

Possibility of Low Interest Loans for Marylandization of BGE, According to Hagerstown's Publicly Owned Utility Manager Karl Kohler- Who Also Supports Using Eminent Domain to Takeover BGE

Thanks to Chris Bush for this information:

- In a phone conversation on June 29th with Karl Kohler, Manager of the publicly owned electricity utility in Hagerstown, Kohler said that the state of Maryland could actually get low interest loans to facilitate a state takeover of the power plants and transmission lines.

- Kohler said that the Rural Electrification Administration (REA) was one source, and also said that the American Public Power Association could give leads on this.

- Kohler said that rates significantly below the prime rate were available for condemnation proceedings as part of eminent domain actions.

- Kohler agreed that eminent domain would give the best situation for ratepayers: he criticized BGE/Constellation for producing electricity with low cost coal and nuclear, then turning around and charging substantially higher rates produced by the spot market for electricity (such rates caused by the higher cost of producing electricity with natural gas and fuel oil), making a huge profit on the transaction (this has been covered here extensively in prior posts, but it's important to have such a utility insider agreeing).

- Kohler indicated that Hagerstown owns its transmission lines, and until relatively recently (1996) had owned its own power plant, but the city had outgrown the ability of that plant to satisfy customer needs, so the municipal utility had been buying power on the open market for awhile (the plant, built in 1901, had fallen far short of meeting growing power needs as long ago as the 70s, and the utility stopped operating it at that time).

- Kohler said that, even with Hagerstown's lower rates (note: Hagerstown is facing rate increases over 5 years, but even those increases would end up with rates LOWER than the pre July 1 rates paid by BGE ratepayers: Hagerstown's rates are \$35 less than the average BGE rates [which are \$82]; this puts those rates at \$47 a month; over the next 5 years -by 2011- the Hagerstown rates are scheduled to rise to \$67 a month, which is still 23% LOWER than the pre-July 1, 2006 BGE rates of \$82 a month!!; see the Examiner article in the next paragraph for this reference, paragraphs 10-12), the rates would be even much lower still if the city did own power plants which produced the electricity now consumed by the much larger consumer base, and agreed that BGE customers would benefit the best if they did takeover and own BGE/Constellation power plants by using eminent domain.

-(Note: in a public hearing held by the Baltimore City Council on this topic-held on Wednesday, June 28th, Council President Sheila Dixon disagreed with Mayor O'Malley on a key point: Dixon said it would be too costly for the City to build new electricity power plants- this puts her at odds with O'Malley, who said such plants could be invested in to provide electricity [thereby avoiding a takeover of BGE, which O'Malley opposes-O'Malley has received \$80,000 in payola from BGE/Constellation]; the public hearing was reported in the Baltimore Examiner on June 28th; not able to link to the Examiner this morning, so go to their site, and link to the article on June 28th "city run power company a possibility", see paragraph 3 for the Dixon cite).