

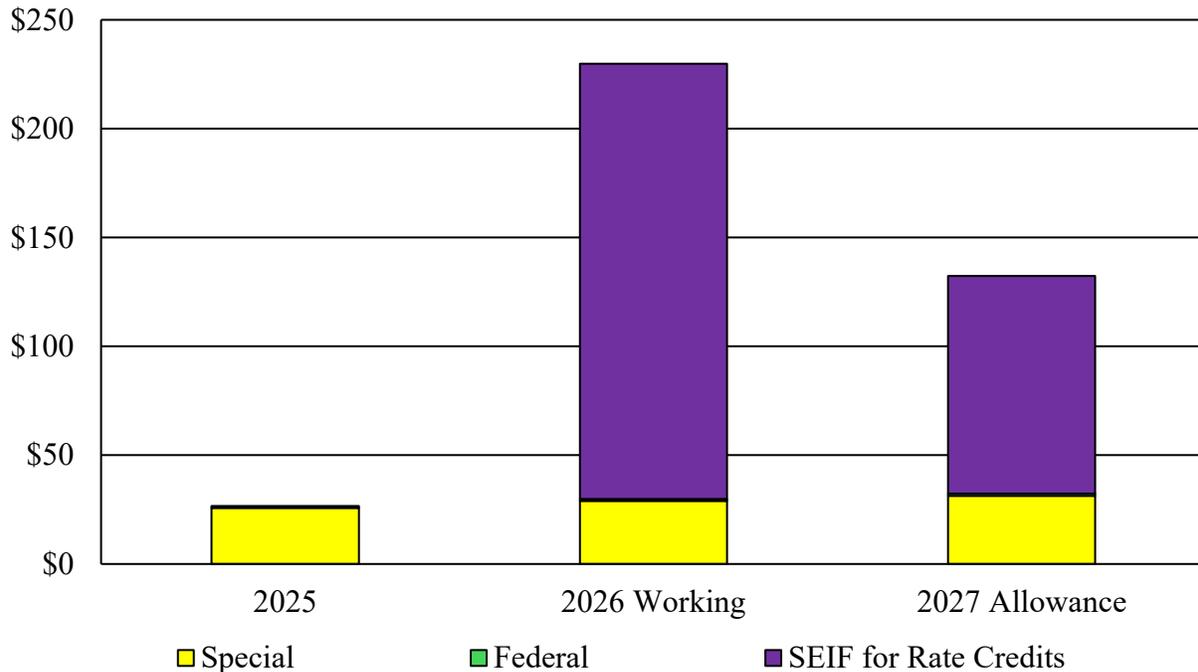
# C90G00 Public Service Commission

## Program Description

The Public Service Commission (PSC) regulates public service companies, including electric and natural gas utilities and suppliers, certain telecommunications companies, certain privately owned water utilities, and certain passenger-for-hire transportation companies. PSC regulatory authority includes the review of matters relating to the quality and reliability of service, rate setting, applications to modify the type or scope of service, and investigation of consumer complaints. Additionally, PSC may intervene in relevant cases before federal regulatory commissions and federal courts. PSC consists of 5 commissioners appointed by the Governor for five-year, staggered terms. PSC is primarily funded through special funds obtained through assessments on public service company revenue.

## Operating Budget Summary

**Fiscal 2027 Budget Decreases \$97.5 Million, or 42.4%, to \$132.3 Million (\$ in Millions)**



SEIF: Strategic Energy Investment Fund

Note: The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

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- The fiscal 2026 working appropriation includes \$200.0 million provided to electric companies to provide residential electric customer bill credits, which was funded through the use of Alternative Compliance Payments (ACP) revenues in the Strategic Energy Investment Fund (SEIF).
- The fiscal 2027 allowance includes \$100.0 million for rate credits, pending enactment of legislation expanding the allowable use of the SEIF. These funds are also specifically from the ACP portion of the SEIF. SB 386 and HB 897 are Administration bills that would authorize, for fiscal 2027 only, ACP revenues in the SEIF to be used to provide awards to electric companies to be refunded or credited to residential customers for electric service as a one-time distribution by no later than October 31, 2026.

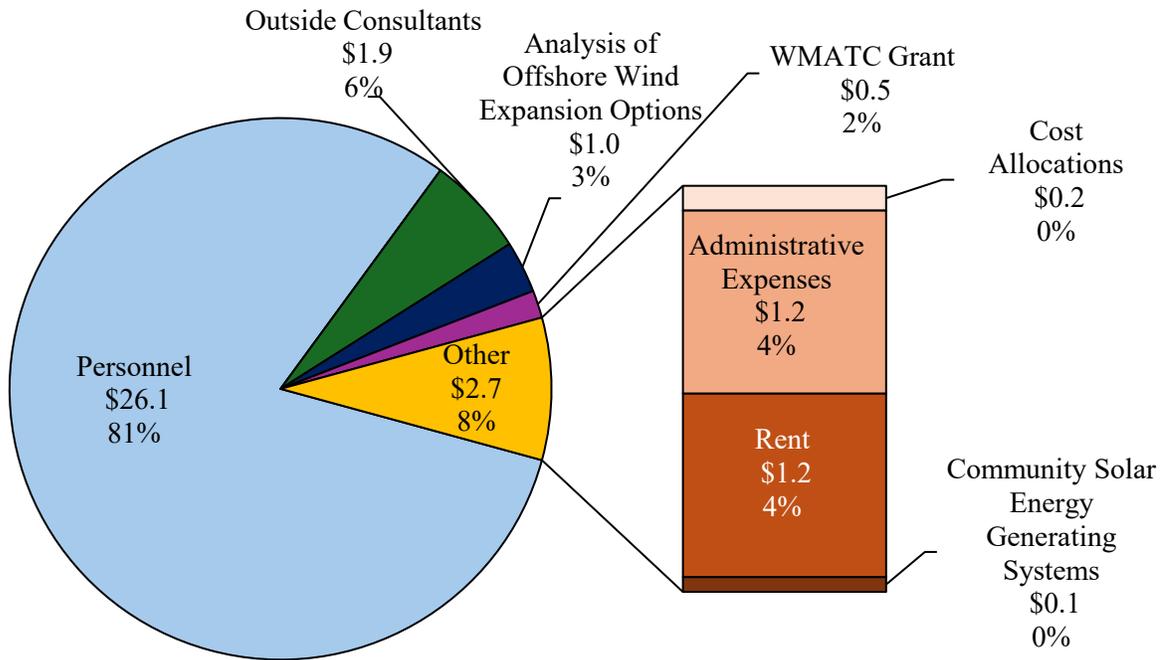
### **Fiscal 2026**

Section 40 of the fiscal 2026 Budget Bill authorized the transfer, by budget amendment, of up to \$200 million from ACP revenues in SEIF to PSC, contingent on enactment of either HB 1035 or SB 937 of 2025. The contingency was met with Chapter 626 of 2025. The funds were required to be awarded to electric companies, including electric cooperatives and municipal electric utilities, to be refunded or credited to residential distribution customers for electric service in fiscal 2026. Of the total \$200 million, Chapter 626 required half of the funds to be distributed during a peak summer month and the other half during a peak winter month. Two budget amendments transferred the authorized \$200.0 million to PSC in fiscal 2026. The first distribution of \$100 million to the electric companies occurred in August 2025, which was applied as bill credits in either August or September, and the second distribution occurred in December 2025. The second round of bill credits will be applied in February 2026.

