

ATTACHMENT H-1A

Atlantic City Electric Company		FERC Form 1 Page # or Instruction		2007
Formula Rate - Appendix A		Notes		
Shaded cells are input cells				
Allocators				
Wages & Salary Allocation Factor				
1	Transmission Wages Expense		p354.21.b	\$ 1,792,103
2	Total Wages Expense		p354.28b	\$ 20,262,055
3	Less A&G Wages Expense		p354.27b	\$ 535,714
4	Total		(Line 2 - 3)	19,726,341
5	Wages & Salary Allocator		(Line 1 / 4)	9.0848%
Plant Allocation Factors				
6	Electric Plant in Service	(Note B)	p207.104g	\$ 1,949,654,865
7	Common Plant In Service - Electric		(Line 24)	0
8	Total Plant In Service		(Sum Lines 6 & 7)	1,949,654,865
9	Accumulated Depreciation (Total Electric Plant)		p219.29c	\$ 594,211,364
10	Accumulated Intangible Amortization	(Note A)	p200.21c	\$ 39,307,351
11	Accumulated Common Amortization - Electric	(Note A)	p356	\$ -
12	Accumulated Common Plant Depreciation - Electric	(Note A)	p356	\$ -
13	Total Accumulated Depreciation		(Sum Lines 9 to 12)	633,518,715
14	Net Plant		(Line 8 - 13)	1,316,136,150
15	Transmission Gross Plant		(Line 29 - Line 28)	593,178,702
16	Gross Plant Allocator		(Line 15 / 8)	30.4248%
17	Transmission Net Plant		(Line 39 - Line 28)	405,489,817
18	Net Plant Allocator		(Line 17 / 14)	30.8091%
Plant Calculations				
Plant In Service				
19	Transmission Plant In Service	(Note B)	p207.58.g	\$ 543,801,599
20	For Reconciliation only - remove New Transmission Plant Additions for Current Calendar Year	For Reconciliation Only	Attachment 6 - Enter Negative	
21	New Transmission Plant Additions for Current Calendar Year (weighted by months in service)		Attachment 6	35,475,111
22	Total Transmission Plant In Service		(Line 19 - 20 + 21)	579,276,710
23	General & Intangible		p205.5.g & p207.99.g	\$ 153,024,376
24	Common Plant (Electric Only)	(Notes A & B)	p356	\$ -
25	Total General & Common		(Line 23 + 24)	153,024,376
26	Wage & Salary Allocation Factor		(Line 5)	9.08482%
27	General & Common Plant Allocated to Transmission		(Line 25 * 26)	13,901,992
28	Plant Held for Future Use (Including Land)	(Note C)	p214	1,350,288
29	TOTAL Plant In Service		(Line 22 + 27 + 28)	594,528,990
Accumulated Depreciation				
30	Transmission Accumulated Depreciation	(Note B)	p219.25.c	\$ 180,036,043
31	Accumulated General Depreciation		p219.28.c	\$ 44,930,310
32	Accumulated Intangible Amortization		(Line 10)	39,307,351
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)	84,237,661
36	Wage & Salary Allocation Factor		(Line 5)	9.08482%
37	General & Common Allocated to Transmission		(Line 35 * 36)	7,652,842
38	TOTAL Accumulated Depreciation		(Line 30 + 37)	187,688,885
39	TOTAL Net Property, Plant & Equipment		(Line 29 - 38)	406,840,105
Adjustment To Rate Base				
Accumulated Deferred Income Taxes				
40	ADIT net of FASB 106 and 109		Attachment 1	-95,605,963
41	Accumulated Investment Tax Credit Account No. 255	Enter Negative	p266.h	0
42	Net Plant Allocation Factor		(Line 18)	30.81%
43	Accumulated Deferred Income Taxes Allocated To Transmission		(Line 41 * 42) + Line 40	-95,605,963
Transmission O&M Reserves				
44	Total Balance Transmission Related Account 242 Reserves	Enter Negative	Attachment 5	-1,617,949
Prepayments				
45	Prepayments	(Note A)	Attachment 5	5,191,141
46	Total Prepayments Allocated to Transmission		(Line 45)	5,191,141

Materials and Supplies				
47	Undistributed Stores Exp	(Note A)	p227.6c & 16.c	1,031,369
48	Wage & Salary Allocation Factor		(Line 5)	9.08%
49	Total Transmission Allocated		(Line 47 * 48)	93,698
50	Transmission Materials & Supplies		p227.8c	\$ 2,594,640
51	Total Materials & Supplies Allocated to Transmission		(Line 49 + 50)	2,688,338
Cash Working Capital				
52	Operation & Maintenance Expense		(Line 85)	12,221,341
53	1/8th Rule		x 1/8	12.5%
54	Total Cash Working Capital Allocated to Transmission		(Line 52 * 53)	1,527,668
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)	-8,816,766
59	Rate Base		(Line 39 + 58)	319,023,339
O&M				
Transmission O&M				
60	Transmission O&M		p321.112.b	\$ 8,637,622
61	Less extraordinary property loss		Attachment 5	0
62	Plus amortized extraordinary property loss		Attachment 5	0
63	Less Account 565		p321.96.b	\$ -
64	Plus Schedule 12 Charges billed to Transmission Owner and booked to Account 565	(Note O)	PJM Data	0
65	Plus Transmission Lease Payments	(Note A)	p200.3c	\$ -
66	Transmission O&M		(Lines 60 - 63 + 64 + 65)	8,637,622
Allocated General & Common Expenses				
67	Common Plant O&M	(Note A)	p356	\$ -
68	Total A&G		p323.197.b	\$ 41,389,527
69	Less Property Insurance Account 924		p323.185b	\$ 380,579
70	Less Regulatory Commission Exp Account 928	(Note E)	p323.189b	\$ 2,778,601
71	Less General Advertising Exp Account 930.1		p323.191b	\$ 40,496
72	Less DE Enviro & Low Income and MD Universal Funds		p335.b	\$ -
73	Less EPRI Dues	(Note D)	p352-353	\$ 33,179
74	General & Common Expenses		(Lines 67 + 68) - Sum (69 to 73)	38,156,672
75	Wage & Salary Allocation Factor		(Line 5)	9.0848%
76	General & Common Expenses Allocated to Transmission		(Line 74 * 75)	3,466,466
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	\$ 380,579
81	General Advertising Exp Account 930.1	(Note F)	p323.191b	0
82	Total		(Line 80 + 81)	380,579
83	Net Plant Allocation Factor		(Line 18)	30.81%
84	A&G Directly Assigned to Transmission		(Line 82 * 83)	117,253
85	Total Transmission O&M		(Line 66 + 76 + 79 + 84)	12,221,341
Depreciation & Amortization Expense				
Depreciation Expense				
86	Transmission Depreciation Expense		p336.7b&c	12,548,677
87	General Depreciation		p336.10b&c	5,049,960
88	Intangible Amortization	(Note A)	p336.1d&e	227,705
89	Total		(Line 87 + 88)	5,277,665
90	Wage & Salary Allocation Factor		(Line 5)	9.0848%
91	General Depreciation Allocated to Transmission		(Line 89 * 90)	479,466
92	Common Depreciation - Electric Only	(Note A)	p336.11.b	0
93	Common Amortization - Electric Only	(Note A)	p356 or p336.11d	0
94	Total		(Line 92 + 93)	0
95	Wage & Salary Allocation Factor		(Line 5)	9.0848%
96	Common Depreciation - Electric Only Allocated to Transmission		(Line 94 * 95)	0
97	Total Transmission Depreciation & Amortization		(Line 86 + 91 + 96)	13,028,143

