

We appreciate your interest in participating in the Pepco or Delmarva Power Energy Savings Program. As we prepare for the end of the 2012-2014 program cycle which ends on December 31, 2014, we plan to carefully distribute all the remaining incentive funds without exceeding our budget authority. To accomplish this, we will continuously track incentive expenditures and commitments on a daily basis during the remaining four months of the year.

Pre-Approvals: All projects require pre-approval from the program prior to equipment being purchased or work starting.

Effective September 18, 2014, all applications that have been submitted and have not received pre-approval letters will be pre-approved based on the availability of incentive funding. The earliest projected date for pre-approval letters to be issued is November.

- We have a request for approximately \$50 Million in incentive funds that is pending Public Service Commission approval in late October, however until we receive these funds, all applications for pre-approval will be closely monitored up to our budget authority.
- All future applications will be placed in a queue and will be considered for approval as funding becomes available, Pepco and Delmarva Power are expecting the Commission to approve our budget increase request in October of 2014. Pepco and Delmarva Power expect the new 2015-2017 programs will be approved by December 31, 2014.

Incentive Check Distribution: Incentive checks are distributed to the “payee” as indicated on the project application.

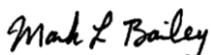
Over \$18.7 Million in incentives for 4,643 completed projects, currently in payment pending, will be paid over the next two weeks. Including the \$18.7 Million outstanding, the PHI programs have paid out over \$99.5 Million since the start of the 2012 program cycle. Current funding is near exhaustion.

Please note the following process changes and reminders:

1. Receiving a reference number does not indicate that the project application has been pre-approved.
2. All as-built change increases will be capped at 10% of the original application. There will be no exceptions.
 - If the scope of work expands and increases the incentive more than 10% of the original approved incentive, a new application must be submitted and pre-approved for the additional work. As noted above, this will be placed in a queue and will be considered as funding becomes available.
3. Past due projects will be discontinued.
 - Once you have received pre-approval your project must be completed and all final paperwork submitted per the timelines in the Terms and Conditions. If you need an extension to complete the installation, a written request must be received and approved by the program.
4. You must submit a complete application or it will be sent back. If you have any question regarding the application process or what is needed, please call the program hotline.
 - An employee of the customer’s organization or an authorized delegate must sign all applications. All delegation of authorities must be approved by the program office prior to submittal of applications.
 - Incentives, energy savings and all other data must be included on the signed application, even if the application is hand written.

Pepco and Delmarva Power submitted their 2015-2017 EmPower Maryland Program Plans on September 1, 2014. However, until new programs and funding are authorized we must carefully manage the remaining 2014 program incentives. Thanks in advance for your help and cooperation as together we bring this three-year cycle to a successful conclusion.

Sincerely,



Mark Bailey
Program Manager, Pepco and Delmarva Power Energy Savings Program