



2022 ANNUAL REPORT

For the Calendar Year Ending December 31, 2022

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

**William Donald Schaefer Tower
6 St. Paul Street
Baltimore, MD 21202
www.psc.state.md.us**

I.	MEMBERSHIP OF THE COMMISSION.....	3
II.	OVERVIEW OF THE COMMISSION.....	4
	General Work of the Commission	4
	Maryland Public Service Commission Organizational Chart.....	7
	Commission Work Groups	6
	Commission Membership in Other Regulatory Organizations.....	7
III.	SUPPLIER DIVERSITY ACTIVITIES:.....	21
	Public Conference 52 (PC52): Supplier Diversity	21
IV.	COMMISSION ENERGY-RELATED CASES AND ACTIVITIES	28
	Energy Efficiency- and Demand Response-Related Cases:.....	28
	EmPOWER Maryland—Case No. 9648.....	28
	Electric Reliability-Related Cases.....	31
	Utility Rate Cases	36
	Certificates of Public Convenience and Necessity (CPCN) Cases....	40
	Standard Offer Service and Energy Competition Cases	48
	Mergers, Transfers, and Franchise Cases	54
	Other Matters	60
	Rulemakings and Regulations – New and Amended	70
	Public Conferences	73
V.	COMMISSION TELECOMMUNICATIONS CASES AND ACTIVITIES... 	86
VI.	COMMISSION WATER/SEWER CASES	89
VII.	COMMISSION PARTICIPATION/INTERVENTION IN OTHER REGULATORY	
	COMMISSION MATTERS.....	90
VIII.	PJM INTERCONNECTION, INC. —RPM.....	109
IX.	BROADENED OWNERSHIP ACT	111
X.	REPORTS OF THE AGENCY’S DEPARTMENTS/DIVISIONS.....	114
	Office of the Executive Secretary.....	114
	Consumer Affairs Division.....	118
	Office of General Counsel.....	120
	Office of the Executive Director	130
	Accounting Investigations Division.....	130
	Electricity Division.....	131
	Energy Analysis and Planning Division.....	133
	Engineering Division.....	135
	Staff Counsel Division.....	151
	Telecommunications, Gas, and Water Division.....	152
	Transportation Division.....	155
	Public Utility Law Judge Division	157
XI.	RECEIPTS AND DISBURSEMENTS FY 2022.....	161

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, 2022, the following persons were members of the Commission:

	Term Expires
Jason M. Stanek, Chairman	June 30, 2023
Michael T. Richard, Commissioner	June 30, 2025
Anthony J. O'Donnell, Commissioner	June 30, 2026
Odogwu Obi Linton, Commissioner	June 30, 2027
Patrice M. Bubar, Commissioner	June 30, 2024

In 2022, Commissioner Mindy Herman retired, and Commissioner Patrice M. Bubar was appointed by Governor Larry Hogan to fill out the remainder of her term; Commissioner Obi Linton was reappointed by Governor Hogan in 2022 to a five-year term.



Anthony J. O'Donnell



Jason M. Stanek



Michael T. Richard



Odogwu Obi Linton



Patrice M. Bubar

II. OVERVIEW OF THE COMMISSION

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:

- electric and gas utilities;
- competitive electric and natural gas suppliers (NOTE: The Commission licenses and investigates complaints against electric suppliers—it does not regulate supplier pricing);
- telecommunications companies (landline phone service only);
- privately-owned water and sewage companies;
- bay pilots and docking masters rates;
- passenger motor vehicle carriers (including Transportation Network Companies such as Uber, Lyft, etc., and buses, limousines, sedans); taxicabs operating in the City of Baltimore, Baltimore County, Charles County, Cumberland, and Hagerstown;
- railroad companies (the Commission’s authority is limited here: the companies must be organized under Maryland law, and jurisdiction extends only over certain conditions and rates for intrastate services);
- hazardous liquid pipelines; and
- private toll bridge companies

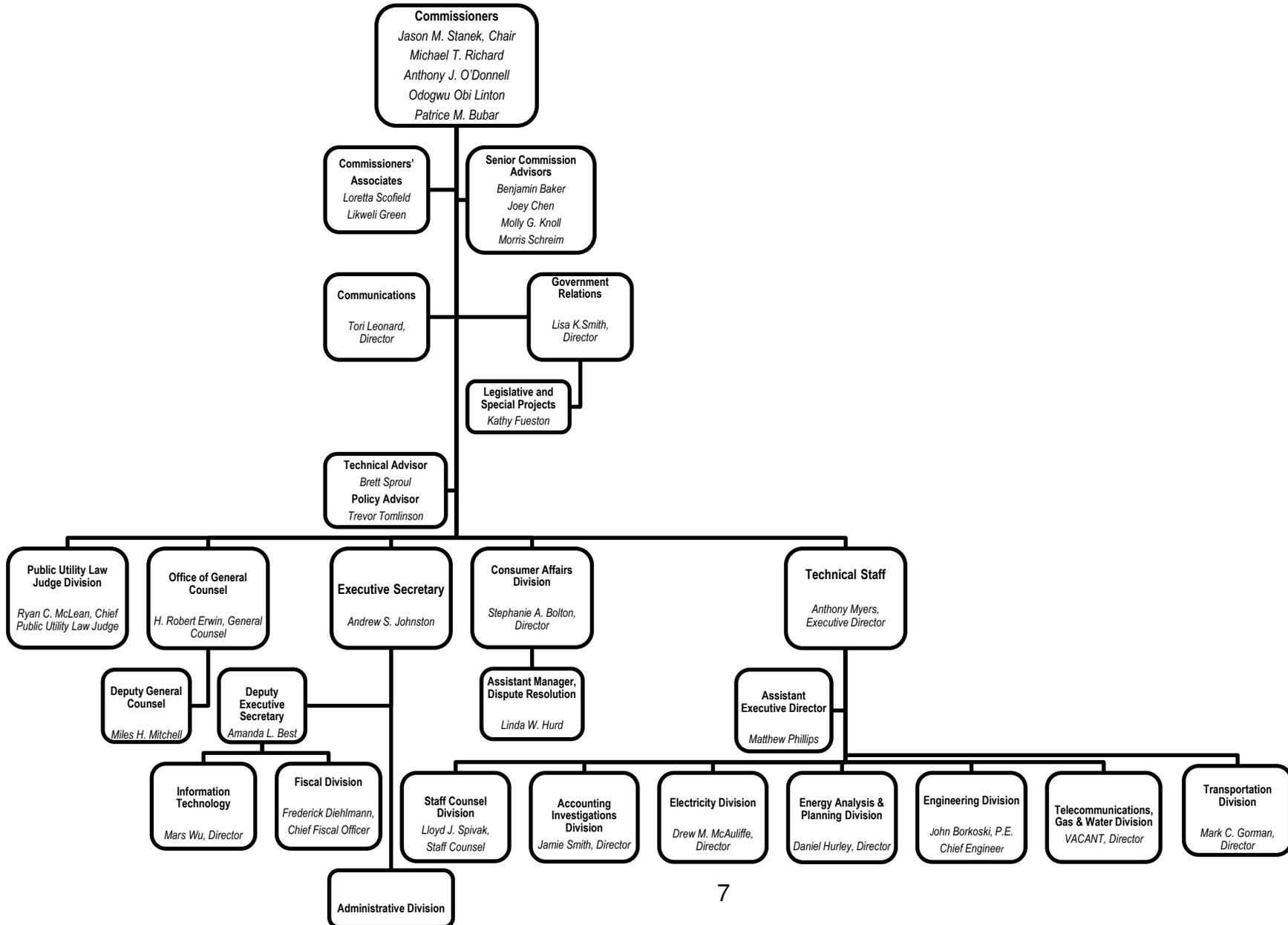
The jurisdiction and powers of the Commission are found in the Public Utilities Article (PUA), *Annotated Code of Maryland*. The Commission’s jurisdiction, however, is limited to intrastate service. Interstate transportation is regulated in part by the U.S. Department of Transportation; interstate and wholesale activities of gas and electric 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 motor 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 calendar year 2022, the Commission initiated 21 new non-transportation–related dockets, conducted approximately 19 en banc hearings (legislative-style, evidentiary, or evening hearings for public comments as well as status conferences, discovery disputes, and prehearing conferences), held seven rulemaking sessions, participated in three public conference sessions, and presided over 40 administrative meetings—some held virtually due to the COVID-19 pandemic. The Commission's hearing rooms reopened to proceedings on May 4, 2022.

Also, the Commission actively participated in the regular General Assembly legislative session in 2022, by submitting comments on bills affecting public service companies or Commission operations, participating in work groups convened by Senate or House committees or subcommittees, and testifying before various Senate and House committees and subcommittees.

Maryland Public Service Commission Organizational Chart – as of May 1, 2023



Commission Work Groups

Stakeholder processes are important to the mission and work of the Commission. There are approximately 80 different work groups that the Commission either oversees or participates in via Staff representation. Work groups are often formed by Commission directives but can also be legislatively mandated or requested by various stakeholders that participate in Commission proceedings. **Table 1** below shows the number of work groups at the Commission by topic. **Table 2** summarizes the number of stakeholder processes in which representatives from the Commission participate.

Table 1 Summary of Work Groups at the Commission

	Energy Efficiency/ Demand Response	Grid Modernization/ PC44	Customer Choice/ Energy Supply	Utilities (Electric, Gas, Water, Telecom)	Transportation
Total	19	8	6	11	3

Table 2 Summary of Stakeholder Processes with Commission Representation

	Federal Agencies	Other State Agencies	PJM	NARUC	Other Organizations
Total	2	8	3	7	9

Commission Membership in Other Regulatory Organizations

Washington Metropolitan Area Transit Commission

The Washington Metropolitan Area Transit Commission (WMATC) was created in 1960 by the Washington Metropolitan Area Transit Regulation Compact for the purpose of regulating certain transportation carriers on a coordinated regional basis. 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*.

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). The Metropolitan District includes the District of Columbia; the Virginia cities of Alexandria and Falls Church; Virginia counties Arlington and Fairfax, and 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.

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

In fiscal year (FY) 2022 (from July 1, 2021 through June 30, 2022), the WMATC accepted 174 applications to obtain, transfer, amend or terminate a WMATC certificate of authority (up from 159 in FY2021). The WMATC also initiated 90 formal investigations of carrier compliance with WMATC rules and regulations (down from 173 in FY2021). The WMATC issued 396 orders in formal proceedings in FY2022, as compared to 522 orders in FY2021. There were 379 carriers holding a certificate of authority at the end of FY2022—up from 373 at the close of FY2021, but still almost four 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 4,351 as of June 30, 2022, compared to 4,533 vehicles operated under WMATC authority as of June 30, 2021. WMATC staff received four

informal complaints against WMATC carriers in FY2022. This compares to zero such complaints received in FY2021.

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 FY2022 WMATC budget was \$1,001,000, of which Maryland's share was \$461,861, or 46.1 percent.

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 a term as President in 2019.

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 co-chair of the Joint Federal-State Task Force on Electric Transmission—an initiative of NARUC and the Federal Energy Regulatory Commission (FERC)—and co-vice chair of NARUC’s Commission Chairs’ Council. Chairman Stanek also is the vice chair of the Electric Vehicles State Working Group and is a member of NARUC’s 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** chaired 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 Bubar** serves as a member of the Committee on International Relations and the Committee on Water.

In 2019, 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 held a technical conference on distribution planning in 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 emissions power. **Commissioner O'Donnell** co-chairs the partnership with Commissioner Tim Echols of the Georgia Public Service Commission. Through the partnership, members engage in programming such as stakeholder dialogues, peer-sharing calls, site visits, educational webinars, and briefing papers for NARUC's state members.

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, North Carolina, 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 the MACRUC Executive Committee and Board of Directors, and he served a term as President in 2021.

Regional Greenhouse Gas Initiative

Established in 2009, the Regional Greenhouse Gas Initiative (RGGI) is the first market-based regulatory program in the United States designed to stabilize and then reduce greenhouse gas emissions, specifically carbon dioxide (CO₂), from the power sector. RGGI, Inc. is a non-profit corporation formed to provide technical advisory and administrative services to participating states in the development and implementation of their respective CO₂ budget trading programs. 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 Horacio Tablada¹ of the Maryland Department of the Environment (MDE) served on the RGGI Board on behalf of Maryland in 2022. The RGGI, Inc. offices are located in New York City, in space co-located with the New York Public Service Commission at 90 Church Street.

The RGGI Memorandum of Understanding (MOU) apportions CO₂ allowances (i.e., a limited permission to emit one short ton of CO₂ per allowance) among signatory

¹ Secretary Tablada joined the RGGI Board of Directors on June 1, 2022, succeeding former MDE Secretary Ben Grumbles.

states through a process that was based on historical CO₂ 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.”

The original RGGI program, jointly designed by 10 Northeastern and Mid-Atlantic states, established a cap-and-trade program that stabilized CO₂ emissions from power plants and then lowered that cap by 10 percent by 2018. The participating states agreed to use an auction as the primary means to distribute CO₂ allowances to electric power plants regulated under the coordinated state CO₂ cap-and-trade programs. All fossil fuel-fired electric power plants with 25 megawatts (MWs) or greater capacity, and connected to the electricity grid, must obtain allowances based on their CO₂ emissions. Nine of the original 10 member states 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.

The RGGI participating states are committed to periodic review of their CO₂ budget trading programs to consider the successes, impacts, and any adjustments to program design elements (Program Review). 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 percent reduction in the existing cap. 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 (i.e., a fixed quantity of CO₂ 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), to serve as a flexibility mechanism in the unanticipated event of short-term price spikes; the addition of a U.S. Forest Offset Protocol; simplification of the minimum reserve price to increase it by 2.5 percent each year; and the creation of interim control periods for compliance entities. 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 declined by 2.5 percent each year from 2015 through 2020. By 2019, the regional emissions budget had decreased from 88.7 million short tons (2015) to 80.3 million short tons. New Jersey resumed its participation in 2020, and Virginia later joined the RGGI program in 2021, bringing the total regional emissions budget to approximately 119.8 million short tons for 2021. In 2022, the total regional emissions budget decreased to 116.1 million short tons. Between 2015 and 2022, Maryland’s portion of the emissions budget decreased from 19.8 million short tons (2015) to 16.3 million short tons (2022).

Table 3: 2022 Regional Emissions Budget²

State	CO₂ Allowances (short tons)
Connecticut	4,713,516
Delaware	3,280,789
Maine	2,651,519
Maryland	16,281,475
Massachusetts	11,582,404
New Hampshire	3,842,274
New Jersey	16,920,000
New York	28,175,777
Rhode Island	1,820,783
Vermont	524,247
Virginia	26,320,000
Total	116,112,784

² Source: *The Regional Greenhouse Gas Initiative, Allowance Distribution*, <https://www.rggi.org/allowance-tracking/allowance-distribution>.

In 2022, RGGI held four auctions of CO₂ allowances with 11 participating states. For Maryland, these auctions raised approximately \$147.25 million for the State's Strategic Energy Investment Fund. Maryland's 2022 auction proceeds increased approximately 27.7 percent compared to 2021 auction proceeds of \$115.3 million. On December 7, 2022, Maryland marked an historic milestone by earning over \$1 billion in cumulative RGGI proceeds over 58 auctions. Pursuant to § 9-20B-05(g) of the State Government Article, *Annotated Code of Maryland*, the proceeds received by the Fund from January 1, 2022 through December 31, 2022, 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 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 Second 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. continued use of the cost containment reserve and the creation of an emissions containment reserve), and the extensive electric sector modeling conducted by the RGGI states for purposes of evaluating potential revisions to the program. The RGGI states reviewed more than 120 separate comments submitted by experts, policymakers, and organizations, as well as more than 29,000 personal comments and petition signatures pertaining to program review.

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 CO₂ in 2021, to decline by 2.275 million tons of CO₂ per year thereafter, resulting in a total 30 percent reduction in the 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) were effectuated through a formulaic adjustment that will continue to be implemented over the period from 2021 to 2025. Under the current program, the size and trigger price of the cost containment reserve began to change in 2021 and will increase by 7 percent per year thereafter. A majority of RGGI states also introduced an emissions containment reserve in 2021 wherein the states will withhold allowances from circulation to secure additional emissions 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 CO₂ Budget Trading Programs, consistent with the announced Model Rule, which was completed in 2020.

In February 2021, the RGGI states announced the initiation of a Third Program Review to consider further updates to their CO₂ budget trading programs. The states held a series of four public meetings from October–December 2021 to solicit public comments and feedback on the RGGI program. Given that public participation will be critical to the success of this program review, the RGGI states will conduct additional public engagement throughout the program review. Additional public meetings are scheduled for 2023. To inform the states' decision-making with respect to core program review topics, the RGGI states will conduct technical analyses, including electricity sector modeling. Changes to the program will be based on consensus between all participating states.

In September 2022, Virginia released a Notice of Intended Regulatory Action outlining a process for the state to repeal its RGGI regulation. This followed Virginia Governor Youngkin's pledge to end the state's participation in RGGI. Virginia will continue its RGGI participation through the end of the current control period.

In October 2019, then-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 September 2021, despite opposition from Republican legislators and industry groups, DEP announced the approval of the state's carbon trading program regulation

that would facilitate Pennsylvania's participation in RGGI. Upon review by the Pennsylvania General Assembly, however, the legislature passed a resolution disapproving the rule, effectively preventing the state from joining RGGI. Whereas prior to this disapproval resolution, Pennsylvania was on track to begin participation in RGGI in January 2022, there is a pending lawsuit and injunction over the Pennsylvania RGGI regulation. As a result, Pennsylvania did not participate in any RGGI auctions in 2022. The merits of the lawsuit were heard by the Commonwealth Court of Pennsylvania on November 16, 2022, and a decision is expected in 2023.

On January 11, 2021, the Southern Environmental Law Center brought a petition to the North Carolina Environmental Management Commission (EMC), which proposed a RGGI-aligned rule that would allow North Carolina to join the RGGI program. The EMC voted in July 2021 to proceed with a formal rulemaking process to implement North Carolina's participation in RGGI. Fiscal analysis of the North Carolina petition rule was scheduled for discussion before the North Carolina Air Quality Committee of the EMC in January 2023. If the Air Quality Committee moves forward with the petition rule, the EMC will consider a request to proceed with a public hearing, which could begin in the April – May 2023 timeframe.

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:

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

As noted in prior Annual Reports, 20 regulated entities entered into Memoranda of Understanding (MOU)³ with the Commission in which each organization voluntarily agreed to develop, implement, and consistently report on its activities and accomplishments in promoting a strategy to support viable and prosperous women-owned, minority-owned, and service-disabled-veteran-owned business enterprises (diverse suppliers). The MOU expressed each entity's commitment to use its best efforts to achieve a goal of 25 percent 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 12, 2022, the Commission held a hearing at the Community College of Baltimore County on the results of the 2021 Annual Reports submitted by 16 of the companies. The signatories include: Association of Maryland Pilots; AT&T; Baltimore Gas and Electric Company (BGE); CenturyLink; Chesapeake Utilities–Maryland Division, which now includes Elkton Gas after a 2020 acquisition; Choptank Electric Cooperative; Columbia Gas of Maryland; Comcast Phone of Northern Maryland and Comcast Business Communications; Delmarva Power & Light Company; Easton Utilities; Maryland-American Water; Potomac Electric Power Company (Pepco); Southern Maryland Electric Cooperative (SMECO); Potomac Edison; Verizon Maryland; and Washington Gas Light Company.

³ Originally existing as Public Conference 16.

Collectively, the companies exceeded the aspirational goal of awarding 25 percent of total procurement to diverse suppliers, achieving an overall diverse spend of just over 36.5 percent—the highest-recorded diverse spend in the history of the program. Overall, diverse spend increased from nearly \$1.2 billion in 2020 to almost \$1.4 billion in 2021, an increase of more than \$211 million. Diverse spend averaged more than \$1.23 billion over the past three reporting years, while total utility procurement averaged \$3.68 billion over the same period. Total procurement spend by the reporting signatories increased at an annual rate of 2.60 percent over the past three years. The average annual growth in diverse spend since 2009 is just over 8 percent.

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 \$696.7 million, WOE received \$600.3 million, SDVOE received \$33.6 million, VOE received \$79.8 million, LGBT OE received \$45,848, and NFPW received \$8,289. The category MOE contains four major subgroups: African American-owned businesses, American Indian/Native American-owned businesses, Asian-owned businesses, and Hispanic-owned businesses. All 16 signatories that provided reports for 2021 broke down their MOE spends by ethnicity; Hispanic-owned businesses accounted for the largest proportion of total MOE spend, at 38.1 percent.

On August 25, 2022, the Commission issued a public determination as required under Code of Maryland Regulations (COMAR) 20.08.01.05, noting that while some

diverse suppliers continued to face challenges and experience setbacks related to the significant and continuing impacts of COVID-19, others were able to recover to varying degrees. Discussions centered on the creativity and innovation shown by the participating utilities and diverse suppliers in developing alternative means to achieve their goals.

The 2022 annual conference further explored the process of the participating utilities working inclusively with diverse suppliers to provide support as the suppliers continue to recover from the economic impacts of the pandemic. The utilities responded positively to the changing needs of diverse suppliers, and the annual conference involved discussion on the creative solutions developed by the utilities and the benefits received by the suppliers. The Commission acknowledged the innovation shown during this time of transition and appreciated the willingness by the participating utilities and diverse suppliers to discuss changes made and lessons learned.

The Commission also noted the participation this year of Maryland-American Water Company, the first large water utility to join the Supplier Diversity Program, and commended the company for exceeding the diverse spend goal at the outset.

At the 2021 and 2022 annual conferences, stakeholders proposed the addition of HUBZone-certified small businesses as a category of diverse supplier. In the Public Determination that followed, the Commission found the HUBZone Program proposal to be worthy of further analysis, but premature for approval. The Commission denied the proposal, and noted testimony from the Maryland Utility Forum that it would soon consider and evaluate the proposal to include HUBZone-certified small businesses in

the Supplier Diversity Program. The Commission listed factors for the Utility Forum and MOU signatories to consider regarding the addition of a diverse spend category and stated that it looked forward to receiving a recommendation from the Forum regarding the inclusion of the HUBZone Program.

This year, the Utility Forum stated that they have continued to look into HUBZone-certified small businesses for possible inclusion in the Supplier Diversity Program, but that they are still in the researching phase and plan to use the upcoming year to develop a satisfactory recommendation to make to the Commission at the 2023 conference.

The Commission emphasized that it continues to hold economic inclusion, the promotion of job growth, and improved economic circumstances as top priorities for the Supplier Diversity Program. Given that the intention of the HUBZone Program is to promote job growth, capital investment, and economic development, the Commission expressed hope that a path could be found to include HUBZone-certified small businesses in the Supplier Diversity Program. The Commission noted that Maryland would be the first state to adopt the HUBZone classification as a diverse spend category, and appreciated the time and attention being given to the matter by the Utility Forum and stakeholders to ensure that the Commission's previously stated concerns are addressed.

