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★ *Utilities State Government Organization* ★

Annual Conference

July 13 - 16, 2014

State Reports



Northeast District Reports 2014

**STATE OF CONNECTICUT GENERAL ASSEMBLY
2014 REGULAR SESSION REPORT**



UTILITIES STATE GOVERNMENT ORGANIZATION

**2014 ANNUAL MEETING
Kansas City, Missouri**

**PRESENTED BY:
NORTHEAST UTILITIES
UIL HOLDINGS CORPORATION (absent not voting)**

**State Legislative Profile
2012 - 2014**

STATE	Connecticut
CAPITAL CITY	Hartford
Governor	Dannel P. Malloy (D) – 1st Term
General Elections	Constitutional Officers every 4 years General Assembly every two years
LEGISLATIVE SESSION	Long Session 1st Wednesday after the 1st Monday in January (odd numbered year). Adjourns 1st Wednesday after the 1st Monday in June. Short Session 1st Wednesday after the 1st Monday in February (even numbered year). Adjourns 1st Wednesday after the 1st Monday in May.
SENATE	36 Members 22 Democrats 14 Republicans
Presiding Officer	Lt. Governor Nancy Wyman (D)
Senate Leader	Senate President Pro Tempore Don Williams (D)
Majority Leader	Senator Martin Looney (D)
Minority Leader	Senator John McKinney (R)
HOUSE OF REPRESENTATIVES	151 members 97 Democrats 54 Republicans
Presiding Officer	Speaker of the House Brendan Sharkey (D)
Majority Leader	Joseph Aresimowicz (D)
Minority Leader	Lawrence Cafero (R)
Utility Committee	Joint Committee on Energy & Technology 24 members 3 Senators – 2 Democrats, 1 Republican 21 Representatives – 14 Democrats, 7 Republicans Senate Co-Chair - Senator Bob Duff House Co-Chair - Representative Lonnie Reed

REGULTORY BODY

**Public Utilities Regulatory Authority
(a Bureau within the Department of Energy and
Environmental Protection)**

Members (3)

**Chairman Arthur House (D)
Commissioner Jack Betkowski (D)
Michael Caron (R)**

Members are appointed by the Governor with the consent of the General Assembly. The terms first Director appointed after 2011 serves a 5 years term. The second and third appointees serve 4 and 3 years respectively. All future apointmens are for a 4 year term. Minority party representation is required.

2014 Connecticut General Session Recap

Overview

The 2014 Connecticut General Session will go down as one of the most interesting in recent memory as bickering between the House and Senate leadership, specifically the outgoing President Pro Tempore of the Senate and the Speaker of the House of Representatives, caused a log jam of un-passed bills and uncertainty in the final days of the session, which ended at midnight May 7.

A total of 385 bills were adopted in the Regular Session; 162 of those, including the 324-page budget implementer were adopted in the last two days after contentious “horse trading” within and across the political aisles. The implementer included the provisions of at least 20 “dead” bills, in addition to budget issues.

The Connecticut legislature adopted a \$19 billion budget for the fiscal year starting July 1, without any new taxes - something both the Governor and legislators were keen to do given that 2014 is an election year for both. Unfortunately, the \$500 million surplus predicted for the end of the 2014 fiscal year almost completely evaporated in the last two weeks of the session due to a dramatic drop off in income tax revenue. With a surplus now predicted to be only \$43 million, Governor Malloy rescinded his proposed tax refund of \$55 for single tax payers and \$110 for couples. This dramatic drop off in tax revenues has grim implications for the future as well. Fiscal year 2015 current services budget is now projected to have a deficit of \$1.7billion. The Governor disputes the deficit as it is based on an increase in the order of 8%, which is not likely.

Other 2014 legislative session highlights included:

- Minimum wage increased to \$10.10 an hour by 2017
- \$400 million tax credit deal with United Technologies Corp., in return for \$500 million in promised upgrades at Pratt & Whitney, Sikorsky and UTC Aerospace facilities.
- A temporary moratorium on fracking waste in the state.

In terms of energy legislation, Energy and Technology Committee chairs – Senator Bob Duff and Representative Lonnie Reed – again provided transparent and supportive leadership. Interestingly, the Committee held only two public hearings and reported favorably only 15 bills - a historically low number. Of these 15 bills, **seven** passed both Chambers. As is usual the case, several bills and concepts were morphed into larger ones in the waning days of the Session. All told, there were five bills of impact to UIL Holdings Corporation and Northeast Utilities and their subsidiaries, four of which passed both chambers before the session ended.

HB 5408 – An Act Concerning Tree Trimming - PASSED While the companies preferred a “no bill”, UIL and Northeast Utilities (NU) were able to negotiate a more manageable tree trimming bill with Speaker Sharkey’s office. This bill makes changes that the utilities must follow before conducting vegetation management (pruning or removing any trees or shrubs

around their poles and wires). It did not change the eight-foot utility protection zone (which was passed last year).

Bill Highlights:

- Requires a utility to obtain written affirmative consent from a private property owner before conducting vegetation management on the owner's property.
- Expands the information a utility must include in its notice to a property owner about proposed vegetation management to include (a) consent, (b) instructions on how to object and (c) that a property owner may suggest modifications to the utility's proposal.
- Standardizes the deadlines to object to proposed vegetation management – notice by utilities most come at least 15 days before scheduled work.
- Requires the pruning performed as part of a utility's vegetation management to be done in a manner that retains the pruned vegetation's structural integrity and health.
- Places the burden of proof on a utility if an abutting property owner objects to its proposed vegetation management and the case is appealed to the Public Utilities Regulatory Authority (PURA).
- Requires PURA to study, and eventually allow, parties to “mediate” their disputes over proposed vegetation management and whether stump grinding can be performed before PURA hears appeals over the disputes. The utility will recover the additional costs of stump grinding through a non-bypassable charge.
- Requires each utility to operate a dedicated e-mail account to receive objections, modification requests, questions, and complaints about the vegetation management process.
- Requires DEEP to review the utilities' vegetation management practices every two years.

SB 2 – An Act Concerning Electric Customer Consumer Protection - PASSED

This bill was sponsored by both the Senate President Don Williams and Majority Leader Martin Looney. It was lobbied hard by consumer advocate groups (AARP), but at passage, the bill didn't include the one thing originally intended – a cap on electric supplier variable rates that irked many electric customers.

The bill requires the Public Utilities Regulatory Authority (PURA) to redesign the (1) standard billing format for residential customers' electricity bills; (2) customer account summaries on the electric companies' websites; and (3) rate board, the website that provides information on the rates of electric companies and electric suppliers.

- PURA must also develop a standard summary form of the terms and conditions of the contracts between electric suppliers and residential customers. The docket must be opened July 1, 2014. All of this information must be placed on the first page of the customer's bill.

The bill prohibits suppliers from raising rates for the first three billing cycles of new supplier contracts entered into on or after July 1, 2014. It also requires electric suppliers to notify residential customers in advance of certain rate changes and prohibits them from charging cancellation or early termination fees to residents who (1) move within the state and do not change suppliers or (2) lack a contract with a supplier and receive month-to-month variable rates. The bill decreases the cap on such fees.

The bill prohibits and restricts certain marketing practices of electric suppliers and also requires PURA to develop and implement additional standards for certain practices, including abusive switching practices, telemarketing, door-to-door sales, and the hiring and training of sales representatives.

- The bill requires electric companies and electric suppliers to distribute certain rate information in bills and mailings, and facilitate transfer of customers in a timely manner. Electric companies must transfer customers to the GSC rate of a supplier within 45 days after receiving enrollment from the supplier.
- It requires electric suppliers to disclose information on highest and lowest rates charged in the last year, and distribute that information online and with certain notices.

The bill also directs PURA to study the feasibility of switching certain vulnerable customers from electric suppliers to electric companies. If PURA's findings support it, PURA may order these customers to be placed on standard service.

SB 357 – An Act Concerning Revisions to Energy Statutes - PASSED

This bill made numerous changes to the energy and environmental statutes, several of which positively impact UIL Holdings Corporation's electric and gas distribution companies, including cost recovery.

Project 150: This provision was requested by UIL for two projects, one in each of its LDC territories. It extends the length of the in-service date for certain Project 150 projects. By law, electric companies must enter into long-term contracts to buy 150 megawatts of power produced at renewable energy plants (Project 150). The bill increases the in-service date extension, from 24 to 36 months, which PURA must grant to requesting Project 150 projects with less than a 5 MW capacity. To receive such an extension, the project must start construction by April 30, 2015, and the related Project 150 power procurement contract must have been previously approved by PURA. The law also requires PURA to extend a project's in-service deadline for 12 months if the project is located in a distressed municipality with a population of more than 125,000 (i.e., Bridgeport and New Haven, according to the 2010 census). The provisions of the bill will allow a UIL subsidiary to purchase 2 small fuel cell projects that will be located adjacent to Connecticut Natural Gas Corporation's (CNG) compressor facilities. CNG is a subsidiary of UIL Holdings.

Cost Recovery for EDCs: allows electric companies to recover their costs, investments, and lost revenues incurred as a result of on-bill repayment programs established for residential clean energy and heating equipment financing programs (Section 31). In addition, it allows for EDC

cost recovery for procurement by DEEP of Class I renewable energy sources built on or after January 1, 2013; Class I resources built before January 1, 2013 or large-scale hydropower; and Class I run-of-the-river hydropower, landfill methane gas, or biomass resources that was adopted in 2013.

CBYD Changes: The bill expands the scope of, and makes several other changes to, the state's Call Before You Dig program (Sections 38-47).

Underground Facility Locations: When a utility is providing someone with the approximate location of its underground facilities, current law requires it to identify a strip of land under three feet wide. The bill increases the location's precision by requiring the strip of land to be centered on the underground facility's actual location. Currently, public utilities must file the location of their underground facilities (except for storm sewers) with PURA by reference to a standard grid system. This bill requires these public utilities to register the geographic areas in which they own or operate any underground facilities with the central clearinghouse by reference to a standard mapping system. The bill removes the exception for storm sewers. The previous law was vague on "marking" of facilities. Many municipalities had refused to mark the location of storm sewers which has led to many hits of those facilities by electric distribution companies.

Notice Requirements: The bill also deletes statutory requirements concerning the timeline and methods for notifying the clearinghouse and instead directs PURA to promulgate regulations to govern this process. Current law requires notice to the clearinghouse when a project fails to start within the time allotted. The bill instead requires notice when the project does not end within that time. PURA has indicated that the work manual used by all facilities' owners will be revised to clarify all work practices.

Under certain emergency circumstances, current law allows an excavation or demolition to proceed without meeting the notice requirements as long as notice is given by telephone as soon as reasonably possible. The bill allows this notice to be given in any form.

Precautions for Combustible or Hazardous Fluids or Gases: Under current law, only hand digging can be used when gas facilities are likely to be exposed. The bill expands this precaution to cover facilities containing any combustible or hazardous fluids (e.g., oil) or gases, and requires such precautions whenever excavation is in the approximate location of these facilities. In addition to hand digging, it allows "soft digging," which it defines as a non-mechanical and nondestructive process to excavate and evacuate soils at a controlled rate using high pressure water or an air jet to break up the soil.

Damages: By law, when damage to a public utility's underground facility is suspected, the person or utility responsible for causing the damage must immediately notify the utility that owns the facility.

Current law defines "damage" as including the substantial weakening of structural or lateral support of a utility line. The bill expands that definition to include any utility facility and specifies that the substantial weakening imperils the continued integrity of the facility.

Gas Expansion Non-Firm Margin Credits (Section 51): The gas companies provide gas on a non-firm (interruptible) basis to some of their nonresidential customers and receive a credit for providing this service. Current law requires PURA to assign at least half of this non-firm margin credit to offset the rate base of the gas companies, the costs of which are recovered from ratepayers. The bill instead requires this portion of the non-firm margin credit to be credited to ratepayers through a purchased gas adjustment clause.

- **Offset of Expansion Costs:** Current law also requires PURA to assign the lesser of (1) half of this credit or (2) \$15 million annually from the credit for the companies in the aggregate to offset their expansion costs. However these funds can only be applied to offset the costs of expanding to new state, municipal, commercial, or industrial customers when this provides societal benefits (e.g., retained employment or local economic development). The bill instead allows these funds to be used to offset the costs of expanding to any type of customers, including residential, regardless of whether they provide societal benefits.
- **Hurdle Rate:** By law, when a gas company seeks to expand its distribution system, it determines whether the projected new distribution revenues will equal or exceed the cost of the expansion over a 25-year period (i.e., the “hurdle rate”). If the expansion will pay for itself in this period, all gas ratepayers pay for it in rates. If it does not, the benefitted customers must pay for the shortfall. The bill requires PURA, when establishing a hurdle rate, to also consider the non-firm margin credits the gas company can use to offset its expansion costs. This will allow the LDCs to say “yes” to expansions more often.

Meter Aggregation Study (section 51): The bill requires PURA to study the feasibility of allowing a nonprofit entity to aggregate electric meters that are billable to such an entity. The study must include potential costs and benefits to electric ratepayers for allowing such an aggregation. The findings of the study must be reported to the Energy and Technology Committee by January 1, 2015.

