

# **PUBLIC SERVICE COMMISSION OF MARYLAND**

## **2020 ANNUAL REPORT**

**For the Calendar Year Ending December 31, 2020**

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



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## **Carrying out our mission in a year like no other**

As Maryland, the nation and the world mark more than a year since the beginning of the COVID-19 pandemic, the Maryland Public Service Commission continues its duty to ensure the provision of safe, reliable and economic public utility and transportation service to the citizens of Maryland. With the development of new vaccines and continued safety measures, we have reason to be optimistic about a return to ‘normal.’

On March 5, 2020, Maryland Governor Larry Hogan declared a state of emergency due to the spread of COVID-19, a respiratory disease that spreads easily from person to person and has resulted in serious illness and deaths in our state and around the world. As with many businesses, schools and government agencies, the Public Service Commission soon after closed the doors to its Baltimore headquarters for the safety of our employees and the public and shifted all operations to an online and virtual environment. The Commission’s operations quickly pivoted to all-electronic filings, and virtual hearings, meetings, etc. In order to provide timely communication with utility customers, other state agencies, legislators, and our stakeholders and partners, the Commission’s website was updated with new landing pages to reflect changes in our operations and those of the utilities.

The economic impacts of COVID-19 quickly proved to be significant, impacting a wide range of industries from restaurants, travel and tourism, retail establishments, transportation and many more. In light of this hardship, on March 16, 2020, Governor Hogan issued an Executive Order that prohibited utilities from terminating service for residential customers unable to pay their bills; this order was extended several times until it was set to expire on September 1, 2020.

On July 8, 2020, the Commission issued a notice convening Public Conference 53 ([PC53](#)) to examine, among other things, the impacts of COVID-19 on customers’ electric, gas and water bills. The Commission’s notice required all jurisdictional companies to respond to a series of questions related to: operational changes; storm readiness; changes in usage and load projections; revenue impacts; COVID-19 regulatory asset (a means to track the extra costs the utilities have incurred as a result of the pandemic); program impacts; customer payment behaviors; and any necessary Commission actions. The Commission held virtual hearings on August 27, 28, and 31, 2020.

The Commission heard perspectives from Maryland’s utilities, the Commission’s Technical Staff, the Office of People’s Counsel, the Office of Home Energy Programs (OHEP—a division of the Maryland Department of Human Services), and low income advocates. While utilities experienced some energy load shifting between residential, commercial and industrial classes (as more customers moved from office to home), overall they reported remaining capable of providing safe and reliable service and had successfully transitioned to the “new normal.” While that was reassuring news, the

primary focus of the hearings became the rapidly growing customer debt across the state and the upcoming expiration of the Governor's moratorium on utility disconnections.

On August 31, 2020, and in subsequent orders, the Commission took action to protect residential customers by ordering an extension of the Governor's moratorium through October 1, 2020, and extending the disconnection notice period to 45 days. This action provided customers with more time to apply for assistance either through their utilities, OHEP or other community-based agencies. As a result of these orders, utilities were not able to resume disconnections for non-payment until November 15, 2020. In addition, the Commission established longer payment plan terms and more lenient criteria for accepting customers into payment plans.

The Commission also established monthly reporting requirements to track the number of customers in arrears, total dollars in arrears, customer payment plan behaviors, disconnections and reconnections. Finally, the Commission established quarterly reporting requirements related to the COVID-19 regulatory assets.

In a related matter, in September 2020, the Commission requested arrearage management program proposals from the investor-owned utilities. The Commission sought cost-neutral arrearage forgiveness programs and/or arrearage management programs suitable to address potential uncollectible COVID-19-related arrearages and reduce or eliminate COVID-19 arrearage-related terminations. The Exelon utilities (Baltimore Gas and Electric, Delmarva Power & Light and Potomac Electric Power Company), Potomac Edison, Washington Gas, Columbia Gas and UGI Utilities supported a plan to forgive up to \$3,000 in arrearages for OHEP-qualified customers over 12-15 months of on-time payments. However, the proposal included high overhead costs to initiate the program, did not include a cost-benefit analysis and was not projected to be cost-effective. The Commission rejected the proposal without prejudice while noting that OHEP had large amounts of undistributed funds to provide assistance.

The Commission continues to monitor the arrearage and regulatory asset reporting. Across the state for residential customers, as of January 31, 2021, there were just under 400,000 past due residential customer accounts with over \$200 million dollars in arrears. For context, at the end of 2019 there were approximately 375,000 past due accounts with approximately \$75 million dollars in arrears.

On February 24, 2021, the Commission issued an additional notice requesting the information necessary to disburse the grants required under the RELIEF (Recovery for the Economy, Livelihoods, Industries, Entrepreneurs and Families) Act, passed by the Maryland General Assembly on February 12, 2021, and signed into law by Governor Hogan. The Commission asked the utilities to provide the total dollars in arrears as well as additional information to assist in distributing the monies equitably across the state. Public service companies are required to provide this information by April 9, 2021, so that the Commission may distribute funds as quickly as possible.

Although the Commission's offices remain closed for the time being, our agency remains committed to serving the public and, as demonstrated in these pages, hasn't missed a beat. We continue to:

- investigate and resolve customer complaints about utilities and suppliers;
- provide analysis and make decisions on utility rate cases, power generating facility siting, energy policy implementation and proposed legislation;
- consider regulations on community solar, supplier consolidated billing, etc.;
- investigate safety incidents involving natural gas and electricity;
- review the applications of electricity and gas retail suppliers; and
- license taxi and rideshare drivers and inspect vehicles.

Chairman Stanek, Commissioner Richard, Commissioner O'Donnell, Commissioner Linton and Commissioner Herman are grateful to the employees of the Public Service Commission for their dedication and service during these unprecedented times. We extend our gratitude to all those on the front lines—especially health care workers, first responders and utility crews—working to keep us safe.

More information on how we continue to carry out our mission can be found at: <https://www.psc.state.md.us/covid/>.

## 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, 2020, the following persons were members of the Commission:

	<b>Term Expires</b>
Jason M. Stanek, Chairman	June 30, 2023
Michael T. Richard, Commissioner	June 30, 2025
Anthony J. O'Donnell, Commissioner	June 30, 2021
Odogwu Obi Linton, Commissioner	June 30, 2022
Mindy L. Herman, Commissioner	June 30, 2024



*Anthony J. O'Donnell*



*Jason M. Stanek*



*Michael T. Richard*



*Odogwu Obi Linton*



*Mindy L. Herman*

## 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;<sup>1</sup>
- ◆ competitive natural gas suppliers;<sup>2</sup>
- ◆ telecommunications companies;<sup>3</sup>
- ◆ water, and water and sewerage (privately-owned) companies;
- ◆ bay pilots;
- ◆ docking masters;
- ◆ passenger motor vehicle carriers (e.g., Transportation Network Companies, buses, limousines, sedans);
- ◆ railroad companies;<sup>4</sup>
- ◆ taxicabs operating in the City of Baltimore, Baltimore County, St. Mary's County, Cumberland, and Hagerstown;
- ◆ hazardous liquid pipelines;
- ◆ private toll bridges; and
- ◆ other public service companies.

The jurisdiction and powers of the Commission are found in the Public Utilities Article (PUA), *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

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<sup>1</sup> The Commission licenses and investigates complaints against electric suppliers—it does not regulate pricing.

<sup>2</sup> The Commission licenses and investigates complaints against gas suppliers—it does not regulate pricing.

<sup>3</sup> Landline telephone service only.

<sup>4</sup> 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.

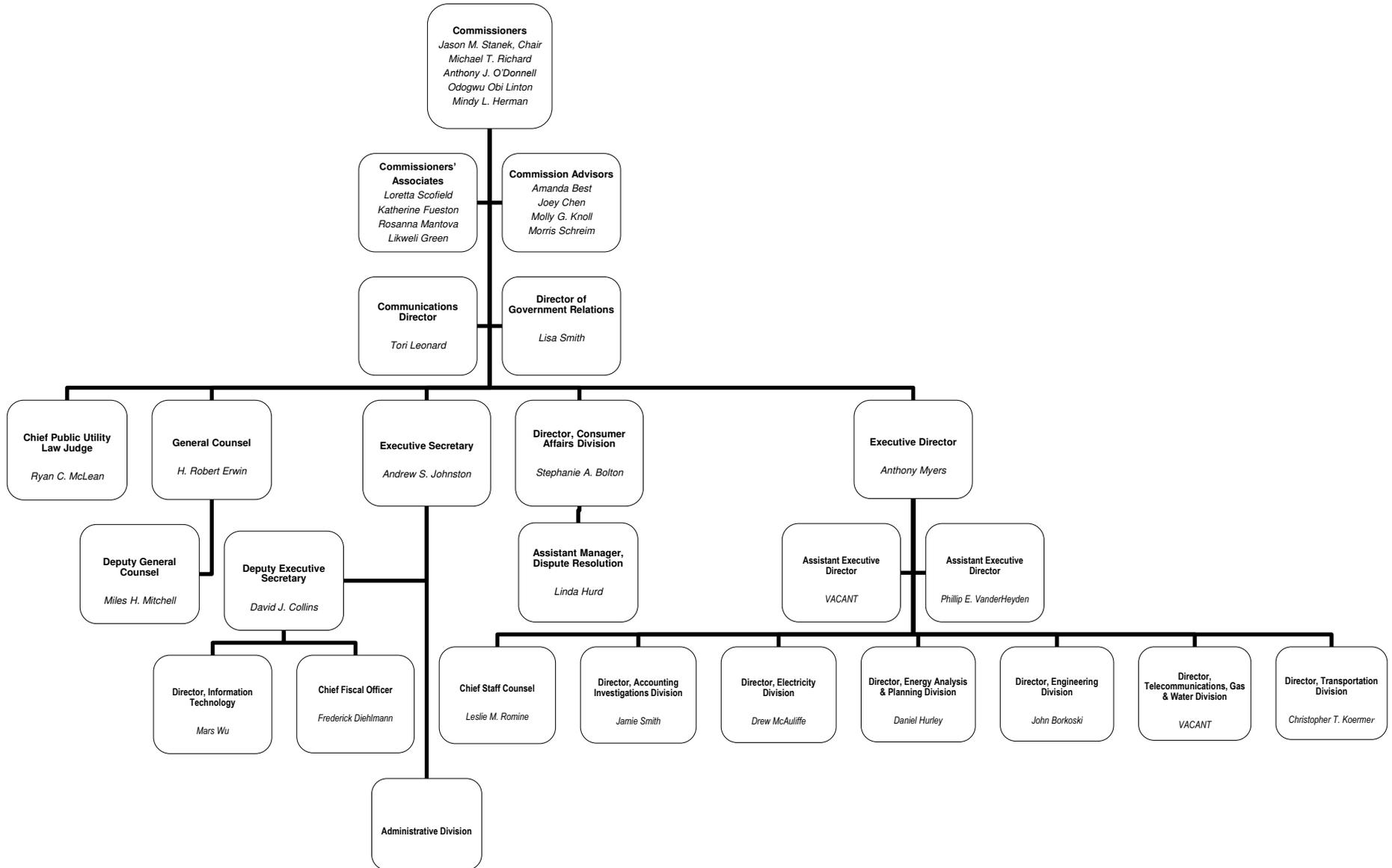
utilities are regulated by the Federal Energy Regulatory Commission (FERC); and interstate telephone service, Voice over Internet Protocol and cable services are regulated by the Federal Communications Commission.

Under the PUA, 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 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) for the construction or modification of a new generating station, a qualified generator lead line, or an overhead 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 2020, the Commission initiated 26 new non-transportation-related dockets, conducted approximately 32 en banc hearings (legislative-style, evidentiary, or evening hearings for public comments as well as status conferences, discovery disputes, and prehearing conferences), held eight rulemaking sessions, participated in four public conference sessions, and presided over 45

administrative meetings. Also, the Commission actively participated in the pandemic-shortened General Assembly legislative session for 2020, 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 – 12/31/2020



## **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<sup>5</sup> 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).<sup>6</sup> 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 WMATC.

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<sup>5</sup> 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' consent. The Compact, as amended, and the WMATC are codified in Title 10, Subtitle 2 of the Transportation Article, *Annotated Code of Maryland*.

<sup>6</sup> 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; that portion of Loudoun County, Virginia, occupied by the Washington Dulles International Airport; Montgomery County and Prince George's County in 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.

In May 2016, Governor Larry Hogan appointed **Commissioner Richard** to WMATC, where he currently serves as Vice Chairman.

In fiscal year (FY) 2020, which is from July 1, 2019 through June 30, 2020, the WMATC accepted 228 applications to obtain, transfer, amend or terminate a WMATC certificate of authority (up from 207 in FY2019). The WMATC also initiated 218 formal investigations of carrier compliance with WMATC rules and regulations (up from 163 in FY2019). The WMATC issued 661 orders in 446 formal proceedings in FY2020, as compared to 529 orders in 370 formal proceedings in FY2019. There were 482 carriers holding a certificate of authority at the end of FY2020—down from 552 at the close of FY2019, which is still almost five 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 5,372 as of June 30, 2020. The WMATC processed two informal complaints against carriers in FY2020, compared to nine such complaints in FY2019.

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 FY2020 WMATC budget was \$996,000, of which Maryland's share was \$462,244, or 46.4%.

## **2. 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 intergovernmental organization 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 is currently its Treasurer, following the completion of his term as President in 2019.

### **3. 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 Stanek** serves as a member of the Committee on Electricity and the Committee on International Relations. **Commissioner Richard** serves as a member of the Committee on Energy Resources and the Environment and the Committee on Critical Infrastructure. **Commissioner O'Donnell** is Chair of the Subcommittee on Nuclear Issues-Waste Disposal and a member of the Committee on Electricity. **Commissioner Linton** is Chair of the Committee on Consumers and the Public Interest, and, in response to the COVID-19 pandemic, was appointed to the NARUC Task Force on Emergency Preparedness, Recovery and Resiliency. He also serves as a member of the Committee on Gas, and the Select Committee on

Regulatory and Industry Diversity. **Commissioner Herman** is a member of the Committee on Critical Infrastructure and the Committee on Water.

NARUC partnered with the National Association of State Energy Officials (NASEO) to create a task force on comprehensive electricity planning. Maryland was one of 16 participating states. **Commissioner O'Donnell** served as the PSC representative, and the Maryland Energy Administration (MEA) served as the state energy office representative. This was a two-year process with the goal of developing ways to achieve more resiliency, efficiency and affordability in the distribution grid. The Task Force [Blueprint for State Action](#) and a series of state-specific roadmaps were issued on February 11, 2021. Maryland is included in the [Jade Cohort roadmap](#) and has announced plans to hold a technical conference on distribution planning on March 25, 2021.

In March of 2021, NARUC launched a new five-year Nuclear Energy Partnership with support from the U.S. Department of Energy. Through this educational partnership, NARUC will provide opportunities for state public service commissioners and commission staff to better understand barriers and possibilities related to the U.S. nuclear fleet, the nation's largest source of zero-carbon power. **Commissioner O'Donnell** will co-chair the partnership with Commissioner Tim Echols of the Georgia Public Service Commission. Throughout the partnership, members will engage in programming such as stakeholder dialogues, peer sharing calls, site visits, educational webinars and briefing papers for NARUC's state members.

#### **4. 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** serves as the Commission's representative on MACRUC and is its First Vice President.

#### **5. 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 (CO<sub>2</sub>), from the power sector. RGGI, Inc.<sup>7</sup> is a nonprofit corporation formed to provide technical advisory and administrative services to participating states in the development and implementation of these CO<sub>2</sub> budget trading programs.<sup>8</sup> The original RGGI program, jointly designed by 10 Northeastern and Mid-Atlantic states,<sup>9</sup> envisioned a cap-and-trade program that stabilizes power plants' CO<sub>2</sub> emissions and then lowers that cap 10% by 2018. The

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<sup>7</sup> The RGGI, Inc. Board of Directors is composed of two representatives from each participating 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 Program Committee and allows in-process projects to be conditioned for Board review. **Chairman Stanek** and Secretary Ben Grumbles of the Maryland Department of the Environment serve on the RGGI Board on behalf of Maryland.

<sup>8</sup> The RGGI offices are located in New York City in space co-located with the New York Public Service Commission at 90 Church Street.

<sup>9</sup> Nine of the original 10 member states have continued their participation in the RGGI program through the third compliance, or "control," period of January 1, 2015-December 31, 2017. In 2011, after participating in the first control period, New Jersey formally withdrew from the RGGI program, effective January 1, 2012. In 2019, New Jersey adopted regulations to reinstate its participation in RGGI and resumed its participation on January 1, 2020.

participating states agreed to use an auction as the primary means to distribute allowances<sup>10</sup> to electric power plants regulated under coordinated state CO<sub>2</sub> 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 CO<sub>2</sub> emissions.

The RGGI Memorandum of Understanding (RGGI MOU) apportions CO<sub>2</sub> allowances among signatory states through a process that was based on historical emissions and negotiation among the participating signatory states. Together, the emissions budgets of each signatory state comprise the total 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.<sup>11</sup> Effective January 2014, the regional budget was revised to 91 million short tons—consistent with current regional emissions levels. To lock in the emissions reduction progress to date, and to further build upon this progress, the regional emissions cap and each participating state’s individual emissions budget would decline 2.5% each year 2015 through 2020. By 2019, the regional emissions budget had decreased from 88.7 million short tons (2015) to 80.3 million short tons. Maryland’s portion of the emissions budget decreased from 19.8 million short tons (2015) to 17.9 million short tons (2019). On January 1, 2020, New Jersey resumed its participation in

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<sup>10</sup> An allowance is a limited permission to emit one short ton of CO<sub>2</sub>.

<sup>11</sup> 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.

the RGGI program, which increased the regional emissions budget to approximately 96.4 million short tons for the year.

**Table II.C.1: 2020 Regional Emissions Budget<sup>12</sup>**

<b>State</b>	<b>CO<sub>2</sub> Allowances (short tons)</b>
Connecticut	5,061,540
Delaware	3,523,027
Maine	2,815,382
Maryland	17,483,623
Massachusetts	12,437,596
New Hampshire	4,079,725
New Jersey	18,000,000
New York	30,435,778
Rhode Island	1,955,221
Vermont	562,955
<b>Total</b>	<b>96,354,847</b>

In 2020, RGGI held four auctions of CO<sub>2</sub> allowances with 10 participating states. For Maryland, these auctions raised approximately \$59.75<sup>13</sup> million for the State's Strategic Energy Investment Fund. Pursuant to § 9-20B-05(g) of the State Government Article, *Annotated Code of Maryland*, the proceeds received by the fund from January 1, 2020 through December 31, 2020, 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 and to a general efficiency and conservation programs account for energy efficiency and conservation programs, projects, or activities and

<sup>12</sup> Source: *The Regional Greenhouse Gas Initiative*, [https://www.rggi.org/sites/default/files/Uploads/Allowance-Tracking/2020 Allowance-Distribution.pdf](https://www.rggi.org/sites/default/files/Uploads/Allowance-Tracking/2020%20Allowance-Distribution.pdf)

<sup>13</sup> The calendar year 2020 auction proceeds represent a 9.95% increase compared to Maryland's 2019 auction proceeds of \$54.3 million.

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 the last program review cycle, from 2016 through December 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<sup>14</sup>), 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.

As a result of the collaborative review process, the RGGI states revised the program to include a regional cap of 75,147,784 tons of CO<sub>2</sub> in 2021, to decline by 2.275 million tons of CO<sub>2</sub> per year thereafter, resulting in a total 30% reduction in the

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<sup>14</sup> The cost containment reserve, or CCR, consists of a fixed quantity of CO<sub>2</sub> allowances, in addition to the cap, held in reserve and only made available for sale if allowance prices exceed a predefined price level, or trigger price.

regional cap from 2020 to 2030. Additionally, further adjustments to the RGGI cap to account for the full bank of excess allowances (i.e., allowances held by market participants in excess of the total quantity of 2018, 2019, and 2020 emissions) projected to exist at the end of 2020 will be effectuated through a formulaic adjustment and implemented over the period from 2021 to 2025. Under the current program, the size and trigger price of the cost containment reserve will change beginning in 2021 and increase by 7% per year thereafter. The RGGI states will also introduce 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. In 2019, the RGGI states, including Maryland, undertook state-specific statutory and regulatory processes to propose updates to their CO<sub>2</sub> Budget Trading Programs, consistent with the announced Model Rule, which continued into 2020. The RGGI states have committed to a periodic program review to consider program design and outcomes, and to propose appropriate changes or new program elements. The next program review cycle is due to begin in 2021.

