

January 16, 2013

Dear Governor O'Malley:

We are writing to say how pleased we are regarding your filing of the Report of the Grid Resiliency Task Force ("Report") released October 3, 2012 and your continuing concern with the reliability of the electricity distribution system in Maryland. As you know, Montgomery County has long been concerned about the reliability and resiliency of the electric system that serves the residents and businesses of Montgomery County.

We share the principles guiding the recommendations in the Report (p. 6) and many of the recommendations in the Report are ones Montgomery County has fought for in the past. In particular, Montgomery County agrees with the need for the Major Outage Event Reports (as well as other reports) to provide more detail "to allow regulators or other interested parties to make specific recommendations regarding hardening systems, improving operational flexibility, or reducing restoration times" (p. 76).

Montgomery County, however, asks that you, through the Public Service Commission (PSC), take two additional steps: 1) require PSC Staff to perform a formal review of the Major Outage Event Reports (and all other reports) submitted by utilities to confirm compliance with the Regulations (the PSC should invite public comment as part of this review process); and 2) the PSC should issue findings at the conclusion of its review and these findings should indicate, based on the report, what quartile of reliability the electric utility filing the report is on track to achieve.

Montgomery County also respectfully disagrees with the Report's recommendation to allow for a tracker cost recovery mechanism. The County has opposed this type of mechanism in the past and continues to maintain that Pepco should have to show that the money it spends on infrastructure is done prudently, efficiently, and effectively through the normal regulatory process before asking ratepayers to pay for these proposed improvements.

Montgomery County was an active participant in the PSC's Rule Making 43 Work Group and we look forward to working with the PSC to continue to improve the service quality and reliability standards for Maryland's electric companies.

In closing, we urge you to ensure that the PSC keeps the spotlight focused firmly on the goal of this important matter-namely, improving the reliability of the electric power grid for Maryland. Taking the additional steps we urge will help achieve that goal.

Sincerely,

*Isiah Leggett
County Executive*

*Nancy Navarro, President
County Council*