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December 2, 2009

In the Matter of the Provision of
Basic Generation Service for Year Two of the Post-Transition Period
-and-
In the Matter of the Provision of
Basic Generation Service for the Period Beginning June 1, 2007
-and-
In the Matter of the Provision of
Basic Generation Service for the Period Beginning June 1, 2008
-and-
In the Matter of the Provision of
Basic Generation Service for the Period Beginning June 1, 2009

Docket Nos. EO03050394, EO06020119, ER07060379, ER08050310
++++++++++++++++++++++++++++++++++++++++++++++++++++++++++++++++++++++++++++++++
Compliance Tariff Filing Reflecting Changes to Schedule 12 Charges in PJM Open Access
Transmission Tariff Docket No. _______________

Kristi Izzo, Secretary
Board of Public Utilities
Two Gateway Center
Newark, New Jersey 07102

Dear Secretary Izzo:

Enclosed for filing by Public Service Electric and Gas Company ("Company") please find an original and ten copies of tariff sheets and supporting exhibits filed to reflect changes to the PJM Open Access Transmission Tariff ("OATT") made in response to the annual formula rate update filing made by Public Service Electric and Gas ("PSE&G") in Federal Energy Regulatory Commission ("FERC") Docket No. ER09-1257, and in response to the annual formula rate update filings made by Potomac-Appalachian Transmission Highline, L.L.C. ("PATH") in Docket No. ER08-386 and Virginia Electric and Power Company ("VEPCo") in Docket No. ER-08-92.

**Background**

In its Order dated October 22, 2003 (BPU Docket No. EO03050394), the Board authorized the EDCs to recover FERC-approved changes in firm transmission service-related charges. The Board has also authorized recovery of FERC-approved changes in firm transmission service-related charges in subsequent orders approving the Basic Generation Service ("BGS") supply procurement process and the associated Supplier Master Agreement ("SMA"). In the most recent Board Order (BPU Docket No. ER08050310), the Board discussed this issue at length, and concluded that such a "pass through" of FERC-approved transmission rate changes was in the best interests of BGS customers.

On September 30, 2008, in Docket ER08-1233, FERC approved PSE&G's filing to substitute a formula rate for its stated rates for Network Integration Transmission Service (NITS) and Point-to-Point transmission service. On November 14, 2008, PSE&G filed with the Board to recover the FERC-approved formula rates applicable to customers in PSE&G's transmission zone and authorized PSE&G to recover the transmission enhancement charges found in Schedule 12 of the OATT for the PATH and VEPCo projects. These Schedule 12 charges, also defined as Transmission Enhancement Charges ("TECs") are recovered by PJM through an additional transmission charge in the transmission zones assigned cost responsibility for Required Transmission Enhancement projects. On December 18, 2008 the Board approved the November 14, 2008 filing.

On October 7, 2009 PSE&G made a compliance filing with the FERC in Docket No. ER09-1275 for the annual update to the formula rate filed with the FERC in accordance with the Commission Order. Additionally, on or about October 15, 2009 VEPCo, and PATH made their annual formula rate update filings in Docket Nos. ER10-068 and ER08-386, respectively.

## Request for Board Approval

PSE&G requests Board approval to implement revised Basic Generation Service-Fixed Price (BGS-FP) and Basic Generation Service-Commercial and Industrial Energy Price (BGS-CIEP) tariff rates as shown in Attachment 2. The attached pro-forma tariff sheets have an effective date of January 1, 2010. The BGS-FP and BGS-CIEP rates are revised to include the Network Integration Transmission Service (NITS) rates resulting from the FERC-approved PSE&G formula rate effective on January 1, 2010 and that are applicable to customers in the PSE&G service territory. Since costs for portions of certain Schedule 12 projects included in PSE&G's formula rate are borne by customers in other EDC service territories, the proposed BGS-FP and BGS-CIEP tariff rates are based on the transmission service costs allocable to PSE&G customers only. Details on these projects can be found in Attachments 1 and 7.

The amended tariff sheets also include revised BGS-FP and BGS-CIEP tariff rates resulting from the annual PATH and VEPCo formula updates which are effective on January 1, 2010. Copies of all formula rate updates are attached, but can also be found on the PJM website at www.pjm.com/services/formula-rates.html.

PSE&G also requests that the BGS Suppliers be compensated for the changes to the OATT resulting from the implementation of the PSE&G, PATH and VEPCo project annual formula updates effective on January 1, 2010. Suppliers will be compensated subject to the terms and conditions of the applicable SMAs. Any differences between payments to BGS-FP and BGS-CIEP Suppliers and charges to customers will flow through BGS Reconciliation Charges.

This filing satisfies the requirements of ¶¶ 15.9 (a)(i) and (ii) of the BGS-FP and BGS-CIEP SMAs, which mandate that BGS-FP and BGS-CIEP Suppliers be notified of rate increases for firm transmission service, and that the EDC file for and obtain Board approval of an increase in retail rates commensurate with the FERC-implemented rate increase.

We thank the Board for all courtesies extended.

Respectfully submitted,

Frances I. Sundheim

Attachments

cc: Jerry May
Frank Perrotti
Alice Bator
Stacy Peterson
Stefanie Brand, Division of Rate Counsel
Service List (via Electronic Mail Server)

## PUBLIC SERVICE ELECTRIC AND GAS COMPANY
## BGS TRANSMISSION CHARGE UPDATE - JUNE 2009
## BPU DOCKET NO. EO09060440

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# Attachment 1

# Derivation of PSE&G Network Integration Transmission Service (NITS) Charge

# Attachment 1 - PSE&G Network Integration Service Calculation.

Network Integration Service Rate Applicable to PSE&G customers - Effective January 1, 2010 through December 31, 2010

| Line # | Description | Rate | | Source |
|---|---|---|---|---|
| (1) | Transmission Service Annual Revenue Requirement | $ 251,064,988.00 | | Attachment 7 -Page 190 - Line 164 |
| (2) | Total Schedule 12 TEC Included in above | $ (69,595,079.00) | | Attachment 6a - Page 208 "Total Projects" |
| (3) | PSE&G Customer Share of Schedule 12 TEC | $ 24,091,671.32 | | Attachment 3a - Page 16 Column (n) |
| (4) | Total Transmission Costs Borne by PSE&G customers | $ 205,561,580.32 | | =(1) +(2) +(3) |
| (5) | 2010 PSE&G Network Service Peak | 9,686.7 | MW | Attachment 7b -Page 4 -Line 165 |
| (6) | 2010 Network Integration Transmission Service Rate | $ 21,221.01 | per MW-year | |
| | Resulting 2010 BGS Firm Transmission Service Supplier Rate | $ 58.14 | per MW-day | = (6)/365 |

Notes -

# Attachment 2 Tariffs and Rate Translation

## Attachment 2a
Pro-forma PSE&G Tariff Sheets

## Attachment 2b
Translation of NITS charge into Customer Rates

## Attachment 2c
Translation of VEPCO Schedule 12 (Transmission Enhancement) Charges into Customer Rates

## Attachment 2d
Translation of PATH Schedule 12 (Transmission Enhancement) Charges into Customer Rates

# Attachment 2a
# Pro-forma PSE&G Tariff Sheets

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY** **XXX Revised Sheet No. 67**
**Superseding**
**B.P.U.N.J. No. 14 ELECTRIC** **XXX Revised Sheet No. 67**

## BASIC GENERATION SERVICE – FIXED PRICING (BGS-FP)
## ELECTRIC SUPPLY CHARGES

### APPLICABLE TO:

Default electric supply service for Rate Schedules RS, RSP, RHS, RLM, WH, WHS, HS, BPL, BPL-POF, PSAL, GLP and LPL-Secondary (less than 1,000 kilowatts).

### BGS ENERGY CHARGES:

**Applicable to Rate Schedules RS, RHS, RLM, WH, WHS, HS, BPL, BPL-POF and PSAL**

**Charges per kilowatthour:**

| | For usage in each of the months of October through May | | For usage in each of the months of June through September | |
|---|---|---|---|---|
| Rate Schedule | Charges | Charges Including SUT | Charges | Charges Including SUT |
| RS – first 600 kWh | 11.2770 ¢ | 12.0664 ¢ | 12.0233 ¢ | 12.8649 ¢ |
| RS – in excess of 600 kWh | 11.2770 ¢ | 12.0664 ¢ | 12.9243 ¢ | 13.8290 ¢ |
| RHS – first 600 kWh | 10.3169 ¢ | 11.0391 ¢ | 11.8605 ¢ | 12.6907 ¢ |
| RHS – in excess of 600 kWh | 10.3169 ¢ | 11.0391 ¢ | 13.0652 ¢ | 13.9798 ¢ |
| RLM On-Peak | 14.4913 ¢ | 15.5057 ¢ | 15.8956 ¢ | 17.0083 ¢ |
| RLM Off-Peak | 7.6981 ¢ | 8.2370 ¢ | 8.1234 ¢ | 8.6920 ¢ |
| WH | 8.6773 ¢ | 9.2847 ¢ | 9.7344 ¢ | 10.4158 ¢ |
| WHS | 8.6875 ¢ | 9.2956 ¢ | 9.7888 ¢ | 10.4740 ¢ |
| HS | 10.3033 ¢ | 11.0245 ¢ | 13.5832 ¢ | 14.5340 ¢ |
| BPL | 8.0560 ¢ | 8.6199 ¢ | 8.4917 ¢ | 9.0861 ¢ |
| BPL-POF | 8.0560 ¢ | 8.6199 ¢ | 8.4917 ¢ | 9.0861 ¢ |
| PSAL | 8.0560 ¢ | 8.6199 ¢ | 8.4917 ¢ | 9.0861 ¢ |

The above Basic Generation Service Energy Charges reflect costs for Energy, Generation Capacity, Transmission, and Ancillary Services (including PJM Interconnection, L.L.C. (PJM) Administrative Charges). The portion of these charges related to Network Integration Transmission Service, including the PJM Seams Elimination Cost Assignment Charges, the PJM Reliability Must Run Charge and PJM Transmission Enhancement Charges may be changed from time to time on the effective date of such change to the PJM rate for these charges as approved by the Federal Energy Regulatory Commission (FERC).

Kilowatt threshold noted above is based upon the customer's Peak Load Share of the overall summer peak load assigned to Public Service by the Pennsylvania-New Jersey-Maryland Office of the Interconnection (PJM). See Section 9.1, Measurement of Electric Service, of the Standard Terms and Conditions of this Tariff.

Date of Issue: Effective:

Issued by FRANCES I. SUNDHEIM, Vice President and Corporate Rate Counsel
80 Park Plaza, Newark, New Jersey 07102
Filed pursuant to Order of Board of Public Utilities dated
in Docket No.

**PUBLIC SERVICE ELECTRIC AND GAS COMPANY** **XXX Revised Sheet No. 68**
**Superseding**
**B.P.U.N.J. No. 14 ELECTRIC** **XXX Revised Sheet No. 68**

## BASIC GENERATION SERVICE – FIXED PRICING (BGS-FP)
## ELECTRIC SUPPLY CHARGES
### (Continued)

### BGS CAPACITY CHARGES:

**Applicable to Rate Schedules GLP and LPL-Sec.**

**Charges per kilowatt of Generation Obligation:**

| | |
|---|---|
| Charge applicable in the months of June through September | $ 4.8077 |
| Charge including New Jersey Sales and Use Tax (SUT) | $ 5.1442 |
| Charge applicable in the months of October through May | $ 4.7880 |
| Charge including New Jersey Sales and Use Tax (SUT) | $ 5.1232 |

The above charges shall recover each customer's share of the overall summer peak load assigned to the Public Service Transmission Zone by the PJM Interconnection, L.L.C. (PJM) as adjusted by PJM assigned capacity related factors and shall be in accordance with Section 9.1, Measurement of Electric Service, of the Standard Terms and Conditions.

### BGS TRANSMISSION CHARGES

**Applicable to Rate Schedules GLP and LPL-Sec.**

**Charges per kilowatt of Transmission Obligation:**

| | |
|---|---|
| Currently effective Annual Transmission Rate for Network Integration Transmission Service for the Public Service Transmission Zone as stated in the FERC Electric Tariff of the PJM Interconnection, LLC | $ 21,221.01 per MW per year |
| PJM Seams Elimination Cost Assignment Charges | $ 0.00 per MW per month |
| PJM Reliability Must Run Charge | $ 0.00 per MW per month |
| PJM Transmission Enhancements | |
| Trans-Allegheny Interstate Line Company | $ 25.09 per MW per month |
| Virginia Electric and Power Company | $ 9.37 per MW per month |
| Potomac-Appalachian Transmission Highline L.L.C. | $ 15.09 per MW per month |
| PPL Electric Utilities Corporation | $ 2.11 per MW per month |
| American Electric Power Service Corporation | $ 0.53 per MW per month |
| Atlantic City Electric Company. | $ 7.26 per MW per month |
| Delmarva Power and Light Company | $ 0.84 per MW per month |
| Potomac Electric Power Company. | $ 5.89 per MW per month |

| | |
|---|---|
| Above rates converted to a charge per kW of Transmission Obligation, applicable in all months | $ 1.8346 |
| Charge including New Jersey Sales and Use Tax (SUT) | $ 1.9630 |

The above charges shall recover each customer's share of the overall summer peak transmission load assigned to the Public Service Transmission Zone by the PJM Interconnection, L.L.C. (PJM) as adjusted by PJM assigned transmission capacity related factors and shall be in accordance with Section 9.1, Measurement of Electric Service, of the Standard Terms and Conditions. These charges will be changed from time to time on the effective date of such change to the PJM rate for charges for Network Integration Transmission Service, including the PJM Seams Elimination Cost Assignment Charges, the PJM Reliability Must Run Charge and PJM Transmission Enhancement Charges as approved by Federal Energy Regulatory Commission (FERC).

Date of Issue: Effective:

Issued by FRANCES I. SUNDHEIM, Vice President and Corporate Rate Counsel
80 Park Plaza, Newark, New Jersey 07102
Filed pursuant to Order of Board of Public Utilities dated
in Docket No.

## BASIC GENERATION SERVICE – COMMERCIAL AND INDUSTRIAL ENERGY PRICING (CIEP)
## ELECTRIC SUPPLY CHARGES
## (Continued)

### BGS TRANSMISSION CHARGES

**Charges per kilowatt of Transmission Obligation:**

| | |
|---|---|
| Currently effective Annual Transmission Rate for Network Integration Transmission Service for the Public Service Transmission Zone as stated in the FERC Electric Tariff of the PJM Interconnection, LLC | $ 21,221.01 MW per year |
| PJM Seams Elimination Cost Assignment Charges | $ 0.00 per MW per month |
| PJM Reliability Must Run Charge | $ 0.00 per MW per month |
| PJM Transmission Enhancements | |
| Trans-Allegheny Interstate Line Company | $ 25.09 per MW per month |
| Virginia Electric and Power Company | $ 9.37 per MW per month |
| Potomac-Appalachian Transmission Highline L.L.C. | $ 15.09 per MW per month |
| PPL Electric Utilities Corporation | $ 2.11 per MW per month |
| American Electric Power Service Corporation | $ 0.53 per MW per month |
| Atlantic City Electric Company. | $ 7.26 per MW per month |
| Delmarva Power and Light Company | $ 0.84 per MW per month |
| Potomac Electric Power Company. | $ 5.89 per MW per month |

| | |
|---|---|
| Above rates converted to a charge per kW of Transmission Obligation, applicable in all months | $ 1.8346 |
| Charge including New Jersey Sales and Use Tax (SUT) | $ 1.9630 |

The above charges shall recover each customer's share of the overall summer peak transmission load assigned to the Public Service Transmission Zone by the PJM Interconnection, L.L.C. (PJM) as adjusted by PJM assigned transmission capacity related factors and shall be in accordance with Section 9.1, Measurement of Electric Service, of the Standard Terms and Conditions. These charges will be changed from time to time on the effective date of such charge to the PJM rate for charges for Network Integration Transmission Service, including the PJM Seams Elimination Cost Assignment Charges, the PJM Reliability Must Run Charge and PJM Transmission Enhancement Charges as approved by Federal Energy Regulatory Commission (FERC).

Kilowatt threshold noted above is based upon the customer's Peak Load Share of the overall summer peak load assigned to Public Service by the Pennsylvania-New Jersey-Maryland Office of the Interconnection (PJM). See Section 9.1, Measurement of Electric Service, of the Standard Terms and Conditions of this Tariff.

# Attachment 2b
# Translation of NITS charge into Customer Rates

Attachment 2b

**Netork Integration Service Calculation - BGS-FP**
**NITS Charges for January 2010 - December 2011**

| | | | | |
|---|---|---|---|---|
| TEC Charges for Jan 20010 - Dec 20010 | $ | 205,561,580.32 | | |
| PSE&G Zonal Transmission Load for Effective Yr. (MW) | | 9,686.70 | | |
| Term (Months) | | 12 | | |
| OATT rate | $ | 1,768.42 | /MW/month | all values show w/o NJ SUT |
| converted to $/MW/yr = | $ | 21,221.01 | /MW/yr | **New Rate From Rate Case** |
| | $ | 17,631.00 | /MW/yr | **Existing Rate** |
| Resulting Increase in Transmission Rate | $ | 3,590.01 | /MW/yr | |
| Resulting Increase in Transmission Rate | $ | 299.17 | /MW/month | |

| | **RS** | **RHS** | **RLM** | **WH** | **WHS** | **HS** | **PSAL** | **BPL** |
|---|---|---|---|---|---|---|---|---|
| Trans Obl - MW | 4112.2 | 38.3 | 68.1 | 0.0 | 0.0 | 5.6 | 0.0 | 0.0 |
| Total Annual Energy - MWh | 13,496,224 | 185,200 | 301,068 | 4,190 | 65 | 28,180 | 166,110 | 327,488 |
| Change in energy charge | | | | | | | | |
| *in $/MWh* | $ 1.0939 | $ 0.7424 | $ 0.8120 | $ - | $ - | $ 0.7134 | $ - | $ - |
| *in cents/kWh - rounded to 4 places* | **0.1094** | **0.0742** | **0.0812** | **0** | **0** | **0.0713** | **0** | **0** |

| | **GLP** | **LPL-S** | |
|---|---|---|---|
| Change in Transmission Obligation Charge | | | |
| *in $/kW/month - rounded to 4 places* | **$ 0.2992** | **$ 0.2992** | << same increase to BGS-CIEP Transmission Obligation Charges |

| Line # | | | | | | |
|---|---|---|---|---|---|---|
| 1 | Total BGS-FP eligbile Trans Obl | | 7990 | MW | | = sum of BGS-FP eligible Trans Obl |
| 2 | Total BGS-FP eligbile energy @ cust | | 33,161,817 | MWh | | = sum of BGS-FP eligible kWh @ cust |
| 3 | Total BGS-FP eligbile energy @ trans nodes | | 35,480,591 | MWh | unrounded | = (2) * loss expansion factor to trans node |
| 4 | Change in OATT rate * total Trans Obl | $ | 28,684,199 | | unrounded | = Change in OATT rate * Total BGS-FP eligible Trans C |
| 5 | Change in Average Supplier Payment Rate | $ | 0.8084 | /MWh | unrounded | = (4) / (3) |
| 6 | Change in Average Supplier Payment Rate | $ | 0.81 | /MWh | rounded to 2 decimal places | = (5) rounded to 2 decimal places |
| 7 | Proposed Total Supplier Payment | $ | 28,739,279 | | unrounded | = (6) * (3) |
| 8 | Difference due to rounding | $ | 55,080 | | unrounded | = (7) - (4) |

# Attachment 2c
# Translation of VEPCO Schedule 12 (Transmission Enhancement) Charges into Customer Rates

Attachment 2c

**Transmission Charge Adjustement - BGS-FP**

**PJM Schedule 12 - Transmission Enhancement Charges for January 2010 - December 2010**

**Calculation of costs and monthly PJM charges for PATH Projects**

| | | | |
|---|---|---|---|
| TEC Charges for Jan 2010 - Dec 2010 | $ 1,754,332.16 | | |
| PSE&G Zonal Transmission Load for Effective Yr. (MW) | 9,686.70 | | |
| Term (Months) | 12 | | |
| OATT rate | $ 15.09 | /MW/month | all values show w/o NJ SUT |
| converted to $/MW/yr = | $ 181.08 | /MW/yr | |

| | RS | RHS | RLM | WH | WHS | HS | PSAL | BPL |
|---|---|---|---|---|---|---|---|---|
| Trans Obl - MW | 4112.2 | 38.3 | 68.1 | 0.0 | 0.0 | 5.6 | 0.0 | 0.0 |
| Total Annual Energy - MWh | 13,496,224 | 185,200 | 301,068 | 4,190 | 65 | 28,180 | 166,110 | 327,488 |
| Change in energy charge | | | | | | | | |
| *in $/MWh* | $ 0.0552 | $ 0.0374 | $ 0.0410 | $ - | $ - | $ 0.0360 | $ - | $ - |
| *in cents/kWh - rounded to 4 places* | **0.0055** | **0.0037** | **0.0041** | **0** | **0** | **0.0036** | **0** | **0** |

| | GLP | LPL-S | |
|---|---|---|---|
| Change in Transmission Obligation Charge | | | |
| *in $/kW/month - rounded to 4 places* | **$ 0.0151** | **$ 0.0151** | << same increase to BGS-CIEP Transmission Obligation Charges |

| Line # | | | | | |
|---|---|---|---|---|---|
| 1 | Total BGS-FP eligbile Trans Obl | 7990 | MW | | = sum of BGS-FP eligible Trans Obl |
| 2 | Total BGS-FP eligbile energy @ cust | 33,161,817 | MWh | | = sum of BGS-FP eligible kWh @ cust |
| 3 | Total BGS-FP eligbile energy @ trans nodes | 35,480,591 | MWh | unrounded | = (2) * loss expansion factor to trans node |
| 4 | Change in OATT rate * total Trans Obl | $ 1,446,829 | | unrounded | = Change in OATT rate * Total BGS-FP eligible Trans |
| 5 | Change in Average Supplier Payment Rate | $ 0.0408 | /MWh | unrounded | = (4) / (3) |
| 6 | Change in Average Supplier Payment Rate | $ 0.04 | /MWh | rounded to 2 decimal places | = (5) rounded to 2 decimal places |
| 7 | Proposed Total Supplier Payment | $ 1,419,224 | | unrounded | = (6) * (3) |
| 8 | Difference due to rounding | $ (27,606) | | unrounded | = (7) - (4) |

# Attachment 2d
# Translation of PATH Schedule 12 (Transmission Enhancement) Charges into Customer Rates

Attachment 2d

## Transmission Charge Adjustement - BGS-FP
## PJM Schedule 12 - Transmission Enhancement Charges for January 2010 - December 2010
## Calculation of costs and monthly PJM charges for Virginia Power and Electric Company Projects

| | | | |
|---|---|---|---|
| TEC Charges for Jan 2010 - Dec 2010 | $ 1,089,697.36 | | |
| PSE&G Zonal Transmission Load for Effective Yr. (MW) | 9,686.70 | | |
| Term (Months) | 12 | | |
| OATT rate | $ 9.37 | /MW/month | all values show w/o NJ SUT |
| converted to $/MW/yr = | $ 112.44 | /MW/yr | |

| | **RS** | **RHS** | **RLM** | **WH** | **WHS** | **HS** | **PSAL** | **BPL** |
|---|---|---|---|---|---|---|---|---|
| Trans Obl - MW | 4112.2 | 38.3 | 68.1 | 0.0 | 0.0 | 5.6 | 0.0 | 0.0 |
| Total Annual Energy - MWh | 13,496,224 | 185,200 | 301,068 | 4,190 | 65 | 28,180 | 166,110 | 327,488 |
| Change in energy charge | | | | | | | | |
| *in $/MWh* | $ 0.0343 | $ 0.0233 | $ 0.0254 | $ - | $ - | $ 0.0223 | $ - | $ - |
| *in cents/kWh - rounded to 4 places* | **0.0034** | **0.0023** | **0.0025** | **0** | **0** | **0.0022** | **0** | **0** |

| | **GLP** | **LPL-S** | |
|---|---|---|---|
| Change in Transmission Obligation Charge | | | |
| *in $/kW/month - rounded to 4 places* | **$ 0.0094** | **$ 0.0094** | << same increase to BGS-CIEP Transmission Obligation Charges |

| Line # | | | | | |
|---|---|---|---|---|---|
| 1 | Total BGS-FP eligbile Trans Obl | 7990 | MW | | = sum of BGS-FP eligible Trans Obl |
| 2 | Total BGS-FP eligbile energy @ cust | 33,161,817 | MWh | | = sum of BGS-FP eligible kWh @ cust |
| 3 | Total BGS-FP eligbile energy @ trans nodes | 35,480,591 | MWh | unrounded | = (2) * loss expansion factor to trans node |
| 4 | Change in OATT rate * total Trans Obl | $ 898,396 | | unrounded | = Change in OATT rate * Total BGS-FP eligible Trans C |
| 5 | Change in Average Supplier Payment Rate | $ 0.0253 | /MWh | unrounded | = (4) / (3) |
| 6 | Change in Average Supplier Payment Rate | $ 0.03 | /MWh | rounded to 2 decimal places | = (5) rounded to 2 decimal places |
| 7 | Proposed Total Supplier Payment | $ 1,064,418 | | unrounded | = (6) * (3) |
| 8 | Difference due to rounding | $ 166,022 | | unrounded | = (7) - (4) |

# Attachment 3 PJM Schedule 12 (Transmission Enhancement) Charges

## Attachment 3a - PSE&G Project Charges

## Attachment 3b – Potomac-Appalachian Transmission Highline Project Charges

## Attachment 3c – Virginia Electric Power Company Project Charges

# Attachment 3a - PSE&G Project Charges

## Attachment 3a -PJM Schedule 12 - Transmission Enhancement Charges for January 2010 - December 2010
## Calculation of costs and monthly PJM charges for PSE&G Projects

| | | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Responsible Customers - Schedule 12 Appendix | | | | Estimated New Jersey EDC Zone Charges by Project | | | | |
| Required Transmission Enhancement | PJM Upgrade ID | Jan - Dec 2010 Annual Revenue Requirement | ACE Zone Share | JCP&L Zone Share | PSE&G Zone Share[1,2] | RE Zone Share | ACE Zone Charges | JCP&L Zone Charges | PSE&G Zone Charges | RE Zone Charges | Total NJ Zones Charges |
| *per PJM website* | *per PJM spreadsheet* | *per PJM website* | *per PJM Open Access Transmission Tariff* | | | | | | | | |
| Replace all Branchburg 500/230 kv txfrm | b0130 | $ 4,089,600.00 | 1.36% | 47.75% | 50.89% | 0.00% | $55,619 | $1,952,784 | $2,081,197 | $0 | $4,089,600 |
| Reconductor Kittatinny - Newtown 230 kV | b0134 | $ 1,693,708.00 | 0.00% | 51.11% | 45.96% | 2.93% | $0 | $865,654 | $778,428 | $49,626 | $1,693,708 |
| Build new Essex - Aldene 230 kV cable | b0145 | $ 17,373,635.00 | 0.00% | 73.45% | 21.78% | 4.77% | $0 | $12,760,935 | $3,783,978 | $828,722 | $17,373,635 |
| Install 230-138kV transformer at Metuchen substation | b0161 | $ 5,442,721.00 | 0.00% | 0.00% | 99.80% | 0.20% | $0 | $0 | $5,431,836 | $10,885 | $5,442,721 |
| New 230 kV section from Branchburg - Flagtown circuit | b0169 | $ 4,637,505.00 | 1.72% | 25.93% | 59.59% | 0.00% | $79,765 | $1,202,505 | $2,763,489 | $0 | $4,045,759 |
| Reconductor the Flagtown-Somerville-Bridgewater 230 kV circuit | b0170 | $ 1,464,701.00 | 0.00% | 42.95% | 38.36% | 0.79% | $0 | $629,089 | $561,859 | $11,571 | $1,202,520 |
| Replace wave trap at Branchburg 500kV substation | b0172.2 | $ 7,560.00 | 1.89% | 4.50% | 7.61% | 0.31% | $143 | $340 | $575 | $23 | $1,082 |
| Replace both 230/138 kV txfrmrs at Roseland | b0274 | $ 4,768,898.00 | 0.00% | 0.00% | 96.77% | 0.00% | $0 | $0 | $4,614,863 | $0 | $4,614,863 |
| Install 4th 500/230 kV transformer at New Freedom | b0411 | $ 4,489,420.00 | 47.01% | 7.04% | 22.31% | 0.00% | $2,110,476 | $316,055 | $1,001,590 | $0 | $3,428,121 |
| New 500 kV transmission facilities from Pa - NJ border at Bushkill to Roseland (500kV and above elements) | b0489 | $ 16,153,399.00 | 1.89% | 4.50% | 7.61% | 0.31% | $305,299 | $726,903 | $1,229,274 | $50,076 | $2,311,551 |
| New 500 kV transmission facilities from Pa - NJ border at Bushkill to Roseland (below 500 kV elements) | b0489.4 | $ 2,250,890.00 | 5.23% | 34.10% | 42.21% | 1.58% | $117,722 | $767,553 | $950,101 | $35,564 | $1,870,940 |
| 5021 circuit loop into New Freedom 500 kV substation | b0498 | $ 6,772,194.00 | 1.89% | 4.50% | 7.61% | 0.31% | $127,994 | $304,749 | $515,364 | $20,994 | $969,101 |
| Reconductor Hudson - South Waterfront 230kV circuit | b0813 | $ 450,848.00 | 0.00% | 9.96% | 84.09% | 3.14% | $0 | $44,904 | $379,118 | $14,157 | $438,179 |
| **Totals** | | **$ 69,595,079.00** | | | | | **$2,797,018** | **$19,571,472** | **$24,091,671** | **$1,021,618** | **$47,481,780** |
| Notes on calculations >>> | | | | | | | = (a) * (b) | = (a) * (c) | = (a) * (d) | = (a) * (e) | = (f) + (g) + (h) + (i) |

| | (k) | (l) | (m) | (n) | (o) |
|---|---|---|---|---|---|
| **Zonal Cost Allocation for New Jersey Zones** | **Average Monthly Impact on Zone Customers in 2009** | **2009 TX Peak Load** *per PJM website* | **Rate in $/MW-mo.**[3] | **2010 Impact (12 months)** | |
| PSE&G | $ 2,007,639.28 | 9,686.7 | $ 207.26 | $ 24,091,671 | |
| JCP&L | $ 1,630,956.02 | 5,738.4 | $ 284.22 | $ 19,571,472 | |
| ACE | $ 233,084.84 | 2,706.6 | $ 86.12 | $ 2,797,018 | |
| RE | $ 85,134.84 | 371.1 | $ 229.41 | $ 1,021,618 | |
| **Total Impact on NJ Zones** | **$ 3,956,814.98** | | | **$ 47,481,780** | |
| Notes on calculations >>> | | | = (k) / (l) | = (k) *12 | |

**Notes:**

1) Percentage for regional projects (e.g - 7.61% for PSE&G) will change on January 1, 2010

2) Percentage for "Below 500kV" portion of S/R Line was finalized by PJM

3) Uncompressed rate - assumes implementation on January 1, 2010

# Attachment 3b – Potomac-Appalachian Transmission Highline Project Charges

Attachment 3b Potomac-Allegheny Transmission Highline (PATH)

**PJM Schedule 12 - Transmission Enhancement Charges for January - December 2010**

**Calculation of costs and monthly PJM charges for PATH Project**

| | | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | **Responsible Customers - Schedule 12 Appendix** | | | | **Estimated New Jersey EDC Zone Charges by Project** | | | | |
| **Required Transmission Enhancement** *per PJM website* | **PJM Upgrade ID** *per PJM spreadsheet* | **Jan - Dec 2010 Annual Revenue Requirement** *per PJM website* | **ACE Zone Share** *per PJM Open Access Transmission Tariff* | **JCP&L Zone Share** | **PSE&G Zone Share[1]** | **RE Zone Share** | **ACE Zone Charges** | **JCP&L Zone Charges** | **PSE&G Zone Charges** | **RE Zone Charges** | **Total NJ Zones Charges** |
| Amos-Bedington 765 kV Circuit (AEP) | b0490 | $ 12,480,138.00 | 1.89% | 4.50% | 7.61% | 0.31% | $235,875 | $561,606 | $949,739 | $38,688 | $1,785,908 |
| Amos-Bedington 765 kV Circuit (APS) | b0491 | Included above | 1.89% | 4.50% | 7.61% | 0.31% | $0 | $0 | $0 | $0 | $0 |
| Bedington-Kemptown 500 kV Circuit | b0492 & b560 | $ 10,572,847.00 | 1.89% | 4.50% | 7.61% | 0.31% | $199,827 | $475,778 | $804,594 | $32,776 | $1,512,974 |
| **Totals** | | **$ 23,052,985.00** | | | | | **$435,701** | **$1,037,384** | **$1,754,332** | **$71,464** | **$3,298,882** |
| Notes on calculations >>> | | | | | | | = (a) * (b) | = (a) * (c) | = (a) * (d) | = (a) * (e) | = (f) + (g) + (h) + (i) |

| | (k) | (l) | (m) | (n) |
|---|---|---|---|---|
| **Zonal Cost Allocation for New Jersey Zones** | **Average Monthly Impact on Zone Customers in 2010** | **2010 Trans. Peak Load** | **Rate in $/MW-mo.[2]** | **2010 Impact (12 months)** |
| PSE&G | $ 146,194.35 | 9,686.7 | $15.09 | $ 1,754,332 |
| JCP&L | $ 86,448.69 | 5,738.4 | $15.06 | $ 1,037,384 |
| ACE | $ 36,308.45 | 2,706.6 | $13.41 | $ 435,701 |
| RE | $ 5,955.35 | 371.1 | $16.05 | $ 71,464 |
| **Total Impact on NJ Zones** | **$ 274,906.85** | **18,502.8** | | **$ 3,298,882** |
| Notes on calculations >>> | | | = (k) / (l) | = (k) *12 |

Notes:

1) Percentage for regional projects (7.61%) will change on January 1, 2010

2) Uncompressed rate - assumes implementation on January 1, 2010

# Attachment 3c – Virginia Electric Power Company Project Charges

**Attachment 3c - PJM Schedule 12 - Transmission Enhancement Charges for January 2010 - December 2010**
**Calculation of costs and monthly PJM charges for VEPCo Projects**

| | | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | **Responsible Customers - Schedule 12 Appendix** | | | | **Estimated New Jersey EDC Zone Charges by Project** | | | | |
| **Required Transmission Enhancement** *per PJM website* | **PJM Upgrade ID** *per PJM spreadsheet* | **Jan - Dec 2010 Annual Revenue Requirement** *per PJM website* | **ACE Zone Share** *per PJM Open Access Transmission Tariff* | **JCP&L Zone Share** | **PSE&G Zone Share[1]** | **RE Zone Share** | **ACE Zone Charges** | **JCP&L Zone Charges** | **PSE&G Zone Charges** | **RE Zone Charges** | **Total NJ Zones Charges** |
| Mt Storm - Doubs 500kV | b0217 | $ 334,766.00 | 1.89% | 4.50% | 7.61% | 0.31% | $6,327 | $15,064 | $25,476 | $1,038 | $47,905 |
| Loudoun 150 MVA capacitor @ 500 kV | b0222 | $ 278,313.00 | 1.89% | 4.50% | 7.61% | 0.31% | $5,260 | $12,524 | $21,180 | $863 | $39,827 |
| 500 kV breakers and bus work at Suffolk | b0231 | $ 686,436.00 | 1.89% | 4.50% | 7.61% | 0.31% | $12,974 | $30,890 | $52,238 | $2,128 | $98,229 |
| Meadowbrook-Loudon 500kV circuit | b0328.1 | $ 12,914,804.00 | 1.89% | 4.50% | 7.61% | 0.31% | $244,090 | $581,166 | $982,817 | $40,036 | $1,848,108 |
| Mt Storm - Replace MOD with breaker on 500kV side of Txfmr | b0837 | $ 104,963.00 | 1.89% | 4.50% | 7.61% | 0.31% | $1,984 | $4,723 | $7,988 | $325 | $15,020 |
| **Totals** | | **$ 14,319,282.00** | | | | | **$270,634** | **$644,368** | **$1,089,697** | **$44,390** | **$2,049,089** |
| Notes on calculations >>> | | | | | | | = (a) * (b) | = (a) * (c) | = (a) * (d) | = (a) * (e) | = (f) + (g) + (h) + (i) |

| | (k) | (l) | (m) | (n) |
|---|---|---|---|---|
| **Zonal Cost Allocation for New Jersey Zones** | **Average Monthly Impact on Zone Customers in 2010** | **2009 TX Peak Load** *per PJM website* | **Rate in $/MW-mo.[2]** | **2010 Impact (12 months)** |
| PSE&G | $ 90,808.11 | 9,686.7 | $ 9.37 | $ 1,089,697 |
| JCP&L | $ 53,697.31 | 5,738.4 | $ 9.36 | $ 644,368 |
| ACE | $ 22,552.87 | 2,706.6 | $ 8.33 | $ 270,634 |
| RE | $ 3,699.15 | 371.1 | $ 9.97 | $ 44,390 |
| **Total Impact on NJ Zones** | **$ 170,757.44** | | | **$ 2,049,089** |
| Notes on calculations >>> | | | = (k) / (l) | = (k) *12 |

**Notes:**
1) Percentage for regional projects (7.61%) will change on January 1, 2010
2) Uncompressed rate - assumes implementation on January 1, 2010

# Attachment 4 – Cost Allocations

Attachment 4a - Responsible Customer Shares for PSE&G Schedule 12 Projects
Source - PJM OATT - Sheet Nos. 270 E-10 through 270E16

Attachment 4b - Responsible Customer Shares for VEPCO Schedule 12 Projects
Source - PJM OATT - Sheet Nos. 270 F.03 through 270 F.08

Attachment 4c - Responsible Customer Shares for PATH Schedule 12 Projects
Source - PJM OATT - Sheet Nos.

# Attachment 4a - Responsible Customer Shares for PSE&G Schedule 12 Projects
Source - PJM OATT - Sheet Nos. 270 E-10 through 270E16

## (12) Public Service Electric and Gas Company

| Required Transmission Enhancements | | Annual Revenue Requirement | Responsible Customer(s) |
|---|---|---|---|
| b0025 | Convert the Bergen-Leonia 138 Kv circuit to 230 kV circuit. | | PSEG (100%) |
| b0090 | Add 150 MVAR capacitor at Camden 230 kV | | PSEG (100%) |
| b0121 | Add 150 MVAR capacitor at Aldene 230 kV | | PSEG (100%) |
| b0122 | Bypass the Essex 138 kV series reactors | | PSEG (100%) |
| b0125 | Add Special Protection Scheme at Bridgewater to automatically open 230 kV breaker for outage of Branchburg – Deans 500 kV and Deans 500/230 kV #1 transformer PSEG | | (100%) |
| b0126 | Replace wavetrap on Branchburg – Flagtown 230 kV | | PSEG (100%) |
| b0127 | Replace terminal equipment to increase Brunswick – Adams – Bennetts Lane 230 kV to conductor rating | | PSEG (100%) |
| b0129 | Replace wavetrap on Flagtown – Somerville 230 kV | | PSEG (100%) |
| b0130 | Replace all derated Branchburg 500/230 kV transformers | | AEC (1.36%) / JCPL (47.75%) / PSEG (50.89%) |
| b0134 | Upgrade or Retension PSEG portion of Kittatinny – Newton 230 kVcircuit | | JCPL (51.11%) / PSEG (45.96%) / RE (2.93%) |

The Annual Revenue Requirement for all Public Service Electric and Gas Company Projects (Required Transmission Enhancements) in this Section 12 shall be as specified in Attachment 7 of Attachment H-10A and under the procedures detailed in Attachment H-10B.

Issued By: Craig Glazer Effective: February 16, 2009
Vice President, Federal Government Policy
Issued On: December 17, 2008

**Public Service Electric and Gas Company (cont.)**

| Required Transmission Enhancements | | Annual Revenue Requirement | Responsible Customer(s) |
|---|---|---|---|
| b0145 | Build new Essex – Aldene 230 kV cable connected through a phase angle regulator at Essex | | PSEG (21.78%) / JCPL (73.45%) /RE (4.77%) |
| b0157 | Add 100MVAR capacitor at West Orange 138kV substation | | PSEG (100%) |
| b0158 | Close the Sunnymeade " C" and "F" bus tie | | PSEG (100%) |
| b0159 | Make the Bayonne reactor permanent installation | | PSEG (100%) |
| b0160 | Relocate the X-2250 circuit from Hudson 1-6 bus to Hudson 7-12 bus | | PSEG (100%) |
| b0161 | Install 230/138kV transformer at Metuchen substation | | PSEG (99.80%) / RE (0.20%) |
| b0162 | Upgrade the Edison – Meadow Rd 138kV “Q” circuit | | PSEG (100%) |
| b0163 | Upgrade the Edison – Meadow Rd 138kV “R” circuit | | PSEG (100%) |
| b0169 | Build a new 230 kV section from Branchburg – Flagtown and move the Flagtown – Somerville 230 kV circuit to the new section | | AEC (1.72%) / JCPL (25.93%) / Neptune* (10.63%) / PSEG (59.59%) / ECP** (2.13%) |
| b0170 | Reconductor the Flagtown-Somerville-Bridgewater 230 kV circuit with 1590 ACSS | | JCLP (42.95%) / Neptune* (17.90%) / PSEG (38.36%) RE (0.79%) |

* Neptune Regional Transmission System, LLC
** East Coast Power, L.L.C.

**Public Service Electric and Gas Company (cont.)**

| Required Transmission Enhancements | | Annual Revenue Requirement | Responsible Customer(s) |
|---|---|---|---|
| b0172.2 | Replace wave trap at Branchburg 500kV substation | | AEC (1.89%) / AEP (17.30%) / APS (6.02%) / BGE (4.95%) / ComEd (14.97%) / Dayton (2.50%) / DL (2.02%) / DPL (2.85%) / Dominion (13.61%) / JCPL (4.50%) / ME (2.18%) / NEPTUNE* (0.49%) / PECO (6.31%) / PENELEC (2.06%) / PEPCO (4.82%) / PPL (5.37%) / PSEG (7.61%) / RE (0.31%) / ECP** (0.24%) |
| b0184 | Replace Hudson 230kV circuit breakers #1-2 | | PSEG (100%) |
| b0185 | Replace Deans 230kV circuit breakers #9-10 | | PSEG (100%) |
| b0186 | Replace Essex 230kV circuit breaker #5-6 | | PSEG (100%) |

* Neptune Regional Transmission System, LLC
** East Coast Power, L.L.C.

Issued By: Craig Glazer Effective: January 1, 2009
Vice President, Federal Government Policy
Issued On: December 30, 2008

**Public Service Electric and Gas Company (cont.)**

| Required Transmission Enhancements | | Annual Revenue Requirement | Responsible Customer(s) |
|---|---|---|---|
| b0201 | Branchburg substation: replace wave trap on Branchburg – Readington 230 kV circuit | | PSEG (100%) |
| b0213.1 | Replace New Freedom 230 kV breaker BS2-6 | | PSEG (100%) |
| b0213.3 | Replace New Freedom 230 kV breaker BS2-8 | | PSEG (100%) |
| b0274 | Replace both 230/138 kV transformers at Roseland | | PSEG (96.77%) / ECP** (3.23%) |
| b0275 | Upgrade the two 138 kV circuits between Roseland and West Orange | | PSEG (100%) |
| b0278 | Install 228 MVAR capacitor at Roseland 230 kV substation | | PSEG (100%) |
| b0290 | Install 400 MVAR capacitor in the Branchburg 500 kV vicinity | | AEC (1.89%) / AEP (17.30%) / APS (6.02%) / BGE (4.95%) / ComEd (14.97%) / Dayton (2.50%) / DL (2.02%) / DPL (2.85%) / Dominion (13.61%) / JCPL (4.50%) / ME (2.18%) / NEPTUNE* (0.49%) / PECO (6.31%) / PENELEC (2.06%) / PEPCO (4.82%) / PPL (5.37%) / PSEG (7.61%) / RE (0.31%) / ECP** (0.24%) |
| b0358 | Reconductor the PSEG portion of Buckingham – Pleasant Valley 230 kV, replace wave trap and metering transformer | | PSEG (100%) |

* Neptune Regional Transmission System, LLC
** East Coast Power, L.L.C.

**Public Service Electric and Gas Company (cont.)**

| Required Transmission Enhancements | | Annual Revenue Requirement | Responsible Customer(s) |
|---|---|---|---|
| b0368 | Reconductor Tosco – G22_MTX 230 kV circuit with 1033 bundled ACSS | | PSEG (100%) |
| b0371 | Make the Metuchen 138 kV bus solid and upgrade 6 breakers at the Metuchen substation | | PSEG (100%) |
| b0372 | Make the Athenia 138 kV bus solid and upgrade 2 breakers at the Athenia substation | | PSEG (100%) |
| b0395 | Replace Hudson 230 kV breaker BS4-5 | | PSEG (100%) |
| b0396 | Replace Hudson 230 kV breaker BS1-6 | | PSEG (100%) |
| b0397 | Replace Hudson 230 kV breaker BS3-4 | | PSEG (100%) |
| b0398 | Replace Hudson 230 kV breaker BS5-6 | | PSEG (100%) |
| b0401.1 | Replace Roseland 230 kV breaker BS6-7 | | PSEG (100%) |
| b0401.2 | Replace Roseland 138 kV breaker O-1315 | | PSEG (100%) |
| b0401.3 | Replace Roseland 138 kV breaker S-1319 | | PSEG (100%) |
| b0401.4 | Replace Roseland 138 kV breaker T-1320 | | PSEG (100%) |
| b0401.5 | Replace Roseland 138 kV breaker G-1307 | | PSEG (100%) |
| b0401.6 | Replace Roseland 138 kV breaker P-1316 | | PSEG (100%) |
| b0401.7 | Replace Roseland 138 kV breaker 220-4 | | PSEG (100%) |

**Public Service Electric and Gas Company (cont.)**

| Required Transmission Enhancements | | Annual Revenue Requirement | Responsible Customer(s) |
|---|---|---|---|
| b0401.8 | Replace W. Orange 138 kV breaker 132-4 | | PSEG (100%) |
| b0411 | Install 4th 500/ 230 kV transformer at New Freedom | | AEC (47.01%) / JCPL (7.04%) / Neptune* (0.28%) / PECO (23.36%) / PSEG (22.31%) |
| b0423 | Reconductor Readington (2555) – Branchburg (4962) 230 kV circuit w/1590 ACSS | | PSEG (100%) |
| b0424 | Replace Readington wavetrap on Readington (2555) – Roseland (5017) 230 kV circuit | | PSEG (100%) |
| b0425 | Reconductor Linden (4996) – Tosco (5190) 230 kV circuit w/1590 ACSS (Assumes operating at 220 degrees C) | | PSEG (100%) |
| b0426 | Reconductor Tosco (5190) – G22_MTX5 (90220) 230 kV circuit w/1590 ACSS (Assumes operation at 220 degrees C) | | PSEG (100%) |
| b0427 | Reconductor Athenia (4954) – Saddle Brook ( 5020) 230 kV circuit river section | | PSEG (100%) |
| b0428 | Replace Roseland wavetrap on Roseland (5019) – West Caldwell "G" (5089) 138 kV circuit | | PSEG (100%) |
| b0429 | Reconductor Kittatinny (2553) – Newton (2535) 230 kV circuit w/1590 ACSS | | JCPL (41.91%) / Neptune* (3.59%) / PSEG (50.59%) / RE (2.23%) / ECP** (1.68%) |
| b0439 | Spare Deans 500/230 kV transformer | | PSEG (100%) |
| b0446.1 | Upgrade Bayway 138 kV breaker #2-3 | | PSEG (100%) |
| b0446.2 | Upgrade Bayway 138 kV breaker #3-4 | | PSEG (100%) |

**Public Service Electric and Gas Company (cont.)**

| Required Transmission Enhancements | | Annual Revenue Requirement | Responsible Customer(s) |
|---|---|---|---|
| b0446.3 | Upgrade Bay way 138 kV breaker #6-7 | | PSEG (100%) |
| b0446.4 | Upgrade the breaker associated with TX 132-5 on Linden 138 kV | | PSEG (100%) |
| b0470 | Install 138 kV breaker at Roseland and close the Roseland 138 kV buses | | PSEG (100%) |
| b0471 | Replace the wave traps at both Lawrence and Pleasant Valley on the Lawrence – Pleasant Vallen 230 kV circuit | | PSEG (100%) |

## Public Service Electric and Gas Company (cont.)

| Required Transmission Enhancements | | Annual Revenue Requirement | Responsible Customer(s) |
|---|---|---|---|
| b0472 | Increase the emergency rating of Saddle Brook – Athenia 230 kV by 25% by adding forced cooling | | ECP (1.04%) / PSEG (95.40%) / RE (3.56%) |
| b0473 | Move the 150 MVAR mobile capacitor from Aldene 230 kV to Lawrence 230 kV substation | | PSEG (100%) |
| b0489 | Build new 500 kV transmission facilities from Pennsylvania – New Jersey border at Bushkill to Roseland | | AEC (*1.89%*) / AEP (*17.30%*) / APS (*6.02%*) / BGE (*4.95%*) / ComEd (*14.97%*) / Dayton (*2.50%*) / DL (*2.02%*) / DPL (*2.85%*) / Dominion (*13.61%*) / JCPL (*4.50%*) / ME (*2.18%*) / NEPTUNE* (*0.49%*) / PECO (*6.31%*) / PENELEC (*2.06%*) / PEPCO (*4.82%*) / PPL (*5.37%*) / PSEG (*7.61%*) / RE (*0.31%*) / ECP** (*0.24%*)† |
| b489.1 | Replace Athenia 230 kV breaker 31H | | PSEG (100%) |
| b489.2 | Replace Bergen 230 kV breaker 10H | | PSEG (100%) |
| b489.3 | Replace Saddlebrook 230 kV breaker 21P | | PSEG (100%) |
| b0489.4 | Install two Roseland 500/230 kV transformers as part of the Susquehanna – Roseland 500 kV project | | AEC (5.23%) / ComEd (0.29%) / Dayton (0.03%) / DPL (1.81%) / JCPL (34.10%) / Neptune* (3.37%) / PECO (10.32%) / PENELEC (0.57%) / ECP** (0.49%) / PSEG (42.21%) / RE (1.58%) †† |

* Neptune Regional Transmission System, LLC
** East Coast Power, L.L.C.
†Cost allocations associated with Regional Facilities and Necessary Lower Voltage Facilities associated with the project
††Cost allocations associated with below 500 kV elements of the project

**Public Service Electric and Gas Company (cont.)**

| | | | |
|---|---|---|---|
| b0498 | Loop the 5021 circuit into New Freedom 500 kV substation | | AEC (*1.89%*) / AEP (*17.30%*) / APS (*6.02%*) / BGE (*4.95%*) / ComEd (*14.97%*) / Dayton (*2.50%*) / DL (*2.02%*) / DPL (*2.85%*) / Dominion (*13.61%*) / JCPL (*4.50%*) / ME (*2.18%*) / NEPTUNE* (*0.49%*) / PECO (*6.31%*) / PENELEC (*2.06%*) / PEPCO (*4.82%*) / PPL (*5.37%*) / PSEG (*7.61%*) / RE (*0.31%*) / ECP** (*0.24%*) |
| b0498.1 | Upgrade the 20H circuit breaker | | PSEG (100%) |
| b0498.2 | Upgrade the 22H circuit breaker | | PSEG (100%) |
| b0498.3 | Upgrade the 30H circuit breaker | | PSEG (100%) |
| b0498.4 | Upgrade the 32H circuit breaker | | PSEG (100%) |
| b0498.5 | Upgrade the 40H circuit breaker | | PSEG (100%) |
| b0498.6 | Upgrade the 42H circuit breaker | | PSEG (100%) |

*Neptune Regional Transmission System, LLC
**East Coast Power, L.L.C.

## Public Service Electric and Gas Company (cont.)

| Required Transmission Enhancements | | Annual Revenue Requirement | Responsible Customer(s) |
|---|---|---|---|
| b0512 | MAPP Project – install new 500 kV transmission from Possum point to Calvert Cliffs to Salem | | AEC (*1.89*%) / AEP (*17.30*%) / APS (*6.02*%) / BGE (*4.95*%) / ComEd (*14.97*%) / Dayton (*2.50*%) / DL (*2.02*%) / DPL (*2.85*%) / Dominion (*13.61*%) / JCPL (*4.50*%) / ME (*2.18*%) / NEPTUNE* (*0.49*%) / PECO (*6.31*%) / PENELEC (*2.06*%) / PEPCO (*4.82*%) / PPL (*5.37*%) / PSEG (*7.61*%) / RE (*0.31*%) / ECP** (*0.24*%) |
| b0565 | Install 100 MVAR capacitor at Cox's Corner 230 kV substation | | PSEG (100%) |
| b0578 | Replace Essex 138 kV breaker 4LM (C1355 line to ECRRF) PSEG | | (100%) |
| b0579 | Replace Essex 138 kV breaker 1LM (220-1 TX) | | PSEG (100%) |
| b0580 | Replace Essex 138 kV breaker 1BM (BS1-3 tie) | | PSEG (100%) |
| b0581 | Replace Essex 138 kV breaker 2BM (BS3-4 tie) | | PSEG (100%) |
| b0582 | Replace Linden 138 kV breaker 3 (132-7 TX) | | PSEG (100%) |
| b0592 | Replace Metuchen 138 kV breaker '2-2 Transfer' | | PSEG (100%) |
| b0664 | Reconductor with 2x1033 ACSS conductor | | JCPL (40.12%) / NEPTUNE* (10.37%) / PSEG (47.73%) / RE (1.78%) |

*Neptune Regional Transmission System, LLC
**East Coast Power, L.L.C.

**Public Service Electric and Gas Company (cont.)**

| | | | |
|---|---|---|---|
| b0665 | Reconductor with 2x1033 ACSS conductor | | JCPL (40.12%) / NEPTUNE* (10.37%) / PSEG (47.73%) / RE (1.78%) |
| b0668 | Reconductor with 2x1033 ACSS conductor | | JCPL (43.88%) / NEPTUNE* (11.35%) / PSEG (43.16%) / RE (1.61%) |
| b0671 | Replace terminal equipment at both ends of line | | PSEG (100%) |
| b0743 | Add a bus tie breaker at Roseland 138 kV | | PSEG (100%) |
| b0812 | Increase operating temperature on line for one year to get 925E MVA rating | | PSEG (100%) |
| b0813 | Reconductor Hudson – South Waterfront 230 kV circuit | | BGE (1.25%) / JCPL (9.96%) / NEPTUNE* (0.44%) / PEPCO (1.12%) / PSEG (84.09%) / RE (3.14%) |
| b0814 | New Essex – Kearney 138 kV circuit and Kearney 138 kV bus tie | | JCPL (23.69%) / NEPTUNE* (0.81%) / PENELEC (5.41%) / PSEG (67.57%) / RE (2.52%) |
| b0829 | Build Branchburg to Roseland 500 kV circuit as part of Branchburg – Hudson 500 kV project | | AEC (1.89%) / AEP (17.30%) / APS (6.02%) / BGE (4.95%) / ComEd (14.97%) / Dayton (2.50%) / DL (2.02%) / DPL (2.85%) / Dominion (13.61%) / JCPL (4.50%) / ME (2.18%) / NEPTUNE* (0.49%) / PECO (6.31%) / PENELEC (2.06%) / PEPCO (4.82%) / PPL (5.37%) / PSEG (7.61%) / RE (0.31%) / ECP** (0.24%) |

*Neptune Regional Transmission System, LLC
**East Coast Power, L.L.C.

**Public Service Electric and Gas Company (cont.)**

| | | | |
|---|---|---|---|
| b0830 | Build Roseland - Hudson 500 kV circuit as part of Branchburg – Hudson 500 kV project | | AEC (1.89%) / AEP (17.30%) / APS (6.02%) / BGE (4.95%) / ComEd (14.97%) / Dayton (2.50%) / DL (2.02%) / DPL (2.85%) / Dominion (13.61%) / JCPL (4.50%) / ME (2.18%) / NEPTUNE* (0.49%) / PECO (6.31%) / PENELEC (2.06%) / PEPCO (4.82%) / PPL (5.37%) / PSEG (7.61%) / RE (0.31%) / ECP** (0.24%) |
| b0831 | Replace 138/13 kV transformers with 230/13 kV units as part of Branchburg – Hudson 500 kV project | | ComEd (2.54%) / Dayton (0.09%) / PENELEC (2.78%) / ECP** (1.24%) / PSEG (89.84%) / RE (3.51%) |
| b0832 | Build Hudson 500 kV switching station as part of Branchburg – Hudson 500 kV project | | AEC (1.89%) / AEP (17.30%) / APS (6.02%) / BGE (4.95%) / ComEd (14.97%) / Dayton (2.50%) / DL (2.02%) / DPL (2.85%) / Dominion (13.61%) / JCPL (4.50%) / ME (2.18%) / NEPTUNE* (0.49%) / PECO (6.31%) / PENELEC (2.06%) / PEPCO (4.82%) / PPL (5.37%) / PSEG (7.61%) / RE (0.31%) / ECP** (0.24%) |
| b0833 | Build Roseland 500 kV switching station as part of Branchburg – Hudson 500 kV project | | AEC (1.89%) / AEP (17.30%) / APS (6.02%) / BGE (4.95%) / ComEd (14.97%) / Dayton (2.50%) / DL (2.02%) / DPL (2.85%) / Dominion (13.61%) / JCPL (4.50%) / ME (2.18%) / NEPTUNE* (0.49%) / PECO (6.31%) / PENELEC (2.06%) / PEPCO (4.82%) / PPL (5.37%) / PSEG (7.61%) / RE (0.31%) / ECP** (0.24%) |

*Neptune Regional Transmission System, LLC
**East Coast Power, L.L.C.

## Public Service Electric and Gas Company (cont.)

| | | | |
|---|---|---|---|
| b0834 | Convert the E-1305/F-1306 to one 230 kV circuit as part of Branchburg – Hudson 500 kV project | | ComEd (2.54%) / Dayton (0.09%) / PENELEC (2.78%) / ECP** (1.24%) / PSEG (89.84%) / RE (3.51%) |
| b0835 | Build Hudson 230 kV transmission lines as part of Roseland – Hudson 500 kV project as part of Branchburg – Hudson 500 kV project | | ComEd (2.54%) / Dayton (0.09%) / PENELEC (2.78%) / ECP** (1.24%) / PSEG (89.84%) / RE (3.51%) |
| b0836 | Install transformation at new Hudson 500 kV switching station and perform Hudson 230 kV and 345 kV station work as part of Branchburg – Hudson 500 kV project | | ComEd (2.54%) / Dayton (0.09%) / PENELEC (2.78%) / ECP** (1.24%) / PSEG (89.84%) / RE (3.51%) |

**East Coast Power, L.L.C.

## (13) Rockland Electric Company

| Required Transmission Enhancements | | Annual Revenue Requirement | Responsible Customer(s) |
|---|---|---|---|
| b0314 | Install 35 MVAR capacitor at Closter 69 kV substation | | RE (100%) |

## (14) UGI Utilities, Inc.

Required Transmission Enhancements Annual Revenue Requirement Responsible Customer(s)

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# Attachment 4b - Responsible Customer Shares for VEPCO Schedule 12 Projects
## Source - PJM OATT - Sheet Nos. 270 F.03 through 270 F.08

## (19) [Reserved for Future Use]

## (20) Virginia Electric and Power Company

| Required Transmission Enhancements | | Annual Revenue Requirement*** | Responsible Customer(s) |
|---|---|---|---|
| b0217 | Upgrade Mt. Storm - Doubs 500kV | | AEC (1.89%) / AEP (17.30%) / APS (6.02%) / BGE (4.95%) / ComEd (14.97%) / Dayton (2.50%) / DL (2.02%) / DPL (2.85%) / Dominion (13.61%) / JCPL (4.50%) / ME (2.18%) / NEPTUNE* (0.49%) / PECO (6.31%) / PENELEC (2.06%) / PEPCO (4.82%) / PPL (5.37%) / PSEG (7.61%) / RE (0.31%) / ECP** (0.24%) |
| b0222 | Install 150 MVAR capacitor at Loudoun 500 kV | | AEC (1.89%) / AEP (17.30%) / APS (6.02%) / BGE (4.95%) / ComEd (14.97%) / Dayton (2.50%) / DL (2.02%) / DPL (2.85%) / Dominion (13.61%) / JCPL (4.50%) / ME (2.18%) / NEPTUNE* (0.49%) / PECO (6.31%) / PENELEC (2.06%) / PEPCO (4.82%) / PPL (5.37%) / PSEG (7.61%) / RE (0.31%) / ECP** (0.24%) |

* Neptune Regional Transmission System, LLC
** East Coast Power, L.L.C.
*** The Annual Revenue Requirement for all Virginia Electric and Power Company projects in this Section 20 shall be as specified in Attachment 7 to Appendix A of Attachment H-16A and under the procedures detailed in Attachment H-16B.

**Virginia Electric and Power Company (cont.)**

| Required Transmission Enhancements | | Annual Revenue Requirement | Responsible Customer(s) |
|---|---|---|---|
| b0223 | Install 150 MVAR capacitor at Asburn 230 kV | | Dominion (100%) |
| b0224 | Install 150 MVAR capacitor at Dranesville 230 kV | | Dominion (100%) |
| b0225 | Install 33 MVAR capacitor at Possum Pt. 115 kV | | Dominion (100%) |

**Virginia Electric and Power Company (cont.)**

| Required Transmission Enhancements | | Annual Revenue Requirement | Responsible Customer(s) |
|---|---|---|---|
| b0226 | Install 500/230 kV transformer at Clifton and Clifton 500 kV 150 MVAR capacitor | As specified in Attachment 7 to Appendix A of Attachment H-16A and under the procedures detailed in Attachment H-16B | APS (3.69%) / BGE (3.54%) / Dominion (85.73%) / PEPCO (7.04%) |
| b0227 | Install 500/230 kV transformer at Bristers; build new 230 kV Bristers-Gainsville circuit, upgrade two Loudoun-Brambleton circuits | | AEC (0.71%) / APS (3.35%) / BGE (10.93%) / DPL (1.66%) / Dominion (67.38%) / ME (0.89%) / PECO (2.33%) / PEPCO (12.21%) / PPL (0.54%) |
| b0227.1 | Loudoun Sub – upgrade 6-230 kV breakers | | Dominion (100%) |

## Virginia Electric and Power Company (cont.)

| Required Transmission Enhancements | | Annual Revenue Requirement | Responsible Customer(s) |
|---|---|---|---|
| b0231 | Install 500 kV breakers & 500 kV bus work at Suffolk | | AEC (1.89%) / AEP (17.30%) / APS (6.02%) / BGE (4.95%) / ComEd (14.97%) / Dayton (2.50%) / DL (2.02%) / DPL (2.85%) / Dominion (13.61%) / JCPL (4.50%) / ME (2.18%) / NEPTUNE* (0.49%) / PECO (6.31%) / PENELEC (2.06%) / PEPCO (4.82%) / PPL (5.37%) / PSEG (7.61%) / RE (0.31%) / ECP** (0.24%) |
| b0231.2 | Install 500/230 kV Transformer, 230 kV breakers, & 230 kV bus work at Suffolk | | Dominion (100%) |
| b0232 | Install 150 MVAR capacitor at Lynnhaven 230 kV | | Dominion (100%) |
| b0233 | Install 150 MVAR capacitor at Landstown 230 kV | | Dominion (100%) |
| b0234 | Install 150 MVAR capacitor at Greenwich 230 kV | | Dominion (100%) |
| b0235 | Install 150 MVAR capacitor at Fentress 230 kV | | Dominion (100%) |

* Neptune Regional Transmission System, LLC
** East Coast Power, L.L.C.

**Virginia Electric and Power Company (cont.)**

| Required Transmission Enhancements | | Annual Revenue Requirement | Responsible Customer(s) |
|---|---|---|---|
| b0307 | Reconductor Endless Caverns – Mt. Jackson 115 kV | | Dominion (100%) |
| b0308 | Replace L breaker and switches at Endless Caverns 115 kV | | Dominion (100%) |
| b0309 | Install SPS at Earleys 115 kV | | Dominion (100%) |
| b0310 | Reconductor Club House – South Hill and Chase City – South Hill 115 kV | | Dominion (100%) |
| b0311 | Reconductor Idylwood to Arlington 230 kV | | Dominion (100%) |
| b0312 | Reconductor Gallows to Ox 230 kV | | Dominion (100%) |

**Virginia Electric and Power Company (cont.)**

| Required Transmission Enhancements | | Annual Revenue Requirement | Responsible Customer(s) |
|---|---|---|---|
| b0325 | Install a 2nd Everetts 230/115 kV transformer | | Dominion (100%) |
| b0326 | Uprate/resag Remington-Brandywine-Culppr 115 kV | | Dominion (100%) |
| b0327 | Build 2nd Harrisonburg – Valley 230 kV | | APS (19.79%) / Dominion (76.18%) / PEPCO (4.03%) |
| b0328.1 | Build new Meadow Brook – Loudoun 500 kV circuit (30 of 50 miles) | | AEC (1.89%) / AEP (17.30%) / APS (6.02%) / BGE (4.95%) / ComEd (14.97%) / Dayton (2.50%) / DL (2.02%) / DPL (2.85%) / Dominion (13.61%) / JCPL (4.50%) / ME (2.18%) / NEPTUNE* (0.49%) / PECO (6.31%) / PENELEC (2.06%) / PEPCO (4.82%) / PPL (5.37%) / PSEG (7.61%) / RE (0.31%) / ECP** (0.24%) |

* Neptune Regional Transmission System, LLC
** East Coast Power, L.L.C.

**Virginia Electric and Power Company (cont.)**

| Required Transmission Enhancements | | Annual Revenue Requirement | Responsible Customer(s) |
|---|---|---|---|
| b0328.3 | Upgrade Mt. Storm 500 kV substation | | AEC (1.89%) / AEP (17.30%) / APS (6.02%) / BGE (4.95%) / ComEd (14.97%) / Dayton (2.50%) / DL (2.02%) / DPL (2.85%) / Dominion (13.61%) / JCPL (4.50%) / ME (2.18%) / NEPTUNE* (0.49%) / PECO (6.31%) / PENELEC (2.06%) / PEPCO (4.82%) / PPL (5.37%) / PSEG (7.61%) / RE (0.31%) / ECP** (0.24%) |
| b0328.4 | Upgrade Loudoun 500 kV substation | | AEC (1.89%) / AEP (17.30%) / APS (6.02%) / BGE (4.95%) / ComEd (14.97%) / Dayton (2.50%) / DL (2.02%) / DPL (2.85%) / Dominion (13.61%) / JCPL (4.50%) / ME (2.18%) / NEPTUNE* (0.49%) / PECO (6.31%) / PENELEC (2.06%) / PEPCO (4.82%) / PPL (5.37%) / PSEG (7.61%) / RE (0.31%) / ECP** (0.24%) |

* Neptune Regional Transmission System, LLC
** East Coast Power, L.L.C.

**Virginia Electric and Power Company (cont.)**

| Required Transmission Enhancements | | Annual Revenue Requirement | Responsible Customer(s) |
|---|---|---|---|
| b0329 | Build Carson – Suffolk 500 kV, install 2nd Suffolk 500/230 kV transformer & build Suffolk – Fentress 230 kV circuit | | AEC (1.89%) / AEP (17.30%) / APS (6.02%) / BGE (4.95%) / ComEd (14.97%) / Dayton (2.50%) / DL (2.02%) / DPL (2.85%) / Dominion (13.61%) / JCPL (4.50%) / ME (2.18%) / NEPTUNE* (0.49%) / PECO (6.31%) / PENELEC (2.06%) / PEPCO (4.82%) / PPL (5.37%) / PSEG (7.61%) / RE (0.31%) / ECP** (0.24%)† |
| b0329 | Build Carson – Suffolk 500 kV, install 2nd Suffolk 500/230 kV transformer & build Suffolk – Fentress 230 kV circuit | | Dominion (100%)†† |
| b0330 | Install Crewe 115 kV breaker and shift load from line 158 to 98 | | Dominion (100%) |
| b0331 | Upgrade/resag Shell Bank – Whealton 115 kV (Line 165) | | Dominion (100%) |

* Neptune Regional Transmission System, LLC

** East Coast Power, L.L.C.

†Cost allocations associated with Regional Facilities and Necessary Lower Voltage Facilities associated with the project

††Cost allocations associated with below 500 kV elements of the project

# Attachment 4c - Responsible Customer Shares for PATH Schedule 12 Projects
## Source - PJM OATT - Sheet Nos. 270F.02-270F.02a

## (16) The Dayton Power and Light Company

| Required Transmission Enhancements | Annual Revenue Requirement | Responsible Customer(s) |
|---|---|---|

## (17) AEP East Operating Companies (Appalachian Power Company, Columbus Southern Power Company, Indiana Michigan Power Company, Kentucky Power Company, Kingsport Power Company, Ohio Power Company and Wheeling Power Company)

| Required Transmission Enhancements | | Annual Revenue Requirement | Responsible Customer(s) |
|---|---|---|---|
| b0318 | Install a 765/138 kV transformer at Amos | | AEP (99.00%) / PEPCO (1.00%) |
| b0324 | Replace entrance conductors, wave traps, and risers at the Tidd 345 kV station on the Tidd – Canton Central 345 kV circuit | | AEP (100%) |
| b0447 | Replace Cook 345 kV breaker M2 | | AEP (100%) |
| b0448 | Replace Cook 345 kV breaker N2 | | AEP (100%) |
| b0490 | Construct an Amos – Bedington 765 kV circuit (AEP equipment) | As specified under the procedures detailed in Attachment H-19B | AEC (1.89%) / AEP (17.30%) / APS (6.02%) / BGE (4.95%) / ComEd (14.97%) / Dayton (2.50%) / DL (2.02%) / DPL (2.85%) / Dominion (13.61%) / JCPL (4.50%) / ME (2.18%) / NEPTUNE* (0.49%) / PECO (6.31%) / PENELEC (2.06%) / PEPCO (4.82%) / PPL (5.37%) / PSEG (7.61%) / RE (0.31%) / ECP** (0.24%) |

* Neptune Regional Transmission System, LLC
** East Coast Power, L.L.C.

Issued By: Craig Glazer Effective: January 1, 2009
Vice President, Federal Government Policy
Issued On: March 2, 2009
Filed to comply with order of the Federal Energy Regulatory Commission, PJM Interconnection, L.L.C., 126 FERC ¶ 61,069 (2009).

## Monongahela Power Company, The Potomac Edison Company, and West Penn Power Company, all doing business as Allegheny Power (cont.)

| Required Transmission Enhancements | | Annual Revenue Requirement | Responsible Customer(s) |
|---|---|---|---|
| b0460 | Raise limiting structures on Albright – Bethelboro 138 kV to raise the rating to 175 MVA normal 214 MVA emergency | | APS (100%) |
| b0491 | Construct an Amos – Bedington 765 kV circuit (APS equipment) | As specified under the procedures detailed in Attachment H-19B | AEC (1.89%) / AEP (17.30%) / APS (6.02%) / BGE (4.95%) / ComEd (14.97%) / Dayton (2.50%) / DL (2.02%) / DPL (2.85%) / Dominion (13.61%) / JCPL (4.50%) / ME (2.18%) / NEPTUNE* (0.49%) / PECO (6.31%) / PENELEC (2.06%) / PEPCO (4.82%) / PPL (5.37%) / PSEG (7.61%) / RE (0.31%) / ECP** (0.24%) |
| b0492 | Construct a Bedington – Kemptown 500 kV circuit | As specified under the procedures detailed in Attachment H-19B | AEC (1.89%) / AEP (17.30%) / APS (6.02%) / BGE (4.95%) / ComEd (14.97%) / Dayton (2.50%) / DL (2.02%) / DPL (2.85%) / Dominion (13.61%) / JCPL (4.50%) / ME (2.18%) / NEPTUNE* (0.49%) / PECO (6.31%) / PENELEC (2.06%) / PEPCO (4.82%) / PPL (5.37%) / PSEG (7.61%) / RE (0.31%) / ECP** (0.24%) |
| b0492.3 | Replace Eastalco 230 kV breaker D-26 | | APS (100%) |
| b0492.4 | Replace Eastalco 230 kV breaker D-28 | | APS (100%) |

*Neptune Regional Transmission System, LLC
**East Coast Power, L.L.C

**Monongahela Power Company, The Potomac Edison Company, and West Penn Power Company, all doing business as Allegheny Power (cont.)**

| | | | |
|---|---|---|---|
| b0492.5 | Replace Eastalco 230 kV breaker D-31 | | APS (100%) |
| b0495 | Replace existing Kammer 765/500 kV transformer with a new larger transformer | | AEC (1.89%) / AEP (17.30%) / APS (6.02%) / BGE (4.95%) / ComEd (14.97%) / Dayton (2.50%) / DL (2.02%) / DPL (2.85%) / Dominion (13.61%) / JCPL (4.50%) / ME (2.18%) / NEPTUNE* (0.49%) / PECO (6.31%) / PENELEC (2.06%) / PEPCO (4.82%) / PPL (5.37%) / PSEG (7.61%) / RE (0.31%) / ECP** (0.24%) |
| b0533 | Reconductor the Powell Mountain – Sutton 138 kV line | | APS (100%) |
| b0534 | Install a 28.61 MVAR capacitor on Sutton 138 kV | | APS (100%) |
| b0535 | Install a 44 MVAR capacitor on Dutch Fork 138 kV | | APS (100%) |
| b0536 | Replace Doubs circuit breaker DJ1 | | APS (100%) |
| b0537 | Replace Doubs circuit breaker DJ7 | | APS (100%) |
| b0538 | Replace Doubs circuit breaker DJ10 | | APS (100%) |

*Neptune Regional Transmission System, LLC
**East Coast Power, L.L.C.

