmarva Power & Light Company

Attachment 4 - 100 Basis Point Increase in ROE

Net Plant New Investment Incentive @ 100 Basis Points

A	Return and Taxes with New Investment ROE Incentive New Investment ROE Incentive and Income Taxes	36,928,700
B	Net Plant New Investment Incentive @ 100 Basis Points	1.00%

Return Calculation

59	Rate Base		(Line 39 + 58)	268,932,411
	Long Term Interest			
97	Long Term Interest		p117.58c through 63c	32,505,980
99	Long Term Interest		(Line 97)	32,505,980
100	Preferred Dividends	enter positive	p118.29c	1,023,677
	Common Stock			
101	Proprietary Capital		p112.15d	608,452,647
102	Less Preferred Stock	enter negative	(Line 110)	-21,669,800
103	Less Account 216.1	enter negative	p112.12d	2,177,779
104	Common Stock		(Sum Lines 101 to 103)	588,960,626
	Capitalization			
105	Long Term Debt		p112.17d through 20d	647,879,600
106	Less Loss on Reacquired Debt	enter negative	p111.67.d	-17,648,262
107	Plus Gain on Reacquired Debt	enter positive	p113.56d	0
109	Total Long Term Debt		(Line 105 - 107)	630,231,338
110	Preferred Stock		p112.3d	21,669,800
111	Common Stock		(Line 104)	588,960,626
112	Total Capitalization		(Sum Lines 109 to 111)	1,240,861,764
113	Debt %	Total Long Term Debt	(Line 109 / 112)	51%
114	Preferred %	Preferred Stock	(Line 110 / 112)	2%
115	Common %	Common Stock	(Line 111 / 112)	47%
116	Debt Cost	Total Long Term Debt	(Line 99 / 109)	0.0516
117	Preferred Cost	Preferred Stock	(Line 100 / 110)	0.0472
118	Common Cost	(Note J) Common Stock	Fixed plus 100 Basis Pts	0.1390
119	Weighted Cost of Debt	Total Long Term Debt (WCLTD)	(Line 113 * 116)	0.0262
120	Weighted Cost of Preferred	Preferred Stock	(Line 114 * 117)	0.0008
121	Weighted Cost of Common	Common Stock	(Line 115 * 118)	0.0660
122	Total Return (R)		(Sum Lines 119 to 121)	0.0930
123	Investment Return = Rate Base * Rate of Return		(Line 59 * 122)	25,009,639

Composite Income Taxes

(Note L)

Income Tax Rates				
124	FIT=Federal Income Tax Rate		0	35.00%
125	SIT=State Income Tax Rate or Composite		0	8.02%
126	p = percent of federal income tax deductible for state purposes		Per State Tax Code	0.00%
127	T	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		40.21%
128	T / (1-T)			67.26%
ITC Adjustment				
129	Amortized Investment Tax Credit	enter negative	p266.8f	-867,164
130	T/(1-T)		(Line 128)	67.26%
131	Net Plant Allocation Factor		(Line 18)	28.1943%
132	ITC Adjustment Allocated to Transmission	(Note L)	(Line 129 * (1 + 130) * 131)	-164,452
133	Income Tax Component =	$CIT=(T/1-T) * Investment Return * (1-(WCLTD/R)) =$		12,083,513
134	Total Income Taxes			11,919,061

