ATTACHMENT M-2
(DELMARVA POWER & LIGHT COMPANY)

PROCEDURES FOR DETERMINATION OF
PEAK LOAD CONTRIBUTIONS AND
HOURLY LOAD OBLIGATIONS FOR RETAIL CUSTOMERS

These calculations are performed on an annual basis and are fixed until the rollover to the new summer data occurs. A complete description of the procedures, together with examples and details on customer load profiles and customer classes, is maintained at Delmarva's web site, www.conectiv.com.

DETERMINATION OF CUSTOMER CAPACITY PEAK LOAD CONTRIBUTIONS

The annual calculation of Customer Capacity Peak Load Contributions (Capacity PLC) is a two-step process: (1) compute the Customer Peak Load Contributions, and (2) scale the Customer PLC's so that they sum to the allocated PJM zonal peak.

1.   Five hours of customer loads are gathered, coincident with the time of PJM's five highest daily peak demands during the summer peak. Actual metered loads for (hourly) interval-metered customers are adjusted to include any load curtailed as a result of active load management initiatives, voltage reductions, manual load dumps, or other load restrictions. These adjusted loads are referred to as "unrestricted loads". For non-interval metered customers (demand-metered and monthly-metered), the customers' loads are the hourly profiled kilowatt-hour quantities for the billing cycles in which the five daily PJM peaks occurred. Individual customer loads are scaled up or down, using a ratio of the customer's monthly usage to the profiled class' average monthly usage. Using industry standard profiling techniques, and grouped by rate class, weather-normalized kilowatt-hour usage in the five peak load hours is determined for these demand-metered and monthly-metered customers.

2.   Interval-metered customer loads are weather normalized if their profiled usage is weather sensitive. Non-interval metered customer loads are scaled according to local weather patterns.

3.   Each customer's loads are adjusted for losses, consistent with the customer's Service Agreement and the loss factors in the most recent state commission filing of loss factors by voltage classes.

4.   The customer loads are then scaled so that the total for the Delmarva zone matches the Delmarva unrestricted weather-normalized zonal peak on each of the five PJM (unrestricted) peak load days. The arithmetic average of these (unrestricted) hourly values for the five PJM peak hours is the Customer's Capacity PLC. These Capacity PLC's are again scaled so that the sum of all Customer Capacity PLC's equals the zonal peak allocated by PJM.

Delmarva will aggregate the customer Capacity PLC's daily, by Supplier, and report the data to PJM, as well as make it available to the retail customers. Until individual data is available, new customers are assigned a Capacity PLC according to their profile class.

DETERMINATION OF CUSTOMER NETWORK PEAK LOAD CONTRIBUTIONS

Each customer's Network Peak Load Contribution (Network PLC) is calculated using a method similar to the two-step approach for determining Capacity PLC's. However, instead of using PJM determinants, the hourly loads are associated with the five highest (unrestricted) peaks for the Delmarva zone.

     1.   For retail customers, five hours of loads are gathered, coincident with the time of the five highest (unrestricted) daily peak demands for the Delmarva zone. Actual metered loads for (hourly) interval-metered customer are adjusted to include any load curtailed as a result of active load management initiatives, voltage reductions, manual load dumps, or other load restrictions. These adjusted loads are referred to as "unrestricted loads". For non-interval metered customers (demand-metered and monthly-metered), the customers' loads are the hourly profiled kilowatt-hour usage for the billing cycles in which the five daily peaks occurred. Individual customer loads are scaled up or down, using a ratio of the customer's monthly usage to the profiled class' average monthly usage.

     2.   Each customer's loads are adjusted for losses, consistent with the customer's Service Agreement and the loss factors in the most recent state commission filing of loss factors by voltage classes.

     3.   The customer loads are then scaled so their total on each of the five days matches the corresponding unrestricted Delmarva zonal peaks.

     4.   The arithmetic average of the hourly values at the time of the five Delmarva daily peaks is defined as the customer's Network PLC. These values are again scaled so that the sum of all customer Network PLC's equals the retail portion of the annual Delmarva zonal peak.

Delmarva will aggregate the customer Network PLC's daily, by Supplier, and report the data to PJM on a timetable established by PJM. Until individual data is available, new customers are assigned an average Network PLC for the customer's load profile class.

DETERMINATION OF HOURLY ENERGY OBLIGATIONS

Hourly energy obligations are addressed in a two-step process. In Settlement A, Delmarva will determine the "day after" energy responsibility. The load characteristics of the operating day in question will be recreated using the known, preliminary, and historically based information available.

     1.   Preliminary daily read hourly interval meter data will be adjusted for losses using established loss factors, with totals reported for each Supplier.

2.   For groups of customers, who do not have interval metering other interval meters which are not read daily, Delmarva's load profiles will be adjusted to account for factors such as weather and losses. The adjusted profiles will be applied to the profiled customers based on rate class. The assigned profile shall be scaled by customer usage factors, which are based on historical customer energy consumption. These results will be compiled by rate class and Supplier.

3.   The aggregate load value for all the adjusted profiled and adjusted interval metered loads will be scaled so that the sum of all hourly loads in the Delmarva zone equals the metered zonal load.

Delmarva will aggregate the hourly energy obligations, by Supplier, and report the totals to PJM as their "day after responsibility".

Settlement B occurs after all actual monthly energy usage data has been processed for the day in question (approximately $45 - 60$ days later) and occurs between the Supplier and PJM.

1.   Delmarva will calculate the difference between the final hourly load obligation and the "day after" estimated load obligation previously determined in Settlement A.

2.   After a calendar month becomes fully metered, Delmarva will compute and submit to PJM the complete hourly adjustments for that month.

Delmarva will aggregate the hourly energy adjustments, by Supplier, and submit to PJM a calendar-month file containing Supplier hourly energy obligation amounts. PJM will then issue a final bill reflecting any adjustments.

If any adjustments need to be made to a customer's data after the regular monthly reconciliation in Settlement B, then the Parties involved will agree on the adjustment. Delmarva will then forward the information to PJM. PJM will place the final adjustments on the appropriate Party's bill. Any disputes shall be resolved through the PJM Dispute Resolution Process.