Taxes Other than Income			
98	Taxes Other than Income	Attachment 2	1,121,943
99	Total Taxes Other than Income	(Line 98)	1,121,943

Return / Capitalization Calculations			
Long Term Interest			
100	Long Term Interest	p117.62c through 67c	55,412,632
101	Less LTD Interest on Securitization Bonds	(Note P) Attachment 8	23,324,716
102	Long Term Interest	"(Line 100 - line 101)"	32,087,916
103	Preferred Dividends	enter positive p118.29c	\$ 262,842
Common Stock			
104	Proprietary Capital	p112.16c	\$ 483,635,553
105	Less Preferred Stock	enter negative (Line 114)	-6,214,500
106	Less Account 216.1	enter negative p112.12c	\$ -
107	Common Stock	(Sum Lines 104 to 106)	477,421,053
Capitalization			
108	Long Term Debt	p112.17c through 21c	\$ 939,371,501
109	Less Loss on Reacquired Debt	enter negative p111.81.c	\$ 14,101,084
110	Plus Gain on Reacquired Debt	enter positive p113.61.c	\$ -
111	Less ADIT associated with Gain or Loss	enter negative Attachment 1	331,279
112	Less LTD on Securitization Bonds	(Note P) Attachment 8	-450,656,501
113	Total Long Term Debt	(Sum Lines Lines 108 to 112)	503,147,363
114	Preferred Stock	p112.3c	\$ 6,214,500
115	Common Stock	(Line 107)	477,421,053
116	Total Capitalization	(Sum Lines 113 to 115)	986,782,916
117	Debt %	Total Long Term Debt (Note Q) (Line 113 / 116)	50%
118	Preferred %	Preferred Stock (Note Q) (Line 114 / 116)	0%
119	Common %	Common Stock (Note Q) (Line 115 / 116)	50%
120	Debt Cost	Total Long Term Debt (Line 102 / 113)	0.0638
121	Preferred Cost	Preferred Stock (Line 103 / 114)	0.0423
122	Common Cost	Common Stock (Note J) Fixed	0.1130
123	Weighted Cost of Debt	Total Long Term Debt (WCLTD) (Line 117 * 120)	0.0319
124	Weighted Cost of Preferred	Preferred Stock (Line 118 * 121)	0.0000
125	Weighted Cost of Common	Common Stock (Line 119 * 122)	0.0565
126	Total Return (R)	(Sum Lines 123 to 125)	0.0884
127	Investment Return = Rate Base * Rate of Return	(Line 59 * 126)	28,197,578

Composite Income Taxes			
Income Tax Rates			
128	FIT=Federal Income Tax Rate		35.00%
129	SIT=State Income Tax Rate or Composite	(Note I)	8.99%
130	p	(percent of federal income tax deductible for state purposes)	0.00%
131	T	$T=1 - \{(1 - SIT) * (1 - FIT)\} / (1 - SIT * FIT * p) =$	40.85%
132	T / (1-T)		69.05%
ITC Adjustment			
133	Amortized Investment Tax Credit	(Note I) enter negative p266.8f	\$ (127,106)
134	T/(1-T)	(Line 132)	69.05%
135	Net Plant Allocation Factor	(Line 18)	30.8091%
136	ITC Adjustment Allocated to Transmission	(Line 133 * (1 + 134) * 135)	-66,201
137	Income Tax Component =	$CIT=(T/1-T) * Investment Return * (1-(WCLTD/R)) =$	[Line 132 * 127 * (1-(123 / 126))] 12,446,439
138	Total Income Taxes	(Line 136 + 137)	12,380,238

REVENUE REQUIREMENT			
Summary			
139	Net Property, Plant & Equipment	(Line 39)	406,840,105
140	Adjustment to Rate Base	(Line 58)	-87,816,766
141	Rate Base	(Line 59)	319,023,339
142	O&M	(Line 85)	12,221,341
143	Depreciation & Amortization	(Line 97)	13,028,143
144	Taxes Other than Income	(Line 99)	1,121,943
145	Investment Return	(Line 127)	28,197,578
146	Income Taxes	(Line 138)	12,380,238
147	Gross Revenue Requirement	(Sum Lines 142 to 146)	66,949,244

Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities			
148	Transmission Plant In Service	(Line 19)	543,801,599
149	Excluded Transmission Facilities	(Note M) Attachment 5	27,526,011
150	Included Transmission Facilities	(Line 148 - 149)	516,275,588
151	Inclusion Ratio	(Line 150 / 148)	94.94%
152	Gross Revenue Requirement	(Line 147)	66,949,244
153	Adjusted Gross Revenue Requirement	(Line 151 * 152)	63,560,424
Revenue Credits & Interest on Network Credits			
154	Revenue Credits	Attachment 3	2,948,556
155	Interest on Network Credits	(Note N) PJM Data	-
156	Net Revenue Requirement	(Line 153 - 154 + 155)	60,611,868
Net Plant Carrying Charge			
157	Net Revenue Requirement	(Line 156)	60,611,868
158	Net Transmission Plant	(Line 19 - 30)	363,765,556
159	Net Plant Carrying Charge	(Line 157 / 158)	16.6623%
160	Net Plant Carrying Charge without Depreciation	(Line 157 - 86) / 158	13.2127%
161	Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes	(Line 157 - 86 - 127 - 138) / 158	2.9461%
Net Plant Carrying Charge Calculation per 100 Basis Point increase in ROE			
162	Net Revenue Requirement Less Return and Taxes	(Line 156 - 145 - 146)	20,034,052
163	Increased Return and Taxes	Attachment 4	43,274,388
164	Net Revenue Requirement per 100 Basis Point increase in ROE	(Line 162 + 163)	63,308,440
165	Net Transmission Plant	(Line 19 - 30)	363,765,556
166	Net Plant Carrying Charge per 100 Basis Point increase in ROE	(Line 164 / 165)	17.4036%
167	Net Plant Carrying Charge per 100 Basis Point increase in ROE without Depreciation	(Line 163 - 86) / 165	13.9540%
168	Net Revenue Requirement	(Line 156)	60,611,868
169	True-up amount	Attachment 6	357,752
170	Plus any increased ROE calculated on Attachment 7 other than PJM Sch. 12 projects	Attachment 7	
171	Facility Credits under Section 30.9 of the PJM OATT and Facility Credits paid to Vineland per settlement in ER05-515 (Note R)	Attachment 5	450,000
172	Net Zonal Revenue Requirement	(Line 168 - 169 + 171)	61,419,620
Network Zonal Service Rate			
173	1 CP Peak	(Note L) PJM Data	2,947
174	Rate (\$/MW-Year)	(Line 172 / 173)	20,841
175	Network Service Rate (\$/MW/Year)	(Line 174)	20,841

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/I-T). A utility must not include tax credits as a reduction to rate base and as an amortization against taxable income.
- J The ROE is 11.30%, which includes a 50 basis point RTO membership adder as authorized by FERC to become effective on December 1, 2007.
- 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.
- Q ACE capital structure is initially fixed at 50% common equity and 50% debt per settlement in ER05-515 subject to moratorium provisions in the settlement.
- R Per the settlement in ER05-515, the facility credits of \$15,000 per month paid to Vineland will increase to \$37,500 per month (prorated for partial months) effective on the date FERC approves the settlement in ER05-515.

END

Atlantic City Electric Company

Attachment 1- Accumulated Deferred Income Taxes (ADIT) Worksheet

	<i>Only Transmission Related</i>	<i>Plant Related</i>	<i>Labor Related</i>	<i>Total ADIT</i>
ADIT- 282	0	(323,935,897)	0	
ADIT-283	0	5,766,399	(22,136,007)	
ADIT-190	0	7,431,279	10,419,054	
Subtotal	0	(310,738,219)	(11,716,952)	
Wages & Salary Allocator			9.0848%	
Gross Plant Allocator		30.4248%		
ADIT	0	(94,541,499)	(1,064,464)	(95,605,963)

Note: ADIT associated with Gain or Loss on Reacquired Debt is included in Column A here and included in Cost of Debt on Appendix A, Line 111.
Amount (331,279)

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

	A	B Total	C Gas, Prod or Other Related	D Only Transmission Related	E Plant	F Labor	G Justifications
ADIT-190							
190	BAD DEBT RESERVE	5,917,061	5,917,061	-	-	-	Under the Tax Reform Act of 1986, taxpayers were required to account for bad debts using the specific write-off method. The reserve method is used for book purposes. The amount represents the add-back of book reserve. Retail related.
190	FASB 112-ACCTING FOR POST RETIRE	1,058,203	-	-	-	1,058,203	The book records accrual for post employment benefits. Tax deduction is taken at the time a payment is made. Affects company personnel across all functions.
190	LEGAL REGULATORY FEES	1,597,109	1,597,109	-	-	-	Legal fees incurred and paid for regulatory issues were deferred for book purposes. For tax purposes, the fees were deductible in full as paid. Retail related.
190	LEAC DISALLOWANCE	(111,388)	(111,388)	-	-	-	For tax purposes, LEAC (Levelized Energy Adjustment Clause) disallowance costs were deductible as incurred. For book purposes, a reserve for the disallowance costs was recorded. Retail related.
190	UNCOLLECTIBLE ACCOUNTS	(959,570)	(959,570)	-	-	-	Under the Tax Reform Act of 1986, taxpayers were required to account for bad debts using the specific write-off method. The reserve method is used for book purposes. The amount represents the deduction for tax purposes. Retail related.
190	FEBRUARY 98 SPECIAL RESERVES	144,186	144,186	-	-	-	For book purposes, the loan value position for Portland Station was written off as a loss. For tax purposes, the loss was not deductible. Generation related.
190	ACCRUAL SEVERANCE	(173,940)				(173,940)	adopted and the employees to be severed have been identified. For tax purposes, the costs are deductible when they are paid to the severed individual.
190	CLAIMS RESERVE	902,210				902,210	For book purposes, a deduction is taken for amounts set aside as a reserve for possible health, injury, and damages claims against ACE. For tax purposes, these amounts are not deductible until paid out as claims. Affects company personnel across all functions.
190	PLANT ABANDONMENT - SFAS 90	6,834,488	6,834,488			-	Plant Abandonment Amount represents deferred tax asset resulting from the disallowances of plant costs associated with ACE's investment in Unit No. 1 of the Hope Creek Generation Station upon adoption of FAS 90 in 1986. [The FAS90 requires that a loss be recognized if disallowance costs provide no return on investment of any portion of a plant.] Generator related.
190	MERGER RELATED ENTRIES	4,840,658				4,840,658	Reflects deferred taxes generated on Delmarva Power & Light Company /Atlantic City Electric Company merger costs deducted for tax purposes. For books these costs were capitalized. Pension related and therefore labor related.
190	Misc Deferred Debits - Retail	(602,412)	(602,412)				Retail related
190	Stores Clearing Accounts	204,113			204,113		Stores relates to all functions
190	Nuclear Fuel	249,176	249,176				Generation related
190	Hope Creek O&M	189,982	189,982				Generation related
190	Amortization of OPEB	920,894				920,894	OPEB, labor related and relates to all functions
190	MISCELLANEOUS	705,843			705,843		Miscellaneous temporary differences that are less than \$100,000 for each item. Related to all functions
190	OFFICER'S/MANAGERS DEFERRED COMP	283,957	-	-	-	283,957	For book purposes, deferred compensation and deferred payments are expensed when accrued. For tax purposes, they are not deducted until paid. Affects company personnel across all functions.
190	HYDROGEN WATER CHEMISTRY W/O	6,033	6,033	-	-	-	Amortization of book costs on generation project study which was an add-back for tax purposes. Generation related.
190	DSM COSTS	2,930,472	2,930,472	-	-	-	For books, Demand Side Management Costs are deferred. For tax these costs are expensed when paid. These deferred taxes are the result of this book/tax difference which is retail in nature. Retail related.
190	DEFERRED FUEL	1,606,396	1,606,396	-	-	-	Difference between actual fuel expense as compared to the fuel expense computed in accordance with fuel adjustment clause formulas as deferred on books. In accordance with Section 162 Ordinary and Necessary Business Expenses and Section 461 Rules for Taxable year of Deduction, fuel costs are deductible in the year incurred for federal tax purposes. Rate surcharges are includible in the taxable year the underlying monthly bill is adjusted. Refunds are deductible in the taxable year that the liability is fixed and economic performance has occurred. These deferred taxes are the result of this book/tax difference. Generation Related.