# Attachment 5 – PATH Formula Update for January 1, 2010- December 31, 2010

# POTOMAC-APPALACHIAN TRANSMISSION HIGHLINE, LLC

## REVISED PROJECTED TRANSMISSION REVENUE REQUIREMENT FOR RATE YEAR 2010

For the 12 months ended 12/31/2010

## SUMMARY

| | | PATH West Virginia Transmission Company, LLC (PATH-WV) (1) | | PATH Allegheny Transmission Company, LLC (PATH-Allegheny) (2) | | Potomac-Appalachian Transmission Highline, LLC (3) = (1) + (2) |
|---|---|---|---|---|---|---|
| 1 | NET REVENUE REQUIREMENT | $12,480,138 | (A) | $10,572,847 | (B) | $23,052,986 |
| 2 | PJM Project No. | | | | | |
| 3 | b0490 & b0491 | $12,480,138 | (C) | | | $12,480,138 |
| 4 | b0492 & b0560 | | | $10,572,847 | (D) | $10,572,847 |
| 5 | | | | | | |
| 6 | Total (Sum lines 3 to 5) | $12,480,138 | | $10,572,847 | | $23,052,986 |

Sources:

| | |
|---|---|
| (A) | Rate Formula Template, page 2, line 5, col. (3) |
| (B) | Rate Formula Template, page 7, line 5, col. (3) |
| (C) | Rate Formula Template - Attachment 5, page 30 col., (6) |
| (D) | Rate Formula Template - Attachment 5, page 31 col., (5) |

Formula Rate - Non-Levelized

Attachment A
Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/2010

**PATH West Virginia Transmission Company, LLC**

| Line No. | | | (1) | | (2) | (3)<br>Allocated Amount |
|---|---|---|---|---|---|---|
| 1 | GROSS REVENUE REQUIREMENT | (line 86) | | | 12 months | $ 18,125,035 |
| | REVENUE CREDITS | | Total | Allocator | | |
| 2 | Total Revenue Credits | Attachment 1, line 12 | 0 | TP | 1.00000 | - |
| 3 | True-up Adjustment with Interest | Protocols | $ (5,644,896) | DA | 1.00000 | (5,644,896) |
| 4 | Accelerated True-up Adjustment with Interest | | 0 | DA | 1.00000 | - |
| 5 | NET REVENUE REQUIREMENT | (Lines 1 minus line 2 plus line 3 plus line 4) | | | | $ 12,480,138 |

Attachment A
Rate Formula Template
Utilizing FERC Form 1 Data

Formula Rate - Non-Levelized

For the 12 months ended 12/31/2010

**PATH West Virginia Transmission Company, LLC**

| Line No. | (1) | (2)<br>**Form No. 1 Page, Line, Col.** | (3)<br>**Company Total** | (4)<br>**Allocator** | | (5)<br>**Transmission** (Col 3 times Col 4) |
|---|---|---|---|---|---|---|
| | **RATE BASE:** | | | | | |
| | GROSS PLANT IN SERVICE | | | | | |
| 6 | Production | (Attachment 4) | - | NA | 0.00000 | - |
| 7 | Transmission | (Attachment 4) | - | TP | 1.00000 | - |
| 8 | Distribution | (Attachment 4) | - | NA | 0.00000 | - |
| 9 | General & Intangible | (Attachment 4) | - | W/S | 1.00000 | - |
| 10 | Common | (Attachment 4) | - | CE | 1.00000 | - |
| 11 | TOTAL GROSS PLANT (sum lines 6-10) | (GP=1 if plant =0) | - | GP= | 1.00000 | - |
| 12 | ACCUMULATED DEPRECIATION | | | | | |
| 13 | Production | (Attachment 4) | - | NA | 0.00000 | - |
| 14 | Transmission | (Attachment 4) | - | TP | 1.00000 | - |
| 15 | Distribution | (Attachment 4) | - | NA | 0.00000 | - |
| 16 | General & Intangible | (Attachment 4) | - | W/S | 1.00000 | - |
| 17 | Common | (Attachment 4) | - | CE | 1.00000 | - |
| 18 | TOTAL ACCUM. DEPRECIATION (sum lines 13-17) | | - | | | - |
| 19 | NET PLANT IN SERVICE | | | | | |
| 20 | Production | (line 6- line 13) | - | | | - |
| 21 | Transmission | (line 7- line 14) | - | | | - |
| 22 | Distribution | (line 8- line 15) | - | | | - |
| 23 | General & Intangible | (line 9- line 16) | - | | | - |
| 24 | Common | (line 10- line 17) | - | | | - |
| 25 | TOTAL NET PLANT (sum lines 20-24) | (NP=1 if plant =0) | - | NP= | 1.0000 | - |
| 26 | ADJUSTMENTS TO RATE BASE (Note A) | | | | | |
| 27 | Account No. 281 (enter negative) | (Attachment 4) | - | NA | 0.00000 | - |
| 28 | Account No. 282 (enter negative) | (Attachment 4) | (364) | NP | 1.00000 | (364) |
| 29 | Account No. 283 (enter negative) | (Attachment 4) | 890,828 | NP | 1.00000 | 890,828 |
| 30 | Account No. 190 | (Attachment 4) | 3,294,376 | NP | 1.00000 | 3,294,376 |
| 31 | Account No. 255 (enter negative) | (Attachment 4) | - | NP | 1.00000 | - |
| 32 | CWIP | (Attachment 4) | 68,885,839 | DA | 1.00000 | 68,885,839 |
| 33 | Unamortized Regulatory Asset | (Attachment 4) | 3,296,685 | DA | 1.00000 | 3,296,685 |
| 34 | Unamortized Abandoned Plant | (Attachment 4) | - | DA | 1.00000 | - |
| 35 | TOTAL ADJUSTMENTS (sum lines 27-34) | | 76,367,364 | | | 76,367,364 |
| 36 | LAND HELD FOR FUTURE USE | (Attachment 4) | - | TP | 1.00000 | - |
| 37 | WORKING CAPITAL (Note C) | | | | | |
| 38 | CWC | calculated | 785,212 | | | 785,212 |
| 39 | Materials & Supplies (Note B) | (Attachment 4) | - | TE | 1.00000 | - |
| 40 | Prepayments (Account 165 - Note C) | (Attachment 4) | 31,830 | GP | 1.00000 | 31,830 |
| 41 | TOTAL WORKING CAPITAL (sum lines 38-40) | | 817,042 | | | 817,042 |
| 42 | RATE BASE (sum lines 25, 35, 36, & 41) | | 77,184,406 | | | 77,184,406 |

Attachment A
Rate Formula Template
Utilizing FERC Form 1 Data

Formula Rate - Non-Levelized

For the 12 months ended 12/31/2010

**PATH West Virginia Transmission Company, LLC**

| | (1) | (2) | (3) | (4) | | (5) |
|---|---|---|---|---|---|---|
| | | **Form No. 1 Page, Line, Col.** | **Company Total** | **Allocator** | | **Transmission** (Col 3 times Col 4) |
| 43 | O&M | | | | | |
| 44 | Transmission | 321.112.b | 1,236,257 | TE | 1.00000 | 1,236,257 |
| 45 | Less Account 565 | 321.96.b | - | TE | 1.00000 | - |
| 46 | Less Account 566 (Misc Trans Expense) | Line 56 | 1,236,257 | DA | 1.00000 | 1,236,257 |
| 47 | A&G | 323.197.b | 5,040,341 | W/S | 1.00000 | 5,040,341 |
| 48 | Less EPRI & Reg. Comm. Exp. & Other Ac | (Note D & Attach 4) | - | DA | 1.00000 | - |
| 49 | Plus Transmission Related Reg. Comm. E: | (Note D & Attach 4) | - | TE | 1.00000 | - |
| 50 | PBOP Expense adjustment | (Attachment 4) | 5,097 | | | 5,097 |
| 51 | Common | (Attachment 4) | - | CE | 1.00000 | - |
| 52 | Transmission Lease Payments | 200.4.c | - | DA | 1.00000 | - |
| 53 | Account 566 | | | | | |
| 54 | Amortization of Regulatory Asset | Attachment 4 | 1,236,257 | DA | 1.00000 | 1,236,257 |
| 55 | Miscellaneous Transmission Expense | Attachment 4 | - | DA | 1.00000 | - |
| 56 | Total Account 566 | | 1,236,257 | | | 1,236,257 |
| 57 | TOTAL O&M (sum lines 44, 47, 49, 50, 51, 52, 56 less lines 45, 46 & 48 | | 6,281,695 | | | 6,281,695 |
| 58 | DEPRECIATION EXPENSE | | | | | |
| 59 | Transmission | 336.7.b & c | - | TP | 1.00000 | - |
| 60 | General and Intangible | 336.1.d&e + 336.10.b&c | - | W/S | 1.00000 | - |
| 61 | Common | 336.11.b&c | - | CE | 1.00000 | - |
| 62 | Amortization of Abandoned Plant | (Attachment 4) | - | DA | 1.00000 | - |
| 63 | TOTAL DEPRECIATION (Sum lines 59-62) | | - | | | - |
| 64 | TAXES OTHER THAN INCOME TAXES (Note E) | | | | | |
| 65 | LABOR RELATED | | | | | |
| 66 | Payroll | 263i | - | W/S | 1.00000 | - |
| 67 | Highway and vehicle | 263i | - | W/S | 1.00000 | - |
| 68 | PLANT RELATED | | | | | |
| 69 | Property | 263i | - | GP | 1.00000 | - |
| 70 | Gross Receipts | 263i | - | NA | 0.00000 | - |
| 71 | Other | 263i | - | GP | 1.00000 | - |
| 72 | Payments in lieu of taxes | | - | GP | 1.00000 | - |
| 73 | TOTAL OTHER TAXES (sum lines 66-72) | | - | | | - |
| 74 | INCOME TAXES | (Note F) | | | | |
| 75 | T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} = | | 40.53% | | | |
| 76 | CIT=(T/1-T) * (1-(WCLTD/R)) = | | 46.52% | | | |
| 77 | where WCLTD=(line 118) and R= (line 121) | | | | | |
| 78 | and FIT, SIT & p are as given in footnote F. | | | | | |
| 79 | 1 / (1 - T) = (T from line 75) | | 1.6814 | | | |
| 80 | Amortized Investment Tax Credit (266.8f) (enter negative) | | 0 | | | |
| 81 | Income Tax Calculation = line 76 * line 85 | | 3,760,315 | NA | | 3,760,315 |
| 82 | ITC adjustment (line 79 * line 80) | | 0 | NP | 1.00000 | - |
| 83 | Total Income Taxes | (line 81 plus line 82) | 3,760,315 | | | 3,760,315 |
| 84 | RETURN | | | | | |
| 85 | [ Rate Base (line 42) * Rate of Return (line 121)] | | 8,083,025 | NA | | 8,083,025 |
| 86 | REV. REQUIREMENT (sum lines 57, 63, 73, 83, 85) | | 18,125,035 | | | 18,125,035 |

Attachment A
Rate Formula Template
Utilizing FERC Form 1 Data

Formula Rate - Non-Levelized

For the 12 months ended 12/31/2010

**PATH West Virginia Transmission Company, LLC**
**SUPPORTING CALCULATIONS AND NOTES**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 87 | TRANSMISSION PLANT INCLUDED IN ISO RATES | | | | | | | | |
| 88 | Total transmission plant (line 7, column 3) | | | | | | 0 | | |
| 89 | Less transmission plant excluded from ISO rates (Note H) | | | | | | 0 | | |
| 90 | Less transmission plant included in OATT Ancillary Services (Note H) | | | | | | 0 | | |
| 91 | Transmission plant included in ISO rates (line 88 less lines 89 & 90) | | | | | | 0 | | |
| 92 | Percentage of transmission plant included in ISO Rates (line 91 divided by line 88) [If line 88 equal zero, enter 1) | | | | | TP= | 1.0000 | | |
| 93 | TRANSMISSION EXPENSES | | | | | | | | |
| 94 | | | | | | | | | |
| 95 | Total transmission expenses (line 44, column 3) | | | | | | 1,236,257 | | |
| 96 | Less transmission expenses included in OATT Ancillary Services (Note G) | | | | | | 0 | | |
| 97 | Included transmission expenses (line 95 less line 96) | | | | | | 1,236,257 | | |
| 98 | Percentage of transmission expenses after adjustment (line 97 divided by line 95) [If line 95 equal zero, enter 1) | | | | | | 1.00000 | | |
| 99 | Percentage of transmission plant included in ISO Rates (line 92) | | | | | TP | 1.00000 | | |
| 100 | Percentage of transmission expenses included in ISO Rates (line 98 times line 99) | | | | | TE= | 1.00000 | | |
| 101 | WAGES & SALARY ALLOCATOR (W&S) | | | | | | | | |
| 102 | | Form 1 Reference | $ | TP | Allocation | | | | |
| 103 | Production | 354.20.b | 0 | | | | | | |
| 104 | Transmission | 354.21.b | 431,862 | 1.00 | 431,862 | | | | |
| 105 | Distribution | 354.23.b | 0 | | | | W&S Allocator | | |
| 106 | Other | 354.24,25,26.b | 0 | | | | ($ / Allocation) | | |
| 107 | Total (sum lines 103-106) [TP equals 1 if there are no wages & salaries | | 431,862 | | 431,862 | = | 1.00000 | = | WS |
| 108 | COMMON PLANT ALLOCATOR (CE) (Note I) | | | | | | | | |
| 109 | | | **$** | | % Electric | | W&S Allocator | | |
| 110 | Electric | 200.3.c | 0 | | (line 110 / line 113) | | (line 107) | | CE |
| 111 | Gas | 201.3.d | 0 | | 1.00000 | x | 1.00000 | = | 1.00000 |
| 112 | Water | 201.3.e | 0 | | | | | | |
| 113 | Total (sum lines 110 - 112) | | 0 | | | | | | |
| 114 | RETURN (R) | | | | | | $ | | |
| 115 | | | | | | | | | |
| 116 | | | | | | | | | |
| 117 | | | $ | % | Cost | | Weighted | | |
| 118 | Long Term Debt (Note K) | (Attachment 4) | 0 | 50% | 6.64% | | 0.0332 | =WCLTD | |
| 119 | Preferred Stock | (Attachment 4) | 0 | 0% | 0.00% | | 0.0000 | | |
| 120 | Common Stock (Note J) | (Attachment 4) | 0 | 50% | 14.30% | | 0.0715 | | |
| 121 | Total (sum lines 118-120) | | 0 | | | | 0.1047 | =R | |

**SUPPORTING CALCULATIONS AND NOTES**

Attachment A
Formula Rate - Non-Levelized
Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/2010

**PATH West Virginia Transmission Company, LLC**

General Note: References to pages in this formulary rate are indicated as: (page#, line#, col.#)
References to data from FERC Form 1 are indicated as: #.y.x (page, line, column)

Note Letter

A The balances in Accounts 190, 281, 282 and 283, as adjusted by any amounts in contra accounts identified as regulatory assets or liabilities related to FASB 106 or 109. Balance of Account 255 is reduced by prior flow throughs and excluded if the utility chose to utilize amortization of tax credits against taxable income as discussed in Note F. Account 281 is not allocated.

B Identified in Form 1 as being only transmission related.

C Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission
Prepayments are the electric related prepayments booked to Account No. 165 and reported on Pages 110-111 line 57 in the Form 1.

D EPRI Annual Membership Dues listed in Form 1 at 353.f, all Regulatory Commission Expenses itemized at 351.h, except safety, education and out-reach related advertising included in Account 930.1. Regulatory Commission Expenses directly related to transmission service, ISO filings, or transmission siting itemized at 351.h.

E Includes only FICA, unemployment, highway, property, gross receipts, and other assessments charged in the current year.
Taxes related to income are excluded. Gross receipts taxes are not included in transmission revenue requirement in the Rate Formula Template, since they are recovered elsewhere.

F The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize 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) (page 4, line 79).

| | | | |
|---|---|---|---|
| Inputs Required: | FIT = | 35.00% | |
| | SIT= | 8.50% | (State Income Tax Rate or Composite SIT from Attachment 4) |
| | p = | 0.00% | (percent of federal income tax deductible for state purposes) |

G Removes dollar amount of transmission expenses included in the OATT ancillary services rates, if any.

H Removes dollar amount of transmission plant included in the development of OATT ancillary services rates and generation step-up facilities, which are deemed to included in OATT ancillary services. For these purposes, generation step-up facilities are those facilities at a generator substation on which there is no through-flow when the generator is shut down.

I Enter dollar amounts

J ROE will be supported in the original filing and no change in ROE may be made absent a filing with FERC.

K The percentage shown for Long Term Debt is subject to the Annual Update and Attachment 6 and Attachment 9.

Attachment A
Formula Rate - Non-Levelized
Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/2010

**PATH Allegheny Transmission Company, LLC**

| Line No. | | | (1) | (2) | | (3)<br>Allocated Amount |
|---|---|---|---|---|---|---|
| 1 | GROSS REVENUE REQUIREMENT | (line 86) | | | 12 months | $ 11,385,062 |
| | REVENUE CREDITS | | Total | Allocator | | |
| 2 | Total Revenue Credits | Attachment 1, line 12 | 0 | TP | 1.00000 | - |
| 3 | True-up Adjustment with Interest | Protocols | (812,214.29) | DA | 1.00000 | (812,214) |
| 4 | Accelerated True-up Adjustment with Interest | | 0 | DA | 1.00000 | - |
| 5 | NET REVENUE REQUIREMENT | (Lines 1 minus line 2 plus line 3 plus line 4) | | | | $ 10,572,847 |

Attachment A
Formula Rate - Non-Levelized
Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/2010

**PATH Allegheny Transmission Company, LLC**

| Line No. | (1) | (2) **Form No. 1 Page, Line, Col.** | (3) **Company Total** | (4) **Allocator** | | (5) **Transmission** (Col 3 times Col 4) |
|---|---|---|---|---|---|---|
| | **RATE BASE:** | | | | | |
| | GROSS PLANT IN SERVICE | | | | | |
| 6 | Production | (Attachment 4) | - | NA | 0.00000 | - |
| 7 | Transmission | (Attachment 4) | 9,717,786 | TP | 1.00000 | 9,717,786 |
| 8 | Distribution | (Attachment 4) | - | NA | 0.00000 | - |
| 9 | General & Intangible | (Attachment 4) | 45,324 | W/S | 1.00000 | 45,324 |
| 10 | Common | (Attachment 4) | - | CE | 1.00000 | - |
| 11 | TOTAL GROSS PLANT (sum lines 6-10) | (GP=1 if plant =0) | 9,763,110 | GP= | 1.00000 | 9,763,110 |
| 12 | ACCUMULATED DEPRECIATION | | | | | |
| 13 | Production | (Attachment 4) | - | NA | 0.00000 | - |
| 14 | Transmission | (Attachment 4) | - | TP | 1.00000 | - |
| 15 | Distribution | (Attachment 4) | - | NA | 0.00000 | - |
| 16 | General & Intangible | (Attachment 4) | 1,606 | W/S | 1.00000 | 1,606 |
| 17 | Common | (Attachment 4) | - | CE | 1.00000 | - |
| 18 | TOTAL ACCUM. DEPRECIATION (sum lines 13-17) | | 1,606 | | | 1,606 |
| 19 | NET PLANT IN SERVICE | | | | | |
| 20 | Production | (line 6- line 13) | - | | | - |
| 21 | Transmission | (line 7- line 14) | 9,717,786 | | | 9,717,786 |
| 22 | Distribution | (line 8- line 15) | - | | | - |
| 23 | General & Intangible | (line 9- line 16) | 43,718 | | | 43,718 |
| 24 | Common | (line 10- line 17) | - | | | - |
| 25 | TOTAL NET PLANT (sum lines 20-24) | (NP=1 if plant =0) | 9,761,504 | NP= | 1.0000 | 9,761,504 |
| 26 | ADJUSTMENTS TO RATE BASE (Note A) | | | | | |
| 27 | Account No. 281 (enter negative) | (Attachment 4) | - | NA | 0.00000 | - |
| 28 | Account No. 282 (enter negative) | (Attachment 4) | (3,502) | NP | 1.00000 | (3,502) |
| 29 | Account No. 283 (enter negative) | (Attachment 4) | - | NP | 1.00000 | - |
| 30 | Account No. 190 | (Attachment 4) | 322,057 | NP | 1.00000 | 322,057 |
| 31 | Account No. 255 (enter negative) | (Attachment 4) | - | NP | 1.00000 | - |
| 32 | CWIP | (Attachment 4) | 42,306,210 | DA | 1.00000 | 42,306,210 |
| 33 | Unamortized Regulatory Asset | (Attachment 4) | 499,371 | DA | 1.00000 | 499,371 |
| 34 | Unamortized Abandoned Plant | (Attachment 4) | - | DA | 1.00000 | - |
| 35 | TOTAL ADJUSTMENTS (sum lines 27-34) | | 43,124,136 | | | 43,124,136 |
| 36 | LAND HELD FOR FUTURE USE | (Attachment 4) | - | TP | 1.00000 | - |
| 37 | WORKING CAPITAL (Note C) | | | | | |
| 38 | CWC | calculated | 329,323 | | | 329,323 |
| 39 | Materials & Supplies (Note B) | (Attachment 4) | - | TE | 1.00000 | - |
| 40 | Prepayments (Account 165 - Note C) | (Attachment 4) | 5,733 | GP | 1.00000 | 5,733 |
| 41 | TOTAL WORKING CAPITAL (sum lines 38-40) | | 335,056 | | | 335,056 |
| 42 | RATE BASE (sum lines 25, 35, 36, & 41) | | 53,220,696 | | | 53,220,696 |

Attachment A
Rate Formula Template
Utilizing FERC Form 1 Data

Formula Rate - Non-Levelized

For the 12 months ended 12/31/2010

**PATH Allegheny Transmission Company, LLC**

| | (1) | (2) | (3) | (4) | | (5) |
|---|---|---|---|---|---|---|
| | | **Form No. 1 Page, Line, Col.** | **Company Total** | **Allocator** | | **Transmission** (Col 3 times Col 4) |
| 43 | O&M | | | | | |
| 44 | Transmission | 321.112.b | 187,264 | TE | 1.00000 | 187,264 |
| 45 | Less Account 565 | 321.96.b | - | TE | 1.00000 | - |
| 46 | Less Account 566 | Line 56 | 187,264 | DA | 1.00000 | 187,264 |
| 47 | A&G | 323.197.b | 2,446,116 | W/S | 1.00000 | 2,446,116 |
| 48 | Less EPRI & Reg. Comm. Exp. & Other Ad. | (Note D & Attach 4) | 35,029 | DA | 1.00000 | 35,029 |
| 49 | Plus Transmission Related Reg. Comm. Exp. | (Note D & Attach 4) | 35,029 | TE | 1.00000 | 35,029 |
| 50 | PBOP Expense adjustment | (Attachment 4) | 1,207 | | | 1,207 |
| 51 | Common | (Attachment 4) | - | CE | 1.00000 | - |
| 52 | Transmission Lease Payments | 200.4.c | - | DA | 1.00000 | - |
| 53 | Account 566 | | | | | |
| 54 | Amortization of Regulatory Asset | Attachment 4 | 187,264 | DA | 1.00000 | 187,264 |
| 55 | Miscellaneous Transmission Expense | Attachment 4 | - | DA | 1.00000 | - |
| 56 | Total Account 566 | | 187,264 | | | 187,264 |
| 57 | TOTAL O&M (sum lines 44, 47, 49, 50, 51, 52, 56 less lines 45,46, 48) | | 2,634,587 | | | 2,634,587 |
| 58 | DEPRECIATION EXPENSE | | | | | |
| 59 | Transmission | 336.7.b & c | - | TP | 1.00000 | - |
| 60 | General and Intangible | 336.1.d&e + 336.10.b&c | 2,142 | W/S | 1.00000 | 2,142 |
| 61 | Common | 336.11.b & c | - | CE | 1.00000 | - |
| 62 | Amortization of Abandoned Plant | (Attachment 4) | - | DA | 1.00000 | - |
| 63 | TOTAL DEPRECIATION (Sum lines 59-62) | | 2,142 | | | 2,142 |
| 64 | TAXES OTHER THAN INCOME TAXES (Note E) | | | | | |
| 65 | LABOR RELATED | | | | | |
| 66 | Payroll | 263i | - | W/S | 1.00000 | - |
| 67 | Highway and vehicle | 263i | - | W/S | 1.00000 | - |
| 68 | PLANT RELATED | | | | | |
| 69 | Property | 263i | 564,648 | GP | 1.00000 | 564,648 |
| 70 | Gross Receipts | 263i | - | NA | 0.00000 | - |
| 71 | Other | 263i | - | GP | 1.00000 | - |
| 72 | Payments in lieu of taxes | | - | GP | 1.00000 | - |
| 73 | TOTAL OTHER TAXES (sum lines 66-72) | | 564,648 | | | 564,648 |
| 74 | INCOME TAXES | (Note F) | | | | |
| 75 | T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} = | | 40.41% | | | |
| 76 | CIT=(T/1-T) * (1-(WCLTD/R)) = | | 46.05% | | | |
| 77 | where WCLTD=(line 118) and R= (line 121) | | | | | |
| 78 | and FIT, SIT & p are as given in footnote F. | | | | | |
| 79 | 1 / (1 - T) = (T from line 75) | | 1.6781 | | | |
| 80 | Amortized Investment Tax Credit | (266.8f) (enter negative) | 0 | | | |
| 81 | Income Tax Calculation = line 76 * line 85 | | 2,580,389 | NA | | 2,580,389 |
| 82 | ITC adjustment (line 79 * line 80) | | 0 | NP | 1.00000 | - |
| 83 | Total Income Taxes | (line 81 plus line 82) | 2,580,389 | | | 2,580,389 |
| 84 | RETURN | | | | | |
| 85 | [ Rate Base (line 42) * Rate of Return (line 121)] | | 5,603,296 | NA | | 5,603,296 |
| 86 | REV. REQUIREMENT (sum lines 57, 63, 73, 83, 85) | | 11,385,062 | | | 11,385,062 |

Attachment A
Formula Rate - Non-Levelized
Rate Formula Template
Utilizing FERC Form 1 Data

For the 12 months ended 12/31/2010

**PATH Allegheny Transmission Company, LLC**
**SUPPORTING CALCULATIONS AND NOTES**

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| 87 | TRANSMISSION PLANT INCLUDED IN ISO RATES | | | | | | | | |
| 88 | Total transmission plant (line 7, column 3) | | | | | | 9,717,786 | | |
| 89 | Less transmission plant excluded from ISO rates (Note H) | | | | | | 0 | | |
| 90 | Less transmission plant included in OATT Ancillary Services (Note H) | | | | | | 0 | | |
| 91 | Transmission plant included in ISO rates (line 88 less lines 89 & 90) | | | | | | 9,717,786 | | |
| 92 | Percentage of transmission plant included in ISO Rates (line 91 divided by line 88) [If line 88 equal zero, enter 1) | | | | | TP= | 1.0000 | | |
| 93 | TRANSMISSION EXPENSES | | | | | | | | |
| 94 | | | | | | | | | |
| 95 | Total transmission expenses (line 44, column 3) | | | | | | 187,264 | | |
| 96 | Less transmission expenses included in OATT Ancillary Services (Note G) | | | | | | 0 | | |
| 97 | Included transmission expenses (line 95 less line 96) | | | | | | 187,264 | | |
| 98 | Percentage of transmission expenses after adjustment (line 97 divided by line 95) [If line 95 equal zero, enter 1) | | | | | | 1.00000 | | |
| 99 | Percentage of transmission plant included in ISO Rates (line 92) | | | | | TP | 1.00000 | | |
| 100 | Percentage of transmission expenses included in ISO Rates (line 98 times line 99) | | | | | TE= | 1.00000 | | |
| 101 | WAGES & SALARY ALLOCATOR (W&S) | | | | | | | | |
| 102 | | Form 1 Reference | $ | TP | Allocation | | | | |
| 103 | Production | 354.20.b | 0 | | | | | | |
| 104 | Transmission | 354.21.b | 903 | 1.00 | 903 | | | | |
| 105 | Distribution | 354.23.b | 0 | | | | W&S Allocator | | |
| 106 | Other | 354.24,25,26.b | 332,721 | 1.00 | 332,721 | | ($ / Allocation) | | |
| 107 | Total (sum lines 103-106) [TP equals 1 if there are no wages & salaries] | | 333,624 | | 333,624 | = | 1.00000 | = | WS |
| 108 | COMMON PLANT ALLOCATOR (CE) (Note I) | | | | | | | | |
| 109 | | | **$** | | % Electric | | W&S Allocator | | |
| 110 | Electric | 200.3.c | 0 | | (line 110 / line 113) | | (line 107) | | CE |
| 111 | Gas | 201.3.d | 0 | | 1.00000 | x | 1.00000 | = | 1.00000 |
| 112 | Water | 201.3.e | 0 | | | | | | |
| 113 | Total (sum lines 110 - 112) | | 0 | | | | | | |
| 114 | RETURN (R) | | | | | | $ | | |
| 115 | | | | | | | | | |
| 116 | | | | | | | | | |
| 117 | | | $ | % | Cost | | Weighted | | |
| 118 | Long Term Debt (Note K) | (Attachment 4) | 0 | 50% | 6.76% | | 0.0338 | =WCLTD | |
| 119 | Preferred Stock | (Attachment 4) | 0 | 0% | 0.00% | | 0.0000 | | |
| 120 | Common Stock (Note J) | (Attachment 4) | 0 | 50% | 14.30% | | 0.0715 | | |
| 121 | Total (sum lines 118-120) | | 0 | 0.1053 | | | | =R | |

## SUPPORTING CALCULATIONS AND NOTES

Attachment A
Rate Formula Template
Utilizing FERC Form 1 Data

Formula Rate - Non-Levelized

For the 12 months ended 12/31/2010

**PATH Allegheny Transmission Company, LLC**

General Note: References to pages in this formulary rate are indicated as: (page#, line#, col.#)
References to data from FERC Form 1 are indicated as: #.y.x (page, line, column)

Note Letter

A The balances in Accounts 190, 281, 282 and 283, as adjusted by any amounts in contra accounts identified as regulatory assets or liabilities related to FASB 106 or 109. Balance of Account 255 is reduced by prior flow throughs and excluded if the utility chose to utilize amortization of tax credits against taxable income as discussed in Note F. Account 281 is not allocated.

B Identified in Form 1 as being only transmission related.

C Cash Working Capital assigned to transmission is one-eighth of O&M allocated to transmission
Prepayments are the electric related prepayments booked to Account No. 165 and reported on Pages 110-111 line 57 in the Form 1.

D EPRI Annual Membership Dues listed in Form 1 at 353.f, all Regulatory Commission Expenses itemized at 351.h, except safety, education, siting and out-reach related advertising included in Account 930.1. Regulatory Commission Expenses directly related to transmission service, ISO filings, or transmission siting itemized at 351.h.

E Includes only FICA, unemployment, highway, property, gross receipts, and other assessments charged in the current year.
Taxes related to income are excluded. Gross receipts taxes are not included in transmission revenue requirement in the Rate Formula Template, since they are recovered elsewhere.

F The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = "the percentage of federal income tax deductible for state income taxes". If the utility is taxed in more than one state it must attach a work paper showing the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to utilize 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) (page 9, line 79).

| | | | |
|---|---|---|---|
| Inputs Required: | FIT = | 35.00% | |
| | SIT= | 8.32% | (State Income Tax Rate or Composite SIT from Attachment 4) |
| | p = | 0.00% | (percent of federal income tax deductible for state purposes) |

G Removes dollar amount of transmission expenses included in the OATT ancillary services rates, if any.

H Removes dollar amount of transmission plant included in the development of OATT ancillary services rates and generation step-up facilities, which are deemed to included in OATT ancillary services. For these purposes, generation step-up facilities are those facilities at a generator substation on which there is no through-flow when the generator is shut down.

I Enter dollar amounts

J ROE will be supported in the original filing and no change in ROE may be made absent a filing with FERC.

K The percentage shown for Long Term Debt is subject to the Annual Update and Attachment 6 and Attachment 9.

## Attachment 1 - Revenue Credit Workpaper
## PATH West Virginia Transmission Company, LLC

| | | | |
|---|---|---|---|
| | Account 454 - Rent from Electric Property | | |
| 1 | Rent from FERC Form No. 1 - Note 6 | | - |
| | | | |
| 2 | Other Electric Revenues | See | - |
| 3 | Schedule 1A | | - |
| 4 | PTP Serv revs for which the load is not included in the divisor received by TO | | - |
| 5 | PJM Transitional Revenue Neutrality (Note 1) | | - |
| 6 | PJM Transitional Market Expansion (Note 1) | | - |
| 7 | Professional Services (Note 3) | | - |
| 8 | Revenues from Directly Assigned Transmission Facility Charges (Note 2) | | - |
| 9 | Rent or Attachment Fees associated with Transmission Facilities (Note 3) | | - |
| | | | |
| 10 | Gross Revenue Credits | Sum lines 2-9 + line 1 | - |
| 11 | Less line 20 | less line 18 | - |
| 12 | Total Revenue Credits | line 10 + line 11 | - |
| | | | |
| 13 | Revenues associated with lines 13 thru 18 are to be included in lines 1-9 and total of those revenues entered here | | - |
| 14 | Income Taxes associated with revenues in line 15 | | - |
| 15 | One half margin (line 13 - line 14)/2 | | - |
| 16 | All expenses (other than income taxes) associated with revenues in line 13 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. | | - |
| 17 | Line 15 plus line 16 | | - |
| 18 | Line 13 less line 17 | | - |

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 page 2, line 2 of Rate Formula Template.

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.

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). DLC will retain 50% of net revenues consistent with *Pacific Gas and Electric Company*, 90 FERC ¶ 61,314. Note: in order to use lines 15 - 20, 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).

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 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.

## Attachment 1 - Revenue Credit Workpaper
## PATH West Virginia Transmission Company, LLC

Note 5 Other electric Revenues - includes revenues for various related electricity products/premium services such as surge protectors and appliance guards

Note 6 All Account 454 and 456 Revenues must be itemized below

| | | |
|---|---|---|
| Account 454 | Include | $ |
| Joint pole attachments - telephone | Include | - |
| Joint pole attachments - cable | Include | - |
| Underground rentals | Include | - |
| Transmission tower wireless rentals | Include | - |
| Other rentals | Include | - |
| Corporate headquarters sublease | Include | - |
| Misc non-transmission rentals | Include | - |
| Customer commitment services | Include | - |
| xxxx | | |
| xxxx | | |
| Total | | - |
| | | |
| Account 456 | Include | - |
| Other electric revenues | Include | - |
| Transmission Revenue - Firm | Include | - |
| Transmission Revenue - Non-Firm | Include | - |
| xxxx | | - |
| xxxx | | - |
| xxxx | | - |
| xxxx | | - |
| xxxx | | - |
| xxxx | | - |
| xxxx | | - |
| Total | | - |
| Total Account 454 and 456 included | | - |
| Payments by PJM of the revenue requirement calculated on Rate Formula Template | Exclude | - |
| Total Account 454 and 456 included and excluded | | - |

## Attachment 1 - Revenue Credit Workpaper
## PATH Allegheny Transmission Company, LLC

| | | | |
|---|---|---|---|
| | Account 454 - Rent from Electric Property | | |
| 1 | Rent from FERC Form No. 1 - Note 6 | | - |
| 2 | Other Electric Revenues | See Note 5 | - |
| 3 | Schedule 1A | | - |
| 4 | PTP Serv revs for which the load is not included in the divisor received by TO | | - |
| 5 | PJM Transitional Revenue Neutrality (Note 1) | | - |
| 6 | PJM Transitional Market Expansion (Note 1) | | - |
| 7 | Professional Services (Note 3) | | - |
| 8 | Revenues from Directly Assigned Transmission Facility Charges (Note 2) | | - |
| 9 | Rent or Attachment Fees associated with Transmission Facilities (Note 3) | | - |
| 10 | Gross Revenue Credits | Sum lines 2-9 + line 1 | - |
| 11 | Less line 20 | less line 18 | - |
| 12 | Total Revenue Credits | line 10 + line 11 | - |
| 13 | Revenues associated with lines 13 thru 18 are to be included in lines 1-9 and total of those revenues entered here | | - |
| 14 | Income Taxes associated with revenues in line 15 | | - |
| 15 | One half margin (line 13 - line 14)/2 | | - |
| 16 | All expenses (other than income taxes) associated with revenues in line 13 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. | | - |
| 17 | Line 15 plus line 16 | | - |
| 18 | Line 13 less line 17 | | - |

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 page 7, line 2 of Rate Formula Template.

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.

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). DLC will retain 50% of net revenues consistent with *Pacific Gas and Electric Company*, 90 FERC ¶ 61,314. Note: in order to use lines 15 - 20, 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).

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 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.

Note 5 Other electric Revenues - includes revenues for various related electricity products/premium services such as surge protectors and appliance guards

## Attachment 1 - Revenue Credit Workpaper
## PATH Allegheny Transmission Company, LLC

Note 6 All Account 454 and 456 Revenues must be itemized below

| | | |
|---|---|---|
| Account 454 | Include | $ |
| Joint pole attachments - telephone | Include | - |
| Joint pole attachments - cable | Include | - |
| Underground rentals | Include | - |
| Transmission tower wireless rentals | Include | - |
| Other rentals | Include | - |
| Corporate headquarters sublease | Include | - |
| Misc non-transmission rentals | Include | - |
| Customer commitment services | Include | - |
| xxxx | | |
| xxxx | | |
| Total | | - |
| | | |
| Account 456 | Include | - |
| Other electric revenues | Include | - |
| Transmission Revenue - Firm | Include | - |
| Transmission Revenue - Non-Firm | Include | - |
| xxxx | | - |
| xxxx | | - |
| xxxx | | - |
| xxxx | | - |
| xxxx | | - |
| xxxx | | - |
| xxxx | | - |
| Total | | - |
| Total Account 454 and 456 included | | - |
| Payments by PJM of the revenue requirement calculated on Rate Formula Template | Exclude | - |
| Total Account 454 and 456 included and excluded | | - |

# Attachment 3 - Calculation of Carrying Charges

## PATH West Virginia Transmission Company, LLC

## 1 Calculation of Composite Depreciation Rate

| | | | |
|---|---|---|---|
| 2 | Transmission Plant @ Beginning of Period | (Attachment 4) | - |
| 3 | Transmission Plant @ End of Period | (Attachment 4) | - |
| 4 | Sum | (sum lines 2 & 3) | - |
| 5 | Average Balance of Transmission Investment | (line 4/2) | - |
| 6 | Depreciation Expense | Rate Formula Template | - |
| 7 | Composite Depreciation Rate | (line 6/ line 5) | 0.00% |
| 8 | Depreciable Life for Composite Depreciation Rate | (1/line 7) | - |
| 9 | Round line 8 to nearest whole year | | - |

# Attachment 3 - Calculation of Carrying Charges

## PATH Allegheny Transmission Company, LLC

### 1 Calculation of Composite Depreciation Rate

| | | | |
|---|---|---|---|
| 2 | Transmission Plant @ Beginning of Period | (Attachment 4) | $ 9,717,786 |
| 3 | Transmission Plant @ End of Period | (Attachment 4) | 9,717,786 |
| 4 | Sum | (sum lines 2 & 3) | $ 19,435,572 |
| 5 | Average Balance of Transmission Investment | (line 4/2) | $ 9,717,786 |
| 6 | Depreciation Expense | Rate Formula Template | - |
| 7 | Composite Depreciation Rate | (line 6/ line 5) | 0.00% |
| 8 | Depreciable Life for Composite Depreciation Rate | (1/line 7) | - |
| 9 | Round line 8 to nearest whole year | | - |

## Attachment 4 - Cost Support
## PATH West Virginia Transmission Company, LLC

**Plant in Service Worksheet**

| Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions | | | | |
|---|---|---|---|---|
| 1 | **Calculation of Transmission Plant In Service** | Source | Year | Balance |
| 2 | December | p206.58.b | 2009 | - |
| 3 | January | company records | 2010 | - |
| 4 | February | company records | 2010 | - |
| 5 | March | company records | 2010 | - |
| 6 | April | company records | 2010 | - |
| 7 | May | company records | 2010 | - |
| 8 | June compan | y records | 2010 | - |
| 9 | July | company records | 2010 | - |
| 10 | August | company records | 2010 | - |
| 11 | September | company records | 2010 | - |
| 12 | October compan | y records | 2010 | - |
| 13 | November | company records | 2010 | - |
| 14 | December | p207.58.g | 2010 | - |
| 15 | **Transmission Plant In Service** | (sum lines 2-14) /13 | | - |
| 16 | **Calculation of Distribution Plant In Service** | Source | | |
| 17 | December | p206.75.b | 2009 | - |
| 18 | January | company records | 2010 | - |
| 19 | February | company records | 2010 | - |
| 20 | March | company records | 2010 | - |
| 21 | April | company records | 2010 | - |
| 22 | May | company records | 2010 | - |
| 23 | June compan | y records | 2010 | - |
| 24 | July | company records | 2010 | - |
| 25 | August | company records | 2010 | - |
| 26 | September | company records | 2010 | - |
| 27 | October | company records | 2010 | - |
| 28 | November | company records | 2010 | - |
| 29 | December | p207.75.g | 2010 | - |
| 30 | **Distribution Plant In Service** | (sum lines 17-29) /13 | | - |
| 31 | **Calculation of Intangible Plant In Service** | Source | | |
| 32 | December | p204.5.b | 2009 | - |
| 33 | December | p205.5.g | 2010 | - |
| 34 | **Intangible Plant In Service** | (sum lines 32 & 33) /2 | | - |
| 35 | **Calculation of General Plant In Service** | Source | | |
| 36 | December | p206.99.b | 2009 | - |
| 37 | December | p207.99.g | 2010 | - |
| 38 | **General Plant In Service** | (sum lines 36 & 37) /2 | | - |
| 39 | **Calculation of Production Plant In Service** | Source | | |
| 40 | December | p204.46b | 2009 | - |
| 41 | January | company records | 2010 | - |
| 42 | February | company records | 2010 | - |
| 43 | March | company records | 2010 | - |
| 44 | April | company records | 2010 | - |
| 45 | May | company records | 2010 | - |
| 46 | March | Attachment 6 | 2010 | - |
| 47 | April | company records | 2010 | - |
| 48 | August | company records | 2010 | - |
| 49 | September | company records | 2010 | - |
| 50 | October | company records | 2010 | - |
| 51 | November | company records | 2010 | - |
| 52 | December | p205.46.g | 2010 | - |
| 53 | **Production Plant In Service** | (sum lines 40-52) /13 | | - |

## Attachment 4 - Cost Support
## PATH West Virginia Transmission Company, LLC

| | | | | |
|---|---|---|---|---|
| 54 | **Calculation of Common Plant In Service** | Source | Year | Balance |
| 55 | December (Electric Portion) | p356 | 2009 | - |
| 56 | December (Electric Portion) | p356 | 2010 | - |
| 57 | **Common Plant In Service** | (sum lines 55 & 56) /2 | | - |
| 58 | **Total Plant In Service** | (sum lines 15, 30, 34, 38, 53, & 57) | | - |

**Accumulated Depreciation Worksheet**

| Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions | | | | | Details |
|---|---|---|---|---|---|
| 59 | **Calculation of Transmission Accumulated Depreciation** | Source | Year | Balance | |
| 60 | December | Prior year p219.25 | 2009 | - | |
| 61 | January | company records | 2010 | - | |
| 62 | February | company records | 2010 | - | |
| 63 | March | company records | 2010 | - | |
| 64 | April | company records | 2010 | - | |
| 65 | May | company records | 2010 | - | |
| 66 | June compan | y records | 2010 | - | |
| 67 | July | company records | 2010 | - | |
| 68 | August | company records | 2010 | - | |
| 69 | September | company records | 2010 | - | |
| 70 | October | company records | 2010 | - | |
| 71 | November | company records | 2010 | - | |
| 72 | December | p219.25 | 2010 | - | |
| 73 | **Transmission Accumulated Depreciation** | (sum lines 60-72) /13 | | - | |
| 74 | **Calculation of Distribution Accumulated Depreciation** | Source | | | |
| 75 | December | Prior year p219.26 | 2009 | - | |
| 76 | January | company records | 2010 | - | |
| 77 | February | company records | 2010 | - | |
| 78 | March | company records | 2010 | - | |
| 79 | April | company records | 2010 | - | |
| 80 | May | company records | 2010 | - | |
| 81 | June compan | y records | 2010 | - | |
| 82 | July | company records | 2010 | - | |
| 83 | August | company records | 2010 | - | |
| 84 | September | company records | 2010 | - | |
| 85 | October compan | y records | 2010 | - | |
| 86 | November | company records | 2010 | - | |
| 87 | December | p219.26 | 2010 | - | |
| 88 | **Distribution Accumulated Depreciation** | (sum lines 75-87) /13 | | - | |
| 89 | **Calculation of Intangible Accumulated Depreciation** | Source | | | |
| 90 | December | Prior year p200.21.c | 2009 | - | |
| 91 | December | p200.21c | 2010 | - | |
| 92 | **Accumulated Intangible Depreciation** | (sum lines 90 & 91) /2 | | - | |
| 93 | **Calculation of General Accumulated Depreciation** | Source | | | |
| 94 | December | Prior year p219.28 | 2009 | - | |
| 95 | December | p219.28 | 2010 | - | |
| 96 | **Accumulated General Depreciation** | (sum lines 94 & 95) /2 | | - | |

# Attachment 4 - Cost Support
## PATH West Virginia Transmission Company, LLC

| | | | | |
|---|---|---|---|---|
| 97 | **Calculation of Production Accumulated Depreciation** | Source | Year | Balance |
| 98 | December | Prior year p219 | 2009 | - |
| 99 | January | company records | 2010 | - |
| 100 | February | company records | 2010 | - |
| 101 | March | company records | 2010 | - |
| 102 | April | company records | 2010 | - |
| 103 | May | company records | 2010 | - |
| 104 | June compan | y records | 2010 | - |
| 105 | July | company records | 2010 | - |
| 106 | August | company records | 2010 | - |
| 107 | September | company records | 2010 | - |
| 108 | October compan | y records | 2010 | - |
| 109 | November | company records | 2010 | - |
| 110 | December | p219.20 thru 219.24 | 2010 | - |
| 111 | **Production Accumulated Depreciation** | (sum lines 98-110) /13 | | - |
| | | | | |
| 112 | **Calculation of Common Accumulated Depreciation** | Source | | |
| 113 | December (Electric Portion) | p356 | 2009 | - |
| 114 | December (Electric Portion) | p356 | 2010 | - |
| 115 | **Common Plant Accumulated Depreciation (Electric Only)** | (sum lines 113 & 114) /2 | | - |
| | | | | |
| 116 | **Total Accumulated Depreciation** | (sum lines 73, 88, 92, 96, 111, & 115) | | - |

**ADJUSTMENTS TO RATE BASE (Note A)**

| | Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions | | | | Details |
|---|---|---|---|---|---|
| | | | Beginning of Year | End of Year | Average Balance |
| 117 | Account No. 281 (enter negative) | 273.8.k | - | - | 0 |
| 118 | Account No. 282 (enter negative) | 275.2.k | (364) | (364) | (364) |
| 119 | Account No. 283 (enter negative) | 277.9.k | 890,828 | 890,828 | 890,828 |
| 120 | Account No. 190 | 234.8.c | 3,294,376 | 3,294,376 | 3,294,376 |
| 121 | Account No. 255 (enter negative) | 267.8.h | - | - | 0 |
| | | | | | |
| 122 | Unamortized Abandoned Plant | Per FERC Order | - | - | 0 |
| 123 | Prepayments (Account 165) | 111.57.c | 31,830 | 31,830 | 31,830 |

## Attachment 4 - Cost Support
## PATH West Virginia Transmission Company, LLC

| | | | | | Amos Substation Upgrade | Amos to Welton Spring Line | Welton Spring Substation and SVC | Welton Spring to Interconnection with PATH Allegheny | Total |
|---|---|---|---|---|---|---|---|---|---|
| 124 | **Calculation of Transmission CWIP** | Source | | | | | | | |
| 125 | December | 216.b | 2009 | $ 41,575,099 | $ 3,406,476 | $ 23,894,176 | $ 10,950,342 | $ 3,324,105 | 41,575,099 |
| 126 | January | company records | 2010 | 45,032,544 | 3,493,837 | 26,645,323 | 11,035,525 | 3,857,858 | 45,032,544 |
| 127 | February | company records | 2010 | 48,514,721 | 3,579,806 | 29,420,169 | 11,118,349 | 4,396,398 | 48,514,721 |
| 128 | March | company records | 2010 | 53,946,730 | 5,609,353 | 32,195,391 | 11,206,973 | 4,935,013 | 53,946,730 |
| 129 | April | company records | 2010 | 57,955,368 | 6,000,559 | 35,151,489 | 11,293,025 | 5,510,295 | 57,955,368 |
| 130 | May | company records | 2010 | 62,282,651 | 6,827,187 | 38,013,782 | 11,375,413 | 6,066,270 | 62,282,651 |
| 131 | June compan | y records | 2010 | 68,404,614 | 9,332,434 | 40,970,991 | 11,459,862 | 6,641,328 | 68,404,614 |
| 132 | July | company records | 2010 | 73,439,197 | 10,781,766 | 43,901,532 | 11,543,271 | 7,212,628 | 73,439,197 |
| 133 | August | company records | 2010 | 77,093,282 | 10,842,364 | 46,836,050 | 11,630,151 | 7,784,717 | 77,093,282 |
| 134 | September | company records | 2010 | 82,067,477 | 12,206,930 | 49,783,040 | 11,718,202 | 8,359,305 | 82,067,477 |
| 135 | October compan | y records | 2010 | 86,034,375 | 12,362,897 | 52,838,423 | 11,877,333 | 8,955,722 | 86,034,375 |
| 136 | November | company records | 2010 | 90,257,062 | 12,404,209 | 56,273,472 | 11,950,907 | 9,628,474 | 90,257,062 |
| 137 | December | 216.b | 2010 | 108,912,785 | 25,302,027 | 60,368,198 | 12,808,697 | 10,433,863 | 108,912,785 |
| 138 | **Transmission CWIP** | (sum lines 125-137) /13 | | $ 68,885,839 | $ 9,396,142 | $ 41,253,233 | $ 11,536,004 | $ 6,700,460 | 68,885,839 |

**LAND HELD FOR FUTURE USE**

| | Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions | | | Beg of year | End of Year | Average | Details |
|---|---|---|---|---|---|---|---|
| 139 | **LAND HELD FOR FUTURE USE** | p214 | Total | - | - | - | |
| | | | Non-transmission Related | - | - | | |
| | | | Transmission Related | - | - | - | |

**EPRI Dues Cost Support**

| | Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions | | | | | Details |
|---|---|---|---|---|---|---|
| | **Allocated General & Common Expenses** | | | | | |
| | | EPRI Dues | Common Expenses | EPRI Dues | Common Expenses | |
| 140 | EPRI Dues & Common Expenses | p352-353 | p356 | - | - | |

**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 |
|---|---|---|---|---|---|---|
| | **Directly Assigned A&G** | | | | | |
| 141 | Regulatory Commission Exp Account 928 | p323.189.b | - | - | - | |

## Attachment 4 - Cost Support
## PATH West Virginia Transmission Company, LLC

**Safety Related Advertising, Education and Out Reach Cost Support**

| | Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions | | Form 1 Amount | Safety, Education, Siting & Outreach Related | Other | Details |
|---|---|---|---|---|---|---|
| | **Directly Assigned A&G** | | | | | |
| 142 | General Advertising Exp Account 930.1 | p323.191.b | 1,643,192 | 1,643,192 | - | None |

**Multi-state Workpaper**

| | Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions | State 1 | State 2 | State 3 | State 4 | State 5 | Weighed Average |
|---|---|---|---|---|---|---|---|
| | **Income Tax Rates** | | | | | | |
| | | | WV | | | | |
| 143 | SIT=State Income Tax Rate or Composite | | 8.500% | | | | 8.50% |

**Excluded Plant Cost Support**

| | | Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions | | Excluded Transmission Facilities | Description of the Facilities |
|---|---|---|---|---|---|
| | | **Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities** | | | |
| 144 | | Excluded Transmission Facilities | | - | **General Description of the Facilities** |
| | | Instructions: | | **Enter $** | **None** |
| | 1 | Remove all investment below 69 kV facilities, including the investment allocated to distribution of a dual function substation, generator, interconnection and local and direct assigned facilities for which separate costs are charged and step-up generation substation included in transmission plant in service. | | - | |
| | 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: | **Example** | **Or**<br>**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 |

**Materials & Supplies**

| | Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions | | Beg of year | End of Year | Average |
|---|---|---|---|---|---|
| 145 | Assigned to O&M | p227.6 | - | - | - |
| 146 | Stores Expense Undistributed | p227.16 | - | - | - |
| 147 | Undistributed Stores Exp | | - | - | - |
| 148 | Transmission Materials & Supplies | p227.8 | - | - | - |

**Regulatory Asset**

| | Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions | | | |
|---|---|---|---|---|
| 149 | Beginning Balance of Regulatory Asset | p111.72.d (and notes) | $ 3,914,814 | Uncapitalized costs as of date the rates become effective |
| 150 | Months Remaining in Amortization Period | | 38 | As approved by FERC |
| 151 | Monthly Amortization | (line 149 - line 153) / 152 | $ 103,021 | |
| 152 | Months in Year to be amortized | | 12 | Number of months rates are in effect during the calendar year |
| 153 | Ending Balance of Regulatory Asset | p111.72.c | $ 2,678,557 | |
| 154 | Average Balance of Regulatory Asset | (line 149 + line 153)/2 | $ 3,296,685 | |

## Attachment 4 - Cost Support
## PATH West Virginia Transmission Company, LLC

**Capital Structure**

**Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions**

| | | Year | Debt | Preferred Stock | Common Stock |
|---|---|---|---|---|---|
| 155 | Monthly Balances for Capital Structure | | | | |
| 156 | | Year | Debt | Preferred Stock | Common Stock |
| 157 | January | 2010 | 0 | - | 0 |
| 158 | February | 2010 | - | - | - |
| 159 | March | 2010 | - | - | - |
| 160 | April | 2010 | - | - | - |
| 161 | May | 2010 | - | - | - |
| 162 | June | 2010 | - | - | - |
| 163 | July | 2010 | - | - | - |
| 164 | August | 2010 | - | - | - |
| 165 | September | 2010 | - | - | - |
| 166 | October | 2010 | - | - | - |
| 167 | November | 2010 | - | - | - |
| 168 | December | 2010 | - | - | - |
| 169 | Average | | 0 | - | 0 |

Note: the amount outstanding for debt retired during the year is the outstanding amount as of the last month it was outstanding; the equity is less Account 216.1, Preferred Stock, and Account 219; and the capital structure is fixed at 50/50 until the first two lines are placed in servic

**Detail of Account 566 Miscellaneous Transmission Expenses**

**Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions**

| | | | Total |
|---|---|---|---|
| 170 | Amortization Expense on Regulatory Asset | | $ 1,236,257 |
| 171 | Miscellaneous Transmission Expense | | - |
| 172 | Total Account 566 | Footnote Data: Schedule Page 320 b. 97 | $ 1,236,257 |

**PBOPs**

| | Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions | | Details |
|---|---|---|---|
| 173 | **Calculation of PBOP Expenses** | | |
| 174 | **PATH-WV - AEP Employees** | | |
| 175 | Total PBOP expenses | $ 117,254,159 | |
| 176 | Amount relating to retired personnel | $ - | |
| 177 | Amount allocated on Labor | $ 117,254,159 | |
| 178 | Labor dollars | $ 1,151,954,661 | |
| 179 | Cost per labor dollar | $ 0.102 | |
| 180 | PATH WV labor (labor not capitalized) current year | $ 867,609 | |
| 181 | PATH WV PBOP Expense for current year | $ 88,311 | |
| 182 | PATH WV PBOP Expense in Account 926 for current year | $ 88,311 | |
| 183 | PBOP Adjustment for Appendix A, Line 50 | $ - | |
| 184 | Lines 175-179 cannot change absent approval or acceptance by FERC in a separate proceeding. | | |
| 184 | **PATH-WV - Allegheny Employees** | | |
| 185 | Total PBOP expenses | $ 22,856,433 | |
| 186 | Amount relating to retired personnel | $ 8,786,372 | |
| 187 | Amount allocated on FTEs | $ 14,070,061 | |
| 188 | Number of FTEs | 4,474 | |
| 189 | Cost per FTE | $ 3,145 | |
| 190 | PATH WV FTEs (labor not capitalized) current year | 10.92 | |
| 191 | PATH WV PBOP Expense for current year | $ 34,345 | |
| 192 | PATH WV PBOP Expense in Account 926 for current year | $ 29,248 | |
| 193 | PBOP Adjustment for Appendix A, Line 50 | $ 5,097 | |
| 194 | Lines 185-189 cannot change absent approval or acceptance by FERC in a separate proceeding. | | |

| | | | | |
|---|---|---|---|---|
| 195 | PBOP Expense adjustment | (sum lines 183 & 193) | $ | 5,097 |

## Attachment 4 - Cost Support
## PATH Allegheny Transmission Company, LLC

**Plant in Service Worksheet**

Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions

| | | | | | |
|---|---|---|---|---|---|
| 1 | **Calculation of Transmission Plant In Service** | Source | Year | | Balance |
| 2 | December | p206.58.b | 2009 | $ | 9,717,786 |
| 3 | January | company records | 2010 | | 9,717,786 |
| 4 | February | company records | 2010 | | 9,717,786 |
| 5 | March | company records | 2010 | | 9,717,786 |
| 6 | April | company records | 2010 | | 9,717,786 |
| 7 | May | company records | 2010 | | 9,717,786 |
| 8 | June company | records | 2010 | | 9,717,786 |
| 9 | July | company records | 2010 | | 9,717,786 |
| 10 | August | company records | 2010 | | 9,717,786 |
| 11 | September | company records | 2010 | | 9,717,786 |
| 12 | October company | records | 2010 | | 9,717,786 |
| 13 | November | company records | 2010 | | 9,717,786 |
| 14 | December | p207.58.g | 2010 | | 9,717,786 |
| 15 | **Transmission Plant In Service** | (sum lines 2-14) /13 | | $ | 9,717,786 |
| | | | | | |
| 16 | **Calculation of Distribution Plant In Service** | Source | | | |
| 17 | December | p206.75.b | 2009 | | - |
| 18 | January | company records | 2010 | | - |
| 19 | February | company records | 2010 | | - |
| 20 | March | company records | 2010 | | - |
| 21 | April | company records | 2010 | | - |
| 22 | May | company records | 2010 | | - |
| 23 | June company | records | 2010 | | - |
| 24 | July | company records | 2010 | | - |
| 25 | August | company records | 2010 | | - |
| 26 | September | company records | 2010 | | - |
| 27 | October | company records | 2010 | | - |
| 28 | November | company records | 2010 | | - |
| 29 | December | p207.75.g | 2010 | | - |
| 30 | **Distribution Plant In Service** | (sum lines 17-29) /13 | | | - |
| | | | | | |
| 31 | **Calculation of Intangible Plant In Service** | Source | | | |
| 32 | December | p204.5b | 2009 | | - |
| 33 | December | p205.5.g | 2010 | | - |
| 34 | **Intangible Plant In Service** | (sum lines 32 & 33) /2 | | | - |
| | | | | | |
| 35 | **Calculation of General Plant In Service** | Source | | | |
| 36 | December | p206.99.b | 2009 | $ | 45,324 |
| 37 | December | p207.99.g | 2010 | | 45,324 |
| 38 | **General Plant In Service** | (sum lines 36 & 37) /2 | | $ | 45,324 |
| | | | | | |
| 39 | **Calculation of Production Plant In Service** | Source | | | |
| 40 | December | p204.46b | 2009 | | - |
| 41 | January | company records | 2010 | | - |
| 42 | February | company records | 2010 | | - |
| 43 | March | company records | 2010 | | - |
| 44 | April | company records | 2010 | | - |
| 45 | May | company records | 2010 | | - |
| 46 | March | Attachment 6 | 2010 | | - |
| 47 | April | company records | 2010 | | - |
| 48 | August | company records | 2010 | | - |
| 49 | September | company records | 2010 | | - |
| 50 | October | company records | 2010 | | - |
| 51 | November | company records | 2010 | | - |
| 52 | December | p205.46.g | 2010 | | - |
| 53 | **Production Plant In Service** | (sum lines 40-52) /13 | | | - |

## Attachment 4 - Cost Support
## PATH Allegheny Transmission Company, LLC

| | | | | | |
|---|---|---|---|---|---|
| 54 | **Calculation of Common Plant In Service** | Source | Year | | Balance |
| 55 | December (Electric Portion) | p356 | 2009 | | - |
| 56 | December (Electric Portion) | p356 | 2010 | | - |
| 57 | **Common Plant In Service** | (sum lines 55 & 56) /2 | | | - |
| | | | | | |
| 58 | **Total Plant In Service** | (sum lines 15, 30, 34, 38, 53, & 57) | | $ | 9,763,110 |

**Accumulated Depreciation Worksheet**

| | Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions | | | | | Details |
|---|---|---|---|---|---|---|
| 59 | **Calculation of Transmission Accumulated Depreciation** | Source | Year | | Balance | |
| 60 | December | Prior year p219.25 | 2009 | | - | |
| 61 | January | company records | 2010 | | - | |
| 62 | February | company records | 2010 | | - | |
| 63 | March | company records | 2010 | | - | |
| 64 | April | company records | 2010 | | - | |
| 65 | May | company records | 2010 | | - | |
| 66 | June company | records | 2010 | | - | |
| 67 | July | company records | 2010 | | - | |
| 68 | August | company records | 2010 | | - | |
| 69 | September | company records | 2010 | | - | |
| 70 | October | company records | 2010 | | - | |
| 71 | November | company records | 2010 | | - | |
| 72 | December | p219.25 | 2010 | | - | |
| 73 | **Transmission Accumulated Depreciation** | (sum lines 60-72) /13 | | | - | |
| | | | | | | |
| 74 | **Calculation of Distribution Accumulated Depreciation** | Source | | | | |
| 75 | December | Prior year p219.26 | 2009 | | - | |
| 76 | January | company records | 2010 | | - | |
| 77 | February | company records | 2010 | | - | |
| 78 | March | company records | 2010 | | - | |
| 79 | April | company records | 2010 | | - | |
| 80 | May | company records | 2010 | | - | |
| 81 | June company | records | 2010 | | - | |
| 82 | July | company records | 2010 | | - | |
| 83 | August | company records | 2010 | | - | |
| 84 | September | company records | 2010 | | - | |
| 85 | October company | records | 2010 | | - | |
| 86 | November | company records | 2010 | | - | |
| 87 | December | p219.26 | 2010 | | - | |
| 88 | **Distribution Accumulated Depreciation** | (sum lines 75-87) /13 | | | - | |
| | | | | | | |
| 89 | **Calculation of Intangible Accumulated Depreciation** | Source | | | | |
| 90 | December | Prior year p200.21.c | 2009 | | | |
| 91 | December | p200.21c | 2010 | | | |
| 92 | **Accumulated Intangible Depreciation** | (sum lines 90 & 91) /2 | | | | |
| | | | | | | |
| 93 | **Calculation of General Accumulated Depreciation** | Source | | | | |
| 94 | December | Prior year p219.28 | 2009 | $ | 535 | |
| 95 | December | p219.28 | 2010 | | 2,677 | |
| 96 | **Accumulated General Depreciation** | (sum lines 94 & 95) /2 | | $ | 1,606 | |

## Attachment 4 - Cost Support
## PATH Allegheny Transmission Company, LLC

| | A | B | C | D | E | F | G | H | I | J | K | L | M |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 123 | | | | | | | | | | | | | |
| 124 | | | | | | | | | | | | | |
| 125 | | | | | | | | | | | | | |
| 126 | | | | | | | | | | | | | |
| 127 | | | | | | | | | | | | | |
| 128 | 97 | | **Calculation of Production Accumulated Depreciation** | Source | Year | Balance | | | | | | | |
| 129 | 98 | | December | Prior year p219 | 2009 | - | | | | | | | |
| 130 | 99 | | January | company records | 2010 | - | | | | | | | |
| 131 | 100 | | February | company records | 2010 | - | | | | | | | |
| 132 | 101 | | March | company records | 2010 | - | | | | | | | |
| 133 | 102 | | April | company records | 2010 | - | | | | | | | |
| 134 | 103 | | May | company records | 2010 | - | | | | | | | |
| 135 | 104 | | June company | records | 2010 | - | | | | | | | |
| 136 | 105 | | July | company records | 2010 | - | | | | | | | |
| 137 | 106 | | August | company records | 2010 | - | | | | | | | |
| 138 | 107 | | September | company records | 2010 | - | | | | | | | |
| 139 | 108 | | October company | records | 2010 | - | | | | | | | |
| 140 | 109 | | November | company records | 2010 | - | | | | | | | |
| 141 | 110 | | December | p219.20 thru 219.24 | 2010 | - | | | | | | | |
| 142 | 111 | | **Production Accumulated Depreciation** | (sum lines 98-110) /13 | | - | | | | | | | |
| 143 | | | | | | | | | | | | | |
| 144 | 112 | | **Calculation of Common Accumulated Depreciation** | Source | | | | | | | | | |
| 145 | 113 | | December (Electric Portion) | p356 | 2009 | - | | | | | | | |
| 146 | 114 | | December (Electric Portion) | p356 | 2010 | - | | | | | | | |
| 147 | 115 | | **Common Plant Accumulated Depreciation (Electric Only)** | (sum lines 113 & 114) /2 | | - | | | | | | | |
| 148 | | | | | | | | | | | | | |
| 149 | 116 | | **Total Accumulated Depreciation** | (sum lines 73, 88, 92, 96, 111, & 115) | $ | 1,606 | | | | | | | |
| 150 | | | | | | | | | | | | | |
| 151 | | | | | | | | | | | | | |
| 152 | **ADJUSTMENTS TO RATE BASE (Note A)** | | | | | | | | | | | | |
| 153 | | | **Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions** | | | | | | | | **Details** | | |
| 154 | | | | | Beginning of Year | End of Year | Average Balance | | | | | | |
| 155 | 117 | | Account No. 281 (enter negative) | 273.8.k | - | - | 0 | | | | | | |
| 156 | 118 | | Account No. 282 (enter negative) | 275.2.k | (3,502) | (3,502) | (3,502) | | | | | | |
| 157 | 119 | | Account No. 283 (enter negative) | 277.9.k | - | - | 0 | | | | | | |
| 158 | 120 | | Account No. 190 | 234.8.c | 322,057 | 322,057 | 322,057 | | | | | | |
| 159 | 121 | | Account No. 255 (enter negative) | 267.8.h | - | - | 0 | | | | | | |
| 160 | | | | | | | | | | | | | |
| 161 | | | | | | | | | | | | | |
| 162 | 122 | | Unamortized Abandoned Plant | Per FERC Order | - | - | 0 | | | | | | |
| 163 | | | | | | | | | | | | | |
| 164 | 123 | | Prepayments (Account 165) | 111.57.c | 5,714 | 5,752 | 5,733 | | | | | | |
| 165 | | | | | | | | | | | | | |

## Attachment 4 - Cost Support
## PATH Allegheny Transmission Company, LLC

| | | | | | Kemptown Substation | Kemptown to Interconnection with PATH West Virginia | Welton Spring Substation | Total |
|---|---|---|---|---|---|---|---|---|
| 124 | **Calculation of Transmission CWIP** | Source | | | | | | |
| 125 | December | 216.b | 2009 | $ 23,457,297 | $ 4,169,044 | $ 13,110,895 | $ 6,177,359 | $ 23,457,297 |
| 126 | January | company records | 2010 | 26,434,429 | 4,662,193 | 15,453,599 | 6,318,637 | 26,434,429 |
| 127 | February | company records | 2010 | 29,023,172 | 5,127,290 | 17,446,786 | 6,449,096 | 29,023,172 |
| 128 | March | company records | 2010 | 32,035,731 | 5,600,142 | 19,845,079 | 6,590,510 | 32,035,731 |
| 129 | April | company records | 2010 | 34,727,297 | 6,063,491 | 21,934,377 | 6,729,428 | 34,727,297 |
| 130 | May | company records | 2010 | 37,310,892 | 6,510,442 | 23,940,291 | 6,860,160 | 37,310,892 |
| 131 | June company | records | 2010 | 40,146,867 | 6,993,030 | 26,141,486 | 7,012,351 | 40,146,867 |
| 132 | July | company records | 2010 | 42,889,879 | 7,438,336 | 28,287,322 | 7,164,221 | 42,889,879 |
| 133 | August | company records | 2010 | 45,661,112 | 7,893,656 | 30,447,551 | 7,319,904 | 45,661,112 |
| 134 | September | company records | 2010 | 55,429,065 | 8,328,319 | 39,632,275 | 7,468,472 | 55,429,065 |
| 135 | October company | records | 2010 | 58,084,723 | 8,739,098 | 41,745,148 | 7,600,477 | 58,084,723 |
| 136 | November | company records | 2010 | 60,856,265 | 9,142,147 | 43,984,726 | 7,729,392 | 60,856,265 |
| 137 | December | 216.b | 2010 | 63,923,996 | 9,555,441 | 46,506,094 | 7,862,460 | 63,923,996 |
| 138 | **Transmission CWIP** | (sum lines 125-137) /13 | | $ 42,306,210 | $ 6,940,202 | $ 28,344,279 | $ 7,021,728 | $ 42,306,210 |

**LAND HELD FOR FUTURE USE**

| | **Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions** | | | **Beg of year** | **End of Year** | **Average** | **Details** |
|---|---|---|---|---|---|---|---|
| 139 | **LAND HELD FOR FUTURE USE** | p214 | Total | - | - | - | |
| | | | Non-transmission Related | - | - | | |
| | | | Transmission Related | - | - | - | |

**EPRI Dues Cost Support**

| | **Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions** | | | | | **Details** |
|---|---|---|---|---|---|---|
| | **Allocated General & Common Expenses** | **EPRI Dues** | **Common Expenses** | **EPRI Dues** | **Common Expenses** | |
| 140 | EPRI Dues & Common Expenses | p352-353 | p356 | - | - | |

**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** | **Details** |
|---|---|---|---|---|---|---|
| | **Directly Assigned A&G** | | | | | |
| 141 | Regulatory Commission Exp Account 928 | p323.189.b | 35,029 | 35,029 | - | |

## Attachment 4 - Cost Support
## PATH Allegheny Transmission Company, LLC

**Safety Related Advertising, Education and Out Reach Cost Support**

| Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions | | | Form 1 Amount | Safety, Education, Siting & Outreach Related | Other | Details |
|---|---|---|---|---|---|---|
| | **Directly Assigned A&G** | | | | | |
| 142 | General Advertising Exp Account 930.1 | p323.191.b | 136,313 | 136,313 | - | None |

**Multi-state Workpaper**

| Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions | | State 1 | State 2 | State 3 | State 4 | State 5 | Weighed Average |
|---|---|---|---|---|---|---|---|
| | **Income Tax Rates** | | | | | | |
| | | **MD** | **WV** | | | | |
| 143 | SIT=State Income Tax Rate or Composite | 8.25% | 8.50% | | | | 8.322% |

**Excluded Plant Cost Support**

| Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions | | | Excluded Transmission Facilities | Description of the Facilities |
|---|---|---|---|---|
| | **Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities** | | | |
| 144 | Excluded Transmission Facilities | | - | **General Description of the Facilities** |
| | Instructions: | | **Enter $** | **None** |
| 1 | Remove all investment below 69 kV facilities, including the investment allocated to distribution of a dual function substation, generator, interconnection and local and direct assigned facilities for which separate costs are charged and step-up generation substation included in transmission plant in service. | | - | |
| 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 | | **Or** | |
| | the following formula will be used: | **Example** | **Enter $** | |
| A | Total investment in substation | 1,000,000 | - | |
| B | Identifiable investment in Transmission (provide workpapers) | 500,000 | - | |
| C | Identifiable investment in Distribution (provide workpapers) | 400,000 | - | |
| D | Amount to be excluded (A x (C / (B + C))) | 444,444 | - | |
| | | | | **Add more lines if necessary** |

**Materials & Supplies**

| Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions | | | Beg of year | End of Year | Average |
|---|---|---|---|---|---|
| 145 | Assigned to O&M | p227.6 | - | - | - |
| 146 | Stores Expense Undistributed | p227.16 | - | - | - |
| 147 | Undistributed Stores Exp | | - | - | - |
| 148 | Transmission Materials & Supplies | p227.8 | - | - | - |

**Regulatory Asset**

| Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions | | | | |
|---|---|---|---|---|
| 149 | Beginning Balance of Regulatory Asset | p111.72.d (and notes) | $ 593,003 | Uncapitalized costs as of date the rates become effective |
| 150 | Months Remaining in Amortization Period | | 38 | As approved by FERC |
| 151 | Monthly Amortization | (line 149 - line 153) / 152 | $ 15,605 | |
| 152 | Months in Year to be Amortized | | 12 | Number of months rates are in effect during the calendar year |
| 153 | Ending Balance of Regulatory Asset | p111.72.c | $ 405,739 | |
| 154 | Average Balance of Regulatory Asset | (line 149 + line 153)/2 | $ 499,371 | |

