

**BEFORE THE
PUBLIC SERVICE COMMISSION
OF MARYLAND**

**IN THE MATTER OF THE
APPLICATION OF BALTIMORE GAS
* CASE NO: 9645
AND ELECTRIC COMPANY FOR AN
*
ELECTRIC AND GAS MULTI-YEAR
*
PLAN**

*

PUBLIC VERSION

**ENGINEERING DIVISION,S INVESTIGATION INTO THE ALLEGATIONS BY THE
FORMER BGE EMPLOYEES WHO WISHED TO INTERVENE IN CASE 9645**

JOHN J. CLEMENTSON

APRIL 11, 2025

INTRODUCTION

This report describes the Maryland Public Service Commission Staff's ("Staff's") investigation

into certain safety related allegations regarding Baltimore Gas and Electric Company (“BGE”). On December 23, 2024, a group of former BGE employees (“Petitioners”) filed with the Commission a Petition to Intervene in Case No. 9745, BGE’s first multi-year rate proceeding (“MYP 1”). Among other concerns, the Petitioners alleged that BGE falsified records and failed to exercise good management judgement related to gas pipeline safety contract work. The Petitioners allege that a BGE Construction Inspector named **[Begin Confidential]**

[Redacted] **[End Confidential]** failed to conduct proper inspections of gas infrastructure work and submitted false inspection reports and timesheets on a daily basis for over four years. On February 10, 2025, the Commission issued Order No. 91518 denying the Petition to Intervene and Related Motions. In that Order the Commission directed the Commission’s Engineering Division to open an investigation into the pipeline safety related accusations made by the Petitioners. The Commission summarized the basis for initiating the investigation as follows:

“On December 23, 2024, certain former employees of Baltimore Gas and Electric Company (“BGE”) filed with the Commission a Petition to Intervene in BGE’s first multi-year rate proceeding (“MYP 1”). On December 27, 2024, BGE filed a response in opposition to the Petition. On December 30, 2024, the Maryland Office of People’s Counsel (“OPC”) moved to suspend the procedural schedule to allow parties to conduct discovery on the issues raised by Petitioners. On January 22, 2025, OPC requested that the Commission conduct an evidentiary hearing on the issues raised in the Petition. On February 3, 2025, Petitioners filed a motion to suspend the procedural schedule and renewed request for evidentiary hearing. For the reasons discussed below, the Petition to Intervene is denied and OPC’s and Petitioners’ requests to suspend the procedural schedule and hold a hearing on the Petition are denied. Nevertheless, given the troubling allegations raised by the Petitioners’ allegations, the Commission’s Engineering Division is directed to open an investigation into this matter. The Commission also directs that the Engineering Division ascertain whether the safety of the natural gas infrastructure was compromised by any actions referenced in the Petition.

The Commission is troubled by the Petitioners’ accusations that a BGE employee repeatedly failed to conduct proper inspections and submitted false reports, and that BGE generally neglected to exercise good management judgment regarding gas infrastructure projects. Those allegations, if true, could have significant safety and cost implications. Accordingly, the Commission directs its

Engineering Division to fully investigate this matter and report back to the Commission within 60 days of this Order. Depending upon the conclusions in the

Engineering Division’s report, the Commission may open additional proceedings to further investigate and remediate the matter.”

The Commission directed the Commission’s Engineering Division to, within 60 days, investigate and report on the following specific criteria:

- (1) Actions BGE took to ensure that any gas infrastructure projects referenced by Petitioners are in compliance with all applicable federal and State regulations, municipal codes, and internal safety standards;
- (2) What, if any, remediation work BGE performed to address safety issues stemming from any pipeline work, among other things, that may have been compromised by the alleged misconduct;
- (3) Whether the safety of the natural gas infrastructure was compromised by any actions referenced in the Petition; and
- (4) Whether any increased gas contracting costs and/or internal labor costs that BGE incurred as a result of the alleged misconduct were included in the final reconciliation of its expenditures in 2023.”

ENGINEERING DIVISION’S INVESTIGATION

The Engineering Division began its investigation into the accusations made by the Petitioners shortly after the start of CY25. The Engineering Division issued Specific Information Request (“SIR”) 2501 and SIR2503 to BGE in an effort to collect additional official responses regarding the matter. (See Attachments No. 1 and No. 2). The Engineering Division also met with members of BGE’s staff on March 14, 20 and April 2, 2025 to review the responses to SIR2501 and answer any subsequent questions (See Attachment No. 3). The following is the Engineering Division’s evaluation of BGE’s response to SIR2501 and SIR 2503 and the subsequent questions asked at the three meetings with BGE staff. It should be noted that BGE classified the majority of its responses as confidential.

