

**Federal Income Tax Allocation
1Q2003**

Schedule 1

Payment (to) from Subs

| | | Potomac Capital Inv. Corp Pymt To | Potomac Capital Inv. Corp Pymt From | Pepco Energy Services Pymt To | Pepco Commun. Pymt To | Conectiv Pymt To | Conectiv Pymt From | Potomac Electric Power Pymt From | Pepco Holdings Pymt To |
|---|---|--|--|--|-----------------------------|---------------------|-----------------------|---|------------------------------|
| Potomac Capital Investment Corp. | * | * | | | | | | | |
| Potomac Capital Joint Leasing Corp. | * | * | | | | | | | |
| Potomac Capital Markets Corp. | * | | * | | | | | | |
| PCI Energy Corporation | * | | * | | | | | | |
| American Energy Corporation | * | * | | | | | | | |
| Potomac Nevada Corporation | * | | * | | | | | | |
| Potomac Nevada Leasing Corporation | * | | * | | | | | | |
| Potomac Harmans Corporation | * | | * | | | | | | |
| Potomac Nevada Investment, Inc. | * | * | | | | | | | |
| Potomac Aircraft Leasing Corp. | * | * | | | | | | | |
| Potomac Land Corporation | * | * | | | | | | | |
| PCI Nevada Corporation | * | | * | | | | | | |
| PCI Queensland Corporation | * | * | | | | | | | |
| PCI-BT Investing L.L.C. | * | | * | | | | | | |
| Pepco Technologies LLC | * | * | | | | | | | |
| Potomac Delaware Leasing Corp. | * | | * | | | | | | |
| Potomac Equipment Leasing Corp. | * | | * | | | | | | |
| Nexgate Communications, Inc. | * | * | | | | | | | |
| Edison Place LLC | * | | * | | | | | | |
| Pepco Enterprises, Inc. | * | * | | | | | | | |
| W.A. Chester, LLC | * | | * | | | | | | |
| Energy & Telecommunications Services | * | | * | | | | | | |
| Severn Cable/Severn Construction LLC | * | * | | | | | | | |
| Pepco Energy Services, Inc. | * | | | * | | | | | |
| Pepco Communications, Inc. | * | | | | * | | | | |
| Edison Capital Reserves Corporation | * | | | | | | | * | |
| Conectiv | * | | | | | * | | | |
| Delmarva Power & Light Company | * | | | | | | * | | |
| Atlantic City Electric Company | * | | | | | | * | | |
| PHI Service Company | * | | | | | | * | | |
| Conectiv Properties and Investments, Inc. | * | | | | | | * | | |
| DCI II, Inc. | * | | | | | | | | |
| Conectiv Operating Services Company | * | | | | | | * | | |
| DCTC-Burney, Inc. | * | | | | | * | | | |
| Conectiv Energy Supply, Inc. | * | | | | | * | | | |
| Conectiv Delmarva Generation, Inc. | * | | | | | | * | | |
| Conectiv Atlantic Generation, L.L.C. | * | | | | | * | | | |
| Conectiv Mid-Merit, Inc. | * | | | | | * | | | |
| Conectiv Energy Holding Company | * | | | | | * | | | |
| Conectiv Bethlehem, LLC | * | | | | | * | | | |
| Conectiv Communications, Inc. | * | | | | | | * | | |
| Conectiv Pennsylvania Generation, Inc. | * | | | | | * | | | |
| Pedrick Gen., Inc. | * | | | | | * | | | |
| Atlantic Southern Properties, Inc. | * | | | | | * | | | |
| Atlantic Generation, Inc. | * | | | | | | * | | |
| Vineland Ltd., Inc | * | | | | | * | | | |
| Vineland General, Inc. | * | | | | | * | | | |
| Binghamton Limited, Inc. | * | | | | | * | | | |
| Binghamton General, Inc. | * | | | | | * | | | |
| ATE Investment, Inc. | * | | | | | * | | | |
| Conectiv Solutions LLC | * | | | | | * | | | |
| Conectiv Thermal Systems, Inc. | * | | | | | * | | | |
| Atlantic Jersey Thermal Systems, Inc. | * | | | | | * | | | |
| King Street Assurance Ltd. | * | | | | | | * | | |
| Potomac Electric Power Company | * | | | | | | | * | |
| Pepco Holdings, Inc. | * | - | - | - | - | - | - | - | - |
| TOTAL | = | = | = | = | = | = | = | = | = |

* Filed under request for confidential treatment pursuant to Rule 104(b) of the Public Utility Holding Company Act of 1935.