

State of Delaware

**State of Delaware
Legislative Review
1st Session, 146th General Assembly
Prepared for USGO Members**



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

July 6, 2011

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: 14 Republicans: 7 Other: 0</p> <p>Term: 4 years</p>	<p>Representatives: 41</p> <p>Democrats: 26 Republicans: 15 Other: 0</p> <p>Term: 2 years</p>
Presiding Officers	Presiding Officers
<p>Lt. Governor Matthew P. Denn – President Anthony J. DeLuca – President Pro Tempore Patricia M. Blevins – Majority Leader Margaret Rose Henry – Majority Whip F. Gary Simpson – Minority Leader Liane M. Sorenson – Minority Whip</p>	<p>Robert F. Gilligan – Speaker Peter C. Schwartzkopf – Majority Leader Valerie J. Longhurst – Majority Whip Gregory F. Lavelle – Minority Leader Gerald W. Hocker – 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 146th Delaware General Assembly convened on January 11, 2011. The legislature adjourned in the early morning hours of July 1, 2011, having introduced 229 House bills, 156 Senate bills and 111 resolutions.

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

Energy Impact

Energy issues remain a priority for Governor Markell. He made energy innovation and conservation an important part of his State of the State speech, where he pledged that the State would lead by example when it comes to creating efficiencies, supporting jobs and being good stewards of our environment.

In June, Governor Markell announced that Bloom Energy (based in California) has chosen the former Chrysler automobile site in Newark, Delaware for a new, high-tech manufacturing hub to build fuel cells. The enabling legislation, Senate Bill 124, passed both the House and Senate and is expected to be signed into law by the Governor. The legislation establishes the framework for regulatory approval and public hearings by the Delaware Public Service Commission. All plans and rates are subject to a final agreement with Delmarva Power and Bloom Energy.

Economic Impact

The national economic and financial crisis continued to impact Delaware's government in 2011. In his State of the State speech, Governor Markell commended the state's resilience during these challenging economic times, while reiterating that there remains much more work to be done. The Governor pledged to make budget cuts where necessary, while continuing to attract new businesses to Delaware and to reform Delaware's education system.

Delaware's FY 2012 \$3.5 Billion Operating Budget was signed on June 30, 2011. The spending plan for the 2012 fiscal year is the largest in state history and is a 6.15 percent increase from the current year.

Notable Legislation

Governor Markell signed two landmark pieces of legislation into law:

- **Senate Bill 30** - Made Delaware one of only a handful of states to allow same-sex civil unions and to fully recognize same-sex relationships.
- **Senate Bill 17** - Made Delaware the 16th state to allow for medicinal marijuana, permitting the doctor-recommended medical use of marijuana by patients with serious medical conditions.

Below is a summary of the legislation that was of specific interest to the utility industry during the first session of the 146th General Assembly.

Energy Supply

Bill No.	Final Result	Subject	Summary
House Bill 27	Tabled in House Energy Committee	Renewable Energy Portfolio Standards	This Act will permit municipal electric companies and rural electric cooperatives that elect to develop and implement a program comparable to the State's renewable energy portfolio standards ("RPS") to utilize conservation, energy efficiency and demand-side management programs, in addition to renewable energy resources, to achieve RPS compliance. Conservation, efficiency and demand-side management programs meet or exceed many of the positive attributes associated with renewable energy resources. Such measures are non-polluting, non-invasive to the environment, cost efficient, economically sustainable and mitigate the need for new power plant construction.
Senate Bill 124 with Senate Amendment 1	Passed	Renewable Energy Portfolio Standards	This Bill allows the energy output from fuel cells manufactured in Delaware that can run on renewable fuels to be an eligible resource to fulfill a portion of the requirements for a Commission-regulated utility under the Renewable Portfolio Standards Act. In addition, this Bill makes Delmarva Power & Light responsible for the RPS obligations of all its customers, and creates a process to assure that any supplier contracts in place are grandfathered through the transition. Finally, this Bill creates a regulatory framework by which the Delaware Public Service Commission will review a Tariff to be filed by Delmarva deploying Delaware-manufactured fuel cells as part of a 30MW project. In determining whether to approve or deny the Tariff, the Commission shall among other factors, consider the incremental cost of the fuel cell project to customers, taking into consideration whether the project utilizes innovative baseload technologies, offers environmental benefits to the state relative to conventional baseload generation, enhances economic development in the State, and promotes price stability over the project term.

