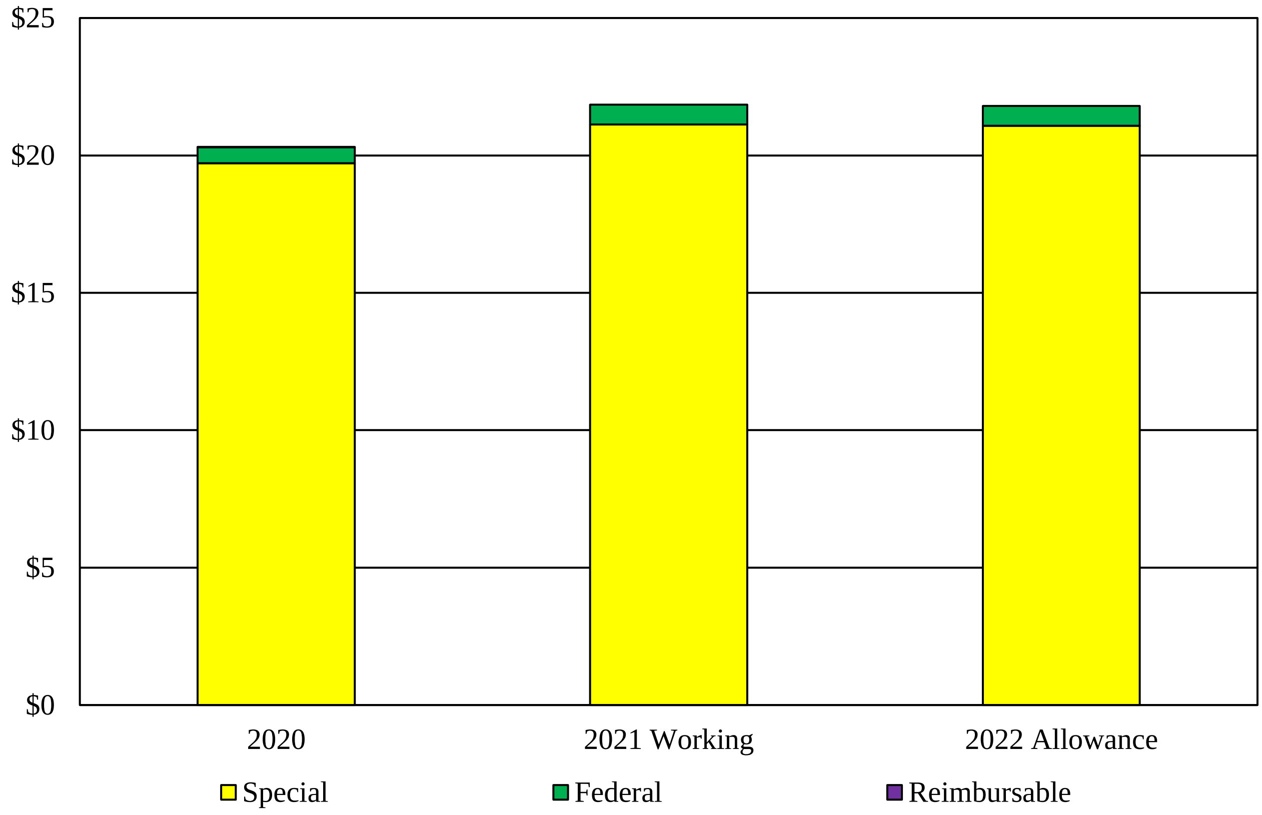
C90G00
Public Service Commission

Program Description

The Public Service Commission (PSC) regulates natural gas, electric, energy suppliers, telephone, water, sewage disposal, and certain passenger transportation companies doing business in Maryland. PSC sets utility rates, collects and maintains records and reports on public service companies, audits financial records, inspects equipment, handles consumer complaints, enforces rules and regulations, defends its decisions on appeal to State courts, and intervenes in relevant cases before federal regulatory commissions and federal courts. PSC is primarily funded by special funds obtained through assessments on public service companies.

Operating Budget Summary

Fiscal 2022 Budget Decreases $37,926, or 0.2%, to $21.8 Million
($ in Millions)



Note: The fiscal 2021 appropriation includes deficiencies, reversions, and general salary increases. The fiscal 2022 allowance includes contingent reductions, annual salary review adjustments, and annualization of general salary increases.

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Fiscal 2021

In December 2020, PSC assessed Washington Gas Light (WGL) Company a civil penalty of $750,000 due to failure to submit required annual reports related to a mercury service regulatory (MSR) replacement program. The MSR replacement program was part of an agreement in 2002. The commission decision noted that annual reports for a 17-year period had not been submitted. The review leading to this fine stemmed from a 2016 natural gas-fueled explosion and fire that led to a partial collapse of an apartment building in Silver Spring.

In January 2021, PSC assessed Baltimore Gas and Electric (BGE) a civil penalty of $437,924 ($218,647 each for violations of the Federal Natural Gas Pipeline Safety and the National Electrical Safety Code, which are violations of State regulations requiring utilities to comply with each). The violations stem from an August 25, 2019 gas explosion at an office complex in Columbia. The explosion was caused by an electric fault in underground electric lines that served the building that were close to an underground gas service line and a damaged gas pipe. The proximity of the electric and gas lines violated national safety standards and standards in State law and regulation.

The payment of these penalties, totaling $1.2 million, will be credited to the General Fund. These revenues are not reflected in the Governor's budget plan.

