PUBLIC SERVICE COMMISSION OF MARYLAND

2015 ANNUAL REPORT

For the Calendar Year Ending December 31, 2015

Pursuant to Section 2-122 of the Public Utilities Article, *Annotated Code of Maryland*

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Table of Contents

I. MEMBERSHIP OF THE COMMISSION

The Public Service Commission ("Maryland PSC" or "Commission") consists of the Chairman and four Commissioners, each appointed by the Governor with the advice and consent of the Senate. The term of the Chairman and each of the Commissioners is five years and those terms are staggered. All terms begin on July 1. As of December 31, 2015, the following persons were members of the Commission:

	Term Expires
W. Kevin Hughes, Chairman	June 30, 2018
Harold D. Williams, Commissioner	June 30, 2017
Lawrence Brenner, Commissioner	June 30, 2015[1]
Anne E. Hoskins, Commissioner	June 30, 2016
Jeannette M. Mills, Commissioner	June 30, 2019[2]

II. OVERVIEW OF THE COMMISSION

A. General Work of the Commission

In 1910, the Maryland General Assembly established the Commission to regulate public utilities and for-hire transportation companies doing business in Maryland. The categories of regulated public service companies and other regulated or licensed entities are listed below:

- electric utilities;
- gas utilities;
- combination gas and electric utilities;
- competitive electric suppliers;

[1] A commissioner continues to serve until a successor qualifies. *Md. Ann.*, Publ. Util. Art., § 2-102(d)(3). On January 12, 2016, Michael T. Richard was sworn in as a Commissioner. His term will expire June 30, 2020.
[2] Commissioner Mills was sworn in as a Commissioner on June 22, 2015. Kelly Speakes-Backman was a Commissioner from January 1, 2015 through May 29, 2015.

- competitive gas suppliers;
- telecommunications companies;
- water, and water and sewerage (privately-owned) companies;
- bay pilots;
- docking masters;
- passenger motor vehicle carriers (e.g., buses, limousines, sedans);
- railroad companies;[3]
- taxicabs operating in the City of Baltimore, Baltimore County, Cumberland, and Hagerstown;
- hazardous liquid pipelines; and
- other public service companies.

The jurisdiction and powers of the Commission are found in the Public Utilities Article, *Annotated Code of Maryland*. The Commission's jurisdiction, however, is limited to intrastate service. Interstate transportation is regulated in part by the U.S. Department of Transportation; interstate and wholesale activities of gas and electric utilities are regulated by the Federal Energy Regulatory Commission ("FERC"); and interstate telephone service, Voice over Internet Protocol and cable services are regulated by the Federal Communications Commission.

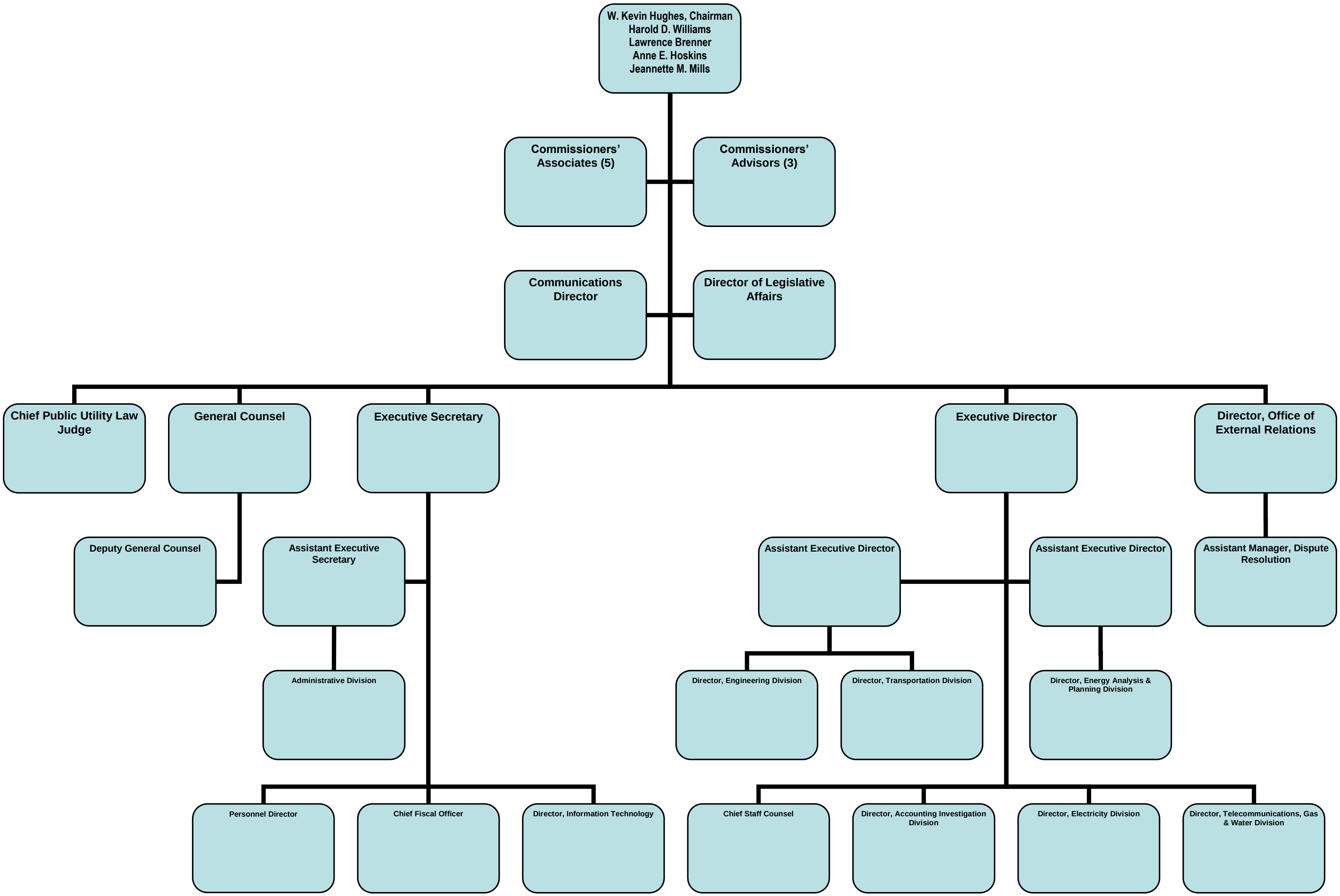
Under its statutory authority, the Commission has broad authority to supervise and regulate the activities of public service companies and for-hire carriers and drivers. It is empowered to hear and decide matters relating to, among others: (1) rate adjustments; (2) applications to exercise or abandon franchises; (3) applications to modify the type or scope of service; (4) approval of issuance of securities; (5) promulgation of new rules and regulations; (6) mergers or acquisitions of electric companies or gas companies; and (7) quality of utility and common carrier service. The

[3] The Commission has limited jurisdiction over railroad companies: (1) the companies must be organized under Maryland law; and (2) certain conditions and rates for intrastate services.

Commission has the authority to issue a Certificate of Public Convenience and Necessity ("CPCN") to construct or modify a new generating plant or an electric company's application to construct or modify transmission lines designed to carry a voltage in excess of 69,000 volts. In addition, the Commission collects and maintains records and reports of public service companies, reviews plans for service, inspects equipment, audits financial records, handles consumer complaints, issues passenger-for-hire permits and drivers' licenses, enforces its rules and regulations, defends its decisions on appeal to State courts, and intervenes in relevant cases before federal regulatory commissions and federal courts.

During the calendar year 2015, the Commission initiated 57 new non-transportation–related dockets, conducted approximately 38 en banc hearings (legislative-style, evidentiary, or evening hearings for public comments as well as status conferences, discovery disputes, and prehearing conferences), held 25 rulemaking sessions, participated in three public conferences, and presided over 42 administrative meetings. Also, the Commission actively participated in the 90-day General Assembly Legislative Session for 2015, by submitting comments on bills affecting public service companies, participating in work groups convened by Senate or House committees or sub-committees, and testifying before various Senate and House committees and sub-committees.

B. Maryland Public Service Commission Organization Chart – 12/31/2015



C. Commission Membership in Other Regulatory Organizations

1. Washington Metropolitan Area Transit Commission

The Washington Metropolitan Area Transit Commission ("WMATC") was created in 1960 by the Washington Metropolitan Area Transit Regulation Compact ("Compact")[4] for the purpose of regulating certain transportation carriers on a coordinated regional basis. Today, WMATC regulates private sector passenger carriers, including sightseeing, tour, and charter bus operators; airport shuttle companies; wheelchair van operators; and some sedan and limousine operators, transporting passengers for hire between points in the Washington Metropolitan Area Transit District ("Metropolitan District").[5] WMATC also sets interstate taxicab rates between signatories in the Metropolitan District, which for this purpose only, includes Baltimore-Washington International Thurgood Marshall Airport ("BWI") (except that this expansion of the Metropolitan District to include BWI does not apply to transportation conducted in a taxicab licensed by the State of Maryland or a political subdivision of the State of Maryland or operated under a contract with the State of Maryland).

A Commissioner from the Maryland Public Service Commission is designated to serve on the WMATC. In November 2008, Governor Martin O'Malley appointed

[4] The Compact is an interstate agreement among the State of Maryland, the Commonwealth of Virginia and the District of Columbia, which was approved by Congress in 1960. The Compact was amended in its entirety in 1990 (at Maryland's behest), and again in 2010 (to modify the articles regarding appointment of Commissioners to WMATC). Each amendment was enacted with the concurrence of each of the signatories and Congress's consent. The Compact, as amended, and the WMATC are codified in Title 10, Subtitle 2 of the Transportation Article, *Annotated Code of Maryland*.

[5] The Metropolitan District includes: the District of Columbia; the cities of Alexandria and Falls Church of the Commonwealth of Virginia; Arlington County and Fairfax County of the Commonwealth of Virginia, the political subdivisions located within those counties; and that portion of Loudoun County, Virginia, occupied by the Washington Dulles International Airport; Montgomery County and Prince George's County of the State of Maryland, and the political subdivisions located within those counties; and all other cities now or hereafter existing in Maryland or Virginia within the geographic area bounded by the outer boundaries of the combined area of those counties, cities, and airports.

Commissioner Brenner to serve on the WMATC. Commissioner Brenner served as the Chair of WMATC until January 11, 2016.

In fiscal year ("FY") 2015, which is from July 1, 2014 through June 30, 2015, the WMATC accepted 317 applications to obtain, transfer, amend or terminate a WMATC certificate of authority (down from 438 in FY2014). The WMATC also initiated 219 investigations of carrier compliance with WMATC rules and regulations. The WMATC issued 825 orders in formal proceedings in FY2015. There were 660 carriers holding a certificate of authority at the end of FY2015 – up from 648 at the close of FY2014, which is nearly seven times the 97 that held authority at the end of FY1990, before the Compact lowered barriers to entry beginning in 1991. The number of vehicles operated under WMATC authority was approximately 6,000 as of June 30, 2015. The WMATC processed 22 informal complaints in FY2015, up from 17 in FY2014.

The Commission includes its share of the WMATC budget in its own budget. Budget allocations are based upon the population of the Compact signatories in the Compact region. In Maryland, this includes Montgomery and Prince George's Counties, as noted above. The FY2015 WMATC budget was $804,750, and Maryland's share was $375,577, or 46.67% of the WMATC budget. In FY2015, the WMATC generated $224,358 in non-appropriations revenue (fees and forfeitures), to be returned to the signatories on a proportional basis, including $104,708 to Maryland.

2. Mid-Atlantic Distributed Resources Initiative

The Mid-Atlantic Distributed Resources Initiative ("MADRI") was established in 2004 by the state regulatory utility commissions of Delaware, District of Columbia, Maryland, New Jersey and Pennsylvania, along with the U.S. Department of Energy

("DOE"), the U.S. Environmental Protection Agency ("EPA"), FERC, and PJM Interconnection, LLC ("PJM"). In 2008, the regulatory utility commissions of Illinois and Ohio became members of MADRI.

MADRI's position is that distributed generation should be able to compete with generation and transmission to ensure grid reliability and a fully functioning wholesale electric market. It was established to facilitate the identification of barriers to the deployment of distributed generation, demand response and energy efficiency resources in the Mid-Atlantic region, and determine solutions to remedy these barriers. Institutional barriers and lack of market incentives have been identified as the primary causes that have slowed deployment of cost-effective distributed resources in the Mid-Atlantic.

Facilitation support is provided by the Regulatory Assistance Project funded by DOE. The Commission participates along with other stakeholders, including utilities, FERC, service providers, and consumers, in discussions and actions of MADRI. Commissioner Mills was appointed as the Commission's representative on MADRI in December 2015. Commissioner Brenner served as the Commission's representative from January 2015 through November 2015 and also served as the Chair of MADRI during this period.

3. Organization of PJM States, Inc.

The Organization of PJM States, Inc. ("OPSI") was incorporated as a non-profit corporation in May 2005. It is an inter-governmental organization comprised of 14 utility regulatory agencies, including the Commission. OPSI, among other activities, coordinates data/issues analyses and policy formulation related to PJM, its operations, its

Independent Market Monitor, and related FERC matters. While the 14 OPSI members interact as a regional body, their collective actions, as OPSI, do not infringe on each of the 14 agencies' individual roles as the statutory regulators within their respective state boundaries. Commissioner Brenner served as the Commission's representative on the OPSI Board of Directors and served as President from October 2014 to October 2015. Chairman Hughes currently serves as the Commission's representative on the OPSI Board of Directors.

4. National Association of Regulatory Utility Commissioners

The National Association of Regulatory Utility Commissioners ("NARUC") is the national association representing the interests of the Commissioners from state utility regulatory agencies that regulate essential utility services, including energy, telecommunications, and water. NARUC members are responsible for assuring reliable utility service at fair, just, and reasonable rates. Founded in 1889, NARUC is an invaluable resource for its members and the regulatory community, providing a venue to set and influence public policy, share best practices, and foster innovative solutions to improve regulation. Chairman Hughes serves as a member of the NARUC Board of Directors, as a member of the Task Force on Environmental Regulation and Generation, and as a member of the Committee on Critical Infrastructure. Commissioner Williams serves as a member of the Committee on Consumer Affairs and as a member of the Subcommittee on Utility Marketplace Access. Commissioner Brenner served as a member of the Committee on Electricity. Commissioner Hoskins serves as a member of the NARUC Board of Directors, as the Chair of the Committee on International

Relations, and as a member of the Committee on Gas. Commissioner Mills serves as a member of the Committee on Energy Resources and the Environment.

5. Mid-Atlantic Conference of Regulatory Utility Commissioners

The Commission also is a member of the Mid-Atlantic Conference of Regulatory Utility Commissioners ("MACRUC"), a regional division of NARUC comprised of the public utility commissions of Delaware, Kentucky, Maryland, New Jersey, New York, Ohio, Virginia, West Virginia, Pennsylvania, the District of Columbia and the U.S. Virgin Islands. Commissioner Mills was appointed as the Commission's representative on MACRUC in December 2015. Commissioner Brenner was the Commission's representative on MACRUC from January 2015 through November 2015.

6. Regional Greenhouse Gas Initiative

Established in 2009, the Regional Greenhouse Gas Initiative ("RGGI") is the first market-based regulatory program in the United States designed to stabilize and then reduce greenhouse gas emissions, specifically carbon dioxide ("CO_2"). RGGI, Inc.[6] is a nonprofit corporation formed to provide technical advisory and administrative services to participating states in the development and implementation of these CO_2 budget trading programs.[7] The original RGGI program, jointly designed by 10 Northeastern and Mid-

[6] The RGGI, Inc. Board of Directors ("Board") is composed of two representatives from each member state, with equal representation from the states' environmental and energy regulatory agencies. Agency Heads (two from each state), also serving as board members, constitute a steering committee that provides direction to the Staff Working Group and allows in-process projects to be conditioned for Board review. In 2015, Chairman Kevin Hughes and Secretary Ben Grumbles of the Maryland Department of the Environment began serving on the Board on behalf of Maryland.

[7] The RGGI offices are located in New York City in space collocated with the New York Public Service Commission at 90 Church Street.

Atlantic states,[8] envisioned a cap-and-trade program that stabilizes power plants' CO_2 emissions and then lowers that cap 10% by 2018. The participating states agreed to use an auction as the primary means to distribute allowances[9] to electric power plants regulated under coordinated state CO_2 cap-and-trade programs. All fossil fuel-fired electric power plants 25 megawatts ("MW") or greater and connected to the electricity grid must obtain allowances based on their CO_2 emissions.

The RGGI Memorandum of Understanding ("RGGI MOU") apportions CO_2 allowances among signatory states through a process that was based on historical emissions and negotiation among the participating signatory states. Together, the emissions budgets of each signatory state comprise the regional emissions budget, or RGGI "cap."

Following a 2012 RGGI Program Review (as called for in the RGGI MOU), on February 7, 2013, the RGGI participating states announced an aggregate 45% reduction in the existing cap.[10] Effective January 2014, the regional budget was revised to 91 million short tons – consistent with current regional emissions levels. To lock in the emission reduction progress to date, and to further build upon this progress, the regional emissions cap and each participating state's individual emissions budget will decline 2.5% each year 2015 through 2020.

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[8] Nine of the original 10 member states have continued their participation in the RGGI program for the third compliance period of January 1, 2015 – December 31, 2017; New Jersey formally withdrew from the RGGI program, effective January 1, 2012.

[9] An allowance is a limited permission to emit one short ton of CO_2.

[10] In addition to announcing a revised regional cap, other programmatic changes included: interim adjustments to the regional cap to account for privately banked allowances; the establishment of a cost containment reserve to serve as a flexibility mechanism in the unanticipated event of short-term price spikes; the addition of a U.S. Forests Offset Protocol; simplification of the minimum reserve price to increase it by 2.5% each year; and the creation of interim control periods for compliance entities.

Table II.C.1: 2015 Regional Emissions Budget[11]

State	CO2 Allowances (short tons)
Connecticut	5,744,598
Delaware	3,963,069
Maine	3,195319
Maryland	19,851,920
Massachusetts	14,124,929
New Hampshire	4,630286
New York	34,348,101
Rhode Island	2,227,851
Vermont	638,927
Total	**88,725,000**

In 2015, RGGI held four auctions of CO_2 allowances. These auctions raised approximately $88.3 million[12] for the State's Strategic Energy Investment Fund ("Fund"). Pursuant to § 9-20B-05(g-1) of the State Government Article, *Annotated Code of Maryland*, as modified by Chapter 464 (Budget Reconciliation and Financing Act of 2014), Laws of Maryland 2014, the proceeds received from January 1, 2015 through December 31, 2015 by the Fund, were allocated as follows:

> (1) at least 50% shall be credited to an energy assistance account to be used for the Electric Universal Service Program and other electric assistance programs in the Department of Human Resources;
>
> (2) at least 20% shall be credited to a low and moderate income efficiency and conservation programs account and to a general efficiency and conservation programs account for energy efficiency and conservation programs, of which at least one-half shall be targeted to a low and moderate income efficiency and conservation programs account for (i) the low-income residential sector at no cost to the participants of the programs,

[11] *Source: The Regional Greenhouse Gas Initiative*, http://www.rggi.org/design/overview/allowance-allocation

[12] The calendar year 2015 auction proceeds represent a 17% increase compared to Maryland's 2014 auction proceeds of $75.7 million.

projects, or activities; and (ii) the moderate-income residential sector;

(3) at least 20% shall be credited to a renewable and clean energy programs account for (i) renewable and clean energy programs and initiatives; (ii) energy-related public education and outreach; and (iii) climate change and resiliency programs; and

(4) up to 10%, but not more than $5,000,000, shall be credited to an administrative expense account for costs related to the administration of the Fund, including the review of electric company plans for achieving electricity savings and demand reductions that the electric companies are required under law to submit to the [Maryland Energy] Administration.

During 2015, in addition to the auctions and routine administration of the RGGI program, Maryland collaborated with the other RGGI states to begin reviewing EPA's finalized Clean Power Plan: Carbon Pollution Standards for Existing Power Plants, which was announced by President Obama and EPA on August 3, 2015.[13] The RGGI states continue to analyze all options for a compliance pathway that will leverage the market-based regional cooperation already established through the RGGI region. On a parallel pathway, the RGGI states began preparations for the planned comprehensive 2016 RGGI Program Review, including hosting on November 17, 2015 in New York City the first of many opportunities for stakeholders to provide feedback on program design elements.

7. Eastern Interconnection States' Planning Council

The Eastern Interconnection States' Planning Council ("EISPC") represents 39 states, the District of Columbia, the City of New Orleans and eight Canadian provinces located within the Eastern Interconnection electric transmission grid, of which

[13] Using a 2012 baseline, the EPA proposal seeks to cut carbon dioxide emissions nationwide 32% from 2005 levels by 2030.

Maryland is a part. Initially funded by an award from the DOE pursuant to a provision of the American Recovery and Reinvestment Act, the goal of EISPC is to create a collaborative among the states in the Eastern Interconnection. It is comprised of public utility commissions, Governors' offices, energy offices, and other key government representatives. The collaboration is intended to foster and produce consistent and coordinated direction to the regional and interconnection-level analyses and planning. Significant state input and direction increases the probability that the outputs will be useful to the state-level officials whose decisions may determine whether proposals that arise from such analyses become actual investments.

III. SUPPLIER DIVERSITY ACTIVITIES

A. Public Conference: Supplier Diversity Memoranda of Understanding – PC16

As reported in prior Annual Reports, 19 regulated entities[14] have entered into a Memoranda of Understanding ("PC16 MOU") with the Commission in which each organization agreed voluntarily to develop, implement and consistently report on its activities and accomplishments in promoting a strategy to support viable and prosperous women, minority, and service-disabled-veteran-owned business enterprises ("Diverse Supplier"). The PC16 MOU expressed each entity's commitment to use its best efforts to

[14] AT&T Corporation ("AT&T"); Association of Maryland Pilots ("Assoc. of MD Pilots"); Baltimore Gas and Electric Company ("BGE"); CenturyLink Communications, LLC ("CenturyLink"); Comcast Phone of Northern Maryland Inc. and Comcast Business Communications, LLC (collectively, "Comcast"); Delmarva Power & Light Company ("DPL" or "Delmarva"); First Transit's Baltimore Washington International Thurgood Marshall Airport Shuttle Bus Contract; Potomac Electric Power Company ("Pepco"); The Potomac Edison Company ("Potomac Edison" or "PE"); Veolia Transportation Services, Inc.; Verizon Maryland LLC ("Verizon"); Washington Gas Light Company ("WGL"); XO Communications Services, Inc.; Southern Maryland Electric Cooperative, Inc. ("SMECO"); Choptank Electric Cooperative, Inc. ("Choptank"); Chesapeake Utilities Corporation ("Chesapeake Utilities"); Columbia Gas of Maryland, Inc. ("Columbia Gas"); Easton Utilities ("Easton"); and Pivotal Utilities Holdings, Inc. d/b/a Elkton Gas ("Elkton").

achieve a goal of 25% Diverse Supplier contracting; standardize the reporting methodology; and institute uniform annual plans and annual reports, in order to track the entity's compliance with the PC16 MOU goals. On July 7, 2015, a hearing was held to consider the results of the 2014 Annual Reports submitted by 16 of the applicable companies.

