

BY: Finance Committee

AMENDMENTS TO HOUSE BILL NO. 703
(Third Reading File Bill)

AMENDMENT NO. 1

On page 1, after line 2, insert:

“FOR the purpose of enabling the restructuring of the electric utility industry of the State in a certain manner, subject to oversight of the Public Service Commission; stating the findings and declaration of intent of the General Assembly; requiring the Commission to require certain consumer education programs, customer information, nondiscrimination policies, and operational requirements; requiring the Commission, in consultation with the Maryland Energy Administration to report by a certain date on certain programs; requiring the Commission to issue certain orders or adopt certain regulations before the implementation of customer choice; prohibiting the disclosure of certain information; prohibiting certain actions by electricity suppliers; providing that this Act may not be construed as preventing the application of certain protections and laws; requiring the Commission, in consultation with the Department of Environment, to adopt certain measures regarding certain environmental programs; requiring the Commission to reduce certain rates for a certain time under certain circumstances; requiring the Commission to consult with the Consumer Protection Division of the Office of the Attorney General before issuing certain regulations; allowing municipal electric utilities to elect to make their service territory available for customer choice; requiring municipal electric utilities to file a certain plan and report by a certain date on a certain status; providing that certain persons may not engage in the business of competitive billing services in certain local jurisdictions unless the person holds a certain license; providing for certain licensure requirements; prohibiting the recovery of consumer education costs under certain circumstances; requiring the Commission to establish a certain universal service program; requiring all customers of electric companies in the State to contribute to the funding of a universal service program; requiring the Commission to report on a universal service program and make a certain recommendation; providing for certain funding

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of a universal service program; requiring certain actions by the General Assembly regarding certain funding of the universal service program; requiring the Commission to consider certain evidence in determining certain costs or benefits; requiring the Commission to cooperate with and share information with the Antitrust Division of the Office of the Attorney General; requiring certain electric companies to continue purchasing electricity under certain contracts under certain circumstances; prohibiting electricity suppliers and electric companies from terminating certain customers under certain circumstances; requiring the Commission, in consultation with the Maryland Energy Administration, to report by a certain date on the feasibility of requiring a certain renewable portfolio standard; altering the imposition of the environmental surcharge to certain customers; extending the termination date of a certain surcharge; authorizing the Governor to submit a certain budget amendment from the Revenue Stabilization Fund to be used for certain education purposes; requiring the Commission to use certain funds during a certain period to implement a certain program; requiring the Commission to report by a certain date on a certain recommended consumer education funding level for a certain time; providing for the implementation of standard offer service in a certain manner; prohibiting the Commission from requiring divestiture of certain assets; requiring the Commission to ensure the creation of certain competitive electricity services in a certain manner; allowing the Commission to adopt alternative forms of regulation for certain regulated services; requiring the Commission to limit certain rates for a certain period; requiring an electric company to provide certain services in certain territory; requiring certain persons to be licensed by the Commission before providing electricity supply services in the State, subject to certain requirements and enforcement mechanisms; allowing an electric company to transfer or sell certain generation facilities or assets in a certain manner, subject to certain review by the Commission for certain purposes; providing for the opportunity to recover certain costs by certain means and secured or obtained in certain manners; requiring the phased implementation of customer choice for electric customers in the State in a certain manner by certain dates, subject to Commission determination and certain contingencies; establishing the obligation of an electric company to serve customers after a certain date; requiring the implementation of competitive metering and billing on certain dates; providing for investigation of market power in certain manners, subject to certain remedial action by the Commission; providing for reciprocity of customer choice with respect to certain other jurisdictions; providing for certain long-range planning for certain regulated utility services only; requiring certain tariff and rate filings for certain regulated utility services only; eliminating a certain required plan on the State's generating

needs; altering certain criteria for obtaining a certificate of public convenience and necessity for a generating station; requiring the Secretary of Natural Resources to use certain funds for certain purposes; providing that certain provisions of the Uniform Commercial Code do not apply to certain property; providing for the adoption of certain regulations; defining certain terms; providing that provisions of this Act are severable; providing for the effective date of a portion of this Act; and generally relating to restructuring of the electric utility industry.

BY repealing and reenacting, with amendments,

Article - Public Utility Companies

Section 1-101, 2-118, 4-201, 4-202, 7-201, 7-203, 7-207, and 7-211

Annotated Code of Maryland

(1998 Volume)

BY adding to

Article - Public Utility Companies

Section 7-501 through 7-518, inclusive, to be under the new subtitle "Subtitle 5. Electric Industry Restructuring"

Annotated Code of Maryland

(1998 Volume)

BY repealing and reenacting, with amendments,

Article - Commercial Law

Section 9-104(m)

Annotated Code of Maryland

(1997 Replacement Volume and 1998 Supplement)

BY adding to

Article - Commercial Law

Section 9-104(n)

Annotated Code of Maryland

(1997 Replacement Volume and 1998 Supplement)

BY repealing

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Article - Public Utility Companies
Section 4-403
Annotated Code of Maryland
(1998 Volume)

BY repealing and reenacting, with amendments,

Article - Natural Resources
Section 3-302
Annotated Code of Maryland
(1997 Replacement Volume and 1998 Supplement)

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

Article - Public Utility Companies

1-101.

(a) In this article the following words have the meanings indicated.

(B) (1) "AGGREGATOR" MEANS AN ENTITY, INCLUDING A COUNTY OR MUNICIPAL CORPORATION, OR AN INDIVIDUAL THAT ACTS ON BEHALF OF A CUSTOMER TO PURCHASE ELECTRICITY.

(2) "AGGREGATOR" DOES NOT INCLUDE:

(I) AN ENTITY OR INDIVIDUAL THAT PURCHASES ELECTRICITY FOR ITS OWN USE OR FOR THE USE OF ITS SUBSIDIARIES OR AFFILIATES; OR

(II) A MUNICIPAL ELECTRIC UTILITY SERVING ONLY IN ITS DISTRIBUTION TERRITORY.

(C) "BROKER" MEANS AN ENTITY OR INDIVIDUAL THAT ACTS AS AN AGENT

OR INTERMEDIARY IN THE SALE AND PURCHASE OF ELECTRICITY BUT DOES NOT TAKE TITLE TO ELECTRICITY.

[(b)] (D) "Commission" means the Public Service Commission.

[(c)] (E) (1) "Common carrier" means a person, public authority, or federal, State, district, or municipal transportation unit that is engaged in the public transportation of persons for hire, by land, water, air, or any combination of them.

(2) "Common carrier" includes:

(i) an airline company;

(ii) a car company, motor vehicle company, automobile company, or motor bus company;

(iii) a power boat company, vessel-boat company, steamboat company, or ferry company;

(iv) a railroad company, street railroad company, or sleeping car company;

(v) a taxicab company;

(vi) a toll bridge company; and

(vii) a transit company.

(3) "Common carrier" does not include:

(i) a county revenue authority;

(ii) a toll bridge or other facility owned and operated by a county revenue authority; or

(iii) a vanpool or launch service.

[(d)] (F) "Company", as a designation for a type of enterprise, includes a person that owns a company individually or as an agent, trustee, or receiver of a company.

[(e)] (G) "County" means a county of the State or Baltimore City.

[(f)] (H) (1) "Electric company" means a [public service company that:

(i) owns an electric plant and transmits, sells, or distributes electricity;

(ii) generates electricity for distribution or sale; or

(iii) is authorized to install or maintain facilities in, over, or under streets for furnishing or distributing electricity.

(2) "Electric company" includes a municipal corporation that is in the business of supplying electricity for other than municipal purposes] PERSON WHO PHYSICALLY TRANSMITS OR DISTRIBUTES ELECTRICITY IN THE STATE TO A RETAIL ELECTRIC CUSTOMER.

[(3)] (2) "Electric company" does not include [a company that generates or transmits electricity exclusively for its own use]:

(I) THE FOLLOWING PERSONS WHO SUPPLY ELECTRICITY AND ELECTRICITY SUPPLY SERVICES SOLELY TO OCCUPANTS OF A BUILDING FOR USE BY THE OCCUPANTS:

1. AN OWNER/OPERATOR WHO HOLDS OWNERSHIP IN AND MANAGES THE INTERNAL DISTRIBUTION SYSTEM SERVING THE BUILDING; OR

2. A LESSEE/OPERATOR WHO HOLDS A LEASEHOLD INTEREST IN AND MANAGES THE INTERNAL DISTRIBUTION SYSTEM SERVING THE BUILDING;

(II) ANY PERSON WHO GENERATES ON-SITE GENERATED ELECTRICITY; OR

(III) A PERSON WHO TRANSMITS OR DISTRIBUTES ELECTRICITY WITHIN A SITE OWNED BY THE PERSON OR THE PERSON'S AFFILIATE THAT IS INCIDENTAL TO A PRIMARILY LANDLORD-TENANT RELATIONSHIP.

[g] (I) "Electric plant" means the material, equipment, and property owned by an electric company and used or to be used for or in connection with electric service.

(J) (1) "ELECTRICITY SUPPLIER" MEANS A PERSON:

(I) WHO SELLS:

1. ELECTRICITY;

2. ELECTRICITY SUPPLY SERVICES;

3. COMPETITIVE BILLING SERVICES; OR

4. COMPETITIVE METERING SERVICES; OR

(II) WHO PURCHASES, BROKERS, ARRANGES, OR MARKETS ELECTRICITY OR ELECTRICITY SUPPLY SERVICES FOR SALE TO A RETAIL ELECTRIC CUSTOMER.

(2) "ELECTRICITY SUPPLIER" INCLUDES AN ELECTRIC COMPANY, AGGREGATOR, BROKER, AND MARKETER.

(3) "ELECTRICITY SUPPLIER" DOES NOT INCLUDE:

(I) THE FOLLOWING PERSONS WHO SUPPLY ELECTRICITY AND

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ELECTRICITY SUPPLY SERVICES SOLELY TO OCCUPANTS OF A BUILDING FOR USE BY THE OCCUPANTS:

1. AN OWNER/OPERATOR WHO HOLDS OWNERSHIP IN AND MANAGES THE INTERNAL DISTRIBUTION SYSTEM SERVING THE BUILDING; OR

2. A LESSEE/OPERATOR WHO HOLDS A LEASEHOLD INTEREST IN AND MANAGES THE INTERNAL DISTRIBUTION SYSTEM SERVING THE BUILDING; OR

(II) A PERSON WHO GENERATES ON-SITE GENERATED ELECTRICITY.

[(h)] (K) (1) "Gas company" means a public service company that:

(i) is authorized to install or maintain facilities in, over, or under streets for furnishing or distributing gas; or

(ii) owns a gas plant and:

1. transmits, sells, supplies, or distributes artificial or natural gas;

or

2. manufactures gas for distribution or sale.

(2) "Gas company" includes a municipal corporation that is in the business of supplying gas for other than municipal purposes.

[(i)] (L) "Gas master meter operator" means a person that owns or operates a pipeline system, other than piping within a building:

(1) that distributes gas within, but not limited to, a definable area, such as a mobile home park, housing project, or apartment complex;

(2) for which the person purchases metered, artificial, or natural gas from an

outside source for resale through the pipeline system; and

(3) that supplies the ultimate consumer, who purchases the gas directly through a meter or by other means, such as by rent.

[(j)] (M) "Gas plant" means the material, equipment, and property owned by a gas company and used or to be used for or in connection with gas service.

[(k)] (N) "Launch service" means a power boat company that transports passengers or freight between the shore and vessels on a body of water in the State.

(O) "MARKETER" MEANS A PERSON WHO PURCHASES AND TAKES TITLE TO ELECTRICITY AS AN INTERMEDIARY FOR SALE TO A CUSTOMER.

(P) "MUNICIPAL ELECTRIC UTILITY" MEANS A MUNICIPAL CORPORATION, OR A DIVISION OF A MUNICIPAL CORPORATION, THAT IS IN THE BUSINESS OF TRANSMITTING OR DISTRIBUTING ELECTRICITY FOR PURPOSES OTHER THAN END USE BY THE MUNICIPAL CORPORATION.

(Q) "ON-SITE GENERATED ELECTRICITY" MEANS ELECTRICITY THAT:

(1) IS NOT TRANSMITTED OR DISTRIBUTED OVER AN ELECTRIC COMPANY'S TRANSMISSION OR DISTRIBUTION SYSTEM; AND

(2) IS GENERATED AT A FACILITY OWNED OR OPERATED BY AN ELECTRIC CUSTOMER OR OPERATED BY A DESIGNEE OF THE OWNER WHO, WITH THE OTHER TENANTS OF THE FACILITY, CONSUMES AT LEAST 80% OF THE POWER GENERATED FOR THE FACILITY EACH YEAR.

[(l)] (R) "Own" includes own, operate, lease to or from, manage, or control.

[(m)] (S) "Person" means an individual, receiver, trustee, guardian, personal representative, fiduciary, or representative of any kind and any partnership, firm, association,

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corporation, or other entity.

[(n)] (T) "Plant" includes all material, equipment, and property owned by a public service company and used or to be used for or in connection with a public utility service.

[(o)] (U) "Proceeding" includes an action, complaint, hearing, investigation, trial, appeal, order, or similar matter pending before, made, or conducted by an official body.

[(p)] (V) "Public service company" means a common carrier company, electric company, gas company, sewage disposal company, steam heating company, telegraph company, telephone company, water company, or any combination of public service companies.

[(q)] (W) (1) "Railroad" means a common carrier by rail powered in any manner.

(2) "Railroad" includes material, equipment, and property used on or in connection with a railroad.

[(r)] (X) (1) "Rate" means a toll, fare, tariff, fee, price, or other charge, or a combination of these items, by a public service company for public utility service.

