



A PHI Company

DELMARVA POWER TO SELL VIRGINIA OPERATIONS

FREQUENTLY ASKED QUESTIONS

Q: When do you expect this sale to become final?

A: The timeline is subject to regulatory approvals but we're hopeful these transactions (distribution assets to A & N; transmission assets to Old Dominion) will be finalized by early November 2007.

Q: Who has to approve the sale?

A: The sale of the transmission assets must first be approved by the Federal Energy Regulatory Commission (FERC) and the sale of the distribution and other related assets must first be approved by the Virginia State Corporation Commission.

Q: Why is Delmarva Power selling its Virginia operations?

A: Delmarva Power is opting to sell its Virginia operations for a variety of business reasons. Some of which include:

- Over the last year, Delmarva has been unable to fully recoup its costs associated with the supply side of the energy business in Virginia and this has had an adverse effect on the Company's overall financial picture.
- There are regulatory requirements that go with operating in any jurisdiction. Given our small customer base in Virginia, the cost of compliance exceeds the value of continuing to do business here. In essence, with only 22,000 customers in Virginia, Delmarva faces very high incremental costs of doing business in the state.

Q: What will this mean for Delmarva's customers?

A: It will take several months to finalize the sale. Once it is approved and finalized, Delmarva's customers will be transferred to A & N, who will institute new electricity rates, issue monthly bills, restore power when necessary and perform additional functions related to providing safe and reliable electricity service.

Q: As a Virginia customer, will I be without power while Delmarva's electrical equipment is transferred to A & N and ODEC?

A: Barring no unforeseen circumstances, there should be no disruption in service as a result of this sale.

Q: *What if I'm a budget billing customer – how will this impact my monthly bill?*

A: The details on how this sale will affect various customer services, such as budget billing, deferred payment arrangements, etc., are still being worked out between Delmarva Power and A & N. When more information becomes available, customers will receive direct notification from either Delmarva Power or A & N or both.

Q: *Will my electricity rates go down as a result of this sale?*

A: That will be determined by the SCC as part of the process for approving the sale.

Q: *What are A & N's current rates compared to Delmarva's current rates?*

A: The monthly bill for the typical Delmarva Power residential customer in Virginia who uses 750 kilowatt-hours of electricity is \$99.12. In comparison, the average A & N residential customer using 750 kWh a month pays about \$96.35. (Note: the monthly bill figures include applicable state and local taxes; however, the Delmarva figure does not include the City of Exmore tax, which is unique to that locality.)

Q: *Does this mean you'll change your name to Delmar Power?*

A: No, we are still the leading energy provider along the Delmarva Peninsula and will, therefore, still be Delmarva Power.

Q: *How much is Delmarva selling its Virginia operations for?*

A: The transmission assets, with the exception of two lines that run along the Virginia and Maryland border, will be sold to Old Dominion Electric Cooperative for about \$5 million; the distribution and other related assets will be sold to A & N Electric Cooperative for about \$40 million, bringing the total sale amount to approximately \$45 million.