Also of consequence to the RGGI Program, in 2020, New Jersey returned to the RGGI program and re-established the original 10-state RGGI. New Jersey's participation in the RGGI auctions signaled the importance of the program as well as regional cooperation in the pursuit of climate action. It further strengthened RGGI's regional impact, which has served as a model for climate policy to other states. On July 8, 2020, Virginia Governor Ralph Northam announced that Virginia will begin participating in RGGI on January 1, 2021. The Virginia Department of Environmental Quality (DEQ) had previously adopted a regulation in 2019 to reduce greenhouse gas

emissions through a CO<sub>2</sub> cap-and-invest program. This regulation was aligned with the proposed improvements to the RGGI Program through 2030 and would have put Virginia on the path to participation beginning in 2020. However, language in Virginia's state budget effectively blocked the state from joining RGGI. In 2020, the Virginia General Assembly passed legislation permitting Virginia to use proceeds generated from RGGI auctions, thus paving the way for the Commonwealth to join RGGI in 2021. As with the other RGGI participating states, Virginia will take part in the regional quarterly auctions and will be a participant in the upcoming program review process.

In October 2019, Pennsylvania Governor Tom Wolf issued an executive order instructing the Pennsylvania Department of Environmental Protection (DEP) to join RGGI, pursuant to Pennsylvania's Air Pollution Control Act of 1960. In January 2020, the RGGI states began working collaboratively with DEP to develop regulations to facilitate the state's full participation in RGGI as early as 2022. Despite opposition from Republican legislators and industry groups, Governor Wolf moved the process forward, and on September 15, 2020, DEP's Environmental Quality Board (EQB) voted to initiate the required rulemaking for RGGI participation. EQB's proposed rule will establish the state's CO<sub>2</sub> budget trading program, consistent with the RGGI Model Rule. The rule was published in the November 7, 2020 issue of the *Pennsylvania Bulletin*. The public comment period for the rulemaking opened on November 7, 2020, and closed on January 14, 2021. If successful, Pennsylvania will be the first major fossil-fuel producing state to participate in RGGI. As with Virginia, Pennsylvania's entry in 2022 will still allow the state to participate in the upcoming program review process.

## **6. National Council on Electricity Policy (NCEP)**

The National Council on Electricity Policy (formerly the Eastern Interconnection States' Planning Council, or EISPC) is a platform for all state-level electricity decision makers to share and learn from diverse perspectives on the evolving electricity sector. The Council membership includes over 200 representatives from public utility commissions, air and environmental regulatory agencies, governors' staffs and state energy offices, legislatures, and consumer advocates. NCEP is an affiliate of the NARUC Center for Partnerships and Innovation. The EISPC was a historic endeavor initially funded by the U.S. Department of Energy pursuant to a provision of the American Recovery and Reinvestment Act. The goal of EISPC was 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.

### **III. SUPPLIER DIVERSITY ACTIVITIES**

#### **A. Public Conference 52 ([PC52](#)): Supplier Diversity**

As noted in prior Annual Reports, 19 regulated entities<sup>15</sup> have entered into a Memoranda of Understanding (under the original Public Conference 16) 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

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<sup>15</sup> 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; Elkton Gas Company; Potomac Electric Power Company; Southern Maryland Electric Cooperative, Inc.; The Potomac Edison Company; Veolia Transportation Services, Inc.; Verizon Maryland LLC.; and Washington Gas Light Company (collectively, Signatories).

support viable and prosperous women-owned, minority-owned and service-disabled-veteran-owned business enterprises (diverse suppliers). The 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 MOU goals. On July 28, 2020, a virtual hearing was held to consider the results of the 2019 Annual Reports submitted by 16 of the applicable companies.

Diverse spend overall increased from \$944.54 million in 2018 to \$1.07 billion in 2019, an increase of \$125.46 million. Diverse spend averaged more than \$944 million over the past three reporting years while total utility procurement averaged \$3.49 billion over the same period. Total utility procurement has doubled since 2009, while diverse procurement has almost quadrupled. The average annual growth in diverse spend over the period 2017-2019 is 15.27%.

The total diverse spend consists of six different categories: minority-owned enterprises (MOE), women-owned enterprises (WOE), service-disabled-veteran-owned enterprises (SDVOE), veteran-owned enterprises (VOE), LGBT-owned enterprises (LGBT OE) and not-for-profit workshops (NFPW). MOE received \$554.88 million, WOE received \$425.92 million, SDVOE received \$40.35 million, VOE received \$48.49 million, LGBT OE received \$63,998 and NFPW received \$18,216.

The category MOE contains four major subgroups: African-American-owned businesses, American-Indian/Native-American-owned businesses, Asian-owned businesses, and Hispanic-owned businesses. Fourteen of the 16 signatories that

provided reports for 2019 broke down their MOE spends by ethnicity; African-American-owned businesses accounted for 36.69% of the total MOE spend.

On September 17, 2020, the Commission filed a public determination as required under COMAR 20.08.01.05, noting that 2019 was the program's most successful year to date. The Commission acknowledged the stated impact and challenges that COVID-19 had on the companies and suppliers in 2020, but nevertheless anticipated a more thorough assessment of those impacts in next year's report and encouraged the Maryland Utility Forum to seek ways to assist financially-challenged suppliers. The Forum was again encouraged to expand participation in the program to include additional utilities and other interested parties.

#### **Table 1 - Achieved - 2019**

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.<sup>16</sup>

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<sup>16</sup> Sources of exempted spend are agreed to in advance and can be found in the respective entity's PC16 MOU.

<b>Table 1 – Achieved - 2019</b>		
<b>Companies</b>	<b>Total diverse supplier procurement (\$)</b>	<b>Percentage of diverse supplier procurement to total company procurement</b>
Association of MD Pilots	\$407,107	<b>40.77%</b>
AT&T	\$18,110,000	<b>27.03%</b>
BGE	\$437,179,000	<b>41.86%</b>
CenturyLink	\$3,800,000	12.83%
Chesapeake Utilities	\$1,120,000	10.16%
Choptank	\$1,590,000	6.80%
Columbia Gas	\$2,720,000	11.33%
Comcast	\$88,990,000	24.48%
Delmarva	\$73,240,000	24.89%
Easton Utilities	\$219,484	7.54%
Elkton Gas	\$268,580	12.62%
Potomac Edison	\$26,870,000	<b>33.44%</b>
Pepco	\$221,770,000	<b>37.42%</b>
SMECO	\$14,310,000	18.0%
Verizon Maryland	\$49,860,000	11.3%
WGL	\$129,450,000	23.68%
<b>Total</b>	<b>\$1,070,000,000<sup>17</sup></b>	<b>29.69%</b>

**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.

<sup>17</sup> Due to rounding, some totals may not correspond with the sum of the separate figures.

**Table 2 – 2019 Procurement by Diverse Group**

<b>Companies</b>	<b>Minority-Owned</b>	<b>Women-Owned</b>	<b>LBGT-Owned</b>	<b>Service-Disabled Veteran-Owned</b>	<b>Veteran-Owned</b>	<b>Not-for-Profit Workshops</b>
<b>Association of MD Pilots</b>	26.95%	73.05%	0.00%	0.00%	0.00%	0.00%
<b>AT&amp;T</b>	67.27%	29.44%	0.03%	2.76%	0.5%	0.00%
<b>BGE</b>	42.97%	52.85%	0.01%	1.24%	2.92%	0.00%
<b>CenturyLink</b>	29.92%	15.44%	0.00%	49.49%	0.00%	0.00%
<b>Chesapeake Utilities</b>	0.00%	100.0%	0.00%	0.00%	0.00%	0.00%
<b>Choptank</b>	10.37%	89.05%	0.00%	0.00%	0.56%	0.03%
<b>Columbia Gas</b>	27.46%%	71.33%	0.00%	0.00%	1.21%	0.00%
<b>Comcast</b>	56.47%	33.8%	0.00%	3.78%	5.96%	0.00%
<b>Delmarva</b>	50.48%	44.29%	0.00%	0.85%%	4.37%	0.00%
<b>Easton Utilities</b>	0.63%	38.36%	0.00%	61.01%	0.00%	0.00%
<b>Elkton Gas</b>	0.00%	100.0%	0.00%	0.00%	0.00%	0.00%
<b>Potomac Edison</b>	40.07%	53.72%	0.00%	0.01%	6.15%	0.05%
<b>Pepco</b>	62.08%	27.86%	0.00%	1.16%	8.90%	0.00%
<b>SMECO</b>	43.54%	45.05%	0.00%	3.81%	7.59%	0.012%
<b>Verizon</b>	30.01%	10.86%	0.00%	49.85%	9.28%	0.00%
<b>WGL</b>	75.9%	23.78%	NR	0.31%%	NR	0.00%

## IV. COMMISSION ENERGY-RELATED CASES AND ACTIVITIES

### A. Energy Efficiency- and Demand Response-Related Cases

#### 1. EmPOWER Maryland—Case No. [9494](#)

Under Public Utilities Article § 7-211, as amended and mandated by the EmPOWER Maryland Energy Efficiency Act of 2008, the five largest electric utilities in the state<sup>18</sup> 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 end of 2020:

- The EmPOWER MD utilities’ programs have saved a total of 11,971,724 MWh and 2,363 MW, and either encouraged the purchase of or installed approximately 128.3 million energy-efficient measures.
- More than 43,242 low-income customers participated in the EmPOWER Limited Income Programs.
- The EmPOWER MD utilities have spent over \$3.2 billion on the EmPOWER Maryland programs, including approximately \$2.1 billion on energy efficiency and conservation (EE&C) programs and \$883 million on demand response (DR) programs.
- The expected savings associated with EmPOWER Maryland programs is approximately \$11.8 billion over the life of the installed measures for the EE&C programs.

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<sup>18</sup> 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 average monthly residential bill impact of EmPOWER Maryland surcharges<sup>19</sup> for 2020 were as follows:

	EE&C	DR	Dynamic Pricing <sup>20</sup>	Total
BGE	\$4.66	\$3.45	\$0.19	\$8.30
DPL	\$4.84	\$1.08	(\$0.09)	\$5.83
PE	\$5.63	N/A	N/A	\$5.63
Pepco	\$4.37	\$2.47	\$0.09	\$6.92
SMECO	\$5.77	\$2.47	N/A	\$8.24

- Washington Gas Light Company has saved a total of 5,161,665 therms through its programs since beginning in 2015.

**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 December 31, 2020, approximately 3.0 million electric and gas meters (aka “smart meters”) have been installed across the state. BGE has installed approximately 2.1 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. In 2020, the percentage of opt-out customers dropped from 2.9% to 2.7%; the goal is to lower the opt-out percentage to 1.0%. 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 their customers categorized as

<sup>19</sup> Assumes an average monthly usage of 1,000 kilowatt hours (kWh), and the figures do not include customer savings.

<sup>20</sup> 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.

opt-out (0.25% and 0.5%, respectively). SMECO completed its deployment of smart meters in 2018 and has an opt-out percentage of 0.22%.

## **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, 2020, by each of the applicable electric companies, and comments on the reports were due by June 8, 2020.

On June 18, 2020, the Commission held a legislative-style virtual hearing for the purpose of reviewing the April 2020 reports and to determine whether the electric companies each met the applicable COMAR service quality and reliability standards. On September 1, 2020, the Commission issued Order No. 89629, in which it accepted the service quality and reliability annual reports filed by BGE, Pepco, Delmarva, Potomac Edison, Choptank, and SMECO.

In the Order, the Commission accepted the Staff-led Customer Communications Work Group recommendation for additional customer communications metrics and best practices while allowing opt out of adopting vulnerable individual notification in advance of a storm event. The order also disbanded the Customer Communications Work Group. The Commission ordered Staff and the electric companies to finalize a definition of vegetation management “all-in costs” and provide this definition to the Commission prior to filing next year’s reliability reports. The Commission ordered Potomac Edison

(PE) to file an updated Major Outage Event (MOE) Plan to satisfy its corrective action plan from missing the Service Interruption Standard. The Commission ordered Delmarva Power & Light Co. to establish a regulatory liability of \$47,943, accruing carrying costs until the next rate case for exceeding its vegetation management cost commitment as part of the PHI-Exelon merger. The Commission also did not assess a penalty on Baltimore Gas & Electric Co. (BGE) for missing the Periodic Equipment Inspections Standard in 2019. However, BGE will be subject to increased scrutiny with the Periodic Equipment Inspections Standard and related commitments in 2020. The Commission also denied the Office of People's Counsel's (OPC) recommendation to create a transparent, stakeholder-engaged process for distribution planning and capital budgets. However, the Commission noted that the State of Maryland was an active participant in the 16-state National Task Force, jointly sponsored by NARUC and the National Association of State Energy Officials, and facilitated by the U.S. Department of Energy. As noted on page 12, the Task Force [Blueprint for State Action](#) and a series of state-specific roadmaps were issued on February 11, 2021; Maryland has announced plans to hold a technical conference on distribution planning on March 25, 2021.

#### **D. Renewable Energy Portfolio Standard**

In compliance with the Maryland Offshore Wind Energy Act of 2013, in 2017, the Commission conditionally approved the financing of two offshore wind projects in Case No. [9431](#). According to COMAR 20.61.06, the projects will be funded with offshore wind renewable energy credits (ORECs). U.S. Wind Inc. plans to construct 248 MW off the coast of Ocean City, Maryland with an expected commercial operation date in 2024. Skipjack Offshore Energy, LLC plans to construct 120 MW off the coast of Delaware with an expected commercial operation date in 2026. Both companies are required to

maintain offshore lease sites through the federal Bureau of Ocean Energy Management.

Both projects expect to now use larger turbines up to 12 MWs. In 2019, Case No. 9431 was bifurcated into Case No. [9628](#) for U.S. Wind and Case No. [9629](#) for Skipjack. On December 13, 2019, the Commission established an inquiry to consider the potential impacts of the larger turbines and held a public hearing on January 18, 2020 in Ocean City. In February 2020, the Commission issued notices of intent to hold evidentiary hearings to consider turbine size impacts and directed each developer to propose dates for the hearing. Skipjack's proposed changes in turbine size and related testimony were heard by the Commission on June 4, 2020, and June 5, 2020. The Commission issued Order No. 89622 on August 20, 2020, approving Skipjack's proposal. Further proceedings for U.S. Wind remain pending.

The Clean Energy Jobs Act of 2019 expanded the requirements for offshore wind energy under Maryland's Renewable Energy Portfolio Standard (RPS) program. The law requires the Commission to establish a second round of review for offshore wind applications or "Round 2".<sup>21</sup> Application periods will be open beginning January 1 of each year for three years beginning in 2020 and ending in 2022. The Commission is required to approve at least 400 MW of new projects in each application period for a total of at least 1,200 MW.<sup>22</sup> The maximum rate impacts for Round 2 applications are \$0.88/month for residential customers and 0.9 percent of the total annual electric bills

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<sup>21</sup> The original review of offshore wind applications is now classified as "Round 1".

<sup>22</sup> If too few applications are submitted or the applications submitted exceed the maximum customer impacts allowed by the law, then the Commission is not required to meet the 400 MW minimum approval capacity.

for nonresidential customers. The location of eligible projects was expanded to between 10 and 80 miles off the coast of Maryland. On August 31, 2020, the Commission released the Offshore Wind Analyses and Review II: Generation Interconnection System Impact Study Report conducted by Axum Energy Ventures, LLC.<sup>23</sup> On December 10, 2020, an application was received through the secure application portal operated by the Commission's evaluator, ICF Resources, LLC (ICF). On December 22, 2020, the Commission issued a general notice that ICF had deemed the application to be administratively complete and set a closing date for other interested parties to apply by June 21, 2021.

## **E. Rate Cases**

### **1. The Potomac Edison Company's Application for Adjustments to Its Retail Rates for the Distribution of Electric Energy – Case No. [9490](#), Phase II**

On September 22, 2020, The Potomac Edison Company filed a depreciation study and supporting testimony setting forth the calculated annual depreciation accrual rates by account as of December 31, 2019. Potomac Edison's depreciation study was filed in accordance with Commission Order No. 89072, issued on March 22, 2019, which approved new distribution base rates for Potomac Edison, but also noted that the company's last depreciation study was 25 years old. In order to address that issue, the Commission required Potomac Edison to file a new depreciation study within 18 months of the date of Order No. 89072 and initiated a Phase II proceeding in which Potomac Edison's rates would be further adjusted to reflect its new depreciation study. Pursuant to Order No. 89649, the Commission set the Phase II matter for hearing and delegated

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<sup>23</sup>[https://www.psc.state.md.us/electricity/wp-content/uploads/sites/2/MD-OSW-Analyses-2-3-1\\_\\_-8-31-2020\\_FINAL.pdf](https://www.psc.state.md.us/electricity/wp-content/uploads/sites/2/MD-OSW-Analyses-2-3-1__-8-31-2020_FINAL.pdf)

it to the Public Utility Law Judge Division. A pre-hearing conference was held on November 6, 2020, and a procedural schedule was issued. This matter remains pending.

## **2. Delmarva Power & Light Company's Application for Adjustments to its Retail Rates for the Distribution of Electric Energy – Case No. [9630](#)**

On December 5, 2019, Delmarva Power & Light Company filed an application for authority to adjust its retail rates for the distribution of electric energy effective with services rendered on or after January 4, 2020. The request sought to increase the company's Maryland base distribution rates by \$18,523,166. On December 6, 2019, by Order No. 89384, the Commission initiated a new docket, Case No. 9630, to consider the application, suspended the proposed tariff revisions, and delegated the matter to the Public Utility Law Judge Division. A pre-hearing conference was held on January 6, 2020, and a procedural schedule was issued. Evidentiary hearings were held virtually on April 27-28, 2020. A public comment hearing was held virtually on May 28, 2020. A proposed order was issued on June 9, 2020. Staff filed a Notice of Appeal and Memorandum on Appeal of the Proposed Order on June 19, 2020. The Commission issued Order No. 89576 denying Staff's appeal and affirming the proposed order on July 14, 2020.

## **3. Easton Utilities Commission's Application for Authority to Increase Its Electric and Gas Rates Pursuant to the "Make Whole" Provisions of Section 4-207 of the Public Utilities Article, Annotated Code of Maryland–Case No. [9634](#)**

On February 10, 2020, Easton filed an application for authority to increase its electric and gas rates pursuant to the "Make Whole" provisions of Section 4-207 of the Public Utilities Article. Easton requested increases of \$534,461 (an approximate 2.0%

increase) for electric service and \$108,990 for gas service (an approximate 1.7% increase). On February 12, 2020, the Commission docketed the matter as Case No. 9634 and delegated it to the Public Utility Law Judge Division and suspended the proposed rates for 90 days from February 10, 2020.

Prior to the evidentiary hearing, on April 7, 2020, Easton, the Office of People's Counsel and Technical Staff filed a settlement agreement that would increase Easton's annual electric service revenue by \$485,165 and annual gas service revenues by \$81,865. On April 24, 2020, Easton filed a request to have its proposed tariff revisions be deemed filed on June 2, 2020, and on May 5, 2020, the Commission suspended the proposed rates for 90 days from June 2, 2020. On July 8, 2020, an evening public comment hearing was held virtually. On July 22, 2020, the Public Utility Law Judge issued a proposed order approving the settlement agreement. No party appealed the proposed order, and it became Order No. 89623.

#### **4. Columbia Gas of Maryland, Inc.'s Application for Authority to Increase Rates and Charges – Case No. [9644](#)**

On May 15, 2020, Columbia filed an application for authority to increase its existing rates and charges for natural gas service. The company requested an annual base rate revenue increase of \$6,534,083, an overall increase of approximately 14.3%. As part of the application, the company proposed an overall rate of return of 7.867% (based on a return on equity (ROE) of 10.95%). On May 18, 2020, the Commission docketed the matter as Case No. 9644 and delegated it to the Public Utility Law Judge Division, and on May 21, 2020, suspended initially the proposed rates for 150 days from June 14, 2020, pursuant to PUA § 4-204(b)(2)(i).

On September 2, 2020, an evening public comment hearing was held virtually. On September 4, 2020, the parties advised the Public Utility Law Judge that the parties had entered into a settlement and submitted a joint settlement term sheet. On September 16, 2020, Columbia filed a joint motion for approval of the settlement. An evidentiary hearing was held on September 10 and 18, 2020, to introduce testimonial and documentary evidence into the record, including evidence regarding the settlement. On October 7, 2020, a proposed order was issued approving the settlement and authorizing a rate increase of \$3,300,000. No appeal of the proposed order was taken, and it became Order No. 89665.