### **Fiscal 2027 Overview of Agency Spending**

The fiscal 2027 allowance for PSC totals \$132.6 million, with \$100 million for rate credits contingent on the enactment of legislation expanding the authorized uses of the SEIF. As shown in **Exhibit 1**, excluding the funding for rate credits, PSC's fiscal 2027 allowance totals \$32.6 million. In fiscal 2027, personnel expenses total \$26.1 million, or 80%, of the \$32.6 million. These funds support the agency's 178 regular positions. Outside of personnel spending, the largest single item in the fiscal 2027 allowance is \$1.9 million for outside subject matter experts and technical consultants who assist PSC in cases and proceedings pending before PSC, other federal regulatory bodies, and the courts. This is an increase of \$1.0 million, or 118.9%, from fiscal 2025 actual spending. Spending in this area can vary from year to year, depending on the volume and types of cases that are heard by the commission. The budget of PSC also annually includes Maryland's costs associated with participation in the Washington Metropolitan Area Transit Commission (WMATC), an interstate compact that includes Maryland, Virginia and Washington, DC that regulates private-sector passenger carriers in the Washington metropolitan area. The funding for WMATC in fiscal 2027 is \$540,000, or 2%, of the \$32.6 million.

**Exhibit 1**  
**Overview of Agency Spending, Excluding**  
**Contingent Funding for Rate Credits**  
**Fiscal 2027 Allowance**  
**(\$ in Millions)**



WMATC: Washington Metropolitan Area Transit Commission

Note: The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency’s budget.

Source: Governor’s Fiscal 2027 Budget Books

**Proposed Budget Change**

As shown in **Exhibit 2**, PSC’s fiscal 2027 allowance decreases by \$97.5 million, or 42.4%, compared to the fiscal 2026 working appropriation, primarily associated with funding for rate credits in fiscal 2027 being \$100.0 million lower than in fiscal 2026. Excluding funding for the rate credits, PSC’s fiscal 2027 allowance increases by \$2.5 million, or 8.3%, compared to the fiscal 2026 working appropriation. The largest increase is for regular personnel expenditures, which increase by \$2.6 million. This includes a \$1.5 million increase for salary increases and associated fringe benefit costs.

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

<b>How Much It Grows:</b>	<b><u>Special</u> <u>Fund</u></b>	<b><u>Federal</u> <u>Fund</u></b>	<b><u>Total</u></b>
Fiscal 2025 Actual	\$25,752	\$956	\$26,707
Fiscal 2026 Working	228,910	959	229,869
Fiscal 2027 Allowance	131,375	973	132,348
Fiscal 2026-2027 \$ Change	-\$97,535	\$14	-\$97,521
Fiscal 2026-2027 % Change	-42.6%	1.5%	-42.4%
 <b>Where It Goes:</b>			<b><u>Change</u></b>
<b>Personnel Expenses</b>			
Salary increases and associated fringe benefits .....			\$1,161
3 new regular positions .....			354
Employee and retiree health insurance .....			978
Realignment of funds saved due to reclassification of positions to support implementation of Chapter 624 of 2025 .....			72
Deferred compensation match due to a statewide change in budgeting .....			53
Workers' compensation premium assessment .....			3
Turnover expectancy increased from 4.7% to 4.9% .....			-50
<b>Other Changes</b>			
Consulting services based on expected number of cases .....			160
Anticipated need for legal procurement.....			36
In- and out-of-state travel.....			14
Anticipated printing needs .....			12
Cost associated with fleet vehicles replacement decreased based on the type of the vehicle being replaced .....			-48
Cost allocations, other than shared human resources .....			-67
Transition to internal resources for Human Resources from shared human resources .....			-221
Awards to electric companies to be refunded or credited to residential customers (fiscal 2027 allowance includes \$100 million).....			-100,000
Other			23
 <b>Total</b>			 <b>-\$97,521</b>

Note: The fiscal 2027 statewide salary adjustments are centrally budgeted in the Department of Budget and Management and are not included in this agency's budget.

## **Dedicated Purpose Account Appropriations Planned for Use by PSC and the Lower Bills and Local Power Act of 2026 (SB 386 and HB 897)**

The fiscal 2027 allowance of the Dedicated Purpose Account (DPA) includes \$82.0 million in special funds from ACP revenues in the SEIF. Of the \$82.0 million, \$15.0 million is allocated for PSC. The Budget Reconciliation and Financing Act of 2026, as introduced, includes language defining the authorization and purpose of the funding. SEIF funds for PSC are to be used for grid-enhancing and advanced transmission technologies with \$10.0 million to conduct research and \$5.0 million to provide grants to utility companies to construct or modify transmission facilities.

SB 386 and HB 897 of 2026, as introduced, make changes to regulations associated with electricity transmission and distribution. The bills define advanced transmission technology as grid-enhancing technologies and high-performance conductors. Grid-enhancing technologies include hardware or software that increase the capacity, efficiency, or reliability of existing transmission lines and high-performance conductors, including carbon fiber or composite core conductors and superconductors. Under the bills, each transmission utility is required to submit an advanced transmission technology implementation report to PSC. Among others items, the report is required to evaluate investment in advanced transmission technologies and assess how these technologies could be deployed to enhance the safety, reliability, efficiency, or cost-effectiveness of the transmission system; assess how these advanced transmission technologies can be deployed to reduce costs, increase transmission capacity, reduce transmission congestion; and include a cost-benefit evaluation comparing traditional transmission investments with advanced transmission technologies. The bills authorize PSC to provide performance-based incentives for the deployment and operation of advanced transmission technologies. These incentives can include earnings adjustment mechanisms, accelerated cost recovery, and shared savings mechanisms.

**The Department of Legislative Services (DLS) recommends the adoption of committee narrative requesting that PSC submit a report outlining the uses and planned uses of the \$15 million from DPA for grid-enhancing technologies contingent on the enactment of legislation expanding the allowable uses of the SEIF.**

### **Rate Credits**

The fiscal 2027 allowance for PSC includes \$100.0 million for rate credits contingent on the enactment of legislation expanding the allowable uses of the SEIF. SB 386 and HB 897, as introduced, authorize, for fiscal 2027 only, ACP revenues in the SEIF to be used to provide awards to electric companies to be refunded or credited to residential customers for electric service as a one-time distribution by October 31, 2026.

