

STATE OF MARYLAND



OFFICE OF THE CHAIRMAN

JASON M. STANEK

**PUBLIC SERVICE COMMISSION**

February 16, 2023

Chair C.T. Wilson  
Economic Matters Committee  
House Office Building, Room 231  
Annapolis, Maryland 21401

**RE: HB 513 – INFORMATION – Investor-Owned Utilities – Prevailing Wage – Enforcement**

Dear Chair Wilson and Committee Members:

HB 513 clarifies the Maryland Public Service Commission's obligation to enforce the prevailing wage rate requirement under Public Utilities Article ("PUA") § 5-305(b) for investor-owned utilities (gas, electric, or combination gas and electric company). The Commission has an existing statutory responsibility to enforce its laws and regulations pursuant to its supervisory authority over public service companies. HB 513 further makes clear that **the prevailing wage rate applicable to investor-owned utility contractors and subcontractors shall be determined solely by the Department of Labor**, which eliminates any confusion that the Commission could establish this wage rate, which lies outside of the Commission's area of expertise.

HB 513 does not specify what level of enforcement is envisioned by the legislature. As a result, the Commission's potential enforcement activities could range from high-level monitoring and oversight of utility compliance—*e.g.*, accomplished through annual compliance reporting and due diligence in a utility rate case—to conducting an extensive audit or investigation of company records. Accordingly, HB 513, as proposed, entails a broad range of enforcement activities that will require additional Commission staffing resources.

Notably, the Commission has placed the State's investor-owned utilities on notice of their obligations under this statutory requirement. Earlier this month, the Commission denied a request by the Baltimore-Washington Construction and Public Employees Laborers' District Council to require the utilities to take certain compliance actions, such as collecting regular contractor and subcontractor payroll records and filing annual compliance reports with the Commission. Notwithstanding the lack of prevailing wage schedules for utilities, the Commission observed that utilities have an appropriate enforcement mechanism grounded in

contract law, where violation of this and other applicable laws constitute a breach of contract, resulting in liability to the affected employee(s). To ensure that all investor-owned utilities are affirmatively aware of their obligations under PUA § 5-305, the Commission directed each utility to file an affidavit by March 1, 2023, acknowledging its prevailing wage obligation and explaining how the utility will comply with the law.

I appreciate the opportunity to provide information on HB 513. Please contact Lisa Smith, Director of Legislative Affairs, at (410) 336-6288 if you have any questions.

Sincerely,



Jason M. Stanek  
Chairman