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March 29, 2019

Ms. Brinda Westbrook-Sedgwick
Commission Secretary
Public Service Commission
of the District of Columbia
1325 G Street N.W., Suite 800
Washington, DC 20005

Re: Formal Case No. 1119

Dear Ms. Westbrook-Sedgwick:

Enclosed please find Potomac Electric Power Company's 2018 Annual Employment Report and Annual Workforce Diversity Report in response to Paragraph 16 and 21 of Attachment B to Order No. 18148, as supplemented by Order No. 18160 for Formal Case No. 1119.

Please feel free to contact me if you have any questions regarding this matter.

Sincerely,



Dennis P. Jamouneau

Enclosures:

cc: All Parties of Record



**Potomac Electric Power Company - DC
2018 Annual Employment Report**



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Executive Summary

This document constitutes the third of five annual reports presenting detailed employment data and workforce development initiatives for Potomac Electric Power Company (Pepco or the Company). It has been developed in response to Paragraph 16 of Attachment B to Order No. 18148 as supplemented by Order No. 18160 (Order). Employment data included in this document covers the period between December 31, 2017 and December 31, 2018 for any full-time or part-time Pepco employee with a work location in Washington, DC. A detailed breakdown of employment data, job losses and gains are delineated in this report using U.S. Equal Employment Opportunity Commission job classification codes for union (Local 1900) and management employees.

Pepco Employment Levels

Headcount at Pepco decreased by 107 employees (13.1%), from 922 to 815, over the reporting period, or from 861 to 815 (-5.3%), from Day 1 of the merger.

A total of 24 employees were hired, with Local 1900 Craft Workers and Management Professional employees accounting for 17 (71%) of those hired. These headcount gains were offset by attrition of 103 positions and a net loss of 28 employees due to a change in work location.

Of the 103 employees lost to attrition, 98% (101 of 103) left due to normal business attrition (i.e., not related to the merger). In 2018, the primary attrition (54% or 55 employees), was due to retirements.

Employee location changes within the family of Pepco Holdings LLC (PHI) companies resulted in a net decrease in headcount of 28 employees. A net decrease of 15 Local 1900 employees moved to a location outside the District and/or to another PHI or Exelon company, while a net number of 13 Management employees also relocated over the reporting period.

Pepco Workforce Development

Pepco recognizes the need to maintain a skilled workforce in order to provide safe and reliable service to its customers. To achieve this goal, Pepco undertook recruitment activities in 2018 to fill openings throughout the year, worked to maintain existing employee retention and developed the skills of existing employees through the implementation of existing PHI practices and the implementation of new practices utilized at Exelon Utilities operating companies. In addition, Pepco worked with District stakeholders to identify and recommend initiatives aimed at developing skills in District residents that align with those needed at Pepco.

In 2018, Pepco recruiters engaged in outreach in the District at 29 events to identify candidates for open positions. The majority of this outreach was conducted through job fair participation and by holding meetings with groups of potential candidates. PHI also engaged in outreach to potential future candidates by hosting 25 high school and 31 college students hired for positions in the District in 2018 as part of internship programs conducted by PHI.

PHI also focused on further developing current employees through participation in employee development and apprenticeship programs in 2018. Training and leadership development programs were offered, with multiple sessions for each program.

Finally, of the nine or more Employee Resource Group chapters (ERGs) throughout the Exelon utilities, six (6) were chartered by current employees at Pepco in 2018. These grass roots groups were initiated by employees volunteering time and efforts throughout PHI utility operations. This is an initiative that promotes groups that serve as diverse forums for professional development, cultural education, and community involvement and allows employees to seek advice and guidance from their coworkers.

1 Introduction

1.1 Terms and Conditions of the Merger

This document presents the Potomac Electric Power Company (Pepco or the Company) 2018 Annual Employment Report for the District of Columbia (the Report), which has been developed in response to Paragraph 16 of Attachment B (Paragraph 16): Revised Terms and Conditions for Merger (Merger) of Exelon Corporation (Exelon) and Pepco Holdings, Inc. (PHI), (Attachment B) to Order No. 18148 as supplemented by Order No. 18160 (Order). This is the third report filing since the completion of the merger.

Paragraph 16 states the following:

Pepco shall, on an annual basis for the first five (5) years after Merger close, file a report with the Commission by April 1 regarding employment levels at Pepco. The reports shall detail all job losses – including whether the attrition was involuntary or voluntary – as well as any job gains, delineated using an industry-accepted categorization method such as by SAIC code.

Appendix A provides Pepco’s Workforce Diversity Report.

1.2 Scope of this Report

This Report includes Pepco employment level data from December 31, 2017 through December 31, 2018. For the purposes of this Report, a Pepco employee is any full-time or part-time employee with a work location in Washington, DC. Employment headcount data for the following are considered outside the scope of Paragraph 16 and, therefore, not included in this Report:

- Temporary employees, interns¹, and employees on long-term disability at Pepco; and
- Employees of Pepco Energy Services, PHI Service Company, Exelon or any other related companies.

Job losses and gains are delineated in this Report using U.S. Equal Employment Opportunity Commission (EEOC) job classification codes. EEOC codes are an industry-accepted categorization method used by Pepco to track employees and provide more granularity than some of the other classification systems used within the industry, including Standard Industrial Classification system. Data will be provided for the following EEOC codes:

- Union (Local 1900)
 - Craft Workers
 - Craft Workers (skilled)
 - Office and Clerical
 - Operatives (semi-skilled)
 - Service Workers
 - Technicians

¹ While headcount data for interns is not included in this Report, discussion of intern programs is included to provide background on employment interest in the Company.

- Management
 - Office and clerical
 - Executive or Senior Level Officials and managers
 - First or mid-level officials and managers
 - Professionals

In addition to providing the employment data called for in Paragraph 16, this Report provides an overview of the workforce development initiatives undertaken in 2018 to fill vacant positions and discusses the planning currently under way to identify and develop additional initiatives to ensure a viable, well-qualified candidate pipeline exists in 2019 and beyond.

This Report also discusses the \$5.2 million that Exelon contributed to promote local employment and the local economy in the District as called for in Paragraph 22² of Attachment B of the Order (Paragraph 22).

2 Pepco Employment Levels

Pepco headcount totaled 922 employees as of December 31, 2017 and totaled 815 employees on December 31, 2018, a net decrease of 107 employees.

As shown in Figure 1, Pepco headcount during this time period changed as a result of:

- 24 hires;
- 103 terminations, of which 83 were voluntary³, 18 were involuntary, 1 merger related voluntary, and 1 merger related involuntary; and
- a net number of 28 employees moved out of the utility, moving to a job location outside of DC or to another PHI or Exelon company.

These changes in Pepco headcount over the reporting period are broken out by EEOC job classification code in Table 1.

² Paragraph 22 states the following: “In order to promote local employment and the local economy in the District, Exelon will contribute \$5.2 million to District workforce development programs including those administered by the Department of Employment Services (DOES), the University of the District of Columbia system, DC Water for green infrastructure training programs, and programs targeted to underserved communities, as directed by the District Government. These contributions will be in addition to the CIF, will not count toward, meeting the annual charitable contribution commitment described in Paragraph 25, and will not be recovered in utility rates.”

³ Voluntary terminations account for employees who leave Pepco as a result of retirement, personal/family reason, promotion/opportunity with a competitor, or other (for reporting purposes).

