

ORDER NO. 88834

IN THE MATTER OF THE BALTIMORE	*	BEFORE THE
GAS AND ELECTRIC COMPANY	*	PUBLIC SERVICE COMMISSION
REQUEST FOR APPROVAL OF A	*	OF MARYLAND
PREPAID PILOT PROGRAM AND	*	
REQUEST FOR WAIVERS OF COMAR	*	_____
AND COMMISSION ORDERS	*	
	*	CASE NO. 9453
	*	_____

Issue Date: September 14, 2018

1. Background

On April 21, 2017, Baltimore Gas and Electric (“BGE”) requested that the Maryland Public Service Commission (“Commission”) authorize a Prepaid Pilot Program (the “Program”) that would allow customers to pre-pay for their energy consumption and maintain their accounts through continued pre-payment to BGE.¹ In order to implement this Program, BGE requested that the Commission waive certain provisions contained within the Code of Maryland Regulations (“COMAR”), BGE’s Retail Electric Service Tariff, and Commission Orders that would otherwise conflict with the Program.²

The general purpose of this Program is to utilize Advanced Metering Infrastructure (“AMI”) technology to provide customers with ongoing daily information regarding customers’ energy consumption as well as the current balance in their prepaid

¹ Case No. 9453, Dkt. No 1.

² The specific provisions subject to this request are set forth in pp. 7-8.

account.³ Participating customers will have real-time access to their account, “accessible by computer, laptop, and mobile devices.”⁴ BGE will inform customers when their account balance is low and, after disconnection due to a zero account balance, BGE will restore service within one hour upon a payment that satisfies the amount owed and restores the prepaid balance to a minimum of \$15.00.⁵ As a benefit of the Program, BGE cited the experience that other utilities have had in reducing energy consumption from between 5% and 15% through the adoption of similar prepaid programs.⁶

Following a hearing on August 23, 2017, and the submission of comments by numerous parties, the Commission issued Order No. 88438 on October 25, 2017 (“Order”).⁷ In the Order, the Commission rejected BGE’s proposed Rider 12, Retail Electric Service Tariff, and Rider 17, Retail Gas Service Tariff (“Tariff Revisions”), but approved the Program subject to certain modifications contained within the Order.⁸ We also ordered BGE to consult with the various stakeholders and report back to the Commission within 90 days with the results of BGE’s analysis of certain additional modifications raised during the proceedings. We authorized BGE to “refile a Prepaid

³ BGE anticipated the Program would be comprised of approximately 1,000 residential customers and last for one year, and participation would be voluntary. After one year, BGE would analyze the Program’s results and allow the Commission and other parties to evaluate whether these results warranted its continuation or modification. *Id.* at 3.

⁴ *Id.* at 1.

⁵ *Id.* at 2. BGE will not charge disconnected customers any late or disconnection fees. BGE’s request also contained other protections, such as adherence to existing COMAR provisions regarding seasonal service termination as well as the customers’ ability to withdraw from the Program and return to standard payment policies at any time.

⁶ *Id.* at 2.

⁷ Case No. 9453, Dkt. No. 34.

⁸ These modifications included 1) reducing the maximum arrearage for those participating in the Program from \$1,000 to \$600, 2) rejecting the application of a customer’s security deposit to the prepaid account balance, and 3) requiring BGE to notify customers of a zero (or negative) account balance as well as disconnection of service. *Id.* at 6-9.

Pilot tariff implementing a prepaid billing pilot program under the conditions set forth in this Order, subject to acceptance by the Commission.”⁹

After additional filings and consultations with other parties, on July 19, 2018, BGE submitted Tariff Revisions incorporating various agreements with the Prepaid Pilot Working Group.¹⁰ As a result of agreements within this working group, BGE incorporated 13 changes to its initial Tariff Revisions.¹¹ The Commission heard this case during its August 15, 2018 Administrative Meeting and took the matter under advisement while suspending the Tariff Revisions for the earlier of 30 days or the date of the Commission’s written decision.¹²

In its August 8, 2018 Comments, Staff identified two issues upon which the working group could not agree: 1) the Maryland Office of People’s Counsel’s (“OPC”) suggestion that BGE immediately return any customer to standard payment service should the customer’s chosen method of communication fail to be delivered; and 2) WGL Energy Services Inc.’s recommendation to use supplier rates (for customers that use a competitive retailer supplier) to calculate prepaid account balances. In response to this second point, BGE proposed using its Standard Offer Service (“SOS”) rates, contending that the use of supplier rates will substantially increase the pilot’s cost for a “questionable benefit.”¹³ In its comments of August 8, 2018, Staff concluded that WGL Energy’s recommendation is not worth the additional cost required for its implementation in the

⁹ *Id.* at 25.

