

April 15, 2008

FOR IMMEDIATE RELEASE

Tom Dennison 301-274-4342

Tom.Dennison@SMECO.coop

SMECO Announces Southern Maryland Reliability Project
Project will meet increased demand, ensure continued reliability

In the face of growing electricity demand, Southern Maryland Electric Cooperative (SMECO) today announced a proposal to improve its transmission delivery system and ensure continued reliable power to residents in Southern Maryland.

SMECO intends to increase the capacity of its existing 69-kilovolt (kV) transmission line located in Calvert and St. Mary's counties to 230 kV. The upgrade will provide additional capacity and create a continuous "loop" of electricity around SMECO's service area, creating greater operational flexibility to move power around and to isolate and minimize power outages. For the most part, new poles will replace existing poles.

Over the past 30 years, SMECO's customer base has tripled, while the amount of energy used is five times greater and expected to continue to grow. This project will help SMECO meet the power needs of its customer-members.

"Our customers' increasing demand for electricity means we need to improve our transmission system," said SMECO President and CEO Austin J. Slater, Jr. "That's why we have proposed the Southern Maryland Reliability Project — to ensure reliable power for SMECO's customer-members with minimal effect on current rates or the environment," he added.

Slater and other SMECO personnel presented the plans for the project to the Calvert County Commissioners at their weekly meeting today.

Largely following the same route as the current line and staying within existing rights-of-way, the new power line will run south from Holland Cliff through Calvert County, cross the Patuxent River, and enter St. Mary's County to end in Lexington Park.

Although SMECO will consider alternative routes, new rights-of-way are not necessary along the preferred route, with the exception of areas like the lower Patuxent River crossing. The cost of the project will be rolled into SMECO's annual construction budget and financed over many years.

- more -

The co-op has spent considerable time meeting with state and local elected officials, business leaders, environmental organizations, and community groups in the area, and it plans to hold several public open houses in the upcoming months. SMECO is committed to working with communities along the route to ensure the improvement project is done right.

Public feedback and concerns raised during the open houses will be incorporated into the application for a Certificate of Public Convenience and Necessity (CPCN) for the project. The CPCN will be submitted to the Maryland Public Service Commission in October 2008.

SMECO hopes to receive approval for the project in 2010, begin construction in 2011, and complete the project by 2015.

For more information about the Southern Maryland Reliability Project or the open house meeting process, residents can visit SMECO online at www.SMECO.coop.

###

SMECO is a customer-owned electric cooperative providing electricity to over 144,000 services in southern Prince George's County, and in Charles County, St. Mary's County, and all but the northeast portion of Calvert County. Co-ops are distinctly different from investor-owned utilities because co-ops are owned by their customers, and these members vote for men and women who sit on the Board of Directors. As one of over 600 Touchstone Energy Co-ops, SMECO promotes values that are important to its customer-members: Accountability, Integrity, Innovation, and Commitment to Community.

Co-ops also issue capital credits to their members. What are capital credits? They are the member's share of the co-op's margins, based on how much electricity the member purchased and the rate at which the account was billed. SMECO's margins—revenue less expenses—are used as working capital for new construction and system improvements. Each year, SMECO determines what percentage of the capital credits can be distributed to the members. Capital credits are then issued by check or credited to the member's electric bill.

---end---