At the 2022 annual conference, the companies informed the Commission that they have constructed a new, uniform MOU to be signed by the companies and the Commission. In the Commission's 2022 Public Determination following the annual

conference, the Commission appreciated the Forum's effort to develop a uniform document and outlined the processes to formally file the proposal for an updated MOU in the PC52 docket. On January 12, 2023, a petition for a uniform, updated MOU document was jointly filed by a group of companies involved in the Supplier Diversity program.⁴ Going forward, the Commission will allow any additional parties to file comments and recommendations related to this petition to move the different companies onto a single, uniform version of the MOU. In the public determination following the upcoming 2023 annual conference, the Commission will summarize and respond to the petition and the updated MOU document.

Table 4 (below) 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. Sources of exempted spend are agreed to in advance and can be found in the respective entity's MOU.

In addition to the MOU signatories, both offshore wind companies, Skipjack Offshore Energy, LLC (in Case No. [9629](#)) and US Wind (in Case No. [9628](#)) are required by statute to file supplier diversity reports.

⁴ The MOU Petitioners include: Potomac Edison, Verizon, Chesapeake Utilities Corporation/Elkton Gas, SMECO, CenturyLink, Maryland-American Water, Choptank, Easton Utilities, BGE, Pepco, Delmarva Power, the Association of Maryland Pilots, Washington Gas, and Columbia Gas of Maryland.

Table 4 – 2021 Diverse Procurement

Companies	Total diverse supplier procurement (\$)	Percentage of diverse supplier procurement to total company procurement
Association of MD Pilots	\$446,301	39.77%
AT&T	\$17,370,000	23.29%
BGE	\$500,400,000	43.9%
CenturyLink	\$31,980,000	32.3%
Chesapeake Utilities	\$601,539	9.12%
Choptank	\$335,598	2.29%
Columbia Gas	\$3,250,000	12.89%
Comcast	\$192,060,000	46.95%
Delmarva	\$111,800,000	29.6%
Easton Utilities	\$195,920	4.42%
Maryland-American Water	\$1,040,000	28.88%
Potomac Edison	\$23,470,000	26.54%
Pepco	\$320,600,000	41.64%
SMECO	\$19,550,000	22.18%
Verizon Maryland	\$37,130,000	16.67%
WGL	\$149,160,000	27.88%
Total	\$1,410,000,000⁵	36.54%

⁵ Due to rounding, some totals may not correspond with the sum of the separate figures.

In **Table 5**, the amounts and percentages from Table 1 are further broken down into percentage of the expenditures by diversity classification (figures are rounded).

Table 5 – 2021 Procurement by Diverse Group

Companies	Minority-Owned	Women-Owned	LGBT-Owned	Service-Disabled Veteran-Owned	Veteran-Owned	Not-for-Profit Workshops
Association of MD Pilots	26.0%	66.6%	0.0%	0.0%	7.4%	0.0%
AT&T	66.2%	30.5%	0.02%	3.2%	0.6%	0.0%
BGE	39.7%	54.3%	0.004%	0.6%	5.5%	0.0%
CenturyLink	35.4%	7.7%	0.0%	56.9%	0.0%	0.0%
Chesapeake Utilities	12.4%	87.3%	0.0%	0.02%	0.3%	0.0%
Choptank	21.1%	77.5%	0.0%	0.0%	0.0%	1.43%
Columbia Gas	10.9%	54.2%	0.00%	1.3%	33.5%	0.0%
Comcast	49.8%	36.0%	N/R	N/R	N/R	N/R
Delmarva	41.1%	55.5%	0.0%	1.0%	2.0%	0.0%
Easton Utilities	N/R	71.2%	N/R	23.3%	N/R	N/R
Maryland-American Water	0.0%	100%	0.0%	0.0%	0.0%	0.0%
Potomac Edison	39.7%	54.3%	0.00%	0.00%	6.0%	0.01%
Pepco	65.7%	27.8%	0.0%	1.0%	6.0%	0.0%
SMECO	36.6%	45.1%	0.02%	13.7%	4.7%	0.0%
Verizon	25.7%	68.4%	0.01%	5.8%	0.06%	0.0%
WGL	64.2%	33.4%	0.0%	0.0%	2.0%	0.0%

IV. COMMISSION ENERGY-RELATED CASES AND ACTIVITIES

Energy Efficiency- and Demand Response-Related Cases:

EmPOWER Maryland—Case No. [9648](#)

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 State⁶ were responsible for achieving a 10 percent reduction in the State’s energy consumption and a 15 percent reduction of peak demand by 2015. In 2017, the Article was amended to set electricity savings targets for the 2018-2020 and the 2021-2023 EmPOWER Maryland program cycles of two percent 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 2022:

- The EmPOWER MD utilities’ programs have saved a total of 14,998,227 MWh and 3,051 MW, and either encouraged the purchase of or installed approximately 138.7 million energy-efficient measures.
- 59,772 low-income customers have participated in the EmPOWER Limited Income Programs.
- The EmPOWER MD utilities have spent over \$3.8 billion on the EmPOWER Maryland programs, including over \$2.6 billion on energy efficiency and conservation (EE&C) programs and over \$1.0 billion on demand response (DR) programs.
- The expected savings associated with EmPOWER Maryland programs is approximately \$13.7 billion over the life of the installed measures for the EE&C programs.

⁶ The utilities are Potomac Edison, BGE, Delmarva Power, Pepco, and SMECO.

- The average monthly residential bill impacts of EmPOWER Maryland surcharges for 2022 were as follows:

Table 6: 2022 average monthly residential bill impacts of EmPOWER Maryland surcharges⁷

	EE&C	DR	Dynamic Pricing ⁸	Total
BGE	\$4.23	\$2.41	(\$0.22)	\$6.42
DPL	\$5.97	\$1.37	\$0.52	\$7.86
PE	\$6.19	N/A	N/A	\$6.19
Pepco	\$4.74	\$2.16	\$0.25	\$7.15
SMECO	\$5.92	\$2.70	N/A	\$8.62

- Washington Gas has saved a total of 10,429,637 Therms through its programs since beginning in 2015.

When EmPOWER first launched, the Commission determined that the costs of the program should be phased in over a five-year period. This five-year amortization has continued over the last 14 years with each program-year being recovered over the current and next four calendar years. In effect, the EmPOWER surcharge recovers a rolling five-year average of program costs. Over the years, however, the balance on uncollected (unamortized) program costs has risen to over \$800 million, and ratepayers pay the utility for the use of this capital.

In August 2022, the Commission issued Order No. 90306 requesting utility proposals to eliminate the unrecovered balance by the end of 2029. The EmPOWER utilities provided their plans and, in December 2022, the Commission issued an order

⁷ Assumes an average monthly usage of 1,000 kilowatt hours (kWh), and the figures do not include customer savings.

⁸ BGE, Pepco, and Delmarva 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.

requiring the utilities to utilize the plan put forward by SMECO (a non-profit cooperative). Under this model, there is no change to the amortization length of five years for costs that could be amortized, but the amount of costs by year eligible for amortization would decrease through 2026 (33% expensed in 2024 and 67% expensed in 2025). Any costs incurred in and after 2026 would not be amortized, thus the surcharge would be at its highest in 2026 and lowest in 2029. The Commission selected this method because it was a gradual rate increase to residential and commercial and industrial customers (providing bill manageability), was one of the lowest cumulative cost scenarios considered, and was transparent.

Electric Reliability-Related Cases

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 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, 2022, by each of the applicable electric companies, and comments on the reports were due by July 21, 2022.

On July 28, 2022, the Commission held a legislative-style hearing to review the April 2022 reports and determine whether each subject electric company met the applicable COMAR service quality and reliability standards. On October 7, 2022, the Commission issued Order No. 90381 in which it accepted the service quality and reliability annual reports filed by Baltimore Gas and Electric Company, Potomac Electric Power Company (Pepco), Delmarva Power & Light, Potomac Edison and the Southern Maryland Electric Cooperative.

The Commission, in Order No. 90381, also approved the corrective action plan (CAP) submitted by Pepco for failing the Multiple Device Activation (MDA) standard⁹. In addition, the Commission noted that Staff shall continue to provide analysis of the SAIDI_{MED}¹⁰ resiliency metric in future annual reliability performance reports.

⁹ The MDA Standard is a regulation with thresholds for the number of times an electric distribution system protective device activates over a certain period of time.

¹⁰ SAIDI reflects the average outage duration for each customer served over a year. A Major Event Day (MED) occurs when SAIDI exceeds a specific threshold for a given day reflecting longer duration outages. SAIDI_{MED} is a metric that measures SAIDI during MEDs.

COMAR 20.50.12.02D(1) stipulates the SAIFI and SAIDI targets that each electric company is required to meet every calendar year. Since 2012, when the standards were first promulgated for 2012-2015, each electric company is required to propose the SAIFI and SAIDI targets it aims to meet for each subsequent four-year period. These proposals are then reviewed by Staff and other stakeholders who in turn make their own recommendations to the Commission. In 2022, the electric companies were required to submit their proposals for 2024-2027. Staff analyzed the submittals using a variety of metrics and factors, including customers' willingness to pay for additional reliability, and made recommendations to the Commission.

COMAR 20.50.12.14 requires each electric company to conduct customer perception surveys every four years and requires the Commission to establish a process for determining how and by whom the surveys will be conducted. In Order No. 89056, the Commission previously directed Staff to convene a Customer Perception Survey Workgroup (CPSWG) with the electric companies and stakeholders to address the disparity between customer perception surveys. Subsequently, the CPSWG developed several key survey questions and a uniform rating system to address consistency among various customer perception surveys and to better reflect the level of customer satisfaction related to the electric companies' performance. As demonstrated in the 2021 customer perception survey results, most customers were satisfied with their electric service. However, most customers also expressed that they were reluctant to pay more for reliability improvement.

The regulatory standards in COMAR 20.50.12 for service quality and reliability developed through [RM43](#) ensure that the electric companies maintain and improve system reliability at an acceptable level of performance. As the electric utility industry continues to evolve, there was a desire by Staff and other stakeholders to revise the regulations to establish reliability performance requirements that are in line with evolving industry practices and past workgroup recommendations. On August 12, 2021, the Commission, in Order No. 89908, directed Staff to lead a workgroup to consider RM43 standard changes. In response, the RM43 Standard Changes Workgroup was formed and proposed revisions to various COMAR 20.50 regulations. In response to Staff's proposal, the Commission directed Staff to file within 60 days a proposal for rulemaking, which Staff did on December 2, 2022. In the petition, Staff also requested a rulemaking pursuant to the RM43 Standard Changes Workgroup recommendations and to also revise each electric company's 2024-2027 SAIFI and SAIDI standards. Following a rulemaking session on January 19, 2023, the Commission moved to publish the draft regulations as proposed by Staff in the Maryland Register for notice and public comment.

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; Skipjack Offshore Energy, LLC plans to construct 120 MW off the coast of Delaware. Both companies are required to maintain offshore lease sites through the federal Bureau of Ocean Energy Management (BOEM). In 2019, Case No. 9431 was bifurcated into Case No. [9628](#) for U.S. Wind and Case No. [9629](#) for Skipjack to review potential turbine size changes for both projects. The Commission issued Order No. 89622 on August 20, 2020, approving Skipjack's proposal for 12 MW turbines. 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 required the Commission to establish a second round of review for offshore wind applications or "Round 2"¹¹ and at least 1,200 MW of offshore wind capacity. On December 22, 2020, the Commission issued a general notice that the Commission's evaluator, ICF Resources, LLC (ICF), had deemed an application to be administratively complete and set a closing date for other interested parties to apply by June 21, 2021. Following the close of the application period, the Commission opened Case No. [9666](#) and reviewed the five applications submitted by U.S. Wind and Skipjack. Virtual public comment

¹¹ The original review of offshore wind applications is now classified as "Round 1".

hearings were held on September 28, 2021 and September 30, 2021. Virtual evidentiary hearings were held from October 27, 2021 through November 1, 2021.

On December 17, 2021, the Commission issued Order No. 90011 awarding ORECs to US Wind's bid of 808.5 MW (identified as Bid 2) and Skipjack's bid of 846 MW (identified as Phase 2.1).^{12,13} US Wind's Bid 2 project will consist of approximately 55 turbines located no closer than 15 miles off the coast of Ocean City. Skipjack's Phase 2.1 project will consist of approximately 60 turbines located no closer than 20 miles off the coast of Ocean City. Both projects have an expected commercial operation start date of 2026, subject to review by BOEM. Due to the combined size and ratepayer impacts of the approved projects, the Commission closed the anticipated final two application periods in Round 2.

Skipjack and US Wind file updates on their current and planned environmental research initiatives, supplier diversity, and general progress with the Commission.

¹² US Wind was awarded 2,513,752 ORECs per year at a price schedule equivalent to a levelized price of \$54.17 per OREC (2012\$) using a 2.0% price escalator, beginning on December 1, 2026, for a duration of 20 years. Skipjack was awarded 3,279,207 ORECs per year at a price schedule equivalent to a levelized price of \$71.61 per OREC (2012\$) using a 3.0% price escalator, beginning on December 1, 2026, for a duration of 20 years.

¹³ Both projects were awarded ORECs with numerous conditions related to siting and project feasibility, minority investment and workforce opportunities, decommissioning, positive net economic benefits to Maryland, positive net environmental benefits to Maryland, projected net ratepayer impacts and OREC price schedules. Both companies accepted the conditions of the Commission's approval.

Utility Rate Cases

Delmarva Power & Light Company's Application for Adjustments to its Retail Rates-Case No. [9670](#)

On September 1, 2021, Delmarva Power & Light Company filed an application for adjustments to its retail rates. The request sought to increase Delmarva's base distribution rates by \$28.8 million. On September 2, 2021, the Commission initiated a new docket to consider the application, suspended the proposed rates for 150 days from June 15, 2021, and delegated the matter to the PULJ Division. On October 4, 2021, a virtual pre-hearing conference was held, and a procedural schedule was issued. On October 6, 2021, by Commission Order No. 89959, the effective date of proposed rates was amended.

On January 11, 2022, a virtual public comment hearing was held. The procedural schedule was suspended. On January 18, 2022, the parties filed a notice of settlement and a request to cancel the scheduled evidentiary hearings.

After the filing of the settlement and supporting testimony, a virtual evidentiary hearing was held on January 28, 2022. The main provisions of the settlement included authorizing Delmarva a retail base rate increase of \$12.5 million, setting a return on equity of 9.6 percent, and establishing an \$85.6 million regulatory asset for historical net salvage costs with a 14-year amortization period. On February 15, 2022, a proposed order was issued adopting the settlement. The proposed order was not appealed and became Order No. 90099 on March 2, 2022.

Columbia Gas of Maryland, Inc.'s Application for Authority to Increase Rates and Charges-Case No. [9680](#)

On May 13, 2022, Columbia Gas of Maryland, Inc. filed an application for authority to increase its existing rates and charges for natural gas service. The company requested an increase to its annual base rates revenues by \$7,120,656, an overall revenue increase of 11.52 percent, based on a test year ending May 31, 2022. The matter was docketed under Case No. 9680, and the Commission delegated the matter to the Public Utility Law Judge Division on May 13, 2022. A public comment hearing was held virtually on August 23, 2022. On August 31, 2022, the parties entered into a settlement agreement setting forth that effective with bills rendered as of December 9, 2022, Columbia would receive an increase to its annual revenue requirement of \$4,800,885, based on retaining a 9.65% return on equity. A settlement hearing was held virtually on September 13, 2022. A proposed order was issued on November 3, 2022, accepting the terms of the settlement. The proposed order became a final order on November 17, 2022.

Delmarva Power & Light Company's Application for an Electric Multi- Year Plan-Case No. [9681](#)

On May 19, 2022, Delmarva Power filed an application with the Commission seeking a three-year rate plan, requesting electric rates to be effective June 18, 2022, June 18, 2023, and June 18, 2024. On May 20, 2022, the Commission suspended the application of the proposed tariff revisions and initiated the case. Three stakeholders intervened as parties: OPC, Walmart, Inc., and Commission Staff.

Public comment hearings were held on September 13 and 22, 2022, with written comments received through October 7, 2022. On October 7, 2022, the parties filed a proposed settlement, resolving all disputed issues except those concerning the need for a bill stabilization adjustment (BSA) and the appropriate reconciliation mechanism to be applied at the end of the multi-year rate period. On December 14, 2022, the Commission issued Order No. 90445, approving the settlement, which included incremental revenue requirements of \$16,938,589 (2023), \$5,968,342 (2024), and \$6,009,599 (2025), based on a return on equity of 9.6%. The Commission also approved Delmarva's proposed BSA and reconciliation process.

Southern Maryland Electric Cooperative, Inc.'s Application for Authority to Revise Rates and Charges-Case No. [9688](#)

On December 1, 2022, Southern Maryland Electric Cooperative, Inc. filed an application for an increase to distribution rates with an overall operating revenue requirement of \$15.75 million. On December 7, 2022, by Order No. 90438, the Commission suspended the proposed rates and charges for an initial period of 150 days from January 1, 2023, and delegated the proceedings to the PULJ Division. On January 5, 2023, at the pre-hearing conference, a procedural schedule was adopted and the U.S. Navy's petition to intervene was granted. On January 17, 2023, by Order No. 90476, the Commission extended the initial suspension period for the revised tariffs for an additional 30 days, for a total suspension period of 180 days. A public comment hearing was held on February 28, 2023. On March 14, 2023, SMECO, Staff, OPC and the Navy filed a joint motion for approval of a settlement agreement that, effective May

1, 2023, would increase SMECO's revenue requirement by \$11,200,000 and authorize the recovery of \$41,388,308 in base rates (over 15 years) for the costs of SMECO's smart meter deployment. This matter remains pending.

Baltimore Gas and Electric Company's Application for an Electric and Gas Multi-Year Plan (Lessons Learned)-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 (MYP) pilot. On May 15, 2020, Baltimore Gas and Electric Company (BGE) was the first Maryland utility to file an application with the Commission seeking approval for an MYP, requesting gas and electric rates to be effective January 1, 2021, January 1, 2022, and January 1, 2023.

On December 16, 2020, in Order No. 89678, the Commission approved, in part, BGE's MYP. 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.

Following the completion of this first MYP, the Commission convened a workgroup of interested stakeholders to consider the lessons learned from processing this case. As a result of the lessons learned discussions, the workgroup recommended and the Commission adopted a number of additional, and clarified certain, filing requirements, which will increase administrative efficiency in future MYP proceedings.

Certificates of Public Convenience and Necessity (CPCN) Cases–Applications, Modifications, and Waivers

CPV Maryland, LLC’s Application to Modify the CPCN for its St. Charles Generating Station–Case No. [9437](#)

On January 14, 2022, CPV Maryland, LLC filed an application to modify its CPCN originally granted on March 16, 2018, seeking to add diesel generating units for black start capability at its St. Charles Energy Center generating facility in Charles County, and requested a waiver of the pre-application requirements in COMAR 20.79.01.05. On April 14, 2022, CPV filed a motion to extend the statutory review period which was granted by the Commission. Direct testimony and recommended licensing conditions were filed, and a public hearing was held on July 11, 2022.

On August 2, 2022, a proposed order was issued granting the CPCN application subject to license conditions proposed by the Maryland Department of Natural Resources Power Plant Research Program (PPRP) and Commission Staff. The proposed order was not appealed and became Order No. 90312 on August 17, 2022.

Morgnec Road Solar Center, LLC’s CPCN Application for a 45.0 MW Solar Photovoltaic Generating Facility in Kent County–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 (PV) generating facility in Kent County. On December 3, 2018, the Commission initiated a new docket and delegated the matter to the PULJ 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, 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. After a suspension of the procedural schedule due to the COVID-19 pandemic, the proceeding recommenced in September 2021. A second public comment hearing was held virtually on November 4, 2021, and evidentiary hearings were held virtually on November 8-10, 2021. On January 7, 2022, a proposed order was issued granting the CPCN application subject to license conditions proposed by PPRP and Commission Staff.

On February 7, 2022, the Kent Conservation and Preservation Alliance and the County Commissioners of Kent County filed Notices of Appeal, followed by supporting memorandums on February 17, 2022. On March 9, 2022, the Applicant, PPRP, and Commission Staff all filed reply memorandums. On April 27, 2022, the Commission issued Order No. 90200 affirming and adopting the proposed order as a final order of the Commission.

New Market Solar, LLC's CPCN Application for a 50 MW Solar Photovoltaic Generating Facility in Dorchester County-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 PV facility in Dorchester County. On February 20, 2020, the Commission docketed the application and delegated the matter to the PULJ Division. On June 25, 2020, New Market Solar and PPRP requested that further proceedings be suspended until the applicant received a final zoning decision from the Dorchester County Board of Appeals. On June 26, 2020, the joint motion was granted, the procedural schedule was suspended, and hearing dates

were canceled. After a public comment hearing and evidentiary hearings, a proposed order was issued on December 22, 2021.

On January 21, 2022, the Dorchester County Council filed a notice of appeal, and on January 24, 2022, the Town of East New Market filed a notice of appeal and request to modify. Also on that date, the Commission issued a notice of further proceedings and directed parties that were not currently parties to the proceeding to file petitions for leave to intervene out-of-time by January 31, 2022. On January 31, 2022, Dorchester County Council filed a memorandum in support of its appeal, and the Town of East New Market filed a petition to intervene. On February 10, 2022, the Commission issued Order No. 90078 granting both the county's and town's petitions to intervene and set a procedural schedule. On February 17, 2022, the Town of East New Market filed a memorandum in support of its appeal, and on March 3, 2022, the applicant, PPRP, OPC, and the Commission Staff all filed reply memoranda. On April 27, 2022, the Commission entered Order No. 90199 affirming and adopting the proposed order as a final order of the Commission.

On August 15, 2022, New Market Solar requested that the Commission find that a decision letter from the Dorchester County Planning Commission partially satisfied Condition 19(b) of the CPCN regarding local site plan approval. The Dorchester County Planning Commission filed comments urging the Commission to deny New Market Solar's request. PPRP, OPC, and Staff filed comments in support of New Market Solar's request, and the matter was considered at the October 12, 2022 Administrative Meeting. On October 20, 2022, the Commission issued a memorandum opinion finding

that the August 3, 2022 decision letter from the Planning Commission satisfied the site plan portion of Condition 19(b).

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

On December 1, 2020, Kumquat & Citron Cleantech, LLC filed an application for a CPCN to construct a 7.20 MW solar PV generating facility in Wicomico County. On December 2, 2020, the Commission initiated a new docket to consider the application and delegated the matter to the PULJ Division. The proceeding was suspended in July 2021 pending completion of a system impact study by PJM. On March 31, 2022, the applicant submitted a request to withdraw its application due to PJM's inability to provide a study as early as the applicant had anticipated. The request to withdraw the application was granted on April 19, 2022.

