



# Office of People's Counsel

## GUIDE To

### Understanding Fee Options for Smart Meters in Maryland

**M**ost of the major electric companies and one gas company in Maryland either have begun installing new Advanced Meter Infrastructure (“AMI”) meters, otherwise known as smart meters, or they are planning to.

These system changes will affect about 2 million electric customers in Maryland.

In response to concerns of some customers over smart meters, the Maryland Public Service Commission decided to allow customers to opt out of taking the new smart meters by paying a fee to the utility company.

The Office of People's Counsel is providing this Guide to help customers understand what fees they might face, what the fee is for, and what they need to do as a result of the recent order.

Contact us at 1-800-207-4055 or send an email to [Info@opc.state.md.us](mailto:Info@opc.state.md.us) if you have any questions.

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If you live in Maryland, you probably live in an electric service territory where you will either be getting an Advanced Meter Infrastructure (AMI) meter, commonly called a smart meter, or you already have one. The following electric companies are installing smart meters:

- BGE
- PEPCO
- Delmarva Power (DPL)
- SMECO

These companies are regulated by the Maryland Public Service Commission (“Commission” or “PSC”).

Pepco’s installation of 560,000 meters is nearly finished. BGE’s installation of 1.36 million electric meters and another 730,000 gas meters is underway. DPL is nearing completion of its installation of 191,000 meters, and SMECO expected to begin its installation of 154,000 meters in the Second Quarter of 2014.

The major difference between the traditional meter and the AMI meter is that the new meters can send and receive information over an electric company’s network. Like a cell phone, these new devices digitally transmit information over wireless networks; the networks are operated by the companies.

These transmissions are a form of radio spectrum signal, thus are governed by Federal Communications Commission regulations. These transmissions are a form of electromagnetic radiation called non-ionizing radiation.

OPC has put together the following Q & A to try to help customers better understand the fees and what they need to know about AMI meters.

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## WHAT IS GOING ON?

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**Q. I’ve never heard of smart meters. What’s the deal?**

**A.** In 2010 the PSC first allowed certain electric companies to replace existing meters with smart meters in their service territories. If you are a residential customer of Pepco, DPL, BGE, or SMECO, you either have an AMI meter, or your utility will be attempting to install one in the near future. Your utility should give you notice of this installation ahead of time.

Some customers have expressed health and privacy concerns about these meters. The PSC is allowing customers to “opt-out,” but they will be charged a fee.

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## WHO IS AFFECTED?

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**Q. Am I affected by the Commission’s order?**

**A.** If you have a smart meter in Maryland, or expect to have one in the future, you are affected by the Public Service Commission’s orders.

**Q. Do I have a smart meter?**

**A.** The companies are required to notify you shortly before they install the meter. OPC has heard from several customers that they received the new meters without any warning. If you are unsure, contact your utility.

**Q. I opted out before the PSC set the opt-out fees in its February 26, 2014, order. Does the new order apply to me?**

**A.** Yes. It is important to know that customers who already opted out prior to the February 26, 2014, order will be automatically enrolled in their utilities’ opt-out programs, and charged fees, unless they actively inform their utilities that they now want an AMI meter.

The Commission’s decision allows the utility company to charge fees to anyone who decides not to take the new smart meter.

## HOW MUCH WILL IT COST?

**Q.** How much will it cost me to opt out of the AMI meter?

**A.** If you opt out, the fees you will be charged depend on which service territory you live in. The PSC has set the following fees the companies can charge to customers who opt out of receiving an AMI meter:

Utility	Up-Front Charge	Ongoing, Monthly Charge
BGE	\$75.00	\$11.00
Pepco	\$75.00	\$14.00
DPL	\$75.00	\$17.00
SMECO	\$74.00	\$17.00

The \$75.00 up- front fee will be charged over three monthly billing cycles. The monthly fees will be charged indefinitely, and are subject to change depending on later decisions by the Commission. For now, in BGE’s service territory, this translates to \$207 in the first year; \$243 in Pepco’s; and \$279 in the DPL and SMECO service territories.

**Q.** Will I be charged an additional fee to have the AMI meter installed?

**A.** No. Even if you opted out or deferred, the companies cannot charge an additional fee to install the smart meter.

**Q.** How will I know how much I am paying for opting out?

**A.** The utilities have been required to itemize the fee on the customer bills.

## WHEN WILL THE FEES TAKE EFFECT?

**Q.** When do I have to pay the fee?

**A.** No customer will be billed a fee until the first billing cycle after July 1, 2014. Customers who opt out after that date should see the fee appear on the next bill after they opt out, or after the neighborhood meters have been installed.

**Q.** What if I change my mind after I get the bill. Is there a grace period?

**A.** Yes, but it is short. If you opt out, you must tell the utility within 30 days of your bill date with the first opt-out fee that you want your AMI meter. If you do that, the utility will waive the opt-out fee. If you do not, the utility is authorized to charge you the opt-out fees.

