

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE

House Bill 611

(Delegate A. Miller, *et al.*)

Economic Matters

Public Utilities - Electric Companies - Vegetation Management

This bill requires the Public Service Commission (PSC), when adopting regulations to implement service quality and reliability standards relating to the delivery of electricity, to (1) require that an electric company's vegetation management program comply with the International Society of Arboriculture's (ISA) Best Management Practices for Utility Pruning of Trees and (2) prohibit an electric company from removing a tree on private property unless the tree is a "hazardous tree" and the property owner has consented to removal of the tree.

Fiscal Summary

State Effect: PSC can adopt the required regulations with existing budgeted resources. Revenues are not affected.

Local Effect: Minimal.

Small Business Effect: Minimal.

Analysis

Bill Summary: "Hazardous tree" means a tree or part of a tree that (1) is dead, extensively decayed, or structurally weak and (2) if it were to fall, would endanger an electric company's infrastructure, facilities, or equipment.

Current Law: PSC must adopt regulations to implement service quality and reliability standards relating to the delivery of electricity. In adopting the regulations, with respect to standards relating to vegetation management, PSC must consider (1) limitations on an

electric company's right to access private property and (2) customer acceptance of vegetation management initiatives. PSC must also consider applicable standards of the Institute of Electrical and Electronic Engineers and ensure that the standards are cost-effective.

Background: Due to several major outage events in recent years, there has been an enhanced and sustained focus on improving electric reliability in the State. Chapters 167 and 168 of 2011 required PSC, by July 1, 2012, to adopt regulations implementing service quality and reliability standards using System-Average Interruption Duration Index, System-Average Interruption Frequency Index, and any other standard PSC determines to be reasonable for the delivery of electricity to retail customers by electric companies. The resulting regulations set minimum reliability standards for each electric company based on past performance, establish a mandatory annual performance reporting system, and mandate vegetation management, among other requirements.

PSC must determine annually if each electric company has met the service quality and reliability standards and take appropriate corrective action against an electric company that fails to meet any or all of the applicable standards, including appropriate civil penalties for noncompliance. Electric companies may not recover the cost of any civil penalty from ratepayers.

According to a 2012 report from the Governor's Grid Resiliency Task Force (created after a June 2012 "derecho" storm that left hundreds of thousands of customers without power for days), local laws and regulations have an impact on vegetation management practices. To address this issue, Chapter 122 of 2013 established State preemption for the vegetation management standards adopted by PSC.

Chapter 581 of 2014 required PSC and each electric company assessed a penalty for a violation of the service quality and reliability standards to establish priorities for targeting remediation efforts to improve electric service quality and reliability for the worst performing feeder lines and other distribution lines and equipment. The remediation efforts must be paid for, in whole or in part, using the Electric Reliability Remediation Fund, a special fund established by the Act.

Vegetation Management Program Expenditures

Each of the major electric companies in the State must report annually to PSC on service quality and reliability. The most recent filings containing data for 2013 indicate systemwide improvements for all electric companies. Summary data for 2013 is shown in **Exhibit 1**.

Exhibit 1
Vegetation Management Data
2013

	<u>Miles of VM Performed</u>	<u>% of Total System Trimmed to Standard</u>	<u>Total VM Expenditures (\$ Millions)</u>	<u>VM Cost Per Mile (\$)</u>
BGE	2,333	25%	\$21.5	\$9,200
Choptank	489	24%	3.3	6,731
Delmarva	905	26%	7.1	7,812
Potomac Edison	1,311	22%	10.3	7,870
Pepco	1,011	25%	16.8	16,608
SMECO	1,310	37%	5.4	4,091

VM: Vegetation Management

BGE: Baltimore Gas and Electric Company

SMECO: Southern Maryland Electric Cooperative

Source: Public Service Commission

International Society of Arboriculture's Best Management Practices for Utility Pruning of Trees

ISA is a voluntary, nonprofit, professional association. ISA has developed a series of best management practices for the purpose of interpreting tree care standards and providing guidelines of practice for arborists, tree workers, and the people who employ their services. According to ISA's website, the Best Management Practices for Utility Pruning of Trees "describes current best practices in utility tree pruning based on scientific research and proven methodology for the safe and reliable delivery of utility services, while preventing unnecessary injury to trees to the greatest extent possible."

Additional Information

Prior Introductions: None.

Cross File: SB 747 (Senators Feldman and Lee) - Finance.

Information Source(s): Public Service Commission, Office of People's Counsel, Department of Natural Resources, International Society of Arboriculture, Department of Legislative Services

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Analysis by: Stephen M. Ross

Direct Inquiries to:
(410) 946-5510
(301) 970-5510