Potomac Edison Company's CPCN Application to Rebuild the Doubs-Goose Creek Transmission Line—Case No. [9669](#)

On August 3, 2022, Potomac Edison filed an application for a CPCN to rebuild the Doubs-Goose Creek transmission line that begins in Frederick County and runs southeast through Montgomery County to the Maryland-Virginia state line. On August 4, 2021, the Commission docketed the matter and delegated it to the PULJ Division to conduct the proceedings. On September 3, 2021, Montgomery County filed a petition to intervene, which was granted at the September 14, 2021 pre-hearing conference. After deficiencies in the application were addressed, a procedural schedule was issued on October 5, 2021.

Public comment hearings were held on December 1, 2021 and October 27, 2022. Parties filed testimony in response to the application, which was followed by rebuttal and surrebuttal testimony. On January 11, 2023, an evidentiary hearing was held. On March 23, 2023, a proposed order was issued granting the CPCN subject to certain conditions.

Waypost Solar Project, LLC's CPCN Application to Construct a 92 MW Solar Photovoltaic Generating Facility in Caroline County—Case No. [9675](#)

On January 20, 2022, Waypost Solar Project, LLC filed an application for a CPCN to construct a 92 MW alternating current generating capacity solar PV facility with a 20 MW, 80 MW-hour battery energy storage system in Caroline County. On January 21, 2022, the Commission docketed the matter and delegated it to the PULJ Division to conduct the proceedings. After initially determining that the application was deficient, PPRP received additional information from Waypost Solar and, on April 11, 2022, a notice of completeness determination was issued in advance of a virtual April 12, 2022 status conference. On May 2, the Baltimore-Washington Construction and Public Employees Laborer's District Council filed a petition to intervene, which was granted. On May 4, 2022, a procedural schedule was issued.

A virtual public comment hearing was held on June 8, 2022. On August 30, 2022, Waypost Solar filed a revised application which, among other changes, removed the proposed battery energy storage system. On October 17, 2022, an in-person public comment hearing was held in Goldsboro, Maryland. PPRP and Staff filed testimony in response to the application. On October 20, 2022, the parties filed a settlement status

update, indicating they were in agreement with granting the CPCN subject to PPRP's and Staff's proposed licensing conditions. On October 25, 2022, a virtual evidentiary hearing was held and, on December 1, 2022, a proposed order was issued granting the CPCN subject to the license conditions proposed by PPRP and Staff. None of the parties appealed the proposed order, and it became final Order No. 90446 on December 16, 2022.

Constellation Power Source Generation, LLC's CPCN Application to Modify the Perryman Generating Station—Case No. [9677](#)

On March 9, 2022, Constellation Power Source Generation, LLC filed an application for a CPCN to modify the Perryman Generation Station located in Harford County. On March 10, 2022, the Commission docketed the matter and delegated it to the PULJ Division to conduct the proceedings. On March 29, 2022, the application was deemed administratively complete and on April 20, 2022, a procedural schedule was issued.

On July 11, 2022, the parties filed a settlement status update, indicating they were in agreement with granting the CPCN subject to PPRP's and Staff's proposed licensing conditions. A virtual public comment hearing was held on July 12, 2022. On July 18, 2022, an evidentiary hearing was held, and on August 4, 2022, a proposed order was issued granting the CPCN subject to the proposed licensing conditions. On August 19, 2022, the proposed order became final by Commission Order No. 90313.

Temo Renewables, LLC's CPCN Application to Construct a 9.9 MW Solar Photovoltaic Generating Facility in Wicomico County—Case No. [9682](#)

On September 22, 2022, Temo Renewables, LLC filed an application for a CPCN to construct an approximately 9.9 MW alternating current solar PV generating facility in Wicomico County. The matter was delegated to the Public Utility Law Judge Division on September 28, 2022. The application was deemed administratively complete on December 13, 2022, and a procedural schedule was issued on December 20, 2022. This matter remains pending.

Rosehip Cleantech, LLC's CPCN Application to Construct a 4 MW Solar Photovoltaic Generating Facility in Somerset County—Case No. [9684](#)

On October 26, 2022, Rosehip Cleantech, LLC filed an application for a CPCN to construct a 4 MW solar PV generating facility in Somerset County. On November 2, 2022, the Commission docketed the matter and delegated the conduct of the proceedings to the Public Utility Law Judge Division. PPRP filed a final completeness determination on January 4, 2023. A pre-hearing conference was held and a procedural schedule was issued on February 6, 2023. This matter remains pending.

Community Power Group, LLC's CPCN Application to Construct a 5 MW Solar Photovoltaic Generating Facility in Anne Arundel County-Case No. [9685](#)

On October 28, 2022, Community Power Group, LLC, filed an application for a CPCN to construct an approximately 5 MW alternating-current capacity community solar generating facility in Anne Arundel County intended to serve low-income subscribers. On November 2, 2022, the matter was delegated to the PULJ Division to conduct further

hearings. On November 14, 2022, PPRP was directed to conduct an administrative completeness review and file a determination by December 19, 2022.

On December 19, 2022, PPRP noted several deficiencies in the application and requested the parties be given until February 2, 2023, to provide an update on the status. The applicant filed a request acknowledging the deficiencies in the application, but requested a scheduling order be issued holding the case in abeyance for 90 days to complete the application and resolve the outstanding issues. On December 29, 2022, an order was issued suspending the proceedings and directing the applicant to file a status update to complete the pre-filing requirements by March 29, 2023. This matter remains pending.

Standard Offer Service and Energy Competition Cases

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

Since September of 2000, Maryland’s major investor-owned utilities have been required to file [Monthly Electric Customer Choice Reports](#). The reports are to convey the number of residential and non-residential 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. 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. As noted in prior annual reports, the Commission launched [www.MDElectricChoice.com](#) on March 9, 2020, and [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 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 sites also contain links to the Commission’s complaint portal that provides access for customers to contact the Commission’s Consumer Affairs Division if they need help resolving an issue with a supplier. The

Commission continues to explore options to further enhance customer education on retail choice.

In 2022, the MDElectricChoice.com site had 38,892 visits and 133,533 page views; in the same period, the MDGasChoice.com site had 10,849 visits and 35,222 page views.

In September 2021, the Commission unveiled a new landing page for both choice sites—[MDEnergyChoice.com](https://www.mdelectricchoice.com). The new landing page puts links to both the electric and gas choice sites in one place in order to streamline the shopping process. In 2022, the MDEnergyChoice site had 8,758 site visits and 8,368 page views.

In 2022, Potomac Edison (PE), Baltimore Gas and Electric Company (BGE), Delmarva Power & Light (DPL), Potomac Electric Power Company (Pepco) and Southern Maryland Electric Cooperative, Inc. (SMECO) filed electric choice enrollment reports on a monthly basis. At the end of December 2022, electric suppliers in the State served 432,994 commercial, industrial, and residential customers—down approximately 10 percent from 2021, when suppliers served 483,372 customers.

Table 7: Customer accounts enrolled with electric suppliers as of December 31, 2022

	Residential	Non-Residential	Total
Total eligible accounts	2,343,887	271,035	2,614,922
Number of customers enrolled with suppliers	342,837	90,157	432,994
Percentage of customers enrolled with suppliers	14.6%	33.3%	16.6%

At the end of December 2022, the overall demand in megawatts of peak load obligation in the State served by all electric suppliers was 5,150 MW, down approximately 0.04 percent from 5,152 MW in 2021.

Table 8: Peak load obligation in Maryland served by electric suppliers as of December 31, 2022

	Residential	Non-Residential	Total
Total MW peak	6,784 MW	5,650 MW	12,434 MW
MW demand served by suppliers	988 MW	4,162 MW	5,150 MW
Percentage of peak load served by suppliers	14.6%	73.7%	41.4%

BGE had the highest number of residential accounts (222,460), commercial accounts (47,687) and total peak-load (2,263 MW) served by suppliers. At the end of 2022, 395 electric suppliers were licensed in Maryland, down from 401 at the end of 2021.

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.

Table 9: Number of electric suppliers serving enrolled customers by class as of December 31, 2022

	Residential	Small C&I	Mid-Sized	Large C&I
BGE	66	68	55	19
DPL	51	52	45	16
PE	40	35	33	16
Pepco	62	58	57	25
SMECO	7	5	3	1

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 2022, SOS rates increased for residential customers of BGE, Delmarva Power & Light, Pepco, and Potomac Edison¹⁴ compared to the previous year. SOS rates increased for small commercial customers of Delmarva, BGE, Pepco, and Potomac Edison compared with the previous year. With the exception of Potomac Edison, 2022 bids were completed in April 2022. Rate changes expressed as a percentage change in the total annual cost for an average customer are shown below.¹⁵

Residential Customers		Small Commercial Type 1 (SOS) Customers	
BGE	+9.0%	BGE	+10.2%
DPL	+5.7%	DPL	+4.6%
Pepco	+6.4%	Pepco	+5.1%
Potomac Edison	+10.6% (for 2023/24)	Potomac Edison	+24.3% (no Type 1 bids)

For the 2022-2023 SOS bid year, the bid schedule and quantities of power supply sought were modified to accommodate the potential start of a Montgomery County Community Choice Aggregation pilot program.

¹⁴ Due to PE's bid cycle, bill impacts are shown for one year in advance of the other utilities.

¹⁵ 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.

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 that the Commission mandate supplier consolidated billing (SCB) as a billing option by June 30, 2019, 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 during 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. 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. The proposed regulations were approved as final at a rulemaking session on February 3, 2022, and were considered effective as of March 7, 2022. The SCB work group met throughout 2022 to determine technical implementation of the rules so that the market can begin providing

SCB, including the development of the electronic transactions that gas and electric utilities and suppliers will use to send bill and payment information back and forth under the approved Commission regulations. The SCB work group also discussed cost recovery.

Mergers, Transfers, and Franchise Cases

In the Matter of the Merger of Exelon Corporation and Constellation Energy Group, Inc.-Case No. [9271](#)

On February 17, 2012, the Commission issued Order No. 84698, which approved a 10-year settlement agreement in the merger between Exelon Corporation and the Constellation Energy Group. The order included several market power mitigation conditions, which were designed to prevent Exelon from exercising market power within the PJM wholesale markets, and included an option for the Commission to reevaluate and extend the settlement beyond the initial 10-year period if the Commission determined that allowing the behavioral remedies in the settlement to expire would pose a significant risk of harm to Maryland ratepayers.

On March 11, 2021, PJM's independent Market Monitor filed a confidential report with the Commission describing Exelon's compliance with the 2011 Settlement Agreement and providing data related to the structural market power held by Exelon in the BGE Zone and in PJM as a whole. On April 7, 2021, the Market Monitor filed a public version of this report, finding that Exelon "continues to have structural market power in the PJM markets" and recommending that the 2011 Settlement Agreement be extended for an additional 10 years. The Market Monitor also recommended that the Commission require Exelon to remain in PJM during that period.

On March 30, 2021, Exelon notified the Commission that it intended to transfer 100 percent ownership of its generation subsidiary, ExGen, to a newly-created subsidiary that would be spun off to become ExGen's new parent company. As a result

of that transaction, ExGen and its generation plants, wholesale energy marketing operations, and competitive retail sales business would no longer be owned by Exelon. Exelon would remain a transmission and distribution utility company and the parent company of Baltimore Gas and Electric Company, Potomac Electric Power Company, and Delmarva Power & Light Company.

Exelon filed a reply in opposition to the Market Monitor's recommendations on May 21, 2021. Exelon argued that it controlled significantly less generation capacity in PJM currently than it did immediately following the 2012 merger, that enhanced PJM market rules adequately protected wholesale and retail customers from market power, and that FERC, rather than the Maryland Commission, was the appropriate venue for the Market Monitor to propose new wholesale market power mitigation rules. On June 15, 2021, the Market Monitor filed a response to Exelon, reiterating its conclusion that extension of the 2011 Settlement Agreement was necessary in order to prevent Exelon from exercising market power. On July 26, 2021, Exelon filed a second memorandum in opposition.

The Commission canceled the evidentiary hearing scheduled for October 7, 2021, after Exelon and the Market Monitor notified the Commission that they had made substantial progress in reaching a settlement.

On December 30, 2021, Exelon filed the proposed 2021 Settlement Agreement, which would extend the 2011 Settlement Agreement by 10 years for ExGen but did not address the Market Monitor's request that Exelon be required to remain in PJM. The Market Monitor filed comments on January 3, 2022, in support of the 2021 Settlement

Agreement. In those comments, the Market Monitor repeated its recommendation that the Commission require Exelon to remain in PJM, arguing that it would be impossible for the Commission to enforce the terms of the 2021 Settlement Agreement if Exelon were to leave PJM, since PJM rules governing generator behavior would no longer control. While OPC supported this recommendation, Commission Staff opposed it, arguing that the Commission lacks the jurisdiction to enforce such a condition.

The Commission held a legislative-style hearing on February 1, 2022, to address the proposed 2021 Settlement Agreement. During that hearing, with no party objecting, the Commission approved the settlement agreement.

On February 22, 2022, the Commission issued Order No. 90084 in which it reaffirmed the 2021 Settlement Agreement as in the public interest but denied the Market Monitor's and OPC's requests that Exelon be required to remain in PJM. The Commission noted that if Exelon made a decision to withdraw from PJM, it would be required under federal law to seek approval from FERC, and Exelon would bear the burden of demonstrating that withdrawal was just and reasonable. Additionally, it would be required to obtain FERC approval for a replacement open-access transmission tariff. The Commission noted its expectation that Exelon and/or ExGen, as applicable, would agree to market mitigation provisions that are at least as stringent as the ones agreed to in the 2021 Settlement Agreement and opined that FERC would not allow an entity to evade its previous commitments by using RTO withdrawal as a loophole.

In the Matter of the Merger of AltaGas Ltd., and WGL Holdings, Inc.-Case No. [9449](#)

On September 30, 2021, OPC filed a Motion to Establish a Corrective Action Plan and Impose Civil Penalties or, Alternatively, to Order Washington Gas to Show Cause Why the Commission Should Not Impose Civil Penalties. OPC contended that Washington Gas' quarterly customer service reports demonstrated that the customer service metrics the company committed to in the 2018 merger with AltaGas had worsened.

OPC described eight separate customer service metrics that showed a level of customer service inferior to both Washington Gas' pre-merger levels and industry standards. OPC also alleged that Washington Gas' failure to file four timely quarterly reports violated merger condition 11F and requested the Commission impose sanctions for a violation of that merger condition. OPC also contended that Washington Gas' poor customer service violated several provisions of the PUA and COMAR, which require, among other things, that Washington Gas "investigate promptly and thoroughly any complaint concerning its charges, practices, facilities, or service." COMAR 20.55.04.11 requires Washington Gas to "keep such records of customer complaints as will enable it to review and analyze its procedures and actions as an aid in rendering improved service." Finally, COMAR 20.32.01.03 requires Washington Gas to "investigate a customer dispute or inquiry and propose a resolution of the dispute to the customer or report its findings to the customer." OPC claimed that Washington Gas violated all of these provisions and asked the Commission to "implement a corrective action plan for

Washington Gas that includes measurable customer service metric levels consistent with industry standards.” Additionally, OPC asked the Commission to impose a civil penalty in the amount of \$1,500,000.

In an order issued December 23, 2021, the Commission found that the record reflected an extensive failure by Washington Gas to provide adequate customer service within its service territory in Maryland. For example, the percentage of calls that Washington Gas answered within 30 seconds declined from 77 percent pre-merger to 43 percent (the industry average is 82 percent). The percentage of calls abandoned by customers increased from 11 percent to 28 percent (the industry average is eight percent). The average speed to answer a customer’s call increased from 42 seconds to 566 seconds (the industry average is 30 seconds). The longest time Washington Gas customers had to wait for their calls to be answered increased from 41 minutes to 67 minutes (the industry average is eight minutes). The Commission concluded that the company violated merger order conditions 11 and 11F, as well as provisions of COMAR 20.32.01.03, 20.55.04.10 and 20.55.04.11, and set a hearing for February 9, 2022, to determine the amount of a potential civil monetary penalty.

On January 24, 2022, Washington Gas filed a petition for rehearing and/or clarification. In its petition, Washington Gas contended that the Commission should address Washington Gas’ obligation to achieve industry standards for eight Maryland reliability metrics through a statewide rulemaking. Washington Gas also argued that granting OPC’s request to require Washington Gas to track and potentially disallow costs associated with its contract with its former vendor, which the Commission

approved in prior rate cases, would violate the prohibition against retroactive ratemaking.

In Order No. 90110, issued on March 17, 2022, the Commission denied the utility's request for a rulemaking and imposed a civil penalty of \$1,147,600 for all violations. While the Commission did not require the establishment of a regulatory liability, Washington Gas was directed to track all costs and damages incurred as a result of its contract with its former vendor that were not previously approved by the Commission, as well as all costs incurred going forward related to its contract with its new vendor.

Other Matters

Application of Washington Gas Light Company for Approval of a New Gas System Strategic Infrastructure Development and Enhancement Plan and Accompanying Cost Recovery Mechanism-Case No. [9486](#)

On November 2, 2021, Washington Gas filed its 2022 STRIDE-2 project list and STRIDE-2 rider. Washington Gas proposed a total of 160 projects in its 2022 Project List—111 new projects and 49 carried over from the 2021 STRIDE-2 project list. On December 30, 2021, Washington Gas filed a revised STRIDE-2 Current Factor Surcharge for consideration at the Commission's January 12, 2022 Administrative Meeting.

On January 10, 2022, the Office of People's Counsel (OPC) requested that the Commission schedule a hearing to consider rescission of the Washington Gas STRIDE-2 plan since Washington Gas had completed only 73.5 percent of the main mileage replacement that its plan required under STRIDE-1, while simultaneously exceeding the plan's approved budget. OPC argued that Washington Gas' execution of STRIDE-2 has continued to fall short of its targets.

During the January 12th Administrative Meeting, the Commission deferred decision on the Washington Gas STRIDE-2 project list and surcharge calculations. A hearing on those issues was held on February 2, 2022.

In Order No. 90099, issued on March 2, 2022, the Commission granted OPC's request to reduce Washington Gas' STRIDE-2 surcharge by 14.7 percent, noting that the reduction fairly represented the company's underperformance in distribution main replacement relative to its authorized budget. The Commission found the record

demonstrated that Washington Gas was significantly behind the replacement pace for distribution gas mains that the Commission specified in its December 11, 2018 order approving the utility's STRIDE-2 plan, and that Washington Gas would fail to execute its five-year plan by the end of 2023. The Commission did approve the Washington Gas 2022 STRIDE-2 project list and left its STRIDE-2 budget unchanged.

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

As noted in prior annual reports, on April 17, 2018, William Steverson filed an appeal of the Commission's Consumer Affairs Division's¹⁶ decision on further review concerning 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 remaining issue to the Public Utility Law Judge (PULJ) 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, 2022, this matter remains pending.

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

¹⁶ At the time, the Office of External Relations.

comply with the Commission's consumer protection regulations as contained in COMAR 20.51.07 and 20.53.07. The Commission delegated the complaint to the PULJ Division for a finding of whether SmartEnergy engaged in a pattern or practice of systemic violations of the consumer protections contained in the PUA. OPC filed a third-party complaint.

After an evidentiary hearing, 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.

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

On March 31, 2021, the Commission issued Order No. 89795, affirming the PULJ's findings that SmartEnergy violated PUA § 7-507(b)(7) by engaging in unfair, false, misleading and deceptive marketing, advertising and trade practices, and violated associated COMAR Title 20, Subsection 53 provisions. The Commission reversed the PULJ's finding that Commercial Law Article (Com. Law) § 14-2203(b) (the Maryland Telephone Solicitation Act or MTSA)—requiring that a contract made pursuant to a telephone solicitation be reduced to writing and signed by the consumer—does not apply to SmartEnergy's contracting with its Maryland customers under the facts of the case.

SmartEnergy objected to the Commission's finding that the MTSA applies to its enrollments and filed a petition for judicial review of the Commission's order in the Circuit Court for Montgomery County. Along with the Commission, OPC and the Maryland Attorney General's Consumer Protection Division also filed memoranda supporting the Commission's findings in Order No. 89795.

On November 29, 2021, the Circuit Court entered an order affirming the Commission's order in all respects, except the Commission's finding that SmartEnergy's access to and ability to edit call recordings violated the Commission's regulations. SmartEnergy filed a notice of appeal to the Appeals Court of Maryland (formerly the Court of Special Appeals), which affirmed the Commission's order. SmartEnergy filed a petition for a writ of certiorari in the Supreme Court of Maryland (formerly the Court of Appeals), which was granted in March 2023. See the Office of General Counsel's section on page 120 for more details.

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 supplier activities. The Commission initiated a new docket and delegated the matter to the PULJ 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. On April 29, 2021, the parties entered into a settlement agreement. On July 8, 2021, a proposed order was issued, approving the settlement

and reserving for further litigation in a Phase II proceeding issues relating to the Maryland Telephone Solicitations Act. The parties filed initial briefs on October 25, 2021, and reply briefs on November 15, 2021. On January 14, 2022, a Phase II proposed order was issued. On February 14, 2022, Direct Energy and OPC both noticed appeals of the proposed order.

On May 4, 2022, the Commission issued Order No. 90208, affirming in part and reversing in part the PULJ's findings. The Commission affirmed the PULJ's findings that Direct Energy violated the MTSA and, alternatively, COMAR 20.53.07.08(C)(4) and COMAR 20.59.07.08(C)(4) by engaging in marketing, advertising, or trade practices that are unfair, false, misleading or deceptive. The Commission reversed the PULJ's remedy related to requiring signatures for all future telephone enrollments regardless of the MTSA's statutory exemptions, but did not order any additional monetary remedy against Direct Energy, finding that the \$125,000 penalty previously assessed was sufficient. Direct Energy and OPC filed petitions for judicial review.

The memorandum briefing schedule for the case concluded on January 18, 2023, with an initial hearing scheduled for January 23, 2023. On the eve of the hearing, the circuit court issued an order postponing the hearing for 90 days to April 24, 2023. The matter is pending.

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 supplier activities. The Commission initiated a new docket and delegated the matter to the PULJ 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.

On May 14, 2021, the parties entered into a settlement agreement. On August 30, 2021, a proposed order was issued approving the settlement and reserving for further litigation in a Phase II proceeding issues relating to the Maryland Telephone Solicitations Act. On March 18, 2022, a Phase II proposed order was issued. On August 16, 2022, the Commission issued Order No. 90311, affirming in part and reversing in part the PULJ's findings. The Commission affirmed the PULJ's findings that U.S. Gas & Electric, Inc. and Energy Service Providers, Inc. d/b/a Maryland Gas and Electric (MDG&E) violated the MTSA and, alternatively, COMAR 20.53.07.08(C)(4) and COMAR 20.59.07.08(C)(4) by engaging in marketing, advertising, or trade practices that are unfair, false, misleading or deceptive. The Commission reversed the PULJ's remedy related to requiring signatures for all future telephone enrollments regardless of the MTSA's statutory exemptions, but did not order any additional monetary remedy against MDG&E, finding that the \$150,000 penalty previously assessed was sufficient. MDG&E and OPC filed petitions for judicial review.

