



BALTIMORE CITY COUNCIL COMMITTEE OF THE WHOLE

Mission Statement

On behalf of the Citizens of Baltimore City, the mission of the Committee of the Whole is to meet, discuss and study matters that have particular interest to the City as a whole and to its citizens.

The Honorable Zeke Cohen

CHAIR

PUBLIC HEARING

**Thursday, March 12, 2026
5:30 PM**

CLARENCE "DU" BURNS COUNCIL CHAMBERS

LO26-0043

*Baltimore Gas & Electric Company (BGE)
Gas Safety & Affordability*

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**COMMITTEE OF THE WHOLE**
The Honorable Council President Zeke Cohen
CHAIR**Legislative Oversight Hearing***LO26-0043**Baltimore Gas & Electric Company (BGE) Gas Safety & Affordability*

For the purpose of inviting representatives from the Baltimore Gas and Electric Company (BGE) and other relevant organizations to discuss BGE's business practices related to gas, high gas bills, and gas pipeline inspections.

INVITED PARTIES

- Baltimore Gas and Electric Company
- Maryland Office of People's Counsel
- International Brotherhood of Electrical Workers (IBEW) Local Union 410

BACKGROUND

Baltimore Gas & Electric (BGE), a subsidiary of Illinois-based Exelon Corporation, is a combined electric and gas utility. BGE serves approximately 1.3 million electric customers and 700,000 natural gas customers in Maryland.ⁱ

Rising Costs of Utilities

All BGE utility bills include two primary categories of charges:

- Supply (Commodity) – Therms of gas or Kilowatt-hours of electricity; and
- Delivery Distribution – The Cost of delivering gas or electricity to a home. This also includes a fixed customer charge—the EmPOWER surcharge—which supports programs to promote energy efficiency, and local taxes.

BGE distribution rates have been rapidly increasing, exceeding the rate of inflation. Data collected from the Maryland Office of People's Counsel (OPC) shows that gas delivery charges have risen from 26 cents per therm in 2010 to 97 cents per therm effective February 1, 2026. BGE's website reports that residents may see increases in monthly energy bills in 2026 due to continued investments in upgrading energy infrastructure and factors outside of their control.ⁱⁱ

Multi-Year Rate Plan (MRP)

In Maryland, utility rates are reviewed and approved by the Public Service Commission (PSC). Therefore, any time BGE proposes to increase the price they charge for distributing electricity or

natural gas, they must file an application with PSC. In 2020, the PSC approved the Multi-Year Rate Plan (MRP) pilot program, which allowed utilities to raise rates in advance for several years. BGE was approved by the PSC in 2021 for their first MRP and most recently approved for the second MRP in 2023, which authorized a rate increase over three years of approximately \$408 million.

The Utility Return on Equity (ROE) is the regulated rate of profit, or the rate of interest paid by ratepayers to utility investors over the useful life of capital expenditures. The PSC determined that the ROE of 9.5% for BGE's electric distribution service and 9.45% for BGE's gas distribution services were supported by evidence. Through the application of this rate, the more BGE spends on infrastructure, the bigger the profit they can accrue.

Notably, where traditional ratemakings (which occur after a rate year has passed) require a utility company to demonstrate the need for expenditures it has already made, MRPs enable utility companies to raise the rates annually over a period of time and make it easier for them to increase capital spending by shifting risks onto consumers. In addition, in late 2025, the PSC approved \$77.2 million in additional BGE rate increases over and above the approved MRP rate to enable BGE to recover some of the amounts it overspent in 2023 under its MRP.ⁱⁱⁱ OPC has been critical of MRPs, stating that they require little accountability for utilities, while significantly increasing costs for consumers. The most recent PSC ruling approved BGE's request to indefinitely waive the adjustment to the electric and gas base rates that were due to expire on December 31, 2026. This decision allows BGE to submit a new rate case at its discretion. However, the ruling does deny BGE the ability to recover any difference between Year 3 rates and the new rates eventually approved by the PSC.