## *Personnel Data*

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	<b>FY 25</b>	<b>FY 26</b>	<b>FY 27</b>	<b>FY 26-27</b>
	<b><u>Actual</u></b>	<b><u>Working</u></b>	<b><u>Allowance</u></b>	<b><u>Change</u></b>
Regular Positions	165.00	175.00	178.00	3.00
Contractual FTEs	<u>9.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>Total Personnel</b>	<b>174.00</b>	<b>175.00</b>	<b>178.00</b>	<b>3.00</b>

### *Vacancy Data: Regular Positions*

Turnover and Necessary Vacancies, Excluding New Positions	8.73	4.91%
Positions and Percentage Vacant as of 12/31/2025	24.00	14.86%
Vacancies Above Turnover	15.27	

- The fiscal 2027 allowance authorizes 3 new regular positions that are associated with PSC’s move from shared human resource services to internal resources. The new positions include an administrator, an officer, and a director.
- Out of the 24 total departmentwide vacancies as of December 31, 2025, 7 positions have been vacant for more than one year. PSC notes that it has undertaken new hiring tactics like resume-only postings, third-party recruiting companies, and expanding listings to other websites and job boards. PSC reports that candidates have been finalized for 3 vacant positions. Additionally, negotiations are ongoing with candidates for 5 positions. **Due to recent vacancies being higher than the vacancies necessary to meet the budgeted turnover rate in fiscal 2027, DLS recommends increasing turnover expectancy to 7.9% (14 necessary vacancies). This results in a reduction of \$704,828.**

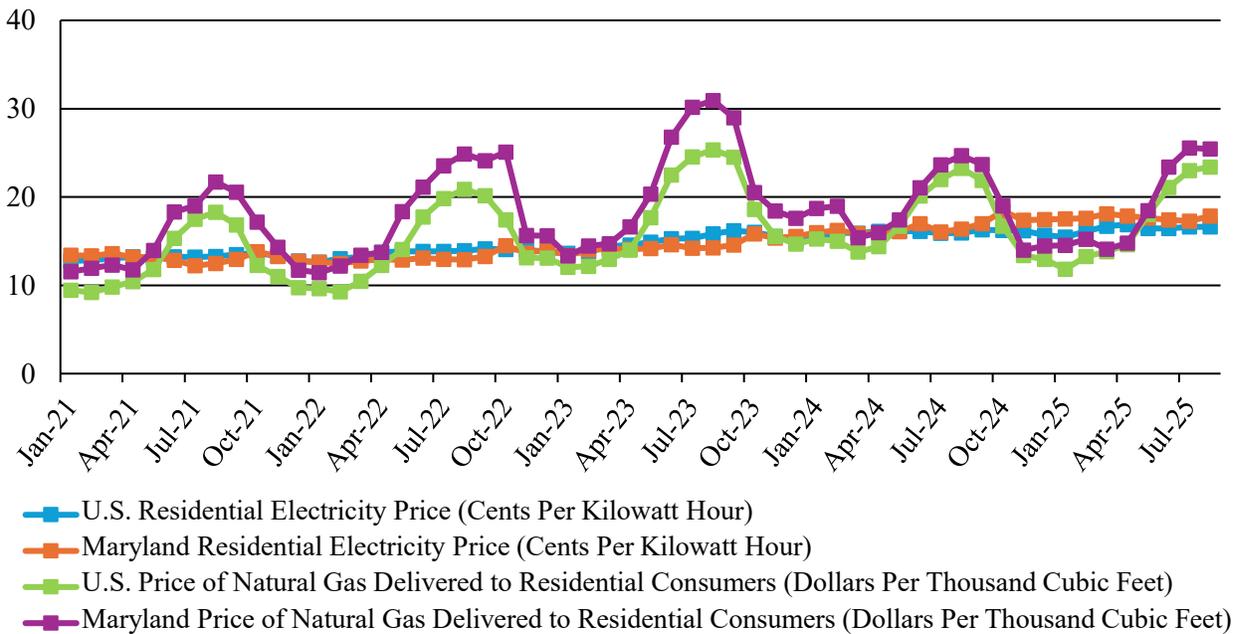
## Key Observations

### 1. Utility Terminations Increase and Arrearages Remain Elevated

#### Energy Prices

Utility terminations and arrearages have been impacted in recent years by economic hardships caused by rising energy costs driven by inflation in the energy sector and other impacts to energy market supply and demand. As shown in **Exhibit 3**, the residential prices for both electricity and natural gas have generally risen over the past four calendar years. According to pricing data reported by the U.S. Energy Information Administration in October 2025, the average price of electricity for residential customers in Maryland was 22.3 cents per kilowatt hour (kWh), which is approximately 16.1% higher than in October 2024 and 21.2% higher than in October 2023. Notably, the residential price for electricity in Maryland has grown faster than the U.S. average during calendar 2025, which was 18.0 cents per kWh in October 2025. PSC attributes the increase in utility prices to increases in supply, distribution, and transmission costs. Supply and transmission costs are based on the amount of generation available to meet the demand. Fewer generators and higher demand have contributed to the price increases. Of these three components, PSC only regulates distribution prices.

