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July 19, 2012

The Honorable Roger Berliner
President
Montgomery County Council
100 Maryland Avenue
Rockville, MD 20850

Dear Council President Berliner:

Thank you for convening today's debriefing on Pepco's performance following the power outages caused by the derecho of June 29, 2012. This issue is of vital interest to our community, and I ask that this letter and the accompanying analysis entitled "June 29, 2012 Derecho: Comparison of Local Utilities' Rates of Restoration" be made part of the official record.

While Pepco cannot control extreme weather events, it has direct control over how it prepares and responds to them. This planning and execution includes inspection, maintenance and mitigation measures before major weather events, as well as timely and accurate communication and rapid power restoration in the immediate aftermath of major weather events.

Scrutiny of Pepco's performance in these areas is not new. As the April 20, 2011 Pepco Work Group report commissioned by County Executive Leggett extensively documented, Pepco has meaningfully underperformed its industry peers on a number of broadly accepted reliability metrics for most of the past decade. The consequences of this underperformance range from the frustrating to the life-threatening, with significant ongoing additional costs being borne by businesses and taxpayers alike.

Unfortunately, despite Pepco's recently announced reliability enhancement plan, findings in the attached analysis compiled from publicly reported information point to Pepco's continued underperformance during the June 29th derecho compared to its neighboring utility Dominion. While our preliminary review suggests that PEPCO also underperformed relative to Baltimore Gas and Electric (BGE)—although to a lesser extent than when compared to Dominion—there are too many inconsistencies in BGE's publicly available data to draw any firm conclusions at this point.

Among the analysis' specific findings:

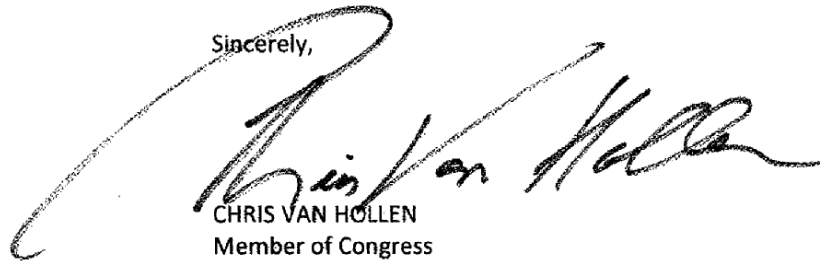
- Although Dominion had more than double the number of outages as Pepco at the start of the restoration effort on the evening of Friday, June 29, the number of Pepco and Dominion customers without power was almost equal by Monday, July 2 (see **Chart 2**).
- By Sunday, July 1, Dominion had restored electricity to almost 60 percent of its customers that lost power, whereas Pepco had restored electricity to just over 20 percent of its customers that lost power. It took Pepco until Wednesday, July 4, before its outage restoration percentage was on par with Dominion (see **Chart 3**).
- Pepco began the restoration effort with fewer crews assigned than Dominion and continued to deploy significantly smaller numbers of workers than Dominion each day throughout the restoration period (see **Chart 4**).

Without in any way diminishing the hard and often heroic efforts of Pepco's individual front line workers, the company's stubbornly persistent pattern of underperformance is unacceptable. It is high time Pepco's ratepayers receive the best-in-class service they are paying for and deserve. Mindful that Pepco is a regulated monopoly primarily overseen by the Maryland Public Service Commission and the State of Maryland, I believe the following steps should be taken immediately:

- The Maryland Public Service Commission should reject Pepco's pending request for a 4 percent rate increase and make clear that future rate increases will not be approved until Pepco makes meaningful and measurable progress on reliability for all of its customers.
- Ratepayers should not be forced to compensate Pepco for power they never received as a result of the June 29th derecho. While so-called bill stabilization measures can play a role in advancing energy efficiency, they should not be applied in this context.
- Because current laws and enforcement actions have not materially improved Pepco's performance, the State of Maryland and the Maryland Public Service Commission should examine and enact whatever additional measures are necessary to align Pepco's interests with the legitimate expectations of its customers. These steps should include a comprehensive review of opportunities for selective undergrounding, as well as consideration of the Frosh – Rosapepe "surge reserve" proposal.

While it is always true that storms can affect different service areas differently, and lack of standardization can make data drawn from real-time reporting subject to revision, I hope this analysis and policy discussion regarding Pepco's performance during the June 29th derecho event will help inform the Council's debriefing.