(2) "Rate" includes a schedule, regulation, classification, or practice of a public service company that affects:

(i) the amount of a charge; or

(ii) the nature and value of the service rendered for the charge.

[(s)] (Y) (1) "Record" means the original or a copy of any documentary material.

(2) "Record" includes an account, book, chart, contract, document, file, map, paper, profile, report, or schedule.

(Z) "RENEWABLE ENERGY RESOURCE" MEANS ONE OR MORE OF THE FOLLOWING SOURCES OF ENERGY, ENERGY TECHNOLOGY, OR RELATED CREDIT:

- (1) SOLAR;
- (2) WIND;
- (3) TIDAL;
- (4) GEOTHERMAL;
- (5) BIOMASS, INCLUDING WASTE-TO-ENERGY AND LANDFILL GAS RECOVERY;
- (6) HYDROELECTRIC FACILITIES;
- (7) DIGESTER GAS; AND
- (8) A MANUFACTURING OR COMMERCIAL WASTE-TO-ENERGY SYSTEM OR FACILITY.

(AA) (1) "RETAIL ELECTRIC CUSTOMER" MEANS A PURCHASER OF ELECTRICITY FOR END USE IN THE STATE.

(2) "RETAIL ELECTRIC CUSTOMER" EXCLUDES:

(I) AN OCCUPANT OF A BUILDING IN WHICH THE OWNER/OPERATOR OR LESSEE/OPERATOR MANAGES THE INTERNAL DISTRIBUTION SYSTEM SERVING THE BUILDING AND SUPPLIES ELECTRICITY AND ELECTRICITY SUPPLY SERVICES SOLELY TO OCCUPANTS OF THE BUILDING FOR USE BY THE OCCUPANTS; AND

(II) A PERSON WHO GENERATES ON-SITE GENERATED ELECTRICITY, TO THE EXTENT THE ON-SITE GENERATED ELECTRICITY IS CONSUMED BY THAT PERSON OR ITS TENANTS.

[(t)] (BB) "Sewage disposal company" means a privately-owned public service company that owns or maintains facilities for the disposal of sewage.

[(u)] (CC) "Small rural electric cooperative" means an electric company that:

- (1) serves only the consumers that exclusively own and control the company;
- (2) conducts its business on a not-for-profit basis; and
- (3) supplies electricity to less than 1,000 electric meters in the State.

[(v)] (DD) "State" means:

- (1) a state, possession, territory, or commonwealth of the United States; or
- (2) the District of Columbia.

[(w)] (EE) "Steam heating company" means a public service company that manufactures, sells, or distributes steam for use, sale, or distribution.

[(x)] (FF) "Street railroad" means a railroad:

- (1) that is not part of a trunk line railway system; and
- (2) whose routes are mainly within Baltimore City or a municipal corporation with a population of at least 2,000.

[(y)] (GG) (1) "Taxicab" means a motor vehicle for hire that:

(i) is designed to carry seven or fewer individuals, including the driver;
and

(ii) is used to accept or solicit passengers for transportation between points along public streets as the passengers request.

- (2) "Taxicab" does not include a motor vehicle operated on a regular schedule and

between fixed points with the approval of the Commission as defined in Title 11 of the Transportation Article.

[(z)] (HH) "Telegraph company" means a public service company that:

(1) owns telegraph lines to receive, transmit, or communicate telegraphic communications; or

(2) leases, licenses, or sells telegraphic communications.

[(aa)] (II) "Telegraph lines" means the material, equipment, and property owned by a telegraph company and used or to be used for or in connection with telegraph service.

[(bb)] (JJ) (1) "Telephone company" means a public service company that:

(i) owns telephone lines to receive, transmit, or communicate telephone or teletype communications; or

(ii) leases, licenses, or sells telephone or teletype communications.

(2) "Telephone company" does not include a cellular telephone company.

[(cc)] (KK) "Telephone lines" means the material, equipment, and property owned by a telephone company and used or to be used for or in connection with telephone service.

[(dd)] (LL) "Toll bridge" means a bridge operated by a person authorized by the Commission to charge and collect toll from traffic using the bridge.

[(ee)] (MM) (1) "Transportation of persons for hire" means the transportation of persons by:

(i) regularly scheduled operations;

(ii) charter or contract operations; or

(iii) tour or sightseeing operations.

(2) "Transportation of persons for hire" includes the transportation of persons, whether on the cooperative plan, carried by a corporation, group, or association engaged in the transportation of its stockholders, shareholders, or members.

[(ff)] (NN) "Water company" means a public service company that owns a water plant and sells or distributes water for gain.

[(gg)] (OO) "Water plant" means the material, equipment, and property owned by a water company and used or to be used for or in connection with water service.

2-118.

(a) This section does not apply to taxicabs, power boat companies, toll bridges, or towing and lightering companies.

(b) The Commission shall require each public service company subject to its jurisdiction to formulate and, after approval by the Commission, to implement long-range plans to provide REGULATED service.

(c) The Commission shall require each electric company in the State to include in the long-range plan [adequate] COST-EFFECTIVE provisions to promote energy conservation to decrease or moderate electric and, as appropriate, natural gas demand FOR REGULATED SERVICE from customers.

(d) (1) The Commission shall review each plan for adequacy under the criteria of § 2-113 of this subtitle, giving attention to the interrelationship of services of other public service companies and to provisions for research and development to ensure adequate service.

(2) As part of the review, and subject to any applicable Freedom of Information Act, the Commission shall consult with other State units and provide an opportunity for public comment.

(3) The Commission shall require the revisions to a plan that the Commission considers appropriate unless the authority to review and approve a plan has been granted to another State unit by other law.

4-201.

In accordance with the provisions of this article, a public service company shall charge just and reasonable rates for the [utility] REGULATED services that it renders.

4-202.

(a) A public service company shall file with the Commission a tariff schedule of its rates and charges FOR ITS REGULATED SERVICES AND FOR STANDARD OFFER SERVICE AS PROVIDED IN § 7-505(B)(9) OF THIS ARTICLE.

(b) As ordered by the Commission, a public service company shall:

(1) plainly print the tariff schedule of its rates and charges FOR ITS REGULATED SERVICES;

(2) make available the tariff schedules for public inspection; and

(3) post the tariff schedules to make the tariff schedules readily accessible to and convenient for inspection by the public.

7-201.

(a) [In cooperation with the Secretary of Natural Resources as provided under § 3-304 of the Natural Resources Article, the Commission shall assemble and evaluate annually the long-range plans of the State's electric companies regarding generating needs and the means to meet those needs.

(b)] (1) Annually, the chairman of the Commission shall forward to the Secretary of Natural Resources a 10-year plan listing possible and proposed sites, including the associated

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transmission routes, for the construction of electric plants within the State.

(2) (i) The chairman shall delete from the 10-year plan any site that the Secretary of Natural Resources identifies as unsuitable in accordance with the requirements of § 3-304 of the Natural Resources Article.

(ii) The chairman may include a site deleted from a 10-year plan under subparagraph (i) of this paragraph in a subsequent 10-year plan.

(3) The chairman shall include information in the annual 10-year plan on current and projected efforts by electric companies and the Commission to moderate overall electrical generation demand and peak demand through the electric companies' promotion of energy conservation by customers and through the electric companies' use of alternative energy sources, including cogeneration.

[(c)] (B) (1) The Commission shall evaluate the cost-effectiveness of the investments by electric companies in energy conservation to reduce electrical demand and in renewable energy sources to help meet electrical demand.

(2) The evaluation of investments shall include:

(i) the electric companies' promotion and conduct of a building audit and weatherization program, including low-interest or no-interest electric company financing for the installation of energy conservation materials and renewable energy devices;

(ii) utilization of renewable energy sources;

(iii) promotion and utilization of electricity from cogeneration and wastes;

and

(iv) widespread public promotion of energy conservation programs.

7-207.

(a) (1) In this section and § 7-208 of this subtitle, "construction" means the clearing

of land, excavation, or other action that affects the natural environment of a site or route of a bulk power supply facility.

(2) "Construction" does not include a change that is needed for the temporary use of a site or route for nonutility purposes or for use in securing geological data, including any boring that is necessary to ascertain foundation conditions.

(b) [An electric company may not begin construction in the State of a generating station or of an overhead transmission line that is designed to carry a voltage in excess of 69,000 volts, or exercise the right of condemnation in connection with the construction, unless] UNLESS a certificate of public convenience and necessity for the construction is first obtained from the Commission:

(1) A PERSON MAY NOT BEGIN CONSTRUCTION IN THE STATE OF A GENERATING STATION OR EXERCISE A RIGHT OF CONDEMNATION IN CONNECTION WITH THE CONSTRUCTION; AND

(2) AN ELECTRIC COMPANY MAY NOT BEGIN CONSTRUCTION OF AN OVERHEAD TRANSMISSION LINE THAT IS DESIGNED TO CARRY A VOLTAGE IN EXCESS OF 69,000 VOLTS OR EXERCISE A RIGHT OF CONDEMNATION IN CONNECTION WITH THE CONSTRUCTION.

(c) (1) On receipt of an application for a certificate of public convenience and necessity under this section, the Commission shall provide notice to the Office of Planning and to all other interested persons.

(2) The Office of Planning shall forward the application to each appropriate State unit and unit of local government for review, evaluation, and comment regarding the significance of the proposal to State, area-wide, and local plans or programs.

(d) (1) The Commission shall hold a public hearing on the application for a certificate of public convenience and necessity in each county and municipal corporation in which any portion of the construction of a generating station or of an overhead transmission line designed to carry a voltage in excess of 69,000 volts is proposed to be located.

(2) The Commission shall hold the public hearing jointly with the governing body of the county or municipal corporation in which any portion of the construction of the generating station or overhead transmission line is proposed to be located, unless the governing body declines to participate in the hearing.

(3) Once in each of the 2 successive weeks immediately before the hearing date, the Commission shall provide weekly notice of the public hearing by advertisement in a newspaper of general circulation in the county or municipal corporation affected by the application.

(4) (i) The Commission shall ensure presentation and recommendations from each interested State unit, and shall allow representatives of each State unit to sit during hearing of all parties.

(ii) The Commission shall allow each State unit 15 days after the conclusion of the hearing to modify the State unit's initial recommendations.

(e) The Commission shall take final action on an application for a certificate of public convenience and necessity only after due consideration of:

(1) the recommendation of the governing body of each county or municipal corporation in which any portion of the construction of the generating station or overhead transmission line is proposed to be located; AND

(2) [the need to meet existing and future demand for electric service; and

(3)] the effect of the generating station or overhead transmission line on:

(i) the stability and reliability of the electric system;

(ii) economics;

(iii) esthetics;

(iv) historic sites;
(v) aviation safety as determined by the Maryland Aviation Administration and the administrator of the Federal Aviation Administration;

(vi) when applicable, air and water pollution; and

(vii) the availability of means for the required timely disposal of wastes produced by any generating station.

(f) FOR THE CONSTRUCTION OF AN OVERHEAD TRANSMISSION LINE, IN ADDITION TO THE CONSIDERATIONS LISTED IN SUBSECTION (E) OF THIS SECTION, THE COMMISSION SHALL TAKE FINAL ACTION ON AN APPLICATION FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY ONLY AFTER DUE CONSIDERATION OF THE NEED TO MEET EXISTING AND FUTURE DEMAND FOR ELECTRIC SERVICE.

(G) (1) The Commission may not authorize, and an electric company may not undertake, the construction of an overhead transmission line that is aligned with and within 1 mile of either end of a public airport runway, unless:

(i) the Federal Aviation Administration determines that the construction of an overhead transmission line will not constitute a hazard to air navigation; and

(ii) the Maryland Aviation Administration concurs in that determination.

(2) A privately owned airport runway shall qualify as a public airport runway under this subsection only if the runway has been on file with the Federal Aviation Administration for at least 2 years as being open to the public without restriction.

7-211.

(a) Subject to review and approval by the Commission, each gas company and electric company shall develop and implement programs and services to encourage and promote the efficient

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use and conservation of energy by consumers, gas companies, and electric companies.

(b) The Commission shall:

(1) require each gas company and electric company to establish any program or service that the Commission deems appropriate and cost effective to encourage and promote the efficient use and conservation of energy; and

(2) adopt rate-making policies that provide cost recovery and, in appropriate circumstances, reasonable financial incentives for gas companies and electric companies to establish programs and services that encourage and promote the efficient use and conservation of energy.

(C) (1) ON OR BEFORE FEBRUARY 1, 2001, THE COMMISSION, IN CONSULTATION WITH THE MARYLAND ENERGY ADMINISTRATION, SHALL REPORT, SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY ON:

(I) THE STATUS OF PROGRAMS AND SERVICES TO ENCOURAGE AND PROMOTE THE EFFICIENT USE AND CONSERVATION OF ENERGY; AND

(II) A RECOMMENDATION FOR THE APPROPRIATE FUNDING LEVEL TO ADEQUATELY FUND THESE PROGRAMS AND SERVICES.

(2) IN DETERMINING WHETHER A PROGRAM OR SERVICE ENCOURAGES AND PROMOTES THE EFFICIENT USE AND CONSERVATION OF ENERGY, THE COMMISSION SHALL CONSIDER THE FOLLOWING CRITERIA:

(I) THE IMPACT ON JOBS;

(II) THE IMPACT ON THE ENVIRONMENT;

(III) THE IMPACT ON RATES; AND

(IV) THE COST-EFFECTIVENESS.

SUBTITLE 5. ELECTRIC INDUSTRY RESTRUCTURING.
PART I. GENERAL PROVISIONS.

7-501.