**Exhibit 3**  
**Average Residential Electricity and Natural Gas Prices**  
**Calendar 2021-2025**



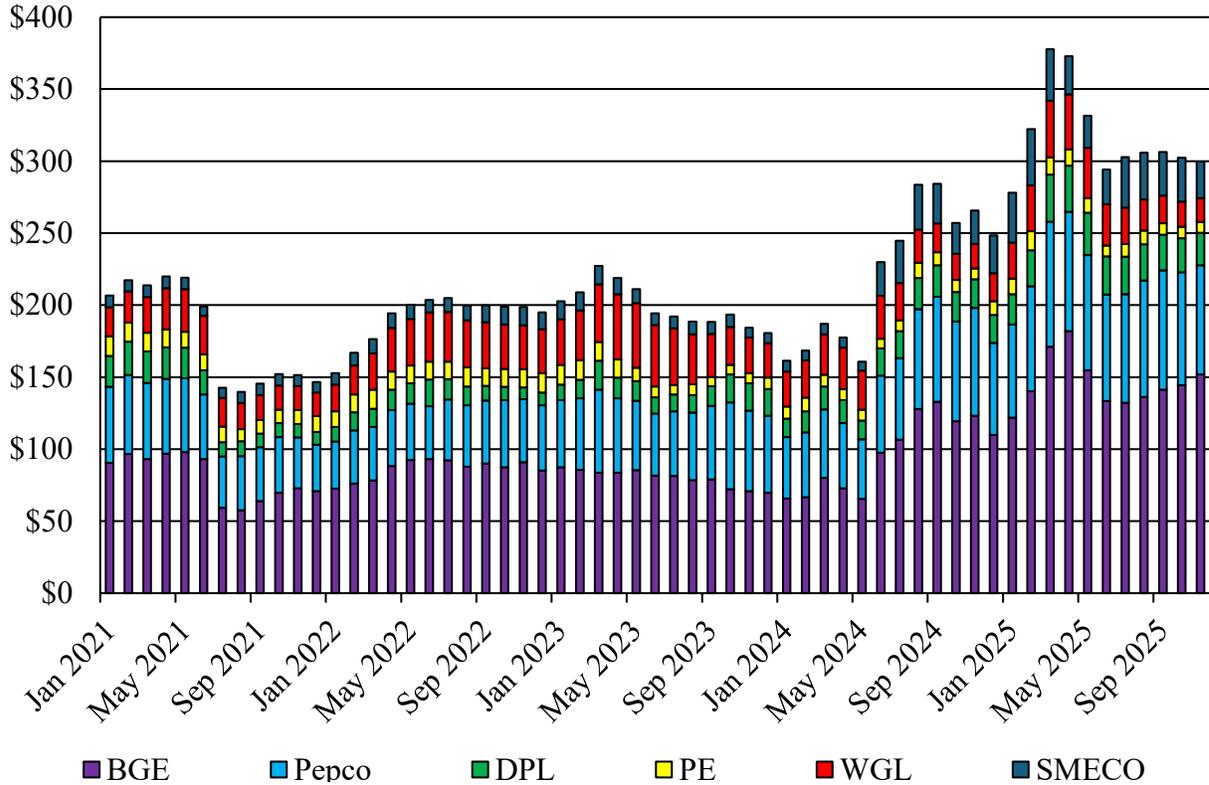
Source: U.S. Energy Information Administration

Natural gas prices are largely seasonal, with prices reaching their highest points from late summer to early fall and declining during the winter months. At its seasonal high point in July 2025, the average price of natural gas delivered to residential customers in Maryland was \$25.86 per thousand cubic feet. In comparison, the seasonal high point in fiscal 2024 for Maryland residential customers was \$25.54 per thousand cubic feet in July 2024. Year-over-year residential natural gas prices in Maryland increased by approximately 1.3% between July 2024 and July 2025.

### **Arrearages**

PSC reports monthly data by utility on residential utility terminations and arrearages on its website, including data on the number of utility customers with arrearages, the total amount of outstanding arrearages, and the number of utility terminations. Due to PSC data portal updates, committee narrative in the 2025 *Joint Chairmen's Report* (JCR) requested PSC to submit two reports with data on residential arrearages and terminations. **Exhibit 4** shows the PSC reported data on the total dollar amount of outstanding arrearages for residential utility customers for select Maryland utilities since calendar 2021. Total outstanding arrearages began to increase significantly in June 2024, and this growth has continued into calendar 2025. In March 2025, a new high of approximately \$377.6 million was reached, which was \$93.4 million more than in September 2024, the month with the highest value of arrearages in calendar 2024. PSC notes that although it is difficult to point at the exact reason for this increase, sizable increases in standard offer service rates, which started in October 2023, could have led to arrearages increasing six to eight months later. Total outstanding arrearages decreased by \$4.0 million in October 2025 and further decreased by \$2.5 million in November. Despite these recent decreases, the total outstanding arrearages in November 2025 were \$299.8 million, which is an increase of \$34.1 million or 12.8% compared to the total arrearages in November 2024. **PSC should comment if the recent decrease in arrearages can be attributed to the bill credits applied in August and September 2025.**

**Exhibit 4**  
**Total Residential Arrearages for Select Utilities**  
**Calendar 2021-2025 (through November 2025)**  
**(\$ in Millions)**



BGE: Baltimore Gas and Electric Company  
 DPL: Delmarva Power and Light  
 PE: The Potomac Edison Company

PEPCO: Potomac Electric Power Company  
 SMECO: Southern Maryland Electric Cooperative, Inc.  
 WGL: Washington Gas Light

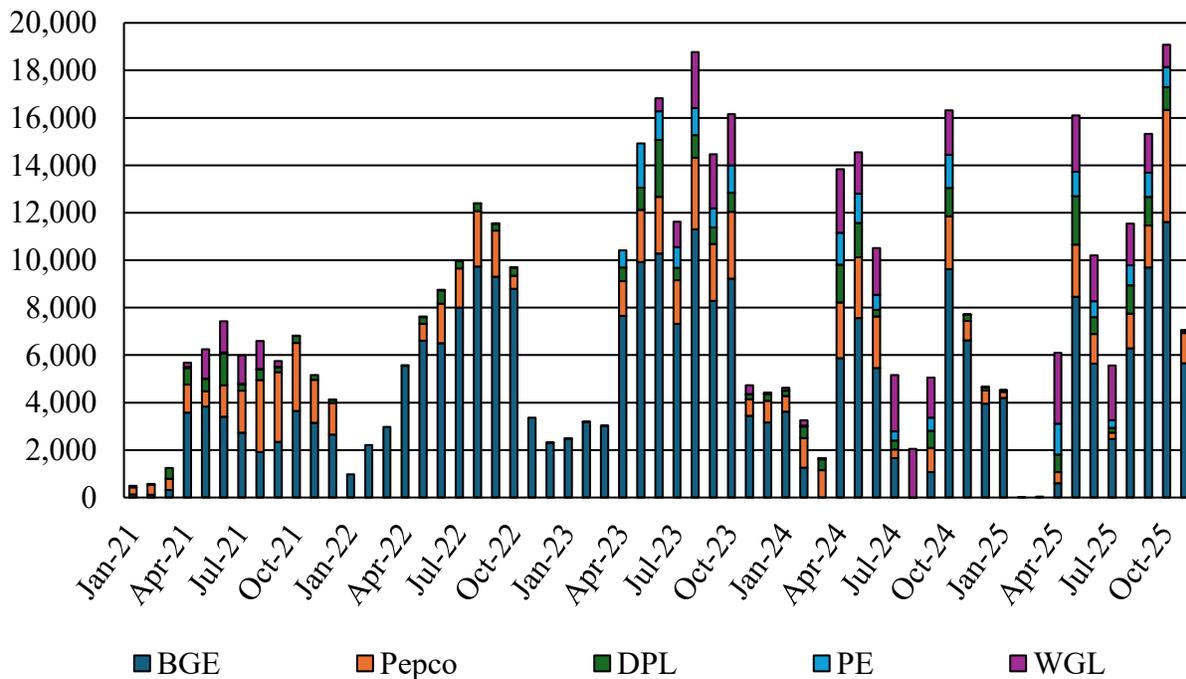
Source: Public Service Commission

**Terminations**

Due to restrictions on the circumstances in which a utility may terminate service during the winter heating season between November 1 and March 31, utility terminations follow a seasonal pattern, with most occurring during late spring, summer, and early fall. Beginning in calendar 2025, PSC implemented utility termination restrictions during extreme summer weather periods. PSC defines extreme summer weather as a period of 72 hours comprised of three consecutive 24-hour segments during any one of which the heat index is expected to be 95 degrees Fahrenheit or above.