Atlantic City Electric Company

Attachment 1- Accumulated Deferred Income Taxes (ADIT) Worksheet

190	ENVIRONMENTAL SITE EXPENSE		2,204,812	2,204,812	-	-	-	These deferred taxes are the result of a deduction taken for book purposes to set aside a reserve for environmental site clean-up expenses. For tax no deduction is permitted until the "all events" test is met typically when economic performance has occurred. This book reserve is primarily related to Deepwater and BL England sites which should not be in transmission service. Generation Related.
190	MARK TO MARKET § 475 ADJUSTMENT		783,927			783,927	-	Pursuant to IRC Sec 475, the company is taking deduction to mark-to-market its accounts receivable. For book purposes, the receivables remained valued at their original amounts. Reflects unbilled revenues and customer accounts receivables. Applies to all functions.
190	NJ EXCISE TAX		2,079,985	2,079,985	-	-	-	Gross receipts and franchise tax catch up and go current payment. Fully deducted when paid on the tax return. Book amortized over 10 years. Retail related.
190	PEACH BOTTOM MASTER LEASE		459,607	459,607	-	-	-	Leased hardware is being tax depreciated. The portion of the lease payments charged to expense on the books must be added back to income for tax purposes. Retail related.
190	DEFERRED PURCHASED POWER		2,818,011	2,818,011	-	-	-	Book records amortization on Susquehanna deferred capitalized costs. For tax purposes, the amortization is added back to taxable income. Retail related.
190	PENSION PAYMENT RESERVE		5,052,876	-	-	-	5,052,876	Book records a deduction for actual SFAS 87 pension expense. A tax deduction is only allowed for actual payments into the pension trust. Affects company personnel across all functions.
190	SECTION 461(H) - PREPAID INSURANCE		4,112,055			4,112,055	-	Book records a deduction for accrual liabilities of worker compensation and T&D property insurance. A tax deduction is only allowed for actual payments made. Related to both T & D plant
190	SECTION 461(H) - PREPAID OTHER		51,960	51,960	-	-	-	Book records a deduction for accrual liability of Public Utility Assessment. A tax deduction is only allowed for actual payments made. Retail Related
190	PLANT RELATED		(1,110,100)	(1,110,100)				This deferred tax balance relates to plant and results from life and method differences. Related to both T & D plant
190	Reclass		3,811,947	3,811,947				Related to generation
190	199 AMT		1,625,341			1,625,341		Plant related
190	DE-REGULATED DEFERRED		80,685,095	80,685,095				Related to generation and retail
190	Subtotal - p234		129,118,987	108,802,850	-	7,431,279	12,884,857	
	Less FASB 109 Above if not separately removed							
190	Less FASB 106 Above if not separately removed		2,465,803				2,465,803	FAS No. 106 requires accrual basis instead of cash basis accounting for post retirement health care and life insurance benefits for book purposes. Amounts paid to participants or funded through the VEBA or 401(h) accounts are currently deductible for tax purposes. Affects company personnel across all functions.
190	Total		126,653,184	108,802,850	-	7,431,279	10,419,054	

Instructions for Account 190:

- ADIT items related only to Transmission are directly assigned to Column D
 - ADIT items related to Plant and not in Columns C & D are included in Column E
 - ADIT items related to labor and not in Columns C & D are included in Column F
5. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded.
6. Re: Form 1-F filer: Sum of subtotals for Accounts 282 and 283 should tie to Form No. 1-F, p.113.57.c

A	B	C	D	E	F	G
ADIT-282	Total	Gas, Prod or Other Related	Only Transmission Related	Plant	Labor	Justifications
282	Deregulation/Stranded Cost Generation Assets	(108,418,163)	(108,418,163)	-	-	This deferred tax balance relates to our plant and results from life and method differences. Generation related
282	Plant Related	(392,229,205)	(68,293,308)	(323,935,897)	-	This deferred tax balance relates to our plant and results from life and method differences. Related to both T & D plant.
	Subtotal - p275					
	Less FASB 109 Above if not separately removed					
	Less FASB 106 Above if not separately removed					
282	Total	(500,647,368)	(176,711,471)	(323,935,897)	-	

Instructions for Account 282:

- ADIT items related only to Transmission are directly assigned to Column D
 - ADIT items related to Plant and not in Columns C & D are included in Column E
 - ADIT items related to labor and not in Columns C & D are included in Column F
5. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded.
6. Re: Form 1-F filer: Sum of subtotals for Accounts 282 and 283 should tie to Form No. 1-F, p.113.57.c

A	B	C	D	E	F	G
ADIT-283	Total	Gas, Prod or Other Related	Only Transmission Related	Plant	Labor	Justifications
283	DUPONT RECEIVABLE	(6,498)	(6,498)	-	-	Tax deduction was taken for direct write off of receivable from Dupont project. For book purposes, reserve was recorded. Generation related.
283	BOARD OF DIRECTORS DEFERRED COMP	(15,390)	-	-	(15,390)	For tax purposes, payments for deferred compensation are deducted when paid. Affects company personnel across all functions.

