

**FERC CASE NO. ER-08-1423-Pepco Holdings, Inc., Potomac Electric Power Company, Delmarva Power & Light Company, and Atlantic City Electric Company**

Pepco Holdings, Inc. (“PHI”) is the parent corporation of three transmission-owning public utility subsidiaries, Potomac Power Electric Company, Delmarva Power & Light Company, and Atlantic City Electric Company (collectively, “PHI Companies”). PHI and the PHI companies plan to construct the Mid-Atlantic Power Pathway (“MAPP”) Project, which is a proposed 230-mile, 500kV transmission line running through the PJM Interconnection, LLC (“PJM”) region from northern Virginia and southern New Jersey. The MAPP Project was approved under the PJM Regional Transmission Expansion Plan (“RTEP”) in October 2007.

In an August 18, 2008 filing pursuant to Section 205 of the Federal Power Act, PHI sought FERC approval of certain modifications of its formula rate under which PHI would collect a transmission revenue requirement for the MAPP Project. PHI also sought the inclusion of the 100% of construction work in progress (“CWIP”) in rate base, based on the projected cost of construction, and recovery of 100% of prudently-incurred costs in the event of abandonment of the MAPP Project through no fault of PHI. PHI also sought a incentive return on equity (“Incentive ROE”) adder of 150 basis points. The Incentive ROE, would be added to the PHI Companies’ existing base return on equity of 11.3% resulting in a 12.8% ROE. OPC filed a “Motion to Intervene, Protest, and Request for Hearing,” on issues regarding the Incentive ROE and other matters concerning the formula rate. A decision by FERC concerning the package of incentives and the setting of a hearing to determine the Incentive is anticipated.