The number of monthly utility terminations for select utilities are shown in **Exhibit 5**. Utility terminations were impacted by the distribution of State funding to utilities for arrearage assistance relief in summer 2021. However, during summer 2022, utility terminations began to rebound toward prepandemic levels and in summer 2023 reached levels above summer 2019. October 2025 had the highest number of utility terminations (20,083) in a single month since at least calendar 2018. The previous highest number of utility terminations in recent years occurred in August 2023 with 19,228 terminations – October 2025 terminations were approximately 4.5% higher than this level. Additionally, total utility terminations in October 2025 were approximately 13% higher than October 2024 and 21% higher than October 2023. PSC notes that termination restrictions in summer and winter months might have led to arrearages adding up, leading to higher terminations when the restrictions were lifted. PSC also notes that increasing utility rates have led to more customers falling behind on bill payments, which has contributed to growth in arrearages and terminations.

**Exhibit 5**  
**Service Terminations for Select Utilities**  
**Calendar 2021-2025 (through November 2025)**



BGE: Baltimore Gas and Electric Company  
 DPL: Delmarva Power and Light  
 PE: The Potomac Edison Company

PEPCO: Potomac Electric Power Company  
 SMECO: Southern Maryland Electric Cooperative, Inc.  
 WGL: Washington Gas Light

Source: Public Service Commission

Between July and mid-November 2025, PSC received over 650 customer complaints against Baltimore Gas and Electric (BGE). At least 140 of those complaints reported issues associated with BGE call center accessibility. In response, PSC held a hearing followed by issuance of an order with several directives, including customer protection while BGE addresses the issues with its call center and callback system. The order, effective until February 28, 2026, prohibits BGE from sending out new late payment notices; trying to collect overdue money; and terminating services for nonpayment. PSC noted that the moratorium may be rescinded upon implementation of an approved Corrective Action Plan (CAP). Although BGE submitted a CAP on January 20, 2026, PSC determined that it lacked critical components and has requested BGE to appear before PSC on February 4, 2026.

**DLS recommends the adoption of committee narrative requesting that PSC submit two reports during fiscal 2027 containing residential utility termination and arrearage data separately by utility and month.**

## **2. Complaints and Enforcement Against Third-party Energy Suppliers**

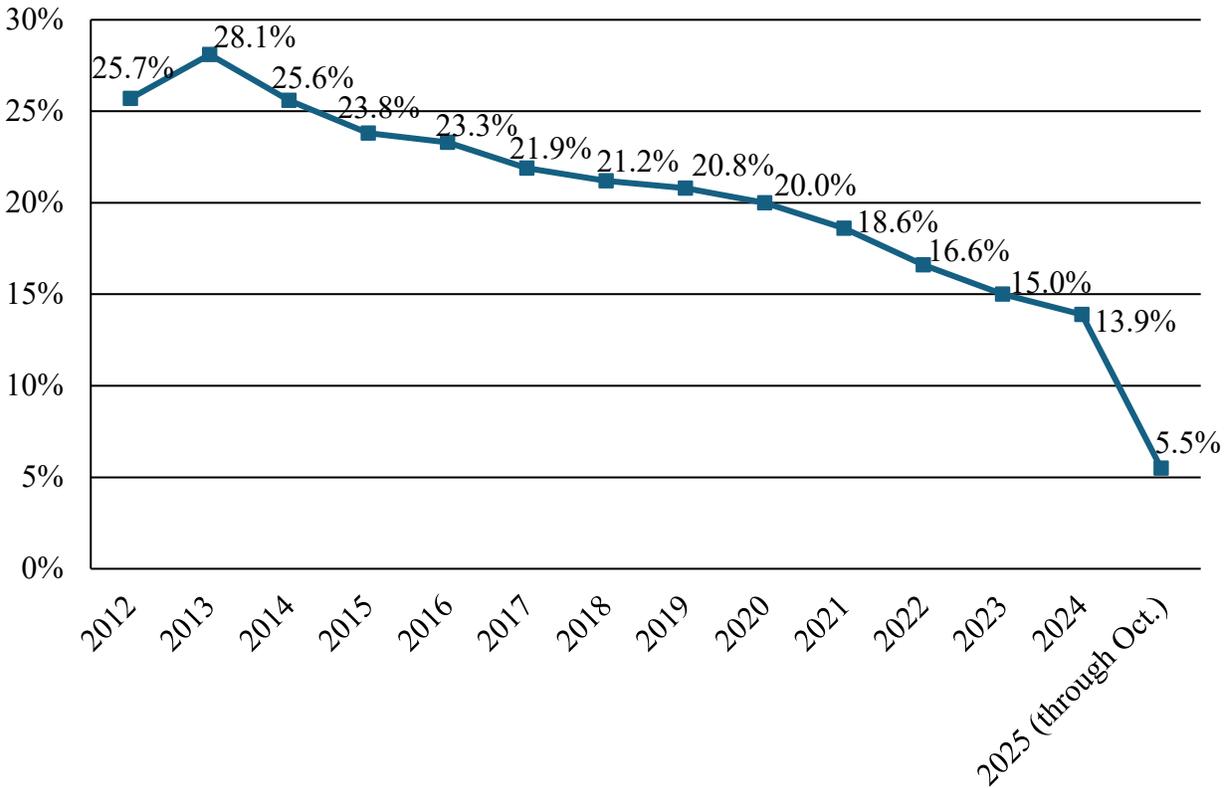
The PSC Consumer Affairs Division (CAD) is responsible for investigating and resolving complaints made by Maryland ratepayers against utilities and third-party retail energy suppliers and tracking data regarding complaints that were filed to identify potential patterns of regulatory noncompliance. Maryland utility customers may file a complaint against PSC-regulated companies through the PSC website or by mail.

CAD investigates each complaint filed with PSC and renders a decision based on the findings of its investigation. In cases in which a company demonstrates a pattern of regulatory noncompliance through the complaints investigated by CAD, a recommendation is made to initiate an enforcement action and a docketed proceeding before the commission is initiated. Suppliers that are found to be in violation of State laws and regulations are subject to enforcement measures, including assessment of civil penalties, customer rerates, cease and desist notices, license suspensions, and/or license revocations. PSC notes that due to the right to appeal a commission decision for judicial review at the circuit and appellate court level, some enforcement proceedings may take extended time to close.

