
NEWS RELEASE

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PJM Board Approves PHI's Proposed Interstate Transmission Line 500-kV Line Will Increase Capacity to Enhance Reliability, Transmit More Affordable Power

PJM Interconnection, operator of the Mid-Atlantic power grid, today approved Pepco Holdings, Inc.'s (NYSE: POM) proposal to build a 230-mile interstate power line to enhance electric reliability and improve transmission capacity in one of most heavily congested regions of the country.

Approval by PJM's board of managers is a major step forward for this project, allowing an extensive permitting and environmental review process before construction of the approximately \$1 billion transmission line begins.

The 500-kilovolt line, known as the Mid-Atlantic Power Pathway (MAPP), will connect Northern Virginia to Maryland, cross the Delmarva Peninsula and link with the power grid in southern New Jersey. It is designed to provide electricity to meet customer demand, now and in the future as each phase of the line is completed over a planned seven-year timetable. By increasing transmission capacity, MAPP also will provide access to more affordable power generation sources for PHI's nearly two million customers, creating an annual savings of about \$125 million.

"We are pleased with PJM's decision to approve this proposed transmission line, which will provide the Mid-Atlantic region with an expanded power grid that can meet the rising demand for electricity," said William Gausman, PHI Vice President, Asset Management. "MAPP is necessary not only for the well-being of the Mid-Atlantic region's power grid, but also for every jurisdiction along the line."

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A majority of the line will be built along, or adjacent to, existing right-of-way and incorporate environmentally responsible construction techniques. “Our careful planning will include significant community involvement,” said Gausman. “We look forward to working with communities during the design, permitting and siting processes to ensure that the construction of MAPP protects the environment and minimizes disruption to residents and businesses along the route,” he added.

Gausman noted that this line will complement the full range of energy options that are being considered to address future energy demand. “This new transmission line is part of the answer to meet the region’s electricity needs. We must also continue to stress the importance of energy conservation and environmentally-responsible new power generation to ensure that the region has a reliable supply of electricity,” said Gausman.

Demand for power during peak usage times in PHI’s four-state service area is projected to increase by nearly 20 percent over the next 10 years.

About PHI: Pepco Holdings, Inc., headquartered in Washington, D.C., delivers electricity and natural gas to about 1.9 million customers in Delaware, the District of Columbia, Maryland, New Jersey and Virginia. Through its subsidiaries Pepco, Delmarva Power and Atlantic City Electric, PHI delivers regulated electricity and natural gas service. PHI provides competitive wholesale generation services through Conectiv Energy and retail energy products and services through Pepco Energy Services.

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