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**NYSE: POM**

# NEWS RELEASE

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**FOR IMMEDIATE RELEASE**  
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## **PEPCO ENERGY SERVICES AWARDED \$55 MILLION ENERGY SAVINGS PERFORMANCE CONTRACT WITH BALTIMORE CITY PUBLIC SCHOOLS**

*15 Year Contract Will Provide Over \$27 Million in Guaranteed Energy Cost Savings*

**ARLINGTON, VA** – Pepco Energy Services, a subsidiary of Pepco Holdings, Inc. (NYSE: POM) and a leader in energy savings performance contracting, has been chosen to provide a comprehensive energy efficiency and guaranteed savings program for the Baltimore City Public School System (BCPSS). Pepco Energy Services has served as the electricity supplier to the Baltimore City Public School System since June, 2006.

The 15-year contract calls for Pepco Energy Services to provide high-efficiency lighting and water conservation measures, the replacement of heating and cooling systems, the expansion of the energy management control system and the installation of new windows. Construction is underway and is expected to be completed by November, 2007.

To assure that the energy savings are achieved, Pepco Energy Services will provide on-going maintenance for all the equipment being installed for the entire term of the contract.

According to Hatim Jabaji, who heads Baltimore City's Energy Conservation Office, "The Department of Public Works and the Energy Office have worked closely with the BCPSS in developing and on-going management of this public-private partnership."

"Pepco Energy Services is excited to be providing the Baltimore City Public School System with substantial energy savings while also helping the environment," said John Huffman, President and Chief Operating Officer of Pepco Energy Services.

"The energy savings created by these improvements will allow the Baltimore City Public School System to fund much needed upgrades in 32 schools," stated David Weiss, President of the Performance Management Group of Pepco Energy Services.

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Since 1995, Pepco Energy Services has developed, implemented and financed over \$500 million of energy savings performance contracts for more than 200 customers, including the single largest energy savings performance contract ever awarded by the Federal Government—a project for the Military District of Washington which includes Fort Meade, Maryland that will produce over \$200 million of guaranteed energy savings.

Accredited by the National Association of Energy Service Companies (NAESCO), Pepco Energy Services has also completed energy savings performance contracts for many federal and state government agencies. Most recently, it has completed projects at the Thomas B. Finan Hospital Center in Cumberland, Maryland for the Maryland Department of Health and Mental Hygiene and at K-12 school districts in Maryland, Pennsylvania, Virginia, and West Virginia.

### **About Pepco Energy Services**

Pepco Energy Services, Inc., a wholly owned subsidiary of Pepco Holdings, Inc. (NYSE: POM), provides commercial, institutional, government and industrial customers with competitive electricity and natural gas supply, and energy efficiency services. Pepco Energy Services generates more than \$1 billion of revenue annually. Visit [www.pepcoenergy.com](http://www.pepcoenergy.com) for more information.

*Pepco Energy Services, Inc. is not the same company as Potomac Electric Power Company, and prices and services of Pepco Energy Services, Inc. are not set by the Public Service Commission.*

*Information contained in this news release may include forward-looking statements which should be considered in light of the risks inherent in the business of Pepco Holdings, Inc. and its subsidiaries, as discussed in public documents filed with the Securities and Exchange Commission.*

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## City Government

# Baltimore City Government

Baltimore, MD

### HIGHLIGHTS

- Chillers -3 Police Departments, Government house and Waxter Center.
- 11 Boilers
- Roof top units—Druid Hill Health Care Center, Eastern Health Care Center, Multi-Purpose Center, Kirk Multi-Purpose Center, Park Heights Multi-Purpose Center, 4 District Police Departments
- Humidifier Boiler Replacement—Waxter Center
- Energy Efficient Motors



### Customer Profile

Energy performance contracting proved to be a valuable tool and resource for several of the city of Baltimore's government buildings. The challenge was to renew assets which have exceeded their usefulness, increase capacity eliminate hot and cold calls, generate cash flow, re-commission HVAC systems and meet ASHRAE and IESNA guidelines. This translated into innovative engineering to deliver new boilers, chillers and improve overall energy infrastructure.

### Project Description

Pepco Energy Services provided significant upgrades and capital improvements to 16 of the City of Baltimore buildings. This meant replacing lighting, boilers, air cooled chillers, water cooled chillers, roof mounted units and building windows. Under a 15-year contract term, the City of Baltimore will incur no upfront capital cost and will enjoy net positive cash flow over the life of the contract.

Pepco Energy's efforts resulted in over \$4.6 million in energy savings and over \$2.4 million in new assets with no upfront capital requirements. Pepco Energy created a 19% reduction in emissions and provided a comprehensive Measurements & Verifications to verify guaranteed results.

<b>Project Dollar Amount (installed project costs); Source of Project Financing</b>	\$2.9 m Third Party Financing
<b>Project Size and Square Footage</b>	
<b>Primary ECMs Installed; ESCO Services Provided</b>	Replace chiller, cooling tower and condenser water pumps, DDC system installation and upgrades, boiler plant sequencing and tuning, exhaust fan control, lighting retrofit, restore VAV operation, electric resistance heat control installation, chilled-water valve installation, fan-powered box control repairs, and recommission/repair HVAC systems.
<b>Construction Start &amp; End Dates</b>	July 2005—June 2006
<b>Contract Start &amp; End Dates</b>	July 2006—June 2021
<b>Dollar Value and Type of Annual Operational Cost Savings (if applicable) (e.g., outside maintenance contracts, material savings, etc.)</b>	\$114,400
<b>Method(s) of Savings Measurement and Verification</b>	IPMVP—Option C
<b>Provide CURRENT and ACCURATE telephone and FAX numbers of the owner(s)' representatives with whom your firm did business on this project. You should ensure that all representatives are familiar with this project.</b>	