### **Customers Enrolled with a Third-party Retail Electric Supplier**

PSC reports monthly data on its website on the number of utility customers that are enrolled with third-party retail electric suppliers, including the number of customers in each utility service territory and the percentage of accounts in each utility service territory served by a third-party supplier. **Exhibit 6** shows the total percentage of all eligible Maryland utility customer accounts that are enrolled with third-party retail electric suppliers as of December 31 of each calendar year. Calendar 2025 data reflects data through October 2025, the most recent month for which data is available. Supplier utilization reached its highest point in calendar 2013 when 28.1% of eligible utility customer accounts were enrolled with a supplier. Since calendar 2013, supplier enrollment has declined each year and was 5.5% as of October 2025.

**Exhibit 6**  
**Third-party Retail Electric Supplier Enrollment**  
**Calendar 2012-2025 (through October 2025)**

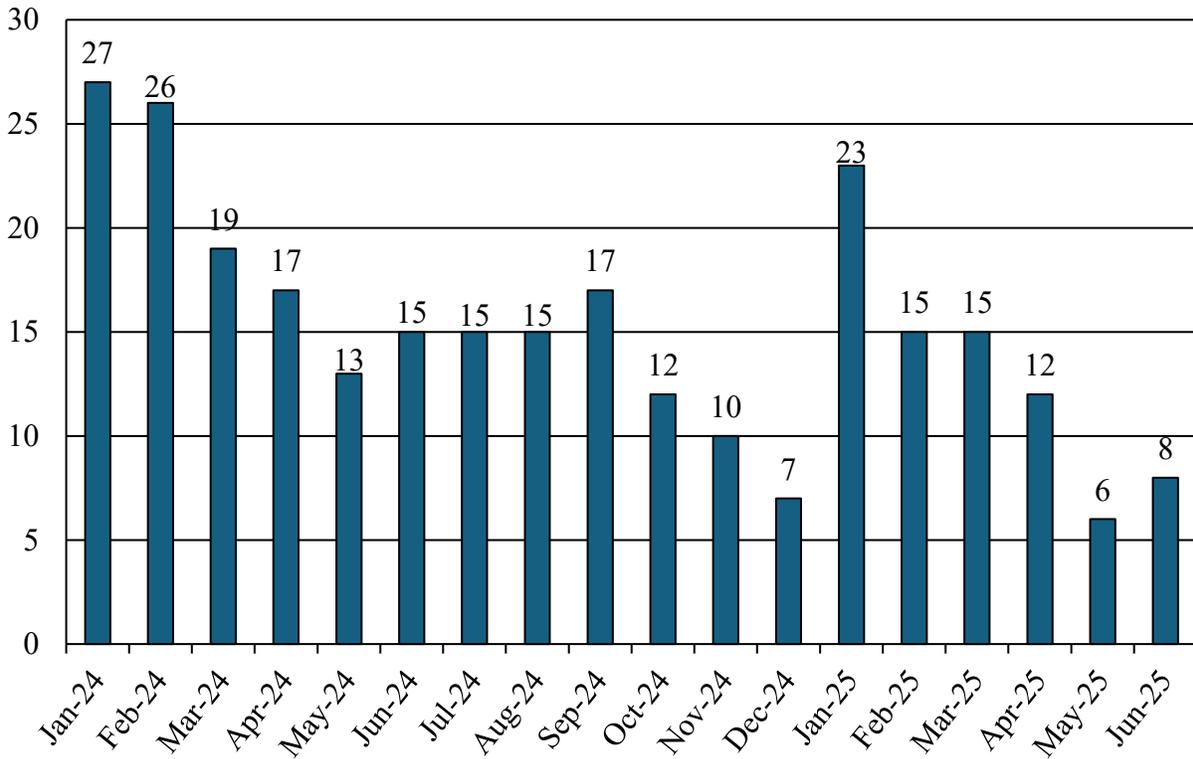


Source: Public Service Commission

CAD worked with a contractor to develop and launch a new online customer complaint portal, which launched publicly in February 2022, in addition to a new cloud-based complaint data management system. PSC has reported data on its website for complaints against third-party retail energy suppliers since December 2019. Quarterly reports for complaints received by CAD against third-party suppliers are currently available for all four quarters of fiscal 2025. However, quarterly reports for the first two quarters of fiscal 2026 have not been published yet. **PSC should discuss the reason for the delayed posting of the complaint data and any barriers to timely reporting.**

As shown in **Exhibit 7**, PSC reported 193 complaints filed against third-party suppliers in calendar 2024 and 79 complaints filed in the first half of calendar 2025. Monthly complaint totals during this time period ranged from a low of 6 in May 2025 to a high of 27 in January 2024.

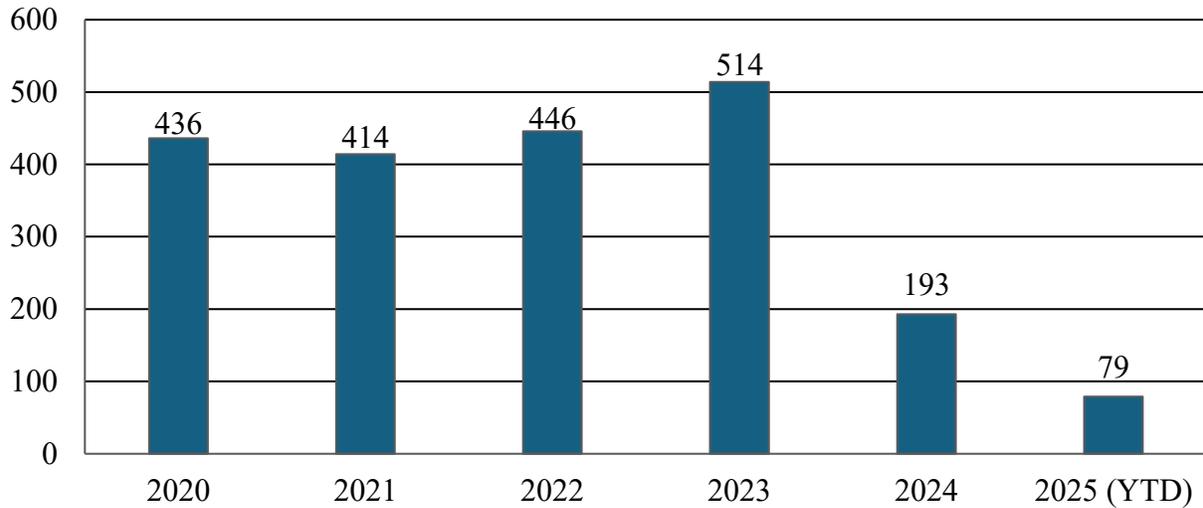
**Exhibit 7**  
**Monthly Complaints Filed Against Suppliers**  
**January 2024 through June 2025**



Source: Public Service Commission

**Exhibit 8** presents the total number of complaints filed against third-party retail energy suppliers by year since calendar 2020 as reported by PSC. The 193 complaints in calendar 2024 was a decrease of 62.5% compared to calendar 2023. The number of complaints in calendar 2025, as of June 2025, is 79. This decrease can be attributed to PSC’s maximum enforcement initiative, which is a multi-division collaborative effort to place increased focus on investigating complaints and, if necessary, pursue enforcement actions. Similarly, Chapter 537 of 2024 enacted reforms in the retail energy supply marketplace to strengthen oversight and provide greater protections for consumers.