Atlantic City Electric Company

Attachment 1- Accumulated Deferred Income Taxes (ADIT) Worksheet

283	SEVERANCE PACKAGE		(2,035)	-	-	(2,035)	For tax purposes, the severance costs are deductible when they are paid to the severed individual. For book purposes, the costs are expensed when a formal plan is adopted and the employees to be severed have been identified. Affects company personnel across all functions.
283	REGULATORY ISSUES		(1,912,208)	(1,912,208)	-	-	Costs incurred and paid for regulatory issues are deferred and amortized for book purposes. These costs were tax deductible in full as paid. Retail related
283	AMORTIZATION (LEGAL)		(5,707)	(5,707)	-	-	Legal costs related to Deepwater emergency facility were expensed on the books in the year incurred. For tax purposes, these costs are capital in nature and are amortized over a 30 year period. Generation related.
283	LOSS ON REACO DEBT		(331,279)	(331,279)	-	-	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. Excluded here since included in Cost of Debt
283	ASBESTOS REMOVAL		(2,388,053)	(2,388,053)	-	-	Costs incurred and paid by the company for asbestos removal were tax deductible in full as paid. These costs were deferred and amortized for book purposes. Generation related.
283	DEFERRED EXPENSE CLEARING		(1,087,778)		(1,087,778)		Reflects the deferred taxes generated as a result of the tax deductions taken for actual store room expenses. For book purposes, these amounts were recorded as an asset in FERC account 163.
283	PROPERTY LOSS AMORTIZATION		(1,554,677)	(1,554,677)	-	-	Reflects the deferred taxes as a result of the tax deductions taken on various generation related studies, such as Atlantic Generation Study, Hydrogen Water Chemistry, Baseline Configuration and Nuclear Fuel Contract Costs. Generation related.
283	SAVINGS & THRIFT GUARANTEE 401(k)		(927,567)	-	-	(927,567)	Labor related. Affects company personnel across all functions.
283	ACE REGULATORY RESTRUCTURING CHARGES		355,615	355,615	-	-	Costs incurred and paid for customer care enhancement program associated with deregulation are deferred and amortized for book purposes. Amortization of these costs were non-tax deductible. Retail related.
283	GATX Terminal Agreement for Atlantic CT's		113,767	113,767	-	-	Generation related
283	Reserve for Future Stranded Cost Disallowances		4,148,440	4,148,440	-	-	For book purposes, a loss due to future disallowance of stranded generation assets was set up as a reserve. For tax purposes, the loss is not deductible until the generation assets are disposed of. Retail related.
283	DUP-CL PROP R		(192,037)	(192,037)			Generation related
283	DUP-CL REM CO		(205,157)	(205,157)			Generation related
283	Less FASB 109 Above if not separately removed		(420,954)		(420,954)		FAS 109 Plant related, related to all functions.
283	Misc De-Regulation		196,783	196,783			Various items related to deregulation
283	Market to Market		321,554	321,554			Accounts Receivable, Other
283	Miscell Diff		2,553,993			2,553,993	This deferred tax balance relates to plant and results from life and method differences. Related to both T & D plant
283	DEFERRED REVENUE		615,928	615,928			Reflects the deferred taxes generated as a result of revenue included as taxable income. For book purposes this amount was deferred in FERC account 254000. Retail related
	Stranded Costs		155,219,605	155,219,605			All Generation related
	MISCELL RESERVE		124,443	124,443			Generation related, Environmental Reserve for BL England site,
	PENSION PAYMENT RESERVE		(22,935,852)		(22,935,852)		Affects company personnel across all functions.
	SERP		22,588		22,588		Affects company personnel across all functions.
	SECTION 461(H) Prepaid		(651,031)		(651,031)		Related to both T & D plant
	NUG BUYOUT		5,572,432	5,572,432			Generation related
	AMORT of OPEB		3,061,523		3,061,523		OPEB, labor related and relates to all functions
	BGS Deferred Related - Retail		26,530,732	26,530,732			Retail related
	MISC DEFERRED DEBITS		31,581	31,581			Deferred Costs for Universal Service Fund, Retail related
	NOL		2,922,347		2,922,347		Related to both T & D plant
	AMA		1,942,292		1,942,292		Related to both T & D plant
283	Plant Related		(190,277,849)	(75,708,826)	(114,569,023)		
283	Subtotal - p277. (Form 1-F filer: see note 6, below)		(19,180,448)	110,926,439	(108,802,624)	(21,304,262)	
283	Less FASB 109 Above if not separately removed		(114,569,023)		(114,569,023)		
	Less FASB 106 Above if not separately removed		831,745			831,745	
283	Total		94,556,830	110,926,439	5,766,399	(22,136,007)	

Instructions for Account 283:
 1. ADIT Items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C1. 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 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

ADITC-255

	Item	Balance	Amortization
1	Rate Base Treatment		
2	Balance to line 41 of Appendix A	Total	
3	Amortization		

Atlantic City Electric Company

Attachment 2 - Taxes Other Than Income Worksheet

Other Taxes	Page 263 Col (i)	Allocator	Allocated Amount
Plant Related		Gross Plant Allocator	
1 Real property (State, Municipal or Local)	1,749,233		
2 Personal property	-		
3 City License	-		
4 State Excise	-		
Total Plant Related	1,749,233	30.4248%	532,201
Labor Related		Wages & Salary Allocator	
5 Federal FICA & Unemployment	6,219,821		
6 Unemployment	265,915		
Total Labor Related	6,485,736	9.0848%	589,218
Other Included		Gross Plant Allocator	
7 Miscellaneous	1,726		
Total Other Included	1,726	30.4248%	525
Total Included			1,121,943
Excluded			
8 State Franchise tax	(33,757)		
9 TEFA	20,909,240		
10 Use & Sales Tax	240,911		
11 Total "Other" Taxes (included on p. 263)	29,353,089		
12 Total "Taxes Other Than Income Taxes" - acct 408.10 (p. 114.14)	<u>29,353,089</u>		
13 Difference	-		

Criteria for Allocation:

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

Atlantic City Electric Company

Attachment 3 - Revenue Credit Workpaper

Account 454 - Rent from Electric Property		
1	Rent from Electric Property - Transmission Related (Note 3)	99,633
2	Total Rent Revenues (Sum Line 1)	99,633
 Account 456 - Other Electric Revenues (Note 1)		
3	Schedule 1A	\$ 934,098
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)	691,230
6	PJM Transitional Revenue Neutrality (Note 1)	-
7	PJM Transitional Market Expansion (Note 1)	-
8	Professional Services (Note 3)	-
9	Revenues from Directly Assigned Transmission Facility Charges (Note 2)	1,291,800
10	Rent or Attachment Fees associated with Transmission Facilities (Note 3)	6,620
11	Gross Revenue Credits (Sum Lines 2-10)	3,023,381
12	Less line 17g	(74,825)
13	Total Revenue Credits	2,948,556
 <u>Revenue Adjustment to determine Revenue Credit</u>		
14	<p>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.</p>	
15	<p>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.</p>	
16	<p>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).</p>	
17a	Revenues included in lines 1-11 which are subject to 50/50 sharing.	106,253
17b	Costs associated with revenues in line 17a	43,397
17c	Net Revenues (17a - 17b)	62,856
17d	50% Share of Net Revenues (17c / 2)	31,428
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)	31,428
17g	Line 17f less line 17a	(74,825)
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.	12,366,541
19	Amount offset in line 4 above	52,902,446
20	Total Account 454, 456 and 456.1	68,292,368

Atlantic City Electric Company

Attachment 4 - Calculation of 100 Basis Point Increase in ROE

A	Return and Taxes with 100 Basis Point increase in ROE		
	100 Basis Point increase in ROE and Income Taxes	(Line 127 + Line 138)	43,274,388
B	100 Basis Point increase in ROE		1.00%

Return Calculation

59	Rate Base		(Line 39 + 58)	319,023,339
	Long Term Interest			
100	Long Term Interest		p117.62c through 67c	55,412,632
101	Less LTD Interest on Securitization B _i (Note P)		Attachment 8	23,324,716
102	Long Term Interest		"(Line 100 - line 101)"	32,087,916
103	Preferred Dividends	enter positive	p118.29c	262,842
	Common Stock			
104	Proprietary Capital		p112.16c	483,635,553
105	Less Preferred Stock	enter negative	(Line 114)	-6,214,500
106	Less Account 216.1	enter negative	p112.12c	0
107	Common Stock		(Sum Lines 104 to 106)	477,421,053
	Capitalization			
108	Long Term Debt		p112.17c through 21c	939,371,501
109	Less Loss on Reacquired Debt	enter negative	p111.81.c	14,101,084
110	Plus Gain on Reacquired Debt	enter positive	p113.61.c	0
111	Less ADIT associated with Gain or Loss	enter negative	Attachment 1	331,279
112	Less LTD on Securitization Bonds	enter negative	Attachment 8	-450,656,501
113	Total Long Term Debt		(Sum Lines Lines 108 to 112)	503,147,363
114	Preferred Stock		p112.3c	6,214,500
115	Common Stock		(Line 107)	477,421,053
116	Total Capitalization		(Sum Lines 113 to 115)	986,782,916
117	Debt %	(Note Q from Appendix A)	Total Long Term Debt (Line 113 / 116)	50%
118	Preferred %	(Note Q from Appendix A)	Preferred Stock (Line 114 / 116)	0%
119	Common %	(Note Q from Appendix A)	Common Stock (Line 115 / 116)	50%
120	Debt Cost		Total Long Term Debt (Line 102 / 113)	0.0638
121	Preferred Cost		Preferred Stock (Line 103 / 114)	0.0423
122	Common Cost	(Note J from Appendix A)	Common Stock Appendix A % plus 100 Basis Pts	0.1230
123	Weighted Cost of Debt		Total Long Term Debt (WCLTD) (Line 117 * 120)	0.0319
124	Weighted Cost of Preferred		Preferred Stock (Line 118 * 121)	0.0000
125	Weighted Cost of Common		Common Stock (Line 119 * 122)	0.0615
126	Total Return (R)		(Sum Lines 123 to 125)	0.0934
127	Investment Return = Rate Base * Rate of Return		(Line 59 * 126)	29,792,695

Composite Income Taxes

(Note L)

	Income Tax Rates			
128	FIT=Federal Income Tax Rate			35.00%
129	SIT=State Income Tax Rate or Composite			8.99%
130	p = percent of federal income tax deductible for state purposes		Per State Tax Code	0.00%
131	T		$T = 1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$	40.85%
132	T / (1-T)			69.05%
	ITC Adjustment			
133	Amortized Investment Tax Credit	enter negative	p266.8f	-127,106
134	T/(1-T)		(Line 132)	69.05%
135	Net Plant Allocation Factor		(Line 18)	30.8091%
136	ITC Adjustment Allocated to Transmission	(Note I from Appendix A)	(Line 133 * (1 + 134) * 135)	-66,201
137	Income Tax Component =	$CIT = (T / (1 - T)) * Investment Return * (1 - (WCLTD / R)) =$		13,547,894
138	Total Income Taxes			13,481,693

Atlantic City Electric Company

Attachment 5 - Cost Support

Electric / Non-electric Cost Support

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Electric Portion	Non-electric Portion	Details
Plant Allocation Factors							
10	Accumulated Intangible Amortization	(Note A)	p200.21c	\$ 39,307,351	39,307,351	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	11,059,154	11,059,154	0	Respondent is Electric Utility only.
Materials and Supplies							
47	Undistributed Stores Exp	(Note A)	p227.6c & 16.c	1,031,369	1,031,369	0	Respondent is Electric Utility only.
Allocated General & Common Expenses							
65	Plus Transmission Lease Payments	(Note A)	p200.3c	0	0	0	
67	Common Plant O&M	(Note A)	p356	0	0	0	
Depreciation Expense							
88	Intangible Amortization	(Note A)	p336.1d&e	227,705	227,705	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	5,553,713	1,350,288	4,203,425	"Transmission RW - Carl's Corner" and "Future Conversion of Cumberland-Corcon 138 KV" are transmission.
73	Regulatory Commission Exp Account 928	(Note C)	p323.160b	Enter	Enter	Enter	

CWIP & Expensed Lease Worksheet

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	CWIP in Form 1 Amount	Expensed Lease in Form 1 Amount	Details
Plant Allocation Factors							
6	Electric Plant in Service	(Note B)	p207.104g	1,949,654,865	0	0	See Form 1
Plant In Service							
19	Transmission Plant In Service	(Note B)	p207.58.g	543,801,599	0	0	See Form 1
24	Common Plant (Electric Only)	(Notes A & B)	p356	0	0	0	
Accumulated Depreciation							
30	Transmission Accumulated Depreciation	(Note B)	p219.25.c	180,036,043	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	33179	33179		See Form 1

Atlantic City Electric Company

Attachment 5 - Cost Support

Regulatory Expense Related to Transmission Cost Support

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Transmission Related	Non-Transmission Related	Details
70	Allocated General & Common Expenses Less Regulatory Commission Exp Account 928	(Note E)	p323.189b	2,778,601	0	2,778,601	Transmission related.
77	Directly Assigned A&G Regulatory Commission Exp Account 928	(Note G)	p323.189b	2,778,601	0	2,778,601	Transmission related.