Cost Containment

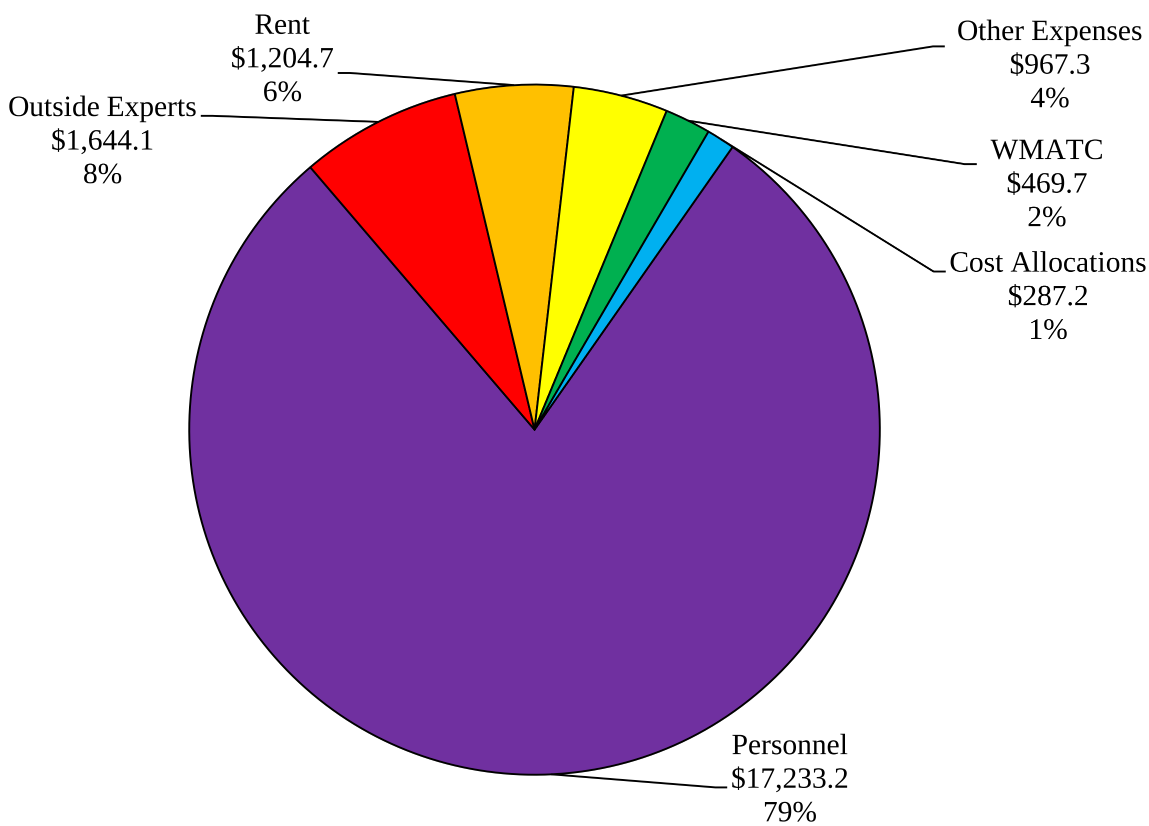
PSC's fiscal 2021 appropriation was reduced by $32,972 ($31,807 in special funds and $1,165 in federal funds) as a result of an across-the-board action approved at the July 1, 2020 Board of Public Works meeting that reduced unemployment compensation contributions by State agencies.

Fiscal 2022 Overview of Agency Spending

The fiscal 2022 allowance for PSC totals $21.8 million. As shown in **Exhibit 1**, 79% of PSC's fiscal 2022 allowance is related to personnel expenditures (76% for regular positions and 3% for contractual full-time equivalents (FTE)), which supports 138 regular positions and 15 contractual FTEs.

Outside of personnel spending, the largest single item in the fiscal 2022 allowance is for outside experts (8%). The majority of this is for consultants that assist the technical staff and/or commissioners in cases before PSC or other regulatory bodies. The fiscal 2022 allowance for consultants totals $1.6 million. Spending in this area can vary widely from year to year, based on the types of cases that are before the commission and statutory requirements (such as requirements for consultants to assist in offshore wind activities). For example, spending on consultants was less than $150,000 in fiscal 2019 but exceeded $2 million in fiscal 2020. While on the higher side of recent experience, the fiscal 2022 allowance is in line with recent appropriations and the most recent actual expenditures.

Exhibit 1
Overview of Agency Spending
Fiscal 2022 Allowance
($ in Thousands)



WMATC: Washington Metropolitan Area Transit Commission

Note: The fiscal 2022 allowance includes contingent reductions, annual salary review adjustments, and annualization of general salary increases.

Source: Governor's Fiscal 2022 Budget Books; Department of Legislative Services

Proposed Budget Change

As shown in **Exhibit 2**, PSC's fiscal 2022 allowance decreases by $37,926, or 0.2%, compared to the fiscal 2021 working appropriation after accounting for statewide employee compensation adjustments. Decreases totaling $410,000 are the result of one-time fine revenue available in fiscal 2021 in two special funds (the Electric Reliability and Remediation Fund and the Retail Choice Customer Education and Protection Fund). The fines were issued to BGE and Smart One Energy, LLC, respectively. These decreases are partially offset by personnel expenses.

Exhibit 2
Proposed Budget
Public Service Commission
($ in Thousands)

How Much It Grows:	Special Fund	Federal Fund	Reimb. Fund	Total
Fiscal 2020 Actual	$19,714	$579	$19	$20,313
Fiscal 2021 Working Appropriation	21,130	715	0	21,844
Fiscal 2022 Allowance	21,079	727	0	21,806
Fiscal 2021-2022 Amount Change	-$50	$12	$0	-$38
Fiscal 2021-2022 Percent Change	-0.2%	1.7%		-0.2%

Where It Goes:	Change
Personnel Expenses	
Annualization of the 2% general salary increase, effective January 1, 2021	$147
Employee and retiree health insurance	120
Regular earnings due to adjustments related to vacant positions	103
Annual salary review adjustments to provide a one grade increase for 18 positions in the Public Utility Auditor, Regulatory Economist, and Fiscal Services classifications	85
Restoration of a one-time reduction in State agency unemployment insurance contributions	32
Workers' compensation premium assessment	16
Employee retirement and Social Security contributions	11
Turnover adjustments	-8
One-time Expenditures Associated with Fine Revenue	
Retail Choice Customer Education and Protection Fund from Smart One Energy, LLC	-200
Electric Reliability Remediation Fund from Baltimore Gas and Electric	-210
Other Expenses	
Application software purchases based on recent experience	20
Human resources shared services	14
Anticipated increase in archiving of paper records	12
Consultant expenditures	-13
Contracts for advertising and printing based on recent experience	-37
Association dues based on recent experience	-23
Purchasing one vehicle in fiscal 2022 rather than three vehicles in fiscal 2021	-37
Legal services due to having no identified need	-72
Other changes	2
Total	**-$38**

Note: Numbers may not sum to total due to rounding.

