

SENATE BILL 705

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C5

1999 Regular Session  
9r2458  
CF 9r2459

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By: **Senator Miller**

Introduced and read first time: February 19, 1999

Rule 32 suspended

Assigned to: Finance

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A BILL ENTITLED

1 AN ACT concerning

2 **Electric Utility Industry Restructuring - Securitization**

3 FOR the purpose of authorizing the Public Service Commission to issue certain  
4 qualified rate orders for certain purposes under certain circumstances;  
5 providing for the issuance of certain transition bonds for certain purposes;  
6 providing for the irrevocability of certain orders and charges under certain  
7 circumstances; allowing the pledge or assignment of certain interests; providing  
8 that certain obligations concerning certain charges are binding on certain  
9 persons and are nonbypassable; providing for the use of certain proceeds of  
10 certain transition bonds; providing for the creation and characteristics of certain  
11 intangible transition property; providing certain application processes for  
12 certain orders subject to certain criteria; providing the agreement of the State  
13 with certain holders of certain property; providing for judicial review of certain  
14 orders under certain circumstances and subject to certain limitations; providing  
15 for the establishment, attachment, perfection, and priority of certain security  
16 interests in certain property, subject to certain procedures; providing that  
17 certain property may not be subject to certain State and local taxes; providing  
18 for certain interests in commingled funds; providing for the expiration of certain  
19 authority of the Commission; defining certain terms; making this Act contingent  
20 on the taking effect of another Act; and generally relating to the restructuring of  
21 the electric utility industry and securitization.

22 BY adding to

23 Article - Public Utility Companies  
24 Section 7-520 through 7-531, to be under the new part "Part III. Securitization"  
25 Annotated Code of Maryland  
26 (1998 Volume)

27 BY repealing and reenacting, with amendments,

28 Article - Public Utility Companies  
29 Section 7-501(i) and (l) and 7-513 (c)(1) and (d)(2)(i)  
30 Annotated Code of Maryland  
31 (As enacted by Chapter \_\_\_\_\_ (S.B. 300)(9r1907) of the Acts of the General

1 Assembly of 1999)

2 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
3 MARYLAND, That the Laws of Maryland read as follows:

4 **Article - Public Utility Companies**

5 PART III. SECURITIZATION.

6 7-520.

7 (A) IN THIS PART THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

8 (B) (1) "FINANCING PARTY" MEANS A HOLDER OF TRANSITION BONDS.

9 (2) "FINANCING PARTY" INCLUDES A TRUSTEE, COLLATERAL AGENT OR  
10 OTHER SIMILAR PERSON ACTING FOR THE BENEFIT OF THE HOLDER.

11 (C) "QUALIFIED TRANSITION COST" MEANS A PORTION OF AN ELECTRIC  
12 COMPANY'S TRANSITION COSTS THAT FORMS THE BASIS FOR A QUALIFIED RATE  
13 ORDER.

14 7-521.

15 THE GENERAL ASSEMBLY FINDS AND DECLARES THAT THE PURPOSE OF THIS  
16 PART IS TO MODIFY EXISTING LAW AND REGULATIONS TO PROVIDE FOR THE  
17 RECOVERY AND FINANCING OF INTANGIBLE TRANSITION COSTS ASSOCIATED WITH  
18 THE IMPLEMENTATION OF CUSTOMER CHOICE.

19 7-522.

20 (A) IN ACCORDANCE WITH THIS PART:

21 (1) THE COMMISSION MAY ADOPT AND ISSUE QUALIFIED RATE ORDERS  
22 APPROVING INTANGIBLE TRANSITION CHARGES TO PROVIDE FOR THE RECOVERY,  
23 AND FACILITATE THE FINANCING, OF QUALIFIED TRANSITION COSTS; AND

24 (2) TRANSITION BONDS MAY BE ISSUED TO PROVIDE FOR SUCH  
25 FINANCING, ALL IN ACCORDANCE WITH THE PROVISIONS OF THE ACT.

26 (B) (1) THE COMMISSION MAY ADOPT A QUALIFIED RATE ORDER ONLY ON  
27 THE APPLICATION OF AN ELECTRIC COMPANY, FILED IN ACCORDANCE WITH THIS  
28 PART.

29 (2) THE QUALIFIED RATE ORDER SHALL BECOME EFFECTIVE ONLY  
30 AFTER THE ELECTRIC COMPANY FILES WITH THE COMMISSION THE ELECTRIC  
31 COMPANY'S WRITTEN CONSENT TO ALL TERMS AND CONDITIONS OF THE ORDER.

1 (3) THE COMMISSION SHALL ACT TO APPROVE, WHOLLY OR PARTLY, OR  
2 DISAPPROVE THE QUALIFIED RATE ORDER WITHIN 120 DAYS AFTER THE ELECTRIC  
3 COMPANY FILES AN APPLICATION FOR THE QUALIFIED RATE ORDER.

4 (4) A QUALIFIED RATE ORDER SHALL INCLUDE A DETERMINATION BY  
5 THE COMMISSION THAT ADOPTION OF THE QUALIFIED RATE ORDER, INCLUDING  
6 IMPLEMENTATION OF RELATED TERMS AND CONDITIONS, WILL RESULT IN RATE  
7 SAVINGS TO EACH CUSTOMER CLASS SERVED BY THE ELECTRIC COMPANY.

8 (C) (1) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, AND SUBJECT  
9 TO SUBSECTION (F) OF THIS SECTION, THE COMMISSION SHALL SPECIFY THAT A  
10 QUALIFIED RATE ORDER AND THE INTANGIBLE TRANSITION CHARGES UNDER THE  
11 QUALIFIED RATE ORDER ARE IRREVOCABLE.

12 (2) TO THE EXTENT SPECIFIED IN THE QUALIFIED RATE ORDER, A  
13 QUALIFIED RATE ORDER IS IRREVOCABLE. NEITHER THE ORDER NOR AN  
14 INTANGIBLE TRANSITION CHARGE THAT IS IMPOSED OR COLLECTED UNDER THE  
15 QUALIFIED RATE ORDER MAY BE REDUCED, POSTPONED, IMPAIRED, ALTERED,  
16 LIMITED, OR TERMINATED BY ANY LATER ACTION OF THE COMMISSION.

17 (3) (I) A QUALIFIED RATE ORDER SHALL PROVIDE FOR THE  
18 COMMISSION PERIODICALLY TO REVIEW THE INTANGIBLE TRANSITION CHARGES  
19 AUTHORIZED IN THE QUALIFIED RATE ORDER AT LEAST ONCE EACH YEAR,  
20 BEGINNING ON THE FIRST ANNIVERSARY OF THE IMPLEMENTATION OF THE  
21 INTANGIBLE TRANSITION CHARGES.

22 (II) NO LATER THAN 30 DAYS AFTER A REVIEW, THE COMMISSION  
23 SHALL ADJUST INTANGIBLE TRANSITION CHARGES AS NEEDED TO:

24 1. CORRECT FOR ANY OVER COLLECTION OR UNDER  
25 COLLECTION DURING THE PRECEDING 12 MONTHS; AND

26 2. ENSURE THE FULL AND TIMELY RECOVERY OF REVENUES  
27 SUFFICIENT TO PROVIDE FOR THE PAYMENT OF ALL PRINCIPAL, INTEREST,  
28 PREMIUM, AND OTHER CHARGES RELATED TO THE TRANSITION BONDS, OR  
29 CORRESPONDING AMOUNTS RELATED TO CERTIFICATES OF BENEFICIAL INTEREST,  
30 PARTICIPATION, OR OWNERSHIP, APPROVED BY THE COMMISSION AS A PART OF OR  
31 IN CONJUNCTION WITH THE QUALIFIED RATE ORDER.

32 (III) SUBPARAGRAPH (II) OF THIS PARAGRAPH IS THE SOLE BASIS  
33 FOR ADJUSTING OR REVISING AN INTANGIBLE TRANSITION CHARGE. THE  
34 COMMISSION MAY NOT REVIEW OR ADJUST A TRANSITION COST THAT FORMS THE  
35 BASIS OF AN INTANGIBLE TRANSITION CHARGE.

