

PUBLIC SERVICE COMMISSION OF MARYLAND

2017 ANNUAL REPORT

For the Calendar Year Ending December 31, 2017

Pursuant to Section 2-122 of the Public Utilities
Article, *Annotated Code of Maryland*



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I. MEMBERSHIP OF THE COMMISSION

The Public Service Commission (Maryland PSC or Commission) consists of the Chairman and four Commissioners, each appointed by the Governor with the advice and consent of the Senate. The term of the Chairman and each of the Commissioners is five years and those terms are staggered. All terms begin on July 1. As of December 31, 2017, the following persons were members of the Commission:

	Term Expires
W. Kevin Hughes, Chairman	June 30, 2018
Michael T. Richard, Commissioner	June 30, 2020
Anthony J. O'Donnell, Commissioner	June 30, 2021
Odogwu Obi Linton, Commissioner	June 30, 2022 ¹
Mindy L. Herman, Commissioner	June 30, 2019 ²

II. OVERVIEW OF THE COMMISSION

A. General Work of the Commission

In 1910, the Maryland General Assembly established the Commission to regulate public utilities and for-hire transportation companies doing business in Maryland. The categories of regulated public service companies and other regulated or licensed entities are listed below:

- ◆ electric utilities;
- ◆ gas utilities;
- ◆ combination gas and electric utilities;
- ◆ competitive electric suppliers;

¹ A commissioner continues to serve until a successor qualifies. *Md. Ann.*, Publ. Util. Art., § 2-102(d)(3). Commissioner Linton was sworn in as a commissioner on August 21, 2017. Harold D. Williams was a Commissioner from January 1, 2017 through August 18, 2017.

² Commissioner Herman was sworn in as a commissioner on September 8, 2017, to complete the unexpired term of Jeannette M. Mills who resigned in March 2017.

- ◆ competitive gas suppliers;
- ◆ telecommunications companies;
- ◆ water, and water and sewerage (privately-owned) companies;
- ◆ bay pilots;
- ◆ docking masters;
- ◆ passenger motor vehicle carriers (e.g., buses, limousines, sedans);
- ◆ railroad companies;³
- ◆ taxicabs operating in the City of Baltimore, Baltimore County, St. Mary's County, Cumberland, and Hagerstown;
- ◆ hazardous liquid pipelines; and
- ◆ other public service companies.

The jurisdiction and powers of the Commission are found in the Public Utilities Article, *Annotated Code of Maryland*. The Commission's jurisdiction, however, is limited to intrastate service. Interstate transportation is regulated in part by the U.S. Department of Transportation; interstate and wholesale activities of gas and electric utilities are regulated by the Federal Energy Regulatory Commission (FERC); and interstate telephone service, Voice over Internet Protocol and cable services are regulated by the Federal Communications Commission.

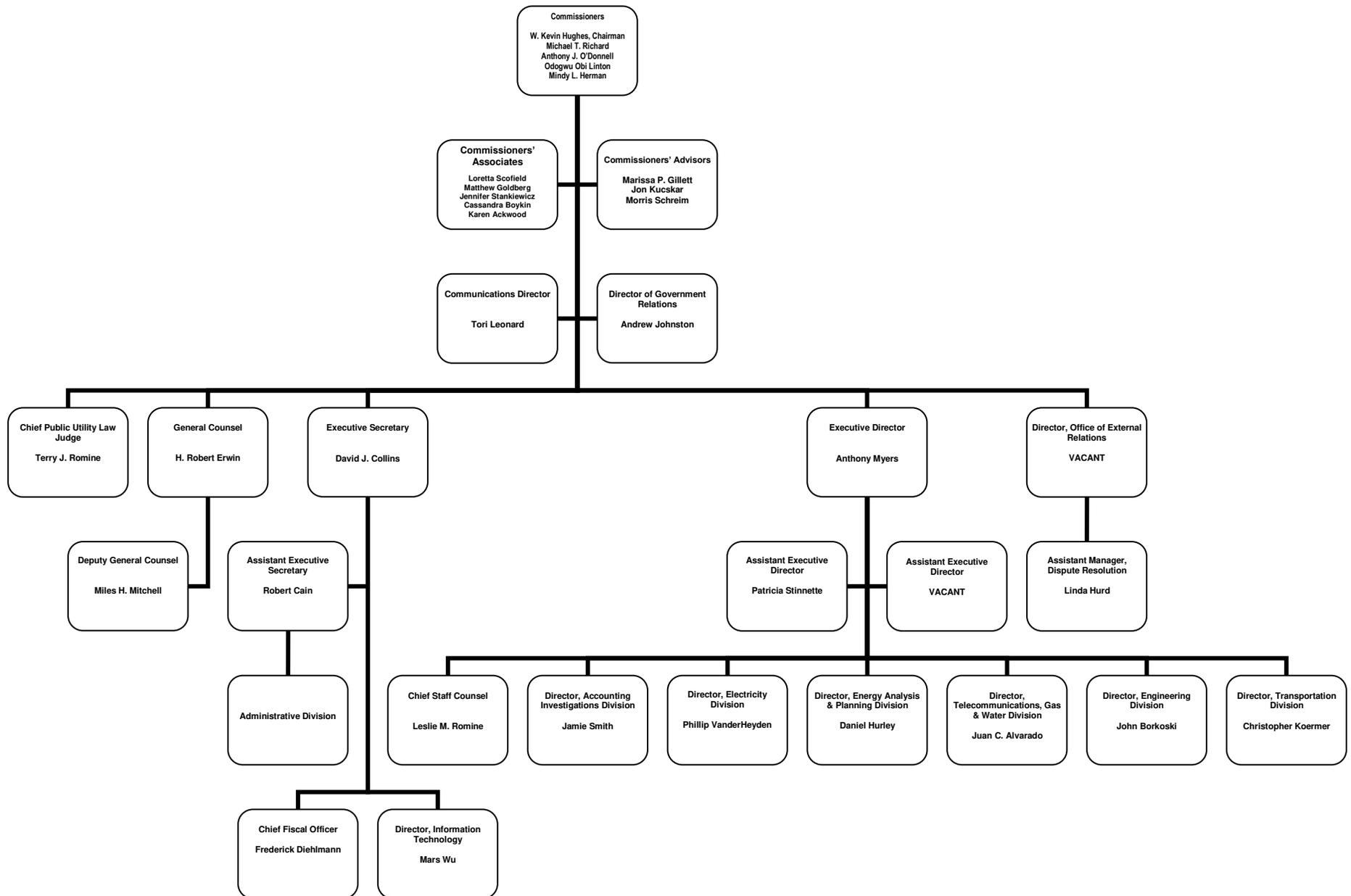
Under its statutory authority, the Commission has broad authority to supervise and regulate the activities of public service companies and for-hire carriers and drivers. It is empowered to hear and decide matters relating to, among others, (1) rate adjustments, (2) applications to exercise or abandon franchises, (3) applications to modify the type or scope of service, (4) approval of issuance of securities, (5) promulgation of new rules and regulations, (6) mergers or acquisitions of electric

³ The Commission has limited jurisdiction over railroad companies: (1) the companies must be organized under Maryland law and (2) only over certain conditions and rates for intrastate services.

companies or gas companies, and (7) quality of utility and common carrier service. The Commission has the authority to issue a Certificate of Public Convenience and Necessity (CPCN) to construct or modify a new generating plant, a qualified generator lead line, or a transmission line designed to carry a voltage in excess of 69,000 volts. In addition, the Commission collects and maintains records and reports of public service companies, reviews plans for service, inspects equipment, audits financial records, handles consumer complaints, issues passenger-for-hire permits and drivers' licenses, enforces its rules and regulations, defends its decisions on appeal to State courts, and intervenes in relevant cases before federal regulatory commissions and federal courts.

During the calendar year 2017, the Commission initiated 33 new non-transportation-related dockets, conducted approximately 62 en banc hearings (legislative-style, evidentiary, or evening hearings for public comments as well as status conferences, discovery disputes, and prehearing conferences), held five rulemaking sessions, participated in two public conferences, and presided over 40 administrative meetings. Also, the Commission actively participated in the 90-day General Assembly Legislative Session for 2017, by submitting comments on bills affecting public service companies, participating in work groups convened by Senate or House committees or subcommittees, and testifying before various Senate and House committees and subcommittees.

B. Maryland Public Service Commission Organization Chart – 12/31/2017



C. Commission Membership in Other Regulatory Organizations

1. Washington Metropolitan Area Transit Commission

The Washington Metropolitan Area Transit Commission (WMATC) was created in 1960 by the Washington Metropolitan Area Transit Regulation Compact (Compact)⁴ for the purpose of regulating certain transportation carriers on a coordinated regional basis. Today, WMATC regulates private sector passenger carriers, including sightseeing, tour, and charter bus operators; airport shuttle companies; wheelchair van operators; and some sedan and limousine operators, transporting passengers for hire between points in the Washington Metropolitan Area Transit District (Metropolitan District).⁵ WMATC also sets interstate taxicab rates between signatories in the Metropolitan District, which for this purpose only, includes Baltimore-Washington International Thurgood Marshall Airport (BWI) (except that this expansion of the Metropolitan District to include BWI does not apply to transportation conducted in a taxicab licensed by the State of Maryland or a political subdivision of the State of Maryland or operated under a contract with the State of Maryland). A Commissioner from the Maryland Public Service Commission is designated to serve on the

⁴ The Compact is an interstate agreement among the State of Maryland, the Commonwealth of Virginia and the District of Columbia, which was approved by Congress in 1960. The Compact was amended in its entirety in 1990 (at Maryland's behest), and again in 2010 (to modify the articles regarding appointment of Commissioners to WMATC). Each amendment was enacted with the concurrence of each of the signatories and Congress's consent. The Compact, as amended, and the WMATC are codified in Title 10, Subtitle 2 of the Transportation Article, *Annotated Code of Maryland*.

⁵ The Metropolitan District includes the District of Columbia; the cities of Alexandria and Falls Church of the Commonwealth of Virginia; Arlington County and Fairfax County of the Commonwealth of Virginia, the political subdivisions located within those counties; and that portion of Loudoun County, Virginia, occupied by the Washington Dulles International Airport; Montgomery County and Prince George's County of the State of Maryland, and the political subdivisions located within those counties; and all other cities now or hereafter existing in Maryland or Virginia within the geographic area bounded by the outer boundaries of the combined area of those counties, cities, and airports.

WMATC. In May 2016, Governor Larry Hogan appointed **Commissioner Richard** to serve on the WMATC, where he currently presides as Chairman.

In fiscal year (FY) 2017, which is from July 1, 2016 through June 30, 2017, the WMATC accepted 229 applications to obtain, transfer, amend or terminate a WMATC certificate of authority (down from 277 in FY2016). The WMATC also initiated 178 investigations of carrier compliance with WMATC rules and regulations. The WMATC issued 616 orders in 407 formal proceedings in FY2017. There were 606 carriers holding a certificate of authority at the end of FY2017—down from 621 at the close of FY2016, which is more than six times the 97 that held authority at the end of FY1990, before the Compact lowered barriers to entry beginning in 1991. The number of vehicles operated under WMATC authority was approximately 5,363 as of June 30, 2017. The WMATC processed nine informal complaints in FY2017, down from 18 in FY2016.

The Commission includes its share of the WMATC budget in its own budget. Budget allocations are based upon the population of the Compact signatories in the Compact region. In Maryland, this includes Montgomery and Prince George’s counties, as noted above. The FY2017 WMATC budget was \$875,000, and Maryland’s share was \$408,275, or 46.7% of the WMATC budget. In FY2017, the WMATC generated \$202,133 in non-appropriations revenue (fees and forfeitures) that was returned to the signatories on a proportional basis, including \$3,340 to Maryland.

2. Mid-Atlantic Distributed Resources Initiative

The Mid-Atlantic Distributed Resources Initiative (MADRI) was established in 2004 by the state regulatory utility commissions of Delaware, District of Columbia, Maryland, New Jersey and Pennsylvania, along with the U.S. Department of Energy (DOE), the U.S. Environmental Protection Agency (EPA), FERC, and PJM

Interconnection, LLC (PJM). In 2008, the regulatory utility commissions of Illinois and Ohio became members of MADRI.

MADRI's position is that distributed generation should be able to compete with generation and transmission to ensure grid reliability and a fully functioning wholesale electric market. It was established to facilitate the identification of barriers to the deployment of distributed generation, demand response and energy efficiency resources in the Mid-Atlantic region, and determine solutions to remedy these barriers. Institutional barriers and lack of market incentives have been identified as the primary causes that have slowed deployment of cost-effective distributed resources in the Mid-Atlantic.

Facilitation support is provided by the Regulatory Assistance Project funded by DOE. The Commission participates along with other stakeholders, including utilities, FERC, service providers, and consumers, in discussions and actions of MADRI. **Commissioner Richard** serves as the Commission's representative on MADRI.

3. Organization of PJM States, Inc.

The Organization of PJM States, Inc. (OPSI) was incorporated as a non-profit corporation in May 2005. It is an inter-governmental organization comprised of 14 utility regulatory agencies, including the Commission. OPSI, among other activities, coordinates data/issues analyses and policy formulation related to PJM, its operations, its Independent Market Monitor, and related FERC matters. While the 14 OPSI members interact as a regional body, their collective actions, as OPSI, do not infringe on each of the 14 agencies' individual roles as the statutory regulators within their respective state boundaries. **Commissioner Richard** serves as the Commission's representative on the OPSI Board of Directors and was elected its Vice-President.

4. National Association of Regulatory Utility Commissioners

The National Association of Regulatory Utility Commissioners (NARUC) is the national association representing the interests of the Commissioners from state utility regulatory agencies that regulate essential utility services, including energy, telecommunications, and water. NARUC members are responsible for assuring reliable utility service at fair, just, and reasonable rates. Founded in 1889, NARUC is an invaluable resource for its members and the regulatory community, providing a venue to set and influence public policy, share best practices, and foster innovative solutions to improve regulation. **Chairman Hughes** serves as a member of the NARUC Board of Directors and the Committee on Electricity. **Commissioner Richard** serves as a member of the Committee on Energy Resources and the Environment. **Commissioner O'Donnell** is Chair of the Subcommittee on Nuclear Issues-Waste Disposal and a member of the Committee on Electricity. **Commissioner Linton** serves a member of the Committee on Gas. **Commissioner Herman** is a member of the Committee on Critical Infrastructure.

5. Mid-Atlantic Conference of Regulatory Utility Commissioners

The Commission also is a member of the Mid-Atlantic Conference of Regulatory Utility Commissioners (MACRUC), a regional division of NARUC comprised of the public utility commissions of Delaware, Kentucky, Maryland, New Jersey, New York, Ohio, Virginia, West Virginia, Pennsylvania, the District of Columbia, and the U.S. Virgin Islands. **Commissioner O'Donnell** served as the Commission's representative on MACRUC.

6. Regional Greenhouse Gas Initiative

Established in 2009, the Regional Greenhouse Gas Initiative (RGGI) is the first market-based regulatory program in the United States designed to stabilize and then reduce greenhouse gas emissions, specifically carbon dioxide (CO₂). RGGI, Inc.⁶ is a nonprofit corporation formed to provide technical advisory and administrative services to participating states in the development and implementation of these CO₂ budget trading programs.⁷ The original RGGI program, jointly designed by 10 Northeastern and Mid-Atlantic states,⁸ envisioned a cap-and-trade program that stabilizes power plants' CO₂ emissions and then lowers that cap 10% by 2018. The participating states agreed to use an auction as the primary means to distribute allowances⁹ to electric power plants regulated under coordinated state CO₂ cap-and-trade programs. All fossil fuel-fired electric power plants 25 megawatts or greater and connected to the electricity grid must obtain allowances based on their CO₂ emissions.

The RGGI Memorandum of Understanding (RGGI MOU) apportions CO₂ allowances among signatory states through a process that was based on historical emissions and negotiation among the participating signatory states. Together, the

⁶ The RGGI, Inc. Board of Directors is composed of two representatives from each member state, with equal representation from the states' environmental and energy regulatory agencies. Agency Heads (two from each state), also serving as board members, constitute a steering committee that provides direction to the Staff Working Group and allows in-process projects to be conditioned for Board review. In 2015, Chairman Kevin Hughes and Secretary Ben Grumbles of the Maryland Department of the Environment began serving on the Board on behalf of Maryland.

⁷ The RGGI offices are located in New York City in space co-located with the New York Public Service Commission at 90 Church Street.

⁸ Nine of the original 10 member states have continued their participation in the RGGI program for the third compliance period of January 1, 2015 – December 31, 2017; New Jersey formally withdrew from the RGGI program effective January 1, 2012.

⁹ An allowance is a limited permission to emit one short ton of CO₂.

emissions budgets of each signatory state comprise the regional emissions budget, or RGGI “cap.”

Following a 2012 RGGI Program Review (as called for in the RGGI MOU), on February 7, 2013, the RGGI participating states announced an aggregate 45% reduction in the existing cap.¹⁰ Effective January 2014, the regional budget was revised to 91 million short tons – consistent with current regional emissions levels. To lock in the emission reduction progress to date, and to further build upon this progress, the regional emissions cap and each participating state’s individual emissions budget will decline 2.5% each year 2015 through 2020. Thus, the regional emissions budget decreased to 84.3 million short tons in 2017.

Table II.C.1: 2017 Regional Emissions Budget¹¹

State	CO2 Allowances (short tons)
Connecticut	5,460,958
Delaware	3,860,079
Maine	3,037,550
Maryland	19,149,790
Massachusetts	13,612,882
New Hampshire	4,401,665
New York	32,837,536
Rhode Island	1,357,826
Vermont	625,917
Total	84,344,203

¹⁰ In addition to announcing a revised regional cap, other programmatic changes included interim adjustments to the regional cap to account for privately banked allowances, the establishment of a cost containment reserve to serve as a flexibility mechanism in the unanticipated event of short-term price spikes, the addition of a U.S. Forests Offset Protocol; simplification of the minimum reserve price to increase it by 2.5% each year, and the creation of interim control periods for compliance entities.

¹¹ Source: *The Regional Greenhouse Gas Initiative*, <http://rggi.org/market/tracking/allowance-allocation/2016-allocation>

In 2017, RGGI held four auctions of CO₂ allowances. These auctions raised approximately \$40.7 million¹² for the State's Strategic Energy Investment Fund (Fund). Pursuant to § 9-20B-05(g) of the State Government Article, *Annotated Code of Maryland*, the proceeds received from January 1, 2017 through December 31, 2017 by the Fund, were allocated as follows:

- (1) at least 50% shall be credited to an energy assistance account to be used for the Electric Universal Service Program and other electric assistance programs in the Department of Human Services;
- (2) at least 20% shall be credited to a low and moderate income efficiency and conservation programs account for energy efficiency and conservation programs, projects, or activities and demand response programs, of which at least one-half shall be targeted to the low and moderate income efficiency and conservation programs account for: (i) the low-income residential sector at no cost to the participants of the programs, projects, or activities; and (ii) the moderate-income residential sector;
- (3) at least 20% shall be credited to a renewable and clean energy programs account for: (i) renewable and clean energy programs and initiatives; (ii) energy-related public education and outreach; and (iii) climate change and resiliency programs; and
- (4) up to 10%, but not more than \$5,000,000, shall be credited to an administrative expense account for costs related to the administration of the Fund, including the review of electric company plans for achieving electricity savings and demand reductions that the electric companies are required under law to submit to the [Maryland Energy] Administration.

During 2017, the nine RGGI states continued to engage in a comprehensive triennial program review commenced during 2016 for purposes of assessing the

¹² The calendar year 2017 auction proceeds represent a 24% decrease compared to Maryland's 2016 auction proceeds of \$53.7 million.

program's effectiveness and whether certain programmatic elements should be revised. Throughout 2016 and 2017, the RGGI member states reviewed and considered stakeholder feedback on the program's successes and impacts to-date, whether further reductions to the RGGI regional cap may be warranted, other program design elements (e.g. the cost containment reserve), and the extensive electric sector modeling conducted by the RGGI states for purposes of evaluating potential revisions to the program. The RGGI states reviewed more than 120 separate comments submitted by experts, policymakers, and organizations, as well as more than 29,000 personal comments and petition signatures pertaining to program review.

