PUBLIC SERVICE COMMISSION OF MARYLAND

C90G00

RESPONSE TO

ANALYSIS OF THE FY 2017 MARYLAND EXECUTIVE BUDGET, 2016

Introduction

Good afternoon.

The Commission thanks Ms. Zimmerman for the excellent analysis that she prepared and concurs with her Recommended Action. As the committee can see from the analysis, the PSC continues to be extremely busy addressing the filings by the public service companies and the ratepayers. The matters before the PSC during 2015 ranged from simple routine matters, such as a name change by a public service company, to more complex cases, such as the Exelon/Pepco Holdings, Inc. merger application, and newly developed regulations associated with enhanced protections for retail electric supply customers and Transportation Network Companies ("TNCs").

Like many other State agencies, the PSC continues to struggle with an increasing work load and limited resources, such as staff and travel funds. The PSC is recognized as a leader in applying regulatory oversight over new technologies, as evidenced by its decisions in the Advanced Metering Infrastructure matters involving Baltimore Gas and Electric Company (Case No. 9208), Potomac Electric Power Company and Delmarva Power & Light Company (Case No. 9207), and Southern Maryland Electric Cooperative, Inc. (Case No. 9294), as well as transportation matters involving Uber and Lyft (TNC's) In addition, the PSC continues to play a visible and active role in proceedings before the Federal Energy Regulatory Commission to ensure that the PJM Interconnection procedures are reasonable and just, and do not have an unintended consequence of increasing the price of electricity supply for our retail customers or reducing the reliability or capacity of electricity supply in Maryland.

Unless you have any initial questions, I will address the comments in the Budget Analysis:

Proposed Budget:

Customer Investment Fund ("CIF").

PSC should comment on the plans for increasing the fiscal 2017 allowance to allow programs to fully expend the remaining funding given that this funding cannot be increased by budget amendment.

Response:

As this sub-committee is aware, one of the conditions of the Commission's approval of the Constellation Energy Group and Exelon Corporation merger required a $113.5 million contribution into a Customer Investment Fund ("CIF"). CIF allocations to recipients/organizations were initially set to occur over a three year time period, with the caveat that the progress of their CIF programs and expenditure of those funds would be monitored and reviewed by the Commission on a regular basis. In December, 2014 and

December, 2015, the Commission held hearings to review the annual progress reports filed by the CIF recipients and, as a result, issued Orders in late December in both years that reduced the amounts of FY15 and FY16 CIF disbursements for some of the recipients. During 2016, the Commission anticipates conducting an additional hearing to further assess the progress of the CIF Recipients' program performance and will then make a determination whether any adjustment/deferral to the FY17 disbursements will be necessary. That decision will determine whether any FY 18 disbursements and appropriation for that year will need to be established in lieu of completing all disbursements in FY17. If the latter occurs, the PSC would anticipate requesting a deficiency appropriation to complete the disbursements in FY17.

Issues:

1. Implementation of Transportation Network Services Legislation – Fiscal 2017 Funding.

PSC should explain how it will handle the anticipated significant increase in workload with only 1 new contractual FTE For-Hire Investigator and a limited increase in operating expenses.

Response:

The Commission does anticipate a significant increase in work as a result of implementation of Chapter 204. As requested, one additional contractual FTE investigator has been included in the Governor's Allowance to provide for increased enforcement activity necessary to handle the increased number of drivers and vehicles now regulated by the Commission pursuant to the Act. In addition, the Commission anticipates that it may need to hire an additional contractual(s) at least on an interim basis to process the influx of TNC driver applications. Although the actual number of initial applications is unknown at this time, the Commission is working with the industry in an attempt to manage such process in an efficient and effective manner. For the short term, the Commission will need to manage any increased expenses resulting from such contractual employment within its existing budget. The Commission will continue to monitor the workload as time progresses and, if necessary, seek additional funding/PINs as necessary in the FY18 budget submission.

2. Offshore Wind Activities – Funding Requirements for Administrative Costs.

PSC should comment on the anticipated timing of any special assessment and the amount of funds and staff anticipated to be needed to carry out the Act.

The Maryland Offshore Wind Energy Act of 2013 authorizes the Commission to implement a special assessment, but only "for any fiscal year during which an OREC obligation exists to meet a renewable portfolio standard derived from offshore wind energy." Because the Commission has not determined or set an OREC obligation in fiscal year 2017, the Commission does not anticipate requesting implementation of a special assessment during fiscal year 2017.

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I will be happy to respond to any other questions that you may have. Otherwise, I thank you for your time and attention.