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May 15, 2014

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

Re: Potomac Electric Power Company (“Pepco”)  
Informational Filing of 2014 Formula Rate Annual Update in  
Docket No. ER09-1159 and Pursuant to Approved Settlement Agreement  
in Docket Nos. ER05-515-000, *et al.*

Dear Ms. Bose,

Pepco hereby submits electronically, for informational purposes, its 2014 Annual Formula Rate Update. On April 19, 2006, the Commission approved an uncontested settlement agreement (“Settlement”) filed in Docket Nos. ER05-515-000, *et al.*, (115 FERC ¶ 61,066). Formula rate implementation protocols contained in the Settlement provide that:

[o]n or before May 15 of each year, Pepco [Potomac Electric Power Company] shall recalculate its Annual Transmission Revenue Requirements, producing an “Annual Update” for the upcoming Rate Year, and:

- (i) post such Annual Update on PJM’s Internet website via link to the Transmission Services page or a similar successor page; and
- (ii) file such Annual Update with FERC as an informational filing.<sup>1</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 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,

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<sup>1</sup> See Settlement, Exhibit B-1 containing PJM Tariff Attachment H9-B, Section 1.b.

and as the Commission has concluded, there is no need for the Commission to notice this informational filing for comment.<sup>2</sup>

Pepco's 2014 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).

Pepco has made no Material Accounting Changes as defined in the Settlement.<sup>3</sup> Pepco has made no change to Other Post-Employment Benefits ("OPEB") charges that exceed the filing threshold set forth in the Settlement.<sup>4</sup> Additionally, Pepco has not recorded any extraordinary property losses in FERC Account 182.1. Therefore, no amortization is required over the periods described 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  
Associate General Counsel  
Potomac Electric Power Company

Enclosures

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<sup>2</sup> See Letter Order Re: Annual Update to Formula Rate in Docket No. ER09-1159 (February 17, 2010).

<sup>3</sup> See Settlement, Exhibit B-3 containing PJM Tariff Attachment H-9B, Section 1.f (iii). For the Commission's information, Pepco no longer records PHI Service Company costs in Account 923 "Outside Services Employed," if those costs meet the definition of Account 928 "Regulatory Commission Expenses."

<sup>4</sup> See Settlement, Exhibit B-3 containing PJM Tariff Attachment H-9B, Section 1.g.

<sup>5</sup> See Settlement, Exhibit B-3 containing PJM Tariff Attachment H-9B, Section 1.h.

**ATTACHMENT H-9A**

**Potomac Electric Power Company**

**Formula Rate -- Appendix A**

Notes FERC Form 1 Page # or instruction

2013

Shaded cells are input cells

**Allocators**

1	Wages & Salary Allocation Factor				
	Transmission Wages Expense		p354.21b	\$	5,937,055
2	Total Wages Expense		p354.28b	\$	70,114,012
3	Less A&G Wages Expense		p354.27b	\$	6,087,532
4	Total		(Line 2 - 3)		64,026,480
5	Wages & Salary Allocator		(Line 1 / 4)		9.2728%
<b>Plant Allocation Factors</b>					
6	Electric Plant In Service	(Note B)	p207.104g	\$	6,718,923,061
7	Common Plant In Service - Electric		(Line 24)		0
8	Total Plant In Service		(Sum Lines 6 & 7)		6,718,923,061
9	Accumulated Depreciation (Total Electric Plant)		p219.29c	\$	2,617,393,411
10	Accumulated Intangible Amortization	(Note A)	p200.21c	\$	106,902,617
11	Accumulated Common Amortization - Electric	(Note A)	p356		0
12	Accumulated Common Plant Depreciation - Electric	(Note A)	p356		0
13	Total Accumulated Depreciation		(Sum Lines 9 to 12)		2,724,296,028
14	Net Plant		(Line 8 - 13)		3,994,627,033
15	Transmission Gross Plant		(Line 29 - Line 28)		1,198,805,993
16	Gross Plant Allocator		(Line 15 / 8)		17.8422%
17	Transmission Net Plant		(Line 39 - Line 28)		773,773,409
18	Net Plant Allocator		(Line 17 / 14)		19.3704%

**Plant Calculations**

<b>Plant In Service</b>					
19	Transmission Plant In Service	(Note B)	p207.58.g	\$	1,148,025,457
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		17,950,913
22	Total Transmission Plant In Service		(Line 19 - 20 + 21)		1,165,976,370
23	General & Intangible		p205.5.g & p207.99.g		354,041,723
24	Common Plant (Electric Only)	(Notes A & B)	p356		0
25	Total General & Common		(Line 23 + 24)		354,041,723
26	Wage & Salary Allocation Factor		(Line 5)		9.27281%
27	General & Common Plant Allocated to Transmission		(Line 25 * 26)		32,829,623
28	Plant Held for Future Use (Including Land)	(Note C)	p214		0
29	TOTAL Plant In Service		(Line 22 + 27 + 28)		1,198,805,993
<b>Accumulated Depreciation</b>					
30	Transmission Accumulated Depreciation	(Note B)	p219.25.c		402,859,372
31	Accumulated General Depreciation		p219.28.c		132,218,079
32	Accumulated Intangible Amortization		(Line 10)		106,902,617
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)		239,120,696
36	Wage & Salary Allocation Factor		(Line 5)		9.27281%
37	General & Common Allocated to Transmission		(Line 35 * 36)		22,173,212
38	TOTAL Accumulated Depreciation		(Line 30 + 37)		425,032,584
39	TOTAL Net Property, Plant & Equipment		(Line 29 - 38)		773,773,409

**Adjustment To Rate Base**

<b>Accumulated Deferred Income Taxes</b>					
40	ADIT net of FASB 106 and 109		Attachment 1		-205,447,577
41	Accumulated Investment Tax Credit Account No. 255	Enter Negative	p266.h		0
42	Net Plant Allocation Factor	(Notes A & I)	(Line 18)		19.37%
43	Accumulated Deferred Income Taxes Allocated To Transmission		(Line 41 * 42) + Line 40		-205,447,577
43a	Transmission Related CWIP (Current Year 12 Month weighted average balances)	(Note B)	p216.43.b as Shown on Attachment 6		0
43b	Unamortized Abandoned Transmission Plant		Attachment 5		0
<b>Transmission O&amp;M Reserves</b>					
44	Total Balance Transmission Related Account 242 Reserves	Enter Negative	Attachment 5		-4,204,895
<b>Prepayments</b>					
45	Prepayments	(Note A)	Attachment 5		33,281,874
46	Total Prepayments Allocated to Transmission		(Line 45)		33,281,874
<b>Materials and Supplies</b>					
47	Undistributed Stores Exp	(Note A)	p227.6c & 16.c		2,984,000
48	Wage & Salary Allocation Factor		(Line 5)		9.27%
49	Total Transmission Allocated		(Line 47 * 48)		276,701
50	Transmission Materials & Supplies		p227.8c		5,696,621
51	Total Materials & Supplies Allocated to Transmission		(Line 49 + 50)		5,973,322
<b>Cash Working Capital</b>					
52	Operation & Maintenance Expense		(Line 85)		40,519,740
53	1/8th Rule		x 1/8		12.5%
54	Total Cash Working Capital Allocated to Transmission		(Line 52 * 53)		5,064,968
<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	TOTAL Adjustment to Rate Base		(Line 43 + 43a + 43b + 44 + 46 + 51 + 54 - 57)		-165,332,308
59	Rate Base		(Line 39 + 58)		608,441,100

**O&M**

60	Transmission O&M				
61	Transmission O&M		p321.112.b		28,513,454
62	Less extraordinary property loss		Attachment 5		0
63	Plus amortized extraordinary property loss		Attachment 5		0
64	Less Account 565		p321.96.b		0
65	Plus Schedule 12 Charges billed to Transmission Owner and booked to Account 565	(Note O)	PJM Data		0
66	Plus Transmission Lease Payments	(Note A)	p200.3.c		0
	Transmission O&M		(Lines 60 - 63 + 64 + 65)		28,513,454
Allocated General & Common Expenses					
67	Common Plant O&M	(Note A)	p356		0
68	Total A&G		p323.197.b		139,966,697
69	Less Property Insurance Account 924		p323.185b		1,048,952
70	Less Regulatory Commission Exp Account 928	(Note E)	p323.189b		9,380,223
71	Less General Advertising Exp Account 930.1		p323.191b		2,250,343
72	Less DE Enviro & Low Income and MD Universal Funds		p335.b		0
73	Less EPRI Dues	(Note D)	p352-353		0
74	General & Common Expenses		(Lines 67 + 68) - Sum (69 to 73)		127,287,179
75	Wage & Salary Allocation Factor		(Line 5)		9.2728%
76	General & Common Expenses Allocated to Transmission		(Line 74 * 75)		11,803,101
Directly Assigned A&G					
77	Regulatory Commission Exp Account 928	(Note G)	p323.189b		0
78	General Advertising Exp Account 930.1	(Note K)	p323.191b		0
79	Subtotal - Transmission Related		(Line 77 + 78)		0
80	Property Insurance Account 924		p323.185b		1,048,952
81	General Advertising Exp Account 930.1	(Note F)	p323.191b		0
82	Total		(Line 80 + 81)		1,048,952
83	Net Plant Allocation Factor		(Line 18)		19.37%
84	A&G Directly Assigned to Transmission		(Line 82 * 83)		203,186
85	Total Transmission O&M		(Line 66 + 76 + 79 + 84)		40,519,740

**Depreciation & Amortization Expense**

Depreciation Expense					
86	Transmission Depreciation Expense		p336.7b&c		25,266,582
86a	Amortization of Abandoned Transmission Plant		Attachment 5		0
87	General Depreciation		p336.10b&c		7,683,806
88	Intangible Amortization	(Note A)	p336.1d&e		2,178,935
89	Total		(Line 87 + 88)		9,862,741
90	Wage & Salary Allocation Factor		(Line 5)		9.2728%
91	General Depreciation Allocated to Transmission		(Line 89 * 90)		914,553
92	Common Depreciation - Electric Only	(Note A)	p336.11.b		0
93	Common Amortization - Electric Only	(Note A)	p356 or p336.11d		0
94	Total		(Line 92 + 93)		0
95	Wage & Salary Allocation Factor		(Line 5)		9.2728%
96	Common Depreciation - Electric Only Allocated to Transmission		(Line 94 * 95)		0
97	Total Transmission Depreciation & Amortization		(Line 86 + 86a + 91 + 96)		26,181,135