Gas Pipeline Inspections

According to federal data analyzed by Maryland PIRG, BGE's hazardous leaks per year have increased from 3,000 in 2014 to over 4,000 in 2023, despite the company's expenditure of \$1.4 billion on pipeline replacement projects.^{iv}

Additionally, a 2023 investigation found that a BGE employee had falsified at least one project report, and PSC's engineering division advised that BGE did not take steps to prove whether the infrastructure "inspected" by the employee was safe.^v Although BGE is cooperating with the PSC in an ongoing review of this matter, the company has disputed the findings of the PSC staff report, and the PSC has opened a new docket to investigate further.

BGE Layoffs/Terminations

On February 10, BGE terminated 46 union workers with terminations effective March 12. BGE released a public statement saying, "Like many utilities, BGE is facing regulatory uncertainty and reduced planned work, which has required us to align our workforce with current business needs." IBEW in a Facebook post stated, "Laying off experienced, qualified union members and leaving contractors in place is a direct violation of [union] protections."

In addition, BGE announced on February 6 that it is laying off 22 managers and office workers for the same reasons.

Next Generation Energy Act of 2025

Last year, Maryland Governor Wes Moore signed the Next Generation Energy Act, which is intended to modernize the state's energy infrastructure, promote more in-state generation, and address the rising

utility costs burdening Maryland families. The omnibus bill expands financial support to reduce direct greenhouse gas emissions from certain multifamily residential buildings; establishes a procurement framework to advance nuclear energy to generate more clean energy in the state; and delivers meaningful relief to Maryland ratepayers, including a \$200 million electricity bill credit provided directly to Maryland families.^{vi}

The bill also puts several guardrails on multi-year plans and capital expenditures by utilities, including:

- Eliminating “reconciliation,” or the process whereby utilities have requested cost recovery for overspending above the levels approved in multi-year rate plans;
- Requiring utilities to demonstrate “customer benefit” that would result from multi-year rate plans; and
- Requiring utilities to demonstrate the “reasonableness” of using contractors to complete work.

Community Resources

Over the last two months, the City Council has received overwhelming concern from residents about the rising BGE rates and steep utility costs. To assist, OPC provides an annual [Community Resource Guide](#) detailing essential support options. Information in the guide explains ways to apply for utility assistance through the Office of Home Energy Programs, non-profit programs such as the Fuel Fund of Maryland, requesting a medical certification form, and additional programs to lower monthly energy bills. Although there are several programs that may offer some financial relief, resources are limited and often exceeded by demand.

FISCAL NOTE

Legislative Oversight on this subject will not have a direct impact the City’s expenditures and revenues.

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ⁱ BGE. (February 9, 2026). Company Information. <https://www.bge.com/about-us/company-information>

ⁱⁱ BGE. (February 9, 2026). Bill Support. <https://www.bge.com/my-account/my-dashboard/understanding-my-bill/Bill-Support>

ⁱⁱⁱ Bologna, G., & Overs, B. (December 23, 2025). *State regulators deny half of BGE’s request for \$152 million in rate hikes*. The Banner. <https://www.thebanner.com/economy/bge-rate-hike-psc-denial-NPQ7GMILFFAM7DIRTJWARYT4YQ/?bis=article-action-link>

^{iv} Maryland PIRG. (April 23, 2025). PSC Report Finds BGE Mismanagement Increased Risk of Gas Pipeline Explosions. <https://pirg.org/maryland/foundation/media-center/psc-report-finds-bge-mismanagement-increased-risk-of-gas-pipeline-explosions/>

^v Bologna, G. (April 15, 2025). *State agency questions safety of gas pipes after BGE inspector is caught loafing on his boat*. The Banner. <https://www.thebanner.com/community/local-news/bge-gas-pipes-FSKNVKQH3NGRPN72E22465XLXE/>

^{vi} The Office of Governor Wes Moore. (2025, May 20). <https://governor.maryland.gov/news/press/pages/governor-moore-signs-fy-2026-budget-and-legislation-to-modernize-state-government-during-final-2025-bill-signing-ceremony.aspx>