**Exhibit 8**  
**Total Annual Complaints Filed Against Suppliers**  
**Calendar 2020-2025 YTD**



Source: Public Service Commission

### **3. Infrastructure Investment and Jobs Act Funding for Utilities**

The federal Infrastructure Investment and Jobs Act (IIJA) contains significant investments in the nation’s utility infrastructure, including funding for projects supporting grid resiliency and reliability, electric generation and transmission, electric transportation, and improved cybersecurity protections. Programs authorized by the IIJA include a combination of formula grant funding allocated directly to the states and competitive grant programs, such as those supporting investments in electric grid infrastructure and resiliency that are available directly to Maryland utilities.

The fiscal 2027 allowance for the Maryland Energy Administration (MEA) includes a portion of Maryland’s formula allocation of IIJA funds for electric grid resiliency, a \$4.1 million grant under the Preventing Outages and Enhancing Resilience of the Electric Grid Grants program. MEA received \$3.2 million under this program in fiscal 2026. These funds may be used to fund improvements to the utility grid that improve resiliency to strengthen the power grid against extreme weather, natural disasters, and other impacts of climate change, such as upgrades to utility transformers and power lines, the incorporation of energy storage technologies, and similar improvements.

Other IJA funding for electric grid resiliency is available through three main competitive grant programs that together make up the Grid Resilience and Innovation Partnerships (GRIP) program, administered by the U.S. Department of Energy (DOE) Grid Deployment Office (GDO). The GRIP program includes \$10.5 billion in total federal grants to enhance grid flexibility and improve the resilience of the power system against growing threats of extreme weather and climate change. GRIP programs include:

- ***Grid Resilience Utility and Industry Grants:*** Funding supports projects that modernize the electric grid to reduce the impacts of extreme weather, natural disasters, and other events that can cause disruptions to the power system, including transmission upgrades and distribution technology solutions.
- ***Smart Grid Grants:*** Funding supports projects that increase the flexibility, efficiency, and reliability of the electric power system, with a focus on increasing the capacity of the transmission system, preventing faults that may lead to system disturbances, integrating renewable energy at the transmission and distribution levels, and facilitating the integration of increasingly electrified buildings, vehicles, and other devices.
- ***Grid Innovation Program:*** Funding supports projects that use innovative approaches to transmission, storage, and distribution infrastructure to enhance grid resilience and reliability.

In June 2022, PSC initiated Public Conference (PC 56) and required that each electric and natural gas public service company subject to the jurisdiction of PSC file a monthly report containing a description of all projects for which federal IJA funding has been sought to date. PC 56 was also initiated to serve as a forum for stakeholders and interested parties to file written comments related to potential programs or funding that was authorized under the IJA and is available to Maryland utilities or advance the State's policy goals. While initiated to focus solely on IJA funding opportunities, PC 56 has also included funding opportunities available through the federal Inflation Reduction Act.

As directed by PC 56, monthly reports have been filed by Potomac Electric Power Company, Delmarva Power and Light, and BGE, collectively, as the Exelon Joint Utilities and by the Potomac Edison Company (PE) and the Southern Maryland Electric Cooperative (SMECO), individually since August 2022. According to the monthly reporting, all five utilities submitted full applications to GDO for funding available through the first and second round of the GRIP program.

### **Status of Awards and Terminations of Awarded Funding**

Awards from the first round of GRIP program funding supported 58 projects across 44 states, including an award to SMECO to fund the SMECO Transmission, Distribution, and Communications Resiliency Initiative. As of September 2024, SMECO was awarded \$32.5 million. The award included a \$16.75 million cost share from SMECO. SMECO began receiving reimbursements for associated expenses in August 2025. As of January 27, 2026,

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SMECO has received a total of \$1.4 million. As outlined by GDO, the SMECO Transmission, Distribution, and Communications Resiliency Initiative includes several projects to improve the resilience and reliability of its distribution system in order to prevent power outages caused by severe weather events. These projects include the replacement and hardening of transmission lines with new steel structures, strategic undergrounding, and the installing of high-capacity fiber optical wire for communications.

As of October 2024, GDO had announced about \$4.2 billion through the second round of GRIP funding. Funding would support 46 projects in 47 states, including awards of \$50 million to BGE, \$50 million to FirstEnergy, of which PE is a subsidiary for projects in Maryland and West Virginia, and \$100 million to Exelon Joint Utilities for projects across 6 states. In its October PC56 filing, Exelon Joint Utilities reported that the second round of GRIP funding for both BGE and Exelon Joint Utilities had been terminated. However, PE reported in its July PC56 filing that it was requested to submit additional data by DOE. As of January 23, 2026, PE notes no additional updates have been provided regarding the award following the submission of the data requested. Once awarded, PE plans to utilize the funds for the Creating Reliable and Equitable Access to Energy for Customers through the Energy Transition project, which aims to target grid and transmission upgrades.

## Operating Budget Recommended Actions

- |    |   | <b><u>Amount<br/>Change</u></b> |
|----|---|---------------------------------|
| 1. | Reduce funds to increase the turnover expectancy to 7.9%. The Public Service Commission had 24 vacant positions as of December 31, 2025, which is higher than the 8.73 necessary vacancies to meet the budgeted turnover rate of 4.91%.   | -\$704,828 SF                   |
| 2. | <p>Modify the following language on the special fund appropriation:</p> <p>, provided that \$100,000,000 of this appropriation is contingent upon enactment of legislation expanding the allowable uses of the Strategic Energy Investment Fund <u>to include providing awards to electric companies, including electric cooperatives and municipal electric utilities, to be refunded or credited to residential customers.</u></p> <p><b>Explanation:</b> This language modifies language making a portion of the appropriation in the Public Service Commission contingent on the expansion of allowable uses to more specifically identify the expanded uses for which these funds are needed and better match the applicable legislation.</p>                  |                                 |
| 3. | <p>Adopt the following narrative:</p> <p><b>Use of Funds Transferred from the Dedicated Purpose Account (DPA):</b> The fiscal 2027 allowance authorizes \$15.0 million from the DPA to be used for grid-enhancing technologies contingent on the enactment of legislation expanding the allowable use of the Strategic Energy Investment Fund. These funds are expected to be made available to the Public Service Commission (PSC) to be used for grid-enhancing and advanced transmission technologies, with \$10.0 million to conduct research and \$5.0 million to provide grants to utility companies to construct or modify transmission facilities. The committees request that PSC submit a report outlining the uses and planned uses of this funding.</p> |                                 |

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Use of funds transferred from the DPA to PSC	PSC	December 31, 2026

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4. Adopt the following narrative:

**Arrearage and Termination Data:** The committees remain interested in monitoring residential utility terminations and arrearages. The committees request that the Public Service Commission (PSC) submit two reports containing residential termination and arrearage data separately by utility and month. The first report should cover data from December 2025 through May 2026 and be submitted by July 15, 2026, and the second report should cover data from June 2026 through November 2026 and be submitted by December 15, 2026.