CRRA Dissolved: The Connecticut Resources Recovery Authority (CRRA) is dissolved and establishes the Materials Innovation and Recycling Authority (MIRA) as a successor authority, (b) revises the authority’s activities, powers, and purposes, (c) requires the Department of Energy and Environmental Protection (DEEP) commissioner, with MIRA, to seek proposals to redevelop the Connecticut Solid Waste Management System Project, and (d) requires the DEEP operated electricity purchasing pool to solicit proposals from Class II trash-to-energy facilities;

CEAB Dissolved: dissolves the Connecticut Energy Advisory Board and eliminates the request for proposal process it must conduct when applications for siting certain facilities are filed with the Connecticut Siting Council.

Green Bank: Clean Energy Finance and Investment Authority (CEFIA) is renamed the Connecticut Green Bank and expands its commercial property assessed clean energy program (C-PACE) to include microgrids.

HB 5410 – AN ACT CONCERNING LOST AND UNACCOUNTED FOR GAS - PASSED

By law, the state must reduce the level of greenhouse gas emissions to at least 10% below their 1990 levels by 2020, and 80% below their 2001 levels by 2050, as determined by the Department of Energy and Environmental Protection (CGS § 22a-200a). In general, LUAF gas is the difference between the amount of gas that enters a gas company's distribution system and the amount actually delivered to the company's customers or used for other purposes the company knows about.

This bill requires the Public Utilities Regulatory Authority (PURA) to (1) submit an annual report to the Energy Committee on the gas companies' lost and unaccounted for (LUAF) gas, (2) investigate a gas company if its LUAF gas exceeds 3% in any calendar year, and (3) establish a cost mechanism to encourage such a company to reduce its LUAF gas.

In the PURA report, it will include:

1. the reasons for each gas company's percentage of LUAF gas,
2. recommendations for each company's gas leak reduction strategy,
3. a description of each company's gas leak monitoring system,
4. the number of leaks and their causes throughout the state's entire gas distribution system, and
5. any other information PURA deems relevant.

SB 353 - AN ACT CONCERNING THE DEVELOPMENT OF CLASS I RENEWABLE ENERGY SOURCE PROJECTS - DIED

Local industry group Solar Connecticut and national advocate, Vote Solar, attempted to get legislation passed that would have allowed Connecticut resident to participate in shared solar electricity facilities (community solar).

UIL and NU argued this would create be an unregulated mini utility and had concerns over consumer protections and the imposed cost to non-participating customers since the proponents wanted the solar credit to be full retail cost. Solar advocates were unhappy with the initial legislation, which called for two community projects over three years. They argued that since shared solar exists in 10 other states, there was no need for a small pilot.

The bill, which resulted in much media coverage, died on the negotiating table a full two weeks before the end of the general session. The proponents would not agree to a flat 14¢/kWh net metering credit or rate recovery provisions for the EDCs.

UIL expects the concept of shared solar (and its advocates) to attempt a comeback in the 2015 General Session.

OTHER BILLS OF INTEREST TO THE UTILITY INDUSTRY

HB 5098 – An Act Concerning Robo Calls - Passed

This bill increases the maximum fine, from \$500 to \$1,000, for anyone who transmits unsolicited business, commercial, or advertising messages to in-state customers through recorded telephone message devices that do not disconnect immediately when the consumer hangs up. These messages are often referred to as “robocalls.” Both UIL and NU were concerned whether utilities would still be able to warn customers of outages or impending shutoffs. However, during the House debate, it was clarified that “health and safety” calls were not part of the intent of the bill.

SB 237 – An Act Prohibiting the Storage or Disposal of Fracking Waste in Connecticut - Passed

This bill establishes a moratorium on hydraulic fracturing waste in Connecticut until the DEEP adopts regulations to control it as a hazardous waste and impose certain licensing and information disclosure requirements. However, it gives DEEP discretion under certain conditions to not adopt the required regulations. The moratorium applies to any person accepting, receiving, collecting, storing, treating, disposing, and transferring between vehicles or modes of transportation any hydraulic fracturing waste. It also includes the sale, manufacture, and distribution of de-icing and dust suppression products derived from or containing these wastes.

It defines hydraulic fracturing as the process of pumping a fluid underground in order to create fractures in rock for exploration, development, production, or recovery of oil or gas. Hydraulic fracturing does not include drilling of geothermal water wells or any other well drilled for drinking water. It defines a “person” as any individual, firm, partnership, association, company, trust, corporation, limited liability company, municipality, agency, or political subdivision of the state. This was a politically motivated bill that in all likelihood will have no environmental impact on Connecticut. Anti-natural gas activists were determined to send a message to New York State that Connecticut was banning wastewaters generated by hydraulic fracturing (“fracking”)--and therefore, the Empire State should do the same and ban fracking altogether.

SB 33 – An Act Establishing a New Haven Region Development Authority – Passed

This bill, which UIL’s Economic Development department was supportive of, creates the quasi-public New Haven Region Development Authority (NRDA) to, among other things, stimulate economic development and promote tourism, art, culture, history, education, and entertainment in New Haven and the region. It authorizes NRDA to develop and redevelop property and manage facilities in a development district encompassing parts of downtown New Haven, Wooster Square, and the Hill (defined as “NRDA development district”) and develop property in other parts of the city at the mayor’s request (defined as “city projects”). The bill allows NRDA to assist with development efforts in the six municipalities contiguous to New Haven (East Haven, Hamden, North Haven, Orange, West Haven, and Woodbridge, defined as “greater New Haven”).

The bill establishes a 13-member board to govern NRDA and gives it general powers to operate as a quasi-public agency and development-specific powers for projects within the NRDA development district. It authorizes NRDA to (1) issue bonds and other notes backed by its financial resources, with the State Bond Commission's approval, and (2) enter into a memorandum of understanding (MOU) with New Haven or another city authority for administrative support and services. It subjects NRDA to specific auditing and reporting requirements.

HB 5220 – An Act Concerning a Property Owner’s Liability for the Expenses of Removing a Fallen Tree or Limb – Passed – VETOED BY GOVERNOR MALLOY

This bill passed both chambers (after failing the last two sessions) and imposes liability on owners of private real property for the expenses of removing a tree or limb from a tree located on such property that falls on adjoining private real property. The Connecticut Forest & Park Association was opposed to this bill.

HB 5280 – An Act Concerning Executive Employee Compensation - Died

This bill would make any company with an executive or board member that earns compensation at 50 times the average salary of other employees, ineligible for any tax credit, exemption or financial assistance. CBIA led the opposition to this bill.

SB 110 – An Act Concerning Fraud Prevention in Connecticut Utility Termination Protection Program - Died

This bill, proposed by the municipal electric utility companies, would have allowed them to challenge customers who may be abusing the winter no-shut off rules. The current Serious-Illness-Long-Term-Sickness (SILTS) protection is prone to abuse by customers seeking termination protections, including fraudulent claims. However, the industry, including EDCs, have not challenged at PURA or brought to prosecution cases where fraud is suspected. After the bill died in the Energy Committee, UI brought a case of fraud and identity theft against a customer. It was adjudicated in the company’s favor and the customer is being prosecuted.

2014 Election News

On May 16, Governor Dannel Malloy received the Democratic endorsement and will run for re-election. On the Republican side, Greenwich millionaire Tom Foley earned the nomination again (he narrowly lost to Malloy in the 2010 election). However, Danbury mayor Mark Boughton and Senate Minority Leader John McKinney (R-Fairfield) will primary Foley in August after receiving more than 15% of the delegates support. There are also at least 2 independent candidates that are struggling to collect the necessary signatures to get their names on the state ballot.

Also, at this time, twenty-three Legislators have announced they will not seek re-election (or are running for another position). Two Republican and 4 Democrat Senators will not be returning

in 2015. Seventeen (17) state representatives (8 Republicans and 9 Democrats will not return to the House. Two of these will likely resurface as state senators. After the session ended a long term legislator from Stratford passed away. A special election will be held shortly for the remainder of his term, and again in November for the 2-year term that commences in 2015.

State of Delaware

State of Delaware
Legislative Review
2nd Session, 147th General Assembly
Prepared for USGO Members



Delmarva Power Governmental Affairs Report
Presented By
Joseph P. Farley, Sr.

July 7, 2014

Delaware Legislative Profile

Capital: Dover

Governor: Jack Markell (D)

General Elections: The second Tuesday in November in even-numbered years

Legislature Convenes: The second Tuesday in January thru June 30 of each year

General Assembly Statistics	
Senate	House
<p>Senators: 21</p> <p>Democrats: 13 Republicans: 8 Other: 0</p> <p>Term: 4 years</p>	<p>Representatives: 41</p> <p>Democrats: 27 Republicans: 14 Other: 0</p> <p>Term: 2 years</p>
Presiding Officers	Presiding Officers
<p>Lt. Governor Matthew P. Denn – President Patricia Blevins – President Pro Tempore David McBride – Majority Leader Margaret Rose Henry – Majority Whip F. Gary Simpson – Minority Leader Gregory Lavelle – Minority Whip</p>	<p>Peter Schwartzkopf – Speaker Valerie Longhurst – Majority Leader John Viola – Majority Whip Daniel Short – Minority Leader Deborah Hudson – Minority Whip</p>
Major Utility Committee	Major Utility Committee
<p>Energy & Transit Committee</p> <p>Harris B. McDowell – Chair</p>	<p>Energy & Natural Resources Committee</p> <p>John A. Kowalko – Chair</p>

Delaware Legislative Session Review

The second session of the 147th Delaware General Assembly convened on January 14, 2014. The legislature adjourned its two year session in the early hours of July 1, 2014, having introduced 425 House Bills, 270 Senate Bills and 231 Resolutions.

All bills potentially harmful to Delmarva Power were amended, defeated, or remained in committee.

Delaware continues to be a solidly Democratic state and as such, social issues such as gun control, the death penalty and marriage equality took center stage in legislative hall during both sessions of the 147th General Assembly.

Energy Impact

The Governor remains committed to expanding Delaware's energy portfolio, improving air quality and reducing energy costs. There is a continued focus on a three-pronged approach that pursues continued investment in clean energy projects, the expansion of the natural gas infrastructure across the state and achieving energy efficiencies.

Economic Impact

Governor Markell continues to push for a more competitive, global, and connected marketplace, focusing on better preparing Delaware's students for the changing demands of the global workforce. He has emphasized the State's role in providing a nurturing environment for businesses and entrepreneurs as key to Delaware's continued growth.

Additionally, due to budget shortfalls, Governor Markell and the legislature spent a significant amount of time searching for ways to raise revenues and cut spending. Governor Markell proposed a 10-cent gas tax increase to fund roadway projects and a separate statewide property tax to fund waterway cleanup efforts. Both efforts were met with significant resistance within the legislature and ultimately failed.

State Government

Delaware's FY 2014 operating budget signed by the Governor on July 1, 2014, totaled \$3.8 billion, an increase of 2.4 percent over the current year's budget. The budget included a six-month raise for state workers and uses nearly \$40 million typically earmarked for roads to cover other expenses.

Governor Markell also signed a \$421 million capital budget and a \$45.7 million grant in aid bill that provides funding to nonprofit and community agencies, including senior centers, veteran's organizations and fire companies.

Bond Bills

In 2014, for the first time ever, Delmarva Power was involved with two issues related to the Bond bills:

1. The first issue was an attempt by the legislature to add an electricity aggregation program, to be overseen by the Secretary of State, to the Epilogue of the Bond Bill. After significant discussion and negotiation, the Government Affairs team was able to amend the Bill to instead create a committee to study the issue and make recommendations. If the committee determines that an aggregation program will reduce electric bills for Delaware residential customers, a Public Service Commission certified energy provider/broker would be used to implement the program. Additionally, any program would be required to provide customers, who already contract with a third-party supplier or do not wish to participate in a new program, the ability to opt out.
2. The second was the result of collaboration with Delmarva Power, the Delaware Department of Transportation (DelDOT) and the Speaker of the House. As a result of the collaboration, language was added to the Epilogue of the Bond Bill which enables DelDOT to purchase a footprint of land large enough to accommodate both the transportation and public utility needs made necessary by the project.

Allowing DelDOT to obtain like kind property interests for the public utility at the same time it is obtaining other property interests for the Department will allow for greater coordination in the timing between DelDOT and the public utility for the timely execution of transportation projects and the necessary relocation of transmission lines as part of those projects.

Exelon – PHI Merger

On April 30, 2014, Exelon and Pepco Holdings, Inc. announced the agreement to combine the two companies in an all-cash transaction. The agreement, which was unanimously approved by both companies' boards of directors, brings together Exelon's three top-performing electric and gas utilities – BGE, ComEd and PECO – and Pepco Holdings' electric and gas utilities – Atlantic City Electric, Delmarva Power and Pepco – to create the leading Mid-Atlantic electric and gas utility.

The merger includes a commitment for increased reliability and as part of the acquisition, Exelon and Pepco Holdings have committed to build on the significant improvements to service reliability has already been achieved for Delmarva Power's customers.

