

PUBLIC SERVICE COMMISSION OF MARYLAND

2012 ANNUAL REPORT

For the Calendar Year Ending December 31, 2012

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



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I. MEMBERSHIP OF THE COMMISSION

The Public Service Commission (

- ◆ passenger motor vehicle carriers (e.g. buses, limousines, sedans);
- ◆ railroad companies;²
- ◆ 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

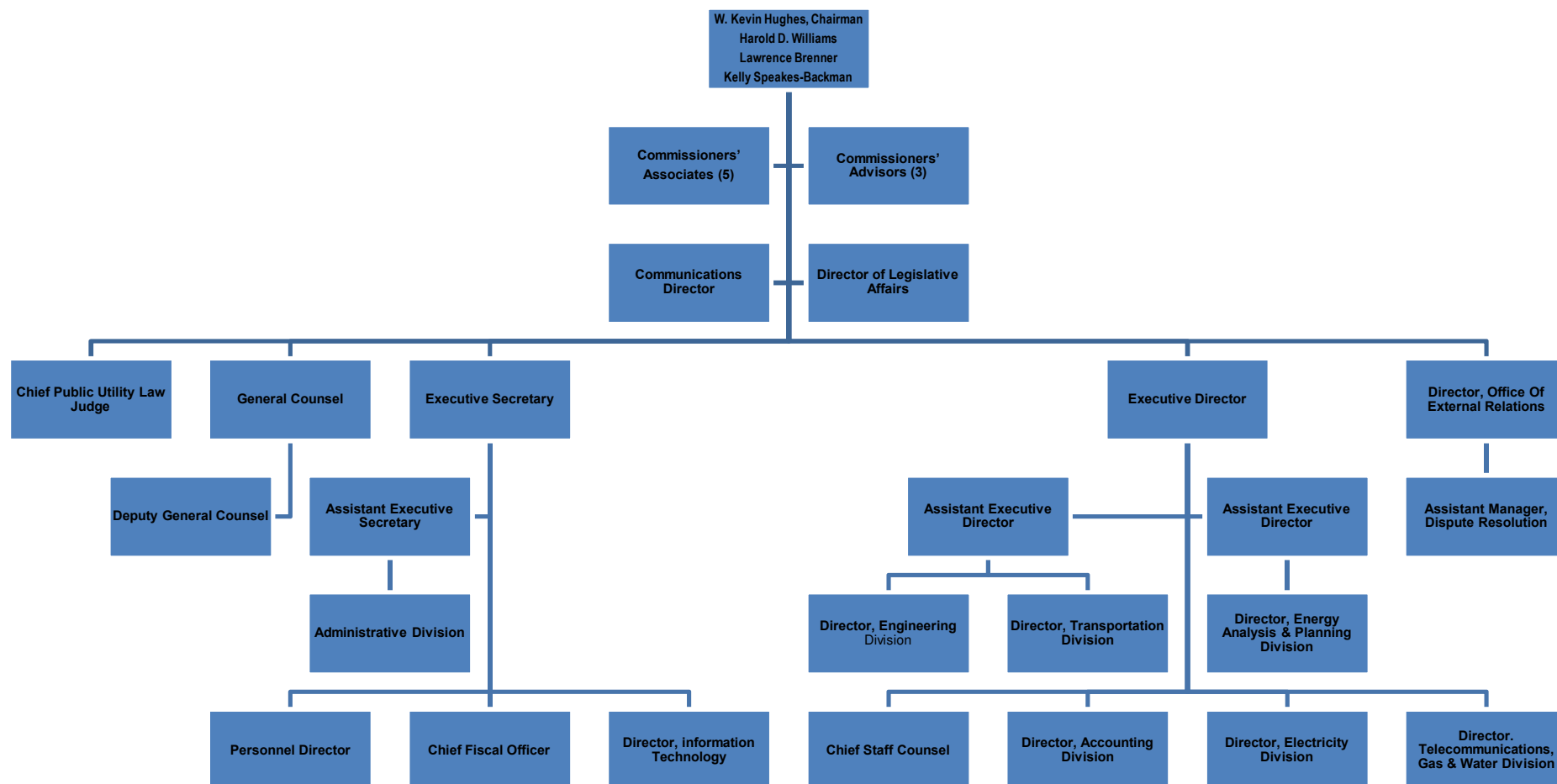
service companies, reviews plans for service, inspects equipment, audits financial records, handles consumer complaints, issues passenger-for-hire permits and drivers

Mission

The mission of the Maryland Public Service Commission is to ensure safe, reliable and economic public utility and transportation service to the citizens of Maryland. To achieve this, we will:

- Ensure that rates, terms and conditions established for public service companies are just, reasonable, and transparent.
- Adopt and enforce regulations that are in the public interest and ensure that public service companies comply with established regulations.
- Create standards and policies that protect the safety of the public.
- Explore innovation that will encourage the efficient delivery of public utility services.
- Consider the economic and environmental impacts of all matters before the Commission.
- Encourage the conservation of natural resources and environmental preservation.
- Ensure effective methods of communicating the Commission

C. Maryland Public Service Commission Organization Chart – 12/31/2012



III. MAJOR ACTIVITIES AND SPECIAL PROJECTS

A. EmPOWER Maryland – Case Nos. 9153, 9154, 9155, 9156, 9157

As mandated by the EmPOWER Maryland Act of 2008, the five largest electric utilities in the State³ (hereinafter

to explore savings beyond those proposed in the EmPOWER MD Utilities

The following table summarizes the actual electric consumption and demand reduction numbers achieved by each EmPOWER MD Utility at the close of 2011, and calculates that reduction as a percentage of the 2011 EmPOWER Maryland goal.

		Coincident Demand Reduction (MW)	Energy Reduction (MWH)
BGE	Goal	513	2,052,948
	Reported	704	895,301
	Percentage Achieved	137%	44%
DPL	Goal	73	205,846
	Reported	32	52,582
	Percentage Achieved	44%	26%
PE	Goal	49.4	122,664
	Reported	18	103,527
	Percentage Achieved	37%	84%
Pepco	Goal	230	685,378
	Reported	136	289,931
	Percentage Achieved	59%	42%
SMECO	Goal	29	94,229
	Reported	52	60,410
	Percentage Achieved	180%	64%
Total	Goal	894	3,161,065
	Reported	942	1,401,751
	Percentage Achieved	105%	44%

Combined, the EmPOWER MD Utilities are not likely to reach the 10% per capita reduction goal in energy usage, nor the 15% per capita reduction goal in peak demand by 2015 based upon the current plans.⁵ Three of the five utilities will not even reach half of their energy usage goals. However, on a program-to-date basis, the EmPOWER Maryland programs achieved the following results through September 30, 2012:

⁵ These estimations only include energy and demand savings from energy efficiency and conservation (

- The EmPOWER MD Utilities

The following table summarizes the actual electric consumption reduction and coincident peak demand reduction achieved by each EmPOWER MD Utility and calculates that reduction as a percentage of 2015 EmPOWER Maryland goal.