## Attachment 4 - Cost Support
## PATH Allegheny Transmission Company, LLC

**Capital Structure**

**Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions**

| | | | | | |
|---|---|---|---|---|---|
| 155 | Monthly Balances for Capital Structure | | | | |
| 156 | | Year | Debt | Preferred Stock | Common Stock |
| 157 | January | 2010 | 0 | - | 0 |
| 158 | February | 2010 | - | - | - |
| 159 | March | 2010 | - | - | - |
| 160 | April | 2010 | - | - | - |
| 161 | May | 2010 | - | - | - |
| 162 | June | 2010 | - | - | - |
| 163 | July | 2010 | - | - | - |
| 164 | August | 2010 | - | - | - |
| 165 | September | 2010 | - | - | - |
| 166 | October | 2010 | - | - | - |
| 167 | November | 2010 | - | - | - |
| 168 | December | 2010 | - | - | - |
| 169 | Average | | 0 | - | 0 |

Note: the amount outstanding for debt retired during the year is the outstanding amount as of the last month it was outstanding; the equity is less Account 216.1, Preferred Stock, and Account 219; and the capital structure is fixed at 50/50 until the first two lines are placed in servic

**Detail of Account 566 Miscellaneous Transmission Expenses**

**Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions**

| | | | Total |
|---|---|---|---|
| 170 | Amortization Expense on Regulatory Asset | | $ 187,264 |
| 171 | Miscellaneous Transmission Expense | | - |
| 172 | Total Account 566 | Footnote Data: Schedule Page 320 b. 97 | $ 187,264 |

**PBOPs**

| | Attachment A Line #s, Descriptions, Notes, Form 1 Page #s and Instructions | | Details |
|---|---|---|---|
| 173 | **Calculation of PBOP Expenses** | | |
| 174 | **PATH - Allegheny - Allegheny Employees** | | |
| 175 | Total PBOP expenses | $ 22,856,433 | |
| 176 | Amount relating to retired personnel | $ 8,786,372 | |
| 177 | Amount allocated on FTEs | $ 14,070,061 | |
| 178 | Number of FTEs | 4,475 | |
| 179 | Cost per FTE | $ 3,144 | |
| 180 | PATH Allegheny FTEs (labor not capitalized) current year | 0.54 | |
| 181 | PATH Allegheny PBOP Expense for current year | $ 1,711 | |
| 182 | PATH Allegheny PBOP Expense in Account 926 for current year | $ 504 | |
| 183 | PBOP Adjustment for Appendix A, Line 50 | $ 1,207 | |
| 184 | Lines 175-179 cannot change absent approval or acceptance by FERC in a separate proceeding. | | |

# Attachment 5 - Transmission Enhancement Charge Worksheet

## PATH West Virginia Transmission Company, LLC

1 New Plant Carrying Charge

| | | | |
|---|---|---|---|
| 2 | Formula Line | Item | |
| 3 | 5 | NET REVENUE REQUIREMENT | 12,480,138 |
| 4 | 21 | NET TRANSMISSION PLANT IN SERVICE | - |
| 5 | 32 | CWIP | 68,885,839 |
| 6 | | **Carrying charge (line 3/sum of lines 4 and 5)** | **0.18117** |

7 **The FCR resulting from Formula in a given year is used for that year only**

8 **Therefore actual revenues collected in a year do not change based on cost data for subsequent years**

| | | | | (1) | (2) | (3) | (4) | (5) | (6) |
|---|---|---|---|---|---|---|---|---|---|
| | | | | PJM Upgrade ID: b0490 & b0491 | | | | | |
| 9 | | Details | | Amos Substation Upgrade - CWIP | Amos to Welton Spring Line - CWIP | Welton Spring Substation and SVC - CWIP | **Welton Spring to Interconnection with PATH Allegheny - CWIP** | Transmission Plant In Service | Totals |
| 10 | "Yes" if a project under PJM OATT Schedule 12, otherwise "No" | Schedule 12 | (Yes or No) | Yes | Yes | Yes | | Yes | |
| 11 | | FCR for This Project | | 18.1% | 18.1% | 18.1% | 18.1% | 18.1% | |
| | | | | | | | | | |
| 12 | Forecast – Forecast of average 13 month current year net transmission plant plus 13-mo CWIP balances.<br>Reconciliation – Average of 13 month prior year net transmission plant balances plus prior year 13-mo CWIP balances. | Investment | | 9,396,142 | 41,253,233 | 11,536,004 | 6,700,460 | - | 68,885,839 |
| | | **Revenue Requirement** | | 1,702,311.45 | 7,473,902.77 | 2,089,993.06 | 1,213,931.12 | - | 12,480,138.40 |

# Attachment 5 - Transmission Enhancement Charge Worksheet

## PATH Allegheny Transmission Company, LLC

1 New Plant Carrying Charge

| Line | Formula Line | Item | |
|---|---|---|---|
| 2 | Formula Line | Item | |
| 3 | 5 | NET REVENUE REQUIREMENT | 10,572,847 |
| 4 | 21 | NET TRANSMISSION PLANT IN SERVICE | 9,717,786 |
| 5 | 32 | CWIP | 42,306,210 |
| 6 | | **Carrying charge (line 3/sum of lines 4 and 5)** | **0.20323** |

7 **The FCR resulting from Formula in a given year is used for that year only**

8 **Therefore actual revenues collected in a year do not change based on cost data for subsequent years**

| | | | | (1) | (2) | (3) | (4) | (5) |
|---|---|---|---|---|---|---|---|---|
| | | | | PJM Upgrade ID: b0492 & b0560 | | | | |
| 9 | | Details | | Kemptown Substation - CWIP | Kemptown to Interconnection with PATH West Virginia - CWIP | Welton Spring Substation - CWIP | Transmission Plant In Service | Totals |
| 10 | "Yes" if a project under PJM OATT Schedule 12, otherwise "No" | Schedule 12 | (Yes or No) | Yes | Yes | Yes | Yes | |
| 11 | | FCR for This Project | | 20.3% | 20.3% | 20.3% | 20.3% | |
| | | | | | | | | |
| 12 | Forecast – Forecast of average 13 month current year net transmission plant plus 13-mo CWIP balances. Reconciliation – Average of 13 month prior year net transmission plant balances plus prior year 13-mo CWIP balances. | Investment | | 6,940,202 | 28,344,279 | 7,021,728 | 9,717,786 | 52,023,995 |
| | | **Revenue Requirement** | | 1,410,458.71 | 5,760,413.68 | 1,427,027.27 | 1,974,947.60 | 10,572,847.27 |

## Attachment 6 - Financing Costs for Long Term Debt using the Internal Rate of Return Methodology -- PATH-W

HYPOTHETICAL EXAMPLE

PATH anticipates its financing will be a 7 year loan, where by PATH pays Origination Fees of $7.9 million and a Commitments Fee of 0.375% on the undrawn principle.
Consistent with GAAP, PATH will amortize the Origination Fees and Commitments Fees using the standard Internal Rate of Return formula below.
Each year, PATH will true up the amounts withdrawn, the interest paid in the year, Origination Fees, Commitments Fees, and total loan amount on this attachment.

| | |
|---|---|
| **Total Loan Amount** | **$ 600,000,000** |

**Internal Rate of Return**[1] **6.64%**

**Based on following Financial Formula**[2]**:**

$$\text{NPV} = 0 = \sum_{t=1}^{N} C_t/(1+IRR)pwr(t)$$

| | |
|---|---|
| **Origination Fees** | |
| Underwriting Discount | - |
| Arrangement Fee | 2,000,000 |
| Upfront Fee | 4,400,000 |
| Rating Agency Fee | 200,000 |
| Legal Fees | 1,250,000 |
| Total Issuance Expense | **7,850,000** |

| | |
|---|---|
| **Annual Rating Agency Fee** | 200,000 |
| **Annual Bank Agency Fee** | 75,000 |
| **Revolving Credit Commitment Fee** | 0.375% |

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|---|
| LIBOR Rate | 4.0610% | 4.0610% | 4.0610% | 4.0610% | 4.0610% | 4.0610% | 4.0610% |
| Spread | 1.875% | 1.875% | 1.875% | 1.875% | 1.875% | 1.875% | 1.875% |
| **Interest Rate** | 5.94% | 5.94% | 5.94% | 5.94% | 5.94% | 5.94% | 5.94% |

| (A) Year | (B) | ( C) Capital Expenditures ( $000's) | (D) Principle Drawn In Quarter ($000's) | (E) Principle Drawn To Date ($000's) | (F) Interest Expense ($000's) | (G) Origination Fees ($000's) | (H) Commitment & Utilization Fee ($000's) | (I) Net Cash Flows ($000's) (D-F-G-H) |
|---|---|---|---|---|---|---|---|---|
| Prior to 11/2008 | | 16,529 | | | | | | |
| 11/30/2008 | Q4 | 8,923 | | - | - | | | - |
| 2/15/2009 | Q1 | 14,636 | 20,044 | 20,044 | - | 125 | | 19,919 |
| 5/15/2009 | Q2 | 17,119 | 8,560 | 28,604 | 297 | | | 8,262 |
| 8/15/2009 | Q3 | 46,132 | 23,066 | 51,670 | 424 | | | 22,642 |
| 11/15/2009 | Q4 | 62,740 | 31,370 | 83,040 | 767 | | | 30,603 |
| 2/15/2010 | Q1 | 132,393 | 66,197 | 149,236 | 1,232 | 7,725 | 553 | 56,686 |
| 5/15/2010 | Q2 | 132,393 | 66,197 | 215,433 | 2,215 | | 491 | 63,490 |
| 8/15/2010 | Q3 | 132,393 | 66,197 | 281,629 | 3,197 | | 429 | 62,570 |
| 11/15/2010 | Q4 | 132,393 | 66,197 | 347,826 | 4,179 | | 367 | 61,650 |
| 2/15/2011 | Q1 | 70,588 | 35,294 | 383,120 | 5,162 | | 305 | 29,827 |
| 5/15/2011 | Q2 | 70,588 | 35,294 | 418,414 | 5,685 | | 272 | 29,336 |
| 8/15/2011 | Q3 | 70,588 | 35,294 | 453,708 | 6,209 | | 239 | 28,846 |
| 11/15/2011 | Q4 | 70,588 | 35,294 | 489,002 | 6,733 | | 206 | 28,355 |
| 2/15/2012 | Q1 | 51,885 | 25,943 | 514,944 | 7,257 | | 173 | 18,513 |
| 5/15/2012 | Q2 | 51,885 | 25,943 | 540,887 | 7,642 | | 148 | 18,152 |
| 8/15/2012 | Q3 | 51,885 | 25,943 | 566,829 | 8,027 | | 124 | 17,792 |
| 11/15/2012 | Q4 | 51,885 | 25,943 | 592,772 | 8,412 | | 100 | 17,431 |
| 2/15/2013 | Q1 | 11,122 | 7,228 | 600,000 | 8,797 | | 76 | (1,644) |
| 5/15/2013 | Q2 | | | 600,000 | 8,904 | | 69 | (8,973) |
| 8/15/2013 | Q3 | | | 600,000 | 8,904 | | 69 | (8,973) |
| 11/15/2013 | Q4 | | | 600,000 | 8,904 | | 69 | (8,973) |
| 2/15/2014 | Q1 | | | 600,000 | 8,904 | | 69 | (8,973) |
| 5/15/2014 | Q2 | | | 600,000 | 8,904 | | 69 | (8,973) |
| 8/15/2014 | Q3 | | | 600,000 | 8,904 | | 69 | (8,973) |
| 11/15/2014 | Q4 | | | 600,000 | 8,904 | | 69 | (8,973) |
| 2/15/2015 | Q1 | | | 600,000 | 8,904 | | - | (608,903) |

---

[1] The IRR is the Debt Cost shown on Page 5, Line 118 of Rate Formula Template.

[2] The IRR is a discount rate that makes the net present value of a series of cash flows equal to zero. The IRR equation can only be solved through iterations performed by a computer program (i.e.NPV function with goal seek in a spreadsheet program).

## Attachment 6 - Financing Costs for Long Term Debt using the Internal Rate of Return Methodology -- PATH-Allegheny

HYPOTHETICAL EXAMPLE

PATH anticipates its financing will be a 7 year loan, where by PATH pays Origination Fees of $4.2 million and a Commitments Fee of 0.375% on the undrawn principle.
Consistent with GAAP, PATH will amortize the Origination Fees and Commitments Fees using the standard Internal Rate of Return formula below.
Each year, PATH will true up the amounts withdrawn, the interest paid in the year, Origination Fees, Commitments Fees, and total loan amount on this attachment.

| | |
|---|---|
| **Total Loan Amount** | **$ 300,000,000** |

| | |
|---|---|
| **Internal Rate of Return**[1] | **6.76%** |

**Based on following Financial Formula**[2]**:**

$$\text{NPV} = 0 = \sum_{t=1}^{N} Ct/(1+IRR)pwr(t)$$

| | |
|---|---|
| **Origination Fees** | |
| Underwriting Discount | - |
| Arrangement Fee | 1,000,000 |
| Upfront Fee | 2,200,000 |
| Rating Agency Fee | 200,000 |
| Legal Fees | 750,000 |
| Total Issuance Expense | **4,150,000** |

| | |
|---|---|
| **Annual Rating Agency Fee** | 200,000 |
| **Annual Bank Agency Fee** | 75,000 |
| **Revolving Credit Commitment Fee** | 0.375% |

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|---|---|---|---|---|---|---|---|
| LIBOR Rate | 4.0610% | 4.0610% | 4.0610% | 4.0610% | 4.0610% | 4.0610% | 4.0610% |
| Spread | 1.875% | 1.875% | 1.875% | 1.875% | 1.875% | 1.875% | 1.875% |
| **Interest Rate** | 5.94% | 5.94% | 5.94% | 5.94% | 5.94% | 5.94% | 5.94% |

| (A) Year | (B) | ( C) Capital Expenditures ( $000's) | (D) Principle Drawn In Quarter ($000's) | (E) Principle Drawn To Date ($000's) | (F) Interest Expense ($000's) | (G) Origination Fees ($000's) | (H) Commitment & Utilization Fee ($000's) | (I) Net Cash Flows ($000's) (D-F-G-H) |
|---|---|---|---|---|---|---|---|---|
| Prior to 11/2008 | | 8,672 | | | | | | |
| 11/15/2008 | Q4 | 13,079 | | - | - | | | - |
| 2/15/2009 | Q1 | 18,143 | 19,947 | 19,947 | - | 75 | | 19,872 |
| 5/15/2009 | Q2 | 17,756 | 8,878 | 28,825 | 296 | | | 8,582 |
| 8/15/2009 | Q3 | 24,818 | 12,409 | 41,234 | 428 | | | 11,981 |
| 11/15/2009 | Q4 | 33,644 | 16,822 | 58,056 | 612 | | | 16,210 |
| 2/15/2010 | Q1 | 33,686 | 16,843 | 74,899 | 862 | 4,075 | 296 | 11,611 |
| 5/15/2010 | Q2 | 30,717 | 15,359 | 90,258 | 1,112 | | 280 | 13,967 |
| 8/15/2010 | Q3 | 39,142 | 19,571 | 109,829 | 1,339 | | 265 | 17,966 |
| 11/15/2010 | Q4 | 41,965 | 20,983 | 130,811 | 1,630 | | 247 | 19,106 |
| 2/15/2011 | Q1 | 52,638 | 26,319 | 157,130 | 1,941 | | 227 | 24,150 |
| 5/15/2011 | Q2 | 47,999 | 24,000 | 181,130 | 2,332 | | 203 | 21,465 |
| 8/15/2011 | Q3 | 61,165 | 30,583 | 211,712 | 2,688 | | 180 | 27,714 |
| 11/15/2011 | Q4 | 65,576 | 32,788 | 244,500 | 3,142 | | 152 | 29,495 |
| 2/15/2012 | Q1 | 29,076 | 14,538 | 259,038 | 3,628 | | 121 | 10,789 |
| 5/15/2012 | Q2 | 26,514 | 13,257 | 272,295 | 3,844 | | 107 | 9,306 |
| 8/15/2012 | Q3 | 33,786 | 16,893 | 289,188 | 4,041 | | 95 | 12,757 |
| 11/15/2012 | Q4 | 21,624 | 10,812 | 300,000 | 4,292 | | 79 | 6,442 |
| 2/15/2013 | Q1 | | | 300,000 | 4,452 | | 69 | (4,521) |
| 5/15/2013 | Q2 | | | 300,000 | 4,452 | | 69 | (4,521) |
| 8/15/2013 | Q3 | | | 300,000 | 4,452 | | 69 | (4,521) |
| 11/15/2013 | Q4 | | | 300,000 | 4,452 | | 69 | (4,521) |
| 2/15/2014 | Q1 | | | 300,000 | 4,452 | | 69 | (4,521) |
| 5/15/2014 | Q2 | | | 300,000 | 4,452 | | 69 | (4,521) |
| 8/15/2014 | Q3 | | | 300,000 | 4,452 | | 69 | (4,521) |
| 11/15/2014 | Q4 | | | 300,000 | 4,452 | | 69 | (4,521) |
| 2/15/2015 | Q1 | | | 300,000 | 4,452 | | - | (304,452) |

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[1] The IRR is the Debt Cost shown on Page 10, Line 118 of Rate Formula Template.

[2] The IRR is a discount rate that makes the net present value of a series of cash flows equal to zero. The IRR equation can only be solved through iterations performed by a computer program (i.e.NPV function with goal seek in a spreadsheet program).

## Attachment 7
## PATH West Virginia Transmission Company, LLC

**Potomac-Appalachian Transmission Highline, LLC**
**CALCULATION OF COST OF DEBT AFTER CONSTRUCTION PHASE**
**YEAR ENDED** **12/31/2014**

**(HYPOTHETICAL EXAMPLE)**

| | Amount Outstanding | Unamortized Debt Issue Expense | Unamortized Debt Premium/ (Discount) | Unamortized Losses on Reacquired Debt | Net Amount Outstanding | Effective Cost Rate[1] | Annualized Cost |
|---|---|---|---|---|---|---|---|
| **Debt:**<br>First Mortgage Bonds: | | | | | | | |
| | $ 300,000,000 | $2,900,000 | ($2,320,000) | $0 | $294,780,000 | 7.237% | $ 21,333,422 |
| Other Long Term Debt: | | | | | | | |
| 6.600% Series Medium Term Notes Due 2021 | $ 200,000,000 | $1,800,000 | | - | $198,200,000 | 6.734% | $ 13,347,503 |
| | | | | | - | | |
| Total Debt | $ 500,000,000 | $ 4,700,000 | $ (2,320,000) | $ - | $ 492,980,000<br>7.035% | | $ 34,680,924 |
| Check with FERC Form 1 B/S pgs 110-113 | $ 185,750,000 | $ (1,131,082) | $ (1,595,909) | $ 17,075,452 | | | |

**Development of Effective Cost Rates:**

| | | Issue Date | Maturity Date | Amount Issued | (Discount) Premium at Issuance | Issuance Expense | Loss on Reacquired Debt | Net Proceeds | Net Proceeds Ratio | Coupon Rate | Effective Cost Rate | Annual Interest |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| First Mortgage Bonds | | | | | | | | | | | | |
| 7.090% Series Due | 2041 | 1/1/2014 | 6/30/2044 | $ 300,000,000 | $ (2,400,000) | $ 3,000,000 | - | $ 294,600,000 | 98.2000 | 0.07090 | 7.237% | $ 21,270,000 |
| | | | | | | | | | | | | -<br>- |
| Other Long Term Debt: | | | | | | | | | | | | |
| 6.600% Series Medium Term Notes Due 2021 | | 01/01/2014 | 06/30/2024 | 200,000,000 | | 2,000,000 | | $ 198,000,000 | 99.0000 | 0.06600 | 6.734% | 13,200,000 |
| | | | | $ 500,000,000 | (2,400,000) | $ 5,000,000 | - | $ 492,600,000 | | | | $ 34,470,000 |

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[1] The Effective Cost Rate is the Debt Cost shown on Page 5, Line 118 of Rate Formula Template.

### Attachment 7

**Potomac-Appalachian Transmission Highline, LLC**

**PATH Allegheny Transmission Company, LLC**

**CALCULATION OF COST OF DEBT AFTER CONSTRUCTION PHASE**
**YEAR ENDED** **12/31/2014**

**(HYPOTHETICAL EXAMPLE)**

| | Amount Outstanding | Unamortized Debt Issue Expense | Unamortized Debt Premium/ (Discount) | Unamortized Losses on Reacquired Debt | Net Amount Outstanding | Effective Cost Rate[1] | Annualized Cost |
|---|---|---|---|---|---|---|---|
| **Debt:** | | | | | | | |
| First Mortgage Bonds: | | | | | | | |
| | $ 300,000,000 | $2,900,000 | ($2,320,000) | $0 | $294,780,000 | 7.237% | $ 21,333,422 |
| Other Long Term Debt: | | | | | | | |
| 6.600% Series Medium Term Notes Due 2021 | $ 200,000,000 | $1,800,000 | | - | $198,200,000 | 6.734% | $ 13,347,503 |
| | | | | | - | | |
| Total Debt | $ 500,000,000 | $ 4,700,000 | $ (2,320,000) | $ - | $ 492,980,000 | **7.035%** | $ 34,680,924 |
| Check with FERC Form 1 B/S pgs 110-113 | $ 185,750,000 | $ (1,131,082) | $ (1,595,909) | $ 17,075,452 | | | |

**Development of Effective Cost Rates:**

| | Issue Date | Maturity Date | Amount Issued | (Discount) Premium at Issuance | Issuance Expense | Loss on Reacquired Debt | Net Proceeds | Net Proceeds Ratio | Coupon Rate | Effective Cost Rate | Annual Interest |
|---|---|---|---|---|---|---|---|---|---|---|---|
| First Mortgage Bonds | | | | | | | | | | | |
| 7.090% Series Due 2041 | 1/1/2014 | 6/30/2044 | $ 300,000,000 | $ (2,400,000) | $ 3,000,000 | - | $ 294,600,000 | 98.2000 | 0.07090 | 7.237% | $ 21,270,000 |
| | | | | | | | | | | | - |
| Other Long Term Debt: | | | | | | | | | | | - |
| 6.600% Series Medium Term Notes Due 2021 | 01/01/2014 | 06/30/2024 | 200,000,000 | | 2,000,000 | | $ 198,000,000 | 99.0000 | 0.06600 | 6.734% | 13,200,000 |
| | | | $ 500,000,000 | (2,400,000) | $ 5,000,000 | - | $ 492,600,000 | | | | $ 34,470,000 |

---

[1] The Effective Cost Rate is the Debt Cost shown on Page 10, Line 118 of Rate Formula Template.

# Attachment 8
## Potomac-Appalachian Transmission Highline, LLC
## Example of Interest Rates and Interest Calculations
## PATH West Virginia Transmission Company, LLC

| | | | | |
|---|---|---|---|---|
| Reconciliation Revenue Requirement For Year 2008 Available May 31, 2009 | | 2008 Revenue Requirement Forecast by March 1, 2008 | | True-up Adjustment - Over (Under) Recovery |
| $6,483,059 | - | $11,575,595 | = | $5,092,536 |

---

| Interest Rate on Amount of Refunds or Surcharges | | Over (Under) Recovery Plus Interest | Monthly Interest Rate | Months | Calculated Interest | Amortization | Surcharge (Refund) Owed |
|---|---|---|---|---|---|---|---|
| from 35.19a | | | 0.4365% | | | | |
| An over or under collection will be recovered prorata over 2008, held for 2009 and returned prorate over 2010 | | | | | | | |
| | | $ | | | $ | | $ |
| Calculation of Interest | | | | | Monthly | | |
| January | Year 2008 | | 0.4365% | 12 | | | |
| February | Year 2008 | | 0.4365% | 11 | | | |
| March | Year 2008 | 509,254 | 0.4365% | 10 | (22,229) | | (531,483) |
| April | Year 2008 | 509,254 | 0.4365% | 9 | (20,006) | | (529,260) |
| May | Year 2008 | 509,254 | 0.4365% | 8 | (17,783) | | (527,037) |
| June | Year 2008 | 509,254 | 0.4365% | 7 | (15,560) | | (524,814) |
| July | Year 2008 | 509,254 | 0.4365% | 6 | (13,337) | | (522,591) |
| August | Year 2008 | 509,254 | 0.4365% | 5 | (11,114) | | (520,368) |
| September | Year 2008 | 509,254 | 0.4365% | 4 | (8,892) | | (518,145) |
| October | Year 2008 | 509,254 | 0.4365% | 3 | (6,669) | | (515,922) |
| November | Year 2008 | 509,254 | 0.4365% | 2 | (4,446) | | (513,699) |
| December | Year 2008 | 509,254 | 0.4365% | 1 | (2,223) | | (511,477) |
| | | | | | (122,259) | | (5,214,795) |
| | | | | | Annual | | |
| January through December | Year 2009 | (5,214,795) | 0.4365% | 12 | (273,151) | | (5,487,946) |
| Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months | | | | | Monthly | | |
| January | Year 2010 | 5,487,946 | 0.4365% | | (23,955) | 470,408 | (5,041,493) |
| February | Year 2010 | 5,041,493 | 0.4365% | | (22,006) | 470,408 | (4,593,091) |
| March | Year 2010 | 4,593,091 | 0.4365% | | (20,049) | 470,408 | (4,142,732) |
| April | Year 2010 | 4,142,732 | 0.4365% | | (18,083) | 470,408 | (3,690,407) |
| May | Year 2010 | 3,690,407 | 0.4365% | | (16,109) | 470,408 | (3,236,108) |
| June | Year 2010 | 3,236,108 | 0.4365% | | (14,126) | 470,408 | (2,779,825) |
| July | Year 2010 | 2,779,825 | 0.4365% | | (12,134) | 470,408 | (2,321,551) |
| August | Year 2010 | 2,321,551 | 0.4365% | | (10,134) | 470,408 | (1,861,277) |
| September | Year 2010 | 1,861,277 | 0.4365% | | (8,124) | 470,408 | (1,398,993) |
| October | Year 2010 | 1,398,993 | 0.4365% | | (6,107) | 470,408 | (934,692) |
| November | Year 2010 | 934,692 | 0.4365% | | (4,080) | 470,408 | (468,364) |
| December | Year 2010 | 468,364 | 0.4365% | | (2,044) | 470,408 | 0 |
| | | | | | (156,950) | | |

| | | |
|---|---|---|
| True-Up Adjustment with Interest | $ | (5,644,896) |
| Less Over (Under) Recovery | $ | 5,092,536 |
| Total Interest | $ | (552,360) |

## Attachment 8
## Potomac-Appalachian Transmission Highline, LLC
## Interest Rates and Interest Calculations
## PATH Allegheny Transmission Company, LLC

| | | | | |
|---|---|---|---|---|
| Reconciliation Revenue Requirement For Year 2008 Available May 31, 2009<br>$2,131,722 | - | 2008 Revenue Requirement Forecast by March 1, 2008<br>$2,864,460 | = | True-up Adjustment - Over (Under) Recovery<br>$732,738 |

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| Interest Rate on Amount of Refunds or Surcharges | | Over (Under) Recovery Plus Interest | Monthly Interest Rate | Months | Calculated Interest | Amortization | Surcharge (Refund) Owed |
|---|---|---|---|---|---|---|---|
| from 35.19a | | | 0.4365% | | | | |
| An over or under collection will be recovered prorata over 2008, held for 2009 and returned prorate over 2010 | | | | | | | |
| | | $ | | | $ | | $ |
| Calculation of Interest | | | | | Monthly | | |
| January | Year 2008 | | 0.4365% | 12 | | | |
| February | Year 2008 | | 0.4365% | 11 | | | |
| March | Year 2008 | 73,274 | 0.4365% | 10 | (3,198) | | (76,472) |
| April | Year 2008 | 73,274 | 0.4365% | 9 | (2,879) | | (76,152) |
| May | Year 2008 | 73,274 | 0.4365% | 8 | (2,559) | | (75,833) |
| June | Year 2008 | 73,274 | 0.4365% | 7 | (2,239) | | (75,513) |
| July | Year 2008 | 73,274 | 0.4365% | 6 | (1,919) | | (75,193) |
| August | Year 2008 | 73,274 | 0.4365% | 5 | (1,599) | | (74,873) |
| September | Year 2008 | 73,274 | 0.4365% | 4 | (1,279) | | (74,553) |
| October | Year 2008 | 73,274 | 0.4365% | 3 | (960) | | (74,233) |
| November | Year 2008 | 73,274 | 0.4365% | 2 | (640) | | (73,913) |
| December | Year 2008 | 73,274 | 0.4365% | 1 | (320) | | (73,594) |
| | | | | | (17,591) | | (750,329) |
| | | | | | Annual | | |
| January through December | Year 2009 | (750,329) | 0.4365% | 12 | (39,302) | | (789,632) |
| Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months | | | | | Monthly | | |
| January | Year 2010 | 789,632 | 0.4365% | | (3,447) | 67,685 | (725,394) |
| February | Year 2010 | 725,394 | 0.4365% | | (3,166) | 67,685 | (660,876) |
| March | Year 2010 | 660,876 | 0.4365% | | (2,885) | 67,685 | (596,076) |
| April | Year 2010 | 596,076 | 0.4365% | | (2,602) | 67,685 | (530,993) |
| May | Year 2010 | 530,993 | 0.4365% | | (2,318) | 67,685 | (465,626) |
| June | Year 2010 | 465,626 | 0.4365% | | (2,032) | 67,685 | (399,974) |
| July | Year 2010 | 399,974 | 0.4365% | | (1,746) | 67,685 | (334,036) |
| August | Year 2010 | 334,036 | 0.4365% | | (1,458) | 67,685 | (267,809) |
| September | Year 2010 | 267,809 | 0.4365% | | (1,169) | 67,685 | (201,294) |
| October | Year 2010 | 201,294 | 0.4365% | | (879) | 67,685 | (134,488) |
| November | Year 2010 | 134,488 | 0.4365% | | (587) | 67,685 | (67,390) |
| December | Year 2010 | 67,390 | 0.4365% | | (294) | 67,685 | 0 |
| | | | | | (22,583) | | |

| | | |
|---|---|---|
| True-Up Adjustment with Interest | $ | (812,214) |
| Less Over (Under) Recovery | $ | 732,738 |
| Total Interest | $ | (79,476) |

## Potomac-Appalachian Transmission Highline, LLC
## Attachment 9 - Hypothetical Example of Final True-Up of Interest Rates and Interest Calculations for the Construction Loan

**Applicable to both PATH West Virginia Transmission Company, LLC & PATH Allegheny Transmission Company, LLC**

***To be Prepared on 8/15/2013 (hypothetical date)***

**SUMMARY**

| | | | **Hypothetical Revenue Requirement** | | | | |
|---|---|---|---|---|---|---|---|
| **YEAR** | **Estimated Effective cost of debt used in forecast/true up** | **Final Effective cost of debt for the construction loan:** | **Based on Estimated Effective cost of debt** | **Based on Actual Effective cost of debt** | Over (Under) Recovery | **Hypothetical Monthly Interest Rate applicable over the ATRR period** | Total Amount of Construction Loan Related True-Up included in rates effective Jan 2014 (Refund)/Owed |
| 2008 | 7.18% | 7.00% | $ 2,500,000.00 | $ 2,400,000.00 | $ 100,000.00 | 0.550% | $ (148,288.33) |
| 2009 | 6.8% | 7.00% | $5,000,000.00 | $5,150,000.00 | $ (150,000.00) | 0.560% | $ 209,670.43 |
| 2010 | 7.2% | 7.00% | $8,300,000.00 | $8,200,000.00 | $ 100,000.00 | 0.540% | $ (131,109.09) |
| 2011 | 7.3% | 7.00% | $12,300,000.00 | $12,000,000.00 | $ 300,000.00 | 0.580% | $ (368,656.73) |
| 2012* | 7.1% | 6.83% | $18,000,000.00 | $17,900,000.00 | $ 100,000.00 | 0.570% | $ (114,946.28) |
| 2013** | 6.50% | 6.50% | $25,000,000.00 | $25,000,000.00 | $ - | | |
| 2014** | 6.50% | 6.50% | | | | | $ (553,329.99) |

** Assumes that the construction loan is retired on Sept 1, 2012*

*** Assumes permanent debt structure is put in place on Sept 1, 2012 with effective rate of 6.5%*

*Note: True-Up period is 2008 - 2012, with the true-up amount included in 2014 forecasted ATRR. Final effective cost of debt for 2012 is computed as follows: ((7%*243days)+(6.5%*122days))/365days*

## Calculation of Applicable Interest Expense for each ATRR period

| Interest Rate on Amount of Refunds or Surcharges from 35.19a | | Over (Under) Recovery Plus Interest | Hypothetical Monthly Interest Rate | Months | Calculated Interest | Amortization | Surcharge (Refund) Owed |
|---|---|---|---|---|---|---|---|
| Calculation of Interest for 2008 True-Up Period | | | | | | | |
| An over or under collection will be recovered prorata over 2008, held for 2009, 2010, 2011, 2012, 2013 and returned prorate over 2014 | | | | | Monthly | | |
| January | Year 2008 | - | 0.5500% | 12.00 | - | | - |
| February | Year 2008 | - | 0.5500% | 11.00 | - | | - |
| March | Year 2008 | 10,000 | 0.5500% | 10.00 | (550) | | (10,550) |
| April | Year 2008 | 10,000 | 0.5500% | 9.00 | (495) | | (10,495) |
| May | Year 2008 | 10,000 | 0.5500% | 8.00 | (440) | | (10,440) |
| June | Year 2008 | 10,000 | 0.5500% | 7.00 | (385) | | (10,385) |
| July | Year 2008 | 10,000 | 0.5500% | 6.00 | (330) | | (10,330) |
| August | Year 2008 | 10,000 | 0.5500% | 5.00 | (275) | | (10,275) |
| September | Year 2008 | 10,000 | 0.5500% | 4.00 | (220) | | (10,220) |
| October | Year 2008 | 10,000 | 0.5500% | 3.00 | (165) | | (10,165) |
| November | Year 2008 | 10,000 | 0.5500% | 2.00 | (110) | | (10,110) |
| December | Year 2008 | 10,000 | 0.5500% | 1.00 | (55) | | (10,055) |
| | | | | | (3,025) | | (103,025) |
| | | | | | Annual | | |
| January through December | Year 2009 | (103,025) | 0.5600% | 12.00 | (6,923) | | (109,948) |
| January through December | Year 2010 | (109,948) | 0.5400% | 12.00 | (7,125) | | (117,073) |
| January through December | Year 2011 | (117,073) | 0.5800% | 12.00 | (8,148) | | (125,221) |
| January through December | Year 2012 | (125,221) | 0.5700% | 12.00 | (8,565) | | (133,786) |
| January through December | Year 2013 | (133,786) | 0.5700% | 12.00 | (9,151) | | (142,937) |
| Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months | | | | | Monthly | | |
| January | Year 2014 | 142,937 | 0.5700% | | (815) | (12,357) | (131,395) |
| February | Year 2014 | 131,395 | 0.5700% | | (749) | (12,357) | (119,786) |
| March | Year 2014 | 119,786 | 0.5700% | | (683) | (12,357) | (108,112) |
| April | Year 2014 | 108,112 | 0.5700% | | (616) | (12,357) | (96,371) |
| May | Year 2014 | 96,371 | 0.5700% | | (549) | (12,357) | (84,563) |
| June | Year 2014 | 84,563 | 0.5700% | | (482) | (12,357) | (72,687) |
| July | Year 2014 | 72,687 | 0.5700% | | (414) | (12,357) | (60,744) |
| August | Year 2014 | 60,744 | 0.5700% | | (346) | (12,357) | (48,733) |
| September | Year 2014 | 48,733 | 0.5700% | | (278) | (12,357) | (36,653) |
| October | Year 2014 | 36,653 | 0.5700% | | (209) | (12,357) | (24,505) |
| November | Year 2014 | 24,505 | 0.5700% | | (140) | (12,357) | (12,287) |
| December | Year 2014 | 12,287 | 0.5700% | | (70) | (12,357) | 0 |
| | | | | | (5,351) | | |
| Total Amount of True-Up Adjustment for 2008 ATRR | | | | | | $ (148,288) | |
| Less Over (Under) Recovery | | | | | | $ 100,000 | |
| Total Interest | | | | | | $ (48,288) | |

### Potomac-Appalachian Transmission Highline, LLC
### Attachment 9 - Hypothetical Example of Final True-Up of Interest Rates and Interest Calculations for the Construction Loan

**Applicable to both PATH West Virginia Transmission Company, LLC & PATH Allegheny Transmission Company, LLC**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Calculation of Interest for 2009 True-Up Period | | | | | | | |
| An over or under collection will be recovered prorata over 2009, held for 2010, 2011, 2012, 2013 and returned prorate over 2014 | | | | | Monthly | | |
| January | Year 2009 | (12,500) | 0.5600% | 12.00 | 840 | | 13,340 |
| February | Year 2009 | (12,500) | 0.5600% | 11.00 | 770 | | 13,270 |
| March | Year 2009 | (12,500) | 0.5600% | 10.00 | 700 | | 13,200 |
| April | Year 2009 | (12,500) | 0.5600% | 9.00 | 630 | | 13,130 |
| May | Year 2009 | (12,500) | 0.5600% | 8.00 | 560 | | 13,060 |
| June | Year 2009 | (12,500) | 0.5600% | 7.00 | 490 | | 12,990 |
| July | Year 2009 | (12,500) | 0.5600% | 6.00 | 420 | | 12,920 |
| August | Year 2009 | (12,500) | 0.5600% | 5.00 | 350 | | 12,850 |
| September | Year 2009 | (12,500) | 0.5600% | 4.00 | 280 | | 12,780 |
| October | Year 2009 | (12,500) | 0.5600% | 3.00 | 210 | | 12,710 |
| November | Year 2009 | (12,500) | 0.5600% | 2.00 | 140 | | 12,640 |
| December | Year 2009 | (12,500) | 0.5600% | 1.00 | 70 | | 12,570 |
| | | | | | 5,460 | | 155,460 |
| | | | | | Annual | | |
| January through December | Year 2010 | 155,460 | 0.5400% | 12.00 | 10,074 | | 165,534 |
| January through December | Year 2011 | 165,534 | 0.5800% | 12.00 | 11,521 | | 177,055 |
| January through December | Year 2012 | 177,055 | 0.5700% | 12.00 | 12,111 | | 189,166 |
| January through December | Year 2013 | 189,166 | 0.5700% | 12.00 | 12,939 | | 202,104 |
| Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months | | | | | Monthly | | |
| January | Year 2014 | (202,104) | 0.5700% | | 1,152 | 17,473 | 185,784 |
| February | Year 2014 | (185,784) | 0.5700% | | 1,059 | 17,473 | 169,370 |
| March | Year 2014 | (169,370) | 0.5700% | | 965 | 17,473 | 152,863 |
| April | Year 2014 | (152,863) | 0.5700% | | 871 | 17,473 | 136,262 |
| May | Year 2014 | (136,262) | 0.5700% | | 777 | 17,473 | 119,566 |
| June | Year 2014 | (119,566) | 0.5700% | | 682 | 17,473 | 102,775 |
| July | Year 2014 | (102,775) | 0.5700% | | 586 | 17,473 | 85,888 |
| August | Year 2014 | (85,888) | 0.5700% | | 490 | 17,473 | 68,905 |
| September | Year 2014 | (68,905) | 0.5700% | | 393 | 17,473 | 51,826 |
| October | Year 2014 | (51,826) | 0.5700% | | 295 | 17,473 | 34,649 |
| November | Year 2014 | (34,649) | 0.5700% | | 197 | 17,473 | 17,374 |
| December | Year 2014 | (17,374) | 0.5700% | | 99 | 17,473 | (0) |
| | | | | | 7,566 | | |
| Total Amount of True-Up Adjustment for 2009 ATRR | | | | | | $ 209,670 | |
| Less Over (Under) Recovery | | | | | | $ (150,000) | |
| Total Interest | | | | | | $ 59,670 | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Calculation of Interest for 2010 True-Up Period | | | | | | | |
| An over or under collection will be recovered prorata over 2010, held for 2011, 2012, 2013 and returned prorate over 2014 | | | | | Monthly | | |
| January | Year 2010 | 8,333 | 0.5400% | 12.00 | (540) | | (8,873) |
| February | Year 2010 | 8,333 | 0.5400% | 11.00 | (495) | | (8,828) |
| March | Year 2010 | 8,333 | 0.5400% | 10.00 | (450) | | (8,783) |
| April | Year 2010 | 8,333 | 0.5400% | 9.00 | (405) | | (8,738) |
| May | Year 2010 | 8,333 | 0.5400% | 8.00 | (360) | | (8,693) |
| June | Year 2010 | 8,333 | 0.5400% | 7.00 | (315) | | (8,648) |
| July | Year 2010 | 8,333 | 0.5400% | 6.00 | (270) | | (8,603) |
| August | Year 2010 | 8,333 | 0.5400% | 5.00 | (225) | | (8,558) |
| September | Year 2010 | 8,333 | 0.5400% | 4.00 | (180) | | (8,513) |
| October | Year 2010 | 8,333 | 0.5400% | 3.00 | (135) | | (8,468) |
| November | Year 2010 | 8,333 | 0.5400% | 2.00 | (90) | | (8,423) |
| December | Year 2010 | 8,333 | 0.5400% | 1.00 | (45) | | (8,378) |
| | | | | | (3,510) | | (103,510) |
| | | | | | Annual | | |
| January through December | Year 2011 | (103,510) | 0.5800% | 12.00 | (7,204) | | (110,714) |
| January through December | Year 2012 | (110,714) | 0.5700% | 12.00 | (7,573) | | (118,287) |
| January through December | Year 2013 | (118,287) | 0.5700% | 12.00 | (8,091) | | (126,378) |
| Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months | | | | | Monthly | | |
| January | Year 2014 | 126,378 | 0.5700% | | (720) | (10,926) | (116,173) |
| February | Year 2014 | 116,173 | 0.5700% | | (662) | (10,926) | (105,909) |
| March | Year 2014 | 105,909 | 0.5700% | | (604) | (10,926) | (95,587) |
| April | Year 2014 | 95,587 | 0.5700% | | (545) | (10,926) | (85,206) |
| May | Year 2014 | 85,206 | 0.5700% | | (486) | (10,926) | (74,766) |
| June | Year 2014 | 74,766 | 0.5700% | | (426) | (10,926) | (64,266) |
| July | Year 2014 | 64,266 | 0.5700% | | (366) | (10,926) | (53,707) |
| August | Year 2014 | 53,707 | 0.5700% | | (306) | (10,926) | (43,087) |
| September | Year 2014 | 43,087 | 0.5700% | | (246) | (10,926) | (32,407) |
| October | Year 2014 | 32,407 | 0.5700% | | (185) | (10,926) | (21,666) |
| November | Year 2014 | 21,666 | 0.5700% | | (123) | (10,926) | (10,864) |
| December | Year 2014 | 10,864 | 0.5700% | | (62) | (10,926) | 0 |
| | | | | | (4,731) | | |
| Total Amount of True-Up Adjustment for 2010 ATRR | | | | | | $ (131,109) | |
| Less Over (Under) Recovery | | | | | | $ 100,000 | |
| Total Interest | | | | | | $ (31,109) | |

### Potomac-Appalachian Transmission Highline, LLC
### Attachment 9 - Hypothetical Example of Final True-Up of Interest Rates and Interest Calculations for the Construction Loan

**Applicable to both PATH West Virginia Transmission Company, LLC & PATH Allegheny Transmission Company, LLC**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Calculation of Interest for 2011 True-Up Period | | | | | | | |
| An over or under collection will be recovered prorata over 2011, held for 2012, 2013 and returned prorate over 2014 | | | | | Monthly | | |
| January | Year 2011 | 25,000 | 0.5800% | 12.00 | (1,740) | | (26,740) |
| February | Year 2011 | 25,000 | 0.5800% | 11.00 | (1,595) | | (26,595) |
| March | Year 2011 | 25,000 | 0.5800% | 10.00 | (1,450) | | (26,450) |
| April | Year 2011 | 25,000 | 0.5800% | 9.00 | (1,305) | | (26,305) |
| May | Year 2011 | 25,000 | 0.5800% | 8.00 | (1,160) | | (26,160) |
| June | Year 2011 | 25,000 | 0.5800% | 7.00 | (1,015) | | (26,015) |
| July | Year 2011 | 25,000 | 0.5800% | 6.00 | (870) | | (25,870) |
| August | Year 2011 | 25,000 | 0.5800% | 5.00 | (725) | | (25,725) |
| September | Year 2011 | 25,000 | 0.5800% | 4.00 | (580) | | (25,580) |
| October | Year 2011 | 25,000 | 0.5800% | 3.00 | (435) | | (25,435) |
| November | Year 2011 | 25,000 | 0.5800% | 2.00 | (290) | | (25,290) |
| December | Year 2011 | 25,000 | 0.5800% | 1.00 | (145) | | (25,145) |
| | | | | | (11,310) | | (311,310) |
| | | | | | Annual | | |
| January through December | Year 2012 | (311,310) | 0.5700% | 12.00 | (21,294) | | (332,604) |
| January through December | Year 2013 | (332,604) | 0.5700% | 12.00 | (22,750) | | (355,354) |
| Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months | | | | | Monthly | | |
| January | Year 2014 | 355,354 | 0.5700% | | (2,026) | (30,721) | (326,658) |
| February | Year 2014 | 326,658 | 0.5700% | | (1,862) | (30,721) | (297,798) |
| March | Year 2014 | 297,798 | 0.5700% | | (1,697) | (30,721) | (268,774) |
| April | Year 2014 | 268,774 | 0.5700% | | (1,532) | (30,721) | (239,585) |
| May | Year 2014 | 239,585 | 0.5700% | | (1,366) | (30,721) | (210,229) |
| June | Year 2014 | 210,229 | 0.5700% | | (1,198) | (30,721) | (180,706) |
| July | Year 2014 | 180,706 | 0.5700% | | (1,030) | (30,721) | (151,015) |
| August | Year 2014 | 151,015 | 0.5700% | | (861) | (30,721) | (121,154) |
| September | Year 2014 | 121,154 | 0.5700% | | (691) | (30,721) | (91,123) |
| October | Year 2014 | 91,123 | 0.5700% | | (519) | (30,721) | (60,921) |
| November | Year 2014 | 60,921 | 0.5700% | | (347) | (30,721) | (30,547) |
| December | Year 2014 | 30,547 | 0.5700% | | (174) | (30,721) | 0 |
| | | | | | (13,303) | | |
| Total Amount of True-Up Adjustment for 2011 ATRR | | | | | | $ (368,657) | |
| Less Over (Under) Recovery | | | | | | $ 300,000 | |
| Total Interest | | | | | | $ (68,657) | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Calculation of Interest for 2012 True-Up Period | | | | | | | |
| An over or under collection will be recovered prorata over 2012, held for 2013 and returned prorate over 2014 | | | | | Monthly | | |
| January | Year 2012 | 8,333 | 0.5700% | 12.00 | (570) | | (8,903) |
| February | Year 2012 | 8,333 | 0.5700% | 11.00 | (523) | | (8,856) |
| March | Year 2012 | 8,333 | 0.5700% | 10.00 | (475) | | (8,808) |
| April | Year 2012 | 8,333 | 0.5700% | 9.00 | (428) | | (8,761) |
| May | Year 2012 | 8,333 | 0.5700% | 8.00 | (380) | | (8,713) |
| June | Year 2012 | 8,333 | 0.5700% | 7.00 | (333) | | (8,666) |
| July | Year 2012 | 8,333 | 0.5700% | 6.00 | (285) | | (8,618) |
| August | Year 2012 | 8,333 | 0.5700% | 5.00 | (238) | | (8,571) |
| September | Year 2012 | 8,333 | 0.5700% | 4.00 | (190) | | (8,523) |
| October | Year 2012 | 8,333 | 0.5700% | 3.00 | (143) | | (8,476) |
| November | Year 2012 | 8,333 | 0.5700% | 2.00 | (95) | | (8,428) |
| December | Year 2012 | 8,333 | 0.5700% | 1.00 | (48) | | (8,381) |
| | | | | | (3,705) | | (103,705) |
| | | | | | Annual | | |
| January through December | Year 2013 | (103,705) | 0.5700% | 12.00 | (7,093) | | (110,798) |
| Over (Under) Recovery Plus Interest Amortized and Recovered Over 12 Months | | | | | Monthly | | |
| January | Year 2014 | 110,798 | 0.5700% | | (632) | (9,579) | (101,851) |
| February | Year 2014 | 101,851 | 0.5700% | | (581) | (9,579) | (92,853) |
| March | Year 2014 | 92,853 | 0.5700% | | (529) | (9,579) | (83,803) |
| April | Year 2014 | 83,803 | 0.5700% | | (478) | (9,579) | (74,702) |
| May | Year 2014 | 74,702 | 0.5700% | | (426) | (9,579) | (65,549) |
| June | Year 2014 | 65,549 | 0.5700% | | (374) | (9,579) | (56,344) |
| July | Year 2014 | 56,344 | 0.5700% | | (321) | (9,579) | (47,086) |
| August | Year 2014 | 47,086 | 0.5700% | | (268) | (9,579) | (37,776) |
| September | Year 2014 | 37,776 | 0.5700% | | (215) | (9,579) | (28,412) |
| October | Year 2014 | 28,412 | 0.5700% | | (162) | (9,579) | (18,995) |
| November | Year 2014 | 18,995 | 0.5700% | | (108) | (9,579) | (9,525) |
| December | Year 2014 | 9,525 | 0.5700% | | (54) | (9,579) | 0 |
| | | | | | (4,148) | | |
| Total Amount of True-Up Adjustment for 2012 ATRR | | | | | | $ (114,946) | |
| Less Over (Under) Recovery | | | | | | $ 100,000 | |
| Total Interest | | | | | | $ (14,946) | |

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## Potomac-Appalachian Transmission Highline, LLC
## Attachment 10 - Depreciation Accrual Rates

### Applicable to PATH West Virginia Transmission Company, LLC

| **TRANSMISSION PLANT** | | **Accrual Rate (Annual) Percent** | **Annual Depreciation Expense** |
|---|---|---|---|
| **350.2** | Land & Land Rights - Easements | 1.43 | - |
| **352** | Structures & Improvements | 1.82 | - |
| **353** | Station Equipment | | |
| | Other | 2.43 | - |
| | SVC Dynamic Control Equipment | 4.09 | - |
| **354** | Towers & Fixtures | 1.26 | - |
| **355** | Poles & Fixtures | 3.11 | - |
| **356** | Overhead Conductors & Devices | 1.13 | - |
| Total Transmission Plant Depreciation | | | - |
| Total Transmission Depreciation Expense (must tie to p336.7.b & c) | - | | |

| **GENERAL PLANT** | | **Accrual Rate (Annual) Percent** | **Annual Depreciation Expense** |
|---|---|---|---|
| **390** | Structures & Improvements | 2.00 | - |
| **391** | Office Furniture & Equipment | 5.00 | - |
| | Information Systems | 10.00 | - |
| | Data Handling | 10.00 | |
| **392** | Transportation Equipment | | |
| | Other | 5.33 | - |
| | Autos | 11.43 | - |
| | Light Trucks | 6.96 | - |
| | Medium Trucks | 6.96 | - |
| | Trailers | 4.44 | - |
| | ATV | 5.33 | - |
| **393** | Stores Equipment | 5.00 | - |
| **394** | Tools, Shop & Garage Equipment | 5.00 | - |
| **395** | Laboratory Equipment | 5.00 | - |
| **396** | Power Operated Equipment | 4.17 | - |
| **397** | Communication Equipment | 6.67 | - |
| **398** | Miscellaneous Equipment | 6.67 | - |
| Total General Plant | | | - |
| Total General Plant Depreciation Expense (must tie to p336.10.b & c) | - | | |

| **INTANGIBLE PLANT** | | **Accrual Rate (Annual) Percent** | **Annual Depreciation Expense** |
|---|---|---|---|
| **303** | Miscellaneous Intangible Plant | 20.00 | - |
| Total Intangible Plant | | | - |
| Total Intangible Plant Amortization (must tie to p336.1 d & e) | - | | |

These depreciation rates will not change absent the appropriate filing at FERC.

## Potomac-Appalachian Transmission Highline, LLC
## Attachment 10 - Depreciation Accrual Rates

### Applicable to PATH Allegheny Transmission Company, LLC

| **TRANSMISSION PLANT** | | **Accrual Rate (Annual) Percent** | **Annual Depreciation Expense** |
|---|---|---|---|
| **350.2** | Land & Land Rights - Easements | 1.43 | - |
| **352** | Structures & Improvements | 1.82 | - |
| **353** | Station Equipment | | |
| | Other | 2.43 | - |
| | SVC Dynamic Control Equipment | 4.09 | - |
| **354** | Towers & Fixtures | 1.26 | - |
| **355** | Poles & Fixtures | 3.11 | - |
| **356** | Overhead Conductors & Devices | 1.13 | - |
| Total Transmission Plant Depreciation | | | - |
| Total Transmission Depreciation Expense (must tie to p336.7.b & c) | - | | |

| **GENERAL PLANT** | | **Accrual Rate (Annual) Percent** | **Annual Depreciation Expense** |
|---|---|---|---|
| **390** | Structures & Improvements | 2.00 | $ 83 |
| **391** | Office Furniture & Equipment | 5.00 | 2,059 |
| | Information Systems | 10.00 | - |
| | Data Handling | 10.00 | |
| **392** | Transportation Equipment | | |
| | Other | 5.33 | - |
| | Autos | 11.43 | - |
| | Light Trucks | 6.96 | - |
| | Medium Trucks | 6.96 | - |
| | Trailers | 4.44 | - |
| | ATV | 5.33 | - |
| **393** | Stores Equipment | 5.00 | - |
| **394** | Tools, Shop & Garage Equipment | 5.00 | - |
| **395** | Laboratory Equipment | 5.00 | - |
| **396** | Power Operated Equipment | 4.17 | - |
| **397** | Communication Equipment | 6.67 | - |
| **398** | Miscellaneous Equipment | 6.67 | - |
| Total General Plant | | | $ 2,142 |
| Total General Plant Depreciation Expense (must tie to p336.10.b & c) | $ 2,142 | | |

| **INTANGIBLE PLANT** | | **Accrual Rate (Annual) Percent** | **Annual Depreciation Expense** |
|---|---|---|---|
| **303** | Miscellaneous Intangible Plant | 20.00 | - |
| Total Intangible Plant | | | - |
| Total Intangible Plant Amortization (must tie to p336.1 d & e) | - | | |

These depreciation rates will not change absent the appropriate filing at FERC.

# Attachment 6 – VEPCO Formula Update for January 1, 2010 – December 31, 2010

# VIRGINIA ELECTRIC AND POWER COMPANY
## 2010 ATRR with True-Up Adjustment

**To: Interested Parties (as defined in Section 1.b. of the Formula Rate Implementation Protocols)**

In accordance with Section 1.a. of the Formula Rate Implementation Protocols, Virginia Electric and Power Company ("VEPCO") is providing the following information to be posted on the www.pjm.com web site:

(i) VEPCO's Annual Transmission Revenue Requirement ("ATRR"), rate for Network Integration Transmission Service ("NITS"), based on applying its projected costs, revenues and credits, other than those credits that will be distributed to customers pursuant to section 2 of Attachment H-16, for the next calendar year, plus its True-up Adjustment calculated pursuant to the Formula Rate set out in Attachment H-16A,

(ii) an estimate of the Network Service Peak Load of the Dominion Zone that will be used by the Transmission Provider to determine each Network Customer's Zone Network Load pursuant to Section 34.1 and Attachment H-16 for the next calendar year; and

(iii) an explanation of any change in VEPCO's accounting policies and practices that took effect in the preceding twelve months ending August 31 that is reported in Notes 3 and 4 of VEPCO's Securities and Exchange Commission Form 10-Q ("Material Accounting Changes"). To the extent there are Material Accounting Changes, VEPCO's Form 10-Q will be posted on PJM's website at the time of the Annual Update.

VEPCO has estimated the Network Service Peak Load of the Dominion Zone that will be used by the Transmission Provider to determine each Network Customer's Zone Network Load pursuant to Section 34.1 and Attachment H-16 for the next calendar year. The estimated value is included on Page 4 of 5 at line 168.

The explanations pursuant to item (iii), above, are provided in the pages following the attachments to the rate formula.

# Virginia Electric and Power Company
# ATTACHMENT H-16A
# Formula Rate -- Appendix A

## Shaded cells are input cells

| Line | | Notes | FERC Form 1 Page # or Instruction ( Note H) | | 2010<br>(000's) |
|---|---|---|---|---|---|
| | **Allocators** | | | | |
| | **Wages & Salary Allocation Factor** | | | | |
| 1 | Transmission Wages Expense | | p354.21b/ Attachment 5 | $ | 22,297 |
| 2 | Less Generator Step-ups | | Attachment 5 | | 99 |
| 3 | Net Transmission Wage Expenses | | (Line 1 - 2) | | 22,198 |
| 4 | Total Wages Expense | | p354.28b/Attachment 5 | | 592,988 |
| 5 | Less A&G Wages Expense | | p354.27b/Attachment 5 | | 136,262 |
| 6 | Total | | (Line 4 - 5) | $ | 456,726 |
| 7 | **Wages & Salary Allocator** | (Note B) | (Line 3 / 6) | | **4.8603%** |
| | **Plant Allocation Factors** | | | | |
| 8 | Electric Plant in Service | (Notes A& Q) | p207.104.g/Attachment 5 | $ | 22,656,215 |
| 9 | Common Plant In Service - Electric | | (Line 26) | | 0 |
| 10 | Total Plant In Service | | (Sum Lines 8 & 9) | | 22,656,215 |
| 11 | Accumulated Depreciation (Total Electric Plant) | (Notes A & Q) | (Line 15 - 14 - 13 -12 ) | | 9,177,693 |
| 12 | Accumulated Intangible Amortization | (Notes A & Q) | p200.21c/Attachment 5 | | 197,546 |
| 13 | Accumulated Common Amortization - Electric | (Notes A & Q) | p356/Attachment 5 | | 0 |
| 14 | Accumulated Common Plant Depreciation - Electric | (Notes A & Q) | p356/Attachment 5 | | 0 |
| 15 | Total Accumulated Depreciation | | p219.29c/Attachment 5 | | 9,375,239 |
| 16 | Net Plant | | (Line 10 - 15) | | 13,280,976 |
| 17 | Transmission Gross Plant | | (Line 31 - 30) | | 2,448,913 |
| 18 | **Gross Plant Allocator** | (Note B) | (Line 17 / 10) | | **10.8090%** |
| 19 | Transmission Net Plant | | (Line 44 - 30) | $ | 1,635,381 |
| 20 | **Net Plant Allocator** | (Note B) | (Line 19 / 16) | | **12.3137%** |
| | **Plant Calculations** | | | | |
| | **Plant In Service** | | | | |
| 21 | Transmission Plant In Service | (Notes A & Q) | p207.58.g/Attachment 5 | $ | 2,597,286 |
| 22 | Less: Generator Step-ups | (Notes A & Q) | Attachment 5 | | 163,665 |
| 23 | Less: Interconnect Facilities Installed After March 15, 2000 | (Notes A & Q) | Attachment 5 | | 23,814 |
| 24 | **Total Transmission Plant In Service** | | (Lines 21 - 22 - 23 ) | | **2,409,806** |
| 25 | General & Intangible | (Notes A & Q) | p205.5.g + p207.99.g/Attachment 5 | | 804,613 |
| 26 | Common Plant (Electric Only) | | p356/Attachment 5 | | 0 |
| 27 | Total General & Common | | (Line 25 + 26) | | 804,613 |
| 28 | Wage & Salary Allocation Factor | | (Line 7) | | 4.8603% |
| 29 | **General & Common Plant Allocated to Transmission** | | (Line 27 * 28) | **$** | **39,106** |
| 30 | **Plant Held for Future Use (Including Land)** | (Notes C & Q) | p214.47.d/Attachment 5 | **$** | **3,517** |
| 31 | **TOTAL Plant In Service** | | **(Line 24 + 29 + 30)** | **$** | **2,452,430** |
| | **Accumulated Depreciation** | | | | |
| 32 | Transmission Accumulated Depreciation | (Notes A & Q) | p219.25.c/Attachment 5 | $ | 831,499 |
| 33 | Less Accumulated Depreciation for Generator Step-ups | (Notes A & Q) | Attachment 5 | | 37,751 |
| 34 | Less Accumulated Depreciation for Interconnect Facilities Installed After March 1 | (Notes A & Q) | Attachment 5 | | 4,607 |
| 35 | Total Accumulated Depreciation for Transmission | | (Line 32 - 33 - 34) | | 789,142 |
| 36 | Accumulated General Depreciation | (Notes A & Q) | p219.28.b/Attachment 5 | | 304,276 |
| 37 | Accumulated Intangible Amortization | (Notes A & Q) | (Line 12) | | 197,546 |
| 38 | Accumulated Common Amortization - Electric | | (Line 13) | | 0 |
| 39 | Common Plant Accumulated Depreciation (Electric Only) | | (Line 14) | | 0 |
| 40 | Total Accumulated Depreciation | | (Sum Lines 36 to 39) | | 501,822 |
| 41 | Wage & Salary Allocation Factor | | (Line 7) | | 4.8603% |
| 42 | **General & Common Allocated to Transmission** | | (Line 40 * 41) | | **24,390** |
| 43 | **TOTAL Accumulated Depreciation** | | **(Line 35 + 42)** | **$** | **813,532** |
| 44 | **TOTAL Net Property, Plant & Equipment** | | **(Line 31 - 43)** | **$** | **1,638,898** |

## Virginia Electric and Power Company
## ATTACHMENT H-16A
## Formula Rate -- Appendix A

| | | Notes | FERC Form 1 Page # or Instruction ( Note H) | | 2010 |
|---|---|---|---|---|---|
| **Adjustment To Rate Base** | | | | | |
| | **Accumulated Deferred Income Taxes** | | | | |
| 45 | ADIT net of FASB 106 and 109 | | Attachment 1 | $ | (191,014) |
| 46 | **Accumulated Deferred Income Taxes Allocated To Transmission** | | (Line 45) | **$** | **(191,014)** |
| | **Transmission O&M Reserves** | | | | |
| 47 | **Total Balance Transmission Related Account 242 Reserves** | Enter Negative | Attachment 5 | **$** | **(1,334)** |
| | **Prepayments** | | | | |
| 48 | Prepayments | (Notes A & R) | Attachment 5 | $ | 4,769 |
| 49 | **Total Prepayments Allocated to Transmission** | | (Line 48) | **$** | **4,769** |
| | **Materials and Supplies** | | | | |
| 50 | Undistributed Stores Exp | (Notes A & R) | p227.6c & 16.c | $ | - |
| 51 | Wage & Salary Allocation Factor | | (Line 7) | | 4.8603% |
| 52 | Total Transmission Allocated Materials and Supplies | | (Line 50 * 51) | | 0 |
| 53 | Transmission Materials & Supplies | | p227.8c/2 | | 3,778 |
| 54 | **Total Materials & Supplies Allocated to Transmission** | | (Line 52 + 53) | **$** | **3,778** |
| | **Cash Working Capital** | | | | |
| 55 | Transmission Operation & Maintenance Expense | | (Line 85) | $ | 78,422 |
| 56 | 1/8th Rule | | x 1/8 | | 12.5% |
| 57 | **Total Cash Working Capital Allocated to Transmission** | | (Line 55 * 56) | **$** | **9,803** |
| | **Network Credits** | | | | |
| 58 | Outstanding Network Credits | (Note N) | Attachment 5 / From PJM | | 0 |
| 59 | Less Accumulated Depreciation Associated with Facilities with Outstanding Net | (Note N) | Attachment 5 / From PJM | | 0 |
| 60 | Net Outstanding Credits | | (Line 58 - 59) | | **0** |
| 61 | **TOTAL Adjustment to Rate Base** | | (Line 46 + 47 + 49 + 54 + 57 - 60) | **$** | **(173,998)** |
| 62 | **Rate Base** | | (Line 44 + 61) | **$** | **1,464,900** |
| **O&M** | | | | | |
| | **Transmission O&M** | | | | |
| 63 | Transmission O&M | | p321.112.b/Attachment 5 | $ | 57,558 |
| 64 | Less GSU Maintenance | | Attachment 5 | | 332 |
| 65 | Less Account 565 - Transmission by Others | | p321.96.b/Attachment 5 | | 0 |
| 66 | Plus Schedule 12 Charges billed to Transmission Owner and booked to Accou | (Note O) | PJM Data | | 0 |
| 67 | **Transmission O&M** | | (Lines 63 - 64 + 65 + 66) | **$** | **57,226** |
| | **Allocated General & Common Expenses** | | | | |
| 68 | Common Plant O&M | (Note A) | p356 | | 0 |
| 69 | Total A&G | | Attachment 5 | | 456,551 |
| 70 | Less Property Insurance Account 924 | | p323.185b | | 7,052 |
| 71 | Less Regulatory Commission Exp Account 928 | (Note E) | p323.189b/Attachment 5 | | 27,910 |
| 72 | Less General Advertising Exp Account 930.1 | | p323.911b/Attachment 5 | | 3,627 |
| 73 | Less EPRI Dues | (Note D) | p352-353/Attachment 5 | | 3,091 |
| 74 | **General & Common Expenses** | | (Lines 68 + 69) - Sum (70 to 73) | $ | 414,870 |
| 75 | Wage & Salary Allocation Factor | | (Line 7) | | 4.8603% |
| 76 | **General & Common Expenses Allocated to Transmission** | | (Line 74 * 75) | **$** | **20,164** |
| | **Directly Assigned A&G** | | | | |
| 77 | Regulatory Commission Exp Account 928 | (Note G) | p323.189b/Attachment 5 | $ | 164 |
| 78 | General Advertising Exp Account 930.1 | (Note K) | p323.191b | | 0 |
| 79 | Subtotal - Transmission Related | | (Line 77 + 78) | | **164** |
| 80 | Property Insurance Account 924 | | p323.185b | | 7,052 |
| 81 | General Advertising Exp Account 930.1 | (Note F) | Attachment 5 | | 0 |
| 82 | Total | | (Line 80 + 81) | | 7,052 |
| 83 | Net Plant Allocation Factor | | (Line 20) | | 12.3137% |
| 84 | **A&G Directly Assigned to Transmission** | | (Line 82 * 83) | **$** | **868** |
| 85 | **Total Transmission O&M** | | **(Line 67 + 76 + 79 + 84)** | **$** | **78,422** |

## Virginia Electric and Power Company
## ATTACHMENT H-16A
## Formula Rate -- Appendix A

### Depreciation & Amortization Expense

| | | | Notes | FERC Form 1 Page # or Instruction ( Note H) | | 2010 |
|---|---|---|---|---|---|---|
| | **Depreciation Expense** | | | | | |
| 86 | Transmission Depreciation Expense | | (Notes A and S) | p336.7b&c/Attachment 5 | **$** | **51,167** |
| 87 | Less: GSU Depreciation | | | Attachment 5 | | **3,224** |
| 88 | Less Interconnect Facilities Depreciation | | | Attachment 5 | | **469** |
| 89 | Extraordinary Property Loss | | | Attachment 5 | | **0** |
| 90 | Total Transmission Depreciation | | | (Line 86 - 87 - 88 + 89) | | **47,473** |
| 91 | General Depreciation | | (Note A) | p336.10b&c&d/Attachment 5 | | 24,909 |
| 92 | Intangible Amortization | | (Note A) | p336.1d&e/Attachment 5 | | 30,253 |
| 93 | Total | | | (Line 91 + 92) | | **55,162** |
| 94 | Wage & Salary Allocation Factor | | | (Line 7) | | 4.8603% |
| 95 | **General and Intangible Depreciation Allocated to Transmission** | | | (Line 93 * 94) | | **2,681** |
| 96 | Common Depreciation - Electric Only | | (Note A) | p336.11.b | | 0 |
| 97 | Common Amortization - Electric Only | | (Note A) | p356 or p336.11d | | 0 |
| 98 | Total | | | (Line 96 + 97) | | 0 |
| 99 | Wage & Salary Allocation Factor | | | (Line 7) | | 4.8603% |
| 100 | **Common Depreciation - Electric Only Allocated to Transmission** | | | (Line 98 * 99) | | **0** |
| 101 | **Total Transmission Depreciation & Amortization** | | | **(Line 90 + 95 + 100)** | **$** | **50,154** |

### Taxes Other than Income

| | | | | | | |
|---|---|---|---|---|---|---|
| 102 | **Taxes Other than Income** | | | Attachment 2 | **$** | **14,281** |
| 103 | **Total Taxes Other than Income** | | | **(Line 102)** | **$** | **14,281** |

### Return / Capitalization Calculations

| | | | | | | |
|---|---|---|---|---|---|---|
| | **Long Term Interest** | | | | | |
| 104 | Long Term Interest | | (Note T) | p117.62c through 67c | $ | 314,238 |
| 105 | Less LTD Interest on Securitization Bonds | | (Note P) | Attachment 8 | | 0 |
| 106 | **Long Term Interest** | | | (Line 104 - 105) | $ | 314,238 |
| 107 | **Preferred Dividends** | | (Note T), enter positive | p118.29c | $ | 16,659 |
| | **Common Stock** | | | | | |
| 108 | Proprietary Capital | | | p112.16c,d/2 | $ | 6,166,098 |
| 109 | Less Preferred Stock | | (Note T), enter negative | (Line 117) | | -259,014 |
| 110 | Less Account 219 - Accumulated Other Comprehensive Income | | (Note T), enter negative | p112.15c,d/2 | | -15,590 |
| 111 | **Common Stock** | | | (Sum Lines 108 to 110) | $ | 5,891,494 |
| | **Capitalization** | | | | | |
| 112 | Long Term Debt | | | p112.24c,d/2 | $ | 5,863,256 |
| 113 | Less Loss on Reacquired Debt | | (Note T), enter negative | p111.81c,d/2 | | -6,527 |
| 114 | Plus Gain on Reacquired Debt | | (Note T), enter positive | p113.61c,d/2 | | 1,908 |
| 115 | Less LTD on Securitization Bonds | (Note P) | (Note T), enter negative | Attachment 8 | | 0 |
| 116 | Total Long Term Debt | | | (Sum Lines 112 to 115) | | 5,858,638 |
| 117 | Preferred Stock | | (Note T), enter positive | p112.3c,d/2 | | 259,014 |
| 118 | Common Stock | | | (Line 111) | | 5,891,494 |
| 119 | **Total Capitalization** | | | (Sum Lines 116 to 118) | $ | 12,009,146 |
| 120 | Debt % | Total Long Term Debt | | (Line 116 / 119) | | 48.8% |
| 121 | Preferred % | Preferred Stock | | (Line 117 / 119) | | 2.2% |
| 122 | Common % | Common Stock | | (Line 118 / 119) | | 49.1% |
| 123 | Debt Cost | Total Long Term Debt | | (Line 106 / 116) | | 0.0536 |
| 124 | Preferred Cost | Preferred Stock | | (Line 107 / 117) | | 0.0643 |
| 125 | Common Cost | Common Stock | (Note J) | Fixed | | 0.1140 |
| 126 | Weighted Cost of Debt | Total Long Term Debt (WCLTD) | | (Line 120 * 123) | | 0.0262 |
| 127 | Weighted Cost of Preferred | Preferred Stock | | (Line 121 * 124) | | 0.0014 |
| 128 | Weighted Cost of Common | Common Stock | | (Line 122 * 125) | | 0.0559 |
| 129 | **Total Return ( R )** | | | (Sum Lines 126 to 128) | | **0.0835** |
| 130 | **Investment Return = Rate Base * Rate of Return** | | | **(Line 62 * 129)** | | **122,290** |

# Virginia Electric and Power Company
## ATTACHMENT H-16A
## Formula Rate -- Appendix A

### Composite Income Taxes

| | | Notes | FERC Form 1 Page # or Instruction ( Note H) | | 2010 |
|---|---|---|---|---|---|
| | **Income Tax Rates** | | | | |
| 131 | FIT=Federal Income Tax Rate | | Attachment 5 | | 35.00% |
| 132 | SIT=State Income Tax Rate or Composite | (Note I) | Attachment 5 | | 6.13% |
| 133 | p | (percent of federal income tax deductible for s | Per State Tax Code | | 0.00% |
| 134 | T | T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} = | | | 38.98% |
| 135 | T/ (1-T) | | | | 63.89% |
| | **ITC Adjustment** | (Note I) | | | |
| 136 | Amortized Investment Tax Credit | enter negative | Attachment 1 | $ | (286) |
| 137 | T/(1-T) | | (Line 135) | | 63.89% |
| 138 | **ITC Adjustment Allocated to Transmission** | | (Line 136 * (1 + 137)) | **$** | **(469)** |
| 139 | **Income Tax Component =** | CIT=(T/1-T) * Investment Return * (1-(WC | [Line 135 * 130 * (1-(126 / 129))] | | **53,638** |
| 140 | **Total Income Taxes** | | **(Line 138 + 139)** | **$** | **53,169** |

### REVENUE REQUIREMENT

| | | | | | |
|---|---|---|---|---|---|
| | **Summary** | | | | |
| 141 | Net Property, Plant & Equipment | | (Line 44) | $ | 1,638,898 |
| 142 | Adjustment to Rate Base | | (Line 61) | | -173,998 |
| 143 | **Rate Base** | | (Line 62) | **$** | **1,464,900** |
| 144 | O&M | | (Line 85) | | 78,422 |
| 145 | Depreciation & Amortization | | (Line 101) | | 50,154 |
| 146 | Taxes Other than Income | | (Line 103) | | 14,281 |
| 147 | Investment Return | | (Line 130) | | 122,290 |
| 148 | Income Taxes | | (Line 140) | | 53,169 |
| 149 | | | | | |
| 150 | **Revenue Requirement** | | **(Sum Lines 144 to 149)** | **$** | **318,317** |
| | **Net Plant Carrying Charge** | | | | |
| 151 | Revenue Requirement | | (Line 150) | **$** | **318,317** |
| 152 | Net Transmission Plant | | (Line 24 - 35) | | **1,620,665** |
| 153 | Net Plant Carrying Charge | | (Line 151 / 152) | | **19.6411%** |
| 154 | Net Plant Carrying Charge without Depreciation | | (Line 151 - 86) / 152 | | **16.4840%** |
| 155 | Net Plant Carrying Charge without Depreciation, Return or Income Taxes | | (Line 151 - 86 - 130 - 140) / 152 | | **5.6576%** |
| | **Net Plant Carrying Charge Calculation per 100 Basis Point increase in ROE** | | | | |
| 156 | Gross  Revenue Requirement Less Return and Taxes | | (Line 150 - 147 - 148) | **$** | **142,857** |
| 157 | Increased Return and Taxes | | Attachment 4 | | **187,237** |
| 158 | Net Revenue Requirement per 100 Basis Point increase in ROE | | (Line 156 + 157) | | **330,094** |
| 159 | Net Transmission Plant | | (Line 152) | | **1,620,665** |
| 160 | Net Plant Carrying Charge per 100 Basis Point increase in ROE | | (Line 158 / 159) | | **20.3678%** |
| 161 | Net Plant Carrying Charge per 100 Basis Point increase in  ROE without Depreciation | | (Line 158 - 86) / 159 | | **17.2107%** |
| 162 | **Revenue Requirement** | | (Line 150) | **$** | **318,317** |
| 163 | True-up Adjustment | | Attachment  6 | | **3,664** |
| 164 | Plus any increased ROE calculated on Attachment 7 other than PJM Schedule 12 projects. | | Attachment 7 | | **2,006** |
| 165 | Facility Credits under Section 30.9 of the PJM OATT. | | Attachment 5 | | **-** |
| 166 | Revenue Credits | | Attachment 3 | | **(9,195)** |
| 167 | Interest on Network Credits | | PJM data | | 0 |
| 168 | **Annual  Transmission Revenue Requirement  (ATRR)** | | (Line 162 + 163 +164 + 165 + 166 + 167) | **$** | **314,792** |
| | **Rate for Network Integration Transmission Service** | | | | |
| 169 | 1 CP Peak | (Note L) | PJM Data - Attachment 5 | | **18,137.255** |
| 170 | Rate ($/MW-Year) | | (Line 168 / 169) | | **17,356.08** |
| 171 | **Rate for Network Integration Transmisson Service Rate ($/MW/Year)** | | **(Line 170)** | | **17,356.08** |

**Virginia Electric and Power Company**
**ATTACHMENT H-16A**
**Formula Rate -- Appendix A**

| | Notes | FERC Form 1 Page # or Instruction ( Note H) | 2010 |
|---|---|---|---|

**Notes**

| | |
|---|---|
| A | Electric portion only - VEPCO does not have Common Plant. |
| B | Excludes amounts for Generator Step-ups and Interconnection Facilities, when appropriate. |
| C | Includes Transmission portion only. |
| D | Excludes all EPRI Annual Membership Dues. |
| E | Includes all regulatory commission expenses. |
| F | Includes all safety related advertising included in Account 930.1. |
| G | Includes all regulatory commission expenses directly related to transmission service, RTO filings, or transmission siting itemized in Form 1 at 351.h. |
| H | The Form 1 reference incates only the end-of-year balance used to derive the amount beside the reference. Each plant balance with a Form 1 reference will include the Form 1 balance in an average of the 13 month blances for the year. Each non-plant balance included in rate base with a Form 1 reference will include Form 1 balances in the calculation of the average of the beginning and end of year balances for the year. See notes Q and R below. |
| I | The currently effective income tax rate, where FIT is the Federal income tax rate; SIT is the State income tax rate, and p = the percentage of federal income tax deductible for state income taxes. If the utility includes taxes in more than one state, it must explain in Attachment 5 the name of each state and how the blended or composite SIT was developed. Furthermore, a utility that elected to use amortization of tax credits against taxable income, rather than book tax credits to Account No. 255 and reduce rate base, must reduce its income tax expense by the amount of the Amortized Investment Tax Credit (Form 1, 266.8.f) multiplied by (1/1-T). A utility must not include tax credits as a reduction to rate base and as an amortization against taxable income. |
| J | ROE will be supported in the original filing and no change in ROE will be made absent a filing at FERC. The basis point increase in ROE for new investment will be set at 100 basis points in Attachment 4 but not applied to determine any of the charges resulting from this formula absent absent a filing at FERC. |
| K | Education and outreach expenses relating to transmission, for example siting or billing. |
| L | As provided for in Section 34.1 of the PJM OATT. |
| 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) toward 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 on Line 167. |
| 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 on Line 66. |
| P | Securitization bonds may be included in the capital structure. |
| Q | Calculated using 13 month average balance. Only beginning and end of year balances are from Form 1. |
| R | Calculated using average of beginning and end of year balances. Beginning and end of year balances are from Form 1. |
| S | The depreciation rates are included in Attachment 9. |
| T | For the intial formula rate calculation, the projected capital structure shall reflect the capital structure from the 2006 FERC Form No. 1 data. For all other formula rate calculations, th projected capital structure and actual capital structure shall reflect the capital structure from the most recent FERC Form No. 1 data available. |

**END**

# Virginia Electric and Power Company
## ATTACHMENT H-16A
### *Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet - December 31, 2010*

| | *Only Transmission Related* | *Plant Related* | *Labor Related* | *Total ADIT* |
|---|---|---|---|---|
| ***ADIT- 282*** | (205,148) | (81,743) | (46,905) | |
| ***ADIT-283*** | 0 | (10,904) | (1,784) | |
| ***ADIT-190*** | 0 | 108,368 | 68,731 | |
| ***Subtotal*** | (205,148) | 15,721 | 20,042 | |
| ***Wages & Salary Allocator*** | | | 4.8603% | |
| ***Gross Plant Allocator*** | | 10.8090% | | |
| ***End of Year ADIT*** | (205,148) | 1,699 | 974 | (202,474) |
| ***End of Previous Year ADIT (from Sheet 1A-ADIT (3))*** | (183,989) | 4,085 | 351 | (179,554) |
| ***Average Beginning and End of Year ADIT*** | (194,568) | 2,892 | 662 | (191,014) |

| | |
|---|---|
| ***End of Year ADIT*** | (202,474) |
| ***End of Previous Year ADIT*** | (179,554) |
| ***Average Beginning and End of Year ADIT*** | (191,014) |

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.

