



Motion. Staff does not object to inclusion of the residential SOS-related CWC costs in the proceeding as long as the entire SOS Administrative Charge is considered.

On April 22, 2010, BGE submitted a response to OPC's April 14 response to the BGE Motion. BGE argues that OPC's position that the BGE request be denied and that BGE should be precluded from recovering any portion of the residential SOS-related CWC revenue requirement is based on faulty legislative analysis. It submits that it is not precluded by law from recovering a residential SOS-related CWC revenue requirement. Further, BGE asserts that, if OPC's interpretation of the Senate Bill 1 is correct, then the law would result in an unconstitutional taking from BGE. Therefore, according to BGE, the law would be unconstitutional and invalid.

The Commission agrees with OPC and Staff that this proceeding should be expanded to consider all the components of the Administrative Charge. The Administrative Charge is comprised of four components, which components were agreed upon through settlement negotiations.<sup>1</sup> Additionally, the Settlement Agreement, although expired, reflects the parties' agreement that each return component and the cost component were to remain fixed. As Staff points out, the return, CWC and other components of the Administrative Charge were negotiated to establish a "finely crafted balance" in the Administrative Charge. Consequently, to permit BGE to change the CWC revenue requirement for all of its customers, including residential, without review of the other components, may adversely alter this balance to the detriment of the ratepayers and significant benefit to the Company.

Further, as OPC submits, at the time the Settlement Agreement was entered into and approved by the Commission, SOS had just been implemented. Thus, the

---

<sup>1</sup> See Order No. 78400 (April 29, 2003), In the Matter of the Commission's Inquiry into the Competitive Selection of Electricity Suppliers Standard Offer Service, Case No. 8908.

Administrative Charge was negotiated based on estimates and projections. BGE now has actual data on its incremental costs and the amounts collected through the Administrative Charge. Accordingly, any changes needed to any of the components may be determined using this actual data, rather than changing one component using actual data while maintaining the other components at a fixed rate that was determined using estimates and projections.

Finally, the Commission declines to rule on OPC's argument that BGE is precluded from recovering any portion of the residential SOS-related CWC costs, but directs this issue be addressed in this proceeding.

**IT IS THEREFORE**, this 20th day of May, in the year Two Thousand Ten by the Public Service Commission of Maryland,

**ORDERED:** (1) That the requests by OPC and Staff to expand the proceeding to include a full review of the SOS Administrative Charge components are hereby granted;

(2) That the issue raised by OPC as to whether BGE is entitled to recover any portion of the residential SOS-related CWC revenue requirement shall be considered in the scope of the proceeding; and

(3) That to the extent not granted in this Order, all other motions and requests for relief are denied.

By Direction of the Commission,

*/s/ Terry J. Romine*

Terry J. Romine  
Executive Secretary