		Coincident Demand Reduction (MW)	Energy Reduction (MWH)
BGE	2015 Goal	1267	3,593,750
	Reported	726	1,231,156
	Percentage Achieved	57%	34%
DPL	2015 Goal	18	143,453
	Reported	39.765	75,724
	Percentage Achieved	221%	53%
PE	2015 Goal	21	415,228
	Reported	24.511	176,686
	Percentage Achieved	117%	43%
Pepco	2015 Goal	672	1,239,108
	Reported	188.357	424,839
	Percentage Achieved	28%	34%
SMECO	2015 Goal	139	83,870
	Reported	56.558	87,630
	Percentage Achieved	41%	104%
Total	2015 Goal	2,117	5,475,409
	Reported	1,035	1,996,035
	Percentage Achieved	49%	36%

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

In 2010, the Commission approved the Smart Grid Initiative (

In Order No. 84890, the Commission directed DPL to develop a comprehensive set of installation, performance, benefits and budgetary metrics that will allow the Commission to assess the progress and performance of DPL

communication plan, Pepco and BGE have filed individual cybersecurity plans, and a joint cybersecurity process for AMI also has been filed.

Separate from Case Nos. 9207 and 9208, SMECO has proposed a SGI, which is planned to begin upon Commission approval (Case No. 9294). Hearings on the SMECO SGI were held from November 5 through November 8, 2012. During these hearings, SMECO presented its previously-filed business case as well as the results of its AMI pilot program.

C. Investigation of the Process and Criteria for Use in Development of Request for Proposal by the Maryland Investor-owned Utilities for New Generation to Alleviate Short-term Reliability Problems in the State of Maryland – Case No. 9149

As noted in prior Annual Reports, the Commission initiated this proceeding as a result of PJM

It sought approval to modify and reduce its contractual obligation to provide capacity resources for the 2011/2012 delivery year, as well as to reduce its obligations to provide capacity resources pursuant to the EnerNOC/Delmarva Agreement through the 2014/2015 delivery year. The Commission held a hearing on this matter on December 14, 2011, at which time EnerNOC reported that a settlement agreement with the parties had been made in principle, but it had not had the time to put the agreement into writing. Accordingly, the Commission permitted EnerNOC to submit a written settlement agreement. On January 5, 2012, EnerNOC filed a Settlement Agreement entered into with several of the parties to resolve the matters at issue before the Commission.

On February 15, 2012, an evidentiary hearing was held on EnerNOC

year by a percentage equal to the percentage of contracted capacity that ECS failed to supply to Pepco and Delmarva. Further, ECS was directed to report on its expectations of fulfilling its contracts in future years based on Staff

account for fixed price proposals. The Commission hearing on the matter was held on January 31, 2012.

As a result of the hearing, on April 12, 2012, in Order No. 84815, the Commission concluded that the long-term demand for electricity in Maryland, specifically in the SWMAAC zone, required 650 to 700 MW new generation in the SWMACC zone by 2015 to be ordered. The Commission accepted the bid submitted by CPV Maryland, LLC (

reviewing the written comments on the revised draft, the Commission scheduled a hearing on the matter, which was held on November 26, 2012. As of December 31, 2012, the matter remained pending before the Commission.

E. Investigation into the Justness and Reasonableness of Rates as Calculated under the Bill Stabilization Adjustment Rider of Potomac Electric Power Company; the Southern Maryland Electric Cooperative; and the Delmarva Power & Light Company and as Calculated under Baltimore Gas and Electric PSC MD E-6, Rider 25 – Monthly Rate Adjustment – Case Nos. 9257, 9258, 9259, 9260

As reported in the 2011 Annual Report, the Commission initiated the four dockets to investigate whether the manner in which each of the named electric utilities (Pepco, Delmarva, SMECO and BGE) calculated the monthly rate as a result of the applicable decoupling mechanism set forth in the utility

mechanism was not adopted for the same purposes as the investor-owned BSAs

with the grant of the merger between Exelon and Constellation, *i.e.*, a violation of its market power mitigation commitment by bidding energy and/or capacity from certain generating units above cost and thereby earning revenues in excess of those authorized under Order No. 84698 (the order which conditionally approved the Exelon-Constellation Energy merger). In response to the notification, on April 12, 2012, the Commission issued Show Cause Order No. 84816 requiring Exelon to submit an explanation describing how the violation occurred, a plan to remedy any harm done to Maryland ratepayers and proposed measures to ensure violations of market power mitigation commitments will be avoided in the future. Parties to the matter were invited to submit comments in response to Exelon

Shores, H.A. Wagner, and C.P. Crane

approved programs, until the funds authorized by the Order are depleted. Any energy efficiency and conservation savings resulting from the approved proposals will be allocated to BGE

10.00%, which resulted in an overall rate of return of 7.56%. The Commission also rejected the RIM proposal. In keeping with its prior decision in recent rate cases, the Commission allowed Delmarva to recover a small, select group of expenses incurred or projected outside the test year, primarily relating to reliability and safety projects. Otherwise, the Commission adhered to its historic, average test year ratemaking principles.

On August 8, 2012, the Commission accepted the tariffs revisions submitted by Delmarva in compliance with Order No. 85029.

H. Application of Potomac Electric Power Company for Authority to Increase Its Rates and Charges for Electric Distribution Service – Case No. 9286

As reported in the 2012 Annual Report, Pepco submitted its application for an increase of its electric base rates on December 16, 2011,¹¹ one week after Delmarva

2012.¹² Evening hearings for public comment were held on June 21, 2012, and June 25, 2012 in College Park and Rockville, Maryland, respectively.

On July 20, 2012, the Commission issued Order No. 85028 in which it authorized 26% of Pepco

On February 28, 2012, Cathy Eshmont, on behalf of the executive committee of Reliability 4HOCO, filed a petition with an excess of 100 customer signatures calling for an investigation into the service reliability of BGE in Howard County. On April 12, 2012, the Commission initiated a new docket, Case No. 9291, to investigate the alleged service reliability issues outlined in the complaint. On May 29, 2012, the Commission held a status conference to establish a procedural schedule in the matter. The procedural schedule adopted at the status conference directed Commission Staff to file a report of the investigation it conducted on the electric feeder system in Howard County by December 14, 2012, and responses and/or comments to Staff

Order No. 85214, in which it granted the Council

took each utility to achieve full restoration was as follows: Pepco 8.25 days; BGE 8.67 days; Potomac Edison 6.92 days; SMECO 3.85 days; Choptank 2.63 days; and DPL 3.79 days. Pursuant to Order No. 85013 issued on July 6, 2012, each utility was directed to submit a Major Outage Event report as required by COMAR 20.50.12.13 within three weeks after the end of each utilities

improvements in the shorter term to increase their systems

- Reliability Standards, to include Major Outage Event data, and to strengthen the Poorest Performing Feeder standard;
- (b) study and evaluate performance-based ratemaking principles and methodologies that would more directly and transparently align reliability service with the utilities

distribution revenue requirement (as modified based upon updated actual data for the full test year submitted in October 2012.) BGE also asked that its return on equity be set at 10.5% for an overall rate of return of 7.96%. Further, it requested terminal rate base treatment for its certain test-year reliability and safety expenditures as well as inclusion of reliability and safety expenditures in October and November 2012 and estimated reliability and safety expenditures for the period December 2012 through December 2013. By Order No. 80537, the Commission initiated a new docket, Case No. 9299, to consider the Application and suspended the revised tariffs submitted with the Application for an initial period of 150 days from the effective date of the revised tariffs.¹⁴

After review of the Application, analyzing the written testimony of the BGE witnesses, and conducting discovery, Staff recommended an increase of BGE

authorized rate of return for the gas distribution service to 9.60% from 9.56%, which resulted in an overall rate of return of 7.53%. The Commission granted terminal test year adjustments for certain safety and reliability projects undertaken during the test year and two-month post test year adjustments for certain safety and reliability projects completed during this period. Otherwise, the Commission consistently applied its historic, average test-year rate making principles in making its determinations in the matter.