36 (IV) THE COMMISSION SHALL INCORPORATE THE PROCEDURE FOR  
37 REVIEWING THE INTANGIBLE TRANSITION CHARGES AND ANY RELATED  
38 CONDITIONS, RESTRICTIONS, AND LIMITATIONS ON THE APPLICATION OR EFFECT OF  
39 THE QUALIFIED RATE ORDER INTO THE TERMS OF THE QUALIFIED RATE ORDER.

1 (D) (1) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, UNDER ANY  
2 CONDITIONS THE COMMISSION APPROVES, ALL OR A PORTION OF THE INTEREST OF  
3 AN ELECTRIC COMPANY OR ASSIGNEE IN TRANSITION PROPERTY MAY BE SOLD OR  
4 TRANSFERRED TO AN ASSIGNEE AND MAY BE PLEDGED OR ASSIGNED AS SECURITY  
5 BY AN ELECTRIC COMPANY OR ASSIGNEE TO OR FOR THE BENEFIT OF A FINANCING  
6 PARTY.

7 (2) TO THE EXTENT THAT AN INTEREST IS SOLD OR TRANSFERRED, OR IS  
8 PLEDGED OR ASSIGNED AS SECURITY, THE COMMISSION SHALL AUTHORIZE THE  
9 ELECTRIC COMPANY TO CONTRACT WITH THE ASSIGNEE OR FINANCING PARTY THAT  
10 THE ELECTRIC COMPANY SHALL:

11 (I) CONTINUE TO OPERATE ITS SYSTEM TO PROVIDE SERVICE TO  
12 ITS CUSTOMERS;

13 (II) IMPOSE AND COLLECT THE APPLICABLE INTANGIBLE  
14 TRANSITION CHARGES FOR THE BENEFIT AND ACCOUNT OF THE ASSIGNEE OR  
15 FINANCING PARTY; AND

16 (III) ACCOUNT FOR AND REMIT THE APPLICABLE TRANSITION  
17 CHARGE TO OR FOR THE ACCOUNT OF THE ASSIGNEE OR FINANCING PARTY.

18 (E) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, IF THE ELECTRIC  
19 COMPANY CONTRACTS UNDER SUBSECTION (D)(2) OF THIS SECTION, TO THE EXTENT  
20 PROVIDED IN THE QUALIFIED RATE ORDER:

21 (1) THE OBLIGATIONS OF THE ELECTRIC COMPANY SHALL BIND THE  
22 ELECTRIC COMPANY, ITS SUCCESSORS, AND ASSIGNS; AND

23 (2) THE COMMISSION SHALL REQUIRE THE OBLIGATIONS TO BE  
24 PERFORMED BY THE ELECTRIC COMPANY AND ANY OTHER PERSON THAT PROVIDES  
25 ELECTRIC TRANSMISSION OR DISTRIBUTION SERVICE TO A PERSON LOCATED IN THE  
26 DISTRIBUTION TERRITORY OF THE ELECTRIC COMPANY WHO IS REQUIRED TO PAY A  
27 COMPETITIVE TRANSITION CHARGE OR OTHER APPROPRIATE MECHANISM UNDER §  
28 7-513(A) OF THIS SUBTITLE.

29 (F) THE IRREVOCABLE STATUS OF A QUALIFIED RATE ORDER UNDER  
30 SUBSECTION (C) OF THIS SECTION SHALL TERMINATE:

31 (1) TO THE EXTENT THAT A SALE, TRANSFER, OR TRANSITION BOND  
32 FINANCING OF THE INTANGIBLE TRANSITION PROPERTY RESULTING FROM THE  
33 QUALIFIED RATE ORDER HAS NOT BEEN COMPLETED ON THE BASIS AND IN ANY  
34 PERIOD SPECIFIED IN THE QUALIFIED RATE ORDER; AND

35 (2) NOT LESS THAN 2 YEARS AFTER THE QUALIFIED RATE ORDER IS  
36 ADOPTED.

37 (G) A QUALIFIED RATE ORDER MAY SPECIFY THE PRINCIPAL TERMS AND  
38 CONDITIONS ON WHICH TRANSITION BONDS MAY BE REFINANCED, INCLUDING THE  
39 DISPOSITION OF ANY SAVINGS ACHIEVED BY REFINANCING, AND THE EFFECT OF

1 REFINANCING ON THE INTANGIBLE TRANSITION CHARGES AUTHORIZED IN THE  
2 QUALIFIED RATE ORDER.

3 (H) IN ADDITION TO APPROVING THE RATES, TERMS AND AMOUNTS OF THE  
4 INTANGIBLE TRANSITION CHARGES, THE QUALIFIED RATE ORDER SHALL APPROVE:

5 (1) THE PRINCIPAL TERMS AND CONDITIONS OF THE TRANSITION  
6 BONDS TO BE ISSUED ON THE BASIS OF THE INTANGIBLE TRANSITION CHARGES;

7 (2) THE PERMITTED USES OF THE PROCEEDS OF THE TRANSITION  
8 BONDS; AND

9 (3) RELATED MATTERS THAT ARE REASONABLY NEEDED TO  
10 IMPLEMENT THE FINANCING ON THE BASIS OF THE INTANGIBLE TRANSITION  
11 CHARGES, INCLUDING THE MANNER IN WHICH THE INTANGIBLE TRANSITION  
12 CHARGES ARE TO BE BILLED, COLLECTED, HELD, ACCOUNTED FOR, AND PAID OVER  
13 TO A FINANCING PARTY.

14 (I) EXCEPT AS OTHERWISE APPROVED BY THE COMMISSION AT THE REQUEST  
15 OF THE ELECTRIC COMPANY, THE PROCEEDS OF TRANSITION BONDS SHALL BE USED  
16 PRINCIPALLY, DIRECTLY OR INDIRECTLY, TO PAY, FINANCE OR REFINANCE  
17 TRANSITION COSTS, INCLUDING THE REFUNDING OR RETIREMENT OF EXISTING  
18 DEBT OR EQUITY SECURITIES OF THE ELECTRIC COMPANY, ITS PARENT COMPANY,  
19 OR A REGULATED AFFILIATE OF THE ELECTRIC COMPANY OR PARENT COMPANY.

20 7-523.

21 INTANGIBLE TRANSITION PROPERTY:

22 (1) ARISES WHEN THE APPLICABLE QUALIFIED RATE ORDER BECOMES  
23 EFFECTIVE IN ACCORDANCE WITH § 7-522(B) OF THIS SUBTITLE; AND

24 (2) EXISTS CONTINUOUSLY UNDER THE QUALIFIED RATE ORDER FOR AT  
25 LEAST AS LONG AS THE PERIOD TO WHICH THE AGREEMENT OF THE STATE APPLIES  
26 UNDER § 7-527 OF THIS SUBTITLE.

27 7-524.

28 (A) AN ELECTRIC COMPANY THAT SEEKS A QUALIFIED RATE ORDER SHALL  
29 FILE AN APPLICATION WITH THE COMMISSION, WITH THE NOTICE AND SUBJECT TO  
30 THE PROCEDURES THAT THE COMMISSION REQUIRES.

