

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 435
Economic Matters

(Delegate Tarlau, *et al.*)

Electric Companies - Vegetation Management - Local Law, Rule, Regulation, or
Other Action

This bill authorizes a county or municipality, subject to specified limitations, to adopt or enforce a local law, rule, or regulation or take any other action that interferes with or materially increases the cost of the work of an electric company toward compliance with the State vegetation management standards adopted by the Public Service Commission (PSC). The bill must be construed to apply retroactively and must be applied to and interpreted to affect any vegetation management work, regardless of when the applicable local law, rule, regulation, or other action went into effect.

Fiscal Summary

State Effect: None. The bill only affects local government.

Local Effect: Local governments are authorized to adopt or enforce certain local laws, rules, or regulations related to vegetation management, subject to specified limitations; however, the bill is not anticipated to materially affect local government finances or operations.

Small Business Effect: None.

Analysis

Bill Summary: If an electric company intends to perform vegetation management that may violate a local law, rule, regulation, or other action, the electric company must attempt to reach an agreement with the county or municipality to mitigate the impact of the local law, rule, regulation, or other action on efforts to comply with the State vegetation management standards adopted by PSC. If an agreement cannot be reached within one year

after the electric company contacts the county or municipality, the electric company may perform the proposed vegetation management.

Current Law: Pursuant to Chapter 122 of 2013, a county or municipality is prohibited from adopting or enforcing a local law, rule, or regulation or taking any other action that interferes with or materially increases the cost of the work of an electric company toward compliance with the vegetation management standards adopted by PSC.

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, established a mandatory annual performance reporting system, and mandated 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 do 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 2014 show year-over-year reliability improvements for most electric companies, with a few exceptions

for some companies in some areas. Summary data for 2014 vegetation management by electric companies is shown in **Exhibit 1**. A PSC staff summary [report](#) issued in July 2015 indicated that, in terms of cost per benefit, the vegetation management program has been identified by the electric companies as having the largest impact on reliability in comparison to the actual money spent on the program.

Exhibit 1
Vegetation Management Data
2014

	<u>Miles of VM Performed</u>	<u>% of Total System Trimmed to Standard</u>	<u>2013-2014 Cumulative Tree Trimming (%)</u>
BGE	2,440	26%	51%
Choptank	462	23%	47%
Delmarva	1,611	46%	72%
Pepco	982	25%	50%
Potomac Edison	1,305	22%	44%
SMECO	844	24%	50%

VM: vegetation management
 BGE: Baltimore Gas and Electric Company
 SMECO: Southern Maryland Electric Cooperative

Source: Public Service Commission

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Public Service Commission; Office of People’s Counsel; Baltimore, Carroll, Harford, Queen Anne’s, and St. Mary’s counties; Town of Leonardtown; Department of Legislative Services

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