

Investment Grant Program (“DOE FOA”), which is due on August 6, 2009. The Commission recognizes that the ability of the Companies to obtain a grant for their AMI deployment, if such deployment is approved by the Commission, could reduce the costs that the Companies may seek to recover from their ratepayers. From the Commission’s reading of the DOE FOA, DOE also recognizes that utilities may be applying for a grant for funding an AMI project which requires approval of a state regulatory agency that has not been obtained on the date the application for the DOE FOA is due:

For projects that include the need for approvals from state, local, regional, and/or federal agencies, submitted Project Plans are required to include a discussion in the technical approach of when and how those approvals will be obtained. Applications should include correspondence from the relevant regulatory agency indicating when the approval process will begin and outlining the likely timeline

Applicants that do not yet have regulatory approval are eligible for receiving an award. Examples might include applications that require approvals for cost recovery or dynamic pricing tariffs. However, DOE may withhold some or all of the grant funds until regulatory approval is obtained.

Consequently, the Commission does not find that it is required to approve a regulatory asset for the deployment of AMI, as requested by the Companies, in order for the Companies to be eligible to receive an award of the DOE FOA.

The Commission is committed to reviewing the Company’s AMI proposals on an expedited, but feasible, schedule. In that regard, the Commission hereby establishes an aggressive procedural schedule for considering the Company’s AMI project and, if approved, any appropriate mechanisms for the recovery of the costs associated with the project. That said, and although it is mindful of the opportunity for federal funding, the

Commission notes that it must and will undertake a thorough and careful review before approving programs of this cost and magnitude.

The Commission declines to grant regulatory asset treatment to the costs associated with the Companies' deployment of AMI at this time. The Companies have not met their burden of demonstrating the need for such an extraordinary regulatory relief. The Commission finds nothing in the DOE FOA that supports the Companies' claim that approval of this treatment by the Commission is required in order for the Companies to be awarded a grant under the DOE FOA. Consequently, the Commission will consider the manner in which the Companies may obtain cost recovery from their ratepayers in conjunction with the Commission's consideration of the Companies' AMI proposal.

IT IS THEREFORE, this 5th day of August, in the year Two Thousand Nine, by the Public Service Commission of Maryland,

ORDERED: (1) That the joint request of Potomac Electric Power Company and Delmarva Power & Light Company to establish a regulatory asset for its deployment of AMI is denied;

(2) That Case No. 9207 is initiated to consider the joint proposal by Potomac Electric Power Company and Delmarva Power & Light Company to deploy Advanced Meter Infrastructure in Maryland;

(3) That the two Companies, Staff, the Maryland Office of People's Counsel, the Maryland Energy Administration, the Montgomery County Office of Consumer Protection, AARP Maryland, and the Apartment and Office Building Association of Metropolitan Washington are deemed Parties of Record in the proceeding;

(4) That the Companies shall file a copy of the application that they submit to the Department of Energy in response to the DOE FOA; and

(5) That the following procedural schedule is adopted:

- By August 20, 2009 - Persons that have not been deemed Parties of Record in the proceeding shall file Petitions to Intervene;
- By September 1, 2009 - the Companies shall file direct testimony;
- By October 9, 2009 - Parties of Record and Intervenors shall file direct testimony;
- By October 29, 2009 - the Companies, Parties of Record, and Intervenors shall file reply testimony;
- Hearings in the proceeding shall be conducted in the Commission's 16th Floor Hearing Room as follows:

Tuesday, November 10, 2009, beginning at 10 a.m.

Thursday, November 12, 2009, beginning at 10 a.m.

Friday, November 13, 2009, beginning at 10 a.m.

- The Commission intends to issue an Order by December 31, 2009.

In the event that additional hearing dates are needed, the Commission will schedule such dates as needed. The Commission retains the right to make changes to this procedural schedule as necessary.

By Direction of the Commission,

/s/ Terry J. Romine

Terry J. Romine
Executive Secretary

cc: Ronald Decker, Esq., Staff Counsel
Paula C. Carmody, Esq., People's Counsel

Walt Auburn, MEA
The Honorable Eugene W. Grant, Seat Pleasant, Maryland
Jack Johnson, County Executive, Prince George's County
Council Member Roger Berliner, Montgomery County Council
Council Member George Leventhal, Montgomery County Council
Eric S. Friedman, Director, Montgomery County Office of Consumer Protection
Frann Francis, Esq., AOBA
Henry M. Greenberg, AARP Maryland