31 (B) THE APPLICATION SHALL INCLUDE:

32 (1) A DESCRIPTION OF THE TRANSITION COSTS FOR WHICH INTANGIBLE  
33 TRANSITION CHARGES ARE SOUGHT;

34 (2) A DESCRIPTION OF THE AMOUNTS OF THE TRANSITION COSTS THAT  
35 ARE FIXED OR CAPABLE OF REASONABLE ESTIMATION, AND A DESCRIPTION OF THE  
36 TIME AND PROCEDURE BY WHICH THE OTHER AMOUNTS ARE TO BE DETERMINED;

1 (3) WITH RESPECT TO ANY PROPOSED FINANCING, A DESCRIPTION OF  
2 THE FINANCING PLAN, INCLUDING THE PRINCIPAL TERMS AND CONDITIONS OF THE  
3 CONTEMPLATED TRANSACTIONS;

4 (4) A STATEMENT AND APPROPRIATE SCHEDULES DEFINING THE  
5 PORTION OF THE QUALIFIED TRANSITION COSTS THAT WILL BE FINANCED;

6 (5) AN ANALYSIS SHOWING THE SAVINGS THAT THE ELECTRIC  
7 COMPANY EXPECTS EACH OF THE ELECTRIC COMPANY'S CUSTOMER CLASSES TO  
8 REALIZE THROUGH THE FINANCING PLAN;

9 (6) A STATEMENT AND APPROPRIATE SCHEDULES SETTING FORTH THE  
10 SPECIFIC INTANGIBLE TRANSITION CHARGES THAT WILL BE CHARGED IN RATES TO  
11 THE ELECTRIC COMPANY'S CUSTOMERS IN PLACE OF ANY OTHER REGULATED RATES  
12 OR CHARGES CONCERNING THE SAME QUALIFIED TRANSITION COSTS;

13 (7) A PROPOSED PERIODIC ADJUSTMENT PROCEDURE UNDER § 7-522(C)  
14 OF THIS SUBTITLE;

15 (8) A STATEMENT ON THE USES OF THE PROCEEDS OF THE TRANSITION  
16 BONDS, AND A DESCRIPTION OF HOW THE INTANGIBLE TRANSITION CHARGES ARE  
17 TO BE BILLED, COLLECTED, HELD, ACCOUNTED FOR, AND PAID OVER TO AN  
18 ASSIGNEE OR A FINANCING PARTY WITH RESPECT TO THE FINANCING; AND

19 (9) A DESCRIPTION OF THE METHOD AND BILLING PROCEDURES TO  
20 MAKE THE INTANGIBLE TRANSITION CHARGES NONBYPASSABLE UNDER § 7-522(E)  
21 OF THIS SUBTITLE.

22 (C) THE COMMISSION SHALL REVIEW THE APPLICATION TO DETERMINE  
23 WHETHER THE APPLICATION MEETS THE FOLLOWING CRITERIA:

24 (1) THE TRANSACTION CONTEMPLATED IN THE APPLICATION,  
25 INCLUDING THE ISSUANCE OF TRANSITION BONDS, ARE REASONABLY EXPECTED TO  
26 RESULT IN SAVINGS TO THE ELECTRIC COMPANY'S CUSTOMERS;

27 (2) THE AMOUNTS PROPOSED AS QUALIFIED TRANSITION COSTS ARE  
28 REASONABLE AND ARE RECOVERABLE TRANSITION COSTS UNDER § 7-513 OF THIS  
29 SUBTITLE, AND THE PROPOSED INTANGIBLE TRANSITION CHARGES ARE  
30 REASONABLY REQUIRED FOR THE RECOVERY OF THE TRANSITION COSTS;

31 (3) THE TERMS OF THE FINANCING PLAN ARE FEASIBLE AND  
32 COMMERCIALY REASONABLE; AND

33 (4) THE PROCEDURES AND TERMS PROPOSED IN THE APPLICATION ARE  
34 CONSISTENT WITH THE TERMS AND INTENT OF THIS SUBTITLE.

35 (D) (1) ON REQUEST OF THE ELECTRIC COMPANY, THE COMMISSION SHALL  
36 ISSUE:

1 (I) AN INITIAL QUALIFIED RATE ORDER DECLARING  
2 IRREVOCABLE:

3 1. THE INTANGIBLE TRANSITION CHARGES WITH RESPECT  
4 TO ANY QUALIFIED TRANSITION COSTS THAT ARE FIXED OR REASONABLY  
5 ESTIMATED WHEN THE INITIAL QUALIFIED RATE ORDER IS ISSUED; AND

6 2. THE PROCEDURE BY WHICH ADDITIONAL AMOUNTS AND  
7 CHARGES SHALL BE DETERMINED; AND

8 (II) A SUPPLEMENTAL QUALIFIED RATE ORDER WITH RESPECT TO  
9 ANY ADDITIONAL QUALIFIED TRANSITION COSTS AND RELATED INTANGIBLE  
10 TRANSITION CHARGES WHEN THE ADDITIONAL AMOUNTS ARE DETERMINED IN  
11 ACCORDANCE WITH THE PROCEDURES APPROVED IN THE INITIAL QUALIFIED RATE  
12 ORDER.

13 (2) FOR PURPOSES OF PARAGRAPH (1) OF THIS SUBSECTION, AMOUNTS  
14 THAT ARE FIXED OR REASONABLY ESTIMATED INCLUDE THE AMOUNT OF ANY:

15 (I) REGULATORY ASSETS OF THE ELECTRIC COMPANY;

16 (II) SETTLEMENTS THAT THE ELECTRIC COMPANY HAS  
17 NEGOTIATED WITH UNAFFILIATED NONUTILITY GENERATORS OR OTHER ENTITIES  
18 TO OBTAIN A RELEASE FROM, OR REDUCTION IN, ITS POWER PURCHASE  
19 OBLIGATIONS; AND

20 (III) OTHER COSTS THAT THE ELECTRIC COMPANY MAY  
21 DEMONSTRATE AS A MINIMUM, TO THE EXTENT THAT THE COMMISSION  
22 DETERMINES THE COSTS TO BE RECOVERABLE TRANSITION COSTS UNDER § 7-513 OF  
23 THIS SUBTITLE.

24 (3) IF THE ELECTRIC COMPANY REQUESTS AN INTERIM  
25 DETERMINATION AND INITIAL QUALIFIED RATE ORDER UNDER PARAGRAPH (1) OF  
26 THIS SUBSECTION, THE AMOUNT OF ANY INTANGIBLE TRANSITION CHARGES  
27 DECLARED TO BE IRREVOCABLE UNDER THE INITIAL QUALIFIED RATE ORDER MAY  
28 BE ADJUSTED ONLY UNDER § 7-522(C) OF THIS SUBTITLE. ANY OTHER ADJUSTMENTS  
29 TO QUALIFIED TRANSITION COSTS DETERMINED UNDER THIS SUBSECTION MAY BE  
30 MADE ONLY CONCERNING INTANGIBLE TRANSITION CHARGES THAT ARE LATER  
31 APPROVED WITH RESPECT TO OTHER AMOUNTS OF QUALIFIED TRANSITION COSTS.

32 (D) (1) IF THE COMMISSION FINDS THAT THE APPLICATION MEETS THE  
33 CRITERIA SPECIFIED IN SUBSECTION (C) OF THIS SECTION, THE COMMISSION SHALL  
34 ISSUE A QUALIFIED RATE ORDER APPROVING THE TERMS OF THE APPLICATION,  
35 CONSISTENT WITH THE PROVISIONS OF THIS SECTION AND PART II OF THIS  
36 SUBTITLE.

37 (2) IF THE COMMISSION FINDS THAT THE APPLICATION DOES NOT MEET  
38 THE CRITERIA SPECIFIED IN SUBSECTION (C) OF THIS SECTION, THE COMMISSION  
39 SHALL ISSUE A WRITTEN ORDER DENYING THE APPLICATION AND SPECIFYING THE  
40 REASONS THAT THE APPLICATION DOES NOT MEET THE CRITERIA.

1 7-525.

2 (A) IN ORDER TO PRESERVE THE CUSTOMER RATE SAVINGS EXPECTED TO  
3 RESULT FROM A QUALIFIED RATE ORDER, WHICH MAY BE TIME-SENSITIVE TO  
4 FINANCIAL MARKET CONDITIONS AFFECTING THE FEASIBILITY AND TERMS OF  
5 TRANSITION BONDS APPROVED IN THE QUALIFIED RATE ORDER, JUDICIAL REVIEW  
6 OF THE COMMISSION'S ISSUANCE OF A QUALIFIED RATE ORDER, SHALL BE TAKEN  
7 ONLY IN ACCORDANCE WITH THIS SECTION.

