
INTER

OFFICE

MEMO

Office of the Mayor

To: City Council Members
From: John R. Pick *JRP*
Subject: Legislative Action Request
Date: June 7, 2005

Each year, as a part of the development of its legislative program, the Maryland Municipal League (MML) solicits ideas for legislative initiatives from its member municipalities. The deadline for submission of these requests this year is June 15.

Attached is a copy of the request that the Mayor is recommending to the Council for submission to MML. The issue of electric aggregation for municipalities has been considered before by the General Assembly. If approved this change would be beneficial to all of our residents. This proposal is more fully explained in the attached legislative request.

The Mayor requests that the Council adopt the attached resolution indicating its support.

If you have any questions, please let me know.

cc: Mayor Tilghman
Brenda Colegrove

2006 MML LEGISLATIVE REQUEST

Name of Municipality, Chapter or Department submitting request: City of Salisbury

Contact Person/Title: John R. Pick, City Administrator

Address/City/State/Zip: 125 N. Division Street, Salisbury, Maryland 21801

Telephone numbers: (Work) 410-548-3100 (Home) n/a Email: jpick@ci.salisbury.md.us

Please complete this form in its entirety. Attach additional sheets, if necessary, as well as documents related to your request. **FORM MUST BE RETURNED NO LATER THAN Wednesday, June 15, 2005.**

INTRODUCTION

1. Describe the problem or situation the request is intended to address:

On July 1, 2004, electric deregulation was fully implemented on the Eastern Shore. However, residents on the Eastern Shore are being given no alternative sources from which to purchase electricity. As a result, all residential customers and most business customers on the Eastern Shore are going to be charged "standard offer service" rates. One of the options that was considered, but rejected, when the State of Maryland developed its deregulation scheme was to give municipalities the ability to "aggregate" the demand of all of their residents and businesses and to market that demand to other suppliers. This option should result in all of these customers receiving a lower rate for their electricity. Currently, residential customers do not have the ability to pool their demand for the purposes of negotiating lower rates.

2. Describe the requested legislation:

The requested regulation would allow municipal governments in Maryland to "aggregate" the electric demand of all of their residents and businesses and to purchase electricity at negotiated rates with suppliers through an open market.

3. Describe how the requested legislation would remedy the problem:

The requested legislation would give residents and small businesses the ability to take advantage of deregulated electric rates in accordance with the aims of the deregulation initiative.

4. The proposed legislation would address:

Only your municipality

Only municipalities in your county

Only statewide municipalities

All counties and municipalities in the entire state

5. Would the proposed remedy have a significant fiscal impact on your municipality?

The proposed remedy may or may not have a fiscal impact on our municipality. We are already negotiating rates for our own electric consumption. If we negotiated on behalf of all of our residents and businesses, we may realize even lower rates.

BACKGROUND INFORMATION

1. Could the problem be resolved by something other than a new law, i.e., action by another level of government or changes in administrative procedures?

This problem can only be addressed by giving municipalities the necessary legal authority.

2. If administrative remedies have already been pursued, what were they and what was the outcome?

n/a

3. What other state and/or local agencies, if any, would be affected by this proposal?

No other state or local agencies would be affected by this proposal.

4. Have any state agencies been contacted about the proposal? If yes, what was their reaction?

No other state agencies have been contacted.

HISTORICAL INFORMATION

1. Has the League considered this proposal in a previous year? If yes, describe any significant changes in circumstances that might improve its chances of success in 2005:

The league has considered this proposal before, particularly during the passage of the deregulation legislation, but it has not been successful. Now that deregulation has been fully implemented, it is apparent that it will not be a reality for residents and small businesses on the Eastern Shore. In view of this absence of a competitive environment, the General Assembly should give serious consideration to this legislation.

2. Has this request been considered by the General Assembly in prior sessions? If yes, please provide the bill number, year, and outcome of legislation, if known:

This legislation has been considered by the General Assembly as stated above. In 2005, SB39 and HB670 were introduced but SB39 failed in Senate Committee. A last minute effort to revive this legislation was unsuccessful.

3. Has this proposed legislation been implemented by any other city, county or state? If yes, please describe where it has been implemented and cite any existing law or model code upon which the proposal is based:

This proposed legislation has been implemented in many other states, which have deregulated their electric markets.

Signature of authorized municipal, chapter
or departmental official

Print name

Date

Indicate the date of the meeting where the governing body of the municipality, chapter or department endorsed the request: June 13, 2005

FORM MUST BE RETURNED NO LATER THAN Wednesday, June 15, 2005

RESOLUTION NO. 1256

A RESOLUTION OF THE COUNCIL OF THE CITY OF SALISBURY, MARYLAND
ENDORING A REQUEST FOR LEGISLATIVE ACTION BY THE MARYLAND MUNICIPAL
LEAGUE

WHEREAS, the Maryland Municipal League (MML) each year requests input from its member municipalities on items of interest to municipalities statewide that should be brought before the next session of the General Assembly; and

WHEREAS, the MML reviews all requests received and selects several items, to which it will give priority support during the legislative session; and

WHEREAS, authorizing municipalities to "aggregate" the electrical demand of their residents and businesses so that they can negotiate electric rates in an open market environment is a matter which has statewide application and is of particular concern to the City of Salisbury and requires legislative action; and

WHEREAS, municipal electric aggregation authority is a matter that has gained increasing support over the past few years in the General Assembly;

NOW, THEREFORE, BE IT RESOLVED that the Salisbury City Council requests that the Maryland Municipal League adopt electric aggregation as a legislative priority for the 2006 General Assembly session.

THE ABOVE RESOLUTION was introduced and duly passed at a meeting of the Council of the City of Salisbury, Maryland held on June 13, 2005, and is to become effective immediately upon adoption.

ATTEST:

Brenda J. Colegrove
CITY CLERK

Gary A. Comegys
VICE-PRESIDENT, City Council

Barrie P. Tilghman
MAYOR, City of Salisbury