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May 15, 2018

Ms. Kimberly D. Bose  
Secretary  
Federal Energy Regulatory Commission  
888 First Street, N.E. Room 1A  
Washington, DC 20426

Re: Atlantic City Electric Company ("Atlantic City"), Docket No. ER09-1156  
Informational Filing of 2018 Formula Rate Annual Update;  
Notice of Annual Update

Dear Ms. Bose,

Atlantic City hereby submits electronically, for informational purposes, its 2018 Annual Formula Rate Update. On November 3, 2015, the Commission approved an uncontested settlement agreement ("Settlement") filed in Docket Nos. EL13-48, *et al.*<sup>1</sup>. Formula Rate implementation protocols contained in the Settlement provide that:

[o]n or before May 15 of each year, Atlantic [Atlantic City Electric Company] shall recalculate its Annual Transmission Revenue Requirements, producing an "Annual Update" for the upcoming Rate Year, and:

- (i) cause such Annual Update to be posted at a publicly accessible location on PJM's internet website;
- (ii) cause notice of such posting to be provided to PJM's membership; and
- (iii) file such Annual Update with the FERC as an informational filing.<sup>2</sup>

The same information contained in this informational filing has been transmitted to PJM for posting on its website as required by the Formula Rate implementation

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<sup>1</sup> Baltimore Gas and Electric Company, *et al.*, 153 FERC ¶ 61,140 (2015).

<sup>2</sup> See Settlement, Exhibit A containing PJM Tariff Attachment H1-B, Section 2.b.

protocols. Thus, all interested parties should have ample notice of and access to the Annual Update. The protocols provide specific procedures for notice, review, exchanges of information and potential challenges to aspects of the Annual Update. Consequently, and as the Commission has concluded, there is no need for the Commission to notice this informational filing for comment.<sup>3</sup>

Atlantic City's 2018 Annual Update contains no expenses or costs that have been alleged or judged in any administrative or judicial proceeding to be illegal, duplicative, or unnecessary costs that are demonstrably the product of discriminatory employment practices, as defined in 18 C.F.R. § 35.13(b)(7).

Atlantic City has made no accounting changes as defined in the Settlement (and any accounting changes, including accounting policy harmonization changes related to the merger between Exelon and Pepco Holdings, Inc., are discussed in applicable disclosure statements filed within the Securities and Exchange Commission Form 10-K and within the FERC Form No. 1).<sup>4</sup> Atlantic City has made no change to Other Post-Employment Benefits ("OPEB") charges that exceed the filing threshold set forth in the Settlement.<sup>5</sup>

Thank you for your attention to this informational filing. Please direct any questions to the undersigned.

Very truly yours,

/s/ Amy L. Blauman

Amy L. Blauman

Enclosures

cc: All parties on Service Lists in Docket Nos. ER05-515, EL13-48 and EL15-27.

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<sup>3</sup> See Letter Order Re: Annual Update to Formula Rate in Docket No. ER09-1156 (February 17, 2010).

<sup>4</sup> See Settlement, Exhibit A containing PJM Tariff Attachment H-1B, Section 2.f.(iii)(d). Accounting entries related to the merger between Exelon and Pepco Holdings, Inc. were approved by FERC in Docket AC16-203 on March 17, 2017 and April 11, 2017.

<sup>5</sup> See Settlement, Exhibit A containing PJM Tariff Attachment H-1B, Section 2.h.

**ATTACHMENT H-1A**

<b>Atlantic City Electric Company</b>			<b>2017</b>
<b>Formula Rate - Appendix A</b>	<b>Notes</b>	<b>FERC Form 1 Page # or Instruction</b>	

**Shaded cells are input cells**

**Allocators**

1	Wages & Salary Allocation Factor Transmission Wages Expense		p354.21.b	\$ 2,295,571
2	Total Wages Expense		p354.28b	\$ 36,223,095
3	Less A&G Wages Expense		p354.27b	\$ 1,243,809
4	Total		(Line 2 - 3)	34,979,286
5	<b>Wages &amp; Salary Allocator</b>		(Line 1 / 4)	<b>6.5627%</b>
<b>Plant Allocation Factors</b>				
6	Electric Plant in Service	(Note B)	p207.104g (see Attachment 5)	\$ 3,605,589,602
7	Common Plant In Service - Electric		(Line 24)	0
8	Total Plant In Service		(Sum Lines 6 & 7)	3,605,589,602
9	Accumulated Depreciation (Total Electric Plant)		p219.29c (see Attachment 5)	\$ 752,843,799
10	Accumulated Intangible Amortization	(Note A)	p200.21c (see Attachment 5)	\$ 15,279,562
11	Accumulated Common Amortization - Electric	(Note A)	p356	\$ -
12	Accumulated Common Plant Depreciation - Electric	(Note A)	p356	\$ -
13	Total Accumulated Depreciation		(Sum Lines 9 to 12)	768,123,361
14	Net Plant		(Line 8 - 13)	2,837,466,241
15	Transmission Gross Plant		(Line 29 - Line 28)	1,283,293,498
16	<b>Gross Plant Allocator</b>		(Line 15 / 8)	<b>35.5918%</b>
17	Transmission Net Plant		(Line 39 - Line 28)	1,035,003,451
18	<b>Net Plant Allocator</b>		(Line 17 / 14)	<b>36.4763%</b>

**Plant Calculations**

<b>Plant In Service</b>				
19	Transmission Plant In Service	(Note B)	p207.58.g	\$ 1,274,493,121
20	For Reconciliation only - remove New Transmission Plant Additions for Current Calendar Year	For Reconciliation Only	Attachment 6 - Enter Negative	\$ -
21	New Transmission Plant Additions for Current Calendar Year (weighted by months in service)		Attachment 6	-
22	Total Transmission Plant In Service		(Line 19 - 20 + 21)	1,274,493,121
23	General & Intangible		p205.5.g & p207.99.g (see Attachment 5)	\$ 134,097,754
24	Common Plant (Electric Only)	(Notes A & B)	p356	\$ -
25	Total General & Common		(Line 23 + 24)	134,097,754
26	Wage & Salary Allocation Factor		(Line 5)	6.56266%
27	General & Common Plant Allocated to Transmission		(Line 25 * 26)	8,800,377
28	Plant Held for Future Use (Including Land)	(Note C)	p214	782,029
29	<b>TOTAL Plant In Service</b>		(Line 22 + 27 + 28)	<b>1,284,075,527</b>
<b>Accumulated Depreciation</b>				
30	Transmission Accumulated Depreciation	(Note B)	p219.25.c	\$ 245,046,572
31	Accumulated General Depreciation		p219.28.c (see Attachment 5)	\$ 34,143,635
32	Accumulated Intangible Amortization		(Line 10)	15,279,562
33	Accumulated Common Amortization - Electric		(Line 11)	0
34	Common Plant Accumulated Depreciation (Electric Only)		(Line 12)	0
35	Total Accumulated Depreciation		(Sum Lines 31 to 34)	49,423,197
36	Wage & Salary Allocation Factor		(Line 5)	6.56266%
37	General & Common Allocated to Transmission		(Line 35 * 36)	3,243,476
38	<b>TOTAL Accumulated Depreciation</b>		(Line 30 + 37)	<b>248,290,048</b>
39	<b>TOTAL Net Property, Plant &amp; Equipment</b>		(Line 29 - 38)	<b>1,035,785,480</b>

**Adjustment To Rate Base**

<b>Accumulated Deferred Income Taxes</b>				
40	ADIT net of FASB 106 and 109		Attachment 1	-329,243,425
41	Accumulated Investment Tax Credit Account No. 255	Enter Negative	p266.h	0
42	Net Plant Allocation Factor	(Notes A & I)	(Line 18)	36.48%
43	Accumulated Deferred Income Taxes Allocated To Transmission		(Line 41 * 42) + Line 40	-329,243,425
43a	Transmission Related CWIP (Current Year 12 Month weighted average balances)	(Note B)	p216.43.b as Shown on Attachment 6	0
<b>Transmission O&amp;M Reserves</b>				
44	Total Balance Transmission Related Account 242 Reserves	Enter Negative	Attachment 5	-2,046,990
<b>Prepayments</b>				
45	Prepayments	(Note A)	Attachment 5	4,876,221
46	Total Prepayments Allocated to Transmission		(Line 45)	4,876,221
<b>Materials and Supplies</b>				
47	Undistributed Stores Exp	(Note A)	p227.6c & 16.c	0
48	Wage & Salary Allocation Factor		(Line 5)	6.56%
49	Total Transmission Allocated		(Line 47 * 48)	0
50	Transmission Materials & Supplies		p227.8c	\$ 1,857,041
51	Total Materials & Supplies Allocated to Transmission		(Line 49 + 50)	1,857,041
<b>Cash Working Capital</b>				
52	Operation & Maintenance Expense		(Line 85)	27,124,788
53	1/8th Rule		x 1/8	12.5%
54	Total Cash Working Capital Allocated to Transmission		(Line 52 * 53)	3,390,598
<b>Network Credits</b>				
55	Outstanding Network Credits	(Note N)	From PJM	0
56	Less Accumulated Depreciation Associated with Facilities with Outstanding Network Credits	(Note N)	From PJM	0
57	Net Outstanding Credits		(Line 55 - 56)	0
58	<b>TOTAL Adjustment to Rate Base</b>		(Line 43 + 43a + 44 + 46 + 51 + 54 - 57)	<b>-321,166,555</b>
59	<b>Rate Base</b>		(Line 39 + 58)	<b>714,618,924</b>

