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August 1, 2014

Ms. Brinda Westbrook-Sedgwick
Commission Secretary
Public Service Commission
of the District of Columbia
1333 H Street, N.W.
2nd Floor, West Tower
Washington, DC 20005

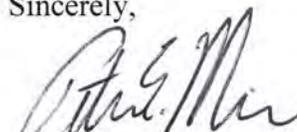
Re: Formal Case No. 1121

Dear Ms. Westbrook-Sedgwick:

Enclosed please find the Application of Potomac Electric Power Company for Issuance of a Financing Order.

Please feel free to contact me if you have any questions regarding this matter.

Sincerely,



Peter E. Meier

PEM/pmh

Enclosure

cc: All Parties of Record

**BEFORE THE
PUBLIC SERVICE COMMISSION
OF THE DISTRICT OF COLUMBIA**

**IN THE MATTER OF)
)
APPLICATION OF POTOMAC)
ELECTRIC POWER COMPANY)
FOR ISSUANCE OF A FINANCING)
ORDER UNDER THE ELECTRIC)
COMPANY INFRASTRUCTURE)
IMPROVEMENT FINANCING ACT)**

Formal Case No. 1121

VOLUME I of I:

**Application of Potomac Electric Power Company
For Issuance of a Financing Order**

**Direct Testimony and Exhibits of Potomac Electric
Power Company Witnesses MCGOWAN and JANOCHA**

**Direct Testimony and Exhibits of District of Columbia
Witnesses BARNETTE and FOXX**

Form of DDOT Property Servicing Agreement

Proposed Financing Order

Form of Public Notice

August 1, 2014

APPLICATION

BEFORE THE
PUBLIC SERVICE COMMISSION
OF THE DISTRICT OF COLUMBIA

IN THE MATTER OF

APPLICATION OF POTOMAC)
ELECTRIC POWER COMPANY)
FOR ISSUANCE OF A)
FINANCING ORDER UNDER THE)
ELECTRIC COMPANY)
INFRASTRUCTURE IMPROVEMENT)
FINANCING ACT)

Formal Case No. 1121

**APPLICATION OF
POTOMAC ELECTRIC POWER COMPANY
FOR ISSUANCE OF A FINANCING ORDER**

Pursuant to Section 302(b) of the *Electric Company Infrastructure Improvement Financing Act of 2014* (“Act”),¹ D.C. Law 20-102 (effective May 3, 2014), the Potomac Electric Power Company (“Pepco”) hereby requests that the Public Service Commission of the District of Columbia (“Commission”) issue a Financing Order as set forth herein.² Approval of this Application and issuance of the Financing Order in the form requested will allow the District of Columbia (“District”) to issue Bonds in a total aggregate par amount of up to \$375 million consistent with the limitation imposed by Section 202(a) of the Act. Consistent with Section 202(b) of the Act, the proceeds of the Bonds will be used: (i) to pay Upfront Financing Costs of the Bonds, and (ii) to pay or reimburse DDOT Underground Electric Infrastructure Improvement

¹ Initially capitalized terms used but not defined in this Application shall have the meaning set forth in the Act.

² Although Section 302(b) requires that this Application be filed by Pepco, Section 302(b)(1) mandates that the Application include “a statement from the District containing a description of the Bond issue or issues . . . and estimates of the DDOT Underground Electric Infrastructure Improvement Annual Revenue Requirements that will enable the District to pay the debt service and financing costs associated with [such] Bonds”. To comply with this requirement, this Application includes direct testimony from the District.

Costs (“DDOT Improvement Costs”) incurred by the District of Columbia Department of Transportation (“DDOT”) in undertaking or in support of DDOT Underground Electric Infrastructure Improvement Activities (“DDOT Improvement Activities”). As discussed in the testimony of District Witness Foxx (DC (B)), which is attached at Tab 4, itemized estimates of the DDOT Improvement Costs were provided in Appendix I of the Joint Application of Potomac Electric Power Company and District Department of Transportation for Approval of the Triennial Underground Infrastructure Improvement Projects Plan (the “Triennial Plan Application”) filed in Formal Case No. 1116 on June 17, 2014.³

In support of this Application, Pepco shows as follows:

I.
The Applicant

Pepco is a wholly-owned subsidiary of Pepco Holdings, Inc. (“PHI”) and is a District of Columbia and Virginia corporation having its principal place of business at 701 Ninth Street, N.W., Washington, D.C. 20068. Pepco provides retail electric distribution services in the District of Columbia as well as major portions of Montgomery and Prince George’s Counties, Maryland.

Pepco is subject to regulation by the Commission with respect to its public utility operations within the District of Columbia pursuant to the District of Columbia Public Utilities Act, as amended, D.C. Official Code §§ 34-101 *et seq.*

³ Pursuant to Section 310(b)(5) of the Act, a Commission order approving the Triennial Plan Application will find that the “projected DDOT Underground Electric Company Infrastructure Improvement Costs funded by DDOT Underground Electric Company Infrastructure Improvement Charges are prudent.”

II.
Identification and Contact Information

All correspondence and communications regarding this matter should be sent to the following persons at the addresses specified:

<u>Applicant: Pepco</u>	<u>District</u>
Peter E. Meier Vice President Legal Services Andrea H. Harper Associate General Counsel Potomac Electric Power Company 701 Ninth Street, N.W., 10 th Floor Washington, D.C. 20068 Peter.meier@pepcoholdings.com ahharper@pepcoholdings.com	Jeffrey Barnette Deputy CFO & Treasurer Government of the District of Columbia Office of Finance and Treasury 1101 4th Street, S.W., Suite 850 Washington, D.C. 20024 jeffrey.barnette@dc.gov
Grace D. Soderberg, Esq., Manager – Regulatory Affairs, Washington DC Potomac Electric Power Company 701 Ninth Street, N.W., Room 9004 Washington, D.C. 20068 gdsoderberg@pepcoholdings.com	Patrick Allen Assistant Attorney General Government of the District of Columbia Office of the Attorney General 441 4th Street, N.W. 10th Floor, Suite 1010 South Washington, D.C. 20001 patrick.allen@dc.gov

III.
Background

Pursuant to Mayor’s Order 2012-130 (August 16, 2012),⁴ Mayor Vincent Gray established the Mayor’s Power Line Undergrounding Task Force (“Task Force”), which was given specific directives for analyzing “the technical feasibility, infrastructure options and reliability implications of undergrounding new or existing overhead electrical distribution

⁴ Mayor’s Order 2012-130 was amended by Mayor’s Order 2012-182 (October 19, 2012).

facilities in the District of Columbia”.⁵ The Task Force carefully studied the issue of undergrounding of power lines to improve electric system reliability and public safety in the District of Columbia during a variety of weather conditions.⁶ In October 2013, the Task Force issued a Final Report which recommended that the Mayor accept the Task Force’s recommendations and further recommended immediate development of a plan implementing expedited legislative and regulatory processes that would allow design and construction activities for undergrounding facilities to begin.⁷

Legislation governing the public-private partnership between Pepco and DDOT to bury certain overhead power lines to improve electric service reliability in the District of Columbia, D.C. Bill 20-387, was introduced in the Council of the District of Columbia (“Council”) on July 9, 2013. The legislation was approved by the Council on February 4, 2014 and signed by the Mayor on March 3, 2014. The legislation became law effective May 3, 2014.

The Act provides for a joint DDOT and Pepco application for the Commission’s approval of a triennial plan for undergrounding certain electrical facilities identified therein. On April 29, 2014, the Commission issued Order No. 17473, which, *inter alia*, opened Formal Case No. 1116 to consider applications for approval of Triennial Undergrounding Plans. On June 17, 2014, DDOT and Pepco filed the Triennial Plan Application in Formal Case No. 1116 seeking the Commission’s approval of their Triennial Underground Infrastructure Improvement Projects Plan (“Triennial Undergrounding Plan”).

⁵ Final Report at 8.

⁶ *Id.* at 10.

⁷ *Id.* at 9.

This Application and the Financing Order it seeks are an integral part necessary to make the DDOT Improvement Activities a reality as the Financing Order will allow the issuance of the Bonds, the proceeds of which will fund the DDOT Improvement Costs.

IV. Use of Securitization

Bonds issued through a “securitization” structure (“Securitization Bonds”), similar to the Bonds described in this Application, have been successfully issued in many states as an element of electric utility industry restructuring and also to achieve important utility industry public policy objectives. Securitization Bonds have been given various names, including “rate reduction bonds,” “transition bonds,” “hurricane recovery bonds,” and “rate stabilization bonds.” However, all Securitization Bonds have common structural and security features. Important common elements include: the Securitization Bonds are authorized by special legislation and a final non-appealable “financing order” issued by a public service commission; the Securitization Bonds are secured by a property right, consisting of the right to impose and collect a nonbypassable charge imposed upon utility customers, which charge is subject to adjustment from time to time to assure the timely payment of debt service on the Securitization Bonds and related financing costs; and the agreement of the applicable State not to take any action which would impair the property rights of the bondholders. In all but one case, the Securitization Bonds have achieved “AAA” or equivalent credit ratings.

Although most Securitization Bond offerings have been issued by special purpose affiliates of investor-owned utilities, Securitization Bonds have also been issued by public issuers with similar success. For instance, the State of Connecticut issued approximately \$205 million of Securitization Bonds described as “rate reduction bonds” in June 2004 to sustain the

funding of energy conservation and load management and renewable energy investment programs by providing money to the State of Connecticut's general fund. Most recently, in December 2013, a special securitization issuer established under New York State law issued approximately \$2 billion of Securitization Bonds to assist the Long Island Power Authority in refinancing its outstanding debt. These public issuances shared many of the securitization characteristics described above, including the "AAA" credit ratings, with certain structuring differences.

Exhibit A attached hereto lists the Securitization Bond transactions since 1997. These Securitization Bond issuances to date total approximately \$50 billion. All of such bond issues were executed for the benefit of customers of the electric utility companies involved, advancing important public policy and minimizing the cost to customers.

The Bonds proposed for issuance by the District as described in this Application will share the common elements of Securitization Bonds described above, and are expected to achieve the highest reasonably attainable credit ratings thereby providing low cost funds to finance the DDOT Underground Electric Infrastructure Improvements.

V.

Overview of the Proposed Bond Transaction

Once approved by the Commission in the Financing Order, the DDOT Underground Electric Company Infrastructure Improvement Charge ("DDOT Improvement Charge") is irrevocable, pursuant to Section 301(c) of the Act. The DDOT Improvement Charge will be a non-bypassable, volumetric surcharge applicable to all of Pepco's distribution service customers within the District of Columbia, other than members of the residential aid discount ("RAD")

customer class or any succeeding discount customer class.⁸ The Act mandates that the surcharge be imposed in accordance with the distribution service customer class cost allocations approved by the Commission in Pepco's most recent base rate case (currently Formal Case No. 1103).⁹

The DDOT Underground Electric Company Infrastructure Improvement Property ("DDOT Improvement Property") is the asset underlying the Bonds and represents, *inter alia*, the District's right, title and interest in and to the DDOT Improvement Charge as well as all revenues, collections, claims, payments, money, or proceeds of or arising from the DDOT Improvement Charge.¹⁰

The District will issue and sell the Bonds, which will be payable from, *inter alia*, the DDOT Underground Electric Company Infrastructure Improvement Revenue.¹¹ The proceeds from the sale of the Bonds, net of any Upfront Financing Costs, will be remitted to a trustee and held in the DDOT Underground Electric Company Infrastructure Improvement Fund to fund the DDOT Improvement Activities approved by the Commission in the Financing Order.

The DDOT Improvement Charge will be periodically adjusted, up or down, pursuant to the true-up adjustment mechanism to be approved in the Financing Order in accordance with Section 314 of the Act.

A more detailed description of the Bond transaction is set forth in the testimony of District Witness Barnette (DC (A)), which is attached at Tab 3. The testimony of Pepco Witness Janocha (PEPCO (B)), which is attached at Tab 2, addresses the DDOT Improvement Charge

⁸ Section 301(a)(4) and Section 305(d).

⁹ Section 301(a)(4).

¹⁰ Section 101(16).

¹¹ Section 203(a) and Section 204(b).

and its allocation in accordance with the Act among Pepco's distribution service customer classes, other than the RAD customer class, using the distribution service customer class cost allocations approved by the Commission in Formal Case No. 1103. Mr. Janocha also addresses the true-up to the DDOT Improvement Charge that will be performed at least semi-annually.

VI. **Application's Compliance with the Act**

Section 302(b) of the Act establishes certain information that is required to be set forth in any application for a financing order. This Application satisfies all of these requirements.

Specifically:

- In accordance with Section 302(b)(1) of the Act, the testimony of District Witness Barnette (DC (A)), which is attached at Tab 3, contains a description of the Bonds the District currently intends to issue following the Commission's approval of the Financing Order. Each element of the proposed preliminary bond structure (including without limitation the amortization structure) is subject to change based upon market conditions and rating agency considerations. Mr. Barnette's testimony also provides preliminary estimates of the total Financing Costs of the Bonds.
- In accordance with Section 302(b)(2) and (4) of the Act, the testimony of Pepco Witness Janocha (PEPCO (B)), which is attached at Tab 2, sets forth: the estimated DDOT Improvement Charge; the allocation of the estimated DDOT Improvement Charge among Pepco's distribution service customer classes, other than the RAD customer class, in accordance with the distribution service customer class cost allocations approved by the Commission in Formal Case No.

1103; and demonstrates that the surcharge will be sufficient to generate an amount at least equal to the DDOT Underground Electric Company Infrastructure Improvement Annual Revenue Requirement as provided by the District. A proposed tariff rider, Rider “DDOT UECIIC”, to implement the DDOT Improvement Charge is presented in Mr. Janocha’s testimony and PEPCO Ex. (B)-2. He also details the semi-annual True-up to the DDOT Improvement Charge that will be performed to comply with the requirements of Section 314 of the Act.¹²

- In accordance with Section 302(b)(3) of the Act, the proposed form of the servicing agreement between the District and Pepco is attached at Tab 5 and is discussed in the testimony of Pepco Witness McGowan (PEPCO (A)), which is attached at Tab 1.
- In accordance with Section 302(b)(5) of the Act, attached at Tab 7 is a proposed form of public notice of the Application suitable for publication by the Commission.

As indicated above, this Application and the exhibits filed in support thereof are in full compliance with the requirements of the Act; however, in the event the Commission determines that this Application fails to conform in any respect to the Act’s requirements for such an application, Pepco hereby respectfully requests a reasonable opportunity to supplement this Application with the required, responsive information.

¹² As Mr. Janocha notes in his testimony, following the last expected maturity date of the last maturing tranche of Bonds of any series, if any Bonds remain outstanding, quarterly True-ups to the DDOT Improvement Charge will be implemented.

VII.
Compliance With Commission's Rules And Directives

Pursuant to Section 401(a) of the Act, the costs to be incurred by the Commission and the Office of the People's Counsel in connection with this Application are recoverable in accordance with Section 34-912 of the District of Columbia Official Code. Rule 104.1(g) of the Commission's Rules of Practice and Procedure requires that an applicant indicate whether the proceeding should be considered a "rate case" or an "other investigation" for purposes of Section 34-912 of the District of Columbia Official Code. Consistent with well-established precedent of the District of Columbia Court of Appeals and the clear language of the Act, this proceeding should be considered an "other investigation" for purposes of Section 34-912 of the District of Columbia Official Code. In *Office of the People's Counsel v. Public Service Commission*, 572 A.2d 410 (D.C. 1990) the District of Columbia Court of Appeals held that, for purposes of what is now Section 34-912(a), to constitute a "rate case" for assessment purposes, a proceeding must both establish rates of a utility and include a formal hearing. *Id.* at 414-15. *See also, Washington Gas Light Company v. Public Service Commission*, 455 A.2d 384, 389 (D.C. 1982)("We believe that a logical and sound interpretation of the term "rate case" is clear from a reading of these sections dealing with rates; "rate case" refers to a proceeding, including a formal hearing, which results in a Commission order fixing any of the rates of a utility.") The Act provides that a formal hearing is not required to approve a financing order. Indeed Section 303(b) of the Act limits the situation in which a formal evidentiary hearing is required to when "contested issues of material fact are present and those issues cannot be resolved by the Commission on the basis of the pleadings and discovery responses filed, if any, in the matter." Moreover, this proceeding will not establish any rate of a utility. The Act is clear that the DDOT

Improvement Charge is neither the property nor an asset of Pepco. The DDOT Improvement Charge is collected by Pepco in its capacity as agent for the District. Section 201(b) of the Act is unambiguous on these points. It provides in pertinent part: “The electric company shall have no rights in or to the DDOT Underground Electric Company Infrastructure Improvement Revenue. The sole responsibility of the electric company shall be to act in an agency capacity for the collection of the DDOT Underground Electric Company Infrastructure Improvement Revenue and to remit the DDOT Underground Electric Company Infrastructure Improvement Revenue to a trustee in accordance with the servicing agreement.” In such circumstances, this proceeding is appropriately considered an “other investigation” for purposes of Section 34-912 of the District of Columbia Official Code.

This Application and the exhibits filed in support thereof are in full compliance with each of the Commission’s filing requirements and precedential directives. However, in the event the Commission determines that Pepco has failed to conform in any respect to the filing requirements of its Rules or Orders, Pepco hereby respectfully requests, pursuant to Rule 146.1, a waiver of such filing requirements. Alternatively, Pepco respectfully requests a reasonable opportunity to supplement this Application with the required, responsive information.

VIII.
Required Provisions for Issuance of a Financing Order

The Act requires that the Commission must include certain provisions in any financing order. For example, Section 301(a) of the Act states all financing orders, among other provisions, shall:

- (1) Specify the maximum amount of Bonds that are authorized for issuance, the amount not to exceed the limitations set forth in [the Act], including the maturities, scheduled maturities, or interest rates, or interest rate determination

methods and other details of the Bonds as the Commission determines appropriate;

(2) Describe the DDOT Underground Electric Infrastructure Improvement Activities to be paid through the issuance of the Bonds and recovered through DDOT Underground Electric Company Infrastructure Improvement Charges;

(3) Specify the qualitative or quantitative limitations on financing costs to be recovered (not to impair the ability to pay and service the Bonds in accordance with their terms);

(4) Assess DDOT Underground Electric Company Infrastructure Improvement Charges among the distribution service customer classes of the electric company in accordance with the distribution service customer class cost allocations approved by the Commission for the electric company and in effect pursuant to the most recent base rate case; provided, that no such charges shall be assessed against the electric company's residential aid discount customer class or any succeeding customer class approved by the Commission for the purpose of providing economic relief to a specified low-income customer class. DDOT Underground Electric Company Infrastructure Improvement Charges shall be billed to customers by the electric company as a volumetric surcharge;

(5) Describe the true-up mechanism to reconcile actual collections of DDOT Underground Electric Company Infrastructure Improvement Charges with forecasted collection on at least an annual basis to ensure that the collections of DDOT Underground Electric Company Infrastructure Improvement Charges are adequate to pay debt service on the associated Bonds when due pursuant to the expected amortization schedule, to fund all debt service reserve accounts to the required levels, and to pay when due all other expected ongoing financing costs as provided in section 314 [of the Act];

(6) Authorize the creation of the DDOT Underground Electric Company Infrastructure Improvement Property;

(7) Authorize the imposition, billing, and collection of DDOT Underground Electric Company Infrastructure Improvement Charges to pay debt service on the Bonds and other ongoing financing costs;

(8) Describe the DDOT Underground Electric Company Infrastructure Improvement Property that will be created and that may be used to pay and secure the payment of the debt service of the Bonds and other ongoing financing costs;

(9) Authorize the execution and delivery of one or more servicing or collection agreements with the applicant electric company, including, without limitation, provisions for fixing the servicing fee, arrangements for an alternate servicer of the DDOT Underground Electric Company Infrastructure Improvement Charges, requiring the electric company to collect and remit the resulting DDOT Underground Electric Company Infrastructure Improvement

Charges in its entirety to the trustee, as provided in section 201 [of the Act], and requiring that any successor to the electric company, whether pursuant to any reorganization, bankruptcy, or other insolvency proceeding, any merger or acquisition, sale or other business combination, or transfer by operation of law, as a result of utility restructuring or otherwise, shall perform and satisfy all obligations of the electric company under the servicing agreement and the pertinent financing order in the same manner and to the same extent as the electric company, including collecting and paying to the person entitled to receive the revenues, collections, payments, or proceeds of the DDOT Underground Electric Company Infrastructure Improvement Charges;

(10) Prescribe the filing of billing and collection reports relating to the DDOT Underground Electric Company Infrastructure Improvement Charges; and

(11) Consistent with [the Act], contain such other findings, determinations, and authorizations as the Commission shall consider appropriate.

Set forth at Tab 6 is a draft of a proposed form of Financing Order which, as is discussed in the testimony of Pepco Witness McGowan, incorporates all the elements required by the Act for the contents of a Financing Order, including, but not limited to, the provisions specified in Section 301(a) of the Act, as well as other necessary and customary structural elements, authorizations and confirmations designed to satisfy the rating agencies and to conform to the expectations of the financial markets and to achieve the highest reasonably attainable credit ratings on the Bonds. Such additional elements include, but are not limited to, (i) the appointment of a successor servicer will not result in a reduction or withdrawal of the then-current credit ratings on the Bonds, (ii) if any third party is entitled to bill and collect the DDOT Improvement Charge that the Commission will impose such terms and conditions upon such third party as will ensure that the credit ratings on the Bonds are not adversely affected; and (iii) the DDOT Improvement Charge is to be imposed on and collected by Pepco from all existing and future customers in the District of Columbia, other than members of the RAD customer class. Accordingly, Pepco requests that the Commission issue the Financing Order in the form attached at Tab 6 without change to its substantive provisions.

IX.
Attachments

The following attachments are filed with this Application:

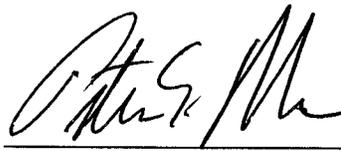
- Exhibit A Listing of Securitization Bond transactions since 1997.
- Tab 1 The direct testimony of Pepco Witness McGowan (PEPCO (A)).
- Tab 2 The direct testimony of Pepco Witness Janocha (PEPCO (B)).
- Tab 3 The direct testimony of District Witness Barnette (DC (A)).
- Tab 4 The direct testimony of District Witness Foxx (DC (B)).
- Tab 5 Form of Servicing Agreement between the District of Columbia and
Pepco.
- Tab 6 Proposed Financing Order.
- Tab 7 Form of public notice of this Application as required by Section 302(b)(5)
of the Act.

X.
Conclusion

WHEREFORE, Pepco urges the Commission to grant this Application and approve the Financing Order requested herein which, *inter alia*, authorizes the creation of the DDOT Improvement Property and the imposition, billing, and collection of the DDOT Improvement Charge. More specifically, Pepco requests that the Commission issue a Financing Order in the form attached hereto at Tab 6 in its entirety and without change to its substantive provisions and reserve to the District the sole discretion as to whether and when to proceed with the issuance of the Bonds and the completion of all related transactions as well as allow the District substantial flexibility in structuring the Bonds within the parameters established in the Financing Order, and consistent with the provisions of the Act.

Respectfully submitted,

POTOMAC ELECTRIC POWER COMPANY

By: 

Peter E. Meier
Vice President Legal Services

Peter E. Meier, D.C. Bar No. 419075
Andrea H. Harper, D.C. Bar No. 483246
Wendy E. Stark, D.C. Bar No. 1011577
Dennis P. Jamouneau, D.C. Bar No. 983375
701 Ninth Street, N.W.
10th Floor
Washington, D.C. 20068
Of Counsel For Potomac Electric Power Company

Washington, D.C.
August 1, 2014

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Application of Potomac Electric Power Company for Issuance of a Financing Order has been served by hand this 1st day of August, 2014, on:

Sandra Mattavous-Frye
People's Counsel
Office of the People's Counsel
1133 15th Street, N.W.
Suite 500
Washington, D.C. 20005

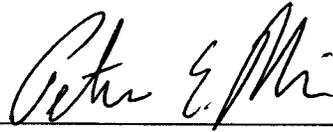
A handwritten signature in black ink, appearing to read "Peter E. Meier", written over a horizontal line.

Peter E. Meier

VERIFICATION

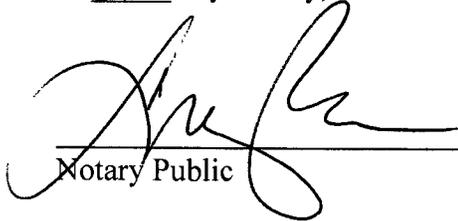
Washington, D.C.)
) ss:
District of Columbia)

PETER E. MEIER, being first duly sworn, deposes and says that he is the Vice President - Legal Services of Pepco Holdings, Inc. and he has read the foregoing Application of Potomac Electric Power Company for Issuance of a Financing Order, and he has knowledge of the matters set forth therein and that the statements therein are true and correct to the best of his information, knowledge and belief.



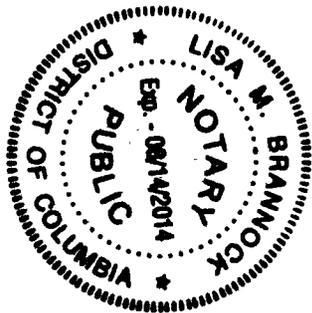
Peter E. Meier

Subscribed and sworn to before me this 31st day of July, 2014.



Notary Public

Lisa M. Brannock
Notary Public, District of Columbia
My Commission Expires 8/14/2014



**HISTORICAL RRB ISSUANCE with Servicing Fee
1997 – PRESENT**

State	Entity	Date	Servicing Fee Utility Servicer (% of Initial Principal)	Approx. Size (\$mm)
Michigan	Consumers Energy	July 2014	0.05%	\$378
New York	Long Island Power Authority	December 2013	0.05%	2,022
West Virginia	AEP West Virginia	November 2013	0.05%	380
Ohio	AEP Ohio	July 2013	0.10%	267
Ohio	FirstEnergy	June 2013	0.10%	445
Texas	AEP Texas Central	March 2012	0.05%	800
Texas	CenterPoint Energy Houston Electric	January 2012	0.05%	1,695
Louisiana	Entergy Louisiana	September 2011	0.07%	207
Arkansas	Entergy Arkansas	August 2010	0.12%	124
Louisiana	Entergy Louisiana	July 2010	0.03%	469
Louisiana	Entergy Gulf States Louisiana	July 2010	0.06%	244
West Virginia	Potomac Edison Company	December 2009	0.05%	22
West Virginia	Monongahela Power Company	December 2009	0.05%	64
Texas	CenterPoint Energy	November 2009	0.05%	665
Texas	Entergy Texas	November 2009	0.05%	546
Louisiana	Entergy Louisiana	August 2008	0.06%	278
Louisiana	Entergy Gulf States Louisiana	July 2008	0.03%	688
Louisiana	Cleco Power	February 2008	0.05%	181
Texas	CenterPoint Energy	January 2008	0.05%	488
Maryland	Baltimore Gas & Electric	June 2007	0.12%	623
Texas	Entergy Gulf States	June 2007	0.05%	330
Florida	Florida Power and Light	May 2007	0.05%	652
West Virginia	Monongahela	April 2007	0.05%	344
West Virginia	Potomac Edison	April 2007	0.05%	115
Texas	AEP Texas Central	September 2006	0.05%	1,740
New Jersey	Jersey Central Power & Light	August 2006	0.13%	182
Texas	CenterPoint Houston	December 2005	0.05%	1,851
California	Pacific Gas & Electric	November 2005	0.09%	844
Pennsylvania	West Penn Power	September 2005	0.25%	115 ¹
New Jersey	Public Service Electric & Gas	September 2005	0.05%	103
Massachusetts	Nstar (Boston Edison)	February 2005	0.05%	675
California	Pacific Gas & Electric	February 2005	0.09%	1,888
New Jersey	Rockland Electric	July 2004	0.13%	46 ¹
Connecticut	State of Connecticut (CL&P/UIC)	June 2004	0.07%	205
Texas	TXU Electric Delivery	May 2004	0.05%	790
New Jersey	Atlantic City Electric	December 2003	0.10%	152
Texas	Oncor Electric Delivery	August 2003	0.05%	500
New Jersey	Atlantic City Electric	December 2002	0.10%	440
New Jersey	Jersey Central Power and Light	June 2002	0.13%	320
Texas	Central Power and Light	January 2002	0.05%	797
New Hampshire	Public Service of New Hampshire	January 2002	0.25% ²	50
Michigan	Consumers Energy	October 2001	0.25% ²	469
Texas	Reliant Energy	October 2001	0.05%	749
Massachusetts	Western Massachusetts	May 2001	0.05%	155
New Hampshire	Public Service of New Hampshire	April 2001	0.25% ²	525
Connecticut	Connecticut Light & Power	March 2001	0.05%	1,438

Exhibit A

Michigan	Detroit Edison	March 2001	0.05%	1,750
Pennsylvania	PECO Energy	February 2001	0.25% ²	805
New Jersey	PSE&G	January 2001	0.05%	2,525
Pennsylvania	PECO Energy	April 2000	0.25%	1,000
Pennsylvania	West Penn Power	November 1999	0.21%	600
Pennsylvania	Pennsylvania Power & Light	July 1999	0.05%	2,420
Massachusetts	Boston Edison	July 1999	0.05%	725
California	Sierra Pacific Power	March 1999		24 ¹
Pennsylvania	PECO Energy	March 1999	0.25% ²	4,000
Illinois	Illinois Power	December 1998	0.25%	864
Illinois	Commonwealth Edison	December 1998	0.09%	3,400
Montana	Montana Power	December 1998	0.25% ²	63 ¹
California	San Diego Gas & Electric	December 1997	0.25% ²	658
California	Southern California Edison	December 1997	0.25% ²	2,463
California	Pacific Gas & Electric	November 1997	0.25% ²	2,901
Washington	Puget Sound Energy	July 1997		35 ¹
Total				\$50,294

Source: Bloomberg, Company Filings, Press Releases and Other Publicly Available Information

¹ Rule 144A offerings.

² Calculated as a % of outstanding principal.

**MCGOWAN
TESTIMONY**

POTOMAC ELECTRIC POWER COMPANY
BEFORE THE
PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA
DIRECT TESTIMONY OF KEVIN M. MCGOWAN
FORMAL CASE NO. 1121

1 **Q1. Please state your name and position.**

2 A1. My name is Kevin M. McGowan and I am Vice President, Regulatory
3 Affairs of Pepco Holdings, Inc. (PHI). I am testifying on behalf of Potomac
4 Electric Power Company (Pepco or the Company).

5 **Q2. What are your responsibilities in your role as Vice President, Regulatory**
6 **Affairs?**

7 A2. I am responsible for regulatory matters for PHI and its three regulated
8 utility subsidiaries, Pepco, Atlantic City Electric Company and Delmarva Power
9 & Light Company. In this capacity, I am responsible for regulatory affairs related
10 to PHI's utility business before the Public Service Commission of the District of
11 Columbia (the Commission), the Maryland Public Service Commission, the
12 Delaware Public Service Commission, the New Jersey Board of Public Utilities,
13 and the Federal Energy Regulatory Commission.

14 **Q3. What is your educational and professional background and experience?**

15 A3. I hold a Bachelor of Business Administration degree in both Accounting
16 and Business Data Systems from the University of Texas at San Antonio and a
17 Masters of Business Administration in Finance from the University of Chicago
18 Booth School of Business. I am also a Certified Public Accountant.

19 In 1998, I joined Potomac Capital Investments, a subsidiary of Pepco, as
20 the Vice President and Treasurer. In 2004, I transferred to PHI's Power Delivery

1 group and eventually to PHI, where I have held various financial positions of
2 increasing responsibility in Strategic Planning, Financial Planning, Treasury and
3 Corporate Risk. In March 2009, I was promoted to Vice President and Treasurer
4 of PHI. In November 2012, I became Vice President, Regulatory Affairs. Prior
5 to joining Pepco, I worked for Duty Free International, an international retail
6 company, and prior to that I worked for Ernst & Young.

7 **Q4. Have you previously presented testimony before a regulatory body?**

8 A4. Yes. I have previously testified before this Commission in the Company's
9 distribution base rate case proceeding (Formal Case No. 1087), in which I
10 addressed capital structure, treasury activities and other financial matters. I have
11 also filed testimony and testified on behalf of the PHI regulated subsidiaries
12 before the Maryland Public Service Commission, the New Jersey Board of Public
13 Utilities and the Delaware Public Service Commission.

14 **Q5. What is the purpose of your testimony?**

15 A5. The purpose of my testimony, among other things, is to: (i) introduce the
16 witnesses that support the Company's Application for a Financing Order
17 (Application); (ii) provide an overview of the Servicing Agreement that is
18 included as Tab 5 to the Application and which Pepco proposes to enter into with
19 the District of Columbia (District) governing the billing and collection of the
20 DDOT Underground Electric Company Infrastructure Improvement Charge
21 (DDOT Improvement Charge) from District of Columbia electric distribution
22 service customers, other than Residential Aid Discount (RAD) customers (the
23 Customers), and the remittance of the DDOT Underground Electric Company

1 Infrastructure Improvement Revenue (DDOT Improvement Revenue) to the
2 Collection Account, as defined in the DDOT Property Servicing Agreement
3 (Servicing Agreement); (iii) demonstrate that the Application is in compliance
4 with the requirements of the *Electric Company Infrastructure Improvement*
5 *Financing Act of 2014* (Act), D.C. Law 20-102 (effective May 3, 2014); and (iv)
6 discuss the provisions the Act requires to be included in any financing order and
7 where each is addressed in the Proposed Financing Order included at Tab 6 of the
8 Application.

9 This testimony and accompanying exhibits were prepared by me or under
10 my direct supervision and control. The source documents for my testimony are
11 District and Pepco records, public documents, and my personal knowledge and
12 experience.

13 **Q6. Please describe the testimony that will be presented in support of this**
14 **Application.**

15 A6. There are three other witnesses presenting testimony in support of the
16 Application. They are as follows:

- 17 • Jeffrey Barnette, Deputy Chief Financial Officer and Treasurer of the
18 District of Columbia (the District), will discuss (i) a summary description
19 of some of the terms of the Bonds that the District will issue following
20 approval of the Financing Order; (ii) why Bonds with the highest
21 reasonably attainable credit rating as well as maximizing the use of tax-
22 exempt Bonds are advantageous; (iii) the requirements for achieving the
23 highest reasonably attainable credit rating on the Bonds; (iv) how the

1 proceeds of the Bonds will be used as well as the safeguards designed to
2 ensure these proceeds are used only for purposes permitted under the Act;
3 (v) how the DDOT Underground Electric Company Infrastructure
4 Improvements Annual Revenue Requirement (DDOT Improvement
5 Revenue Requirement) will be developed; (vi) how the DDOT
6 Improvement Revenue will be invested prior to the application by the
7 Indenture Trustee (as defined in the Servicing Agreement); (vii) and that
8 the elements of the proposed bond transaction are in compliance with the
9 Act.

- 10 • Keith Foxx, Program Manager for the District Department of
11 Transportation (DDOT), will provide an overview of the Triennial
12 Underground Infrastructure Improvements Projects Plan (Triennial Plan)
13 and the DDOT Underground Electric Company Infrastructure
14 Improvement Activities (DDOT Improvement Activities) that will be
15 funded in large part through the issuance of the Bonds.
- 16 • Joseph Janocha, Manager of Rate Economics for PHI, will discuss the
17 calculation of the proposed DDOT Improvement Charge, the method for
18 allocating the proposed DDOT Improvement Charge as well as the
19 periodic True-ups to the various customer classes, other than the RAD
20 customer class, and the method to ensure the DDOT Improvement Charge
21 is sufficient to generate adequate funds to cover the DDOT Improvement
22 Revenue Requirement. He also proposes a new tariff rider, the DDOT
23 Underground Electric Company Infrastructure Improvement Charge Rider

1 (Rider "DDOT UECIIC"), by which Pepco, as Servicing Agent for the
2 District, will collect the DDOT Improvement Charge from applicable
3 Customers.

4 **Q7. Please provide an overview of the Servicing Agreement.**

5 A7. The Servicing Agreement is an agreement between Pepco and the District
6 that establishes the terms by which Pepco, in its capacity as Servicing Agent, will
7 act on behalf of the District to bill and collect the DDOT Improvement Charge
8 from the Customers and will remit these collected funds to the Collection Account
9 so that the Indenture Trustee can service the principal and interest payments and
10 other Ongoing Financing Costs on the Bonds.

11 **Q8. Will the DDOT Improvement Revenue be promptly remitted to the District
12 as required in Section 201(c) of the Act?**

13 A8. Yes. Under the Servicing Agreement, Pepco is required, in its capacity as
14 Servicing Agent, to remit to the Collection Account the DDOT Improvement
15 Revenue as soon as reasonably practicable, but in no event later than the third
16 business day after receipt.

17 **Q9. How is Pepco required to treat a partial payment under the Servicing
18 Agreement?**

19 A9. In accordance with the Servicing Procedures set forth in the Servicing
20 Agreement, the Company will determine the ratio of the billed DDOT
21 Improvement Charge to the total Customer billing (including the DDOT
22 Improvement Charge) each month (the Billing Ratio), by each DDOT
23 Improvement Charge Rate Class (Section 5(b) of Annex II to the Servicing

1 Agreement). The Company will multiply the actual cash collected on a given day
2 by the Billing Ratio in effect for that day, and remit the amount to the Collection
3 Account. In addition, as noted in this same section, the Servicing Agent will true-
4 up any over-remittance or under-remittance of Daily Remittances on a semi-
5 annual basis.

6 **Q10. How is Pepco required to treat a returned check or a customer bankruptcy**
7 **claw back under the Servicing Agreement?**

8 A10. Pepco, as Servicing Agent, is responsible for billing and collecting the
9 DDOT Improvement Charge and remitting to the Collection Account only those
10 funds which Pepco has collected. Pepco only remits what it collects and is not
11 responsible to cover any deficiency. Returned checks, bankruptcy claw backs and
12 other similar events reduce the amount of revenues collected by Pepco, and as a
13 result, the amounts remitted to the Collection Account will be adjusted to reflect
14 these amounts that were not collected.

15 **Q11. Please address how the DDOT Improvement Revenue will be held before it is**
16 **remitted to the Collection Account by Pepco?**

17 A11. As customer payments are received throughout the month, including
18 amounts attributable to the DDOT Improvement Charge, they are deposited
19 directly into Pepco's depository account. This depository account does not earn
20 interest, and therefore the DDOT Improvement Revenue will not earn any interest
21 income prior to the day it is remitted to the Collection Account. In accordance
22 with the terms of the Servicing Agreement, the Company will submit the DDOT
23 Improvement Revenue to the Collection Account as soon as reasonably

1 practicable, but in no event later than the third business day after receipt. As the
2 final sentence of Section 201(b) of the Act provides, Pepco has no further
3 responsibilities, with respect to the DDOT Improvement Revenue, once it has
4 remitted the DDOT Improvement Revenue to the Collection Account in
5 accordance with the Servicing Agreement.

6 As discussed in the testimony of District Witness Barnette, the Indenture
7 Trustee is required to hold and invest the DDOT Improvement Revenue in
8 accordance with the terms and conditions of the Indenture, which will restrict the
9 investments in which the DDOT Improvement Revenue may be placed.

10 **Q12. What is Pepco's servicing fee under the Servicing Agreement?**

11 A12. As Servicing Agent under the Servicing Agreement, Pepco will receive an
12 annual fee (the Servicing Fee) in an amount equal to .075%, or 7.5 bps, of the
13 initial aggregate par amount of the Bonds (without giving effect to any subsequent
14 reduction in the outstanding par amount of the Bonds or any premium received on
15 the Bonds).

16 In the event that Pepco (or any successor) is required to be replaced as
17 Servicing Agent under the Servicing Agreement, such successor Servicing Agent
18 (non-affiliated with Pepco) may be paid a servicing fee which will not exceed
19 .75%, or 75 bps, per annum of the original par amount of the Bonds, unless a
20 higher fee is approved by this Commission.

21 **Q13. Is Pepco's Servicing Fee Reasonable?**

22 A13. Yes. The servicing fee represents a fair level of consideration negotiated
23 between Pepco and the District in light of the agency services to be provided and

1 Pepco's existing activities with respect to the collection of utility charges for its
2 own account as the franchised electric distribution company.

3 **Q14. Under what circumstances may Pepco be replaced as the servicer for the**
4 **DDOT Improvement Charge?**

5 A14. Article VI of the Servicing Agreement outlines the events where Pepco
6 would be in default of its obligations as Servicing Agent and could be replaced. In
7 general, these events include (1) any failure by Pepco to remit the DDOT
8 Improvement Revenue within the agreed upon time period subject to the five day
9 cure period; (2) any failure on the part of Pepco to observe or to perform in any
10 material respect any covenant or agreement subject to a 60 day cure period; (3)
11 any representation or warranty made by Pepco in the Servicing Agreement proves
12 to have been incorrect in a material respect when made; (4) an Insolvency Event
13 occurs with respect to Pepco; and (5) a failure by the Servicing Agent to file a
14 True-up Request required under this Agreement for a period of 5 days after the
15 date on which written notice of such failure has been delivered to the Servicing
16 Agent by the Issuer or by the Indenture Trustee. Pepco cannot be removed as
17 Servicing Agent unless a subsequent Servicing Agent has been selected, and the
18 replacement Servicing Agent agrees to be bound by the terms and conditions of
19 the Servicing Agreement.

20 **Q15. Under what circumstances can Pepco elect unilaterally to resign as the**
21 **Servicing Agent?**

22 A15. Pursuant to Section 5.04 of the Servicing Agreement, Pepco may not
23 resign as the Servicing Agent unless: (a) it delivers an opinion from counsel that

1 the Company's continued performance as Servicing Agent would no longer be
2 permissible under applicable law; and (b) a successor Servicing Agent has been
3 selected, and the successor Servicing Agent agrees to be bound by the terms and
4 conditions of the Servicing Agreement.

5 **Q16. What reports will Pepco be required to prepare and submit to the**
6 **Commission regarding the collection of the DDOT Improvement Charge and**
7 **the remittances of DDOT Improvement Revenue made to the Collection**
8 **Account?**

9 A16. Section 3.03 of the Servicing Agreement summarizes the reporting
10 requirements of the Servicing Agent including a Monthly and Semi-Annual
11 Certificate, the forms of which are attached as Exhibits A and B of the Servicing
12 Agreement. These Certificates provide, among other information, a summary of
13 the DDOT Improvement Charge collected and remitted to the Collection Account.
14 The Company is also required under the Servicing Agreement to provide other
15 information reasonably requested by the District.

16 **Q17. Will Pepco be permitted under the Servicing Agreement to offset the**
17 **Servicing Fee or other amounts the District may owe to Pepco from the**
18 **DDOT Improvement Revenue?**

19 A17. Yes. If the Servicing Fee is not paid when due, the Servicing Agent shall
20 be entitled, upon 30 day's prior written notice to the District, to offset the amount
21 due against the Daily Remittance under the Servicing Agreement until the amount
22 due is paid in full.

1 **Q18. What procedures will Pepco have in place to promptly respond to a projected**
2 **shortfall in the DDOT Improvement Revenue?**

3 A18. As defined by the Servicing Agreement, for so long as the Bonds are
4 outstanding, the Servicing Agent, unless otherwise provided in the Financing
5 Order, shall file semi-annually with the Commission on behalf of the District a
6 request for approval of a schedule applying a True-up mechanism to the DDOT
7 Improvement Charge as contemplated by Section 314 of the Act. If the District or
8 Pepco, as Servicing Agent, at any time determines that DDOT Improvement
9 Revenue is insufficient to satisfy the Periodic Payment Requirement (as defined
10 in the Servicing Agreement) and that it would be imprudent to defer an
11 adjustment to the DDOT Improvement Charge until the next scheduled True-up
12 filing, the District, if required or permitted by the Financing Order, may request
13 that the Servicing Agent make an interim filing with the Commission seeking an
14 interim adjustment to the DDOT Improvement Charge. The calculation of the
15 True-up is further discussed in Pepco Witness Janocha's testimony, which
16 includes an example of a True-up filing as PEPCO Exhibit (B)-4.

17 **Q19. How will a change in the distribution service customer class cost allocations**
18 **in a future Pepco base rate case proceeding impact the DDOT Improvement**
19 **Charge?**

20 A19. Section 301(a)(4) of the Act prescribes the allocation of the DDOT
21 Improvement Charge among Pepco's District of Columbia distribution service
22 customer classes. The Act mandates that the assessment is to be "in accordance
23 with the distribution service customer class cost allocations approved by the

1 Commission for [Pepco] and in effect pursuant to the most recent base rate case.”
2 If the Commission adopts new distribution service customer class cost allocations
3 in a future Company base rate case, that allocation will be applied to the
4 calculation of the DDOT Improvement Charge starting with the True-up
5 following the Commission’s decision in the base rate proceeding.

6 **Q20. Does the Application comply with the requirements of the Act?**

7 A20. Yes. Consistent with Section 302(b)(1) of the Act, a description of the
8 Bonds the District intends to issue following the Commission’s approval of the
9 Financing Order is set forth in the testimony of District Witness Barnette. This
10 testimony describes, among other things, the par amount of the Bonds, expected
11 Financing Costs, expected interest rate or rates, forecasted average term and the
12 retirement schedule for the Bonds. The testimony also provides an estimate of the
13 DDOT Improvement Revenue Requirement for the Bonds and explains why the
14 amount will be sufficient to enable the District to pay the debt service and
15 Financing Costs associated with Bonds.

- 16 • In accordance with Section 302(b)(2) and (4) of the Act, the testimony of
17 Pepco Witness Janocha, which is attached at Tab 2, sets forth: the
18 estimated DDOT Improvement Charge; the allocation of the DDOT
19 Improvement Charge among Pepco’s distribution service customer
20 classes, other than the RAD customer class, in accordance with the
21 distribution service customer class cost allocations approved by the
22 Commission in Formal Case No. 1103; and demonstrates that the
23 surcharge will be sufficient to generate an amount at least equal to the

1 annual DDOT Improvement Revenue Requirement as provided by the
2 District. The proposed tariff changes to implement the DDOT
3 Improvement Charge are described and supported in Pepco Witness
4 Janocha's testimony.

- 5 • In accordance with Section 302(b)(3) of the Act, the proposed form of the
6 Servicing Agreement between the District and Pepco is attached at Tab 5
7 to the Application. I address certain relevant provisions of the Servicing
8 Agreement in my testimony.

- 9 • In accordance with Section 302(b)(5) of the Act, a proposed form of
10 public notice of the application suitable for publication by the Commission
11 is attached at Tab 7 to the Application.

12 **Q21. Does the Proposed Financing Order attached at Tab 6 to the Application**
13 **include all of the necessary provisions mandated by the Act?**

14 A21. Yes. Section 301 of the Act specifies the majority of the provisions that
15 are required to be included in any financing order. Set forth below are the
16 provisions required in Section 301 as well as where each is addressed in the
17 Proposed Financing Order:

18 Section 301(a)(1): *Specify the maximum amount of Bonds that are*
19 *authorized for issuance, the amount not to exceed the limitations set forth*
20 *in this act, including the maturities, scheduled maturities, or interest rates,*
21 *or interest rate determination methods and other details of the Bonds as*
22 *the Commission determines appropriate.*

23 Consistent with Section 301(a)(1) of the Act, the Proposed Financing
24 Order specifies that the maximum par value of Bonds will be up to \$375 million,
25 which comports with the limitation imposed by Section 202(a) of the Act (see
26 Para. 10 and 163 of the Proposed Financing Order). The anticipated details of the

1 Bonds discussed in District Witness Barnette’s Direct Testimony response to
2 Questions 7 and 9 are described in the Proposed Financing Order (see Para. 10, 28
3 and 163 of the Proposed Financing Order). The Proposed Financing Order also
4 notes, however, consistent with District Witness Barnette’s testimony, that the
5 final details of the Bonds will be determined by the District at the time of pricing
6 based on the then-current market conditions (see Para. 10, 28 and 164 of the
7 Proposed Financing Order).

8 The Bonds are expected to have a maturity of less than 30 years (see Para.
9 27 and 73 of the Proposed Financing Order). Moreover, consistent with Sections
10 202(a) and 204(f) of the Act, the Proposed Financing Order requires that the
11 Bonds cannot be issued after May 3, 2024 (see Para. 159 and 163 of the Proposed
12 Financing Order).

13 Section 301(a)(2): *Describe the DDOT Underground Electric*
14 *Infrastructure Improvement Activities to be paid through the issuance of*
15 *the Bonds and recovered through DDOT Underground Electric Company*
16 *Infrastructure Improvement Charges.*

17 Consistent with Section 301(a)(2) of the Act, the Proposed Financing
18 Order describes the DDOT Underground Electric Company Infrastructure
19 Improvement Activity (DDOT Improvement Activities) that will be funded with
20 the proceeds of the Bonds. This description is set forth in the Proposed Financing
21 Order (see Para. 58 - 59 of the Proposed Financing Order) and reference the
22 detailed discussion of the DDOT Improvement Activities in District Witness
23 Foxx’s Direct Testimony.

24 Section 301(a)(3): *Specify the qualitative or quantitative limitations on*
25 *financing costs to be recovered (not to impair the ability to pay and*
26 *service the Bonds in accordance with their terms).*

1 Based on the discussion and exhibits contained in District Witness
2 Barnette’s Direct Testimony, the Proposed Financing Order provides a detailed
3 discussion regarding both the anticipated Upfront Financing Costs that will be
4 paid out of the proceeds of the Bonds as well as the projected Ongoing Financing
5 Costs that will be paid from the DDOT Improvement Revenue (see Para. 52-55 of
6 the Proposed Financing Order). The Proposed Financing Order also finds these
7 Financing Costs reasonable and authorizes their recovery (see Para. 53, 85 - 90 of
8 the Proposed Financing Order).

9 Section 301(a)(4): *Assess DDOT Underground Electric Company*
10 *Infrastructure Improvement Charges among the distribution service*
11 *customer classes of the electric company in accordance with the*
12 *distribution service customer class cost allocations approved by the*
13 *Commission for the electric company and in effect pursuant to the most*
14 *recent base rate case; provided, that no such charges shall be assessed*
15 *against the electric company’s residential aid discount customer class or*
16 *any succeeding customer class approved by the Commission for the*
17 *purpose of providing economic relief to a specified low-income customer*
18 *class. DDOT Underground Electric Company Infrastructure*
19 *Improvement Charges shall be billed to customers by the electric company*
20 *as a volumetric surcharge.*

21 The Proposed Financing Order discusses the allocation of the DDOT
22 Improvement Charge and its conformance to Section 301(a)(4) of the Act with
23 reference to the detailed explanation presented in Pepco Witness Janocha’s Direct
24 Testimony and Exhibits regarding the method by which the calculation of the
25 DDOT Improvement Charge among the applicable distribution service customer
26 classes was made and its compliance with the requirements of the Act (see Para.
27 117-121 of the Proposed Financing Order). Further, to ensure there is no
28 ambiguity on this point, Annex III to the Servicing Agreement attached as
29 Appendix A to the Proposed Financing Order details the method that is to be

1 used to calculate the DDOT Improvement Charge among applicable distribution
2 service customer classes in any future True-up. The Proposed Financing Order
3 expressly provides that the DDOT Improvement Charge is to be billed to
4 customers as a volumetric surcharge (see Para. 14 and 118 of the Proposed
5 Financing Order).

6 *Section 301(a)(5): Describe the true-up mechanism to reconcile actual*
7 *collections of DDOT Underground Electric Company Infrastructure*
8 *Improvement Charges with forecasted collection on at least an annual*
9 *basis to ensure that the collections of DDOT Underground Electric*
10 *Company Infrastructure Improvement Charges are adequate to pay debt*
11 *service on the associated Bonds when due pursuant to the expected*
12 *amortization schedule, to fund all debt service reserve accounts to the*
13 *required levels, and to pay when due all other expected ongoing financing*
14 *costs as provided in section 314.*

15 The Proposed Financing Order describes the True-Up mechanism that will
16 be used to ensure adequate funds are available to pay debt service on the Bonds
17 when due as well as other Ongoing Financing Costs and refers to the detailed
18 discussion of the True-Up mechanism presented in the response in the Direct
19 Testimony and Exhibits of Pepco Witness Janocha and District Witness Barnette.
20 Moreover, because of the importance of the True-Up mechanism to the marketing
21 of and credit ratings received by the Bonds, to avoid any ambiguity and insure
22 consistent implementation, the Proposed Financing Order includes in Annex III to
23 the Servicing Agreement attached as Appendix A to the Proposed Financing
24 Order a detailed description of the mechanism that is required to be used for all
25 True-Ups.

26 *Section 301(a)(6): Authorize the creation of the DDOT Underground*
27 *Electric Company Infrastructure Improvement Property.*

28 The Proposed Financing Order expressly authorizes the creation of the
29 DDOT Property (see Para. 91 and 156 of the Proposed Financing Order).

1 Section 301(a)(7): *Authorize the imposition, billing, and collection of*
2 *DDOT Underground Electric Company Infrastructure Improvement*
3 *Charges to pay debt service on the Bonds and other ongoing financing*
4 *costs.*

5 The Proposed Financing Order authorizes the imposition, billing, and
6 collection of the DDOT Improvement Charge (see Para. 108, 11 and 179-180 of
7 the Proposed Financing Order).

8 Section 301(a)(8): *Describe the DDOT Underground Electric Company*
9 *Infrastructure Improvement Property that will be created and that may be*
10 *used to pay and secure the payment of the debt service of the Bonds and*
11 *other ongoing financing costs.*

12 The Proposed Financing Order (see Para. 92 and 141 of the Proposed
13 Financing Order), describes the DDOT Improvement Property. In response to
14 Question 8 in his direct testimony, District Witness Barnette not only describes
15 the DDOT Improvement Property that the Proposed Financing Order will create
16 but also discusses that, under Section 204(j) of the Act, the Bonds are secured by
17 a first priority statutory lien on all the DDOT Improvement Property (see Para.
18 95, 142 and 160 of the Proposed Financing Order).

19 Section 301(a)(9): *Authorize the execution and delivery of one or more*
20 *servicing or collection agreements with the applicant electric company,*
21 *including, without limitation, provisions for fixing the servicing fee,*
22 *arrangements for an alternate servicer of the DDOT Underground*
23 *Electric Company Infrastructure Improvement Charges, requiring the*
24 *electric company to collect and remit the resulting DDOT Underground*
25 *Electric Company Infrastructure Improvement Charges in its entirety to*
26 *the trustee, as provided in section 201, and requiring that any successor to*
27 *the electric company, whether pursuant to any reorganization,*
28 *bankruptcy, or other insolvency proceeding, any merger or acquisition,*
29 *sale or other business combination, or transfer by operation of law, as a*
30 *result of utility restructuring or otherwise, shall perform and satisfy all*
31 *obligations of the electric company under the servicing agreement and the*
32 *pertinent financing order in the same manner and to the same extent as*
33 *the electric company, including collecting and paying to the person*
34 *entitled to receive the revenues, collections, payments, or proceeds of the*
35 *DDOT Underground Electric Company Infrastructure Improvement*
36 *Charges.*

1 Consistent with Section 301(a)(9) of the Act, the Proposed Financing
2 Order authorizes the execution of the Servicing Agreement in the form submitted
3 at Tab 5 to the Application pursuant to which Pepco will act as the Servicing
4 Agent to bill and collect the DDOT Improvement Charge on behalf of the District
5 (see Para. 10 and 172 of the Proposed Financing Order). Because the details of
6 the servicing will be a critical issue to the rating agencies when the Bonds are
7 reviewed, to avoid ambiguities, the Proposed Financing Order attaches, as
8 Appendix A, the detailed Servicing Agreement that Pepco and the District have
9 agreed to execute. This Servicing Agreement comprehensively addresses the
10 servicing of the Bonds in a manner that is consistent with market conventions.

