



**Mid-County Citizens Advisory Board
Meeting Minutes**

Call to Order:	Rick Newman, Chair	Minutes: Oriole Saah
Location:	Mid County Regional Services Center: 2424 Reedie Drive, Wheaton, MD 20902	
Date: / Time:	January 15, 2013 at 7:00 PM EST	
Attendees:	Rick Newman, Ariel Winter, Kieran McHargue, Gam Wijentunge, Robert Shoenberg, Luis Bonilla, Steve Morrison, Gregory Intoccia, Pat Lahr, Brenita Young, Robin Brannan, Oriole Saah	
Staff:	Ana Lopez van Balen	
Guests:	Jerry Pasternak, VP PEPCO Regional Maryland Affairs Tiffany Ward, Councilmember Elrich's office	

APPROVED

Call to Order and Introductions

Welcome Back by Rick Newman at 7:05 PM.

Introduction, Acceptance of Agenda and Minutes: motion to accept agenda by Ariel, seconded by Robin. Agenda accepted.

Motion to accept December 18, 2012 minutes by Ariel. Seconded by Gam. Minutes accepted

No community members in attendance, no community concerns raised

Rick Newman, who represents MCCAB at the PEPCO Citizen's Advisory Board, introduced Jerry Pasternak, VP of PEPCO Regional Maryland Affairs.

Overview of PEPCO rate increase case:

- Why a rate increase is needed: in 2010 PEPCO heard from customers the need to improve reliability
- \$1 billion in improvements are needed for
 - Tree trimming – 75 to 80% of every outage is caused by tree cover
 - Feeder upgrades – each feeder serves approximately 1,000 customers
 - Underground cable upgrades (PEPCO has the second largest underground network on the East Coast, after CONED)
 - Planning for system growth
 - Planning for new technology – the industry needs to learn more about storing electricity
- Evidence of improvements where investments have been made so far: 50% fewer outages with 69% shorter durations
- Two requests
 - \$60.8 million rate increase
 - Grid Resiliency Charge -- \$1 million

- Why PEPSCO needs the \$60.8 million rate increase
 - Investments are made up front and then recovered in rates and paid back to investors. As a regulated monopoly everything PEPSCO does is scrutinized. PEPSCO only distributes electricity, they no longer generate it.
 - Executive order of the Maryland Governor O’Malley charged power utilities with looking for ways to improve resiliency of state lines. It included 11 specific recommendations. Numbers 1 through 4 are things that could accelerate reliability standards and get stricter each year. These outages relate to “blue sky” situations and exclude outages related to major storms.
 - Governor’s task force wants to increase storm related reliability
 - Encourage extra tree trimming
 - Work on extra feeders every year (above worse performing feeder list they are required to work on)
 - Encourage undergrounding dozens of additional feeders
 - So trimming would condense the work of four years down into three
 - PEPSCO refunds \$1 million if they fail to meet higher standards and earns \$1 million if they succeed = grid resiliency charge
 - Once pass, have six months to plan & then begin executing
 - The grid resiliency charge will cost rate payers over the next three years:
 - 2014 year 1 \$.96/month/residential customer
 - 2015 year 2 \$1.70/month/ residential customer
 - 2016 year 3 \$1.93/month/ residential customer
 - Then will request that the increase be added to the base rate going forward
 - November 30 was the filing date, the decision is expected around July 1
 - The \$60.8 increase = \$7.30/month/ residential customer
- QUESTIONS
 - What does NOT happen if PEPSCO doesn’t get the grid resiliency fee – extra tree trimming, 12 extra feeders, and extra undergrounding does not happen.
 - What portion of the anticipated extra work would be in the Mid County area? Portions of all three major feeder projects (Layhill, Garrett Park, and Kensington) are in Mid County. Wasn’t sure of the details of locations on the new worst feeder list.
 - What happens if PEPSCO doesn’t get the \$60.8 million rate increase? Committed to investments & fixes do work. Not receiving the rate increases leads to higher cost of borrowing because potential investors worry about the reduced dividend.
 - How would we recognize the infrastructure improvements? Some Mid-County feeders will be on the feeder list (not really answered)
 - Reading in the local press that PEPSCO is requesting to increase the possible rate of return from the current 9.31 to 10.25. BGE’s rate is 10.5. We’re told that the actual current rate of return is lower than the allowable rate of return. Actual = about 5% Supreme Court rulings on monopolies defines that rate a monopoly can offer to attract capital given the level of risk of the utility and the allowable rate of return on improvements
 - $RR = R(P-D) + C$
 - RR = rate of return
 - R = rate paid by customers
 - P = plant
 - D = depression on plant investment
 - C = operating costs
 - Growth of demand has been slower, recently, than average historic rates

- Last rate request was denied, in part. Only got \$18 million of \$68 million request and rate of return was reduced, “due to prior imprudent management” and this led to a credit watch
- Said that he believes the credit rating was cut to BBB but could not answer questions about the specific time frame and duration of the bond reduction
- Will there be increased contributions to energy assistance programs to help, after the rates go up, those already struggling with power bills? PHI owns PEPCO & two other area utilities. They hold a fund raising golf event and give money to local assistance programs through their foundation. They also offer payment plans and free home energy audit to help people lower costs and manage bills.
- If actual rate of return is so low, why ask for a higher allowable rate of return? To improve appeal to potential investors.
- Climate change – the new reality seems to be more, stronger storms. How is PEPCO preparing? PEPCO comes under national storm recovery standards. Those standards are revised every couple of years and are certainly taking climate change and strong storms into account.
- Undergrounding? PEPCO presented an independent underground study to the Governor’s office. Undergrounding is expensive.
- Time frame for rate requests?
 - Commission hearings in April
 - Public hearings in May. Rick Newman will keep MCCAB informed of time line.
- How is the cost piece of the equation addressed? Commission doesn’t really want to see costs go down because that would mean they’re not making the investments they need to make. PEPCO must explain expenditures and what was done with them. Not really satisfied those expenses are monitored and proper.
- Question about the apparent carelessness of tree trimming – no concern for appearance and/or the health of the trees. Would it be possible to employ people who seem to have a feeling for trees? PEPCO is not in the business of aesthetics. Must meet standards related to safety and delivery. Sometimes cuts very close the tree as needed for the health of the tree.
- County Tree-related legislation – one from Berliner and one from Elrich. Require permits to cut trees and need to plan for their replacement. PEPCO position is still being developed. The hearing is Thursday night, 1/17 at 7:30 at 100 Maryland Avenue.

