

November 29, 2012

TO: THE PEOPLE OF LEGISLATIVE DISTRICT 8

UTILITY SURCHARGE TO BOOST IMPROVEMENTS & PERFORMANCE – AN OUTRAGE!!!

After extended power outages from severe storms this past June, Governor O’Malley created a task force to make recommendations to accelerate utility companies’ improvement of electrical distribution and provide better service. Improvements include the installation of some underground wires, aggressive tree trimming and giving extra attention to areas with frequent damage during storms.

In a 131-page report, the Grid Resiliency Task Force determined what consumers already know: that utility companies’ performance during severe storms and hurricanes ranges from poor to completely unacceptable. Looking for ways to provide incentives for the utilities to reach acceptable standards for improvements and performance, the task force recommended a monthly surcharge on electric bills. The amount of the monthly surcharge will be determined by the Public Service Commission (PSC). Under the surcharge plan, the companies would be guaranteed advanced funding for improvement. The panel reasoned that such advanced funding would guarantee that the work actually gets done. Typically, utilities can recover costs only after they incur them. Paying in advance puts the risk on the customers who have to pay more based on a promise of improved service.

Those who support the electric surcharge are quick to emphasize that it will not pay for investments already required of the companies under the new PSC higher reliability standards, aimed at cutting the number and length of service interruptions when they do occur. We are assured that surcharge monies will be used to pay for *only accelerating* the companies’ ability to meet those standards.

In 26 states, utilities are allowed to add surcharges for maintenance. Nationwide, consumers find their utility bills have become cluttered with new fees and surcharges to pay for everything from investment in new gas pipelines to environmental compliance costs.

While Governor O’Malley supports the surcharge, the Office of People’s Counsel, the AARP and this Delegate do not. Paula M. Carmody of the People’s Counsel, who represents the consumers, asked why electric customers should have to pay extra for companies to provide a reliable electric distribution system, their prime responsibility? Indeed, why should customers have to pay a monthly surcharge for better performance? As electric consumers, we have every right to expect quality performance without paying a surcharge.

In order for the task force recommendations to become policy, the PSC would have to implement them or the General Assembly would have to approve them as legislation. Should the issue come before the House of Delegates, I will work diligently to defeat such legislation.

Please do not hesitate to contact me on this or any other issue of concern to you. I continue to encourage and welcome your input.