8 (B) WHEN THE ELECTRIC COMPANY FILES WITH THE COMMISSION ITS  
9 WRITTEN CONSENT TO ALL TERMS AND CONDITIONS OF A QUALIFIED RATE ORDER  
10 PROPOSED BY THE COMMISSION, THE COMMISSION SHALL:

11 (1) ISSUE THE QUALIFIED RATE ORDER AND SHALL SERVE A COPY OF  
12 THE ORDER, WITH ANY ACCOMPANYING REPORT OR OPINION, ON ALL PARTIES TO  
13 THE PROCEEDING GIVING RISE TO THE ORDER; AND

14 (2) PUBLISH NOTICE OF THE ISSUANCE OF THE QUALIFIED RATE ORDER  
15 IN A FORM AND MANNER THE COMMISSION DETERMINES APPROPRIATE.

16 (C) (1) NOTWITHSTANDING § 3-114 OF THIS ARTICLE, A PARTY TO THE  
17 PROCEEDING THAT RESULTS IN THE QUALIFIED RATE ORDER WHO IS AGGRIEVED BY  
18 THE ORDER, OTHER THAN THE CONSENTING ELECTRIC COMPANY:

19 (I) MAY NOT PETITION THE COMMISSION FOR REHEARING; BUT

20 (II) MAY OBTAIN JUDICIAL REVIEW UNDER THIS SUBSECTION OF  
21 THE QUALIFIED RATE ORDER ONLY BY FILING A PETITION FOR APPEAL OF THE  
22 TERMS OF THE ORDER WITH A REVIEWING COURT, EITHER THE CIRCUIT COURT OF  
23 BALTIMORE CITY OR THE CIRCUIT COURT FOR ANY COUNTY IN THE STATE IN WHICH  
24 THE ELECTRIC COMPANY CONDUCTS ANY BUSINESS.

25 (2) IN ORDER TO OBTAIN JUDICIAL REVIEW OF A QUALIFIED RATE  
26 ORDER, THE AGGRIEVED PARTY, WITHIN 15 DAYS AFTER THE PUBLICATION OF THE  
27 NOTICE UNDER SUBSECTION (B)(2) OF THIS SECTION, MUST:

28 (I) FILE A PETITION FOR APPEAL WITH THE CLERK OF THE  
29 REVIEWING COURT; AND

30 (II) SERVE A COPY OF THE PETITION ON THE EXECUTIVE  
31 SECRETARY OF THE COMMISSION.

32 (3) ON RECEIVING A COPY OF THE PETITION, THE COMMISSION SHALL  
33 PROMPTLY FORWARD TO THE CLERK OF THE REVIEWING COURT A COPY OF:

34 (I) THE COMMISSION'S QUALIFIED RATE ORDER;

35 (II) ANY ACCOMPANYING OPINION;

1 (III) ANY FINDINGS OF FACT OF THE COMMISSION IN CONNECTION  
2 WITH THE ORDER OR OPINION; AND

3 (IV) THE TRANSCRIPT OF THE PROCEEDINGS THAT LED TO THE  
4 ISSUANCE OF THE QUALIFIED RATE ORDER.

5 (4) THE CLERK OF THE REVIEWING COURT SHALL MAKE THE  
6 MATERIALS PROVIDED UNDER PARAGRAPH (3) OF THIS SUBSECTION AVAILABLE FOR  
7 PUBLIC INSPECTION WITHOUT CHARGE.

8 (5) (I) THE PETITION SHALL STATE THAT:

9 1. THE QUALIFIED RATE ORDER DOES NOT CONFORM TO  
10 THE CONSTITUTION AND LAWS OF THE STATE OR OF THE UNITED STATES;

11 2. THE QUALIFIED RATE ORDER IS NOT IN THE STATUTORY  
12 JURISDICTION OR AUTHORITY OF THE COMMISSION, OR DOES NOT CONFORM TO A  
13 REGULATION OR ORDER ADOPTED BY THE COMMISSION TO IMPLEMENT THIS PART;  
14 OR

15 3. THE GRANTING OF THE QUALIFIED RATE ORDER AND  
16 COMPLIANCE WITH THE TERMS AND CONDITIONS OF THE ORDER WILL NOT RESULT  
17 IN RATE SAVINGS TO THE CUSTOMERS OF THE ELECTRIC COMPANY.

18 (II) THE PETITION SHALL INCLUDE A BRIEF STATEMENT OF THE  
19 PETITIONER'S REASONS FOR THE GROUNDS ASSERTED UNDER SUBPARAGRAPH (I) OF  
20 THIS PARAGRAPH.

21 (6) THE REVIEWING COURT SHALL ALLOW THE ELECTRIC COMPANY TO  
22 BE A PARTY TO THE APPEAL.

23 (7) THE APPEAL SHALL BE HEARD ON THE BASIS OF THE QUALIFIED  
24 RATE ORDER, OPINION, AND TRANSCRIPT FORWARDED BY THE COMMISSION, AS  
25 EXPEDITIOUSLY AS POSSIBLE AND WITH LAWFUL PREFERENCE OVER OTHER  
26 MATTERS.

27 (8) THE DECISION ON APPEAL SHALL BE LIMITED TO THE MATTERS  
28 LISTED IN PARAGRAPH (6) OF THIS SUBSECTION.

29 (D) (1) IF, DUE TO JUDICIAL REVIEW, THE TERMS AND CONDITIONS OF A  
30 QUALIFIED RATE ORDER MUST BE MODIFIED OR SET ASIDE IN ANY PART OTHER  
31 THAN IN ANY MANNER PROVIDED IN THE ORIGINAL TERMS OF THE ORDER, THE  
32 ORDER MAY TAKE EFFECT ONLY AFTER:

33 (I) THE COMMISSION HAS ADOPTED THE MODIFIED TERMS AND  
34 CONDITIONS;

35 (II) THE ELECTRIC COMPANY HAS FILED WRITTEN CONSENT WITH  
36 THE COMMISSION TO ALL TERMS AND CONDITIONS OF THE ORDER AS MODIFIED;  
37 AND

1 (III) THE COMMISSION ADOPTS THE MODIFIED QUALIFIED RATE  
2 ORDER UNDER SUBSECTION (B) OF THIS SECTION.

3 (2) NOTICE OF THE MODIFIED QUALIFIED RATE ORDER NEED ONLY  
4 INCLUDE A DESCRIPTION OF ANY CHANGES REFLECTED IN THE MODIFIED ORDER,  
5 NOT THE TERMS AND CONDITIONS OF THE ORDER IN ITS ENTIRETY.

6 (3) THE MODIFIED QUALIFIED RATE ORDER SHALL BE SUBJECT TO  
7 JUDICIAL REVIEW UNDER SUBSECTION (C) OF THIS SECTION ONLY WITH RESPECT TO  
8 THE TERMS AND EFFECTS OF THE MODIFICATIONS MADE TO THE TERMS AND  
9 CONDITIONS OF THE QUALIFIED RATE ORDER.

10 7-526.

11 (A) (1) THE COMMISSION HAS EXCLUSIVE ORIGINAL JURISDICTION OVER  
12 ANY CASE OR CONTROVERSY CONCERNING THE TERMS AND CONDITIONS OF A  
13 QUALIFIED RATE ORDER, INCLUDING:

14 (I) TO THE EXTENT PROVIDED IN THE QUALIFIED RATE ORDER,  
15 ANY PETITION OF AN ELECTRIC COMPANY, ASSIGNEE, FINANCING PARTY, OR ANY  
16 OTHER PARTY FOR CLARIFICATION OF THE TERMS OF THE ORDER; AND

17 (II) ENFORCEMENT OF THE OBLIGATIONS OF AN ELECTRIC  
18 COMPANY, ITS SUCCESSOR, OR ANY OTHER PERSON THAT PROVIDED ELECTRIC  
19 SERVICES DESCRIBED IN § 7-522(E) OF THIS SUBTITLE, TO IMPOSE AND COLLECT  
20 INTANGIBLE TRANSITION CHARGES UNDER THE QUALIFIED RATE ORDER.

21 (2) AN ASSIGNEE OR FINANCING PARTY WITH RESPECT TO A QUALIFIED  
22 RATE ORDER IS ENTITLED, AS OF RIGHT, TO BE A PARTY TO A PROCEEDING  
23 INVOLVING THE ORDER.