On August 23, 2017, the nine participating states announced consensus on a set of RGGI Program improvements, including a regional cap of 75,147,784 tons of CO₂ in 2021, which will decline by 2.275 million tons of CO₂ per year thereafter, resulting in a total 30% reduction in the regional cap from 2020 to 2030. Additionally, further adjustments to the RGGI cap were proposed to account for the full bank of excess allowances projected to exist at the end of 2020, effectuated through a formulaic adjustment and implemented over the period from 2021 to 2025. The RGGI states also agreed to modify the size and trigger price of the cost containment reserve beginning in 2021, as well as to implement an emissions containment reserve in 2021 wherein states will withhold allowances from circulation to secure additional emission reductions if prices fall below established trigger prices. Proposed amendments to the Model Rule designed to implement these programmatic changes were developed by RGGI state staff

and released publicly on December 19, 2017.¹³ The RGGI states, including Maryland, will undertake state-specific statutory and regulatory processes during 2018 to propose updates to their CO₂ Budget Trading Programs, consistent with the announced Model Rule.

Also of consequence to the RGGI Program in 2017 was an announcement by the Virginia Department of Environmental Quality (DEQ) of a proposed regulation to reduce greenhouse gases. The draft regulation, released by the Virginia DEQ in early November 2017, shares many of the proposed improvements to the RGGI Program through 2030 that were announced by the RGGI states on August 23, 2017. The RGGI states have scheduled a meeting on January 26, 2018 to gather stakeholder input on the potential participation of Virginia in the RGGI market.

7. Eastern Interconnection States' Planning Council

The Eastern Interconnection States' Planning Council (EISPC) is now a part of the National Council on Electricity Policy. The EISPC was a historic endeavor initially funded by the United States Department of Energy pursuant to a provision of the American Recovery and Reinvestment Act. The goal of EISPC has been to encourage and support collaboration among states in the Eastern Interconnection on critical energy issues, including electric transmission, gas-electric infrastructure, resource diversity, and energy resiliency and reliability. EISPC members include public utility commissioners, Governors' representatives, state energy officials, and other key government

¹³ A summary of the proposed amendments to the RGGI Program, as detailed in the [Model Rule](#), is available on RGGI, Inc.'s [website](#).

representatives throughout the 39 states, the City of New Orleans, the District of Columbia and six Canadian provinces that comprise the Eastern Interconnection.

III. SUPPLIER DIVERSITY ACTIVITIES

A. Public Conference: Supplier Diversity Memoranda of Understanding–[PC16](#)

As reported in prior Annual Reports, 19 regulated entities¹⁴ have entered into a Memoranda of Understanding (PC16 MOU) with the Commission in which each organization agreed voluntarily to develop, implement, and consistently report on its activities and accomplishments in promoting a strategy to support viable and prosperous women-owned, minority-owned and service-disabled-veteran-owned business enterprises (Diverse Supplier). The PC16 MOU expressed each entity's commitment to use its best efforts to achieve a goal of 25% Diverse Supplier contracting (Diverse Spend); standardize the reporting methodology; and institute uniform annual plans and annual reports, in order to track the entity's compliance with the PC16 MOU goals. On June 13, 2017, a hearing was held to consider the results of the 2016 Annual Reports submitted by 15 of the applicable companies. The hearing was also an opportunity for participants to pay tribute to the work and legacy of outgoing Commissioner Harold D. Williams, who has been a strong advocate for the Commission's supplier diversity program.

¹⁴ Association of Maryland Pilots; AT&T Corp.; Baltimore Gas and Electric Company; Chesapeake Utilities Corporation – Maryland Division; Choptank Electric Cooperative, Inc.; Columbia Gas of Maryland, Inc.; Comcast Phone of Northern Maryland Inc. and Comcast Business Communications, LLC; Delmarva Power & Light Company; Easton Utilities; First Transit's Baltimore Washington International Thurgood Marshall Airport Shuttle Bus Contract; Pivotal Utility Holdings, Inc. d/b/a Elkton Gas; Potomac Electric Power Company; Southern Maryland Electric Cooperative, Inc.; The Potomac Edison Company d/b/a Allegheny Power; Veolia Transportation Services, Inc.; Verizon Maryland LLC.; and Washington Gas Light Company (collectively, Signatories).

Diverse Spend has more than doubled since 2009, which was the year of the first report after the signing of the MOU. The average annual growth in Diverse Spend over 2009-2015 is 15.44%. Diverse Spend overall increased from \$567.46 million in 2015 to \$698.76 million for 2016, an increase of \$131 million. The Total Diverse Spend consists of four different categories: Minority-Owned Enterprises (MOE), Women-Owned Enterprises (WOE), Service-Disabled-Veteran-Owned Enterprises (SDVOE), and Not-for-Profit Workshops (NFPW). MOE received \$410.60 million, WOE received \$255.74 million, SDVOE received \$32.34 million, and NFPW received \$80,000.

The category MOE contains four major subgroups: African-American-Owned businesses (AAOB), American-Indian/Native-American-Owned businesses (NAOB), Asian-Owned businesses (AOB), and Hispanic-Owned businesses (HOB). Fourteen of the 15 Signatories that provided reports for 2016 broke down their MOE Spends by ethnicity; AAOB accounts for 52.95% of the total MOE Spend.

On October 27, 2017, the Commission filed a Public Determination as required in COMAR 20.08.01.04. In its first public determination, published on October 18, 2016, the Commission noted that despite the accumulation of over nine years of lessons learned, there had never been an effort to formally revise the MOU to incorporate new changes. The Commission proposed several issues for consideration to the Maryland Utility Forum, in the hope that there would be some interest in updating the MOU for all companies at the same time. On April 27, 2017, the Forum responded with a series of proposed recommendations, which the Commission adopted and incorporated into the MOU. The recommendations included enhanced goal setting, continued exclusion of natural gas capacity contract diverse spend, alignment of the filing dates for the Annual Plan and Annual Report, expansion of Tier II spend to include indirect spend, and

collection of data on additional categories of diverse suppliers, including Lesbian, Gay, Bisexual and Transgender and Veteran-Owned business enterprises.

Table 1 - Achieved - 2016

Table 1 shows the program expenditures as reported by the companies and the percentage of spend as compared to each utility's total spend. Certain types of expenses are excluded from the tabulation, being either single-sourced or are inapplicable to the diversity program.¹⁵

¹⁵ Sources of exempted spend are agreed to in advance and can be found in the respective entity's PC16 MOU.

Table 1 – Achieved - 2016		
Companies	Total Diverse Supplier Procurement (\$)	Percentage of Diverse Supplier Procurement to Total Company Procurement
Association of MD Pilots	\$286,000	26.5%
AT&T	\$20,160,000	18.83%
BGE	\$235,190,000	26.29%
CenturyLink	N/A	N/A
Chesapeake Utilities	\$1,111,000	11.33%
Choptank	\$2,250,000	9.44%
Columbia Gas	\$1,730,000	12.57%
Comcast	\$62,190,000	22.14%
Delmarva	\$49,600,000	18.48%
Easton Utilities	\$587,000	10.07%
Elkton Gas	\$133,000	10%
First Transit BWI Airport	N/A	N/A
Potomac Edison	\$12,500,000	26.06%
Pepco	\$93,400,000	20.93%
SMECO	\$9,280,000	11.52%
Veolia	N/A	N/A
Verizon	\$53,700,000	14.64%
WGL	\$156,660,000	29.13%
Total	\$698,777,000	22.64%

Table 2 - Procurement by Diverse Group

In Table 2, the amounts and percentages from Table 1 are further broken down into percentage of the expenditures by diversity classification.

Table 2 – 2016 Procurement by Diverse Group				
Companies	Minority Owned	Women Owned	Service-Disabled Veteran-Owned	Not-for-Profit Workshops
Association of MD Pilots	26.27%	72.52%	1.21%	0.00%
AT&T	68.45%	27.48%	3.63%	0.00%
BGE	58.08%	40.38%	1.53%	0.00%
CenturyLink	N/A	N/A	N/A	N/A
Chesapeake Utilities	N/A	88.12%	0.00%	0.00%
Choptank	6.98%	92.84%	0.01%	0.17%
Columbia Gas	N/A	N/A	0.00%	0.00%
Comcast	N/A	46.31%	1.00%	0.00%
Delmarva	40.83%	58.33%	0.83%	0.00%
Easton Utilities	83.5%	16.5%	0.00%	0.00%
Elkton Gas	16.85%	83.17%	0.00%	0.00%
First Transit BWI Airport	N/A	N/A	N/A	N/A
Potomac Edison	43.09%	52.26%	4.65%	0.00%
Pepco	79.9%	20.0%	0.04%	0.00%
SMECO	31.7%	64.85%	2.85%	0.58%
Veolia	N/A	N/A	N/A	N/A
Verizon	50.79%	11.29%	37.93%	0.00%
WGL	62.63%	33.93%	3.43%	0.01%

IV. COMMISSION ENERGY-RELATED CASES AND ACTIVITIES

A. Energy Efficiency- and Demand Response-Related Cases

1. EmPOWER Maryland -- Case Nos. [9153](#), [9154](#), [9155](#), [9156](#), [9157](#) and [9362](#)

Under Pub. Util. Cos. § 7-211, as amended and mandated by the EmPOWER Maryland Energy Efficiency Act of 2008, the five largest electric utilities in the State¹⁶ were responsible for achieving a 10% reduction in the State's energy consumption and a 15% reduction of peak demand by 2015. In 2017, the Article was amended to set electricity usage targets for the 2018-2020 and the 2021-2023 EmPOWER Maryland program cycles of 2% per year calculated as a percentage of each utility's 2016 weather-normalized gross retail sales and electricity losses.

The EmPOWER Maryland programs achieved, on a program-to-date basis, the following results through the fourth quarter of 2017:

- The EmPOWER MD utilities' programs have saved a total of 7,605,324 MWh and 2,693 MW, and either encouraged the purchase of or installed approximately 786.6 million energy-efficient measures.
- 29,548 low-income customers participated in the EmPOWER Limited Income Programs.
- The EmPOWER MD utilities have spent over \$2.4 billion on the EmPOWER Maryland programs, including approximately \$1.5 billion on energy efficiency and conservation (EE&C) programs and \$703 million on demand response (DR) programs.

¹⁶ The utilities are The Potomac Edison Company (PE); Baltimore Gas and Electric Company (BGE); Delmarva Power & Light Company (DPL); Potomac Electric Power Company (Pepco); and Southern Maryland Electric Cooperative, Inc. (SMECO).

- The expected savings associated with EmPOWER Maryland programs is approximately \$8.4 billion over the life of the installed measures for the EE&C programs.
- The average monthly residential bill impact of EmPOWER Maryland surcharges¹⁷ for 2017 were as follows:

	EE&C	DR	Dynamic Pricing ¹⁸	Total
BGE	\$3.86	\$2.47	-\$0.05	\$6.28
DPL	\$5.74	\$1.89	-\$0.85	\$6.79
PE	\$6.31	N/A	N/A	\$6.31
Pepco	\$5.79	\$2.92	-\$1.12	\$7.59
SMECO	\$5.13	\$3.53	N/A	\$8.66

- Washington Gas & Light Company has saved a total of 1,698,312 therms through its programs since beginning in 2015.

2. Merger of Exelon Corporation and Constellation Energy Group, Inc. – Customer Investment Fund – Case No. [9271](#)

As reported in the 2012 Annual Report, the Commission approved 16 programs that will utilize \$112 million of the \$113.5 million Customer Investment Fund (CIF), for the purposes of providing energy efficiency and low income energy assistance to BGE customers. On January 20, 2017, the Commission issued Order No 87991 which established a disbursement schedule for the second semi-annual period of fiscal year 2017 (FY17). The Order also approved an additional fiscal year in 2018 (FY18) and funding to two recipients, the Maryland Department of Housing and Community

¹⁷ Assumes an average monthly usage of 1,000 kilowatt hours (kWh), and the figures do not include customer savings.

¹⁸ BGE, Pepco, and DPL offered a Peak Time Rebate program in the summer of 2017 for residential customers with activated smart meters. The difference between rebates paid to participants and revenues received from PJM markets are trued-up in the EmPOWER Maryland surcharge.

Development and Baltimore City, for which the disbursement would be paid in the first quarter of FY18.

On August 31, 2017, the Commission issued a Notice of Hearing and Request for Reports for CIF. The hearing was initially scheduled to be held on November 30, 2017; however, several CIF recipients requested extensions for filing their reports. The Commission approved those requests on November 8, 2017, and rescheduled the hearing for January 9, 2018. The hearing and any orders stemming from the January 9, 2018 hearing will be addressed in the PSC's 2018 Annual Report.

**B. Deployment of Advanced Meter Infrastructure/Smart Grid -
Case Nos. [9207](#), [9208](#) and [9294](#)**

The Commission approved Smart Grid Initiatives for BGE (Case No. 9208) in 2010, Pepco (Case No. 9207) in 2010, DPL (Case No. 9207) in 2012, and SMECO (Case No. 9294) in 2013. As of September 30, 2017, approximately 2.8 million electric and gas meters (aka "smart meters") have been installed across the state. BGE has installed over 1.9 million electric meters and gas modules, and has completed its initial deployment of smart meters. BGE continues to work to install meters in hard to access locations in an effort to reduce the current level of opt-out customers from 3.6% to 1.0% by the end of 2018. Pepco and DPL have finished deploying smart meters with the final totals for each company being 560,851 and 211,115, smart meters respectively. Pepco and DPL have less than 1.0% of its customers categorized as opt-out (0.3% and 0.7%, respectively). SMECO has installed over 147,000 (90% of planned meter installations) and will complete meter installations by the end of 2017.

C. Electric Reliability-Related Cases

1. Review of Annual Performance Reports on Electric Service Reliability Filed Pursuant to COMAR 20.50.12.11 – Case No. [9353](#)

In May 2014, the Commission initiated the docket, Case No. 9353, to conduct its required annual review of the service quality and reliability performance reports filed by the applicable electric companies by April 1 of each year. Reports were filed on or about April 1, 2017, by each of the applicable electric companies, and comments on the reports were due by July 14, 2017.

On July 25, 2017, the Commission held a legislative-style hearing for the purpose of reviewing the April 2017 reports and to determine whether the electric companies each met the applicable COMAR service quality and reliability standards. On September 28, 2017, the Commission issued Order No. 88496, in which it accepted the service quality and reliability annual reports filed by BGE, Pepco, Delmarva, Potomac Edison, Choptank and SMECO. Additionally, the Commission noted the Corrective Action Plans filed by BGE, Delmarva, PE, Pepco, Choptank and SMECO.

In the Order, the Commission also directed PE, Choptank and Pepco to each file by October 31, 2017, an interim assessment of the effectiveness of its Corrective Action Plan related to System-Wide Reliability Standards. As directed, each of the utilities filed its compliance filing on October 31, 2017. The Commission directed BGE to file a Corrective Action Plan related to the Periodic Equipment Inspections standard no later than November 30, 2017. BGE filed its Plan on November 7, 2017.

Further, in the Order, the Commission directed Staff to reconvene the work group related to poorest performing feeders and repeat poorest performing feeders and to file a progress report, including the group's discussions and recommendations, by January 30,

2018. Additionally, Staff was directed to lead a work group addressing future system-wide reliability targets for years 2020 through 2022. The work group is to include all six electric companies and is to be open to all other interested parties, and to file a progress report summarizing the work group discussion and any recommendations no later than January 30, 2018. The Commission also authorized the work group that meets to share best practices on customer communication and public awareness related to vegetation management to continue to meet periodically.

D. Renewable Energy Portfolio Standard

1. Applications of U.S. Wind, Inc. and Skipjack Offshore Energy, LLC for a Proposed Offshore Wind Project(s) Pursuant to the Maryland Offshore Wind Energy Act of 2013

On February 25, 2016, the Commission opened the Maryland Offshore Wind Project Application Period, after it was advised by its independent consultant that a first potential offshore wind application had been received and was determined to be administratively complete. The application period closed on November 18, 2016. On November 21, 2016, the consultant notified the Commission that two applications, that of U.S. Wind, LLC and Skipjack Offshore Energy, LLC, were found to be administratively complete and to have met the COMAR minimum threshold criteria. On November 22, 2016, by Order No. 87898, the Commission initiated a new docket, Case No. [9431](#), to conduct the required review of the applications. Each applicant was directed to file both a public and a confidential version of the application by November 30, 2016, and each

filed both versions of its application as directed. Petitions to intervene in the matter were granted at the prehearing conference held December 14, 2016.¹⁹

On December 13, 2016, U.S. Wind filed a motion to disqualify the application of Skipjack Offshore Energy. At the prehearing conference (as memorialized by Order No. 87945 issued December 16, 2016), the Commission established a procedural schedule for the parties to submit pleadings in opposition or support of U.S. Wind's motion to disqualify. On January 23, 2017, the Commission issued Order No. 87993 and denied U.S. Wind's motion to disqualify without prejudice. The Commission found that its consideration of the issues raised in the motion should be delayed until all evidence is admitted and weighed.

The evidentiary hearings in the matter were held March 13, March 15-17, March 20-24, and March 27-28, 2017. Two public comment hearings were held on March 25, 2017, in Berlin, Maryland and March 30, 2017, in Annapolis. In Order No. 88192, issued May 11, 2017, the Commission awarded offshore wind renewable energy credits to both projects but attached nearly 30 conditions. Both companies accepted the conditions of the Commission's approval, which is contingent on affirmation by the federal government of the developers' site assessment plans, construction and operations plans, and other processes as required.

¹⁹ Petitions to intervene from three parties were held in abeyance, but later granted, after the parties retained Maryland counsel.

E. Rate-Related Cases

1. Application of Columbia Gas of Maryland, Inc. for Authority to Increase Rates and Charges – Case No. [9417](#)

As reported in the 2016 Annual Report, Columbia appealed the Supplemental Proposed Order and the appeal remained pending at the end of calendar year 2016. On June 16, 2017, by Order No. 88259, the Commission denied Columbia's appeal and affirmed the Proposed Order decision that rejected Columbia's proposed tariff revision which would allow it to move STRIDE-related projects into rate base through a Make Whole proceeding.

2. Application of Potomac Electric Power Company for Adjustments to its Retail Rates for the Distribution of Electric Energy – Case No. [9418](#)

As reported in the 2016 Annual Report, on November 15, 2016, the Commission issued Order No. 87884, in which it authorized Pepco to increase its electric distribution rates by not more than \$52,535,000 for service rendered on or after November 15, 2016. On December 15, 2016, Pepco, OPC, and the Health Council of the National Capital Area (HCNCA) each filed petitions for rehearing. On May 4, 2017, by Order No. 88177, the Commission denied Pepco's petition related to Pepco's request to reconsider the disallowance of six adjustments and provided clarification to Pepco on several items. Additionally, the Commission denied OPC's and HCNCA's petitions.

On May 16, 2017, Pepco filed a request for clarification of Order No. 88177 regarding treatment of IRS tax settlement. On June 2, 2017, by Order No. 88236, the Commission initiated Phase II to Case No. 9418 to address the IRS Private Letter Ruling once received, directed Pepco to calculate the effect on rates of the settlement based on the end-of-the-test-period ADFIT balance until the Commission issues a decision in

Phase II or authorizes rates to be put into effect in Case No. 9443, and directed Pepco to track effects on rates authorized in Case No. 9418 and to create a regulatory asset to record the difference in the ADFIT balance and ADFIT method.

3. Petition of Washington Gas Light Company for Approval of Revised Tariff Provisions to Facilitate Access to Natural Gas in the Company's Maryland Franchise Area Currently without Natural Gas Service – Case No. [9433](#)

As reported in the 2016 Annual Report, the Commission initiated Case No. 9433 to consider WGL's petition to obtain approval from the Commission to revise its tariff to facilitate the access to natural gas in its Maryland franchise area by persons who currently do not have natural gas service. On April 28, 2017, the Commission designated a panel of three commissioners to hear the matter. The panel held evidentiary hearings in the matter on May 1 and 2, 2017. On August 1, 2017, the panel issued Order No. 88324, denied the petition without prejudice, and rejected the associated proposed changes to WGL's tariff.