**5. Baltimore Gas and Electric Company's Application for an Electric and Gas Multi-Year Plan—Case No. [9645](#)**

On February 4, 2020, the Commission issued Order No. 89482 in Case No. 9618, establishing a framework for a multi-year rate plan (MRP) pilot. On May 15, 2020, Baltimore Gas and Electric Company (BGE) was the first Maryland utility to file an application with the Commission seeking an MRP, requesting gas and electric rates to be effective January 1, 2021, January 1, 2022, and January 1, 2023.

The company sought cumulative increases in electricity rates of \$109.0 million, \$156.1 million and \$203.8 million in 2021, 2022 and 2023, respectively, and cumulative increases in gas rates of \$65.9 million, \$76.2 million and \$109.7 million in 2021, 2022 and 2023, respectively. BGE proposed to totally offset the rate increases in 2021 and 2022 (by accelerating the provision of certain tax benefits to customers), and instead requested increases of \$140.4 million for electric and \$94.9 million for gas in 2023.

On May 18, 2020, by Order No. 89556, the Commission initiated a new docket, Case No. 9645, to consider the application and suspended the proposed tariff revisions.

A pre-hearing conference was held on June 12, 2020, and a procedural schedule was issued.

Virtual public comment hearings were held on the WebEx platform and live streamed on YouTube on July 30, 2020, August 17, 2020 and September 17, 2020. Virtual evidentiary hearings were held October 13-16, 2020 and October 19, 2020.

On December 16, 2020, in Order No. 89678, the Commission approved, in part, BGE's MRP; among other changes, the Commission's decision reduced the rate increases for each year and reduced the large single-year rate increase BGE sought for the third year of the plan.

While BGE's rate increase will take effect beginning on January 1, 2021, the company's tax credits will negate any increase in customer bills in 2021. Beginning in 2022, customers may see an increase in their bills, subject to potential offsetting adjustments that will be reviewed by the Commission in the future. BGE's authorized revenue increase for 2021 will be \$59.3 million for electric and \$53.2 million for gas (but with no increase in customer bills due to the offsets); for 2022, the Commission authorized an additional revenue increase of \$39.2 million for electric and \$8.9 million for gas; for 2023, \$41.4 million for electric and \$11.8 million for gas. The Commission set BGE's return on equity at 9.5% for electric and 9.65% for gas.

On January 15, 2021, the Office of People's Counsel filed a request for clarification. The same day, BGE and the National Railroad Passenger Corporation each filed a request for rehearing. This matter remains pending.

**6. Washington Gas Light Company's Application for Authority to Increase its Rates and Charges and to Revise its Terms and Conditions for Gas Services – Case No. [9651](#)**

On August 28, 2020, Washington Gas filed an application for authority to increase its rates and charges and to revise its terms and conditions for gas services to be effective September 27, 2020. The request sought to increase the company's Maryland base distribution rates by \$28.4 million. On August 31, 2020, the Commission initiated a new docket, Case No. 9651, to consider the application, suspended the proposed tariff revisions, and delegated the matter to the Public Utility Law Judge Division. A virtual pre-hearing conference was held on September 28, 2020, and a procedural schedule was issued. Evidentiary hearings were held virtually on January 7, 2021, January 8, 2021, and January 11, 2021. Evening public comment hearings were held virtually on January 27, 2021. A proposed order was issued on February 12, 2021. On February 26, 2021, Washington Gas, the Office of People's Counsel and the Apartment and Office Building Association of Metropolitan Washington filed notices of appeal of the proposed order. This matter remains pending.

**7. Potomac Electric Power Company's Application for an Electric Multi-Year Plan—Case No. [9655](#)**

On October 26, 2020, the Potomac Electric Power Company (Pepco) became the second Maryland utility to file an application with the Commission for a multi-year rate plan. Pepco proposed a three-year MRP covering the period from April 1, 2021 through March 31, 2024. The company sought an increase in electric distribution rates of \$44 million, \$78 million and \$110 million beginning in 2021, 2022 and 2023, respectively. Pepco proposed to totally offset the rate increases in 2021 and 2022 (by

accelerating the provision of certain tax benefits to customers), and instead requested an increase of \$56 million for electric distribution service in 2023.

On October 27, 2020, by Order No. 89660, the Commission initiated a new docket, Case No. 9655, to consider the application and suspended the tariff revisions. A virtual pre-hearing conference was held on November 23, 2020, and a procedural schedule was issued. At the request of Pepco and the Commission's Technical Staff, on January 12, 2021, the Commission, in Order No. 89687, extended the procedural schedule to allow more time for the parties to review testimony.

Public comment hearings are scheduled for March 15, 2021 and April 15, 2021; evidentiary hearings are slated for April 26-30, 2021. This matter remains pending.

#### **F. Certificates of Public Convenience and Necessity (CPCN) Cases – Applications, Modifications, and Waivers**

##### **1. Perennial Solar, LLC's CPCN Application for an 8.0 MW Solar Photovoltaic Generating Facility in Washington County, Maryland – Case No. [9408](#)**

As reported in prior Annual Reports, the Commission initiated this docket to consider the application for a CPCN to construct an 8.0 MW solar photovoltaic generating station in Washington County, Maryland, pursuant to Public Utilities Article § 7-207. On January 28, 2016, Perennial filed its direct testimony and exhibits in support of its application. After a procedural schedule was established, on March 16, 2016, the schedule was subsequently suspended as the parties wished to wait until the Commission issued orders on two CPCN cases that involved the application of Maryland's Forest Conservation Act. The procedural schedule remained suspended as Washington County appealed to the Court of Special Appeals 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. On November 15, 2018, the Court of Special Appeals published an order finding the Commission's siting authority preempts local zoning regulations and affirmed the Circuit Court's decision. On November 29, 2018, Washington County filed a Petition for *Writ of Certiorari* with the Maryland Court of Appeals. On July 15, 2019, the Maryland Court of Appeals issued an order affirming the Maryland Court of Special Appeals' decision.

On February 18, 2020 and February 24, 2020, petitions to intervene were filed by the Washington County Board of County Commissioners and several *pro se* individuals, respectively. On March 5, 2020, the interventions were granted without opposition. After further delays, another procedural schedule was issued on June 26, 2020, and public comment hearings were held virtually on September 16, 2020 and October 22, 2020. On October 26, 2020, an evidentiary hearing was held virtually. A second evidentiary hearing was held on January 4, 2021. Parties filed initial briefs and reply briefs are due February 26, 2021. This matter remains pending.

**2. Biggs Ford Solar, LLC's CPCN Application for a 15.0 MW Solar Photovoltaic Generating Facility in Frederick County, Maryland – Case No. [9439](#)**

As reported in the 2019 Annual Report, the Commission initiated this docket to consider the application for a CPCN to construct a 15.0 MW solar photovoltaic generating facility and delegated the matter to the Public Utility Law Judge Division. Frederick County intervened and opposed the application based upon a newly enacted zoning ordinance. The Power Plant Research Program (PPRP) of the Maryland Department of Natural Resources did not file an environmental review or proposed license conditions because Biggs Ford had not applied for a floating zone reclassification and the lack of a recommendation on the project by the county.

Additionally, Frederick County noted the project lacked necessary county approvals and was inconsistent with the county's Comprehensive Plan. After an evidentiary hearing, on December 5, 2017, a proposed order denying the CPCN application was issued. On January 4, 2018, the applicant filed a notice of appeal, followed by a memorandum on appeal on January 16, 2018. On April 16, 2018, the Commission issued Order No. 88644, remanding this matter to the Public Utility Law Judge Division to provide the applicant an opportunity to seek a floating zone reclassification based upon Frederick County's recent zoning ordinance. The applicant filed a floating zone reclassification application, and, on December 19, 2018, the Frederick County Planning Commission recommended the Frederick County Council deny the application.

On February 19, 2019, the Frederick County Council denied the applicant's floating zone application. On May 6, 2019, a new procedural schedule was adopted. Both PPRP and the county recommended denying the CPCN. Specifically, PPRP cited the site's value as an agricultural resource and its location within a Priority Preservation Area, the lack of consistency with the county's Comprehensive Plan, and local opposition. PPRP also did not file a project assessment report or proposed license conditions. On September 19, 2019, a second public comment hearing was held in Frederick, Maryland, and on October 29, 2019, an evidentiary hearing was held. At the conclusion of the evidentiary hearing, the applicant and PPRP were both directed to provide additional information due to substantial changes to the project and the lack of a project assessment report or proposed license conditions.

On February 10, 2020, the applicant filed supplemental testimony and information related to its amended proposal, and PPRP filed supplemental testimony, a

project assessment report, and license conditions, but still recommended the CPCN application be denied.

On August 27, 2020, a proposed order was issued granting the CPCN, subject to the license conditions proposed by PPRP and Commission Staff. On November 24, 2020, the Commission issued Order No. 89668 denying the appeal. On December 15, 2020, Frederick County filed a Petition for Judicial Review in the Circuit Court for Baltimore County. This matter remains pending.

**3. Energy Ventures IPP, LLC's CPCN Application for a 10 MW Solar Photovoltaic Generating Facility in Prince George's County, Maryland – Case No. [9469](#)**

As reported in the 2019 Annual Report, the Commission initiated Case No. 9469 to consider the application and delegated the proceedings to the Public Utility Law Judge Division on December 28, 2017. On February 5, 2018, a procedural schedule was adopted. The first evening hearing for public comment was held on June 6, 2018. The procedural schedule was suspended numerous times between July 9, 2018 and April 2, 2020. A request to withdraw the CPCN application was filed by Energy Ventures on June 30, 2020. On July 2, 2020, the Public Utility Law Judge allowed the withdrawal of the application without prejudice and closed the docket.

**4. Citizens UB Solar, LLC's CPCN Application for a 9.9 MW Solar Photovoltaic Generating Facility in the Town of Union Bridge and Carroll County, Maryland – Case No. [9483](#)**

On June 7, 2018, Citizens UB Solar, LLC filed an application for a CPCN to construct a 9.9 MW solar photovoltaic generating station in the Town of Union Bridge and Carroll County, Maryland. On June 8, 2018, the Commission initiated a new docket, Case No. 9483, to consider the application and delegated the proceedings to

the Public Utility Law Judge Division. On July 12, 2018, a pre-hearing conference was held and procedural schedule was agreed upon but was subsequently suspended on December 21, 2018, to allow PPRP additional time to complete its review. On April 29, 2019, a new procedural schedule was issued, and both PPRP and Staff filed direct testimony and recommended approving the CPCN, subject to numerous license conditions, but the town filed testimony in opposition to the project. On August 19, 2019, a second public comment hearing was held in Union Bridge, Maryland. On October 31, 2019, the applicant filed a settlement agreement it reached with the town. On December 19, 2019, an evidentiary hearing was held, and PPRP and Staff recommended the project be approved, subject to numerous license conditions; however, Staff recommended the Commission take no action on the settlement agreement between the applicant and the town.

On February 13, 2020, a proposed order was issued granting the CPCN, subject to final licensing conditions and the settlement agreement. On March 16, 2020, the Commission's Technical Staff appealed the proposed order, and the applicant and the Town of Union Bridge filed a joint reply, and PPRP filed a reply, both in opposition. On April 27, 2020, the Commission issued Order No. 89548 denying the appeal.

**5. Morgnec Road Solar Center, LLC's CPCN Application for a 45.0 MW Solar Photovoltaic Generating Facility in Kent County, Maryland – Case No. [9499](#)**

On November 30, 2018, Morgnec Road Solar, LLC filed an application for a CPCN to construct a 45.0 MW solar photovoltaic generating facility in Kent County, Maryland. On December 3, 2018, the Commission initiated a new docket, Case No. 9499, and delegated the matter to the Public Utility Law Judge Division.

Petitions to intervene were filed by Keep Kent Scenic, Inc. d/b/a Kent Conservation and Preservation Alliance; the County Commissioners of Kent County; and the Mayor and Council of the Town of Chestertown, Maryland, which were granted. An initial hearing for public comment was held on April 24, 2019. Direct testimony of parties/intervenors other than the applicant was filed in December 2019. A second public comment hearing and the evidentiary hearing were scheduled to be held in April 2020; however, both were postponed due to the COVID-19 pandemic. The procedural schedule remains suspended.

**6. Baltimore Gas and Electric Company's CPCN Application for the Key Crossing Reliability Initiative Transmission Line Project – Case No. [9600](#)**

On December 21, 2018, Baltimore Gas and Electric Company (BGE) filed an application for a CPCN to modify a portion of an existing 230 kV electric transmission line that runs between the Riverside Substation in Baltimore County, Maryland, and the Brandon Shores Substation in Anne Arundel County, Maryland. BGE proposes to replace the existing underground pipe-type cable along an approximate 2.25-mile stretch of the existing 230 kV electric transmission line between Hawkins Point and Sollers Point beneath the Patapsco River with overhead wire and eight support structures. On December 26, 2018, the Commission initiated a new docket, Case No. 9600, and delegated the matter to the Public Utility Law Judge Division. Evening hearings for public comment were held in September 2019 and again in December 2019. The evidentiary hearing was held on January 28, 2020, and a proposed order was issued on February 12, 2020, granting the CPCN, subject to certain licensing conditions. No appeal of the proposed order was taken, and it became Order No. 89532.

**7. Lightsource Renewable Energy Development, LLC's CPCN Application for a 20 MW Solar Photovoltaic Generating Facility in St. Mary's County, Maryland - Case No. [9620](#)**

On August 27, 2019, the Commission initiated Case No. 9620 to consider the application for a CPCN to construct a 20 MW solar photovoltaic generating facility and delegated the proceedings to the Public Utility Law Judge Division. On December 2, 2019, the first public comment hearing was held in Lexington Park, Maryland.

On January 21, 2020, the parties filed a joint motion to suspend the procedural schedule, and on January 23, 2020, the Public Utility Law Judge issued a ruling granting the joint motion and suspending the procedural schedule, which remains suspended.

**8. New Market Solar, LLC's CPCN Application for a 50 MW Solar Photovoltaic Generating Facility in Dorchester County, Maryland - Case No. [9635](#)**

On February 14, 2020, New Market Solar, LLC filed an application for a CPCN to construct a 50 MW alternating current generating capacity solar photovoltaic facility in Dorchester County, Maryland. On February 20, 2020, the Commission docketed the application as Case No. 9635 and delegated the conduct of the proceedings to the Public Utility Law Judge Division. A pre-hearing conference was held on April 21, 2020, and a procedural schedule was issued.

On June 25, 2020, New Market Solar and PPRP requested that further proceedings be suspended until the applicant has received a final zoning decision from the Dorchester County Board of Appeals. On June 26, 2020, the joint motion was granted, and the procedural schedule suspended and hearing dates canceled. The ruling further directed that within 15 days of a decision from the County Board of Appeals, and after conferring with all parties to obtain agreement, if possible, the

applicant shall submit a proposed procedural schedule for consideration by the Public Utility Law Judge assigned to the case. This matter remains pending.

**9. Baltimore Gas and Electric Company's CPCN Application for the Five Forks to Maryland/Pennsylvania Border Transmission Line Reliability Project – Case No. [9636](#)**

Baltimore Gas and Electric Company filed an application for a CPCN to rebuild a 1.89-mile existing dual-circuit 115 kV transmission line segment between BGE's Five Forks substation in northern Harford County, Maryland and the Maryland/Pennsylvania border. On February 24, 2020, the Commission initiated a new docket, Case No. 9636, to consider the application and delegated the matter to the Public Utility Law Judge Division. A virtual evidentiary hearing was held on September 15, 2020, and a virtual public comment hearing was held on September 22, 2020. On December 7, 2020, a proposed order was issued approving the project, subject to the license conditions proposed by PPRP and Staff. The proposed order was not appealed and became Order No. 89686 on January 11, 2021.

**10. Baltimore Gas and Electric Company's CPCN Application for the Bush River Crossing Project – Case No. [9642](#)**

On April 17, 2020, BGE filed an application for a CPCN to replace a 1.3-mile portion of an existing 115 kV transmission line that runs from Edgewood and Perryman across the Bush River in Harford County. On April 20, 2020, the Commission initiated Case No. 9642 to consider the application and delegated the proceedings to the Public Utility Law Judge Division. A procedural schedule was issued and BGE, PPRP and Staff filed testimony. A virtual public comment hearing was held on February 9, 2021, and an evidentiary hearing is scheduled for March 26, 2021. This matter remains pending.

**11. Point Reyes Energy Partners, LLC's CPCN Application for a 19.84 MW Solar Photovoltaic Generating Facility in Allegany County, Maryland - Case No. [9643](#)**

On May 13, 2020, Point Reyes Energy Partners, LLC filed an application for a CPCN to construct a 19.84 MW solar photovoltaic generating facility with an optional energy storage component in Allegany County, Maryland. On May 14, 2020, the Commission initiated a new docket, Case No. 9643, to consider the application and delegated the matter to the Public Utility Law Judge Division. A procedural schedule was issued on June 15, 2020. On August 11, 2020, an initial public comment hearing was held virtually and live streamed on the Public Utility Law Judges' YouTube channel. By agreement of the parties, the procedural schedule was suspended on October 9, 2020, for the applicant to provide a revised site plan. On November 13, 2020, the applicant filed the finalized design plan, and a new procedural schedule was issued on November 18, 2020. A second public comment hearing was held on March 10, 2021; an evidentiary hearing is scheduled for March 18, 2021. This matter remains pending.

**12. PTR HoldCo, LLC's CPCN Application for a 30.0 MW Solar Photovoltaic Generating Facility in Harford County, Maryland - Case No. [9652](#)**

On September 2, 2020, PTR HoldCo, LLC filed an application for a CPCN to construct a 30.0 MW solar photovoltaic generating facility, to be known as the Fairview Farm Solar Project, in Harford County, Maryland. On September 8, 2020, the Commission initiated a new docket, Case No. 9652, to consider the application and delegated the matter to the Public Utility Law Judge Division. A procedural schedule was issued on October 16, 2020. An initial hearing for public comment was held virtually on December 15, 2020. A second public comment hearing and evidentiary hearing are scheduled for April 2021. This matter remains pending.

**13. Kumquat & Citron Cleantech, LLC's CPCN Application for a 7.20 MW Solar Photovoltaic Generating Facility in Wicomico County, Maryland – Case No. [9656](#)**

On December 1, 2020, Kumquat & Citron Cleantech, LLC filed an application for a CPCN to construct a 7.20 MW solar photovoltaic generating facility in Wicomico County, Maryland. On December 2, 2020, the Commission initiated a new docket, Case No. 9656, to consider the application and delegated the matter to the Public Utility Law Judge Division. A procedural schedule was issued on February 9, 2021. This matter remains pending.

**G. Standard Offer Service and Energy Competition Cases**

**1. Electric Competition Activity (Energy Choice) – 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. The passage of Senate Bill 517 in the 2019 session of the Maryland General Assembly directed the Commission to create two new residential customer choice shopping websites (for electricity and gas) by October 1, 2020. The Commission launched [www.MDElectricChoice.com](http://www.MDElectricChoice.com) on March 9, 2020, and [www.MDGasChoice.com](http://www.MDGasChoice.com) on September 29, 2020. Each website is accompanied by a secure portal for licensed retail energy suppliers to upload their offers.

The new websites feature attractive user-friendly designs and layouts making it easy for energy shoppers to navigate and find products beneficial to them. In addition to many shop-and-compare features, the websites also contain resources and educational information to help customers make more informed decisions when choosing their energy supplier as well as to help answer many questions that consumers may have regarding their home energy needs. The new websites also contain links to the Commission's complaint portal that provides access for customers to contact the Consumer Affairs Division if they need help resolving an issue with a supplier. The Commission is exploring options to further enhance customer education on retail choice.

In its first year, the MDElectricChoice site has had more than 21,400 visits and more than 113,000 page views; since launching, the MDGasChoice site has had nearly 3,000 visits and more than 10,600 page views.

In 2020, Potomac Edison (PE), Baltimore Gas and Electric Company (BGE), Delmarva Power & Light Company (DPL), Potomac Electric Power Company (Pepco) and Southern Maryland Electric Cooperative (SMECO) filed electric choice enrollment reports on a monthly basis. At the end of December 2020, electric suppliers in the state served 515,691 commercial, industrial, and residential customers. This number represents an approximate 2.6% decrease from 2019, when suppliers served 529,329 customers.

