

**STATE OF MARYLAND
OFFICE OF PEOPLE'S COUNSEL**

Paula M. Carmody, People's Counsel

6 St. Paul Street, Suite 2102
Baltimore, Maryland 21202
410-767-8150; 800-207-4055
www.opc.maryland.gov

BILL NO.: House Bill 327
Public Service Commission Reform Act

COMMITTEE: Economic Matters

HEARING DATE: February 11, 2016

SPONSORS: Delegate Korman

POSITION: Informational

House Bill 327 would make certain modification to the Public Service Commission law.

Among other things, the amendments would do the following:

- Modify the requirements for Commissioners appointed to the Public Service Commission
- Require the Commission to conduct customer service meetings in different regions of the State at least two times per year
- Establish certain staff requirements to assist the Commissioners
- Establish a Division of Customer Complaints and Affairs
- Alter the total amount that a public service company or supplier may be charged to fund the Public Service Commission and the Office of People's Counsel
- Establish additional requirements for conduct of meter tests
- Include the Commission in the State Customer Service and Business Development Efforts Training Program of the Office of the Business Ombudsman
- Requiring the Department of Legislative Services to conduct a review of the activities of the Commission

The Office of People's Counsel (OPC) offers the following informational comments on certain aspects of the Bill.

Customer service and outreach meetings

House Bill 327 would require the Commission to conduct at least two customer service meetings each year in different regions of the State. Currently, the Commission conducts most evidentiary hearings, rulemaking sessions, public conferences and weekly administrative meetings in its offices in Baltimore City.¹ These proceedings typically have a specific subject matter focus – a merger application or a rate case, for example. It may be difficult for customers – residential or business – to make their way to Baltimore City from the four corners of the State to attend or participate in evidentiary or public hearings in central Maryland.

The electric, gas, telecommunications, water and transportation services regulated by the Commission are vital to households and other consumers of these services. OPC represents the residential customer interests in the Commission's proceedings, and in doing so, our presentations are informed by both technical assistance from expert consultants and the perspectives of customers. However, we think it could be very helpful to the Commission to engage in a type of "listening tour", and hear directly from customers in the different regions of the state about concerns and issues – particularly matters that do not come up in the typical Commission proceedings.

2. Division of Customer Complaints and Affairs (Division)

The handling of customer complaints is an important function of the Public Service Commission due to the importance of these services. In addition, the number of customers interacting with licensed energy suppliers is substantial, and those interactions are subject to oversight by the Commission. Customers may have issues related to customer service quality and reliability, billing and payment disputes, or utility compliance with Commission regulations; these issues may remain unresolved after contact with the relevant utilities. With regard to energy suppliers, customers may have (and have had) issues related to compliance with Maryland's consumer protection laws, and the Commission's own consumer protection

¹ The exceptions are evidentiary and public hearings for so-called CPCN cases, and public hearings for comments on rate filings. These hearings must be held in the service territory of customers affected by the filings.

regulations. Since the Commission has regulatory oversight over utilities and licensed suppliers, it has the ability to enforce compliance with Commission law and regulations.

While not required by law, the current Commission organizational structure does include an Office of External Relations (OER), which includes a customer complaint process.² The Bill states that the Division shall investigate and mediate disputes of customers, which are current functions of OER. The proposed Division would supersede OER. According to Section 2(a) of the Bill, this transition would be “without any change in substance.” The Bill also states specifically that it would be the intent of the legislature that “at least 20 full-time equivalent positions” be allocated to the Division.

This Bill recognizes the importance and value of the Commission complaint handling function. OPC interacts frequently with OER, and with consumers who have submitted complaints to OER. As a result of that familiarity, OPC is very supportive of any legislative or budgetary initiatives to support effective and efficient handling of customer complaints and inquiries.

3. Change in budgetary formula for the Office of People's Counsel

The current law provides for caps on the total amount to be assessed on utilities and energy suppliers to fund the Public Service Commission and the Office of People's Counsel. OPC has a current cap equal to 0.05% of a company's gross operating revenues, as determined under the statutory formula. (See page 9, line 19 of the Bill). The Bill would increase that to 0.055%. The increase would be much appreciated, as the agency has seen its responsibilities increase significantly over the past several years. OPC would note that the agency's budget appropriation historically has been set at an amount well below the 0.05% cap. For example, for FY 2016, the agency appropriation is equal to only 73%% of the current revenue cap.

² The Commission has a set of regulations, COMAR 20.32, which governs the customer inquiry and complaint process.