STATE OF MARYLAND
OFFICE OF PEOPLE'S COUNSEL
Paula M. Carmody, People's Counsel
6 St. Paul Street, Suite 2102
Baltimore, Maryland 21202
410-767-8150; 800-207-4055
www.opc.state.md.us

BILL NO.:	**House Bill 1152** **Electric Reliability – Priorities and Funding**
COMMITTEE:	**Economic Matters**
HEARING DATE:	**March 7, 2013**
SPONSORS:	**Delegates W. Miller, *et al.***
POSITION:	**Support**

House Bill 1152 would amend PUA §7-213 and require the Public Service Commission (Commission) and regulated electric companies to establish certain priorities for remediation projects on the distribution systems, and require the maintenance of certain reliability standards by the companies. In addition, the bill would establish an Electric Reliability Remediation Fund into which certain civil penalties would be paid. Under current law, any civil penalty imposed on a utility by the Commission pursuant to PUA §13-201 is collected and paid into the State General Fund. The bill would create an exception to that general rule for civil penalties imposed for any violations of a service quality and reliability standard under PUA §7-213.

The payment of civil penalties for poor service quality and reliability into a special Fund would provide direct benefits to the customers of the poorly performing electric company by allowing the monies to be used solely for reliability measures and projects, as defined, of the penalized company. The monies in the Fund would be used to help remediate the worst performing feeder lines and distribution lines, as prioritized by the Commission and the electric companies. In fact, in a February 27, 2013 order, the Commission directed the Commission Technical Staff to draft proposed regulations to strengthen the poorest performing feeder standard by September 30, 2013.[1]

Penalties imposed by the Commission in the past have not been substantial. In fact, the one million dollar penalty imposed on PEPCO in Commission Case No 9240 was the largest penalty ever imposed. However, with the enactment of PUA §7-213 and adoption of new reliability regulations at COMAR 20.50 (effective May 23, 2012) with explicit service quality and reliability standards and reporting requirements, the "rules of the road" for electric companies and consequences for violations of those rules are known and transparent. If the companies do not meet the performance requirements, it is expected that the Commission will follow through with the imposition of penalties. Whatever the sum, it is preferable that the monies be used for the benefit of the customers who have been hurt by the poor performance.

For these reasons, OPC recommends a favorable report.

[1] *In the Matter of the Electric Service Interruptions in the State of Maryland Due to the June 29, 2012 Derecho Storm*, PSC Case No. 9298, Order No. 85385, p. 32.