OPC
OFFICE OF PEOPLE'S COUNSEL
State of Maryland

Consumer's Guide to:
BGE's Proposed Electric Rate Increase

Each time a utility—like Baltimore Gas and Electric (BGE)—wants to increase the price it charges to distribute electricity or gas, the company files an application with the Public Service Commission (PSC)—the State agency responsible for setting the distribution rates and overseeing utility operations. The Commission holds a trial-like proceeding, where the company presents evidence supporting its request; other parties like PSC Technical Staff and the Office of People's Counsel (OPC) review and present evidence on the request; and the Commission determines what, if any, rate increase to approve. Any increase the Commission approves as a result of BGE's current request will be reflected in customer bills starting early next year.

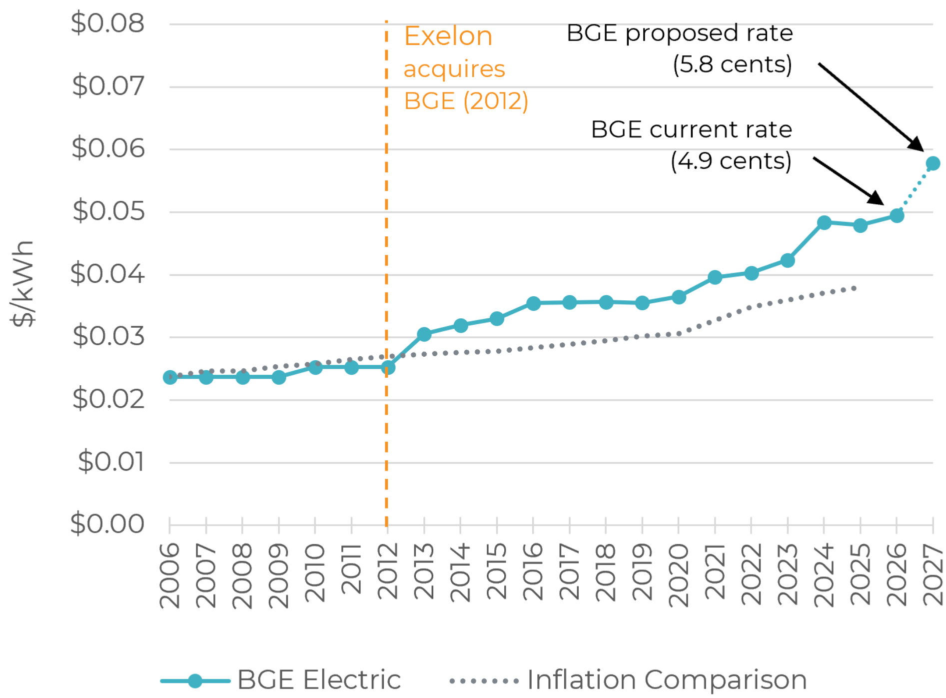
What is BGE requesting?

BGE is asking to collect an additional $156.1 million from customers, increasing its electric distribution rate for residential customers—the rate per unit of electricity delivered to your home—**by roughly 17%, from 4.9 cents per kilowatt-hour (kWh) to 5.8 cents per kWh.** This increase includes the "reconciliation" charge that was authorized by the PSC in 2025 and lasts through December 2027. BGE is not currently requesting to increase its distribution rate for gas.

If approved, BGE's proposal would mean that the company's electric distribution rates will have increased by 58% since 2020 and 129% (substantially more than doubling) since Illinois-based Exelon Corporation acquired BGE in 2012.

