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PJM Reinforces MAPP Need; Adds Year to Schedule *PHI Mid-Atlantic Power Pathway In-Service Date Now 2014*

WASHINGTON – Pepco Holdings Inc. today reported that a review by the regional power grid operator has determined that the company’s planned Mid-Atlantic Power Pathway (MAPP) transmission line remains critical to long-term electrical reliability in southern Maryland and on the Delmarva Peninsula. However, a one year delay was recommended for the line’s in-service date due to a reduced, near-term load forecast for the region.

The grid operator, PJM Interconnection, recommended moving the in-service date for MAPP from 2013 to June 1, 2014. The downturn in the economy and resulting reduction in power demand was factored into its recommendation. PJM projects future electricity demand will increase as the economy recovers and said that MAPP is essential to maintaining long-term electric reliability.

“The MAPP project continues to be a critical part of the solution in addressing future energy demand in southern Maryland, on the Delmarva Peninsula and throughout the Mid-Atlantic region,” said William M. Gausman, PHI Senior Vice President for Asset Management and Planning. “It takes years to finalize approvals and construct major infrastructure projects like this line. Because of the long-lead time for completion, we do not anticipate this decision to significantly affect our ongoing efforts to responsibly move forward with the critical activities, including the regulatory and permitting process for MAPP.”

According to Gausman, PJM has also reviewed the need for the section of the line that would run from Delmarva Power’s Indian River substation near Millsboro, Del., to Salem, N.J., and has decided to move this portion of the line into its “continuing study” category. This means that the reconfigured MAPP line will now extend approximately 150 miles from northern Virginia, across southern Maryland and the Chesapeake Bay, and terminate at Indian River. The change would likely reduce the total project cost from \$1.4 billion to \$1.2 billion.

(more)

The use of an advanced high-voltage direct-current system for a portion of the MAPP project is an important reason that the line will still be able to address expected electricity reliability violations on the Delmarva Peninsula and the Mid-Atlantic region. This direct-current line will connect to the existing transmission system that has undergone extensive upgrades over the past few years. Gausman said that the northern portion of MAPP could be reinstated at any time based on future PJM analysis.

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PHI (NYSE: POM) is one of the largest energy delivery companies in the Mid-Atlantic region, serving about 1.9 million customers in Delaware, the District of Columbia, Maryland and New Jersey. PHI subsidiaries Pepco, Delmarva Power and Atlantic City Electric provide regulated electricity service; Delmarva Power also provides natural gas service. PHI provides competitive wholesale generation services through Conectiv Energy and retail energy products and services through Pepco Energy Services.