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BGE's proposed prepaid service would create new risks for vulnerable customers, OPC warns regulators

BALTIMORE – The Office of People's Counsel urged the Public Service Commission to reject Baltimore Gas and Electric Company's proposed prepaid utility billing plan—branded as "FlexPay"—in testimony filed this week in BGE's current rate case. OPC's expert warns that FlexPay is not an affordability program but rather a billing model that is premised on rapid, remote power disconnections for families who run out of funds.

"BGE's FlexPay proposal would have Maryland's most vulnerable citizens give up crucial consumer protections in exchange for the promise of short-term benefits," said Maryland People's Counsel David S. Lapp. "The rapid shutoffs that are central to this program threaten the health and safety of participants, many of whom would ultimately end up paying more for service."

BGE's proposed "FlexPay" service would require customers who enroll to pay in advance of service or have their power automatically cut off. According to national expert John Howat's testimony for OPC, when utilities have been permitted to offer prepaid service, they have been disproportionately used by lower-income and minority customers.

BGE presents its proposal as an optional affordability program offering customers flexibility and insight into their energy usage. Howat refutes those claims in his testimony for OPC, drawing on his decades of research to explain the negative impacts prepaid utility service has on the safety, health, and pocketbooks of participating customers. Key findings from Howat's testimony include:

- *The program will not truly be voluntary:* While technically voluntary, BGE proposes to offer powerful, unrelated incentives that will make it difficult for certain vulnerable customers not to enroll or to leave once enrolled.

- *The program will not help people afford their bills:* Customers who enroll in FlexPay would pay the same rate as other customers and may also incur significant costs from frequent transaction fees.

- *The program will lead to more power shutoffs:* Howat's evaluation backed by national data shows that prepaid metering results in high rates of service disconnections. When BGE conducted a pilot on prepaid service, disconnection rates were 10 times higher for participants.

- *The program is premised on customers giving up crucial protections:* Numerous regulations protect customers from shutoffs without sufficient notice or opportunities to pay or apply for assistance. The FlexPay program would bypass these key consumer protections, leaving enrollees susceptible to being shut off without notice or opportunity to pay.

- *The program poses risks to health and safety:* Power shutoffs are disruptive and pose a serious hazard to vulnerable residents, causing food to spoil, loss of medication or power for medical equipment, and an increased risk of home fires.

- *The program will distract from real bill assistance:* BGE plans to market this program as an affordability program to people struggling to pay their bills. This advertising would distract from the bill assistance programs that are already available.

Last month, OPC moved to strike or dismiss the FlexPay program from the rate case, arguing that it was a major policy proposal that should be considered in a separate proceeding with more time to evaluate the proposal and consider necessary changes to current regulations. The PSC denied OPC's request last week, and OPC filed Howat's testimony this week, along with other expert testimony. OPC's testimony argues that the PSC should reject BGE's request for a $156.1 million increase to its electric distribution rates and instead reduce those rates by $43.9 million.

After further rounds of testimony, the PSC will hold evidentiary hearings on BGE's request beginning November 6, 2026. The PSC will also hold public comment hearings where customers can comment on BGE's proposal; public hearing information will be posted on the PSC's website here. The PSC will also accept written public comments submitted at any time before the evidentiary record closes. The PSC's website provides information on how to submit a comment.

The PSC is expected to issue an order on BGE's rate request in early 2027, and BGE says it will launch FlexPay within 17 to 20 months of approval.

More information on BGE's broader application is available in OPC's Consumer's Guide, released at the end of last month. For more information on utility rates and basics, including BGE rates specifically, visit OPC's website.

The Maryland Office of People's Counsel is an independent state agency that represents Maryland's residential consumers in electric, natural gas, telecommunications, private water and certain transportation matters before the Public Service Commission, federal regulatory agencies, and the courts.

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