**O&M**

Transmission O&M				
60	Transmission O&M		p321.112.b (see Attachment 5)	\$ 21,706,703
61	Less extraordinary property loss		Attachment 5	0
62	Plus amortized extraordinary property loss		Attachment 5	0
63	Less Account 565		p321.96.b	\$ -
64	Plus Schedule 12 Charges billed to Transmission Owner and booked to Account 565	(Note O)	PJM Data	\$ -
65	Plus Transmission Lease Payments	(Note A)	p200.3c	\$ -
66	Transmission O&M		(Lines 60 - 63 + 64 + 65)	21,706,703
Allocated General & Common Expenses				
67	Common Plant O&M	(Note A)	p356	\$ -
68	Total A&G		p323.197.b (see Attachment 5)	\$ 83,679,206
68a	For informational purposes: PBOB expense in FERC Account 926	(Note S)	Attachment 5	\$ 773,511
69	Less Property Insurance Account 924		p323.185b	\$ 469,686
70	Less Regulatory Commission Exp Account 928	(Note E)	p323.189b	\$ 4,783,058
71	Less General Advertising Exp Account 930.1		p323.191b	\$ 286,452
72	Less DE Enviro & Low Income and MD Universal Funds		p335.b	\$ -
73	Less EPRI Dues	(Note D)	p352-353	\$ 220,349
74	General & Common Expenses		(Lines 67 + 68) - Sum (69 to 73)	77,919,661
75	Wage & Salary Allocation Factor		(Line 5)	6.5627%
76	General & Common Expenses Allocated to Transmission		(Line 74 * 75)	5,113,601
Directly Assigned A&G				
77	Regulatory Commission Exp Account 928	(Note G)	p323.189b	133,159
78	General Advertising Exp Account 930.1	(Note F)	p323.191b	0
79	Subtotal - Transmission Related		(Line 77 + 78)	133,159
80	Property Insurance Account 924		p323.185b	\$ 469,686
81	General Advertising Exp Account 930.1	(Note K)	p323.191b	0
82	Total		(Line 80 + 81)	469,686
83	Net Plant Allocation Factor		(Line 18)	36.48%
84	A&G Directly Assigned to Transmission		(Line 82 * 83)	171,324
85	Total Transmission O&M		(Line 66 + 76 + 79 + 84)	27,124,788

**Depreciation & Amortization Expense**

Depreciation Expense				
86	Transmission Depreciation Expense		p336.7b&c	29,624,450
87	General Depreciation		p336.10b&c (see Attachment 5)	6,449,388
88	Intangible Amortization	(Note A)	p336.1d&e (see Attachment 5)	159,633
89	Total		(Line 87 + 88)	6,609,021
90	Wage & Salary Allocation Factor		(Line 5)	6.5627%
91	General Depreciation Allocated to Transmission		(Line 89 * 90)	433,727
92	Common Depreciation - Electric Only	(Note A)	p336.11.b	0
93	Common Amortization - Electric Only	(Note A)	p356 or p336.11d	0
94	Total		(Line 92 + 93)	0
95	Wage & Salary Allocation Factor		(Line 5)	6.5627%
96	Common Depreciation - Electric Only Allocated to Transmission		(Line 94 * 95)	0
97	Total Transmission Depreciation & Amortization		(Line 86 + 91 + 96)	30,058,177

**Taxes Other than Income**

98	Taxes Other than Income		Attachment 2	1,053,584
99	Total Taxes Other than Income		(Line 98)	1,053,584

**Return / Capitalization Calculations**

Long Term Interest				
100	Long Term Interest		p117.62c through 67c	62,992,469
101	Less LTD Interest on Securitization Bonds	(Note P)	Attachment 8	5,670,914
102	Long Term Interest		"(Line 100 - line 101)"	57,321,555
103	Preferred Dividends	enter positive	p118.29c	\$ -
Common Stock				
104	Proprietary Capital		p112.16c	\$ 1,042,601,119
105	Less Preferred Stock	enter negative	(Line 114)	0
106	Less Account 216.1	enter negative	p112.12c	\$ -
107	Common Stock		(Sum Lines 104 to 106)	1,042,601,119
Capitalization				
108	Long Term Debt		p112.17c through 21c	\$ 1,077,521,230
109	Less Loss on Reacquired Debt	enter negative	p111.81.c	\$ (5,278,948)
110	Plus Gain on Reacquired Debt	enter positive	p113.61.c	\$ -
111	Less ADIT associated with Gain or Loss	enter negative	Attachment 1	1,483,912
112	Less LTD on Securitization Bonds	(Note P)	Attachment 8	-40,506,230
113	Total Long Term Debt		(Sum Lines Lines 108 to 112)	1,033,219,964
114	Preferred Stock		p112.3c	\$ -
115	Common Stock		(Line 107)	1,042,601,119
116	Total Capitalization		(Sum Lines 113 to 115)	2,075,821,083
117	Debt %	Total Long Term Debt	(Note Q) (Line 113 / 116)	50%
118	Preferred %	Preferred Stock	(Note Q) (Line 114 / 116)	0%
119	Common %	Common Stock	(Note Q) (Line 115 / 116)	50%
120	Debt Cost	Total Long Term Debt	(Line 102 / 113)	0.0555
121	Preferred Cost	Preferred Stock	(Line 103 / 114)	0.0000
122	Common Cost	Common Stock	(Note J) Fixed	0.1050
123	Weighted Cost of Debt	Total Long Term Debt (WCLTD)	(Line 117 * 120)	0.0277
124	Weighted Cost of Preferred	Preferred Stock	(Line 118 * 121)	0.0000
125	Weighted Cost of Common	Common Stock	(Line 119 * 122)	0.0525
126	Total Return ( R )		(Sum Lines 123 to 125)	0.0802
127	Investment Return = Rate Base * Rate of Return		(Line 59 * 126)	57,340,508

**Composite Income Taxes**

Income Tax Rates				
128	FIT=Federal Income Tax Rate			21.00%
129	SIT=State Income Tax Rate or Composite	(Note I)		9.00%
130	p	(percent of federal income tax deductible for state purposes)	Per State Tax Code	0.00%
131	T	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		28.11%
132	T / (1-T)			39.10%
ITC Adjustment				
133	Amortized Investment Tax Credit	(Note I)	p266.8f	\$ (363,377)
134	T/(1-T)	enter negative	(Line 132)	39.10%
135	Net Plant Allocation Factor		(Line 18)	36.4763%
136	ITC Adjustment Allocated to Transmission		(Line 133 * (1 + 134) * 135)	-184,374
137	Income Tax Component =	$CIT=(T/1-T) * Investment\ Return * (1-(WCLTD/R)) =$	[Line 132 * 127 * (1-(123 / 126))]	14,669,867
138	Total Income Taxes		(Line 136 + 137)	14,485,493

**REVENUE REQUIREMENT**

Summary				
139	Net Property, Plant & Equipment		(Line 39)	1,035,785,480
140	Adjustment to Rate Base		(Line 58)	-321,166,555
141	Rate Base		(Line 59)	714,618,924
142	O&M		(Line 85)	27,124,788
143	Depreciation & Amortization		(Line 97)	30,058,177
144	Taxes Other than Income		(Line 99)	1,053,584
145	Investment Return		(Line 127)	57,340,508
146	Income Taxes		(Line 138)	14,485,493
147	Gross Revenue Requirement		(Sum Lines 142 to 146)	130,062,550
Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities				
148	Transmission Plant In Service		(Line 19)	1,274,493,121
149	Excluded Transmission Facilities	(Note M)	Attachment 5	0
150	Included Transmission Facilities		(Line 148 - 149)	1,274,493,121
151	Inclusion Ratio		(Line 150 / 148)	100.00%
152	Gross Revenue Requirement		(Line 147)	130,062,550
153	Adjusted Gross Revenue Requirement		(Line 151 * 152)	130,062,550
Revenue Credits & Interest on Network Credits				
154	Revenue Credits		Attachment 3	2,245,360
155	Interest on Network Credits	(Note N)	PJM Data	-
156	Net Revenue Requirement		(Line 153 - 154 + 155)	127,817,189
Net Plant Carrying Charge				
157	Net Revenue Requirement		(Line 156)	127,817,189
158	Net Transmission Plant		(Line 19 - 30)	1,029,446,549
159	Net Plant Carrying Charge		(Line 157 / 158)	12.4161%
160	Net Plant Carrying Charge without Depreciation		(Line 157 - 86) / 158	9.5384%
161	Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes		(Line 157 - 86 - 127 - 138) / 158	2.5613%
Net Plant Carrying Charge Calculation per 100 Basis Point increase in ROE				
162	Net Revenue Requirement Less Return and Taxes		(Line 156 - 145 - 146)	55,991,189
163	Increased Return and Taxes		Attachment 4	76,796,225
164	Net Revenue Requirement per 100 Basis Point increase in ROE		(Line 162 + 163)	132,787,414
165	Net Transmission Plant		(Line 19 - 30)	1,029,446,549
166	Net Plant Carrying Charge per 100 Basis Point increase in ROE		(Line 164 / 165)	12.8989%
167	Net Plant Carrying Charge per 100 Basis Point increase in ROE without Depreciation		(Line 163 - 86) / 165	10.0212%
168	Net Revenue Requirement		(Line 156)	127,817,189
169	True-up amount		Attachment 6	8,525,952
170	Plus any increased ROE calculated on Attachment 7 other than PJM Sch. 12 projects		Attachment 7	289,177
171	Facility Credits under Section 30.9 of the PJM OATT and Facility Credits paid to Vineland per settlement in ER05-515 (Note R)		Attachment 5	-
172	Net Zonal Revenue Requirement		(Line 168 - 169 + 171)	136,632,319
Network Zonal Service Rate				
173	1 CP Peak	(Note L)	PJM Data	2,541
174	Rate (\$/MW-Year)		(Line 172 / 173)	53,775
175	Network Service Rate (\$/MW/Year)		(Line 174)	53,775

**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 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.  
  
The ROE is 10.5% which includes a base ROE of 10.0% ROE per FERC order in Docket No. EL13-48 and a 50 basis point RTO membership adder as authorized by FERC: provided, that the projects identified in Docket Nos. ER08-686 and ER08-1423 have been awarded an additional 150 basis point adder and, thus, their ROE is 12.0%.
- J 686 and ER08-1423 have been awarded an additional 150 basis point adder and, thus, their ROE is 12.0%.
- K Education and outreach expenses relating to transmission, for example siting or billing
- L As provided for in Section 34.1 of the PJM OATT and the PJM established billing determinants will not be revised or updated in the annual rate reconciliations per settlement in ER05-515.
- M Amount of transmission plant excluded from rates per Attachment 5.
- N Outstanding Network Credits is the balance of Network Facilities Upgrades Credits due Transmission Customers who have made lump-sum payments (net of accumulated depreciation) towards the construction of Network Transmission Facilities consistent with Paragraph 657 of Order 2003-A. Interest on the Network Credits as booked each year is added to the revenue requirement to make the Transmission Owner whole on Line 155.
- O Payments made under Schedule 12 of the PJM OATT that are not directly assessed to load in the Zone under Schedule 12 are included in Transmission O&M. If they are booked to Acct 565, they are included in on line 64
- P Securitization bonds may be included in the capital structure per settlement in ER05-515.
- Q ACE capital structure is initially fixed at 50% common equity and 50% debt per settlement in ER05-515 subject to moratorium provisions in the settlement.
- R Per the settlement in ER05-515, the facility credits of \$15,000 per month paid to Vineland will increase to \$37,500 per month (prorated for partial months) effective on the date FERC approves the settlement in ER05-515.
- S See Attachment 5 - Cost Support, section entitled "PBOP Expense in FERC Account 926" for additional information per FERC orders in Docket Nos. EL13-48 , EL15-27 and ER16-456.