MDG&E later filed a motion to stay the matter pending the outcome of SmartEnergy's petition for a writ of certiorari in the Supreme Court of Maryland. On February 28, 2023, the motion to stay was denied. Hearing dates for OPC's and MDG&E's petitions are scheduled for May 2023.

**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 seeking \$464,112.75 in damages. On September 11, 2019, the Commission determined an evidentiary hearing was necessary and delegated the case to the PULJ 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. On August 24, 2022, Hill Management Services filed a Stipulation of Dismissal with prejudice, and on August 31, 2022, the case was dismissed with prejudice and the docket was closed.

**Petition of the Maryland Office of People's Counsel to Investigate the
Future of FirstEnergy's Relationship With Potomac Edison in Light of
Recent Events-Case No. [9667](#)**

On July 26, 2021, the Commission granted a petition by OPC to initiate an investigation into the relationship between FirstEnergy Corp. and The Potomac Edison Company following allegations and subsequent findings of misconduct related to lobbying activities that occurred in Ohio. In granting OPC's petition, the Commission authorized discovery into three subject areas: (1) the effect this misconduct may have had on Potomac Edison's cost to access FirstEnergy's 'money pool'; (2) whether and to what extent FirstEnergy may have used any funds from Potomac Edison to pay for any costs associated with FirstEnergy's misconduct; and (3) the extent to which the "Icahn

Agreement” may cause Icahn-appointed directors to exercise “substantial influence” over Potomac Edison pursuant to Annotated Code of Maryland, Public Utilities Article (PUA) § 6-105.

On October 15, 2021, OPC filed a motion to compel discovery regarding Potomac Edison’s responses to six questions contained within its data request and requesting, in particular, that Potomac Edison produce all documentation regarding the internal investigation conducted by FirstEnergy shortly after its misconduct became public. Potomac Edison responded that some of the documents OPC sought were protected by attorney-client privilege.

On October 22, 2021, the Commission delegated the hearing on OPC’s discovery motion to Commissioner Odogwu Obi Linton. Commissioner Linton conducted a hearing on November 4, 2021, at which he addressed each of OPC’s six questions. Commissioner Linton issued a ruling from the bench and subsequently issued a proposed order granting OPC’s motion to compel. Commissioner Linton also concluded that Potomac Edison had waived any attorney-client privilege by describing the contents of the investigation, and FirstEnergy had also done so by speaking to Potomac Edison regarding whether FirstEnergy’s internal investigation involved information related to Potomac Edison.

On November 29, 2021, Potomac Edison appealed the provision of the proposed order that granted the motion to compel the investigation report. On January 6, 2022, the Commission granted Potomac Edison’s appeal and denied OPC’s motion to compel the internal investigation documents, finding that the internal investigation conducted by

FirstEnergy's outside counsel constituted attorney-client privilege. The Commission affirmed Commissioner Linton's decision on the five other discovery disputes.

On January 13, 2022, OPC filed a motion for reconsideration, asserting that the Commission's order on appeal entitled OPC to Potomac Edison's audit documents. On March 2, 2022, the Commission denied OPC's motion, ruling that the motion contained a procedural deficiency because it was not germane to the Commission's order. On March 28, 2022, OPC filed an additional post-discovery reply brief. On April 7, 2022, Potomac Edison filed a reply to OPC's brief, arguing that OPC did not raise any new facts or arguments that warranted expanding or continuing this proceeding. Investigations at the federal level, by the Securities and Exchange Commission and the Department of Justice, are ongoing.

Formal Complaint of Belinda Kiser v. Historical Infrastructure Management, LLC (The Old Town Bridge)-Case No. [9672](#)

On August 16, 2021, Belinda Kiser filed a formal complaint against Historical Infrastructure Management, LLC related to the adequacy of maintenance and operation of the Old Town Bridge, a privately-owned toll bridge located in Allegany County. On November 18, 2021, the Commission docketed the matter and delegated it to the PULJ Division. On January 26, 2022, a procedural schedule was adopted, and the Maryland Department of the Environment's petition to intervene was granted.

An evidentiary hearing was held on September 21-22, 2022, and the proposed order issued on December 21, 2022, became final by Commission Order No. 90482 on January 24, 2023. The order sustained the complaint in part and dismissed it in part,

directing the operator of the bridge to make certain required repairs on a timeline approved by Commission Staff, or if insufficient revenue exists to complete the repairs, to proceed with filing a rate case. The bridge operator is required to provide an update on the status of the repairs within six months of the final order.

In the Matter of the Formal Complaint of RPA Energy, Inc. d/b/a Green Choice Energy v. Muriel S. Brook-Case No. [9676](#)

This is an appeal of RPA Energy, Inc. d/b/a Green Choice Energy of a finding of the Commission's Consumer Affairs Division (CAD). The Commission delegated the appeal to the Public Utility Law Judge Division on February 1, 2022. Based upon the parties' settlement and request, the case was dismissed and the docket closed on February 23, 2022.

Formal Complaint of Terra Firma, LLC v. Delmarva Power & Light Company-Case No. [9693](#)

On November 30, 2022, Terra Firma filed a formal complaint against Delmarva Power & Light Company, which filed its response on December 16, 2022. This matter remains pending.

Rulemakings and Regulations – New and Amended

RM56–Revisions to COMAR 20.62–Community Solar Energy Generation Systems

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 Community Solar Energy Generating (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 of request for comments on the petition. The Commission subsequently extended 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 Staff's request, on March 4, 2021, the Commission postponed the rulemaking to March 22, 2021.

During the March 22, 2021 rulemaking session, the Commission provided guidance to stakeholders and directed the Net Metering Work Group to reconvene to further discuss the proposed regulations. On July 9, 2021, the Commission published a notice for a subsequent rulemaking session and a request for comments. On August 24, 2021 and August 26, 2021, the Commission held two rulemaking sessions to hear party comments. The Commission voted to publish the proposed regulations as modified during the hearing in the *Maryland Register* for notice and comment. Those issues

included increasing the program generation capacity caps, adding a subscriber coordinator, defining clean fill site and adjacent parcels, and adding a waiver process for co-locating low and moderate income projects. On February 22, 2022, the Commission held a final rulemaking session where it gave final adoption to the community solar regulations contained in Title 20, Subtitle 62, Chapters 01, 02, 03, and 05 as published in the *Maryland Register* on January 3, 2022.

On July 5, 2022, the Commission submitted a report to the General Assembly on the status of the CSEGS pilot program. The Commission recommended that a full benefit-cost analysis be conducted at the end of the pilot program, and additionally recommended that the General Assembly consider the following issues for potential future legislation: maximizing low- and moderate-income participation and benefits, coordinating CSEGS projects with the electric companies for grid benefits, pairing CSEGS projects with energy storage, investigating funding mechanisms for CSEGS projects to lower costs to ratepayers, addressing local planning and development requirements, and investigating the siting of projects on certain locations (brownfields and rooftops). In response to the Commission's report, numerous parties submitted comments, including the Stakeholder Coalition's submission of a minority report. These comments addressed both areas of agreement and disagreement with the Commission's report. On October 31, 2022, Arcadia submitted a petition for a rulemaking to the Commission to update Commission guidance on income verification for low- and moderate-income subscribers to a CSEGS project. Numerous parties filed comments in response to Arcadia's petition, and on February 16, 2023, the Commission

provided notice that it would conduct a legislative-style hearing on April 12, 2023; the hearing was subsequently postponed indefinitely.

RM75–Renewable Energy Portfolio Standard: Revisions to COMAR 20.61

On November 15, 2021, the Commission’s Technical Staff submitted a petition for rulemaking for the purpose of revising COMAR provisions associated with offshore wind solicitation regulations and other provisions of the Renewable Energy Portfolio Standard Program. On November 16, 2021, the Commission issued a notice scheduling a rulemaking session for December 21, 2021, at which the Commission and the parties agreed to postpone action on the proposed regulations.

The Commission noted possible new legislative requirements and changes made in Case No. 9666 (*Skipjack Offshore Energy, LLC and US Wind, Inc.'s Offshore Wind Applications Under the Clean Energy Jobs Act of 2019*) that may impact the regulations and that the utilities—who did not participate in the rulemaking—needed to be engaged in the discussion. Staff was directed to make a new filing on May 2, 2022, reflecting the results of this discussion and the Commission’s directives in Case No. 9666. The Commission’s December 17, 2021 order in that case awarded ORECs to both companies and effectively exhausted the capacity for subsequent offshore wind solicitations under the Clean Energy Jobs Act.

Public Conferences

[PC44](#)–Transforming Maryland's Electric Distribution Systems (Grid Modernization)

On September 26, 2016, the Commission convened PC44—a proceeding which built on two Commission technical conferences that examined rate-related issues affecting the deployment of distributed energy resources ([PC40](#)) and electric vehicles ([PC43](#)). It also followed 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). 2022 activities are described below.

Competitive Markets and Customer Choice (CMCC) Work Group

During a rulemaking session in RM62 on August 23, 2018, the Commission considered a number of proposed enhancements to the competitive market and customer choice framework applicable in the State, including the adoption of the “seamless moves” concept. Seamless moves refers to the ability of a residential or small commercial customer to relocate to another premise within the same utility service territory and remain in an existing contract with their active supplier. Absent the seamless move capability, a customer would revert to standard offer service or sales service as a result of a move, thereby requiring the customer to subsequently re-enroll with the supplier after establishing an account at the new premise. The Commission denied the seamless moves proposal, as filed, in 2018.

On March 31, 2021, the General Assembly passed legislation requiring electric utilities to accommodate seamless moves for retail electric supply service, beginning July 1, 2022. Between April 2021 and December 2021, the CMCC Work Group held five meetings to discuss the utility-side operational steps and system requirements for implementing the new seamless moves function for retail electric choice customers. On December 10, 2021, the work group finalized a consensus, model business process plan with details on how the electric utilities would propose to implement the seamless moves requirement through utility tariffs. The utilities made tariff filings in early 2022, prior to the July 1 deadline. The Commission considered and approved the seamless move tariffs in the absence of any stakeholder objections. The CMCC Work Group is presently considering proposed COMAR revisions to solidify certain practical

exemptions to existing supplier enrollment and switching rules. A rulemaking is expected in 2023.

The CMCC Work Group met regularly in 2022 for a series of topical discussions related to developing a regulatory framework for enabling the sharing of customer energy data. The Work Group will file a status report with the Commission in 2023.

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 and 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. 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 public chargers to 5,106. BGE and PHI officially launched their programs in July 2019. PE and SMECO began their programs in 2020.

On August 17, 2021, the Commission published a notice for a virtual mid-course EV pilot evaluation hearing and request for comments. The Commission reviewed proposals to modify the pilot from the utilities and comments from other parties at the October 13, 2021 hearing. On January 11, 2022, the Commission issued Order No. 90036 approving, in part, and denying, in part, the residential, multifamily, utility-owned, fleet and workplace, and other modifications proposed by the utilities. The Commission also included several directives for the PC44 EV Work Group with various deadlines and deliverables. The leader of the PC44 EV Work Group made a number of filings in 2022 pursuant to the order, which are listed below:

Deliverable	Date Filed	PSC Action
Fleet Subgroup Summary Report	6/30/2022	Approved
Interim Reliability Summary Report	7/20/2022	Approved
Make-Ready, Carshare, EV Charging Paired with Other Technologies, and Education and Outreach Budget Summary Report	7/29/2022	Noted
Supplemental Reliability Summary Report	12/1/2022	Approved
EV Metering Subgroup Report	12/22/2022	Approved

The EV Work Group's June 30 Fleet Subgroup Summary Report recommended certain fleet proposals by BGE, Pepco, and Delmarva Power, which included a combination of fleet assessments, fleet make-ready incentives, and EV charging equipment (EVSE) rebates. The Commission approved the fleet proposals on September 14, 2022.

Although Order No. 90036 directed Staff to work with the pilot utilities to develop and propose EV metering regulations by the end of 2023, the EV Metering Subgroup recommended in its December 22 Report to defer the promulgation of EV metering regulations until universal EVSE metering rules could be developed in coordination with the Maryland Department of Agriculture. The Subgroup also recommended the Commission establish annual EVSE reporting requirements prior to the conclusion of the pilot. The Commission adopted the Subgroup's recommendations on April 13, 2023.

On December 1, 2021, the leader of the PC44 EV Work Group filed a consensus benefit-cost analysis (BCA) framework for the EV pilot in compliance with Order No. 89678. The Maryland EV-BCA Framework was approved by the Commission via a January 12, 2022 letter order.

The leader of the PC44 EV Work Group filed a separate letter requesting the Commission open a new proceeding for a unified benefit-cost analysis (UBCA) framework for distributed energy resources. The Commission opened Case No. 9674 on December 16, 2021, and requested comments from interested parties. On February 23, 2022, the Commission held a legislative-style hearing to review comments and recommendations on: (1) the practical use of a unified BCA for stakeholders, (2) the role

of a unified BCA in Commission proceedings, and (3) suggested methodologies, procedures, or vehicles for developing the unified BCA. On May 13, 2022, the Commission issued Order No. 90212, recognizing the benefits of a UBCA framework regarding distributed energy resources and directed the establishment of a work group to address the development of a Maryland-specific UBCA framework. The work group will be assisted by a consultant funded by utility contributions made in the Exelon-PHI merger related to the grid-of-the-future proceeding.

On September 23, 2022, SMECO filed an application for a three-year residential and multi-unit dwelling EV charging program, and later revised its application on December 20, 2022, to incorporate the current residential and multi-unit dwelling offerings of the other pilot utilities, including a yearly incentive for sharing residential EV charging data, a number of utility-owned Level 2 chargers at multi-unit dwelling locations, and a managed charging program. The Commission approved SMECO's revised application on February 8, 2023.

As of the February 1, 2023 utility filings, 2,286 residential EV chargers were rebated, 231 multifamily EV charging ports were rebated and installed, 16 utility-owned multifamily EV chargers were installed, and 552 utility-owned public chargers were installed and are operational across the state. The next semi-annual reports are due to be filed by the utilities on August 1, 2023. **Figure 1** illustrates the total chargers installed and/or rebated through the pilot by zip code through February 2023; **Figure 2** illustrates the total utility public EV chargers installed through the same period.

Figure 1 Cumulative Chargers Installed and/or Rebated through February 2023

Total Utility EV Chargers by Zip Code (Feb. 2023 - Includes Residential Chargers)

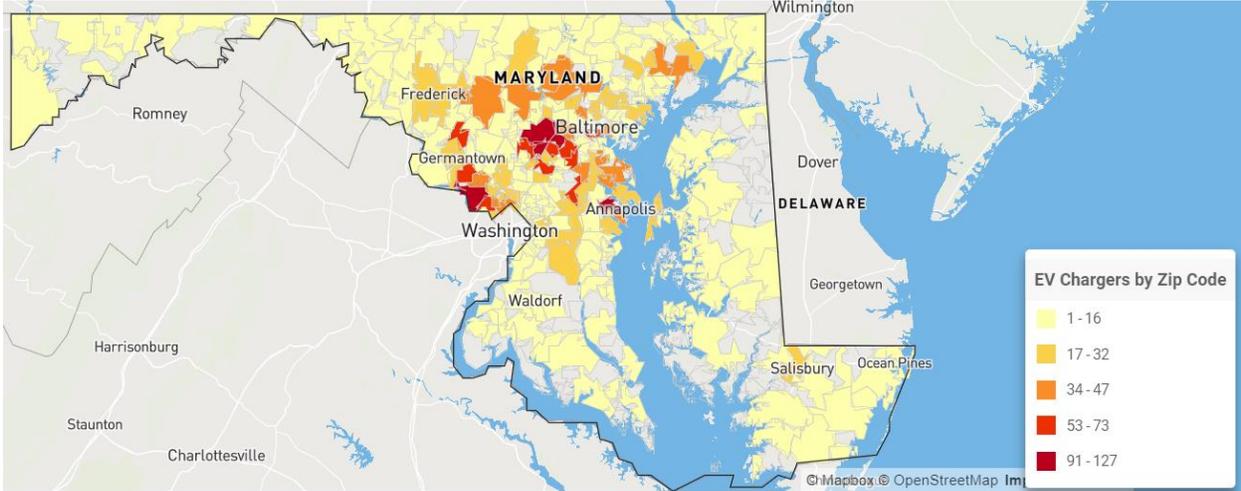
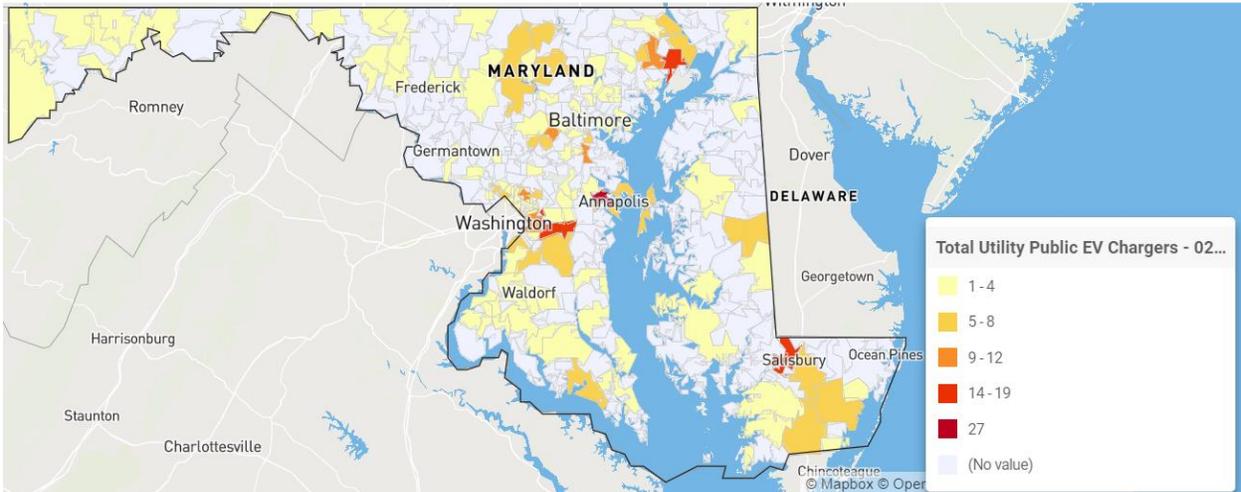


Figure 2 Cumulative Utility Public EV Chargers Installed through February 2023

Utility Public EV Chargers by Zip Code (Feb. 2023)



Rate Design Work Group

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 remained 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 provided 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 TOU pilots concluded in April 2021, and the participating utilities provided their Final Pilot Evaluation Report in October 2021. The PC44 TOU Pilot ran from June 2019 through May 31, 2021, and included approximately 3,800 customers across three service territories (BGE, Pepco and Delmarva Power). The Pilot also established a separate sampling group to determine the specific response of low- and moderate-income (LMI) customers, defined as those making 80 percent or less of the area median income. The results of the pilot were generally encouraging:

- Customers reduced summer peaks between 9.3 to 13.7 percent and non-summer peaks between 4.9 and 5.4 percent;
- LMI customers responded to the rate with statistical significance in the majority of the analyses in a manner similar to the non-LMI customers;
- Customers experienced bill savings averaging 5.3 to 9.7 percent in year one and 2.3 percent to 7.5 percent in year two;

- Customer satisfaction rates were very high (90 percent for both BGE and Pepco, 95 percent for Delmarva).

The pilot rates remain available for participating customers, and the Rate Design Work Group is developing recommendations for transitioning the pilot rate to a permanent rate offering.

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. During 2020, one of the selected suppliers launched its Pilot while the second supplier notified the Commission that it no longer intended to pursue the pilot offering.

PC53—Impacts of COVID-19 Pandemic on Maryland’s Gas and Electric Utility Operations and Customer Experiences

As noted in the 2021 annual report, in response to the COVID-19 pandemic, Governor Hogan issued a moratorium on utility disconnections in early 2020, set to expire on September 1, 2020. On August 31, 2020, the Commission took action to protect residential customers by extending the Governor’s moratorium through October 1, 2020. In addition, the Commission enacted additional customer protections, including

extending the disconnection notice period to 45 days, creating more favorable terms, and prohibiting deposit requirements for payment plans.

Throughout 2022, the Maryland utilities made filings requesting the return to normal collection practices. In Order No. 90333, on August 25, 2022, the Commission began a gradual return to normal practices by shortening utility disconnection notices from 45 to 30 days and lifting the requirement that utilities continue to offer payment plans after a customer's failure to pay. On December 28, 2022, in Order No. 90455, the Commission indicated that the remaining COVID-related protections should be lifted on April 1, 2023. The timing allows utilities to prepare their systems and customers for the return to normal collections activities.

Following the order, the Commission established a workgroup with the goal of improving data reporting, recommending useful metrics, and creating a uniform data template so that utilities can continue to provide valuable data on arrearages, terminations, etc. that were required under the August 2020 orders.

[PC55/RM78](#)—Retail Gas and Electric Supply Offers to Low Income Customers

Public Utilities Article § 4-308 (Senate Bill 31 from the 2021 legislative session) will go into effect on July 1, 2023, and prohibit retail suppliers from providing electricity or gas supply services to residential customers approved to receive energy assistance from the Office of Home Energy Programs during the prior two years, unless the supplier offers a Commission-approved product with a rate at or below a utility's default SOS rate (electric) or default Sales Service rate (natural gas). In anticipation of this

new legal requirement, the Commission initiated RM78 and issued proposed rules on September 2, 2022. The Commission received comments and input from numerous parties and retail suppliers on implementing this statutory protection. The Commission held three hearings to consider the rules on October 27, and November 2 and 9, 2022. The Commission voted to publish the proposed rules at the conclusion of the hearing. The rules were published in the *Maryland Register* in March 2023.

PC56–Federal Grant Opportunities for Utilities Under the Infrastructure Investment and Jobs Act and Inflation Reduction Act

On June 29, 2022, the Commission issued Order No. 90272 in response to the Bipartisan Infrastructure Law and the Maryland Climate Solutions Now Act, initiating PC56 for the purpose of having Maryland utilities inform the public of those federal opportunities under the IIJA for which they have sought funding. PC56 serves as a central forum and repository for utilities, government agencies, and other interested persons to file comments identifying IIJA program opportunities available to Maryland utilities that may align with state policy goals. In the Order, the Commission directed Maryland utilities to fully and carefully consider applying for available federal funds and financial assistance as well as submit monthly reports describing any funding for which the utility has already applied. The Commission also encouraged utilities to review and fully consider any written comments when pursuing federal funding.

The Commission started receiving the utilities' monthly reports beginning August 1, 2022. This same month, the Commission issued Order No. 90336, which recognized the potential for these new funding programs to support the fortification of Maryland's

utility infrastructure and directed its Advisory Staff to develop a series of educational sessions with the Maryland Energy Administration and the U.S. Department of Energy to help facilitate a broader understanding of federal funding opportunities. On December 12, 2022, the Commission hosted a virtual educational session on funding opportunities available to Maryland utilities, implementation guidelines, and application requirements under the IIJA and the Inflation Reduction Act. The Commission's Advisory Staff is currently planning another educational session to be held in 2023.