**Customer accounts enrolled with electric suppliers  
as of December 31, 2020**

	<b>Residential</b>	<b>Non-Residential</b>	<b>Total</b>
Total eligible accounts	2,308,425	267,814	2,576,239
Number of customers enrolled with suppliers	417,114	98,577	515,691
Percentage of customers enrolled with suppliers	18.1%	36.8%	20.0%

At the end of December 2020, the overall demand in megawatts of peak load obligation served by all electric suppliers was 5,568 MW, down approximately 2.2% from 5,691 MW in 2019.

**Peak load obligation served by electric suppliers  
as of December 31, 2020**

	<b>Residential</b>	<b>Non-Residential</b>	<b>Total</b>
Total MW peak	6,673 MW	5,775 MW	12,448 MW
MW demand served by suppliers	1,227 MW	4,341 MW	5,568 MW
Percentage of peak load served by suppliers	18.4%	75.2%	44.7%

BGE had the highest number of residential accounts (266,411), commercial accounts (52,720), and total peak-load (6,408 MW) served by suppliers. The number of electric suppliers licensed in Maryland increased from 400 in 2019 to 412 at the end of 2020, up 3.0%. 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, 2020**

	<b>Residential</b>	<b>Small C&amp;I</b>	<b>Mid-Sized</b>	<b>Large C&amp;I</b>
<b>BGE</b>	71	76	62	20
<b>DPL</b>	53	51	44	17
<b>PE</b>	41	38	36	19
<b>Pepco</b>	62	59	55	26
<b>SMECO</b>	7	6	4	1

## 2. Results of the Standard Offer Services Solicitations for Residential and Small Commercial (Type I) 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 2020, SOS rates decreased for Pepco’s residential customers, and increased for residential customers of BGE, Delmarva Power & Light and Potomac Edison, compared to the previous year. SOS rates decreased for Pepco’s small commercial customers and increased for small commercial customers of Delmarva, BGE and Potomac Edison compared with the previous year. With the exception of Potomac Edison,<sup>24</sup> 2020 bids were completed in April of 2020. Rate changes expressed as a percentage change in the total annual cost for an average customer are shown below.<sup>25</sup>

### **Residential Customers**

BGE	+1.6%
DPL	+4.6%
Pepco	-2.0%
Potomac Edison	+5.6% (for 2021/22)

### **Small Commercial (Type 1) SOS Customers**

BGE	+2.9%
DPL	+4.0%
Pepco	-0.1%
Potomac Edison	(no Type 1 bids)

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<sup>24</sup> Due to PE’s bid cycle, bill impacts are shown for one year in advance of the other utilities.

<sup>25</sup> 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.

**3. 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](#), [RM70](#)**

On September 7, 2017, numerous competitive suppliers filed a joint petition requesting the Commission mandate supplier consolidated billing (SCB) as a billing option by June 30, 2019, at the latest, adopt specific policy recommendations and elements proposed in the petition, and establish a rulemaking proceeding and workgroup to facilitate the drafting of any 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 held a legislative-style hearing on February 20, 2018, to further consider the petition. In a May 24, 2018 letter order, the Commission requested additional comments on specific issues raised in the hearing. On May 7, 2019, the Commission issued Order No. 89116 authorizing supplier consolidated billing and establishing a workgroup to develop and propose regulations to implement SCB.

The SCB workgroup met regularly throughout the second half of 2019 and all of 2020. On September 23, 2020, the Commission's Technical Staff filed a petition for rulemaking including proposed revisions to COMARs 20.51, 20.53, 20.54 and 20.59, proposed billing processes and a detailed explanation of the workgroup's progress. After receiving numerous comments, the Commission held three days of rulemaking sessions in RM70 on December 14-16, 2020. Following the hearing, the Commission tasked the workgroup with implementing the guidance it provided and seeking additional

consensus on remaining items. The Commission held additional rulemaking sessions on February 22-23, 2021. On March 10, 2021, the Commission voted to approve the proposed regulations, with certain modifications, for publication in the *Maryland Register* for notice and comment.

## **H. Mergers, Transfers, and Franchise Cases**

### **1. Joint application of Chesapeake Utilities & South Jersey Industries for Chesapeake to acquire Elkton Gas – Case No. [9632](#)**

On January 8, 2020, Chesapeake Utilities Corporation and South Jersey Industries, Inc. (SJI) filed a joint application for approval of an agreement by which Chesapeake Utilities Corporation would acquire the Elkton Gas Company, a local gas distribution company with a service territory spanning approximately 64 square miles in portions of Cecil County, Maryland, operating approximately 105 miles of service main to serve approximately 6,700 customers in and around the town of Elkton. On January 10, 2020, the Commission docketed the application as Case No. 9632 and delegated the conduct of the proceedings to the Public Utility Law Judge Division.

On April 24, 2020, the parties advised the Public Utility Law Judge that they had reached a unanimous settlement; thereafter, the parties forwarded a term sheet, and on May 4, 2020, the parties each filed testimony in support of the settlement. The applicants also filed a joint motion and unanimous stipulation and settlement agreement. On May 5, 2020, an evidentiary hearing was held to introduce testimony into evidence by stipulation and for questioning by the Public Utility Law Judge. On May 12, 2020, an evening public hearing was held via virtual meeting.

On May 29, 2020, a proposed order was issued approving the settlement agreement without modification and granting the acquisition application. No appeal was taken of the proposed order, and it became Order No. 89570.

## **I. Other Matters**

### **1. William Steverson v. Potomac Electric Power Company – Case No. [9498](#)**

As reported in 2018, on April 17, 2018, William Steverson filed an appeal of the Commission's Consumer Affairs Division's<sup>26</sup> decision on further review involving a formal complaint against Potomac Electric Power Company (Pepco) challenging the termination of his service and alleging unfairness and bias by the Commission's Consumer Affairs Division in handling the dispute. On November 21, 2018, the Commission issued a letter order that denied the allegations of bias but delegated the issue to the Public Utility Law Judge Division to determine whether Pepco violated COMAR 20.31.03.01. An evidentiary hearing was held on February 7, 2019. A Motion to Stay Proceeding was filed on February 11, 2019, and subsequently granted, based upon Mr. Steverson filing a petition for bankruptcy. As of December 31, 2020, this matter remains pending.

### **2. Complaint of the Staff of the Public Service Commission of Maryland v. SmartEnergy Holdings, LLC d/b/a SmartEnergy – Case No. [9613](#)**

On May 10, 2019, Staff filed a complaint against SmartEnergy alleging SmartEnergy had committed fraud and engaged in deceptive practices for failing to comply with the Commission's consumer protection regulations, as contained in

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<sup>26</sup> At the time, the Office of External Relations.

COMAR 20.51.07 and 20.53.07. On May 16, 2019, the Commission directed SmartEnergy to file an answer to Staff's complaint and submit evidence to show just cause as to why SmartEnergy's license to provide electric or electric supply services should not be suspended or revoked, or, in the alternative, why SmartEnergy should not be precluded from soliciting additional customers and/or be subject to a civil penalty under the Public Utilities Article (PUA) for (a) committing fraud, (b) engaging in deceptive practices, (c) slamming, and (d) failing to comply with the Commission's consumer protection regulations. SmartEnergy filed a response, and on July 8, 2019, Staff submitted proprietary and non-proprietary versions of supplemental exhibits to its complaint.

On July 12, 2019, the Commission, by Order No. 89190, delegated the complaint to the Public Utility Law Judge Division for a finding of whether SmartEnergy engaged in a pattern or practice of systemic violations of the consumer protections contained in the PUA. Staff subsequently amended its complaint, and the Maryland Office of People's Counsel filed a third-party complaint.

On August 21, 2020, Staff filed a motion for summary judgment to which SmartEnergy responded on September 8, 2020. OPC filed a reply to SmartEnergy's response on September 11, 2020, and the motion for summary judgment was granted in part on September 11, 2020. On October 12, 2020, SmartEnergy filed a motion to strike testimony to which OPC and Staff responded in opposition. OPC filed a motion for leave to amend its third-party complaint on October 26, 2020. At the evidentiary hearing that began October 28, 2020, the motion to strike testimony was granted in part and denied in part for the reasons stated on the record. OPC's motion for leave to

amend was granted for the reasons stated on the record. Thereafter, an evidentiary hearing was conducted.

A proposed order was issued on December 16, 2020, in which the Public Utility Law Judge made various recommendations including that a moratorium be imposed on SmartEnergy's enrolling or soliciting additional customers in Maryland at least until SmartEnergy completes a communication and refund process, as well as an accounting to the Commission, after which the Commission can address the appropriate civil monetary penalty to be imposed.

On December 22, 2020, the Commission issued Order No. 89683 imposing a moratorium and directing further proceedings. This matter remains pending.

### **3. Complaint of the Staff of the Public Service Commission of Maryland v. Direct Energy Services, LLC – Case No. [9614](#)**

On May 15, 2019, Staff filed a complaint against Direct Energy Services, LLC, alleging that the company had violated Maryland law governing retail suppliers' activities. On May 17, 2019, the Commission ordered the company to answer Staff's complaint and to show just cause as to why the company's license to provide electricity or electricity supply services and its license to provide natural gas and natural gas supply services should not be suspended or revoked. On July 12, 2019, the Commission found that the submissions provided by the parties were insufficient to resolve the issues set forth in Staff's complaint and the company's response. The Commission initiated a new docket, Case No. 9614, and delegated the matter to the Public Utility Law Judge Division for a finding of whether the company engaged in a pattern or practice of systemic violations of the consumer protections in the Public Utilities Article and the Commission's regulations. A pre-hearing conference was held

on September 11, 2019. A scheduling order was issued on January 6, 2020, but the procedural schedule was later suspended at the request of the parties. A new procedural schedule was issued on February 9, 2021. This matter remains pending.

**4. Complaint of the Staff of the Public Service Commission of Maryland v. U.S. Gas & Electric d/b/a Maryland Gas & Electric and Energy Services Providers, Inc. d/b/a Maryland Gas & Electric – Case No. [9615](#)**

On May 15, 2019, Staff filed a complaint against U.S. Gas & Electric d/b/a Maryland Gas & Electric, alleging that the company had violated Maryland law governing retail suppliers' activities. On May 17, 2019, the Commission ordered the company to answer Staff's complaint and to show just cause as to why the company's license to provide electricity or electricity supply services and its license to provide natural gas and natural gas supply services should not be suspended or revoked. On July 12, 2019, the Commission found that the submissions provided by the parties were insufficient to resolve the issues in Staff's complaint and the company's response. The Commission initiated a new docket, Case No. 9615, and delegated the matter to the Public Utility Law Judge Division for a finding of whether the company engaged in a pattern or practice of systemic violations of the consumer protections in the Public Utilities Article and the Commission's regulations. A pre-hearing conference was held on September 11, 2019. A scheduling order was issued on September 16, 2019. The procedural schedule was suspended at the request of the parties. A new procedural schedule was issued on February 9, 2021. This matter remains pending.

## **5. Alternative Rate Plans or Methodologies to Establish New Base Rates for an Electric Company or a Gas Company – Case No. [9618](#)**

After conducting Public Conference 51, on August 6, 2019, the Commission issued Order No. 89226 on Alternative Forms of Rate Regulation and established a working group and delegated the conduct of the working group to the Public Utility Law Judge Division, with the assistance of the Commission's Staff. The order directed the working group to submit an implementation report that addressed 11 specific items. In accordance with the referenced order, the working group met eight times from September 2019 through December 2019, and on December 20, 2019, in accordance with Order No. 89226, the working group filed its report. On February 4, 2020, the Commission issued Order No. 89482 establishing a multi-year rate plan pilot.

Order No. 89226 had also directed the working group to commence a second phase to consider performance based rates and set a deadline of April 1, 2020 to submit a report.

On December 12, 2019, a procedural schedule was issued for Phase II. The working group had five in-person meetings and one virtual meeting between January 13, 2020 and May 22, 2020. After the Commission extended the working group's deadline, on June 17, 2020, the working group filed its Phase II report. On July 17, 2020, Technical Staff filed a petition for clarification, and Washington Gas filed a letter in response. On July 31, 2020, the Commission issued Order No. 89586 denying Technical Staff's petition. On September 29, 2020, the Commission issued Order No. 89638 approving performance incentive mechanisms, and permitted utilities to file such mechanisms without endorsing any of the specific mechanisms discussed in the Phase II report.

**6. Formal Complaint of Christine R. Gaynor Spottswood v. Potomac Electric Power Company - Case No. [9621](#)**

On October 1, 2019, Ms. Gaynor Spottswood filed an appeal of the Commission's Consumer Affairs Division's decision on further review involving a formal complaint against the Potomac Electric Power Company (Pepco) regarding the amount of electricity billed by Pepco and the electricity consumption that the company alleged was procured due to meter tampering. After discovering meter tampering, Pepco initially determined the tampering had existed from 2011 through 2017 and estimated the unmetered electricity usage to be \$18,966.72. The amount Pepco ultimately sought was reduced based upon two miscalculations and a directive from the Commission to amend the tampering period from 2012 through 2017, which resulted in an unbilled usage estimate of \$14,775.20. The Commission found issues of fact related to the amount Pepco claimed was owed based on several years of unmetered usage and the length of time, approximately five years, to discovering the tampering, and delegated this matter to the Public Utility Law Judge Division. The parties both submitted testimony, and an evidentiary hearing was held on December 9, 2019. Pepco filed a post-hearing brief on January 10, 2020, and a proposed order was issued on February 11, 2020, authorizing Pepco to bill \$14,775.20 for unbilled usage due to meter tampering. No appeal of the proposed order was taken, and it became Order No. 89530.

**7. Formal Complaint of Hill Management Services, Inc. v. Agera Energy, LLC - Case No. [9623](#)**

On April 29, 2019, Hill Management Services, Inc. filed an appeal of the Commission's Consumer Affairs Division's decision on further review involving a formal complaint against Agera Energy, LLC alleging breach of contract to deliver gas and

failure to notify pursuant to a 2017 contract and sought \$464,112.75. On September 11, 2019, the Commission determined an evidentiary hearing was necessary and delegated the case to the Public Utility Law Judge Division. After a procedural schedule was adopted, on October 7, 2019, Agera filed a suggestion of bankruptcy, and on October 15, 2019, this proceeding was stayed. As of December 31, 2020, this matter remains pending.

**8. Complaint of the Staff of the Public Service Commission of Maryland v. Atlantic Energy MD, LLC - Case No. [9624](#)**

On May 15, 2019, Commission Staff filed a complaint against Atlantic Energy, MD, LLC alleging numerous violations of Maryland law governing retail suppliers' activities. After considering Atlantic's response, on July 12, 2019, the Commission dismissed Staff's complaint. However, on August 12, 2019, the Office of People's Counsel (OPC) filed a motion for rehearing and on October 2, 2019, the Commission granted OPC's motion and delegated the proceedings to the Public Utility Law Judge Division. On November 13, 2019, a procedural schedule was issued but was subsequently suspended due to the COVID-19 pandemic. On August 12, 2020, a new procedural schedule was issued, and evidentiary hearings are currently scheduled for February 2021. This matter remains pending.

**9. Formal Complaint of Gordon Brenne v. Washington Suburban Sanitary Commission – Case No. [9625](#)**

On July 16, 2019, Mr. Brenne filed a formal complaint against Washington Suburban Sanitary Commission (WSSC) asserting that the company's volumetric rates for water and sewer service are not just and reasonable and are unduly discriminatory. A replacement complaint was filed on July 18, 2019. On July 19, 2019, the Commission granted Mr. Brenne's request to withdraw the original complaint and ordered WSSC to

answer the replacement complaint. On October 18, 2019, the Commission delegated the matter to the Public Utility Law Judge Division to conduct proceedings to evaluate the WSSC cost of service study in order to determine whether the new rate structure adopted by WSSC implements rates that are just and reasonable, and directed the Commission Staff to participate in the matter. A pre-hearing conference was held on February 4, 2020. A procedural schedule was issued on February 10, 2020. An evidentiary hearing was conducted virtually on November 9, 2020. A proposed order was issued on February 16, 2021. This matter remains pending.

**10. Formal Complaint of Michelle Danielle Breau v. Delmarva Power & Light Company - Case No. [9633](#)**

On July 24, 2019, Ms. Breau filed an appeal of the Commission's Consumer Affairs Division's decision on further review involving a formal complaint against Delmarva Power & Light Company regarding her request for Delmarva to repair or replace certain electrical equipment attached to a multi-family dwelling in Ocean City, Maryland. Delmarva maintained that the equipment in question was not company-owned, but was owned by the condominium/customer. The Commission found issues of fact related to the ownership of the equipment and delegated this matter to the Public Utility Law Judge Division. The parties submitted testimony and a proposed order was issued without conducting an evidentiary hearing or the submission of briefs. A proposed order was issued on November 19, 2020, which determined Delmarva had no responsibility for either the repair or replacement of the equipment, and that the equipment did not pose a hazardous condition or safety violation. On December 21, 2020, Ms. Breau filed an appeal of the proposed order, and Delmarva filed a reply brief on January 11, 2021. This matter remains pending.

**11. Formal Complaint of Regency Furniture of Brandywine, Inc. v. Washington Gas Light Company – Case No. [9641](#)**

On January 17, 2020, Regency Furniture of Brandywine, Inc. filed a formal complaint against Washington Gas Light Company (WGL) disputing a \$340,113.60 bill transferred by WGL to the complainant's account related to theft of gas at a Regency Furniture retail location. On April 16, 2020, the Commission docketed the matter as Case No. 9641 and delegated it to the Public Utility Law Judge Division. An evidentiary hearing was held virtually on August 12, 2020, and a proposed order was issued on September 30, 2020 denying the complainant's request that the transfer of charges be disallowed. The complainant filed a notice of appeal on October 28, 2020, followed on November 6, 2020 by a memorandum on appeal. WGL filed a reply memorandum on November 24, 2020. On February 1, 2021, the Commission issued Order No. 89697 affirming the PULJ's decision, denying the complainant's appeal and found Regency Furniture responsible for more than \$292,000 in unauthorized gas service.

**12. Complaint of the Maryland Office of People's Counsel v. SunSea Energy, LLC – Case No. [9647](#)**

On June 4, 2020, the Office of People's Counsel filed a complaint and request for show cause against SunSea Energy, alleging that the company had engaged in unfair and deceptive marketing and enrollment practices in violation of various provisions of Maryland law and the Commission's consumer protection regulations. SunSea responded to the complaint on July 6, 2020, generally denying the allegations but stated it had nonetheless ceased enrollment of Maryland customers pending the resolution of the matter. The Commission issued Order No. 89582 on July 28, 2020, establishing a virtual evidentiary hearing for SunSea to show cause to why its retail energy supply license should not be suspended or revoked, why it should not be precluded from

soliciting additional customers, and why it should not be subject to a civil penalty pursuant to PUA §§ 7-507 and 13-201.

At the evidentiary hearing on October 7, 2020, the Commission found that SunSea had violated specific provisions of the PUA and COMAR with regard to its enrollment of customers by phone. The Commission imposed a moratorium prohibiting SunSea from marketing and soliciting new customers. The Commission directed the company to (1) return those customers who were solicited by telephone to default service; (2) rerate and refund all customers who were solicited by telephone—former and current—the difference between the company’s supply charges and the applicable SOS rate for the entire period they were served by SunSea; and (3) provide the Commission with an accounting of its refund efforts. SunSea was required to satisfy these directives by November 6, 2020. The Commission deferred consideration of any potential civil monetary penalty to a later date.

On January 27, 2021, the Commission held a virtual status conference to ascertain whether SunSea complied with the Commission’s directives. The Commission directed SunSea to engage an independent auditor to conduct a review of the company’s refunded accounts, supply contracts, and related matters. The auditor’s report is due April 1, 2021. This matter remains pending.

## **J. Rulemakings and Regulations – New and Amended**

### **1. [RM56](#)—Revisions to COMAR 20.62 - Community Solar Energy Generation Systems**

A rulemaking session was held on May 14, 2020 to consider whether to finally adopt the proposed revisions to COMAR 20.62 that were published for notice and comment in the *Maryland Register* on March 27, 2020. The proposed revisions provided

longer community solar project development timelines. Chairman Stanek directed Commission Staff to consider the comments filed by six parties in RM56 and accommodate them in the next rulemaking session that should take place by year's end. On November 18, 2020, a petition for rulemaking was filed by the Coalition for Community Solar Access, Maryland-DC-Delaware-Virginia Solar Energy Industries Association, and Low and Moderate Income Advocates.

