



EASTON UTILITIES

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March 12, 2020

Committee: **Economic Matters**
Subject: **HB 1207**
Electric Companies - Conduit Installation - Single Family Detached Developments
Position: **Unfavorable**

Dear Chairman Davis and Members of the Committee:

Easton Utilities is a municipal electric company serving over 10,700 customers within a 54 square mile service territory located in Talbot County. We have been providing reliable, cost effective, electric service to our customers since 1914. Serving electric for over a century requires considerable investment in infrastructure to maintain safe and dependable service to our customers.

Underground construction improves safety and reliability when properly installed. The cable used in underground construction has a reliable service life of approximately 30 to 40 years before planned replacement is necessary. Therefore, it is necessary to install conduits to permit the future replacement of these facilities as they age and begin to fail for the underground electric service to be considered permanent. The conduits are also necessary, particularly in dense subdivisions, where many home improvements are built above underground electric facilities.

Conduit construction in residential "New Business" developments is the responsibility of the developer and subsequently the new homeowners. During rate case proceedings, the Maryland PSC will disallow New Business expenses when utilities propose to socialize the cost across all utility ratepayers. This makes these costs unrecoverable if they are not paid for by the developer. This model is also consistent with how residential developers manage water / sewer installations.

For the reasons stated herein, Easton Utilities respectfully requests an unfavorable report on HB 1207.

Respectfully,

03.12.2020

John J. Horner, Jr.

Vice President, Operations
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