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

(B) "AFFILIATE" MEANS A PERSON THAT DIRECTLY OR INDIRECTLY, OR THROUGH ONE OR MORE INTERMEDIARIES, CONTROLS, IS CONTROLLED BY, OR IS UNDER COMMON CONTROL WITH, OR HAS, DIRECTLY OR INDIRECTLY, ANY ECONOMIC INTEREST IN ANOTHER PERSON.

(C) (1) "ASSIGNEE" MEANS A PERSON TO WHOM AN ELECTRIC COMPANY ASSIGNS OR TRANSFERS ALL OR A PORTION OF ITS INTEREST IN INTANGIBLE TRANSITION PROPERTY, OTHER THAN AS SECURITY.

(2) "ASSIGNEE" INCLUDES A PERSON TO WHOM ALL OR A PORTION OF THE INTEREST IS SUBSEQUENTLY ASSIGNED OR TRANSFERRED.

(D) "COMPETITIVE TRANSITION CHARGE" MEANS A RATE, CHARGE, CREDIT, OR OTHER APPROPRIATE MECHANISM AUTHORIZED TO BE IMPOSED FOR THE RECOVERY OF TRANSITION COSTS AS DETERMINED BY THE COMMISSION UNDER § 7-513 OF THIS SUBTITLE.

(E) "CONSUMER" AND "CUSTOMER" EACH MEANS A RETAIL ELECTRIC CUSTOMER.

(F) "CUSTOMER CHOICE" MEANS THE RIGHT OF ELECTRICITY SUPPLIERS AND CUSTOMERS TO UTILIZE AND INTERCONNECT WITH THE ELECTRIC DISTRIBUTION SYSTEM ON A NONDISCRIMINATORY BASIS AT RATES, TERMS, AND CONDITIONS OF SERVICE COMPARABLE TO THE ELECTRIC COMPANY'S OWN USE OF THE SYSTEM TO DISTRIBUTE ELECTRICITY FROM A ELECTRICITY SUPPLIER TO A

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CUSTOMER, UNDER WHICH A CUSTOMER HAS THE OPPORTUNITY TO PURCHASE ELECTRICITY FROM THE CUSTOMER'S CHOICE OF LICENSED ELECTRICITY SUPPLIERS.

(G) "DISTRIBUTION TERRITORY" MEANS THE GEOGRAPHIC AREA IN WHICH AN ELECTRIC COMPANY WAS PROVIDING ELECTRIC TRANSMISSION OR DISTRIBUTION SERVICES TO CUSTOMERS ON JULY 1, 1999, SUBJECT TO MODIFICATION AS SPECIFIED IN § 7-210 OF THIS TITLE.

(H) "INITIAL IMPLEMENTATION DATE" MEANS:

(1) JULY 1, 2000, FOR INVESTOR-OWNED ELECTRIC COMPANIES;

(2) THE DATE OR DATES DETERMINED BY THE COMMISSION FOR ELECTRIC COOPERATIVES AND MUNICIPAL ELECTRIC UTILITIES; OR

(3) ANOTHER DATE OR DATES DETERMINED BY THE COMMISSION UNDER § 7-510(B) OF THIS SUBTITLE.

(I) "INTANGIBLE TRANSITION CHARGE" MEANS A NONBYPASSABLE RATE, CHARGE, OR SIMILAR APPROPRIATE MECHANISM FOR THE PROVISION, AVAILABILITY, OR TERMINATION OF ELECTRIC SERVICE, AUTHORIZED TO BE IMPOSED FOR THE RECOVERY OF QUALIFIED TRANSITION COSTS UNDER A QUALIFIED RATE ORDER OF THE COMMISSION.

(J) "INTANGIBLE TRANSITION PROPERTY" MEANS THE RIGHT, TITLE, AND INTEREST OF AN ELECTRIC COMPANY OR ASSIGNEE IN A QUALIFIED RATE ORDER, INCLUDING:

(1) ALL RIGHTS IN, TO, AND UNDER THE ORDER, INCLUDING RIGHTS TO REVENUES, COLLECTIONS, CLAIMS, PAYMENTS, MONEY, OR OTHER PROPERTY AND AMOUNTS ARISING FROM THE IMPOSITION OF INTANGIBLE TRANSITION CHARGES UNDER THE ORDER; AND

(2) IN THE HANDS OF AN ASSIGNEE:

(I) THE RIGHT TO REQUIRE THE ELECTRIC COMPANY TO PROVIDE ELECTRIC SERVICES, AND TO COLLECT AND REMIT THE INTANGIBLE TRANSITION CHARGES AUTHORIZED IN THE QUALIFIED RATE ORDER; BUT

(II) NOT THE RIGHT OR DUTY TO PROVIDE ELECTRIC SERVICES.

(K) (1) "PUBLIC PURPOSE PROGRAM" MEANS A PROGRAM IMPLEMENTED WITH THE INTENTION OF FURTHERING A PUBLIC PURPOSE.

(2) "PUBLIC PURPOSE PROGRAM" INCLUDES:

(I) A UNIVERSAL SERVICE PROGRAM;

(II) A PROGRAM ENCOURAGING RENEWABLE ENERGY RESOURCES;

(III) A DEMAND SIDE MANAGEMENT OR OTHER ENERGY EFFICIENCY OR CONSERVATION PROGRAM; AND

(IV) A CONSUMER EDUCATION PROGRAM.

(L) "QUALIFIED RATE ORDER" MEANS AN ORDER OF THE COMMISSION APPROVING ONE OR MORE INTANGIBLE TRANSITION CHARGES.

(M) "STANDARD OFFER SERVICE" MEANS ELECTRIC SERVICE THAT AN ELECTRIC COMPANY MUST OFFER TO ITS CUSTOMERS UNDER § 7-510(C) OF THIS SUBTITLE.

(N) "TRANSITION BOND" MEANS A BOND, DEBENTURE, NOTE, CERTIFICATE OF PARTICIPATION OR BENEFICIAL INTEREST, OR OTHER EVIDENCE OF INDEBTEDNESS OR OWNERSHIP, APPROVED IN A QUALIFIED RATE ORDER AND ISSUED UNDER AN EXECUTED TRUST INDENTURE OR OTHER AGREEMENT OF AN

ELECTRIC COMPANY OR ASSIGNEE, AND WHICH IS SECURED BY, EVIDENCES OWNERSHIP INTEREST IN, OR IS PAYABLE FROM INTANGIBLE TRANSITION PROPERTY.

(O) "TRANSITION COSTS" MEANS A COST, LIABILITY, OR INVESTMENT THAT:

(1) TRADITIONALLY WOULD HAVE BEEN OR WOULD BE RECOVERABLE UNDER RATE-OF-RETURN REGULATION, INCLUDING RETAIL RATES FOR THE PROVISION OF ELECTRIC SERVICE, BUT WHICH MAY NOT BE RECOVERABLE IN A RESTRUCTURED ELECTRICITY SUPPLY MARKET; OR

(2) ARISE AS A RESULT OF ELECTRIC INDUSTRY RESTRUCTURING.

(P) (1) "UNIVERSAL SERVICE PROGRAM" MEANS A POLICY, PROTECTION, OR SERVICE THAT HELPS LOW-INCOME CUSTOMERS MAINTAIN ELECTRIC SERVICE.

(2) "UNIVERSAL SERVICE PROGRAM" INCLUDES CUSTOMER BILL ASSISTANCE AND PAYMENT PROGRAMS, TERMINATION OF SERVICE PROTECTION, AND POLICIES AND SERVICES THAT HELP LOW-INCOME CUSTOMERS TO REDUCE OR MANAGE ENERGY CONSUMPTION IN A COST-EFFECTIVE MANNER.

7-502. RESERVED.

7-503. RESERVED.

PART II. ELECTRIC INDUSTRY RESTRUCTURING ENABLED.

7-504.

THE GENERAL ASSEMBLY FINDS AND DECLARES THAT THE PURPOSE OF THIS SUBTITLE IS TO:

(1) MODIFY AND CLARIFY EXISTING LAW TO ESTABLISH CUSTOMER

CHOICE OF ELECTRICITY SUPPLY AND ELECTRICITY SUPPLY SERVICES;

(2) CREATE COMPETITIVE RETAIL ELECTRICITY SUPPLY AND ELECTRICITY SUPPLY SERVICES MARKETS;

(3) DEREGULATE THE GENERATION, SUPPLY, AND PRICING OF ELECTRICITY;

(4) PROVIDE ECONOMIC BENEFITS FOR ALL CUSTOMER CLASSES;
AND

(5) ENSURE THAT FEDERAL AND STATE ENVIRONMENTAL STANDARDS ARE NOT COMPROMISED.

7-505.

(A) (1) IN ASSESSING AND APPROVING EACH ELECTRIC COMPANY'S RESTRUCTURING PLAN, AND OVERSEEING THE TRANSITION PROCESS AND REGULATION OF THE RESTRUCTURED ELECTRIC INDUSTRY, THE COMMISSION SHALL PROVIDE THAT THE TRANSITION TO A COMPETITIVE ELECTRICITY SUPPLY AND ELECTRICITY SUPPLY SERVICES MARKET SHALL BE ORDERLY, MAINTAIN ELECTRIC SYSTEM RELIABILITY, AND BE FAIR TO CUSTOMERS, ELECTRIC COMPANY INVESTORS, CUSTOMERS OF MUNICIPAL ELECTRIC UTILITIES, ELECTRIC COMPANIES, AND ELECTRICITY SUPPLIERS.

(2) THE COMMISSION SHALL CONSIDER THE RESTRUCTURING PLANS OF MUNICIPAL ELECTRIC UTILITIES, AS SPECIFIED UNDER § 7-510 OF THIS SUBTITLE.

(B) (1) THE COMMISSION SHALL ISSUE THE ORDERS OR ADOPT THE REGULATIONS REQUIRED UNDER THIS SUBSECTION BEFORE THE IMPLEMENTATION OF CUSTOMER CHOICE.

(2) (I) THE COMMISSION SHALL ORDER EACH ELECTRIC

(Over)

COMPANY, IN CONJUNCTION WITH THE COMMISSION, THE OFFICE OF PEOPLE'S COUNSEL, AND OTHER PARTIES, TO IMPLEMENT A CONSUMER EDUCATION PROGRAM INFORMING CUSTOMERS OF CHANGES IN THE ELECTRIC INDUSTRY.

(II) ANY BOARD OR GROUP CREATED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL INCLUDE AT LEAST 2 MEMBERS OF THE PUBLIC.

(III) THIS PARAGRAPH SHALL BE OF NO FORCE AND EFFECT AFTER JUNE 30, 2002.

(3) THE COMMISSION SHALL ORDER UNIVERSAL SERVICE PROGRAMS, ON A STATEWIDE BASIS, TO BENEFIT LOW-INCOME CUSTOMERS, IN ACCORDANCE WITH § 7-512.1 OF THIS SUBTITLE.

(4) THE COMMISSION SHALL ORDER AN ELECTRIC COMPANY TO ADOPT POLICIES AND PRACTICES REASONABLY DESIGNED TO:

(I) PREVENT UNDUE DISCRIMINATION IN FAVOR OF THE ELECTRIC COMPANY'S OWN ELECTRICITY SUPPLY, OTHER SERVICES, DIVISIONS, OR AFFILIATES, IF ANY; AND

(II) PREVENT ANY OTHER FORMS OF SELF-DEALING OR PRACTICES THAT COULD RESULT IN NONCOMPETITIVE ELECTRICITY PRICES TO CUSTOMERS.

(5) (I) THE COMMISSION SHALL, BY REGULATION OR ORDER, REQUIRE EACH ELECTRIC COMPANY AND ELECTRICITY SUPPLIER TO PROVIDE ADEQUATE AND ACCURATE INFORMATION TO EACH CUSTOMER ON THE AVAILABLE ELECTRIC SERVICES OF THE ELECTRIC COMPANY OR ELECTRICITY SUPPLIER, INCLUDING DISCLOSURE ON AN ANNUAL BASIS OF A UNIFORM COMMON SET OF INFORMATION ABOUT:

1. THE FUEL MIX OF THE ELECTRICITY PURCHASED BY CUSTOMERS, INCLUDING CATEGORIES OF ELECTRICITY FROM RENEWABLE ENERGY

RESOURCES, COAL, NATURAL GAS, NUCLEAR, OIL, HYDROELECTRIC, SOLAR, BIOMASS, WIND, AND OTHER RESOURCES, OR DISCLOSURE OF A REGIONAL FUEL MIX AVERAGE; AND

2. THE EMISSIONS, ON A POUND PER MEGAWATT-HOUR BASIS, OF POLLUTANTS IDENTIFIED BY THE COMMISSION, OR DISCLOSURE OF A REGIONAL FUEL MIX AVERAGE.

(II) THE COMMISSION MAY REQUIRE AN ELECTRIC COMPANY OR AN ELECTRICITY SUPPLIER TO PROVIDE DOCUMENTATION SUPPORTING THE DISCLOSURES REQUIRED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH.

(6) (I) THE COMMISSION SHALL, BY REGULATION OR ORDER, REQUIRE THE UNBUNDLING OF ELECTRIC COMPANY RATES, CHARGES, AND SERVICES INTO STANDARDIZED CATEGORIES DETERMINED BY THE COMMISSION.

(II) THE COMMISSION MAY REBUNDLE RATES OR CHARGES FOR CUSTOMER BILLING AND PAYMENT PURPOSES.

(7) AN ELECTRIC COMPANY OR AN ELECTRICITY SUPPLIER MAY NOT DISCLOSE BILLING, PAYMENT, CREDIT, AND USAGE INFORMATION WITHOUT THE PERMISSION OF THE CUSTOMER.

(8) AN ELECTRICITY SUPPLIER MAY NOT ENGAGE IN MARKETING, ADVERTISING, OR TRADE PRACTICES THAT ARE UNFAIR, FALSE, MISLEADING, OR DECEPTIVE.