Personnel Data

	FY 20 Actual	FY 21 Working	FY 22 Allowance	FY 21-22 Change
Regular Positions	137.00	138.00	138.00	0.00
Contractual FTEs	10.40	15.00	15.00	0.00
Total Personnel	**162.40**	**153.00**	**153.00**	**0.00**

Vacancy Data: Regular Positions

Turnover and Necessary Vacancies, Excluding New Positions	5.52	4.00%
Positions and Percentage Vacant as of 12/31/20	17.00	12.32%
Vacancies Above Turnover	11.48	

- For the third consecutive year, PSC is experiencing high levels of vacancies relative to its budgeted turnover. As of December 31, 2020, PSC had 4 positions vacant for longer than one year. In general, PSC indicates that the long-term vacancies have been impacted by the statewide hiring freeze and/or decisions to defer hiring certain positions until the mandatory telework period has ended. However, the underlying issue of high levels of vacancies remains. **PSC should comment on the reason for the continuing high level of vacancies and plans to address any issues that have led to the high level of vacancies.**

Key Observations

1. COVID-19 Impacts on Utilities and PSC Operations

Following an initial pause in hearings, PSC was able to successfully transition hearings and other administrative meetings, rulemakings, and public conferences to a virtual environment. As a result, PSC activity has largely continued as normal throughout the COVID-19 pandemic. However, utility operations and collections have been impacted by the need for protective equipment, social distancing, and the economic toll of the pandemic on residential and commercial customers. On July 8, 2020, PSC initiated a public conference (PC 53) to examine the impact of COVID-19. PC 53 has been used as a forum for determining how to assist customers impacted by the economic effects of the pandemic as well as other utility operations issues. The July 8 order also requested that the utilities provide certain information including impacts on system usage, revenue, the costs included in the regulatory asset, and customer payment behavior. Two utilities (Southern Maryland Electric Cooperative (SMECO) and Choptank) participated in the Paycheck Protection Program.

Utility Impacts

Due to the stay-at-home orders and other COVID-19-related restrictions and economic impacts, system usage was significantly impacted early in the pandemic. In general, residential electric and gas usage was higher than is typical, while commercial usage was lower than normal. Some examples of the changes highlighted by PSC staff from the utility filings include:

- BGE had an 8.8% increase in electric residential load in the second quarter of the year, while the commercial and industrial load decreased by 10.4%;

- Delmarva Power and Light (DPL) had a 3.6% increase in electric residential load in that quarter and a decrease of 9.2% in the commercial and industrial load; and

- Potomac Electric Power Company (Pepco) had a 4.8% increase in the residential electric load in that quarter and an 11.8% decrease in the commercial and industrial load.

While residential usage likely has remained higher than normal due to continued remote work and schooling, some rebound in usage in the commercial and industrial sector also likely occurred as businesses reopened or returned to higher capacity. For example, SMECO reported commercial electric load was down 14% to 17% through May but down only 7% in June as restrictions were lifted. As restrictions are reintroduced and canceled, variations in electricity usage would be expected to continue for some time.

On April 9, 2020, PSC authorized utilities to create a regulatory asset (a mechanism for tracking costs not included in rates for possible future recovery) for incremental costs related to COVID-19, including any offsets from assistance or benefits received related to COVID-19. PSC will determine in the future whether recovery of the amounts included by the utilities in the regulatory asset is "just and reasonable" and the appropriate recovery period. As part of the order initiating PC 53, PSC requested the utilities to submit information on the costs included in the regulatory assets. While there are some variations, in general, utilities reported that the regulatory assets included or are expected to include:

- incremental uncollectible write-offs/bad debt;
- lost late payment fee and lost service application/reconnect fee revenues (due to prohibitions on fees);
- operating and maintenance costs specific to COVID-19 (such as incremental cleaning costs, personal protective equipment, employee sequestration costs, hazard pay, technology costs/telework related); and
- savings primarily from reduced travel and entertainment costs.

Reported regulatory asset balances vary widely, which is expected based on variations in the size of the utilities. As of September 2020 (the most recent data available), each of the five investor owned utilities (IOU) – BGE, DPL, Pepco, Potomac Edison (PE), and WGL – reported regulatory asset balances exceeding $1 million, with BGE reporting the highest balance at over $16 million. As of that date, the BGE balance did not yet include bad debt. In general, these balances would be expected to grow over time. The largest portions of the balances are generally related to the foregone revenue from late payment and service application/reconnect fees and any included bad debt. For example, lost fee costs exceeded $11 million for BGE. The incremental bad debt specifically made up the largest portion of the balance for several of the utilities. For example, Pepco reported bad debt of $5.1 million, DPL reported $2.3 million, PE reported $3.3 million, and WGL reported $5.2 million.

