

PRESS RELEASE: September 12, 2011

Sugarloaf Conservancy

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Sugarloaf Conservancy Thanks the Maryland Public Service Commission for their Support

The Federal Energy Regulatory Commission (FERC) on May 19, 2011 sought comment on the scope and implementation of the Commission's transmission incentive regulations and policies. Sugarloaf Conservancy thanks the Maryland Public Service Commission (MPSC) for its filing today with FERC. Their filing supports the position we have taken in regard to FERC incentives. In their comments they stated in part:

- An incentive return on equity ("ROE") should only be awarded in highly unusual circumstances where risk cannot be effectively mitigated or the proposed project presents extraordinary benefits to ratepayers
- The ROE (Return on Equity) should be reduced when the Commission grants transmission incentives that mitigate risk
- Routine projects should not be granted transmission incentives

Sugarloaf Conservancy's strong belief is that FERC's current incentives put an unnecessary burden on the taxpayer, as stated recently by Jeff Davis of the Missouri Public Service Commission. He writes the following in an article published in an industry magazine, *Transmission & Distribution World*.

"FERC's repudiation of the 'beneficiaries pay' doctrine along with all the 'candy' incentives they are offering have created a modern-day gold rush to the transmission sector. Unfortunately, all the gold in this mine winds up in the hands of the transmission owners who get paid handsomely to build assets they end up owning. Consumers won't even realize they have gotten 'the shaft' until a few years from now when their electric bills start going up to pay for these projects."

Would Allegheny Energy and American Electric Power continue to insist the PATH transmission line be kept in abeyance instead of terminating the project if they were not receiving a 14.3% return on equity? The answer is obvious. MDPSC says, "The probability that a project will be abandoned because of new forecasts, intervenor opposition or any other factor did not change, but consumers have now absorbed the entire risk – at the Commission's direction." In addition to asking FERC to rescind or modify its incentives, we ask our Federal elected officials to take legislative action to assure the elimination of incentives for the enrichment of the transmission companies at the expense of the public.