Additionally, upon completion of the transaction, Exelon will provide an aggregate \$100 million for a Customer Investment Fund to be utilized across the Pepco Holdings utilities' service territories as each state public service commission deems appropriate for customer benefits, such as rate credits, assistance for low income customers and energy efficiency measures.

Exelon has also pledged to maintain charitable contributions in the Pepco Holdings service territories at Pepco Holdings' highest-ever level for at least a decade, a total commitment of \$50 million.

Below is a summary of the legislation that was of specific interest to the utility industry during the 147th General Assembly.

Energy Supply			
Bill No.	Final Result	Subject	Summary
Senate Bill 34	Senate Energy & Transit Committee	Regional Greenhouse Gas Initiative	Requires that changes to the Delaware Regional Greenhouse Gas Initiative allowance auction program involving reduction in allowances below 6,803,808 short tons of CO ₂ , increases in the reserve price for permits, or changes to price caps for permits must be approved by a Joint Resolution of the General Assembly.
House Bill 179	Senate Energy & Transit Committee	Energy Efficiency Resource Standards	<p>Reduces average customer energy bills and will create local jobs by driving investments in energy efficiency that displace more expensive energy supply purchases. Energy efficiency investments create in-state jobs, lower energy bills for Delaware consumers and businesses, prevent dollars from being sent across borders, encourage the development of skilled energy professionals and labor force in Delaware, stimulate innovation, and cause a reinvestment of Delaware dollars in Delaware. Efficiency investments lead to substantial environmental and health benefits from reduced air pollution, make homes healthier and more comfortable, increase grid reliability, decrease vulnerability to energy price spikes, increase energy security, and boost the economy.</p> <p>The Bill permits electricity providers to utilize a portion of electric energy efficiency savings toward achieving their renewable energy portfolio standard requirements upon achieving existing energy efficiency goals (15% by 2015). Reducing electricity consumption has the same positive attributes as renewable energy resources and through the process set forth in this Bill, will reduce overall customer bills. Adding another option for complying with Delaware's renewable portfolio standards gives electric utilities greater flexibility in how they meet this renewable requirement while still providing the many positive benefits to Delaware citizens as previously defined in the statute. Additionally, the increased flexibility in complying with the renewable portfolio standards could also result in a lower cost to achieve those</p>

			<p>requirements.</p> <p>The Bill clarifies and simplifies the EERS Act. This Bill enables the achievement of the energy efficiency targets through the identification of all cost-effective, reliable, and feasible energy efficiency and coincident peak demand reduction programs that reduce average customer energy bills. The Bill also eliminates the authority to impose an energy efficiency surcharge. Energy efficiency is instead treated as an energy resource and is paid for in the same manner as other supply resources, with an assurance that only programs designed to reduce customer energy bills will be approved and implemented. The Bill would reduce energy costs while increasing reliability and energy security for the state. A final component of the Bill synchronizes the Integrated Resource Planning process for regulated utilities with the energy efficiency planning process.</p>
Senate Joint Resolution 7 with House Amendment 1	Passed Senate	Natural Gas Expansion	Directs DEDO and DNREC to take the lead to work with private sector providers to develop a plan for implementation of such a pipeline extension, as recommended by the "Blue Collar" Task Force.

Safety

Bill No.	Final Result	Subject	Summary
House Bill 180 w/ House Amendment 1 & 2 and House Amendment 1 to House Amendment 2	Signed by Governor	Commercial Vehicles	Requires all commercial vehicles, except farm vehicles, registered with a gross vehicle weight of 26000 lbs. or over in the State of Delaware to be equipped with an audible reverse warning signal, backup camera or other warning device that adequately places an individual within 50 feet of such vehicle on notice that such commercial vehicle intends to and/or is in the process of reversing.
House Bill 172 with House Amendment 1	Signed by Governor	Licensed Electricians	Ensures that new applicants for a journeyman electrician license must have performed 8000 hours of electrical work and passed the journeyman exam before such person can obtain a journeyman electrician license. The bill also requires employers,

			supervisors and owners of businesses to report to the Board if they have knowledge that a person working for them is unlicensed. Furthermore, the bill requires employers, supervisors and/or owners of a business to ensure that a person performing electrical work for them has a proper electrical license.
House Bill 342	Senate Passed	Wastewater Utilities	Allows public water utilities and wastewater utilities to perform electrical work to maintain their plant and services in the same manner that other utilities are now permitted under current law.
House Bill 411	Reported Out of House Sunset Committee	Electrical inspections	Allows inspectors with the Division of Professions Regulations to inspect businesses, schools, or other places where electrical services are offered, rendered or taught to ensure compliance with the laws relating to electrical services in Title 24 of the Delaware Code.

Regulatory			
Bill No.	Final Result	Subject	Summary
Senate Bill 29	House Administration Committee	Agency Regulations and Public Hearings	Provides for recording and maintaining a record of all deliberations made by public bodies during public hearings, including any discussion made "off the record".
Senate Bill 124	Signed by Governor	Public Advocate	<p>This bill is the result of recommendations made by the Joint Sunset Committee and makes several amendments to Title 29 relating to the Division of the Public Advocate.</p> <p>The Public Advocate shall be appointed by the Governor, with the advice and consent of the majority of the members elected to the Delaware State Senate for a four year term. The Public Advocate shall principally advocate on behalf of residential and small commercial consumers.</p> <p>In the event that the Public Advocate position is vacant, the Deputy Public Advocate shall serve as the Acting Public Advocate until a successor may be duly qualified.</p> <p>The Public Advocate shall provide upon request, guidance, information and expertise to the members of the Delaware General Assembly on matters</p>

			<p>relating to energy issues which may impact Delaware's public utility consumers.</p> <p>The Public Advocate shall publish an annual report to be made available to the Governor, the General Assembly and the public.</p>
Senate Bill 122 with Senate Amendment 1	Signed by Governor	Durable Power of Attorney	Adds a new subsection clarifying that no person may refuse to accept an otherwise valid durable personal power of attorney on the sole basis that it varies from the form set forth in Section 49A-301. The amendment to Section 49A-301 clarifies that the use of the form set forth in Section 49A-301 is merely suggested and not required in order to create a valid durable personal power of attorney.
Senate Bill 150 with House Amendment 2	Passed Senate	Sustainable Energy Utility	Implements the recommendations of the General Assembly's Joint Sunset Committee following its review of the Sustainable Energy Utility. The Committee recommended that the statute governing the SEU, Title 29, Section 8059 be amended to a) allow greater flexibility in the composition of the Board, b) include language about staggering the terms of Board members, c) provide standards for the removal of Board members, and d) state that Board members appointed by the Governor may be deemed to have resigned if they are absent from three consecutive Board meetings without good cause. The bill also implements new EERS standards.
House Bill 288	Passed Senate	Delaware Broadband Fund	Clarifies that the assessment paid into the Delaware Broadband Fund applies only to telecommunications service providers and not to all entities governed by the Public Service Commission.
Senate Bill 226	Senate Energy and Transit Committee	Bill Transparency	Requires a Commission-regulated electric company, retail electricity provider, or municipal electric company to include on each customer's bill a line-by-line accounting of the amount of each bill, in total cost and cost per kilowatt hour, directed to: <ul style="list-style-type: none"> (1) the Green Energy Fund; (2) the Low-Income Home Energy Assistance Program (3) the costs incurred by complying with the state mandated renewable energy portfolio standard related to procuring RECs and SRECs; (4) the costs related to alternative compliance payments related to the electric company's decision to make such payment in lieu of meeting the

			<p>renewable energy portfolio standards contained in Subchapter III-A of Title 26; and</p> <p>(5) The charges collected on behalf of qualified fuel cell provider projects, such as Bloom Energy.</p> <p>Section 2 of this bill would remove the current requirement that electric companies annually disclose the costs recovered under § 358 of Title 26 on inserts to customer bills as that requirement is incorporated into the changes made in Section 1 of the bill.</p>
House Bill 386	Tabled in House Transportation /Land Use Committee	Regulation of Underground excavation	Updates Title 26, Chapter 8 by adding the Public Service Commission as an authority to lawfully regulate and enforce potential public safety concerns related to underground excavations and demolitions and to establish and enforce underground damage penalties.
House Bill 387	Tabled in House Transportation /Land Use Committee	Transmission Facility Construction	Updates Title 26, Chapter 1, Subchapter II by recognizing the potential for independent transmission companies to construct transmission facilities within the State and by providing for a new transmission line CPCN requirement. Current Delaware law arguably does not provide for such companies and does not provide any guidance on safety or how such a company would integrate into the current grid.

Revenue & Finance			
Bill No.	Final Result	Subject	Summary
Senate Bill 255	Signed by Governor	Budget Bill	Makes appropriations for the expense of state government for the fiscal year ending June 30, 2015.
House Bill 425	Signed by Governor	Bond Bill	Bond and capital improvements for the State of Delaware for the fiscal year ending June 30, 2015.
Senate Bill 266	Signed by Governor	Grants-In-Aid	Appropriations for grants-in-aid for the fiscal year ending June 30, 2015.
Senate Bill 55	Signed by Governor	Financial Disclosure by Public Officials	Adds members of the Public Service Commission to the definition of "public officer" which would subject them, like many other individuals in positions of public trust, to certain financial disclosure requirements.
House Bill 78	House Administration Committee	Financial Disclosure of Gifts	An Act to amend Title 29 of the Delaware Code relating to the financial disclosure of gifts (House Administration Committee).
House Bill	Signed by	State Taxes	Facilitates emergency response by infrastructure

145 with House Amendment 1	Governor		companies when it is necessary for them to temporarily provide out-of-State resources and personnel during a State of emergency declared by the Governor or the President of the United States, by deeming the presence of such companies and their property and employees to not have established nexus or residence for tax, licensing or related requirements during such State of emergency.
House Bill 284	House Administration Committee	Political Contributions	Requires political committees to report a contributor's occupation and employment information. This is already a requirement in federal campaign finance law. If only a contributor's name and address are disclosed (without occupation and employer), it is difficult to determine which industry, company, or group is funding a candidate. This will assist in furthering transparency and disclosure in the electoral process.
House Bill 281	House Administration Committee	Political Contributions	Clarifies how joint contributions to a political committee are to be attributed. This provision parallels federal law relating to joint contributions.
House Substitute 1 for House Bill 187	House Economic Development/ Banking/ Insurance/ Commerce Committee	Charitable Solicitations	Requires, among other things: (1) the registration of all charitable organizations soliciting in this State or engaging in solicitation activities directed to Delaware citizens and the annual disclosure of certain financial information relating to these entities; and (2) the registration of professional fund-raising counsel and professional solicitors soliciting in this State or engaging in solicitation activities directed to Delaware citizens and the annual reporting of certain financial information relating to these entities. The purpose of these regulations and the electronic compilation and publication of this information serves to provide the public with the tools and information sufficient to make informed decisions about which charitable purposes to support while also facilitating transparency and confidence in the sector; thereby creating a more robust philanthropic climate in Delaware.

Environmental			
Bill No.	Final Result	Subject	Summary
House Bill 95 with House Amendment 2	Signed by Governor	Financial Disclosure by Public Officials	Provides the Department of Natural Resources and Environmental Control with the authority to impose environmental liens on real property in an effort to recover taxpayers' money expended by the State in order to investigate and clean up contaminated properties in circumstances where the property owners who caused the contamination have failed to do so.
Senate Concurrent Resolution 34	Passed House	Green/Sustainable Building Design	Creates a "Green and Better Building Advisory Committee."
Senate Concurrent Resolution 31	Senate Health & Social Services Committee	Natural Gas Monitoring	Requests that natural gas be monitored for radioactive constituents and reported to the Department of Health and Social Services. This Resolution also requests that a coalition be established to determine a maximum safety threshold for radon in delivered natural gas.
House Bill 367 with House Amendment 1	Passed Senate	Environmental Cleanup Liability	Provides environmental cleanup liability protections for lenders who foreclose on properties that contain aboveground storage tanks and sets forth the criteria and process for lenders to maintain this liability protection.

