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April 5, 2010

The Honorable Terry Romine  
Executive Secretary  
Maryland Public Service Commission  
William Donald Schaefer Tower  
6 St. Paul Street  
16<sup>th</sup> floor  
Baltimore, MD 21202

RE: RM17 - REVISED Compliance Filing of Baltimore  
Gas & Electric (Maillog 121041)

Dear Secretary Romine,

On January 15, 2010, Baltimore Gas & Electric (BGE) filed revisions to its compliance plan to implement COMAR 20.53 and provide a Purchase of Receivables (POR) program. This filing was made to reflect the December 8, 2009, Commission Order requiring that BGE file a non-zero POR discount rate Charge. BGE's proposed electric POR discount rates in the revised plan include an uncollectible expense component, program development component,<sup>1</sup> operation cost, and risk component. The resultant discount rates are 1.39% for residential customers, 1.27% for POLR Type I customers, 0.68% for POLR Type II customers, and 0.24% for Hourly-Service customers.

In Staff's comments on BGE's revised compliance plan dated March 31, 2010, Staff recommends certain adjustments to the discount rates used such as adjustments to uncollected costs for late fee revenue, adjustments to the class allocations of POR implementation costs, and updated choice enrollments. The resultant discount rates are 0.5055% for residential customers, 0.3570% for POLR Type I customers, 0.2116% for POLR Type II customers, and 0.0460% for Hourly-Service customers. With these adjustments, Staff recommends acceptance of the BGE POR plan.

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<sup>1</sup> NEM notes that POR program development costs will be finite in nature. Therefore, this component of the POR discount rate should reasonably be expected to terminate coincident with the completion of IT programming to implement POR.

NEM has stated its support for POR programs on the record in this and other proceedings before the Commission. Of particular note, we strongly supported the POR program construct proposed by Washington Gas Light (WGL) in a filing dated December 7, 2009, (Maillog 120413) as did marketers participating in the Commission's Meeting on the matter on December 8, 2009. The WGL POR program construct strikes a fair balance amongst the interests of the utility and participating marketers in devising a reasonable, cost-based discount rate construct. We request that the Commission approve other utilities' programs that are constructed and implemented in the same fashion. We support BGE's revised compliance filing, with the adjustments recommended by Staff, as being generally consistent with the construct proposed by WGL and request that the Commission approve it.<sup>2</sup>

We appreciate the Commission's continued efforts to devise and implement POR programs that will facilitate the development of retail choice markets in Maryland.

Respectfully submitted,

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<sup>2</sup> NEM continues to recommend that BG&E purchase marketers' outstanding receivables as part of its POR program, as some utilities in other states have done, in order to provide a smoother transition to the POR program. This measure would help minimize potential consumer confusion that the transitional multiple billing process could entail. Alternatively, we suggest that at a minimum, a consumer education campaign explain this multiple billing scenario and how consumer billing and billing format will change following adoption of the POR program. It is critical at this stage of development of Maryland's retail choice program that consumers be informed about impending changes in industry practices to set accurate expectations and minimize confusion.