L. Electric Competition Activity – Case No. 8378

By letter dated September 13, 2000, the Commission ordered the four major investor-owned utilities in the State

At the end of December 2011, the overall demand in megawatts of peak load obligation served by all electric suppliers was 6,625 MW. Through December 2012, this number increased slightly to 6,646 MW.

**Peak Load Obligation Served by Electric Suppliers
As of December 31, 2012**

	Residential	Non-Residential	Total
Total MW Peak	8,870 MW	6,438 MW	15,309 MW
Demand Served	1,672 MW	4,974 MW	6,646 MW
Percentage Served by Suppliers	18.8%	77.3%	43.4%

BGE had the highest number of residential accounts served by suppliers (304,153) as well as the highest number of commercial accounts served by suppliers (55,226) and the highest peak-load served by suppliers (3,758 MW).

The number of electric suppliers licensed in Maryland has increased from last year by 17%. 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 2012**

	Residential	Small C&I	Mid-Sized	Large C&I	Total
BGE	45	50	48	23	166
DPL	26	33	31	17	107
PE	16	23	24	13	76
Pepco	38	42	42	21	143

M. 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 (

The 2015/16 BRA cleared sufficient capacity resources in PJM to provide a 20.6% reserve margin. The total quantity of demand resources offered into the 2015/2016 BRA increased 28.4% over the demand resources that offered into the 2014/2015 BRA. The majority of the increased participation by demand response was driven by the expectation of receiving capacity resource payments.

The BRA annual resource clearing prices changed marginally in 2015/2016 when compared to 2014/2015 results. Three of Maryland

- Increases to the Cost of New Entry; and
- The unprecedented amount of planned generation retirements (more than 14,000 MW) driven largely by environmental regulations.

O. Supplier Diversity Memorandum of Understanding – PC16

As reported in the 2009, 2010, and 2011 Annual Reports, 18 utilities¹⁶ entered into a Memoranda of Understanding (

This table shows the program expenditures as reported by the utilities, compared with each company

Table 1 - 2011 Utility Diverse Supplier Procurement Achievement

Utility	Total Diverse Supplier Procurement (\$)	Utility Procurement	Percentage of Diverse Supplier \$ to Utility Procurement \$	2011 Target
Assoc. Of MD Pilots	225,932	\$806,755	28.01%	25%
BGE¹⁸	\$88,478,235	\$757,198,557	11.68%	13%
Chesapeake Utilities	n/a	n/a	n/a	n/a
Choptank	\$708,932	\$17,362,741	4.08%	3%
Columbia Gas	\$228,592	\$9,284,401	2.46%	1.50%
Comcast	\$33,817,449	\$184,859,054	18.29%	n/a
DPL	\$34,991,477	\$200,980,008	17.42%	9.01%
Easton	\$75,979	\$2,393,114	3.17%	n/a
Elkton	\$47,299	\$586,614	8.06%	n/a
First Transit BWI Airport	\$4,408,448	\$14,575,088	30.25%	28%
PE	\$6,773,795	\$43,731,395	15.49%	15%
Pepco	\$51,962,866	\$495,857,782	10.48%	10%
QWEST	n/a	n/a	n/a	n/a
SMECO	\$6,812,402	\$112,713,249	6.04%	15%
Veolia	\$8,016,696	\$37,348,784	21.46%	0%
Verizon	\$103,062,382	\$346,278,732	29.76%	27%
WGL¹⁹	\$48,164,944	\$237,806,980	20.25%	13%
XO Communications	n/a	n/a	n/a	n/a
Sum	\$387,775,428	\$2,461,783,254	15.75%	25%²⁰

* n/a

Commission's ultimate goal,²¹ 25% of diverse procurement dollar to the total utility procurement spend. Overall, the total diverse procurement statewide accounted for over 15% of the total utility procurement.

Table 2 - Procurement by Diversity Group

In Table 2, the amounts and percentages from Table 1 are further broken down into expenditures by diversity classification. The breakdown reveals that overall, the companies spent approximately 43% of their diverse supplier expenditures on minority business enterprises, 35% on women business enterprises, 22% on service-disabled veterans, and a small portion on not-for-profit workshops.²²

[CHART APPEARS ON NEXT PAGE]

²¹ Attaining the 25% goal relieves a company from the MOU requirement to file an Annual Plan reflecting their outreach plans for the year, within 45 days of the end of the company

Table 2 - 2011 Procurement by Diverse Group

UTILITY	MINORITY BUSINESS ENTERPRISE	WOMEN BUSINESS ENTERPRISE	SERVICE DISABLED VETERAN BUSINESS ENTERPRISE	NOT-FOR- PROFIT WORKSHOPS	TOTAL DIVERSE SUPPLIER (\$)
Assoc. of MD Pilots	\$225,932	\$0	\$0	\$0	\$225,932
BGE²³	\$38,136,635	\$42,823,370	\$7,462,691	\$55,539	\$88,478,235
Chesapeake	n/a	n/a	n/a	n/a	n/a
Choptank	\$0	\$707,579	\$1,353	\$0	\$708,932
Columbia	\$3,174	\$225,417	\$0	\$0	\$228,592
Comcast	\$14,755,315	\$19,039,340	\$22,794	\$0	\$33,817,449
DPL	\$9,551,228	\$25,339,953	\$0	\$100,296	\$34,991,477
Easton	\$6,833	\$69,146	\$0	\$0	\$75,979
Elkton	\$38,937	\$8,362	\$0	\$0	\$47,299
First Transit BWI Airport	\$4,372,082	\$36,366	\$0	\$0	\$4,408,448
PE	\$2,852,697	\$3,881,422	\$39,675	\$0	\$6,773,795
Pepco	\$35,404,740	\$16,504,460	\$53,666	\$0	\$51,962,866
QWEST	n/a	n/a	n/a	n/a	n/a
SMECO	\$2,084,244	\$4,697,831	\$30,327	\$0	\$6,812,402
Veolia	\$7,367,578	\$649,118	\$0	\$0	\$8,016,696
Verizon	\$26,622,506	\$5,516,082	\$70,923,794	\$0	\$103,062,382
WGL²⁴	\$25,238,633	\$17,217,867	\$5,708,444	\$0	\$48,164,944
XO Comm.	n/a	n/a	n/a	n/a	n/a
Sum	\$166,660,535	\$136,716,313	\$84,242,744	\$155,835	\$387,775,428
Percentage Of Total Diverse Suppliers \$	42.98%	35.26%	21.72%	0.04%	100.00%

P. Low-Income Energy-Related Customer Arrearages and Bill Assistance Needs – PC27

On January 11, 2012, the Commission initiated administrative docket PC27 to undertake a structural, longer-term review of energy assistance programs in Maryland.

²³ This amount excludes the amount spent in natural gas.

²⁴ This amount excludes the amount spent in natural gas.

The Commission had concerns as to whether the current suite of energy assistance programs, as currently designed and implemented, can fulfill the intended purposes and are appropriately funded.