(9) THE COMMISSION SHALL DETERMINE THE TERMS, CONDITIONS, AND RATES OF STANDARD OFFER SERVICE IN ACCORDANCE WITH:

(I) TITLE 4 OF THIS ARTICLE; OR

(II) AS APPLICABLE, § 7-510(C)(3)(II) OF THIS SUBTITLE.

(Over)

(10) IN CONNECTION WITH § 7-513 OF THIS SUBTITLE, THE COMMISSION MAY NOT REQUIRE AN ELECTRIC COMPANY TO DIVEST ITSELF OF A GENERATION ASSET OR PROHIBIT AN ELECTRIC COMPANY FROM DIVESTING ITSELF VOLUNTARILY OF A GENERATION ASSET.

(11) (I) ON OR BEFORE JULY 1, 2000, THE COMMISSION SHALL ISSUE ORDERS OR ADOPT REGULATIONS REASONABLY DESIGNED TO ENSURE THE CREATION OF COMPETITIVE ELECTRICITY SUPPLY AND ELECTRICITY SUPPLY SERVICES MARKETS, WITH APPROPRIATE CUSTOMER SAFEGUARDS.

(II) ON OR BEFORE JULY 1, 2000, THE COMMISSION SHALL REQUIRE:

1. AN APPROPRIATE CODE OF CONDUCT BETWEEN THE ELECTRIC COMPANY AND ANY AFFILIATE PROVIDING ELECTRICITY SUPPLY AND ELECTRICITY SUPPLY SERVICES IN THE STATE;

2. ACCESS BY ELECTRICITY SUPPLIERS AND CUSTOMERS TO THE ELECTRIC COMPANY'S TRANSMISSION AND DISTRIBUTION SYSTEM ON A NONDISCRIMINATORY BASIS;

3. APPROPRIATE COMPLAINT AND ENFORCEMENT PROCEDURES; AND

4. ANY OTHER SAFEGUARDS DEEMED NECESSARY BY THE COMMISSION TO ENSURE THE CREATION AND MAINTENANCE OF A COMPETITIVE ELECTRICITY SUPPLY AND ELECTRICITY SUPPLY SERVICES MARKET.

(III) ON OR BEFORE JULY 1, 2000, THE COMMISSION SHALL CONSIDER, AMONG OTHER FACTORS, FUNCTIONAL, OPERATIONAL, STRUCTURAL, OR LEGAL SEPARATION BETWEEN THE ELECTRIC COMPANY'S REGULATED BUSINESSES AND ITS NONREGULATED BUSINESSES OR NONREGULATED AFFILIATES.

(12) NOTHING IN THIS TITLE MAY BE CONSTRUED AS PREVENTING THE APPLICATION OF STATE AND FEDERAL CONSUMER PROTECTION AND ANTITRUST LAWS TO ELECTRIC COMPANIES AND THEIR AFFILIATES, AND TO ELECTRICITY SUPPLIERS.

(13) THE COMMISSION, IN CONSULTATION WITH THE DEPARTMENT OF THE ENVIRONMENT, SHALL ADOPT APPROPRIATE MEASURES TO MAINTAIN ENVIRONMENTAL STANDARDS, ADAPT EXISTING PROGRAMS, AND DEVELOP NEW PROGRAMS AS APPROPRIATE TO ENSURE THAT FEDERAL AND STATE ENVIRONMENTAL PROTECTION STANDARDS ARE NOT COMPROMISED IN A COMPETITIVE ELECTRICITY MARKET.

(14) (I) AN ELECTRIC COMPANY SHALL COMPLY WITH ALL REQUIREMENTS OF THE COMMISSION IN CONDUCTING REGULATED OPERATIONS IN COMPLIANCE WITH THIS ARTICLE.

(II) THE COMMISSION SHALL REQUIRE EACH ELECTRIC COMPANY TO ADOPT A CODE OF CONDUCT TO BE APPROVED BY THE COMMISSION BY A DATE TO BE DETERMINED BY THE COMMISSION TO PREVENT REGULATED SERVICE CUSTOMERS FROM SUBSIDIZING THE SERVICES OF UNREGULATED BUSINESSES OR AFFILIATES OF THE ELECTRIC COMPANY.

(C) (1) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, INCLUDING SUBSECTION (D) OF THIS SECTION, THE COMMISSION MAY REGULATE THE REGULATED SERVICES OF AN ELECTRIC COMPANY THROUGH ALTERNATIVE FORMS OF REGULATION.

(2) THE COMMISSION MAY ADOPT AN ALTERNATIVE FORM OF REGULATION UNDER THIS SECTION IF THE COMMISSION FINDS, AFTER NOTICE AND HEARING, THAT THE ALTERNATIVE FORM OF REGULATION:

(I) PROTECTS CONSUMERS;

(Over)

(II) ENSURES THE QUALITY, AVAILABILITY, AND RELIABILITY OF REGULATED ELECTRIC SERVICES; AND

(III) IS IN THE INTEREST OF THE PUBLIC, INCLUDING SHAREHOLDERS OF THE ELECTRIC COMPANY.

(3) ALTERNATIVE FORMS OF REGULATION MAY INCLUDE:

(I) PRICE REGULATION, INCLUDING PRICE FREEZES OR CAPS;

(II) REVENUE REGULATION;

(III) RANGES OF AUTHORIZED RETURN;

(IV) RATE OF RETURN;

(V) CATEGORIES OF SERVICES; OR

(VI) PRICE-INDEXING.

(D) (1) THE COMMISSION SHALL CAP, FOR 4 YEARS AFTER INITIAL IMPLEMENTATION OF CUSTOMER CHOICE IN THE ELECTRIC COMPANY'S DISTRIBUTION TERRITORY, THE TOTAL OF THE RATES OF AN ELECTRIC COMPANY CHARGED TO A RETAIL ELECTRIC CUSTOMER AT THE ACTUAL LEVEL OF THE RATES IN EFFECT OR AUTHORIZED BY THE COMMISSION ON THE DATE IMMEDIATELY PRECEDING THE INITIAL IMPLEMENTATION OF CUSTOMER CHOICE IN THE ELECTRIC COMPANY'S DISTRIBUTION TERRITORY.

(2) (I) THE CAP REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION DOES NOT APPLY TO THE RECOVERY OF COSTS ADDED AFTER JANUARY 1, 2000, IN ACCORDANCE WITH § 7-512(C) OF THIS SUBTITLE.

(II) THE CAP REQUIRED UNDER PARAGRAPH (1) OF THIS

SUBSECTION APPLIES TO THE RECOVERY OF:

1. ANY TRANSITION COSTS UNDER § 7-513 OF THIS
SUBTITLE; AND

2. ANY COSTS INCLUDED IN RATES ON JANUARY 1,
2000, IN ACCORDANCE WITH § 7-512(C) OF THIS SUBTITLE.

(3) AS PART OF A SETTLEMENT, THE COMMISSION MAY APPROVE A
CAP FOR A DIFFERENT TIME PERIOD OR AN ALTERNATIVE PRICE PROTECTION PLAN
THAT THE COMMISSION DETERMINES IS EQUALLY PROTECTIVE OF RATEPAYERS.

(4) (I) 1. SUBJECT TO THE PROVISIONS OF PARAGRAPH (5) OF
THIS SUBSECTION, THE COMMISSION SHALL REDUCE RESIDENTIAL RATES FOR
EACH INVESTOR-OWNED ELECTRIC COMPANY BY A MINIMUM OF 3% OF BASE
RATES, AS MEASURED ON JUNE 30, 1999.

2. THE REDUCTION REQUIRED UNDER SUB-
SUBPARAGRAPH 1 OF THIS SUBPARAGRAPH SHALL BEGIN ON THE INITIAL
IMPLEMENTATION DATE AND REMAIN IN EFFECT FOR 4 YEARS.

3. THE COMMISSION SHALL DETERMINE THE
ALLOCATION OF THE RATE REDUCTION AMONG THE GENERATION, TRANSMISSION,
AND DISTRIBUTION RESIDENTIAL RATE COMPONENTS.

(II) IN ACHIEVING THE RATE REDUCTION REQUIRED UNDER
SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE COMMISSION SHALL CONSIDER:

1. THE EXPIRATION OF ANY SURCHARGE;
2. CHANGES IN THE ELECTRIC COMPANY'S TAX
LIABILITY;
3. COST OF SERVICE DETERMINATIONS ORDERED BY

THE COMMISSION;

4. NET TRANSITION COSTS OR BENEFITS; AND

5. THE EFFECT ON THE COMPETITIVE ELECTRICITY
SUPPLY MARKET.

(III) THE COMMISSION MAY INCREASE OR DECREASE THE
ACTUAL RATE REDUCTION REQUIRED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH
OR ALLOW THE RECOVERY OF ANY EXTRAORDINARY COSTS BASED ON THE
CIRCUMSTANCES OF AN INDIVIDUAL ELECTRIC COMPANY IF THE COMMISSION
DETERMINES THAT THE ACTION IS NECESSARY AND IN THE PUBLIC INTEREST.

(IV) IN DETERMINING THE RATE REDUCTION REQUIRED UNDER
SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE COMMISSION MAY NOT INCREASE
RATES FOR NONRESIDENTIAL CUSTOMERS.

(5) THE REQUIREMENTS OF PARAGRAPH (4) OF THIS SUBSECTION DO
NOT APPLY TO AN ELECTRIC COMPANY IF THE COMMISSION APPROVES OR HAS IN
EFFECT A SETTLEMENT THAT THE COMMISSION DETERMINES IS EQUALLY
PROTECTIVE OF RATEPAYERS.

7-506.

(A) THE ELECTRIC COMPANY IN A DISTRIBUTION TERRITORY SHALL
PROVIDE AND BE RESPONSIBLE FOR DISTRIBUTION SERVICES IN THE TERRITORY.

(B) THE ELECTRIC COMPANY SHALL PROVIDE DISTRIBUTION SERVICES IN
ITS DISTRIBUTION TERRITORY TO ALL CUSTOMERS AND ELECTRICITY SUPPLIERS
ON RATES, TERMS OF ACCESS, AND CONDITIONS THAT ARE COMPARABLE TO THE
ELECTRIC COMPANY'S OWN USE OF ITS DISTRIBUTION SYSTEM.

(C) EACH ELECTRIC COMPANY SHALL MAINTAIN THE RELIABILITY OF ITS
DISTRIBUTION SYSTEM IN ACCORDANCE WITH APPLICABLE ORDERS, TARIFFS, AND

REGULATIONS OF THE COMMISSION.

(D) THE ELECTRIC COMPANY MUST CONNECT CUSTOMERS AND DELIVER ELECTRICITY ON BEHALF OF ELECTRICITY SUPPLIERS CONSISTENT WITH THE PROVISIONS OF THIS ARTICLE.

(E) THE ELECTRIC COMPANY SHALL PROVIDE STANDARD OFFER SERVICE UNDER § 7-510(C) OF THIS SUBTITLE.

7-507.

(A) A PERSON, OTHER THAN AN ELECTRIC COMPANY PROVIDING STANDARD OFFER SERVICE UNDER § 7-510(C) OF THIS SUBTITLE OR A MUNICIPAL ELECTRIC UTILITY SERVING CUSTOMERS SOLELY IN ITS DISTRIBUTION TERRITORY, MAY NOT ENGAGE IN THE BUSINESS OF AN ELECTRICITY SUPPLIER IN THE STATE UNLESS THE PERSON HOLDS A LICENSE ISSUED BY THE COMMISSION.

(B) AN APPLICATION FOR AN ELECTRICITY SUPPLIER LICENSE SHALL:

(1) BE MADE TO THE COMMISSION IN WRITING ON A FORM ADOPTED BY THE COMMISSION;

(2) BE VERIFIED BY OATH OR AFFIRMATION; AND

(3) CONTAIN INFORMATION THAT THE COMMISSION REQUIRES, INCLUDING:

(I) PROOF OF TECHNICAL AND MANAGERIAL COMPETENCE;

(II) PROOF OF COMPLIANCE WITH ALL APPLICABLE REQUIREMENTS OF THE FEDERAL ENERGY REGULATORY COMMISSION, AND ANY INDEPENDENT SYSTEM OPERATOR OR REGIONAL OR SYSTEM TRANSMISSION OPERATOR TO BE USED BY THE LICENSEE;

(Over)

(III) A CERTIFICATION OF COMPLIANCE WITH APPLICABLE FEDERAL AND STATE ENVIRONMENTAL LAWS AND REGULATIONS THAT RELATE TO THE GENERATION OF ELECTRICITY; AND

(IV) PAYMENT OF THE APPLICABLE LICENSING FEE.

(C) THE COMMISSION SHALL, BY REGULATION OR ORDER:

(1) REQUIRE PROOF OF FINANCIAL INTEGRITY;

(2) REQUIRE A LICENSEE TO POST A BOND OR OTHER SIMILAR INSTRUMENT, IF, IN THE COMMISSION'S JUDGMENT, THE BOND OR SIMILAR INSTRUMENT IS NECESSARY TO INSURE AN ELECTRICITY SUPPLIER'S FINANCIAL INTEGRITY;

(3) REQUIRE A LICENSEE TO:

(I) PROVIDE PROOF THAT IT IS QUALIFIED TO DO BUSINESS IN THE STATE WITH THE DEPARTMENT OF ASSESSMENTS AND TAXATION; AND

(II) AGREE TO BE SUBJECT TO ALL APPLICABLE TAXES; AND

(4) ADOPT ANY OTHER REQUIREMENTS IT FINDS TO BE IN THE PUBLIC INTEREST, WHICH MAY INCLUDE DIFFERENT REQUIREMENTS FOR ELECTRICITY SUPPLIERS THAT SERVE ONLY LARGE CUSTOMERS.

