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PUBLIC SERVICE COMMISSION

For Immediate Release

Maryland PSC Approves Limited BGE Rate Request

Agency Denies Request for Recovery of Increased Baltimore City Conduit Fees

(BALTIMORE, MD-June 3, 2016) – The Maryland Public Service Commission has denied a substantial portion of the Baltimore Gas and Electric Company’s (BGE) request to increase its rates for gas and electricity by \$224.5 million, granting instead a revenue increase of \$89.5 million. BGE’s original proposal requested monthly rate increases to the average residential monthly bill of \$7.05 (electric) and \$8.01 (gas), plus an additional charge reflecting the increased Baltimore City conduit fee. Instead, the average residential monthly bill is expected to increase approximately \$2.67 (electric) and \$4.86 (gas), with no additional charge for the Baltimore City conduit fee.

The Commission notes that the utility’s unusually large request included recovery of costs for Baltimore City’s decision to raise the conduit lease fee rates it charges BGE, the Company’s smart meter deployment (costs which had been deferred until the system was proven to be cost beneficial), and ongoing reliability and safety-related investments.

Regarding the Baltimore City conduit fee, BGE had requested a bill surcharge to recover an increase of \$30.7 million per year in conduit fees. The Commission denied this request, noting that there are still many unresolved issues and a pending lawsuit between the City and BGE in the matter. The Commission will allow BGE to continue to recover in rates approximately \$10 million a year in conduit lease fees it has been paying.

“We urge BGE and Baltimore City to reach a resolution that ensures that BGE customers will pay a reasonable conduit fee that accurately reflects the necessary costs of maintaining a safe and reliable electric distribution system,” said PSC Chairman Kevin Hughes.

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BGE's request also included recovery of \$140.7 million related to its investment over the past six years in Advanced Metering Infrastructure (AMI or 'smart meters'). The Commission received testimony on the benefits of smart meters, including the technology's ability to lower energy bills, improve customer service and relieve peak-time pressure on BGE's transmission and distribution systems. While the Commission found compelling evidence that BGE's AMI system is cost beneficial to its customers, it disallowed \$47.8 million of BGE's request and authorizes BGE to recover the allowed portion of the costs over 10 years, instead of five as BGE had requested. Ultimately the Commission concluded that for every \$1 invested in the AMI system, customers will receive at least \$1.28 in benefits.

The new rates will go into effect June 4, 2016. In its order, the Commission acknowledges the burdens that increased rates place on ratepayers, particularly low-income customers. "We have strived to limit the rate impact in this case while allowing the company to invest in safety and reliability and continue to modernize its distributions systems for the benefit of its customers," the order states.

The Commission's decision included a thorough review of the company's application, testimony from the proceedings and comments from five public hearings.

Commissioners Harold Williams and Anne Hoskins filed a concurring statement and Commissioners Harold Williams and Michael Richard filed a dissent in part.

The complete details for Order No. [87591](#), Case No. [9406](#) are available on the Commission's website, www.psc.state.md.us.

About the Public Service Commission:

The Maryland Public Service Commission regulates electric and gas utilities, telephone companies (land lines), certain water and sewer companies, passenger motor vehicle carriers for hire (sedans, limousines, buses, Uber, Lyft), taxicab companies (in Baltimore City and County, Cumberland and Hagerstown) and bay pilot rates.

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