24 (3) A QUALIFIED RATE ORDER REMAINS IN EFFECT, AND, AS AN  
25 EXERCISE OF THE COMMISSION'S RATE-MAKING AUTHORITY, THE JURISDICTION OF  
26 THE COMMISSION WITH RESPECT TO THE ORDER CONTINUES UNABATED,  
27 NOTWITHSTANDING ANY BANKRUPTCY, REORGANIZATION, DISSOLUTION, OR  
28 INSOLVENCY PROCEEDINGS THAT AFFECT THE ELECTRIC COMPANY OR AN  
29 ASSIGNEE.

30 (B) AN APPEAL FROM ANY LATER CASE OR CONTROVERSY CONCERNING A  
31 QUALIFIED RATE ORDER, AS DESCRIBED IN THIS SECTION, SHALL BE ON THE TERMS  
32 STATED IN THIS SECTION.

33 (C) ANY PARTY TO A LATER PROCEEDING ON A QUALIFIED RATE ORDER  
34 UNDER THIS SECTION MAY TAKE AN APPEAL BY FILING A PETITION FOR APPEAL  
35 WITH THE CLERK OF A REVIEWING COURT AND SERVING A COPY OF THE PETITION  
36 ON THE EXECUTIVE SECRETARY OF THE COMMISSION UNDER THE PROCEDURES SET  
37 FORTH IN § 7-525 OF THIS SUBTITLE. THE APPEAL IS SUBJECT TO THE PROCEDURES  
38 SET FORTH IN § 7-525 OF THIS SUBTITLE.

1 7-527.

2 (A) SUBJECT TO SUBSECTION (B) OF THIS SECTION, THE STATE PLEDGES TO  
3 AND AGREES WITH THE HOLDERS OF ANY TRANSITION BONDS ISSUED UNDER THIS  
4 PART AND WITH ANY ELECTRIC COMPANY WITH RESPECT TO WHICH A QUALIFIED  
5 RATE ORDER IS ADOPTED UNDER THIS PART AND ANY ASSIGNEE OR FINANCING  
6 PARTY WHO MAY ENTER INTO A CONTRACT WITH AN ELECTRIC COMPANY OR  
7 ASSIGNEE UNDER THIS PART, THAT THE STATE MAY NOT LIMIT OR ALTER THE  
8 RIGHTS VESTED IN AN ELECTRIC COMPANY, ASSIGNEE, OR FINANCING PARTY UNDER  
9 A QUALIFIED RATE ORDER UNTIL:

10 (1) THE PRINCIPAL OF, INTEREST ON, AND PREMIUM WITH RESPECT TO  
11 THE TRANSITION BONDS, OR CORRESPONDING AMOUNTS WITH RESPECT TO  
12 CERTIFICATES OF PARTICIPATION, BENEFICIAL INTEREST, OR OWNERSHIP, AND  
13 COSTS RELATED TO THE BONDS OR CERTIFICATES ARE FULLY PAID AND  
14 DISCHARGED; AND

15 (2) THE CONTRACTS ARE FULLY PERFORMED ON THE PART OF THE  
16 ELECTRIC COMPANY, ANY SUCCESSORS AND ASSIGNS, AND ANY OTHER PERSON  
17 PROVIDING ELECTRIC SERVICES UNDER § 7-522(E) OF THIS SUBTITLE.

18 (B) SUBJECT TO OTHER REQUIREMENTS OF LAW, NOTHING IN THIS SECTION  
19 PRECLUDES LIMITING OR ALTERING VESTED RIGHTS UNDER A QUALIFIED RATE  
20 ORDER AFTER ADEQUATE COMPENSATION IS PROVIDED BY LAW FOR THE  
21 PROTECTION OF THE ELECTRIC COMPANY, ANY SUCCESSOR, THE HOLDERS OF THE  
22 TRANSITION BONDS, AND ANY ASSIGNEE OR FINANCING PARTY ENTERING INTO THE  
23 CONTRACTS WITH THE ELECTRIC COMPANY OR ASSIGNEE, INCLUDING THE  
24 PAYMENT OF PRINCIPAL AND INTEREST, OR CORRESPONDING AMOUNTS, AND  
25 OTHER COSTS AND CHARGES.

26 7-528.

27 (A) NOTWITHSTANDING ANY OTHER PROVISION OF LAW:

28 (1) A SECURITY INTEREST IN INTANGIBLE TRANSITION PROPERTY MAY  
29 BE CREATED, ATTACH, AND BE PERFECTED ONLY IN ACCORDANCE WITH THIS  
30 SECTION; AND

31 (2) THIS SECTION AND § 7-529 OF THIS SUBTITLE PROVIDE THE LEGAL,  
32 TAX AND OTHER EFFECTS OF A SALE OR TRANSFER OR TRANSITION BOND  
33 FINANCING OF ALL OR A PORTION OF THE INTEREST OF AN ELECTRIC COMPANY OR  
34 ASSIGNEE IN A QUALIFIED RATE ORDER, OR IN INTANGIBLE TRANSITION PROPERTY  
35 ARISING FROM A QUALIFIED RATE ORDER.

36 (B) (1) FOR PURPOSES OF § 9-106 OF THE COMMERCIAL LAW ARTICLE,  
37 INTANGIBLE TRANSITION PROPERTY AND ANY RIGHT, TITLE, OR INTEREST OF AN  
38 ELECTRIC COMPANY OR ASSIGNEE DESCRIBED IN § 7-501(J) OF THIS SUBTITLE,  
39 WHETHER BEFORE OR AFTER A QUALIFIED RATE ORDER IS ISSUED, MAY NOT BE  
40 CONSIDERED "ACCOUNTS" OR "GENERAL INTANGIBLES".

1           (2)     FOR PURPOSES OF TITLE 9 OF THE COMMERCIAL LAW ARTICLE, A  
2 QUALIFIED RATE ORDER OR ANY RIGHT, TITLE, OR INTEREST PERTAINING TO A  
3 QUALIFIED RATE ORDER, INCLUDING ASSOCIATED INTANGIBLE TRANSITION  
4 PROPERTY AND ANY REVENUES, COLLECTIONS, CLAIMS, PAYMENTS, MONEY, OR  
5 OTHER PROPERTY AND AMOUNTS ARISING FROM INTANGIBLE TRANSITION  
6 CHARGES UNDER THE ORDER, MAY NOT BE CONSIDERED PROCEEDS OF ANY RIGHT  
7 OR INTEREST, OR PROFITS OR INCOME ARISING FROM ANY PROPERTY, OTHER THAN  
8 THE QUALIFIED RATE ORDER AND THE INTANGIBLE TRANSITION PROPERTY ARISING  
9 FROM THE ORDER.

10       (C)     A VALID AND ENFORCEABLE SECURITY INTEREST IN INTANGIBLE  
11 TRANSITION PROPERTY:

12           (1)     SHALL BE CREATED BY THE TERMS OF THE APPLICABLE QUALIFIED  
13 RATE ORDER, OR BY THE EXECUTION AND DELIVERY OF A SECURITY AGREEMENT  
14 BETWEEN THE ELECTRIC COMPANY, OR ASSIGNEE, AND A FINANCING PARTY IN THE  
15 FORM APPROVED IN THE QUALIFIED RATE ORDER;

16           (2)     SHALL ATTACH UNDER REGULATIONS ADOPTED BY THE  
17 COMMISSION; AND

18           (3)     MAY BE PERFECTED ONLY BY A SEPARATE FILING WITH THE  
19 COMMISSION.

