

Department of Legislative Services
 Maryland General Assembly
 2023 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 891 (Delegate Amprey)
 Economic Matters

Independent Study of the Public Service Commission (PSC Study Act of 2023)

This bill requires the Public Service Commission (PSC) to contract with an independent entity to conduct a study of the staffing capacity, structural organization, processes, and strategic focus of PSC, as specified. The study must seek and/or consider specified internal and external sources of information and must consider best practices adopted by effective public utility commissions in other states. The study must include recommendations related to internal PSC procedures, regulations, or statutory changes. By July 1, 2024, PSC must report its findings and recommendations to the Governor and specified policy and fiscal committees of the General Assembly. PSC must also provide three subsequent updates on the implementation of each recommendation in the report to those same committees. **The bill takes effect July 1, 2023, and terminates June 30, 2027.**

Fiscal Summary

State Effect: Special fund expenditures for PSC increase by \$200,000 in FY 2024 to contract with an independent entity to conduct the required study. Special fund revenues increase correspondingly from assessments imposed on public service companies. PSC can provide the required updates with existing resources. Effects on PSC finances due to implementing any recommendations in the report are unknown and not a direct result of the bill, although the Department of Legislative Services advises that PSC expenditures are more likely to increase than decrease if PSC chooses to implement the recommendations, particularly any related to staffing, consultants, and other resource needs.

(in dollars)	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
SF Revenue	\$200,000	\$0	\$0	\$0	\$0
SF Expenditure	\$200,000	\$0	\$0	\$0	\$0
Net Effect	\$0	\$0	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The study must include an examination of the following areas and topics:

- The staffing capacity of PSC, including (1) whether current staff are able to address the expanding responsibilities of PSC and have expertise in renewable energy sources and the external impacts caused by greenhouse gases; (2) whether PSC has sufficient access to consultants; and (3) the potential impacts of targeted additional funding on the operations and effectiveness of PSC and its staff.
- The organizational structure of PSC, including whether (1) divisions within PSC should be reorganized or consolidated; (2) new divisions should be created; (3) technical staff should be divided into advocacy and advice divisions; (4) individual commissioners should have additional staff specific to their offices; and (5) there should be seats on PSC reserved for particular political parties.
- The processes of PSC, including (1) whether the analytic approaches applied by PSC are consistent with current best practices; (2) the extent to which PSC is unduly influenced in its relationships with public service companies; (3) whether the processes and workgroups established by PSC are effective and well aligned with the energy goals of the State and meeting certain statutory targets and goals; (4) whether public interest input is adequately incorporated; (5) whether the regulatory and decision-making processes of PSC appropriately consider equity and policy impacts on low-income and vulnerable ratepayers; (6) whether PSC is effectively incorporating input from its own public conference proceedings in its analyses and energy sector requirements; (7) whether PSC is interacting effectively with other stakeholder agencies; and (8) whether any ethics rules need to be changed.
- The strategic focus of PSC, including (1) whether the decision-making processes of PSC adequately implement the legislative mandate to consider climate change; (2) whether PSC is effectively implementing its legislative mandates; and (3) the identification of changes that would help PSC better implement a forward-looking energy sector policy that is consistent with the energy goals of the State.

By July 1, 2024, PSC must report its findings and recommendations to the Governor and the Senate Education, Energy, and the Environment Committee, the Senate Budget and Taxation Committee, the House Economic Matters Committee, and the House Appropriations Committee. PSC must provide an update on the implementation of each recommendation in the report to those same committees by January 1, 2025, by July 1, 2025, and by July 1, 2026.

Current Law: PSC must supervise and regulate public service companies subject its jurisdiction to (1) ensure their operation in the interest of the public and (2) promote adequate, economical, and efficient delivery of utility services in the State without unjust discrimination. In doing so, PSC must consider the public safety, the economy of the State, the maintenance of fair and stable labor standards and for affected workers, the conservation of natural resources, the preservation of environmental quality, and the achievement of the State’s climate commitments for reducing greenhouse gas emissions. PSC must also enforce compliance with legal requirements by public service companies, including requirements with respect to financial condition, capitalization, franchises, equipment, manner of operation, rates, and service.

“Public service company” means a common carrier company, electric company, gas company, sewage disposal company, telegraph company, telephone company, water company, or any combination of public service companies.

In 2022, PSC established a stakeholder process, which included the Office of People’s Counsel, utilities, and environmental and low-income advocates and others under Public Conference 57 that covered many similar issues to those described in the bill. A summary [report](#) was filed with PSC in December 2022.

Additional Information

Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: None.

Information Source(s): Public Service Commission; Maryland Department of the Environment; Office of People’s Counsel; Department of Legislative Services

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km/lgc

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