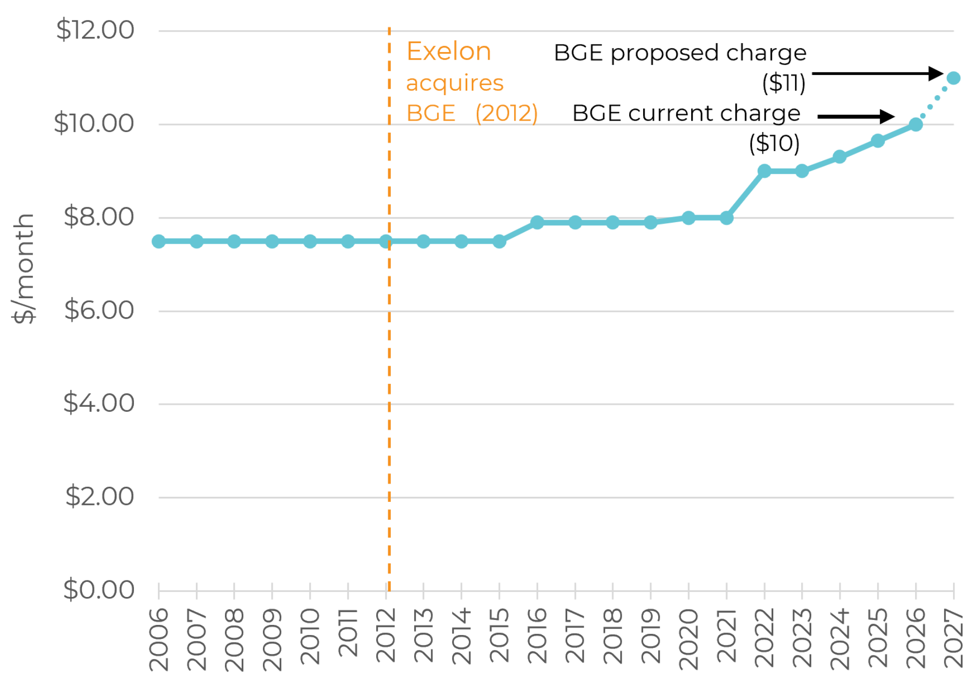
The charts below provide BGE's residential distribution rates for the past 20 years for context, the current rate, and the rate requested by BGE.

BGE Electric Volumetric Distribution Rate



BGE is also asking to increase its fixed "customer" charge—the flat monthly fee customers pay no matter how much energy they use—for residential customers **by 10% from $10 to $11 per month**.

BGE Electric Monthly Customer Charge

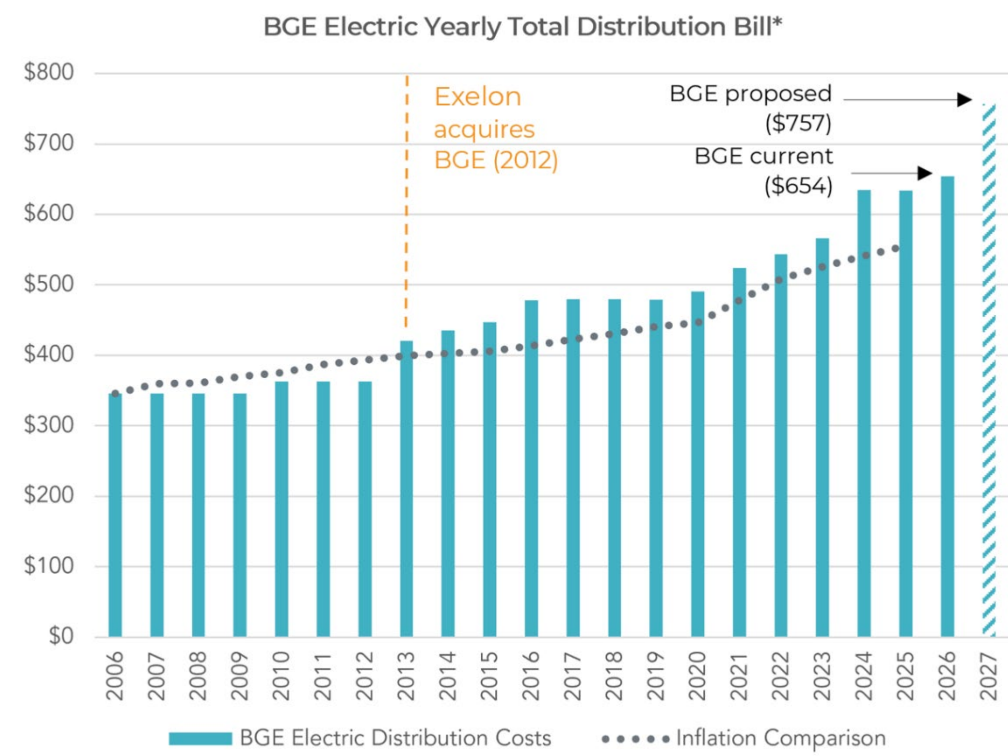


How will this affect your utility bill?

The impact will vary from customer-to-customer depending on your electricity usage. For a customer who uses an average of 900 kWh per month, BGE's proposed rates will result in a monthly bill increase of around $8.58 per month (around $103 per year).

BGE's request only impacts the distribution—or delivery—portion of your utility bill. Transmission costs and the supply cost—the cost of the electricity itself—are passed directly through to customers and are not affected by BGE's distribution rate request (but are also increasing). Other costs on utility bills, including taxes, fees, and charges for the EmPOWER program, are also not impacted by BGE's request. For more on the components of your electric bill, visit OPC's website: https://opc.maryland.gov/Consumer-Learning/Utility-Rates-and-Basics.