**Q.** If I ignore my utility company, will I be able to keep my old meter for no extra charge?

**A.** For the time being, yes, but not very long. If your meter is outside your home, the utility can change the meter unless you opt out. If the meter is inside your home, the utility will need to gain access to your home to install the new meter. A number of customers with indoor meters have

not responded to the utility when the meter is indoors. The PSC decided that if the company has tried to install a meter, but for some reason hasn't been able to, and the customer has not decided to opt out, those customers **cannot** be charged the opt-out fees. This is primarily because BGE has had difficulty with installing indoor meters. For all of the companies installing smart meters, the PSC has directed those customers who don't yet have a smart meter, but who have not acted to opt-out, to either schedule an appointment to install the meter, or to opt-out for the fee. It is possible that the Commission may allow the companies in the future to charge fees, or potentially even allow service disconnections for those who ignore requests to install the new meter.

## **WHY ARE THEY CHARGING FEES?**

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**Q. Why do I have to pay fees to keep my old meter? Doesn't it cost less, since I'm not getting something new?**

**A.** As part of their plans to install AMI metering systems, the electric companies planned on reducing other costs, such as meter reading staff, and phasing out billing systems that only worked for the old meters. Because customers are now allowed to keep their old meters by opting out, the utilities must have dual systems, and incur costs to do things the utilities had planned to phase out or do less of. Maryland law allows utilities to be paid reasonable rates for service it provides to the public. The Commission decided that, because these additional costs are resulting only from certain customers' desire to opt out, those customers should pay the additional costs. Otherwise, all customers would have to pay the additional costs.

**Q. Are these fees being used to pay for the new AMI meters?**

**A.** No. The PSC allowed the utilities to collect opt-out fees only for costs related to opting out—these are the additional costs (see the previous question) that result from allowing customers to opt out. The costs related to the AMI are being held in a deferred account, and the PSC will decide customer responsibility for those costs in a future PSC rate case. In that proceeding, all parties, including the utilities, the Commission's technical staff, and OPC will present testimony and arguments as to the proper amount allowed under the law.

**Q. I heard they were going to ban charging opt out fees. What happened?**

**A.** Several bills were filed with the General Assembly this year regarding smart meters and opt out fees. However, those bills did not pass. The PSC decision is the guiding authority on these fees. OPC believes that because there are definite additional costs to allowing opt outs (see the first question in this section), and because the costs are directly attributable to one set of customers—those who choose to opt out—having a fee-based charge is the fairest way for the utilities to collect for these costs. If fees were not allowed, then the utilities would have to collect the costs from all customers.

## **I'M CONCERNED ABOUT ...**

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**Q. I heard that smart meters make your bills go up. Is a smart meter going to cost me more money?**

**A.** This is a common question and actually breaks into two issues: how does the meter work, and will the overall bill go up.

One part of your bill reflects your energy usage. The AMI meters, like the older analog (turning wheel) or newer non-networked digital meters are all designed to do the same thing: measure the flow of electricity. The AMI meters must meet the same standards as the older meters. If your current meter is working properly, and then you get an AMI meter, and it also is working properly, you should not notice any difference in your bill. If you do notice a difference, it could be for a number of reasons, such as weather or change in household members. That said, OPC recommends that you monitor your bills any time you have a change in your meter-reading equipment. If you do not believe your bill is accurate, you should first contact your utility. You may ask for a meter test. If you still disagree, you may contact the PSC and ask for a referee test, for a small refundable fee.

**Q. I'm concerned about privacy of my personal data. Can the information be given out to other companies or hacked if I let the smart meter be installed?**

**A.** There are two questions: Security of your data and your right as a customer to control access to that data.

**Security.** There is no doubt that smart meters will collect and provide much more information about your energy usage to the utility than ever before. Depending on your utility, this data may be transferred in one packet, or a number of packets throughout the day. The data will show usage throughout the day, but it will not show how it is being used. The meter will not be able to say whether that electric usage is linked to your computer or your refrigerator. However, as the AMI meters are networked devices, this makes them more vulnerable in a number of ways that the older meters were not. Security of the utility systems, including customer data, is a major concern for the PSC, utilities and OPC.

**Customer Data Privacy.** Customers have expressed concern about their privacy, and controlling who has access to their usage information. Utilities cannot release customer data to third-parties without your permission, unless required by a warrant or subpoena. AMI meters do not change that utility obligation. OPC supports strong customer privacy rules, and will continue to monitor and remain engaged with the utilities and the PSC over privacy and cybersecurity concerns related to AMI meters.

**Q. Should I be concerned about fires, or other hazards from the meters?**

**A.** There were some news reports a few years ago about fires associated with some smart meter installations in other areas of the country. OPC is not aware of any fires associated with smart meter installations in Maryland, and the utility companies have assured the PSC that the meters being installed in Maryland are safe.

