

**CASE No. 9052 – Baltimore Circuit Court Case No. 24-C-06-003976 (Mayor and City Council v. PSC); Court of Special Appeals Case No. 516, 2006 Term, PSC and Baltimore Gas and Electric Company v. Mayor and City Council; Baltimore Circuit Court Case No. 24-C-06-004895 (Mayor and City Council v. PSC)**

OPC participated in all stages of the litigation surrounding the proposed rate increase of 72% for Baltimore Gas and Electric Company (BGE) residential customers. This case primarily dealt with plans to defer a portion of the rate increase to allow customers to adjust to the higher rate levels. Although these types of proposals would not actually reduce customer's total bill, OPC did participate in this litigation in an attempt to improve these deferral plans. The original deferral proposal, which was supported by BGE and the PSC Staff, called for customers to pay back the deferral amount to BGE over relatively short time frame and with an interest payment of approximately 12.5% per year. OPC argued that BGE was already making a profit on supplying Standard Offer Service power and it should not receive any additional profits in the form of an interest payment on deferred amounts. The PSC issued an Order on March 6, 2006 which reduced the interest rate from 12.5% to 5%.

BGE subsequently filed a Motion to Change its Rate Deferral Plan to align its plan with the plan announced by the Governor. The BGE plan included interest payments at BGE's actual short-term borrowing cost and was optional for customers. OPC responded by arguing for no interest payments and supporting the concept of an optional plan. After the PSC held a hearing on April 27, 2006, the PSC issued an Order dated April 28, 2006, that amended the BGE plan as BGE requested and stated plan participants would not be charged interest but BGE would account for the actual financing cost as a "regulatory asset" and implied that BGE would be compensated for those costs in some matter. OPC filed a Request for Clarification and Reconsideration of this Order on May 1, 2006 seeking a total elimination of interest payments.

The Mayor and City Council of Baltimore appealed the PSC April 28, 2006, Order and sought a Stay of that Order. OPC intervened in that case and again sought elimination of interest payments for BGE. The Judge issued a Stay on May 10, 2006, which was appealed to the Court of Special Appeals. OPC also intervened in this case. The Court of Special Appeals decided without a hearing to allow the Stay to remain in place. In the case before the Baltimore City Circuit Court, OPC argued that the lack of an evidentiary hearing by the PSC prior to the April 28, 2006, Order necessitated a return of the case to the PSC. The Court issued an Order on May 30, 2006, that vacated the PSC Order of April 28, 2006, and remanded the case back to the PSC.

On remand, and without hearing, the PSC issued an Order on June 2, 2006, re-adopting the plan it adopted in its March 6, 2006 Order. OPC sought a rehearing of this Order and sought further clarification from the Circuit Court to eliminate interest charges. The PSC plan adopted in this case was superseded by the rate deferral plan adopted by the Maryland General Assembly during its Special Session in June, 2006, which capped the increase at 15% for all BGE customers.