

Department of Legislative Services  
Maryland General Assembly  
2020 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 1207  
Economic Matters

(Delegates Morgan and Clark)

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Electric Companies – Conduit Installation – Single-Family Detached  
Developments

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This bill generally prohibits an electric company from requiring a builder or developer of a single-family detached development, as defined, to pay for and install conduit that may be required for the electric company's proposed underground electric system anywhere within the development. The bill does not prohibit an electric company from requiring such a builder or developer to pay for and install necessary conduit at a crossing. **The bill terminates July 31, 2025.**

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Fiscal Summary

**State Effect:** The bill does not materially affect State finances or operations.

**Local Effect:** The bill does not materially affect local government finances or operations.

**Small Business Effect:** Potential meaningful.

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Analysis

**Current Law:** Electric companies are not prohibited from requiring a builder or developer to pay for and install conduit in developments. The specifics of cost allocation for conduit installations are generally addressed in electric company tariffs, which are subject to approval by the Public Service Commission (PSC).

**Background:** Typically, an electric company constructs, owns, operates, and maintains electric distribution system primary lines along public streets, roads, and highways. These primary lines are then usually tapped off and run to the boundary lines of subdivisions in

which suitable rights-of-ways and easements are supplied to the electric company by the developer or builder. Since 1968, these primary lines and secondary lines are required by regulation to be run underground unless an exemption is approved by PSC. The bill addresses an issue that arose recently between the Southern Maryland Electric Cooperative (SMECO) and the Maryland Building Industry Association (MBIA) related to these primary and secondary lines. Specifically, the issue was whether the lines for single-family subdivisions should always be placed in conduit paid for and installed by the developer/builder, whereas previously most lines, except those at crossings, were direct buried by SMECO at its cost.

MBIA alleged that SMECO revised its conduit policy without proper approval from PSC. In April 2019, MBIA petitioned PSC for a stay of SMECO's conduit policy and requested a hearing. In July 2019, after considering additional information from the affected parties and PSC staff, PSC denied the petition.

The bill potentially allocates conduit installation costs for particular developments across all electric company ratepayers, rather than specific builders and developers. Any effect depends on the extent to which electric companies pay for and install conduit instead of developers/builders due to the bill. The overall effect on rates is likely minimal.

**Small Business Effect:** Small home builders potentially benefit from reduced project costs in single-family developments.

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### **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

**Information Source(s):** Public Service Commission; Office of People's Counsel; Department of Legislative Services

**Fiscal Note History:** First Reader - March 10, 2020  
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