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For Immediate Release

Maryland PSC Establishes Framework for Multi-Year Utility Rate Plans

(BALTIMORE, MD-February 4, 2020) – The Maryland Public Service Commission has approved a pilot process allowing an electric or natural gas utility to request a rate plan using a multi-year period. The decision provides the first utility to file with guidance regarding the contents of a multi-year rate application, providing that utility with rate certainty for a fixed period of up to three years. The Commission finds that a multi-year rate plan, which is used in other states, has several benefits including more predictable rates for customers and more predictable revenues for utilities, spreading forecasted rate changes over multiple years and decreasing the administrative burden on rate case participants by staggering complex rate applications over several years.

“While alternative forms of regulation are not new in Maryland, the Commission recognizes that changes are rapidly occurring in the utility sector and more can be done to better align cost recovery, improve utility planning, and meet the changing needs of customers,” said Commission Chairman Jason M. Stanek. “The use of a multi-year rate plan will increase transparency and accountability, while providing both the utility and customers with a degree of rate certainty,” he added. “The Commission’s role will be to ensure that rates remain just and reasonable by holding the utility accountable for meeting its budgetary and performance goals over this multi-year period.”

Effective immediately, the first utility to file a request to use a multi-year rate plan will become the test case for this pilot process. At the end of the pilot, the Commission will review its experience and identify any lessons learned. Utilities may also elect to continue to file traditional rate cases instead of a multi-year rate case.

Separately, the Commission is continuing to evaluate the use of performance-based metrics in utility rate case proceedings. A stakeholder workgroup is scheduled to provide a report to the Commission on performance-based metrics by April 1, 2020.

As background: In February 2019, the Commission opened a proceeding ([Public Conference 51](#)) to explore several alternative forms of ratemaking used in other states, and to consider how changes to state policy goals and grid modernization efforts have impacted the ability of utilities to recover revenue and expenses in a timely manner.

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About the Public Service Commission:

The Maryland Public Service Commission regulates electric and gas utilities, telephone companies (land lines), certain water and sewer companies, passenger motor vehicle carriers for hire (sedans, limousines, buses, Uber, Lyft), taxicab companies (in Baltimore City and County, Charles County, Cumberland and Hagerstown) and bay pilot rates.

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