Atlantic City Electric Company

Attachment 1- Accumulated Deferred Income Taxes (ADIT) Worksheet

	Only Transmission Related	Plant Related	Labor Related	Total ADIT
ADIT- 282	-	(942,450,108)	-	
ADIT-283	(4,331,250)	48,279	(34,109,695)	
ADIT-190	-	34,472,927	7,228,456	
Subtotal	(4,331,250)	(907,928,901)	(26,881,239)	
Wages & Salary Allocator			6.5627%	
Gross Plant Allocator		35.5918%		
ADIT	(4,331,250)	(323,148,052)	(1,764,124)	(329,243,425)

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

Amount (1,483,912)

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

A	B Total	C	D	E	F	G
ADIT-190		Gas, Prod or Other Related	Only Transmission Related	Plant	Labor	Justifications
190 1999 AMT	443,467	-	-	443,467	-	Reflects the deferred tax asset related to New Jersey Alternative Minimum Assessment (AMA) credit. Relates to both Transmission and Distribution.
190 Accrual Labor Related	5,077,299	-	-	-	5,077,299	Represents deferred income taxes on labor related book accruals that are only deductible for tax purposes as economic performance occurs. The deferred taxes are related to Company personnel across all functions.
190 Accrued Liab - Auto	70,036	-	-	-	70,036	These deferred taxes are the result of a deduction taken for book purposes to set aside a reserve for Auto liability claims. For tax, no deduction is permitted until the "all events" test is met, typically when payment is made. The deferred taxes related to Company personnel across all functions.
190 Accrued Liab - Misc.	3,178,991	2,352,122	-	826,869	-	Represents accrued book liabilities that can not be deducted for tax purposes until the "all events" test is met. Amounts in Gas, Production or Other Related represent deferred taxes on Unbilled Revenues which are retail related. Deferred taxes on Other Miscellaneous Accrued Liabilities relate to both Transmission and Distribution and are being allocated using both the Plant and Labor allocators.
190 Accrued Liability - General	3,102,873	2,161,580	-	941,293	-	Amounts in Gas, Production or Other Related represent deferred income taxes on Accrued Merger Commitments made as part of the 2016 merger with Exelon that have not been paid to date. These amounts are excluded from Rate Base. Other General Accrued liabilities are related to both Transmission and Distribution and are being allocated using the Plant Allocator.
190 Accumulated Deferred Investment Tax Credit	1,039,304	-	-	1,039,304	-	Pursuant to the requirements of FAS 109, ACE's accumulated deferred income taxes must encompass all timing differences regardless of whether the difference is normalized or flowed-through. These balances represent the deferred taxes on the Investment Tax Credit regulatory liability. Related to all plant. These amounts are removed below.
190 BAD DEBT RESERVE	4,995,180	4,995,180	-	-	-	Under the Tax Reform Act of 1986, taxpayers were required to account for bad debts using the specific write-off method. The reserve method is used for book purposes. The amount represents the deferred tax asset related to the add-back of book reserves for tax purposes. The deferred tax asset is retail related.
190 Charitable Contribution Limit	582,061	582,061	-	-	-	ACE accrued Charitable Contribution Commitments made as part of the 2016 merger with Exelon that have not been paid to date. In addition, ACE has deducted Charitable Contributions for book purposes that could not be used in ACE's federal income tax return because of limitations caused by its tax net operating losses. Charitable Contributions are not included in Operating Income and any related deferred income taxes are excluded from Rate Base.
190 ENVIRONMENTAL EXPENSE	176,796	176,796	-	-	-	These deferred taxes are the result of a deduction taken for book purposes to set aside a reserve for environmental site clean-up expenses. For tax, no deduction is permitted until the "all events" test is met, typically when economic performance has occurred. This book reserve is primarily related to Deepwater and BL England sites which should not be in transmission service. It is Generation related.
190 OPEB	4,162,474	-	-	-	4,162,474	FAS No. 106 requires accrual basis instead of cash basis accounting for post retirement health care and life insurance benefits for book purposes. Amounts paid to participants or funded through the VEBA or 401(h) accounts are currently deductible for tax purposes. Affects Company personnel across all functions.
190 SERP	247,791	-	-	-	247,791	Represents deferred taxes for supplemental executive retirement plan ("SERP"). Accrued SERP expense is included on book but is not deductible for tax until economic performance is met.
190 Stranded Costs	1,218,428	1,218,428	-	-	-	Stranded Costs incurred when Generation was deregulated were deferred for book purposes pending collection from/refund to customers in the future. These amounts were included for tax purposes when incurred. The deferred tax asset is Generation related.
190 Use Tax Reserve	784,569	784,569	-	-	-	Represents deferred taxes for FAS 5/ASC 450 Use Tax Reserves which are not fixed and determinable and therefore not deductible for income tax purposes.
190 Federal NOL	13,246,763	-	-	13,246,763	-	Represents the deferred tax asset related to federal net operating loss carryforwards (offset by the federal benefit of state NOL carryforwards) available to offset future federal taxable income. Related to both Transmission and Distribution.
190 State NOL	21,234,578	7,304,705	-	13,929,873	-	Represents the deferred tax asset related to state net operating loss carryforwards available to offset future state taxable income. Related to both Transmission and Distribution.
190 FAS 109 Deferred Taxes - 190	406,383	-	-	406,383	-	Pursuant to the requirements of FAS 109, ACE's accumulated deferred income taxes must encompass all timing differences regardless of whether the difference is normalized or flowed-through. These balances represent the tax gross-up necessary for full recovery of unamortized ITC. These amounts are removed from rate base below.
190 Gross up on TCJA FAS 109 Excess Deferred Taxes	5,770,244	-	459,854	2,712,088	2,598,303	Pursuant to the requirements of FAS 109, ACE's accumulated deferred income taxes must encompass all timing differences regardless of whether the difference is normalized or flowed-through. These balances represent the tax gross-up necessary for full recovery of the 2017 Tax Cuts and Jobs Act (2017) Federal Tax Rate reduction. These amounts are removed from rate base below.
190 Gross up on FAS 109 Deferred Taxes	109,423,708	-	-	109,423,708	-	Pursuant to the requirements of FAS 109, ACE's accumulated deferred income taxes must encompass all timing differences regardless of whether the difference is normalized or flowed-through. These balances represent the tax gross-up necessary for full recovery of the prior flow-through amounts. Related to all plant. These amounts are removed from rate base below.
190 Subtotal - p234	175,160,945	19,575,441	459,854	142,969,747	12,155,903	
Less FASB 109 Above if not separately removed	102,712,541	(7,009,106)	459,854	108,496,820	764,973	
190 Less FASB 106 Above if not separately removed	4,162,474	-	-	-	4,162,474	FAS No. 106 requires accrual basis instead of cash basis accounting for post retirement health care and life insurance benefits for book purposes. Amounts paid to participants or funded through the VEBA or 401(h) accounts are currently deductible for tax purposes. Affects company personnel across all functions.
190 Total	68,285,930	26,584,547	-	34,472,927	7,228,456	

Instructions for Account 190:

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

A	B Total	C	D	E	F	G
ADIT-282		Gas, Prod or Other Related	Only Transmission Related	Plant	Labor	Justifications
282 Plant Related - APB 11 Deferred Taxes	(942,450,108)			(942,450,108)		This deferred tax balance relates to our plant and results from life and method differences. Related to both T & D plant.
282 CIAC	50,313,891	50,313,891				Contributions in Aid of Construction (CIAC) are a reduction to Plant for book accounting purposes, but are included in taxable income and depreciated for income tax purposes. This different book/tax treatment results in deferred income taxes which must be recorded in accordance with SFAS 109. The Company collects an income tax gross-up from the customer which is reimbursement for the time value of money on the additional tax liability incurred until such time as the amounts are fully depreciated for tax purposes. The deferred income tax asset on CIAC's is excluded from Rate Base because the underlying plant is not included in Rate Base.
282 Leased Vehicles	11,277,468	11,277,468				The Company leases its vehicles under arrangements that are treated as Operating Leases for book purposes, but financing leases for tax purposes. The differing income tax treatment between Rent Expense deducted for book purposes and tax depreciation expense deducted for income tax purposes, results in deferred income taxes being recorded on the books. Since Leased Vehicles are not included in Rate Base, the deferred income taxes are being excluded as well.
282 Plant Related - FAS109 Deferred Taxes	279,845,977	(12,427,784)	-	292,273,761	-	Pursuant to the requirements of FAS 109, ACE's accumulated deferred income taxes must encompass all timing differences regardless of whether the difference is normalized or flowed-through. These balances represent the deferred taxes on prior flow-through items. Related to all plant. These amounts are removed below.
Subtotal - p275	(601,012,772)	49,163,575	-	(650,176,347)	-	
Less FASB 109 Above if not separately removed	279,845,977	(12,427,784)	-	292,273,761	-	
Less FASB 106 Above if not separately removed	-	-	-	-	-	
282 Total	(880,858,749)	61,591,359	-	(942,450,108)	-	

