

Support - SB 95 Testimony.pdf

Uploaded by: Ascher, Jason

Position: FAV

MID-ATLANTIC PIPE TRADES ASSOCIATION



PLUMBERS - STEAMFITTERS - SPRINKLER FITTERS
PIPE FITTERS - PIPE WELDERS - HVAC SERVICE TECH

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Maryland Senate – Senate Finance Committee

TO: Delores Kelley, Chair; Brian Feldman, Vice Chair; and Member of the Senate Finance Committee

FROM: Jason Ascher, Political Director – Mid-Atlantic Pipe Trades Association

Support SB 95 – Public Utilities – Investor-Owned Utilities – Prevailing Wage

On behalf of the Mid-Atlantic Pipe Trades Association and its over seven thousand members from United Association Locals across the state, I ask that you SUPPORT SB 95.

When work performed on underground utility lines, like gas and electricity, there is typically other infrastructure that gets torn up and fixed afterward. The effect on public infrastructure puts a taxpayer's interest in these projects, and we need to ensure the best value for the taxpayers. Using Prevailing Wage will end the race to the bottom on wages, provide the best-trained workers from registered apprenticeship programs. Prevailing wage projects typically go to legitimate contractors who have registered apprenticeships, don't misclassify workers, and provide other benefits like health insurance and retirement savings.

While this legislation is a step in the right direction, we would like to see it amended to cover all utilities above and below the ground.

For the reasons listed above, I ask that you SUPPORT SB 95 with a favorable report.

Sincerely,
Jason Ascher
Political Director
Mid-Atlantic Pipe Trades Association

Plumbers and Gasfitter Local 5 – Camp Springs, MD

Plumbers and Steamfitters Local 10 – Richmond, VA/Roanoke, VA

Plumbers and Pipefitters Local 110 – Norfolk, VA

Plumbers and Steamfitters Local 486 – Baltimore, MD

Plumbers and Steamfitters Local 489 – Cumberland, MD

Steamfitters Local 669 – Capitol Heights, MD

Road Sprinkler Fitters Local 669 – Columbia, MD

Rick Binetti (LiUNA) Testimony for SB95.pdf

Uploaded by: binetti, rick

Position: FAV



Chair Delores Kelley
Vice-Chair Brian Feldman
Members
Senate Finance Committee
3 East Miller Ofc Bldg
Annapolis, MD 21401

January 28, 2021

SB 95 – Public Utilities – Investor-Owned Utilities – Prevailing Wage
Position - Favorable

Chairman Kelley and members of the Committee, my name is Rick Binetti, representing LiUNA's 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 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.

SB 95 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.

The shift by utilities to contract out more of their capital and maintenance activities is not unique to Maryland. Other states have developed a few best practices to ensure that the outsourcing this vital construction work does not compromise quality, safety and reliability.

In New Jersey, where BGE and Pepco's sister utility, Atlantic City Electric Company operates, utilities are required 1) to use contractors employing workers who have successfully completed OSHA-certified safety training, and 2) pay those contracted-out employees the prevailing rate for their craft.

The City of New York requires the payment of prevailing wages to workers on New York City street excavations (see: N.Y.A.D.C. § 19-142). Because utility infrastructure is buried in public streets, this rule assures that construction standards are maintained regardless of whether it's a government infrastructure project, or one privately financed through a public utility.

In Pennsylvania, municipalities own and operate their own utilities, like Philadelphia Gas and Electric. Construction workers on publicly funded projects there are paid prevailing wages. In fact, there is already a significant amount of utility infrastructure built by workers in Maryland who are paid prevailing wages. The Washington Suburban Sanitary Commission (WSSC) has required contractors to pay workers prevailing wages since 2014.

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 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, laborers on non-prevailing wage jobs typically earn 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 multi-year ratemaking pushes the issue of wages to the forefront. Utilities now have 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 SB 95. Thank you.

