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FILE NO:

December 1, 2008

Ms. Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E.  
Washington, D.C. 20426

**Re: Pepco Holdings, Inc., Potomac Electric Power Company, Delmarva Power & Light Company, and Atlantic City Electric Company -- Compliance Filing for the Mid-Atlantic Power Pathway, Docket No. ER08-1423-001**

Dear Secretary Bose:

On October 31, 2008, the Federal Energy Regulatory Commission issued an order<sup>1</sup> ("October 31 Order") granting Potomac Electric Power Company ("Pepco"), Delmarva Power & Light Company ("Delmarva Power"), and Atlantic City Electric Company ("Atlantic City Electric") (collectively "PHI Companies") incentive rates for the Mid-Atlantic Power Pathway ("MAPP") Project. The Commission accepted the proposed tariff sheets for filing and directed the PHI Companies to file revised tariff sheets. (October 31 Order at P 94). Pepco Holdings, Inc. ("PHI") and the PHI Companies hereby submit revised tariff sheets to the PJM Interconnection, L.L.C. ("PJM") Open Access Transmission Tariff ("OATT") necessary to permit the PHI Companies to recover the incentive rate treatments authorized by the Commission.

## I. Contents of the Filing

PHI submits the following documents:

- This Filing Letter.
- **Appendix A** -- Clean tariff sheets reflecting revisions to PJM Tariff Sheet Nos. 298B, 298E, 298R, 298S, 298T, 298U, 300F, 300I, 300V, 300W, 300X, 300Y, 310B, 310E, 310S, 310T, 310U, 310V (Attachments H-1A (Atlantic City Electric), H-3D (Delmarva Power), and H-9A (Pepco)).

<sup>1</sup> See *Pepco Holdings, Inc.*, 125 FERC ¶ 61,130 (2008).



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- **Appendix B** -- Redlined versions of the above PJM OATT tariff sheets.

## II. Communications

Communications and correspondence regarding this filing should be addressed to the following:

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## III. Tariff Amendments

The revenue requirements of the PHI Companies are recovered pursuant to formula rates that Pepco, Delmarva Power, and Atlantic City Electric each has on file with the Commission in Attachment H of the PJM OATT. In the October 31 Order at P 94, the Commission directed the PHI Companies to submit revised tariff sheets to the PJM OATT to reflect the approved ROE incentive. The additions to reflect the 12.8% incentive ROE adder for each company are included in the revised tariff sheets in Footnote J on pages 298E, 300I and 310E, as well as in Attachment 7 on pages 298U, 300Y and 310V.

In addition, after the initial August 18, 2008, filing in this docket, yet prior to the October 31 Order, the Commission issued an order in Docket No. ER08-686 approving amendments to the PJM OATT to reflect a 150 basis-point adder for certain transmission projects of Pepco, Atlantic City Electric, and Delmarva Power.<sup>2</sup> Given the timing of that approval, the tariff changes approved in the ER08-686 docket order could not be incorporated in the tariff sheets submitted by the PHI Companies in Docket No. ER08-1423. Accordingly, the clean and redlined tariff sheets submitted herein incorporate all the incentives and tariff changes approved in both Docket Nos. ER08-686 and ER08-1423. Therefore, the tariff sheets

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<sup>2</sup> See *Pepco Holdings, Inc.*, 124 FERC ¶ 61,176 (2008), issued on August 22, 2008.

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submitted herein reflect the most current and updated versions of the tariff sheets that should be included in the PJM OATT.

## IV. Service

PHI will make copies of this filing available for inspection at the PHI Companies' offices. In addition, on behalf of PHI, PJM will serve a copy of this filing on all PJM Members (which include all affected transmission customers) and on all state utility regulatory commissions in the PJM Region by providing a link to such posting via e-mail. PHI requests waiver of the requirement to serve by mailing paper copies. Waiver of paper service is consistent with the Commission's decision to establish electronic service as the default method of service on service lists maintained by the Commission's Secretary.

## V. Conclusion

The PHI Companies respectfully request that the Commission accept for filing the enclosed tariff sheets submitted in compliance with the October 31 Order.

Respectfully submitted,



Amy L. Blauman  
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Counsel for the PHI Companies

Enclosures

# APPENDIX A

**ATLANTIC CITY ELECTRIC COMPANY**

**ATTACHMENT H-1A**

**(Clean version)**

<b>Accumulated Deferred Income Taxes</b>			
40	ADIT net of FASB 106 and 109		Attachment 1
41	Accumulated Investment Tax Credit Account No. 255	Enter Negative (Notes A & I)	p266.h (Line 18)
42	Net Plant Allocation Factor		
43	Accumulated Deferred Income Taxes Allocated To Transmission		(Line 41 * 42) + Line 40
43a	Transmission Related CWP (Current Year 12 Month weighted average balance)	(Note B)	p216.43.b as Shown on Attachment 6
<b>Transmission O&amp;M Reserves</b>			
44	Total Balance Transmission Related Account 242 Reserves	Enter Negative	Attachment 5
<b>Prepayments</b>			
45	Prepayments	(Note A)	Attachment 5
46	Total Prepayments Allocated to Transmission		(Line 45)
<b>Materials and Supplies</b>			
47	Undistributed Stores Exp	(Note A)	p227.8c & 16.c (Line 5)
48	Wage & Salary Allocation Factor		(Line 47 * 48)
49	Total Transmission Allocated		p227.8c
50	Transmission Materials & Supplies		(Line 49 + 50)
51	Total Materials & Supplies Allocated to Transmission		(Line 49 + 50)
<b>Cash Working Capital</b>			
52	Operation & Maintenance Expense		(Line 65)
53	1/8th Rule		x 1/8
54	Total Cash Working Capital Allocated to Transmission		(Line 52 * 53)
<b>Network Credits</b>			
55	Outstanding Network Credits	(Note N)	From PJM
56	Less Accumulated Depreciation Associated with Facilities with Outstanding Network Credits	(Note N)	From PJM
57	Net Outstanding Credits		(Line 55 - 56)
58	<b>TOTAL Adjustment to Rate Base</b>		(Line 43 + 43a + 44 + 46 + 51 + 54 - 57)
59	<b>Rate Base</b>		(Line 38 + 58)
<b>Transmission O&amp;M</b>			
60	Transmission O&M		p321.112.b Attachment 5
61	Less extraordinary property loss		Attachment 5
62	Plus amortized extraordinary property loss		p321.96.b PJM Data
63	Less Account 566	(Note O)	p200.3.c
64	Plus Schedule 12 Charges billed to Transmission Owner and booked to Account 566	(Note A)	(Line 60 - 63 + 64 + 65)
65	Plus Transmission Lease Payments		
66	Transmission O&M		
<b>Allocated General &amp; Common Expenses</b>			
67	Common Plant O&M	(Note A)	p366
68	Total A&G		p323.197.b p323.185b
69	Less Property Insurance Account 924		p323.189b
70	Less Regulatory Commission Exp Account 928	(Note E)	p323.191b
71	Less General Advertising Exp Account 930.1		p338.3
72	Less DE Enviro & Low Income and MD Universal Funds		p323.363
73	Less EPRI Dues	(Note D)	(Lines 67 + 68) - Sum (69 to 73)
74	General & Common Expenses		(Line 5)
75	Wage & Salary Allocation Factor		(Line 74 * 75)
76	General & Common Expenses Allocated to Transmission		
<b>Directly Assigned A&amp;G</b>			
77	Regulatory Commission Exp Account 928	(Note G)	p323.189b
78	General Advertising Exp Account 930.1	(Note K)	p323.191b
79	Subtotal - Transmission Related		(Line 77 + 78)
80	Property Insurance Account 924		p323.185b
81	General Advertising Exp Account 930.1	(Note F)	p323.191b
82	Total		(Line 80 + 81)
83	Net Plant Allocation Factor		(Line 18)
84	A&G Directly Assigned to Transmission		(Line 82 * 83)
85	<b>Total Transmission O&amp;M</b>		(Line 66 + 76 + 79 + 84)

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Notes

- A Electric portion only
- B Exclude Construction Work In Progress and leases that are expensed as O&M (rather than amortized). New Transmission plant that is expected to be placed in service in the current calendar year weighted by number of months it is expected to be in-service. New Transmission plant expected to be placed in service in the current calendar year that is not included in the PJM Regional Transmission Plan (RTTP) 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 CWIP will be linked to Attachment 6 which shows detail support by project (in-service and non-in-service).
- C Transmission Portion Only
- D All EPRM 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 (limited 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  $p = \frac{\text{the percentage of federal income tax deductible for state income taxes}}{\text{the percentage of federal income tax deductible for state income taxes}}$ . If the utility includes losses 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. 298 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 296.8.2) multiplied by  $(1/1-p)$ . A utility must not include tax credits as a reduction to rate base and as an amortization against taxable income.
- J Per FERC order in Docket No. ER08-10, the ROE is 11.20%, which includes a 50 basis-point RTO membership adder as authorized by FERC to become effective on December 1, 2007. Per FERC orders in Docket Nos. ER08-698 and ER08-1423, the ROE for specific projects identified or to be identified in Attachment 7 is 12.60%, which includes a 100 basis-point transmission incentive ROE adder as authorized by FERC to become effective June 1, 2008 and November 1, 2008 respectively.
- 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 ERO5-515.
- M Amount of transmission plant excluded from rates per Attachment 5.
- N Outstanding Network Credits is the balance of Network Facilities Upgrade 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 accrued each year is added to the revenue requirement to make the Transmission Owner whole on Line 186.
- 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 585, they are included in on line 64.
- P Securitization benefits may be included in the capital structure per settlement in ERO5-515.
- Q ACE capital structure is initially fixed at 90% common equity and 10% debt per settlement in ERO5-515 subject to moratorium provisions in the settlement.
- R Per the settlement in ERO5-515, the facility credits of \$15,000 per month paid to Vineland will increase to \$37,600 per month (prorated for partial months) effective on the date FERC approves the settlement in ERO5-515.