Figure 1: Pepco DC Employee Headcount Change during Reporting Period

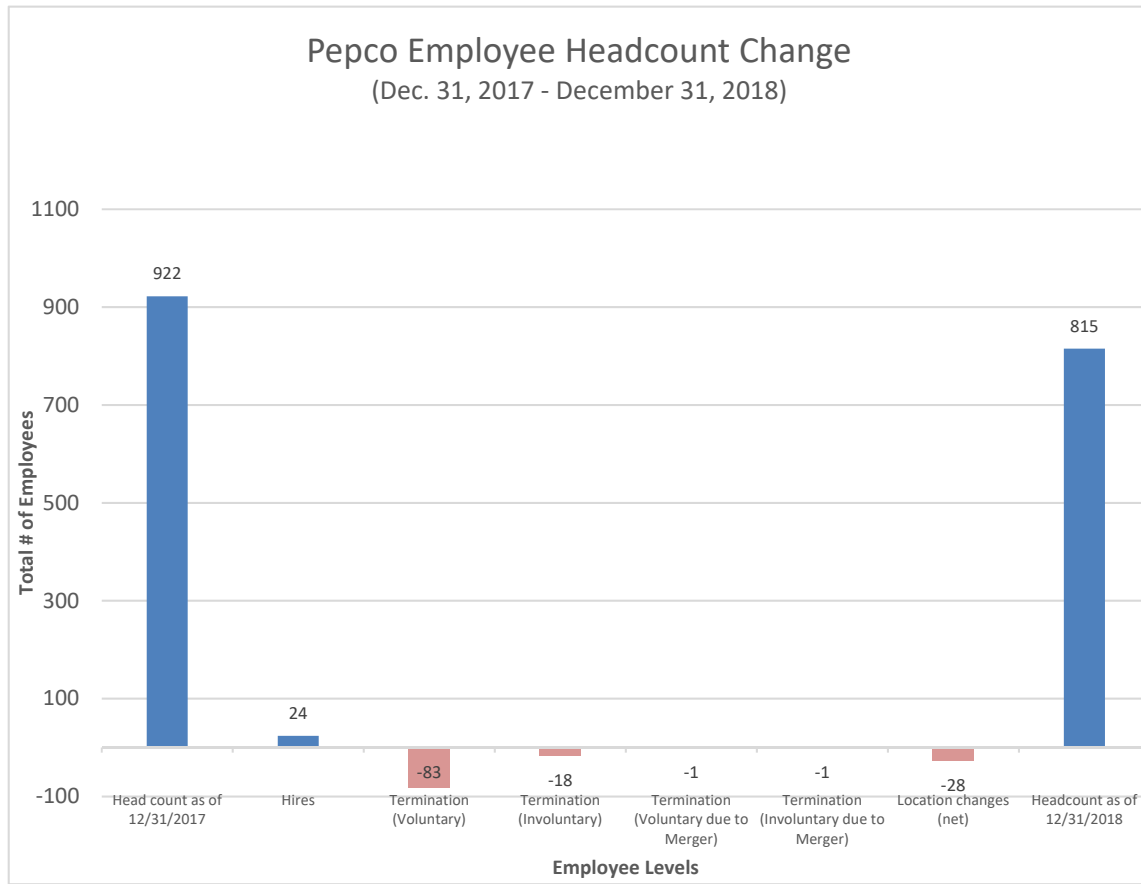


Table 1: Pepco Employee Headcount Change by EEOC Code

EEOC Code	Total Hires 2017	Headcount as of 12/31/2017	Attrition				Total Hires 2018	Location Change	Headcount as of 12/31/2018	Total Hires*
			Merger Related		Non-Merger Related					
			Vol.	Invol.	Vol.	Invol.				
Local 1900	103	642	-	-	-49	-13	7	-15	572	110
Craft Workers (skilled)	-	2	-	-		-	-	-2	-	6
Craft Workers	-	449	-	-	-32	-9	5	-18	395	5
Office and Clerical	3	113	-	-	-10	-1	1	-5	98	4
Operatives (semi-skilled)	88	1	-	-	-	-	-	-1	-	88
Service Workers	1	-	-	-	-	-	-	-	-	1
Technicians	10	77	-	-	-7	-3	1	11	79	11
Management	33	280	-1	-1	-34	-5	17	-13	243	50
Office and Clerical	-	9	-	-	-	-	1	-2	8	1
Executive or senior level officials and manager	-	1	-	-	-	-	-	-	1	-
First or mid-level Officials and Managers	6	96	-1	-	-13	-5	4	9	90	10
Professionals	27	174	-	-1	-21	-	12	-20	144	29
Pepco Total	136	922⁴	-1	-1	-83	-18	24	-28	815	160

* Total hires for the period January 1, 2017 to December 31, 2018.

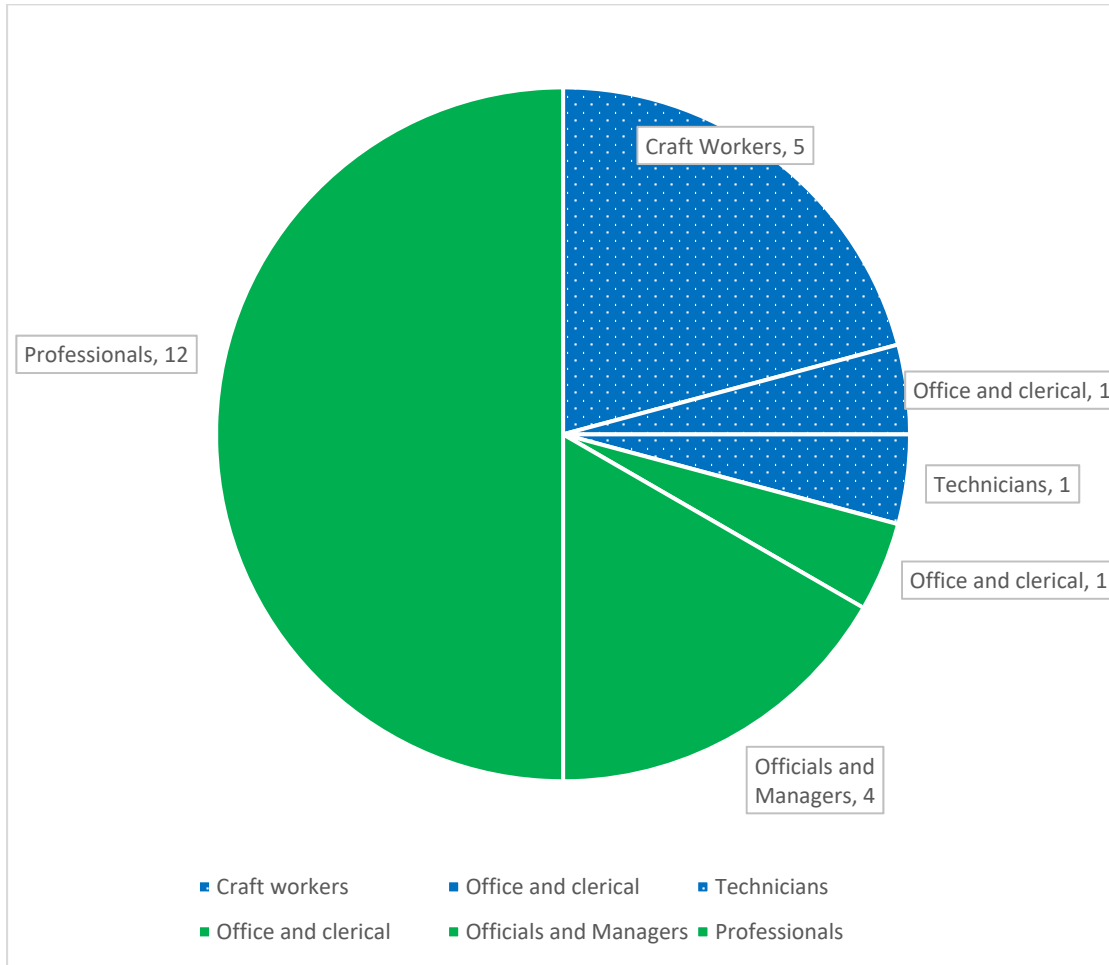
3 Employee Hires

Local 1900 union hires, shown in the dotted sections (blue) in Figure 2, totaled 7 employees during the January 1 through December 31 reporting period in 2018. Employees falling into Craft workers categories accounted for 71% of union hires, numbering 5 employees hired.

