

**Payment Date Statement**  
**PE Environmental Funding LLC**  
**\$114,825,000 Senior Secured Sinking Fund Environmental Control Bonds, Series A**

Pursuant to Sections 5.12 of the Servicing Agreement dated as of April 11, 2007 (as the same may be amended, supplemented or otherwise modified from time to time (the "Servicing Agreement") between The Potomac Edison Company, as Servicer and PE Environmental Funding LLC, as Issuer, the Servicer does hereby certify as follows:

Capitalized terms used in the Payment Date Statements have their respective meanings as set forth in the Servicing Agreement. References herein to certain sections and subsections are references to the respective sections of the Servicing Agreement.

Remittance Period: **April 2007 through January 14, 2008**

Payment Date: **January 15, 2008**

**1. Remittances Allocable and Aggregate Amounts Available for the Current Payment Date:**

i.	Remittances for the April 2007 Collection Period	\$108,000.00
ii.	Remittances for the May 2007 Collection Period	\$332,000.00
iii.	Remittances for the June 2007 Collection Period	\$870,000.00
iv.	Remittances for the July 2007 Collection Period	\$1,173,000.00
v.	Remittances for the August 2007 Collection Period	\$1,058,000.00
vi.	Remittances for the September 2007 Collection Period	\$1,128,000.00
vii.	Remittances for the October 2007 Collection Period	\$1,100,000.00
viii.	Remittances for the November 2007 Collection Period	\$980,000.00
ix.	Remittances for the December 2007 Collection Period	\$1,250,000.00
x.	Part remittance for the January 2008 Collection Period	\$450,000.00
xi.	Net Earnings on General Subaccount	\$124,773.28
xii.	Net Earnings on Capital Subaccount	\$21,609.30
xiii.	Net Earnings on Excess Funds Subaccount	<u>\$0.00</u>
xiv.	<b>General Subaccount Balance</b>	<b>\$8,595,382.58</b>
xv.	Excess Funds Subaccount Balance	\$0.00
xvi.	Capital Subaccount Balance	<u>\$574,125.00</u>
xvii.	<b>Collection Account Balance</b>	<b>\$9,169,507.58</b>

**2. Outstanding Principal Balance and Collection Account Balance as of Prior Payment Date:**

i.	Tranche A-1 Principal Balance	\$28,450,000.00
ii.	Tranche A-2 Principal Balance	\$25,700,000.00
iii.	Tranche A-3 Principal Balance	\$50,700,000.00
iv.	Tranche A-1 Principal Balance	<u>\$9,975,000.00</u>
v.	<b>Transition Bond Principal Balance</b>	<b>\$114,825,000.00</b>
vi.	Excess Funds Subaccount Balance	\$0.00
vii.	Capital Subaccount Balance	\$574,125.00

**3. Required Funding/Payments as of Current Payment Date:**

i.	Projected Tranche A-1 Bond Balance	\$25,513,951.00
ii.	Projected Tranche A-2 Bond Balance	\$25,700,000.00
iii.	Projected Tranche A-3 Bond Balance	\$50,700,000.00
iv.	Projected Tranche A-4 Bond Balance	<u>\$9,975,000.00</u>
v.	<b>Projected Transition Bond Balance</b>	<b>\$111,888,951.00</b>
vi.	Required Tranche A-1 Coupon (4.9820% per annum rate)	\$1,078,782.91
vii.	Required Tranche A-2 Coupon (5.2325% per annum rate)	\$1,023,506.07
viii.	Required Tranche A-3 Coupon (5.4625% per annum rate)	\$2,107,887.71
ix.	Required Tranche A-4 Coupon (5.5225% per annum rate)	\$419,272.80

