



Office of People's Counsel

GUIDE To

Smart Meters and

Understanding Fee Options

in Maryland

Updated January 2016

NEW – Revisions to BGE Opt-Out Fees and Waivers

Most of the major electric companies and one gas company in Maryland either have installed new Advanced Meter Infrastructure (“AMI”) meters, otherwise known as smart meters, or they are in the process of installation. 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 answer questions about smart meters, and help customers understand what fees they might face, what the fee is for, and what they need to do as a result of recent orders. **Contact** us at 1-800-207-4055 or send an email to Info@maryland.gov if you have any questions.

If you have a dispute or complaint about meter installation, fees, billing or service quality, you should contact your utility first. If the problem is not resolved, you can file a complaint with the Public Service Commission at www.psc.state.md.us or call 1-800-492-0474.

Maryland Office of People's Counsel

6 St. Paul Street, Suite 2102

Baltimore, MD 21202

410-767-8150 1-800-207-4055

www.opc.maryland.gov

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

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

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

Pepco’s installation of 560,000 meters is finished. BGE’s installation of 1.36 million electric meters and another 730,000 gas meters is considered complete. DPL has finished its installation of 191,000 meters, SMECO has been authorized to install 154,000 meters, and Choptank plans to install 52,000 meters.

The major difference between the traditional meter and the AMI meter is that the new meters can send and receive information. 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.

WHAT IS GOING ON?

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, SMECO, or Choptank, 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 allows customers to “opt-out,” but they will be charged a fee.

WHO IS AFFECTED?

Q. Am I affected by the Commission’s orders about smart meter opt-outs?

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 about opt-outs.

Q. Do I have a smart meter?

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

Q. How do I get a smart meter?

A. If you are a customer in one of the service territories installing smart meters, and your

meter is outside your home, the utility usually can install the smart meter unless you opt out. If the meter is inside your home, or otherwise inaccessible, you will need to give the utility access to be able to install the new meter.

Q. I opted out before the PSC set the opt-out fees in its February 26, 2014, order. Do the new orders 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 | \$5.50 NEW |
| Pepco | \$75.00 | \$14.00 |
| DPL | \$75.00 | \$17.00 |
| SMECO | \$75.00 | \$17.00 |
| Choptank | \$75.00 | \$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. **As of January 1, 2016, the monthly charge will be \$5.50, a reduction from the earlier fee of \$11.00 per month.**

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. The fees took effect 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. Some customers may be required to pay the fee if the utility determines they were not responsive to attempts to reach the customer.

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

A. Yes, there is a grace period. If you change your mind, you must tell the utility. **For BGE customers**, the fees will be waived if you notify BGE that you want the AMI meter before the end of the 5th billing cycle after the bill date with the first opt-out fee, and allow reasonable access for

installation. **For other utilities**, the time is more limited – you must notify the utility before the end of the subsequent billing cycle.

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

A. No. Over the past two years, a large number of customers – especially those with indoor meters – had not responded to the utility, particularly in the BGE territory. The PSC decided in November 2014 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 **can** be charged the opt-out fees under certain conditions. 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. Any time a customer denies access to company equipment, like a meter, or does not pay approved rates or fees, the utility ultimately may be able to disconnect service.

WHY ARE THEY CHARGING FEES?

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

A. As part of their plans to install AMI metering systems, the electric companies have 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

they provide 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 system installation will be reviewed in future proceedings. In those proceedings, 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. **On November 6, 2015, BGE filed a rate case seeking permission to recover these costs.**

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 and in past years regarding smart meters and opt out fees. However, those bills did not pass. The PSC orders are 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 ...

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. You may also file a complaint with the PSC's Office of External Relations if you remain dissatisfied.

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, and this is supported by federal government agencies that OPC has

contacted. 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, or have a non-AMI meter installed, 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 (or have a non-AMI meter installed), 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, it may have the right to disconnect your service.

I DON'T WANT TO PAY TO PAY THE FEE

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 and accessible to the company. 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. If you don't allow your utility to install the meter, the company has the right to charge you the fee. 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?

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

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.