

ORDER NO. 89542

STATE OF EMERGENCY AND PUBLIC	*	BEFORE THE
HEALTH EMERGENCY IN THE STATE OF	*	PUBLIC SERVICE COMMISSION
MARYLAND DUE TO COVID-19	*	OF MARYLAND
	*	
	*	
	*	CASE NO. 9639
	*	

Issue Date: April 9, 2020

**ORDER AUTHORIZING ESTABLISHMENT OF A REGULATORY ASSET
FOR COVID-19 RELATED INCREMENTAL COSTS**

1. On March 5, 2020, Governor Lawrence J. Hogan, Jr. issued an Executive Order declaring a state of emergency and catastrophic health emergency for the State of Maryland to control and prevent the spread of COVID-19 within the State. COVID-19, a respiratory disease that spreads easily from person to person and may result in serious illness or death, has been declared a public health catastrophe nationwide. To reduce the spread or exposure to COVID-19, the U.S. Centers for Disease Control and Prevention and the Maryland Department of Health, consistent with currently known and available scientific evidence and best practices, recommend social distancing. Recognizing that the provision of certain public utility services may require utility companies and service providers to personally visit the premises and interact with customers, which would interfere with the social distancing mandates, Governor Hogan issued an Executive Order on March 16, 2020, prohibiting the termination of residential services and late fees during the state of emergency period for COVID-19.

2. The March 16, 2020 Executive Order states that “[t]he termination of Marylanders’ residential services as a result of COVID-19 would have serious public health, welfare and safety consequences.” Further, the March 16, 2020 Executive Order states that “it is necessary and reasonable that residential service companies not terminate service to dwellings or residents, or charge fees for late or untimely payment for services to residential dwellings during the state of emergency and catastrophic health emergency.”

3. The Maryland Public Service Commission (“Commission”) is committed to providing assistance to support Public Service Companies (herein the “Utilities”, as defined in Public Utilities Article (“PUA”), *Annotated Code of Maryland*, § 1-101(x)) in complying with the Executive Orders issued by Governor Hogan during the current state of emergency period pertaining to the COVID-19 pandemic. The Commission acknowledges the potential for significant financial implications that compliance with these emergency orders may have on Maryland Utilities and service providers. Consequently, in light of the extraordinary circumstances and in an effort to minimize adverse financial impacts to Maryland Utilities, the Commission authorizes each Utility to create a regulatory asset to record the incremental costs related to COVID-19 prudently incurred beginning on March 16, 2020, by the Utility to ensure that Maryland residents have essential utility services during this period.¹ The Commission finds that the creation of the regulatory asset for COVID-19-related expenses will facilitate the

¹A Utility may establish a COVID-19 regulatory asset account beginning on a date earlier than March 16, 2020, if it can demonstrate the commencement of a plan to suspend service terminations in connection with the COVID-19 pandemic prior to the date of the Governor’s March 16, 2020 Executive Order.

recovery of those costs prudently incurred by the Utilities in their efforts to serve customers during this period, and the Commission finds that deferral of such costs is appropriate because the current catastrophic health emergency is outside the control of the Utility and a non-recurring event.² Such incremental costs shall also include any assistance or benefit received by the Utilities in connection with COVID-19, regardless of form, that would offset any COVID-19-related expenses.

4. In order to be eligible for inclusion in a Utility's COVID-19 designated regulatory asset, the Utility must maintain detailed records of the incremental costs prudently incurred for the provisioning of utility services used to maintain the health, safety and welfare of Maryland customers during COVID-19 pandemic.³ The Commission will consider in future proceedings whether each Utility's request for recovery is just and reasonable pursuant to PUA §§ 4-101, 4-102, and 4-201. The Commission will also consider during those proceedings other issues such as the appropriate period of recovery for the approved amount of the regulatory asset, any amount of carrying costs thereon, and other related matters.

IT IS THEREFORE, this 9th day of April, in the year of Two Thousand Twenty, by the Public Service Commission of Maryland,

ORDERED: That Maryland Public Service Companies are hereby authorized to establish a regulatory asset account to capture and track COVID-19-related incremental

² This Order permits inclusion in the Utility's regulatory asset account costs associated with both residential and non-residential customers.

³ The Utility's regulatory asset accounting shall include all offsets to COVID-19-related expenses and losses, including but not limited to any income received pursuant to the U.S. Department of Treasury's administration of S.3548 (the "CARES Act").

costs, as discussed in the body of this Order.

/s/ Jason M. Stanek

/s/ Michael T. Richard

/s/ Anthony J. O'Donnell

/s/ Odogwu Obi Linton

/s/ Mindy L. Herman

Commissioners