The Petitioners alleged that **[Begin Confidential]** ██████████ **[End Confidential]** failed to properly perform his job duties. In response to SIR2501-1 BGE provided **[Begin Confidential]** ██████████ **[End Confidential]** job description. The information exchange is summarized here:

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

■

[Redacted]

■

[Redacted]

■

[Redacted]

■

[Redacted]

■

[Redacted]

■

[Redacted]

■ [Redacted]

[Redacted]

[Redacted]

[Redacted]

■

[Redacted]

■

[Redacted]

■

[Redacted]

■

[Redacted]

■

[Redacted]

■ [Redacted]

[Redacted text block]

[Redacted text block]

[Redacted line]

[Redacted bullet point]

[Redacted line]

[Redacted bullet point]

[Redacted line]

[Redacted bullet point]

[Redacted line]

[Redacted bullet point]

[Redacted line]

[Redacted line]

[Redacted line]

[Redacted line]

[Redacted bullet point]

[Redacted line]

[Redacted line]

[Redacted line]

[Redacted line]

[Redacted line]

[Redacted line]

[Redacted line]

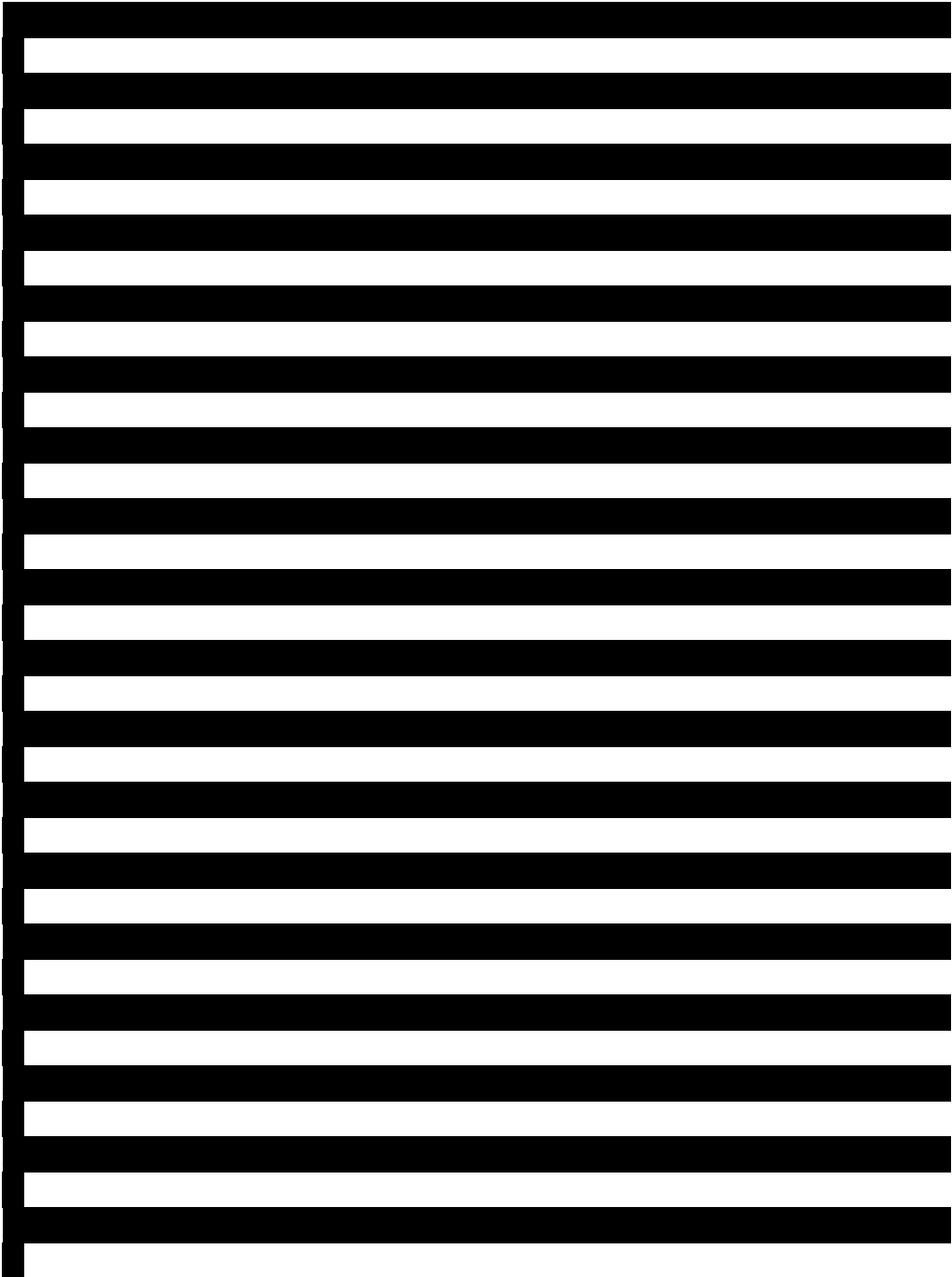
[Redacted line]