PC57– Modernizing the Commission's Staffing and Resources

As highlighted throughout this report, the Commission manages or implements many of Maryland's energy and climate policies. This is in addition to its other regulatory responsibilities over public service companies and other regulated entities. In recognition of its need to meet the needs of the State, ratepayers, and the regulated entities, the Commission established Public Conference 57 (PC57)—a broad stakeholder process to review how the Commission should augment and enhance its staffing and resources to meet its statutory charges.

The PC57 Work Group consists of electric and gas utilities, the Office of People's Counsel, retail energy suppliers, environmental advocates, and the Commission's Technical Staff. The issues reviewed and discussed by the PC57 Work Group include:

1. Recommendations on the appropriate staffing and resources required for the Commission to meet its current statutory charges;
2. Recommendations on additional information services or technology that could enable the Commission to more easily meet its current statutory charges;
3. The willingness of stakeholders to ensure adequate funding for Commission staff and resources;

4. How a Commission enhanced with additional staff and resources could lead to better public policy outcomes;
5. How the Commission could more effectively fund, attract, and retain staff and resources; and
6. Other staffing and resource issues the Commission should consider as part of any workforce enhancement effort.

On December 22, 2022, the PC57 Work Group filed a summary report including consensus recommendations for the Commission's consideration and other non-consensus ideas for future discussions. All parties support the Commission pursuing all means within its authority to ensure adequate funding for staff and resources.

V. COMMISSION TELECOMMUNICATIONS CASES AND ACTIVITIES

In the Matter of the Petition for Arbitration of Interconnection Rates, Terms and Conditions with Core Communications, Inc. Pursuant to 47 U.S.C. Section 252(B)–Case No. [9013](#)

On July 14, 2004, Verizon Maryland filed a petition for arbitration with Core Communications. After the parties filed testimony, on January 12, 2005, the Commission delegated this case to the Hearing Examiner Division (now the Public Utility Law Judge, or PULJ, Division). On March 30, 2005, an evidentiary hearing was held, and briefs were subsequently filed. On February 24, 2006, a proposed order was issued. On March 27, 2006, Verizon and Core appealed. On December 12, 2014, the Commission issued Order No. 86758, which directed the parties to restate their positions. On February 9, 2015, the parties filed a joint stipulation on pending appellate issues, and on February 10, 2015, the parties filed their restated positions.

On July 21, 2019, Commission entered Order No. 89168, which affirmed, in part, and reversed, modified and clarified, in part, the arbitrator's findings and conclusions in a proposed order of arbitration previously filed on February 24, 2006. The Commission further directed Verizon and Core to file an updated interconnection agreement reflecting provisions consistent with Order No. 89168 or, alternatively, negotiate superseding terms and conditions consistent with the Order. On September 19, 2019, Core filed a request for clarification of Commission Order No. 89168 and a request for approval of a proposed interconnection agreement, which Verizon opposed.

On April 20, 2020, the Commission approved a procedural schedule for the filing of a joint draft interconnection agreement and briefs. The Commission determined that

the parties raised new issues and issues not previously addressed in either the proposed order or Order No. 89168. On September 15, 2020, the Commission delegated this matter to the PULJ Division to arbitrate issues that had not previously been adjudicated in a previous proceeding. The testimony was filed, and a virtual evidentiary hearing was held on March 16, 2021. After the submission of briefs, on July 2, 2021, a proposed order was issued. On July 29, 2021, Core noted an appeal. On January 3, 2022, the Commission issued Order No. 90023, which affirmed, in part, reversed and modified, in part, the proposed order. On February 2, 2022, Core Communications filed a petition for rehearing and clarification. On February 18, 2022, the parties filed a joint request for an extension of time to file the updated interconnection agreement. On February 22, 2022, Verizon filed its opposition to the petition for rehearing and clarification. On March 1, 2022, the Commission issued a letter order, which denied the parties' request for a 60-day extension but granted a 30-day extension to file an updated interconnection agreement, and directed that a joint status report be filed within 10 days.

On March 14, 2022, a joint status report was filed indicating that negotiations had continued and that the parties requested a 60-day extension to May 3, 2022. On March 23, 2022, the Commission denied Core's petition for rehearing, but granted the parties' request for the 60-day extension to file an updated interconnection agreement. On May 3, 2022, both Verizon and Core Communications filed competing proposed interconnection agreements as the two parties could not reach agreement on implementation of specific requirements from Commission Order No. 90023 within the

interconnection agreements. Both parties filed briefs and reply briefs on these issues on May, 27, 2022, and June 10, 2022, respectively. On August 16, 2022, the Commission issued Order No. 90310 (a final order on arbitration appeals in this case), which arbitrated the remaining outstanding issues presented in the case and directed specific Commission-approved language for the Interconnection Attachment and Tandem Transit Traffic Interconnection for: (i) identification of VoIPPSTN; (ii) transmission and routing of reciprocal compensation traffic relating to trunks and VoIP/PSTN traffic; (iii) rating of VoIP-PSTN traffic; (iv) payment for trunking to tandems beyond the single point of interconnection; and (v) disputing other carrier's charges for transit services. The Order further directed Core and Verizon to file an updated interconnection agreement reflecting provisions in Order No. 90310 and the findings in Order No. 90023.

On September 22, 2022, Core and Verizon jointly filed an updated interconnection agreement subject to a final request for clarification by Verizon regarding payment obligations for further transport beyond the point of interconnection. On October 24, 2022, the Commission issued Order No. 90394, denying Verizon's request for clarification and approving the updated agreement. On November 28, 2022, Core and Verizon filed their executed interconnection agreement, which the Commission approved by letter order on February 23, 2023.

VI. COMMISSION WATER/SEWER CASES

Maryland Water Service, Inc.'s Application for Authority to Increase its Rates and Charges and to Revise its Terms and Conditions for Water Services—Case No. [9671](#)

On September 30, 2021, Maryland Water Service filed an application for authority to revise and consolidate rates, charges, and tariff revisions for water and sewage disposal services for its five systems in three Maryland counties. The company's request for a revenue increase of \$1,990,022 represented a 108.70% increase in water revenue and an 87.87% increase in sewer revenue. On October 1, 2021, the Commission initiated a new docket 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 October 27, 2021, and a procedural schedule was issued. The procedural schedule was modified on November 22, 2021. On December 16, 2021, by Commission Order No. 90010, the effective date of the proposed rates was amended, and the procedural schedule was modified again. On January 27, 2022 and February 8, 2022, virtual public comment hearings were held.

After filing a notice of settlement on March 1, 2022, the parties filed a joint stipulation and settlement agreement on March 2, 2022, and on March 8, 2022, testimony supporting the settlement was filed. A virtual evidentiary hearing to consider the settlement was held on March 9, 2022. A proposed order was issued on March 30, 2022, accepting the settlement agreement, which provided an increase in annual base rate revenues of \$1,544,000 and consolidated the rates of two of the five systems. The proposed order was not appealed and became Order No. 90158 on April 14, 2022.

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 2022.

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

On March 4, 2022, the U.S. Court of Appeals for the D.C. Circuit vacated and remanded FERC's decision requiring Linden to pay Transmission Enhancement Charge (TEC) adjustments. The Court denied LIPA and Linden's Petition for Review of the FERC's decision approving the EL05-121 EHV cost allocation settlement. The parties agreed that Linden need not pay TEC adjustments for 2018 to 2025, but they disagreed over whether Linden must pay TEC adjustments for 2016 and 2017. On December 16, 2022, PJM Transmission Owners filed a motion with the FERC to establish procedures on remand. The matter is pending with FERC.

B. State Policies and Wholesale Capacity Markets

1. ER18-1314, EL16-49 and EL18-178—Revisions to Address Impacts of State Public Policies on the PJM Capacity Market (Expanded MOPR)

On February 18, 2021, FERC issued an Order on Rehearing modifying its October 15, 2020 order, in part, -- an order establishing a "replacement rate" for PJM's Reliable Pricing Model (RPM), Base Residual Auction (BRA) Minimum Offer Price Rule (MOPR)—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. Petitions for judicial review challenging FERC's orders pertaining to what is referred to as the PJM "Expanded MOPR" are pending in the U.S. Court of Appeals for the Seventh Circuit. The Seventh Circuit is holding the petitions for judicial review in abeyance pending results of the Focused MOPR, discussed below.

2. ER21-2582—Revisions to Application of Minimum Offer Price Rule (Focused MOPR)

In July 2021, after an extensive stakeholder process, PJM filed with FERC its capacity market mitigation rules—replacing the Expanded MOPR with what is referred to as the Focused MOPR. On August 20, 2021, the Maryland Commission filed in support of the Focused MOPR, noting that the replacement rule would accommodate longstanding state policies. On December 21, 2021, PJM's Focused MOPR tariff provisions went into effect by operation of law, when FERC gave notice of a two-two split among the FERC commissioners—two favoring adoption of PJM's proposed tariff revisions and two opposing.

Subsequently, PJM Power Providers Group (P3) filed a petition for judicial review in the U.S. Court of Appeals for the Third Circuit, seeking reversal of FERC's December 21 notice of decision. The Maryland PSC and the New Jersey Board of Public Utilities intervened in support of FERC, and numerous other parties have either filed additional petitions for review or motions to intervene. The Maryland PSC joined the NJ BPU and

other state agencies in an appellate brief filed on August 12, 2022. Oral argument was heard in the Third Circuit on January 9, 2023. A decision by the Court is pending.

C. ER17-419–Transource PA and MD Revisions to OATT to add Attachments H-29 and H-30

Transource’s Maryland CPCN application was granted on June 30, 2020, by the Maryland Commission in Case No. 9471 (Order No. 89571). The Pennsylvania Public Utility Commission denied Transource PA’s CPCN application, and Transource PA filed a complaint for declaratory relief before the U.S. District Court for the Middle District of Pennsylvania as well as an appeal to the Pennsylvania Commonwealth Court. On August 26, 2021, the U.S. District Court dismissed the complaint, finding pursuant to the doctrine of abstention that the Pennsylvania Commonwealth Court should first resolve the matter in state court. PJM has suspended Transource Project 9A in its transmission planning process, but the project has not been canceled. For planning purposes, the project remains part of PJM’s Regional Transmission Expansion Plan (the RTEP); however, since capacity needs have changed on the system, PJM has since opened a new window for reliability proposals for Project 9A in the event the Transource project fails to proceed on its original schedule. Transource has re-submitted its IEC-East and IEC-West projects in the reopened Project 9A reliability window. Subsets of the project—as indicated in PJM’s 2022 Regional Transmission Expansion Plan (RTEP)—have been selected by PJM to address reliability needs. PJM anticipates selecting further subsets of the project to address future reliability needs.

D. ER19-1486 and EL19-58–PJM Tariff Revisions for Reserve Market Enhancements–Market Rules

On June 19, 2020, the Maryland Commission filed a request for rehearing of FERC’s May 2020 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 it required changes in PJM’s capacity market rules. While FERC’s order was appealed to the U.S. Court of Appeals for the D.C. Circuit, in August 2021, FERC submitted a motion for voluntary remand. In December 2021, FERC reversed its determination in the May 2020 approval order, finding that PJM failed to meet its burden to show that key elements of the reserve market are not just and reasonable (remand order). On July 28, 2022, in response to the requests for rehearing, FERC issued an order modifying the discussion in the remand order, but reaching the same result.

E. RM20-10–Notice of Proposed Rulemaking re Electric Transmission Incentives Policy under Section 2019 of the Federal Power Act–Transmission Incentives

On July 1, 2020, 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 should 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. In April 2021, FERC issued a supplemental, proposed rulemaking addressing the application of a return on equity (ROE) adder for entities joining RTOs. On June 23, 2021, the Commission joined with OPSI in filing comments at FERC, recommending that the current practice of applying the ROE adder in perpetuity is not just and reasonable and noting that transmission entities should never have earned bonus returns on assets that would have likely been built regardless of RTO membership. In 2022, post-workshop comments were filed by the PJM Independent Market Monitor and others. FERC has yet to issue a final rule.

F. AD20-19–White Paper re Cybersecurity Incentives Policy

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.

On November 7, 2022, the Maryland Commission joined the Pennsylvania Public Utility Commission (PAPUC) in comments responding to FERC’s Notice of Proposed Rulemaking which proposed incentive-based treatments to encourage investments by

utilities in advanced cybersecurity technology and participation by utilities in cybersecurity threat information-sharing programs, as directed by the Infrastructure Investment and Jobs Act of 2021 (IIJA).

The Maryland Commission and PAPUC agreed with the importance of addressing cybersecurity challenges; however, they did not agree that incentives should be necessary to encourage cybersecurity initiatives—noting that cybersecurity is not new and implementation of common-sense measures, such as those outlined in the NOPR, constitute good cybersecurity practice which public utilities serving the bulk power system should already be implementing.

G. ER21-253—South FirstEnergy Operating Companies Formula Rate

On October 29, 2020, the South FirstEnergy Operating Companies (SFCs), including Monongahela Power Company, The Potomac Edison Company, and West Penn Power Company, filed, pursuant to Section 205 of the Federal Power Act, a proposed new formula rate and associated formula rate protocols, proposed to become effective on January 1, 2021. The filing also included transmission revenue requirements for Network Integration Transmission Service and a Transmission Enhancement Charge. The Maryland Commission intervened in this proceeding on November 5, 2020. On December 31, 2020, FERC issued an order consolidating this docket with FERC Docket No. ER21-265 (involving the similar proposed formula rate and protocols of Keystone Appalachian Transmission Company), and set the matter for settlement judge procedures. The Maryland Commission actively participated in the

settlement hearings during 2021-2022, which addressed issues such as the utilities' proposed return on equity; regulatory and asset treatment of matters such as vegetation management, amortization of regulatory assets, depreciation rates, rate base adjustments, and operations, maintenance, and administrative expenses. On January 18, 2023, the parties reached and filed a comprehensive settlement agreement that resolved all issues, including capital structure, ROE, and rate base issues. The settlement includes a reduction in recovery for vegetation management, a four-year moratorium on filing a new rate case, and generally provides for settlement rates that will be several million dollars below the as-filed rates originally proposed by the companies. Finally, the settlement contains several protections proposed by the intervenors related to protocols that should provide helpful information to parties in future formula rate litigation involving these companies.

H. ER21-2282–PJM Tariff Revisions to Implement Transmission Owners' Funding of Network–Network Upgrades Funding

In June 2021, PJM filed a proposed plan at FERC that would provide transmission owners the right to fund the capital costs of network upgrades that are necessary to accommodate generator interconnections to the transmission system and to earn a rate of return on those costs. On July 28, 2021, the Maryland Commission joined OPSI in protesting the PJM filing at FERC, demonstrating that the plan would be anticompetitive and calling attention to features of the plan that could place the risk of default or under-recovery of revenue requirements on transmission ratepayers. On

November 19, 2021, FERC found that the proposed plan may be unjust and unreasonable and established a paper hearing to further inform its decision process.

On December 20, 2022, FERC issued a letter order accepting and suspending the conforming revisions proposed in PJM's filing, subject to refund, and directed consolidation of the case with Docket No. ER21-2282 to evaluate whether the provisions are just and reasonable.

I. RM18-9–Notice of Proposed Rulemaking re Electric Storage Participation in Markets Operated by Regional Transmission Organizations and Independent System Operators – 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) aggregation 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 were required to file their revised market rules, including provisions for coordination between RTOs, aggregators, state regulatory commissions and electric distribution companies, at FERC by early 2022.

After granting extensions to the RTO/ISOs to submit compliance filings, PJM submitted its compliance filing in Dkt. No. ER22-962 on February 1, 2022—requesting an effective date of February 2, 2026, for proposed Tariff, Operating Agreement and Reliability Assurance Agreement revisions. On March 16, 2022, the Maryland Commission filed a notice of intervention to ensure that wholesale-related demand response resources interfacing with retail grid operations connect to and/or deliver electric power in PJM, consistent with the public interest, and promote adequate, economical and efficient delivery of utility services in the State. On March 1, 2023, FERC found that PJM’s filing partially complies with the requirements of Order No. 2222, and accepted it subject to further compliance filings to be submitted within 30 and 60 days of its order.

**J. EL19-47–Complaint of Independent Market Monitor for PJM
(Market Seller Offer Cap)**

In March 2018, FERC issued an order finding that PJM’s method of calculating the Market Seller Offer Cap (MSOC)—a feature of the capacity market that prevents bidders from exercising market power—was no longer just and reasonable. On May 3, 2021, the Maryland Commission joined OPSI in a filing at FERC, recommending the MSOC be set at the net avoidable cost rate (net ACR). The filing called attention to the PJM Independent Market Monitor’s assessment indicating that had this replacement rate been employed in the previous capacity auction, market payments would have been reduced by 13.2 percent. On September 2, 2021, FERC issued an order approving net ACR as the replacement rate.

Exelon Corp., Public Service Gas and Electric Company and other parties filed requests for rehearing.

On February 18, 2022, FERC issued an order denying rehearing, indicating—among other things—that the Unit-Specific ACR Proposal will best ensure the capacity market’s overall competitiveness and enable the Market Monitor and PJM to sufficiently review and mitigate offers by sellers who have failed the Market Structure Test to prevent the exercise of market power. FERC granted PJM’s and Advanced Energy Management Alliance’s request for clarification, clarifying that the September 2021 Order does not expand the scope of the capacity resources subject to the offer cap.

K. RM21-17–Transmission Planning, Cost Allocation and Generator Interconnection

In July 2021, FERC issued an advanced notice of proposed rulemaking presenting potential reforms to improve transmission planning, cost allocation and generator interconnection. On October 12, 2021, the Maryland Commission joined with NARUC in filing comments at FERC, recommending the exploration of reforms to better align regional planning with state policy needs. The filing also recommended increased transparency in transmission planning, integrating generation interconnection with transmission planning, and the consideration of transmission alternatives and methods of cost containment. On November 24, 2021, the Commission filed reply comments in support of the Maryland Energy Administration’s (MEA) comments recommending a hybrid beneficiary pays-participant funding approach to developing transmission upgrades for the purpose of delivering electricity from renewable energy zones, such as

offshore wind areas. On August 17, 2022, the Maryland Commission joined with OPSI to file further comments in support of long-term planning initiatives and recommending that regional and local planning processes produce the most cost-effective set of transmission projects. FERC's decision on this proceeding is still pending.

L. AD21-15—Joint Federal-State Task Force on Electric Transmission

In June 2021, FERC appointed a group of state public service commissioners from across the country to a joint federal-state task force on electric transmission with the purpose of exploring transmission-related issues to identify and realize the benefits that transmission can provide, while ensuring that the costs are allocated efficiently and fairly. Maryland Commission Chairman Jason Stanek was selected to co-chair the task force along with then-FERC Chairman Richard Glick. On November 10, 2021, the task force held its first meeting to discuss transmission planning principles. The task force has subsequently met periodically to guide FERC's transmission planning, cost allocation and generator interconnection improvement efforts in RM21-17. The Task Force met on February 16, 2022, July 20, 2022 and November 15, 2022, respectively, to discuss: (i) categories of transmission benefits and cost allocations on generator interconnection queue backlogs and cost allocation of interconnection-related transmission enhancements; (ii) interregional transmission planning; and (iii) regulatory gaps in oversight of transmission development.

M. ER22-1539–NRG Power Marketing LLC (NRG) Reliability Must-Run Rate Schedule, Electric Rate Schedule FERC No. 3NRG Petition for RMR Contract

On June 29, 2021, NRG Power Marketing LLC (NRG) notified PJM that it intended to retire its 410 MW coal-fired generation unit at Indian River, which was commissioned in 1980 (Unit 4), and that the retirement would be effective on May 31, 2022. PJM responded on July 30, 2021, that reliability violations would result from the proposed deactivation of Unit 4 absent certain upgrades to the transmission system, which will likely take five years to complete. NRG informed PJM that it would be willing to continue operating Unit 4 in the interim subject to a Reliability Must-Run Rate Schedule (RMR) agreement. On April 1, 2022, NRG filed an application with FERC for acceptance of the RMR, which provides for continued operation of Unit 4 under cost-of-service ratemaking principles in lieu of market-based rates. On May 6, 2022, the Maryland Commission filed a protest of NRG's filing, arguing that the RMR as proposed was not just and reasonable. In particular, the Maryland Commission argued that (i) the cost impacts to ratepayers of NRG's proposed RMR rate schedule would be excessive, especially given that they would be imposed exclusively within the Delmarva Zone's relatively small customer base; (ii) NRG provided insufficient information to justify its proposed operational expenditures; (iii) NRG's proposal to make project investments below a certain threshold unreviewable was unreasonable; and (iv) NRG's proposal to relieve it of liability for nonperformance improperly imposed the risk of nonperformance on ratepayers. On May 31, 2022, FERC issued an order establishing settlement judge

proceedings. The Maryland PSC is currently participating in those settlement negotiations.

N. ER22-703, EL22-32, ER22-2029—Revisions to PJM’s Financial Transmission Rights (FTR) Credit Requirement

On December 21 and 30, 2021, PJM filed original and amended filings, proposing to revise the calculation of the Financial Transmission Right (FTR) Credit Requirement, which sets the collateral that market participants must provide in order to participate in PJM’s FTR market. On January 13, 2022, the Maryland Commission joined OPSI in requesting FERC find the PJM filing deficient in meeting generally recognized collateral requirements necessary to protect ratepayers from default risk. The Maryland Commission also joined OPSI in all subsequent filings regarding this matter.

On February 28, 2022, FERC rejected PJM’s proposal and opened Docket No. EL22-32 to investigate this issue. On April 12, 2022, OPSI filed answers to PJM’s request for hearing and supporting FERC’s decision. On June 3, 2022, PJM filed a similar proposal to the one it filed in ER22-703, indicating that it was providing the supporting evidence lacking in its December 2021 filings. On June 24, 2022, OPSI protested PJM’s filing, indicating that PJM’s proposal remains unjust and unreasonable and requesting FERC lodge OPSI’s comments and the expert testimony filed in ER22-703 into the record. FERC’s decision is pending.

O. ER22-2110–PJM Generator Interconnection Reform

On June 14, 2022, PJM filed at FERC a proposal to reform its generator interconnection process. On July 14, 2022, the Maryland Commission joined with OPSI in filing in support of PJM’s proposal, noting that it was an improvement over the existing process that led to a substantial backlog in the interconnection queue. The comments also noted that the proposed process should be examined for further refinement after FERC approval. On November 29, 2022, FERC approved PJM’s proposal.