Customer Owed Arrearages and Customer Assistance

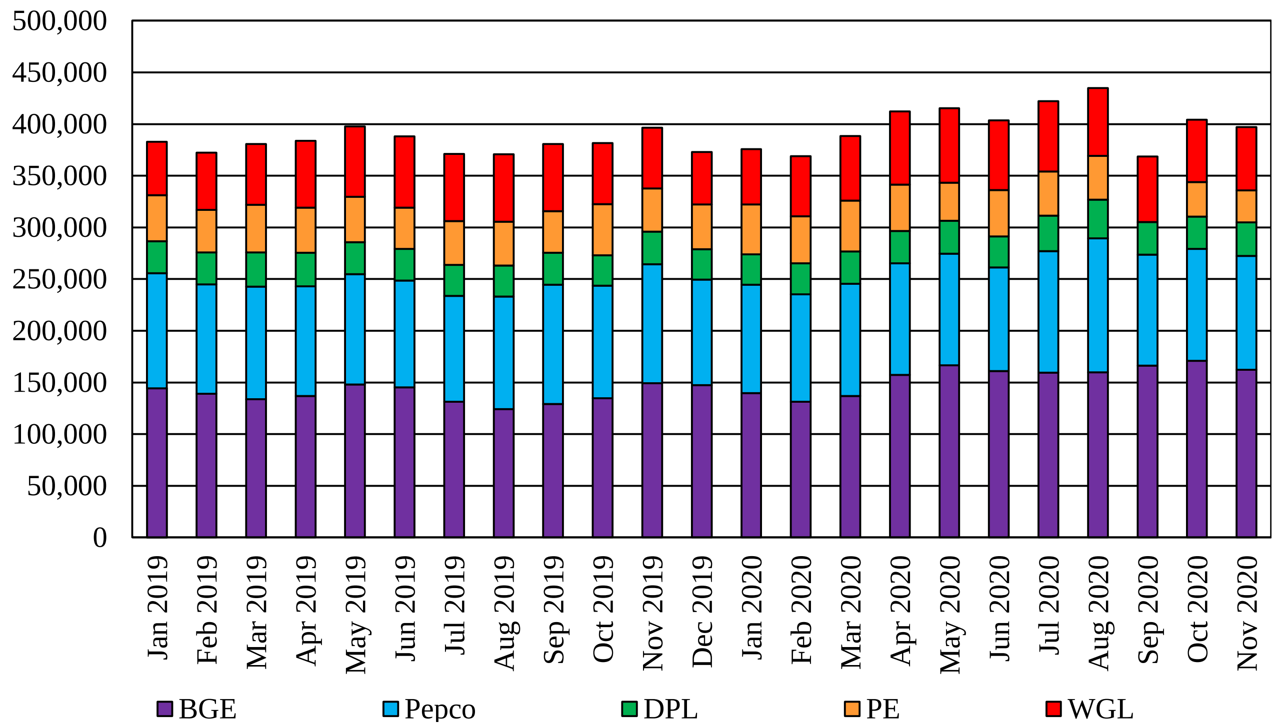
As can be assumed by these incremental bad debt costs reported by the utilities, customer-owed arrearages have increased as a result of the economic impact of the pandemic as well as a moratorium in utility terminations that allowed arrearages to continue to accumulate for those behind on bills. The utility termination moratorium was in place from March 16, 2020, through November 15, 2020, initially through executive order and later by PSC order. Utilities could not send termination notices until October 1, 2020. In addition, PSC issued several customer protections beyond those currently in regulation to assist customers behind on bills:

- the timeframe between the notice and possible termination was increased from 14 days to 45 days to provide time to enter into a payment plan or apply for energy assistance;
- repayment plans were required to be a minimum of 12 months or 24 months for those receiving energy assistance through the Department of Human Services Office of Home Energy Programs; and

- a prohibition was instituted on requiring a down payment or deposit as a condition of beginning a payment plan.

PSC has required monthly reporting on terminations and arrearages for many years. However, PSC added some additional reporting requirements that provide information on commercial and industrial arrearages and breakdowns in the length of time arrearages have been owed. As shown in **Exhibit 3**, the number of residential customers with arrearages for select utilities exceeded prior year levels in each month since March 2020 (excluding September, which was missing data for one utility), peaking at 17% higher than the prior year level in August 2020 (434,816 compared to 370,900 in August 2019). However, in November 2020, the total number of customers with arrearages was approximately at the same level as the prior year. The increases have not been uniform across utilities, with BGE experiencing the largest year-over-year increase in each month.

Exhibit 3
Residential Customers with Arrearages for Select Utilities
January 2019 to November 2020



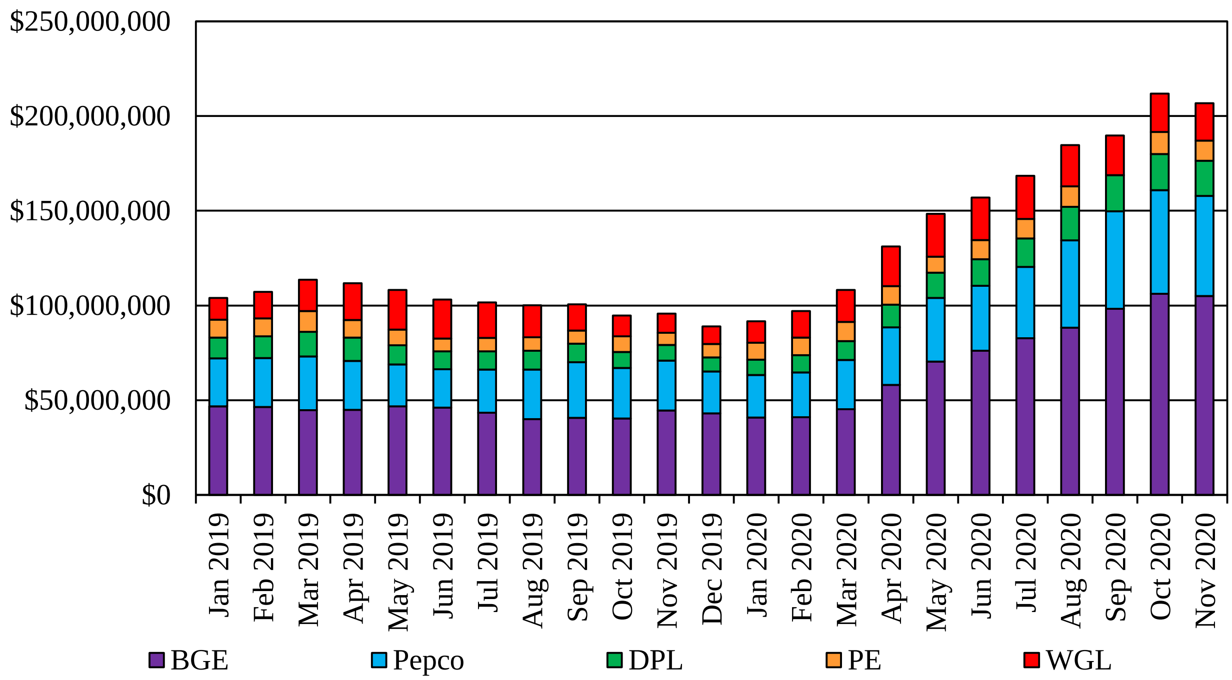
BGE: Baltimore Gas and Electric
DPL: Delmarva Power and Light
PE: Potomac Edison
Pepco: Potomac Electric Power Company
WGL: Washington Gas and Light

Note: No data reported for PE for September 2020.

