

ORDER NO. 89961

In the Matter of the Baltimore Gas and
Electric Company Request for Approval of a
Prepaid Pilot Program and Request for
Waivers of COMAR and Commission Orders

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BEFORE THE
PUBLIC SERVICE COMMISSION
OF MARYLAND

CASE NO. 9453

Issue Date: October 8, 2021

ORDER SUSPENDING PREPAID PILOT PROGRAM

I. INTRODUCTION

1. On June 1, 2021, Baltimore Gas and Electric (“BGE”) filed its Report on the Evaluation of its Prepaid Pilot Program (“Pilot Report”) in the above-captioned matter.¹

The Pilot Report contained a request for authorization from the Commission to re-open enrollment in the Prepaid Pilot Program (“the Program”) for a second 12-month period.

2. The Commission addressed BGE’s request at its September 9, 2021 Administrative Meeting, as well as the written comments filed by the Commission’s Technical Staff (“Staff”)² and the Maryland Office of People’s Counsel (“OPC”).³ The Commission also considered additional testimony given by BGE, Staff, and OPC during the Administrative Meeting.

¹ Maillog No. 235543. The Pilot Report consists of 12 pages of comments by BGE and a 116-page evaluation of the Program by APPRISE Incorporated (“APPRISE”), a non-profit research institute hired by BGE to conduct an independent analysis and evaluation of the Prepaid Pilot Program. On June 23, 2021, BGE filed an update to the Report (Maillog No. 235859), which contained two additional tables of data. Maillog No.’s 235543 and 235859 are collectively referred to as the “Pilot Report” herein.

² Maillog No. 236928 (“Staff Comments”).

³ Maillog No. 236934 (“OPC Comments”).

3. For the reasons stated below, the Commission denies BGE’s request and suspends the BGE Prepaid Pilot Program indefinitely, subject to conditions.

II. BACKGROUND

4. On April 21, 2017, BGE filed with the Commission a Request for Approval of a Prepaid Pilot Program.⁴ The Program was designed to utilize Advanced Metering Infrastructure (“AMI”) technology to provide customers with more choices, including the opportunity to prepay the utility’s charges for their anticipated monthly energy consumption. Approximately 1,000 dual-service and electric-only customers were to be voluntarily enrolled as participants for one year, with the Program involving no security fees, late fees, or reconnection fees. Under the Program, customers whose service otherwise would be subject to disconnection due to their failure to prepay (or a zero prepaid account balance) would be able to restore service in as little as one hour by making a payment to bring the account balance to a minimum of \$15.

5. 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 wherein it rejected the Program as filed, but allowed BGE to refile the Program as a pilot under conditions set forth in the Order.

6. On July 19, 2018, BGE filed Tariff Revisions intended to address certain conditions as directed by the Commission.⁵ The Commission considered the filing and comments at its August 15, 2018 Administrative Meeting and, after taking the matter

⁴ Maillog No. 214777.

⁵ Maillog No. 221350.

under advisement, approved the Program in Order No. 88834 issued on September 14, 2018.⁶

7. On June 1, 2021, BGE filed its Pilot Report, containing an evaluation of the Program as well as its request to re-open enrollment for a second 12-month period to obtain additional data due to the disruptive impact of the COVID-19 pandemic on the Program. Staff and OPC filed comments in response. The matter was heard at the Commission's September 9, 2021 Administrative Meeting, after which the Commission took the matter under advisement.

III. PARTY POSITIONS

8. In its Pilot Report, BGE states that customers expressed satisfaction with the Program⁷ and that there was a large reduction in both collections actions⁸ and the duration of service disconnections for participating customers.⁹ BGE and APPRISE view the Program as worthy of continuation based on these and other benefits to participants,¹⁰ but state the need to conduct another study to “develop more information on how the program impacts participants.”¹¹

9. The Pilot Report notes that the COVID-19 pandemic emerged about seven months after the Program launched, resulting in “undeniable impacts on program

⁶ Maillog No. 222102.

⁷ “[A]mong customers who remained in the program for a full year, 96 percent reported they were ‘satisfied’ (19%) or ‘very satisfied’ (77%) with the program.” Pilot Report at 2.

⁸ “While 70 percent of participants had one or more [collections] actions in the pre-enrollment period, only 29 percent had one or more action in the post period, a reduction of 41 percentage points.” *Id.* at 7.

⁹ “The program appeared to help [participating] customers reduce the average duration of disconnections, both compared with the year before and compared with non-participating customers.” *Id.* at 8.

¹⁰ *Id.* at 9.

