Chairman Dereck Davis
Vice-Chair Kathleen Dumais
Members
House Economic Matters Committee
241House Office Bldg
Annapolis, MD 21401

March 9, 2020

HB 1048 – Investor Owned Utilities – Prevailing Wage

Position - Favorable

Chairman Davis and members of the Committee, my name is David Allison, Business Manager of the Baltimore Washington Laborers' District Council. We represent more than 7,400 members in the Maryland, D.C. and Virginia region; two-thirds of whom are Maryland residents.

In Maryland, we also have about 800 members who work on utility construction projects for contractors employed by Washington Gas, BGE and Pepco. Our members are the backbone of these projects and perform crucial tasks that ensure system reliability and safety.

Investor-owned utility companies today are contracting out large portions of their construction work. For example, BGE has approximately 3,200 in-house employees. BGE also uses close to 1,000 contracted-out workers to help maintain its infrastructure. And virtually all of Washington Gas's pipe replacement projects are performed by contractors. Yet utility regulation has not kept pace with this trend, especially given Maryland's priority that all utilities continually modernize their infrastructure.

HB 1048 addresses this by extending the prevailing wages already paid to construction workers on public infrastructure -- like roads, bridges, sewers and tunnels -- to include utility workers working on underground utility projects. Just like public infrastructure, utility infrastructure is central to Maryland's economy and people's lives.

On public projects, prevailing wage removes downward pressure on wages and incentivizes contractors to invest in a pipeline of skilled labor through apprenticeships. That's why we think it's important that the same prevailing wages Maryland has put in place for public infrastructure projects to protect the public interest should also apply to contractors used by investor-owned utilities.

On a prevailing wage job, a laborer earns a family-supporting wage *plus* fringe benefits like affordable or employer-sponsored family health insurance and a retirement plan. In Maryland, that totals around $26 an hour. While this laborer isn't getting rich, a laborer working on a non-prevailing wage job typically earns about 26 to 36% less, with little to no affordable family health insurance or other benefits. And while they are paid more, the union wage or prevailing wage laborer still earns roughly 11% less than the average income in Maryland.

The Maryland Public Service Commission's adoption of alternative ratemaking pushes the issue of wages to the forefront. Utilities will now likely get the opportunity to set rates for several years at a time. This multiyear ratemaking provides utility company shareholders some regulatory and short-term profit certainty. But what benefits will Maryland's residents get out of it? The state should get a guarantee that its citizens are receiving the most modern, reliable, and safe utility infrastructure possible--built by a pipeline of highly skilled Maryland workers made possible by a prevailing wage floor.

BWLDC urges a favorable vote on HB 1048. Thank you.