Testimony for Ray Diaz (LiUNA) on SB95 .pdf

Uploaded by: Diaz, Raymin

Position: FAV

Chair Delores Kelley
Vice-Chair Brian Feldman
Members
Senate Finance Committee
3 East Miller Ofc Bldg
Annapolis, MD 21401

January 28, 2021

RE: SB 95 – Public Utilities – Investor-Owned Utilities – Prevailing Wage
Position: Support

Chairwoman Kelley and Members of the Senate Finance Committee:

My Name is Raymin Diaz. I am one of the about 3,000 members of LiUNA's Local 11 working throughout the DMV region who are in support Senate Bill 95.

Through Maryland's prevailing wage, I found a pathway into the middle class for me and my family. My family has benefited because this state has made the clear choice to leverage funding for infrastructure construction in ways that help contractors pay for apprenticeship training, pay family sustaining wages, and provide good benefits. I am the prime example of the positive impacts prevailing wage on Maryland's economy.

Like me, about 1,600 Local 11 members live in Maryland and are on the job everyday. Many of us pay Maryland property taxes. All of us pay income and sales taxes in Maryland. Our members contribute to their local tax base because they work on essential public construction projects that pay the prevailing wage. Senate Bill 95 is a simple extension Maryland's prevailing wage to critical energy infrastructure the public depends on every day.

National research has shown, again and again, that prevailing wage laws help local workers attain higher wage jobs with better family healthcare coverage. Research also shows these laws help bolster local economies and reduce drag on state-managed social safety nets.

Local 11 works with over 100 local contractors in Maryland, D.C. and Virginia that do heavy infrastructure, as well as public utility work. This bill will help these contractors hire more Marylanders to safely build and maintain the state's utility infrastructure.

I urge you to support Senate Bill 95. Thank you.

SB 95 - Investor Owned Utilities - Prevailing Wage

Uploaded by: Edwards, Donna

Position: FAV



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**SB 95 – Public Utilities – Investor-Owned Utilities – Prevailing Wage
Senate Finance Committee
January 28, 2021**

SUPPORT

**Donna S. Edwards
President
Maryland State and DC AFL-CIO**

Madam Chair and members of the Committee, thank you for the opportunity to provide testimony in support of SB 95 – Public Utilities – Investor-Owned Utilities – Prevailing Wage. My name is Donna S. Edwards, and I am the President of the Maryland State and DC AFL-CIO. On behalf of the 340,000 union members in the state of Maryland, I offer the following comments.

It is the oft-stated and long-standing position of the Maryland State and D.C. AFL-CIO to advocate for the expansion of Prevailing Wage law to more construction projects in the State. We know that Prevailing Wage brings multiple benefits to communities in the way of an increased tax base, higher quality workforces, and higher standard of living. On State and Local government projects, Prevailing Wage law ensures that the taxpayers are getting the highest quality product for the money while supporting family sustaining jobs. Prevailing Wage law ensures that the next generation of construction workers are receiving the gold-standard in construction training, by increased funding for Apprenticeship Training Programs through the Joint Apprenticeship Training Council (JATC).

SB 95 applies Prevailing Wage to construction projects by Investor Owned Utility Companies. This expansion will be a boon to local communities, Journeymen and Apprentices and their families, and to the communities where these utilities operate. Far from being “onerous” as an expense, Prevailing Wage projects prove the old adage that “an ounce of prevention is worth a pound of cure”. By building projects with the highest standards, to begin with, utility companies will realize great savings on maintenance and repair costs over the life of the project.

We urge a favorable report on SB 95.