**Q. Should I be concerned about the effect on my health of radiation from the new meters?**

**A.** The utilities have provided testimony before the Public Service Commission that the AMI meters emit what is known as “non-ionizing” radiation that is similar to that of a cell phone or other mobile device. When the Commission considered the health effects of smart meters, it decided that although they emit non-ionizing radiation, scientists have studied that form of radiation extensively for several decades and found no evidence of harmful effects on human beings. While OPC agrees with this assessment, we understand that individual customers may consider the non-ionizing radiation to be hazardous to their health, and do not want the AMI meter installed. That is a personal decision.

**Q. What can I do if I do not want an AMI meter installed because I am concerned about my**

**privacy or effects on my health, or I am scared about a fire hazard?**

**A.** You may choose to retain your old meter, but you will be required to pay the additional fees.

**Q. The meter is on my property and I do not want a utility worker messing around with my stuff, or damaging my property. What can I do?**

**A.** The meter, and everything leading from the electric distribution line or gas pipe up to the meter is the utility company's property. So by law, the utility company has a reasonable right of access to its equipment, including the meter, even if that equipment is on private property. Under law, a utility company has the right after a reasonable attempt to gain access to its meter to disconnect service to the meter. These rights are spelled out in the document known as the Tariff, which is posted on a utility's website, and also available from the PSC.

If you have an older meter that needs to be read by hand, this means the meter reader must be able to come onto your property. Some meters can be read from a few hundred feet away by a radio transmitter. Under the PSC's decision to allow opt-outs, a customer who has concerns about their property with respect to smart meters may choose to retain the older meter, but must pay the fee, regardless of the reason for opting out. Keep in mind that if your older meter stops working, or needs replacement, the utility has a right to gain access to the meter to repair or replace it; otherwise, they can disconnect your service.

## I DON'T WANT TO PAY TO PAY THE FEE

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**Q. What do I need to do so I don't have to pay the opt-out fee?**

**A.** In most cases, you should not have to do anything because the utility companies need very little in terms of permission to install the meter if it is on the outside of your house. Once you have the AMI meter, you don't have to worry about the fee.

**Q. What are the circumstances where I need to do something to avoid paying the fee?**

**A.** If you have an indoor meter—this is primarily in BGE's service territory—or it is otherwise inaccessible, you will need to contact your utility to schedule an appointment to have your AMI meter installed. The utilities are not allowed to charge a fee right now to hard-to-access customers, but could be allowed to do so in the future. If you have an outdoor meter, you probably don't need to do anything because the utility will be able to install your meter without your authorization. You should receive a notice from your utility before and after the installation. Even if you expect to get an AMI meter, you should monitor your bills to ensure you aren't getting charged for opting out. If you see a charge, you should contact your utility immediately.

## WHAT'S THE POINT OF A SMART METER?

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**Q. Is it true that a smart meter can save me money?**

**A.** The primary ways to reduce your bill with a smart meter are by participating in various utility-run and third-party programs that offer you different incentives for reducing your electric usage at specific times and dates. Of course, any time you reduce your electric usage, whether it's through a special program, or just using less air-conditioning, for instance, you can reduce your electric costs.

**Q.** Is it true that smart meters will improve my electric service?

**A.** As a result of some of the energy pricing programs utilities participate in, there is an effect of reducing overall system electricity demand, which helps avoid system-wide reliability problems. Putting a value on that effect is difficult and subject to debate.

AMI meters should make some utility operations easier. For instance, the utility can disconnect or reconnect your utility service quickly if you want (although consumer protection rules are still in place), and could help restore power more quickly after outages. You also will be able to get access to more detailed information about your energy usage.

## **I WANT TO OPT OUT**

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**Q** For my own reason, I have decided I don't want the AMI meter. What should I do?

**A.** You may opt out in three ways: 1. Call your utility; 2. Write your utility; or 3. Go to the utility

website (online option not available for all utilities). You will be subject to the fee schedule for your utility.

**Q.** I don't have a smart meter yet, but I haven't opted out. Can I opt out if I want to?

**A.** Yes. You can opt out any time you like. You can also look at your utility's website for more information.

**Q.** Will I be able to keep my old meter?

**A.** It depends. In most cases, you should be able to retain the existing meter. However, the PSC has authorized the utilities to install non-communicating digital meters, as well as digital meters that transmit data a short distance by radio signal (these meters, known as ERT or AMR meters, do not communicate on a two-way fashion like the AMI meters, but instead only send a one-way signal to a receiver so a meter reader can take the reading from a short distance away). So if you still have an analog meter, but it breaks, you may get a different style of meter.

**Q.** Does OPC have any advice about whether I should opt out?

**A.** OPC does not have a position on whether any individual customer should opt out. Only a small percentage of customers have made this choice. However, this is a personal decision. Since opting out will have a definite bill impact, each customer needs to weigh those costs against the risks they perceive from the AMI meter.