**End of Year Balances :**

| **A** | **B** | **C** | **D** | **E** | **F** | **G** |
|---|---|---|---|---|---|---|
| ***ADIT-190*** | ***Total*** | ***Production Or Other Related*** | ***Only Transmission Related*** | ***Plant Related*** | ***Labor Related*** | ***Justification*** |
| BAD DEBTS | 5,190 | 5,190 | | | | For tax purposes bad debts are deductible when they are deemed to be uncollectible / worthless. |
| CAPITAL LEASE | 426 | 426 | | | | Not applicable to Transmission Cost of Service calculation. |
| CAPITALIZED BROKERS FEES | 749 | 749 | | | | Not applicable to Transmission Cost of Service calculation. |
| CAPITALIZED INTEREST - NONOP CWIP | - | | | | | Not applicable to Transmission Cost of Service calculation. |
| CAPITALIZED INTEREST NONOP IN SERVICE | 307 | 307 | | | | Not applicable to Transmission Cost of Service calculation. |
| CAPITALIZED INTEREST OPERATING CWIP | 71,306 | 71,306 | | | | Represents tax capitalized interest on projects in CWIP - increase in taxable income. |
| CAPITALIZED INTEREST OPERATING IN SERVICE | 105,501 | | | 105,501 | | Represents tax "In Service" capitalized Interest placed in service net of tax amortization. |
| CIAC NC - NONOP CWIP | 7 | 7 | | | | Not applicable to Transmission Cost of Service calculation. |
| CIAC NC - NONOP IN SERVICE | 2,679 | 2,679 | | | | Not applicable to Transmission Cost of Service calculation. |
| CIAC VA - NONOP CWIP | 3,215 | 3,215 | | | | Not applicable to Transmission Cost of Service calculation. |
| CIAC VA - NONOP IN SERVICE | 100,213 | 100,213 | | | | Not applicable to Transmission Cost of Service calculation. |
| CONTINGENT CLAIMS CURRENT | - | | | | | Not applicable to Transmission Cost of Service calculation. |
| CONTINGENT CLAIMS NONCURRENT | 1,455 | 1,455 | | | | Not applicable to Transmission Cost of Service calculation. |
| DECOMMISSIONING & DECONTAMINATION | (0) | (0) | | | | Book expensed as billed over 15 yr assessment period; tax deduct in year of assessment because all events test met as liability is based on prior facility use. |
| DEFERRED GAIN/LOSS NONOPERATING | (53) | (53) | | | | Not applicable to Transmission Cost of Service calculation. |
| DEFERRED GAIN/LOSS OPERATING | (498) | | | (498) | | Represents the ADIT on Book Gain/Loss as accrued. |
| DEFERRED GAIN/LOSS-FUTURE USE | (736) | (736) | | | | Not applicable to Transmission Cost of Service calculation. |
| DEFERRED GAIN/LOSS-FUTURE USE NONOP | 1,917 | 1,917 | | | | Not applicable to Transmission Cost of Service calculation. |
| DFIT 190 OPERATING NONCURRENT ASSET | (526) | (526) | | | | Not applicable to Transmission Cost of Service calculation. |
| DFIT 282 NONOPERATING PLANT NONCURR LIAB | (3,368) | (3,368) | | | | Not applicable to Transmission Cost of Service calculation. |
| DFIT 282 OPERATING PLANT NONCURR LIAB | 94,973 | 94,973 | | | | Not applicable to Transmission Cost of Service calculation. |
| DFIT 283 NONOPERATING CURRENT LIAB | 2 | 2 | | | | Not applicable to Transmission Cost of Service calculation. |
| DFIT 283 NONOPERATING NONCURRENT LIAB | 5,650 | 5,650 | | | | Not applicable to Transmission Cost of Service calculation. |
| DFIT 283 OPERATING CURRENT LIABILITY | 5,487 | 5,487 | | | | Not applicable to Transmission Cost of Service calculation. |
| DFIT 283 OPERATING NONCURRENT LIAB | 46,626 | 46,626 | | | | Not applicable to Transmission Cost of Service calculation. |
| DFIT EFFECT ON SIT NONOP - OCI | 225 | 225 | | | | Not applicable to Transmission Cost of Service calculation. |
| DIRECTOR CHARITABLE DONATION | 175 | 175 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 NONOP CURRENT ASSET N.C. | 2 | 2 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 NONOP CURRENT ASSET VA | 22 | 22 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 NONOP CURRENT ASSET W.V. | 1 | 1 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 NONOP NONCURRENT ASSET N.C. | 3,786 | 3,786 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 N ONOP NONCURRENT ASSET VA | 50,112 | 50,112 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 NONOP NONCURRENT ASSET W.V. | 1,725 | 1,725 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 NONOP PLANT NONCURR ASSET N.C. | 1,286 | 1,286 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 NONOP PLANT NONCURR ASSET VA | 16,992 | 16,992 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 NONOP PLANT NONCURR ASSET W.V. | 585 | 585 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 OPERATING CURRENT ASSET N.C. | (2,013) | (2,013) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 OPERATING CURRENT ASSET VA | (26,588) | (26,588) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 OPERATING CURRENT ASSET W.V. | (918) | (918) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 OPERATING NONCURR ASSEST N.C. | 451 | 451 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 OPERATING NONCURR ASSEST VA | 5,888 | 5,888 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 OPERATING NONCURR ASSEST VA MIN | 443 | 443 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 OPERATING NONCURR ASSEST W.V. | 204 | 204 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 OPERATING PLANT NONCURR ASSET N.C. | 5,356 | 5,356 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 OPERATING PLANT NONCURR ASSET VA | 70,790 | 70,790 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 OPERATING PLANT NONCURR ASSET W.V. | 2,439 | 2,439 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 283 OP OTHER NONCURR LIAB N.C. | (17) | (17) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 283 OP OTHER NONCURR LIAB VA | (230) | (230) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 283 OP OTHER NONCURR LIAB W.V. | (8) | (8) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSM | | | | | | Not applicable to Transmission Cost of Service calculation. |
| EARNEST MONEY | | | | | | Not applicable to Transmission Cost of Service calculation. |
| EMISSIONS ALLOWANCES | 0 | 0 | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 ITC DFIT DEFICIENCY (190) | 6,480 | 6,480 | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 ITC DSIT DEFICIENCY N.C. (190) | 83 | 83 | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 ITC DSIT DEFICIENCY VA (190) | 1,086 | 1,086 | | | | Not applicable to Transmission Cost of Service calculation. |

# ATTACHMENT H-16A

## *Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet - December 31, 2010*

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| FAS 109 ITC DSIT DEFICIENCY W.V.(190) | | 38 | 38 | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 ITC DSIT GROSSUP N.C. | | 53 | 53 | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 ITC DSIT GROSSUP VA | | 693 | 693 | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 ITC DSIT GROSSUP W.V. | | 24 | 24 | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 ITC GROSSUP (190) | | 4,138 | 4,138 | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 ITC REG LIAB | | - | - | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 133 | | 22,314 | 22,314 | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 143 ASSET OBLIGATION | | 11,912 | 11,839 | 73 | | | Represents ARO accruals not deductible for tax. |
| FAS143 DECOMMISSIONING | | 284,921 | 284,921 | | | | Represents ARO accruals not deductible for tax. |
| FEDERAL TAX INTEREST EXPENSE NON CURRENT | | 860 | 860 | | | | Not applicable to Transmission Cost of Service calculation. |
| FLEET LEASE CREDIT - CURRENT | | 102 | | | 102 | | Books amortize the fleet lease extension credit over the new lease; tax takes the deduction when incurred. |
| FLEET LEASE CREDIT - NONCURRENT | | 154 | | | 154 | | Books amortizes the fleet lease extension credit over the new lease; tax takes the deduction when incurred. |
| GAIN SALE/LEASEBACK - SYSTEM OFFICE | | (0) | (0) | | | | Not applicable to Transmission Cost of Service calculation. |
| GROSS REC-UNBILLED REV-NC | | 98 | 98 | | | | Books include income when meter is read; taxed when service is provided. |
| HEADWATER BENEFITS | | 461 | 461 | | | | Not applicable to Transmission Cost of Service calculation. |
| INT STOR NORTH ANNA | | 4,227 | 4,227 | | | | Books recognizes the expense as incurred. For tax the deduction is recognized when the casks are filled. |
| INT STOR SURRY | | (778) | (778) | | | | Books recognizes the expense as incurred. For tax the deduction is recognized when the casks are filled. |
| LONG TERM DISABILITY RESERVE | | 4,623 | | | | 4,623 | Book estimate accrued and expensed; tax deduction when paid. |
| METERS | | 6,995 | 6,995 | | | | Books pre-capitalize when purchased; tax purposes when installed. |
| NUCLEAR FUEL - PERMANENT DISPOSAL | | 19 | 19 | | | | Books estimate expense, tax deduction taken when paid. |
| OBSOLETE INVENTORY | | 425 | 425 | | | | Not applicable to Transmission Cost of Service calculation. |
| OPEB | | 24,839 | | | | 24,839 | Represents the difference between the book accrual expense and the actual funded amount. |
| PERFORMANCE ACHIEVEMENT PLAN | | 4 | 4 | | | | Not applicable to Transmission Cost of Service calculation. |
| POWER PURCHASE BUYOUT | | 499 | 499 | | | | Represents the difference between the book accrual expense and the actual funded amount. |
| PREMIUM, DEBT, DISCOUNT AND EXPENSE | | 3,108 | | | 3,108 | | Books record the yield to maturity method; taxes amortize staight line. |
| P'SHIP INCOME - NC ENTERPRISE | | 37 | 37 | | | | Not applicable to Transmission Cost of Service calculation. |
| P'SHIP INCOME - VIRGINIA CAPITAL | | 219 | 219 | | | | Not applicable to Transmission Cost of Service calculation. |
| QUALIFIED SETTLEMENT FUND | | 140 | 140 | | | | Not applicable to Transmission Cost of Service calculation. |
| REACTOR DECOMMISSIONING LIABILITY | | 350 | 350 | | | | Represents the difference between the accrual and payments. |
| REG ASSET FUEL HEDGE | | 1,543 | 1,543 | | | | Not applicable to Transmission Cost of Service calculation. |
| REG LIABILITY DECOMMISSIONING TRUST - NC | | 74,538 | 74,538 | | | | Not applicable to Transmission Cost of Service calculation. |
| REG LIABILITY HEDGES CAPACITY - NC | | 13,906 | 13,906 | | | | Not applicable to Transmission Cost of Service calculation. |
| REG LIABILITY HEDGES DEBT | | 3,862 | 3,862 | | | | Not applicable to Transmission Cost of Service calculation. |
| REGULATORY ASSET - D & D | | 4 | 4 | | | | Not applicable to Transmission Cost of Service calculation. |
| RESTRICTED STOCK AWARD | | 1,815 | 1,815 | | | | Not applicable to Transmission Cost of Service calculation. |
| RETIREMENT - (FASB 87) | | 57,275 | | | | 57,275 | Book estimate accrued and expensed; tax deduction when paid. |
| RETIREMENT - EXEC SUPP RET (ESRP) - NONOP | | 129 | 129 | | | | Not applicable to Transmission Cost of Service calculation. |
| RETIREMENT - SUPPLEMENTAL RETIREMENT | | 141 | 141 | | | | Not applicable to Transmission Cost of Service calculation. |
| SEPARATION/ERT | | 43 | | | | 43 | Book amount accrued and expensed; tax deduction when paid. |
| SUCCESS SHARE PLAN | | 6,789 | | | | 6,789 | Book amount accrued as its earned; tax deduction is actual payout. |
| VA SALES & USE TAX AUDIT (INCL. INT) | | 210 | 210 | | | | Not applicable to Transmission Cost of Service calculation. |
| VACATION ACCRUAL | | 13,116 | 13,116 | | | | Not applicable to Transmission Cost of Service calculation. |
| W.VA. STATE POLLUTION CONTROL - FEDERAL EFFECT | | 3,816 | 3,816 | | | | Federal effect of state deductions. |
| WEST VA PROPERTY TAX | | 1,558 | 1,558 | | | | Property tax expense is accrued for accounting purposes using the prior year's rates on the balance of the property located in the state at December 31 of the previous year. Tax takes a deduction when paid. |
| | | | | | | | |
| **Subtotal - p234** | | 1,128,101 | 926,091 | 73 | 108,368 | 93,569 | |
| **Less FASB 109 Above if not separately removed** | | 73 | | 73 | | | |
| **Less FASB 106 Above if not separately removed** | | 24,839 | 0 | 0 | 0 | 24,839 | |
| **Total** | | 1,103,190 | 926,091 | 0 | 108,368 | 68,731 | |

**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**

# ATTACHMENT H-16A

## *Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet - December 31, 2010*

| A | B | C | D | E | F | G |
|---|---|---|---|---|---|---|
| *ADIT- 282* | *Total* | *Production Or Other Related* | *Only Transmission Related* | *Plant Related* | *Labor Related* | *Justification* |
| AFC DEFERRED TAX - FUEL CWIP | (9) | (9) | | | | Represents the amount of amortization of AFC in service not allowable for tax. |
| AFC DEFERRED TAX - FUEL IN SERVICE | (47) | (47) | | | | Represents the amount of amortization of AFC in service not allowable for tax. |
| AFC DEFERRED TAX - PLANT CWIP | (7,130) | (7,130) | | | | Represents the amount of amortization of AFC in service not allowable for tax. |
| AFC DEFERRED TAX - PLANT IN SERVICE | (9,804) | (5,452) | (4,353) | | | Represents the amount of amortization of AFC in service not allowable for tax. |
| AFUDC - DEBT - GENERATION RIDER | (2,051) | (2,051) | | | | Not applicable to Transmission Cost of Service calculation. |
| BOOK CAPITALIZED INTEREST CWIP | (2,216) | | | (2,216) | | Represents the unallowable amount of book interest. |
| CAP EXPENSE | (36,829) | | | (36,829) | | Capitalized for books and current deduction for tax as repairs. |
| CAPITAL LEASE | (460) | (460) | | | | Not applicable to Transmission Cost of Service calculation. |
| CASUALTY LOSS | (33,787) | | | (33,787) | | Book varies in treatment; tax sec. 165 casualty loss for the decline in value (up to the adj. basis) and Sec 162 deduction for repairs to restore to pre-casualty condition. |
| COMPUTER SOFTWARE-BOOK AMORT | 8,090 | | | | 8,090 | Represents total Book Computer Software Amortization Schedule M addition. |
| COMPUTER SOFTWARE-CWIP | (3,846) | (3,846) | | | | Represents the allowable "In house" deduction for tax. |
| COMPUTER SOFTWARE-TAX AMORT | (20,645) | | | | (20,645) | Total tax amortization shown as a schedule M deduction and add back total book amortization. |
| COST OF REMOVAL | (111,077) | (102,180) | (6,918) | | (1,978) | Represents the actual cost of removal allowable for tax over the accrued amount. |
| DECOMMISSIONING | (0) | (0) | | | | Tax deduction for funding decomm trust and tax deferral of book income generated by trust. |
| DECOMMISSIONING TRUST BOOK INCOME | (302,783) | (302,783) | | | | Not applicable to Transmission Cost of Service calculation. |
| DFIT 190 NONOPERATING NONCURR ASSET | (6,603) | (6,603) | | | | Not applicable to Transmission Cost of Service calculation. |
| DFIT 190 OPERATING NONCURR ASSET | (27,506) | (27,506) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 282 NONOP PLANT NONCURR LIAB N.C. | 268 | 268 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 282 NONOP PLANT NONCURR LIAB VA | 3,837 | 3,837 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 282 NONOP PLANT NONCURR LIAB W.V. | 122 | 122 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 282 OPERATING PLANT NONCURR LIAB N.C. | (31,476) | (31,476) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 282 OPERATING PLANT NONCURR LIAB VA | (219,986) | (219,986) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 282 OPERATING PLANT NONCURR LIAB W.V. | (14,827) | (14,827) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 PLANT DFIT DEFICIENCY (282) | (22,712) | (22,712) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 PLANT DFIT DEFICIENCY (282) - GENERATION R | (4,280) | (4,280) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 PLANT DSIT DEFICIENCY N.C. (282) | (79) | (79) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 PLANT DSIT DEFICIENCY N.C. (282)-GENERAT | (53) | (53) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 PLANT DSIT DEFICIENCY VA (282) | (1,050) | (1,050) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 PLANT DSIT DEFICIENCY VA (282) - GENERATIO | (725) | (725) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 PLANT DSIT DEFICIENCY W.V. (282) | (36) | (36) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 PLANT DSIT DEFICIENCY W.V. (282) - GENERAT | (25) | (25) | | | | Not applicable to Transmission Cost of Service calculation. |
| FIXED ASSETS | (9,312) | | | (9,312) | | Represents IRS audit adjustments to plant-related differences. |
| FIXED ASSETS - NC | 27 | | | 27 | | Represents the state impact of IRS Audit adjustments to plant related differences. |
| FIXED ASSETS - VA | 361 | | | 361 | | Represents the state impact of IRS Audit adjustments to plant related differences. |
| FIXED ASSETS - W.V. | 13 | | | 13 | | Represents the state impact of IRS Audit adjustments to plant related differences. |
| GAIN(LOSS) INTERCO SALES - BOOK/TAX | (290) | (290) | | | | Tax recognizes the intercompany gain/loss over the tax life of the assets. |
| INVOLUNTARY CONVERSION - TELECOMMUNICATIONS | (1,104) | (1,104) | | | | Represents the difference between book and tax related to the disposal of telecommunication equipment. Recognized for tax purposes when utilized. |
| LIBERALIZED DEPRECIATION - FUEL | (3,559) | (3,559) | | | | Represents difference between book burn of nuclear fuel based on usage vs. tax depreciation. |
| LIBERALIZED DEPRECIATION - PLANT ACUFILE | (2,114,153) | (1,889,657) | (193,877) | | (30,619) | Difference between book and tax depreciation taking in consideration flow-through and ARAM. |
| LIBERALIZED DEPRECIATION - PLANT LAND FUTURE USE | 228 | 228 | | | | Not applicable to Transmission Cost of Service calculation. |
| LIBERALIZED DEPRECIATION - PLANT LAND NON UTILITY | (532) | (532) | | | | Not applicable to Transmission Cost of Service calculation. |
| LIBERALIZED DEPRECIATION - PLANT OPER LAND | 707 | 707 | | | | Not applicable to Transmission Cost of Service calculation. |
| LIBERALIZED DEPRECIATION - PLANT OTHER | (232,500) | (232,500) | | | | Not applicable to Transmission Cost of Service calculation. |
| LIBERALIZED DEPRECIATION - PLANT FUTURE USE | (0) | (0) | | | | Not applicable to Transmission Cost of Service calculation. |
| LIBERALIZED DEPRECIATION - PLANT NON UTILITY | 7 | 7 | | | | Not applicable to Transmission Cost of Service calculation. |
| SUCCESS SHARE PLAN | (1,752) | | | | (1,752) | Book amount accrued as it's earned; tax deduction is actual payout. |
| YORKTOWN IMPLOSION - TAX DEP.-LIB - NON OP | 0 | 0 | | | | Not applicable to Transmission Cost of Service calculation. |
| **Subtotal - p275 (Form 1-F filer: see note 6 below)** | (3,209,585) | (2,875,790) | (205,148) | (81,743) | (46,905) | |
| **Less FASB 109 Above if not separately removed** | 0 | | 0 | 0 | 0 | |
| **Less FASB 106 Above if not separately removed** | 0 | | | | | |
| **Total** | (3,209,585) | (2,875,790) | (205,148) | (81,743) | (46,905) | |

**Instructions for Account 282:**

**1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C**
**2. ADIT items related only to Transmission are directly assigned to Column D**
**3. ADIT items related to Plant and not in Columns C & D are included in Column E**
**4. ADIT items related to labor and not in Columns C & D are included in Column F**

**5. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded**

**6. Re: Form 1-F filer: Sum of subtotals for Accounts 282 and 283 should tie to Form No. 1-F, p.113.57.c**

# ATTACHMENT H-16A

## *Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet - December 31, 2010*

| A | B | C | D | E | F | G |
|---|---|---|---|---|---|---|
| *ADIT-283* | *Total* | *Production Or Other Related* | *Only Transmission Related* | *Plant Related* | *Labor Related* | *Justification* |
| CONTINGENT CLAIMS CURRENT | (2,406) | (2,406) | | | | Not applicable to Transmission Cost of Service calculation. |
| DECOMMISSIONING TRUST - UNREALIZED GAIN/LOSS - NC | (8,280) | (8,280) | | | | Not applicable to Transmission Cost of Service calculation. |
| DEFERRED FUEL EXPENSE | (283,143) | (283,143) | | | | Not applicable to Transmission Cost of Service calculation. |
| DEFERRED FUEL EXPENSE - OTHER | (29,515) | (29,515) | | | | Not applicable to Transmission Cost of Service calculation. |
| DFIT 190 NONOPERATING CURRENT ASSET | (9) | (9) | | | | Not applicable to Transmission Cost of Service calculation. |
| DFIT 190 NONOPERATING NONCURR ASSET | (34,119) | (34,119) | | | | Not applicable to Transmission Cost of Service calculation. |
| DFIT 190 OPERATING CURRENT ASSET | (4,153) | (4,153) | | | | Not applicable to Transmission Cost of Service calculation. |
| DFIT 190 OPERATING NONCURR ASSET | (4,346) | (4,346) | | | | Not applicable to Transmission Cost of Service calculation. |
| DFIT 190 OPERATING NONCURRENT ASSET | 2,428 | 2,428 | | | | Not applicable to Transmission Cost of Service calculation. |
| DFIT 283 OPERATING NONCURRENT LIAB | 89 | 89 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 283 NONOP CURRENT LIABILITY N.C. | (4) | (4) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 283 NONOP NONCURRENT LIABILITY N.C. | (627) | (627) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 283 NONOP NONCURRENT LIABILITY VA | (14,759) | (14,759) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 283 NONOP NONCURRENT LIABILITY W.V. | (278) | (278) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 283 OP OTHER NONCURR LIAB N.C. | (3,433) | (3,433) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 283 OP OTHER NONCURR LIAB VA | (45,441) | (45,441) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 283 OP OTHER NONCURR LIAB VA MIN | (10) | (10) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 283 OP OTHER NONCURR LIAB W.V. | (1,564) | (1,564) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 283 OPERATING CURRENT LIABILITY N.C. | (1,067) | (1,067) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 283 OPERATING CURRENT LIABILITY VA | (14,134) | (14,134) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 283 OPERATING CURRENT LIABILITY W.V. | (474) | (474) | | | | Not applicable to Transmission Cost of Service calculation. |
| EARNEST MONEY | - | | | | | Represents advances not recognized for tax. |
| EMISSIONS ALLOWANCES | (2,696) | (2,696) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 OTHER DFIT GROSSUP (283) | (12,857) | (12,857) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 OTHER DFIT GROSSUP (283) - GENERATION RIDE | (2,737) | (2,737) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 OTHER DSIT GROSSUP NC | (164) | (164) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 OTHER DSIT GROSSUP NC - GENERATION RIDER | (34) | (34) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 OTHER DSIT GROSSUP VA | (2,158) | (2,158) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 OTHER DSIT GROSSUP VA - GENERATION RIDER | (464) | (464) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 OTHER DSIT GROSSUP WV | (74) | (74) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 OTHER DSIT GROSSUP WV - GENERATION RIDER | (16) | (16) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 REG ASSET | - | | | | | Represents tax gross-up on deferred tax deficiency related to previous flow-through and ARAM related ADIT. |
| FAS 133 | (6,918) | (6,918) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 133 | 6,859 | 6,859 | | | | Not applicable to Transmission Cost of Service calculation. |
| FEDERAL TAX INTEREST EXPENSE | (3,818) | (3,818) | | | | Not applicable to Transmission Cost of Service calculation. |
| FUEL HANDLING COSTS | (77) | (77) | | | | IRS settlement required additional tax capitalization of handling costs. |
| GAIN(LOSS) INTERCO SALES -BOOK/TAX | - | | | | | Tax deferred recognition of intercompany gain/loss due to consolidated return rules. |
| GAIN(LOSS) INTERCO SALES -BOOK/TAX | - | | | | | Tax deferred recognition of intercompany gain/loss due to consolidated return rules. |
| GOODWILL AMORTIZATION | (3) | (3) | | | | Not applicable to Transmission Cost of Service calculation. |
| NUCLEAR FUEL - PERMANENT DISPOSAL | (9) | (9) | | | | Not applicable to Transmission Cost of Service calculation. |
| OBSOLETE INVENTORY | 0 | 0 | | | | Not applicable to Transmission Cost of Service calculation. |
| PERFORMANCE ACHIEVEMENT PLAN | (4) | (4) | | | | Not applicable to Transmission Cost of Service calculation. |
| POWERTREE CARBON CO, LLC. | (31) | (31) | | | | Not applicable to Transmission Cost of Service calculation. |
| QUALIFIED SETTLEMENT FUND | (0) | (0) | | | | Not applicable to Transmission Cost of Service calculation. |
| REACQUIRED DEBT GAIN(LOSS) | (2,507) | (2,507) | | | | Not applicable to Transmission Cost of Service calculation. |
| REG ASSET FUEL HEDGE | (0) | (0) | | | | Not applicable to Transmission Cost of Service calculation. |
| REG ASSET HEDGES CAPACITY | - | | | | | Not applicable to Transmission Cost of Service calculation. |
| REG ASSET POWER HEDGE | (2,960) | (2,960) | | | | Not applicable to Transmission Cost of Service calculation. |
| REG LIABILITY - ARO | - | | | | | Not applicable to Transmission Cost of Service calculation. |
| REG LIABILITY FX FUEL HEDGE | - | | | | | Not applicable to Transmission Cost of Service calculation. |
| REG LIABILITY - FTR | (19,354) | (19,354) | | | | Not applicable to Transmission Cost of Service calculation. |
| REGULATORY ASSET - D & D | (0) | (0) | | | | Represents cost that for regulatory purposes needs to be amortized over a prescribed life. However, allowable for tax when incurred. |
| REGULATORY ASSET - FAS 112 | (1,784) | | | | (1,784) | Represents cost that for regulatory purposes needs to be amortized over a prescribed life. However, allowable for tax when incurred. |
| REGULATORY ASSET - ISABEL | - | | | | | Represents cost that for regulatory purposes needs to be amortized over a prescribed life. However, allowable for tax when incurred. |
| REGULATORY ASSET - NUG | (6,190) | (6,190) | | | | Represents cost that for regulatory purposes needs to be amortized over a prescribed life. However, allowable for tax when incurred. |
| REGULATORY ASSET - PJM | (55,892) | (55,892) | | | | Represents cost that for regulatory purposes needs to be amortized over a prescribed life. However, allowable for tax when incurred. |
| REGULATORY ASSET - VA SLS TAX | (5,753) | (5,753) | | | | Represents cost that for regulatory purposes needs to be amortized over a prescribed life. However, allowable for tax when incurred. |
| SO2 ALLOWANCES - NONCURRENT | - | | | | | Book expense for emissions allowances based on moving-average-cost, tax expense based on specific identification. |
| W.VA. STATE NOL CFWD | - | | | | | Represents the deferred state tax impact related to WV NOL. This deferral will turn around when the pollution control projects are placed in service. |
| W.VA. STATE POLLUTION CONTROL | (10,904) | | | (10,904) | | Represents the deferred state tax impact related to WV Pollution control projects. This deferral will turn around once placed in service. |
| ADFIT - OTHER COMPREHENSIVE INCOME | (1,187) | (1,187) | | | | Not applicable to Transmission Cost of Service calculation. |
| ADFIT - OTHER COMPREHENSIVE INCOME | (2,479) | (2,479) | | | | Not applicable to Transmission Cost of Service calculation. |
| DEFERRED N.C. SIT NONOP - OCI | (47) | (47) | | | | Not applicable to Transmission Cost of Service calculation. |
| DEFERRED SIT NONOP - OCI | (208) | (208) | | | | Not applicable to Transmission Cost of Service calculation. |
| DEFERRED SIT NONOP - OCI | (387) | (387) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 133 | (16,651) | (16,651) | | | | Not applicable to Transmission Cost of Service calculation. |
| **Subtotal - p277 (Form 1-F filer: see note 6, below)** | (596,754) | (584,066) | - | (10,904) | (1,784) | |
| **Less FASB 109 Above if not separately removed** | - | | - | - | - | |
| **Less FASB 106 Above if not separately removed** | - | | | | - | |
| **Total** | (596,754) | (584,066) | - | (10,904) | (1,784) | |

**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**
**Amortization ITC-255**

| | | | | |
|---|---|---|---|---|
| | | Item | Balance | Amortization |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| 1 | Amortization | | | 879 |
| 2 | Amortization to line 136 of Appendix A | Total | | 286 |
| 3 | Total | | - | 1,165 |
| 4 | Total Form No. 1 (p 266 & 267) | Form No. 1 balance | (p.266) for amortiza | 1,165 |
| 5 | Difference /1 | | - | - |

/1 Difference must be zero

## Virginia Electric and Power Company
## ATTACHMENT H-16A
### Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet - December 31, 2009
(000's)

| | Only Transmission Related | Plant Related | Labor Related | Total ADIT |
|---|---|---|---|---|
| **ADIT- 282** | (184,062) | (55,108) | (46,001) | |
| **ADIT-283** | 0 | (10,904) | (1,784) | |
| **ADIT-190** | 73 | 108,368 | 56,831 | |
| **Subtotal** | (183,989) | 42,356 | 9,046 | |
| **Wages & Salary Allocator** | | | 3.8758% | |
| **Gross Plant Allocator** | | 9.6439% | | |
| **End of Year ADIT** | (183,989) | 4,085 | 351 | (179,554) |

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.

**End of Year Balances :**

| A<br>ADIT-190 | B<br>Total | C<br>Production Or Other Related | D<br>Only Transmission Related | E<br>Plant Related | F<br>Labor Related | G<br>Justification |
|---|---|---|---|---|---|---|
| BAD DEBTS | 5,190 | 5,190 | | | | For tax purposes bad debts are deductible when they are deemed to be uncollectible / worthless. |
| CAPITAL LEASE | 426 | 426 | | | | Not applicable to Transmission Cost of Service calculation. |
| CAPITALIZED BROKERS FEES | 749 | 749 | | | | Not applicable to Transmission Cost of Service calculation. |
| CAPITALIZED INTEREST - NONOP CWIP | - | - | | | | Not applicable to Transmission Cost of Service calculation. |
| CAPITALIZED INTEREST NONOP IN SERVICE | 307 | 307 | | | | Not applicable to Transmission Cost of Service calculation. |
| CAPITALIZED INTEREST OPERATING CWIP | 54,833 | 54,833 | | | | Represents tax capitalized interest on projects in CWIP - increase in taxable income. |
| CAPITALIZED INTEREST OPERATING IN SERVICE | 105,501 | | | 105,501 | | Represents tax "In Service" capitalized Interest placed in service net of tax amortization. |
| CIAC NC - NONOP CWIP | 7 | 7 | | | | Not applicable to Transmission Cost of Service calculation. |
| CIAC NC - NONOP IN SERVICE | 2,679 | 2,679 | | | | Not applicable to Transmission Cost of Service calculation. |
| CIAC VA - NONOP CWIP | 3,215 | 3,215 | | | | Not applicable to Transmission Cost of Service calculation. |
| CIAC VA - NONOP IN SERVICE | 100,213 | 100,213 | | | | Not applicable to Transmission Cost of Service calculation. |
| CONTINGENT CLAIMS CURRENT | - | - | | | | Not applicable to Transmission Cost of Service calculation. |
| CONTINGENT CLAIMS NONCURRENT | 1,455 | 1,455 | | | | Not applicable to Transmission Cost of Service calculation. |
| DECOMMISSIONING & DECONTAMINATION | (2) | (2) | | | | Book expensed as billed over 15 yr assessment period; tax deduct in year of assessment because all events test met as liability is based on prior facility use. |
| DEFERRED GAIN/LOSS NONOPERATING | (53) | (53) | | | | Not applicable to Transmission Cost of Service calculation. |
| DEFERRED GAIN/LOSS OPERATING | (498) | | | (498) | | Represents the ADIT on Book Gain/Loss as accrued. |
| DEFERRED GAIN/LOSS-FUTURE USE | (736) | (736) | | | | Not applicable to Transmission Cost of Service calculation. |
| DEFERRED GAIN/LOSS-FUTURE USE NONOP | 1,917 | 1,917 | | | | Not applicable to Transmission Cost of Service calculation. |
| DFIT - ITC ASSET FIT DEREGULATED | - | - | | | | Not applicable to Transmission Cost of Service calculation. |
| DFIT 190 OPERATING NONCURRENT ASSET | (526) | (526) | | | | Not applicable to Transmission Cost of Service calculation. |
| DFIT 282 NONOPERATING PLANT NONCURR LIAB | (3,368) | (3,368) | | | | Not applicable to Transmission Cost of Service calculation. |
| DFIT 282 NONOPERATING PLANT NONCURR LIAB | - | 0 | | | | Not applicable to Transmission Cost of Service calculation. |
| DFIT 282 OPERATING PLANT NONCURR LIAB | 94,973 | 94,973 | | | | Not applicable to Transmission Cost of Service calculation. |
| DFIT 283 NONOPERATING CURRENT LIAB | 2 | 2 | | | | Not applicable to Transmission Cost of Service calculation. |
| DFIT 283 NONOPERATING NONCURRENT LIAB | 5,650 | 5,650 | | | | Not applicable to Transmission Cost of Service calculation. |
| DFIT 283 OPERATING CURRENT LIABILITY | 5,487 | 5,487 | | | | Not applicable to Transmission Cost of Service calculation. |
| DFIT 283 OPERATING NONCURRENT LIAB | 46,626 | 46,626 | | | | Not applicable to Transmission Cost of Service calculation. |
| DFIT EFFECT ON SIT NONOP - OCI | 225 | 225 | | | | Not applicable to Transmission Cost of Service calculation. |
| DIRECTOR CHARITABLE DONATION | 175 | 175 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT - ITC SIT ASSET N.C. DEREGULATED | - | - | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT - ITC SIT ASSET Va. DEREGULATED | - | - | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT - ITC SIT ASSET W.V. DEREGULATED | - | - | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 NONOP CURRENT ASSET N.C. | 2 | 2 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 NONOP CURRENT ASSET VA | 22 | 22 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 NONOP CURRENT ASSET W.V. | 1 | 1 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 NONOP NONCURRENT ASSET N.C. | 3,786 | 3,786 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 NONOP NONCURRENT ASSET VA | 50,112 | 50,112 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 NONOP NONCURRENT ASSET W.V. | 1,725 | 1,725 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 NONOP PLANT NONCURR ASSET N.C. | 1,286 | 1,286 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 NONOP PLANT NONCURR ASSET VA | 16,992 | 16,992 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 NONOP PLANT NONCURR ASSET W.V. | 585 | 585 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 OPERATING CURRENT ASSET N.C. | (2,013) | (2,013) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 OPERATING CURRENT ASSET VA | (26,588) | (26,588) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 OPERATING CURRENT ASSET W.V. | (918) | (918) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 OPERATING NONCURR ASSET N.C. | 451 | 451 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 OPERATING NONCURR ASSET VA | 5,888 | 5,888 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 OPERATING NONCURR ASSET VA MIN | 443 | 443 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 OPERATING NONCURR ASSET W.V. | 204 | 204 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 OPERATING PLANT NONCURR ASSET N.C. | 5,356 | 5,356 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 OPERATING PLANT NONCURR ASSET VA | 70,790 | 70,790 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 190 OPERATING PLANT NONCURR ASSET W.V. | 2,439 | 2,439 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 283 OP OTHER NONCURR LIAB NC | (17) | (17) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 283 OP OTHER NONCURR LIAB VA | (230) | (230) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 283 OP OTHER NONCURR LIAB W.V. | (8) | (8) | | | | Not applicable to Transmission Cost of Service calculation. |
| EMISSIONS ALLOWANCES | 0 | 0 | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 ITC DFIT DEFICIENCY (190) | 6,480 | 6,480 | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 ITC DSIT DEFICIENCY N.C.(190) | 83 | 83 | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 ITC DSIT DEFICIENCY VA (190) | 1,086 | 1,086 | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 ITC DSIT DEFICIENCY W.V. (190) | 38 | 38 | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 ITC DSIT GROSSUP NC | 53 | 53 | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 ITC DSIT GROSSUP VA | 693 | 693 | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 ITC DSIT GROSSUP WV | 24 | 24 | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 ITC GROSSUP (190) | 4,138 | 4,138 | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 133 | 22,314 | 22,314 | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 143 ASSET OBLIGATION | 11,912 | 11,839 | 73 | | | Represents ARO accruals not deductible for tax. |
| FAS143 DECOMMISSIONING | 284,921 | 284,921 | | | | Represents ARO accruals not deductible for tax. |
| FEDERAL TAX INTEREST EXPENSE NON CURRENT | 860 | 860 | | | | Not applicable to Transmission Cost of Service calculation. |
| FLEET LEASE CREDIT - CURRENT | 102 | | | 102 | | Books amortize the fleet lease extension credit over the new lease; tax takes the deduction when incurred. |
| FLEET LEASE CREDIT - NONCURRENT | 154 | | | 154 | | Books amortizes the fleet lease extension credit over the new lease; tax takes the deduction when incurred. |
| GAIN SALE/LEASEBACK - SYSTEM OFFICE | (0) | (0) | | | | Not applicable to Transmission Cost of Service calculation. |
| GROSS REC-UNBILLED REV-NC | 98 | 98 | | | | Books include income when meter is read; taxed when service is provided. |
| HEADWATER BENEFITS | 461 | 461 | | | | Not applicable to Transmission Cost of Service calculation. |
| INT STOR NORTH ANNA | 4,227 | 4,227 | | | | filled. |
| INT STOR SURRY | (778) | (778) | | | | filled. |
| LONG TERM DISABILITY RESERVE | 4,623 | | | | 4,623 | Book estimate accrued and expensed; tax deduction when paid. |
| METERS | 6,995 | 6,995 | | | | Books pre-capitalize when purchased; tax purposes when installed. |
| NUCLEAR FUEL - PERMANENT DISPOSAL | 19 | 19 | | | | Books estimate expense, tax deduction taken when paid. |
| OBSOLETE INVENTORY | 425 | 425 | | | | Not applicable to Transmission Cost of Service calculation. |
| OPEB | 24,839 | | | | 24,839 | Represents the difference between the book accrual expense and the actual funded amount. |
| PERFORMANCE ACHIEVEMENT PLAN | 4 | 4 | | | | Not applicable to Transmission Cost of Service calculation. |
| POWER PURCHASE BUYOUT | 499 | 499 | | | | Represents the difference between the book accrual expense and the actual funded amount. |
| PREMIUM, DEBT, DISCOUNT AND EXPENSE | 3,108 | | | 3,108 | | Books record the yield to maturity method; taxes amortize staight line. |
| P'SHIP INCOME - NC ENTERPRISE | 37 | 37 | | | | Not applicable to Transmission Cost of Service calculation. |
| P'SHIP INCOME - VIRGINIA CAPITAL | 219 | 219 | | | | Not applicable to Transmission Cost of Service calculation. |
| QUALIFIED SETTLEMENT FUND | 140 | 140 | | | | Not applicable to Transmission Cost of Service calculation. |
| REACTOR DECOMMISSIONING LIABILITY | 350 | 350 | | | | Represents the difference between the accrual and payments. |
| REG ASSET FUEL HEDGE | 1,543 | 1,543 | | | | Not applicable to Transmission Cost of Service calculation. |
| REG LIABILITY DECOMMISSIONING TRUST - NC | 74,538 | 74,538 | | | | Not applicable to Transmission Cost of Service calculation. |
| REGULATORY LIABILITY - ARO | - | | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT OPERATING | - | | | | | Not applicable to Transmission Cost of Service calculation. |
| DFIT OF STATE OPERATING | - | | | | | Not applicable to Transmission Cost of Service calculation. |
| REG LIABILITY HEDGES CAPACITY - NC | 13,906 | 13,906 | | | | Not applicable to Transmission Cost of Service calculation. |
| REG LIABILITY HEDGES DEBT | 3,862 | 3,862 | | | | Not applicable to Transmission Cost of Service calculation. |
| REGULATORY ASSET - D & D | 4 | 4 | | | | Not applicable to Transmission Cost of Service calculation. |
| RESTRICTED STOCK AWARD | 1,815 | 1,815 | | | | Not applicable to Transmission Cost of Service calculation. |

| | | | | | | |
|---|---|---|---|---|---|---|
| RETIREMENT - (FASB 87) | 45,375 | | | | 45,375 | Book estimate accrued and expensed; tax deduction when paid. |
| RETIREMENT - EXEC SUPP RET (ESRP) - NONOP | 129 | 129 | | | | Not applicable to Transmission Cost of Service calculation. |
| RETIREMENT - SUPPLEMENTAL RETIREMENT | 141 | 141 | | | | Not applicable to Transmission Cost of Service calculation. |
| SEPARATION/ERT | 43 | | | | 43 | Book amount accrued and expensed; tax deduction when paid. |
| SUCCESS SHARE PLAN | 6,789 | | | | 6,789 | Book amount accrued as its earned; tax deduction is actual payout. |
| VA SALES & USE TAX AUDIT (INCL. INT) | 210 | 210 | | | | Not applicable to Transmission Cost of Service calculation. |
| VACATION ACCRUAL | 13,116 | 13,116 | | | | Not applicable to Transmission Cost of Service calculation. |
| W.VA. STATE POLLUTION CONTROL - FEDERAL EFFECT | 3,816 | 3,816 | | | | Federal effect of state deductions. |
| WEST VA PROPERTY TAX | 1,558 | 1,558 | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 ITC REG LIABILITY | - | | | | | Represents the tax effect of ITC that will be refunded to the customer. |
| **Subtotal - p234** | 1,099,726 | 909,616 | 73 | 108,368 | 81,669 | |
| **Less FASB 109 Above if not separately removed** | - | | - | - | - | |
| **Less FASB 106 Above if not separately removed** | 24,839 | 0 | 0 | 0 | 24,839 | |
| **Total** | 1,074,888 | 909,616 | 73 | 108,368 | 56,831 | |

**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,**

**6. Re: Form 1-F filer: Sum of subtotals for Accounts 282 and 283 should tie to Form No. 1-F, p.113.57.c**

| **A** <br> **ADIT- 282** | **B** <br> **Total** | **C** <br> **Production Or Other Related** | **D** <br> **Only Transmission Related** | **E** <br> **Plant Related** | **F** <br> **Labor Related** | **G** <br> **Justification** |
|---|---|---|---|---|---|---|
| AFC DEFERRED TAX - FUEL CWIP | (9) | (9) | | | | Not applicable to Transmission Cost of Service calculation. |
| AFC DEFERRED TAX - FUEL IN SERVICE | (47) | (47) | | | | Represents the amount of amortization of AFC in service not allowable for tax. |
| AFC DEFERRED TAX - PLANT CWIP | (7,130) | (7,130) | | | | Not applicable to Transmission Cost of Service calculation. |
| AFC DEFERRED TAX - PLANT IN SERVICE | (9,804) | (5,452) | (4,353) | | | Represents the amount of amortization of AFC in service not allowable for tax. |
| AFUDC - DEBT - GENERATION RIDER | (2,051) | (2,051) | | | | Not applicable to Transmission Cost of Service calculation. |
| BOOK CAPITALIZED INTEREST CWIP | (2,216) | | | (2,216) | | Represents the unallowable amount of book interest. |
| CAP EXPENSE | (21,044) | | | (21,044) | | Capitalized for books and current deduction for tax as repairs. |
| CAPITAL LEASE | (460) | (460) | | | | Not applicable to Transmission Cost of Service calculation. |
| CASUALTY LOSS | (22,937) | | | (22,937) | | Book varies in treatment; tax sec. 165 casualty loss for the decline in value (up to the adj. basis) and Sec 162 deduction for repairs to restore to pre-casualty condition. |
| COMPUTER SOFTWARE-BOOK AMORT | 8,090 | | | | 8,090 | Represents total Book Computer Software Amortization Schedule M addition. |
| COMPUTER SOFTWARE-CWIP | (3,846) | (3,846) | | | | Represents the allowable "In house" deduction for tax. |
| COMPUTER SOFTWARE-TAX AMORT | (20,645) | | | | (20,645) | Total tax amortization shown as a schedule M deduction and add back total book amortization. |
| COST OF REMOVAL | (101,137) | (93,247) | (5,912) | | (1,978) | Represents the actual cost of removal allowable for tax over the accrued amount. |
| DECOMMISSIONING | (0) | (0) | | | | Not applicable to Transmission Cost of Service calculation. |
| DECOMMISSIONING TRUST BOOK INCOME | (302,783) | (302,783) | | | | Not applicable to Transmission Cost of Service calculation. |
| DFIT 190 NONOPERATING NONCURR ASSET | (6,603) | (6,603) | | | | Not applicable to Transmission Cost of Service calculation. |
| DFIT 190 OPERATING NONCURRENT ASSET | (27,506) | (27,506) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 282 NONOP PLANT NONCURR LIAB N.C. | 268 | 268 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 282 NONOP PLANT NONCURR LIAB VA | 3,837 | 3,837 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 282 NONOP PLANT NONCURR LIAB W.V. | 122 | 122 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 282 OPERATING PLANT NONCURR LIAB N.C. | (31,476) | (31,476) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 282 OPERATING PLANT NONCURR LIAB VA | (219,986) | (219,986) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 282 OPERATING PLANT NONCURR LIAB W.V. | (14,827) | (14,827) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 PLANT DFIT DEFICIENCY (282) | (22,712) | (22,712) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 PLANT DFIT DEFICIENCY (282) - GENERATION R | (4,280) | (4,280) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 PLANT DSIT DEFICIENCY N.C. (282) | (79) | (79) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 PLANT DSIT DEFICIENCY N.C. (282) - GENERAT | (53) | (53) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 PLANT DSIT DEFICIENCY VA (282) | (1,050) | (1,050) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 PLANT DSIT DEFICIENCY VA (282) - GENERATIO | (725) | (725) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 PLANT DSIT DEFICIENCY W.V. (282) | (36) | (36) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 PLANT DSIT DEFICIENCY W.V. (282) - GENERAT | (25) | (25) | | | | Not applicable to Transmission Cost of Service calculation. |
| FIXED ASSETS | (9,312) | | | (9,312) | | Represents IRS audit adjustments to plant-related differences. |
| FIXED ASSETS | - | | | | | Not applicable to Transmission Cost of Service calculation. |
| FIXED ASSETS - NC | 27 | | | 27 | | Represents the state impact of IRS Audit adjustments to plant related differences. |
| FIXED ASSETS - VA | 361 | | | 361 | | Represents the state impact of IRS Audit adjustments to plant related differences. |
| FIXED ASSETS - WV | 13 | | | 13 | | Represents the state impact of IRS Audit adjustments to plant related differences. |
| GAIN(LOSS) INTERCO SALES - BOOK/TAX | (290) | (290) | | | | Not applicable to Transmission Cost of Service calculation. |
| INVOLUNTARY CONVERSION - TELECOMMUNICATIONS | (1,104) | (1,104) | | | | Represents the difference between book and tax related to the disposal of telecommunication equipment. Recognized for tax purposes when utilized. |
| LIBERALIZED DEPRECIATION - FUEL | (5,406) | (5,406) | | | | Represents difference between book burn of nuclear fuel based on usage vs. tax depreciation. |
| LIBERALIZED DEPRECIATION - FUEL CWIP | - | - | | | | Difference between book CWIP and Tax CWIP as a result of Euro exchange utilization. |
| LIBERALIZED DEPRECIATION - PLANT ACUFILE | (2,079,925) | (1,876,412) | (173,798) | | (29,716) | Difference between book and tax depreciation taking in consideration flow-through and ARAM. |
| LIBERALIZED DEPRECIATION - PLANT LAND FUTURE USE | 228 | 228 | | | | Not applicable to Transmission Cost of Service calculation. |
| LIBERALIZED DEPRECIATION - PLANT LAND NONUTILITY | (532) | (532) | | | | Not applicable to Transmission Cost of Service calculation. |
| LIBERALIZED DEPRECIATION - PLAN OPER LAND | 707 | 707 | | | | Not applicable to Transmission Cost of Service calculation. |
| LIBERALIZED DEPRECIATION - PLANT OTHER | (232,500) | (232,500) | | | | Not applicable to Transmission Cost of Service calculation. |
| LIBERALIZED DEPRECIATION - PLANT FUTURE USE | (0) | (0) | | | | Not applicable to Transmission Cost of Service calculation. |
| LIBERALIZED DEPRECIATION - PLANT NON UTILITY | 7 | 7 | | | | Not applicable to Transmission Cost of Service calculation. |
| SUCCESS SHARE PLAN | (1,752) | | | | (1,752) | Book amount accrued as it's earned; tax deduction is actual payout. |
| YORKTOWN IMPLOSION - TAX DEP. - LIB - NONOP | 0 | 0 | | | | Not applicable to Transmission Cost of Service calculation. |
| **Subtotal - p275 (Form 1-F filer: see note 6 below)** | (3,140,628) | (2,855,458) | (184,062) | (55,108) | (46,001) | |
| **Less FASB 109 Above if not separately removed** | 0 | | 0 | 0 | 0 | |
| **Less FASB 106 Above if not separately removed** | 0 | | | | | |
| **Total** | (3,140,628) | (2,855,458) | (184,062) | (55,108) | (46,001) | |

**Instructions for Account 282:**
**1. ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C**
**2. ADIT items related only to Transmission are directly assigned to Column D**
**3. ADIT items related to Plant and not in Columns C & D are included in Column E**
**4. ADIT items related to labor and not in Columns C & D are included in Column F**
**5. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates,**

**6. Re: Form 1-F filer: Sum of subtotals for Accounts 282 and 283 should tie to Form No. 1-F, p.113.57.c**

| A<br>ADIT-283 | B<br>Total | C<br>Production Or Other Related | D<br>Only Transmission Related | E<br>Plant Related | F<br>Labor Related | G<br>Justification |
|---|---|---|---|---|---|---|
| ADFIT - OTHER COMPREHENSIVE INCOME | (3,667) | (3,667) | | | | Not applicable to Transmission Cost of Service calculation. |
| CONTINGENT CLAIMS CURRENT | (2,406) | (2,406) | | | | Not applicable to Transmission Cost of Service calculation. |
| DECOMMISSIONING TRUST - UNREALIZED GAIN/LOSS - NC | (8,280) | (8,280) | | | | Not applicable to Transmission Cost of Service calculation. |
| DEFERRED FUEL EXPENSE | (283,143) | (283,143) | | | | Not applicable to Transmission Cost of Service calculation. |
| DEFERRED FUEL EXPENSE - OTHER | (29,515) | (29,515) | | | | Not applicable to Transmission Cost of Service calculation. |
| DEFERRED N.C. SIT NONOP - OCI | (47) | (47) | | | | Not applicable to Transmission Cost of Service calculation. |
| DEFERRED SIT NONOP - OCI | (595) | (595) | | | | Not applicable to Transmission Cost of Service calculation. |
| DFIT 190 NONOPERATING CURR ASSET | (9) | (9) | | | | Not applicable to Transmission Cost of Service calculation. |
| DFIT 190 NONOPERATING NONCURR ASSET | (34,119) | (34,119) | | | | Not applicable to Transmission Cost of Service calculation. |
| DFIT 190 OPERATING CURRENT ASSET | (4,153) | (4,153) | | | | Not applicable to Transmission Cost of Service calculation. |
| DFIT 190 OPERATING NONCURR ASSET | (4,346) | (4,346) | | | | Not applicable to Transmission Cost of Service calculation. |
| DFIT 190 OPERATING NONCURRENT ASSET | 2,428 | 2,428 | | | | Not applicable to Transmission Cost of Service calculation. |
| DFIT 283 OPERATING NONCURRENT LIAB | 89 | 89 | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 283 NONOP CURRENT LIABILITY N.C. | - | - | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 283 NONOP CURRENT LIABILITY VA | - | - | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 283 NONOP CURRENT LIABILITY W.V. | (4) | (4) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 283 NONOP NONCURRENT LIABILITY N.C. | (627) | (627) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 283 NONOP NONCURRENT LIABILITY VA | (14,759) | (14,759) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 283 NONOP NONCURRENT LIABILITY W.V. | (278) | (278) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 283 OP OTHER NONCURR LIAB N.C. | (3,433) | (3,433) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 283 OP OTHER NONCURR LIAB VA | (45,441) | (45,441) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 283 OP OTHER NONCURR LIAB VA MIN | (10) | (10) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 283 OP OTHER NONCURR LIAB W.V. | (1,564) | (1,564) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 283 OPERATING CURRENT LIABILITY N.C. | (1,067) | (1,067) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 283 OPERATING CURRENT LIABILITY VA | (14,134) | (14,134) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT 283 OPERATING CURRENT LIABILITY W.V. | (474) | (474) | | | | Not applicable to Transmission Cost of Service calculation. |
| DSM | - | | | | | Not applicable to Transmission Cost of Service calculation. |
| EMISSIONS ALLOWANCES | (2,696) | (2,696) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 OTHER DFIT GROSSUP (283) | (12,857) | (12,857) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 OTHER DFIT GROSSUP (283) - GENERATION RIDE | (2,737) | (2,737) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 OTHER DSIT GROSSUP NC | (164) | (164) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 OTHER DSIT GROSSUP NC - GENERATION RIDER | (34) | (34) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 OTHER DSIT GROSSUP VA | (2,158) | (2,158) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 OTHER DSIT GROSSUP VA - GENERATION RIDER | (464) | (464) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 OTHER DSIT GROSSUP WV | (74) | (74) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 109 OTHER DSIT GROSSUP WV - GENERATION RIDER | (16) | (16) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 133 | - | | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 133 | (6,918) | (6,918) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 133 | 6,859 | 6,859 | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 133 | (16,651) | (16,651) | | | | Not applicable to Transmission Cost of Service calculation. |
| FAS 133 | - | | | | | Not applicable to Transmission Cost of Service calculation. |
| FEDERAL TAX INTEREST EXPENSE | (3,818) | (3,818) | | | | Not applicable to Transmission Cost of Service calculation. |
| FINANCIAL DERIVATIVES CURRENT ASSET | - | | | | | Not applicable to Transmission Cost of Service calculation. |
| FUEL HANDLING COSTS | (77) | (77) | | | | IRS settlement required additional tax capitalization of handling costs. |
| GAIN SALE/LEASEBACK-SYSTEM OFFICE | - | | | | | Not applicable to Transmission Cost of Service calculation. |
| GOODWILL AMORTIZATION | (3) | (3) | | | | Not applicable to Transmission Cost of Service calculation. |
| OBSOLETE INVENTORY | 0 | 0 | | | | Not applicable to Transmission Cost of Service calculation. |
| NUCLEAR FUEL - PERMANENT DISPOSAL | (9) | (9) | | | | Not applicable to Transmission Cost of Service calculation. |
| PERFORMANCE ACHIEVEMENT PLAN | (4) | (4) | | | | Not applicable to Transmission Cost of Service calculation. |
| POWERTREE CARBON CO, LLC. | (31) | (31) | | | | Not applicable to Transmission Cost of Service calculation. |
| QUALIFIED SETTLEMENT FUND | (0) | (0) | | | | Not applicable to Transmission Cost of Service calculation. |
| REACQUIRED DEBT GAIN(LOSS) | (2,507) | (2,507) | | | | Not applicable to Transmission Cost of Service calculation. |
| REG ASSET FUEL HEDGE | (0) | (0) | | | | Not applicable to Transmission Cost of Service calculation. |
| REG ASSET HEDGES CAPACITY | - | | | | | Not applicable to Transmission Cost of Service calculation. |
| REG ASSET POWER HEDGE | (2,960) | (2,960) | | | | Not applicable to Transmission Cost of Service calculation. |
| REG LIABILITY - FTR | (19,354) | (19,354) | | | | Not applicable to Transmission Cost of Service calculation. |
| REG LIABILITY HEDGES DEBT | - | | | | | Not applicable to Transmission Cost of Service calculation. |
| REGULATORY ASSET - D & D | (0) | (0) | | | | Not applicable to Transmission Cost of Service calculation. |
| REGULATORY ASSET - FAS 112 | (1,784) | | | | (1,784) | Represents cost that for regulatory purposes needs to be amortized over a prescribed life. However, allowable for tax when incurred. |
| REGULATORY ASSET - NUG | (6,190) | (6,190) | | | | Represents cost that for regulatory purposes needs to be amortized over a prescribed life. However, allowable for tax when incurred. |
| REGULATORY ASSET - PJM | (48,717) | (48,717) | | | | Represents cost that for regulatory purposes needs to be amortized over a prescribed life. However, allowable for tax when incurred. |
| REGULATORY ASSET - VA SLS TAX | (5,753) | (5,753) | | | | Represents cost that for regulatory purposes needs to be amortized over a prescribed life. However, allowable for tax when incurred. |
| REG LIABILITY - ARO | - | - | | | | Not applicable to Transmission Cost of Service calculation. |
| DSIT OPERATING | - | | | | | Not applicable to Transmission Cost of Service calculation. |
| DFIT OF STATE OPERATING | - | | | | | Not applicable to Transmission Cost of Service calculation. |
| W.VA. STATE POLLUTION CONTROL | (10,904) | | | (10,904) | | Represents the deferred state tax impact related to WV Pollution control projects. This deferral will turn around once placed in service. |
| **Subtotal - p277 (Form 1-F filer: see note 6, below)** | (589,579) | (576,891) | - | (10,904) | (1,784) | |
| **Less FASB 109 Above if not separately removed** | - | | | | | |
| **Less FASB 106 Above if not separately removed** | - | | | | | |
| **Total** | (589,579) | (576,891) | - | (10,904) | (1,784) | |

**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,**

**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**

**Amortization ITC-255**

| | | | | |
|---|---|---|---|---|
| | | | Balance | Amortization |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| 1 | Amortization | | | 879 |
| 2 | Amortization to line 136 of Appendix A | | | 286 |
| | | | | |
| 3 | Total | | - | 1,165 |
| | | | | |
| 4 | Total Form No. 1 (p 266 & 267) | | | 1,165 |
| | | | | |
| 5 | Difference /1 | | - | - |

/1 Difference must be zero

# Virginia Electric and Power Company
# ATTACHMENT H-16A
## *Attachment 2 - Taxes Other Than Income Worksheet*
## 2010 (000's)

| | *Other Taxes* | | *Page 263 Col (i)* | *Allocator* | | *Allocated Amount* |
|---|---|---|---|---|---|---|
| | ***Plant Related*** | | | ***Gross Plant Allocator*** | | |
| 1 | Transmission Personal Property Tax (directly assigned to Transmission) | $ | 12,128 | 100.0000% | $ | 12,128 |
| 1a | Other Plant Related Taxes | | 0 | 10.8090% | | - |
| 2 | | | | | | - |
| 3 | | | | | | - |
| 4 | | | | | | - |
| 5 | | | | | | - |
| | | | | | | - |
| | ***Total Plant Related*** | $ | 12,128 | | $ | 12,128 |
| | ***Labor Related*** | | | ***Wages & Salary Allocator*** | | |
| 6 | Federal FICA & Unemployment & State Unemployment | $ | 44,300 | | | |
| | ***Total Labor Related*** | $ | 44,300 | 4.8603% | $ | 2,153 |
| | ***Other Included*** | | | ***Gross Plant Allocator*** | | |
| 7 | Sales and Use Tax | $ | - | | | |
| | ***Total Other Included*** | $ | - | 10.8090% | $ | - |
| | ***Total Included*** | | | | $ | 14,281 |
| | ***Currently Excluded*** | | | | | |
| 8 | Business and Occupation Tax - West Virginia | $ | 18,600 | | | |
| 9 | Gross Receipts Tax | | 11,300 | | | |
| 10 | IFTA Fuel Tax | | | | | |
| 11 | Property Taxes - Other | | 121,020 | | | |
| 12 | Property Taxes - Generator Step-Ups and Interconnects | | 922 | | | |
| 13 | Sales and Use Tax - not allocated to Transmission | | 500 | | | |
| 14 | Sales and Use Tax - Retail | | 8,000 | | | |
| 15 | Other | | (450) | | | |
| 16 | | | 0 | | | |
| 17 | | | 0 | | | |
| 18 | | | 0 | | | |
| 19 | | | 0 | | | |
| 20 | | | 0 | | | |
| 21 | Total "Other" Taxes (included on p. 263) | $ | 159,892 | | | |
| 22 | Total "Taxes Other Than Income Taxes" - acct 408.10 (p. 114.14) | $ | 216,320 | | | |
| 23 | Difference | $ | (56,428) | | | |

Criteria for Allocation:

| | |
|---|---|
| A | Other taxes that are incurred through ownership of plant including transmission plant will be either directly assigned or 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. |

# VEPCO
# ATTACHMENT H-16A
# Attachment 2A - Direct Assignment of Property Taxes Per Function
## 2010 (000's)

| | | |
|---|---|---|
| **Directly Assigned Property Taxes** | $ | 134,148 |
| | | |
| Production Property Tax | | 64,600 |
| Transmission Property Tax | | 12,128 |
| GSU/Interconnect Facilities | | 922 |
| Distribution Property tax | | 54,900 |
| General Property Tax | | 1,598 |
| Total check | | 134,148 |

**Allocation of General Property Tax to Transmission**

| | | |
|---|---|---|
| General Property Tax | $ | 1,598.00 |
| Wages & Salary Allocator | | 4.8603% |
| Trans General | | 78 |

**Total Transmission Property Taxes**

| | | |
|---|---|---|
| Transmission | $ | 12,128 |
| General | | 78 |
| Total Transmission Property Taxes | $ | 12,206 |

# Virginia Electric and Power Company
# ATTACHMENT H-16A
# Attachment 3 - Revenue Credit Workpaper
**2010 (000's)**

| | **Account 454 - Rent from Electric Property** | | Transmission Related | Production/Other Related | Total |
|---|---|---|---|---|---|
| 1 | Rent from Electric Property - Transmission Related (Note 3) | | 7,124 | - | 7,124 |
| 2 | Total Rent Revenues | (Sum Lines 1) | 7,124 | - | 7,124 |
| | **Account 456 - Other Electric Revenues (Note 1)** | | | | |
| 3 | Schedule 1A | | | | |
| 4 | Net revenues associated with Network Integration Transmission Service (NITS) and for the transmission component of the NCEMPA contract rate for which the load is not included in the divisor. (Note 4) | | 2,100 | | 2,100 |
| 5 | Point to Point Service revenues received by Transmission Owner for which the load is not included in the divisor (Note 4) | | | | - |
| 6 | PJM Transitional Revenue Neutrality (Note 1) | | | | - |
| 7 | PJM Transitional Market Expansion (Note 1) | | | | - |
| 8 | Professional Services (Note 3) | | 4,683 | | 4,683 |
| 9 | Revenues from Directly Assigned Transmission Facility Charges (Note 2) | | 2,792 | | 2,792 |
| 10 | Rent or Attachment Fees associated with Transmission Facilities (Note 3) | | | | - |
| 11 | Gross Revenue Credits (Accounts 454 and 456) | (Sum Lines 2-10) | 16,699 | - | 16,699 |
| 12 | Less line 14g | | (7,504) | - | (7,504) |
| 13 | Total Revenue Credits | | 9,195 | - | 9,195 |
| | Revenue Adjustment to Determine Revenue Credit | | | | |
| 14a | Revenues included in lines 1-11 which are subject to 50/50 sharing. (Lines 1 + 8 + 10) | | 11,807 | - | 11,807 |
| 14b | Costs associated with revenues in line 14a | | 3,200 | - | 3,200 |
| 14c | Net Revenues (14a - 14b) | | 8,607 | - | 8,607 |
| 14d | 50% Share of Net Revenues (14c / 2) | | 4,304 | - | 4,304 |
| 14e | Cost associated with revenues in line 14b 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 | | - | - | - |
| 14f | Net Revenue Credit (14d + 14e) | | 4,304 | - | 4,304 |
| 14g | Line 14f less line 14a | | (7,504) | - | (7,504) |

**Revenue Adjustment to Determine Revenue Credit**

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 169 of Appendix A.

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.

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). VEPCO will retain 50% of net revenues consistent with *Pacific Gas and Electric Company*, 90 FERC ¶ 61,314. In order to use lines 14a - 14g, 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).

Note 4: Revenues from Schedule 12 are not included in the total above to the extent they are credited under Schedule 12. In addition, revenues from Schedule 7, Schedule 8 and H-A are not included in the total above to the extent PJM credits VEPCO's share of these revenues monthly to network customers under Attachment H-16.

