

**ORDER NO. 89562**

Baltimore Gas and Electric Company's "Pay it  
Forward" Pilot Program

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BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF MARYLAND

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CASE NO. 9646  
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**Issue Date: May 28, 2020**

**ORDER REJECTING REVISED TARIFF PAGES AND  
DIRECTING EVIDENTIARY PROCEEDINGS**

1. This order establishes evidentiary proceedings to evaluate the proposal by Baltimore Gas & Electric Company (“BGE”) to establish a pilot program that would revise BGE’s gas tariff. The proposed revisions would alter the Commission’s traditional economic tests for gas system expansion and create a new program, entitled “Pay it Forward” (“PIF”), that would reduce the contributions required from certain potential customers, where expansion of the gas distribution network to service those customers is projected to result in additional new customer connections and where the total revenue increase from new customers is projected to exceed the cost of expansion.

2. On November 7, 2019, BGE filed Supplement 459 PSC Md. G-9 to revise the extension charges within Part 2, Section 8, of BGE’s gas tariff. The Commission received responsive comments from a large number of interested parties.<sup>1</sup> The Commission’s Technical Staff (“Staff”) recommended the Commission should order a

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<sup>1</sup> Maillog Nos. 227465, 227565, 227624, 227625, 227696, 227697, 227698, 227718, 228299, 227747, 227760, 227761, 227786, 227879, 227909, 228156, 228300, 228321, 228537, 228496, 228613, 229801, 230096, 230167, 230169, and 230210.

contested hearing to address several topics that Staff argued were unresolved in BGE's proposal.<sup>2</sup> The Office of People's Counsel ("OPC") also favored evidentiary hearings and argued that it needed more discovery from BGE to evaluate the proposal.

3. The Sierra Club argued that the Commission should deny BGE's application on the ground that increasing the reliance on natural gas is in conflict with Maryland's environmental policies favoring the use of electricity in place of fossil fuels. The Maryland Energy Administration ("MEA"), in turn, argued that BGE's program was consonant with state energy policy and would allow MEA to spend certain related funds allocated by the General Assembly. Several county and local governments also filed to state their interest in gas expansion within their jurisdictions and favoring the PIF proposal.

4. The Commission heard arguments from the interested parties at its Administrative Meeting on April 22, 2020, deferring the matter until May 8, 2020, to allow additional comments.<sup>3</sup> On May 8, 2020, BGE filed a supplement and revised tariff pages with an effective date of June 1, 2020, proposing changes to the scope and mechanics of its PIF proposal and also requesting that the PIF program become a three year pilot program. None of the other filings directly responded to BGE's revised proposal. Staff, however, proposed its own alternative proposal, which received no replies from the other parties. BGE opposes any evidentiary hearing, which it argues would serve no purpose, and requests that the Commission approve its proposal based on its filings to date.

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<sup>2</sup> Staff proposed seven topics to be investigated in a hearing: (1) whether the imposed changes are in the public interest; (2) what will be the impact on rates; (3) what are the appropriate limits on investment at the program and project level; (4) what is the appropriate way to allocate PIF costs to the system; (5) how will the success of the program be measured; (6) would STRIDE or other regulatory programs have an impact on PIF projects; (7) whether there are additional considerations the Commission should investigate.

<sup>3</sup> Additional filings were Maillog Nos. 228491, 228652, 229831, 230174, and 230166.

5. The proposals presently before the Commission raise the possibility of major changes to long-standing Commission policy. Given the lifespan of the capital investments at issue, the impact on state energy usage and rates could last decades. Notwithstanding BGE's assertion that evidentiary hearings are unnecessary, the Commission finds that there remain open questions as to a number of important factors and that an evidentiary hearing is the best method to resolve those questions.

6. In order for the Commission to evaluate whether the proposal is in the public interest, the Commission expects the parties to present evidence and argument in support of their positions regarding the following topics: (1) the optimal pilot program structure, including but not limited to length, investment limits, eligibility (including discussion of the appropriate changes to the Commission's traditional economic test of gas expansion projects), and funding sources and allocation of costs/risks; (2) the evidentiary basis for BGE's assertion that the projected future growth in connections necessary to fund the proposal will actually occur; (3) the impact that the proposals will have on Maryland state environmental policy goals; (4) proposed metrics and/or standards or evaluating success of the proposed pilot program; (5) and the projected impact of the proposed pilot program on rates.

**IT IS, THEREFORE,** this 28<sup>th</sup> day of May, in the year Two Thousand Twenty by the Public Service Commission of Maryland,

**ORDERED:** (1) That BGE's proposed tariff pages are rejected;

(2) The Commission will hold an evidentiary hearing to receive evidence and testimony on these issues;

(3) The Commission will hold a scheduling conference on June 26, 2020, at which time the Commission will address the timelines for briefing, the filing of prepared testimony, discovery, and the hearing schedule;

(4) Petitions to intervene shall be filed by June 12, 2020; and

(5) A new docket, Case No. 9646 is hereby established for all subsequent proceedings.

By Direction of the Commission,

*/s/ Andrew S. Johnston*

Andrew Johnston  
Executive Secretary