The Commission held a hearing on March 20, 2012 to consider the comments and recommendations of various participants, including BGE, Pepco, DPL, Baltimore City Department of Housing and Community Development, Fuel Fund of Central Maryland Inc., OPC and Staff. As a result of the hearing, the Commission directed the Staff to prepare recommendation for changes to Maryland

**Q. Public Service Commission Study on Tenant Payment of
Landlord Utility Bills – PC30.**

During the 2012 Legislative Session, the Maryland General Assembly enacted
Chapters 573 and 574, 2012 Laws of Maryland (

Nevertheless, the work group agreed that in those instances where a utility has prior notice of a landlord / tenant relationship, and has authority to disclose the landlord

reduce greenhouse gas emissions, specifically carbon dioxide (

State	Carbon Dioxide Allowances (2009 – 2014 short tons)
Connecticut	10,695,036
Delaware	7,559,787
Maine	5,948,902
Maryland	37,503,983
Massachusetts	26,660,204
New Hampshire	8,620,460
New York	64,310,805
Rhode Island	2,659,239
Vermont	1,225,830
Total	165,184,246

Source: The Regional Greenhouse Gas Initiative: Memorandum of Understanding. <http://www.rggi.org>.

The RGGI Memorandum of Understanding (

sector at no cost to the participants of the programs, 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 programs; and
- (4) up to 10%, but not more than \$4,000,000, shall be credited to an administrative expense account for costs related to the administration of the SEI 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 MEA.

As called for in the RGGI MOU, the member states underwent a 2012 RGGI Program Review, to assess program effectiveness and whether a new cap should be established based on an updated set of market conditions. The 2012 Program Review includes a comprehensive evaluation of the program

(

compliance with WMATC rules and regulations. The WMATC issued 435 orders in formal proceedings in FY2012. There were 394 carriers holding a certificate of authority at the end of FY2012

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 Brenner currently is the Chair of MADRI.

3. Organization of PJM States, Inc.

The Organization of PJM States, Inc. (

is a part. Initially funded by an award from the DOE pursuant to a provision of the American Recovery and Reinvestment Act (

IV. OTHER MAJOR CASES

A. Electric- or Gas-Related Matters

1. Petition of the Commission's Staff for an Investigation into Washington Gas Light Company's Asset Management Practices and Cost Recovery of Natural Gas Purchases – Case No. 9158

As reported in prior Annual Reports, Case No. 9158 was initiated to address a petition filed by Staff asking the Commission to open an investigation into WGL

Hearing Examiner arbitrarily granted WGL

9158 and resolving the outstanding issues in Case Nos. 9509(c), 9509(d), 9509(e), and 9509(f). On November 15, 2012, AOBA filed a letter stating that it did not oppose the Motion or the terms of the Stipulation. On December 5, 2012, a Proposed Order of Public Utility Law Judge issued in Case No. 9158 and Case Nos. 9509(c), 9509(d), 9509(e), and 9509(f) granted the Motion and approved the Stipulation. No appeal was filed on the Proposed Order, and it became Order No. 85290.

2. Applications: (1) to Establish the Overall Need for Construction of a New Transmission Line Known as the Mid-Atlantic Power Pathway (MAPP) Project; (2) to Modify the CPCN in Case No. 6526 to Construct an Already Approved Second 500 kV Circuit on New Supporting Structures across the Potomac River; (3) to Modify the CPCN in Case No. 6984 to Construct a Second 500 kV Circuit between Chalk Point and Calvert Cliffs, Maryland and to Replace certain Existing Structures for the Existing 500 kV Circuit in Calvert County – Case No. 9179

As reported in the 2011 Annual Report, on September 6, 2011, the procedural schedule in this matter was suspended for a period of no less than one year. On October 2, 2012, Pepco, BGE and Delmarva filed a Notice of Withdrawal of the application because PJM terminated the MAPP project and removed it from the Regional Transmission Expansion Plan. On October 7, 2012, a Proposed Order of Public Utility Law Judge was issued dismissing the proceedings and closing the docket. No appeal was taken on the Proposed Order, and it became Order No. 85243.

3. Application of Energy Answers International, LLC for a Certificate of Public Convenience and Necessity to Construct a 120 MW Generating Facility in Baltimore, Maryland – Case No. 9199

On December 29, 2011, Energy Answers International filed a Motion to Toll Construction Deadline in its CPCN, which was granted in this proceeding on August 6,

2012 by Order No. 83517. The Motion asked that the construction deadline set forth in the conditions incorporated into the CPCN be extended for an 18-month period, from February 5, 2012 until August 6, 2013. At its February 1, 2012 Administrative Meeting, the Commission tolled the construction deadline to allow a proceeding to be conducted to consider the merits of the Motion. On February 2, 2012, the Commission delegated the matter to the Public Utility Law Judge Division to conduct the necessary proceedings.

On March 5, 2012, a status conference was held to determine the scope of the issues to be litigated in the proceeding. On June 29, 2012, PPRP submitted its Environmental Review Document as well as its revised recommended licensing conditions. PPRP indicated that public comments or EPA comments could cause it to revise its recommended conditions or conclusions.

On August 30, 2012, an evening hearing for public comments was held in Baltimore City. The deadline for written public comments was set for September 28, 2012. On October 24, 2012, PPRP filed its final recommended licensing conditions. On November 30, 2012, an evidentiary hearing on the Motion was held.

On December 10, 2012, a Proposed Order of Public Utility Law Judge was issued, which found that Energy Answers met the two-part requirement set by the Commission in determining whether an extension of a construction deadline for a CPCN was warranted. Further, the Public Utility Law Judge determined that the State agencies tasked with review of the scientific evidence had found that the plant will meet all required limits and standards when operating under the State agencies

recommended licensing conditions into, and made part of, the CPCN previously granted. No appeal of the Proposed Order was taken, and it became Order No. 85296.

On January 11, 2013, the Commission issued Order No. 85300 to clarify that it had considered the Motion to Admit the Responses to Public Comments submitted by the Maryland Department of Natural Resources and the Maryland Department of the Environment, and had reviewed the responses to public comments prior to the final order being issued in the matter. It also granted the Motion and admitted the Response into the record.

4. Formal Complaint and Request to Retroactively Bill Undercharges For Electric Service by Potomac Electric Power Company v. Perini/Tompkins Joint Venture – Case No. 9210

On February 14, 2012, a Proposed Order of Public Utility Law Judge was issued, in which Pepco

customers within 60 days of the date of the Commission approval of the program, with such amounts being based on PTJV

5. Application of Potomac Electric Power Company for an Increase in its Retail Rates for the Distribution of Electric Energy (Re: Street Lighting Services) – Case No. 9217, Phase II

Phase II of Case No. 9217 was initiated by Order No. 83587 issued on September 23, 2010 by the Commission to examine the rates and charges associated with the street lighting services offered by Pepco, including the lighting technologies available to certain customers under the tariff provisions. On October 26, 2010, by Order No. 83652, the Commission delegated the matter to the Public Utility Law Judge Division after the Commission received a filing from Pepco that, despite good faith efforts, the parties were unable to reach an agreement as to the scope of the Phase II proceedings. On April 21, 2011, the Public Utility Law Judge issued a Ruling setting the scope of the proceedings and establishing the issues to be the subject of the Phase II proceeding.

During the course of the proceeding, the parties engaged in lengthy and comprehensive discovery and settlement negotiations. On May 7, 2012, a Non-Uniform Joint Motion for approval of an Agreement of Stipulation and Settlement by Pepco, the Montgomery County Office of Consumer Protection, the City of Gaithersburg, and the Mayor and City Council of Rockville was submitted. On May 22, 2012, Alan Proctor, a party in the matter, filed an Objection to the Joint Motion. A hearing was held on all open Motions on May 24, 2012, at which the parties to the Settlement Agreement testified in support of the Settlement Agreement because it was a good compromise of the positions of the parties, lowered some rates and created new options for customers. OPC had no objection to the Settlement Agreement, and Staff supported it. Mr. Proctor continued to oppose it.