4. Application of Easton Utilities Commission for Authority to Increase its Gas and Electric Rates – Case No. [9441](#)

On February 27, 2017, Easton Utilities Commission filed separate applications for authority to increase its electric services' and its gas services' rates and charges to recover approximately \$3,813,000 and \$694,000, respectively, in additional revenues. On March 1, 2017, by Order No. 88050, the Commission consolidated the review of both applications into one docketed proceeding, Case No. 9441, suspended the associated proposed tariff revisions, and delegated the matter to the Public Utility Law Judge Division. On May 31, 2017, a hearing for public comment was held in Easton, Maryland. On June 12, 2017, the parties filed a Settlement Agreement and Joint Motion for Approval of Increase in Base Rates for Gas and Electric Service. On June 15, 2017, an

evidentiary hearing was held to consider the Agreement and the Motion. On June 19, 2017, a Proposed Order was issued granting the Motion and approving the Settlement Agreement. No appeal was taken of the Proposed Order, and it became Order No. 88276.

5. Application of Potomac Electric Power Company for Adjustments to its Retail Rates for the Distribution of Electric Energy – Case No. [9443](#)

On March 24, 2017, Pepco filed an application for authority to increase its rates and charges for electric distribution services to recover additional revenues of \$68,619,000 along with the proposed tariff revisions. On March 27, 2017, by Order No. 88090, the Commission initiated a new docket, Case No. 9443, to consider the application and suspended the proposed tariff revisions. The Commission held evening hearings for public comments on August 28, 2017, in Largo, Maryland, and on August 30, 2017, in Rockville, Maryland. The evidentiary hearings in the matter were held on September 5–8 and 11–13, 2017. On October 20, 2017, by Order No. 88432, the Commission authorized Pepco to increase its rates to recover no more than \$33,967,000 in additional revenues. On November 20, 2017, AOBA filed a request for rehearing and clarification of Order No. 88432.

6. Application of Columbia Gas of Maryland, Inc. for Authority to Increase Rates and Charges – Case No. [9447](#)

On April 14, 2017, Columbia Gas filed an application for authority to increase its rates and charges for gas distribution services to recover additional revenues of \$6.02 million. On April 19, 2017, by Order No. 88145, the Commission initiated a new docket, Case No. 9447, to consider the application, suspended the proposed tariff revisions and delegated the matter to the Public Utility Law Judge Division. On July 19 and 20, 2017, evening hearings for public comments were held in Hagerstown and Cumberland,

Maryland, respectively. On July 28, 2017, the Office of Staff Counsel filed a Joint Motion for Approval of Agreement of Unanimous Stipulation and Settlement. Columbia and OPC filed testimony in support of the settlement. On August 2, 2017, an evidentiary hearing to consider the settlement agreement was held. On August 17, 2017 a Proposed Order was issued approving the settlement. No appeal was taken of the Proposed Order, and it became Order No. 88392 on September 19, 2017.

7. Application of Delmarva Power & Light Company for Adjustments to its Retail Rates for the Distribution of Electric Energy – Case No. [9455](#)

On July 14, 2017, Delmarva filed an application for authority to increase its rates and charges for electric distribution services to recover additional revenues of \$27,029,794 along with its proposed tariff revisions. On July 17, 2017, by Order No. 88301, the Commission initiated a new docket, Case No. 9455, to consider the application and suspended the proposed tariff revisions. The Commission held evening hearings for public comments on December 4, 6, and 7, 2017, in Wye Mills, Chestertown, and Salisbury, respectively. On December 18, 2017, Delmarva filed a Joint Motion for Approval of Agreement of Unanimous Stipulation and Settlement. On January 5, 2018, an evidentiary hearing to consider the settlement agreement was held. On February 9, 2018, by Order No. 88567, the Commission approved the settlement agreement and authorized Delmarva to increase its rates to recover no more than \$13.4 million in additional revenues.

8. Baltimore Gas and Electric Company Request for Approval of a Prepaid Pilot Program and Request for Waivers of COMAR and Commission Orders – Case No. [9453](#)

On April 21, 2017, BGE filed an application for authority to implement a prepaid billing pilot. On May 18, 2017, by letter order, the Commission initiated a new docket, Case No. 9453, to consider the application. After receiving comments from interested persons, the Commission held a legislative-style hearing on August 23, 2017, to review BGE's proposal and accept oral comments from the interested persons. On October 25, 2017, by Order No. 88438, the Commission granted BGE's request, subject to several conditions.

9. Application of Southern Maryland Electric Cooperative, Inc. for Authority to Revise its Rates and Charges for Electric Service and Certain Rate Design Changes – Case No. [9456](#)

On August 1, 2017, SMECO filed an application for authority to decrease its rates for its electric services and to modify certain rate design charges along with the proposed tariff revisions. On August 4, 2017, by Order No. 88328, the Commission initiated a new docket, Case No. 9456, to consider the application, suspended the proposed tariff revisions, and delegated the matter to the Public Utility Law Judge Division. On October 25, 2017, an evening hearing for public comments was held at SMECO's headquarters in Hughesville, Maryland, but no member of the public appeared to comment. On December 6, 2017, a Joint Motion for Approval of Stipulation and Settlement was filed on behalf of the parties. On December 12, 2017, an evidentiary hearing was held to consider the settlement agreement and to admit the pre-filed testimony of the parties into the record. On December 14, 2017, a Proposed Order was issued granting the motion and approving the settlement. No appeal of the Proposed Order was taken, and it became Order No. 88515.

10. Application of the Town of Thurmont, Maryland for Authority to Increase its Rates for Electric Service – Case No. [9458](#)

On September 8, 2017, the Town of Thurmont filed an application for authority to increase its rates for electric service along with proposed tariff revisions. On September 12, 2017, by Order No. 88380, the Commission initiated a new docket, Case No. 9458, to consider the application, suspended the proposed tariff revisions, and delegated the matter to the Public Utility Law Judge Division. On December 6, 2017, an evening hearing for public comments was held in Thurmont, Maryland. On January 4, 2018, the parties entered into a settlement in principle; therefore, the evidentiary hearings scheduled on January 4 and 5, 2018, were cancelled. A hearing on the settlement agreement is scheduled for February 23, 2018.

11. Application of Choptank Electric Cooperative, Inc. for Authority to Revise its Rates and Charges for Electric Service – Case No. [9459](#)

On September 12, 2017, Choptank Electric Cooperative filed an application for authority to increase its rates for electric service by \$8.3 million. On September 13, 2017, by Order No. 88380, the Commission initiated a new docket, Case No. 9459, to consider the application, suspended the proposed tariff revisions and delegated the matter to the Public Utility Law Judge Division. On February 1, 2018, an evening hearing for public comments was held in Denton, Maryland. The evidentiary hearings in the matter were held January 8, 9 and 11, 2018. A Proposed Order will be issued by February 27, 2018.

12. Application of Baltimore Gas and Electric Company for Approval of a New Gas System Strategic Infrastructure Development and Enhancement Plan and Accompanying Cost Recovery Mechanism – Case No. [9468](#)

On December 1, 2017, BGE filed an application for approval by the Commission of its new gas system strategic infrastructure development and enhancement (STRIDE 2) plan for the five-year period beginning January 1, 2019, and ending December 31, 2023, and its STRIDE 2 surcharge mechanism. A prehearing conference was held on January 4, 2018, and a procedural schedule was adopted. Evidentiary hearings are scheduled for March 20–23, 2018. The Commission also will hold two evening hearings for public comment in locations within BGE’s service territory. A decision on the application is required by May 30, 2018, or the application is deemed granted.

**F. Certificates of Public Convenience and Necessity Cases—
Applications, Modifications, and Waivers**

1. Application of Dominion Energy Cove Point LNG, LP to Amend Certain Conditions of its Certificate of Public Convenience and Necessity to Construct a 130 MW Generating Station at the Dominion Cove Point Liquefied Natural Gas Terminal in Calvert County, Maryland – Case No. [9318](#)

On August 10, 2017, Dominion Energy Cove Point LNG, LP (formerly known as Dominion Cove Point LNG, LP) filed a motion to amend certain conditions of its CPCN, granted by the Commission in May 2014. By letter order dated August 23, 2017, the Commission determined that the requested amendments constituted a modification to the CPCN and that a public comment hearing was required in the matter. The Commission delegated only the conduct of the public comment hearing to the Public Utility Law Judge Division. A public comment hearing was held October 2, 2017 in Lusby and continued on October 19, 2017 to accommodate individuals who wished to but were unable to speak at the October 2nd hearing due to the venue’s closing time. In a statement

on November 6, 2017, Commissioner O'Donnell denied a request for his recusal, but voluntarily declined to participate in the Commission's decision concerning the requested amendments. The matter was considered at the Commission's November 15, 2017 Administrative Meeting, where it was taken under advisement. On February 6, 2018, in Order No. 88565, the Commission granted the motion to amend, with conditions as recommended by PPRP and MDE.

2. Application of Big Spring Solar, LLC for a Certificate of Public Convenience and Necessity to Construct a 3.5 MW Solar Photovoltaic Generating Facility in Washington County, Maryland – Case No. [9402](#)

As reported in the 2015 Annual Report, the Commission initiated Case No. 9402 to consider the application for a CPCN filed by Big Spring Solar, LLC for authority to construct a 3.5 MW solar photovoltaic generating facility in Washington County, Maryland. The procedural schedule was suspended until the Commission issued decisions in two other CPCN matters. After Commission orders in those matters were issued, a revised procedural schedule was adopted. On July 12, 2017, an evidentiary hearing was held. On August 8, 2017, a public comment hearing was held in Clear Spring, Maryland. On September 29, 2017, a Proposed Order was issued granting the CPCN, subject to the Final Licensing Conditions recommended by PPRP and Staff. No appeal of the Proposed Order was taken, and it became Order No. 88453.

3. Application of Massey Solar LLC for a Certificate of Public Convenience and Necessity to Construct a 5.0 MW Solar Photovoltaic Generating Facility in Kent County, Maryland – Case No. [9407](#)

As reported in the 2015 and 2016 Annual Reports, the Commission initiated this docket to consider the application for a CPCN filed by Massey Solar LLC for authority to construct a 5.0 MW solar photovoltaic generating facility in Kent County, Maryland.

At the request of the parties, the procedural schedule has remained suspended since January 9, 2017. On November 21, 2017, the parties were advised that unless a procedural schedule was agreed upon and submitted by December 21, 2017, the application would be dismissed without prejudice and the docket closed. On December 14, 2017, Massey responded to the Show Cause and explained the reasons a procedural schedule proposal had been delayed. Included in the response was a proposed procedural schedule agreed upon by the parties. On December 28, 2017, the procedural schedule, with one slight modification, was adopted. Two evening hearings for public comment will be scheduled during the week of March 5, 2018, and during the week of April 16, 2018. An evidentiary hearing is scheduled on May 2, 2018.

4. Application of Perennial Solar LLC for a Certificate of Public Convenience and Necessity to Construct an 8.0 MW Solar Photovoltaic Generating Facility in Washington County, Maryland – Case No. [9408](#)

As reported in the 2015 and 2016 Annual Reports, the Commission initiated this docket to consider the application for a CPCN filed by Perennial Solar LLC for authority to construct an 8.0 MW solar photovoltaic generating facility in Washington County, Maryland. On March 16, 2016, the procedural schedule was suspended and remains suspended awaiting a decision on Washington County's appeal to the Court of Special Appeals of a June 20, 2016 Order of the Circuit Court for Washington County, which found that the Commission's authority over CPCNs preempted local zoning laws.

5. Application of Dan's Mountain Wind Force, LLC for a Certificate of Public Convenience and Necessity to Construct a 59.5 MW Wind Energy Generating Facility in Allegany County, Maryland – Case No. [9413](#)

As reported in the 2016 Annual Report, a Proposed Order was issued on January 25, 2017, denying the application, and Dan's Mountain filed an appeal of the Proposed Order. On June 16, 2017, by Order No. 88260, the Commission denied the appeal and affirmed the Proposed Order. On July 14, 2017, Dan's Mountain Wind Force filed a petition for judicial review in the Circuit Court of Baltimore City.

6. Application of Mason Dixon Solar Center, LLC for a Certificate of Public Convenience and Necessity to Construct an 18.4 MW Solar Photovoltaic Generating Facility in Washington County, Maryland – Case No. [9426](#)

As reported in the 2016 Annual Report, the Commission initiated Case No. 9426 to consider the application and delegated the proceedings to the Public Utility Law Judge Division. Prior to the evidentiary hearing, the parties engaged in settlement discussions that resulted in Mason Dixon accepting PPRP's and Staff's recommended licensing conditions. On February 8, 2017, a public hearing was held in Hagerstown, Maryland, and on February 17, 2017, an evidentiary hearing was held in Baltimore, Maryland. A Proposed Order granting the CPCN, subject to the Final Licensing Conditions recommended by PPRP and Commission Staff, and the setback condition imposed by the Public Utility Law Judge, was issued on March 28, 2017. No appeal of the Proposed Order was taken, and it became Order No. 88166.

7. Application of LeGore Bridge Solar Center, LLC for a Certificate of Public Convenience and Necessity to Construct a 20.0 MW Solar Photovoltaic Generating Facility in Frederick County, Maryland – Case No. [9429](#)

As reported in the 2016 Annual Report, the Commission initiated Case No. 9429 to consider the application and delegated the proceedings to the Public Utility Law Judge Division. On March 30, 2017, an evening hearing for public comment was held, at which

several residents objected to the grant of the CPCN. An evidentiary hearing was held on May 12, 2017. On June 2, 2017, the Frederick County Attorney's Office filed a copy of a new county zoning ordinance. On July 6, 2017, Frederick County filed a motion to intervene and reopen the record in the proceeding. On July 13, 2017, the County's motion to intervene was granted and the record was opened for the limited purposes of obtaining additional information on the new County ordinance governing utility-size solar facilities. In the Proposed Order dated October 3, 2017, the Judge gave consideration to the County's new ordinance but determined that the Commission retains the jurisdiction to site the solar facility and is not required to accept the land use ordinances of a local government. The Judge granted a CPCN, subject to licensing conditions recommended by PPRP and Staff. On November 1, 2017, Frederick County filed an appeal of the Proposed Order. The appeal remains pending as of December 31, 2017.

8. Application of Egypt Road Solar, LLC for a Certificate of Public Convenience and Necessity to Construct a 49.5 MW Solar Photovoltaic Generating Facility in the City of Cambridge, Maryland – Case No. [9434](#)

As reported in the 2016 Annual Report, the Commission initiated Case No. 9434 to consider the application and delegated the proceedings to the Public Utility Law Judge Division. Evening hearings for public comment were held on June 1 and September 28, 2017, in Cambridge, Maryland. An evidentiary hearing was held on October 4, 2017. A Proposed Order was issued on November 27, 2017, granting the CPCN, subject to final licensing conditions. On December 26, 2017, Helen Malkus noted an appeal of the Proposed Order.

9. Application of Jones Farm Lane Solar, LLC for a Certificate of Public Convenience and Necessity to Construct a 56.7 MW Solar Photovoltaic Generating Facility in Queen Anne’s County, Maryland – Case No. [9436](#)

As reported in the 2016 Annual Report, the Commission initiated Case No. 9436 to consider the application and delegated the proceedings to the Public Utility Law Judge Division. On February 6, 2017, a procedural schedule was adopted, but it was modified on July 12, 2017. On August 8, 2017, an evening hearing for public comment was held in Grasonville, Maryland. A second evening hearing for public comment was held on November 1, 2017, in Sudlersville, Maryland. On November 9, 2017, the procedural schedule was again modified and an evidentiary hearing is scheduled for February 8, 2018. The procedural schedule is subject to modification if Jones Farm Lane Solar does not receive a final vote from the Queen Anne’s County Board of Appeals by January 15, 2018.

10. Application of CPV Maryland, LLC for a Certificate of Public Convenience and Necessity Authorizing the Modification of its St. Charles Generating Station – Case No. [9437](#)

As reported in the 2016 Annual Report, the Commission initiated Case No. 9437 to consider the application and delegated the proceedings to the Public Utility Law Judge Division. A procedural schedule was adopted on February 2, 2017, but was suspended pursuant to the request of PPRP and the CPC on June 12, 2017. On August 15, 2017, a modified procedural schedule was adopted, but it was suspended on November 17, 2017. On November 27, 2017, a further modified procedural schedule was adopted. An evening public hearing will be held on February 7, 2018, in Waldorf, Maryland. An evidentiary hearing is scheduled for February 8, 2018. A Proposed Order is expected to be issued by February 23, 2018.

11. Application of Morgnec Road Solar, LLC for a Certificate of Public Convenience and Necessity to Construct a 57.04 MW Solar Photovoltaic Generating Facility in Kent County, Maryland – Case No. [9438](#)

As reported in the 2016 Annual Report, the Commission initiated Case No. 9438 to consider the application and delegated the proceedings to the Public Utility Law Judge Division. On October 6, 2017, Morgnec Road Solar, LLC requested to withdraw its application, without prejudice, which request was granted. On October 6, 2017, the docket was closed.

12. Application of Biggs Ford Solar Center, LLC for a Certificate of Public Convenience and Necessity to Construct a 15.0 MW Solar Photovoltaic Generating Facility in Frederick County, Maryland – Case No. [9439](#)

On February 16, 2017, Biggs Ford Solar Center, LLC filed an application for a CPCN to construct a 15.0 MW solar photovoltaic generating facility in Frederick County, Maryland. On February 24, 2017, the Commission initiated a new docket, Case No. 9439, to consider the application and delegated the matter to the Public Utility Law Judge Division. On September 7, 2017, a hearing for public comment on the application was held in Frederick. On September 18, 2017, an evidentiary hearing was held. On December 5, 2017, a Proposed Order was issued denying the CPCN. On January 4, 2018, Biggs Ford appealed the Proposed Order.

13. Application of Sol Phoenix Solar, LLC for a Certificate of Public Convenience and Necessity to Construct a 2.5 MW Solar Photovoltaic Generating Facility in Prince George’s County, Maryland – Case No. [9446](#)

On April 11, 2017, Sol Phoenix Solar, LLC filed an application for a CPCN to construct a 2.5 MW solar photovoltaic generating facility in Prince George’s County, Maryland. On April 12, 2017, the Commission initiated a new docket, Case No. 9446, to

consider the application and delegated the matter to the Public Utility Law Judge Division. An evening hearing for public comments was held on September 28, 2017, but no member of the public appeared to comment. An evidentiary hearing was held on October 4, 2017, during which all pre-filed testimony of the parties was admitted into the record. On October 18, 2017, a Proposed Order was issued granting the CPCN, subject to licensing conditions as recommended by PPRP and Staff. No appeal of the Proposed Order was taken, and it became Order No. 88462.

14. Application of Casper Solar Center, LLC for a Certificate of Public Convenience and Necessity to Construct a 36.70 MW Solar Photovoltaic Generating Facility in Queen Anne’s County, Maryland – Case No. [9450](#)

On April 25, 2017, Casper Solar Center, LLC filed an application for a CPCN to construct a 36.7 MW solar photovoltaic generating facility in Queen Anne’s County, Maryland. On April 27, 2017, the Commission initiated a new docket, Case No. 9450, to consider the application and delegated the matter to the Public Utility Law Judge Division. The first evening hearing for public comment was held on November 29, 2017, and was well attended. All of the persons making comment at the hearing were opposed to a grant of the CPCN. A second evening hearing for public comment is scheduled for June 26, 2018. An evidentiary hearing is scheduled for July 9, 2018.

15. Application of Chesapeake Solar LLC for a Certificate of Public Convenience and Necessity to Construct a 9.0 MW Solar Photovoltaic Generating Facility in Cecil County, Maryland – Case No. [9451](#)

On May 10, 2017, Chesapeake Solar LLC filed an application for a CPCN to construct a 9.0 MW solar photovoltaic generating facility in Cecil County, Maryland. On May 12, 2017, the Commission initiated a new docket, Case No. 9451, to consider the application and delegated the proceedings to the Public Utility Law Judge Division. On

August 22, 2017 and November 1, 2017, hearings for public comment on the application were held in Elkton. On November 3, 2017, Chesapeake Solar agreed to the proposed recommended licensing conditions. On November 6, 2017, an evidentiary hearing was held. The matter remains pending as of December 31, 2017, awaiting Chesapeake Solar's response to the Public Utility Law Judge's data request.