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Attachment 6 - Estimate and Reconciliation Worksheet

Step Month Year Action

Step Summary

- 1 April Year 2 TO populates the formula with Year 1 data from FERC Form 1 data for Year 1 (e.g., 2004)
- 2 April Year 2 TO estimates all transmission Cap Adds and CWP for Year 2 weighted based on Months expected to be in service in Year 2 (e.g., 2005)
- 3 April Year 2 TO adds weighted Cap Adds to plant in service in Formula
- 4 May Year 2 Post results of Step 3 on PJM web site
- 5 June Year 2 Results of Step 3 go into effect for the Rate Year 1 (e.g., June 1, 2006 - May 31, 2006)
- 6 April Year 2 TO populates the formula with Year 2 data from FERC Form 1 for Year 2 (e.g., 2005)
- 7 April Year 2 Reconciliation - TO estimates Reconciliation by removing from Year 2 data - the total Cap Adds placed in service in Year 2 and adding weighted average in Year 2 actual Cap Adds and CWP in Reconciliation (adjusted to include any Reconciliation amount from prior year)
- 8 April Year 3 TO estimates Cap Adds and CWP during Year 3 weighted based on Months expected to be in service in Year 3 (e.g., 2006)
- 9 April Year 3 Reconciliation - TO adds the difference between the Reconciliation in Step 7 and the forecast in Line 5 with interest to the result of Step 7 (this difference is also added to Step 8 in the subsequent year)
- 10 May Year 3 Post results of Step 9 on PJM web site
- 11 June Year 3 Results of Step 9 go into effect for the Rate Year 2 (e.g., June 1, 2006 - May 31, 2007)

- 1 April Year 2 TO populates the formula with Year 1 data from FERC Form 1 data for Year 1 (e.g., 2004)  
 Must run Appendix A to get this number (without inputs in lines 20, 21 or 40s of Appendix A)  
 Rate Reg based on Year 1 data

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

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)
	Monthly Additions	Monthly Additions	Monthly Additions	Monthly Additions	Weighting	Other Plant in Service	Other Plant in Service	MAPP CWP	MAPP in Service	Other Plant in Service	Other Plant in Service	MAPP CWP	MAPP in Service
	Other Plant in Service	Other Plant in Service	MAPP CWP	MAPP in Service		Amount (A x E)	Amount (B x E)	Amount (C x E)	Amount (D x E)	(F / I)	(G / I)	(H / I)	(J / I)
Jan					11.5								
Feb					10.0								
Mar					8.5								
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					0.5								
Total													

Non-Transmission Plant Additions and CWP (weighted by months in service)

Input to Line 21 of Appendix A  
 Input to Line 40s of Appendix A  
 Month in Service or Month for CWP

- 3 April Year 2 TO adds weighted Cap Adds to plant in service in Formula  
 Input to Formula Line 21

- 4 May Year 2 Post results of Step 3 on PJM web site  
 Must run Appendix A to get this number (with inputs on lines 21 and 40s of Attachment A)

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

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6 April Year 2 TO populates the formula with Year 2 data from FERC Form 1 for Year 2 (e.g., 2002)  
 New Reg based on Prior Year data Must run Appendix A to get this number (without inputs in lines 20, 21 or 43a of Appendix A)

7 April Year 2 Reconciliation - TO calculates Reconciliation by removing from Year 2 data - the total Cap Adds placed in service in Year 2 and adding weighted average in Year 2 actual Cap Adds and CWP 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 \$ - Input in Formula Line 20  
 Add weighted Cap Adds actually placed in service in Year 2

	(A) Monthly Additions Other Plant in Service	(B) Monthly Additions Other Plant in Service	(C) Monthly Additions MAPP CWP	(D) Monthly Additions MAPP in Service	(E) Weighting	(F) Other Plant in Service Amount (A x E)	(G) Other Plant in Service Amount (B x E)	(H) MAPP CWP Amount (C x E)	(I) MAPP in Service Amount (D x E)	(J) Other Plant in Service (F / I)	(K) Other Plant in Service (G / I)	(L) MAPP CWP (H / I)	(M) MAPP in Service (I / I)
Jan					11.5								
Feb					10.5								
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					0.5								
Total													

New Transmission Plant Additions and CWP (weighted by months in service)

Input to Line 21 of Appendix A  
 Input to Line 43a of Appendix A  
 Month in Service or Month for CWP

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

8 April Year 2 TO estimates Cap Adds and CWP during Year 3 weighted based on Month expected to be in service in Year 3 (e.g., 2003)

	(A) Monthly Additions Other Plant in Service	(B) Monthly Additions Other Plant in Service	(C) Monthly Additions MAPP CWP	(D) Monthly Additions MAPP in Service	(E) Weighting	(F) Other Plant in Service Amount (A x E)	(G) Other Plant in Service Amount (B x E)	(H) MAPP CWP Amount (C x E)	(I) MAPP in Service Amount (D x E)	(J) Other Plant in Service (F / I)	(K) Other Plant in Service (G / I)	(L) MAPP CWP (H / I)	(M) MAPP in Service (I / I)
Jan					11.5								
Feb					10.5								
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					0.5								
Total													

New Transmission Plant Additions and CWP (weighted by months in service)

Input to Line 21 of Appendix A  
 Input to Line 43a of Appendix A  
 Month in Service or Month for CWP

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9 April Year 3 Reconciliation - TO add the difference between the Reconciliation in Step 7 and the forecast in Line 5 with interest to the result of Step 7 (No difference is also added to Step 8 in the subsequent year)

The Reconciliation in Step 7		The Forecast in Prior Year							
Interest on Amount of Refunds or Surcharges									
Interest rate pursuant to 35.10a for Month of the Current Yr:									
Month	Yr	1/12 of Step 8	Interest rate for Month of the Current Yr	Months	Interest	Surcharge (Refund) Owed			
Jun	Year 1	-	0.0000%	11.5	-	-			
Jul	Year 1	-	0.0000%	10.5	-	-			
Aug	Year 1	-	0.0000%	9.5	-	-			
Sep	Year 1	-	0.0000%	8.5	-	-			
Oct	Year 1	-	0.0000%	7.5	-	-			
Nov	Year 1	-	0.0000%	6.5	-	-			
Dec	Year 1	-	0.0000%	5.5	-	-			
Jan	Year 2	-	0.0000%	4.5	-	-			
Feb	Year 2	-	0.0000%	3.5	-	-			
Mar	Year 2	-	0.0000%	2.5	-	-			
Apr	Year 2	-	0.0000%	1.5	-	-			
May	Year 2	-	0.0000%	0.5	-	-			
Total									
Amortization over									
		Balance	Interest rate from above	Rate Year	Balance				
Jun	Year 2	-	0.0000%	-	-				
Jul	Year 2	-	0.0000%	-	-				
Aug	Year 2	-	0.0000%	-	-				
Sep	Year 2	-	0.0000%	-	-				
Oct	Year 2	-	0.0000%	-	-				
Nov	Year 2	-	0.0000%	-	-				
Dec	Year 2	-	0.0000%	-	-				
Jan	Year 3	-	0.0000%	-	-				
Feb	Year 3	-	0.0000%	-	-				
Mar	Year 3	-	0.0000%	-	-				
Apr	Year 3	-	0.0000%	-	-				
May	Year 3	-	0.0000%	-	-				
Total with interest									
The difference between the Reconciliation in Step 7 and the forecast in Prior Year with interest									
Rate Plan based on Year 2 data with estimated Cap Add and CWP for Year 3 (Step 8)									
Revenue Requirement for Year 3									

10 May Year 3 Post results of Step 9 on PJM web site  
 \$ 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, 2008 - May 31, 2007)  
 \$

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**DELMARVA POWER & LIGHT COMPANY**

**ATTACHMENT H-3D**

**(Clean version)**

40	Accumulated Deferred Income Taxes			
41	ADIT net of FASS 106 and 109		Attachment 1	
42	Accumulated Investment Tax Credit Account No. 295	Enter Negative	(Notes A & I)	p266.h (Line 18)
43	Net Plant Allocation Factor			(Line 41 * 42) + Line 40
43	Accumulated Deferred Income Taxes Allocated To Transmission			
43a	Transmission Related CWP (Current Year 12 Month weighted average balance)		(Note B)	p216.43.b as Shown on Attachment 6
44	Transmission O&M Reserves			
44	Total Balance Transmission Related Account 342 Reserves	Enter Negative		Attachment 5
45	Prepayments		(Note A)	Attachment 5
46	Prepayments			(Line 45)
46	Total Prepayments Allocated to Transmission			
47	Materials and Supplies		(Note A)	p227.6c & 16.c (Line 51)
48	Undistributed Stores Exp			
48	Wage & Salary Allocation Factor			(Line 47 * 48)
49	Total Transmission Allocated			p227.6c
50	Transmission Materials & Supplies			(Line 49 + 50)
51	Total Materials & Supplies Allocated to Transmission			
52	Cash Working Capital			(Line 85)
53	Operation & Maintenance Expense			x 1/3
54	1/3th Rule			(Line 52 * 53)
54	Total Cash Working Capital Allocated to Transmission			
55	Network Credits		(Note N)	From PJM
56	Outstanding Network Credits		(Note N)	From PJM
57	Less Accumulated Depreciation Associated with Facilities with Outstanding Network Credits			(Line 55 - 56)
57	Net Outstanding Credits			
58	TOTAL Adjustment to Rate Base			(Line 43 + 43a + 44 + 46 + 51 + 54 - 57)
59	Rate Base			(Line 30 + 58)
60	Transmission O&M			p381.112.b
61	Transmission O&M			Attachment 5
62	Less extraordinary property less			Attachment 5
63	Plus amortized extraordinary property less			p321.96.b
64	Less Account 565		(Note O)	PJM Data
65	Plus Schedule 12 Charges billed to Transmission Owner and booked to Account 565		(Note A)	p200.3.c
66	Plus Transmission Lease Payments			(Lines 60 - 63 + 64 + 65)
66	Transmission O&M			
67	Allocated General & Common Expenses		(Note A)	p356
68	Common Plant O&M			p323.167.b
69	Total A&G			p383.185b
70	Less Property Insurance Account 924		(Note E)	p323.189b
71	Less Regulatory Commission Exp Account 928			p323.191b
72	Less General Advertising Exp Account 930.1			p336.b
73	Less DE Enviro & Law Income and MD Universal Funds		(Note D)	p352-353
74	Less EPRI DUES			(Lines 67 + 68) - Sum (69 to 73)
74	General & Common Expenses			(Line 5)
75	Wage & Salary Allocation Factor			(Line 74 * 75)
76	General & Common Expenses Allocated to Transmission			
77	Directly Assigned A&G		(Note G)	p323.189b
78	Regulatory Commission Exp Account 928		(Note K)	p323.191b
79	General Advertising Exp Account 930.1			(Line 77 + 78)
79	Subtotal - Transmission Related			
80	Property Insurance Account 924		(Note F)	p323.185b
81	General Advertising Exp Account 930.1			p323.191b
82	Total			(Line 80 + 81)
83	Net Plant Allocation Factor			(Line 18)
84	A&G Directly Assigned to Transmission			(Line 82 * 83)
85	Total Transmission O&M			(Line 66 + 76 + 79 + 84)