Management hires, shown in the solid sections (green) in Figure 2, total 17 employees, with Professionals, Officials and Managers, and Office and Clerical employees accounting for 12, 4, and 1 of those hires, respectively.

⁴ The change from the 12/31/17 Pepco headcount provided in the 2017 Annual Employment Report is due to system integration.

Figure 2: 2018 Pepco Hires by EEOC Code (Jan. 1 – Dec. 31)



As shown in Table 2 below, 5 of the 24 employees, or 21%, hired during the reporting period were District residents. For each union and management employee hired there were, on average:

- 120.1 union applicants and 91.8 management applicants,
- 29.9 union applicants and 7.1 management applicants were tested, and
- 9.7 union applicants and 3.0 management applicants were interviewed.

Table 2: Average Number of Applicants, Interviews and Tests Administered for Each Employee Hired

EEOC Code	Hires		Average for Every Employee Hired		
	Total	DC Residents	Applicants	Applicants Tested	Applicants Interviewed
Local 1900	7	1	120.1	29.9	9.7
Craft Workers	5	1	167.4	49.6	14.0
Office and Clerical	1	-	133.0	18.0	3.0
Operatives (semi-skilled)	-	-	-	-	-
Service Workers	-	-	-	-	-
Technicians	1	-	60.0	22.0	12.0
Management	17	4	91.8	7.1	3.0
Office and Clerical	1	-	133.0	18.0	3.0
Officials and Managers	4	-	4.0	2.0	2.0
Professionals	12	4	138.3	1.2	4.0
Pepco Total	24	5	105.6	18.5	6.4

2.1 Employee Attrition

As shown in Table 1, Pepco lost 101 employees to non-merger attrition in the District during the reporting period. Eighty-two percent (82%) of the attrition, or 83 employees, left voluntarily and unrelated to the Merger.

Table 3: Pepco Voluntary Attrition Not Related to the Merger (by Cause)

Non-Merger Voluntary Attrition					
EEOC Code	Retired	Personal/ Family Reason	Promo/ Opp. w/ Comp.	Others	Non- Merger Total
Local 1900	39	2	4	4	49
Craft Workers (skilled)	23	2	4	3	32
Office and Clerical	9	-	-	1	10
Technicians	7	-	-	-	7
Management	16	2	7	9	34
Officials and Managers	8	-	3	2	13
Professionals	8	2	4	7	21
Pepco Total	55	4	11	13	83

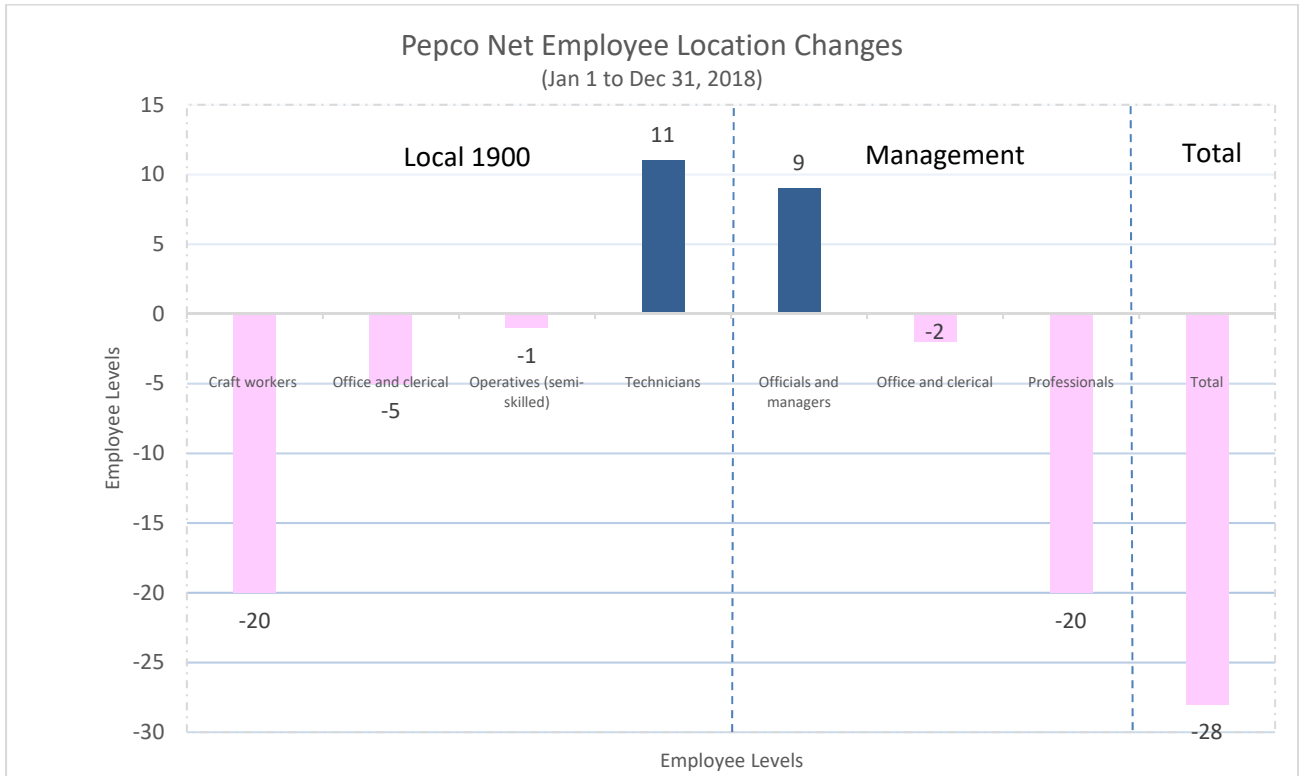
As shown in Table 3, 55 of the 83 (or 66%) employees who chose to voluntarily terminate their employment retired, of which 71% were Local 1900. This highlights the need for Pepco to maintain a candidate pipeline to ensure the Company maintains these critical skills. Section 3 highlights the workforce development initiatives Pepco currently undertakes and has recommended for implementation to promote a robust candidate pipeline.

2.2 Employee Work Location Changes

Employee work location changes impacted employee headcount at Pepco. Headcount at Pepco was decreased by a net number of 28 employees as a result of employee movement within the family of PHI and/or Exelon companies over the reporting period (see Figure 3).

