

# SENATE BILL 491

C5

EMERGENCY BILL

71r1023

---

By: **Senator Britt**

Introduced and read first time: February 2, 2007

Assigned to: Finance

---

## A BILL ENTITLED

1 AN ACT concerning

2 **Public Utility Companies – Electricity Rates for Residential Tenants of**  
3 **Nonresidential Customers**

4 FOR the purpose of requiring the Public Service Commission to initiate a certain  
5 proceeding to investigate options available to implement a rate mitigation plan  
6 or rate stabilization plan to phase in the costs of electricity rate increases for  
7 certain residential tenants of a nonresidential customer of an electric company  
8 in a certain service territory, where a certain percentage of the residential  
9 tenants are low- and moderate-income individuals; requiring the rate  
10 mitigation plan or rate stabilization plan to apply to increases in electricity  
11 rates that will take effect on or after a certain date; making this Act an  
12 emergency measure; defining a certain term; and generally relating to  
13 electricity rates for residential tenants of nonresidential customers.

14 BY repealing and reenacting, with amendments,  
15 Article – Public Utility Companies  
16 Section 7-501(n) through (q)  
17 Annotated Code of Maryland  
18 (1998 Volume and 2006 Supplement)

19 BY adding to  
20 Article – Public Utility Companies  
21 Section 7-501(n)  
22 Annotated Code of Maryland  
23 (1998 Volume and 2006 Supplement)

---

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **Article – Public Utility Companies**

4 7–501.

5 **(N) “RESIDENTIAL CUSTOMER” INCLUDES A RESIDENTIAL TENANT OF A**  
6 **NONRESIDENTIAL CUSTOMER.**

7 **[(n)] (O)** “Standard offer service” means electric service that an electric  
8 company must offer to its customers under § 7–510(c) of this subtitle.

9 **[(o)] (P)** “Transition bond” means a bond, debenture, note, certificate of  
10 participation or beneficial interest, or other evidence of indebtedness or ownership,  
11 approved in a qualified rate order and issued under an executed trust indenture or  
12 other agreement of an electric company or assignee, and which is secured by,  
13 evidences ownership interest in, or is payable from intangible transition property.

14 **[(p)] (Q)** “Transition cost” means a cost, liability, or investment that:

15 (1) traditionally would have been or would be recoverable under  
16 rate-of-return regulation, but which may not be recoverable in a restructured  
17 electricity supply market; or

18 (2) arises as a result of electric industry restructuring and is related to  
19 the creation of customer choice.

20 **[(q)] (R)** (1) “Universal service program” means a program that helps  
21 low-income customers maintain electric service.

22 (2) “Universal service program” includes customer bill assistance and  
23 payment programs, termination of service protection, and policies and services that  
24 help low-income customers to reduce or manage energy consumption in a  
25 cost-effective manner.

26 SECTION 2. AND BE IT FURTHER ENACTED, That:

27 (a) This section applies only to a service territory in which a rate cap or  
28 freeze was not in effect for residential customers as of July 1, 2004, and which had a  
29 rate mitigation plan in effect on July 1, 2006, for residential customers in accordance  
30 with Order No. 80747 of the Public Service Commission.

1           (b)    On or before July 1, 2007, the Public Service Commission shall initiate a  
2 proceeding to investigate options available to implement a rate mitigation plan or rate  
3 stabilization plan, including renegotiation of a settlement agreement, to phase in the  
4 costs of electricity rate increases for residential tenants of a nonresidential customer of  
5 an electric company, where 90% of the residential tenants of the nonresidential  
6 customer are low- and moderate-income individuals.

7           (c)    The rate mitigation plan or rate stabilization plan implemented under  
8 subsection (b) of this section shall apply to increases in electricity rates as a result of  
9 increases in the cost of electricity that will take effect on or after June 1, 2007, for  
10 which the electric company has contracted.

11           SECTION 3. AND BE IT FURTHER ENACTED, That this Act is an emergency  
12 measure, is necessary for the immediate preservation of the public health or safety,  
13 has been passed by a ye and nay vote supported by three-fifths of all the members  
14 elected to each of the two Houses of the General Assembly, and shall take effect from  
15 the date it is enacted.