

Department of Legislative Services  
Maryland General Assembly  
2015 Session

FISCAL AND POLICY NOTE

House Bill 376 (Delegate Tarlau, *et al.*)  
Economic Matters

---

**Electric Companies - Vegetation Management - Local Law, Rule, or Regulation**

---

This bill repeals a provision that prohibits a county or municipality 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 the vegetation management standards adopted by the Public Service Commission (PSC).

---

**Fiscal Summary**

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

**Local Effect:** Local governments are authorized to adopt or enforce 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:** Pursuant to Chapter 122 of 2013, a county or municipality is prohibited 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 the vegetation management standards adopted by PSC.

**Background:** Due to several major outage events in recent years, there has been an enhanced and sustained focus on improving electric reliability in the State. Chapters 167 and 168 of 2011 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 other 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.

According to a 2012 report from the Governor's Grid Resiliency Task Force (created after a June 2012 "derecho" storm that left hundreds of thousands of customers without power for days), local laws and regulations do have an impact on vegetation management practices. To address this issue, Chapter 122 of 2013 established State preemption for the vegetation management standards adopted by PSC.

Chapter 581 of 2014 required PSC and each electric company assessed a penalty for a violation of the service quality and reliability standards to establish priorities for targeting remediation efforts to improve electric service quality and reliability for the worst performing feeder lines and other distribution lines and equipment. The remediation efforts must be paid for, in whole or in part, using the Electric Reliability Remediation Fund, a special fund established by the Act.

#### *Vegetation Management Program Expenditures*

Each of the major electric companies in the State must report annually to PSC on service quality and reliability. The most recent filings containing data for 2013 indicate systemwide improvements for all electric companies. Summary data for 2013 is shown in **Exhibit 1**.

---

**Exhibit 1**  
**Vegetation Management Data**  
**2013**

	<u>Miles of VM Performed</u>	<u>% of Total System Trimmed to Standard</u>	<u>Total VM Expenditures (\$ Millions)</u>	<u>VM Cost Per Mile (\$)</u>
BGE	2,333	25%	\$21.5	\$9,200
Choptank	489	24%	3.3	6,731
Delmarva	905	26%	7.1	7,812
Potomac Edison	1,311	22%	10.3	7,870
Pepco	1,011	25%	16.8	16,608
SMECO	1,310	37%	\$5.4	\$4,091

VM: Vegetation Management  
BGE: Baltimore Gas and Electric Company  
SMECO: Southern Maryland Electric Cooperative

Source: Public Service Commission

---

**Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Public Service Commission, Office of People's Counsel, Baltimore City, Howard and Montgomery counties, cities of Bowie and Takoma Park, Department of Legislative Services

**Fiscal Note History:** First Reader - February 16, 2015  
mar/lgc

---

Analysis by: Stephen M. Ross

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510