Source: Public Service Commission

While in some months the number of residential customers with arrearages was higher than the prior year, the growth in those months was relatively modest compared to growth in total dollars of arrearages owed. As shown in **Exhibit 4**, total residential arrearages owed by utility were higher than the prior year level in each month beginning March 2020, increasing from 17% in March 2020, to 123.5% in October 2020. Of note, in September 2020, arrearages owed were approximately 89% higher than the prior year even with one utility reporting no data in that month. Of the five IOUs, three had arrearages that were more than double the prior year level in October and November 2020. The combination of growth in dollars owed and with modest or no growth (depending on the month and utility) in customers with arrearages has led to substantial increases in arrearages per customer with arrears. In October and November 2020, four of the five IOUs had arrearages per customer with arrears that were more than double the prior year. In November 2020, arrearages per customer with arrears ranged from $322 for WGL to $647 for BGE.

Exhibit 4
Total Residential Arrearages for Select Utilities
January 2019 to November 2020



BGE: Baltimore Gas and Electric
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WGL: Washington Gas and Light

Note: No data reported for PE for September 2020.

Source: Public Service Commission

Through November 2020, only WGL reports having begun utility terminations. However, all of the major utilities reported sending termination notices in November 2020. The number of notices sent in that month was below prior year levels.

Limited data is available on payment plan uptake, including by commercial and industrial customers. Through November 2020, BGE reported the highest number of payment plans created at 56,202 (approximately 20% of customers with arrears in that month). DPL and Pepco reported 20% and 19%, respectively, of customers with arrears in a payment plan. **PSC should comment on its ongoing monitoring of customer arrearages and payment plans as well as efforts by the agency to ensure that customers are not terminated from service as a result of the economic impacts of the pandemic.**

PSC ordered the utilities to submit proposals for an Arrearage Management Program under which arrearages would be forgiven based on payments under a plan. A joint utility plan was submitted that would have forgiven arrearages (subject to a $3,000 per customer cap) for each timely payment under a plan. The analysis of the utilities indicated that the proposal was not generally cost effective. PSC ultimately rejected the proposal.

2. Energy Supplier Pricing and Marketing

In recent years significant attention has been directed on the residential energy supplier market in Maryland. During calendar 2018, several reports were released that highlighted concerns, particularly focused on the increased costs for energy from the suppliers compared to the standard utility prices.

Energy Supplier-related Complaints

The 2019 *Joint Chairmen's Report* (JCR) requested that PSC submit data on energy supplier-related complaints for fiscal 2014 through 2019. This report identified 5,661 energy supplier-related complaints between fiscal 2014 and 2019, with the largest share of these occurring in fiscal 2014. Complaints in that year were impacted by extreme cold in winter 2013/2014. In fiscal 2020, PSC developed and launched a website that reports on a quarterly basis the retail energy suppliers with 3 or more complaints. In fiscal 2020, PSC reported 361 complaints on this website related to 18 suppliers and unknown suppliers. In the first quarter of fiscal 2021, PSC reported 26 complaints related to 4 suppliers.

PSC has initiated cases or taken action against several suppliers in calendar 2019 and 2020. One of the most recent actions occurred against Sunsea Energy, LLC in October 2020, which was a company that PSC reported 29 complaints against on its website in fiscal 2020. PSC ordered the company to rerate and refund to customers the difference between the company's supply charges and the Standard Offer Service (SOS) rate for the local distribution utility for customers solicited by telephone. In addition, on December 22, 2020, PSC issued an order imposing a moratorium on SmartEnergy Holdings, LLC from soliciting or adding new customers. PSC intends to hold further hearings on the matter, following a proposed order recommending, among other actions: civil penalties; the moratorium; and the return of customers to the utility service.

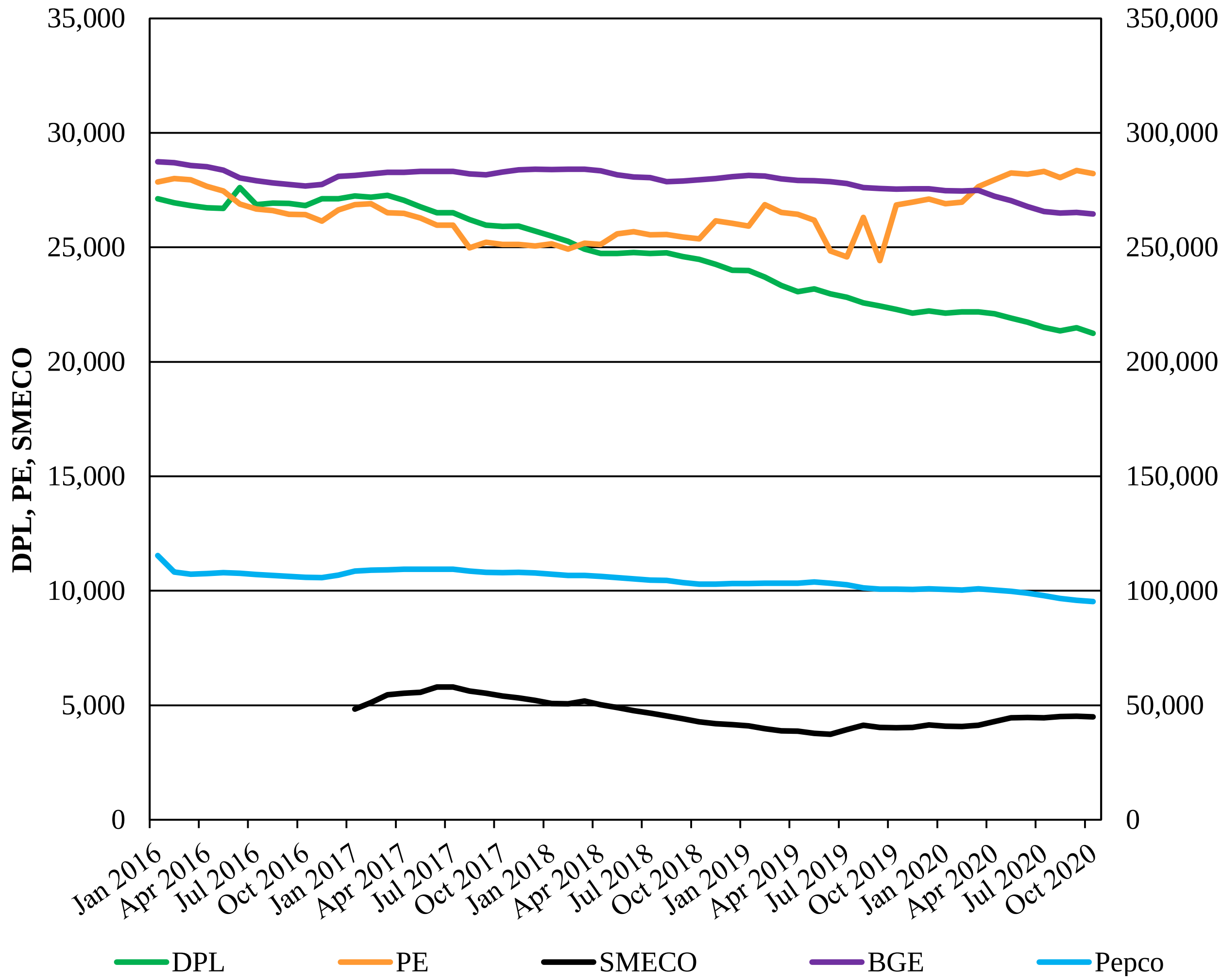
Given these ongoing concerns, committee narrative in the 2020 JCR requested that PSC provide information on:

- current offers posted on PSC's website for energy supplier pricing that contain variable rates and/or termination fees including how the rates compared to the current (SOS) rates, the trigger for a change in the variable rates (if available), and information on termination fees and structure (if available);
- the monthly number of electricity customers enrolled with suppliers by utility service territory in recent years; and
- door-to-door sales activities reported by retail energy suppliers, including information by zip code.

Customers Receiving Service through Energy Suppliers Has Declined in Recent Years

PSC reported that the residential participation in electric choice generally stopped increasing after winter 2013/2014, the winter in which Maryland experienced extreme cold weather due to the polar vortex. Though the cause was not explicitly stated in this response, as noted in the 2019 JCR response, energy supply-related complaints were very high that year compared to following years. As shown in **Exhibit 5**, the number of customers receiving electric supply from an energy supplier declined between January 2016 and October 2020 in each electric service territory except PE. Each of these utilities also had an increase in the total number of distribution residential customers during this period. As a result, the share of the customers served by retail suppliers decreased in each electric service territory during this period. Even the PE service territory, which had an increase in those served by retail suppliers (3%), had a decline due to even greater residential customer growth (5.3%).

Exhibit 5
Customers Enrolled with a Retail Energy Supplier by Utility Service Territory
Calendar 2016-2020 (through October)



BGE: Baltimore Gas and Electric
DPL: Delmarva Power and Light
PE: Potomac Edison
Pepco: Potomac Electric Power Company
SMECO: Southern Maryland Electric Cooperative

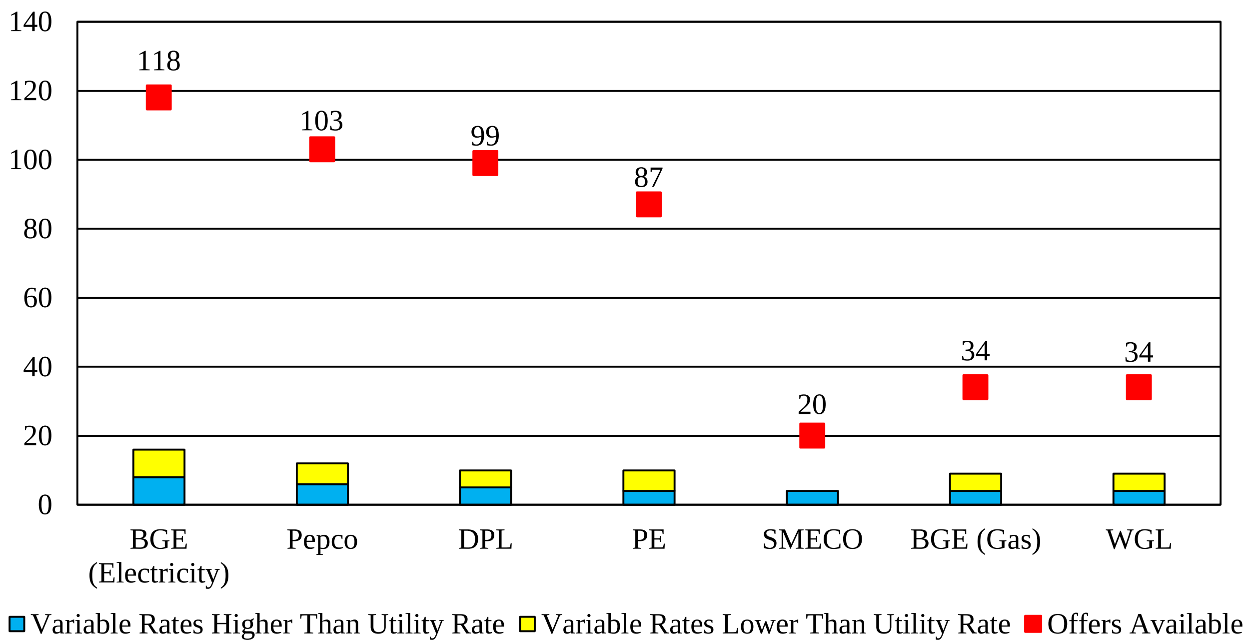
Note: Retail choice did not begin until calendar 2017 in the SMECO service territory.

Source: Public Service Commission; Department of Legislative Services

Relatively Few Offers Are for Variable Rate, but a Higher Share Include Cancellation Fees

Chapter 305 of 2019 required PSC to establish residential choice shopping websites for electricity and natural gas. The electricity residential choice website went live in March 2020, and the natural gas website went live in September 2020. PSC provided information on energy supplier offers by service territory, including separately providing data for electricity and gas for BGE, for current offers as of November 2, 2020. As shown in **Exhibit 6**, relatively few offers contain variable rates. Variable rates represent a higher share of offers in the SMECO, BGE (Gas), and WGL territories; however, there are relatively few offers in these service territories. Outside of the SMECO service territory, half or fewer of variable rate offers in each service territory include rates higher than the current SOS or default rate for the utilities. Offers with introductory rates are rare, and all occur among variable rate offers. For the electricity supply offers, fewer than half of the variable rate offers had introductory rates. The share of variable rate offers with introductory rates were higher among the gas supply offers (approximately two-thirds).

