

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made this 28th day of October, 2015 by and between **POTOMAC ELECTRIC POWER COMPANY** ("Pepco"), 701 Ninth Street, N.W., Washington, DC 20068, **Dr. Michal Freedhoff as Fire Safety Liaison on behalf of Carderock Springs Citizens' Association**, 8409 Magruder Mill Court, Bethesda, Maryland 20817, and **Ms. Susan Eastman**, 8015 Glenmore Spring Road, Bethesda, Maryland 20817 (Dr. Freedhoff and Ms. Eastman are collectively "the Customers"). Pepco and the Customers are sometimes referred to herein as "the Parties."

WHEREAS, at all times relevant hereto, Feeder 15111 of Pepco's electric distribution system furnished electric service to customers residing on the streets in Bethesda, Maryland specified in Attachment A to this Agreement ("the Carderock Springs Community");

WHEREAS, the Customers have filed formal complaints with the Maryland Public Service Commission ("Commission"), currently docketed in Case No. 9374, requesting an investigation of the electric service furnished by Pepco to the Carderock Springs Community;

WHEREAS, the Commission Staff conducted an investigation and issued a report on August 6, 2015 in which Staff did not identify the cause of the issues raised in the formal complaints filed by the Customers; and

WHEREAS, the Parties have stated their mutual agreement to fully resolve between them all issues related to the formal complaints filed by the Customers with the Commission against Pepco.

NOW, THEREFORE, in consideration of the mutual covenants of the Parties, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties hereby enter into this Settlement Agreement, as follows:

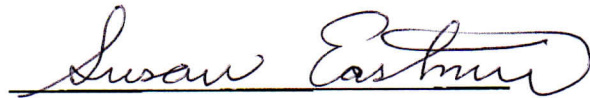
1. Pepco agrees to undertake following:
 - a. Pepco will replace Transformer No. 753420-000740 located in front of 8013 Glenmore Spring Road, Bethesda, Maryland 20817, within 1 month of the date on which this Agreement is signed.
 - b. For a period of five years from the date of execution of this Settlement Agreement, Pepco will conduct a ground impedance test of its distribution facilities associated with any residence within the Carderock Springs Community that experiences a fire or destruction of a major home fixture appliance. Pepco will only be required to conduct such testing if: (i) a report from the Montgomery County Fire Department or an insurance company determines that the fire or cause of the destruction of the major home fixture appliance was or likely was caused by an electrical incident; or (ii) Pepco receives reports of flickering lights, power surges, or power outages from other customers whose residences are located on the same street of the Carderock Springs Community as the address at which the fire or destruction of the major home fixture appliance occurred and the reports are received within 60 minutes of the fire or major home fixture appliance destruction. For events to satisfy the criteria for Section 1(b)(ii), Pepco must be provided with documentation (such as phone or other records) establishing the approximate time of the fire or destruction of the major home fixture appliance. Pepco will conduct any such ground impedance tests within 10 business days after any events satisfying the criteria specified in either Section 1(b)(i) or Section 1(b)(ii), and will provide the results of any such tests to the Customers within 10 business days of completion of the tests.
 - c. For a period of five years from the date of execution of this Settlement Agreement,

Pepco agrees to provide to the Customers, on an annual basis, a listing of the number of complaints of flickering lights, power surges, and power outages received by Pepco from customers located within the Carderock Springs Community. In addition, Pepco will identify the date each such complaint was received by Pepco, the specific transformer associated with each complaint, and the manner in which each incident was investigated and/or resolved by Pepco.

- d. For a period of five years from the date of execution of this Settlement Agreement, Pepco will conduct testing as it deems necessary if a portion of the primary cable within the Carderock Spring Community has two failures within a two year period or if there are three failures on the C phase of Feeder 15111 within a two year period. Such testing may include neutral testing, continuity testing, or VLF testing. Pepco will conduct any such tests within 20 business days after any events satisfying the above criteria, and will provide the results of any such tests to the Customers within 10 business days of completion of the tests.
 - e. In the event the Customers have any questions concerning test results provided by Pepco pursuant to Sections 1(b) or (d), or the complaint information provided by Pepco pursuant to Section 1(c), Pepco will respond to any such inquiries within 60 days.
 - f. When underground cables within the Carderock Springs Community are to be replaced, Pepco will ensure that the replacement cables will be jacketed cables.
2. Upon execution of this Agreement, the Customers shall withdraw the formal complaints filed with the Commission in Case No. 9374. A copy of all withdrawals shall also be promptly sent to Pepco's counsel at the following address:

Matthew K. Segers
Pepco Holdings, Inc.
701 Ninth Street, N.W., Suite 1100
Washington, DC 20068

3. Nothing contained herein shall be deemed to alter or modify Pepco's General Terms and Conditions for Furnishing Electric Service in Maryland.
4. The parties to this Agreement recognize that this Agreement does not constitute an admission by Pepco of any liability for any of the claims which were or could have been asserted by the Customers, which liability is hereby expressly denied.
5. It is expressly understood and agreed that this Agreement is to be interpreted according to the laws of Maryland.
6. In the event that any provision or clause of this Agreement conflicts with applicable law, such conflict shall not affect other provisions of this Agreement which can be given effect without the conflicting provisions. To this end, the provisions of this Agreement are declared to be severable.
7. The Parties agree that this Agreement contains the final and entire Agreement between the Parties hereto and is intended to, and does, supersede all prior settlements, stipulations, contracts, or agreements between the parties regarding Pepco's provision of electric services rendered to the customers with the Carderock Springs Community.
8. This Agreement shall be binding upon, and inure to the benefit of, the Parties and their respective agents, representatives, successors and assigns.
9. This Agreement shall become effective immediately following execution by the undersigned.
10. If necessary, this Release may be executed in Counterparts.




Ms. Susan Eastman
8015 Glenmore Spring Road
Bethesda, Maryland, 20817

CARDEROCK SPRINGS CITIZENS' ASSOCIATION



Dr. Michal Freedhoff
Fire Safety Liaison
8409 Magruder Mill Court
Bethesda, Maryland, 20817

POTOMAC ELECTRIC POWER COMPANY

By: 

Matthew K. Segers
Assistant General Counsel
Pepco Holdings, Inc.
701 Ninth Street, N.W.
Washington, DC 20068
(202) 872-2123

ATTACHMENT A

Hamilton Spring Court
Hamilton Spring Road
Park Overlook Drive
Park Overlook Court
Glenmore Spring Road
Glenmore Spring Way
Edenwood Court
Lilystone Drive