11 Section 301(a)(10): *Prescribe the filing of billing and collection reports*
12 *relating to the DDOT Underground Electric Company Infrastructure*
13 *Improvement Charges.*

14 The Proposed Financing Order prescribes the billing and collection reports
15 regarding the DDOT Improvement Charge that Pepco will file with the
16 Commission (see Para. 105 of the Proposed Financing Order).

17 Section 301(a)(11): *Consistent with this act, contain such other findings,*
18 *determinations, and authorizations as the Commission shall consider*
19 *appropriate.*

20 The Proposed Financing Order includes findings, determinations and
21 authorizations that, although not expressly required by the Act, are either
22 consistent with language in the Act or address issues that will be considered by
23 the rating agencies when rating the bonds or investors when the Bonds are
24 marketed.

25 Section 301(c): *The financing order shall provide that except to*
26 *implement any true-up mechanism as provided in section 314, the*
27 *Commission may not amend, modify, or terminate the financing order by*
28 *any subsequent action or reduce, impair, postpone, terminate, or*

1 *otherwise adjust the DDOT Underground Electric Company*
2 *Infrastructure Improvement Charges approved in the financing order.*
3

4 The Proposed Financing Order complies with and cites to Section 301(c)
5 of the Act (see Para. 20, 68, 153 and 190 of the Proposed Financing Order).

6 **Q22. Is Section 301 the only section of the Act that specifies provisions that are to**
7 **be set forth in a financing order?**

8 A22. No. The following sections of the Act address other provisions that are
9 required to be included in any financing order, each of which is contained in the
10 proposed Financing Order attached at Tab 6 to the Application:

11 Section 201(c): *The Commission's financing order shall provide that the*
12 *electric company shall collect and remit to the trustee payments received*
13 *by the electric company for the DDOT Underground Electric Company*
14 *Infrastructure Improvement Revenue promptly following receipt of such*
15 *payment in accordance with the servicing agreement.*

16 This Section is addressed in the Proposed Financing Order's discussion of
17 the Servicing Agreement which, as I noted above, requires that DDOT
18 Improvement Charge payments received by Pepco to be remitted to the Collection
19 Account as soon as reasonably practicable, but in no event later than the third
20 Servicing Agent Business Day after receipt. The Proposed Financing Order
21 requires that payments be remitted in accordance with this requirement (see Para.
22 43 and 171 of the Proposed Financing Order).

23 Section 201(f): *If, at the end of any fiscal year of the District following*
24 *the issuance of the Bonds authorized by this act, the value of cash and*
25 *investments in the DDOT Underground Electric Company Infrastructure*
26 *Improvement Fund exceeds the amount of all payments authorized by this*
27 *act and the financing documents, including required and discretionary*
28 *deposits into reserve funds, amounts to be set aside for additional series of*
29 *Bonds issued under this act, and any coverage requirements required by*
30 *the indenture, during the upcoming fiscal year, the excess shall be used in*
31 *accordance with the provisions of the pertinent financing order.*

1 The Proposed Financing Order requires at least a semi-annual True-up
2 (see Para. 124, 132 and 149 of the Proposed Financing Order) and under the True-
3 up overcollection is credited against the DDOT Improvement Revenue
4 Requirement in the coming year thereby reducing the level of the DDOT
5 Improvement Charge during the next collection period (see Para. 185 of the
6 Proposed Financing Order).

7 Section 303(c): *The Commission is authorized to issue a financing order*
8 *if the Commission finds that the DDOT Underground Electric Company*
9 *Infrastructure Improvement Charges are just and reasonable.*

10 The Proposed Financing Order finds that the DDOT Improvement Charge
11 as proposed in the Application is just and reasonable (see Para. 114 of the
12 Proposed Financing Order).

13 **Q23. Why does the Proposed Financing Order submitted as Tab 6 to the**
14 **Application provide more detailed information than is required by Section**
15 **301 of the Act?**

16 A23. It is necessary that the Commission’s approval in this matter be detailed,
17 clear and conclusive regarding a range of issues including the District’s authority
18 to issue the Bonds, the DDOT Improvement Charge, the True-up mechanism and
19 the Servicing Agreement. In addition to satisfying the requirements of Section
20 301 of the Act, District Witness Barnette further discusses, in his response to
21 Question 12 of his Direct Testimony, the factors that will be material to the
22 ratings agencies and investors in a manner that is consistent with current market
23 conventions and that the Proposed Financing Order will allow the District to
24 achieve the highest credit rating for the Bonds and enable the District and its
25 underwriters to market these Bonds on the most favorable terms. It is also

1 important that any financing order allow an approving opinion of bond counsel to
2 be issued as the Bonds cannot be issued under Section 205(d) of the Act without
3 such an opinion.

4 Given the limitations that the Act places on the Commission's ability to
5 modify or amend a financing order once it has been issued (*see, e.g.*, Section
6 301(c) of the Act), it is vital that all these other factors also be addressed in the
7 financing order issued by the Commission. To this end, Pepco has worked with
8 the District and the District's bond counsel, financial advisors, underwriters and
9 other outside counsel to develop the language of the Proposed Financing Order
10 attached as Tab 6 to the Application.

11 Because the Proposed Financing Order has been crafted to ensure various
12 factors not required to be addressed in a financing order by the Act, were
13 nonetheless adequately addressed in a manner consistent with current market
14 conventions, Pepco respectfully requests that the Proposed Financing Order be
15 adopted without change to its substantive provisions.

16 **Q24. Does this conclude your testimony?**

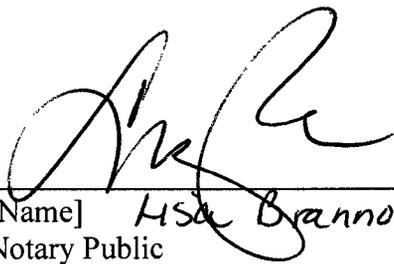
17 A24. Yes, it does.

AFFIDAVIT

City of Washington)
District of Columbia) ss:

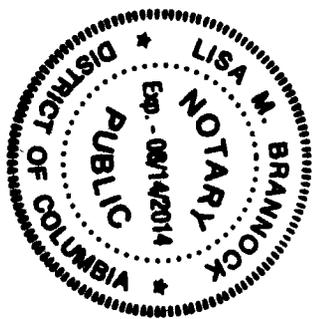
Before me, the undersigned Notary Public in and for the City of Washington, District of Columbia, this day personally appeared Kevin M. McGowan, Vice President, Regulatory Affairs for Pepco Holdings, Inc., to me personally known, who stated under oath that the foregoing testimony was prepared by him or under his direct supervision and control; that he has knowledge of the matters set forth in said testimony; and that such matters are true and correct to the best of his knowledge, information, and belief.

Subscribed and sworn to before me this 31st day of July, 2014 in the City of Washington, District of Columbia.



[Name] Lisa Brannock
Notary Public

My Commission expires: 8/14, 2014



**JANOCHA
TESTIMONY**

POTOMAC ELECTRIC POWER COMPANY
BEFORE THE
PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA
DIRECT TESTIMONY OF JOSEPH F. JANOCHA
FORMAL CASE NO. 1121

1 **Q1. Please state your name and position.**

2 A1. My name is Joseph F. Janocha. I am the Manager of Rate Economics for
3 Pepco Holdings, Inc. (PHI). I am testifying on behalf of Potomac Electric Power
4 Company (Pepco or the Company).

5 **Q2. Please state your educational background and professional qualifications.**

6 A2. I have a Bachelor of Engineering degree with a concentration in
7 Mechanical Engineering from Stevens Institute of Technology. I am a Registered
8 Professional Engineer in the State of New Jersey and the Commonwealth of
9 Pennsylvania. I began my career with Philadelphia Electric Company (PECO) in
10 1982 as an engineer in the Mechanical Engineering Division. From 1982 through
11 1992, I held various positions in PECO's Mechanical Engineering, Nuclear
12 Quality Assurance, and Nuclear Engineering Divisions. I joined Atlantic City
13 Electric Company (ACE) in 1992 as a Senior Engineer in the Joint Generation
14 Department. In 1998, I joined the Regulatory Affairs group as a Coordinator,
15 responsible for the design and administration of electric rates for the ACE
16 subsidiary. In March 2005, I was promoted to Regulatory Affairs Manager,
17 responsible for rate design and administration for PHI's Delmarva Power & Light
18 (Delmarva Power) and ACE subsidiaries. In January 2011, I was promoted to
19 Manager of Rate Economics for PHI. In this capacity, I am responsible for the

1 development and administration of electric and gas delivery rates, as well as tariff
2 surcharges, for all of PHI's utility subsidiaries, Pepco, Delmarva Power and ACE.

3 **Q3. Have you previously presented testimony before a regulatory body?**

4 A3. Yes. I have previously presented and/or filed testimony as a witness
5 before this Commission, the Maryland Public Service Commission, the New
6 Jersey Board of Public Utilities, the Delaware Public Service Commission, and
7 the State Corporation Commission of Virginia.

8 **Q4. What is the purpose of your Direct Testimony?**

9 A4. The purpose of my testimony is, among other things, (i) to provide a
10 description of the calculation of the estimated DDOT Underground Electric
11 Company Infrastructure Improvement Charge (DDOT Improvement Charge), (ii)
12 to discuss how the DDOT Underground Electric Company Infrastructure
13 Improvement Charge DDOT Improvement Charge is proposed to be allocated
14 among District of Columbia electric distribution service customers, other than
15 Residential Aid Discount (RAD) or any successor discount program customers
16 (Customers), in accordance with the requirements of the *Electric Company*
17 *Infrastructure Improvement Financing Act of 2014* (the Act), and (iii) to
18 demonstrate that the estimated DDOT Improvement Charge will be sufficient to
19 generate an amount at least equal to the DDOT Electric Company Underground
20 Infrastructure Improvement Annual Revenue Requirement (DDOT Improvement
21 Revenue Requirement), as required by Section 302(b)(2) of the Act. My
22 testimony also proposes a new tariff rider, the DDOT Underground Electric
23 Company Infrastructure Improvement Charge Rider, by which Pepco will bill and

1 collect the DDOT Improvement Charge from applicable distribution service
2 customers. Consistent with Section 301(a)(5) of the Act, my testimony describes
3 the true-up mechanism that will be used to reconcile actual collections of the
4 DDOT Improvement Charge with forecasted collections to ensure, in accordance
5 with Section 314 of the Act, that the collections of the DDOT Improvement
6 Charge are adequate to cover the DDOT Improvement Revenue Requirement,
7 which is needed pay financing costs, as defined in the Act, when due.

8 This testimony and accompanying exhibits were prepared by me or under
9 my direct supervision and control. The source documents for my testimony are
10 District Government and Pepco records, public documents, and my personal
11 knowledge and experience.

12 **Q5. What is the DDOT Improvement Charge?**

13 A5. Section 101(13) of the Act defines the DDOT Improvement Charge as “a
14 non-bypassable adjusting surcharge, which surcharge shall be adjusted
15 periodically, as set forth in the pertinent financing order, collected by the electric
16 company in an agency capacity, and paid by certain customers of the electric
17 company pursuant to a financing order issued by the Commission for the payment
18 of financing costs of Bonds issued by the District . . . and the cost of the
19 Commission’s financial advisor, which surcharge shall be calculated to ensure
20 timely recovery of amounts sufficient to provide timely payment of the scheduled
21 principal of and interest on the pertinent Bonds and all other financing costs
22 contemplated by the financing order”

1 **Q6. Please discuss how the amount of the DDOT Improvement Charge has been**
2 **developed.**

3 A6. The DDOT Improvement Charge has been developed as a volumetric
4 surcharge. The DDOT Improvement Revenue Requirement for the surcharge will
5 be provided by the District, as the issuer of the bonds. The DDOT Improvement
6 Revenue Requirement is allocated across the Company's Customer rate classes.
7 A rate class specific charge is then developed based on forecasted sales for the
8 upcoming period. The rate class specific forecasted sales are adjusted to account
9 for historic levels of nonpayment, returned payments and bankruptcy write-offs,
10 to ensure that the DDOT Improvement Charge will reasonably be expected to
11 produce at least the Revenue Requirement.

12 **Q7. How is the DDOT Improvement Charge allocated among Pepco's**
13 **distribution service customer classes?**

14 A7. Section 301(a)(4) of the Act directs how the DDOT Improvement Charge
15 is to be assessed among Pepco's District of Columbia distribution service
16 customer classes. The Act mandates that the assessment is to be "in accordance
17 with the distribution service customer class cost allocations approved by the
18 Commission for [Pepco] and in effect pursuant to the most recent base rate case;
19 provided, that no such charges shall be assessed against the electric company's
20 residential aid discount customer class or any succeeding customer class approved
21 by the Commission for the purpose of providing economic relief to a specified
22 low-income customer class."

1 Consistent with this mandate, the total DDOT Improvement Revenue
2 Requirement is allocated to each rate class on the basis of the rate class specific
3 levels of non-customer-related distribution revenue, as approved in Order No.
4 17424 in Formal Case No. 1103, which is the Company's most recent distribution
5 rate case. This method aligns the revenue derived from the DDOT Improvement
6 Charge with the level of base distribution revenue derived from each rate class.
7 As required by the same section of the Act, no allocation of the DDOT
8 Improvement Revenue Requirement is made to customers served under the RAD
9 program. The resulting allocations are set forth in PEPCO Exhibit (B)-1.

10 **Q8. Please explain why the revenue allocation is based on authorized non-**
11 **customer related revenue.**

12 A8. Customer charge revenues were excluded from the allocation on the basis
13 that the undergrounding project does not include infrastructure such as meters and
14 services that would normally be recovered through a customer charge.

15 **Q9. Please explain how the Company's allocation approach complies with the**
16 **provisions of Section 301(a)(4) of the Act, which authorizes the Company to**
17 **impose, bill and collect DDOT Improvement Charges from distribution**
18 **service customers in accordance with distribution service customer class cost**
19 **allocations approved by the Commission in the Company's most recent base**
20 **rate case.**

21 A9. In approving distribution "cost" allocations, the Commission is actually
22 allocating the Company's base distribution revenue requirement among customer
23 classes. The Commission uses the Class Cost of Service Study (CCOSS) as a

1 basis for allocating the base distribution revenue requirement. Paragraph 406 of
2 Order No. 17424 in Formal Case No. 1103 states: "...the Commission finds that
3 the data and allocation methods used in Pepco's customer CCOSS provides a
4 reasonable basis for allocating the Company's **revenue[] requirements** among
5 customer classes in this proceeding." (Emphasis added.) As such, the use of the
6 class revenue approved by the Commission in Order No. 17424 in Formal Case
7 No. 1103 implements the requirements of the Act.

8 **Q10. Is this approach consistent with analyses previously presented to the Mayor's**
9 **Power Line Undergrounding Task Force?**

10 A10. Yes. The preliminary analyses provided to the Mayor's Power Line
11 Undergrounding Task Force were all based on an allocation approach based on
12 non-customer related revenues and were the bases for drafting the language in the
13 Act. No alternative allocation approaches were presented. The language in the
14 Act is intended to endorse the Company's approach.

15 **Q11. Please describe how the initial true-up DDOT Improvement Charge has been**
16 **developed.**

17 A11. The initial DDOT Improvement Charge is expected to become effective
18 on March 1, 2015, coincident with the issuance of the Bonds. The first principal
19 and interest payment is scheduled for January 2016. Based on this payment
20 schedule, the initial DDOT Improvement Charge is designed to remain in effect
21 for a period of up to 12 months following the issuance of the Bonds. The initial
22 charge is designed using the methodology previously described and is provided in
23 PEPCO Exhibit (B)-1. In addition to the adjustment for write offs, the rate design

1 of the initial DDOT Improvement Charge includes an adjustment to account for
2 the lag in the collections in the initial months that the charge is in effect.

3 **Q12. Please describe the true-up mechanism that will be used to reconcile actual**
4 **collections of the DDOT Improvement Charge with forecasted collections to**
5 **ensure that the collections of the DDOT Improvement Charge are adequate**
6 **to pay the DDOT Improvement Revenue Requirement.**

7 A12. The DDOT Improvement Charge will be subject to true-up on at least a
8 semi-annual basis. True-ups may occur more frequently if needed to assure that
9 collections of the DDOT Improvement Charge are sufficient to meet the DDOT
10 Improvement Revenue Requirement for the period. In addition, following the
11 expected maturity date of the last maturing series or tranche of Bonds, if any such
12 Bonds remain outstanding after such expected maturity date, quarterly true-ups to
13 the DDOT Improvement Charge will be implemented to ensure that the DDOT
14 Improvement Charge collections will be sufficient to pay timely interest and
15 principal in full on the Bonds (or any series of Bonds) that remain outstanding
16 after their expected maturity date and to make timely payment on all other
17 Ongoing Financing Costs on the next payment date.

18 Based on the schedule of bond principal and interest payments occurring
19 in January and July of each year, the DDOT Improvement Charge will be subject
20 to semi-annual true-up effective March 1 and September 1 each year. The initial
21 true-up is planned to be effective March 1, 2016. The true-up will consist of the
22 sum of over or under collections for the prior period plus the forecasted revenue
23 requirement for the upcoming collection period. A detailed description of the

1 true-up mechanism and an illustrative example of the true-up filing is provided as
2 PEPCO Exhibit (B)-4.

3 **Q13. Have you prepared a tariff to implement the DDOT Improvement Charge**
4 **once the Bonds are issued?**

5 A13. Yes, a new tariff rider named the “DDOT Underground Electric Company
6 Infrastructure Improvement Charge Rider – Rider DDOT UECIIC” is provided as
7 PEPCO Exhibit (B)-2. This Rider is applicable to all rate schedules with the
8 exception of customers served under the RAD Rider and has an effective date of
9 March 1, 2015. PEPCO Exhibit (B)-2 also includes proposed revisions to the
10 “Applicable Riders” paragraph of the applicable rate schedules to include new
11 Rider DDOT UECIIC. The DDOT Improvement Charge will be presented on
12 customer bills as “Underground Charge, DDOT”.

13 **Q14. Have you performed bill comparisons showing the impact of the initial**
14 **DDOT Improvement Charge?**

15 A14. Yes, bill comparisons are provided in PEPCO Exhibit (B)-3. Under
16 current rates, the typical residential customer using an average of 750 kWhs per
17 month, would see an estimated monthly bill impact in 2015 of \$1.36 or 1.37%.

18 **Q15. Does this conclude your testimony?**

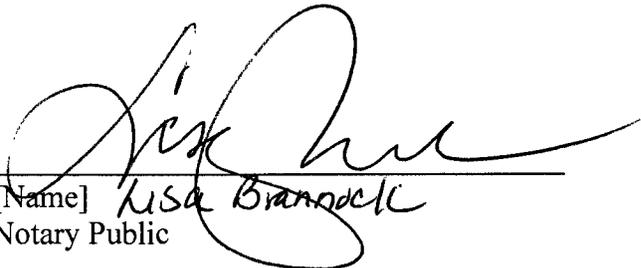
19 A15. Yes, it does.

AFFIDAVIT

City of Washington)
District of Columbia) ss:

Before me, the undersigned Notary Public in and for the City of Washington, District of Columbia, this day personally appeared Joseph F. Janocha, Manager of Rate Economics, for Pepco Holdings, Inc., to me personally known, who stated under oath that the foregoing testimony was prepared by him or under his direct supervision and control; that he has knowledge of the matters set forth in said testimony; and that such matters are true and correct to the best of his knowledge, information, and belief.

Subscribed and sworn to before me this 31st day of July, 2014 in the City of Washington, District of Columbia.



[Name] Lisa Brannock
Notary Public

My Commission expires: August 14, 2014

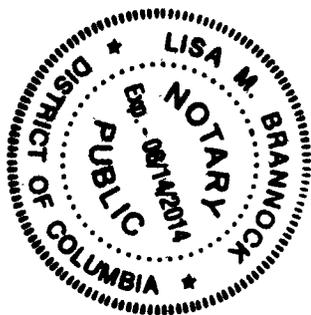


EXHIBIT PEPCO (B) - 1
Period 1 DDOT Improvement Charge Rate Design

	TOTAL	Residential	RAD	RTM	RES - A E	**GS-ND	GS-D-LV	GS-3A	GT-LV	GT-3A	GT-3B	RT	SL/TS	TN
Authorized Demand/Energy Charge Recovery	\$272,597,093	\$23,982,584		\$799,302	\$5,619,801	\$8,738,904	\$31,767,790	\$39,205	\$147,804,194	\$46,351,698	\$435,131	\$6,442,548	\$575,602	\$40,333
Distribution Undergrounding Revenue Requirement	\$25,845,061													
Rate Class Revenue Requirement	\$25,845,061	\$2,273,800.23		\$75,782	\$532,816.06	\$828,540	\$3,011,919	\$3,717	\$14,013,386	\$4,394,627	\$41,255	\$610,821	\$54,573	\$3,824
Class Billing Determinants and Rate Calculation														
Billed Amounts March-15 - Feb-16 (kWh)		1,277,799,004		17,484,729	459,160,114	216,660,946	545,677,174	1,337,100	4,165,461,872	2,299,663,324	190,430,204	292,680,788	90,309,095	2,311,312
Uncollectible Factor		1.46%		1.46%	1.46%	0.16%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Amounts Billed and Collected		1,259,200,817		17,230,241	452,477,102	216,314,864	545,677,174	1,337,100	4,165,461,872	2,299,663,324	190,430,204	292,680,788	90,309,095	2,311,312
Energy (\$/kWhr)		\$0.00181		\$0.00440	\$0.00118	\$0.00383	\$0.00552	\$0.00278	\$0.00336	\$0.00191	\$0.00022	\$0.00209	\$0.00060	\$0.00165
Forecasted Collections	\$25,833,136	\$2,279,153		\$75,813	\$533,923	\$828,486	\$3,012,138	\$3,717	\$13,995,952	\$4,392,357	\$41,895	\$611,703	\$54,185	\$3,814
Rounding Difference	-\$11,924	\$5,353		\$31	\$1,107	-\$54	\$219	\$0	-\$17,434	-\$2,270	\$640	\$882	-\$388	-\$10

CLEAN

RATE SCHEDULES

FOR

ELECTRIC SERVICE

IN THE

DISTRICT OF COLUMBIA



RATES AND REGULATORY PRACTICES GROUP

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A PHI Company

PEPCO (B)-2

DC - R

Electricity--P.S.C. of D.C. No. 1
Fourteenth Revised Page No. R-3

RESIDENTIAL SERVICE

SCHEDULE "R"

AVAILABILITY

Available for either Standard Offer Service when modified by Rider "SOS" or Distribution Service in the District of Columbia portion of the Company's service area for low voltage electric service where the use is primarily for residential purposes and for farm operations where the electricity for both farm and residential purposes is delivered through the same meter.

Available only in individual residences and in individually metered dwelling units in multi-family buildings.

Available for multiple application to master-metered apartment buildings where the use is predominantly residential and not for retail business establishments. Not available for separately metered service billed on Schedules "GS ND", "GS LV", "GS 3A", "GT LV", "GT 3A", or "GT 3B", that did not qualify for multiple application of the residential rate as of December 31, 1982.

Not available for residential premises in which five (5) or more rooms are for hire.

Not available for seasonal loads metered separately from lighting and other usage in the same occupancy.

Not available for temporary, auxiliary or emergency service.

CHARACTER OF SERVICE

The service supplied under this schedule normally will be alternating current, sixty hertz, single phase, three wire, 120/240 volts, or three wire, 120/208 volts.

MONTHLY RATE

	Summer	Winter
Distribution Service Charge		
Customer Charge -- Residential	\$ 13.00 per month	\$ 13.00 per month
Customer Charge - Master Metered Apartments	\$ 10.25 per month	\$ 10.25 per month
Kilowatt-hour Charge		
First 400 kilowatt-hours	\$ 0.00759 per kwhr	\$ 0.00759 per kwhr
In excess of 400 kilowatt hours	\$ 0.02166 per kwhr	\$ 0.01512 per kwhr

Generation and Transmission Service Charges -- Customers who do not receive service from an alternative Electric Supplier as defined in the Company's General Terms and Conditions will receive Generation and Transmission Service from the Company under the provisions of Rider "SOS" -- Standard Offer Service.

Billing Credit - A monthly billing credit in the amount of \$0.62 will be applied to the bill of each customer receiving a consolidated bill from an alternative supplier for services provided both by Pepco and by the alternative supplier.

BILLING MONTHS

Summer -- Billing months of June through October.

Winter -- Billing months of November through May.

Date of Issue: August 1, 2014

Date Effective: January 1, 2015



A PHI Company

PEPCO (B)-2

DC - R

Electricity--P.S.C. of D.C. No. 1
Fourteenth Revised Page No. R-3.1

METER READING

Watt-hour meters will be read to the nearest multiple of the meter constant and bills rendered accordingly.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "General Terms and Conditions for Furnishing Electric Service" and the Company's "Electric Service Rules and Regulations."

APPLICABLE RIDERS

Standard Offer Service - Residential
Administrative Credit
Generation Procurement Credit
Delivery Tax
Public Space Occupancy Surcharge
Residential Aid Discount
Optional Meter Equipment Related Services
Divestiture Sharing Credit – Residential
POWERCENTSDC™ Project Rider
Net Energy Metering Rider
Residential Aid Discount Surcharge Rider
Sustainable Energy Trust Fund
Energy Assistance Trust Fund
Bill Stabilization Adjustment
DDOT Underground Electric Company Infrastructure Improvement Charge Rider

Date of Issue: August 1, 2014

Date Effective: January 1, 2015



RESIDENTIAL ALL-ELECTRIC SERVICE
SCHEDULE "AE"

AVAILABILITY

Available for either Standard Offer Service when modified by Rider "SOS" or Distribution Service in the District of Columbia portion of the Company's service area for low voltage electric service where electricity is the sole source of energy for space heating or the primary source with the application of an add-on heat pump or solar space heating system supplemented by electric space heating servicing the entire conditioned space.

Available only in individual residences and in individually metered dwelling units in multi-family buildings.

Available for multiple application to master-metered apartments where the use is predominantly residential and not for retail establishments. Not available for separately metered service billed on Schedules "GS ND", "GS LV", "GS 3A", "GT LV", "GT 3A", or "GT 3B" that did not qualify for multiple application of the residential rate as of December 31, 1982.

Not available for residential premises in which five (5) or more rooms are for hire.

Not available for seasonal loads metered separately from lighting and other usage in the same occupancy.

Not available for temporary, auxiliary or emergency service.

CHARACTER OF SERVICE

The service supplied under this schedule normally will be alternating current, sixty hertz, single phase, three wire, 120/240 volts, or three wire, 120/208 volts.

MONTHLY RATE

	Summer	Winter
Distribution Service Charge		
Customer Charge – Residential	\$ 13.00 per month	\$ 13.00 per month
Customer Charge - Master Metered Apartments	\$ 10.25 per month	\$ 10.25 per month

Kilowatt-hour Charge

First 400 kilowatt-hours	\$ 0.00824 per kwhr	\$ 0.00824 per kwhr
In excess of 400 kilowatt-hours	\$ 0.02398 per kwhr	\$ 0.01341 per kwhr

Generation and Transmission Service Charges – Customers who do not receive service from an alternative Electric Supplier as defined in the Company's General Terms and Conditions will receive Generation and Transmission Service from the Company under the provisions of Rider "SOS" – Standard Offer Service.

Billing Credit - A monthly billing credit in the amount of \$0.62 will be applied to the bill of each customer receiving a consolidated bill from an alternative supplier for services provided both by Pepco and by the alternative supplier.

BILLING MONTHS

Summer – Billing months of June through October.



A PHI Company

PEPCO (B)-2

DC - AE

Electricity--P.S.C. of D.C. No. 1
Fourteenth Revised Page No. R-4.1

Winter – Billing months of November through May.

METER READING

Watt-hour meters will be read to the nearest multiple of the meter constant and bills rendered accordingly.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "General Terms and Conditions for Furnishing Electric Service" and the Company's "Electric Service Rules and Regulations."

APPLICABLE RIDERS

Standard Offer Service - Residential
Administrative Credit
Generation Procurement Credit
Delivery Tax
Public Space Occupancy Surcharge
Residential Aid Discount
Optional Meter Equipment Related Services
Divestiture Sharing Credit – Residential
POWERCENTSDC™ Project Rider
Net Energy Metering Rider
Residential Aid Discount Surcharge Rider
Sustainable Energy Trust Fund
Energy Assistance Trust Fund
Bill Stabilization Adjustment
DDOT Underground Electric Company Infrastructure Improvement Charge Rider



A PHI Company

PEPCO (B)-2

Electricity--P.S.C. of D.C. No. 1
Twelfth Revised Page No. R-5

DC - R - TM

**TIME METERED RESIDENTIAL SERVICE
SCHEDULE "R-TM"**

AVAILABILITY

Shall be applicable for either Standard Offer Service when modified by Rider "SOS" or Distribution Service in the District of Columbia portion of the Company's service area to approximately the eight hundred (800) largest residential customers who have participated in the residential time-of-use rates program and who are served under Schedule "R-TM". Any customer presently on Schedule "R-TM" whose energy consumption is less than 2,500 kilowatt-hours for each of the five (5) summer billing months in a calendar year may at the customer's option elect to continue service under this schedule or be served under any other applicable schedule. If the customer elects to stay on Schedule "R-TM", the customer will remain on Schedule "R-TM" for at least twelve (12) billing months. Rate schedule changes will be made annually and become effective with the billing month of June.

Available only for low voltage electric service where the use is primarily for residential purposes and for farm operations where the electricity for both farm and residential purposes is delivered through the same meter.

Available only in individual residences and in individually metered dwelling units in multi-family buildings.

Not available for multiple application to master-metered apartment buildings where the use is predominantly residential.

Not available for residential premises in which five (5) or more rooms are for hire.

Not available for seasonal loads metered separately from lighting and other usage in the same occupancy.

Not available for temporary, auxiliary or emergency service.

Not available for customers certified as eligible to be billed under Rider "RAD".

CHARACTER OF SERVICE

The service supplied under this schedule normally will be alternating current, sixty hertz, single phase, three wire, 120/240 volts, or three wire, 120/208 volts.

MONTHLY RATE

	Summer	Winter
Distribution Service Charge		
Customer Charge	\$ 17.52 per month	\$ 17.52 per month
Kilowatt-hour Charge	\$ 0.04299 per kWhr	\$ 0.04299 per kWhr

Generation and Transmission Service Charges – Customers who do not receive service from an alternative Electric Supplier as defined in the Company's General Terms and Conditions will receive Generation and Transmission Services from the Company under the provisions of Rider "SOS" – Standard Offer Service.

Billing Credit - A monthly billing credit in the amount of \$0.62 will be applied to the bill of each customer receiving a consolidated bill from an alternative supplier for services provided both by Pepco and by the alternative supplier.



A PHI Company

PEPCO (B)-2

DC - R - TM

Electricity--P.S.C. of D.C. No. 1
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BILLING MONTHS

Summer – Billing months of June through October.

Winter – Billing months of November through May.

METER READING

Watt-hour meters will be read to the nearest multiple of the meter constant and bills rendered accordingly.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "General Terms and Conditions for Furnishing Electric Service" and the Company's "Electric Service Rules and Regulations."

APPLICABLE RIDERS

Standard Offer Service - Residential

Administrative Credit

Generation Procurement Credit

Delivery Tax

Public Space Occupancy Surcharge

Optional Meter Equipment Related Services

Divestiture Sharing Credit - Residential

Net Energy Metering Rider

Residential Aid Discount Surcharge Rider

Sustainable Energy Trust Fund

Energy Assistance Trust Fund

Bill Stabilization Adjustment

DDOT Underground Electric Company Infrastructure Improvement Charge Rider



A PHIL Company

PEPCO (B)-2

DC - GS ND

Electricity--P.S.C. of D.C. No. 1
Eleventh Revised Page No. R-6

**GENERAL SERVICE – NON DEMAND
SCHEDULE "GS ND"**

AVAILABILITY

Available for either Standard Offer Service when modified by Rider "SOS" or Distribution Service in the District of Columbia portion of the Company's service area for "GS LV" customers whose maximum monthly demand is less than 25 kW. Customers whose maximum demand is between 25 kW and 99 kW will be served on Schedule GS LV or GS 3A subject to the provisions stated therein. Customers whose maximum demand is equal to or in excess of one hundred (100) kilowatts during two (2) or more billing months within twelve (12) consecutive billing months will be transferred to Schedule "GT LV", "GT 3A", or "GT 3B" in accordance with the availability provisions therein. Rate schedule transfers will be made annually and become effective with the billing month of June.

Available for low voltage electric service at sixty hertz and for primary service furnished directly from the Company's electric system at voltages of 4.16 kV, 13.2 kV, or 33 kV, when the customer provides at the customer's own expense, all necessary transformers, converting apparatus, switches, disconnects, regulators and protective equipment.

Not available for railway propulsion service.

Not available for secondary temporary service or supplementary loads metered separately from lighting and other usage in the same occupancy.

CHARACTER OF SERVICE

The service supplied under this schedule normally will be alternating current, sixty hertz, either (i) single phase, three wire, 120/240 volts or 120/208 volts, or (ii) three phase, four wire, 120/208 volts or 265/460 volts for GS Low Voltage Non Demand customers. For GS 3A Non Demand customers, the service under this schedule, normally will be alternating current, sixty hertz, three phase, three wire, at 4.16kV, 13.2kV or 33 kV. Primary nominal service voltage levels will be specified by the Company on the basis of its available facilities and the magnitude of the load to be served.

MONTHLY RATE

GS LOW VOLTAGE NON DEMAND	Summer	Winter
Distribution Service Charge		
Customer Charge	\$ 23.39 per month	\$ 23.39 per month
Kilowatt-hour Charge		
All kilowatt-hours	\$ 0.03530 per kwhr	\$ 0.02926 per kwhr

Generation and Transmission Service Charges – Customers who do not receive service from an alternative Electric Supplier as defined in the Company's General Terms and Conditions will receive Generation and Transmission Services from the Company under the provisions of Rider "SOS" – Standard Offer Service.



A PHI Company

PEPCO (B)-2

DC - GS ND

Electricity--P.S.C. of D.C. No. 1
Eleventh Revised Page No. R-6.1

Billing Credit - A monthly billing credit in the amount of \$0.75 will be applied to the bill of each customer receiving a consolidated bill from an alternative supplier for services provided both by Pepco and by the alternative supplier.

BILLING MONTHS

Summer – Billing months of June through October.

Winter – Billing months of November through May.

Demand metering equipment will be installed and charges subsequent to the installation of this equipment will be computed under the billing demand provision when the customer's load is of such a magnitude and of such a nature as to indicate any of the following:

1. Monthly energy consumption in excess of 6,000 kilowatt-hours in two (2) consecutive winter billing months (November through May, inclusive).
2. Monthly energy consumption in excess of 7,500 kilowatt-hours for a single summer billing month (June through October, inclusive).
3. A monthly demand greater than or equal to twenty-five (25) kilowatts in a single month.

Demand accounts are reviewed annually. The account will be billed under non-demand billing provision when the consumption for each of the previous twelve (12) months is below 6,000 kilowatt-hours and the demand is less than twenty-five (25) kilowatts.

BILLING DEMAND

The billing demand shall be the maximum thirty (30) minute demand recorded during the month.

METER READING

Watt-hour meters will be read to the nearest multiple of the meter constant and bills rendered accordingly.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "General Terms and Conditions for Furnishing Electric Service" and the Company's "Electric Service Rules and Regulations."

APPLICABLE RIDERS

Standard Offer Service – Small Commercial

Administrative Credit

Generation Procurement Credit

Power Factor

Delivery Tax

Public Space Occupancy Surcharge

Divestiture Sharing Credit – Non-Residential

Net Energy Metering Rider

Residential Aid Discount Surcharge Rider

Sustainable Energy Trust Fund

Energy Assistance Trust Fund

Bill Stabilization Adjustment

DDOT Underground Electric Company Infrastructure Improvement Charge Rider



A PHI Company

PEPCO (B)-2

DC - GS LV

Electricity--P.S.C. of D.C. No. 1
Tenth Revised Page No. R-6.2

**GENERAL SERVICE - LOW VOLTAGE
SCHEDULE "GS LV"**

AVAILABILITY

Available for either Standard Offer Service when modified by Rider "SOS" or Distribution Service in the District of Columbia portion of the Company's service area, except if the customer's maximum demand is equal to or in excess of one hundred (100) kilowatts during two (2) or more billing months within twelve (12) consecutive billing months, the customer will be transferred to Schedule "GT LV", "GT 3A", or "GT 3B" in accordance with the availability provisions therein. Rate schedule transfers will be made annually and become effective with the billing month of June. Customers with monthly maximum demands less than 25 kW are served on Schedule "GS ND" subject to the provisions stated therein.

Available for low voltage electric service at sixty hertz.

Not available for railway propulsion service.

Not available for secondary temporary service or supplementary loads metered separately from lighting and other usage in the same occupancy.

CHARACTER OF SERVICE

The service supplied under this schedule normally will be alternating current, sixty hertz, either (i) single phase, three wire, 120/240 volts or 120/208 volts, or (ii) three phase, four wire, 120/208 volts or 265/460 volts.

MONTHLY RATE

	Summer	Winter
Distribution Service Charge		
Customer Charge	\$ 27.11 per month	\$ 27.11 per month
Kilowatt-hour Charge		
First 6,000 kilowatt-hours	\$ 0.04535 per kwhr	\$ 0.03602 per kwhr
Additional kilowatt-hours	\$ 0.04535 per kwhr	\$ 0.03602 per kwhr
Demand Charge	\$ 4.53 per kw	\$ 4.53 per kw

Generation and Transmission Service Charges – Customers who do not receive service from an alternative Electric Supplier as defined in the Company's General Terms and Conditions will receive Generation and Transmission Services from the Company under the provisions of Rider "SOS" – Standard Offer Service.



A PHI Company

PEPCO (B)-2

DC - GS LV

Electricity--P.S.C. of D.C. No. 1
Tenth Revised Page No. R-6.3

Billing Credit - A monthly billing credit in the amount of \$0.75 will be applied to the bill of each customer receiving a consolidated bill from an alternative supplier for services provided both by Pepco and by the alternative supplier.

BILLING MONTHS

Summer – Billing months of June through October.

Winter – Billing months of November through May.

Demand metering equipment will be installed and charges subsequent to the installation of this equipment will be computed under the billing demand provision when the customer's load is of such a magnitude and of such a nature as to indicate any of the following:

1. Monthly energy consumption in excess of 6,000 kilowatt-hours in two (2) consecutive winter billing months (November through May, inclusive).
2. Monthly energy consumption in excess of 7,500 kilowatt-hours for a single summer billing month (June through October, inclusive).
3. A monthly demand greater than or equal to twenty-five (25) kilowatts in a single month.

Demand accounts are reviewed annually. The account will be billed under non-demand billing provision when the consumption for each of the previous twelve (12) months is below 6,000 kilowatt-hours and the demand is less than twenty-five (25) kilowatts.

BILLING DEMAND

The billing demand shall be the maximum thirty (30) minute demand recorded during the month.

METER READING

Watt-hour meters will be read to the nearest multiple of the meter constant and bills rendered accordingly.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "General Terms and Conditions for Furnishing Electric Service" and the Company's "Electric Service Rules and Regulations."

APPLICABLE RIDERS

Standard Offer Service – Large Commercial

Administrative Credit

Generation Procurement Credit

Power Factor

Delivery Tax

Public Space Occupancy Surcharge

Divestiture Sharing Credit – Non-Residential

Net Energy Metering Rider

Residential Aid Discount Surcharge Rider

Sustainable Energy Trust Fund

Energy Assistance Trust Fund

Bill Stabilization Adjustment

DDOT Underground Electric Company Infrastructure Improvement Charge Rider

Date of Issue: August 1, 2014

Date Effective: January 1, 2015



A PHI Company

PEPCO (B)-2

DC - GS 3A

Electricity--P.S.C. of D.C. No. 1
Tenth Revised Page No. R-6.4

**GENERAL SERVICE - PRIMARY SERVICE
SCHEDULE "GS 3A"**

AVAILABILITY

Available for either Standard Offer Service when modified by Rider "SOS", or Distribution Service in the District of Columbia portion of the Company's service area, except if the customer's maximum demand is equal to or in excess of one hundred (100) kilowatts during two (2) or more billing months within twelve (12) consecutive billing months, the customer will be transferred to Schedule "GT LV", "GT 3A", or "GT 3B" in accordance with the availability provisions therein. Rate schedule transfers will be made annually and become effective with the billing month of June. Customers with monthly maximum demands less than 25 kW are served on Schedule "GS ND" subject to the provisions stated therein.

Available for primary service furnished directly from the Company's electric system at voltages of 4.16 kV, 13.2 kV or 33 kV, when the customer provides at the customer's own expense, all necessary transformers, converting apparatus, switches, disconnects, regulators and protective equipment.

Not available for railway propulsion service.

Not available for secondary temporary service or supplementary loads metered separately from lighting and other usage in the same occupancy.

CHARACTER OF SERVICE

The service under this schedule, normally will be alternating current, sixty hertz, three phase, three wire, at 4.16kV, 13.2kV or 33kV. Primary nominal service voltage levels will be specified by the Company on the basis of its available facilities and the magnitude of the load to be served.

MONTHLY RATE

	Summer	Winter
Distribution Service Charge		
Customer Charge	\$ 209.04 per month	\$ 209.04 per month
Kilowatt-hour Charge		
First 6000 kilowatt-hours	\$ 0.01317 per kwhr	\$ 0.00993 per kwhr
Additional kilowatt-hours	\$ 0.01317 per kwhr	\$ 0.00993 per kwhr
Demand Charge	\$ 6.46 per kw	\$ 6.46 per kw

Generation and Transmission Service Charges – Customers who do not receive service from an alternative Electric Supplier as defined in the Company's General Terms and Conditions will receive Generation and Transmission Services from the Company under the provisions of Rider "SOS" – Standard Offer Service.

Billing Credit - A monthly billing credit in the amount of \$0.75 will be applied to the bill of each customer receiving a consolidated bill from an alternative supplier for services provided both by Pepco and by the alternative supplier.



A PHI Company

PEPCO (B)-2

Electricity--P.S.C. of D.C. No. 1
Tenth Revised Page No. R-6.5

DC - GS 3A

Demand metering equipment will be installed and charges subsequent to the installation of this equipment will be computed under the demand billing provision when the customer's load is of such a magnitude and of such a nature as to indicate any of the following:

1. Monthly energy consumption in excess of 6,000 kilowatt-hours in two (2) consecutive winter billing months (November through May, inclusive).
2. Monthly energy consumption in excess of 7,500 kilowatt-hours for a single summer billing month (June through October, inclusive).
3. A monthly demand greater than or equal to twenty-five (25) kilowatts in a single month.

Demand accounts are reviewed annually. The account will be billed under non-demand billing provision when the consumption for each of the previous twelve (12) months is below 6,000 kilowatt-hours and the demand is less than twenty-five (25) kilowatts.

BILLING MONTHS

Summer – Billing months of June through October.

Winter – Billing months of November through May.

BILLING DEMAND

The billing demand shall be the maximum thirty (30) minute demand recorded during the month.

METER READING

Watt-hour meters will be read to the nearest multiple of the meter constant and bills rendered accordingly.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "General Terms and Conditions for Furnishing Electric Service" and the Company's "Electric Service Rules and Regulations."

APPLICABLE RIDERS

Standard Offer Service – Large Commercial

Administrative Credit

Generation Procurement Credit

Power Factor

Delivery Tax

Public Space Occupancy Surcharge

Divestiture Sharing Credit – Non-Residential

Net Energy Metering Rider

Residential Aid Discount Surcharge Rider

Sustainable Energy Trust Fund

Energy Assistance Trust Fund

Bill Stabilization Adjustment

DDOT Underground Electric Company Infrastructure Improvement Charge Rider



A PHI Company

PEPCO (B)-2

DC - T

Electricity--P.S.C. of D.C. No. 1
Ninth Revised Page No. R-7

**TEMPORARY SERVICE
SCHEDULE "T"**

AVAILABILITY

Available for either Standard Offer Service when modified by Rider "SOS" or Distribution Service in the District of Columbia portion of the Company's service area for low voltage electric service for construction or other commercial purposes furnished through service connection facilities of a temporary rather than a permanent nature, or for temporary electric service supplied for a limited time, such as for carnivals, festivals, etc.

However, customers receiving Temporary Service on a continuous basis for five (5) years will normally be transferred to the appropriate General Service Low Voltage Schedule "GS LV" or "GS ND" based on the customer's maximum demand, in accordance with the availability provisions therein. Rate schedule transfers will be made annually and become effective with the billing month of June.

CHARACTER OF SERVICE

The service supplied under this schedule will be alternating current, sixty hertz, at any of the approved classes of service.

MONTHLY RATE

	Summer	Winter
Distribution Service Charge		
Customer Charge	\$ 23.39 per month	\$ 23.39 per month
Kilowatt-hour Charge	\$ 0.06838 per kwhr	\$ 0.05566 per kwhr

Generation and Transmission Service Charges – Customers who do not receive service from an alternative Electric Supplier as defined in the Company's General Terms and Conditions will receive Generation and Transmission Services from the Company under the provisions of Rider "SOS" – Standard Offer Service.

Billing Credit - A monthly billing credit in the amount of \$0.75 will be applied to the bill of each customer receiving a consolidated bill from an alternative supplier for services provided both by Pepco and by the alternative supplier.

BILLING MONTHS

Summer – Billing months of June through October.

Winter – Billing months of November through May.

METER READING

Watt-hour meters will be read to the nearest multiple of the meter constant and bills rendered accordingly.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "General Terms and Conditions for Furnishing Electric Service" and the Company's "Electric Service Rules and Regulations".



PEPCO (B)-2

Electricity--P.S.C. of D.C. No. 1
Ninth Revised Page No. R-7.1

DC - T

APPLICABLE RIDERS

Standard Offer Service – Small Commercial

Administrative Credit

Generation Procurement Credit

Power Factor

Delivery Tax

Public Space Occupancy Surcharge

Divestiture Sharing Credit – Non-Residential

Residential Aid Discount Surcharge Rider

Sustainable Energy Trust Fund

Energy Assistance Trust Fund

DDOT Underground Electric Company Infrastructure Improvement Charge Rider

**TIME METERED GENERAL SERVICE - LOW VOLTAGE
SCHEDULE "GT LV"**

AVAILABILITY

Shall be applicable for either Standard Offer Service when modified by Rider "SOS" or Distribution Service when modified by Rider "SOS" in the District of Columbia portion of the Company's service area to customers whose maximum thirty (30) minute demand equals or exceeds one hundred (100) kilowatts during two (2) or more billing months within twelve (12) consecutive billing months. New customers will be qualified for Schedule "GT LV" based on estimated load and energy consumption using the above criteria. Once a customer's account is established it will remain on Schedule "GT LV" even if the party responsible for the account should change. Removal from Schedule "GT LV" is based solely on the criteria stated in the following paragraph.

Any customer presently on Schedule "GT LV" whose maximum thirty (30) minute demand is less than eighty (80) kilowatts for twelve (12) consecutive billing months, may at the customer's option elect to continue service on this schedule or elect to be served under any other available schedule. If the customer elects to stay on Schedule "GT LV", the customer will remain on Schedule "GT LV" for at least twelve (12) billing months. Rate schedule transfers will be made annually and become effective with the billing month of June.

Available for low voltage electric service at sixty hertz.

Available for standby service when modified by Schedule "S".

Not available for temporary service.

Not available for multiple application to master-metered apartment buildings except for those master-metered apartments served under Schedule "GT LV" prior to December 31, 1982 which will continue to be served under Schedule "GT LV".

CHARACTER OF SERVICE

The service supplied under this schedule normally will be alternating current, sixty hertz, either (i) single phase, three wire, 120/240 volts or 120/208 volts, or (ii) three phase, four wire, 120/208 volts or 265/460 volts.

MONTHLY RATE

	Summer	Winter
Distribution Service Charge		
Customer Charge	\$ 379.03 per month	\$ 379.03 per month
Kilowatt-hour Charge	\$ 0.00864 per kwhr	\$ 0.00864 per kwhr
Kilowatt Charge		
Maximum	\$ 9.25 per kw	\$ 9.25 per kw

Generation and Transmission Service Charges – Customers who do not receive service from an alternative Electric Supplier as defined in the Company's General Terms and Conditions will receive Generation and Transmission Services from the Company under the provisions of Rider "SOS" – Standard Offer Service.



A PHILIPPIAN COMPANY

PEPCO (B)-2

DC - GT LV

Electricity--P.S.C. of D.C. No. 1
Twelfth Revised Page No. R-8.1

Billing Credit - A monthly billing credit in the amount of \$0.75 per bill will be applied to the bill of each customer receiving generation services from an alternative supplier for each month that the alternative supplier renders a bill to the customer on a consolidated basis for services provided both by Pepco and by the alternative supplier.

BILLING MONTHS

Summer – Billing months of June through October.

Winter – Billing months of November through May.

BILLING DEMANDS

Maximum (All Months) - The billing demand shall be the maximum thirty (30) minute demand recorded during the billing month.

METER READING

Watt-hour meters will be read to the nearest multiple of the meter constant and bills rendered accordingly.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "General Terms and Conditions for Furnishing Electric Service" and the Company's "Electric Service Rules and Regulations".

APPLICABLE RIDERS

Standard Offer Service – Large Commercial

Administrative Credit

Generation Procurement Credit

Power Factor

Delivery Tax

Public Space Occupancy Surcharge

Excess Facilities

Divestiture Sharing Credit – Non-Residential

Net Energy Metering Rider

Reserved Delivery Capacity Service

Residential Aid Discount Surcharge Rider

Sustainable Energy Trust Fund

Energy Assistance Trust Fund

Bill Stabilization Adjustment

DDOT Underground Electric Company Infrastructure Improvement Charge Rider



A PHI Company

PEPCO (B)-2

DC - GT 3A

Electricity--P.S.C. of D.C. No. 1
Twelfth Revised Page No. R-8.2

**TIME METERED GENERAL SERVICE - PRIMARY SERVICE
SCHEDULE "GT 3A"**

AVAILABILITY

Shall be applicable for either Standard Offer Service when modified by Rider "SOS" or Distribution Service in the District of Columbia portion of the Company's service area to customers whose maximum thirty (30) minute demand equals or exceeds one hundred (100) kilowatts during two (2) or more billing months within twelve (12) consecutive billing months. New customers will be qualified for Schedule "GT 3A" based on estimated load and energy consumption using the above criteria. Once a customer's account is established it will remain on Schedule "GT 3A" even if the party responsible for the account should change. Removal from Schedule "GT 3A" is based solely on the criteria stated in the following paragraph.

Any customer presently on Schedule "GT 3A" whose maximum thirty (30) minute demand is less than eighty (80) kilowatts for twelve (12) consecutive billing months, may at the customer's option elect to continue service on this schedule or elect to be served under any other available schedule. If the customer elects to stay on Schedule "GT 3A", the customer will remain on Schedule "GT 3A" for at least twelve (12) billing months. Rate schedule transfers will be made annually and become effective with the billing month of June.

Available for primary service furnished directly from the Company's electric system at voltages of 4.16 kV, 13.2 kV or 33 kV, when the customer provides at the customer's own expense, all necessary transformers, converting apparatus, switches, disconnectors, regulators and protective equipment .

Available for standby service when modified by Schedule "S".

Not available for temporary service.

Not available for multiple application to master-metered apartment buildings except for those master-metered apartments served under Schedule "GT 3A" prior to December 31, 1982 which will continue to be served under Schedule "GT 3A".

CHARACTER OF SERVICE

The service under this schedule, normally will be alternating current, sixty hertz, three phase, three wire, at 4.16kV, 13.2kV or 33kV. Primary nominal service voltage levels will be specified by the Company on the basis of its available facilities and the magnitude of the load to be served.

MONTHLY RATE

	Summer	Winter
Distribution Service Charge		
Customer Charge	\$ 152.63 per month	\$ 152.63 per month
Kilowatt-hour Charge	\$ 0.00483 per kwhr	\$ 0.00483 per kwhr
Kilowatt Charge		
Maximum	\$ 6.18 per kw	\$ 6.18 per kw

Generation and Transmission Service Charges – Customers who do not receive service from an alternative Electric Supplier as defined in the Company's General Terms and Conditions will receive Generation and Transmission Services from the Company under the provisions of Rider "SOS" – Standard Offer Service.



A PHI Company

PEPCO (B)-2

DC - GT 3A

Electricity--P.S.C. of D.C. No. 1
Twelfth Revised Page No. R-8.3

Billing Credit - A monthly billing credit in the amount of \$0.75 per bill will be applied to the bill of each customer receiving generation services from an alternative supplier for each month that the alternative supplier renders a bill to the customer on a consolidated basis for services provided both by Pepco and by the alternative supplier.

BILLING MONTHS

Summer – Billing months of June through October.

Winter – Billing months of November through May.

BILLING DEMANDS

Maximum (All Months) - The billing demand shall be the maximum thirty (30) minute demand recorded during the billing month.

METER READING

Watt-hour meters will be read to the nearest multiple of the meter constant and bills rendered accordingly.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "General Terms and Conditions for Furnishing Electric Service" and the Company's "Electric Service Rules and Regulations".

APPLICABLE RIDERS

Standard Offer Service – Large Commercial

Administrative Credit

Generation Procurement Credit

Power Factor

Delivery Tax

Public Space Occupancy Surcharge

Excess Facilities

Divestiture Sharing Credit – Non-Residential

Net Energy Metering Rider

Reserved Delivery Capacity Service

Residential Aid Discount Surcharge Rider

Sustainable Energy Trust Fund

Energy Assistance Trust Fund

Bill Stabilization Adjustment

DDOT Underground Electric Company Infrastructure Improvement Charge Rider



A PHI Company

PEPCO (B)-2

DC - GT 3B

Electricity--P.S.C. of D.C. No. 1
Twelfth Revised Page No. R-8.4

**TIME METERED GENERAL SERVICE - HIGH VOLTAGE SERVICE
SCHEDULE "GT 3B"**

AVAILABILITY

Shall be applicable for either Standard Offer Service when modified by Rider "SOS" or Distribution Service in the District of Columbia portion of the Company's service area to customers whose maximum thirty (30) minute demand equals or exceeds one hundred (100) kilowatts during two (2) or more billing months within twelve (12) consecutive billing months. New customers will be qualified for Schedule "GT 3B" based on estimated load and energy consumption using the above criteria. Once a customer's account is established it will remain on Schedule "GT 3B" even if the party responsible for the account should change. Removal from Schedule "GT 3B" is based solely on the criteria stated in the following paragraph.

Any customer presently on Schedule "GT 3B" whose maximum thirty (30) minute demand is less than eighty (80) kilowatts for twelve (12) consecutive billing months, may at the customer's option elect to continue service on this schedule or elect to be served under any other available schedule. If the customer elects to stay on Schedule "GT 3B", the customer will remain on Schedule "GT 3B" for at least twelve (12) billing months. Rate schedule transfers will be made annually and become effective with the billing month of June.

Available for standby service when modified by Schedule "S".

Available for high voltage service furnished directly from the Company's electric system at voltages of 66 kV or above, when the customer provides at the customer's own expense, all necessary transformers, converting apparatus, switches, disconnectors, regulators and protective equipment .

Not available for temporary service.