16. Application of Brick Kiln Road Solar, LLC for a Certificate of Public Convenience and Necessity to Construct a 5.4 MW Solar Photovoltaic Generating Facility in Wicomico County, Maryland – Case No. [9454](#)

On June 14, 2017, Brick Kiln Road Solar, LLC filed an application for a CPCN to construct a 5.4 MW solar generating facility in Wicomico County, Maryland. On June 19, 2017, the Commission initiated a new docket, Case No. 9454, to consider the application and delegated the matter to the Public Utility Law Judge Division. On September 26, 2017 and December 13, 2017, hearings for public comment on the application were held in Salisbury. On December 14, 2017, Chesapeake agreed to the proposed recommended licensing conditions. On December 19, 2017, an evidentiary hearing was held. On January 5, 2018, a Proposed Order was issued granting the CPCN for a 5.3 MW generating station, subject to the Final Licensing Conditions recommended by PPRP and Staff. No appeal of the Proposed Order was taken, and it became Order No. 88562.

17. Application of Richfield Solar Energy LLC for a Certificate of Public Convenience and Necessity to Construct a 50.0 MW Solar Photovoltaic Generating Facility in Dorchester County, Maryland – Case No. [9457](#)

On September 6, 2017, Richfield Solar Energy LLC filed an application for a CPCN to construct a 50.0 MW solar generating facility in Dorchester County, Maryland. On September 8, 2017, the Commission initiated a new docket, Case No. 9457, to

consider the application and delegated the matter to the Public Utility Law Judge Division. On January 9, 2018, a hearing for public comment on the application was held in Hurlock, Maryland. A second hearing for public comment is scheduled for March 13, 2018. An evidentiary hearing is scheduled for April 30, 2018.

18. Application of MD Solar 2, LLC for a Certificate of Public Convenience and Necessity to Construct a 27.5 MW Solar Photovoltaic Generating Facility in Charles County, Maryland – Case No. [9463](#)

On September 26, 2017, MD Solar 2, LLC filed an application for a CPCN to construct a 27.5 MW solar generating facility in Charles County, Maryland. On September 27, 2017, the Commission initiated a new docket, Case No. 9463, to consider the application and delegated the matter to the Public Utility Law Judge Division. Evening hearings for public comment will be held on February 20, 2018, and April 20, 2018, at a location in Charles County, Maryland. An evidentiary hearing is scheduled for May 1, 2018.

19. Application of MD Solar 1, LLC for a Certificate of Public Convenience and Necessity to Construct a 32.5 MW Solar Photovoltaic Generating Facility in Charles County, Maryland – Case No. [9464](#)

On September 26, 2017, MD Solar 1, LLC filed an application for a CPCN to construct a 32.5 MW solar generating facility in Charles County, Maryland. On September 27, 2017, the Commission initiated a new docket, Case No. 9464, to consider the application and delegated the matter to the Public Utility Law Judge Division. Evening hearings for public comment will be held on March 20, 2018, and May 3, 2018, in Charles County, Maryland. An evidentiary hearing is scheduled for May 10, 2018.

20. Application of TPE Maryland Solar Land Holdings, LLC for a Certificate of Public Convenience and Necessity to Construct a 2.425

MW Solar Photovoltaic Generating Facility in Prince George's County, Maryland – Case No. [9465](#)

On November 9, 2017, TPE Maryland Solar Land Holdings, LLC filed an application for a CPCN to construct a 2.425 MW solar generating facility in Prince George's County, Maryland. On November 14, 2017, the Commission initiated a new docket, Case No. 9465, to consider the application and delegated the matter to the Public Utility Law Judge Division. Evening hearings for public comment will be held on April 3, 2018, and May 17, 2018, in Prince George's County, Maryland. An evidentiary hearing is scheduled for May 24, 2018.

21. Application of TPE Maryland Solar Land Holdings, LLC for a Certificate of Public Convenience and Necessity to Construct a 2.25 MW Solar Photovoltaic Generating Facility in Prince George's County, Maryland – Case No. [9466](#)

On November 9, 2017, TPE Maryland Solar Land Holdings, LLC filed an application for a CPCN to construct a 2.25 MW solar generating facility in Prince George's County, Maryland. On November 14, 2017, the Commission initiated a new docket, Case No. 9466, to consider the application and delegated the matter to the Public Utility Law Judge Division. Evening hearings for public comment will be held on April 18, 2018, and May 31, 2018, in Prince George's County, Maryland. An evidentiary hearing is scheduled for June 7, 2018.

22. Application of Energy Ventures IPP, LLC for a Certificate of Public Convenience and Necessity to Construct a 10 MW Solar Photovoltaic Generating Facility in Prince George's County, Maryland – Case No. [9469](#)

On December 21, 2017, Energy Ventures IPP, LLC filed an application for a CPCN to construct a 10 MW solar generating facility in Prince George's County, Maryland. On December 28, 2017, the Commission initiated a new docket, Case No.

9469, to consider the application and delegated the matter to the Public Utility Law Judge Division. On January 3, 2018, a pre-hearing conference was scheduled for February 5, 2018. Evening hearings for public comment will be held June 6, 2018 and July 24, 2018 in Prince George's County. An evidentiary hearing is scheduled for August 2, 2018.

23. Application of Potomac Edison Company for a Certificate of Public Convenience and Necessity to Modify the Ringgold-Catoctin-Transmission Line in Frederick and Washington Counties, Maryland – Case No. [9470](#)

On December 22, 2017, Potomac Edison Company filed an application for a CPCN to modify the Ringgold-Catoctin Transmission line in Frederick and Washington Counties, Maryland. On December 27, 2017, the Commission initiated a new docket, Case No. 9470, to consider the application and delegated the matter to the Public Utility Law Judge Division. On January 3, 2018, a pre-hearing conference was scheduled for February 5, 2018. Evening public comment hearings will be held during the week of July 30, 2018 in Frederick and Washington counties. Evidentiary hearings are scheduled for August 8 and 9, 2018.

24. Application of Transource Maryland, LLC for A Certificate of Public Convenience and Necessity to Construct Two New 230 kV Transmission Lines Associated with the Independence Energy Connection Project in Portions of Harford and Washington Counties, Maryland – Case No. [9471](#)

On December 27, 2017, Transource Maryland, LLC filed an application for a CPCN to construct two new 230 kV lines associated with the Independence Energy Connection Project in portions of Harford and Washington Counties, Maryland. On January 4, 2018, the Commission initiated a new docket, Case No. 9471, to consider the application and scheduled a pre-hearing conference in the matter to be held February 16, 2018.

G. Standard Offer Service-, Restructuring-, and Energy Competition-Related Cases

1. Electric Competition Activity – Case No. [8738](#)

By letter dated September 13, 2000, the Commission ordered the major investor-owned utilities in the state to file [Monthly Electric Customer Choice Reports](#). The reports are to convey the number of customers served by suppliers, the total number of utility distribution customers, the total megawatts of peak demand served by suppliers, the peak load obligation for all distribution accounts, and the number of electric suppliers serving customers in Maryland. These data are to be collected for both residential and non-residential customers.

In 2017, Potomac Edison (PE), Baltimore Gas and Electric (BGE), Delmarva Power & Light (DPL), Potomac Electric Power Company (Pepco) and Southern Maryland Electric Cooperative (SMECO) filed enrollment reports on a monthly basis. At the end of December 2017, electric suppliers in the state served 548,548 commercial, industrial and residential customers. This number represents an approximate 1.44% increase from 2016, when 540,780 customers were served by suppliers.

**Customer Accounts Enrolled with Electric Suppliers
As of December 31, 2017**

	Residential	Non-Residential	Total
Total Eligible Accounts	2,243,905	264,681	2,508,586
Customers Enrolled	447,868	100,680	548,548
Percentage Enrolled with Suppliers	20.0%	38.0%	21.9%

At the end of December 2017, the overall demand in megawatts of peak load obligation served by all electric suppliers was 6,028 MW, down 1.2% from 6,101 MW in 2016.

**Peak Load Obligation Served by Electric Suppliers
As of December 31, 2017**

	Residential	Non-Residential	Total
Total MW Peak	6,714 MW	6,096 MW	12,810 MW
Demand Served	1,400 MW	4,628 MW	6,028 MW
Percentage Served by Suppliers	20.8%	75.9%	47.1%

BGE had the highest number of residential accounts (284,151), commercial accounts (54,871), and peak-load (3,421 MW) served by suppliers. The number of electric suppliers licensed in Maryland has increased from 110 in 2016 to 421 at the end of 2017. The annual increase in the number of suppliers was 283% as compared to an 8.9% increase from 2015 to 2016.

Most electric suppliers in Maryland are authorized to serve multiple classes. The number serving each class in each utility territory is reflected in the table below.

**Number of Electric Suppliers Serving Enrolled Customers
By Class as of December 31, 2017**

	Residential	Small C&I	Mid-Sized	Large C&I
BGE	66	68	58	18
DPL	44	53	41	14
PE	34	36	28	17
Pepco	58	50	48	28
SMECO	5	5	3	0

2. Results of the Standard Offer Services Solicitations for Residential and Type I (Small Commercial) Customers – Case Nos. [9056](#) and [9064](#)

The Commission reviews standard offer service (SOS) rates on an ongoing basis in Case Nos. 9056 and 9064. For the 12-month period beginning June 2017, SOS rates for residential and small commercial customers decreased compared with the previous

year. With the exception of Potomac Edison,²⁰ 2017 bids were completed in April of 2017. Rate changes expressed as a percentage change in the total annual cost for an average customer are shown below.²¹

Residential

BGE	-8.21%
DPL	-6.6%
Pepco	-6.5%
Potomac Edison	-1.4% (for 2018/19)

TYPE I SOS (Small Commercial Customers)

BGE	-6.0%
DPL	-6.5%
Pepco	-5.0%
Potomac Edison	No Type 1 Bids ²²

**3. Review of Standard Offer Service Administrative Charge --
Delmarva Power & Light Company – Case No. [9226](#) and Potomac
Electric Power Company – Case No. [9232](#)**

As previously reported in prior Annual Reports, Case Nos. 9226 and 9232 were remanded back to the Public Utility Law Judge Division for further proceedings. On September 6, 2017, a Third Proposed Order was issued in the matter. OPC and Staff each filed an appeal of the Order. The appeals remain pending as of December 31, 2017.

²⁰ Due to PE's bid cycle, bill impacts are shown for one year in advance of the other utilities.

²¹ The statistics are taken from the Commission's Staff reports submitted in Case Nos. 9056 and 9064. The annual bill change is determined not only by the newly bid load, but also by the proportion of previous year's contracts that expired.

²² PE bids Type I load every two years. PE Type 1 rates are in effect through May 2018.

4. Petition of NRG Energy, Inc., Interstate Gas Supply, Inc., Just Energy Group, Inc., Direct Energy Services, LLC, and ENGIE Resources, LLC for Implementation of Supplier Consolidated Billing for Electricity and Natural Gas in Maryland – Case No. [9461](#)

On September 7, 2017, numerous competitive suppliers filed a joint petition requesting the Commission mandate supplier consolidated billing as a billing option by June 30, 2019, at the latest, adopt specific policy recommendations and elements proposed in the petition, and establish a rule making proceeding and work group to facilitate the drafting of a new and revised COMAR provisions needed to implement supplier consolidated billing. By letter order issued on September 15, 2017, the Commission initiated a new docket, Case No. 9461, to consider the petition. It requested comments on the petition with a filing date by November 15, 2017. After review of the filed comments, the Commission scheduled a legislative-style hearing on February 20, 2018, to further consider the petition.

H. Merger-, Transfer-, and Franchise-Related Cases

1. Merger of Exelon Corporation and Pepco Holdings, Inc. – Case No. [9361](#)

On January 25, 2017, the Commission held a legislative-style hearing to consider the compliance filing made by Exelon and certain other parties to the merger proceeding (Requesting Parties) to implement Condition 46 (the Most Favored Nation provision) of Commission Order No. 86990, in which the Commission conditionally approved the merger. By Order No. 88128 issued April 12, 2017, the Commission accepted the Requesting Parties' recommendations for a Most Favored Nation payment in the amount of \$48,031,836 (net present value), subject to the modifications of the proposed allocation of certain benefits.

On February 22, 2017, the Commission held a hearing on Pepco's and DPL's plans detailing actionable steps and associated deadlines to reach higher supplier diversity percentages (Condition 20 of the Merger Order).

Additionally, the Commission considered the filing of BGE, Pepco, and DPL proposing an Arrearage Management Program (AMP) (Condition No. 18 of Merger Order). By Order No. 88403 issued on September 27, 2017, the Commission denied the AMP proposal.

2. Merger of AltaGas Ltd and WGL Holdings, Inc. – Case No. [9449](#)

On April 24, 2017, WGL Holdings Inc. and AltaGas Ltd filed an application seeking authority from the Commission for AltaGas to acquire the power to exercise substantial influence over the policies and actions of WGL. Evening hearings for public comment were held on September 26 and 28, 2017, in Largo and Rockville, respectively. Evidentiary hearings were held on October 3–6, 10–13, and 16, 2017. Initial briefs were filed by the parties on November 6, 2017; reply briefs were filed on November 16, 2017. On December 1, 2017, the applicants filed a Request for Adoption of Settlement Agreement (not unanimous). On December 4, 2017, the applicants filed a Stipulation agreeing to extend the Commission's deadline to issue an order in the matter, which would facilitate the Commission considering the settlement agreement.

The Commission held evidentiary hearings to consider the settlement agreement on February 6–8 and 15, 2018, with public comments on the agreement to be accepted until February 23, 2018. Supplemental briefs on the agreement are due by March 1, 2018. Under the Stipulation, a Commission order in the matter must be issued by April 4, 2018.

I. Other Matters

1. Commission’s Investigation into the Potomac Edison Company’s Meter Reading Frequency, Estimation of Bills and Compliance with Tariff – Case No. [9319](#)

As reported in prior Annual Reports, the Commission initiated this docket to investigate complaints from Potomac Edison’s customers concerning the frequency of and/or number of missed meter readings by Potomac Edison, the method used by Potomac Edison to estimate customers’ bills, and the compliance by Potomac Edison with its tariff provisions related to meter readings. On May 5, 2016, a Proposed Order in the matter was issued and determined that Potomac Edison’s meter reading practices violated the tariff provisions related to meter readings. On June 6, 2016, both Potomac Edison and OPC filed appeals of the Proposed Order. By Order No. 88262 issued on June 19, 2017, the Commission affirmed in part and reversed in part the Proposed Order.

2. Formal Complaint of the State of Maryland Office of the Attorney General on Behalf of the University of Maryland College Park v. Washington Gas Light Company – Case No. [9398](#)

As reported in the 2016 Annual Report, the Commission initiated this docket to investigate the complaint filed by the University of Maryland College Park (UMCP) against WGL regarding delivery service overrun penalties assessed to UMCP by WGL. An evidentiary hearing in the matter was held on April 5, 2016. On August 17, 2016, a Proposed Order was issued dismissing UMCP’s complaint. On September 16, 2016, UMCP noted an appeal. On November 7, 2017, by Order No. 88461, the Commission denied UMCP’s appeal and affirmed the Proposed Order.

3. Service Termination to Lynnhill Condominium Development, Inc. by Potomac Electric Power Company and Washington Gas Light Company – Case No. [9430](#)

As reported in the 2016 Annual Report, the Commission issued a show cause order to Pepco and WGL to address the allegations made by the Consumer Protection Division (CPD) of the Office of the Maryland Attorney General and show cause why the Commission's regulation have not been violated and why the Commission should forebear in imposing a fine or civil penalty in the matter. On July 13, 2017, by Order No. 88297, the Commission vacated the show cause order issued to Pepco and WGL. Additionally, in the Order, the Commission deferred consideration of civil penalties associated with the service termination to Case Nos. 9444 and 9445, each of which had been delegated to the Public Utility Law Judge Division.

On August 23, 2017, WGL, Pepco, and CPD filed a Motion for Approval of Partial Settlement Agreement in which WGL and Pepco each agreed to make a restitution payment in the amount of \$50,000. Under the Agreement, the distribution of the funds would be under the direction of the CPD. On September 7, 2017, a Proposed Order was issued granting the Motion and approving the Settlement. No appeal was taken of the Proposed Order and it became Order No. 88395.

4. Kevin M. Sills o/b/o Mid-Atlantic Real Estate Investments, Inc. v Potomac Electric Power Company – Case No. [9442](#)

On May 25, 2016, the Potomac Electric Power Company (Pepco) filed an appeal of the Commission's Office of External Relations (OER) decision on further review involving a formal complaint by Kevin M. Sills on behalf of Mid-Atlantic Real Estate Investments, Inc. (MAREI) filed on April 3, 2015. The complaint stemmed from Pepco's discovery of tampering at MAREI's property that caused the meters to register electricity

use below the actual amount of electricity used. Based upon Pepco's analysis, it calculated the amount of unbilled consumption between May 2010 and May 2014 to be \$159,574.61. Pepco subsequently reduced the amount it sought to collect to \$153,234.61 based upon a formulaic error in its calculations. On March 2, 2017, the Commission determined that issues of fact required a more developed record and delegated the case to the Public Utility Law Judge Division. On August 21 and 29, 2017, evidentiary hearings were held. On January 5, 2018, a Proposed Order was issued that granted in part and denied in part Pepco's complaint, and authorized Pepco to bill and collect \$130,282.62 from MAREI.

5. Service Terminations by Potomac Electric Power Company– Case No. [9444](#) and Service Terminations by Washington Gas Light Company – Case No. [9445](#)

On March 28, 2017, by Order Nos. 88092 and 88093, the Commission issued an Order on Petition for Show Cause to Pepco and WGL, respectively, and initiated two new dockets, Case No. 9444 (Pepco) and Case No. 9445 (WGL). Both matters were delegated to the Public Utility Law Judge Division. On May 30, 2017, a joint pre-hearing conference was held for both matters; Pepco was granted intervention in the WGL matter and WGL was granted intervention in the Pepco matter. Additionally, AOBA's petition to intervene in each matter was granted. To allow the parties to continue to discuss a settlement agreement in the matters, a status conference was scheduled for July 14, 2017. At the July 14 status conference, a further status conference was scheduled and a discovery schedule was established for each matter. On November 7, 2017, a telephonic status conference was held and the parties provided an update on the status of settlement negotiations. Both matters remain pending as of December 31, 2017.

**6. WAZ Investments LLC v. Baltimore Gas and Electric Company –
Case No. [9448](#)**

On February 21, 2017, WAZ Investments LLC filed a formal complaint against BGE concerning a billing dispute related to one of WAZ’s rental properties. On April 19, 2017, by letter order, the Commission initiated a new docket, Case No. 9448, to investigate the formal complaint and delegated the matter to the Public Utility Law Judge Division. On May 10, 2017, BGE advised that WAZ and BGE were in discussions to determine if a resolution without a hearing could be achieved. On July 5, 2017, BGE advised that BGE and WAZ had been unable to come to an agreement to resolve the matter and had agreed to proceed to an evidentiary hearing. On July 18, 2017, a procedural schedule was issued with an evidentiary hearing set to be held on October 24, 2017. On October 17, 2017, at the request of BGE and WAZ, the evidentiary hearing was cancelled to permit the parties to continue settlement discussions. On December 8, 2017, WAZ and Four Brothers LLC filed a Motion to Dismiss Case and MPSC Complaints. On December 11, 2017, a Proposed Order was issued in which the formal complaint was dismissed, the docket was closed, and the Commission’s OER was directed to close the two MPSC complaints. No appeal of the Proposed Order was taken, and it became Order No. 88513.

J. Rulemakings and Regulations – New and Amended

1. [RM52](#) -- Revisions to COMAR 20.31.01 and .03 - Restrictions for Serious Illness and Life-support Equipment

On January 4, 2017, the Commission held a rulemaking session and finally adopted proposed revisions to COMAR 20.31.01 and .03 to add “physician’s assistants” to the list of medical professionals permitted to certify to an electric or gas utility that the utility’s customer has a serious illness, or is in need of life support equipment and is

therefore exempt from termination of utility service for an initial period of 30 days. The revisions also clarified that persons seeking termination protection must enter into a payment arrangement with their utility.

K. Public Conferences

1. [PC44](#)--In the Matter of Transforming Maryland's Electric Distribution Systems to Ensure That Electric Service is Customer-centered, Affordable, Reliable, and Environmentally Sustainable in Maryland.

