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NEWS RELEASE

FOR IMMEDIATE RELEASE
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PEPCO ENERGY SERVICES CHOSEN BY PENNSYLVANIA STATE UNIVERSITY TO IMPLEMENT ENERGY SAVINGS PERFORMANCE CONTRACT

ARLINGTON, VA – Pepco Energy Services, a subsidiary of Pepco Holdings, Inc. (NYSE: POM) and a leader in energy savings performance contracting, will implement a comprehensive energy performance contracting program for the Pennsylvania State University (PSU)-Altoona campus.

The 10-year contract calls for Pepco Energy Services to provide energy conservation measures to the buildings, dormitories and facilities at PSU-Altoona. As part of the performance contract, Pepco Energy Services will install high-efficiency lighting, expand the energy management control system, provide comprehensive upgrades of the plumbing fixtures, and complete building envelope work on 28 buildings throughout the campus. Construction is expected to be completed by February 2008.

"This is a project that positively impacts almost every facility on our campus with innovative energy savings measures. This implementation will significantly reduce our energy consumption while lowering our annual operating costs by more than \$360,000 per year," said Rob Yingling, Assistant Director of Business Operations at PSU-Altoona.

"Pepco Energy Services is excited to be providing PSU-Altoona with over \$4 million in energy savings on this project, and the energy saved will be sufficient to power 470 homes annually," stated John Huffman, President and Chief Operating Officer of Pepco Energy Services.

Since 1995, Pepco Energy Services has developed, implemented and financed over \$600 million of energy savings performance contracts for more than 250 customers, including the single largest energy savings performance contract ever awarded by the Federal Government—a project for the Military District of Washington 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 with the National Institutes of Health, the Washington, D.C. Convention Center, Howard County (Maryland) Public Schools, as well as at multiple K-12 school districts in Maryland, Pennsylvania, Virginia, and West Virginia.

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About Pepco Energy Services

Pepco Energy Services, Inc., a wholly owned subsidiary of Pepco Holdings, Inc. (NYSE: POM), is a leader in providing commercial, institutional, government and industrial customers with competitive electricity and natural gas supply and energy efficiency services. Visit 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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University

Pennsylvania State University- Altoona

University Park, PA

In progress

HIGHLIGHTS

- **Pepco Energy Services personally identified, designed and managed the installation of over 10 distinct energy conservation measures throughout the campus.**



Customer Profile

Pennsylvania State University—Altoona was founded in 1939 when the Altoona Chamber of Commerce approached the President of Pennsylvania State College to support a local undergraduate program in Altoona. Now the campus is comprised of more than 20 buildings spread over 123 acres of land.

Project Description

Pepco Energy Services audited all PSU-Altoona facilities and identified over 10 Energy Conservation Measures which resulted in over \$360,000 in Energy and Water Savings.

Project Dollar Amount (installed project costs); Source of Project Financing	\$3,485,372 Customer Financed through Penn State University System
Primary ECMs Installed; ESCO Services Provided	High-efficiency lighting, Expansion of energy management control system, comprehensive upgrades of the plumbing fixtures, and complete building envelope work on 28 buildings throughout the campus.
Construction Start & End Dates	Construction Start Date July 2007 Construction End Date April 2008
Contract Start & End Dates	May 2007 through April 2018
Dollar Value and Type of Annual Operational Cost Savings (if applicable) (e.g., outside maintenance contracts, material savings, etc.)	\$363,124 in Energy and Water Savings
Method(s) of Savings Measurement and Verification	IPMVP Options A, B, C and D
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.	Bruce Smith Energy Program Manager 152 S Physical Plant Building University Park, PA 16802 Phone: 814-865-3640 Fax: 814-865-3737 Email: bjs@psu.edu
Describe the specific roles and responsibilities of ESCO personnel associated with the identified project. Limit your response to only those personnel who will be directly involved in Customer's project.	Wayne Leahy, Brad Lowe, Tansu Sengezener, Hugh Kirkpatrick, Tom Lang, Henry Dworshak, Bob LaRose - responsible for all development, design, construction, M&V, and financing.