## Virginia Electric and Power Company
## ATTACHMENT H-16A
## Attachment 4 - Calculation of 100 Basis Point Increase in ROE
## 2010 (000's)

| | | | | |
|---|---|---|---|---|
| | Return and Taxes with Basis Point increase in ROE | | | |
| A | Basis Point increase in ROE and Income Taxes | | (Line 130 + 140) | 187,237 |
| B | 100 Basis Point increase in ROE | (Note J from Appendix A) | Fixed | 1.00% |

### Return Calculation

| Line Ref. | | | | |
|---|---|---|---|---|
| 62 | Rate Base | | (Line 44 + 61) | 1,464,900 |
| | Long Term Interest | | | |
| 104 | **Long Term Interest** | | p117.62c through 67c | 314,238 |
| 105 | Less LTD Interest on Securitization Bonds | (Note P) | Attachment 8 | 0 |
| 106 | Long Term Interest | | (Line 104 - 105) | 314,238 |
| 107 | Preferred Dividends | enter positive | p118.29c | 16,659 |
| | Common Stock | | | |
| 108 | Proprietary Capital | | p112.16c,d/2 | 6,166,098 |
| 109 | Less Preferred Stock | enter negative | (Line 117) | -259,014 |
| 110 | Less Account 219 - Accumulated Other Comprehensive Income | enter negative | p112.15c,d/2 | -15,590 |
| 111 | Common Stock | | (Sum Lines 108 to 110) | 5,891,494 |
| | Capitalization | | | |
| 112 | Long Term Debt | | p112.24c,d/2 | 5,863,256 |
| 113 | Less Loss on Reacquired Debt | enter negative | p111.81c,d/2 | -6,527 |
| 114 | Plus Gain on Reacquired Debt | enter positive | p113.61c,d/2 | 1,908 |
| 115 | Less LTD on Securitization Bonds | enter negative | Attachment 8 | 0 |
| 116 | Total Long Term Debt | | (Sum Lines 112 to 115) | 5,858,638 |
| 117 | Preferred Stock | | p112.3c,d/2 | 259,014 |
| 118 | Common Stock | | (Line 111) | 5,891,494 |
| 119 | Total Capitalization | | (Sum Lines 116 to 118) | 12,009,146 |
| 120 | Debt % | Total Long Term Debt | (Line 116 / 119) | 48.8% |
| 121 | Preferred % | Preferred Stock | (Line 117 / 119) | 2.2% |
| 122 | Common % | Common Stock | (Line 118 / 119) | 49.1% |
| 123 | Debt Cost | Total Long Term Debt | (Line 106 / 116) | 0.0536 |
| 124 | Preferred Cost | Preferred Stock | (Line 107 / 117) | 0.0643 |
| 125 | Common Cost | Common Stock | Appendix A Line 125 + 100 Basis Points | 0.1240 |
| 126 | Weighted Cost of Debt | Total Long Term Debt (WCLTD) | (Line 120 * 123) | 0.0262 |
| 127 | Weighted Cost of Preferred | Preferred Stock | (Line 121 * 124) | 0.0014 |
| 128 | Weighted Cost of Common | Common Stock | (Line 122 * 125) | 0.0608 |
| 129 | Total Return ( R ) | | **(Sum Lines 126 to 128)** | **0.0884** |
| 130 | Investment Return = Rate Base * Rate of Return | | **(Line 62 * 129)** | **129,477** |

### Composite Income Taxes

| | | | | |
|---|---|---|---|---|
| | **Income Tax Rates** | | | |
| 131 | FIT=Federal Income Tax Rate | | | 0.3500 |
| 132 | SIT=State Income Tax Rate or Composite | | | 0.0613 |
| 133 | p = percent of federal income tax deductible for state purposes | | Per State Tax Code | 0.0000 |
| 134 | T | T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} = | | 0.3898 |
| 135 | T/ (1-T) | | | 0.6389 |
| | **ITC Adjustment** | | | |
| 136 | Amortized Investment Tax Credit | enter negative | Attachment 1 | -286 |
| 137 | T/(1-T) | | (Line 135) | 0.6389 |
| 138 | **ITC Adjustment Allocated to Transmission** | (Note I from Appendix A) | (Line 136 * (1 + 137)) | **-469** |
| 139 | **Income Tax Component =** | CIT=(T/1-T) * Investment Return * (1-(WCLTD/R)) = | | 58,229 |
| 140 | **Total Income Taxes** | | **(Line 138 + 139)** | **57,760** |

**Virginia Electric and Power Company**
**ATTACHMENT H-16A**
**Attachment 5 - Cost Support**
**2010 - Projected**

**Electric / Non-electric Cost Support**

| | | | | Previous Year | Current Year | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Line #s** | **Descriptions** | **Notes** | **Page #'s & Instructions** | **Form 1Dec** | **Jan** | **Feb** | **Mar** | **Apr** | **May** | **Jun** | **Jul** | **Aug** | **Sep** | **Oct** | **Nov** | **Form 1 Dec** | **Average** | **Non-electric Portion** | **Details** |
| | **Plant Allocation Factors** | | | | | | | | | | | | | | | | | | |
| 8 | Electric Plant in Service | (Notes A & Q) | p207.104g/Plant-Acc. Deprc Wkst | 22,046,298 | 22,106,429 | 22,167,899 | 22,269,806 | 22,405,455 | 22,479,159 | 22,588,398 | 22,660,566 | 22,903,537 | 22,988,370 | 23,113,794 | 23,298,562 | 23,502,521 | 22,656,215 | 0 | |
| 15 | Accumulated Depreciation (Total Electric Plant) | (Notes A & Q) | p219.29c | 9,125,978 | 9,166,977 | 9,208,152 | 9,249,451 | 9,290,923 | 9,332,361 | 9,373,970 | 9,415,798 | 9,457,755 | 9,500,138 | 9,542,684 | 9,585,365 | 9,628,554 | 9,375,239 | 0 | |
| 12 | Accumulated Intangible Amortization | (Notes A & Q) | p200.21c | 183,971 | 186,492 | 189,013 | 191,534 | 194,055 | 194,055 | 196,577 | 199,098 | 201,619 | 204,140 | 206,661 | 209,182 | 211,703 | 197,546 | 0 | Respondent is Electric Utility only. |
| 13 | Accumulated Common Amortization - Electric | (Notes A & Q) | p356 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0 | |
| 14 | Accumulated Common Plant Depreciation - Electric | (Notes A & Q) | p356 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0 | |
| | **Plant In Service** | | | | | | | | | | | | | | | | | | |
| 21 | Transmission Plant in Service | (Notes A & Q) | p207.58.g/Trans.Input Sht | 2,430,495 | 2,437,058 | 2,446,424 | 2,465,946 | 2,472,691 | 2,479,144 | 2,497,227 | 2,516,332 | 2,718,877 | 2,760,877 | 2,800,637 | 2,819,194 | 2,919,817 | 2,597,286 | 0 | |
| 15 | Generator Step-Ups | | Trans. Input Sht | 156,673 | 156,673 | 156,673 | 156,673 | 166,773 | 166,773 | 166,773 | 166,773 | 166,773 | 166,773 | 166,773 | 166,773 | 166,773 | 163,665 | 0 | |
| 23 | Generator Interconnect Facilities | | Input Sht | 23,814 | 23,814 | 23,814 | 23,814 | 23,814 | 23,814 | 23,814 | 23,814 | 23,814 | 23,814 | 23,814 | 23,814 | 23,814 | 23,814 | | |
| 25 | General & Intangible | | p205.5.g & p207.99.g/G&I Wksht | 804,861 | 804,345 | 804,262 | 804,281 | 804,232 | 804,046 | 804,296 | 804,611 | 804,933 | 805,224 | 805,149 | 804,763 | 804,965 | 804,613 | 0 | |
| 26 | Common Plant (Electric Only) | (Notes A & Q) | p356 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0 | |
| | **Accumulated Depreciation** | | | | | | | | | | | | | | | | | | |
| 32 | Transmission Accumulated Depreciation | (Notes A & Q) | p219.25.c/Trans.Input Sht | 821,852 | 823,472 | 825,151 | 826,822 | 828,515 | 829,911 | 831,345 | 832,815 | 834,298 | 836,112 | 837,986 | 839,674 | 841,540 | 831,499 | 0 | |
| 33 | Transmission Accumulated Depreciation - Generator Step-Ups | | GSU Input Sht | 36,108 | 36,372 | 36,636 | 36,900 | 37,181 | 37,462 | 37,743 | 38,024 | 38,305 | 38,587 | 38,868 | 39,149 | 39,430 | 37,751 | 0 | |
| 34 | Transmission Accumulated Depreciation - Interconnection Facilities | | Input Sht | 4,365 | 4,405 | 4,445 | 4,486 | 4,526 | 4,566 | 4,607 | 4,647 | 4,687 | 4,727 | 4,768 | 4,808 | 4,848 | 4,607 | | |
| 36 | Accumulated General Depreciation | (Notes A & Q) | p219.28.b | 296,686 | 297,833 | 299,123 | 300,416 | 301,727 | 302,828 | 304,102 | 305,439 | 306,793 | 308,161 | 309,543 | 310,755 | 312,179 | 304,276 | 0 | |
| | **Materials and Supplies** | | | | | | | | | | | | | | | | | | |
| 50 | Undistributed Stores Exp | (Notes A & R) | p227.6c & 16.c | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0 | Respondent is Electric Utility only. |
| | **Allocated General & Common Expenses** | | | | | | | | | | | | | | | | | | |
| 68 | Common Plant O&M | (Note A) | p356 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0 | |
| | **Depreciation Expense** | | | | | | | | | | | | | | | | Electric | | |
| 86 | Depreciation-Transmission | (Note A) | p336.7.b&c | | | | | | | | | | | | | | 51,167 | 0 | |
| 91 | Depreciation-General | (Note A) | | | | | | | | | | | | | | | 24,909 | 0 | |
| 92 | Depreciation-Intangible | (Note A) | p336.1d&e/Attachment 5 | | | | | | | | | | | | | | 30,253 | 0 | Respondent is Electric Utility only. |
| 87 | Depreciation - Generator Step-Ups | | | | | | | | | | | | | | | | 3,224 | 0 | |
| 88 | Depreciation - Interconnection Facilities | | | | | | | | | | | | | | | | 469 | 0 | |
| 96 | Common Depreciation - Electric Only | (Note A) | p336.11.b | | | | | | | | | | | | | | 0 | 0 | |
| 97 | Common Amortization - Electric Only | (Note A) | p356 or p336.11d | | | | | | | | | | | | | | 0 | 0 | |

**O&M Expenses**

| | | | | Previous Year | Current Year | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Line #s** | **Descriptions** | **Notes** | **Page #'s & Instructions** | **Form 1Dec** | **Jan** | **Feb** | **Mar** | **Apr** | **May** | **Jun** | **Jul** | **Aug** | **Sep** | **Oct** | **Nov** | **Form 1 Dec** | **Totals** | **Non-electric Portion** | **Details** |
| 63 | Transmission O&M | (Note A) | p321.112.b/Trans. Input Sht | - | 3,874 | 3,702 | 4,596 | 4,638 | 5,715 | 6,184 | 6,132 | 5,141 | 4,651 | 5,138 | 4,130 | 3,656 | 57,558 | 0 | |
| 64 | Generator Step-Ups | | Input Sheet | | | | | | | | | | | | | | 332 | 0 | |
| 65 | Transmission by Others | | p321.96.b | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 0 | |

**Wages & Salary**

| | | | | Previous Year | Current Year | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Line #s** | **Descriptions** | **Notes** | **Page #'s & Instructions** | **Form 1Dec** | **Jan** | **Feb** | **Mar** | **Apr** | **May** | **Jun** | **Jul** | **Aug** | **Sep** | **Oct** | **Nov** | **Form 1 Dec** | **Totals** | **Non-electric Portion** | **Details** |
| 4 | Total Wage Expense | (Note A) | p354.28b/Trans. Wksht | | | | | | | | | | | | | | 592,988 | 0 | |
| 5 | Total A&G Wages Expense | (Note A) | p354.27b/Trans. Wksht | | | | | | | | | | | | | | 136,262 | 0 | |
| 1 | Transmission Wages | (Note A) | p354.21b/Trans. Wksht | | | | | | | | | | | | | | 22,297 | 0 | |
| 2 | Generator Step-Ups | | Trans. Wksht | | | | | | | | | | | | | | 99 | 0 | |

**Transmission / Non-transmission Cost Support**

| | | | | Previous Year | Current Year | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Line #s** | **Descriptions** | **Notes** | **Page #'s & Instructions** | **Form 1Dec** | **Jan** | **Feb** | **Mar** | **Apr** | **May** | **Jun** | **Jul** | **Aug** | **Sep** | **Oct** | **Nov** | **Form 1 Dec** | **Average** | **Non-transmission Related** | **Details** |
| 30 | **Plant Held for Future Use (Including Land)** | (Notes C & Q) | p214.47.d | 36,176 | 36,176 | 36,176 | 36,176 | 36,176 | 36,176 | 36,176 | 36,176 | 36,176 | 36,176 | 36,176 | 36,176 | 36,176 | 36176 | 32,659 | Specific identification based on plant records: The following plant investments are included: |
| | | | | | | | | | | | | | | | | Form 1 Amount | Transmission Related | Non-transmission Related | |
| | | | | | | | | | | | | | | | | **36,176** | **3517** | **32,659** | **Enter Details** |

**EPRI Dues Cost Support**

| **Line #s** | **Descriptions** | **Notes** | **Page #'s & Instructions** | **Form 1 Amount** | **EPRI Dues** | **Details** |
|---|---|---|---|---|---|---|
| | **Allocated General & Common Expenses** | | | | | |
| 73 | Less EPRI Dues | (Note D) | p352-353/Attachment 5 | $3,091 | 3,091 | See Form 1 |

**Regulatory Expense Related to Transmission Cost Support**

| Line #s | Descriptions | Notes | Page #'s & Instructions | Form 1 Amount | Transmission Related | Non-transmission Related | Details |
|---|---|---|---|---|---|---|---|
| | **Allocated General & Common Expenses** | | | | | | |
| 71 | Less Regulatory Commission Exp Account 928 | (Note E) | p323.189b/Attachment 5 | $ 27,910 | 164 | 27,746 | See FERC Form 1 pages 350-351. |
| | **Directly Assigned A&G** | | | | | | |
| 77 | Regulatory Commission Exp Account 928 | (Note G) | p323.189b/Attachment 5 | | 164 | | Transmission related - Includes three year amortization of cost of current case. |

**Safety Related Advertising Cost Support**

| Line #s | Descriptions | Notes | Page #'s & Instructions | Form 1 Amount | Safety Related | Non-safety Related | Details |
|---|---|---|---|---|---|---|---|
| | **Directly Assigned A&G** | | | | | | |
| 81 | General Advertising Exp Account 930.1 | (Note F) | Attachment 5 | 3,627 | - | 3,627 | |

**MultiState Workpaper**

| Line #s | Descriptions | Notes | Page #'s & Instructions | State 1 | State 2 | State 3 | State 4 | State 5 | Details |
|---|---|---|---|---|---|---|---|---|---|
| | **Income Tax Rates** | | | | | | | | |
| | | | | **Va** | **NC** | **Wva** | | | **Enter Calculation** |
| 132 | SIT=State Income Tax Rate or Composite | (Note I) | | 5.52% | 0.418% | 0.19% | | | 6.13% |

**Education and Out Reach Cost Support**

| Line #s | Descriptions | Notes | Page #'s & Instructions | Form 1 Amount | Education & Outreach | Other | Details |
|---|---|---|---|---|---|---|---|
| | **Directly Assigned A&G** | | | | | | |
| 78 | General Advertising Exp Account 930.1 | (Note K) | p323.191b | 3,627 | 0 | 3,627 | - |

**Excluded Plant Cost Support**

| Line #s | Descriptions | Notes | Page #'s & Instructions | | 0 | Description of the Facilities |
|---|---|---|---|---|---|---|
| | **Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities** | | | Includes only the costs of any Interconnection Facilities constructed for VEPCO's own Generating Facilities after March 15, 2000 in accordance with Order 2003. | **0** | **General Description of the Facilities** |
| | | | | | | **None** |
| | | | | | | **Add more lines if necessary** |

Instructions:

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:

| | | Example |
|---|---|---|
| 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 |

**Transmission Related Account 242 Reserves**

| Line #s | Descriptions | Notes | Page #'s & Instructions | Beginning Year Balance | End of Year Balance | Average Balance | Allocation | Transmission Related | | Details |
|---|---|---|---|---|---|---|---|---|---|---|
| 47 | **Transmission Related Account 242 Reserves (exclude current year environmental site related reserves)** | | | Enter $ | Enter $ | | | Amount | | |
| | Directly Assignable to Transmission | | | $ - | $ - | $ - | 100% | - | | |
| | Labor Related, General plant related or Common Plant related | | | $ 8,590 | $ 9,173 | $ 8,882 | 4.860% | 432 | | |
| | Plant Related | | | 7,474 | 9221 | $ 8,348 | 10.81% | 902 | | |
| | Other | | | $ 292 | $ 292 | $ 292 | 0.00% | - | | |
| | Total Transmission Related Reserves | | | $ - | $ - | $ - | | 1,334 | To line 49 | |

**Prepayments**

| Line #s | Descriptions | Notes | Page #'s & Instructions | Beginning Year Balance | End of Year Balance | Average Balance | | To Line 50 | Description of the Prepayments |
|---|---|---|---|---|---|---|---|---|---|
| 48 | **Prepayments** | | | | | | | | |
| | Wages & Salary Allocator | | | | | | 4.860% | | |
| | Pension Liabilities, if any, in Account 242 | | | $ 44 | $ 45 | $ 45 | 4.860% | 2 | |
| | | | | $ - | $ - | $ - | | | |
| | Prepayments | | | $ 170,385 | $ 25,759 | $ 98,072 | 4.860% | 4,767 | |
| | Prepaid Pensions if not included in Prepayments | | | | | $ - | **4.860%** | - | |

### Outstanding Network Credits Cost Support

| Line #s | Descriptions | Notes | Page #'s & Instructions | Beginning Year Balance | End of Year Balance | Average Balance | Description of the Credits |
|---|---|---|---|---|---|---|---|
| | **Network Credits** | | | | | | **General Description of the Credits** |
| 58 | **Outstanding Network Credits** | (Note N) | From PJM | $ - | $ - | $ - | **None** |
| 59 | **Less Accumulated Depreciation Associated with Facilities with Outstanding Network Credits** | (Note N) | From PJM | $ - | $ - | $ - | **Add more lines if necessary** |

### Extraordinary Property Loss

| Line #s | Descriptions | Notes | Page #'s & Instructions | Amount | # of Years | Amortization | W/ interest | Amount | Number of years | Amortization |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | $ - | | |
| 89 | | | | | | | | | 5 | $ - |

### Interest on Outstanding Network Credits Cost Support

| Line #s | Descriptions | Notes | Page #'s & Instructions | 0 | Description of the Interest on the Credits |
|---|---|---|---|---|---|
| | | | | 0 | **General Description of the Credits** |
| | | | | **Enter $** | **None** |
| | | | | | **Add more lines if necessary** |

### Facility Credits under Section 30.9 of the PJM OATT.

| Line #s | Descriptions | Notes | Page #'s & Instructions | Amount | Description & PJM Documentation |
|---|---|---|---|---|---|
| | **Revenue Requirement** | | | | |
| 165 | Facility Credits under Section 30.9 of the PJM OATT. | | | - | |

### PJM Load Cost Support

| Line #s | Descriptions | Notes | Page #'s & Instructions | 1 CP Peak | Description & PJM Documentation |
|---|---|---|---|---|---|
| | **Network Zonal Service Rate** | | | Enter | |
| 169 | 1 CP Peak | (Note L) | PJM Data - Attachment 5 | 18,137.255 | |

### A&G Expenses - Other Post Employment Benefits

| Line #s | Descriptions | Notes | Page #'s & Instructions | Amount |
|---|---|---|---|---|
| | Total A&G Expenses | | p323.197b | 469,447 |
| | Less OPEB Current Year | | | (40,555) |
| | **Plus: Stated OPEB (2008 actual)** | | Fixed (2008 actual) | 27,658 |
| 69 | **Current Year Total A&G Expenses** | | | 456,551 |

# Virginia Electric and Power Company
## ATTACHMENT H-16A
### Attachment 6 - True-up Adjustment for Network Integration Transmission Service

The True-Up Adjustment component of the Formula Rate for each Rate Year beginning with 2010 shall be determined as follows:[1]

(i) Beginning with 2009, no later than June 15 of each year VEPCO shall recalculate an adjusted Annual Transmission Revenue Requirement for the previous calendar year based on its actual costs as reflected in its Form No. 1 and its books and records for that calendar year, consistent with FERC accounting policies.[2]

(ii) VEPCO shall determine the difference between the recalculated Annual Transmission Revenue Requirement as determined in paragraph (i) above, and ATRR based on projected costs for the previous calendar year (True-Up Adjustment Before Interest).

(iii) The True-Up Adjustment shall be determined as follows:

True-Up Adjustment equals the True-Up Adjustment Before Interest multiplied by (1+i)^24 months

Where i = Sum of (the monthly rates for the 7 months ending July 31 of the current year and the monthly rates for the 12 months ending December 31 of the preceding year) divided by 19 months. 0.440%

Each monthly rate used to calculate i shall be calculated pursuant to the Commission's regulations at 18 C.F.R. § 35.19a.

Summary of Formula Rate Process including True-Up Adjustment

| Month | Year | Action |
|---|---|---|
| Fall | 2007 | TO populates the formula with Year 2008 estimated data |
| Sept | 2008 | TO populates the formula with Year 2009 estimated data |
| June | 2009 | TO populates the formula with Year 2008 actual data and calculates the 2008 True-Up Adjustment Before Interest |
| Sept | 2009 | TO calculates the Interest to include in the 2008 True-Up Adjustment |
| Sept | 2009 | TO populates the formula with Year 2010 estimated data and 2008 True-Up Adjustment |
| June | 2010 | TO populates the formula with Year 2009 actual data and calculates the 2009 True-Up Adjustment Before Interest |
| Sept | 2010 | TO calculates the Interest to include in the 2009 True-Up Adjustment |
| Sept | 2010 | TO populates the formula with Year 2011 estimated data and 2009 True-Up Adjustment |
| June | (Year) | TO populates the formula with (Year -1) actual data and calculates the (Year-1) True-Up Adjustment Before Interest |
| Sept | (Year) | TO calculates the Interest to include in the (Year-1) True-Up Adjustment |
| Sept | (Year) | TO populates the formula with (Year +1) estimated data and (Year-1) True-Up Adjustment |

---

[1] No True-Up Adjustment will be included in the Annual Transmission Revenue Requirement for 2008 or 2009 since the Formula Rate was not in effect for 2006 or 2007.

[2] To the extent possible each input to the Formula Rate used to calculate the actual Annual Transmission Revenue Requirement included in the True-Up Adjustment either will be taken directly from the FERC Form No. 1 or will be reconcilable to the FERC Form No. 1 by the application of clearly identified and supported information. If the reconciliation is provided through a worksheet included in the filed Formula Rate template, the inputs to the worksheet must meet this transparency standard, and doing so will satisfy this transparency requirement for the amounts that are output from the worksheet and input to the main body of the Formula Rate.

Calendar Year Do for Each Calendar Year beginning in 2009

| | | |
|---|---|---|
| A | ATRR based on actual costs included for the previous calendar year but excludes the true-up adjustment. | 212,459.00 |
| B | ATRR based on projected costs included for the previous calendar year but excludes the true-up adjustment. | 209,161.00 |
| C | Difference (A-B) | 3,298 |
| D | Future Value Factor (1+i)^24 | 1.11112 |
| E | True-up Adjustment (C*D) | 3,664 |

Where:
i = interest rate as described in (iii) above.

## Virginia Electric and Power Company
## ATTACHMENT H-16A
### Attachment 6A - True-up Adjustment for Annual Revenue Requirements recovered under Schedule 12

The True-Up Adjustment component of the annual revenue requirement for each project included in Attachment 7 for each Rate Year beginning with 2010 shall be determined as follows:[1]

(i) Beginning with 2009, no later than June 15 of each year VEPCO shall recalculate an adjusted Annual Revenue Requirement for the previous calendar year based on its actual costs as reflected in its Form No. 1 and its books and records for that calendar year, consistent with FERC accounting policies.[2]

(ii) VEPCO shall determine the difference between the recalculated Annual Revenue Requirement and the Annual Revenue Requirement based on its projections (True-Up Adjustment Before Interest).

(iii) The True-Up Adjustment for each project shall be determined as follows:

True-Up Adjustment equals the True-Up Adjustment Before Interest multiplied by (1+i)^24 months

Where i = Sum of (the monthly rates for the 7 months ending July 31 of the current year and the monthly rates for the 12 months ending December 31 of the proceeding year) divided by 19 months.

Each monthly rate used to calculate i shall be calculated pursuant to the Commission's regulations at 18 C.F.R. § 35.19a.

Summary of Formula Rate Process including True-Up Adjustment

| Month | Year | Action |
|---|---|---|
| Fall | 2007 | TO populates the formula with Year 2008 estimated data |
| Sept | 2008 | TO populates the formula with Year 2009 estimated data |
| June | 2009 | TO populates the formula with Year 2008 actual data and calculates the 2008 True-Up Adjustment Before Interest |
| Sept | 2009 | TO calculates the Interest to include in the 2008 True-Up Adjustment |
| Sept | 2009 | TO populates the formula with Year 2010 estimated data and 2008 True-Up Adjustment |
| June | 2010 | TO populates the formula with Year 2009 actual data and calculates the 2009 True-Up Adjustment Before Interest |
| Sept | 2010 | TO calculates the Interest to include in the 2009 True-Up Adjustment |
| Sept | 2010 | TO populates the formula with Year 2011 estimated data and 2009 True-Up Adjustment |
| June | (Year) | TO populates the formula with (Year -1) actual data and calculates the (Year-1) True-Up Adjustment Before Interest |
| Sept | (Year) | TO calculates the Interest to include in the (Year-1) True-Up Adjustment |
| Sept | (Year) | TO populates the formula with (Year +1) estimated data and (Year-1) True-Up Adjustment |

[1] No True-Up Adjustment will be included in the annual revenue requirements for 2008 or 2009 since the Formula Rate was not in effect for 2006 or 2007. For all true-up calculations, the ATRR will be adjusted to exclude any true-up adjustment.

[2] To the extent possible, each input to the Formula Rate used to calculate the actual Annual Revenue Requirement included in the True-Up Adjustment either will be taken directly from the FERC Form No. 1 or will be reconcilable to the FERC Form No. 1 by the application of clearly identified and supported information. If the reconciliation is provided through a worksheet included in the filed Formula Rate template, the inputs to the worksheet must meet this transparency standard, and doing so will satisfy this transparency requirement for the amounts that are output from the worksheet and input to the main body of the Formula Rate.

### Virginia Electric and Power Company
### ATTACHMENT H-16A
### Attachment 7 - Transmission Enhancement Annual Revenue Requirement Worksheet
### (dollars)

Per FERC order in Docket No. ER08-92, the ROE is 11.4%, which includes a 50 basis point RTO membership adder as authorized by FERC to become effective January 1, 2008. Per FERC order in Docket No. _______, the ROE for each specific project identified in that order will also include either an 150 or 125 basis point transmission incentive adder as authorized by the Commission.

1 New Plant Carrying Charge

2 **Fixed Charge Rate (FCR) if not a CIAC**

| | | Formula Line | | |
|---|---|---|---|---|
| 3 | A | 154 | Net Plant Carrying Charge without Depreciation | 16.4840% |
| 4 | B | 161 | Net Plant Carrying Charge per 100 Basis Point increase in ROE without Depreciation | 17.2107% |
| 5 | C | | Line B less Line A | 0.7267% |

6 **FCR if a CIAC**

| | | | | |
|---|---|---|---|---|
| 7 | D | 155 | Net Plant Carrying Charge without Depreciation, Return, or Income Taxes | 5.6576% |

8 **The FCR resulting from Formula is for the rate period only.**
9 **Therefore actual revenues collected or the lack of revenues collected in other years are not applicable.**

| 10 | Details | | **Project A** | | **Project B** | |
|---|---|---|---|---|---|---|
| 11 | Schedule 12 | (Yes or No) | Yes | b0217 | Yes | b0222 |
| 12 | Life | | 51 | Upgrade Mt.Storm - Doubs 500 kV | 51 | Install 150 MVAR capacitor |
| 13 | FCR W/O incentive | Line 3 | 16.4840% | | 16.4840% | at Loudoun |
| 14 | Incentive Factor (Basis Points /100) | | 0 | | 0 | |
| 15 | FCR W incentive L.13 +(L.14*L.5) | | 16.4840% | | 16.4840% | |
| | Investment | | 1,911,923 | | 1,671,324 | |
| 17 | Annual Depreciation Exp | | 37,489 | | 32,771 | |
| 18 | In Service Month (1-12) | | 12 | | 9 | |

| 19 | | **Invest Yr** | **Beginning** | **Depreciation** | **Ending** | **Rev Req** | **Beginning** | **Depreciation** | **Ending** | **Rev Req** |
|---|---|---|---|---|---|---|---|---|---|---|
| 20 | W / O incentive | 2006 | | | | | 1,671,324 | 9,558 | 1,661,766 | |
| 21 | W incentive | 2006 | | | | | 1,671,324 | 9,558 | 1,661,766 | |
| 22 | W / O incentive | 2007 | 1,911,923 | 1,562 | 1,910,361 | | 1,661,766 | 32,771 | 1,628,995 | |
| 23 | W incentive | 2007 | 1,911,923 | 1,562 | 1,910,361 | | 1,661,766 | 32,771 | 1,628,995 | |
| 24 | W / O incentive | 2008 | 1,910,361 | 37,489 | 1,872,872 | | 1,628,995 | 32,771 | 1,596,224 | |
| 25 | W incentive | 2008 | 1,910,361 | 37,489 | 1,872,872 | | 1,628,995 | 32,771 | 1,596,224 | |
| 26 | W / O incentive | 2009 | 1,872,872 | 37,489 | 1,835,384 | | 1,596,224 | 32,771 | 1,563,453 | |
| 27 | W incentive | 2009 | 1,872,872 | 37,489 | 1,835,384 | | 1,596,224 | 32,771 | 1,563,453 | |
| 28 | W / O incentive | 2010 | 1,835,384 | 37,489 | 1,797,895 | 336,943 | 1,563,453 | 32,771 | 1,530,682 | 287,789 |
| 29 | W incentive | 2010 | 1,835,384 | 37,489 | 1,797,895 | 336,943 | 1,563,453 | 32,771 | 1,530,682 | 287,789 |

Lines continues as new rate years as added.

In the formulas used in the Columns for lines 19+ are as follows:
"In Service Month" is the first month during the first year that the project is placed in service or recovery is request for the project.
"Beginning" is the investment on line 16 for the first year and is the "Ending" for the prior year after the first year.
"Depreciation" is the annual depreciation in line 17 divided by twelve times the difference of 12.5 minus line 18 in the first year and line 17 thereafter.
"Ending" is "Beginning" less "Depreciation"
Revenue Requirement used for crediting is ("Beginning" plus "Ending") divided by two times line 13 times the quotient of 12.5 minus line 18 divided by 12 plus "Depreciation" for the first year and ("Beginning" plus "Ending") divided by two times line 13 plus "Depreciation" thereafter.
Revenue Requirement used for charging is ("Beginning" plus "Ending") divided by two times line 15 times the quotient of 12.5 minus line 18 divided by 12 plus "Depreciation" for the first year and ("Beginning" plus "Ending") divided by two times line 15 plus "Depreciation" thereafter.
Formula Logic to be copied on new lines added each year after line 25. Using 2009 as an example, the logic will be included in lines 26 and 27.
Beginning with the annual revenue requirements determined in 2009 for 2010, the annual revenue requirements based on projected costs will include a True-Up Adjustment for the previous calendar year in accordance with Attachment 6 A and as calculated in Lines A through I below
Projected Revenue Requirements are calculated using the logic described for lines 19 + but with projected data for the indicated year.
Actual Revenue Requirements are calculated using the logic described for lines 19 + but with actual data for the indicated year.

Calendar Year Do for Each Calendar Year beginning in 2009 for True-Up Adjustments applicable to 2010 annual revenue requirements.

| | | | |
|---|---|---|---|
| A | Projected Revenue Requirement without Incentive for Previous Calendar Year* | 347,423 | 303,849 |
| B | Projected Revenue Requirement with Incentive for Previous Calendar Year* | 347,423 | 303,849 |
| C | Actual Revenue Requirement without Incentive for Previous Calendar Year * | 345,463 | 295,320 |
| D | Actual Revenue Requirement with Incentive for Previous Calendar Year * | 345,463 | 295,320 |
| E | True-Up Adjustment Before Interest without Incentive for Next Calendar Year (C-A) | (1,959) | (8,529) |
| F | True-Up Adjustment Before Interest with Incentive for Previous Calendar Year (B-D) | (1,959) | (8,529) |
| G | Future Value Factor (1+i)^24 months from Attachment 6 | 1.11112 | 1.11112 |
| H | True-Up Adjustment without Incentive (E*G) | (2,177) | (9,476) |
| I | True-Up Adjustment with Incentive (F*G) | (2,177) | (9,476) |

* These amounts do not include any True-Up Adjustments.

Additional columns to be inserted after the last project as new projects are added to formula.

| Revenue Requirement including True-up Adjustment, if applicable | | | |
|---|---|---|---|
| W / O incentive | 2010 | 334,766 | 278,313 |
| W incentive | 2010 | 334,766 | 278,313 |

## Virginia Electric and Power Company
## ATTACHMENT H-16A
## Attachment 7 - Transmission Enhancement Annual Revenue Requirement Worksheet
(dollars)

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In 2008 and 2009 Project C-1 and Project C-2 were combined into Project C

| | Project C-1 | | | | Project C-2 | | | | Project D | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 10 | | | | | | | | | | | | |
| 11 | Yes | | b0223 | | Yes | | b0224 | | Yes | B0225 | | |
| 12 | 51 | Install 150 MVAR capacitor | | | 51 | Install 150 MVAR capacitor | | | 51 | Install 33 MVAR capacitor at | | |
| 13 | 16.4840% | at Asburn 230 kV | | | 16.4840% | at Dranvesville 230 kV | | | 16.4840% | Possum Pt. 115 kV | | |
| 14 | 0 | | | | 0 | | | | 0 | | | |
| 15 | 16.4840% | | | | 16.4840% | | | | 16.4840% | | | |
| | 1,075,741 | | | | 974,671 | | | | 857,404 | | | |
| 17 | 21,093 | | | | 19,111 | | | | 16,812 | | | |
| 18 | 10 | | | | 4 | | | | 12 | | | |
| 19 | **Beginning** | **Depreciation** | **Ending** | **Rev Req** | **Beginning** | **Depreciation** | **Ending** | **Rev Req** | **Beginning** | **Depreciation** | **Ending** | **Rev Req** |
| 20 | 1,075,741 | 4,394 | 1,071,347 | | | | | | | | | |
| 21 | 1,075,741 | 4,394 | 1,071,347 | | | | | | | | | |
| 22 | 1,071,347 | 21,093 | 1,050,254 | | 974,671 | 13,537 | 961,134 | | 857,404 | 700 | 856,704 | |
| 23 | 1,071,347 | 21,093 | 1,050,254 | | 974,671 | 13,537 | 961,134 | | 857,404 | 700 | 856,704 | |
| 24 | 1,050,254 | 21,093 | 1,029,161 | | 961,134 | 19,111 | 942,023 | | 856,704 | 16,812 | 839,892 | |
| 25 | 1,050,254 | 21,093 | 1,029,161 | | 961,134 | 19,111 | 942,023 | | 856,704 | 16,812 | 839,892 | |
| 26 | 1,029,161 | 21,093 | 1,008,068 | | 942,023 | 19,111 | 922,912 | | 839,892 | 16,812 | 823,080 | |
| 27 | 1,029,161 | 21,093 | 1,008,068 | | 942,023 | 19,111 | 922,912 | | 839,892 | 16,812 | 823,080 | |
| 28 | 1,008,068 | 21,093 | 986,975 | 185,524 | 922,912 | 19,111 | 903,800 | 169,669 | 823,080 | 16,812 | 806,268 | 151,103 |
| 29 | 1,008,068 | 21,093 | 986,975 | 185,524 | 922,912 | 19,111 | 903,800 | 169,669 | 823,080 | 16,812 | 806,268 | 151,103 |

Line

| | | | |
|---|---|---|---|
| A | 203,081 | 185,660 | 155,835 |
| B | 203,081 | 185,660 | 155,835 |
| C | 190,368 | 174,038 | 154,923 |
| D | 190,368 | 174,038 | 154,923 |
| E | (12,713) | (11,622) | (912) |
| F | (12,713) | (11,622) | (912) |
| G | 1.11112 | 1.11112 | 1.11112 |
| H | (14,126) | (12,914) | (1,013) |
| I | (14,126) | (12,914) | (1,013) |

The Projected 2008 Annual Revenue Requirement for Project C has been allocated to Project C-1 and Project C-2 based on the 2008 Actual Annual Revenue Requirement for each of these projects. Project C Annual Revenue Requirement = 388,741

| | | |
|---|---|---|
| 171,399 | 156,755 | 150,090 |
| 171,399 | 156,755 | 150,090 |

## Virginia Electric and Power Company
## ATTACHMENT H-16A
## Attachment 7 - Transmission Enhancement Annual Revenue Requirement Worksheet
## (dollars)

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8 Project G-1 is labled as Project G in the 2008 and 2009
9 Annual Updates

| 10 | Project E | | Project F | | Project G-1 | |
|---|---|---|---|---|---|---|
| 11 | Yes | B0226 | Yes | B0341 | Yes | B0403 |
| 12 | 51 | Install 500/230 kV transformer at | 51 | Install a breaker at Northern Neck | 51 | 2nd Dooms 500/230 kV transformer |
| 13 | 16.4840% | Clifton and Clifton 500 KV 150 MVAR | 16.4840% | 115 kV | 16.4840% | addition |
| 14 | 0 | capacitor | 0 | | 0 | |
| 15 | 16.4840% | | 16.4840% | | 16.4840% | |
| | 8,219,365 | | 748,850 | | 6,434,160 | |
| 17 | 161,164 | | 14,683 | | 126,160 | |
| 18 | 9 | | 9 | | 11 | |

| 19 | Beginning | Depreciation | Ending | Rev Req | Beginning | Depreciation | Ending | Rev Req | Beginning | Depreciation | Ending | Rev Req |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 20 | | | | | 748,850 | 4,283 | 744,567 | | | | | |
| 21 | | | | | 748,850 | 4,283 | 744,567 | | | | | |
| 22 | 8,219,365 | 47,006 | 8,172,359 | | 744,567 | 14,683 | 729,884 | | 6,434,160 | 15,770 | 6,418,390 | |
| 23 | 8,219,365 | 47,006 | 8,172,359 | | 744,567 | 14,683 | 729,884 | | 6,434,160 | 15,770 | 6,418,390 | |
| 24 | 8,172,359 | 161,164 | 8,011,195 | | 729,884 | 14,683 | 715,201 | | 6,418,390 | 126,160 | 6,292,230 | |
| 25 | 8,172,359 | 161,164 | 8,011,195 | | 729,884 | 14,683 | 715,201 | | 6,418,390 | 126,160 | 6,292,230 | |
| 26 | 8,011,195 | 161,164 | 7,850,031 | | 715,201 | 14,683 | 700,517 | | 6,292,230 | 126,160 | 6,166,070 | |
| 27 | 8,011,195 | 161,164 | 7,850,031 | | 715,201 | 14,683 | 700,517 | | 6,292,230 | 126,160 | 6,166,070 | |
| 28 | 7,850,031 | 161,164 | 7,688,867 | 1,441,879 | 700,517 | 14,683 | 685,834 | 128,946 | 6,166,070 | 126,160 | 6,039,910 | 1,132,176 |
| 29 | 7,850,031 | 161,164 | 7,688,867 | 1,441,879 | 700,517 | 14,683 | 685,834 | 128,946 | 6,166,070 | 126,160 | 6,039,910 | 1,132,176 |

Line

| | | | |
|---|---|---|---|
| A | 1,583,884 | 372,873 | 1,567,125 |
| B | 1,583,884 | 372,873 | 1,567,125 |
| C | 1,478,588 | 132,321 | 1,160,870 |
| D | 1,478,588 | 132,321 | 1,160,870 |
| E | (105,295) | (240,553) | (406,255) |
| F | (105,295) | (240,553) | (406,255) |
| G | 1.11112 | 1.11112 | 1.11112 |
| H | (116,996) | (267,283) | (451,398) |
| I | (116,996) | (267,283) | (451,398) |

| | | |
|---|---|---|
| 1,324,883 | (138,337) | 680,777 |
| 1,324,883 | (138,337) | 680,777 |

## Virginia Electric and Power Company
## ATTACHMENT H-16A
## Attachment 7 - Transmission Enhancement Annual Revenue Requirement Worksheet
(dollars)

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| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 10 | **Project G-2** | | | | **2008 Add-1** | | | | **2008 Add-2** | | | |
| 11 | Yes | B0403 | | | Yes | B0232 | | | Yes | B0308 | | |
| 12 | 51 | 2nd Dooms 500/230 kV transformer | | | 51 | Install 150 MVAR capacitor at | | | 51 | Replace L breaker and switches at | | |
| 13 | 16.4840% | addition | | | 16.4840% | Lynnhaven 230 kV | | | 16.4840% | Endless Caverns 115kV | | |
| 14 | 0 | | | | 0 | | | | 0 | | | |
| 15 | 16.4840% | Spare Transformer Addition | | | 16.4840% | | | | 16.4840% | | | |
| | 2,396,741 | | | | 998,394 | | | | 166,396 | | | |
| 17 | 46,995 | | | | 19,576 | | | | 3,263 | | | |
| 18 | 4 | | | | 8 | | | | 11 | | | |
| 19 | **Beginning** | **Depreciation** | **Ending** | **Rev Req** | **Beginning** | **Depreciation** | **Ending** | **Rev Req** | **Beginning** | **Depreciation** | **Ending** | **Rev Req** |
| 20 | | | | | 998,394 | 7,341 | 991,053 | | | | | |
| 21 | | | | | 998,394 | 7,341 | 991,053 | | | | | |
| 22 | | | | | 991,053 | 19,576 | 971,477 | | 166,396 | 408 | 165,988 | |
| 23 | | | | | 991,053 | 19,576 | 971,477 | | 166,396 | 408 | 165,988 | |
| 24 | | | | | 971,477 | 19,576 | 951,900 | | 165,988 | 3,263 | 162,726 | |
| 25 | | | | | 971,477 | 19,576 | 951,900 | | 165,988 | 3,263 | 162,726 | |
| 26 | 2,396,741 | 33,288 | 2,363,453 | | 951,900 | 19,576 | 932,324 | | 162,726 | 3,263 | 159,463 | |
| 27 | 2,396,741 | 33,288 | 2,363,453 | | 951,900 | 19,576 | 932,324 | | 162,726 | 3,263 | 159,463 | |
| 28 | 2,396,741 | 46,995 | 2,349,746 | 438,200 | 932,324 | 19,576 | 912,747 | 171,647 | 159,463 | 3,263 | 156,200 | 29,280 |
| 29 | 2,396,741 | 46,995 | 2,349,746 | 438,200 | 932,324 | 19,576 | 912,747 | 171,647 | 159,463 | 3,263 | 156,200 | 29,280 |

Line

| | | | |
|---|---|---|---|
| A | | - | - |
| B | | - | - |
| C | | 176,149 | 30,022 |
| D | | 176,149 | 30,022 |
| E | - | 176,149 | 30,022 |
| F | - | 176,149 | 30,022 |
| G | 1.11112 | 1.11112 | 1.11112 |
| H | - | 195,723 | 33,358 |
| I | - | 195,723 | 33,358 |
| | 438,200 | 367,370 | 62,637 |
| | 438,200 | 367,370 | 62,637 |

### Virginia Electric and Power Company
### ATTACHMENT H-16A
### Attachment 7 - Transmission Enhancement Annual Revenue Requirement Worksheet
### (dollars)

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | | | | | | | | | | | | |
| 2 | | | | | | | | | | | | |
| 3 | | | | | | | | | | | | |
| 4 | | | | | | | | | | | | |
| 5 | | | | | | | | | | | | |
| 6 | | | | | | | | | | | | |
| 7 | | | | | | | | | | | | |
| 8 | | | | | | | | | | | | |
| 9 | | | | | | | | | | | | |
| 10 | 2008 Add-3 | | | | 2008 Add-4 | | | | 2008 Add-5 | | | |
| 11 | Yes | B0309 | | | Yes | B0333 | | | Yes | B0339 | | |
| 12 | 51 | Install SPS at Earleys 115 kV | | | 51 | Replace wave trap on Elmont - Replace | | | 51 | Install Breaker at Dooms 230 kV Sub | | |
| 13 | 16.4840% | | | | 16.4840% | (line #231) | | | 16.4840% | | | |
| 14 | 0 | | | | 0 | | | | 0 | | | |
| 15 | 16.4840% | | | | 16.4840% | | | | 16.4840% | | | |
| | 217,455 | | | | 31,472 | | | | 742,016 | | | |
| 17 | 4,264 | | | | 617 | | | | 14,549 | | | |
| 18 | 4 | | | | 12 | | | | 11 | | | |
| 19 | **Beginning** | **Depreciation** | **Ending** | **Rev Req** | **Beginning** | **Depreciation** | **Ending** | **Rev Req** | **Beginning** | **Depreciation** | **Ending** | **Rev Req** |
| 20 | | | | | | | | | | | | |
| 21 | | | | | | | | | | | | |
| 22 | 217,455 | 3,020 | 214,435 | | 31,472 | 26 | 31,446 | | 742,016 | 1,819 | 740,197 | |
| 23 | 217,455 | 3,020 | 214,435 | | 31,472 | 26 | 31,446 | | 742,016 | 1,819 | 740,197 | |
| 24 | 214,435 | 4,264 | 210,171 | | 31,446 | 617 | 30,829 | | 740,197 | 14,549 | 725,648 | |
| 25 | 214,435 | 4,264 | 210,171 | | 31,446 | 617 | 30,829 | | 740,197 | 14,549 | 725,648 | |
| 26 | 210,171 | 4,264 | 205,907 | | 30,829 | 617 | 30,212 | | 725,648 | 14,549 | 711,099 | |
| 27 | 210,171 | 4,264 | 205,907 | | 30,829 | 617 | 30,212 | | 725,648 | 14,549 | 711,099 | |
| 28 | 205,907 | 4,264 | 201,643 | 37,854 | 30,212 | 617 | 29,595 | 5,546 | 711,099 | 14,549 | 696,549 | 130,568 |
| 29 | 205,907 | 4,264 | 201,643 | 37,854 | 30,212 | 617 | 29,595 | 5,546 | 711,099 | 14,549 | 696,549 | 130,568 |

Line

| | | | |
|---|---|---|---|
| A | - | - | - |
| B | - | - | - |
| C | 38,829 | 5,687 | 133,877 |
| D | 38,829 | 5,687 | 133,877 |
| E | 38,829 | 5,687 | 133,877 |
| F | 38,829 | 5,687 | 133,877 |
| G | 1.11112 | 1.11112 | 1.11112 |
| H | 43,144 | 6,319 | 148,753 |
| I | 43,144 | 6,319 | 148,753 |

| | | |
|---|---|---|
| 80,998 | 11,865 | 279,321 |
| 80,998 | 11,865 | 279,321 |

### Virginia Electric and Power Company
### ATTACHMENT H-16A
### Attachment 7 - Transmission Enhancement Annual Revenue Requirement Worksheet
### (dollars)

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | | | | | | | | | | | | |
| 2 | | | | | | | | | | | | |
| 3 | | | | | | | | | | | | |
| 4 | | | | | | | | | | | | |
| 5 | | | | | | | | | | | | |
| 6 | | | | | | | | | | | | |
| 7 | | | | | | | | | | | | |
| 8 | | | | | | | | | | | | |
| 9 | | | | | | | | | | | | |
| 10 | 2008 Add-6 | | | | Project H-1 | | | | Project H-2 | | | |
| 11 | Yes | B0326 | | | Yes | b0328.1 | | | Yes | b0328.1 | | |
| 12 | 51 | Uprate-resag Remington - Brandywine - | | | 51 | Build new Meadowbrook-Loudon 500kV circuit | | | 51 | Meadowbrook-Loudon 500kV circuit | | |
| 13 | 16.4840% | Culppr 115 kV | | | 16.4840% | (30 of 50 miles) | | | 16.4840% | (30 of 50 miles) | | |
| 14 | 0 | | | | 1.5 | | | | 1.5 | | | |
| 15 | 16.4840% | | | | 17.5741% | line 2101 v11 | | | 17.5741% | Line 2030 & 559 | | |
| | 2,932,626 | | | | 21,850,320 | | | | 45,093,650 | | | |
| 17 | 57,502 | | | | 428,438 | | | | 884,189 | | | |
| 18 | 12 | | | | 6 | | | | 12 | | | |
| 19 | Beginning | Depreciation | Ending | Rev Req | Beginning | Depreciation | Ending | Rev Req | Beginning | Depreciation | Ending | Rev Req |
| 20 | | | | | | | | | | | | |
| 21 | | | | | | | | | | | | |
| 22 | | | | | | | | | | | | |
| 23 | | | | | | | | | | | | |
| 24 | 2,932,626 | 2,396 | 2,930,230 | | | | | | | | | |
| 25 | 2,932,626 | 2,396 | 2,930,230 | | | | | | | | | |
| 26 | 2,930,230 | 57,502 | 2,872,728 | | 21,850,320 | 232,070 | 21,618,250 | | 45,093,650 | 36,841 | 45,056,809 | |
| 27 | 2,930,230 | 57,502 | 2,872,728 | | 21,850,320 | 232,070 | 21,618,250 | | 45,093,650 | 36,841 | 45,056,809 | |
| 28 | 2,872,728 | 57,502 | 2,815,225 | 526,303 | 21,618,250 | 428,438 | 21,189,812 | 3,956,674 | 45,056,809 | 884,189 | 44,172,620 | 8,238,471 |
| 29 | 2,872,728 | 57,502 | 2,815,225 | 526,303 | 21,618,250 | 428,438 | 21,189,812 | 4,189,996 | 45,056,809 | 884,189 | 44,172,620 | 8,724,808 |

Line

| | | | |
|---|---|---|---|
| A | - | | |
| B | - | | |
| C | 22,282 | | |
| D | 22,282 | | |
| E | 22,282 | - | - |
| F | 22,282 | - | - |
| G | 1.11112 | 1.11112 | 1.11112 |
| H | 24,758 | - | - |
| I | 24,758 | - | - |
| | 551,061 | 3,956,674 | 8,238,471 |
| | 551,061 | 4,189,996 | 8,724,808 |

# Virginia Electric and Power Company
## ATTACHMENT H-16A
## Attachment 7 - Transmission Enhancement Annual Revenue Requirement Worksheet
(dollars)

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| 10 | Project H-3 | | | | Project H-4 | | | | Project I | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 11 | Yes | b0328.1 | | | Yes | b0328.1 | | | Yes | b0329 | | |
| 12 | 51 | Meadowbrook-Loudon 500kV circuit | | | 51 | Meadowbrook-Loudon 500kV circuit | | | 51 | Carson-Suffolk 500 kV line + | | |
| 13 | 16.4840% | (30 of 50 miles) | | | 16.4840% | (30 of 50 miles) | | | 16.4840% | Suffolk 500/230 # 2 transformer + | | |
| 14 | 1.5 | | | | 1.5 | | | | 1.5 | Suffolk - Thrasher 230kV line | | |
| 15 | 17.5741% | Line 580 | | | 17.5741% | Line 124 & 535 | | | 17.5741% | | | |
| | | | | | | | | | | | | |
| 17 | - | | | | - | | | | - | | | |
| 18 | | | | | | | | | | | | |
| 19 | **Beginning** | **Depreciation** | **Ending** | **Rev Req** | **Beginning** | **Depreciation** | **Ending** | **Rev Req** | **Beginning** | **Depreciation** | **Ending** | **Rev Req** |
| 20 | | | | | | | | | | | | |
| 21 | | | | | | | | | | | | |
| 22 | | | | | | | | | | | | |
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| 26 | | | | | | | | | | | | |
| 27 | | | | | | | | | | | | |
| 28 | | | | | | | | | | | | |
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Line

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| A | | | |
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| F | - | - | - |
| G | 1.11112 | 1.11112 | 1.11112 |
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### Virginia Electric and Power Company
### ATTACHMENT H-16A
### Attachment 7 - Transmission Enhancement Annual Revenue Requirement Worksheet
(dollars)

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| 10 | Project J | | | | Project K-1 | | | | Project K-2 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 11 | Yes | b0512 | | | No | | | | No | | | |
| 12 | 51 | MAPP Project -- Dominion Portion | | | 51 | Loudoun Bank # 1 transformer | | | 51 | Loudoun Bank # 2 transformer | | |
| 13 | 16.4840% | | | | 16.4840% | replacement | | | 16.4840% | replacement | | |
| 14 | 1.5 | | | | 1.5 | | | | 1.5 | | | |
| 15 | 17.5741% | | | | 17.5741% | | | | 17.5741% | | | |
| | | | | | 14,301,155 | | | | 15,476,350 | | | |
| 17 | - | | | | 280,415 | | | | 303,458 | | | |
| 18 | | | | | 12 | | | | 5 | | | |
| 19 | Beginning | Depreciation | Ending | Rev Req | Beginning | Depreciation | Ending | Rev Req | Beginning | Depreciation | Ending | Rev Req |
| 20 | | | | | | | | | | | | |
| 21 | | | | | | | | | | | | |
| 22 | | | | | | | | | | | | |
| 23 | | | | | | | | | | | | |
| 24 | | | | | | | | | | | | |
| 25 | | | | | | | | | | | | |
| 26 | | | | | 14,301,155 | 11,684 | 14,289,471 | | | | | |
| 27 | | | | | 14,301,155 | 11,684 | 14,289,471 | | | | | |
| 28 | | | | | 14,301,155 | 280,415 | 14,020,740 | 2,614,703 | 15,476,350 | 189,661 | 15,286,689 | 1,774,340 |
| 29 | | | | | 14,301,155 | 280,415 | 14,020,740 | 2,769,069 | 15,476,350 | 189,661 | 15,286,689 | 1,879,135 |

Line:

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|---|---|---|---|
| A | | | |
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| D | | | |
| E | - | - | - |
| F | - | - | - |
| G | 1.11112 | 1.11112 | 1.11112 |
| H | - | - | - |
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| | | |
|---|---|---|
| - | 2,614,703 | 1,774,340 |
| - | 2,769,069 | 1,879,135 |

### Virginia Electric and Power Company
### ATTACHMENT H-16A
### Attachment 7 - Transmission Enhancement Annual Revenue Requirement Worksheet
### (dollars)

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|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 10 | Project L-1a | | | | Project L-1b | | | | Project L-2 | | | |
| 11 | No | | | | No | | | | No | | | |
| 12 | 51 | Ox Banks # 1 transformer | | | 51 | Ox Banks # 1 transformer | | | 51 | Ox Banks # 2 transformer | | |
| 13 | 16.4840% | replacement | | | 16.4840% | replacement | | | 16.4840% | replacement | | |
| 14 | 1.5 | | | | 1.5 | | | | 1.5 | | | |
| 15 | 17.5741% | | | | 17.5741% | | | | 17.5741% | | | |
| | 10,401,447 | | | | 2,786,626 | | | | 10,312,963 | | | |
| 17 | 203,950 | | | | 54,640 | | | | 202,215 | | | |
| 18 | 7 | | | | 12 | | | | 3 | | | |
| 19 | Beginning | Depreciation | Ending | Rev Req | Beginning | Depreciation | Ending | Rev Req | Beginning | Depreciation | Ending | Rev Req |
| 20 | | | | | | | | | | | | |
| 21 | | | | | | | | | | | | |
| 22 | | | | | | | | | | | | |
| 23 | | | | | | | | | | | | |
| 24 | | | | | | | | | | | | |
| 25 | | | | | | | | | | | | |
| 26 | 10,401,447 | 93,477 | 10,307,970 | | 2,786,626 | 2,277 | 2,784,349 | | 10,312,963 | 160,087 | 10,152,876 | |
| 27 | 10,401,447 | 93,477 | 10,307,970 | | 2,786,626 | 2,277 | 2,784,349 | | 10,312,963 | 160,087 | 10,152,876 | |
| 28 | 10,401,447 | 203,950 | 10,197,497 | 1,901,713 | 2,786,626 | 54,640 | 2,731,986 | 509,483 | 10,312,963 | 202,215 | 10,110,748 | 1,885,535 |
| 29 | 10,401,447 | 203,950 | 10,197,497 | 2,013,986 | 2,786,626 | 54,640 | 2,731,986 | 539,562 | 10,312,963 | 202,215 | 10,110,748 | 1,996,853 |

Line:

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| A | | | |
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| E | - | - | - |
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| G | 1.11112 | 1.11112 | 1.11112 |
| H | - | - | - |
| I | - | - | - |

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|---|---|---|
| 1,901,713 | 509,483 | 1,885,535 |
| 2,013,986 | 539,562 | 1,996,853 |

### Virginia Electric and Power Company
### ATTACHMENT H-16A
### Attachment 7 - Transmission Enhancement Annual Revenue Requirement Worksheet
(dollars)

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|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 10 | Project M | | | | Project N | | | | Project O | | | |
| 11 | No | | | | No | | | | No | | | |
| 12 | 51 | Yadkin Bank # 2 transformer | | | 51 | Carson Bank # 1 transformer | | | 51 | Lexington Bank # 1 transformer | | |
| 13 | 16.4840% | replacement | | | 16.4840% | replacement | | | 16.4840% | replacement | | |
| 14 | 1.5 | | | | 1.5 | | | | 1.5 | | | |
| 15 | 17.5741% | | | | 17.5741% | | | | 17.5741% | | | |
| | 15,412,789 | | | | 17,997,644 | | | | 8,455,359 | | | |
| 17 | 302,212 | | | | 352,895 | | | | 165,791 | | | |
| 18 | 5 | | | | 5 | | | | 12 | | | |
| 19 | **Beginning** | **Depreciation** | **Ending** | **Rev Req** | **Beginning** | **Depreciation** | **Ending** | **Rev Req** | **Beginning** | **Depreciation** | **Ending** | **Rev Req** |
| 20 | | | | | | | | | | | | |
| 21 | | | | | | | | | | | | |
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| 25 | | | | | | | | | | | | |
| 26 | | | | | | | | | | | | |
| 27 | | | | | | | | | | | | |
| 28 | 15,412,789 | 188,882 | 15,223,907 | 1,767,053 | 17,997,644 | 220,559 | 17,777,085 | 2,063,403 | 8,455,359 | 6,908 | 8,448,451 | 64,958 |
| 29 | 15,412,789 | 188,882 | 15,223,907 | 1,871,418 | 17,997,644 | 220,559 | 17,777,085 | 2,185,270 | 8,455,359 | 6,908 | 8,448,451 | 68,797 |

Line

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| A | | | |
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| G | 1.11112 | 1.11112 | 1.11112 |
| H | - | - | - |
| I | - | - | - |

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|---|---|---|
| 1,767,053 | 2,063,403 | 64,958 |
| 1,871,418 | 2,185,270 | 68,797 |

### Virginia Electric and Power Company
### ATTACHMENT H-16A
### Attachment 7 - Transmission Enhancement Annual Revenue Requirement Worksheet
(dollars)

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|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 10 | Project P | | | | Project Q | | | | Project R | | | |
| 11 | No | | | | No | | | | No | | | |
| 12 | 51 | Dooms Bank # 1 transformer | | | 51 | Valley Bank # 1 transformer | | | 51 | Garrisonville 230 kV UG line | | |
| 13 | 16.4840% | replacement | | | 16.4840% | replacement | | | 16.4840% | | | |
| 14 | 1.5 | | | | 1.5 | | | | 1.25 | | | |
| 15 | 17.5741% | | | | 17.5741% | | | | 17.3924% | | | |
| | 16,467,956 | | | | 11,260,743 | | | | 120,000,000 | | | |
| 17 | 322,901 | | | | 220,799 | | | | 2,352,941 | | | |
| 18 | 12 | | | | 5 | | | | 5 | | | |
| 19 | Beginning | Depreciation | Ending | Rev Req | Beginning | Depreciation | Ending | Rev Req | Beginning | Depreciation | Ending | Rev Req |
| 20 | | | | | | | | | | | | |
| 21 | | | | | | | | | | | | |
| 22 | | | | | | | | | | | | |
| 23 | | | | | | | | | | | | |
| 24 | | | | | | | | | | | | |
| 25 | | | | | | | | | | | | |
| 26 | | | | | | | | | | | | |
| 27 | | | | | | | | | | | | |
| 28 | 16,467,956 | 13,454 | 16,454,502 | 126,515 | 11,260,743 | 137,999 | 11,122,744 | 1,291,027 | 120,000,000 | 1,470,588 | 118,529,412 | 13,757,821 |
| 29 | 16,467,956 | 13,454 | 16,454,502 | 133,992 | 11,260,743 | 137,999 | 11,122,744 | 1,367,277 | 120,000,000 | 1,470,588 | 118,529,412 | 14,434,949 |

Line

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| A | | | |
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| G | 1.11112 | 1.11112 | 1.11112 |
| H | - | - | - |
| I | - | - | - |
| | 126,515 | 1,291,027 | 13,757,821 |
| | 133,992 | 1,367,277 | 14,434,949 |

### Virginia Electric and Power Company
### ATTACHMENT H-16A
### Attachment 7 - Transmission Enhancement Annual Revenue Requirement Worksheet
### (dollars)

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|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 10 | **Project S** | | | | **Project T1** | | | | **Project T2** | | | |
| 11 | No | s0124 | | | Yes | s0133 | | | Yes | b0768 | | |
| 12 | 51 | Pleasant View Hamilton 230kV | | | 51 | Glen Carlyn Line 251 GIB substation project | | | 51 | Glen Carlyn Line 251 GIB substation project | | |
| 13 | 16.4840% | transmission line | | | 16.4840% | | | | 16.4840% | | | |
| 14 | 1.25 | | | | 1.25 | Glen Carlyn Line 251 | | | 1.25 | Loop line # 251 Idylwwd - Arlington into the | | |
| 15 | 17.3924% | | | | 17.3924% | | | | 17.3924% | GIS sub | | |
| | 88,987,555 | | | | 16,916,992 | | | | 3,383,398 | | | |
| 17 | 1,744,854 | | | | 331,706 | | | | 66,341 | | | |
| 18 | 5 | | | | 5 | | | | 5 | | | |
| 19 | **Beginning** | **Depreciation** | **Ending** | **Rev Req** | **Beginning** | **Depreciation** | **Ending** | **Rev Req** | **Beginning** | **Depreciation** | **Ending** | **Rev Req** |
| 20 | | | | | | | | | | | | |
| 21 | | | | | | | | | | | | |
| 22 | | | | | | | | | | | | |
| 23 | | | | | | | | | | | | |
| 24 | | | | | | | | | | | | |
| 25 | | | | | | | | | | | | |
| 26 | | | | | | | | | | | | |
| 27 | | | | | | | | | | | | |
| 28 | 88,987,555 | 1,090,534 | 87,897,021 | 10,202,291 | 16,916,992 | 207,316 | 16,709,676 | 1,939,508 | 3,383,398 | 41,463 | 3,341,935 | 387,902 |
| 29 | 88,987,555 | 1,090,534 | 87,897,021 | 10,704,423 | 16,916,992 | 207,316 | 16,709,676 | 2,034,966 | 3,383,398 | 41,463 | 3,341,935 | 406,993 |

Line

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| A | | | |
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| G | 1.11112 | 1.11112 | 1.11112 |
| H | - | - | - |
| I | - | - | - |

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|---|---|---|
| 10,202,291 | 1,939,508 | 387,902 |
| 10,704,423 | 2,034,966 | 406,993 |

### Virginia Electric and Power Company
### ATTACHMENT H-16A
### Attachment 7 - Transmission Enhancement Annual Revenue Requirement Worksheet
(dollars)

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| | Project U | | | | Project V | | | | Project W | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 11 | Yes | b0453.1 | | | Yes | b0337 | | | Yes | b0467.2 | | |
| 12 | 51 | Convert Remington - Sowego | | | 51 | Build Lexington 230kV ring bus | | | 51 | Reconductor the Dickerson - Pleasant | | |
| 13 | 16.4840% | 115kV to 230kV | | | 16.4840% | | | | 16.4840% | View 230 kV circuit | | |
| 14 | 1.25 | | | | 1.25 | | | | 1.25 | | | |
| 15 | 17.3924% | | | | 17.3924% | | | | 17.3924% | | | |
| | | | | | 6,389,263 | | | | | | | |
| 17 | - | | | | 125,280 | | | | - | | | |
| 18 | | | | | 6 | | | | | | | |
| 19 | Beginning | Depreciation | Ending | Rev Req | Beginning | Depreciation | Ending | Rev Req | Beginning | Depreciation | Ending | Rev Req |
| 20 | | | | | | | | | | | | |
| 21 | | | | | | | | | | | | |
| 22 | | | | | | | | | | | | |
| 23 | | | | | | | | | | | | |
| 24 | | | | | | | | | | | | |
| 25 | | | | | | | | | | | | |
| 26 | | | | | 6,389,263 | 67,860 | 6,321,403 | | - | - | - | - |
| 27 | | | | | 6,389,263 | 67,860 | 6,321,403 | | - | - | - | - |
| 28 | | | | | 6,389,263 | 125,280 | 6,263,983 | 1,168,159 | - | - | - | - |
| 29 | | | | | 6,389,263 | 125,280 | 6,263,983 | 1,225,630 | - | - | - | - |

Line

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| A | | | |
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|---|---|---|
| - | 1,168,159 | - |
| - | 1,225,630 | - |

### Virginia Electric and Power Company
### ATTACHMENT H-16A
### Attachment 7 - Transmission Enhancement Annual Revenue Requirement Worksheet
(dollars)

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | | | | | | | | | | | | |
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| 8 | | | | | | | | | | | | |
| 9 | | | | | | | | | | | | |
| 10 | Project X | | | | Project Y | | | | Project Z | | | |
| 11 | Yes | b0311 | | | Yes | b0235 | | | Yes | b0233 | | |
| 12 | 51 | Reconductor Idylwood to Arlington | | | 51 | Install 150 MVAR capacitor at Fentress 230 | | | 51 | Install 150 MVAR capacitor at Landstown 230 kV | | |
| 13 | 16.4840% | 230 kV | | | 16.4840% | kV | | | 16.4840% | | | |
| 14 | 1.25 | | | | 0 | | | | 0 | | | |
| 15 | 17.3924% | | | | 16.4840% | | | | 16.4840% | | | |
| | 3,364,891 | | | | 1,210,360 | | | | 1,015,296 | | | |
| 17 | 65,978 | | | | 23,733 | | | | 19,908 | | | |
| 18 | 8 | | | | 6 | | | | 6 | | | |
| 19 | **Beginning** | **Depreciation** | **Ending** | **Rev Req** | **Beginning** | **Depreciation** | **Ending** | **Rev Req** | **Beginning** | **Depreciation** | **Ending** | **Rev Req** |
| 20 | | | | | | | | | | | | |
| 21 | | | | | | | | | | | | |
| 22 | | | | | | | | | | | | |
| 23 | | | | | | | | | | | | |
| 24 | 3,364,891 | 24,742 | 3,340,149 | | | | | | | | | |
| 25 | 3,364,891 | 24,742 | 3,340,149 | | | | | | | | | |
| 26 | 3,340,149 | 65,978 | 3,274,171 | | 1,210,360 | 12,855 | 1,197,505 | | 1,015,296 | 10,783 | 1,004,513 | |
| 27 | 3,340,149 | 65,978 | 3,274,171 | | 1,210,360 | 12,855 | 1,197,505 | | 1,015,296 | 10,783 | 1,004,513 | |
| 28 | 3,274,171 | 65,978 | 3,208,193 | 600,254 | 1,197,505 | 23,733 | 1,173,772 | 219,173 | 1,004,513 | 19,908 | 984,605 | 183,851 |
| 29 | 3,274,171 | 65,978 | 3,208,193 | 629,697 | 1,197,505 | 23,733 | 1,173,772 | 219,173 | 1,004,513 | 19,908 | 984,605 | 183,851 |

Line:

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| A | | | |
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| G | 1.11112 | 1.11112 | 1.11112 |
| H | - | - | - |
| I | - | - | - |
| | 600,254 | 219,173 | 183,851 |
| | 629,697 | 219,173 | 183,851 |

# Virginia Electric and Power Company
## ATTACHMENT H-16A
## Attachment 7 - Transmission Enhancement Annual Revenue Requirement Worksheet
(dollars)

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | | | | | | | | | | | | |
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| 8 | | | | | | | | | | | | |
| 9 | | | | | | | | | | | | |
| 10 | **Project AA - 1** | | | | **Project AA - 2** | | | | **Project AB-1** | | | |
| 11 | Yes | b0231 | | | Yes | b0231.2 | | | Yes | b0307 | | |
| 12 | 51 | Install 500 kV breakers and | | | 51 | Install 500/230 kV Transformer, 230 kV breakers, | | | 51 | Re-Conductor Endless Caverns - | | |
| 13 | 16.4840% | 500 kV bus work at Suffolk | | | 16.4840% | & 230 kV bus work at Suffolk | | | 16.4840% | Mt. Jackson 115 kV | | |
| 14 | 0 | | | | 0 | | | | 0 | | | |
| 15 | 16.4840% | | | | 16.4840% | | | | 16.4840% | | | |
| | 3,768,349 | | | | 11,687,723 | | | | 12,097,976 | | | |
| 17 | 73,889 | | | | 229,171 | | | | 237,215 | | | |
| 18 | 10 | | | | 10 | | | | 9 | | | |
| 19 | **Beginning** | **Depreciation** | **Ending** | **Rev Req** | **Beginning** | **Depreciation** | **Ending** | **Rev Req** | **Beginning** | **Depreciation** | **Ending** | **Rev Req** |
| 20 | | | | | | | | | | | | |
| 21 | | | | | | | | | | | | |
| 22 | | | | | | | | | | | | |
| 23 | | | | | | | | | | | | |
| 24 | | | | | | | | | | | | |
| 25 | | | | | | | | | | | | |
| 26 | 3,768,349 | 15,394 | 3,752,955 | | 11,687,723 | 47,744 | 11,639,979 | | 12,097,976 | 69,188 | 12,028,788 | |
| 27 | 3,768,349 | 15,394 | 3,752,955 | | 11,687,723 | 47,744 | 11,639,979 | | 12,097,976 | 69,188 | 12,028,788 | |
| 28 | 3,752,955 | 73,889 | 3,679,066 | 686,436 | 11,639,979 | 229,171 | 11,410,808 | 2,129,015 | 12,028,788 | 237,215 | 11,791,573 | 2,200,487 |
| 29 | 3,752,955 | 73,889 | 3,679,066 | 686,436 | 11,639,979 | 229,171 | 11,410,808 | 2,129,015 | 12,028,788 | 237,215 | 11,791,573 | 2,200,487 |

Line

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| A | | | |
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| H | - | - | - |
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|---|---|---|
| 686,436 | 2,129,015 | 2,200,487 |
| 686,436 | 2,129,015 | 2,200,487 |

### Virginia Electric and Power Company
### ATTACHMENT H-16A
### Attachment 7 - Transmission Enhancement Annual Revenue Requirement Worksheet
### (dollars)

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | | | | | | | | | | | | |
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| 9 | | | | | | | | | | | | |
| 10 | **Project AB-2** | | | | **Project AC-1a** | | | | **Project AC-1b** | | | |
| 11 | Yes | b0456 | | | Yes | b0227 | | | Yes | b0227 | | |
| 12 | 51 | Re-Conductor 9.4 miles of Edinburg - Mt. Jackson | | | 51 | Install 500/230 kV transformer at Bristers; | | | 51 | Install 500/230 kV transformer at Bristers; | | |
| 13 | 16.4840% | 115 kV | | | 16.4840% | build new 230 kV Bristers- Gainesville circuit, | | | 16.4840% | build new 230 kV Bristers- Gainesville circuit, | | |
| 14 | 0 | | | | 0 | upgrade two Loudoun - Brmbleton circuits | | | 0 | upgrade two Loudoun - Brmbleton circuits | | |
| 15 | 16.4840% | | | | 16.4840% | | | | 16.4840% | | | |
| | 1,331,288 | | | | 17,119,737 | | | | 3,769,319 | | | |
| 17 | 26,104 | | | | 335,681 | | | | 73,908 | | | |
| 18 | 11 | | | | 6 | | | | 11 | | | |
| 19 | **Beginning** | **Depreciation** | **Ending** | **Rev Req** | **Beginning** | **Depreciation** | **Ending** | **Rev Req** | **Beginning** | **Depreciation** | **Ending** | **Rev Req** |
| 20 | | | | | | | | | | | | |
| 21 | | | | | | | | | | | | |
| 22 | | | | | | | | | | | | |
| 23 | | | | | | | | | | | | |
| 24 | | | | | | | | | | | | |
| 25 | | | | | | | | | | | | |
| 26 | 1,331,288 | 3,263 | 1,328,025 | | 17,119,737 | 181,827 | 16,937,910 | | 3,769,319 | 9,239 | 3,760,080 | |
| 27 | 1,331,288 | 3,263 | 1,328,025 | | 17,119,737 | 181,827 | 16,937,910 | | 3,769,319 | 9,239 | 3,760,080 | |
| 28 | 1,328,025 | 26,104 | 1,301,921 | 242,864 | 16,937,910 | 335,681 | 16,602,229 | 3,100,056 | 3,760,080 | 73,908 | 3,686,172 | 687,628 |
| 29 | 1,328,025 | 26,104 | 1,301,921 | 242,864 | 16,937,910 | 335,681 | 16,602,229 | 3,100,056 | 3,760,080 | 73,908 | 3,686,172 | 687,628 |

Line:

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| A | | | |
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| E | - | - | - |
| F | - | - | - |
| G | 1.11112 | 1.11112 | 1.11112 |
| H | - | - | - |
| I | - | - | - |

| | | |
|---|---|---|
| 242,864 | 3,100,056 | 687,628 |
| 242,864 | 3,100,056 | 687,628 |

# Virginia Electric and Power Company
# ATTACHMENT H-16A
## Attachment 7 - Transmission Enhancement Annual Revenue Requirement Worksheet
(dollars)

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | | | | | | | | | | | | |
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| 8 | | | | | | | | | | | | |
| 9 | | | | | | | | | | | | |
| 10 | **Project AC - 2** | | | | **Project AD** | | | | **Project AE** | | | |
| 11 | Yes | b0227.1 | | | Yes | b0234 | | | Yes | b0331 | | |
| 12 | 51 | Loudoun Sub-upgrade 6 - 230 kV breakers | | | 51 | Install 150 MVAR capacitor at Greenwich | | | 51 | Upgrade/resag Shell Bank - Whealton 115 kV | | |
| 13 | 16.4840% | | | | 16.4840% | 230 kV | | | 16.4840% | (Line 165) | | |
| 14 | 0 | | | | 0 | | | | 0 | | | |
| 15 | 16.4840% | | | | 16.4840% | | | | 16.4840% | | | |
| | 774,776 | | | | 1,303,064 | | | | 4,563,260 | | | |
| 17 | 15,192 | | | | 25,550 | | | | 89,476 | | | |
| 18 | 4 | | | | 6 | | | | 12 | | | |
| 19 | **Beginning** | **Depreciation** | **Ending** | **Rev Req** | **Beginning** | **Depreciation** | **Ending** | **Rev Req** | **Beginning** | **Depreciation** | **Ending** | **Rev Req** |
| 20 | | | | | | | | | | | | |
| 21 | | | | | | | | | | | | |
| 22 | | | | | | | | | | | | |
| 23 | | | | | | | | | | | | |
| 24 | | | | | | | | | | | | |
| 25 | | | | | | | | | | | | |
| 26 | 774,776 | 10,761 | 764,015 | | 1,303,064 | 13,840 | 1,289,224 | | 4,563,260 | 3,728 | 4,559,532 | |
| 27 | 774,776 | 10,761 | 764,015 | | 1,303,064 | 13,840 | 1,289,224 | | 4,563,260 | 3,728 | 4,559,532 | |
| 28 | 764,015 | 15,192 | 748,824 | 139,880 | 1,289,224 | 25,550 | 1,263,674 | 235,960 | 4,559,532 | 89,476 | 4,470,056 | 833,694 |
| 29 | 764,015 | 15,192 | 748,824 | 139,880 | 1,289,224 | 25,550 | 1,263,674 | 235,960 | 4,559,532 | 89,476 | 4,470,056 | 833,694 |