20       (D)     BY REGULATION, THE COMMISSION SHALL PROVIDE THAT:

21           (1)     IF TRANSITION BONDS ARE ISSUED TO FINANCE ANY QUALIFIED  
22 TRANSITION COSTS, AS SPECIFIED IN THE APPLICABLE QUALIFIED RATE ORDER, THE  
23 SECURITY INTEREST SECURING THE TRANSITION BONDS SHALL ATTACH  
24 AUTOMATICALLY TO THE INTANGIBLE TRANSITION PROPERTY RELATING TO THOSE  
25 COSTS FROM THE TIME THAT VALUE IS GIVEN FOR THE ISSUANCE OF THE BONDS;

26           (2)     FROM THAT TIME FORWARD, THE SECURITY INTEREST:

27                 (I)     SHALL BE CONSIDERED A VALID AND ENFORCEABLE SECURITY  
28 INTEREST IN THE INTANGIBLE TRANSITION PROPERTY SECURING THE TRANSITION  
29 BONDS; AND

30                 (II)    IF, WITHIN 10 DAYS AFTER THE DATE OF ISSUANCE SPECIFIED  
31 IN PARAGRAPH (1) OF THIS SUBSECTION, A FILING IS MADE BY OR ON BEHALF OF THE  
32 FINANCING PARTY TO PROTECT THAT SECURITY INTEREST IN ACCORDANCE WITH  
33 THE PROCEDURES OF THE COMMISSION UNDER THIS SUBSECTION AND SUBSECTION  
34 (E) OF THIS SECTION, AND SUBJECT TO COMPLIANCE WITH ANY OTHER CONDITIONS  
35 IN THE QUALIFIED RATE ORDER, SHALL BE CONSIDERED A CONTINUOUSLY  
36 PERFECTED SECURITY INTEREST IN THE INTANGIBLE TRANSITION PROPERTY AND  
37 IN ALL REVENUES AND OTHER PROCEEDS ARISING FROM THAT PROPERTY,  
38 WHENEVER THE REVENUE OR PROCEEDS MAY ACCRUE OR BE IDENTIFIED;

39           (3)     ANY FILING MADE IN ACCORDANCE WITH THE REGULATIONS OF  
40 THE COMMISSION WITH RESPECT TO A SECURITY INTEREST SECURING TRANSITION

1 BONDS ISSUED UNDER A QUALIFIED RATE ORDER HAS PRIORITY OVER ANY FILING  
2 WITH RESPECT TO A SECURITY INTEREST NOT SECURING THE TRANSITION BONDS,  
3 WHENEVER MADE;

4 (4) THE RELATIVE PRIORITY OF A SECURITY INTEREST IN INTANGIBLE  
5 TRANSITION PROPERTY, WHEN PERFECTED IN ACCORDANCE WITH THE  
6 REGULATIONS OF THE COMMISSION, MAY NOT BE ADVERSELY AFFECTED BY LATER  
7 CHANGES TO THE QUALIFIED RATE ORDER OR TO THE INTANGIBLE TRANSITION  
8 CHARGES TO BE PAID BY ANY CUSTOMER UNDER THE QUALIFIED RATE ORDER, AS  
9 CONTEMPLATED IN § 7-522(C) OF THIS SUBTITLE; AND

10 (5) A SECURITY INTEREST IN INTANGIBLE TRANSITION PROPERTY,  
11 WHEN PERFECTED IN ACCORDANCE WITH THE REGULATIONS OF THE COMMISSION,  
12 SHALL HAVE PRIORITY OVER THE CLAIM OF ANY JUDGMENT LIEN CREDITOR OR  
13 OTHER LIEN CREDITOR OF THE DEBTOR, WHOSE LIEN BECOMES PERFECTED OR  
14 ATTACHES AFTER PERFECTION OF THE SECURITY INTEREST.

15 (E) THE COMMISSION SHALL:

16 (1) ESTABLISH AND MAINTAIN A SEPARATE SYSTEM OF RECORDS TO  
17 REFLECT THE DATE AND TIME OF RECEIPT OF ALL FILINGS MADE UNDER THIS PART;  
18 AND

19 (2) REQUIRE NOTICE OF A TRANSFER TO AN ASSIGNEE OF ANY  
20 INTEREST IN A QUALIFIED RATE ORDER, INCLUDING ANY INTANGIBLE TRANSITION  
21 PROPERTY ARISING FROM THE QUALIFIED RATE ORDER, TO BE FILED UNDER THE  
22 SAME SYSTEM.

23 (F) (1) A TRANSFER, TO AN ASSIGNEE, OF ANY INTEREST IN A QUALIFIED  
24 RATE ORDER, INCLUDING ANY INTANGIBLE TRANSITION PROPERTY ARISING FROM  
25 THE QUALIFIED RATE ORDER, AND ANY REVENUES OR OTHER PROCEEDS ARISING  
26 FROM THE INTANGIBLE TRANSITION PROPERTY, WHENEVER REALIZED, IS  
27 PERFECTED AS AGAINST A THIRD PARTY, INCLUDING ANY OTHER PURCHASER FROM  
28 THE TRANSFEROR, WHEN:

29 (I) THE RELATED QUALIFIED RATE ORDER BECOMES EFFECTIVE;

30 (II) A WRITTEN INSTRUMENT OF ASSIGNMENT HAS BEEN  
31 EXECUTED BY THE ASSIGNOR AND DELIVERED TO THE ASSIGNEE; AND

32 (III) A STATEMENT DESCRIBING THE ASSIGNMENT HAS BEEN FILED  
33 WITH THE COMMISSION IN ACCORDANCE WITH ITS REGULATIONS.

34 (2) A FILING IS EFFECTIVE AS OF THE DATE OF ASSIGNMENT, IF MADE  
35 WITHIN 10 DAYS AFTER THE DATE OF THE ASSIGNMENT.

36 (3) THE RELATIVE PRIORITY OF INTEREST OF TWO OR MORE ASSIGNEES  
37 FOR VALUE, AND WITHOUT NOTICE, WHO HAVE FILED IN ACCORDANCE WITH THE  
38 REGULATIONS OF THE COMMISSION, IS DETERMINED IN THE ORDER IN WHICH THE  
39 ASSIGNEES' STATEMENTS HAVE BEEN FILED.

1 (4) IF AN ASSIGNMENT FOR WHICH A COMPLYING FILING HAS BEEN  
2 MADE IS TREATED FOR ANY PURPOSE OF LAW AS A SECURITY INTEREST, THE FILING  
3 IS CONSIDERED EFFECTIVE AS A FILING WITH RESPECT TO THAT SECURITY  
4 INTEREST.

5 (G) EXCEPT AS OTHERWISE PROVIDED IN THE QUALIFIED RATE ORDER, IN  
6 THE EVENT OF DEFAULT WITH RESPECT TO TRANSITION BONDS ISSUED UNDER A  
7 QUALIFIED RATE ORDER AND WHICH ARE SECURED BY A SECURITY INTEREST  
8 PERFECTED IN ACCORDANCE WITH THIS SECTION, THE HOLDERS OF THE  
9 TRANSITION BONDS OR THEIR AUTHORIZED REPRESENTATIVES:

10 (1) HAVE THE SAME RIGHTS AS THOSE OF A SECURED PARTY UNDER  
11 TITLE 9 OF THE COMMERCIAL LAW ARTICLE; AND

12 (2) SUBJECT TO THE RIGHTS OF OTHER PARTIES THAT HOLD PRIOR  
13 SECURITY INTERESTS PERFECTED UNDER SUBSECTION (F) OF THIS SECTION, MAY:

14 (I) FORECLOSE ON AND ENFORCE THEIR SECURITY INTEREST;  
15 AND

16 (II) REQUEST THE COMMISSION TO ORDER THE SEQUESTRATION  
17 AND PAYMENT TO THE HOLDERS OR THEIR AUTHORIZED REPRESENTATIVES OF ALL  
18 REVENUES AND OTHER AMOUNTS ARISING FROM THE IMPOSITION OF INTANGIBLE  
19 TRANSITION CHARGES INCLUDED IN THE INTANGIBLE TRANSITION PROPERTY IN  
20 WHICH THOSE HOLDERS HAVE A SECURITY INTEREST.

21 7-529.