Environmental

Bill No.	Final Result	Subject	Summary
House Bill 86	Tabled in House Energy Committee	Regional Greenhouse Gas Initiative (RGGI)	This bill terminates Delaware's participation in the Regional Greenhouse Gas Initiative.

Safety

Bill No.	Final Result	Subject	Summary
House Bill 100 with House Amendment 1	Defeated in Senate	Background checks for persons with access to public schools	Requires that both a state and federal background checks be completed for persons with access to public school premises. It forbids access to anyone recently convicted of a violent felony or who is listed as a serious offender on the State's Child Protection Registry or who has ever been convicted of a felony sexual offense with a child victim. There shall be a clause in all contracts with public schools which requires contractors to comply. Contractors will certify to the schools that the required checks have been done and their employees servicing the contract are not prohibited from accessing schools.
House Bill 191	Tabled in House Public Safety and Homeland Security	Commercial Vehicles	This Act requires all commercial vehicles operated in the State of Delaware to be equipped with an audible reverse warning signal 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.

Local Government

Bill No.	Final Result	Subject	Summary
House Bill 7	Signed by Governor	Town Charter	This Act is designed to update the New Castle City Charter. The New Castle City Board of Elections met and discussed the charter and the requirement for the City to be divided into four election districts. The City Board of Elections concluded that there is no need for the City to be divided into four election districts, as required in the current charter, for the following reasons: (i) all elected positions run city-wide and representation of all elected officials is at-

			large and city wide; (ii) the total geographic area of the City is relatively small, only 3.5 square miles; and (iii) elimination of the four election districts will streamline the election process, making it more concise and efficient. Based on the foregoing, New Castle City chose to amend its charter.
Senate Bill 8	Signed by Governor	Town Charter	This Act would remove the requirement that a Councilperson relinquish his or her Council seat in order to become a candidate for Mayor.
Senate Bill 6	Signed by Governor	Town Charter	This Act amends the Charter of the City of Milford by authorizing a change in the date of the Annual Municipal Election to prevent any conflict with the Easter Holy Days.

Regulatory

Bill No.	Final Result	Subject	Summary
House Bill 34	Stricken	Administrative Procedures Act	<p>The goal of regulatory flexibility is to foster a climate for entrepreneurial success so that small businesses will continue to create jobs, produce innovative new products and services, bring more Americans into the economic mainstream, and broaden the tax base. In 2002, the Office of Advocacy presented state model legislation, patterned after the federal Regulatory Flexibility Act, to improve the state regulatory climate for small business.</p> <p>This legislation adopts much of the model legislation with the intent of aiding and fostering small job growth in our State by creating a friendlier regulatory environment for small businesses.</p>
House Bill 201	In House Administration Committee	Regulatory Flexibility Act	The General Assembly, over the years, has delegated authority to State agencies to adopt and amend rules and regulations which have the force of law and which subject those regulated to civil and criminal penalties and other sanctions. To assure that rules and regulations are properly adopted or amended and to satisfy statutory purposes, it is important that there be transparency, and that those proposing rules and regulations properly assess the economic and other impacts and benefits resulting from implementation of their proposals. The preparation of regulatory impact statements as part of the rule