Line

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|---|---|---|---|
| A | | | |
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| D | | | |
| E | - | - | - |
| F | - | - | - |
| G | 1.11112 | 1.11112 | 1.11112 |
| H | - | - | - |
| I | - | - | - |
| | 139,880 | 235,960 | 833,694 |
| | 139,880 | 235,960 | 833,694 |

## Virginia Electric and Power Company
## ATTACHMENT H-16A
## Attachment 7 - Transmission Enhancement Annual Revenue Requirement Worksheet
(dollars)

1

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| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 10 | **Project AF** | | | | **Project AG** | | | | **2009 Add-1** | | | |
| 11 | Yes | b0338 | | | Yes | b0455 | | | Yes | B0453.3 | | |
| 12 | 51 | Replace Gordonsville 230/115kV transformer for larger one | | | 51 | Add 2nd Endless Caverns 230/115kV transformer | | | 51 | Add Sowego 230/115/ kV transformer | | |
| 13 | 16.4840% | | | | 16.4840% | | | | 16.4840% | | | |
| 14 | 0 | | | | 0 | | | | 0 | | | |
| 15 | 16.4840% | | | | 16.4840% | | | | 16.4840% | | | |
| | 2,520,955 | | | | 2,237,628 | | | | 1,396,704 | | | |
| 17 | 49,430 | | | | 43,875 | | | | 27,386 | | | |
| 18 | 10 | | | | 5 | | | | 9 | | | |
| 19 | **Beginning** | **Depreciation** | **Ending** | **Rev Req** | **Beginning** | **Depreciation** | **Ending** | **Rev Req** | **Beginning** | **Depreciation** | **Ending** | **Rev Req** |
| 20 | | | | | | | | | | | | |
| 21 | | | | | | | | | | | | |
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| 23 | | | | | | | | | | | | |
| 24 | | | | | | | | | | | | |
| 25 | | | | | | | | | | | | |
| 26 | 2,520,955 | 10,298 | 2,510,657 | | 2,237,628 | 27,422 | 2,210,206 | | 1,396,704 | 7,988 | 1,388,716 | |
| 27 | 2,520,955 | 10,298 | 2,510,657 | | 2,237,628 | 27,422 | 2,210,206 | | 1,396,704 | 7,988 | 1,388,716 | |
| 28 | 2,510,657 | 49,430 | 2,461,226 | 459,213 | 2,210,206 | 43,875 | 2,166,331 | 404,589 | 1,388,716 | 27,386 | 1,361,330 | 254,045 |
| 29 | 2,510,657 | 49,430 | 2,461,226 | 459,213 | 2,210,206 | 43,875 | 2,166,331 | 404,589 | 1,388,716 | 27,386 | 1,361,330 | 254,045 |

Line

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| A | | | |
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| D | | | |
| E | - | - | - |
| F | - | - | - |
| G | 1.11112 | 1.11112 | 1.11112 |
| H | - | - | - |
| I | - | - | - |

| | | |
|---|---|---|
| 459,213 | 404,589 | 254,045 |
| 459,213 | 404,589 | 254,045 |

**Virginia Electric and Power Company**
**ATTACHMENT H-16A**
**Attachment 7 - Transmission Enhancement Annual Revenue Requirement Worksheet**
**(dollars)**

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | | | | | | | | | | | | |
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| 9 | | | | | | | | | | | | |
| 10 | **2009 Add-2.1** | | | | **2009 Add-2.2** | | | | **2009 Add-3** | | | |
| 11 | Yes | B0340 | | | Yes | B0340 | | | Yes | B0761 | | |
| 12 | 51 | Reconductor one span Peninsula- | | | 51 | Reconductor one span Peninsula- | | | 51 | Install second 230 /115 kV transformer at | | |
| 13 | 16.4840% | magruder 115 kV close to Magruder | | | 16.4840% | magruder 115 kV close to Magruder | | | 16.4840% | Possum Point | | |
| 14 | 0 | substation | | | 0 | substation | | | 0 | | | |
| 15 | 16.4840% | | | | 16.4840% | | | | 16.4840% | | | |
| | 1,097,479 | | | | 116,600 | | | | 4,436,608 | | | |
| 17 | 21,519 | | | | 2,286 | | | | 86,992 | | | |
| 18 | 4 | | | | 10 | | | | 7 | | | |
| 19 | **Beginning** | **Depreciation** | **Ending** | **Rev Req** | **Beginning** | **Depreciation** | **Ending** | **Rev Req** | **Beginning** | **Depreciation** | **Ending** | **Rev Req** |
| 20 | | | | | | | | | | | | |
| 21 | | | | | | | | | | | | |
| 22 | | | | | | | | | | | | |
| 23 | | | | | | | | | | | | |
| 24 | | | | | | | | | | | | |
| 25 | | | | | | | | | | | | |
| 26 | 1,097,479 | 15,243 | 1,082,236 | | 116,600 | 476 | 116,124 | | 4,436,608 | 39,871 | 4,396,737 | |
| 27 | 1,097,479 | 15,243 | 1,082,236 | | 116,600 | 476 | 116,124 | | 4,436,608 | 39,871 | 4,396,737 | |
| 28 | 1,082,236 | 21,519 | 1,060,717 | 198,141 | 116,124 | 2,286 | 113,837 | 21,240 | 4,396,737 | 86,992 | 4,309,744 | 804,580 |
| 29 | 1,082,236 | 21,519 | 1,060,717 | 198,141 | 116,124 | 2,286 | 113,837 | 21,240 | 4,396,737 | 86,992 | 4,309,744 | 804,580 |

Line:

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| A | | | |
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| F | - | - | - |
| G | 1.11112 | 1.11112 | 1.11112 |
| H | - | - | - |
| I | - | - | - |

| | | |
|---|---|---|
| 198,141 | 21,240 | 804,580 |
| 198,141 | 21,240 | 804,580 |

**Virginia Electric and Power Company**
**ATTACHMENT H-16A**
**Attachment 7 - Transmission Enhancement Annual Revenue Requirement Worksheet**
**(dollars)**

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | | | | | | | | | | | | |
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| 8 | | | | | | | | | | | | |
| 9 | | | | | | | | | | | | |
| 10 | **2009 Add-4** | | | | **2009 Add-5** | | | | **2009 Add-6** | | | |
| 11 | Yes | B0764 | | | Yes | b0765 | | | Yes | B0837 | | |
| 12 | 51 | Inrease the rating on 2.56 miles of the line | | | 51 | Add 2nd Bull Run 230/115kV | | | 51 | At Mt. Storm, replace the existing MOD on | | |
| 13 | 16.4840% | between Greenwich and Thompson Corner; | | | 16.4840% | autotransformer | | | 16.4840% | the 500 kV side of the transformer with a | | |
| 14 | 0 | new rating to be 257 MVA | | | 0 | | | | 0 | circuit breaker | | |
| 15 | 16.4840% | | | | 16.4840% | | | | 16.4840% | | | |
| | 1,595,555 | | | | 2,917,548 | | | | 579,646 | | | |
| 17 | 31,285 | | | | 57,207 | | | | 11,366 | | | |
| 18 | 6 | | | | 7 | | | | 6 | | | |
| 19 | **Beginning** | **Depreciation** | **Ending** | **Rev Req** | **Beginning** | **Depreciation** | **Ending** | **Rev Req** | **Beginning** | **Depreciation** | **Ending** | **Rev Req** |
| 20 | | | | | | | | | | | | |
| 21 | | | | | | | | | | | | |
| 22 | | | | | | | | | | | | |
| 23 | | | | | | | | | | | | |
| 24 | | | | | | | | | | | | |
| 25 | | | | | | | | | | | | |
| 26 | 1,595,555 | 16,946 | 1,578,609 | | 2,917,548 | 26,220 | 2,891,328 | | 579,646 | 6,156 | 573,490 | |
| 27 | 1,595,555 | 16,946 | 1,578,609 | | 2,917,548 | 26,220 | 2,891,328 | | 579,646 | 6,156 | 573,490 | |
| 28 | 1,578,609 | 31,285 | 1,547,323 | 288,924 | 2,891,328 | 57,207 | 2,834,121 | 529,098 | 573,490 | 11,366 | 562,124 | 104,963 |
| 29 | 1,578,609 | 31,285 | 1,547,323 | 288,924 | 2,891,328 | 57,207 | 2,834,121 | 529,098 | 573,490 | 11,366 | 562,124 | 104,963 |

Line

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| A | | | |
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| F | - | - | - |
| G | 1.11112 | 1.11112 | 1.11112 |
| H | - | - | - |
| I | - | - | - |
| | 288,924 | 529,098 | 104,963 |
| | 288,924 | 529,098 | 104,963 |

### Virginia Electric and Power Company
### ATTACHMENT H-16A
### Attachment 7 - Transmission Enhancement Annual Revenue Requirement Worksheet
### (dollars)

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | | | | | | | | | | | | |
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| 9 | | | | | | | | | | | | |
| 10 | **2009 Add-7** | | | | **Project AH** | | | | **Project AI** | | | |
| 11 | Yes | B0326 | | | Yes | B0310 | | | Yes | B0312 | | |
| 12 | 51 | Uprate - resag Remington- | | | 51 | Reconductor Club House - South Hill | | | 51 | Reconductor Gallows to Ox 230 kV | | |
| 13 | 16.4840% | Brandywine - | | | 16.4840% | and Chase City - | | | 16.4840% | | | |
| 14 | 0 | Culppr 115 kV | | | 0 | South Hill 115 kV | | | 0 | | | |
| 15 | 16.4840% | | | | 16.4840% | | | | 16.4840% | | | |
| | 13,597,725 | | | | 20,295,858 | | | | 3,062,627 | | | |
| 17 | 266,622 | | | | 397,958 | | | | 60,052 | | | |
| 18 | 10 | | | | 5 | | | | 12 | | | |
| 19 | **Beginning** | **Depreciation** | **Ending** | **Rev Req** | **Beginning** | **Depreciation** | **Ending** | **Rev Req** | **Beginning** | **Depreciation** | **Ending** | **Rev Req** |
| 20 | | | | | | | | | | | | |
| 21 | | | | | | | | | | | | |
| 22 | | | | | | | | | | | | |
| 23 | | | | | | | | | | | | |
| 24 | | | | | | | | | | | | |
| 25 | | | | | | | | | | | | |
| 26 | 13,597,725 | 55,546 | 13,542,179 | | | | | | | | | |
| 27 | 13,597,725 | 55,546 | 13,542,179 | | | | | | | | | |
| 28 | 13,542,179 | 266,622 | 13,275,557 | 2,476,937 | 20,295,858 | 248,724 | 20,047,134 | 2,326,890 | 3,062,627 | 2,502 | 3,060,125 | 23,529 |
| 29 | 13,542,179 | 266,622 | 13,275,557 | 2,476,937 | 20,295,858 | 248,724 | 20,047,134 | 2,326,890 | 3,062,627 | 2,502 | 3,060,125 | 23,529 |

Line

| | | | |
|---|---|---|---|
| A | | | |
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| D | | | |
| E | - | - | - |
| F | - | - | - |
| G | 1.11112 | 1.11112 | 1.11112 |
| H | - | - | - |
| I | - | - | - |

| | | | |
|---|---|---|---|
| | 2,476,937 | 2,326,890 | 23,529 |
| | 2,476,937 | 2,326,890 | 23,529 |

**Virginia Electric and Power Company**
**ATTACHMENT H-16A**
**Attachment 7 - Transmission Enhancement Annual Revenue Requirement Worksheet**
**(dollars)**

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | | | | | | | | | | | | |
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| 8 | | | | | | | | | | | | |
| 9 | | | | | | | | | | | | |
| 10 | **Project AJ** | | | | **Project AK** | | | | **Project AL** | | | |
| 11 | Yes | B0327 | | | Yes | B0342 | | | Yes | B0762 | | |
| 12 | 51 | Build 2nd Harrisonburg - Valley 230 kV | | | 51 | Replace Trowbridge | | | 51 | Build a new Elko station and transfer | | |
| 13 | 16.4840% | | | | 16.4840% | 230/115 kV transformer | | | 16.4840% | load from Turner and Providence Forge | | |
| 14 | 0 | | | | 0 | | | | 0 | stations | | |
| 15 | 16.4840% | | | | 16.4840% | | | | 16.4840% | | | |
| | 5,978,225 | | | | 4,045,221 | | | | 94,877 | | | |
| 17 | 117,220 | | | | 79,318 | | | | 1,860 | | | |
| 18 | 5 | | | | 6 | | | | 5 | | | |
| 19 | **Beginning** | **Depreciation** | **Ending** | **Rev Req** | **Beginning** | **Depreciation** | **Ending** | **Rev Req** | **Beginning** | **Depreciation** | **Ending** | **Rev Req** |
| 20 | | | | | | | | | | | | |
| 21 | | | | | | | | | | | | |
| 22 | | | | | | | | | | | | |
| 23 | | | | | | | | | | | | |
| 24 | | | | | | | | | | | | |
| 25 | | | | | | | | | | | | |
| 26 | | | | | | | | | | | | |
| 27 | | | | | | | | | | | | |
| 28 | 5,978,225 | 73,263 | 5,904,962 | 685,395 | 4,045,221 | 42,964 | 4,002,257 | 402,237 | 94,877 | 1,163 | 93,714 | 10,878 |
| 29 | 5,978,225 | 73,263 | 5,904,962 | 685,395 | 4,045,221 | 42,964 | 4,002,257 | 402,237 | 94,877 | 1,163 | 93,714 | 10,878 |

Line

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|---|---|---|---|
| A | | | |
| B | | | |
| C | | | |
| D | | | |
| E | - | - | - |
| F | - | - | - |
| G | 1.11112 | 1.11112 | 1.11112 |
| H | - | - | - |
| I | - | - | - |
| | 685,395 | 402,237 | 10,878 |
| | 685,395 | 402,237 | 10,878 |

# Virginia Electric and Power Company
## ATTACHMENT H-16A
## Attachment 7 - Transmission Enhancement Annual Revenue Requirement Worksheet
(dollars)

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| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 10 | Project AM | | | | Project AN | | | | Project AO | | | |
| 11 | Yes | B0763 | | | Yes | B0770 | | | Yes | B0771 | | |
| 12 | 51 | Rebuild 17.5 miles of the line for a new | | | 51 | Add a second 230/115 kV | | | 51 | Build a parallel Chickahominy - Lanexa | | |
| 13 | 16.4840% | summer rating of 262 MVA | | | 16.4840% | autotransformer at Lenexa | | | 16.4840% | 230 kV line | | |
| 14 | 0 | | | | 0 | | | | 0 | | | |
| 15 | 16.4840% | | | | 16.4840% | | | | 16.4840% | | | |
| | 18,278,959 | | | | 6,188,448 | | | | 6,715,178 | | | |
| 17 | 358,411 | | | | 121,342 | | | | 131,670 | | | |
| 18 | 8 | | | | 5 | | | | 6 | | | |
| 19 | **Beginning** | **Depreciation** | **Ending** | **Rev Req** | **Beginning** | **Depreciation** | **Ending** | **Rev Req** | **Beginning** | **Depreciation** | **Ending** | **Rev Req** |
| 20 | | | | | | | | | | | | |
| 21 | | | | | | | | | | | | |
| 22 | | | | | | | | | | | | |
| 23 | | | | | | | | | | | | |
| 24 | | | | | | | | | | | | |
| 25 | | | | | | | | | | | | |
| 26 | | | | | | | | | | | | |
| 27 | | | | | | | | | | | | |
| 28 | 18,278,959 | 134,404 | 18,144,555 | 1,260,163 | 6,188,448 | 75,839 | 6,112,609 | 709,496 | 6,715,178 | 71,321 | 6,643,857 | 667,724 |
| 29 | 18,278,959 | 134,404 | 18,144,555 | 1,260,163 | 6,188,448 | 75,839 | 6,112,609 | 709,496 | 6,715,178 | 71,321 | 6,643,857 | 667,724 |

Line:

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|---|---|---|---|
| A | | | |
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| D | | | |
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| G | 1.11112 | 1.11112 | 1.11112 |
| H | - | - | - |
| I | - | - | - |
| | 1,260,163 | 709,496 | 667,724 |
| | 1,260,163 | 709,496 | 667,724 |

### Virginia Electric and Power Company
### ATTACHMENT H-16A
### Attachment 7 - Transmission Enhancement Annual Revenue Requirement Worksheet
### (dollars)

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | | | | | | | | | | | |
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| 8 | | | | | | | | | | | |
| 9 | | | | | | | | | | | |
| 10 | | **Project AP** | | | | **Project AQ** | | | | | |
| 11 | Yes | B0772 | | | Yes | B0773 | | | If Yes for Schedule 12 Include in this Total. | If No for Schedule 12 include in this Sum. | |
| 12 | 51 | Install a second Elmont | | | 51 | Install dual primary protection schemes on lines | | | | | |
| 13 | 16.4840% | 230/115 kV autotransformer | | | 16.4840% | #51 and #62 at remote terminals | | | | | |
| 14 | 0 | | | | 0 | | | | | | |
| 15 | 16.4840% | | | | 16.4840% | | | | | | |
| | 4,838,680 | | | | 460,000 | | | | | Annual Revenue Requirement including Incentive if Applicable | Annual Revenue Requirement excluding Incentive |
| 17 | 94,876 | | | | 9,020 | | | | | | |
| 18 | 6 | | | | 11 | | | | | | |
| 19 | **Beginning** | **Depreciation** | **Ending** | **Rev Req** | **Beginning** | **Depreciation** | **Ending** | **Rev Req** | **Total** | **Sum** | **Sum** |
| 20 | | | | | | | | | | | |
| 21 | | | | | | | | | | | |
| 22 | | | | | | | | | | | |
| 23 | | | | | | | | | | | |
| 24 | | | | | | | | | | | |
| 25 | | | | | | | | | | | |
| 26 | | | | | | | | | | | |
| 27 | | | | | | | | | | | |
| 28 | 4,838,680 | 51,391 | 4,787,289 | 481,134 | 460,000 | 1,127 | 458,873 | 10,594 | 44,243,204 | | 37,958,845 |
| 29 | 4,838,680 | 51,391 | 4,787,289 | 481,134 | 460,000 | 1,127 | 458,873 | 10,594 | 45,164,327 | 39,964,732 | |

Line

-

| | | |
|---|---|---|
| A | | |
| B | | |
| C | | |
| D | | |
| E | - | - |
| F | - | - |
| G | 1.11112 | 1.11112 |
| H | - | - |
| I | - | - |

| | |
|---|---|
| 481,134 | 10,594 |
| 481,134 | 10,594 |

# Virginia Electric and Power Company
## ATTACHMENT H-16A
### *Attachment 8 - Securitization Workpaper*
**(000's)**

| Line # | | |
|---|---|---|
| | Long Term Interest | |
| **105** | **Less LTD Interest on Securitization Bonds** | 0 |
| | | |
| | Capitalization | |
| **115** | **Less LTD on Securitization Bonds** | 0 |

# Virginia Electric and Power Company
# ATTACHMENT H-16A
## Attachment 9 - Depreciation Rates[1]

| Plant Type | Applied Depreciation Rate |
|---|---|
| Transmission | 1.97% |
| | |
| General | |
| Structures and Improvements | 1.86% |
| Communication Equipment | 3.67% |
| Computer Equipment | 16.51% |
| Furniture, Equipment and Office Machines | 1.64% |
| Laboratory and Miscellaneous Equipment | 4.10% |
| Stores and Power Operated Equipment | 6.31% |
| Tools, Shop, Garage, and Other Tangible Equipment | 4.93% |

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[1] Depreciation rates may be changed only pursuant to a Section 205 or Section 206 proceeding.

# The following pages provide:

1. Explanations of change in VEPCO's accounting policies and practices that took effect in the preceding twelve months ending August 31 as reported in Notes 3 and 4 of VEPCO's Securities and Exchange Commission Form 10-Q ("Material Accounting Changes").

2. VEPCO's Form 10-Q filed July 31, 2009.

## Note 3. Newly Adopted Accounting Standards

### *FSP FAS 115-2 and FAS 124-2*

We adopted the provisions of FSP FAS 115-2 and FAS 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments* (FSP FAS 115-2) effective April 1, 2009. This FSP amends the guidance for the recognition and presentation of other-than-temporary impairments and requires additional disclosures. The recognition provisions of FSP FAS 115-2 apply only to debt securities classified as available for sale or held to maturity, while the presentation and disclosure requirements apply to both debt and equity securities. Prior to the adoption of FSP FAS 115-2, as described in Note 2 in our Annual Report on Form 10-K for the year ended December 31, 2008, we considered all debt securities held by our nuclear decommissioning trusts with market values below their cost bases to be other-than-temporarily impaired as we did not have the ability to hold the investments through the anticipated recovery period.

Effective with the adoption of FSP FAS 115-2, using information obtained from our nuclear decommissioning trust fixed-income investment managers, we record in earnings any unrealized loss for a debt security when the manager intends to sell the debt security or it is more likely than not that the manager will have to sell the debt security before recovery of its fair value up to its cost basis. Additionally, for any debt security that is deemed to have experienced a credit loss, we record the credit loss in earnings and any remaining portion of the unrealized loss in other comprehensive income. We evaluate credit losses primarily by considering the credit ratings of the issuer, prior instances of non-performance by the issuer and other factors. For certain jurisdictions subject to cost-based regulation, all net realized and unrealized gains and losses on debt securities (including any other-than-temporary impairments) continue to be recorded to a regulatory liability.

Upon the adoption of FSP FAS 115-2 for debt investments held at April 1, 2009, we recorded a $3 million ($2 million after-tax) cumulative effect of a change in accounting principle to reclassify the non-credit related portion of previously recognized other-than-temporary impairments from retained earnings to AOCI, reflecting the fixed-income investment managers' intent and ability to hold the debt securities until the amortized cost bases are recovered.

# Form 10-Q

## VIRGINIA ELECTRIC & POWER CO - VELPRE

Filed: July 31, 2009 (period: June 30, 2009)

Quarterly report which provides a continuing view of a company's financial position

# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**

# FORM 10-Q

**(Mark one)**

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended June 30, 2009**

**or**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from to**

**Commission File Number 001-02255**

# VIRGINIA ELECTRIC AND POWER COMPANY
*(Exact name of registrant as specified in its charter)*

| | |
|---|---|
| **VIRGINIA**<br>*(State or other jurisdiction of incorporation or organization)* | **54-0418825**<br>*(I.R.S. Employer Identification No.)* |
| **120 TREDEGAR STREET**<br>**RICHMOND, VIRGINIA**<br>*(Address of principal executive offices)* | **23219**<br>*(Zip Code)* |

**(804) 819-2000**
*(Registrant's telephone number)*

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | ☐ | Accelerated filer | ☐ |
| Non-accelerated filer | ☒ (Do not check if a smaller reporting company) | Smaller reporting company | ☐ |

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

At June 30, 2009, the latest practicable date for determination, 209,833 shares of common stock, without par value, of the registrant were outstanding.

## VIRGINIA ELECTRIC AND POWER COMPANY

## INDEX

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# GLOSSARY OF TERMS

The following abbreviations or acronyms used in this Form 10-Q are defined below:

| Abbreviation or Acronym | Definition |
|---|---|
| affiliates | Other Dominion subsidiaries |
| AOCI | Accumulated other comprehensive income (loss) |
| AROs | Asset retirement obligations |
| CEO | Chief Executive Officer |
| CFO | Chief Financial Officer |
| DOE | Department of Energy |
| Dominion | Dominion Resources, Inc. |
| DRS | Dominion Resources Services, Inc., a subsidiary of Dominion |
| DVP | Dominion Virginia Power operating segment |
| FASB | Financial Accounting Standards Board |
| FERC | Federal Energy Regulatory Commission |
| FIN | FASB Interpretation No. |
| FSP | FASB Staff Position |
| FTRs | Financial transmission rights |
| GAAP | U.S. generally accepted accounting principles |
| kWh | Kilowatt-hour |
| MD&A | Management’s Discussion and Analysis of Financial Condition and Results of Operations |
| Moody’s | Moody’s Investors Service |
| MW | Megawatt |
| MWh | Megawatt-hour |
| North Anna | North Anna power station |
| NRC | Nuclear Regulatory Commission |
| PJM | PJM Interconnection, LLC |
| ROE | Return on equity |
| RTO | Regional transmission organization |
| SEC | Securities and Exchange Commission |
| SFAS | Statement of Financial Accounting Standards |
| Standard & Poor’s | Standard & Poor’s Ratings Services, a division of the McGraw-Hill Companies, Inc. |
| U.S. | United States of America |
| VIEs | Variable interest entities |
| Virginia Commission | Virginia State Corporation Commission |

# VIRGINIA ELECTRIC AND POWER COMPANY
## PART I. FINANCIAL INFORMATION
## ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | **2009** | **2008** | **2009** | **2008** |
| **(millions)** | | | | |
| **Operating Revenue** | **$ 1,675** | $ 1,546 | **$ 3,534** | $ 3,070 |
| **Operating Expenses** | | | | |
| Electric fuel and other energy-related purchases | **685** | 500 | **1,479** | 997 |
| Purchased electric capacity | **104** | 97 | **212** | 203 |
| Other operations and maintenance: | | | | |
| Affiliated suppliers | **100** | 90 | **201** | 176 |
| Other | **281** | 274 | **527** | 493 |
| Depreciation and amortization | **160** | 150 | **317** | 299 |
| Other taxes | **46** | 45 | **97** | 94 |
| Total operating expenses | **1,376** | 1,156 | **2,833** | 2,262 |
| Income from operations | **299** | 390 | **701** | 808 |
| Other income | **23** | 9 | **32** | 18 |
| Interest and related charges[1] | **87** | 78 | **174** | 157 |
| Income before income tax expense | **235** | 321 | **559** | 669 |
| Income tax expense | **86** | 121 | **206** | 247 |
| **Net Income** | **149** | 200 | **353** | 422 |
| Preferred dividends | **4** | 4 | **8** | 8 |
| Balance available for common stock | **$ 145** | $ 196 | **$ 345** | $ 414 |

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(1) Includes $4 million and $12 million incurred with an affiliated trust for the three and six months ended June 30, 2008, respectively.

The accompanying notes are an integral part of the Consolidated Financial Statements.

# VIRGINIA ELECTRIC AND POWER COMPANY
# CONSOLIDATED BALANCE SHEETS
(Unaudited)

| (millions) | June 30, 2009 | December 31, 2008 [1] |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | | |
| Cash and cash equivalents | **$ 29** | $ 27 |
| Customer accounts receivable (less allowance for doubtful accounts of $11 and $8) | **954** | 940 |
| Other receivables (less allowance for doubtful accounts of $6 and $7) | **43** | 82 |
| Inventories (average cost method) | **591** | 547 |
| Prepayments | **89** | 28 |
| Regulatory assets | **525** | 212 |
| Other | **62** | 75 |
| Total current assets | **2,293** | 1,911 |
| **Investments** | | |
| Nuclear decommissioning trust funds | **1,074** | 1,053 |
| Other | **3** | 3 |
| Total investments | **1,077** | 1,056 |
| **Property, Plant and Equipment** | | |
| Property, plant and equipment | **24,457** | 23,476 |
| Accumulated depreciation and amortization | **(9,153)** | (8,915) |
| Total property, plant and equipment, net | **15,304** | 14,561 |
| **Deferred Charges and Other Assets** | | |
| Regulatory assets | **258** | 921 |
| Other | **348** | 353 |
| Total deferred charges and other assets | **606** | 1,274 |
| Total assets | **$ 19,280** | $ 18,802 |

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(1) Our Consolidated Balance Sheet at December 31, 2008 has been derived from the audited Consolidated Financial Statements at that date.

The accompanying notes are an integral part of the Consolidated Financial Statements.

## VIRGINIA ELECTRIC AND POWER COMPANY
## CONSOLIDATED BALANCE SHEETS—(Continued)
(Unaudited)

| (millions) | June 30, 2009 | December 31, 2008 [1] |
|---|---|---|
| **LIABILITIES AND SHAREHOLDER'S EQUITY** | | |
| **Current Liabilities** | | |
| Securities due within one year | **$ 15** | $ 125 |
| Short-term debt | **379** | 297 |
| Accounts payable | **390** | 436 |
| Payables to affiliates | **54** | 132 |
| Affiliated current borrowings | **522** | 417 |
| Accrued interest, payroll and taxes | **219** | 236 |
| Other | **450** | 386 |
| Total current liabilities | **2,029** | 2,029 |
| **Long-Term Debt** | **6,450** | 6,000 |
| **Deferred Credits and Other Liabilities** | | |
| Deferred income taxes and investment tax credits | **2,244** | 2,485 |
| Asset retirement obligations | **614** | 715 |
| Regulatory liabilities | **867** | 760 |
| Other | **361** | 282 |
| Total deferred credits and other liabilities | **4,086** | 4,242 |
| Total liabilities | **12,565** | 12,271 |
| **Commitments and Contingencies** (see Note 12) | | |
| **Preferred Stock Not Subject to Mandatory Redemption** | **257** | 257 |
| **Common Shareholder's Equity** | | |
| Common stock—no par, 300,000 shares authorized; 209,833 shares outstanding | **3,738** | 3,738 |
| Other paid-in capital | **1,110** | 1,110 |
| Retained earnings | **1,592** | 1,421 |
| Accumulated other comprehensive income | **18** | 5 |
| Total common shareholder's equity | **6,458** | 6,274 |
| Total liabilities and shareholder's equity | **$ 19,280** | $ 18,802 |

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(1) Our Consolidated Balance Sheet at December 31, 2008 has been derived from the audited Consolidated Financial Statements at that date.

The accompanying notes are an integral part of the Consolidated Financial Statements.

# VIRGINIA ELECTRIC AND POWER COMPANY
# CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

| (millions) | Six Months Ended June 30, 2009 | 2008 |
|---|---|---|
| **Operating Activities** | | |
| Net income | **$ 353** | $ 422 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | **367** | 346 |
| Deferred income taxes and investment tax credits | **(103)** | 223 |
| Other adjustments | **(14)** | (35) |
| Changes in: | | |
| Accounts receivable | **18** | (7) |
| Affiliated accounts receivable and payable | **(24)** | 91 |
| Inventories | **(44)** | 8 |
| Deferred fuel expenses | **331** | (382) |
| Accounts payable | **(27)** | (24) |
| Accrued interest, payroll and taxes | **(18)** | (10) |
| Prepayments | **(61)** | 10 |
| Other operating assets and liabilities | **133** | (55) |
| Net cash provided by operating activities | **911** | 587 |
| **Investing Activities** | | |
| Plant construction and other property additions | **(1,125)** | (848) |
| Purchases of nuclear fuel | **(69)** | (66) |
| Purchases of securities | **(346)** | (243) |
| Proceeds from sales of securities | **330** | 209 |
| Other | **(47)** | 67 |
| Net cash used in investing activities | **(1,257)** | (881) |
| **Financing Activities** | | |
| Issuance of short-term debt, net | **83** | 433 |
| Issuance (repayment) of affiliated current borrowings, net | **105** | (114) |
| Repayment of affiliated notes payable | **—** | (412) |
| Issuance of long-term debt | **460** | 630 |
| Repayment of long-term debt | **(119)** | (39) |
| Common dividend payments | **(176)** | (198) |
| Preferred dividend payments | **(8)** | (8) |
| Other | **3** | 3 |
| Net cash provided by financing activities | **348** | 295 |
| Increase in cash and cash equivalents | **2** | 1 |
| Cash and cash equivalents at beginning of period | **27** | 49 |
| Cash and cash equivalents at end of period | **$ 29** | $ 50 |
| **Supplemental Cash Flow Information** | | |
| Significant noncash investing activities: | | |
| Accrued capital expenditures | **$ 103** | $ 10 |

The accompanying notes are an integral part of the Consolidated Financial Statements.

# VIRGINIA ELECTRIC AND POWER COMPANY
# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
# (Unaudited)

## Note 1. Nature of Operations

Virginia Electric and Power Company (Virginia Power) is a regulated public utility that generates, transmits and distributes electricity for sale in Virginia and northeastern North Carolina. We are a member of PJM, a regional transmission organization (RTO), and our electric transmission facilities are integrated into the PJM wholesale electricity markets. All of our common stock is owned by our parent company, Dominion Resources, Inc. (Dominion).

We manage our daily operations through two primary operating segments: Dominion Virginia Power (DVP) and Generation. In addition, we also report a Corporate and Other segment that primarily includes specific items attributable to our operating segments that are not included in profit measures evaluated by executive management in assessing the segments' performance or allocating resources among the segments. See Note 15 for further discussion of our operating segments.

The terms "Company," "we," "our" and "us" are used throughout this report and, depending on the context of their use, may represent any of the following: the legal entity, Virginia Power, one or more of its consolidated subsidiaries or operating segments or the entirety of Virginia Power, including our Virginia and North Carolina operations and our consolidated subsidiaries.

## Note 2. Significant Accounting Policies

As permitted by the rules and regulations of the SEC, our accompanying unaudited Consolidated Financial Statements contain certain condensed financial information and exclude certain footnote disclosures normally included in annual audited consolidated financial statements prepared in accordance with GAAP. These unaudited Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and Notes in our Annual Report on Form 10-K for the year ended December 31, 2008 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009.

In our opinion, the accompanying unaudited Consolidated Financial Statements contain all adjustments necessary to present fairly our financial position as of June 30, 2009 and our results of operations for the three and six months ended June 30, 2009 and 2008, and our cash flows for the six months ended June 30, 2009 and 2008. Such adjustments are normal and recurring in nature unless otherwise noted.

We make certain estimates and assumptions in preparing our Consolidated Financial Statements in accordance with GAAP. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the periods presented. Actual results may differ from those estimates.

Our accompanying unaudited Consolidated Financial Statements include, after eliminating intercompany transactions and balances, our accounts and those of our majority-owned subsidiaries.

In accordance with GAAP, we report certain contracts and instruments at fair value. See Note 5 for further information on fair value measurements in accordance with SFAS No. 157, *Fair Value Measurements* .

The results of operations for interim periods are not necessarily indicative of the results expected for the full year. Information for quarterly periods is affected by seasonal variations in sales, electric fuel and other energy-related purchases and other factors.

We have evaluated subsequent events through July 31, 2009, the date our Consolidated Financial Statements were issued.

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## Note 3. Newly Adopted Accounting Standards

### *FSP FAS 115-2 and FAS 124-2*

We adopted the provisions of FSP FAS 115-2 and FAS 124-2, *Recognition and Presentation of Other-Than-Temporary Impairments* (FSP FAS 115-2) effective April 1, 2009. This FSP amends the guidance for the recognition and presentation of other-than-temporary impairments and requires additional disclosures. The recognition provisions of FSP FAS 115-2 apply only to debt securities classified as available for sale or held to maturity, while the presentation and disclosure requirements apply to both debt and equity securities. Prior to the adoption of FSP FAS 115-2, as described in Note 2 in our Annual Report on Form 10-K for the year ended December 31, 2008, we considered all debt securities held by our nuclear decommissioning trusts with market values below their cost bases to be other-than-temporarily impaired as we did not have the ability to hold the investments through the anticipated recovery period.

Effective with the adoption of FSP FAS 115-2, using information obtained from our nuclear decommissioning trust fixed-income investment managers, we record in earnings any unrealized loss for a debt security when the manager intends to sell the debt security or it is more likely than not that the manager will have to sell the debt security before recovery of its fair value up to its cost basis. Additionally, for any debt security that is deemed to have experienced a credit loss, we record the credit loss in earnings and any remaining portion of the unrealized loss in other comprehensive income. We evaluate credit losses primarily by considering the credit ratings of the issuer, prior instances of non-performance by the issuer and other factors. For certain jurisdictions subject to cost-based regulation, all net realized and unrealized gains and losses on debt securities (including any other-than-temporary impairments) continue to be recorded to a regulatory liability.

Upon the adoption of FSP FAS 115-2 for debt investments held at April 1, 2009, we recorded a $3 million ($2 million after-tax) cumulative effect of a change in accounting principle to reclassify the non-credit related portion of previously recognized other-than-temporary impairments from retained earnings to AOCI, reflecting the fixed-income investment managers' intent and ability to hold the debt securities until the amortized cost bases are recovered.

## Note 4. Comprehensive Income

The following table presents total comprehensive income:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | **2009** | **2008** | **2009** | **2008** |
| **(millions)** | | | | |
| Net income | **$ 149** | $ 200 | **$ 353** | $ 422 |
| Other comprehensive income (loss): | | | | |
| Net other comprehensive income associated with effective portion of changes in fair value of derivatives designated as cash flow hedges, net of taxes and amounts reclassified to earnings | **8** | — | **8** | 1 |
| Other, net of tax | **4** | (3) | **7** | (8) |
| Other comprehensive income (loss) | **12** | (3) | **15** | (7) |
| Total comprehensive income | **$ 161** | $ 197 | **$ 368** | $ 415 |

Other comprehensive income for the three and six months ended June 30, 2009 excludes a $3 million ($2 million after-tax) adjustment representing the cumulative effect of the change in accounting principle related to the adoption of FSP FAS 115-2.

**Note 5. Fair Value Measurements**

Our fair value measurements are made in accordance with the policies discussed in Note 6 to our Annual Report on Form 10-K for the year ended December 31, 2008. In addition, see Note 6 in this report for further information about our derivatives and hedge accounting activities.

The following table presents our assets and liabilities that are measured at fair value on a recurring basis for each hierarchy level, including both current and noncurrent portions:

| (millions) | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **As of June 30, 2009** | | | | |
| **Assets** | | | | |
| Derivatives | **$ —** | **$ 109** | **$ 8** | **$ 117** |
| Investments | **295** | **679** | **—** | **974** |
| Total assets | **$ 295** | **$ 788** | **$ 8** | **$ 1,091** |
| **Liabilities** | | | | |
| Derivatives | **$ —** | **$ 9** | **$ 16** | **$ 25** |
| As of December 31, 2008 | | | | |
| **Assets** | | | | |
| Derivatives | $ — | $ 60 | $ 7 | $ 67 |
| Investments | 225 | 714 | — | 939 |
| Total assets | $ 225 | $ 774 | $ 7 | $ 1,006 |
| **Liabilities** | | | | |
| Derivatives | $ — | $ 23 | $ 76 | $ 99 |

The following table presents the net changes in the assets and liabilities measured at fair value on a recurring basis and included in the Level 3 fair value category:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| (millions) | 2009 | 2008 | 2009 | 2008 |
| Beginning balance | **$ (41)** | $ 35 | **$ (69)** | $ (4) |
| Total realized and unrealized gains or (losses): | | | | |
| Included in earnings | **(87)** | 70 | **(138)** | 89 |
| Included in other comprehensive income (loss) | **—** | (3) | **—** | — |
| Included in regulatory assets/liabilities | **32** | 167 | **55** | 200 |
| Purchases, issuances and settlements | **88** | (59) | **142** | (75) |
| Transfers out of Level 3 | **—** | — | **2** | — |
| Ending balance | **$ (8)** | $ 210 | **$ (8)** | $ 210 |
| The amount of gains (losses) for the period included in earnings attributable to the change in unrealized gains/losses relating to assets still held at the reporting date | **$ —** | $ 15 | **$ —** | $ 15 |

The gains and losses included in earnings in the Level 3 fair value category, including those attributable to the change in unrealized gains and losses relating to assets still held at the reporting date, were classified in electric fuel and other energy-related purchases expense in our Consolidated Statements of Income for the three and six months ended June 30, 2009 and 2008.

As of June 30, 2009, our net balance of commodity derivatives categorized as Level 3 fair value measurements was a net liability of $8 million. A hypothetical 10% increase in commodity prices would increase the net liability by $2 million, while a hypothetical 10% decrease in commodity prices would decrease the net liability by $2 million.

There were no significant non-financial assets or liabilities that were measured at fair value on a nonrecurring basis during the six months ended June 30, 2009.

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***Fair Value of Financial Instruments***

Substantially all of our financial instruments are recorded at fair value, with the exception of the instruments described below that are reported at historical cost. Estimated fair values have been determined using available market information and valuation methodologies considered appropriate by management. At June 30, 2009 and December 31, 2008, the carrying amount of our cash and cash equivalents, customer and other receivables, short-term debt and accounts payable are representative of fair value due to the short-term nature of these instruments. The financial instruments' carrying amounts and fair values are as follows:

| | **June 30, 2009** | | **December 31, 2008** | |
|---|---|---|---|---|
| **(millions)** | **Carrying Amount** | **Estimated Fair Value (1)** | **Carrying Amount** | **Estimated Fair Value (1)** |
| Long-term debt(2) | **$ 6,465** | **$ 6,885** | $ 6,125 | $ 6,231 |
| Preferred stock(3) | **257** | **231** | 257 | 231 |

---

(1) Fair value is estimated using market prices, where available, and interest rates currently available for issuance of debt with similar terms and remaining maturities. The carrying amount of debt issues with short-term maturities and variable rates refinanced at current market rates is a reasonable estimate of their fair value.

(2) Includes securities due within one year and amounts which represent the unamortized discount and premium. Also includes the valuation of certain fair value hedges associated with our fixed rate debt of $1 million at June 30, 2009 and December 31, 2008.

(3) Includes issuance expenses of $2 million at June 30, 2009 and December 31, 2008.

## Note 6. Derivatives and Hedge Accounting Activities

Our accounting policies and objectives and strategies for using derivative instruments are discussed in Note 2 to the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2008.

The following table presents the volume of our derivative activity as of June 30, 2009. These volumes are based on open derivative positions and represent the combined absolute value of our long and short positions, except in the case of offsetting deals, for which we present the absolute value of the net volume of our long and short positions.

| | **Current** | **Noncurrent** |
|---|---|---|
| Natural Gas (bcf): | | |
| Fixed price | 15.2 | — |
| Basis | 7.6 | — |
| Electricity (MWh): | | |
| Fixed price(1) | 241,491 | — |
| FTRs | 97,202,239 | — |
| Capacity (MW) | 492,270 | 585,000 |
| Interest rate | $ 370,000,000 | $ 625,000,000 |
| Foreign currency (euros) | 9,847,638 | 4,000,000 |

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(1) Includes options.

For the three and six months ended June 30, 2009 and 2008, gains or losses on hedging instruments determined to be ineffective were not material. Amounts excluded from the assessment of effectiveness include gains or losses attributable to changes in the time value of options and changes in the differences between spot prices and forward prices and were not material for the three and six months ended June 30, 2009 and 2008.

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The following table presents selected information related to gains on cash flow hedges included in AOCI in our Consolidated Balance Sheet at June 30, 2009:

| (millions) | AOCI After-Tax | Portion Expected to be Reclassified to Earnings During the Next 12 Months After-Tax | Maximum Term |
|---|---|---|---|
| Interest rate | $ 8 | $ — | 374 months |
| Other | 4 | 2 | 65 months |
| Total | $ 12 | $ 2 | |

The amounts that will be reclassified from AOCI to earnings will generally be offset by the recognition of the hedged transactions (e.g., anticipated purchases) in earnings, thereby achieving the realization of prices contemplated by the underlying risk management strategies and will vary from the expected amounts presented above as a result of changes in market prices, interest rates and foreign exchange rates.

***Fair Value and Gains and Losses on Derivative Instruments***

The following table presents the fair values of our derivatives as of June 30, 2009 and where they are presented on our Consolidated Balance Sheet:

| (millions) | Fair Value – Derivatives under Hedge Accounting | Fair Value – Derivatives not under Hedge Accounting | Total Fair Value |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Commodity | $ 16 | $ 8 | $ 24 |
| Interest rate | 23 | — | 23 |
| Foreign currency | 1 | — | 1 |
| Total current derivative assets[1] | 40 | 8 | 48 |
| **Noncurrent Assets** | | | |
| Commodity | 19 | — | 19 |
| Interest rate | 49 | — | 49 |
| Foreign currency | 1 | — | 1 |
| Total noncurrent derivative assets[2] | 69 | — | 69 |
| Total derivative assets | $ 109 | $ 8 | $ 117 |
| **LIABILITIES** | | | |
| **Current Liabilities** | | | |
| Commodity | $ 7 | $ 16 | $ 23 |
| Total current derivative liabilities[3] | 7 | 16 | 23 |
| **Noncurrent Liabilities** | | | |
| Commodity | 2 | — | 2 |
| Total noncurrent derivative liabilities[4] | 2 | — | 2 |
| Total derivative liabilities | $ 9 | $ 16 | $ 25 |

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(1) Current derivative assets are recorded in other current assets on our Consolidated Balance Sheet.
(2) Noncurrent derivative assets are recorded in other deferred charges and other assets on our Consolidated Balance Sheet.
(3) Current derivative liabilities are recorded in other current liabilities on our Consolidated Balance Sheet.
(4) Noncurrent derivative liabilities are recorded in other deferred credits and other liabilities on our Consolidated Balance Sheet.

The following tables present the gains and losses on our derivatives, as well as where the associated activity is presented on our Consolidated Balance Sheet and Consolidated Statements of Income:

| **Derivatives in SFAS No. 133 Cash Flow Hedging Relationships** | **Amount of Gain (Loss) Recognized in AOCI on Derivatives (Effective Portion)[1]** | **Amount of Gain (Loss) Reclassified from AOCI to Income** | **Increase (Decrease) in Derivatives Subject to Regulatory Treatment[2]** |
|---|---|---|---|
| **(millions)** | | | |
| **Three months ended June 30, 2009** | | | |
| Derivative Type and Location of Gains (Losses) | | | |
| Commodity: | | | |
| Electric fuel and other energy-related purchases | | $ (1) | |
| Purchased electric capacity | | 2 | |
| Total commodity | $ (1) | 1 | $ (4) |
| Interest rate[3] | 14 | — | 86 |
| Foreign currency[4] | 1 | — | 2 |
| Total | $ 14 | $ 1 | $ 84 |
| **Six months ended June 30, 2009** | | | |
| Derivative Type and Location of Gains (Losses) | | | |
| Commodity: | | | |
| Electric fuel and other energy-related purchases | | $ (6) | |
| Purchased electric capacity | | 3 | |
| Total commodity | $ (2) | (3) | $ 1 |
| Interest rate[3] | 13 | — | 73 |
| Foreign currency[4] | — | 1 | — |
| Total | $ 11 | $ (2) | $ 74 |

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(1) Amounts deferred into AOCI have no associated effect in our Consolidated Statements of Income.

(2) Represents net derivative activity deferred into and amortized out of regulatory assets/liabilities. Amounts deferred into regulatory assets/liabilities have no associated effect in our Consolidated Statements of Income.

(3) Amounts recorded in our Consolidated Statements of Income are classified in interest expense.

(4) Amounts recorded in our Consolidated Statements of Income are classified in electric fuel and other energy-related purchases.

| **Derivatives not designated as hedging instruments under SFAS No. 133** | **Amount of Gain (Loss) Recognized in Income on Derivatives[1]** | |
|---|---|---|
| | **Three Months Ended June 30, 2009** | **Six Months Ended June 30, 2009** |
| **(millions)** | | |
| Derivative Type and Location of Gains (Losses) | | |
| Commodity[2] | $ (87) | $ (138) |
| Total | $ (87) | $ (138) |

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(1) Includes derivative activity amortized out of regulatory assets/liabilities. Amounts deferred into regulatory assets/liabilities have no associated effect on our Consolidated Statements of Income.

(2) Amounts are recorded in electric fuel and other energy-related purchases in our Consolidated Statements of Income.

For the three and six months ended June 30, 2009 there were no significant gains or losses recorded related to fair value hedging relationships.

See Note 5 for further information about fair value measurements and associated valuation methods for derivatives under SFAS No. 157.

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**Note 7. Decommissioning Trust Investments**

We hold marketable equity and debt securities and cash equivalents (classified as available-for-sale) and cost method investments in nuclear decommissioning trust funds to fund future decommissioning costs for our nuclear plants. Our decommissioning trust funds are summarized below.

| (millions) | Amortized Cost | Total Unrealized Gains [1] | Total Unrealized Losses [1] | Fair Value |
|---|---|---|---|---|
| **June 30, 2009** | | | | |
| Marketable equity securities | **$ 466** | **$ 70** | **$ —** | **$ 536** |
| Marketable debt securities: | | | | |
| Corporate bonds | **149** | **5** | **(4)** | **150** |
| U.S. Treasury securities and agency debentures | **98** | **3** | **—** | **101** |
| State and municipal | **172** | **6** | **(3)** | **175** |
| Cost method investments | **96** | **—** | **—** | **96** |
| Cash equivalents and other [2] | **16** | **—** | **—** | **16** |
| Total | **$ 997** | **$ 84** | **$ (7)** [3] | $ 1,074 |
| December 31, 2008 | | | | |
| Marketable equity securities | $ 459 | $ 9 | $ — | $ 468 |
| Marketable debt securities: | | | | |
| Corporate bonds | 144 | 7 | — | 151 |
| U.S. Treasury securities and agency debentures | 122 | 4 | — | 126 |
| State and municipal | 177 | 6 | — | 183 |
| Cost method investments | 108 | — | — | 108 |
| Cash equivalents and other [2] | 17 | — | — | 17 |
| Total | $ 1,027 | $ 26 | $ — | $ 1,053 |

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(1) Included in AOCI and the decommissioning trust regulatory liability.

(2) Includes net assets related to pending sales and purchases of securities of $5 million and $6 million at June 30, 2009 and December 31, 2008, respectively.

(3) The fair value of securities in an unrealized loss position was $118 million at June 30, 2009.

The fair value of our marketable debt securities at June 30, 2009, by contractual maturity is as follows:

| (millions) | Amount |
|---|---|
| Due in one year or less | **$ 20** |
| Due after one year through five years | **97** |
| Due after five years through ten years | **155** |
| Due after ten years | **154** |
| Total | **$ 426** |

Presented below is selected information regarding our marketable equity and debt securities.

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| (millions) | 2009 | 2008 | 2009 | 2008 |
| Proceeds from sales [1] | **$ 193** | $ 89 | **$ 330** | $ 209 |
| Realized gains [2] | **15** | 8 | **23** | 17 |
| Realized losses [2] | **6** | 23 | **70** | 50 |

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(1) The increase in proceeds primarily reflects changes in asset allocation and liquidation of positions in connection with changes in fund managers.

(2) Includes realized gains and losses recorded to the decommissioning trust regulatory liability.

We recorded other-than-temporary impairment losses on investments as follows:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| (millions) | **2009** | 2008 | **2009** | 2008 |
| Total other-than-temporary impairment losses[1] | **$ 8** | $ 20 | **$ 82** | $ 40 |
| Losses recorded to decommissioning trust regulatory liability | **(7)** | (17) | **(70)** | (34) |
| Net impairment losses recognized in earnings | **$ 1** | $ 3 | **$ 12** | $ 6 |

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(1) Amount includes other-than-temporary impairment losses for debt securities of $1 million and $4 million for the three months ended June 30, 2009 and 2008, respectively, and $5 million and $8 million for the six months ended June 30, 2009 and 2008, respectively.

### Note 8. Regulatory Assets and Liabilities

Our regulatory assets and liabilities include the following:

| (millions) | June 30, 2009 | December 31, 2008 |
|---|---|---|
| **Regulatory assets** | | |
| Deferred cost of fuel used in electric generation[1] | **$ 463** | $ 133 |
| Other | **62** | 79 |
| Regulatory assets –current | **525** | 212 |
| RTO start-up costs and administration fees[2] | **118** | 122 |
| Deferred cost of fuel used in electric generation[1] | **15** | 676 |
| Other | **125** | 123 |
| Regulatory assets –non-current | **258** | 921 |
| Total regulatory assets | **$ 783** | $ 1,133 |
| **Regulatory liabilities** | | |
| Provision for future cost of removal[3] | **$ 533** | $ 506 |
| Decommissioning trust[4] | **221** | 213 |
| Other[5] | **128** | 61 |
| Total regulatory liabilities | **$ 882** | $ 780 |

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(1) As discussed under Virginia Fuel Expenses in Note 12, in March 2009 we filed our Virginia fuel factor application with the Virginia Commission which requested an annual decrease in fuel expense recovery of approximately $236 million for the period July 1, 2009 through June 30, 2010. The proposed fuel factor went into effect on July 1, 2009 on an interim basis and an evidentiary hearing on the Company's application was to be held on July 16, 2009. In a subsequent order, the Virginia Commission postponed the July 16th hearing until September 1, 2009.

(2) The FERC has approved our recovery of start-up costs incurred in connection with joining an RTO and on-going administrative charges paid to PJM through a Deferred Recovery Charge (DRC). As discussed in Note 12, in June 2009, the Virginia Commission approved full recovery of the DRC from retail customers. In July 2009, FERC issued an order denying requests for rehearing of its December 2008 order. The time to appeal FERC's orders has not yet expired. Recovery of the DRC, over a ten year period, will begin September 1, 2009. Approximately $19 million of these costs are included in other current regulatory assets.

(3) Rates charged to customers by our regulated business include a provision for the cost of future activities to remove assets that are expected to be incurred at the time of retirement.

(4) Primarily reflects a regulatory liability established in 2007 representing amounts previously collected from Virginia jurisdictional customers and placed in external trusts (including income, losses and changes in fair value thereon) for the future decommissioning of our utility nuclear generation stations, in excess of amounts recorded pursuant to SFAS No. 143, *Accounting for Asset Retirement Obligations.*

(5) Includes $15 million and $20 million reported in other current liabilities at June 30, 2009 and December 31, 2008, respectively.

At June 30, 2009, approximately $560 million of our regulatory assets represented past expenditures on which we do not earn a return. These expenditures consist primarily of deferred fuel costs that are expected to be recovered within two years.

## Note 9. Asset Retirement Obligations

The following table describes the changes in our AROs during 2009:

| (millions) | Amount |
|---|---|
| AROs at December 31, 2008[1] | $ 717 |
| Revisions in estimated cash flows[2] | **(118)** |
| Accretion | **18** |
| AROs at June 30, 2009[1] | **$ 617** |

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(1) Includes $2 million and $3 million reported in other current liabilities at December 31, 2008 and June 30, 2009, respectively.

(2) Primarily reflects updated decommissioning cost studies and applicable escalation rates received for each of our nuclear facilities during the second quarter of 2009.

## Note 10. Variable Interest Entities

As discussed in Note 13 to the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2008, certain variable pricing terms in some of our long-term power and capacity contracts cause them to be considered variable interests in the counterparties in accordance with FIN 46R, *Consolidation of Variable Interest Entities* .

We have long-term power and capacity contracts with four non-utility generators with an aggregate generation capacity of approximately 940 MW. These contracts contain certain variable pricing mechanisms in the form of partial fuel reimbursement that we consider to be variable interests. After an evaluation of the information provided to us by these entities, we were unable to determine whether they were variable interest entities (VIEs). However, the information they provided, as well as our knowledge of generation facilities in Virginia, enabled us to conclude that, if they were VIEs, we would not be the primary beneficiary. This conclusion was based primarily on a qualitative assessment of our variable interests as compared to the operations, commodity price and other risks retained by the equity and debt holders during the remaining terms of our contracts and for the years the entities are expected to operate after our contractual relationships expire. The contracts expire at various dates ranging from 2015 to 2021. We are not subject to any risk of loss from these potential VIEs other than our remaining purchase commitments which totaled $1.9 billion as of June 30, 2009. We paid $51 million and $50 million for electric capacity and $25 million and $46 million for electric energy to these entities for the three months ended June 30, 2009 and 2008, respectively. We paid $104 million and $102 million for electric capacity and $66 million and $92 million for electric energy to these entities for the six months ended June 30, 2009 and 2008, respectively.

We purchased shared services from Dominion Resources Services, Inc. (DRS), an affiliated VIE, of $99 million and $90 million for the three months ended June 30, 2009 and 2008, respectively, and $199 million and $176 million for the six months ended June 30, 2009 and 2008, respectively. We determined that we are not the most closely associated entity with DRS and therefore not the primary beneficiary. DRS provides accounting, legal, finance and certain administrative and technical services to all Dominion subsidiaries, including us. We have no obligation to absorb more than our allocated share of DRS costs.

## Note 11. Significant Financing Transactions

### *Joint Credit Facilities and Short-Term Debt*

We use short-term debt, primarily commercial paper, to fund working capital requirements and as a bridge to long-term debt financing. The level of our borrowings may vary significantly during the course of the year, depending upon the timing and amount of cash requirements not satisfied by cash from operations.

Our credit facility commitments are with a large consortium of banks, which included Lehman Brothers Holdings, Inc. (Lehman). In March 2009, we executed a consent agreement with the bank syndicates to reduce Lehman's remaining commitment to zero in each of our credit facilities in which it had participated.

Our short-term financing is supported by a $2.9 billion five-year joint revolving credit facility with Dominion dated February 2006, which is scheduled to terminate in February 2011. This credit facility is being used for working capital, as support for the combined commercial paper programs of Dominion and us and for other general corporate purposes. This credit facility can also be used to support up to $1.5 billion of letters of credit.

At June 30, 2009, total outstanding commercial paper supported by the joint credit facility was $379 million, all of which were our borrowings, and the total outstanding letters of credit supported by the joint credit facility were $291 million, of which $226 million were issued on our behalf.

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At June 30, 2009, capacity available under the joint credit facility was $2.2 billion.

In addition to the credit facility commitments of $2.9 billion disclosed above, we also have a five-year credit facility that supports certain of our tax-exempt financings. In June 2009, the committed amount was reduced from $182 million to $120 million. The reduced amount reflects the size necessary to cover outstanding variable rate tax-exempt financing.

### *Long-Term Debt*

In May 2009, Virginia Power borrowed $40 million in connection with the Economic Development Authority of the County of Chesterfield Pollution Control Refunding Revenue Bonds, Series 2009 A, which mature in 2023 and bear a coupon rate of 5.0%. The proceeds were used to refund the principal amount of the Industrial Development Authority of the County of Chesterfield Money Market Municipals™ Pollution Control Revenue Bonds, Series 1985 that would otherwise have matured in October 2009.

In May 2009, Virginia Power borrowed $70 million in connection with the Economic Development Authority of York County, Virginia Pollution Control Refunding Revenue Bonds, Series 2009 A, which mature in 2033 and bear an initial coupon rate of 4.05% for the first five years, after which they will bear interest at a market rate to be determined at that time using a remarketing process. The proceeds were used to refund the principal amount of the Industrial Development Authority of York County, Virginia Money Market Municipals™ Pollution Control Revenue Bonds, Series 1985 that would otherwise have matured in July 2009.

In June 2009, we issued $350 million of 5.0% senior notes that mature in 2019. The proceeds were used for general corporate purposes and the repayment of short term debt, including commercial paper.

We repaid $119 million of long-term debt during the six months ended June 30, 2009.

## Note 12. Commitments and Contingencies

Other than the following matters, there have been no significant developments regarding the commitments and contingencies disclosed in Note 20 to the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2008, or Note 8 to the Consolidated Financial Statements in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, nor have any significant new matters arisen during the three months ended June 30, 2009.

### *Electric Regulation in Virginia*

#### *2007 Virginia Regulation Act*

Pursuant to the Virginia Electric Utility Regulation Act (the Regulation Act), the Virginia Commission entered an order in January 2009 initiating reviews of the base rates and terms and conditions of all investor-owned electric utilities in Virginia. Possible outcomes of the 2009 rate review, according to the Regulation Act, include a rate increase, a rate decrease, or a partial refund of 2008 earnings more than 50 basis points above the authorized return on equity (ROE).

In March 2009, we submitted our base rate filing and accompanying schedules to the Virginia Commission. Our filing proposed to increase our Virginia jurisdictional base rates by approximately $298 million annually. We also proposed a 12.5% ROE, plus an additional 100 basis point performance incentive pursuant to the Regulation Act based on our generating plant performance, customer service, and operating efficiency, resulting in a total ROE request of 13.5%. In April 2009, we submitted a revised filing that corrected certain plant balances. The corrected plant balances and related adjustments reduced the increase in our annual requirement by approximately $9 million, to $289 million. We proposed that the base rate increase become effective on an interim basis on September 1, 2009, subject to refund and adjustment by the Virginia Commission. In July 2009, in response to rulings by the Virginia Commission relating to the appropriate rate year and capital structure to be used in the Company's base rate review, we submitted a revised filing that further reduced the increase in our annual revenue requirement approximately $39 million, to $250 million. The proposed rate increase would increase a typical 1,000 kWh Virginia jurisdictional residential customer's bill by approximately $5.22 per month. The amended filing reflects an upward adjustment of 50 basis points in the proposed ROE. An evidentiary hearing on our base rate filing will be held in January 2010.

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In March 2009, we filed with the Virginia Commission, pursuant to the Regulation Act, a petition to recover from Virginia jurisdictional customers an annual net increase of approximately $78 million in costs related to FERC-approved transmission charges and PJM demand response programs. This amount also included a portion of costs discussed further in the *RTO Start-up Costs and Administrative Fees* section. In a final order in June 2009, the Virginia Commission approved a new rate adjustment clause (Rider T) to recover approximately $218 million over the 12-month period beginning September 1, 2009, subject to an annual review and re-set in 2010, if necessary. The approved amount to be recovered through Rider T includes approximately $150 million of transmission-related costs that were traditionally incorporated in base rates, plus an incremental increase of approximately $68 million. The Virginia Commission also ruled that approximately $10 million that the Company had proposed to collect in Rider T would be more appropriately recovered through base rates, and those costs have been incorporated into the Company's revised base rate filing that was submitted in July 2009. Once implemented, Rider T is expected to increase a typical 1,000 kWh Virginia jurisdictional residential customer's bill by approximately $1.11 per month.

In July 2009, we filed with the Virginia Commission an application for approval and cost recovery of twelve demand-side management (DSM) programs, including one peak-shaving program and eleven energy efficiency programs. We plan to use DSM, along with our traditional supply-side resources, to meet our projected load growth over the next 15 years. The DSM programs will also help to achieve Virginia's goal of reducing, by 2022, the electric energy consumption of the Company's retail customers by ten percent of what was consumed in 2006. Our application requests approval of the DSM programs by February 1, 2010 and two associated rate adjustment clauses for cost recovery to be effective April 1, 2010, although the Regulation Act gives the Virginia Commission until the end of March 2010 to act on our application. In the filing, we requested approval of the two rate adjustment clauses to recover from Virginia jurisdictional customers an annual net increase of approximately $51 million for the period April 1, 2010 to March 31, 2011. If approved by the Virginia Commission, the rate adjustment clauses will be expected, on a combined basis, to increase a typical 1,000 kWh residential bill by approximately $0.95 per month.

*Virginia Fuel Expenses*

In March 2009, we filed our Virginia fuel factor application with the Virginia Commission. The application requested an annual decrease in fuel expense recovery of approximately $236 million for the period July 1, 2009 through June 30, 2010, a decrease from 3.893 cents per kWh to 3.529 cents per kWh, or approximately $3.64 per month for the typical 1,000 kWh Virginia jurisdictional residential customer's average bill. The proposed fuel factor went into effect on July 1, 2009 on an interim basis and an evidentiary hearing on the Company's application was to be held on July 16, 2009. In a subsequent order, the Virginia Commission postponed the July 16th hearing until September 1, 2009.

***Generation Expansion***

In March 2009, we filed with the Virginia Commission our first annual update to the rate adjustment clause for the Virginia City Hybrid Energy Center requesting an increase of approximately $99 million for financing costs to be recovered through rates in 2010. As part of this filing we requested that the 13.5% ROE proposed in our March 31, 2009 base rate filing be applied to the Virginia City Hybrid Energy Center rate adjustment clause (Rider S), plus the 100 basis point enhancement for construction of a new coal-fired generation facility as previously authorized by the Virginia Commission pursuant to the Regulation Act, for a requested total ROE of 14.5%. If approved by the Virginia Commission, the revised Rider S could become effective as early as January 1, 2010 as requested by the Company and would increase a typical 1,000 kWh Virginia jurisdictional residential customer's bill by approximately $1.78 per month. An evidentiary hearing has been scheduled before a hearing examiner in August 2009.

In March 2009, the Virginia Commission authorized construction and operation of our proposed Bear Garden facility, a 580 MW (nominal) natural gas- and oil-fired combined-cycle electric generating facility and associated transmission interconnection facilities in Buckingham County, Virginia, estimated to cost $619 million, excluding financing costs. In March 2009, we also filed a petition with the Virginia Commission for the initiation of a rate adjustment clause for recovery of approximately $77 million in financing costs related to the construction of the Bear Garden facility to be recovered through rates in 2010. As part of this filing we requested that the 13.5% ROE proposed in our March 31, 2009 base rate filing be applied to the Bear Garden facility rate adjustment clause, with a 100 basis point enhancement for construction of a combined-cycle facility, as authorized by the Regulation Act, for a requested total ROE of 14.5%. If approved by the Virginia Commission, the rate adjustment clause could become effective as early as January 1, 2010 as requested by the Company, and would increase a typical 1,000 kWh Virginia jurisdictional residential customer's bill by approximately $1.40 per month. An evidentiary hearing has been scheduled before a hearing examiner in August 2009.

We are unable to predict the outcome of the Virginia Commission's future rate actions, including actions relating to our 2009 base rate review, our DSM program, our recovery of Virginia fuel expenses, and our additional rate adjustment clause filings; however, unfavorable future decisions by the Virginia Commission could adversely affect our results of operations, financial condition and cash flows.

### *RTO Start-up Costs and Administrative Fees*

In December 2008, FERC approved our DRC request to become effective January 1, 2009, which allows recovery of approximately $153 million of RTO costs ($140 million of our costs and $13 million of Dominion's costs) that are being deferred due to a statutory base rate cap established under Virginia law. In June 2009, the Virginia Commission approved full recovery of the DRC from retail customers through Rider T. Recovery of the DRC will begin September 1, 2009. In July 2009, FERC issued an order denying requests for rehearing of its December 2008 order. The time to appeal FERC's orders has not yet expired. We cannot predict the status or outcome of a potential appeal, if any, of FERC's orders.

### *Guarantees and Surety Bonds*

As of June 30, 2009, we had issued $16 million of guarantees primarily to support tax-exempt debt. We had also purchased $88 million of surety bonds for various purposes, including providing workers' compensation coverage. Under the terms of surety bonds, we are obligated to indemnify the respective surety bond company for any amounts paid.

## Note 13. Credit Risk

We maintain a provision for credit losses based on factors surrounding the credit risk of our customers, historical trends and other information. We believe, based on our credit policies and our June 30, 2009 provision for credit losses, that it is unlikely a material adverse effect on our financial position, results of operations or cash flows would occur as a result of counterparty nonperformance.

We sell electricity and provide distribution and transmission services to customers in Virginia and northeastern North Carolina. Management believes that this geographic concentration risk is mitigated by the diversity of our customer base, which includes residential, commercial and industrial customers, as well as rural electric cooperatives and municipalities. Credit risk associated with trade accounts receivable from energy consumers is limited due to the large number of customers.

Our exposure to potential concentrations of credit risk results primarily from sales to wholesale customers. Our gross credit exposure for each counterparty is calculated as outstanding receivables plus any unrealized on or off-balance sheet exposure, taking into account contractual netting rights. Gross credit exposure is calculated prior to the application of collateral. At June 30, 2009, our gross credit exposure totaled $40 million. After the application of collateral, our credit exposure is reduced to $27 million. Of this amount, investment grade counterparties, including those internally rated, represented 67%, and no single counterparty exceeded 34%.

The majority of our derivative instruments contain credit-related contingent provisions. These provisions require us to provide collateral upon the occurrence of specific events, primarily a credit downgrade. If the credit-related contingent features underlying these instruments that are in a liability position and not fully collateralized with cash were fully triggered as of June 30, 2009, we would be required to post an additional $2 million of collateral to our counterparties. The collateral that would be required to be posted includes the impacts of any offsetting asset positions and any amounts already posted for derivatives, non-derivative contracts and derivatives elected under the normal purchases and normal sales exception, per contractual terms. As of June 30, 2009 we have not posted any collateral related to derivatives with credit-related contingent provisions that are in a liability position and not fully collateralized with cash. The aggregate fair value of all derivative instruments with credit-related contingent provisions that are in a liability position and not fully collateralized with cash as of June 30, 2009 is $1 million and does not include the impact of any offsetting asset positions. See Note 6 for further information about our derivative instruments.

## Note 14. Related Party Transactions

We engage in related-party transactions primarily with other Dominion subsidiaries (affiliates). Our receivable and payable balances with affiliates are settled based on contractual terms or on a monthly basis, depending on the nature of the underlying transactions. We are included in Dominion's consolidated federal income tax return and participate in certain Dominion benefit plans. A discussion of significant related party transactions follows.

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**Transactions with Affiliates**

We transact with affiliates for certain quantities of natural gas and other commodities in the ordinary course of business. We also enter into certain commodity derivative contracts with affiliates. We use these contracts, which are principally comprised of commodity swaps and options, to manage commodity price risks associated with purchases of natural gas. We designate the majority of these contracts as cash flow hedges for accounting purposes.

We receive a variety of services from DRS and other affiliates, primarily for accounting, legal, finance and certain administrative and technical services. In addition, we provide certain services to affiliates, including charges for facilities and equipment usage.

Presented below are significant transactions with DRS and other affiliates:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| **(millions)** | | | | |
| Commodity purchases from affiliates | **$ 55** | $ 121 | **$ 154** | $ 186 |
| Services provided by affiliates | **100** | 90 | **201** | 176 |

The following table presents our borrowings from Dominion under short-term arrangements:

| | June 30, 2009 | December 31, 2008 |
|---|---|---|
| **(millions)** | | |
| Outstanding borrowings, net of repayments, under the Dominion money pool for our nonregulated subsidiaries | **$ 142** | $ 198 |
| Short-term demand note borrowings from Dominion | **380** | 219 |

Interest charges related to our borrowings from Dominion were not material for the three or six months ended June 30, 2009 and 2008.

## Note 15. Operating Segments

We are organized primarily on the basis of the products and services we sell. The majority of our revenue is provided through tariff rates. Generally, such revenue is allocated for management reporting based on an unbundled rate methodology among our DVP and Generation segments. We manage our daily operations through the following segments:

***DVP*** includes our transmission, distribution and customer service operations.

***Generation*** includes our generation and energy supply operations.

***Corporate and Other*** primarily includes specific items attributable to our operating segments. The contribution to net income by our primary operating segments is determined based on a measure of profit that management believes represents the segments' core earnings. As a result, certain specific items attributable to those segments are not included in profit measures evaluated by executive management, either in assessing the segment's performance or in allocating resources among the segments and are instead reported in the Corporate and Other segment.

In the six months ended June 30, 2009, our Corporate and Other segment included $9 million ($6 million after-tax) of expenses attributable to the Generation segment, reflecting net losses on investments in our nuclear decommissioning trusts. There were no specific items attributable to our operating segments included in the Corporate and Other segment in the six months ended June 30, 2008.

The following table presents segment information pertaining to our operations:

| (millions) | DVP | Generation | Corporate and Other | Consolidated Total |
|---|---|---|---|---|
| **Three Months Ended June 30, 2009** | | | | |
| Operating revenue | **$ 353** | **$ 1,322** | **$ —** | **$ 1,675** |
| Net income | **76** | **72** | **1** | **149** |
| Three Months Ended June 30, 2008 | | | | |
| Operating revenue | $ 357 | $ 1,186 | $ 3 | $ 1,546 |
| Net income (loss) | 64 | 139 | (3) | 200 |
| **Six Months Ended June 30, 2009** | | | | |
| Operating revenue | **$ 733** | **$ 2,801** | **$ —** | **$ 3,534** |
| Net income (loss) | **166** | **193** | **(6)** | **353** |
| Six Months Ended June 30, 2008 | | | | |
| Operating revenue | $ 718 | $ 2,346 | $ 6 | $ 3,070 |
| Net income (loss) | 143 | 282 | (3) | 422 |

# VIRGINIA ELECTRIC AND POWER COMPANY
# ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

MD&A discusses our results of operations and general financial condition. MD&A should be read in conjunction with our Consolidated Financial Statements. The terms "Company," "we," "our" and "us" are used throughout this report and, depending on the context of their use, may represent any of the following: the legal entity, Virginia Electric and Power Company, one or more of its consolidated subsidiaries or operating segments, or the entirety of Virginia Electric and Power Company and its consolidated subsidiaries. All of our common stock is owned by our parent company, Dominion.

## Contents of MD&A

Our MD&A consists of the following information:

- Forward-Looking Statements
- Accounting Matters
- Results of Operations
- Segment Results of Operations
- Liquidity and Capital Resources
- Future Issues and Other Matters

## Forward-Looking Statements

This report contains statements concerning expectations, plans, objectives, future financial performance and other statements that are not historical facts. These statements are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. In most cases, the reader can identify these forward-looking statements by such words as "anticipate," "estimate," "forecast," "expect," "believe," "should," "could," "plan," "may," "target" or other similar words.

We make forward-looking statements with full knowledge that risks and uncertainties exist that may cause actual results to differ materially from predicted results. Factors that may cause actual results to differ are often presented with the forward-looking statements themselves. Additionally, other factors may cause actual results to differ materially from those indicated in any forward-looking statement. These factors include but are not limited to:

- Unusual weather conditions and their effect on energy sales to customers and energy commodity prices;
- Extreme weather events, including hurricanes, high winds and severe storms, that can cause outages and property damage to our facilities;
- State and federal legislative and regulatory developments and changes to environmental and other laws and regulations, including those related to climate change, greenhouse gas emissions and other emissions to which we are subject;
- Cost of environmental compliance, including those costs related to climate change;
- Risks associated with the operation of nuclear facilities;
- Fluctuations in energy-related commodity prices and the effect these could have on our liquidity position and the underlying value of our assets;
- Capital market conditions, including the availability of credit and our ability to obtain financing on reasonable terms;
- Risks associated with our membership and participation in PJM related to obligations created by the default of other participants;
- Price risk due to marketable securities held as investments in nuclear decommissioning trusts;
- Fluctuations in interest rates;
- Changes in federal and state tax laws and regulations;
- Changes in rating agency requirements or credit ratings and their effect on availability and cost of capital;
- Changes in financial or regulatory accounting principles or policies imposed by governing bodies;
- Employee workforce factors including collective bargaining agreements and labor negotiations with union employees;
- The risks of operating businesses in regulated industries that are subject to changing regulatory structures;
- Changes to regulated electric rates collected by the Company, including the outcome of our 2009 rate filings;
- Timing and receipt of regulatory approvals necessary for planned construction or expansion projects;
- The inability to complete planned construction or expansion projects within the terms and time frames initially anticipated;
- Changes in rules for the RTO in which we participate, including changes in rate designs and capacity models;

- Political and economic conditions, including the threat of domestic terrorism, inflation and deflation; and
- Adverse outcomes in litigation matters.

