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■ Pepco Holdings, Inc.

701 Ninth Street, NW
Suite 1001
Washington, DC 20068

Dennis R. Wraase
Chairman, President &
Chief Executive Officer

202-872-2695
202-331-8314 Fax
drwraase@pepco.com

June 14, 2004

The Honorable Bill Thomas
Chairman, Committee on Ways and Means
United States House of Representatives
Washington, DC 20515

Dear Chairman Thomas:

Pepco Holdings, Inc., a diversified energy company, serves over 1.8 million electric and gas customers in four states and the District of Columbia. I am writing to you to express our strong support for the House of Representatives FSC-ETI bill (H.R. 4520). We are focused in particular on the proposed changes to the tax law relating to leasing which in the House bill would apply such new rules prospectively to leases entered into after March 12, 2004. We fundamentally believe that the House's approach to prospectively change the tax law, in this regard, is the correct approach.

I appreciate the House of Representatives efforts to pass a fair and equitable FSC-ETI bill, and we reiterate our strong support for passage of House Bill H.R. 4520. If you or your staff wish to discuss this matter further or if we can be of any assistance, you can reach me at 202-872-2695 or Beverly Perry, Senior Vice President for Government Affairs and Public Policy at 202-872-2373.

Sincerely,

