

PAULA M. CARMODY
PEOPLE'S COUNSEL

THERESA V. CZARSKI
DEPUTY PEOPLE'S COUNSEL

STATE OF MARYLAND



OFFICE OF PEOPLE'S COUNSEL

6 Saint Paul Street, Suite 2102
Baltimore, Maryland 21202
(410) 767-8150 (800) 207-4055
FAX (410) 333-3616
WWW.OPC.STATE.MD.US

ASSISTANT PEOPLE'S COUNSEL

WILLIAM F. FIELDS
GARY L. ALEXANDER
RONALD HERZFELD
JOSEPH G. CLEAVER
MOLLY G. KNOLL
JACOB M. OUSLANDER
JOYCE R. LOMBARDI

*** * *NEWS RELEASE* * ***

CONTACT:

Paula M. Carmody
People's Counsel
Office of People's Counsel
410-767-8162 (W) or 410-241-2716 (cell)
paula.carmody@maryland.gov

**PEOPLE'S COUNSEL CHALLENGES BGE'S CASE
FOR A DRAMATIC INCREASE IN ELECTRIC AND GAS RATES**

Baltimore, Md. (February 8, 2016) – In expert testimony filed today with the Maryland Public Service Commission (Commission), the Office of People's Counsel challenged BGE's request for a combined rate increase of \$200 million for its electric and gas customers. Most of that rate increase would be paid by BGE's residential customers, if the Commission grants the request. BGE's application marks its fifth request for a rate increase since the start of 2010.

The major portion of the requested increase is attributable to BGE's deployment of electric and gas "smart meters" throughout its service territory. OPC has recommended that the Commission approve only a \$24.7 million electric rate increase, and a \$6.7 million gas rate increase.

"In 2010 the Commission told BGE it could go ahead and put smart meters in people's homes, but with a clear caveat: BGE could not recover the enormous deployment costs unless the Company showed that that project was cost-effective for BGE's customers – the very people it was supposed to help," said People's Counsel Paula Carmody, who heads the Office of People's Counsel (OPC). "OPC has

conducted an extensive review of BGE's 'business case' for incurring these costs, with the assistance of several experts. The end result of that review is that this deployment has cost more than the benefits it will provide to customers over a ten-year period. Customers should not have to pay for those additional costs." Ms. Carmody said. Ms. Carmody noted that there have been a number of increases in distribution rates over the past several years, and BGE customers also are paying extra surcharges for reliability-related costs in addition to the distribution rates.

OPC also urged the Commission to reject the proposal that Baltimore City customers alone should pay for increases in a conduit fee charged to BGE for its use of underground conduits in providing electricity services. "The Company always has included those costs in its overall cost of serving its customers throughout the entire service territory," said Ms. Carmody. "The Company does not allocate costs of poles and wires, leases and fixed charges to customers based on where they live. They should not be allowed to do that with the conduit fee, just because of a fee increase. The proper amount of the fee is the subject of litigation, and once that is decided, the fee can be adjusted accordingly."

OPC also has submitted testimony recommending the rejection of BGE's request for a substantial increase in the customer charge, which is a fixed charge on the customer bill.

The Maryland Office of People's Counsel is an independent state agency which represents residential consumers of regulated utility services, including electric, gas, telecommunications, and water services, before the Maryland Public Service Commission, other state and federal agencies and the Courts.