Additionally, other factors that could cause actual results to differ from predicted results are set forth in Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2008.

Our forward-looking statements are based on our beliefs and assumptions using information available at the time the statements are made. We caution the reader not to place undue reliance on our forward-looking statements because the assumptions, beliefs, expectations and projections about future events may, and often do, differ materially from actual results. We undertake no obligation to update any forward-looking statement to reflect developments occurring after the statement is made.

## Accounting Matters

### Critical Accounting Policies and Estimates

As of June 30, 2009, there have been no significant changes with regard to the critical accounting policies and estimates disclosed in MD&A in our Annual Report on Form 10-K for the year ended December 31, 2008, other than the impact of updated nuclear decommissioning cost studies on our AROs as discussed in Note 9 to our Consolidated Financial Statements. The policies disclosed included the accounting for derivative contracts and other instruments at fair value, regulated operations, AROs, unbilled revenue and income taxes.

## Results of Operations

Presented below is a summary of our consolidated results:

| | Second Quarter | | | Year-To-Date | | |
|---|---|---|---|---|---|---|
| | **2009** | **2008** | **$ Change** | **2009** | **2008** | **$ Change** |
| **(millions)** | | | | | | |
| Net income | **$ 149** | $ 200 | $ (51) | **$ 353** | $ 422 | $ (69) |

## Overview

### *Second Quarter and Year-To-Date 2009 vs. 2008*

Our net income for the three and six months ended June 30, 2009 was lower than the comparable prior year periods, primarily reflecting a reduced benefit from financial transmission rights (FTRs) reflecting lower fuel prices, an increase in outage costs related to scheduled outages at certain of our generating facilities, and lower gains from sales of emissions allowances.

## Analysis of Consolidated Operations

Presented below are selected amounts related to our results of operations:

| | Second Quarter | | | Year-To-Date | | |
|---|---|---|---|---|---|---|
| | **2009** | **2008** | **$ Change** | **2009** | **2008** | **$ Change** |
| **(millions)** | | | | | | |
| Operating Revenue | **$ 1,675** | $ 1,546 | $ 129 | **$ 3,534** | $ 3,070 | $ 464 |
| Operating Expenses | | | | | | |
| Electric fuel and other energy-related purchases | **685** | 500 | 185 | **1,479** | 997 | 482 |
| Purchased electric capacity | **104** | 97 | 7 | **212** | 203 | 9 |
| Other operations and maintenance | **381** | 364 | 17 | **728** | 669 | 59 |
| Depreciation and amortization | **160** | 150 | 10 | **317** | 299 | 18 |
| Other taxes | **46** | 45 | 1 | **97** | 94 | 3 |
| Other income | **23** | 9 | 14 | **32** | 18 | 14 |
| Interest and related charges | **87** | 78 | 9 | **174** | 157 | 17 |
| Income tax expense | **86** | 121 | (35) | **206** | 247 | (41) |

An analysis of our results of operations follows:

### Second Quarter 2009 vs. 2008

**Operating Revenue** increased 8%, primarily reflecting the combined effects of:

- A $198 million increase in fuel revenue primarily due to the impact of a comparatively higher fuel rate in certain customer jurisdictions, including the recovery of previously deferred fuel costs; and
- A $21 million increase due to the impact of a rate adjustment clause associated with the recovery of financing costs for the Virginia City Hybrid Energy Center; partially offset by
- A $54 million decrease in sales to wholesale customers due to decreased volumes ($29 million) and lower prices ($25 million);
- A $17 million decrease in base revenues from sales to retail customers due to an 8% decrease in cooling degree days, partially offset by a 12% increase in heating degree days; and
- A $9 million decrease reflecting the impact of unfavorable economic conditions on customer usage in base revenues and other factors.

### Operating Expenses and Other Items

***Electric fuel and other energy-related purchases expense*** increased 37%, primarily reflecting an increase due to a comparatively higher fuel rate in certain customer jurisdictions, including recovery of previously deferred fuel costs ($188 million) and a reduced benefit from FTRs ($38 million), partially offset by a decrease in fuel expenses associated with wholesale customers ($41 million).

***Other operations and maintenance expense*** increased 5%, primarily reflecting:

- A $23 million increase in outage costs related to scheduled outages at certain fossil generating facilities; and
- A $16 million decrease in gains from the sale of emissions allowances; partially offset by
- A $13 million decrease reflecting lower storm damage and service restoration costs associated with our distribution operations; and
- A $12 million decrease due to the deferral of transmission-related expenditures collectible under certain rate adjustment clauses.

***Other income*** increased 156%, primarily due to an increase in net realized gains on investments held in our nuclear decommissioning trusts for jurisdictions that are not subject to cost-based regulation ($4 million), greater charitable contributions in the comparable prior year period ($4 million) and an increase in amounts collectible from customers for taxes in connection with contributions in aid of construction (CIAC) ($3 million).

***Interest and related charges*** increased 12%, largely due to the impact of additional borrowings.

***Income tax expense*** decreased 29%, reflecting lower pre-tax income in 2009.

### Year-To-Date 2009 vs. 2008

**Operating Revenue** increased 15%, primarily reflecting the combined effects of:

- A $500 million increase in fuel revenue primarily due to the impact of a comparatively higher fuel rate in certain customer jurisdictions, including the recovery of previously deferred fuel costs;
- A $53 million increase in base revenues from sales to retail customers due to a 19% increase in heating degree days, partially offset by an 8% decrease in cooling degree days; and
- A $43 million increase due to the impact of a rate adjustment clause associated with the recovery of financing costs for the Virginia City Hybrid Energy Center; partially offset by
- An $84 million decrease in sales to wholesale customers due to lower prices ($48 million) and decreased volumes ($36 million); and
- A $48 million decrease reflecting the impact of unfavorable economic conditions on customer usage in base revenues and other factors.

### Operating Expenses and Other Items

***Electric fuel and other energy-related purchases expense*** increased 48%, primarily reflecting an increase due to a comparatively higher fuel rate in certain customer jurisdictions, including recovery of previously deferred fuel costs ($490 million) and a reduced benefit from FTRs ($43 million), partially offset by a decrease in fuel expenses associated with wholesale customers ($51 million).

***Other operations and maintenance expense*** increased 9%, primarily reflecting:

- A $44 million increase in outage costs related to scheduled outages at nuclear and fossil generating facilities; and
- A $27 million decrease in gains from the sale of emissions allowances; partially offset by
- A $17 million decrease due to the deferral of transmission-related expenditures collectible under certain rate adjustment clauses.

***Other income*** increased 78%, primarily due to an increase in the equity component of AFUDC as a result of construction and expansion projects ($8 million) and an increase in amounts collectible from customers for taxes in connection with CIAC ($5 million).

***Interest and related charges*** increased 11%, largely due to the impact of additional borrowings.

***Income tax expense*** decreased 17%, reflecting lower pre-tax income in 2009.

### Segment Results of Operations

Presented below is a summary of contributions by our operating segments to net income:

| | Second Quarter | | | Year-To-Date | | |
|---|---|---|---|---|---|---|
| **(millions)** | **2009** | **2008** | **$ Change** | **2009** | **2008** | **$ Change** |
| DVP | **$ 76** | $ 64 | $ 12 | **$ 166** | $ 143 | $ 23 |
| Generation | **72** | 139 | (67) | **193** | 282 | (89) |
| Primary operating segments | **148** | 203 | (55) | **359** | 425 | (66) |
| Corporate and Other | **1** | (3) | 4 | **(6)** | (3) | (3) |
| Consolidated | **$ 149** | $ 200 | $ (51) | **$ 353** | $ 422 | $ (69) |

### DVP

Presented below are operating statistics related to our DVP operations:

| | Second Quarter | | | Year-To-Date | | |
|---|---|---|---|---|---|---|
| | **2009** | **2008** | **% Change** | **2009** | **2008** | **% Change** |
| Electricity delivered (million MWh) | **19.0** | 20.0 | (5)% | **40.3** | 40.8 | (1)% |
| Degree days: | | | | | | |
| Cooling(1) | **459** | 501 | (8) | **463** | 504 | (8) |
| Heating(2) | **294** | 263 | 12 | **2,457** | 2,072 | 19 |
| Average retail customer accounts (thousands)(3) | **2,401** | 2,382 | 1 | **2,400** | 2,381 | 1 |

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(1) Cooling degree days are units measuring the extent to which the average daily temperature is greater than 65 degrees, and are calculated as the difference between 65 degrees and the average temperature for that day.

(2) Heating degree days are units measuring the extent to which the average daily temperature is less than 65 degrees, and are calculated as the difference between 65 degrees and the average temperature for that day.

(3) Period average.

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Presented below, on an after-tax basis, are the key factors impacting DVP's net income contribution:

| (millions) | Second Quarter 2009 vs. 2008 Increase (Decrease) | Year-To-Date 2009 vs. 2008 Increase (Decrease) |
|---|---|---|
| Storm damage and service restoration – distribution operations | $ 8 | $ 8 |
| Regulated electric sales: | | |
| Weather | (3) | 13 |
| Customer growth | 1 | 3 |
| Other[1] | (2) | (9) |
| Other[2] | 8 | 8 |
| Change in net income contribution | $ 12 | $ 23 |

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(1) Decrease primarily reflects the impact of unfavorable economic conditions on customer usage and other factors.

(2) Primarily reflects the deferral of transmission-related expenditures collectible under certain rate adjustment clauses.

**Generation**

Presented below are operating statistics related to our Generation operations:

| | Second Quarter | | | Year-To-Date | | |
|---|---|---|---|---|---|---|
| | **2009** | 2008 | % Change | **2009** | 2008 | % Change |
| Electricity supplied (million MWh) | **19.0** | 20.0 | (5)% | **40.3** | 40.8 | (1)% |
| Degree days: | | | | | | |
| Cooling | **459** | 501 | (8) | **463** | 504 | (8) |
| Heating | **294** | 263 | 12 | **2,457** | 2,072 | 19 |

Presented below, on an after-tax basis, are the key factors impacting Generation's net income contribution:

| (millions) | Second Quarter 2009 vs. 2008 Increase (Decrease) | Year-To-Date 2009 vs. 2008 Increase (Decrease) |
|---|---|---|
| Energy supply margin[1] | $ (17) | $ (20) |
| Outage costs | (14) | (27) |
| Sales of emissions allowances | (10) | (16) |
| Ancillary service revenue | (9) | (13) |
| Regulated electric sales: | | |
| Weather | (8) | 20 |
| Rate adjustment clause[2] | 13 | 27 |
| Customer growth | 3 | 6 |
| Other[3] | (13) | (40) |
| Depreciation and amortization expense[4] | (4) | (8) |
| Other | (8) | (18) |
| Change in net income contribution | $ (67) | $ (89) |

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(1) Reflects lower settlement gains on FTRs.

(2) Reflects the impact of a new rate adjustment clause associated with the recovery of financing costs for the Virginia City Hybrid Energy Center.

(3) Decrease reflects the impact of unfavorable economic conditions on customer usage and other factors, as well as lower sales to wholesale customers.

(4) Primarily due to incremental expense resulting from property additions.

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## Liquidity and Capital Resources

We depend on both internal and external sources of liquidity to provide working capital and to fund capital requirements. Short-term cash requirements not met by cash provided by operations are generally satisfied with proceeds from short-term borrowings. Long-term cash needs are met through issuances of debt and/or equity securities.

At June 30, 2009, we had $2.2 billion of unused capacity under our joint credit facility.

A summary of our cash flows is presented below:

| (millions) | 2009 | 2008 |
|---|---|---|
| Cash and cash equivalents at January 1, | **$ 27** | $ 49 |
| Cash flows provided by (used in) | | |
| Operating activities | **911** | 587 |
| Investing activities | **(1,257)** | (881) |
| Financing activities | **348** | 295 |
| Net increase in cash and cash equivalents | **2** | 1 |
| Cash and cash equivalents at June 30, | **$ 29** | $ 50 |

### Operating Cash Flows

For the six months ended June 30, 2009, net cash provided by operating activities increased by $324 million as compared to the six months ended June 30, 2008. The increase is primarily due to a positive impact from deferred fuel cost recoveries in our Virginia jurisdiction due to increased fuel revenue and lower fuel costs, partially offset by higher income tax payments. We believe that our operations provide a stable source of cash flow to contribute to planned levels of capital expenditures and provide dividends to Dominion. However, our operations are subject to risks and uncertainties that may negatively impact the timing or amounts of operating cash flows, which are discussed in Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2008.

### *Credit Risk*

As discussed in Note 13 to our Consolidated Financial Statements, our exposure to potential concentrations of credit risk results primarily from sales to wholesale customers. Presented below is a summary of our gross credit exposure as of June 30, 2009, for these activities. Our gross credit exposure for each counterparty is calculated as outstanding receivables plus any unrealized on or off-balance sheet exposure, taking into account contractual netting rights.

| (millions) | Gross Credit Exposure | Credit Collateral | Net Credit Exposure |
|---|---|---|---|
| Investment grade(1) | $ 29 | $ 13 | $ 16 |
| Non-investment grade(2) | 9 | — | 9 |
| No external ratings: | | | |
| Internally rated—investment grade(3) | 2 | — | 2 |
| Internally rated—non-investment grade | — | — | — |
| Total | $ 40 | $ 13 | $ 27 |

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(1) Designations as investment grade are based on minimum credit ratings assigned by Moody's and Standard & Poor's. The five largest counterparty exposures, combined, for this category represented approximately 60% of the total net credit exposure.

(2) The only counterparty exposure for this category represented approximately 32% of the total net credit exposure.

(3) The two largest counterparty exposures, combined, for this category represented approximately 8% of the total net credit exposure.

### Investing Cash Flows

For the six months ended June 30, 2009, net cash used in investing activities increased by $376 million as compared to the six months ended June 30, 2008, primarily reflecting an increase in capital expenditures for generation and transmission construction projects, including our Virginia City Hybrid Energy Center.

### Financing Cash Flows and Liquidity

We rely on banks and capital markets as significant sources of funding for capital requirements not satisfied by the cash provided by our operations. As discussed in *Credit Ratings and Debt Covenants* , our ability to borrow funds or issue securities and the return demanded by investors are affected by our credit ratings. In addition, the raising of external capital is subject to meeting certain regulatory requirements, including registration with the SEC and approval from the Virginia Commission.

For the six months ended June 30, 2009, net cash provided by financing activities increased by $53 million as compared to the six months ended June 30, 2008, primarily due to higher net debt issuances and a reduction in common dividend payments.

See Note 11 to our Consolidated Financial Statements for further information regarding our credit facilities, liquidity and significant financing transactions. Also, see Note 14 to our Consolidated Financial Statements for further information regarding our borrowings from Dominion.

#### *Credit Ratings and Debt Covenants*

Credit ratings are intended to provide banks and capital market participants with a framework for comparing the credit quality of securities and are not a recommendation to buy, sell or hold securities. In the *Credit Ratings* and *Debt Covenants* sections of MD&A in our Annual Report on Form 10-K for the year ended December 31, 2008, we discussed the use of capital markets and the impact of credit ratings on the accessibility and costs of using these markets, as well as various covenants present in the enabling agreements underlying our debt. As of June 30, 2009, there have been no changes in our credit ratings, nor have there been any changes to or events of default under our debt covenants. In April 2009, Moody’s revised its credit ratings outlook for the Company to positive from stable.

### Future Cash Payments for Contractual Obligations and Planned Capital Expenditures

As of June 30, 2009, there have been no material changes outside the ordinary course of business to our contractual obligations nor any material changes to our planned capital expenditures disclosed in MD&A in our Annual Report on Form 10-K for the year ended December 31, 2008.

### Future Issues and Other Matters

The following discussion of future issues and other information includes current developments of previously disclosed matters and new issues arising during the period covered by and subsequent to our Consolidated Financial Statements. This section should be read in conjunction with Item 1. Business and Future Issues and Other Matters in MD&A in our Annual Report on Form 10-K for the year ended December 31, 2008 and Future Issues and Other Matters in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009. In addition, see Note 12 to our Consolidated Financial Statements and Part II, Item 1. Legal Proceedings for additional information on various environmental, regulatory, legal and other matters that may impact our future results of operations and/or financial condition, including a discussion of electric regulation in Virginia.

### North Anna Power Station

In January 2008, the Nuclear Regulatory Commission (NRC) accepted and deemed complete our application for a Combined Construction Permit and Operating License (COL) that references a specific reactor design and which would allow us to build and operate a new nuclear unit at North Anna. In December 2008, we terminated a long-lead agreement with our vendor with respect to the reactor design identified in our COL application and certain related equipment. In March 2009, we commenced a competitive process to determine if vendors can provide an advanced technology reactor that could be licensed and built under terms acceptable to us. If, as a result of this process, we choose a different reactor design, we will amend our COL application, as necessary. We have not yet committed to building a new nuclear unit.

In May 2009, the Department of Energy (DOE) announced the names of four energy companies that have been selected to begin negotiations for federal loan guarantees for proposed new nuclear units in the U.S. Although, in a two-part process, we submitted an application for a federal loan guarantee for the proposed North Anna unit, the Company was not among those selected. While we can provide no assurance, because of the dynamic nature of the market for new nuclear units, there may be other opportunities to secure a loan guarantee with the DOE.

## Environmental Matters

We are subject to costs resulting from a number of federal, state and local laws and regulations designed to protect human health and the environment. These laws and regulations affect future planning and existing operations. They can result in increased capital, operating and other costs as a result of compliance, remediation, containment and monitoring obligations.

### *Clean Water Act Compliance*

In October 2007, the Virginia State Water Control Board (Water Board) issued a renewed water discharge (VPDES) permit for North Anna. The Blue Ridge Environmental Defense League, and other persons, appealed the Water Board's decision to the Richmond Circuit Court, challenging several permit provisions related to North Anna's discharge of cooling water. In February 2009, the court ruled that the Water Board was required to regulate the thermal discharge from North Anna into the waste heat treatment facility. We filed a motion for reconsideration with the court in February 2009, which was denied. We intend to appeal the court's decision and ask for a stay of the court's order. A final order is expected to be issued by the end of August 2009. It is expected that the order will allow North Anna to continue to operate pursuant to the currently issued VPDES permit. Until the final permit is reissued, it is not possible to predict any financial impact that may result.

### *Global Climate Change*

In June 2009, the U.S. House of Representatives passed comprehensive legislation titled the "American Clean Energy and Security Act of 2009" to encourage the development of clean energy sources and reduce greenhouse gas (GHG) emissions. The legislation contains provisions establishing federal renewable energy standards for electric suppliers. The legislation also includes cap-and-trade provisions for the reduction of GHG emissions. Similar legislation is currently being considered in the U.S. Senate. The cost of compliance with future GHG emission reduction programs could be significant. Given the highly uncertain outcome and timing of future action by the U.S. federal government and states on this issue, we cannot predict the financial impact of future GHG emission reduction programs on our operations, shareholders or customers at this time.

# VIRGINIA ELECTRIC AND POWER COMPANY
# ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The matters discussed in this Item may contain "forward-looking statements" as described in the introductory paragraphs under Part I, Item 2. MD&A of this Form 10-Q. The reader's attention is directed to those paragraphs and Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2008 for discussion of various risks and uncertainties that may impact the Company.

## Market Risk Sensitive Instruments and Risk Management

Our financial instruments, commodity contracts and related financial derivative instruments are exposed to potential losses due to adverse changes in commodity prices, interest rates and equity security prices as described below. Commodity price risk is due to our exposure to market shifts for prices paid for commodities. Interest rate risk is generally related to our outstanding debt and expected debt issuances. In addition, we are exposed to investment price risk through various portfolios of debt and equity securities.

The following sensitivity analysis estimates the potential loss of future earnings or fair value from market risk sensitive instruments over a selected time period due to a 10% unfavorable change in commodity prices and interest rates.

### *Commodity Price Risk*

To manage price risk, we hold commodity-based financial derivative instruments for non-trading purposes associated with purchases of electricity, natural gas and other energy-related products. The derivatives used to manage our commodity price risk are executed within established policies and procedures and may include instruments such as futures, forwards, swaps, options and FTRs that are sensitive to changes in the related commodity prices. For sensitivity analysis purposes, the hypothetical change in market prices of commodity-based financial derivative instruments is determined based on models that consider the market prices of commodities in future periods, the volatility of the market prices in each period, as well as the time value factors of the derivative instruments. Prices and volatility are principally determined based on observable market prices.

A hypothetical 10% unfavorable change in commodity prices would have resulted in a decrease of approximately $2 million and $23 million in the fair value of our non-trading commodity-based financial derivatives as of June 30, 2009 and December 31, 2008, respectively. The decline in sensitivity is largely due to a decrease in commodity prices.

The impact of a change in energy commodity prices on our non-trading commodity-based financial derivative instruments at a point in time is not necessarily representative of the results that will be realized when such contracts are ultimately settled. For example, our expenses for power purchases, when combined with the settlement of commodity derivative instruments used for hedging purposes, will generally result in a range of prices for those purchases contemplated by the risk management strategy.

### *Interest Rate Risk*

We manage our interest rate risk exposure predominantly by maintaining a balance of fixed and variable rate debt. We may also enter into interest-rate swaps when deemed appropriate to adjust our exposure based upon market conditions. At June 30, 2009 and December 31, 2008, a hypothetical 10% increase in market interest rates would have resulted in a decrease in annual earnings of approximately $1 million and $2 million, respectively.

Additionally, we may use forward-starting interest-rate swaps and treasury rate locks as anticipatory hedges of future financings. At June 30, 2009, we had $850 million in aggregate notional amounts of these interest-rate derivatives outstanding. A hypothetical 10% decrease in market interest rates would have resulted in a decrease of approximately $30 million in the fair value of these interest-rate derivatives at June 30, 2009. We did not have a significant amount of these interest-rate derivatives outstanding at December 31, 2008.

The impact of a change in market interest rates on these anticipatory hedges at a point in time is not necessarily representative of the results that will be realized when such contracts are settled. Net losses from interest-rate derivatives used for anticipatory hedging purposes, to the extent realized, will generally be amortized over the life of the respective debt issuance being hedged.

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***Investment Price Risk***

We are subject to investment price risk due to securities held as investments in decommissioning trust funds that are managed by third-party investment managers. These trust funds primarily hold marketable securities that are reported in our Consolidated Balance Sheets at fair value.

We recognized net realized losses (net of investment income) on nuclear decommissioning trust investments of $53 million, $9 million and $57 million for the six months ended June 30, 2009 and 2008 and for the year ended December 31, 2008, respectively. Net realized losses include gains and losses from the sale of investments as well as other-than-temporary impairments recognized in earnings. For the six months ended June 30, 2009, we recorded, in AOCI and regulatory liabilities, a net increase in unrealized gains on these investments of $72 million. For the six months ended June 30, 2008 and for the year ended December 31, 2008, we recorded, in AOCI and regulatory liabilities, a reduction in unrealized gains on these investments of $91 million and $233 million, respectively.

Dominion sponsors employee pension and other postretirement benefit plans, in which our employees participate, that hold investments in trusts to fund benefit payments. Investment-related declines in these trusts will result in future increases in the periodic cost recognized for such employee benefit plans and will be included in the determination of the amount of cash that we will provide to Dominion for our share of employee benefit plan contributions.

## ITEM 4. CONTROLS AND PROCEDURES

Senior management, including our CEO and CFO, evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation process, the CEO and CFO have concluded that our disclosure controls and procedures are effective.

There were no changes in our internal control over financial reporting that occurred during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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## VIRGINIA ELECTRIC AND POWER COMPANY
## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

From time to time, we are alleged to be in violation or in default under orders, statutes, rules or regulations relating to the environment, compliance plans imposed upon or agreed to by us, or permits issued by various local, state and federal agencies for the construction or operation of facilities. Administrative proceedings may also be pending on these matters. In addition, in the ordinary course of business, we are involved in various legal proceedings. We believe that the ultimate resolution of these proceedings will not have a material adverse effect on our financial position, liquidity or results of operations. See *Future Issues and Other Matters* in MD&A and Note 12 to our Consolidated Financial Statements for discussions on various environmental, rate matters and other regulatory proceedings to which we are a party.

### ITEM 1A. RISK FACTORS

Our business is influenced by many factors that are difficult to predict, involve uncertainties that may materially affect actual results and are often beyond our control. We have identified a number of these risk factors in our Annual Report on Form 10-K for the year ended December 31, 2008, which should be taken into consideration when reviewing the information contained in this report. There have been no material changes with regard to the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2008. For other factors that may cause actual results to differ materially from those indicated in any forward-looking statement or projection contained in this report, see *Forward-Looking Statements* in MD&A.

### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On April 24, 2009, by consent in lieu of the annual meeting, Dominion Resources, Inc., the sole holder of all the voting common stock of the Company, unanimously elected the following persons to serve as Directors: Thomas F. Farrell, II, Chairman of the Board, Thomas N. Chewning and Steven A. Rogers. On June 1, 2009, by consent in lieu of a special meeting, Dominion Resources, Inc., the sole holder of all the voting common stock of the Company, unanimously elected Mark F. McGettrick to serve as a Director, due to the retirement of Thomas N. Chewning. The names of the other Directors whose term of office continued after the meeting are: Thomas F. Farrell, II, Chairman of the Board and Steven A. Rogers.

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# ITEM 6. EXHIBITS

**(a) Exhibits:**

| | |
|---|---|
| 3.1 | Restated Articles of Incorporation, as in effect on October 28, 2003 (Exhibit 3.1, Form 10-Q for the quarter ended September 30, 2003, File No. 1-2255, incorporated by reference). |
| 3.2 | Bylaws, as amended and restated on June 1, 2009 (Exhibit 3.1, Form 8-K filed June 3, 2009, File No. 1-2255, incorporated by reference). |
| 4.1 | Form of Senior Indenture, dated as of June 1, 1998, between Virginia Electric and Power Company and The Bank of New York (as successor trustee to JP Morgan Chase Bank (formerly The Chase Manhattan Bank)) as supplemented by the First Supplemental Indenture (Exhibit 4.2, Form 8-K filed June 12, 1998, File No. 1-2255, incorporated by reference); Second Supplemental Indenture (Exhibit 4.2, Form 8-K filed June 4, 1999, File No. 1-2255, incorporated by reference); Third Supplemental Indenture (Exhibit 4.2, Form 8-K filed October 27, 1999, File No. 1-2255, incorporated by reference); Form of Fourth Supplemental Indenture (Exhibit 4.2, Form 8-K filed March 26, 2001, File No. 1-2255, incorporated by reference); Form of Fifth Supplemental Indenture (Exhibit 4.3, Form 8-K filed March 26, 2001, File No. 1-2255, incorporated by reference); Form of Sixth Supplemental Indenture (Exhibit 4.2, Form 8-K filed January 29, 2002, File No. 1-2255, incorporated by reference); Seventh Supplemental Indenture (Exhibit 4.4, Form 8-K filed September 11, 2002, File No. 1-2255, incorporated by reference); Form of Eighth Supplemental Indenture (Exhibit 4.2, Form 8-K filed February 27, 2003, File No. 1-2255, incorporated by reference); Form of Ninth Supplemental Indenture (Exhibit 4.2, Form 8-K filed December 4, 2003, File No. 1-2255, incorporated by reference); Form of Tenth Supplemental Indenture (Exhibit 4.3, Form 8-K filed December 4, 2003, File No. 1-2255, incorporated by reference); Form of Eleventh Supplemental Indenture (Exhibit 4.2, Form 8-K filed December 11, 2003, File No. 1-2255, incorporated by reference); Form of Twelfth Supplemental Indenture (Exhibit 4.2, Form 8-K filed January 12, 2006, File No. 1-2255, incorporated by reference); Form of Thirteenth Supplemental Indenture (Exhibit 4.3, Form 8-K filed January 12, 2006, File No. 1-2255, incorporated by reference); Form of Fourteenth Supplemental Indenture (Exhibit 4.2, Form 8-K filed May 16, 2007, File No. 1-2255, incorporated by reference); Form of Fifteenth Supplemental Indenture (Exhibit 4.2, Form 8-K filed September 10, 2007, File No. 1-2255, incorporated by reference); Form of Sixteenth Supplemental Indenture (Exhibit 4.2, Form 8-K filed November 30, 2007, File No. 1-2255, incorporated by reference); Form of Seventeenth Supplemental Indenture (Exhibit 4.3, Form 8-K filed November 30, 2007, File No. 1-2255, incorporated by reference); Form of Eighteenth Supplemental Indenture (Exhibit 4.2, Form 8-K filed April 15, 2008, File No. 1-2255, incorporated by reference); Nineteenth Supplemental Indenture (Exhibit 4.2, Form 8-K filed November 5, 2008, File No. 1-2255, incorporated by reference); Form of Twentieth Supplemental Indenture (Exhibit 4.3, Form 8-K filed June 24, 2009, File No. 1-2255, incorporated by reference). |
| 10.1* | Dominion Resources, Inc. 2005 Incentive Compensation Plan, Originally Effective May 1, 2005, as Amended and Restated Effective May 5, 2009 (Exhibit 10, Form 8-K filed by Dominion Resources, Inc. on May 11, 2009, File No. 1-8489, incorporated by reference). |
| 12.1 | Ratio of earnings to fixed charges (filed herewith). |
| 12.2 | Ratio of earnings to fixed charges and preferred dividends (filed herewith). |
| 31.1 | Certification by Registrant's CEO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith). |
| 31.2 | Certification by Registrant's CFO pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith). |
| 32 | Certification to the SEC by Registrant's CEO and CFO, as required by Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith). |
| 99 | Condensed consolidated earnings statements (unaudited) (filed herewith). |

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* Indicates management contract or compensatory plan or agreement.

## SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**VIRGINIA ELECTRIC AND POWER COMPANY**
Registrant

July 31, 2009

/s/ Ashwini Sawhney
Ashwini Sawhney
Vice President and Controller
(Chief Accounting Officer)

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## EXHIBIT INDEX

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| 32 | Certification to the SEC by Registrant’s CEO and CFO, as required by Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith). |
| 99 | Condensed consolidated earnings statements (unaudited) (filed herewith). |

**Exhibit 12.1**

**Virginia Electric and Power Company**
**Computation of Ratio of Earnings to Fixed Charges**
(millions of dollars)

| | Six Months Ended June 30, 2009 | Twelve Months Ended June 30, 2009 | Years Ended December 31, | | | | |
|---|---|---|---|---|---|---|---|
| | | | 2008 | 2007 | 2006 | 2005 | 2004 |
| Earnings, as defined: | | | | | | | |
| Income from continuing operations before income taxes, extraordinary item and cumulative effect of change in accounting principle | $ 559 | $ 1,254 | $ 1,364 | $ 977 | $ 762 | $ 754 | $ 929 |
| Fixed charges as defined | 192 | 361 | 343 | 332 | 322 | 339 | 265 |
| Capitalized interest | — | — | — | (4) | (9) | (6) | (7) |
| Total earnings, as defined | $ 751 | $ 1,615 | $ 1,707 | $ 1,305 | $ 1,075 | $ 1,087 | $ 1,187 |
| Fixed charges, as defined: | | | | | | | |
| Interest charges | $ 185 | $ 347 | $ 330 | $ 320 | $ 311 | $ 329 | $ 256 |
| Rental interest factor | 7 | 14 | 13 | 12 | 11 | 10 | 9 |
| Total fixed charges, as defined | $ 192 | $ 361 | $ 343 | $ 332 | $ 322 | $ 339 | $ 265 |
| **Ratio of Earnings to Fixed Charges** | **3.91** | **4.47** | **4.98** | **3.93** | **3.34** | **3.21** | **4.48** |

**Exhibit 12.2**

## Virginia Electric and Power Company
## Computation of Ratio of Earnings to Fixed Charges and Preferred Dividends

(millions of dollars)

| | Six Months Ended June 30, 2009 | Twelve Months Ended June 30, 2009 | Years Ended December 31, 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---|---|---|---|---|---|---|
| Earnings, as defined: | | | | | | | |
| Income from continuing operations before income taxes, extraordinary item and cumulative effect of change in accounting principle | $ 559 | $ 1,254 | $ 1,364 | $ 977 | $ 762 | $ 754 | $ 929 |
| Fixed charges as defined | 205 | 387 | 369 | 357 | 347 | 364 | 290 |
| Capitalized interest | — | — | — | (4) | (9) | (6) | (7) |
| Preference security dividend requirement | (13) | (26) | (26) | (25) | (25) | (25) | (25) |
| Total earnings, as defined | $ 751 | $ 1,615 | $ 1,707 | $ 1,305 | $ 1,075 | $ 1,087 | $ 1,187 |
| Fixed charges, as defined: | | | | | | | |
| Interest charges | $ 185 | $ 347 | $ 330 | $ 320 | $ 311 | $ 329 | $ 256 |
| Preference security dividend requirement | 13 | 26 | 26 | 25 | 25 | 25 | 25 |
| Rental interest factor | 7 | 14 | 13 | 12 | 11 | 10 | 9 |
| Total fixed charges, as defined | $ 205 | $ 387 | $ 369 | $ 357 | $ 347 | $ 364 | $ 290 |
| **Ratio of Earnings to Fixed Charges and Preferred Dividends** | **3.66** | **4.17** | **4.63** | **3.66** | **3.10** | **2.99** | **4.09** |

**Exhibit 31.1**

I, Thomas F. Farrell, II, certify that:

1. I have reviewed this report on Form 10-Q of Virginia Electric and Power Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 31, 2009

/s/ Thomas F. Farrell, II
Thomas F. Farrell, II
Chief Executive Officer

**Exhibit 31.2**

I, Mark F. McGettrick, certify that:

1. I have reviewed this report on Form 10-Q of Virginia Electric and Power Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 31, 2009

/s/ Mark F. McGettrick
Mark F. McGettrick
Executive Vice President and Chief Financial Officer

**Exhibit 32**

# CERTIFICATION PURSUANT TO
# 18 U.S.C. SECTION 1350,
# AS ADOPTED PURSUANT TO
# SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of Virginia Electric and Power Company (the Company), certify that:

1. the Quarterly Report on Form 10-Q for the quarter ended June 30, 2009 (the "Report") of the Company to which this certification is an exhibit fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)).

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company as of June 30, 2009 and for the period then ended.

/s/ Thomas F. Farrell, II
Thomas F. Farrell, II
Chief Executive Officer
July 31, 2009

/s/ Mark F. McGettrick
Mark F. McGettrick
Executive Vice President and Chief Financial Officer
July 31, 2009

## VIRGINIA ELECTRIC AND POWER COMPANY

## CONDENSED CONSOLIDATED EARNINGS STATEMENT
(Unaudited)

| (millions) | Twelve Months Ended June 30, 2009 |
|---|---|
| **Operating Revenue** | $ 7,398 |
| **Operating Expenses** | 5,884 |
| Income from operations | 1,514 |
| Other income | 65 |
| Interest and related charges | 326 |
| Income before income tax expense | 1,253 |
| Income tax expense | 459 |
| **Net Income** | **794** |
| Preferred dividends | 17 |
| Balance available for common stock | $ 777 |

# Attachment 7 – PSE&G Formula Rate for January 1, 2010 to December 31, 2010

**Public Service Electric and Gas Company**

**ATTACHMENT H-10A**

| | **Formula Rate -- Appendix A** | **Notes** | **FERC Form 1 Page # or Instruction** | **12 Months Ended 12/31/2010** |
|---|---|---|---|---|
| | **Shaded cells are input cells** | | | |
| | **Allocators** | | | |
| | **Wages & Salary Allocation Factor** | | | |
| 1 | Transmission Wages Expense | (Note O) | Attachment 5 | 15,696,251 |
| 2 | Total Wages Expense | (Note O) | Attachment 5 | 170,066,699 |
| 3 | Less A&G Wages Expense | (Note O) | Attachment 5 | 11,575,685 |
| 4 | Total Wages Less A&G Wages Expense | | (Line 2 - Line 3) | 158,491,014 |
| 5 | **Wages & Salary Allocator** | | (Line 1 / Line 4) | **9.9036%** |
| | **Plant Allocation Factors** | | | |
| 6 | Electric Plant in Service | (Note B) | Attachment 5 | 8,336,665,448 |
| 7 | Common Plant in Service - Electric | | (Line 22) | 116,795,499 |
| 8 | Total Plant in Service | | (Line 6 + 7) | 8,453,460,946 |
| 9 | Accumulated Depreciation (Total Electric Plant) | (Note B & J) | Attachment 5 | 2,655,840,955 |
| 10 | Accumulated Intangible Amortization - Electric | (Note B) | Attachment 5 | 7,064 |
| 11 | Accumulated Common Plant Depreciation & Amortization - Electric | (Note B & J) | Attachment 5 | 33,229,278 |
| 12 | Accumulated Common Amortization - Electric | (Note B) | Attachment 5 | 0 |
| 13 | Total Accumulated Depreciation | | (Line 9 + Line 10 + Line 11 + Line 12) | 2,689,077,298 |
| 14 | Net Plant | | (Line 8 - Line 13) | 5,764,383,649 |
| 15 | Transmission Gross Plant | | (Line 31) | 2,020,322,379 |
| 16 | **Gross Plant Allocator** | | (Line 15 / Line 8) | **23.8994%** |
| 17 | Transmission Net Plant | | (Line 43) | 1,275,640,358 |
| 18 | **Net Plant Allocator** | | (Line 17 / Line 14) | **22.1297%** |
| | **Plant Calculations** | | | |
| | **Plant In Service** | | | |
| 19 | Transmission Plant In Service | (Note B) | Attachment 5 | 1,973,845,213 |
| 20 | General | (Note B) | Attachment 5 | 230,325,363 |
| 21 | Intangible - Electric | (Note B) | Attachment 5 | 34,473 |
| 22 | Common Plant - Electric | (Note B) | Attachment 5 | 116,795,499 |
| 23 | Total General, Intangible & Common Plant | | (Line 20 + Line 21 + Line 22) | 347,155,334 |
| 24 | Less: General Plant Account 397 -- Communications | (Note B) | Attachment 5 | 31,433,904 |
| 25 | Less: Common Plant Account 397 -- Communications | (Note B) | Attachment 5 | 14,283,433 |
| 26 | General and Intangible Excluding Acct. 397 | | (Line 23 - Line 24 - Line 25) | 301,437,997 |
| 27 | Wage & Salary Allocator | | (Line 5) | 9.9036% |
| 28 | General and Intangible Plant Allocated to Transmission | | (Line 26 * Line 27) | 29,853,090 |
| 29 | Account No. 397 Directly Assigned to Transmission | (Note B) | Attachment 5 | 16,624,076 |
| 30 | Total General and Intangible Functionalized to Transmission | | (Line 28 + Line 29) | 46,477,166 |
| 31 | **Total Plant In Rate Base** | | (Line 19 + Line 30) | **2,020,322,379** |
| | **Accumulated Depreciation** | | | |
| 32 | Transmission Accumulated Depreciation | (Note B & J) | Attachment 5 | 727,556,076 |
| 33 | Accumulated General Depreciation | (Note B & J) | Attachment 5 | 98,706,367 |
| 34 | Accumulated Common Plant Depreciation - Electric | (Note B & J) | Attachment 5 | 33,229,278 |
| 35 | Less: Amount of General Depreciation Associated with Acct. 397 | (Note B & J) | Attachment 5 | 25,054,849 |
| 36 | Balance of Accumulated General Depreciation | | (Line 33 + Line 34 - Line 35) | 106,880,797 |
| 37 | Accumulated Intangible Amortization - Electric | (Note B) | (Line 10) | 7,064 |
| 38 | Accumulated General and Intangible Depreciation Ex. Acct. 397 | | (Line 36 + 37) | 106,887,860 |
| 39 | Wage & Salary Allocator | | (Line 5) | 9.9036% |
| 40 | Subtotal General and Intangible Accum. Depreciation Allocated to Transmission | | (Line 38 * Line 39) | 10,585,702 |
| 41 | Accumulated General Depreciation Associated with Acct. 397 Directly Assigned to Transmission | (Note B & J) | Attachment 5 | 6,540,242 |
| 42 | **Total Accumulated Depreciation** | | (Lines 32 + 40 + 41) | **744,682,021** |
| 43 | **Total Net Property, Plant & Equipment** | | (Line 31 - Line 42) | **1,275,640,358** |

**Public Service Electric and Gas Company**

**ATTACHMENT H-10A**

|  | **Formula Rate -- Appendix A** | **Notes** | **FERC Form 1 Page # or Instruction** | **12 Months Ended 12/31/2010** |
|---|---|---|---|---|
|  | **Shaded cells are input cells** |  |  |  |
|  | **Adjustment To Rate Base** |  |  |  |
|  | **Accumulated Deferred Income Taxes** |  |  |  |
| 44 | **ADIT net of FASB 106 and 109** | (Note Q) | Attachment 1 | -188,435,121 |
|  | **CWIP for Incentive Transmission Projects** |  |  |  |
| 45 | CWIP Balances for Current Rate Year | (Note B & H) | Attachment 6 | 91,311,242 |
| 46 | **Plant Held for Future Use** | (Note C & Q) | Attachment 5 | 4,096,903 |
|  | **Prepayments** |  |  |  |
| 47 | Prepayments | (Note A & Q) | Attachment 5 | 874,374 |
|  | **Materials and Supplies** |  |  |  |
| 48 | Undistributed Stores Expense | (Note Q) | Attachment 5 | 0 |
| 49 | Wage & Salary Allocator |  | (Line 5) | 9.9036% |
| 50 | Total Undistributed Stores Expense Allocated to Transmission |  | (Line 48 * Line 49) | 0 |
| 51 | Transmission Materials & Supplies | (Note N & Q)) | Attachment 5 | 3,480,728 |
| 52 | Total Materials & Supplies Allocated to Transmission |  | (Line 50 + Line 51) | 3,480,728 |
|  | **Cash Working Capital** |  |  |  |
| 53 | Operation & Maintenance Expense |  | (Line 80) | 70,852,406 |
| 54 | 1/8th Rule |  | 1/8 | 12.5% |
| 55 | Total Cash Working Capital Allocated to Transmission |  | (Line 53 * Line 54) | 8,856,551 |
|  | **Network Credits** |  |  |  |
| 56 | Outstanding Network Credits | (Note N & Q)) | Attachment 5 | 0 |
| 57 | **Total Adjustment to Rate Base** |  | (Lines 44 + 45 + 46 + 47 + 52 + 55 - 56) | **-79,815,322** |
| 58 | **Rate Base** |  | (Line 43 + Line 57) | **1,195,825,036** |
|  | **Operations & Maintenance Expense** |  |  |  |
|  | **Transmission O&M** |  |  |  |
| 59 | Transmission O&M | (Note O) | Attachment 5 | 45,589,226 |
| 60 | Plus Transmission Lease Payments | (Note O) | Attachment 5 | 0 |
| 61 | **Transmission O&M** |  | (Lines 59 + 60) | **45,589,226** |
|  | **Allocated Administrative & General Expenses** |  |  |  |
| 62 | Total A&G | (Note O) | Attachment 5 | 257,502,133 |
| 63 | Plus: Fixed PBOP expense | (Note J) | Attachment 5 | 77,745,482 |
| 64 | Less: Actual PBOP expense | (Note O) | Attachment 5 | 74,972,711 |
| 65 | Less Property Insurance Account 924 | (Note O) | Attachment 5 | 1,170,000 |
| 66 | Less Regulatory Commission Exp Account 928 | (Note E & O) | Attachment 5 | 12,832,629 |
| 67 | Less General Advertising Exp Account 930.1 | (Note O) | Attachment 5 | 3,279,688 |
| 68 | Less EPRI Dues | (Note D & O) | Attachment 5 | 0 |
| 69 | **Administrative & General Expenses** |  | Sum (Lines 62 to 63) - Sum (Lines 64 to 68) | 242,992,587 |
| 70 | Wage & Salary Allocator |  | (Line 5) | 9.9036% |
| 71 | **Administrative & General Expenses Allocated to Transmission** |  | (Line 69 * Line 70) | **24,064,914** |
|  | **Directly Assigned A&G** |  |  |  |
| 72 | Regulatory Commission Exp Account 928 | (Note G & O) | Attachment 5 | 939,349 |
| 73 | General Advertising Exp Account 930.1 | (Note K & O) | Attachment 5 | 0 |
| 74 | Subtotal - Accounts 928 and 930.1 - Transmission Related |  | (Line 72 + Line 73) | 939,349 |
| 75 | Property Insurance Account 924 |  | (Line 65) | 1,170,000 |
| 76 | General Advertising Exp Account 930.1 | (Note F & O) | Attachment 5 | 0 |
| 77 | Total Accounts 928 and 930.1 - General |  | (Line 75 + Line 76) | 1,170,000 |
| 78 | Net Plant Allocator |  | (Line 18) | 22.1297% |
| 79 | **A&G Directly Assigned to Transmission** |  | (Line 77 * Line 78) | **258,917** |
| 80 | **Total Transmission O&M** |  | **(Lines 61 + 71 + 74 + 79)** | **70,852,406** |

**Public Service Electric and Gas Company**

**ATTACHMENT H-10A**

**Shaded cells are input cells**

| **Formula Rate -- Appendix A** | | | **Notes** | **FERC Form 1 Page # or Instruction** | **12 Months Ended 12/31/2010** |
|---|---|---|---|---|---|
| | **Depreciation & Amortization Expense** | | | | |
| | **Depreciation Expense** | | | | |
| 81 | Transmission Depreciation Expense Including Amortization of Limited Term Plant | | (Note J & O) | Attachment 5 | 45,499,229 |
| 82 | General Depreciation Expense Including Amortization of Limited Term Plant | | (Note J & O) | Attachment 5 | 27,533,975 |
| 83 | Less: Amount of General Depreciation Expense Associated with Acct. 397 | | (Note J & O) | Attachment 5 | 3,714,034 |
| 84 | Balance of General Depreciation Expense | | | (Line 82 - Line 83) | 23,819,941 |
| 85 | Intangible Amortization | | (Note A & O) | Attachment 5 | 4,356,652 |
| 86 | Total | | | (Line 84 + Line 85) | 28,176,593 |
| 87 | Wage & Salary Allocator | | | (Line 5) | 9.9036% |
| 88 | General Depreciation & Intangible Amortization Allocated to Transmission | | | (Line 86 * Line 87) | 2,790,485 |
| 89 | General Depreciation Expense for Acct. 397 Directly Assigned to Transmission | | (Note J & O) | Attachment 5 | 1,662,408 |
| 90 | **General Depreciation and Intangible Amortization Functionalized to Transmission** | | | (Line 88 + Line 89) | **4,452,893** |
| 91 | **Total Transmission Depreciation & Amortization** | | | **(Lines 81 + 90)** | **49,952,122** |
| | **Taxes Other than Income Taxes** | | | | |
| 92 | Taxes Other than Income Taxes | | (Note O) | Attachment 2 | 9,634,702 |
| 93 | **Total Taxes Other than Income Taxes** | | | (Line 92) | **9,634,702** |
| | **Return \ Capitalization Calculations** | | | | |
| 94 | **Long Term Interest** | | | p117.62.c through 67.c | 193,848,362 |
| 95 | **Preferred Dividends** | | enter positive | p118.29.d | 3,987,876 |
| | **Common Stock** | | | | |
| 96 | Proprietary Capital | | (Note P) | Attachment 5 | 3,549,490,730 |
| 97 | Less Accumulated Other Comprehensive Income Account 219 | | (Note P ) | Attachment 5 | 2,220,567 |
| 98 | Less Preferred Stock | | | (Line 106) | 79,523,400 |
| 99 | Less Account 216.1 | | (Note P) | Attachment 5 | 4,006,682 |
| 100 | **Common Stock** | | | (Line 96 - 97 - 98 - 99) | 3,463,740,081 |
| | **Capitalization** | | | | |
| 101 | Long Term Debt | | (Note P) | Attachment 5 | 3,438,111,677 |
| 102 | Less Loss on Reacquired Debt | | (Note P) | Attachment 5 | 95,892,748 |
| 103 | Plus Gain on Reacquired Debt | | (Note P) | Attachment 5 | 0 |
| 104 | Less ADIT associated with Gain or Loss | | (Note P) | Attachment 5 | 33,905,934 |
| 105 | Total Long Term Debt | | | (Line 101 - 102 + 103 - 104 ) | 3,308,312,995 |
| 106 | Preferred Stock | | (Note P) | Attachment 5 | 79,523,400 |
| 107 | Common Stock | | | (Line 100) | 3,463,740,081 |
| 108 | **Total Capitalization** | | | (Sum Lines 105 to 107) | 6,851,576,476 |
| 109 | Debt % | Total Long Term Debt | | (Line 105 / Line 108) | 48.29% |
| 110 | Preferred % | Preferred Stock | | (Line 106 / Line 108) | 1.16% |
| 111 | Common % | Common Stock | | (Line 107 / Line 108) | 50.55% |
| 112 | Debt Cost | Total Long Term Debt | | (Line 94 / Line 105) | 0.0586 |
| 113 | Preferred Cost | Preferred Stock | | (Line 95 / Line 106) | 0.0501 |
| 114 | Common Cost | Common Stock | (Note J) | Fixed | 0.1168 |
| 115 | Weighted Cost of Debt | Total Long Term Debt (WCLTD) | | (Line 109 * Line 112) | 0.0283 |
| 116 | Weighted Cost of Preferred | Preferred Stock | | (Line 110 * Line 113) | 0.0006 |
| 117 | Weighted Cost of Common | Common Stock | | (Line 111 * Line 114) | 0.0590 |
| 118 | **Rate of Return on Rate Base ( ROR )** | | | (Sum Lines 115 to 117) | **0.0879** |
| 119 | **Investment Return = Rate Base * Rate of Return** | | | **(Line 58 * Line 118)** | **105,138,765** |

**Public Service Electric and Gas Company**

**ATTACHMENT H-10A**

| | **Formula Rate -- Appendix A** | | **Notes** | **FERC Form 1 Page # or Instruction** | **12 Months Ended 12/31/2010** |
|---|---|---|---|---|---|
| | **Shaded cells are input cells** | | | | |
| | **Composite Income Taxes** | | | | |
| | **Income Tax Rates** | | | | |
| 120 | FIT=Federal Income Tax Rate | | (Note I) | | 35.00% |
| 121 | SIT=State Income Tax Rate or Composite | | | | 9.00% |
| 122 | p | (percent of federal income tax deductible for state purposes) | | Per State Tax Code | 0.00% |
| 123 | T | T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} = | | | 40.85% |
| 124 | T / (1-T) | | | | 69.06% |
| | **ITC Adjustment** | | | | |
| 125 | Amortized Investment Tax Credit | enter negative | (Note O) | Attachment 5 | -1,198,000 |
| 126 | 1/(1-T) | | | 1 / (1 - Line 123) | 169.06% |
| 127 | Net Plant Allocation Factor | | | (Line 18) | 22.1297% |
| 128 | **ITC Adjustment Allocated to Transmission** | | | (Line 125 * Line 126 * Line 127) | **-448,206** |
| 129 | **Income Tax Component =** | (T/1-T) * Investment Return * (1-(WCLTD/ROR)) = | | [Line 124 * Line 119 * (1- (Line 115 / Line 118))] | **49,245,046** |
| 130 | **Total Income Taxes** | | | **(Line 128 + Line 129)** | **48,796,840** |
| | **Revenue Requirement** | | | | |
| | **Summary** | | | | |
| 131 | Net Property, Plant & Equipment | | | (Line 43) | 1,275,640,358 |
| 132 | Total Adjustment to Rate Base | | | (Line 57) | -79,815,322 |
| 133 | **Rate Base** | | | (Line 58) | **1,195,825,036** |
| 134 | Total Transmission O&M | | | (Line 80) | 70,852,406 |
| 135 | Total Transmission Depreciation & Amortization | | | (Line 91) | 49,952,122 |
| 136 | Taxes Other than Income | | | (Line 93) | 9,634,702 |
| 137 | Investment Return | | | (Line 119) | 105,138,765 |
| 138 | Income Taxes | | | (Line 130) | 48,796,840 |
| **139** | **Gross Revenue Requirement** | | | **(Sum Lines 134 to 138)** | **284,374,836** |
| | **Adjustment to Remove Revenue Requirements Associated with Excluded Transmission Facilities** | | | | |
| 140 | Transmission Plant In Service | | | (Line 19) | 1,973,845,213 |
| 141 | Excluded Transmission Facilities | | (Note B & M) | Attachment 5 | 0 |
| 142 | Included Transmission Facilities | | | (Line 140 - Line 141) | 1,973,845,213 |
| 143 | Inclusion Ratio | | | (Line 142 / Line 140) | 100.00% |
| 144 | Gross Revenue Requirement | | | (Line 139) | 284,374,836 |
| 145 | **Adjusted Gross Revenue Requirement** | | | (Line 143 * Line 144) | **284,374,836** |
| | **Revenue Credits & Interest on Network Credits** | | | | |
| 146 | **Revenue Credits** | | (Note O) | Attachment 3 | 30,529,264 |
| 147 | **Interest on Network Credits** | | (Note N & O) | Attachment 5 | 0 |
| **148** | **Net Revenue Requirement** | | | **(Line 145 - Line 146 + Line 147)** | **253,845,573** |
| | **Net Plant Carrying Charge** | | | | |
| 149 | Gross Revenue Requirement | | | (Line 144) | **284,374,836** |
| 150 | Net Transmission Plant | | | (Line 19 - Line 32) | **1,246,289,137** |
| 151 | Net Plant Carrying Charge | | | (Line 149 / Line 150) | **22.8177%** |
| 152 | Net Plant Carrying Charge without Depreciation | | | (Line 149 - Line 81) / Line 150 | **19.1669%** |
| 153 | Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes | | | (Line 149 - Line 81 - Line 119 - Line 130) / Line 150 | **6.8154%** |
| | **Net Plant Carrying Charge Calculation per 100 Basis Point increase in ROE** | | | | |
| 154 | Gross Revenue Requirement Less Return and Taxes | | | (Line 144 - Line 137 - Line 138) | **130,439,230** |
| 155 | Increased Return and Taxes | | | Attachment 4 | **164,156,001** |
| 156 | Net Revenue Requirement per 100 Basis Point increase in ROE | | | (Line 154 + Line 155) | **294,595,231** |
| 157 | Net Transmission Plant | | | (Line 19 - Line 32) | **1,246,289,137** |
| 158 | Net Plant Carrying Charge per 100 Basis Point increase in ROE | | | (Line 156 / Line 157) | **23.6378%** |
| 159 | Net Plant Carrying Charge per 100 Basis Point in ROE without Depreciation | | | (Line 156 - Line 81) / Line 157 | **19.9870%** |
| 160 | **Net Revenue Requirement** | | | (Line 148) | **253,845,573** |
| 161 | True-up amount | | | Attachment 6 | **-3,716,600** |
| 162 | Plus any increased ROE calculated on Attachment 7 other than PJM Sch. 12 projects not paid by other PJM transmission zones | | | Attachment 7 | **936,016** |
| 163 | Facility Credits under Section 30.9 of the PJM OATT | | | Attachment 5 | **0** |
| 164 | **Net Zonal Revenue Requirement** | | | (Line 160 + 161 + 162 + 163) | **251,064,988** |
| | **Network Zonal Service Rate** | | | | |
| 165 | 1 CP Peak | | (Note L) | Attachment 5 | **9,686.7** |
| 166 | Rate ($/MW-Year) | | | (Line 164 / 165) | **25,919** |
| **167** | **Network Service Rate ($/MW/Year)** | | | **(Line 166)** | **25,919** |

**Public Service Electric and Gas Company**

**ATTACHMENT H-10A**

**Formula Rate -- Appendix A** **Notes** **FERC Form 1 Page # or Instruction**

**12 Months Ended**
**12/31/2010**

**Shaded cells are input cells**

**Notes**

A Electric portion only
B Calculated using 13-month average balances.
C Includes Transmission portion only. At each annual informational filing, Company will identify for each parcel of land an intended use within a 15 year period.
D Includes all EPRI Annual Membership Dues
E Includes all Regulatory Commission Expenses
F Includes Safety related advertising included in Account 930.1
G Includes Regulatory Commission Expenses directly related to transmission service, RTO filings, or transmission siting itemized in Form 1 at 351.h.
H CWIP can only be included if authorized by the Commission.
I The currently effective income tax rate where FIT is the Federal income tax rate; SIT is the State income tax rate, and p =
the percentage of federal income tax deductible for state income taxes.
J ROE will be supported in the original filing and no change in ROE will be made absent a filing at FERC.
PBOP expense is fixed until changed as the result of a filing at FERC.
Depreciation rates shown in Attachment 8 are fixed until changed as the result of a filing at FERC.
If book depreciation rates are different than the Attachment 8 rates, PSE&G will provide workpapers at the annual update to reconcile formula
depreciation expense and depreciation accruals to FERC Form 1 amounts.
K Education and outreach expenses relating to transmission, for example siting or billing
L As provided for in Section 34.1 of the PJM OATT; the PJM established billing determinants will not be revised or updated in the annual rate reconciliations.
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
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 Transmisison Owner whole on Line 147.
O Expenses reflect full year plan
P The projected capital structure shall reflect the capital structure from the FERC Form 1 data. For all other formula rate calculations, the
projected capital structure and actual capital structure shall reflect the capital structure from the most recent FERC Form 1 data available.
Calculated using the average of the prior year and current year balances.
Q Calculated using beginning and year end projected balances.

END

### Public Service Electric and Gas Company
### ATTACHMENT H-10A
### Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet - December 31,2010

| | *Only Transmission Related* | *Plant Related* | *Labor Related* | *Total ADIT* | |
|---|---|---|---|---|---|
| ***ADIT- 282*** | 0 | (784,527,723) | (2,710,259) | | From Acct. 282 total, below |
| ***ADIT-283*** | (1,781,312) | (93,325,145) | (23,265,958) | | From Acct. 283 total, below |
| ***ADIT-190*** | 1,617,015 | 14,216,746 | 8,333,773 | | From Acct. 190 total, below |
| ***Subtotal*** | (164,297) | (863,636,122) | (17,642,444) | | |
| ***Wages & Salary Allocator*** | | | 9.9036% | | |
| ***Net Plant Allocator*** | | 22.1297% | | | |
| ***End of Year ADIT*** | (164,297) | (191,120,015) | (1,747,230) | **(193,031,542)** | |
| ***End of Previous Year ADIT (from Sheet 1A-ADIT (3))*** | (164,297) | (182,180,505) | (1,493,897) | **(183,838,699)** | |
| ***Average Beginning and End of Year ADIT*** | (164,297) | (186,650,260) | (1,620,563) | **(188,435,121)** | Appendix A, Line 44 |

**Note: ADIT associated with Gain or Loss on Reacquired Debt is included in Column A here and included in Cost of Debt on Appendix A, Line 108**

(37,663,575) < From Acct 283, below

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

| A | B | C | D | E | F | G |
|---|---|---|---|---|---|---|
| ***ADIT-190*** | ***Total*** | ***Gas, Prod Or Other Related*** | ***Only Transmission Related*** | ***Plant Related*** | ***Labor Related*** | ***Justification*** |
| Public Utility Realty Tax (PURTA) | 1,617,015 | - | 1,617,015 | - | - | Property Taxes for Transmission Switching Stations owned in Pennsylvania |
| Additional Maintenance Expense | 1,348,125 | 1,348,125 | - | - | - | Book estimate accrued expenses, generation related taxes |
| Newark Center Renovations | 10,804 | - | - | - | 10,804 | Amort of Renovations of Newark Plaza - General Property |
| New Jersey Corporate Business Tax(NJCBT) | 8,767,009 | - | - | 8,767,009 | - | New Jersey Corporate Income Tax Plant Related- Contra Account of 283 NJCBT |
| NJCBT - Step Up Basis | 150,802,081 | 150,802,081 | - | - | - | New Jersey Corporate Income Tax for Utility - Gets return on but no return of prior book vs tax timing differences |
| ADIT - Real Estate Taxes | 2,289,737 | - | - | 2,289,737 | - | Book estimate accrued and expensed, tax deduction when paid, related to plant |
| Gross Receipts & Franchise Tax(GRAFT) | 756,443 | 756,443 | - | - | - | Retail related |
| Market Transition Charge Revenue | 17,485,019 | 17,485,019 | - | - | - | Stranded cost recovery - generation related |
| Mine Closing Costs | 1,357,594 | 1,357,594 | - | - | - | Book estimate accrued and expensed, tax deduction when paid - Generation related |
| FIN 47 | 1,393 | 1,393 | - | - | - | Asset Retirement Obligation - Legal liability for environmental removal costs |
| Vacation Pay | 3,271,731 | - | - | - | 3,271,731 | Vacation pay earned and expensed for books, tax deduction when paid - employees in all functions |
| OPEB | 220,596,263 | - | - | - | 220,596,263 | Fas 106 - Post Retirement Obligation, labor related. |
| Deferred Dividend Equivalents | 2,645,151 | - | - | - | 2,645,151 | Book accrual of dividends on employee stock options affecting all functions |
| Deferred Compensation | 1,489,821 | - | - | - | 1,489,821 | Book estimate accrued and expensed, tax deduction when paid - employees in all functions |
| ADIT - Interest/AFDC Debt | 3,160,000 | - | - | 3,160,000 | - | Capitalized Interest - Book vs Tax relates to all plant in all funtions |
| ADIT - Unallowable PIP Accrual | 33,970 | - | - | - | 33,970 | Book estimate accrued and expensed, tax deduction when paid - employees in all functions |
| ADIT - Legal Fees | 637,144 | 637,144 | - | - | - | Book estimate accrued and expensed, tax deduction when paid - employees in all functions |
| ADIT - Rev of 1985-1993 Settle Int Exp | (3,102,801) | (3,102,801) | - | - | - | Book estimate accrued and expensed, tax deduction when paid / audit settlement - Generation related |
| ADIT - Interest on Dismantling & Decommissioning | (1,940,681) | (1,940,681) | - | - | - | Book estimate accrued and expensed, tax deduction when paid / audit settlement - Generation related |
| ADIT - SETI Dissolution | 60,619 | 60,619 | - | - | - | Book estimate accrued and expensed, tax deduction when paid / audit settlement - Retail related |
| Minimum Pension Liability | 137,435 | 137,435 | - | - | - | Associated with Pension Liability not in rates |
| FIN 48 Services Allocation | (256,902) | (256,902) | - | - | - | Uncertain Tax Positions - Assets/(Liabilities) not in rates |
| Bankruptcies $ Acfc | (28,555) | (28,555) | - | - | - | Book estimate accrued and expensed, tax deduction when paid - Generation Related |
| Repair Allowance Deferred | (7,811,972) | (7,811,972) | - | - | - | Deferred recovery of lost repair allowance deductions-Retail Related |
| Fin Def. Energy competition Act CT | (5,750,974) | (5,750,974) | - | - | - | Restructuring Costs - Generation related |
| Def Tax Meter Equipment | 202,155 | 202,155 | - | - | - | Book estimate accrued and expensed, tax deduction when paid - Retail - Distribution Meters |
| Unrealized L/G Rabbi Trust | 265,111 | - | - | - | 265,111 | Book estimate accrued and expensed, tax deduction when paid for Executive Compensation |
| | - | - | - | - | - | |
| SECA Income Reversals Due to Reversals | (1,111,971) | (1,111,971) | - | - | - | Related to LSE SECA obligations - retail |
| Estimated Serverance Pay Accruals | 617,185 | - | - | - | 617,185 | Book estimate accrued and expensed, tax deduction when paid - employees in all functions |
| Federal Taxes Deferred | 19,579,108 | - | - | 19,579,108 | - | Fas109 - deferred tax asset primarily associated with items previously flowed through due to regulation |
| Federal Taxes Current | 20,003,476 | - | - | 20,003,476 | - | Fas109 - deferred tax asset primarily associated with items previously flowed through due to regulation |
| Fed Taxes Req Requirement | 16,292,691 | - | - | 16,292,691 | - | Fas109 - deferred tax asset primarily associated with items previously flowed through due to regulation |
| | | - | - | - | - | |
| **Subtotal - p234** | **453,423,224** | **152,784,152** | **1,617,015** | **70,092,021** | **228,930,036** | |
| **Less FASB 109 Above if not separately removed** | 55,875,275 | | | 55,875,275 | | |
| **Less FASB 106 Above if not separately removed** | 220,596,263 | | | | 220,596,263 | |
| **Total** | **176,951,686** | **152,784,152** | **1,617,015** | **14,216,746** | **8,333,773** | |

**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**

**Public Service Electric and Gas Company**
**ATTACHMENT H-10A**
**Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet - December 31,2008**

***Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet***

| A | B | C | D | E | F | G |
|---|---|---|---|---|---|---|
| ***ADIT- 282*** | ***Total*** | ***Gas, Prod Or Other Related*** | ***Only Transmission Related*** | ***Plant Related*** | ***Labor Related*** | ***Justification*** |
| Depreciation - Liberalized Depreciation | (744,313,000) | - | - | 744,313,000) | - | Basis difference resulting from accelerated tax depreciation versus depreciation used for ratemaking purposes - related to all functions |
| Depreciation - Non Utility Property | (87,752,986) | (87,752,986) | - | - | - | Inter-company gain on sale of non-regulated generation assets. |
| Cost of Removal | (37,304,000) | - | - | (37,304,000) | - | Book estimate accrued and expensed, tax deduction when paid.  Retail related - Component of Liberlized Depreciation |
| FERC Normalization | (2,910,723) | - | - | (2,910,723) | - | Reverse South Georgia - Remaining Basis |
| Deffered Taxes on Rabbi Trust | (2,710,259) | - | - | - | (2,710,259) | Book estimate accrued and expensed, tax deduction when paid for Executive Compensation |
| Accounting for Income Taxes | (245,405,730) | - | - | 245,405,730) | - | Fas109 - deferred tax liability primarily associated with plant related items previously flowed through due to regulation |
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| | | | | | | |
| **Subtotal - p275** | **(1,120,396,698)** | **(87,752,986)** | **0** | **(1,029,933,453)** | **(2,710,259)** | |
| **Less FASB 109 Above if not separately removed** | (245,405,730) | | | (245,405,730) | | |
| **Less FASB 106 Above if not separately removed** | 0 | | | | | |
| **Total** | **(874,990,968)** | **(87,752,986)** | **0** | **(784,527,723)** | **(2,710,259)** | |

**Instructions for Account 282:**

**1.  ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C**

**2.  ADIT items related only to Transmission are directly assigned to Column D**

**3.  ADIT items related to Plant and not in Columns C & D are included in Column E**

**4.  ADIT items related to labor and not in Columns C & D are included in Column F**

**5. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded**

**Public Service Electric and Gas Company**
**ATTACHMENT H-10A**
**Attachment 1 - Accumulated Deferred Income Taxes (ADIT) Worksheet - December 31,2008**

| A | B | C | D | E | F | G |
|---|---|---|---|---|---|---|
| | ***Total*** | **Gas, Prod or Other Related** | **Only Transmission Related** | **Plant** | **Labor** | |
| ***ADIT-283*** | | | | | | |
| Fin 48 | (26,140,626) | (26,140,626) | - | - | - | Uncertain Tax Positions - Assets/(Liabilities) not in rates |
| Securitization Regulatory Asset | 975,438,224 | 975,438,224 | - | - | - | Generation Related (Securitization of Stranded Costs) |
| Securitization - Federal | (1,292,307,692) | (1,292,307,692) | - | - | - | Generation Related (Securitization of Stranded Costs) |
| Securitization - State | (365,173,288) | (365,173,288) | - | - | - | Generation Related (Securitization of Stranded Costs) |
| Amortization of Hope Creek License Costs | (649,571) | (649,571) | - | - | - | Book vs Tax Difference - Generation Related |
| Environmental Cleanup Costs | 19,891,668 | 19,891,668 | - | - | - | Book estimate accrued and expensed, tax deduction when paid - Manufacturered Gas Plants |
| Company-Owned Life Insurance (COLI) | (3,746,320) | (3,746,320) | - | - | - | Related to Uncertain Tax Position (FIN 48) which will be reclassified and not in rates. |
| New Jersey Corporation Business Tax | (55,661,570) | - | - | (55,661,570) | - | New Jersey Corporate Income Tax - Plant Related- Contra Account of 190 NJCBT |
| Obsolete Material Write Off | 5,751,926 | 5,751,926 | - | - | - | Book accrued writeoff, tax deduction when actually disposed of - Generation Related |
| Fuel Cost Adjustment | (46,611,271) | (46,611,271) | - | - | - | Book deferral of Underrecovered Fuel Costs - Retail Related |
| Accelerated Acitivity Plan | (19,735,595) | (19,735,595) | - | - | - | Demand Side management and Associated Programs - Retail Related |
| Take-or-Pay Costs | 913,793 | 913,793 | - | - | - | Gas Supply Contracts |
| Other Contract Cancellations | (7,904,692) | (7,904,692) | - | - | - | Generation Related (Non-Utility Asset/Liability) |
| Other Computer Software | (13,135,754) | - | - | - | (13,135,754) | Accelerated Amortization of Computer Software - General Plant |
| Loss on Reacquired Debt | (37,663,575) | - | - | (37,663,575) | - | Tax deduction when reacquired, booked amortizes to expense |
| Additional Pension Deduction | (102,469,084) | (102,469,084) | - | - | - | Associated with Pension Liability not in rates |
| Amortization of Peach Bottom HWC | (689,765) | (689,765) | - | - | - | Generation Related (Non-Utility Asset/Liability) |
| Radioactive Waste Storage Costs | (1,092,677) | (1,092,677) | - | - | - | Generation Related (Non-Utility Asset/Liability) |
| Severance Pay Costs | (9,989,408) | - | - | - | (9,989,408) | Book estimate accrued and expensed, tax deduction when paid related to all employees |
| Repair Allowance-Reverse Amortization | (2,914,581) | (2,914,581) | - | - | - | Retail Related - Electric Distribution |
| Public Utility Realty Tax Assessment (PURPA) | (1,781,312) | - | (1,781,312) | - | - | Property Taxes for Transmission Switching Stations owned in Pennsylvania . |
| Federal Excise Tax Fuel Refunds | (137,133) | - | - | - | (137,133) | Vehicle Fuel Tax - General |
| Decommissioning and Decontamination Costs | 12,603,383 | 12,603,383 | - | - | - | Payments to DOE - Generation Related |
| Emission Allowance Sales | 2,868,153 | 2,868,153 | - | - | - | Sales of Emission Allowances - Generation Related |
| Interest Expense Ajustment | (2,001,557) | (2,001,557) | - | - | - | Generation Related (Non-Utility Asset/Liability) |
| Capitalization of Study Costs | (2,009,586) | (2,009,586) | - | - | - | Generation Related (Non-Utility Asset/Liability) |
| Budget Billing - Audit Settlement | 6 | 6 | - | - | - | Old Unbilled Revenue Issue - Retail Related |
| Lightnet Agreeement - Audit Settlement | 123,968 | 123,968 | - | - | - | Fiber Optics - Electric Distribution - Retail Related |
| Mescalero Radioactive Wast Storage Costs | 158,378 | 158,378 | - | - | - | Generation Related (Non-Utility Asset/Liability) |
| Sale of Call Option | (70) | (70) | - | - | - | Book amortization expensed, tax deduction when occurred. - Retail Related - distribution property |
| Vacation Pay Adjustment | (3,663) | - | - | - | (3,663) | Book estimate accrued and expensed, tax deduction when paid relating to all employees |
| Purchase Power - Audit Settlement | 724,038 | 724,038 | - | - | - | Puchased Power Settlements - Generation Related |
| Crude Oil Refunds | 1,570,058 | 1,570,058 | - | - | - | Generation Related (Non-Utility Asset/Liability) |
| | - | - | - | - | - | Generation Related (Non-Utility Asset/Liability) |
| Peach Bottom Interim Fuel Storage | (852,372) | (852,372) | - | - | - | Interim Nuclear Fuel Storage Costs - Generation Related |
| Amort UCUA Property Loss | 15 | 15 | - | - | - | Generation Related (Non-Utility Asset/Liability) |
| New Network Metering Equipment | (201,674) | (201,674) | - | - | - | New Upgraded Meter Equipments - Retail Related - Distribution Meters |
| Accounting for Income Taxes (FAS109) - Federal | (40,824,693) | - | - | (40,824,693) | - | Fas109 - deferred tax liability primarily non-plant related items previously flowed through due to regulation |
| Accounting for Income Taxes (FAS109) - State | (3,529,662) | - | - | (3,529,662) | - | Fas109 - deferred tax liability primarily non-plant related items previously flowed through due to regulation |
| Accounting for Income Taxes (FAS109) - Regulatory Requirement | (201,265,607) | - | - | (201,265,607) | - | Fas109 - gross-up |
| power (Deferred Project Costs) | (3,771,000) | (3,771,000) | - | - | - | Book Deferred Project Costs |
| | | | | | | |
| **Subtotal - p277** | **(1,222,220,188)** | **(858,227,811)** | **(1,781,312)** | **(338,945,107)** | **(23,265,958)** | |
| **Less FASB 109 Above if not separately removed** | (245,619,962) | | | (245,619,962) | | |
| **Less FASB 106 Above if not separately removed** | - | | | | | |
| **Total** | **(976,600,226)** | **(858,227,811)** | **(1,781,312)** | **(93,325,145)** | **(23,265,958)** | |