At the hearing, a schedule was set for filings to support or oppose the Settlement due by June 19, 2012 and responses to these filings due by June 25, 2012. After duly considering the record before him, the Public Utility Law Judge issued a Proposed Order on July 2, 2012, accepting the Joint Motion for Approval of Agreement of Stipulation and Settlement in full and unchanged, and directed Pepco to file clean copies of the tariff revisions within ten days of the entry of the final Order in the matter. No appeal was filed on the Proposed Order, and it became Order No. 85023.

On July 25, 2012, Pepco filed its tariff revisions in compliance with the Proposed Order. On August 8, 2012, at its Administrative Meeting, the Commission considered the tariff revisions and accepted them effective as of August 8, 2012.

6. Gas Price Hedging – Case No. 9224

On March 22, 2012, the Commission issued Order No. 84768 in Case No. 9224 granting in part WGL

On February 17, 2012, Potomac Edison filed a Motion to amend its CPCN granted in this matter by Order No. 84046 on May 19, 2011. The proposed amendment reflected planning and operational changes that eliminated the need to modify all but one segment of the existing line. With the changes, Potomac Edison proposed to reconnector just 12.7 miles of the existing line and leave all the other facilities unchanged. By letter order dated February 29, 2012, the Commission delegated the matter to the Public Utility Law Judge Division to conduct the necessary proceedings.

On April 17, 2012, PPRP submitted its amended licensing conditions and an Agreement of Stipulation and Settlement. On May 14, 2012, a hearing was held in the matter. On May 24, 2012, an Agreement of Stipulation and Settlement with Amended Recommended conditions was filed.

On June 11, 2012, a Proposed Order of Public Utility Law Judge was issued. The Public Utility Law Judge found the amendment proposed to the existing CPCN is reasonable in light of the change in circumstances since the grant of the CPCN. He made further findings on each of the statutory requirements that must be considered in the grant of a CPCN. Finally, he found the Settlement Agreement covered all the statutory and regulatory issues and requirements. He therefore accepted the Settlement Agreement and made the terms and conditions of the agreement a part of the amended CPCN, which he granted. No appeal of the Proposed Order was submitted, and it became Order No. 85022.

8. In the Matter of an Investigation into the Reliability and Quality of the Electric Distribution Service of Potomac Electric Power Company – Case No. 9240

As reported in the 2011 Annual Report, the Commission issued Order No. 84564 in which it concluded that, as alleged by its customers, Pepco had failed to provide an acceptable level of reliable service during 2010 as well as several of the preceding few years. Accordingly, based on Pepco

for committing fraud and engaging in deceptive practices and for failing to comply with the Commission

On June 8, 2012, Public Utility Law Judge issued a Proposed Order finding that the parties had reached the agreement set forth in the Settlement with the help of the extensive analysis by OPC witness King, which resulted in a very significant reduction in SMECO

when establishing estimated times of restoration (

12. Application of CPV Maryland, LLC for a Certificate of Public Convenience and Necessity Authorizing the Minor Modification of its St. Charles Project, in Charles County, Maryland – Case No. 9280

As reported in the 2011 Annual Report, the Commission initiated Case No. 9280 to consider an application filed by CPV Maryland, LLC (

granted CPV an amended CPCN incorporating the revised initial licensing conditions.

No appeal of the Proposed Order was filed, and it became Order No. 85144.

**13. Application of the Town of Williamsport, Maryland for
Authority to Increase its Rates and Charges for Electric
Service – Case No. 9281**

As reported in the 2011 Annual Report, the Commission initiated Case No. 9281 to consider the application filed by the Town of Williamsport for approval by the Commission to revise the Town

- Authorized a rate of return of 5.16 percent, and rejected the Town

comment was filed by the Baltimore Metropolitan Council indicating it had no objections based upon BGE

The Commission delegated the conduct of the proceedings to the Public Utility Law Judge. On June 13, 2012, the procedural schedule for the matter was suspended by mutual agreement of the parties pending settlement negotiations. The procedural schedule remains suspended.

16. Application of Delmarva Power & Light Company for a Certificate of Public Convenience and Necessity to Rebuild an Existing 138 kV Overhead Transmission Line from Church Substation in Queen Anne's County Maryland to the Maryland/Delaware Line – Case No. 9290

On March 30, 2012, Delmarva filed an application for a CPCN to rebuild an existing 138 kV transmission line between Church substation in Queen Anne

PPRP filed an Agreement of Stipulation and Settlement, which each had signed. Staff and OPC did not oppose the Settlement Agreement.

On November 29, 2012, a Proposed Order of Public Utility Law Judge was issued, which granted a CPCN to Delmarva, as requested, incorporating the PPRP Licensing Conditions agreed upon in the Agreement of Stipulation and Settlement. No appeal was taken on the Proposed Order, and it became Order No. 85275.

**17. Complaint of Montgomery Royal Theaters Inc. v.
Potomac Electric Power Company – Case No. 9293**

By letter dated May 4, 2012, the Commission initiated a new docket, Case No. 9293, to consider the formal complaint filed by Montgomery Royal Theaters Inc.

(

request to dismiss its complaint, which the Commission granted on February 8, 2013 (Order No. 85349).

18. Application of Keys Energy Center, LLC for a Certificate of Public Convenience and Necessity to Construct a Nominal 735 MW Generating Facility in Prince George's County, Maryland—Case No. 9297

On July 3, 2012, Keys Energy Center filed an application for a CPCN to construct a nominal 735 MW generating facility in Prince George

initiated a new docket, Case No. 9300, to consider the application, suspended the revised tariff for an initial period of 150 days from the tariff

filed, and it became Order No. 85223. The Commission accepted the revised tariff on December 11, 2012, with an effective date of November 28, 2012.

20. Joint Application of Chesapeake Utilities Corporation and the Eastern Shore Gas Company for Approval of an Agreement by which Chesapeake Utilities Corporation will Acquire certain Franchises, Assets, Rights and Authority of the Eastern Shore Gas Company – Case No. 9303

On September 7, 2012, Chesapeake Utilities Corporation and Eastern Shore Gas Company submitted a joint application for the approval of a transaction in which Chesapeake would acquire certain assets of Eastern Shore Gas. The Commission considered the application at its October 3, 2012 Administrative Meeting. After receiving comment from Staff, OPC, the Utility Workers Union of America, System Local 102 and the Companies, the Commission initiated a new docket, Case No. 9303, to consider the application and delegated the proceedings to the Public Utility Law Judge.

