

Department of Legislative Services
 Maryland General Assembly
 2021 Session

FISCAL AND POLICY NOTE
Enrolled

House Bill 30
 Economic Matters

(Delegate Korman)

Finance

**Office of People's Counsel - Alterations (Office of People's Counsel
 Environmental Reform Act)**

This bill requires the Office of People’s Counsel (OPC), in determining whether the interests of residential and noncommercial users are affected, to consider the public safety, economic welfare, and environmental interests of the State and its residents, including the State’s progress in meeting its greenhouse gas emissions reductions goals. OPC must hire at least one assistant people’s counsel who will focus on environmental issues. A conforming change is made to the types of experts OPC is allowed to hire or retain. The amount that OPC may assess for its costs and expenses is increased from 0.05% to 0.074% of certain public service company intrastate operating revenues. OPC is also added to the Maryland Commission on Climate Change and the Maryland Zero Emission Electric Vehicle Infrastructure Council.

Fiscal Summary

State Effect: Special fund expenditures increase by \$107,200 in FY 2022 for additional staff (shown below) and likely increase further for expert witnesses and retained consultant costs (not shown). Future years reflect annualization. Special fund revenues increase correspondingly from assessments imposed on public service companies.

(in dollars)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
SF Revenue	\$107,200	\$129,300	\$133,400	\$138,100	\$142,900
SF Expenditure	\$107,200	\$129,300	\$133,400	\$138,100	\$142,900
Net Effect	\$0	\$0	\$0	\$0	\$0

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: The bill does not materially affect local government finances or operations.

Small Business Effect: Minimal.

Analysis

Current Law: Broadly, OPC represents the interests of residential and noncommercial users of natural gas, electricity, telephone, and private water service before the Public Service Commission (PSC), various federal regulatory commissions, and the courts. Specific authorities and requirements include:

- OPC must evaluate each matter pending before PSC to determine if the interests of residential and noncommercial users are affected, and if OPC determines that to be so, OPC must appear before PSC and courts on behalf of the State and its residents in each matter or proceeding over which PSC has original jurisdiction;
- OPC may retain or hire experts in relevant fields;
- as OPC considers necessary, OPC must conduct investigations and request PSC to initiate proceedings to protect the interests of residential and noncommercial users; and
- OPC is entitled to the assistance of PSC staff if the staff determines that the assistance is consistent with the staff's responsibilities and if the staff and OPC agree that the assistance, in a particular matter, is consistent with their respective interests.

State Fiscal Effect: Under current law, the costs and expenses of PSC and OPC are paid by the public service companies (electric companies, gas companies, and others) that are subject to PSC jurisdiction through an annual assessment, subject to specified requirements. The total assessment charged to a public service company in a fiscal year may not exceed 0.25% of a company's gross operating revenues derived from intrastate utility and electricity supplier operations for expenses incurred by PSC and 0.05% for expenses incurred by OPC.

The full cost of expanding OPC's purview under the bill is unknown. At a minimum, OPC costs must include at least one assistant people's counsel who will focus on environmental issues. Costs are also likely to include expert witnesses and retained consultants, although OPC cannot estimate the magnitude of such costs at this time. For context:

- OPC has 19 positions, its fiscal 2020 budget was \$4.0 million, and its fiscal 2021 budget is \$4.2 million; and
- OPC's maximum annual budget under the current assessment cap is about \$5.3 million; under the bill, it is about \$7.8 million.

Accordingly, special fund expenditures for OPC increase by *at least* \$107,169 in fiscal 2022, which accounts for the bill's October 1, 2021 effective date. This estimate reflects the cost of hiring one assistant people's counsel to focus on environmental issues

and the likely but unknown costs of expert witness and consultants. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	1.0
Salary and Fringe Benefits	\$101,588
Other Operating Expenses	<u>5,581</u>
FY 2022 OPC Minimum Expenditures	\$107,169

Future year expenditures reflect a full salary with annual increases and employee turnover and ongoing operating expenses.

Special fund revenues increase correspondingly from assessments imposed on public service companies.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Office of People’s Counsel; Department of Budget and Management; Maryland Department of the Environment; Board of Public Works; Maryland Department of Transportation; Maryland Energy Administration; Public Service Commission; Department of Legislative Services

Fiscal Note History: First Reader - February 1, 2021
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