Not available for multiple application to master-metered apartment buildings except for those master-metered apartments served under Schedule "GT 3B" prior to December 31, 1982 which will continue to be served under Schedule "GT 3B".

CHARACTER OF SERVICE

The service under this schedule, normally will be 66kV or above. Primary nominal service voltage levels will be specified by the Company on the basis of its available facilities and the magnitude of the load to be served.

MONTHLY RATE

	Summer	Winter
Distribution Service Charge		
Customer Charge	\$ 1134.37 per month	\$ 1134.37 per month
Kilowatt-hour Charge	\$ 0.00000 per kwhr	\$ 0.00000 per kwhr
Kilowatt Charge		
Maximum	\$ 1.23 per kw	\$ 1.23 per kw

Date of Issue: August 1, 2014

Date Effective: January 1, 2015



A PHI Company

PEPCO (B)-2

DC - GT 3B

Electricity--P.S.C. of D.C. No. 1
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Generation and Transmission Service Charges – Customers who do not receive service from an alternative Electric Supplier as defined in the Company's General Terms and Conditions will receive Generation and Transmission Services from the Company under the provisions of Rider "SOS" – Standard Offer Service.

Billing Credit - A monthly billing credit in the amount of \$0.75 will be applied to the bill of each customer receiving a consolidated bill from an alternative supplier for services provided both by Pepco and by the alternative supplier.

BILLING MONTHS

Summer – Billing months of June through October.

Winter – Billing months of November through May.

BILLING DEMANDS

Maximum (All Months) - The billing demand shall be the maximum thirty (30) minute demand recorded during the billing month.

METER READING

Watt-hour meters will be read to the nearest multiple of the meter constant and bills rendered accordingly.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "General Terms and Conditions for Furnishing Electric Service" and the Company's "Electric Service Rules and Regulations".

APPLICABLE RIDERS

Standard Offer Service – Large Commercial

Administrative Credit

Generation Procurement Credit

Power Factor

Delivery Tax

Public Space Occupancy Surcharge

Excess Facilities

Divestiture Sharing Credit – Non - Residential

Net Energy Metering Rider.

Reserved Delivery Capacity Service

Residential Aid Discount Surcharge Rider

Sustainable Energy Trust Fund

Energy Assistance Trust Fund

Bill Stabilization Adjustment

DDOT Underground Electric Company Infrastructure Improvement Charge Rider

DC - RT

**RAPID TRANSIT SERVICE
SCHEDULE "RT"**

AVAILABILITY

Available for either Standard Offer Service when modified by Rider "SOS" or Distribution Service in the District of Columbia portion of the Company's service area for rapid transit electric service furnished directly from the Company's distribution, subtransmission or transmission systems at available voltages of 13.2kV and higher where the customer provides, at the customer's own expense, all necessary transformers or converting apparatus, switches, disconnectors, regulators, and protective equipment.

Available only at points of delivery on contiguous authority right-of-way.

Also available for low voltage service for purposes of operating electric chiller plants used for the purpose of providing chilled water to passenger stations associated with the rapid transit service.

Not available for partial or auxiliary service.

CHARACTER OF SERVICE

The service supplied under this schedule normally will be alternating current, sixty hertz, three phase, three wire, high tension at 13.2kV or such voltage as is specified by the Company on the basis of its available facilities and the magnitude of load to be served.

MONTHLY RATE

	Summer	Winter
Distribution Service Charge		
Customer Charge	\$ 5,592.49 per month	\$ 5,592.49 per month

Generation and Transmission Service Charges – Customers who do not receive service from an alternative Electric Supplier as defined in the Company's General Terms and Conditions will receive Generation and Transmission Services from the Company under the provisions of Rider "SOS" – Standard Offer Service.

Billing Credit - A monthly billing credit in the amount of \$0.75 will be applied to the bill of each customer receiving a consolidated bill from an alternative supplier for services provided both by Pepco and by the alternative supplier.

BILLING MONTHS

Summer – Billing months of June through October.

Winter – Billing months of November through May.

BILLING DEMAND

The monthly billing demand will be the maximum thirty (30) minute integrated coincident demand of all delivery points recorded during the billing month.



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PEPCO (B)-2

Electricity--P.S.C. of D.C. No. 1
Tenth Revised Page No. R-9.1

DC - RT

BILLING ENERGY

The monthly billing energy will be the sum of the registrations of kilowatt-hours of all delivery points.

METER READING

Watt-hour meters will be read to the nearest multiple of the meter constant and bills rendered accordingly.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "General Terms and Conditions for Furnishing Electric Service" and the Company's "Electric Service Rules and Regulations", except as modified by the agreement by and between the Company and the customer.

APPLICABLE RIDERS

Standard Offer Service – Large Commercial

Administrative Credit

Generation Procurement Credit

Delivery Tax

Public Space Occupancy Surcharge

Divestiture Sharing Credit – Non-Residential

Reserved Delivery Capacity Service

Residential Aid Discount Surcharge Rider

Sustainable Energy Trust Fund

Energy Assistance Trust Fund

DDOT Underground Electric Company Infrastructure Improvement Charge Rider



A PHI Company

PEPCO (B)-2

Electricity--P.S.C. of D.C. No. 1
Tenth Revised Page No. R-10

DC - SL

**STREET LIGHTING SERVICE
SCHEDULE "SL"**

AVAILABILITY

Available for either Standard Offer Service when modified by Rider "SOS" or Distribution Service for street, highway and park lighting purposes in the District of Columbia portion of the Company's service area when owned by agencies of Federal and District of Columbia governments. Also available to governmental and non-governmental customers for holiday lighting and seasonal street decoration lighting where the lights are in public space and where the only load supplied is lighting load. Schedule "SL" is not available for services that supply any load other than lighting.

CHARACTER OF SERVICE

Electricity supplied to multiple lights normally will be sixty hertz, single phase, 120 volts.

MONTHLY RATE

Distribution Service Charge	
Customer Charge	
Metered Account	\$ 17.19 per month
Unmetered Account	\$ 14.70 per month
Per Lamp Charge	\$ 0.55497 per lamp per month

The per lamp charge shall be adjusted for any Major Service Outages as defined in Section 3699 of Chapter 36, Electric Quality Service Standards in Title 15 of the District of Columbia Municipal Regulations.

Generation and Transmission Service Charges – Customers who do not receive service from an alternative Electric Supplier as defined in the Company's General Terms and Conditions will receive Generation and Transmission Services from the Company under the provisions of Rider "SOS" – Standard Offer Service.

Billing Credit - A monthly billing credit in the amount of \$0.75 will be applied to the bill of each customer receiving a consolidated bill from an alternative supplier for services provided both by Pepco and by the alternative supplier.

The charges under this schedule are for delivery only and do not include furnishing and/or maintaining street lighting equipment.

MEASUREMENTS OF ELECTRICITY

If electricity delivered for street lighting is unmetered, monthly kilowatt-hour consumption will be computed on the basis of manufacturers' wattage ratings of installed lamps, auxiliary devices where required, and scheduled 4,200 hours of burning time. If metered, watt-hour meters will be read to the nearest multiple of the meter constant and bills rendered accordingly.

Lights controlled for night burning only will be billed at the monthly rate for Standard Night Burning street lights. Lights not controlled for night burning only will be billed at the monthly rate for 24-Hour Burning street lights.



The kilowatt-hours calculated from billing wattages will be reduced by 5.5 percent each month to provide for normal outages.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "General Terms and Conditions for Furnishing Electric Service" and the Company's "Electric Service Rules and Regulations". Holiday and decorative street lighting service connections will be considered temporary service connections as defined in the "Electric Service Rules and Regulations" and will be priced accordingly.

APPLICABLE RIDERS

Standard Offer Service – Small Commercial
Administrative Credit
Generation Procurement Credit
Delivery Tax
Public Space Occupancy Surcharge
Divestiture Sharing Credit – Non-Residential
Residential Aid Discount Surcharge Rider
Sustainable Energy Trust Fund
Energy Assistance Trust Fund
Telecommunication Network Charge
DDOT Underground Electric Company Infrastructure Improvement Charge Rider



A PHI Company

PEPCO (B)-2

DC - TS

Electricity--P.S.C. of D.C. No. 1
Second Revised Page No. R-11.1

**TRAFFIC SIGNAL SERVICE
SCHEDULE "TS"**

AVAILABILITY

Available for either Standard Offer Service when modified by Rider "SOS" or Distribution Service to agencies of the Federal and District of Columbia governments, for operation of traffic signals in the District of Columbia portion of the Company's service area.

CHARACTER OF SERVICE

Electricity supplied for traffic signal purposes normally will be sixty hertz, single phase, 120 volts.

MONTHLY RATE

Distribution Service Charge	
Customer Charge	\$ 8.03
Per Lamp Charge	\$ 0.30291

The per lamp charge shall be adjusted for any Major Service Outages as defined in Section 3699 of Chapter 36, Electric Quality Service Standards in Title 15 of the District of Columbia Municipal Regulations.

Generation and Transmission Service Charges – Customers who do not receive service from an alternative Electric Supplier as defined in the Company's General Terms and Conditions will receive Generation and Transmission Services from the Company under the provisions of Rider "SOS" – Standard Offer Service.

Billing Credit - A monthly billing credit in the amount of \$0.75 will be applied to the bill of each customer receiving a consolidated bill from an alternative supplier for services provided both by Pepco and by the alternative supplier.

The charges under this schedule are for delivery only and do not include furnishing and/or maintaining traffic signal equipment.

MEASUREMENT OF ELECTRICITY

Electricity delivered to traffic signals is unmetered. Monthly kilowatt-hour consumption will be computed on the basis of manufacturers' wattage ratings of installed devices and estimated hours of burning time.

The kilowatt-hours calculated from billing wattages will be reduced by 1.5 percent each month to provide for normal outages.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "General Terms and Conditions for Furnishing Electric Service" and the Company's "Electric Service Rules and Regulations".

APPLICABLE RIDERS

- Standard Offer Service – Small Commercial
- Administrative Credit
- Generation Procurement Credit
- Delivery Tax
- Public Space Occupancy Surcharge
- Divestiture Sharing Credit – Non-Residential

Date of Issue: August 1, 2014

Date Effective: January 1, 2015



A PHI Company

PEPCO (B)-2

DC - TS

Electricity--P.S.C. of D.C. No. 1
Second Revised Page No. R-11.1

Residential Aid Discount Surcharge Rider
Sustainable Energy Trust Fund
Energy Assistance Trust Fund
DDOT Underground Electric Company Infrastructure Improvement Charge Rider



A PHI Company

PEPCO (B)-2

Electricity--P.S.C. of D.C. No. 1
Ninth Revised Page No. R-14

DC - TN

**TELECOMMUNICATIONS NETWORK SERVICE
SCHEDULE "TN"**

AVAILABILITY

Available for either Standard Offer Service when modified by Rider "SOS" or Distribution Service in the District of Columbia portion of the Company's service area for unmetered electric service to multiple telecommunications network devices or other devices with similar load characteristics served directly by the Company and not exceeding 1,800 watts per device. For devices that are currently served by meter, the Customer may choose to have the meter removed at the Customer's expense and the month Customer Charge without Meter will apply.

CHARACTER OF SERVICE

The service supplied under this schedule normally will be alternating current, sixty hertz, single phase, 120 volts.

MONTHLY RATE

	Summer	Winter
Distribution Service Charge		
Customer Charge	\$ 13.12	\$ 13.12
Kilowatt-hour Charge	\$ 0.01520 per kwhr	\$ 0.01520 per kwhr

Customer Charges/Kilowatt-hour Charge – For devices that are served through a meter, the Customer shall pay the monthly "Customer Charge with Meter" and the kilowatt-hour charge will be applied to metered usage. For devices served without a meter, the Customer shall pay the monthly "Customer Charge without Meter" and the kilowatt-hour charge will be applied to estimated monthly usage based on metered usages for similar devices. If similar metered data do not exist, at the customer's option, the monthly usage will be estimated base on either the manufacturer's average wattage ratings with no allowance for outage, or on the basis of statistically valid sample estimates using actual current and voltage readings.

Generation and Transmission Service Charges – Customers who do not receive service from an alternative Electric Supplier as defined in the Company's General Terms and Conditions will receive Generation and Transmission Services from the Company under the provisions of Rider "SOS" – Standard Offer Service.

Billing Credit - A monthly billing credit in the amount of \$0.75 will be applied to the bill of each customer receiving a consolidated bill from an alternative supplier for services provided both by Pepco and by the alternative supplier.

MEASUREMENTS OF ELECTRICITY

Monthly kilowatt-hour consumption will be computed on the basis of manufacturer's average wattage ratings of installed devices, with no allowance for outages. The charges under this rider are for electricity only.



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PEPCO (B)-2

DC - TN

Electricity--P.S.C. of D.C. No. 1
Sixth Revised Page No. R-14.1

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "General Terms and Conditions for Furnishing Electric Service" and the Company's "Electric Service Rules and Regulations".

APPLICABLE RIDERS

Standard Offer Services – Small Commercial

Administrative Credit

Generation Procurement Credit

Delivery Tax

Public Space Occupancy Surcharge

Divestiture Sharing Credit – Non-Residential

Residential Aid Discount Surcharge Rider

Sustainable Energy Trust Fund

Energy Assistance Trust Fund

DDOT Underground Electric Company Infrastructure Improvement Charge Rider

DDOT UNDERGROUND ELECTRIC COMPANY INFRASTRUCTURE IMPROVEMENT CHARGE RIDER – RIDER “DDOT UEIIC”

APPLICABILITY

The Distribution Charges billed under the Schedules "R", "AE", "R-TM", "GS ND", "GS LV", "GS 3A", "T", "GT LV", "GT 3A", "GT 3B", "RT", "SL", "TS", and "TN" shall be subject to the DDOT Underground Electric Company Infrastructure Improvement Charge as specified in the terms of this Rider.

The DDOT Underground Electric Company Infrastructure Improvement Charge is intended to pay debt service and other costs associated with bonds (the "Bonds") issued by the District of Columbia to fund costs incurred by the District of Columbia Department of Transportation ("DDOT") to underground certain electric power lines in the District of Columbia and related costs.

The DDOT Underground Electric Company Infrastructure Improvement Charge will be presented on customer bills as "Underground Charge, DDOT".

The DDOT Underground Electric Company Infrastructure Improvement Charge shall be imposed commencing on the date of the issuance of the Bonds.

DETERMINATION OF CHARGE

The DDOT Underground Electric Company Infrastructure Improvement Charge will be based on the revenue requirement to pay debt service and other costs associated with the Bonds.

MONTHLY CHARGES AND RATES:

Rate Schedule	January 1, 2015	
R	\$0.00181	per kWh
AE	\$0.00118	per kWh
RTM	\$0.00440	per kWh
GS ND	\$0.00383	per kWh
T	\$0.00383	per kWh
GS LV	\$0.00552	per kWh
GS 3A	\$0.00278	per kWh
GT LV	\$0.00336	per kWh
GT 3A	\$0.00191	per kWh
GT 3B	\$0.00022	per kWh
RT	\$0.00209	per kWh
SL/TS	\$0.00060	per kWh
TN	\$0.00165	per kWh

ADJUSTMENT TO CHARGE

The Company will file an update to the DDOT Underground Electric Company Infrastructure Improvement Charge on at least a semi-annual basis or before March 1 and September 1 of each year that this Charge is in effect; provided, however, that the first semi-annual update shall be filed at least 6 months and no more than 12 months after the date of the issuance of the Bonds.

REDLINE

RATE SCHEDULES

FOR

ELECTRIC SERVICE

IN THE

DISTRICT OF COLUMBIA



RATES AND REGULATORY PRACTICES GROUP

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A PHI Company

PEPCO (B)-2

DC - R

Electricity--P.S.C. of D.C. No. 1
Fourteenth Thirteenth Revised Page No. R-3.1

METER READING

Watt-hour meters will be read to the nearest multiple of the meter constant and bills rendered accordingly.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "General Terms and Conditions for Furnishing Electric Service" and the Company's "Electric Service Rules and Regulations."

APPLICABLE RIDERS

Standard Offer Service - Residential
Administrative Credit
Generation Procurement Credit
Delivery Tax
Public Space Occupancy Surcharge
Residential Aid Discount
Optional Meter Equipment Related Services
Divestiture Sharing Credit – Residential
POWERCENTSDC™ Project Rider
Net Energy Metering Rider
Residential Aid Discount Surcharge Rider
Sustainable Energy Trust Fund
Energy Assistance Trust Fund
Bill Stabilization Adjustment
DDOT Underground Electric Company Infrastructure Improvement Charge Rider

Date of Issue: August 1, 2014 ~~April 9, 2014~~

Date Effective: January 1, 2015
Usage on and after ~~April 16, 2014~~



**RESIDENTIAL ALL-ELECTRIC SERVICE
SCHEDULE "AE"**

AVAILABILITY

Available for either Standard Offer Service when modified by Rider "SOS" or Distribution Service in the District of Columbia portion of the Company's service area for low voltage electric service where electricity is the sole source of energy for space heating or the primary source with the application of an add-on heat pump or solar space heating system supplemented by electric space heating servicing the entire conditioned space.

Available only in individual residences and in individually metered dwelling units in multi-family buildings.

Available for multiple application to master-metered apartments where the use is predominantly residential and not for retail establishments. Not available for separately metered service billed on Schedules "GS ND", "GS LV", "GS 3A", "GT LV", "GT 3A", or "GT 3B" that did not qualify for multiple application of the residential rate as of December 31, 1982.

Not available for residential premises in which five (5) or more rooms are for hire.

Not available for seasonal loads metered separately from lighting and other usage in the same occupancy.

Not available for temporary, auxiliary or emergency service.

CHARACTER OF SERVICE

The service supplied under this schedule normally will be alternating current, sixty hertz, single phase, three wire, 120/240 volts, or three wire, 120/208 volts.

MONTHLY RATE

	Summer	Winter
Distribution Service Charge		
Customer Charge – Residential	\$ 13.00 per month	\$ 13.00 per month
Customer Charge - Master Metered Apartments	\$ 10.25 per month	\$ 10.25 per month

Kilowatt-hour Charge

First 400 kilowatt-hours	\$ 0.00824 per kwhr	\$ 0.00824 per kwhr
In excess of 400 kilowatt-hours	\$ 0.02398 per kwhr	\$ 0.01341 per kwhr

Generation and Transmission Service Charges – Customers who do not receive service from an alternative Electric Supplier as defined in the Company's General Terms and Conditions will receive Generation and Transmission Service from the Company under the provisions of Rider "SOS" – Standard Offer Service.

Billing Credit - A monthly billing credit in the amount of \$0.62 will be applied to the bill of each customer receiving a consolidated bill from an alternative supplier for services provided both by Pepco and by the alternative supplier.

BILLING MONTHS

Date of Issue: ~~August 1, 2014~~ ~~April 9, 2014~~

Date Effective: January 1, 2015
~~Usage on and after April 16, 2014~~



A PHI Company

PEPCO (B)-2

Electricity--P.S.C. of D.C. No. 1

DC - AE

Fourteenth Thirteenth Revised Page No. R-4.1

Summer – Billing months of June through October.

Winter – Billing months of November through May.

METER READING

Watt-hour meters will be read to the nearest multiple of the meter constant and bills rendered accordingly.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "General Terms and Conditions for Furnishing Electric Service" and the Company's "Electric Service Rules and Regulations."

APPLICABLE RIDERS

Standard Offer Service - Residential

Administrative Credit

Generation Procurement Credit

Delivery Tax

Public Space Occupancy Surcharge

Residential Aid Discount

Optional Meter Equipment Related Services

Divestiture Sharing Credit – Residential

POWERCENTSDC™ Project Rider

Net Energy Metering Rider

Residential Aid Discount Surcharge Rider

Sustainable Energy Trust Fund

Energy Assistance Trust Fund

Bill Stabilization Adjustment

DDOT Underground Electric Company Infrastructure Improvement Charge Rider

Date of Issue: August 1, 2014 ~~April 9, 2014~~

Date Effective: January 1, 2015

~~Usage on and after April 16, 2014~~



A PHI Company

PEPCO (B)-2

DC - R - TM

Electricity--P.S.C. of D.C. No. 1
~~Twelfth~~ ~~Eleventh~~ Revised Page No. R-5

**TIME METERED RESIDENTIAL SERVICE
SCHEDULE "R-TM"**

AVAILABILITY

Shall be applicable for either Standard Offer Service when modified by Rider "SOS" or Distribution Service in the District of Columbia portion of the Company's service area to approximately the eight hundred (800) largest residential customers who have participated in the residential time-of-use rates program and who are served under Schedule "R-TM". Any customer presently on Schedule "R-TM" whose energy consumption is less than 2,500 kilowatt-hours for each of the five (5) summer billing months in a calendar year may at the customer's option elect to continue service under this schedule or be served under any other applicable schedule. If the customer elects to stay on Schedule "R-TM", the customer will remain on Schedule "R-TM" for at least twelve (12) billing months. Rate schedule changes will be made annually and become effective with the billing month of June.

Available only for low voltage electric service where the use is primarily for residential purposes and for farm operations where the electricity for both farm and residential purposes is delivered through the same meter.

Available only in individual residences and in individually metered dwelling units in multi-family buildings.

Not available for multiple application to master-metered apartment buildings where the use is predominantly residential.

Not available for residential premises in which five (5) or more rooms are for hire.

Not available for seasonal loads metered separately from lighting and other usage in the same occupancy.

Not available for temporary, auxiliary or emergency service.

Not available for customers certified as eligible to be billed under Rider "RAD".

CHARACTER OF SERVICE

The service supplied under this schedule normally will be alternating current, sixty hertz, single phase, three wire, 120/240 volts, or three wire, 120/208 volts.

MONTHLY RATE

	Summer	Winter
Distribution Service Charge		
Customer Charge	\$ 17.52 per month	\$ 17.52 per month
Kilowatt-hour Charge	\$ 0.04299 per kwhr	\$ 0.04299 per kwhr

Generation and Transmission Service Charges – Customers who do not receive service from an alternative Electric Supplier as defined in the Company's General Terms and Conditions will receive Generation and Transmission Services from the Company under the provisions of Rider "SOS" – Standard Offer Service.

Billing Credit - A monthly billing credit in the amount of \$0.62 will be applied to the bill of each customer receiving a consolidated bill from an alternative supplier for services provided both by Pepco and by the alternative supplier.

Date of Issue: ~~August 1, 2014~~ ~~April 9, 2014~~

Date Effective: January 1, 2015
~~Usage on and after April 16, 2014~~



DC - R - TM

BILLING MONTHS

Summer – Billing months of June through October.

Winter – Billing months of November through May.

METER READING

Watt-hour meters will be read to the nearest multiple of the meter constant and bills rendered accordingly.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "General Terms and Conditions for Furnishing Electric Service" and the Company's "Electric Service Rules and Regulations."

APPLICABLE RIDERS

Standard Offer Service - Residential

Administrative Credit

Generation Procurement Credit

Delivery Tax

Public Space Occupancy Surcharge

Optional Meter Equipment Related Services

Divestiture Sharing Credit - Residential

Net Energy Metering Rider

Residential Aid Discount Surcharge Rider

Sustainable Energy Trust Fund

Energy Assistance Trust Fund

Bill Stabilization Adjustment

DDOT Underground Electric Company Infrastructure Improvement Charge Rider



A PHH Company

PEPCO (B)-2

DC - GS ND

Electricity--P.S.C. of D.C. No. 1
~~Eleventh Tenth~~ Revised Page No. R-6

**GENERAL SERVICE – NON DEMAND
SCHEDULE "GS ND"**

AVAILABILITY

Available for either Standard Offer Service when modified by Rider "SOS" or Distribution Service in the District of Columbia portion of the Company's service area for "GS LV" customers whose maximum monthly demand is less than 25 kW. Customers whose maximum demand is between 25 kW and 99 kW will be served on Schedule GS LV or GS 3A subject to the provisions stated therein. Customers whose maximum demand is equal to or in excess of one hundred (100) kilowatts during two (2) or more billing months within twelve (12) consecutive billing months will be transferred to Schedule "GT LV", "GT 3A", or "GT 3B" in accordance with the availability provisions therein. Rate schedule transfers will be made annually and become effective with the billing month of June.

Available for low voltage electric service at sixty hertz and for primary service furnished directly from the Company's electric system at voltages of 4.16 kV, 13.2 kV, or 33 kV, when the customer provides at the customer's own expense, all necessary transformers, converting apparatus, switches, disconnects, regulators and protective equipment.

Not available for railway propulsion service.

Not available for secondary temporary service or supplementary loads metered separately from lighting and other usage in the same occupancy.

CHARACTER OF SERVICE

The service supplied under this schedule normally will be alternating current, sixty hertz, either (i) single phase, three wire, 120/240 volts or 120/208 volts, or (ii) three phase, four wire, 120/208 volts or 265/460 volts for GS Low Voltage Non Demand customers. For GS 3A Non Demand customers, the service under this schedule, normally will be alternating current, sixty hertz, three phase, three wire, at 4.16kV, 13.2kV or 33 kV. Primary nominal service voltage levels will be specified by the Company on the basis of its available facilities and the magnitude of the load to be served.

MONTHLY RATE

GS LOW VOLTAGE NON DEMAND	Summer	Winter
Distribution Service Charge		
Customer Charge	\$ 23.39 per month	\$ 23.39 per month
Kilowatt-hour Charge		
All kilowatt-hours	\$ 0.03530 per kWhr	\$ 0.02926 per kWhr

Generation and Transmission Service Charges – Customers who do not receive service from an alternative Electric Supplier as defined in the Company's General Terms and Conditions will receive Generation and Transmission Services from the Company under the provisions of Rider "SOS" – Standard Offer Service.

Date of Issue: ~~August 1, 2014~~ April 9, 2014

Date Effective: January 1, 2015
~~Usage on and after April 16, 2014~~



A PHI Company

PEPCO (B)-2

Electricity--P.S.C. of D.C. No. 1

Eleventh ~~Tenth~~ Revised Page No. R-6.1

DC - GS ND

Billing Credit - A monthly billing credit in the amount of \$0.75 will be applied to the bill of each customer receiving a consolidated bill from an alternative supplier for services provided both by Pepco and by the alternative supplier.

BILLING MONTHS

Summer – Billing months of June through October.

Winter – Billing months of November through May.

Demand metering equipment will be installed and charges subsequent to the installation of this equipment will be computed under the billing demand provision when the customer's load is of such a magnitude and of such a nature as to indicate any of the following:

1. Monthly energy consumption in excess of 6,000 kilowatt-hours in two (2) consecutive winter billing months (November through May, inclusive).
2. Monthly energy consumption in excess of 7,500 kilowatt-hours for a single summer billing month (June through October, inclusive).
3. A monthly demand greater than or equal to twenty-five (25) kilowatts in a single month.

Demand accounts are reviewed annually. The account will be billed under non-demand billing provision when the consumption for each of the previous twelve (12) months is below 6,000 kilowatt-hours and the demand is less than twenty-five (25) kilowatts.

BILLING DEMAND

The billing demand shall be the maximum thirty (30) minute demand recorded during the month.

METER READING

Watt-hour meters will be read to the nearest multiple of the meter constant and bills rendered accordingly.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "General Terms and Conditions for Furnishing Electric Service" and the Company's "Electric Service Rules and Regulations."

APPLICABLE RIDERS

Standard Offer Service – Small Commercial

Administrative Credit

Generation Procurement Credit

Power Factor

Delivery Tax

Public Space Occupancy Surcharge

Divestiture Sharing Credit – Non-Residential

Net Energy Metering Rider

Residential Aid Discount Surcharge Rider

Sustainable Energy Trust Fund

Energy Assistance Trust Fund

Bill Stabilization Adjustment

DDOT Underground Electric Company Infrastructure Improvement Charge Rider

Date of Issue: August 1, 2014 ~~April 9, 2014~~

Date Effective: January 1, 2015

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A PHI Company

PEPCO (B)-2

DC - GS LV

Electricity--P.S.C. of D.C. No. 1
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**GENERAL SERVICE - LOW VOLTAGE
SCHEDULE "GS LV"**

AVAILABILITY

Available for either Standard Offer Service when modified by Rider "SOS" or Distribution Service in the District of Columbia portion of the Company's service area, except if the customer's maximum demand is equal to or in excess of one hundred (100) kilowatts during two (2) or more billing months within twelve (12) consecutive billing months, the customer will be transferred to Schedule "GT LV", "GT 3A", or "GT 3B" in accordance with the availability provisions therein. Rate schedule transfers will be made annually and become effective with the billing month of June. Customers with monthly maximum demands less than 25 kW are served on Schedule "GS ND" subject to the provisions stated therein.

Available for low voltage electric service at sixty hertz.

Not available for railway propulsion service.

Not available for secondary temporary service or supplementary loads metered separately from lighting and other usage in the same occupancy.

CHARACTER OF SERVICE

The service supplied under this schedule normally will be alternating current, sixty hertz, either (i) single phase, three wire, 120/240 volts or 120/208 volts, or (ii) three phase, four wire, 120/208 volts or 265/460 volts.

MONTHLY RATE

	Summer	Winter
Distribution Service Charge		
Customer Charge	\$ 27.11 per month	\$ 27.11 per month
Kilowatt-hour Charge		
First 6,000 kilowatt-hours	\$ 0.04535 per kwhr	\$ 0.03602 per kwhr
Additional kilowatt-hours	\$ 0.04535 per kwhr	\$ 0.03602 per kwhr
Demand Charge	\$ 4.53 per kw	\$ 4.53 per kw

Generation and Transmission Service Charges – Customers who do not receive service from an alternative Electric Supplier as defined in the Company's General Terms and Conditions will receive Generation and Transmission Services from the Company under the provisions of Rider "SOS" – Standard Offer Service.

Date of Issue: ~~August 1, 2014~~ April 9, 2014

Date Effective: ~~January 1, 2015~~
Usage on and after April 16, 2014



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PEPCO (B)-2

DC - GS LV

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Billing Credit - A monthly billing credit in the amount of \$0.75 will be applied to the bill of each customer receiving a consolidated bill from an alternative supplier for services provided both by Pepco and by the alternative supplier.

BILLING MONTHS

Summer – Billing months of June through October.

Winter – Billing months of November through May.

Demand metering equipment will be installed and charges subsequent to the installation of this equipment will be computed under the billing demand provision when the customer's load is of such a magnitude and of such a nature as to indicate any of the following:

1. Monthly energy consumption in excess of 6,000 kilowatt-hours in two (2) consecutive winter billing months (November through May, inclusive).
2. Monthly energy consumption in excess of 7,500 kilowatt-hours for a single summer billing month (June through October, inclusive).
3. A monthly demand greater than or equal to twenty-five (25) kilowatts in a single month.

Demand accounts are reviewed annually. The account will be billed under non-demand billing provision when the consumption for each of the previous twelve (12) months is below 6,000 kilowatt-hours and the demand is less than twenty-five (25) kilowatts.

BILLING DEMAND

The billing demand shall be the maximum thirty (30) minute demand recorded during the month.

METER READING

Watt-hour meters will be read to the nearest multiple of the meter constant and bills rendered accordingly.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "General Terms and Conditions for Furnishing Electric Service" and the Company's "Electric Service Rules and Regulations."

APPLICABLE RIDERS

- Standard Offer Service – Large Commercial
- Administrative Credit
- Generation Procurement Credit
- Power Factor
- Delivery Tax
- Public Space Occupancy Surcharge
- Divestiture Sharing Credit – Non-Residential
- Net Energy Metering Rider
- Residential Aid Discount Surcharge Rider
- Sustainable Energy Trust Fund
- Energy Assistance Trust Fund
- Bill Stabilization Adjustment
- DDOT Underground Electric Company Infrastructure Improvement Charge Rider

Date of Issue: August 1, 2014 ~~April 9, 2014~~

Date Effective: January 1, 2015
~~Usage on and after April 16, 2014~~



A PHI Company

PEPCO (B)-2

DC - GS 3A

Electricity--P.S.C. of D.C. No. 1
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**GENERAL SERVICE - PRIMARY SERVICE
SCHEDULE "GS 3A"**

AVAILABILITY

Available for either Standard Offer Service when modified by Rider "SOS", or Distribution Service in the District of Columbia portion of the Company's service area, except if the customer's maximum demand is equal to or in excess of one hundred (100) kilowatts during two (2) or more billing months within twelve (12) consecutive billing months, the customer will be transferred to Schedule "GT LV", "GT 3A", or "GT 3B" in accordance with the availability provisions therein. Rate schedule transfers will be made annually and become effective with the billing month of June. Customers with monthly maximum demands less than 25 kW are served on Schedule "GS ND" subject to the provisions stated therein.

Available for primary service furnished directly from the Company's electric system at voltages of 4.16 kV, 13.2 kV or 33 kV, when the customer provides at the customer's own expense, all necessary transformers, converting apparatus, switches, disconnects, regulators and protective equipment.

Not available for railway propulsion service.

Not available for secondary temporary service or supplementary loads metered separately from lighting and other usage in the same occupancy.

CHARACTER OF SERVICE

The service under this schedule, normally will be alternating current, sixty hertz, three phase, three wire, at 4.16kV, 13.2kV or 33kV. Primary nominal service voltage levels will be specified by the Company on the basis of its available facilities and the magnitude of the load to be served.

MONTHLY RATE

	Summer	Winter
Distribution Service Charge		
Customer Charge	\$ 209.04 per month	\$ 209.04 per month
Kilowatt-hour Charge		
First 6000 kilowatt-hours	\$ 0.01317 per kwhr	\$ 0.00993 per kwhr
Additional kilowatt-hours	\$ 0.01317 per kwhr	\$ 0.00993 per kwhr
Demand Charge	\$ 6.46 per kw	\$ 6.46 per kw

Generation and Transmission Service Charges – Customers who do not receive service from an alternative Electric Supplier as defined in the Company's General Terms and Conditions will receive Generation and Transmission Services from the Company under the provisions of Rider "SOS" – Standard Offer Service.

Billing Credit - A monthly billing credit in the amount of \$0.75 will be applied to the bill of each customer receiving a consolidated bill from an alternative supplier for services provided both by Pepco and by the alternative supplier.

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Date Effective: ~~January 1, 2015~~
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DC - GS 3A

Demand metering equipment will be installed and charges subsequent to the installation of this equipment will be computed under the demand billing provision when the customer's load is of such a magnitude and of such a nature as to indicate any of the following:

1. Monthly energy consumption in excess of 6,000 kilowatt-hours in two (2) consecutive winter billing months (November through May, inclusive).
2. Monthly energy consumption in excess of 7,500 kilowatt-hours for a single summer billing month (June through October, inclusive).
3. A monthly demand greater than or equal to twenty-five (25) kilowatts in a single month.

Demand accounts are reviewed annually. The account will be billed under non-demand billing provision when the consumption for each of the previous twelve (12) months is below 6,000 kilowatt-hours and the demand is less than twenty-five (25) kilowatts.

BILLING MONTHS

Summer – Billing months of June through October.

Winter – Billing months of November through May.

BILLING DEMAND

The billing demand shall be the maximum thirty (30) minute demand recorded during the month.

METER READING

Watt-hour meters will be read to the nearest multiple of the meter constant and bills rendered accordingly.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "General Terms and Conditions for Furnishing Electric Service" and the Company's "Electric Service Rules and Regulations."

APPLICABLE RIDERS

Standard Offer Service – Large Commercial

Administrative Credit

Generation Procurement Credit

Power Factor

Delivery Tax

Public Space Occupancy Surcharge

Divestiture Sharing Credit – Non-Residential

Net Energy Metering Rider

Residential Aid Discount Surcharge Rider

Sustainable Energy Trust Fund

Energy Assistance Trust Fund

Bill Stabilization Adjustment

DDOT Underground Electric Company Infrastructure Improvement Charge Rider



A PHI Company

PEPCO (B)-2

DC - T

Electricity--P.S.C. of D.C. No. 1
Ninth ~~Eighth~~ Revised Page No. R-7

**TEMPORARY SERVICE
SCHEDULE "T"**

AVAILABILITY

Available for either Standard Offer Service when modified by Rider "SOS" or Distribution Service in the District of Columbia portion of the Company's service area for low voltage electric service for construction or other commercial purposes furnished through service connection facilities of a temporary rather than a permanent nature, or for temporary electric service supplied for a limited time, such as for carnivals, festivals, etc.

However, customers receiving Temporary Service on a continuous basis for five (5) years will normally be transferred to the appropriate General Service Low Voltage Schedule "GS LV" or "GS ND" based on the customer's maximum demand, in accordance with the availability provisions therein. Rate schedule transfers will be made annually and become effective with the billing month of June.

CHARACTER OF SERVICE

The service supplied under this schedule will be alternating current, sixty hertz, at any of the approved classes of service.

MONTHLY RATE

	Summer	Winter
Distribution Service Charge		
Customer Charge	\$ 23.39 per month	\$ 23.39 per month
Kilowatt-hour Charge	\$ 0.06838 per kwhr	\$ 0.05566 per kwhr

Generation and Transmission Service Charges – Customers who do not receive service from an alternative Electric Supplier as defined in the Company's General Terms and Conditions will receive Generation and Transmission Services from the Company under the provisions of Rider "SOS" – Standard Offer Service.

Billing Credit - A monthly billing credit in the amount of \$0.75 will be applied to the bill of each customer receiving a consolidated bill from an alternative supplier for services provided both by Pepco and by the alternative supplier.

BILLING MONTHS

Summer – Billing months of June through October.

Winter – Billing months of November through May.

METER READING

Watt-hour meters will be read to the nearest multiple of the meter constant and bills rendered accordingly.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "General Terms and Conditions for Furnishing Electric Service" and the Company's "Electric Service Rules and Regulations".

Date of Issue: August 1, 2014 ~~April 9, 2014~~

Date Effective: January 1, 2015
~~Usage on and after April 16, 2014~~



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PEPCO (B)-2

DC - T

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APPLICABLE RIDERS

Standard Offer Service – Small Commercial

Administrative Credit

Generation Procurement Credit

Power Factor

Delivery Tax

Public Space Occupancy Surcharge

Divestiture Sharing Credit – Non-Residential

Residential Aid Discount Surcharge Rider

Sustainable Energy Trust Fund

Energy Assistance Trust Fund

DDOT Underground Electric Company Infrastructure Improvement Charge Rider

Date of Issue: August 1, 2014 ~~April 9, 2014~~

Date Effective: January 1, 2015
Usage on and after ~~April 16, 2014~~

**TIME METERED GENERAL SERVICE - LOW VOLTAGE
SCHEDULE "GT LV"**

AVAILABILITY

Shall be applicable for either Standard Offer Service when modified by Rider "SOS" or Distribution Service when modified by Rider "SOS" in the District of Columbia portion of the Company's service area to customers whose maximum thirty (30) minute demand equals or exceeds one hundred (100) kilowatts during two (2) or more billing months within twelve (12) consecutive billing months. New customers will be qualified for Schedule "GT LV" based on estimated load and energy consumption using the above criteria. Once a customer's account is established it will remain on Schedule "GT LV" even if the party responsible for the account should change. Removal from Schedule "GT LV" is based solely on the criteria stated in the following paragraph.

Any customer presently on Schedule "GT LV" whose maximum thirty (30) minute demand is less than eighty (80) kilowatts for twelve (12) consecutive billing months, may at the customer's option elect to continue service on this schedule or elect to be served under any other available schedule. If the customer elects to stay on Schedule "GT LV", the customer will remain on Schedule "GT LV" for at least twelve (12) billing months. Rate schedule transfers will be made annually and become effective with the billing month of June.

Available for low voltage electric service at sixty hertz.

Available for standby service when modified by Schedule "S".

Not available for temporary service.

Not available for multiple application to master-metered apartment buildings except for those master-metered apartments served under Schedule "GT LV" prior to December 31, 1982 which will continue to be served under Schedule "GT LV".

CHARACTER OF SERVICE

The service supplied under this schedule normally will be alternating current, sixty hertz, either (i) single phase, three wire, 120/240 volts or 120/208 volts, or (ii) three phase, four wire, 120/208 volts or 265/460 volts.

MONTHLY RATE

	Summer	Winter
Distribution Service Charge		
Customer Charge	\$ 379.03 per month	\$ 379.03 per month
Kilowatt-hour Charge	\$ 0.00864 per kwhr	\$ 0.00864 per kwhr
Kilowatt Charge		
Maximum	\$ 9.25 per kw	\$ 9.25 per kw

Generation and Transmission Service Charges – Customers who do not receive service from an alternative Electric Supplier as defined in the Company's General Terms and Conditions will receive Generation and Transmission Services from the Company under the provisions of Rider "SOS" – Standard Offer Service.



A PHI Company

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DC - GT LV

Electricity--P.S.C. of D.C. No. 1
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Billing Credit - A monthly billing credit in the amount of \$0.75 per bill will be applied to the bill of each customer receiving generation services from an alternative supplier for each month that the alternative supplier renders a bill to the customer on a consolidated basis for services provided both by Pepco and by the alternative supplier.

BILLING MONTHS

Summer – Billing months of June through October.

Winter – Billing months of November through May.

BILLING DEMANDS

Maximum (All Months) - The billing demand shall be the maximum thirty (30) minute demand recorded during the billing month.

METER READING

Watt-hour meters will be read to the nearest multiple of the meter constant and bills rendered accordingly.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "General Terms and Conditions for Furnishing Electric Service" and the Company's "Electric Service Rules and Regulations".

APPLICABLE RIDERS

Standard Offer Service – Large Commercial

Administrative Credit

Generation Procurement Credit

Power Factor

Delivery Tax

Public Space Occupancy Surcharge

Excess Facilities

Divestiture Sharing Credit – Non-Residential

Net Energy Metering Rider

Reserved Delivery Capacity Service

Residential Aid Discount Surcharge Rider

Sustainable Energy Trust Fund

Energy Assistance Trust Fund

Bill Stabilization Adjustment

DDOT Underground Electric Company Infrastructure Improvement Charge Rider

Date of Issue: August 1, 2014 ~~April 9, 2014~~

Date Effective: January 1, 2015
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A PHI Company

PEPCO (B)-2

DC - GT 3A

Electricity--P.S.C. of D.C. No. 1
~~Twelfth~~ Eleventh Revised Page No. R-8.2

**TIME METERED GENERAL SERVICE - PRIMARY SERVICE
SCHEDULE "GT 3A"**

AVAILABILITY

Shall be applicable for either Standard Offer Service when modified by Rider "SOS" or Distribution Service in the District of Columbia portion of the Company's service area to customers whose maximum thirty (30) minute demand equals or exceeds one hundred (100) kilowatts during two (2) or more billing months within twelve (12) consecutive billing months. New customers will be qualified for Schedule "GT 3A" based on estimated load and energy consumption using the above criteria. Once a customer's account is established it will remain on Schedule "GT 3A" even if the party responsible for the account should change. Removal from Schedule "GT 3A" is based solely on the criteria stated in the following paragraph.

Any customer presently on Schedule "GT 3A" whose maximum thirty (30) minute demand is less than eighty (80) kilowatts for twelve (12) consecutive billing months, may at the customer's option elect to continue service on this schedule or elect to be served under any other available schedule. If the customer elects to stay on Schedule "GT 3A", the customer will remain on Schedule "GT 3A" for at least twelve (12) billing months. Rate schedule transfers will be made annually and become effective with the billing month of June.

Available for primary service furnished directly from the Company's electric system at voltages of 4.16 kV, 13.2 kV or 33 kV, when the customer provides at the customer's own expense, all necessary transformers, converting apparatus, switches, disconnectors, regulators and protective equipment .

Available for standby service when modified by Schedule "S".

Not available for temporary service.

Not available for multiple application to master-metered apartment buildings except for those master-metered apartments served under Schedule "GT 3A" prior to December 31, 1982 which will continue to be served under Schedule "GT 3A".

CHARACTER OF SERVICE

The service under this schedule, normally will be alternating current, sixty hertz, three phase, three wire, at 4.16kV, 13.2kV or 33kV. Primary nominal service voltage levels will be specified by the Company on the basis of its available facilities and the magnitude of the load to be served.

MONTHLY RATE

	Summer	Winter
Distribution Service Charge		
Customer Charge	\$ 152.63 per month	\$ 152.63 per month
Kilowatt-hour Charge	\$ 0.00483 per kwhr	\$ 0.00483 per kwhr
Kilowatt Charge		
Maximum	\$ 6.18 per kw	\$ 6.18 per kw

Generation and Transmission Service Charges – Customers who do not receive service from an alternative Electric Supplier as defined in the Company's General Terms and Conditions will receive Generation and Transmission Services from the Company under the provisions of Rider "SOS" – Standard Offer Service.

Date of Issue: ~~August 1, 2014~~ April 9, 2014

Date Effective: January 1, 2015
Usage on and after: April 16, 2014



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DC - GT 3A

Electricity--P.S.C. of D.C. No. 1
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Billing Credit - A monthly billing credit in the amount of \$0.75 per bill will be applied to the bill of each customer receiving generation services from an alternative supplier for each month that the alternative supplier renders a bill to the customer on a consolidated basis for services provided both by Pepco and by the alternative supplier.

BILLING MONTHS

Summer – Billing months of June through October.

Winter – Billing months of November through May.

BILLING DEMANDS

Maximum (All Months) - The billing demand shall be the maximum thirty (30) minute demand recorded during the billing month.

METER READING

Watt-hour meters will be read to the nearest multiple of the meter constant and bills rendered accordingly.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "General Terms and Conditions for Furnishing Electric Service" and the Company's "Electric Service Rules and Regulations".

APPLICABLE RIDERS

Standard Offer Service – Large Commercial

Administrative Credit

Generation Procurement Credit

Power Factor

Delivery Tax

Public Space Occupancy Surcharge

Excess Facilities

Divestiture Sharing Credit – Non-Residential

Net Energy Metering Rider

Reserved Delivery Capacity Service

Residential Aid Discount Surcharge Rider

Sustainable Energy Trust Fund

Energy Assistance Trust Fund

Bill Stabilization Adjustment

DDOT Underground Electric Company Infrastructure Improvement Charge Rider

Date of Issue: August 1, 2014 ~~April 9, 2014~~

Date Effective: January 1, 2015
Usage on and after ~~April 16, 2014~~

**TIME METERED GENERAL SERVICE - HIGH VOLTAGE SERVICE
SCHEDULE "GT 3B"**

AVAILABILITY

Shall be applicable for either Standard Offer Service when modified by Rider "SOS" or Distribution Service in the District of Columbia portion of the Company's service area to customers whose maximum thirty (30) minute demand equals or exceeds one hundred (100) kilowatts during two (2) or more billing months within twelve (12) consecutive billing months. New customers will be qualified for Schedule "GT 3B" based on estimated load and energy consumption using the above criteria. Once a customer's account is established it will remain on Schedule "GT 3B" even if the party responsible for the account should change. Removal from Schedule "GT 3B" is based solely on the criteria stated in the following paragraph.

Any customer presently on Schedule "GT 3B" whose maximum thirty (30) minute demand is less than eighty (80) kilowatts for twelve (12) consecutive billing months, may at the customer's option elect to continue service on this schedule or elect to be served under any other available schedule. If the customer elects to stay on Schedule "GT 3B", the customer will remain on Schedule "GT 3B" for at least twelve (12) billing months. Rate schedule transfers will be made annually and become effective with the billing month of June.

Available for standby service when modified by Schedule "S".

Available for high voltage service furnished directly from the Company's electric system at voltages of 66 kV or above, when the customer provides at the customer's own expense, all necessary transformers, converting apparatus, switches, disconnectors, regulators and protective equipment .

Not available for temporary service.

Not available for multiple application to master-metered apartment buildings except for those master-metered apartments served under Schedule "GT 3B" prior to December 31, 1982 which will continue to be served under Schedule "GT 3B".

CHARACTER OF SERVICE

The service under this schedule, normally will be 66kV or above. Primary nominal service voltage levels will be specified by the Company on the basis of its available facilities and the magnitude of the load to be served.

MONTHLY RATE

	Summer	Winter
Distribution Service Charge		
Customer Charge	\$ 1134.37 per month	\$ 1134.37 per month
Kilowatt-hour Charge	\$ 0.00000 per kw hr	\$ 0.00000 per kw hr
Kilowatt Charge		
Maximum	\$ 1.23 per kw	\$ 1.23 per kw



A PHI Company

PEPCO (B)-2

DC - GT 3B

Electricity--P.S.C. of D.C. No. 1
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Generation and Transmission Service Charges – Customers who do not receive service from an alternative Electric Supplier as defined in the Company's General Terms and Conditions will receive Generation and Transmission Services from the Company under the provisions of Rider "SOS" – Standard Offer Service.

Billing Credit - A monthly billing credit in the amount of \$0.75 will be applied to the bill of each customer receiving a consolidated bill from an alternative supplier for services provided both by Pepco and by the alternative supplier.

BILLING MONTHS

Summer – Billing months of June through October.

Winter – Billing months of November through May.

BILLING DEMANDS

Maximum (All Months) - The billing demand shall be the maximum thirty (30) minute demand recorded during the billing month.

METER READING

Watt-hour meters will be read to the nearest multiple of the meter constant and bills rendered accordingly.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "General Terms and Conditions for Furnishing Electric Service" and the Company's "Electric Service Rules and Regulations".

APPLICABLE RIDERS

- Standard Offer Service – Large Commercial
- Administrative Credit
- Generation Procurement Credit
- Power Factor
- Delivery Tax
- Public Space Occupancy Surcharge
- Excess Facilities
- Divestiture Sharing Credit – Non - Residential
- Net Energy Metering Rider.
- Reserved Delivery Capacity Service
- Residential Aid Discount Surcharge Rider
- Sustainable Energy Trust Fund
- Energy Assistance Trust Fund
- Bill Stabilization Adjustment
- DDOT Underground Electric Company Infrastructure Improvement Charge Rider

Date of Issue: August 1, 2014 ~~April 9, 2014~~

Date Effective: January 1, 2015
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A PHI Company

PEPCO (B)-2

DC - RT

Electricity--P.S.C. of D.C. No. 1
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**RAPID TRANSIT SERVICE
SCHEDULE "RT"**

AVAILABILITY

Available for either Standard Offer Service when modified by Rider "SOS" or Distribution Service in the District of Columbia portion of the Company's service area for rapid transit electric service furnished directly from the Company's distribution, subtransmission or transmission systems at available voltages of 13.2kV and higher where the customer provides, at the customer's own expense, all necessary transformers or converting apparatus, switches, disconnectors, regulators, and protective equipment.

Available only at points of delivery on contiguous authority right-of-way.

Also available for low voltage service for purposes of operating electric chiller plants used for the purpose of providing chilled water to passenger stations associated with the rapid transit service.

Not available for partial or auxiliary service.

CHARACTER OF SERVICE

The service supplied under this schedule normally will be alternating current, sixty hertz, three phase, three wire, high tension at 13.2kV or such voltage as is specified by the Company on the basis of its available facilities and the magnitude of load to be served.

MONTHLY RATE

	Summer	Winter
Distribution Service Charge		
Customer Charge	\$ 5,592.49 per month	\$ 5,592.49 per month

Generation and Transmission Service Charges – Customers who do not receive service from an alternative Electric Supplier as defined in the Company's General Terms and Conditions will receive Generation and Transmission Services from the Company under the provisions of Rider "SOS" – Standard Offer Service.

Billing Credit - A monthly billing credit in the amount of \$0.75 will be applied to the bill of each customer receiving a consolidated bill from an alternative supplier for services provided both by Pepco and by the alternative supplier.

BILLING MONTHS

Summer – Billing months of June through October.

Winter – Billing months of November through May.

BILLING DEMAND

The monthly billing demand will be the maximum thirty (30) minute integrated coincident demand of all delivery points recorded during the billing month.

Date of Issue: August 1, 2014 ~~April 9, 2014~~

Date Effective: January 1, 2015
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PEPCO (B)-2

DC - RT

Electricity--P.S.C. of D.C. No. 1
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BILLING ENERGY

The monthly billing energy will be the sum of the registrations of kilowatt-hours of all delivery points.

METER READING

Watt-hour meters will be read to the nearest multiple of the meter constant and bills rendered accordingly.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "General Terms and Conditions for Furnishing Electric Service" and the Company's "Electric Service Rules and Regulations", except as modified by the agreement by and between the Company and the customer.

APPLICABLE RIDERS

Standard Offer Service – Large Commercial
Administrative Credit
Generation Procurement Credit
Delivery Tax
Public Space Occupancy Surcharge
Divestiture Sharing Credit – Non-Residential
Reserved Delivery Capacity Service
Residential Aid Discount Surcharge Rider
Sustainable Energy Trust Fund
Energy Assistance Trust Fund
DDOT Underground Electric Company Infrastructure Improvement Charge Rider

Date of Issue: August 1, 2014 ~~April 9, 2014~~

Date Effective: January 1, 2015
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A PHI Company

PEPCO (B)-2

DC - SL

Electricity--P.S.C. of D.C. No. 1
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**STREET LIGHTING SERVICE
SCHEDULE "SL"**

AVAILABILITY

Available for either Standard Offer Service when modified by Rider "SOS" or Distribution Service for street, highway and park lighting purposes in the District of Columbia portion of the Company's service area when owned by agencies of Federal and District of Columbia governments. Also available to governmental and non-governmental customers for holiday lighting and seasonal street decoration lighting where the lights are in public space and where the only load supplied is lighting load. Schedule "SL" is not available for services that supply any load other than lighting.

CHARACTER OF SERVICE

Electricity supplied to multiple lights normally will be sixty hertz, single phase, 120 volts.

MONTHLY RATE

Distribution Service Charge	
Customer Charge	
Metered Account	\$ 17.19 per month
Unmetered Account	\$ 14.70 per month
Per Lamp Charge	\$ 0.55497 per lamp per month

The per lamp charge shall be adjusted for any Major Service Outages as defined in Section 3699 of Chapter 36, Electric Quality Service Standards in Title 15 of the District of Columbia Municipal Regulations.

Generation and Transmission Service Charges – Customers who do not receive service from an alternative Electric Supplier as defined in the Company's General Terms and Conditions will receive Generation and Transmission Services from the Company under the provisions of Rider "SOS" – Standard Offer Service.

Billing Credit - A monthly billing credit in the amount of \$0.75 will be applied to the bill of each customer receiving a consolidated bill from an alternative supplier for services provided both by Pepco and by the alternative supplier.

The charges under this schedule are for delivery only and do not include furnishing and/or maintaining street lighting equipment.

MEASUREMENTS OF ELECTRICITY

If electricity delivered for street lighting is unmetered, monthly kilowatt-hour consumption will be computed on the basis of manufacturers' wattage ratings of installed lamps, auxiliary devices where required, and scheduled 4,200 hours of burning time. If metered, watt-hour meters will be read to the nearest multiple of the meter constant and bills rendered accordingly.

Lights controlled for night burning only will be billed at the monthly rate for Standard Night Burning street lights. Lights not controlled for night burning only will be billed at the monthly rate for 24-Hour Burning street lights.

Date of Issue: ~~August 1, 2014~~ April 9, 2014

Date Effective: ~~January 1, 2015~~
Usage on and after April 16, 2014



A PHI Company

PEPCO (B)-2

DC - SL

Electricity--P.S.C. of D.C. No. 1
Tenth Ninth Revised Page No. R-10.1

The kilowatt-hours calculated from billing wattages will be reduced by 5.5 percent each month to provide for normal outages.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "General Terms and Conditions for Furnishing Electric Service" and the Company's "Electric Service Rules and Regulations". Holiday and decorative street lighting service connections will be considered temporary service connections as defined in the "Electric Service Rules and Regulations" and will be priced accordingly.

