



District of Columbia Power Line Undergrounding

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Introduction to DC PLUG

- The District of Columbia Power Line Undergrounding (DC PLUG) initiative is a \$1 billion partnership between the District and Pepco that will:
 - Place underground high-voltage feeders most affected by overhead outages resulting from various causes, including storms, primarily in Wards 3, 4, 5, 7 and 8
 - Improve the reliability and resiliency of the system by reducing outages caused by severe weather
 - Reduce the frequency and duration of outages by an average of 95 percent on selected feeders
- Secondary and service lines will remain overhead on the existing poles

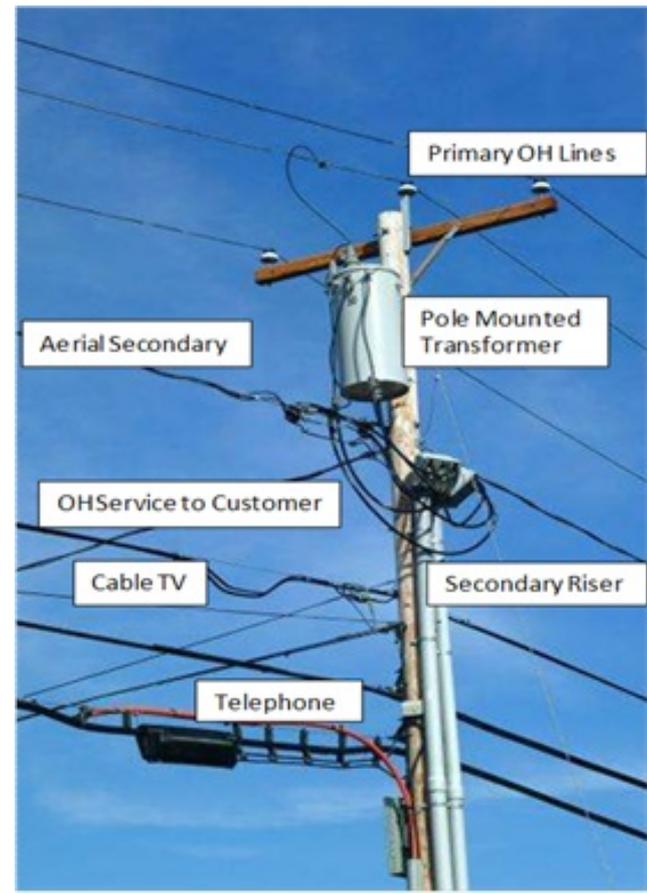
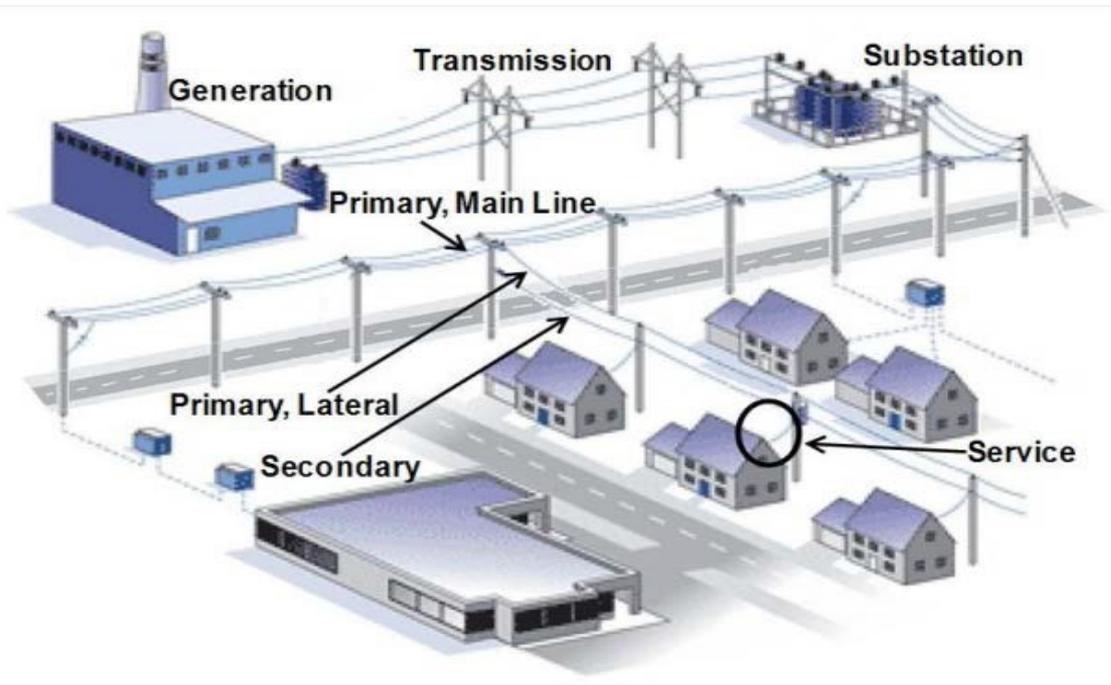