As reported in the 2016 Annual Report, on September 26, 2016, the Commission convened PC44, a proceeding which builds on two recent Commission technical conferences to examine rate-related issues affecting the deployment of distributed energy resources (PC40) and electric vehicles (PC43). It also follows up on a condition of the Commission's May 2015 approval of the merger of Exelon Corporation and Pepco Holdings, Inc. (PHI), which required PHI to file a plan for transforming its distribution system and fund up to \$500,000 to retain a consultant to the Commission on the matter. Key topics of exploration will include enhancing rate design options, particularly for electric vehicles; calculating benefits and costs of distributed energy resources, including solar energy; maximizing advanced metering infrastructure (smart meters) benefits; valuing energy storage properly; streamlining the interconnection process for distributed energy resources; evaluating distribution system planning; and assessing impacts on limited-income Marylanders.

On January 31, 2017, the Commission issued a notice outlining the proceeding's next steps. The notice directed PHI to seek bids for a consultant to study the benefits and costs of distributed solar and also contained a statement of guiding principles, revised the scope/topics of the proceeding, and detailed a proposed timeline. The revised topics of

exploration include rate design, electric vehicles, competitive markets and customer choice, interconnection process, energy storage, and distribution system planning (if sufficient funding is available). The Commission plans to finish the public conference within 18 months.

In June 2017, the Competitive Markets and Customer Choice Workgroup submitted a request to the Commission initiate a rulemaking to consider proposed regulations that would direct and inform the distribution and use of consumer interval data. The request noted that the proposed regulations should apply and be effective only in those service territories where advanced meters are installed.

The Commission held a public hearing on September 22, 2017, to consider a report of the Rate Design Workgroup proposing residential time-of-use rate pilot projects, directed the Workgroup to refine the design of the proposed pilots to include separate plans for default service and retail supply service customers in the service territories of BGE, Delmarva and Pepco, and to deliver the more detailed pilot proposals to the Commission by January 31, 2018.

In November 2017, the Interconnection Workgroup submitted a request to the Commission to initiate a rulemaking to consider proposed regulations to improve Maryland's interconnection processes between utilities and small generator facilities. In December 2017, the Commission issued a notice establishing a rulemaking proceeding, [RM61](#), which was scheduled to convene on January 23, 2018.

2. [PC49](#)--2016 Retail Gas Market Conference

On November 28, 2017, the Commission held its annual retail gas conference to review the regulated gas utilities' preparations for the 2017-2018 winter heating season. The conference also was intended to increase awareness among customers about

upcoming market conditions and the potential impact on service costs and reliability. Baltimore Gas and Electric Company, Chesapeake Utilities Corporation, Columbia Gas of Maryland, Inc., Pivotal Holdings, Inc. (d/b/a Elkton Gas), and Washington Gas Light Company participated in the conference. The Commission appreciated the presentations, and found no basis to take any specific action as a result of the conference.

V. COMMISSION TELECOMMUNICATIONS CASES AND ACTIVITIES

A. Cases

1. Tariffing Requirements for Competitive Local Exchange Telephone Companies with 20,000 or Fewer Subscribers – Case No. [9414](#)

As reported in the 2016 Annual Report, the Commission initiated Case No. 9414 to consider the appropriate tariffing requirement for competitive local exchange telephone companies (CLECs) with 20,000 or fewer subscribers. The procedural schedule in the matter was suspended on September 12, 2016, but a modified procedural schedule was adopted on February 3, 2017. On July 31, 2017, Staff filed a Joint Motion for Approval of Agreement of Stipulation and Settlement. An evidentiary hearing to consider the settlement agreement and to admit the testimony of Staff's witness into the record was held on July 26, 2017. On August 10, 2017, a Proposed Order was issued granting the motion and approving the settlement agreement. No appeal was taken of the Proposed Order, and it became Commission Order No. 8353.

On October 25, 2017, by Order No. 88436, the Commission set forth the procedures by which CLECS with 20,000 or fewer subscribers could remove local exchange tariffs with the Commission and request tariff requirements associated with provision of local exchange services be eliminated. As of December 31, 2017, the

Commission had received 11 requests from CLECs to remove their tariffs and eliminate their tariffing requirement and had granted six of the requests. The other five requests remain pending as of December 31, 2017.

2. Formal Complaint of New Frontiers Telecommunications, Inc. v. Verizon Maryland LLC – Case No. [9452](#)

On February 28, 2017, New Frontiers Telecommunications, Inc. (NFT) filed a formal complaint against Verizon Maryland, LLC in response to a Notice of Payment Default by NFT filed with the Commission by Verizon. On May 17, 2017, the Commission, by letter order, initiated a new docket, Case No. 9452, to investigate the formal complaint and delegated the matter to the Public Utility Law Judge Division.

A hearing was held June 8, 2017, to consider Verizon's proposed disconnection of service to NFT on June 15, 2017. As a result of the hearing, Verizon was directed not to disconnect service to NFT on June 15, 2017. By the ruling issued on June 8, 2017, NFT was directed to provide detailed information as to the billing disputes it had with Verizon, and Verizon was directed to file a response to NFT's filing; these filings were to assist the Judge in determining the appropriate financial assurance to be posted by NFT during consideration of the formal complaint.

On July 20, 2017, Verizon filed a Joint Stipulation of Facts and Agreed List of Issues. On September 28, 2017, the Judge issued a Ruling and Directive in the matter in which he directed the parties to provide the Commission a recommended litigation schedule and directed NFT to establish a letter of credit in the amount of \$50,000 for Verizon's benefit, payable to Verizon in circumstances agreed to by Verizon and NFT. On October 24, 2017, the Judge issued a second ruling and directive in which he set an evidentiary hearing for February 6, 2018, and directed NFT to pay any amounts to

Verizon for services rendered since February 2017 and to place 10% of monthly amounts billed by Verizon from February 2017 to October 2017 and then monthly until resolution of the case into an escrow account set up by NFT. Additionally, he directed NFT to eliminate any provision in its Letter of Credit that would require Commission intervention in the payment process or drawdown of the Letter.

On November 21, 2017, the Judge issued a Notice of Intent to Dismiss Formal Complaint because NFT had failed to comply with his rulings. On December 7, 2017, NFT submitted a filing reflecting its compliance with the rulings.

B. Rulemakings

1. [RM59](#)--Revisions to COMAR 20.45 and 20.50 Utility Pole Attachments

On November 16, 2016, Staff submitted proposed revisions to the Commission's Telephone Companies and Electric Companies regulations as a result of the Commission's Public Conference 38 initiated to solicit stakeholder comments in response to Staff's Petition Regarding the Adoption of a Statewide Communication System to Facilitate Transfer of Utility Pole Attachments. On November 21, 2016, the Commission initiated an administrative docket, RM59, to consider revisions to COMAR 20.45.07 and 20.50.07 regarding the installation and transfer of pole attachments. At a rulemaking session on January 23, 2017, the Commission took no action on the new proposed regulations. The Commission requested that Staff report on the continuing reduction of double poles and increased communications among Verizon and the electric utility companies by October 1, 2017.

VI. COMMISSION TRANSPORTATION CASES AND ACTIVITIES

1. [RM58](#)--Revisions to COMAR 20.90.01, .02, and .03 - Taxicabs

On July 19, 2017, the Commission provided notice of a rule making session on October 19, 2017 to consider revisions to COMAR 20.90.01, .02, and .03 regarding taxicab services in Baltimore City, Baltimore County, City of Cumberland, and City of Hagerstown. On July 14, 2017, the Commission Staff submitted proposed revisions to the Commission's taxicab regulations to address issues raised by the Maryland Chapter of the National Federation of the Blind, make conforming revisions to the taxicab regulations governing taxicab operations in Hagerstown and Cumberland, and address the possible regulation of taxicabs in other jurisdictions, including St. Mary's County. The Commission requested comments on Staff's proposed revisions by October 12, 2017. On September 19, 2017, Staff filed a slightly revised version of its proposed regulations in this docket. The revisions were made to reflect similar changes made to COMAR 20.95 in RM60, with the intent of ensuring that the regulatory requirements for taxicabs remain consistent with those applicable to sedan services, transportation network companies, and other passenger-for-hire services. A rulemaking session was held on October 19, 2017, where the Commission moved to accept Staff's amendments to the regulations and to publish the proposed regulations in the *Maryland Register* for notice and comment.

2. [RM60](#)--Revisions to COMAR 20.90 and COMAR 20.95 - Screening Standards

On February 6, 2017, the Commission initiated RM60 to consider revisions to COMAR 20.90 and 20.95 regarding screening standards to be used in the Commission's application review process for licensing for-hire drivers. Staff's proposed regulations included a listing of both prior driving offenses and prior criminal offenses that would

bear on the fitness of for-hire drivers, including limousine, sedan, Transportation Network Operators and taxicabs.

A rulemaking session was held on August 24, 2017, to consider the proposed regulations and a request by Transportation Network Companies (TNCs), Rasier and Lyft, for a 90-day grace period to provide a Maryland vehicle inspection certificate. The TNCs request for a grace period was denied. The Commission moved to publish the revised and new proposed regulations in the *Maryland Register* for notice and comment. At a rulemaking session on January 4, 2018, the Commission finally adopted the revised and new proposed regulations as published in the *Maryland Register* on October 27, 2017.

VII. COMMISSION WATER/SEWER CASES

A. Investigation by the Commission of the Intended Abandonment of CECO Utilities, Inc. of its Franchise and Service to the Manchester Park Subdivision in Cecil County, Maryland – Case No. [9310](#)

As reported in the 2016 Annual Report, the Commission continues its investigation on CECO Utilities, Inc.'s request to abandon its franchise for sewer service to the Manchester Park Subdivision in Cecil County, Maryland. CECO was directed to continue to operate its franchise until at least March 31, 2017.

On March 22, 2017, by Order No. 88084, the Commission directed Staff to continue to meet with the parties and file a report on the discussions by July 31, 2017. In the Order, the Commission also directed CECO to continue to operate the franchise for the Manchester Park sewer system until at least July 31, 2017. After the Staff filed its report on July 31, 2017, by Order No. 88323, the Commission directed Staff to continue to meet with the parties and file a report on the discussions by October 16, 2017. In the

Order, the Commission also directed CECO to continue to operate the franchise for the Manchester Park sewer system until at least October 31, 2017.

On October 30, 2017, by Order No. 88451, the Commission directed Staff to continue to meet with the parties and to file Staff's final report on the matter by February 15, 2018. CECO was ordered to continue to operate the franchise for the Manchester Park sewer system until at least February 28, 2018. On February 15, 2018, Staff reported that CECO and Cecil County had negotiated an acquisition agreement. CECO was ordered to continue to operate the franchise for the Manchester Park sewer system until at least April 30, 2018 in order to allow time to finalize the acquisition agreement and file an executed copy with the Commission.

B. Formal Complaint of Richard D. Boltuck v. Washington Suburban Sanitary Commission – Case No. [9391](#)

As reported in the 2016 Annual Report, the Commission initiated this docket to consider the appeal filed, pursuant to § 25-105, Public Utilities Article, by Richard Boltuck alleging Washington Suburban Sanitary Commission's (WSSC) volumetric rates for water and sewer services adopted in June 2015 as applied to WSSC residential customers were unreasonable. The Proposed Order, finding the WSSC rates unreasonable, was issued on September 9, 2016, and was appealed by WSSC, OPC, and Mr. Boltuck. On March 28, 2017, by Order No. 88091, the Commission denied WSSC's appeal and affirmed the Proposed Order's finding that the WSSC rates were unreasonable. Additionally, in the Order, the Commission granted the appeals of OPC and Mr. Boltuck and remanded the matter to WSSC to develop reasonable rates.

VIII. COMMISSION PARTICIPATION OR INTERVENTIONS IN OTHER REGULATORY COMMISSION MATTERS

Below is a summary of selected matters in which the Commission's Office of General Counsel (OGC) represented the Commission before the Federal Energy Regulatory Commission (FERC) during 2017.

A. PJM's Capacity Performance Proposal – FERC Docket Nos. ER15-623 and EL15-29

On December 12, 2014, PJM filed with FERC a proposal to significantly change the definition and performance requirements of capacity resources that participate annually in PJM's wholesale capacity market. The Commission intervened in the proceeding and participated actively in a case that presents significant rate and reliability impacts to Maryland ratepayers. In addition to changes to the rules regarding capacity resources, PJM's filings also included proposed changes to PJM's rules relating to its energy markets and rules for *force majeure* relief in certain cases of non-performance. Some of PJM's initially-proposed revisions were modified in PJM's subsequent filings made in February and May 2015 in response to numerous protests and comments as well as FERC staff's questions raised in a deficiency letter issued in late March 2015. On June 9, 2015, FERC issued an order largely accepting the Capacity Performance (CP) Proposal to enhance the reliability of the capacity market, as modified throughout the proceeding; however, FERC rejected some aspects, and ordered PJM to modify other aspects, of the CP Proposal. On July 9, 2015, the Maryland and District of Columbia Commissions petitioned FERC for rehearing, objecting to FERC's approval of the CP Proposal on the grounds that is unnecessary for reliable service operations and that it will

increase electricity end-user costs in the PJM service area by as much as \$6 billion. FERC issued an Order on Rehearing on June 16, 2016 denying rehearing.

The Advanced Energy Management Alliance (AEMA) and others filed a petition seeking judicial review in the Circuit Court of Appeals for the District of Columbia (Case No. 16-1236). The Commission has intervened in this matter in support of AEMA.

B. Delaware and Maryland State Commissions v. PJM (Artificial Island Complaint) – EL15-95

On August 28, 2015, the Delaware Public Service Commission and the Maryland Commission jointly filed a Complaint pursuant to Section 206 of the Federal Power Act against PJM and certain PJM Transmission Owners requesting that FERC find that PJM's use of a "solution-based DFAX" to allocate the costs of the Artificial Island Regional Transmission Expansion Plan Project is unjust, unreasonable, and unduly discriminatory and preferential. Complainants asserted that PJM's sole reliance on the solution-based DFAX methodology for allocating Artificial Island Project costs results in a grossly disproportionate financial impact to customers within the Delmarva transmission zone (Delaware and the Maryland Eastern Shore) when compared with the limited benefits to consumers in that zone.

On November 24, 2015, FERC issued an order finding that PJM's proposed Tariff amendments have not been shown to be just and reasonable, and may be unjust, unreasonable, or unduly discriminatory or preferential. FERC directed its staff to establish a technical conference to explore both whether there is a definable category of reliability projects within PJM for which the solution-based DFAX cost allocation method may not be just and reasonable, such as projects addressing reliability violations that are not related to flow on the planned transmission facility, and whether an

alternative just and reasonable *ex ante* cost allocation method could be established for any such category of projects.

Subsequently, on April 22, 2016, FERC issued an order denying the Delaware and Maryland Commission's Complaint. Petitions for rehearing have been filed and the matter remains pending before FERC, along with a motion to defer ruling on the matter pending review of alternatives being considered by PJM.

On September 6, 2017, the Delaware and Maryland Commissions filed at FERC to reopen the record and lodge a PJM analysis more accurately depicting the beneficiaries of the Artificial Island project. Further proceedings and a final decision in this matter remain pending.

C. Offer Caps in Markets Operated by RTOs and ISOs – FERC RM16-5

The Commission joined with the Organization of PJM States (OPSI) in support of FERC's proposal to require upfront verification of all cost-based energy offers over \$1,000/MWh. OPSI (and the Maryland Commission) recommended that both PJM and the Independent Market Monitor share separate and distinct responsibilities to review offers prior to the offers setting locational marginal prices (LMP) in the energy market.

In an order issued on November 17, 2016, FERC found that the current offer cap of \$1,000/MWh in use across the Regional Transmission Operator (RTO)/Independent System Operator (ISO) markets (except PJM, which recently received FERC approval for a \$2,000/MWh cap) may be unjust and unreasonable for the following reasons: it may prevent cost recovery for resources with incurred costs in excess of \$1,000/MWh; it may suppress LMPs below the actual, marginal cost to serve load; it may discourage resources from offering into the market when their costs exceed \$1,000/MWh; and it may prevent

efficient dispatch of resources when resources' costs exceed \$1,000/MWh. Consequently, FERC sought additional comments on whether a hard cap should be retained at some higher level, the ability of Market Monitoring Units (MMUs) and RTO/ISOs to timely verify costs prior to market clearing processes, additional information required by MMUs and RTO/ISOs, the application of adders for offers exceeding \$1,000/MWh, the ability for imports or virtual transactions to offer in excess of \$1,000/MWh, and seams impacts. Acting on requests for rehearing and clarifications, on November 9, 2017, FERC issued an order denying rehearing and making minor clarifications that retained the cost setting process outlined in its previous order.

D. RPM Aggregation – FERC ER17-367

In 2016, the Commission filed comments in support of PJM's filing to enhance opportunities for aggregating seasonal capacity resources in PJM's Capacity Performance construct. As the Commission noted, PJM's filing reflects significant follow-through by PJM on its efforts "to ensure that the value of demand response resources continues to be captured in PJM markets." In late December 2016, FERC issued a deficiency letter to PJM requesting further information regarding the mechanics of aggregating resources and treatment of these resources in clearing the capacity auction in order to process the filing. In May 2017, subsequent to responding to FERC, PJM ran its 2020/2021 Base Residual Auction allowing for seasonal aggregation.

E. SMECO/Choptank Complaint against Maryland Community Solar Generation System Regulations – FERC Docket No. EL16-107

On August 23, 2016, SMECO and Choptank (collectively, the Cooperatives) filed a petition for declaratory order requesting that FERC review regulations promulgated by the Maryland Commission pertaining to community solar energy generation systems

(CSEGs). The Cooperatives requested that FERC determine whether the Commission's CSEGs regulations are preempted under federal law, including the Public Utility Regulatory Policies Act of 1978 (PURPA) to the extent that the Maryland PSC's CSEGs regulations, require (1) Maryland electric companies to purchase energy from CSEGs at a particular price and they are not qualifying facilities under PURPA and (2) require payment to CSEGs at prices higher than avoided costs.

In response, the Commission filed a Motion to Dismiss and Protest, with an accompanying Affidavit, explaining that electric distribution companies providing standard offer service (i.e., provider of last resort service for purposes of retail choice) are allowed to recover supply-related credits (paid to subscribers) from standard offer service revenues.²³

On November 17, 2016, FERC issued an order dismissing the Cooperative's petition, concluding that the petition was premature. FERC noted that the Maryland statute implementing the pilot program provides for a voluntary election by cooperatives and municipalities to participate in the CSEGs pilot program. FERC noted further that the Cooperatives' petition does not indicate that they are participating or even intend to participate in the pilot program, and they have not filed the compliance tariffs that they need to file with the Commission in order to participate. Consequently, FERC held that the voluntary nature of the pilot program makes the Cooperatives' concerns speculative at this time.

²³ There is nothing in the Maryland statute or the regulations that connotes a transfer of title requirement, as the Cooperatives suggest, that would turn an electric distribution company's use of generation into a resale of energy, thereby creating a wholesale sale.

In 2017, the Cooperatives filed a Petition for Rehearing and Alternative Request for Clarification. The Cooperatives sought clarification that FERC's dismissal of the SMECO/Choptank petition was without prejudice. The Commission again filed in opposition to the Cooperatives petition. On January 18, 2018, FERC issued an order denying SMECO's motion to supplement and reopen the record, and also denying SMECO's request for rehearing. FERC, however, clarified that the order dismissing SMECO's Petition for Declaratory Order was "without prejudice." FERC noted that proceedings remain pending before the Maryland Commission, and SMECO's motion does not allege any change to the facts relied upon by the Commission in dismissing the petition, particularly, that the CSEGs pilot program remains voluntary and that SMECO is not subject to the program's regulations.

F. Electric Transmission Plant Abandonment Cost

In *PJM Interconnection, LLC and Potomac-Appalachian Transmission Highline, LLC (PATH)* – Docket No. ER12-2708-000 (the PATH Abandonment Plant Case), the Presiding Judge issued the Initial Decision on September 14, 2015 granting some, but not all, of PATH's abandonment costs, but substantially mitigating the PATH Companies' return on equity (ROE) to 6.27% (well below the 10.54% that had been requested).

On January 19, 2017, FERC issued a Final Order affirming in part and reversing in part the Initial Decision. FERC reversed the Initial Decision with regard to ROE and set the ROE at 8.11%, the low end of the range of reasonableness within the proxy group.