- A net number of 15 Local 1900 employees moved to a location outside the District and/or to a different company within PHI or Exelon. The loss of 20 Craft Workers, 5 Office and Clerical, and 1 Office and Clerical was offset by the net addition of 11 Technicians.
- A net number of 13 management employees transferred to a location outside the District and/or to a different company within PHI or Exelon. The management additions were comprised of 9 Officials and Managers offset by the loss of 20 Professionals and 2 Office and Clerical employees.

Figure 3: 2018 Pepco DC Employee Location Changes by EEOC Code



3. Workforce Development

Although progress has been made throughout 2018, the electric utility industry as a whole, and Pepco in particular, still faces a series of challenges to maintain an adequate, knowledgeable workforce capable of delivering quality and reliable service to their customers. The aging American workforce has emerged as a critical issue facing utilities across the country⁵ and the Company is faced with the challenge of finding qualified applicants in and around the District to fill open positions.

The impact of the aging workforce has been particularly acute within the union ranks of the Pepco workforce in the District. As discussed in Section 2.1 of this Report, union positions in the District accounted for 49 of the 83 employees who left due to voluntary attrition between January 1, 2018 and December 31, 2018, with 80% of Pepco’s voluntary attrition in the District accounted for by the retirement of 39 union Craft Workers (skilled), Office and Clerical, and Technician employees.

Pepco recognizes that it needs to maintain a talent pipeline in order to develop qualified candidates to fill these vacated union field operation positions and other job openings while meeting Company diversity and merger commitment goals. A comprehensive approach to developing a healthy pipeline over the

⁵ According to a 2017 assessment by the U.S. Department of Energy, 25 percent of the electric utility workforce will be eligible to retire within five years. U.S. Department of Energy, Quadrennial Energy Review (QER) Task Force report second installment titled “Transforming the Nation’s Electricity System.” Chapter V: Electricity Workforce of the 21st-Century: Changing Needs and New Opportunities. January 2017. Retrieved from <https://energy.gov/epsa/initiatives/quadrennial-energy-review-qer> on December 11, 2017.

near-term, mid-term and long-term will allow the Company to raise its profile among potential candidates within the District while developing and nurturing partnerships and relationships with government and private organizations that seek to develop workers’ skills. This will allow Pepco to address identified skill gaps in candidates in order to align them with organizational talent needs, allow for targeted diversity recruitment, and increase awareness and the number of female candidates.

Furthermore, Pepco realizes employees must be offered opportunities for growth in order to retain a skilled workforce. As described in Section 3.3, PHI utilizes a series of initiatives intended on promoting inclusion, education and opportunities for growth in the Company.

3.1 Near-Term Workforce Pipeline Initiatives

3.1.1 Pepco Outreach Activities

Throughout 2018, recruiters engaged in outreach in the District focusing on interactions with potential candidates and members of organizations involved with placing candidates. As shown in Table 4, the majority of this outreach was conducted through job fair participation and by holding meetings with groups of potential candidates. In 2018, Pepco also initiated and/or fostered partnerships with the DC National Guard, DC Public Schools and the Latin American Youth Center’s DC Office and other organizations within the District of Columbia to inform them of career opportunities and establish ongoing communications with their leaders and team members.

Table 4: 2018 Recruitment Outreach Activities

Date	Organization	Activity
Jan. 3	DC Quick Path to Energy	Meeting
Jan. 10	DC Public Schools (Chancellor)	Meeting
Feb. 8 – 10	Black Engineer of the Year Conference	Job Fair
Feb. 24	African American Job + Prosperity Fair	Job Fair
Mar. 5	DC Works (Odie Donald and PHI CEO David Velazquez)	Podcast
Mar. 12	DC Infrastructure Academy	Ribbon Cutting & Job Fair
Mar. 22	DC Public Schools	Meeting
Mar. 29	Recruit Military DC	Job Fair
Apr. 5	University of DC	Job Fair
May 9	DHS Fest Passport to Work Week Hiring Event	Job Fair
May 17	Pepco/Accenture Diversity and Inclusion Event	Speed Networking
May 17	DCIA Partners and Stakeholders	Meeting
May 22	DC Area Neighborhood Commission (8D O. Henderson)	Meeting
June 21	DC Public Schools	Meeting
June 27	DC Workforce Investment Council (WIC)	Meeting
July 9	DC Infrastructure Academy	Tour
July 30	DC Department of Employment Services	Meeting

Date	Organization	Activity
July 31	DC Infrastructure Academy New Hire Dinner Meet and Greet	Meeting
Aug. 1	Exelon Dent House	Visit
Sep. 6	Goodwill	Job Fair
Sep. 7	DC Energy Construction	Graduation
Sep. 12	Energy Leaders Forum	STEM Event
Sep. 18	Univ. of DC	Job Fair
Sep. 18	DC Infrastructure Academy	Info. Session
Sept. 19	DC Infrastructure Academy	Info. Session
Oct. 19	11 th Semi-Annual Fall Career Fair	Job Fair
Nov. 14	National Association of Women in Construction	Chapter Meeting
Nov. 28	DC National Guard	Meeting
Dec. 4	Potomac Job Corps	Meeting

In addition to the direct outreach activities listed above, job postings for open positions at Pepco are provided to colleges, diversity, disability, military, state workforce and government sites.

PHI and Pepco employees also serve on the board of directors for a number of organizations in the District (see Table 5). This allows the Company to, among other things, increase its presence within organizations charged with developing people and the local economy. Where appropriate, the Company leverages these relationships to identify opportunities for coordinating employment initiatives and candidates for open positions at Pepco.

Table 5: Examples of PHI and Pepco Representation on Boards in the District

Selected Board Membership
Boys Town
DC Campaign to Prevent Teen Pregnancy
DC Chamber of Commerce
DC Police Foundation
DC Public Library Foundation
DC SCORES
Friends of the National Zoo
Generation Hope
Girl Scouts of the Nation's Capital
Greater Washington Board of Trade
Greater Washington Hispanic Chamber
Greater Washington Urban League
Homeless Children's Playtime Projects
Howard University Middle School of Mathematics & Science
Junior Achievement of the National Capital Area
Leadership Greater Washington
Mary's Center for Maternal & Child Care
National Society of Black Engineers (NSBE)
NEW Endeavors Women
Step Afrika!
The Studio Theatre
Trust for the National Mall
University of the District of Columbia Foundation
Washington Area's Women's Foundation
Washington DC Economic Partnership (WDCEP)
Washington Performing Arts

3.2 Mid-Term Workforce Pipeline Initiatives

3.2.1 PHI College and High School Internship Programs

The PHI College Internship Program identifies and hires qualified diverse candidates and provides them real-life work experience in each region in which PHI operates (i.e., Delaware, District of Columbia, Maryland and New Jersey). PHI also provides high school internships in all regions to rising seniors who are interested in STEM, Engineering and Information Technology programs.

Hiring an intern provides a strategic and proactive approach to identifying college talent for future hard-to-fill positions. It also advances PHI's employment brand among high schools, colleges and universities.

PHI has been successful in offering internship opportunities to high school and college students in 2018. A total of 104 interns were hired in various disciplines across PHI, with 25 high school and 31 college students hired for positions in the District (see Table 6). College interns were pursuing undergraduate and graduate degrees in accounting, business, engineering, information technology and law.