Delmarva Power & Light Company

Cost Support

Electric / Non-electric Cost Support

PJM Formula Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Electric Portion	Non-electric Portion	Details
Plant Allocation Factors							
10	Accumulated Intangible Amortization	(Note A)	p200.21c	42,571,251	22,843,559	19,727,692	See Form 1
11	Accumulated Common Amortization - Electric	(Note A)	p356	0	0	0	
12	Accumulated Common Plant Depreciation - Electric	(Note A)	p356	50,185,605	42,155,908	8,029,697	See Form 1
Plant In Service							
24	Common Plant (Electric Only)	(Notes A & B)	p356	105,906,287	88,961,282	16,945,005	See Form 1
Accumulated Deferred Income Taxes							
41	Accumulated Investment Tax Credit Account No. 255	(Notes A & I)	p266.h	11,677,266	10,721,972	955,294	See Form 1
Prepayments							
44	Prepayments (Account 165)	(Note A)	p110.46d	211,323,384	177,511,643	33,811,741	84% Electric, 16% Non-Electric
Materials and Supplies							
47	Undistributed Stores Exp	(Note A)	p227.6c & 15.c	1,206,450	1,143,594	62,856	94.79% Electric, 5.21% Non-Electric
Allocated General & Common Expenses							
63	Plus Transmission Lease Payments	(Note A)	P200.3.c				
65	Common Plant O&M	(Note A)	p356	0	0	0	
Depreciation Expense							
85	Intangible Amortization	(Note A)	p336.1d&e	3,095,094	3,008,887	86,207	See FERC Form 2, Page 337, Line 1, Column h for non-electric portion.
89	Common Depreciation - Electric Only	(Note A)	p336.10.b	2,420,150	2,420,150	0	See Form 1, electric only.
90	Common Amortization - Electric Only	(Note A)	p356 or p336.10d	1,466,443	1,466,443	0	See Form 1, electric only.

Transmission / Non-transmission Cost Support

PJM Formula Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Transmission Related	Non-transmission Related	Details
28	Plant Held for Future Use (Including Land)	(Note C)	p214	652,402	0	652,402	Specific identification based on plant records: The following plant investments are included: 1 2 3 4 5

CWIP & Expensed Lease Worksheet

PJM Formula Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	CWIP In Form 1 Amount	Expensed Lease in Form 1 Amount	Details
Plant Allocation Factors							
6	Electric Plant in Service	(Note B)	p207.95g	1,782,855,760	0	0	See Form 1
Plant In Service							
19	Transmission Plant In Service	(Note B)	p207.58.g	512,364,441	0	0	See Form 1
24	Common Plant (Electric Only)	(Notes A & B)	p356	105,906,287	0	0	
Accumulated Depreciation							
30	Transmission Accumulated Depreciation	(Note B)	p219.25.c	219,738,993	0	0	See Form 1

EPRI Dues Cost Support

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

Regulatory Expense Related to Transmission Cost Support

PJM Formula Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Transmission Related	Non-transmission Related	Details
68	Allocated General & Common Expenses Less Regulatory Commission Exp Account 928	(Note E)	p323.160b	2,120,965	0	2,120,965	FERC related.
74	Directly Assigned A&G Regulatory Commission Exp Account 928	(Note G)	p323.160b	2,120,965	0	2,120,965	FERC related

Safety Related Advertising Cost Support

PJM Formula Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Safety Related	Non-safety Related	Details
78	Directly Assigned A&G General Advertising Exp Account 930.1	(Note F)	p323.162b	1,590	0	1,590	None

MultiState Workpaper

PJM Formula Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				State 1	State 2	State 3	State 4	State 5	Details
125	Income Tax Rates SIT=State Income Tax Rate or Composite	(Note I)	0	MD 7.00%	PA 9.900%	VA 6%	DE 8%		Enter Calculation Apportioned: PA 0.005994%, VA 0.1734%, DE 5.84205%, MD 1.9999%

Education and Out Reach Cost Support

PJM Formula Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Education & Outreach	Other	Details
75	Directly Assigned A&G General Advertising Exp Account 930.1	(Note K)	p323.162b	1,590	0	1,590	None

Excluded Plant Cost Support

PJM Formula Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Excluded Transmission Facilities	Description of the Facilities
145	Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities Excluded Transmission Facilities	(Note M)	Attachment 5	0 Enter \$	General Description of the Facilities None

