



An Exelon Company



A multi-year plan helps to power a cleaner & brighter future.

BGE's multi-year plan will power a cleaner and brighter future for our customers and communities by modernizing and investing in our electric and gas systems to make them smarter, stronger, and cleaner. A multi-year plan is a forward-looking proposal by an energy utility that describes planned electric and natural gas system infrastructure upgrades and maintenance, and associated costs and rates, for up to three years in the future. Instead of looking back at work already completed by a utility and deciding afterward on what rates should be to cover those costs, a multi-year plan presents the work and budget in advance before decisions are made on rates.

Multi-year plans in Maryland.

The multi-year plan is a new process for Maryland, adopted recently by order of the Maryland Public Service Commission, which is piloting this process in order to achieve the best outcomes for customers and Maryland's energy future. While new in Maryland, alternative ratemaking models, including multi-year plans, have been used by many other states for a number of years.

Better designed to meet changing energy needs.

Utility infrastructure faces both new challenges and new opportunities. For example, severe weather impacts energy systems, electric vehicles and renewables need smarter grids, and the need to replace aging gas infrastructure is increasing. Multi-year planning enables investments in safer and more reliable infrastructure, customer-centric services, and new technologies, enabling BGE to meet all of our customers' needs.

A PROVEN MODEL:

customers in most states already benefit

from similar forms of alternative, modern models like multi-year plans.

SOURCE: Edison Electric Institute Testimony before the Maryland Public Service Commission, PC51, April 2019

LOOKING AHEAD:

Before plans are implemented, there will be opportunities to provide input on utility investments — better aligning strategic priorities among customers and regulators — and hold the utility accountable for meeting budgetary and performance goals over multiple years.

SOURCE: U.S. Department of Energy study on multi-year rate plans, July 2017

How will customers benefit from a multi-year plan?

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:

IMPROVEMENTS TO SERVICE

Benefits include enhancements to the safety, reliability, security, resiliency and environmental attributes of the energy grid, and an improvement in the overall customer experience. This builds on past investments that have delivered improved performance and increased modernization, which has helped to deliver record levels of customer satisfaction.

TRANSPARENCY

BGE 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 what work is accomplished compared to what was committed to in order to hold the utility accountable for meeting budgetary and performance standards.

PREDICTABILITY

Customers will now know how and when their rates will be impacted well in advance. They will also know that regulators and other stakeholders have had the opportunity to review the utility's planned work, ensuring that it modernizes the energy delivery system and improves the customer experience.

STABILITY

Utilities will recover funds for the work they do while 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.

How does a multi-year plan compare to traditional ratemaking?

Multi-year plans will preserve PSC authority and customer protections, while increasing utility accountability.

	TRADITIONAL REGULATORY RATE REVIEW	MULTI-YEAR PLAN
PSC determines whether a rate is just and reasonable and can reject any rate or component of a rate it does not find reasonable	✓	✓
Maintains the PSC's ultimate authority to set rates	✓	✓
Includes regular reviews to ensure rates are aligned with the work completed	✗	✓
Provides funding certainty over a period of time to strengthen BGE's ability to modernize and secure the energy grids	✗	✓
Results are predictable for multiple years	✗	✓
Allows stakeholder input prior to plan implementation	✗	✓
Reduces frequency of regulatory rate filings	✗	✓