x. Required Capital Subaccount Funding

\$0.00

<b>4. Allocation of Remittances as of Current Payment Date Pursuant to 8.02e of the Indenture:</b>		
i.	Cumulative Monthly Administration Fee during Relevant Quarter	\$38,055.56
ii.	Bond Trustee Fees and Expenses	* \$0.00
iii.	Independent Directors' Fee	** \$0.00
iv.	Servicing Fee	\$43,697.29
v.	Operating Expenses (subject to \$100,000 cap)	\$9,767.90
<b>vi.</b>	<b>Quarterly Interest</b>	<b>\$4,629,449.49</b>
	1. Tranche A-1 Bond Coupon Payment	\$1,078,782.91
	2. Tranche A-2 Bond Coupon Payment	\$1,023,506.07
	3. Tranche A-3 Bond Coupon Payment	\$2,107,887.71
	4. Tranche A-4 Bond Coupon Payment	\$419,272.80
vii.	Principal Due and Payable	\$0.00
<b>viii.</b>	<b>Scheduled Quarterly Principal</b>	<b>\$2,936,049.00</b>
	1. Tranche A-1 Bond Principal Payment	\$2,936,049.00
	2. Tranche A-2 Bond Principal Payment	\$0.00
	3. Tranche A-3 Bond Principal Payment	\$0.00
	4. Tranche A-4 Bond Principal Payment	\$0.00
ix.	Operating Expenses (in excess of \$100,000)	\$0.00
x.	Funding of Capital Subaccount (to required level)	\$0.00
xi.	Capital Equity Return Released to Issuer	\$24,131.83
xii.	Deposits to Excess Funds Subaccount	\$914,231.52
xii.	Released to Issuer upon Series Retirement: Collection Account	\$0.00
<b>5. Outstanding Principal Balance and Collection Account Balance as of Current Payment Date:</b>		
<b>(after giving effect to payments to be made on such payment date):</b>		
i.	Tranche A-1 Principal Balance	\$25,513,951.00
ii.	Tranche A-2 Principal Balance	\$25,700,000.00
iii.	Tranche A-3 Principal Balance	\$50,700,000.00
iv.	Tranche A-1 Principal Balance	<u>\$9,975,000.00</u>
<b>v.</b>	<b>Transition Bond Principal Balance</b>	<b>\$111,888,951.00</b>
vi.	Excess Funds Subaccount Balance	\$914,231.52
vii.	Capital Subaccount Balance	\$574,125.00

\* Waived for January 2008 payment.

\*\* Independent Directors' Fee is paid in advance, first quarter. (1Q08, directly by issuer to directors)

**6. Subaccount Draws as of Current Payment Date (if applicable, pursuant to Section 8.02d of the Indenture):**

i.	Excess Funds Subaccount	\$0.00
ii.	Capital Subaccount	<u>\$0.00</u>
iii.	<b>Total Draws</b>	<b>\$0.00</b>

**7. Shortfalls In Interest and Principal Payments as of Current Payment Date:**

<b>i.</b>	<b>Quarterly Interest</b>	<b>\$0.00</b>
	1. Tranche A-1 Bond Coupon Payment	\$0.00
	2. Tranche A-2 Bond Coupon Payment	\$0.00
	3. Tranche A-3 Bond Coupon Payment	\$0.00
	4. Tranche A-4 Bond Coupon Payment	\$0.00
<b>ii.</b>	<b>Quarterly Principal</b>	<b>\$0.00</b>
	1. Tranche A-1 Bond Principal Payment	\$0.00
	2. Tranche A-2 Bond Principal Payment	\$0.00
	3. Tranche A-3 Bond Principal Payment	\$0.00
	4. Tranche A-4 Bond Principal Payment	\$0.00

**8. Shortfalls in Required Subaccount Levels as of Current Payment Date:**

i.	Capital Subaccount	\$0.00
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IN WITNESS HEREOF, the undersigned has duly executed and delivered this Payment Date Statement this 9th day of January, 2008.

The Potomac Edison Company, as Servicer

by: \_\_\_\_\_  
B. E. Pakenham  
Treasurer