

**CITY OF BALTIMORE
COUNCIL BILL 10-0229R
(Resolution)**

Introduced by: President Young, Councilmembers D’Adamo, Cole, Stokes, Branch, Holton,
Henry, Clarke, Middleton, Welch, Kraft
Introduced and read first time: October 18, 2010
Assigned to: Public Safety and Health Committee

A RESOLUTION ENTITLED

1 A COUNCIL RESOLUTION concerning

**Informational Hearing – BGE Application
for Electric and Gas Rate Increases**

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4 FOR the purpose of inviting the President and CEO of Baltimore Gas and Electric Company to
5 address the Council on the company’s application to the Maryland Public Service
6 Commission to revise electric and gas base rates; the number and frequency of late or non-
7 payment by Baltimore City residents under the current rate structure; the average increased
8 cost of utilities to residential households; and measures in place or under consideration to
9 lessen the impact of the proposed rate increases on the economically challenged citizens of
10 Baltimore City.

Recitals

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12 On May 7, 2010, officials from BGE presented testimony before the Maryland Public
13 Service Commission (PSC) to demonstrate the need for an increase in its electric distribution
14 revenue requirement of \$110.8 million and an increase in its gas distribution revenue
15 requirement of \$42.4 million. However, because of a settlement agreement in March 2008, BGE
16 cannot be awarded an increase in its electric distribution revenue requirement of more than \$46.9
17 million.

18 Following the presentation to the PSC, on October 5, BGE began a series of evening
19 hearings for public comment in Bel Air, Towson, Baltimore City, Annapolis, and Columbia and
20 also presented an opportunity for written public comments. Some of the comments to date
21 include opposition to the rate increase because BGE has allegedly been overcharging ratepayers
22 for distribution; that BGE needs only \$21.5 million, not \$47 million to offset rising expenses for
23 electric delivery and that BGE needs an increase of no more than \$8 million for gas delivery, as
24 opposed to the \$30 million that it projects.

25 Consumer advocates hold that BGE’s request is unwelcome, even if it amounts to only a few
26 extra dollars a month, as claimed by company officials. An official of the nonprofit consumer
27 group Maryland PIRG contends: “They’re increasing rates, which is tough for customers that
28 have seen 85% increases in their utility bills since 1999. It would be reasonable to request the
29 increase if they were delivering on their promises made to help customers reduce their bills. But
30 since they’re not delivering on their promises ...we don’t see it as a reasonable request.”

EXPLANATION: Underlining indicates matter added by amendment.
~~Strike out~~ indicates matter deleted by amendment.

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1 An article published in the *Baltimore Business Journal*, September 21, 2010 entitled “State’s
2 unemployment report shows recession is ‘coming to roost’ in Md.” reports that although
3 technically the recession ended in June 2009, Maryland may be finally feeling its strongest
4 lashes. Figures recently released by the U.S. Bureau of Labor Statistics show that the State lost
5 about 6,000 jobs in August, and its unemployment rate rose to 7.3% as a result.

6 While the State’s economic outlook might be bad, the outlook for the Baltimore-Towson
7 metro area is downright grim. The Bureau reported that while in more than half of the country’s
8 49 largest metropolitan areas the jobless rate improved between August 2009 and August 2010,
9 in the Baltimore area the unemployment rate sat at 8.2%, five-tenths a percentage point higher
10 than it was in August 2009.

11 As Baltimore City’s population continues to shoulder-on in the face of unrelenting economic
12 crisis, it is imperative that any additional financial burden be examined to determine if the
13 imposition of such is necessary, desired, and of benefit to Baltimore’s citizenry.

14 **NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE,** That the
15 President and CEO of Baltimore Gas and Electric Company is invited to address the Council on
16 the company’s application to the Maryland Public Service Commission to revise electric and gas
17 base rates; the number and frequency of late or non-payment by Baltimore City residents under
18 the current rate structure; the average increased cost of utilities to residential households; and
19 measures in place or under consideration to lessen the impact of the proposed rate increases on
20 the economically challenged citizens of Baltimore City.

21 **AND BE IT FURTHER RESOLVED,** That a copy of this Resolution be sent to the Mayor, the
22 President and CEO of Baltimore Gas and Electric Company, and the Mayor’s Legislative
23 Liaison to the City Council.