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

	A	B	C	D	E	F	G
ADIT-283	Total	Gas, Prod or Other Related	Only Transmission Related	Plant	Labor	Justifications	
283 Accrual Labor Related	(1,458,050)	-	-	-	(1,458,050)	Represents deferred income tax liability on Vacation Accrual Regulatory Asset. The deferred taxes are related to Company personnel across all functions.	
283 BGS Deferred Related - Retail	(2,615,558)	(2,615,558)	-	-	-	Relates to deferred costs associated with Basic Generation Service. Retail related.	
283 Interest on Contingent Taxes	48,279	-	-	48,279	-	Estimated book interest income on prior year taxes not included in taxable income for tax purposes. Related to both Transmission and Distribution.	
283 Loss on Reacquired Debt	(1,483,912)	(1,483,912)	-	-	-	The cost of bond redemption is deductible currently for tax purposes and is amortized over the life of the new bond issue for book purposes. Excluded here since included in Cost of Debt	
283 Misc. Deferred Debits - Retail	(484,545)	(484,545)	-	-	-	Represents deferred taxes on miscellaneous deferred debits deducted for tax purposes in advance of book purposes. Retail related.	
283 NUG BUYOUT	(6,627,894)	(6,627,894)	-	-	-	These deferred taxes relate to Regulatory Assets created during Generation deregulation. The underlying costs were deducted for tax purposes as incurred. Amortization Expense recorded for book purposes as amounts are collected from customers is reversed for tax purposes. It is Generation related.	
Other- 283	(432,517)	(432,517)	-	-	-	Represents deferred taxes related to income on books not included for tax.	
283 PENSION PAYMENT RESERVE	(22,468,488)	-	-	-	(22,468,488)	The Company claims tax deductions for payments made to fund its Retirement Income Plan to the extent permitted under the IRC Section 415 contribution limitations. For book purposes, Pension Plan expense is recorded in accordance with SFAS 158. This deferred tax liability reflects the difference between the tax versus book deductions. It affects Company personnel across all functions.	
283 Reg Asset - FERC Formula Rate Adj. Trans. Svc	(2,980,451)	-	(2,980,451)	-	-	When a regulatory asset/liability is established, books credit/debit income, which for tax purposes needs to be reversed along with the associated amortization. The deferred tax asset is 100% Transmission related.	
283 Reg Asset-NJ Rec-Base	(7,770,512)	(7,770,512)	-	-	-	When a regulatory asset/liability is established, books credit/debit income, which for tax purposes needs to be reversed along with the associated amortization. This deferred tax liability is retail related.	
283 Regulatory Asset - General	2,814,050	2,814,050	-	-	-	For book purposes, regulatory assets are established with an increase to book income. For tax purposes the regulatory assets are not recognized and book income is reversed.	
283 Regulatory Asset - NJ RGGI	(1)	(1)	-	-	-	When a regulatory asset/liability is established, books credit/debit income, which for tax purposes needs to be reversed along with the associated amortization. This deferred tax liability is retail related.	
283 Regulatory Asset - SREC Program	(178,463)	(178,463)	-	-	-	Represents deferred income tax liability on the Solar Renewable Energy Certificate Program. Retail related.	
283 Stranded Costs	(19,844,720)	(19,844,720)	-	-	-	These deferred taxes relate to Regulatory Assets created during Generation deregulation. The underlying costs were deducted for tax purposes as incurred. Amortization Expense recorded for book purposes as amounts are collected from customers is reversed for tax purposes. It is Generation related.	
283 Subtotal - p277 (Form 1-F filer: see note 6, below)	(63,482,782)	(36,624,072)	(2,980,451)	48,279	(23,926,538)		
283 Less FASB 109 Above if not separately removed	28,684,225	17,150,270	1,350,799	-	10,183,157		
283 Less FASB 106 Above if not separately removed	-	-	-	-	-		
283 Total	(92,167,007)	(53,774,342)	(4,331,250)	48,279	(34,109,695)		

check

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

ADITC-255		Balance	Amortization
1	Rate Base Treatment		
2	Balance to line 41 of Appendix A	Total	
3	Amortization		
4	Amortization to line 133 of Appendix A	Total	3,697,280
5	Total	3,697,280	363,377
6	Form No. 1 balance (p.266) for amortization	Total Form No. 1 (p 266 & 267)	3,697,280
7	Difference /1	-	-

/1 Difference must be zero

## Atlantic City Electric Company

### Attachment 2 - Taxes Other Than Income Worksheet

<i>Other Taxes</i>	<i>Page 263 Col (i)</i>	<i>Allocator</i>	<i>Allocated Amount</i>
<b>Plant Related</b>		<b>Gross Plant Allocator</b>	
1 Real property (State, Municipal or Local)	2,444,578		
2 Personal property	-		
3 City License	-		
4 Federal Excise	14,173		
<b>Total Plant Related</b>	<b>2,458,751</b>	<b>35.5918%</b>	<b>875,113</b>
<b>Labor Related</b>		<b>Wages &amp; Salary Allocator</b>	
5 Federal FICA & Unemployment	2,487,661		
6 Unemployment(State)	214,003		
<b>Total Labor Related</b>	<b>2,701,664</b>	<b>6.5627%</b>	<b>177,301</b>
<b>Other Included</b>		<b>Gross Plant Allocator</b>	
7 Miscellaneous	3,286		
<b>Total Other Included</b>	<b>3,286</b>	<b>35.5918%</b>	<b>1,170</b>
<b>Total Included</b>			<b>1,053,584</b>
<b>Excluded</b>			
8 State Franchise tax	-		
9 TEFA	-		
10 Use & Sales Tax	1,140,217		
10.1 Excluded merger costs in line 5	15		
11 Total "Other" Taxes (included on p. 263)	6,303,933		
12 Total "Taxes Other Than Income Taxes" - acct 408.10 (p. 114.14)	6,303,933		
13 Difference	-		

Criteria for Allocation:

- A Other taxes that are incurred through ownership of plant including transmission plant will be allocated based on the Gross Plant Allocator. If the taxes are 100% recovered at retail they will not be included
- B Other taxes that are incurred through ownership of only general or intangible plant will be allocated based on the Wages and Salary Allocator. If the taxes are 100% recovered at retail they will not be included
- C Other taxes that are assessed based on labor will be allocated based on the Wages and Salary Allocator
- D Other taxes except as provided for in A, B and C above, that are incurred and (1) are not fully recovered at retail or (2) are directly or indirectly related to transmission service will be allocated based on the Gross Plant Allocator; provided, however, that overheads shall be treated as in footnote B above
- E Excludes prior period adjustments in the first year of the formula's operation and reconciliation for the first year

# Atlantic City Electric Company

## Attachment 3 - Revenue Credit Workpaper

**Account 454 - Rent from Electric Property**

1 Rent from Electric Property - Transmission Related (Note 3)		966,076
2 Total Rent Revenues	(Sum Line 1)	966,076

**Account 456 - Other Electric Revenues (Note 1)**

3 Schedule 1A		\$ 816,004
4 Net revenues associated with Network Integration Transmission Service (NITS) for which the load is not included in the divisor (difference between NITS credits from PJM and PJM NITS charges paid by Transmission Owner) (Note 4)		-
5 Point to Point Service revenues for which the load is not included in the divisor received by Transmission Owner (Note 4)		462,720
6 PJM Transitional Revenue Neutrality (Note 1)		-
7 PJM Transitional Market Expansion (Note 1)		-
8 Professional Services (Note 3)		-
9 Revenues from Directly Assigned Transmission Facility Charges (Note 2)		619,380
10 Rent or Attachment Fees associated with Transmission Facilities (Note 3)		-
11 Gross Revenue Credits	(Sum Lines 2-10)	2,864,180
12 Less line 17g		(618,820)
13 Total Revenue Credits		2,245,360

**Revenue Adjustment to determine Revenue Credit**

- 14 Note 1: All revenues related to transmission that are received as a transmission owner (i.e., not received as a LSE), for which the cost of the service is recovered under this formula, except as specifically provided for elsewhere in this Attachment or elsewhere in the formula will be included as a revenue credit or included in the peak on line 173 of Appendix A.
- 15 Note 2: If the costs associated with the Directly Assigned Transmission Facility Charges are included in the Rates, the associated revenues are included in the Rates. If the costs associated with the Directly Assigned Transmission Facility Charges are not included in the Rates, the associated revenues are not included in the Rates.
- 16 Note 3: Ratemaking treatment for the following specified secondary uses of transmission assets: (1) right-of-way leases and leases for space on transmission facilities for telecommunications; (2) transmission tower licenses for wireless antennas; (3) right-of-way property leases for farming, grazing or nurseries; (4) licenses of intellectual property (including a portable oil degasification process and scheduling software); and (5) transmission maintenance and consulting services (including energized circuit maintenance, high-voltage substation maintenance, safety training, transformer oil testing, and circuit breaker testing) to other utilities and large customers (collectively, products). Company will retain 50% of net revenues consistent with Pacific Gas and Electric Company, 90 FERC ¶ 61,314. Note: in order to use lines 17a - 17g, the utility must track in separate subaccounts the revenues and costs associated with each secondary use (except for the cost of the associated income taxes).

17a Revenues included in lines 1-11 which are subject to 50/50 sharing.		966,076
17b Costs associated with revenues in line 17a	Attachment 5 - Cost Support	271,564
17c Net Revenues (17a - 17b)		694,512
17d 50% Share of Net Revenues (17c / 2)		347,256
17e Costs associated with revenues in line 17a that are included in FERC accounts recovered through the formula times the allocator used to functionalize the amounts in the FERC account to the transmission service at issue.		-
17f Net Revenue Credit (17d + 17e)		347,256
17g Line 17f less line 17a		(618,820)
18 Note 4: If the facilities associated with the revenues are not included in the formula, the revenue is shown here but not included in the total above and is explained in the Cost Support; for example revenues associated with distribution facilities. In addition, Revenues from Schedule 12 are not included in the total above to the extent they are credited under Schedule 12.		9,741,348
19 Amount offset in line 4 above		133,095,697
20 Total Account 454, 456 and 456.1		145,701,225
21 Note 4: SECA revenues booked in Account 447.		