The petitioners requested that the Commission adopt certain proposed changes to COMAR 20.62, including: (1) a 40 percent increase in the Maryland CSEGS Pilot Program capacity; (2) introduction of a new entity with functions similar to a subscription broker, and (3) various changes to the operations of the Pilot. On November 20, 2020, the Commission published a notice for request for comments on the petition. The Commission subsequently approved Staff's request for an extension of the comment period to January 29, 2021. On February 4, 2021, the Commission issued notice of a rulemaking session scheduled for March 11, 2021 to consider the petition. At the request of Staff, on March 4, 2021, the Commission postponed the rulemaking to March 22 and 23 (if needed), 2021.

**2. [RM69](#)—Revisions to COMAR 20.79.01, 20.79.02 and 20.79.03 – Notice, Pre-Application, and Application Requirements for Qualifying Generating Stations**

On April 7, 2020, Staff filed a petition requesting that the Commission initiate a rulemaking to revise regulations governing CPCN applications for certain qualifying fossil fuel-fired generating stations over 70 megawatts (MW) in capacity. The purpose of the rulemaking was to align the Commission's CPCN regulations with federal requirements under Title VI of the Civil Rights Act of 1964 to ensure that communities affected by the proposed project are given a meaningful opportunity to participate in the

permitting process. Staff proposed to enhance certain public notice, public engagement, and application requirements for qualifying generating stations, including the designation of a community liaison officer as the applicant's point of contact for the project, the establishment of a new pre-application process for engaging affected communities, and the inclusion of an environmental hazard risk identification and mapping report with the CPCN application.

At the virtual rulemaking session on May 21, 2020, the Commission adopted Staff's proposed regulations, with modifications. The Commission moved to publish the amended regulations in the *Maryland Register* for notice and comment. On November 2, 2020, the Commission held a second virtual rulemaking session and moved to finally adopt the proposed revised regulations as published in the *Maryland Register* on July 31, 2020. The regulations went into effect as of November 30, 2020.

### **3. [RM72](#)—Revisions to COMAR 20.79 – Regulations Governing CPCNs for Generating Stations**

On September 23, 2020, the Commission issued a notice of intent to initiate a rulemaking to consider further revisions to COMAR 20.79 to enhance transparency in the CPCN application requirements for generating stations, specifically in the determination of when an application is considered complete in order to proceed with the CPCN application review. The Commission invited interested parties to file comments or proposals for Staff's consideration regarding possible revisions, and directed Staff to file a petition to open a rulemaking docket by December 18, 2020. In response to the notice, several interested parties submitted comments and/or proposals to Staff. On December 18, 2020, Staff filed a petition requesting that the Commission initiate the rulemaking. Staff's proposed regulations seek to establish a new pre-

application consultation requirement, create a clear set of CPCN application completeness criteria, and ensure that State agencies and local jurisdictions are provided with sufficient project information to evaluate the proposed project. The rulemaking is currently pending, and a hearing has been scheduled for March 29, 2021.

## **K. Public Conferences**

### **1. [PC44](#)—Transforming Maryland's Electric Distribution Systems (Grid Modernization)**

As first reported in the 2016 Annual Report, on September 26, 2016, the Commission convened PC44, a proceeding which built on two 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 would 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). 2020 activities included:

- **Rate Design Workgroup**

After consideration at the December 12, 2018 Administrative Meeting, the Commission directed the Joint Utilities to proceed with implementation of residential time of use (TOU) pilots. Recruitment for the pilot program began in early 2019. The TOU rates went into effect in the utilities' service territories on April 1, 2019, and will remain open to customers for the duration of the pilot (May 31, 2021) and through the evaluation period (end of 2021). Following the Administrative Meeting on November 18, 2020, the Commission received an update from the Brattle Group which is providing evaluation, measurement and verification to the utilities for the pilot results. The update provided preliminary results for the first year of the pilot showing statistically valid findings for the majority of the pilot metrics. The pilot rates remain in effect.

The Commission also directed BGE and Pepco to issue a request for proposals from the supplier community to undertake innovative load-shaping pilots. After receiving the results of the solicitation and party comments, the Commission directed Pepco and BGE to partner with the selected suppliers in offering two innovative rate offerings designed to shift and shape residential customer load. In light of the COVID-19 pandemic, the supplier pilots were delayed until door-to-door sales could resume and the pilot could take place during a period with retail conditions more likely to be repeated in the future.

- **Case No [9478](#)—In the Matter of the Petition of the Electric Vehicle Workgroup for Implementation of a Statewide Electric Vehicle Portfolio**

On January 14, 2019, the Commission issued Order No. 88997 approving a modified EV charging portfolio across four investor-owned utility service territories—BGE, Delmarva Power & Light, Pepco and Potomac Edison. Summarized briefly, the Commission approved a total of 5,046 smart and DC fast chargers (combined):

- Rebate incentives for 3,137 residential smart chargers via rebate incentives;
- Rebate incentives for 1,000 non-residential smart chargers at multi-unit dwelling locations; and
- 909 utility-owned and operated public chargers.

Order No. 88997 also approved time-of-use residential rate offerings (both whole house and EV-specific), demand charge credit programs for non-residential applications, and BGE’s managed charging program to control the level of EV charging during peak demand periods. The Commission further directed the utilities to file detailed, semi-annual reports addressing specific metrics designed to inform the Commission and the public regarding program implementation and impacts on the distribution grid.

SMECO filed an application on May 14, 2019, to install up to 60 utility-owned and operated public chargers in a program similar to those approved for the four investor-owned utilities service territories. On July 31, 2019, the Commission approved a modified version of SMECO’s request, adding an additional 60 public-facing chargers to the state portfolio and raising the total number of approved chargers to 5,106. BGE and PHI officially launched their programs in July 2019. PE and SMECO began their programs in 2020. As of the February 1, 2021 utility filings, 892 residential EV chargers

were rebated, 83 multifamily EV charging ports were installed, and 122 utility-owned public chargers were installed and operational across the state. The next semi-annual reports are due to be filed by the utilities on August 1, 2021.

## **V. COMMISSION TELECOMMUNICATIONS CASES AND ACTIVITIES**

*There were no telecommunications cases in 2020.*

## **VI. COMMISSION WATER/SEWER CASES**

*There were no water/sewer rate cases in 2020.*

## **VII. 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 2020.

### **A. 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.

On April 22, 2016, FERC issued an order denying the Delaware and Maryland commissions' 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. On July 19, 2018, FERC granted rehearing, finding that it is unjust and unreasonable to apply PJM's solution-based DFAX cost allocation methodology to the Artificial Island project, and established hearing procedures to determine an appropriate methodology. On July 17, 2018, the Delaware and Maryland commissions filed expert testimony supporting a PJM-modeled Stability Deviation Method as the cost allocation methodology that would more appropriately assign Artificial Island Project costs in proportion to the areas of the electric system where the reliability concerns are meant to be mitigated. In response to requests for rehearing by PJM transmission owners (TOs) and New Jersey State Agencies (NJ), FERC issued an order on February 28, 2019, denying the TOs' and NJ's rehearing requests, and adopted the Stability Deviation Method (the method advocated by Maryland and Delaware) as the just and reasonable replacement rate for Artificial Island cost allocation.

Following a PJM request for clarification regarding its order, PJM refiled, and FERC approved on December 19, 2019, a revised replacement rate for project cost

allocation. The impact of the revision on Delmarva customers as a result of the clarification is minimal when compared to the February 28, 2019 replacement rate. An appeal of FERC's decision was taken in the D.C. Circuit Court of Appeals by Public Service Gas and Electric Company (PSEG), and oral argument was held on January 15, 2021. On March 2, 2021, the D.C. Circuit Court issued an opinion and order denying the PJM TOs and the NJ Agencies' appeals, concluding that FERC reasonably adopted a different cost allocation methodology for the project.

**B. Intra-PJM Extra High Voltage [500 kV and Above] Cost Allocation—FERC Docket EL05-121**

On May 31, 2018, FERC issued a settlement order approving the parties' contested settlement agreement resolving pre-Order 1000 intra-PJM 500 kV and above (EHV) transmission cost allocation. The Commission negotiated extensively over a period of years with western-PJM state commissions to reach a settlement pertaining to the reallocation of approximately \$731 million in 500 kV and above transmission facilities costs following two appeals by the Illinois Commerce Commission regarding FERC's initial decision (and FERC's decision on remand) in this case. Subject to PJM filings implementing the settlement, Maryland transmission owners (BGE, Pepco, DPL, and FirstEnergy) will file updates to their transmission tariffs with the Commission for review and approval. The Maryland Commission was a non-opposing settlement party. Merchant transmission owners who opposed the settlement have since filed requests for rehearing, which remain pending with FERC.

On February 13, 2020, Long Island Power Authority and Linden VFT, LLC filed a petition for review in the D.C. Circuit Court of Appeals. The Maryland PSC has intervened in support of FERC. The matter is pending.

### **C. 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 an 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.

On January 17, 2019, FERC issued a compliance order regarding PATH's formula rate filing for abandonment recovery. In reviewing PATH's formula rate filing, FERC determined that some, but not all, of PATH's accounting adjustments complied with Opinion No. 554 (the order addressing both PATH's transmission abandonment costs and formal challenges). In the January 17 compliance order, FERC concluded that PATH failed to comply with Opinion No. 554 with respect to approximately \$2,373,480 of general advertising expenses, and failed to comply with its directives regarding approximately \$24,132,053 in land transaction costs for the eight properties sold after the issuance of Opinion No. 554. Accordingly, FERC directed PATH to file an additional compliance filing regarding these costs within 30 days, and to file a refund report associated with its compliance within 60 days of the January 17 compliance order. Additionally, PATH was directed to submit a compliance filing describing its plan for ending its project operations and cancellation of its transmission formula rates within 30 days. The Maryland Commission participated significantly in the PATH transmission

abandonment case and is monitoring PATH's filings to ensure that PATH's accounting adjustments comply with Opinion No. 554.

On January 24, 2020, FERC granted the PATH companies' request for rehearing and established paper hearing procedures to reconsider the methodology used to develop the transmission owner's ROE. The Maryland Commission joined the Maryland Office of People's Counsel and several other state consumer advocates in filing ROE testimony in the paper hearing.

#### **D. 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 Regional Transmission Organizations (RTOs) and Independent System Operators (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.

On February 15, 2018, FERC issued Order No. 841 establishing reforms to remove barriers to the participation of electric storage resources in RTO markets. The order requires RTOs to update their rules to ensure electric storage resources capable of providing energy, capacity and ancillary services can participate in these markets,

recognizing the unique characteristics of these resources. The order also notes states' responsibilities pertaining to matters related to the distribution system, including design, operations, power quality, reliability and system costs as they pertain to the development and operations of electric storage resources. On May 16, 2019, FERC issued Order No. 841-A, generally affirming its previous order.

**E. State Policies and Wholesale Capacity Markets—FERC Docket Nos. ER18-1314, EL16-149 and EL18-178**

On March 21, 2016, in Docket No. EL16-149, Calpine and certain other generators filed a complaint at FERC, claiming that PJM's Minimum Offer Price Rule (MOPR) is unjust and unreasonable because it allows certain resources receiving state-supported out-of-market payments to suppress prices in PJM's capacity market. Subsequently, on April 9, 2018, in Docket No. ER18-1314, PJM filed at FERC proposed changes to its capacity market rules to address the concerns in Calpine's complaint that would apply to most resources receiving revenues outside of its capacity market attributed to state policies. Such revenues generally reflect payments to generators for their clean energy attributes, such as renewable energy credits (RECs). PJM requested FERC to select one of two alternatives to its existing market rules as just and reasonable. One option would ensure resources meeting state policies clear the capacity market, but would raise capacity prices paid to all resources that clear the market. The second option would apply a MOPR to subsidized resources, effectively preventing them from clearing the market. On May 7, 2018, the Maryland Commission filed in protest of both alternatives.

On June 29, 2018, FERC issued an order in the Calpine case (Docket No. EL16-149), and on its own motion initiated a proceeding (Docket No. EL18-178), consolidating

Docket Nos. EL16-149 and ER18-1314, and stated that neither of PJM's proposals was just and reasonable, and that PJM's existing wholesale capacity market, the reliability pricing model (RPM), also was unjust and unreasonable. In that order, FERC stated further that the MOPR—with few exceptions—should apply to all resources that receive out-of-market subsidies, including new resources that receive revenue from state renewable portfolio standards. FERC set the matter for paper hearing procedures and solicited comments, including comments on a resource-specific Fixed Resource Requirement (FRR) Alternative. FERC suggested the resource-specific FRR (RS-FRR) Alternative, a proposed variation on the FRR Alternative mechanism currently in place under PJM's FERC-approved operating rules, as a way to accommodate state policies. FERC suggested that the RS-FRR would allow resources receiving revenues attributed to state policies to contract directly with electricity suppliers.

On October 2, 2018, the Maryland Commission requested rehearing of the June 2018 order, asserting that the order was arbitrary and capricious in its finding that the existing RPM tariff was unjust and unreasonable, and filed comments advocating for exemptions in the event FERC chose to proceed with a rate structure that would apply the MOPR. The Maryland Commission also submitted a novel proposal referred to as the Competitive Carve-Out Auction (CCOA). The CCOA is a solution that can accommodate the inclusion of state-preferred resources in the capacity clearing process in a timely, competitive and efficient fashion. On December 19, 2019, FERC issued an order requiring PJM to amend its rules to apply the MOPR for resources that receive what FERC characterizes as “state subsidies.” While the order provides exemptions for existing demand response, storage and intermittent renewables, it discards its previous

suggestion that state policies could be accommodated on a resources-specific basis and withdrew the RS-FRR Alternative. FERC also rejected the Commission's CCOA proposed solution without analysis or comment.

On January 21, 2020, the Maryland Commission filed a request at FERC for rehearing and clarification of the December 2019 order. The Commission requested that FERC: (1) reverse its decision to reject the Commission's accommodative CCOA alternative approach for clearing state-preferred resources in the PJM capacity market; (2) exempt all existing and future renewable resources that receive or are eligible to receive subsidies pursuant to state policies adopted subsequent to the issuance of FERC's June 2018 order and prior to the issuance of the December 2019 order; (3) reconsider exempting limited amounts of emerging technologies; (4) expand the criteria for exempting renewable resources to include resources that received state regulatory commission authorization for RECs prior to the date of FERC's December 2019 order; (5) clarify that new resources participating in retail utility demand response (DR) programs—of which retail customers move in and out—are not subject to the new resource MOPR requirement; (6) clarify that resources benefiting from the Regional Greenhouse Gas Initiative (RGGI) or any state carbon-pricing mechanism do not receive a state subsidy, as the term is defined in the December 2019 order; (7) clarify that transmission resources planned by PJM pursuant to Order No. 1000 public policy provisions and sponsored by states attempting to meet public policy goals by delivering power from state-preferred generation resources, do not cause the underlying generation resources to receive a state subsidy, as that term is defined in the December

2019 order; and clarify that state default (or standard offer service) programs are not considered subsidies subject to the MOPR.

The Commission also requested that FERC direct PJM to delay conducting any future capacity auction to no earlier than May 2021 to allow state legislatures, including the Maryland General Assembly, enough time to consider options to protect state-preferred resources that will be effectively excluded from clearing the PJM capacity market.

On April 16, 2020, FERC issued an order on rehearing, denying most of the parties' rehearing requests and requests for clarification. In its order on rehearing, FERC did not reconsider the Maryland Commission's accommodative CCOA alternative approach for clearing state-preferred resources in the PJM capacity market or exempt all existing and future renewable resources that receive or are eligible to receive subsidies pursuant to state policies adopted subsequent to the issuance of FERC's June 2018 order and prior to the issuance of the December 2019 order. However, FERC did clarify that resources benefiting from RGGI or any state carbon-pricing mechanism do not receive a state subsidy. While FERC did not revise its order with regard to state default (or standard offer service) programs, in its compliance filing PJM's proposed tariff language defined criteria by which state default service programs that were subject to monitoring procedures would not be viewed as subsidizing market outcomes and therefore would not be subject to MOPR. FERC accepted PJM's compliance filing with regard to default service and standard offer service programs. Therefore, at least for Maryland's SOS program, the issue is viewed as moot.

Numerous appeals of FERC's June 2018 order and December 2019 replacement order have been taken by state commissions, consumer advocates, environmental organizations, generators and self-supply entities. Appeals were taken in the D.C Circuit and in the Seventh Circuit. The Maryland Commission filed a petition for review in the D.C. Circuit, jointly with the New Jersey Board of Public Utilities (NJBPU). Ultimately, the Committee on Multidistrict Litigation assigned the matter to the Seventh Circuit Court of Appeals, listing the Illinois Commerce Commission petition as the lead docket in the proceeding. The petitions filed in the D.C. Circuit, including the Joint NJBPU/Maryland Commission petition, were transferred to the Seventh Circuit where they await further orders from the Court with regard to the record to be filed by FERC and the briefing schedule for petitioners, intervenors and respondents.

On February 18, 2021, the FERC issued an order on rehearing modifying its October 15, 2020 order, in part, by vacating footnote 134—relating to state default service auctions—in light of inconsistency between the language in the footnote and language in the Commission-accepted rate. The order on rehearing holds that state default service auctions are not subsidies and capacity resource procurements responsive to such state auctions are not subject to MOPR.

**F. Transource Market Efficiency Transmission Project FERC Docket No. ER17-419**

On November 28, 2016, 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 Maryland 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. Transource filed an uncontested settlement agreement with FERC on October 2, 2017, which the Maryland Commission did not oppose. FERC approved the uncontested settlement on January 18, 2018.

Transource's CPCN application was granted on June 30, 2020, by the Maryland Commission in Case No. [9471](#) (Order No. 89571), but remains pending before the Pennsylvania Public Utility Commission.

#### **G. Grid Reliability and Resilience Pricing—FERC Docket No. RM18-1**

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 and nuclear plants. On October 23, 2017, the Maryland Commission filed comments stating its concern that the proposed rule could erode Maryland'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. On January 8, 2018, FERC terminated the proceeding in RM18-1 and initiated a new proceeding in Docket No AD18-7 to more generally evaluate the resilience of the bulk power system in RTOs and ISOs.

## **H. Bulk Power System Resilience—FERC Docket AD18-7**

On January 8, 2018, FERC initiated a proceeding to holistically examine the resilience of the bulk power system. On May 9, 2018, the Maryland Commission joined with the Organization of PJM States, Inc. (OPSI) calling attention to the need for FERC to consider prudence and affordability along with state and local needs and priorities in defining and addressing resilience. The comments also cautioned FERC on concerns of expanding RTOs' authorities to drive resilience programs and investments without a comprehensive examination of their scope, governance and oversight. FERC has yet to take action on this matter.

## **I. BGE Transmission Rate Revisions—FERC Docket No. ER17-528; Baltimore Gas and Electric Company v. FERC, DC Circuit No. 18-1298**

On December 13, 2016, BGE filed transmission rate revisions 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 Maryland Commission filed at FERC requesting clarification of its order, and requesting that BGE be directed to provide refunds to ratepayers associated with their proposed transmission rate revisions. FERC denied the Maryland Commission's request for clarification. BGE filed a petition for review in the District of Columbia Circuit Court of Appeals on November 7, 2018. (Case No. 18-1298). On

December 3, 2018, the Maryland Commission intervened in Case No. 18-1298 in order to monitor the petition for review proceedings initiated by BGE. On March 27, 2020, the Court of Appeals entered a *per curiam* order denying BGE's petition for review. BGE filed a request for reconsideration, which the Court denied on April 27, 2020.

#### **J. ER19-1486 and EL19-58—PJM's Market Rules**

On June 19, 2020, the Maryland Commission filed a request for rehearing of FERC's order approving changes to PJM's reserve market rules, asserting that the changes would be incongruent with PJM's capacity market rules in a manner that would allow suppliers to over-collect revenues. The Maryland Commission also argued against the need for reserve market changes since the existing market rules provide for securing sufficient reserves without the prospect of raising electricity prices. FERC has since affirmed its order, but required changes in PJM's capacity market rules.

#### **K. ER20-841—Critical Facilities**

On February 7, 2020, the Maryland Commission joined OPSI's comments on PJM transmission owners' plans to make certain parts of the bulk electric system electrically less vulnerable to physical attacks on critical substations. The risk mitigation plans include provisions for PJM to conduct independent reviews of proposed projects and for state regulatory agencies to receive confidential briefings prior to implementing any changes. Further comments were filed on March 11, 2020. FERC has since approved the proposed plans.

