

September 14, 2009

**THE POTOMAC EDISON COMPANY, dba ALLEGHENY POWER,
BALTIMORE GAS AND ELECTRIC COMPANY,
DELMARVA POWER & LIGHT COMPANY,
AND POTOMAC ELECTRIC POWER COMPANY
REQUEST FOR PROPOSALS FOR
FULL REQUIREMENTS WHOLESALE ELECTRIC POWER SUPPLY**

Ladies and Gentlemen:

The Potomac Edison Company, d/b/a Allegheny Power (“AP”), Baltimore Gas and Electric Company (“BGE”), Delmarva Power & Light Company (“Delmarva”) and Potomac Electric Power Company (“Pepco”) (jointly referred to as “the Maryland Utilities”) currently offer electric Standard Offer Service (“SOS”) to their Maryland customers through fixed and variable price power supply tariffs in accordance with the Maryland Public Service Commission orders in Case Nos. 8908, 9037, 9056 and 9064. The Maryland Utilities will provide generation supply for specified periods, procured through a competitive wholesale bidding process. Each of the Maryland Utilities will conduct a separate, yet simultaneous, wholesale, multi-procurement process under identical rules and schedules.

The Maryland Utilities are soliciting competitive bids for full requirements wholesale supply service for the load associated with the supply obligation as is more fully described in the Request for Proposal (“RFP”) documents. Each of the Maryland Utilities is issuing their own RFP soliciting supply contracts ranging in term from three to twenty-four months.

- For BGE, Delmarva, and Pepco, the bidding for Residential contracts will occur in two procurements – October 2009 and April 2010, contract terms will be twenty-four months, and will be for supply services to begin June 1, 2010 and October 1, 2010.
- For AP, the bidding for Residential contracts will occur in four procurements – October 2009, January, April, and June 2010, and the contract terms will range from twelve- to twenty-four months.
- For BGE, the bidding for small commercial Type I contracts will occur in two procurements -- October 2009 and April 2010, contract terms will be for twenty-four months, and will be for supply services to begin June 1, 2010 and October 1, 2010.

- For AP, the bidding for small commercial Type I contracts will occur in two procurements – October 2009, and January 2010 , contract terms will be twenty-four months, and will be for supply services to begin June 1, 2010.
- For all the Maryland Utilities, the bidding for larger commercial Type II contracts will be for three-month term contracts and will occur quarterly. The quarterly procurements in October 2009 and January 2010 will be for Type II supply services to begin December 1, 2009, and March 1, 2010, and will be governed by the 2009 Model FSA and RFP documents. The April and June 2010 procurements will be for Type II supply services to begin June 1, 2010 and September 1, 2010, and will be governed by the 2010 Model FSA and RFP documents.

The load to be bid upon in the Maryland Utilities' RFPs is divided into three service types. An approximation of the load being bid for this procurement cycle (stated in Capacity PLC megawatts) associated with customers currently receiving utility supply service for each service type for each utility, is indicated in the following table. The load figures will be updated prior to the bid due dates.

<u>Service Type</u>	<u>AP</u>	<u>BGE</u>	<u>Delmarva</u>	<u>Pepco</u>
Residential	466	1,752	234	728
Type I Non-Residential SOS ⁽¹⁾	45	126	28	41
Type II Non-Residential SOS ⁽²⁾	145	574	80	307
TOTAL	656	2,452	342	1,076

(1) Type I Non-Residential SOS load generally represents non-residential customers with peak loads up to 25 kW.

(2) Type II Non-Residential SOS load generally represents non-residential customers with peak loads greater than 25 kW, but smaller than 600 kW.

Further details regarding the procurement schedule, including the bid due dates for this multi-procurement process, can be found in the RFP documents. All RFP documents are located on the individual Maryland Utilities' RFP websites as noted below. The websites are scheduled to go live Monday, September 14, 2009.

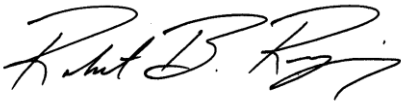
AP	www.alleghenypower.com/rfp
BGE	rfp.bge.com
Delmarva	www.delmarva.com/mdrfp
Pepco	www.pepco.com/mdrfp

If you are interested in participating in any of the RFPs, you must submit an Expression of Interest Form for each utility in which you have interest. The Expression of Interest Form for each of the Maryland Utilities can be found on that utility's RFP website under the Expression of Interest icon. Prospective bidders who have submitted the Expression of Interest Form, or retail electricity suppliers that have been qualified by a Maryland Utility to provide retail electric supply services in that utility's Maryland service territory pursuant to that utility's Electricity Supplier Coordination Tariff, will be given access to that utility's password protected RFP material.

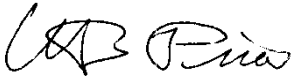
All questions related to these RFPs should be submitted through one of the four Maryland Utilities RFP websites "Questions and Answers" link. Answers to all questions will be posted on all four of the Maryland Utilities websites.

The Maryland Utilities will be holding a joint-utility web-based **pre-bid webinar on Wednesday, September 23, 2009**, beginning at 1:00 EDT, to review the general RFP structure and process, the specific utility bid plans, and the Full Requirements Service Agreement (the contract that will be used to purchase generation supply under the RFP). On each of the Maryland Utilities' RFP websites, you will find: documents associated with the 2010 RFP, the slides to be used in the webinar (available the morning of the webinar), and a webinar registration link. We encourage your review of such documents as posted on the RFP websites prior to the webinar. Additional details on this webinar, including registration information, will be sent via e-mail to all suppliers that have submitted an Expression of Interest Form.

Sincerely,



Robert B. Reeping
General Manager, Electric Supply
Allegheny Power



William B. Pino
Director, Electric Supply
Baltimore Gas & Electric Company



Peter E. Schaub
General Manager, Energy Supply
Delmarva Power and Light Company and Potomac Electric Power Company