Safety Related Advertising Cost Support

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Safety Related	Non-safety Related	Details
81	Directly Assigned A&G General Advertising Exp Account 930.1	(Note F)	p323.191b	40,496	-	40,496	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	NJ 9.00%	PA 9.900%				Enter Calculation Apportioned: NJ 8.8864%, PA 0.1082%

Education and Out Reach Cost Support

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Education & Outreach	Other	Details
78	Directly Assigned A&G General Advertising Exp Account 930.1	(Note K)	p323.191b	40,496	-	40,496	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	27,526,011	General Description of the Facilities
Instructions:				Enter \$	None
1 Remove all investment below 69 kV or generator step up transformers included in transmission plant in service that are not a result of the RTEP Process					
2 If unable to determine the investment below 69kV in a substation with investment of 69 kV and higher as well as below 69 kV, the following formula will be used:				Or	
Example				Enter \$	
A Total investment in substation				1,000,000	
B Identifiable investment in Transmission (provide workpapers)				500,000	
C Identifiable investment in Distribution (provide workpapers)				400,000	
D Amount to be excluded (A x (C / (B + C)))				444,444	
Add more lines if necessary					

Atlantic City Electric Company

Attachment 5 - Cost Support

Outstanding Network Credits Cost Support

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

Transmission Related Account 242 Reserves

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Total	Allocation	Transmission Related	Details
44 Transmission Related Account 242 Reserves (exclude current year environmental site related reserves)				Enter \$		Amount	
	Directly Assignable to Transmission			-	100%	-	
	Labor Related, General plant related or Common Plant related			9,713,063	9.08%	882,415	
	Plant Related			2,417,549	30.42%	735,535	
	Other				0.00%	-	
	Total Transmission Related Reserves			12,130,612		1,617,949	

Prepayments

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Description of the Prepayments	
45 Prepayments					
5	Wages & Salary Allocator		9.085%	To Line 45	
	Pension Liabilities, if any, in Account 242	-	9.085%	-	
	Prepayments	\$ 48,624,550	9.085%	4,417,454	
	Prepaid Pensions if not included in Prepayments	\$ 8,516,256	9.085%	773,687	
		57,140,806		5,191,141	

Add more lines if necessary

Extraordinary Property Loss

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Amount	Number of years	Amortization	w/ interest
61	Less extraordinary property loss		Attachment 5	\$ -			
62	Plus amortized extraordinary property loss		Attachment 5		5	\$ -	\$ -

Atlantic City Electric Company

Attachment 5 - Cost Support

Interest on Outstanding Network Credits Cost Support

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

Facility Credits under Section 30.9 of the PJM OATT and Facility Credits paid to Vineland per settlement in ER05-515 (Note R)

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Amount	Description & PJM Documentation
171	Net Revenue Requirement Facility Credits under Section 30.9 of the PJM OATT and Facility Credits paid to Vineland per settlement in ER05-515 (Note R)			450,000	Settlement agreement. \$15k/mo Jan-Apr 18 + \$37.5/mo Apr 19-Dec.

PJM Load Cost Support

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				1 CP Peak	Description & PJM Documentation
173	Network Zonal Service Rate 1 CP Peak	(Note L)	PJM Data	2,947	See Form 1

Statements BG/BH (Present and Proposed Revenues)

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

Atlantic City Electric Company

Attachment 5a - Allocations of Costs to Affiliate

	Delmarva Power	Atlantic City	Pepco	Non - Regulated	Total
Executive Management	\$ 3,672,796	\$ 3,443,180	\$ 8,994,956	\$ 5,112,951	\$ 21,223,883
Security Services	416,563	264,475	648,568	157,903	1,487,509
General Services	899,582	416,732	816,946	344,165	2,477,425
Building Services	796,591	716,847	1,113,759	906,968	3,534,165
Real Estate	112,908	124,427	-	60,515	297,850
Corporate Insurance Administration	159,132	103,908	237,547	119,854	620,441
Claims Administration	-	-	726,081	-	726,081
Regulatory Affairs	2,861,981	1,918,455	3,914,567	67,670	8,762,673
Accounts Payable Services	736,154	563,190	638,279	217,888	2,155,511
Payroll Services	68,707	39,669	81,327	19,264	208,967
Asset Management	223,421	182,736	747,295	224,207	1,377,659
Investor Relations	153,484	145,894	380,838	215,746	895,962
Shareholder Services	234,159	222,348	582,367	327,901	1,366,775
Financial Reporting	712,176	675,885	1,771,544	997,778	4,157,383
Sarbanes-Oxley Compliance	175,033	166,343	434,816	245,619	1,021,811
Investment Financial Management	(3,664)	98,043	338,031	222,514	654,924
Other Financial Services	3,396,341	2,474,267	5,182,482	3,118,134	14,171,224
Insurance Premiums & Claims	2,378,715	1,717,904	3,968,036	3,007,185	11,071,840
Cost of Benefits	1,502,934	940,071	2,046,611	820,451	5,310,067
Executive Compensation Services	855,619	670,858	1,757,913	1,916,181	5,200,571
Other Human Resources Services	4,466,181	2,538,786	4,954,306	1,062,194	13,021,467
Legal Services	3,908,767	2,117,528	5,402,306	1,689,986	13,118,587
Internal Audit	625,882	762,785	1,017,975	484,058	2,890,700
Special Billing	-	-	1,020,514	-	1,020,514
Other Customer Care	1,261,774	1,208,238	1,222,399	-	3,692,411
Marketing Services	812,983	658,754	1,484,060	69,826	3,025,623
Information Technology	221,889	121,508	601,199	21,155	965,751
PHI Corporate Contributions	8,500	7,932	20,918	12,060	49,410
Other Corporate Communications	535,414	367,699	956,677	548,716	2,408,506
Environmental & Safety	1,350,811	876,559	2,015,509	346,729	4,589,608
Other Delivery Services	6,856,485	5,459,739	6,762,313	-	19,078,537
Merchant Functions	30,368	-	-	1,213,207	1,243,575
Internal Consulting Services	337,404	218,025	503,110	-	1,058,539
Interns	127,192	-	138,226	912	266,330
Total	\$ 39,896,282	\$ 29,222,785	\$ 60,481,475	\$ 23,551,737	\$ 153,152,279

