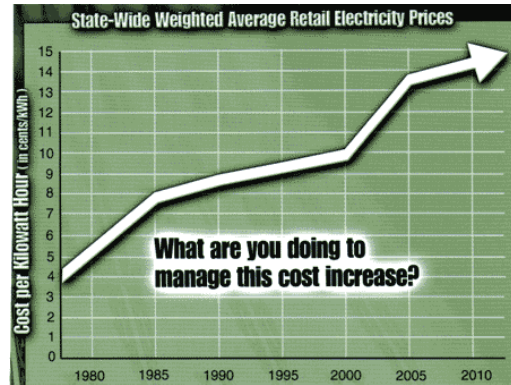


The other shoe drops

Baltimore Sun editorial, May 6, 2007

Within the next 10 days, the Maryland Public Service Commission will likely issue an order informing Baltimore Gas and Electric how much the company can charge for electricity. Based on the evidence presented to the PSC, consumers' expectations for this event should be low. Very low. It doesn't take a Las Vegas oddsmaker to recognize that it's a near-certainty BGE will be allowed to raise rates by about 50 percent - as was anticipated a year ago.



Make no mistake, paying the electric bill will not be a pleasant experience for consumers, particularly as air conditioners and fans get revved up this summer and residential electric meters start really twirling. The soaring profits of BGE's parent, [Constellation](#) Energy Group, a product of rising wholesale prices, add a certain salt to the wound - as will the added cost of eventually repaying the past year's rate deferral that held the last increase to 15 percent.

But the inevitable anger over this needs to be tempered by realism. Fledgling PSC Chairman Steven B. Larsen and his fellow commissioners would be wise to include a full accounting of how Maryland ended up in this predicament. The narrative would begin in the 1990s with the Enron-era notion that the advantages of an unrestrained market would inevitably bring down rates. A flawed assumption was exacerbated by a failure of state officials to see (or at least begin to mediate) until the 11th hour the consequences of the General Assembly's ill-considered 1999 deregulation legislation.

Rising fuel prices are hardly unique to Maryland. BGE rates are going up chiefly because the utility is paying more for electricity on the wholesale market. BGE is now just a delivery service; what's been lost is the advantage of the less-expensive coal and nuclear power-generating facilities that are held by [Constellation](#), which can sell their output to the highest bidder.

Clearly, next month's rate increase should not be judged as a failure of Gov. Martin O'Malley or a PSC that has had only a matter of weeks to grapple with a complex problem years in the making. Rather, what happens next will be the true test of their mettle: Maryland needs a comprehensive energy strategy that aims to make electricity more affordable for consumers.

The PSC is only beginning that process. Expecting a dysfunctional market to provide the solution isn't realistic (a federally authorized surcharge benefiting energy companies is only the latest fiasco). Conservation, bulk purchases of power and

meters that distinguish between a household's peak and nonpeak consumption will play roles. But those are long-term strategies. This summer, unfortunately, the outlook for Baltimore-area residents is not so bright.

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