Testimony for Jami Kirila (LiUNA) SB95.pdf

Uploaded by: Kirila, Jami

Position: FAV

Chair Delores Kelley
Vice-Chair Brian Feldman
Members
Senate Finance Committee
3 East Miller Ofc Bldg
Annapolis, MD 21401

January 28, 2021

RE: SB 95 – Public Utilities – Investor-Owned Utilities – Prevailing Wage
Position: Support

Chairwoman Kelley and Members of the Senate Finance Committee:

My Name is Jami Kirila. I am the owner of Kirila Earthworks, a WBE and MBE small business contractor based in Prince Georges County. We specialize in stormwater, utilities, and site development services for commercial, industrial, environmental, and residential projects throughout Maryland. Kirila Earthworks is in support Senate Bill 95.

Most state public infrastructure work already pays prevailing wage. We believe prevailing wage helps companies like Kirila Earthworks partner with organizations like LiUNA to build a strong and local construction workforce -- one that is paid decent wages, with healthcare and pension benefits.

We are proud to be a small company that helps create middle-class jobs and invests in apprenticeship training for construction workers in Maryland. Prevailing wage helps small companies like ours compete on a level playing field against larger companies because it creates a standard floor for wages, in our case workers specializing in utility work.

Currently, 50% of our workforce are Prince Georges County residents. As a general contractor, we are heavily involved in Prince Georges County's Clean Water Partnership. Our firm was in the first cohort of a mentor/protégé program included in the CWP. We started with just two employees and today employ 12 construction workers in the program. We have also taken advantage of the built-in local hiring incentives by focusing on hiring local county residents. And with their help, we have performed \$8 million worth of stormwater infrastructure work throughout the county as part of the CWP.

The value of prevailing wage is obvious. It promotes the success of local companies like ours, employment growth for local construction workers, and helps build Maryland's economy. Because it is a natural extension of public works, we believe that same value will be built into the work done by Maryland's public utilities through this bill.

We urge your favorable support of Senate Bill 95. Thank you.

Maryland Senate Testimony SB95.pdf

Uploaded by: Lipschultz, Dan

Position: FAV

Dan Lipschultz, Lipschultz Energy and Communications Consulting
Maryland Senate Finance Committee
HB95: Public Utilities - Investor-Owned Utilities - Prevailing Wage

Position - Favorable
January 28, 2021

Good afternoon Chair Kelley and members of the Committee. My name is Dan Lipschultz, founder of Lipschultz Energy & Communications Consulting.

Just before starting my consulting practice last year, I served for 6 years as a member and Vice-Chair on the Minnesota Public Utilities Commission where I also served as lead commissioner on alternative ratemaking and as Minnesota's representative on the National Comprehensive Electricity Planning Task force.

Before serving on the MN Commission, I had 25 years of utility regulatory and energy industry experience as (a) a lawyer in private practice representing utilities and telecommunications carriers, (b) an attorney for the Minnesota Commission; and (c) an assistant attorney general in the Minnesota Attorney General's Office where I served as lead counsel in the ratepayer advocate's division representing residential and small business ratepayers. All told, I've been involved as legal counsel or regulator in hundreds of utility regulatory proceedings, including dozens of utility rate cases and infrastructure proceedings. Moreover, I've viewed the utility landscape from just about every angle - as a utility lawyer, ratepayer advocate and regulator.

Based on my background, LiUNA's Baltimore-Washington Laborers' District Council retained me to examine the public interest implications and rate impact of extending Maryland's Prevailing Wage law to underground public utility construction. My findings and conclusions are detailed in a Report previously submitted to the Committee. In my testimony today, I want to briefly emphasize the following three key points with respect to this legislation:

First, this bill ***applies to underground public utility facilities used to deliver essential utility services to the public***, primarily natural gas service that nearly all Maryland citizens depend on to heat their homes and businesses. Therefore, this bill is a ***natural and logical extension of Maryland's current prevailing wage law***, which Maryland's Department of Legislative Services (DLS) describes as applicable to "***structures or works ... constructed for public use or benefit....***" Public utility infrastructure clearly exists for public use and benefit and is, in fact, essential to the public interest. Although the utilities impacted by this bill are investor-owned businesses, they are defined in State law as "public utilities." That's because they are responsible for providing services that are essential to the public interest - services delivered over critical infrastructure located primarily in public rights of way.

