For Immediate Release

Maryland PSC Approves Partial BGE Gas Rate Increase Request
Customers to Also Receive Bill Credit for Tax Savings

(BALTIMORE, MD-January 4, 2019) – The Maryland Public Service Commission has denied a portion of the Baltimore Gas and Electric Company’s (BGE) request to increase gas distribution rates by nearly $85 million, instead approving a revenue requirement of $64.9 million. That amount includes $21.7 million currently being recovered through a surcharge on customer bills through the infrastructure improvement program known as STRIDE. BGE delivers natural gas to 650,000 customers in central Maryland.

The Commission, in Order No. 88975, also directed BGE to refund approximately $1.7 million to customers as a result of excess taxes recovered in January 2018, soon after the federal Tax Cuts and Jobs Act of 2017 was implemented in December 2017. The payback must occur as a one-time bill credit within 60 days of the order.

As a result of the decision, the average residential monthly gas bill is expected to increase by $5.40 per month. The fixed monthly charge portion of a residential customer’s bill will increase $1.00 from the current $13.00.

“Determining the appropriate increase in this rate case is not an exact science, but rather the balancing of many considerations,” the Commission stated in its order. “Based on the record, the Commission has determined that the revenue increase is appropriate.”

The Commission denied the Company’s request for a return on equity (ROE) of 10.5%, instead approving an ROE of 9.8%, which the Commission asserts “is sufficient to assure confidence in BGE’s financial integrity, and is adequate to maintain and support BGE’s credit and attract needed capital.”

The Commission granted the company’s request for an inflation rate adjustment, noting that inflation exerts upward pressure on costs. The Commission approved a 1.4% factor, based on a five-year average of the Consumer Price Index, to better align revenue to the rate-effective period.

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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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