Exhibit 6
Energy Supplier Offers with Variable Rates by Utility Service Territory
November 2, 2020



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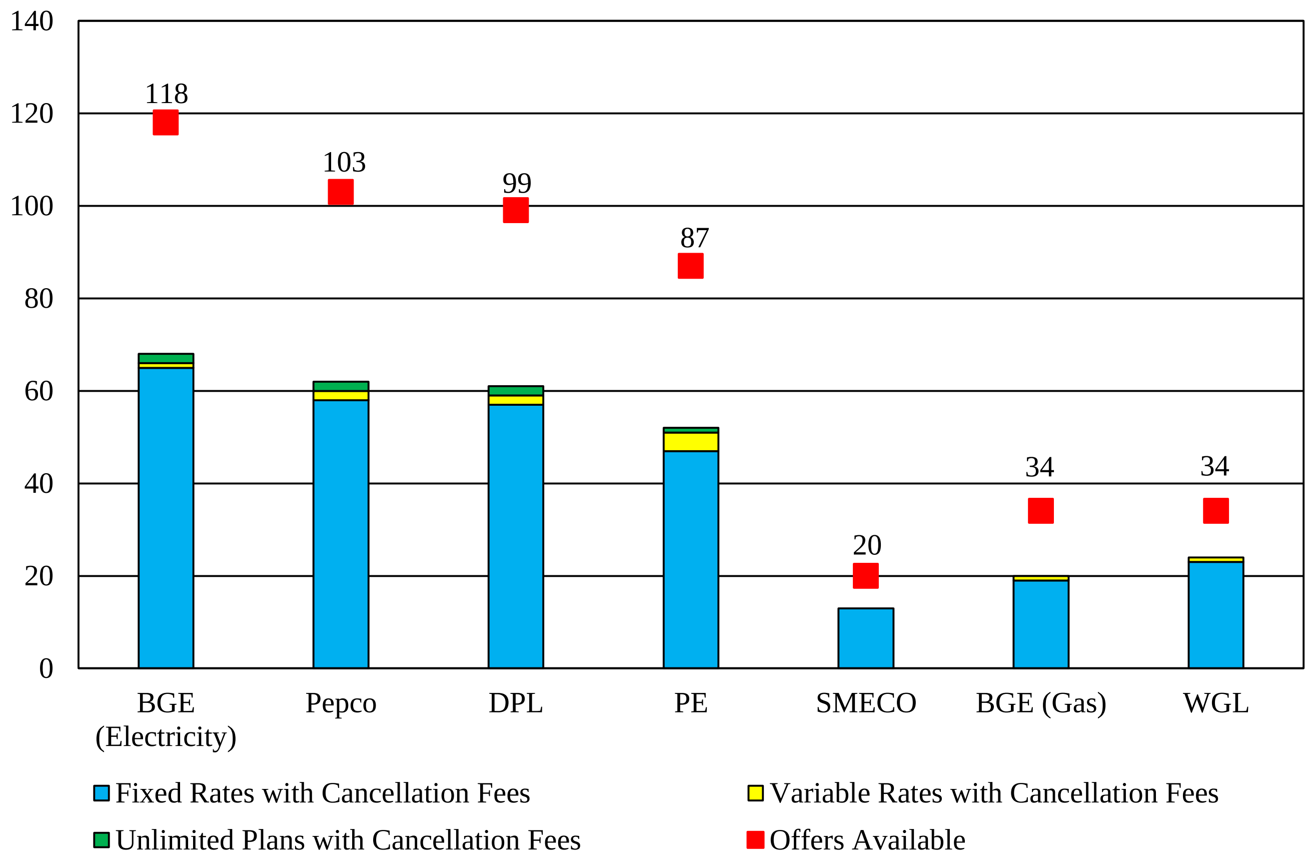
WGL: Washington Gas and Light

Source: Public Service Commission; Department of Legislative Services

More than half of the offers in each service territory include a cancellation fee. The highest share of offers including cancellation fees occurred in the WGL service territory. As shown in **Exhibit 7**, offers including cancellation fees primarily occur among fixed price offers. Information on the amounts of cancellation fees was available only on a portion of the offers with these fees. For the electricity supply offers for which information was available, the fees range between $45 and $150.

Exhibit 7
Energy Supplier Offers with Cancellation Fees by Utility Service Territory
November 2, 2020



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Pepco: Potomac Electric Power Company
SMECO: Southern Maryland Electric Cooperative
WGL: Washington Gas and Light

Source: Public Service Commission; Department of Legislative Services

Door-to-door Marketing Higher in Baltimore City Zip Codes

An executive order prohibited door-to-door marketing from March 23, 2020, through June 23, 2020, which reduced the overall level of marketing during calendar 2020 (through October). Between November 2019 and October 2020, outside of months impacted by this prohibition, PSC reports an average of approximately 15 suppliers reporting door-to-door sales each month. The number of suppliers reporting door-to-door sales ranged from 5 in June (in which this was an option for only approximately one week) to 18 in February. As requested, PSC provided data by zip code on the number of different energy suppliers reporting door-to-door suppliers at some point between November 2019 and October 2020. Because the numbers include unique suppliers over the period, it may be higher in some zip codes than the number of suppliers that conducted these activities in any given month. In general, PSC reported that Baltimore City (and areas with overlapping zip codes in Baltimore and Anne Arundel counties) had the highest numbers of suppliers reporting door-to-door sales between November 2019 and October 2020. PSC reported that at least 18 different retail suppliers engaged in door-to-door sales in 18 Baltimore City zip codes, with 7 zip codes having at least 20 suppliers engaged. Baltimore County had 3 zip codes with 18 or more suppliers engaged in door-to-door activities.

Operating Budget Recommended Actions

		Amount Reduction	
1.	Increase turnover expectancy from 4% to 6% to better reflect recent experience. The Public Service Commission (PSC) has experienced high levels of vacancies since fiscal 2019. As of December 31, 2020, PSC has 17 vacant positions, of which 4 have been vacant longer than one year. This level of vacancies is approximately 11.5 positions higher than is needed to meet turnover. Increasing the turnover expectancy to 6% would still allow PSC to fill 8 of the vacant positions.	$ 290,993	SF
	Total Special Fund Reductions	**$ 290,993**	

Updates

- ***Consumer Complaints Fall Substantially in Fiscal 2020:*** The number of consumer complaints has declined annually since fiscal 2014. The reasons for the decline vary but include weather impacts on bills leading to fewer complaints in some years and changes in treatment of payment arrangement requests. After declining by 29% in fiscal 2019, complaints decreased by 46.5% in fiscal 2020. PSC indicates that the primary cause of the substantial decline in complaints in fiscal 2020 are the impacts of COVID-19-related orders and executive orders that put a moratorium on utility terminations and prohibited door-to-door sales for energy suppliers.