Old Business

A letter to be prepared to bring attention to concern regarding evictions—will be discussed during the Quality of Life/Budget report.

Council Report by Tiffany Ward of Councilmember Elrich’s office

- Accessory Apartments – hearing held – changes are in process to limit the size of the apartment to 800 square feet or less. Signs will be under the purview of DHCA. A new owner of a home containing an accessory apartment must apply for a new license so that information maintained with Park & Planning will be updated.
- Hearing: 1/17 on two tree bills (3512 and 4512)
- Spending Affordability public hearing on 1/29 at 1:30 PM.
- Members asked about the wisdom of putting road blocks before the tree trimming work widely expected of PEPCO. Tiffany does not work directly on this issue but attempted to respond: these pieces of legislation come from numerous constituent contacts on this issue.
- Steve pointed out that Montgomery County doesn’t always plan the best trees, least root impact, around utilities, including sewages. Newman referred this question to the Land Use committee.

Director/Staff Report

- Reviewed issues covered by members of the public during Isaiah Leggett’s recent Budget Forum
- Discussed input on Wheaton Small Business Impact Assistance Fund
- Glenmont Sector Plan public hearing before Planning Board will be 2/14 at 5:00 PM
- Councilmember Navarro introduced a gun bill
- Wheaton Urban District Advisory Board – “Main street” focus on lighting, signage, drawing new business to Wheaton. Will apply for the “Our Town” grant from the NEA.
- Mid-County awards – application deadline March 1. Executive Committee members will help select the winners.
- Architecture firm Grimm & Parker will attend next MCCAB meeting to speak to questions about the new Wheaton Regional Library and Community Center.
- The March MCCAB Meeting will be held at Sandy Spring Museum.
- COSTCO gas station – no update available. No hearing date for special exception for the gas station available yet.
- Has MCCAB received a response to our letter regarding the architecture selection for the Wheaton Regional Library? Not yet. There will be a design committee, on which MCCAB will be represented. The entire design and construction process is expected to take approximately 20 months.
- Steve inquired how budget suggestions should be submitted. The group suggested trying to submit suggestions through Open Montgomery and Ana said she will circulate information.
- Question about a recent increase in crime in the Wheaton area. Ana suggested that crime rates aren’t really up, but crime reporting is such that we now hear more details of more crimes. Gam will send out information he received from Chief Damsky about how Montgomery County districts compare.

Committee Reports

Land Use and Zoning

- Larry Cole updated the committee on BRT planning. The County is now considering a reduced version and planning is more cost sensitive with an eye toward building the larger network over time. Cole and others believe that we must do something to be able to manage increasing congestion before 2040. The planners are giving a significant look to repurposing lanes and time savings (per trip). The initial focus will be on routes 29 & 355. The Staff Report is due to the Planning Board this summer with public hearing this coming fall.
- Road repairs – priorities are set yearly and repair priorities seem to be based on phone calls to the County reporting problems.
- BAE – a representative of Lee Development will attend the next MCCAB meeting. Is there opposition to rezoning on the Council? Could it be used as a holding school for Farquhar Middle School during the rehabilitation of their school building?
- Farquhar Middle School land swap – there is an effort underway to restructure the covenant which would prevent a land swap with Farquhar MS. Students will endure a three hour round trip commute to the holding school starting next school year.
- Glenmont Sector plan – brief background and discussion of Bob’s letter to the County Council raising issues MCCAB sees with the Sector Plan at this time. The letter was tabled. Send additional comments to Bob.

Quality of Life/Budget

- Waiting for a response to the Library letter.
- Looking for ways to help Millian United Methodist church
- PEPCO rate increase response – community questions

- Discussion of MCPS budget requirements, including Montgomery County budget items which support MCPS but are not part of the MCPS image and how these items relate to Maintenance of Effort.
- DGS will present before council updates regarding Wheaton Redevelopment on 1/30/13.
- Eviction foreclosure – the committee is struggling to identify a specific action to support. Willing to write a letter to the Council, County Executive regarding the impact of this issue but asked Steve to provide tangible recommendations for the committee to support.

Liaison Reports

•**Dept. of Permitting Services Advisory Committee** The Committee is working on a draft report evaluating committees and planning for improvements such as electronic filing

•**Olney Town Center Advisory Committee** *No report*

•**Wheaton Urban District Advisory Committee**

- *Created two subcommittees and presented work plans*
- *Focused on store fronts, signs, public spaces, street furniture, and landscaping to make Wheaton more attractive*
- *Learned about the new Sector Plan – last examined in 1990*
- *Learned about government tenants of the Lot 13 Building. A draft will be released to the public on 1/16/13 @ RAC.*

•**Wheaton Public Safety Work Group:** Survey revealed support for more light, community appearance, pedestrian safety

New Business (tabled)

Meeting adjourned at 9:12 PM