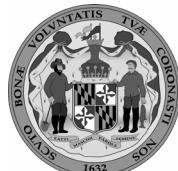


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PUBLIC SERVICE COMMISSION

Maryland Public Service Commission

C90G00

Fiscal Year 2027 Operating Budget Response to Department of Legislative Services Budget Analysis

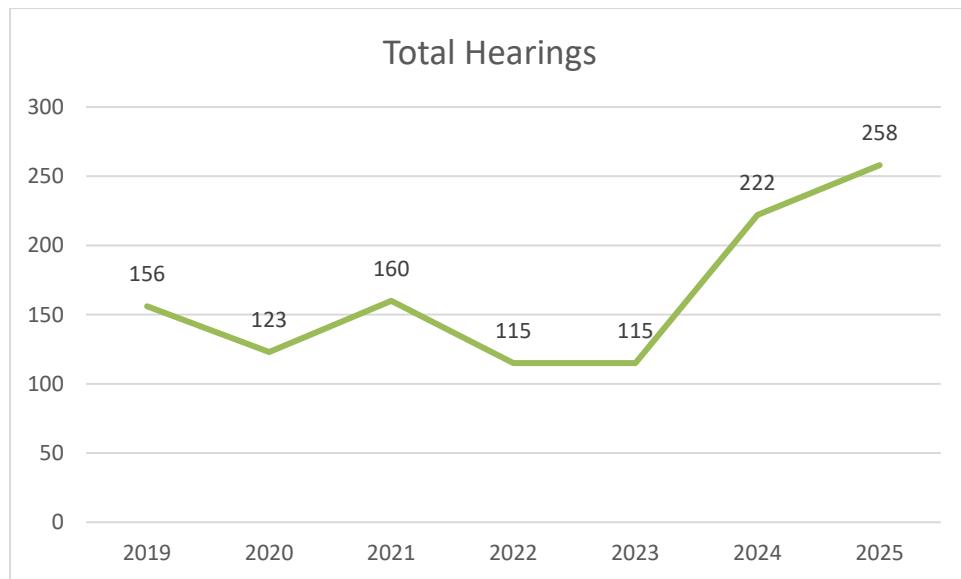
**Senate Budget & Taxation Committee
Subcommittee on Public Safety, Transportation, And Environment
Senator Shelly Hettleman
February 12, 2026**

**House Appropriations Committee
Subcommittee on Transportation & Environment
Delegate Courtney Watson
February 16, 2026**

Good afternoon,

The Public Service Commission (Commission or PSC) thanks Ms. Bhujel for the analysis that she prepared. The Commission continues to address a high volume of new cases, annual submissions, and filings by public service companies and other interested parties. Three rate cases were completed during calendar year 2025, including Hagerstown Light Department, Nine Southern Maryland Water Utilities, and Columbia Gas of Maryland, and five new rate cases were filed including requests by Maryland-American Water, Potomac Electric Power Company, Town of Thurmont Municipal Light Company, Hagerstown Light Department, and Washington Gas. Other matters before the PSC ranged from routine matters to more complex cases including emergency weather terminations, energy storage, electric vehicles, EmPOWER Maryland, green product offerings, pilot thermal energy network systems, and distribution system planning policies. The Commission anticipates reviewing the Piedmont certificate of public convenience and necessity application, distribution system planning, and energy storage in 2026.