BGE understates the impact of the requested increase by comparing it to your total electric bill, rather than the distribution portion of your bill. BGE says that if approved, the request will increase the *total* average residential electric bill by only 4 percent. But the rate case does not address the total electric bill; it addresses only distribution costs, regulated by the PSC.



**While BGE assumes average monthly usage of 851 kWh, OPC assumes average monthly usage of 900 kWh/month, resulting in slightly higher bill impacts than under BGE's assumption.*

Why does BGE say it needs a rate increase?

Utility infrastructure—the poles, wires, and substations that deliver electricity to your home—is necessary to maintain safe and reliable service, and new investments are often required. Utility customers pay for these investments, plus the utility's "rate of return" that includes the company's profits, over many years (usually decades), through their utility distribution rates.

BGE's application states that it is "focused" on "investments that are the most essential to continued safe and reliable service." But OPC's initial review of BGE's request suggests that many of its requests are not related to investments needed for utility service. For example:

Utilities earn profits based on how much money they spend on infrastructure. The more money a utility spends on its infrastructure, the more profit the company can make. Operational and maintenance (O&M) costs—like most routine repairs and employee salaries—do not generate profits. Those costs are passed on to customers on a dollar-for-dollar basis. **The different treatment of operational and maintenance costs and infrastructure investments means utilities have a strong incentive to buy expensive new equipment rather than fix what they already have.**

Customers are captive to their electric and gas utilities, which have government-protected monopolies, and customers depend on effective PSC regulation to ensure that utilities spend only the amount necessary to provide safe and reliable service.

- BGE is requesting to increase its **return on equity (ROE)**—the level of profit BGE is allowed the opportunity to earn for its shareholders—from 9.5 to 10.4 percent, far exceeding the profit levels that companies subject to competition earn.
- BGE is also seeking to increase its **rate base**—the infrastructure investments that BGE can earn a profit (or "return") on—including for prior investments that the PSC previously rejected in earlier rate cases.
- BGE is proposing to change its **rate design**—how utility costs are split between different types of customers—to increase the share that residential customers pay as compared to commercial or industrial customers.
- BGE is also seeking approval for a "**storm rider**." This would allow BGE to automatically increase customer rates above the rate approved in this case if storm costs are higher than expected. Unlike the current approach, which uses a five-year average, the rider would reduce BGE's incentive to control storm costs and shift the risk of higher costs to customers.

What is OPC doing?

OPC represents the interests of residential customers, advocating to keep any rate increases as low as possible while maintaining safe and reliable service. Our team of attorneys and technical consultants are carefully reviewing the more than 1,000 pages of the company's application, engaging in discovery to obtain additional information from BGE, and evaluating what—if any—increase in rates is needed to ensure safe and reliable service.

How can I get involved?

Stay informed. There are several ways to stay up to date through the PSC's website:

- For a quick visual update on the progress of the case, check the PSC's "proceedings dashboard": https://psc.maryland.gov/proceeding/case-no-9888/
- To access the public filings in the case, use the PSC's "case search" tool: https://webpscxb.pscmaryland.com/DMS/case/9888

Make your voice heard. In each rate case, the Commission solicits input from the community in the form of written public comments and public comment hearings. Learn more about how to effectively participate: https://opc.maryland.gov/Consumer-Learning/Public-Participation

- **Submit a written comment** at any time before the evidentiary record closes. The PSC's website provides information on how to submit a comment: https://psc.maryland.gov/online-services/file-a-public-comment/
- **Attend a public comment hearing** to bring your concerns directly to the Commission. The dates for these hearings will be set in the coming months and will be published by the Commission and BGE. OPC will also publicize these dates once available.

Where can I learn more?

Visit OPC's website to learn more about:

- The components of your utility bill: https://opc.maryland.gov/Consumer-Learning/Utility-Rates-and-Basics
- How to read your BGE bill: https://www.youtube.com/watch?v=2lHRMtJ9xYo
- Why bills are going up: https://opc.maryland.gov/Why-is-my-2026-summer-BGE-bill-so-high
- Getting help to pay your utility bill: https://opc.maryland.gov/Get-Help
- OPC's advocacy: https://opc.maryland.gov/Media/Press-Releases

For regular updates, subscribe to OPC's newsletter: https://opc.maryland.gov/Media/OPC-Newsletters