

PEPCO HOLDINGS INC
Form 8-K
July 18, 2002

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

Form 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 or 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported)

July 18, 2002

PEPCO HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

000-33049

(Commission File
Number)

52-2297449

(I.R.S. Employer
Identification No.)

701 Ninth Street, N. W., Washington, D. C

(Address of principal executive offices)

20068

(Zip Code)

Registrant's telephone number, including area code

(202) 872-3526

(Former Name or Former Address, if Changed Since Last Report)

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Item 5. Other Events

Pepco Holdings, Inc. ("PHI") is filing this Form 8-K to provide additional information regarding the likely impact of the recent pronouncement issued by the Emerging Issues Task Force ("EITF"), entitled EITF Issue No. 02-3 "Accounting for Contracts Involved in Energy Trading and Risk Management Activities" previously discussed in PHI's Form 8-K/A filed on July 3, 2002. Pepco Holdings, Inc., Pepco, and Conectiv are in the process of assessing the provisions of EITF Issue No. 02-3. EITF Issue No. 02-3 addresses the presentation of revenue and expense associated with "energy trading book" contracts on a gross vs. net basis. Previously the EITF concluded that gross presentation was acceptable, but with the issuance of EITF Issue No. 02-3 and the subsequent guidance provided by the EITF in June 2002, net presentation is required. EITF Issue No. 02-3 is required to be implemented effective for the third quarter 2002 reporting cycle. Previously, both Pepco and Conectiv classified these contracts on a gross basis. Pepco and Conectiv have not completed their evaluations of the magnitude of their financial statement reclassifications; however, Pepco believes that, while the implementation of EITF Issue No. 02-3 will result in the reclassification of certain of its financial statement line items, there will be no impact on its overall financial position or net results of operations. Conectiv believes that the implementation of EITF Issue No. 02-3, because of financial statement line item changes, likely will: (i) materially decrease Conectiv's gross revenues and revenue growth; (ii) result in higher gross margins as a percentage of gross revenues; and (iii) have no impact on its overall financial position or earnings. For the year ended December 31, 2001, Conectiv's commodity trading gross revenues were approximately \$1.9 billion; Conectiv expects that a substantial portion of these revenues would be eliminated in the reclassification.

Forward-Looking Statements:

Except for historical statements and discussions, the statements in this Form 8-K constitute "forward-looking statements" within the meaning of federal securities law. These statements contain management's beliefs based on information currently available to management and on various assumptions concerning future events. Forward-looking