G. Energy Storage and Distributed Energy Resource (DER) Participation in Wholesale Markets – FERC Docket No. RM16-23

On November 17, 2016, FERC proposed to amend regulations to remove barriers to the participation of electric storage resources and DER aggregations in the capacity,

energy, and ancillary service markets operated by RTOs and ISOs. On February 10, 2017, the Maryland Commission, jointly with the New Jersey Board of Public Utilities, filed comments requesting FERC confirm state jurisdiction over siting and costs associated with interconnecting such resources to the distribution system, include provisions for the RTO market monitor to review any claims of market manipulation regarding access to the system, and prohibit the possibility of dual compensation in wholesale and retail markets when providing behind the meter resources access to wholesale markets. The matter remains pending at FERC.

H. State Policies and Wholesale Markets – FERC Docket No. AD17-11

The Commission participated in FERC’s May 1-2, 2017 technical conference addressing the impact of state policies and associated out-of-market payments on wholesale markets. At the conference, similar to filed pre- and post-conference comments, the Commission supported the right of states to pursue their energy policies and recommended a cooperative approach between federal and state governments to address market issues. FERC was also asked to help states meet their policy goals and to recognize the value of emissions-free generation. Relatedly, the Commission participated in a PJM stakeholder forum tasked with identifying solutions to accommodate state policies in capacity markets and has joined with OPSI in communicating the importance of assuring capacity market constructs do not restrict lawful state policies or cause distortions.

I. Transource Market Efficiency Transmission Project – FERC Docket No. ER17-419

Transource, a merchant transmission company, filed for rate approval at FERC associated with a transmission project designed to relieve transmission congestion in the

PJM interconnection. The project, as designed, would serve to reduce the cost of delivered power to BGE and PEPCO customers. Transource requested the project receive 10.4% return on equity (ROE) and an additional 100 basis points in incentives. Construction costs, including provisions for inflation, were estimated to exceed \$230 million. The Commission participated in settlement discussions at FERC, resulting in further cost savings to customers by negotiating to reduce ROE to 9.9% and incentives to 50 basis points. Additionally, Transource will forego incentives if costs exceed \$210 million.

J. Eastern Shore Natural Gas Rate Case (FERC Docket No. RP17-363)

On January 27, 2017, Eastern Shore Natural Gas Company (Eastern Shore) filed a rate case with FERC. OGC intervened in the proceeding on behalf of Maryland ratepayers, arguing that the proposed rates were unreasonably high and that the proffered rate design unfairly impacted customers on the southern end of the pipeline, including particularly Maryland gas customers on the Eastern Shore. OGC also joined customer groups in opposing Eastern Shore's proposed return on equity, capital structure, and cost of service. On December 13, 2017, the parties to the FERC litigation reached a comprehensive settlement agreement that significantly reduced the magnitude of the rate increase and modified the rate design to reduce the impact of the rates on Maryland's Eastern Shore. The settlement also provides stability in gas rates for the foreseeable future by requiring a three-year stay out before a new rate case may be filed with FERC. On February 28, 2018 FERC accepted the settlement, with an additional provision that ESNG further reduce the settlement rates to reflect its new federal income tax rate, which will incorporate impacts of the federal Tax Cuts and Jobs Act.

K. Grid Reliability and Resilience Pricing – FERC Docket No. RM18-21

On October 2, 2017, FERC sought comments to a proposed rule on grid reliability and resilience pricing proposed by the U.S. Department of Energy. The proposed rule would serve to preserve certain generation assets having long-term onsite fuel storage capabilities, such as coal plants. On October 23, 2016, the Commission filed comments stating its concern that the proposed rule could erode our state’s jurisdiction in designating and incentivizing a specific fuel mix within our boundaries. The proposed rule could also impair existing state programs, such as the Regional Greenhouse Gas Initiative and impose significant new costs to Maryland ratepayers. FERC was scheduled to take on action on the proposed rule by January 10, 2018.

L. BGE Transmission Rate Revisions – FERC Docket No. ER17-528

On December 13, 2016, BGE filed transmission rate revision at FERC to provide a mechanism to refund or recover, as appropriate, certain deferred income tax excesses and deficiencies previously recorded and on an ongoing basis. These excesses and deficiencies are associated with previous tax rate changes, certain differences between accounting book value and tax value, and other accounting adjustments. On November 16, 2017, FERC issued an order rejecting BGE’s proposed tariff revisions, indicating that utilities do not have unfettered discretion to defer tax amounts on their books for decades without seeking approval for recovery. On December 13, 2017, the Commission filed at FERC requesting that BGE be directed to provide refunds to ratepayers associated with their proposed transmission rate revisions.

M. Title VI Complaint Regarding Issuance of CPCN to Mattawoman Energy, LLC for 990 MW Natural Gas-Fired Power Plant in Brandywine, Maryland

On May 11, 2016, the Brandywine | TB Southern Region Neighborhood Coalition and Patuxent Riverkeeper filed a complaint under Title VI of the Civil Rights Act of 1964, 42 U.S.C. § 2000d, with the U.S. Department of Transportation and the U.S. Environmental Protection Agency, against the Commission, the Maryland Department of the Environment (MDE), and Maryland Department of Natural Resources (DNR). The complaint alleges that the CPCN issued to Mattawoman Energy for the construction of a 990 MW natural gas generation facility in Brandywine, Maryland (Prince George's County) will have a disproportionate, adverse impact on the basis of race, in violation of Title VI. The federal agencies accepted the complaint for investigation based solely on the jurisdictional requirements of both agencies.

On September 23, 2016, the state agencies and the complainants agreed to engage in Alternative Dispute Resolution (ADR), and the federal agencies suspended their investigation of the complaint for the duration of the ADR process. ADR concluded on November 10, 2017, after the parties could not reach a unanimous agreement on a proposed settlement. Thereafter, the federal agencies reinitiated their investigation of the complaint and have since requested to meet with the state agencies to discuss an informal resolution of the complaint.

IX. PJM INTERCONNECTION, INC. – THE RELIABILITY PRICING MODEL 2020/2021 DELIVERY YEAR BASE RESIDUAL AUCTION RESULTS

PJM conducted the Reliability Pricing Model (RPM) 2020/2021 delivery year base residual auction (BRA) in May 2017. The 2019/2020 auction was the first auction

requiring 100% of cleared capacity be in compliance with PJM's Capacity Performance framework. This framework assesses higher penalties for nonperformance compared to base seasonal resources and rewards resources that have not cleared but perform under emergency conditions.

The 2020/2021 BRA cleared sufficient capacity resources in PJM to provide a 23.3% reserve margin, which is 6.7% higher than the target reserve margin of 16.6%. The total quantity of demand resources cleared in the 2020/2021 BRA decreased 24% over the demand resources that cleared in the 2019/2020 BRA.

The RTO unconstrained Locational Deliverability Area (LDA), (including the Allegheny Zone) cleared at \$76.53/MW-Day. Clearing prices were approximately 24% lower compared to the 2019/2020 BRA. In LDAs associated with most of Maryland, the Pepco and BGE capacity resources cleared at \$86.04/MW-Day and DPL-South [Delmarva] resources cleared at \$187.87/MW-Day. Clearing prices declined 14% in both Pepco and BGE and increased 57% in DPL-South compared to the 2019/2020 BRA. Demand Response and Energy Efficiency resources accounted for 9,530 MW of cleared capacity RTO-wide, with 9.6% of that amount attributed to Pepco, BGE and DPL-South. The auction marked the first time Price Responsive Demand, a mechanism to refine the load forecast by committing demand-side resources to reduce load under high energy price scenarios, served to avoid capacity purchases, amounting to 330 MW, 170 MW and 23 MW in Pepco, BGE and DPL-South, respectively. The auction also provided the opportunity for aggregating seasonal capacity resources, amounting to 398 MW RTO-wide.

X. BROADENED OWNERSHIP ACT

In compliance with § 14-102 of the Economic Development Article, *Annotated Code of Maryland*, entitled the "Broadened Ownership Act," the Commission communicated with the largest gas, electric, and telephone companies in the State to ensure that they were aware of this law. The law establishes the need for affected companies to institute programs and campaigns encouraging the public and employees to purchase stocks and bonds in these companies, thus benefitting the community, the economy, the companies, and the general welfare of the State.

The following companies submitted reports outlining various efforts to encourage public and employee participation in the stock purchase program:

(a) NiSource, Inc. owns all of the common stock of the NiSource Gas Distribution Group, Inc., which in turn owns all of the common stock of Columbia Gas of Maryland, Inc. NiSource, Inc. has two plans, which encourage broadened employee stock ownership: the Employee Stock Purchase (ESP) Plan and the NiSource Retirement Savings Plan. In addition, NiSource, Inc. maintains a Dividend Reinvestment and Stock Purchase Plan that broadens stock capital ownership by all stockholders, including employees, by enabling them to reinvest their dividends to acquire additional shares of common stock.

On August 31, 2017, NiSource, Inc. had 336,617,590 shares of its common stock outstanding, of which 209,568 were acquired by employees during the previous 12 months through the ESP Plan and 1,721,957 through the NiSource Inc. Retirement Savings Plan (for an aggregate total of 1,931,525). As of August 31, 2017, NiSource,

Inc. had approximately 425 registered stockholders with Maryland addresses, holding approximately 142,398 shares of NiSource, Inc. common stock.

(b) As of September 29, 2017, Exelon Corporation, the parent of Baltimore Gas and Electric Company, Potomac Electric Power Company, and Delmarva Power & Light Company reported that 12,846 Maryland residents, representing 12% of Exelon's total registered shareholders, owned 5,688,922 (0.6%) of the outstanding shares of common stock. Of these Maryland shareholders, 5,597 (5%), of Exelon's total registered shareholders owning 1,120,666 (0.1%) of the legal outstanding shares of common stock, were participants in the Direct Stock Purchase Plan.

As of September 29, 2017, 3,006 current or former employees who are Maryland residents held an aggregate of 1,844,324 equivalent shares of Exelon common stock in their 401(k) accounts in the Employee Savings Plan, while 40 additional Maryland residents held an aggregate of 13,477 equivalent shares in a separate 401(k) plan for employees of Exelon's subsidiary, Pepco Holdings, LLC. In addition, 265,749 shares were held by 1,130 current or former employees who are Maryland residents and participate in the Exelon Employee Stock Purchase Plan.

(c) The Potomac Edison Company was a wholly-owned subsidiary of Allegheny Energy, Inc. (AE) through February 25, 2011, at which point it became a subsidiary of FirstEnergy Corporation (FE). In April 2012, the Allegheny Employee Stock Purchase Plan was merged into the FE Employee Savings Plan (FE Plan). Approximately 93% of FE's employees were contributing to the FE Plan as of December 31, 2016, and 17,680 participants had FE stock as part of their account balance within the FE Plan. As of December 31, 2016, 1,863 Maryland residents held

approximately 580,637 shares of FE stock as stockholders of record, which represents approximately 2.18622% of all FE registered stockholders and 0.13123% of all shares. In addition, as of December 31, 2016, six AE stockholders living in Maryland, owning the equivalent of 409 FE shares, had not yet exchanged their AE shares for FE shares.

(d) Washington Gas Light Company submitted its report on broadened ownership of the Company's capital stock, particularly among residents of Maryland and Company employees, on October 31, 2017. Approximately 26.2% of registered shareholders reside in Maryland, representing 2.50% of WGL's outstanding common shares. WGL employees also participate in the ownership of the Company. As of October 1, 2017, 128 employees were actively participating in the Company's "Dividend Reinvestment and Common Stock Purchase Plan" through payroll deductions. Additionally, approximately 833 employees (both active and inactive) owned shares through the Company's defined contribution plans. Of these, a total of 334 employees, former employees, and retirees reside in Maryland.

(e) Verizon Maryland, LLC is a wholly owned subsidiary of Verizon Communications Inc. Public stockholder ownership in the Maryland company is obtained through the purchase of Verizon Capital Stock. The Verizon Savings Plan enables employees to purchase stock in Verizon Communications, Inc. As of September 30, 2017, 17,214 Maryland residents held Verizon stock.

XI. REPORTS OF THE AGENCY'S DEPARTMENTS/DIVISIONS

A. Office of Executive Secretary (*David J. Collins, Executive Secretary*)

The Executive Secretary is responsible for the daily operations of the Commission and for keeping the records of the Commission, including a record of all proceedings,

filed documents, orders, regulation decisions, dockets, and files. The Executive Secretary is an author of, and the official signatory to, minutes, decisions and orders of the Commission that are not signed by the Commission directly. The Executive Secretary is also a member of a team of policy advisors to the Commission.

The Office of Executive Secretary (OES) is responsible for the Commission's case management, expert services procurement, order preparation, purchasing and procurement, regulation development and coordination, tariff maintenance, the Equal Employment Opportunity Program, operations, fiscal and budget management, the Commission's information technology system including databases and the official website and intranet website. The OES contains the following divisions:

1. Administrative Division

a. Case Management Unit

The Case Management Unit creates and maintains formal dockets associated with proceedings before the Commission. In maintaining the Commission's formal docket, this unit must ensure the security and integrity of the materials on file, while permitting access to the general public. Included within this security function is the maintenance of confidential/proprietary information relating to the conduct of utility regulation and required compliance with detailed access procedures. During 2017, this unit established 33 new non-transportation-related dockets and processed 2,137 non-transportation-related case items. This unit is also responsible for archiving the formal dockets based on the record retention policies of the Commission.

b. Document Management Unit

The Document Management Unit is responsible for developing the Commission's Administrative Meeting Agenda, the official open meeting action agenda mandated by law. During 2017, this unit scheduled 40 Commission administrative meetings at which 409 administrative items were considered and decided upon pursuant to the Commission's authority. Additionally, this unit is responsible for docketing public conferences held by the Commission. Four administrative docket public conferences were initiated in 2017. This unit also processed 5,061 filings, including 1,222 memoranda.

c. Regulation Management Unit

This unit is responsible for providing expert drafting consultation, establishing and managing the Commission's rulemaking docket, and coordinating the adoption process with the Secretary of State's Division of State Documents. During 2017, this unit managed two rulemaking dockets that resulted in final adoption of regulation changes to COMAR Title 20 – Public Service Commission, and five rulemaking dockets that remain active.

d. Operations Unit

This unit is responsible for managing the Commission's telecommunications needs and its motor vehicle fleet, as well as being the liaison for building maintenance, repairs and construction needs of the Commission. In addition, this unit is responsible for the Equal Employment Opportunity Program.

2. Fiscal Division

a. Fiscal and Budget Management Unit

This section manages the financial aspects of the daily operations of the Commission. The operating budget totaled \$28,793,852 for fiscal year ending June 30, 2017. This budget consisted of \$28,098,507 in Special Funds and \$695,345 in Federal Funds. Included within the normal State functions are two unique governmental accounting responsibilities. The first function allocates the Commission's cost of operation to the various public service companies subject to the Commission's jurisdiction. The second function allocates the budget associated with the Department of Natural Resources' Power Plant Research Program to electric companies distributing electricity to retail customers within Maryland. This Section also administers the financial accountability of the Pipeline Safety Program and the Hazardous Liquid Pipeline Safety Program, which are partially reimbursed by the federal Department of Transportation, by maintaining all associated financial records consistent with federal program rules, regulations, and guidelines requiring additional record keeping.

b. Purchasing and Procurement Management

This section is responsible for expert services procurement and all other procurements required by the Commission as well as the overall control of supplies and equipment. This section is also responsible for agency forms management and record retention management. This section's staff maintained and distributed the fixed and disposable assets, maintained all related records, purchased all necessary supplies and equipment, and coordinated all equipment maintenance. As of June 30, 2017, this Section was maintaining approximately 89 items of disposable supplies and materials totaling \$7,822 and fixed assets totaling \$2,294,831.

3. Information Technology Division

The Information Technology Division (IT) functions as the technical staff for the Commission's network and computer systems. IT is responsible for computer hardware and software selection, installation, administration, training, and maintenance. IT manages and maintains the content and technical components of the Commission's internal and external websites. In 2017, IT (a) instituted a new online data transfer application for the processing of PV Solar Applications via spreadsheet upload; (b) implemented a new distributed Coldfusion Server Platform consisting of four independent servers (two Virtual-Transportation Investigator/CM Agenda, and SOLAR/CAPA and two Physical-MAILLOG and TNOTNC); (c) provisioned the transfer of Microfiche archived documents (pre-1998 Administrative Meetings) to digital format accessible via INTRANET application; (d) developed a new method for implementing 32-bit legacy data sources on 64-bit architecture servers (CF Enterprise 32-bit on Win-64 Server); and (e) designed and implemented a new [PSC YouTube channel](#) for broadcasting live video streams of PSC public proceedings.

B. Office of General Counsel (*H. Robert Erwin, General Counsel*)

The Office of General Counsel (OGC) provides legal advice and assistance to the Commission on questions concerning the jurisdiction, rights, duties or powers of the Commission, defends Commission orders in court, represents the Commission in federal and State administrative proceedings, and initiates and defends other legal actions on the Commission's behalf as needed. OGC also supervises enforcement of the Commission's rules, regulations and filing requirements as applied to utilities, common carriers and other entities subject to the Commission's jurisdiction, and leads or participates in special projects as directed by the Commission.

During 2017, in addition to assisting the Commission in timely adjudicating several utility rate cases, OGC attorneys also assisted the Commission by addressing utility service reliability, development of new electricity generation (including the certification of Maryland's first offshore wind farms), and the merger application of AltaGas Ltd. and Washington Gas Light Company. OGC also routinely provides legal support to the Commission by responding to requests for information pursuant to the Maryland Public Information Act and by addressing customer complaints related to public service companies.

Below is a summary of selected federal and State cases litigated by OGC:

1. In the Matter of the Application of Washington Gas Light Company for Authority to Implement a Strategic Infrastructure Development and Enhancement Plan and Associated Cost Recovery Mechanism, Circuit Court for Montgomery County, Case No. 407503-V; Maryland Court of Special Appeals No. 00117/16

On July 2, 2015, in Case No. [9335](#), the Commission ruled that the STRIDE Act did not permit reimbursement to WGL for that portion of its gas infrastructure improvements located outside of Maryland, regardless of whether the improvements would provide benefits within Maryland. WGL appealed that decision to the Circuit Court for Montgomery County, which issued an opinion affirming the Commission's decision on March 23, 2016.

WGL appealed that decision to the Court of Special Appeals. On November 1, 2017, the Court of Special Appeals issued a published decision, affirming the decision of the Commission. On December 1, 2017, WGL petitioned the Maryland Court of Appeals for a Writ of Certiorari. The Court has not yet ruled on that petition.

2. In the Matter of the Merger of Exelon Corporation and Pepco Holdings, Inc., Circuit Court for Queen Anne's

County – Case No. 17-C-15-019974; Maryland Court of Special Appeals, No. 2547; Maryland Court of Appeals No. 15 (PSC Case No. [9361](#))

On May 15, 2015, the Commission approved the merger of Exelon and PHI, Inc. OPC, Sierra Club, and Chesapeake Climate Action Network filed petitions for judicial review in the Circuit Court for Queen Anne’s County. On August 12, 2015, the Circuit Court issued an order agreeing with the Commission that the merger should not be stayed pending additional discovery by petitioners. On January 8, 2016, the Circuit Court affirmed the Commission’s merger order, finding that the Commission “properly and objectively” considered the relevant evidence and that the order was supported by substantial evidence.

The three petitioners appealed that decision to the Court of Special Appeals, arguing that the Commission failed to sufficiently consider and explain its rejection of the PHI ratepayers’ right to a portion of the transaction’s shareholder premium or that the transaction posed no harm to distributed generation. In an unreported opinion issued on January 27, 2017, the Court of Special Appeals affirmed the decision of the Commission and that of the Queen Anne’s County Circuit Court, finding that the Commission properly considered all of the potential harms of the merger and that the Commission’s findings were supported by substantial evidence on the record.

The Appellants petitioned the Court of Appeals for a Writ of Certiorari, which the Court of Appeals granted. After the filing of briefs, oral argument by the parties occurred on October 10, 2017, and the Court has not yet issued its decision.

