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PUBLIC SERVICE COMMISSION

FACT SHEET

Optional Rate Stabilization Plan For BGE's Residential Electric Customers

- ◆ **Last year on July 1, 2006, the rate freeze for electric residential customers in BGE's service territory expired.** As a result, prices for Standard Offer Service (SOS, which is the supply portion of electricity service, but not the distribution portion) for July 1, 2006 to May 31, 2007 were set to increase 72%, or \$743 a year for an average residential customer. **However, in June 2006 the General Assembly passed Senate Bill 1, limiting the rate increase to 15%.** Senate Bill 1 required all BGE residential customers to participate in a rate stabilization plan that deferred their payment of the difference between the 15% increase and the 72% increase from July 2006 through May 2007. Senate Bill 1 further requires customers to pay back the deferred amount over a period of 10 years, with interest. For a residential customer using 1000 kwh a month, it is estimated that it will cost an additional \$3.00 - \$6.00 per month to repay the amounts deferred under Senate Bill 1.
- ◆ **Senate Bill 1 also requires that SOS rates for residential customers of BGE are to go to market levels on June 1, 2007.** Current SOS market rates, on an annual basis, are approximately 50% than those put in place last year following Senate Bill 1.
- ◆ SOS rates are determined through a competitive bidding process.
- ◆ SOS rates have risen because of supply constraints and cost increases for natural gas, coal and other fuels, which are needed to run generating plants. One-half of the SOS price is from bidding conducted in January and February 2006, and one-half from bids conducted in 2007. Market prices declined roughly 7 percent in the 2007 bidding compared to the 2006 bidding.
- ◆ Senate Bill 1 further provides that **BGE's residential customers have the option to** (1) pay the full market price for SOS on June 1, 2007, or (2) voluntarily participate in a Commission approved second rate stabilization plan that will establish intermediate rates between June 1, 2007 and January 1, 2008.
- ◆ On March 8, 2007, the Commission instituted Case No. 9099 to carefully examine BGE's rates and a proposed rate stabilization plan for June 1 to December 31, 2007. After conducting extensive hearings for eight days, receiving testimony and conducting cross examination of 23 witnesses, and reviewing hundreds of pages of testimony and other evidence, the Commission issued Order No. 81423 in Case No. 9099 on May 23, 2007.

- ◆ The rate stabilization plan approved by the Commission in its order allows customers to choose an option that provides a more gradual transition to market rates. **Customers who choose to participate in the stabilization plan will start paying full market prices on January 1, 2008, rather than June 1, 2007. There will be no interest charged for this second stabilization deferral plan.**

Details of the June 1, 2007 – December 31, 2007 Rate Stabilization Plan for BGE SOS

- ◆ **OPTION 1 – Do nothing and begin paying market rates on June 1, 2007.** Customers who do not enroll in Option 2 will see an approximate 50% total annual bill increase. BGE's 2007 rates are published on the company's website at www.bge.com.
- ◆ **OPTION 2 – Enroll in BGE's 2007 Rate Stabilization by June 30, 2007.** Under Option 2 you will receive rates that will be approximately 18 percent lower than market rates for the months June through September 2007 and approximately 8 percent lower than market rates for the months October to December 2007. Beginning January 1, 2008, you will pay full market rates at the same level as those customers choosing Option 1. You will pay back the deferred amounts between April 1, 2008 and December 31, 2009. **No interest will be charged for these deferred repayments.** The repayments will be calculated on your usage and appear as a separate line item on your bill. If you choose Option 2, you will pay slightly more than Option 1 customers starting in April 2008, because you will be paying the repayment charges as well as market rates.
- ◆ **The enrollment period is May 23 to June 30, 2007.** Customers can enroll in Option 2 by calling BGE's automated telephone system at 1-888-234-0505, or enter their selection through BGE's website at www.bge.com.
- ◆ For customers already enrolled in BGE's budget billing program, the rate stabilization plan will not affect the budget billing amount.
- ◆ Since the deferral credit will apply to the distribution service, not the generation service, customers who get their supply service from a supplier other than BGE are still eligible to participate in the optional rate stabilization plan. If you choose an alternative supplier after the plan enrollment period ends on June 30, 2007, your previous choice to either enroll in the stabilization plan or do nothing and begin paying market rates on June 1, 2007, will not be changed.

What you can do to reduce your bill:

- **Enroll in a budget-billing plan.** BGE offers a budget-billing plan where your payments are the same each month. By spreading your higher winter heating or summer cooling bills throughout the year, you will not be burdened by a large bill all at once. BGE keeps a rolling balance of what has been billed versus what had been used, and pays you interest on any credit balance in your budget billing account. If you purchase electric from a supplier, ask your supplier if budget billing is available.

- **Apply for assistance.** The **OFFICE OF HOME ENERGY PROGRAMS (OHEP)** helps low-income Maryland citizens pay their heating bills, minimize heating crises, and make energy costs more affordable. Low income customers can apply for the **MARYLAND ENERGY ASSISTANCE PROGRAM** and **THE ELECTRIC UNIVERSAL SERVICE PROGRAM**. Please call 1-800-352-1446 for additional information, including the income requirements and an application. Visit <http://170.224.111.196/meap/index.htm> for more information.
- **Shop around.** Obtain a list of the alternative electric suppliers making offers in BGE's service territory from the PSC's website at www.psc.state.md.us or call (410) 767-8028, and choose option #1, to obtain a list.
- **Conserve energy.** Obtain a copy of the PSC's brochure entitled "Tips for lowering your Energy Costs," available from the PSC or on its website at www.psc.state.md.us (look for "Consumer Brochures"). Additionally, you can visit www.bge.com for more energy saving tips.