P. RM22-14–Notice of Proposed Rulemaking re Improvements to Generator Interconnection Procedures and Agreements–FERC Interconnection Queue Reform NOPR

On June 16, 2022, FERC issued a notice of proposed rulemaking, proposing reforms to its pro forma generator interconnection procedures and pro forma interconnection agreements to address interconnection queue backlogs, improve certainty, and prevent undue discrimination for new technologies. The Maryland Commission intervened in the case and submitted comments through NARUC, focusing on methods for working collaboratively with FERC on generator interconnection reforms to improve efficiency, reduce costs, and reduce the backlog of interconnection applications. The comments discussed reforms to implement a “first-ready, first-served” cluster study process; reforms to increase the speed of interconnection queue processing; and reforms to incorporate technological advancements into the interconnection process. On October 13, 2022, the Maryland Commission joined OPSI in filing comments specifically addressing interconnection in PJM—noting PJM’s filing in

ER22-2110 to improve its interconnection process and recommending that any rulemaking not impede PJM's proposal to accelerate interconnection reviews and approvals. OPSI's filing also stressed many of the comments it filed in ER22-2110.

Q. EL22-80—Complaint of American Municipal Power, Inc., Office of the People's Counsel for the District of Columbia, et al. v. PJM - PJM Transmission Projects

On July 22, 2022, several PJM stakeholders filed a complaint at FERC, indicating that PJM was not properly following its operating rules that require it to reevaluate projects, and potentially identify other projects, in cases where the approved projects are not completed timely or economically. On August 19, 2022, the Maryland Commission joined OPSI in filing at FERC in support of the complaint. A FERC decision on the complaint is pending.

R. ER22-2984—Periodic Review of Variable Resource Requirement Curve Shape and Key Parameters

On September 30, 2022, PJM filed at FERC revisions to its demand curve used in the capacity market. On October 21, 2022, the Maryland Commission joined with OPSI in filing comments at FERC, noting that while it was an improvement to the existing curve, the proposed curve would continue to procure more capacity than needed to address grid reliability, at a cost to ratepayers. On February 14, 2023, FERC approved PJM's proposal.

S. RM22-17—FERC NOPR on Backstop Siting Authority in Conjunction with IJJA ER22-2984 - PJM Capacity Market

On December 15, 2022, FERC issued a notice of proposed rulemaking to implement certain electric transmission backstop siting authority that was provided to it

through the IIJA (Nov. 15, 2021). The proposed regulations would enable FERC to exercise transmission siting authority contemporaneously with state public utility commissions like the Maryland Commission under certain circumstances, and to overrule state commission denials of CPCN applications in other circumstances. The proposed rules would also authorize FERC to exercise jurisdiction where state commissions have imposed conditions that are not economically feasible, or that result in transmission facilities that would not significantly reduce transmission constraints or congestion in interstate commerce. The Maryland Commission is currently drafting comments in response to this NOPR and working with NARUC on its potential response. The Maryland Commission will advocate for regulations that enable FERC to efficiently review interstate transmission applications with a full record developed through the state commission proceedings, while respecting the primacy and history of state commission decision-making in transmission siting proceedings.

T. ER23-729–PJM Proposed Amendment to the Locational Deliverability Area Reliability Requirement – Federal Power Act §§ 205 and 206 Filing re DPL-South

On December 23, 2022, PJM made Federal Power Act (FPA) Section 205 and Section 206 filings proposing to amend the Locational Deliverability Area reliability requirements in the Delmarva Power & Light-South Zone, alleging that the 2024/2025 Base Residual Auction results produced anomalously high, unjust and unreasonable prices. Specifically, PJM stated that application of the existing rules would result in an “aberrant auction outcome,” with prices not reflecting the actual reliability requirements of the DPL-S Zone, resulting in severe price impacts to DPL customers. The Maryland

Commission joined with state commissions and consumer advocate organizations from Delaware and Virginia to support PJM's filing and to advocate for a resolution that protected Delmarva ratepayers, filing supporting comments on January 20, 2023. On February 21, 2023, FERC issued an order accepting PJM's tariff revisions to ameliorate anomalous capacity price spike in DPL-S.

U. ER21-2965–Atlantic City Electric Company, Delmarva Power & Light Company, PECO Energy Company, PJM Interconnection, L.L.C. – FPA § 205 Rate Filing

On September 29, 2021, Atlantic City Electric Company, Delmarva Power & Light Company, and PECO Energy Company filed proposed changes in formula rates to reflect revisions to each utility's Wages and Salaries Allocator to include labor they receive and will receive from their affiliated Exelon utility services companies. The revisions are associated with the operating companies' consolidation of transmission control center operations. The Maryland Commission intervened in the docket to ensure that the interests of Maryland ratepayers are protected. Based on protests, FERC established evidentiary proceedings, preceded by settlement judge procedures. Settlement judge procedures are pending.

V. ER21-2020/2023–Potomac Electric Power Company and Baltimore Gas and Electric Company – FPA § 205 Rate Filing

On May 27, 2021, Pepco and BGE filed proposed formula rate changes to reflect revisions to each utility's Wages and Salaries Allocator to include labor they receive and will receive from their affiliated Exelon utility services companies. The revisions are associated with the operating companies' consolidation of transmission control center

operations. The Maryland Commission intervened in the docket to ensure that the interests of Maryland ratepayers are protected. Based on protests, FERC established evidentiary proceedings, preceded by settlement judge procedures. Settlement judge procedures are pending.

W. ER22-2201–Delmarva Power & Light Company; Single Issue Depreciation Rate Filing – Depreciation Rate Filing

On June 27, 2022, Delmarva Power & Light Company filed proposed revisions to the stated transmission depreciation rates contained in its formula transmission rate at Attachment H-3D of the PJM Open Access Transmission Tariff. The Maryland Commission intervened in the docket to protect Maryland ratepayer interests. Based on protests, FERC established evidentiary proceedings, preceded by settlement judge procedures. Settlement judge procedures are pending.

X. EL23-45–Complaint of West Virginia Public Service Commission v. PJM

On March 8, 2023, the Public Service Commission of West Virginia filed a complaint against PJM, requesting relief from FERC and requesting that FERC direct PJM to allow all PJM states—and the District of Columbia—to observe and attend the meetings between the PJM Liaison Committee and the PJM Board of Managers. The West Virginia PSC contends that PJM is required to permit state commissions to observe and attend these meetings pursuant to PJM's Operating Agreement, its business practices manual, FERC orders, rules regulations and policies. The Maryland Commission intervened in the docket with the intention to join in OPSI's comments.

Y. EC23-59—Joint Application for Authorization for Proposed Internal Reorganization

On March 6, 2023, FirstEnergy filed a joint application with its affiliates proposing internal reorganizations among the affiliates, with associated transition costs and cost to achieve. One of the FirstEnergy affiliates is Potomac Edison – Maryland, which has a five percent ownership share in PATH-Allegheny Maryland Transmission Company, LLC. The Maryland Commission intervened in the docket to protect Maryland ratepayer interests.

VIII. PJM INTERCONNECTION, INC. — THE RELIABILITY PRICING MODEL

A. 2023/2024 Delivery Year Base Residual Auction Results

The Reliability Pricing Model (RPM) 2023/2024 Delivery Year base residual auction (BRA) was held in June 2022. While normally a three-year forward auction, the auction 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). The June 2022 auction was the second auction held under the Expanded MOPR provisions that are applied to resources receiving revenues outside of PJM markets attributed to state policies. Although the new rule was in effect, resources that had proceeded through key interconnection steps prior to when FERC issued its December 2019 order were exempt from the Expanded MOPR. The resource clearing price (RCP) in Pepco was \$49.49/MW-day, and the clearing prices in both BGE and DPL-South were \$69.95/MW-day. The clearing price for the unconstrained portion of the RTO, including the Allegheny zone (APS), was \$34.13/MW-day. Clearing prices decreased 48 percent in Pepco, four percent in BGE, and 29 percent in DPL-South compared to resources that cleared in the previous auction. The capacity price decrease in Allegheny was approximately 32 percent. Regarding renewables in PJM, almost 1,300 MW cleared from wind resources, or 25 percent less than in the previous auction. This amount includes approximately 470 MW of winter wind that was aggregated with summer resources. Additionally, approximately 1,870 MW of solar resources cleared the market, representing almost 25 percent more than the amount

that cleared in the 2022/2023 BRA. The auction also cleared 7,200 MW less from coal units and 5,300 MW more from nuclear units than in the 2022/2023 BRA. The 2023/2024 BRA was conducted under the Focused MOPR provisions approved in FERC Docket No. ER21-2582.

B. 2024/2025 Delivery Year Base Residual Auction Results

PJM conducted the auction for the 2024/2025 Delivery Year in December 2022. Due to the delay requested by PJM in Docket No. ER23-729, the auction for the 2024/2025 Delivery Year was not completed until February 2023.

The resource clearing prices (RCPs) for the 2024/2025 Delivery Year were \$49.49/MW-day, \$73/MW-day and \$90.64/MW-day in PEPCO, BGE and DPL-South, respectively. The clearing price for the unconstrained portion of the RTO, including the Allegheny zone (APS), was \$28.92/MW-day. Clearing prices remained the same in Pepco and increased four percent in BGE and 30 percent in DPL-South compared to resources that cleared in the previous auction. The capacity price decrease in Allegheny was approximately 15 percent.

Regarding renewables in PJM, almost 1,275 MW cleared from wind resources, at two percent less than in the previous auction. This amount includes an estimated 600 MW of winter wind that was aggregated with summer resources. Additionally, approximately 2,765 MW of solar resources cleared the market, representing almost 48 percent more than the amount that cleared in the 2023/2024 BRA. Slight increases in cleared natural gas effectively netted out decreases in coal capacity compared to the previous auction, while cleared capacity from nuclear units decreased two percent.

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:

NiSource, Inc. owns all 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, 2022, NiSource, Inc. had 405,993,113 shares of its common stock outstanding of which 179,476 were acquired by employees during the previous 12 months through the ESP Plan, and 434,945 through the NiSource Inc. Retirement Savings Plan. As of August 31, 2022, NiSource, Inc. had approximately 320 registered

stockholders with Maryland addresses, holding approximately 105,518 shares of NiSource, Inc. common stock.

As of September 30, 2022, **Exelon Corporation**, the parent company of **Baltimore Gas and Electric Company**, **Potomac Electric Power Company**, and **Delmarva Power & Light Company** reported that 9,758 Maryland residents, representing approximately 12 percent of Exelon's total registered shareholders, owned 4,197,361 (approximately 0.4 percent) of the outstanding shares of common stock. Of these Maryland shareholders, 4,878 (approximately six percent of Exelon's total registered shareholders owning 1,845,616 or 0.2 percent of the legal outstanding shares of common stock) were participants in the Direct Stock Purchase Plan.

As of September 30, 2022, 1,346 current or former employees, who are Maryland residents, held an aggregate of 978,089 equivalent shares of Exelon common stock in their 401(k) accounts in the Employee Savings Plan. In addition, 376,134 shares were held by 1,794 current or former employees who are Maryland residents and participate in the Exelon Employee Stock Purchase Plan.

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 percent of FE's employees were contributing to the FE Plan as of December 31, 2021, and 15,347 participants had FE stock as part of their account balance within the FE Plan. As of December 31, 2021, 1,426 Maryland residents held approximately 463,295

shares of FE stock as stockholders of record, which represents approximately 2.23 percent of all FE registered stockholders and approximately 0.08 percent of all shares. In addition, as of December 31, 2021, three AE stockholders living in Maryland, owning the equivalent of 17 FE shares, had not yet exchanged their AE shares for FE shares.

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, 2022, 13,671 Maryland residents held Verizon stock.

X. REPORTS OF THE AGENCY'S DEPARTMENTS/DIVISIONS

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:

Administrative Division

- **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 2022, this unit established 21 new non-transportation-related dockets and processed 1,899 non-

transportation-related case items. This unit is also responsible for archiving the formal dockets based on the record retention policies of the Commission.

- **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 2022, this unit scheduled 40 Commission administrative meetings at which 684 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. Three administrative docket public conferences were initiated in 2022. This unit also processed 4,796 filings, including 1,800 memoranda.

- **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 2022, this unit managed four rulemaking dockets that resulted in final adoption of regulation changes to [COMAR Title 20 – Public Service Commission in 2022](#), and three additional rulemaking dockets that remained active at the end of 2022.

- **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. The Commission notes that it purchased its first electric vehicle for its fleet in 2022.

Fiscal Division

- **Fiscal and Budget Management Unit**

This unit manages the financial aspects of the daily operations of the Commission. The operating budget totaled \$22,377,252 for the fiscal year ending June 30, 2022. This budget consisted of \$21,634,843 in special funds, and \$742,409 in federal funds. Included within the normal State functions are two unique governmental accounting responsibilities. The first function allocates the Commission's cost of operation to the various public service companies subject to the Commission's jurisdiction. The second function allocates the budget associated with the Department of Natural Resources' Power Plant Research Program to electric companies distributing electricity to retail customers within Maryland. This unit 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.

- **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, 2022, this section maintained approximately 87 items of disposable supplies and materials totaling \$10,050 and fixed assets totaling \$2,410,305.

Information Technology Division

The IT Division 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 2022, IT: (a) was evaluated by DoIT as part of a comprehensive Statewide Cybersecurity/Security Risk Assessment audit—the IT Division rendered a final score in the top quarter among all Maryland State agencies (second highest among those with complex IT systems); (b) successfully migrated the legacy bucksheet database application from MS Access to SQL Server; (c) represented the Commission in testimony opposing Maryland Senate Bill 812—centralizing Statewide IT Operations under DoIT; (d) successfully migrated the legacy maillog database application to SQL Server/ASPNET (new document management system and portal); (e) established a new livestream video streaming system for the PULJ Division for proceedings in the 19th floor hearing room; (f) deployed MS Office365 for Technical Staff Division and (g) successfully migrated the PSC website template server from on-premise to secure cloud.

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

The Consumer Affairs Division (CAD) investigates and resolves complaints made by Maryland ratepayers against utilities and other regulated entities in accordance with applicable laws, regulations, and utility tariffs. CAD collects and tracks information regarding complaints received to identify potential patterns of regulatory noncompliance.

Accurate, comprehensive, and readily available complaint data is essential to CAD's mission to ensure that public service companies comply with established regulations. Previously, CAD's customer complaint information was stored in a database created in Microsoft Access. Compared to newer systems, this database was limited both in its ability to provide information in a user-friendly format and its capacity to allow for the automation of processes. In tandem with an extensive legacy data migration process, CAD worked with a contractor to develop and launch a new online consumer complaint portal and cloud-based complaint data management system (CDMS) through Salesforce Service cloud. The new CDMS launched on February 22, 2022, and has streamlined team communication, as well as simplified the sharing of raw data and analytics in line with the Commission's commitment to innovation. Starting this fiscal year, CAD began publication of quarterly utility complaint reports, in addition to its published quarterly supplier complaint reports.

In 2022, CAD received 1,726 total complaints. Of the complaints received, 1,140 involved utility gas and electric issues, 71 were telecommunication complaints, 33 were complaints related to water companies, and 53 complaints involved other issues. The most frequently cited issues with gas and electric, telephone, and water utilities

concerned billing disputes (484), termination of service issues (194), other or miscellaneous issues with gas or electric utilities (89), stop/start service issues (79), meter concerns (65), outages (56), security deposit issues (55), and reporting of safety concerns (54).

The remaining 447 complaints were made by consumers against third-party retail energy suppliers. The most frequently cited issues with suppliers concerned unauthorized enrollment/slamming (194), billing disputes (89), misrepresentation by supplier (67), and start/stop service issues (47).

In addition to its investigatory activities, CAD is a trusted source of utility-related information to the public. Its staff participated in a variety of events in the community, such as town halls and neighborhood association meetings, conferences and webinars, as well as “Power in the Park” events and other resource fairs sponsored by local elected officials and nonprofit organizations. Throughout 2022, the CAD team had meetings with utility and supplier representatives to share information, learn more about company operations, answer questions, and discuss concerns. CAD supports the Commission’s endeavors to foster competition in the energy market to offer Maryland customers alternatives to utility standard offer service, including additional renewable energy options. To that end, CAD worked with companies at all stages of the regulatory process, from companies endeavoring to expand their business in Maryland, to long-time operators seeking to better understand the growing body of law in this field.

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, retail suppliers, and other entities subject to the Commission's jurisdiction, and leads or participates in special projects as directed by the Commission.

During 2022, OGC assisted the Commission in numerous matters, including the second multi-year rate plan (MYP) filed after the Commission's approval of a pilot MYP filing pursuant to PC51, the second round awarding of offshore wind renewable energy credits (ORECs) under the Clean Energy Jobs Act of 2019 (CEJA), as well as orders relating to utility service reliability, applications for development of new electricity generation, and cybersecurity reporting. 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 and/or retail energy suppliers.

Below—and in Part VII—is a summary of selected federal and state cases litigated by OGC in 2022:

1. *In the Matter of Petition of Frederick County, Maryland, Circuit Court for Baltimore City—Case No. 24-C-21-003999 (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 20 MW solar photovoltaic generating facility in Frederick County. On July 17, 2019, the Circuit Court—in Case No. 24-C-18-002180—entered an order affirming the Commission. Frederick County appealed the Circuit Court’s decision to the Appellate Court of Maryland (ACM) (formerly the Court of Special Appeals).

The ACM reversed and remanded the Commission’s Order on March 2, 2021, concluding that the Commission erroneously relied upon the real estate doctrine of “vested rights” in concluding that Frederick County had denied LeGore Bridge due process.

On June 21, 2021, in Order No. 89859, the Commission allowed the parties to supplement their previously filed memoranda in the case, before issuing Order No. 89918 on August 19, 2021, granting LeGore Bridge Solar’s application for a CPCN based on the CPCN criteria under PUA § 7-207, including giving “due consideration” to the county government’s recommendations as required by PUA § 7-207(e)(3)(i).

Frederick County again appealed the Commission’s decision in Baltimore City Circuit Court, Case No. 24-C-21-003999. On February 8, 2022, the Circuit Court

affirmed Commission Order No. 89918. Frederick County appealed this decision to the ACM, which affirmed the Commission on December 15, 2022.

The time period for requesting the Supreme Court of Maryland to review the case has passed, and the Commission's decision is final.

2. *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) a CPCN exemption pursuant to PUA § 7-207.1 to construct a land-based wind electric generating facility—not exceeding 70 megawatts—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 the 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 (Opponents) 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 the Applicant, DMWF, provide further documentation supporting the total power generation of the project, providing that the parties be allowed to submit briefs on the issue of collateral estoppel and res judicata, and directing that the Commission render a written decision pursuant to PUA § 3-113 that addresses the collateral estoppel/res judicata issue.

DMWF filed a notice of appeal in the ACM on December 30, 2020. In an unpublished opinion, issued on April 14, 2022, the Court reversed the Circuit Court's decision and affirmed the Commission's DMWF exemption order. Opponents sought a writ of certiorari in the Supreme Court of Maryland. The petition was denied on August 30, 2022, ending the litigation in this case.

3. *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 MW solar photovoltaic generating facility in Frederick County. The Commission's decision was affirmed by the Circuit Court on June 6, 2021. Frederick County appealed the matter to the Appellate Court of Maryland, which affirmed the Commission on December 19, 2022. The time for requesting review from the Supreme Court for Maryland has passed, so the Commission's decision is final.

4. *In the Matter of Petition for Judicial Review by Maryland Office of People's Counsel, Circuit Court for Baltimore City—Case No. 24C21003749 (PSC Case No. [9651](#))*

On April 9, 2021, the Commission issued Order No. 89799, affirming the proposed order of the Public Utility Law Judge authorizing an increase in rates by Washington Gas Light Company. The Office of People's Counsel requested rehearing, arguing that Washington Gas failed to meet its burden in this case as to (i) the prudence of the projects that OPC challenged and (ii) the synergy savings that Commitment 44 of

the Commission's order in Case No. 9449 (the merger of Washington Gas and AltaGas) requires. After the Commission denied rehearing, OPC filed a petition for judicial review of the Commission's decision in the Circuit Court for Baltimore City.

The Circuit Court reversed the Commission, concluding that the Commission wrongly interpreted Commitment 44 in its order approving AltaGas' acquisition of WGL Holdings, Inc. The Court also held that the Commission must do a full prudency review before accepting WGL's costs related to 14 capital projects.

On March 10, 2022, the Commission filed a Motion to Alter or Amend the Judgment. The Court granted the Commission's motion to alter on May 27, 2022. OPC filed a notice of appeal, and the case was heard by the ACM on oral argument on March 6, 2023. The decision of the Court is pending.

5. *In the Matter of SmartEnergy Holdings, LLC d/b/a SmartEnergy, Circuit Court for Montgomery County—Case No. 485338V (PSC Case No. [9613](#))*

On March 31, 2021, the Commission issued Order No. 89795, affirming the PULJ's findings that SmartEnergy violated PUA § 7-507(b)(7) by engaging in unfair, false, misleading and deceptive marketing, advertising and trade practices, and associated COMAR Title 20, Subsection 53 provisions. The Commission reversed the PULJ's finding that Com. Law § 14-2203(b) (the Maryland Telephone Solicitation Act—MTSA, which requires that a contract made pursuant to a telephone solicitation be reduced to writing and be signed by the consumer) does not apply to SmartEnergy's contracting with its Maryland customers under the facts in this case.

SmartEnergy objected to the Commission's finding that the MTSA applies to its enrollments and filed a petition for judicial review of the Commission's order in the Circuit Court for Montgomery County. Along with the Commission, the Office of People's Counsel and the Maryland Attorney General's Consumer Protection Division also filed memoranda supporting the Commission's findings in Order No. 89795.

On November 29, 2021, the Court entered an order affirming the Commission's order in all respects, except the Commission's finding that SmartEnergy's access to and ability to edit call recordings violated the Commission's regulations. SmartEnergy filed a notice of appeal to the ACM.

In a published opinion issued on October 31, 2022, the ACM affirmed the Commission's order, holding that: (1) PUA 7-507(k) expressly authorizes the Commission to impose penalties on licensed retail suppliers for violating a provision of the PUA or any other applicable consumer protection laws of the State; (2) SmartEnergy violated the MTSA; and (3) SmartEnergy's inbound telephone call customer enrollments were not exempt pursuant to either the MTSA's "marketing materials" or "preexisting customer" exemption.

SmartEnergy filed a petition for a writ of certiorari in the Supreme Court of Maryland. The petition was supported by amicus curiae briefs filed by the Maryland Chamber of Commerce and Maryland Retailers Association, Retail Energy Suppliers Association and Vistra Corp. On February 8, 2023, the Commission and OPC filed answering briefs opposing the petition.

The Supreme Court of Maryland granted SmartEnergy's petition for certiorari on March 7, 2023. Oral argument is expected in early September 2023.

