

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE
Revised

House Bill 587
Economic Matters

(Delegate Davis)

Finance

Electric Companies - Service Quality and Reliability Standards - Vegetation
Management

This bill prohibits a local government from adopting or enforcing a local law, rule, or regulation, or taking any other action that interferes with, or materially increases the cost of the work of an electric company toward, compliance with specified vegetation management standards adopted by the Public Service Commission (PSC).

The bill takes effect June 1, 2013.

Fiscal Summary

State Effect: None. The bill only affects local government.

Local Effect: Local governments are prohibited from adopting or enforcing specified local laws, rules, or regulations related to vegetation management; however, the bill is not anticipated to materially affect local government finances or operations.

Small Business Effect: None.

Analysis

Current Law:

Reliability Standards

Chapters 167 and 168 of 2011 (SB 692/HB 391) required PSC, by July 1, 2012, to adopt regulations implementing service quality and reliability standards using System-Average

Interruption Duration Index, System-Average Interruption Frequency Index, and any other standard PSC determines to be reasonable for the delivery of electricity to retail customers by electric companies. The resulting regulations set minimum reliability standards for each electric company based on past performance, establish a mandatory annual performance reporting system, and mandate vegetation management, among others requirements.

PSC must determine annually if each electric company has met the service quality and reliability standards and take appropriate corrective action against an electric company that fails to meet any or all of the applicable standards, including appropriate civil penalties for noncompliance. Electric companies may not recover the cost of any civil penalty from ratepayers.

Vegetation Management

Electric company vegetation management programs must address several technical requirements such as tree pruning and removal; vegetation management around poles, substations, and overhead lines; vegetation management along rights-of-way; inspection of vegetation management; public education and notice; and debris management. Electric companies must determine the extent and priority of vegetation management at a site based on several factors, such as the relative importance of the affected conductor in maintaining reliable and safe power, the company's legal rights to access the area where vegetation management is to be performed, State and local laws and regulations that affect vegetation management at the site, and customer acceptance of vegetation management at the site.

PSC regulations require each electric company to make a reasonable attempt to notify an owner or occupant of all properties upon which cyclical, planned vegetation management is to be performed. The notification requirement is satisfied if the electric company provides notice to affected property owners or occupants at least 7 days, but not more than 120 days, prior to the vegetation management. Notice must be provided by direct mailing, door hanger, postcard, personal contact, or a different method if approved by PSC, but may not be made solely by bill insert.

Each electric company or its contractor must provide written notice of any cyclical, planned vegetation management to a primary contact for each local government affected at least two months prior to commencing the vegetation management, unless the local government notifies the electric company that written notification is not required.

Background: Due to several major outage events in recent years, there has been an enhanced focus on improving electric reliability in the State. See the **Appendix – Major Outage Events** for additional information related to outages.

According to a 2012 report from the Governor's Grid Resiliency Task Force, local laws and regulations do have an impact on vegetation management practices. Several local governments, for example, have ordinances that impact electric company vegetation management practices with respect to trees and shrubs. Additionally, private property and contractual rights impact electric company vegetation management practices. According to PSC, most of Maryland's electric distribution lines are located on property not owned by an electric company. Rather, electric companies usually acquire right-of-way easements on property.

The terms of right-of-way easements vary and impact the extent to which an electric company can perform vegetation management on the property. The company may need to obtain the consent of the property owner to allow vegetation management work to proceed. Similarly, if large trees grow on private property that is adjacent to an electric company's right-of-way, the company needs to obtain the adjacent property owner's consent in order to perform vegetation management on such trees. Even if landowner consent is obtained, other State or local regulations may impose additional obligations and restrictions on vegetation management.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Public Service Commission; Office of People's Counsel; Maryland Association of Counties; Baltimore City; Kent, Montgomery, Washington, and Worcester counties; City of Hagerstown; Grid Resiliency Task Force; Department of Legislative Services

Fiscal Note History: First Reader - February 19, 2013
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Appendix – Major Outage Events

Several major outage events have occurred in the State in recent years. For example, several violent thunderstorms hit the Pepco service territory on July 25, August 5, and August 12, 2010, causing power outages to 297,000, 75,000, and 98,000 customers, respectively. The Public Service Commission (PSC) received many complaints about the outages. On January 26, 2011, a winter storm caused 126,000 peak customer outages in the Baltimore Gas and Electric (BGE) service territory and 190,000 peak customer outages in the Pepco service territory.

Recently, a “derecho” storm on June 29, 2012, severely impacted electrical service to a large portion of the State, especially in the BGE and Pepco service territories. High sustained wind speeds with gusts in excess of 65 miles per hour (mph) resulted in downed trees, broken telephone poles, and damaged electric distribution infrastructure. Based on the definition of “major outage event,” most electric companies in the State were required to file a written report on the outage and subsequent repair services. The reports indicate that BGE and Pepco each experienced over 750,000 total customer outages, with maximum concurrent interruptions of over 400,000 customers each – significantly higher than any other recent major outage event. **Exhibit 1** below contains information related to customer outages and service restoration for each electric company that filed a report. Full copies of each of the reports can be found on PSC’s website under Case No. 9298.

Exhibit 1 Summary Statistics – Utility Major Outage Event Reports June 29, 2012 Derecho Storm

	<u>Total Maryland Customers</u>	<u>Total Customer Outages</u>	<u>Maximum Concurrent Interruptions</u>	<u>Customer Interruption Hours</u>	<u>Average Duration per Customer (Hours)</u>	<u>Duration of Major Outage Event</u>
BGE	1,240,173	762,781	429,841	28,643,177	37.6	8 Days, 15 Hours
Delmarva	194,945	50,476	28,059	436,823	8.7	3 Days, 19 Hours
Pepco	534,601	786,766	410,679	20,465,930	26.0	8 Days, 6 Hours
SMECO	151,800	83,250	56,424	1,203,860	14.5	3 Days, 19 Hours

SMECO: Southern Maryland Electric Cooperative
Source: Major Outage Reports Filed in PSC Case No. 9298

Finally, hurricane Sandy made landfall near Atlantic City, New Jersey, on October 28, 2012. Much of Maryland experienced sustained wind speeds in excess of 35 mph, with gusts ranging from 55 to 65 mph. Many areas in the State experienced between four and six inches of rain, and some areas on the Eastern Shore experienced double that, while some areas in Western Maryland received approximately two feet of snow. Despite these totals, customer outages were fewer and of shorter duration, on average, than those related to the June 2012 storm. Customer outages in each service territory were approximately:

- 350,000 in BGE;
- 110,600 in Potomac Edison;
- 83,600 in Delmarva;
- 81,400 in Pepco; and
- 35,800 in SMECO.

Additional outage information for each electric company can be found in the major storm reports posted on PSC's website under Case No. 9308.