#### **L. RM20-10—Transmission Incentives**

The Maryland Commission filed comments on FERC's proposed rulemaking that would provide incentives to transmission owners for constructing certain transmission projects. The Maryland Commission's comments recommended that any incentives

consider project risks, challenges, cost, and benefits. The Maryland Commission also recommended a technical conference to examine incentives for transmission that would facilitate the integration of clean energy resources and promote innovative technologies. FERC has yet to issue a final rule.

#### **M. AD20-19—Cybersecurity Incentive Measures**

On August 19, 2020, the Maryland Commission filed comments on a FERC staff white paper that recommended providing incentives to utilities for implementing certain cybersecurity measures. The Commission's comments recommended a more thorough review of FERC's existing requirements against generally accepted cybersecurity frameworks. Comments also cautioned against any incentive payments that would extend federal reach beyond portions of the grid within interstate commerce to systems beyond FERC's jurisdiction, including state jurisdictional matters which, in some cases, may already be reflected in retail rates.

#### **N. EL20-42—Net Metering**

On June 15, 2020, the Maryland Commission protested a request for declaratory order filed at FERC that requested FERC declare exclusive federal jurisdiction over wholesale energy sales from behind-the-meter generation and order rates for such sales. If granted, the request would have unraveled Maryland's jurisdiction over its net metering programs and effectively impaired an important element of the State's renewable energy program. The Commission also joined similar protests filed by OPSI and NARUC. On July 16, 2020, FERC denied the request for declaratory order.

#### **O. ER19-5—Exelon Companies Formula Rates**

On October 1, 2018, the Exelon Companies filed separate applications under section 205 of the Federal Power Act to modify their formula rate templates to address

what are referred to as the FAS 109 amounts. On April 26, 2019, FERC issued its hearing order, which accepted the Exelon Companies' applications with an October 1, 2018 effective date, subject to refund, and set them for hearing and settlement judge procedures on a consolidated basis. The Maryland Commission participated in settlement judge proceedings and joined as a "non-opposing" party to the parties' April 24, 2020 settlement that favorably resolved issues regarding unprotected property and removed the "catch up" from the Exelon Companies' settlement spreadsheets. This was an issue that remained pending resolution of an appeal by BGE in the D.C. Circuit Court of Appeals.

**P. ER20-1929—BGE Transmission Depreciation Rates**

On May 29, 2020, Baltimore Gas and Electric Company (BGE) filed—pursuant to Federal Power Act section 205—proposed revisions to its stated depreciation rates contained in the company's formula transmission rate in Attachment H-2A of the PJM Open Access Transmission Tariff. The filing was amended on August 14, 2020, after the Maryland Commission and the Maryland Office of People's Counsel (OPC) negotiated adjustments and after BGE responded to a deficiency notice from FERC. Initially, BGE proposed an approximate \$5 million increase in its transmission depreciation rates, an amount reduced to a \$3.8 million increase after settlement with the Maryland Commission and OPC.

**Q. RM18-9—Removing Barriers to Distributed Energy Resources**

On April 5, 2018, the Maryland Commission filed comments on FERC's proposed rulemaking to remove barriers to the participation of distributed energy resource (DER) aggregations in RTOs. The Commission identified the benefits of aggregation including the advancement of the State's renewable energy policies and the prospect for lower

electricity costs for ratepayers. The Commission cautioned that aggregation rules should respect state jurisdiction over the electric distribution system and the utilities that operate that system. On September 17, 2020, FERC issued Order No. 2222 requiring RTOs to revise their market rules to facilitate the participation of DER aggregations. The order defines DERs as electric storage resources, distributed generation, demand response, energy efficiency, thermal storage, and electric vehicles and their supply equipment. The RTOs must file at FERC by mid-2021 their revised market rules, including provisions for coordination between RTOs, aggregators, state regulatory commissions and electric distribution companies' market rules.

**R. Allegheny Def. Project v. FERC, \_\_\_ F.3d \_\_\_, 2020 WL 3525547 (D.C. Cir. June 30, 2020) (*en banc*).**

On June 30, 2020, the District of Columbia Circuit Court of Appeals issued an *en banc* decision denying FERC's (and Transmission Owners') motions to dismiss Homeowners' petition for review filed after FERC issued 30-day tolling orders in the underlying case. The decision holds FERC's 30-day tolling orders invalid for purposes of tolling a party's right to petition for judicial review. Although this decision was made in a Natural Gas Act case, the same reasoning would apply to tolling orders issued in Federal Power Act cases. The Court's ruling portends a sea-change in the way FERC deals with rehearing requests, and instructs parties that they must file petitions for review within 30 days of inaction by FERC on rehearing requests.

## **VIII. PJM INTERCONNECTION, INC. — THE RELIABILITY PRICING MODEL 2022/2023 DELIVERY YEAR BASE RESIDUAL AUCTION RESULTS**

The Reliability Pricing Model (RPM) 2022/2023 delivery year base residual auction (BRA), initially scheduled for May 2019, and later rescheduled for August 2019, was delayed pending a FERC decision in State Policies and Wholesale Capacity Markets-FERC Docket Nos. ER18-1314, EL16-149 and EL18-178 (described above). FERC issued an order in December 2019 directing PJM to identify when it would be able to hold the auction given the implications of the new market rules. PJM has proposed the next BRA (for delivery year 2022/2023) for May 2021, with a series of auctions each six months thereafter until PJM is able to resume a three-year advance auction schedule.

## IX. 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 Maryland 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 benefiting 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 to 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, 2020, NiSource, Inc. had 383,063,919 shares of its common stock outstanding, of which 219,947 were acquired by employees during the previous 12 months through the ESP Plan and 584,288 through the NiSource Inc. Retirement Savings Plan (for an aggregate total of 884,319). As of August 31, 2020, NiSource, Inc.

had approximately 364 registered stockholders with Maryland addresses, holding approximately 136,321 shares of NiSource, Inc. common stock.

(b) As of September 30, 2020, **Exelon Corporation**, the parent of **Baltimore Gas and Electric Company**, **Potomac Electric Power Company**, and **Delmarva Power & Light Company** reported that 11,166 Maryland residents, representing approximately 12% of Exelon's total registered shareholders, owned 4,743,818 (0.5%) of the outstanding shares of common stock. Of these Maryland shareholders, 5,106 (5%) of Exelon's total registered shareholders owning 1,851,233 (0.2%) of the legal outstanding shares of common stock, were participants in the Direct Stock Purchase Plan.

As of September 30, 2020, 2,397 current or former employees, who are Maryland residents, held an aggregate of 1,555,438 equivalent shares of Exelon common stock in their 401(k) accounts in the Employee Savings Plan. In addition, 553,165 shares were held by 1,842 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 94% of FE's employees were contributing to the FE Plan as of December 31, 2019, and 17,824 participants had FE stock as part of their account balance within the FE Plan. As of December 31, 2019, 1,554 Maryland residents held approximately 509,364 shares of FE stock as stockholders of record, which represents

approximately 2.20107% of all FE registered stockholders and 0.09419% of all shares. In addition, as of December 31, 2018, four AE stockholders living in Maryland, owning the equivalent of 241 FE shares, had not yet exchanged their AE shares for FE shares.

(d) **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, 2020, 14,931 Maryland residents held Verizon stock.

## **X. REPORTS OF THE AGENCY'S DEPARTMENTS/DIVISIONS**

### **A. Office of Executive Secretary (*Andrew S. Johnston, 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 2020, this unit established 26 new non-transportation-related dockets and processed 1,927 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 2020, this unit scheduled 45 Commission administrative meetings at which 422 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. One administrative docket public conference was initiated in 2020. This unit also processed 4,438 filings, including 1,201 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 2020, this unit managed four rulemaking dockets that resulted in final adoption of regulation changes to [COMAR Title 20 – Public Service Commission](#), and four 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 division manages the financial aspects of the daily operations of the Commission. The operating budget totaled \$23,412,533 for the fiscal year ending June 30, 2020. This budget consisted of \$22,765,530 in special funds, \$18,654 in reimbursable funds, and \$628,349 in federal funds. Included within the normal State functions are several 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, 2020, this

section maintained approximately 87 items of disposable supplies and materials totaling \$10,218 and fixed assets totaling \$2,079,778.

### **(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 2020, IT (a) implemented a new customized database module that provided for paperless distribution of "Maillog" records (i.e. official correspondence/filings/matters); (b) established a new Maryland Gas Choice portal (website) for consumers to access via the PSC website; (c) implemented remote/virtual live streaming capability via WebEx for the Commission's public proceedings; (d) deployed 40 laptops and provided real-time support for PSC staff to conduct remote teleworking; and (e) launched new Fiscal Accounts/Receivables application via Microsoft Dynamics AX to replace legacy Assessment Database.

### **B. Consumer Affairs Division (*Stephanie A. Bolton, Director*)**

The Consumer Affairs Division (CAD) investigates and responds to consumer complaints relating to gas, electric, water and telephone services. CAD investigators act as mediators in order to resolve disputes between consumers and utility companies based on applicable laws and tariffs. In 2020, CAD rose to the challenges presented by the COVID-19 pandemic. Since March 5, 2020, Maryland has operated under a state of emergency in an effort to control and prevent the spread of COVID-19. However, CAD is a public-facing unit and needs multiple avenues to interface with the public in order to operate effectively. While consumers are encouraged to reach out to CAD online, many

citizens choose to call. CAD's Automatic Call Distributor (ACD) phone line is essential and must be staffed. The system is unable to forward these calls to outside sources to enable ACD line answering remotely. Therefore, CAD needs in-office staffing to the extent necessary to facilitate consumer phone communication. The CAD team adjusted quickly to changing conditions throughout the year. Many complainants were adversely impacted by the pandemic and the CAD team handled these communications with empathy and understanding.

In 2020, CAD investigated 1,473 consumer complaints, which is a 47.47% decrease from 2019. CAD received significantly fewer complaints in 2020 compared to other past years, likely due to the moratorium on utility disconnections and collections activities as well as additional safety measures and consumer protections implemented by the Commission to offset the adversities caused by the COVID-19 pandemic.

Of the complaints received, 1,250 involved gas and electric issues, 122 were telecommunication complaints, 29 complaints related to water companies, and 72 complaints involved other issues. The majority of complaints against gas and electric local distribution companies and telephone utilities concerned billing issues, meters, customer service issues, deposits, repairs, and service quality issues.

CAD investigated 439 complaints against third-party retail energy suppliers. Most supplier disputes involved unauthorized enrollment, misrepresentation by supplier agents, door-to-door solicitations, enrollment or service drop issues, deposits, repairs, and service quality issues. The Commission now posts on its [website](#) complaint data for suppliers with three or more complaints in a month.

In addition to its investigatory activities, CAD staff provides the public with timely and useful utility-related information and has regular meetings with utility and supplier representatives to ensure that all parties are responding appropriately and providing accurate information in response to customer concerns. Through CAD's efforts, Maryland consumers saved \$158,239.85 through waiver or removal of late payment fees, refunds issued, and bill adjustments or credits that were given to customers to resolve disputes.

On February 11, 2020, CAD launched the Compliance and Enforcement Unit (CEU), dedicated to more proactive oversight of utilities and third-party energy suppliers to ensure compliance with the Commission's regulations. Operating within CAD, the CEU identifies violation patterns, monitors supplier marketing practices, and conducts investigations and audits. The CEU provides training and information to energy suppliers to encourage self-correction of potential compliance issues. Among the goals of the CEU was faster resolution of complaints filed by utility customers. In 2020, 96% of consumer complaints were resolved within 60 days.

When necessary, the CEU makes recommendations to the Commission's Office of Staff Counsel to initiate legal action in the event of documented violations of the Commission's regulations and Maryland law. On December 14, 2020, following investigation, the CEU recommended initiation of a complaint against StateWise Energy. The CEU reviewed consumer complaints against StateWise Energy received between May 1, 2019 and May 31, 2020 and found a pattern of regulatory noncompliance and violations of Maryland's Door-to-Door Sales Act. The CEU supports the Commission's commitment to giving Marylanders the power to choose who supplies

their electricity and gas through ensuring that energy suppliers adhere to the protections in place for consumers.

### **C. 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 2020, in addition to assisting the Commission in timely adjudicating several utility rate cases, the first multi-year rate plan (MRP) filed after the Commission's approval of a pilot MRP filing pursuant to PC51, OGC attorneys also assisted the Commission by addressing utility service reliability; applications for development of new electricity generation; development of procedures for cyber security reporting; and an order establishing a multi-year rate plan pilot for Maryland electric and natural gas companies. 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—and in Part VII—is a summary of selected federal and state cases litigated by OGC:

- 1. *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 (SOS) 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. The Circuit Court affirmed the Commission’s decision on August 7, 2017. OPC filed a notice of appeal with the Maryland Court of Special Appeals, where the Court heard oral argument on October 10, 2018.

In an unpublished decision issued on July 27, 2020, the Court of Special Appeals affirmed the Commission’s decision, holding that: “Our deferential review of the record persuades us that the Commission’s decision setting the amounts that BGE could include in the Administrative Charge for its SOS was within the discretion of the Commission, was supported by substantial evidence, and although debatable, was not an arbitrary or capricious determination.”

***2. In the Matter of Petition of the Maryland Office of People’s Counsel, Circuit Court for Baltimore City—Case No. 24-C-18-005476 (PSC Case No. [9455](#))***

On October 4, 2018, the Maryland Office of People’s Counsel sought judicial review of the Commission’s September 5, 2018 letter order permitting Delmarva Power & Light Company to adjust its rates to recover the revenue requirement approved by the Commission in Order No. 88567 as opposed to a lesser amount submitted by DPL pursuant to incorrect tariff sheets accompanying the company’s compliance filing. On February 26, 2020, the Court entered an order affirming the Commission. OPC

appealed the Circuit Court’s decision to the Maryland Court of Special Appeals. OPC withdrew its appeal on March 3, 2021.

**3. *In the Matter of Petition of the Maryland Office of People’s Counsel, Circuit Court for Baltimore City—Case No. 24-C-18-006881 (PSC Case No. [9480](#))***

On December 12, 2018, the Maryland Office of People’s Counsel (OPC) sought judicial review of the Commission’s November 21, 2018 order—affirming the proposed order of the Public Utility Law Judge—allowing cost recovery by Columbia Gas of Maryland related to environmental remediation at Columbia’s Cassidy Property in Washington County, Maryland. On May 21, 2019, the Court entered a memorandum opinion and order affirming the Commission. OPC appealed the Circuit Court’s decision to the Maryland Court of Special Appeals. On June 1, 2020, the Maryland Court of Special Appeals issued an order also affirming the Commission’s decision.

**4. *In the Matter of Petition of Frederick County, Maryland, Circuit Court for Baltimore City—Case No. 24-C-18002189 (PSC Case No. [9429](#))***

On April 12, 2018, Frederick County, Maryland sought judicial review of the Commission’s March 23, 2018 order—affirming the proposed order of the Public Utility Law Judge—granting a Certificate of Public Convenience and Necessity to LeGore Bridge Solar Center, LLC, authorizing the construction of a 20MW solar photovoltaic generating facility in Frederick County, Maryland. On July 17, 2019, the Court entered an order affirming the Commission.

Frederick County has appealed the Circuit Court’s decision to the Maryland Court of Special Appeals, where the matter is now pending.

**5. *In the Matter of Petition of Jennifer Shaw v. Dan’s Mountain Wind Force, LLC, Circuit Court for Baltimore City—Case No. 24-C-20-002947 (PSC Mail Log No. [228173](#))***

At its June 10, 2020 Administrative Meeting, the Commission granted Dan's Mountain Wind Force, LLC (DMWF) an exemption pursuant to PUA § 7-207.1 to construct a land-based wind electric generating facility—not exceeding 70 MW—in Allegany County, Maryland. While DMWF had relinquished a previous CPCN exemption for the project and had been denied a full CPCN under PUA § 7-207 for a similar project in Case No. 9413, the Commission concluded that project satisfied the requirements for a CPCN exemption under PUA § 7-207.1 and that *res judicata* and collateral estoppel did not bar DMWF's second exemption request for the project.

Jennifer Shaw, Darlene Park and William Park filed petitions for judicial review in the Circuit Court for Baltimore City seeking reversal of the Commission's decision. On December 7, 2020, the Court remanded the matter to the Commission directing that Dan's Mountain Wind Force provide further documentation supporting the total power generation of the project, providing that the parties be allowed to submit brief on the issue of collateral estoppel and *res judicata*, and directing that the Commission render a written decision pursuant to PUA § 3-113() that address the collateral estoppel/*res judicata* issue.

DMWF filed a notice of appeal in the Court of Special Appeals on December 30, 2020. The matter is pending in the Court of Special Appeals.

**6. *In the Matter of Petition of NRG Energy, Inc. et. al., for Judicial Review, Circuit Court for Baltimore City—Case No. 24-C-20-000232 (PSC Case No. [9610](#))***

On January 15, 2020, NRG Energy, Inc. et. al sought judicial review of Commission Order No. 89400 in Case No. 9610, issued on December 17, 2019, granting the joint motion for approval of the agreement of stipulation and settlement of

BGE's 2019 gas and electric rate case. The order also approved BGE's SOS administrative adjustment, which was contested by NRG. On November 24, 2020, the Court issued an order denying the petition for judicial review and affirming the Commission's decision. NRG has appealed the Circuit Court's decision to the Maryland Court of Special Appeals where the matter is pending.

**7. *In the Matter of Petition of Retail Energy Supply Association for Judicial Review, Circuit Court for Baltimore City—Case No. 24-C-20-003986 (PSC Mail Log No. [230778](#))***

On September 18, 2020, the Retail Electric Supply Association (RESA) filed a petition for judicial review in the Circuit Court for Baltimore City, seeking reversal of the Commission's August 19, 2020 letter order granting Southern Maryland Electric Cooperative's (SMECO) proposed green rider to its residential standard offer service. On March 9, 2021, the Court remanded the Commission's decision for elaboration with regard to the Commission's findings pursuant to the applicable law.

**8. *In the Matter of Petition of Safe for Somerset for Judicial Review, Circuit Court for Somerset County—Case No. C-19-CV-20-000118 (PSC Case No. [9380](#))***

On September 4, 2020, Safe for Somerset filed a petition for judicial review in the Circuit Court for Somerset County, seeking reversal of the Commission's August 5, 2020 approval of the decommissioning plan filed by Great Bay Solar I, LLC and Great Bay Solar II, LLC. In approving the Great Bay Solar decommissioning plan, the Commission directed the companies to establish funding for an estimated net decommissioning liability of its facilities in the amount of \$1,267,000 by either a surety bond or a letter of credit and to provide evidence of its funded liability. The Commission filed a motion to dismiss the petition on two grounds (1) the petition (which was filed on

behalf of an association) was not filed by an attorney as required under Maryland law, and (2) improper venue for a petition filed in the matter of a party *not* a public service company under the Public Utilities Article.

On March 12, 2021, the Court granted the Commission's motion to dismiss for lack of Maryland counsel for the petitioner, but declined to rule on the question of venue. The Court gave the petitioner 30 days to obtain Maryland counsel and file a request for reconsideration of the Court's order granting dismissal. .

***9. In the Matter of Petition of Frederick County Maryland for Judicial Review, Circuit Court for Baltimore City—Case No. 24-C-20-005110AA (PSC Case No. [9439](#))***

On December 15, 2020, Frederick County filed a petition for judicial review in the Circuit Court for Baltimore City, seeking reversal of the Commission's November 24, 2020 decision granting Biggs Ford Solar Center LLC a CPCN to construct a 15.0 megawatt solar photovoltaic generating facility in Frederick County. The matter is pending.

***10. Consumer Complaint Decisions on Appeal***

After adjudicating numerous consumer complaints, the Commission responded to several Circuit Court appeals. The consumer complaint matters on appeal that closed in 2020 are as follows:

- a) Talbot County v. Choptank Electric Cooperative, Inc., Circuit Court for Talbot County—Case No. C -20-CV-20-000029 (Mail Log No. [221275](#))***

Talbot County appealed the Commission's February 10, 2020 decision that Choptank Electric Cooperative, Inc. properly billed the County pursuant to the utility's net-metering tariff. Talbot County claimed that Choptank's tariff violated PUA § 7-306

and further claimed that, when properly construed, § 7-306 required Choptank to issue a refund to the County for two distinct time periods: (1) July 12, 2011, through bill date March 7, 2013, the period from the initial County complaint up to the date the Commission ordered Choptank to change its tariff; and (2) April 5, 2013, through bill date June 7, 2018, during which Choptank excluded several line-item charges from the credit due the County for electricity generated onto the grid.

