

Department of Legislative Services
 Maryland General Assembly
 2011 Session

FISCAL AND POLICY NOTE

House Bill 1234 (Delegate Arora, *et al.*)
 Economic Matters

Task Force on the Selective Moving of Overhead Utility Lines Underground

This bill establishes a Task Force on the Selective Moving of Overhead Utility Lines Underground. The Public Service Commission (PSC) must provide staff for the task force. The task force must (1) study and identify opportunities for the selective placement of overhead utility lines underground in certain situations; (2) recommend a proposed plan of action; (3) submit a preliminary report to the Governor and the General Assembly by December 31, 2011; and (4) submit a final report of its findings and recommendations by June 1, 2012.

The bill takes effect July 1, 2011, and terminates June 30, 2012.

Fiscal Summary

State Effect: Special fund expenditures from the Public Utility Regulation Fund may increase by up to \$1.5 million in FY 2012 for consulting expenses related to developing the required plan and reports. Staffing requirements and expense reimbursements for task force members can be handled with existing resources. Revenues are not affected.

(in dollars)	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	1,500,000	0	0	0	0
Net Effect	(\$1,500,000)	\$0	\$0	\$0	\$0

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

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The task force must study and identify opportunities for the selective placement of overhead utility lines underground (1) in areas where there are service reliability problems; and (2) when major or minor infrastructure improvements are taking place involving one or more of the utilities, transportation systems, or road repairs in order to achieve cost savings through joint excavation and coordination of post construction roadway paving.

Members may not receive compensation but are entitled to reimbursement for expenses under the standard State travel regulations, as provided in the State budget.

Current Law: The General Assembly finds that, in many areas of the State, landowners, counties, municipalities, public agencies, and public utilities desire to convert overhead electric or communication facilities to underground locations.

Current law provides for the conversion of overhead utilities underground. Utilities are authorized to initiate proceedings before PSC for the conversion of electrical transmission and distribution facilities and recovery of costs with any conversion. A county, municipality, any public agency, or a public utility supplying electric service or communication service may establish an agreement for plans to convert overhead utility lines. Baltimore County is exempt from these provisions.

Background: Chapter 179 of 2002 established a Task Force to Study Moving Overhead Utility Lines Underground. The task force was directed to make recommendations that identify: (1) the best possible means of facilitating and reducing the costs of placing overhead utility lines underground; and (2) a process for coordinating construction, maintenance, and repair projects near roadways in municipalities, including moving utility lines underground. The task force did not complete a study, but conducted a review of studies recently completed. The task force noted that economies of scale can be realized if all utilities and other facility owners underground a particular geographic area at the same time; however, while undergrounding of utility lines may alleviate power outages significantly in the short term, the long-term reliability of the conversion process is questionable. The task force also found that there was an existing legal framework to facilitate undergrounding and that no new laws were necessary.

Through Case Number 8826, PSC investigated the preparedness of Maryland utilities for responding to major outages. In the investigation, PSC established The Selective Undergrounding Working Group which issued a final report in February 2000. The working group reviewed the conversion of electric power transmission and distribution lines and determined that selective undergrounding of overhead utility lines may be desirable for aesthetic or public policy reasons, such as improving older urban areas, but

the long-term results on reliability were unclear and the costs are substantial. Through the proceeding, each utility submitted the costs that would be incurred to underground overhead utility lines in each county.

A 1999 study by Exeter Associates, Inc. for the Governor's Task Force to Ensure Utility Service estimated that conversion, depending on topography, geology, and land use, may cost between \$350,000 and \$2 million per mile of conversion of transmission lines. Based on an average conversion cost of \$450,000, the Exeter study estimated that Baltimore Gas & Electric's service area conversion could cost \$4.2 billion and the Potomac Electric Power Company's service area conversion could cost \$5.7 billion. The study indicated an additional cost of \$1,500 to \$3,000 per conversion for the conversion of distribution lines to each residential customer.

State Fiscal Effect: The District of Columbia recently completed a study identifying the feasibility and reliability of placing overhead electric distribution lines underground. The study considered a number of options for undergrounding utility lines, including the impact on reliability, cost, and other considerations. The study was completed at a cost of \$450,000. PSC advises that because the bill requires PSC to consider the selective undergrounding of utility lines statewide, consulting expenses will be considerably higher than costs incurred by the District. Therefore, special fund expenditures may increase by up to \$1.5 million in fiscal 2012 for consulting expenses to determine where it will be effective to place overhead lines underground. PSC also notes that based on comparable studies, a final report may take more than a year to develop. Therefore, it may not be feasible to complete the final report by June 1, 2012, as required by the bill.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Public Service Commission, Department of Legislative Services

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