The results of the Reports, summarized below, were tabulated by the Commission's Technical Staff ("Staff") and presented to the Commission at the July 2015 hearing.

Table 1 - Achieved - 2014

This table shows the program expenditures as reported by the companies and the percentage of spend as compared to each utility's total spend.[15] Certain types of expenses are excluded from the tabulation, being either single-sourced or are inapplicable to the diversity program.[16]

[15] AT&T's data in its first annual report filed in 2014 was analyzed separately because its data is not Maryland specific. For the reporting year 2014, AT&T spent $16.3 billion on Diverse Supplier procurement, with 94.75% of the amount going to Minority-Owned Enterprises followed by Women-Owned Enterprises with 22.87%.

[16] Sources of exempted spend are agreed to in advance and can be found in the respective entity's PC16 MOU.

Utility	Total Diverse Supplier Procurement ($) (Approximate)	Percentage of Diverse Supplier $ to Utility Procurement $
Assoc. of MD Pilots	$310,000	+25%
BGE	$151,160,369	17.22%
CenturyLink	$10,288	2.2%
Chesapeake Utilities	$100,000	3.32%
Choptank	$1,900,000	9.61%
Columbia Gas	$400,000	2.81%
Comcast	$34,000,000	17.57%
DPL	$56,600,000	14.90%
Easton	$270,000	8.66%
Elkton	$41,000	4.42%
Potomac Edison	$25,800,000	27.77%
Pepco	$83,500,000	13.2%
SMECO	$8,300,000	7.33%
Verizon	$58,500,000	16.87%
WGL	$88,100,000	22.66%

Table 2 - Procurement by Diversity Group

In Table 2, the amounts and percentages from Table 1 are further broken down into percentage of the expenditures by diversity classification.

Table 2 - 2014 Procurement by Diverse Group

(Percentage)

UTILITY	MINORITY BUSINESS ENTERPRISE	WOMEN BUSINESS ENTERPRISE	SERVICE DISABLED VETERAN BUSINESS ENTERPRISE or NOT-FOR-PROFIT WORKSHOP
Assoc. of MD Pilots	100%	0%	0%
BGE	45.72%	43.98%	11.3%
CenturyLink	52.5%	47.5%	0%
Chesapeake	49.11%	50.89%	0%
Choptank	0.91%	98.93%	0.16%
Columbia	3.49%	96.51%	0%
Comcast	47.08%	50.03%	0%
DPL	18.32%	81.01%	0.67%
Easton	46.72%	53.28%	0%
Elkton	40.67%	58.30%	1.03%
Potomac Edison	15.51%	79.83%	4.66%
Pepco	72.69%	27.31%	0%
SMECO	Not provided	Not provided	Not provided
Verizon	49.18%	49.96%	0.86%
WGL	66.32%	24.97%	8.71%

B. Rulemaking: RM50 -- Revisions to COMAR 20.08 – Supplier Diversity Program

As reported in the 2014 Annual Report, on September 17, 2014, Staff submitted revised proposed regulations on behalf of the work group of stakeholders as had been directed by the Commission in its December 6, 2013 rulemaking session. A rulemaking session to consider the revised proposed regulations was held on March 25, 2015, at which time the Commission moved to have the revised proposed regulations published in the *Maryland Register* for notice and comment. On September 9, 2015, the Commission considered the proposed regulations as published in the *Maryland Register* on May 29, 2015. During this rulemaking session, the Commission proposed substantive changes to the published proposed regulations, and therefore moved to re-publish the revised proposed regulations. On October 30, 2015, the revised proposed regulations were published in the *Maryland Register*, with comments on the regulations due by November 30, 2015. On January 13, 2016, the Commission held a rulemaking session and finally adopted the regulations published in the *Maryland Register* on October 30, 2015.

IV. COMMISSION ENERGY-RELATED CASES AND ACTIVITIES

A. Energy Efficiency- and Demand Response-Related Cases

1. EmPower Maryland -- Case Nos. 9153, 9154, 9155, 9156, 9157 and 9362

As mandated by the EmPOWER Maryland Act of 2008, the five largest electric utilities in the State[17] (hereinafter "EmPOWER MD Utilities" or "Utilities") are responsible for achieving a 10% reduction in the State's energy consumption[18] and a 15% reduction of peak demand by 2015. The EmPOWER Maryland Act also requires the five EmPOWER MD Utilities to implement cost-effective demand response programs designed to achieve a reduction in their peak energy demand (measured in MW) of 5% by 2011, 10% by 2013, and 15% by 2015. To generate their portion of the savings, the EmPOWER MD Utilities are required to file three-year plans, for the periods of 2009 through 2011, 2012 through 2014, and so on.

[17] The utilities are: The Potomac Edison Company; Baltimore Gas and Electric Company; Delmarva Power & Light Company; Potomac Electric Power Company; and Southern Maryland Electric Cooperative, Inc.

[18] The overall reduction in the State's energy consumption under the EmPOWER Maryland Act is 15%. The Maryland Energy Administration ("MEA") is responsible for achieving 5% of this 15% reduction in the State's energy consumption.

On December 23, 2014, the Commission issued Order No. 86785, authorizing BGE, PE, Pepco, DPL, and SMECO to begin transitioning into the 2015-2017 program cycle. The Commission also authorized the Maryland Department of Housing and Community Development ("DHCD") to continue its implementation of the EmPOWER Maryland limited-income programs in calendar year 2015; this authorization was extended through the remainder of the program cycle by Order No. 86995, issued on May 21, 2015. Furthermore, the Commission granted the application of WGL for approval of its natural gas energy efficiency and conservation program, subject to some modifications, as well as the accompanying cost recovery mechanism.

The Commission held hearings on February 12 and 13, 2015 to consider the topics of post-2015 energy efficiency goals and future cost-effectiveness screening methodologies. As a result of the hearings, the Commission issued Order No. 87082 on July 16, 2015. The Order provided guidance regarding various cost-effectiveness assumptions, including a revision to the calculation for demand-reduction induced price effect ("DRIPE"); the inclusion of non-energy benefits in the approved cost-effectiveness tests; and the appropriate discount rate to be used in each cost-effectiveness test. Further, the Order established the Societal Cost Test and the Total Resources Cost Test as the assessment tools for cost-effectiveness screening on a prospective basis. Order No. 87082 also established post-2015 electric energy efficiency goals designed to achieve an annual incremental gross energy savings equivalent to 2.0% of the individual utility's weather-normalized gross retail sales baseline, with a ramp-up rate of 0.20% per year. Lastly, the Order directed Staff, on behalf of the work groups, to file proposals for natural gas efficiency goals as well as energy efficiency goals specific to the limited income section, no later than February 1, 2016.

The following table summarizes the actual electric consumption and coincident peak demand reductions achieved by each EmPOWER MD Utility program-to-date through the end of 2015, and it calculates that reduction as a percentage of the 2015 EmPOWER Maryland goal.

		Coincident Demand Reduction (MW)	Energy Reduction (MWH)
BGE	Goal	1,267.000	3,593,750
	Reported	1,135.974	2,503,838
	Percentage Achieved	90%	70%
DPL	Goal	18.000	143,453
	Reported	87.935	327,730
	Percentage Achieved	489%	229%
PE	Goal	21.000	415,228
	Reported	79.344	512,503
	Percentage Achieved	378%	123%
Pepco	Goal	672.000	1,239,108
	Reported	564.081	1,365,388
	Percentage Achieved	84%	110%
SMECO	Goal	139.000	83,870
	Reported	89.965	231,913
	Percentage Achieved	65%	277%
Total	Goal	2,117.000	5,475,409
	Reported	1,957.299	4,941,372
	Percentage Achieved	92%	90%

As reflected in the above table, the EmPOWER MD Utilities continued progress during 2015, as compared to achievements reported at the end of 2014, with all five EmPOWER MD Utilities approaching or exceeding the 2015 targets in one or both categories. Based solely on current EmPOWER Maryland programs, the Utilities will be close to reaching the 10% per-capita reduction goal in energy usage and the 15% per-capita reduction goal in peak demand by the end of 2015.[19] The EmPOWER Maryland programs achieved, on a program-to-date basis, the following results through the third quarter of 2015:

- The EmPOWER MD Utilities' programs have saved a total of 4,941,372 megawatt hours ("MWh") and 1,957 MW, and either encouraged the purchase of or installed approximately 60.2 million energy-efficient measures.

- 19,220 low-income customers participated in the EmPOWER Limited Income Programs.

- The EmPOWER MD Utilities have spent over $1.7 billion on the EmPOWER Maryland programs, including approximately $1.1 billion on EE&C programs and $555 million on DR programs.

- The expected savings associated with EmPOWER Maryland programs is approximately $5.6 billion over the life of the installed measures for the EE&C programs.

- The average monthly residential bill impact of EmPOWER Maryland surcharges[20] for 2015 were as follows:

	EE&C	DR	Dynamic Pricing[21]	Total
BGE	$3.06	$1.95	$0.08	$5.08
Pepco	$4.17	$1.36	$0.00	$5.53
DPL	$4.00	$1.10	$0.87	$5.97
PE	$5.64	N/A	N/A	$5.64
SMECO	$4.39	$2.34	N/A	$6.73

[19] These estimations only include energy and demand savings from energy efficiency and conservation ("EE&C") and demand response ("DR") programs. The Commission will allow additional verified savings resulting from the Consumer Investment Fund programs to be counted towards the goals, which will bring the combined Utilities closer to the 2015 EmPOWER Maryland goals.

[20] Assumes an average monthly usage of 1,000 kilowatt hours ("kWh"), and the figures do not include customer savings.

[21] BGE and Pepco offered a Peak Time Rebate program in the summer of 2014 for residential customers with activated smart meters. The difference between rebates paid to participants and revenues received from PJM markets are trued-up in the EmPOWER Maryland surcharge.

2. Merger of Exelon Corporation and Constellation Energy Group, Inc. – Customer Investment Fund – Case No. 9271

As reported in the 2012 Annual Report, the Commission approved 16 programs that will utilize $112 million of the $113.5 million Customer Investment Fund ("CIF"), for the purposes of providing energy efficiency and low income energy assistance to BGE customers. On June 10, 2015, the Commission issued Order No. 87015, which approved a disbursement schedule for the semi-annual distribution of the CIF funds for FY2016. In the Order, the Commission noted that it had previously directed CIF recipients to file an annual report no later than 90 days after close of FY2015, documenting how the recipients spent their CIF funds for the fiscal year as well as reporting program benefits, costs, and other applicable metrics. The Commission stated that Staff will review these annual reports and report the results to the Commission. The Commission therefore reserved the right to modify disbursements for FY2016 after receipt of Staff's report.

On November 18, 2015, Staff provided its report to the Commission on the status of the CIF programs during FY2015. The majority of the programs used funding towards the areas under which they were approved to operate, resulting in 70%, or nearly $25 million, of the FY2015 budget being spent as of June 30, 2015. A legislative-style hearing was held on December 3, 2015 to consider Staff's report, as well as the programs' FY2015 annual reports. As a result of the hearing, the Commission ordered the second, revised FY2016 disbursement to begin at the beginning of the third quarter of FY2016.

B. Deployment of Advanced Meter Infrastructure/Smart Grid - Case Nos. 9207, 9208 and 9294

The Commission approved Smart Grid Initiatives for BGE (Case No. 9208) in 2010, Pepco (Case No. 9207) in 2010, DPL (Case No. 9207) in 2012, and SMECO (Case No. 9294) in 2013. As of September 30, 2015, approximately 2.7 million electric and gas meters (so-called "smart meters") have been installed across the State. BGE has installed over 1.9 million electric meters and gas modules, or approximately 92% of the total planned installations. Pepco and DPL have finished deploying smart meters with the final totals for each company being 560,851 and 211,115 smart meters, respectively. SMECO is continuing to work on starting the deployment of smart meters in its territory.

Opt Out

As reported in the 2013 Annual Report, in Order No. 85294, the Commission concluded that the public interest required that customers be allowed to decline the installation of a smart meter. A subsequent order issued January 13, 2013, required the four utilities to submit to the Commission proposals regarding the overall additional costs associated with allowing customers to retain their current meter, how to recover the additional costs, and proposals for recovery of costs related to offering customers different Radio Frequency (RF)-free or RF-minimizing options. In 2013, the four utilities submitted the information as directed, and the Commission held a hearing to consider this information. As a result of the hearing, the Commission requested Staff to provide additional cost details from the companies' proposals and additional information about other states' decisions regarding Advanced Meter Infrastructure ("AMI") opt out and associated fees, if any. Staff provided this information in a supplemental filing on September 10, 2013.

On February 26, 2014, the Commission issued Order No. 86200 ("February 2014 Order"),[22] in which it determined the up-front fees and ongoing, monthly charges that BGE, Pepco, DPL and SMECO may charge each of its customers who decline to allow installation of a smart meter. The effective date for including the opt-out fees on a customer's bill was set at the first full billing cycle following July 1, 2014. The Commission also directed the utilities to track separately the additional infrastructure costs that each utility incurs based on the number and geographic distribution of those customers who decide to opt out of installation of a smart meter. The adopted opt-out fee structure deferred inclusion of the cost of additional mesh relays, until such time as the additional infrastructure costs are determined and reviewed.

In the February 2014 Order, the Commission directed the utilities to delineate the opt-out charges as a separate line item on customers' bills. The Commission also adopted, in part, the recommendations of the Maryland Office of People's Counsel ("OPC") regarding the manner of communication with the customer who elects to opt out, and directed standardized communications to be conducted across each utility with the materials to be developed and submitted by the AMI work group. For those customers who elected to opt out on an interim basis, the utilities were directed to notify each of these customers within 60 days of the February 2014 Order of the Commission's decision on the opt-out fees associated with declining the installation of a smart meter. For those customers who did not opt out initially, the Commission determined that these customers must take affirmative action to notify their utility of their desire to opt out. The utilities also were directed to report to the Commission by July 1, 2014 on the efforts

[22] Commissioner Williams dissented from the Order, and Commissioner Hoskins did not participate in the decision as she was not appointed at the time of the hearing in the proceeding.

to contact customers who have inaccessible meters and have been non-responsive to the utilities' request to exchange their meter. Consistent with this directive, Pepco, DPL and BGE filed reports to the Commission detailing their increased efforts to non-responsive customers contact to obtain access to these meters.

In its July 1, 2014 report, BGE renewed its earlier request to default into the opt-out program each customer who does not give BGE access to its meter within a specified time frame. BGE offered to expand its engagement strategy for non-responsive customers to a 15-step communication protocol. Pepco and DPL also requested the Commission approve defaulting eligible customers into the opt-out program if the customer remains non-responsive through its 12-step communication process.

On November 25, 2014, the Commission issued Order No. 86727, which directed BGE to complete the 15-step communication protocol for all non-responsive customers prior to imposing on non-responsive customers the opt-out fees approved in Order No. 86200. Similarly, Pepco and DPL were directed to complete the 12-step communication protocol for all non-responsive customers prior to imposing opt-out fees on non-responsive customers. The Commission approved, on February 4, 2015, tariff revisions for BGE, Pepco and DPL to charge approved opt-out fees to non-responsive customers at the conclusion of the 15-step communication process (BGE) or 12-step communication process (Pepco and DPL) beginning with the March 2015 billing cycle. Non-responsive customers may avoid paying opt-out fees by contacting their respective utilities and scheduling a smart meter installation.

On November 5, 2015, the Commission heard the issue of whether an interim adjustment to the $11.00 recurring monthly fee for opt-out customers of BGE was appropriate. In Order No. 87264, the Commission ordered the monthly opt-out fee be reduced to $5.50. The Commission further mandated, in Order No. 87301, that BGE waive and remove all opt-out fees imposed following the transition of a customer into the opt-out program should that customer schedule an installation of a smart meter with BGE within 90 days from the date on which the customer's bill is issued where the third installment of the one-time, initial opt-out charge is requested.

C. Electric Reliability-Related Cases

1. Review of Annual Performance Reports on Electric Service Reliability Filed Pursuant to COMAR 20.50.12.11 – Case No. 9353

As noted in the 2014 Annual Report, on May 9, 2014, the Commission initiated a new administrative docket, Case No. 9353, to conduct its annual review of the service quality and reliability performance reports which are required to be filed by the applicable electric companies by April 1 of each year. Comments on the reports filed by each of the applicable electric companies on April 1, 2015 were due by August 17, 2015.

On August 24, 2015, the Commission held a legislative-style hearing for the purpose of reviewing the April 1, 2015 reports and to determine whether the electric companies each met the applicable COMAR service quality and reliability standards. On November 20, 2015, the Commission issued Order No. 87257, in which it accepted the service quality and reliability annual reports filed by BGE, Pepco, Delmarva, Potomac Edison, Choptank and SMECO. Additionally, the Commission noted the Corrective Action Plans filed by BGE, Delmarva, PE and Pepco. It directed each of these utilities to file an assessment of the effectiveness of its Corrective Action Plan in its next reliability performance report.

D. Rate-Related Cases

1. Application of Washington Gas Light Company for Authority to Amend its Strategic Infrastructure Development and Enhancement Plan and Associated Cost Recovery Mechanism – Case No. 9335 (2015 Amendment to the STRIDE Plan)

On March 10, 2015, WGL filed an application to amend its approved Strategic Infrastructure Development and Enhancement ("STRIDE") Plan and associated cost recovery mechanism. On March 16, 2015, the Commission delegated the matter to the Public Utility Law Judge Division, and directed the assigned Law Judge to determine as a preliminary matter whether the Commission retained jurisdiction to consider this application in light of the appeal pending in the Circuit Court for Baltimore City of the Commission's Order No. 86321, which approved WGL's STRIDE Plan. On April 8, 2015, the Chief Law Judge issued a ruling determining that the Commission had jurisdiction to consider the application. On April 29, 2015, an evidentiary hearing was held in the matter.

On May 27, 2015, a Proposed Order was issued, which conditionally approved the additional distribution plant replacement sub-programs proposed in the application and a portion of the Transmission Programs proposed in the application. The Proposed Order rejected Transmission Program 1 because none of the plant to be replaced was located in Maryland. The Proposed Order also rejected portions of Transmission Programs 2 and 4 as the plant proposed to be replaced was not located within the State.

On June 4, 2015, WGL filed an appeal of the Proposed Order and took issue with the basis for the rejection of Transmission Program 1 and certain projects in Transmission Programs 2 and 4, and requested clarification pertaining to the project lists that the Company was directed to submit as part of its STRIDE Plan. By Order No.

87064 issued on July 2, 2015, the Commission denied WGL's request for approval of its proposed Transmission Programs 1 and portions of its Transmission Programs 2 and 4 under its STRIDE Law authority; provided clarification on the timing for WGL's submission of project lists; and provided clarification on the frequency with which WGL may file its Meter Set project lists.

2. Application of Choptank Electric Cooperative, Inc. for Authority to Revise its Rates and Charges for Electric Services – Case No. 9368

On October 28, 2014, Choptank filed an application seeking authority to increase its revenues by approximately $9,184,341, or 7.01%. A Proposed Order was issued on March 31, 2015, granting an overall revenue increase of $7,806,993 to Choptank. Following an appeal of the Proposed Order by the OPC and Staff, on May 21, 2015, by Order No. 86994, the Commission limited the increase of Choptank's revenue requirement to $7,806,993 and ordered changes to Choptank's rate design and level of customer charges. Choptank's revised tariffs were accepted by the Commission on July 1, 2015.

3. Application of Potomac Electric Power Company for Approval of Changes in its Depreciation Rates – Case No. 9385

On June 29, 2015, Pepco filed an application for approval to change its depreciation rates. On July 2, 2015, the Commission initiated a new docket, Case No. 9385, and delegated the matter to the Public Utility Law Judge Division. On October 28, 2015, an evidentiary hearing was held in the matter. The parties (Pepco, OPC, and Staff) had entered into a partial settlement agreement prior to the hearing. The only dispute among the parties at the hearing was the proper treatment of the legacy meters that had been removed when Pepco installed its smart meters.

On January 13, 2016, a Proposed Order was issued in which the Public Utility Law Judge found the partial settlement agreement to result in just and reasonable depreciation rates for Pepco's distribution plant (except the legacy meters), subtransmission plant, general depreciable plant, and general amortizable plant. He also determined the parties' agreement that the smart meters would be depreciated over a period of 10 years was also reasonable. He therefore approved the partial settlement agreement. He concluded that the legacy meters were no longer used and useful plant, and therefore are not entitled to earn a return; thus, he rejected Pepco's request to recover the cost of the legacy meters with a return. He found that Pepco may recover the actual unrecovered cost of the legacy meters as a regulatory asset amortized over 15 years. On February 12, 2016, Pepco noted an appeal of the Proposed Order.

4. Application of Columbia Gas of Maryland, Inc. for Authority to Increase Rates and Charges, Pursuant to Public Utilities Article Sections 4-203 and 4-207 – Case No. 9386.

On July 1, 2015, Columbia Gas filed an *Application for Authority to Increase Rates and Charges pursuant to Public Utilities Article § 4-203 and the "Make Whole" provision of Public Utilities Article § 4-207*, which sought an annual revenue increase of \$2,352,225. On July 8, 2015, pursuant to Public Utilities Article § 4-204, the Commission suspended the proposed rates for 150 days, rather than the 90 days permitted by Public Utilities Article § 4-207. On July 22, 2015, Columbia Gas filed a *Petition for Procedural Ruling* that asserted the Commission misapplied statutes that govern the procedural time frames and sought to have its application treated as a "Make Whole" proceeding pursuant to Public Utilities Article § 4-207. On July 28, 2015, Columbia Gas' Petition was considered during a pre-hearing conference. The Law Judge found that the Commission correctly suspended the proposed rates for 150 days and that the application, as filed, did not qualify as a "Make Whole" case pursuant to Public Utilities Article § 4-207. On July 31, 2015, Columbia Gas filed a request to withdraw its Application and, on August 11, 2015, its request was granted.

