



An Exelon Company

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Via Electronic Filing

Andrew S. Johnston, Executive Secretary
Public Service Commission of Maryland
William Donald Schaefer Tower
6 St. Paul Street, 16th Floor
Baltimore, Maryland 21202-6806

**Re: Application of Baltimore Gas and Electric Company for an
Electric and Gas Multi-Year Plan**

Dear Mr. Johnston:

Baltimore Gas and Electric Company (the “Company”) files electronically on this date its Application for an Electric and Gas Multi-Year Plan.

As required by the provisions of the Code of Maryland Regulations (“COMAR”) 20.07.04.07, the Company concurrently files herewith the Direct Testimony and Exhibits of its witnesses – Mark D. Case, David M. Vahos, Adrien M. McKenzie, Ajit Apte, Robert D. Biagiotti, A. Christopher Burton, Tamla A. Olivier, Mark Warner, Jason M. B. Manuel, April M. O’Neill and Lynn K. Fiery – together with Supplement 650 to P.S.C. Md. E-6 (Electric) and Supplement 467 to P.S.C. Md. G-9 (Gas), in accordance with the provisions of COMAR 20.70.04.09.

The Company also files electronically on this date the Supplemental Information required by the Commission’s April 18, 1983 Secretarial Letter Order and the Multi-Year Plan (“MYP”) Filing Requirements as adopted by the Commission in Order No. 89482. Note that several of the MYP Filing Requirements are Confidential and will be provided separately.

Although the Commission’s March 16, 2020, Operational Notice has waived the requirement to provide paper copies of this filing, the Company will be providing a limited number of paper copies of this filing to the Commission as a courtesy and additional paper copies can be provided upon request. The Maillog number assigned to this filing will be indicated above for your reference.

Respectfully submitted,

John D. Corse

John D. Corse

JDC/mjg

cc: Leslie M. Romine, Staff Counsel
Paula M. Carmody, People’s Counsel

**IN THE MATTER OF THE
APPLICATION OF BALTIMORE GAS
AND ELECTRIC COMPANY FOR AN
ELECTRIC AND GAS MULTI-YEAR
PLAN**

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**BEFORE THE
PUBLIC SERVICE COMMISSION
OF MARYLAND**

CASE NO. _____

**APPLICATION OF BALTIMORE GAS AND ELECTRIC COMPANY
FOR AN ELECTRIC AND GAS MULTI-YEAR PLAN
AND OTHER TARIFF REVISIONS**

Pursuant to §§ 4-203 and 4-204 of the Public Utilities Article of the Annotated Code of Maryland (“PUA”) and Public Service Commission of Maryland (“Commission”) Order No. 89482, BALTIMORE GAS AND ELECTRIC COMPANY (“BGE” or the “Company”) submits the application for a multi-year plan (“MYP”) proposing electric and gas base distribution rates to be effective January 1, 2021; January 1, 2022; and January 1, 2023.¹ In support of its Application, BGE states:

ONE: BGE is a public service company under the PUA and is subject to Commission regulation. The Company provides electric and gas service to a population of more than 3.1 million in Baltimore City and in all or part of ten counties in Central Maryland. Electric service is provided to more than 1.3 million customers across an electric service territory of 2,300 square miles. Gas service is provided to more than 680,000 customers across a gas service territory of more than 800 square miles.

¹ Order No. 89482 was issued in Case No. 9618 on February 4, 2020.

TWO: After evaluating various alternatives to the historical test year approach traditionally used in setting base rates in Maryland, the Commission issued Order No. 89226, which initiated Case No. 9618, and directed a Working Group to provide recommendations regarding the content, process and structure of an initial MYP filing in Maryland. On December 20, 2019, the Working Group filed an Implementation Report providing its recommendations to the Commission. In Order No. 89482, the Commission set forth the framework for an MYP pilot program including, among other things, the minimum filing requirements for an MYP application and a process through which actual costs are reconciled to the costs in an MYP application. In a letter filed with the Commission on March 5, 2020, the Company expressed its willingness and desire to serve as the Pilot Utility.²

THREE: Under the provisions of PUA §5-303, BGE has the affirmative duty of furnishing utilities, services, and facilities which are safe, adequate, just, reasonable, economical and efficient, considering the conservation of natural resources and the quality of the environment.