Add more lines if necessary

Outstanding Network Credits Cost Support

PJM Formula Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Outstanding Network Credits	Description of the Credits
Network Credits					
55	Outstanding Network Credits	(Note N)	From PJM	0	General Description of the Credits
				Enter \$	None
56	Less Accumulated Depreciation Associated with Facilities with Outstanding Network Credits	(Note N)	From PJM	0	
				Enter \$	None
Add more lines if necessary					

Interest on Outstanding Network Credits Cost Support

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

PJM Load Cost Support

PJM Formula Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				1 CP Peak	Description & PJM Documentation
Network Zonal Service Rate					
167	1 CP Peak	(Note L)	PJM Data	3,636	See Form 1

Statements BG/BH (Present and Proposed Revenues)

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

Delmarva Power & Light Company

Attachment 6 - Estimate and True-up Worksheet

Step Month Year Action

Exec Summary

- | | | | |
|----|-------|------|--|
| 1 | April | XXX | TO populates the formula with Prior Year data |
| 2 | April | XXX | TO estimates Cap Adds for Current Year weighted based on Months expected to be in service in Current Year |
| 3 | April | XXX | TO adds weighted Cap Adds to plant in service in Formula |
| 4 | May | XXX | Post on PJM web site |
| 5 | June | XXX | Rates go into effect |
| 6 | April | XXXX | TO populates the formula with Prior Year data |
| 7 | April | XXXX | TO estimates Cap Adds during Current Year (calendar) weighted based on Months expected to be in service in Current Year |
| 8 | April | XXXX | True-up - TO calculates true-up by removing from Step 6 the total Cap Adds placed in service that year and adding weighted average Cap Adds in true-up |
| 9 | April | XXXX | True-up - TO adds the difference between the true-up in Step 8 and the forecast in Prior Year with interest to the result of Step 7 |
| 10 | May | XXXX | Post on PJM web site |
| 11 | June | XXXX | Rates go into effect |
| 12 | June | XXXX | Return to Step 6 for following year |

2003	Prior Year
2004	Current Year

Detailed Example

- | | | | |
|---|-------|-----|---|
| 1 | April | XXX | TO populates the formula with Prior Year data |
| | | | \$ 60,171,050 |
| | | | Rev Req based on Prior Year data |

2	April	XXX	TO estimates Cap Adds for Current Year weighted based on Months expected to be in service in Current Year			
			Est. In Service Date	Weighting	Amount	One 12th
			Jan	12	-	-
			Feb	11	-	-
			Mar	10	-	-
			Apr	9	57,488,004	4,790,667
			May	8	26,409,496	2,200,791
			Jun	7	13,171,613	1,097,634
			Jul	6	-	-
			Aug	5	-	-
			Sep	4	-	-
			Oct	3	-	-
			Nov	2	-	-
			Dec	1	500,000	41,667
			Total		97,569,113	8,130,759
						New Transmission Plant Additions for Current Calendar Year (weighted by months in service)
						8,130,759

- | | | | |
|---|-------|-----|--|
| 3 | April | XXX | TO adds weighted Cap Adds to plant in service in Formula |
| | | | \$ 8,130,759 |
| | | | Input to Formula Line 21 |
| 4 | May | XXX | Post On PJM Web Site Rev Req and Formula with Exhibits |
| | | | \$ 59,230,905 |
| 5 | June | XXX | Rates go into effect |
| | | | \$ 59,230,905 |

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

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

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

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

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

Add Cap Adds actually placed in service in Prior Year

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

- Result of Formula for true-up

9 April XXXX True-up - TO adds the difference between the true-up in Step 8 and the forecast in Prior Year with interest to the result of Step 7

The true-up in Step 8	-	-	The forecast in Prior Year	-	=	-
-----------------------	---	---	----------------------------	---	---	---