6. *In the Matter of Direct Energy Services, LLC, Circuit Court for Anne Arundel County—Case No. C-02-CV-22-000856 (PSC Case No. [9614](#))*

On May 4, 2022, the Commission issued Order No. 90208, affirming, in part, and reversing, in part, the PULJ's findings. The Commission affirmed the PULJ's findings that Direct Energy violated the MTSA and, alternatively, COMAR 20.53.07.08(C)(4) and COMAR 20.59.07.08(C)(4) by engaging in marketing, advertising, or trade practices that are unfair, false, misleading or deceptive. The Commission reversed the PULJ's remedy related to requiring signatures for all future telephone enrollments regardless of the MTSA's statutory exemptions but did not order any additional monetary remedy against Direct Energy, finding that the \$125,000 penalty previously assessed was sufficient. Direct Energy and OPC filed petitions for judicial review. Direct Energy filed in the Circuit Court for Anne Arundel County, and OPC filed in the Circuit Court for Baltimore City.

The Commission and OPC both filed motions in the Circuit Court for Anne Arundel County, requesting the court transfer Direct Energy's petition to Baltimore City, pursuant to PUA § 3-204. Although Direct Energy is a retail supplier and not a "public service company"—which can select as its venue a circuit court in a county in which it operates or the Circuit Court for Baltimore City—the court denied the motions to transfer, without comment. The court did, however, grant the Commission's motion to bifurcate the schedule for filing memoranda regarding Direct Energy's MTSA-related

issues, deferring memoranda until after the Appellate Court of Maryland issued its decision in *SmartEnergy*.

The memorandum briefing schedule for the case concluded on January 18, 2023, with an initial hearing scheduled for January 23, 2023. On the eve of the hearing, the court issued an order postponing the hearing for 90 days to April 24, 2023. The matter is pending.

7. *In the Matter of U.S. Gas & Electric, Inc. and Energy Service Providers, Inc. d/b/a Maryland Gas & Electric, Circuit Court for Baltimore City—Case Nos. 24-C-22-004561 and 24-22-C-003561 (PSC Case No. [9615](#))*

On August 16, 2022, the Commission issued Order No. 90311, affirming, in part, and reversing, in part, the PULJ's findings. The Commission affirmed the PULJ's findings that U.S. Gas & Electric, Inc. and Energy Service Providers, Inc. d/b/a Maryland Gas and Electric (MDG&E) violated the MTSA and, alternatively, COMAR 20.53.07.08(C)(4) and COMAR 20.59.07.08(C)(4) by engaging in marketing, advertising, or trade practices that are unfair, false, misleading or deceptive. The Commission reversed the PULJ's remedy related to requiring signatures for all future telephone enrollments regardless of the MTSA's statutory exemptions but did not order any additional monetary remedy against MDG&E, finding that the \$150,000 penalty previously assessed was sufficient. MDG&E and OPC filed petitions for judicial review. OPC filed a petition for judicial review in the Circuit Court for Baltimore City, and MDG&E filed in the Circuit Court for Anne Arundel County.

MDG&E filed a motion in the Circuit Court for Baltimore City, requesting the court transfer OPC's petition to Anne Arundel County. However, with OPC being the first to file its petition in Baltimore City, the court denied MDG&E's motion. Both OPC and MDG&E filed their initial memoranda on February 2, 2023. MDG&E later filed a motion to stay the matter pending the outcome of SmartEnergy's petition for a writ of certiorari in the Supreme Court of Maryland. On February 28, 2023 the Motion to Stay was denied. Hearing dates for OPC's and MDG&E's petitions are scheduled for May 10 and 16, 2023.

8. *In the Matter of Maryland Office of People's Counsel v. Maryland Public Service Commission, Circuit Court for Montgomery County—Case No. C-15-CV-22-001877 (PSC Case No. [9673](#))*

On May 20, 2022, OPC and Sierra Club filed petitions for judicial review of the Commission's decision to refrain from initiating a proceeding regarding marketing material contained with Washington Gas Light Company's billing statements. On December 22, 2022, the Montgomery County Circuit Court affirmed that the Commission has discretion to open or deny a requested proceeding, reasoning that the issues involved broadly affected national gas issues that were inappropriate for a complaint against only one company. On January 25, 2023, OPC filed a notice of appeal of the Circuit Court's decision to the Appellate Court of Maryland. The matter is pending.

9. *In the Matter of WestRock Company v. Maryland Public Service Commission, Circuit Court for Baltimore County— Case No. C-03-CV-22-002978 (Maillog No. 240374)*

On April 27, 2022, WestRock filed a request that the Commission recognize the validity of certain renewable energy credit (REC) contracts the company had entered into with third parties pursuant to Maryland’s Renewable Energy Portfolio Standard (RPS). Specifically, WestRock requested recognition of three contracts it entered into in September 2021 for black liquor generated at certified renewable energy facilities in Virginia and North Carolina for yearly delivery dates stretching from 2021 through 2025. WestRock argued that Senate Bill 65, signed into law on May 30, 2021, required that the contracts be deemed valid given the Act’s language that “presently existing obligation or contract right may not be impaired in any way by the Act.”

On July 7, 2022, the Commission issued a decision finding WestRock’s REC contracts invalid, finding that the Act requires that any contract for black liquor RECs be entered into on or before June 1, 2021, in order to be recognized by the Maryland RPS after September 30, 2021. On July 27, 2022, WestRock filed a Petition for Judicial Review in the Circuit Court for Baltimore County, Maryland. The Commission filed a Notice of Intention to Participate and a Motion to Dismiss or Transfer Due to Improper Venue on August 29, 2022. On December 12, 2022, the Commission and WestRock reached a settlement agreement whereby the Commission will recognize the validity of black liquor RECs contained in WestRock’s contracts through calendar year 2022 only—with all black liquor RECs produced on or after January 1, 2023, deemed invalid under Maryland’s RPS. Given the settlement, WestRock withdrew its appeal.

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

The Executive Director and an Assistant Executive Director 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.

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 2022, 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 14 utility fuel programs and 11 other rate adjustments, and provided appropriate analyses and comments with respect to 87 filings submitted by utilities. In addition, Division personnel participated in six formal proceedings, including one multi-year rate plan case, and a number of special assignments.

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: (1) 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); (2) 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 (3) 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's technical and analytical professionals also 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 2022, the Electricity Division's work included expert testimony and/or policy recommendations in approximately 87 administrative proceedings, five formal proceedings, one rate case,

and the third multi-year rate plan case filed with the Commission. 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 work groups covering net energy metering, community solar, retail market electronic data exchange, retail market supplier coordination, electric vehicles, electric rates, electrification, and Montgomery County Community Choice Aggregation. The Electricity Division also evaluated legislation on renewable energy programs, community solar, net metering, electric school buses and municipal streetlighting.

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 the EmPOWER Maryland energy efficiency and demand response programs, which are operated by the electric utilities in accordance with the EmPOWER Maryland legislation. EAP reviews the annual compliance of electricity suppliers and electric utilities to the Renewable Portfolio Standard requirements. Finally, EAP will assess the environmental impact, in accordance with the Climate Solutions Now Act of 2022, on all filings that fall under the division's responsibility.

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 work 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 2022, EAP was directly responsible for, or involved in, several significant initiatives including:

- EmPOWER Maryland—
 - Preparing semi-annual reports for the utilities' energy efficiency and demand response programs;
 - Assisting in the development of the Commission's annual 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;
- Preparing the *Ten-Year Plan (2022-2031) of Electric Companies in Maryland*;
- Preparing the *Renewable Energy Portfolio Standard Report of 2021*;
- 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;
- Processing applications for the Community Solar Pilot program;

- Continuing to work with electricity and natural gas suppliers to bring retail choice to the residential and small commercial markets; and
- Participating in NARUC activities.

Engineering Division (*John N. Borkoski, P.E., 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 2022, the Engineering Division initiated the Electrification Study Workgroup (ESWG) to meet the requirements of Senate Bill 528 (also known as the **Climate Solutions Now Act of 2022**, or CSNA) passed by the General Assembly in 2022. The ESWG is assessing the capacity, through 2031, of each company's gas and electric distribution systems to successfully serve customers under a managed transition to electrification, among other things. The Commission must report its findings to the Legislative Policy Committee on or before September 30, 2023.

On November 18, 2021, a formal complaint was filed by Belinda Kiser against Historical Infrastructure Management, LLC, operator of the Old Town Toll Bridge. The complaint was docketed as Case No. [9672](#). The Engineering Division provided testimony related to bridge maintenance and repairs. On December 22, 2022, the Public Utility Law Judge (PULJ) issued a proposed order that sustained the allegations that the operator had failed to comply with the terms of the 2013 settlement in the

operator's last rate case. However, the PULJ determined that the record did not support a finding that the operator failed to adequately maintain the bridge to keep it operational and safe for public use.

The Engineering Division typically provides testimony on applications for Certificates of Public Convenience and Necessity (CPCNs). Significant non-solar Engineering Division CPCN activities in 2022:

- CPV Maryland, LLC's (CPV) request to modify its existing CPCN (Case No. [9437](#)), to provide the St. Charles Energy Center generating facility with black start¹⁷ capabilities. The Commission approved CPV's request on August 17, 2022, subject to certain conditions. A similar request to modify a CPCN was filed by Constellation Power Source Generation (Case No. [9677](#)) to provide black start capabilities to Perryman Generating Station's three units to self-start in support of restart of the regional electric system. The Commission approved Constellation Power's request on August 4, 2022, subject to certain conditions.
- On June 30, 2020, the Commission issued Order No. 89571 approving Transource Maryland LLC's application to construct two new 230 kV transmission lines associated with the Independence Energy Connection Project in portions of Harford and Washington counties (Case No. [9471](#)). A large part of the project is in Pennsylvania, where the project is still pending approval; BGE will build certain Maryland portions of the project. On February 15, 2019 the Commission issued Order No. 89035 approving Potomac Edison's application to modify the Ringgold-Catoctin Transmission Line in Frederick and Washington counties (Case No. [9470](#)). This project is dependent on the approval and construction of the Transource project. In October 2022, Transource Maryland, LLC, BGE and Potomac Edison filed a joint request for additional extensions of previously extended construction commencement deadlines for CPCNs and CPCN waivers that were granted to each company. On November 30, 2022, the Commission granted an additional extension, until December 31, 2023, for the three related construction/rebuild commencement deadlines along with certain reporting requirements.

¹⁷ Black start capabilities are a PJM-compensated service and will allow a generator to restart its facility to restore the regional electrical grid should a catastrophic event occur and the grid fails.

- In August of 2021, Potomac Edison filed a CPCN application for the Doubs-Goose Creek transmission line (Case No. [9669](#)). The project proposes to rebuild 15.2 miles of the Maryland portion of the existing high voltage 500 kV transmission line between Doubs Substation located in Buckeystown, Maryland and Goose Creek Substation located near Leesburg, Virginia. In 2022, Staff filed direct and surrebuttal testimonies in the case; an evidentiary hearing was conducted in January of 2023.

The Commission received approximately 6,320 applications for in-state photovoltaic (PV) solar renewable energy credits (SRECs) in 2022, down from 6,574 applications in 2021. Approximately 263 MWs were approved in 2022, compared to 444 MWs the previous year. These application numbers 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). A registry of RECs is also maintained in the PJM Interconnection, LLC Generator Attribute Tracking System Environmental Information Service (GATS-EIS)¹⁸. Revenue from RECs is in addition to power sales into the wholesale market or by power purchase agreements. Aggregators combine the resources of smaller residential systems as explained on the GATS-EIS website. The weighted average price per Maryland REC was about \$60 in 2022.

PV solar is complemented by power from other renewable sources like wind, landfill gas, geothermal, and heat recovery in Maryland to meet State policy goals. House Bill 1007 (passed in 2021) created a carveout in RPS Tier 1 for post-2022 residential and commercial geothermal heating and cooling systems (0.05 percent -

¹⁸ Note: PJM Environmental Information Services, Inc. will provide hourly, time-stamped certificates for PJM generation starting in March 2023, answering the growing demand for procuring and tracking carbon-free energy around the clock.

2023, 0.15 percent - 2024, 0.25 percent - 2025, 0.5 percent - 2026, 0.75 percent - 2027, 0.1 percent - 2028 and later). It also sets Alternative Compliance Payment (ACP) amounts and alters the methods by which the PSC must measure energy savings. At least 25 percent of the post-2022 geothermal carve out must come from systems installed to serve low income customers.

In 2022, the Engineering Division hired Envirosys Technologies, LLC to develop a calculator for commercial geothermal systems due to House Bill 1007 requirements. By August 26, 2022, Envirosys had developed a template for calculating geothermal RECs designed for non-residential GHC systems. By January 1, 2023, Engineering implemented the non-residential geothermal application process and modified the Commission's website to accommodate the new application process.

Staff participated in a workgroup organized by the Maryland Department of Commerce to address siting concerns of renewables like solar and wind in the vicinity of military bases or areas of potential interference, known as compatible use siting. A report and guidelines were issued by the Commerce Department in 2022.

PJM lists utility-scale solar CPCN projects in Maryland for sales into PJM capacity and energy markets. The Engineering Division worked on several solar CPCN cases for 2022–

- CPCNs approved:
 - Case No. [9499](#) - Morgnec Road Solar
 - Case No. [9635](#) - New Market Solar LLC
 - Case No. [9663](#) - CPV Backbone Solar
 - Case No. [9675](#) - Waypost Solar

- CPCNs withdrawn:
 - Case No. [9656](#) - Kumquat & Citron Cleantech, LLC Solar
- CPCNs in progress (as of December 31, 2022):
 - Case No. [9682](#) - Temo Renewables
 - Case No. [9684](#) - Rosehip Solar
 - Case No. [9685](#) – Community Power Group (Hidden Meadows)

In 2019, the General Assembly enacted the Clean Energy Jobs Act (CEJA) which amended Maryland’s RPS to 50 percent by 2030 and increased the “carve-out” for offshore wind to 10 percent of all electricity sales within Maryland. Each of the Round 2 application periods for the years 2020, 2021, and 2022, was to begin on January 1 with the total award of all ORECs corresponding to OSW project capacity of at least 1,200 MW. The Act required Round 2 applications in 2020 to be for OSW projects to begin creating ORECs not later than 2026, for those in 2021 to begin creating ORECs not later than 2028, and for those in 2022 to begin creating ORECs not later than 2030, among other things.

Pursuant to the CEJA, the Commission issued a solicitation to fulfill this requirement. On July 27, 2021, US Wind, Inc. and Skipjack Offshore Energy, LLC filed applications with the Commission that included offshore wind project proposals in Case No. [9666](#), for which the Engineering Division provided testimony.

On December 17, 2021, the Commission issued Order No. 90011, granting ORECs to Skipjack and US Wind. Under COMAR 20.61.06.18A, US Wind and Skipjack are required to file an annual report updating the Commission on the project’s commercial operation date (COD), proposed timeline for development, and critical path

schedule, including milestones for certain achievements, such as site assessment, engineering, permitting, and turbine certification. Following the Commission's issuance of the OREC order, US Wind and Skipjack have made project advancements over the past year and achieved key milestones for the overall project development progress. The projects have continued to progress regarding several aspects of development, including ongoing studies to support development of the construction and operations plan, development and analysis of the cable landfall and onshore transmission cable routes, tracking progress of and providing comments on the PJM interconnection reform process, discussions with agency stakeholders, and turbine design and layout. US Wind commits that its 808.5 MW project will be constructed and operational on or before December 31, 2026; Skipjack's project COD is projected to be in Q4 of 2026.

On December 21, 2021, the Commission postponed a rulemaking session in RM 75 (which was to consider changes to the OSW regulations at COMAR 20.61 resulting from CEJA) to allow consideration of additional changes resulting from new requirements from the 2022 legislative session,¹⁹ among other things. On August 1, 2022, Staff made a new filing regarding proposed changes to the regulations. The Commission moved to publish the revised regulations as amended at the rulemaking hearing, in the *Maryland Register* for notice and comment on August 15, 2022. The

¹⁹ On April 11, 2022, the General Assembly passed HB 622/SB 526, Renewable Energy Portfolio Standard and Renewable Energy Credits - Offshore Wind, which revises the funding mechanism for OSW projects through the Renewable Portfolio Standard to apply only to distribution sales of electric companies, alters the way an electric company may reflect and recover OSW OREC costs, and changes compliance fees for shortfalls.

proposed action on regulations was subsequently published in the March 24, 2023 issue of the *Maryland Register*.

On May 13, 2019, the Governor signed Senate Bill 573 (Energy Storage Pilot Project Act) into law. The Act required the Commission to establish an energy storage pilot program, which the Commission did on August 23, 2019, and docketed Case No. [9619](#). Each Maryland investor-owned electric company was ordered to solicit offers to develop energy storage projects and submit applications for those projects to the Commission for approval. The Engineering Division continues to monitor the progress of these pilot projects and submit filings to the Commission associated with requested changes by the utilities. In 2022, Engineering submitted recommendations to the Commission associated with changing the Potomac Edison Urbana Project location to Myersville Park-and-Ride and extending its COD, extending the CODs for the Town Hill, Elk Neck, National Harbor/Livingston Road, Chesapeake and Fairhaven energy storage projects, in addition to a petition by the Southern Maryland Electric Cooperative to establish an energy storage pilot project. To date, the Commission has approved 29.6 MWh of energy storage capacity:

- Potomac Edison's Myersville 1.0 MWh park-and-ride facility is operational.
- Potomac Edison's Town Hill 8.4 MWh project is expected to be operational by the end of January 2024.
- BGE's 2.0 MWh Chesapeake project was energized on October 25, 2022.
- BGE's 7.1 MWh Fairhaven project, which the company will own and operate, is still under construction with an approved operational deadline of May 2023.

- Pepco's 3.0 MWh Montgomery County Electric Bus Depot project was placed into service on October 18, 2022.
- Pepco's 3.0 MWh National Harbor/Livingston Road project in Prince George's County is expected to be operational by June 30, 2024.
- Delmarva's 1.5 MWh Elk Neck Virtual Power Plant met its operational deadline of 1 MW of in-service capacity on July 30, 2022.
- Delmarva's 3.6 MWh Ocean City project has an approved operational date no later than December 2023. The Ocean City project has encountered issues that will likely delay the operational date of the battery, and their current estimation is that the project may not become operational until December 2024. Delmarva plans to submit an extension request to the Commission for this project once there is a firmer estimate for the operational date.
- SMECO was approved by the Commission on October 26, 2022 to pursue an energy storage project, with specifics yet to be determined.

Staff continues to review filings associated with BGE's first multi-year rate plan (Case No. [9645](#)) and Pepco's multi-year rate plan (Case No. [9655](#)). The Engineering Division also participated as witnesses in the following rate cases that were either completed or initiated in 2022:

- Case No. [9671](#) - Maryland Water Service, Inc.
- Case No. [9680](#) – Columbia Gas of Maryland
- Case No. [9681](#) – Delmarva Power & Light Company (multi-year plan)
- Case No. [9688](#) - Southern Maryland Electric Cooperative, Inc.

The Engineering Division participates in the Maryland Department of Emergency Management (MDEM) emergency preparedness and response efforts. The Power Infrastructure Strategic Coordinating Function (SCF) supports the MDEM emergency preparedness and response efforts. Engineering and the Maryland Energy

Administration (MEA) are jointly responsible for leading the SCF for utility coordination related to electric service outages and fuel supply coordination during fuel disruptions. The Power Infrastructure SCF participates in training, drills, coordination meetings and statewide emergency management conference calls for establishing situational awareness and management of state emergencies.

Several large customer outage events in 2022 required Power Infrastructure SCF roster activation, or special monitoring, including: Winter Storm Frida on January 3-7, with almost 100,000 customer outages statewide; severe thunderstorms on July 12, with over 250,000 outages statewide; severe thunderstorms on August 4, with over 100,000 customers outages in BGE's service territory; and Winter Storm Elliott on December 23-27, with approximately 200,000 customers impacted statewide. In addition, an airplane flew into a Pepco transmission tower on November 27, 2022, impacting approximately 120,000 customers. SMECO was required by COMAR 20.50.12.13 to file a major outage event report for Winter Storm Frida. Potomac Edison was required under COMAR 20.50.12.13 to file a major outage event report for Winter Storm Elliot. BGE was also required under COMAR 20.50.12.13 to file major outage event reports for the July 12 and August 4 storms and Winter Storm Elliot. The Engineering Division routinely analyzes major outage event reports and makes recommendations to the Commission, where appropriate.

The Engineering Division also participated in the Calvert Cliffs Nuclear Power Plant Exercise (CALVEX), Peach Bottom Nuclear Power Plant Exercise (PBEX) and the PJM Interconnection, LLC Grid Security Drill in 2022. CALVEX and PBEX are federally-

evaluated exercises involving emergency response for the Calvert Cliffs and Peach Bottom nuclear power plants, respectively. The purpose of the PJM grid security drill is to assess the readiness of incident response and system restoration capabilities in the event of a coordinated cyber or physical attack on the bulk electrical system.

The Engineering Division continues to advise the Commission through written comments (bucksheets) for Administrative Meetings on various engineering matters filed with the Commission, or in Commissioners Meetings for various compliance filings. In 2022, the Engineering Division completed 59 bucksheets and supported 13 bucksheets assigned to other Staff divisions.

Sixteen electrical accident reports were filed with the Engineering Division in 2022 as compared to 20 the previous year. Staff reviews these reports for possible code violations and operation improvements.

The Engineering Division continued to lead the Cyber-Security Reporting Work Group (CSRWG) in 2022. The Commission established Case No. [9492](#) for Cyber-Security Reporting of Maryland Utilities and on February 4, 2019, issued Order No. 89015 that requires, among other things, in-person cybersecurity briefings to the Commission every three years by utilities with more than 30,000 customers. On March 1, 2022, the CSRWG filed a petition for rulemaking. The Commission approved the cybersecurity regulations at a [RM76](#) rulemaking session on March 30, 2022, and conducted a final rulemaking session on June 29, 2022. These regulations became effective on July 25, 2022, making Maryland one of the first states in the country to adopt utility cybersecurity regulations.

The Engineering Division continues to lead the PC44 Interconnection Work Group. Phase IV of the PC44 Interconnection Work Group's efforts continued into 2022, culminating in a filing of the Phase IV Final Report on June 28, 2022, which recommended a Maryland smart inverter requirement, among other things. A RM77 rulemaking session was held on August 2, 2022, a final rulemaking session on February 22, 2023, with the regulations becoming effective March 20, 2023. Notably, the regulation implements a Maryland smart inverter requirement compliant with the Institute of Electrical and Electronic Engineers (IEEE) 1547-2018 Standard, effective January 1, 2024. Maryland will be one of the first states to act on the NARUC Board of Directors' February 12, 2020 resolution that recommended state commissions adopt and implement IEEE 1547-2018. The PC44 Interconnection Work Group continued to work on Phase V efforts to further explore improvements to the small generator facility interconnection processes in Maryland.

As a result of the mid-cycle electric vehicle (EV) pilot program hearing in October 2021 (Case No. [9478](#)), the Commission issued Order No. 90036 on January 11, 2022, which granted the EV pilot utilities additional COMAR sub-metering waivers and directed Staff to work with utilities to develop and propose EV metering regulations before December 31, 2023. An EV subgroup was formed and on December 22, 2022, recommended: (1) that the Commission defer promulgation of EV metering regulations until EVSE metering rules can be implemented in Maryland that are universal between utilities and non-utilities; (2) that the Commission adopt the EV Subgroup's proposed annual EVSE report requirements to go into effect the first quarter of 2025; and (3) that

each electric utility EVSE owner should establish a procedure for handling complaints about EVSE meter accuracy and that such complaints may be escalated for resolution to the Commission through the Commission's website.

