

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made this 10th day of January, 2013 by and between **POTOMAC ELECTRIC POWER COMPANY** ("Pepco"), 701 Ninth Street, N.W., Washington, D.C. 20068, and **Section 5 of the Village of Chevy Chase** ("Section 5"), P.O. Box 15140, Chevy Chase, Maryland 20815. Pepco and Section 5 are sometimes referred to herein as "the parties."

WHEREAS, on April 22, 2011, Section 5 filed a Complaint, Case No. 9305, with the Maryland Public Service Commission against Pepco concerning the trimming of trees within Section 5's public right of way;

WHEREAS, on May 23, 2011, Pepco filed a response to Section 5's Complaint;

WHEREAS, on November 27, 2012, a mediation session was held regarding Case No. 9305 before Chief Public Utility Law Judge Terry J. Romine; and

WHEREAS, the parties have stated their mutual agreement to fully resolve between them all issues related to Case No. 9305.

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 notify Section 5 of its intent to inspect the power lines serving Section 5 and develop a vegetation management plan to maintain the vegetation therein in compliance with the requirements of the Service Quality and Reliability Standards Code of Maryland Regulations ("COMAR") Section 20.50.12 *et seq.*

2. Pepco will create a vegetation management plan for Section 5 in compliance with the Service Quality and Reliability Standards and in compliance with all other appropriate

laws and regulations.

3. After Pepco has created a vegetation management plan for Section 5, Pepco will conduct a joint field visit to meet with representatives of Section 5. Each party shall have an Arborist representative present who shall be an International Society of Arboriculture Certified Arborist and a Maryland Licensed Tree Expert. At that time they will visually inspect the public right of way trees in Section 5 and discuss the vegetation management plan to be conducted in Section 5. Pepco will document each tree to be pruned, using photographs, to capture, in a clear way, how each tree will be pruned. The photographs will be digitally marked up to visually show any significant limbs that will be pruned. A significant limb will have a diameter of six (6) inches or greater at the location of pruning for the purposes of this Agreement. The joint field visit will provide an opportunity for Section 5 to accept, reject, or modify the vegetation management plan Pepco has proposed. Any areas where Pepco is not able to obtain the clearances specified in COMAR 20.50.12.09 Pepco will document them in compliance with the requirements in COMAR 20.50.12.09 C (2)(f). Both parties expressly agree to abide by the vegetation management plan agreed to as a result of this meeting.

4. Pepco's contractors shall give Section 5 at least 7 days notice of the date that it intends to come on site in Section 5 to conduct the vegetation management plan in Section 5 discussed in paragraph three above. On the scheduled date, Pepco will have on site one of its Staff Foresters to supervise the contractors as Pepco's vegetation management plan is executed as agreed to by Section 5. Section 5 can have its arborist on site as well as a Section 5 representative when the work is being done but neither Section 5's arborist nor its representative may enter the work zone and they must address concerns to the Pepco Staff Forester that is on site.

5. Upon execution of this Agreement, Section 5 shall immediately dismiss its Complaint filed with the Maryland Public Service Commission, Case No. 9305. A copy of the dismissals shall also be promptly sent to Pepco's counsel at the following address:

Douglas E. Micheel
Pepco Holdings, Inc
701 Ninth Street, N.W., Suite 1100
Washington, DC 20068

6. It is expressly understood and agreed that this Agreement is to be interpreted according to the laws of Maryland.

7. 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.

8. The Parties agree that time is of the essence in this Agreement.

9. 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 the trimming of trees within Section 5's public right of way.

10. This Agreement shall be binding upon, and inure to the benefit of, the parties and their respective agents, representatives, successors and assigns.

11. The signatories warrant and represent that they are authorized to sign on behalf of the parties to this Agreement.

Frances L. Higgins [SEAL]
Frances L. Higgins
Manager, Section 5 of the Village of Chevy Chase
6607 Dalkeith St
Chevy Chase, Maryland 20815

By: Daniel Landry
Daniel Landry
Senior Staff Forester
Potomac Electric Power Company
701 Ninth Street, N.W.
Washington, DC 20068

Dated: January 10th, 2013