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## **PSC chief appeals for lower BGE rates**

### **He asks lawmakers to limit passed-on costs**

By Laura Smitherman

Sun reporter

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Maryland's top energy regulator asked lawmakers yesterday to limit certain costs that are passed on to BGE's customers, potentially saving them more than \$1.4 billion in coming decades.

Steven B. Larsen, chairman of the Public Service Commission, also asked lawmakers to expand the agency's subpoena power over [Baltimore Gas and Electric Co.](#)'s parent company, Constellation Energy Group. He made the pitch before House and Senate committees that are considering legislation to revisit a 1999 deregulation agreement with Constellation that many lawmakers now contend was a raw deal for consumers.

"Passage of this bill is critical to ensuring we are protecting BGE ratepayers," Larsen said.

Constellation said in written testimony that "there is no need for this hurriedly-developed legislation, which has not been adequately studied."

A war of words between Constellation and state officials has been escalating in recent weeks. Constellation, which did not send representatives to testify at yesterday's hearings, said in a brief position paper that lawmakers should not be allowed to renege on the 1999 deal, which was agreed to as the state opened energy markets to competition.

The watchdog group Common Cause and other organizations plan to release a report today detailing more than \$1 million in campaign contributions by electric utility companies and their political action committees to the lawmakers who pushed for deregulation.

"The guys who led the charge for electricity deregulation are the same lawmakers who got the lion's share of campaign contributions from the utility industry," said Sean Dobson, director of Progressive Maryland, which also worked on the report. "We don't think that looks good."

The PSC has been studying the deregulation deal and has zeroed in on costs that ratepayers must pay for the eventual decommissioning of the Calvert Cliffs nuclear power plant.

Those costs were limited under the 1999 agreement and estimated under one formula to reach \$5.2 billion. But Larsen said Constellation used another formula with the Nuclear Regulatory Commission that put those costs at about \$3.7 billion. The proposed legislation would return the limit on ratepayer liability to the lower figure.

Larsen said the nearly \$1 billion that Constellation has collected from ratepayers, plus the rate of return on those invested funds over the next three decades, could cover the lower estimate, so that further payments wouldn't be required.

Ratepayers get credits on their bills covering what they pay for decommissioning and other costs as part of a law passed in 2006 in reaction to a 72 percent BGE rate increase. The credits are spread over 10 years and average about \$3 a month per household. The credits are the subject of dueling lawsuits filed by the state and Constellation.

Constellation said the proposed legislation would discourage investment in Maryland and "send the wrong signal about the sanctity of contracts in Maryland." The company has threatened to build a new nuclear power plant in New York instead of Maryland if the regulatory environment doesn't improve. The new plant is considered crucial to meeting Maryland's future power needs.

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