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 from 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 (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 from Year 1 (e.g., 2004)
\$ 59,549,555 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	4,361,806	10.5	45,798,963	3,816,580
Mar		9.5	-	-
Apr		8.5	-	-
May		7.5	-	-
Jun		6.5	-	-
Jul		5.5	-	-
Aug		4.5	-	-
Sep		3.5	-	-
Oct		2.5	-	-
Nov		1.5	-	-
Dec	55,557,255	0.5	27,778,628	2,314,886
Total	59,919,061		73,577,591	6,131,466
New Transmission Plant Additions for Year 2 (weighted by months in service)				6,131,466

3 April Year 2 TO adds weighted Cap Adds to plant in service in Formula
 \$ 6,131,466 Input to Formula Line 21

4 May Year 2 Post results of Step 3 on PJM web site
 \$ 60,163,865 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 (June 1, 2005 - May 31, 2006)
 \$ 60,163,865

6 April Year 3 TO populates the formula with Year 2 data from FERC Form 1 for Year 2 (e.g., 2005)
 \$ 57,425,613 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	806,851	8.5	6,858,234	571,519
May		7.5	-	-
Jun	63,328,641	6.5	411,636,167	34,303,014
Jul	1,159,601	5.5	6,377,806	531,484
Aug		4.5	-	-
Sep		3.5	-	-
Oct		2.5	-	-
Nov	552,748	1.5	829,122	69,094
Dec		0.5	-	-
Total	65,847,841		425,701,328	35,475,111
New Transmission Plant Additions for Year 3 (weighted by months in service)				35,475,111
61061868.31				Input to Formula Line 21

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 **28,373,180** 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	(\$314,091)	11.5	(3,612,049)	(301,004)
Feb	\$3,331,062	10.5	34,976,154	2,914,679
Mar	\$260,158	9.5	2,471,497	205,958
Apr	\$994	8.5	8,452	704
May	\$33,502	7.5	251,262	20,938
Jun	\$509,479	6.5	3,311,611	275,968
Jul	\$14,208,763	5.5	78,148,198	6,512,350
Aug	\$4,087,314	4.5	18,392,914	1,532,743
Sep	(\$323,473)	3.5	(1,132,157)	(94,346)
Oct	\$7,157	2.5	17,893	1,491
Nov	\$807,660	1.5	1,211,490	100,957
Dec	\$5,764,656	0.5	2,882,328	240,194
Total	28,373,180		136,927,592	11,410,633
New Transmission Plant Additions for Year 2 (weighted by months in service)				11,410,633
				Input to Formula Line 21

55,686,924.31 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			
55,135,211	-	54,805,406	=		329,805

Interest on Amount of Refunds or Surcharges

Interest rate pursuant to 35.19a for March o 0.6600%

Month	Yr	1/12 of Step 9	Interest rate for March of the Current Yr	Months	Interest	Surcharge (Refund) Owed
Jun	Year 1	27,484	0.6600%	11.5	2,086	29,570
Jul	Year 1	27,484	0.6600%	10.5	1,905	29,388
Aug	Year 1	27,484	0.6600%	9.5	1,723	29,207
Sep	Year 1	27,484	0.6600%	8.5	1,542	29,026
Oct	Year 1	27,484	0.6600%	7.5	1,360	28,844
Nov	Year 1	27,484	0.6600%	6.5	1,179	28,663
Dec	Year 1	27,484	0.6600%	5.5	998	28,481
Jan	Year 2	27,484	0.6600%	4.5	816	28,300
Feb	Year 2	27,484	0.6600%	3.5	635	28,119
Mar	Year 2	27,484	0.6600%	2.5	453	27,937
Apr	Year 2	27,484	0.6600%	1.5	272	27,756
May	Year 2	27,484	0.6600%	0.5	91	27,574
Total		329,805				342,865

		Balance	Interest from above	Amortization over Rate Year	Balance
Jun	Year 2	342,865	0.6600%	29,813	315,316
Jul	Year 2	315,316	0.6600%	29,813	287,584
Aug	Year 2	287,584	0.6600%	29,813	259,670
Sep	Year 2	259,670	0.6600%	29,813	231,571
Oct	Year 2	231,571	0.6600%	29,813	203,286
Nov	Year 2	203,286	0.6600%	29,813	174,815
Dec	Year 2	174,815	0.6600%	29,813	146,157
Jan	Year 3	146,157	0.6600%	29,813	117,309
Feb	Year 3	117,309	0.6600%	29,813	88,270
Mar	Year 3	88,270	0.6600%	29,813	59,040
Apr	Year 3	59,040	0.6600%	29,813	29,617
May	Year 3	29,617	0.6600%	29,813	(0)
Total with interest				357,752	

The difference between the Reconciliation in Step 8 and the forecast in Prior Year with interest 357,752

Rev Req based on Year 2 data with estimated Cap Adds for Year 3 \$ 61,061,868

Revenue Requirement for Year 3

Must run Appendix A to get this number (with prospective weighted cap adds in line 21)
61,419,620

10 May Year 3 Post results of Step 9 on PJM web site
\$ 61,419,620 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)
\$ 61,419,620

Atlantic City Electric Company

Attachment 8 - Company Exhibit - Securitization Workpaper

Line #

	Long Term Interest	
101	Less LTD Interest on Securitization Bonds	23,324,716
	Capitalization	
112	Less LTD on Securitization Bonds	450,656,501

Calculation of the above Securitization Adjustments

Inputs from Atlantic City Electric Company 2007 FERC Form 1
Pages 256-257 "Long Term Debt (Account 221, 222, 223, and 224)"
Line 31 "Note Payable to ACE Transition Funding - variable"
LTD Interest on Securitization Bonds in column (i)
LTD on Securitization Bonds in column (h)