

Department of Legislative Services
 Maryland General Assembly
 2021 Session

FISCAL AND POLICY NOTE
 Third Reader - Revised

Senate Bill 754
 Finance

(Senator Hayes, *et al.*)

Economic Matters

Public Service Commission - Damaged, Obsolete, or Excessive Lines - Study

This bill requires the Public Service Commission (PSC) to convene a workgroup of interested persons to study damaged, dangling, obsolete, or redundant utility, telecommunication, or other lines, or blight or public nuisance caused by an excessive number of lines on utility poles. By December 31, 2021, PSC must report its findings and recommendations to the General Assembly. **The bill takes effect July 1, 2021, and terminates June 30, 2022.**

Fiscal Summary

State Effect: Special fund expenditures for PSC increase by \$200,000 to \$250,000 in FY 2022 for consultant costs (for purposes of this estimate, the midpoint is shown). Special fund revenues increase correspondingly from assessments imposed on public service companies, as authorized under current law. The bill is not anticipated to otherwise materially affect State finances or operations.

(in dollars)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
SF Revenue	\$225,000	\$0	\$0	\$0	\$0
SF Expenditure	\$225,000	\$0	\$0	\$0	\$0
Net Effect	\$0	\$0	\$0	\$0	\$0

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

Local Effect: Minimal.

Small Business Effect: None.

Analysis

Bill Summary: In conducting the study, the workgroup must examine:

- the prevalence in the State of (1) damaged or dangling utility, telecommunication, and other lines; (2) obsolete or redundant utility, telecommunication, or other lines; and (3) blight or public nuisance caused by an excessive number of lines on a utility pole;
- the process for investigating, repairing, and removing (1) a damaged, dangling, obsolete, or redundant line or (2) blight or public nuisance caused by an excessive number of lines on utility poles;
- the potential for PSC to impose a fine on an owner of a utility pole or other entity for failing to investigate, repair, or remove an offending utility line or lines;
- the resources necessary to effectively regulate utility pole lines in the State; and
- any additional issues related to utility, telecommunication, or other lines in the State.

Current Law: The market for utility pole attachments in Maryland is not regulated at the State level. In instances where states have not exercised their right to regulate pole attachments, the Federal Communications Commission (FCC) has the authority to regulate and adopt procedures to resolve complaints concerning the rates, terms, and conditions for pole attachments. As part of its oversight, FCC sets appropriate pole attachment rates and promulgates rules governing the timeline for work completion throughout the pole attachment process.

Many of the rules and regulations currently in place for pole attachments stem from the Pole Attachment Act of 1978, which implemented Section 224 of the 1934 Communications Act, and directed FCC to create just and reasonable rates, terms, and conditions for the pole attachments of cable television providers. The Pole Attachment Act also authorized states to preempt federal pole attachment regulations by promulgating pole attachment regulations at the state level.

State Fiscal Effect: PSC advises that it must hire outside expert consultants to assist with the workgroup and the study. PSC estimates that such costs range from \$200,000 to \$250,000 in fiscal 2022. Consultant cost estimates are as follows:

- \$50,000 to \$100,000 to perform a sample (less than 1,000) audit of poles;
- \$50,000 to conduct focus group activities to define acceptable standards for terms such as blight, dangling, and excessive wires; and
- \$100,000 to examine existing federal requirements for pole regulation, examine the legal and operational requirements for State regulation of poles, assist in the

development of a program for State regulation, and assist in a public interests examination.

Costs are significantly higher than this estimate if PSC must conduct a more extensive survey of utility poles.

Special fund revenues increase correspondingly from assessments imposed on public service companies to recoup costs incurred by PSC, as authorized under current law. However, even with consultant assistance, PSC advises that the report's December 31, 2021 due date provides insufficient time to convene the workgroup, find consultants, and complete the study.

Additional Comments: Chapter 431 of 2015 required PSC to convene a workgroup to study attachments to utility poles in the State, including whether the regulation of pole attachment agreements at the State level is in the public interest, and to submit a report of its findings to the General Assembly by December 31, 2015. The [report](#) found, in part, that FCC regulates the market for pole attachments efficiently, and pole attachment regulation at the State level was not in the public interest.

Additional Information

Prior Introductions: None.

Designated Cross File: HB 1231 (Delegate Brooks) - Economic Matters.

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

Fiscal Note History: First Reader - February 23, 2021
rh/lgc Third Reader - March 26, 2021
Revised - Amendment(s) - March 26, 2021

Analysis by: Stephen M. Ross

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