At a pre-hearing conference on November 1, 2012, a procedural schedule was set, scheduling an evidentiary hearing for the week of March 11, 2013 with the date of evening hearings for public comment to be determined. At the pre-hearing conference, argument was heard on the Unions

21. Formal Complaint of Section 5 of the Village of Chevy Chase v. Potomac Electric Power Company – Case No. 9305

On April 22, 2011, Section 5 of the Village of Chevy Chase (

22. Application of The Potomac Edison Company for a Certificate of Public Convenience and Necessity to Rebuild the Maryland Segment of the Mt. Storm-Doubs 500 kV Electric Transmission Line in Frederick County, Maryland – Case No. 9309

On November 15, 2012, PE filed an application for a CPCN to rebuild the Maryland segment of the Mt. Storm-Doubs 500 kV electric transmission line in Frederick, Maryland, which will increase the capacity of the existing transmission line which has been in service for more than 40 years. According to the application, the proposed route for the rebuild uses existing transmission right-of-way and will not require construction of new mid-span structures. On November 16, 2012, the Commission, by letter order, initiated a new docket, Case No. 9309, to consider the application and delegated the matter for hearing before the Public Utility Law Judge Division. At the pre-hearing conference on January 3, 2013, a procedural schedule was established with the evidentiary and public comment hearings scheduled for May 21, 2013.

23. Application of Potomac Electric Power Company for an Increase in its Retail Rates for the Distribution of Electric Energy – Case No. 9311

On November 30 2012, Pepco filed an application for approval by the Commission to increase the Company

schedule was established with evidentiary hearings scheduled during the period from April 15, 2013 through April 29, 2013.

24. 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 Church Substation to Wye Mills Substation in Queen Anne's County, Maryland – Case No. 9312

On December 21, 2012, Delmarva filed an application for a CPCN to construct a new 25.9 mile 138 kV transmission line originating at its Church Substation and running to its Wye Mills Substation, all within existing right-of-way in Queen Anne

Core

appeared to be any facts necessary to decide the matter in dispute). After receipt of the briefs, a Proposed Order of Public Utility Law Judge was issued on October 26, 2012, in which two proposed modifications to the suspended tariff revisions were rejected and the remaining revisions were accepted. The Proposed Order rejected the definition of

failed to comply with the Commission

that it did not have jurisdiction over the contract dispute between the parties. It, however, found that it did have jurisdiction to determine what charges are contained within Yellow Cab

other things, agreed upon an increase of \$106,000 in annual revenue effective for service rendered after April 27, 2012.

On March 8, 2012, a Proposed Order of Public Utility Law Judge was issued, which accepted the settlement agreement and authorized the Company to file revised rates for water service in accordance with the settlement agreement. The Proposed Order was not appealed and became Order No. 84812. On June 6, 2012, the Commission accepted the tariff revisions submitted by the Company in conformance with Order No. 84812 with an effective date of April 10, 2012.

3. Application of Historical Oldtown Bridge Preservation, LLC for Authority to Revise its Rates and Charges for Tolls – Case No. 9296

On June 20, 2012, the Historical Oldtown Bridge Preservation, LLC filed an application requesting authority to revise its rates and charges for the privately-owned Oldtown toll bridge, which provides passage over the Potomac River between West Virginia and Oldtown, Maryland. By letter order dated July 3, 2012, the Commission initiated a new docket, Case No. 9296, suspended the tariff revisions, and delegated the conduct of the proceedings to the Public Utility Law Judge Division.

Pre-filed testimony was filed by the applicant and Staff. On November 5, 2012, an evidentiary hearing for cross-examination was held at a location in Oldtown. An evening hearing for public comment also was held on November 5, 2012, at the same location in Oldtown. On December 5, 2012, the applicant and Staff filed a Stipulation and Settlement Agreement. An evidentiary hearing and evening hearing for public comment was held on January 14, 2013 in Oldtown. During the evidentiary hearing, the applicant and staff offered an amendment to the Settlement Agreement.

On January 29, 2013, the Public Utility Law Judge issued a Proposed Order in which he accepted the Stipulation and Settlement Agreement, as amended, and the rates agreed upon therein. No appeal was taken of the Proposed Order, and it became Order No. 85396.

4. 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 November 26, 2012, CECO Utilities, Inc. and Crystal Water LLC (collectively,

Government, Staff, MDE, and OPC to participate in discussions designed to lead to a plan for either bringing the Manchester Park WWTS into compliance with State law or transitioning it to a new owner. It further directed the Public Utility Law Judge Division to facilitate these discussions and to report back to the Commission on or before February 28, 2013 as to the status of the discussions.

On February 28, 2013, the Chief Public Utility Law Judge filed a report on the status of the discussions between the parties. She indicated that despite good faith efforts to arrive at an agreement, there remained one issue to resolve. She recommended that the parties be given an additional 30 days to continue negotiations. On March 5, 2013, by letter order, the Commission granted a 30-day extension to the parties to continue negotiations from the date of the letter order.

V. RULEMAKINGS: REGULATIONS -- NEW AND AMENDED

A. RM40 – Revisions to COMAR 20.52.03 – Electric Standard Offer Service, Transfers of Service Switching Period Change

On August 9, 2012, the Commission held a rulemaking session to consider whether to publish for notice and comment proposed regulation for revisions to COMAR 20.52.03, intended to conform the regulations to those found in COMAR 20.53 regarding the switching period as it relates to retail electricity supply. After the receipt of comments at the rulemaking session, the Commission moved to publish the proposed revised regulations, as recommended by Staff and as amended during the rulemaking session, in the *Maryland Register* for notice and comment.

The proposed revised rules were published in the *Maryland Register* on October 19, 2012. After notice, the Commission conducted a rulemaking session on January 9,

2013, in which it finally adopted the proposed revised regulations as published in the Maryland Register. The finally adopted regulations became effective February 4, 2013.

B. RM41 – Regulations in Connection with Electricity – Net Energy Metering – Credits – COMAR 20.50.10

On May 7, 2012, pursuant to an April 30, 2012 letter to the Commission from the Maryland Senate Finance Committee, the Commission issued a Notice of Request for Technical Work Group Recommendation on the merits of and issues related to implementing a net energy program for

C. RM43 – Reliability Regulations (COMAR 20.50.12)

As reported in the 2011 Annual Report, the Commission instituted Rulemaking No. 43 to adopt objective service quality and reliability standards that Maryland utilities must meet in order to improve service quality and reliability for Maryland

interruption in electric service to 100,000 or 10% of a utility

action against a utility that fails to meet any of the standards, including the imposition of appropriate civil penalties.

Electric utilities must develop implementation plans or supplement existing plans to ensure that their level of performance meets or exceeds the new service quality and reliability standards discussed above.

D. Deanna Camille Green Rule (Contact Voltage Survey Requirement and Reporting Regulations – COMAR 20.50.11)

As reported in the 2011 Annual Report, on October 28, 2011, the Commission held a rulemaking session in the matter and finally adopted regulations addressing contact voltage shock and the means to survey underground distributions facilities to prevent harm to the public by contact voltage. The regulations became effective on November 28, 2011.

On January 31, 2012, BGE, Pepco, Delmarva and Potomac Edison submitted their Proposed Contact Voltage Risk Zone (

Green Rule. The Commission indicated that these two forms included the minimum data required to be filed by each utility in its annual compliance report.

On February 3, 2012, Choptank made its CVRZ filing in which it stated it had no CVRZ within its territory along with its Contact Voltage Survey Plan. The Commission approved Choptank

F. RM47 – Revisions to COMAR Title 20 – In accordance with Executive Order No. 01.01.2011 – Regulatory Reform Initiative

In response to Executive Order No. 01.01.2011, Staff identified certain provisions of COMAR Title 20, which could be modified, streamlined or repealed to reduce unnecessary regulatory burdens and promote economic growth and job creation. On October 11, 2012, the Commission held a rulemaking session to consider whether to publish for comment and notice the proposed revisions to COMAR Title 20 submitted by Staff. Prior to the rulemaking session, the Commission received written comments on certain of the proposed revised regulations, and received oral comments on the proposed revised regulations from interested persons attending the rulemaking session.