Sincerely,

A large, stylized handwritten signature in black ink, which appears to read "Chris Van Hollen". The signature is fluid and cursive, with a long horizontal stroke at the end.

CHRIS VAN HOLLEN
Member of Congress

CC: The Honorable Craig Rice, District 2, Montgomery County Council
The Honorable Phil Andrews, District 3, Montgomery County Council
The Honorable Nancy Navarro, District 4, Montgomery County Council
The Honorable Valerie Ervin, District 5, Montgomery County Council
The Honorable Marc Elrich, At-Large, Montgomery County Council
The Honorable Nancy Floreen, At-Large, Montgomery County Council
The Honorable George Leventhal, At-Large, Montgomery County Council
The Honorable Hans Riemer, At-Large, Montgomery County Council
The Honorable Martin O'Malley, Governor, State of Maryland
The Honorable Jamin B. (Jamie) Raskin, Senate Chair, Montgomery County Delegation
The Honorable Anne R. Kaiser, House Chair, Montgomery County Delegation
The Honorable Douglas J. J. Peters, Senate Chair, Prince George's County Delegation
The Honorable Melony G. Griffith, House Chair, Prince George's County Delegation
Douglas R. M. Nazarian, Chairman, Maryland Public Service Commission

June 29, 2012 Derecho: Comparison of Local Utilities' Rates of Restoration

Prepared by the Office of Rep. Chris Van Hollen
July 2012



Chart 1

PEPCO/DOMINION OUTAGE COMPARISON

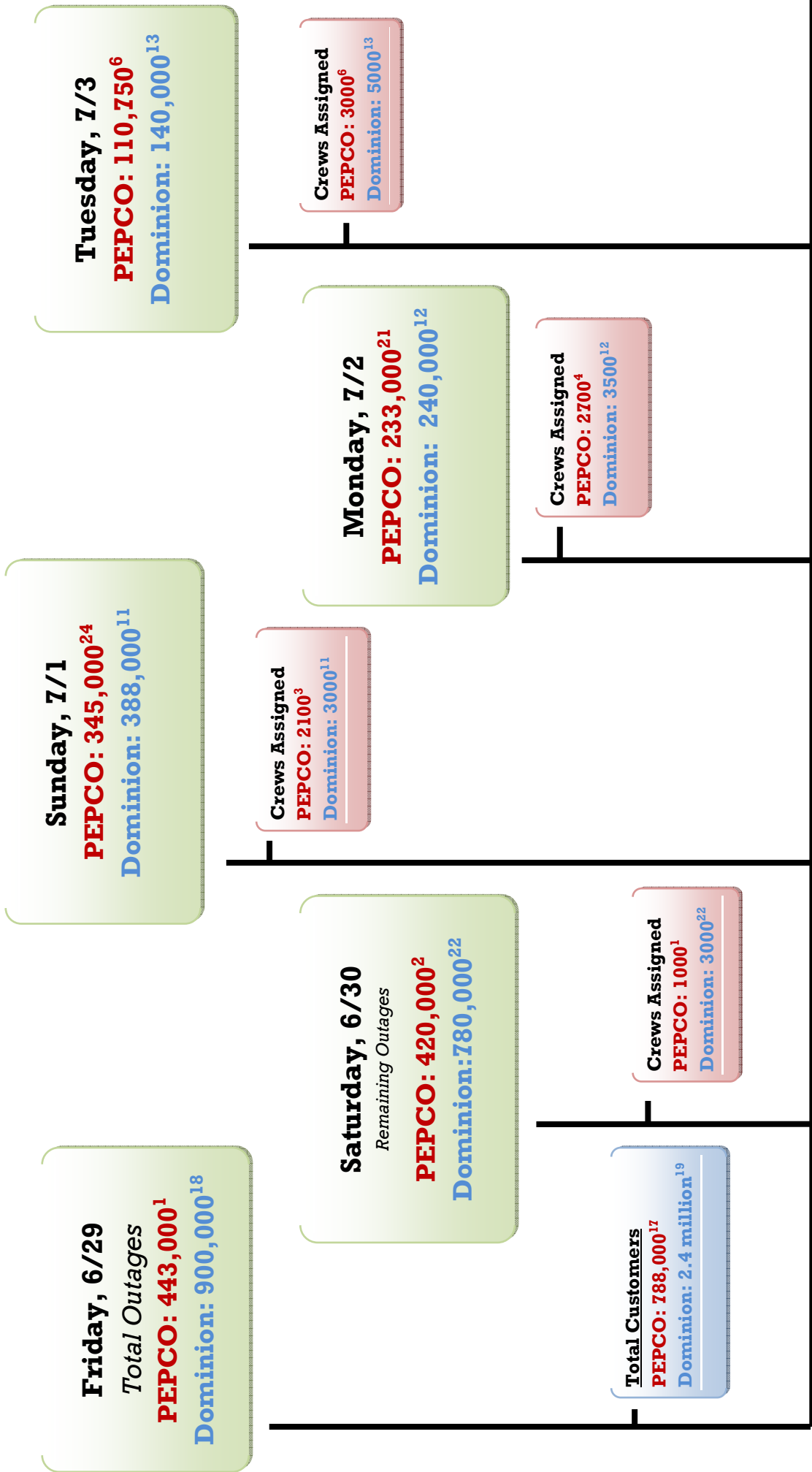


Chart 1, Page 2

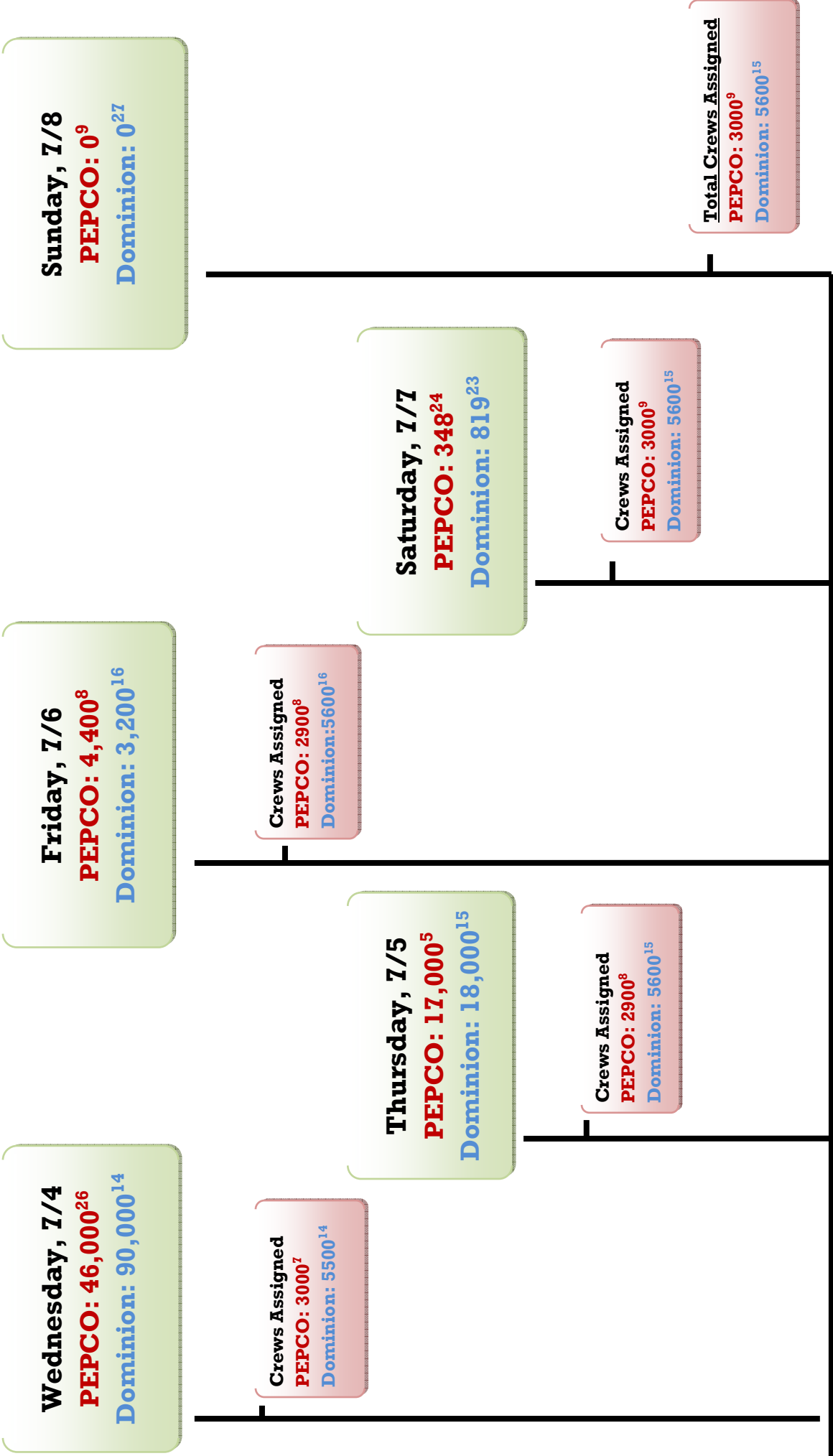


Chart 2

Remaining Outages by Households

