Maryland General Assembly
Department of Legislative Services

Proposed Regulation
Public Service Commission
(Control No. 15-225)

Overview and Legal and Fiscal Impact

The proposed regulation sets certain system reliability standards for electric companies for the years 2015 through 2019 and alters the contents of a certain required report.

The regulation presents no legal issues of concern.

State expenditures (all funds) potentially increase beginning as early as fiscal 2017 due to increased electricity costs; however, the amount and timing of potential expenditures cannot be estimated at this time.

Regulation of COMAR Affected

Public Service Commission:
Service Supplied by Electric Companies: Service Quality and Reliability Standards: COMAR 20.50.12.02

Legal Analysis

Background

Chapters 167 and 168 of 2011 require the Public Service Commission to adopt regulations that implement service quality and reliability standards for the delivery of electricity to retail customers by electric companies and establish a State goal that each electric company provide high levels of service quality and reliability in a cost-effective manner and be held accountable for failure to deliver reliable service.

Under the regulations required by Chapters 167 and 168, electric companies must submit annual performance reports and the commission must evaluate compliance. The regulations include service quality and reliability standards, including standards relating to (1) service interruptions; (2) downed wire response; (3) customer communications; (4) vegetation management; (5) periodic equipment inspections; and (6) annual reliability reporting.

Summary of Regulation

The regulation sets the system average interruption duration index (SAIDI) in minutes and the system average interruption frequency index (SAIFI) reliability standards for the

2015 through 2019 calendar years for electric companies in the State. SAIDI is defined as the sum of the duration of all power outages divided by the total number of customers served and SAIFI means the sum of the number of power outages divided by the total number of customers served.

The regulation also alters the contents of a required report that each electric company must file with the commission on proposed annual SAIDI and SAIFI standards for its service territory in the State, including the filing of corresponding cost estimates associated with meeting the proposed reliability standards.

Legal Issue

The proposed regulation presents no legal issues of concern.

Statutory Authority and Legislative Intent

The commission cites §§ 7-213, 13-201, and 13-202 of the Public Utilities Article as statutory authority for the regulation. Section 7-213 requires the commission to adopt regulations that implement service quality and reliability standards for the delivery of electricity to retail customers by electric companies. The remaining cited authority is not relevant for the regulation.

The relevant cited authority is correct and complete. The regulation complies with the legislative intent of the law.

Fiscal Analysis

State expenditures (all funds) potentially increase beginning as early as fiscal 2017 due to increased electricity costs; however, the amount and timing of potential expenditures cannot be estimated at this time.

Agency Estimate of Projected Fiscal Impact

The Public Service Commission estimates that the affected electric companies will spend an additional $400 million combined through 2019 to meet the enhanced performance levels required by the regulation. Some of these costs may be included in future electric distribution rates, subject to review by the commission to ensure that expenditures are just and reasonable. The commission advises that there is no effect on State or local governments. The Department of Legislative Services disagrees with this assessment and notes that (1) State and local governments are customers of the affected electric companies and (2) the affected electric companies are likely to seek cost recovery for these expenditures. Therefore, State expenditures (all funds) and local expenditures potentially increase beginning as early as fiscal 2017 due to increased electricity costs; however, the amount and timing of potential expenditures cannot be estimated at this time.

Impact on Budget

There is no impact on the State operating or capital budget.

Agency Estimate of Projected Small Business Impact

The Public Service Commission advises that the regulation has a meaningful impact on small businesses in the State. Small businesses benefit from the improved electric reliability required by the regulation; however, when electric companies recover costs associated with complying with the regulation, the costs will be allocated among the companies' customers, including small businesses. The amount of any potential increase in electric distribution rates that will be applicable to small businesses cannot be quantified at this time. The Department of Legislative Services concurs.

Contact Information

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