¹¹ *Id.* at 2.

operations.”¹² The March 2020 moratorium on utility service disconnections put in place by Governor Hogan dramatically altered the design of the Program and likely had a significant effect on participant behavior. Even though prepaid customers continued to receive low or negative balance notifications, without the prospect of service disconnections, many Program participants delayed and even stopped making payments.¹³ As a result, BGE contends that data collected from the Program presents a skewed representation of participant behavior, and therefore requests authorization from the Commission to re-open enrollment in the Program for a second 12-month period in order to capture data that is not reflective of participant behavior during a pandemic.¹⁴

10. Staff does not oppose BGE’s proposal to conduct a second Prepaid Pilot Program, but recommends that the Commission impose several conditions on the Program. These conditions include requiring BGE to suspend participant recruitment in the event of another disconnection moratorium, and to file a letter with the Commission detailing the plans for how BGE will manage the Program in the event of another disconnection moratorium.¹⁵ Staff also contends that BGE should observe and record twelve months of data for a period during which there are no restrictions on disconnections, and that, in order to do so, BGE should plan to delay or extend the Program as necessary in the event of another interruption.¹⁶

¹² *Id.* at 1.

¹³ *Id.* at 5.

¹⁴ BGE proposed several modifications for the requested second program. The Commission notes that the modifications are not addressed herein as they have no bearing on the Commission’s decision to deny BGE’s request.

¹⁵ Staff Comments at 4.

¹⁶ *Id.*

11. OPC opposes BGE’s request to re-open enrollment in the Program for a second 12-month period, unless customers are returned to regular, post-paid service rather than be disconnected when prepaid balances reach zero.¹⁷ In support of its position that disconnections should not be permitted, OPC states that “access to, and the maintenance of, electric service is essential to the health and safety of customers as well as entire communities.”¹⁸ OPC further states that prepaid customers were disconnected eight percent more frequently than post-paid customers prior to the disconnection moratorium, and as many as 33 percent of prepaid customers could have faced disconnection if not for the moratorium.¹⁹

IV. COMMISSION DECISION

12. In Order No. 88438, the Commission characterized BGE’s proposal of a Prepaid Pilot Program as a “good opportunity to learn about the positives and negatives of implementing a prepaid billing program in Maryland.”²⁰ While the Pilot Report mentioned several positive aspects learned from the Program,²¹ BGE acknowledged that the “unique circumstances” under which the Program was conducted make it difficult to draw firm conclusions about how a prepaid program would operate under normal conditions.²² Thus, the opportunity to learn from the Program did not come to fruition, due primarily to the disruptive impact of the COVID-19 pandemic.

¹⁷ OPC Comments at 4.

¹⁸ *Id.* at 3.

¹⁹ *Id.* at 4.

²⁰ Order No.88438 at 5.

²¹ “61 percent [of participants] reported better control over energy expenses, 38 percent reported a reduction in usage, 34 percent said it helped them pay off arrearages, and 46 percent reported that it helped them avoid disconnections or reduce the length of disconnections.” Pilot Report at 9.

²² *Id.* at 2.

13. Rather than rely on incomplete data to propose a full deployment of a prepaid program, BGE instead requests the Commission’s authorization to effectively run a second prepaid pilot program. BGE contends that a second program, including a new APPRISE evaluation upon completion, would assist the Commission in making determinations regarding any possible permanency of a prepaid program. The Commission does not necessarily disagree with BGE’s contention, but finds that now is not the appropriate time to authorize continuing a Program that has been negatively impacted by the ongoing pandemic.

14. BGE acknowledges that “the COVID-19 pandemic prevented BGE from gaining a full year of Pilot experience,” and that, “with the moratorium on service disconnections ... the Prepaid Pilot was meaningfully altered, along with customer energy usage patterns as many households remained at home.”²³ While the disconnection moratorium has ended, the COVID-19 pandemic has not. Public health response remains vigorous, especially in light of the more contagious variants of the virus. Employment status, income levels, and time spent at home remain inconsistent and have not returned to pre-COVID times for many residents. The Commission finds that under current circumstances, it would be difficult, if not impossible, for BGE to collect data reflective of typical participant behavior during such atypical times.

15. For the foregoing reasons, the Commission denies BGE’s request to implement a second Prepaid Pilot Program. BGE may, however, refile its request at a future time, when the COVID-19 pandemic is more controlled and when health and financial circumstances have stabilized. The Commission further directs BGE to suspend its

²³ *Id.*

existing Program indefinitely, and to return all remaining Program participants to post-paid service within 30 days of this Order so as to ensure that BGE does not continue to incur the contract fees associated with the PayGo vendor.²⁴

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

ORDERED: (1) That BGE’s request for authorization to re-open enrollment in the Prepaid Pilot Program for a second 12-month period is denied, without prejudice, as discussed in the body of this order;

(2) That BGE is directed to suspend its existing Prepaid Pilot Program indefinitely; and

(3) That BGE is directed to return all remaining participants in the existing Prepaid Pilot Program to post-paid service within 30 days of the issuance of this Order.

/s/ Jason M. Stanek

/s/ Michael T. Richard

/s/ Anthony J. O’Donnell

/s/ Odogwu Obi Linton

/s/ Mindy L. Herman

Commissioners

²⁴ “[BGE] estimated ongoing costs for running a Prepaid Program to be approximately \$95,000 per year for fees to their PayGo vendor.” Pilot Report, Attachment 1 at ix.