CITY OF BALTIMORE COUNCIL BILL 06-0152R (Resolution)

Introduced by: President Dixon, Councilmembers D'Adamo, Holton, Young, Harris, Curran, Kraft, Mitchell, Welch, Clarke, Spector, Rawlings Blake, Conaway Introduced and adopted: March 6, 2006

A COUNCIL RESOLUTION CONCERNING

1	Informational Hearing – Deregulation – Rate Increases
2 3 4 5	For the purpose of inviting the Maryland People's Counsel, the President of BGE, and the Chairman of the Maryland Public Service Commission to brief the City Council on the effects of deregulation of electric utilities in Maryland and the resultant increase in the cost of utilities to Baltimore consumers.
6	Recitals
7 8 9 10 11	In December 2005, the FPL Group, Inc. and the Constellation Energy Group, Inc., the parent company of Baltimore Gas and Electric, the utility that supplies electricity to more than 1,000,000 residential and business customers and gas to over 600,000 gas customers in 10 counties and Baltimore City, announced that an agreement had been made to merge to create the nation's largest competitive energy supplier.
12 13 14 15 16	The proposed merger is part of an unfortunate confluence of events that will result in an exorbitant rise in utility bills for Baltimore residents this summer. The merger, combined with the effects of legislation passed in 1999 that deregulated electric utilities, the rise in global energy prices, and possible pollution control legislation, is expected to result in an average rate increase of 40% to 80% this summer.
17 18 19 20 21 22	The Office of the People's Counsel, an independent State agency that represents and advocates for Maryland's residential utility consumers, filed a petition with the Maryland Public Service Commission requesting that the Commission immediately begin an investigation into the effect of the proposed merger on BGE and warns that Maryland Consumers "have a vested interest in considering the following points and the impact any proposed changes will have on safe, reliable, and affordable utility service in the future:
23 24 25	(1) If market price of electricity is more than a utility is allowed to recover for that electricity, will consumers be forced to pay the difference — either in the long run or in the short run?
26 27 28	(2) Will consumers be subjected to less reliable service because the utility would not have sufficient revenues to fund needed improvements to its plants? What will the impact on consumer service be in the event of major storms?
29 30 31	(3) If electricity costs can be capped, without fallout for consumers, then why are there not caps for home heating oil, natural gas, and propane? Those costs for residential consumers have likewise increased substantially in the last 2 years."

Council Bill 06-0152R

1	Several bills have been introduced in the Maryland General Assembly to mitigate the
2	expected increases. Some of these proposals would phase in the increases over a number of
3	years or modify rates so that consumers' bills would be averaged out over a billing period; others
4	call for delaying rate increases until after the merger is approved, and still another would allow
5	consumers to defer a portion of the increased rates but would force them to repay the utility
6	company with interest.
7	Before the City Council can take a position on the proposed legislation, it is imperative that
8	the Council and the constituents it represents fully understand the many ramifications of the
9	change in delivery of utility service.
10	Now, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF BALTIMORE, That the
11	Maryland People's Counsel, the President of BGE, and the Chairman of the Maryland Public
12	Service Commission are urgently requested to brief the City Council on the effects of
13	deregulation of electric utilities in Maryland and the resultant increase in the cost of utilities to
14	Baltimore consumers.
15	AND BE IT FURTHER RESOLVED, That a copy of this Resolution be sent to the Mayor, the
16	Maryland People's Counsel, the President of BGE, the Chairman of the Maryland Public Service
17	Commission, the Executive Director of the Commission on Aging and Retirement Education, the
18	Director of the Baltimore City Department of Social Services, and the Mayor's Legislative

Liaison to the City Council.

19