**Taxes Other than Income**

98	Taxes Other than Income		Attachment 2		8,709,500
99	Total Taxes Other than Income		(Line 98)		8,709,500

**Return / Capitalization Calculations**

Long Term Interest					
100	Long Term Interest		p117.62c through 67c		111,104,658
101	Less LTD Interest on Securitization Bonds	(Note P)	Attachment 8		0
102	Long Term Interest		"(Line 100 - line 101)"		111,104,658
103	Preferred Dividends	enter positive	p118.29c		-
Common Stock					
104	Proprietary Capital		p112.16c		\$ 1,922,346,859
105	Less Preferred Stock	enter negative	(Line 114)		0
106	Less Account 216.1	enter negative	p112.12c		-1,646,367
107	Common Stock		(Sum Lines 104 to 106)		1,920,700,492
Capitalization					
108	Long Term Debt		p112.17c through 21c		1,909,500,000
109	Less Loss on Reacquired Debt	enter negative	p111.81c		-24,630,347
110	Plus Gain on Reacquired Debt	enter positive	p113.61c		0
111	Less ADIT associated with Gain or Loss	enter negative	Attachment 1		8,564,525
112	Less LTD on Securitization Bonds	(Note P)	Attachment 8		0
113	Total Long Term Debt		(Sum Lines 108 to 112)		1,893,434,178
114	Preferred Stock		p112.3c		0
115	Common Stock		(Line 107)		1,920,700,492
116	Total Capitalization		(Sum Lines 113 to 115)		3,814,134,670
117	Debt %	Total Long Term Debt	(Line 113 / 116)		50%
118	Preferred %	Preferred Stock	(Line 114 / 116)		0%
119	Common %	Common Stock	(Line 115 / 116)		50%
120	Debt Cost	Total Long Term Debt	(Line 102 / 113)		0.0587
121	Preferred Cost	Preferred Stock	(Line 103 / 114)		0.0000
122	Common Cost	Common Stock	(Note J)		0.1130
123	Weighted Cost of Debt	Total Long Term Debt (WCLTD)	(Line 117 * 120)		0.0291
124	Weighted Cost of Preferred	Preferred Stock	(Line 118 * 121)		0.0000
125	Weighted Cost of Common	Common Stock	(Line 119 * 122)		0.0569
126	Total Return ( R )		(Sum Lines 123 to 125)		0.0860
127	Investment Return = Rate Base * Rate of Return		(Line 59 * 126)		52,346,391

**Composite Income Taxes**

Income Tax Rates			
128	FIT=Federal Income Tax Rate		35.00%
129	SIT=State Income Tax Rate or Composite		8.97%
130	p	(percent of federal income tax deductible for state purposes)	0.00%
131	T	$T=1 - \{[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)\} =$	40.83%
132	T / (1-T)		69.00%
ITC Adjustment			
133	Amortized Investment Tax Credit	(Note I)	
134	T/(1-T)	enter negative	p266.8f
135	Net Plant Allocation Factor		(Line 132)
136	ITC Adjustment Allocated to Transmission		(Line 18)
			(Line 133 * (1 + 134) * 135)
			-873,695
			19,3704%
			-286,018
137	Income Tax Component =	$CIT=(T/1-T) * Investment\ Return * (1-(WCLTD/R)) =$	[Line 132 * 127 * (1-(123 / 126))]
			23,890,908
138	Total Income Taxes		(Line 136 + 137)
			23,604,889

**REVENUE REQUIREMENT**

Summary			
139	Net Property, Plant & Equipment		(Line 39)
140	Adjustment to Rate Base		(Line 58)
141	Rate Base		(Line 59)
			773,773,409
			-165,332,308
			608,441,100
142	O&M		(Line 85)
143	Depreciation & Amortization		(Line 97)
144	Taxes Other than Income		(Line 99)
145	Investment Return		(Line 127)
146	Income Taxes		(Line 138)
			40,519,740
			26,181,135
			8,709,500
			52,346,391
			23,604,889
147	Gross Revenue Requirement		(Sum Lines 142 to 146)
			151,361,655
Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities			
148	Transmission Plant In Service		(Line 19)
149	Excluded Transmission Facilities	(Note M)	Attachment 5
150	Included Transmission Facilities		(Line 148 - 149)
151	Inclusion Ratio		(Line 150 / 148)
152	Gross Revenue Requirement		(Line 147)
153	Adjusted Gross Revenue Requirement		(Line 151 * 152)
			1,148,025,457
			0
			1,148,025,457
			100.00%
			151,361,655
			151,361,655
Revenue Credits & Interest on Network Credits			
154	Revenue Credits		Attachment 3
155	Interest on Network Credits	(Note N)	PJM Data
			6,206,755
			-
156	Net Revenue Requirement		(Line 153 - 154 + 155)
			145,154,900
Net Plant Carrying Charge			
157	Net Revenue Requirement		(Line 156)
158	Net Transmission Plant		(Line 19 - 30)
159	Net Plant Carrying Charge		(Line 157 / 158)
160	Net Plant Carrying Charge without Depreciation		(Line 157 - 86) / 158
161	Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes		(Line 157 - 86 - 127 - 138) / 158
			145,154,900
			745,166,085
			19.4795%
			16.0888%
			5.8963%
Net Plant Carrying Charge Calculation per 100 Basis Point increase in ROE			
162	Net Revenue Requirement Less Return and Taxes		(Line 156 - 145 - 146)
163	Increased Return and Taxes		Attachment 4
164	Net Revenue Requirement per 100 Basis Point increase in ROE		(Line 162 + 163)
165	Net Transmission Plant		(Line 19 - 30)
166	Net Plant Carrying Charge per 100 Basis Point increase in ROE		(Line 164 / 165)
167	Net Plant Carrying Charge per 100 Basis Point in ROE without Depreciation		(Line 163 - 86) / 165
			69,203,620
			81,129,473
			150,333,093
			745,166,085
			20.1744%
			16.7837%
168	Net Revenue Requirement		(Line 156)
169	True-up amount		Attachment 6
170	Plus any increased ROE calculated on Attachment 7 other than PJM Sch. 12 projects		Attachment 7
171	Facility Credits under Section 30.9 of the PJM OATT and Facility Credits to Vineland per settlement in ER05-515		Attachment 5
171a	MAPP Abandonment recovery pursuant to ER13-607		Attachment 5
172	Net Zonal Revenue Requirement		(Line 168 - 169 + 171)
			145,154,900
			(133,608)
			1,459,415
			-
			16,524,210
			163,004,917
Network Zonal Service Rate			
173	1 CP Peak	(Note L)	PJM Data
174	Rate (\$/MW-Year)		(Line 172 / 173)
			6,533
			24,949
175	Network Service Rate (\$/MW/Year)		(Line 174)
			24,949

## 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  $FTT$  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. 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. Per FERC order in Docket No. ER13-607 the ROE for the MAPP abandoned plant is 10.8% effective March 1, 2013.
- J Education and outreach expenses relating to transmission, for example siting or billing
- L As provided for in Section 34.1 of the PJM OATT and the PJM established billing determinants will not be revised or updated in the annual rate reconciliations per settlement in ER05-515.
- M Amount of transmission plant excluded from rates per Attachment 5.
- N Outstanding Network Credits is the balance of Network Facilities Upgrades Credits due Transmission Customers who have made lump-sum payments (net of accumulated depreciation) towards the construction of Network Transmission Facilities consistent with Paragraph 657 of Order 2003-A. Interest on the Network Credits as booked each year is added to the revenue requirement to make the Transmission Owner whole on Line 155.
- O Payments made under Schedule 12 of the PJM OATT that are not directly assessed to load in the Zone under Schedule 12 are included in Transmission O&M. If they are booked to Acct 565, they are included in on line 64
- P Securitization bonds may be included in the capital structure per settlement in ER05-515.
- Q ACE capital structure is initially fixed at 50% common equity and 50% debt per settlement in ER05-515 subject to moratorium provisions in the settlement.
- R Per the settlement in ER05-515, the facility credits of \$15,000 per month paid to Vineland will increase to \$37,500 per month (prorated for partial months) effective on the date FERC approves the settlement in ER05-515.

END

Potomac Electric Power Company

Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet

	Only Transmission Related	Plant Related	Labor Related	Total ADIT
ADIT- 282	0	(1,130,747,761)	(13,223,172)	
ADIT-283	(11,269,171)	(108,949,085)	(105,446,889)	
ADIT-190	985,023	197,710,939	18,917,547	
Subtotal	(10,284,147)	(1,041,985,907)	(99,752,515)	
Wages & Salary Allocator			9,272,828	
Gross Plant Allocator		17.8422%		
ADIT	(10,284,147)	(185,913,567)	(9,249,863)	(205,447,577)

Note: ADIT associated with Gain or Loss on Recaptured Debt is included in Column A here and included in Cost of Debt on Appendix A, Line 111  
Amount (8,564,525)