[Redacted line]

[Redacted line]

[Redacted line]

[Redacted line]



[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

■

[REDACTED]

■

[REDACTED]

■

[REDACTED]

■

[REDACTED]

■ [REDACTED]

[REDACTED]

[REDACTED]

■

[REDACTED]

■

[REDACTED]

■

[REDACTED]

■

[REDACTED]

■

[REDACTED]

■

[REDACTED]

■ [End Confidential].

The Petitioners' second accusation involves a BGE Trainer at its White Marsh Training

Center. The Petitioners claim that the Trainer **[Begin Confidential]**

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]			
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

[REDACTED]

[REDACTED] **[End Confidential]** The Engineering Division reviewed its own records of enforcement actions from the timeframe in question to see if there was an abundance of instances where the Engineers discovered BGE personnel and contractors were performing covered tasks while not being qualified. The Engineering Division discovered there were two instances where BGE was issued an enforcement action as a result of a probable violation of the OQ regulations. A review of those two instances determined that they are unrelated to allegations made by the former BGE employees.

COMMISSION DIRECTED QUESTIONS

(1) Actions BGE Took to Ensure Compliance with Federal, State, Municipal, and Internal Standards

Upon review of the documentation and testimony provided to date, as well as supplemental

materials submitted by BGE in response to staff inquiries, the Engineering Division has identified gaps in BGE's quality assurance and compliance oversight as it relates to the inspector in question.

49 CFR Part 192 (Federal Pipeline Safety Standards) and COMAR Title 20.55 (Maryland Gas Safety Regulations) require BGE to follow its written procedures, which require that inspections be accurately documented. There is no evidence that BGE implemented a reinspection process for projects associated with falsified inspection reports.

After being informed of the inspector's misconduct, BGE:

- Conducted an internal investigation confirming the falsification.
- Took limited disciplinary action.

BGE has not adequately demonstrated that it took affirmative actions to validate the safety and compliance of affected assets.

(2) Remediation Work Performed in Response to Potential Safety Issues

Based on materials provided to the Engineering Division and discussions with the Company, BGE has not reported performing any targeted remediation or verification work on pipeline segments associated with the inspector's work. BGE has not produced:

- A list of job packages affected by the falsified reports.
- A remediation plan.
- Documentation of inspections conducted by other qualified personnel in place of the discredited inspections.

The Engineering Division considers this omission significant given that gas distribution infrastructure is considered a high-risk critical asset with a threat to life, safety and property. The

failure to inspect the affected work introduces risk of non-compliance with safety, installation, and operating standards.

(3) Whether the Safety of the Natural Gas Infrastructure Was Compromised

The Engineering Division cannot, at this time, independently verify whether the physical integrity of the gas infrastructure was definitively compromised. However, based on standard engineering practice and pipeline safety protocols, the integrity of a gas system cannot be presumed where the inspection and documentation chain has been compromised.

The acknowledged pattern of falsification of records suggests a non-trivial violation of inspection integrity and safety protocols, increasing the potential for risks to the gas distribution system and public safety.

(4) Whether BGE Included Increased Gas Contracting or Internal Labor Costs Related to the Misconduct in Its 2023 Reconciliation

The Engineering Division has reviewed BGE's final reconciliation filings for 2023, including capital and O&M cost allocations. BGE has removed the inspector's salary from its revenue requirement. However, BGE has not specifically identified or itemized any costs associated with investigating the inspector's misconduct, legal, HR, or compliance-related costs triggered by the incident, or any other related expenses.

Additionally, BGE's 2023 reconciliation testimony in this proceeding makes broad references to "increased contractor oversight" and "project management complexity" as cost drivers. Without disaggregated forensic accounting data, it is difficult to conclusively rule out whether BGE included costs related to addressing the misconduct in its requested recovery.

Given BGE's decision to retain the inspector until after the period in question, it is also reasonable to infer that internal labor costs paid to the inspector for falsified work were included in the books for years other than 2023.

The Engineering Division recommends:

- Immediate issuance of a Commission order directing BGE to produce a list of all projects “inspected” by the discredited employee.
- Mandatory independent audit of BGE’s adherence to its inspection procedures/protocols . • Consideration of cost disallowance or refund to ratepayers where prudence cannot be substantiated.
- Require BGE to develop a corrective action plan.
- Based on the results of further investigation, whether additional Commission action is warranted.

REDACTED