Introduction to DC PLUG

- Enabling legislation was introduced to the Council of the District of Columbia, and the Electric Company Infrastructure Improvement Financing Act of 2014 (“Act”) became law in May 2014
- Pepco will complete electrical design and the District Department of Transportation (DDOT) will complete civil design
- DDOT will construct civil components; Pepco will install electrical components
- DC PLUG will be coordinated with other major infrastructure projects
- Why the partnership?
 - To provide greater benefit to District residents



Current Overhead System



What You'll See

Before

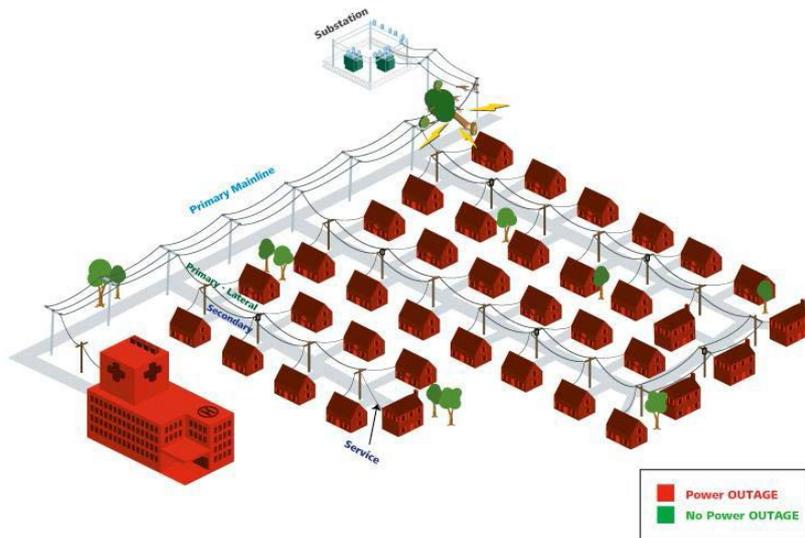


After

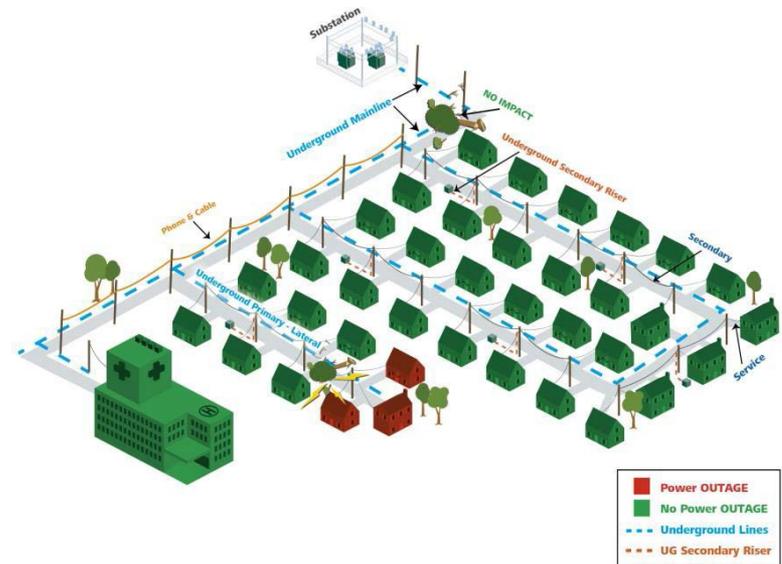


What You Will See

EXISTING OVERHEAD SYSTEM



PROPOSED UNDERGROUND PLAN



Background and History

- Severe storms, especially between 2010 and 2012, challenged the electric system's resiliency
- The Mayor established a Task Force to evaluate options to improve resiliency in all weather conditions, in addition to Pepco's ongoing Reliability Enhancement Program
 - Task Force members included various stakeholders: District Government, DC Public Service Commission, DC Office of People's Counsel, Pepco, other utilities and citizen representatives
- Funding through a combination of:
 - DDOT Capital Improvement funding (up to \$125 million)
 - Funds obtained from District-issued securitized bonds (\$375 million)
 - Pepco debt and equity (\$500 million)
- Recovery of the District's securitized bonds and Pepco's investment will come through two surcharges on Pepco DC customers' bills (RAD customers exempt)

Background and History

- DDOT Underground Electric Company Infrastructure Improvement Charge (DDOT Charge)
 - Volumetric monthly surcharge that will be used to pay the debt service associated with the District's bond issuance (RAD customers exempt)
 - Will appear on customer bills as a separate surcharge: "Underground Charge, DDOT"
 - Will appear on customer bills after the bond issuance, currently estimated for August 2015
 - Estimated monthly increase on customer bills will be \$1.12 in 2015, 2016 and 2017
 - Pepco will make semiannual filings with the PSC to ensure it is not overcollecting or undercollecting.

