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BGE Rate Stabilization Fact Sheet

Electric Choice and Competition Act

- ◆ In 1999, the Maryland General Assembly passed the Electric Customer Choice and Competition Act. Part of this Act required that all customers receive a rate reduction, followed by a rate freeze for at least four years.
- ◆ The rate reduction for BGE customers was based on the last BGE rate case which was in 1993. BGE customers received a rate reduction of 6.5%. The Commission's Technical Staff estimated that in 2005 alone, this rate reduction saved customers \$474 million or an average of \$30 per month per customer.
- ◆ The rate freeze in the BGE service territory will expire on July 1, 2006. The Commission's Technical Staff has estimated that Standard Offer Service Prices in the BGE service territory could increase from 40% to 81% at that time.

BGE Rate Stabilization Plan

- ◆ The BGE Rate Stabilization Plan adopted by the Commission begins in July 2006 and ends May 2008 for most residential customers. This two-year rate mitigation plan allows customers the option of more gradually adjusting to market rates over an extended period of time.
- ◆ Low-income customers participating in the Electric Universal Service Program will receive an option of a three-year rate mitigation plan because of the additional difficulties price increases could cause for low-income customers.
- ◆ As part of the rate stabilization plan the initial increases will be limited to 21% and customers will receive credits to the distribution portion of their bill from July 2006 to February 2007. For the remaining period of the plan customers will receive a charge to the distribution portion of their bill to recover the deferred amount. At the conclusion of the program, a final true-up will occur for program participants.
- ◆ The rate stabilization plan will serve as the default option for residential customers. Customers who wish to pay the full price of electricity from July 1, 2006 will have the opportunity to select this option as well.
- ◆ BGE will pay the full market price of the electric generation even though customers will only be paying the mitigated amount. The Commission determined that the appropriate interest rate for recovering this short-term deferred balance is 5.0%.
- ◆ BGE is required to work with Commission Staff and other interested parties to develop a consumer education plan and enrollment details which must be submitted to the Commission by March 31, 2006.