

SECURITIES AND EXCHANGE COMMISSION

(Release No. 35-27953; 70-10290)

Pepco Holdings, Inc.

Filings Under the Public Utility Holding Company Act of 1935, as amended ("Act")

March 30, 2005

Notice is hereby given that the following filing(s) has/have been made with the Commission pursuant to provisions of the Act and rules promulgated under the Act. All interested persons are referred to the application(s) and/or declaration(s) for complete statements of the proposed transaction(s) summarized below. The application(s) and/or declaration(s) and any amendment(s) is/are available for public inspection through the Commission's Branch of Public Reference.

Interested persons wishing to comment or request a hearing on the application(s) and/or declaration(s) should submit their views in writing by **April 25, 2005**, to the Secretary, Securities and Exchange Commission, Washington, D.C. 20549-0609, and serve a copy on the relevant applicant(s) and/or declarant(s) at the address(es) specified below. Proof of service (by affidavit or, in the case of an attorney at law, by certificate) should be filed with the request. Any request for hearing should identify specifically the issues of facts or law that are disputed. A person who so requests will be notified of any hearing, if ordered, and will receive a copy of any notice or order issued in the matter. After **April 25, 2005**, the application(s) and/or declaration(s), as filed or as amended, may be granted and/or permitted to become effective.

Notice of Proposal to Amend Charter; Order Authorizing the Solicitation of Proxies

Pepco Holdings, Inc. (“PHI”), 701 Ninth Street, Washington, DC 20068, a Delaware corporation and a registered public utility holding company under the Act, has filed a declaration (“Declaration”) under to sections 6(a)(2) and 12(e) of the Act and rules 54, 62 and 65 under the Act.

PHI requests authority to (i) amend its corporate charter to eliminate classification of the Board of Directors (“Proposed Amendment”) and (ii) solicit proxies from the holders of PHI’s shares of common stock to implement the Proposed Amendment.

PHI states that it has had a staggered Board of Directors in place since it became a public company at the time of the closing of the merger involving its public utility subsidiary Potomac Electric Power Company (“Pepco”) and Conectiv, formerly a registered public utility holding company, in 2002. Prior to the merger, Pepco had a staggered board beginning in 1988 and Conectiv had a staggered board from the time it became a public company in 1998. Under PHI’s staggered board arrangement, the Board of Directors is divided into three classes, with the directors of one of the classes elected annually for three-year terms.

PHI states that the Board of Director's Corporate Governance/Nominating Committee conducted a review of the relative merits of annually elected and staggered boards. The Nominating Committee recommended to the Board that the staggered election of directors be eliminated. After reviewing and assessing the recommendation of the Nominating Committee, the Board of Directors adopted a resolution, declaring it

advisable that section C of Article V of PHI's Restated Certificate of Incorporation be amended to eliminate classification of the Board of Directors.

PHI states that if the Proposed Amendment is approved, each nominee for election as a director, including directors standing for reelection, will be elected for a one-year term. The Proposed Amendment will not shorten the term of any director elected at or prior to the 2005 Annual Meeting. Accordingly, in 2006 only the nominees to succeed the directors whose terms expire in 2006, would be elected for one-year terms. In 2007, the nominees to succeed the directors whose terms expire in 2007 and to succeed the directors elected in 2006 would be elected to for one-year terms. Beginning in 2008, all of the members of the Board of Directors would be elected for one-year terms. Under paragraph D of Article V of the Restated Certificate of Incorporation, any vacancy on the Board of Directors resulting other than because of an increase in the authorized number of directors elected by shareholders may be filled by a majority of the directors then in office. In accordance with this provision, if during the transition period a vacancy occurs with respect to a director whose term of office continues beyond the next annual meeting, the term of any director elected to fill such a vacancy shall expire at the next shareholders' meeting at which directors are elected, and the remainder of the term, if any, shall be filled by a director elected at that meeting.

PHI states that in accordance with paragraph G of Article V of the Restated Certificate of Incorporation, adoption of the Proposed Amendment requires the affirmative vote of the holders of two-thirds the outstanding shares of PHI's common stock. Accordingly PHI requests that an order be issued under rule 62(d) of the Act authorizing commencement of the proxy solicitation.

The transaction is also governed by the conditions of rule 53(a). As of September 30, 2004, PHI's "aggregate investment," as defined in rule 53(a)(1) was approximately \$3,013.3 million and PHI's consolidated retained earnings was \$904.6 million. Accordingly, at September 30, 2004, PHI's aggregate investment exceeded 50% of its consolidated retained earnings, the "safe harbor" limitation contained in rule 53(a). However, by order dated July 31, 2002 (HCAR No. 27557) ("Financing Order"), the Commission authorized PHI to increase its aggregate investment to an amount equal to the sum of 100% of consolidated retained earnings plus \$3.5 billion. At September 30, 2004, based on the Financing Order, PHI could have had an aggregate investment of \$4,404.6 million. Therefore, although PHI's aggregate investment at such date exceeded the 50% "safe harbor" limitation of rule 53, it is within the higher investment level granted by the Financing Order.

PHI states that it currently complies with, and will comply with, the record keeping requirements of rule 53(a)(2), the limitation under rule 53(a)(3) on the use of the PHI system's domestic public utility company personnel to render services to exempt wholesale generators ("EWGs"), as that term is defined in section 32 of the Act, and foreign utility companies ("FUCOs"), as that term is defined in section 33 of the Act, and the requirements of rule 53(a)(4) concerning the submission of copies of certain filings under the Act to retail regulatory commissions. PHI states that none of the circumstances described in rule 53(b) have occurred, and rule 53(c) is inapplicable by its terms.

Fees and expenses in the estimated amount of \$670,000 are expected to be incurred in connection with the proposed transactions (including costs associated with the

solicitation of proxies). PHI states that no state or federal commission, other than this Commission, has jurisdiction over the proposed transactions.

PHI has filed its proxy solicitation materials and requests that its proposal to solicit proxies be permitted to become effective immediately, as provided in rule 62(d) under the Act. It appears to the Commission that the Declaration, with respect to the proposed solicitation of proxies, should be permitted to become effective immediately under rule 62(d).

IT IS ORDERED, under rule 62 under the Act, that the Declaration regarding the proposed solicitation of proxies from PHI shareholders become effective immediately, subject to the terms and conditions contained in rule 24 under the Act.

For the Commission, by the Division of Investment Management, pursuant to delegated authority.

Margaret H. McFarland
Deputy Secretary