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

A ADIT-190	B Total	C Gas, Prod Or Other Related	D Only Transmission Related	E Plant Related	F Labor Related	G Justification
Deferred Compensation(stk)	3,205,162				3,205,162	For book purposes, deferred compensation and deferred payments are expensed when accrued. For tax purposes, they are deducted when paid. Affects company personnel across all functions.
Bad Debt Reserve Amort	6,735,997			6,735,997		Under the Tax Reform Act of 1986, taxpayers were required to switch from the reserve method for bad debts to the specific write-off method. The amounts previously accumulated in a reserve were required to be included in taxable income over a four year period. The reserve method is used for book purposes. Related to all revenues.
Excess Accrued Vacation Pay	1,961,442				1,961,442	For book purposes, accrued vacation pay is expensed during the current year. For tax purposes, only the portion of the vacation allowance actually taken or paid by March 15th of the following year can be deducted currently. Affects company personnel across all functions.
FAS 109 - Deferred Taxes on ITC	1,135,864			1,135,864		Pursuant to the requirements of FAS 109, Pepco's accumulated deferred taxes must encompass all timing differences regardless of whether the difference is normalized or flowed-through. These balances primarily represent the deferred taxes on prior flow-through items, including the amount of the required gross-up necessary for full recovery of the prior flow-through amount. Related to all plant.
FAS 109 Regulatory Receivable/Liability	2,095,237			2,095,237		Pursuant to the requirements of FAS 109, Pepco's accumulated deferred taxes must encompass all timing differences regardless of whether the difference is normalized or flowed-through. These balances primarily represent the deferred taxes on prior flow-through items, including the amount of the required gross-up necessary for full recovery of the prior flow-through amount. Related to all plant.
PG County Right of Way	451,318	451,318				For book purposes, these taxes were accrued when the proposed tax was enacted by the PG County Council. Since Maryland counties are prohibited from enacting any tax without the authority of the state legislature, for tax purposes they are not deductible until the tax is affirmed. Related to both T & D.
Mirant Settlement	4,104,266	4,104,266				Represents a payment from Mirant to Pepco to settle some of the Company's claims. For book purposes the payment was accounted for on the balance sheet as a contingent liability. For tax purposes, since the funds were received, a portion of the payment was treated as currently taxable.
Health Care Plans	1,061,343			1,061,343		Additions to the reserve for health insurance payments are deducted currently for book purposes but are deducted for tax purposes when they are paid. Affects company personnel across all functions
Severance Pay/Other Comp/Incentive Bonus	2,495,316				2,495,316	For book purposes, the costs are expensed when a formal plan is adopted and the employees to be severed have been identified. For tax purposes, the costs are deductible when they are paid to the severed individual. Affects company personnel across all functions.
Accrued Retired Executive Compensation	1,213,275				1,213,275	This adjustment relates to the PNC Deferred Compensation Plans. For tax purposes, the book income/expense generated on the plans is reversed and then the tax income/expense is picked up
Accrued Liability - Environmental Site Exp	8,584,812	8,584,812				For book purposes, environmental expenses are expensed when accrued. For tax purposes, they are deducted when paid.
Prepaid Interest	2,037,674				2,037,674	For book purposes, prepaid expenses, which related to a future period but are paid in the current period, must be capitalized and amortized to the balance sheet as an asset. For tax purposes, there is "12-month rule" which allows taxpayers that meet the 12-month rule to currently deduct the amount, as long as the benefits does not extend beyond 12 months. The prepaid interest relates to the Life Insurance plans, that is why this is labor related.
Contribution Carryforward	3,359,389			3,359,389		PHI's consolidated return is in an NOL situation, therefore, Pepco's charitable contributions are carried forward until such time as PHI is in a taxable income position. For book purposes, the contributions are expensed when incurred. Related to all functions.
Capital Loss Limitation	(6,179)	(6,179)				Capital losses are limited to the amount of capital gains.
FAS 106 OPEB Adjustment	32,707,421				32,707,421	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
Regulatory Assets- FERC True Up	985,023		985,023			For book purposes, a regulatory asset has been established for the FERC Formula Rate Filing true-up and book income has been increased. For tax purposes, this Regulatory Asset is not recognized and the book income must be reversed.
Federal/State NOL	192,729,450			184,724,772	8,004,677	PHI's consolidated return is in an NOL situation, therefore, they are carried forward until such time as PHI is in a taxable income position.
Interest on Contingent Taxes	602,399	602,399				Estimated book interest expense on prior year taxes not deductible for tax purposes
Miscellaneous	767,748	(1,061,689)		1,829,437		Relates to deferred taxes on regulatory assets and accrued liabilities. For regulatory assets books credits income and tax reverses the income and amortizes. For accrued liabilities books accrues expense and for tax the expense can only be deducted when paid
Subtotal - p234	266,226,957	12,674,926	985,023	200,942,040	51,624,967	
Less FASB 109 Above if not separately removed	3,231,101	-	-	3,231,101		
Less FASB 106 Above if not separately removed	32,707,421				32,707,421	
Total	230,288,435	12,674,926	985,023	197,710,939	18,917,547	

Instructions for Account 190:  
 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

Deferred Income Taxes (ADIT) Worksheet

ADIT- 282	A	B	C	D	E	F	G
	Total	Gas, Prod Or Other Related	Only Transmission Related	Plant Related	Labor Related	Justification	
Accelerated Depreciation	(446,020,445)			(446,020,445)		This amount represents the difference between the tax depreciation on assets placed in service after 1974 as computed pursuant to the Internal Revenue Code and the book depreciation associated with all assets.	
Repair Allowance	(380,567,183)			(380,567,183)		Deferred tax represents the difference between tax deductible repairs and book capitalization of repair costs. Affects company personnel across all functions.	
Adj. Tax Gain - TDR's	871,366			871,366		This adjustment reflects the disposition or salvage relating to TDRs. For tax purposes salvage is required to be recognized currently as taxable income for certain depreciation vintages. For book purposes salvage is credited to the depreciation reserve. Relates to plant in all functions.	
Adjust. Tax Gain (Operating)	176,452			176,452		This adjustment reflects the disposition or salvage relating to operating assets. For tax purposes salvage is required to be recognized currently as taxable income for certain depreciation vintages. For book purposes salvage is credited to the depreciation reserve. Related to all assets.	
Control Center - Depreciation/Amort	(95,640,834)			(95,640,834)		For book purposes, the rental payments on the control center are expensed during the current year. For tax purposes, control center is treated as if Pepco continues to own it. The rent expense is added back to book income, the assets are depreciated and interest expense is imputed and deducted. Sale/lease back of center used for control of T & D.	
Removal Cost Adjustment	(80,558,327)			(80,558,327)		Removal costs are deductible for tax purposes but are recorded as a reduction to the depreciation reserve for book purposes. Removal costs relating to post-1980 assets are required to be normalized under the Internal Revenue Code. Related to all assets.	
Capitalized Interest	42,009,120			42,009,120		The Tax Reform Act of 1986 eliminated the current deduction for interest incurred during construction and required that it be capitalized and depreciated over the tax life of the asset. This deferred tax is due to the differences in the way AFUDC-debt is calculated versus the way interest must be calculated for tax purposes. Related to all plant.	
AFUDC Debt	(7,351,764)			(7,351,764)		For book purposes, AFUDC is capitalized and depreciated. For tax purposes, AFUDC is not recognized. Related to all plant.	
Capitalized Real Estate Taxes	(7,809)			(7,809)		For book purposes, certain real estate taxes were expensed. For tax purposes, those taxes were capitalized and are being depreciated. Related to all plant.	
Extraordinary Gain-Nova	(8,303,806)	(8,303,806)				This deferred tax balance relates to a prior Internal Revenue Service audit related to the sale of Pepco's northern Virginia sales territory and assets located therein. Retail related.	
Construction Per. Interest(Net)	264,333			264,333		For tax purposes some interest was required to be capitalized related to self constructed assets. For book purposes, AFUDC is used. Related to all plant.	
FAS 109 - CCRF/AFUDC Equity	(45,586,631)			(45,586,631)		See the explanation for Account 190.	
69 KV Line Amortization	218,609	218,609				This deferred tax balance relates to a prior Internal Revenue Service audit related to the depreciation period for 69kv line costs. Distribution related.	
Simplified Service Method	(288,319,695)			(288,319,695)		For book purposes, certain overhead costs are capitalized and depreciated over the life of the related asset. For tax purposes, these overheads are currently deducted. Related to all plant.	
EUM Assets	6,253,612	6,253,612				This deferred tax balance relates to a prior Internal Revenue Service audit related to the depreciation of Energy Use Mgt. assets. Retail related.	
Casualty Losses	(21,007,670)			(21,007,670)		This deferred tax balance relates to the run out of the depreciation expense related to the 1998 casualty loss claim filed with the IRS. This item was previously included in depreciation above.	
Control Center - Lease Payment	117,565,430			117,565,430		For book purposes, the rental payments on the control center are expensed during the current year. For tax purposes, control center is treated as if Pepco continues to own it. The rent expense is added back to book income, the assets are depreciated and interest expense is imputed and deducted. Sale/lease back of center used for control of T & D.	
CIAC	81,102,929			81,102,929		Under the Tax Reform Act of 1986, post '86 CIAC must be included in income for tax purposes. Under IRS Notice 87-51, if CIAC are not grossed up, the deferred taxes must be included in rate base in order for the Company to be in compliance with the depreciation normalization provisions of the Internal Revenue Code. Related to both T & D plant.	
Connection Fees	(3,257,050)	(3,257,050)				Connection fees are considered taxable income by the Internal Revenue Service and their costs are capitalized and depreciated for tax purposes. For book purposes, connection fees are excluded from income and from the depreciable cost of the assets as a contribution in aid of construction. Retail related.	
Preliminary Survey Costs	46,915	46,915				For tax purposes, survey costs are to be capitalized under 263A and depreciated.	
Conservation Costs (DSM)	(11,325,757)	(11,325,757)				DSM related. Retail related.	
Pension Curtailment	3,496,754	3,496,754				For book purposes, these costs were expensed when the gain on the divestiture sale were recorded. For tax purposes, the costs are deducted when paid. Related to sale of generation assets.	
SFAS 121 Impairment Loss	859,870	859,870				Write down of Benning/Buzzard point plant to fair market value based on the SFAS 121 impairment test for book purposes. For tax purposes, an asset can not be written down for the loss. Generation related.	
Capitalized A&G	1,342,018			1,342,018		Prior to the Tax Reform Act of 1986, these amounts were deducted in the year incurred for tax purposes, but capitalized and depreciated for book purposes. Related to all plant.	
Capit'd Fringe Benefits	2,567,338			2,567,338		Prior to the Tax Reform Act of 1986, these amounts were deducted in the year incurred for tax purposes, but capitalized and depreciated for book purposes. Related to all plant.	
Capit'd Payroll & Use Tax	1,274,152			1,274,152		Prior to the Tax Reform Act of 1986, these amounts were deducted in the year incurred for tax purposes, but capitalized and depreciated for book purposes. Related to all plant.	
Leased Vehicles	(1,041,969)			(1,041,969)		For tax purposes leased vehicles are capitalized and depreciated. For book purposes, the vehicles are treated as leases, with a monthly lease amount being calculated. For tax purposes, a portion of the monthly lease amount needs to be added back.	
Control Center - Interest Expense	(79,212,723)			(79,212,723)		For book purposes, the rental payments on the control center are expensed during the current year. For tax purposes, control center is treated as if Pepco continues to own it. The rent expense is added back to book income, the assets are depreciated and interest expense is imputed and deducted. Sale/lease back of center used for control of T & D.	
FAS 109 - CCRF Equity	(15,743,143)	(15,743,143)				See the explanation for Account 190.	
Capitalized Pension	21,807,520			21,807,520		For book purposes, a portion of pension is capitalized based on labor dollars charged to capital construction projects. For tax purposes, this capitalization must be reversed and replaced with tax capitalization. Tax capitalization is based on the same capitalization percentage, but is applied to the current period funding rather than the ant the book expenses.	
Capitalized OPEB	(13,223,172)				(13,223,172)	For book purposes, a portion of OPEB is capitalized based on labor dollars charged to capital construction projects. For tax purposes, this capitalization must be reversed and replaced with tax capitalization. Tax capitalization is based on the same capitalization percentage, but is applied to the current period funding rather than the book expenses.	
Subtotal - p275 (Form 1-F filer: see note 6 below)	(1,217,311,561)	(27,753,996)	0	(1,176,334,392)	(13,223,172)		
Less FASB 109 Above if not separately removed	(61,329,774)	(15,743,143)		(45,586,631)	0		
Less FASB 106 Above if not separately removed	0						
Total	(1,155,981,787)	(12,010,853)	0	(1,130,747,761)	(13,223,172)		