			making process will further that purpose. This bill will also provide to the members of the General Assembly having oversight responsibilities valuable information on an ongoing basis regarding the adoption or amendment of rules and regulations by the covered agencies. The requirements of this legislation are similar to those imposed on federal agencies adopting or amending federal rules and regulations.
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Revenue & Finance			
Bill No.	Final Result	Subject	Summary
House Bill 40	Tabled in House Gaming & Parimutuels Committee	Business Tax Credits and Deductions & Clean Energy Technology Device Manufacturing	This Act improves and updates the State's primary economic development tax incentive program. Specifically, the Act: 1) makes the program permanent by eliminating a sunset provision; 2) better delineates eligibility for tax relief by establishing a three-year application deadline; 3) boosts the program's effectiveness by increasing the amount of the corporate or personal income tax credits; and 4) modernizes the program's scope by including provisions specifically designed to attract manufacturers of advanced clean energy technology power generating devices and systems.
House Bill 129	Passed	Public Utility Tax Rates and the Use of the Proceeds Thereof	This Act reduces the general public utility tax rate on electricity and gas from 5.00% to 4.25%. The Act also reduces the rate on electricity and gas distributed to manufacturers, food processors and other agribusinesses from 2.35% to 2.00%. The Act also transfers the first \$5 million in proceeds generated by the public utility tax to the new Energy Efficiency Investment Fund, which will be used to finance energy efficiency projects that will reduce overall energy use and create jobs.
Senate Bill 100	In Senate Finance Committee	Repeals Corporate Income Tax	To encourage and promote businesses to operate in Delaware and to generate jobs, this Bill repeals the Delaware Corporate Income Tax. The effective date shall be on the second January 1st after enactment.

Redistricting

Bill No.	Final Result	Subject	Summary
House Resolution 9	Stricken	Redistricting Process	This House Resolution declares the intent of the House of Representatives to have the redistricting process open and transparent. Specifically, this Resolution calls for open meetings and opportunities for the public to be heard during the redistricting process.
House Substitute 1 for House Bill 210 with House Amendment 1	Passed	Redistricting Process	This bill reapportions the 41 districts of the House of Representatives and the 21 districts of the Senate.

Small Business

Bill No.	Final Result	Subject	Summary
Senate Bill 139 with Senate Amendment 1 and House Amendment 1	Passed	Pawnbrokers, secondhand dealers and scrap metal processors	This amendment requires licensed pawnbrokers, secondhand dealers, scrap metal processors to electronically submit transaction records in a format acceptable to the applicable police agency by noon the next business day. This amendment also requires the payment of an annual subscription fee to the electronic reporting system.
Senate Bill 144 with Senate Amendment 1	Passed	Pawnbrokers, secondhand dealers and scrap metal processors	This Bill amends Title 24, §§2301 and 2302, of the Delaware Code as it relates to pawnbrokers, secondhand dealers and scrap metal processors by requiring any person or entity who buys and sells scrap metal to be subject to the provisions under this Title. The bill specifically eliminates the definition of flea market as a market that is open for business only 4 days or less and specifically defines “retail” and “consumer”. The bill further exempts secondhand dealers who are in the retail business of selling goods and/or produce to the ultimate consumer, rather than to a person who intends to resell or further process the goods he or she purchased. Finally, the bill increases the reporting requirements by scrap metal processors by providing that specific information must be taken when scrap metal is purchased or otherwise acquired.

Delaware Government Affairs Team

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

- During the legislative session, the Delaware Government Affairs team dealt with **84** constituent requests from legislators, as well as numerous other routine inquiries that were dealt with expeditiously and not captured here. Below is a summary of the issues resolved from January through June 2011.

2011 Issues	Jan	Feb	March	April	May	June	Total
Billing	1	7	7	4	1	0	20
Reliability & Outages	2	5	0	0	0	4	11
Service Disconnects	5	2	2	3	2	1	15
Streetlights	5	2	3	1	1	2	14
Tree Trimming	1	1	0	0	2	1	5
Other	2	1	4	5	3	4	19
Total	16	18	16	13	9	12	84