Interest on Amount of Refunds or Surcharges

Interest 35.19a for March Current Yr							
Month	Yr	1/12 of Step 9	Interest 35.19a for March Current Yr	Months	Interest	Refunds Owed	
Jun	2005	-	0.0000%	12	-	-	
Jul	2005	-	0.0000%	11	-	-	
Aug	2005	-	0.0000%	10	-	-	
Sep	2005	-	0.0000%	9	-	-	
Oct	2005	-	0.0000%	8	-	-	
Nov	2005	-	0.0000%	7	-	-	
Dec	2005	-	0.0000%	6	-	-	
Jan	2006	-	0.0000%	5	-	-	
Feb	2006	-	0.0000%	4	-	-	
Mar	2006	-	0.0000%	3	-	-	
Apr	2006	-	0.0000%	2	-	-	
May	2006	-	0.0000%	1	-	-	
Total		-					

		Balance	Interest	Amort	Balance
Jun	2006	-	0.0000%	-	-
Jul	2006	-	0.0000%	-	-
Aug	2006	-	0.0000%	-	-
Sep	2006	-	0.0000%	-	-
Oct	2006	-	0.0000%	-	-
Nov	2006	-	0.0000%	-	-
Dec	2006	-	0.0000%	-	-
Jan	2007	-	0.0000%	-	-
Feb	2007	-	0.0000%	-	-
Mar	2007	-	0.0000%	-	-
Apr	2007	-	0.0000%	-	-
May	2007	-	0.0000%	-	-
Total with interest				-	

The difference between the true-up in Step 8 and the forecast in Prior Year with interest	-
Rev Req based on Current Year data with estimated Cap Adds for Current Year	\$ -
Revenue Requirement for Current Year	-

10 May XXXX Post on PJM web site
 \$ - Post On PJM Web Site Rev Req and Formula with Exhibits

11 June XXXX Rates go into effect
 \$ -

Return to Step 6 for following year

Delmarva Power & Light Company

Attachment 7 - Transmission Enhancement Charge Worksheet

New Plant Carrying Charge

FCR if not a CIAC

	Formula Line		
A	156	Net Plant Carrying Charge without New Investment Incentive without Depreciation	16.2387%
B	163	Net Plant Carrying Charge with 100 Basis Point New Investment Incentive without Depreciation	17.0518%
C		Line B less Line A	0.8132%

FCR if a CIAC

D	157	Net Plant Carrying Charge without New Investment Incentive without Depreciation, Return, nor Income Taxes	4.4320%
---	-----	---	---------

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

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

Details		Project A				Project B				Project C						
Life		No				No				Yes						
CIAC		No				No				Yes						
ROE Incentive (Basis Points)		0.162386517				0.162386517				0.044320328						
FCR W/O Incentive		0.162386517				0.162386517				0.044320328						
FCR for This Project		0.162386517				0.162386517				0.044320328						
Investment																
Annual Depreciation Exp		-				-				-						
In Service Month (1-12)																
	Invest Yr	Beginning	Depreciation	Ending	Revenue	Beginning	Depreciation	Ending	Revenue	Beginning	Depreciation	Ending	Revenue	Total	Incentive Charged	Revenue Credit
W/O Incentive	2005	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2005	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2006	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2006	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2007	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2007	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2008	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2008	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2009	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2009	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2010	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2010	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2011	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2011	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2012	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2012	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2013	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2013	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2014	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2014	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2015	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2015	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2016	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2016	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2017	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2017	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2018	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2018	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2019	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2019	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2020	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2020	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2021	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2021	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2022	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2022	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2023	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2023	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W/O Incentive	2024	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
W Incentive	2024	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
....			
....			
														\$	-	\$

Delmarva Power & Light Company

Attachment 8 - Company Exhibit - Securitization Workpaper

Line #

Long Term Interest
98 **Less LTD Interest on Securitization Bonds** 0

Capitalization
108 **Less LTD on Securitization Bonds** 0

Calculation of the above Securitization Adjustments

