

Md. investigating Pepco for overcharging customers

By: [Hayley Peterson](#) and [Brian Hughes](#) 02/02/11 8:05 PM

Examiner Staff Writers

Maryland officials have started an investigation into Pepco for charging thousands of customers during power outages for the last four years.

The Maryland Public Service Commission, which regulates the state's utilities, says ratepayers who are on Pepco's rate stabilization plan may be paying for power although the power is out.

Commissioners say the plan's billing system "may be allowing the company to recover revenues lost during extended outages, and thus may have unwittingly eliminated a critical incentive to restore service quickly," according to documents initiating the investigation.

Pepco's rate stabilization plan, which started in July 2007, allows ratepayers to balance out their electricity payments across the seasons to contain month-to-month cost fluctuations.

The system also is designed to protect the utility company from sales fluctuations -- where Maryland officials say it has created a loophole for the company to recoup lost revenues.

Pepco spokesman Bob Hainey said Wednesday that the company "will cooperate fully with the investigation."

Hundreds of thousands of Maryland ratepayers lost power for days -- and some for longer than a week -- during the February 2010 snowstorms. Many more ratepayers again lost power for extended periods during three late summer thunderstorms, as well as during last week's snowstorm.

"Due to these interruptions, electricity sales for these months were reduced, but Pepco's current [system] has allowed the company to bill and collect the lost revenues from its customers," the commission said. "To the extent that Pepco is being compensated for sales lost due to reliability failures, Pepco's [billing system] may not result in just and reliable rates."

Montgomery County Councilman Roger Berliner already has called for Pepco to cough up consumer rebates.

"Pepco was paid millions of dollars since 2007 for power not delivered during extended outages," said Berliner, D-Bethesda and Potomac. "This needs to be fixed immediately. Residents should be provided a direct and immediate rebate as a small step to make things right."