



NEWS RELEASE

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Constellation Energy Should Repay \$1 Billion in Deregulation Overcharges

Energy Company Must Settle Old Obligations Before Saddling Maryland With New Ones

WASHINGTON, D.C. – Public Citizen’s Energy Program Director Tyson Slocum today testified before the Maryland General Assembly that Constellation Energy must repay \$1 billion in deregulation-related overcharges before pursuing any mandatory state permits to build new power plants.

Bills in front of the Maryland Legislature – SB 448 and HB 1246 -- would require the company to do just that by making repayments as a condition for pursuing a new reactor in Maryland. Both Public Citizen and Maryland PIRG appeared before the Senate Finance Committee, urging lawmakers to hold Constellation Energy accountable to ratepayers.

The state’s 1999 deregulation of the utility industry allowed Constellation Energy to transfer valuable coal and nuclear plants from BGE, which was a Constellation subsidiary. After the purchase, BGE claimed that the debts it assumed, essentially from itself, exceeded the book value under which BGE transferred them. As a result, BGE was allowed to collect nearly \$1 billion from ratepayers in so-called “stranded costs.”

“Deregulation has been a disaster for Maryland households but a financial boon for Constellation,” said Tyson Slocum, director of Public Citizen’s Energy Program. “If Constellation wants taxpayers to assume the financial and safety risks of another nuclear power plant, then it is fair that the company return the billion dollars in debt it has passed on to consumers since deregulation.”

Deregulation was sold to Maryland residents with the promise that it would create competition and drive down prices. That hasn’t happened, said Johanna Neumann, director of Maryland PIRG.

“Electricity rates have skyrocketed for residents across the state and the state is facing blackouts as early as 2011,” Neumann said. “It is clear that Constellation Energy has thrived at the expense of consumers. The bills before the Legislature will settle the tab between Constellation Energy and Maryland ratepayers.”