

**Department of Legislative Services**  
Maryland General Assembly  
2008 Session

**FISCAL AND POLICY NOTE**

House Bill 1547

(Chair, Economic Matters Committee) (By Request –  
Departmental – Public Service Commission)

Economic Matters

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**Public Service Commission - Investigatory Expenses**

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This departmental bill authorizes the Public Service Commission to retain experts who are not otherwise a part of the commission's staff to conduct investigations and charge the person being investigated the expenses associated with hiring the experts.

The bill takes effect June 1, 2008.

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**Fiscal Summary**

**State Effect:** None. PSC expenditures are borne by the public service companies that are subject to the commission's jurisdiction.

**Local Effect:** None.

**Small Business Effect:** PSC has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

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**Analysis**

**Current Law:** PSC expenditures are borne by the public service companies that are subject to the commission's jurisdiction. PSC estimates costs and expenses that include personnel costs, retirement funding, maintenance and operation expenses, and all other direct and indirect expenses. Public service companies are sent a bill based on each regulated company's *pro rata* share of gross operating revenues derived from intrastate

utility operations. Funding for the commission does not come from the State's general fund.

PSC must initiate and conduct any investigation necessary to execute its power or perform its duties under the Public Utility Companies article. PSC may • examine the records of a public service company; • compel production of the records by subpoena; and • require verified copies of the records to be filed with PSC.

**Background:** PSC has recently undertaken several investigations and research activities, including several in-depth reports about electricity issues in a short timeframe. To conduct these studies, PSC has contracted for the services of several consultants at considerable expense. PSC is also undertaking increased investigative activities that require the expenditure of resources. To the extent specific public service companies are the focal point of PSC investigative activities, the companies under investigation are not assigned the direct expenses associated with the hiring of outside experts. Rather, PSC expenses are covered in aggregate by all regulated public service companies under the jurisdiction of PSC.

Legislative Services advises that the Maryland Insurance Administration currently has similar authority to recoup expenses when examining an insurer, health maintenance organization, or private review agent.

Legislative Services notes that investigations are a daily component of PSC duties when overseeing regulated industries. Consequently, a broad array of PSC tasks are associated with investigations (*e.g.*, rate making). As a result, the undertaking of investigations *per se* does not equate to inappropriate activities on the regulated company's behalf, but rather a duty of the PSC.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Public Service Commission, Office of People's Counsel, Department of Legislative Services

**Fiscal Note History:** First Reader - March 14, 2008  
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