

**ORDER 87184**

IN THE MATTER OF BALTIMORE  
 GAS AND ELECTRIC COMPANY  
 FOR AUTHORIZATION TO  
 DEPLOY A SMART GRID  
 INITIATIVE AND TO ESTABLISH A  
 SURCHARGE MECHANISM FOR  
 THE RECOVERY OF COST

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BEFORE THE  
 PUBLIC SERVICE COMMISSION  
 OF MARYLAND

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CASE NO. 9208

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**Issue Date: October 8, 2015**

On February 26, 2014, the Public Service Commission of Maryland (“Commission”) issued Order No. 86200 in the above-captioned case to address, *inter alia*, the issue of cost allocation for residential and small commercial customers of Baltimore Gas & Electric Company (“BGE”) who opt out of receiving a smart meter (“opt-out customers”). After extensive hearings and a review of the record evidence, the Order directed opt-out customers of BGE to pay a one-time, up-front fee of \$75.00 (payable in three monthly installments) and a recurring monthly fee of \$11.00.<sup>1</sup> The Order also established a future true-up process to account for any imbalance of fees collected by BGE; the true-up procedure will account for the actual costs of providing the opt-out service as compared to the revenue generated by the collection of opt-out fees.<sup>2</sup> The Order stated that “[t]his one-time true-up will occur once the opt-out rate has stabilized in all service territories – projected by Staff to occur within 12-18 months of the opt-out fee implementation.”<sup>3</sup>

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<sup>1</sup> Order No. 86200 (Feb. 26, 2014) at 5.

<sup>2</sup> *Id.* at 17-19.

<sup>3</sup> *Id.* at 19.

While 18 months have passed since the issuance of our Order, the most recent quarterly report on the performance metrics associated with the deployment of BGE's smart grid initiative reveals that the project scope remains active with respect to "field execution."<sup>4</sup> Because deployment is ongoing, the opt-out rate has not yet stabilized in the BGE service territory. In establishing the two-part fee structure outlined in Order No. 86200, the Commission assumed a 1% opt-out rate, which was both supported by the record and reflected a reasonable approximation of the experience of other states further along in their implementation.<sup>5</sup> However, the most recent reports on the performance metrics associated with the deployment of BGE's smart grid initiative reflect an opt-out rate in the range of 3.8 – 4.15%.<sup>6</sup> This larger percentage of opt-out customers may have an effect on the amount of the monthly fee necessary for BGE to recover its ongoing opt-out related costs. Given this perspective, we find that an interim adjustment to the recurring monthly fee paid by opt-out customers of BGE may be warranted during the pendency of its remaining deployment efforts.<sup>7</sup>

In order to consider the limited issue of whether an interim adjustment to the recurring monthly fee paid by opt-out customers of BGE should be adopted and, if so, in what amount, the Commission hereby gives notice that it will conduct a hearing on November 5, 2015 beginning at 10:00 a.m. in the Commission's 16<sup>th</sup> Floor Hearing Room, William Donald Schaefer Tower, 6 St. Paul Street, Baltimore, Maryland 21202. Written comments on whether an interim adjustment should be adopted and, if so, in what

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<sup>4</sup> ML#173205: *Case No. 9208 – Second Quarter 2015 Metrics Report of Baltimore Gas & Electric Company* ("BGE Quarterly Report") (Aug. 17, 2015).

<sup>5</sup> Order 86200 at 4.

<sup>6</sup> BGE Quarterly Report at 9; ML#175600: *Case No. 9208 – Supplemental Filing of Baltimore Gas and Electric* (Oct. 6, 2015).

<sup>7</sup> This potential interim adjustment is separate and distinct from the true-up procedure directed to occur at a later date as described in Order No. 86200 at 17-19.

amount shall be filed by October 29, 2015. An original and 17 paper copies, and one electronic copy, of the comments shall be submitted to David J. Collins, Executive Secretary, Maryland Public Service Commission, William Donald Schaefer Tower, 6 St. Paul Street, 16th Floor, Baltimore, Maryland 21202. Five of the paper copies shall be three-hole punched. The public version of the electronic copy may be filed via the “e-file” system that is available at the Commission’s website, [www.psc.state.md.us](http://www.psc.state.md.us).

**IT IS THEREFORE, this 8th day of October, in the year Two Thousand Fifteen, by the Public Service Commission of Maryland,**

ORDERED: (1) That any party wishing to do so is directed to file comments on whether an interim adjustment to the recurring monthly fee paid by opt-out customers of BGE should be adopted and, if so, in what amount no later than October 29, 2015; and

(2) That the Commission hereby gives notice that it will conduct a hearing on the limited issue of whether an interim adjustment to the recurring monthly fee paid by opt-out customers of BGE should be adopted and, if so, in what amount on November 5, 2015, beginning at 10:00 a.m.

/s/ W. Kevin Hughes

/s/ Harold D. Williams

/s/ Lawrence Brenner

/s/ Anne E. Hoskins

/s/ Jeannette M. Mills

Commissioners