APPLICABLE RIDERS

Standard Offer Service – Small Commercial
Administrative Credit
Generation Procurement Credit
Delivery Tax
Public Space Occupancy Surcharge
Divestiture Sharing Credit – Non-Residential
Residential Aid Discount Surcharge Rider
Sustainable Energy Trust Fund
Energy Assistance Trust Fund
Telecommunication Network Charge
DDOT Underground Electric Company Infrastructure Improvement Charge Rider

Date of Issue: August 1, 2014 ~~April 9, 2014~~

Date Effective: January 1, 2015
~~Usage on and after April 16, 2014~~



A PHI Company

PEPCO (B)-2

DC - TS

Electricity--P.S.C. of D.C. No. 1
Second First Revised Page No. R-11.1

**TRAFFIC SIGNAL SERVICE
SCHEDULE "TS"**

AVAILABILITY

Available for either Standard Offer Service when modified by Rider "SOS" or Distribution Service to agencies of the Federal and District of Columbia governments, for operation of traffic signals in the District of Columbia portion of the Company's service area.

CHARACTER OF SERVICE

Electricity supplied for traffic signal purposes normally will be sixty hertz, single phase, 120 volts.

MONTHLY RATE

Distribution Service Charge	
Customer Charge	\$ 8.03
Per Lamp Charge	\$ 0.30291

The per lamp charge shall be adjusted for any Major Service Outages as defined in Section 3699 of Chapter 36, Electric Quality Service Standards in Title 15 of the District of Columbia Municipal Regulations.

Generation and Transmission Service Charges – Customers who do not receive service from an alternative Electric Supplier as defined in the Company's General Terms and Conditions will receive Generation and Transmission Services from the Company under the provisions of Rider "SOS" – Standard Offer Service.

Billing Credit - A monthly billing credit in the amount of \$0.75 will be applied to the bill of each customer receiving a consolidated bill from an alternative supplier for services provided both by Pepco and by the alternative supplier.

The charges under this schedule are for delivery only and do not include furnishing and/or maintaining traffic signal equipment.

MEASUREMENT OF ELECTRICITY

Electricity delivered to traffic signals is unmetered. Monthly kilowatt-hour consumption will be computed on the basis of manufacturers' wattage ratings of installed devices and estimated hours of burning time.

The kilowatt-hours calculated from billing wattages will be reduced by 1.5 percent each month to provide for normal outages.

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "General Terms and Conditions for Furnishing Electric Service" and the Company's "Electric Service Rules and Regulations".

APPLICABLE RIDERS

- Standard Offer Service – Small Commercial
- Administrative Credit
- Generation Procurement Credit
- Delivery Tax
- Public Space Occupancy Surcharge

Date of Issue: ~~August 1, 2014~~ April 9, 2014

Date Effective: ~~January 1, 2015~~
Usage on and after April 16, 2014



A PHI Company

PEPCO (B)-2

DC - TS

Electricity--P.S.C. of D.C. No. 1
Second ~~First~~ Revised Page No. R-11.1

Divestiture Sharing Credit – Non-Residential
Residential Aid Discount Surcharge Rider
Sustainable Energy Trust Fund
Energy Assistance Trust Fund
DDOT Underground Electric Company Infrastructure Improvement Charge Rider

Date of Issue: ~~August 1, 2014~~ April 9, 2014

Date Effective: January 1, 2015
Usage on and after ~~April 16, 2014~~



A PHI Company

DC - TN

Electricity--P.S.C. of D.C. No. 1
Ninth Eighth Revised Page No. R-14

**TELECOMMUNICATIONS NETWORK SERVICE
SCHEDULE "TN"**

AVAILABILITY

Available for either Standard Offer Service when modified by Rider "SOS" or Distribution Service in the District of Columbia portion of the Company's service area for unmetered electric service to multiple telecommunications network devices or other devices with similar load characteristics served directly by the Company and not exceeding 1,800 watts per device. For devices that are currently served by meter, the Customer may choose to have the meter removed at the Customer's expense and the month Customer Charge without Meter will apply.

CHARACTER OF SERVICE

The service supplied under this schedule normally will be alternating current, sixty hertz, single phase, 120 volts.

MONTHLY RATE

	Summer	Winter
Distribution Service Charge		
Customer Charge	\$ 13.12	\$ 13.12
Kilowatt-hour Charge	\$ 0.01520 per kwhr	\$ 0.01520 per kwhr

Customer Charges/Kilowatt-hour Charge – For devices that are served through a meter, the Customer shall pay the monthly "Customer Charge with Meter" and the kilowatt-hour charge will be applied to metered usage. For devices served without a meter, the Customer shall pay the monthly "Customer Charge without Meter" and the kilowatt-hour charge will be applied to estimated monthly usage based on metered usages for similar devices. If similar metered data do not exist, at the customer's option, the monthly usage will be estimated base on either the manufacturer's average wattage ratings with no allowance for outage, or on the basis of statistically valid sample estimates using actual current and voltage readings.

Generation and Transmission Service Charges – Customers who do not receive service from an alternative Electric Supplier as defined in the Company's General Terms and Conditions will receive Generation and Transmission Services from the Company under the provisions of Rider "SOS" – Standard Offer Service.

Billing Credit - A monthly billing credit in the amount of \$0.75 will be applied to the bill of each customer receiving a consolidated bill from an alternative supplier for services provided both by Pepco and by the alternative supplier.

MEASUREMENTS OF ELECTRICITY

Monthly kilowatt-hour consumption will be computed on the basis of manufacturer's average wattage ratings of installed devices, with no allowance for outages. The charges under this rider are for electricity only.

Date of Issue: ~~August 1, 2014~~ April 9, 2014

Date Effective: ~~January 1, 2015~~
Usage on and after April 16, 2014



A PHI Company

DC - TN

Electricity--P.S.C. of D.C. No. 1
Sixth ~~Fifth~~ Revised Page No. R-14.1

GENERAL TERMS AND CONDITIONS

This schedule is subject in all respects to the Company's "General Terms and Conditions for Furnishing Electric Service" and the Company's "Electric Service Rules and Regulations".

APPLICABLE RIDERS

Standard Offer Services – Small Commercial

Administrative Credit

Generation Procurement Credit

Delivery Tax

Public Space Occupancy Surcharge

Divestiture Sharing Credit – Non-Residential

Residential Aid Discount Surcharge Rider

Sustainable Energy Trust Fund

Energy Assistance Trust Fund

DDOT Underground Electric Company Infrastructure Improvement Charge Rider

Date of Issue: August 1, 2014 ~~April 9, 2014~~

Date Effective: January 1, 2015
Usage on and after- April 16, 2014

DDOT UNDERGROUND ELECTRIC COMPANY INFRASTRUCTURE IMPROVEMENT CHARGE RIDER – RIDER “DDOT UECIIC”

APPLICABILITY

The Distribution Charges billed under the Schedules "R", "AE", "R-TM", "GS ND", "GS LV", "GS 3A", "T", "GT LV", "GT 3A", "GT 3B", "RT", "SL", "TS", and "TN" shall be subject to the DDOT Underground Electric Company Infrastructure Improvement Charge as specified in the terms of this Rider.

The DDOT Underground Electric Company Infrastructure Improvement Charge is intended to pay debt service and other costs associated with bonds (the "Bonds") issued by the District of Columbia to fund costs incurred by the District of Columbia Department of Transportation ("DDOT") to underground certain electric power lines in the District of Columbia and related costs.

The DDOT Underground Electric Company Infrastructure Improvement Charge will be presented on customer bills as "Underground Charge, DDOT".

The DDOT Underground Electric Company Infrastructure Improvement Charge shall be imposed commencing on the date of the issuance of the Bonds.

DETERMINATION OF CHARGE

The DDOT Underground Electric Company Infrastructure Improvement Charge will be based on the revenue requirement to pay debt service and other costs associated with the Bonds.

MONTHLY CHARGES AND RATES:

Rate Schedule	January 1, 2015	
R	\$0.00181	per kWh
AE	\$0.00118	per kWh
RTM	\$0.00440	per kWh
GS ND	\$0.00383	per kWh
T	\$0.00383	per kWh
GS LV	\$0.00552	per kWh
GS 3A	\$0.00278	per kWh
GT LV	\$0.00336	per kWh
GT 3A	\$0.00191	per kWh
GT 3B	\$0.00022	per kWh
RT	\$0.00209	per kWh
SL/TS	\$0.00060	per kWh
TN	\$0.00165	per kWh

ADJUSTMENT TO CHARGE

The Company will file an update to the DDOT Underground Electric Company Infrastructure Improvement Charge on at least a semi-annual basis or before March 1 and September 1 of each year that this Charge is in effect, provided, however, that the first semi-annual update shall be filed at least 6 months and no more than 12 months after the date of the issuance of the Bonds.

POTOMAC ELECTRIC POWER COMPANY
 EXAMPLES COMPARING BILLS UNDER PRESENT AND PROPOSED RESIDENTIAL SERVICE RATES
 SCHEDULE "R"
 DISTRICT OF COLUMBIA

KWH	PRESENT SCHEDULE R				PROPOSED SCHEDULE R				INCREASE					
	\$ AMOUNT OF BILL		\$/KWH		\$ AMOUNT OF BILL		\$/KWH		(\$)	(\$)	(%)	(%)	(\$)	(%)
	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	ANNUAL	ANNUAL
0	15 73	15 69	-	-	15 73	15 69	-	-	0 00	0 00	0 00%	0 00%	0 00	0 00%
10	15 91	15 87	1 59100	1 58700	15 93	15 89	1 59300	1 58900	0 02	0 02	0 13%	0 13%	0 02	0 13%
20	16 09	16 05	0 80450	0 80250	16 12	16 08	0 80600	0 80400	0 03	0 03	0 19%	0 19%	0 03	0 19%
30	16 26	16 22	0 54200	0 54067	16 32	16 28	0 54400	0 54267	0 06	0 06	0 37%	0 37%	0 06	0 37%
40	17 37	17 32	0 43425	0 43300	17 44	17 39	0 43600	0 43475	0 07	0 07	0 40%	0 40%	0 07	0 40%
50	18 48	18 42	0 36960	0 36840	18 57	18 51	0 37140	0 37020	0 09	0 09	0 49%	0 49%	0 09	0 49%
100	24 02	23 90	0 24020	0 23900	24 20	24 08	0 24200	0 24080	0 18	0 18	0 75%	0 75%	0 18	0 75%
200	35 10	34 87	0 17550	0 17435	35 47	35 23	0 17735	0 17615	0 37	0 36	1 05%	1 03%	0 36	1 04%
300	46 19	45 83	0 15397	0 15277	46 73	46 38	0 15577	0 15460	0 54	0 55	1 17%	1 20%	0 55	1 19%
400	57 27	56 80	0 14318	0 14200	58 00	57 53	0 14500	0 14383	0 73	0 73	1 27%	1 29%	0 73	1 28%
500	69 76	68 52	0 13952	0 13704	70 67	69 43	0 14134	0 13886	0 91	0 91	1 30%	1 33%	0 91	1 32%
600	82 25	80 24	0 13708	0 13373	83 34	81 33	0 13890	0 13555	1 09	1 09	1 33%	1 36%	1 09	1 34%
700	94 74	91 96	0 13534	0 13137	96 01	93 23	0 13716	0 13319	1 27	1 27	1 34%	1 38%	1 27	1 36%
750	100 99	97 82	0 13465	0 13043	102 35	99 18	0 13647	0 13224	1 36	1 36	1 35%	1 39%	1 36	1 37%
800	107 23	103 68	0 13404	0 12960	108 68	105 13	0 13585	0 13141	1 45	1 45	1 35%	1 40%	1 45	1 38%
850	113 48	109 54	0 13351	0 12887	115 02	111 08	0 13532	0 13068	1 54	1 54	1 36%	1 41%	1 54	1 39%
900	119 72	115 40	0 13302	0 12822	121 35	117 03	0 13483	0 13003	1 63	1 63	1 36%	1 41%	1 63	1 39%
950	125 97	121 26	0 13260	0 12764	127 69	122 98	0 13441	0 12945	1 72	1 72	1 37%	1 42%	1 72	1 40%
1,000	132 21	127 12	0 13221	0 12712	134 02	128 93	0 13402	0 12893	1 81	1 81	1 37%	1 42%	1 81	1 40%
1,250	163 44	156 43	0 13075	0 12514	165 70	158 69	0 13256	0 12695	2 26	2 26	1 38%	1 44%	2 26	1 42%
1,500	194 67	185 73	0 12978	0 12382	197 38	188 44	0 13159	0 12563	2 71	2 71	1 39%	1 46%	2 71	1 43%
1,750	225 89	215 03	0 12908	0 12287	229 06	218 19	0 13089	0 12468	3 17	3 16	1 40%	1 47%	3 16	1 44%
2,000	257 12	244 33	0 12856	0 12217	260 74	247 95	0 13037	0 12398	3 62	3 62	1 41%	1 48%	3 62	1 45%
2,250	288 34	273 63	0 12815	0 12161	292 42	277 70	0 12996	0 12342	4 08	4 07	1 41%	1 49%	4 07	1 46%
2,500	319 57	302 93	0 12783	0 12117	324 09	307 46	0 12964	0 12298	4 52	4 53	1 41%	1 50%	4 53	1 46%
3,000	382 02	361 53	0 12734	0 12051	387 45	366 96	0 12915	0 12232	5 43	5 43	1 42%	1 50%	5 43	1 47%
3,500	444 47	420 13	0 12699	0 12004	450 81	426 47	0 12880	0 12185	6 34	6 34	1 43%	1 51%	6 34	1 47%
4,000	506 93	478 74	0 12673	0 11969	514 17	485 98	0 12854	0 12150	7 24	7 24	1 43%	1 51%	7 24	1 48%
5,000	631 83	595 94	0 12637	0 11919	640 88	604 99	0 12818	0 12100	9 05	9 05	1 43%	1 52%	9 05	1 48%

BLOCK	PRESENT		PROPOSED	
	SUMMER	WINTER	SUMMER	WINTER
Customer & Minimum Charges	15 96	15 92	15 96	15 92
Next 370 kWh	0 10066	0 09950	0 10066	0 09950
Excess kWh	0 11473	0 10703	0 11473	0 10703
Surcharges	0 01018	0 01018	0 01199	0 01199

* Includes Distribution Customer Charge, Generation Minimum Charge and Transmission Minimum Charge
 (Distribution Customer Charge includes the first 30 kWh of consumption at the initial block of volumetric rate)
 ** Surcharges include Delivery Tax, UPC, PSOS, RAD Surcharge, SOS Administrative Credit, SETF, EATF, and PCA

POTOMAC ELECTRIC POWER COMPANY
 EXAMPLES COMPARING BILLS UNDER PRESENT AND PROPOSED RESIDENTIAL SERVICE RATES
 SCHEDULE "AE"
 DISTRICT OF COLUMBIA

KWH	PRESENT SCHEDULE AE				PROPOSED SCHEDULE AE				INCREASE					
	\$ AMOUNT OF BILL		\$/KWH		\$ AMOUNT OF BILL		\$/KWH		(\$)	(\$)	(%)	(%)	(\$)	(%)
	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	ANNUAL	ANNUAL
0	15.69	15.59	-	-	15.69	15.59	-	-	0.00	0.00	0.00%	0.00%	0.00	0.00%
10	15.87	15.77	1.58700	1.57700	15.89	15.79	1.58900	1.57900	0.02	0.02	0.13%	0.13%	0.02	0.13%
20	16.06	15.96	0.80300	0.79800	16.08	15.98	0.80400	0.79900	0.02	0.02	0.12%	0.13%	0.02	0.12%
30	16.24	16.14	0.54133	0.53800	16.28	16.18	0.54267	0.53933	0.04	0.04	0.25%	0.25%	0.04	0.25%
40	17.33	17.19	0.43325	0.42975	17.37	17.24	0.43425	0.43100	0.04	0.05	0.23%	0.29%	0.05	0.27%
50	18.41	18.25	0.36820	0.36500	18.47	18.30	0.36940	0.36600	0.06	0.05	0.33%	0.27%	0.05	0.30%
100	23.83	23.50	0.23830	0.23500	23.95	23.62	0.23950	0.23620	0.12	0.12	0.50%	0.51%	0.12	0.51%
200	34.66	34.02	0.17330	0.17010	34.90	34.25	0.17450	0.17125	0.24	0.23	0.69%	0.68%	0.23	0.68%
300	45.50	44.53	0.15167	0.14843	45.85	44.89	0.15283	0.14963	0.35	0.36	0.77%	0.81%	0.36	0.79%
400	56.33	55.05	0.14083	0.13763	56.81	55.52	0.14203	0.13880	0.48	0.47	0.85%	0.85%	0.47	0.85%
500	68.74	66.08	0.13748	0.13216	69.33	66.67	0.13866	0.13334	0.59	0.59	0.86%	0.89%	0.59	0.88%
600	81.15	77.11	0.13525	0.12852	81.86	77.82	0.13643	0.12970	0.71	0.71	0.87%	0.92%	0.71	0.90%
700	93.56	88.15	0.13366	0.12593	94.39	88.97	0.13484	0.12710	0.83	0.82	0.89%	0.93%	0.82	0.91%
750	99.77	93.66	0.13303	0.12488	100.65	94.55	0.13420	0.12607	0.88	0.89	0.88%	0.95%	0.89	0.92%
800	105.97	99.18	0.13246	0.12398	106.91	100.12	0.13364	0.12515	0.94	0.94	0.89%	0.95%	0.94	0.92%
850	112.18	104.70	0.13198	0.12318	113.18	105.70	0.13315	0.12435	1.00	1.00	0.89%	0.96%	1.00	0.93%
900	118.38	110.21	0.13153	0.12246	119.44	111.27	0.13271	0.12363	1.06	1.06	0.90%	0.96%	1.06	0.93%
950	124.58	115.73	0.13114	0.12182	125.71	116.85	0.13233	0.12300	1.13	1.12	0.91%	0.97%	1.12	0.94%
1,000	130.79	121.24	0.13079	0.12124	131.97	122.42	0.13197	0.12242	1.18	1.18	0.90%	0.97%	1.18	0.94%
1,250	161.81	148.82	0.12945	0.11906	163.29	150.30	0.13063	0.12024	1.48	1.48	0.91%	0.99%	1.48	0.96%
1,500	192.84	176.41	0.12856	0.11761	194.61	178.18	0.12974	0.11879	1.77	1.77	0.92%	1.00%	1.77	0.97%
1,750	223.86	203.99	0.12792	0.11657	225.92	206.05	0.12910	0.11774	2.06	2.06	0.92%	1.01%	2.06	0.97%
2,000	254.88	231.57	0.12744	0.11579	257.24	233.93	0.12862	0.11697	2.36	2.36	0.93%	1.02%	2.36	0.98%
2,250	285.91	259.15	0.12707	0.11518	288.56	261.80	0.12825	0.11636	2.65	2.65	0.93%	1.02%	2.65	0.98%
2,500	316.93	286.73	0.12677	0.11469	319.88	289.68	0.12795	0.11587	2.95	2.95	0.93%	1.03%	2.95	0.99%
3,000	378.98	341.89	0.12633	0.11396	382.52	345.43	0.12751	0.11514	3.54	3.54	0.93%	1.04%	3.54	0.99%
3,500	441.02	397.05	0.12601	0.11344	445.15	401.18	0.12719	0.11462	4.13	4.13	0.94%	1.04%	4.13	0.99%
4,000	503.07	452.21	0.12577	0.11305	507.79	456.93	0.12695	0.11423	4.72	4.72	0.94%	1.04%	4.72	1.00%
5,000	627.16	562.54	0.12543	0.11251	633.06	568.44	0.12661	0.11369	5.90	5.90	0.94%	1.05%	5.90	1.00%

BLOCK	PRESENT		PROPOSED	
	SUMMER	WINTER	SUMMER	WINTER
* Customer & Minimum Charges	15.94	15.84	15.94	15.84
Next 370 kWh	0.09818	0.09498	0.09818	0.09498
Excess kWh	0.11392	0.10015	0.11392	0.10015
Surcharges	0.01018	0.01018	0.01136	0.01136

* Includes Distribution Customer Charge, Generation Minimum Charge and Transmission Minimum Charge
 (Distribution Customer Charge includes the first 30 kWh of consumption at the initial block of volumetric rate)
 ** Surcharges include Delivery Tax, UPC, PSOS, RAD Surcharge, SOS Administrative Credit, SETF, EATF, and PCA

POTOMAC ELECTRIC POWER COMPANY
 EXAMPLES COMPARING BILLS UNDER PRESENT AND PROPOSED TIME METERED RESIDENTIAL SERVICE RATES
 SCHEDULE "R-TM"
 DISTRICT OF COLUMBIA

KWH	PRESENT R-TM				PROPOSED R-TM				INCREASE					
	\$ AMOUNT OF BILL		\$/KWH		\$ AMOUNT OF BILL		\$/KWH		(\$)	(\$)	(%)	(%)	(\$)	(%)
	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	ANNUAL	ANNUAL
1,000	163 82	161 47	0 16382	0 16147	168 22	165 87	0 16822	0 16587	4 40	4 40	2 69%	2 72%	4 40	2 71%
1,500	236 98	233 44	0 15799	0 15563	243 58	240 04	0 16239	0 16003	6 60	6 60	2 79%	2 83%	6 60	2 81%
2,000	310 13	305 42	0 15507	0 15271	318 93	314 22	0 15947	0 15711	8 80	8 80	2 84%	2 88%	8 80	2 86%
2,500	383 28	377 39	0 15331	0 15096	394 28	388 39	0 15771	0 15536	11 00	11 00	2 87%	2 91%	11 00	2 90%
3,000	456 43	449 36	0 15214	0 14979	469 63	462 56	0 15654	0 15419	13 20	13 20	2 89%	2 94%	13 20	2 92%
3,500	529 58	521 34	0 15131	0 14895	544 98	536 74	0 15571	0 15335	15 40	15 40	2 91%	2 95%	15 40	2 93%
4,000	602 74	593 31	0 15069	0 14833	620 34	610 91	0 15509	0 15273	17 60	17 60	2 92%	2 97%	17 60	2 95%
4,500	675 89	665 28	0 15020	0 14784	695 69	685 08	0 15460	0 15224	19 80	19 80	2 93%	2 98%	19 80	2 96%
5,000	749 04	737 26	0 14981	0 14745	771 04	759 26	0 15421	0 15185	22 00	22 00	2 94%	2 98%	22 00	2 96%
5,500	822 19	809 23	0 14949	0 14713	846 39	833 43	0 15389	0 15153	24 20	24 20	2 94%	2 99%	24 20	2 97%
6,000	895 34	881 21	0 14922	0 14687	921 74	907 61	0 15362	0 15127	26 40	26 40	2 95%	3 00%	26 40	2 98%
6,500	968 50	953 18	0 14900	0 14664	997 10	981 78	0 15340	0 15104	28 60	28 60	2 95%	3 00%	28 60	2 98%
7,000	1,041 65	1,025 15	0 14881	0 14645	1,072 45	1,055 95	0 15321	0 15085	30 80	30 80	2 96%	3 00%	30 80	2 98%
7,500	1,114 80	1,097 13	0 14864	0 14628	1,147 80	1,130 13	0 15304	0 15068	33 00	33 00	2 96%	3 01%	33 00	2 99%
8,000	1,187 95	1,169 10	0 14849	0 14614	1,223 15	1,204 30	0 15289	0 15054	35 20	35 20	2 96%	3 01%	35 20	2 99%
8,500	1,261 10	1,241 08	0 14836	0 14601	1,298 50	1,278 48	0 15276	0 15041	37 40	37 40	2 97%	3 01%	37 40	2 99%
9,000	1,334 26	1,313 05	0 14825	0 14589	1,373 86	1,352 65	0 15265	0 15029	39 60	39 60	2 97%	3 02%	39 60	3 00%
9,500	1,407 41	1,385 02	0 14815	0 14579	1,449 21	1,426 82	0 15255	0 15019	41 80	41 80	2 97%	3 02%	41 80	3 00%
10,000	1,480 56	1,457 00	0 14806	0 14570	1,524 56	1,501 00	0 15246	0 15010	44 00	44 00	2 97%	3 02%	44 00	3 00%
11,000	1,626 87	1,600 94	0 14790	0 14554	1,675 27	1,649 34	0 15230	0 14994	48 40	48 40	2 98%	3 02%	48 40	3 00%
12,000	1,773 17	1,744 89	0 14776	0 14541	1,825 97	1,797 69	0 15216	0 14981	52 80	52 80	2 98%	3 03%	52 80	3 01%
13,000	1,919 47	1,888 84	0 14765	0 14530	1,976 67	1,946 04	0 15205	0 14970	57 20	57 20	2 98%	3 03%	57 20	3 01%
14,000	2,065 78	2,032 79	0 14756	0 14520	2,127 38	2,094 39	0 15196	0 14960	61 60	61 60	2 98%	3 03%	61 60	3 01%
15,000	2,212 08	2,176 74	0 14747	0 14512	2,278 08	2,242 74	0 15187	0 14952	66 00	66 00	2 98%	3 03%	66 00	3 01%
17,500	2,577 84	2 536 60	0 14731	0 14495	2,654 84	2,613 60	0 15171	0 14935	77 00	77 00	2 99%	3 04%	77 00	3 02%
20,000	2,943 60	2,896 47	0 14718	0 14482	3,031 60	2,984 47	0 15158	0 14922	88 00	88 00	2 99%	3 04%	88 00	3 02%
22,500	3,309 36	3,256 34	0 14708	0 14473	3,408 36	3,355 34	0 15148	0 14913	99 00	99 00	2 99%	3 04%	99 00	3 02%
25,000	3,675 12	3,616 21	0 14700	0 14465	3,785 12	3,726 21	0 15140	0 14905	110 00	110 00	2 99%	3 04%	110 00	3 02%

KWH DISTRIBUTION		ON PK	INT	OFF PK
ALL SUMMER HOURS USE =		29%	25%	46%
ALL WINTER HOURS USE =		22%	25%	53%

	PRESENT		PROPOSED	
	SUMMER	WINTER	SUMMER	WINTER
CUSTOMER ENERGY (kWh)	17 52	17 52	17 52	17 52
On Peak	0 14764	0 13771	0 14764	0 13771
Intermediate	0 13577	0 13547	0 13577	0 13547
Off Peak	0 12907	0 13134	0 12907	0 13134
Surcharges	0 01018	0 01018	0 01458	0 01458

** Surcharges include Delivery Tax, UPC, PSOS, RAD Surcharge, SOS Administrative Credit, SETF, EATF, and PCA

POTOMAC ELECTRIC POWER COMPANY
 EXAMPLES COMPARING BILLS UNDER PRESENT AND PROPOSED GENERAL SERVICE RATES
 SCHEDULE "GS ND"
 DISTRICT OF COLUMBIA

KWH	PRESENT				PROPOSED				INCREASE							
	\$ AMOUNT OF BILL		\$/KWH		\$ AMOUNT OF BILL		\$/KWH		(\$)		(%)		(\$)		(%)	
	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	ANNUAL	ANNUAL	ANNUAL	ANNUAL
0	23.39	23.39	-	-	23.39	23.39	-	-	0.00	0.00	0.00%	0.00%	0.00	0.00%		
10	24.75	24.66	2.47500	2.46600	24.79	24.70	2.47900	2.47000	0.04	0.04	0.16%	0.16%	0.04	0.16%		
20	26.12	25.93	1.30600	1.29650	26.19	26.01	1.30950	1.30050	0.07	0.08	0.27%	0.31%	0.08	0.29%		
30	27.48	27.20	0.91600	0.90667	27.60	27.32	0.92000	0.91067	0.12	0.12	0.44%	0.44%	0.12	0.44%		
40	28.85	28.47	0.72125	0.71175	29.00	28.63	0.72500	0.71575	0.15	0.16	0.52%	0.56%	0.16	0.54%		
50	30.21	29.74	0.60420	0.59480	30.40	29.93	0.60800	0.59860	0.19	0.19	0.63%	0.64%	0.19	0.63%		
100	37.03	36.10	0.37030	0.36100	37.41	36.48	0.37410	0.36480	0.38	0.38	1.03%	1.05%	0.38	1.04%		
150	43.85	42.45	0.29233	0.28300	44.42	43.02	0.29613	0.28680	0.57	0.57	1.30%	1.34%	0.57	1.32%		
200	50.67	48.80	0.25335	0.24400	51.44	49.57	0.25720	0.24785	0.77	0.77	1.52%	1.58%	0.77	1.55%		
250	57.49	55.16	0.22996	0.22064	58.45	56.11	0.23380	0.22444	0.96	0.95	1.67%	1.72%	0.95	1.70%		
300	64.31	61.51	0.21437	0.20503	65.46	62.66	0.21820	0.20887	1.15	1.15	1.79%	1.87%	1.15	1.83%		
400	77.95	74.22	0.19488	0.18555	79.48	75.75	0.19870	0.18938	1.53	1.53	1.96%	2.06%	1.53	2.02%		
500	91.59	86.92	0.18318	0.17384	93.50	88.84	0.18700	0.17768	1.91	1.92	2.09%	2.21%	1.92	2.16%		
600	105.23	99.63	0.17538	0.16605	107.53	101.93	0.17922	0.16988	2.30	2.30	2.19%	2.31%	2.30	2.26%		
700	118.87	112.34	0.16981	0.16049	121.55	115.02	0.17364	0.16431	2.68	2.68	2.25%	2.39%	2.68	2.33%		
800	132.51	125.04	0.16564	0.15630	135.57	128.11	0.16946	0.16014	3.06	3.07	2.31%	2.46%	3.07	2.39%		
900	146.15	137.75	0.16239	0.15306	149.60	141.20	0.16622	0.15689	3.45	3.45	2.36%	2.50%	3.45	2.44%		
1,000	159.79	150.46	0.15979	0.15046	163.62	154.29	0.16362	0.15429	3.83	3.83	2.40%	2.55%	3.83	2.48%		
1,250	193.89	182.23	0.15511	0.14578	198.68	187.01	0.15894	0.14961	4.79	4.78	2.47%	2.62%	4.78	2.56%		
1,500	227.99	213.99	0.15199	0.14266	233.73	219.74	0.15582	0.14649	5.74	5.75	2.52%	2.69%	5.75	2.61%		
1,750	262.09	245.76	0.14977	0.14043	268.79	252.46	0.15359	0.14426	6.70	6.70	2.56%	2.73%	6.70	2.65%		
2,000	296.19	277.53	0.14810	0.13877	303.85	285.19	0.15193	0.14260	7.66	7.66	2.59%	2.76%	7.66	2.68%		
2,500	364.39	341.06	0.14576	0.13642	373.96	350.64	0.14958	0.14026	9.57	9.58	2.63%	2.81%	9.58	2.73%		
3,000	432.59	404.60	0.14420	0.13487	444.08	416.09	0.14803	0.13870	11.49	11.49	2.66%	2.84%	11.49	2.76%		
3,500	500.79	468.13	0.14308	0.13375	514.19	481.54	0.14691	0.13758	13.40	13.41	2.68%	2.86%	13.41	2.78%		
4,000	568.98	531.66	0.14225	0.13292	584.30	546.98	0.14608	0.13675	15.32	15.32	2.69%	2.88%	15.32	2.80%		
5,000	705.38	658.73	0.14108	0.13175	724.53	677.88	0.14491	0.13558	19.15	19.15	2.71%	2.91%	19.15	2.82%		
6,000	841.78	785.80	0.14030	0.13097	864.76	808.78	0.14413	0.13480	22.98	22.98	2.73%	2.92%	22.98	2.84%		

	PRESENT		PROPOSED	
	SUMMER	WINTER	SUMMER	WINTER
CUSTOMER ENERGY (kWh)	23.39	23.39	23.39	23.39
All Kilowatt-hours	0.12714	0.11781	0.12714	0.11781
*Surcharges	0.009258615	0.009258615	0.013088615	0.013088615

* Surcharges include Delivery Tax, UPC, PSOS, RAD Surcharge, SOS Administrative Credit, SETF, EATF, and PCA

POTOMAC ELECTRIC POWER COMPANY
 EXAMPLES COMPARING BILLS UNDER PRESENT AND PROPOSED GENERAL SERVICE RATES
 SCHEDULE "GS D LV"
 DISTRICT OF COLUMBIA

KW	Hours Use	KWH	PRESENT GS_D LV				PROPOSED GS_D LV				INCREASE			
			\$ AMOUNT OF BILL		\$/KWH		\$ AMOUNT OF BILL		\$/KWH		(\$)		(%)	
			SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER
10	100	1000	209.08	199.29	0.20908	0.19929	214.60	204.81	0.21460	0.20481	5.52	5.52	2.64%	2.77%
	200	2000	345.75	326.17	0.17288	0.16309	356.79	337.21	0.17840	0.16861	11.04	11.04	3.19%	3.38%
	300	3000	482.42	453.05	0.16081	0.15102	498.98	469.61	0.16633	0.15654	16.56	16.56	3.43%	3.66%
	400	4000	619.08	579.92	0.15477	0.14498	641.16	602.00	0.16029	0.15050	22.08	22.08	3.57%	3.81%
	500	5000	755.75	706.80	0.15115	0.14136	783.35	734.40	0.15667	0.14688	27.60	27.60	3.65%	3.90%
	600	6000	892.42	833.68	0.14874	0.13895	925.54	866.80	0.15426	0.14447	33.12	33.12	3.71%	3.97%
25	100	2,500	482.03	457.56	0.19281	0.18302	495.83	471.36	0.19833	0.18854	13.80	13.80	2.86%	3.02%
	200	5,000	823.70	774.75	0.16474	0.15495	851.30	802.35	0.17026	0.16047	27.60	27.60	3.35%	3.56%
	300	7,500	1,165.37	1,091.95	0.15538	0.14559	1,206.77	1,133.35	0.16090	0.15111	41.40	41.40	3.55%	3.79%
	400	10,000	1,507.05	1,409.15	0.15071	0.14092	1,562.25	1,464.35	0.15623	0.14644	55.20	55.20	3.66%	3.92%
	500	12,500	1,848.72	1,726.34	0.14790	0.13811	1,917.72	1,795.34	0.15342	0.14363	69.00	69.00	3.73%	4.00%
	600	15,000	2,190.39	2,043.54	0.14603	0.13624	2,273.19	2,126.34	0.15155	0.14176	82.80	82.80	3.78%	4.05%
50	100	5,000	936.95	888.00	0.18739	0.17760	964.55	915.60	0.19291	0.18312	27.60	27.60	2.95%	3.11%
	200	10,000	1,620.30	1,522.40	0.16203	0.15224	1,675.50	1,577.60	0.16755	0.15776	55.20	55.20	3.41%	3.63%
	300	15,000	2,303.64	2,156.79	0.15358	0.14379	2,386.44	2,239.59	0.15910	0.14931	82.80	82.80	3.59%	3.84%
	400	20,000	2,986.98	2,791.18	0.14935	0.13956	3,097.38	2,901.58	0.15487	0.14508	110.40	110.40	3.70%	3.96%
	500	25,000	3,670.33	3,425.58	0.14681	0.13702	3,808.33	3,563.58	0.15233	0.14254	138.00	138.00	3.76%	4.03%
	600	30,000	4,353.67	4,059.97	0.14512	0.13533	4,519.27	4,225.57	0.15064	0.14085	165.60	165.60	3.80%	4.08%
75	100	7,500	1,391.87	1,318.45	0.18558	0.17579	1,433.27	1,359.85	0.19110	0.18131	41.40	41.40	2.97%	3.14%
	200	15,000	2,416.89	2,270.04	0.16113	0.15134	2,499.69	2,352.84	0.16665	0.15686	82.80	82.80	3.43%	3.65%
	300	22,500	3,441.90	3,221.63	0.15297	0.14318	3,566.10	3,345.83	0.15849	0.14870	124.20	124.20	3.61%	3.86%
	400	30,000	4,466.92	4,173.22	0.14890	0.13911	4,632.52	4,338.82	0.15442	0.14463	165.60	165.60	3.71%	3.97%
	500	37,500	5,491.93	5,124.81	0.14645	0.13666	5,698.93	5,331.81	0.15197	0.14218	207.00	207.00	3.77%	4.04%
	600	45,000	6,516.95	6,076.40	0.14482	0.13503	6,765.35	6,324.80	0.15034	0.14055	248.40	248.40	3.81%	4.09%

	PRESENT		PROPOSED	
	SUMMER	WINTER	SUMMER	WINTER
CUSTOMER ENERGY (kWh)	27.11	27.11	27.11	27.11
first 6000	0.12741	0.11762	0.12741	0.11762
additional	0.12741	0.11762	0.12741	0.11762
*Surcharges	0.009258615	0.009258615	0.014779	0.014778615
DEMAND (kW)	4.53	4.53	4.53	4.53

* Surcharges include Delivery Tax, UPC, PSOS, RAD Surcharge, SOS Administrative Credit, SETF, EATF, and PCA

POTOMAC ELECTRIC POWER COMPANY
 EXAMPLES COMPARING BILLS UNDER PRESENT AND PROPOSED TIME METERED GENERAL SERVICE RATES
 SCHEDULE "GT LV"
 DISTRICT OF COLUMBIA

HOURS USE	KWH	PRESENT 'GT-LV'				PROPOSED 'GT-LV'				INCREASE			
		\$ AMOUNT OF BILL		\$/KWH		\$ AMOUNT OF BILL		\$/KWH		(\$)	(\$)	(%)	(%)
		SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER
MAXIMUM AND ON PEAK DEMAND = 100 KW													
200	20,000	2,995.61	2,887.69	0.14978	0.14438	3,062.81	2,954.89	0.15314	0.14774	67.20	67.20	2.24%	2.33%
300	30,000	3,750.92	3,638.40	0.12503	0.12128	3,851.72	3,739.20	0.12839	0.12464	100.80	100.80	2.69%	2.77%
400	40,000	4,506.23	4,389.11	0.11266	0.10973	4,640.63	4,523.51	0.11602	0.11309	134.40	134.40	2.98%	3.06%
500	50,000	5,261.54	5,139.82	0.10523	0.10280	5,429.54	5,307.82	0.10859	0.10616	168.00	168.00	3.19%	3.27%
600	60,000	6,016.85	5,890.53	0.10028	0.09818	6,218.45	6,092.13	0.10364	0.10154	201.60	201.60	3.35%	3.42%
300 KW													
200	60,000	8,228.75	7,904.99	0.13715	0.13175	8,430.35	8,106.59	0.14051	0.13511	201.60	201.60	2.45%	2.55%
300	90,000	10,494.69	10,157.13	0.11661	0.11286	10,797.09	10,459.53	0.11997	0.11622	302.40	302.40	2.88%	2.98%
400	120,000	12,760.62	12,409.26	0.10634	0.10341	13,163.82	12,812.46	0.10970	0.10677	403.20	403.20	3.16%	3.25%
500	150,000	15,026.56	14,661.40	0.10018	0.09774	15,530.56	15,165.40	0.10354	0.10110	504.00	504.00	3.35%	3.44%
600	180,000	17,292.49	16,913.53	0.09607	0.09396	17,897.29	17,518.33	0.09943	0.09732	604.80	604.80	3.50%	3.58%
500 KW													
200	100,000	13,461.90	12,922.30	0.13462	0.12922	13,797.90	13,258.30	0.13798	0.13258	336.00	336.00	2.50%	2.60%
300	150,000	17,238.46	16,675.86	0.11492	0.11117	17,742.46	17,179.86	0.11828	0.11453	504.00	504.00	2.92%	3.02%
400	200,000	21,015.02	20,429.42	0.10508	0.10215	21,687.02	21,101.42	0.10844	0.10551	672.00	672.00	3.20%	3.29%
500	250,000	24,791.57	24,182.97	0.09917	0.09673	25,631.57	25,022.97	0.10253	0.10009	840.00	840.00	3.39%	3.47%
600	300,000	28,568.13	27,936.53	0.09523	0.09312	29,576.13	28,944.53	0.09859	0.09648	1,008.00	1,008.00	3.53%	3.61%
1,000 KW													
200	200,000	26,544.77	25,465.57	0.13272	0.12733	27,216.77	26,137.57	0.13608	0.13069	672.00	672.00	2.53%	2.64%
300	300,000	34,097.88	32,972.68	0.11366	0.10991	35,105.88	33,980.68	0.11702	0.11327	1,008.00	1,008.00	2.96%	3.06%
400	400,000	41,651.00	40,479.80	0.10413	0.10120	42,995.00	41,823.80	0.10749	0.10456	1,344.00	1,344.00	3.23%	3.32%
500	500,000	49,204.11	47,986.91	0.09841	0.09597	50,884.11	49,666.91	0.10177	0.09933	1,680.00	1,680.00	3.41%	3.50%
600	600,000	56,757.23	55,494.03	0.09460	0.09249	58,773.23	57,510.03	0.09796	0.09585	2,016.00	2,016.00	3.55%	3.63%

KWH DISTRIBUTION			
	ON PK	INT	OFF PK
200 HOURS USE =	31%	29%	40%
300 HOURS USE =	33%	27%	40%
400 HOURS USE =	30%	26%	44%
500 HOURS USE =	27%	25%	48%
600 HOURS USE =	25%	24%	51%

	PRESENT		PROPOSED	
	SUMMER	WINTER	SUMMER	WINTER
CUSTOMER DEMAND (kW)	379.03	379.03	379.03	379.03
On Peak	0.9872	0.0000	0.9872	0.0000
Maximum	10.0723	10.0723	10.0723	10.0723
ENERGY (kWh)				
On Peak	0.08739	0.08693	0.08739	0.08693
Int Peak	0.08739	0.08693	0.08739	0.08693
Off Peak	0.08739	0.08693	0.08739	0.08693
*SURCHARGES	-0.01186	-0.01186	-0.00850	-0.00850

* Surcharges include Delivery Tax, UPC, PSOS, RAD Surcharge, SOS Administrative Credit, SETF, EATF, and PCA

POTOMAC ELECTRIC POWER COMPANY
 EXAMPLES COMPARING BILLS UNDER PRESENT AND PROPOSED TIME METERED GENERAL SERVICE RATES
 SCHEDULE "GT LV"
 DISTRICT OF COLUMBIA

HOURS USE	KWH	PRESENT 'GT-LV'				PROPOSED 'GT-LV'				INCREASE			
		\$ AMOUNT OF BILL		\$/KWH		\$ AMOUNT OF BILL		\$/KWH		(\$)	(\$)	(%)	(%)
		SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER
MAXIMUM AND ON PEAK DEMAND = 2,000 KW													
200	400,000	52,710.50	50,552.10	0.13178	0.12638	54,054.50	51,896.10	0.13514	0.12974	1,344.00	1,344.00	2.55%	2.66%
300	600,000	67,816.73	65,566.33	0.11303	0.10928	69,832.73	67,582.33	0.11639	0.11264	2,016.00	2,016.00	2.97%	3.07%
400	800,000	82,922.96	80,580.56	0.10365	0.10073	85,610.96	83,268.56	0.10701	0.10409	2,688.00	2,688.00	3.24%	3.34%
500	1,000,000	98,029.19	95,594.79	0.09803	0.09559	101,389.19	98,954.79	0.10139	0.09895	3,360.00	3,360.00	3.43%	3.51%
600	1,200,000	113,135.43	110,609.03	0.09428	0.09217	117,167.43	114,641.03	0.09764	0.09553	4,032.00	4,032.00	3.56%	3.65%
4,000 KW													
200	800,000	105,041.96	100,725.16	0.13130	0.12591	107,729.96	103,413.16	0.13466	0.12927	2,688.00	2,688.00	2.56%	2.67%
300	1,200,000	135,254.43	130,753.63	0.11271	0.10896	139,286.43	134,785.63	0.11607	0.11232	4,032.00	4,032.00	2.98%	3.08%
400	1,600,000	165,466.89	160,782.09	0.10342	0.10049	170,842.89	166,158.09	0.10678	0.10385	5,376.00	5,376.00	3.25%	3.34%
500	2,000,000	195,679.35	190,810.55	0.09784	0.09541	202,399.35	197,530.55	0.10120	0.09877	6,720.00	6,720.00	3.43%	3.52%
600	2,400,000	225,891.82	220,839.02	0.09412	0.09202	233,955.82	228,903.02	0.09748	0.09538	8,064.00	8,064.00	3.57%	3.65%
6,000 KW													
200	1,200,000	157,373.43	150,898.23	0.13114	0.12575	161,405.43	154,930.23	0.13450	0.12911	4,032.00	4,032.00	2.56%	2.67%
300	1,800,000	202,692.12	195,940.92	0.11261	0.10886	208,740.12	201,988.92	0.11597	0.11222	6,048.00	6,048.00	2.98%	3.09%
400	2,400,000	248,010.82	240,983.62	0.10334	0.10041	256,074.82	249,047.62	0.10670	0.10377	8,064.00	8,064.00	3.25%	3.35%
500	3,000,000	293,329.51	286,026.31	0.09778	0.09534	303,409.51	296,106.31	0.10114	0.09870	10,080.00	10,080.00	3.44%	3.52%
600	3,600,000	338,648.21	331,069.01	0.09407	0.09196	350,744.21	343,165.01	0.09743	0.09532	12,096.00	12,096.00	3.57%	3.65%
8,000 KW													
200	1,600,000	209,704.89	201,071.29	0.13107	0.12567	215,080.89	206,447.29	0.13443	0.12903	5,376.00	5,376.00	2.56%	2.67%
300	2,400,000	270,129.82	261,128.22	0.11255	0.10880	278,193.82	269,192.22	0.11591	0.11216	8,064.00	8,064.00	2.99%	3.09%
400	3,200,000	330,554.75	321,185.15	0.10330	0.10037	341,306.75	331,937.15	0.10666	0.10373	10,752.00	10,752.00	3.25%	3.35%
500	4,000,000	390,979.67	381,242.07	0.09774	0.09531	404,419.67	394,682.07	0.10110	0.09867	13,440.00	13,440.00	3.44%	3.53%
600	4,800,000	451,404.60	441,299.00	0.09404	0.09194	467,532.60	457,427.00	0.09740	0.09530	16,128.00	16,128.00	3.57%	3.65%

KWH DISTRIBUTION			
	ON PK	INT	OFF PK
200 HOURS USE =	31%	29%	40%
300 HOURS USE =	33%	27%	40%
400 HOURS USE =	30%	26%	44%
500 HOURS USE =	27%	25%	48%
600 HOURS USE =	25%	24%	51%

	PRESENT		PROPOSED	
	SUMMER	WINTER	SUMMER	WINTER
CUSTOMER DEMAND (kW)	379.03	379.03	379.03	379.03
On Peak	0.9872	0.0000	0.9872	0.0000
Maximum	10.0723	10.0723	10.0723	10.0723
ENERGY (kWh)				
On Peak	0.08739	0.08693	0.08739	0.08693
Int Peak	0.08739	0.08693	0.08739	0.08693
Off Peak	0.08739	0.08693	0.08739	0.08693
*SURCHARGES	-0.01186	-0.01186	-0.00850	-0.00850

* Surcharges include Delivery Tax, UPC, PSOS, RAD Surcharge, SOS Administrative Credit, SETF, EATF, and PCA

POTOMAC ELECTRIC POWER COMPANY
 EXAMPLES COMPARING BILLS UNDER PRESENT AND PROPOSED TIME METERED GENERAL SERVICE RATES
 SCHEDULE "GT 3A"
 DISTRICT OF COLUMBIA

HOURS USE	KWH	PRESENT 'GT-3A'				PROPOSED 'GT- 3A'				INCREASE			
		\$ AMOUNT OF BILL		\$/KWH		\$ AMOUNT OF BILL		\$/KWH		(\$)	(\$)	(%)	(%)
		SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER
MAXIMUM AND ON PEAK DEMAND = 1,000 KW													
200	200,000	22,417.77	21,362.57	0.11209	0.10681	22,799.77	21,744.57	0.11400	0.10872	382.00	382.00	1.70%	1.79%
300	300,000	29,583.88	28,482.68	0.09861	0.09494	30,156.88	29,055.68	0.10052	0.09685	573.00	573.00	1.94%	2.01%
400	400,000	36,750.00	35,602.80	0.09188	0.08901	37,514.00	36,366.80	0.09379	0.09092	764.00	764.00	2.08%	2.15%
500	500,000	43,916.11	42,722.91	0.08783	0.08545	44,871.11	43,677.91	0.08974	0.08736	955.00	955.00	2.17%	2.24%
600	600,000	51,082.23	49,843.03	0.08514	0.08307	52,228.23	50,989.03	0.08705	0.08498	1,146.00	1,146.00	2.24%	2.30%
2,000 KW													
200	400,000	44,682.90	42,572.50	0.11171	0.10643	45,446.90	43,336.50	0.11362	0.10834	764.00	764.00	1.71%	1.79%
300	600,000	59,015.13	56,812.73	0.09836	0.09469	60,161.13	57,958.73	0.10027	0.09660	1,146.00	1,146.00	1.94%	2.02%
400	800,000	73,347.36	71,052.96	0.09168	0.08882	74,875.36	72,580.96	0.09359	0.09073	1,528.00	1,528.00	2.08%	2.15%
500	1,000,000	87,679.59	85,293.19	0.08768	0.08529	89,589.59	87,203.19	0.08959	0.08720	1,910.00	1,910.00	2.18%	2.24%
600	1,200,000	102,011.83	99,533.43	0.08501	0.08294	104,303.83	101,825.43	0.08692	0.08485	2,292.00	2,292.00	2.25%	2.30%
5,000 KW													
200	1,000,000	111,478.29	106,202.29	0.11148	0.10620	113,388.29	108,112.29	0.11339	0.10811	1,910.00	1,910.00	1.71%	1.80%
300	1,500,000	147,308.87	141,802.87	0.09821	0.09454	150,173.87	144,667.87	0.10012	0.09645	2,865.00	2,865.00	1.94%	2.02%
400	2,000,000	183,139.45	177,403.45	0.09157	0.08870	186,959.45	181,223.45	0.09348	0.09061	3,820.00	3,820.00	2.09%	2.15%
500	2,500,000	218,970.03	213,004.03	0.08759	0.08520	223,745.03	217,779.03	0.08950	0.08711	4,775.00	4,775.00	2.18%	2.24%
600	3,000,000	254,800.61	248,604.61	0.08493	0.08287	260,530.61	254,334.61	0.08684	0.08478	5,730.00	5,730.00	2.25%	2.30%
7,500 KW													
200	1,500,000	167,141.12	159,227.12	0.11143	0.10615	170,006.12	162,092.12	0.11334	0.10806	2,865.00	2,865.00	1.71%	1.80%
300	2,250,000	220,886.99	212,627.99	0.09817	0.09450	225,184.49	216,925.49	0.10008	0.09641	4,297.50	4,297.50	1.95%	2.02%
400	3,000,000	274,632.86	266,028.86	0.09154	0.08868	280,362.86	271,758.86	0.09345	0.09059	5,730.00	5,730.00	2.09%	2.15%
500	3,750,000	328,378.73	319,429.73	0.08757	0.08518	335,541.23	326,592.23	0.08948	0.08709	7,162.50	7,162.50	2.18%	2.24%
600	4,500,000	382,124.60	372,830.60	0.08492	0.08285	390,719.60	381,425.60	0.08683	0.08476	8,595.00	8,595.00	2.25%	2.31%

KWH DISTRIBUTION			
	ON PK	INT	OFF PK
200 HOURS USE =	31%	29%	40%
300 HOURS USE =	33%	27%	40%
400 HOURS USE =	30%	26%	44%
500 HOURS USE =	27%	25%	48%
600 HOURS USE =	25%	24%	51%

	PRESENT		PROPOSED	
	SUMMER	WINTER	SUMMER	WINTER
CUSTOMER	152.63	152.63	152.63	152.63
DEMAND (kW)				
On Peak	0.9632	0.0000	0.9632	0.0000
Maximum	6.9697	6.9697	6.9697	6.9697
ENERGY (kWh)				
On Peak	0.08352	0.08306	0.08352	0.08306
Int Peak	0.08352	0.08306	0.08352	0.08306
Off Peak	0.08352	0.08306	0.08352	0.08306
*SURCHARGES	-0.01186	-0.01186	-0.00995	-0.00995

* Surcharges include Delivery Tax, UPC, PSOS, RAD Surcharge, SOS Administrative Credit, SETF, EATF, and PCA

POTOMAC ELECTRIC POWER COMPANY
 EXAMPLES COMPARING BILLS UNDER PRESENT AND PROPOSED TIME METERED GENERAL SERVICE RATES
 SCHEDULE "GT 3A"
 DISTRICT OF COLUMBIA

HOURS USE	KWH	PRESENT 'GT-3A'				PROPOSED 'GT- 3A'				INCREASE			
		\$ AMOUNT OF BILL		\$/KWH		\$ AMOUNT OF BILL		\$/KWH		(\$)	(\$)	(%)	(%)
		SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER
MAXIMUM AND ON PEAK DEMAND = 10,000 KW													
200	2,000,000	222,803.95	212,251.95	0.11140	0.10613	226,623.95	216,071.95	0.11331	0.10804	3,820.00	3,820.00	1.71%	1.80%
300	3,000,000	294,465.11	283,453.11	0.09816	0.09448	300,195.11	289,183.11	0.10007	0.09639	5,730.00	5,730.00	1.95%	2.02%
400	4,000,000	366,126.27	354,654.27	0.09153	0.08866	373,766.27	362,294.27	0.09344	0.09057	7,640.00	7,640.00	2.09%	2.15%
500	5,000,000	437,787.43	425,855.43	0.08756	0.08517	447,337.43	435,405.43	0.08947	0.08708	9,550.00	9,550.00	2.18%	2.24%
600	6,000,000	509,448.59	497,056.59	0.08491	0.08284	520,908.59	508,516.59	0.08682	0.08475	11,460.00	11,460.00	2.25%	2.31%
20,000 KW													
200	4,000,000	445,455.27	424,351.27	0.11136	0.10609	453,095.27	431,991.27	0.11327	0.10800	7,640.00	7,640.00	1.72%	1.80%
300	6,000,000	588,777.59	566,753.59	0.09813	0.09446	600,237.59	578,213.59	0.10004	0.09637	11,460.00	11,460.00	1.95%	2.02%
400	8,000,000	732,099.91	709,155.91	0.09151	0.08864	747,379.91	724,435.91	0.09342	0.09055	15,280.00	15,280.00	2.09%	2.15%
500	10,000,000	875,422.23	851,558.23	0.08754	0.08516	894,522.23	870,658.23	0.08945	0.08707	19,100.00	19,100.00	2.18%	2.24%
600	12,000,000	1,018,744.55	993,960.55	0.08490	0.08283	1,041,664.55	1,016,880.55	0.08681	0.08474	22,920.00	22,920.00	2.25%	2.31%
30,000 KW													
200	6,000,000	668,106.59	636,450.59	0.11135	0.10608	679,566.59	647,910.59	0.11326	0.10799	11,460.00	11,460.00	1.72%	1.80%
300	9,000,000	883,090.07	850,054.07	0.09812	0.09445	900,280.07	867,244.07	0.10003	0.09636	17,190.00	17,190.00	1.95%	2.02%
400	12,000,000	1,098,073.55	1,063,657.55	0.09151	0.08864	1,120,993.55	1,086,577.55	0.09342	0.09055	22,920.00	22,920.00	2.09%	2.15%
500	15,000,000	1,313,057.03	1,277,261.03	0.08754	0.08515	1,341,707.03	1,305,911.03	0.08945	0.08706	28,650.00	28,650.00	2.18%	2.24%
600	18,000,000	1,528,040.51	1,490,864.51	0.08489	0.08283	1,562,420.51	1,525,244.51	0.08680	0.08474	34,380.00	34,380.00	2.25%	2.31%
40,000 KW													
200	8,000,000	890,757.91	848,549.91	0.11134	0.10607	906,037.91	863,829.91	0.11325	0.10798	15,280.00	15,280.00	1.72%	1.80%
300	12,000,000	1,177,402.55	1,133,354.55	0.09812	0.09445	1,200,322.55	1,156,274.55	0.10003	0.09636	22,920.00	22,920.00	1.95%	2.02%
400	16,000,000	1,464,047.19	1,418,159.19	0.09150	0.08863	1,494,607.19	1,448,719.19	0.09341	0.09054	30,560.00	30,560.00	2.09%	2.15%
500	20,000,000	1,750,691.83	1,702,963.83	0.08753	0.08515	1,788,891.83	1,741,163.83	0.08944	0.08706	38,200.00	38,200.00	2.18%	2.24%
600	24,000,000	2,037,336.47	1,987,768.47	0.08489	0.08282	2,083,176.47	2,033,608.47	0.08680	0.08473	45,840.00	45,840.00	2.25%	2.31%