Business			
Bill No.	Final Result	Subject	Summary
Senate Bill 63 with Senate Amendment 1	Signed by Governor	Pawnbrokers, Scrap Metal	The Delaware State Police regulate scrap metal processors by requiring them to be licensed and to report electronically the receipt of certain articles which may turn out to be stolen so that they can be recovered by law enforcement agencies and returned to their lawful owner. This amendment more closely conforms the scope of the reporting requirement to the statutory definition of a scrap metal processor. See 24 Delaware Code §2301(6). This amendment will subject automotive dismantlers, or junkyards, to additional electronic reporting requirements and amended industry specific procedures. The Division of Motor Vehicles will also be able research the electronic industry submission to track scrapped or salvaged vehicles to potentially

			<p>issue new title and put them back on the street. The proposed changes to Chapter 23 of Title 24 will now additionally enhance the Prohibited Transactions section further assisting the scrap metal industry by reducing the amount of stolen property thieves attempt to sell.</p>
<p>House Bill 21 with House Amendment 2</p>	<p>Signed by Governor</p>	<p>Volunteer Emergency Responders Job Protection</p>	<p>Establishes the Volunteer Emergency Responders Job Protection Act. The Act prohibits an employer from terminating or taking any other disciplinary action against an employee who is a volunteer emergency responder if such employee, when acting as a voluntary emergency responder, is absent from his or her place of employment for a Governor-declared State of Emergency lasting up to 7 days or a President-declared National Emergency lasting up to 14 days (excludes public utilities). The Act further prohibits an employer from terminating or taking any other disciplinary action against an employee who misses work due to injury sustained when acting as a volunteer emergency responder.</p> <p>At the employer's request, an employee who is a volunteer emergency responder that misses work due to responding to an emergency or having sustained injury from responding to an emergency is required to provide proof of such emergency response or injury to the employer. An employee who is terminated or who is the victim of any other disciplinary action taken in violation of this Act shall be reinstated to his or her former position. An action to enforce this Act may be brought by the employee within one year of the alleged violation.</p>
<p>House Bill 22 w/ House Amendment 1, House Amendment 2 and Senate Amendment 1</p>	<p>Signed by Governor</p>	<p>Volunteer Emergency Responders Job Protection</p>	<p>Protects from discrimination in hiring and retention those rendering service to volunteer fire and ambulance companies. Specifically prohibited are discriminatory adverse actions related to compensation, terms, conditions and privileges.</p>

House Bill 167 with House Amendment 1, House Amendment 1 to HA1 and House Amendment 2	Signed by Governor	Employment Practices	<p>Prohibits a public employer from inquiring into or considering the criminal record, criminal history or credit history or score of an applicant before it makes a conditional offer to the applicant. It would permit inquiry and consideration of criminal background after the conditional offer has been made. The bill specifies that once a background check is conducted an employer shall only consider felonies for 10 years from the completion of sentence, and misdemeanors for 5 years from the completion of sentence. Further, employers are required to consider several enumerated factors when deciding whether to revoke a conditional offer based on the results of a background check.</p> <p>Police forces, the Department of Corrections and other positions with a statutory mandate for background checks are excluded from these provisions.</p> <p>The bill also requires contractors with State agencies to employ similar policies were not in conflict with other State or federal requirements.</p>
House Bill 239	Tabled in House Transportation/ Land Use and Infrastructure Committee	Call Center Location	Provides that electric utility corporations shall provide call center customer assistance inside the State of Delaware or within 50 miles from the State of Delaware.
House Bill 282	House Administration Committee	Whistleblower Protections	Clarifies Delaware's Whistleblowers' Protection Act to protect employees who report campaign finance violations by their employers.
House Bill 294 With House Amendment 1 and House Amendment 1 to HA1	Passed Senate	Employment Practices	Requires an employer to shred or destroy employee records with personal identifying information when the employer no longer retains the records.
House Bill 345 with House Amendment 1 and Senate Amendment	Passed House	Fiduciary Access to Digital Assets	Authorizes fiduciaries to access and control the digital assets and digital accounts of an incapacitated person, principal under a personal power of attorney, decedents or settlors, and beneficiaries of trusts. The Act should be construed liberally to allow such access and control, especially when expressly provided for in

1			a written instrument. Section 1 creates a new Chapter 50 in Title 12 to contain the Act itself while Sections 2 through 4 amend existing statutes pertaining to personal powers of attorney, guardianships, and trustee powers to include the authority permitted under Section 1.
Senate Bill 236	Reported Out of Senate Judiciary Committee	Corporation Law	Confirms and codifies the limited liability nature of corporations by expressly stating that provisions in a certificate of incorporation or bylaw may not impose monetary liability on stockholders, except in the very limited circumstances already provided for in the Delaware General Corporation Law.
House Bill 295 with House Amendment 1 & 2 and Senate Amendment 1	Signed by Governor	Destruction of Documents	Creates a new chapter regarding the safe destruction by business entities of documents containing personal information. Aggrieved customers will have a civil action to recover potential treble damages. In addition, the Attorney General may file suit or bring an administrative enforcement proceeding against the business in violation if it is in the public interest. Banks, financial institutions, and certain other regulated institutions are exempt, as are governments and their subdivisions, agencies and instrumentalities.
House Bill 230	House Economic Development/ Banking/ Insurance/ Commerce Committee	Consumer Protections	Adopts the Model Family Financial Protection Act and increases consumer protections.
House Bill 380	Reported Out of House Judiciary Committee	Conviction Data	Limits conviction data provided to prospective employers to Class B misdemeanor convictions or greater, meaning criminal acts classified as unclassified misdemeanors or violations shall not be disclosed for employment purposes. Law enforcement agencies, courts and individuals and entities in the criminal justice system would still have access to an individual's entire criminal history.

Delaware Government Affairs Team

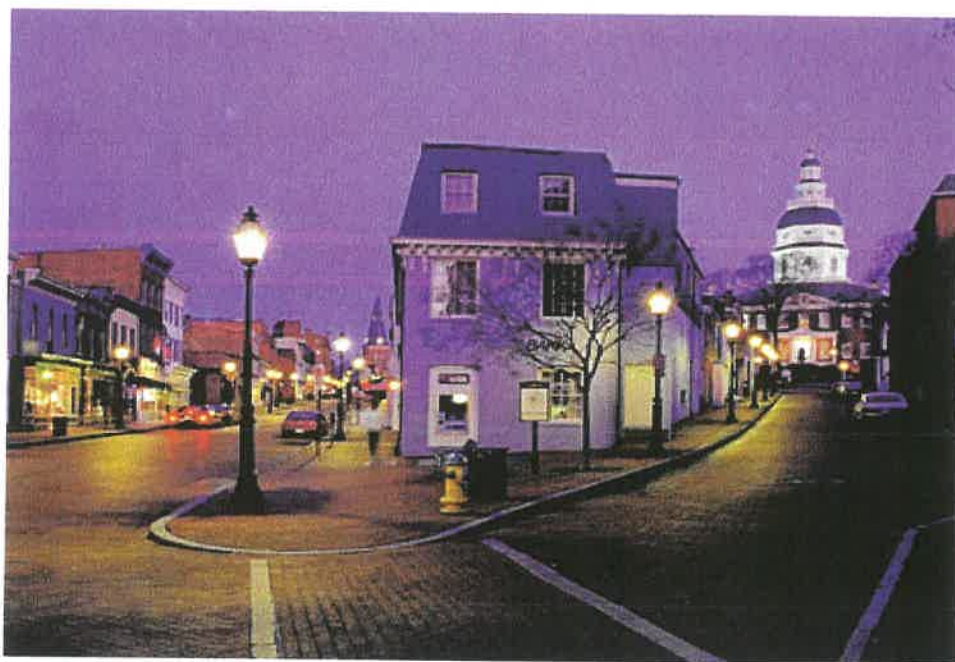
Constituent & Other Activities – Six Month Report January 1-June 30

- **68** constituent issues (as well as numerous other routine inquiries that were dealt with expeditiously and not captured here) were raised by legislators during the period from January to June 2014. The Government Affairs team resolved all issues in a timely manner and communicated outcomes with legislators and their staff.

Below is a summary of the issues resolved from January through June 2014:

2014 Issue	Jan	Feb	March	April	May	June	Total
Billing	2	2	4	1	1	0	10
Reliability /Outages	0	1	1	0	0	0	2
Service Disconnects	3	6	2	1	2	1	15
Streetlights	1	1	2	2	2	0	8
tree trimming	0	1	0	2	0	4	7
Medical certification	0	0	1	1	0	0	2
Other	4	3	4	4	2	3	20
gas service/repairs	0	0	0	1	2	1	4
TOTAL	10	14	14	12	9	9	68

USGO 2014 MARYLAND LEGISLATIVE REPORT



7/14/2014

Marijuana Decriminalization, Minimum Wage and Transgender Equality Grab Headlines While Legislators Consider Legislation Concerning Reliability, Customer Protections, Renewables and Other Utility Matters

Charles L. Washington, Jr.

Pepco Holdings, Inc.

EXECUTIVE SUMMARY



The 2014 Maryland General Assembly session concluded at midnight on the evening of April 7, 2014. During this session, the legislature considered 2,672 bills, including more than 100 proposals that the utilities tracked specifically. While the headlines focused on initiatives to decriminalize marijuana, increase the minimum wage and promote transgender rights, legislators considered a large number of bills concerning smart meters, renewable energy and general utility regulation.

Maryland's utilities enjoyed a successful session to end this four-year legislative term and achieved positive outcomes on its 47 priority bills. For example, the utilities worked closely with lawmakers to pass legislation that began as an amendment to Maryland's reliability legislation in 2011. Under currently law, if the Maryland Public Service Commission (PSC) levies a civil penalty on an electric company for failing to achieve the mandated reliability and service quality standards, those fine dollars are deposited in the state's General Fund. Under successful, 2014 legislation, these dollars will be diverted from the General Fund and invested in eligible reliability measures to improve service quality in the affected service territory, in the future.

During the session, the utilities met with the Maryland Energy Administration, legislators and the PSC to discuss a model to facilitate the creation of "Poultry Litter Energy-Generating Cooperatives" where poultry farms would pool their litter and use anaerobic digestion to generate electricity without creating an unjust subsidy from other utility customers. This legislation topped Governor O'Malley's energy and environmental agenda due to the poultry industry's contribution to the nutrient run-off that pollutes the Chesapeake Bay. However, the utilities and other stakeholders could not reach consensus on appropriate consumer protections, and the legislation failed on Sine Die, the last day of session.

While the utilities worked cooperatively with legislators on several priority issues, there were a number of harmful policies proposed that were inconsistent with utility interests. Accordingly, the companies worried cooperatively and defeated harmful proposals, including 10 anti-smart meter bills and legislation targeting utility rate proceedings, contact voltage, utility-owned streetlights and utility political contributions.

Priority Legislation

KEY LEGISLATIVE BILLS AND OUTCOMES

Passed Legislation

HB 35: Electric Reliability – Priorities and Funding

Outcome: **Passed with Amendments**

Under current law, all fines incurred by electric companies for service quality and reliability violations are diverted to the State's General Fund and are used to cover unspecified expenditures in the budget. **HB 35**, as passed by the General Assembly, will redirect those fines to a newly-created fund administered by the Public Service Commission. The PSC is required to use the funds to make investments that improve customer service and system reliability.

Analysis: The genesis of **HB 35** was an amendment requested during the legislative process for Maryland's reliability legislation in 2011. At that time some argued that reliability fines should not be diverted to the general fund like other civil penalties, but should be invested in projects to improve reliability in the affected utility service area. Ultimately, that amendment failed. This year, **HB 35** was a renewed attempt to require that fine dollars be invested in "eligible reliability measures" in the fined utility's service territory. Maryland's utilities supported this legislation, and it passed successfully, despite some procedural difficulties that resulted from a disagreement between the sponsor and another utility.

SB 1044 / HB 928: Public Service Commission – Competitive Retail Electricity and Gas Supply – Consumer Protection – Report

Outcome: **Passed with Amendments**

This legislation requires the Public Service Commission to submit a report to the General Assembly on the PSC's efforts to provide appropriate protections for consumers in connection with competitive retail electricity and gas supply, including recommendations on how to better protect ratepayers. **SB 1044** and **HB 928** require the PSC to convene a workgroup of interested parties, including electric utilities and retail electricity suppliers, to advise the Commission on the information and recommendations that should be included in the report.

Analysis: **SB 1044** and **HB 928** were introduced in response to constituent complaints to the Vice Chair of the House Economic Matters Committee regarding competitive suppliers' aggressive marketing tactics. While most of Maryland's utilities supported this measure, the Vice Chairman's efforts ensured the passage of **SB 1044** and **HB 928**.

SB 77: Vehicle Laws – Commercial and Farm Vehicles – Safety Inspections and Utility Emergencies

Outcome: **Passed**

SB 77 was drafted to revise certain provisions of the Maryland Vehicle Law to conform to federal laws governing the operation of farm vehicles. The bill also repeals obsolete provisions pertaining to hours of service and reporting requirements for vehicles operated by utility companies during emergencies.

Analysis: Originally, the utilities were concerned that this legislation removed provisions of law that allowed utilities to request waivers for reporting requirements, time limits for operating heavy vehicles and limits on out-of-town vehicle operators during utility emergencies. Utility representatives met with the Maryland Department of Transportation (MDOT) to discuss **SB 77** the reasons the department was seeking these changes in statute. After several discussions, the utilities and the MDOT agreed that federal regulations granted utilities sufficient authority to seek the desired waivers. MDOT agreed to cite those regulations in **SB 77**.

Failed Legislation

SB 521 / HB 1076: Agriculture – Poultry Litter – Energy-Generating Cooperative Program

Outcome: Failed

SB 521 and **HB 1076** would have created a program to facilitate the establishment of energy-generating cooperatives that generate electricity from the anaerobic decomposition of poultry litter. In addition, this legislation would have allowed the monetary value of the electricity generated to be used to offset the cooperative members' electricity costs. As originally drafted, this legislation would have required cooperative members to pay only 25% of the distribution rate for electricity from the generation facility.