(D) A LICENSE ISSUED UNDER THIS SECTION MAY NOT BE TRANSFERRED WITHOUT PRIOR COMMISSION APPROVAL.

(E) THE COMMISSION SHALL ADOPT REGULATIONS OR ISSUE ORDERS TO:

(1) PROTECT CONSUMERS, ELECTRIC COMPANIES, AND ELECTRICITY SUPPLIERS FROM ANTICOMPETITIVE AND ABUSIVE PRACTICES;

(2) REQUIRE EACH ELECTRICITY SUPPLIER TO PROVIDE, IN ADDITION TO THE REQUIREMENTS UNDER § 7-505(B)(5) OF THIS SUBTITLE, ADEQUATE AND ACCURATE CUSTOMER INFORMATION TO ENABLE CUSTOMERS TO MAKE INFORMED CHOICES REGARDING THE PURCHASE OF ANY ELECTRICITY SERVICES OFFERED BY THE ELECTRICITY SUPPLIER;

(3) ESTABLISH REASONABLE RESTRICTIONS ON TELEMARKETING;

(4) ESTABLISH PROCEDURES FOR CONTRACTING WITH CUSTOMERS;

(5) ESTABLISH REQUIREMENTS AND LIMITATIONS RELATING TO DEPOSITS, BILLING, COLLECTIONS, AND CONTRACT CANCELLATIONS;

(6) ESTABLISH PROVISIONS PROVIDING FOR THE REFERRAL OF A DELINQUENT ACCOUNT BY AN ELECTRICITY SUPPLIER TO THE STANDARD OFFER SERVICE UNDER § 7-510(C) OF THIS SUBTITLE; AND

(7) ESTABLISH PROCEDURES FOR DISPUTE RESOLUTION.

(F) ELECTRICITY BILLS, FOR COMPETITIVE AND REGULATED ELECTRIC SERVICES, PROVIDED TO CONSUMERS SHALL:

(1) BE PREPARED AND ISSUED IN ACCORDANCE WITH REGULATIONS OR ORDERS OF THE COMMISSION; AND

(2) PROVIDE, IN ADDITION TO THE REQUIREMENTS OF § 7-505(B)(5) OF THIS SUBTITLE AND SUBSECTION (E)(2) OF THIS SECTION, THE FOLLOWING INFORMATION:

(I) THE IDENTITY AND PHONE NUMBER OF THE ELECTRIC SUPPLIER OF THE SERVICE;

(II) SUFFICIENT INFORMATION TO EVALUATE PRICES AND

SERVICES; AND

(III) INFORMATION IDENTIFYING WHETHER THE PRICE IS REGULATED OR COMPETITIVE.

(G) (1) AN ELECTRICITY SUPPLIER OR ANY PERSON OR GOVERNMENTAL UNIT MAY NOT MAKE ANY CHANGE IN THE ELECTRICITY SUPPLIER FOR A CUSTOMER OR ADD A NEW CHARGE FOR A NEW OR EXISTING SERVICE OR OPTION WITHOUT FIRST OBTAINING THE CUSTOMER'S PERMISSION.

(2) THE COMMISSION SHALL ADOPT REGULATIONS OR ISSUE ORDERS ESTABLISHING PROCEDURES TO PREVENT THE PRACTICES PROHIBITED UNDER PARAGRAPH (1) OF THIS SUBSECTION.

(H) (1) THE COMMISSION MAY REVOKE OR SUSPEND THE LICENSE OF AN ELECTRICITY SUPPLIER, IMPOSE A CIVIL PENALTY OR OTHER REMEDY, ORDER A REFUND OR CREDIT TO A CUSTOMER, OR IMPOSE A MORATORIUM ON ADDING OR SOLICITING ADDITIONAL CUSTOMERS BY THE ELECTRICITY SUPPLIER, FOR JUST CAUSE ON THE COMMISSION'S OWN INVESTIGATION OR ON COMPLAINT OF THE OFFICE OF PEOPLE'S COUNSEL, THE ATTORNEY GENERAL, OR AN AFFECTED PARTY.

(2) A CIVIL PENALTY MAY BE IMPOSED IN ADDITION TO THE COMMISSION'S DECISION TO REVOKE, SUSPEND, OR IMPOSE A MORATORIUM.

(3) JUST CAUSE INCLUDES:

(I) INTENTIONALLY PROVIDING FALSE INFORMATION TO THE COMMISSION;

(II) SWITCHING, OR CAUSING TO BE SWITCHED, THE ELECTRICITY SUPPLY FOR A CUSTOMER WITHOUT FIRST OBTAINING THE CUSTOMER'S PERMISSION;

(III) FAILING TO PROVIDE ELECTRICITY FOR ITS CUSTOMERS;

(IV) COMMITTING FRAUD OR ENGAGING IN DECEPTIVE PRACTICES;

(V) FAILING TO MAINTAIN FINANCIAL INTEGRITY;

(VI) VIOLATING A COMMISSION REGULATION OR ORDER;

(VII) FAILING TO PAY, COLLECT, REMIT, OR CALCULATE ACCURATELY APPLICABLE STATE OR LOCAL TAXES;

(VIII) VIOLATING A PROVISION OF THE PUBLIC UTILITY COMPANIES ARTICLE OR APPLICABLE CONSUMER PROTECTION LAW OF THE STATE;

(IX) CONVICTION OF A FELONY BY THE LICENSEE OR PRINCIPAL OF THE LICENSEE OR ANY CRIME INVOLVING FRAUD, THEFT, OR DECEIT; AND

(X) SUSPENSION OF REVOCATION OF A LICENSE BY ANY STATE OR FEDERAL AUTHORITY.

(I) (1) AN ELECTRICITY SUPPLIER OR PERSON SELLING OR OFFERING TO SELL ELECTRICITY IN THE STATE IN VIOLATION OF THIS SECTION IS SUBJECT TO:

(I) A CIVIL PENALTY OF NOT MORE THAN \$10,000 FOR THE VIOLATION; OR

(II) LICENSE REVOCATION OR SUSPENSION.

(2) EACH DAY A VIOLATION CONTINUES IS A SEPARATE VIOLATION.

(3) THE COMMISSION SHALL DETERMINE THE AMOUNT OF ANY CIVIL PENALTY. IN MAKING THIS DETERMINATION, THE COMMISSION SHALL

CONSIDER:

(I) THE NUMBER OF PREVIOUS VIOLATIONS OF ANY PROVISION OF THIS ARTICLE;

(II) THE GRAVITY OF THE CURRENT VIOLATION; AND

(III) THE GOOD FAITH OF THE ELECTRICITY SUPPLIER OR PERSON CHARGED IN ATTEMPTING TO ACHIEVE COMPLIANCE AFTER NOTIFICATION OF THE VIOLATION.

(J) IN CONNECTION WITH A CONSUMER COMPLAINT OR COMMISSION INVESTIGATION UNDER THIS SECTION, AN ELECTRICITY SUPPLIER SHALL PROVIDE TO THE COMMISSION ACCESS TO ANY ACCOUNTS, BOOKS, PAPERS, AND DOCUMENTS WHICH THE COMMISSION CONSIDERS NECESSARY TO RESOLVE THE MATTER AT ISSUE.

(K) THE COMMISSION MAY ORDER THE ELECTRICITY SUPPLIER TO CEASE ADDING OR SOLICITING ADDITIONAL CUSTOMERS OR TO CEASE SERVING CUSTOMERS IN THE STATE.

(L) THE COMMISSION SHALL CONSULT WITH THE CONSUMER PROTECTION DIVISION OF THE OFFICE OF THE ATTORNEY GENERAL BEFORE ISSUING REGULATIONS DESIGNED TO PROTECT CONSUMERS.

(M) THE PEOPLE'S COUNSEL SHALL HAVE THE SAME AUTHORITY IN LICENSING, COMPLAINT, AND DISPUTE RESOLUTION PROCEEDINGS AS IT HAS IN TITLE 2 OF THIS ARTICLE.

(N) NOTHING IN THIS SUBTITLE MAY BE CONSTRUED TO AFFECT THE AUTHORITY OF THE DIVISION OF CONSUMER PROTECTION IN THE OFFICE OF THE ATTORNEY GENERAL TO ENFORCE VIOLATIONS OF TITLES 13 AND 14 OF THE COMMERCIAL LAW ARTICLE OR ANY OTHER APPLICABLE STATE LAW OR REGULATION IN CONNECTION WITH THE ACTIVITIES OF RETAIL ELECTRIC SERVICE

SUPPLIERS.

7-508.

(A) AN ELECTRIC COMPANY MAY TRANSFER ANY OF ITS GENERATION FACILITIES OR GENERATION ASSETS TO AN AFFILIATE.

(B) THE TRANSFER OF A GENERATION FACILITY OR GENERATION ASSET TO AN AFFILIATE MAY NOT AFFECT OR RESTRICT THE COMMISSION'S DETERMINATION OF THE VALUE OF A GENERATION ASSET FOR PURPOSES OF TRANSITION COSTS UNDER § 7-513(B) OF THIS SUBTITLE.

(C) (1) THIS SUBSECTION IS IN EFFECT UNTIL THE LATER OF THE DATE WHEN:

(I) ALL CUSTOMERS OF THE ELECTRIC COMPANY ARE ELIGIBLE FOR CUSTOMER CHOICE UNDER § 7-510 OF THIS SUBTITLE; AND

(II) THE AMOUNT OF TRANSITION COSTS ARISING FROM THE GENERATION TO BE TRANSFERRED HAS BEEN FINALLY DETERMINED BY THE COMMISSION UNDER § 7-513(A) THROUGH (C) OF THIS SUBTITLE.

(2) THE COMMISSION MAY REVIEW AND APPROVE THE TRANSFER FOR THE SOLE PURPOSE OF DETERMINING:

(I) THAT THE APPROPRIATE ACCOUNTING HAS BEEN FOLLOWED;

(II) THAT THE TRANSFER DOES NOT OR WOULD NOT RESULT IN AN UNDUE ADVERSE EFFECT ON THE PROPER FUNCTIONING OF A COMPETITIVE ELECTRICITY SUPPLY MARKET; AND

(III) THE APPROPRIATE TRANSFER PRICE AND RATE MAKING

(Over)

TREATMENT.

(3) THE COMMISSION SHALL ACT ON THE TRANSFER OF A GENERATION FACILITY OR GENERATION ASSET UNDER THIS SUBSECTION WITHIN 180 DAYS AFTER THE ELECTRIC COMPANY FILES ITS PROPOSED TRANSFER APPLICATION AND ANY REQUIRED SUPPORTING INFORMATION.

7-509.

(A) (1) ON AND AFTER THE INITIAL IMPLEMENTATION DATE, THE GENERATION, SUPPLY, AND SALE OF ELECTRICITY, INCLUDING ALL RELATED FACILITIES AND ASSETS, MAY NOT BE REGULATED AS AN ELECTRIC COMPANY SERVICE OR FUNCTION EXCEPT TO:

(I) ESTABLISH THE PRICE FOR STANDARD OFFER SERVICE UNDER § 7-510(C) OF THIS SUBTITLE; AND

(II) REVIEW AND APPROVE TRANSFERS OF GENERATION ASSETS UNDER § 7-508 OF THIS SUBTITLE.

(2) THIS SUBSECTION DOES NOT APPLY TO:

(I) REGULATION OF AN ELECTRICITY SUPPLIER UNDER § 7-507 OF THIS SUBTITLE; OR

(II) THE COSTS OF NUCLEAR GENERATION FACILITIES OR PURCHASED POWER CONTRACTS THAT, AS PART OF A SETTLEMENT APPROVED BY THE COMMISSION, REMAIN REGULATED OR ARE RECOVERED THROUGH THE DISTRIBUTION FUNCTION.

(B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THIS SECTION DOES NOT APPLY TO AN ELECTRIC COMPANY UNTIL THE ELECTRIC COMPANY:

(I) TRANSFERS GENERATION FACILITIES AND GENERATION

ASSETS TO AN AFFILIATE OF THE ELECTRIC COMPANY, AND THE AFFILIATE OPERATES THE FACILITIES AND ASSETS; OR

(II) SELLS THE GENERATION FACILITIES AND GENERATION ASSETS TO A NONAFFILIATE.

(2) (I) NOTWITHSTANDING THE PROVISIONS OF PARAGRAPH (1) OF THIS SUBSECTION, THIS SECTION APPLIES TO AN INVESTOR-OWNED ELECTRIC COMPANY THAT DOES NOT TRANSFER ITS GENERATION FACILITIES AND GENERATION ASSETS TO AN AFFILIATE OR SELL ITS GENERATION FACILITIES AND GENERATION ASSETS TO A NONAFFILIATE IF, ON JANUARY 1, 1999, THE RETAIL PEAK LOAD OF THE INVESTOR-OWNED ELECTRIC COMPANY IN THE STATE WAS LESS THAN 1,000 MEGAWATTS.

