

Department of Legislative Services
Maryland General Assembly
2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 651 (Delegate Pippy, et al.)
Economic Matters

Public Service Commission - Membership - Alterations

This bill expands the membership of the Public Service Commission (PSC) from five commissioners to seven and requires commissioners to be residents of different regions in the State, as specified. By August 1, 2025, PSC must submit a slate of nominees to the Governor for the initial appointment of one member who is a resident of Western Maryland and one member who is a resident of Southern Maryland. The bill also requires the Governor to appoint a chair from among the commissioners. The bill must be construed to apply only prospectively and may not be interpreted to have any effect on or application to the term of the PSC Chair or any other member of the commission serving before the effective date of the bill. **The bill takes effect July 1, 2025.**

Fiscal Summary

State Effect: Special fund expenditures for PSC increase by \$652,900 in FY 2026. Future years reflect annualization and the elimination of one-time costs. Special fund revenues increase correspondingly from assessments imposed on public service companies.

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
SF Revenue	\$652,900	\$675,500	\$705,200	\$736,400	\$768,000
SF Expenditure	\$652,900	\$675,500	\$705,200	\$736,400	\$768,000
Net Effect	\$0	\$0	\$0	\$0	\$0

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

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: Minimal.

Analysis

Bill Summary: Of the seven commissioners:

- one must be a resident of Western Maryland;
- one must be a resident of Southern Maryland;
- one must be a resident of the Eastern Shore;
- two must be residents of Central Maryland; and
- two must be residents of the Capital Region.

Those regions are further defined to include specified counties.

Current Law: PSC regulates gas, electric, telephone, water, sewage disposal, and certain passenger transportation companies doing business in Maryland. All five PSC commissioners, including the chair, are appointed by the Governor with the advice and consent of the Senate. Appointments are for five years and expire on a staggered basis. The commission must be broadly representative of the geographic and demographic diversity of the State and the public and composed of individuals with diverse training and experience. Each commissioner must devote full time to the duties of office. The Governor may remove a commissioner for incompetence or misconduct.

The principal office of PSC must be in Baltimore City at the place the commission selects. PSC must hire personal staff members for each commissioner as required to provide advice, draft proposed orders and rulings, and perform other personal staff functions.

State Fiscal Effect: PSC advises that it intends to hire two staff – a commission advisor and an executive associate – to support the two additional commissioners required by the bill. PSC must also renovate its hearing room and its existing office location to accommodate an expanded commission and associated staff; PSC estimates a one-time cost of \$100,000 in fiscal 2026 to do so. Based on the timelines in the bill, this estimate assumes that the commissioners are appointed and their staff are hired effective October 1, 2025, although the actual timing may vary.

Accordingly, special fund expenditures increase by \$652,904 in fiscal 2026, which accounts for the bill's July 1, 2025 effective date and an assumed October 1, 2025 appointment and hire date. This estimate reflects the cost of two PSC commissioners, plus one commission advisor and one executive associate to support the commissioners. It includes salaries, fringe benefits, one-time start-up costs, ongoing operating expenses, and \$100,000 in contractual renovation costs.

Positions	4.0
Salaries and Fringe Benefits	\$523,429
Renovations	100,000
Other Operating Expenses	<u>29,475</u>
Total FY 2026 State Expenditures	\$652,904

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses and the elimination of one-time costs.

Generally, PSC is funded through an assessment on the public service companies that it regulates. As a result, special fund revenues for PSC increase correspondingly from assessments imposed on public service companies.

Additional Information

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

Designated Cross File: SB 816 (Senator Watson, *et al.*) - Education, Energy, and the Environment.

Information Source(s): Public Service Commission; Governor’s Office; Department of Legislative Services

Fiscal Note History: First Reader - February 9, 2025
km/lgc

Analysis by: Stephen M. Ross

Direct Inquiries to:
(410) 946-5510
(301) 970-5510