

Department of Legislative Services  
Maryland General Assembly  
2016 Session

FISCAL AND POLICY NOTE  
First Reader

Senate Bill 632  
Finance

(Senator Hershey)

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**Underground Conduit System - Rate Modification Imposed by Local Jurisdiction  
- Notice, Hearing, and Appeal**

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This bill requires a local jurisdiction that determines it is necessary or advisable to modify an existing rate or charge for the use of its underground conduit system to (1) publish notice of the proposed modification in at least one newspaper of general circulation in the local jurisdiction and (2) hold a public hearing on the necessity or advisability of the proposed modification. A person may appeal to the Public Service Commission (PSC) the reasonableness of the rate or charge modification if the person has a financial interest in the appeal by filing a written complaint with PSC within 30 days of the rate or charge modification. Under PSC regulations, on appeal, PSC must determine the reasonableness of the modification of the rate or charge.

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**Fiscal Summary**

**State Effect:** It is assumed that PSC can handle the bill's requirements with existing budgeted resources.

**Local Effect:** Potential meaningful. Affected local jurisdictions may incur additional costs to publish notice and hold public hearings on proposed modifications to rates and charges for the use of their underground conduit systems. In addition, the bill may delay or prevent the implementation of future rate or charge modifications by adding a potential level of review by PSC.

**Small Business Effect:** Minimal.

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## Analysis

**Current Law:** The review process established for local governments by the bill is similar to that in current law for the Washington Suburban Sanitary Commission (WSSC). If WSSC determines it is necessary or advisable to modify an existing rate or charge for the use of its underground conduit system, WSSC must (1) publish notice of the proposed modification in at least one newspaper of general circulation in each county in the sanitary district and (2) hold a public hearing on the necessity or advisability of the proposed modification.

Montgomery County, Prince George's County, or an individual who has a financial interest in the appeal may appeal to PSC the reasonableness of the rate or charge modification by filing a written complaint with PSC within 30 days of the rate or charge modification. Under PSC regulations, on appeal, PSC must determine the reasonableness of the modification of the rate or charge.

PSC is authorized to set just and reasonable rates for public service companies. "Public service company" means a common carrier company, electric company, gas company, sewage disposal company, telegraph company, telephone company, water company, or any combination of public service companies.

Baltimore City's charter authorizes it to regulate the use of streets and public ways for poles, wires, and conduits and to construct and maintain poles, wires, and conduits for use by the city or by others upon terms fixed by the city.

**Background:** Baltimore City increased the rate it charges for use of its underground conduit system from \$0.9785 per linear foot to \$3.33 per linear foot beginning November 1, 2015. The initial filing by Baltimore Gas and Electric Company (BGE) in its most recent base rate case (No. 9406) indicates that this increases the company's annual conduit fee expense from \$12.2 million per year to \$41.4 million per year. BGE is challenging the rate increase in court (Circuit Court for Baltimore City) and is seeking cost recovery for the additional conduit fee expense in its rate case.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Office of People’s Counsel; Baltimore City; Kent, Montgomery, Washington, and Worcester counties; City of Salisbury; Town of Leonardtown; Baltimore Gas and Electric Company; Department of Legislative Services

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Analysis by: Stephen M. Ross

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