

MARYLAND, WHERE DOES YOUR ELECTRICITY DOLLAR GO?

Generation
74.5¢

Distribution
19.2¢

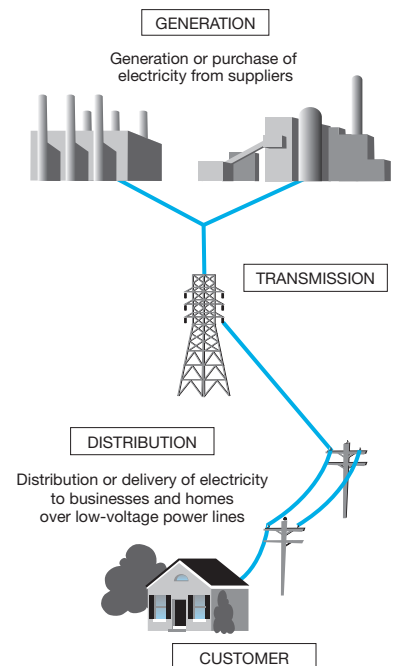
Transmission
2.3¢

Surcharges
4.0¢



Main Components to Electric Service:

- 1. Generation** refers to the production of electricity. Generation costs are not regulated. You pay electricity suppliers for generation:
 - *Directly* if you contract with an alternative supplier.
 - Or *through Pepco* if you take Standard Offer Service (SOS) instead of choosing a supplier.
 - Either way, Pepco handles billing for the electricity supplier.
- 2. Distribution (delivery)** is everything needed to deliver electricity safely and reliably to your electric meter. Distribution rates pay for the power poles, lines, meters, linemen and customer service representatives who serve you. You pay Pepco for distribution. This portion of your bill is regulated.
- 3. Transmission** refers to the cost of transmitting electricity from power plants over high-voltage lines and towers to the company's distribution system. While Pepco owns some transmission facilities, all transmission in the region is operated by a regional transmission operator (RTO). In this region the RTO is PJM Interconnection. This portion of your bill is also regulated.
- 4. Surcharges** refer to taxes and other charges that Pepco is required to include on customers' bills. The funds are collected by the company and passed through to the appropriate government agency. Examples include the Gross Receipts Tax, Environmental Surcharge and Delivery Tax.



A PHI Company