FOUR: BGE has continued to make significant investments in its electric and gas distribution systems and these investments are producing positive results for BGE's customers. Since 2014, BGE has delivered first quartile 2.5 Beta CAIDI results and in 2019 BGE delivered first quartile 2.5 Beta SAIFI results as well.³ BGE has also consistently delivered first decile gas emergency response times, responding to 99.97 percent of emergencies within less than an hour in 2019.

² Mail Log #228461.

³ CAIDI is the Customer Average Interruption Duration Index and SAIFI is the System Average Interruption Frequency Index.

BGE's customers are recognizing the impacts the Company's investments are having on service. Customer satisfaction among residential customers has continued to rise and has reached an all-time high, with more than 90 percent of residential customers reporting they are satisfied with BGE and the service we provide. For the past three years, J.D. Power has ranked BGE first among electric utilities in its East Large Segment, and first among gas utilities in the East Region for the past two years for business customer satisfaction.⁴ Further, BGE's 2019 customer satisfaction scores from Escalent were the best ever on record.

BGE's efforts and investments are also helping Maryland address the challenges of climate change. Through the EmPOWER Maryland programs, BGE assists its customers in using energy more efficiently, reducing the need for additional power generation. In the last year alone, the Company's EmPOWER energy efficiency programs helped customers save more than 841,000 MWh of electricity and 5.4 million therms of natural gas. The energy efficiency measures installed in just 2019 will result in more than 6.2 million MWh in avoided generation over their lifetime. These energy savings equate to a reduction in greenhouse gas ("GHG") emissions of nearly 4.4 million metric tons of carbon dioxide equivalents ("CO₂e") or removing approximately 935,000 vehicles from the road for one year. BGE's work under its MYP will continue the impressive environmental benefits Maryland and BGE's customers will realize. BGE's gas upgrade projects completed during the plan years 2021-2023 will produce lifetime GHG emission reductions of nearly 1.1 million metric tons CO₂e, the equivalent of eliminating 1.3 billion pounds of coal burned. BGE's MYP electric vehicle programs will similarly benefit the environment by

⁴ For the past two years, BGE ranked number one for Customer Satisfaction for Business Natural Gas Service in the J.D. Power East Region Gas Utility Business Customer Satisfaction Study.SM

supporting over 1 billion electric vehicle miles over the next 15 years, and for every electric vehicle mile, the air in Maryland will be 75 percent cleaner than if gas cars were driven.

FIVE: Under the provisions of PUA § 4-101, BGE is entitled to an operating income yielding, after a deduction for necessary and proper expenses, a reasonable return upon the fair value of its property, which must be adequate to assure confidence in the financial soundness of the utility, to maintain and support its credit, and to enable it to raise the capital necessary for the proper discharge of its duties as a public service company.

SIX: BGE's present electric and gas base rates will be neither just nor reasonable over the MYP period and will not yield a reasonable return on the fair value of BGE's property devoted to electric delivery or gas service. The requested increases are also needed for the Company to continue to provide safe and reliable service to our customers and to maintain the financial health of the Company. These requested increases will allow BGE to continue to provide tangible benefits to its customers while also promoting public safety, the economy of the state, and providing important environmental quality and natural resources conservation benefits.⁵

SEVEN: In the testimony and exhibits supporting this application, BGE provides evidentiary support for electric revenue deficiencies of \$109.0 million, \$156.1 million and \$203.8 million in 2021, 2022 and 2023, respectively, and gas revenue deficiencies of \$65.9 million, \$76.2 million and \$109.7 million in 2021, 2022 and 2023, respectively.⁶

⁵ PUA § 5-303.

⁶ The revenue deficiencies are based on an overall rate of return on investment of 7.20 percent for both BGE's electric and gas operations and a return on equity of 10.25 percent.

However, in light of the impacts of the COVID-19 pandemic, BGE is not proposing an increase to electric and gas base distribution revenues in 2021 or 2022 and is proposing increases in 2023 of \$140.4 million for electric and \$94.9 million for gas. BGE is able to avoid increasing electric and gas base distribution revenues in 2021 and 2022 by lowering a proposed performance adder to its recommended return on equity by 15 basis points (from 10.25 percent to 10.10 percent); revising the manner in which major outage event restoration expenses are recovered, accelerating the provision of certain tax benefits to customers and extending the amortization periods for certain regulatory assets – all while continuing to invest in its systems and operations and support the rebuilding of the economy in Central Maryland.