Table 6: 2018 PHI Internships by Region

Jurisdiction	Internships		
	High School	College	Total
Delaware	4	27	31
District of Columbia	25	31	56
Maryland	4	6	10
New Jersey	-	7	7
Total	33	71	104

3.3 Developing Future Workforce Pipeline Initiatives (Long-Term)

In addition to carrying out the recruiting activities listed in Sections 3.1 and 3.2, the Company began exploring targeted development initiatives with the aim of developing the skills required of candidates for jobs at Pepco over the long-term and promoting employment through the District. Throughout 2018 Pepco established partnerships with and shared Pepco’s hiring needs, projected hiring timelines, skill gaps and position qualifications for current and future field operations openings with the entities noted in Table 7. Coordination with DC Works: Workforce Investment Council (WIC) was facilitated by PHI’s VP of Support Services, Michael Maxwell, who is a member of their board.

Table 7: Workforce Development Partner Organizations

Partner Organization	Jurisdiction
DC Works: Workforce Investment Council	District of Columbia
Department of Employment Services	
University of the District of Columbia	
DC Public Schools	
DC National Guard	
Latin American Youth Center	
Goodwill of Greater Washington	

In 2018, Pepco continued engaging external stakeholders to develop the DC Quick Path to Energy (DCQPE) Program. The DCQPE program was launched under the DC Infrastructure Academy, a partnership between Pepco, the District’s Department of Employment Services (DOES) and the University of the District of

Columbia (UDC). The program serves as a Math and Test Preparation refresher for participants and addresses the need for skilled workers while developing a qualified, diverse pipeline of applicants for open vacancies at Pepco.

In 2018, Pepco served in the critical roles of employer, advisor and industry subject matter expert (SME) as evidenced below:

- Assisted with curriculum development to ensure that program training was aligned with the skills required for success in skilled labor positions within the energy industry.
- Provided information on hiring projections and career pathway ladders for upward mobility as it relates to growth within the energy industry.
- Provided the minimum qualifications required by Pepco's skilled labor positions.
- Conducted information sessions at the new DCIA training location.
- Administered the Construction and Skills Trades (CAST) and physical pre-employment tests to applicants.
- Participated in the Demand Industry Council engagement session and industry-based symposiums.
- Conducted CAST exam preparation training at our Edison Place location
- Provided ongoing feedback on the progress of participants as they advance through the staffing process.
- Hired a total of 7 participants from the 2018 DCQPE pilot; 3 of 7 hires started in 2019
- Hired a total of 5 District residents including DCQPE hires in 2019

The DCQPE Program utilized curriculum developed for industry wide implementation by the Center for Energy Workforce Development (CEWD). CEWD is a non-profit consortium of electric, gas and nuclear utilities formed in 2006 to help utilities work together to develop solutions to the anticipated workforce shortage in the sector. It is the first partnership between utilities, their associations, contractors and unions to focus on the need to build a skilled workforce pipeline that will meet future industry needs. As noted in the National Research Council of the National Academies' 2013 report titled *Emerging Workforce Trends in the U.S. Energy and Mining Industries: A Call to Action*:

According to surveys by the CEWD (2009) and the National Commission on Energy Policy (NCEP, 2010), surveyed companies had difficulty finding qualified applicants to fill the skilled-craft positions. The CEWD found that 30 to 50 percent of the applicants who met the minimum requirements for a position were not able to pass the pre-employment aptitude tests. Additional applicants were eliminated by background and drug screening so that 30 applicants had to be interviewed for every successful hire. Line workers were the hardest to find, with a hiring success rate of one in 50 applicants. However, by working with secondary and postsecondary institutions to create programs designed for the industry and aligned to industry skill requirements, companies have seen significant improvement in pre-employment testing success (CEWD, 2009). (p. 183)

3.3.1 DC Infrastructure Academy

Exelon and Pepco contributed \$5.2 million toward the D.C. Infrastructure Academy and the support of workforce development programs per Paragraph 22 of the Order. Pepco is also providing an additional \$500,000, which includes cash contributions and the donation of human resources, equipment, and other in-kind materials and services, over the first five years of the Academy's operation. The Infrastructure

Academy focuses on occupational skills training and work-based learning initiatives related to the infrastructure industry, including the utility, energy efficiency, transportation, and logistics sectors. Through this program, District residents are able to access career counseling and planning; resume assistance; direct job placement; and information about local and regional infrastructure jobs and apprenticeships. Pepco's support for the Academy will create a pipeline for in-demand infrastructure jobs for District residents. Hundreds of District residents will receive training to develop skills needed to work in areas that will remain critical to the energy industry for years to come, along with other industries that are essential to supporting the hundreds of thousands of people who live and work in this region. Pepco has also engaged four contracting partners to engage in hiring District residents who successfully complete training programs at the Academy.

DC DOES, a partner in this initiative for the Infrastructure Academy, is responsible for recruitment and intake for the program and workforce preparations sessions aimed at developing interview skills, resume preparation and workforce readiness in advance of applying for positions at Pepco or other companies. UDC, the educational partner is responsible for conducting the training and has implemented other curriculum covering personal effectiveness, academic competencies and workplace competencies.

One of the trainings offered by the Academy is the CAST and Math and Test Preparation Course. The course is focused on applied math skills specific to the energy industry and teaches concepts that are critical to success on energy industry jobs. The workshop addresses the skill gaps on Edison Electric Institute (EEI) tests (primarily the CAST test), the disparity in test success rates in some applicant groups, and the impact of the skill gaps on the diversity of qualified candidate pools. The workshop shows a direct relationship between the abilities required for success on energy industry jobs and the abilities assessed by EEI employment tests.

3.4 Employee Retention and Development

3.4.1 Employee Resource Groups

Exelon promotes and supports ERGs as part of its strategy to promote a diverse and inclusive work environment. Employees can initiate chapters and volunteer to lead these grass roots groups. This is an initiative that promotes groups that serve as diverse forums for professional development, cultural education, and community involvement and allows employees to seek advice and guidance from their coworkers. The six chartered ERGs at Pepco are listed below:

- Asian American Resource Group (AARG);
- Developing Young Professionals (DYP);
- Exelon African-American Resource Alliance (EAARA);
- Network of Exelon Women (NEW);
- Organization of Latinos at Exelon (OLE); and
- Pride.

3.4.2 Training and Leadership Development

PHI continues to make investments in its workforce to promote employee growth and successfully achieve its business objectives. The training activities at PHI provide vital services that improve human performance through a systematic approach of performance delivery and quality. This model furnishes

PHI Electric, Gas and Customer Operations resource areas with employees that have the knowledge, skills, abilities and experiences to ensure safe and reliable performance.

PHI's Training and Methods teams successfully design, deliver, and support the development of field, technical, and administrative employees. PHI's role-based career path curriculum is designed to ensure that employees are prepared for each level of progression. Innovation is at the root of PHI's learning strategy; most recently introducing the Mobile Training/Virtual Reality trailer that provides an incident-free training space for employees. Emergency preparation programs provide employees with opportunities for inclusion and exposure to work processes and environments that would not be experienced in their typical daily routine. PHI is actively engaged in all Exelon-wide classroom and virtual leadership development programs and launched three new programs in 2018; emPower to prepare individual contributors for future leadership roles, Inclusive Leadership, and a series of Power Up webinars that are strengthening existing leaders' ability to effectively lead, coach and engage employees in an inclusive culture.

