



Frederick Hoover, Chair
Maryland Public Service Commission
William Donald Schaefer Tower
6 St. Paul St., 16th Floor
Baltimore, MD 21202
Cc: Members of the Committee

September 29, 2023

Public Comment Re: Public Hearing Case 9692

Chair Hoover and Members of the Commission,

On behalf of Economic Action Maryland, and the undersigned organizations, I appreciate the opportunity to provide these comments and express our concerns regarding case 9692.

There are a number of concerns related to Baltimore Gas and Electric's proposed rate increase of [\\$602.4 million over 3 years](#) that we want to highlight in these comments.

Governance/Accountability. BGE, like other utility companies in Maryland, has a virtual monopoly to distribute energy. As a de facto monopoly, BGE holds disproportionate control and power over its customers. Because few alternatives exist, it is critical that any rate-making proposals are subjected to rigorous scrutiny and due diligence.

Traditionally, Maryland has always required utility companies to request rate increases on an annual basis. The rate increase was always requested after the investment had taken place and the clear need for the increase was demonstrated.

In 2020, for the first time ever, the PSC approved a multi-year rate hike for BGE as a pilot program. A PSC evaluation of the 2020 pilot has yet to be completed and a separate workgroup to evaluate the program was unable to reach a consensus on recommendations. Despite this, BGE has put forward another proposal for a second multi-year rate hike, which would constitute six years of consecutive rate hikes for customers in BGE's footprint.

First it is poor public policy to approve a new multi-year agreement before an evaluation of the pilot program is completed. It is concerning that the workgroup that was charged with evaluating the program was unable to come to a consensus—this certainly suggests greater scrutiny, data

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analysis, and a cost-benefit analysis before proceeding with approval of a subsequent multi-year agreement.

The Multi-Year Rate Proposal. Before discussing the regressive effects of the rate hikes on low-income households, it's important to note concerns with the proposal itself.

The proposal as mentioned above radically changes rate-setting provisions in Maryland. Traditionally, utilities file for rate increases annually based on a clear need after the investments had already been made by the company. Now, BGE is asking Maryland households to write them a blank check -to underwrite investments that they expect they might spend on new infrastructure. This model incentivizes spending without the built-in accountability that comes with annual filing for rate increases and review.

In addition to spurring a spending spree for BGE, the rate increases are intended to fund BGE's infrastructure investments in natural gas. While burning methane is better than oil or gas, it's still a major contributor to climate change. But it makes little sense to spend millions on more efficient natural gas when we need to be switching to electric, solar, and other renewable sources both to meet Maryland's climate goals and to address the effects of climate change on our most vulnerable residents. This is an attempt to lock-in consumer demand for natural gas once the infrastructure is in place. Alternately, consumers will be paying stranded costs-meaning they will continue to pay for costly infrastructure that is not useful nor necessary because it was built-into the rate structure.

The multi-year rate proposal ensures that the costs of these investments won't be borne by BGE, they will be passed onto BGE customers. Essentially, BGE asks that its customers subsidize the firm's investments and infrastructure, while BGE privatizes all of the profit.

Affordability. And profit they will. BGE [credits](#) the 2020 multi-year rate plan with increasing earnings by \$5 million between 2022 and 2023.

BGE's increased earnings came from struggling families from across their service area, from low-wage workers, elders living on retirement benefits and other households making ends meet.

The Office of the People's Counsel estimates that BGE's proposal will increase rates by an average of [\\$810 per year](#) on gas and electric bills.

In 2022, 54,000 households relying on BGE had their utilities cut off and if current trends continue, up to 75,000 may lose their utilities by the end of 2023, a 50% increase from 2017-2019.

A 2022 [report](#) by the OPC found that a low-income household in Baltimore City paid \$2,710 for an annual utility bill which comprised 15% of annual income. Most households could not afford a \$810 increase without making substantial trade offs of other essential needs or major sacrifices.

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As proposed, BGE's multi-year rate proposal incentivizes spending with little accountability prior to appropriate evaluation, supports spending on gas infrastructure rather than electric and other green infrastructure leading to the possibility of either locking in demand for a less climate friendly energy source or stranding consumers with paying the costs for useless infrastructure, and will lead to regressive price increases that will hit low income households with a disproportionate impact on majority Black and Brown communities. Arrearages and turn-offs are already trending 50% higher than last year due to other inflationary pressures, approval of this rate proposal will further deepen poverty and economic stress on already financially fragile households.

We urge the PSC to reject BGE's multi-year rate proposal. We urge you to complete the evaluation of the pilot program before approving an annual rate proposal for BGE. And we urge you to consider how BGE's infrastructure proposal aligns with the Maryland Climate Solutions Act, Governor Moore's commitment to greener energy, and environmental justice and equity considerations prior to approving any new rate increases.

Thank you for your consideration of these comments.

Best,

Marceline White
Executive Director
Economic Action

1199 SEIU

Baltimore City NAACP

CASA

CASH Campaign of Maryland

Community Development Network of
Maryland

Consumer Auto MD

Fight Blight Bmore

Maryland Center on Economic Policy

Maryland Network Against Domestic
Violence

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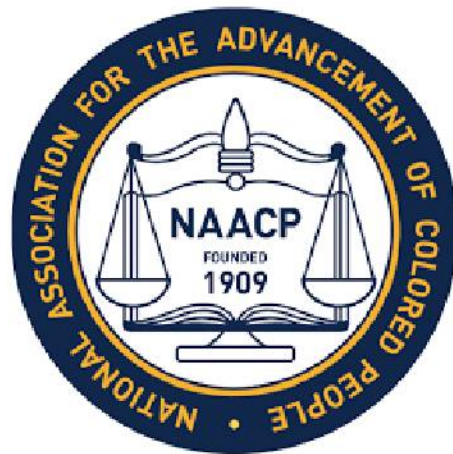
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