



An Exelon Company

# FAQS

## Multi-year plan frequently asked questions.

### **What is the multi-year plan, and how is it different from what's been done in the past?**

Traditionally, BGE has performed the work needed to maintain and enhance its gas and electric systems and then, after the work is done asked the Maryland Public Service Commission (PSC) to authorize future rates using those historical costs. The multi-year plan is a forward-looking, rather than backward-looking, way to authorize new rates.

Under BGE's proposed multi-year plan, the PSC will review what BGE plans to spend before those investments are made. Then, on a yearly basis, the PSC will review BGE's actual spending and performance to ensure the company is accountable for implementing the plan.

### **How does a multi-year plan benefit customers?**

Multi-year plans align strategic priorities among the utility, customers, and regulators to develop a smarter, stronger, and cleaner energy future. Customers will benefit in several ways:

#### **TRANSPARENCY**

Utilities will inform the public and regulators about what we plan to do on our system ahead of time, rather than letting them know what we did after the work is complete. The PSC will also review the work accomplished compared to what was originally planned in order to ensure that customers receive the benefits they are paying for. BGE's filing and official input from interested parties are public documents and may be accessed at any time by anyone.

#### **PREDICTABILITY**

Customers will be able to budget for their utility costs over three years. They will also know that

regulators and other stakeholders have had the opportunity to review the utility's planned work in advance ensuring that they are part of the conversation about modernizing the energy delivery system and improving the customer experience.

#### **STABILITY**

Utilities will begin to recover funds for the work they do at the same time they do it, rather than after the fact. This provides more stable funding, which can improve planning and allow for more timely innovation to better meet the changing needs of customers.

#### **ECONOMIC RECOVERY**

This multi-year plan specifically seeks to assist with Maryland's economic recovery from the pandemic. It includes a two-year base delivery rate freeze at current levels and injects \$15 billion in economic stimulus into the local economy with infrastructure investments that support more than 26,000 jobs.

Customers also benefit from the work outlined in the plan, which details improvements for several years to come. Benefits include enhancements to the safety, reliability, security, and environmental impact of gas and electric infrastructure, and an improvement in the overall customer experience. This builds on past investments that have delivered improved performance and increased modernization, which has been met with record levels of customer satisfaction.

### **How does the multi-year plan increase transparency and accountability?**

Transparency and accountability are the core of this proposal. Under this proposal, BGE will provide spending plans to the PSC and other stakeholders for review and approval. The PSC will also review the work accomplished over the course of the plan

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compared to what was originally planned in order to ensure that customers receive the benefits they are paying for.

## **Are BGE's rates automatically approved for three years, with no opportunity to change?**

No. The PSC will exercise oversight of BGE under the proposed plan, reviewing what work is accomplished compared to what was committed to in order to hold the utility accountable for meeting budgetary and performance standards.

More specifically, annual reviews will be performed and if any party to the proceeding believes the rates approved through the multi-year plan should be adjusted downward as a result of a significant difference in the actual work performed by the utility or the utility's actual costs, they may petition the PSC to change the utility rates. The PSC also maintains its existing right to initiate a review of BGE's rates at any time. Stakeholders will continue to have the right to appeal any PSC orders to the courts.

## **Does the multi-year plan help Maryland's economy?**

Yes. BGE plans to spend \$5 billion from 2021 through 2023 through the multi-year plan to improve reliability, enhance the customer experience, and modernize the company's electric and gas infrastructure. This plan specifically seeks to assist with Maryland's recovery from the COVID-19 pandemic by injecting \$15 billion into the local economy with infrastructure investments that support more than 26,000 jobs.

As part of the plan, BGE will freeze customers' base delivery rates at current levels through 2022. In addition, electric supply costs are dropping 2.8 percent for BGE standard offer service customers due to a reduction in electric supply costs beginning June 1, 2020.

As BGE makes investments in the energy systems serving customers, the company is also focused on

working with local and diverse businesses. Last year, BGE spent \$440 million with Maryland businesses, of which \$217 million was with diverse businesses. This continues a trend of annually increasing work with local and diverse suppliers and complements workforce development initiatives to expand local training and hiring programs.

## **How does the multi-year plan support efforts to address the environment?**

At BGE, and our parent company Exelon, we recognize it is our responsibility to do our part to reduce emissions and prepare for a future impacted by climate change. The multi-year plan provides the foundation for meeting this challenge by making our infrastructure grid smarter, stronger and cleaner. It holds BGE accountable to customers and other stakeholders in grid investment planning and for meeting high levels of reliability in the face of extreme events.

More specifically, natural gas pipeline upgrades completed during the plan years alone will reduce carbon emissions over their lifetime by 1.1 million metric tons—the equivalent to taking 247,000 gasoline-powered cars off Maryland roads for one year. Also, BGE's Electric Vehicle programs will support over 1 billion electric vehicle miles over the next 15 years—for every electric vehicle mile driven, the air in Maryland will be 75 percent cleaner than if gas cars were driven.

## **Does this filing approach guarantee utility profits?**

No. Under the multi-year plan all interested parties will have the opportunity to review and question the plan before the utility even begins the work, providing transparency and stability that does not exist today. The PSC continues to have full authority to determine the appropriate costs and prudent investments to be built into rates. Other stakeholders such as PSC Staff and the Office of People's Counsel, which represents the interests of residential customers, retain their ability to review and question utility spending.