**Atlantic City Electric Company**

**Attachment 4 - Calculation of 100 Basis Point Increase in ROE**

A	Return and Taxes with 100 Basis Point increase in ROE 100 Basis Point increase in ROE and Income Taxes	(Line 127 + Line 138)	76,796,225
B	100 Basis Point increase in ROE		1.00%

**Return Calculation**

59	Rate Base		(Line 39 + 58)	714,618,924
<b>Long Term Interest</b>				
100	Long Term Interest		p117.62c through 67c	62,992,469
101	Less LTD Interest on Securitization Bonds (Note P)		Attachment 8	5,670,914
102	<b>Long Term Interest</b>		"(Line 100 - line 101)"	57,321,555
103	<b>Preferred Dividends</b>	enter positive	p118.29c	0
<b>Common Stock</b>				
104	Proprietary Capital		p112.16c	1,042,601,119
105	Less Preferred Stock	enter negative	(Line 114)	0
106	Less Account 216.1	enter negative	p112.12c	0
107	<b>Common Stock</b>		(Sum Lines 104 to 106)	1,042,601,119
<b>Capitalization</b>				
108	Long Term Debt		p112.17c through 21c	1,077,521,230
109	Less Loss on Reacquired Debt	enter negative	p111.81.c	-5,278,948
110	Plus Gain on Reacquired Debt	enter positive	p113.61.c	0
111	Less ADIT associated with Gain or Loss	enter negative	Attachment 1	1,483,912
112	Less LTD on Securitization Bonds	enter negative	Attachment 8	-40,506,230
113	<b>Total Long Term Debt</b>		(Sum Lines Lines 108 to 112)	1,033,219,964
114	Preferred Stock		p112.3c	0
115	Common Stock		(Line 107)	1,042,601,119
116	<b>Total Capitalization</b>		(Sum Lines 113 to 115)	2,075,821,083
117	Debt %	(Note Q from Appendix A) Total Long Term Debt	(Line 113 / 116)	50%
118	Preferred %	(Note Q from Appendix A) Preferred Stock	(Line 114 / 116)	0%
119	Common %	(Note Q from Appendix A) Common Stock	(Line 115 / 116)	50%
120	Debt Cost	Total Long Term Debt	(Line 102 / 113)	0.0555
121	Preferred Cost	Preferred Stock	(Line 103 / 114)	0.0000
122	Common Cost	(Note J from Appendix A) Common Stock	Appendix A % plus 100 Basis Pts	0.1150
123	Weighted Cost of Debt	Total Long Term Debt (WCLTD)	(Line 117 * 120)	0.0277
124	Weighted Cost of Preferred	Preferred Stock	(Line 118 * 121)	0.0000
125	Weighted Cost of Common	Common Stock	(Line 119 * 122)	0.0575
126	<b>Total Return ( R )</b>		<b>(Sum Lines 123 to 125)</b>	<b>0.0852</b>
127	Investment Return = Rate Base * Rate of Return		<b>(Line 59 * 126)</b>	<b>60,913,602</b>

**Composite Income Taxes**

**(Note L)**

<b>Income Tax Rates</b>				
128	FIT=Federal Income Tax Rate			21.00%
129	SIT=State Income Tax Rate or Composite			9.00%
130	p = percent of federal income tax deductible for state purposes		Per State Tax Code	0.00%
131	T	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$		28.11%
132	T / (1-T)			39.10%
<b>ITC Adjustment</b>				
133	Amortized Investment Tax Credit	enter negative	p266.8f	-363,377
134	T/(1-T)		(Line 132)	39.10%
135	Net Plant Allocation Factor		(Line 18)	36.4763%
136	<b>ITC Adjustment Allocated to Transmission</b>	(Note I from Appendix A)	(Line 133 * (1 + 134) * 135)	<b>-184,374</b>
137	<b>Income Tax Component =</b>	$CIT=(T/1-T) * Investment Return * (1-(WCLTD/R)) =$		16,066,997
138	<b>Total Income Taxes</b>			<b>15,882,623</b>

Atlantic City Electric Company

Attachment 5 - Cost Support

**Electric / Non-electric Cost Support**

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Electric Portion	Non-electric Portion	Details
<b>Plant Allocation Factors</b>							
10	Accumulated Intangible Amortization	(Note A)	p200.21c (see Attachm	15,293,580	15,293,580	0	Respondent is Electric Utility only.
11	Accumulated Common Amortization - Electric	(Note A)	p356	0	0	0	
12	Accumulated Common Plant Depreciation - Electric	(Note A)	p356	0	0	0	
<b>Plant In Service</b>							
24	Common Plant (Electric Only)	(Notes A & B)	p356	0	0	0	
<b>Accumulated Deferred Income Taxes</b>							
41	Accumulated Investment Tax Credit Account No. 255	(Notes A & I)	p266.h	3,697,280	3,697,280	0	Respondent is Electric Utility only.
<b>Materials and Supplies</b>							
47	Undistributed Stores Exp	(Note A)	p227.6c & 16.c	0	0	0	Respondent is Electric Utility only.
<b>Allocated General &amp; Common Expenses</b>							
65	Plus Transmission Lease Payments	(Note A)	p200.3c	0			
67	Common Plant O&M	(Note A)	p356	0	0	0	
<b>Depreciation Expense</b>							
88	Intangible Amortization	(Note A)	p336.1d&e	173,651	173,651	0	Respondent is Electric Utility only.
92	Common Depreciation - Electric Only	(Note A)	p336.11.b	0	0	0	
93	Common Amortization - Electric Only	(Note A)	p356 or p336.11d	0	0	0	

**Transmission / Non-transmission Cost Support**

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Transmission Related	Non-transmission Related	Details
28	Plant Held for Future Use (Including Land)	(Note C)	p214	12,883,207	782,029	12,101,178	Transmission Right of Way - Carll's Corner to Landis

**CWIP & Expensed Lease Worksheet**

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	CWIP In Form 1 Amount	Expensed Lease in Form 1 Amount	Details
<b>Plant Allocation Factors</b>							
6	Electric Plant in Service	(Note B)	p207.104g	3,607,191,404	0	0	See ARO Exclusion - Cost Support section below for Electric Plant in Service without AROs
<b>Plant In Service</b>							
19	Transmission Plant In Service	(Note B)	p207.58.g	1,274,493,121	0	0	See Form 1
24	Common Plant (Electric Only)	(Notes A & B)	p356	0	0	0	
<b>Accumulated Depreciation</b>							
30	Transmission Accumulated Depreciation	(Note B)	p219.25.c	245,046,572	0	0	See Form 1

**EPRI Dues Cost Support**

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	EPRI Dues	Details	
<b>Allocated General &amp; Common Expenses</b>							
73	Less EPRI Dues	(Note D)	p352-353	220,349	220,349		See Form 1

**Atlantic City Electric Company**

**Attachment 5 - Cost Support**

**Regulatory Expense Related to Transmission Cost Support**

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Transmission Related	Non-transmission Related	Details
<b>Allocated General &amp; Common Expenses</b>							
70	Less Regulatory Commission Exp Account 928	(Note E)	p323.189b	4,783,058	133,159	4,649,899	FERC Form 1 page 351 line 6 (h) and 7 (h)
<b>Directly Assigned A&amp;G</b>							
77	Regulatory Commission Exp Account 928	(Note G)	p323.189b	4,783,058	133,159	4,649,899	FERC Form 1 page 351 line 6 (h) and 7 (h)

**Safety Related Advertising Cost Support**

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Safety Related	Non-safety Related	Details
<b>Directly Assigned A&amp;G</b>							
81	General Advertising Exp Account 930.1	(Note K)	p323.191b	286,452	-	286,452	None

**MultiState Workpaper**

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				State 1	State 2	State 3	State 4	State 5	Details
<b>Income Tax Rates</b>									
129	SIT=State Income Tax Rate or Composite	(Note I)	9.0000%	NJ 9.00%	PA 9.990%				Enter Calculation Apportioned: NJ 100.0000%, PA 0.0000%

**Education and Out Reach Cost Support**

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Education & Outreach	Other	Details
<b>Directly Assigned A&amp;G</b>							
78	General Advertising Exp Account 930.1	(Note F)	p323.191b	286,452	-	286,452	None

**Excluded Plant Cost Support**

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Excluded Transmission Facilities	Description of the Facilities
149	Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities	(Note M)	Attachment 5	-	General Description of the Facilities
Instructions:				Enter \$	None
1 Remove all investment below 69 kV or generator step up transformers included in transmission plant in service that are not a result of the RTEP Process					
2 If unable to determine the investment below 69kV in a substation with investment of 69 kV and higher as well as below 69 kV, the following formula will be used:				Or	
				Enter \$	
<b>Example</b>					
A Total investment in substation				1,000,000	
B Identifiable investment in Transmission (provide workpapers)				500,000	
C Identifiable investment in Distribution (provide workpapers)				400,000	
D Amount to be excluded (A x (C / (B + C)))				444,444	
<b>Add more lines if necessary</b>					

Atlantic City Electric Company

Attachment 5 - Cost Support

**Outstanding Network Credits Cost Support**

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

**Transmission Related Account 242 Reserves**

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Total	Allocation	Transmission Related	Details
<b>44 Transmission Related Account 242 Reserves (exclude current year environmental site related reserves)</b>				Enter \$		Amount	
	Directly Assignable to Transmission			0	100%	-	
	Labor Related, General plant related or Common Plant related			15,238,358	6.56%	1,000,041	
	Plant Related			2,941,546	35.59%	1,046,949	
	Other				0.00%	-	
	Total Transmission Related Reserves			18,179,904		2,046,990	

**Prepayments**

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Description of the Prepayments	
<b>45 Prepayments</b>					
5	Wages & Salary Allocator	6.563%	To Line 45		
	Pension Liabilities, if any, in Account 242	-			
	Prepayments	\$ 371,936		24,409	
	Prepaid Pensions if not included in Prepayments	\$ 73,930,586		4,851,812	Prepaid Pension is recorded in FERC account 186 (see FERC Form 1 page 233).
		<b>74,302,522</b>		<b>4,876,221</b>	
<i>Add more lines if necessary</i>					

**Extraordinary Property Loss**

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

Atlantic City Electric Company

Attachment 5 - Cost Support

Interest on Outstanding Network Credits Cost Support

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

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

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Amount	Description & PJM Documentation
<b>Net Revenue Requirement</b>					
171	Facility Credits under Section 30.9 of the PJM OATT and Facility Credits paid to Vineland per settlement in ER05-515 (Note R)			-	Settlement agreement.

PJM Load Cost Support

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				1 CP Peak	Description & PJM Documentation
<b>Network Zonal Service Rate</b>					
173	1 CP Peak	(Note L)	PJM Data	2,540.8	See Form 1

Statements BG/BH (Present and Proposed Revenues)

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

Supporting documentation for FERC Form 1 reconciliation

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Merger Costs	Non Merger Related
6	Electric Plant in Service		p207.104g	3,607,191,404	157,222	3,607,034,182
9	Accumulated Depreciation (Total Electric Plant)		p219.29c	753,019,802	198	753,019,604
10	Accumulated Intangible Amortization		p200.21c	15,293,580	14,018	15,279,562
23	General & Intangible		p205.5.g & p207.99.g	134,744,748	157,222	134,587,526
60	Transmission O&M		p321.112.b	21,789,347	82,644	21,706,703
68	Total A&G		p323.197.b	79,823,542	(3,855,664)	83,679,206
87	General Depreciation		p336.10b&c	6,449,586	198	6,449,388
88	Intangible Amortization		p336.1d&e	173,651	14,018	159,633
Removal of \$4,315,518 of 2017 merger related costs, offset by establishment of regulatory asset of \$8,171,182 in A&G accounts.						