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Notes

- A Electric portion only
- B Exclude Construction Work in Progress and leases that are expensed as O&M (rather than amortized). New Transmission plant that is expected to be placed in service in the current calendar year weighted by number of months it is expected to be in-service. New Transmission plant expected to be placed in service in the current calendar year that is not included in the PJM Regional Transmission Plan (RTEP) must be separately detailed on Attachment 5. For the Reconciliation, new transmission plant that was actually placed in service weighted by the number of months it was actually in service. CWIP will be linked to Attachment 6 which shows detail support by project (incentive and non-incentive).
- C Transmission Portion Only
- D All BPRI Annual Membership Dues
- E All Regulatory Commission Expenses
- F Safety related advertising included in Account 830.1
- G Regulatory Commission Expenses directly related to transmission service, RTO filings, or transmission siting itemized in Form 1 at 361.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, 288.B.1) multiplied by  $(1/FIT)$ . A utility must not include tax credits as a reduction to rate base and as an amortization against taxable income.
- J Per FERC order in Docket No. ER08-10, the ROE is 11.30%, which includes a 50 basis-point RTO membership adder as authorized by FERC to become effective on December 1, 2007. Per FERC orders in Docket Nos. ER08-698 and ER08-1423, the ROE for specific projects identified or to be identified in Attachment 7 is 12.80%, which includes a 180 basis-point transmission incentive ROE adder as authorized by FERC to become effective June 1, 2008 and November 1, 2008 respectively.
- 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 EROS-515.
- M Amount of transmission plant excluded from rates per Attachment 5.
- N Outstanding Network Credits is the balance of Network Facilities Upgrade Credits due Transmission Customers who have made lump-sum payments (net of accumulated depreciation) towards the construction of Network Transmission Facilities consistent with Paragraph 6B7 of Order 2005-A. Interest on the Network Credits as booked each year is added to the revenue requirement to make the Transmission Owner whole on Line 185.
- 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 885, they are included in on line 84
- P Securitization bonds may be included in the capital structure per settlement in EROS-515.
- Q ACE capital structure is initially fixed at 80% common equity and 20% debt per settlement in EROS-515 subject to moratorium provisions in the settlement.
- R Per the settlement in EROS-515, the facility credits of \$16,000 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 EROS-515.

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Attachment 6 - Estimate and Reconciliation Worksheet

Step Month Year Action

Base Summary

- 1 April Year 2 TO populates the formula with Year 1 data from FERC Form 1 data for Year 1 (e.g., 2004)
- 2 April Year 2 TO estimates all transmission Cap Adds and CNMP 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 2 on PJM web site
- 5 June Year 2 Results of Step 2 go into effect for the Rate Year 1 (e.g., June 1, 2005 - May 31, 2006)
- 6 April Year 2 TO populates the formula with Year 2 data from FERC Form 1 for Year 2 (e.g., 2005)
- 7 April Year 2 Reconciliation - TO calculates Reconciliation by removing from Year 2 data - the total Cap Adds phased in service in Year 2 and adding weighted average in Year 2 actual Cap Adds and CNMP in Reconciliation (updated to include any Reconciliation amount from prior year)
- 8 April Year 2 TO estimates Cap Adds and CNMP during Year 3 weighted based on Months expected to be in service in Year 2 (e.g., 2006)
- 9 April Year 2 Reconciliation - TO adds the difference between the Reconciliation in Step 7 and the forecast in Line 5 with Year 2 to the result of Step 7 (this difference is also added to Step 8 in the subsequent year)
- 10 May Year 2 Post results of Step 9 on PJM web site
- 11 June Year 2 Results of Step 9 go into effect for the Rate Year 2 (e.g., June 1, 2006 - May 31, 2007)

- 1 April Year 2 TO populates the formula with Year 1 data from FERC Form 1 data for Year 1 (e.g., 2004)  
 Plan Req based on Year 1 data Must run Appendix A to get this number (with inputs in Step 51, 21 or 41a of Appendix A)
- 2 April Year 2 TO estimates all transmission Cap Adds and CNMP for Year 2 weighted based on Months expected to be in service in Year 2 (e.g., 2005)

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)	(N)	(O)
	Monthly Additions	Monthly Additions	Monthly Additions	Monthly Additions	Weighting	Other Plant in Service	Other Plant in Service	MAPP CNMP	MAPP in Service	Other Plant in Service	Other Plant in Service	MAPP CNMP	MAPP in Service	MAPP CNMP	MAPP in Service
	Other Plant in Service	Other Plant in Service	MAPP CNMP	MAPP in Service		Amount (A x E)	Amount (B x E)	Amount (C x E)	Amount (D x E)	Other Plant in Service	Other Plant in Service	Amount (I x E)	Amount (J x E)	Amount (K x E)	Amount (L x E)
Jan					11.5										
Feb					10.8										
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					0.5										
Total															

Note: Transmission Plant Additions and CNMP weighted by months in service

Input to Line 21 of Appendix A  
 Input to Line 41a of Appendix A  
 Months in Service or Months for CNMP

- 2 April Year 2 TO adds weighted Cap Adds to plant in service in Formula  
 Input to Formula/Line 51
- 4 May Year 2 Post results of Step 2 on PJM web site  
 Must run Appendix A to get this number (with inputs on Step 21 and 41a of Attachment A)
- 5 June Year 2 Results of Step 2 go into effect for the Rate Year 1 (e.g., June 1, 2005 - May 31, 2006)

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6 April Year 3 TO populates the formula with Year 2 data from FERC Form 1 for Year 2 (e.g., 2006)  
 For Reg based on Prior Year data Must run Appendix A to get this number (without inputs in lines 20, 21 or 41a of Appendix A)

7 April Year 3 Reconciliation - TO estimates Reconciliation by removing from Year 2 data - the total Cap Adds placed in service in Year 2 and adding weighted average in Year 2 actual Cap Adds and CWP 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 Adds for Year 2 \$ Input to Formula Line 20  
 Add weighted Cap Adds actually placed in service in Year 2

	(A) Monthly Additions Other Plant in Service	(B) Monthly Additions Other Plant in Service	(C) Monthly Additions MAPP CWP	(D) Monthly Additions MAPP in Service	(E) Weighting	(F) Other Plant in Service Amount (A x E)	(G) Other Plant in Service Amount (B x E)	(H) MAPP CWP Amount (C x E)	(I) MAPP in Service Amount (D x E)	(J) Other Plant in Service (F / 12)	(K) Other Plant in Service (G / 12)	(L) MAPP CWP (H / 12)	(M) MAPP in Service (I / 12)
Jan					11.5								
Feb					10.5								
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					0.5								
Total													
New Transmission Plant Additions and CWP (weighted by months in service)													

Input to Line 21 of Appendix A  
 Input to Line 41a of Appendix A  
 Month in Service or Month for CWP

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

8 April Year 3 TO estimates Cap Adds and CWP during Year 3 weighted based on months expected to be in service in Year 3 (e.g., 2006)

	(A) Monthly Additions Other Plant in Service	(B) Monthly Additions Other Plant in Service	(C) Monthly Additions MAPP CWP	(D) Monthly Additions MAPP in Service	(E) Weighting	(F) Other Plant in Service Amount (A x E)	(G) Other Plant in Service Amount (B x E)	(H) MAPP CWP Amount (C x E)	(I) MAPP in Service Amount (D x E)	(J) Other Plant in Service (F / 12)	(K) Other Plant in Service (G / 12)	(L) MAPP CWP (H / 12)	(M) MAPP in Service (I / 12)
Jan					11.5								
Feb					10.5								
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					0.5								
Total													
New Transmission Plant Additions and CWP (weighted by months in service)													

Input to Line 21 of Appendix A  
 Input to Line 41a of Appendix A  
 Month in Service or Month for CWP

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9 April Year 3 Reconciliation - TO adds the difference between the Reconciliation in Step 7 and the forecast in Line 5 with interest to the result of Step 7 (this difference is also added to Step 6 in the subsequent year)

The Reconciliation in Step 7		The forecast in Prior Year				
Interest on Amount of Refunds or Surcharges						
Interest rate pursuant to 35.19a for Month of the Current Yr						
Month	Yr	1/12 of Step 8	Interest rate for Month of the Current Yr	Months	Interest	Surcharges (Refunds) Owed
Jan	Year 1	-	0.0000%	11.5	-	-
Jul	Year 1	-	0.0000%	10.5	-	-
Aug	Year 1	-	0.0000%	9.5	-	-
Sep	Year 1	-	0.0000%	8.5	-	-
Oct	Year 1	-	0.0000%	7.5	-	-
Nov	Year 1	-	0.0000%	6.5	-	-
Dec	Year 1	-	0.0000%	5.5	-	-
Jan	Year 2	-	0.0000%	4.5	-	-
Feb	Year 2	-	0.0000%	3.5	-	-
Mar	Year 2	-	0.0000%	2.5	-	-
Apr	Year 2	-	0.0000%	1.5	-	-
May	Year 2	-	0.0000%	0.5	-	-
Total						
		Balance	Interest rate from above	Amortization over Rate Year	Balance	
Jun	Year 2	-	0.0000%	-	-	-
Jul	Year 2	-	0.0000%	-	-	-
Aug	Year 2	-	0.0000%	-	-	-
Sep	Year 2	-	0.0000%	-	-	-
Oct	Year 2	-	0.0000%	-	-	-
Nov	Year 2	-	0.0000%	-	-	-
Dec	Year 2	-	0.0000%	-	-	-
Jan	Year 3	-	0.0000%	-	-	-
Feb	Year 3	-	0.0000%	-	-	-
Mar	Year 3	-	0.0000%	-	-	-
Apr	Year 3	-	0.0000%	-	-	-
May	Year 3	-	0.0000%	-	-	-
Total with interest						
The difference between the Reconciliation in Step 7 and the forecast in Prior Year with interest						0
Rev Req based on Year 2 data with estimated Cap Add and CWP for Year 3 (Step 8)						0
Revenue Requirement for Year 3						0

10 May Year 3 Post results of Step 8 on PJM web site  
 0 Post results of Step 3 on PJM web site

11 June Year 3 Results of Step 8 go into effect for the Rate Year 2 (e.g., June 1, 2006 - May 31, 2007)  
 0

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**POTOMAC ELECTRIC POWER COMPANY**

