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PUBLIC SERVICE COMMISSION

**PUBLIC SERVICE COMMISSION
OF MARYLAND**

C90G00

**Fiscal Year 2024 Operating Budget
Response to Department of Legislative Services Budget Analysis**

**House Appropriations Committee
Subcommittee on Transportation & Environment
Delegate Marc Korman
February 27, 2023**

**Senate Budget & Taxation Committee
Subcommittee on Public Safety, Transportation, & Environment
Senator Sarah Elfreth
March 6, 2023**

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Good afternoon,

The Public Service Commission (“PSC” or “Commission”) thanks Mr. Quist for the analysis that he prepared. The Commission continues to address the many annual submissions and filing by public service companies and other interested parties. The matters before the PSC during 2022 ranged from routine matters to more complex cases, such as alternative forms of ratemaking, including the Delmarva Power & Light Company’s Multi-Year Rate Plan (Case No. 9681), and rulemakings on supplier consolidated billing, community solar, cybersecurity, reliability, small generator interconnections, offshore wind, and low-income retail supply offers. Looking forward to 2023, the Commission will be reviewing a record number of utility rate cases, maximum enforcement of retail energy supplier, and plans for the next EmPOWER program cycle.

Like many other State agencies, the PSC continues to meet the challenges of an increasing work load and limited resources. The Commission is proud of its track record of meeting those challenges. The PSC is recognized as a national leader in applying regulatory oversight to emerging and important issues, including grid modernization and energy efficiency, while ensuring that the rates of utility customers remain just and reasonable.

In addition, the PSC continues to play a visible and active role in proceedings before the Federal Energy Regulatory Commission to ensure that the procedures of the regional grid operator, PJM Interconnection, are just and reasonable, and do not have an unintended consequence of increasing the price of electricity for our retail customers or reducing the reliability or capacity of electricity supply in Maryland.

Responses to specific comments identified in the budget analysis are addressed below:

Personnel Data:

1. Vacancy Levels.

PSC should comment on the reasons for these vacancies, the issues that have prevented the filling of long-term vacant positions, and the planned strategies to address ongoing vacancies.

Response:

As Mr. Quist indicated in his analysis, as of December 31, 2022, the Commission had 14 vacant positions. Seven of the positions were vacated within the last three months of calendar year 2022, contributing to the larger than anticipated number of vacancies in the analysis. Three of the vacant positions are new PINS the Commission received in fiscal year 2023 for which the recruitment process is nearing completion. Five of the current vacancies were created by filling previously vacant positions with internal candidates. Two of the vacant positions will be filled

by March 8, 2023. The Commission has appealed to DBM for additional help in filling vacancies, plans to fill the remaining newly vacant positions, and try new recruitment techniques to fill these professional-grade vacancies that have been more difficult to fill.

The Public Service Commission is a quasi-judicial economic regulator with several job classifications that are exclusive to the agency. The Commission employs professional technical staff who are required to provide expertise in all aspects of utility regulation. Topics include rate design, cost allocation, equity and debt finance, market design, renewable programs, energy efficiency programs, safety and reliability, cost efficiency analysis, low-income program design, consumer protections, legal sufficiency, and enforcement. Multidisciplinary education and work experience are needed to cover these topics. The industry is constantly changing with evolving industry developments and new regulatory requirements driven by state and federal legislative changes requiring ongoing education and training for employees.

The Commission's employees typically require advanced degrees in economics, engineering, finance, accounting, law, and physical sciences. Employees also require proficiency in written analysis, verbal presentation, and stakeholder facilitation. Many employees provide written and oral testimony, under sworn oath, which not only imparts a recommended action but also critiques the positions taken by other parties employing highly experienced and frequently nationally recognized subject matter experts and consultants. These skills and expertise are highly specialized, and it is difficult at times to find applicants to satisfy the Commission's requirements. After employees have achieved exposure to technical topics and gained regulatory experience, PSC employees are often recruited by utilities, consulting firms, the federal government, and other regulatory commissions for these highly desired skills.

The Commission prides itself in attracting and maintaining well-qualified candidates as it attempts to secure the personnel required to fulfill its statutory duties. The Commission always attempts first to provide an opportunity for advancement with existing personnel, if available. Depending on the specific vacancy, the Commission uses a variety of outreach resources in addition to the traditional state job posting available on the Commission's and the Department of Budget and Management's ("DBM") websites. The recruitment process requires careful review of the applicant's writing and presentation skills, as well as excellent academic records and recommendations from references. For these reasons, the recruitment process can be lengthy and may require several postings to acquire a suitable pool of applicants. While at times it may take longer to fill a position than ideal, it is critical from the Commission's perspective to obtain personnel with the necessary skills to provide Maryland ratepayers with the best service and protection they deserve.

The Commission established a stakeholder process in 2022 under Public Conference 57 (PC57) to explore issues related to the staffing, resources, and funding needed to meet its current statutory charges. The PC57 Work Group filed a summary report with recommendations for the Commission's consideration on December 22, 2022. The PC57 Work Group consisted of representatives from the electric and gas utilities, Office of People's Counsel, retail energy suppliers, environmental advocates, and the Commission's Technical Staff. The first step the

Commission has taken to address the recommendations in the PC57 summary report is to make a supplemental budget request with DBM requesting additional PINS for the agency. Part of the request includes resources to provide in-house HR support to assist the Commission. Until 2015, the Commission had dedicated HR employees prior to the shared services model. The Commission will explore other recommendations on modernizing the agency in the coming year.

Key Observations:

1. Reporting of Utility and Energy Supplier Complaint Data

PSC should comment on the length of time after the end of each quarter that these reports will be published on its website in the future.

Response:

The Commission's Consumer Affairs Division ("CAD") investigates and responds to customer complaints related to utilities and energy suppliers as well as other regulated entities. CAD complaint investigations result in an initial decision rendered per the dispute resolution process outlined in Code of Maryland Regulations (COMAR) 20.32.01.04. CAD specialists collect information from customers and the companies to make an independent determination of whether companies are in compliance with relevant Maryland law, regulation, and utility tariff terms. CAD routinely updates the Commission when complaint patterns suggest larger problems with utility or supplier business practices.

As the analysis noted, CAD began reporting on complaints filed against Maryland's gas and electric utility companies and posting the report to the Commission's website. The first report covered the first quarter of the 2023 fiscal year (July 1, 2022 - September 30, 2022) and was posted in November 2022. While quarterly utility complaint reports are new in the 2023 fiscal year, CAD has released quarterly supplier complaint reports since the beginning of the 2020 fiscal year (July 1, 2019). These reports are typically published to the Commission's website approximately two months following the close of a given quarter in the fiscal year. CAD anticipates a similar timeline for quarterly utility complaint reports.

CAD understands the importance of providing accurate, high-quality data to the public. Balancing the necessity of accuracy with the need for timeliness is a challenge that CAD recognizes and seeks to address. CAD values continuous process improvement and is always seeking to improve customer experience, including through the information it provides to educate the public. In the future, CAD is exploring posting of a minimally processed monthly snapshot of gas and electric utility complaints and, separately, supplier complaints, to expedite the public sharing of information. CAD will continue publication of its quarterly utility and supplier complaint reports.

The Commission appreciates the opportunity to respond to the budget analysis and is happy to address any additional questions the subcommittees may have.