Pepco Holdings, Inc

701 Ninth Street, NW
Washington, DC 20068

**William M. Gausman**
Vice President - PHI Power Delivery
Asset Management

202 872-3227

January 4, 2005

**By Hand Delivery and Electronic Mail**

Mr. Kevin Kolevar
Director,
Office of Electricity Delivery and Energy Reliability
United States Department of Energy
1000 Independence Avenue, S.W.
Washington, D.C. 20585

Re: *Department of Energy Order No. 202-05-03 in Response to Emergency Complaint and Petition of the District of Columbia Public Service Commission*, DOE Docket-EO-05-01:

Dear Mr. Kolevar:

Pursuant to the Department of Energy's Order No. 202-05-3 issued December 20, 2005 ("DOE Potomac River Order"), Pepco has filed notice of the planned outages, in sequence during January 2006, of each of the two 230 kV circuits serving the downtown area of the District of Columbia. Earlier scheduled maintenance on these lines was postponed because of the shutdown of Mirant's Potomac River Generating Plant, but a recent forced outage on one of the lines makes it imprudent to delay maintenance any longer.

As provided in the notice, the outage of the first of the two 230 kV circuits is scheduled to begin January 9, 2006. After the first outage is completed and that circuit returned to service, the outage of the second of the two 230 kV circuits will begin. The outage of the second 230 kV circuit, as provided in the notice, is scheduled to be completed January 29, 2006. These dates are subject to extension depending upon the found scope of work, which can only be determined upon commencement of the scheduled maintenance. The DOE Potomac River Order properly has required in Ordering Paragraph A that:

> During any period that one or both of the 230kV lines serving the Central D.C. area is out of service, whether planned or unplanned, Mirant will operate the Potomac River Generating Plant to produce the amount of power (up to its full capacity) needed to meet demand in the Central D.C. area as specified by PJM for the duration of the outage. In the event of a planned outage [such as the one

of which notice has been given] Potomac River units will generate that amount of electricity specified by PJM to meet demand.[1]

In undertaking these planned outages, Pepco will be relying on the DOE Potomac River Order and Mirant's compliance with that Order. The first of the 230 kV circuits that is the subject of planned outages covered by the notice was also the subject of the recent forced outage noted in the Potomac River Order. On December 16, 2005, one of the 230 kV lines was taken out of service as a result of a low oil pressure alarm. Although the line was restored to service later that morning, the outage highlighted that these lines must be maintained promptly.

When the 230 kV line was out of service, Pepco was able to maintain uninterrupted service to its customers because the load at the time was low and the remaining 230 kV line performed without incident. Although the affected line is now back in service, the low oil pressure condition, among other things, must be addressed. The planned outages covered by the enclosed notice are necessary to maintain the 230 kV lines serving Potomac River Substation. During the planned outages, PJM must be able to call upon the Potomac River Generating Plant as specified in the DOE Potomac River Order and the Plant must respond as directed.

I would be pleased to respond to any questions you or your staff may have about the scheduled maintenance that is the subject of the enclosed notice. Please let me know if I may be of assistance.

Very truly yours,

William M. Gausman

William M. Gausman

cc:

Mr. Lawrence Mansueti
Office of Electricity Delivery and Energy Reliability
U.S. Department of Energy
1000 Independence Avenue, S.W.
Washington, D.C. 20585

[1] DOE Potomac River Order at 10.