**ATTACHMENT H-9A**

**(Clean version)**

<b>Accumulated Deferred Income Taxes</b>			
40	ADIT net of FASB 106 and 108		Attachment 1
41	Accumulated Investment Tax Credit Account No. 255	Enter Negative (Notes A & H)	p206.h
42	Net Plant Allocation Factor		(Line 18)
43	Accumulated Deferred Income Taxes Allocated To Transmission		(Line 41 * 42) + Line 40
43a	Transmission Related CWP (Current Year 12 Month weighted average balances)	(Note B)	p216.43.b as Shown on Attachment 6
<b>Transmission O&amp;M Reserves</b>			
44	Total Balance Transmission Related Account 242 Reserves	Enter Negative	Attachment 5
<b>Prepayments</b>			
45	Prepayments	(Note A)	Attachment 5
46	Total Prepayments Allocated to Transmission		(Line 45)
<b>Materials and Supplies</b>			
47	Undistributed Stores Exp	(Note A)	p227.6c & 16.c
48	Wage & Salary Allocation Factor		(Line 5)
49	Total Transmission Allocated		(Line 47 * 48)
50	Transmission Materials & Supplies		p227.6c
51	Total Materials & Supplies Allocated to Transmission		(Line 49 + 50)
<b>Cash Working Capital</b>			
52	Operation & Maintenance Expense		(Line 55)
53	1/8th Rule		x 1/8
54	Total Cash Working Capital Allocated to Transmission		(Line 52 * 53)
<b>Network Credits</b>			
55	Outstanding Network Credits	(Note M)	From PJM
56	Less Accumulated Depreciation Associated with Facilities with Outstanding Network Credits	(Note N)	From PJM
57	Net Outstanding Credits		(Line 55 - 56)
58	TOTAL Adjustment to Rate Base		(Line 43 + 43a + 44 + 46 + 51 + 54 + 57)
59	Rate Base		(Line 38 + 58)
<b>Transmission O&amp;M</b>			
60	Transmission O&M		p321.112.b
61	Less extraordinary property loss		Attachment 5
62	Plus amortized extraordinary property loss		Attachment 5
63	Less Account 585		p321.96.b
64	Plus Schedule 12 Charges billed to Transmission Owner and booked to Account 585	(Note O)	PJM Data
65	Plus Transmission Lease Payments	(Note A)	p200.3.c
66	Transmission O&M		(Line 60 - 63 + 64 + 66)
<b>Allocated General &amp; Common Expenses</b>			
67	Common Plant O&M	(Note A)	p356
68	Total A&G		p323.197.b
69	Less Property Insurance Account 924		p323.185b
70	Less Regulatory Commission Exp Account 926	(Note E)	p323.189b
71	Less General Advertising Exp Account 930.1		p323.191b
72	Less DE Enviro & Low Income and MD Universal Funds		p323.191b
73	Less EPRI Dues	(Note D)	p352.353
74	General & Common Expenses		(Line 67 + 68) - Sum (69 to 73)
75	Wage & Salary Allocation Factor		(Line 5)
76	General & Common Expenses Allocated to Transmission		(Line 74 * 75)
<b>Directly Assigned A&amp;G</b>			
77	Regulatory Commission Exp Account 926	(Note G)	p323.189b
78	General Advertising Exp Account 930.1	(Note K)	p323.191b
79	Subtotal - Transmission Related		(Line 77 + 78)
80	Property Insurance Account 924		p323.185b
81	General Advertising Exp Account 930.1	(Note F)	p323.191b
82	Total		(Line 80 + 81)
83	Net Plant Allocation Factor		(Line 18)
84	A&G Directly Assigned to Transmission		(Line 82 * 83)
85	Total Transmission O&M		(Line 66 + 76 + 79 + 84)

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Notes

- A Electric portion only
- B Exclude Construction Work in Progress and losses 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 weighed 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 weighed by the number of months it was actually in service CWRP will be listed in Attachment 6 which shows detail support by project (incentive and non-incentive).
- C Transmission Portion Only
- D All EPRM Annual Membership Dues
- E All Regulatory Commission Expenses
- F Safety related advertising included in Account 030.1
- G Regulatory Commission Expenses directly related to transmission service, RTO filings, or transmission siting itemized in Form 1 at 351.h
- H The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and  $p = \frac{\text{The percentage of federal income tax deductible for state income taxes}}{\text{The percentage of federal income tax deductible for state income taxes}}$ . If the utility includes taxes in more than one state, it must explain in Attachment 6 the names 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. 285 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 286.8.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 Per FERC order in Docket No. ER08-10, the ROE is 11.20%, which includes a 50 base-point RTO membership adder as authorized by FERC to become effective on December 1, 2007. Per FERC orders in Docket Nos. ER08-686 and ER08-1422, the ROE for specific projects identified or to be identified in Attachment 7 is 12.80%, which includes a 150 base-point transmission incentive ROE adder as authorized by FERC to become effective June 1, 2008 and November 1, 2008 respectively.
- 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 ERO5-515.
- M Amount of transmission plant excluded from rates per Attachment 5.
- N Outstanding Network Credits is the balance of Network Facilities Upgrade 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 ERO5-515.
- Q ACE capital structure is initially fixed at 50% common equity and 50% debt per settlement in ERO5-515 subject to marketization provisions in the settlement.
- R Per the settlement in ERO5-515, 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 ERO6-515.

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Attachment 6 - Estimate and Reconciliation Worksheet

Step Month Year Action

Step Summary

- 1 April Year 2 TO populate the formula with Year 1 data from FERC Form 1 data for Year 1 (e.g., 2004)
- 2 April Year 2 TO estimate of transmission Cap Adds and CWP for Year 2 weighted based on Months expected to be in service in Year 2 (e.g., 2005)
- 3 April Year 2 TO add weighted Cap Adds to plant in service in Formula
- 4 May Year 2 Post results of Step 3 on PJM web site
- 5 June Year 2 Results of Step 3 go into effect for the Rate Year 1 (e.g., June 1, 2005 - May 31, 2006)
- 6 April Year 2 TO populate the formula with Year 2 data from FERC Form 1 for Year 2 (e.g., 2005)
- 7 April Year 2 Reconciliation - TO calculate Reconciliation by running Year 2 data - the total Cap Adds placed in service in Year 2 and adding weighted average in Year 2 actual Cap Adds and CWP in Reconciliation (adjusted to include any Reconciliation amount from prior year)
- 8 April Year 2 TO estimate Cap Adds and CWP during Year 2 weighted based on Months expected to be in service in Year 2 (e.g., 2006)
- 9 April Year 2 Reconciliation - TO add the difference between the Reconciliation in Step 7 and the forecast in Line 5 with interest in the result of Step 7 (this difference is also added to Step 9 in the subsequent year)
- 10 May Year 2 Post results of Step 9 on PJM web site
- 11 June Year 2 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 populate the formula with Year 1 data from FERC Form 1 data for Year 1 (e.g., 2004)  
 Flow Plan based on Year 1 data  
 Must run Appendix A to get this number (without inputs in lines 20, 21 or 42a of Appendix A)

- 2 April Year 2 TO estimate of transmission Cap Adds and CWP for Year 2 weighted based on Months expected to be in service in Year 2 (e.g., 2005)

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	
	Monthly Additions Other Plant in Service	Monthly Additions Other Plant in Service	Monthly Additions MAPP CWP	Monthly Additions MAPP in Service	Weighting	Other Plant in Service Amount (A x E)	Other Plant in Service Amount (B x E)	MAPP CWP Amount (C x E)	MAPP in Service Amount (D x E)	Other Plant in Service F / (I)	Other Plant in Service E / (I)	MAPP CWP H / (I)	MAPP in Service J / (I)
Jan					11.5								
Feb					10.5								
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					0.5								
Total													

New Transmission Plant Additions and CWP (weighted by months in service)

Input to Line 21 of Appendix A  
 Input to Line 42a of Appendix A  
 Month in Service or Month for CWP

- 3 April Year 2 TO add weighted Cap Adds to plant in service in Formula  
 Input to Formula Line 21

- 4 May Year 2 Post results of Step 3 on PJM web site

Must run Appendix A to get this number (with inputs on lines 21 and 42a of Attachment A)

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

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6 April Year 2 TO populate the formula with Year 2 data from FERC Form 1 for Year 2 (e.g., 2008)  
 Rev Playbased on Prior Year data Must run Appendix A to get this number (without inputs in lines 26, 31 or 43a of Appendix A)

7 April Year 2 Reconciliation - TO estimate Reconciliation by removing from Year 2 data - the total Cap Adds placed in service in Year 2 and adding weighted average in Year 2 actual Cap Adds and CWP 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 \$ Input to Formula Line 20

Add weighted Cap Adds actually placed in service in Year 2

	(A) Monthly Additions Other Plant in Service	(B) Monthly Additions Other Plant in Service	(C) Monthly Additions MAPP CWP	(D) Monthly Additions MAPP in Service	(E) Weighting	(F) Other Plant in Service Amount (A x E)	(G) Other Plant in Service Amount (B x E)	(H) MAPP CWP Amount (C x E)	(I) MAPP in Service Amount (D x E)	(J) Other Plant in Service (F / 12)	(K) Other Plant in Service (G / 12)	(L) MAPP CWP (H / 12)	(M) MAPP in Service (I / 12)
Jan					11.5								
Feb					10.5								
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					0.5								
Total													

New Transmission Plant Additions and CWP (weighted by months in service)

Input to Line 21 of Appendix A  
 Input to Line 43a of Appendix A  
 Month in Service or Month for CWP

Result of Formula for Reconciliation Must run Appendix A with cap adds in line 21 & line 30  
 (Year 2 data with total of Year 2 Cap Adds removed and monthly weighted average of Year 2 actual Cap Adds added in)

8 April Year 2 TO estimate Cap Adds and CWP during Year 2 weighted based on Months expected to be in service in Year 2 (e.g., 2008)

	(A) Monthly Additions Other Plant in Service	(B) Monthly Additions Other Plant in Service	(C) Monthly Additions MAPP CWP	(D) Monthly Additions MAPP in Service	(E) Weighting	(F) Other Plant in Service Amount (A x E)	(G) Other Plant in Service Amount (B x E)	(H) MAPP CWP Amount (C x E)	(I) MAPP in Service Amount (D x E)	(J) Other Plant in Service (F / 12)	(K) Other Plant in Service (G / 12)	(L) MAPP CWP (H / 12)	(M) MAPP in Service (I / 12)
Jan					11.5								
Feb					10.5								
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					0.5								
Total													

New Transmission Plant Additions and CWP (weighted by months in service)

Input to Line 21 of Appendix A  
 Input to Line 43a of Appendix A  
 Month in Service or Month for CWP