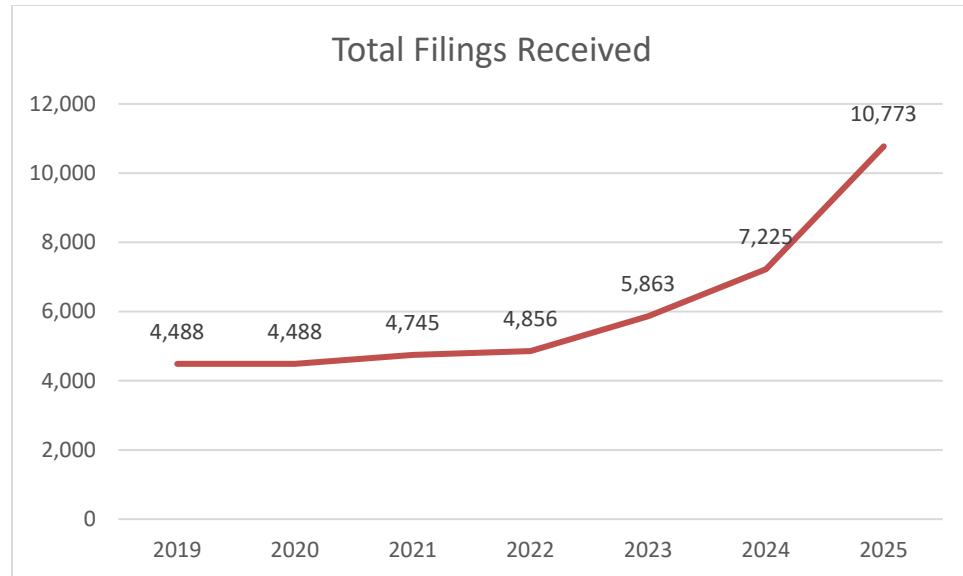
Like many other State agencies, the Commission continues to meet the challenges of an increasing workload with existing resources. The Commission held a record 258 hearings and received a record 10,773 filings. Below are a few historical graphs to show the increasing workload for the agency. The Commission is recognized as a national leader in applying regulatory oversight to emerging and important issues, including grid modernization,¹ transportation electrification,² and energy efficiency,³ while ensuring that the rates of utility customers remain just and reasonable.



¹ <https://gridwise.org/gmi-readiness/>

² <https://www.aceee.org/electric-vehicle-scorecard>

³ <https://www.aceee.org/state-policy/scorecard>



Additionally, the PSC plays a visible and active role in federal proceedings before the Federal Energy Regulatory Commission (FERC) on behalf of ratepayers to ensure that wholesale electric and natural gas prices and terms and conditions of service are just and reasonable. On behalf of Maryland ratepayers, the PSC is actively engaged in FERC dockets that address wholesale electric prices, including PJM Interconnection LLC's (PJM) capacity and energy markets, resource adequacy issues, including the litigation of reliability-must run agreements between PJM and retiring generators that PJM deems essential to electric reliability, and FERC dockets that address electric transmission pricing. In addition to advocacy directly before FERC, the PSC participates frequently in the stakeholder processes of the regional grid operator, PJM, and meets regularly with other state public utility commissions through the Organization of PJM States (OPSI) to advance just and reasonable wholesale outcomes.

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

Personnel Data:

1. Vacancy Levels.

DLS recommends increasing turnover expectancy to 7.9% (14 necessary vacancies). This results in a reduction of \$704,828.

Response:

As Ms. Bhujel indicated in her analysis, as of December 31, 2025, the Commission had 24 vacant positions. This represents a decrease of 38 percent from the same time last year. The Commission made hiring a priority in 2025. Unfortunately, the hiring freeze impacted the agency's ability to fill as many vacancies as targeted. The Commission had several hiring

processes underway when the freeze took effect. It then took about two months to get through hiring freeze exemption reviews before postings were made again.

In January 2026, the Commission brought on four new employees, reducing the overall vacant positions to 20. The Commission has one employee starting in February 2026 and is in final negotiations with four other candidates. If all five come on board, the total vacant positions will be reduced to 15. The agency is also in the process of interviewing for four additional positions, has an open posting for two positions, and is working with its HR partners at the Department of Budget and Management (DBM) to post two more positions. Finally, the PSC is working with DBM through its Federal Hiring Initiative to post and hire two more positions. The Commission would also like to note that it has been trying new ways to recruit candidates for open positions by expanding the number of job boards and professional organizations that it shares its job postings with, utilizing professional hiring services for positions that are hard to fill and able to be filled via direct hires, and other DBM hiring initiatives like streamlined hiring.

The Commission has four main issues when it comes to vacancies: finding qualified applicants, satisfying salary requirements for qualified candidates, retaining experienced employees, and a lack of internal human resources. The Commission employs technical professionals who are required to provide expertise in all aspects of utility regulation.⁴ 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. 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.