On January 25, 2021, the Circuit Court for Talbot County affirmed the Commission, concluding that the Commission properly determined that Choptank billed the County pursuant to its tariff as it existed at the time of each bill. The Court further concluded that the refund requested by the County would violate the well-established rule against retroactive ratemaking.

**D. 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, Accounting Investigations has also been responsible for project management of Commission-ordered utility management audits. Accounting Investigations 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. Accounting Investigations 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 2020, 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 99 filings submitted by utilities. In addition,

Division personnel participated in approximately 14 formal proceedings and a number of special assignments.

## **2. Electricity Division (*Drew McAuliffe, 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 of customers (*e.g.*, residential); 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 multi-year rate plan proceedings, the Division also reviews, validates and submits testimony regarding utility projections of customers, sales, and billed maximum demand.

In addition to traditional rate-of-return expertise, the Electricity 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 2020, the Electricity Division's work included expert testimony and/or policy recommendations in approximately 57 administrative proceedings, five formal proceedings, two traditional rate cases and the pilot multi-year rate plan case. The Electricity Division also participated in Public Conference 53 (PC53) which addressed the impacts of COVID-19 on utilities as well as their customers. In addition to traditional regulatory analysis, Electricity Division personnel facilitated and participated in several stakeholder working groups covering net energy metering, community solar, retail market electronic data exchange, retail market supplier coordination, electric vehicles, electric rates, and multi-year rate plans. The Electricity Division was also tasked with evaluation of legislation on renewable energy programs, community solar, retail choice, and alternative rate regulation.

### **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, wholesale market demand response programs, applications for retail natural gas and electricity suppliers, applications for community solar projects and applications for small generator exemptions to the CPCN process.

During 2020, 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.
  - Preparing the 2021-2023 EmPOWER Maryland plans report for the utilities' energy efficiency and demand response programs.
  - Assisting in the development of the Commission's annual EmPOWER Maryland report to the General Assembly.
  - Direct oversight of the evaluation, measurement and verification process of an independent evaluator, producing annual impact and cost-effectiveness evaluation.
  - Conducting work groups related to the 2021-2023 EmPOWER Maryland energy efficiency and demand response plans.
  - Reviewing the annual EmPOWER Maryland surcharge filings for cost recovery of the EmPOWER Maryland programs.
- AMI/Smart Meters
  - Monitoring the quarterly Smart Grid metric reports prepared by BGE, Pepco, DPL and SMECO.
- Preparing the *Ten-Year Plan (2020-2029) of Electric Companies in Maryland*.
- Preparing the *Renewable Energy Portfolio Standard Report of 2019*.

- Monitoring several PJM committees and work groups.
- 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 in NARUC activities.

#### **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, gas and electric metering, private water and sewer distribution systems, certification of solar renewable energy facilities, and natural gas and hazardous liquid pipeline safety.

In 2020, 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 the Code of Maryland Regulations (COMAR) 20.50.12. By April 1 of every year, the utilities file their annual reliability reports for the previous year.<sup>27</sup> The Engineering Division reviewed each of the reports and provided the Commission with its analysis and recommendations in a hearing on the annual review of reliability reports filed in Case No. 9353—Reliability & Service Quality Standards on June 18, 2020. The Engineering Division also reviews and provides recommendations on any utility corrective action plans outlining how the utilities expect to meet reliability targets in the future when the reliability targets have been missed in the previous year. On September 1, 2020, the Commission issued Order No. 89629, in

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<sup>27</sup> See Section IV, Subsection C.1 (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.

which it accepted the service quality and reliability annual reports filed by BGE, Pepco, Delmarva, Potomac Edison, Choptank, and SMECO.

In the order, the Commission accepted the Engineering Division-led Customer Communications Work Group recommendation for additional customer communications metrics and best practices while allowing opt out of adopting vulnerable individual notification in advance of a storm event. The Customer Communications Work Group was also disbanded. The Commission ordered Staff and the electric companies to finalize a definition of vegetation management “all-in” costs and provide this definition to the Commission prior to the filing of next year’s reliability reports. The Commission ordered Potomac Edison (PE) to file an updated Major Outage Event (MOE) Plan to satisfy its corrective action plan from missing the Service Interruption Standard. The Commission ordered Delmarva Power & Light Co. to establish a regulatory liability of \$47,943, accruing carrying costs until the next rate case for exceeding its vegetation management cost commitment as part of the PHI-Exelon merger. The Commission also did not assess a penalty on Baltimore Gas and Electric Co. (BGE) for missing the Periodic Equipment Inspections Standard in 2019. However, BGE will be subject to increased scrutiny with the Periodic Equipment Inspections Standard and related commitments in 2020. The Commission also denied the Office of People's Counsel's (OPC) recommendation to create a transparent, stakeholder-engaged process for distribution planning and capital budgets. However, the Commission noted that the State of Maryland was an active participant in the 16-state National Task Force, jointly sponsored by NARUC and the National Association of State Energy Officials, and facilitated by the U.S. Department of Energy. As noted on pages 12 and 27, the Task

Force [Blueprint for State Action](#) and a series of state-specific roadmaps were issued on February 11, 2021; Maryland has announced plans to hold a technical conference on distribution planning on March 25, 2021.

The Engineering Division participated in Public Conference 53 (PC53) to support Staff's evaluation of the impacts of the COVID-19 pandemic on Maryland's gas and electric utility operations and customer experiences. In PC53, Staff filed comments on August 21 and the Commission held hearings on August 27-28, 2020. The Engineering Division reviewed and provided comments on the filings of six natural gas suppliers, seven electric distribution utilities, and one water company that responded to the eight questions posed by the Commission about the impact of the ongoing COVID-19 pandemic on their operations and customer experiences. In addition to the operational changes described in the various utility filings, there were several areas of collaboration between the Engineering Division and the utilities relative to their engineering operations that have been affected by the ongoing pandemic. To recap, in late March 2020, the Pipeline and Hazardous Materials Safety Administration (PHMSA) gave states the flexibility to delay inspections that do not have code implications and to allow intrastate operators to request code relief from the State Program Manager, which for Maryland resides in the Engineering Division. Based upon this allowed flexibility, the Commission granted the Engineering Division the authority to issue stays of enforcement and waivers for operations and maintenance inspections to gas pipeline operators impacted by the COVID-19 pandemic. Subsequently, on April 16, 2020, five of the six electric utilities that are governed by COMAR 20.50.12.10 requested, and the Commission

granted, authority to the Engineering Division to issue stays of enforcement following the request of a utility if the utility believes it will be unable, due to the COVID-19 pandemic, to perform certain periodic inspection and maintenance work on their electric distribution systems in the time periods required by the regulation. In 2020, the Engineering Division approved two COVID-19 electric utility stay of enforcement requests and 19 COVID-19 gas utility stay of enforcement requests.

The Engineering Division was involved in four significant Certificate of Public Convenience and Necessity (CPCN) applications in 2020 that were not PV solar system CPCN applications:

- Case No. 9471 - Transource Maryland LLC Construction of Two New 230 kV Transmission Lines Associated with the Independence Energy Connection Project in Portions of Harford and Washington Counties. The Commission issued Order No. 89571 approving the project on June 30, 2020. A large part of the project is in Pennsylvania, where approval is still pending.
- Case No. 9642 - BGE Bush River Crossing. This is a project to replace a 1.3-mile portion of an existing 115 kV transmission line that runs from Edgewood to Perryman across the Bush River in Harford County. Staff filed testimony in 2020. Virtual evidentiary and public hearings are scheduled for 2021.
- Case No. 9636 - BGE Five Forks to Maryland/Pennsylvania Border. This project replaces an existing double circuit, 115 kV overhead transmission line and its associated lattice structures with double-circuit line on weathered steel poles. The Commission's order approving the project became final on January 11, 2021.
- Case No. 9600 - BGE Key Crossing. This project replaces the existing two 230 kV submarine cables under the Patapsco River with two new overhead 230 kV transmission circuits parallel to the Key Bridge. The Commission's order approving the project became final on March 16, 2020.

The Engineering Division participated in two rulemaking dockets involving CPCNs in 2020. The Engineering Division supported Staff's submittal of a petition to initiate a rulemaking for generation CPCNs on December 18, 2020. In response, the Commission docketed RM72 - COMAR 20.79 Rulemaking to Revise Regulations to

COMAR 20.79 Governing Certificates of Public Convenience and Necessity for Generating Stations.

Also, the Engineering Division supported RM69 revisions to COMAR 20.79.01, 20.79.02 and 20.79.03 for CPCN requirements for fossil fuel stations over 70 MW driven by an informal resolution agreement between the Commission and the U.S. Department of Transportation to resolve complaints in the case of siting the Mattawoman 859 MW gas generator in Brandywine, Maryland. On April 7, Staff filed a petition for rulemaking with the Commission in ML# 229635 for proposed revisions to 20.79.01, 20.79.02, and 20.79.03. The Commission conducted a virtual final rulemaking session on November 2, 2020.

The Commission received approximately 6,574 applications for in-state photovoltaic (PV) Solar Renewable Energy Credits (SRECs). 8,896 applications were received in 2019. Approximately 228 MWs were approved in 2019 and 230 MWs in 2020.<sup>28</sup> These applications are for new systems, amendments to existing systems, ownership changes, and de-certifications. Electric utilities in Maryland purchase SRECs generated in Maryland to comply with the Renewable Portfolio Standard (RPS). The Commission's Energy Analysis and Planning Division files annual RPS compliance reports. A registry of Renewable Energy Credits (RECs) is also maintained in the PJM Generator Attribute Tracking System Environmental Information Service (GATS-EIS). To date, GATs reports a total of 70,869 PV systems in Maryland with a production of 48,510,189 MWhrs in 2020. This is in addition to power from other renewable sources like wind, landfill gas, geothermal, and heat recovery.

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<sup>28</sup> These numbers are based on DC nameplate capacity for the panels and do not take into consideration azimuth, tilt, or inverter efficiency.

Most solar PV systems approved have been small residential installations ranging in size from 1 kW to 20 kW. Projects less than 2 MWs do not need to file for a CPCN with the Commission. Systems larger than 2 MWs can apply for a CPCN or CPCN exemption. Maryland counties have played an increasing role in these cases with zoning restrictions for the large solar projects. There have also been projects applying for the Community Solar Pilot Program governed by COMAR 20.62. These systems are generally less than 2 MWs and provide virtual net-meter subscription plans for interested electric ratepayers. There have been approximately 55 solar CPCN cases filed since 2011. To date, the largest project to come on-line is Great Bay Solar at 150 MWs. Some are built for energy sales into the PJM market, and others are net-metered energy supporting facilities such as hospitals, schools, prisons, college campuses and other government facilities. The PSC has been promoting the development of solar projects since the state has a goal of 14.5% solar as part of the RPS process. New solar CPCN cases for 2020 are as follows:

- Case No. 9656 - Kumquat & Citron Cleantech, LLC's application for a CPCN to construct a 7.20 MW solar photovoltaic generating facility in Wicomico County, Maryland (filed December 1, 2020).
- Case No.9652 - PTR Holdco, LLC's application for a CPCN to construct a 30 MW solar generating facility in Harford County, Maryland (filed September 2, 2020).
- Case No. 9643 - Point Reyes Energy Partners, LLC for a CPCN to construct a 19.84 MW solar photovoltaic generating facility in Allegany County, Maryland (filed May 13, 2020). This project also has a 6.4 MW energy storage component.
- Case No. 9635 - New Market Solar, LLC application for a CPCN to construct a 50 MW solar photovoltaic generating facility in Dorchester County, Maryland (filed February 14, 2020). This project has been suspended pending zoning issues.

The status of solar CPCNs filed prior to 2020 is as follows:

- Case No. 9408 — Perennial Solar, LLC 8.0 MW solar photovoltaic generating facility in Washington County. Staff filed direct testimony on October 2, 2020 with evidentiary hearings to continue into 2021.
- Case No. 9439 — Biggs Ford 15 MW solar photovoltaic generating facility in Frederick County. Order No. 89668 approving the project was upheld by the Commission on November 24, 2020, and is pending appeal in Circuit Court.
- Case No. 9469 — Energy Ventures 10 MW solar photovoltaic generating facility in Prince George's County. The application has been suspended pending negotiation of site control documentation.
- Case No. 9483 — Citizens UB Solar 9.9 MW solar photovoltaic generating facility in Carroll County. Order No. 89548 approving the project and denying an appeal was issued on April 27, 2020.
- Case No. 9608 — Spectrum Solar 5.6 MW solar photovoltaic generating facility in Prince George's County. Order No. 89520 approving the CPCN became final March 2, 2020.
- Case No. 9620 — Lightsource Renewable 20 MW solar photovoltaic generating facility in St. Mary's County is suspended due to zoning issues.
- Case No. 9499 — Morgnec Road 45 MW solar photovoltaic generating facility in Kent County on a 471-acre site near Chestertown. The procedural schedule is suspended due to COVID-19.

In compliance with the Maryland Offshore Wind Energy Act of 2013, the Commission conditionally approved the financing of two offshore wind projects in Case No. [9431](#) in 2017. This case was subsequently bifurcated in 2019 into separate cases: Case No. [9628](#) for U.S. Wind Inc. and Case No. [9629](#) for Skipjack Offshore Energy, LLC. According to COMAR 20.61.06, the projects will be funded with offshore wind renewable energy credits (ORECs). U.S. Wind Inc. plans to construct 248 MW approximately 14 miles off the coast of Ocean City, Maryland. The current commercial operation date for U.S. Wind is estimated to be December 2024, as announced by U.S. Wind on March 2, 2020. Skipjack Offshore Energy, LLC plans 120 MW off the coast of Delaware with an expected commercial operation date of Q4 2023, as updated and communicated to the Commission on April 21, 2020. Both companies are required to maintain offshore lease sites through the federal Bureau of Ocean Energy Management. Both projects expect to now use larger 12 MW turbines. The

Engineering Division provided comments to the Commission on these larger turbine sizes in Case No. 9629. Order No. 89622 was issued approving turbine selection on August 20, 2020, in Case No. 9629. The Clean Energy Jobs Act (i.e., Senate Bill 516 in 2019) increased Maryland's Renewable Portfolio Standard (RPS) to 50 percent by 2030 and increased the "carve-out" for offshore wind within Maryland's RPS that is equal to 10 percent of all electricity sales within Maryland thereby requiring an additional minimum of 1,200 MW by 2030. The Commission issued a solicitation for the purposes of fulfilling this requirement and unless extended, the application period will conclude at the close of business on June 21, 2021.

The Engineering Division participated in Case No. 9619 "In the Matter of the Maryland Energy Storage Pilot Program" in 2020. The Engineering Division's role was to evaluate the reliability and benefit/cost of the utility PC44 Energy Storage Working group pilot project proposals and propose metrics to be used in evaluating the pilot projects. The Commission issued Order No. 89664 on November 6, 2020 approving the six pilot projects proposed by the Exelon companies, subject to conditions. The Little Orleans Energy Storage Pilot project proposed by Potomac Edison (PE) was rejected and the Commission deferred issuing a decision on PE's Town Hill proposal until such time when PE's second proposal is filed.

The Commission docketed Case No. 9618 and initiated a Public Conference 51 (PC51) in 2019 to explore alternative forms of rate making (AFOR) and performance based rates (PBR). Having largely completed its AFOR-related work in 2019, the PC51 Workgroup focused its 2020 efforts on recommending a PBR framework, which was subsequently renamed to performance incentive mechanism (PIM). The Engineering

Division proposed various process and filing requirements for PIM plans which were included in the PC51 Workgroup Report filed with the Commission on June 17, 2020. In response to the report, the Commission issued Order No. 89638 on September 30, 2020 providing direction on PIM frameworks to be used in Maryland.

The Engineering Division participated in the following rate cases that were either completed or initiated in 2020:

- Case No. 9645 – BGE Multi-Year Rate Plan Order No. 89678 issued on December 16, 2020.
- Case No. 9651 – Washington Gas Light Co. rate case filing submitted on August 28, 2020 with a final order expected in March 2021.
- Case No. 9644 – Columbia Gas of Maryland Rate Case Order No. 89665 issued approving the Joint Motion for Approval of Agreement of Unanimous Stipulation and Settlement on November 7, 2020.
- Case No. 9630 – Delmarva Electric Rate Case Order No. 89576 issued July 16, 2020.
- Case No. 9655 – Potomac Electric Power Co. (Pepco) multi-year rate plan filing submitted on October 26, 2020.

The Engineering Division participates in the Maryland Emergency Management Agency's (MEMA) emergency preparedness and response efforts. Engineering and the Maryland Energy Administration (MEA) are jointly responsible for leading MEMA's Power Infrastructure Strategic Coordinating Function (SCF) for utility coordination related to electric service outages and fuel supply coordination during fuel disruptions. Staff participates in state-wide emergency training sessions, drills, and coordination meetings; updating the agency's MEMA Event Manual that outlines the Power Infrastructure SCF contacts and procedures for staffing the MEMA State Emergency Operations Center (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 SCF, the Engineering Division Staff coordinates sufficient staff coverage with MEA for the SEOC. Staffing of the SEOC has been virtual since the start of the COVID-19 pandemic. Training and exercises continue virtually when possible. Two large storms in 2020 resulted in Power Infrastructure SCF activation. Tropical Storm Isaias began August 4 at midnight, resulting in approximately 185,000 outages statewide with restoration continuing through August 6, requiring Major Outage Event Reports (MOE) to be filed by Choptank Electric Cooperative, Delmarva and the Southern Maryland Electric Cooperative (SMECO). Another large severe storm occurred on April 13, 2020, requiring Power Infrastructure SCF activation that resulted in approximately 80,000 outages statewide but did not require a MOE filing.

Twenty-five electrical accident reports were filed with the Engineering Division in 2020 for further investigation.

The Engineering Division continues to lead the Cyber-Security Reporting Workgroup. The Commission established Case No. 9492 for Cyber-Security Reporting of Maryland Utilities and on February 4, 2019, issued Order No. 89015 that requires triennial cyber-security in-person briefings that apply to utilities with more than 30,000 customers. In 2020, two scheduled utility in-person briefings with the Commission on cybersecurity were deferred due to COVID-19.

The Engineering Division continues to lead the PC44 Interconnection Workgroup. Phase II of the PC44 Interconnection Workgroup's efforts culminated in Rulemaking 68, to codify improvements to the small generator interconnection process along with the adoption of hosting capacity and smart inverter requirements, among other things. A final rulemaking session was held on March 31, 2020. The Phase II regulations

became effective on April 20. Phase III of the PC44 Interconnection Workgroup's efforts is continuing into 2021 to further explore, among other things, hosting capacity cost allocation methodologies, communication and control and statewide smart inverter setting standards.

The Engineering Division led the Professional Engineer Workgroup (PEWG) in 2020. The PEWG was launched to pursue the National Transportation Safety Board (NTSB) Massachusetts Gas Over-Pressurization Event Recommendation P-19-16 to "Remove the exemption so that all future natural gas infrastructure projects require licensed professional engineer approval and stamping." The PEWG final report was filed with the Commission on July 2. A PEWG petition for rulemaking was filed on October 27. On October 29 the Commission docketed RM71 with the initial hearing held December 4, 2020. A final rulemaking session is expected in the second quarter of 2021.

The Engineering Division participated in Case No. 9632 in 2020 to make recommendations on the engineering aspects of the Chesapeake Utilities/Elkton Gas merger. The Commission issued a proposed order on May 29, 2020, which became final on June 29. On August 1, 2020, Chesapeake Utilities and South Jersey Industries closed the transaction by which Chesapeake Utilities formally acquired the Elkton Gas Company.

In 2018, BGE, Columbia Gas, and Washington Gas Light (WGL) reapplied for their second iteration of STRIDE in Case No. 9468 (BGE), Case No. 9486 (WGL), and Case No. 9479 (Columbia Gas). All three companies were approved to continue with STRIDE programs from 2019–2023, subject to certain conditions. In 2020, the

Engineering Division's Pipeline Safety Group participated in the review of the related STRIDE filings for the Commission and is currently monitoring the companies' progress in the implementation of each of the plans.