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

The Reconciliation in Step 7		The forecast in Prior Year					
Interest on Amount of Refunds or Surcharges							
Interest rate pursuant to 35.10a for March of the Current Yr							
Month	Yr	1/12 of Step 8	Interest rate for March of the Current Yr	Months	Interest	Surcharge (Refund) Owed	
Jun	Year 1	-	0.0000%	11.5	-	-	-
Jul	Year 1	-	0.0000%	10.5	-	-	-
Aug	Year 1	-	0.0000%	9.5	-	-	-
Sep	Year 1	-	0.0000%	8.5	-	-	-
Oct	Year 1	-	0.0000%	7.5	-	-	-
Nov	Year 1	-	0.0000%	6.5	-	-	-
Dec	Year 1	-	0.0000%	5.5	-	-	-
Jan	Year 2	-	0.0000%	4.5	-	-	-
Feb	Year 2	-	0.0000%	3.5	-	-	-
Mar	Year 2	-	0.0000%	2.5	-	-	-
Apr	Year 2	-	0.0000%	1.5	-	-	-
May	Year 2	-	0.0000%	0.5	-	-	-
Total		-			-	-	-
		Balance	Interest rate from above	Amortization over Rate Year	Balance		
Jun	Year 2	-	0.0000%	-	-	-	-
Jul	Year 2	-	0.0000%	-	-	-	-
Aug	Year 2	-	0.0000%	-	-	-	-
Sep	Year 2	-	0.0000%	-	-	-	-
Oct	Year 2	-	0.0000%	-	-	-	-
Nov	Year 2	-	0.0000%	-	-	-	-
Dec	Year 2	-	0.0000%	-	-	-	-
Jan	Year 3	-	0.0000%	-	-	-	-
Feb	Year 3	-	0.0000%	-	-	-	-
Mar	Year 3	-	0.0000%	-	-	-	-
Apr	Year 3	-	0.0000%	-	-	-	-
May	Year 3	-	0.0000%	-	-	-	-
Total with interest		-			-	-	-
The difference between the Reconciliation in Step 7 and the forecast in Prior Year with interest					-		
Rev Req based on Year 2 data with estimated Cap Adds and CWP for Year 3 (Step 8)					\$		
Revenue Requirement for Year 3					-		

10 May Year 3 Post results of Step 9 on PJM web site  
 \$ 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, 2008 - May 31, 2007)  
 \$

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# **APPENDIX B**

**ATLANTIC CITY ELECTRIC COMPANY**

**ATTACHMENT H-1A**

**(Redline version)**

Adjustment To Rate Base			
40	Accumulated Deferred Income Taxes		
41	ADIT net of FASB 106 and 109		Attachment 1
42	Accumulated Investment Tax Credit Account No. 285	Enter Negative (Notes A & I)	p266.h (Line 18)
43	Net Plant Allocation Factor		(Line 41 * 42) + Line 40
43	Accumulated Deferred Income Taxes Allocated To Transmission		
43a	Transmission Related CWP (Current Year 12 Month weighted average balance)	(Note B)	p216.43.b as Shown on Attachment 8
44	Transmission O&M Reserves		
44	Total Balance Transmission Related Account 242 Reserves	Enter Negative	Attachment 5
45	Prepayments		
45	Prepayments	(Note A)	Attachment 5 (Line 45)
46	Total Prepayments Allocated to Transmission		
47	Materials and Supplies		
47	Undistributed Stores Exp	(Note A)	p227.8c & 18.c (Line 5)
48	Wage & Salary Allocation Factor		(Line 47 * 48)
49	Total Transmission Allocated		p227.8c (Line 48 + 50)
50	Transmission Materials & Supplies		
51	Total Materials & Supplies Allocated to Transmission		
52	Cash Working Capital		(Line 56)
53	Operation & Maintenance Expense		x 1/8
54	Total Cash Working Capital Allocated to Transmission		(Line 52 * 53)
55	Network Credits		
55	Outstanding Network Credits	(Note N)	From PJM
56	Less Accumulated Depreciation Associated with Facilities with Outstanding Network Credits	(Note N)	From PJM
57	Net Outstanding Credits		(Line 55 - 56)
58	TOTAL Adjustment to Rate Base		(Line 43 + 43a + 44 + 46 + 51 + 54 - 57)
59	Rate Base		(Line 39 + 58)

O&M			
60	Transmission O&M		
60	Transmission O&M		p321.112.b Attachment 8
61	Less extraordinary property loss		Attachment 8
62	Plus amortized extraordinary property loss		p321.88.b PJM Data
63	Less Account 885	(Note C)	p308.2.c
64	Plus Schedule 12 Charges billed to Transmission Owner and booked to Account 565	(Note A)	(Line 60 - 63 + 64 + 65)
65	Plus Transmission Lease Payments		
66	Transmission O&M		
67	Allocated General & Common Expenses		
67	Common Plant O&M	(Note A)	p355
68	Total A&G		p323.187.b
69	Less Property Insurance Account 924		p323.188b
70	Less Regulatory Commission Exp Account 928	(Note E)	p323.189b
71	Less General Advertising Exp Account 930.1		p323.191b
72	Less DE Enrte & Low Income and MD Universal Funds		p335.b
73	Less EPRI Dues	(Note D)	p352-353
74	General & Common Expenses		(Line 67 + 68) - Sum (69 to 73)
75	Wage & Salary Allocation Factor		(Line 5)
76	General & Common Expenses Allocated to Transmission		(Line 74 * 75)
77	Directly Assigned A&G		
77	Regulatory Commission Exp Account 928	(Note G)	p323.189b
78	General Advertising Exp Account 930.1	(Note K)	p323.191b
79	Subtotal - Transmission Related		(Line 77 + 78)
80	Property Insurance Account 924		p323.188b
81	General Advertising Exp Account 930.1	(Note F)	p323.191b
82	Total		(Line 80 + 81)
83	Net Plant Allocation Factor		(Line 18)
84	A&G Directly Assigned to Transmission		(Line 82 * 83)
85	Total Transmission O&M		(Line 66 + 76 + 79 + 84)

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Notes

- A Electric portion only
- B Exclude Construction Work in Progress and losses 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 (RTP) 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 (NMP) will be listed in Attachment 6 which shows detail support by project (in-service and non-in-service).
- C Transmission Portion Only
- D All EPRI Annual Membership Dues
- E All Regulatory Commission Expenses
- F Safety related advertising included in Account 930.1
- G Regulatory Commission Expenses directly related to transmission service, RTO filings, or transmission siting itemized in Form 1 at 351.h.
- I The currently effective income tax rate, where FIT is the Federal income tax rate, SIT is the State income tax rate, and  $p =$  "the percentage of federal income tax deductible for state income taxes". If the utility includes taxes in more than one state, it must explain in Attachment 5 the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to use amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) multiplied by (1/(1-T)). A utility must not include tax credits as a reduction to rate base and as an amortization against taxable income.
- J The ROE is 11.30%, which includes a 50 basis-point RTO membership adder as authorized by FERC to become effective on December 1, 2007. Per FERC order in Docket No. ER08-10, the ROE is 11.30%, which includes a 50 basis-point RTO membership adder as authorized by FERC to become effective on December 1, 2007. Per FERC orders in Docket Nos. ER08-686 and ER08-1423, the ROE for specific projects identified or to be identified in Attachment 7 is 12.80%, which includes a 150 basis-point transmission incentive ROE adder as authorized by FERC to become effective June 1, 2008 and November 1, 2008 respectively.
- 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 135.
- 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 865, 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.

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Attachment H - Estimate and Reconciliation Worksheet

Step Month Year Action

Event Summary

- 1 April Year 2 TO prepares the formula with Year 1 data from FERC Form 1 data for Year 1 (e.g., 2005)
- 2 April Year 2 TO estimates all transmission Cap Add and CIP for Year 2 weighted based on Month expected to be in service in Year 2 (e.g., 2006)
- 3 April Year 2 TO adds weighted Cap Add to plant in service in Formula
- 4 May Year 2 Post results of Step 3 on PJM web site
- 5 June Year 2 Results of Step 3 go into effect for the Rate Year 1 (e.g., June 1, 2005 - May 31, 2006)
- 6 April Year 3 TO prepares the formula with Year 2 data from FERC Form 1 for Year 2 (e.g., 2006)
- 7 April Year 3 TO estimates Cap Add during Year 2 on projected and on Month expected to be in service in Year 2 (e.g., 2007)
- 8 April Year 3 Reconciliation - TO calculates Reconciliation by comparing Year 2 data to the total Cap Add placed in service in Year 2 and adds weighted average to Year 2 total Cap Add and CIP in Reconciliation  
 (adjusted to include any Reconciliation against formula year)
- 9 April Year 3 Reconciliation - TO calculates Reconciliation by comparing Year 2 data to the total Cap Add placed in service in Year 2 and adds weighted average to Year 2 total Cap Add in Reconciliation  
 (adjusted to include any Reconciliation against formula year)
- 10 April Year 3 Reconciliation - TO adds the difference between the Reconciliation in Step 8 and the formula in Line 3 with interest to the result of Step 7 (the difference is also added in Step 9 in the subsequent year)
- 11 May Year 3 Post results of Step 3 on PJM web site
- 12 June Year 3 Results of Step 3 go into effect for the Rate Year 2 (e.g., June 1, 2006 - May 31, 2007)
- 1 April Year 2 TO prepares the formula with Year 1 data from FERC Form 1 data for Year 1 (e.g., 2005)  
 See Paragraph on Year 1 data Must use Appendix A to get the number (without any cap add) in Step 21 in (A) of Appendix A)
- 2 April Year 2 TO estimates all transmission Cap Add and CIP for Year 2 weighted based on Month expected to be in service in Year 2 (e.g., 2006)

Month	Weighting	Amount	Cap Add	CIP		MISC CIP		MISC CIP		MISC CIP		MISC CIP	
				Amount (A)	Amount (B)	Amount (A)	Amount (B)	Amount (A)	Amount (B)	Amount (A)	Amount (B)		
Jan		11.5											
Feb		16.5											
Mar		8.5											
Apr		8.0											
May		7.0											
Jun		6.5											
Jul		5.5											
Aug		4.5											
Sep		3.5											
Oct		2.5											
Nov		1.5											
Dec		0.5											
Total													

- 3 April Year 2 TO adds weighted Cap Add to plant in service in Formula  
 Equal to Formula Line 21
- 4 May Year 2 Post results of Step 3 on PJM web site  
 Must use Appendix A to get the number (with cap add) on projected weighted cap add in Step 21 and (B) of Appendix A)
- 5 June Year 2 Results of Step 3 go into effect for the Rate Year 1 (e.g., June 1, 2006 - May 31, 2007)

6 April Year 3 TO populate the formula with Year 2 data from FERC Form 1 for Year 2 (p.g. 2020)  
 For Rows based on P10Y Year data Must run Appendix A to get the number (without any cap on) (rows 20, 21 of 25) of Appendix A

7 April Year 4 TO estimate Cap-Add during Year 3 weighted based on Months expected to be in service in Year 3 (p.g. 2020)

Month	Est-to-Service Date	Weighting	Amount	Cap-Add
Jan			0.6	
Feb			0.6	
Mar			0.6	
Apr			0.6	
May			0.6	
Jun			0.6	
Jul			0.6	
Aug			0.6	
Sep			0.6	
Oct			0.6	
Nov			0.6	
Dec			0.6	
Total				

New Transmission Plant Additions for Year 3 (weighted by months in service) Input to Formula Line 24

7 April Year 2 Recalculation TO recalculate Recalculation for Appendix A from Year 2 data - the total Cap-Add placed in service in Year 2 and add the weighted average in Year 2 actual Cap-Add and CWP in Recalculation (do not include any Recalculation amount from other years)

Remove all Cap-Add placed in service in Year 2  
 For Recalculation only - remove actual New Transmission Plant Additions for Year 2. Input to Formula Line 25