Often when the Commission identifies a candidate for a position and makes an offer, the candidate declines because the agency is unable to meet their salary requirements. While the Commission has some independent salary setting authority, there are still limitations based on the classification of the position being hired and the corresponding salary grade. The Commission has experienced issues filling important roles in the agency, like Chief Engineer and the Telecommunications, Gas, and Water Division Director, because qualified candidates accept other positions with higher salaries. Candidates have informed the Commission of \$20,000 to

⁴ Topics include but are not limited to rate design, cost allocation, equity and debt finance, market design, renewable programs, energy efficiency programs, grid modernization, cybersecurity, safety and reliability, cost efficiency analysis, low-income program design, consumer protections, legal sufficiency, and enforcement.

\$40,000 differences in the offers the PSC can make versus those offered to the same candidates by federal, utility, or private organizations.

Additionally, the Commission offers employees exposure to a variety of technical topics and valuable regulatory experience. Accordingly, the Commission can run into employee retention issues as Commission employees are often recruited by utilities, consulting firms, FERC, the Washington Suburban Sanitary Commission (WSSC), and other entities for their skills. The Commission always attempts to provide an opportunity for advancement with existing personnel, if available, and offers training and ongoing education opportunities for employees so they can continue their career development. It can be difficult for the Commission to compete with the benefits and salaries offered by competing entities for experienced employees. For example, the maximum salary a PSC Staff Attorney can make is \$136,003 before having to go into a management position. The same attorney could make a minimum of \$20,000 more at the WSSC, FERC, or DC Public Service Commission. The Commission is received DBM approval in December 2025 to create 26 new PSC-specific classifications and regrade 15 existing PSC-specific classifications. The PSC continues to work with DBM to finalize the changes and anticipates the new and re-grade classifications will help the agency retain existing employees and attract new employees.

Finally, the Commission has outgrown the DBM shared HR services that currently provide all HR functions to the agency. On October 14, 2015, the Commission's three in-house HR employees were transferred to DBM, and since that time the Commission has received support from one principal HR contact within DBM's Personnel Services Division. The same HR contact provides services to other agencies as well. After discussions with DBM about the HR issues the Commission has experienced, including communication delays, processing delays, and errors, DBM agreed that the Commission is too large to be sufficiently serviced by the shared service model and has included three PINs in the FY 2027 budget to restore in-house HR services to the agency. The Commission appreciates the discussions and solution offered by DBM and believes having in-house HR personnel will improve the agency's ability to attract and retain employees.

The Commission is concerned that the recommended \$704,828 reduction will impact the agency's ability to continue to reduce vacancies and ensure the agency is adequately funded to handle all its responsibilities in a timely and efficient manner, particularly while standing up its own HR division again. The PSC respectfully requests the approval of the agency's proposed budget included in the Governor's Allowance.

Key Observations:

1. Utility Terminations Increase and Arrearages Remain Elevated

PSC should comment if the recent decrease in arrearages can be attributed to the bill credits applied in August and September 2025.

Response:

The Commission does not attribute the decrease in arrearages in August 2025 and September 2025 to the Relief Fund credits applied to electricity customer bills. The bill credits received by customers were a one-time bill reduction on either their August or September electricity bill. Using Baltimore Gas and Electric Company (BGE) as an example, the average refund received by customers was \$42.46.⁵ The reductions may have prevented new arrearages from accruing in future months, but they would not have impacted existing arrearages. Refunds would need to be applied to outstanding arrearages to impact the totals for each utility similar to what was done with the COVID relief payments several years ago.

2. Complaint and Enforcement Against Third-party Energy Suppliers

PSC should discuss the reason for the delayed posting of the complaint data and any barriers to timely reporting.

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.

CAD understands the importance of providing accurate, high-quality data to the public. CAD has been trying to balance the high number of complaints received by the Division with its other responsibilities while understaffed.⁶ CAD prioritized handling complaints and hiring new employees over other projects to ensure customers are receiving timely responses. As of February 2026, CAD is down to one vacant position; however, the volume of complaints remains high. CAD saw a 79 percent increase in total complaints between 2024 and 2025. CAD will work to prioritize publishing outstanding reports to the Commission's website and publishing new reports in a timely manner moving forward.

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

⁵ Maillog 323349. BGE's Legislative Energy Relief Summer Disbursement Report stated the company distributed \$48,175,216 to 1,134,619 customers for an average of \$42.46 per customer.

⁶ CAD started 2025 with four open PINs or approximately 30 percent of the total division. As of February 2026, CAD has one open PIN.