

Department of Legislative Services  
Maryland General Assembly  
2017 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 356 (Delegate Conaway)  
Economic Matters

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Public Service Commission - Rates for Gas and Electricity - Discount for  
Qualified Residential Customers in Baltimore City

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This bill requires the Public Service Commission (PSC) to issue an order that sets the electricity and gas rates for qualified residential customers at 10% lower than the rates for other residential customers in Baltimore City. “Qualified residential customer” means a residential gas or electric customer in Baltimore City who is age 55 or older and has been a customer of his or her utility for one year or more.

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Fiscal Summary

**State Effect:** Although PSC did not respond to repeated requests for information regarding the potential fiscal impact of this bill, it is assumed that PSC can issue the required order with existing budgeted resources. If Baltimore Gas and Electric Company (BGE) is authorized to collect revenue from other customers to recoup the revenue lost due to the discount required under the bill, then State expenditures (all funds) may increase minimally beginning in FY 2018 for additional utility costs.

**Local Effect:** If BGE is authorized to collect revenue from other customers to recoup the revenue lost due to the discount required under the bill, then expenditures by local governments in BGE’s service territory may increase minimally beginning in FY 2018 for additional utility costs.

**Small Business Effect:** Potential meaningful. If BGE is authorized to collect revenue from other customers to recoup the revenue lost due to the discount required under the bill, then small businesses in BGE’s service territory may pay more for electric and/or gas service.

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## Analysis

**Current Law/Background:** PSC does not set retail electric or gas commodity rates. PSC does set retail and electric and gas distribution rates in utility rate cases.

Except for specific enumerated exclusions, for any service rendered or commodity furnished, a public service company may not directly or indirectly, by any means, including special rates, rebates, drawbacks, or refunds:

- charge, demand, or receive from a person compensation that is greater or less than from any other person under substantially similar circumstances;
- extend a privilege or facility to a person, except those privileges and facilities that are extended uniformly to all persons under substantially similar circumstances;
- discriminate against a person, locality, or particular class of service; or
- give undue or unreasonable preference to or cause undue or unreasonable prejudice to a person, locality, or particular class of service.

The electric and gas tariffs for BGE do not include any riders that offer discounts to customers based on age. A now-closed electric rider allowed for some businesses to receive a discount on incremental energy use if the business expanded operations in certain areas.

BGE advises that it does not have age-related data on its customers, but that it has approximately 240,000 electric accounts and 192,000 gas accounts in Baltimore City.

According to U.S. Census data, the nearly 142,000 individuals age 55 or older in Baltimore City represent approximately 29% of the adult – and therefore potential utility account owner – population.

**Additional Comments:** BGE’s revenue requirements likely mean that any revenue reduction from reduced distribution rates for qualified Baltimore City residents would be offset by rate increases for other BGE customers. It is unclear whether this make-whole revenue would be collected solely from residential customers, or if commercial and industrial customers also would be affected. Likewise, it is unclear if the revenue would be collected solely from Baltimore City customers or from all customers in BGE’s service territory.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Office of People's Counsel; U.S. Census Bureau; Baltimore Gas and Electric Company; Department of Legislative Services

**Fiscal Note History:** First Reader - January 31, 2017  
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