<b>Information Request</b>	<b>Author</b>	<b>Due Date</b>
Arrearage and termination data	PSC	July 15, 2026 December 15, 2026
<b>Total Net Change to Fiscal 2027 Allowance</b>		<b>-\$704,828</b>

## ***Updates***

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- ***Status of Planned Offshore Wind Projects:*** In December 2024, the U.S. Wind, Inc. offshore wind project’s Construction and Operations Plan (COP) was approved by the U.S Department of the Interior Bureau of Ocean Energy Management, which is the final stage of federal review and permitting. The approved COP includes up to 114 wind turbine generators, four offshore substations, a meteorological tower, and up to four offshore export cable corridors. In its annual report for calendar 2025, U.S. Wind reported that the Department of Justice has filed a request in the U.S. District Court for the District of Maryland to remand and vacate U.S. Wind’s COP. U.S. Wind has opposed the motion and is seeking resolutions that will permit the project to proceed.
- ***Strategic Energy Planning Office:*** Chapters 7 and 19 of 2025 established the Strategic Energy Planning Office (SEPO). Funding for the office was to be through the existing PSC-administered assessment on public service company revenue. Chapters 7 and 19 require SEPO to develop and submit a Comprehensive Wholesale Energy Markets and Bulk Power System Risk Report to the Governor and the General Assembly. The first report is due on September 1, 2028, and every three years thereafter. Additionally, SEPO is required to consult with PSC and MEA to complete certain components of the report, including energy modeling. By September 1, 2030, and at least once every three years thereafter, after receiving a request by SEPO, PSC is required to conduct a public proceeding to assess the results and recommendations included in the risk report. The fiscal 2027 budget, as introduced, includes \$25 million in the DPA, part of the larger \$82 million contingent appropriation using the SEIF discussed in the Budget section of this analysis, to implement Chapters 7 and 19. Further discussion of this funding can be found in the analysis Y01A – State Reserve Fund.

**Appendix 1**  
**2025 Joint Chairmen’s Report Responses from Agency**

The 2025 JCR requested that PSC prepare three reports. Electronic copies of the full JCR responses can be found on the DLS Library website.

- ***Arrearage and Termination Data:*** Two reports with data on residential utility arrearages and terminations were submitted. These reports provided monthly data on utility arrearage and termination from June 2024 through November 2025. Further discussion on this topic can be found in Issue 1 of this analysis.
  
- ***Apprenticeships within Public Service Companies:*** PSC submitted a report providing information on apprenticeship programs within utility companies. To complete the report, PSC requested the utility companies to provide relevant information. Of the seven companies that responded, six provide at least one apprenticeship program. Apprenticeships programs cover a wide variety of fields including substation electrician, relay technician, journeymen line worker, and meter technician.

**Appendix 2  
Audit Findings**

Audit Period for Last Audit	March 12, 2020 – February 29, 2024
Issue Date	March 2025
Number of Findings	3
Number of Repeat Findings	1
% of Repeat Findings	33.3%

**Finding 1:** **PSC did not establish adequate controls over accounts receivables.**

**Finding 2:** Information Systems Security and Control – Redacted cybersecurity-related finding.

**Finding 3:** Information Systems Security and Control – Redacted cybersecurity-related finding.

\*Bold denotes item repeated in full or part from preceding audit report.

Note: OLA determined that the Information Systems Security and Control section (Findings 2 and 3) related to “cybersecurity,” as defined by the State Finance and Procurement Article, and therefore are subject to redaction from public reports. OLA notes that PSC’s responses to Findings 2 and 3 indicated agreement with the findings and related recommendations.

**Appendix 3**  
**Object/Fund Difference Report**  
**Public Service Commission**

<u>Object/Fund</u>	<u>FY 25 Actual</u>	<u>FY 26 Work Approp.</u>	<u>FY 27 Allowance</u>	<u>FY 26 - 27 \$ Change</u>	<u>% Change</u>
<b>Positions</b>					
01 Regular	165.00	175.00	178.00	3.00	1.7%
02 Contractual	9.00	0.00	0.00	0.00	N/A
<b>Total Positions</b>	<b>174.00</b>	<b>175.00</b>	<b>178.00</b>	<b>3.00</b>	<b>1.7%</b>
<b>Objects</b>					
01 Salaries, Wages, and Fringe Benefits	\$21,155,370	\$23,563,059	\$26,133,084	\$2,570,025	10.9%
02 Technical and Special Fees	430,371	0	0	0	N/A
03 Communications	55,258	45,680	54,116	8,436	18.5%
04 Travel	129,356	220,582	234,187	13,605	6.2%
07 Motor Vehicle Operation and Maintenance	210,432	291,671	246,031	-45,640	-15.6%
08 Contractual Services	2,613,285	3,654,278	3,574,583	-79,695	-2.2%
09 Supplies and Materials	36,950	88,507	90,646	2,139	2.4%
10 Equipment – Replacement	1,421	65,767	65,767	0	0.0%
11 Equipment – Additional	128,513	63,100	63,212	112	0.2%
12 Grants, Subsidies, and Contributions	531,296	200,531,176	100,540,000	-99,991,176	-49.9%
13 Fixed Charges	1,414,884	1,345,118	1,346,617	1,499	0.1%
<b>Total Objects</b>	<b>\$26,707,136</b>	<b>\$229,868,938</b>	<b>\$132,348,243</b>	<b>-\$97,520,695</b>	<b>-42.4%</b>
<b>Funds</b>					
03 Special Funds	\$25,751,619	\$228,910,026	\$131,375,165	-\$97,534,861	-42.6%
05 Federal Funds	955,517	958,912	973,078	14,166	1.5%
<b>Total Funds</b>	<b>\$26,707,136</b>	<b>\$229,868,938</b>	<b>\$132,348,243</b>	<b>-\$97,520,695</b>	<b>-42.4%</b>

Note: The fiscal 2027 allowance does not include statewide salary adjustments budgeted within the Department of Budget and Management.