KWH DISTRIBUTION			
	ON PK	INT	OFF PK
200 HOURS USE =	31%	29%	40%
300 HOURS USE =	33%	27%	40%
400 HOURS USE =	30%	26%	44%
500 HOURS USE =	27%	25%	48%
600 HOURS USE =	25%	24%	51%

	PRESENT		PROPOSED	
	SUMMER	WINTER	SUMMER	WINTER
CUSTOMER DEMAND (kW)	152.63	152.63	152.63	152.63
On Peak	0.9632	0.0000	0.9632	0.0000
Maximum	6.9697	6.9697	6.9697	6.9697
ENERGY (kWh)				
On Peak	0.08352	0.08306	0.08352	0.08306
Int Peak	0.08352	0.08306	0.08352	0.08306
Off Peak	0.08352	0.08306	0.08352	0.08306
*SURCHARGES	-0.01186	-0.01186	-0.00995	-0.00995

* Surcharges include Delivery Tax, UPC, PSOS, RAD Surcharge, SOS Administrative Credit, SETF, EATF, and PCA

POTOMAC ELECTRIC POWER COMPANY
 EXAMPLES COMPARING BILLS UNDER PRESENT AND PROPOSED TIME METERED GENERAL SERVICE RATES
 SCHEDULE "GT 3B"
 DISTRICT OF COLUMBIA

HOURS USE	KWH	PRESENT 'GT-3B'				PROPOSED 'GT- 3B'				INCREASE			
		\$ AMOUNT OF BILL		\$/KWH		\$ AMOUNT OF BILL		\$/KWH		(\$)	(\$)	(%)	(%)
		SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER	SUMMER	WINTER
MAXIMUM AND ON PEAK DEMAND = 10,000 KW													
200	2,000,000	242,571.69	234,026.69	0.12129	0.11701	243,011.69	234,466.69	0.12151	0.11723	440.00	440.00	0.18%	0.19%
300	3,000,000	349,392.85	340,847.85	0.11646	0.11362	350,052.85	341,507.85	0.11668	0.11384	660.00	660.00	0.19%	0.19%
400	4,000,000	456,214.01	447,669.01	0.11405	0.11192	457,094.01	448,549.01	0.11427	0.11214	880.00	880.00	0.19%	0.20%
500	5,000,000	563,035.17	554,490.17	0.11261	0.11090	564,135.17	555,590.17	0.11283	0.11112	1,100.00	1,100.00	0.20%	0.20%
600	6,000,000	669,856.33	661,311.33	0.11164	0.11022	671,176.33	662,631.33	0.11186	0.11044	1,320.00	1,320.00	0.20%	0.20%
20,000 KW													
200	4,000,000	484,009.01	466,919.01	0.12100	0.11673	484,889.01	467,799.01	0.12122	0.11695	880.00	880.00	0.18%	0.19%
300	6,000,000	697,651.33	680,561.33	0.11628	0.11343	698,971.33	681,881.33	0.11650	0.11365	1,320.00	1,320.00	0.19%	0.19%
400	8,000,000	911,293.65	894,203.65	0.11391	0.11178	913,053.65	895,963.65	0.11413	0.11200	1,760.00	1,760.00	0.19%	0.20%
500	10,000,000	1,124,935.97	1,107,845.97	0.11249	0.11078	1,127,135.97	1,110,045.97	0.11271	0.11100	2,200.00	2,200.00	0.20%	0.20%
600	12,000,000	1,338,578.29	1,321,488.29	0.11155	0.11012	1,341,218.29	1,324,128.29	0.11177	0.11034	2,640.00	2,640.00	0.20%	0.20%
30,000 KW													
200	6,000,000	725,446.33	699,811.33	0.12091	0.11664	726,766.33	701,131.33	0.12113	0.11686	1,320.00	1,320.00	0.18%	0.19%
300	9,000,000	1,045,909.81	1,020,274.81	0.11621	0.11336	1,047,889.81	1,022,254.81	0.11643	0.11358	1,980.00	1,980.00	0.19%	0.19%
400	12,000,000	1,366,373.29	1,340,738.29	0.11386	0.11173	1,369,013.29	1,343,378.29	0.11408	0.11195	2,640.00	2,640.00	0.19%	0.20%
500	15,000,000	1,686,836.77	1,661,201.77	0.11246	0.11075	1,690,136.77	1,664,501.77	0.11268	0.11097	3,300.00	3,300.00	0.20%	0.20%
600	18,000,000	2,007,300.25	1,981,665.25	0.11152	0.11009	2,011,260.25	1,985,625.25	0.11174	0.11031	3,960.00	3,960.00	0.20%	0.20%
40,000 KW													
200	8,000,000	966,883.65	932,703.65	0.12086	0.11659	968,643.65	934,463.65	0.12108	0.11681	1,760.00	1,760.00	0.18%	0.19%
300	12,000,000	1,394,168.29	1,359,988.29	0.11618	0.11333	1,396,808.29	1,362,628.29	0.11640	0.11355	2,640.00	2,640.00	0.19%	0.19%
400	16,000,000	1,821,452.93	1,787,272.93	0.11384	0.11170	1,824,972.93	1,790,792.93	0.11406	0.11192	3,520.00	3,520.00	0.19%	0.20%
500	20,000,000	2,248,737.57	2,214,557.57	0.11244	0.11073	2,253,137.57	2,218,957.57	0.11266	0.11095	4,400.00	4,400.00	0.20%	0.20%
600	24,000,000	2,676,022.21	2,641,842.21	0.11150	0.11008	2,681,302.21	2,647,122.21	0.11172	0.11030	5,280.00	5,280.00	0.20%	0.20%

KWH DISTRIBUTION		ON PK	INT	OFF PK
200 HOURS USE =		31%	29%	40%
300 HOURS USE =		33%	27%	40%
400 HOURS USE =		30%	26%	44%
500 HOURS USE =		27%	25%	48%
600 HOURS USE =		25%	24%	51%

	PRESENT		PROPOSED	
	SUMMER	WINTER	SUMMER	WINTER
CUSTOMER DEMAND (kW)	1134.37	1134.37	1134.37	1134.37
On Peak	0.8545	0.0000	0.8545	0.0000
Maximum	1.9250	1.9250	1.9250	1.9250
ENERGY (kWh)				
On Peak	0.11868	0.11868	0.11868	0.11868
Int Peak	0.11868	0.11868	0.11868	0.11868
Off Peak	0.11868	0.11868	0.11868	0.11868
*SURCHARGES	-0.01186	-0.01186	-0.01164	-0.01164

* Surcharges include Delivery Tax, UPC, PSOS, RAD Surcharge, SOS Administrative Credit, SETF, EATF, and PCA

True-Up Adjustment Mechanism and Mathematical Formula

True-Up Adjustment Calculation

As provided by the Servicing Agreement, the Servicing Agent will file with the Commission to adjust (each, a "True-Up Request") the DDOT Underground Infrastructure Improvement Charge (the "DDOT Improvement Charge") at least semi-annually on or before March 1 and September 1 of each year; provided, however, that the first True-Up Request will be filed at least 6 months but no more than 12 months after the date of the issuance of the Bonds. True-Up Requests will be filed with the Commission until the principal and interest on the Bonds and all other Ongoing Financing Costs are paid in full. The filing of True-Up Requests semi-annually will be performed by the Servicing Agent on a mandatory basis. In certain circumstances described below, however, the Servicing Agent will be required to file True-Up Requests quarterly rather than semi-annually. In addition, the Servicing Agent may file an interim True-Up Request at any time as more fully described below.

A True-Up Request shall be in the form required by the Financing Order. The date a True-Up Request is filed with the Commission is referred to as an "Adjustment Date."

Semi-annually, the Servicing Agent will file a True-Up Request (i) to correct for any over-collections or under-collections through the date of calculation and collections anticipated to occur through the Adjustment Date, and (ii) to ensure that the expected collections of the DDOT Improvement Charge on and after the Adjustment Date and through the period (the "Calculation Period") ending on the next succeeding Adjustment Date (in the case of semi-annual True-Up Requests, the Calculation Period will be 6 months) are adequate: (a) to pay timely all principal and interest due on the Bonds pursuant to the expected amortization schedule and to accrue for all unpaid debt service through the end of the Calculation Period; (b) to replenish any required reserves with respect to the Bonds; and (c) to make timely payment of all other Ongoing Financing Costs through the end of the Calculation Period (collectively, the "Revenue Requirement").

Following the expected maturity date of the last maturing series or tranche of the Bonds, if any Bonds remain outstanding after such expected maturity date, the Servicing Agent will be required to file quarterly True-Up Requests to adjust the DDOT Improvement Charge to ensure that the Revenue Requirement will be satisfied during the Calculation Period ending on the next Bond payment date.

Additionally, if the District at any time determines that the DDOT Improvement Revenue is insufficient to satisfy the Revenue Requirement and that it would be imprudent to defer an adjustment to the DDOT Improvement Charge until the next mandatory True-Up Request is filed, the District and the Servicing Agent will cooperate such that the Servicing Agent will file an interim True-Up Request with the Commission seeking an interim adjustment to the DDOT Improvement Charge (an "Interim True-Up Adjustment Filing") to ensure that the expected collections of the DDOT Improvement Charge is adequate to satisfy the Revenue Requirement.

To facilitate the District's assessment of the need for an interim True-Up Request, following the occurrence of an event of force majeure (including fire, flood, earthquake, storm, hurricane or other natural disaster, war, act of foreign enemies, terrorism, labor dispute, strike, or lockout) which the Servicing Agent reasonably expects may cause the DDOT Improvement Revenue to be insufficient to satisfy the Revenue Requirement, the Servicing Agent shall provide prompt written notice of such expectation to the District.

All True-Up Requests will be designed to cause (i) the outstanding principal balance of all series or tranches of the Bonds, as applicable, to be equal to the expected balance (based on the expected amortization schedule) with respect to the Bonds; (ii) all debt service accruing on the Bonds through the end of the Calculation Period to be fully paid or provided for; (iii) the amount in any required reserve with respect to the Bonds to be equal to the required reserve level; (iv) any residual or excess funds subaccount to be targeted to be zero by the end of the Calculation Period; and (v) the timely payment of all other Ongoing Financing Costs.

Each True Up Request shall be implemented as follows:

1. At least thirty days prior to each Adjustment Date (the "Calculation Date"), the District shall provide to the Servicing Agent, or cause the Indenture Trustee to provide to the Servicing Agent:
 - (a) The amount on deposit in the Collection Account, as of the most recent date practicable.
 - (b) A schedule showing the Revenue Requirement for the next Calculation Period based on:
 - (i) the projected debt service on the Bonds (amounts due and amounts to be accrued);
 - (ii) any replenishment required to be made to any reserve account and (iii) the timely payment of all other Ongoing Financing Costs during such Calculation Period.
 - (c) Updated information regarding the amounts referred to in clauses (a) and (b) as the Servicing Agent shall reasonably request.
2. The Servicing Agent shall subtract (i) the sum of amounts provided for in step 1(a) above and amounts expected to be collected and remitted based upon the DDOT Improvement Charge then in effect following the Calculation Date from (ii) the Revenue Requirement for the next Calculation Period as provided by the District in step 1(b) above (the result being the "Net Revenue Requirement" for the next Calculation Period).
3. The Servicing Agent shall prepare and provide to the District an update of the electric company customer data and assumptions underlying the calculation of the DDOT Improvement Charge, including projected uncollectable amounts and billing lags for each DDOT Improvement Charge Rate Class.
4. The Servicing Agent shall determine the DDOT Improvement Charge to be allocated to each DDOT Improvement Charge Rate Class (as defined in the Servicing Agreement) during the next Calculation Period by multiplying the Net Revenue Requirement determined in step 2 above by the Class Allocation Factor (as defined below)
5. For each DDOT Improvement Charge Rate Class divide the amount in step 4 above by the forecasted energy billing units (adjusted for each class's projected uncollectable amounts and billing lags as provided to the District in step 3 above) to determine the DDOT Improvement Charge for the next Calculation Period.

In accordance with Section 314(d) of the Act, the DDOT Improvement Charge in any True-Up Request filed with the Commission shall go into effect on the Adjustment Date.

Allocation Methodology

The "Class Allocation Factor" used in each True-Up Request will be the cost allocation factors for each Class used in the most recently approved electric company distribution service base rate case.

**EXHIBIT PEPCO (B)-4
DDOT Improvement Charge Illustrative True Up Rate Design**

	TOTAL	Residential	RAD	RTM	RES - A E	**GS-ND	GS-D-LV	GS-3A	GT-LV	GT-3A	GT-3B	RT	SL/TS	TN
Revenue Requirement	\$14,691,280	\$1,292,511		\$43,077	\$302,872	\$470,972	\$1,712,085	\$2,113	\$7,965,723	\$2,498,067	\$23,451	\$347,213	\$31,021	\$2,174
Allocation Factor		8 80%		0 29%	2 06%	3 21%	11 65%	0 01%	54 22%	17 00%	0 16%	2 36%	0 21%	0 01%
Class Billing Determinants and Rate Calculation														
Forecasted Sales March 2016 - August 2016(kWh)		738,706,333		10,003,701	716,956,459	123,293,873	320,977,485	887,895	2,416,656,098	1,360,895,118	108,051,257	169,738,720	45,479,865	1,336,466
Uncollectible Factor		1 46%		1 46%	1 46%	0 16%	0 00%	0 00%	0 00%	0 00%	0 00%	0 00%	0 00%	0 00%
Amounts Billed and Collected		727,954,564	0	9,858,098	706,521,257	123,096,930	320,977,485	887,895	2,416,656,098	1,360,895,118	108,051,257	169,738,720	45,479,865	1,336,466
Energy (\$/kWhr)		\$0 00178		\$0 00437	\$0 00043	\$0 00383	\$0 00534	\$0 00238	\$0 00330	\$0 00184	\$0 00022	\$0 00205	\$0 00069	\$0 00163
Forecasted Collections	\$14,714,545	\$1,295,759		\$43,080	\$303,804	\$471,461	\$1,714,020	\$2,113	\$7,974,965	\$2,504,047	\$23,771	\$347,964	\$31,381	\$2,178
Rounding Difference	\$23,264	\$3,248		\$3	\$932	\$489	\$1,934	\$0	\$9,242	\$5,980	\$320	\$751	\$360	\$5

**BARNETTE
TESTIMONY**

DISTRICT OF COLUMBIA

**BEFORE THE
PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA
DIRECT TESTIMONY OF JEFFREY BARNETTE
FORMAL CASE NO. 1121**

1 **Q1. Please state your name and position.**

2 A1. My name is Jeffrey Barnette. I am the Deputy Chief Financial Officer and
3 Treasurer of the District of Columbia (the District). I am testifying on behalf of
4 the District.

5 **Q2. What are your responsibilities in your role as Deputy Chief Financial
6 Officer and Treasurer?**

7 A2. Pursuant to section 424(e) of the Home Rule Act, my responsibilities as
8 Deputy Chief Financial Officer and Treasurer include, but are not limited to: (i)
9 heading the Office of Finance and Treasury (OFT); (ii) assisting the Chief
10 Financial Officer in reporting revenues received by the District government,
11 including submitting annual and quarterly reports concerning the cash position of
12 the District government; (iii) supervising and assuming responsibility for
13 financial transactions to ensure adequate control of revenues and resources; and
14 (iv) such other functions assigned to the Chief Financial Officer under the Home
15 Rule Act as the Chief Financial Officer may delegate to me. Practically, my
16 responsibilities entail managing the District's Treasury programs associated with
17 its annual operating budget and capital budget and management of the District's
18 banking and investment activities, check and electronic receipts and
19 disbursements, and debt issuance and repayment activities.

Q3. What is your educational and professional background and experience?

1 A3. Prior to being named Treasurer, I was the Associate Treasurer of Asset
2 Management in OFT. Before joining OFT, I was a Managing Director of the
3 Registered Investment Advisory Firm, Barrier Investments LLC from 2005-
4 2008. Prior to working for Barrier, I was an Investment Portfolio Manager for
5 Capital One Financial from 1998 to 2005. Additionally, I worked for the Student
6 Loan Marketing Association (Sallie Mae), McKenna & Cuneo LLP and NADA
7 Retirement Trust. I have extensive experience with fixed income and pension
8 investment programs. As Treasurer, I represent the District as a member of the
9 National Association of State Treasurers and the Government Finance Officers
10 Association and I am an ex-officio trustee of the DC Retirement Board. I am a
11 graduate of Radford University, where I earned a bachelor's degree in business
12 administration with a concentration in finance.

Q4. Have you previously presented testimony before a regulatory body?

14 A4. No.

Q5. What is the purpose of your testimony?

16 A5. The purpose of my testimony is to support the application of Potomac
17 Electric Power Company (Pepco) for issuance of a Financing Order (as defined in
18 the Act) filed in this proceeding with the Public Service Commission of the
19 District of Columbia (the "Commission") in accordance with the requirements of
20 the *Electric Company Infrastructure Improvement Financing Act of 2014* (the
21 "Act"), D.C. Law 20-102 (effective May 3, 2014). I will briefly describe the
22 proposed terms of the bonds to be issued by the District (the "Bonds") to finance

1 the DDOT Underground Electric Company Infrastructure Improvements (as
2 defined in the Act and referred to herein as the “DDOT Improvements”). My
3 testimony will address the following topics: (i) a summary description of some of
4 the terms of the Bonds that the District will issue following approval of the
5 Financing Order; (ii) why achieving the highest reasonably attainable credit rating
6 for the Bonds, as well as the issuance of all or a portion of the Bonds as tax-
7 exempt obligations, are advantageous to the District and all other District of
8 Columbia electric distribution service customers of Pepco (or any successor
9 electric company), other than Residential Aid Discount (RAD) customers, or
10 customers in a succeeding discount program (collectively with the District, the
11 “Customers”); (iii) the expected requirements to achieve a “AAA” rating on the
12 Bonds; (iv) how the proceeds from the sale of the Bonds will be expended and
13 how they will be invested prior to expenditure by the District Department of
14 Transportation (DDOT), as well as the safeguards designed to ensure that the
15 proceeds are expended only for purposes permitted under the Act; (v) how the
16 DDOT Underground Electric Company Infrastructure Improvement Annual
17 Revenue Requirement (as defined in the Act and referred to herein as the “DDOT
18 Improvement Revenue Requirement”) will be developed, together with estimates
19 of the DDOT Improvement Revenue Requirement for the proposed term of the
20 Bonds; (vi) how the DDOT Underground Electric Company Infrastructure
21 Improvement Revenue (as defined in the Act and referred to herein as the “DDOT
22 Improvement Revenue”) will be invested prior to application by the Indenture
23 Trustee (as defined in the DDOT Property Servicing Agreement (the Servicing

1 Agreement)) to pay Financing Costs (as defined in the Act), and (vii) that the
2 elements of the proposed bond transaction are in compliance with the Act.

3 This testimony and accompanying exhibits were prepared by me or under
4 my direct supervision and control. The source documents for my testimony are
5 District Government and Pepco records, public documents, and my personal
6 knowledge and experience.

7 **Q6. Please describe the purpose of the Bonds.**

8 A6. The Act authorizes the District to issue Bonds to fund the DDOT
9 Underground Electric Company Infrastructure Improvement Activity (as defined
10 in the Act and referred to herein as “DDOT Improvement Activity”), meaning the
11 civil engineering for and the construction and installation of the DDOT
12 Improvements. DDOT Improvements include underground conduits, manholes,
13 and similar facilities, including facilities ancillary to the foregoing, designed and
14 to be constructed by DDOT, and transferred to and maintained by Pepco, for the
15 exclusive use of Pepco in the distribution of electricity within the District of
16 Columbia. DDOT will undertake the construction of the improvements in
17 connection with Pepco’s placing of certain particularly vulnerable electric power
18 lines and their ancillary facilities underground, so as to increase the reliability of
19 the electric distribution system in the District of Columbia. The DDOT
20 Underground Electric Company Infrastructure Improvement Costs (as defined in
21 the Act and referred to herein as the “DDOT Improvement Costs”) financed with
22 the proceeds of the Bonds will be the costs of DDOT Improvement Activity
23 approved by the Commission in the Triennial Underground Infrastructure

1 Improvement Projects Plan dated June 17, 2014 (the Triennial Plan) and such
2 additional activities as may be approved by the Commission in subsequent
3 triennial Underground Infrastructure Improvement Projects Plans (as defined in
4 the Act) submitted by Pepco and DDOT, jointly, pursuant to Section 307(a) of the
5 Act. Prior to the issuance of the Bonds, however, the Act requires the
6 Commission to review the Application of Pepco for issuance of a Financing Order
7 and issue a Financing Order authorizing and setting forth, among other things, the
8 creation of the DDOT Underground Electric Company Infrastructure
9 Improvement Property (as defined in the Act and referred to herein as the “DDOT
10 Improvement Property”) and the imposition, billing and collection of the DDOT
11 Underground Electric Company Infrastructure Improvement Charge (as defined in
12 the Act and referred to herein as the “DDOT Improvement Charge”) to meet the
13 DDOT Improvement Revenue Requirement needed to pay Financing Costs, as
14 defined in the Act.

15 **Q7. Please provide an overview of the legal parameters applicable to the Bonds**
16 **that the District will issue to fund the DDOT Improvements and the DDOT**
17 **Improvement Activity.**

18 A7. Pursuant to the Act, the District is authorized to issue the Bonds in a total
19 par amount not to exceed \$375 million. The Act authorizes recovery of amounts
20 sufficient to pay the principal, premium, if any, interest and expenses associated
21 with the Bonds through the DDOT Improvement Revenue which is the aggregate
22 of all receipts, collections, payments, monies, claims or other proceeds derived
23 from the DDOT Improvement Charge. The Bonds will be payable solely from the

1 DDOT Improvement Revenue which will be collected by Pepco, as Servicing
2 Agent, in an agency capacity, remitted to the Collection Account and pledged by
3 the District for the benefit of the bondholders. The Bonds will be revenue bonds
4 issued pursuant to the Act and Section 490 of the Home Rule Act and, thus, will
5 be special limited obligations of the District. The Bonds will not be general
6 obligations of the District, will not constitute a pledge of or involve the faith and
7 credit or taxing power of the District, and will not constitute lending of the public
8 credit for private undertakings for purposes of the Home Rule Act.

9 **Q8. Please discuss the pledge of the DDOT Improvement Charge, the DDOT**
10 **Improvement Revenue and the DDOT Improvement Property as security for**
11 **the repayment of the Bonds.**

12 A8. For so long as the Bonds are outstanding and the related DDOT
13 Improvement Costs and the related Financing Costs have not been paid in full,
14 pursuant to Section 305(c) of the Act, the DDOT Improvement Charge will be
15 non-bypassable and will apply to the Customers. The DDOT Improvement
16 Revenue (comprised of the cumulative DDOT Improvement Charge collected and
17 investment income derived therefrom) is irrevocably pledged as security for the
18 repayment of the Bonds and any other Financing Costs pursuant to Section 203(b)
19 of the Act. The Bonds will be secured by a first priority statutory lien on all the
20 DDOT Improvement Property (which includes DDOT Improvement Revenue and
21 investment income therefrom) as provided in Section 204(j)(1) of the Act. Under
22 Section 204(j)(2) of the Act, any pledge made and security interest granted in the
23 DDOT Improvement Property created in respect of the Bonds, or pursuant to any

1 related financing document, will be valid, binding, and perfected from the time
2 the security interest is created, with or without physical delivery of any funds or
3 any property and with or without any further action. Section 204(j)(3) of the Act
4 provides that the lien of the pledge is valid, binding, and perfected as against all
5 parties having any claim of any kind in tort, contract, or otherwise against the
6 District, whether or not such party has notice. Moreover, Section 204(j)(4) of the
7 Act, establishes that the security interest granted in the DDOT Improvement
8 Property is valid, binding, and perfected whether or not any statement, document,
9 or instrument relating to the security interest is recorded or filed.

10 **Q9. Please describe the key characteristics of the Bond issuance.**

11 A9. The District expects to issue up to \$375 million in par amount of fixed-
12 rate Bonds to finance a portion of the DDOT Improvement Costs. It is anticipated
13 that all of the Bonds will be issued in the first half of 2015. To ensure compliance
14 with Internal Revenue Code rules and regulations governing the issuance of tax-
15 exempt bonds, the transaction may consist of two series of bonds -- one tax-
16 exempt and the other taxable -- to be issued concurrently. The District plans to
17 structure the bond issue to reduce all-in borrowing costs in order to benefit the
18 Customers. To do so, the District will attempt to secure the highest reasonably
19 attainable credit rating for the Bonds, which is currently targeted to be a "AAA"
20 rating. All Bonds are expected to be amortized over 30 years or less from their
21 date of issuance. It is anticipated that the Bonds will be issued and sold to capital
22 market bond investors in one or more maturities, each having a distinct principal
23 amount, amortization schedule, and interest rate. The form, repayment schedule,

1 classes, number of credit ratings, and other characteristics of the Bonds, will be
2 determined by the District at the time of pricing.

3 **Q10. Is a particular rating for the bonds desired?**

4 A10. Yes. A bond rating is a rating agency's estimation of the likelihood that
5 an investor will be paid its timely interest and ultimate principal. The desired
6 rating for the Bonds is the highest reasonably attainable rating available for the
7 Bonds, which is currently a "AAA" rating. Based upon credit ratings assigned to
8 previous bond issuances with characteristics similar to the Bonds, as of today, a
9 "AAA" rating seems reasonably attainable. In any event, the assignment of
10 ratings to the Bonds is in the sole discretion of the rating agency. The District
11 expects to seek ratings on the Bonds from two rating agencies.

12 **Q11. Why is it advantageous for the Bonds to be "AAA"-rated?**

13 A11. With a "AAA" rating, the investors in the Bonds should be willing to
14 accept a lower yield on their investments. Lower yields will reduce the costs of
15 financing the DDOT Improvements which is expected to result in a lower DDOT
16 Improvement Charge, thereby lowering the cost to the Customers.

17 **Q12. What is anticipated to be required to receive such a rating on the Bonds?**

18 A12. In assigning their ratings, national rating agencies take into account many
19 different factors including, in the case of the Bonds, the requirement and
20 frequency of the True-Up Request (as defined in the Servicing Agreement) for the
21 DDOT Improvement Charge, the irrevocability of the Commission's Financing
22 Order, the maturity of the Bonds, the non-bypassable nature of the DDOT
23 Improvement Charge, the District's non-impairment pledge, the nature of the

1 security interest granted in the DDOT Improvement Revenue, the servicing
2 arrangements, and the bankruptcy-remote nature of the District. Set forth below
3 are descriptions of some of the relevant factors described above, believed to be
4 material to the rating agencies. Such factors are also addressed in the proposed
5 Financing Order, with the exception of the bankruptcy-remote nature of the
6 District which is statutory.

- 7 • True-up Mechanism: The principal credit enhancement for the Bonds will
8 be the true-up mechanism established in accordance with Section 314 of
9 the Act. The true-up mechanism is a periodic adjustment to the DDOT
10 Improvement Charge which accounts for any previous or projected over or
11 under collections of the DDOT Improvement Charge so that the amount
12 collected is sufficient to satisfy the DDOT Improvement Revenue
13 Requirement. The proposed Financing Order provides that the DDOT
14 Improvement Charge be adjusted semiannually (or quarterly, in the event
15 that any principal of the Bonds remains outstanding after the final
16 expected maturity of the Bond issue, as provided therein) using the true-up
17 mechanism set forth in the Servicing Agreement. In addition, if the
18 District, at any time, determines that the DDOT Improvement Revenue is
19 insufficient to satisfy the DDOT Improvement Revenue Requirement and
20 that it would be imprudent to defer an adjustment until the next mandatory
21 True-Up Request, the District and the Servicing Agent will cooperate such
22 that the Servicing Agent may file an interim True-Up Request. Please see
23 A28 for more detail regarding the true-up mechanism.

- 1 • Irrevocability of Financing Order: Consistent with Section 304 of the Act,
2 the Financing Order will be irrevocable and the Commission may not
3 reduce, impair, or terminate the DDOT Improvement Property approved in
4 the Financing Order or impair the collection or recovery of the DDOT
5 Improvement Charge or the DDOT Improvement Revenue. The
6 Financing Order should further confirm, consistent with Section 314(e) of
7 the Act, that no schedule applying the True-Up Adjustment to the DDOT
8 Improvement Charge that has been approved in the Financing Order will
9 in any way affect the irrevocability of the Financing Order approved
10 pursuant to Section 301(c) of the Act.
- 11 • Expected Maturity and Legal Final Maturity: Unlike corporate bonds with
12 fixed, date-certain maturities, this type of bond issue is structured to allow
13 for flexibility with respect to the timing of principal repayment for each
14 bond comprising the bond issue, depending upon the collections of the
15 revenues securing the bonds. In lieu of a single fixed maturity date, these
16 bonds schedule amortization resulting in payment by an “expected”
17 maturity, the date when principal is expected to be repaid, and then specify
18 a “legal final” maturity, the date following the expected maturity date by
19 which all principal is legally due. Typically, the legal final maturity of
20 each bond may be up to two years beyond the expected maturity of such
21 bond.

- Non-bypassability:

1 (a) Consistent with Section 305(c) of the Act, the Financing Order
2 should confirm that so long as any Bonds remain outstanding and
3 the related DDOT Improvement Costs and related Financing Costs
4 have not been paid in full, the DDOT Improvement Charge will be
5 non-bypassable and will apply to all of the Customers.

6 (b) Consistent with Section 209(f) of the Act, the Financing Order
7 should confirm that any successor to the electric company will
8 perform and satisfy all obligations of, and have the same rights and
9 obligations as, Pepco under the Financing Order. In addition, as
10 required by Section 301(a)(9) of the Act, the Financing Order will
11 require any successor to Pepco, as Servicing Agent, whether
12 pursuant to any reorganization, bankruptcy, or other insolvency
13 proceeding, any merger or acquisition, sale or other business
14 combination, or transfer by operation of law, as a result of utility
15 restructuring or otherwise, to perform and satisfy all obligations of
16 Pepco, as Servicing Agent, under the Servicing Agreement and the
17 Financing Order in the same manner and to the same extent as
18 Pepco, including billing, collecting and remitting to the Collection
19 Account the revenues, collections, payments, or proceeds of the
20 DDOT Improvement Charge.

21 (c) The Financing Order should further provide that (i) regardless of
22 who is responsible for billing, the Customers will continue to be

1 responsible for the DDOT Improvement Charge; (ii) if a third party
2 meters and bills for the DDOT Improvement Charge, the electric
3 company (as Servicing Agent) must have access to information on
4 billing and usage by the Customers to provide for proper reporting
5 to the District and to perform its obligations as Servicing Agent;
6 (iii) in the case of a third party default, billing responsibilities must
7 be promptly transferred to another party to minimize potential
8 losses; and (iv) the failure of a Customer to pay the DDOT
9 Improvement Charge will allow service termination by the electric
10 company of such Customer, in accordance with Commission-
11 approved service termination rules and orders and the electric
12 company's customary billing practices and procedures. To ensure
13 that the highest reasonably attainable credit ratings on the Bonds
14 will be achieved, the Commission should provide in the Financing
15 Order that the DDOT Improvement Charge will be billed and
16 collected in a manner that will not adversely affect or result in a
17 downgrade or withdrawal of the then-current ratings on the Bonds.

- 18 • District Non-Impairment Pledge: Consistent with Section 204(h) of the
19 Act, the Financing Order should acknowledge that the District will not
20 limit or alter the DDOT Improvement Revenue pledged to secure the
21 Bonds or the basis on which the DDOT Improvement Revenue is
22 collected, will not take any action to impair the contractual obligations of
23 the District to fulfill the terms of any agreement made with the holders of

1 the Bonds, until the Bonds, together with interest on the Bonds and all
2 costs and expenses in connection with any suit, action, or proceeding by or
3 on behalf of the holders of the Bonds, are fully met and discharged. The
4 Financing Order should further acknowledge, consistent with Section
5 204(h) of the Act, that the District is required to include the above-
6 described pledge in any contract with the holders of the Bonds.

- 7 • Security Interest: Consistent with Section 201(b) of the Act, the Financing
8 Order should acknowledge that a valid and binding security interest in the
9 DDOT Improvement Revenue collected, wherever held or deposited and
10 whether having been remitted to the Collection Account or not, will
11 automatically be pledged at the time of receipt to the repayment of the
12 Bonds pursuant to the Act and the Indenture (as defined in the Servicing
13 Agreement). The Financing Order should further acknowledge, as
14 provided by Section 210 of the Act, that the District's interest in the
15 DDOT Improvement Property will be effective and perfected against all
16 third parties and will not be affected or impaired, by, among other things,
17 (a) the commingling of DDOT Improvement Charge or DDOT
18 Improvement Revenue with other amounts, (b) any recourse Pepco, as
19 Servicing Agent or as the electric company, may have against the District,
20 (c) the obligation of Pepco, as Servicing Agent, to collect DDOT
21 Improvement Revenue and to remit the same to the Collection Account,
22 and (d) any subsequent order of the Commission amending the Financing
23 Order pursuant to the Act.

- 1 • Servicing Arrangements: Consistent with Section 201(c) of the Act, the
2 Financing Order must provide that Pepco, as Servicing Agent, will collect
3 and remit to the Collection Account payments received by Pepco, as
4 Servicing Agent, for the DDOT Improvement Revenue, promptly
5 following receipt of such payments in accordance with the terms and
6 provisions of the Servicing Agreement.
- 7 • Ineligibility of the District to file for Federal Bankruptcy Protection: The
8 District is ineligible to file for protection under Chapter 9 of the federal
9 bankruptcy code.

10 **Q13. Please describe the purpose for the reserve account.**

11 A13. The reserve account will be held by the Indenture Trustee under the
12 Indenture. Amounts on deposit in the reserve account will provide funds to pay
13 (i) debt service on the Bonds and (ii) certain Ongoing Financing Costs, as set
14 forth in the Indenture. DDOT Improvement Revenue collections may vary due to
15 many possible factors, including weather conditions, higher or lower projected
16 versus actual energy usage, higher or lower delinquencies, and customer changes.
17 The existence of a reserve account will provide a liquid source of funds so that
18 payment of debt service will not be interrupted in the event of insufficient DDOT
19 Improvement Revenue. Reserve accounts are typically required by rating
20 agencies in comparable securitizations for bonds to receive the highest reasonably
21 attainable credit ratings and have typically been sized to an amount equal to
22 0.50% of the initial par amount of the bonds. The final funding requirement for
23 the reserve account will be determined based on rating agency feedback regarding

1 what is required to achieve the targeted rating. The reserve account may be used
2 to pay all or a portion of the final debt service payment on the Bonds, if funds are
3 otherwise sufficient to meet all remaining outstanding payment obligations under
4 the Indenture.

5 **Q14. Why may the issuance of the Bonds as tax-exempt bonds be advantageous?**

6 A14. Issuing the Bonds with interest that is exempt from federal income
7 taxation will result in lower costs compared to a taxable transaction because the
8 holders of the Bonds will not be required to include interest payments they
9 receive on the Bonds as gross income on their federal, and certain state, income
10 tax returns. Interest earned on taxable bonds is included in the gross income of
11 the holders and is subject to federal and state income taxation. Investors in tax-
12 exempt bonds should, therefore, be willing to accept a lower yield on their
13 investment. The result is that taxable bonds typically provide a higher yield to
14 investors than tax-exempt bonds, in order to provide a comparable after tax return
15 to the holder, relative to a tax-exempt bond. The result of the more favorable tax-
16 exempt rates would be a lower DDOT Improvement Charge for each of the
17 Customers.

18 **Q15. Why might the District determine to issue a portion of the Bonds on a taxable**
19 **basis?**

20 A15. The District may determine to issue a portion of the Bonds as taxable due
21 to the restrictions imposed on tax-exempt bonds and bond proceeds in the Internal
22 Revenue Code rules and regulations, including limitations on (i) the investment of

1 tax-exempt bond proceeds and (ii) the amount of time within which tax-exempt
2 bond proceeds are required to be expended.

3 **Q16. What is the amount of anticipated net proceeds from the Bonds that will be**
4 **available to fund the DDOT Improvements and DDOT Improvement**
5 **Activity?**

6 A16. The anticipated net proceeds from the sale of the Bonds will be \$375
7 million. The District expects to issue Bonds in a principal amount sufficient to
8 fund (i) \$375 million of DDOT Improvements and DDOT Improvement Activity,
9 (ii) the amount to be deposited to the reserve account (currently expected to be
10 0.50% of the initial par amount of the Bonds), and (iii) Upfront Financing Costs.
11 DC Exhibit (A)-1 presents an estimated Sources and Uses Table for the proposed
12 financing, based on current market conditions.

13 **Q17. Please discuss how the proceeds from the sale of the Bonds will be applied**
14 **and invested.**

15 A17. The proceeds from the sale of the Bonds will be disbursed by the
16 Indenture Trustee to (i) DDOT to finance the design and construction costs of the
17 DDOT Improvements; (ii) pay Upfront Financing Costs; and (iii) fund any
18 required reserve account deposits. Prior to application by DDOT, the proceeds
19 from the Bonds will be held in trust by the Indenture Trustee and invested in
20 lawfully permitted investments, as provided in the Indenture.

1 **Q18. Please discuss the safeguards that will be established to ensure that the**
2 **proceeds of the Bonds are used only for purposes permitted under the Act.**

3 A18. Proceeds of the Bonds will be deposited with the Indenture Trustee in a
4 segregated account (separate and distinct from the Collection Account (as
5 hereinafter defined)) and disbursed by the Indenture Trustee solely upon receipt
6 of a requisition form completed by DDOT, and approved by the Treasurer of the
7 District (or his designee) certifying that expenditures have been made for goods
8 and services that constitute DDOT Improvements.

9 **Q19. Please discuss how the DDOT Improvement Revenue will be held and**
10 **invested by the Indenture Trustee until needed to pay the Financing Costs**
11 **associated with the Bonds.**

12 A19. Upon receipt from Pepco, as Servicing Agent, the Indenture Trustee will
13 be required to hold the DDOT Improvement Revenue in trust for the benefit of the
14 holders of the Bonds. The Indenture will provide that the Indenture Trustee will
15 establish a segregated trust account which will be the DDOT Underground
16 Electric Company Infrastructure Improvement Fund created pursuant to Section
17 201(a)(1) of the Act (the Collection Account). Pursuant to Section 201(c) of the
18 Act, all DDOT Improvement Revenue will be remitted by the Servicing Agent
19 promptly upon receipt in accordance with the Servicing Agreement for deposit
20 into the Collection Account. Pursuant to the terms of the Indenture, the DDOT
21 Improvement Revenue deposited in the Collection Account will be invested or
22 reinvested by the Indenture Trustee in short-term, high quality, lawfully permitted

1 investments or held uninvested in cash prior to application, as directed by the
2 District.

3 **Q20. What are the anticipated Upfront Financing Costs for the Bond issuance?**

4 A20. In accordance with Section 101(43) of the Act, the Upfront Financing
5 Costs will include the expenses associated with the structuring, marketing, and
6 issuance of the Bonds. Upfront Financing Costs will be paid with the proceeds of
7 the Bonds. Pursuant to the Act and the proposed Financing Order, Upfront
8 Financing Costs may include, among other items, the underwriting discount,
9 rating agency fees, accounting fees, printing and marketing expenses, legal fees,
10 financial advisor fees, any Indenture Trustee set-up fees and the funding of one or
11 more reserve accounts. Attached as DC Exhibit (A)-2 is a detailed listing of the
12 anticipated Upfront Financing Costs. The Upfront Financing Costs will be more
13 specifically set forth and estimated in the issuance advice letter filed by the
14 District with the Commission on the business day after the sale of the Bonds in
15 accordance with Section 303(d) of the Act (the Issuance Advice Letter), the form
16 of which is attached to the proposed Financing Order as Appendix B. The list of
17 Upfront Financing Costs also includes a line item for the financial advisor that
18 may be engaged by the Commission.

19 **Q21. Are the Upfront Financing Costs fair and reasonable?**

20 A21. Yes, the Upfront Financing Costs are fair and reasonable. Each of the
21 third party consultants, attorneys and finance professionals were subject to a
22 competitive selection process by the District and the costs of the services are
23 representative of similarly sized utility securitizations, with similar levels of

1 complexity. Attached as DC Exhibit (A)-3 is a schedule demonstrating the
2 approximate upfront transaction costs incurred with respect to six recently closed
3 utility securitization transactions of similar size, two of which involved municipal
4 issuers. The Issuance Advice Letter will specify the estimated Upfront Financing
5 Costs. The final Upfront Financing Costs will be determined by the District in its
6 discretion.

7 **Q22. What are the anticipated Ongoing Financing Costs for the Bond issuance?**

8 A22. In accordance with Section 101(35) of the Act, in addition to debt service
9 payments on the Bonds, Ongoing Financing Costs include (i) any payment
10 required under an ancillary agreement; (ii) any amount required to fund or
11 replenish a reserve account or other account established under any indenture, trust
12 agreement, ancillary agreement, or other financing document relating to the
13 Bonds; (iii) any federal, state, or local taxes, payments in lieu of taxes, franchise
14 fees, or license fees imposed on the DDOT Improvement Revenue; and (iv) any
15 costs related to administering and servicing the DDOT Improvement Property and
16 the Bonds, including, without limitation, costs of calculating adjustments to the
17 DDOT Improvement Charge, the Servicing Fee (as defined in the Servicing
18 Agreement) and any expenses of the Servicing Agent, fees and expenses of the
19 Indenture Trustee, legal fees and expenses, accounting fees and expenses,
20 administrative fees and expenses, placement fees, underwriting fees, fees and
21 expenses of the District's or the Commission's advisors and outside counsel, if
22 any, rating agency fees, and any other related costs not paid from the proceeds of
23 the Bonds. However, most Ongoing Financing Costs will not be known until

1 after the Bonds are issued, and certain Ongoing Financing Costs may vary over
2 time. In any event, attached as DC Exhibit (A)-4 is a detailed listing of the
3 anticipated Ongoing Financing Costs, estimated for the first year following the
4 issuance of the Bonds. Also, attached as DC Exhibit (A)-5 is a schedule
5 demonstrating the approximate ongoing transaction costs incurred with respect to
6 six recently closed utility securitization transactions of similar size, two of which
7 involved municipal issuers.

8 **Q23. Are there any limitations on the Servicing Fee in the event a Successor**
9 **Servicing Agent (as defined in the Servicing Agreement) is appointed?**

10 A23. If Pepco (or any successor) is required to be replaced as Servicing Agent,
11 the Successor Servicing Agent (if unrelated to Pepco or its successor) may be paid
12 a fee which will not exceed 0.75% per annum of the original par amount of the
13 Bonds, unless a higher Servicing Fee is approved by the Commission. The
14 removal and resignation of the Servicing Agent are each addressed in the Direct
15 Testimony of Pepco Witness McGowan (PEPCO (A)).

16 **Q24. How is the DDOT Improvement Revenue Requirement structured?**

17 A24. The DDOT Improvement Revenue Requirement is structured based upon
18 generally level annual debt service on the Bonds, plus all other Ongoing
19 Financing Costs, to achieve a generally level DDOT Improvement Revenue
20 Requirement.

Q25. What are the estimated DDOT Improvement Revenue Requirements for the Bonds, the basis of such estimates, and factors that may result in actual results being different from estimated results?

1 A25. The DDOT Improvement Revenue Requirement is determined by taking
2 into account (i) the required debt service on the Bonds (ii) the amount required to
3 replenish the reserve account for the Bonds, and (iii) all other Ongoing Financing
4 Costs as described in A22 above. The DDOT Improvement Revenue
5 Requirements set forth in DC Exhibit (A)-6 are based upon the following
6 assumptions and the uses of proceeds described in A16 hereof:

- 7 • Credit Ratings: Assignment of credit ratings of “AAA” to the Bonds by
8 the rating agencies assigning a rating to the Bonds;
- 9 • Tax-Exempt and Taxable Bonds: The issuance of tax-exempt and taxable
10 bonds, bearing a fixed rate of interest, producing net proceeds applied to
11 DDOT Improvement Costs of approximately \$184 million and \$191
12 million, respectively. The District will issue tax-exempt and taxable
13 bonds in principal amounts that result, at the time of sale, in the lowest
14 DDOT Improvement Revenue Requirement that still permits the District
15 to comply with the requirements for use of tax-exempt bonds and provides
16 the required degree of management flexibility;
- 17 • Maturity: The Bond issuance has an expected maturity of 2033 and a
18 legal final maturity of 2035, and the Bonds are structured to provide an
19 approximately level DDOT Improvement Revenue Requirement;

- 1 • Market Conditions: Bond market conditions as of July 16, 2014, resulting
2 in an estimated cost of debt of 3.55%.

3 **Q26. How will the Bonds be repaid?**

4 A26. The Bonds will be repaid solely through the imposition and billing of the
5 DDOT Improvement Charge and the collection of the DDOT Improvement
6 Revenue from the Customers. The Direct Testimony of PEPCO Witness
7 McGowan (Pepco (A)) addresses the Servicing Agreement by which Pepco, as
8 Servicing Agent, will bill and collect the DDOT Improvement Charge and remit
9 the DDOT Improvement Revenue to the Collection Account. The details of the
10 DDOT Improvement Charge and its allocation among the Customers are
11 addressed in the Direct Testimony of Pepco Witness Janocha (PEPCO (B)).

12 **Q27. What will occur if the amount of DDOT Improvement Revenue exceeds the**
13 **DDOT Improvement Revenue Requirement for any collection period?**

14 A27. The true-up mechanism will require that, if, at the end of any true-up
15 period following the issuance of the Bonds, the value of cash and investments in
16 the Collection Account exceeds the amount of all payments authorized by the Act,
17 including amounts required to replenish previous draws on the reserve accounts
18 during the upcoming true-up period, the excess will be used to reduce the future
19 DDOT Improvement Charge imposed on the Customers. Any over-collection
20 remaining once the Bonds are retired will be credited to the then-current
21 Customers in the form of a credit to rates allocated in the same manner as the
22 DDOT Improvement Charge was assessed. Please see the Direct Testimony of

1 Pepco Witness Janocha (PEPCO (B)) for more detail regarding the true-up
2 mechanism.

3 **Q28. Please describe the way in which the District proposes to implement the true-**
4 **up mechanism.**

5 A28. The principal credit enhancement for the Bonds will be the true-up
6 mechanism authorized by Section 314 of the Act, the proposed Financing Order
7 and as described in the Servicing Agreement (the True-Up Mechanism). The
8 True-Up Mechanism is the methodology by which periodic adjustments to the
9 DDOT Charge are implemented.

10 Pursuant to Section 4.02 of the Servicing Agreement, the District will
11 require that the Servicing Agent file for adjustment of the DDOT Improvement
12 Charge, using the True-Up Mechanism, semiannually to provide for the timely
13 payment of the Bonds and other Ongoing Financing Costs, and quarterly, in the
14 event that any principal of the Bonds remains outstanding after the final expected
15 maturity of the Bond issue. Pepco (or its successor), as Servicing Agent, will file
16 with the Commission a request for approval of a schedule applying the True-Up
17 Mechanism to the then effective DDOT Improvement Charge in accordance with
18 Section 314 of the Act and the Servicing Agreement (as heretofore defined, a
19 “True-Up Request”). In addition, if the District, at any time, determines that the
20 DDOT Improvement Revenue is insufficient to satisfy the DDOT Improvement
21 Revenue Requirement and that it would be imprudent to defer an adjustment until
22 the next mandatory True-Up Request, the District and the Servicing Agent will
23 cooperate such that the Servicing Agent may file an interim True-Up Request. To

1 facilitate the District's assessment of the need for an interim True-Up Request,
2 following the occurrence of an event of force majeure which the Servicing Agent
3 reasonably expects may cause the DDOT Improvement Revenue to be insufficient
4 to satisfy the DDOT Improvement Revenue Requirement, the Servicing Agent
5 shall provide prompt written notice to the District of such expectation.

6 The form of a True-Up Request is attached as Annex IV to the Servicing
7 Agreement. The True-Up Request will include all of the information and exhibits
8 required by Section 314(b) of the Act. As provided in Section 314(c) of the Act,
9 the Commission's review of a True-Up Request will be limited to a determination
10 of whether there is any mathematical error in the application of the True-Up
11 Mechanism to the DDOT Improvement Charge. The DDOT Improvement
12 Charge set forth in a True-Up Request will take effect, subject to adjustment, on
13 the date the True-Up Request is filed with the Commission.

14 In all cases there will be no cap on the DDOT Improvement Charge
15 resulting from the application of the True-Up Mechanism. The True-Up
16 Mechanism will help ensure the timely and full payment of the Bonds and other
17 Financing Costs, thus enhancing their credit quality and helping to assure that the
18 Bonds obtain the highest reasonably attainable credit rating. Please see the
19 Servicing Agreement, particularly Annex III (True-Up Adjustment Mechanism
20 and Mathematical Formula) for further detail regarding the true-up mechanism.

21 **Q29. Does this conclude your testimony?**

22 A29. Yes, it does.

AFFIDAVIT

City of Washington)
District of Columbia) ss:

Before me, the undersigned Notary Public in and for the City of Washington, District of Columbia, this day personally appeared Jeffrey Barnette, Deputy Chief Financial Officer and Treasurer of the District of Columbia, to me personally known, who stated under oath that the foregoing testimony was prepared by him or under his direct supervision and control; that he has knowledge of the matters set forth in said testimony; and that such matters are true and correct to the best of his knowledge, information, and belief.

Subscribed and sworn to before me this 31st day of July, 2014 in the City of Washington, District of Columbia.



