

DELEGATE DERECK DAVIS
25th Legislative District
Prince George's County

Chair
Economic Matters Committee



The Maryland House of Delegates
6 Bladen Street, Room 231
Annapolis, Maryland 21401
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The Maryland House of Delegates
ANNAPOLIS, MARYLAND 21401

May 4, 2016

The Honorable W. Kevin Hughes
Chairman, Maryland Public Service Commission
William Donald Schaefer Tower
6 Street Paul Street, 16th Floor
Baltimore, MD 21202

Re: House Bill 927: Public Service Commission – Electric Affordability Program – Study

Dear Chairman Hughes:

During the 2016 legislative session, I introduced House Bill 927. The bill would have required the Public Service Commission to study and make recommendations related to the establishment of an opt-in electric affordability program among retail electric companies for residential and small business customers in the service territories of the investor-owned electric distribution companies – Potomac Electric Power Company (Pepco), Allegheny Power, Baltimore Gas and Electric Company (BGE), or Delmarva Power and Light Company (DPL). The bill anticipated exploring options with more flexibility and different purchasing characteristics that the existing 2-year cycle of tranches now used for the standard offer service auction process. In making the recommendations, the Commission would have considered the best interests of electric customers relating to the cost and reliability of electric service. The Commission would then have reported its findings and recommendations to the Senate Finance Committee and the House Economic Matters Committee by December 31, 2016.

House Bill 927 passed out of the full House of Delegates and was reported favorably out of the Senate Finance Committee unamended. Unfortunately, the full Senate did not get to vote on the bill before time ran out on Sine Die. At the hearing before the Economic Matters Committee, you indicated that PSC had not previously studied this issue and would be interested looking into this and what other states are doing on this issue. Given your interest and the support of the two policy committees of the General Assembly, I request that the Commission study this issue and report back to the House Economic Matters Committee and the Senate Finance Committee as the bill would have required. As PSC has many responsibilities and studies to conduct, please advise when you would anticipate the Commission will be able to study this issue and report back to the committees.

The Honorable W. Kevin Hughes
May 4, 2016
Page 2

Please feel free to contact me with any questions for clarification on this issue. I look forward to hearing from you.

Sincerely,

A handwritten signature in dark ink, appearing to read "Dereck E. Davis". The script is cursive and somewhat stylized.

Dereck E. Davis
Chairman

DED/RKS/dmw

cc: Chairman Thomas M. Middleton
Senator Katherine Klausmeier

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STATE OF MARYLAND



PUBLIC SERVICE COMMISSION

May 19, 2016

The Honorable Dereck E. Davis
Chair, House Economic Matters Committee
House Office Building, Room 231
6 Bladen Street
Annapolis, Maryland 21401

Re: House Bill 927 of 2016

Dear Chairman Davis:

Thank you for your letter of May 4, 2016 requesting that the Commission study the issues raised by House Bill 927 of 2016.

I know that energy affordability is especially important to you and many members of the Legislature. The Commission would be happy to study the advisability of establishing an opt-in electric affordability program and report back to the House Economic Matters Committee and the Senate Finance Committee as the bill would have required.

I also very much appreciate your understanding of our Technical Staff's many responsibilities, and in consideration of those competing demands, the Commission will likely seek the input of an independent, third-party consultant. After receiving the consultant's input, the Commission would solicit written comments from interested stakeholders before making a final report to the committees.

We anticipate that we should be able to report to your committees no later than January 31, 2017, after providing appropriate time to procure a consultant, allowing the consultant to report to the Commission, soliciting and receiving comments, and developing a final Commission report.

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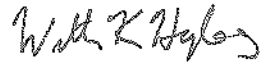
The Honorable Dereck E. Davis

Page 2

May 19, 2016

Again, thank you for your letter and your continued interest in making electricity more affordable for Maryland's residential customers. Please let us know if you have any further thoughts or if we may be of further assistance.

Sincerely,

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W. Kevin Hughes
Chairman

cc: David Collins, Executive Secretary