Second, this bill ***furtheres the public interest in safe, highly reliable utility services by helping ensure a highly skilled and experienced workforce to construct and maintain the critical infrastructure used to deliver these essential services***. There is no margin for error when it comes to (a) the reliability of utility services, which we all depend on and (b) the safety of the infrastructure used to deliver those services in public rights-of-way. Studies have shown that higher wages tend to produce higher quality and more cost-effective outcomes by attracting more skilled labor and by encouraging the development of a more skilled labor pool over time.

Finally, it is **highly unlikely that this bill will increase residential utility bills**, and if it has any impact, that impact will be minimal for at least the following two reasons:

1. **The overwhelming majority of peer reviewed studies (82%) indicate that prevailing wage laws have little if any impact on project costs** because of the efficiencies you get from an experienced, highly trained workforce facilitated by a prevailing wage floor. As the Maryland DLS noted, “empirical findings over the past 10-15 years by multiple large-scale studies . . . have found no statistically significant effect of prevailing wages on contract costs.”
2. **Even if a prevailing wage floor were to increase project costs, any such cost increases would likely have little or no impact on residential utility rates given how rates are set.** Utility rates are set through rigorous court-like proceedings in which any proposed rate increase receives intense scrutiny by the PSC, including staff experts and sophisticated intervening parties. The rate case process involves multiple factors and layers of analysis. An increase in project costs from a prevailing wage floor would be only one small portion of a utility’s undepreciated rate base and only one of many factors used to determine a utility’s rates.

I tested the possible rate impact of the prevailing wage law by applying the Maryland DLS’s estimate of a possible 2-5 percent increase in project costs to a recent 2019 BGE gas rate case, Case No. 9610. I simply added 2 to 5 percent to the approximately \$600M rate-base increase that BGE Gas proposed in that case. I then took the higher rate base hypothetically resulting from the prevailing wage and ran it through BGE’s own methodology for calculating its proposed rates. As a final step, I reduced the overall rate consistent with the PSC’s decision and used the PSC’s rate-allocation method to determine the residential customer share of the increase.

My analysis showed at most a **very small potential rate impact ranging from \$0.09 to \$0.22** per month. This was a small incremental fraction of the overall average monthly rate increase of \$3.53 approved by the Commission. But importantly, the peer-reviewed research on prevailing wage impacts and the nature of the utility rate-setting process both suggest that the prevailing wage requirement in SB95 would **likely have no impact** on rates. Yet, the legislation can have a significantly positive impact on the quality and safety of this essential public utility infrastructure that Maryland citizens depend on.

Accordingly, I urge a favorable report from the Committee on SB95.

SB95 - Investor-Owned Utilities-Prevailing Wage -

Uploaded by: Tulkin, Josh

Position: FAV



7338 Baltimore Ave
Suite 102
College Park, MD 20740

Committee: Finance

Testimony on: SB95 – “Investor-Owned Utilities – Prevailing Wage”

Position: Support

Hearing Date: January 28, 2021

The Maryland Sierra Club urges a favorable report on SB95. This legislation would ensure that individuals who work on our important underground electric and gas infrastructure are compensated fairly. Specifically, the bill would require investor-owned utilities to mandate their contractors and sub-contractors to pay these workers not less than the applicable prevailing wage. This bill is one of several introduced this session which would expand prevailing wage provisions and which the Sierra Club supports, including SB35 which also is being heard by this committee on date.

The Sierra Club, nationally and in Maryland, is committed to the principles of equity, justice, and inclusion, and supports placing these principles at the center of environmental initiatives. These principles include respecting and supporting the rights of workers, which includes their ability to have good jobs, earn a decent living, and enjoy occupational health and safety protections.