After considering the comments, the Commission passed a motion to publish the proposed regulations, as recommended by Staff and as further amended at the rulemaking session, for notice and comment in the *Maryland Register*. The proposed rules were published in the *Maryland Register* on December 14, 2012. A rulemaking session was held on February 14, 2013, and the Commission finally adopted the published proposed rules, which became effective March 18, 2013.

VI. OTHER PUBLIC CONFERENCES

A. Inquiry into the Status of Local Gas Distribution Companies’ Gas Storage Levels – PC28

On February 14, 2012, the Commission initiated administrative docket PC28 because of the unusually high volumes of natural gas in storage during the winter heating season and its concern that Maryland

questions and concerns of the Commission on March 7, 2012, which were set forth in the Notice of Hearing. On or before March 2, 2012, the UGI Central Penn Gas, Inc. f/k/a PPL Gas Utilities Corp.; WGL; BGE; Chesapeake Utilities Corporation; and Columbia Gas of Maryland, Inc. filed comments responding to the questions set forth in the Notice. On March 7, 2012, the Commission held a hearing at which time it heard from each of the foregoing LDCs, and determined that the companies were properly managing their storage drawdowns to meet end-of-season balance requirements.

B. 2012 Summer Reliability Status Conference – PC29

On May 24, 2012, the Commission held its annual summer reliability status conference to ensure that there was adequate and reliable electricity resources for the summer electricity demand. Representatives from PJM Interconnection, LLC made a presentation to the Commission in which PJM detailed its 2012 peak load forecast and its 2012 Maryland projected forecast and peak load. Its studies showed no reliability problems and that there was adequate installed capacity to fulfill reserve at forecasted RTO summer peaks. The Commission also heard presentations from BGE, PE, SMECO, Pepco and Delmarva. Presentations revealed that LDCs were appropriately prepared to meet demand for the 2012-2013 winter heating season.

C. 2012 Retail Gas Market Conference – PC31

On November 16, 2012, the Commission held its annual retail gas market conference to ensure that preparations had been made by the natural gas LDCs to meet the gas market demand and to hear the expectations of market conditions for the 2012-2013 winter heating season. UGI Central Penn Gas, BGE, WGL, and Columbia Gas of Maryland, and Elkton Gas participated in the conference.

VII. 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) Pepco Holdings, Inc. (

Purchase Plan that broadens stock capital ownership by all stockholders, including employees, to reinvest their dividends to acquire additional shares of common stock.

On August 31, 2012, the Parent had 285,161,650 shares of its common stock outstanding, of which 1,578,831 were acquired by employees during the previous 12 months through the ESP Plan and the NiSource Inc. Retirement Savings Plan. As of August 31, 2012, the Parent had approximately 622 registered stockholders with Maryland addresses, holding approximately 237,890 shares of Parent common stock.

(c) As of September 30, 2012, 13,987 Maryland residents representing 10.34% of Exelon Corporation

As of September 30, 2012, 4,273,468 shares of common stock were held in the Constellation Energy Group, Inc. Employee Savings Plan for current and former employees of the legacy Constellation companies, many of whom are Maryland residents. 703,260 shares of Exelon common stock were held in the Constellation Energy Nuclear Group Plan, a separate plan available to employees of that joint venture.

(d) The Potomac Edison Company was a wholly-owned subsidiary of Allegheny Energy, Inc. (

Additionally, approximately 972 employees (both active and inactive) owned shares through its defined contribution plans.

(f) Verizon Maryland Inc. 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. Employees are eligible to participate in the plan after one year of service. As of September 30, 2012, there were 20,324 Maryland residents who held Verizon stock.

VIII. 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 (

- a. *Case Management.* The Case Management Section creates and maintains formal dockets associated with proceedings before the Commission. In maintaining the Commission

conferences initiated. This Section also processed 7,994 filings, including 2,054 memoranda.

- c. *Regulation Management.* This Section is responsible for providing expert drafting consultation, establishing and managing the Commission

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

this Section was maintaining approximately 125 items of disposable supplies and materials totaling \$7,372.25 and fixed assets totaling \$1,988,485.60.

3. *Information Technology Division.* The Information Technology Division (

monitors providing Hearing Room viewing of digital media during proceedings (HDMI and VGA formats); (g) upgraded the hardware and software for the Commission

rules, regulations and filing requirements as applied to utilities, common carriers and other entities subject to the Commission

Maryland People's Counsel v. PSC, Circuit Court for Baltimore City, Case No. 24-C-12-002881.

b. ***Electric Power Supply Association v. FERC*, U.S. Circuit
Court of Appeals for the District of Columbia Circuit, Nos.
11-1486**

The Commission intervened in *Electric Power Supply Association v. FERC*, U.S. Circuit Court of Appeals for the District of Columbia Circuit, Nos. 11-1486 (in support of FERC Order No. 745). FERC Order No. 745 determined that payment of locational marginal pricing (

f. ***Emergence Technology Consultants, LLC v. Baltimore Gas and Electric Co., Circuit Court for Baltimore County, Case No. 03-C-12-000691***

In *Emergence Technology Consultants, LLC v. Baltimore Gas and Electric Co.*, Circuit Court for Baltimore County, Case No. 03-C-12-000691, Emergence Technology Consultants, LLC challenged BGE's EmPOWER program in Case No. 9154. This case relates to the eligibility of Emergence for rebates for LED lights. The case is currently stayed while BGE and Emergence seek to resolve the matter.

g. ***Perini/Tompkins Joint Venture v. PSC, Circuit Court for Montgomery County, Case No. 369793-V***

Perini/Tompkins Joint Venture v. PSC, Circuit Court for Montgomery County, Case No. 369793-V, Perini/Tompkins filed a Petition for Review of Commission Order No. 85126 issued in PSC Case 9210, wherein Commission Order No. 85126 provided that Pepco could bill Perini/Tompkins JV \$971,165.31 to recover undercharges incurred over a 29 month period. A hearing is scheduled for April 17, 2013).

2. **Federal Energy Regulatory Commission and Federal Communications Commission Proceedings**

a. ***PJM Interconnection, LLC (Docket No. ER12-535-000)***

Also during 2012, the Commission filed a major protest in *PJM Interconnection, LLC* - Docket No. ER12-535-000 against the PJM

borders. This matter is pending review by FERC. A decision is expected in advance of PJM

***c. 9-1-1 Resiliency and Reliability in the Wake of June 29, 2012,
Derecho Storm in Central, Mid-Atlantic, and Northeastern
United States (FCC PS Docket No. 11-60 (DA No. 1153))***

The Commission filed brief comments in the matter of *9-1-1 Resiliency and Reliability in the Wake of June 29, 2012, Derecho Storm in Central, Mid-Atlantic, and Northeastern United States* - FCC PS Docket No. 11-60 (DA No. 1153). Based upon initial review, Maryland

Transformation Order) unfairly permits price cap companies to spread access recovery charges (

C. Office of the Executive Director

The Executive Director and two assistants supervise the Commission

and tax law, and must be able to apply its expertise to electric, gas, telecommunications, water, wastewater, taxicabs, maritime pilots and bridges.

During 2012, the Accounting Investigation Division

processes established by the Commission, or formal comments on other filings made with the Commission.