Analysis: Maryland's utilities did not achieve uniformity in their positions on this bill. Early in the legislative session some utilities met with MEA, the Senate sponsor and the Senate Finance Committee to negotiate amendments to **SB 521**. Eventually, the Senate passed **SB 521** with amendments that removed the distribution subsidy, limited the rated capacity to 15 MW per utility service territory and 30MW statewide, and imposed a number of other limits on the program. In the House of Delegates, the Economic Matters Committee passed **HB 1076** with an amendment to create a poultry litter energy-generating cooperative study. While utility positions differed on the legislation as introduced, the utilities uniformly opposed a conference committee on the last day of session where three legislators from each chamber would have negotiated the bill in isolation. **SB 521** and **HB 1076** failed on the last day of session, because the Senate and the House could not agree on the legislation without a conference committee.

SB 786 / HB 1192: Electricity – Community Renewable Energy Generating System – Pilot Program

Outcome: Failed

This legislation would have established a three-year pilot program on community renewable energy-generating systems, which generate electricity from biomass, gas produced from the decomposition of waste, and other renewable sources. In order to support and subsidize these renewable energy systems, **SB 786** and **HB 1192** would have allowed program participants to offset 75% of an electric company's kilowatt hour charge for distribution services.

Analysis: Legislation that was substantially similar to **SB 786** and **HB 1192** passed in the District of Columbia, so it was unclear how some Maryland utilities would respond to this legislation. However, as the legislative process proceeded, the legislation's advocates and sponsors seemed unwilling to accept amendments that limited distribution subsidies proposed in the original draft. Accordingly, the utilities lobbied members of the Economic Matters and Finance committees to oppose the legislation. Eventually the House sponsor pushed for a vote in the Economic Matters Committee, and the legislation failed by a vote of 17-5.

SB 880/HB332: Electricity – Consumer Relations – Smart Meters**Outcome: Failed**

SB 880 would have allowed electric utility customers to opt out of receiving a smart meter. If enacted, **HB 332** would have prevented electric companies from charging a customer for refusing the installation of a smart meter, continuing to use an analog meter, or requesting a meter exchange. Unlike **HB 332**, **SB 880** would have required an electric company to charge a customer only for the costs associated with or resulting from administering and maintaining the specific type of meter the customer uses. For example, only customers with smart meters would be charged for the mesh communications infrastructure and the cost of decommissioning legacy meters.

Analysis: Although **SB 880** and **HB 332** differ in their treatment of cost recovery for customers who choose to opt out, the utilities' primary argument against the bills was the same: the PSC has completed a nearly two year process to determine the appropriate fee for customers who opt out. The utilities discussed **SB 880** and **HB 332** and the PSC's action on smart meters with the committees of jurisdiction. While there were several members who were concerned about the political implications of voting against these bills, most agreed that the PSC is best positioned to rule on the opt-out question. The companies addressed specific concerns raised by legislators and made executive witnesses available for a committee work session on smart meter legislation. Despite election year politics these smart meter bills were defeated for the third consecutive year.

SB 280 / HB 331: Electricity – Smart Meter – Disclosure of Usage Data**Outcome: Failed**

SB 280 and **HB 331** would have prohibited an electric company from disclosing smart meter usage data to a third party without written consent, except for billing purposes or to support "customer choice." These bills would have allowed aggrieved customers to file complaints with the Public Service Commission, who would in turn be required to investigate any allegations. The bills also proposed a \$1,000 penalty for each unauthorized disclosure of smart meter usage data.

Analysis: **SB 280** and **HB 331** were substantially similar to legislation introduced during the 2013 General Assembly session. However, the sponsors added language that allowed utilities to share data to support "customer choice." This edit was intended to address particular utility arguments from the 2013 discussion. However, the poorly worded amendment allowed utilities to build a coalition of business organizations like AOBA who were concerned that this legislation would allow utilities to share usage data with competitive suppliers. Coupled with the traditional opposition from utilities, the opposition from AOBA and others helped to defeat this legislation.

SB 979 / HB 729: County and Municipal Street Lighting Investment Act**Outcome: Failed**

SB 979 and **HB 729** represented the seventh consecutive year that a Montgomery County delegate attempted to pass legislation that would allow municipalities purchase streetlights from utilities at little to no cost. This year's legislation sought to amend the Maryland Constitution to change the long-established laws governing payment of fair compensation for property taken by local governments. Under current law, a municipality that seeks to acquire street lights from an electric utility is required to negotiate a fair market value for the property. These bills would have allowed local governments to calculate the value of street lights as the original cost less depreciation, essentially rendering older streetlights worthless.

Analysis: Since legislation similar to **SB 979** and **HB 729** has been before the Economic Matters Committee for seven consecutive years, the utilities and the Committee were prepared. The companies continued to argue the

merits of negotiation and highlighted the negative impact of annual legislation on a municipality's incentive to negotiate in good faith. This legislation failed in the Economic Matters Committee by a vote of 18-2, with three legislators excused.

SB 1013: Public Utilities – Billing for Noncommodity Products and Services – Prohibition

Outcome: Failed

SB 1013, if enacted, would have prohibited a gas company or electric company from billing its customers for a “noncommodity product or services.” The bill, as introduced, defines noncommodity products and services as those that are: (1) not related to gas supply or electricity supply, and (2) offered by a third party that is not an affiliate of the gas company or electric company.

Analysis: As amended at the public hearing to remove the affiliate language from the definition, **SB 1013** was designed to target an utility's ability to bill for services provided by affiliates and third parties. The utilities opposed this legislation and highlighted the unintended consequences the legislation would have on the companies' ability to collect other funds, such as the Prince George's County energy taxes and administer certain EmPower Maryland programs. The utilities worked quickly to secure the votes necessary to defeat this legislation.

HB 78: Public Service Commission – Participant Compensation

Outcome: Failed

If enacted, **HB 78** would have required the Public Service Commission to establish a procedure by which nonprofits and other organizations who intervene in a utility rate proceeding to represent their own interests could receive compensation for their costs, including lawyers' fees and expert witnesses. These costs would have been recovered through Maryland's ratepayers as part of a utility rate case.

Analysis: In 2013, **HB 78's** sponsor introduced identical legislation as part of a package of utility regulation reform initiatives. Immediately after the press conference announcing the 2013 legislation, The utilities began to educate legislators about rate proceedings, generally, and the Office of People's Counsel's obligation to represent residential rate payers in rate proceedings. Shortly after the 2013 public hearing on the measure, the bill failed overwhelmingly. This year, the companies testified against **HB 78** to remind the Economic Matters Committee about the inefficiencies and costs this proposal would add to rate proceedings. Thereafter, the committee voted to reject **HB 78** by a vote of 19-3.

HB 619: Election Law – Campaign Contributions Made by Public Service Companies – Prohibition

Outcome: Failed

This legislation would have prohibited a public service company under the jurisdiction of the Public Service Commission from making a contribution to the campaign finance entity of a candidate for nonfederal public office in Maryland. The prohibitions in **HB 619** would have also applied to any person who owns an interest in a public service company.

Analysis: After speaking with the sponsor about **HB 619**, Maryland utilities opposed this legislation at the public hearing. Shortly after the public hearing, conversations with the committee of jurisdiction indicated that there would be no committee vote on this measure. Accordingly, this legislation failed without a vote in the Ways & Means Committee.

SB 724: Electric Companies – Contact Voltage – Surveys – Revision to The Deanna Camille Green Act of 2012
Outcome: Failed

If enacted, **SB 724** would have required an electric company to conduct contact voltage surveys on each contact voltage risk zone in its service territory on a quarterly basis. Most companies currently performs these studies annually, or as established in our contact voltage survey plans. In addition, **SB 724** would have required electric companies to use testing equipment capable of detecting one volt, as opposed to the 6-volt minimum required under current law.

Analysis: The utilities reminded members of the Senate Finance Committee that the General Assembly enacted contact voltage legislation in a recent session and questioned the motives behind amending the statute before the first contact voltage reports were filed. Ultimately, the sponsor chose to withdraw **SB 574**.

SB 677 / HB 911: Public Safety – Highway Work Zones – Off-Duty Law Enforcement Officers Required
Outcome: Failed

This legislation would have required a contractor or anyone establishing a “highway work zone” to retain the services of an off-duty law enforcement officer to monitor and assist in traffic control and enforcement. **SB 677** and **HB 911** would have applied in situations where: (1) workers are present, (2) one or more travel lanes are closed, and (3) the speed limit in the work zone is at least 40 miles per hour.

Analysis: The utilities approached the Senate sponsor to discuss the potential for **SB 677** to delay and complicate essential restoration and reliability efforts throughout our footprint. The Senator agreed that this legislation should not apply to utilities and drafted an amendment to exempt utilities from the requirement. However, other parties argued that this proposal from the police unions would greatly increase the price of construction in the state. Based on these arguments, the legislation failed to achieve a favorable committee vote.

SB 894 / HB 1115: Change in Electricity Supply – Written Permission Required
Outcome: Failed

This legislation would have required an electric company or governmental agency to obtain written permission before: (1) making any change to a customer’s electricity supplier, or (2) adding a new charge for a new or existing service or option.

Analysis: **SB 894** and **HB 1115** were introduced in response to constituent concerns about competitive suppliers’ alleged aggressive and dishonest marketing tactics. At the same time, the Vice Chairman of Economic Matters received a separate but similar constituent concern. The Vice Chairman expressed his intent to introduce legislation to require the PSC to review its consumer protection laws related to enrolling customers with competitive suppliers. That legislation became **SB 1044** and **HB 928**. These bills preempted **SB 894** and **HB 1115** and successfully passed the General Assembly.

SB 156 / HB 1249: Public Utilities – Renewable Energy Portfolio Standard – Hydrokinetic Turbines
Outcome: Failed

This legislation would have created a carve-out for energy derived from hydrokinetic turbines in the state’s Renewable Energy Portfolio Standard (RPS) beginning in 2022. In this legislation, a hydrokinetic was defined as

a turbine that harnesses energy from ocean currents, ocean tides, or ocean waves. Beginning in 2022, **SB 156** and **HB 1249**, as amended at the public hearings, would have required at least 0.005% of the State's electricity supply must come from hydrokinetic turbines.

Analysis: Shortly after the introduction of **SB 156**, Maryland's utilities expressed concerns about the wisdom of establishing a carve-out for a technology that the Maryland Energy Administration described as "in the R&D phase." Eventually, the sponsor offered an amendment that removed the carve-out, although electricity generated from ocean currents, tides and waves was already eligible for the RPS. The committees of jurisdiction chose not to pass the legislation, since it would have no practical effect.

SB 530 / HB 931: Renewable Energy Portfolio Standard – Thermal Energy

Outcome: Failed

SB 530 and **HB 931** attempted to modify the state's RPS by adding two tiers of thermal energy sources, including geothermal heating and cooling, animal manure biomass, and woody biomass. The legislation would have also established thermal renewable energy credits (TREC) and incorporated the new thermal energy sources and credits into the existing RPS.

Analysis: Maryland's utilities did not take an active role on most RPS bills. However, some utilities reminded key legislators that the RPS has been adjusted every year since its creation, and that such adjustments create an uncertain environment for any party who is considering substantial renewable energy investments in Maryland.

SB 733 / HB 1149: Public Utilities – Renewable Energy Portfolio Standards

Outcome: Failed

This legislation sought to increase the annual percentage requirements mandated in the state's RPS, particularly with regard to solar energy. Current law requires 20% of Maryland's energy to come from Tier 1 renewable sources, including at least 2% from solar energy, by 2022. **SB 733** and **HB 1149** would have altered the RPS to require 40% from Tier 1 renewable sources, including at least 4% from solar energy, by 2025.

Analysis: Maryland's utilities did not take an active role on most RPS bills. However, some utilities reminded key legislators that the RPS has been adjusted every year since its creation, and that such adjustments create an uncertain environment for any party who is considering substantial renewable energy investments in Maryland.

SB 734 / HB 747: Renewable Energy Portfolio Standard – Qualifying Biomass

Outcome: Failed

SB 734 and **HB 747** would have altered the definition of a "Tier 1 renewable resource" in the state's RPS. Specifically, this legislation would have limited the eligibility of energy produced from black liquor unless specified conditions regarding operation date and efficiency are met. The proposed conditions essentially exempted a single Maryland producer who would continue to participate in the RPS.

Analysis: Maryland's utilities did not take an active role on most RPS bills. However, some utilities reminded key legislators that the RPS has been adjusted every year since its creation, and that such adjustments create an uncertain environment for any party who is considering substantial renewable energy investments in Maryland.

Rules Committee Legislation

The following bills were introduced after a procedural deadline that requires late bills to be reviewed by a “rules committee” in the Maryland Senate or House of Delegates before being rereferred to a standing committee. Now that these bills have been drafted, they are unlikely to be introduced after the deadline in future sessions. Accordingly, the utilities should expect to see these bills again.

SB 1021: Net Energy Metering – Industrial Combined Heat and Power

Outcome: Failed

This legislation would have expanded the statutory definition of “eligible customer-generator” for the purposes of net energy metering. **SB 1021** proposed to include industrial combined heat and power, which the bill defines as “the simultaneous or sequential production of useful thermal energy and mechanical power not exceeding 2 MW for export from a large food manufacturing plant that: (I) was in existence before January 1, 2014; (II) operates an active bulk maritime terminal; and (III) achieves at least 70% energy efficiency.” This legislation was introduced at the request of Domino Sugar.