5. Application of Columbia Gas of Maryland, Inc. for Authority to Increase Rates and Charges, Pursuant to the "Make Whole" Provisions of Section 4-207, Public Utilities Article – Case No. 9390

On August 7, 2015, Columbia Gas filed an *Application for Authority to Increase Rates and Charges pursuant to the "Make Whole" provision of Public Utilities Article § 4-207*. Columbia Gas sought to increase its annual revenues by $749,942. The Commission did not suspend the proposed rates since the tariffs were filed with an effective date of November 5, 2015.

On September 21, 2015 an evidentiary hearing was held. The parties' final positions on the amount Columbia Gas should be permitted to recover were as follows: Columbia Gas- $730,829; Staff - $691,787; and OPC - $157,103. On October 16, 2015, a Proposed Order was issued which authorized Columbia to increase its rates to recover an additional $542,314.

On October 20, 2015, OPC appealed the decision to permit Columbia Gas to recover one-half of the requested stock compensation and argued that the company should not have been permitted to recover any of the stock compensation expenses.

On November 4, 2015, in Order No. 87226, the Commission affirmed the Proposed Order.

6. Application of Southern Maryland Electric Cooperative, Inc. for Authority to Revise its Rates and Charges for Electric Service and Certain Rate Design Changes – Case No. [9396]

On September 18, 2015, SMECO filed an application for an increase to its retail rates for electric service and certain rate design changes. SMECO specifically requested a $19,171,530 increase in revenues, a Debt Service Coverage ("DSC") of 1.85, an Equity to Capitalization Ratio of 35%, and a two-step increase in its facilities charge from $8.60 to $10.75 in 2015 and to $13.44 in 2016. SMECO subsequently increased its requested revenue requirement to $21.2 million based on actual test year data.

After reviewing the SMECO's case and conducting discovery, OPC recommended increasing revenues by $16,180,541, a 1.75 DSC ratio, and opposed the embedded Cost of Service Study ("COSS") and the proposed facility charge for residential customers. Staff recommended increasing revenues by $13,221,725, a 1.67 DSC, determined that the proposed COSS was not sufficient as a ratemaking guide, and opposed SMECO's facility charge. MEA did not file testimony, and the MD DC VA Solar Energy Industries Association ("MDV-SEIA") opposed SMECO embedded COSS and the proposed facility charge increases.

On December 31, 2015, the procedural schedule was suspended because SMECO, OPC and Staff had reached a settlement agreement on the major issues of the case; MEA took no position on the proposed settlement and MDV-SEIA was still evaluating the terms of the settlement agreement. A public comment hearing was held on January 26, 2016 in Hughesville, Maryland. An evidentiary hearing on the settlement agreement was held on January 27, 2016. A Proposed Order was issued on February 11, 2016. No appeal of the Proposed Order was taken and it became Commission Order No. 87417.

7. **Application of Baltimore Gas and Electric Company for Adjustments to its Electric and Gas Base Rates – Case No. 9406**

On November 6, 2015, BGE filed an application for approval by the Commission to adjust BGE's electric and gas base rates and establish other charges. BGE requested authority to increase its Maryland electric distribution rates by approximately $135.2 million and its Maryland gas distribution rates by approximately $77.8 million. The Commission initiated a new docket, Case No. 9406, to consider the application and suspended the effective date of the proposed rates for a period of 180 days. An evidentiary hearing in the matter will begin on March 29, 2016, with an Order expected to be issued by June 4, 2016.

8. **Application of Sandpiper Energy, Inc. for a General Increase in its Natural Gas and Propane Rates and for Approval of Certain Other Changes to its Tariff – Case No. 9410**

On December 2, 2015, Sandpiper Energy, Inc. filed an application for authority to increase its natural gas and propane rates and for approval of certain other changes in its tariff. On December 3, 2015, the Commission initiated a new docket, Case No. 9410, and delegated the matter to the Public Utility Law Judge Division. A prehearing conference was held on January 8, 2016 at which a procedural schedule was adopted. Evidentiary hearings will be held April 18-20, 2016, and a evening hearing for public comment is scheduled for March 18, 2016 in Berlin, Maryland. A Proposed Order is expected to be issued by June 20, 2016, and a final order must be issued by July 29, 2016.

E. Certificates of Public Convenience and Necessity Cases—Applications, Modifications, and Waivers

1. **Application of Mattawoman Energy, LLC for a Certificate of Public Convenience and Necessity to Construct a Nominally**

Rated 859 MW Generating Facility in Prince George's County, Maryland – Case No. 9330

As reported in prior Annual Reports, Case No. 9330 was docketed in 2014 and delegated to the Public Utility Law Judge Division. An evidentiary hearing was held on July 21, 2015, at which time the pre-filed testimony of the parties was stipulated into the record as well as the settlement agreement between Mattawoman Energy, LLC ("Mattawoman") and the U.S. Air Force – Joint Base Andrews ("USAF-JBA"). Three evening hearings for public comment were held on July 21, 2015 (in Brandywine, Maryland), August 17, 2015 (in Brandywine, Maryland), and August 20, 2015 (in Waldorf, Maryland). Extensive public comments were received in this matter. On October 13, 2015, a Proposed Order was issued that granted a CPCN subject to licensing conditions recommended by the USAF-JBA, the State's Power Plant Research Program (PPRP), and Staff (all of which had been accepted by Mattawoman). No appeal of the Proposed Order was taken, and it became Commission Order No. 87243.

On December 11, 2015, Mattawoman filed a motion seeking an amendment to the groundwater appropriations granted in the CPCN. Comments on the requested amendment are due by February 8, 2016. The Commission considered the matter at its February 18, 2016 Administrative Meeting. On February 25, 2016, the Commission issued a letter order in which it approved the amendment to its CPCN of the first mile groundwater reclamation water pipeline, subject to the conditions recommended by PPRP and the Maryland Department of the Environment, except the Commission modified the renewal and expiration period of Condition 04 to a one-year period from the date of the letter order.

2. Application of Constellation Solar MC, LLC for a Certificate of Public Convenience and Necessity to Construct a 20 MW Solar Photovoltaic Generating Facility in Harford County, Maryland – Case No. 9365

On October 17, 2014, Constellation Solar Maryland MC, LLC ("Constellation") filed a request for a CPCN to construct a 20 MW solar photovoltaic generating station in Harford County, Maryland, and the matter was delegated to the Public Utility Law Judge Division. Prior to the evidentiary hearing, the parties engaged in settlement discussions which resulted in Constellation accepting PPRP's and Staff's recommended licensing conditions.

Evidentiary and public hearings were held on March 19, 2015 in Aberdeen, Maryland. A Proposed Order granting the CPCN, subject to the licensing conditions recommended by PPRP and Staff was issued on April 1, 2015. No appeal was taken of the Proposed Order, and it became Commission Order No. 86949.

3. Application of LS-Egret, LLC for a Certificate of Public Convenience and Necessity to Construct a 15.0 MW Solar Polycrystalline Photovoltaic Generating Facility in Wicomico County, Maryland – Case No. 9366

On October 20, 2014, LS-Egret, LLC filed an application for a CPCN for authority to construct a 15.0 MW solar polycrystalline photovoltaic generating facility in Wicomico County, Maryland. Also on October 20, 2014, the Commission initiated a new docket, Case No. 9366, to consider the application and delegated the matter to the Public Utility Law Judge. On March 30, 2015, an evidentiary hearing and a hearing for public comment was held on the matter in Salisbury, Maryland. On April 27, 2015, a Proposed Order was issued granting the company the requested CPCN, subject to the licensing conditions recommended by PPRP and Staff. No appeal was taken of the Proposed Order, and it became Commission Order No. 87004.

4. Application of Delmarva Power & Light Company for a Certificate of Public Convenience and Necessity to Rebuild an Existing 138 kV Overhead Transmission Line on Existing Right-of-Way from the Church Substation in Queen Anne's County to Steele Substation in Caroline County – Case No. 9367

As reported in the 2014 Annual Report, DPL filed an application for a CPCN to rebuild an existing 25.5 mile 138 kilovolt ("kV") overhead transmission line on existing right-of-way from its Church substation in Queen Anne's County, Maryland to its Steele Substation in Caroline County, Maryland. An evidentiary hearing was held on July 20, 2015, in which the stipulated pre-filed testimony and associated exhibits of DPL's witnesses, PPRP's witness, and Staff's witness were entered into the record. Evening hearings for public comments were held on July 22 and July 23, 2015, in Greensboro, Maryland, and Sudlersville, Maryland, respectively. On August 10, 2015, a Proposed Order was issued granting the requested CPCN, subject to the licensing conditions recommended by PPRP and Staff. No appeal of the Proposed Order was taken, and it became Commission Order No. 87156.

5. Application of OneEnergy Dorchester, LLC for a Certificate of Public Convenience and Necessity to Construct a 15.5 MW Solar Photovoltaic Generating Facility in Dorchester County, Maryland – Case No. 9370

On November 13, 2014, OneEnergy Dorchester, LLC filed an application for a CPCN to construct a 15.5 MW solar photovoltaic generating facility in Dorchester County, Maryland. On November 6, 2015, the Commission initiated a new docket, Case No. 9370, to consider the application and delegated the proceedings to the Public Utility

Law Judge Division. An evidentiary hearing and a hearing for public comment was held on April 13, 2015 in Cambridge, Maryland. On May 8, 2015, a Proposed Order was issued granting the requested CPCN, subject to the licensing conditions recommended by PPRP and Staff. No appeal of the Proposed Order was taken, and it became Commission Order No. 87012.

On December 17, 2015, OneEnergy Dorchester filed an application to modify its CPCN to increase the facility from 15.5 MW to 19.5 MW. The Commission considered the modification application at its Administrative Hearing on January 20, 2016, and, subject to the modified licensing conditions recommended by PPRP and Staff, granted the modification to the CPCN.

6. Application of OneEnergy Wye Mills Solar, LLC for a Certificate of Public Convenience and Necessity to Construct a 10.0 MW Solar Photovoltaic Generating Facility in Queen Anne's County, Maryland – Case No. 9375

On February 2, 2015, OneEnergy Wye Mills Solar, LLC filed an application requesting a CPCN to construct a 10.0 MW solar photovoltaic generating facility in Queen Anne's County, Maryland. By letter order dated February 3, 2015, the Commission initiated a new docket, Case No. 9375, to consider the application and delegated the matter to the Public Utility Law Judge Division. On May 6, 2015, OneEnergy Wye Mills Solar, LLC filed a letter notifying the Commission that the Company had assigned the application to Solar City Corporation. On June 4, 2015, an evidentiary hearing and an evening hearing for public comments were held in Grasonville, Maryland. On June 15, 2015, a Proposed Order was issued, which granted the CPCN to Solar City Corporation, as requested, subject to the licensing conditions recommended by PPRP and Staff. No appeal was taken of the Proposed Order, and it became Commission Order No. 87061.

7. Application of Great Bay Solar I, LLC for a Certificate of Public Convenience and Necessity to Construct a 150.0 MW Solar Photovoltaic Generating Facility in Somerset County, Maryland – Case No. 9380

On May 11, 2015, Great Bay Solar I, LLC filed an application for a CPCN to construct a 150.0 MW solar photovoltaic generating facility in Somerset County. In addition, DPL and Great Bay Solar requested the inclusion of a 500-foot long, 138 kV transmission line to be constructed by DPL to interconnect the facility to the transmission grid. On May 13, 2015, the Commission initiated a new docket, Case No. 9380, to consider the application and delegated the proceedings to the Public Utility Law Judge Division.

On October 27, 2015, an evidentiary hearing was held at which time the pre-filed testimony of the parties was admitted into the administrative record. On November 15, 2015, an evening hearing for public comment was held in Princess Anne, Maryland. Approximately 60 members of the public attended, and 16 either made comments or asked questions about the project: primarily focused on the buffering of the facility from public view, the environmental effects of the facility, zoning implications, decommissioning of the solar installation, and the number and type of jobs to result from the project.

On December 15, 2015, a Proposed Order was issued granting the requested CPCN, including the 138 kV transmission line, subject to the licensing conditions recommended by PPRP and Staff. No appeal of the Proposed Order was taken, and it became Commission Order No. 87321.

8. Application of OneEnergy Sunfish Solar, LLC for a Certificate of Public Convenience and Necessity to Construct a 10.0 MW Solar Photovoltaic Generating Facility in Queen Anne's County, Maryland – Case No. 9383

An application for a CPCN was filed by Sunfish Solar, LLC on June 16, 2015. On June 17, 2015, the matter was delegated to the Public Utility Law Judge Division to conduct the proceedings. Hearings were held on December 1, 2015, and a Proposed Order granting a CPCN, subject to licensing conditions recommended by PPRP and Staff, was granted on December 22, 2015. No appeal was taken of the Proposed Order, and it became Commission Order No. 87380.

9. Application of OneEnergy Blue Star Solar LLC for a Certificate of Public Convenience and Necessity to Construct a 6.0 MW Solar Photovoltaic Generating Facility in Kent County, Maryland – Case No. 9387

On July 10, 2015, OneEnergy Blue Star Solar, LLC ("OEBSS") filed a request for a CPCN to construct a 6 MW solar photovoltaic generating station in Kent County, Maryland. On July 15, 2015, the Commission initiated a new docket, Case No. 9387, to consider the application and delegated the proceedings to the Public Utility Law Judge Division.

On December 23, 2015, OEBSS filed a motion seeking an expedited ruling regarding whether the project was exempt from the Forest Conservation Act and filed supplemental direct testimony in support of its position. A date was set for all parties to file responses and on December 29, 2015, the PPRP filed a response seeking additional time to file a response and a motion to suspend the procedural schedule. An evening hearing for public comment was held in Kent County on January 19, 2016, and an evidentiary hearing was held on February 5, 2016. The briefing cycle expires on March 7, 2016, and a Proposed Order will be issued thereafter.

10. Application of OneEnergy Ibis Solar, LLC for a Certificate of Public Convenience and Necessity to Construct a 6.0 MW Solar Photovoltaic Generating Facility in Somerset County, Maryland – Case No. 9392

On August 21, 2015, OneEnergy Ibis Solar, LLC ("OEIS") filed a request for a CPCN to construct a 6.0 MW solar photovoltaic generating station in Somerset County, Maryland. On August 24, 2015, the Commission initiated a new docket, Case No. 9392, to consider the application and delegated the proceedings to the Public Utility Law Judge Division.

On December 22, 2015, OEIS filed a motion seeking an expedited ruling regarding whether the project was exempt from the Forest Conservation Act and filed supplemental direct testimony in support of its position. A date was set for all parties to file responses and on December 29, 2015, PPRP filed a response seeking additional time to file a response and a motion to suspend the procedural schedule. An evening hearing for public comment was held in Somerset County on February 3, 2016, and an evidentiary hearing was held on February 5, 2016. The briefing cycle expires on March 7, 2016, and a Proposed Order will be issued thereafter.

11. Application of Delmarva Power & Light Company for a Certificate of Public Convenience and Necessity to Construct a New 138 kV Overhead Transmission Line on Existing Right-of-Way from the Piney Grove Substation in Wicomico County, Maryland to the Maryland/Virginia State Line – Case No. 9393

On August 21, 2015, DPL filed an application for a CPCN for authority to construct a new 138 kV overhead transmission line on existing right-of-way from its

Piney Grove Substation in Wicomico County, Maryland to the Maryland/Virginia state line. By letter order dated August 25, 2015, the Commission initiated a new docket, Case No. 9393, to consider the application and delegated the matter to the Public Utility Law Judge Division. The evidentiary hearing and evening hearings for public comments are tentatively scheduled during the week of May 23, 2016.

12. Application of Pinesburg Solar LLC for a Certificate of Public Convenience and Necessity to Construct an 8.0 MW Solar Photovoltaic Generating Facility in Washington County, Maryland – Case No. 9395

On September 4, 2015, Pinesburg Solar LLC filed an application for a CPCN to construct a 8.0 MW solar photovoltaic generating facility in Washington County, Maryland. On September 9, 2015, the Commission initiated a new docket, Case No. 9395, to consider the application and delegated the proceedings to the Public Utility Law Judge Division. An evidentiary hearing followed by a hearing for public comment was conducted in Washington County on February 17, 2016. A Proposed Order is expected to be issued by March 8, 2016.

13. Application of OneEnergy Baker Point Solar, LLC for a Certificate of Public Convenience and Necessity to Construct a 9.0 MW Solar Photovoltaic Generating Facility in Frederick County, Maryland – Case No. 9399

On November 2, 2015, OneEnergy Baker Point Solar, LLC filed an application for a CPCN for authority to construct a 9.0 MW solar photovoltaic generating facility in Frederick County, Maryland. By letter order dated October 14, 2015, the Commission initiated a new docket, Case No. 9399, to consider the application and delegated the matter to the Public Utility Law Judge Division. A evening hearing for public comments is scheduled for March 10, 2016 in Frederick, Maryland. The remainder of the procedural schedule has been suspended until the Commission has issued a final decision on the issue pending in Case No. 9387 and Case No. 9392 of whether solar facilities are exempt from the Forest Conservation Act.

14. Application of Dan's Mountain Solar, LLC for a Certificate of Public Convenience and Necessity to Construct a 18.36 MW Solar Photovoltaic Generating Facility in Allegany County, Maryland – Case No. 9400

On October 20, 2015, Dan's Mountain Solar, LLC filed an application for a CPCN to construct a 18.36 MW solar photovoltaic generating facility in Allegany County, Maryland. On October 21, 2015, the Commission initiated a new docket, Case No. 9400, to consider the application and delegated the proceedings to the Public Utility Law Judge Division. An evidentiary hearing followed by the hearing for public comment is scheduled on March 22, 2016 in Allegany County. The target date for issuance of the Proposed Order is April 11, 2016.

15. Application of Big Spring Solar, LLC for a Certificate of Public Convenience and Necessity to Construct a 3.5 MW Solar Photovoltaic Generating Facility in Washington County, Maryland – Case No. 9402

On October 28, 2015, Big Spring Solar, LLC filed an application for a CPCN to construct a 3.5 MW solar photovoltaic generating facility in Washington County. By letter dated October 30, 2015, the matter was delegated to the Public Utility Law Judge Division. A pre-hearing conference was held on November 24, 2015. The procedural schedule adopted at the pre-hearing conference has been suspended until the Commission has issued a final decision on the issue pending in Case No. 9387 and 9392 of whether solar facilities are exempt from the Forest Conservation Act.

16. Application of Longview Solar, LLC for a Certificate of Public Convenience and Necessity to Construct a 20.0 MW Solar Photovoltaic Generating Facility in Worcester County, Maryland – Case No. 9403

On October 30, 2015, Longview Solar, LLC ("Longview") filed a request for a CPCN to construct a 20.0 MW solar photovoltaic generating station in Worcester County, Maryland. On November 2, 2015, the Commission initiated a new docket, Case No. 9403, to consider the application and delegated the proceedings to the Public Utility Law Judge Division. On November 23, 2015, a procedural schedule was established. An evidentiary hearing followed by a hearing for public comment is scheduled for March 31, 2016 in Worcester County. The target date for the Proposed Order is April 27, 2016.

17. Application of Longview Solar, LLC for a Certificate of Public Convenience and Necessity to Construct a 15.0 MW Solar Photovoltaic Generating Facility in Worcester County, Maryland – Case No. 9405

On November 6, 2015, Longview filed a request for a CPCN to construct a 15.0 MW solar photovoltaic generating station in Worcester County, Maryland. On November 9, 2015, the Commission initiated a new docket, Case No. 9405, to consider the application and delegated the proceedings to the Public Utility Law Judge Division. On December 2, 2015, a procedural schedule was established. An evidentiary hearing followed by a hearing for public comment is scheduled for April 7, 2016 in Worcester County. The target date for the Proposed Order is May 4, 2016.

18. Application of Massey Solar LLC for a Certificate of Public Convenience and Necessity to Construct a 5.0 MW Solar Photovoltaic Generating Facility in Kent County, Maryland – Case No. 9407

On November 9, 2015, Massey Solar LLC filed an application for a CPCN for authority to construct a 5.0 solar photovoltaic generating facility in Kent County, Maryland. By letter order dated November 12, 2015, the Commission initiated a new docket, Case No. 9407, to consider the application and delegated the matter to the Public Utility Law Judge Division. An evidentiary hearing followed by an evening hearing for public comment will be held in Kent County on April 19, 2016. The target date for issuance of a Proposed Order is May 12, 2016.

19. Application of Perennial Solar LLC for a Certificate of Public Convenience and Necessity to Construct a 8.0 MW Solar Photovoltaic Generating Facility in Washington County, Maryland – Case No. 9408

On December 1, 2015, Perennial Solar LLC filed an application for a CPCN for authority to construct a 8.0 MW solar photovoltaic generating facility in Washington County, Maryland. By letter order dated December 2, 2015, the Commission initiated a new docket, Case No. 9408, to consider the application and delegated the matter to the Public Utility Law Judge Division. An evidentiary hearing followed by an evening hearing for public comment will be held in Washington County on May 3, 2016. The target date for issuance of the Proposed Order is May 31, 2016.

20. Application of Gateway Solar LLC for a Certificate of Public Convenience and Necessity to Construct a 12 MW Solar Photovoltaic Generating Facility in Worcester County, Maryland – Case No. 9409

On December 1, 2015, Gateway Solar LLC filed an application for a CPCN to construct a 12 MW solar photovoltaic generating facility in Worcester County, Maryland. On December 2, 2015, the Commission initiated a new docket, Case No. 9409, to consider the application and delegated the proceedings to the Public Utility Law Judge Division. An evidentiary hearing followed by a hearing for public comment will be held in Worcester County on May 5, 2016. The target date for issuance of a Proposed Order is June 1, 2016.

21. Application of Mills Branch Solar, LLC for a Certificate of Public Convenience and Necessity to Construct a 60 MW Solar Photovoltaic Generating Facility in Kent County, Maryland – Case No. 9411

On December 14, 2015, Mills Branch Solar, LLC filed an application for a CPCN to construct a 60 MW solar photovoltaic generating facility in Kent County, Maryland. On December 16, 2015, the Commission initiated a new docket, Case No. 9411, to consider the application and delegated the proceedings to the Public Utility Law Judge Division. An evidentiary hearing followed by a hearing for public comment will be held in Kent County on June 1, 2016. The target date for issuance of the Proposed Order is June 28, 2016.

