



A PHI Company

FREQUENTLY ASKED QUESTIONS

1. **WILL MY RATES GO UP AS A RESULT OF THESE NEW PROGRAMS?**

The Company seeks to recover the costs for implementing these programs. The Public Service Commission will determine how costs are recovered. We believe, that these programs, when fully implemented, will provide customers with financial benefits that greatly exceed their costs. And there are added benefits that are not easily quantified, such as a reduction in greenhouse gases caused by power plants.

2. **WHEN CAN I GET MY NEW METER?**

Pepco expects to begin installing state-of-the-art meters to District of Columbia residents and businesses within 18 to 24 months after the project gets underway. The technology will enable customers to reduce the amount of energy they consume, particularly during expensive, peak usage times. The advanced meter technology also will enable the company to remotely detect outages, resulting in quicker restoration times. It will take about five years, from start to finish, before Pepco's electricity customers in D.C. have the new, state-of-the-art meters. The proposed energy efficiency programs, such as crediting customer bills when they upgrade their end-use, and installing the proposed state-of-the-art thermostats are subject to the approval of the D.C. Public Service Commission.

3. **WHY WILL IT TAKE 18 TO 24 MONTHS AFTER THE PROJECT STARTS FOR YOU TO BEGIN DISTRIBUTING THE NEW METERS?**

That is the projected timeframe considering we will have to select a vendor and then retire the old meters and install the new meters and supporting technologies in every business and residence we serve throughout our D.C. service territory. In total, it will be about five years before all our D.C. customers have a new, state-of-the-art meter.

4. **WHEN DO YOU EXPECT A DECISION FROM THE COMMISSION?**

We're not quite sure. We're hopeful they will consider our proposals this year, but we do not set their agenda.

5. **HOW MUCH WILL THESE NEW PROGRAMS COST?**

Cost estimates are difficult to project because we have not selected a vendor for some aspects of the plan. We anticipate the cost of implementing the energy efficiency and demand response programs across residential and commercial customers over a three-year period to be approximately \$31 million.

- 6. WHAT IS THE TIMELINE FOR IMPLEMENTING THESE PROGRAMS?**
Pepco is prepared to begin implementing each of the DSM programs as soon as it receives Commission's approval. Once approved, the Company will develop a detailed program implementation plan. We anticipate actual energy-efficiency program operations to be phased in over a six- to nine-month period, after receiving approval from the Commission. The installation of the state-of-the-art meters is not subject to Commission approval. We will begin installing the new meters anytime from 18 to 24 months after we begin the process. It will take the company about five years to completely install the meters in D.C.
- 7. A. WHY DOES PEPSCO WANT TO HELP ME SAVE ENERGY AND MONEY?**
Given the rising cost of energy, Pepco recognizes the need to help its customers save energy and money. Our business is a *service*, first and foremost. Thus, we are more than willing to give our customers the necessary tools to encourage them to use energy more wisely to control their energy costs.
- 8. DOESN'T THE COMPANY PROFIT FROM HOW MUCH I USE OF THEIR PRODUCT?**
Yes, a portion of Pepco's revenues are driven by how much electricity customers are using. That is why we are also proposing that the Commission separate usage from our revenues so we can encourage customers to use energy wisely without hurting our bottom line. We recognize the hardship that rising energy prices has created for many of our customers. We think it makes sense to promote energy efficiency. If our revenues are not tied to how much the customer is using, we can do that enthusiastically and without reservation.
- 9. HOW WILL THESE PROGRAMS KEEP MY RATES FROM GOING UP?**
These programs will empower the customer to reduce the amount of energy they use. In doing so, the individual customer will save money on their monthly energy bill. In addition, we believe all customers will benefit by reduced electricity supply prices because the "peak" power is more expensive than "non-peak" power.
- 10. WHAT'S THE DIFFERENCE BETWEEN AN ADVANCED METER AND THE ONE I CURRENTLY HAVE?**
Advanced meters can measure electricity use by the hour, which enables Pepco to charge customers a lower rate if they cut back on usage during peak demand times when the price of electricity is high. The new meters will also enable Pepco to remotely detect a power outage at your house, which would lead to getting your lights back on more quickly. It also allows us to remotely read your meter, thereby significantly reducing the need for estimated bills. In the future, we propose linking our advanced meter program to a smart thermostat program. Combined, they would allow for the Company to remotely reduce your air conditioning load during those expensive, peak times to save you money.
- 11. IF FULL IMPLEMENTATION OF THESE PROGRAMS IS YEARS AWAY, WHAT IS BEING DONE IN THE NEAR-TERM TO STABILIZE ELECTRICITY PRICES IN D.C.?**
Some of the energy-efficiency programs will take less than a year to implement,

once approved by the Commission. In the meantime, we believe the competitive wholesale markets will provide customers with stable electricity prices in the near-term.

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