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## **Responding to OPC, Federal Agency Finds Pepco and BGE Failed to Demonstrate Proposed Rate Change Followed Law**

BALTIMORE – Siding with the Office of People's Counsel, the Federal Energy Regulatory Commission last week ruled that Maryland utilities Pepco and Baltimore Gas & Electric had failed to show that their proposed rate changes met the “just and reasonable” legal standard and that the rates “may be unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful.” The agency concluded that OPC raised issues in its protest of the utilities’ proposed rate change sufficiently important to be set for an evidentiary hearing.

The FERC ruling is a setback for the two utilities—both subsidiaries of the Illinois-based utility holding company Exelon—as they consolidate “control centers” that operated independently in the past. The companies’ highly technical filings sought to modify the transmission rates customers pay after the consolidation.

OPC, joined by the D.C. consumer advocate, protested the utilities’ filing. Among other points, OPC explained that the utilities had failed to seek review of the proposed consolidation under the correct provisions of the Federal Power Act, which require FERC to find the transaction is consistent with the public interest. OPC further told FERC that the utilities had failed to provide detailed information on the costs they wanted to include in transmission rates. OPC is seeking to ensure that the rates the Exelon utilities charge customers are reasonable.

Agreeing preliminarily with OPC's concerns, FERC determined that further investigation of the utilities' proposed rates is warranted.

"We are very pleased that FERC agreed that the utilities' filings did not show compliance with the law," said Maryland People's Counsel David S. Lapp. "While FERC handles complex regulatory matters, how it resolves those matters has significant impacts on the pocketbooks of Maryland customers. This ruling should help ensure that Maryland customers pay no more than they should to Pepco and BGE."

*The Maryland Office of People's Counsel is an independent state agency that represents Maryland's residential consumers of electric, natural gas, telecommunications, private water and certain transportation matters before the Public Service Commission, federal regulatory agencies and the courts.*

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