22. Application of Todd Solar, LLC for a Certificate of Public Convenience and Necessity to Construct a 20.0 MW Photovoltaic Generating Facility in Dorchester County, Maryland – Case No. 9412

On December 21, 2015, Todd Solar, LLC filed a request for a CPCN to construct a 20.0 MW solar photovoltaic generating station in Dorchester County, Maryland. On December 21, 2015, the Commission initiated a new docket, Case No. 9412, to consider the application and delegated the matter to the Public Utility Law Judge Division. An evidentiary hearing followed by a hearing for public comment will be held in Dorchester County on May 19, 2016. The target date for issuance of the Proposed Order is June 13, 2016.

F. Standard Offer Service-, Restructuring-, and Energy Competition-Related Cases

1. Electric Competition Activity – Case No. 8378

By letter dated September 13, 2000, the Commission ordered the four major investor-owned utilities in the State – PE, BGE, Delmarva, and Pepco - to file Monthly Electric Customer Choice Reports. The reports were to convey the number of customers served by suppliers, the total number of utility distribution customers, the total megawatts of peak demand served by suppliers, the peak load obligation for all distribution accounts, and the number of electric suppliers serving customers in Maryland. These data were to be collected for both residential and non-residential customers.

At the end of December 2015, electric suppliers in the state served 547,903 commercial, industrial and residential customers. This number represents an approximate 5.8% decrease from 2014, when 581,875 customers were served by suppliers.

Customer Accounts Enrolled with Electric Suppliers
As of December 31, 2015

	Residential	**Non-Residential**	**Total**
Total Eligible Accounts	2,056,266	248,430	2,304,696
Customers Enrolled	450,939	96,964	547,903
Percentage Enrolled with Suppliers	21.93%	39.03%	23.77%

At the end of December 2015, the overall demand in megawatts of peak load obligation served by all electric suppliers was 6,516 MW, down 2.5% from 6,683 MW in 2014.

Peak Load Obligation Served by Electric Suppliers
As of December 31, 2015

	Residential	Non-Residential	Total
Total MW Peak	6,691	6,358	13,049
Demand Served	1,577	4,939	6,516
Percentage Served by Suppliers	23.57%	77.69%	49.94%

BGE had the highest number of residential accounts (286,938), commercial accounts (53,428), and peak-load (3,690 MW) served by suppliers. The number of electric suppliers licensed in Maryland has increased from 94 in 2014 to 101 at the end of 2015. The annual increase in the number of suppliers was 7.4% as compared to a 3.8% increase from 2013 to 2014.

Most electric suppliers in Maryland are authorized to serve multiple classes. The number serving each class, as well as the total number of unique suppliers serving in each utility territory, is reflected in the table below.

Number of Electric Suppliers Serving Enrolled Customers
By Class as of December 31, 2015

	Residential	Small C&I	Mid-Sized	Large C&I	Total
BGE	57	60	57	22	196
DPL	39	47	41	18	145
PE	27	29	29	16	101
Pepco	50	48	47	23	168

2. Results of the Standard Offer Services Solicitations for Residential and Type I and Type II Commercial Customers – Case Nos. 9056 and 9064

The Commission reviews standard offer service ("SOS") rates on an ongoing basis in Case Nos. 9064 and 9056. For the 12-month period beginning June 2015, SOS rates for residential and small commercial customers generally increased compared with the previous year. With the exception of Potomac Edison,[23] 2015 bids were completed in April of 2015. Rate changes expressed as a percentage change in the total annual cost for an average customer are shown below.[24]

Residential

- BGE +5.3%
- DPL +3.8%
- Pepco +5.0%
- Potomac Edison +5%

TYPE I SOS (Small Commercial Customers)

- BGE +5.0%
- DPL +3.7%
- Pepco +2.9%
- Potomac Edison no change[25]

3. Request by Baltimore Gas and Electric Company for Recovery of Standard Offer Service Related Cash Working Capital Revenue Requirement – Case No. 9221

As reported in the 2014 Annual Report, after the appeal by all the parties of the Proposed Order issued in the matter, the Commission remanded the proceeding with

[23] PE bids were completed in January 2015.
[24] The statistics are taken from the Commission's Staff reports submitted in Case Nos. 9064 and 9056. The annual bill change is determined not only by the newly bid load, but also by the proportion of previous year's contracts that expired.
[25] PE bids Type I load every two years.

guidance to the Public Utility Law Judge Division. On August 5 and 6, 2015, evidentiary hearings were held in the matter. On November 20, 2015, a Proposed Order was issued. The Proposed Order continued the Administrative Charge as the means by which BGE recovers its costs associated with its provision of SOS. The Proposed Order found that the Administrative Charge should be comprised of the following cost components: Incremental Charges; Uncollectibles; CWC Revenue Requirement; and a Return. Pursuant to the Proposed Order, BGE was precluded from collecting the Return from residential customers, but was allowed to collect the CWC Revenue Requirement. The Proposed Order rejected inclusion of the Administrative Adjustment or allocation of overhead and general administration costs allegedly associated with provision of SOS in the Administrative Charge due to a lack of sufficient credible evidence to support inclusion of either.

On December 21, 2015, all active parties appealed the Proposed Order, and the appeals are pending before the Commission as of December 31, 2015.

4. Review of Standard Offer Service Administrative Charge -- Delmarva Power & Light Company – Case No. 9226 and Potomac Electric Power Company – Case No. 9232

Case No. 9226 and Case No. 9232 were initiated in 2010, when Delmarva and Pepco filed a request to revise recovery of cash working capital costs associated with the administrative charge for SOS. The Commission initially opened a new docket for Case No. 9226 to investigate the requests and delegated the matter to the Public Utility Law Judge Division. Pursuant to a motion by OPC, the scope of the proceeding was expanded to review all of the components of the SOS administrative charge. At the request of Staff, Case No. 9226 was then bifurcated into two dockets, Case No. 9226 to review

Delmarva's SOS Administrative Charge, and Case No. 9232 to review Pepco's SOS Administrative Charge.

As reported in the 2014 Annual Report, this matter was remanded back to the Public Utility Law Judge Division for further proceedings, based upon appeals by the parties to the Proposed Order. Evidentiary hearings were held on November 9 and 10, 2015. A Proposed Order is expected to be issued in 2016, after the Commission has issued its order deciding the issues on appeal in Case No. 9221.

5. Investigation into the Marketing Practices of Starion Energy PA, Inc. – Case No. 9324

As reported in the 2014 Annual Report, the Commission found that Starion Energy PA, Inc. ("Starion") violated a number of Commission regulations governing the marketing and contracting by competitive suppliers in Maryland. Among other penalties imposed on Starion, the Commission directed Starion to make a compliance filing every six months that listed all customer complaints occurring during the six-month period. After reviewing Starion's first compliance filing, submitted on September 5, 2015, the Commission determined an evidentiary hearing was warranted and delegated the proceedings to the Public Utility Law Judge Division. Evidentiary hearings were held on January 15-16, 2015 and February 4, 2015. On April 2, 2015, the Public Utility Law Judge issued a report to the Commission assessing Starion's compliance with Order No. 86211. The Law Judge found that Starion had made a reasonable attempt to comply with the Commission's order (for the six-month period under review) and he accepted Starion's definition of the term "complaint" to delineate the items that must be reported under the Commission's order. OPC filed an appeal of the Report. The appeal remains pending before the Commission as of December 31, 2015.

6. Investigation into the Marketing, Advertising and Trade Practices of American Power Partners, LLC; Blue Pilot Energy, LLC; Major Energy Electric Services, LLC and Major Energy Services, LLC; and Xoom Energy Maryland, LLC – Case No. 9346

As reported in the 2014 Annual Report, the Commission delegated for hearing the following sub-matters to the Public Utility Law Judge Division: Case No. 9346(a), Xoom Energy Maryland, LLC; Case No. 9346(b), Major Energy Electric Services, LLC and Major Energy Services, LLC (collectively, "Major Energy"); and Case No. 9346(c), Blue Pilot Energy, LLC.

In Case No. 9346(a), an evidentiary hearing was held on June 12, 2015 and on October 30, 2015, a Proposed Order was issued. A civil penalty of $40,000 was imposed on XOOM for its violation of the Commission regulations governing evergreen contracts. On November 30, 2015, OPC appealed the Proposed Order.

In Case No. 9346(b), an evidentiary hearing was held on June 2-3, 2015, and a Proposed Order was issued on October 23, 2015. A civil penalty of $250,000 was imposed on Major Energy Electric Services, LLC for numerous violations of the Commission regulations and a civil penalty of $50,000 was imposed jointly on Major Energy Services, LLC and Major Energy Electric Services, LLC for a violation of the Maryland Door-to-Door Solicitations Act. On November 23, 2015, Major Energy and OPC appealed the Proposed Order. On February 26, 2016, by Order No. 87418, the Commission affirmed the Proposed Order, except Major Energy is not required to wait for OPC's and Staff's concurrence on its revised marketing materials prior to using the material or obtain Commission approval of the lifting of the moratorium once Major Energy has filed its revised sales agreement, marketing material or sales script.

In Case No. 9346(c), an evidentiary hearing was held on November 2, 2015. A Proposed Order is expected to be issued in May 2016.

7. Complaint of Integrys Energy Services – Natural Gas, LLC; Compass Energy Services, LLC; Novec Energy Solutions, Inc.; Direct Energy Services, LLC; and Bollinger Energy LLC v. Washington Gas Light Company – Case No. 9364

As reported in the 2014 Annual Report, the Commission docketed the complaint by the various energy suppliers against WGL and delegated the proceedings to the Public Utility Law Judge Division. On September 4, 2015, a settlement agreement entered into by the complaining suppliers and WGL was filed to resolve the dispute between the suppliers and WGL. On October 22, 2015, a Proposed Order was issued finding the terms and conditions of the settlement agreement to be just and reasonable and in the public interest. No appeal of the Proposed Order was taken, and it became Commission Order No. 87263.

8. Blue Pilot Energy, LLC Appeals of Consumer Disputes – Case No. 9382

Blue Pilot Energy, LLC ("Blue Pilot") filed a formal complaint, i.e., appealed, the decision of the Commission's Office of External Relations ("OER") related to billing/contractual disputes submitted by a number of its customers. On May 29, 2015, the Commission initiated a new docket, Case No. 9382, to consider four of the appeals filed by Blue Pilot and delegated the proceedings to the Public Utility Law Judge Division. The four cases were then separated (a-d) and treated as individual cases due to customer privacy concerns.

a. Blue Pilot Energy, LLC v. Chenoweth – Case No. 9382(a).

Blue Pilot filed its formal complaint against Chenoweth asking that the Commission reverse a ruling of OER that found that neither of the two contracts between Chenoweth and Blue Pilot (one for Chenoweth's business, Chenoweth & Associates, Inc. and one for Chenoweth's residence) was valid and directed Blue Pilot to reimburse Chenoweth a total of $9,613.30. On November 4, 2015, an evidentiary hearing was held, and comments and motions to dismiss were subsequently filed by Chenoweth, OPC and Staff as well as Blue Pilot's response. On December 11, 2015, the motions were granted in part and denied in part. Specifically, the portion of the complaint regarding Chenoweth's residential account was dismissed and the Company was ordered to reimburse Chenoweth for his residential account a total of $1,926.43, but the portion regarding the commercial account was not dismissed. On January 12, 2016, the Proposed Order became Commission Order No. 87362. On January 13, 2016, a briefing schedule on the commercial account dispute was set. The briefing cycle ends on March 8, 2016. A Proposed Order will be issued thereafter.

b. Blue Pilot Energy, LLC v. Young – Case No. 9382(b).

Blue Pilot filed a formal complaint against Mr. and Mrs. Young which sought to reverse a ruling from OER that found that a valid contract did not exist between Mr. and Mrs. Young and Blue Pilot. On September 2, 2015, Blue Pilot filed a Notice of Stipulation of Dismissal as a settlement agreement was reached by the parties to resolve the dispute. On September 3, 2015, Case No. 9382(b) was dismissed and the docket closed.

c. Blue Pilot Energy, LLC v. Baney – Case No. 9382(c).

Blue Pilot filed a formal complaint against Narine Baney which sought to reverse a ruling from OER that found that a valid contract did not exist between Ms. Baney and Blue Pilot. On October 7, 2015, a Proposed Order dismissing the matter was issued noting that a settlement agreement had been reached between Ms. Baney and Blue Pilot. The Proposed Order became Commission Order No. 87209.

d. Blue Pilot Energy, LLC v. Ifikhar – Case No. 9382(d).

Blue Pilot filed a formal complaint against Bilal Ifikhar which sought to reverse a ruling from OER that found that a valid contract did not exist. Case No. 9382(d) involves both a personal account and a business account. The business account finding was appealed by Mr. Ifikhar, but he has failed to appear in the proceeding. A motion to dismiss filed by Blue Pilot was denied, and a Proposed Order is expected to be issued in early 2016.

G. Merger-, Transfer-, and Franchise-Related Cases

1. Merger of Exelon Corporation and Pepco Holdings, Inc. – Case No. 9361

On August 19, 2014, Exelon Corporation, Pepco Holdings, Inc. ("PHI"), Pepco and Delmarva ("Joint Applicants") submitted an application to obtain Commission authorization to allow Exelon to acquire the power to exercise substantial influence over the policies and action of Pepco and Delmarva and thereby allow Exelon to acquire PHI pursuant to a merger agreement entered into between Exelon and PHI (the parent company of Pepco and Delmarva). Evidentiary hearings on the matter were initially held between January 26, 2015 and February 10, 2015. After receipt of two settlement agreements between the Joint Applicants and some, but not all, of the parties, an additional five days of hearings related to the two settlement agreements were held between April 15 and April 21, 2015.

On May 15, 2015, the Commission issued Order No. 86990, with dissenting opinions by Commissioner Williams and Commissioner Hoskins. The majority of the Commission approved the merger, subject to conditions, and granted the application subject to the conditions and requirements set forth in the Order. OPC, Sierra Club and Chesapeake Climate Network filed petitions for judicial review in the Circuit Court of Queen Anne's County.[26]

2. Application of Baltimore Washington Rapid Rail, LLC for Approval to Transfer Passenger Railroad Franchise – Case No. 9363

As reported in the 2014 Annual Report, Baltimore Washington Rapid Rail, LLC ("BWR Rail") filed an application with the Commission seeking the transfer of the railroad franchise abandoned by the Washington, Baltimore and Annapolis Electric Railroad Company ("WBA"). In its application, BWR Rail explained that it intended to construct and operate a superconducting magnetic levitation train ("SCMAGLEV") to run from Washington, D.C. to Baltimore, Maryland. To facilitate its construction and operation of the SCMAGLEV, BWR Rail asked the Commission's approval to transfer WBA's abandoned franchise to BWR Rail. On March 3, 2015, the Commission delegated the matter to the Public Utility Law Judge Division. On July 10, 2015, an evidentiary hearing was held. On October 14, 2015, a Proposed Order was issued, which

[26] *See* Section XI, Subsection B.13 for status of the petitions for judicial review.

granted BWR Rail's application, subject to certain conditions. No appeal was taken of the Proposed Order, and it became Commission Order No. 87248.

3. Merger of The Southern Company and AGL Resources Inc. – Case No. 9404

On November 4, 2015, The Southern Company, AGL Resources Inc., and Pivotal Utility Holdings, Inc. d/b/a Elkton Gas filed a joint application requesting authorization from the Commission to acquire the power to exercise substantial influence over the policies and actions of Elkton Gas. By letter order dated November 5, 2015, the Commission initiated a new docket, Case No. 9404, to consider the joint application and delegated the matter to the Public Utility Law Judge Division. On February 24, 2016, the parties filed a Joint Petition for Approval of a Stipulation and Settlement Agreement. An evidentiary hearing on the matter was held on March 1, 2016. An evening hearing for public comment was held February 16, 2016 in Elkton, Maryland. The final Order in the matter must be issued by June 15, 2016.

H. Other Matters

1. Commission's Investigation into the Potomac Edison Company's Meter Reading Frequency, Estimation of Bills and Compliance with Tariff – Case No. 9319

As reported in the 2014 Annual Report, the procedural schedule in this proceeding was suspended and a mediator was appointed to facilitate settlement negotiations between the parties, but the parties were unable to resolve the disputes through the mediation. Evidentiary hearings were held on October 15-16, 2015 and December 11, 2015. A Proposed Order is expected to be issued in early 2016.

2. Formal Complaint of Maisha McCoy v. Baltimore Gas and Electric Company – Case No. 9352

As reported in the 2014 Annual Report, a Proposed Order was issued dismissing the formal complaint in this matter and an appeal was noted by Ms. McCoy. On February 5, 2015, the Commission directed Ms. McCoy to file a Memorandum of Appeal by February 16, 2015 or her appeal would be dismissed. Ms. McCoy failed to file a Memorandum of Appeal as directed. On June 12, 2015, the Commission denied Ms. McCoy's appeal.

3. Formal Complaint of Charles and Chante Flowers v. Southern Maryland Electric Cooperative, Inc. – Case No. 9369

On August 21, 2014, Chante and Charles Flowers filed a formal complaint against SMECO disputing SMECO's allegation that they tampered with their meter and a bill for unmetered service for approximately three years in excess of $4,200.00. SMECO responded and provided photographic evidence of the tampering and its calculation for the unmetered service. On October 30, 2014, the Commission found that the Flowers had tampered with their meter, but questioned the accuracy of SMECO's calculations; therefore, the matter was delegated to the Public Utility Law Judge Division to conduct an evidentiary hearing to calculate the balance owed by the Flowers.

An evidentiary hearing was held on April 20, 2015 for the purposes of cross-examination of the parties' witnesses. The Law Judge initially determined that the Flowers could challenge the meter tampering issue because the Commission's October 30, 2014 Letter Order was not a Final Order. Mr. Flowers testified on his and his wife's behalf, and SMECO called six witnesses in support of its position. A Proposed Order was issued on May 18, 2015 that dismissed the formal complaint and found the

Flowers' meter had been tampered with, that SMECO's calculation of the unmetered service was accurate, that the Flowers owed $4,244.21 in unmetered service, and that directed SMECO to offer a payment plan to the Flowers.

On June 9, 2015, the Flowers filed a request for a 36-month payment plan which the Commission treated as an appeal. On July 9, 2015, SMECO filed its response and requested the Proposed Order be affirmed. On August 3, 2015, SMECO advised that Mrs. Flowers accepted a 24-month payment plan. On January 7, 2016, Commission Order No. 87348 was issued finding that no outstanding issues remained and therefore the Commission closed the docket.

4. Formal Complaint of Dr. Michal Freedholf on Behalf of Carderock Springs Citizens' Association and Susan Eastman v. Potomac Electric Power Company – Case No. 9374

On August 5, 2013, Drs. Phil Rider and Michal Freedhoff, on behalf of Carderock Springs Citizens Association, filed a formal complaint against Pepco regarding a series of fires and electrical surges in the Carderock community. On August 19, 2013, Ms. Susan Eastman filed a formal complaint against Pepco which raised the same concerns. Pepco met with the community and agreed to perform inspections and upgrades to its distribution system in the area, but the Complainants remained concerned and alleged that Pepco did not complete all of the promised work and that it failed to provide documentation that there was no evidence that the distribution system caused the fires and surges.

On January 15, 2015, the Commission consolidated the formal complaints and delegated the case to the Public Utility Law Judge Division for evidentiary hearings and appropriate proceedings. At the February 12, 2015 pre-hearing conference, the parties stipulated that Staff would conduct an independent investigation of the issues raised by the Complainants relating to Feeder 15111 and review all parties' documentation, beginning in 2010, regarding the Complainants' concerns.

On August 6, 2015, Staff filed its report which did not identify the cause of the issues raised in the formal complaints.

On October 29, 2015, Pepco, Dr. Freedhoff and Ms. Eastman entered into a settlement agreement which required Pepco to take certain actions in the future in the Carderock Springs community. As a result of the settlement agreement, Dr. Freedhoff and Ms. Eastman withdrew their formal complaints.

On November 2, 2015, a Proposed Order was issued accepting the settlement agreement, and it became Commission Order No. 87289.

5. Formal Complaint of Wisconsin Project, LLC v. Potomac Electric Power Company – Case No. 9388

On April 16, 2015, Wisconsin Project, LLC filed a complaint against Pepco alleging that Pepco assessed unfair and excessive charges for the review of the project design for the Wisconsin Project, required arbitrary changes in the design without explanation, and refused to provide any justification for the charges or changes. The complainant requests that the Commission order Pepco to reduce the costs associated with the project or show cause why the costs are appropriate. The Commission directed Pepco to satisfy or answer the complaint, and on May 18, 2015, Pepco filed its response requesting that the complaint be dismissed. On July 22, 2015, the matter was delegated to the Public Utility Law Judge Division to conduct proceedings. An evidentiary hearing is scheduled for June 7-9, 2016.

6. **Billing Dispute between Allegany Scrap, Inc. and The Potomac Edison Company – Case No. 9389**

On July 29, 2015, the Commission initiated a new docket, Case No. 9389, to consider the billing dispute filed by Allegany Scrap, Inc. against PE and delegated the proceedings to the Public Utility Law Judge Division. An evidentiary hearing is scheduled to be held on June 2-3, 2016.

7. **Formal Complaint of the State of Maryland Office of the Attorney General on Behalf of the University of Maryland College Park v. Washington Gas Light Company – Case No. 9398**

On October 7, 2015, the Commission initiated a new docket, Case No. 9398, to consider the complaint filed by the University of Maryland College Park against WGL and delegated the proceedings to the Public Utility Law Judge Division. An evidentiary hearing is scheduled for April 5-6, 2016.

I. Rulemakings and Regulations – New and Amended

1. **RM43 – Revisions to COMAR 20.50 – Service Supplied by Electric Companies – Proposed Reliability and Service Quality Standards**

Pursuant to COMAR 20.50.12.02.D(7)(b), BGE, Pepco, Delmarva, PE, SMECO, and Choptank filed their respective proposed 2016-2019 annual System Average Interruption Duration Index ("SAIDI") and System Average Interruption Frequency Index ("SAIFI") reliability standards and supporting testimony on or about March 4, 2015. Staff filed its analysis of each of the utilities' standards and its recommendations on July 14, 2015. On September 1 and September 2, 2015, the Commission held a rulemaking session to consider the proposed revisions to COMAR 20.50.12.02 to establish the applicable 2016-2019 SAIFI and SAIDI Reliability Metrics, and moved to publish the proposed regulations as revised at the rulemaking session in the *Maryland Register* for notice and comment as provided for by the Maryland Administrative Procedure Act. On December 2, 2015, the Commission held a rulemaking session at which it finally adopted the proposed regulations as published in the *Maryland Register* on October 16, 2015.

