

**PUBLIC SERVICE COMMISSION
OF MARYLAND**

C90G00

**RESPONSE TO
ANALYSIS OF THE FY 2018 MARYLAND
EXECUTIVE BUDGET, 2017**

Introduction

Good afternoon.

The Commission thanks Ms. Zimmerman for the excellent analysis that she prepared and concurs with her Recommended Action. As the subcommittee can see from the analysis, the PSC continues to be extremely busy addressing the filings by the public service companies and other interested parties. The matters before the PSC during 2016 ranged from simple routine matters to more complex cases, such as the BGE and Pepco Rate Case Proceedings (Case Nos. 9406 and 9418, respectively) that included benefit/cost analyses and cost prudence reviews of the Companies' Smart Grid Initiatives, as well as adopted regulations associated with enhanced protections for retail electric supply customers and Transportation Network Companies ("TNCs").

Like many other State agencies, the PSC continues to meet the challenges of an increasing work load and limited resources. The PSC is recognized as a leader in applying regulatory oversight over new technologies/applications, as evidenced by its decisions in transportation matters involving Rasier (a subsidiary of Uber) and Lyft (Case No. 9425 and Rule Making 55). 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").

The Department of Legislative Services recommends reducing the CIF included in the fiscal 2018 allowance of PSC to the level of funding that will remain in the CIF for non-State entities in fiscal 2018.

Response:

The Commission concurs with Ms. Zimmerman's recommendation. Just recently (January 2017), the PSC issued an order that, among other actions, provided a CIF disbursement schedule for FY18 that will complete distribution of the remaining balances on CIF awards to grantees. At the time of the PSC budget submission to DBM (September 2016), it was anticipated that a larger allowance would be needed to support disbursements to non-state agencies in FY18. However, after conducting its annual hearing in late November 2016 to assess the recent progress of CIF recipients' program performance and associated expenditures, the Commission determined that a larger allowance was not necessary for

FY18. Therefore, the Commission agrees with Ms. Zimmerman's recommended reduction of approximately \$6.2 million in the PSC appropriation.

Consultant Services

PSC should comment on whether, given the recent announcement regarding the acquisition of WGL Holdings, Inc. by AltaGas Ltd., the fiscal 2018 allowance for consultants is sufficient to conduct the required review as well as support other anticipated case activity.

Response:

As Ms. Zimmerman points out in her analysis, as of this date, WGL Holdings, Inc. (the parent company of Washington Gas Light Company), has not filed with the PSC its application for approval of the acquisition. Once received, the Commission will review the application and then make a determination whether an outside consultant will be needed to augment the Commission Staff in their required review of the application. If it is determined that an outside consultant is required, the Commission believes the 2018 fiscal allowance is sufficient to support this incremental consulting requirement in addition to other case activity that may arise.

Issues:

1. Implementation of Transportation Network Services Legislation – Workload Impacts.

Given the likely increase in complaints with additional licensed passenger-for-hire drivers, PSC should comment on steps it plans to take to improve the timeliness of the taxicab and passenger-for-hire complaint process resolution.

Response:

Given the expected increase in complaints with additional licensed passenger for-hire drivers, the Commission is in the process of hiring an Administrative Specialist (current vacant contractual position) that will be dedicated to enforcement issues related to complaints. A full-time Staff member dedicated for this purpose is expected to improve the timeliness of responding to and investigating complaints, thereby increasing the Commission performance on complaint resolution. In addition, the Commission is analyzing its current complaint process to increase efficiency in areas that have been identified where further automation is possible.

2. Implementation of Transportation Network Services Legislation – Budgetary Impacts.

PSC should comment whether any additional contractual FTEs or regular positions are expected to be needed if application volume continues to increase.

Response:

At this time, the Commission believes that the current level of contractual FTEs and regular positions are adequate to support the current steady volume of Transportation Network Operator license applications. The current volume of license applications required to be processed is expected to continue and remain steady into FY18. The PSC continues to monitor the volume of applications as well as converse with the Transportation Network Companies on a consistent basis for any expected changes in activity. If volumes significantly increase or decrease in the future, the Commission will make a determination at that time whether the existing level of contractual positions will need to be modified.

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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.