



Legislation Text

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INTRODUCTORY*

CITY OF BALTIMORE
COUNCIL BILL R
(Resolution)

Introduced by: President Young

A RESOLUTION ENTITLED

A COUNCIL RESOLUTION concerning
Informational Hearing - BGE Application for Electric and Gas Rate Increases

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

Recitals

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

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

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

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

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

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

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

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

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