2. RM52 -- Revisions to COMAR 20.31.01 and .03 – Restrictions for Serious Illness and Life-Support Equipment

As reported in the 2014 Annual Report, the Commission moved to publish proposed revisions to COMAR 20.31.01 and .03 to add "nurse practitioners" to the list of medical professionals that may certify to an electric or gas utility that the utility's customer has a serious illness, or requires electric or gas for the customer's life-support equipment. On May 7, 2015, the Commission held a rulemaking session and finally adopted the revised regulations as published in the *Maryland Register* on February 20, 2015. The Commission also directed Staff submit proposed revisions to COMAR 20.31.01 and .03 to add "physician's assistant" to the list of medical professionals that may certify to an electric or gas utility that the utility's customer has a serious illness, or requires electric or gas for the customer's life-support equipment.

3. RM54 – Revisions to COMAR 20.32, 20.52, 20.53, and 20.59 – Competitive Electricity and Gas Supply

The Commission initiated RM54 in 2014 to consider the revised regulations submitted by PSC Leader of PC35. On September 10-11 and October 1, 2015, the Commission held rulemaking sessions to consider the further revised regulations of the applicable COMAR regulations. The Commission moved to publish the proposed regulations filed in the docket on July 24, 2015, and amended during the rulemaking session, in the *Maryland Register* for notice and comment as provided for by the Maryland Administrative Procedure Act. The proposed regulations were adopted as final at a rulemaking session on February 10, 2016.

4. RM56 – Revisions to COMAR 20.62 – Community Solar Energy Generating Systems

On November 10, 2015, Staff filed proposed Community Solar Energy Generation Systems regulations pursuant to § 7-306.1 and § 7-306.2 of the Public Utilities Article. On November 12, 2015, the Commission initiated a new administrative docket, RM56, to consider the proposed regulations and requested comments on the proposed regulations be filed by December 4, 2015. On December 14 and December 15, 2015, the Commission held rulemaking sessions to consider presentations discussing the merits of the proposed regulations from interested persons. After listening to all the presentations made at the rulemaking session, the Commission directed Staff to revise the proposed rules to address the comments made by the interested persons. Rulemaking sessions to consider the revised proposed regulations were held on February 11, 12 and 22, 2016. At the February 22 rulemaking session, the Commission approved proposed regulations for publication in the *Maryland Register* for notice and comment pursuant to the Maryland Administrative Procedure Act.

J. Public Conferences

1. PC37 – 2015 Summer Electric Reliability Status Conference

On June 2, 2015, the Commission held its annual summer reliability status conference to inquire into the electric generating resource adequacy of the competitive electric industry. The conference allows the Commission to gather information on the existing or proposed methods of ensuring an adequate and reliable electric system and assists the Commission in developing its position on various reliability issues. PJM sent representatives to participate in the conference and to present an overview of the 2015 Maryland projected capacity and peak load, and to discuss any reliability or capacity concerns that PJM is monitoring or addressing. BGE, Pepco, Delmarva, PE, and SMECO also participated in the conference and made presentations on each utility's readiness to deliver reliable electricity service during the summer season. The Commission found the presentations informative, and found no basis to undertake any specific action as a result of the conference.

2. PC40 – Investigation into the Technical and Financial Barriers to the Deployment of Small Distributed Energy Resources

On September 2, 2015, the Commission initiated a new administrative docket, PC40, to investigate the technical and financial barriers to the deployment of small distributed energy resources in the State. On October 20, 2015, the Commission hosted a technical conference at which a number of interested parties made presentations as part of one of the following identified panels: (1) appropriate valuation factors for small distributed energy resources; (2) the cost of interconnection for small distributed energy resources; and (3) alternative utility cost recovery mechanisms. The Commission found the presentations informative and helpful as it explores the rate-related issues affecting the broad category of small distributed energy resources in future proceedings.

3. PC42 – 2015 Retail Gas Market Conference

On November 24, 2015, the Commission held its annual retail gas conference to review the regulated gas utilities' preparations for the 2015-2016 winter heating season.

The conference also is intended to increase awareness of gas customers about upcoming market conditions and the potential impact on service costs and reliability. BGE, Columbia Gas, WGL, Chesapeake Utilities, and Elkton Gas participated in the conference. The Commission found the information presented informative, and found no basis to take any specific action as a result of the conference.

V. COMMISSION TELECOMMUNICATIONS CASES AND ACTIVITIES

A. Cases

1. Commission's Consideration of the Maryland Carrier-to-Carrier Guidelines, Performance Standards and Reports; and the Performance Assurance Plan of Verizon Maryland Inc. – Case No. 8916; and Appropriate Forms of Regulating Telephone Companies – Case No. 9133

By Order No. 87185 issued on October 8, 2015, the Commission approved Verizon's 2014 Revised Maryland Performance Assurance Plan, and accepted Staff and Verizon's November 2014 Letter of Understanding, which resolved a number of outstanding issues in or related to Case Nos. 8916 and 9133. In the Letter of Understanding, Staff agreed to withdraw, without prejudice, its request for clarification of Verizon's Retail Reporting requirements based on Verizon's agreement to provide Staff with monthly reports showing Verizon's retail service quality performance for March 2014 through October 2014 and file with the Commission, (on a proprietary basis and independent of any docketed case) monthly reports showing its retail service quality reports for November 2014 through December 2015. Staff also agreed to withdraw its October 2009 Petition for Investigation also as a result of Verizon's agreement to provide its monthly retail service quality reports through December 2015. The Commission also accepted Verizon's request to withdraw its petition relating to the graduation issue in

Case No. 9133, and excluded the third quarter 2011 for measuring service quality as requested by Verizon. The Commission found that the third quarter 2011 was not representative of Verizon's overall performance and did not assist the Commission in analyzing Verizon's service quality under normal conditions. Accordingly, the Commission granted Verizon's request for relief from penalty payments for service quality underperformance during the third quarter 2011.

2. Formal Complaint of Ernest Burley, Jr. v. Verizon Maryland LLC – Case No. 9377

On April 22, 2014, Mr. Burley filed a formal complaint against Verizon regarding a billing dispute with his business account in which Mr. Burley claimed that Verizon perpetrated a "bait and switch" to get him to change telephone providers. Mr. Burley alleged that he was promised savings of $100 per month, but instead saw a $1,000 to $2,000 increase per month. Verizon responded that Mr. Burley had been billed correctly. The Commission determined that material facts were in dispute and, on March 10, 2015, delegated the matter to the Public Utility Law Judge Division for mediation or evidentiary proceedings. The parties elected to pursue mediation. As a result of the mediation, the parties reached an agreement and filed a Stipulation of Dismissal, and on October 9, 2015, the docket was closed.

3. Billing Dispute between Gateway Communications Services, Inc. and Verizon Maryland LLC – Case No. 9381

On April 24, 2015, Gateway Communications Services, Inc. ("Gateway") filed a Petition for Arbitration of Interconnection Terms and Conditions with Verizon in response to Verizon's notice that it intended to terminate Gateway's service due to non-payment of approximately $60,000. As part of its delegation, the Commission required

Gateway to provide financial assurance that it was capable of meeting its obligations to Verizon, including the billing dispute. At the June 18, 2015 pre-hearing conference, the parties stipulated that Gateway would increase an existing letter of credit ("LOC") to $20,000 and file the LOC with the Commission.

After Gateway's failure to file the LOC, on July 24, 2015, Gateway was directed to provide financial assurance, in either a LOC or an escrow account, in the amount of $66,423.69 which was the entire amount Verizon alleged was outstanding.

On September 24, 2015, after again failing to provide the required financial assurance, Verizon's Request to Modify the Procedural Schedule was granted, and Staff was directed to notify Gateway's customers of the imminent disconnection of service and Verizon was authorized to disconnect Gateway thirty days after Staff's notices. On October 8, 2015, Gateway filed a Notice of Appeal, and on October 16, 2015, it filed a Memorandum of Appeal. On November 5, 2015, both Verizon and Staff filed Reply Memorandums.

4. De-Tariffing of Certain Telecommunications Services Pursuant to Maryland General Assembly House Bill 472 – Telephone Companies Streamlined Regulatory Requirements – Case No. 9384

On July 1, 2015, pursuant to House Bill 472, "Telephone Companies – Streamlined Regulatory Requirements," enacted by the Maryland General Assembly during its 2015 legislative session, the Commission issued a Notice and Order, which initiated a new docket, Case No. 9384, and determined that all telecommunications services provided by non-Verizon local exchange carriers that are functionally equivalent to Verizon Basket 4 and 5 services shall be de-tariffed effective September 1, 2015. All affective carriers were directed to file for withdrawal from their tariffs all Basket 4 and 5 and all functionally equivalent services, by September 1, 2015 with 30 days notice.

5. Formal Complaint of Washington Suburban Sanitary Commission v. Verizon Maryland LLC – Case No. 9397

On June 11, 2015, Washington Suburban Sanitary Commission filed a complaint alleging a billing dispute with Verizon Maryland LLC. The Commission determined that material issues were in dispute, and by letter dated September 25, 2015, delegated the proceedings to the Public Utility Law Judge Division. At a prehearing conference held on October 26, 2015, the parties were directed to file an agreed-upon statement of facts and dates for witness testimony and an evidentiary hearing, if necessary. The matter remains pending as of December 31, 2015.

B. Public Conferences

1. PC38 – Current Status of the Market for Attachments to Utility Poles in Maryland

On June 10, 2015, pursuant to House Bill 541, "Public Service Commission – Attachments to Utility Poles – Study," enacted by the Maryland General Assembly during its 2015 legislative session, the Commission initiated a new administrative docket, PC38, to review the current status of the market for attachments to utility poles in Maryland and to consider whether regulation of pole attachment agreements at the State level is in the public interest. In its Notice convening the public conference, the Commission directed interested persons to file by July 31, 2015 written comments regarding the eight topics outlined in House Bill 541. The owners of utility poles in the State were also required to file by July 31, 2015, complete pricing schedules of the rates charged to pole attachment customers, all rules regarding the types of technology and the positioning of the technologies attached to the pole, the prevalence of double poles in their service territory, and a representative sample of the notice provided to pole attachment customers regarding removal or modifications of facilities, rates, and termination. Additionally, the Commission directed Staff to facilitate and conduct work group meetings as required by House Bill 541. The Commission submitted the report on the results of the study conducted to the General Assembly on January 15, 2016.

2. PC39 – Withdrawal of Regulated Retail Telecommunications Services in Maryland

On July 22, 2015, pursuant to House Bill 472, "Telephone Companies – Streamlined Regulatory Requirement," enacted by the Maryland General Assembly in the 2015 legislative session, the Commission initiated a new administrative docket, PC39, to study the issue of retail telecommunications service withdrawals and the adequacy of customer notifications. The Commission directed each interested person to file written comments to certain requests for information identified in the notice initiating the public conference and/or any additional remarks by September 14, 2015. On November 30, 2015, Staff filed its report entitled "Retail Service Withdrawals within the Telecommunications Industry of Maryland."

VI. COMMISSION TRANSPORTATION CASES AND ACTIVITIES

A. Taxicab Driver's License of Javed Iqbal Qureshi – Case No. 9376

On February 24, 2015, Staff submitted a request for an Order to Show Cause be issued to Javed Iqbal Qureshi as to why the Commission should not revoke Mr. Qureshi's Baltimore City taxicab driver's license for operating an unlicensed taxicab in Baltimore City. A Show Cause Order was issued by the Commission (Order No. 86894), which directed Mr. Qureshi to appear at a hearing on March 24, 2015 to show why his taxicab driver's license should not be revoked. The hearing was conducted on March 24, 2015, but Mr. Qureshi failed to appear. A Proposed Order was issued on June 8, 2015, finding that the Commission's Transportation Division has provided sufficient credible testimony at the hearing to demonstrate that Mr. Qureshi has been unlawfully operating an unlicensed taxicab in Baltimore City. Based on the evidence, the Law Judge revoked Mr. Qureshi's Baltimore City taxicab driver's license. No appeal was taken of the Proposed Order, and it became Commission Order No. 87071.

B. PC41 – Modification of Maryland Taxi and Passenger-for-Hire Statutes and Regulation

On October 7, 2015, the Commission initiated a new administrative docket, PC41, to review the current statutes and regulations affecting Taxis and Passenger-for-Hire Carriers, and to consider whether modifications are necessary to enable sedan, limousine, and taxicab services to better compete in the market. The Commission directed any interest party to file written comments by November 13, 2015. Additionally, the Commission directed Staff to convene a work group to address modifying the existing taxicab regulations (COMAR 20.90), and to consider the question of what statutory changes may be necessary to enable taxicab services to better compete in the changing marketplace for transportation services.

C. RM55 – Revisions to COMAR 20.95.01 – Transportation

On February 12, 2015, Staff submitted proposed revisions to the COMAR governing Passenger-for-Hire operations as it was directed by Commission Order No. 86528. On February 18, 2015, the Commission initiated a new administrative docket, RM55, to consider the proposed revisions to the applicable COMAR provisions. On March 20 and March 23, 2015, the Commission held rulemaking sessions to consider the proposed revised regulations. On March 27, 2015, Staff submitted updated proposed revisions to the regulations as directed by the Commission in the March 23, 2015 rulemaking session. On September 16, 2015, Staff submitted further proposed revised regulations to address the statutory changes in the 2015 Maryland General Assembly legislative session, after an extensive work group consultative process. On October 26, 2015, the Commission held a rulemaking session and moved to publish the revised proposed regulations in the *Maryland Register* for notice and comment as provided for in the Maryland Administrative Procedure Act. The Commission will consider finally adopting the proposed regulations published in the *Maryland Register* on January 8, 2016 at a rulemaking session scheduled for March 2, 2016

VII. COMMISSION WATER/SEWER CASES

A. Investigation by the Commission of the Intended Abandonment of CECO Utilities, Inc. of its Franchise and Service to the Manchester Park Subdivision in Cecil County, Maryland – Case No. 9310

On September 8, 2015, CECO Utilities, Inc. renewed its request that the Commission allow CECO to abandon its franchise providing sewer service for Manchester Park due to possible insolvency. On November 13, 2015, by Order No. 87244, the Commission denied the request and required CECO to operate its franchise for at least an additional two months or until January 15, 2016. The Commission sought additional comments on the methods by which CECO could continue to operate the sewer service franchise or an alternate entity to assume operation of CECO's sewer service franchise.

By Order No. 87363, issued January 13, 2016, the Commission found that the public convenience and necessity required that CECO not be permitted to abandon its franchise on January 15, 2016. The Commission directed CECO to produce certain financial documents and records to the Commission by January 27, 2016. It further ordered CECO to continue to operate its franchise until at least April 15, 2016.

B. Application of Maryland-American Water Company for Authority to Adjust its Existing Schedule of Tariffs and Rates – Case No. 9372

On December 19, 2014, Maryland-American Water Company ("MAW") filed an application for an increase to its retail rates for the distribution of water and requested an $812,665 increase in its revenues and an 11% return on equity. Prior to the evidentiary hearings, the parties entered into a settlement agreement that would permit MAW to raise its operating revenues by $490,000 and set the return on equity at 10%. On March 23, 2015, a public hearing was held in Bel Air, Maryland. On April 22, 2015, an evidentiary hearing was held to enter the pre-filed testimony of MAW, OPC and Staff into the administrative record. A Proposed Order approving the settlement was issued on May 7, 2015 and became Commission Order No. 86997.

C. Formal Complaint of Richard D. Boltuck v. Washington Suburban Sanitary Commission – Case No. 9391

On July 14, 2015, pursuant to § 25-105, Public Utilities Article, Richard Boltuck filed an appeal with the Commission of the reasonableness of Washington Suburban Sanitary Commission's ("WSSC") volumetric rates for water and sewer services adopted in June 2015 as applied to WSSC residential customers. On August 14, 2015, WSSC filed a Motion to Dismiss and Answer to Mr. Boltuck's appeal. In its Motion to Dismiss, WSSC argued that Mr. Boltuck was appealing the rate design applied to determine the rates, and the rate design had been determined decades ago and the Commission already had ruled on its reasonableness.

On August 18, 2015, the Commission initiated a new docket, Case No. 9391, to consider the appeal and the response to the appeal, and delegated the proceedings to the Public Utility Law Judge Division. After receiving briefs on the Motion, the Chief Public Utility Law Judge dismissed the Motion. On October 22, 2015, a pre-hearing conference was held and a procedural schedule agreed upon by the parties was adopted. An evidentiary hearing in the matter is scheduled to begin on May 18, 2016, with a target date of September 9, 2016 for the Proposed Order to be issued.

VIII. COMMISSION PARTICIPATION OR INTERVENTIONS IN OTHER REGULATORY COMMISSION MATTERS

Below is a summary of selected matters in which the Commission's Office of General Counsel ("OGC") represented the Commission before FERC during 2015.

A. FirstEnergy Solutions Corp. Financial Transaction Rights Complaint – EL13-47

On June 5, 2013, FERC dismissed a complaint by FirstEnergy Solutions Corp. and Allegheny Energy Supply Company, LLC (a complaint which the Commission opposed) seeking to modify provisions of PJM's Open Access Transmission Tariff and Operating Agreement related to the funding of Financial Transmission Rights ("FTRs"). Subsequently, the Commission and other State Commissions jointly responded to collateral attacks made by FirstEnergy and others to FERC's June 5, 2013 Order, requesting that FERC impose balancing congestion charges upon transmission end users to benefit PJM financial and other market participants. On June 8, 2015, FERC denied FirstEnergy's request for rehearing, concluding that FirstEnergy had not demonstrated that the existing Tariff is unjust and unreasonable. FERC noted that it continued to find that allocation of real time balancing congestion to current FTRs has a reasonable basis, because FTR holders are in the best position to reflect the associated underfunding in the value of FTRs.

B. Return on Equity Complaints against BGE and PHI Companies – FERC Docket Nos. EL13-48 and EL15-27

In 2015, the Commission joined with other Settling Parties to resolve the Formula Rate Protocols and ROE dispute. The settlement agreement reduced the BGE and PHI Companies' respective base transmission plant ROEs from 10.8 and 11.3% to 10.0%, with refunds based on 9.8% for both 15-month complaint periods, and a moratorium on any new ROE filing until June 1, 2018. The settlement, among other things, accorded BGE, Pepco, and DPL ratepayers approximately $39.8 million in refunds ($13.7 million for BGE, $14.2 million for Pepco, and $11.9 million for Delmarva).

C. PJM's Capacity Performance Proposal – FERC Docket Nos. ER15-623 and EL15-29

On December 12, 2014, PJM filed with FERC a proposal to significantly change the definition and performance requirements of capacity resources that participate annually in PJM's wholesale capacity market. The Maryland PSC intervened in the proceeding and participated actively in a case that presents significant rate and reliability impacts to Maryland ratepayers. In addition to changes to the rules regarding capacity resources, PJM's filings also included proposed changes to PJM's rules relating to its energy markets and rules for *force majeure* relief in certain cases of non-performance. Some of PJM's initially-proposed revisions were modified in PJM's subsequent filings made in February and May 2015 in response to numerous protests and comments as well as FERC staff's questions raised in a deficiency letter issued in late March 2015. On June 9, 2015, FERC issued an order largely accepting the Capacity Performance ("CP") Proposal to enhance the reliability of the capacity market, as modified throughout the proceeding; however, FERC rejected some aspects, and ordered PJM to modify other aspects, of the CP Proposal. On July 9, 2015 the Maryland and District of Columbia Commissions petitioned FERC for rehearing, objecting to the CP Order's approval of the CP Proposal on the grounds that is unnecessary for reliable service operations and that it will increase electricity end user costs in the PJM service area by as much as $6 billion. Petitions for rehearing remain pending.

D. FirstEnergy Complaint against PJM regarding Demand Response in Capacity Markets – FERC Docket No. EL14-55

On May 23, 2014, FirstEnergy filed a complaint with FERC demanding that FERC require PJM to remove from its tariffs any provisions allowing for demand response resources to participate in PJM's wholesale capacity markets and that FERC re-run certain capacity auctions with demand response resources excluded, given the decision of the D.C. Circuit in *EPSA v. FERC*, discussed in Section XI, Subsection B.2 herein. The Maryland PSC filed a protest of the complaint and asked that FERC reject FirstEnergy's request to rerun the auctions, deny the request to strip from PJM all provisions relating to demand response, and open an evidentiary hearing to examine what modifications are required to PJM's Tariff to ensure that demand response resources continue to operate within PJM's wholesale capacity market consistent with the *EPSA v. FERC* decision. On January 25, 2016, the US Supreme Court reversed the D.C. Circuit Court of Appeals decision in *EPSA v. FERC*, affirming FERC's jurisdiction with regard to pricing demand response for compensation in the wholesale market. No further effort has been undertaken by FirstEnergy (to date) with regard to challenging demand response in PJM's capacity market.

E. PJM Motion to Waive Offer Cap – FERC Docket No. ER14-1144

On January 23, 2014, in response to emergency conditions associated with the January 2014 polar vortex, PJM moved FERC for a temporary wavier of its tariff from January 24, 2014 to March 31, 2014 for authority to exceed its $1,000 per MWh energy offer cap. The Maryland PSC protested the proposal, arguing that it was not justified, would result in unjust and unreasonable pricing, and would burden end users. FERC granted PJM's waiver request, but also directed PJM's Market Monitor to submit an informational filing within 30 days of the expiration of the requested waiver that identifies: (1) the total amount of energy in MWhs that was accepted over the bid cap; (2) the associated cost of such energy; and (3) information on any unverifiable bids that were rejected. The Maryland PSC petitioned for rehearing requesting that FERC require the Market Monitor to submit, and require FERC staff to review, "a thorough report . . . fully identifying all applications" for make-whole payments and the basis on which the allowed price was determined in any resulting payments. The Maryland PSC also requested that FERC permit uplift compensation only for generators that have actual, demonstrated operating cost levels above the price cap as a result of natural gas price spikes. The Maryland PSC's request for rehearing was denied.

F. PJM Offer Cap Proceeding – FERC Docket No. EL15-31

On December 15, 2014, PJM filed proposed tariff revisions to replace its long-standing $1,000/MWh energy offer cap with a new offer cap of up to $1,800. The Maryland PSC intervened in the proceeding and protested the proposal, arguing that PJM had not demonstrated need, that generators would obtain an unwarranted windfall, and that the cost implications to end-use customers could be substantial. On January 16, 2015, FERC granted the PJM proposed tariff revisions until April 1, 2015. FERC also subsequently denied the rehearing request of the PJM Industrial Coalition, determining that the request for rehearing was moot because no party was adversely affected by the January order as no resources with incremental offers above $1,000/MWh cleared the energy markets during the referenced period and thus no such offer established LMP or resulted in uplift payments to market sellers.

