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For Immediate Release

Maryland PSC Approves Settlement in Pepco Rate Request Agreement Lowers Rates by \$15 Million

(BALTIMORE, MD-May 31, 2018) – The Maryland Public Service Commission (PSC) has approved a settlement agreement that would lower electric distribution rates for Potomac Electric Power Company (Pepco) by \$15 million effective June 1, 2018. Pepco serves approximately 566,000 customers in Montgomery and Prince George’s counties.

After filing an application in early January 2018 for a \$41.4 million rate increase, Pepco subsequently modified its request after considering the impacts of the federal corporate income tax reform enacted in late 2017, which lowered the corporate income tax rate from 35% to 21%. On April 12, 2018, Pepco notified the Commission that a settlement had been reached in Case No. [9472](#) among the utility, the Commission’s Technical Staff, the Office of People’s Counsel, Montgomery County, the City of Gaithersburg and others.

Under the terms of the approved settlement, \$9.7 million in tax savings from January 1 through May 31, 2018 will be returned within 60 days to residential customers in a one-time, \$10.09 bill credit. If Pepco identifies any additional tax savings related to federal tax reform, the company must propose to the Commission how it will return those savings to customers as soon as possible.

The Commission noted, in Order No. [88719](#), that “settlement of rate cases of this magnitude are rare. The Commission must carefully review *any* settlement (whether it is contested or unopposed, as in this case) to ensure that the outcome is in fact reasonable and in the public interest. We have thoroughly reviewed this settlement and, based on the record before us, we approve it.”

The average residential customer will see a bill reduction of approximately \$1.64 per month when compared to monthly bills absent the settlement. Additionally, the company’s return on equity remains at 9.5% and Pepco agrees it will not file another base rate case before December 15, 2018.

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About the Public Service Commission:

The Maryland Public Service Commission regulates electric and gas utilities, telephone companies (land lines), certain water and sewer companies, passenger motor vehicle carriers for hire (sedans, limousines, buses, Uber, Lyft), taxicab companies (in Baltimore City and County, Cumberland and Hagerstown) and bay pilot rates.

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