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William M. Gausman

Vice President, Asset Management

January 8, 2007

Mr. Anthony J. Como
SEA Document Manager
U.S. Department of Energy
1000 Independence Avenue, SW
Washington, DC 20585

Re: Special Environmental Analysis For Actions Taken Under U.S. Department of Energy
Emergency Orders Regarding Operation of the Potomac River Generating Station in
Alexandria, Virginia

Dear Mr. Como:

Potomac Electric Power Company ("Pepco") has reviewed the Special Environmental Analysis ("SEA") referenced above, dated November, 2006, and is providing the following brief comments for your consideration as the Department of Energy ("DOE") continues to evaluate the operating status of the Potomac River Generating Station ("the Plant").

As DOE notes in the SEA, the Plant has a key role in providing electricity reliability to the Central D.C. area and is one of only three sources of electricity to that particular area. Given the Plant's vital role in this regard, the Secretary of the Energy issued Order 202-05-03 (the "DOE Order") in December, 2005, directing Mirant to generate electricity at the Plant under certain limited circumstances. In addition, on June 1, 2006, Mirant entered into an Administrative Compliance Order ("ACO") with the Environmental Protection Agency regarding operation of the Plant. The ACO will expire one year after it was issued, on June 1, 2007. On June 2, 2006, DOE concluded that operation of the Plant pursuant to the ACO was necessary to assure an adequate level of electric reliability to the Central D.C. area. Mirant has since that time operated the Plant in accordance with the instructions provided from DOE. (SEA at p. 5).

The SEA, issued in compliance with the "alternative arrangements" plan agreed upon with the Council on Environmental Quality, describes the impacts resulting from the DOE Order and includes a broad and complete survey of the potential future alternative actions DOE may take in this matter. The SEA covers the full 24-month period at the end of which Pepco expects to have completed construction of two additional 230 kV transmission lines that will

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provide additional electrical service reliability to customers in the Central D.C. area. The lines are expected to be placed in service in June 2007. Until these additional 230 kV lines are in service, Pepco reaffirms its view that the operation of the plant pursuant to the DOE Order and the ACO is vital in order to providing necessary electricity reliability to the Greater Washington, D.C. area.

In addition, the process undertaken by DOE in reaching its conclusions has been fair and balanced, including the decision to assess environmental impacts from two different earlier Plant operating modes as a basis for comparison. Pepco firmly agrees with the DOE assessment, included in the SEA, that the DOE Order and the ACO “are the product of the best available balance between providing electricity reliability to the Central D.C. area and protecting the environment and human health in Alexandria, Virginia, until the additional 230 kV lines are in service.” (SEA at p. S-5).

Pepco appreciates the DOE’s consideration of these comments. If you need any additional information, please contact the undersigned.

Respectfully submitted,

/s/ William M. Gausman

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CC: DOE Service List in Docket No. EO-05-01