G. CPV Maryland, LLC – FERC Docket No. ER14-2106-000

On June 2, 2014, CPV Maryland, LLC requested FERC approval of its Contracts for Differences entered into between CPV and certain Maryland Electric Distribution Companies as a result of the PSC's Case No. 9214 investigation into long-term reliability. The Maryland PSC actively participated in the FERC proceeding and supported CPV's request for FERC approval. On August 5, 2014, FERC dismissed the CPV filing based on the Federal Court of Appeal's decision that the Contracts for Differences were invalid. The Court of Appeal's decision is now being reviewed by the Supreme Court in *Hughes v. Talen Energy Marketing*, discussed in Section XI, Subsection B.1 herein.

H. Triennial Review of PJM's Capacity Market – FERC Docket No. ER14-2940

On September 25, 2014, PJM initiated a FERC-mandated proceeding to review and amend its Reliability Pricing Model and wholesale capacity market auction parameters. The Maryland PSC participated actively in the proceeding to advocate for tariff provisions that preserve reliability, mitigate impact to ratepayers, and promote healthy competitive markets. On November 28, 2014, FERC accepted PJM's proposed changes. The Maryland PSC requested rehearing, strongly objecting to the Triennial Review Order in that it is likely to increase electricity end-user costs in the PJM service area by as much as $1.2 billion without providing end-user customers any meaningful reliability or other service improvement. The request for rehearing was denied.

I. Delaware and Maryland State Commissions v. PJM (Artificial Island Complaint) – EL15-95

On August 28, 2015, the Delaware Public Service Commission and the Maryland PSC jointly filed a Complaint pursuant to Section 206 of the Federal Power Act against PJM and certain PJM Transmission Owners requesting that FERC find that PJM's use of a "solution-based DFAX" to allocate the costs of the "Artificial Island" Regional Transmission Expansion Plan Project is unjust, unreasonable, and unduly discriminatory and preferential. Complainants asserted that PJM's sole reliance on the solution-based DFAX methodology for allocating Artificial Island Project costs results in a grossly disproportionate financial impact to customers within the Delmarva transmission zone when compared with the limited benefits to consumers in that zone.

On November 24, 2015, FERC issued an order finding that PJM's proposed Tariff amendments have not been shown to be just and reasonable, and may be unjust, unreasonable, or unduly discriminatory or preferential. FERC directed its staff to establish a technical conference to explore both whether there is a definable category of reliability projects within PJM for which the solution-based DFAX cost allocation method may not be just and reasonable, such as projects addressing reliability violations that are not related to flow on the planned transmission facility, and whether an alternative just and reasonable *ex ante* cost allocation method could be established for any such category of projects. Further proceedings and a final decision in this matter remain pending.

J. Intra-PJM 500 kV and Above – Extra High Voltage Transmission Plant Cost Allocation – FERC Docket No. EL05-121

On December 18, 2014, FERC established hearing and settlement judge procedures to determine the assignment of cost allocation for intra-PJM 500 kV and above transmission facilities. In June 2014, the U.S. Seventh Circuit Court of Appeals remanded for a second time FERC Order 494, which had adopted a 100% PJM-wide postage stamp (or load ratio share, socialized) cost allocation methodology for new transmission facilities planned and constructed after 2006. Opponents of the postage stamp methodology, namely western PJM states and related Transmission Owners, prefer a Distribution Factor (i.e., Dfax) direct beneficiary-based allocation approach. The Maryland PSC continues to support FERC Order 494's load ratio share allocation methodology since 500 kV and above facilities provide backbone reliability that benefits the entire grid. However, pursuant to settlement judge procedures ordered by FERC on December 18, 2014, the Maryland PSC has actively participated in settlement discussions in this matter, with the expectation that a mutually agreeable settlement can be reached without the necessity of evidentiary hearings.

K. Electric Transmission Plant Abandonment Cost

In 2015, the Commission's OGC continued to challenge unfavorable wholesale electric generation and transmission policies, including transmission plant abandonment cost recovery in the matter of *PJM Interconnection, LLC and Potomac-Appalachian*

Transmission Highline, LLC (PATH) – Docket No. ER12-2708-000. The PATH Abandonment Plant Case reached an impasse in March 2014, resulting in FERC setting the matter for evidentiary hearings. Following three weeks of trial in March and April 2015, as well as the filing of initial and reply briefs, the Presiding Judge issued the Initial Decision on September 14, 2015 granting some, but not all, of PATH's abandonment costs, but substantially mitigating the PATH Companies' ROE to 6.27% (well below the 10.54% that had been requested). The Initial Decision, along with the parties' exceptions and reply exceptions, remains before FERC for an opinion and order.

L. Demand Response Stop Gap Proceeding; FERC Docket No. EL05-121

On January 14, 2015, in response to the D.C. Circuit Court's decision in *EPSA v. FERC*, PJM filed proposed modifications to its rules addressing the participation of demand response in PJM's capacity market (the demand response "stop-gap" proposal). The Maryland PSC filed a protest with FERC on February 13, 2015, arguing that PJM's proposal was premature, disruptive, and contrary to prudent wholesale market administration. In its March 31, 2015 order, FERC agreed with the Maryland PSC and dismissed PJM's tariff revisions as premature. The Supreme Court's favorable decision in *FERC v. EPSA* should obviate any future refiling by PJM of demand response stop-gap provisions.

IX. PJM INTERCONNECTION, INC. – THE RELIABILITY PRICING MODEL 2018/2019 DELIVERY YEAR BASE RESIDUAL AUCTION RESULTS

PJM conducted the Reliability Pricing Model ("RPM") 2018/2019 delivery year base residual action ("BRA") in August 2015. The 2018/2019 BRA was conducted under new elements approved by FERC (i.e., the Capacity Performance ("CP") and revised Variable Resource Requirement ("VRR") Curve parameters). The auction was delayed from May to August to include bids by CP resources.

The 2018/2019 BRA cleared sufficient capacity resources in PJM to provide a 19.8% reserve margin, which is 4.1% higher than the target reserve margin of 15.7%. The total quantity of demand resources offered into the 2018/2019 BRA increased 3.4% over the demand resources that were offered into the 2017/2018 BRA.

The RTO (inclusive of the Mid-Atlantic Area Council Region ("MAAC") locational deliverable area ("LDA"), including the BGE Zone) CP resources cleared at $164.77/MW-Day, while the RTO (inclusive of the MAAC LDA) Base Capacity resources cleared at $149.98/MW-Day. East MAAC ("EMACC") [Delmarva's] CP resources cleared at $225.42/MW-Day and EMACC Base Capacity cleared at $210.63/MW-Day. Southwest MAAC ("SWMAAC") CP resources and Base Capacity cleared at $164.77/MW-Day and $149.98/MW-Day, respectively. Pepco Zone CP Capacity and Base Capacity cleared at $164.77/MW-Day and $149.98/MW-Day, respectively. The RTO (inclusive of the MAAC LDA, including BGE) Base Demand Response and Energy Efficiency resources cleared at $149.98/MW-Day, while EMACC [Delmarva], SWMAAC and Pepco Zone Base DR/EE cleared at $210.63/MW-Day, $59.95/MW-Day and $41.09/MW-Day, respectively.

X. BROADENED OWNERSHIP ACT

In compliance with § 14-102 of the Economic Development Article, *Annotated Code of Maryland*, entitled the "Broadened Ownership Act," the Commission communicated with the largest gas, electric, and telephone companies in the State to ensure that they were aware of this law. The law establishes the need for affected companies to institute programs and campaigns encouraging the public and employees to purchase stocks and bonds in these companies, thus benefiting the community, the economy, the companies, and the general welfare of the State.

The following companies submitted reports outlining various efforts to encourage public and employee participation in the stock purchase program:

(a) PHI continues to encourage broadened ownership of the Company's capital stock, particularly among Maryland residents. PHI is the parent company of Pepco and Delmarva. As of September 10, 2015, more than 253 million shares of PHI common stock outstanding were held by more than 42,000 shareholders. PHI's records show that 7,765 shareholder accounts, representing 5.9 million shares, are registered directly to Maryland residents.

PHI reported that broadened individual ownership of PHI's common stock is encouraged through PHI's Direct Stock Purchase and Dividend Reinvestment Plan, which permits shareholders to purchase additional PHI common stock through reinvested dividends or voluntary cash contributions.

(b) NiSource, Inc. ("Parent") owns all of the common stock of the NiSource Gas Distribution Group, Inc., which in turn owns all of the common stock of Columbia Gas of Maryland, Inc. The Parent has two plans, which encourage broadened employee stock ownership: the Employee Stock Purchase ("ESP") Plan and the NiSource Retirement Savings Plan. In addition, NiSource, Inc. maintains a Dividend Reinvestment and Stock Purchase Plan that broadens stock capital ownership by all stockholders, including employees, by enabling them to reinvest their dividends to acquire additional shares of common stock.

On August 31, 2015, the Parent had 318,223,559 shares of its common stock outstanding, of which 173,905 were acquired by employees during the previous 12 months through the ESP Plan and 1,417,690 through the NiSource Inc. Retirement Savings Plan (for an aggregate total of 1,591,595). As of August 31, 2015, the Parent had approximately 470 registered stockholders with Maryland addresses, holding approximately 174,489 shares of Parent common stock.

(c) As of September 30, 2015, Exelon Corporation, the indirect parent of BGE, reported that 14,077 Maryland residents, representing 11.71% of Exelon's total registered shareholders, owned 6,299,609 (0.55%) of the outstanding shares of common stock. Of these Maryland shareholders, 5,585 (4.64%), of Exelon's total registered shareholders owning 1,094,657 (0.11%) of the legal outstanding shares of common stock, were participants in the Direct Stock Purchase Plan.

As of September 30, 2015, 3,448 Maryland residents held an aggregate of 2,788,042 shares of Exelon's Employee Savings Plan. In addition, 155,406 shares were held by 595 Maryland residents who are participants in the legacy Exelon Employee Stock Purchase Plan.

(d) The Potomac Edison Company was a wholly-owned subsidiary of Allegheny Energy, Inc. ("AE") through February 25, 2011, at which point it became a subsidiary of FirstEnergy Corporation ("FE"). In April 2012, the Allegheny Employee Stock Purchase Plan was merged into the FE Employee Savings Plan ("FE Plan"). Approximately 90% of FE's employees were contributing to the FE Plan as of

December 31, 2014, and 17,467 participants had FE stock as part of their account balance within the FE Plan. As of December 31, 2014, 2,038 Maryland residents held 617,552 shares of FE stock as stockholders of record, which represents approximately 2.2096% of all FE registered stockholders and 0.1461% of all shares. In addition, as of December 31, 2014, 12 AE stockholders living in Maryland, owning the equivalent of 1,042 FE shares, had not yet exchanged their AE shares for FE shares.

(e) Washington Gas Light Company submitted its report on broadened ownership of the Company's capital stock, particularly among residents of Maryland and Company employees, on October 22, 2015. Approximately 26.43% of registered shareholders reside in Maryland, representing 2.89% of WGL's outstanding common shares. WGL employees also actively participate in the ownership of the Company. As of October 1, 2015, 123 employees were actively participating in the Company's "Dividend Reinvestment and Common Stock Purchase Plan" through payroll deductions. Additionally, approximately 886 employees (both active and inactive) owned shares through its defined contribution plans. Of these, a total of 360 employees, former employees and retirees reside in Maryland.

(f) Verizon Maryland LLC is a wholly owned subsidiary of Verizon Communications Inc. Public stockholder ownership in the Maryland Company is obtained through the purchase of Verizon Capital Stock. The Verizon Savings Plan enables employees to purchase stock in Verizon Communications Inc. As of September 30, 2015, 19,076 Maryland residents held Verizon stock.

XI. REPORTS OF THE AGENCY'S DEPARTMENTS/DIVISIONS

A. Office of Executive Secretary

The Executive Secretary is responsible for the daily operations of the Commission and for keeping the records of the Commission, including a record of all proceedings, filed documents, orders, regulation decisions, dockets, and files. The Executive Secretary is an author of, and the official signatory to, minutes, decisions and orders of the Commission that are not signed by the Commission directly. The Executive Secretary is also a member of a team of policy advisors to the Commission.

The Office of Executive Secretary ("OES") is responsible for the Commission's case management, expert services procurement, order preparation, purchasing and procurement, regulation development and coordination, tariff maintenance, the Equal Employment Opportunity Program, operations, fiscal and budget management, the Commission's information technology system including databases and the official website and intranet website. The OES contains the following divisions:

1. Administrative Division

a. Case Management Unit

The Case Management Unit creates and maintains formal dockets associated with proceedings before the Commission. In maintaining the Commission's formal docket, this Unit must ensure the security and integrity of the materials on file, while permitting access to the general public. Included within this security function is the maintenance of confidential/proprietary information relating to the conduct of utility regulation and required compliance with detailed access procedures. During 2015, this Unit established 42 new non-transportation-related dockets and processed 2,281 non-transportation-related case items. This Unit is also responsible for archiving the formal dockets based on the record retention policies of the Commission.

b. Document Management Unit

The Document Management Unit is responsible for developing the Commission's Administrative Meeting Agenda ("Agenda"), the official open meeting action agenda mandated by law. During 2015, this Unit scheduled 42 Commission administrative meetings to consider the Agenda at which 782 administrative items were considered and decided upon pursuant to the Commission's authority. Additionally, this Unit is responsible for docketing public conferences held by the Commission. Six administrative docket public conferences were initiated in 2015. This Unit also processed 6,865 filings, including 1,244 memoranda.

c. Regulation Management Unit

This Unit is responsible for providing expert drafting consultation, establishing and managing the Commission's rulemaking docket, and coordinating the adoption process with the Secretary of State's Division of State Documents. During 2015, this Unit managed two rulemaking dockets that resulted in emergency or final adoption of regulation changes to COMAR Title 20 – Public Service Commission, and six rulemaking dockets that remain active.

d. Operations Unit

This Unit is responsible for managing the Commission's telecommunications needs and its motor vehicle fleet, as well as being the liaison for building maintenance, repairs and construction needs of the Commission. In addition, this Unit is responsible for the Equal Employment Opportunity Program.

2. Fiscal Division

a. Fiscal and Budget Management Unit

This Unit manages the financial aspects of the daily operations of the Commission. The operating budget totaled $46,421,974 for fiscal year ending June 30, 2015. This budget consisted of $45,929,938 in Special Funds and $492,036 in Federal Funds. Included within the normal State functions are two unique governmental accounting responsibilities. The first function allocates the Commission's cost of operation to the various public service companies subject to the Commission’s jurisdiction. The second function allocates the budget associated with the Department of Natural Resources’ Power Plant Research Program to electric companies distributing electricity to retail customers within Maryland. This Unit also administers the financial accountability of the Pipeline Safety Program and the Hazardous Liquid Pipeline Safety Program, which is partially reimbursed by the Federal Department of Transportation, by maintaining all associated financial records consistent with federal program rules, regulations, and guidelines that require additional record keeping.

b. Purchasing and Procurement Management Unit

This Unit is responsible for expert services procurement and any other procurements required by the Commission, as well as the overall control of supplies and equipment. This Unit is also responsible for agency forms management and record retention management. This Unit’s staff maintained and distributed the fixed and disposable assets, maintained all related records, purchased all necessary supplies and equipment, and coordinated all equipment maintenance. As of June 30, 2015, this Unit was maintaining approximately 90 categories of disposable supplies and materials totaling $8,906 and fixed assets totaling $2,205,284.

3. Information Technology Division

The Information Technology Division ("IT") functions as the technical staff for the Commission's network and computer systems. IT is responsible for computer hardware and software selection, installation, administration, training and maintenance. IT manages and maintains the content and technical components of the Commission's internal and external websites. In 2015, IT (a) installed a new digital court reporting system to record and archive Public Utility Law Judge Proceedings in the 19th Floor Hearing Room; (b) created a new Virtual Management Cluster to incorporate a third ESX CPU as part of the Redundant High Availability PSC Network of Servers; (c) implemented storage upgrades for the Commission's Coldfusion Server (3TB) to provide online archive capability for historic data previously stored on microfiche; (d) developed a new Transportation Database – TNC (Transportation Network Company)/TNO (Transportation Network Operator) to import TNC Licensed Driver Data from companies such as UBER and LYFT; (e) implemented a new SECURE FTP SERVER to facilitate the transfer of sensitive driver information from Transportation Network Companies (UBER/LYFT); and (f) designed and implemented a new multi-camera, high-definition streaming video system that provides live video of PSC 16th Floor Hearing Room proceedings.

4. Personnel Division

On October 14, 2015, the Commission's Personnel Division was consolidated into the larger human resources organization within the Maryland Department of Budget and Management.

B. Office of General Counsel

The Office of General Counsel provides legal advice and assistance to the Commission on questions concerning the jurisdiction, rights, duties or powers of the Commission, defends Commission orders in court, represents the Commission in federal and State administrative proceedings, and initiates and defends other legal actions on the Commission's behalf as needed. OGC also supervises enforcement of the Commission's rules, regulations and filing requirements as applied to utilities, common carriers and other entities subject to the Commission's jurisdiction, and leads or participates in special projects as directed by the Commission.

During 2015, in addition to assisting the Commission in timely adjudicating numerous utility rate cases, OGC attorneys also assisted the Commission by addressing utility service reliability, development of new electricity generation and preservation of demand response options in Maryland, and new developments in the taxi cab/limousine industry. OGC also routinely provides legal support to the Commission by responding to requests for information pursuant to the Maryland Public Information Act and by addressing customer complaints related to public service companies.

Below is a summary of selected federal and State cases litigated by OGC:

1. *PPL Energyplus v. Nazarian / Hughes v. Talen Energy Marketing,*[27] U.S. Supreme Court Case Nos. 14-614 and 14-623

Commission Order No. 84815 in Case No. 9214 (April 12, 2012) directing three of Maryland's electric utilities to enter into a long-term contract with a generating company to enable the construction of much-needed new generation capacity in Southern Maryland was challenged separately by a consortium of generators in U.S. District Court and by generators and Maryland electric utilities in the Circuit Court for Baltimore City. (See Litigation Item No. 3, below). Following a six-day trial, on September 30, 2013, the U.S. District Court entered a Memorandum of Decision finding that the Commission's use of a long-term Contract for Differences to enable the construction of a new generating plant in Maryland violated the Supremacy Clause of the U.S. Constitution and therefore was preempted. The Commission appealed this decision to the United States Court of Appeals for the Fourth Circuit, which affirmed the District Court's decision on June 2, 2014. The Commission filed a Petition for Certiorari to the U.S. Supreme Court on November 26, 2014, arguing that the use of long-term contracts, which the Fourth Circuit had voided, was essential to ensuring the long-term reliability of electric supply in the State and is not preempted under the Supremacy Clause. On October 19, 2015, the Supreme Court granted certiorari, set a briefing schedule, and oral argument was held on February 24, 2016.

[27] (Upon Kevin Hughes' appointment to the Commission as Chairman, the Supreme Court case was renamed *Hughes* v. *Talen*).

2. *FERC v. Electric Power Supply Association (FERC v. EPSA),* U.S. Supreme Court, Case Nos. 14-840 and 14-841

In 2012, the Commission intervened in *Electric Power Supply Association v. FERC*, U.S. Court of Appeals for the District of Columbia Circuit, Nos. 11-1486. The Commission actively participated in this case in support of FERC Order No. 745, which provides that when a demand response resource has the capability to balance supply and demand as an alternative to a generation resource, and when dispatching and paying Locational Marginal Prices ("LMP") to that demand response resource is shown to be cost-effective as determined by FERC's net benefits test, payment of LMP to these resources will result in just and reasonable rates for ratepayers. On May 23, 2014, the D.C. Circuit reversed FERC Order No. 745, declaring that FERC's decision to set pricing for demand response in the wholesale energy market was ultra vires and outside the scope of the Federal Power Act. The Court's decision sparked major concerns regarding both the continuing viability of demand response programs, both in the energy market (to which the decision was directly addressed) but also in the capacity market. Petitions for rehearing were denied. On January 15, 2015, the U.S. Solicitor General filed a Petition for Certiorari to the United States Supreme Court in support of FERC jurisdiction over demand response resources. The Commission, along with the California Public Utilities Commission and the Pennsylvania Public Utility Commission, filed a Joint State Brief in Support of Certiorari on February 17, 2015, arguing that the D.C. Circuit's decision was contrary to law and would impose significant costs on end-use ratepayers. On May 4, 2015, the Supreme Court granted c*ertiorari*. The Commission again joined other states to file multiple briefs supporting FERC's authority to administer demand response programs at the wholesale level, arguing that these programs were consistent with

FERC's authority under the Federal Power Act, and benefited ratepayers by reducing wholesale prices and increasing system reliability. On January 25, 2016, the Supreme Court issued an Opinion and Order reversing the D.C. Circuit Court's decision, finding that FERC is authorized under the Federal Power Act to administer demand response programs and that its LMP compensation was lawful and supported by the record.

3. *In the Matter of the Petition of Calpine Corporation*, Circuit Court for Baltimore City, Case No. 24-C-12-002853

On October 1, 2013, the Circuit Court for Baltimore City upheld Commission Order No. 84815 in Case No. 9214 on appeal, holding that Commission orders directing Maryland EDCs (Electric Distribution Companies) to negotiate and enter into a Contract for Differences with a new merchant power plant authorized by the Commission, were within the Commission's statutory authority. (The Contract for Differences authorized the utilities to recover their costs, or return credits to their ratepayers through the Standard Offer Service ("SOS") provisions of the Companies' tariffs). The Petitioners have appealed to the Maryland Court of Special Appeals, which appeal is stayed pending U.S. Supreme Court resolution of the *Hughes* v. *Talen Energy Marketing* litigation described in Section XI, Subsection B.1 above.

4. *Accokeek, Mattawoman, Piscataway Creeks Communities Council, Inc. v. PSC*, Circuit Court for Baltimore City, Case No. 24-C-14-003896

Accokeek, Mattawoman, Piscataway Creeks Communities Council, Inc. ("AMP") filed a Petition for Judicial Review in the Baltimore City Circuit Court challenging Commission Order No. 86372 in Case No. 9318, which granted a CPCN to Dominion Cove Point LNG, LP ("DCP") to construct a 130 MW generating station at DCP LNG terminal in Calvert County, Maryland. In affirming the Commission's decision, the Circuit Court found that the Commission afforded appropriate due process to all parties, reasonably considered the factors underlying its determination to grant the CPCN, was deliberate and cautious in balancing the considerations associated with the negative and positive effects of the project, did not act outside of its statutory authority by attaching financial conditions in granting the CPCN requested in this case, conducted the necessary balancing required under Public Utilities Article § 7-207(e), and satisfied all of the elements necessary for granting a CPCN including appropriate consideration of the overall liquefaction project. The Circuit Court further held that balancing of positive and negative effects of the project on a strict dollars and cents basis, or mathematically, was not required, rather only that the overall project satisfy the public good. On January 15, 2015, AMP filed an appeal to the Maryland Court of Special Appeals, which heard argument on December 1, 2015. The Court of Special Appeals' decision in this matter remains pending.