Instructions for Account 282:

- 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

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



Deferred Income Taxes (ADIT) Worksheet

A	B	C	D	E	F	G
ADIT-283	Total	Gas, Prod Or Other Related	Only Transmission Related	Plant Related	Labor Related	Justification
Amort Loss on Reacquisition	(8,564,525)	(8,564,525)				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. Related to all functions.
FAS 109 - Flowthrough Items	(45,042,563)			(45,042,563)		See the explanation for Account 190.
Pension Plan Contribution	(128,082,077)			(56,356,115)	(71,725,962)	The company is allowed to deduct for tax purposes all payments made to fund the General Retirement Plan per ERISA. For book purposes pension plan contributions are governed by FAS 106. This timing difference represents the excess tax payment over book. Affects company personnel across all functions
Customer Sharing	(2,875,643)	(2,875,643)				For book purposes, the gain on the divestiture of the generating assets to be shared with customers was expensed when the gain on the sale was recorded. For tax purposes, gain to be shared is deducted when paid. Generation related
Blueprint for the Future	(2,849,679)			(2,849,679)		For book purposes, the cost of the Blueprint project is being currently deducted. For tax purposes, this amount can not be deducted current and must be capitalized.
Regulatory Assets- FERC True Up	(1,407,322)		(1,407,322)			For book purposes, a regulatory asset has been established for the FERC Formula Rate Filing true-up and book income has been increased. For tax purposes, this Regulatory Asset is not recognized and the book income must be reversed.
Regulatory Assets - MAPP - Transmission Only	(9,861,849)		(9,861,849)			Represents deferred taxes on MAPP abandonment costs that are currently deductible for income tax purposes, versus amounts included in the MAPP Regulatory Asset that are amortized to book expense over a longer time period.
Regulatory Assets	(132,284,166)	(48,819,949)		(49,743,291)	(33,720,927)	When a regulatory asset is established, books credits income, which for tax purposes needs to be reversed along with the associated amortization.
MD Property Taxes	(6,635,101)	(6,635,101)				For book purposes, the MD property taxes are accrued over the fiscal year. For tax purposes payments are deducted when paid based on the lien date.
Interest on Contingent Taxes	(6,368,219)	(6,368,219)				Estimated book interest income on prior year taxes not included for tax purposes
Miscellaneous	(2,051,971)	(2,051,971)				Relates to deferred taxes on regulatory assets and accrued liabilities. For regulatory assets books credits income and tax reserves the income and amortizes.
Subtotal - p277 (Form 1-F filer: see note 6, below)	(346,023,115)	(75,315,408)	(11,269,171)	(153,991,647)	(105,446,889)	
Less FASB 109 Above if not separately removed	(45,042,563)			(45,042,563)		
Less FASB 106 Above if not separately removed	-				-	
Total	(300,980,552)	(75,315,408)	(11,269,171)	(108,949,085)	(105,446,889)	

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

Attachment 1- Accumulated Deferred Income Taxes (ADIT) Worksheet

ADITC-255

	Item	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	2,804,722 873,695
5	Total	2,804,722	873,695
6	Total Form No. 1 (p 266 & 267)	Form No. 1 balance (p.2)	2,804,722 873,695
7	Difference /1		- -

/1 Difference must be zero

## Potomac Electric Power Company

### Attachment 2 - Taxes Other Than Income Worksheet

<b>Other Taxes</b>	<b>Page 263 Col (i)</b>	<b>Allocator</b>	<b>Allocated Amount</b>
<b>Plant Related</b>	<b>Gross Plant Allocator</b>		
1 Transmission Personal Property Tax (directly assigned to Transmission)	\$ 8,236,143	100%	\$ 8,236,143
1a Other Personal Property Tax (excluded)	\$ 25,844,466	0%	\$ -
2 Capital Stock Tax		17.8422%	\$ -
3 Gross Premium (insurance) Tax		17.8422%	\$ -
4 PURTA		17.8422%	\$ -
5 Corp License		17.8422%	\$ -
		17.8422%	\$ -
<b>Total Plant Related</b>	34,080,609		8,236,143
<b>Labor Related</b>	<b>Wages &amp; Salary Allocator</b>		
6 Federal FICA & Unemployment & state unemployment	5,073,414		
<b>Total Labor Related</b>	5,073,414	9.2728%	470,448
<b>Other Included</b>	<b>Gross Plant Allocator</b>		
7 Miscellaneous	16,302		
<b>Total Other Included</b>	16,302	17.8422%	2,909
<b>Total Included</b>			8,709,500
<b>Currently Excluded</b>			
8 Franchise	22,019,187		
9 kWhTax - State Gross Receipt (Excise Tax)	85,736,470		
10 Electric environmental surcharge	2,165,690		
11 Universal service fee	9,418,155		
12 Montgomery County Fuel	152,769,645		
13 PSC assessment	7,996,639		
14 Real property (State, Municipal or Local)	6,304,234		
15 DC Right of Way	22,615,888		
16 Use & Sales Tax	4,681,601		
17 FHUT	22,243		
18 DC Ballpark	16,500		
19 DC Reliable Energy Trust Fund	17,790,115		
20 Misc. Other	24,395		
21 Total "Other" Taxes (included on p. 263)	370,731,087		
22 Total "Taxes Other Than Income Taxes" - acct 408.10 (p. 114.14)	370,731,087		
23 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



## Potomac Electric Power Company

### Attachment 3 - Revenue Credit Workpaper

<b>Account 454 - Rent from Electric Property</b>		
1	Rent from Electric Property - Transmission Related (Note 3)	11,507,275
2	Total Rent Revenues (Sum Lines 1)	11,507,275
<b>Account 456 - Other Electric Revenues (Note 1)</b>		
3	Schedule 1A	\$ 600,522
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)	2,201,787
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)	-
10	Rent or Attachment Fees associated with Transmission Facilities (Note 3)	-
11	Gross Revenue Credits (Sum Lines 2-10)	14,309,584
12	Less line 17g	(8,102,829)
13	Total Revenue Credits	6,206,755
<b>Revenue Adjustment to determine Revenue Credit</b>		
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.	11,507,275
17b	Costs associated with revenues in line 17a	4,698,383
17c	Net Revenues (17a - 17b)	6,808,892
17d	50% Share of Net Revenues (17c / 2)	3,404,446
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)	3,404,446
17g	Line 17f less line 17a	(8,102,829)
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.	75,749,395
19	Amount offset in line 4 above	146,940,799
20	Total Account 454, 456 and 456.1	236,999,778
21	Note 4: SECA revenues booked in Account 447.	

Potomac Electric Power 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)	81,129,473
B	100 Basis Point increase in ROE		1.00%

**Return Calculation**

59	Rate Base		(Line 39 + 58)	608,441,100
	Long Term Interest			
100	<b>Long Term Interest</b>		p117.62c through 67c	111,104,658
101	Less LTD Interest on Securitization E(Note P)		Attachment 8	0
102	Long Term Interest		"(Line 100 - line 101)"	111,104,658
103	Preferred Dividends	enter positive	p118.29c	0
	Common Stock			
104	Proprietary Capital		p112.16c	1,922,346,859
105	Less Preferred Stock	enter negative	(Line 114)	0
106	Less Account 216.1	enter negative	p112.12c	-1,646,367
107	Common Stock		(Sum Lines 104 to 106)	1,920,700,492
	Capitalization			
108	Long Term Debt		p112.17c through 21c	1,909,500,000
109	Less Loss on Reacquired Debt	enter negative	p111.81c	-24,630,347
110	Plus Gain on Reacquired Debt	enter positive	p113.61c	0
111	Less ADIT associated with Gain or Loss	enter negative	Attachment 1	8,564,525
112	Less LTD on Securitization Bonds	enter negative	Attachment 8	0
113	Total Long Term Debt		(Sum Lines 108 to 112)	1,893,434,178
114	Preferred Stock		p112.3c	0
115	Common Stock		(Line 107)	1,920,700,492
116	Total Capitalization		(Sum Lines 113 to 115)	3,814,134,670
117	Debt %	Total Long Term Debt	(Line 113 / 116)	50%
118	Preferred %	Preferred Stock	(Line 114 / 116)	0%
119	Common %	Common Stock	(Line 115 / 116)	50%
120	Debt Cost	Total Long Term Debt	(Line 102 / 113)	0.0587
121	Preferred Cost	Preferred Stock	(Line 103 / 114)	0.0000
122	Common Cost	Common Stock	Appendix A % plus 100 Basis Pts	0.1230
123	Weighted Cost of Debt	Total Long Term Debt (WCLTD)	(Line 117 * 120)	0.0291
124	Weighted Cost of Preferred	Preferred Stock	(Line 118 * 121)	0.0000
125	Weighted Cost of Common	Common Stock	(Line 119 * 122)	0.0619
126	Total Return ( R )		(Sum Lines 123 to 125)	0.0911
127	Investment Return = Rate Base * Rate of Return		(Line 59 * 126)	55,410,344