In 2020, the Engineering Division's Pipeline Safety Group continued inspection of jurisdictional gas and hazardous liquid pipeline operators to ensure compliance with applicable pipeline safety regulations. Additionally, in 2020, the Engineering Division's Pipeline Safety Group conducted two incident investigations—both involved residential developments in BGE's service territory.

The first event occurred on August 10, 2020 on Labyrinth Road in Baltimore, Maryland. A gas explosion resulted in two fatalities and the damage and destruction of several homes in the area of the 4200 block of Labyrinth Road. The operator, BGE, conducted numerous tests on its facilities in the immediate area and determined that all of its facilities were functioning properly and did not contribute to the cause of the explosion. As a result of a review of this data, the Baltimore City Fire Department (BCFD) determined in early 2021 that the source of the gas that fueled the explosion was downstream of BGE's gas meter and therefore involved customer owned piping. This incident is non-jurisdictional to the Commission.

The second event occurred on October 11, 2020 at 4633 Lanier Road in Baltimore, Maryland involving a fire. The operator, BGE, conducted numerous tests on its facilities in the immediate area and determined that all of its facilities were functioning properly and did not contribute to the cause of the explosion. This incident also appears non-jurisdictional to the Commission subject to a final cause determination by the Baltimore City Fire Department.

On August 17, 2016, the NTSB launched an investigation of the August 10, 2016 explosion and fire that occurred in the four-story Flower Branch apartment building at 8701 Arliss Street in Silver Spring (Montgomery County), Maryland. An adjacent apartment building at 8703 Arliss Street was also heavily damaged by the fire. The accident resulted in seven fatalities. Sixty-five civilians were transported to local medical facilities and three firefighters sustained minor injuries. On April 23, 2019, the NTSB held a Board meeting to determine the probable cause, findings and recommendations. The NTSB issued its final accident report on June 10, 2019. The Engineering Division participated in this NTSB investigation. Subsequently, on September 5, 2019, the Commission docketed Case No. 9622<sup>29</sup> to further consider the matter. The Commission issued Order No. 89680 on December 18, 2020. The Commission fined WGL for late reports totaling 7,500 days, resulting in a civil penalty of \$750,000. The Commission also accepted WGL's new mercury service regulator replacement program subject to several conditions.

On August 25, 2019, an explosion at 8865 Stanford Boulevard in Columbia, Maryland, involved BGE's facilities and was therefore jurisdictional to the Commission. On September 25, 2020, the Commission filed Order No. 89631 which docketed Case No. 9653<sup>30</sup> based on the Engineering Division's investigation. On January 7, 2021, the Commission issued Order No. 89685 imposing a civil penalty of \$437,294 against BGE for several compliance violations and accepted BGE's proposed corrective action plan, subject to several conditions.

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<sup>29</sup> In the Matter of an Investigation of Washington Gas Light Company Regarding a Building Explosion and Fire in Silver Spring, Maryland, on August 10, 2016.

<sup>30</sup> Stanford Blvd. Show Cause Order

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 PHMSA. The Commission's senior pipeline and hazardous liquid safety engineers must be fully trained for their roles by PHMSA for enforcement of federal pipeline safety regulations within the State. 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 2020, the Pipeline Safety Group was audited on its CY2019 inspections—the Group received a score of 93.6% for its State Gas Program and 95.7% for its State Hazardous Liquids Program.

The Pipeline Safety Group was active throughout the state conducting routine pipeline safety inspections as well as evaluating the progress of mitigation of leaks caused by failed mechanical gas couplings in Prince George's County.

In March 2020, Governor Hogan declared a state of emergency in response to COVID-19. The Maryland Emergency Management Agency (MEMA) raised the State Emergency Operations Center (SEOC) Activation level to "Full" as of March 12, 2020. From March 12 through June 7, the PSC Engineering Division deferred or cancelled all meter referee tests, meter shop inspections and water/ sewer system inspections. The Engineering Division continued its PHMSA inspections during COVID-19, unless a stay of enforcement has been requested from a utility. The Engineering Division also cancelled electric utility inspections for 2020. With the loosening of COVID-19 restrictions statewide with the second phase of the Governor's three-phase reopening

plan implemented on June 5, the Engineering Division resumed referee tests and inspections of utility water/sewer systems and meter shops on June 8, as long as the inspection or test could be performed safely. Miscellaneous Engineering Division inspection and testing activities in 2020 included:

- Electric Meter Referee Tests - 10
- Gas Meter Referee Tests - 3
- Meter Shop Inspections - 12
- Water System Inspections - 34
- Sewer System Inspections - 1
- LPG/Propane Operator EN-30A Meter Testing Inspections - 9
- Electric Company Inspections - 0 (Cancelled due to COVID-19)
- PHMSA Gas System Inspections - 478.8 Days
- PHMSA Hazardous Liquid System Inspections - 35 Days

#### **5. Staff Counsel Division (*Leslie M. Romine, 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 2020, 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 issues, and the continued implementation of the Maryland RPS Program.

#### **6. Telecommunications, Gas, and Water Division (*Drew McAuliffe, Interim 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 Consumer Affairs Division in the resolution of consumer complaints, on an as-needed basis, and leads or participates in industry workgroups. 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 2020, the Division reviewed 61 tariff filings, including changes to the switched access regulations, compliance filings as a result of rate cases, annual revisions and related matters. Of those, 54 were telecommunications, six were natural gas, and one was water. The Division also presented testimony in 13 cases before the Commission. Staff participated in four natural gas base rate proceedings and eight natural gas purchased gas adjustment charge proceedings as well as one acquisition proceeding.

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 (Enhanced 9-1-1) and telecommunications relay services. In 2020, the Commission authorized two new carriers.

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 2020, Staff participated in a working group for the implementation of multi-year rate plans and performance-based rates. Additionally, Staff participated in a working group tasked with drafting regulations for the implementation of supplier consolidated billing.

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.

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 1,054), intrastate for-hire railroads, as well as taxicabs in Baltimore City, Baltimore County, Charles County, Cumberland, and Hagerstown (total 1,391). The Commission is also responsible for licensing drivers (total 4,423) of taxicabs in Baltimore City, Charles County, 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 regulating Transportation Network Operators (TNOs) that provide transportation network services (total 417,709). The Transportation Division monitors the safety of vehicles operated (total 4,154 non-TNO vehicles and 465,584 TNO vehicles), limits of liability insurance, schedules of operation, rates, and service provided for all regulated carriers, 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 2020, 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 the request of River North Transit, LLC for a waiver, pursuant to Public Utilities Article §10-404(e), of the requirement to conduct fingerprint-based background checks of its for hire drivers. River North is a wholly-owned subsidiary of Via Transportation, Inc. and would operate under the Via brand while doing business in Maryland. At the May 6, 2020 Administrative Meeting, the Commission granted River North's request for a waiver of the fingerprint-based background check required by PUA § 10-104(b) and approved an alternative background check process for River North to be used in lieu of the PUA § 10-104(b) fingerprint-based background check. Additionally, River North is directed to comply with all the requirements imposed by the Commission in Order No. 87957 in granting a similar waiver to Lyft, Inc. and Raiser, LLC, and with the Company's responses to Staff data requests contained in Staff's comments T-6401, dated April 7, 2020. During 2020, 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 the industry and the public via the Internet.

Additionally, the Division maintained its regular enforcement in 2020 through field investigations and joint enforcement projects with local law enforcement officials, Maryland Motor Vehicle Administration (MVA) 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. The electronic data transfer of digital photos of licensed Maryland drivers from the MVA's database to the Commission's databases proved beneficial in 2020 during the pandemic. The use of MVA driver license photos for passenger for-hire drivers greatly benefits the industry by eliminating the need for an applicant to travel to the Transportation Division's office to be photographed. Eliminating the need for the applicant to appear in person at the Transportation Division's office has been extremely beneficial during the pandemic by reducing potential exposure of staff and the public to the COVID-19 virus.

**E. Public Utility Law Judge Division (Ryan C. "Chuck" McLean, Chief Public Utility Law Judge)**

*The Public Service Commission notes, with sadness, the passing of License Hearing Officer Katherine (Kassie) Holmes (in November 2020) and former Public Utility Law Judge Robert McGowan (in December 2020). Both were beloved members of the Public Utility Law Judge Division and will be greatly missed.*

As required by the Public Utilities Article, the Division is a separate organizational unit reporting directly to the Commission and comprises 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 reviews; bus, passenger common carrier, water, and sewage disposal company proceedings; plant and equipment depreciation proceedings; and consumer complaints, as well as other complaints not resolved at the administrative level. In addition, the Division 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 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 conduct formal proceedings in the matters referred to the Division and file proposed orders, which contain findings of fact and conclusions of law. During 2020, the Commission delegated 53 cases to the Division: 29 non-transportation-related matters, and 24 transportation matters of which eight were taxicab-related and 16 were for-hire related; none were TNO-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 93 hearings and issued 73 proposed orders in 2020. 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 eight appeals/requests for reconsideration filed with the Commission resulting from a proposed order: five related to non-transportation matters and three related to for-hire matters. The Commission issued no orders reversing a proposed order related to a non-transportation matter; the Commission issued one appeal order remanding a for-hire matter back to the Division for further proceedings.

## XI. RECEIPTS AND DISBURSEMENTS FY 2020

### C90G001 – General Administration and Hearings

Salaries and Wages	\$	7,691,487
Public Utility Regulation Fund	\$7,690,288	
Reimbursable Fund	\$1,199	
Technical and Special Fees	\$	182,362
Public Utility Regulation Fund	\$181,032	
Reimbursable Fund	\$1,330	
Operating Expenses	\$	3,920,519
Public Utility Regulation Fund	\$2,543,191	
Public Utility Offshore Wind Energy Fund	\$1,327,916	
Retail Choice Customer Education and Protection Fund	\$49,412	
<b>Total Disbursements for Fiscal Year 2020</b>	<b>\$</b>	<b>11,794,368</b>
Public Utility Regulation Fund	\$10,414,511	
Reimbursable Fund	\$2,529	
Public Utility Offshore Wind Energy Fund	\$1,327,916	
Retail Choice Customer Education and Protection Fund	\$49,412	
Reverted Appropriation	\$	2,564,908
Public Utility Regulation Fund	\$2,564,908	
<b>Total Appropriation for Fiscal Year 2020</b>	<b>\$</b>	<b>14,359,276</b>
Public Utility Regulation Fund	\$12,979,419	
Reimbursable Fund	\$2,529	
Public Utility Offshore Wind Energy Fund	\$1,327,916	
Retail Choice Customer Education and Protection Fund	\$49,412	

### C90G002 – Telecommunications, Gas and Water Division

Salaries and Wages	\$	444,372
Public Utility Regulation Fund	\$444,372	
Operating Expenses	\$	2,312
Public Utility Regulation Fund	\$2,312	
<b>Total Disbursements for Fiscal Year 2020</b>	<b>\$</b>	<b>446,684</b>
Public Utility Regulation Fund	\$446,684	
Reverted Appropriation	\$	31,565
Public Utility Regulation Fund	\$31,565	
<b>Total Appropriation for Fiscal Year 2020</b>	<b>\$</b>	<b>478,249</b>
Public Utility Regulation Fund	\$478,249	

### C90G003 – Engineering Division

Salaries and Wages	\$	2,127,360
Public Utility Regulation Fund	\$1,640,454	
Federal Fund	\$486,906	

<b>Operating Expenses</b>	<b>\$</b>	<b>120,580</b>
Public Utility Regulation Fund	\$28,131	
Federal Fund	\$92,449	
<b>Total Disbursements for Fiscal Year 2020</b>	<b>\$</b>	<b>2,247,940</b>
Public Utility Regulation Fund	\$1,668,585	
Federal Fund	\$579,355	
<b>Reverted Appropriation</b>	<b>\$</b>	<b>154,534</b>
Public Utility Regulation Fund	\$105,540	
Federal Fund	\$48,994	
<b>Total Appropriation for Fiscal Year 2020</b>	<b>\$</b>	<b>2,402,474</b>
Public Utility Regulation Fund	\$1,774,125	
Federal Fund	\$628,349	

### **C90G004 – Accounting Investigations Division**

<b>Salaries and Wages</b>	<b>\$</b>	<b>762,834</b>
Public Utility Regulation Fund	\$762,463	
Reimbursable Fund	\$371	
<b>Operating Expenses</b>	<b>\$</b>	<b>2,033</b>
Public Utility Regulation Fund	\$2,033	
<b>Total Disbursements for Fiscal Year 2020</b>	<b>\$</b>	<b>764,867</b>
Public Utility Regulation Fund		
Reimbursable Fund		
<b>Reverted Appropriation</b>	<b>\$</b>	<b>23,407</b>
Public Utility Regulation Fund	\$23,407	
<b>Total Appropriation for Fiscal Year 2020</b>	<b>\$</b>	<b>788,274</b>
Public Utility Regulation Fund	\$787,903	
Reimbursable Fund	\$371	

## C90G005 – Common Carrier Investigations Division

<b>Salaries and Wages</b>	<b>\$</b>	<b>1,408,594</b>
Public Utility Regulation Fund	\$1,280,901	
For-Hire Driving Services Enforcement Fund	\$118,676	
Reimbursable Fund	\$9,017	
<b>Technical and Special Fees</b>	<b>\$</b>	<b>328,628</b>
Public Utility Regulation Fund	\$149,947	
For-Hire Driving Services Enforcement Fund	\$172,481	
Reimbursable Fund	\$6,200	
<b>Operating Expenses</b>	<b>\$</b>	<b>33,859</b>
Public Utility Regulation Fund	\$17,927	
For-Hire Driving Services Enforcement Fund	\$15,932	
<b>Total Disbursements for Fiscal Year 2020</b>	<b>\$</b>	<b>1,771,081</b>
Public Utility Regulation Fund	\$1,448,775	
For-Hire Driving Services Enforcement Fund	\$307,089	
Reimbursable Fund	\$15,217	
<b>Reverted Appropriation</b>	<b>\$</b>	<b>79,198</b>
Public Utility Regulation Fund	\$79,198	
<b>Total Appropriation for Fiscal Year 2020</b>	<b>\$</b>	<b>1,850,279</b>
Public Utility Regulation Fund	\$1,527,973	
For-Hire Driving Services Enforcement Fund	\$307,089	
Reimbursable Fund	\$15,217	

## C90G006 – Washington Metropolitan Area Transit Commission

<b>Operating Expenses</b>	<b>\$</b>	<b>379,611</b>
Public Utility Regulation Fund	\$379,611	
<b>Total Disbursements for Fiscal Year 2020</b>	<b>\$</b>	<b>379,611</b>
Public Utility Regulation Fund	\$379,611	
<b>Reverted Appropriation</b>	<b>\$</b>	<b>3,710</b>
Public Utility Regulation Fund	\$3,710	
<b>Total Appropriation for Fiscal Year 2020</b>	<b>\$</b>	<b>383,321</b>
Public Utility Regulation Fund	\$383,321	

### C90G007 – Electricity Division

Salaries and Wages	\$	347,385
Public Utility Regulation Fund	\$347,385	
Operating Expenses	\$	3,734
Public Utility Regulation Fund	\$3,734	
Total Disbursements for Fiscal Year 2020	\$	351,119
Public Utility Regulation Fund	\$351,119	
Reverted Appropriation	\$	115,926
Public Utility Regulation Fund	\$115,926	
<b>Total Appropriation for Fiscal Year 2020</b>	<b>\$</b>	<b>467,045</b>
Public Utility Regulation Fund	\$467,045	

### C90G008 – Public Utility Law Judge Division

Salaries and Wages	\$	905,759
Public Utility Regulation Fund	\$817,465	
For-Hire Driving Services Enforcement Fund	\$87,757	
Reimbursable Fund	\$537	
Operating Expenses	\$	5,158
Public Utility Regulation Fund	\$5,158	
Total Disbursements for Fiscal Year 2020	\$	910,917
Public Utility Regulation Fund	\$822,623	
For-Hire Driving Services Enforcement Fund	\$87,757	
Reimbursable Fund	\$537	
Reverted Appropriation	\$	36,536
Public Utility Regulation Fund	\$36,535	
<b>Total Appropriation for Fiscal Year 2020</b>	<b>\$</b>	<b>947,453</b>
Public Utility Regulation Fund	\$859,158	
For-Hire Driving Services Enforcement Fund	\$87,757	
Reimbursable Fund	\$537	

**C90G009 – Staff Counsel Division**

Salaries and Wages	\$	1,041,285
Public Utility Regulation Fund	\$1,041,285	
Operating Expenses	\$	2,896
Public Utility Regulation Fund	\$2,896	
Total Disbursements for Fiscal Year 2020	\$	1,044,181
Public Utility Regulation Fund	\$1,044,181	
Reverted Appropriation	\$	52,505
Public Utility Regulation Fund	\$52,505	
<b>Total Appropriation for Fiscal Year 2020</b>	<b>\$</b>	<b>1,096,686</b>
Public Utility Regulation Fund	\$1,096,686	

**C90G0010 – Energy Analysis and Planning Division**

Salaries and Wages	\$	597,969
Public Utility Regulation Fund	\$597,969	
Operating Expenses	\$	3,766
Public Utility Regulation Fund	\$3,766	
Total Disbursements for Fiscal Year 2020	\$	601,735
Public Utility Regulation Fund	\$601,735	
Reverted Appropriation	\$	37,740
Public Utility Regulation Fund	\$37,740	
<b>Total Appropriation for Fiscal Year 2020</b>	<b>\$</b>	<b>639,745</b>
Public Utility Regulation Fund	\$639,475	

**Summary of Public Service Commission  
Fiscal Year Ended June 30, 2020:**

<b>Salaries and Wages</b>	<b>\$</b>	<b>15,327,046</b>
Public Utility Regulation Fund	\$14,622,582	
Reimbursable Fund	\$11,124	
For-Hire Driving Services Enforcement Fund	\$206,433	
Federal Fund	\$486,906	
<b>Technical and Special Fees</b>	<b>\$</b>	<b>510,990</b>
Public Utility Regulation Fund	\$331,389	
Reimbursable Fund	\$7,530	
For-Hire Driving Services Enforcement Fund	\$172,481	
<b>Operating Expenses</b>	<b>\$</b>	<b>4,474,468</b>
Public Utility Regulation Fund	\$2,998,759	
For-Hire Driving Services Enforcement Fund	\$15,932	
Public Utilities Offshore Wind Energy Fund	\$1,327,916	
Retail Choice Customer Education and Protection Fund	\$49,412	
Federal Fund	\$92,449	
<b>Total Disbursements for Fiscal Year 2020</b>	<b>\$</b>	<b>20,312,503</b>
Public Utility Regulation Fund	\$17,942,320	
For-Hire Driving Services Enforcement Fund	\$394,846	
Reimbursable Fund	\$18,654	
Public Utilities Offshore Wind Energy Fund	\$1,327,916	
Retail Choice Customer Education and Protection Fund	\$49,412	
Federal Fund	\$579,355	
<b>Reverted Appropriation</b>	<b>\$</b>	<b>3,100,028</b>
Public Utility Regulation Fund	\$3,051,347	
Federal Fund	\$48,994	
<b>Total Appropriations</b>	<b>\$</b>	<b>23,412,531</b>
Public Utility Regulation Fund	\$20,993,354	
For-Hire Driving Services Enforcement Fund	\$394,846	
Reimbursable Fund	\$18,654	
Public Utilities Offshore Wind Energy Fund	\$1,327,916	
Retail Choice Customer Education and Protection Fund	\$49,412	
Federal Fund	\$628,349	

Assessments collected during Fiscal Year 2020: \$ 22,482,840

Other Fees and Revenues collected during Fiscal Year 2020:

1) Fines & Citations General Fund	\$	51,716
2) Fines & Citations		
Electric Reliability Remediation Fund	\$	210,000
3) Fines & Citations		
Retail Choice Customer Education/Protection Fund	\$	250,100
4) For-Hire Driving Services Permit Fees	\$	418,346
5) Meter Test	\$	190
6) Filing Fees	\$	132,075
7) Copies	\$	2,590
8) Miscellaneous Fees	\$	4,279

Total Other Fees and Revenues \$ 654,344

Interest Earned on Customer Investment Fund balance \$ 3,624

Interest Earned on Offshore Wind Energy Fund balance \$ 18,640

Assessments collected that were remitted to other  
State Agencies during Fiscal Year 2020  
From the Public Utility Regulation Fund:

1) Office of People's Counsel	\$	4,053,044
2) Railroad Safety Program	\$	457,109