ARO Exclusion - Cost Support

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	ARO's	Non-ARO's
6	Electric Plant in Service		p207.104g	3,607,191,404	1,444,581	3,605,746,823
9	Accumulated Depreciation (Total Electric Plant)		p219.29c	753,019,802	175,805	752,843,997
Distribution ARO-\$954,809 and General & Intangible ARO-\$489,772						
Distribution ARO-\$113,267 and General ARO-\$62,538						

**Atlantic City Electric Company**

**Attachment 5 - Cost Support**

23	General & Intangible	p205.5.g & p207.99.g	134,744,748	489,772	134,254,976	General & Intangible ARO-\$489,772
31	Accumulated General Depreciation	p219.28.c	34,206,372	62,538	34,143,834	General ARO-\$62,538

**ARO & Merger Related Exclusion - Cost Support**

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions			Form 1 Amount	ARO's	Merger Costs	Non-ARO's & Non Merger Related
6	Electric Plant in Service	p207.104g	3,607,191,404	1,444,581	157,222	3,605,589,602 Distribution ARO-\$954,809, General & Intangible ARO-\$489,772 and Intangible Merger Cost \$157,222
9	Accumulated Depreciation (Total Electric Plant)	p219.29c	753,019,802	175,805	198	752,843,799 Distribution ARO-\$113,267 and General ARO-\$62,538 and General Merger Cost \$198
23	General & Intangible	p205.5.g & p207.99.g	134,744,748	489,772	157,222	134,097,754 General & Intangible ARO-\$489,772 and Intangible Merger Cost \$157,222
31	Accumulated General Depreciation	p219.28.c	34,206,372	62,538	198	34,143,635 General ARO-\$62,538 and General Merger Cost \$198

**PBOP Expense in FERC 926**

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions			Total A&G Form 1 Amount	Account 926 Form 1 Amount	PBOP in FERC 926 current rate year	PBOP in FERC 926 prior rate year	Explanation of change in PBOP in FERC 926
68	Total A&G	Total: p.323.197.b Account 926: p.323.187.b and c	79,823,542	14,039,705	773,511	1,000,545	The actuarially determined amount of OPEB expense in FERC 926 decreased \$ .227 million from the prior year; the decrease primarily represents a (\$0.2 million) decrease in service cost primarily due to (i) change in the discount rate from 3.80% in 2016 to 4.0% in 2017 and (ii) updated census data, (\$0.3 million) increase in expected return on plan assets due to year over year assets growth, offset by \$0.1 million increase in amortization of unregonized gain/loss. This decrease was offset by a \$0.183 million decrease in OPEB costs directly charged to capital or other income deduction accounts (i.e. below the line).

**Attachment 3 - Revenue Credit Workpaper**

17b	Costs associated with revenues in line 17a	\$	271,564
	Revenue Subject to 50/50 sharing (Attachment 3 - line 17a)	\$	966,076
	Federal Income Tax Rate		21.00%
	Federal Tax on Revenue subject to 50/50 sharing		202,876
	Net Revenue subject to 50/50 sharing		763,200
	Composite State Income Tax Rate		9.000%
	State Tax on Revenue subject to 50/50 sharing		68,688
	Total Tax on Revenue subject to 50/50 sharing	\$	271,564

## Atlantic City Electric Company

### Attachment 5a - Allocations of Costs to Affiliate

	Delmarva Power	Atlantic City	Pepco	Non - Regulated	Total
Executive Management	6,721,922	6,040,279	11,559,004	2,731,918	27,053,123
Procurement & Administrative Services	5,753,548	4,160,116	8,276,756	3,721,474	21,911,894
Financial Services & Corporate Expenses	16,768,656	13,558,856	23,867,875	15,207,024	69,402,411
Insurance Coverage and Services	292,642	563,869	(390,363)	(5,012)	461,136
Human Resources	(1,116,564)	(1,258,037)	(540,100)	5,485,522	2,570,821
Legal Services	2,170,665	1,000,599	4,150,743	6,816,457	14,138,464
Customer Services	52,746,755	47,419,527	45,717,038	2,626	145,885,946
Information Technology	17,257,383	13,248,946	32,727,761	10,871,056	74,105,146
External Affairs	3,411,728	2,935,223	5,190,824	626,833	12,164,608
Environmental Services	2,358,711	2,065,133	2,509,472	346	6,933,662
Safety Services	481,504	493,828	775,837		1,751,169
Regulated Electric & Gas T&D	44,391,825	35,785,749	58,175,755	2,973,981	141,327,310
Internal Consulting Services	241,911	194,452	414,624		850,987
Interns	174,619	133,726	128,150		436,495
Cost of Benefits	13,261,385	8,972,178	22,145,832		44,379,395
Building Services	146,800	96,476	4,309,323	849,170	5,401,769
<b>Total</b>	<b>\$ 165,063,490</b>	<b>\$ 135,410,920</b>	<b>\$ 219,018,531</b>	<b>\$ 49,281,395</b>	<b>\$ 568,774,336</b>

Name of Respondent PHI Service Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Resubmission Date (Mo, Da, Yr) / /	Year/Period of Report Dec 31, 2017
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**Schedule XVII - Analysis of Billing - Associate Companies (Account 457)**

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

Line No.	Name of Associate Company (a)	Account 457.1 Direct Costs Charged (b)	Account 457.2 Indirect Costs Charged (c)	Account 457.3 Compensation For Use of Capital (d)	Total Amount Billed (e)
1	Potomac Electric Company	54,658,874	164,339,096	20,561	219,018,531
2	Delmarva Power & Light Company	43,878,996	121,169,503	14,991	165,063,490
3	Atlantic City Electric Company	29,283,609	106,115,313	11,998	135,410,920
4	Exelon Business Services Company, LLC	47,134,513			47,134,513
5	Pepco Energy Services, Inc	415,765	1,111,189		1,526,954
6	Pepco Holdings LLC	45,859	490,907	268	537,034
7	Atlantic Southern Properties, Inc	2,419	39,576		41,995
8	Connectiv Properties & Investments, Inc	250	29,336		29,586
9	Atlantic City Electric Transition Funding, LLC	2,895	2,847	4	5,746
10	Connectiv Holding Company, Inc.	3,279			3,279
11	Potomac Capital Investments Corporation	1,623	255		1,878
12	Connectiv Thermal Systems, Inc.		410		410
13					
14					
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36					
37					
38					
39					
40	<b>Total</b>	<b>175,428,082</b>	<b>393,298,432</b>	<b>47,822</b>	<b>568,774,336</b>

Service Company Billing Analysis by Utility FERC Account  
YTD Dec 2017  
Total PHI

FERC Accounts	FERC Account Name	DPL	ACE	PEPCO	Non-Utility	Total	Inclusion in ATRR
107	Constr Work In Progress	26,393,027	20,238,001	36,545,201	-	83,176,229	Not included
182.3	Other Regulatory Assets	2,372,237	217,458	7,097,229	-	9,686,924	Not included
184	Clearing Accounts - Other	290,866	240,842	743,443	(623,559)	651,592	Not included
408.1	Taxes other than inc taxes, utility operating inc	1,821	705	1,742	-	4,268	Wage & Salary Factor
416-421.2	Other Income -Below the Line	791,529	668,026	953,108	49,904,954	52,317,617	Not included
426.1-426.5	Other Income Deductions - Below the Line	793,436	612,278	1,127,607	-	2,533,321	Not included
430	Interest-Debt to Associated Companies	33,667	27,028	45,561	-	106,256	Not included
431	Interest-Short Term Debt	(16,005)	(12,879)	(21,440)	-	(50,324)	Not included
556	System cont & load dispatch	1,762,459	1,397,736	1,967,404	-	5,127,599	Not included
557	Other expenses	1,289,456	1,123,936	1,209,338	-	3,622,730	Not included
560	Operation Supervision & Engineering	3,383,115	3,135,496	4,630,184	-	11,148,795	100% included
561.1	Load Dispatching - Reliability	14,659	9,981	-	-	24,640	100% included
561.2	Load Dispatch - Monitor & Operate Transmission Sys	67,228	19,453	727,609	-	814,290	100% included
561.3	Load Dispatch - Transmission Service & Scheduling	33,317	44,911	29,401	-	107,629	100% included
561.5	Reliability, Planning and Standards	348,426	219,013	131,562	-	699,001	100% included
563	Overhead line expenses	-	-	225	-	225	100% included
562	Station expenses	-	-	6,587	-	6,587	100% included
564	Underground Line Expenses - Transmission	-	-	525	-	525	100% included
566	Miscellaneous transmission expenses	964,413	829,555	916,409	-	2,710,377	100% included
568	Maintenance Supervision & Engineering	131,952	100,446	465,203	-	697,601	100% included
569	Maint of structures	6,463	6,993	7,169	-	20,625	100% included
569.2	Maintenance of Computer Software	646,321	311,341	457,266	-	1,414,928	100% included
569.4	Maintenance of Transmission Plant	-	-	4	-	4	100% included
570	Maintenance of station equipment	177,361	64,923	367,252	-	609,536	100% included
571	Maintenance of overhead lines	393,340	286,999	590,906	-	1,271,245	100% included
572	Maintenance of underground lines	194	172	1,137	-	1,503	100% included
573	Maintenance of miscellaneous transmission plant	15,358	28,110	145,477	-	188,945	100% included
575.5	Ancillary services market administration	-	-	8,945	-	8,945	Not included
580	Operation Supervision & Engineering	1,205,549	900,876	1,342,800	-	3,449,225	Not included
581	Load dispatching	1,088,271	408,220	1,622,032	-	3,118,523	Not included
582	Station expenses	519,935	-	127,953	-	647,888	Not included
583	Overhead line expenses	79,339	179,386	37,971	-	296,696	Not included
584	Underground line expenses	35,984	-	181,498	-	217,482	Not included
585	Street lighting	1,575	-	27	-	1,602	Not included
586	Meter expenses	709,279	447,257	1,114,080	-	2,270,616	Not included
587	Customer installations expenses	345,833	349,544	1,003,345	-	1,698,722	Not included
588	Miscellaneous distribution expenses	3,807,435	4,244,289	6,809,195	-	14,860,919	Not included
589	Rents	80,562	409	77,296	-	158,267	Not included
590	Maintenance Supervision & Engineering	948,744	573,387	499,410	-	2,021,541	Not included
591	Maintain structures	7,013	6,792	6,974	-	20,779	Not included
592	Maintain equipment	353,360	427,768	916,673	-	1,697,801	Not included
593	Maintain overhead lines	1,754,068	1,231,469	1,850,015	-	4,835,552	Not included
594	Maintain underground line	129,627	69,299	728,487	-	927,413	Not included
595	Maintain line transformers	2,257	-	150,585	-	152,842	Not included
596	Maintain street lighting & signal systems	41,343	36,511	6,306	-	84,160	Not included
597	Maintain meters	164,705	34,459	132,584	-	331,748	Not included
598	Maintain distribution plant	44,155	20,222	574,205	-	638,582	Not included
800-894	Total Gas Accounts	2,355,199	-	-	-	2,355,199	Not included
902	Meter reading expenses	144,273	36,799	129,651	-	310,723	Not included
903	Customer records and collection expenses	50,866,226	47,660,833	48,331,246	-	146,858,305	Not included
907	Supervision - Customer Svc & Information	88	156,520	42,124	-	198,732	Not included
908	Customer assistance expenses	1,897,100	652,072	545,344	-	3,094,516	Not included
909	Informational & instructional advertising	524,046	539,891	834,890	-	1,898,827	Not included
912	Demonstrating and selling expense	161,461	-	-	-	161,461	Not included
913	Advertising expense	40,738	-	-	-	40,738	Not included
920	Administrative & General salaries	339,115	100,744	689,110	-	1,128,969	Wage & Salary Factor
921	Office supplies & expenses	240	712	361	-	1,313	Wage & Salary Factor
923	Outside services employed	46,996,640	42,150,533	75,985,080	-	165,132,253	Wage & Salary Factor
924	Property insurance	113	91	154	-	358	Net Plant Factor
926	Employee pensions & benefits	7,809,871	4,323,683	12,245,344	-	24,378,898	Wage & Salary Factor
928	Regulatory commission expenses	1,470,858	492,412	2,686,522	-	4,649,792	Direct Transmission Only
929	Duplicate charges-Credit	422,348	150,426	1,117,064	-	1,689,838	Wage & Salary Factor
930.1	General ad expenses	208	186	356	-	750	Direct Transmission Only
930.2	Miscellaneous general expenses	518,497	510,021	999,424	-	2,027,942	Wage & Salary Factor
935	Maintenance of general plant	302,795	135,585	75,371	-	513,751	Wage & Salary Factor
<b>Total</b>		<b>165,063,490</b>	<b>135,410,920</b>	<b>219,018,531</b>	<b>49,281,395</b>	<b>568,774,336</b>	