22 (A) TO BETTER IMPLEMENT THE PURPOSES OF THIS PART, WITH A VIEW TO  
23 MAXIMIZING THE INTENDED CUSTOMER RATE SAVINGS, IN THE EVENT THAT ALL OR  
24 A PORTION OF THE RIGHT, TITLE, AND INTEREST OF AN ELECTRIC COMPANY OR  
25 ASSIGNEE IN A QUALIFIED RATE ORDER, INCLUDING ANY INTANGIBLE TRANSITION  
26 PROPERTY ARISING FROM THE QUALIFIED RATE ORDER, IS SOLD, ASSIGNED, OR  
27 OTHERWISE TRANSFERRED IN A TRANSACTION THAT IS APPROVED IN THE  
28 QUALIFIED RATE ORDER AND WHICH THE GOVERNING DOCUMENTATION  
29 EXPRESSLY STATES TO BE A SALE OR OTHER ABSOLUTE TRANSFER OF THE  
30 TRANSFEROR'S RIGHT, TITLE, AND INTEREST IN THE PORTION OF THE ORDER AND IN  
31 THE INTANGIBLE TRANSITION PROPERTY TRANSFERRED, THEN THE SALE,  
32 ASSIGNMENT, OR OTHER TRANSFER HAS THE FORCE AND EFFECT OF, AND IS  
33 TREATED AS, A SALE OR OTHER ABSOLUTE TRANSFER OF THE INTEREST, AS IN A  
34 TRUE SALE, AND NOT AS A PLEDGE OR OTHER FINANCING FOR THE ORDER OR  
35 PROPERTY.

36 (B) FOR PURPOSES OF THIS SECTION, THE ABSOLUTE NATURE OF A SALE,  
37 ASSIGNMENT, OR OTHER TRANSFER UNDER THIS SECTION MAY NOT BE AFFECTED  
38 OR IMPAIRED IN ANY MANNER BY, AMONG OTHER THINGS:

39 (1) THE TRANSFEROR'S RETENTION OF BARE LEGAL TITLE TO  
40 INTANGIBLE TRANSITION PROPERTY FOR THE PURPOSE OF SERVICING OR

1 SUPERVISING THE SERVICING OF THE INTANGIBLE TRANSITION PROPERTY AND  
2 COLLECTIONS WITH RESPECT TO THAT PROPERTY;

3 (2) THE TRANSFEROR'S RETENTION OR ACQUISITION, WHETHER OR NOT  
4 AS A PART OF THE ASSIGNMENT, OF AN EQUITY INTEREST OF LESS THAN 5% IN THE  
5 INTANGIBLE TRANSITION PROPERTY FOR INVESTMENT PURPOSES, OR THE  
6 PROVISION OF CREDIT ENHANCEMENT AT MARKET RATES FOR THE SAME PORTION  
7 OF THE INTANGIBLE TRANSITION PROPERTY;

8 (3) A PROVISION IN THE QUALIFIED RATE ORDER THAT DETERMINES  
9 THE ORDER IN WHICH AMOUNTS ARE CONSIDERED COLLECTED, ON EITHER A  
10 PRIORITY OR A RATABLE BASIS, WITH RESPECT TO INTANGIBLE TRANSITION  
11 CHARGES AND OTHER RATES OR CHARGES OTHER THAN TAXES COLLECTED FROM  
12 CUSTOMERS OF THE ELECTRIC COMPANY, IN THE EVENT OF PARTIAL PAYMENT;

13 (4) CONTRACTING BY THE ELECTRIC COMPANY TO CONTINUE TO  
14 OPERATE ANY OF ITS SYSTEM FACILITIES AND PROVIDE RELEVANT ELECTRIC  
15 SERVICES TO ITS CUSTOMERS, AND TO IMPOSE, COLLECT, ACCOUNT FOR, AND REMIT  
16 APPLICABLE INTANGIBLE TRANSITION CHARGES UNDER § 7-522(E) OF THIS  
17 SUBTITLE; OR

18 (5) ANY CONTRARY TREATMENT OF THE SALE, ASSIGNMENT, OR OTHER  
19 TRANSFER FOR ACCOUNTING OR TAX PURPOSES.

20 (C) NOTWITHSTANDING A SALE OR OTHER ABSOLUTE TRANSFER OF  
21 INTANGIBLE TRANSITION PROPERTY UNDER THIS SECTION:

22 (1) THE CONSIDERATION RECEIVED BY AN ELECTRIC COMPANY OR  
23 ASSIGNEE WITH RESPECT TO THE SALE OR TRANSFER MAY NOT BE SUBJECT TO ANY  
24 STATE OR LOCAL TAX, WHENEVER IMPOSED;

25 (2) THE ASSIGNEE OF INTANGIBLE TRANSITION PROPERTY MAY NOT BE  
26 CONSIDERED TO BE AN ELECTRIC COMPANY OR A PERSON PROVIDING ELECTRIC  
27 SERVICES FOR PURPOSES OF ANY STATE OR LOCAL TAX, WHENEVER IMPOSED;

28 (3) THE ELECTRIC COMPANY OR OTHER PERSON THAT PROVIDES  
29 ELECTRIC SERVICES WITH RESPECT TO WHICH INTANGIBLE TRANSITION CHARGES  
30 ARE AUTHORIZED OR IMPOSED IS OBLIGED TO COLLECT AND PAY EACH STATE OR  
31 LOCAL TAX ON THE INTANGIBLE TRANSITION CHARGES; AND

32 (4) THE COMMISSION HAS EXCLUSIVE JURISDICTION TO TAKE ANY  
33 FURTHER ACTION REQUIRED OR ALLOWED CONCERNING THE QUALIFIED RATE  
34 ORDER UNDER THE PROVISIONS OF THE ORDER OR OF THIS PART, EVEN IF THE  
35 ASSIGNEE OR FINANCING PARTY IS NOT AN ELECTRIC COMPANY OR OTHER PERSON  
36 OTHERWISE SUBJECT TO THE JURISDICTION OF THE COMMISSION.

37 7-530.

38 (A) IN THIS SECTION, "COLLECTION PARTY" MEANS:

- 1 (1) AN ELECTRIC COMPANY OR ASSIGNEE;
- 2 (2) A SUCCESSOR OF AN ELECTRIC COMPANY OR ASSIGNEE;
- 3 (3) A PERSON WHO PROVIDES ELECTRIC SERVICES UNDER § 7-522(C) OF  
4 THIS SUBTITLE; OR
- 5 (4) A PERSON WHO PERFORMS COLLECTIONS FOR A PERSON LISTED IN  
6 THIS SUBSECTION.

7 (B) (1) THE VALIDITY OF THE INTEREST OF AN ASSIGNEE OR SECURED  
8 PARTY IN INTANGIBLE TRANSITION PROPERTY, AND IN ALL REVENUES OR OTHER  
9 PROCEEDS ARISING FROM THE INTANGIBLE TRANSITION PROPERTY, WHENEVER  
10 REALIZED, AS PROVIDED IN THIS PART, AND THE RELATIVE PRIORITY OF THE  
11 SECURITY INTEREST OF A SECURED PARTY IN THAT PROPERTY, REVENUE, OR  
12 PROCEEDS, WHEN PERFECTED IN ACCORDANCE WITH THE REGULATIONS OF THE  
13 COMMISSION, MAY NOT BE DEFEATED OR ADVERSELY AFFECTED BY:

14 (I) THE COMMINGLING OF THE REVENUES OR PROCEEDS WITH  
15 OTHER FUNDS, INCLUDING THOSE OF A COLLECTION PARTY; OR

16 (II) THE EXISTENCE OF A SECURITY INTEREST IN A DEPOSIT  
17 ACCOUNT OF ANY COLLECTION PARTY PERFECTED UNDER TITLE 9 OF THE  
18 COMMERCIAL LAW ARTICLE, IN WHICH THE REVENUES OR PROCEEDS MAY HAVE  
19 BEEN DEPOSITED.

20 (2) TO THE EXTENT THAT MONEYS OF AN ASSIGNEE OF INTANGIBLE  
21 TRANSITION PROPERTY ARE AT ANY TIME HELD IN A DEPOSIT OR OTHER ACCOUNT  
22 OF A COLLECTION PARTY, THE MONEYS ARE CONSIDERED TO BE HELD IN TRUST FOR  
23 THE BENEFIT OF THE ASSIGNEE.