3. Petitions for Judicial Review of Order Nos. 87591 and 87695 in the Matter of the Application of Baltimore Gas and Electric Company for Adjustments to Its Electric and Gas

Base Rate, Circuit Court for Baltimore County - Case No. 03-C-16-008879 (PSC Case No. [9406](#))

On June 3, 2016, the Commission issued Order No. 87591 in Case No. [9406](#) authorizing an increase in BGE's electric rates of \$41.762 million and an increase in gas rates of \$47.776 million, for a total increase of \$89.538 million. On June 30, 2016, BGE filed a Petition for Rehearing of Order No. 87591. OPC also filed a Petition for Rehearing. On July 26, 2016, the Commission granted the Petition for Rehearing in part, and denied it in part, clarifying that BGE was permitted to defer Smart Grid incremental costs incurred between December 1, 2015 and May 31, 2016 in a new smart grid regulatory asset. BGE filed a Petition for Judicial Review in Baltimore County Circuit Court; OPC filed its Petition for Judicial Review in the Circuit Court for Baltimore City. Various parties in the case responded with their intention to join in both matters. The petition in Baltimore City was transferred to Baltimore County in late 2016 where consolidation was sought. In early 2017, the matter was voluntarily dismissed by petitioners.

4. Steverson v. Potomac Electric Power Company, Circuit Court for Prince George's County, Case No. CAL14-30263

William Steverson sought judicial review of the Commission's September 30, 2014 Order directing Potomac Electric Power Company to re-credit \$30.03 to his electric service account and finding that otherwise the Company had adequately addressed the payment issues raised in response to the Commission's February 17, 2012 and June 4, 2013 Show Cause Orders. On December 5, 2016, the Court issued an order dismissing Mr. Steverson's petition. In April 2017, Mr. Steverson appealed to the Maryland Court of Special Appeals. His appeal was dismissed by the Court for failing to prosecute the case.

5. *In the Matter of the Petition of Dan’s Mountain Wind Force, LLC, Circuit Court for Baltimore City – Case No. 24-C-17-003715) (PSC Case No. [9413](#))*

On June 16, 2017, in Order No. 88260, the Commission affirmed with further justification the Proposed Order of the Public Utility Law Judge in Case No. [9413](#) denying Dan’s Mountain Wind Force, LLC a Certificate of Public Convenience and Necessity for construction of a 59.5 MW wind energy generating facility in Allegany County, Maryland. Dan’s Mountain petitioned for judicial review of Order No. 88260 alleging the Order suffered from errors of law, was arbitrary and capricious in light of the Commission’s decisions on other projects, and ignored substantial evidence as to the benefits of the project. Oral argument was held on January 12, 2018. A decision of the Circuit Court remains pending as of the filing of this report.

6. *Vollmer v. Potomac Electric Power Company, Circuit Court for Montgomery County, Case No. 419181-V*

On July 7, 2017, the Circuit Court for Montgomery County affirmed the Commission’s rejection of Deborah Vollmer’s Complaint. Ms. Vollmer, a retired California attorney, contended that the Commission’s imposition of an opt-out fee upon those ratepayers who choose not to have a smart meter installed in their homes violated several constitutional provisions, including the due process and equal protection clauses.

7. *In the Matter of the Petition of the Maryland Office of People’s Counsel, Circuit Court for Baltimore City, Case No. 24-C-17-000114 (PSC Case No. [9346\(c\)](#))*

OPC appealed the Commission’s decision declining to order Blue Pilot Energy LLC to issue refunds to those customers that the Commission concluded were improperly enrolled by Blue Pilot in violation of the Maryland Telephone Solicitation Act. On June 30, 2017, the Circuit Court for Baltimore City affirmed the Commission’s decision,

concluding that the Commission properly concluded that the record lacked sufficient factual data to determine critical information like 1) distinguishing residential and commercial customers, 2) the dates the customers entered into contracts with Blue Pilot, and 3) other relevant information.

The Court concluded that OPC had the opportunity to submit such information into the record if this information existed and therefore both affirmed the Commission and denied OPC's request for a remand, concluding that customers can seek refunds on an individual basis.

8. *Petition for Judicial Review of Order No. 87891 and 87994 in the Matter of a Request by Baltimore Gas and Electric Company for Recovery of Standard Offer Service Related Cash Working Capital Revenue Requirement, Circuit Court for Baltimore City – Case No. 24-C-12-00893 (PSC Case No. [9221](#))*

On November 17, 2016, the Commission issued Order 87891 revising the Standard Offer Service Administrative Charge to allow BGE to collect a charge for the Company's Cash Working Capital cost. OPC filed a Petition for Rehearing on the issue. On January 24, 2017, the Commission denied OPC's rehearing request. OPC filed a Petition for Judicial Review in the Circuit Court for Baltimore City. On August 7, 2017, the Court affirmed the Commission's decision. OPC filed a notice of appeal with the Maryland Court of Special Appeals. The appeal is pending briefing and oral argument.

9. *In the Matter of the Petition of the XOOM Energy Maryland, LLC, Circuit Court for Baltimore City, Case No. 24-C-17-0004040 (PSC Case No. [9346\(a\)](#))*

In August 2017, XOOM Energy Maryland, LLC appealed the Commission's decision granting in part OPC's motion for the re-issuance of notices to XOOM customers who had not responded to the Company's December 14 and December 23,

2016 notices in order to ensure that all customers have the opportunity to respond and request refunds associated with XOOM's violations of the Commission's regulations during the 2014 polar vortex. On February 1, 2018, the Court affirmed the Commission's decision.

C. Office of the Executive Director (*Anthony Myers, Executive Director*)

The Executive Director and two Assistant Executive Directors supervise the Commission's Technical Staff. The Executive Director's major supervisory responsibility consists of directing and coordinating the work of the Technical Staff relating to the analysis of utility filings and operations, the presentation of testimony in Commission proceedings, and support of the Commission's regulatory oversight activities. The Executive Director supervises the formulation of Staff policy positions and serves as the liaison between Staff and the Commission. The Executive Director is also the principal contact between the Staff and other State agencies, commissions and utilities.

1. Accounting Investigations Division (*Jamie Smith, Director*)

The Accounting Investigations Division is responsible for auditing utility books and records and providing expertise on a variety of accounting, taxation and financial issues. The Division's primary function includes developing utility revenue requirements, auditing fuel costs, auditing the application of rates and charges assessed by utilities, monitoring utility earnings, examining the effectiveness of cost allocations, analyzing the financial integrity of alternative suppliers seeking licenses to provide services, and assisting other Divisions and state agencies. Historically, the Division has also been responsible for project management of Commission-ordered utility

management audits. Division personnel provide expertise and guidance in the form of expert testimony, formal comments on utility filings, independent analyses on specific topics, advisory services and responses to surveys or other communication with the Commission. The Division keeps up to date with the most recent changes in accounting pronouncements and tax law, and applies its expertise to electric, gas, telecommunications, water, wastewater, taxicabs, maritime pilots, and toll bridge matters.

During 2017, the Accounting Investigations Division's work responsibilities included assisting other divisions, conducting audits of utility fuel programs and other rate adjustments, ongoing evaluation of utility base rates, STRIDE rates, and providing appropriate analysis of utility filings and rate initiatives. Division personnel provided expert testimony and recommendations relating to the performance of ongoing audits of 15 utility fuel programs and 11 other rate adjustments, and provided appropriate analysis and comment with respect to 166 filings submitted by utilities. In addition, Division personnel participated in approximately 14 formal proceedings and a number of special assignments.

2. Electricity Division (*Phillip VanderHeyden, Director*)

The Electricity Division conducts economic, financial and policy analyses relevant to the regulation of electric utilities, electricity retail markets, low income concerns, and other related issues. The Division prepares the results of these analyses in written testimony, recommendations to the Commission, and various reports. This work includes: retail competition policy and implementation related to restructuring in the electric utility industry, rate of return on equity and capital structure, pricing structure and design, load forecasting, low income customer policy and statistical analysis, consumer protection regulations, consumer education, codes of conduct, mergers, and jurisdictional

and customer class cost-of-service determinations. The Division's analyses and recommendations may appear as expert testimony in formal proceedings, special topical studies requested by the Commission, leadership of or participation in workgroup processes established by the Commission, or formal comments on other filings made with the Commission.

As part of rate proceedings, the Division's work lies in three main areas: Rate Design, the setting of electricity prices to recover the cost (as annual revenue) of providing service to a specific class (*e.g.*, residential) of customers; Cost of Service Studies, the classification of utility operating costs and plant investments and the allocation of those costs to the customer classes that cause them; and Cost of Capital, the financial analysis that determines the appropriate return to allow on a utility's plant investment given the returns observed from the utility industry regionally and nationally.

In addition to traditional Rate-of-Return expertise, the Division maintains technical and analytical professionals whose function is to identify and analyze emerging issues in Maryland's retail energy market. Division analysts research methods of electricity procurement, retail energy market models, energy and natural resource price trends, annual electricity cost data, renewable energy issues, economic modeling of electricity usage, and other areas that reflect characteristics of electricity costs.

During 2017, the Division's work included expert testimony and/or policy recommendations in approximately 56 administrative proceedings, six formal proceedings and six rate cases. In addition to traditional regulatory analysis, Electricity Division personnel facilitated several stakeholder working groups covering net energy metering, retail market electronic data exchange, retail market supplier coordination and

Baltimore Gas and Electric Company's prepaid pilot program. The Division was also tasked with evaluation of legislation on renewable energy programs, community solar, and smart meters.

3. Energy Analysis and Planning Division (*Daniel Hurley, Director*)

The Energy Analysis and Planning Division (EAP) is primarily responsible for evaluating and reporting to the Commission on the results of advanced meter infrastructure (AMI) deployment and the EmPOWER Maryland energy efficiency and demand response programs, which are operated by the electric utilities in accordance with the EmPOWER Maryland legislation.

Division members have analytical and/or oversight responsibilities on a wide range of subjects: energy efficiency and demand response programs, regional power supply and transmission planning through participation in PJM working groups and committees, advanced metering infrastructure and smart grid implementation; the SOS competitive solicitations, the wholesale energy markets focusing on prices and availability, Maryland's renewable energy portfolio standard (RPS), wholesale market demand response programs, applications for retail natural gas and electricity suppliers, and applications for small generator exemptions to the CPCN process.

During 2017, EAP was directly responsible or involved in several significant initiatives including:

- EmPOWER Maryland
 - Preparing semi-annual reports for the utilities' energy efficiency and demand response programs.
 - Assisting in the development of the annual EmPOWER Maryland report the Commission prepares for the General Assembly.
 - Direct oversight of the evaluation, measurement & verification process of the Independent Evaluator,

- producing annual impact and cost-effectiveness evaluation.
 - Conducting work groups related to the 2015-2017 EmPOWER Maryland energy efficiency and demand response plans.
 - Reviewing the annual EmPOWER Maryland surcharge filings for cost recovery of the EmPOWER Maryland programs.
 - Monitoring the CIF programs and preparing the annual CIF report.
 - Overseeing work groups related to the 2018-2020 EmPOWER Maryland plan proposals.
 - Analyzing and making recommendations on the 2018-2020 EmPOWER Maryland plans.
- AMI/Smart Meters
 - Evaluating and reporting on the quarterly Smart Grid metric reports prepared by BGE, Pepco and DPL.
 - Monitoring the deployment of smart meters in SMECO's territory.
- Preparing the "Ten-Year Plan (2017-2026) of Electric Companies in Maryland."
- Preparing the "Renewable Energy Portfolio Standard Report of 2017."
- Monitoring several PJM committees and work groups, including the Transmission Expansion Advisory Committee, Markets and Reliability Committee, Planning Committee, Market Implementation Committee, Members Committee, Demand Response Subcommittee, Resource Adequacy Analysis Subcommittee, and Regional Planning Process Task Force.
- Monitoring the SOS procurement processes to ensure they were conducted according to codified procedures consistent with the Maryland restructuring law.
- Continuing to work with electricity and natural gas suppliers to bring retail choice to the residential and small commercial markets.
- Participating with electric vehicle industry stakeholders to assess the electric vehicle pilot programs offered by BGE and Pepco pursuant to Senate Bill 176.
- Participating in NARUC activities.
- Monitoring, and where appropriate, participating in, initiatives of the PJM, FERC, and OPSI.
- Providing assistance on rate cases and mergers.
- Monitoring and providing comments on PC 44 work groups.

4. Engineering Division (*John Borkoski, Chief Engineer*)

The Commission's Engineering Division monitors the operations of public service companies for safety, efficiency, reliability and quality of service. The Division's primary areas of responsibility include electric distribution and transmission, metering, private water and sewer distribution, certification of solar renewable energy facilities, and natural gas and hazardous liquid pipeline safety.

In 2017, the Engineering Division continued its monitoring and review of the utilities' implementation of the Commission's electric distribution system service quality and reliability regulations found in COMAR 20.50.12. By April 1 of every year the utilities file their annual reliability reports for the previous year.²⁴ The Engineering Division reviewed each of the reports and provided the Commission with its analysis and recommendations in a July 25, 2017 hearing. Staff also reviews and provides recommendations on any Corrective Action Plans and initiatives outlining how the utilities expect to meet reliability targets in the future when the reliability targets have been missed in the previous year.

On January 31, 2017 the Engineering Division filed a work group progress report on the effectiveness of the poorest performing feeder (PPF) program and the treatment of repeat PPFs. The Engineering Division continued its analysis in 2017 and filed a final report on January 30, 2018 with proposed regulation changes to COMAR 20.50.12.03A to improve the effectiveness of electric utility PPF programs.

²⁴ See Section IV, Subsection C.2 (Review of Annual Performance Reports on Electric Service Reliability Filed Pursuant to COMAR 20.50.12.11 – Case No. 9353). Case No. 9353 was originally opened in May 2014 for the purpose of reviewing the annual reliability performance reports first filed for calendar year 2013.

On January 23, 2017 the Engineering Division filed a report of the work group on vegetation management based on the regulations prescribed in COMAR 20.50.12.09. The report contains recommendations about best practices shared by the electric utilities with special emphasis on communications among ratepayers, utilities, local jurisdictions, and tree trimming contractors. The work group met on December 14, 2017, to share vegetation management best practices and will continue to meet yearly going forward.

In anticipation of resetting the reliability indices in COMAR 20.50.12.02D for 2020 through 2023, Engineering Staff initiated the Reliability Targets Work Group per Commission Order No. 88406 in September 2017. A final report with recommendations to address the cost effectiveness of reliability target proposals was filed with the Commission on January 5, 2018.

The Commission received 14,424 applications for in-state photovoltaic (PV) Solar Renewable Energy Credits (SRECs) and approved approximately 14,200. The approved applications amount to approximately 295 MW of distributed generation connected to the grid. Electric utilities in Maryland purchase SRECs generated in Maryland to comply with the Renewable Portfolio Standard (RPS). The Commission makes yearly RPS reports.

Most PV solar systems approved have been small residential installations from 1-20kW. The Commission received 11 CPCN applications for utility scale solar farms in 2017, and the Engineering Division provides testimony in these cases.

The Commission also approves Renewable Energy Credits (REC) certificates for geothermal, landfill gas generation, biomass, hydro, and wind systems, which may be located both in-state and out-of-state. The RECs are purchased and retired by Maryland

utilities and electric suppliers to satisfy the RPS. A registry of RECs is maintained by the PJM Generator Attribute Tracking System Environmental Information Service (GATS-EIS). The Engineering Division is working with the PSC IT Division, utilities/electric suppliers, and PJM GATS-EIS to further refine the application submittal and review processes.

The Engineering Division testified on two offshore wind applications in Case No. 9431. According to COMAR 20.61.06, the projects will be funded with offshore wind renewable energy credits. U.S. Wind plans to construct 248 MW approximately 14 miles off the coast of Ocean City, Maryland, with an expected commercial operating date of January 1, 2020. Skipjack plans 120 MW off the coast of Delaware with an expected commercial operating date of November 2022. The capacity factors are expected to be about 42 percent. The projects were reviewed by the Commission in Case No. 9431 to comply with the Maryland Offshore Energy Act of 2013. Case No. 9431 was not a CPCN case and the landfall connections to the electrical grid have not yet been determined, although connections to the Indian River substation have been studied. Both companies are required to maintain offshore lease sites through the federal Bureau of Ocean Energy Management. Business models and supply chains are currently being developed. Both projects were conditionally approved by the Commission.

The Engineering Division prepared testimony in four utility rate cases in 2017:

- Case No. 9443: Potomac Electric Power Company
- Case No. 9455: Delmarva Power & Light Company
- Case No. 9456: Southern Maryland Electric Cooperative, Inc.
- Case No. 9459: Choptank Electric Cooperative, Inc.

The Engineering Division also prepared testimony in one merger proceeding in 2017, for the proposed merger of AltaGas, Ltd. and WGL Holdings, Inc. in Case No. 9449. Evidentiary hearings were held in February 2018.

The Engineering Division's Pipeline Safety Group was active throughout the State monitoring PSC-ordered replacement of bare steel propane piping on the Eastern Shore, evaluating the progress of mitigation of leaks caused by failed mechanical gas couplings in Prince George's County, and monitoring the progress of Sandpiper Energy (formerly Eastern Shore Gas) in the conversion of its distribution system from propane to natural gas. All of the Commission's senior pipeline and hazardous liquid safety engineers are fully trained for their roles in enforcement of federal pipeline safety regulations within the State.

During the 2013 legislative session, the Maryland General Assembly enacted Public Utilities Article § 4-210, authorizing gas companies to develop Strategic Infrastructure Development and Enhancement (STRIDE) Plans for replacement of eligible infrastructure. The purpose of the plans was to allow gas companies to improve public safety and/or infrastructure reliability by replacing aging infrastructure. The law also allowed for the recovery of costs by the gas companies as they implement approved STRIDE plans. In 2014, three gas companies chose to develop STRIDE Plans and present them to the Commission: Columbia Gas of Maryland Inc., BGE and WGL. The Engineering Division's Pipeline Safety Group participated in the review of the plans for the Commission and is currently monitoring the companies' progress in the implementation of each of the plans.

In 2017, the Engineering Division's Pipeline Safety Group continued inspections of jurisdictional pipeline operators to ensure compliance with applicable pipeline safety regulations. Additionally, in 2017, the Engineering Division's Pipeline Safety Group conducted four incident investigations:

- Petroleum Fuel & Terminal (Baltimore, MD)—Experienced a leak on one of its tanks.
- Washington Gas Light—Involved in two residential fires and one residential explosion.

The incident involving Petroleum Fuel & Terminal was determined to be jurisdictional to the Commission. The three events involving Washington Gas Light were determined not to be jurisdictional to the Commission as it was determined that the company's facilities were not the direct cause of the event.

Annually, the Engineering Division's Pipeline Safety Program is audited by the Pipeline and Hazardous Materials Safety Administration (PHMSA) of the U.S. Department of Transportation, as part of its agreement with the PHMSA. The audit is conducted by PHMSA to ensure that the Engineering Division's Pipeline Safety Group is conducting inspections of its jurisdictional operators according to PHMSA's State Guidelines and the Pipeline Safety Group's own procedures. In 2017, the Pipeline Safety Group was audited on its CY2016 inspections and received a score of 96.6% for its Gas State Program and 96.2% for its Hazardous Liquids Program.

During 2017, the Engineering Division devoted staff time and effort resulting from the Commission's participation in the Maryland Emergency Management Agency's (MEMA) emergency preparedness and response efforts. The PSC and the Maryland

Energy Administration (MEA) are jointly responsible for leading MEMA's Power Infrastructure Strategic Coordinating Function (SCF) responsible for utility coordination related to service outages and fuel supply coordination during fuel disruptions. This included activating the State's Emergency Operations Center (SEOC) during several storms in 2017; participating in state-wide emergency training sessions, drills, and coordination meetings; updating the agency's MEMA Event Storm Manual that outlines the Power Infrastructure SCF contacts and procedures for staffing the SEOC; and participating in the MEMA Joint Operations Group conference calls responsible for establishing situational awareness and initial management and coordination during emergent situations prior to activation of the SEOC. Whenever the SEOC raises the State Response Activation Level requiring either partial activation or full activation of the Power Infrastructure SCF, the Engineering Division Staff coordinates sufficient staff coverage to ensure that MEMA's SEOC is covered on a 24-hour basis.

Members of the Engineering Division take an active role in public relations, communicating with homeowners associations, community groups, and legislators on a variety of electric distribution and pipeline safety reliability and safety issues. The Engineering Division investigates engineering-related customer complaints referred by the Commission's Office of External Relations (OER).