EIGHT: If granted in full, the requested rate relief would result in no changes to customer bills in 2021 and 2022 and, in 2023, an overall increase of 4.8 percent in total electric bills and 9.5 percent in total gas bills. However, the impact in 2023 will vary from rate schedule to rate schedule and from customer to customer. The total bill for an average residential customer receiving both electric and gas service from BGE is expected to increase in 2023 by \$12.87 per month (or about 8.3 percent) to a total bill of about \$167.83.⁷ However, even with the impact of the requested rate relief, the total 2023 bill for an average residential customer receiving both electric and gas service from BGE will be 22 percent lower than 2008. This reflects the impact of significantly lower average energy usage facilitated by BGE's EmPOWER Maryland programs and a decline in commodity costs.

⁷ The average combined residential electric and gas customer bill impact is based on an average monthly usage of 609 kWh and 56 therms, respectively.

NINE: In accordance with Order No. 89542 in Case No. 9639, BGE has established a regulatory asset to record any incremental impacts related to the COVID-19 pandemic. For purposes of this filing, BGE has included the framework for recovery of incremental COVID-19 costs. The Company's intent is to continue to track all COVID-19 related incremental costs and will update the applicable adjustments at the time of the evidentiary hearings in this proceeding once the Company gains a better understanding of the level and timing of incremental COVID-19 costs.

TEN: Included with the Company's Application are proposed revisions to certain pages within the Company's Electric and Gas Service Tariffs designated "Supplement 650 to P.S.C. Md. E-6 (Electric)" and "Supplement 467 to P.S.C. Md. G-9 (Gas)," respectively, to become effective June 14, 2020. *Inter alia*, the revised tariff pages reflect the proposed electric and gas rates at January 1, 2021; January 1, 2022; and January 1, 2023, as well as new electric and gas Riders to effectuate certain reconciliations that are consistent with the MYP structure outlined by the Commission in Order No. 89482.

ELEVEN: This Application is supported by the prepared direct testimony and exhibits of Mark D. Case, Vice President of Regulatory Policy and Strategy for BGE; David M. Vahos, Senior Vice President, Chief Financial Officer and Treasurer for BGE; Adrien M. McKenzie, President of Financial Concepts and Applications, Inc.; Ajit Apte, Vice President of Technical Services for BGE; Robert D. Biagiotti, Vice President of Electric Operations for BGE; A. Christopher Burton, Vice President of Gas Operations for BGE; Tamla A. Olivier, Senior Vice President of Customer Operations for BGE; Mark Warner, Vice President of Gabel Associates, Inc.; Jason M. B. Manuel, Manager of Revenue Policy for BGE; April M. O'Neill, Principal Rate Analyst for BGE; and Lynn

K. Fiery, Manager of Rate Administration for BGE; which have been simultaneously filed herewith.⁸

TWELVE: This Application is supported by voluminous data submissions required by the Commission's April 18, 1983 Secretarial Letter Order, which provides that the supplemental filing requirement is "a possible means to expedite Commission proceedings by providing as much relevant data as possible at the beginning of the proceeding thereby obviating or diminishing the need for subsequent time consuming and costly data requests." See binder labeled "Supplemental Information." This Application is further supported by additional filing requirements adopted by the Commission in Order No. 89482 after determining that the requirements proposed by the Working Group were reasonable with certain modifications. See binder labeled "MYP Filing Requirements."

THIRTEEN: On March 4, 2020, the Company filed with the Commission public and confidential versions of: (1) its Cost Allocation and Transfer Pricing Manual ("CAM") for 2020, in accordance with the Code of Maryland Regulations 20.40.02.07B; and (2) the independent audit opinion of SB & Company ("SBC"), which was prepared by SBC following an examination of the CAM pursuant to the provisions of PUA § 4-208.⁹

⁸ The Company provided Part 1 of the Direct Testimony of David M. Vahos, as well as the Direct Testimony of Adrien M. McKenzie, April O'Neill and Jason Manuel to Staff, OPC and other interested persons on March 2, 2020. The Company provided the Direct Testimony of Mark Warner on April 24, 2020.

⁹ BGE's CAM and CAM audit filing was submitted under Mail Log #228935.

WHEREFORE, Baltimore Gas and Electric Company requests that the Commission permit the rates filed herewith to become effective as filed.

Respectfully submitted,

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