



**MINUTES FROM THE WORK SESSION**  
**Held on MAY 26, 1999**  
**For the purpose of Electric Utility Deregulation**

The meeting began at 8:01 PM.

Present were Rodney Roberts, Alan Turnbull, Ed Putens and Thomas X. White.

Also present were Michael Travieso, People's Counsel, Maryland Office of People's Counsel, Tracey Stokes, Assistant Staff Counsel, Maryland Public Service Commission, Eldon Ralph, Director of GHI Physical Plant Operations, Gretchen Overdurff, GHI General Manager, Michael P. McLaughlin, City Manager, and W. Bowman Ferguson, Acting City Clerk.

Mayor pro-tem Tom White introduced guests and introduced the topic.

Michael Travieso, People's Counsel, explained that the duty of his office is to advocate on behalf of residential customers. Mr. Travieso described the current state of the electric power industry, how pricing is set, and how distribution of power is set and regulated. He emphasized that, under deregulation, the generation of power will be deregulated, but transmission and distribution of power will remain regulated. Beginning July 2000, the price of generating electricity will be deregulated. The Public Service Commission will sponsor an education campaign to inform the public of how deregulation will work.

The Maryland Office of People's Counsel hoped that aggregation would play a part in deregulation. Instead, aggregation was specifically prohibited in the legislation. The Office of People's Counsel will solicit the assistance of MML and municipalities to approach the legislature to lobby for the right to aggregate. He asserted that the threshold for cost-effective aggregation is at approximately 10,000 homes. Other states, such as Massachusetts, have successfully aggregated for customers. He recommended viewing the American Local Power Project's website ([www.local.org](http://www.local.org)) for more information.

Sheldon Goldberg asked what the smallest organization was that could aggregate. Mr. Travieso responded that any organization- a bank, a credit card company- could aggregate its customers. The benefit of a municipality aggregating is that there would be no mark-up.

The role of the Public Service Commission is to monitor the entire electric industry, including providers and customers. The Public Service Commission regulates distribution and generation, but after July 1, 2000, it will only regulate distribution. Of the four electric providers in Maryland, two have petitioned for settlement. Other providers are anxious to enter the Maryland power provision market. The City is welcome to attend the hearings on settlements offered to power companies. The Public Service commission staff is responsible for representing not just residential customers, but also larger customers. Mr. Travieso informed the Council that his

office would lobby the Public Service Commission to support aggregation when they testify on the legislation.

Council member Turnbull asked what the megawatt threshold was for efficient aggregation. Mr. Travieso responded that somewhere in the neighborhood of 20,000 megawatts would be the threshold.

Mrs. Stokes reported that generation firms are anxious to be deregulated, because they believe they can increase their profits. Regarding the PEPCO settlement, Mr. Travieso informed Council that PEPCO would sell its plants. They had a claim for \$600 million. The People's Counsel believes that the sale of plants will result in payments in excess of book value. PEPCO will have a three-year freeze on rates. A credit will further reduce those rates. After three years, PEPCO will become a wholesale aggregator.

Representatives from GHI and Council asked questions regarding the details of deregulation and how the changes would affect individual power consumers. Council thanked the speakers for attending and the meeting ended at 10:01 P.M.

Respectfully submitted,

W. Bowman Ferguson

Acting City Clerk