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STATEMENT OF PEOPLE'S COUNSEL PAULA CARMODY ON PEPCO AND DELMARVA RATE ORDERS

(Baltimore, MD July 20, 2012):

The following statement may be attributed to Paula M. Carmody, People's Counsel:

"The Office of People's Counsel (OPC) fought these two rate cases vigorously for our clients, the PEPCO and Delmarva Power residential customers. In each case, we presented testimony from five expert witnesses to challenge the Companies' rate requests. Furthermore, my staff of attorneys waded through thousands of pages of documents to prepare for cross examination of the witnesses from PEPCO and Delmarva. We are still examining the orders but I am gratified to see that the Commission found in OPC's --and the customers'--favor when it rejected the Companies' requests for excessive profit levels.

In the case of PEPCO, the Commission properly denied the Company's request to recover costs to remedy its past failures to maintain its system at an acceptable level of reliability.

OPC is also delighted to see that the Commission rejected the proposed surcharge in the form of a capital cost recovery mechanism called RIM (Reliability

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Investment Recovery Mechanism). Utilities across the country are attempting to circumvent traditional rate-setting methods by recovering operational costs through automatic surcharges, to the detriment of ratepayers and the operation of a fair and transparent regulatory process. This decision sends a clear message that Maryland utilities should stop looking for automatic cost recovery for maintenance of their distribution systems. Providing safe, reliable and economic distribution service is a utility's core responsibility. PEPCO and Delmarva, as well as all Maryland utilities, don't need automatic cost recovery via surcharges; they just need to make sure that they do their jobs and provide reliable service."

Finally, a word about costs related to restoring power as a result of the June 29 derecho. The cost of storm recovery from this recent storm is not, and could not legally be a part of the Commission's decision making process for these rate orders. However, rest assured that if these companies pursue another rate case in the coming months, as they said they would, the Office of People's Counsel will thoroughly scrutinize every aspect of those costs.

The Maryland Office of the People's Counsel is an independent state agency which represents residential consumers of regulated utility services including electric, gas, telecommunications, and water services, before the Maryland Public Service Commission, other state and federal agencies and the Courts.

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