**Composite Income Taxes**

	<b>Income Tax Rates</b>			
128	FIT=Federal Income Tax Rate			35.00%
129	SIT=State Income Tax Rate or Composite			8.97%
130	p = percent of federal income tax deductible for state purposes		Per State Tax Code	0.00%
131	T	$T=1 - \frac{((1 - SIT) * (1 - FIT))}{(1 - SIT * FIT * p)}$		40.83%
132	T/ (1-T)			69.00%
	<b>ITC Adjustment</b>			
133	Amortized Investment Tax Credit	enter negative	p266.8f	(873,695)
134	T/(1-T)		(Line 132)	69%
135	Net Plant Allocation Factor		(Line 18)	19.3704%
136	<b>ITC Adjustment Allocated to Transmission</b>	(Note I from Appendix A)	(Line 133 * (1 + 134) * 135)	-286,018
137	<b>Income Tax Component =</b>	$CIT=(T/1-T) * Investment Return * (1-(WCLTD/R)) =$		26,005,147
138	<b>Total Income Taxes</b>			<b>25,719,129</b>

Potomac Electric Power 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	\$ 106,902,617	106,902,617	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	\$ 2,804,723	2,804,723	0	Respondent is Electric Utility only.
<b>Materials and Supplies</b>							
47	Undistributed Stores Exp	(Note A)	p227.6c & 16.c	\$ 2,984,000	2,984,000	0	Respondent is Electric Utility only.
<b>Allocated General &amp; Common Expenses</b>							
65	Plus Transmission Lease Payments	(Note A)	p200.3.c				
67	Common Plant O&M	(Note A)	p356	0	0	0	
<b>Depreciation Expense</b>							
88	Intangible Amortization	(Note A)	p336.1d&e	\$ 2,178,935	2,178,935	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	\$ 42,753,029	0	42,753,029	Specific identification based on plant records: The following plant investments are included:
<b>Directly Assigned A&amp;G</b>							
73	Regulatory Commission Exp Account 928	(Note C)	p323.189b	\$ 9,380,223	0	9,380,223	Enter Details
							1
							2
							3
							4
							5

**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	\$ 6,718,923,061	0	0	See Form 1
<b>Plant In Service</b>							
19	Transmission Plant In Service	(Note B)	p207.58.g	\$ 1,148,025,457	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	\$ 402,859,372	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
73	Allocated General & Common Expenses Less EPRI Dues	(Note D)	p352-353	\$ -	-	See Form 1

Potomac Electric Power Company

Attachment 5 - Cost Support

**Regulatory Expense Related to Transmission Cost Support**

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Transmission Related	Non-transmission Related	Details
70	Allocated General & Common Expenses Less Regulatory Commission Exp Account 928	(Note E)	p323.189b	\$ 9,380,223	0	9,380,223	See FERC Form 1 pages 350-351.
77	Directly Assigned A&G Regulatory Commission Exp Account 928	(Note G)	p323.189b	\$ 9,380,223	0	9,380,223	FERC

**Safety Related Advertising Cost Support**

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Safety Related	Non-safety Related	Details
81	Directly Assigned A&G General Advertising Exp Account 930.1	(Note F)	p323.191b	\$ 2,250,343	-	2,250,343	None

**MultiState Workpaper**

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				State 1	State 2	State 3	State 4	State 5	Details
129	Income Tax Rates SIT=State Income Tax Rate or Composite	(Note I)	8.969%	Maryland 8.25%	DC 9.975%	Enter State Enter %	Enter State Enter %	Enter State Enter %	Enter Calculation Apportioned: MD 4.67%, DC 4.30%

**Education and Out Reach Cost Support**

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Form 1 Amount	Education & Outreach	Other	Details
78	Directly Assigned A&G General Advertising Exp Account 930.1	(Note K)	p323.191b	\$ 2,250,343	0	2,250,343	None

**Excluded Plant Cost Support**

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Excluded Transmission Facilities	Description of the Facilities
149	Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities Excluded Transmission Facilities	(Note M)	Attachment 5	0	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	
<b>Example</b>				Enter \$	
A Total investment in substation				1,000,000	
B Identifiable investment in Transmission (provide workpapers)				500,000	
C Identifiable investment in Distribution (provide workpapers)				400,000	
D Amount to be excluded (A x (C / (B + C)))				444,444	

Add more lines if necessary

Potomac Electric Power Company

Attachment 5 - Cost Support

**Transmission Related Account 242 Reserves**

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Total	Allocation	Transmission Related	Details
				Enter \$		Amount	
44	Transmission Related Account 242 Reserves (exclude current year environmental site related reserves)						
	Directly Assignable to Transmission			-	100%	-	
	Labor Related, General plant related or Common Plant related			37,344,924	9.27%	3,462,925	
	Plant Related			4,158,509	17.84%	741,971	
	Other				0.00%	-	
	Total Transmission Related Reserves			41,503,433		4,204,895	

**Prepayments**

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Description of the Prepayments	
45	Prepayments			To Line 45	
5	Wages & Salary Allocator			9.273%	
	Pension Liabilities, if any, in Account 242			9.273%	-
	Prepayments	\$	26,938,808	9.273%	2,497,985
	Prepaid Pensions if not included in Prepayments	\$	331,980,095	9.273%	30,783,889
			358,918,903	9.27%	33,281,874

**Outstanding Network Credits Cost Support**

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Outstanding Network Credits	Description of the Credits
				Enter \$	
55	Network Credits			0	General Description of the Credits
	Outstanding Network Credits (Note N) From PJM				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>					

**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	\$ -	\$ -



Potomac Electric Power Company

Attachment 5 - Cost Support

**Interest on Outstanding Network Credits Cost Support**

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

**Facility Credits under Section 30.9 of the PJM OATT and Facility Credits to Vineland per settlement in ER05-515**

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				Amount	Description & PJM Documentation
171	Net Revenue Requirement Facility Credits under Section 30.9 of the PJM OATT and Facility Credits to Vineland per settlement in ER05-515			-	

**PJM Load Cost Support**

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				1 CP Peak	Description & PJM Documentation
173	Network Zonal Service Rate 1 CP Peak	(Note L)	PJM Data	6,533.4	See Form 1

**Statements BG/BH (Present and Proposed Revenues)**

Customer	Billing Determinants	Current Rate	Proposed Rate	Current Revenues	Proposed Revenues	Change in Revenues
Pepco zone				-	-	-
Total				-	-	-

**Abandoned Transmission Plant**

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions			
A	Beginning Balance of Unamortized Transmission Plant	Per FERC Order	
B	Months Remaining in Amortization Period	Per FERC Order	
C	Monthly Ammortization	A/B	
D	Months in Year to be Amortized		
E	Amortization in Rate Year	C*D	Line 86a
F	Deductions		
G	End of Year Balance in Unamortized Transmission Plant	A-E-F	Line 43b

**MAPP Abandonment recovery pursuant to ER13-607**

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions				
		DPL	Pepco	Total
171a	2013-14 rate period	\$ 9,750,649	\$ 12,725,412	\$ 22,476,061
171a	2014-15 rate period	\$ 14,666,395	\$ 16,524,210	\$ 31,190,605
171a	2015-16 rate period	\$ 12,208,522	\$ 14,624,812	\$ 26,833,334
	Total	\$ 36,625,566	\$ 43,874,434	\$ 80,500,000

Potomac Electric Power Company

Attachment 5a - Allocations of Costs to Affiliate

	Delmarva Power	Atlantic City	Pepco	Non-Regulated	Total
Executive Management	\$ 11,562,337	\$ 10,010,186	\$ 20,420,219	\$ 4,233,966	\$ 46,226,708
Procurement & Administrative Services	5,632,450	4,165,574	9,450,856	317,756	19,566,636
Financial Services & Corporate Expenses	12,850,395	9,859,694	19,011,916	2,033,696	43,755,701
Insurance Coverage and Services	2,213,905	1,986,871	2,788,985	953,842	7,943,603
Human Resources	5,038,304	3,260,389	7,121,984	886,448	16,307,125
Legal Services	3,059,464	2,466,012	6,423,114	392,003	12,340,593
Audit Services	794,646	539,535	1,635,686	165,684	3,135,551
Customer Services	48,387,200	35,710,808	31,764,265	5,264	115,867,537
Utility Communication Services	97,515	-	150,770	-	248,285
Information Technology	15,258,104	10,897,942	33,943,020	299,235	60,398,301
External Affairs	2,912,889	2,316,651	4,804,603	379,617	10,413,760
Environmental Services	1,565,438	1,288,953	1,896,091	114,341	4,864,823
Safety Services	354,376	372,034	549,507	-	1,275,917
Regulated Electric & Gas T&D	30,083,042	23,758,286	42,089,790	15,969	95,947,087
Internal Consulting Services	566,310	347,896	876,072	-	1,790,278
Interns	179,453	83,801	207,544	210	471,008
Cost of Benefits	13,046,438	8,259,393	20,727,891	-	42,033,722
Building Services	8,916	103,717	5,007,690	2,288,416	7,408,739
<b>Total</b>	<b>\$ 153,611,182</b>	<b>\$ 115,427,742</b>	<b>\$ 208,870,003</b>	<b>\$ 12,086,447</b>	<b>\$ 489,995,374</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, 2013
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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 Power Company	60,366,527	148,288,038	215,438	208,870,003
2	Delmarva Power & Light Company	39,151,966	114,302,402	156,814	153,611,182
3	Atlantic City Electric Company	24,662,631	90,645,605	119,506	115,427,742
4	Pepco Energy Services, Inc.	2,777,499	6,713,524	11,618	9,502,641
5	Conectiv, LLC	11,767	55,656	563	67,986
6	Potomac Capital Investment Corporation	576,358	297,172	661	874,191
7	Thermal Energy Limited Partnership	15,648	601,358	572	617,578
8	ATS Operating Services, Inc.	114	291,725	285	292,124
9	Atlantic Southern Properties	14,398	171,009	248	185,655
10	Conectiv Energy Supply, Inc.	18,264	21,562	119	39,945
11	Pepco Holdings, Inc.	139,689	36,414	145	176,248
12	Conectiv Properties and Investments, Inc.	25,260	129,408	174	154,842
13	Conectiv Thermal Systems	2,917	100,349	102	103,368
14	Conectiv Communications, Inc.	69	8,798	11	8,878
15	Atlantic City Electric Transition Funding, LLC	30,739	2,906	16	33,661
16	Conectiv North East, LLC	257	4,446	5	4,708
17	Delaware Operating Services Company	228	13,936	8	14,172
18	ATE Investments, Inc.	1,848	969	4	2,821
19	Atlantic Generation, Inc.	109	928	2	1,039
20	Conectiv Services II, Inc.	344	6,113	3	6,460
21	Conectiv Solutions LLC	125	5		130
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40	<b>Total</b>	<b>127,796,757</b>	<b>361,692,323</b>	<b>506,294</b>	<b>489,995,374</b>