Add weighted Cap-Add actually placed in service in Year 2

Month	(A) Monthly Addition Other Plant in Service	(B) Monthly Addition Other Plant in Service	(C) Monthly Addition MPP/CWP	(D) Monthly Addition MPP in Service	(E) Weighting	(F) Other Plant in Service Amount (A x E)	(G) Other Plant in Service Amount (B x E)	(H) MPP/CWP Amount (C x E)	(I) MPP in Service Amount (D x E)	(J) Other Plant in Service (\$/10)	(K) Other Plant in Service (\$/10)	(L) MPP/CWP (\$/10)	(M) MPP in Service (\$/10)
Jan					11.0								
Feb					11.0								
Mar					11.0								
Apr					11.0								
May					7.5								
Jun					0.6								
Jul					0.6								
Aug					0.6								
Sep					0.6								
Oct					0.6								
Nov					0.6								
Dec					0.6								
Total													

New Transmission Plant Additions and CWP (weighted by months in service)

Input to Line 21 of Appendix A  
 Input to Line 45 of Appendix A  
 Month in Service or Month in CWP

Result of Formula for Recalculation Must run Appendix A with cap add in line 21 & line 45  
 Year 2 data with total of Year 2 Cap-Add entered and monthly weighted average of Year 2 actual Cap-Add added in

8 April Year 5 Recalculation TO estimate Recalculation by removing from Year 4 data - the total Cap-Add placed in service in Year 4 and add the weighted average in Year 4 actual Cap-Add in Recalculation (do not include any Recalculation amount from other years)

Remove all Cap-Add placed in service in Year 4  
 For Recalculation only - remove actual New Transmission Plant Additions for Year 4. Input to Formula Line 26

Month	Actual-to-Service Date	Weighting	Amount	Cap-Add
Jan			0.6	
Feb			0.6	
Mar			0.6	
Apr			0.6	
May			0.6	
Jun			0.6	
Jul			0.6	
Aug			0.6	
Sep			0.6	
Oct			0.6	
Nov			0.6	
Dec			0.6	
Total				

New Transmission Plant Additions for Year 5 (weighted by months in service) Input to Formula Line 26

Result of Formula for Recalculation Must run Appendix A with cap add in line 26 & line 28  
 Year 4 data with total of Year 4 Cap-Add entered and monthly weighted average of Year 4 actual Cap-Add added in

9 April Year 2 TO estimate Cap-Add and CWP during Year 2 weighted based on Months expected to be in service in Year 2 in a 2020

Month	(A) Monthly Addition Other Plant in Service	(B) Monthly Addition Other Plant in Service	(C) Monthly Addition MPP/CWP	(D) Monthly Addition MPP in Service	(E) Weighting	(F) Other Plant in Service Amount (A x E)	(G) Other Plant in Service Amount (B x E)	(H) MPP/CWP Amount (C x E)	(I) MPP in Service Amount (D x E)	(J) Other Plant in Service (\$/10)	(K) Other Plant in Service (\$/10)	(L) MPP/CWP (\$/10)	(M) MPP in Service (\$/10)
Jan					11.0								
Feb					11.0								
Mar					11.0								
Apr					11.0								
May					7.5								
Jun					0.6								
Jul					0.6								
Aug					0.6								
Sep					0.6								
Oct					0.6								
Nov					0.6								
Dec					0.6								
Total													

New Transmission Plant Additions and CWP (weighted by months in service)

Input to Line 21 of Appendix A  
 Input to Line 45 of Appendix A  
 Month in Service or Month in CWP

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9 April Year 3 Reconciliation - TO adds the difference between the Reconciliation in Step 6 and the forecast in Line 5 with interest to the result of Step 7 (this difference is also added to Step 6 in the subsequent year)

The Reconciliation in Step 7      The forecast in Prior Year

Interest on Amount of Refunds or Surcharges

Interest rate pursuant to 35.106 for March of the Current Yr

Month	Yr	1/12 of Step 6	Interest rate for March of the Current Yr	Months	Interest	Surcharge (Refund) Owed
Jun	Year 1	-	0.0000%	11.5	-	-
Jul	Year 1	-	0.0000%	10.5	-	-
Aug	Year 1	-	0.0000%	9.5	-	-
Sep	Year 1	-	0.0000%	8.5	-	-
Oct	Year 1	-	0.0000%	7.5	-	-
Nov	Year 1	-	0.0000%	6.5	-	-
Dec	Year 1	-	0.0000%	5.5	-	-
Jan	Year 2	-	0.0000%	4.5	-	-
Feb	Year 2	-	0.0000%	3.5	-	-
Mar	Year 2	-	0.0000%	2.5	-	-
Apr	Year 2	-	0.0000%	1.5	-	-
May	Year 2	-	0.0000%	0.5	-	-
Total						

		Balance	Interest rate from above	Amortization over Rate Year	Balance
Jun	Year 2	-	0.0000%	-	-
Jul	Year 2	-	0.0000%	-	-
Aug	Year 2	-	0.0000%	-	-
Sep	Year 2	-	0.0000%	-	-
Oct	Year 2	-	0.0000%	-	-
Nov	Year 2	-	0.0000%	-	-
Dec	Year 2	-	0.0000%	-	-
Jan	Year 3	-	0.0000%	-	-
Feb	Year 3	-	0.0000%	-	-
Mar	Year 3	-	0.0000%	-	-
Apr	Year 3	-	0.0000%	-	-
May	Year 3	-	0.0000%	-	-
Total with interest					

The difference between the Reconciliation in Step 7 and the forecast in Prior Year with interest  
 Rev Req based on Year 2 data with estimated Cap Add and CWT for Year 3 (Step 8)      \$  
 Reverse Requirement for Year 3

Must run Appendix A to get this number (with prospective weighted cap adds in line 5)

10 May Year 3 Post results of Step 9 on PJM web site  
 \$ 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, 2008 - May 31, 2007)  
 \$

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**DELMARVA POWER & LIGHT COMPANY**

**ATTACHMENT H-3D**

**(Redline version)**

Adjustment To Rate Base			
40	Accumulated Deferred Income Taxes		
41	ADIT net of FASB 106 and 109		Attachment 1
42	Accumulated Investment Tax Credit Account No. 255	Enter Negative (Notes A & I)	p266.h (Line 18)
43	Net Plant Allocation Factor		(Line 41 * 42) + Line 40
43a	Accumulated Deferred Income Taxes Allocated To Transmission		
43a	Transmission Related CWIP (Current Year 12 Month weighted average balances)	(Note B)	p216.43.b as Shown on Attachment 6
44	Transmission O&M Reserves		
44	Total Balance Transmission Related Account 242 Reserves	Enter Negative	Attachment 5
45	Prepayments		
46	Total Prepayments Allocated to Transmission	(Note A)	Attachment 5 (Line 45)
47	Materials and Supplies		
47	Undistributed Stores Exp	(Note A)	p227.8c & 18.c (Line 5)
48	Wage & Salary Allocation Factor		
49	Total Transmission Allocated		(Line 47 * 48)
50	Transmission Materials & Supplies		p227.8c
51	Total Materials & Supplies Allocated to Transmission		(Line 49 + 50)
52	Cash Working Capital		
52	Operation & Maintenance Expense		(Line 85)
53	1/8th Rule		x 1/8
54	Total Cash Working Capital Allocated to Transmission		(Line 52 * 53)
55	Network Credits		
55	Outstanding Network Credits	(Note N)	From PJM
56	Less Accumulated Depreciation Associated with Facilities with Outstanding Network Credits	(Note N)	From PJM
57	Net Outstanding Credits		(Line 55 - 56)
58	TOTAL Adjustment to Rate Base		(Line 43 + 43a + 44 + 46 + 51 + 54 - 57)
59	Rate Base		(Line 39 + 58)
<b>O&amp;M</b>			
60	Transmission O&M		p821.112.b
61	Less extraordinary property loss		Attachment 5
62	Plus amortized extraordinary property loss		Attachment 5
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
65	Plus Transmission Lease Payments	(Note A)	p200.3.c
66	Transmission O&M		(Line 60 - 63 + 64 + 65)
67	Allocated General & Common Expenses		
67	Common Plant O&M	(Note A)	p356
68	Total A&G		p323.197.b
69	Less Property Insurance Account 924		p323.186b
70	Less Regulatory Commission Exp Account 928	(Note E)	p323.189b
71	Less General Advertising Exp Account 930.1		p323.191b
72	Less DE Enviro & Low Income and MD Universal Funds		p335.b
73	Less EPRI Dues	(Note D)	p362-363
74	General & Common Expenses		(Line 67 + 68) - Sum (69 to 73)
75	Wage & Salary Allocation Factor		(Line 5)
76	General & Common Expenses Allocated to Transmission		(Line 74 * 75)
77	Directly Assigned A&G		
77	Regulatory Commission Exp Account 928	(Note G)	p323.186b
78	General Advertising Exp Account 930.1	(Note K)	p323.191b
79	Subtotal - Transmission Related		(Line 77 + 78)
80	Property Insurance Account 924		p323.186b
81	General Advertising Exp Account 930.1	(Note F)	p323.191b
82	Total		(Line 80 + 81)
83	Net Plant Allocation Factor		(Line 18)
84	A&G Directly Assigned to Transmission		(Line 82 * 83)
85	Total Transmission O&M		(Line 66 + 76 + 79 + 84)

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Notes

- A Electric portion only
- B Exclude Construction Work in Progress and losses 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 shall be listed in Attachment 5 which shows detail support by project (incentive and non-incentive).
- C Transmission Portion Only
- D All EPRI Annual Membership Dues
- E All Regulatory Commission Expenses
- F Safety related advertising included in Account 930.1
- G Regulatory Commission Expenses directly related to transmission service, RTO filings, or transmission siting itemized in Form 1 at 351.h.
- I The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and  $p = \frac{\text{the percentage of federal income tax deductible for state income taxes}}{\text{the percentage of federal income tax deductible for state income taxes}}$ . 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. 285 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 285.f.8) 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. Per FERC order in Docket No. ER08-10, the ROE is 11.30%, which includes a 50 basis-point RTO membership adder as authorized by FERC to become effective on December 1, 2007. Per FERC orders in Docket Nos. ER08-586 and ER08-1423, the ROE for specific projects identified or to be identified in Attachment 7 is 12.80%, which includes a 150 basis-point transmission incentive ROE adder as authorized by FERC to become effective June 1, 2008 and November 1, 2008 respectively.
- 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 585, they are included in on line 94.
- P Securitization bonds may be included in the capital structure per settlement in ER05-515.
- Q ACE capital structure is initially fixed at 80% common equity and 20% 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.