Pepco employees with work locations in the District completed some of the following training in 2018:

- Close Quarters Maneuvering (CQM) ILT
- Enterprise Asset Management (EAM) Training
- Exelon Code of Business Training – All PHI employees required to be trained
- Environmental Management System (EMS) Awareness Training– All PHI employees required to be trained
- Injury and Illness Reporting Safety Training for Supervisors
- Exelon Utilities Management Model Overview
- Field Compliance (FC) Fall Protection Competent Persons Classroom
- Lock Out Tag Out (LOTO)
- Smith System Driving
- Supervisory Development Program
- emPower
- Inclusive Leadership pilot with executives
- Power to Lead
- Situational Leadership
- Leader as Coach
- Lead, Coach, Engage Power Up webinar series for people leaders
- Management Action Response Checklists (MARC) and consensus/fact finding training

These efforts will continue through 2019, with additional training to be added as needed.

4 Conclusion

Pepco recognizes its importance to the community it serves and is committed to employing local and diverse talent from the community and will continue to be a trusted community partner. This Report presents the Company's efforts to partner with workforce, educational and community partners to build an inclusive workforce capable of providing safe, reliable and affordable service to its customers.

Appendix A: District of Columbia Workforce Diversity Report



Potomac Electric Power Company - DC
Appendix A
2018 Annual Workforce Diversity Report



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Executive Summary

This document constitutes the third and final of three annual reports (the Report) presenting the efforts of the Potomac Electric Power Company (Pepco or the Company) to promote workforce diversity. It has been developed in response to Paragraph 21 of Attachment B of Order No. 18148 (Merger Commitment) as supplemented by Order No. 18160. The Merger Commitment directs Pepco to provide an overview of its efforts to promote both workforce and supplier diversity; a separate report is being filed to present Pepco's efforts to promote supplier diversity.

This report provides an overview of the age and race of Pepco employees and the existing and planned efforts of Pepco Holdings LLC (PHI) to promote diversity at each of the operating utilities, including Pepco. The employee demographic data included in this Report is comprised solely of full-time or part-time Pepco employees with a work location in Washington, DC.

Pepco Workforce Diversity Statistics

Employees at Pepco are predominantly Black/African American or White, with both races representing a combined 89.7% of the total workforce (50.4% Black/African American and 39.3% White) in the District as of December 31, 2018. The remainder of the Pepco workforce is comprised of Hispanic (2.6%), Asian/Pacific Islander (5.4%), American Indian or Alaskan Native (0.2%) and two or more races (2.1%).

Men accounted for 76.6% of the workforce and women 23.4% (see Table 1).

The breakdown of Pepco employees who are Black/African American and White (who account for 89.7% of the workforce) is within three percentage points of the population at large in the District. Combined, these two races account for 92.2% of the total population in the District.

- Blacks/African Americans alone account for 47.1% of the District population and 50.4% of the Pepco workforce.
- Whites alone account for 45.1% of the District population and 39.3% of the Pepco workforce.

Pepco Workforce Diversity Initiatives

In 2018 PHI continued the implementation of a formal structure and approach to promoting workforce diversity initiatives that drew on, among other things, the experience of and successful practices in place at Exelon. The efforts of the PHI Diversity and Inclusion Council (the Council) and the initiation of Employee Resource Group (ERG) chapters at Pepco continued in 2018.

The Council was charged with developing the Company's diversity and inclusion strategies and supporting its implementation, among other things. The following six key areas remained the focus by which the Company intends to promote its diversity and inclusion strategy:

- Talent acquisition – hiring diverse candidates where applicable;
- Employee advancement and succession – maintain and promote a diverse group of internal candidates, where applicable;
- Employee retention – support employee resource groups and mentoring programs to further employee development;
- Inclusive leadership – promote leadership's understanding and growth through various events;

- Pay equity – implemented the White House Equal Pay Initiative and maintain competitive compensation; and
- Company profile – promote diversity and inclusion externally through the promotion of diverse suppliers and community engagement.

1 Introduction

1.1 Terms and Conditions for Merger Driving this Report

This document constitutes the third and final of three annual reports (the Report) presenting the efforts of the Potomac Electric Power Company (Pepco or the Company) to promote workforce diversity. It has been developed in response to Paragraph 21 of Attachment B of Order No. 18148 (Merger Commitment) as supplemented by Order No. 18160. The Merger Commitment directs Pepco to provide an overview of its efforts to promote both workforce and supplier diversity. Paragraph 21 states the following:

Pepco shall continue its commitments to supplier and workforce diversity. Pepco shall, on an annual basis for the first three (3) years following consummation of the Merger, file a report with the Commission by April 1 explaining its efforts to promote supplier and workforce diversity.

A separate report is being filed to present Pepco's efforts to promote supplier diversity.

1.2 Scope of this Report

Pepco operates in a world rich in diversity – in race, ethnicity, gender, sexual orientation, gender identity, disability, religious affiliation, experience and thought. Diversity and Inclusion (D&I) at Pepco strengthens its ability to achieve its vision by:

- Integrating D&I as a business imperative and a core value;
- Attracting, retaining and advancing employees who will best serve and represent our customers, partners and community; and
- Providing a workplace that ensures employees respect each other and that each employee has the opportunity to grow and contribute at their greatest potential.

PHI establishes the D&I goals for its utility operating companies, including Pepco, and has developed a number of strategies to achieve them. Leveraging D&I at PHI and the operating utilities is critical to its business because experience has shown that diverse and inclusive companies are more innovative, more dynamic and more attractive to high functioning talent. Promoting diversity in the workplace is about more than social responsibility; it enhances the Company's brand, engages talented employees, and helps to foster innovation and creativity.

The D&I goals established by PHI for Pepco in 2018 cover a broad spectrum, including the following:

- **Diverse and Inclusive Workforce** to attract, develop and retain talent of all backgrounds that reflects the realities of the Company's marketplace, communities and the relevant labor market;
- **Inclusive workplace** to create a culture of inclusion through consistent and sustained execution of the D&I strategy, including progress measurement for results;
- **Diverse Suppliers** to achieve a diverse range of suppliers, vendors and service providers;
- **Community Relationships** to ensure that PHI leadership has a significant reach and visible presence in a strategic core group of diverse community-based organizations; and
- **Leader in Diversity and Inclusion** to earn PHI recognition as a D&I leader by its employees, local, regional and national thought leaders, and the community it serves.

This report presents metrics on Pepco DC workforce diversity through December 31, 2018, the strategies employed in 2018 to facilitate D&I, and strategies under development to drive D&I in 2019 and beyond.

For the purposes of this Report as it pertains to information provided about the gender and racial composition of the Pepco workforce, a Pepco employee is any full-time or part-time employee with a work location in Washington, DC. Diversity data for the following are considered outside the scope of Paragraph 21 and, therefore, not included in this Report:

- Temporary employees, interns, and employees on long-term disability at Pepco; and
- Employees of Pepco Energy Services, PHI Service Company, Exelon or any other related companies.

2 Pepco 2018 Workforce Diversity

2.1 Workforce Diversity Statistics

An overview of the gender and race of Pepco employees based in the District as of December 31, 2018 is shown in Figure 1a, Figure 1b and Figure 1c.