(II) AN INVESTOR-OWNED ELECTRIC COMPANY TO WHICH THIS SECTION APPLIES THROUGH SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL, BY JANUARY 1, 2001:

1. TRANSFER ITS GENERATION FACILITIES AND GENERATION ASSETS TO AN AFFILIATE OF THE INVESTOR-OWNED ELECTRIC COMPANY THAT OPERATES THE FACILITIES AND ASSETS; OR

2. SELL THE GENERATION FACILITIES AND GENERATION ASSETS TO A NONAFFILIATE.

(C) THE EXCEPTIONS IN SUBSECTION(A)(1) OF THIS SECTION AS TO ANY ELECTRIC COMPANY SHALL REMAIN IN EFFECT UNTIL THE LATER OF:

(1) THE DATE WHEN ALL CUSTOMERS OF THAT ELECTRIC COMPANY ARE ELIGIBLE FOR CUSTOMER CHOICE UNDER § 7-510 OF THIS SUBTITLE;

(2) THE DATE WHEN THE AMOUNT OF TRANSITION COSTS ARISING FROM THE GENERATION THAT IS DEREGULATED HAS BEEN FINALLY DETERMINED

BY THE COMMISSION UNDER § 7-513(A) THROUGH (C) OF THIS SUBTITLE; OR

(3) IF, UNDER § 7-510(C)(3)(II) OF THIS SUBTITLE, THE COMMISSION EXTENDS THE OBLIGATION TO PROVIDE STANDARD OFFER SERVICE, THE DATE ON WHICH THE COMMISSION TERMINATES THAT OBLIGATION.

7-510.

(A) (1) SUBJECT TO SUBSECTION (B) OF THIS SECTION, THE PHASED IMPLEMENTATION OF CUSTOMER CHOICE SHALL BE IMPLEMENTED AS FOLLOWS:

(I) ON JULY 1, 2000, ONE-THIRD OF THE RETAIL PEAK LOAD OF EACH CUSTOMER CLASS IN THE STATE OF EACH ELECTRIC COMPANY SHALL HAVE THE OPPORTUNITY FOR CUSTOMER CHOICE;

(II) ON JULY 1, 2001, TWO-THIRDS OF THE RETAIL PEAK LOAD OF EACH CUSTOMER CLASS IN THE STATE OF EACH ELECTRIC COMPANY SHALL HAVE THE OPPORTUNITY FOR CUSTOMER CHOICE;

(III) ON JULY 1, 2002, ALL CUSTOMERS OF EACH ELECTRIC COMPANY SHALL HAVE THE OPPORTUNITY FOR CUSTOMER CHOICE; AND

(IV) BY JULY 1, 2003, UNDER A SEPARATE SCHEDULE ADOPTED BY THE COMMISSION, ALL CUSTOMERS OF EACH ELECTRIC COOPERATIVE SHALL HAVE THE OPPORTUNITY FOR CUSTOMER CHOICE.

(2) (I) IN ACCORDANCE WITH THIS PARAGRAPH, THE COMMISSION MAY ADOPT A SEPARATE SCHEDULE FOR MUNICIPAL ELECTRIC UTILITIES FOR THE IMPLEMENTATION OF CUSTOMER CHOICE.

(II) A MUNICIPAL ELECTRIC UTILITY MAY NOT BE REQUIRED TO MAKE ITS SERVICE TERRITORY AVAILABLE FOR CUSTOMER CHOICE UNLESS IT ELECTS TO DO SO.

(III) IF A MUNICIPAL ELECTRIC UTILITY ELECTS TO ALLOW

CUSTOMER CHOICE, THE MUNICIPAL ELECTRIC UTILITY SHALL FILE A PROPOSED PLAN AND SCHEDULE WITH THE COMMISSION.

(IV) THE COMMISSION MAY APPROVE EACH MUNICIPAL ELECTRIC UTILITY PLAN AND SCHEDULE AFTER CONSIDERING THE FEATURES THAT DISTINGUISH THE MUNICIPAL ELECTRIC UTILITY FROM OTHER ELECTRIC COMPANIES.

(V) NOTHING IN THIS SUBTITLE MAY BE CONSTRUED AS REQUIRING THE FUNCTIONAL, OPERATIONAL, STRUCTURAL, OR LEGAL SEPARATION OF THE REGULATED AND NONREGULATED OPERATIONS OF THE MUNICIPAL ELECTRIC UTILITY.

(3) ON OR BEFORE OCTOBER 1, 2003, EACH MUNICIPAL ELECTRIC UTILITY SHALL REPORT, SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY ON THE STATUS OF THE OPPORTUNITY FOR CUSTOMER CHOICE IN ITS SERVICE TERRITORY, INCLUDING:

(I) IF THE SERVICE TERRITORY OF THE MUNICIPAL ELECTRIC UTILITY IS AVAILABLE FOR CUSTOMER CHOICE, ITS EXPERIENCE, THROUGH JULY 1, 2003, WITH THE TRANSITION TO CUSTOMER CHOICE; OR

(II) IF THE SERVICE TERRITORY OF THE MUNICIPAL ELECTRIC UTILITY IS NOT AVAILABLE FOR CUSTOMER CHOICE AS OF JULY 1, 2003, ITS PROPOSED INTENTION TO DO SO IN THE FUTURE.

(4) IF A MUNICIPAL ELECTRIC UTILITY SERVES CUSTOMERS OUTSIDE ITS DISTRIBUTION TERRITORY, ELECTRICITY SUPPLIERS LICENSED UNDER § 7-507 OF THIS SUBTITLE MAY SERVE THE CUSTOMERS IN THE DISTRIBUTION TERRITORY OF THE MUNICIPAL ELECTRIC UTILITY, AS SPECIFIED IN EACH MUNICIPAL ELECTRIC UTILITY'S RESTRUCTURING PLAN APPROVED BY THE COMMISSION UNDER § 7-505 OF THIS SUBTITLE.

(B) FOR GOOD CAUSE SHOWN AND IF THE COMMISSION FINDS THE ACTION

TO BE IN THE PUBLIC INTEREST, THE COMMISSION MAY:

(1) ACCELERATE OR DELAY THE INITIAL IMPLEMENTATION DATE OF JULY 1, 2000 BY UP TO 3 MONTHS; OR

(2) ACCELERATE ANY OF THE OTHER IMPLEMENTATION DATES AND PHASE-IN PERCENTAGES IN SUBSECTION (A) OF THIS SECTION.

(C) (1) BEGINNING ON THE INITIAL IMPLEMENTATION DATE, AN ELECTRIC COMPANY'S OBLIGATION TO PROVIDE ELECTRICITY SUPPLY AND ELECTRICITY SUPPLY SERVICE IS STATED BY THIS SUBSECTION.

(2) ELECTRICITY SUPPLY PURCHASED FROM A CUSTOMER'S ELECTRIC COMPANY IS KNOWN AS STANDARD OFFER SERVICE. A CUSTOMER IS CONSIDERED TO HAVE CHOSEN THE STANDARD OFFER SERVICE IF THE CUSTOMER:

(I) IS NOT ALLOWED TO CHOOSE AN ELECTRICITY SUPPLIER UNDER THE PHASE IN OF CUSTOMER CHOICE IN § 7-510(A) OF THIS SUBTITLE;

(II) CONTRACTS FOR ELECTRICITY WITH AN ELECTRICITY SUPPLIER AND IT IS NOT DELIVERED;

(III) CANNOT ARRANGE FOR ELECTRICITY FROM AN ELECTRICITY SUPPLIER;

(IV) DOES NOT CHOOSE AN ELECTRICITY SUPPLIER;

(V) CHOOSES THE STANDARD OFFER SERVICE; OR

(VI) HAS BEEN DENIED SERVICE OR REFERRED TO THE STANDARD OFFER SERVICE BY AN ELECTRICITY SUPPLIER IN ACCORDANCE WITH § 7-507(E)(6) OF THIS SUBTITLE.

(3) ANY OBLIGATION OF AN ELECTRIC COMPANY TO PROVIDE

STANDARD OFFER SERVICE SHALL CEASE ON JULY 1, 2003, EXCEPT THAT:

(I) ELECTRIC COOPERATIVES AND MUNICIPAL ELECTRIC UTILITIES MAY CHOOSE TO CONTINUE PROVIDING STANDARD OFFER SERVICE IN THEIR RESPECTIVE DISTRIBUTION TERRITORIES, AND MAY CEASE OFFERING THAT SERVICE AFTER NOTIFYING THE COMMISSION AT LEAST 12 MONTHS IN ADVANCE; AND

(II) 1. IF THE COMMISSION FINDS THAT THE ELECTRICITY SUPPLY MARKET IS NOT COMPETITIVE OR THAT NO ACCEPTABLE COMPETITIVE PROPOSAL HAS BEEN RECEIVED TO SUPPLY ELECTRICITY TO THOSE CUSTOMERS DESCRIBED UNDER PARAGRAPH (2) OF THIS SUBSECTION, THE COMMISSION MAY EXTEND THE OBLIGATION TO PROVIDE STANDARD OFFER SERVICE TO RESIDENTIAL AND SMALL COMMERCIAL CUSTOMERS AT A MARKET PRICE THAT PERMITS RECOVERY OF THE VERIFIABLE PRUDENTLY INCURRED COSTS TO PROCURE OR PRODUCE THE ELECTRICITY PLUS A REASONABLE RETURN.

2. THE COMMISSION SHALL REEXAMINE THE FINDING MADE UNDER THIS SUBPARAGRAPH AT LEAST ANNUALLY.

(4) ON OR BEFORE JULY 1, 2001, THE COMMISSION SHALL ADOPT REGULATIONS OR ISSUE ORDERS TO ESTABLISH PROCEDURES FOR THE COMPETITIVE SELECTION OF ELECTRICITY SUPPLIERS, INCLUDING AN AFFILIATE OF AN ELECTRIC COMPANY, TO PROVIDE STANDARD OFFER SERVICE TO CUSTOMERS OF ELECTRIC COMPANIES UNDER PARAGRAPH (2) OF THIS SUBSECTION, EXCEPT FOR CUSTOMERS OF ELECTRIC COOPERATIVES AND MUNICIPAL ELECTRIC UTILITIES. UNLESS DELAYED BY THE COMMISSION, THE COMPETITIVE SELECTION SHALL TAKE EFFECT NO LATER THAN JULY 1, 2003.

(5) AN ELECTRIC COMPANY MAY PROCURE THE ELECTRICITY NEEDED TO MEET ITS STANDARD OFFER SERVICE ELECTRICITY SUPPLY OBLIGATION FROM ANY ELECTRICITY SUPPLIER, INCLUDING AN AFFILIATE OF THE ELECTRIC COMPANY.

(Over)

(D) NOTWITHSTANDING THE DATES SET FORTH IN THIS SECTION OR ANY OTHER LAW, CUSTOMER CHOICE MAY NOT COMMENCE UNTIL LEGISLATION IS ENACTED TO RESTRUCTURE MARYLAND TAXES TO ADDRESS THE STATE AND LOCAL TAX IMPLICATIONS OF RESTRUCTURING THE ELECTRIC UTILITY INDUSTRY.

(E) THE COMMISSION SHALL, BY REGULATION OR ORDER, ADOPT PROCEDURES TO IMPLEMENT THIS SECTION, INCLUDING THE ALLOCATION OF ANY UNUSED OPPORTUNITY FOR CUSTOMER CHOICE AMONG CUSTOMER CLASSES.

7-511.

(A) EXCEPT FOR ELECTRIC COOPERATIVES AND MUNICIPAL ELECTRIC UTILITIES:

(1) COMPETITIVE BILLING SHALL BEGIN ON JULY 1, 2000;

(2) COMPETITIVE METERING FOR LARGE CUSTOMERS SHALL BEGIN ON JANUARY 1, 2002; AND

(3) COMPETITIVE METERING FOR ALL OTHER CUSTOMERS SHALL BEGIN ON APRIL 1, 2002, OR EARLIER IF REQUESTED BY THE ELECTRIC COMPANY.

(B) THE COMMISSION SHALL ADOPT REGULATIONS OR ISSUE ORDERS TO IMPLEMENT THIS SECTION.

(C) (1) A PERSON OTHER THAN AN ELECTRIC COMPANY OR A MUNICIPAL ELECTRIC UTILITY MAY NOT ENGAGE IN THE BUSINESS OF COMPETITIVE BILLING SERVICES IN A LOCAL JURISDICTION THAT ASSESSES A LOCAL ENERGY TAX, UNLESS THE PERSON HOLDS A LICENSE ISSUED BY THAT JURISDICTION.

(2) AN APPLICATION FOR A LOCAL COMPETITIVE BILLING SERVICES LICENSE SHALL BE MADE IN ACCORDANCE WITH THE REQUIREMENTS OF THE

LOCAL JURISDICTION.

(3) (I) A LOCAL JURISDICTION MAY REQUIRE AN APPLICANT OR LICENSEE TO:

1. HOLD A LICENSE ISSUED BY THE COMMISSION, AS PROVIDED UNDER § 7-507 OF THIS SUBTITLE;

2. POST A BOND OR OTHER SIMILAR INSTRUMENT IN AN AMOUNT EQUAL TO 15% OF THE BOND REQUIRED UNDER § 7-507 OF THIS SUBTITLE; AND

3. HAVE A RESIDENT AGENT IN THE STATE.

(II) A LOCAL JURISDICTION MAY NOT REQUIRE AN APPLICANT OR LICENSEE TO PAY A FEE OR OTHER CHARGE FOR THE LOCAL LICENSE.

(D) (1) A LOCAL JURISDICTION MAY REVOKE OR SUSPEND THE LOCAL LICENSE IF THE LICENSEE FAILS, WITHIN 15 DAYS OF THE DUE DATE ESTABLISHED BY THE LOCAL JURISDICTION, TO PAY OR REMIT ALL OF THE APPLICABLE LOCAL ENERGY TAXES ON SERVICES.

(2) A LOCAL JURISDICTION MAY REINSTATE THE LICENSE AFTER PAYMENT OF ALL LOCAL ENERGY TAXES DUE.

(3) A LOCAL JURISDICTION MAY CHOOSE NOT TO REINSTATE A LICENSE THAT HAS BEEN REVOKED OR SUSPENDED 3 TIMES IN A 12-MONTH PERIOD.

(4) A LOCAL JURISDICTION SHALL REPORT ANY REVOCATION OR SUSPENSION OF A LICENSE TO THE COMMISSION.

