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Introduced and read first time: February 7, 1997

Assigned to: Environmental Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Public Service Companies - Cost Allocation Manual - Periodic Revision**

3 FOR the purpose of requiring a certain audit opinion of the cost allocation manual of
4 certain public service companies in a certain manner when the companies file
5 changes in their base rates or make certain changes to determine if the cost
6 allocation manual is still accurate or needs revision; limiting certain filing
7 requirements within a certain period of time; providing for the responsibility for
8 certain costs; and generally relating to a review of the cost allocation manual of
9 public service companies.

10 BY repealing and reenacting, with amendments,
11 Article 78 - Public Service Commission Law
12 Section 27
13 Annotated Code of Maryland
14 (1995 Replacement Volume and 1996 Supplement)

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

17 **Article 78 - Public Service Commission Law**

18 27.

19 (a) No public service company shall in its utility operations:

20 (1) Sell or render service or furnish any commodity until its schedules of
21 rates therefor have been duly filed and published in accordance with § 28(a) of this
22 article;

23 (2) Demand or collect a greater or less compensation for any service or
24 commodity than specified therefor in its schedules as in force at the time;

25 (3) Demand or collect any charge which for any reason violates any of the
26 provisions of this article; or

27 (4) Assist, suffer or permit any of the things prohibited by this section to be
28 done by any means or device, including but not limited to false billing, false classification,
29 false weighing, or false report of weight.

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1 (b) No person shall accomplish or seek to accomplish any of the things prohibited
2 by subsection (a)(4) of this section, whether with or without the connivance or consent of
3 the public service company or any of its personnel.

4 (c) (1) Unless the Commission otherwise orders, no public service company
5 shall establish any new rate or make any change in any rate except after thirty days'
6 notice, to the Commission, and publication, in accordance with § 28(a) of this article,
7 during all of said period by means of new schedules or plainly indicated amendments
8 upon the schedules in force and posted, which shall plainly set forth the changes proposed
9 to be made in the schedules then in force and the time when the change in rate is to go
10 into effect.

11 (2) (I) THIS PARAGRAPH APPLIES TO A PUBLIC SERVICE COMPANY
12 THAT:

13 1. PROVIDES GAS OR ELECTRIC SERVICES;

14 2. IS SUBJECT TO A COST ALLOCATION MANUAL APPROVED
15 BY THE COMMISSION; AND

16 3. A. ENGAGES IN A NONREGULATED BUSINESS
17 ACTIVITY; OR

18 B. HAS A SUBSIDIARY THAT ENGAGES IN A NONREGULATED
19 BUSINESS ACTIVITY.

20 (II) WHEN A PUBLIC SERVICE COMPANY SUBJECT TO THIS
21 PARAGRAPH FILES A REQUEST FOR A CHANGE IN BASE RATE UNDER THIS ARTICLE,
22 OR HAS A MAJOR CHANGE IN ITS CORPORATE ORGANIZATION OR STRUCTURE AS
23 DETERMINED BY THE COMMISSION, THE PUBLIC SERVICE COMPANY SHALL FILE
24 WITH THE REQUEST AN INDEPENDENT AUDIT OPINION PREPARED BY AN ENTITY
25 APPROVED BY THE COMMISSION THAT:

26 1. CERTIFIES TO THE CONTINUING ACCURACY OF THE
27 PUBLIC SERVICE COMPANY'S COST ALLOCATION MANUAL; OR

28 2. IDENTIFIES ADJUSTMENTS THAT SHOULD BE MADE TO
29 THE MANUAL CONSISTENT WITH PRIOR COMMISSION RULINGS.

30 (III) A PUBLIC SERVICE COMPANY MAY NOT BE REQUIRED TO FILE
31 MORE THAN ONE INDEPENDENT AUDIT OPINION UNDER THIS PARAGRAPH WITHIN
32 A CONSECUTIVE 3-YEAR PERIOD.

33 (IV) THE COST OF THE INDEPENDENT AUDIT OPINION FILED
34 UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH SHALL BE BORNE BY THE
35 STOCKHOLDERS OF THE PUBLIC SERVICE COMPANY.

36 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
37 October 1, 1997.