This commitment is reflected in our priority legislation this session (SB148) to transition Maryland off its reliance on coal-burning power plants. A critical component of the bill is the establishment of a Fossil Fuel Community Transition Fund to support impacted workers and communities. The fund would support paid worker retraining; financial compensation for impacted workers; investment in climate action projects in impacted communities; site deactivation, reuse, and remediation projects that hire from the high-quality workforce now employed at the coal plants; and compensation for a portion of lost local property tax revenues.

Two years ago, the Maryland Sierra Club prioritized passage of the Clean Energy Jobs Act, to support significant increases in wind and solar energy in Maryland, and, as well, training programs for growing our clean energy workforce.

This bill is a straightforward way in which Maryland should support its energy workforce. We urge a favorable report.

Mark Posner
Legislative Chair
Mark.Posner@MDSierra.org

Josh Tulkin, Chapter Director
Josh.Tulkin@MDSierra.org

David Smedick
Senior Campaign
Representative

Founded in 1892, the Sierra Club is America’s oldest and largest grassroots environmental organization. The Maryland Chapter has over 75,000 members and supporters, and the Sierra Club nationwide has over 800,000 members and nearly four million supporters.

SB 95 Columbia Gas Testimony MD 2021 - OPPOSE.pdf

Uploaded by: Collins, Carville

Position: UNF

OPPOSE Senate Bill 95
Senate Bill 95 - Public Utilities – Investor–Owned Utilities – Prevailing Wage
Senate Finance Committee

Columbia Gas of Maryland, Inc. opposes Senate Bill 95. SB 95 mandates that Maryland public utilities pay no less than prevailing wage on underground infrastructure replacement projects. Columbia believes this bill is unnecessary. Columbia employees and contractors are very well paid, providing family sustaining jobs for more than 120 men and women in Western Maryland.

SB 95 will increase costs to Maryland ratepayers. The fiscal note estimates this action will add 2%-5% in the cost of those projects, though it is difficult to see how the figure came to be. Even if accurate, this is not a small number. Adding 5% on top of the \$86 million in STRIDE related pipeline projects would put Columbia's customers on the hook for that additional \$4 million. The fiscal note goes on to say that these additional costs do not necessarily in end up in rates. While it is true ratemaking is not a dollar for dollar calculation, there is no question that labor costs are fully recoverable and that the vast majority of any increased state-mandated costs will be paid for by Maryland ratepayers.

For the reasons set forth above, Columbia Gas opposes Senate Bill 95 and requests an unfavorable report.

January 28, 2021

Contact:
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Contact:
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MBIA Testimony SB 95.pdf

Uploaded by: Graf, Lori

Position: UNF

January 28, 2020

The Honorable Delores G. Kelley
Senate Finance Committee
Miller Senate Office Building,
3 East Wing 11 Bladen St.,
Annapolis, MD, 21401

RE: Opposition to SB 95(Public Utilities – Investor Owned Utilities – Prevailing Wage)

Dear Chairwoman Kelley:

The Maryland Building Industry Association, representing 1,100 member firms statewide, appreciates the opportunity to participate in SB 95 Public Utilities – Investor Owned Utilities – Prevailing Wage MBIA **Opposes** the Act in its current version.

This bill would require that all utility projects by investor owned utilities would be required to pay the prevailing wage. MBIA has concerns about the effect this will have on the cost of projects moving forward in the State. This will have an adverse effect on contractors and subcontractors that will have to increase their wages. In turn, this cost will be passed on to the end user, in the case of residential construction that will be the homebuyer. In a 2020 study, the National Association of Homebuilders (NAHB) reported that for every \$1000 increase in the price of a median priced new home, 2,881 Marylanders will be priced out of the housing market. While this bill has limited applications, it will result in an increase in the cost of building and purchasing homes.

For these reasons, MBIA respectfully requests the Committee give this measure an unfavorable report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Members of the Senate Finance Committee