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Audrey A. Zibelman
Executive Vice President and Chief
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May 4, 2007

VIA E-MAIL AND FEDEX

Mr. Thomas Shaw
Executive Vice President and Chief Operating Officer
800 King Street,
Wilmington, Delaware 19899

Dear Tom:

I am responding to your request for an update on the status of the Regional Transmission Expansion Plan (RTEP), especially as it relates PHI's proposed MAPP project.

Although we are factoring into our process the proposed Benning/Buzzard Point generation retirements and the related reliability upgrades, PJM has not completed its analysis of the MAAP project. Nonetheless, PJM recognizes that MAAP has the potential to contribute to the resolution of many of the reliability issues created by those retirements. It will also contribute to economic efficiency within the Delmarva Peninsula.

It is our intention to evaluate MAPP and other solutions to addressing these issues in accordance with the RTEP. We expect to complete our analysis by late summer and present our RTEP recommendations to PJM stakeholders and the Board by late summer.

As you know, PJM is considering for approval at its June Board meeting, projects that will address a number of specific reliability violations, but certainly not all the violations or economic issues within our footprint. We also know that there continues to be a need for significant transmission upgrades to address reliability and congestion issues within PJM, including the District of Columbia, Delmarva Peninsula and southern New Jersey.

I hope this is useful and please feel free to contact me with any other questions you may have.

Sincerely,

A handwritten signature in black ink that reads "Audrey Zibelman". The signature is written in a cursive, flowing style.

Audrey A. Zibelman