

**Department of Legislative Services**  
Maryland General Assembly  
2016 Session

**FISCAL AND POLICY NOTE**  
**First Reader**

House Bill 295  
Economic Matters

(Delegate Krimm)

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**Electricity - Explanation of Bill Charges**

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This bill requires an electric company to include an explanation of each charge that is listed in its customer bill. The explanation of each charge must (1) disclose whether the charge is a uniform charge, a charge based on customer class, a charge based on usage, a one-time assessment, or another type of charge, fee, or assessment and (2) include a description of how the charge is calculated, how the charge is authorized, and what the purpose of the charge is. If a customer bill includes information relating to more than one meter or customer account, the explanation does not need to be duplicated, as long as it is clear to which charges each explanation refers.

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**Fiscal Summary**

**State Effect:** None. The bill affects electric companies, which are primarily private companies.

**Local Effect:** Minimal. The bill affects electric companies, which are primarily private companies; however, there are five municipal electric companies, (cities of Berlin, Easton, Hagerstown, Thurmont, and Williamsport) which are minimally affected by the bill's requirement to explain charges in customer bills.

**Small Business Effect:** None. The bill affects electric companies, which are not small businesses.

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## Analysis

**Current Law:** A gas company or electric company may bill its customers for gas, electricity, or any other service it renders only on the basis of the net total cost of the service under the applicable rate that is filed for that service.

Generally a public service company (which includes an electric company) must file a tariff schedule with the Public Service Commission (PSC) of its rates and charges for its regulated services and for standard offer service. Unless otherwise ordered by PSC, a public service company may not establish a new rate or change in rate unless the public service company:

- provides PSC notice of the new rate or change in rate at least 30 days before the new rate is established or current rate is changed; and
- publishes the new rate or change in rate during the entire 30-day notice period in new schedules or plainly indicated amendments to existing schedules.

PSC regulations require specific information to be included on customer bills, including:

- the readings of all meters used for billing purposes at the end of the period for which the bill is rendered;
- the applicable rate schedule, including any seasonal or time differential in base rates for the billing period in which the differential is applicable, or identification of the applicable rate schedule;
- any State or local surcharges;
- the total due, including any prior unpaid amount but excluding the current late payment charge;
- the electric company's appropriate business address and telephone number for billing inquiries; and
- any conversions from meter reading units to billing units, or any calculations to determine billing units from recording or other devices, and any other factors used in determining the bill.

PSC may, for good cause, grant a waiver or exception from any of the customer bill information requirements.

**Background:** Electric companies are authorized to include several charges (usually referred to as "riders") outside of the standard charges for electric supply and electric distribution – some charges are for State/local taxes, while others are for various utility programs or billing true-ups. For example, the January bill for Baltimore Gas and Electric Company (BGE) includes an EmPower Maryland charge,

an “RSP” charge (which includes a rate stabilization charge), a Demand Respond charge, an Electric Reliability Investment Initiative charge, an Environmental surcharge, a Maryland Universal Service Program surcharge, and a Franchise Tax line item. Descriptions of the charges are available in BGE’s tariff on its website, but generally are not described in the customer bill.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Public Service Commission, Office of People’s Counsel, Baltimore Gas and Electric Company, Department of Legislative Services

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