HB 1480: Electricity – Smart Meter Installation Charges – Residential Rental Property

Outcome: Failed

This legislation would have prohibited an electric company from charging a tenant for the installation of a smart meter on residential rental property leased by the tenant.

HB 1481: Electricity – Smart Meter Installation – Consent Requirement

Outcome: Failed

HB 1481, if enacted, would have prohibited an electric company from installing a smart meter on the exterior of any building without the written consent of the owner of the building, or, if the building is rented, the tenant.

HB 1482: Electricity – Customer Billing – Smart Meter Installation and Maintenance Costs

Outcome: Failed

HB 1482 would have require an electric company to disclose to its customers the costs associated with the installation and maintenance of smart meters. In addition, **HB 1482** would have prohibited an electric company from (1) billing a customer for any smart meter installation or maintenance charges that were not disclosed prior to installation, or (2) charging a customer more for the installation and maintenance of a smart meter than the company charges for an analog meter.

HB 1484: Electricity – Exterior Smart Meters – Replacement

Outcome: Failed

This legislation would have allowed an electric customer to request the removal of a smart meter and reinstallation of an analog meter any time within three years after an electric company installed a smart meter on

the exterior of the customer's premises. **HB 1484** would have require an electric company to promptly comply with such requests, at no cost to the customer.

HB 1485: Electricity – Smart Meter Installation – Disclosure and Consent Requirements

Outcome: Failed

HB 1485 would have required an electric company (1) to obtain explicit written permission from customers before installing a smart meter, (2) to provide written notice of the deployment of smart meters to each customer in the affected portion of its service territory, and (3) to disclose to customers the costs associated with the installation and maintenance of smart meters.

HB 1486: Electricity – Interior Smart Meters – Replacement

Outcome: Failed

This legislation would have allowed an electric customer to request the removal of the smart meter and reinstallation of an analog meter any time within three years after an electric company installs a smart meter on the interior of the customer's premises. **HB 1484** would have required an electric company to promptly comply with such requests, at no cost to the customer.

HB 1518: Electric Companies – Notices Left at Customer Premises – Option to Decline

Outcome: Failed

If enacted, this legislation would have require an electric company to mail annual written notices to its customers, explaining under what circumstances the company may leave a notice at the customer's front door. **HB 1518** would have required these written notices to contain a postage paid return envelope, allowing the customer to decline to receive notices at their door.

The State of Maryland Legislative Process (How a Bill Becomes Law)

In General

The General Assembly consists of 47 Senators and 141 Delegates. The Senate of Maryland is presided over by the President of the Senate and currently is organized into four primary standing committees. The House of Delegates is presided over by the Speaker of the House and currently is organized into six primary standing committees. Note that the rules of the House and Senate specify additional standing committees, including the Senate Rules Committee and the House Rules and Executive Nominations Committee, to which bills occasionally are assigned.

Each bill introduced into the General Assembly must be sponsored by a member of the General Assembly and assigned to a standing committee. A bill sponsored by a Delegate is initially presented in the House of Delegates, and a bill sponsored by a Senator is initially presented in the Senate of Maryland. The place where a bill is initially presented is referred to as the bill's "house of origin."

House of Origin

First Reading

When the House or Senate convenes, the reading clerk reads the bill number, title, and committee assignment of each bill introduced into that day's proceedings. This is the first of three readings given the bill in the house of origin, as required by Article III, § 27 of the Maryland Constitution.

At this time, the officially introduced typed copy is printed by the legislative print shop. This printing of a bill is the first of several possible printings and is known by its technical name, the "first reading file bill" or "first reader."

Second Reading

The next step in the passage of a bill is second reading and floor consideration. A first reading file bill is reported to the floor of the house of origin by the committee to which it was assigned. The report may be favorable,

unfavorable, or with no recommendation. If favorable, it may be with or without committee amendments. If there are committee amendments, they are presented and considered at this time. The members of the house of origin may vote that the committee amendments be adopted or rejected, either in whole or in part. Following action on the committee amendments, the bill and the committee amendments are open to amendment from individual members on the floor. When the floor amendments have been voted on and no more are offered, the bill is ordered printed for third reading. All of this activity, which may occur over the course of several days, comprises the second reading of the bill.

Committee Reprints

On occasion, after a bill is assigned to a committee, the committee may propose extensive amendments to it and then want to see how the bill would appear with the amendments incorporated into it. In this case, the committee chair, with the approval of the presiding officer, orders the bill reprinted with the proposed committee amendments. These bills are identified by the words "Committee Reprint" printed at the top of the first page of the bill. Generally, committee reprints are prepared using a different color of paper to further distinguish them from other bills. With the exception of the operating and capital budget bills considered on second reading and committee reprints of House bills being considered in the House of Delegates, a "Committee Reprint" is for working purposes only and has no official status as a bill. Unless the Committee Reprint has official bill status, amendments may not be drafted to it.

Third Reading

After a bill has been ordered printed for third reading, it is brought back to the Department of Legislative Services for the insertion of any adopted amendments and is reprinted. This printing, referred to as a "third reading file bill" or "third reader," incorporates any amendments adopted by the house of origin. A "third reading file bill" will indicate, just below the sponsor and committee assignment information at the top of the bill, the committee and floor action taken on the bill. The bill is then returned to the house of origin on another "legislative" day, placed on the third reading calendar, and a vote is taken simply to pass or reject the bill. (Late in the session, the rules may be suspended to permit a third reading vote immediately after the second reading vote.) No amendments may be presented at this stage and, in order to pass, the bill must receive the affirmative vote of a majority (or three-fifths for an emergency measure or a proposed Constitutional amendment) of the elected membership. This vote constitutes the

third reading of the bill. If the bill passes on third reading, it is sent to the opposite house.

Bill As Printed for Third Reading

On occasion, a bill that has been printed for third reading will be removed from the third reading calendar by the appropriate motion and placed on the second reading calendar so that additional amendments may be considered. The "third reading file bill" that had been printed for consideration on the third reading calendar is still the printing before the body. However, since the bill now has been removed from the third reading calendar, it cannot be referred to as the "third reading file bill." Instead, it is given the technical name, the "bill as printed for third reading." If the proposed amendments are adopted, the bill must be reprinted incorporating the adopted amendments, and again placed on the third reading calendar for a final vote. If the amendments are rejected, then the "bill as printed for third reading" again becomes the "third reading file bill" and is placed back on the third reading calendar. If the bill passes on third reading, it is sent to the opposite house.

Opposite House

First Reading

When the "third reading file bill" arrives in the opposite house, it receives three readings just as in the house of origin, again as required by the Maryland Constitution. However, on all of its readings in the opposite house, the bill considered is the "third reading file bill" which retains the bill number assigned to it in the house of origin. The "third reading file bill" is assigned to a standing committee in the opposite house by the presiding officer. The reading clerk then reads the bill number, title of the bill, and its committee assignment.

Second Reading

When the "third reading file bill" has been considered by the committee to which it was assigned, it is placed on the second reading calendar and reported in the same manner as in the house of origin. Unlike the house of origin, the opposite house may amend the "third reading file bill" on both its second and third readings.

Third Reading

When the committee amendments, if any, and the floor amendments, if any, have been considered, the "third reading file bill" with its amendments is placed on the third reading calendar and adopted or rejected as in the house of origin. As a rule, because of time limitations, there is no reprinting of the "third reading file bill" in the opposite house for the consideration of the members on the third reading vote. (Late in the session, the rules may be suspended to permit a third reading vote immediately after the second reading vote.)

If no amendments are adopted by the opposite house, the "third reading file bill," after being passed in the opposite house, is sent to the Governor for approval or veto.

Concurrence Votes and Conference Committees

If the opposite house adopts amendments to the "third reading file bill," the bill must be returned to the house of origin for the sole purpose of permitting that house to accept or reject the amendments appended to the bill by the opposite house. If the house of origin refuses to accept or concur in the amendments of the opposite house and the opposite house refuses to recede from its insistence that the amendments be made, a conference committee composed of three members from each house may be appointed by the presiding officers. The conference committee meets and attempts to resolve the differences and reach a compromise. It makes recommendations concerning the adoption or rejection of amendments adopted in the opposite house, and may suggest further conference committee amendments necessary to make the bill acceptable to both houses. If the conference committee resolves the differences, it issues a conference committee report incorporating its recommendations. The conference committee report may not be amended by either house. If the conference committee report is adopted by both houses, the bill is passed, reprinted if necessary to incorporate any adopted conference committee amendments, and sent to the Governor. If a conference committee is not appointed, or if the report of the conference committee is not adopted, the bill fails.

Enrollment and Recall

The bill sent to the Governor must reflect the amendments adopted by both the Senate and the House of Delegates. Therefore, a printing of the bill is prepared that incorporates the amendments attached by both houses. This printing of the bill is known as the "enrolled bill." On rare occasions, a bill passed by the General Assembly and sent to the Governor will be recalled from the Governor's desk in

order to consider further amendments. In these instances, if the “enrolled bill” is recalled and amendments to it are adopted, it is reprinted to incorporate these amendments and becomes known as the “re-enrolled bill.” The “re-enrolled bill” is then sent to the Governor.

Special Sessions

Under Article II, § 16 of the Maryland Constitution, the Governor may convene a special session of the General Assembly “on extraordinary occasions.” A special session convened by proclamation of the Governor is limited to 30 days and cannot be extended (Maryland Constitution, Article III, § 15(1)). A proclamation by the Governor of a special session for a particular reason cannot limit the subject matter of legislation introduced at the special session, and bills on any subject may be requested, introduced, and considered by the General Assembly. However, recent practice has been to refer any legislation not related to the reason for the special session to the rules committee of each house of the General Assembly where the legislation typically has died.

Since committee involvement in the enactment of legislation is not mandated by the Maryland Constitution, a standing committee may consider and approve legislation referred to the committee either before or after a special session begins.

Special sessions that have been convened in recent years, and the primary topics of each special session, are listed below:

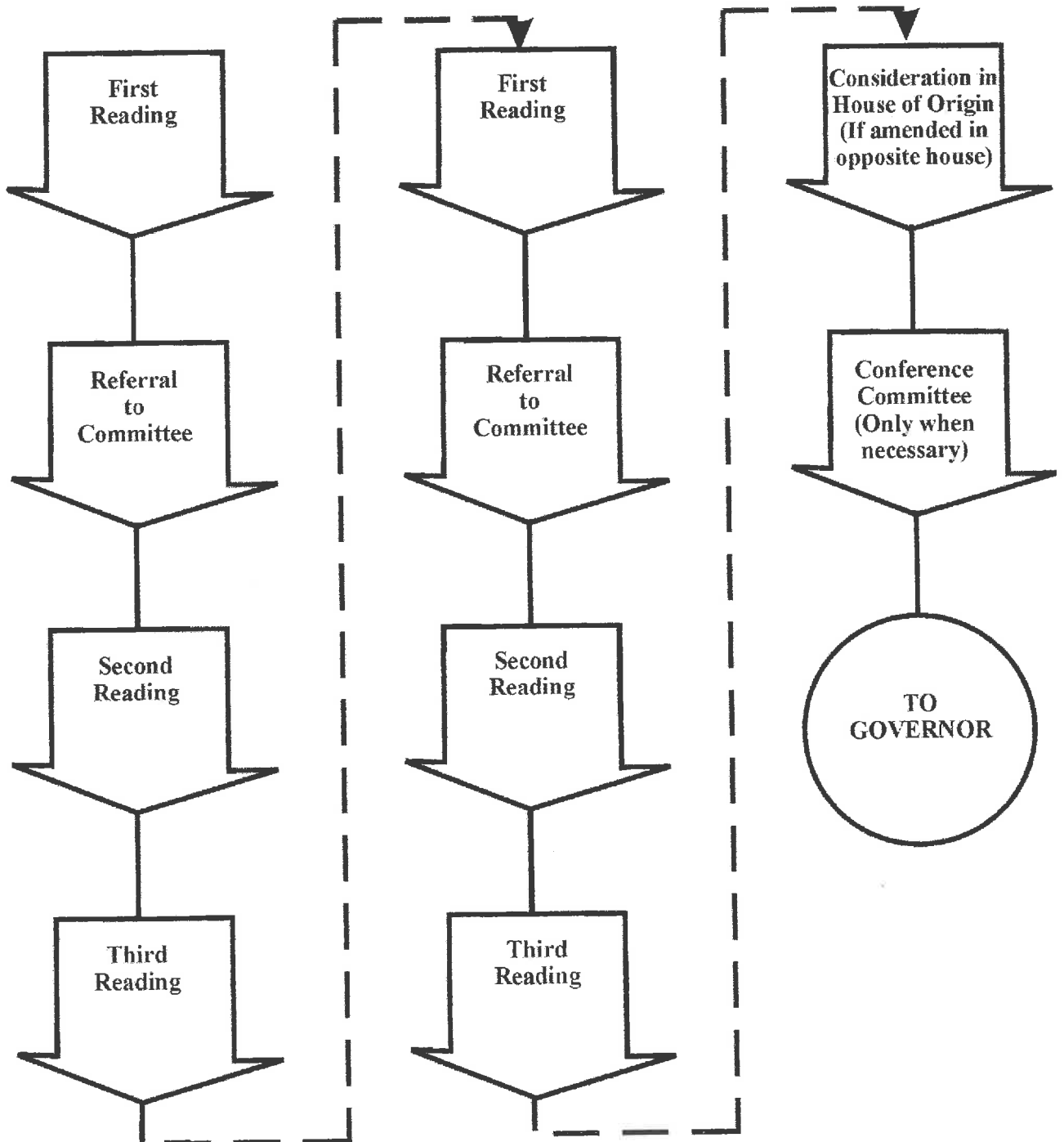
2004	Medical Professional Liability Insurance; Malpractice Actions
2006.....	Sexual Offenders; Electric Industry Restructuring
2007...Tax Reform; Gaming; Transportation Funding; Health Care Coverage	
2011.....	Congressional Redistricting
2012 – First Special Session	Budget Reconciliation; Taxation
2012 – Second Special Session	Gaming Expansion

For a discussion of effective dates for bills introduced during a special session, see p. 138, “Effective Dates for Special Session Legislation.”