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Attachment 6 - Estimate and Reconciliation Worksheet

Step Month Year Action

- Step Summary**
- 1 April Year 2 TD prepares the formula with Year 1 data from FERC Form 1 data for Year 1 (e.g., 2006)
  - 2 April Year 2 TD estimates of transmission Cap Add and CMC for Year 2 weighted based on months expected to be in service in Year 2 (e.g., 2008)
  - 3 April Year 2 TD adds weighted Cap Add to plant in service in Formula
  - 4 May Year 2 Post results of Step 3 on FERC web site
  - 6 June Year 2 Results of Step 3 go into effect for Rate Year 1 (e.g., June 1, 2008 - May 31, 2009)
  - 8 April Year 3 TD prepares the formula with Year 2 data from FERC Form 1 for Year 2 (e.g., 2007)
  - 9 April Year 3 TD estimates Cap Add during Year 2 weighted based on months expected to be in service in Year 3 (e.g., 2009)
  - 2 April Year 3 TD estimates of transmission Cap Add and CMC for Year 3 weighted based on months expected to be in service in Year 3 (e.g., 2009)
  - 3 April Year 3 TD adds weighted Cap Add to plant in service in Formula
  - 4 April Year 3 Post results of Step 3 on FERC web site
  - 6 June Year 3 Results of Step 3 go into effect for Rate Year 1 (e.g., June 1, 2009 - May 31, 2010)
  - 8 April Year 3 TD prepares the formula with Year 2 data from FERC Form 1 for Year 2 (e.g., 2007)
  - 9 April Year 3 TD estimates Cap Add during Year 2 weighted based on months expected to be in service in Year 3 (e.g., 2009)
  - 2 April Year 3 TD estimates of transmission Cap Add and CMC for Year 3 weighted based on months expected to be in service in Year 3 (e.g., 2009)
  - 3 April Year 3 TD adds weighted Cap Add to plant in service in Formula
  - 4 April Year 3 Post results of Step 3 on FERC web site
  - 6 June Year 3 Results of Step 3 go into effect for Rate Year 2 (e.g., June 1, 2009 - May 31, 2010)

- 1 April Year 2 TD prepares the formula with Year 1 data from FERC Form 1 data for Year 1 (e.g., 2006)
- 2 April Year 2 TD estimates of transmission Cap Add and CMC for Year 2 weighted based on months expected to be in service in Year 2 (e.g., 2008)

Month	Monthly Addition	Monthly Addition	Monthly Addition	Monthly Addition	Monthly Addition	Weighting	Amount	Cap Add	E1		E2		E3		E4		E5		E6	
									Other Plant in Service	Other Plant in Service	MWPC CMC	MWPC CMC	MWPC CMC	MWPC CMC	MWPC CMC	MWPC CMC	MWPC CMC	MWPC CMC		
Jan							11.5													
Feb							10.5													
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							0.5													
Total																				

- 3 April Year 2 TD adds weighted Cap Add to plant in service in Formula
- 4 May Year 2 Post results of Step 3 on FERC web site
- 6 June Year 2 Results of Step 3 go into effect for Rate Year 1 (e.g., June 1, 2008 - May 31, 2009)

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6 April Year 3 TO populate the formula with Year 2 data from FERC Form 1 for Year 2 (e.g., 2008)  
 New Reg based on Prior Year data Must run Appendix A to get this number (without any cap-rate limits) in Reg 88, 91 or 92 of Appendix A

7 April Year 3 TO estimate Cap-Add during Year 3 weighted based on months expected to be in service in Year 3 (e.g., 2008)  
 Sum by Month Data Weighting Amount Cap-Add

Month	Weighting	Amount	Cap-Add
Jan	11.5		
Feb	10.5		
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	0.5		
Total			

Non-Transmission Plant Additions for Year 3 (weighted by months in service) Input to Formula Line 24

7 April Year 3 Recalculate - TO calculate Recalculation by removing from Year 2 data - the total Cap-Add placed in service in Year 2 and adding weighted amounts to Year 2 actual Cap-Add and CAPX in Recalculation (adjusted to include any Recalculation amount from other year)

Remove all Cap-Add placed in service in Year 2  
 For Recalculation only - remove actual Year 2 Transmission Plant Additions for Year 2, Input to Formula Line 24  
 Add weighted Cap-Add actually placed in service in Year 2

Month	Weighting	Other Plant in Service Amount (A x B)	Other Plant in Service Amount (B x D)	MAFPC CAPX Amount (C x D)	MAFPC in Service Amount (B x E)	Other Plant in Service \$/100	Other Plant in Service \$/100	MAFPC CAPX \$/100	MAFPC in Service \$/100
Jan	11.5								
Feb	10.5								
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	0.5								
Total									

Non-Transmission Plant Additions, and CAPX limited by months in service

Input to Line 24 of Appendix A  
 Input to Line 91a of Appendix A  
 Month in Service or Month for CAPX

8 April Year 3 Recalculation - TO calculate Recalculation by removing from Year 2 data - the total Cap-Add placed in service in Year 2 and adding weighted average of Year 3 actual Cap-Add in Recalculation (adjusted to include any Recalculation amount from previous year)

Remove all Cap-Add placed in service in Year 2  
 For Recalculation only - remove actual Year 2 Transmission Plant Additions for Year 2, Input to Formula Line 24  
 Add weighted Cap-Add actually placed in service in Year 3

Month	Weighting	Amount	Cap-Add
Jan	11.5		
Feb	10.5		
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	0.5		
Total			

Non-Transmission Plant Additions for Year 3 (weighted by months in service) Input to Formula Line 24

Recall of Formula for Recalculation Must run Appendix A with cap-add in line 24 - line 24  
 Year 3 data with total of Year 3 Cap-Add removed and monthly weighted average of Year 3 actual Cap-Add added in

8 April Year 3 TO estimate Cap-Add and CAPX during Year 3 limited based on months expected to be in service in Year 3 (e.g., 2008)

Month	Weighting	Other Plant in Service Amount (A x B)	Other Plant in Service Amount (B x D)	MAFPC CAPX Amount (C x D)	MAFPC in Service Amount (B x E)	Other Plant in Service \$/100	Other Plant in Service \$/100	MAFPC CAPX \$/100	MAFPC in Service \$/100
Jan	11.5								
Feb	10.5								
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	0.5								
Total									

Non-Transmission Plant Additions, and CAPX limited by months in service

Input to Line 24 of Appendix A  
 Input to Line 91a of Appendix A  
 Month in Service or Month for CAPX

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9 April Year 3 Reconciliation - TO add the difference between the Reconciliation in Step 6 and the forecast in Line 5 with interest to the result of Step 7 (this difference is also added to Step 8 in the subsequent year)

The Reconciliation in Step 7      The forecast in Prior Year

Interest on Amount of Refunds or Surcharges

Interest rate pursuant to 35.15b for Month of the Current Yr

Month	Yr	1/12 of Step 8	Interest rate for Month of the Current Yr	Months	Interest	Surcharge (Refund) Owed
Jun	Year 1	-	0.0000%	11.5	-	-
Jul	Year 1	-	0.0000%	10.5	-	-
Aug	Year 1	-	0.0000%	9.5	-	-
Sep	Year 1	-	0.0000%	8.5	-	-
Oct	Year 1	-	0.0000%	7.5	-	-
Nov	Year 1	-	0.0000%	6.5	-	-
Dec	Year 1	-	0.0000%	5.5	-	-
Jan	Year 2	-	0.0000%	4.5	-	-
Feb	Year 2	-	0.0000%	3.5	-	-
Mar	Year 2	-	0.0000%	2.5	-	-
Apr	Year 2	-	0.0000%	1.5	-	-
May	Year 2	-	0.0000%	0.5	-	-
Total						

		Balance	Interest rate from above	Amortization over Rate Year	Balance
Jun	Year 2	-	0.0000%	-	-
Jul	Year 2	-	0.0000%	-	-
Aug	Year 2	-	0.0000%	-	-
Sep	Year 2	-	0.0000%	-	-
Oct	Year 2	-	0.0000%	-	-
Nov	Year 2	-	0.0000%	-	-
Dec	Year 2	-	0.0000%	-	-
Jan	Year 3	-	0.0000%	-	-
Feb	Year 3	-	0.0000%	-	-
Mar	Year 3	-	0.0000%	-	-
Apr	Year 3	-	0.0000%	-	-
May	Year 3	-	0.0000%	-	-
Total with interest					

The difference between the Reconciliation in Step 7 and the forecast in Prior Year with interest  
 Rev Req based on Year 2 data with estimated Cap Add and Cost for Year 3 (Step 8)  
 Revenue Requirement for Year 3

Must see Appendix A to get the number (with prospective weighted cap add in line 5)

10 May Year 3 Post results of Step 9 on PJM web site  
 \$ 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, 2008 - May 31, 2007)  
 \$

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**POTOMAC ELECTRIC POWER COMPANY**

**ATTACHMENT H-9A**

**(Redline version)**

Adjustment To Rate Base			
40	Accumulated Deferred Income Taxes		
41	ADIT net of FASB 106 and 108		Attachment 1
42	Accumulated Investment Tax Credit Account No. 255	Enter Negative (Notes A & I)	p266.h
43	Net Plant Allocation Factor		(Line 18)
	Accumulated Deferred Income Taxes Allocated To Transmission		(Line 41 * 42) + Line 40
43a	Transmission Related CWIP (Current Year 12 Month weighted average balances)	(Note B)	p218.43.b as Shown on Attachment 8
	Transmission O&M Reserves		
44	Total Balance Transmission Related Account 342 Reserves	Enter Negative	Attachment 5
	Prepayments		
45	Prepayments	(Note A)	Attachment 5
46	Total Prepayments Allocated to Transmission		(Line 45)
	Materials and Supplies		
47	Undistributed Stores Exp	(Note A)	p227.8c & 18.c
48	Wage & Salary Allocation Factor		(Line 5)
49	Total Transmission Allocated		(Line 47 * 48)
50	Transmission Materials & Supplies		p227.8c
51	Total Materials & Supplies Allocated to Transmission		(Line 49 + 50)
	Cash Working Capital		
52	Operation & Maintenance Expense		(Line 85)
53	1/8th Rule		x 1/8
54	Total Cash Working Capital Allocated to Transmission		(Line 52 * 53)
	Network Credits		
55	Outstanding Network Credits	(Note N)	From PJM
56	Less Accumulated Depreciation Associated with Facilities with Outstanding Network Credits	(Note N)	From PJM
57	Net Outstanding Credits		(Line 55 - 56)
58	TOTAL Adjustment to Rate Base		(Line 43 + 43a + 44 + 46 + 51 + 54 - 57)
59	Rate Base		(Line 39 + 58)
O&M			
	Transmission O&M		
60	Transmission O&M		p321.112.b
61	Less extraordinary property loss		Attachment 6
62	Plus amortized extraordinary property loss		Attachment 5
63	Less Account 565		p321.86.b
64	Plus Schedule 12 Charges billed to Transmission Owner and booked to Account 565	(Note O)	PJM Data
65	Plus Transmission Lease Payments	(Note A)	p200.3.c
66	Transmission O&M		(Line 60 - 63 + 64 + 65)
	Allocated General & Common Expenses		
67	Common Plant O&M	(Note A)	p336
68	Total A&G		p323.197.b
69	Less Property Insurance Account 924		p323.188b
70	Less Regulatory Commission Exp Account 928	(Note E)	p323.199b
71	Less General Advertising Exp Account 930.1		p323.191b
72	Less DE Enviro & Low Income and MD Universal Funds		p335.b
73	Less EPRI Dues	(Note D)	p322.263
74	General & Common Expenses		(Line 67 + 68) - Sum (69 to 73)
75	Wage & Salary Allocation Factor		(Line 5)
76	General & Common Expenses Allocated to Transmission		(Line 74 * 75)
	Directly Assigned A&G		
77	Regulatory Commission Exp Account 928	(Note G)	p323.188b
78	General Advertising Exp Account 930.1	(Note K)	p323.191b
79	Subtotal - Transmission Related		(Line 77 + 78)
80	Property Insurance Account 924		p323.188b
81	General Advertising Exp Account 930.1	(Note F)	p323.191b
82	Total		(Line 80 + 81)
83	Net Plant Allocation Factor		(Line 18)
84	A&G Directly Assigned to Transmission		(Line 82 * 83)
85	Total Transmission O&M		(Line 66 + 76 + 79 + 84)

