

Lack of consumer choice and a forced credit plan fail to afford BGE ratepayers the same protections I negotiated for PEPCO and Delmarva Power customers who have a choice on whether to participate on an interest-free basis. Forced interest charges were a consistent complaint throughout the public hearing. As People's Counsel Patricia Smith testified, other deferral plans did not include interest payments and that such provisions are contrary to the interests of consumers. I agree with Ms. Smith's assessment, and respectfully suggest that you follow this model in crafting a new, more meaningful rate stabilization plan.

Third, Senate Bill 1 provides \$386 million for rate relief. This \$386 million was also included as part of my \$600 million rate relief plan, and is no way dependent upon passage of this bill. Members of the General Assembly and BGE ratepayers have knowledge of additional concessions to be provided by the electric companies, particularly if the proposed merger between Constellation Energy Group and Florida Power & Light occurs. My plan proposed that \$600 million be made available if the merger occurs. Simply put, Senate Bill 1 allows Constellation to pocket nearly \$220 million that would have been available to offset interest charges.

Fourth, Senate Bill 1 eliminates the People's Counsel, Patricia Smith. Ms. Smith has been a public interest attorney for decades. She is a tireless advocate for the State's consumers. In reviewing the hundreds of comments received by my office, not one person raised objection to Ms. Smith's efforts on behalf of consumers. There is absolutely no valid reason to terminate her from her position, when her sole mission has been to work on behalf of her clients, the State's utility customers. Resorting to this degree of overreaching only strengthens the public's cynical attitude toward your handling of this issue over the past several years.

Fifth, Senate Bill 1 seeks to remove all members of the PSC and requires on a one-time basis that I appoint new members from a list of names provided by the Speaker of the House and the President of the Senate. As you well know, the PSC followed the deregulation law enacted by the General Assembly in 1999 and procedures established by prior PSC members in 2003. The competitive bidding process transpired in accordance with the law. The PSC was in constant contact with the General Assembly and the fact that there would be a dramatic increase in rates was made known to the General Assembly's Leadership on many occasions prior to the 2006 session. Yet, the General Assembly continues to use the PSC as a scapegoat for the failure of the 1999 deregulation law. Despite the opinion of the General Assembly's lawyer to the contrary, this provision is in all likelihood unconstitutional. Further, it is unsettling to the State's regulatory climate for the General Assembly to eliminate the members of a quasi-judicial agency with nearly a century of independence when the General Assembly disagrees with an opinion of the agency. Such action will only lead to major regulatory uncertainty, less competition, and higher costs for consumers.

There are other troubling issues raised during the public hearing. Senate Bill 1 allows BGE to borrow money and charge its customers for the full interest on the loan, but then in turn allows BGE to lend money to its parent company, Constellation, at below market rates. Moreover, the bill allows BGE with PSC approval to negotiate directly with Constellation for energy procurement, rather than using competitive wholesale procurements. This has the potential for insider dealing and favoritism, and will