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Members
House Economic Matters
Committee 241House
Ofc Bldg Annapolis, MD
21401

January 21, 2021

HB 298 – Utility Regulation - Consideration of Climate and Labor

Testimony
Position – Favorable

Good afternoon Chairman Davis and members of the House Economic Matters Committee. My name is Rick Binetti. Thank you for the opportunity to provide testimony in support of HB 298.

In Maryland, we also have about 800 members who work on utility construction projects for contractors employed by Washington Gas, BGE and Pepco. Just like they are on public infrastructure projects, our members are the backbone, and perform the crucial tasks that ensure system reliability and safety of utility infrastructure projects all over the state.

In 2019 and 2020, LiUNA participated in the MD Public Service Commission's (PSC) Workgroup on Alternative Rates, Case PS51. Throughout the three-month discussion of what MD's Multi- Year Ratemaking should look like, it became abundantly clear that the PSC does not consider information about labor standards like wage rates, health care coverage and pension benefits that are paid to a utility's contracted out workforce, as information that should be taken into account as a part of any case before the Commission.

Because the regulated utilities are such a large part of the state's economy, and because their contracted-out construction workforce is so large, we feel it's in Maryland's interest that the regulated utilities use contractors that prioritize worker safety and skills training, pay family sustaining wage and benefit standards to their workforce. Also, that these standards be considered as a part of any rate case before the Commission in an effort to ensure the state's ratepayers are getting the best-skilled and safest utility construction workforce possible.

Other states, like Colorado, have also recognized that a procurement model that prioritizes a price per kilowatt hour or price per therm above all other factors is flawed. "Best Value Employment Metrics" are now used by the Colorado Public Utilities Commission to evaluate new resource acquisitions. When utility proposals are brought to the Colorado Commission for review, the Commission considers the availability of training programs, employment of Colorado workers, competitive wages, and benefits offered to workers on those projects.

As Maryland enters into an era of multi-year ratemaking, utilities are likely to experience reduced regulatory lag and lower borrowing costs. Maryland has the opportunity to be a leader and join other states that have adopted strong labor protections that promote quality job creation and workplace safety in their utility reform efforts. These efforts have not only spurred significant capital spending to modernize energy infrastructure, but the projects have helped raise the standard of living for thousands of workers, and spur economic growth in local communities.

To help make the case, I have attached with this testimony, LIUNA's Final Comments on Case PC51 which say that MD should leverage alternative ratemaking so that our state becomes a leader joining other states that have adopted strong labor protections that promote quality job creation and workplace safety in their utility reform efforts.

These efforts have not only spurred significant capital spending to modernize energy infrastructure, but the projects have helped raise the standard of living for thousands of workers and spur economic growth in local communities in other states where labor standards are considered by utility regulators.

We urge for a favorable report on HB 298. Thank you.

BEFORE THE MARYLAND PUBLIC SERVICE COMMISSION

EXPLORING THE USE OF ALTERNATIVE RATE PLANS OR METHODOLOGIES TO ESTABLISH NEW BASE RATES FOR AN ELECTRIC COMPANY OR GAS COMPANY	Administrative Docket PC51

FINAL COMMENTS OF THE BALTIMORE WASHINGTON LABORERS' DISTRICT COUNCIL, AN AFFILIATE OF THE LABORERS' INTERNATIONAL UNION OF NORTH AMERICA ("LIUNA")

Dated: May 21, 2019

Introduction

The Baltimore Washington Laborers' District Council ("BWLDC"), an affiliate of the Laborers' International Union of North America ("LIUNA"), submits these final comments on Administrative Docket PC51.

Comments

As stated in our comments on March 29, 2019, and at the Technical Conference on April 29, 2019, BWLDC supports alternative forms of ratemaking that further utility capital investment to improve safety and reliability, align ratemaking with broader state public policy and energy goals, and promote greater economic prosperity for workers and local communities. Specifically, it's our position that Maryland should adopt alternative forms of ratemaking that reflect the state's progressive energy and labor policies, as well as best practices from other states to ensure quality job creation and meaningful economic opportunity for Maryland workers. In order to accomplish these goals, alternative rate plans or methodologies should only be implemented after careful consideration by and with direction from the Maryland General Assembly. Maryland legislators passed the Strategic Infrastructure Development and Enhancement (STRIDE) Program in 2013 which accelerated the modernization of the state's natural gas distribution system. Other states, such as Illinois, carefully crafted their alternative rate methods through statute eight years ago, and legislators are currently considering whether to extend formula rates for another ten years. It is through legislation that Maryland should embark upon transforming ratemaking for regulated utilities.

Should the Commission decide to act on implementing alternative forms of ratemaking without legislative input, it must demonstrate how alternative rates are a better vehicle for accomplishing the mission of the Commission as well as the state's broader public policy goals compared to historical forms of rate design. The Commission must detail how alternative rate plans provide greater transparency of utility capital investments and costs; improve safety and reliability outcomes; promote greater economic prosperity for workers and local communities; enhance environmental protections; and accomplish the state's progressive energy agenda. At a minimum, should the Commission move forward, it should follow the experience of other states such as Hawaii, Rhode Island, and Pennsylvania which used a thorough and transparent stakeholder-led process to inform its alternative rate design framework.

Furthermore, should the Commission act to reform ratemaking in Maryland, it should be guided by the following principles:

1. Alternative forms of ratemaking should be performance-based in order to align with Maryland's social, environmental, and economic justice goals, and support the state's progressive energy agenda and labor policies;
2. Alternative rates should be designed to spur responsible capital investment to modernize the grid, and enhance safety and reliability of the distribution network while also creating family supporting jobs;

3. Maryland should look to best practices in other states to ensure alternative rates deliver quality job impacts, and utilities are held to account for employment targets;
4. Alternative forms of ratemaking should provide for transparency of a utility's labor practices to assure compliance with state and federal employment laws, and worker safety and health regulations;
5. Alternate rate methods such as Earnings Sharing Mechanisms that incent utilities to cut costs should not be approved without strong labor protections to ensure workers' wages, benefits, working conditions, and safety are not compromised in the interest of profits; and
6. Alternative rates should be designed in a deliberate and transparent manner that includes community stakeholders, labor unions, consumer advocates, utilities, local governments, and legislators. The Commission should oppose any fast tracking of alternate forms of ratemaking.

In summary, properly designed alternative rate plans could provide tangible benefits if the correct performance incentives and safeguards are put in place. Utilities could experience reduced regulatory lag and lower borrowing costs, customers could see better service, and Maryland residents could have a pathway into the middle class through the creation of family supporting jobs. Maryland has the opportunity to be a leader and join other states that have adopted strong labor protections that promote quality job creation and workplace safety in their utility reform efforts. These efforts have not only spurred significant capital spending to modernize energy infrastructure, but the projects have helped raise the standard of living for thousands of workers, and spur economic growth in local communities. It would be a grave error to ignore the plight of thousands of low-paid utility contract workers across Maryland. The inclusion of Project Labor Agreements, local hiring targets, and Best Value Contracting would provide real benefits to ratepayers by reducing turnover, improving workplace safety, and increasing the productivity of the contractor workforce. The BWLDC urges the Commission to incorporate strong labor protections in its implementation of any alternative rate design plan. The BWLDC appreciates the Commission's consideration of these comments.