Service Company Billing Analysis by Utility FERC Account  
YTD Dec 2013  
Total PHI

FERC Accounts	FERC Account Name	DPL	ACE	PEPCO	Non-Utility	Total	Inclusion in ATRR
107	Constr Work In Progress	23,545,999	16,722,578	34,632,825	-	74,901,402	Not included
182.3	Other Regulatory Assets	10,488,915	114,841	11,696,727	-	22,300,483	Not included
184	Clearing Accounts - Other	(12,476)	(61,040)	78,748	(2,468)	2,764	Not included
408.1	Taxes other than inc taxes, utility operating inc	-	39,805	-	-	39,805	Not included
416-421	Other Income - Below the Line	374,987	626,685	587,151	12,088,915	13,677,738	Not included
426.1-426.5	Other Income Deductions - Below the Line	603,681	462,744	995,381	-	2,061,806	Not included
430	Interest-Debt to Associated Companies	229,913	175,178	315,777	-	720,868	Not included
431	Interest-Short Term Debt	(73,099)	(55,672)	(100,339)	-	(229,110)	Not included
556	System cont & load dispatch	1,602,698	1,401,597	1,249,833	-	4,254,128	Not included
557	Other expenses	1,311,562	1,194,307	1,669,382	-	4,175,251	Not included
560	Operation Supervision & Engineering	1,882,601	1,864,185	3,206,474	-	6,953,260	100% Inclusion
561	Load dispatching	-	48	-	-	48	100% Inclusion
561.1	Load Dispatching - Reliability	35,915	34,780	30,031	-	100,726	100% Inclusion
561.2	Load Dispatch - Monitor & Operate Transmission Sys	53,681	17,527	992,559	-	1,063,767	100% Inclusion
561.3	Load Dispatch - Transmission Service & Scheduling	47,778	54,385	28,496	-	130,659	100% Inclusion
561.5	Reliability, Planning and Standards	129,486	121,848	3,951	-	255,285	100% Inclusion
562	Station expenses	-	-	8,754	-	8,754	100% Inclusion
564	Underground Line Expenses - Transmission	-	-	6,434	-	6,434	100% Inclusion
566	Miscellaneous transmission expenses	457,843	240,714	463,170	-	1,161,727	100% Inclusion
568	Maintenance Supervision & Engineering	280,592	252,490	262,052	-	795,134	100% Inclusion
569.2	Maintenance of Computer Software	501,967	251,719	734,765	-	1,488,451	100% Inclusion
569.4	Maintenance of Transmission Plant	-	-	265	-	265	100% Inclusion
570	Maintenance of station equipment	150,049	86,648	405,920	-	642,617	100% Inclusion
571	Maintenance of overhead lines	132,737	177,852	244,888	-	555,477	100% Inclusion
572	Maintenance of underground lines	4,047	512	3,448	-	8,007	100% Inclusion
573	Maintenance of miscellaneous transmission plant	27,446	21,698	111,154	-	160,298	100% Inclusion
580	Operation Supervision & Engineering	658,487	331,800	755,181	-	1,745,468	Not included
581	Load dispatching	791,810	514,823	1,666,584	-	2,973,217	Not included
582	Station expenses	1,020,749	-	135,130	-	1,155,879	Not included
583	Overhead line expenses	73,167	132,571	27,597	-	233,335	Not included
584	Underground line expenses	26,046	-	112,600	-	138,646	Not included
585	Street lighting	2,232	-	91	-	2,323	Not included
586	Meter expenses	911,716	775,017	1,612,452	-	3,299,185	Not included
587	Customer installations expenses	48,804	73,395	494,290	-	616,489	Not included
588	Miscellaneous distribution expenses	3,840,313	4,228,331	6,315,909	-	14,384,553	Not included
589	Rents	27,645	21,112	-	-	48,757	Not included
590	Maintenance Supervision & Engineering	1,043,191	810,300	477,972	-	2,331,463	Not included
591	Maintain structures	-	-	3,880	-	3,880	Not included
592	Maintain equipment	481,027	422,133	1,051,748	-	1,954,908	Not included
593	Maintain overhead lines	880,924	696,824	1,702,388	-	3,280,136	Not included
594	Maintain underground line	76,399	58,003	671,570	-	805,972	Not included
595	Maintain line transformers	-	1,470	238,899	-	240,369	Not included
596	Maintain street lighting & signal systems	38,198	40,063	17,510	-	95,771	Not included
597	Maintain meters	17,551	34,757	64,712	-	117,020	Not included
598	Maintain distribution plant	30,723	17,358	885,881	-	933,962	Not included
800-894	Total Gas Accounts	2,213,518	-	-	-	2,213,518	Not included
902	Meter reading expenses	309,864	39,342	51,290	-	400,496	Not included
903	Customer records and collection expenses	36,340,896	35,227,261	31,444,855	-	103,013,012	Not included
907	Supervision - Customer Svc & Information	107,975	339,488	129,572	-	577,035	Not included
908	Customer assistance expenses	1,772,603	546,602	774,562	-	3,093,767	Not included
909	Informational & instructional advertising	111,858	28,138	157,175	-	297,171	Not included
913	Advertising expense	34,536	-	-	-	34,536	Not included
920	Administrative & General salaries	335,615	90,550	587,356	-	1,013,521	Wage & Salary Factor
921	Office supplies & expenses	49,363	39,388	77,162	-	165,913	Wage & Salary Factor
923	Outside services employed	48,324,843	39,986,311	81,108,695	-	169,419,849	Wage & Salary Factor
924	Property insurance	96,402	82,096	187,290	-	365,788	Net Plant Factor
925	Injuries & damages	1,937,057	1,600,813	3,065,515	-	6,603,385	Wage & Salary Factor
926	Employee pensions & benefits	7,077,618	3,685,817	11,260,050	-	22,023,485	Wage & Salary Factor
928	Regulatory commission expenses	1,376,532	485,623	2,624,783	-	4,486,938	Direct Transmission only
929	Duplicate charges-Credit	329,386	133,081	1,370,676	-	1,833,143	Wage & Salary Factor
930.1	General ad expenses	9,007	8,683	42,842	-	60,532	Direct Transmission only
930.2	Miscellaneous general expenses	1,130,320	998,849	2,006,066	-	4,135,235	Wage & Salary Factor
935	Maintenance of general plant	308,485	232,314	119,874	-	660,673	Wage & Salary Factor
<b>Total</b>		<b>153,611,182</b>	<b>115,427,742</b>	<b>208,870,003</b>	<b>12,086,447</b>	<b>489,995,374</b>	

**Potomac Electric Power 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)  
152,424,577 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		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	Weighting	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			47,203,050		11.5	-	-	542,835,080	-	-	-	45,236,257	-	
Feb			-		10.5	-	-	-	-	-	-	-	-	
Mar			(47,203,050)		9.5	-	-	(448,428,979)	-	-	-	(37,369,082)	-	
Apr	8,096,839		-		8.5	68,823,132	-	-	-	5,735,261	-	-	-	
May			-		7.5	-	-	-	-	-	-	-	-	
Jun	36,103,548		-		6.5	234,673,062	-	-	-	19,556,089	-	-	-	
Jul			-		5.5	-	-	-	-	-	-	-	-	
Aug			-		4.5	-	-	-	-	-	-	-	-	
Sep	2,800,000		-		3.5	9,800,000	-	-	-	816,667	-	-	-	
Oct			-		2.5	-	-	-	-	-	-	-	-	
Nov	8,669,220		-		1.5	13,003,830	-	-	-	1,083,653	-	-	-	
Dec			-		0.5	-	-	-	-	-	-	-	-	
Total	55,669,607		-			326,300,024	-	-	-	27,191,669	-	7,867,175	-	
New Transmission Plant Additions and CWIP (weighted by months in service)												7,867,175	-	
								Input to Line 21 of Appendix A		27,191,669				27,191,669
								Input to Line 43a of Appendix A				7,867,175		7,867,175
								Month In Service or Month for CWIP	6.14	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	

3 April Year 2 TO adds weighted Cap Adds to plant in service in Formula  
 \$ 27,191,669 Input to Formula Line 21

4 May Year 2 Post results of Step 3 on PJM web site  
156,359,235 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)  
 \$ 156,359,235

6 April Year 3 TO populates the formula with Year 2 data from FERC Form 1 for Year 2 (e.g., 2005)  
159,376,720 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 \$ 62,986,910 Input to Formula Line 20

Add weighted Cap Adds actually placed in service in Year 2

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)			
	Monthly Additions Other Plant In Service	Monthly Additions Other Plant In Service	Monthly Additions MAPP CWIP	Monthly Additions MAPP In Service	Weighting	Other Plant In Service Amount (A x E)	Other Plant In Service Amount (B x E)	MAPP CWIP Amount (C x E)	MAPP In Service Amount (D x E)	Other Plant In Service (F / 12)	Other Plant In Service (G / 12)	MAPP CWIP (H / 12)	MAPP In Service (I / 12)			
Jan	\$1,520,492		47,203,050		11.5	17,485,662	-	542,835,080	-	1,457,138	-	45,236,257	-			
Feb	\$1,174,758		0		10.5	12,334,955	-	-	-	1,027,913	-	-	-			
Mar	\$11,127,991		-47,203,050		9.5	105,715,911	-	(448,428,979)	-	8,809,659	-	(37,369,082)	-			
Apr	\$7,885,161				8.5	67,023,871	-	-	-	5,585,323	-	-	-			
May	\$4,200,959				7.5	31,507,190	-	-	-	2,625,599	-	-	-			
Jun	\$5,759,465				6.5	37,436,523	-	-	-	3,119,710	-	-	-			
Jul	\$1,363,534				5.5	7,499,440	-	-	-	624,953	-	-	-			
Aug	\$19,845,118				4.5	89,303,032	-	-	-	7,441,919	-	-	-			
Sep	\$12,138				3.5	42,484	-	-	-	3,540	-	-	-			
Oct	\$5,706,792				2.5	14,266,981	-	-	-	1,188,915	-	-	-			
Nov	\$216,950				1.5	325,425	-	-	-	27,119	-	-	-			
Dec	\$4,173,551				0.5	2,086,775	-	-	-	173,898	-	-	-			
Total	62,986,910	-	-	-		385,028,249	-	-	-	32,085,687	-	7,867,175	-			
New Transmission Plant Additions and CWIP (weighted by months in service)											32,085,687	-	7,867,175	-		
											Input to Line 21 of Appendix A		32,085,687	-	32,085,687	
											Input to Line 43a of Appendix A		7,867,175	-	7,867,175	
											Month In Service or Month for CWIP		5.89	#DIV/0!	#DIV/0!	#DIV/0!