## Atlantic City Electric Company

### Attachment 6 - Estimate and Reconciliation Worksheet

Step Month Year Action

**Exec Summary**

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

1 April Year 2 TO populates the formula with Year 1 data from FERC Form 1 data for Year 1 (e.g., 2004)  
134,969,330 Rev Req based on Year 1 data Must run Appendix A to get this number (without inputs in lines 20, 21 or 43a of Appendix A)

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

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)
	Monthly Additions	Monthly Additions	Monthly Additions	Monthly Additions	Weighting	Other Plant In Service	Other Plant In Service	MAPP CWIP	MAPP In Service	Other Plant In Service	Other Plant In Service	MAPP CWIP	MAPP In Service
	Other Plant In Service	Other Plant In Service	MAPP CWIP	MAPP In Service		Amount (A x E)	Amount (B x E)	Amount (C x E)	Amount (D x E)	(F / 12)	(G / 12)	(H / 12)	(I / 12)
Jan					11.5	-	-	-	-	-	-	-	-
Feb					10.5	-	-	-	-	-	-	-	-
Mar	6,321,892				9.5	60,057,974	-	-	-	5,004,831	-	-	-
Apr	4,268,041				8.5	36,278,349	-	-	-	3,023,196	-	-	-
May					7.5	-	-	-	-	-	-	-	-
Jun	11,688,559				6.5	75,975,634	-	-	-	6,331,303	-	-	-
Jul					5.5	-	-	-	-	-	-	-	-
Aug					4.5	-	-	-	-	-	-	-	-
Sep					3.5	-	-	-	-	-	-	-	-
Oct					2.5	-	-	-	-	-	-	-	-
Nov					1.5	-	-	-	-	-	-	-	-
Dec					0.5	-	-	-	-	-	-	-	-
<b>Total</b>	<b>22,278,492</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>172,311,956</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,359,330</b>	<b>-</b>	<b>-</b>	<b>-</b>
New Transmission Plant Additions and CWIP (weighted by months in service)										14,359,330	-	-	-
									Input to Line 21 of Appendix A	14,359,330	-	-	-
									Input to Line 43a of Appendix A				
									Month In Service or Month for CWIP	4.27	#DIV/0!	#DIV/0!	#DIV/0!

3 April Year 2 TO adds weighted Cap Adds to plant in service in Formula  
 \$ 14,359,330 Input to Formula Line 21

4 May Year 2 Post results of Step 3 on PJM web site  
 136,237,027 Must run Appendix A to get this number (with inputs on lines 21 and 43a of Attachment A)

5 June Year 2 Results of Step 3 go into effect for the Rate Year 1 (e.g., June 1, 2005 - May 31, 2006)  
 \$ 136,237,027

6 April Year 3 TO populates the formula with Year 2 data from FERC Form 1 for Year 2 (e.g., 2005)  
139,451,889 Rev Req based on Prior Year data Must run Appendix A to get this number (without inputs in lines 20, 21 or 43a of Appendix A)

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

Remove all Cap Adds placed in service in Year 2  
 For Reconciliation only - remove actual New Transmission Plant Additions for Year 2 **\$ 165,916,002** 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 CWIP	(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 CWIP 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 CWIP (H / 12)	(M) MAPP In Service (I / 12)		
Jan	511,099				11.5	5,877,635	-	-	-	489,803	-	-	-		
Feb	23,017,869				10.5	241,687,625	-	-	-	20,140,635	-	-	-		
Mar	12,390,468				9.5	117,709,450	-	-	-	9,809,121	-	-	-		
Apr	3,126,413				8.5	26,574,509	-	-	-	2,214,542	-	-	-		
May	43,195,708				7.5	323,967,808	-	-	-	26,997,317	-	-	-		
Jun	19,857,062				6.5	129,070,901	-	-	-	10,755,908	-	-	-		
Jul	1,066,553				5.5	5,866,044	-	-	-	488,837	-	-	-		
Aug	(1,192,298)				4.5	(5,365,340)	-	-	-	(447,112)	-	-	-		
Sep	16,096,775				3.5	56,338,711	-	-	-	4,694,893	-	-	-		
Oct	21,329,923				2.5	53,324,807	-	-	-	4,443,734	-	-	-		
Nov	1,960,383				1.5	2,940,575	-	-	-	245,048	-	-	-		
Dec	24,556,048				0.5	12,278,024	-	-	-	1,023,169	-	-	-		
Total	165,916,002	-	-	-		970,270,749	-	-	-	80,855,896	-	-	-		
New Transmission Plant Additions and CWIP (weighted by months in service)										80,855,896	-	-	-		
										Input to Line 21 of Appendix A				80,855,896	
										Input to Line 43a of Appendix A				-	
										Month In Service or Month for CWIP	6.15	#DIV/0!	#DIV/0!	#DIV/0!	-
<b>131,992,058</b> Result of Formula for Reconciliation															
(Year 2 data with total of Year 2 Cap Adds removed and monthly weighted average of Year 2 actual Cap Adds added in)															

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

	(A) Monthly Additions Other Plant In Service	(B) Monthly Additions Other Plant In Service	(C) Monthly Additions MAPP CWIP	(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 CWIP 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 CWIP (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 CWIP (weighted by months in service)										-	-	-	-		
<b>128,106,367</b>															
										Input to Line 21 of Appendix A				-	
										Input to Line 43a of Appendix A				-	
										Month In Service or Month for CWIP	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	-

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

The Reconciliation in Step 7		The forecast in Prior Year				
131,992,058	-	123,838,425	=	8,153,633		
Interest on Amount of Refunds or Surcharges						
Interest rate pursuant to 35.19a for March of 0.3600%						
Month	Yr	1/12 of Step 9	Interest rate for March of the Current Yr	Months	Interest	Surcharge (Refund) Owed
Jun	Year 1	679,469	0.3600%	11.5	28,130	707,599
Jul	Year 1	679,469	0.3600%	10.5	25,684	705,153
Aug	Year 1	679,469	0.3600%	9.5	23,238	702,707
Sep	Year 1	679,469	0.3600%	8.5	20,792	700,261
Oct	Year 1	679,469	0.3600%	7.5	18,346	697,815
Nov	Year 1	679,469	0.3600%	6.5	15,900	695,369
Dec	Year 1	679,469	0.3600%	5.5	13,453	692,923
Jan	Year 2	679,469	0.3600%	4.5	11,007	690,477
Feb	Year 2	679,469	0.3600%	3.5	8,561	688,031
Mar	Year 2	679,469	0.3600%	2.5	6,115	685,585
Apr	Year 2	679,469	0.3600%	1.5	3,669	683,139
May	Year 2	679,469	0.3600%	0.5	1,223	680,692
Total		8,153,633				8,329,752

		Balance	Interest rate from above	Amortization over Rate Year	Balance
Jun	Year 2	8,329,752	0.3600%	710,496	7,649,243
Jul	Year 2	7,649,243	0.3600%	710,496	6,966,284
Aug	Year 2	6,966,284	0.3600%	710,496	6,280,867
Sep	Year 2	6,280,867	0.3600%	710,496	5,592,982
Oct	Year 2	5,592,982	0.3600%	710,496	4,902,621
Nov	Year 2	4,902,621	0.3600%	710,496	4,209,774
Dec	Year 2	4,209,774	0.3600%	710,496	3,514,433
Jan	Year 3	3,514,433	0.3600%	710,496	2,816,589
Feb	Year 3	2,816,589	0.3600%	710,496	2,116,233
Mar	Year 3	2,116,233	0.3600%	710,496	1,413,355
Apr	Year 3	1,413,355	0.3600%	710,496	707,947
May	Year 3	707,947	0.3600%	710,496	(0)
Total with interest				8,525,952	