In 2021, the Commission established Case No. [9665](#) for Distribution System Planning (DSP) for Maryland Electric Utilities after considering the recommendations of Maryland stakeholders, including the Engineering Division, that participated in a PC44 technical conference related to the findings of the NARUC/NASEO Task Force on Comprehensive Electricity Planning. The Engineering Division worked with other Staff divisions to file comments and participated in a virtual technical conference to consider the final report of the Task Force and provide recommendations.

The Commission contracted with Silver Point LLC. at the beginning of 2022 to facilitate the DSP Workgroup. Since the first meeting on March 3, 2022, the DSP Workgroup met several times where Silverpoint presented each utility's DSP process including insights on forecasting, identification of system needs, and analysis of alternative solutions. In response to Silverpoint's request for feedback and consistent with Commission's objective for the Workgroup to provide valuable stakeholder input into possible DSP process reforms, Staff provided proposed reforms to current DSP processes, particularly in consideration of current State policy goals. Silverpoint filed the DSP Workgroup report in February 2023, and Staff filed its comments on Silverpoint's Workgroup report on March 9, 2023.

In 2018, BGE, Columbia Gas, and Washington Gas reapplied for their second Strategic Infrastructure Development and Enhancement Plan (STRIDE) plans, also

known as STRIDE 2. All three companies were approved to continue with STRIDE 2 programs from 2019–2023, subject to certain conditions. In 2021, Elkton Gas Company filed for authority to implement a STRIDE 1 plan and cost recovery mechanism in Case No. [9660](#). Elkton Gas proposed to replace 6.1 miles of Aldyl-A pipe (vintage plastic pipe susceptible to brittle-like cracking) in its distribution system by the end of 2023. On August 20, 2021, the Commission approved the Elkton Gas STRIDE 1 Plan and recovery mechanism. In 2021, 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 STRIDE 1 and STRIDE 2 plan.

In 2022, the Pipeline Safety Group continued inspection of jurisdictional gas and hazardous liquid pipeline operators to ensure compliance with applicable pipeline safety regulations. Additionally, the Pipeline Safety Group responded to several gas explosions and fires that were determined to be non-jurisdictional. Two jurisdictional incident investigations were conducted in 2022:

- January 27, 2022 – BGE responded to a gas explosion at 217 Boswell Road in Baltimore City. A contractor, working for Baltimore City, was welding on a water main making a repair. While the contractor was welding on the main, gas ignited and launched a manhole cover into the air. A nearby worker was struck by the manhole cover which resulted in a foot injury and an overnight hospital stay. An investigation by BGE discovered two gas leaks on a 12-inch cast iron gas main. The leaks were at two joints where the sealing material had deteriorated and allowed gas to escape. BGE repaired the pipe joints, and no additional leaks were discovered.
- November 11, 2022 - A gas explosion occurred at 1121 Bayard Street in Baltimore City. Three individuals were injured and transported to the hospital, and the rowhome was destroyed. BGE discovered a gas leak on a cast iron

gas main. After exposing the gas main, it was determined that there was a crack in the cast iron main. The gas main was repaired by cutting and capping the cast iron gas main upstream of the crack. As of the end of 2022, the Baltimore City Fire Department has not released its report. BGE is conducting a further investigation to determine why the cast iron main cracked and will engage a lab to perform this work.

On August 16, 2016, Washington Gas was involved in an apartment building explosion at the Flower Branch Apartments in Silver Spring. As a result of the explosion and subsequent deaths and injuries, the Commission initiated Case [9622](#) to investigate the incident and the company's actions. As a result of the investigation, Washington Gas proposed a program to replace mercury service regulators. The Commission approved the company's plan, and required Washington Gas to file annual reports detailing progress made in the previous calendar year. On February 10, 2023, Washington Gas filed its annual report, in which it indicated that in its first two years of implementing the plan it has replaced 4,967 mercury regulators, of which 1,890 were through the company's replacement program. The remainder of the mercury regulators were replaced through routine maintenance work and other programs.

In 2021, House Bill 345 (the Flower Branch Act) was passed which required operators with regulators located inside multi-family structures to relocate those regulators to an outside location. The Act required those operators to file a plan for approval by the Commission, detailing the estimated number of regulators located inside multi-family structures and the plan for relocating those regulators. Three of Maryland's eight jurisdictional natural gas companies had regulators within multi-family structures—Easton Utilities with one location, BGE with approximately 11,200 locations,

and Washington Gas with approximately 7,200 locations. In 2022, Easton completed its one relocation, BGE managed to relocate 453 regulators and Washington Gas was able to relocate 40 regulators.

The Flynn and Laird Act of 2022 (House Bill 1052) was passed by the General Assembly Session and became effective October 1, 2022. The law requires that non-arc-resistant jacketed corrugated stainless-steel tubing (CSST) may not be used in:

(1) the construction of a customer-owned natural gas or liquefied propane piping system in a building; or

(2) a natural gas or liquefied propane piping system in a renovated property if the renovation affects more than 50% of the total square footage of the property; or

(3) a natural gas or liquefied propane piping system that requires the addition of a new gas line to the gas piping system.

The 2022 General Assembly required the PSC to complete a report on consumer education and protections relating to corrugated stainless-steel tubing, which the Engineering Division prepared and filed with the General Assembly on September 1, 2022. As recommended in the report, each natural gas operator and several other state agencies were encouraged to consider enhancements to their website landing pages, including providing information about the potential safety risks of improperly installed yellow CSST, among other things.

Every year, 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 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 2022, the Pipeline Safety Group was audited on its 2021 inspections—the group received a score of 95 percent for its State Gas Program and 98.9 percent for its State Hazardous Liquids Program.

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

Meter referee tests are performed at a customer's request to verify meter accuracy. In 2022, Engineering performed referee tests for 10 electric meters and eight gas meters.

The Engineering Division performs annual inspections of the operations and maintenance records of Maryland public service companies to ensure their compliance with applicable Commission regulations. Engineering Division inspections performed in 2022:

- Meter shop – 20
- Private water systems – 34
- Sewerage collection systems – 1
- LPG/Propane Operator meter testing – 9
- Electric companies – 6
- Gas system inspection days – 674
- Hazardous liquid system inspection days – 19

Staff Counsel Division (*Lloyd J. Spivak, Staff Counsel*)

The Staff Counsel Division directs and coordinates the preparation and presentation of the Technical Staff's position in 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 PUA, 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 under the Office of Executive Director, and handle inquiries from utilities, legislators, regulators and consumers.

During 2022, Staff Counsel attorneys participated in a wide variety of matters involving all types of public service companies. 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.

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. Finally, the Division aids other divisions as needed.

In 2022, the Division received approximately 101 administrative filings of which 53 were tariff filings, including changes to toll free calling rates as required by the Federal Communications Commission, compliance filings from rate cases, annual revisions, and related matters. Of the administrative filings received, 66 were telecommunications, 31 were natural gas, and four were water. The Division also developed or presented testimony in 13 cases, rulemakings, and public conferences

before the Commission. These included one natural gas base rate proceeding, one water base rate proceeding, eight natural gas purchased gas adjustment charge proceedings, and two show cause proceedings against Washington Gas.

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 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 2022, the Commission authorized 11 new local exchange carriers, eligible telecommunications carriers, or the expansion of the service area of eligible telecommunications carriers.²⁰ The Commission also authorized the implementation of new area code 227 that is expected to be active in June 2023. The new area code will overlay the same geographic area currently served by 240 and 301 area codes. No existing customer numbers will change.

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 consumer protections, consumer

²⁰ Seven of the 11 approvals were from 2021 applications.

education, codes of conduct, mergers, debt and equity issuances, and other issues as necessary for the Commission related to natural gas. The Division also conducts research and analysis on the procurement of natural gas for distribution to retail customers. In 2022, the Division participated in a rate case for Columbia Gas, a show cause proceeding against Washington Gas regarding misleading marketing practices and possible affiliate violations, and a show cause proceeding against Washington Gas for failing to provide adequate customer service due to call center failures. The proceeding against Washington Gas for poor customer service resulted in a \$1,147,600 civil penalty and the Company was prohibited from issuing late fees, dunning, or disconnections until it met certain standards three months in a row. Washington Gas has failed to meet these standards as of the end of 2022.

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. In September of 2021, Maryland Water Services applied for an increase in rates which concluded in a settlement in March 2022. The resulting rates will increase three times over two years to mitigate rate shock of the proposed water rates increasing all at once. Maryland Water Services' parent company, Corix, merged with SouthWest Water Company at the end of 2022, which was approved by the Commission in January 2023.

Additionally, TGW staff participated in retail choice working groups tasked with drafting electronic transactions that will be utilized for the implementation of supplier consolidated billing and cost recovery of supplier consolidated billing. The Division also

participated in a rulemaking proceeding to develop regulations to implement legislation that requires the Commission to approve low-income supply offers.

TGW staff also participated in public conferences at the Commission which included ending customer protections related to the COVID-19 pandemic (PC53) and to evaluate ways to augment and enhance staffing and resources to meet the Commission's statutory requirements (PC57).

Transportation Division (*Mark C. Gorman, Director*)

The Transportation Division enforces the laws and regulations of the 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 920); intrastate for-hire railroads; and taxicabs in Baltimore City, Baltimore County, Charles County, Cumberland, and Hagerstown (total 1,102). The Commission is also responsible for licensing drivers of taxicabs in Baltimore City, Charles County, Cumberland, Hagerstown, and other passenger-for-hire vehicles that carry 15 or fewer passengers (total 3,261). The Commission is also responsible for regulating TNOs, who provide transportation network services (total 476,084).

The Transportation Division monitors the safety of vehicles operated (total 4,540 non-TNO vehicles, including taxicabs, and 547,899 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 that cannot be

resolved at the staff level, the Division requests proceedings by the Commission, which may result in the suspension or revocation of operating authority or permits, or the institution of civil penalties.

During 2022, the Transportation Division continued its involvement with [RM74](#), *Revisions to COMAR 20.90 and COMAR 20.95–Vehicle Inspection Standards*. On January 18, 2022, the Commission conducted a rulemaking session to consider whether to finally adopt the proposed revisions to COMAR 20.90 and COMAR 20.95. The proposed regulations to incorporate the self-certification that a Commission-permitted vehicle, or vehicle to be permitted by the Commission in the future, has complied with any vehicle safety recalls, were approved during the rulemaking session. The Transportation Division then began to design a process that met the filing requirements of the taxicab and carrier companies, in addition to meeting the electronic filing requirements associated with the TNCs. The self-certification process was implemented and took effect on July 1, 2022.

During 2022, the Transportation Division continued to conduct vehicle inspections and report results via on-site recording of inspection data and electronic transmission of 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 2022 through field investigations and joint enforcement projects with local law enforcement officials and

regulators in other jurisdictions. Administratively, the Division continued its communication with the Commission's IT staff, to plan future projects designed to streamline and update processes through automation, accept electronic filings by the industry, and allow for better intra-agency communication among the Commission's internal databases. The Division continued to fine-tune the electronic TNO application process and new citation database. The electronic data transfer of digital photos of licensed Maryland drivers from the Maryland Motor Vehicle Administration's database to the Commission's databases continued to prove to be beneficial in 2022 during the continued governmental restrictions implemented during the global COVID-19 pandemic.

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

As required by the Public Utilities Article, the Division is a separate organizational unit reporting directly to the Commission and includes four attorney Public Utility Law Judges (PULJs), 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 activities concern delegated cases from the Commission, the Commission also may conduct its proceedings in three-member panels, which may include one PULJ. As a panel member, a PULJ 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 PULJs conduct formal proceedings in the matters referred to the Division and file proposed orders, which contain findings of fact and conclusions of law. During 2022, the Commission delegated 51 cases to the Division: 23 non-transportation-related matters and 28 transportation matters of which 7 were taxicab-related and 21 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 70 hearings and issued 42 proposed orders in 2022. 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 five appeals/requests for reconsideration filed with the Commission resulting from a proposed order: three related to non-transportation matters, one related to a for-hire matter, and one related to a taxicab matter. The Commission issued four orders

reversing a proposed order with three related to non-transportation matters and one related to for-hire matters. The Commission did not issue any orders remanding a matter back to the PULJs for further proceedings.

Work Groups led by Public Utility Law Judges:

The 2021-2023 EmPOWER Maryland Program - Case No. [9648](#)

On December 18, 2020, the Commission issued Order No. 89679 which, in part, established the Future Programming Work Group (FPWG) to ensure that future EmPOWER cycles are well-informed and fully developed. The FPWG began meeting in April 2021 to address 14 different topics. The FPWG filed a report on April 15, 2022.

Following a May 5, 2022 legislative-style hearing, the Commission issued Order No. 90261 on June 15, 2022. As part of that Order, the Commission directed the FPWG to meet and provide recommendations for goal percentages related to the utilities' greenhouse gas (GHG) abatement goal, to include a GHG abatement goal for the Maryland Department of Housing and Community Development. After several meetings and the filing of stakeholder comments on December 30, 2022, the FPWG filed its Phase II Report on January 13, 2023. This matter remains pending.

Montgomery County Community Choice Aggregation Pilot Program—[Public Conference 54](#)

PUA § 7-510.3 created a Community Choice Aggregation Pilot Program and required the Commission to establish a work group, adopt regulations on or before December 31, 2023, and create a pilot program to begin on the earlier of the date that a county gives notice to the Commission of its intention to initiate a process to form a

community choice aggregator or April 1, 2024. The Commission initiated Public Conference 54 on July 22, 2021, to establish a Community Choice Aggregation Work Group and to receive comments and inquiries. The work group began meeting on September 20, 2021. The work group filed a report on January 24, 2023, with draft regulations. On January 25, 2023, the Commission initiated a rulemaking, [RM80](#), and held a session on February 23, 2023. On March 15, 2023, the Commission issued an order directing the work group to revise the proposed regulations to be filed by April 25, 2023.

Battery Energy Storage – Case No. [9619](#)

On December 27, 2022, the Commission issued Order No. 90454 in Case No. 9619, directing the piloting utilities to begin data collection and reporting in accordance with the recommendations contained in the March 31, 2021 Report of Energy Storage Working Group.

XI. RECEIPTS AND DISBURSEMENTS FY 2022

Receipts and Disbursements Fiscal Year 2022			
C90G001 – General Administration and Hearings			
Salaries and Wages			\$8,370,487
	Public Utility Regulation Fund	\$8,370,487	
Technical and Special Fees			\$95,668
	Public Utility Regulation Fund	\$95,668	
Operating Expenses			\$2,353,032
	Public Utility Regulation Fund	\$2,205,050	
	Retail Choice Customer Education and Protection Fund	\$147,982	
Total Disbursements for FY 2022			\$10,819,188
	Public Utility Regulation Fund	\$10,671,206	
	Retail Choice Customer Education and Protection Fund	\$147,982	
Reverted Appropriation			\$1,476,045
	Public Utility Regulation Fund	\$1,476,045	
Total Appropriation for FY 2022			\$12,295,233
	Public Utility Regulation Fund	\$12,147,251	
	Retail Choice Customer Education and Protection Fund	\$147,982	
C90G002 – Telecommunications, Gas and Water Division			
Salaries and Wages			\$332,509

	Public Utility Regulation Fund	\$332,509	
Operating Expenses			\$1,418
	Public Utility Regulation Fund	\$1,418	
Total Disbursements for FY 2022			\$333,927
	Public Utility Regulation Fund	\$333,927	
Reverted Appropriation			\$176,502
	Public Utility Regulation Fund	\$176,502	
Total Appropriation for FY 2022			\$510,429
	Public Utility Regulation Fund	\$510,429	
C90G003 – Engineering Division			
Salaries and Wages			\$2,334,238
	Public Utility Regulation Fund	\$1,769,266	
	Federal Fund	\$564,972	
Operating Expenses			\$145,597
	Public Utility Regulation Fund	\$32,631	
	Federal Fund	\$112,966	
Total Disbursements for FY 2022			\$2,479,835
	Public Utility Regulation Fund	\$1,801,897	
	Federal Fund	\$677,938	

Reverted Appropriation			\$186,844
	Public Utility Regulation Fund	\$122,376	
	Federal Fund	\$64,471	
Total Appropriation for FY 2022			\$2,666,678
	Public Utility Regulation Fund	\$1,924,270	
	Federal Fund	\$742,409	

C90G004 – Accounting Investigations Division

Salaries and Wages			\$771,693
	Public Utility Regulation Fund	\$771,693	
Operating Expenses			\$2,604
	Public Utility Regulation Fund	\$2,604	
Total Disbursements for FY 2022			\$774,297
	Public Utility Regulation Fund	\$774,297	
Reverted Appropriation			\$67,918
	Public Utility Regulation Fund	\$67,918	
Total Appropriation for FY 2022			\$842,214
	Public Utility Regulation Fund	\$842,214	

C90G005 – Common Carrier Investigations Division (Transportation)

Salaries and Wages			\$1,477,504
	Public Utility Regulation Fund	\$1,346,769	
	For-Hire Driving Services Enforcement Fund	\$130,735	
Technical and Special Fees			\$230,534
	Public Utility Regulation Fund	\$102,119	
	For-Hire Driving Services Enforcement Fund	\$128,415	
Operating Expenses			\$63,169
	Public Utility Regulation Fund	\$51,996	
	For-Hire Driving Services Enforcement Fund	\$11,173	
Total Disbursements for FY 2022			\$1,771,207
	Public Utility Regulation Fund	\$1,500,885	
	For-Hire Driving Services Enforcement Fund	\$270,322	
Reverted Appropriation			\$291,196
	Public Utility Regulation Fund	\$291,196	
Total Appropriation for FY 2022			\$2,062,403
	Public Utility Regulation Fund	\$1,792,081	
	For-Hire Driving Services Enforcement Fund	\$270,322	
C90G006 – Washington Metropolitan Area Transit Commission			
Operating Expenses			\$246,692

	Public Utility Regulation Fund	\$246,692	
Total Disbursements for FY 2022			\$246,692
	Public Utility Regulation Fund	\$246,692	
Reverted Appropriation			\$223,013
	Public Utility Regulation Fund	\$223,013	
Total Appropriation for FY 2022			\$469,705
	Public Utility Regulation Fund	\$469,705	
C90G007 – Electricity Division			
Salaries and Wages			\$396,663
	Public Utility Regulation Fund	\$396,663	
Operating Expenses			\$7,443
	Public Utility Regulation Fund	\$7,443	
Total Disbursements for FY 2022			\$404,106
	Public Utility Regulation Fund	\$404,106	
Reverted Appropriation			\$175,256
	Public Utility Regulation Fund	\$175,256	
Total Appropriation for FY 2022			\$579,362
	Public Utility Regulation Fund	\$579,362	

C90G008 – Public Utility Law Judge Division			
Salaries and Wages			\$946,424
	Public Utility Regulation Fund	\$861,647	
	For-Hire Driving Services Enforcement Fund	\$84,777	
Operating Expenses			\$4,152
	Public Utility Regulation Fund	\$4,152	
Total Disbursements for FY 2022			\$950,576
	Public Utility Regulation Fund	\$865,799	
	For-Hire Driving Services Enforcement Fund	\$84,777	
Reverted Appropriation			\$92,598
	Public Utility Regulation Fund	\$92,598	
Total Appropriation for FY 2022			\$1,043,174
	Public Utility Regulation Fund	\$958,397	
	For-Hire Driving Services Enforcement Fund	\$84,777	
C90G009 – Staff Counsel Division			
Salaries and Wages			\$1,113,108
	Public Utility Regulation Fund	\$1,113,108	
Operating Expenses			\$649
	Public Utility Regulation Fund	\$649	

Total Disbursements for FY 2022			\$1,113,758
	Public Utility Regulation Fund	\$1,113,758	
Reverted Appropriation			\$66,236
	Public Utility Regulation Fund	\$66,236	
Total Appropriation for FY 2022			\$1,179,994
	Public Utility Regulation Fund	\$1,179,994	
C90G0010 – Energy Analysis and Planning Division			
Salaries and Wages			\$635,550
	Public Utility Regulation Fund	\$635,550	
Operating Expenses			\$0
	Public Utility Regulation Fund	\$0	
Total Disbursements for FY 2022			\$635,550
	Public Utility Regulation Fund	\$635,550	
Reverted Appropriation			\$92,509
	Public Utility Regulation Fund	\$92,509	
Total Appropriation for FY 2022			\$728,059
	Public Utility Regulation Fund	\$728,059	

SUMMARY OF PUBLIC SERVICE COMMISSION**FISCAL YEAR ENDED JUNE 30, 2022:**

Salaries and Wages			\$16,378,176
	Public Utility Regulation Fund	\$15,597,692	
	For-Hire Driving Services Enforcement Fund	\$215,512	
	Federal Fund	\$564,972	
Technical and Special Fees			\$326,202
	Public Utility Regulation Fund	\$197,787	
	For-Hire Driving Services Enforcement Fund	\$128,415	
Operating Expenses			\$2,824,756
	Public Utility Regulation Fund	\$2,552,635	
	For-Hire Driving Services Enforcement Fund	\$11,173	
	Retail Choice Customer Education and Protection Fund	\$147,982	
	Federal Fund	\$112,966	
Total Disbursements for FY 2022			\$19,529,134
	Public Utility Regulation Fund	\$18,348,114	
	For-Hire Driving Services Enforcement Fund	\$355,100	
	Retail Choice Customer Education and Protection Fund	\$147,982	
	Federal Fund	\$677,938	
Reverted Appropriation			\$2,848,119

	Public Utility Regulation Fund	\$2,783,648	
	Federal Fund	\$64,474	
Total Appropriations for FY 2022			\$22,377,252
	Public Utility Regulation Fund	\$21,131,762	
	For-Hire Driving Services Enforcement Fund	\$355,099	
	Retail Choice Customer Education and Protection Fund	\$147,982	
	Federal Fund	\$742,409	
Assessments collected during Fiscal Year 2022:			\$21,616,546
Other Fees and Revenues collected during Fiscal Year 2022:			
	1) Fines and Citations		
	General Fund		\$1,296,879
	Retail Choice Customer Education & Protection Fund		\$1,075,000
	2) For-Hire Driving Services Permit Fees		\$493,750
	3) Meter Test		\$230
	4) Filing Fees		\$134,895
	5) Miscellaneous Fees		\$963
	Total other fees and revenues:		\$3,001,717
Interest Earned on Customer Investment Fund balance			\$1,142
Interest Earned on Offshore Wind Energy Fund balance			\$3,062

Assessments collected that were remitted to other state agencies during Fiscal Year 2022 from the Public Utility Regulation Fund:			
	1) Office of People's Counsel		\$4,249,828
	2) Railroad Safety Program		\$435,748