(E) THE COMMISSION SHALL ADOPT REGULATIONS OR ISSUE AN ORDER TO ESTABLISH PROCEDURES FOR THE ASSUMPTION OF BILLING RESPONSIBILITIES BY

THE ELECTRIC COMPANY THAT DISTRIBUTES ELECTRICITY IN THE RELEVANT SERVICE TERRITORY IF A LOCAL LICENSE IS REVOKED OR SUSPENDED.

7-512.

(A) THIS SECTION AND § 7-513 OF THIS SUBTITLE APPLY TO AN ENTITY THAT WAS REGULATED AS AN ELECTRIC COMPANY ON JUNE 30, 1999, WHETHER OR NOT THE ENTITY OR ANY OF ITS BUSINESSES, SERVICES, OR ASSETS CONTINUES TO BE REGULATED UNDER THIS ARTICLE AFTER THAT DATE.

(B) AN ELECTRIC COMPANY MAY RECOVER COSTS UNDER THIS SECTION TO THE EXTENT THAT THE COMMISSION FINDS COSTS TO BE JUST AND REASONABLE.

(C) (1) AN ELECTRIC COMPANY SHALL BE PROVIDED A FAIR OPPORTUNITY TO RECOVER FULLY ALL COSTS THAT HAVE BEEN OR WILL BE INCURRED BY THE ELECTRIC COMPANY UNDER PUBLIC PURPOSE PROGRAMS ESTABLISHED BY LAW OR ORDERED BY THE COMMISSION.

(2) (I) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, THE COSTS SUBJECT TO THIS SUBSECTION SHALL BE FUNDED BY A SURCHARGE OR OTHER COST RECOVERY MECHANISM COLLECTED ON A STATEWIDE BASIS THAT:

1. FULLY RECOVERS FROM CUSTOMERS THE COSTS OF THE PLANS AND PROGRAMS; AND

2. SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, WITH RESPECT TO ANY OF THESE COSTS NOT INCLUDED IN RATES ON JANUARY 1, 2000, IS NOT SUBJECT TO ANY OTHERWISE APPLICABLE CAP.

(II) THE RECOVERY BY AN ELECTRIC COMPANY OF COSTS FOR A UNIVERSAL SERVICE PROGRAM IS SUBJECT TO ANY APPLICABLE CAP REGARDLESS OF WHEN THE COSTS ARE INCLUDED IN RATES.

(3) DURING THE FISCAL YEAR ENDING JUNE 30, 2000, AN ELECTRIC COMPANY MAY NOT, UNDER PARAGRAPH (2) OF THIS SUBSECTION, RECOVER COSTS OF A CONSUMER EDUCATION PROGRAM ESTABLISHED BY LAW, REGULATION, OR ORDER.

7-512.1.

(A) (1) THE COMMISSION SHALL ESTABLISH A UNIVERSAL SERVICE PROGRAM TO ASSIST ELECTRIC CUSTOMERS WITH ANNUAL INCOMES AT OR BELOW 150% OF THE FEDERAL POVERTY LEVEL.

(2) THE COMMISSION, WITH INPUT FROM A PANEL OR ROUNDTABLE OF INTERESTED PARTIES, SHALL CONTRACT WITH A FOR-PROFIT OR NONPROFIT MARYLAND CORPORATION EXISTING AS OF JULY 1, 1999 TO ADMINISTER THE UNIVERSAL SERVICE PROGRAM.

(3) THE COMMISSION SHALL HAVE OVERSIGHT RESPONSIBILITY FOR THE UNIVERSAL SERVICE PROGRAM.

(4) THE COMPONENTS OF THE UNIVERSAL SERVICE PROGRAM SHALL INCLUDE:

(I) BILL ASSISTANCE, AT A MINIMUM OF 50% OF THE DETERMINED NEED;

(II) LOW-INCOME WEATHERIZATION; AND

(III) THE RETIREMENT OF ARREARAGES THAT WERE INCURRED PRIOR TO THE INITIAL IMPLEMENTATION DATE.

(B) (1) ALL CUSTOMERS WILL CONTRIBUTE TO THE FUNDING OF THE UNIVERSAL SERVICE PROGRAM THROUGH A CHARGE COLLECTED BY EACH

(Over)

ELECTRIC COMPANY.

(2) THE COMMISSION SHALL DETERMINE A FAIR AND EQUITABLE ALLOCATION FOR COLLECTING THE CHARGES AMONG ALL CUSTOMER CLASSES.

(3) AN ELECTRIC COMPANY SHALL RECOVER UNIVERSAL SERVICE PROGRAM COSTS IN ACCORDANCE WITH § 7-512 OF THIS SUBTITLE.

(C) ON OR BEFORE DECEMBER 1, 1999, AND ON AN ANNUAL BASIS THEREAFTER, THE COMMISSION SHALL REPORT, SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY ON THE UNIVERSAL SERVICE PROGRAM, INCLUDING:

(1) SUBJECT TO SUBSECTIONS (D) AND (E) OF THIS SECTION, A RECOMMENDATION ON THE TOTAL AMOUNT OF FUNDS FOR THE PROGRAM FOR THE FOLLOWING FISCAL YEAR;

(2) FOR BILL ASSISTANCE:

(I) THE TOTAL AMOUNT OF NEED, AS DETERMINED BY THE COMMISSION, FOR ELECTRIC CUSTOMERS WITH ANNUAL INCOMES AT OR BELOW 150% OF THE FEDERAL POVERTY LEVEL AND THE BASIS FOR THIS DETERMINATION;
AND

(II) THE PERCENTAGE OF NEED, AS DETERMINED BY THE COMMISSION, BUT AT A MINIMUM OF 50%, THAT SHOULD BE FUNDED THROUGH THE UNIVERSAL SERVICE PROGRAM AND THE BASIS OF THIS DETERMINATION;

(3) FOR LOW-INCOME WEATHERIZATION, THE AMOUNT OF FUNDS NEEDED, AS DETERMINED BY THE COMMISSION, FOR MEASURES THAT REDUCE CONSUMPTION OF ENERGY BY ELECTRIC CUSTOMERS WITH ANNUAL INCOMES AT OR BELOW 150% OF THE FEDERAL POVERTY LEVEL AND THE BASIS FOR THIS DETERMINATION;

(4) THE AMOUNT OF FUNDS NEEDED, AS DETERMINED BY THE

COMMISSION, TO RETIRE ARREARAGES THAT WERE INCURRED PRIOR TO THE INITIAL IMPLEMENTATION DATE BY ELECTRIC CUSTOMERS WITH ANNUAL INCOMES AT OR BELOW 150% OF THE FEDERAL POVERTY LEVEL AND THE BASIS FOR THIS DETERMINATION;

(5) THE IMPACT ON CUSTOMERS' RATES, INCLUDING THE ALLOCATION AMONG CUSTOMER CLASSES, FROM COLLECTING THE TOTAL AMOUNT RECOMMENDED BY THE COMMISSION UNDER ITEM (1) OF THIS SUBSECTION; AND

(6) THE IMPACT OF USING OTHER FEDERAL POVERTY LEVEL BENCHMARKS ON COSTS AND THE EFFECTIVENESS OF THE UNIVERSAL SERVICE PROGRAM.

(D) THE TOTAL AMOUNT OF FUNDS TO BE USED FOR THE UNIVERSAL SERVICE PROGRAM IN EACH OF THE 3 YEARS FOLLOWING THE INITIAL IMPLEMENTATION DATE SHALL BE AS FOLLOWS:

- (1) \$34,000,000 FOR THE FIRST YEAR;
- (2) \$36,000,000 FOR THE SECOND YEAR; AND
- (3) \$38,000,000 FOR THE THIRD YEAR.

(E) (1) THE COMMISSION SHALL RECOMMEND A TOTAL AMOUNT OF FUNDS TO BE USED FOR THE UNIVERSAL SERVICE PROGRAM FOR THE FOURTH YEAR, AND EACH YEAR THEREAFTER.

(2) THE RECOMMENDATION OF THE COMMISSION MAY ONLY BE MADE AFTER CONSIDERATION OF:

(I) INFORMATION RELATED TO THE FUNDING FOR THE FIRST 3 YEARS;

(II) THE RETIREMENT, DURING THE FIRST 3 YEARS, OF ARREARAGES INCURRED PRIOR TO THE INITIAL IMPLEMENTATION DATE; AND

(III) THE AMOUNT OF LOW-INCOME ASSISTANCE INCLUDED IN RATES PRIOR TO THE INITIAL IMPLEMENTATION DATE.

(F) FOR THE FOURTH YEAR AFTER THE INITIAL IMPLEMENTATION DATE, AND FOR EACH YEAR THEREAFTER, THE AMOUNT TO BE USED FOR THE UNIVERSAL SERVICE PROGRAM, DETERMINED AFTER CONSIDERATION OF THE RECOMMENDATION OF THE COMMISSION REQUIRED UNDER THIS SECTION, IS SUBJECT TO THE APPROVAL OF THE GENERAL ASSEMBLY THROUGH THE ENACTMENT OF LEGISLATION.

(G) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ARTICLE, FOR THE 3 YEARS IMMEDIATELY FOLLOWING THE INITIAL IMPLEMENTATION DATE, ELECTRICITY SUPPLIERS AND ELECTRIC COMPANIES MAY NOT TERMINATE, FOR AN ARREARAGE BALANCE DUE ON THE INITIAL IMPLEMENTATION DATE, THE SUPPLY OF ELECTRICITY TO A CUSTOMER WHO RECEIVES ASSISTANCE UNDER THE UNIVERSAL SERVICE PROGRAM UNDER THIS SECTION.

7-513.

(A) (1) IN ACCORDANCE WITH THIS SUBSECTION, AN ELECTRIC COMPANY SHALL BE PROVIDED A FAIR OPPORTUNITY TO RECOVER ALL OF ITS PRUDENTLY INCURRED AND VERIFIABLE NET TRANSITION COSTS, SUBJECT TO FULL MITIGATION, FOLLOWING THE COMMISSION'S DETERMINATION UNDER SUBSECTION (B) OF THIS SECTION.

(2) A COMPETITIVE TRANSITION CHARGE, OR OTHER APPROPRIATE MECHANISM THAT THE COMMISSION DETERMINES, MAY BE INCLUDED FOR CUSTOMERS WHO ACCESS THE TRANSMISSION OR DISTRIBUTION SYSTEM OF THE ELECTRIC COMPANY IN WHOSE DISTRIBUTION TERRITORY THE CUSTOMER IS LOCATED. THE COSTS AUTHORIZED BY THE COMMISSION TO BE RECOVERED SHALL

BE ALLOCATED TO CUSTOMER CLASSES IN A MANNER THAT, AS NEARLY AS REASONABLY POSSIBLE, DOES NOT EXCEED THE COST OF PROVIDING THE SERVICE TO THOSE CLASSES OF CUSTOMERS, AVOIDING WHERE REASONABLY POSSIBLE ANY INTERCLASS OR INTRACLASS CROSS SUBSIDY.

(3) THE COMPETITIVE TRANSITION CHARGE MAY BE INCLUDED ON BILLS TO CUSTOMERS FOR A PERIOD DETERMINED BY THE COMMISSION. THE COMMISSION MAY ESTABLISH RECOVERY PERIODS OF DIFFERENT LENGTHS FOR EACH ELECTRIC COMPANY AND FOR DIFFERENT CATEGORIES OF TRANSITION COSTS.

(4) (I) A COMPETITIVE TRANSITION CHARGE, OR OTHER APPROPRIATE MECHANISM DETERMINED BY THE COMMISSION, MAY NOT APPLY TO ANY ON-SITE GENERATED ELECTRICITY TO THE EXTENT OF:

1. THE EXISTING FACILITIES' INSTALLED GENERATING CAPACITY AS OF JANUARY 1, 1999;

2. THE GENERATING CAPACITY OF AN EXISTING FACILITY TO BE INSTALLED UNDER A LEGALLY BINDING CONTRACT:

A. EXECUTED ON OR BEFORE JANUARY 1, 1999; OR

B. EXECUTED ON OR BEFORE SEPTEMBER 29, 1999, IF THE COMMISSION, ON A CASE BY CASE REVIEW OF THE EVIDENCE, DETERMINES THAT NEGOTIATIONS IN GOOD FAITH CONCERNING THE CONTRACT WERE ONGOING AS OF JANUARY 1, 1999; OR

3. THE GENERATING CAPACITY OF ON-SITE GENERATING FACILITIES INSTALLED AFTER JANUARY 1, 2000, AS DETERMINED BY THE COMMISSION, FROM MICRO-TURBINES, PHOTOVOLTAICS, FUEL CELLS, AND WIND MACHINES THAT HAVE A CAPACITY OF 500 KILOWATTS OR LESS WITH FUEL UTILIZATION EFFICIENCY OF AT LEAST 40%.

(Over)

(II) 1. ONLY THE FIRST 40 MEGAWATTS, ON A STATEWIDE BASIS, OF THE AGGREGATE GENERATING CAPACITY OF ON-SITE GENERATING FACILITIES MAY QUALIFY UNDER SUBPARAGRAPH (I)2 B OF THIS PARAGRAPH.

2. ONLY THE FIRST 40 MEGAWATTS, ON A STATEWIDE BASIS, OF THE AGGREGATE GENERATING CAPACITY OF ON-SITE GENERATING FACILITIES MAY QUALIFY UNDER SUBPARAGRAPH (I)3 OF THIS PARAGRAPH.

(B) THE COMMISSION SHALL DETERMINE THE TRANSITION COSTS AND THE AMOUNTS OF THE TRANSITION COSTS THAT AN ELECTRIC COMPANY SHALL BE PROVIDED AN OPPORTUNITY TO RECOVER UNDER ITS RESTRUCTURING PLAN THROUGH THE COMPETITIVE TRANSITION CHARGE OR OTHER APPROPRIATE MECHANISM.