Joshua I. Fitzsimon
Notary Public

My Commission expires: February 14, 2019



**EXHIBIT DC Exhibit (A)-1
EXPECTED SOURCES AND USES**

	<u>Total</u>
Sources	
Par Amount	\$357,330,000
Premium	\$24,267,821
Total Sources	\$381,597,821
Uses	
DDOT Improvement Costs	\$375,000,000
Debt Service Reserve Subaccount	1,786,650
Upfront Financing Costs / Cost of Issuance	4,802,670
Contingency	\$8,501
Total Uses	\$381,597,821

**EXHIBIT DC Exhibit (A)-2
ESTIMATED UPFRONT FINANCING COSTS**

	<u>Total</u>
Bond Counsel, Transaction Counsel, Disclosure Counsel and Underwriters' Counsel Legal Fees and Expenses	\$1,500,000
Printing and Filing Fees	30,000
Rating Agency Fees (two agencies)	339,464
Underwriting and Structuring Fee and Expenses	1,958,206
Upfront Trustee's / Trustee Counsel's Fees and Expenses	25,000
Accountant's / Auditor's Fees	200,000
Financing Advisor Fees and Expenses (District)	500,000
Financing Advisor Fees and Expenses (PSC)	200,000
Miscellaneous	50,000
Total	\$4,802,670

**EXHIBIT DC Exhibit (A)-3
UPFRONT FINANCING COSTS FOR RECENT RRB TRANSACTIONS**

	<i>Dec-13</i> Long Island Power Authority (\$2022mm)	<i>Nov-13</i> AEP West Virginia (\$380mm)	<i>Jul-13</i> AEP Ohio (\$267mm)	<i>Jun-13</i> First Energy (\$445mm)	<i>Sep-11</i> Entergy Louisiana (\$207mm)	<i>Jun-04</i> State of Connecticut \$205mm
Rating Agency Fees	\$1,500,000	\$370,793	\$300,000	\$545,029	\$406,000	\$352,673
Trustee Fee and Trustee Counsel's Fees and Expenses	28,500	14,000	9,000	41,000	35,000	8,250
Printing and Filing Fees	30,000	30,000	20,000	245,000	15,000	30,000
SEC Registration Fees	NA	49,202	37,919	68,882	24,051	NA
Accountant's / Auditor's Fees	114,000	170,000	170,000	200,000	200,000	46,550
Legal Fees and Expenses for Issuer's and Underwriters' Counsel	2,970,000	1,723,000	1,674,500	4,426,670	1,085,000	1,134,434
Financing Advisor(s) Fees and Expenses	310,000	200,000	500,000	650,000	550,000	60,000
Company Advisor Fees and Expenses	NA	NA	50,000	NA	NA	NA
Underwriting Fees and Expenses	10,376,186	1,521,200	903,132	2,224,610	725,046	720,567
Structuring Advisor Fee	NA	NA	NA	320,000	NA	500,000
Fees and Expenses of Verification Agent	8,000	NA	NA	NA	NA	NA
Services Set-up Costs	50,000	50,000	NA	300,000	100,000	125,000
BondCo / SPE Set-Up Costs	NA	20,000	NA	NA	6,000	NA
Contingency	NA	NA	NA	NA	NA	97,722
Miscellaneous (including 17g-5 website, OID, etc)	195,000	127,222	75,844	30,000	196,204	1,500
Total	\$15,581,686	\$4,275,417	\$3,740,395	\$9,051,191	\$3,342,301	\$3,076,696

**EXHIBIT DC Exhibit (A)-4
ESTIMATED ONGOING FINANCING COSTS**

	<u>Total</u>
Ongoing Servicer Fee and Expenses	\$267,998
Administration Fees and Expenses	10,000
Trustee Fees and Expenses	10,000
Legal Fees and Expenses	15,000
Accounting Fees	75,000
Rating Agency Fees (two agencies)	35,750
Miscellaneous	10,000
Total	\$423,748

**EXHIBIT DC Comparative Upfront Financing Costs – DC Exhibit (A)-5
ONGOING FINANCING COSTS FOR RECENT RRB TRANSACTIONS**

	<i>Dec-13</i> Long Island Power Authority (\$2022mm)	<i>Nov-13</i> AEP West Virginia (\$380mm)	<i>Jul-13</i> AEP Ohio (\$267mm)	<i>Jun-13</i> First Energy (\$445mm)	<i>Sep-11</i> Entergy Louisiana (\$207mm)	<i>Jun-04</i> State of Connecticut \$205mm
Ongoing Servicer Fee and Expenses	\$1,021,162	\$190,150	\$267,408	\$444,922	\$145,000	\$300,000
Administration Fees and Expenses	110,000	100,000	50,000	100,000	100,000	NA
True-Up Administration Fees	NA	NA	NA	NA	75,000	NA
Trustee Fees and Expenses	14,000	10,000	3,000	15,000	10,000	4,900
Legal Fees	35,000	30,000	45,000	50,000	50,000	NA
Accounting Fees	75,000	75,000	75,000	150,000	85,000	NA
Independent Manager's Fees	NA	5,000	5,000	20,000	5,000	NA
Rating Agency Fees	45,000	35,000	35,000	60,000	37,500	15,000
Reporting and Filing Fees	10,000	2,500	2,500	2,500	NA	NA
D&O Insurance Fees	405,000	NA	NA	NA	NA	NA
Return on Capital Account	NA	111,238	71,398	189,523	NA	NA
Dealers in Intangible Tax	NA	NA	NA	22,134	NA	NA
Miscellaneous	20,000	15,000	26,602	5,000	50,000	NA
Total	\$1,735,162	\$573,888	\$580,908	\$1,059,079	\$557,500	\$319,900

**EXHIBIT DC Exhibit (A)-6
Expected Revenue Requirement**

			<table border="1"> <tr> <td align="center">A</td> <td align="center">B</td> <td align="center">C</td> <td align="center">D = A + B + C</td> </tr> </table>				A	B	C	D = A + B + C
A	B	C	D = A + B + C							
	Principal	Interest	Debt Service Reserve Fund*	Total Net Debt Service	Plus: Servicing Fee (7.5 bps)	Ongoing Financing Costs (Excl. Servicing)	Net Revenue Requirement			
Mar-15 (closing)										
Jul-15	-	-	-	-	-	-	-			
Jan-16	10,000,000.00	10,594,844.17	-	\$ 20,594,844.17	\$ 223,331.25	\$ 129,791.67	\$ 20,947,967.09			
Jul-16	8,150,000.00	6,329,406.50	-	\$ 14,479,406.50	133,998.75	77,875.00	\$ 14,691,280.25			
Jan-17	8,175,000.00	6,306,994.00	-	\$ 14,481,994.00	133,998.75	77,875.00	\$ 14,693,867.75			
Jul-17	8,210,000.00	6,268,571.50	-	\$ 14,478,571.50	133,998.75	77,875.00	\$ 14,690,445.25			
Jan-18	8,250,000.00	6,229,984.50	-	\$ 14,479,984.50	133,998.75	77,875.00	\$ 14,691,858.25			
Jul-18	8,305,000.00	6,176,772.00	-	\$ 14,481,772.00	133,998.75	77,875.00	\$ 14,693,645.75			
Jan-19	8,355,000.00	6,123,204.75	-	\$ 14,478,204.75	133,998.75	77,875.00	\$ 14,690,078.50			
Jul-19	8,435,000.00	6,044,250.00	-	\$ 14,479,250.00	133,998.75	77,875.00	\$ 14,691,123.75			
Jan-20	8,515,000.00	5,964,539.25	-	\$ 14,479,539.25	133,998.75	77,875.00	\$ 14,691,413.00			
Jul-20	8,610,000.00	5,868,319.75	-	\$ 14,478,319.75	133,998.75	77,875.00	\$ 14,690,193.50			
Jan-21	8,710,000.00	5,771,026.75	-	\$ 14,481,026.75	133,998.75	77,875.00	\$ 14,692,900.50			
Jul-21	8,820,000.00	5,659,103.25	-	\$ 14,479,103.25	133,998.75	77,875.00	\$ 14,690,977.00			
Jan-22	8,935,000.00	5,545,766.25	-	\$ 14,480,766.25	133,998.75	77,875.00	\$ 14,692,640.00			
Jul-22	9,060,000.00	5,418,889.25	-	\$ 14,478,889.25	133,998.75	77,875.00	\$ 14,690,763.00			
Jan-23	9,190,000.00	5,290,237.25	-	\$ 14,480,237.25	133,998.75	77,875.00	\$ 14,692,111.00			
Jul-23	9,330,000.00	5,149,170.75	-	\$ 14,479,170.75	133,998.75	77,875.00	\$ 14,691,044.50			
Jan-24	9,475,000.00	5,005,955.25	-	\$ 14,480,955.25	133,998.75	77,875.00	\$ 14,692,829.00			
Jul-24	9,625,000.00	4,852,460.25	-	\$ 14,477,460.25	133,998.75	77,875.00	\$ 14,689,334.00			
Jan-25	9,785,000.00	4,696,535.25	-	\$ 14,481,535.25	133,998.75	77,875.00	\$ 14,693,409.00			
Jul-25	9,950,000.00	4,530,679.50	-	\$ 14,480,679.50	133,998.75	77,875.00	\$ 14,692,553.25			
Jan-26	10,120,000.00	4,362,027.00	-	\$ 14,482,027.00	133,998.75	77,875.00	\$ 14,693,900.75			
Jul-26	10,295,000.00	4,183,915.00	-	\$ 14,478,915.00	133,998.75	77,875.00	\$ 14,690,788.75			
Jan-27	10,505,000.00	3,975,750.00	-	\$ 14,480,750.00	133,998.75	77,875.00	\$ 14,692,623.75			
Jul-27	10,765,000.00	3,713,125.00	-	\$ 14,478,125.00	133,998.75	77,875.00	\$ 14,689,998.75			
Jan-28	11,035,000.00	3,444,000.00	-	\$ 14,479,000.00	133,998.75	77,875.00	\$ 14,690,873.75			
Jul-28	11,310,000.00	3,168,125.00	-	\$ 14,478,125.00	133,998.75	77,875.00	\$ 14,689,998.75			
Jan-29	11,595,000.00	2,885,375.00	-	\$ 14,480,375.00	133,998.75	77,875.00	\$ 14,692,248.75			
Jul-29	11,885,000.00	2,595,500.00	-	\$ 14,480,500.00	133,998.75	77,875.00	\$ 14,692,373.75			
Jan-30	12,180,000.00	2,298,375.00	-	\$ 14,478,375.00	133,998.75	77,875.00	\$ 14,690,248.75			
Jul-30	12,485,000.00	1,993,875.00	-	\$ 14,478,875.00	133,998.75	77,875.00	\$ 14,690,748.75			
Jan-31	12,800,000.00	1,681,750.00	-	\$ 14,481,750.00	133,998.75	77,875.00	\$ 14,693,623.75			
Jul-31	13,120,000.00	1,361,750.00	-	\$ 14,481,750.00	133,998.75	77,875.00	\$ 14,693,623.75			
Jan-32	13,445,000.00	1,033,750.00	-	\$ 14,478,750.00	133,998.75	77,875.00	\$ 14,690,623.75			
Jul-32	13,780,000.00	697,625.00	-	\$ 14,477,625.00	133,998.75	77,875.00	\$ 14,689,498.75			
Jan-33	14,125,000.00	353,125.00	(1,786,650.00)	\$ 12,691,475.00	133,998.75	77,875.00	\$ 12,903,348.75			
Total	\$ 357,330,000.00	\$ 155,574,777.17	\$ (1,786,650.00)	\$ 511,118,127.17	\$ 4,779,288.75	\$ 2,777,541.67	\$ 518,674,957.59			

*Servicing Agent may stop billing the DDOT Improvement Charge once collections in the final period plus the reserve account balance are sufficient to meet the Revenue Requirement for the final payment period

**FOXX
TESTIMONY**

DISTRICT OF COLUMBIA

**BEFORE THE
PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA
DIRECT TESTIMONY OF KEITH FOXX
FORMAL CASE NO. 1121**

1 **Q1. Please state your name and position.**

2 A1. My name is Keith Foxx. I am a Professional Engineer and Program Manager
3 for the District Department of Transportation (DDOT), located at 55 M Street, SE,
4 Washington, DC 20003. I am testifying on behalf of the District of Columbia (the
5 District).

6 **Q2. What are your responsibilities in your role as Program Manager for the District
7 Department of Transportation?**

8 A2. The Triennial Underground Infrastructure Improvement Projects Plan, filed
9 with the Public Service Commission of the District of Columbia (the Commission),
10 on June 17, 2014, in Formal Case No. 1116 (the Triennial Plan) describes the first
11 three years of a project to expand the undergrounding of certain distribution feeders
12 in the District of Columbia (the Undergrounding Project) so as to improve reliability
13 of the electric distribution system in the District of Columbia. As Program Manager
14 for DDOT, I am responsible for the coordinated effort for the implementation of
15 conduit installation and roadway construction to support the Underground Project.
16 This role includes overall initiation, planning, coordination, executing, monitoring
17 and closing of related projects, which essentially represent the 21 feeders that
18 comprise the Triennial Plan. I am responsible for managing the 21 feeder projects
19 identified in the Triennial Plan, coordinating the planned work effort of utilities,
20 telecommunication service providers, and other DDOT projects that will be impacted

1 by the Undergrounding Project and ensuring the achievement of DDOT's strategic
2 goals for the Undergrounding Project. I provide the direction for DDOT's tasks, and
3 leadership to the team, to guide DDOT's service delivery.

4 **Q3. Please state your professional background.**

5 A3. In 1997-2003, I worked as a Civil Design Engineer for Legion Design. I
6 became Project Manager for the Fairfax County Transportation Design Branch in
7 2003 and continued in that position until 2007. In 2007, I returned to Legion Design
8 as a Senior Project Manager/Construction Manager. Beginning in 2012 through the
9 present, I have held the position of Deputy Program Manager & Program Manager for
10 DDOT.

11 My experience is in civil engineering design, project management and
12 construction management. This experience ranges from developing conceptual design
13 plans, to completing final construction plans, to managing construction activities both
14 on the public and private sides.

15 In my previous occupations, my duties included: (1) performing engineering
16 computations;(2) generating and reviewing project performance reports; (3)
17 coordinating utility relocation; (4) overseeing quality assurance checks and
18 inspections; and (5) CAD design. My work experience includes managing multi-
19 million dollar urban roadway, highway and bridge projects in the District of
20 Columbia, Virginia, Pennsylvania and West Virginia. I've also managed locally
21 administered projects, revenue sharing projects, and state and federally funded
22 projects. I was also in charge of professionally signing off on several of these
23 projects.

1 My relevant licenses and certifications include Professional Engineer (PE
2 905436) registered in the District of Columbia, and Project Management Professional
3 (PMP).

4 **Q4. Please state your educational history.**

5 A4. I graduated from Howard University in 1997 with a Bachelor of Science in
6 Civil Engineering.

7 **Q5. Have you previously presented testimony before a regulatory body?**

8 A5. I presented testimony previously in Formal Case No. 1116, in support of the
9 Joint Application of Potomac Electric Power Company (Pepco) and the District
10 Department of Transportation for Approval of the Triennial Underground
11 Infrastructure Improvements Projects Plan (the Triennial Plan Application) filed on
12 June 17, 2014.

13 **Q6. Was your testimony prepared by you or under your direction?**

14 A6. Yes. This testimony was prepared by me or under my direct supervision and
15 control. The sources for my testimony are DDOT records, public documents, and my
16 personal knowledge and experience.

17 **Q7. What is the purpose of your testimony?**

18 A7. The purpose of my testimony is to (i) provide an overview of the Triennial
19 Plan and (ii) to provide a description of the DDOT Underground Electric Company
20 Infrastructure Improvements¹ (the DDOT Improvements) and DDOT Underground
21 Electric Company Infrastructure Improvement Activity² (the DDOT Improvement

¹ DDOT Underground Electric Company Infrastructure Improvements is defined in Section 101(10) of the Act.

² DDOT Underground Electric Company Infrastructure Improvement Activity is defined in Section 101(11) of the Act.

1 Activity) to be paid through the issuance of Bonds and recovered through DDOT
2 Underground Electric Company Infrastructure Improvement Charge, as required by
3 the *Electric Company Infrastructure Improvement Financing Act of 2014* (the Act),
4 D.C. Law 20-102 (effective May 3, 2014), Section 302(a)(2). My testimony will also
5 discuss the projected cost of the DDOT Improvement Activity and DDOT
6 Improvements that will be funded in large part through the issuance of the Bonds.

7 **Q8. How did this public-private partnership between the District and Pepco arise to**
8 **underground certain particularly vulnerable electric power lines and their**
9 **ancillary facilities?**

10 A8. The background explaining how the public-private partnership between the
11 District and Pepco arose to underground certain power lines and their ancillary
12 facilities is explained in detail in the Triennial Plan Application, pages 3-5 and in the
13 Triennial Plan, pages 1-4. Basically, this partnership has been established to combine
14 the expertise of Pepco and DDOT to implement a practical solution to reduce
15 prolonged power outages that severely impact resident safety, welfare, and
16 satisfaction, and the District of Columbia's economy. DDOT will perform the
17 construction services for underground conduit installation and associated
18 infrastructure, while Pepco removes the most vulnerable overhead circuits and installs
19 underground feeders to improve electric service reliability. The Undergrounding
20 Project will increase system reliability and reduce the economic, social, and other
21 impacts on the District of Columbia's electricity users caused by repeated power
22 outages.

1 **Q9. Please describe the DDOT improvements that will be funded through the**
2 **issuance of the bonds.**

3 A9. DDOT Improvements include the civil infrastructure primarily consisting of
4 conduits and manholes. As a requirement of the Section 308(a)(3)(E) of the Act, the
5 proposed DDOT Improvements were identified in Appendices D, G, and H of the
6 Triennial Plan. A detailed description of the DDOT Improvements that DDOT will
7 be undertaken for years 2015-2017 can be found in the Triennial Plan Application
8 and Triennial Plan. The DDOT Improvements to be undertaken after 2017 will be
9 substantially similar and will be detailed in a subsequent Underground Infrastructure
10 Improvement Projects Plan³ (any such plan, other than the initial Triennial Plan,
11 hereinafter referred to as a “triennial plan”).

12 **Q10. Please describe the DDOT Improvement Activity that will be funded through the**
13 **issuance of the bonds.**

14 A10. DDOT Improvement Activity includes, but is not limited to, professional
15 engineering and design services; civil construction services and materials;
16 construction management; stakeholder communication and customer education; and
17 program management. DDOT Improvement Activity such as the design and
18 construction of the civil infrastructure will be partially paid for through the issuance
19 of the Bonds. DDOT Improvement Activity will include DDOT’s overall design and
20 construction management of the Undergrounding Project, DDOT’s individual design
21 packages for the selected feeders, and the construction of the infrastructure for the
22 selected feeders. The construction of the infrastructure will primarily consist of the
23 installation of conduits and manholes. The Bonds are projected to support not only

³ Underground Infrastructure Improvement Projects Plan is defined in Section 101(41) of the Act.

1 the DDOT Improvement Activity within the Triennial Plan but also the DDOT
2 Improvement Activity in future triennial plans approved by the Commission. The
3 DDOT Improvement Activity for the Undergrounding Project is expected to be
4 funded in part through a combination of bonds, which will fund up to \$375 million in
5 DDOT Improvement Costs⁴, and up to \$125 million provided by the District as part
6 of DDOT Capital Improvement Funding. A detailed description of the DDOT
7 Improvement Activity that DDOT will undertake for years 2015-2017 can be found in
8 the Triennial Plan Application and Triennial Plan. The DDOT Improvement Activity
9 to be undertaken after 2017 will be substantially similar, and will be detailed in a
10 subsequent triennial plan.

11 **Q11. Please discuss the Triennial Plan Application filed by the Joint Applicants in**
12 **Formal Case No. 1116.**

13 A11. The Triennial Plan filed in Formal Case No. 1116 addresses the improvements
14 and activities for the first three years of the Undergrounding Project, beginning in
15 2015 through 2017. A subsequent triennial plan will be filed for future improvements
16 and activities.

17 The purpose of the Triennial Plan is to present a measurement and ranking of
18 the reliability performance of Pepco's overhead feeders, recommend feeders to be
19 placed underground, provide proposed project details and itemized cost estimates
20 associated with placing the feeders underground, and other information, including a
21 description of the customer and community education and outreach efforts taken to
22 identify District of Columbia residents to be employed by Pepco and DDOT during
23 construction.

⁴ DDOT Underground Infrastructure Improvement Costs is defined in Section 101(14) of the Act.

1 The method by which the feeders were selected to be undergrounded is
2 explained in the Triennial Plan on pages 5-10, as well as the Testimonies of Company
3 Witnesses Gausman and Bacon in Formal Case No. 1116. DDOT will perform all of
4 the required civil engineering, design and construction work, while Pepco will
5 provide the electrical engineering, design and construction work. The estimated cost
6 associated with the civil and electrical portions as well as the respective cost-sharing
7 between Pepco and DDOT is explained in detail in the Triennial Plan, pages 13-17.
8 The DDOT Underground Improvements that DDOT will construct with the Bond
9 proceeds are an integral part of the overall Triennial Plan.

10 **Q12. What is the projected cost of the DDOT Improvements and DDOT Improvement**
11 **Activity that would be funded by bonds approved by the financing order?**

12 A12. The Bonds will fund \$375 million of DDOT Improvements and DDOT
13 Improvement Activity for the Undergrounding Project. To supplement the proceeds
14 from the sale of the Bonds, up to \$125 million may be provided by the District as
15 part of DDOT's Capital Improvement funding. Thus, the Undergrounding Project will
16 be funded through a combination of Pepco investments (\$500 million), funding
17 provided by the District as part of DDOT's Capital Improvement funding (up to \$125
18 million) and project funds obtained from the Bonds (\$375 million).

19 Itemized cost estimates of the DDOT Underground Improvement Activity and
20 DDOT Improvements for the Triennial Plan (2015-2017) can be found in the
21 Triennial Plan, Appendix I. An explanation of how the estimates were developed is
22 provided in the Triennial Plan, as well as pages 4-5 of my Direct Testimony in
23 Formal Case No. 1116.

1 It is anticipated that \$184 million of project costs for the DDOT Improvement
2 Activity and DDOT Improvements identified in the Triennial Plan will be funded
3 with Bond proceeds. Approximately \$191 million of additional project costs for
4 DDOT Improvement Activity and DDOT Improvements beyond 2017 will be applied
5 from Bond proceeds after the Commission's approval of one or more subsequent
6 triennial plans identifying specific future project costs.

7 In addition to the \$184 million of Bond proceeds applied to pay project costs
8 associated with DDOT Improvement Activity and DDOT Improvements for the years
9 2015-2017, approximately \$20 million has been allocated for the Undergrounding
10 Project from the Mayor's Capital Fund and DDOT estimates approximately \$10.8
11 million in monies leveraged by coordinating the Undergrounding Project with locally
12 and federally funded paving programs. In addition to the \$191 million in Bond
13 proceeds available for the Undergrounding Project after 2017, DDOT estimates a
14 similar combination of Capital Fund expenditures, monies leveraged by coordinating
15 the Undergrounding Project with locally and federally funded paving programs, as
16 well as monies leveraged through coordination with other DDOT reconstruction
17 projects to fund the balance of the DDOT Improvement Activity and DDOT
18 Improvements for the Undergrounding Project, as recommended by the Task Force.

19 **Q13. Does this complete your testimony?**

20 A13. Yes, it does.

AFFIDAVIT

City of Washington)
District of Columbia) ss:

Before me, the undersigned Notary Public in and for the City of Washington, District of Columbia, this day personally appeared Keith Foxx, Program Manager, District Department of Transportation, to me personally known, who stated under oath that the foregoing testimony was prepared by him or under his direct supervision and control; that he has knowledge of the matters set forth in said testimony; and that such matters are true and correct to the best of his knowledge, information, and belief.

Subscribed and sworn to before me this 31st day of July, 2014 in the City of Washington, District of Columbia.



Name:
Notary Public

CHARMA RHODEN
NOTARY PUBLIC DISTRICT OF COLUMBIA
My Commission Expires May 31, 2017



My Commission expires: May 31, 2017

**SERVICING
AGREEMENT**

DDOT PROPERTY SERVICING AGREEMENT

by and between

DISTRICT OF COLUMBIA,
Issuer

and

POTOMAC ELECTRIC POWER COMPANY,
Servicing Agent

Dated as of [closing date]

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Exhibits:

Exhibit A	Form of Monthly Servicing Agent’s Certificate
Exhibit B	Form of Semi-Annual Servicing Agent’s Certificate

Annexes:

Annex I	Definitions
Annex II	Servicing Procedures
Annex III	True-Up Adjustment Mechanism and Mathematical Formula
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Annex V	Form of Public Notice of True-Up Request

This DDOT PROPERTY SERVICING AGREEMENT (this “Agreement”), dated as of [closing date], is between the DISTRICT OF COLUMBIA, a municipal corporation, as issuer (the “Issuer”), and POTOMAC ELECTRIC POWER COMPANY (“Pepco”), a District of Columbia and Virginia corporation, in the capacity as agent for the Issuer (the “Servicing Agent”).

RECITALS

WHEREAS, pursuant to the Electric Company Infrastructure Improvement Financing Act of 2014, D.C. Law 20-102 (effective May 3, 2014) (the “Act”), the Issuer intends to issue under an indenture, dated [insert date] (the “Indenture”), between the Issuer and [insert name of bank], as trustee (the “Indenture Trustee”), in one or more series, revenue bonds in an aggregate par amount not to exceed \$375,000,000 (the “Bonds”), the proceeds of which will be used by the Issuer for the purposes set forth in the Act;

WHEREAS, the principal and interest on the Bonds will be paid from the DDOT Underground Electric Company Infrastructure Improvement Revenue (as defined by the Act and referred to herein as the “DDOT Improvement Revenue”) derived from the imposition of a DDOT Underground Electric Company Infrastructure Improvement Charge (as defined by the Act and referred to herein as the “DDOT Improvement Charge”) to be billed and collected by the Servicing Agent for the account of the Issuer;

WHEREAS, the Bonds will be secured by a first priority security interest granted by the Issuer to the Indenture Trustee for the benefit of the holders of the Bonds in the DDOT Underground Electric Company Infrastructure Improvement Property (as defined by the Act and referred to herein as the “DDOT Improvement Property”), which in accordance with the Act is the sole and exclusive property of the Issuer;

WHEREAS, the Public Service Commission of the District of Columbia (the “Commission”), acting in accordance with the Act, has issued an order [insert date to order] (the “Financing Order”), which, among other things, approves (i) the assessment of the DDOT Improvement Charge, in the form of a surcharge imposed on certain classes of Pepco’s District of Columbia electric distribution customers, (ii) the creation of the DDOT Improvement Property, and (iii) the execution by Pepco of this Agreement; and

WHEREAS, the Issuer and the Servicing Agent wish to establish the terms and conditions pursuant to which the Servicing Agent shall, in accordance with the provisions of the Act and the Financing Order, act as the agent for the Issuer in the billing and collection of the DDOT Improvement Charge by setting forth in this Agreement the respective functions, obligations, responsibilities and rights of the Issuer and the Servicing Agent.

NOW, THEREFORE, in consideration of these premises and the mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions.

- (a) Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in Annex I.
- (b) All terms defined in this Agreement shall have the defined meanings when used in any certificate, opinion, notice or other document made or delivered pursuant hereto unless otherwise defined therein.
- (c) When used in this Agreement (i) the words “hereof,” “herein,” “hereunder” and words of similar import shall refer to this Agreement as a whole and not to any particular provision of this Agreement, (ii) Section, Schedule, Exhibit and Annex are references to Sections, Schedules, Exhibits and Annexes in or to this Agreement, unless otherwise specified and (iii) the term “including” shall mean “including without limitation.”
- (d) The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms.

ARTICLE II

APPOINTMENT AND AUTHORIZATION

Section 2.01 Appointment of Servicing Agent and Acceptance of Appointment.

The Issuer hereby appoints the Servicing Agent as the Issuer’s agent, and the Servicing Agent hereby accepts such appointment, solely to perform the obligations set forth in this Agreement on behalf of and for the benefit of the Issuer as the principal in accordance with the terms of the Act, the Financing Order, this Agreement and applicable Law. This appointment and the Servicing Agent’s acceptance thereof may not be revoked by the Issuer or the Servicing Agent except in accordance with the express terms of this Agreement.

Section 2.02 Authorization.

(a) The Servicing Agent is hereby authorized and empowered by the Issuer with respect to all or any portion of the DDOT Improvement Property, (a) to execute and deliver on behalf of the Issuer any and all instruments, documents and notices and (b) to make any and all filings and participate in any and all proceedings of any kind with any Governmental Authority, including the Commission, in either case, as necessary or appropriate to carry out the Servicing Agent’s responsibilities under the Act, the Financing Order, this Agreement and as otherwise required by applicable Law.

(b) The Issuer shall from time to time, upon the request of the Servicing Agent, execute and deliver to the Servicing Agent such written authorizations, written instructions or

other documents, which may include one or more powers of attorney, as the Servicing Agent shall determine to be necessary or appropriate (i) to enable the Servicing Agent to carry out the Servicing Agent's responsibilities under the Act, the Financing Order and this Agreement or (ii) to confirm the power or authority of the Servicing Agent under this Agreement.

Section 2.03 Ownership of the DDOT Improvement Property and DDOT Improvement Revenue. Notwithstanding any other provision of this Agreement, the Issuer and the Servicing Agent acknowledge and agree that in accordance with the Act (i) the DDOT Improvement Property is a property right of the Issuer over which the Issuer has sole dominion and control, subject to the terms of the Indenture, and (ii) the DDOT Improvement Revenue is the revenue of the Issuer. The Servicing Agent agrees that it shall not take any action not authorized by this Agreement or not consistent with its customary procedures and practices incident to its business as an electric company that would impair the rights of the Issuer in the DDOT Improvement Property and the DDOT Improvement Revenue, except to the extent such action is required by the Act, the Financing Order or by applicable Law.

Section 2.04 No Restriction On the Business of the Servicing Agent as an Electric Company. The Servicing Agent is providing its services under this Agreement incident to its business as an electric company and as a convenience to Issuer in accordance with the Act and the Financing Order. Nothing in this Agreement shall be deemed to restrict in any way the right and ability of the Servicing Agent to conduct its business as an electric company in accordance with its authority under applicable Law and its Tariffs.

Section 2.05 Bonds Not Obligations of the Servicing Agent. The Bonds are solely the special obligations of the Issuer pursuant to the Act. Notwithstanding any other provision of this Agreement, the Servicing Agent shall not be obligated to take any action or execute any document that would have the effect of causing the Bonds to be treated as indebtedness of the Servicing Agent (i) for financial reporting purposes under GAAP, (ii) for regulatory purposes under any applicable Law or by any federal or state regulatory commission or agency, or (iii) by any nationally recognized statistical rating organization. Without limiting the generality of the foregoing, in no circumstances shall the Bonds be payable from, nor shall the Issuer or the holders of the Bonds (or the Indenture Trustee acting for the holders of the Bonds) have claim to, any revenue, income, assets or funds of the Servicing Agent, and in no event shall the Servicing Agent have any obligation to remit to the Issuer any funds in excess of actual amounts collected by the Servicing Agent from its customers made in payment of the DDOT Improvement Charge, nor shall Issuer or the holders of the Bonds (or the Indenture Trustee acting for the holders of the Bonds) have any claim or right to any other fee, tax, charge or payment of any kind billed, imposed or collected by the Servicing Agent in its capacity as an electric company.

ARTICLE III

ROLE OF SERVICING AGENT

Section 3.01 Duties of Servicing Agent.

(a) The Servicing Agent, as agent for the Issuer, shall have the following duties and responsibilities:

(i) calculation and billing of the DDOT Improvement Charge in accordance with the terms of the Financing Order;

(ii) collecting, posting and processing DDOT Improvement Charge receipts and the periodic remittance thereof to the Indenture Trustee through deposit in the Collection Account (or any other fund or account designated by the Issuer);

(iii) responding to inquiries by customers, the Commission or the Issuer with respect to the DDOT Improvement Charge;

(iv) investigating and handling customer payment delinquencies, including the negotiation and settlement thereof or the sale of defaulted or written off accounts that include the DDOT Improvement Charge, all in accordance with Servicing Agent Policies and Practices (and furnishing to the Issuer such reports with respect thereto as the Issuer may from time to time request);

(v) making such filings with the Commission with respect to the imposition and collection of the DDOT Improvement Charge as are required by this Agreement, as the Issuer may direct or as the Commission may require in the Financing Order or otherwise;

(vi) after notification by the Issuer of the Periodic Payment Requirement for the next Calculation Period, as designee of the Issuer, prepare the True-Up Request as more fully described in Section 4.02; and

(vii) performing such other duties to be performed by the Servicing Agent as may be specified by the Financing Order and agreed to by the Servicing Agent and the Issuer.

(b) Without limiting the generality of Section 3.01(a), the Servicing Agent shall comply with the duties and responsibilities relating to data acquisition, usage and bill calculation, billing, customer service functions, collections, payment processing and remittance with respect to the DDOT Improvement Charge as are set forth in Annex II (as it may be amended from time to time).

(c) Anything in this Agreement to the contrary notwithstanding, the duties of the Servicing Agent set forth in this Agreement shall be qualified in their entirety by the Act, the Financing Order and applicable Law.

Section 3.02 Billing and Collection of DDOT Improvement Charges.

(a) The Servicing Agent shall use reasonable efforts consistent with the Servicing Agent Policies and Practices to bill and collect the DDOT Improvement Charge on behalf of the Issuer following the same billing and collection procedures that the Servicing Agent follows with respect to billing and collections for its own electric company business and for the account of others, as more fully described in Annex II.

(b) The Issuer shall not directly or indirectly take any action to collect the DDOT Improvement Charge from the Servicing Agent's customers, including the initiation of any communication with the Servicing Agent's customers with regard to delinquencies or the commencement of legal or collection proceedings.

Section 3.03 Reporting and Notification Requirements.

(a) Monthly Servicing Agent's Certificate. On or before the ___ day of each calendar month (or if such day is not a Servicing Agent Business Day, on the immediately following Servicing Agent Business Day), the Servicing Agent shall prepare and deliver to the Issuer a written report substantially in the form of Exhibit A hereto (a "Monthly Servicing Agent's Certificate") setting forth the information specified therein relating to DDOT Improvement Charge Payments collected by the Servicing Agent during the immediately preceding Collection Period.

(b) Semi-Annual Servicing Agent's Certificate. Not later than five Servicing Agent Business Days prior to each Payment Date, the Servicing Agent shall deliver to the Issuer a written report substantially in the form of Exhibit B hereto (the "Semi-Annual Servicing Agent's Certificate") setting forth the information specified therein.

(c) Other Information. Upon the reasonable request of the Issuer, the Servicing Agent shall, to the extent permitted by Law, provide to the Issuer within a reasonable time after the Issuer's written request therefor:

(i) any public financial information pertaining to the Servicing Agent, and any information relating to the billing, collection, processing and remittance of the DDOT Improvement Charge within the knowledge or possession of the Servicing Agent, as in either case may be reasonably necessary to enable the Issuer to monitor the performance by the Servicing Agent of its obligations under this Agreement; and

(ii) any information available to the Servicing Agent or reasonably obtainable by the Servicing Agent, that is necessary (a) to enable the Issuer to calculate, or verify the calculation of, the DDOT Improvement Charge for each DDOT Improvement Charge Rate Class and (b) to assist the Issuer to

satisfy its obligations relating to the periodic reporting requirements under 17 CFR 240.15c2-12.

Section 3.04 Servicing Standards. In performing its servicing obligations under this Agreement, the Servicing Agent shall:

(a) use the same degree of care and diligence that the Servicing Agent exercises with respect to billing and collection activities that the Servicing Agent conducts for its own electric company business and the account of others;

(b) follow standards, policies and procedures in performing its duties as Servicing Agent that are customary in the Servicing Agent's industry;

(c) comply with all requirements of Law and the Financing Order applicable to the Servicing Agent relating to the billing and collection of the DDOT Improvement Charge on behalf of the Issuer;

(d) file all Commission notices that the Servicing Agent is required to file under the Act, the Financing Order, and this Agreement; and

(e) maintain its financial books and records consistent with the recognition that the DDOT Improvement Revenue is not the property of Pepco to the extent permitted by GAAP.

Section 3.05 Remittances.

(a) As soon as reasonably practicable, but in no event later than the third Servicing Agent Business Day after receipt, the Servicing Agent shall remit to the Collection Account the DDOT Improvement Charge Payments collected by the Servicing Agent from customers in respect of billed DDOT Improvement Charges. Such remittances shall be made on each Servicing Agent Business Day (the "Daily Remittance"). Simultaneously with each Daily Remittance, the Servicing Agent shall provide written notice to the Issuer of such remittance (including the exact dollar amount remitted).

(b) The Servicing Agent agrees and acknowledges that upon receipt and prior to remittance, the Servicing Agent shall hold all DDOT Improvement Charge Payments collected by it for the benefit of the Issuer and that all such amounts will be remitted by the Servicing Agent in accordance with this Section 3.05 without any charge, surcharge, fee, offset or other deduction, except for the offset permitted by Section 5.05 of this Agreement.

(c) The Issuer acknowledges that under the terms of the Financing Order no part of any interest or of any late fee or other charge collected by the Servicing Agent from any customer in respect of any delinquent account (including a delinquency arising by reason of the non-payment by a customer of the DDOT Improvement Charge) shall be deemed a part of the DDOT Improvement Charge and need not be remitted by the Servicing Agent to the Issuer pursuant to this Section 3.05. Such amounts shall be retained by the Servicing Agent as additional compensation.

(d) If, on any Servicing Agent Business Day, the Servicing Agent fails to remit to the Collection Account the Daily Remittance due on that day, then the Servicing Agent shall pay to the Collection Account interest on the overdue Daily Remittance accrued at the Federal Funds Rate from the Servicing Agent Business Day on which such Daily Remittance was required to be made to the date that such Daily Remittance is made. Any Daily Remittance made on a day other than the date on which it was initially required to be made shall be identified as a transfer separate from the Daily Remittance required for such date.

ARTICLE IV

TRUE-UP ADJUSTMENTS

Section 4.01 Issuance Advice Letter. If the Issuance Advice Letter filed by the Issuer with the Commission following the issuance of the Bonds indicates that the projected annual DDOT Improvement Revenue differs from the DDOT Underground Electric Company Infrastructure Improvement Annual Revenue Requirement (as defined by the Act), the Servicing Agent, as designee of the Issuer, shall adjust the DDOT Improvement Charge to conform with the Issuance Advice Letter in accordance with the Financing Order and as contemplated by Section 303(d) of the Act.

Section 4.02 Semi-Annual or Quarterly True-Up Adjustment .

(a) On or before March 1 and September 1 of each year, beginning not sooner than 6 months and not later than 12 months after the issuance of the Bonds and continuing for so long as the Bonds are outstanding, the Servicing Agent shall file semi-annually with the Commission a True-Up Request which includes a request for approval of a schedule applying a true-up mechanism to the DDOT Improvement Charge as contemplated by Section 314 of the Act and the Financing Order; provided, however, following the expected maturity date of the last maturing series or tranche of the Bonds, if any Bonds remain outstanding after such expected maturity date, the Servicing Agent will be required to file a quarterly True-Up Request with the Commission. The True-Up Request shall be prepared with the cooperation of the Issuer in accordance with the true-up adjustment mechanism and mathematical formula set forth in Annex III.

(b) In connection with the preparation of the True-Up Request for a mandatory semi-annual or quarterly true-up adjustment:

(i) The Issuer shall prepare and provide to the Servicing Agent, or cause the Indenture Trustee to provide to the Servicing Agent, at least thirty days prior to each True-Up Request filing date:

(A) The amount on deposit in the Collection Account, as of the most recent date practicable.

(B) A schedule showing the Periodic Payment Requirement for the next Calculation Period based on: (1) the projected debt service on the Bonds (amounts due and amounts to be accrued); (2) any replenishment required to be made to any reserve account and (3) the timely payment of all other Ongoing Financing Costs during such Calculation Period.

(C) Updated information regarding the amounts referred to in clauses (A) and (B) as the Servicing Agent shall reasonably request.

(ii) The Servicing Agent shall subtract (A) the sum of amounts provided for in subsection (i)(A) above and amounts expected to be collected and remitted following the Calculation Date based on the DDOT Improvement Charge then in effect from (B) the Periodic Payment Requirement for the next Calculation Period as provided by the Issuer in subsection (i)(B) above (the result being the “Net Revenue Requirement” for the next Calculation Period).

(iii) The Servicing Agent shall prepare and provide to the Issuer an update of the electric company customer data and assumptions underlying the calculation of the DDOT Improvement Charge, including projected number of customers subject to the DDOT Improvement Charge by rate class, electricity usage and expected delinquencies and write-offs during the next Calculation Period, along with the information and data required by Section 314(b) of the Act and any other pertinent information that the Issuer shall reasonably request to the extent such information is in the possession of, or can reasonable be obtained by, the Servicing Agent.

(iv) The Servicing Agent shall determine the DDOT Improvement Charge to be allocated to each DDOT Improvement Charge Rate Class during the next Calculation Period utilizing the adjustment mechanism and mathematical formula contained in Annex III to this Agreement.

(c) The Servicing Agent shall take all reasonable actions and make all reasonable efforts to effectuate the rate changes provided for in the True-Up Request, including (i) the publication of any required public notices, (ii) responding to Commission questions and providing to the Commission such supplemental data or information within its possession as the Commission may request and (iii) participating in any hearing held by the Commission pertaining to the True-Up Request, and the Issuer shall provide such cooperation, assistance and information in connection therewith as the Servicing Agent may reasonably request.

Section 4.03 Non-Periodic True-Up Adjustments. If the Issuer at any time determines that DDOT Improvement Revenue is insufficient to satisfy the Periodic Payment Requirement and that it would be imprudent to defer an adjustment to the DDOT Improvement Charge until the next semi-annual or quarterly True-Up Request, as applicable, is filed, the Issuer and the Servicing Agent, if required or permitted by the Financing Order, will cooperate such that the Servicing Agent shall file with the Commission a True-Up Request seeking an interim adjustment to the DDOT Improvement Charge. The interim True-Up Request shall contain or be accompanied by such information and data as shall be set forth in Section 314 (b) of the Act and as otherwise may be specified in the Financing Order. In order to facilitate the assessment by the Issuer of the need to file a non-periodic True-Up Request, following the occurrence of an event of force majeure (including fire, flood, earthquake, storm, hurricane or other natural disaster, war, act of foreign enemies, terrorism, labor dispute, strike, or lockout) that the Servicing Agent reasonably expects may result in the DDOT Improvement Revenue to be insufficient to satisfy the Periodic Payment Requirement, the Servicing Agent shall provide prompt written notice of

such expectation to the Issuer. The Servicing Agent's failure to provide notice of an event of force majeure shall not be a default under this Agreement.

Section 4.04 Notification to Issuer of True-Up Filings. Whenever the Servicing Agent makes a filing with the Commission under Section 4.02 or Section 4.03, the Servicing Agent shall deliver to the Issuer and to the Indenture Trustee, on behalf of the Issuer, (i) concurrently with the filing thereof, a copy of such filing (together with a copy of all ancillary notices and documents which, in the Servicing Agent's reasonable judgment, are material to the filing) and any subsequent filings or submission relating thereto and (ii) as soon as practicable after the receipt thereof from the Commission, a copy of all Commission communications to the Servicing Agent relating to such filing.

Section 4.05 Disclosure to Customers.

(a) The Servicing Agent shall notify affected customers of any change in the DDOT Improvement Charge pursuant to a True-Up Request to the extent and in the manner and timeframe required by the Financing Order or Commission Regulations.

(b) The Servicing Agent shall comply with the requirements of the Financing Order with respect to the application of the DDOT Improvement Charge to each DDOT Improvement Charge Rate Class so as to ensure that the DDOT Improvement Charge is separate and apart from the Servicing Agent's other charges imposed or collected in its capacity as electric company.

ARTICLE V

THE SERVICING AGENT

Section 5.01 Representations and Warranties Servicing Agent. The Servicing Agent makes the following representations and warranties as of the Closing Date on which the Issuer has relied in entering into this Agreement. These representations and warranties shall survive the execution and delivery of this Agreement.

(a) Organization and Good Standing. The Servicing Agent is duly incorporated, validly existing and in good standing under the laws of the District of Columbia, and has the corporate power and authority to own the properties that it currently owns, to conduct the business that it currently conducts and to execute, deliver and carry out the terms of this Agreement, including the servicing of the DDOT Improvement Charge in accordance with the terms of this Agreement and the Financing Order.

(b) Due Qualification. The Servicing Agent is duly qualified to do business and is in good standing, and has obtained all necessary licenses and approvals, in all jurisdictions in which the ownership or lease of property or the conduct of its business (including the servicing of the DDOT Improvement Charge as required by this Agreement and the Financing Order) requires such qualifications, licenses or approvals, except where the failure to so qualify or to obtain such licensing and approvals would not be reasonably likely to have a material adverse effect on the Servicing Agent's business, operations, assets, revenues or properties or on

its ability to service the DDOT Improvement Charge in accordance with the terms of this Agreement.

(c) Due Authorization. The execution, delivery and performance of this Agreement by the Servicing Agent have been duly authorized by all necessary corporate action on the part of the Servicing Agent.

(d) Binding Obligation. This Agreement constitutes a legal, valid and binding obligation of the Servicing Agent enforceable against the Servicing Agent in accordance with its terms, subject to insolvency, reorganization, moratorium, fraudulent transfer and other Laws relating to or affecting creditors' rights generally from time to time in effect and to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(e) No Violation. The consummation of the transactions contemplated by this Agreement and the fulfillment of the terms of this Agreement by the Servicing Agent will not (i) conflict with, result in any breach of any of the terms and provisions of or constitute (with or without notice or lapse of time) a default under the organizational documents of the Servicing Agent, or in any material respect any indenture or other agreement or instrument to which the Servicing Agent is a party or by which it or any of its property is bound, (ii) result in the creation or imposition of any material Lien upon any of the properties of the Servicing Agent pursuant to the terms of any such indenture, agreement or other instrument or (iii) violate any existing Law or any existing order, rule or regulation applicable to the Servicing Agent of any Governmental Authority having jurisdiction over the Servicing Agent or its properties.

(f) No Proceedings. There are no proceedings pending, and to the Servicing Agent's knowledge there are no proceedings threatened or investigations pending or threatened, before any Governmental Authority having jurisdiction over the Servicing Agent (i) asserting the invalidity of this Agreement, (ii) seeking to prevent the consummation of any of the transactions contemplated by this Agreement or (iii) seeking any determination or ruling that could reasonably be expected to materially and adversely affect the performance by the Servicing Agent of its obligations under, or the validity or enforceability of, this Agreement.

(g) Approvals. No approval, authorization, consent, order or other action of, or filing with, any Governmental Authority is required in connection with the execution and delivery by the Servicing Agent of this Agreement, the performance by the Servicing Agent of the transactions contemplated by this Agreement or the fulfillment by the Servicing Agent of the terms of this Agreement, except for those that have been obtained or those that the Servicing Agent is required to obtain or make in the future in accordance with the terms of this Agreement.

Section 5.02 Limitation on the Liability of Servicing Agent and Others.

(a) The Servicing Agent may incur liability under this Agreement only in respect of the obligations specifically undertaken by the Servicing Agent under this Agreement.

(b) Notwithstanding paragraph (a), none of the Servicing Agent, any of its subsidiaries or affiliates or any of its or their directors, officers, employees or agents (other than the Servicing Agent, a "Covered Person") shall be liable to the Issuer or any other Person, including the Indenture Trustee and the holders of the Bonds, for any action taken, or for

refraining from the taking of any action, pursuant to this Agreement or for errors in judgment in connection with the fulfillment by the Servicing Agent of its obligations under this Agreement; provided, however, that this provision shall not protect the Servicing Agent or a Covered Person against any liability arising out of the willful misconduct, bad faith or gross negligence of the Servicing Agent or a Covered Person in the performance by the Servicing Agent of its obligations under this Agreement or by reason of the Servicing Agent's or a Covered Person's reckless disregard of the Servicing Agent's obligations and duties under this Agreement. The Servicing Agent and any Covered Person may rely in good faith on the advice of counsel or on any document of any kind prima facie properly executed and submitted by any Person respecting any matters arising under this Agreement.

(c) Without limiting the generality of paragraph (b), the Issuer and the Servicing Agent expressly acknowledge and agree that:

(i) In connection with the filing of any True-Up Request and the implementation of any adjustment to the DDOT Improvement Charge as a result thereof, the Servicing Agent is acting solely in its capacity as the agent of Issuer under this Agreement.

(ii) The Servicing Agent shall not be responsible in any manner for, and shall have no liability whatsoever as a result of, any action, decision, ruling or other determination made by the Issuer or the Commission or any failure to act or delay by either of them (other than any delay resulting from the Servicing Agent's failure in any material respect to make any filings the Servicing Agent is required to make under Section 4.02 or Section 4.03 in a timely and correct manner or any breach by the Servicing Agent of its duties under this Agreement that adversely affects in a material respect the DDOT Improvement Charge or a True-Up Request) in any way related to the DDOT Improvement Property.

(iii) The Servicing Agent shall have no liability whatsoever relating to the calculation of the DDOT Improvement Charge or any adjustments thereto, including as a result of any inaccuracy of any of the assumptions made in connection with such calculations regarding the projected electricity usage of its customers or expected delinquencies and write-offs, so long as the Servicing Agent has acted in good faith and not in a grossly negligent manner in connection therewith.

Section 5.03 Indemnification.

(a) The Servicing Agent shall indemnify, defend and hold harmless the Issuer and its officers, employees and agents (each, an "Indemnified Person"), from and against any and all losses, claims, damages and liabilities to which any of them may become subject, and shall reimburse the Issuer and each such Indemnified Person for all reasonable expenses (including reasonable attorney's fees and expenses) as and when incurred by any of them in connection with investigating any such losses, claims, damages and liabilities or in connection with defending any such actions, insofar as such losses, claims, damages, liabilities, expenses or actions arise out of or are based upon the performance by the Servicing Agent of this Agreement to the extent that such losses, claims, damages, liabilities, expenses or actions arise out of or are based upon the willful misconduct, bad faith or gross negligence of the Servicing Agent in the

performance of, or the Servicing Agent's reckless disregard of its obligations and duties under, this Agreement.

(b) Promptly after receipt by an Indemnified Person of notice of the commencement of any action, proceeding or investigation, such Indemnified Person shall, if a claim in respect thereof is to be made against the Servicing Agent under this Section 5.03, notify the Servicing Agent in writing of the commencement thereof. Failure by an Indemnified Person to so notify the Servicing Agent shall relieve the Servicing Agent from the obligation to indemnify and hold harmless such Indemnified Person under this Section 5.03 only to the extent that the Servicing Agent suffers actual prejudice as a result of such failure. With respect to any action, proceeding or investigation brought by a third party for which indemnification may be sought under this Section 5.03, the Servicing Agent shall be entitled to elect to conduct and control, at its expense and with counsel of its choosing that is reasonably satisfactory to the Indemnified Persons, the defense of any such action, proceeding or investigation (in which case the Servicing Agent shall not, upon notification given to the Indemnified Person of such election, thereafter be responsible for the fees and expenses of any separate counsel retained by any Indemnified Person, except as set forth below); provided that any Indemnified Person shall have the right to participate in such action, proceeding or investigation through counsel chosen by it and at its own expense. Notwithstanding the Servicing Agent's election to assume the defense of any action, proceeding or investigation, an Indemnified Person shall have the right to employ separate counsel (including local counsel), and the Servicing Agent shall bear the reasonable fees, costs and expenses of such separate counsel if (i) the defendants in any such action include both the Indemnified Person and the Servicing Agent and the Indemnified Person shall have reasonably concluded that there may be legal defenses available to it that are different from or additional to those available to the Servicing Agent, (ii) the Servicing Agent shall not have employed counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person within a reasonable time after notice of the institution of such action or (iii) the Servicing Agent shall authorize the Indemnified Person to employ separate counsel at the expense of the Servicing Agent. The Servicing Agent shall not be bound by any settlement entered into without its consent.

(c) The provisions of this Section 5.03 shall survive any repeal, amendment or judicial invalidation of the Act or any revocation, amendment or modification of the Financing Order and shall survive the termination of this Agreement.

Section 5.04 Resignation of Servicing Agent. The Servicing Agent shall not resign from the obligations and duties hereby imposed on it as Servicing Agent under this Agreement unless it delivers to the Commission an opinion of counsel (who may be an employee of the Servicing Agent) to the effect that Pepco's performance of its duties under this Agreement shall no longer be permissible under applicable Law. No such resignation shall become effective until a Successor Servicing Agent shall have assumed the responsibilities and obligations of Pepco in accordance with Section 6.03.

Section 5.05 Servicing Agent Compensation. In consideration for its services hereunder, for so long as it continues to provide services under this Agreement, the Issuer shall pay to the Servicing Agent as part of the Issuer's on-going financing costs an annual fee (the "Servicing Fee") in an amount equal to 0.075% of the initial aggregate par amount of the Bonds

(without giving effect to any subsequent reduction in the outstanding principal amount of the Bonds). The Servicing Fee owing shall be paid semi-annually in arrears, with half of the Servicing Fee due for each year being paid on each Payment Date. The Servicing Fee shall be paid to the Servicing Agent by the Indenture Trustee on behalf of the Issuer by wire transfer of immediately available funds to an account designated by the Servicing Agent. If the Servicing Fee is not paid when due, the Servicing Agent shall be entitled, upon 30 day's prior written notice to the Issuer, to offset the amount due against the Daily Remittance until the amount due is paid in full.

Section 5.06 Maintenance of and Access to DDOT Improvement Property Records.

(a) The Servicing Agent shall maintain the DDOT Improvement Property Records in accordance with its standard accounting practices and procedures and in sufficient detail to permit the reconciliation of DDOT Improvement Charge Payments received by the Servicing Agent with the DDOT Improvement Charge remittances deposited to the Collection Account.

(b) The Servicing Agent shall permit the Issuer and the Indenture Trustee and their agents at any time during normal business hours, upon reasonable notice to the Servicing Agent and to the extent it does not unreasonably interfere with the Servicing Agent's normal operations, to inspect, audit and make copies of and abstracts from the DDOT Improvement Property Records; provided, however, that nothing in this Section 5.06 shall affect the obligation of the Servicing Agent to observe any applicable Law prohibiting disclosure of information regarding its electric distribution customers, and the failure of the Servicing Agent to provide access to such information as a result of any such obligation shall not constitute a breach of this Section 5.06.

ARTICLE VI

DEFAULT

Section 6.01 Servicing Agent Default. If any one or more of the following events (a "Servicing Agent Default") shall occur and be continuing:

(a) any failure by the Servicing Agent to remit to the Collection Account on behalf of the Issuer any required remittance of the DDOT Improvement Charge that continues unremedied for a period of five Servicing Agent Business Days after written notice of such failure has been delivered to the Servicing Agent by the Issuer or the Indenture Trustee; or

(b) any failure on the part of the Servicing Agent duly to observe or to perform in any material respect any covenant or agreement of the Servicing Agent set forth in this Agreement, if such failure (i) materially and adversely affects the rights of the holders of the Bonds and (ii) continues unremedied for a period of 60 days after the date on which written notice of such failure has been delivered to the Servicing Agent by the Issuer or by the Indenture Trustee; or

(c) any representation or warranty made by the Servicing Agent in this Agreement shall prove to have been incorrect in a material respect when made, the consequence of which is a material adverse effect on the Issuer or the holders of the Bonds and such material adverse effect continues unremedied for a period of 60 days after the date on which written notice thereof has been delivered to the Servicing Agent by the Issuer or the Indenture Trustee;

(d) an Insolvency Event occurs with respect to the Servicing Agent; or

(e) a failure by the Servicing Agent to file a True-up Request required under this Agreement for a period of 5 days after the date on which written notice of such failure has been delivered to the Servicing Agent by the Issuer or by the Indenture Trustee;

then, so long as the Servicing Agent Default shall not have been remedied within the allotted time, the Issuer, by notice given in writing to the Servicing Agent may elect to terminate all the rights and obligations of the Servicing Agent under this Agreement (other than the obligation under Section 6.03 to continue performing its functions as Servicing Agent until a Successor Servicing Agent is appointed). In addition, upon a Servicing Agent Default, the Issuer shall be entitled to apply to the Commission for sequestration of the DDOT Improvement Revenues.

Section 6.02 Notice of Servicing Agent Default. The Servicing Agent shall deliver to the Issuer, promptly after a Responsible Officer of the Servicing Agent acquires actual knowledge thereof, but in no event later than five Servicing Agent Business Days thereafter, written notice of any event which upon the giving of notice or lapse of time, or both, would become a Servicing Agent Default.

Section 6.03 Appointment of a Successor Servicing Agent.

(a) In the event of the termination of the Servicing Agent pursuant to Section 6.01 or the resignation of the Servicing Agent pursuant to Section 5.04, the Issuer shall appoint a Successor Servicing Agent. The Servicing Agent shall continue to perform its functions as Servicing Agent under this Agreement, and shall be entitled to receive the Servicing Fee, until the appointment of a Successor Servicing Agent.

(b) Upon the appointment of the Successor Servicing Agent, all authority and power of the Servicing Agent under this Agreement shall, without further action, pass to and be vested in the Successor Servicing Agent and, without limitation, the Issuer is hereby authorized and empowered to execute and deliver, on behalf of the Servicing Agent, as attorney-in-fact or otherwise, any and all documents and other instruments, and to do or accomplish all other acts or things necessary or appropriate, to effect the succession.

(c) The Servicing Agent shall cooperate with the Successor Servicing Agent and the Issuer in effecting the transfer of the duties and responsibilities of the Servicing Agent under this Agreement to the Successor Servicing Agent, including the transfer to the Successor Servicing Agent of the DDOT Improvement Property Records and all cash amounts, if any, that shall at the time be held by the Servicing Agent in its capacity as the Servicing Agent.

(d) If the appointment of a Successor Servicing Agent is the result of a Servicing Agent Default, all reasonable costs and expenses (including reasonable attorney's fees

and expenses) incurred in connection with transferring the DDOT Improvement Property Records to the Successor Servicing Agent shall be paid by the Servicing Agent upon presentation of reasonable documentation of such costs and expenses. In all other cases, the costs and expenses of effecting the transfer of the duties and responsibilities of the Servicing Agent to the Successor Servicing Agent shall be borne by the Issuer as part of the Issuer's on-going financing costs.

(e) In no event shall the Issuer, an Indemnified Person, or any other Person, have recourse against the assets of Pepco, whether as a result of a breach or default under this Agreement, a claim for indemnification pursuant to Section 5.03, or otherwise as a result of the acts or omissions of Pepco as the Servicing Agent.

ARTICLE VII

MISCELLANEOUS PROVISIONS

Section 7.01 Amendments and Waivers. This Agreement may only be amended, modified, altered or supplemented in a writing signed by the Servicing Agent and the Issuer. No obligation under this Agreement shall be waived or discharged unless such waiver or discharge is signed by the party granting such waiver or discharge. Except where this Agreement establishes an express deadline, no failure on the part of either party to exercise any right under this Agreement, and no delay on the part of either party in exercising any right under this Agreement, shall operate as a waiver of such right.

Section 7.02 Notices. Unless otherwise specifically provided herein, all demands, notices and communications upon or to the Servicing Agent, the Issuer or the Indenture Trustee under this Agreement shall be sufficiently given for all purposes hereunder if in writing and (i) delivered personally, (ii) sent by documented delivery service or (iii) to the extent receipt is confirmed telephonically, sent by facsimile transmission or other form of electronic transmission as indicated below (or to such other address, telephone number, facsimile transmission number or electronic mail address as any party shall specify by notice to the other parties given in accordance with this Section 7.02):

(a) In the case of the Servicing Agent,

Potomac Electric Power Company

[Address]

Attention: _____

Telephone: _____

Facsimile: _____

Email Address: _____

(b) In the case of the Issuer, to

The District of Columbia

[Office]

[Address]

Attention: _____

Telephone: _____
Facsimile: _____
Email Address: _____

(c) In the case of the Indenture Trustee, to:

[Name]
[Address]
Attention: _____
Telephone: _____
Facsimile: _____
Email Address: _____

Section 7.03 Successors and Assigns. Unless terminated by mutual agreement of the Issuer and the Servicing Agent, this Agreement shall remain in full force and effect for so long as there are any Bonds outstanding and until all of the respective obligations of the parties hereto are discharged in full and shall be binding upon the Servicing Agent or any other entity that may in the future acquire all or substantially all of Pepco's electric distribution operations in the District of Columbia, whether by purchase, merger, consolidation or otherwise. Neither party may assign any of its rights or obligations under this Agreement without the prior consent of the other party, except the Issuer may assign its rights to the Indenture Trustee as required by the Indenture.