**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**

### Public Service Electric and Gas Company
### ATTACHMENT H-10A
### Attachment 1A - Accumulated Deferred Income Taxes (ADIT) Worksheet - December 31,2009

| | *Only Transmission Related* | *Plant Related* | *Labor Related* | *Total ADIT* | |
|---|---|---|---|---|---|
| ***ADIT- 282*** | 0 | (740,486,723) | (2,710,259) | | From Acct. 282 total, below |
| ***ADIT-283*** | (1,781,312) | (91,599,145) | (20,707,958) | | From Acct. 283 total, below |
| ***ADIT-190*** | 1,617,015 | 8,845,746 | 8,333,773 | | From Acct. 190 total, below |
| ***Subtotal*** | (164,297) | (823,240,122) | (15,084,444) | | |
| ***Wages & Salary Allocator*** | | | 9.9036% | | |
| ***Net Plant Allocator*** | | 22.1297% | | | |
| ***End of Year ADIT*** | (164,297) | (182,180,505) | (1,493,897) | **(183,838,699)** | |

**Note: ADIT associated with Gain or Loss on Reacquired Debt is included in Column A here and included in Cost of Debt on Appendix A, Line 108**

(35,937,575) < From Acct 283, below

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

| A | B | C | D | E | F | G |
|---|---|---|---|---|---|---|
| ***ADIT-190*** | *Total* | *Gas, Prod Or Other Related* | *Only Transmission Related* | *Plant Related* | *Labor Related* | *Justification* |
| Public Utility Realty Tax (PURTA) | 1,617,015 | - | 1,617,015 | - | - | Property Taxes for Transmission Switching Stations owned in Pennsylvania |
| Additional Maintenance Expense | 1,348,125 | 1,348,125 | - | - | - | Book estimate accrued expenses, generation related taxes |
| Newark Center Renovations | 10,804 | - | - | - | 10,804 | Amort of Renovations of Newark Plaza - General Property |
| New Jersey Corporate Business Tax(NJCBT) | 3,396,009 | - | - | 3,396,009 | - | New Jersey Corporate Income Tax Plant Related- Contra Account of 283 NJCBT |
| NJCBT - Step Up Basis | 159,673,081 | 159,673,081 | - | - | - | New Jersey Corporate Income Tax for Utility - Gets return on but no return of prior book vs tax timing differences |
| ADIT - Real Estate Taxes | 2,289,737 | - | - | 2,289,737 | - | Book estimate accrued and expensed, tax deduction when paid, related to plant |
| Gross Receipts & Franchise Tax(GRAFT) | 756,443 | 756,443 | - | - | - | Retail related |
| Market Transition Charge Revenue | 17,485,019 | 17,485,019 | - | - | - | Stranded cost recovery - generation related |
| Mine Closing Costs | 1,357,594 | 1,357,594 | - | - | - | Book estimate accrued and expensed, tax deduction when paid - Generation related |
| FIN 47 | 1,393 | 1,393 | - | - | - | Asset Retirement Obligation - Legal liability for environmental removal costs |
| Vacation Pay | 3,271,731 | - | - | - | 3,271,731 | Vacation pay earned and expensed for books, tax deduction when paid - employees in all functions |
| OPEB | 220,596,263 | - | - | - | 220,596,263 | FASB 106 - Post Retirement Obligation, labor related. |
| Deferred Dividend Equivalents | 2,645,151 | - | - | - | 2,645,151 | Book accrual of dividends on employee stock options affecting all functions |
| Deferred Compensation | 1,489,821 | - | - | - | 1,489,821 | Book estimate accrued and expensed, tax deduction when paid - employees in all functions |
| ADIT - Interest/AFDC Debt | 3,160,000 | - | - | 3,160,000 | - | Capitalized Interest - Book vs Tax relates to all plant in all functions |
| ADIT - Unallowable PIP Accrual | 33,970 | - | - | - | 33,970 | Book estimate accrued and expensed, tax deduction when paid - employees in all functions |
| ADIT - Legal Fees | 637,144 | 637,144 | - | - | - | Book estimate accrued and expensed, tax deduction when paid - employees in all functions |
| ADIT - Rev of 1985-1993 Settle Int Exp | (3,102,801) | (3,102,801) | - | - | - | Book estimate accrued and expensed, tax deduction when paid / audit settlement - Generation related |
| ADIT - Interest on Dismantling & Decommissioning | (1,940,681) | (1,940,681) | - | - | - | Book estimate accrued and expensed, tax deduction when paid / audit settlement - Generation related |
| ADIT - SETI Dissolution | 60,619 | 60,619 | - | - | - | Book estimate accrued and expensed, tax deduction when paid / audit settlement - Retail related |
| Bankruptcies $ Acfc | 137,435 | 137,435 | - | - | - | Book estimate accrued and expensed, tax deduction when paid - Generation Related |
| Repair Allowance Deferred | (256,902) | (256,902) | - | - | - | Deferred recovery of lost repair allowance deductions-Retail Related |
| Fin Def. Energy competition Act CT | (28,555) | (28,555) | - | - | - | Restructuring Costs - Generation related |
| Def Tax Meter Equipment | (12,811,972) | (12,811,972) | - | - | - | Book estimate accrued and expensed, tax deduction when paid - Retail - Distribution Meters |
| Unrealized L/G Rabbi Trust | (5,750,974) | (5,750,974) | - | - | - | Book estimate accrued and expensed, tax deduction when paid for Executive Compensation |
| Reserve for SECA | 202,155 | 202,155 | - | - | - | Related to LSE SECA obligations - retail |
| Estimated Severance Pay Accruals | 265,111 | - | - | - | 265,111 | Book estimate accrued and expensed, tax deduction when paid - employees in all functions |
| Federal Taxes Deferred | 19,579,108 | - | - | 19,579,108 | - | FASB 109 - deferred tax asset primarily associated with items previously flowed through due to regulation |
| Federal Taxes Current | 18,891,505 | (1,111,971) | - | 20,003,476 | - | FASB 109 - deferred tax asset primarily associated with items previously flowed through due to regulation |
| Fed Taxes Reg Requirement | 16,909,876 | - | - | 16,292,691 | 617,185 | FASB 109 - deferred tax asset primarily associated with items previously flowed through due to regulation |
| **Subtotal - p234** | **451,923,224** | **156,655,152** | **1,617,015** | **64,721,021** | **228,930,036** | |
| **Less FASB 109 Above if not separately removed** | 55,875,275 | | | 55,875,275 | | |
| **Less FASB 106 Above if not separately removed** | 220,596,263 | | | | 220,596,263 | |
| **Total** | **175,451,686** | **156,655,152** | **1,617,015** | **8,845,746** | **8,333,773** | |

**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**

### Public Service Electric and Gas Company
### ATTACHMENT H-10A
### Attachment 1A - Accumulated Deferred Income Taxes (ADIT) Worksheet - December 31,2009

| A | B | C | D | E | F | G |
|---|---|---|---|---|---|---|
| *ADIT- 282* | *Total* | *Gas, Prod Or Other Related* | *Only Transmission Related* | *Plant Related* | *Labor Related* | *Justification* |
| Depreciation - Liberalized Depreciation | (715,313,000) | - | - | (715,313,000) | | Basis difference resulting from accelerated tax depreciation versus depreciation used for ratemaking purposes - related to all functions |
| Depreciation - Non Utility Property | (96,752,986) | (96,752,986) | - | - | | Inter-company gain on sale of non-regulated generation assets. |
| Cost of Removal | (22,263,000) | - | - | (22,263,000) | | Book estimate accrued and expensed, tax deduction when paid.  Retail related - Component of Liberalized Depreciation |
| FERC Normalization | (2,910,723) | - | - | (2,910,723) | | Reverse South Georgia - Remaining Basis |
| Deferred Taxes on Rabbi Trust | (2,710,259) | - | - | - | (2,710,259) | Book estimate accrued and expensed, tax deduction when paid for Executive Compensation |
| Accounting for Income Taxes | (247,073,730) | - | - | (247,073,730) | - | FASB B 109 - deferred tax liability primarily associated with plant related items previously flowed through due to regulation |
| | | | | | | |
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| | | | | | | |
| **Subtotal - p275** | **(1,087,023,698)** | **(96,752,986)** | **0** | **(987,560,453)** | **(2,710,259)** | |
| **Less FASB 109 Above if not separately removed** | (247,073,730) | | | (247,073,730) | | |
| **Less FASB 106 Above if not separately removed** | 0 | | | | | |
| **Total** | **(839,949,968)** | **(96,752,986)** | **0** | **(740,486,723)** | **(2,710,259)** | |

**Instructions for Account 282:**

**1.  ADIT items related only to Non-Electric Operations (e.g., Gas, Water, Sewer) or Production are directly assigned to Column C**

**2.  ADIT items related only to Transmission are directly assigned to Column D**

**3.  ADIT items related to Plant and not in Columns C & D are included in Column E**

**4.  ADIT items related to labor and not in Columns C & D are included in Column F**

**5. Deferred income taxes arise when items are included in taxable income in different periods than they are included in rates, therefore if the item giving rise to the ADIT is not included in the formula, the associated ADIT amount shall be excluded**

### Public Service Electric and Gas Company
### ATTACHMENT H-10A
### Attachment 1A - Accumulated Deferred Income Taxes (ADIT) Worksheet - December 31,2009

| A | B | C | D | E | F | G |
|---|---|---|---|---|---|---|
| | *Total* | Gas, Prod or Other Related | Only Transmission Related | Plant | Labor | |
| Fin 48 | (26,140,626) | (26,140,626) | - | - | - | Uncertain Tax Positions - Assets/(Liabilities) not in rates |
| Securitization Regulatory Asset | 363,325,224 | 363,325,224 | - | - | - | Generation Related (Securitization of Stranded Costs) |
| Securitization - Federal | (1,292,307,692) | (1,292,307,692) | - | - | - | Generation Related (Securitization of Stranded Costs) |
| Securitization - State | (365,173,288) | (365,173,288) | - | - | - | Generation Related (Securitization of Stranded Costs) |
| Amortization of Hope Creek License Costs | (649,571) | (649,571) | - | - | - | Book vs Tax Difference - Generation Related |
| Environmental Cleanup Costs | 19,891,668 | 19,891,668 | - | - | - | Book estimate accrued and expensed, tax deduction when paid - Manufactured Gas Plants |
| Company-Owned Life Insurance (COLI) | (3,746,320) | (3,746,320) | - | - | - | Related to Uncertain Tax Position (FIN 48), which will be reclassified and not in rates. |
| New Jersey Corporation Business Tax | (55,661,570) | - | - | (55,661,570) | - | New Jersey Corporate Income Tax - Plant Related- Contra Account of 190 NJCBT |
| Obsolete Material Write Off | 5,751,926 | 5,751,926 | - | - | - | Book accrued write-off, tax deduction when actually disposed of - Generation Related |
| Fuel Cost Adjustment | (46,611,271) | (46,611,271) | - | - | - | Book deferral of Underrecovered Fuel Costs - Retail Related |
| Accelerated Activity Plan | (19,735,595) | (19,735,595) | - | - | - | Demand Side management and Associated Programs - Retail Related |
| Take-or-Pay Costs | 913,793 | 913,793 | - | - | - | Gas Supply Contracts |
| Other Contract Cancellations | (7,904,692) | (7,904,692) | - | - | - | Generation Related (Non-Utility Asset/Liability) |
| Other Computer Software | (10,577,754) | - | - | - | (10,577,754) | Accelerated Amortization of Computer Software - General Plant |
| Loss on Reacquired Debt | (35,937,575) | - | - | (35,937,575) | - | Tax deduction when reacquired, booked amortizes to expense |
| Additional Pension Deduction | (99,469,084) | (99,469,084) | - | - | - | Associated with Pension Liability not in rates |
| Amortization of Peach Bottom HWC | (689,765) | (689,765) | - | - | - | Generation Related (Non-Utility Asset/Liability) |
| Radioactive Waste Storage Costs | (1,092,677) | (1,092,677) | - | - | - | Generation Related (Non-Utility Asset/Liability) |
| Severance Pay Costs | (9,989,408) | - | - | - | (9,989,408) | Book estimate accrued and expensed, tax deduction when paid related to all employees |
| Repair Allowance-Reverse Amortization | (2,914,581) | (2,914,581) | - | - | - | Retail Related - Electric Distribution |
| Public Utility Realty Tax Assessment (PURPA) | (1,781,312) | - | (1,781,312) | - | - | Property Taxes for Transmission Switching Stations owned in Pennsylvania |
| Federal Excise Tax Fuel Refunds | (137,133) | - | - | - | (137,133) | Vehicle Fuel Tax - General |
| Decommissioning and Decontamination Costs | 12,603,383 | 12,603,383 | - | - | - | Payments to DOE - Generation Related |
| Emission Allowance Sales | 2,868,153 | 2,868,153 | - | - | - | Sales of Emission Allowances - Generation Related |
| Interest Expense Adjustment | (2,001,557) | (2,001,557) | - | - | - | Generation Related (Non-Utility Asset/Liability) |
| Capitalization of Study Costs | (2,009,586) | (2,009,586) | - | - | - | Generation Related (Non-Utility Asset/Liability) |
| Budget Billing - Audit Settlement | 6 | 6 | - | - | - | Old Unbilled Revenue Issue - Retail Related |
| Lightnet Agreement - Audit Settlement | 123,968 | 123,968 | - | - | - | Fiber Optics - Electric Distribution - Retail Related |
| Mescalero Radioactive Waste Storage Costs | 158,378 | 158,378 | - | - | - | Generation Related (Non-Utility Asset/Liability) |
| Sale of Call Option | (70) | (70) | - | - | - | Book amortization expensed, tax deduction when occurred. - Retail Related - distribution property |
| Vacation Pay Adjustment | (3,663) | - | - | - | (3,663) | Book estimate accrued and expensed, tax deduction when paid relating to all employees |
| Purchase Power - Audit Settlement | 724,038 | 724,038 | - | - | - | Purchased Power Settlements - Generation Related |
| Crude Oil Refunds | 1,570,058 | 1,570,058 | - | - | - | Generation Related (Non-Utility Asset/Liability) |
| Loss of Union County Utility Authority | - | - | - | - | - | Generation Related (Non-Utility Asset/Liability) |
| Peach Bottom Interim Fuel Storage | (852,372) | (852,372) | - | - | - | Interim Nuclear Fuel Storage Costs - Generation Related |
| New Network Metering Equipment | 15 | 15 | - | - | - | New Upgraded Meter Equipments - Retail Related - Distribution Meters |
| Accounting for Income Taxes (FAS109) - Federal | (41,026,367) | (201,674) | - | (40,824,693) | - | FASB 109 - deferred tax liability primarily non-plant related items previously flowed through due to regulation |
| Accounting for Income Taxes (FAS109) - State | (3,529,662) | - | - | (3,529,662) | - | FASB 109 - deferred tax liability primarily non-plant related items previously flowed through due to regulation |
| Accounting for Income Taxes (FAS109) - Regulatory Requirement | (201,265,607) | - | - | (201,265,607) | - | FASB 109 - gross-up |
| Ipower (Deferred Project Costs) | (3,771,000) | (3,771,000) | | | | Book Deferred Project Costs |
| **Subtotal - p277** | **(1,327,049,188)** | **(967,340,811)** | **(1,781,312)** | **(337,219,107)** | **(20,707,958)** | |
| **Less FASB 109 Above if not separately removed** | (245,821,636) | | | (245,619,962) | | |
| **Less FASB 106 Above if not separately removed** | - | | | | | |
| **Total** | **(1,081,227,552)** | **(967,340,811)** | **(1,781,312)** | **(91,599,145)** | **(20,707,958)** | |

**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**

### Public Service Electric and Gas Company
### ATTACHMENT H-10A
### Attachment 2 - Taxes Other Than Income Worksheet - December 31, 2010

| | *Other Taxes* | *Page 263 Col (i)* | *Allocator* | *Allocated Amount* | |
|---|---|---|---|---|---|
| | ***Plant Related*** | | | | |
| 1 | Real Estate | 18,720,000 | | | Attachment #5 |
| 2 | ***Total Plant Related*** | 18,720,000 | N/A | 8,500,000 | |
| | ***Labor Related*** | | ***Wages & Salary Allocator*** | | |
| 3 | FICA | 10.247.766 | | | |
| 4 | Federal Unemployment Tax | 231,374 | | | |
| 5 | New Jersey Unemployment Tax | 494,106 | | | |
| 6 | New Jersey Workforce Development | 484,273 | | | |
| 7 | | | | | |
| 8 | ***Total Labor Related*** | 11,457,519 | 9.9036% | 1,134,702 | |
| | ***Other Included*** | | ***Net Plant Allocator*** | | |
| 9 | | | | | |
| 10 | | | | | |
| 11 | | | | | |
| 12 | | | | | |
| 13 | ***Total Other Included*** | 0 | 22.1297% | 0 | |
| 14 | ***Total Included (Lines 8 + 14 + 19)*** | **30,177,519** | | **9,634,702** | |
| | ***Currently Excluded*** | | | | |
| 15 | Corporate Business Tax | | | | |
| 16 | TEFA | 97,756,177 | | | |
| 17 | Use & Sales Tax | | | | |
| 18 | Local Franchise Tax | | | | |
| 19 | PA Corporate Income Tax | | | | |
| 20 | Municipal Utility | | | | |
| 21 | Public Utility Fund | | | | |
| 22 | **Subtotal, Excluded** | 97,756,177 | | | |
| 23 | **Total, Included and Excluded (Line 20 + Line 28)** | 127,933,696 | | | |
| 24 | **Total Other Taxes from p114.14.g - Actual** | 127,933,696 | | | |
| 25 | Difference (Line 29 - Line 30) | - | | | |

Criteria for Allocation:

A Other taxes that are incurred through ownership of plant including transmission plant will be allocated based on the Net Plant Allocator. If the taxes are 100% recovered at retail they shall not be included. Real Estate taxes are directly assigned to Transmission.

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 shall 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 Net 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.

## Public Service Electric and Gas Company
## ATTACHMENT H-10A
## Attachment 3 - Revenue Credit Workpaper - December 31, 2010

| | | | |
|---|---|---|---|
| | **Accounts 450 & 451** | | |
| 1 | Late Payment Penalties Allocated to Transmission | | 0 |
| | **Account 454 - Rent from Electric Property** | | |
| 2 | Rent from Electric Property - Transmission Related (Note 2) | | 516,000 |
| | **Account 456 - Other Electric Revenues** | | |
| 3 | Transmission for Others | | 0 |
| 4 | Schedule 1A | | 5,065,000 |
| 5 | 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) | | 0 |
| 6 | Point to Point Service revenues for which the load is not included in the divisor received by Transmission Owner | | 2,000,000 |
| 7 | Professional Services (Note 2) | | 100,000 |
| 8 | Revenues from Directly Assigned Transmission Facility Charges (Note 1) | | 22,063,000 |
| 9 | Rent or Attachment Fees associated with Transmission Facilities (Note 2) | | 4,122,000 |
| 10 | Gross Revenue Credits | (Sum Lines 1-9) | **33,866,000** |
| 11 | Less line 18 | - line 18 | (3,336,737) |
| 12 | Total Revenue Credits | line 10 + line 11 | **30,529,264** |
| 13 | Revenues associated with lines 2, 7, and 9 (Note 2) | | 4,738,000 |
| 14 | Income Taxes associated with revenues in line 13 | | 1,935,473 |
| 15 | One half margin (line 13 - line 14)/2 | | 1,401,264 |
| 16 | All expenses (other than income taxes) associated with revenues in line 13 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. | | - |
| 17 | Line 15 plus line 16 | | 1,401,264 |
| 18 | Line 13 less line 17 | | 3,336,737 |

Note 1 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.

Note 2 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). PSE&G will retain 50% of net revenues consistent with *Pacific Gas and Electric Company*, 90 FERC ¶ 61,314. Note: in order to use lines 13-18, 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).

# Public Service Electric and Gas Company
## ATTACHMENT H-10A
## Attachment 4 - Calculation of 100 Basis Point Increase in ROE

| | | | | |
|---|---|---|---|---|
| | Return and Taxes with 100 Basis Point increase in ROE | | | |
| A | 100 Basis Point increase in ROE and Income Taxes | | Line 27 + Line 42 from below | 164,156,001 |
| B | 100 Basis Point increase in ROE | | | 1.00% |

### Return Calculation

| | | | Appendix A Line or Source Reference | |
|---|---|---|---|---|
| 1 | **Rate Base** | | (Line 43 + Line 57) | 1,195,825,036 |
| 2 | **Long Term Interest** | | p117.62.c through 67.c | 193,848,362 |
| 3 | **Preferred Dividends** | enter positive | p118.29.d | 3,987,876 |
| | **Common Stock** | | | |
| 4 | Proprietary Capital | | Attachment 5 | 3,549,490,730 |
| 5 | Less Accumulated Other Comprehensive Income Account 219 | | p112.15.c | 2,220,567 |
| 6 | Less Preferred Stock | | (Line 106) | 79,523,400 |
| 7 | Less Account 216.1 | | Attachment 5 | 4,006,682 |
| 8 | Common Stock | | (Line 96 - 97 - 98 - 99) | 3,463,740,081 |
| | **Capitalization** | | | |
| 9 | Long Term Debt | | Attachment 5 | 3,438,111,677 |
| 10 | Less Loss on Reacquired Debt | | Attachment 5 | 95,892,748 |
| 11 | Plus Gain on Reacquired Debt | | Attachment 5 | 0 |
| 12 | Less ADIT associated with Gain or Loss | | Attachment 5 | 33,905,934 |
| 13 | Total Long Term Debt | | (Line 101 - 102 + 103 - 104 ) | 3,308,312,995 |
| 14 | Preferred Stock | | Attachment 5 | 79,523,400 |
| 15 | Common Stock | | (Line 100) | 3,463,740,081 |
| 16 | Total Capitalization | | (Sum Lines 105 to 107) | 6,851,576,476 |
| 17 | Debt % | Total Long Term Debt | (Line 105 / Line 108) | 48.3% |
| 18 | Preferred % | Preferred Stock | (Line 106 / Line 108) | 1.2% |
| 19 | Common % | Common Stock | (Line 107 / Line 108) | 50.6% |
| 20 | Debt Cost | Total Long Term Debt | (Line 94 / Line 105) | 0.0586 |
| 21 | Preferred Cost | Preferred Stock | (Line 95 / Line 106) | 0.0501 |
| 22 | Common Cost | Common Stock | (Line 114 + 100 basis points) | 0.1268 |
| 23 | Weighted Cost of Debt | Total Long Term Debt (WCLTD) | (Line 109 * Line 112) | 0.0283 |
| 24 | Weighted Cost of Preferred | Preferred Stock | (Line 110 * Line 113) | 0.0006 |
| 25 | Weighted Cost of Common | Common Stock | (Line 111 * Line 114) | 0.0641 |
| 26 | **Rate of Return on Rate Base ( ROR )** | | **(Sum Lines 115 to 117)** | **0.0930** |
| 27 | **Investment Return = Rate Base * Rate of Return** | | **(Line 58 * Line 118)** | **111,184,129** |

### Composite Income Taxes

| | | | | |
|---|---|---|---|---|
| | **Income Tax Rates** | | | |
| 28 | FIT=Federal Income Tax Rate | | | 35.00% |
| 29 | SIT=State Income Tax Rate or Composite | | | 9.00% |
| 30 | p = percent of federal income tax deductible for state purposes | | Per State Tax Code | 0.00% |
| 31 | T | T=1 - {[(1 - SIT) * (1 - FIT)] / (1 - SIT * FIT * p)} = | | 40.85% |
| 35 | CIT = T / (1-T) | | | 69.06% |
| 36 | 1 / (1-T) | | | 169.06% |
| | **ITC Adjustment** | | | |
| 37 | Amortized Investment Tax Credit | enter negative | Attachment 5 | -1,198,000 |
| 38 | 1/(1-T) | | 1 / (1 - Line 123) | 169% |
| 39 | Net Plant Allocation Factor | | (Line 18) | 22.1297% |
| 40 | **ITC Adjustment Allocated to Transmission** | | (Line 125 * Line 126 * Line 127) | **-448,206** |
| 41 | **Income Tax Component =** | CIT=(T/1-T) * Investment Return * (1-(WCLTD/R)) = | | 53,420,077 |
| 42 | **Total Income Taxes** | | | **52,971,872** |

# Public Service Electric and Gas Company
## ATTACHMENT H-10A
## Attachment 5 - Cost Support - December 31, 2010

### Electric / Non-electric Cost Support

| | | | | Previous Year | Current Year - 2010 Projected | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Line #s** | **Descriptions** | **Notes** | **Page #'s & Instructions** | **Form 1Dec** | **Jan** | **Feb** | **Mar** | **Apr** | **May** | **Jun** | **Jul** | **Aug** | **Sep** | **Oct** | **Nov** | **Form 1 Dec** | **Average** | **Non-electric Portion** |
| | **Plant Allocation Factors** | | | | | | | | | | | | | | | | | |
| 6 | Electric Plant in Service | (Note B) | p207.104g | 8,020,657,074 | 8,054,589,466 | 8,093,743,442 | 8,136,043,723 | 8,181,990,037 | 8,223,548,638 | 8,347,822,352 | 8,410,205,802 | 8,459,928,681 | 8,508,036,154 | 8,567,896,375 | 8,620,004,723 | 8,752,184,351 | 8,336,665,448 | |
| 7 | Common Plant in Service - Electric | (Note B) | p356 | 112,402,750 | 113,192,600 | 113,875,799 | 114,672,272 | 115,718,335 | 116,737,365 | 117,742,178 | 118,586,942 | 119,434,371 | 120,223,310 | 120,925,623 | 121,627,937 | 113,201,999 | 116,795,499 | |
| 9 | Accumulated Depreciation (Total Electric Plant) | (Note B & J) | p219.29c | 2,603,925,503 | 2,613,219,737 | 2,619,509,868 | 2,626,359,355 | 2,634,739,502 | 2,644,361,299 | 2,654,994,543 | 2,665,350,393 | 2,675,834,675 | 2,684,651,601 | 2,692,049,088 | 2,700,823,840 | 2,710,113,014 | 2,655,840,955 | |
| 10 | Accumulated Intangible Amortization | (Note B) | p200.21c | 3,616 | 4,191 | 4,766 | 5,340 | 5,915 | 6,489 | 7,064 | 7,638 | 8,213 | 8,788 | 9,362 | 9,937 | 10,511 | 7,064 | |
| 11 | Accumulated Common Plant Depreciation - Electric | (Note B & J) | p356 | 30,752,623 | 31,330,267 | 31,808,278 | 32,314,893 | 32,832,753 | 33,307,195 | 33,847,886 | 34,397,269 | 34,955,360 | 35,522,125 | 36,096,215 | 36,677,630 | 28,138,125 | 33,229,278 | |
| 12 | Accumulated Common Amortization - Electric | (Note B) | p356 | 0 | - | - | - | - | - | - | - | - | - | - | - | - | 0 | |
| | **Plant In Service** | | | | | | | | | | | | | | | | | |
| 19 | Transmission Plant in Service | (Note B) | p207.58.g | 1,910,140,625 | 1,912,947,541 | 1,916,198,196 | 1,923,704,722 | 1,931,821,970 | 1,936,392,217 | 1,969,944,465 | 1,988,437,659 | 1,989,930,852 | 1,995,827,602 | 2,018,278,713 | 2,035,191,184 | 2,131,172,017 | 1,973,845,213 | |
| 20 | General | (Note B) | p207.99.g | 226,303,661 | 225,664,439 | 225,256,421 | 225,348,403 | 227,192,042 | 229,035,681 | 230,410,482 | 232,149,927 | 233,768,314 | 235,135,951 | 234,898,483 | 234,984,465 | 234,081,447 | 230,325,363 | |
| 21 | Intangible - Electric | (Note B) | p205.5.g | 34,473 | 34,473 | 34,473 | 34,473 | 34,473 | 34,473 | 34,473 | 34,473 | 34,473 | 34,473 | 34,473 | 34,473 | 34,473 | 34,473 | |
| 22 | Common Plant in Service - Electric | (Note B) | p356 | 112,402,750 | 113,192,600 | 113,875,799 | 114,672,272 | 115,718,335 | 116,737,365 | 117,742,178 | 118,586,942 | 119,434,371 | 120,223,310 | 120,925,623 | 121,627,937 | 113,201,999 | 116,795,499 | |
| 24 | General Plant Account 397 -- Communications | (Note B) | p207.94g | 33,239,404 | 32,938,487 | 32,637,571 | 32,336,654 | 32,035,737 | 31,734,821 | 31,433,904 | 31,132,987 | 30,832,071 | 30,531,154 | 30,230,237 | 29,929,321 | 29,628,404 | 31,433,904 | |
| 25 | Common Plant Account 397 -- Communications | (Note B) | p356 | 14,985,645 | 14,985,645 | 14,985,645 | 14,985,645 | 14,985,645 | 14,985,645 | 14,985,645 | 14,985,645 | 14,985,645 | 14,985,645 | 14,985,645 | 14,985,645 | 5,856,890 | 14,283,433 | |
| 29 | Account No. 397 Directly Assigned to Transmission | (Note B) | Company Records | 16,624,076 | 16,624,076 | 16,624,076 | 16,624,076 | 16,624,076 | 16,624,076 | 16,624,076 | 16,624,076 | 16,624,076 | 16,624,076 | 16,624,076 | 16,624,076 | 16,624,076 | 16,624,076 | |
| | **Accumulated Depreciation** | | | | | | | | | | | | | | | | | |
| 32 | Transmission Accumulated Depreciation | (Note B & J) | p219.25.c | 721,456,048 | 722,931,704 | 721,790,781 | 721,411,632 | 722,279,159 | 724,008,777 | 726,490,949 | 728,910,803 | 731,317,144 | 732,866,905 | 733,895,598 | 734,846,098 | 736,023,390 | 727,556,076 | |
| 33 | Accumulated General Depreciation | (Note B & J) | p219.28.b | 101,543,330 | 101,351,499 | 100,890,672 | 100,431,902 | 99,911,042 | 99,409,849 | 98,924,924 | 98,462,050 | 98,016,125 | 97,584,887 | 96,012,654 | 95,581,466 | 95,062,379 | 98,706,367 | |
| 1 | Accumulated Common Plant Depreciation - Electric | (Note B & J) | p356 | 30,752,623 | 31,330,267 | 31,808,278 | 32,314,893 | 32,832,753 | 33,307,195 | 33,847,886 | 34,397,269 | 34,955,360 | 35,522,125 | 36,096,215 | 36,677,630 | 28,138,125 | 33,229,278 | |
| 35 | Amount of General Depreciation Associated with Acct. 397 | (Note B & J) | Company Records | 25,792,935 | 25,796,151 | 25,796,859 | 25,795,059 | 25,790,752 | 25,783,937 | 25,774,615 | 25,762,784 | 25,748,447 | 25,731,601 | 25,712,248 | 25,690,387 | 16,537,264 | 25,054,849 | |
| 41 | Acc. Deprec. Acct. 397 Directly Assigned to Transmission | (Note B & J) | Company Records | 5,717,813 | 5,854,885 | 5,991,956 | 6,129,028 | 6,266,099 | 6,403,171 | 6,540,242 | 6,677,314 | 6,814,385 | 6,951,457 | 7,088,528 | 7,225,600 | 7,362,671 | 6,540,242 | |

### Wages & Salary

| Line #s | Descriptions | Notes | Page #'s & Instructions | End of Year |
|---|---|---|---|---|
| 2 | Total Wage Expense | (Note A) | p354.28b | 170,066,699 |
| 3 | Total A&G Wages Expense | (Note A) | p354.27b | 11,575,685 |
| 1 | Transmission Wages | | p354.21b | 15,696,251 |

### Transmission / Non-transmission Cost Support

| Line #s | Descriptions | Notes | Page #'s & Instructions | Beginning Year Balance | End of Year | Average |
|---|---|---|---|---|---|---|
| | **Plant Held for Future Use (Including Land)** | (Note C & Q) | p214.47.d | 7,676,482 | 7,676,482 | 7,676,482 |
| 46 | Transmission Only | | | 4,096,903 | 4,096,903 | 4,096,903 |

### Prepayments

| Line #s | Descriptions | Notes | Page #'s & Instructions | Previous Year | Electric Beginning Year Balance | Electric End of Year Balance | Average Balance | Wage & Salary Allocator | To Line 47 |
|---|---|---|---|---|---|---|---|---|---|
| | **Prepayments** | | | | | | | | |
| 47 | Prepayments | (Note A & Q) | p111.57c | 44,621,587 | 8,828,890 | 8,828,890 | 8,828,890 | 9.904% | 874,374 |

### Materials and Supplies

| Line #s | Descriptions | Notes | Page #'s & Instructions | Beginning Year Balance | End of Year | Average |
|---|---|---|---|---|---|---|
| | **Materials and Supplies** | | | | | |
| 48 | Undistributed Stores Exp | (Note Q) | p227.16.b,c | | | |
| 51 | Transmission Materials & Supplies | (Note N & Q)) | p227.8.b,c | 3,480,728 | 3,480,728 | 3,480,728 |

### Outstanding Network Credits Cost Support

| Line #s | Descriptions | Notes | Page #'s & Instructions | Beginning Year Balance | End of Year | Average |
|---|---|---|---|---|---|---|
| | **Network Credits** | | | | | |
| 56 | **Outstanding Network Credits** | (Note N & Q)) | From PJM | 0 | 0 | |

### O&M Expenses

| Line #s | Descriptions | Notes | Page #'s & Instructions | End of Year |
|---|---|---|---|---|
| 59 | Transmission O&M | (Note O) | p.321.112.b | 45,589,226 |
| 60 | Transmission Lease Payments | | p321.96.b | - |

### Property Insurance Expenses

| Line #s | Descriptions | Notes | Page #'s & Instructions | End of Year |
|---|---|---|---|---|
| 65 | Property Insurance Account 924 | (Note O) | p323.185b | 1,170,000 |

## Public Service Electric and Gas Company
## ATTACHMENT H-10A
## Attachment 5 - Cost Support - December 31, 2010

### Adjustments to A & G Expense

| Line #s | Descriptions | Notes | Page #'s & Instructions | End of Year |
|---|---|---|---|---|
| 62 | Total A&G Expenses | | p323.197b | 257,502,133 |
| 63 | Fixed PBOP expense | Note J) | Company Records | 77,745,482 |
| 64 | Actual PBOP expense | (Note O) | Company Records | 74,972,711 |

### Regulatory Expense Related to Transmission Cost Support

| Line #s | Descriptions | Notes | Page #'s & Instructions | End of Year | Transmission Related |
|---|---|---|---|---|---|
| | **Allocated General & Common Expenses** | | | | |
| 66 | Regulatory Commission Exp Account 928 | (Note E & O) | p323.189b | 12,832,629 | 0 |
| | **Directly Assigned A&G** | | | | |
| 72 | Regulatory Commission Exp Account 928 | (Note G & O) | p351.11-13h | 939,349 | 939,349 |

### General & Common Expenses

| Line #s | Descriptions | Notes | Page #'s & Instructions | End of Year | EPRI Dues |
|---|---|---|---|---|---|
| 68 | Less EPRI Dues | (Note D & O) | p352-353 | - | 0 |

### Safety Related Advertising Cost Support

| Line #s | Descriptions | Notes | Page #'s & Instructions | End of Year | Safety Related | Non-safety Related |
|---|---|---|---|---|---|---|
| | **Directly Assigned A&G** | | | | | |
| 73 | General Advertising Exp Account 930.1 | (Note K & O) | p323.191b | 3,279,688 | 0 | 3,279,688 |

### Education and Out Reach Cost Support

| Line #s | Descriptions | Notes | Page #'s & Instructions | End of Year | Education & Outreach | Other |
|---|---|---|---|---|---|---|
| | **Directly Assigned A&G** | | | | | |
| 76 | General Advertising Exp Account 930.1 | (Note K & O) | p323.191b | 3,279,688 | | 3,279,688 |

### Depreciation Expense

| Line #s | Descriptions | Notes | Page #'s & Instructions | End of Year |
|---|---|---|---|---|
| | **Depreciation Expense** | | | |
| 81 | Depreciation-Transmission | (Note J & O) | p336.7.f | 45,499,229 |
| 82 | Depreciation-General & Common | (Note J & O) | p336.10&11.f | 27,533,975 |
| 83 | Depreciation-General Expense Associated with Acct. 397 | (Note J & O) | Company Records | 3,714,034 |
| 85 | Depreciation-Intangible | (Note A & O) | p336.1.f | 4,356,652 |
| 89 | Transmission Depreciation Expense for Acct. 397 | (Note J & O) | Company Records | 1,662,408 |

### Direct Assignment of Transmission Real Estate Taxes

| Line #s | Descriptions | Notes | Page #'s & Instructions | End of Year | Transmission Related | Non-Transmission |
|---|---|---|---|---|---|---|
| 92 | Real Estate Taxes - Directly Assigned to Transmission | | p263.38i | 18,720,000 | 8,500,000 | 10,220,000 |

PSE&G's real estate taxes detail is in an access database which contains a list of the towns PSE&G pays taxes to, which are billed on a quarterly basis for various parcels of property by major classification. Every parcel is associated with a Lot & Block number. These Lot & Blocks are id ied to a particular type of property and are labeled. This is the breakout of transmission real estate taxes from

### Return \ Capitalization

| Line #s | Descriptions | Notes | Page #'s & Instructions | 2007 End of Year | 2008 End of Year | Average |
|---|---|---|---|---|---|---|
| 96 | Proprietary Capital | (Note P) | p112.16.c,d | 3,369,975,183 | 3,729,006,276 | 3,549,490,730 |
| 97 | Accumulated Other Comprehensive Income Account 219 | (Note P ) | p112.15.c,d | 2,499,017 | 1,942,117 | 2,220,567 |
| 99 | Account 216.1 | (Note P) | p119.53.c&d | 3,717,744 | 4,295,620 | 4,006,682 |
| 101 | Long Term Debt | (Note P ) | p112.18.c,d thru 23.c,d | 3,352,517,129 | 3,523,706,225 | 3,438,111,677 |
| 102 | Loss on Reacquired Debt | (Note P) | p111.81.c,d | 79,689,473 | 112,096,023 | 95,892,748 |
| 103 | Gain on Reacquired Debt | (Note P) | p113.61.c,d | 0 | 0 | 0 |
| 104 | ADIT associated with Gain or Loss on Reacquired Debt | (Note P) | p277.3.k (footnote) | 30,140,293 | 37,671,575 | 33,905,934 |
| 106 | Preferred Stock | (Note P) | p112.3.c,d | 79,523,400 | 79,523,400 | 79,523,400 |

### MultiState Workpaper

| Line #s | Descriptions | Notes | Page #'s & Instructions | State 1 | State 2 | State 3 |
|---|---|---|---|---|---|---|
| | **Income Tax Rates** | | | | | |

## Public Service Electric and Gas Company

## ATTACHMENT H-10A

## Attachment 5 - Cost Support - December 31, 2010

| | | | NJ |
|---|---|---|---|
| 121 | SIT=State Income Tax Rate or Composite | (Note I) | 9.00% |

### Amortized Investment Tax Credit

| Line #s | Descriptions | Notes | Page #'s & Instructions | End of Year |
|---|---|---|---|---|
| 125 | Amortized Investment Tax Credit | (Note O) | p266.8.f | 1,198,000 |

### Excluded Transmission Facilities

| Line #s | Descriptions | Notes | Page #'s & Instructions | Form 1Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Form 1 Dec | Average |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 141 | Excluded Transmission Facilities | (Note B & M) | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

### Interest on Outstanding Network Credits Cost Support

| Line #s | Descriptions | Notes | Page #'s & Instructions | End of Year |
|---|---|---|---|---|
| 147 | Interest on Network Credits | (Note N & O) | | 0 |

### Facility Credits under Section 30.9 of the PJM OATT

| Line #s | Descriptions | Notes | Page #'s & | End of Year |
|---|---|---|---|---|
| | **Revenue Requirement** | | | |
| 163 | Facility Credits under Section 30.9 of the PJM OATT | | | 0 |

### PJM Load Cost Support

| Line #s | Descriptions | Notes | Page #'s & | 1 CP Peak |
|---|---|---|---|---|
| | **Network Zonal Service Rate** | | | Enter |
| 165 | 1 CP Peak | (Note L) | PJM Data | 9,686.7 |

# Public Service Electric and Gas Company
## ATTACHMENT H-10A
## Attachment 6 - True-up Adjustment for Network Integration Transmission Service - December 31, 2010

The True-Up Adjustment component of the Formula Rate for each Rate Year beginning with 2010 shall be determined as follows:

(i) Beginning with 2009, no later than June 15 of each year PSE&G shall recalculate an adjusted Annual Transmission Revenue Requirement for the previous calendar year based on its actual costs as reflected in its Form No. 1 and its books and records for that calendar year, consistent with FERC accounting policies.[2]

(ii) PSE&G shall determine the difference between the recalculated Annual Transmission Revenue Requirement as determined in paragraph (i) above, and ATRR based on projected costs for the previous calendar year (True-Up Adjustment Before Interest).

(iii) The True-Up Adjustment shall be determined as follows:

True-Up Adjustment equals the True-Up Adjustment Before Interest multiplied by (1+i)^24 months

Where: i = Sum of (the monthly rates for the 10 months ending October 31 of the current year and the monthly rates for the 12 months ending December 31 of the preceding year) divided by 21 months.

Summary of Formula Rate Process including True-Up Adjustment

| Month | Year | Action |
|---|---|---|
| July | 2008 | TO populates the formula with Year 2008 estimated data |
| October | 2008 | TO populates the formula with Year 2009 estimated data |
| June | 2009 | TO populates the formula with Year 2008 actual data and calculates the 2008 True-Up Adjustment Before Interest |
| October | 2009 | TO calculates the Interest to include in the 2008 True-Up Adjustment |
| October | 2009 | TO populates the formula with Year 2010 estimated data and 2008 True-Up Adjustment |
| June | 2010 | TO populates the formula with Year 2009 actual data and calculates the 2009 True-Up Adjustment Before Interest |
| October | 2010 | TO calculates the Interest to include in the 2009 True-Up Adjustment |
| October | 2010 | TO populates the formula with Year 2011 estimated data and 2009 True-Up Adjustment |
| June | (Year) | TO populates the formula with (Year -1) actual data and calculates the (Year-1) True-Up Adjustment Before Interest |
| October | (Year) | TO calculates the Interest to include in the (Year-1) True-Up Adjustment |
| October | (Year) | TO populates the formula with (Year +1) estimated data and (Year-1) True-Up Adjustment |

[1] No True-Up Adjustment will be included in the Annual Transmission Revenue Requirement for 2008 or 2009 since the Formula Rate was not in effect for 2006 or 2007.

[2] To the extent possible each input to the Formula Rate used to calculate the actual Annual Transmission Revenue Requirement included in the True-Up Adjustment either will be taken directly from the FERC Form No. 1 or will be reconcilable to the FERC Form 1 by the application of clearly identified and supported information. If the reconciliation is provided through a worksheet included in the filed Formula Rate template, the inputs to the worksheet must meet this transparency standard, and doing so will satisfy this transparency requirement for the amounts that are output from the worksheet and input to the main body of the Formula Rate.

| | Calendar Year | Complete for Each Calendar Year beginning in 2009 | |
|---|---|---|---|
| A | ATRR based on actual costs included for the previous calendar year but excludes the true-up adjustment. | 186,850,707 | |
| B | ATRR based on projected costs included for the previous calendar year but excludes the true-up adjustment. | 200,671,504 | |
| C | Difference (A-B) | -3,455,199 | <Note: for the first rate year, divide this reconciliation amount by 12 and multiply by the number of months and fractional months the rate was in effect. |
| D | Future Value Factor (1+i)^24 | 1.07565 | |
| E | True-up Adjustment (C*D) | -3,716,600 | |

Where:
i = average interest rate as calculated below

Interest on Amount of Refunds or Surcharges

| Interest 35.19a for Current Yr<br>Month | Yr | Interest 35.19a for Month |
|---|---|---|
| January | Year 1 | |
| February | Year 1 | |
| March | Year 1 | |
| April | Year 1 | |
| May | Year 1 | |
| June | Year 1 | |
| July | Year 1 | |
| August | Year 1 | |
| September | Year 1 | |
| October | Year 1 | 0.4200% |
| November | Year 1 | 0.4100% |
| December | Year 1 | 0.0420% |
| January | Year 2 | 0.3800% |
| February | Year 2 | 0.3400% |
| March | Year 2 | 0.3800% |
| April | Year 2 | 0.2800% |
| May | Year 2 | 0.2900% |
| June | Year 2 | 0.2800% |
| July | Year 2 | 0.2800% |
| August | Year 2 | 0.2800% |
| September | Year 2 | 0.2700% |
| Average Interest Rate | | 0.3043% |

# Public Service Electric and Gas Company
# ATTACHMENT H-10A
# Attachment 6A - Project Specific Estimate and Reconciliation Worksheet - December 31, 2010

## Estimated Additions - 2010

| | (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) |
|---|---|---|---|---|---|---|---|---|---|
| | Other Projects PIS (Monthly additions) | Reconductor Hudson - South Waterfront B0813 (monthly additions) | | | | | | Susquehanna Roseland >= 500KV (monthly additions) | Susquehanna Roseland < 500KV (monthly additions) |
| | | (in service) | (in service) | (in service) | (in service) | (in service) | | CWIP | CWIP |
| Dec | | | | | | | | 38,826,828 | 4,000,000 |
| Jan | 3,786,916 | | - | | | | | 3,160,952 | - |
| Feb | 4,230,656 | - | - | | | | | 3,182,940 | - |
| Mar | 8,486,526 | - | - | | | | | 14,388,544 | - |
| Apr | 8,817,248 | - | - | | | | | 3,606,549 | - |
| May | 5,270,248 | - | - | - | | | | 5,182,677 | 2,640,000 |
| Jun | 34,252,739 | | - | | | - | - | 8,798,322 | - |
| Jul | 19,753,194 | | - | | | | - | 6,325,550 | - |
| Aug | 2,433,194 | 320,000 | - | | | | - | 5,277,529 | 8,689,973 |
| Sep | 5,156,750 | 2,560,000 | - | | | | - | 13,285,650 | 96,057 |
| Oct | 10,511,111 | 2,560,000 | - | | | | - | 10,669,762 | 9,119,122 |
| Nov | 14,352,472 | 2,560,000 | - | | - | | - | 10,580,608 | 201,649 |
| Dec | 93,420,833 | 2,560,000 | - | | | | | 14,389,114 | 201,649 |
| Total | 210,471,883 | 10,560,000 | - | - | - | - | - | 137,675,026 | 24,948,450 |

| | (J) | (K) | (L) | (M) | (N) | (O) | (P) | (Q) | (R) |
|---|---|---|---|---|---|---|---|---|---|
| | Other Projects PIS (monthly balances) | Reconductor Hudson - South Waterfront B0813 (monthly balances) | | | | | | Susquehanna Roseland >= 500KV (monthly balances) | Susquehanna Roseland < 500KV (monthly balances) |
| | | (in service) | (in service) | (in service) | (in service) | (in service) | (in service) | CWIP | CWIP |
| Dec | - | | | | | | | 38,826,828 | 4,000,000 |
| Jan | 3,786,916 | - | - | - | - | - | - | 41,987,780 | 4,000,000 |
| Feb | 8,017,571 | - | - | - | - | - | - | 45,170,720 | 4,000,000 |
| Mar | 16,504,097 | - | - | - | - | - | - | 59,559,264 | 4,000,000 |
| Apr | 25,321,345 | - | - | - | - | - | - | 63,165,813 | 4,000,000 |
| May | 30,591,592 | - | - | - | - | - | - | 68,348,490 | 6,640,000 |
| Jun | 64,844,331 | - | - | - | - | - | - | 77,146,812 | 6,640,000 |
| Jul | 84,597,525 | - | - | - | - | - | - | 83,472,362 | 6,640,000 |
| Aug | 87,030,718 | 320,000 | - | - | - | - | - | 88,749,891 | 15,329,973 |
| Sep | 92,187,468 | 2,880,000 | - | - | - | - | - | 102,035,541 | 15,426,031 |
| Oct | 102,698,579 | 5,440,000 | - | - | - | - | - | 112,705,303 | 24,545,153 |
| Nov | 117,051,050 | 8,000,000 | - | - | - | - | - | 123,285,911 | 24,746,801 |
| Dec | 210,471,883 | 10,560,000 | - | - | - | - | - | 137,675,026 | 24,948,450 |
| Total | 843,103,075 | 27,200,000 | - | - | - | - | - | 1,042,129,741 | 144,916,408 |
| Average 13 Month Balance | 64,854,083 | 2,092,308 | - | - | - | - | - | | |
| Average 13 Month in service | 4.01 | 2.58 | | | | | | 7.57 | 5.81 |
| 13 Month Average CWIP to Appendix A, line 45 | | | | | | | | 80,163,826 | 11,147,416 |

## Estimated Transmission Enhancement Charges (Before True-Up) - 2010

| Total Projects | Branchburg (B0130) | Kittany (B0134) | Essex Aldene (B0145) | New Freedom Trans.(B0411) | New Freedom Loop (B0498) | Flagtown Sommerville Bridgewater (B0170) | Wave Trap Branchburg (B0172.2) | Metuchen Transformer (B0161) | Branchburg-Flagtown-Sommerville (B0169) | Roseland Transformer (B0274) | Susquehanna Roseland (B0489) >= 500KV CWIP | Susquehanna Roseland (B0489.4) < 500KV CWIP | Reconductor Hudson - South Waterfront (B0813) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 70,035,729 | 4,143,821 | 1,760,950 | 17,663,638 | 4,554,773 | 6,767,186 | 1,400,234 | 7,560 | 5,442,721 | 4,637,505 | 4,768,898 | 16,186,705 | 2,250,890 | 450,848 |

## Actual Transmission Enhancement Charges - 2008

| Total Projects | Branchburg (B0130) | Kittany (B0134) | Essex Aldene (B0145) | New Freedom Trans.(B0411) | New Freedom Loop (B0498) | Flagtown Sommerville Bridgewater (B0170) | | Susquehanna Roseland (B0489) >= 500KV CWIP | Susquehanna Roseland (B0489.4) < 500KV CWIP |
|---|---|---|---|---|---|---|---|---|---|
| 32.385.646 | [illegible].454.372 | 1.799.169 | 19.301.739 | 4.894.366 | 337.584 | 239.734 | | 358.682 | |

## True Up by Project (without interest) - 3 months 2008

| Total Projects | Branchburg (B0130) | Kittany (B0134) | Essex Aldene (B0145) | New Freedom Trans.(B0411) | New Freedom Loop (B0498) | Flagtown Sommerville Bridgewater (B0170) | | Susquehanna Roseland (B0489) >=500KV CWIP | Susquehanna Roseland (B0489.4) < 500KV CWIP |
|---|---|---|---|---|---|---|---|---|---|
| (409.656) | (50.408) | (62.512) | (269.606) | (60.756) | 4.656 | 59.934 | | (30.964) | |

| *Interest* | ***1.07565*** | ***1.07565*** | ***1.07565*** | ***1.07565*** | ***1.07565*** | ***1.07565*** | | ***1.07565*** | ***1.07565*** |
|---|---|---|---|---|---|---|---|---|---|

## True Up by Project (with interest) - 3 months 2008

| Total Projects | Branchburg (B0130) | Kittany (B0134) | Essex Aldene (B0145) | New Freedom Trans.(B0411) | New Freedom Loop (B0498) | Flagtown Sommerville Bridgewater (B0170) | | Susquehanna Roseland (B0489) > 500KV CWIP | Susquehanna Roseland (B0489.4) < 500KV CWIP |
|---|---|---|---|---|---|---|---|---|---|
| (440,648.06) | (54,221) | (67,241) | (290,003) | (65,352) | 5,009 | 64,468 | | (33,307) | |

## Estimated Transmission Enhancement Charges (After True-Up) - 2010

| Total Projects | Branchburg (B0130) | Kittany (B0134) | Essex Aldene (B0145) | New Freedom Trans.(B0411) | New Freedom Loop (B0498) | Flagtown Sommerville Bridgewater (B0170) | Wave Trap Branchburg (B0172.2) | Metuchen Transformer (B0161) | Branchburg-Flagtown-Sommerville (B0169) | Roseland Transformer (B0274) | Susquehanna Roseland (B0489) > 500KV CWIP | Susquehanna Roseland (B0489.4) < 500KV CWIP | Reconductor Hudson - South Waterfront (B0813) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 69,595,081.16 | 4,089,599.54 | 1,693,708.21 | 17,373,635.41 | 4,489,420.35 | 6,772,194.45 | 1,464,701 | 7,560 | 5,442,721 | 4,637,505 | 4,768,898 | 16,153,398.74 | 2,250,889.81 | 450,848 |

### Public Service Electric and Gas Company
### ATTACHMENT H-10A
### Attachment 6A - Project Specific Estimate and Reconciliation Worksheet - December 31, 2010

| | Actual Additions - 2010 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) |
| | Other Projects PIS (Monthly additions) | Reconductor Hudson - South Waterfront B0813 (monthly additions) (in service) | (in service) | (in service) | in service) | (in service) | (in service) | Susquehanna Roseland (B0489) >= 500KV CWIP CWIP | Susquehanna Roseland (B0489.4) < 500KV CWIP CWIP |
| **Dec** | | | | | | | | | |
| **Jan** | | | | | | | | | |
| **Feb** | | | | | | | | | |
| **Mar** | | | | | | | | | |
| **Apr** | | | | | | | | | |
| **May** | | | | | | | | | |
| **Jun** | | | | | | | | | |
| **Jul** | | | | | | | | | |
| **Aug** | | | | | | | | | |
| **Sep** | | | | | | | | | |
| **Oct** | | | | | | | | | |
| **Nov** | | | | | | | | | |
| **Dec** | | | | | | | | | |
| **Total** | - | - | - | - | - | - | - | - | - |

| | Actual Additions - 2009 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | (J) | (K) | (L) | (M) | (N) | (O) | (P) | (Q) | (R) |
| | Other Projects PIS (monthly balances) | Reconductor Hudson - South Waterfront B0813 (monthly balances) (in service) | (in service) | (in service) | (in service) | (in service) | (in service) | Susquehanna Roseland (B0489) >= 500KV CWIP CWIP | Susquehanna Roseland (B0489.4) < 500KV CWIP CWIP |
| **Dec** | | | | | | | | - | - |
| **Jan** | - | - | - | - | - | - | - | - | - |
| **Feb** | - | - | - | - | - | - | - | - | - |
| **Mar** | - | - | - | - | - | - | - | - | - |
| **Apr** | - | - | - | - | - | - | - | - | - |
| **May** | - | - | - | - | - | - | - | - | - |
| **Jun** | - | - | - | - | - | - | - | - | - |
| **Jul** | - | - | - | - | - | - | - | - | - |
| **Aug** | - | - | - | - | - | - | - | - | - |
| **Sep** | - | - | - | - | - | - | - | - | - |
| **Oct** | - | - | - | - | - | - | - | - | - |
| **Nov** | - | - | - | - | - | - | - | - | - |
| **Dec** | - | . | - | . | - | . | - | - | - |
| **Total** | - | . | - | . | - | . | . | - | - |
| **Average 13 Month Balance** | - | - | - | - | - | - | - | | - |
| **Average 13 Month in service** | **#DIV/0!** | **#DIV/0!** | **#DIV/0!** | | | | | **#DIV/0!** | |
| **13 Month Average CWIP to Appendix A, line 45** | | | | | | | | - | |

### Public Service Electric and Gas Company
### ATTACHMENT H-10A
### Attachment 7 - Transmission Enhancement Charges Worksheet (TEC) - December 31, 2010

1 New Plant Carrying Charge

2 **Fixed Charge Rate (FCR) if not a CIAC**

| | | Formula Line | | |
|---|---|---|---|---|
| 3 | A | 152 | Net Plant Carrying Charge without Depreciation | 19.1669% |
| 4 | B | 159 | Net Plant Carrying Charge per 100 Basis Point in ROE without Depreciation | 19.9870% |
| 5 | C | | Line B less Line A | 0.8201% |

6 **FCR if a CIAC**

| | | | | |
|---|---|---|---|---|
| 7 | D | 153 | Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes | 6.8154% |

8 **The FCR resulting from Formula in a given year is used for that year only.**

9 **Therefore actual revenues collected in a year do not change based on cost data for subsequent years**

| | | | | Branchburg (B0130) | Kittany (B0134) | Essex Aldene (B0145) | New Freedom Trans.(B0411) | New Freedom Loop (B0498) |
|---|---|---|---|---|---|---|---|---|
| 10 | | Details | | | | | | |
| 11 | "Yes" if a project under PJM OATT Schedule 12, otherwise 'No" | Schedule 12 | (Yes or No) | Yes | Yes | Yes | Yes | Yes |
| 12 | Useful life of the project | Life | | 42.00 | 42.00 | 42.00 | 42.00 | 42.00 |
| 13 | "Yes" if the customer has paid a lumpsum payment in the amount of the investment on line 29, Otherwise "No" | CIAC | (Yes or No) | No | No | No | No | No |
| 14 | Input the allowed increase in ROE | Increased ROE (Basis Points) | | 0 | 0 | 0 | 0 | 0 |
| 15 | From line 3 above if "No" on line 13 and From line 7 above if "Yes" on line 13 | 11.68% ROE | | 19.1669% | 19.1669% | 19.1669% | 19.1669% | 19.1669% |
| 16 | Line 14 plus (line 5 times line 15)/100 | FCR for This Project | | 19.1669% | 19.1669% | 19.1669% | 19.1669% | 19.1669% |
| 17 | Project subaccount of Plant in Service Account 101 or 106 if not yet classified - End of year | Investment | | 20,680,599 | 8,069,022 | 86,565,629 | 22,188,863 | 27,001,415 |
| 18 | Line 17 divided by line 12 | Annual Depreciation Exp | | 492.395 | 192.120 | 2.061.086 | 528.306 | 642.891 |
| 19 | Months in service for depreciation expense from | | | 13.00 | 13.00 | 13.00 | 13.00 | 13.00 |
| 20 | Year placed in Service (0 if CWIP) | | | 2006 | 2007 | 2007 | 2007 | 2008 |

| 21 | | Invest Yr | Ending | Depreciation | Revenue | Ending | Depreciation | Revenue | Ending | Depreciation | Revenue | Ending | Depreciation | Revenue | Ending | Depreciation | Revenue |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 22 | W 11.68 % ROE | 2006 | 20,680,597 | 492,395 | 4,652,471 | | | | | | | | | | | | |
| 23 | W Increased ROE | 2006 | 20,680,597 | 492,395 | 4,652,471 | | | | | | | | | | | | |
| 24 | W 11.68 % ROE | 2007 | 20,188,202 | 492,395 | 4,553,422 | 8,069,022 | 80,050 | 1,703,202 | 86,565,629 | 858,786 | 18,272,191 | 22,188,863 | 484,281 | 4,947,757 | | | |
| 25 | W Increased ROE | 2007 | 20,188,202 | 492,395 | 4,553,422 | 8,069,022 | 80,050 | 1,703,202 | 86,565,629 | 858,786 | 18,272,191 | 22,188,863 | 484,281 | 4,947,757 | | | |
| 26 | W 11.68 % ROE | 2008 | 19,695,807 | 492,395 | 4,454,372 | 7,988,972 | 192,120 | 1,799,169 | 85,706,843 | 2,061,086 | 19,301,739 | 21,704,582 | 528,306 | 4,894,366 | 24,921,237 | 88,646 | 837,584 |
| 27 | W Increased ROE | 2008 | 19,695,807 | 492,395 | 4,454,372 | 7,988,972 | 192,120 | 1,799,169 | 85,706,843 | 2,061,086 | 19,301,739 | 21,704,582 | 528,306 | 4,894,366 | 24,921,237 | 88,646 | 837,584 |
| 28 | W 11.68 % ROE | 2009 | 19,540,159 | 489,524 | 4,450,447 | 8,393,175 | 208,095 | 1,909,449 | 83,472,997 | 2,069,578 | 18,990,123 | 21,534,722 | 527,381 | 4,892,616 | 32,702,430 | 750,059 | 7,118,051 |
| 29 | W Increased ROE | 2009 | 19,540,159 | 489,524 | 4,450,447 | 8,393,175 | 208,095 | 1,909,449 | 83,472,997 | 2,069,578 | 18,990,123 | 21,534,722 | 527,381 | 4,892,616 | 32,702,430 | 750,059 | 7,118,051 |
| 30 | W 11.68 % ROE | 2010 | 19,050,635 | 492,395 | 4,143,821 | 8,185,079 | 192,120 | 1,760,950 | 81,403,418 | 2,061,086 | 17,663,638 | 21,007,341 | 528,306 | 4,554,773 | 31,952,371 | 642,891 | 6,767,186 |
| 31 | W Increased ROE | 2010 | 19,050,635 | 492,395 | 4,143,821 | 8,185,079 | 192,120 | 1,760,950 | 81,403,418 | 2,061,086 | 17,663,638 | 21,007,341 | 528,306 | 4,554,773 | 31,952,371 | 642,891 | 6,767,186 |

**Public Service Electric and Gas Company**
**ATTACHMENT H-10A**
**Attachment 7 - Transmission Enhancement Charges Worksheet (TEC) - December 31, 2010**

| | | | | |
|---|---|---|---|---|
| 1 | New Plant Carrying Charge | | | |
| 2 | **Fixed Charge Rate (FCR) if not a CIAC** | | | |
| | | Formula Line | | |
| 3 | A | 152 | Net Plant Carrying Charge without Depreciation | 19.1669% |
| 4 | B | 159 | Net Plant Carrying Charge per 100 Basis Point in ROE without Depreciation | 19.9870% |
| 5 | C | | Line B less Line A | 0.8201% |
| 6 | **FCR if a CIAC** | | | |
| 7 | D | 153 | Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes | 6.8154% |

8 **The FCR resulting from Formula in a giv**
9 **Therefore actual revenues collected in a**

| | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 10 | | Details | | **Flagtown Sommerville Bridgewater (B0170)** | | | **Wave Trap Branchburg (B0172.2)** | | | **Metuchen Transformer (B0161)** | | | **Branchburg-Flagtown-Sommerville (B0169)** | | | **Roseland Transformer (B0274)** | | |
| 11 | "Yes" if a project under PJM OATT Schedule 12, otherwise "No" | Schedule 12 | (Yes or No) | Yes | | | Yes | | | Yes | | | Yes | | | Yes | | |
| 12 | Useful life of the project | Life | | 42.00 | | | 42.00 | | | 42 | | | 42 | | | 42 | | |
| 13 | "Yes" if the customer has paid a lumpsum payment in the amount of the investment on line 29, Otherwise "No" | CIAC | (Yes or No) | No | | | No | | | No | | | No | | | No | | |
| 14 | Input the allowed increase in ROE | Increased ROE (Basis Points) | | 0 | | | 0 | | | 0 | | | 0 | | | 0 | | |
| 15 | From line 3 above if "No" on line 13 and From line 7 above if "Yes" on line 13 | 11.68% ROE | | 19.1669% | | | 19.1669% | | | 19.17% | | | 19.17% | | | 19.17% | | |
| 16 | Line 14 plus (line 5 times line 15)/100 | FCR for This Project | | 19.1669% | | | 19.1669% | | | 19.17% | | | 19.17% | | | 19.17% | | |
| 17 | Project subaccount of Plant in Service Account 101 or 106 if not yet classified - End of year | Investment | | 6,961,495 | | | 36,369 | | | 25,085,218 | | | 22,815,697 | | | 21,122,893 | | |
| 18 | Line 17 divided by line 12 | Annual Depreciation Exp | | 165,750 | | | 866 | | | 597,267 | | | 543,231 | | | 502,926 | | |
| 19 | Months in service for depreciation expense from | | | 13.00 | | | 13.00 | | | 8.23 | | | 8.00 | | | 8.47 | | |
| 20 | Year placed in Service (0 if CWIP) | | | 2008 | | | 2008 | | | 2009 | | | 2009 | | | 2009 | | |
| 21 | | | **Invest Yr** | **Ending** | **Depreciation** | **Revenue** | **Ending** | **Depreciation** | **Revenue** | **Ending** | **Depreciation** | **Revenue** | **Ending** | **Depreciation** | **Revenue** | **Ending** | **Depreciation** | **Revenue** |
| 22 | | W 11.68 % ROE | 2006 | | | | | | | | | | | | | | | |
| 23 | | W Increased ROE | 2006 | | | | | | | | | | | | | | | |
| 24 | | W 11.68 % ROE | 2007 | | | | | | | | | | | | | | | |
| 25 | | W Increased ROE | 2007 | | | | | | | | | | | | | | | |
| 26 | | W 11.68 % ROE | 2008 | 6,961,495 | 25,372 | 239,734 | 36,369 | 577 | 5,114 | | | | | | | | | |
| 27 | | W Increased ROE | 2008 | 6,961,495 | 25,372 | 239,734 | 36,369 | 577 | 5,114 | | | | | | | | | |
| 28 | | W 11.68 % ROE | 2009 | 6,598,691 | 158,001 | 1,495,601 | 35,792 | 866 | 8,048 | 25,700,000 | 419,742 | 3,718,406 | 21,705,650 | 344,534 | 3,052,154 | 22,637,200 | 380,281 | 3,368,831 |
| 29 | | W Increased ROE | 2009 | 6,598,691 | 158,001 | 1,495,601 | 35,792 | 866 | 8,048 | 25,700,000 | 419,742 | 3,718,406 | 21,705,650 | 344,534 | 3,052,154 | 22,637,200 | 380,281 | 3,368,831 |
| 30 | | W 11.68 % ROE | 2010 | 6,440,689 | 165,750 | 1,400,234 | 34,926 | 866 | 7,560 | 25,280,258 | 597,267 | 5,442,721 | 21,361,116 | 543,231 | 4,637,505 | 22,256,919 | 502,926 | 4,768,898 |
| 31 | | W Increased ROE | 2010 | 6,440,689 | 165,750 | 1,400,234 | 34,926 | 866 | 7,560 | 25,280,258 | 597,267 | 5,442,721 | 21,361,116 | 543,231 | 4,637,505 | 22,256,919 | 502,926 | 4,768,898 |

**Public Service Electric and Gas Company**
**ATTACHMENT H-10A**
**Attachment 7 - Transmission Enhancement Charges Worksheet (TEC) - December 31, 2010**

| | | | | |
|---|---|---|---|---|
| 1 | New Plant Carrying Charge | | | |
| 2 | **Fixed Charge Rate (FCR) if not a CIAC** | | | |
| | | Formula Line | | |
| 3 | A | 152 | Net Plant Carrying Charge without Depreciation | 19.1669% |
| 4 | B | 159 | Net Plant Carrying Charge per 100 Basis Point in ROE without Depreciation | 19.9870% |
| 5 | C | | Line B less Line A | 0.8201% |
| 6 | **FCR if a CIAC** | | | |
| 7 | D | 153 | Net Plant Carrying Charge without Depreciation, Return, nor Income Taxes | 6.8154% |

8 **The FCR resulting from Formula in a give**

9 **Therefore actual revenues collected in a**

| 10 | | Details | | **Susquehanna Roseland (B0489) >= 500KV CWIP** | | | **Susquehanna Roseland (B0489.4) < 500KV CWIP** | | | **Reconductor Hudson - South Waterfront (B0813)** | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 11 | "Yes" if a project under PJM OATT Schedule 12, otherwise 'No" | Schedule 12 | (Yes or No) | Yes | | | Yes | | | Yes | | | | | | |
| 12 | Useful life of the project | Life | | 42.00 | | | 42.00 | | | 42.00 | | | | | | |
| 13 | "Yes" if the customer has paid a lumpsum payment in the amount of the investment on line 29, Otherwise "No" | CIAC | (Yes or No) | No | | | No | | | No | | | | | | |
| 14 | Input the allowed increase in ROE | Increased ROE (Basis Points) | | 125 | | | 125 | | | 0 | | | | | | |
| 15 | From line 3 above if "No" on line 13 and From line 7 above if "Yes" on line 13 | 11.68% ROE | | 19.1669% | | | 19.1669% | | | 19.1669% | | | | | | |
| 16 | Line 14 plus (line 5 times line 15)/100 | FCR for This Project | | 20.1920% | | | 20.1920% | | | 19.1669% | | | | | | |
| 17 | Project subaccount of Plant in Service Account 101 or 106 if not yet classified - End of year | Investment | | 137,675,026 | | | 24,948,450 | | | 10,560,000 | | | | | | |
| 18 | Line 17 divided by line 12 | Annual Depreciation Exp | | 3,277,977 | | | 594,011 | | | 251,429 | | | | | | |
| 19 | Months in service for depreciation expense from | | | 7.57 | | | 5.81 | | | 2.58 | | | | | | |
| 20 | Year placed in Service (0 if CWIP) | | | 2012 | | | 2012 | | | 2010 | | | | | | |
| 21 | | | **Invest Yr** | **Ending** | **Depreciation** | **Revenue** | **Ending** | **Depreciation** | **Revenue** | | | | **Total** | **Incentive Charged** | **Revenue Credit** | |
| 22 | | W 11.68 % ROE | 2006 | | | | | | | | | | $ 4,652,471 | | $ 4,652,471 | |
| 23 | | W Increased ROE | 2006 | | | | | | | | | | $ 4,652,471 | $ 4,652,471 | | $ - |
| 24 | | W 11.68 % ROE | 2007 | | | | | | | | | | $ 29,476,571 | | $ 29,476,571 | |
| 25 | | W Increased ROE | 2007 | | | | | | | | | | $ 29,476,571 | $ 29,476,571 | | $ - |
| 26 | | W 11.68 % ROE | 2008 | 8,927,082 | - | 819,421 | - | - | - | | | | $ 32,351,499 | | $ 32,351,499 | |
| 27 | | W Increased ROE | 2008 | 8,927,082 | - | 858,682 | - | - | - | | | | $ 32,390,760 | $ 32,390,760 | | $ 39,261 |
| 28 | | W 11.68 % ROE | 2009 | 36,193,521 | - | 4,719,582 | 4,000,000 | - | 686,085 | | | | $ 44,270,000 | | $ 44,270,000 | |
| 29 | | W Increased ROE | 2009 | 36,193,521 | - | 4,947,559 | 4,000,000 | - | 719,226 | | | | $ 44,531,119 | $ 44,531,119 | | $ 261,119 |
| 30 | | W 11.68 % ROE | 2010 | 137,675,026 | - | 15,364,960 | 24,948,450 | - | 2,136,620 | 10,560,000 | 49,817 | 450,848 | $ 69,099,714 | | $ 69,099,714 | |
| 31 | | W Increased ROE | 2010 | 137,675,026 | - | 16,186,705 | 24,948,450 | - | 2,250,890 | 10,560,000 | 49,817 | 450,848 | $ 70,035,729 | $ 70,035,729 | | $ 936,016 |

# Public Service Electric and Gas Company
# ATTACHMENT H-10A
# Attachment 8 - Depreciation Rates

| Plant Type | PSE&G |
|---|---|
| **Transmission** | 2.40 |
| **Distribution** | |
| High Voltage Distribution | 2.49 |
| Meters | 2.49 |
| Line Transformers | 2.49 |
| All Other Distribution | 2.49 |
| **General & Common** | |
| Structures and Improvements | 1.40 |
| Office Furniture | 5.00 |
| Office Equipment | 25.00 |
| Computer Equipment | 14.29 |
| Personal Computers | 33.33 |
| Store Equipment | 14.29 |
| Tools, Shop, Garage and Other Tangible Equipment | 14.29 |
| Laboratory Equipment | 20.00 |
| Communications Equipment | 10.00 |
| Miscellaneous Equipment | 14.29 |

**Public Service Electric and Gas Company**
**Projected Costs of Plant in Forecasted Rate Base and In-Service Dates**
**12 Months Ended December 31, 2010**

**Required Transmission Enhancements**

| Upgrade ID | RTEP Baseline Project Description | Estimated/Actual Project Cost (thru 2010) * | Anticipated / Actual In-Service Date * |
|---|---|---|---|
| b0130 | Replace all derated Branchburg 500/230 kv transformers | $ 20,680,599 | Jan-06 |
| b0134 | Reconductor Kittatinny - Newtown 230 kV with 1590 ACSS | $ 8,069,022 | Aug-07 |
| b0145 | Build new Essex - Aldene 230 kV cable connected through phase angle regulator at Essex | $ 86,565,629 | Aug-07 |
| b0411 | Install 4th 500/230 kV transformer at New Freedom | $ 22,188,863 | Feb-07 |
| b0172.2 | Replace wave trap at Branchburg 500kV substation | $ 36,369 | May-08 |
| b0170 | Reconductor the Flagtown-Somerville-Bridgewater 230 kV circuit with 1590 ACSS | $ 6,961,495 | Nov-08 |
| b0498 | Loop the 5021 circuit into New Freedom 500 kV substation | $ 27,001,415 | Feb-09 |
| b0161 | Install 230-138kV transformer at Metuchen substation | $ 25,085,218 | May-09 |
| b0169 | Build a new 230 kV section from Branchburg - Flagtown and move the Flagtown - Somerville 230 kV circuit to the new section | $ 22,815,697 | May-09 |
| b0274 | Replace both 230/138 kV transformers at Roseland | $ 21,122,893 | May-09 |
| b0813 | Reconductor Hudson - South Waterfront 230kV circuit | $ 10,560,000 | Aug-10 |
| b0489 | Build new 500 kV transmission facilities from Pennsylvania - New Jersey border at Bushkill to Roseland (500kV and above elements of the project) | $ 137,675,026 | Jun-12 |
| b0489.4 | Build new 500 kV transmission facilities from Pennsylvania - New Jersey border at Bushkill to Roseland (Below 500 kV elements of the project) | $ 24,948,450 | Jun-12 |

**** May vary from original PJM Data due to updated information.***