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Reliability Investments, Continued Infrastructure Improvements Key Drivers for Atlantic City Electric Base Rate Adjustment

MAYS LANDING, N.J. – Atlantic City Electric (ACE) today asked the New Jersey Board of Public Utilities (BPU) to authorize a base rate adjustment of approximately \$78.9 million to help pay for reliability investments and continued infrastructure improvements to help sustain a more reliable electric grid for its customers.

The company will also seek approval of its grid resiliency plan, PowerAhead. If approved, the company plans to invest \$176 million in its system over five years to further strengthen and modernize the electric system making it more resilient to storms like Hurricane Sandy, the Derecho and the Bow Echo event that have been occurring more frequently in the area.

The base rate adjustment and the grid resiliency plan are subject to the review and approval of the BPU.

If the rate adjustment is approved as requested, residential customers using between 500 and 1,000 kilowatt hours per month would see a total monthly bill increase ranging from \$ 6.81 to \$11.73. It has been two years since Atlantic City Electric requested a rate adjustment.

“In order to further improve our electric system and continue providing quality service, it’s important that we invest in new infrastructure and upgrade our existing electrical systems,” said Vince Maione, Atlantic City Electric region president. “We are pleased to announce our grid resiliency plan, PowerAhead, that will not only harden the electric grid and make it more resistant to severe storms, it will help create jobs and strengthen the economy,” Maione added.

Through its Reliability Improvement Plan and other electric distribution system investments, over the past five years, ACE has invested approximately \$716 million into its electric system. Customers are seeing the benefits of this work. During 2015, ACE achieved its best reliability performance in more than a decade. Customers experienced 41 percent fewer outages and, when outages did occur, service was restored about 25 percent faster compared to 2011.

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Since 2011, ACE has performed reliability upgrades and system improvements on about 210 electric circuits. These are higher voltage lines that distribute electricity to customers. ACE has also upgraded hundreds of miles of wire, replaced hundreds of poles, and installed automated switching technology on dozens of electric circuits designed to isolate outages and restore power to customers quicker. In addition, the company has upgraded four substations with new equipment, circuit breakers and transformers, and built two new substations in Franklin Township, Gloucester County and the City of Port Republic, Atlantic County.

ACE has implemented a comprehensive vegetation management plan and has adhered to all requirements set forth by the NJ BPU. The company has spent more than \$40 million over the last three years on tree trimming and associated vegetation management work along nearly 5,200 miles of power lines to help prevent outages.

PowerAhead's planned projects include selective undergrounding of existing distribution circuits; constructing system ties to the barrier islands from the mainland; increased storm and flood prevention of substations and other equipment along the barrier islands; and increased system automation and remote control for faster and safer restoration. PowerAhead will not only enhance and modernize the electric grid, it will create jobs that will help revive the sluggish economy in the southern New Jersey region.

In addition, it is important to note that ACE's rate application does not include the benefits that will be provided by the pending merger with Exelon, which would include cost savings as a result of greater efficiencies from the merged company. The merger is currently being reviewed by the District of Columbia regulators, having already received sign off from government authorities in New Jersey, Delaware, Maryland and at the Federal level. If the District of Columbia Public Service Commission does not approve the merger, the hundreds of millions of dollars of benefits, enhanced reliability and other commitments that the merger offers to New Jersey, Delaware, Maryland and the District of Columbia, will not be realized for ACE's 547,000 customers, as well as the almost 1.5 million electric and gas distribution customers served by the PHI family of companies.

Distribution rates cover the cost of delivering power, not the cost of the power itself. Customers who buy energy from a competitive supplier continue to receive distribution service from ACE so they also will be affected by this requested rate adjustment. The new total monthly bill for customers who shop for their energy will vary according to the price charged by the customer's supplier.

Customers with questions regarding billing or the rate adjustment can contact our Customer Care Center at 1-800-642-3780.

For information about energy assistance programs, customers can visit www.nj211.org or call 211, New Jersey's non-emergency helpline, available 24/7 throughout the state.

For more information about ACE, visit www.atlanticcityelectric.com. Follow us on Facebook at www.facebook.com/atlanticcityelectric and on Twitter at www.twitter.com/aceleconnect. Download our mobile app at www.atlanticcityelectric.com/mobileapp.

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