Background and History

- Pepco's Underground Project Charge ("UPC")
 - Volumetric monthly surcharge that will be used to fund Pepco's costs (RAD customers exempt)
 - Will appear on the customer bills as a separate surcharge: "Underground Charge, Pepco"
 - Is currently estimated to start appearing on customer bills in August 2015
 - The estimated monthly increase on customers bills will be 18 cents in 2015, 52 cents in 2016 and 91 cents in 2017
 - Pepco must make annual filings with the PSC to ensure it is not overcollecting or undercollecting.

Regulatory Overview

- In accordance with the Act, DDOT and Pepco jointly filed with the PSC the first Triennial Plan on June 17, 2014, covering a three-year period, and Pepco filed with the PSC the Application for a Financing Order on Aug. 1, 2014
- PSC approved the Triennial Plan and Financing Application in November 2014
- In accordance with PSC approval, DDOT and Pepco are moving ahead on construction of Feeder 308
 - Benefits the District and Pepco by providing opportunity to learn in advance of other feeders
- Appeals were filed Dec. 4, 2014, and March 23, 2015
- District bond issuance cannot occur until filed appeals have been resolved

Regulatory Overview

- The Act prescribes, among other things, the:
 - Roles of the District and Pepco
 - Infrastructure and activities for which District and Pepco may recover
 - Contents of the Triennial Plan and Financing Application
 - Types of feeders to be placed underground
 - Use of District residents and contractors in construction, where qualified
 - Creation of the DDOT Underground Electric Company Infrastructure Improvement Fund
 - PSC authorizations required to proceed with construction and financing
 - PSC reporting requirements for construction and construction schedule
 - PSC reporting requirements related to the District financing

Current Status

- Development of detailed feeder construction schedules
- Outreach to District of Columbia businesses
 - Pepco and the District jointly hosted two contractor forums attended by more than 90 firms
 - Pepco sponsored a DC PLUG Networking Event, attended by 26 Pepco contractors and 63 Certified Business Enterprises (CBEs)
 - One-on-one meetings with more than 30 CBEs
 - Pepco Capability and Capacity Building RFPs for CBE construction firms
 - Created limited-scope RFPs (outside DC PLUG) intended to allow CBE contractors to develop capability on Pepco's system to perform DC PLUG work in the future
 - Not a training program so applicants must show have general capabilities to qualify
 - Intend to bring four or five new District contractors on to Pepco's system in Q2 2015

Current Status

Capability and Capacity Building RFPs

Scope of Work	Number of Firms		
	Identified for Scope of Work	Attended Pre-Bid Meeting	Submitted Proposals
Install Cable	7	4	4
Install Conduit	15	6	2
Cable Inspections	51	5	2
Conduit Inspections	7	5	2
Traffic Control	11	6	4
Quality Assurance/Quality Control	N/A (Target release date: Q1 2015)		

Current Status

- Civil engineering and design of two feeders
 - Contract awards included CBE businesses
 - Civil design these feeders provided to other utilities and PSC for review
 - Monthly Coordination Meetings w/utilities
 - Regular over-the-shoulder review meetings
- Development of consumer education materials (communications and outreach)

Education Plan

- Comprehensive plan to educate and update District customers and other stakeholders
 - Responsive and reliable information is critical for successful implementation of the DC PLUG initiative
- Community engagement meetings hosted by the DC PLUG team, for each feeder, with a focus on key phases:
 - Project introduction and planning
 - Construction kickoff (what to expect)
 - Progress updates
- Community outreach in coordination with the Mayor's Office of Community Relations and Services, ANCs, OPC, PSC, community meetings and other forums
- Underground Project Consumer Education (UPCE) Task Force created

Conclusion

- Together, the District and Pepco continue to move the DC PLUG initiative forward
- For more information:
 - www.pepco.com/dcplug
 - www.ddot.dc.gov/page/dcplug
 - <http://opc-dc.gov/index.php/consumer-topics-a-z/dc-undergrounding-updates>