The difference between the Reconciliation in Step 7 and the forecast in Prior Year with interest 8,525,952  
 Rev Req based on Year 2 data with estimated Cap Adds and CWIP for Year 3 (Step 8) \$ 128,106,367  
 Revenue Requirement for Year 3 136,632,319

10 May Year 3 lts of Step 9 on PJM web site  
 \$ 136,632,319

11 June Year 3 r the Rate Year 2 (e.g., June 1, 2006 - May 31, 2007)  
 \$ 136,632,319

# Atlantic City Electric Company

## Attachment 7 - Transmission Enhancement Charge Worksheet

1	New Plant Carrying Charge			
2	<b>Fixed Charge Rate (FCR) if not a CIAC</b>			
3		Formula Line		
4	A	160	Net Plant Carrying Charge without Depreciation	9.5384%
5	B	167	Net Plant Carrying Charge per 100 Basis Point increase in ROE without Depreciation	10.0212%
6	C		Line B less Line A	0.4828%
7	<b>FCR if a CIAC</b>			
8	D	161	Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes	2.5613%

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

The ROE is 10.5% which includes a base ROE of 10.0% ROE per FERC order in Docket No. EL13-48 and a 50 basis point RTO membership adder as authorized by FERC: provided, that the projects

Details	B0265 Mickelton					B0276 Monroe					B0211 Union-Corson			
12 "Yes" if a project under PJM OATT Schedule 12, otherwise "No"	Schedule 12	(Yes or No)	Yes			Yes				Yes				
13 Useful life of project	Life		35			35				35				
14 "Yes" if the customer has paid a lump sum payment in the amount of the investment on line 18, otherwise "No"	CIAC	(Yes or No)	No			No				No				
15 Input the allowed ROE Incentive From line 4 above if "No" on line 14 and From line 8 above if "Yes" on line 14	Increased ROE (Basis Points)		150			0				0				
16 Line 6 times line 15 divided by 100 basis points	Base FCR		9.5384%			9.5384%				9.5384%				
17 Columns A, B or C from Attachment 6	FCR for This Project		10.2626%			9.5384%				9.5384%				
18 Line 18 divided by line 13 From Columns H, I or J from Attachment 6	Investment		4,854,660	may be weighted average of small projects		7,878,071				13,722,120				
	Annual Depreciation Exp		138,705			225,088				392,061				
	Month In Service or Month for CWIP		6.00			6.00				9.00				
		Invest Yr	Beginning	Depreciation	Ending	Revenue	Beginning	Depreciation	Ending	Revenue	Beginning	Depreciation	Ending	Revenue
41	Base FCR	2018	3,675,671	138,705	3,536,967	476,075	5,964,825	225,088	5,739,737	772,567	10,095,560	392,061	9,703,499	1,317,619
42	W Increased ROE	2018	3,675,671	138,705	3,536,967	501,690	5,964,825	225,088	5,739,737	772,567	10,095,560	392,061	9,703,499	1,317,619
43	Base FCR	2019	3,536,967	138,705	3,398,262	462,844	5,739,737	225,088	5,514,650	751,097	9,703,499	392,061	9,311,439	1,280,223
44	W Increased ROE	2019	3,536,967	138,705	3,398,262	487,455	5,739,737	225,088	5,514,650	751,097	9,703,499	392,061	9,311,439	1,280,223
45	Base FCR	2020	3,398,262	138,705	3,259,557	449,614	5,514,650	225,088	5,289,562	729,627	9,311,439	392,061	8,919,378	1,242,827
46	W Increased ROE	2020	3,398,262	138,705	3,259,557	473,220	5,514,650	225,088	5,289,562	729,627	9,311,439	392,061	8,919,378	1,242,827
47	Base FCR	2021	3,259,557	138,705	3,120,853	436,384	5,289,562	225,088	5,064,474	708,158	8,919,378	392,061	8,527,317	1,205,430
48	W Increased ROE	2021	3,259,557	138,705	3,120,853	458,986	5,289,562	225,088	5,064,474	708,158	8,919,378	392,061	8,527,317	1,205,430
49	Base FCR	2022	3,120,853	138,705	2,982,148	423,154	5,064,474	225,088	4,839,386	686,688	8,527,317	392,061	8,135,257	1,168,034
50	W Increased ROE	2022	3,120,853	138,705	2,982,148	444,751	5,064,474	225,088	4,839,386	686,688	8,527,317	392,061	8,135,257	1,168,034
51	Base FCR	2023	2,982,148	138,705	2,843,444	409,924	4,839,386	225,088	4,614,299	665,218	8,135,257	392,061	7,743,196	1,130,638
52	W Increased ROE	2023	2,982,148	138,705	2,843,444	430,516	4,839,386	225,088	4,614,299	665,218	8,135,257	392,061	7,743,196	1,130,638
53	Base FCR	2024	2,843,444	138,705	2,704,739	396,693	4,614,299	225,088	4,389,211	643,748	7,743,196	392,061	7,351,136	1,093,241
54	W Increased ROE	2024	2,843,444	138,705	2,704,739	416,281	4,614,299	225,088	4,389,211	643,748	7,743,196	392,061	7,351,136	1,093,241
55	Base FCR	2025	2,704,739	138,705	2,566,035	383,463	4,389,211	225,088	4,164,123	622,279	7,351,136	392,061	6,959,075	1,055,845
56	W Increased ROE	2025	2,704,739	138,705	2,566,035	402,047	4,389,211	225,088	4,164,123	622,279	7,351,136	392,061	6,959,075	1,055,845
57	Base FCR	2026	2,566,035	138,705	2,427,330	370,233	4,164,123	225,088	3,939,035	600,809	6,959,075	392,061	6,567,015	1,018,449
58	W Increased ROE	2026	2,566,035	138,705	2,427,330	387,812	4,164,123	225,088	3,939,035	600,809	6,959,075	392,061	6,567,015	1,018,449
59	Base FCR	2027	2,427,330	138,705	2,288,625	357,003	3,939,035	225,088	3,713,948	579,339	6,567,015	392,061	6,174,954	981,052
60	W Increased ROE	2027	2,427,330	138,705	(138,705)	124,470	3,939,035	225,088	3,713,948	579,339	6,567,015	392,061	6,174,954	981,052
61		....												
62		....												



tford 230kv terminal	B1600 Upgrade Mill T2 138/69 kV Transformer			
	Yes			
	35			
	No			
	0			
	9.5384%			
	9.5384%			
14,841,978				
424,057				
6				

Ending	Revenue	Beginning	Depreciation	Ending	Revenue	Total	Incentive Charged	Revenue Credit
11,451,929	1,468,794	14,223,334	424,057	13,799,277	1,740,287	\$ 11,184,236		\$ 11,184,236
11,451,929	1,468,794	14,223,334	424,057	13,799,277	1,740,287	\$ 11,473,413	\$ 11,473,413	
11,075,466	1,432,885	13,799,277	424,057	13,375,221	1,699,839	\$ 10,884,738		\$ 10,884,738
11,075,466	1,432,885	13,799,277	424,057	13,375,221	1,699,839	\$ 11,162,280	\$ 11,162,280	
10,699,003	1,396,977	13,375,221	424,057	12,951,164	1,659,390	\$ 10,585,241		\$ 10,585,241
10,699,003	1,396,977	13,375,221	424,057	12,951,164	1,659,390	\$ 10,851,147	\$ 10,851,147	
10,322,539	1,361,068	12,951,164	424,057	12,527,107	1,618,942	\$ 10,285,743		\$ 10,285,743
10,322,539	1,361,068	12,951,164	424,057	12,527,107	1,618,942	\$ 10,540,013	\$ 10,540,013	
9,946,076	1,325,160	12,527,107	424,057	12,103,051	1,578,494	\$ 9,986,245		\$ 9,986,245
9,946,076	1,325,160	12,527,107	424,057	12,103,051	1,578,494	\$ 10,228,880	\$ 10,228,880	
9,569,613	1,289,251	12,103,051	424,057	11,678,994	1,538,046	\$ 9,686,747		\$ 9,686,747
9,569,613	1,289,251	12,103,051	424,057	11,678,994	1,538,046	\$ 9,917,746	\$ 9,917,746	
9,193,150	1,253,343	11,678,994	424,057	11,254,938	1,497,598	\$ 9,387,249		\$ 9,387,249
9,193,150	1,253,343	11,678,994	424,057	11,254,938	1,497,598	\$ 9,606,613	\$ 9,606,613	
8,816,687	1,217,434	11,254,938	424,057	10,830,881	1,457,149	\$ 9,087,752		\$ 9,087,752
8,816,687	1,217,434	11,254,938	424,057	10,830,881	1,457,149	\$ 9,295,480	\$ 9,295,480	
8,440,224	1,181,526	10,830,881	424,057	10,406,825	1,416,701	\$ 8,788,254		\$ 8,788,254
8,440,224	1,181,526	10,830,881	424,057	10,406,825	1,416,701	\$ 8,984,346	\$ 8,984,346	
8,063,761	1,145,617	10,406,825	424,057	9,982,768	1,376,253	\$ 8,488,756		\$ 8,488,756
8,063,761	1,145,617	10,406,825	424,057	9,982,768	1,376,253	\$ 8,424,106	\$ 8,424,106	
.....	.....	.....	.....	.....	.....			\$ -
.....	.....	.....	.....	.....	.....			\$ -
							\$ 207,459,487	\$ 201,047,950

# Atlantic City Electric Company

## Attachment 8 - Company Exhibit - Securitization Workpaper

Line #

	Long Term Interest	
<b>101</b>	<b>Less LTD Interest on Securitization Bonds</b>	5,670,914
	Capitalization	
<b>112</b>	<b>Less LTD on Securitization Bonds</b>	40,506,230

Calculation of the above Securitization Adjustments

Inputs from Atlantic City Electric Company 2017 FERC Form 1  
Pages 256-257 "Long Term Debt (Account 221, 222, 223, and 224)"  
Line 17 "Note Payable to ACE Transition Funding - variable"  
LTD Interest on Securitization Bonds in column (i)  
LTD on Securitization Bonds in column (h)