5. *Washington Gas Light Co. v. PSC*, Circuit Court for Baltimore City, Case No. 24-C-12-002607; and *Washington Gas Light Co. v. PSC*, Circuit Court for Baltimore City, Case No. 24-C-12-006179

Washington Gas Light Company filed Petitions for Judicial Review challenging two Maryland PSC Orders. In *Washington Gas Light Co. v. PSC*, Circuit Court for Baltimore City, Case No. 24-C-12-002607, WGL challenged Commission Order No. 84781 issued in Case No. 9267, which denied in part WGL's Petition for Rehearing and Clarification of Order No. 84775 – the Commission's order resolving WGL's 2011 rate case. Specifically, WGL challenged the Commission's decision not to include in rates the "costs to initiate" its outsourcing contract with Accenture (costs that the Commission excluded because WGL could not demonstrate offsetting contract savings as of the time the rate case order was issued).

In *Washington Gas Light Co. v. PSC,* Circuit Court for Baltimore City, Case No. 24-C-12-006179, WGL challenged Commission Order No. 85120 issued in Case No. 9104, Phase II, which denied WGL's Petition for Clarification or Rehearing. In its Petition for Judicial Review, WGL had asserted that the Commission announced a new standard for cost recovery in Order No. 84277 when it stated that Accenture cost recovery must be offset by contract savings in WGL's then-pending rate case, Case No. 9267. WGL also challenged Commission determinations regarding capital structure return on equity ("ROE").

Case Nos. 24-C-12-002607 and 24-C-12-006179 were consolidated and the Commission's decisions in both cases were affirmed. The court found that the Commission acted reasonably in denying WGL's request for cost recovery and in determining WGL's capital structure, and it found the Commission's ROE determination to be well within the zone of reasonableness for gas utilities. No further appeal was taken from this decision.

6. *Columbia Gas of Maryland, Inc. v. PSC,* Circuit Court for Washington County, Case No. 21-C-13-48802

Columbia Gas of Maryland, Inc. filed a Petition for Judicial Review challenging Commission Order No. 85858 issued in Case No. 9316, which denied recovery of certain costs of environmental remediation that Columbia Gas requested as part of its February 27, 2013 application for rate increases. After a hearing on April 4, 2013, the Circuit Court for Washington County affirmed Commission Order No. 85858. Columbia Gas appealed to the Maryland Court of Special Appeals. Argument was held on June 5,

2015. The Court of Special Appeals affirmed the judgment of the Circuit Court on August 28, 2015. Columbia Gas petitioned for a *Writ of Certiorari* to the Court of Appeals which was denied.

7. *Uber Technologies, Inc. v. PSC*, Circuit Court for Baltimore City, Case No. 24-C-13-06089

Uber Technologies, Inc. filed a Petition for Judicial Review of Commission Order No. 85860 in Case No. 9325, which directed Uber to produce certain discovery materials pursuant to Commission subpoena. The Commission filed a motion to dismiss the Petition, which the Circuit Court granted. Uber appealed the dismissal to the Court of Special Appeals. On November 25, 2014, Uber and Staff submitted a Joint Motion for Approval of Agreement of Stipulation and Settlement, and the settlement was approved by the Commission on February 26, 2015.

8. *In Re Petitions for Judicial Review In the Matter of the Application of Potomac Electric Power Company for an Increase In Its Retail Rates for the Distribution of Electric Energy* (PSC Order No. 85724), Baltimore City Circuit Court Case No. 24-C-13-006543

On July 12, 2013, the Commission issued Order No. 85724 in Case No. 9311, granting Pepco authority to increase distribution rates by $27,883,000 (in contrast to the Company's $60.8 million request), with an increase in return on equity ("ROE") to 9.36 % (as opposed to the Company's 10.25% request). Additionally, the Commission approved the establishment of a Grid Resiliency Charge ("GRC") limited in scope to the Accelerated Priority Feeders component of the Company's request. On July 26, 2013, Pepco filed a Petition for Judicial Review in Baltimore City Circuit Court, challenging the amount of the rate increase and the ROE. OPC and AARP Maryland also filed

Petitions for Judicial Review in Baltimore City Circuit Court, objecting to the Commission's approval of the GRC. Subsequently, Montgomery County Maryland filed a Petition for Review in Montgomery County. That case was later transferred to Baltimore City. On November 14, 2014, the Baltimore City Circuit Court affirmed most of the Commission's order, but reversed the Commission's decision with respect to the ROE. OPC and AARP appealed the Circuit Court's affirmance of the Commission's GRC decision to the Court of Special Appeals. On December 15, 2015, the Court of Special Appeals determined that the Circuit Court had correctly affirmed the Commission's decision with respect to the GRC and the amount of the rate increase. Furthermore, the Court of Special Appeals determined that the Circuit Court had erred with regard to the ROE, finding that the Commission had properly supported its determination on the record.

9. *In Re Petition for Judicial Review In the Matter of the Application of Baltimore Gas and Electric Co. for Adjustments to Its Electric and Gas Base Rates* (PSC Order Nos. 86060, 86270), Baltimore City Court Case No. 24-C-14-000176

On December 13, 2013, the Commission issued Order No. 86060 in Case No. 9326, granting BGE authority to increase its electric distribution rates to $33.6 million and a return on equity of 9.75 %, and an increase in its gas rates by $12.5 million with a ROE of 9.6%. Additionally, the Commission partially granted BGE's request for an Electric Reliability Investment ("ERI") to implement a five-year, $72.6 million initiative consisting of five out of eight proposed infrastructure projects. On March 31, 2014, the Commission issued Order No. 86270, which examined BGE's compliance filing pertaining to its ERI initiative that was approved. Order No. 86270 found that the Company had complied with the Commission's requirements in Order No. 86060 requesting additional detailed information regarding the five approved ERI projects. On January 13, 2014, OPC filed a Petition for Judicial Review of Order No. 86060 in the Circuit Court for Baltimore City initiating Case No. 24-C-14-000176/AA. On April 28, 2014, OPC filed a Petition for Judicial Review of the Commission's ERI Compliance Order, Order No. 86270 initiating Case No. 24-C-14-002431/AA. The cases were consolidated on July 22, 2014 under Case No. 24-C-14-000176/AA. On November 17, 2014, a hearing was held in the Circuit Court for Baltimore City for Case No. 24-C-14-002431/AA. On October 26, 2015, the Circuit Court of Baltimore City affirmed the rulings of the Maryland PSC in Order No. 86060 dated December 13, 2013 and Order No. 86270 dated March 21, 2014. OPC appealed the Circuit Court's decision and filed on November 23, 2015 a Notice of Appeal with the Court of Special Appeals. A hearing date in this matter is pending in the Court of Special Appeals.

10. *In Re Petition for Judicial Review In the Matter of the Application of Potomac Electric Power Company for Adjustments to Its Retail Rates for the Distribution of Electric Energy* (PSC Order Nos. 86441, 86711, and 86712), Baltimore City Court Case No. 24-C-14-007621

On July 2, 2014, the Commission issued Order No. 86441 granting Pepco authority to increase distribution rates by $8,754,000 with a return on equity of 9.62%. On July 31, 2014, Pepco filed a Petition for Rehearing of Order No. 86441. On August 26, 2014, the Commission instituted a Phase II proceeding in Case No. 9336 to address the issue of Pepco's Net Operating Loss Carry Forward ("NOLC"). On November 13, 2014, the Commission issued Order No. 86711 resolving the NOLC issues. Also on November 13, 2014 the Commission issued Order No. 86712 denying Pepco's Request for Rehearing with respect to Order No. 86441. On December 11, 2014, Pepco filed a

Petition for Judicial Review in Baltimore City Circuit Court. A hearing was held on May 26, 2015. An Opinion and Order was issued on August 7, 2015 affirming the Commission's Orders.

11. *Columbia Gas v. PSC* (Case No. 24-C-14-005338); *Baltimore Gas and Electric Co. v. PSC* (Case No. 24-C-001051) and *Washington Gas Light v. PSC* (Case No. 24-C-14-004634) (STRIDE Cases)

In 2014, OPC appealed each of the Commission's Strategic Infrastructure Development and Enhancement ("STRIDE") case rulings, which approved rate tracking mechanisms to accelerate the modernization and safety of the natural gas distribution systems for Columbia Gas, BGE and WGL. Baltimore City Circuit Court affirmed the Commission's decision in the BGE STRIDE case, and OPC has taken a further appeal of that decision. The Court has stayed (or held in abeyance) the two remaining cases pending the outcome of OPC's appeal of the BGE case in the Court of Special Appeals.

On January 28, 2016, the Court of Special Appeals affirmed the Maryland PSC's decision, finding that the Commission's multi-step approval process eliminated unnecessary delay while also ensuring that ratepayers would not pay surcharges until after the Commission had determined that the utility's proposed projects and estimated costs were reasonable and prudent.

12. *In the Matter of the Application of Washington Gas Light Company for Authority to Implement a Strategic Infrastructure Development and Enhancement Plan and Associated Cost Recovery Mechanism (Circuit Court for Montgomery County, Case No. 407503-V. (PSC Case No. 9335)*

On July 2, 2015, the Commission ruled that the STRIDE Act did not permit reimbursement to WGL for that portion of its gas infrastructure improvements located outside of Maryland, regardless of whether the improvements would provide benefits within Maryland. WGL has appealed that decision to the Circuit Court for Montgomery County and the court has scheduled a hearing for March 18, 2016.

13. In the Matter of the Merger of Exelon Corporation and Pepco Holdings, Inc. (Circuit Court for Queen Anne's County – Case No. 17-C-15-019974) (PSC Case No. 9361)

On May 15, 2015, the Commission approved the merger of Exelon and PHI, Inc. OPC, Sierra Club, and Chesapeake Climate Action Network filed petitions for judicial review in the Circuit Court for Queen Anne's County. On August 12, 2015, the Circuit Court issued an order agreeing with the Commission that the merger should not be stayed pending additional discovery by petitioners. On January 8, 2016, the Circuit Court affirmed the Commission's merger order, finding that the Commission "properly and objectively" considered the relevant evidence and that the order was supported by substantial evidence.

The three petitioners have recently appealed this decision to the Court of Special Appeals.

C. Office of the Executive Director

The Executive Director and two Assistant Executive Directors supervise the Commission's Technical Staff. The Executive Director's major supervisory responsibility consists of directing and coordinating the work of the Technical Staff relating to the analysis of utility filings and operations, the presentation of testimony in Commission proceedings, and support of the Commission's regulatory oversight activities. The Executive Director supervises the formulation of Staff policy positions and serves as the liaison between Staff and the Commission. The Executive Director is also the principal contact between the Staff and other State agencies, commissions and utilities.

1. Accounting Investigation Division

The Accounting Investigation Division is responsible for auditing utility books and records and providing expertise on a variety of accounting, taxation and financial issues. The Division's primary function includes developing utility revenue requirements, auditing fuel costs, auditing the application of rates and charges assessed by utilities, monitoring utility earnings, examining the effectiveness of cost allocations, analyzing the financial integrity of alternative suppliers seeking licenses to provide services, and assisting other Divisions and state agencies. Historically, the Division has also been responsible for project management of Commission-ordered utility management audits. Division personnel provide expertise and guidance in the form of expert testimony, formal comments on utility filings, independent analyses on specific topics, advisory services and responses to surveys or other communication with the Commission. The Division keeps up to date with the most recent changes in accounting pronouncements and tax law, and applies its expertise to electric, gas, telecommunications, water, wastewater, taxicabs, maritime pilots, and toll bridge matters.

During 2015, the Accounting Investigation Division's work responsibilities included assisting other divisions, conducting audits of utility fuel programs and other rate adjustments, ongoing evaluation of utility base rates, STRIDE rates, and providing appropriate analysis of utility filings and rate initiatives. Division personnel provided expert testimony and recommendations relating to the performance of ongoing audits of 15 utility fuel programs and 10 other rate adjustments, and provided appropriate analysis and comment with respect to 149 filings submitted by utilities. In addition, Division personnel participated in approximately 19 formal proceedings and a number of special assignments.

2. Electricity Division

The Electricity Division conducts economic, financial and policy analyses relevant to the regulation of electric utilities, electricity retail markets, low income concerns, and other related issues. The Division prepares the results of these analyses in written testimony, recommendations to the Commission and various reports. This work generally includes: retail competition policies and implementation related to restructuring in the electric utility industry; rate of return on equity and capital structure; pricing structure and design; load forecasting; low-income customer policies and statistical analysis; consumer protection regulations; consumer education; codes of conduct; mergers; and jurisdictional and customer class cost-of-service determinations. The Division's analyses and recommendations may appear as expert testimony in formal proceedings, special topical studies requested by the Commission, leadership of or participation in work group processes established by the Commission, or formal comments on other filings made with the Commission.

As part of rate proceedings, the Division's work lies in three main areas: (1) Rate Design, the setting of electricity prices to recover the cost (as annual revenue) of providing service to a specific class (*e.g.*, residential) of customers; (2) Cost of Service Studies, the classification of utility operating costs and plant investments and the allocation of those costs to the customer classes that cause them; and (3) Cost of Capital, the financial analysis that determines the appropriate return to allow on a utility's plant investment given the returns observed from the utility industry regionally and nationally.

In addition to traditional Rate-of-Return expertise, the Division maintains technical and analytical professionals whose function is to identify and analyze emerging issues in Maryland's retail energy market. Division analysts research methods of electricity procurement, retail energy market models, energy and natural resource price trends, annual electricity cost data, renewable energy issues, economic modeling of electricity usage, and other areas that reflect characteristics of electricity costs.

During 2015, the Division's work included expert testimony and/or policy recommendations in approximately 45 administrative proceedings, two formal proceedings, two rate cases, and two rulemakings. In addition to traditional regulatory analysis, Electricity Division personnel facilitated several stakeholder work groups covering net energy metering, retail market electronic data exchange, and retail market supplier coordination. The Division also was tasked with evaluation of legislation on renewable energy programs, community solar, and smart meters.

3. Energy Analysis and Planning Division

The Energy Analysis and Planning Division ("EAP") is primarily responsible for evaluating and reporting to the Commission on the results of AMI deployment and the EmPOWER Maryland energy efficiency and demand response programs, which are operated by the electric utilities in accordance with the EmPOWER Maryland legislation.

Division members have analytical and/or oversight responsibilities on a wide range of subjects including: energy efficiency and demand response programs; regional power supply and transmission planning through participation in PJM working groups and committees; advanced metering infrastructure and smart grid implementation; oversight of the SOS competitive solicitations; developments in the wholesale energy markets focusing on prices and availability; Maryland's renewable energy portfolio standard ("RPS"); wholesale market demand response programs; certification of retail natural gas and electricity suppliers; and applications for small generator exemptions to the CPCN process.

During 2015, EAP was directly responsible or involved in several significant initiatives including:

- EmPOWER Maryland
    - Preparing semi-annual reports for the utilities' energy efficiency and demand response programs.
    - Assisting in the development of the annual EmPOWER Maryland report the Commission prepares for the General Assembly.
    - Direct oversight of the evaluation, measurement & verification process of the Independent Evaluator, producing annual impact and cost-effectiveness evaluation.
    - Conducting work groups related to the 2015-2017 EmPOWER Maryland energy efficiency and demand response plans.
    - Reviewing the annual EmPOWER Maryland surcharge filings for cost recovery of the EmPOWER Maryland programs.
    - Monitoring the CIF programs and preparing the annual CIF report.
- AMI/Smart Meters
    - Evaluating and reporting on the quarterly Smart Grid metric reports prepared by BGE, Pepco and DPL.
    - Preparing recommendations to the Commission in regards to the non-responsive customers issue in the Utilities' smart meter installations.
    - Preparing testimony on AMI cost recovery in utility rate cases.
- Preparing the "Ten-Year Plan (2015-2024) of Electric Companies in Maryland."
- Preparing the "Renewable Energy Portfolio Standard Report of 2015."

- Monitoring several PJM committees and work groups, including the Transmission Expansion Advisory Committee, Markets and Reliability Committee, Planning Committee, Market Implementation Committee, Members Committee, Demand Response Subcommittee, Resource Adequacy Analysis Subcommittee, and Regional Planning Process Task Force.
- Monitoring the SOS procurement processes to ensure they were conducted according to codified procedures consistent with the Maryland restructuring law.
- Continuing to work with electricity and natural gas suppliers to bring retail choice to the residential and small commercial markets.
- Participating with electric vehicle industry stakeholders to assess the electric vehicle pilot programs offered by BGE and Pepco pursuant to Senate Bill 176.
- Participating in NARUC activities.
- Monitoring, and where appropriate, participating in initiatives of the PJM, FERC, and OPSI.
- Providing assistance on rate cases and mergers.

4. Engineering Division

The Commission's Engineering Division monitors the operations of public service companies. Engineers check the utilities' operations for safety, efficiency, reliability, and quality of service. The Division's primary areas of responsibility include electric distribution and transmission; metering; private water and sewer distribution; certification of solar renewable energy facilities; and natural gas and hazardous liquid pipeline safety.

In 2015, the Engineering Division continued its monitoring and review of the utilities' implementation of the Commission's electric distribution system service quality and reliability regulations, the so-called RM43 regulations, found in COMAR 20.50.12. During 2015, the Division received the annual reliability reports from each of the electric utility companies pursuant to the reliability and service quality regulations, including operations and maintenance manuals, vegetation management plans, and major outage event plans. Staff reviewed each of the reports and provided the Commission with its analysis and recommendations in the Commission's August 2015 hearing held in Case No. 9353.[28] In that hearing, Staff recommended working with utilities to develop refined outage cause categories for future annual report filings, to allow Staff to better examine reliability data and performance trending in its assessments. Staff also reviewed and provided recommendations on four utilities' Corrective Action Plans and initiatives outlining how the utilities expect to meet reliability targets in the future after missing targets in 2014. While all utilities, except for SMECO, missed at least one of their reliability targets in 2014, Staff determined that only PE and DPL showed a decline in system-wide reliability, but all of the utilities' Corrective Action Plans and initiatives appear to provide correct measures to improve their electric distribution systems and comply with reliability indices specified by RM43 regulations. Staff proposed improving all utilities' system-wide reliability targets for 2016 through 2019 at the Commission's September 2015 RM43 rulemaking hearing. In 2016, the Engineering Division will continue to monitor the activities and subsequent filings of each utility company to ensure each is in compliance with COMAR regulations and the newly promulgated reliability targets. Staff will also work with utilities and interested parties to consider refining policies related to vegetation management and associated customer interface.

Working with utilities, solar developers and PJM, the Division significantly improved processes to simplify and expedite the review and approval of applications for certification of energy facilities eligible to receive Solar Renewable Energy Credits ("SRECs"). Over 11,000 applications for photovoltaic ("PV") system certification were

[28] *See* Section IV, Subsection C.1 (Review of Annual Performance Reports on Electric Service Reliability Filed Pursuant to COMAR 20.50.12.11 – Case No. 9353).

received in the calendar year. In previous years, application volume increased from 98 in 2008 to approximately 4,600 in 2014. This represents approximately a 140% increase from 2014 to 2015. Approximately 125 MW of PV capacity was approved in 2015, which amounts to more than half of the total capacity (227 MW) approved over the prior four-year period. Most solar systems have been small residential installations (1-20 kW), with some commercial or institutional installations as large as 20 MW. Additionally, approximately 125 applications for solar hot water heating systems were approved in 2015. As the solar renewable energy requirement increases, the Division anticipates a 160% growth in applications to be filed in 2016. While this projected growth rate is significant, the Division is working with the IT Division to further refine the application submittal and review processes.

With a simplified solar facility application review process, the Division reallocated resources to support its electric reliability and safety programs and its Water and Sewage Systems inspection program. The Division inspected 21 systems in 2015 and plans to inspect another nine systems in conjunction with rate case filings in 2016. The Division participated in two rate cases in 2015.

The Division's Pipeline Safety Group was active throughout the State monitoring PSC-ordered replacement of bare steel propane piping on the Eastern Shore, evaluating the progress of mitigation of leaks caused by failed mechanical gas couplings in Prince George's County, and monitoring the progress of Sandpiper Energy (formerly Eastern Shore Gas) in its conversion of its distribution system from propane to natural gas. All of the Commission's senior pipeline and hazardous liquid safety engineers are fully trained for their roles in enforcement of Federal pipeline safety regulations within the State.

During the 2013 Session, the Maryland General Assembly passed § 4-210 of the Public Utilities Article, authorizing gas companies to develop STRIDE plans for replacement of eligible infrastructure. The purpose of the plans was to allow gas companies to improve public safety and or infrastructure reliability by replacing aging infrastructure. The law also allowed for the recovery of cost, for those plans, by the gas companies as they are implementing those plans. In 2014, three gas companies chose to develop STRIDE Plans and present them to the Commission. Those companies include Columbia Gas, BGE, and WGL. The Division's Pipeline Safety Group participated in the review of the plans for the Commission and is currently monitoring the companies' progress in the implementation of those plans. In 2015, the Division's Pipeline Safety Group plans to continue inspections of jurisdictional pipeline operators to ensure compliance with applicable pipeline safety regulations. The Group will also continue monitoring the progress of the gas companies that have approved STRIDE plans and the conversion of Sandpiper's distribution system from propane to natural gas.

In 2015, the Division's Pipeline Safety Group conducted one incident investigation and one accident investigation. The incident investigation was for an explosion that occurred in BGE's operating territory in Columbia, Maryland. The incident was the result of a gas explosion involving six townhomes. The accident investigation was for a small leak that occurred at Petroleum Fuel & Terminal's site in Baltimore, Maryland. The leak, approximately 10 gallons, was a result of corrosion inside on the tank's floor.

Annually, the Division's Pipeline Safety Program is audited by the Pipeline and Hazardous Materials Safety Administration ("PHMSA"), of the United States

Department of Transportation, as part of its agreement with them. The audit is conducted by PHMSA to ensure that the Division's Pipeline Safety Group is conducting inspections, of its jurisdictional operators, according to PHMSA's State Guidelines and its own procedures. In 2015, the Pipeline Safety Group was audited on its CY2014 inspections. As a result of that audit the Pipeline Safety Group received a score of 96.8% for its Gas State Program and 96.5% for its Hazardous Liquids Program, representing an improvement of approximately 4% compared to the previous year.