157,096,534 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 CWIP during Year 3 weighted based on Months expected to be in service in Year 3 (e.g., 2006)

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)	(K)	(L)	(M)			
	Monthly Additions Other Plant In Service	Monthly Additions Other Plant In Service	Monthly Additions MAPP CWIP	Monthly Additions MAPP In Service	Weighting	Other Plant In Service Amount (A x E)	Other Plant In Service Amount (B x E)	MAPP CWIP Amount (C x E)	MAPP In Service Amount (D x E)	Other Plant In Service (F / 12)	Other Plant In Service (G / 12)	MAPP CWIP (H / 12)	MAPP In Service (I / 12)			
Jan					11.5	-	-	-	-	-	-	-	-			
Feb					10.5	-	-	-	-	-	-	-	-			
Mar	7,134,930				9.5	67,781,835	-	-	-	5,648,486	-	-	-			
Apr					8.5	-	-	-	-	-	-	-	-			
May					7.5	-	-	-	-	-	-	-	-			
Jun					6.5	-	-	-	-	-	-	-	-			
Jul					5.5	-	-	-	-	-	-	-	-			
Aug					4.5	-	-	-	-	-	-	-	-			
Sep					3.5	-	-	-	-	-	-	-	-			
Oct	59,051,650				2.5	147,629,125	-	-	-	12,302,427	-	-	-			
Nov					1.5	-	-	-	-	-	-	-	-			
Dec					0.5	-	-	-	-	-	-	-	-			
Total	66,186,580	-	-	-		215,410,960	-	-	-	17,950,913	-	-	-			
New Transmission Plant Additions and CWIP (weighted by months in service)											17,950,913	-	-	-		
											0		17,950,913	-	17,950,913	
											Input to Line 21 of Appendix A		17,950,913	-	17,950,913	
											Input to Line 43a of Appendix A		-	-	-	
											Month In Service or Month for CWIP		8.75	#DIV/0!	#DIV/0!	#DIV/0!

163,138,525

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	=	1,705,418
157,096,534	155,391,116		

Interest on Amount of Refunds or Surcharges

Interest rate pursuant to 35.19a for March of 0.2800%

Month	Yr	1/12 of Step 9	Interest rate for March of the Current Yr	Months	Interest	Surcharge (Refund) Owed
Jun	Year 1	142,118	0.2800%	11.5	4,576	146,694
Jul	Year 1	142,118	0.2800%	10.5	4,178	146,296
Aug	Year 1	142,118	0.2800%	9.5	3,780	145,899
Sep	Year 1	142,118	0.2800%	8.5	3,382	145,501
Oct	Year 1	142,118	0.2800%	7.5	2,984	145,103
Nov	Year 1	142,118	0.2800%	6.5	2,587	144,705
Dec	Year 1	142,118	0.2800%	5.5	2,189	144,307
Jan	Year 2	142,118	0.2800%	4.5	1,791	143,909
Feb	Year 2	142,118	0.2800%	3.5	1,393	143,511
Mar	Year 2	142,118	0.2800%	2.5	995	143,113
Apr	Year 2	142,118	0.2800%	1.5	597	142,715
May	Year 2	142,118	0.2800%	0.5	199	142,317
Total		1,705,418				1,734,069

		Balance	Interest rate from above	Amortization over Rate Year	Balance
Jun	Year 2	1,734,069	0.2800%	147,149	1,591,775
Jul	Year 2	1,591,775	0.2800%	147,149	1,449,083
Aug	Year 2	1,449,083	0.2800%	147,149	1,305,991
Sep	Year 2	1,305,991	0.2800%	147,149	1,162,499
Oct	Year 2	1,162,499	0.2800%	147,149	1,018,605
Nov	Year 2	1,018,605	0.2800%	147,149	874,307
Dec	Year 2	874,307	0.2800%	147,149	729,606
Jan	Year 3	729,606	0.2800%	147,149	584,500
Feb	Year 3	584,500	0.2800%	147,149	438,987
Mar	Year 3	438,987	0.2800%	147,149	293,067
Apr	Year 3	293,067	0.2800%	147,149	146,738
May	Year 3	146,738	0.2800%	147,149	(0)
Total with interest				1,765,791	

The difference between the Reconciliation in Step 7 and the forecast in Prior Year with interest (133,608)  
 Rev Req based on Year 2 data with estimated Cap Adds and CWIP for Year 3 (Step 8) \$ 163,138,525  
 Revenue Requirement for Year 3 163,004,917

10 May Year 3 Post results of Step 9 on PJM web site  
 \$ 163,004,917 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)  
 \$ 163,004,917

Potomac Electric Power 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	16.0888%
5	B	167	Net Plant Carrying Charge per 100 Basis Point in ROE without Deprecia	16.7837%
6	C		Line B less Line A	0.6949%
7			<b>FCR if a CIAC</b>	
8	D	161	Net Plant Carrying Charge without Depreciation, Return, nor Income Tax	5.8963%

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  
 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, 2008.

"Yes" if a project under PJM OATT Schedule 12, otherwise "No"  
 Useful life of project  
 "Yes" if the customer has paid a lump sum payment in the amount of the investment on line 18, otherwise "No"  
 Input the allowed ROE Incentive From line 4 above if "No" on line 14 and From line 8 above if "Yes" on line 14  
 Line 6 times line 15 divided by 100 basis points  
 Columns A, B or C from Attachment 6  
 Line 18 divided by line 13  
 From Columns H, I or J from Attachment 6

Details		B0288 Brighton Sub				B0251 Bells Mill 230kV Capacitors			
Invest Yr	Beginning	Depreciation	Ending	Revenue	Beginning	Depreciation	Ending	Revenue	
2014	29,283,682	958,811	28,324,871	5,515,944	6,279,895	199,626	6,080,269	1,177,868	
2015	29,283,682	958,811	28,324,871	5,811,190	6,279,895	199,626	6,080,269	1,177,868	
2016	28,324,871	958,811	27,366,060	5,361,683	6,080,269	199,626	5,880,643	1,145,751	
2017	28,324,871	958,811	27,366,060	5,646,935	6,080,269	199,626	5,880,643	1,145,751	
2018	27,366,060	958,811	26,407,249	5,207,422	5,880,643	199,626	5,681,018	1,113,634	
2019	27,366,060	958,811	26,407,249	5,482,679	5,880,643	199,626	5,681,018	1,113,634	
2020	26,407,249	958,811	25,448,438	5,053,160	5,681,018	199,626	5,481,392	1,081,516	
2021	26,407,249	958,811	25,448,438	5,318,424	5,681,018	199,626	5,481,392	1,081,516	
2022	25,448,438	958,811	24,489,627	4,898,899	5,481,392	199,626	5,281,766	1,049,399	
2023	25,448,438	958,811	24,489,627	5,154,169	5,481,392	199,626	5,281,766	1,049,399	
2024	24,489,627	958,811	23,530,816	4,744,638	5,281,766	199,626	5,082,140	1,017,281	
2025	24,489,627	958,811	23,530,816	4,989,913	5,281,766	199,626	5,082,140	1,017,281	
2026	23,530,816	958,811	22,572,006	4,590,377	5,082,140	199,626	4,882,514	985,164	
2027	23,530,816	958,811	22,572,006	4,825,658	5,082,140	199,626	4,882,514	985,164	
2028	22,572,006	958,811	21,613,195	4,436,116	4,882,514	199,626	4,682,889	953,047	
2029	22,572,006	958,811	21,613,195	4,661,402	4,882,514	199,626	4,682,889	953,047	
2030	21,613,195	958,811	20,654,384	4,281,854	4,682,889	199,626	4,483,263	920,929	
2031	21,613,195	958,811	20,654,384	4,497,147	4,682,889	199,626	4,483,263	920,929	
2032	20,654,384	958,811	19,695,573	4,127,593	4,483,263	199,626	4,283,637	888,812	
2033	20,654,384	958,811	19,695,573	4,332,891	4,483,263	199,626	4,283,637	888,812	
2034	19,695,573	958,811	18,736,762	3,973,332	4,283,637	199,626	4,084,011	856,694	
2035	19,695,573	958,811	18,736,762	4,168,636	4,283,637	199,626	4,084,011	856,694	
2036	18,736,762	958,811	17,777,951	3,819,071	4,084,011	199,626	3,884,385	824,577	
2037	18,736,762	958,811	17,777,951	4,004,380	4,084,011	199,626	3,884,385	824,577	
2038	17,777,951	958,811	16,819,140	3,664,810	3,884,385	199,626	3,684,760	792,460	
2039	17,777,951	958,811	16,819,140	3,840,125	3,884,385	199,626	3,684,760	792,460	
2040	16,819,140	958,811	15,860,330	3,510,548	3,684,760	199,626	3,485,134	760,342	
2041	16,819,140	958,811	15,860,330	3,675,870	3,684,760	199,626	3,485,134	760,342	
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umber 1, 2007. Per FERC orders in Dockets No. 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

