

**PUBLIC SERVICE COMMISSION
OF MARYLAND**

C90G00

**RESPONSE TO
ANALYSIS OF THE FY 2016 MARYLAND
EXECUTIVE BUDGET, 2015**

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 range from simple routine matters, such as a name change by a public service company, to more complex cases, such as the recently filed Exelon/Pepco Holdings, Inc. merger application, and the Uber Technologies, Inc. transportation proceedings.

Like many other State agencies, the PSC continues to struggle with an increasing work load and reduced 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 Technologies, Inc. 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:

1. Customer Investment Fund (“CIF”) - Allocations Available for Disbursement:

PSC should comment on when these additional funds are expected to be disbursed and the plan to appropriate the funds.

Response:

As this sub-committee may be 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 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, the Commission held a hearing to review the annual progress reports filed by the CIF recipients and, as a result, issued an Order on December 29, 2014 that reduced the

amount of FY15 CIF disbursements for some of the recipients. As in 2014, the Commission anticipates conducting a hearing in the second half of 2015 to further assess the progress of the CIF Recipients' program performance and will then make a determination whether any adjustment to the FY16 disbursements (either up or down) will be necessary, including those reduced by the December 29, 2014 Order. That decision will likely determine whether any FY17 disbursements and appropriation for that fiscal year will need to be established.

Issues:

1. Review of the Merger of Exelon Corporation and Pepco Holdings, Inc.

With the creation of a CIF, among others, as a condition of approval of the Exelon and Constellation merger in 2012, the BRFA of 2012 included a section that requires funds received by the State as a result of such merger condition be expended only as authorized through an act of the General Assembly or specifically authorized in the State budget bill and is not subject to transfer by budget amendment. **The Department of Legislative Services recommends a similar provision to be added to the BRFA of 2015 related to the conditions of an approved merger between Exelon and PHI.**

Response:

While it is inappropriate to comment on an open litigated proceeding currently before the Commission, the PSC has no objection to such provision in the BRFA, if necessary.

2. PSC Regulation of Certain Transportation Services – Uber Technologies, Inc.

On November 25, 2014, the PSC Staff and Uber Technologies, Inc. submitted a Joint Motion for Approval of Agreement of Stipulation and Settlement (“Motion”) in Case No. 9325. As a result of the Motion, the Commission requested testimony/comments on the proposed settlement and scheduled an evidentiary hearing that was held on December 19, 2014. A ruling on the proposed settlement is pending before the Commission.

PSC should comment on the planned timeline for a determination on the settlement.

Response:

Commission Case No. 9325 is an open litigated proceeding before the Commission and therefore, the PSC cannot comment on the matter at this time. All that can be said is that the settlement and the associated record from the evidentiary proceeding are currently under review.

2. PSC Regulation of Certain Transportation Services – Other Common Carrier Changes – Case No.9184 (Taxicabs in Baltimore City and Baltimore County)

On July 29, 2014, the Commission issued Order No. 86499 that establishes enhanced in-cab requirements, reporting requirements, and usage standards, and directs permit holders, associations, and the Commission Staff to take certain actions. Ms. Zimmerman describes those actions/changes in her budget analysis.

PSC should comment on the status of the implementation of these changes.

Response:

- On September 24, 2014, the PSC Staff (“Staff”) submitted a Taxicab Meter Report to the Commission as required by Order No. 86499 describing the various manufactures of taximeters and the capability of those taximeters to collect and electronically transmit the data required in the Order.
- On October 16, 2014, Yellow Cab Company filed for an extension of the deadline until July 1, 2015 to install taximeters with certain requirements as detailed in the Order. On November 12, 2014, the Commission extended the deadline until July 1, 2015 for all Baltimore City and Baltimore County taxicabs to install taximeters that meet the requirements of the Order. Staff will establish a work group with permit holders and associations, after full implementation of the new meters, to finalize the requirements of a new electronic “web-based” portal for reporting requirements as outlined in the Order.
- As of January 31, 2015, 98% of permit holders and associations have electronically submitted lease rate information to the Commission as ordered. Enforcement measures are in place to compel full compliance by the remaining 2% of permit holders and associations. On January 15, 2015, the Transportation Division issued, in paper form, the request for all permit holders to submit their annual report reporting earnings and expenses. The reports are due March 31, 2015. Staff will take appropriate actions against those permit holders who do not submit the report in a timely manner and are not in compliance with the Order and statute. As of September 15, 2014, all associations electronically reported the list of all affiliated permit holders.
- On October 28, 2014, Staff proposed a lottery process for issuing additional permits for wheelchair accessible taxicabs. Included in that report were suggested regulations. Staff will be submitting an updated report to further clarify and streamline the lottery process.
- Staff will be convening a working group to update regulations to incorporate the Order’s meter requirements, vehicle usage service requirements, and the effects of emerging phone application technologies in the taxicab industry.

2. PSC Regulation of Certain Transportation Services – Impact on Common Carrier Investigations Division

As Ms. Zimmerman indicates in the budget analysis, due to the ongoing nature of Case No. 9325 (with a proposed settlement currently pending before the Commission), there is no impact as of yet on the Common Carrier Investigations Division with the Agency as a result of the initial decision from the Commission in this proceeding. No motor vehicle permit application has been filed from Uber Technologies, Inc. to date.

PSC should comment on the impact on the agency if the settlement is accepted or an application is otherwise filed.

Response:

As stated earlier, Commission Case No. 9325 is currently an open litigated proceeding before the Commission and therefore, the PSC cannot comment on the settlement or timing of such a decision by the PSC. It is inappropriate to do so outside of the scope of the Commission's private deliberations on this matter. The settlement and the associated record from the evidentiary proceeding is currently under review and any decision resulting from that review will determine the impact on the Common Carrier Division, if any.

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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.