Section 7.04 Limitations on Rights of Others. The provisions of this Agreement are solely for the benefit of the Servicing Agent and the Issuer. Nothing in this Agreement, whether express or implied, shall be construed to give to any other Person any legal or equitable right, remedy or claim under or in respect of this Agreement or any covenants, conditions or provisions contained herein.

Section 7.05 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remainder of such provision (if any) or the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 7.06 Separate Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 7.07 Headings. The headings of the various Articles and Sections herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

Section 7.08 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE DISTRICT OF COLUMBIA, WITHOUT REFERENCE TO ITS CONFLICT OF LAW PROVISIONS, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

Section 7.09 Assignment to Indenture Trustee. The Servicing Agent hereby acknowledges and consents to any pledge, assignment and grant of a security interest by the Issuer to the Indenture Trustee pursuant to the Indenture of any or all of the Issuer's rights hereunder.

Section 7.10 Other Matters. In accordance with Section 205(e) of the Act, the District of Columbia Procurement Practices Reform Act of 2010, effective April 8, 2011 (D.C. Law § 18-723; D.C. Official Code § 2-351.01 et seq.) and subchapter III-A of Chapter 3 of Title 47 of the District of Columbia Official Code shall not apply to this Agreement.

[Signature page follows]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officer of each party hereto as of the date first above written.

DISTRICT OF COLUMBIA, as Issuer

By: _____

Name:

Title:

POTOMAC ELECTRIC POWER COMPANY,
as Servicing Agent

By: _____

Name:

Title:

Monthly Servicing Agent’s Certificate

(Delivered pursuant to Section 3.03(a) of the Servicing Agreement)

Potomac Electric Power Company, as servicing agent (the “Servicing Agent”) under the DDOT Property Servicing Agreement dated as of [closing date] between the Servicing Agent and the District of Columbia, does hereby certify as follows:

Collection Period:

Remittance Dates:

Rate Class	DDOT Improvement Charge of Class	Aggregate DDOT Improvement Charges Billed	Aggregate DDOT Improvement Charge Payments Received
Total			

Capitalized terms used herein have their respective meanings set forth in the Servicing Agreement.

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Monthly Servicing Agent’s Certificate this ___ day of _____.

POTOMAC ELECTRIC POWER COMPANY,
as Servicing Agent

By: _____
Name:
Title:

Form of Semi-Annual Servicing Agent's Certificate

(Delivered pursuant to Section 3.03(b) of the Servicing Agreement)

Potomac Electric Power Company, as servicing agent (the "Servicing Agent") under the DDOT Property Servicing Agreement dated as of [closing date] between the Servicing Agent and the District of Columbia, does hereby certify that, for the Collection Periods indicated, Remittances were as stated below:

Collection Periods: _____ to _____

Payment Date: _____

Remittances for the	Collection Period	\$ _____
Remittances for the	Collection Period	\$ _____
Remittances for the	Collection Period	\$ _____
Remittances for the	Collection Period	\$ _____
Remittances for the	Collection Period	\$ _____
Remittances for the	Collection Period	\$ _____

Total: \$ _____

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Semi-Annual Servicing Agent's Certificate this ____ day of _____.

POTOMAC ELECTRIC POWER COMPANY,
as Servicing Agent

By: _____

Name:

Title:

ANNEX I
DEFINITIONS

As used in this Agreement, the following defined terms shall have the meanings indicated below:

“Act” has the meaning ascribed to such term in the preamble.

“Added Value Services” means [to be supplied].

“Adjustment Date” means the date on which a True-Up Request is filed with the Commission.

“Agreement” has the meaning ascribed to such term in the introductory paragraph.

“Annual Revenue Requirement” has the meaning ascribed to such term in the Act.

“Billing Period” means the monthly or other period for which the Servicing Agent renders a bill to a Customer.

“Bonds” has the meaning ascribed to such term in the preamble.

“Class Allocation Factor” means, with respect to each True-Up Request, the cost allocation factors for each Class used in Pepco’s most recently approved electric company distribution service base rate case.

“Closing Date” has the meaning ascribed to such term in the Indenture.

“Calculation Period” means the six month period beginning on March 1 and September 1 of each year or other period for which a true-up adjustment is calculated in a True-Up Request.

“Collection Account” means the designated account or accounts established by the Indenture and held by the Indenture Trustee for the deposit of the DDOT Improvement Revenue collected by the Servicing Agent pursuant to this Agreement.

“Collection Period” means the period of one month ending on the __ day of each month.

“Commission” has the meaning ascribed to such term in the preamble.

“Commission Regulations” means the Commission rules, regulations, policies and procedures in effect from time to time that are applicable to the activities of the Servicing Agent as an electric company and in its capacity as the Servicing Agent.

“Covered Customer” means an electric distribution customer in the District of Columbia to which a DDOT Improvement Charge applies.

“Covered Person” has the meaning ascribed to such term in Section 5.02(b).

“Daily Remittance” has the meaning ascribed to such term in Section 3.05(a).

“DDOT Improvement Charge” has the meaning ascribed to such term in the preamble.

“DDOT Improvement Charge Payments” means payments of the DDOT Improvement Charge received by the Servicing Agent from Covered Customers.

“DDOT Improvement Property” has the meaning ascribed to such term in the preamble.

“DDOT Improvement Revenue” has the meaning ascribed to such term in the preamble.

“DDOT Improvement Property Records” means the books and records maintained by the Servicing Agent pertaining to the billing, collection and remittance of the DDOT Improvement Charge.

“DDOT Improvement Charge Rate Class” means a rate class of the Servicing Agent to which the DDOT Improvement Charge applies.

“Federal Funds Rate” means as of any day the rate reported for that day as the federal funds rate [as published for that day by the Wall Street Journal].

“Financing Order” has the meaning ascribed to such term in the preamble.

“GAAP” means the United States generally accepted accounting principles as applicable to the Servicing Agent.

“Governmental Authority” means any U.S. federal, state or local governmental, regulatory or administrative authority, instrumentality, agency, body or commission.

“Indemnified Person” has the meaning ascribed to such term in Section 5.03(a).

“Indenture” has the meaning ascribed to such term in the preamble.

“Indenture Trustee” has the meaning ascribed to such term in the preamble.

“Insolvency Event” means (i) the filing by or on behalf of Pepco of a voluntary bankruptcy petition, (ii) the involuntary filing of a bankruptcy petition against Pepco, which is not discharged within 60 days after the filing thereof or (iii) the making by Pepco of a general assignment of all or substantially all of its assets for the benefit of its creditors.

“Issuance Advice Letter” means the issuance advice letter referred to in Section 303(d) of the Act.

“Issuer” has the meaning ascribed to such term in the introductory paragraph.

“Law” means any law (including common law), statute, rule, regulation, ordinance, code, directive, requirement, binding agreement and other pronouncements or interpretations having the effect of law that have been issued, established or promulgated by any Governmental Authority, including without limitation the Utilities Code and Commission Regulations.

“Monthly Servicing Agent’s Certificate” has the meaning ascribed to such term in Section 3.03(a).

“Net Revenue Requirement” has the meaning ascribed to such term in Section 4.02(b)(ii).

“Payment Date” has the meaning ascribed to such term in the Indenture.

“Pepco” has the meaning ascribed to such term in the introductory paragraph.

“Periodic Payment Requirement” has the meaning ascribed to such term in the Indenture.

“Person” means any natural person, corporation, firm, joint venture, partnership, limited liability company, association, enterprise, thrust or other entity or organization or any Governmental Entity.

“Responsible Officer” means an officer of Pepco that is directly responsible for overseeing the activities conducted by Pepco in its capacity as the Servicing Agent.

“Semi-Annual Servicing Agent’s Certificate” has the meaning ascribed to such term in Section 3.03(b).

“Servicing Agent” has the meaning ascribed to such term in the introductory paragraph. In the event that a Successor Servicing Agent is appointed in accordance to Section 6.03, Servicing Agent shall mean such Successor Servicing Agent.

“Servicing Agent Business Day” means a day other than Saturday, Sunday or any day on which commercial banks located in Washington, D.C. are authorized or obligated to remain closed.

“Servicing Agent Default” has the meaning ascribed to such term in Section 6.01.

“Servicing Agent Policies and Practices” means the policies and practices customarily followed by the Servicing Agent follows in connection with the billing and collection of electric distribution charges for its own account (as such policies and practices may be modified from time to time).

“Servicing Fee” has the meaning ascribed to such term in Section 5.05.

“Successor Servicing Agent” means an entity that as successor to Pepco assumes the obligation of the servicing agent under the Act.

“Tariff” means Pepco’s General Terms and Conditions for Furnishing Electric Service in the District of Columbia together with the associated Rate Schedules for Electric Service in the District of Columbia, as each is in effect from time to time.

“True-Up Request” means a request for a true-up adjustment to the DDOT Improvement Charge filed with the Commission in accordance with Article IV of this Agreement and substantially in the form of Annex IV to this Agreement. Annex V provides a proposed form of public notice of a True-Up Request that is to be included with the True-Up Request pursuant to Section 314(b) of the Act.

“Underground Project Charge” has the meaning ascribed to such term in the Act.

“Utilities Code” means Chapter 34 of the District of Columbia Official Code.

ANNEX II

SERVICING PROCEDURES

The Servicing Agent agrees to comply with the following servicing procedures:

SECTION 1. DEFINITIONS.

Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Annex I to the Servicing Agreement.

SECTION 2. USAGE DETERMINATION AND BILLING CALCULATION.

The Servicing Agent shall in accordance with the Servicing Agent Policies and Practices (i) determine for each Billing Period each Customer's usage (which may be based on data obtained from such Customer's meter read or on usage estimates) and (b) calculate such Customer's DDOT Improvement Charge (as such charge may change from time to time pursuant to the True-Up Adjustments) applicable to such Customer for such Billing Period based on the terms of the Financing Order and the applicable Tariff.

SECTION 3. BILLING.

The Servicing Agent shall implement the DDOT Improvement Charges beginning effective as of the date of issuance of the Bond, and shall thereafter bill each Customer for outstanding current and past due DDOT Improvement Charges until such time as a DDOT Improvement Charge may be deemed uncollectible pursuant to the Servicing Agent Policies and Practices, all in accordance with the following:

(a) Frequency of Bills; Billing Practices. The DDOT Improvement Charge shall be billed at the same time and with same frequency as the Servicing Agent's own charges for electric distribution service and otherwise in accordance with the Servicing Agent Policies and Practices. In the event that the Servicing Agent makes any material modification to the Servicing Agent Policies and Practices that affects the billing or collection of the DDOT Improvement Charge, Servicing Agent shall promptly notify the Issuer; provided, however, that the Servicing Agent may not make any modification that would be reasonably expected to materially adversely affect the timely collection of the DDOT Improvement Charge.

(b) Format.

(i) Each Customer bill issued by the Servicing Agent shall show the DDOT Improvement Charge as a separate charge for the Billing Period.

(ii) The Servicing Agent shall, subject to clause (b)(i) above, determine the format, structure and text of all bills in its reasonable business judgment based on the Servicing Agent Policies and Practices and prevailing industry practices.

(c) Delivery. The Servicing Agent shall deliver all bills that include the DDOT Improvement Charge in accordance with the Servicing Agent Policies and Practices.

SECTION 4. CUSTOMER SERVICE FUNCTIONS.

The Servicing Agent shall handle all Customer inquiries and other Customer service matters with respect to the DDOT Improvement Charge according to the same procedures it uses to service Customers with respect to its own charges.

SECTION 5. COLLECTIONS; PAYMENT PROCESSING; REMITTANCE.

(a) Collection Efforts, Policies, Procedures.

(i) The Servicing Agent shall use reasonable efforts to collect from Customers all billed DDOT Improvement Charges as and when the same become due and shall follow such collection procedures as it follows with respect to collections for its own account, including the following:

- (A) the Servicing Agent shall prepare and deliver overdue notices to Customers in accordance with the Servicing Agent Policies and Practices;
- (B) the Servicing Agent shall deliver notices of delinquency and possible disconnection in accordance with the Servicing Agent Policies and Practices;
- (C) the Servicing Agent shall adhere to and carry out disconnection policies in accordance with the Servicing Agent Policies and Practices;
- (D) the Servicing Agent may employ the assistance of collection agents to collect any past-due DDOT Improvement Charges in accordance with the Servicing Agent Policies and Practices;
- (E) the Servicing Agent may sell accounts which include past-due DDOT Improvement Charges in accordance with the Servicing Agent Policies and Practices; and
- (F) the Servicing Agent shall apply Customer deposits and other forms of credit support or payment security (including letters of credit) to the payment of delinquent accounts in accordance with Servicing Agent Policies and Practices.

(ii) The Servicing Agent shall be permitted with respect the DDOT Improvement Charge to (i) waive, vary or modify the amount or terms of any payment due from a customer, (ii) waive, in whole or in part, any late payment charge or other delinquent payment fee, (iii) write off any customer receivables that the Servicing Agent deems uncollectable or (iv) take or refrain from taking legal action to collect any amount due, in each case consistent with the Servicing Agent Policies and Practices, but only if such taking or refraining from taking of

legal action would not reasonably be expected to materially adversely affect the timely collection of the DDOT Improvement Charges.

(iii) The Servicing Agent shall accept payment from Customers in respect of billed DDOT Improvement Charges in such forms, by such methods and at such times and places as it accepts payment of electric distribution charges collected for its own account.

(b) Payment Processing, Allocation and Priority of Payments.

(i) The Servicing Agent shall post all payments received from Customers in respect of DDOT Improvement Charges to the applicable Customer account as promptly as practicable, and, shall make reasonable efforts to post substantially all such payments no later than three Servicing Agent Business Days after receipt. The Servicing Agent will determine the amount of DDOT Improvement Charge collected from each DDOT Improvement Charge Rate Class in accordance with its Servicing Agent Policies and Practices, and as summarized herein:

- (A) On a monthly basis, the Servicing Agent shall determine the ratio of the billed DDOT Improvement Charges to the total Customer billings (including the DDOT Improvement Charge) for each DDOT Improvement Charge Rate Class. This ratio for each Customer Rate Class (each a "Billing Ratio") will be applied to actual Customer collections for each DDOT Improvement Charge Rate Class, beginning on the 15th day of the following month in which this ratio applies and will continue to be applied until the 15th day of the next following month and used to calculate the Daily Remittance.
- (B) In order to calculate the amount which is required to be remitted to the Collection Account on any Servicer Business Day, the Servicing Agent shall multiply actual Customer collections for each Customer Rate Class on each such day by the Billing Ratio. The aggregate amount will represent the estimated daily collection of DDOT Improvement Charges (the "Daily Remittance"), and will be remitted to the Collection Account no later than three Servicing Agent Business Days following the estimated collection thereof, in accordance with Section 3.05 of this Agreement. Pending such remittance, the Daily Remittance will be segregated and held in trust for the Trustee.
- (C) Not less often than semi-annually, and as frequently as quarterly if requested by the Issuer, the Servicing Agent will review its receivable days outstanding data, its collection curve data and its delinquency and write off data to ensure that the Daily Remittances being made to the Collection Account correspond, as closely as practicable, to the actual DDOT Improvement collections received by the Servicing Agent on each Servicing Agent Business Day. The parties agree that the purpose of these reviews and adjustment procedures is to assure that DDOT Improvement Charge Revenues received by the Servicing Agent are

remitted, to the extent practicable, to the Collection Account within three Servicing Business Days of actual receipt thereof.

- (D) Not later than 30 days after the end of each review conducted pursuant to paragraph (B) above, the Servicing Agent will true-up any over-remittance or under-remittance of Daily Remittances for the most recent semi-annual (or quarterly) period, to reflect the revised estimate of DDOT Improvement Charge collections received by the Servicing Agent during such period. Any resulting over-remittance or under-remittance shall be deducted from, or added to, the Daily Remittance or Remittances within 10 Servicing Agent Business Days.
- (E) The use, by the Servicing Agent of any reasonable estimate to determine the amount of the Daily Remittance, all in accordance with its customary Servicing Agent Policies and Procedures, and applied on a consistent basis, shall not be prohibited.

(c) Accounts and Records.

The Servicing Agent shall maintain accounts and records as to the DDOT Improvement Charges in accordance with its standard accounting procedures and in sufficient detail to permit reconciliation between DDOT Improvement Charge collections and the remittance thereof to the Collection Account. Pending remittance of funds collected in respect of the DDOT Improvement Charges, such funds may be commingled by the Servicing Agent with other assets of the Servicing Agent held for its own account or for the account of others, subject to the condition that such funds shall be accounted for in a manner that allows them to be properly identified and traced.

(d) Remittances.

(i) The Servicing Agent shall make remittances to the Collection Account in accordance with Section 3.05 of the Agreement.

(ii) In the event of any change of account or change of institution affecting the Collection Account, the Issuer shall provide written notice thereof to the Servicing Agent not later than five Servicing Agent Business Days prior to the effective date of such change.

ANNEX III

TRUE-UP ADJUSTMENT MECHANISM AND MATHEMATICAL FORMULA

True-Up Adjustment Calculation

As provided by the Servicing Agreement, the Servicing Agent will file with the Commission to adjust (each, a “True-Up Request”) the DDOT Underground Infrastructure Improvement Charge (the “DDOT Improvement Charge”) at least semi-annually on or before March 1 and September 1 of each year; provided, however, that the first True-Up Request will be filed at least 6 months but no more than 12 months after the date of the issuance of the Bonds. True-Up Requests will be filed with the Commission until the principal and interest on the Bonds and all other Ongoing Financing Costs are paid in full. The filing of True-Up Requests semi-annually will be performed by the Servicing Agent on a mandatory basis. In certain circumstances described below, however, the Servicing Agent will be required to file True-Up Requests quarterly rather than semi-annually. In addition, the Servicing Agent may file an interim True-Up Request at any time as more fully described below.

A True-Up Request shall be in the form required by the Financing Order. The date a True-Up Request is filed with the Commission is referred to as an “Adjustment Date.”

Semi-annually, the Servicing Agent will file a True-Up Request (i) to correct for any over-collections or under-collections through the date of calculation and collections anticipated to occur through the Adjustment Date, and (ii) to ensure that the expected collections of the DDOT Improvement Charge on and after the Adjustment Date and through the period (the “Calculation Period”) ending on the next succeeding Adjustment Date (in the case of semi-annual True-Up Requests, the Calculation Period will be 6 months) are adequate: (a) to pay timely all principal and interest due on the Bonds pursuant to the expected amortization schedule and to accrue for all unpaid debt service through the end of the Calculation Period; (b) to replenish any required reserves with respect to the Bonds; and (c) to make timely payment of all other Ongoing Financing Costs through the end of the Calculation Period (collectively, the “Revenue Requirement”).

Following the expected maturity date of the last maturing series or tranche of the Bonds, if any Bonds remain outstanding after such expected maturity date, the Servicing Agent will be required to file quarterly True-Up Requests to adjust the DDOT Improvement Charge to ensure that the Revenue Requirement will be satisfied during the Calculation Period ending on the next Bond payment date.

Additionally, if the District at any time determines that the DDOT Improvement Revenue is insufficient to satisfy the Revenue Requirement and that it would be imprudent to defer an adjustment to the DDOT Improvement Charge until the next mandatory True-Up Request is filed, the District and the Servicing Agent will cooperate such that the Servicing Agent will file an interim True-Up Request with the Commission seeking an interim adjustment to the DDOT

Improvement Charge (an “Interim True-Up Adjustment Filing”) to ensure that the expected collections of the DDOT Improvement Charge is adequate to satisfy the Revenue Requirement.

To facilitate the District’s assessment of the need for an interim True-Up Request, following the occurrence of an event of force majeure (including fire, flood, earthquake, storm, hurricane or other natural disaster, war, act of foreign enemies, terrorism, labor dispute, strike, or lockout) which the Servicing Agent reasonably expects may cause the DDOT Improvement Revenue to be insufficient to satisfy the Revenue Requirement, the Servicing Agent shall provide prompt written notice of such expectation to the District.

All True-Up Requests will be designed to cause (i) the outstanding principal balance of all series or tranches of the Bonds, as applicable, to be equal to the expected balance (based on the expected amortization schedule) with respect to the Bonds; (ii) all debt service accruing on the Bonds through the end of the Calculation Period to be fully paid or provided for; (iii) the amount in any required reserve with respect to the Bonds to be equal to the required reserve level; (iv) any residual or excess funds subaccount to be targeted to be zero by the end of the Calculation Period; and (v) the timely payment of all other Ongoing Financing Costs.

Each True Up Request shall be implemented as follows:

1. At least thirty days prior to each Adjustment Date (the “Calculation Date”), the District shall provide to the Servicing Agent, or cause the Indenture Trustee to provide to the Servicing Agent:
 - (a) The amount on deposit in the Collection Account, as of the most recent date practicable.
 - (b) A schedule showing the Revenue Requirement for the next Calculation Period based on: (i) the projected debt service on the Bonds (amounts due and amounts to be accrued); (ii) any replenishment required to be made to any reserve account and (iii) the timely payment of all other Ongoing Financing Costs during such Calculation Period.
 - (c) Updated information regarding the amounts referred to in clauses (a) and (b) as the Servicing Agent shall reasonably request.
2. The Servicing Agent shall subtract (i) the sum of amounts provided for in step 1(a) above and amounts expected to be collected and remitted based upon the DDOT Improvement Charge then in effect following the Calculation Date from (ii) the Revenue Requirement for the next Calculation Period as provided by the District in step 1(b) above (the result being the “Net Revenue Requirement” for the next Calculation Period).
3. The Servicing Agent shall prepare and provide to the District an update of the electric company customer data and assumptions underlying the calculation of the DDOT Improvement Charge, including projected uncollectable amounts and billing lags for each DDOT Improvement Charge Rate Class.

4. The Servicing Agent shall determine the DDOT Improvement Charge to be allocated to each DDOT Improvement Charge Rate Class (as defined in the Servicing Agreement) during the next Calculation Period by multiplying the Net Revenue Requirement determined in step 2 above by the Class Allocation Factor (as defined below)

5. For each DDOT Improvement Charge Rate Class divide the amount in step 4 above by the forecasted energy billing units (adjusted for each class's projected uncollectible amounts and billing lags as provided to the District in step 3 above) to determine the DDOT Improvement Charge for the next Calculation Period.

In accordance with Section 314(d) of the Act, the DDOT Improvement Charge in any True-Up Request filed with the Commission shall go into effect on the Adjustment Date.

Allocation Methodology

The "Class Allocation Factor" used in each True-Up Request will be the cost allocation factors for each Class used in the most recently approved electric company distribution service base rate case.

ANNEX IV

FORM OF TRUE-UP REQUEST

[Date]

[Name]

[Title]

Public Service Commission
of the District of Columbia
1333 H Street, N.W.
West Tower, Second Floor
Washington, DC 20005

Re: Financing Order; Formal Case 1121

Dear []:

Pursuant to the Commission’s Financing Order adopted on [], 2014, in the above-referenced matter (the “Financing Order”), Potomac Electric Power Company, the Servicing Agent, pursuant to the DDOT Property Servicing Agreement, dated as of [], 201_ (the “Servicing Agreement”), by and between the District of Columbia (the “Issuer”) and Potomac Electric Power Company, as Servicing Agent, submits, in its capacity as designee of the Issuer, this True-Up Request for a [Semiannual][Quarterly][Optional] True-Up Adjustment to the DDOT Underground Electric Company Infrastructure Improvement Charge (the “DDOT Improvement Charge”). Any capitalized terms not defined herein shall have the meanings ascribed thereto in the Financing Order.

Based on the Periodic Payment Requirement for the Collection Period [commencing [date], and ending on [date] provided by the Issuer to the Servicing Agent, in accordance with the Servicing Agreement, and the electric company data and assumptions underlying the calculation of the DDOT Improvement Charge, the Servicing Agent has determined the DDOT Improvement Charge allocable and assigned to each DDOT Improvement Charge Rate Class for the next Collection Period in accordance with the terms of the Servicing Agreement and the Act and using the formula approved by the Commission in the Financing Order. The DDOT Improvement Charge for each DDOT Improvement Charge Rate Class for the next Collection Period is attached hereto as Schedule 1. The accounting work papers used in calculating the DDOT Improvement Charges in Schedule 1, including the receipts and remittances of the DDOT Charges to the Trustee are attached hereto as Attachment 1. The form of the proposed form of public notice suitable for publication by the Commission required by the Act is included in Annex 5.

Pursuant to the Act, the DDOT Improvement Charges in Schedule 1 hereto shall go into effect immediately upon the filing of this True-Up Request with the Commission, subject to adjustment as provided in the Act and the Financing Order. Any interested party may file comments with the Commission with respect to the mathematical accuracy of the Servicing

Agent's calculations with respect to DDOT Improvement Charges within 10 days of the request for approval of Schedule 1 evidenced by the filing of this True-Up Request. The Commission will act upon a request for approval of Schedule 1 within 20 days of the comment period noted in the previous sentence, but the review by the Commission is limited to determining if there has been a mathematical error in the application of the True-Up Mechanism. If the Commission does not act within such 20 day period to identify and correct any mathematical error in the application of the True-Up Mechanism, the request for approval of Schedule 1 shall be deemed approved.

Respectfully submitted,

POTOMAC ELECTRIC POWER COMPANY,
as Servicing Agent

By: _____
Name: _____
Title: _____

Attachments

ANNEX V

PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA
1333 H STREET, N.W., SUITE 200, WEST TOWER
WASHINGTON, D.C. 20005

PUBLIC NOTICE

FORMAL CASE NO. 1121, IN THE MATTER OF THE APPLICATION OF POTOMAC ELECTRIC POWER COMPANY FOR ISSUANCE OF A FINANCING ORDER UNDER THE ELECTRIC COMPANY INFRASTRUCTURE IMPROVEMENT FINANCING ACT

The Public Service Commission of the District of Columbia (“Commission”) hereby gives notice, pursuant to Section 314 of the Electric Company Infrastructure Improvement Financing Act of 2014 (“Act”) (D.C. Law Act 20-102, effective May 3, 2014), and Order No. _____ (the “Financing Order”) issued by the Commission on [_____, 2014] in Formal Case No. 1121, that on [_____, 20__], Potomac Electric Power Company (“Pepco”), pursuant to the terms of the DDOT Property Servicing Agreement (the “Servicing Agreement”), between the District of Columbia (the “District”) and Pepco, in its capacity as Servicing Agent for the District (in such capacity, the “Servicing Agent”), filed a request for approval of a schedule applying the true-up mechanism (“True-Up Mechanism”) approved in the Financing Order to the DDOT Underground Electric Company Infrastructure Improvement Charge (the “True-Up Request”). Terms used in this notice but not defined herein shall have the meaning ascribed to them in the Financing Order.

In accordance with Section 314(a) of the Act, the Servicing Agent has determined that upon the filing of the True-Up Request, the DDOT Underground Electric Company Infrastructure Improvement Charge will be approximately [_____] cents per day for a typical residential customer who uses [----]kWh per month. The DDOT Underground Electric Company Infrastructure Improvement Charge in the True-Up Request is designed to collect \$[_____] in total revenues during the next six (6) months which will be sufficient to pay debt service on the Bonds and all other Ongoing Finance Costs.

Consistent with the Act and the Financing Order, the DDOT Underground Electric Company Infrastructure Improvement Charge is imposed only on Customers and is allocated among Customer classes in accordance with the distribution service customer class cost allocations approved in Pepco’s most recent electric distribution service base rate case, Formal Case No. _____. Upon the filing of the True-Up Request, the DDOT Underground Electric Company Infrastructure Improvement Charge rates for each Rate Schedule became as follows:

Rate Schedule

R	per kWh
AE	per kWh
RTM	per kWh
GS ND	per kWh
T	per kWh
GS LV	per kWh
GS 3A	per kWh
GT LV	per kWh
GT 3A	per kWh
GT 3B	per kWh
RT	per kWh
SL/TS	per kWh
TN	per kWh

The average monthly effects of the proposed DDOT Improvement Charges rates will be:

<u>Rate Schedule*</u>	<u>Average Monthly Usage</u>	<u>Monthly Increase for Standard Offer Service Customers</u>	
		<u>Total Bill**</u>	<u>% of average monthly Bill</u>
Residential - Standard (R)			
Residential - All Electric (AE)			
Residential Aid Discount (RAD)		NA	NA
Residential Aid Discount - All Electric (RAD AE)		NA	NA
Residential Time-of-Use (RTM)			
GS Non-Demand (GS ND)			
GS Low Voltage (GS LV)			
GS Primary (GS 3A)			
Temporary			
GT – Low Voltage (GT LV)			
GT – Primary (GT 3A)			
GT - High Voltage (GT 3B)			
Rapid Transit (RT)			
Street Lighting (SL) *** and Traffic Signals (TS) combined ***			
Telecommunications Network (TN)			
Street Lighting Maintenance (SSL OH and SSL UG) ***			

* The effect of the proposed rates on any particular customer is dependent upon the actual usage of the customer. Increases shown are for customers with the average monthly usage.

** Standard Offer Service customers purchase their electricity from Pepco. For those customers who purchase their electricity from competitive suppliers (i.e., suppliers other than Pepco), the dollar amounts and percentages in the Total Bill column are not applicable. The DDOT Underground Electric Company Infrastructure Improvement Charge is still applicable to such Customers.

*** The Street Lighting and Traffic Signal increases shown refer to the total class.

As provided by Section 314(d) of the Act, any interested party may file comments with the Commission with respect to the mathematical calculations contained in the True-Up Request no later than [_____, ____]. [insert date 10 days after the filing of the True-Up Request]

All written comments should be sent to [Ms. Brinda Westbrook-Sedgwick], Commission Secretary, Public Service Commission of the District of Columbia, 1333 “H” Street, N.W., 2nd Floor, West Tower, Washington, D.C. 20005.

The True-Up Request is available for inspection at the Commission’s Office of the Commission Secretary, 1333 “H” Street, NW, 2nd Floor – West Tower between the hours of 9:00 a.m. and 5:30 p.m., Monday through Friday. Copies of the True-Up Request can be purchased at the Commission at a cost of \$0.____ per page, actual reproduction cost. The True-Up Request may also be inspected at the following public libraries:

Ward	Name and Address
	INSERT AS APPLICABLE

**PROPOSED
ORDER**

**PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA
1333 H STREET, N.W., SUITE 200, WEST TOWER
WASHINGTON, D.C. 20005**

ORDER

_____, 2014

**FORMAL CASE NO. 1121, IN THE MATTER OF THE APPLICATION OF THE
POTOMAC ELECTRIC POWER COMPANY FOR A FINANCING ORDER, Order
No. _____**

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- APPENDIX A: Form of Servicing Agreement
- APPENDIX B: Form of Issuance Advice Letter

I. INTRODUCTION

1. This financing order (this “Financing Order”) addresses the Financing Order Application (as defined below) of the Potomac Electric Power Company (“Pepco” or “Applicant”) for a Financing Order under the Electric Company Infrastructure Improvement Financing Act of 2014, D.C. Law 20-102 (effective May 3, 2014) (the “Act”) which, *inter alia*: (i) approves the issuance of the Bonds defined in Section 101(3) by the District of Columbia (the “District”) and authorized by Section 202 of the Act (the “Bonds”) on the terms and conditions set forth in the Financing Order Application; (ii) authorizes (a) the imposition, charging, and collection on behalf of the District of the non-bypassable DDOT Underground Electric Company Infrastructure Improvement Charge (the “DDOT Improvement Charge”) authorized by the Act to be imposed on and collected from all existing and future electric distribution customers of Pepco or any successor within the District of Columbia, other than members of the Residential Aid Discount (“RAD”) customer class or in any succeeding discount program (“Customers”), to become effective upon the issuance of the Bonds, and (b) the adjustment of the DDOT Improvement Charge in accordance with Section 314 of the Act in amounts sufficient to pay the principal of and interest on the Bonds and all other Financing Costs (described herein) on a timely basis; (iii) authorizes the creation of the DDOT Underground Electric Company Infrastructure Improvement Property (the “DDOT Improvement Property”) under this Financing Order; (iv) finds and determines that DDOT Underground Electric Company Infrastructure Improvement Activity (“DDOT Improvement Activity”) to be funded with the net proceeds of the Bonds are consistent with the Act; and (v) approves the form of, and authorizes the execution and delivery by Pepco of, a servicing agreement with the District providing for the billing, collection and servicing of the DDOT Improvement Charge in accordance with the Act and related services.

2. By this Financing Order, the Public Service Commission of the District of Columbia (“Commission”) grants the Application of Pepco for a Financing Order under the Act and authorizes, *inter alia*, the creation of the DDOT Improvement Property and the imposition and periodic true-up of the DDOT Improvement Charge as set forth herein. To facilitate compliance and consistency with applicable statutory provisions, this Financing Order adopts the definitions set forth in the Act (except to the extent such terms are otherwise defined herein).

II. BACKGROUND

3. Pursuant to Mayor’s Order 2012-130 (August 16, 2012),¹ Mayor Vincent Gray established the Mayor’s Power Line Undergrounding Task Force (“Task Force”), which was given specific directives for analyzing “the technical feasibility, infrastructure options and reliability implications of undergrounding new or existing overhead electrical distribution facilities in the District of Columbia.”² The Task Force carefully studied the issue of undergrounding of power lines to improve electric system reliability and public safety in the District of Columbia during a variety of weather conditions.³ In October 2013, the Task Force

¹ Mayor’s Order 2012-130 was amended by Mayor’s Order 2012-182 (October 19, 2012).

² Mayor’s Power Line Undergrounding Task Force Findings and Recommendations Final Report (October 2013) (the “Final Report”) at 8.

³ *Id.* at 10.

issued the Final Report which recommended that the Mayor accept the Task Force's recommendations and further recommended immediate development of an implementation plan for expedited legislative and regulatory processes that would allow design and construction activities for undergrounding facilities to begin.⁴

4. Legislation governing the public-private partnership between Pepco and District of Columbia Department of Transportation ("DDOT") to bury certain overhead power lines to improve electric service reliability in the District of Columbia, Electric Company Infrastructure Improvement Financing Act of 2013, D.C. Bill 20-387, was introduced in the Council of the District of Columbia (the "Council") on July 9, 2013. The legislation was approved by the Council on February 4, 2014 and signed by the Mayor on March 3, 2014. The legislation, which is herein referred to as the Act, became law effective May 3, 2014.⁵

5. The Act provides for a joint DDOT and Pepco application for the Commission's approval of a triennial plan for undergrounding certain electrical facilities identified therein. On April 29, 2014, the Commission issued Order No. 17473, which, *inter alia*, opened Formal Case No. 1116 to consider applications for approval of triennial plans.

6. On June 17, 2014, in accordance with Section 307(a) of the Act, Pepco and the DDOT filed with the Commission the Triennial Plan Application in Formal Case No. 1116, seeking the Commission's approval of their Triennial Underground Infrastructure Improvement Projects Plan (the "Triennial Plan"). In the joint application, Pepco and the DDOT requested, *inter alia*, (a) authority to implement a project to expand the undergrounding of certain electric distribution feeders in the District of Columbia (the "Undergrounding Project") so as to increase the reliability of the electric distribution system in the District of Columbia, to commence with the first three years of the Undergrounding Project (2015-2017), and (b) approval of the Underground Project Charge to be charged by Pepco with respect to Electric Company Infrastructure Improvement Costs incurred for the Undergrounding Project. The entire Undergrounding Project is expected to extend for a period of 7-10 years at a total cost of approximately \$1 billion.

7. The Act also authorizes the District to issue the Bonds to fund the Underground Electric Company Infrastructure Improvements Costs (the "DDOT Improvement Costs") will undertake in connection with the Undergrounding Project. Prior to any such issuance, however, the Act requires the Commission to review a financing order application and issue a financing order authorizing the issuance of the Bonds.

8. On August 1, 2014, in accordance with Section 302(b) of the Act, Pepco submitted an application for issuance of a financing order (the "Financing Order Application"). The Financing Order Application sought approval, *inter alia*, for the District's issuance of Bonds in a total aggregate par amount of up to \$375 million, the maximum amount permitted pursuant to Section 202(a) of the Act. The Financing Order Application contemplates that the Bonds would be issued through a securitization structure described more fully herein (the "Securitization") that will finance the costs of the DDOT Improvement Activity. The Financing

⁴ *Id.* at 9.

⁵ D.C. Law 20-102 (May 3, 2014)

Order Application also requested that the Commission approve and adopt the proposed Financing Order included at Tab 6 of the Financing Order Application in its entirety and without substantial modification, as the full and final resolution of the issues raised in this proceeding.

[ADDITIONAL HISTORY TO BE INSERTED AS NEEDED]

9. The Commission has carefully examined the Financing Order Application, and all testimony, exhibits and filings made in connection therewith (the "Record").

III. SUMMARY OF FINANCING ORDER

10. In this Financing Order, the Commission finds that the Securitization approved in this Financing Order meets all applicable requirements of the Act. Accordingly, under the terms of this Financing Order, the Commission: (1) approves the Securitization requested by the Applicant and the issuance of Bonds in one or more series and maturities (or "tranches") and at one or more times in an aggregate par amount not to exceed \$375 million, in accordance with this Financing Order; (2) affords the District flexibility in determining the final terms and conditions of the Bond issuance to accommodate changes in market conditions and rating agency considerations; (3) approves and authorizes the imposition, charging, and collection on behalf of the District of the non-bypassable DDOT Improvement Charge authorized by the Act and this Financing Order to be imposed on and collected from all Customers to become effective upon the issuance of the Bonds, (4) approves and authorizes a true-up mechanism for the adjustment of the DDOT Improvement Charge, in accordance with Section 314 of the Act, to assure collection of amounts sufficient to pay the principal of and interest on the Bonds and all other Ongoing Financing Costs (described herein) on a timely basis; (5) approves and authorizes the creation of DDOT Improvement Property; (6) finds and determines that the Financing Costs to be recovered from Bond proceeds or the DDOT Improvement Charge are consistent with the Act; (7) finds and determines that the funding of DDOT Improvement Activity described in this Financing Order with the net proceeds of the Bonds is consistent with the Act; (8) approves the form of, and authorizes the execution and delivery by Pepco of, a servicing agreement with the District, in the form submitted as Tab 5 to the Financing Order Application and attached as Appendix A to this Financing Order, subject to such changes as are authorized in this Financing Order; and (9) approves and authorizes the form of Rider DDOT UECIC to be filed under Pepco's tariffs, as provided in this Financing Order, and as amended from time to time, to implement and service the DDOT Improvement Charge.

IV. STATUTORY OVERVIEW

11. On May 3, 2014, the Act became effective as D.C. Law 20-102, authorizing the funding of the undergrounding of certain vulnerable feeders in the District of Columbia and authorizing the establishment of a mechanism by which a portion of the activities to be undertaken by DDOT on the Undergrounding Project would be financed through the securitization of a non-bypassable volumetric surcharge imposed on all Customers.

12. Pursuant to Sections 202 and 209 of the Act, to allow for the funding of the DDOT Improvement Activity, the Commission may authorize the creation of the DDOT Improvement Property and the issuance of the Bonds.

13. Pursuant to Section 203 of the Act, the Bonds are secured by and payable from the DDOT Improvement Property, an irrevocable property right, created in the District, which includes (i) the right to impose, bill and collect DDOT Improvement Charges, (ii) the right to adjust the DDOT Improvement Charge pursuant to a “true-up mechanism” in accordance with Section 314 of the Act, and (iii) all proceeds and revenues from the DDOT Improvement Charge (DDOT Underground Electric Company Infrastructure Improvement Revenues, or herein, “DDOT Improvement Revenue”).

14. Consistent with Sections 101(13) and 305(c) of the Act, the DDOT Improvement Charge is a non-bypassable, volumetric surcharge authorized by the Act and the Commission in this Financing Order, which must be assessed and collected from all Customers, as provided in Section 301(a)(4) of the Act.

15. Section 314 of the Act requires that a “true-up mechanism” be used to adjust the DDOT Improvement Charge not less frequently than annually to ensure the amount projected to be collected and remitted satisfy the DDOT Underground Electric Company Infrastructure Improvement Annual Revenue Requirement (“DDOT Improvement Revenue Requirement”), which includes amount sufficient to pay the principal of and interest on the Bonds when due pursuant to the expected amortization schedule, to replenish any reserve funds created for the Bonds to their required level, and to pay any other Ongoing Financing Costs (as described herein).

16. In accordance with Sections 209 of the Act, the DDOT Improvement Charge must be imposed and collected until all Bonds and any other Ongoing Financing Costs are paid in full.

17. In accordance with Sections 301 and 314 of the Act, the DDOT Improvement Charge must be imposed, adjusted from time to time, and collected by Pepco, or any successor, as agent for the District. Pursuant to Section 301(a)(9) of the Act, the Commission shall authorize the execution and delivery by Pepco of a servicing agreement with the District requiring Pepco (or its successors) to perform these servicing functions as agent for the District.

18. Pursuant to Section 201(d) of the Act, the proceeds from the sale of the Bonds, net of Upfront Financing Costs (described herein), will be deposited into the DDOT Underground Electric Company Infrastructure Improvement Fund (the “DDOT Improvement Fund”) and will be used solely to fund the DDOT Improvement Activities as approved in this Financing Order.

19. Pursuant to Section 204(h) of the Act, the District covenants and agrees that it will not: (a) limit or alter the DDOT Improvement Revenue pledged to secure the Bonds or the basis on which the DDOT Improvement Revenue is collected or allocated; (b) take any action to impair the contractual obligations of the District to fulfill the terms of any agreement made with the holders of the Bonds; and (c) in any way impair the rights or remedies of the holders of the Bonds, until the Bonds, together with interest on the Bonds, and all costs and expenses in connection with any suit, action, or proceeding by or on behalf of the holders of the Bonds, are fully met and discharged. This covenant and agreement shall be included as part of the contract between the District and the holders of the Bonds.

20. Consistent with Section 301(c) of the Act, except to implement any true-up mechanism in accordance with this Financing Order, this Financing Order may not be amended, modified, or terminated by any subsequent action of the Commission and the Commission may not reduce, impair, postpone, terminate, or otherwise adjust the DDOT Improvement Charge approved by this Financing Order.

21. Because the actual structure, terms and pricing of the Bonds, as well as the timing of their issuance, will not be known at the time this Financing Order is issued, in accordance with Section 303(d) of the Act, the District is required to file with the Commission, not later than 5:00 pm on the next business day after the sale of Bonds, an Issuance Advice Letter which indicates the final structure and terms of the Bonds, calculates the initial DDOT Improvement Charge in accordance with the true-up methodology described below and provides such other information required by this Financing Order. If the DDOT Improvement Charge confirmed in the Issuance Advice Letter differs from the estimated DDOT Improvement Charge in the record of this proceeding (the "Record"), the Commission shall adjust the DDOT Improvement Charge accordingly.

V. DESCRIPTION OF SECURITIZATION TRANSACTION STRUCTURE

22. The proposed terms of the Bonds and the security structure for the Securitization is provided in the Record and summarized below. In this Financing Order we approve the issuance of the Bonds and the security structure as described in the Financing Order Application, subject to the terms of this Financing Order.

A. Terms of the Bonds

23. The District proposes to issue up to \$375 million in par amount of Bonds under the Act and Section 490 of the Home Rule Act.

24. While the District anticipates that the issuance of tax-exempt Bonds would be advantageous and result in a lower cost of indebtedness, the District may issue a portion of the Bonds as taxable bonds due to limitations of the Internal Revenue Code and regulations thereunder governing the issuance of tax-exempt bonds.

25. The District plans to structure the Bonds to reduce all-in borrowing costs and benefit Customers by securing the highest reasonably attainable credit rating for the Bonds, which is currently targeted to be a "AAA" rating.

26. The District anticipates that all of the Bonds will be issued as fixed rate bonds in the first half of calendar year 2015. No Bonds will be issued on a date more than ten years following the effective date of the Act, i.e. May 3, 2024.

27. The District anticipates that the Bonds will be amortized over 30 years or less from their date of issuance.

28. The Bonds will be issued and sold to capital market bond investors in one or more maturities, each having a distinct par amount, amortization schedule, and interest rate. The form,

repayment schedule, classes, number of credit ratings, and other characteristics of the Bonds, will be determined by the District at the time of pricing.

29. The Commission finds in this Financing Order that the Bond terms, as described by the District in the Record, are consistent with the Act and should be approved.

B. Security for the Bonds

30. The Bonds will be secured by and payable solely from the DDOT Improvement Property created pursuant to this Financing Order. The DDOT Improvement Charges and any proceeds thereof, which are referred to in the Act as DDOT Improvement Revenue, are irrevocably pledged pursuant to Section 203(b) of the Act as security for the repayment of the Bonds and all Financing Costs.

31. In connection with the issuance of the Bonds, the District intends to enter into a trust indenture (the "Indenture") with a trustee (the "Indenture Trustee"), pursuant to which the Indenture Trustee shall receive, hold and disburse all amounts in the DDOT Improvement Fund upon the terms and conditions set forth in the Indenture.

32. Pursuant to the Act and the Indenture, the District shall establish a segregated trust account (the "Collection Account") in the DDOT Improvement Fund. All DDOT Improvement Revenue will be deposited by the Indenture Trustee into the Collection Account as received from Pepco, as Servicing Agent (defined herein), or any successor servicer.

33. The District will also establish another trust account, the reserve account (the "Reserve Account"), to enhance the security for the Bonds and assist in obtaining the highest reasonably attainable credit rating on the Bonds. The Reserve Account will initially be funded from the proceeds of the Bonds as an Upfront Financing Cost.

34. Moneys in the Reserve Account will be used to pay (i) debt service on the Bonds and (ii) certain priority Ongoing Financing Costs (as described in the Indenture).

35. The District anticipates funding the Reserve Account in an amount equal to 0.5% of the initial par amount of the Bonds, unless rating agency considerations or the market for the Bonds require a greater reserve requirement.

36. The money in the Collection Account, the Reserve Account, and certain other accounts held under the Indenture securing the Bonds, will be invested by the Indenture Trustee in short term, high quality investments which are described in the direct testimony of District Witness Barnette.

C. True-Up Mechanism

37. The principal credit enhancement for the Bonds will be the "true-up mechanism" authorized by Sections 301 and 314 of the Act and this Financing Order.

38. The true-up mechanism is a periodic adjustment to the DDOT Improvement Charge which must occur not less often than annually on or before April 1 of each year or more

frequently as necessary to reconcile actual DDOT Improvement Charge collections with forecasted collections and ensure that DDOT Improvement Revenue is sufficient to satisfy the DDOT Improvement Revenue Requirement. In the Financing Order Application, the Applicant has requested that the DDOT Improvement Charge be adjusted no less frequently than semiannually, as further described in this Financing Order.

39. In the direct testimony of Pepco Witness Janocha and in the direct testimony of District Witness Barnette, Exhibit PEPCO (B)-4, as well as in the proposed form of the DDOT Property Servicing Agreement (the "Servicing Agreement") and the proposed Financing Order found in Tabs 5 and 6 (respectively) to the Financing Order Application, the Applicant sets forth in detail the proposed true-up methodology pursuant to which periodic true-up adjustments (the "True-Up Adjustment") to the DDOT Improvement Charge are to be calculated and implemented (the "True-Up Mechanism").

40. The True-Up Mechanism as described in the Record and approved in this Financing Order will help ensure the timely and full payment of the Bonds and other Ongoing Financing Costs, thus enhancing their credit quality and helping to assure that the Bonds obtain the highest reasonably attainable credit ratings. In this Financing Order we approve the True-Up Mechanism as proposed by the Applicant.

D. Servicing Arrangements

41. Pursuant to Section 301 of the Act, Pepco, as servicing agent (the "Servicing Agent") or any successor, is required to bill and collect the DDOT Improvement Charge, as agent for the District.

42. In the Financing Order Application, Pepco has requested that Pepco be authorized to execute a servicing agreement with the District, substantially in the form attached at Tab 5 to the Financing Order Application, with such changes as may be agreed to by Pepco and the District and as are required to achieve the highest reasonably attainable credit rating on the Bonds. A brief summary of the provisions of the Servicing Agreement is provided below.

43. Under the Servicing Agreement, Pepco, as Servicing Agent, will be responsible for billing and collecting the DDOT Improvement Charge and promptly remitting the DDOT Improvement Revenue to the Indenture Trustee. In addition, Pepco will be required to file requests for True-Up Adjustments ("True-Up Requests") consistent with the True-Up Mechanism approved in this Financing Order.

44. Pursuant to the Act and the Servicing Agreement, the District is required to provide to the Servicing Agent, in connection with each True-Up Adjustment, the calculation of the DDOT Improvement Revenue Requirements in order to allow the Servicing Agent to calculate the necessary adjustments to the DDOT Improvement Charge.

45. As consideration for its servicing responsibilities under the Servicing Agreement, Pepco will receive an annual fee (the "Servicing Fee") in an amount equal to 0.075% of the initial aggregate par amount of the Bonds (without giving effect to any subsequent reduction in the outstanding par amount of the Bonds or any premium).

46. Article VI of the Servicing Agreement specifies the events in which Pepco would be in default of its obligations as Servicing Agent and could be replaced. In general, these events include: (i) consistent with Section 201(b) of the Act, any failure by Pepco to remit the DDOT Improvement Charge within the agreed-upon time period specified in the Servicing Agreement; (ii) any failure on the part of Pepco to observe or to perform in any material respect any covenant or agreement set forth in the Servicing Agreement; (iii) any representation or warranty made by Pepco in the Servicing Agreement proves to have been incorrect in a material respect when made; (iv) an Insolvency Event (as defined in the Servicing Agreement) occurs with respect to Pepco; and (v) failure of Pepco to file a True-Up Request. Pepco cannot be removed as Servicing Agent unless a subsequent Servicing Agent has been selected, and the successor Servicing Agent agrees to be bound by the terms and conditions of the Servicing Agreement.

47. Under terms of the Servicing Agreement, Pepco may not voluntarily resign from its duties as Servicing Agent unless it delivers an opinion from counsel that the continued performance by Pepco as Servicing Agent would no longer be permissible under applicable law. In addition, Pepco cannot resign as Servicing Agent unless a successor Servicing Agent has been selected, and the successor Servicing Agent agrees to be bound by the terms and conditions of the Servicing Agreement.

48. In the direct testimony of District Witness Barnette, the District has requested that if Pepco or its successor is required to be replaced as Servicing Agent under the Servicing Agreement, the successor Servicing Agent, if not affiliated with Pepco or its successor, may be paid a servicing fee which will not exceed 0.75% per annum of the original par amount of the Bonds, unless a higher fee is approved by the Commission.

49. In the direct testimony of District Witness Barnette, the District has requested that the Financing Order provide that (i) regardless of who is responsible for billing, the Customers shall continue to be responsible for the DDOT Improvement Charge; (ii) if a third party meters and bills for the DDOT Improvement Charge, the electric company, as Servicing Agent, must have access to information on billing and usage by Customers to provide for proper reporting to the District and to perform its obligations as Servicing Agent; (iii) in the case of a third party default, billing responsibilities must be promptly transferred to another party to minimize potential losses; (iv) the failure of Customers to pay the DDOT Improvement Charge shall allow service termination by Pepco (or its successor), as Servicing Agent, of the Customers failing to pay the DDOT Improvement Charge in accordance with Commission-approved service termination rules and orders and the electric company customary billing practices and procedures; and (v) the DDOT Improvement Charge will be collected in a manner that will not adversely affect the rating on the Bonds.

E. Upfront and Ongoing Financing Costs

50. The Act permits two general categories of financing costs be recovered from the proceeds of the Bonds or the collection of the DDOT Improvement Charge: Upfront Financing Costs and Ongoing Financing Costs. In this Financing Order, the Commission is required to specify any qualitative or quantitative limitations on the recovery of such Financing Costs, provided that any such limitations cannot impair the ability to pay and service the Bonds on a timely basis.

51. Upfront Financing Costs are defined, generally, to mean the expenses associated with the structuring, marketing, and issuance of the Bonds, and are intended to be recovered from the proceeds of the Bonds. The Applicant has requested the right to recover Upfront Financing Costs, including, among other items, the underwriting discount, rating agency fees, accounting fees, printing and marketing expenses, legal fees, financial advisor fees for the District and the Commission, any Indenture trustee set-up fees and the funding of one or more reserve funds.

52. In the direct testimony of District Witness Barnette, the District has projected estimated Upfront Financing Costs, based upon a single issuance of Bonds, would be approximately \$4.8 million. These Upfront Financing Costs are more particularly described in DC Ex. (A)-2. The District has further requested that it be given flexibility in determining the final amounts of such Upfront Financing Costs at or about the time of pricing of the Bonds.

53. The Commission finds that the estimated Upfront Financing Costs proposed for recovery by the District are reasonable and eligible for recovery under the Act. The Commission further finds that the District should be given flexibility in determining the final Upfront Financing Costs, and that such Upfront Financing Costs, as approved by the District, are authorized and eligible for recovery from the proceeds of the Bonds in accordance with the Act.

54. Ongoing Financing Costs are defined, generally, to mean Financing Costs that are not Upfront Financing Costs and any Upfront Financing Costs not paid from the proceeds of Bonds. Ongoing Financing Costs, which are more specifically described in the direct testimony of District Witness Barnette, include, debt service on the Bonds; any amount required to fund or replenish a reserve account, any federal, state, or local taxes, payments in lieu of taxes, franchise fees, or license fees imposed on DDOT Improvement Revenue, and any cost related to administering and servicing DDOT Improvement Property and the Bonds, including, without limitation, costs of calculating adjustments of the DDOT Improvement Charge, servicing fees and expenses, trustee fees and expenses, legal fees and expenses, accounting fees and expenses, administrative fees and expenses, fees and expenses of the District's or the Commission's advisors and outside counsel, if any, rating agency fees, and any other related cost (including Upfront Financing Costs) not paid from the proceeds of the Bonds.

55. In the direct testimony of District Witness Barnette, the District has estimated that, based upon market conditions as of July 16, 2014 and further based upon a single Bond issuance of approximately \$357 million, as well as the interest rate, amortization and other assumptions set forth in his direct testimony, the DDOT Improvement Revenue Requirement will be approximately \$30 million for the first full year following the issuance of the Bonds. This estimated DDOT Improvement Revenue Requirement is more particularly described in DC Ex. (A)-6.

56. The allocation and calculation of the DDOT Improvement Charge is described in the direct testimony of Pepco Witness Janocha.

57. Assuming the DDOT Improvement Revenue Requirements set forth in the direct testimony of District Witness Barnette, Pepco Witness Janocha projects the current residential

customer using an average of 750 kWhs per month would see an estimated monthly bill impact in 2015 of \$1.37 or 1.38%.

F. Application of Bond Proceeds

58. The DDOT Improvement Costs of the DDOT Improvement Activity that are proposed to be funded with the net proceeds of the Bonds will be the costs of the DDOT Improvement Activity approved by the Commission in the Triennial Underground Infrastructure Improvement Projects Plan dated June 17, 2014 (heretofore defined as the "Triennial Plan") and such additional activities as may be approved by the Commission in subsequent triennial Underground Infrastructure Improvement Projects Plans submitted by Pepco and DDOT, jointly, pursuant to Section 307(a) of the Act.

59. The specific DDOT Improvement Costs which are to be funded are described in greater detail in the direct testimony of District Witness Keith Foxx.