The Division also worked with the transmission owners and relevant State agencies to review the plans for several transmission lines proposed in Maryland. New transmission requirements are based upon the need to replace existing aging infrastructure and to meet anticipated load growth. PJM peak load forecasts anticipate future electric demand growth of approximately 1%, reflecting continued low economic activity, demand response programs and solar installations. On the other hand, as of the end of 2015, PJM has approximately 2,700 MW of requested generator deactivation (retirement) capacity for the period December 1, 2015 to June 1, 2019 including approximately 1,500 MW in Maryland. The Division conducted analyses of major electric issues including cost impacts on generation capacity market pricing, bulk transmission system restoration in the event of a major blackout and transmission upgrade cost allocation to support Commission policy positions at PJM and FERC.

As of the end of 2015, the Division reviewed approximately 26 applications for issuance of a CPCN to modify existing, or to construct new generation (20) and transmission facilities (six). These figures are almost double the amount of applications reviewed in 2014. Replacement of aging electric transmission and distribution infrastructure, retiring generation and modification of existing generation facilities to comply with new air emissions requirements announced by the EPA, new fossil, new solar and perhaps offshore wind generation are significant issues that may require the Division's increased focus in 2016.

The Division received five requests for gas meter referee tests in 2015, an amount less than the average amount received annually over the past five years (12 in 2014, seven in 2013, 12 in 2012, and six in 2011). Also the Division received 50 requests for electric meter referee tests in 2015, an amount approximately average to the amount received annually over the past five years (59 in 2014, 49 in 2013, 39 in 2012, and 72 in 2011). Approximately 92% of electric meter tests were conducted on smart meters, compared to 35% in 2014. The total amount of installed meters that are smart meters increased throughout the State from 75% to 76.2% over the past year.

During 2015, the Engineering Division devoted staff time and effort resulting from the Commission's participation in the Maryland Emergency Management Agency's ("MEMA") emergency preparedness and response efforts. This included activation during major storms and the Baltimore unrest; participating in state-wide emergency training sessions, drills and coordination meetings; updating the agency's MEMA Event Storm Manual that outlines the Commission's contacts and procedures for staffing the State's Emergency Operations Center ("SEOC"); participating in the Joint Operations Group responsible for establishing situational awareness and initial management and coordination during emergent situations prior to activation of the SEOC; advising MEMA's Backup Power Workgroup on technical and regulatory matters; advising the State's National Guard's 175th Network Warfare Squadron on local and regional utility functions; and staffing the SEOC during emergencies. In 2016, the Division is expected to provide increased attention to cyber security matters. During major outage event restoration emergencies, the Commission is required to provide sufficient staff coverage to ensure that MEMA's SEOC is covered on a 24-hour basis whenever it is activated in response to an actual or perceived emergency.

The Engineering Division attended the 2015 NARUC Winter Conference in February 2015, held in Washington, D.C. At the conference, Staff interacted with government staff from other states and shared the Division's experiences with recent storms and efforts to improve electric service quality and reliability. Engineering staff also attended sessions on other topics such as legislative changes, resiliency, distributed generation and emerging technologies in gas pipeline safety. The Division also attended the OPSI conference in October 2015, held in Baltimore, where staff interacted with regulators from other PJM states to discuss the impact of bulk power markets on Maryland's electricity ratepayers and the impact of gas markets on electric reliability and pricing. Staff attended the November 2015 Energy Bar Association conference held in Washington, D.C. At the conference, staff discussed emerging issues associated with demand response and cyber security with industry representatives. Also in November 2015, Staff participated as an Observer in the nation-wide Grid Ex III exercise. Grid Ex III was a simulated table top exercise designed by NERC gauging utility and transmission operator responses to simulated physical and cyber-attacks. Participation allowed Staff to observe how these entities respond to such events and what improvements may be necessary to enhance grid security. The Division has continued sponsorship of one of its staff members to participate in NARUC's Women in Energy Mentoring Program and plans to continue its involvement in NARUC and increase its involvement in other industry forums in 2016.

Members of the Engineering staff have taken an active role in public relations, communicating with homeowners associations, community groups and legislators on a variety of electric distribution and pipeline safety reliability and safety issues. During the 2015 Maryland General Assembly Legislative Session, members of the Division testified on numerous bills regarding electric reliability and transmission planning at various Committee meetings. The Division also conducted an operations, safety and reliability investigation into power feeds in a Montgomery County neighborhood as a result of customer complaints and drafted multiple letters to elected officials and press releases on behalf of the Commission. The Division participated in inter-divisional reviews of the proposed Exelon-PHI merger and also provided testimony in several filed rate cases and hearings, including in a franchise petition for the development and operation of a SCMAGLEV transportation system initially between Washington, D.C. and Baltimore City.

5. Staff Counsel Division

The Staff Counsel Division directs and coordinates the preparation, and presentation, of the Technical Staff's position in all matters pending before the Commission, under the supervision of the Executive Director. In performing its duties, the Staff Counsel Division identifies issues in public service company applications, and evaluates the applications for legal sufficiency and compliance with the Public Utilities Article of the *Annotated Code of Maryland*, the Code of Maryland Regulations, utility tariffs, and other applicable law. In addition, the Staff Counsel may support Staff in initiating investigations or complaints. The Staff Counsel Division attorneys are the final reviewers of the Technical Staff's testimony, reports, proposed legislation analysis, and comments before submission to the Executive Director. In addition, the attorneys: (1) draft and coordinate the promulgation and issuance of regulations; (2) review and comment on items handled administratively; (3) provide legal services to each division within the Office of Executive Director; and (4) handle inquiries from utilities, legislators, regulators and consumers.

During 2015, Staff Counsel attorneys participated in a wide variety of matters involving all types of public service companies regulated by the Commission. The Staff Counsel Division's work included review of rates charged by public service companies, consideration of numerous requests for CPCNs, review of SOS matters, telecommunications proceedings, supplier issues, merger proceedings, taxi matters, and reliability matters. The Staff Counsel Division also was involved in a variety of efforts intended to address the EmPOWER Maryland Act of 2008, smart meter proceedings and the continued implementation of the Maryland RPS Program

6. Telecommunications, Gas and Water Division

The Telecommunications, Gas, and Water Division assists the Commission in regulating the delivery of wholesale and retail telecommunications services, retail natural gas services, and water services in the state of Maryland. The Division's output generally constitutes recommendations to the Commission, but also includes publication of industry status reports, responses to inquiries from elected officials, media representatives, members of the public, and industry stakeholders. In addition, similar to other Technical Staff divisions, this Division assists the Commission's Office of External

Relations in the resolution of consumer complaints on an as-needed basis, and leads or participates in industry work groups. The Division's analyses and recommendations to the Commission may appear as written comments, expert testimony in formal proceedings, special topical studies requested by the Commission, formal comments on filings submitted by the utilities or by other parties, comments on proposed legislation, proposed regulations and public presentations. The Division has reviewed 289 tariff filings, including rate revisions, new service offerings and related matters. Of those, 242 were telecommunications, 44 were natural gas, and three were water. The Division also presented testimony in five cases before the Commission. Staff participated in three base rate proceedings (two concerning natural gas and one concerning water), and two natural gas purchased gas adjustment charge proceedings.

This year, the Division also conducted two public conferences which resulted in topical studies that were presented to the Maryland General Assembly. One concerned the current status of the market of utility pole attachments in Maryland, and the other concerned the appropriate manner to withdraw regulated telecommunication services in Maryland.

In telecommunications, the Division reviews applications for authority to provide telephone services from local and intrastate toll service providers, reviews tariff filings from such providers, monitors the administration of telephone numbering resources for the State, is responsible for reviewing Federal Communications Commission compliance filings by carriers, administers the certification of all payphone providers in the state, and monitors the provision of low income services, E911 and telecommunications relay services. Year to date, the Commission authorized seven new carriers, and certified 32 payphone service providers and 818 payphones in Maryland.

In the natural gas industry, the Division focuses on retail natural gas competition policy and implementation of customer choice. The Division participates as a party in contested cases before the Commission to ensure that safe, reliable and economical gas service is provided throughout the State. Staff contributes to formal cases by providing testimony on rate of return, capital structure, rate design and cost of service. In addition, the Division provides recommendations on low-income consumer issues, consumer protections, consumer education, codes of conduct, mergers, and debt and equity issuances. The Division also conducts research and analysis on the procurement of natural gas for distribution to retail customers.

In the water industry, the Division focuses on retail prices and other retail issues arising in the provision of safe and economical water services in the State.

Finally, the Division provides assistance to other Divisions, particularly in matters of statistical analysis and economic policy.

The Division expects 2016 to present a similar work load in terms of filings and cases.

7. Transportation Division

The Transportation Division enforces the laws and regulations of the Public Service Commission pertaining to the safety, rates, and service of transportation companies operating in intrastate commerce in Maryland. The Commission's jurisdiction extends to most intrastate for-hire passenger carriers by motor vehicle (total 1,377), intrastate for-hire railroads, as well as taxicabs in Baltimore City, Baltimore County, Cumberland and Hagerstown (tota1 1,398). The Commission is also responsible for licensing drivers (total 8,229) of taxicabs in Baltimore City, Cumberland and Hagerstown, and other passenger-for-hire vehicles that carry 15 or fewer passengers. The Transportation Division monitors the safety of vehicles operated (total 7,055), limits of liability insurance, schedules of operation, rates, and service provided for all regulated carriers except railroads (only entry, exit, service and rates are regulated for railroads that provide intrastate service). If problems arise in any of these areas which cannot be resolved at the staff level, the Division requests the institution of proceedings by the Commission which may result in the suspension or revocation of operating authority or permits, or the institution of civil penalties.

During 2015, the Transportation Division continued its involvement with two cases, Case No. 9184 and Case No. 9325. On November 4, 2015, *In the Matter of an Increase of Rates for Taxicab Service in Baltimore City and Baltimore County*, Case No. 9184, the Commission granted an extension to February 29, 2016 of the deadline for the installation of new meters in all taxicabs that meet the requirements set forth in Order No. 86499, which includes the capability of the meter to accept credit and debit cards with a rear-seat payment center. On February 26, 2015, *In the Matter of an Investigation to Consider the Nature and Extent of Regulation Over the Operations of Uber Technologies, Inc. and Other Similar Companies*, Case No. 9325, Uber and Staff's proposed settlement for compliance was approved by the Commission under Order No. 86877. Additionally, on October 26, 2015, COMAR Rulemaking Session 103, the

Commission moved to publish the revised regulations (RM55 - COMAR 20.95)[29] in the *Maryland Register* for notice and comment.

During 2015, the Transportation Division continued to conduct vehicle inspections and report results via on-site recording of inspection data and electronic transmission of that information to the Commission's databases and to the Federal Motor Carrier Safety Administration's Safety and Fitness Electronic Records ("SAFER") System. SAFER provides carrier safety data and related services to industry and the public via the Internet.

The Division maintained enforcement in 2015 by utilizing field investigations and joint enforcement projects with local law enforcement officials, Motor Vehicle Administration investigators, and regulators in other jurisdictions.

Administratively, the Division continued to develop, with the Commission's Information Technology staff, projects designed to streamline processes through automation, electronic filings by the industry, and better intra-agency communication among the Commission's internal databases, such as an online inspection scheduling system and an electronic Transportation Network Operator application process.

D. Office of External Relations (OER)

OER investigates and responds to consumer complaints relating to gas, electric, water and telephone services. OER investigators act as mediators in order to resolve disputes between consumers and utility companies based on applicable laws and tariffs. In 2015, the OER investigated 3,737 consumer complaints, a decrease of approximately

[29] *See* Section VI (Commission Transportation Cases and Activities), Subsection C (RM55 – Revisions to COMAR 20.95.01 – Transportation).

29% from 2014 (5,258). Of those complaints, 3,317 involved gas and electric issues (a decrease of 31% from 2014 at 4,809). OER also investigated 667 complaints against suppliers (a decrease of approximately 71% from 2014 at 2,288). The majority of complaints against gas and electric local distribution companies and suppliers concerned billing issues, followed by service quality issues. Most supplier disputes involved unauthorized enrollment, misrepresentation of terms and increases in price of the variable rate contracts. The other type of complaints received included 260 telecommunication complaints (a decrease of 21% from 2014 at 330); 58 complaints related to water companies (an increase of approximately 21% from 2014 at 48); and 102 complaints involving other issues (an increase of 44% from 2014 at 71).

In addition, OER staff fulfilled 567 requests for information concerning the Commission, utilities and suppliers (a decrease of 53% over 2014 at 1,194). The OER intake unit received 5,977 requests for payment plans or extensions (a decrease of 28% from 2014 at 8,287). Overall, OER received 31,080 telephone calls in 2014 (a decrease of 8% from 2014 at 33,949).

OER staff members work proactively to provide the public with timely and useful utility-related information based on the feedback received from consumers. OER also continued to have regular meetings with the utilities to ensure that all parties are responding appropriately to customer concerns.

E. Public Utility Law Judge Division

As required by the Public Utilities Article, the Division is a separate organizational unit reporting directly to the Commission, and is comprised of four attorney Public Utility Law Judges, including the Chief Public Utility Law Judge, a part-time attorney License Hearing Officer, and two administrative support personnel. Typically, the Commission delegates proceedings to be heard by the Public Utility Law Judges that pertain to the following: applications for construction of power plants and high-voltage transmission lines; rates and other matters for gas, electric, and telephone companies; purchased gas and electric fuel rate adjustments review; bus, passenger, common carrier, water, and sewage disposal company proceedings; plant and equipment depreciation proceedings; and consumer as well as other complaints which are not resolved at the administrative level. The part-time License Hearing Officer hears matters pertaining to certain taxicab permit holders and also matters regarding Baltimore City, Cumberland, and Hagerstown taxicab drivers, as well as passenger-for-hire drivers. The Public Utility Law Judges also hear transportation matters.

While most of the Division's activity concerns delegated cases from the Commission, the Commission may also conduct its proceedings in three-member panels, of which may include one Public Utility Law Judge. As a panel member, a Public Utility Law Judge participates as a voting member in the hearings and in the panel's final decision. The decision of a three-member panel constitutes the final order of the Commission.

The Public Utility Law Judges and the License Hearing Officer conduct formal proceedings in the matters referred to the Division and file Proposed Orders, which contain findings of fact and conclusions of law. During 2015, 242 cases were delegated by the Commission to the Division: 54 non-transportation-related matters; and 188 relating to transportation matters, of which 91 were taxicab-related. These transportation matters include license applications and disciplinary proceedings involving requests for imposition of civil penalties against carriers for violations of applicable statutes or regulations.

The Division held 312 hearings and issued 182 Proposed Orders. Unless an appeal is noted with the Commission, or the Commission takes action on its own motion, a Proposed Order becomes the final order of the Commission after the specified time period for appeal as noted in the Proposed Order, which may be no less than seven days and no more than 30 days. There were 17 appeals/requests for reconsideration filed with the Commission resulting from the Proposed Orders – the Commission issued six orders reversing a Proposed Order and no orders remanding the matter to the Division for further proceedings.

XII. RECEIPTS AND DISBURSEMENTS FY 2015

Receipts and Disbursements

C90G001 – General Administration and Hearings

Salaries and Wages	$	7,010,816
Public Utility Regulation Fund	$7,010,816	
Federal Fund	$0	
Technical and Special Fees	$	169,010
Public Utility Regulation Fund	$162,750	
Federal Fund	$6,260	
Operating Expenses	$	23,227,060
Public Utility Regulation Fund	$2,929,187	
Federal Fund	$44,234	
Customer Investment Fund	$18,827,667	
Offshore Wind Energy Fund	$1,425,972	
Total Disbursements for Fiscal Year 2015	$	30,406,886
Public Utility Regulation Fund	$10,102,753	
Federal Fund	$50,494	
Customer Investment Fund	$18,827,667	
Offshore Wind Energy Fund	$1,425,972	
Reverted to State Treasury	$	8,408,957
Public Utility Regulation Fund	$363,321	
Federal Fund	$26,740	
Customer Investment Fund	$7,444,868	
Offshore Wind Energy Fund	$574,028	
Total Appropriation for Fiscal Year 2015	$	38,815,843
Public Utility Regulation Fund	$10,466,074	
Federal Fund	$77,234	
Customer Investment Fund	$26,272,535	
Offshore Wind Energy Fund	$2,000,000	

C90G002 – Telecommunications Division

Salaries and Wages	$	435,515
Operating Expenses	$	1,293
Total Disbursements for Fiscal Year 2015	$	436,808
Reverted to State Treasury	$	6,105
Total Appropriation for Fiscal Year 2015	$	442,913

C90G003 – Engineering Investigations Division

Salaries and Wages	$	1,750,182
Public Utility Regulation Fund	$1,369,256	
Federal Fund	$380,926	
Operating Expenses	$	56,937
Public Utility Regulation Fund	$23,683	
Federal Fund	$33,254	
Total Disbursements for Fiscal Year 2015	$	1,807,119
Public Utility Regulation Fund	$1,392,939	
Federal Fund	$414,180	
Reverted to State Treasury	$	58,739
Public Utility Regulation Fund	$58,117	
Federal Fund	$622	
Total Appropriation for Fiscal Year 2015	$	1,865,858
Public Utility Regulation Fund	$1,451,056	
Federal Fund	$414,802	

C90G004 – Accounting Investigations Division

Salaries and Wages	$	629,975
Operating Expenses	$	44
Total Disbursements for Fiscal Year 2015	$	630,019
Reverted to State Treasury	$	4,121
Total Appropriation for Fiscal Year 2015	$	634,140

C90G005 – Common Carrier Investigations Division

Salaries and Wages		$	1,358,703
Public Utility Regulation Fund	$1,358,703		
For-Hire Driving Services Enforcement Fund	$0		
Technical and Special Fees		$	111,767
Public Utility Regulation Fund	$19,163		
For-Hire Driving Services Enforcement Fund	$92,604		
Operating Expenses		$	94,009
Public Utility Regulation Fund	$85,313		
For-Hire Driving Services Enforcement Fund	$8,696		
Total Disbursements for Fiscal Year 2015		$	1,564,479
Public Utility Regulation Fund	$1,463,179		
For-Hire Driving Services Enforcement Fund	$101,300		
Reverted to State Treasury		$	20,346
Public Utility Regulation Fund	$88		
For-Hire Driving Services Enforcement Fund	$20,258		
Total Appropriation for Fiscal Year 2015		$	1,584,825
Public Utility Regulation Fund	$1,463,267		
For-Hire Driving Services Enforcement Fund	$121,558		

C90G006 – Washington Metropolitan Transit Commission

Operating Expenses	$	252,630
Total Disbursements for Fiscal Year 2015	$	252,630
Reverted to State Treasury	$	2,597
Total Appropriation for Fiscal Year 2015	$	255,227

C90G007 – Rate Research and Economics Division

Salaries and Wages	$	424,524
Operating Expenses	$	3,924
Total Disbursements for Fiscal Year 2015	$	428,448
Reverted to State Treasury	$	5,051
Total Appropriation for Fiscal Year 2015	$	433,499

C90G008 – Hearing Examiner Division

Salaries and Wages	$	807,114
Operating Expenses	$	1,329
Total Disbursements for Fiscal Year 2015	$	808,443
Reverted to State Treasury	$	8,518
Total Appropriation for Fiscal Year 2015	$	816,961

C90G009 – Office of Staff Counsel

Salaries and Wages	$	889,658
Operating Expenses	$	2,899
Total Disbursements for Fiscal Year 2015	$	892,557
Reverted to State Treasury	$	7,992
Total Appropriation for Fiscal Year 2015	$	900,549

C90G0010 – Integrated Resource Planning Division

Salaries and Wages	$	656,413
Operating Expenses	$	2,923
Total Disbursements for Fiscal Year 2015	$	659,336
Reverted to State Treasury	$	12,823

Total Appropriation for Fiscal Year 2015	$	672,159

Summary of Public Service Commission
Fiscal Year Ended June 30, 2015:

Salaries and Wages	$	13,962,900
Public Utility Regulation Fund	$13,581,974	
Federal Fund	$380,926	
For-Hire Driving Services Enforcement Fund	$0	
Technical and Special Fees	$	280,777
Public Utility Regulation Fund	$181,913	
Federal Fund	$6,260	
For-Hire Driving Services Enforcement Fund	$92,604	
Operating Expenses	$	23,643,048
Public Utility Regulation Fund	$3,303,225	
Federal Fund	$77,488	
For-Hire Driving Services Enforcement Fund	$8,696	
Customer Investment Fund	$18,827,667	
Offshore Wind Energy Fund	$1,425,972	
Total Disbursements for Fiscal Year 2015	$	37,886,725
Public Utility Regulation Fund	$17,067,112	
Federal Fund	$464,674	
For-Hire Driving Services Enforcement Fund	$101,300	
Customer Investment Fund	$18,827,667	
Offshore Wind Energy Fund	$1,425,972	
Reverted to State Treasury	$	8,535,249
Public Utility Regulation Fund	$468,733	
Federal Fund	$27,362	
For-Hire Driving Services Enforcement Fund	$20,258	
Customer Investment Fund	$7,444,868	
Offshore Wind Energy Fund	$574,028	
Total Appropriations	$	46,421,974
Public Utility Regulation Fund	$17,535,845	
Federal Fund	$492,036	
For-Hire Driving Services Enforcement Fund	$121,558	
Customer Investment Fund	$26,272,535	
Offshore Wind Energy Fund	$2,000,000	

Assessments collected during Fiscal Year 2015:	$	22,489,597
Other Fees and Revenues collected during Fiscal Year 2015:		
1) Fines & Citations	$	98,315
2) For-Hire Driving Services Permit Fees	$	188,677
3) Meter Test	$	540
4) Filing Fees	$	277,977
5) Copies	$	1,918
6) Miscellaneous Fees	$	1,138
Total Other Fees and Revenues	$	568,565
Interest Earned on Customer Investment Fund balance	$	554,977
Monies received from Maryland Energy Administration In support of Offshore Wind Energy Fund Activities	$	2,000,000
Interest Earned on Offshore Wind Energy Fund balance	$	16,624
Assessments collected that were remitted to other State Agencies during Fiscal Year 2015 From the Public Utility Regulation Fund:		
1) Office of People(s) Counsel	$	4,125,141
2) Railroad Safety Program	$	459,935
Monies collected that were remitted to other State Agencies during Fiscal Year 2015 From the Customer Investment Fund:		
1) MD Dept. of Housing and Development	$	10,881,325
2) Maryland Energy Administration	$	5,550,945