

Lines



NOVEMBER 2006

Volume 35, Issue 10

Know How Electricity is Supplied, Delivered to You

Many people tend to take electricity for granted. You flip a switch and the lights come on. But did you ever wonder what it takes to get electricity to your home or business?

Simply put, it takes **supply and delivery**.

Supply refers to the generation of electricity. In the United States, coal, natural gas and oil are the principal fossil fuels used to generate electricity. As you know, the cost of all fuels has risen dramatically. Between 1995 and 2005, the cost of fossil fuels rose anywhere from 100 percent to an estimated 400 percent.

With the advent of deregulation, some Pepco customers have chosen to purchase electricity from a supplier other than Pepco. In fact, Pepco no longer generates electricity. So, for those customers who do not choose another supplier, Pepco buys electricity supply on their behalf at market prices. This is called Standard Offer Service and the cost of the electricity supply is passed directly to the customer.

The other piece of getting electricity to you is delivery, which is Pepco's core business. For the typical residential customer, the cost of getting electricity delivered to you



Delivering electricity to more than 730,000 customers in the District and suburban Maryland is Pepco's core business. Pepco's delivery rates have remained flat or in some cases decreased during the past decade.

(including taxes and surcharges) has been less than a third of your total bill for 2005 and 2006 to date.

Electric delivery costs pay for just about everything it takes to get the electricity from the regional transmission grid to you, the customer. This includes the cost of substations, power poles and lines, transformers and equipment, system maintenance and employees, from line mechanics to meter readers to customer service representatives.

Across Pepco's service territory, delivery rates have remained flat or, in some cases decreased during the past decade. A freeze in delivery rates has been challenging as labor and electrical equipment costs, as with most commodities, have increased.

For example, the price of a transformer mounted on poles in most neighborhoods, has increased 60 to 70 percent since the beginning of this year alone. A transformer steps down electricity voltage so it can be safely used in your home or business.

Pepco is committed to ensuring the continued, reliable flow of electricity to our customers. While controlling operating and maintenance costs remains a top priority, the cost of keeping the lights on continues to grow. If delivery rates need to increase slightly, it's because we are committed to maintaining and enhancing our electric delivery system to ensure electricity is delivered reliably to our customers.

As always, we will continue to give customers the Energy Know How™ they need to get the most for their electricity dollar. You'll find a few of our energy- and money-saving tips in this edition of Lines and on our Web site at www.pepco.com.

We're connected to you by more than power lines.®

TAKE THE CHILL OFF YOUR WINTER HEATING BILL

Winter weather is around the corner. Here are a few tips to help save energy and reduce your heating bill.

- Set your thermostat at 68 degrees F. during the day and 60 degrees F. at night. You can save 3 percent on your heating costs for every degree you reduce the temperature below 70 degrees F. for the entire heating season. Heat pumps need to stay at a constant setting, unless you have a programmable electronic heat pump thermostat.
- Maintain proper air circulation. Keep heating supply registers and cold-air return registers clear of draperies and furniture.
- Dress warmly. A light, long-sleeved sweater equals almost 2 degrees in added warmth; a heavy long-sleeved sweater adds about 3.7 degrees; and two lightweight sweaters add about 5 degrees in warmth because the air between them serves as insulation to keep in more body heat.

Pepco has more energy-saving ideas at www.pepco.com. And don't forget to check out Energy Know How Solutions™, our new bill analysis tool.

Be Careful with Candles and Portable Heaters

Pepco does not recommend using candles or portable heaters because they can cause fires. However, if you do use candles or portable heaters never leave them unattended. Also watch out for pets and children who could knock them over.

If the power goes out, use a flashlight instead of a candle to light your way.



New Address for Mailing Pepco Payment

The mailing address where Pepco customers send electric bill payments has changed. Effective immediately, please send your payment to:

Pepco
PO Box 17143
Baltimore, MD 21297-1143

For your convenience the payment envelope enclosed in your bill has been revised with the new address to ensure proper delivery.

However, if you use a third party to pay your bill, such as your bank or an electronic payment processor, please be sure to notify them of the address change.

My Power Went Out, Came Back On, and Then Went Out Again.

WHAT'S HAPPENING?

There are several possible explanations. Sometimes after the first repair has been made, trees or branches may fall on different sections of the power line feeding your home, causing another outage.

Also crews may make temporary repairs to restore power, with the intention of coming back later to make permanent repairs.

We do this so crews can move quickly from problem to problem. These temporary repairs are more susceptible to storm damage, and if we have recurring storms before permanent repairs can be made, some of the same customers can lose power again.



A PHI Company

701 Ninth Street, N.W.
Washington, DC 20068
www.pepco.com



Customer Service: (202) 833-7500
TTY Telephone Number for Hearing Impaired: (202) 872-2369
To Report Power Outages: 1-877-PEPCO 62 (1-877-737-2662)