B0252 Northern System Rel -3 230 Caps				B0319 Burches Hill 500/230 kV transformer - second 1000 MVA				B0367.1/B0367.2 Reconnector Dickerson-Quince Orchard 230 kV				B0512.7 Chalk Point 230 kV Breaker 1A			
Yes				No				Yes				Yes			
35				35				35				35			
No				No				No				No			
0				150				150				0			
16.0888%				16.0888%				16.0888%				16.0888%			
16.0888%				17.1312%				17.1312%				16.0888%			
5,013,166				36,700,000				20,000,000				2,000,000			
143,233				1,048,571				571,429				57,143			
5.50				8.00				8.00				8.00			
Beginning	Depreciation	Ending	Revenue	Beginning	Depreciation	Ending	Revenue	Beginning	Depreciation	Ending	Revenue	Beginning	Depreciation	Ending	Revenue
4,505,881	143,233	4,362,648	845,131	34,253,333	1,048,571	33,204,762	6,390,821	18,666,667	571,429	18,095,238	3,482,736	1,866,667	57,143	1,809,524	348,274
4,505,881	143,233	4,362,648	845,131	34,253,333	1,048,571	33,204,762	6,736,933	18,666,667	571,429	18,095,238	3,671,353	1,866,667	57,143	1,809,524	348,274
4,362,648	143,233	4,219,415	822,087	33,204,762	1,048,571	32,156,190	6,222,118	18,095,238	571,429	17,523,810	3,390,800	1,809,524	57,143	1,752,381	339,080
4,362,648	143,233	4,219,415	822,087	33,204,762	1,048,571	32,156,190	6,557,300	18,095,238	571,429	17,523,810	3,573,461	1,809,524	57,143	1,752,381	339,080
4,219,415	143,233	4,076,181	799,042	32,156,190	1,048,571	31,107,619	6,053,416	17,523,810	571,429	16,952,381	3,298,864	1,752,381	57,143	1,695,238	329,886
4,219,415	143,233	4,076,181	799,042	32,156,190	1,048,571	31,107,619	6,377,668	17,523,810	571,429	16,952,381	3,475,568	1,752,381	57,143	1,695,238	329,886
4,076,181	143,233	3,932,948	775,998	31,107,619	1,048,571	30,059,048	5,884,713	16,952,381	571,429	16,380,952	3,206,928	1,695,238	57,143	1,638,095	320,693
4,076,181	143,233	3,932,948	775,998	31,107,619	1,048,571	30,059,048	6,198,036	16,952,381	571,429	16,380,952	3,377,676	1,695,238	57,143	1,638,095	320,693
3,932,948	143,233	3,789,715	752,953	30,059,048	1,048,571	29,010,476	5,716,010	16,380,952	571,429	15,809,524	3,114,992	1,638,095	57,143	1,580,952	311,499
3,932,948	143,233	3,789,715	752,953	30,059,048	1,048,571	29,010,476	6,018,403	16,380,952	571,429	15,809,524	3,279,784	1,638,095	57,143	1,580,952	311,499
3,789,715	143,233	3,646,481	729,909	29,010,476	1,048,571	27,961,905	5,547,308	15,809,524	571,429	15,238,095	3,023,056	1,580,952	57,143	1,523,810	302,306
3,789,715	143,233	3,646,481	729,909	29,010,476	1,048,571	27,961,905	5,838,771	15,809,524	571,429	15,238,095	3,181,891	1,580,952	57,143	1,523,810	302,306
3,646,481	143,233	3,503,248	706,864	27,961,905	1,048,571	26,913,333	5,378,605	15,238,095	571,429	14,666,667	2,931,120	1,523,810	57,143	1,466,667	293,112
3,646,481	143,233	3,503,248	706,864	27,961,905	1,048,571	26,913,333	5,659,138	15,238,095	571,429	14,666,667	3,083,999	1,523,810	57,143	1,466,667	293,112
3,503,248	143,233	3,360,015	683,820	26,913,333	1,048,571	25,864,762	5,209,903	14,666,667	571,429	14,095,238	2,839,184	1,466,667	57,143	1,409,524	283,918
3,503,248	143,233	3,360,015	683,820	26,913,333	1,048,571	25,864,762	5,479,506	14,666,667	571,429	14,095,238	2,986,107	1,466,667	57,143	1,409,524	283,918
3,360,015	143,233	3,216,782	660,775	25,864,762	1,048,571	24,816,190	5,041,200	14,095,238	571,429	13,523,810	2,747,248	1,409,524	57,143	1,352,381	274,725
3,360,015	143,233	3,216,782	660,775	25,864,762	1,048,571	24,816,190	5,299,873	14,095,238	571,429	13,523,810	2,888,214	1,409,524	57,143	1,352,381	274,725
3,216,782	143,233	3,073,548	637,730	24,816,190	1,048,571	23,767,619	4,872,497	13,523,810	571,429	12,952,381	2,655,312	1,352,381	57,143	1,295,238	265,531
3,216,782	143,233	3,073,548	637,730	24,816,190	1,048,571	23,767,619	5,120,241	13,523,810	571,429	12,952,381	2,790,322	1,352,381	57,143	1,295,238	265,531
3,073,548	143,233	2,930,315	614,686	23,767,619	1,048,571	22,719,048	4,703,795	12,952,381	571,429	12,380,952	2,563,376	1,295,238	57,143	1,238,095	256,338
3,073,548	143,233	2,930,315	614,686	23,767,619	1,048,571	22,719,048	4,940,608	12,952,381	571,429	12,380,952	2,692,430	1,295,238	57,143	1,238,095	256,338
2,930,315	143,233	2,787,082	591,641	22,719,048	1,048,571	21,670,476	4,535,092	12,380,952	571,429	11,809,524	2,471,440	1,238,095	57,143	1,180,952	247,144
2,930,315	143,233	2,787,082	591,641	22,719,048	1,048,571	21,670,476	4,760,976	12,380,952	571,429	11,809,524	2,594,537	1,238,095	57,143	1,180,952	247,144
2,787,082	143,233	2,643,848	568,597	21,670,476	1,048,571	20,621,905	4,366,389	11,809,524	571,429	11,238,095	2,379,504	1,180,952	57,143	1,123,810	237,950
2,787,082	143,233	2,643,848	568,597	21,670,476	1,048,571	20,621,905	4,581,343	11,809,524	571,429	11,238,095	2,496,645	1,180,952	57,143	1,123,810	237,950
2,643,848	143,233	2,500,615	545,552	20,621,905	1,048,571	19,573,333	4,197,687	11,238,095	571,429	10,666,667	2,287,568	1,123,810	57,143	1,066,667	228,757
2,643,848	143,233	2,500,615	545,552	20,621,905	1,048,571	19,573,333	4,401,711	11,238,095	571,429	10,666,667	2,398,753	1,123,810	57,143	1,066,667	228,757
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B1125 Convert Buzzard to Ritchie Line - 138KV to 230KV							
Yes							
35							
No							
0							
16.0888%							
16.0888%							
59,051,650							
1,687,190							
10.00							
Beginning	Depreciation	Ending	Revenue	Total	Incentive Charged	Revenue Credit	
59,051,650	281,198	58,770,452	9,736,662	\$ 51,457,696		\$ 51,457,696	
59,051,650	281,198	58,770,452	9,736,662	\$ 52,917,111	\$ 52,917,111		
58,770,452	1,687,190	57,083,262	10,871,205	\$ 51,495,865		\$ 51,495,865	
58,770,452	1,687,190	57,083,262	10,871,205	\$ 52,909,208	\$ 52,909,208		
57,083,262	1,687,190	55,396,072	10,599,756	\$ 50,128,042		\$ 50,128,042	
57,083,262	1,687,190	55,396,072	10,599,756	\$ 51,495,312	\$ 51,495,312		
55,396,072	1,687,190	53,708,882	10,328,307	\$ 48,760,219		\$ 48,760,219	
55,396,072	1,687,190	53,708,882	10,328,307	\$ 50,081,417	\$ 50,081,417		
53,708,882	1,687,190	52,021,692	10,056,859	\$ 47,392,396		\$ 47,392,396	
53,708,882	1,687,190	52,021,692	10,056,859	\$ 48,667,522	\$ 48,667,522		
52,021,692	1,687,190	50,334,502	9,785,410	\$ 46,024,572		\$ 46,024,572	
52,021,692	1,687,190	50,334,502	9,785,410	\$ 47,253,627	\$ 47,253,627		
50,334,502	1,687,190	48,647,312	9,513,961	\$ 44,656,749		\$ 44,656,749	
50,334,502	1,687,190	48,647,312	9,513,961	\$ 45,839,731	\$ 45,839,731		
48,647,312	1,687,190	46,960,122	9,242,512	\$ 43,288,926		\$ 43,288,926	
48,647,312	1,687,190	46,960,122	9,242,512	\$ 44,425,836	\$ 44,425,836		
46,960,122	1,687,190	45,272,932	8,971,064	\$ 41,921,103		\$ 41,921,103	
46,960,122	1,687,190	45,272,932	8,971,064	\$ 43,011,941	\$ 43,011,941		
45,272,932	1,687,190	43,585,742	8,699,615	\$ 40,553,280		\$ 40,553,280	
45,272,932	1,687,190	43,585,742	8,699,615	\$ 41,598,045	\$ 41,598,045		
43,585,742	1,687,190	41,898,552	8,428,166	\$ 39,185,457		\$ 39,185,457	
43,585,742	1,687,190	41,898,552	8,428,166	\$ 40,184,150	\$ 40,184,150		
41,898,552	1,687,190	40,211,362	8,156,718	\$ 37,817,633		\$ 37,817,633	
41,898,552	1,687,190	40,211,362	8,156,718	\$ 38,770,255	\$ 38,770,255		
40,211,362	1,687,190	38,524,172	7,885,269	\$ 36,449,810		\$ 36,449,810	
40,211,362	1,687,190	38,524,172	7,885,269	\$ 37,356,359	\$ 37,356,359		
38,524,172	1,687,190	36,836,982	7,613,820	\$ 35,081,987		\$ 35,081,987	
38,524,172	1,687,190	36,836,982	7,613,820	\$ 35,942,464	\$ 35,942,464		
.....	.....	.....	.....	\$		\$	
.....	.....	.....	.....	\$		\$	
				\$	781,437,138	\$	759,758,475

# Potomac Electric Power Company

## Attachment 8 - Company Exhibit - Securitization Workpaper

Line #

	Long Term Interest		
<b>101</b>	<b>Less LTD Interest on Securitization Bonds</b>		<b>0</b>
	Capitalization		
<b>112</b>	<b>Less LTD on Securitization Bonds</b>		<b>0</b>

Calculation of the above Securitization Adjustments