¹⁰ Case No. 9453, Dkt. No. 47.

¹¹ These provisions are summarized in Staff’s August 8, 2018 Comments at pp. 2-3. Case No. 9453, Dkt. No. 48.

¹² Case No. 9453, Dkt. No. 49.

¹³ Case No. 9453, Dkt. No. 48, BGE July 19, 2018 Comments, at 2.

Pilot.¹⁴ Although Staff agreed that the use of retail rates for the daily calculations of rate may be necessary for a permanent prepaid program, Staff considered the feature too expensive to be added to the Pilot Program.

2. Commission Decision

a. Items for Which the Prepaid Pilot Work Group Could Not Reach Consensus

We agree with Staff and BGE that the programmatic costs of utilizing retail choice rates instead of SOS rates for purposes of calculating a customer's daily balance is not warranted for purposes of this temporary pilot program. Although it may be necessary should this Program be extended to all BGE customers on a permanent basis, the additional costs of this feature do not warrant its inclusion during this pilot phase. Additionally, BGE will inform retail suppliers regarding which customers are participating in the Program, and the suppliers will be able to view the prior 12 months of their customers' bills online.

BGE opposes OPC's proposal that BGE immediately revert Program customers that fail to provide an effective communication channel to traditional payment methods. BGE's Tariff Revisions provide that such customers will only be removed if "the Customer is unable to regain eligibility after a reasonable period of time."¹⁵ BGE argues its proposal will allow it to work with a customer to resolve any issues regarding their communication channel to receive notices, and to resolve any other issue, if possible, rather than automatically switch them to traditional payment methods without their

¹⁴ Staff's August 8, 2018 Comments at 3.

¹⁵ BGE July 19, 2018 Comments at 6. The Tariff Revisions, however, do not describe or define "a reasonable time period."

knowledge or consent.¹⁶ Additionally, BGE's Tariff Revisions allow disconnected customers to request reconnection and acquire a five-day extension of service. We agree with BGE regarding how best to respond to notifications that a participant has violated any Program requirements, including failure by the customer to provide BGE with an effective communication channel. We therefore find that BGE's Tariff Revisions provide sufficient customer protections in the event there is a communication failure.

b. Consensus Item Requiring Commission Action

In Order No. 88438, the Commission allowed BGE to waive one payment vendor fee (\$1.50) per month for participants using a credit card or any other form of payment that charges a fee. For the purposes of this program, BGE proposes that it be permitted to charge and then reimburse this fee to the customer because waiving these fees would be overly complicated, incur additional costs, and not be justified for this pilot program. We agree and modify Order 88438 to authorize BGE to amend its tariff accordingly.

c. Issues Going Forward

Staff recommends that we accept BGE's Tariff Revisions for filing and also notes that the Prepaid Pilot Working Group will continue to meet to review BGE's description of the Program's terms and conditions document ("Terms and Conditions") that will be provided to participants and must be signed to join the Program. Staff also recommends that BGE submit these Terms and Conditions to the Commission at least 45 days prior to enrolling participants.

¹⁶ *Id.*

The Commission directs the working group to continue to review these documents. However, BGE need not file its Terms and Conditions with the Commission prior to implementation.

3. Conclusion

Subject to the conditions set forth above, the Commission approves the Prepaid Pilot Program as proposed by BGE, accepts the Tariff Revisions for filing, and directs BGE to proceed with implementation of the Program.

IT IS THEREFORE, this 14th day of September, in the year Two Thousand Eighteen, by the Public Service Commission of Maryland,

ORDERED: (1) That the Commission approves Baltimore Gas and Electric Company's proposed Prepaid Pilot Program;

(2) That Baltimore Gas and Electric Company's revised Rider 12, Retail Electric Service Tariff, and Rider 17, Retail Gas Service Tariff, are accepted with an effective date of September 14, 2018. Baltimore Gas and Electric Company is directed to file, by October 12, 2018, an original and one (1) "clean" copy of each accepted Rider (including an electronic copy) with an effective date of September 14, 2018;

(3) That Baltimore Gas and Electric Company is directed to proceed with implementation of its Prepaid Pilot Program and is not required to submit the Program's Terms and Conditions to the Commission prior to implementation; and

(4) That Order No. 88438 is hereby modified to permit Baltimore Gas and Electric Company to reimburse (rather than waive) one \$1.50 payment fee per

month for participants using a credit card or any other form of payment that charges a fee.

/s/ Jason M. Stanek _____

/s/ Michael T. Richard _____

/s/ Anthony J. O'Donnell _____

/s/ Odogwu Obi Linton _____

/s/ Mindy L. Herman _____

Commissioners