

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 1270 (Delegates Klausmeier and D. Hughes)
Environmental Matters

Public Service Companies - Standards of Conduct Relating to Unregulated Business Activities

This bill provides that a regulated public service company (gas or electric) must receive approval from the Public Service Commission (PSC) to have an affiliate that engages in a business activity not regulated by the commission. The bill establishes principles that the PSC must use in approving transactions and allocations between a public service company and an affiliate engaging in unregulated activities. The bill establishes specified standards of conduct for regulated and unregulated business activities. Public service companies that violate the standards of conduct may be required by the PSC to issue a refund to its ratepayers equal to the value of the benefit to the affiliate in violation and may be required to pay three times the amount of the refund.

Fiscal Summary

State Effect: None. The bill's requirement can be absorbed within existing resources.

Local Effect: None.

Small Business Effect: Potential meaningful impact on small businesses as discussed below.

Fiscal Analysis

Small Business Effect: Small businesses that are in direct competition with unregulated affiliates of public service companies could benefit significantly from the bill's restrictions on unregulated affiliates. Unregulated affiliates may provide services such as heating and air-conditioning repair, home remodeling and the sale of appliances, industries that are predominately comprised of small businesses. Restrictions on the affiliates' access to preferential resources, referrals, information, and rates could significantly improve small business providers ability to compete against the unregulated affiliates of public service

companies.

Information Source(s): Department of Budget and Management, Public Service Commission, Department of Fiscal Services

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