The Electricity Division was formed in August 2008 as part of the reorganization of the Commission

Electricity Division personnel facilitated several stakeholder working groups covering: net energy metering, retail market electronic data exchange, and retail market supplier coordination. The Division also was tasked with evaluation of technical implementation of legislation on renewable energy programs. Over the summer of 2012, Division employees facilitated a solar industry stakeholder group and prepared a report on Community Energy Generating Facilities for the Senate Finance Committee of the Maryland General Assembly, as discussed in Section V. Subsection B herein.

3. Energy Analysis and Planning Division

The Energy Analysis and Planning Division (

programs; certification of retail natural gas and electricity suppliers; and, applications for small generator exemptions to the CPCN process.

During 2012, EAP was directly responsible or involved in several significant initiatives including:

- Preparing the

- Participating in the Electric Vehicle Infrastructure Council established by the legislature, and signed into law by the Governor, pursuant to Senate Bill 176 with the Final Report completed on February 13, 2012, as required by legislation.
- Participating with electric vehicle industry stakeholders to assess an electric vehicle pilot program presented by BGE pursuant to Senate Bill 176.
- Monitoring activities of the RGGI Program Review Committee, Electricity Monitoring Group and the Modeling Subgroup.
- Participating in NARUC activities.
- Monitoring, and where appropriate, participating in initiatives of the PJM, FERC, and OPSI.

4. Engineering Division

The Commission

Zone maps and forms submitted by the utilities and analysis of the Contact Voltage Plans filed by each utility.

In 2012, Maryland adopted regulations to include solar water heating equipment in its Renewable Portfolio Standard (

fully trained for their roles in enforcement of Federal pipeline safety regulations within the State.

The Division worked with the transmission owners and other relevant State agencies to review the plans for several transmission lines proposed in Maryland. Although PJM peak load forecasts overall have been reduced due to the continued economic downturn, demand response programs, and solar installations, the Division reviewed transmission plans to provide adequate capacity in those specific areas where growth is projected to exceed electric supply.

Commensurate with lower consumer energy bills for both gas and electricity, the Division saw a decrease in meter referee test requests in 2012, considering a comparison of the past five years. Twelve requests for gas meter referee tests were received in 2012, compared to 6 in 2011, 12 in 2010, 32 in 2009, and 27 in 2008. Electric meter referee test requests decreased to 39 in 2012 compared to 72 in 2011; 11 in 2010, 223 in 2009, and 105 in 2008.

During 2012, the Engineering Division devoted an increasing amount of staff time and effort to storm-related activities resulting from the Commission

activated in response to an actual or perceived emergency. In 2012, Engineering and other Commission staff contributed approximately 400 hours to the SEOC in the aftermath of the derecho and before, during and after Hurricane Sandy.

5. Staff Counsel Division

The Staff Counsel Division directs and coordinates the preparation of Technical Staff

Maryland Act of 2008, smart meters proceedings, transmission line approvals, Sandy storm outage proceedings, the setting of tolls for a privately-owned toll bridge, and the continued development of the Maryland Renewable Energy Portfolio 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 and retail natural gas services and water services in the state of Maryland. The Division

the provision of low income services, E911 and telecommunications relay services. In 2012, the Commission authorized 10 new local exchange and 13 additional long distance carriers, and certified 63 payphone service providers and 1,978 payphones in Maryland. In addition, Staff recommended and the Commission approved 2 additional eligible telecommunication carriers making them eligible to receive federal universal service funds for providing service to low-income households. In 2012, Staff participated in several cases involving significant consumer issues including the provision of voice services over next generation fiber optic facilities, quality of service, and the regulation of retail service offered by the largest incumbent carrier in the State. Additionally, Staff participated in several cases involving carrier-to-carrier compensation and compensation for traffic in voice over internet protocol.

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 affordable 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 affordable water services in the State. During 2012,

Division personnel testified in several cases involving water company franchises and rates.

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 1,144), intrastate for-hire railroads, as well as taxicabs in Baltimore City, Baltimore County, Cumberland and Hagerstown (total 1,405). The Commission is also responsible for licensing drivers (total 7,249) 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 5,164), 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 2012, 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

System. SAFER provides carrier safety data and related services to industry and the public via the Internet.

The Division maintained its regular enforcement in 2012 by utilizing field investigations and joint enforcement projects efforts with local law enforcement officials, Motor Vehicle Administration Investigators, and regulators in other jurisdictions.

Administratively, the Division continued to develop, with the Commission

issues. Most telecommunication disputes involved billing disputes and installation or repair problems, followed by slamming concerns. In addition, OER staff fulfilled 592 requests for information concerning the Commission, utilities and suppliers (a decrease of 23% from the 2011 requests for information fulfilled, 770). The OER intake unit received 11,139 telephone calls that resulted in 7,137 requests for payment plans or extensions. Overall, OER received 33,059 telephone calls in 2012, or approximately 3% more than in 2011 (32,224).

OER staff members work proactively to provide the public with timely and useful utility-related information based on the feedback received from consumers. During 2012, OER met with all utilities that have deployed the AMI metering for training in order to respond accurately to customer inquiries and answer questions on this issue. OER 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 License Hearing Officer, and two administrative support personnel. Typically, the Commission delegates proceedings to be heard by the Public Utility Law Judges which 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

no more than 30 days. There were 31 appeals/requests for reconsideration filed with the Commission resulting from the Proposed Orders

IX. RECEIPTS AND DISBURSEMENTS FY 2012

Receipts and Disbursements

C90G001

C90G003

C90G005

C90G007

Total Appropriation for Fiscal Year 2012	\$	<u>355,286</u>
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Summary of Public Service Commission
Fiscal Year Ended June 30, 2012:

Salaries and Wages	\$	12,215,582
Public Utility Regulation Fund	\$11,960,948	
Federal Fund	\$254,634	
For-Hire Driving Services Enforcement Fund	\$0	

Technical and Special Fees		441,869
Public Utility Regulation Fund	\$184,280	
Federal Fund	\$131,865	
For-Hire Driving Services Enforcement Fund	\$125,724	

Operating Expenses		<u>5,768,469</u>
Public Utility Regulation Fund	\$5,585,485	
Federal Fund	\$170,093	
For-Hire Driving Services Enforcement Fund	\$12,891	

Total Disbursements for Fiscal Year 2012	\$	<u>18,425,920</u>
Public Utility Regulation Fund	\$17,730,713	
Federal Fund	\$556,592	
For-Hire Driving Services Enforcement Fund	\$138,615	

Reverted to State Treasury		<u>756,419</u>
Public Utility Regulation Fund	\$481,744	
Federal Fund	\$274,675	
For-Hire Driving Services Enforcement Fund	\$0	

Total Appropriations	\$	<u>19,182,339</u>
Public Utility Regulation Fund	\$18,212,457	
Federal Fund	\$831,267	
For-Hire Driving Services Enforcement Fund	\$138,615	

Assessments collected during Fiscal Year 2012:	\$	18,332,145
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Other Fees collected during Fiscal Year 2012:

1) Fines & Citations	\$	1,345,684
2) For-Hire Driving Services Permit Fees	\$	189,289
3) Meter Test	\$	440
4) Filing Fees	\$	229,120
5) Copies	\$	1,309
6) Miscellaneous Fees	\$	27

Total Other Fees	\$	<u>1,765,869</u>
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Assessments collected that were remitted to other
State Agencies during Fiscal Year 2012:

1) Office of People(s) Counsel	\$	2,722,647
2) Railroad Safety Program	\$	278,257