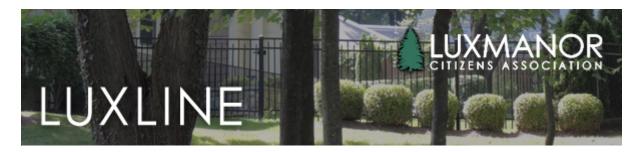
Luxline Auugst 2016 Edition

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August 2016 Edition

Dear Neighbors,

We are just ending the dog days of summer: in Anglo-Saxon times, from July 14th-September 5th; in the Book of Common Prayer 1559, from July 6th-August 16th; and in the Farmer's Almanac, from July 3rd-August 11th. This sultry part of the summer occurs during the period that Sirius, the Dog Star of the constellation Canis Major, rises at the same time as the sun, and brings with it the most intense heat and humidity of the season. Calendars aside, it's hot out there! We hope you all are finding ways to stay cool and hydrated.

This month brings us a report on Pepco, an announcement on our first Fall event, and a fun film festival at Strathmore.

Wishing everyone a good finish to the summer!

Lis Herer, Electronic Communications Chair LCA

Our neighbors and their businesses are advertised to the right of our articles, and their ads help to directly support LCA. We thank them for their contributions and want to invite any of you who might have an interest in advertising your business to join them on the pages of LuxLine.

QUICKLINK

Pepco/PHI and Exelon
Corporation Merger Report

2nd Annual LCA Movie Night and Picnic

Comcast Xfinity Outdoor Film Festival



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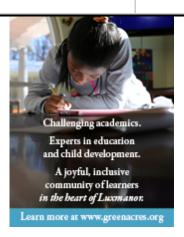
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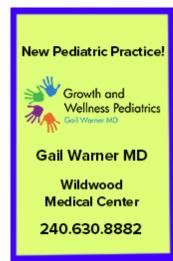
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Pepco/PHI and Exelon Corporation Merger Report

On April 19, 2016 Pepco filed an application with the Maryland Public Service Commission (PSC) to increase rates for its electric distribution service by \$126,784,000. If approved by the PSC these proposed rate increases would go into effect retroactive to May 19, 2016. The PSC has suspended these increases for 150 days from the May 19, 2016 date in order to proceed with the regulatory process of determining whether the proposed rates are just and reasonable. In addition to the \$126.7 million dollar rate increase request, Pepco is also seeking a rate of return on equity of 10.60% and Pepco proposed to continue its Grid Resiliency Charge (GRC) that was initially approved in Case No. 9311. Pepco proposes to accelerate improvement to priority feeders and install single phase reclosing fuse technology. Pepco is requesting \$15.8 million a year for two years for a total of \$31.6 million.

This rate increase request comes on the heels of a multibillion dollar merger agreement between Pepco/PHI and Exelon Corporation. This merger was highly contested by many of the parties who participated in both the Maryland and DC venues. As recently as last week, the DC Office







Appeals and stated that DC OPC intends to ensure the "integrity of the legal process." In Maryland, the Office of the Attorney General, Brian Frosh also filed an appeal of the Maryland PSC's merger decision.

In its dissenting opinion of the merger, two Maryland PSC Commissioners Harold Williams and Anne E. Hoskins found that throughout the merger proceedings, Pepco and Exelon provided insufficient information to conclude that the merger was consistent with the public interest; under Maryland law the merger would need to actually benefit consumers for the merger to be approved. The dissenting Commissioners stated that Exelon "missed a critical opportunity to mitigate harm from this transaction by failing to propose an integrated "utility of the future" strategy to support its reliability commitments. The dissent cited the need for a more reliable system that employs a further efficiencies and a clean electricity service. In addition the dissent noted that the electricity grid of the future needs to achieve "the broad goals of promoting affordable, reliable, clean electricity."

In failing to meet Maryland's legal standard for merger approval, the two dissenting Commissioners cited the "Do No Harm" clause, "Rising Rates and Affordability" and "Corporate Governance and Local Control." In its dissent, the Commissioners addressed the issue of rising electric utility bills rates and the sustainability and affordability of these costs. The Commissioners stated that the "central problem with Exelon's misguided reliability commitment is that it has the practical effect of preauthorizing massive proposed reliability budgets without appropriate review. Indeed, Exelon has asserted that Pepco ... can meet the SAIDI and SAIFI targets (reliability standards created by rule RM 43) promised in the settlement – but only if it spends all of PHI's (Pepco's holding company) planned five-year capital and O&M reliability-related budgets plus an additional \$34 million in reliability expenditures – a total of almost \$1 billion. This significant reliability spending will lead to substantial rate increases....In 2019, at typical Pepco residential customer will pay an estimated extra \$180.00 per year and will have paid an additional \$540 from 2015 through 2019."