24 (C) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, AN ASSIGNEE OF  
25 INTANGIBLE TRANSITION PROPERTY ARISING UNDER A QUALIFIED RATE ORDER HAS  
26 A PERFECTED SECURITY INTEREST, AND THE HOLDERS OF A PERFECTED SECURITY  
27 INTEREST IN INTANGIBLE TRANSITION PROPERTY OF THE ELECTRIC COMPANY OR  
28 ASSIGNEE ARISING UNDER THE QUALIFIED RATE ORDER HAVE A PERFECTED  
29 SECURITY INTEREST, IN ALL CASH AND DEPOSIT ACCOUNTS OF A COLLECTION  
30 PARTY IN WHICH ANY AMOUNTS COLLECTED, RECOVERED, OR RECEIVED WITH  
31 RESPECT TO INTANGIBLE TRANSITION CHARGES UNDER THE ORDER HAVE BEEN  
32 DEPOSITED AND COMMINGLED WITH OTHER FUNDS.

33 (2) (I) A PERFECTED SECURITY INTEREST IN DEPOSIT ACCOUNTS OF  
34 THE ELECTRIC COMPANY, ASSIGNEE, OR SUCCESSOR, IF THAT PERSON IS THE  
35 DEBTOR OF THE PERSON HOLDING THE PERFECTED SECURITY INTEREST, IS  
36 SUBJECT TO ANY APPLICABLE RIGHT OF SET-OFF.

37 (II) IN THE EVENT OF INSOLVENCY OF THE ELECTRIC COMPANY OR  
38 ASSIGNEE OR SUCCESSOR, THE PERFECTED SECURITY INTEREST IN INTANGIBLE  
39 TRANSITION PROPERTY OF THE INSOLVENT PERSON AND ANY REVENUES OR OTHER  
40 PROCEEDS ARISING FROM THAT PROPERTY IS LIMITED TO:

1                                   1.       THE AMOUNTS COLLECTED OR RECOVERED BY THE  
2 INSOLVENT PERSON WITH RESPECT TO INTANGIBLE TRANSITION CHARGES, WITHIN  
3 10 DAYS BEFORE THE INSOLVENCY PROCEEDINGS COMMENCE, WHETHER OR NOT  
4 THE AMOUNTS WERE ACTUALLY DEPOSITED IN THE DEPOSIT ACCOUNTS OF THE  
5 INSOLVENT PERSON; LESS

6                                   2.       THE SUM OF THE AMOUNTS PAID TO OR FOR THE  
7 ACCOUNT OF THE HOLDERS OF THE SECURITY INTEREST IN INTANGIBLE  
8 TRANSITION PROPERTY, OR TRANSFERRED TO A SEGREGATED ACCOUNT HELD  
9 SOLELY FOR THE BENEFIT OF THOSE HOLDERS, DURING THE 10-DAY PERIOD.

10       (D)     IF A COLLECTION PARTY HAS TRANSFERRED PROCEEDS OF INTANGIBLE  
11 TRANSITION PROPERTY THAT THE COLLECTION PARTY HAS RECOVERED,  
12 COLLECTED, OR OTHERWISE RECEIVED FROM A COMMINGLED ACCOUNT THAT  
13 INCLUDES OTHER FUNDS TO A SEGREGATED ACCOUNT THAT IS IDENTIFIED AS HELD  
14 SOLELY FOR THE BENEFIT OF THE HOLDERS OF TRANSITION BONDS WHICH ARE  
15 SECURED BY A SECURITY INTEREST, PERFECTED UNDER THE REGULATIONS OF THE  
16 COMMISSION, IN THE INTANGIBLE TRANSITION PROPERTY AND ALL REVENUES AND  
17 OTHER PROCEEDS ARISING FROM THE PROPERTY, THE SECURITY INTEREST OF THE  
18 HOLDERS OF THE TRANSITION BONDS SHALL:

19                   (1)     APPLY TO THE SEGREGATED ACCOUNT; AND

20                   (2)     HAVE PRIORITY OVER:

21                                   (I)     ANY OTHER INTEREST OR SECURITY INTEREST IN THE  
22 ACCOUNT; AND

23                                   (II)    THE LIEN OF ANY JUDGMENT LIEN CREDITOR OR OTHER LIEN  
24 CREDITOR TO WHICH THE SECURITY INTEREST OF THE TRANSITION BONDS IS  
25 SENIOR, UNDER § 7-528(D)(5) OF THIS SUBTITLE.

26 7-531.

27       (A)     THE AUTHORITY OF THE COMMISSION TO ISSUE QUALIFIED RATE ORDERS  
28 UNDER THIS PART EXPIRES 8 YEARS AFTER THE INITIAL IMPLEMENTATION DATE,  
29 UNLESS EXTENDED BY AMENDMENT.

30       (B)     THE EXPIRATION OF THAT AUTHORITY MAY NOT AFFECT:

31                   (1)     A QUALIFIED RATE ORDER ADOPTED BY THE COMMISSION UNDER  
32 THIS PART;

33                   (2)     INTANGIBLE TRANSITION PROPERTY ARISING FROM A QUALIFIED  
34 RATE ORDER;

35                   (3)     THE RATES AUTHORIZED TO BE CHARGED UNDER A QUALIFIED RATE  
36 ORDER;

1 (4) THE RIGHTS AND INTERESTS OF THE ELECTRIC COMPANY, ITS  
2 SUCCESSOR, AN ASSIGNEE, OR A FINANCING PARTY UNDER A QUALIFIED RATE  
3 ORDER; OR

4 (5) THE EXCLUSIVE CONTINUING JURISDICTION AND AUTHORITY OF  
5 THE COMMISSION TO MONITOR, SUPERVISE, OR TAKE FURTHER ACTION PERMITTED  
6 OR REQUIRED CONCERNING THE QUALIFIED RATE ORDER UNDER THE PROVISIONS  
7 OF THE ORDER OR OF THIS PART.

8 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
9 read as follows:

10 **Article - Public Utility Companies**

11 7-501.

12 (i) "Intangible transition charge" means a nonbypassable rate, charge, or  
13 similar appropriate mechanism for the provision, availability, or termination of  
14 electric service, authorized to be imposed for the recovery of qualified transition costs  
15 under a qualified rate order of the Commission ADOPTED UNDER § 7-522 OF THIS  
16 SUBTITLE.

17 (l) "Qualified rate order" means an order of the Commission, ADOPTED  
18 UNDER § 7-522 OF THIS SUBTITLE, approving one or more intangible transition  
19 charges.

20 7-513.

21 (c) (1) After July 1, 1999, an electric company may apply to the Commission  
22 for a qualified rate [order] ORDER, UNDER § 7-522 OF THIS SUBTITLE, for some or all  
23 of its transition costs.

24 (d) (2) Nothing in this subtitle may be construed to prevent the Commission  
25 from approving for an investor-owned electric company:

26 (i) an adjustment mechanism proposed by such investor-owned  
27 electric company in its initial restructuring proposal filed prior to January 1, 1999,  
28 that includes differences other than differences in kilowatt-hour sales, taking into  
29 consideration any requirements related to any transition bonds ISSUED UNDER §  
30 7-522 OF THIS SUBTITLE; or

31 SECTION 3. AND BE IT FURTHER ENACTED, That this Act binds the Public  
32 Service Commission and any successor unit, including any regulatory or other body  
33 that possesses or exercises the same or similar powers, functions, duties and  
34 obligations exercised or possessed by the Commission on the effective date of this Act  
35 or Chapter \_\_\_\_ (S.B. 300)(9lr1907) of the Acts of the General Assembly of 1999.

36 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect  
37 July 1, 1999, contingent on the taking effect of Chapter \_\_\_\_ (S.B. 300)(9lr1907) of the  
38 Acts of the General Assembly of 1999, and if Chapter \_\_\_\_ does not become effective,

1 this Act shall be null and void without the necessity of further action by the General  
2 Assembly.