Figure 1a: Pepco Employee Gender and Racial Composition

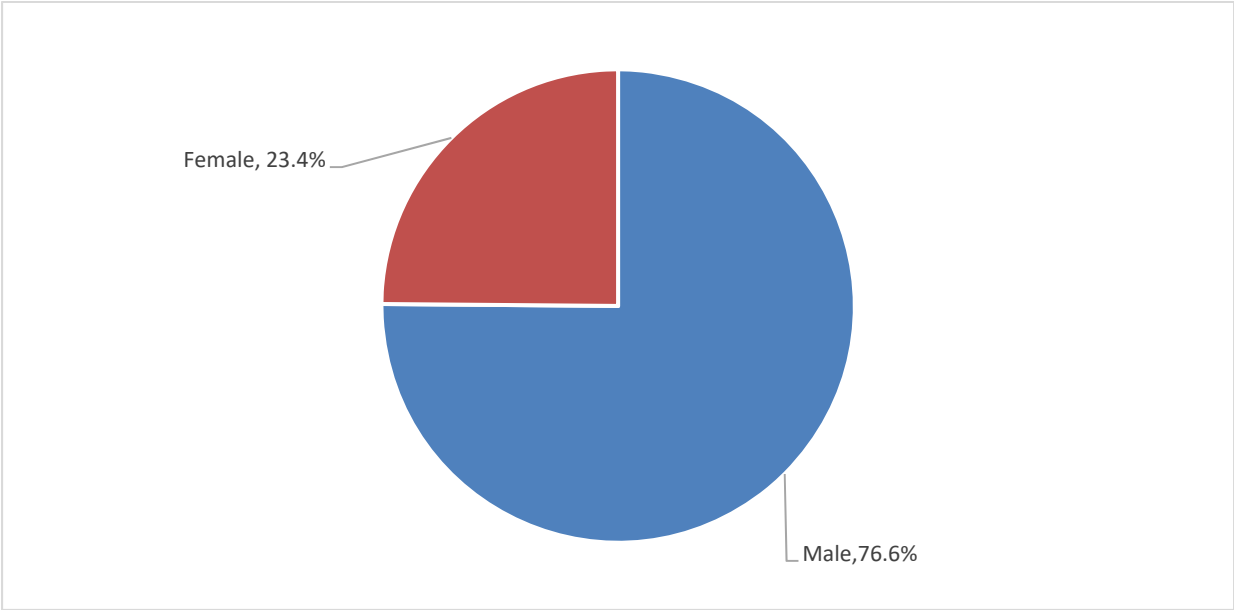


Figure 1b: Pepco Female Employee Racial Composition

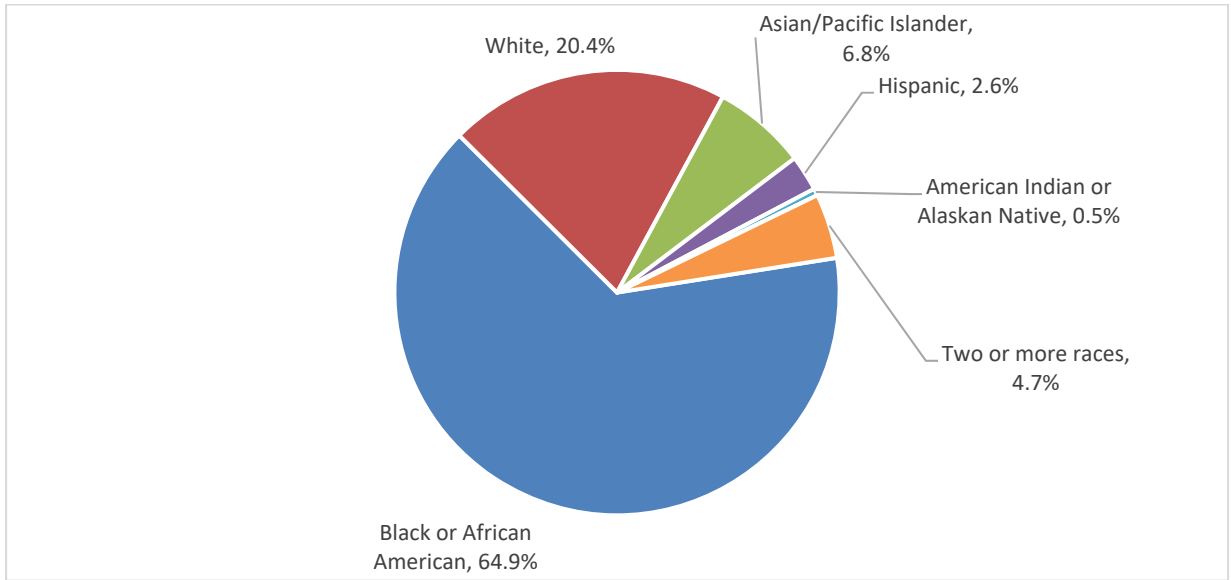
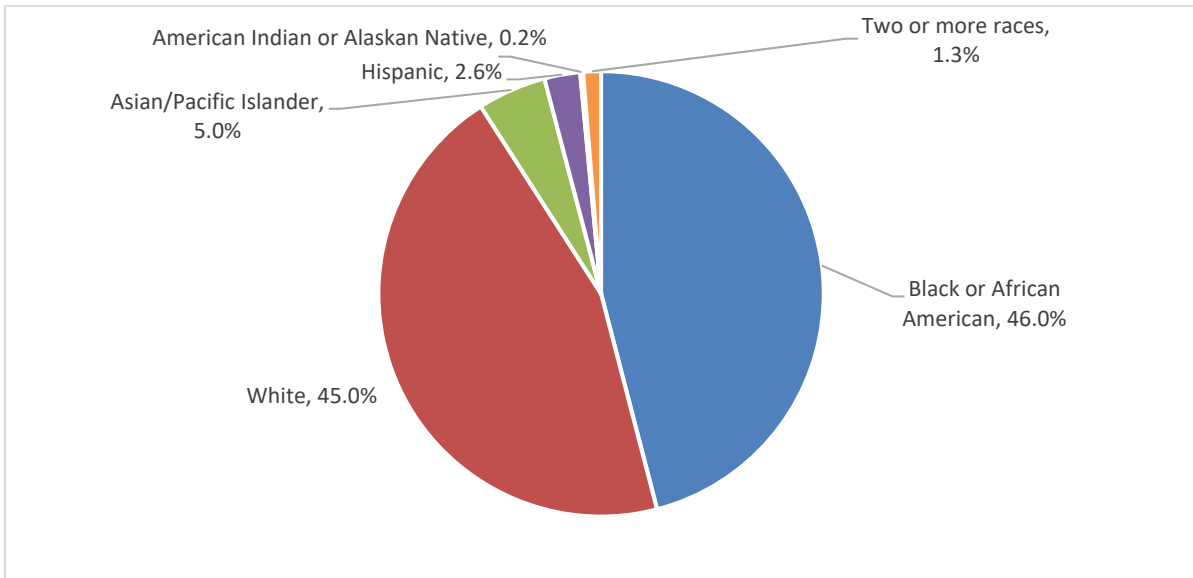


Figure 1c: Pepco Male Employee Racial Composition



As shown in more detail in Table 1, employees at Pepco are predominantly Black/African American or White, with both races representing a combined 89.7% of the total workforce (50.4% Black/African American and 39.3% White) in the District as of December 31, 2018. The remainder of the Pepco

workforce is comprised of Asian (5.4%), Hispanic or Latino (2.6%), American Indian or Alaskan Native (0.2%) and two or more races (2.1%).