60. In this Financing Order we find such DDOT Improvement Costs to be consistent with the Act and eligible for funding with the proceeds of the Bonds.

VI. FINDINGS OF FACT

Based on the Record in this proceeding, the Commission makes the following findings of fact:

A. Approval of Financing Order Application

61. The issuance of this Financing Order is in the public interest. The Financing Order Application has been reviewed by the Commission and the Commission finds it fair and reasonable and approves the Financing Order Application as filed.

62. The Commission published notice to the public of the Financing Order Application and otherwise complied with the requirements of Section 303(a)(1) of the Act before issuing this Financing Order.

B. DDOT Improvement Activities to be Financed

63. The Act authorizes the District to issue Bonds to fund the costs of DDOT Improvement Activity, being the civil engineering for and the construction and installation of the DDOT Underground Electric Company Infrastructure Improvements ("DDOT Improvements"). DDOT Improvements include underground conduits, manholes, and similar facilities, including facilities ancillary to the foregoing, designed and to be constructed by DDOT, and transferred to and maintained by Pepco in the distribution of electricity within the District of Columbia.

64. The DDOT Improvements and the DDOT Improvement Activity, which will be funded with the proceeds of the Bonds, will be in the public interest as such improvements will facilitate the undergrounding of certain particularly vulnerable electric power lines and their ancillary facilities. Such undergrounding can be expected to increase the reliability of the

electric distribution system in the District of Columbia and reduce the economic, social, and other impacts on the District's electricity users caused by repeated power outages.

65. The DDOT Improvement Costs associated with the DDOT Improvement Activity that are proposed to be funded by the District with the net proceeds of the Bonds will include the DDOT Improvement Costs approved by the Commission in the initial Triennial Plan, and such additional activities as may be approved by the Commission in subsequent triennial Underground Infrastructure Improvement Projects Plans submitted by Pepco and DDOT, jointly, pursuant to Section 307(a) of the Act.

66. The DDOT Improvement Activity and DDOT Improvement Costs associated with such activity, that are described in the Record and proposed for funding through the issuance of the Bonds will contribute to the health, welfare, and safety of residents of the District of Columbia and are in the public interest, are eligible for financing and recovery under the Act.

C. Financing Order Irrevocable

67. Pursuant to Section 304 of the Act, this Financing Order is irrevocable and the Commission may not reduce, impair, or terminate the DDOT Improvement Property approved in this Financing Order or impair the collection or recovery of the DDOT Improvement Charge or DDOT Improvement Revenue until the Bonds issued pursuant to this Financing Order have been paid in full and all Financing Costs relating to the Bonds have been paid in full.

68. In accordance with Section 301(c) of the Act, except to implement any True-Up Adjustment in accordance with this Financing Order, the Commission may not amend, modify, or terminate this Financing Order by any subsequent action or reduce, impair, postpone, terminate, or otherwise adjust the DDOT Improvement Charge approved in this Financing Order.

D. Terms of the Bonds

69. The District is authorized under the Act to issue Bonds up to the maximum par amount of \$375 million, consistent with the limitation in Section 202(a) of the Act.

70. The District expects to issue and sell fixed rate Bonds in one or more series and tranches.

71. The District anticipates issuing both tax-exempt and taxable Bonds.

72. The use of tax-exempt Bonds is anticipated to lower the cost of borrowing.

73. The District anticipates that the Bonds will be amortized over 30 years or less from their date of issuance.

74. The District plans to structure the Bonds to reduce all-in borrowing costs to benefit Customers by securing the highest reasonably attainable credit rating available for the Bonds, which is currently a "AAA" rating.

75. The District retains the right to issue the Bonds in more than one issuance if the District deems appropriate, provided that no Bonds will be issued on a date more than ten years following the effective date of the Act, i.e. May 3, 2024.

76. The final terms and conditions of the Bonds, including, without limitation, the schedule of principal amortization, credit enhancement, the frequency of principal or interest payments, the interest rates on the Bonds, the manner of sale of the Bonds, the number of credit ratings, and the approval of final Financing Documents, to the extent consistent with the provisions of this Financing Order and the Act, will be determined by the District in its sole discretion at the time the Bonds are priced.

77. The District will retain sole discretion to cause the issuance of any Bonds approved in this Financing Order.

E. Issuance Advice Letter to be Provided to Commission

78. Because the actual structure and pricing of the Bonds is not known as of the time this Financing Order is issued, in accordance with Section 303(d) of the Act, by 5:00 pm on the next business day after the sale of Bonds approved by this Financing Order, the District will file with the Commission, an Issuance Advice Letter. The Issuance Advice Letter will indicate the final structure of the Bonds and provide the best available estimate of total Ongoing Financing Costs for the first twelve months following issuance, the initial DDOT Improvement Charge to be imposed based upon the final structure of the Bonds and the final Upfront Financing Costs expected to be incurred by the District. If the DDOT Improvement Charge confirmed in the Issuance Advice Letter differs from the estimated DDOT Improvement Charge in the Record, the Commission shall adjust the DDOT Improvement Charge accordingly.

79. The District has provided in the Financing Order Application, as an Attachment to the proposed form of Financing Order (Tab 6), a form of the Issuance Advice Letter. The Commission finds the form of the Issuance Advice Letter, which is attached as Appendix B to this Financing Order, to be appropriate and consistent with the requirements of Section 303(d) of the Act and hereby approve it for use and filing by the District.

F. Security Structure for the Bonds

80. The District will pledge to the Indenture Trustee, as collateral for payment of the Bonds, all right, title and interest of the District in and to the DDOT Improvement Property created pursuant to this Financing Order, and all DDOT Improvement Revenue derived therefrom, as well as certain other moneys in funds and accounts established under the Indenture.

81. The final security structure for the Bonds will be determined by the District in the final Financing Documents.

82. The District shall have the flexibility to establish and fund one or more Reserve Accounts at a level necessary or desirable to achieve the highest reasonably attainable credit rating on the Bonds and provide benefits greater than their cost.

83. In accordance with Section 212 of the Act, the Bonds shall not constitute an indebtedness of Pepco. Consistent with Section 306 of the Act, upon the issuance of this Financing Order, the Commission shall not consider (a) the Bonds to be the debt of Pepco, (b) the DDOT Improvement Charge to be revenue or the property or an asset of Pepco, (c) the remittance of the DDOT Improvement Charge to the Collection Account to be an expense of Pepco; or (d) the DDOT Improvement Costs or the Financing Costs incurred by the District in connection with Bonds to be an obligation of Pepco or to be costs included in Pepco's cost of service.

84. In accordance with Section 207(a) of the Act, the Bonds will not be general obligations of the District and will not be secured by the faith and credit or the taxing power of the District. The Bonds will be special limited obligations of the District payable solely from the DDOT Improvement Property and the other security. The District shall have no obligation to make payments with respect to the Bonds from sources other than the DDOT Improvement Revenue.

G. Financing Costs

85. The estimated Upfront Financing Costs proposed for recovery by the District and described in the Record are reasonable and eligible for recovery. The District is given flexibility in determining the final amounts of such Upfront Financing Costs at or about the time of the pricing of the Bonds, and any such Upfront Financing Costs, as finally approved by the District, are authorized and eligible for recovery from the proceeds of the Bonds. The District shall include in the Issuance Advice Letter an estimate of the final Upfront Financing Costs expected to be incurred by the District.

86. The Ongoing Financing Costs described in the Record, include, without limitation, any amount required to fund or replenish any reserve account or to pay the costs of any other credit enhancement, any federal, state, or local taxes, payments in lieu of taxes, franchise fees, or license fees imposed on DDOT Improvement Revenue; and any cost related to administering and servicing DDOT Improvement Property and the Bonds, including, without limitation, costs of calculating adjustments of the DDOT Improvement Charge, servicing fees and expenses, trustee fees and expenses, legal fees and expenses, accounting fees and expenses, administrative fees and expenses, fees and expenses of the District's or the Commission's advisors and outside counsel, if any, rating agency fees, and any other related costs not paid from the proceeds of the Bonds.

87. The Commission finds that the Servicing Fee represents a fair level of consideration negotiated between Pepco and the District in light of the services to be provided under the Servicing Agreement and should be approved.

88. Ongoing Financing Costs, other than the Servicing Fee, are not fixed by agreement, and will not be known until after this Financing Order is issued.

89. In the event that a successor Servicing Agent is required to be appointed by the District, the District is authorized to pay any successor Servicing Agent not affiliated with Pepco

(or any successor utility providing electric distribution services) a fee not exceeding 0.75% of the original par amount of the Bonds, without further approval of the Commission.

90. The Ongoing Financing Costs, as described in the Record, are consistent with the Act and eligible for recovery. Pursuant to the Act and this Financing Order, all actual Ongoing Financing Costs shall be recovered in full from the DDOT Improvement Revenue.

H. DDOT Improvement Property

91. Upon the effective date of this Financing Order, the DDOT Improvement Property is created.

92. Pursuant to Section 101(16) of the Act, DDOT Improvement Property includes the property rights and interest in the District created by the Act and this Financing Order, including, without limitation, (a) the right, title and interest in and to the DDOT Improvement Charge as it may be adjusted from time to time in accordance with this Financing Order, (b) all revenue, collections, claims, payments, money or proceeds of or arising from the DDOT Improvement Charge including the DDOT Improvement Revenue or constituting the DDOT Improvement Charge, regardless of whether such revenue, collection, claims, payments, money or proceeds are billed, received or maintained together with or commingled with other revenue, collections, claims, payments, moneys, or proceeds, and (c) all right to obtain adjustment to the DDOT Improvement Charge under the True-Up Mechanism approved in this Financing Order.

93. The DDOT Improvement Property shall constitute an existing, present property right of the District pursuant to Section 209(a) of the Act.

94. All the DDOT Improvement Property is pledged for the repayment of the Bonds and all Ongoing Financing Costs pursuant to Section 209(c) of the Act.

95. Consistent with Section 204(j) of the Act and with section 490(a)(4)(B) of the Home Rule Act, upon the effective date of this Financing Order, (i) the Act grants a first priority statutory lien to the Indenture Trustee for the benefit of the holders of the Bonds on all DDOT Improvement Property then existing or thereafter arising pursuant to the terms of this Financing Order; (ii) the pledge made and security interest granted in the DDOT Improvement Property created in respect of the Bonds or pursuant to any related Financing Document shall be valid, binding, and perfected from the time the security interest is created, with or without physical delivery of any funds or any property and with or without any further action; (iii) the lien of the pledge shall be valid, binding, and perfected as against all parties having any claim of any kind in tort, contract, or otherwise against the District, whether or not such party has notice; and (iv) the security interest shall be valid, binding, and perfected whether or not any statement, document, or instrument relating to the security interest is recorded or filed.

96. In accordance with Section 210 of the Act, the District's property ownership interest in the DDOT Improvement Property shall be effective and perfected against all third parties and shall not be affected or impaired by, among other things, the occurrence of any one or more of the following: (i) commingling of DDOT Improvement Charge or DDOT Improvement Revenue with other amounts; (ii) any recourse that Pepco may have against the District; (iii) Pepco's obligation acting in an agency capacity in accordance with the Servicing Agreement

to collect DDOT Improvement Revenue and to remit the DDOT Improvement Revenue so collected to the Collection Account; and (iv) any subsequent order of the Commission amending the financing order pursuant to the Act.

I. Servicing Agreement

97. In accordance with Sections 201(b), 209(a) and 210(3) of the Act, the DDOT Improvement Charge authorized pursuant to this Financing Order will be billed and collected by Pepco, in an agency capacity, pursuant to the Servicing Agreement.

98. The Commission finds the terms and conditions of the Servicing Agreement submitted to the Commission as Tab 5 to the Financing Order Application and attached hereto as Appendix A to this Financing Order are consistent with the Act, are commercially reasonable and appropriate, and will allow the Securitization to be implemented in a manner consistent with achieving the highest reasonably attainable credit rating on the Bonds.

99. The Commission authorizes Pepco to enter into the Servicing Agreement with the District, subject to the final language agreed to between Pepco and the District to address, among other things, any requirements of the rating agencies to achieve the highest reasonably attainable credit rating for the Bonds.

100. Pursuant to Section 201(b) of the Act, (i) all DDOT Improvement Revenue collected, or to be collected, by Pepco, shall, upon receipt by Pepco, be held in trust for the benefit of the Indenture Trustee and shall be deemed collected and remitted to the Collection Account in accordance with the Act and the Servicing Agreement; (ii) all DDOT Improvement Revenue so collected, wherever held or deposited and whether having been remitted to the Collection Account or not, is automatically pledged at the time of receipt to the repayment of the Bonds pursuant to the Act and the Indenture; (iii) Pepco shall have no rights in or to the DDOT Improvement Revenue (although Pepco may retain a right of setoff for the payment of any Servicing Agent fees as provided in the Servicing Agreement); (iv) the sole responsibility of Pepco shall be to act in an agency capacity for the collection of the DDOT Improvement Revenue and to remit the DDOT Improvement Revenue to the Collateral Account in accordance with the Servicing Agreement; and (v) Pepco shall have no responsibility with respect to the DDOT Improvement Revenue after its remittance to the Collection Account in accordance with the Servicing Agreement.

101. Pursuant to Section 209(d) of the Act, in the event of default by Pepco on any required remittance of the DDOT Improvement Revenue to the Collection Account, upon application of an interested party and without limiting any other remedies available to the applying party, a court shall order the sequestration of the DDOT Improvement Revenue with a trustee selected by the District for the benefit of the District and the bondholders and any financing parties. The court's order shall remain in full force and effect notwithstanding any bankruptcy, reorganization, or other insolvency proceeding with respect to Pepco or any affiliate thereof.

102. Pursuant to Section 301(a)(9) of the Act, any successor to Pepco will be bound by the terms of the Servicing Agreement and shall perform and satisfy all obligations of Pepco

under the Servicing Agreement and this Financing Order in the same manner and to the same extent as Pepco. A successor shall include any other entity that provides electric distribution services whether pursuant to any reorganization, bankruptcy, or other insolvency proceeding, any merger or acquisition, sale or other business combination, or transfer by operation of law, as a result of utility restructuring or otherwise. The Commission will enforce the obligations imposed by this Financing Order, its applicable substantive rules, and statutory provisions upon any successor.

103. The DDOT Improvement Charge billing, collection, and remittance procedures under the Servicing Agreement are reasonable.

104. The annual Servicing Fee, payable to Pepco pursuant to the terms of the Servicing Agreement in the amount of 0.075% of the original par amount of the Bonds, is just and reasonable. Any late charges, and any interest earned on the DDOT Improvement Revenue prior to its transfer to the Collection Account shall be retained by Pepco as additional compensation.

105. Pursuant to Section 301(a)(10) of the Act, the Servicing Agent will be required to file with the District and the Indenture Trustee monthly and semi-annual reports providing a summary of the DDOT Improvement Charge collected and remitted to the Collection Account, in the forms attached to the Servicing Agreement. The Servicing Agent will also be required to file with the District and the Indenture Trustee copies of all True-Up Requests, and certain other information required by the Servicing Agreement.

106. The servicing arrangements as described in this Financing Order will help ensure the timely and full payment of the Bonds and other Ongoing Financing Costs, thus enhancing their credit quality and helping to assure that the Bonds obtain the highest reasonably attainable credit rating.

107. Upon the maturity of the Bonds and upon the discharge of all obligations in respect thereof and payment of all Financing Costs, the District will direct Pepco to terminate further collections and remittances of the DDOT Improvement Charge.

J. The DDOT Improvement Charge: Imposition and Collection and Nonbypassability; Tariff

108. Pepco and any successor, as Servicing Agent, is authorized to impose, bill and collect the DDOT Improvement Charge from Customers in the manner provided in this Financing Order and the Servicing Agreement.

109. The DDOT Improvement Charge will be a separate line item on the Customer bills.

110. In accordance with Section 303(e) of the Act, the DDOT Improvement Charge shall not be billed by Pepco before the issuance of the Bonds.

111. The DDOT Improvement Charge will be imposed, billed and collected until the Bonds and all other Ongoing Financing Costs have been paid in full.

112. Consistent with Sections 101(13) and 305(c) of the Act, for so long as the Bonds are outstanding and any Financing Costs have not been paid in full, the DDOT Improvement Charge will be a non-bypassable surcharge collected from all Customers, pursuant to Section 301(a)(4) of the Act. In the event that a successor discount program is approved by the Commission, Pepco, as Servicing Agent, will reflect any changes to the allocation in the next True-Up Request.

113. In furtherance of the non-bypassability required by the Act, (i) regardless of who is responsible for billing the DDOT Improvement Charge, the Customers shall continue to be responsible for the DDOT Improvement Charge; (ii) if a third party meters and bills for the DDOT Improvement Charge, the electric company, as Servicing Agent, must have access to information on billing and usage by electric distribution customers to provide for proper reporting to the District and to perform its obligations as Servicing Agent; (iii) in the case of a third party default, billing responsibilities must be promptly transferred to another party to minimize potential losses; and (iv) the failure of electric distribution customers to pay the DDOT Improvement Charge shall allow service termination by the electric company of the Customers failing to pay DDOT Improvement Charge in accordance with Commission-approved service termination rules and orders and the electric company's customary billing practices and procedures. To ensure the highest reasonably attainable credit ratings on the Bonds will be achieved, the DDOT Improvement Charge will be collected in a manner that will not adversely affect the rating on the Bonds.

114. The DDOT Improvement Charge established by this Financing Order is just and reasonable.

115. In the direct testimony of Pepco Witness Janocha, the Applicant has proposed a form of tariff (the "Tariff") to be used, and amended from time to time, to implement the DDOT Improvement Charge.

116. The Tariff is consistent with the Act and the Record, and, as amended from time to time in accordance with this Financing Order, should be approved for use by the Applicant in this Financing Order.

K. Allocation of Costs to be Recovered by DDOT Improvement Charge

117. As required by Section 301(a)(4) of the Act, all costs to be recovered through the DDOT Improvement Charge will be allocated among Customer classes, based upon the electric distribution service customer class cost allocations approved by the Commission in Pepco's then most recent base rate case, currently Formal Case No. 1103.

118. The DDOT Improvement Charge will be a volumetric charge collected as provided in the Tariff approved in this Financing Order.

119. The methodology of allocating the DDOT Improvement Charge among Customer classes is described in greater detail in the direct testimony of Pepco Witness Janocha.

120. In the event that Pepco files a new base rate case, the cost allocations approved in the new base rate case shall be reflected in the True-Up Mechanism and used to calculate the DDOT Improvement Charge in the next True-Up Adjustment (as herein defined).

121. The Commission finds that the proposed allocation methodology, as set forth in the Record and incorporated into the True-Up Mechanism approved in this Financing Order, is reasonable and consistent with the Act.

L. True-Up Adjustment Mechanism

122. In the direct testimony of Pepco Witness Janocha and in the direct testimony of District Witness Barnette, in PEPSCO Ex. (B)-4, as well as in the proposed form of the Servicing Agreement and Financing Order found in Tabs 5 and 6 (respectively) to the Financing Order Application, the Applicant sets forth in detail the proposed true-up methodology pursuant to which periodic true-up adjustments to the DDOT Improvement Charge are to be calculated and implemented (heretofore referred to as the True-Up Mechanism).

123. In accordance with Section 314 of the Act, this Financing Order and the Servicing Agreement, Pepco, as agent for the District, will be required to file with the Commission the requests for approval of a schedule applying the True-Up Mechanism to the then effective DDOT Improvement Charge (a "True-Up Adjustment").

124. The Applicant has requested that Pepco, as Servicing Agent, be required to file for True-Up Adjustments, semi-annually, and quarterly, in the event the final maturing tranche of Bonds is outstanding after its expected maturity date, provided that the first True-Up Adjustment may occur up to twelve months after the date of issuance of the Bonds. If the District or the Servicing Agent identifies a material deviation in actual DDOT Improvement Revenue that may result in a shortfall from the DDOT Improvement Revenue Requirements, the Servicing Agent, at the direction of the District shall or the District may, at any time, file for a True-Up Adjustment.

125. Applicant proposes to use a True-Up Request (the "True-Up Request"), in the form attached as Annex IV to the Servicing Agreement, to implement each True-Up Adjustment. The True-Up Request will include all of the information and exhibits required by Section 314(b) of the Act. The True-Up Request, in the form attached to the Servicing Agreement, is approved for use in connection with all True-Up Adjustments.

126. As provided in Section 314(c) of the Act, the Commission's review of a True-Up Request shall be limited to a determination of whether there is any mathematical error in the application of the True-Up Mechanism.

127. As provided in Section 314(d) of the Act, (a) the Commission will act upon a True-Up Request within 20 days of the end of the comment period, (b) if the Commission does not act within this 20-day period to correct any mathematical error, the True-Up Request will be deemed approved and (c) the DDOT Improvement Charge as set forth in a True-Up Request shall take effect, subject to adjustment on the date the True-Up Request is filed with the Commission.

128. In connection with any True-Up Request, the Commission shall not require any refund of any DDOT Improvement Charge previously paid, and any overpayment shall be reflected in an adjustment to a DDOT Improvement Charge.

129. The proposed form of public notice of a True-Up Adjustment (the "Public Notice") required by Section 314(b) of the Act is included in Annex IV to the Servicing Agreement. The Commission finds the Public Notice consistent with the Act and this Financing Order and approves it for use in connection with any True-Up Adjustment.

130. In all cases there will be no cap on the DDOT Improvement Charge resulting from the application of the True-Up Mechanism.

131. In accordance with Section 314(e), no True-Up Adjustment will in any way affect the irrevocability of this Financing Order.

132. The True-Up Mechanism as described in the Record and in this Financing Order, will help ensure the timely and full payment of the Bonds and all other Ongoing Financing Costs, thus enhancing their credit quality and helping to assure that the Bonds obtain the highest reasonably attainable credit rating, and should be approved.

M. Use of Bond Proceeds

133. Upon the issuance of Bonds, in accordance with Section 202(b) of the Act, the proceeds from the sale of the Bonds shall be applied: (a) to pay the Upfront Financing Costs including to fund the Reserve Account; and (b) for deposit into a segregated account (separate and distinct from the Collection Account) established and held by the Indenture Trustee and used to pay or reimburse DDOT Improvement Costs described in this Financing Order.

134. Bond proceeds shall be disbursed from the DDOT Improvement Fund by the Indenture Trustee upon receipt of a requisition completed by DDOT, and approved by the Treasurer of the District (or his or her designee) certifying that expenditures have been made for goods and services that constitute DDOT Improvement Costs described in this Financing Order.

N. Accounting Following Repayment of the Bonds

135. The District's proposal that once the Bonds have been paid in full and all Financing Costs relating to the Bonds have been paid in full, Pepco, in its capacity as Servicing Agent, will credit any amounts remaining in the DDOT Improvement Fund to then-current Customers based upon the then existing allocation of costs used in the True-Up Mechanism, is reasonable and consistent with the Act.

VII. CONCLUSIONS OF LAW

136. Pepco is authorized to file the Financing Order Application under Sections 301(a) and 302(b) of the Act.

137. The Commission has jurisdiction and authority over the Financing Order Application pursuant to Sections 301 and 303 of the Act.

138. The Commission has authority to approve this Financing Order under Section 303 of the Act.

139. This Financing Order satisfies all of the requirements of the Act, including, without limitation, Section 301.

140. Pursuant to Section 209(a) of the Act, upon the effective date of this Financing Order, the DDOT Improvement Property created by this Financing Order shall constitute an existing, present property right of the District.

141. Pursuant to Section 101(16) of the Act, DDOT Improvement Property includes the property rights and interest in the District created by the Act and this Financing Order, including, without limitation, (a) the right, title and interest in and to the DDOT Improvement Charge as it may be adjusted from time to time in accordance with this Financing Order, (b) all revenue, collections, claims, payments, money or proceeds of or arising from the DDOT Improvement Charge including the DDOT Improvement Revenue or constituting DDOT Improvement Charge, regardless of whether such revenue, collection, claims, payments, money or proceeds are billed, received or maintained together with or commingled with other revenue, collections, claims, payments, moneys, or proceeds and (c) all right to obtain adjustment to the DDOT Improvement Charge under the True-Up Mechanism approved in this Financing Order.

142. Under Section 209(c) of the Act, all the DDOT Improvement Property is pledged for the repayment of the Bonds or payment of Financing Costs. Pursuant to Section 204(j) of the Act, (a) upon the effective date of this Financing Order, there is granted a first priority statutory lien to the Indenture Trustee for the benefit of the holders of the Bonds on all DDOT Improvement Property then existing or thereafter arising pursuant to the terms of this Financing Order; (b) a pledge made and security interest granted in the DDOT Improvement Property created in respect of the Bonds (or pursuant to any related Financing Document) shall be valid, binding, and perfected from the time the security interest is created, with or without physical delivery of any funds or any property and with or without any further action; (c) the lien of the pledge shall be valid, binding, and perfected as against all parties having any claim of any kind in tort, contract, or otherwise against the District, whether or not such party has notice; and (d) the security interest shall be valid, binding, and perfected whether or not any statement, document, or instrument relating to the security interest is recorded or filed.

143. In accordance with Section 210 of the Act, the District's property ownership interest in the DDOT Improvement Property shall be effective and perfected against all third parties and shall not be affected or impaired by, among other things, the occurrence of any one or more of the following: (a) commingling of DDOT Improvement Charge or DDOT Improvement Revenue with other amounts; (b) any recourse that Pepco may have against the District; (c) Pepco's obligation as Servicing Agent under the Servicing Agreement to collect DDOT Improvement Revenue and to remit the DDOT Improvement Revenue so collected to the Collection Account; and (d) any subsequent order of the Commission amending this Financing Order pursuant to the Act.

144. The District may issue Bonds in accordance with this Financing Order, the Act and Section 490 of the Home Rule Act.

145. The DDOT Improvement Costs described in this Financing Order, whether approved in the initial Triennial Plan or any subsequent plan approved by the Commission, are eligible for recovery from Bond proceeds under the Act.

146. The Upfront Financing Costs and Ongoing Financing Costs described in the Record and this Financing Order are eligible for recovery under the Act.

147. The Bonds issued pursuant to this Financing Order will be “Bonds” under the Act, and will be entitled to all of the protections of the Act.

148. The methodology and calculation approved in this Financing Order for allocating the DDOT Improvement Charge among Pepco’s Customer classes satisfies the requirements of the Act, including Section 301(a)(4), and is reasonable.

149. The True-Up Mechanism proposed by the Applicant and as approved by this Financing Order, satisfies the requirements of the Act including Section 314 and is reasonable.

150. The Servicing Agreement approved in this Financing Order satisfies the requirements of the Act, including Section 301(a)(9).

151. This Financing Order will be operative and in full force and effect from its date of issuance by the Commission. Pursuant to Section 304, this Financing Order is irrevocable and the Commission may not reduce, impair, or terminate the DDOT Improvement Property approved in this Financing Order or impair the collection or recovery of the DDOT Improvement Charge or DDOT Improvement Revenue until the Bonds issued pursuant to the Act and this Financing Order have been paid in full. This Financing Order shall remain in effect until the Bonds and all Financing Costs related to the Bonds have been paid in full.

VIII. ORDERS AND APPROVALS

A. General

152. The Financing Order Application under the Act is approved, as provided in this Financing Order.

153. In accordance with Section 301(c) of the Act, except to implement any True-Up Adjustment in accordance with this Financing Order, the Commission may not amend, modify, or terminate this Financing Order by any subsequent action or reduce, impair, postpone, terminate, or otherwise adjust the DDOT Improvement Charge approved in this Financing Order.

154. The issuance of the Bonds and the consummation of the Securitization transaction described in this Financing Order are approved subject to the terms and conditions stated in this Financing Order.

155. The Findings of Fact are hereby adopted by the Commission.

B. DDOT Improvement Property and DDOT Improvement Revenue

156. In accordance with Section 209(a) of the Act, upon the date of this Financing Order, the DDOT Improvement Property is created by this Financing Order and shall constitute an existing, present property right of the District of Columbia.

157. In accordance with Section 201(c) and Section 203(b) of the Act, the DDOT Improvement Revenue is irrevocably pledged as security for the repayment of the Bonds and all other Ongoing Financing Costs, which security interest shall attach at the time of Pepco's receipt of the DDOT Improvement Revenue.

158. In accordance with Section 201(b) of the Act, Pepco has, and shall have, no rights in or to the DDOT Improvement Revenue. Pepco's sole responsibility will be to act in an agency capacity for the collection of the DDOT Improvement Revenue and to remit the DDOT Improvement Revenue to the Collection Account in accordance with the Servicing Agreement. All DDOT Improvement Revenue collected, or to be collected, by Pepco in its capacity as Servicing Agent shall, upon receipt, be held in trust for the benefit of the Indenture Trustee and shall be deemed collected and remitted to the Collection Account in accordance with the Act and the Servicing Agreement.

159. In accordance with Section 202(a) of the Act, the District is authorized to issue Bonds in a total aggregate par amount not to exceed \$375 million, which Bonds may be issued at any time and from time to time prior to May 3, 2024. The Bonds are authorized to be issued to pay the Upfront Financing Costs relating to issuing and delivering the Bonds and to pay or reimburse the DDOT Improvement Costs described in this Financing Order.

160. In accordance with Section 204(j) of the Act: (a) as of the date of this Financing Order, a first priority statutory lien is granted to the Indenture Trustee for the benefit of the holders of the Bonds on all DDOT Improvement Property then existing or thereafter arising pursuant to the terms of this Financing Order; (b) a pledge made and security interest granted in the DDOT Improvement Property created in respect of the Bonds or pursuant to any related Financing Document shall be valid, binding, and perfected from the time the security interest is created, with or without physical delivery of any funds or any property and with or without any further action; (c) the lien of the pledge shall be valid, binding, and perfected as against all parties having any claim of any kind in tort, contract, or otherwise against the District, whether or not such party has notice; and (d) the security interest shall be valid, binding, and perfected whether or not any statement, document, or instrument relating to the security interest is recorded or filed.

161. In accordance with Section 209(c) of the Act, all of the DDOT Improvement Property is pledged for the repayment of the Bonds and the payment of all other Ongoing Financing Costs.

162. In accordance with Section 204(h) of the Act, the District covenants and agrees that it will not limit or alter the DDOT Improvement Revenue pledged to secure the Bonds or the basis on which the DDOT Improvement Revenue is collected or allocated, will not take any action to impair the contractual obligations of the District to fulfill the terms of any agreement

made with the holders of the Bonds, and will not in any way impair the rights or remedies of the holders of the Bonds, until the principal of and interest on the Bonds, together with all other Ongoing Financing Costs, including without limitation, all costs and expenses in connection with any suit, action, or proceeding by or on behalf of the holders of the Bonds, are fully met and discharged.

C. The Bonds

163. The Commission approves the issuance by the District of Bonds in an aggregate par amount not to exceed \$375 million. The Bonds may be issued in one or more series and tranches subject to the terms and conditions of this Financing Order, on one or more dates if the District deems it to be appropriate, provided however that no Bonds will be issued beyond ten (10) years of the effective date of the Act in accordance with Section 202(a) of the Act, i.e. May 3, 2024.

164. The final terms and conditions of the Bonds, including, without limitation, the schedule of principal amortization, expected and legal maturities, size of any reserve account or accounts, the frequency of principal or interest payments, the interest rates on the Bonds, the manner of sale of the Bonds, the number of credit ratings, and the approval of final Financing Documents, to the extent consistent with the provisions of this Financing Order and the Act, will be determined by the District in its sole discretion at the time the Bonds are priced.

165. In accordance with Section 212 of the Act, the Bonds shall not constitute an indebtedness of Pepco. Moreover, consistent with Section 306 of the Act, upon the issuance of this Financing Order, the Commission shall not consider (a) the Bonds to be the debt of Pepco, (b) the DDOT Improvement Charge to be revenue or the property or an asset of Pepco, (c) the remittance of the DDOT Improvement Charge to the Collection Account to be an expense of Pepco; or (d) the DDOT Improvement Costs or the financing or other costs incurred by the District in connection with Bonds to be an obligation of Pepco or to be costs included in Pepco's cost of service.

166. In accordance with Section 207(a) of the Act, the Bonds are not general obligations of the District and are not secured by the faith and credit or the taxing power of the District. The Bonds will be special limited obligations of the District payable solely from the DDOT Improvement Property. The District shall have no obligation to make payments with respect to the Bonds from sources other than the DDOT Improvement Revenue.

D. Proceeds of the Bonds

167. The proceeds from the issuance of the Bonds authorized by this Financing Order, less the Upfront Financing Costs, will be remitted to the Indenture Trustee and used to pay DDOT Improvement Costs approved by the Commission in the initial Triennial Plan, and such additional activities as may be approved by the Commission in subsequent triennial Underground Infrastructure Improvement Projects Plans submitted by Pepco and DDOT, jointly, pursuant to Section 307(a) of the Act.

168. No expenditure of Bond proceeds in violation of this Financing Order shall in any way affect or impair the DDOT Improvement Property or the rights of the District or the bondholders thereto, which are irrevocable.

E. Reports

169. In accordance with Section 303(d) of the Act, the District will file with the Commission, not later than 5:00 pm on the next business day after the sale of any series of Bonds, an Issuance Advice Letter, substantially in the form approved by this Financing Order. If the DDOT Improvement Charge confirmed in the Issuance Advice Letter, differs from the estimated DDOT Improvement Charge in the Record, the Commission shall adjust the DDOT Improvement Charge accordingly.

170. In accordance with Section 202(d) of the Act, following the issuance of the Bonds and continuing until the proceeds thereof have been disbursed, no later than December 31 of each year, DDOT shall file with the Commission an accounting report depicting DDOT's cumulative receipt of the Bond proceeds during the previous fiscal year and DDOT's cumulative expenditures of those proceeds.

F. Servicing of the Bonds

171. Pursuant to Section 201(b) of the Act, Pepco has, and shall have, no rights in or to the DDOT Improvement Revenue. Pepco's sole responsibility will be to act in an agency capacity for the collection and remittance of the DDOT Improvement Revenue in accordance with the Servicing Agreement. All DDOT Improvement Revenue collected, or to be collected, by Pepco in its capacity as Servicing Agent shall upon receipt be held in trust for the benefit of the Indenture Trustee and shall be deemed collected and remitted to the Collection Account in accordance with the Act and the Servicing Agreement. In accordance with Section 201(c) of the Act, Pepco will collect and remit to the Collection Account payments received by Pepco for the DDOT Improvement Revenue promptly following receipt of such payment in accordance with the Servicing Agreement. Pepco shall have no responsibility with respect to the DDOT Improvement Revenue after its remittance to the Collection Account in accordance with the Servicing Agreement.

172. The form of Servicing Agreement set forth in the Record is approved and Pepco is authorized to enter into the Servicing Agreement with the District, subject to the final language agreed to between Pepco and the District to address, among other things, any requirements of the rating agencies to achieve the highest reasonably attainable ratings for the Bonds. Any additional servicing responsibilities set forth in the Record are also hereby approved. Pepco will file with the Commission the final executed copy of the Servicing Agreement within ten (10) business days following issuance of the Bonds.

173. In accordance with Section 201(b) of the Act, in the event Pepco fails to collect and remit the DDOT Improvement Revenue to the Collection Account, the District may remove Pepco under and in accordance with the Servicing Agreement, but the District shall have no recourse against Pepco's assets. Any successor Servicing Agent which is not affiliated with Pepco (or any successor utility providing electric distribution services) may be paid a servicing

fee which will not exceed 0.75% per annum of the original par amount of the Bonds, unless a higher fee is approved by the Commission.

174. The Servicing Fee established in the Servicing Agreement and as described in the Record is hereby approved as reasonable and will constitute an Ongoing Financing Cost.

175. The District shall provide, or cause to be provided, to Pepco on a timely basis the information regarding the DDOT Improvement Revenue Requirement required by Section 302(b)(1) of the Act and the Servicing Agreement.

176. This Financing Order, as well as all of obligations under the Servicing Agreement will be binding upon any successor to Pepco, as described in this Financing Order. Any such successor shall perform and satisfy all obligations of Pepco under the Servicing Agreement and this Financing Order, in the same manner and to the same extent as Pepco. The Commission will enforce the obligations imposed by this Financing Order, applicable substantive rules, and statutory provisions against Pepco or any successor thereto.

177. If any third party is entitled to bill and collect the DDOT Improvement Charge, any third-party billing and collection shall be conducted in a manner that will not result in a downgrade or withdrawal of the then-current ratings on the Bonds. The Commission will enforce the provisions of Finding of Fact 113 to ensure the non-bypassability and collection of the DDOT Improvement Charge.

G. DDOT Improvement Charge: Establishment and Adjustment; Tariff

178. The DDOT Improvement Charge as set forth in the Record is approved; provided, however, if the DDOT Improvement Revenue confirmed in the Issuance Advice Letter differs from the estimated DDOT Improvement Revenue Requirement in the Record, the Commission shall adjust the DDOT Improvement Charge consistent with Section 303(d) of the Act and this Financing Order.

179. The District shall impose and Pepco or its successors, as agent for the District, shall bill and collect the DDOT Improvement Charge in an amount sufficient to provide for the timely payment of principal of and interest on the Bonds together with all other Ongoing Financing Costs, as approved in this Financing Order. The DDOT Improvement Charge shall be imposed commencing upon the day the Bonds are issued, and shall continue to be collected until all Bonds and any other Ongoing Financing Costs have been paid in full.

180. In accordance with Section 301(a)(7) of the Act, upon the issuance of the Bonds, Pepco shall bill and collect from its Customers, a separate DDOT Improvement Charge which, consistent with Section 301(a)(4) of the Act, is assessed in accordance with the Customer class cost allocations approved by the Commission in Pepco's most recent base rate case, Formal Case No. 1103.

181. In the event that Pepco files a new base rate case, the cost allocations approved in the base rate case shall be reflected in the True-Up Mechanism and used to calculate the DDOT Improvement Charge in subsequent True-Up Adjustments.

182. Pepco or its successor, as agent for the District, will adjust the DDOT Improvement Charge using the True-Up Mechanism approved in this Financing Order (and pursuant to the Servicing Agreement), to ensure the timely payment of principal of and interest on the Bonds together with all other Ongoing Financing Costs. There shall be no cap on the DDOT Improvement Charge.

183. The True-Up Request, in the form attached as Annex IV to the Servicing Agreement, is consistent with the Act and is approved for use in connection with each True-Up Adjustment.

184. In accordance with Section 314(c) of the Act, the Commission's review of a True-Up Request shall be limited to a determination of whether there is any mathematical error in the application of the True-Up Mechanism to the DDOT Improvement Charge. Pursuant to Section 314(d) of the Act, the DDOT Improvement Charge set forth in a True-Up Request shall take effect, subject to adjustment, on the date the True-Up Request is filed with the Commission.

185. Consistent with Section 201(f) of the Act, any DDOT Improvement Revenues held in the Collection Account in excess of amounts necessary to satisfy the then DDOT Improvement Revenue Requirement, shall be applied to reduce the DDOT Improvement Charge in the next True-Up Adjustment in the manner provided in the True-Up Mechanism.

186. The Tariff is consistent with the Act and the Record, and, as amended from time to time in accordance with this Financing Order, is approved for use by the Applicant.

H. Financing Cost Recovery

187. The District shall recover from the proceeds of the Bonds the actual Upfront Financing Costs as described in this Financing Order.

188. The District shall recover in full through the imposition and collection of the DDOT Improvement Charge the actual Ongoing Financing Costs as described in this Financing Order.

I. Finality and Irrevocability; Commission Guarantee

189. In accordance with Section 304 of the Act, this Financing Order is irrevocable and the Commission may not reduce, impair, or terminate the DDOT Improvement Property approved in this Financing Order or impair the collection or recovery of the DDOT Improvement Charge or DDOT Improvement Revenue until the Bonds issued pursuant to this Financing Order have been paid in full and all Financing Costs relating to the Bonds have been paid in full. No adjustment through the True-Up Mechanism shall affect the irrevocability of this Financing Order.

190. In accordance with Section 301(c) of the Act, except to implement any True-Up Request in accordance with this Financing Order, the Commission may not amend, modify, or terminate this Financing Order by any subsequent action or reduce, impair, postpone, terminate, or otherwise adjust the DDOT Improvement Charge approved in this Financing Order.

191. The Commission will act pursuant to this Financing Order and in accordance with the Act to ensure that DDOT Improvement Revenues are sufficient to pay the Bonds and all other Ongoing Financing Costs on a timely basis.

J. Accounting for Certain Benefits

192. Any amounts remaining in the DDOT Underground Electric Company Infrastructure Improvement Fund after the Bonds are no longer outstanding and the related DDOT Improvement Costs and the related Financing Costs have been paid in full will be released to Pepco, which will credit such amount to then-current Customers in the same manner as the DDOT Improvement Charge is then being allocated among such Customers.

K. Effective Date; Motions for Relief Denied

193. This Financing Order shall become effective for all purposes immediately.

194. All motions, requests for entry of specific findings of fact or conclusions of law, and any other requests for general or specific relief not expressly granted herein, are denied.

A TRUE COPY: BY DIRECTION OF THE COMMISSION:

CHIEF CLERK:

**BRENDA WESTBROOK-SEDGWICK
COMMISSION SECRETARY**

APPENDIX A

SEE TAB 5

APPENDIX B TO FINANCING ORDER

FORM OF ISSUANCE ADVICE LETTER

[Date]

[Name]

[Title]

Public Service Commission
of the District of Columbia
1333 H Street, N.W.
West Tower, Second Floor
Washington, DC 20005

Re: Financing Order; Formal Case No. 1121-Issuance Advice Letter

ISSUANCE ADVICE LETTER

Pursuant to Order No. XX (the “Financing Order”), issued by the Public Service Commission of the District of Columbia (the “Commission”) on _____, 2015, in Formal Case No. 1121, and Section 303(d) of Electric Company Infrastructure Improvement Financing Act of 2014 (the “Act”), the District of Columbia hereby submits this Issuance Advice Letter to the Commission with respect to the issuance of [DDOT Underground Electric Company Infrastructure Improvement Bonds] priced on _____, 2015 (the “Bonds”). Any capitalized terms not defined in this Issuance Advice Letter shall have the meanings ascribed to them in the Financing Order.

PURPOSE:

This filing provides information concerning the Bonds, including the DDOT Annual Revenue Requirement, the average term of the Bonds, and the retirement schedules for the Bonds, as well as the initial DDOT Improvement Charge. The foregoing information is contained in the following tables and schedules attached hereto, as indexed below:

- (a) Summary Terms of Issuance (See Table 1);
- (b) Principal Amount and Maturities (Table 2);
- (c) Pricing Information (including interest rates) (Table 3);
- (d) Effective Annual Weighted Average Yield and Effective Weighted Average Life (Table 4);
- (e) Application of Bond Proceeds (Including Estimated Final Upfront Financing Costs) (Table 5);
- (e) Annual Debt Service (Schedule A);
- (f) Total Estimated Initial DDOT Annual Revenue Requirement (Schedule B);
- (g) Expected DDOT Annual Revenue Requirement (Schedule C); and
- (g) Initial DDOT Improvement Charges (Schedule D), including workpapers.

TABLE 1: SUMMARY TERMS OF ISSUANCE:

Par Amount Issued (Taxable):	
Par Amount Issued (Tax-Exempt):	
Aggregate Par Amount Issued:	
Net Original Issue Premium Amount:	
Trustee:	
Sale Date:	
Closing Date:	
Expected Ratings:	
Optional Redemption Provisions (Taxable):	
Optional Redemption Provisions (Tax-Exempt):	
Payments to Holders:	Semiannually, beginning on []

TABLE 2: PRINCIPAL AMOUNT AND MATURITIES:

Series/Tranche	Principal Amount	Expected Maturity Date	Legal Final Maturity Date
Taxable T-1		/ /	/ /
Taxable T-2		/ /	/ /
Taxable T-3		/ /	/ /
Tax-Exempt TE-1		/ /	/ /
Tax-Exempt TE-2		/ /	/ /
Tax-Exempt TE-3		/ /	/ /
Tax-Exempt TE-4 (etc.)		/ /	/ /
Total			

TABLE 3: PRICING INFORMATION, INCLUDING INTEREST RATES:

Series/Tranche	Expected Maturity Date	Legal Final Maturity Date	Interest Rate	Yield	Price to Public
Taxable T-1					
Taxable T-2					
Taxable T-3					
Tax-Exempt TE-1					
Tax-Exempt TE-2					
Tax-Exempt TE-3					
Tax-Exempt TE-4 (etc.)					
Total					

TABLE 4: AVERAGE YIELD AND AVERAGE LIFE

Effective Annual Weighted Average Yield on the Bonds:	
Expected Weighted Average Life of Issuance:	

TABLE 5: APPLICATION OF BOND PROCEEDS (INCLUDING ESTIMATED FINAL UPFRONT FINANCING COSTS):

		AMOUNT
1	Gross Proceeds	\$
2	Funding of reserve account	
3	Rating agency fees (two agencies)	
4	Bond Counsel, Transaction Counsel, Disclosure Counsel and Underwriters' Counsel Legal Fees and Expenses	
5	Printing and Filing Fees	
6	Underwriting & Structuring Fee and Expenses	
7	Upfront Trustee's / Trustee Counsel's Fees and Expenses	
8	Accountant's / Auditor's Fees	
9	Financial Advisor Fees and Expenses (District)	
10	Financial Advisor Fees and Expenses (PSC)	
11	Miscellaneous	
12	Total estimated Upfront Financing Costs (Sum of Lines 2 through 11)	
13	Net Proceeds (Line 1 – Line 12) deposited into DDOT Improvement Fund	\$

This Issuance Advice Letter is submitted this ____ day of _____ 2015.

Respectfully,

DISTRICT OF COLUMBIA, as Issuer

By: _____
 Name:
 Title:

SCHEDULE A

ANNUAL DEBT SERVICE

Taxable				
Payment Date	Principal Balance	Interest	Principal	Total Payment

Tax-Exempt				
Payment Date	Principal Balance	Interest	Principal	Total Payment

SCHEDULE B

TOTAL ESTIMATED INITIAL DDOT ANNUAL REVENUE REQUIREMENT

	<u>INITIAL ANNUAL AMOUNT</u>
Ongoing Financing Costs	
Debt Service	
Ongoing Servicer fee (Pepco as Servicer)	
Servicing expenses	
Issuer's fees and expenses	
Bond Trustee Fees and Expenses	
Legal fees	
Accounting fees	
Rating Agency fees	
Reporting and filing fees	
Miscellaneous	
TOTAL ESTIMATED INITIAL DDOT ANNUAL REVENUE REQUIREMENT	

SCHEDULE C

EXPECTED DDOT ANNUAL REVENUE REQUIREMENT

	<u>Principal</u>	<u>Interest</u>	<u>Debt Service Reserve Fund*</u>	<u>Total Net Debt Service</u>	<u>Plus: Servicing Fee (7.5 bps)</u>	<u>Ongoing Financing Costs (Excl. Servicing)</u>	<u>Net Revenue Requirement</u>
Mar-15 (closing)							
Jul-15							
Jan-16							
Jul-16							
Jan-17							
Jul-17							
Jan-18							
Jul-18							
Jan-19							
Jul-19							
Jan-20							
Jul-20							
Jan-21							
Jul-21							
Jan-22							
Jul-22							
Jan-23							
Jul-23							
Jan-24							
Jul-24							
Jan-25							
Jul-25							
Jan-26							
Jul-26							
Jan-27							
Jul-27							
Jan-28							
Jul-28							
Jan-29							
Jul-29							
Jan-30							
Jul-30							
Jan-31							
Jul-31							
Jan-32							
Jul-32							
Jan-33							
Total							

**PUBLIC
NOTICE**

**PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA
1333 H STREET, N.W., SUITE 200, WEST TOWER
WASHINGTON, D.C. 20005**

PUBLIC NOTICE

**FORMAL CASE NO. 1121, IN THE MATTER OF THE APPLICATION OF
POTOMAC ELECTRIC POWER COMPANY FOR ISSUANCE OF A
FINANCING ORDER UNDER THE ELECTRIC COMPANY
INFRASTRUCTURE IMPROVEMENT FINANCING ACT**

The Public Service Commission of the District of Columbia (“Commission”) hereby gives notice, pursuant to Section 303(a)(1) of the Electric Company Infrastructure Improvement Financing Act of 2014 (“Act”) (D.C. Law Act 20-102, effective May 3, 2014), that on August 1, 2014, the Potomac Electric Power Company (“Pepco”) filed an application requesting that the Commission issue a financing order that, *inter alia*, (a) authorizes the creation of the DDOT Underground Electric Company Infrastructure Improvement Property and (b) approves the imposition, billing and collection of the DDOT Underground Electric Company Infrastructure Improvement Charge. Terms used in this notice but not defined herein shall have the meaning ascribed to them in the Act.

Pursuant to the Act, the proposed DDOT Underground Electric Company Infrastructure Improvement Charge will be a non-bypassable, volumetric surcharge collected by Pepco, as Servicing Agent for the District, to pay Debt Service and all other Ongoing Financing Costs of the Bonds that will be issued by the District to fund the DDOT Underground Electric Company Infrastructure Improvement Activities. The Application requests that the initial DDOT Underground Electric Company Infrastructure Improvement Charge become effective upon issuance of the Bonds.

The estimated DDOT Underground Electric Company Infrastructure Improvement Charge represents a total increase of approximately 4.5 cents per day for a typical residential customer who uses 750 kWh per month. The estimated DDOT Underground Electric Company Infrastructure Improvement Charge is designed to collect \$25,845,061 in total revenues during the first twelve (12) months which will be sufficient to pay Debt Service on the Bonds and all other Ongoing Finance Costs for the first 12 months after the issuance of the Bonds. The final amount of the DDOT Underground Electric Company Infrastructure Improvement Charge will be determined by the District based on the actual details of the Bonds issued which information is required to be filed with the Commission in an Issuance Advice Letter no later than 5:00 p.m. on the next business day after the sale of Bonds.

Consistent with the Act, the DDOT Underground Electric Company Infrastructure Improvement Charge will not be imposed on low income customers served under Pepco’s Residential Aid Discount Rider. The projected initial DDOT Underground Electric

Company Infrastructure Improvement Charge rates for each Rate Schedule are as follows:

<u>Rate Schedule</u>		
R	\$0.00181	per kWh
AE	\$0.00118	per kWh
RTM	\$0.00440	per kWh
GS ND	\$0.00383	per kWh
T	\$0.00383	per kWh
GS LV	\$0.00552	per kWh
GS 3A	\$0.00278	per kWh
GT LV	\$0.00336	per kWh
GT 3A	\$0.00191	per kWh
GT 3B	\$0.00022	per kWh
RT	\$0.00209	per kWh
SL/TS	\$0.00060	per kWh
TN	\$0.00165	per kWh

The average monthly effects of the proposed DDOT Underground Electric Company Infrastructure Improvement Charge in the first 12 months after the issuance of the Bonds will be:

<u>Rate Schedule*</u>	<u>Average Monthly Usage</u>	<u>Monthly Increase for Standard Offer Service Customers</u>		
		<u>Total Bill**</u>	<u>% of average monthly Bill</u>	<u>\$</u>
Residential - Standard (R)	695	\$	1.26	1.4%
Residential - All Electric (AE)	712	\$	0.83	0.9%
Residential Aid Discount (RAD)	574		NA	NA
Residential Aid Discount - All Electric (RAD AE)	758		NA	NA
Residential Time-of-Use (RTM)	3,813	\$	16.77	2.9%
GS Non-Demand (GS ND)	1,236	\$	4.73	2.6%
GS Low Voltage (GS LV)	9,526	\$	20.14	2.6%
GS Primary (GS 3A)	23,609	\$	52.57	4.0%
Temporary	5,259	\$	130.28	4.0%
GT – Low Voltage (GT LV)	142,761	\$	479.84	3.3%
GT – Primary (GT 3A)	1,506,974	\$	2,880.07	2.2%
GT - High Voltage (GT 3B)	18,226,209	\$	4,030.90	0.2%
Rapid Transit (RT)	27,090,884	\$	9,210.90	0.4%
Street Lighting (SL) *** and Traffic Signals (TS) combined ***	604,133	\$	3,333.98	3.6%
Telecommunications Network (TN)	918	\$	5.07	3.3%
Street Lighting Maintenance (SSL OH and SSL UG) ***			NA	NA

* The effect of the proposed DDOT Underground Electric Company Infrastructure Improvement Charge on any particular customer is dependent upon the actual usage of the customer. Increases shown are for customers with the average monthly usage.

** Standard Offer Service customers purchase their electricity from Pepco. For those customers who purchase their electricity from competitive suppliers (i.e., suppliers other than Pepco), the dollar amounts and percentages in the Total Bill column are not applicable. The DDOT Underground Electric Company Infrastructure Improvement Charge will still be applicable to such customers.

*** The Street Lighting and Traffic Signal increases shown refer to the total class.

As discussed in the Application and as further detailed in the triennial Underground Infrastructure Improvement Projects Plan (the “Triennial Plan”) filed by Pepco and the District of Columbia Department of Transportation (“DDOT”) in Formal Case No. 1116, DDOT will undertake the construction and other civil work necessary to place conduit underground thereby facilitating the undergrounding of electric distribution feeders. The cost of the work to be performed by DDOT and related costs will be funded partially from the proceeds of the sale of the Bonds.

The DDOT Underground Electric Company Infrastructure Improvement Charge is intended to assure the collection of funds sufficient to permit the timely payment of the scheduled principal of and interest on the Bonds as well as other Ongoing Financing Costs. The Act allows the costs incurred by Pepco to be recovered by Pepco through the Underground Project Charge, a separate surcharge that the Commission is reviewing in Formal Case No. 1116 for which a public notice was issued on June 27, 2014 (61 D.C. Reg. 006687).

Any person desiring to comment on the Application, including the Triennial Plan, may file comments with the Commission no later than **August 18, 2014**.

Any person desiring to intervene in the proceeding shall file a petition to intervene with the Commission no later than **August 18, 2014**. All petitions to intervene shall conform to the requirements of the Commission’s Rules of Practice and Procedure as set forth in Chapter 1, Section 106 of Title 15 of the District of Columbia Municipal Regulations (15 DCMR § 106).

All written comments and petitions for intervention should be sent to Ms. Brinda Westbrook-Sedgwick, Commission Secretary, Public Service Commission of the District of Columbia, 1333 “H” Street, NW 2nd Floor, West Tower, Washington, D.C. 20005.

Pursuant to 15 DCMR § 146.1, the Commission waives a prehearing conference to the extent required by 15 DCMR § 121.

The Application is available for inspection at the Commission’s Office of the Commission Secretary, 1333 “H” Street, NW, 2nd Floor – West Tower between the hours of 9:00 a.m. and 5:30 p.m., Monday through Friday. Copies of the Application can be

purchased at the Commission at a cost of \$0.10 per page, actual reproduction cost. The Application may also be inspected at the following public libraries:

Ward	Name and Address
	Martin Luther King Memorial Library 9 th & "G" Streets, NW
Ward 1	Mount Pleasant Library 16 th & Lamont Street, NW
Ward 2	Southwest Library Wesley Place & "K" Street, SW
Ward 3	Cleveland Park Library Connecticut Avenue & Macomb Street, NW
Ward 4	Petworth Library Georgia Avenue & Upshur Street, NW
Ward 5	Woodridge Library Rhode Island Avenue & 18 th Street, NE
Ward 6	Southeast Library 7 th & "D" Streets, SE
Ward 7	Capitol View Library Central Avenue & 50 th Street, SE
Ward 8	Washington-Highlands Library Atlantic Street & South Capitol Terrace, SW