pepco

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Councilmember Roger Berliner
100 Maryland Avenue
Rockville, MD 20850

Dear Councilmember Berliner:

I am writing to advise you of an exciting development in Pepco's Maryland service territory. Pepco is filing its "Smart Community Plan" with the Public Service Commission on Thursday, February 12, 2009. The filing proposes that Pepco undertake a Smart Grid demonstration project in a portion of the Tantallon/Fort Washington area of Prince George's County and a portion of the Bethesda area in Montgomery County.

In early 2007, Pepco introduced its Blueprint for the Future (Blueprint), which responds to two major energy challenges: the rising cost of energy and the impact of energy use on our environment. The Blueprint, which complements Governor O'Malley's EmPOWER Maryland energy policy and conservation goals, addresses customers' growing interest in managing their energy use and costs. It will also enhance Pepco's ability to provide reliable and responsive customer service. New technologies introduced in the Blueprint make all this possible.

The Blueprint for the Future features the Smart Grid technology, which represents perhaps the greatest technological transformation for electric utilities since the national electric grid was first created. A Smart Grid is an electricity network – or grid – that has evolved from its historical components to become "smart," or able to use today's state-of-the-art technology and communications innovations. It will provide us with the means to have two-way communication between house meters, sensors located at key points on the grid, and the utility, using advanced data analysis.

Our customers' lifestyles require higher levels of service and reliability, which new technology will provide. Customers participating in the pilot program will enjoy the following benefits:

- Enhanced outage detection and reporting, resulting in improvements in the management of outage restoration;
- The ability of the grid to, in some circumstances, diagnose an outage and re-route power to functioning circuits, thereby greatly decreasing outage time to some customers on the damaged circuit;
- Restoration verification at the customer's premise;

- More accurate bills, with the number of estimated bills significantly reduced;
- Meter readings will coincide with customer move dates, allowing for improved responsiveness to customers requesting start or stop service;
- Quicker detection of meter malfunctions leading to quicker repairs;
- Energy consumption data will be available to Pepco and the customer on a near-real-time basis;
- Customer energy use information on thermostats or displays; and
- Voluntary critical peak pricing.

A Smart Grid requires a more sophisticated metering and communications infrastructure, known as Advanced Metering Infrastructure (AMI). The AMI meter collects and communicates data at the point of delivery to the customer. Pepco's filing proposes to install approximately 2,500 to 3,500 AMI meters, divided between the two Smart Communities, where residential customers are located along feeders designated for the pilot program. Pepco also will be installing sensors at key points on the grid itself. Between the addition of the grid sensors and the smart meters for some customers on those circuits, customers on those circuits who do not get a smart meter still will see service improvements.

At Pepco, we are excited about the prospect of developing smart communities in the areas we serve. We believe that our plans align well with Maryland's EmPOWER Maryland energy policy and with President Obama's infrastructure modernization and carbon reduction goals. We look forward to working with our customers, the Public Service Commission, and you in designing and operating a grid for the 21st century. Please call Therese Yewell, State Relations Director, Maryland, at 202-253-6835 if you have any questions about this exciting initiative.

Sincerely,

Thomas H. Graham

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