The breakdown of race by male and female employees follows the same pattern as for the Company overall and persists without significant change from year-end 2017 to year-end 2018.¹

Table 1: Pepco 2017 and 2018 Year-End Employee Demographics

Gender	Race	December 31, 2017		December 31, 2018	
		Count	% of Total Employees	Count	% of Total Employees
Female	Black or African American	141	15.3%	124	15.2%
	White	49	5.3%	39	4.8%
	Asian/Pacific Islander	16	1.7%	13	1.6%
	Hispanic	7	0.8%	5	0.6%
	American Indian or Alaskan Native	1	0.1%	1	0.1%
	Two or more races	6	0.7%	9	1.1%
	Female Subtotal	220	23.9%	191	23.4%
Male	Black or African American	322	34.9%	287	35.2%
	White	318	34.5%	281	34.5%
	Asian/Pacific Islander	35	3.8%	31	3.8%
	Hispanic	17	1.8%	16	2.0%
	American Indian or Alaskan Native	1	0.1%	1	0.1%
	Two or more races	9	1.0%	8	1.0%
	Male Subtotal	702	76.1%	624	76.6%
Combined Male and Female	Black or African American	463	50.2%	411	50.4%
	White	367	39.8%	320	39.3%
	Asian/Pacific Islander	51	5.5%	44	5.4%
	Hispanic	24	2.6%	21	2.6%
	American Indian or Alaskan Native	2	0.2%	2	0.2%
	Two or more races	15	1.6%	17	2.1%
Pepco Total	922		815		

Pepco strives to maintain a diverse and inclusive workforce that is representative of the community in which it operates.

¹ Employment race and gender figures presented in this Report are as of year-end and may differ from figures presented to the Commission in other proceedings.

Table 2 shows that the population within the District is estimated to be comprised primarily of Black/African American and White residents. The breakdown of Pepco employees who are Black/African American and White falls within three percentage points of the combined population at large in the District in the respective race categories.

- Blacks/African Americans and Whites account for 92.2% of the District population and 89.7% of the Pepco workforce.
 - Blacks/African Americans alone account for 47.1% of the District population and 50.4% of the Pepco workforce.
 - Whites alone account for 45.1% of the District population and 39.3% of the Pepco workforce.

Table 2: District of Columbia Demographics (Estimated as of July 1, 2018)²

Race	% of Total Population
Black or African American	47.1%
White	45.1%
Asian/Pacific Islander	4.4%
Hispanic	n/a ³
American Indian or Alaskan Native	0.6%
2 or more races	2.7%

2.2 Workforce Diversity Initiatives

In 2018, PHI worked to develop a formal structure and approach to promoting workforce diversity initiatives that drew on, among other things, the experience of and successful practices in place at Exelon. This culminated with the implementation of the PHI Diversity and Inclusion Council (the Council) and the initiation of Employee Resource Group (ERG) chapters at Pepco.

2.2.1 PHI Diversity and Inclusion Council

The Council continued to focus on the development of programs, public awareness efforts, and other opportunities to create a workplace where diversity and inclusion continues to be brought to life, where everyone is treated with dignity and respect, and where team members can tap into their full potential. These are key components to the long-term success of PHI, suppliers, and the communities served.

The CEO remains the head of the Council which is comprised of employees, including senior leaders and executives, across all PHI utilities. The Council continues to focus on:

- Diverse workplace

² Data source is the United States Census Bureau at the following web address: <https://www.census.gov/quickfacts/table/RH1125215/24>

³ Hispanics may be of any race, so are included in the applicable race categories in this table. A total of 10.6% of D.C. residents are estimated to identify as Hispanic, of which 8% are included in the White category.

- Inclusive workplace
- Diverse suppliers
- Community relationships
- Leader in Diversity and Inclusion

2.2.2 Employee Resource Groups

Exelon promotes and supports nine ERGs as part of its strategy to promote a diverse and inclusive work environment. Innovative employees within PHI initiated chapters and volunteer to lead these grass roots groups. This initiative promotes groups that serve as diverse forums for professional development, cultural education, and community involvement and allows employees to seek advice and guidance from their coworkers. As of the end of 2018, there were six chartered ERGs at Pepco:

- Asian American Resource Group (AARG)
 - Hosted a Speed Networking Event with Accenture and Upwardly Global
 - Participated in the Heart Walk
 - Hosted the Lunar New Year and Diwali Festival Cultural Events
- Developing Young Professionals (DYP)
 - Hosted a March Madness networking and fundraiser event
 - Hosted a Speed Networking with PHI Executives event
 - Hosted a lecture on Managing Up
- Organization of Latinos in Exelon (OLE)
 - Participated in DC Hispanic of Chamber Night Gala
 - Participated in Montgomery County Pepco Fair
 - Hosted a Lunch and Learn Event – How to Manage Stress
- Exelon African-American Resource Alliance (EAARA)
 - Hosted “A Story to Tell, A History to Remember, A Legacy to Share” event
 - Volunteered in the March of Dimes Walk
 - Participated in the Playtime Project’s 5K
- Network of Exelon Women (NEW)
 - Volunteered for the March of Dimes March for Babies Annual Walk
 - Supported the National Capital Area’s Girl Scout/STEM event
 - Supported the Community Cuts for Kids back to school drive at The ARC
- Pride
 - Participated in the DC Out In Tech Conference
 - Participated in the Capital Pride Parade and Festival

Above are a few of the many activities the ERGs within Pepco conducted to initiate professional development training, to host internal and external speaker sessions, to support non-profit organizations and to work with the communities throughout the District of Columbia. The ERGs participated in the Federal Government Furlough Relief Campaign by collecting cash, gift cards, toiletries, and non-perishable food for government workers affected by the government shutdown. Pepco’s Customer Advocate team partnered with chef José Andrés at Chefs for Feds to educate customers on the assistance we offer to help pay energy bills.

3 2018 Diversity Initiatives

3.1 2018 Diversity and Inclusion Initiative

The PHI D&I Council's mission is to create a work environment where people are respected for their personal beliefs and valued for their professional contributions. We measure our success when employees openly and actively tell others that they are proud to be a part of PHI as a diverse and inclusive team. The Council and its 30 members provide guidance and structure to enable PHI to obtain its goals of a work environment where each person is valued for his or her perspectives, skills and talents, is treated with respect, is able to communicate openly and is encouraged to develop to his or her full potential as a contributor to the success of PHI, our suppliers, and the communities we serve.

The Council is broken into five sub teams to focus on key priorities established by Exelon:

1. Diverse Workforce sub team strives to attract, develop and retain talent of all backgrounds that reflects the realities of our marketplace, our communities and the relevant labor markets.
2. Inclusive Workplace sub team works to promote an inclusive workplace and leverages from Exelon experience.
3. Diverse Suppliers sub team is focused on increasing communication, knowledge and diversity spend among all PHI operating companies.
4. Community Relationships sub team ensures that PHI leadership has a significant reach and visible presence in a strategic core group of diverse community-based organizations (CBOs). The PHI Community Relations team works with community leaders at PHI to strengthen the connections between PHI and the community. These partnerships include representing PHI on a variety of leadership groups and community service programs.
5. Leader in D&I sub team positions PHI to be recognized as a D&I leader by strategically leveraging D&I efforts, celebrating diversity and increasing awareness through effective communication of our diversity and inclusion efforts internally and in the community.

4 Conclusion

Pepco recognizes the importance of maintaining a diverse workforce representative of the community in which it serves and is committed to employing local and diverse talent. This Report presents the Company's efforts to build a diverse and inclusive workforce and the initiatives being carried out to ensure Pepco's success in this endeavor going forward.

CERTIFICATE OF SERVICE

I hereby certify that a copy of Potomac Electric Power Company's 2018 Annual Employment Report and Annual Workforce Diversity Report was served this March 29, 2019 on all parties in Formal Case No. 1119 by electronic mail.

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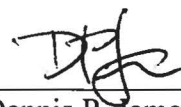
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