

Mathematics of Maryland Takeover of BGE

Residential ratepayers can takeover BGE assets by State eminent domain for \$2.38 a month INSTEAD OF paying an averaged \$14.28 monthly increase this fall and INSTEAD OF paying an averaged \$57 monthly increase by June 2007. The \$14.28 is the average of the 18% immediate increase passed by the Legislature (15% plus 3% in deferred charges paid) in June 2006. The \$57 is the average of the 72% increase which has been deferred but payable by June.

A State buyout of BGE would cancel the 72% increase (based on out-of-state market rates of almost 12 cents /KWh) because a State-owned utility would charge rates based on the cost of generation by Maryland's plants (5 cents/KWh).

- * Residential Ratepayers only use 41% of the power distributed by BGE.
- * Therefore, residential ratepayers should only pay 41% of the costs of the assets of BGE in a Marylandization takeover. Commercial ratepayers should pay the balance of 59%.
- * BGE assets are \$4.194 Billion dollars (taking \$4.742 Billion, and subtracting "stranded costs" of \$548 Million)
- * The Residential Allocation of those Assets is \$1.7 Billion dollars
- * The monthly cost of an eminent domain takeover of BGE assets for residential ratepayers, when spread over 50 years and after adjusting for subtractions for amounts for profit and taxes, is only \$2.38 a month
- * The monthly takeover costs rises to \$3.25 a month if the takeover costs are spread only over 30 years (the monthly takeover costs drop significantly if spread over, say, 200 years, but the takeover costs in the aggregate rise as well, although BGE might settle for a discount to recover the payoff amount instead of waiting so long)
- * Thus, for a 3% monthly increase, residential ratepayers can takeover the BGE Electric Company and CANCEL THE 72% RATE INCREASES.
- * The Legislative Sellout Law shafts the residential ratepayers by giving BGE an 18% Increase, or \$14.28 more a month, which is just the first phase of a 72% increase scheduled to occur by June 1, 2007 (unless the new PSC acts to lower this, but any action would still likely be substantially higher than a small 3% increase- and the 3% increase results in a takeover of BGE's plants and transmission lines, CANCELLING THE 72% INCREASE).
- * There will be no future increases after Marylandization because Maryland already has cheap power, most of which is produced with coal and nuclear. Hagerstown, Maryland already has a publicly owned electric company, and that city is NOT FACING ANY RATE INCREASES; moreover, Hagerstown's rates are 18% LESS than BGE's current rates pre-July 12, 2006.

For more information about Hagerstown's publicly-owned electric utility [[CLICK HERE](#)].

For more information about the calculation of a Maryland take-over of BGE [[CLICK HERE](#)]