My daughter Olivia is available to babysit and help with homework afternoons or evenings.

Contact Tara Tetrault at 301-807-9248 or <u>tara.tetrault@montgomerycoll</u> <u>ege.edu</u>

Spanish native speaker available for tutoring ALL levels. I currently teach AP and level 5 Honors at Whitman.

Fabikast@hotmail.com (301) 675-2604

derecho knocked out power to our community for nearly a week), the PSC determined that Pepco had been imprudent in its management of its electric service delivery system and fined Pepco \$1 million. The PSC found that Pepco's reliability performance remained stagnated in fourth quartile or bottom half of performance. The Commission further penalized Pepco by disallowing the company to recover costs in their next rate case at the Commission because Pepco's poor conduct had resulted in unreliable service for its customers.

Nearly five years have passed since the PSC issued a \$1 million fine and additional penalties to Pepco. The company is now owned by Exelon and reliability remains stagnant in the bottom half of performance when measured by reliability indices. Hundreds of millions of dollars have been collected from ratepayers over the past 5 years. Pepco's shareholders and executives received a billion dollar plus payout as a result of the merger. Now Pepco/Exelon is trying to ask the PSC to raise rates and collect millions more. More than 12,000 of Pepco's Maryland customers were without power last night from a thunderstorm and the promised reliability of five years ago continues to elude Pepco's ratepayers.

On **Tuesday, September 6, 2016 at 6:30 p.m.**, the Maryland Public Service Commission will hold public hearings on Pepco's latest rate increase request. The hearings will be held at the

Montgomery County Executive Office Building First Floor Auditorium 101 Monroe Street Rockville, Maryland 20850

Please plan to attend this hearing and testify before the Commission. Let the Maryland Public Service Commission know that these rate increases should not be approved until Pepco can demonstrate that it can deliver top quartile reliability for its customers.

If you cannot attend the hearing, written comments may also be filed by Friday, October 6, 2016. The comments should be addressed to David J. Collins, Executive Tickets available (excellent seats!) for plays at theaters in MD, DC, NYC, and summer festivals. Please contact Nancy Feldman. 301-530-1355 (C) or 301-938-9743; nifeldman@verizon.net for information.

Danielle Moss, 18, babysitter with experience & transportation, June-September. Available in Rockville, Bethesda, Dewey, Rehoboth, and Bethany. mail@daniellemoss.com; 240-393-7403; http://luxmanorlistserv.org/listserv/babysitter-available-at-beach-or-here

Baltimore, Maryland 21202 and should reference "CASE NO. 9418".

Abbe Milstein President, LCA

Second Annual LCA Movie Night and Picnic

Last year's LCA Movie Night was a great success, and we are going to host the event again this year! The Outdoor Movie Night and Picnic will be held at Tilden Woods Park, Tilden Lane in September (actual and rain dates to be announced shortly). Pack a picnic dinner, and bring your neighbors out for a fun night of music, raffle prizes, and a classic family friendly movie. Don't forget your lawn chairs and blankets. The movie will begin at dusk, approximately 7:30 p.m.

Looking forward to seeing everyone there!

Nurit Coombe LCA, Social Committee Chair

Comcast Xfinity Outdoor Film Festival

Outdoor movies return to Strathmore (Gudelsky Gazebo) as it hosts the Comcast Xfinity Outdoor Film Festival for three nights of free flicks benefiting the National Institutes of Health Children's Charities. Festivities start on the lawn at 6:30pm; films start at 8:30pm.

JURASSIC WORLD

Sat, Aug 20

MINIONS

Sun, Aug 21

THE WIZARD OF OZ

Mon, Aug 22

WEATHER In case of inclement weather, outdoor movies are cancelled. Visit www.strathmore.org or follow

PARKING \$5.10 in Metro garage, payable with credit or SmarTrip card.

DINING Summer favorites from Ridgewells available for purchase.

SEATING Blankets, low-rise chairs, and small coolers welcome outside only. No pets, please.

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Our mailing address is:

Luxmanor Citizens Association
PO Box 34306 • Bethesda, MD 20827

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