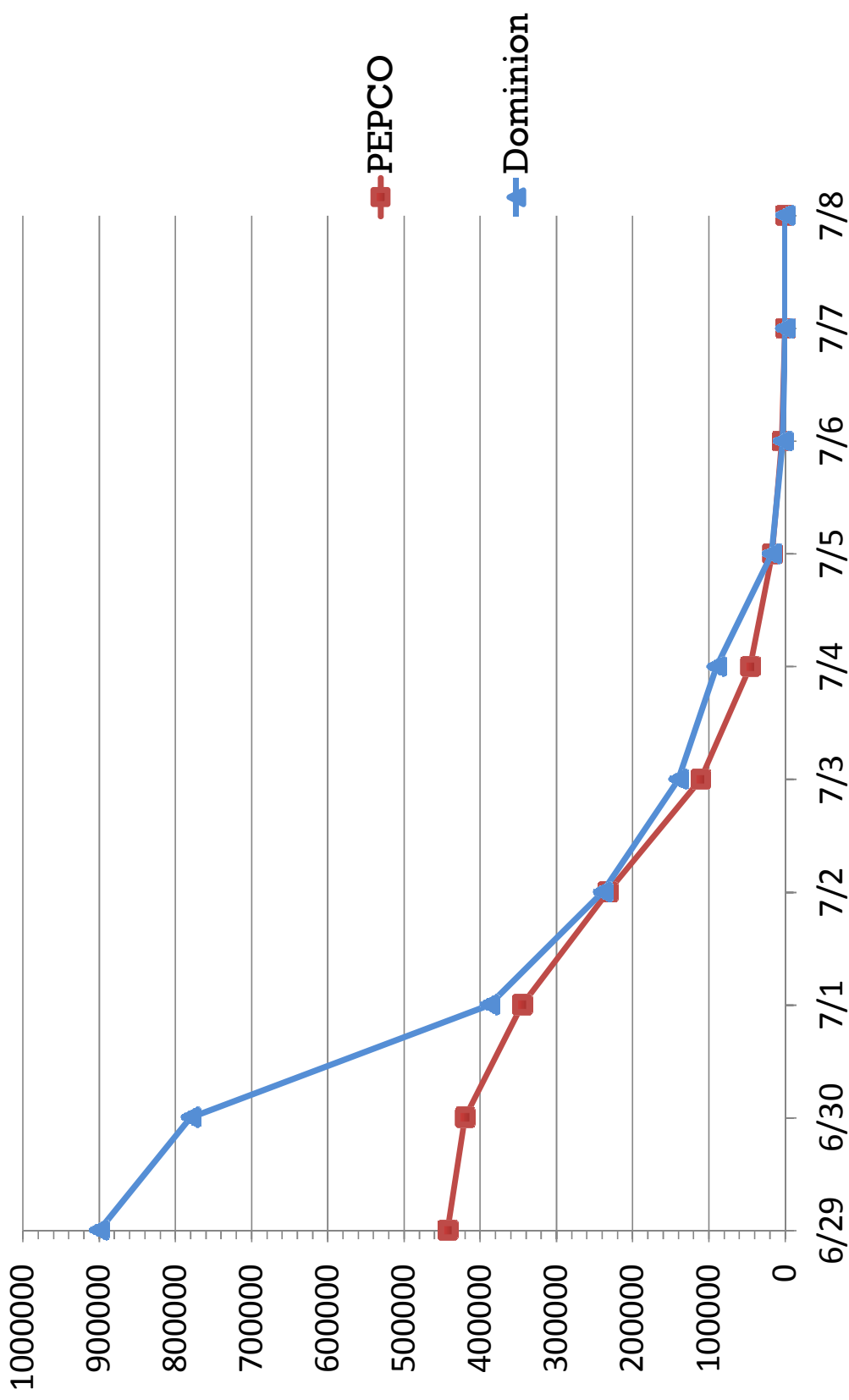


Chart 3

Remaining Outages by Percentage

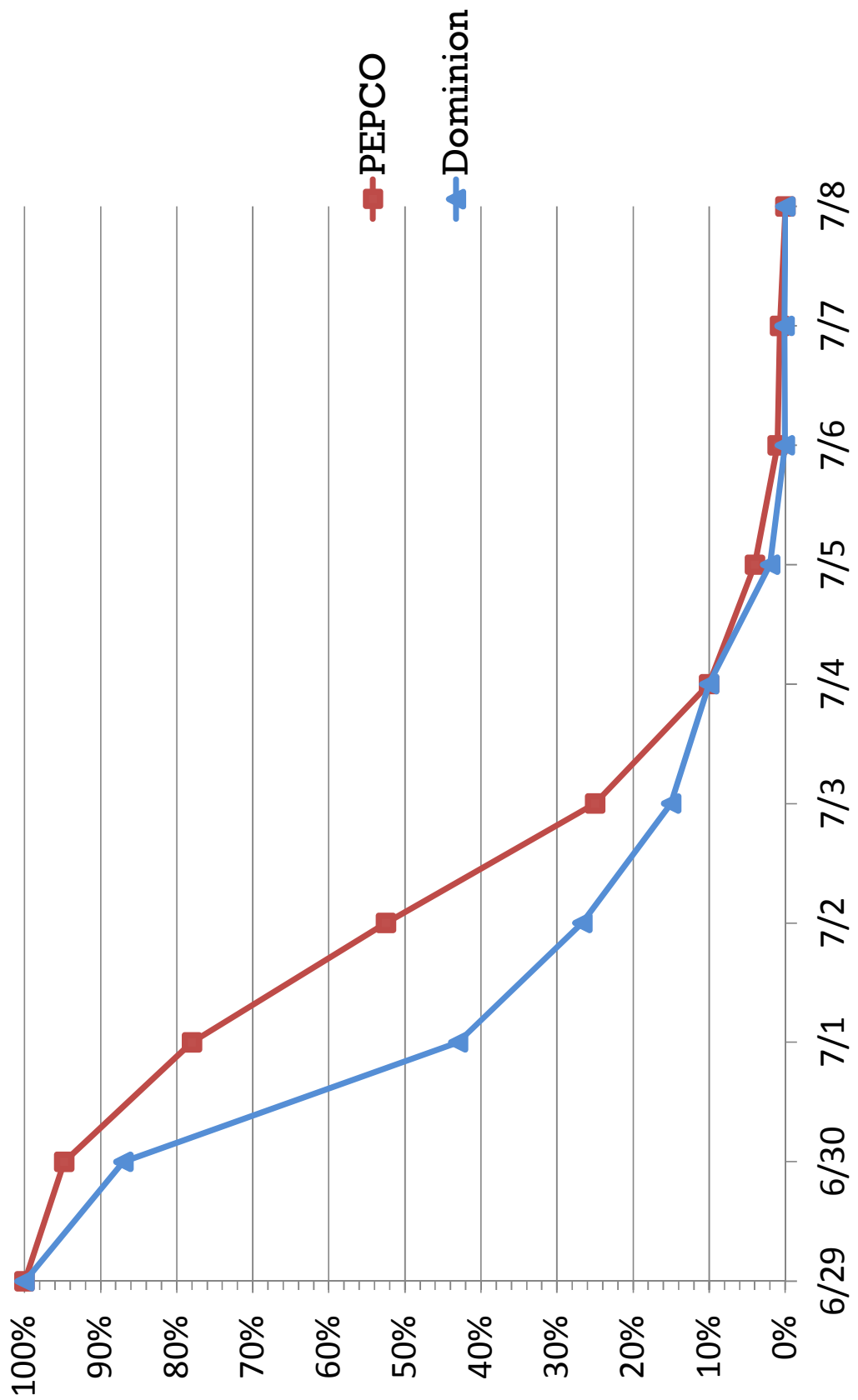
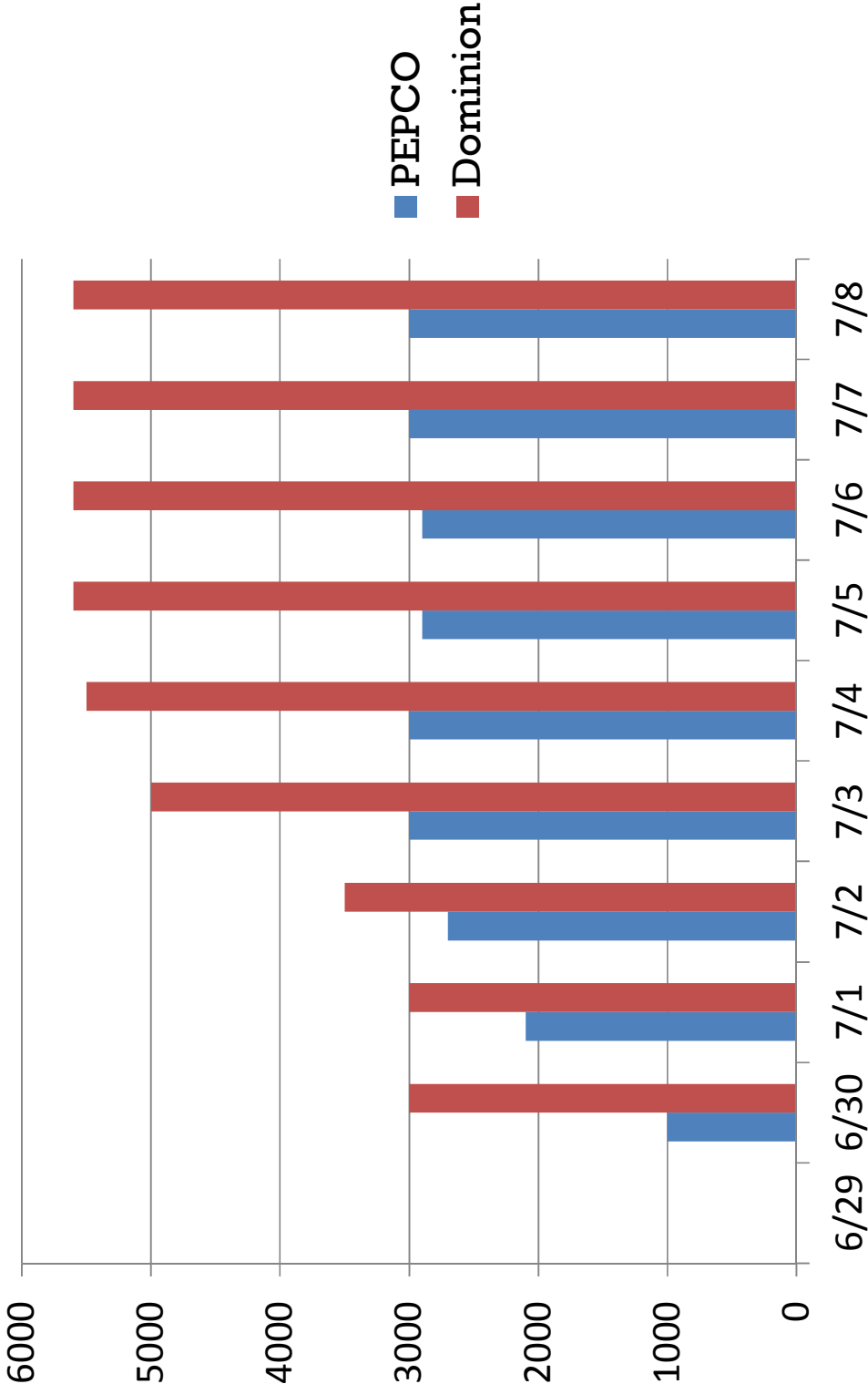


Chart 4

Total Crews Assigned (Field and Support)



Analysis

- Although Dominion had more than double the number of outages as Pepco at the start of the restoration effort on the evening of Friday, June 29, the number of Pepco and Dominion customers without power was almost equal by Monday, July 2 (see **Chart 2**).
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Sources

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- ¹¹ <http://dom.mediaroom.com/2012-07-01-Dominion-Restores-Power-to-Approximately-600-000-Customers-Sets-Targets-for-Completing-Restoration-Efforts>
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- ²⁰ http://www.washingtonpost.com/local/hundreds-of-thousands-of-customers-lack-power-more-than-2-days-after-storms-hit-mid-atlantic/2012/07/02/gJQAFqBjHW_story.html
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