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Notes

- A Electric portion only
- B Exclude Construction Work In Progress and losses that are expensed as O&M (rather than amortized). New Transmission plant that is expected to be placed in service in the current calendar year weighted by number of months it is expected to be in-service. New Transmission plant expected to be placed in service in the current calendar year that is not included in the PJM Regional Transmission Plan (RTEP) must be separately detailed on Attachment 5. For the Reconciliation, new transmission plant that was actually placed in service weighted by the number of months it was actually in service. CWP will be linked to Attachment 8 which shows detail support by project location and non-locations.
- C Transmission Portion Only
- D All EPRI Annual Membership Dues
- E All Regulatory Commission Expenses
- F Safety related advertising included in Account 830.1
- G Regulatory Commission Expenses directly related to transmission service, RTO filings, or transmission siting itemized in Form 1 at 361.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, 298.8.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 The ROE is 11.30%, which includes a 60-basis-point RTO membership adder as authorized by FERC to become effective on December 1, 2007. Per FERC order in Docket No. ER08-10, the ROE is 11.30%, which includes a 50-basis-point RTO membership adder as authorized by FERC to become effective on December 1, 2007. Per FERC orders in Docket Nos. ER08-686 and ER08-1423, the ROE for specific projects identified or to be identified in Attachment 7 is 12.80%, which includes a 150-basis-point transmission incentive ROE adder as authorized by FERC to become effective June 1, 2008 and November 1, 2008 respectively.
- 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 687 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 585, they are included in on line 54.
- 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.

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6 April Year 2 TO populate the formula with Year 2 data from FERC Form 1 for Year 2 (i.e., 2008)  
 Row 1: Row based on Year 2 data (Must not Appends A to get the number without any caps added (see 01, 01, 01, 01 of Appendix A))

7 April Year 0 TO estimate Cap. Addn during Year 0 weighted based on Month expected to be in service in Year 0 (i.e., 2008)  
 Est. in Service Date Weighting Amount One-4th

Month	Est. in Service Date	Weighting	Amount	One-4th
Jan		14.6		
Feb		10.5		
Mar		6.4		
Apr		2.3		
May		7.6		
Jun		6.4		
Jul		6.4		
Aug		4.3		
Sep		2.3		
Oct		6.4		
Nov		4.3		
Dec		0.6		
Total				

New Transmission Plant Additions for Year 0 (weighted by month in service) Input to Formula Line 01

8 April Year 2 Reconciliation - TO calculate Reconciliation by expansion from Year 2 data - the total Cap. Addn placed in service in Year 2 and adding selected amount in Year 2 actual Cap. Addn and CMC in Reconciliation  
 (adjusted to include any Reconciliation amount from other rows)

Remove all Cap. Addn placed in service in Year 2  
 For Reconciliation only - remove actual New Transmission Plant Additions for Year 2  
 Add weighted Cap. Addn equally placed in service in Year 2

Month	Monthly Additions Other Plant in Service	Monthly Additions Other Plant in Service	Monthly Additions MPP/CMC	Monthly Additions MPP in Service	Weighting	Other Plant in Service Amount (A x E)	Other Plant in Service Amount (B x E)	MPP/CMC Amount (C x E)	MPP in Service Amount (D x E)	Other Plant in Service E (1/2)	Other Plant in Service E (1/2)	MPP/CMC E (1/2)	MPP in Service E (1/2)
Jan					11.5								
Feb					10.5								
Mar					6.4								
Apr					2.3								
May					7.6								
Jun					6.4								
Jul					6.4								
Aug					4.3								
Sep					2.3								
Oct					6.4								
Nov					4.3								
Dec					0.6								
Total													

New Transmission Plant Additions and CMC (weighted by month in service) Input to Line 21 of Appendix A  
 Result of Formula for Reconciliation (Must not Appends A with cap addn in the 01-4 line 01)  
 (Year 2 data with total of Year 0 Cap. Addn removed and monthly weighted average of Year 0 actual Cap. Addn added in)

9 April Year 0 Reconciliation - TO calculate Reconciliation by removing both Year 0 data - the total Cap. Addn placed in service in Year 0 and adding weighted average in Year 0 actual Cap. Addn in Reconciliation  
 (adjusted to include any Reconciliation amount from other rows)

Remove all Cap. Addn placed in service in Year 0  
 For Reconciliation only - remove actual New Transmission Plant Additions for Year 0  
 Add weighted Cap. Addn equally placed in service in Year 0

Month	Actual in Service Date	Weighting	Amount	One-4th
Jan		14.6		
Feb		10.5		
Mar		6.4		
Apr		2.3		
May		7.6		
Jun		6.4		
Jul		6.4		
Aug		4.3		
Sep		2.3		
Oct		6.4		
Nov		4.3		
Dec		0.6		
Total				

New Transmission Plant Additions for Year 0 (weighted by month in service) Input to Formula Line 01

Result of Formula for Reconciliation (Must not Appends A with cap addn in the 01-4 line 01)  
 (Year 0 data with total of Year 0 Cap. Addn removed and monthly weighted average of Year 0 actual Cap. Addn added in)

10 April Year 2 TO estimate Cap. Addn and CMC during Year 2 weighted based on Month expected to be in service in Year 2 (i.e., 2008)

Month	Monthly Additions Other Plant in Service	Monthly Additions Other Plant in Service	Monthly Additions MPP/CMC	Monthly Additions MPP in Service	Weighting	Other Plant in Service Amount (A x E)	Other Plant in Service Amount (B x E)	MPP/CMC Amount (C x E)	MPP in Service Amount (D x E)	Other Plant in Service E (1/2)	Other Plant in Service E (1/2)	MPP/CMC E (1/2)	MPP in Service E (1/2)
Jan					11.5								
Feb					10.5								
Mar					6.4								
Apr					2.3								
May					7.6								
Jun					6.4								
Jul					6.4								
Aug					4.3								
Sep					2.3								
Oct					6.4								
Nov					4.3								
Dec					0.6								
Total													

New Transmission Plant Additions and CMC (weighted by month in service) Input to Line 21 of Appendix A  
 Result of Formula for Reconciliation (Must not Appends A with cap addn in the 01-4 line 01)  
 (Year 2 data with total of Year 0 Cap. Addn removed and monthly weighted average of Year 0 actual Cap. Addn added in)

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9 April Year 3 Reconciliation - TO adds the difference between the Reconciliation in Step 8<sup>2</sup> and the forecast in Line 5 with interest to the result of Step 7 (this difference is also added to Step 9 in the subsequent year)

The Reconciliation in Step 7		The forecast in Prior Year				
<b>Interest on Amount of Refunds or Surcharges</b>						
Interest rate pursuant to 35.19a for Month of the Current Yr						
Month	Yr	1/12 of Step 8	Interest rate for Month of the Current Yr	Months	Interest	Surcharge (Refund) Owed
Jun	Year 1	-	0.0000%	11.5	-	-
Jul	Year 1	-	0.0000%	10.5	-	-
Aug	Year 1	-	0.0000%	9.5	-	-
Sep	Year 1	-	0.0000%	8.5	-	-
Oct	Year 1	-	0.0000%	7.5	-	-
Nov	Year 1	-	0.0000%	6.5	-	-
Dec	Year 1	-	0.0000%	5.5	-	-
Jan	Year 2	-	0.0000%	4.5	-	-
Feb	Year 2	-	0.0000%	3.5	-	-
Mar	Year 2	-	0.0000%	2.5	-	-
Apr	Year 2	-	0.0000%	1.5	-	-
May	Year 2	-	0.0000%	0.5	-	-
Total		-			-	-
<b>Amortization over</b>						
		Balance	Interest rate from above	Rate Year	Balance	
Jun	Year 2	-	0.0000%	-	-	-
Jul	Year 2	-	0.0000%	-	-	-
Aug	Year 2	-	0.0000%	-	-	-
Sep	Year 2	-	0.0000%	-	-	-
Oct	Year 2	-	0.0000%	-	-	-
Nov	Year 2	-	0.0000%	-	-	-
Dec	Year 2	-	0.0000%	-	-	-
Jan	Year 3	-	0.0000%	-	-	-
Feb	Year 3	-	0.0000%	-	-	-
Mar	Year 3	-	0.0000%	-	-	-
Apr	Year 3	-	0.0000%	-	-	-
May	Year 3	-	0.0000%	-	-	-
Total with interest		-			-	-
The difference between the Reconciliation in Step 7 and the forecast in Prior Year with interest						-
Prev Req based on Year 2 data with estimated Cap Addn and CMC for Year 3 (Step 8)						\$
Revenue Requirement for Year 3						-

Must run Appendix A to get this number (with prospective weighted cap addn in line 9)

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

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Attachment F - Transmission Enhancement Charge Worksheet

1 Near Plant Carrying Charge  
 2 Fixed Charge Rate (FCR) is not a G&S  
 3  
 4 A 100 Not Plant Carrying Charge without Depreciation  
 5 B 100 Not Plant Carrying Charge per 100-Base Point Increase in FCR without Depreciation  
 6 C 100 Line to New Line A  
 7  
 8 FCR of a G&S  
 9 D 100 Not Plant Carrying Charge without Depreciation, Return, and Income Taxes

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Line	Description	2008				2009				2010				2011				2012			
		FCR	FCR	FCR	FCR	FCR	FCR	FCR	FCR	FCR	FCR	FCR	FCR	FCR	FCR	FCR	FCR	FCR	FCR		
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