LEGISLATIVE PROCESS

HOUSE OF ORIGIN

OPPOSITE HOUSE



New Hampshire Legislative Wrap-up 2014

Overview

June 2014 marked the end of the 2013-2014 Legislative Session and the presumed end of the Democrats controlling the House of Representatives – at least for the next two years. Both the House and Senate members are now back in their districts either in retirement or running for re-election. The Democratic leadership strongly believes the upcoming November elections will hand the leadership of the House back to the Republicans.

This political environment where leadership changes every 2 years has taken its toll on the legislature. Since neither party has been able to claim long term leadership, their decisions have been focused on the next election, rather than stability and certainty in creating law.

Note: Inexpedient to Legislate is a recommendation to kill a bill.

Tabling a bill in 2014 effectively kills it as the session comes to a hard end in June 2014.

PSNH Generation Assets

One bill in particular fell prey to the legislative instability for PSNH/NU.

HB 1602 began as an idea in the summer of 2013 as some legislators saw the chance to force divestiture of PSNH plants in an effort to rid the state of coal generation. The winter energy situation that caused serious volatility in electricity prices caused grave concern by the business community which forced the some legislators to focus on business and economic issues. HB 1602 then morphed into a bill that requires the PUC to study the economic impacts of PSNH owning generation and allows the PUC to decide the future of the plants without legislative input.

Status: The bill passed both houses with a non-germane amendment that makes siting wind energy facilities more difficult. The PUC must open a docket to examine the economic interest to customers of PSNH ownership on or before 1/1/15.

Northern Pass Related Bills

During 2013 and 2014, there were numerous attempts by the through both House and Senate bills to stop or slow down the Northern Pass project which were all killed, amended in a manner that mitigated the bill, or tabled. Five of these bills were held by the House Science, Technology and Energy (STE) for work over the summer and fall of 2013 with final dispensation during the 2014 session. This caused media attention to the attempts to thwart the project non-stop from January 2013 through June of 2014.

HB 166 requiring the PUC to make specific findings as to the public need for proposed transmission lines.

Status: The bill was voted inexpedient to legislate by the STE committee and finally killed by the full House on January 8, 2014.

HB 568 requiring new electric transmission lines be buried.

Status: STE Committee voted inexpedient to legislate and finally killed by the full House on January 8, 2014.

HB 569 requiring that the Site Evaluation Committee review elective transmission projects with a preference for burial.

Status: The bill was passed by the STE Committee, then by the full House and sent to the Senate where the Senate where the full Senate finally tabled the bill which killed it when the legislature adjourned.

HB 586 placing a one-year moratorium on applications for certificates for siting electric transmission lines.

Status: The STE committee voted inexpedient to legislate followed by the full House where it was killed on January 29, 2014.

HB 449 requiring the site evaluation committee consider input from local planning boards or governing bodies before issuing a certificate.

Status: The STE committee voted inexpedient to legislate followed by the full House where it was killed on January 8, 2014.

SB 200 making mandatory the use of transportation corridors for the siting of electric and gas transmission lines.

Status: The bill was tabled in the Senate which killed the bill when the legislature adjourned.

SB 245 restructuring the site evaluation committee by having fewer members and adding 2 public members and a full time administrator. The bill does not solve the issue of how to fund this now new agency but requires the legislature to act upon a new funding plan during January, 2015.

Status: The bill passed both bodies officially after intensive input from stakeholders, including Northern Pass.

HB 1456 relative to the issuance of certificate for energy facilities by the site evaluation. If passed, this bill would have required the site evaluation committee to make a finding relative to the concerns of a municipality, regional agencies and adverse impacts locally and regionally before granting a certificate.

Status: This bill was voted inexpedient to legislate by the House STE committee followed by the full House killing the bill on March 12, 2014.

HB 1352 establishing a committee to explore public-private partnerships to coordinate energy transmission corridors with rapid transit.

Status: The House voted to kill the bill on 3/26/14

Other Critical Bills Impacting PSNH/NU

Energy Efficiency

HB 1129 requiring the development of an energy efficiency implementation plan. PSNH did not oppose this bill because it requires the development of a plan for monitoring and measuring low cost energy efficiency programs in the state. The plan must be provided to the legislature for further consideration of future legislation to enact any recommendations.

Status: The bill was passed by both Houses.

SB 268 relative to the funding of certain energy efficiency programs. The original intent of the bill was to allow third party providers access to RGGI funding for energy efficiency programs with no criteria for allowing those parties access to the dollars and no oversight over how the funds are used. After intense negotiations, the final bill allows access to third parties, but only after applying the same criteria and review that the utilities enjoy at the PUC. This now creates a level playing field for the utilities.

Status: The bill went to a committee of conference after which the changes were accepted by both Houses. The bill was passed.

Environmental

HB 1192 eliminating the cap on the price customers can pay for the compliance with the regional greenhouse gas initiative (RGGI). PSNH did not take a position on the bill, but provided technical information on the impacts to customers' rates.

Status: The House STE Committee voted inexpedient to legislate followed by the full House killing the bill on March 25, 2014.

HB 1443 relative to renewable portfolio standards. If passed, this bill would have allowed utilities to comply with the RPS using any renewable energy certificates available, not just those specific to a class. This would have reduced the compliance costs to all utilities to meet the requirements of the RPS. PSNH did not take a position on the bill, but provided technical information to help the legislative discussion.

Status: The House STE committee voted inexpedient to legislate, followed by the full House killing the bill on February 19, 2014.

HB 1600 relative to the reporting of energy production for net metering. The bill was supported by PSNH because it streamlined the process of recording energy production for net metering customers.

Status: The bill passed both Houses.

PUC related

HB 1181 allowing the electric utilities to charge competitive suppliers using the utilities billing systems actual cost of providing those services or market price, whichever is higher. PSNH supported this bill.

Status: the House STE Committee voted the bill inexpedient to legislate followed by the full House killing the bill on March 25, 2014.

HB 1384 requiring the PUC to reach a decision in a rehearing within 30 days. PSNH remained neutral in this discussion.

Status: The bill passed both Houses and has been signed by the Governor.

HB 1385 relative to changes and additions to energy facilities. If passed, this bill would have granted authority to the site evaluation committee to review additions or changes to any energy facility based on the cost of the changes instead of the impact on the generation or transmission of energy. PSNH/NU opposed this bill.

Status: The House STE committee and the full House passed this bill, but the Senate killed the bill on May 15, 2014.

HB 1540 relative to least cost integrated resource plans filed by an electric utility. PSNH remained neutral on this bill but provided much input into the final provision of the language.

Status: The bill Passed both Houses.

SB 324 relative to the assessment of public utilities and other suppliers to fund the expenses of the PUC. PSNH supported this bill which now allows the PUC to assess other suppliers to a greater extent than currently in order to fill a funding gap at the PUC. It allowed PSNH's assessments to be less than they would otherwise be and also allows some of PSNH's assessments to flow through the distribution rate instead of the energy service rate as is done currently.

Status: The bill was passed by both Houses.

Taxes

HB 1310 allowing towns and cities to terminate the application of the property tax exemption for water and air pollution control facilities within the town or city. PSNH opposed this bill because if passed it would have added tens of millions of dollars of costs to the operation of the scrubber at Merrimack Station.

Status: The House Municipal and County Committee voted inexpedient to legislate followed by the full House killing the bill on March 12, 2014.

HB 1311 relative to the exemption period for the property tax exemption for water and air pollution control facilities. PSNH opposed this bill because it shortened the period during which Merrimack Station could receive a property tax credit for the installation of the scrubber as a pollution control device. This would have added millions of dollars of costs to the operation of the scrubber at the station.

Status: The House Municipal and County Committee voted inexpedient to legislate followed by the full House killing the bill on March 19, 2014.

Miscellaneous

HB 1380 establishing a citizen appeal panel. If passed, this bill would have created a panel of citizens to which a party in a judicial determination can bring an appeal.

Status: The House Judiciary voted inexpedient to legislate followed by the full House killing the bill on February 6, 2014.

Legislation that PSNH/NU followed by monitoring and/or participated in keeping from reaching a higher level of impact for the company – all the following bills are in a form acceptable to the company:

Environment

HB 1467 relative to large groundwater withdrawal permits

Status: The House voted to kill the bill on 3/25/14

HB 1100 establishing a committee to study the ownership by public entities of land for conservation purposes

Status: The House voted to kill the bill on 3/26/14

HB 1254 establishing a committee to study and propose a recodification of certain environment-related statutes

Status: The House voted to kill on 3/5/14

HB 1258 relative to fill and dredge permitting applications

Status: Both bodies passed the bill

HB 1383 relative to municipal monitoring of large groundwater withdrawals

Status: Both bodies passed the bill

HB 1554 relative to notice of water release from dams

Status: The House voted to kill on 2/19/14

SB 252 relative to the management of hazardous waste

Status: The bill was tabled in the Senate on 2/19/14 and never removed. The bill is officially dead.

HB 1455 relative to the authority of municipalities to enter into agreements for payments in lieu of taxes.

Status: The House voted to kill the bill on 2/6/14

HB 1549 relative to assessment of renewable generation facility property subject to a voluntary payment in lieu of taxes agreement.

Status: Both bodies passed the bill

HB 1608 relative to hydraulic fracturing

Status: The House voted to kill on 3/12/14

Taxes

HB 1471 relative to the proration of payments in lieu of taxes for renewable generation facilities among school districts

Status: The House voted to kill the bill on 3/19/14

HB 1112 making technical corrections to the standard valuation law

Status: Both bodies passed the bill and the Governor signed on 6/11/14

SB 386 relative to the authority and duties of the department of revenue administration

Status: The bill was passed by both bodies

SB 304 relative to the valuation of property for purposes of agreements for payments in lieu of taxes

Status: The Senate killed the bill on 2/13/14

Miscellaneous

HB 1454 relative to increases in fees using rulemaking authority

Status: The House voted to kill the bill on 3/5/14

HB 1439 relative to the attorney general's authority in investigation combinations and monopolies

Status: Both bodies passed the bill

HB 1153 allowing public bodies or agencies to require a deposit for right-to-know requests

Status: The House voted to kill on 3/5/14

HB 1166 relative to fines imposed on corporations for criminal activity
Status: The House referred for Interim Study (the bill is dead) on 2/12/14

HB 1189 relative to temporary worker rights
Status: The house referred for Interim Study (the bill is dead) on 3/25/14

HB 1416 establishing an economic development plan and process for the division of economic development
Status: Both bodies passed the bill

HB 1449 including the writing, promoting or distributing of model legislation to elected officials as lobbying and requiring disclosure of scholarship funds, money, or other financial support received from such lobbyists by elected officials.
Status: The house referred for Interim Study (the bill is dead) on 5/20/14

HB 1480 relative to objections to proposed agency administrative rules by standing committees of the general court
Status: The House voted to kill the bill on 3/19/14

HB 1481 relative to information submitted to a committee of the general court
Status: The House voted to kill on 2/19/14

HB 1552 establishing a commission to study cyber security for critical state infrastructure
Status: The House voted to kill on 3/12/14

HB 1590 relative to the valuation of the Granite Reliable Power project in Coos County
Status: Both bodies voted to pass the bill – Governor unsure of her position

SB 239 relative to the statewide emergency notification system
Status: Both bodies passed the bill

SB 241 establishing the division of economic development fund
Status: Both bodies passed the bill

SB 281 relative to the siting of wind turbines
Status: The bill passed as an amendment to HB 1602 (divestiture).

Pennsylvania Legislative and Regulatory Action

Utility Collections and Terminations

In 2004, the Pennsylvania General Assembly passed the Responsible Utility Consumer Protection Act, which established processes for electric, gas and water utilities to follow with regard to entering into payment arrangements with customers and providing adequate notice before terminating service. The law sunsets in December 2014.

