

# ELCON PRESS RELEASE

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CONTACT: Marc Yacker/202-682-1390

STATEMENT OF JOHN ANDERSON,  
PRESIDENT OF THE ELECTRICITY CONSUMERS RESOURCE COUNCIL (ELCON),  
IN RESPONSE TO THE ORDER OF THE MARYLAND PUBLIC SERVICE COMMISSION  
DENYING BGE's APPLICATION TO DEPLOY A SMART GRID INITIATIVE (9208)

Hallelujah.

Three cheers – or more – for the Maryland Public Service Commission and its recent order denying BGE authorization to deploy a Smart Grid Initiative that would cost consumers at least \$835 million.

From the consumer perspective, the PSC exhibited simple common sense when it recognized that “the proposal asks BGE’s ratepayers to take significant financial and technological risks...all in exchange for savings that are largely indirect, highly contingent and a long way off.”

The Commission also realized the total inequity of BGE’s request that a “tracker” surcharge be imposed before any of the infrastructure is installed or any benefits realized. In fact the PSC stated that this “is a request to establish a customer surcharge for advance recovery of the costs...thereby shifting all financial risks to BGE customers.”

As the Commission observed, the immediate recovery of funds makes this “a no-lose proposition for the Company and its investors.” Had it been approved, it would have been a lose-lose proposition for consumers – they would have lost money immediately by paying the surcharge and lost money later through additional expenses that were alluded to but not quantified in this request. In essence, the BGE request was based on vague claims about anticipated benefits that are mostly contingent on changes in the way customers use energy – claims that the Commission correctly said raised “serious doubts.”

BGE’s request violated every principle of Ratemaking 101. That is why the Commission – very appropriately – stated that the project is a “classic utility infrastructure investment that should be recovered through distribution rates, not in a supplemental surcharge that begins long before customers could realize any benefits.”

I do not doubt that we need to improve our transmission grid and our distribution system. But that does not mean we should write a blank check, signed by ratepayers, to every utility in the nation. The Maryland Public Service should be applauded – in fact it should get a standing ovation – from every consumer in the State. And I truly hope that other State Commissions, when faced with requests from utilities to deploy a very costly Smart Grid, funded by immediately raising consumers’ rates, will look closely at those requests and measure them to against the “real” benefits that consumers will receive. I believe that we need a smarter grid and we can have a smarter grid, but consumers should not be required to pay for “benefits” they did not ask for and don’t really need or want.

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ELCON, established in 1976, is the national association of large industrial users of electricity from virtually every manufacturing sector. ELCON members seek a reliable supply of electricity at competitive prices and

have long supported federal and state efforts to achieve that objective. More information about ELCON is available at ELCON's website, [www.elcon.org](http://www.elcon.org).