- ***Passenger-for-hire Drivers' Licenses and Vehicles Regulated Continue to Increase:*** Beginning with the implementation of Chapter 204 of 2015, which required PSC to develop a regulatory structure for transportation network companies (TNC) such as Uber Technologies, Inc., the number of passenger-for-hire drivers licensed by PSC and vehicles regulated have increased dramatically. In fiscal 2020, both continued to increase despite the pandemic in the latter months of the fiscal year. PSC indicates that it continues to receive large numbers of applications for drivers and vehicles and even receives applications for new TNCs to operate in the State. The rate of growth for each was the lowest since the beginning of the TNC regulation (20.7% for drivers' licenses and 54.4% for vehicles regulated). Despite the slower rate of growth, the number of passenger-for-hire vehicles regulated with a capacity of less than 16 (the category including TNC operator vehicles) increased by more than 85,000, the highest numerical increase since TNC regulation began. The increase in drivers' licenses was the lowest since fiscal 2017.

- ***Second Offshore Wind Renewable Energy Credit Application Period Open:*** Chapter 757 of 2019 (the Clean Energy Jobs Act) provided for additional Offshore Wind Renewable Energy Credit (OREC) application periods. On December 10, 2020, an application for ORECs was submitted. PSC was notified on December 22, 2020, that the application was administratively complete. As a result, an application period was opened on December 23, 2020, and will remain open until June 21, 2021.

Appendix 1
2020 *Joint Chairmen's Report* Responses from Agency

The 2020 *Joint Chairmen's Report* (JCR) requested that the Public Service Commission (PSC) prepare two reports. Electronic copies of the full JCR responses can be found on the Department of Legislative Services Library website.

- ***Electric Vehicle Recharging Station Pilot Program:*** PSC reports that through June 30, 2020, utilities have installed 67 of the 909 authorized electric vehicle charging stations. The utilities also report an additional 232 are under review or construction. The highest numbers of charging stations installed (58) and under review or construction (147) are in the Baltimore Gas and Electric (BGE) service territory. Through June 30, the costs have totaled $5.0 million, the largest share of which ($4.0 million) is in the BGE territory. PSC indicates that these costs represent 14% of the total estimated costs of the program.

- ***Energy Supplier Pricing and Marketing:*** Further discussion of this response can be found in Key Observation 2 of this analysis.

Appendix 2
Audit Findings

Audit Period for Last Audit:	February 9, 2016 – March 11, 2020
Issue Date:	January 2021
Number of Findings:	3
Number of Repeat Findings:	0
% of Repeat Findings:	0%
Rating: (if applicable)	n/a

Finding 1: The Public Service Commission (PSC) did not have an adequate process to ensure that utility companies complied with certain requirements of merger orders. The Office of Legislative Audits (OLA) reviewed 142 conditions relating to three orders approving mergers during the audit period and indicated that for 64 of these conditions, PSC did not ensure the companies complied with the condition and for 78 did not formally document that the conditions were met. OLA, in particular, was concerned that PSC accepted self-reporting and relied on complaints to determine compliance.

Finding 2: PSC did not obtain required control agency approval for three sole-source contracts for consulting services totaling approximately $605,000. The three contracts were from June 2016 and June 2017. Sole-source contracts are authorized when there is threatened or pending litigation but still require Office of Attorney General (OAG) and either Board of Public Works or Department of Budget and Management approval (depending on value). PSC obtained OAG approval but did not obtain the other required approval.

Finding 3: PSC did not establish adequate controls over cash receipts and accounts receivable. In particular, OLA noted that cash handling duties were not separated from accounts receivable and deposit verification functions and that certain employees with access to accounts receivable records could make certain changes without review and approval.

Appendix 3
Object/Fund Difference Report
Public Service Commission

Object/Fund	FY 20 Actual	FY 21 Working Appropriation	FY 22 Allowance	FY 21 - FY 22 Amount Change	Percent Change
Positions					
01 Regular	137.00	138.00	138.00	0.00	0%
02 Contractual	25.40	15.00	15.00	0.00	0%
Total Positions	**162.40**	**153.00**	**153.00**	**0.00**	**0%**
Objects					
01 Salaries and Wages	$ 15,325,629	$ 16,016,688	$ 16,290,247	$ 273,559	1.7%
02 Technical and Spec. Fees	510,991	598,588	578,762	- 19,826	- 3.3%
03 Communication	75,529	92,495	79,952	- 12,543	- 13.6%
04 Travel	71,838	175,452	175,452	0	0%
07 Motor Vehicles	118,196	215,925	187,667	- 28,258	- 13.1%
08 Contractual Services	2,537,761	2,490,960	2,217,524	- 273,436	- 11.0%
09 Supplies and Materials	47,195	78,153	78,508	355	0.5%
10 Equipment – Replacement	11,218	63,175	79,280	16,105	25.5%
11 Equipment – Additional	42,227	50,712	44,747	- 5,965	- 11.8%
12 Grants, Subsidies, and Contributions	379,611	671,761	469,705	- 202,056	- 30.1%
13 Fixed Charges	1,192,309	1,258,133	1,240,184	- 17,949	- 1.4%
Total Objects	**$ 20,312,504**	**$ 21,712,042**	**$ 21,442,028**	**- $ 270,014**	**- 1.2%**
Funds					
03 Special Fund	$ 19,714,495	$ 21,001,894	$ 20,725,599	- $ 276,295	- 1.3%
05 Federal Fund	579,355	710,148	716,429	6,281	0.9%
09 Reimbursable Fund	18,654	0	0	0	0.0%
Total Funds	**$ 20,312,504**	**$ 21,712,042**	**$ 21,442,028**	**- $ 270,014**	**- 1.2%**

Note: The fiscal 2021 appropriation does not include deficiencies, targeted revenues, general salary increases, or across-the-board reductions. The fiscal 2022 allowance does not include contingent reductions, annual salary reviews or annualized general salary increases.