The Engineering Division continues to stay abreast of trends in utility regulation such as smart grid, distributed generation, microgrids, energy efficiency, and demand response. The Engineering Division continues to advise the Commissioners through comments on technical issues as they arise, such as modifications to power plants, energy allocation applications, various compliance filings, or waivers associated with

transmission line upgrades. In 2017, Engineering Staff participated in Public Conference 44 (PC44), a workgroup for grid modernization. Staff also provided comments and recommendations on revisions to the interconnection regulations for small generators in the rulemaking docket RM61, which is related to PC44. Other activities for PC44 include energy storage, smart inverters, and electric vehicles. Aside from smaller transmission and generation modification projects, Engineering Staff has reviewed two large transmission projects:

- Transource Maryland, LLC has proposed two grid interconnections between Pennsylvania and Maryland, in Washington and Harford counties, docketed as Case No. 9471. These merchant transmission projects have been proposed by PJM for economic reasons to reduce transmission congestion as opposed to reliability reasons.
- BGE has proposed replacement of its bank of 230 kV submarine circuits under the Baltimore harbor parallel to the Francis Scott Key Bridge. The new lines are expected to be overhead on transmission towers next to the Key Bridge.

Other activities in 2017 included the following: conducted approximately 47 referee tests for electric and gas meters, inspected 18 electric and gas meter shops, completed six electric company operations and maintenance inspections, inspected 19 of 20 jurisdictional water and sewage companies, and investigated reports of 15 electrical accidents.

5. Staff Counsel Division (*Leslie Romine, Chief Staff Counsel*)

The Staff Counsel Division directs and coordinates the preparation and presentation of the Technical Staff's position in all matters pending before the Commission, under the supervision of the Executive Director. In performing its duties, the Staff Counsel Division identifies issues in public service company applications, and evaluates the applications for legal sufficiency and compliance with the Public Utilities Article of the *Annotated Code of Maryland*, the Code of Maryland Regulations, utility tariffs and other applicable law. In addition, the Staff Counsel may support Staff in initiating investigations or complaints. The Staff Counsel Division attorneys are the final reviewers of the Technical Staff's testimony, reports, proposed legislation analysis, and comments before submission to the Executive Director. Additionally, the attorneys draft and coordinate the promulgation and issuance of regulations, review and comment on items handled administratively, provide legal services to each division within the Office of Executive Director, and handle inquiries from utilities, legislators, regulators and consumers.

During 2017, Staff Counsel attorneys participated in a wide variety of matters involving all types of public service companies regulated by the Commission. The Staff Counsel Division's work included review of rates charged by public service companies, consideration of numerous requests for CPCNs, review of SOS matters, telecommunications proceedings, supplier issues, merger proceedings, taxi matters, and electric reliability matters. The Staff Counsel Division also was involved in a variety of efforts intended to address the EmPOWER Maryland Act of 2008, smart meter proceedings and the continued implementation of the Maryland RPS Program.

6. Telecommunications, Gas, and Water Division (*Juan Alvarado, Director*)

The Telecommunications, Gas, and Water Division assists the Commission in regulating the delivery of wholesale and retail telecommunications services, retail natural gas services, and water services in the state of Maryland. The Division's output generally constitutes recommendations to the Commission, but also includes publication of industry status reports, responses to inquiries from elected officials, media representatives, members of the public, and industry stakeholders. In addition, similar to other Technical Staff divisions, this Division assists the Commission's Office of External Relations in the resolution of consumer complaints, on an as-needed basis, and leads or participates in industry work groups. The Division's analyses and recommendations to the Commission may appear as written comments, expert testimony in formal proceedings, special topical studies requested by the Commission, formal comments on filings submitted by the utilities or by other parties, comments on proposed legislation, proposed regulations and public presentations. In 2017, the Division reviewed 184 tariff filings, including rate revisions, new service offerings and related matters. Of those, 111 were telecommunications, 68 were natural gas, and five were water. The Division also presented testimony in 11 cases before the Commission. Staff participated in three base rate proceedings (two concerning natural gas and one concerning water), one case concerning water rate design, one case on detariffing of regulated telecommunications services, one case on the expansion of natural gas infrastructure, and five natural gas purchased gas adjustment charge proceedings. The Division also presented live testimony to the Commission on the current status of the market of utility pole attachments in Maryland.

In telecommunications, the Division reviews applications for authority to provide telephone services from local and intrastate toll service providers, reviews tariff filings from such providers, monitors the administration of telephone numbering resources for the State, is responsible for reviewing Federal Communications Commission compliance filings filed by carriers, administers the certification of all payphone providers in the state, and monitors the provision of low income services, E911 and telecommunications relay services. In 2017, the Commission authorized seven new carriers, and certified 23 payphone service providers and 627 payphones in Maryland.

In the natural gas industry, the Division focuses on retail natural gas competition policy and implementation of customer choice. The Division participates as a party in contested cases before the Commission to ensure that safe, reliable and economical gas service is provided throughout the State. Staff contributes to formal cases by providing testimony on rate of return, capital structure, rate design and cost of service. In addition, the Division provides recommendations on low-income consumer issues, consumer protections, consumer education, codes of conduct, mergers, and debt and equity issuances. The Division also conducts research and analysis on the procurement of natural gas for distribution to retail customers.

In the water industry, the Division focuses on retail prices and other retail issues arising in the provision of safe and economical water services in the State. The Division also drafted and presented to the Commission a bill on streamlining rate making for water companies for submission to the Maryland General Assembly. On May 4, 2017, Senate Bill 218 was signed into law by Governor Hogan.

Finally, the Division provides assistance to other divisions, particularly in matters of statistical analysis and economic policy.

7. Transportation Division (*Christopher Koermer, Director*)

The Transportation Division enforces the laws and regulations of the Public Service Commission pertaining to the safety, rates, and service of transportation companies operating in intrastate commerce in Maryland. The Commission's jurisdiction extends to most intrastate for-hire passenger carriers by motor vehicle (total 1,205), intrastate for-hire railroads, as well as taxicabs in Baltimore City, Baltimore County, Cumberland, and Hagerstown (total 1,398). The Commission is also responsible for licensing drivers (total 6,553) of taxicabs in Baltimore City, Cumberland, and Hagerstown, and other passenger-for-hire vehicles that carry 15 or fewer passengers (not including transportation network operators). The Commission is also responsible for licensing Transportation Network Operators (TNOs) that provide transportation network services (total 50,507). The Transportation Division monitors the safety of vehicles operated (total 6,272 non-TNO vehicles and 50,844 TNO vehicles), limits of liability insurance, schedules of operation, rates, and service provided for all regulated carriers, which includes transportation network companies and transportation network operators (TNOs), except railroads (only entry, exit, service and rates are regulated for railroads that provide intrastate service). If problems arise in any of these areas which cannot be resolved at the staff level, the Division requests the institution of proceedings by the Commission which may result in the suspension or revocation of operating authority or permits, or the institution of civil penalties.

During 2017, the Transportation Division continued its involvement with Case No. 9425, *In the Matter of the Petitions of Rasier, LLC and Lyft, Inc. for Waiver of Public*

Utilities Article Section 10-104(b) by reviewing Lyft, Inc.'s proposed changes to modify its driver application process. The Commission granted Lyft, Inc.'s request to modify its driver application process at the May 31, 2017 Administrative Meeting.

Also, during 2017, the Transportation Division was heavily involved in RM58, *Revisions to COMAR 20.90 – Taxicabs*, and RM60, *Revisions to COMAR 20.90 and COMAR 20.95 – Screening Standards*. RM60 is most notable for collectively working with stakeholders to produce a new set of driver screening standards that were acceptable to staff and stakeholders to be used to screen for-hire drivers. The new regulation for driver screening standards includes screening standards for both criminal history and driving record history, are expected to remove barriers to entry for certain applicants, as well as simplify the screening of individuals with backgrounds in other jurisdictions. At the rule making session held on August 24, 2017, the Commission unanimously passed a motion to publish the revised and new proposed driver screening standards regulations in the *Maryland Register* for notice and comment.

During 2017, the Transportation Division continued to conduct vehicle inspections and report results via on-site recording of inspection data and electronic transmission of that information to the Commission's databases and to the Federal Motor Carrier Safety Administration's Safety and Fitness Electronic Records (SAFER) System. SAFER provides carrier safety data and related services to industry and the public via the Internet.

Additionally, the Division maintained its regular enforcement in 2017 by utilizing field investigations and joint enforcement projects with local law enforcement officials, Motor Vehicle Administration investigators, and regulators in other jurisdictions.

Administratively, the Division continued to develop, with the Commission's IT staff, projects designed to streamline processes through automation, electronic filings by the industry, and better intra-agency communication among the Commission's internal databases, such as fine-tuning an electronic TNO application process and an investigators database.

D. Office of External Relations (OER)

The Office of External Relations (OER) investigates and responds to consumer complaints relating to gas, electric, water and telephone services. OER investigators act as mediators in order to resolve disputes between consumers and utility companies based on applicable laws and tariffs. In 2017, the OER investigated 2,659 consumer complaints. Out of those complaints 1,919 involved gas and electric issues, while 198 were telecommunication complaints, 44 complaints related to water companies, and 67 complaints involved other issues. The majority of complaints were against gas and electric local distribution companies and suppliers concerning billing issues, followed by service quality issues. OER investigated 403 complaints against suppliers. Most supplier disputes involved unauthorized enrollment, misrepresentation of terms and increases in price of the variable rate contracts. In addition, OER staff fulfilled 292 requests for information concerning the Commission, utilities and suppliers. The OER intake unit received 5,456 requests for payment plans or extensions and received 1,648 telephone calls for general information. Through OER's efforts, \$981,218.95 through late payment fees, reversal of charges, or bill adjustments or credits was given to resolve billing disputes.

OER staff members work proactively to provide the public with timely and useful utility-related information based on feedback received from consumers as well as

continuing to have regular meetings with the utilities to ensure that all parties are responding appropriately to consumer concerns. Additionally, OER staff participated in extensive training on new supplier consumer protections that were adopted by the Commission in RM54 to ensure that OER staff could provide accurate information to customers. The OER continued to revise the informal Fast Track process for customers requesting payment arrangements and to handle requests for information more efficiently.

E. Public Utility Law Judge Division (*Terry J. Romine, Chief Public Utility Law Judge*)

As required by the Public Utilities Article, the Division is a separate organizational unit reporting directly to the Commission and is comprised of four attorney Public Utility Law Judges, including the Chief Public Utility Law Judge. Typically, the Commission delegates to the Division proceedings pertaining to the following: applications for construction of power plants and high-voltage transmission lines; rates and other matters for gas, electric, and telephone companies; purchased gas and electric fuel rate adjustments review; bus, passenger common carrier, water, and sewage disposal company proceedings; plant and equipment depreciation proceedings; and consumer as well as other complaints which are not resolved at the administrative level. In addition, the Commission has a part-time License Hearing Officer, who hears matters pertaining to certain taxicab permit holders and matters regarding Baltimore City, Cumberland, and Hagerstown taxicab drivers, as well as passenger-for-hire drivers, including Transportation Network Operators. While most of the Division's activity concerns delegated cases from the Commission, the Commission also may conduct its proceedings in three-member panels, which panels may include one Public Utility Law Judge. As a panel member, a Public Utility Law Judge participates as a voting member

in the hearings and in the panel's final decision. The decision of a three-member panel constitutes the final order of the Commission.

In delegated cases, the Public Utility Law Judges and Hearing Officer conduct formal proceedings in the matters referred to the Division and file Proposed Orders, which contain findings of fact and conclusions of law. During 2017, the Commission delegated 326 cases to the Division: 38 non-transportation-related matters, and 288 transportation matters of which 73 were taxicab-related, 79 were for-hire matter related, and 136 were transportation network operator-related. These transportation matters include license applications and disciplinary proceedings involving requests for imposition of fines or civil penalties against carriers for violations of applicable statutes or regulations.

The Division held 435 hearings and issued 253 Proposed Orders. Unless an appeal is noted with the Commission, or the Commission takes action on its own motion, a Proposed Order becomes the final order of the Commission after the specified time period for appeal as noted in the Proposed Order, which may be no less than seven days and no more than 30 days. There were 17 appeals/requests for reconsideration filed with the Commission resulting from the Proposed Orders: five related to non-transportation matters, six to for-hire matters, four to taxicab matters, and two to transportation network operator matters. The Commission issued three orders reversing a Proposed Order: one related to non-transportation matters, one to for-hire matters, and one to taxicab matters. The Commission did not remand any matter to the Division for further proceedings.

XII. RECEIPTS AND DISBURSEMENTS FY 2017

Receipts and Disbursements

C90G001 – General Administration and Hearings

Salaries and Wages	\$	7,269,453
Public Utility Regulation Fund	\$7,269,453	
Technical and Special Fees	\$	189,765
Public Utility Regulation Fund	\$189,765	
Operating Expenses	\$	11,097,095
Public Utility Regulation Fund	\$2,517,276	
Customer Investment Fund	\$8,579,819	
Total Disbursements for Fiscal Year 2017	\$	18,556,313
Public Utility Regulation Fund	\$ 9,976,494	
Customer Investment Fund	\$8,579,819	
Reverted Appropriation	\$	1,368,545
Public Utility Regulation Fund	\$1,368,545	
Customer Investment Fund	\$0	
Total Appropriation for Fiscal Year 2017	\$	19,924,858
Public Utility Regulation Fund	\$11,345,039	
Customer Investment Fund	\$8,579,819	

C90G002 – Telecommunications, Gas and Water Division

Salaries and Wages	\$	528,144
Operating Expenses	\$	10,398
Total Disbursements for Fiscal Year 2017	\$	538,542
Reverted Appropriation	\$	10,074
Total Appropriation for Fiscal Year 2017	\$	548,616

C90G003 – Engineering Division

Salaries and Wages	\$	1,752,924
Public Utility Regulation Fund	\$1,236,486	
Federal Fund	\$516,438	
Operating Expenses	\$	208,465
Public Utility Regulation Fund	\$29,558	
Federal Fund	\$178,907	
Total Disbursements for Fiscal Year 2017	\$	1,961,389
Public Utility Regulation Fund	\$1,266,044	
Federal Fund	\$695,345	
Reverted Appropriation	\$	310,818
Public Utility Regulation Fund	\$310,818	
Federal Fund	\$0	
Total Appropriation for Fiscal Year 2017	\$	2,272,207
Public Utility Regulation Fund	\$1,576,862	
Federal Fund	\$695,345	

C90G004 – Accounting Investigations Division

Salaries and Wages	\$	602,108
Operating Expenses	\$	650
Total Disbursements for Fiscal Year 2017	\$	602,758
Reverted Appropriation	\$	96,674
Total Appropriation for Fiscal Year 2017	\$	699,432

C90G005 – Common Carrier Investigations Division

Salaries and Wages	\$	1,436,714
Public Utility Regulation Fund	\$1,436,714	
For-Hire Driving Services Enforcement Fund	\$0	
Technical and Special Fees	\$	291,497
Public Utility Regulation Fund	\$137,021	
For-Hire Driving Services Enforcement Fund	\$154,476	
Operating Expenses	\$	42,586
Public Utility Regulation Fund	\$28,232	
For-Hire Driving Services Enforcement Fund	\$14,354	
Total Disbursements for Fiscal Year 2017	\$	1,770,797
Public Utility Regulation Fund	\$1,601,967	
For-Hire Driving Services Enforcement Fund	\$168,830	
Reverted Appropriation	\$	28,760
Public Utility Regulation Fund	\$28,760	
For-Hire Driving Services Enforcement Fund	\$0	
Total Appropriation for Fiscal Year 2017	\$	1,799,557
Public Utility Regulation Fund	\$1,630,727	
For-Hire Driving Services Enforcement Fund	\$168,830	

C90G006 – Washington Metropolitan Area Transit Commission

Operating Expenses	\$	284,935
Total Disbursements for Fiscal Year 2017	\$	284,935
Reverted Appropriation	\$	3,340
Total Appropriation for Fiscal Year 2017	\$	288,275

C90G007 – Electricity Division

Salaries and Wages	\$	365,908
Operating Expenses	\$	361
Total Disbursements for Fiscal Year 2017	\$	366,269
Reverted Appropriation	\$	101,513
Total Appropriation for Fiscal Year 2017	\$	467,782

C90G008 – Public Utility Law Judge Division

Salaries and Wages	\$	924,250
Public Utility Regulation Fund	\$840,197	
For-Hire Driving Services Enforcement Fund	\$84,053	
Technical and Special Fees	\$	0
Public Utility Regulation Fund	\$0	
For-Hire Driving Services Enforcement Fund	\$0	
Operating Expenses	\$	3,578
Public Utility Regulation Fund	\$3,578	
For-Hire Driving Services Enforcement Fund	\$0	
Total Disbursements for Fiscal Year 2017	\$	927,828
Public Utility Regulation Fund	\$843,775	
For-Hire Driving Services Enforcement Fund	\$84,053	
Reverted Appropriation	\$	26,933
Public Utility Regulation Fund	\$26,933	
For-Hire Driving Services Enforcement Fund	\$0	
Total Appropriation for Fiscal Year 2017	\$	954,761
Public Utility Regulation Fund	\$870,708	
For-Hire Driving Services Enforcement Fund	\$84,053	

C90G009 – Staff Counsel Division

Salaries and Wages	\$	1,115,683
Operating Expenses	\$	4,210
Total Disbursements for Fiscal Year 2017	\$	1,119,893
Reverted Appropriation	\$	19,558
Total Appropriation for Fiscal Year 2017	\$	1,139,451

C90G0010 – Energy Analysis and Planning Division

Salaries and Wages	\$	558,689
Operating Expenses	\$	2,557
Total Disbursements for Fiscal Year 2017	\$	561,246
Reverted Appropriation	\$	137,667
Total Appropriation for Fiscal Year 2017	\$	698,913

Summary of Public Service Commission
Fiscal Year Ended June 30, 2017:

Salaries and Wages	\$	14,553,873
Public Utility Regulation Fund	\$13,953,382	
Federal Fund	\$516,438	
For-Hire Driving Services Enforcement Fund	\$84,053	
Technical and Special Fees	\$	481,262
Public Utility Regulation Fund	\$326,786	
Federal Fund	\$0	
For-Hire Driving Services Enforcement Fund	\$154,476	
Operating Expenses	\$	11,654,834
Public Utility Regulation Fund	\$2,881,755	
Federal Fund	\$178,907	
For-Hire Driving Services Enforcement Fund	\$14,353	
Customer Investment Fund	\$8,579,819	
Total Disbursements for Fiscal Year 2017	\$	26,689,970
Public Utility Regulation Fund	\$17,161,923	
Federal Fund	\$695,345	
For-Hire Driving Services Enforcement Fund	\$252,883	
Customer Investment Fund	\$8,579,819	
Reverted Appropriation	\$	2,103,882
Public Utility Regulation Fund	\$2,103,882	
Federal Fund	\$0	
For-Hire Driving Services Enforcement Fund	\$0	
Customer Investment Fund	\$0	
Total Appropriations	\$	28,793,852
Public Utility Regulation Fund	\$19,265,805	
Federal Fund	\$695,345	
For-Hire Driving Services Enforcement Fund	\$252,883	
Customer Investment Fund	\$8,579,819	

Assessments collected during Fiscal Year 2017: \$ 22,545,760

Other Fees and Revenues collected during Fiscal Year 2017:

1) Fines & Citations General Fund	\$	49,940
2) Fines & Citations Special Fund	\$	40,000
3) For-Hire Driving Services Permit Fees	\$	168,651
4) Meter Test	\$	500
5) Filing Fees	\$	231,214
6) Copies	\$	752
7) Miscellaneous Fees	\$	2,746

Total Other Fees and Revenues \$ 493,803

Interest Earned on Customer Investment Fund balance \$ 202,864

Interest Earned on Offshore Wind Energy Fund balance \$ 21,787

Assessments collected that were remitted to other
State Agencies during Fiscal Year 2017
From the Public Utility Regulation Fund:

1) Office of People's Counsel	\$	4,025,318
2) Railroad Safety Program	\$	426,564

Monies collected that were remitted to other
State Agencies during Fiscal Year 2017
From the Customer Investment Fund:

Maryland Energy Administration \$ 304,295