House Bill 939 (Representative Bob Godshall) – House Bill 939 adds wastewater to the list of utilities that are covered by the act, and makes a series of changes to the law sought by consumer advocates and the PA Public Utility Commission (PUC). An industry coalition worked with those stakeholders on the compromise amendment language. The bill passed the House in June 2013 and is now in the Senate Consumer Protection and Professional Licensure Committee.

House Bill 1047 (Representative Bob Godshall) – House Bill 1047 would reauthorize the act and makes its provisions permanent. This bill passed the House in June 2013 and is now in the Senate Consumer Protection and Professional Licensure Committee.

Safety of Utility Workers/Protection of Services

House Bill 437 (Representative Dom Costa) – Amends Pennsylvania's aggravated assault statute under the Pennsylvania Crimes Code to add crossing guards, volunteer firefighters, special fire police, and public utility employees or an employee of an electric cooperative to the list of groups covered by the statute. House Bill 437 is currently in the House Judiciary Committee.

House Bill 1246 (Representative Jerry Stern) – Amends Pennsylvania's Vehicle Code to include utility line crews under the definition of "emergency responders" during declared disaster emergencies. Including utility line crews under this definition provides specific protections to crews working on or along roadways during an emergency. House Bill 1246 passed the House of Representatives in February 2014, was reported out of the Senate Transportation Committee and is awaiting consideration by the full Senate.

Variable Rates

Due to the polar vortexes in early January, Pennsylvania electric customers that switched to a competitive supplier and signed up for a variable rate product experienced a doubling and even tripling of their monthly electric bill in February and March. As a result, legislation was introduced in the General Assembly and the PUC proposed regulations to address the issue.

House Bill 2104 (Representative Bob Godshall) – This bill amends Pennsylvania's Public Utility Code to require that specific information be contained in all EGS contracts and that the information is provided in an easily readable and understandable manner. House Bill 2104 places a 30% cap on variable rates offered to residential and small commercial customers and prohibits cancellation and early termination fees for variable rate contracts. The bill requires the posting of current and historic rates on the PUC's

PA Power Switch website. The bill also requires electric distribution companies (EDCs) to modify their billing systems to reduce the time period for customers to switch from one EGS to another or from an EGS back to their EDC. House Bill 2104 requires EDCs to modify their systems to allow for customers to switch within 5 business days. The bill provides for full and current cost recovery of reasonable costs associated with modifications made to accommodate a faster switching time. House Bill 2104 was voted out of the House Consumer Affairs Committee on April 30. The bill awaits further consideration by the House of Representatives.

PUC Regulations – The PUC issued two sets of final form regulations in April that (1) require disclosure requirements by EGSs and (2) accelerated switching by EDCs. The disclosure regulations require EGSs to provide electric shopping customers with greater, uniform detail in EGS disclosure statements and more timely information on “contract renewal” and “change in terms” notices. EGSs are required to display key contractual terms and conditions more prominently, especially for customers on variable-priced products, provide historical pricing data on their products and post prominently customer notices prior to contract expiration or changes in terms. The accelerated switching regulations require EDCs to accelerate switching time frames through off-cycle meter readings that will allow customers to switch suppliers within three business days of the EDC being notified of a request for a switch. EDCs are required to implement the changes within six months of the new regulations becoming final. The regulations were subject to approval by the Independent Regulatory Review Commission (IRRC). IRRC approved both sets of regulations on May 22.

Alternative Energy Portfolio Standards

House Bill 100 (Representative Greg Vitali) – This bill amends Pennsylvania’s Alternative Energy Portfolio Standards Act to increase minimum solar alternative energy portfolio standards from 0.5% by 2020 to 1.5% by 2023. The bill also stipulates that all solar photovoltaic technology registered after the effective date of the act shall directly deliver the electricity it generates to the distribution system operated by an EDC operating within Pennsylvania and currently obligated to meet the compliance requirements under the act. The bill is currently in the House Environmental Resources and Energy Committee.

Coal Plant Closures

House Bill 2030 (Representative Pam Snyder) and Senate Bill 1273 (Senator Tim Solobay) – Creates the Coal Fired Electric Generation Deactivation Commission. The Commission will be charged with reviewing and investigating the potentially adverse impacts on the economy, electric reliability and the environment associated with the deactivation of coal fire electric generation power plants operating in Pennsylvania. The Commission, after providing an opportunity for state and local government officials, affected employees, business owners and other stakeholders to participate in the public hearing process, would be required to render final decisions concerning the deactivation, cleanup and remediation of coal fire electric generation power plants statewide. House Bill 2030 is currently in the House Consumer Affairs Committee. Senate Bill 1273 is currently in the Senate Consumer Protection and Professional Licensure Committee.

Response to EPA Action

House Bill 1699 (Representative Chris Ross) – The EPA issued a ruling in January 2013 on the National Emissions Standards for Hazardous Air Pollutants for Reciprocating Internal Combustion Engines (RICE NESHAPS), which allowed small diesel fired generators to run up to 100 hours per year without pollution controls. House Bill 1699 addresses the loophole in the RICE NESHAPS regulations that allow diesel demand response (DR) generators to participate in the wholesale capacity market without installing proper pollution control requirements on their systems. The bill imposes registration and reporting requirements on diesel DR generators operating within Pennsylvania. The bill also requires the state Department of Environmental Protection (DEP) to perform an air quality study on the impact diesel DR generators have on the environment. The House of Representatives passed House Bill 1699 on June 16. The bill is currently in the Senate Environmental Resources and Energy Committee.

House Resolution 815 (Representative Pam Snyder) – A resolution urging the EPA to rely on state regulators when developing the guidelines for the regulation of carbon dioxide emissions from existing power plants. The resolution would ask the EPA to allow state regulators to develop performance standards for carbon dioxide emissions that take into account the unique policies, energy needs, resource mix and economic priorities of Pennsylvania and other states. House Resolution 815 was adopted by the House on June 24.

House Bill 2354 (Representative Pam Snyder) – Creates the Greenhouse Gas Regulation Implementation Act and requires DEP to develop a state plan as required by the EPA's greenhouse gas emissions regulations. DEP would be required to submit the plan to both chambers of the PA General Assembly for approval through a concurrent resolution process prior to submittal with the EPA. House Bill 2354 requires DEP to hold public hearings and take into account a number of considerations when developing the plan, which include: how best to avoid stranded investments in existing power plants, importance and necessity of having a diverse generation fleet to ensure electric reliability and that components of the plan must be based on a least cost compliance approach to shield customers from increases in the cost of electricity. The House Environmental Resources and Energy Committee is approved the bill on June 25.

Nuclear/Emergency Response

Senate Bill 35 (Senator Lisa Baker) – Amends Pennsylvania's Title 35, the Emergency Management Services Code to incorporate two decades worth of improvements to the state, regional, county and municipal emergency response network, fueled by the events of September 11, 2001, Hurricanes Katrina and Irene, and major snowstorms that hit Pennsylvania over that last ten years. Senate Bill 35 updates state law to correspond with sweeping changes that were made at the federal level post-9/11 to provide a more efficient and effective framework for the state of Pennsylvania and local governments to prepare for and respond to disasters. Changes in this bill include increased coordination and emergency management preparation with nuclear power plants and hydroelectric plants that are located within Pennsylvania.

House Bill 2264 (Representative Ron Miller) and Senate Bill 1355 (Senator Gene Yaw) – In 2007, the PA General Assembly passed Act 31, granting DEP and Pennsylvania Emergency Management Agency (PEMA) the authority to impose fees on nuclear power plants for radiation protection and emergency preparedness. The law requires DEP and PEMA to perform a triennial review of the fees imposed on plants. Both DEP and PEMA performed a review in August 2013 and proposed to the plants that are located in PA a \$100,000 increase in DEP radiation protection fees and a \$75,000 increase in emergency preparedness fees to account for increased employee costs and resources. The proposed increases must be authorized through legislation.

House Bill 2264 provides for the increases proposed by both DEP and PEMA. Senate Bill 1355 provides for the DEP fee increase only. House Bill 2264 passed the House of Representatives on June 11 and awaits consideration by the Senate. Senate Bill 1355 passed the Senate on June 10 and awaits consideration by the House.

Scrap Metal Theft

House Bill 80 (Representative Daryl Metcalfe) and Senate Bill 688 (Senator Mike Waugh) – In 2008, Governor Rendell signed the Scrap Metal Theft Prevention Act, which requires scrap dealers to record transactions of \$100 or more. In order to further strengthen penalties against scrap thieves, Representative Daryl Metcalfe introduced House Bill 80 and Senator Mike Waugh introduced Senate Bill 688. Both bills amend the Pennsylvania Crimes Code to create an offense of theft of secondary metal. Grading of this offense is enhanced when the value of the secondary metal increases. For example, the offense of secondary metal is a misdemeanor of the second degree when the value obtained is less than \$50. The offense becomes a misdemeanor of the first degree if the value of the metal is \$50 but less than \$200. House Bill 80 passed the House of Representatives in June 2013 and is currently in the Senate Judiciary Committee. Senate Bill 688 was passed by the Senate unanimously and reported out of the House Judiciary Committee. Senate Bill 688 currently awaits consideration by the House of Representatives.

Natural Gas Main Extensions

Senate Bill 738 (Senator Gene Yaw) – Ostensibly this bill is designed to promote the extension of distribution mains outside of current service territories. It requires natural gas utilities to file a plan with the PUC demonstrating a three-year plan on how to extend distribution mains, but without any real incentives. The bill provides for criteria that must be contained in the plan, including a ten-year payback for customer contributions. The bill passed the Senate and is currently in the House Environmental Resources and Energy Committee.

Gas Customer Choice

House Bill 1188 (Representative John Payne) – HB 1188 amends Section 1307 of the Public Utility Code with the intention of enhancing natural gas competition in the Commonwealth. The bill eliminates a confusing and asymmetrical interest rate structure, incentivizes accurate rate projections to minimize over and under collections and makes it easier for customers to make an "apples to apples" comparison between the gas supply rates offered by a natural gas distribution company and competitive suppliers.

The bill also eliminates the “migration rider” charged to customers who switch to a competitive supplier, and instead permits a natural gas distribution company, upon approval from the PUC, to include a non-bypassable charge on all customer bills in the event that a large number of customers migrate to competitive suppliers all at once. This will ensure that the costs incurred by the natural gas distribution company to purchase gas supply to meet its projected supplier of last resort obligation is not borne by a small number of non-shopping customers.

Finally, HB 1188 clarifies that a natural gas distribution company may recover all reasonable costs incurred to implement customer choice. This includes necessary operational and billing changes as well as customer education initiatives. This cost recovery is similar to that provided to electric distribution companies to implement the Electric Choice Act and Act 129 of 2008.

One Call Enforcement (Related to Underground Utilities)

The PUC has worked with the PA One Call Board on a proposal that will significantly alter one call enforcement in Pennsylvania. Enforcement authority for proper underground utility identification and related issues will be transferred from the Department of Labor and Industry to the PUC. Bills have been introduced in the House and Senate (House Bill 1607 and Senate Bill 1084). The House Consumer Affairs Committee reported House Bill 1607 out of committee in January. The bill awaits further consideration by the House of Representatives. Senate Bill 1084 is currently in the Senate Consumer Protection and Professional Licensure Committee.

West Virginia General Assembly
Wrap Up
July 10, 2014

- The West Virginia General Assembly got underway on January 8, concluding on March 28, 2014. One of the major issues this session surrounded the chemical spill from Freedom Industries processing plant on the Elk River in West Virginia. In response to this disaster, Governor Tomblin helped push through Senate Bill 373 relating to water resources protection.
 - Senate Bill 373 requires all above ground storage tanks in areas of critical concern be registered with the West Virginia Department of Environmental Protection (WVDEP) and be subject to annual inspections by the WVDEP and independent engineers.
 - This legislation also requires the Bureau for Public Health to engage federal agencies in gathering medical information to assess potential long-term health effects associated with the spill.
 - The bill also requires West Virginia American Water to install an early monitoring system at its Elk River plant and requires all water utilities have a written source water protection plan in place to prepare for emergency situations- specifically the discharge of a contaminant into the water supply.
- The budget was also a primary focus. The fiscal year 2015 state budget included a 7.5 percent reduction in funding across the board for non-exempt state agencies. For the first time ever, the Legislature had to craft a budget with relied on approximately \$147.5 million in funds from the Revenue Shortfall Reserve Fund or rainy day fund.
 - The 2016 State Budget is again expected to be challenging.
- Governor Tomblin has signed House Bill 4283 increasing West Virginia's minimum wage from \$7.25 to \$8.75 by 2016. The bill was passed overwhelmingly.
- The Governor has also signed SB 461, which will create the WVA Future Fund. The proposal provides that 25 percent of oil and natural gas tax revenue over \$175 million would be placed in a long-term investment fund to accumulate interest until 2020.
 - The WV Future Fund is modeled off the North Dakota Legacy Fund which has accumulated over \$1 billion in funds in just three years.
- West Virginia energy companies are studying the EPA 111 (d) proposal. West Virginia's 2030 state goal of 1,620 pounds/megawatt hour is less stringent than Virginia's 810 pounds, but somewhat more stringent than Kentucky's goal.