(C) (1) AFTER JULY 1, 1999, AN ELECTRIC COMPANY MAY APPLY TO THE COMMISSION FOR A QUALIFIED RATE ORDER FOR SOME OR ALL OF ITS TRANSITION COSTS.

(2) IF THE COMMISSION ISSUES A QUALIFIED RATE ORDER AND THE TRANSITION BONDS APPROVED BY THAT ORDER ARE SUCCESSFULLY ISSUED:

(I) THE ELECTRIC COMPANY SHALL IMPOSE AND COLLECT, THROUGH ITS CUSTOMER BILLS, THE INTANGIBLE TRANSITION CHARGES APPROVED BY THE QUALIFIED RATE ORDER; AND

(II) AT THE SAME TIME, THE ELECTRIC COMPANY'S COMPETITIVE TRANSITION CHARGE SHALL BE REDUCED BY AN AMOUNT EQUAL TO THAT PORTION OF THE COMPETITIVE TRANSITION CHARGE RELATED TO THE TRANSITION COSTS FOR WHICH TRANSITION BONDS HAVE BEEN SUCCESSFULLY ISSUED, TOGETHER WITH ANY COSTS OF CAPITAL RELATED TO THE TRANSITION COSTS FOR WHICH RECOVERY WAS PROVIDED IN THE COMPETITIVE TRANSITION CHARGE, AS PROVIDED IN THE QUALIFIED RATE ORDER.

(D) (1) THE COMMISSION SHALL ESTABLISH PROCEDURES FOR THE

ANNUAL REVIEW OF THE COMPETITIVE TRANSITION CHARGE FOR EACH ELECTRIC COMPANY TO RECONCILE THE ANNUAL REVENUES RECEIVED FROM THE CHARGE WITH THE ANNUAL AMORTIZATION OF TRANSITION COSTS APPROVED BY THE COMMISSION UNDER THIS SECTION TO TAKE ACCOUNT OF ACTUAL KILOWATT-HOUR SALES IN THE PRIOR YEAR COMPARED WITH PREVIOUSLY ESTIMATED KILOWATT-HOUR SALES. THE COMMISSION SHALL ADJUST THE COMPETITIVE TRANSITION CHARGE BASED ON ANY UNDER RECOVERY OR OVER RECOVERY WITH RESPECT TO THE AUTHORIZED AMORTIZATION AMOUNT.

(2) NOTHING IN THIS SUBTITLE MAY BE CONSTRUED AS PREVENTING THE COMMISSION FROM APPROVING FOR AN INVESTOR-OWNED ELECTRIC COMPANY:

(I) AN ADJUSTMENT MECHANISM PROPOSED BY THE INVESTOR-OWNED ELECTRIC COMPANY IN ITS INITIAL RESTRUCTURING PROPOSAL FILED PRIOR TO JANUARY 1, 1999, THAT TAKES INTO ACCOUNT DIFFERENCES OTHER THAN DIFFERENCES IN KILOWATT-HOUR SALES, TAKING INTO CONSIDERATION ANY REQUIREMENTS RELATED TO ANY TRANSITION BONDS;

(II) AN ADJUSTMENT THAT TAKES INTO ACCOUNT GENERATION ASSET SALES BY AN ELECTRIC COMPANY OR AN AFFILIATE TO A NONAFFILIATE THAT ARE CONSUMMATED ON OR BEFORE JUNE 30, 2005; OR

(III) ANY OTHER MECHANISM AS PART OF A SETTLEMENT.

(E) (1) IN DETERMINING THE APPROPRIATE TRANSITION COSTS OR BENEFITS FOR EACH ELECTRIC COMPANY'S GENERATION-RELATED ASSETS, THE COMMISSION SHALL CONSIDER, IN ADDITION TO OTHER APPROPRIATE EVIDENCE OF VALUE:

(I) BOOK VALUE AND FAIR MARKET VALUE;

(II) AUCTIONS AND SALES OF COMPARABLE ASSETS;

(Over)

(III) APPRAISALS;

(IV) THE REVENUE THE COMPANY WOULD RECEIVE UNDER RATE-OF-RETURN REGULATION;

(V) THE REVENUE THE COMPANY WOULD RECEIVE IN A RESTRUCTURED ELECTRICITY SUPPLY MARKET; AND

(VI) COMPUTER SIMULATIONS.

(2) THE COMMISSION SHALL DETERMINE WHETHER AND TO WHAT EXTENT THERE SHALL BE ANY ALLOCATION OF TRANSITION COSTS OR BENEFITS BETWEEN SHAREHOLDERS AND RATEPAYERS IN ACCORDANCE WITH ANY FEDERAL AND STATE LAW.

7-514.

(A) ON COMPLAINT OR ON ITS OWN MOTION, FOR GOOD CAUSE SHOWN, THE COMMISSION MAY CONDUCT AN INVESTIGATION OF THE RETAIL ELECTRICITY SUPPLY AND ELECTRICITY SUPPLY SERVICES MARKETS AND DETERMINE WHETHER THE FUNCTION OF ONE OF THESE MARKETS IS BEING ADVERSELY AFFECTED BY MARKET POWER OR ANY OTHER ANTICOMPETITIVE CONDUCT. THE COMMISSION SHALL MONITOR THE RETAIL ELECTRICITY SUPPLY AND ELECTRICITY SUPPLY SERVICES MARKETS TO ENSURE THAT THE MARKETS ARE NOT BEING ADVERSELY AFFECTED BY MARKET POWER OR ANY OTHER ANTICOMPETITIVE CONDUCT.

(B) IF, AS A RESULT OF AN INVESTIGATION CONDUCTED UNDER THIS SECTION, THE COMMISSION DETERMINES THAT MARKET POWER OR ANY OTHER ANTICOMPETITIVE CONDUCT IN THE RELEVANT MARKET UNDER THE COMMISSION'S JURISDICTION IS PREVENTING THE ELECTRIC CUSTOMERS IN THE STATE FROM OBTAINING THE BENEFITS OF PROPERLY FUNCTIONING RETAIL ELECTRICITY SUPPLY AND ELECTRICITY SUPPLY SERVICES MARKETS, THE COMMISSION MAY TAKE REMEDIAL ACTIONS WITHIN ITS AUTHORITY TO ADDRESS

THE IMPACT OF THE MARKET POWER OR ANY OTHER ANTICOMPETITIVE CONDUCT ACTIVITIES.

(C) THE COMMISSION SHALL INCLUDE ANTITRUST PRINCIPLES IN PERFORMING ITS ANALYSIS UNDER THIS SECTION.

(D) THE COMMISSION SHALL COOPERATE WITH AND SHARE INFORMATION WITH THE ANTITRUST DIVISION OF THE OFFICE OF THE ATTORNEY GENERAL.

(E) THE RIGHTS AND REMEDIES PROVIDED IN THIS SECTION SUPPLEMENT ANY OTHER RIGHTS OR REMEDIES THAT MAY EXIST UNDER STATE OR FEDERAL LAW OR COMMON LAW.

7-515.

AN ELECTRICITY SUPPLIER THAT ALSO PROVIDES DISTRIBUTION SERVICE, OR THAT HAS AN AFFILIATE THAT PROVIDES DISTRIBUTION SERVICE, IN PENNSYLVANIA, DELAWARE, WEST VIRGINIA, AND VIRGINIA OR IN THE DISTRICT OF COLUMBIA MAY NOT PROVIDE RETAIL ELECTRICITY SUPPLY SERVICE, DIRECTLY, INDIRECTLY, OR THROUGH AN AGGREGATOR, MARKETER, OR BROKER, IN THE DISTRIBUTION TERRITORY OF AN UNAFFILIATED ELECTRIC COMPANY UNLESS THERE IS ELECTRICITY SUPPLY COMPETITION IN AT LEAST A PORTION OF THE DISTRIBUTION SERVICE AREA OF THE ELECTRICITY SUPPLIER OR AFFILIATE.

7-516.

(A) AN ELECTRIC COMPANY SHALL CONTINUE TO PURCHASE ELECTRICITY UNDER ANY CONTRACT IN EFFECT ON JANUARY 1, 1999, WITH A RENEWABLE ENERGY RESOURCE FACILITY LOCATED IN THE STATE UNTIL THE LATER OF THE EXPIRATION OF THE CONTRACT OR THE EXPIRATION OR SATISFACTION OF BONDS EXISTING ON JANUARY 1, 1999, SUPPORTING THE FACILITY.

(B) ON OR BEFORE FEBRUARY 1, 2000, THE COMMISSION, IN CONSULTATION

(Over)

WITH THE MARYLAND ENERGY ADMINISTRATION, SHALL REPORT TO THE GOVERNOR AND, SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY ON THE FEASIBILITY OF REQUIRING A RENEWABLES PORTFOLIO STANDARD AND THE ESTIMATED COSTS AND BENEFITS OF ESTABLISHING THIS REQUIREMENT.

7-517.

THIS SUBTITLE MAY BE REFERRED TO AS "THE ELECTRIC CUSTOMER CHOICE AND COMPETITION ACT OF 1999".

7-518. RESERVED.

Article - Commercial Law

9-104.

This title does not apply

(m) To a transfer of an interest in a letter of credit other than the rights to proceeds of a written letter of credit; OR

(N) TO INTANGIBLE TRANSITION PROPERTY AS DEFINED IN § 7-501 OF THE PUBLIC UTILITY COMPANIES ARTICLE.

SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 4-403 of the Public Utility Companies Article of the Annotated Code of Maryland be repealed. Any net accumulated over recovery or under recovery of actual fuel costs by each electric company as of the initial implementation date under Title 7, Subtitle 5 of the Public Utility Companies Article, as enacted by this Act, shall be credited or debited, as appropriate, to the electric company's rates and shall be refunded or collected, as appropriate, over a period not to exceed 12 months.

SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article - Public Utility Companies

7-203.

(a) (1) The Commission shall:

(i) impose an environmental surcharge per kilowatt hour of electricity [generated] DISTRIBUTED TO RETAIL ELECTRIC CUSTOMERS within the State; and

(ii) authorize each electric company to add the full amount of the surcharge to its customers' bills.

(2) To the extent that an electric company fails to collect the surcharge from its customers, the amount uncollected shall be deemed a cost of power [generation] DISTRIBUTION and allowed and computed as such together with other allowable expenses for purposes of rate-making.

(b) (1) The Comptroller shall collect the revenue from the surcharge imposed under subsection (a) of this section and place the revenue into a special fund, the Environmental Trust Fund.

(2) The Comptroller shall maintain the method of collection of the surcharge from each electric company, and the money collected shall accrue to the Fund.

(c) (1) Each fiscal year, the Secretary of Natural Resources shall coordinate the preparation of the annual budget required to carry out the provisions of the Power Plant Research Program under Title 3, Subtitle 3 of the Natural Resources Article.

(2) Each fiscal year, on approval of the annual budget by the General Assembly for the Power Plant Research Program, the Commission shall establish the amount of the environmental surcharge per kilowatt hour of electric energy [generated] DISTRIBUTED in the State that is to be imposed on each electric company in accordance with subsection (a) of this section.

(Over)

(d) (1) Notwithstanding any other provision of this subtitle, the amount of the surcharge for each account OF EACH RETAIL ELECTRIC CUSTOMER may not exceed the lesser of 0.15 mill per kilowatt hour or \$1,000 per month.

(2) The Department of Natural Resources shall credit against the amount the Commission requires each electric company to pay into the Environmental Trust Fund 1.5% of the total surcharge amount attributed to the electric company on the basis of the amount of the electricity [generated] DISTRIBUTED in the State.

(e) The surcharge imposed under this subtitle shall terminate on June 30, [2000] 2005.

Article - Natural Resources

3-302.

(a) There is an Environmental Trust Fund. For the purpose of this subtitle, there is established as an added cost of [generation] ELECTRICITY DISTRIBUTED TO RETAIL ELECTRIC CUSTOMERS WITHIN THE STATE, an environmental surcharge per kilowatt hour of electric energy [generated] DISTRIBUTED in the State to be paid by any electric company as defined in § 1-101 of the Public Utility Companies Article. [This surcharge initially shall be assessed at 0.1 mill per kilowatt hour as of January 1, 1972.] The Public Service Commission shall impose the surcharge per kilowatt hour of electric energy [generated] DISTRIBUTED TO RETAIL ELECTRIC CUSTOMERS within the State and shall authorize the electric companies to add the full amount of the surcharge to RETAIL ELECTRIC customers' bills. To the extent that the surcharge is not collected from RETAIL ELECTRIC customers, the surcharge shall be deemed a cost of [generation] DISTRIBUTION and shall be allowed and computed as such, together with other allowable expenses, for rate-making purposes. Revenues from the surcharge shall be collected by the Comptroller and placed in the Fund.

(b) (1) The Secretary, in consultation with the Director of the Maryland Energy Administration, annually shall coordinate the preparation of a budget required to carry out the provisions of this subtitle. Upon approval of the budget by the General Assembly, the Public Service Commission shall establish the amount of the surcharge per kilowatt hour for the fiscal year

beginning July 1, 1972, and for each subsequent fiscal year.

(2) Notwithstanding any other provisions of this subtitle, the amount of the surcharge for each account FOR EACH RETAIL ELECTRIC CUSTOMER may not exceed the lesser of 0.15 [mil] MILL per kilowatt hour or \$1,000 per month and the surcharge may not continue beyond Fiscal Year [2000] 2005.

(3) The Comptroller shall maintain the method of collection of the surcharge from the companies and the collections shall accrue to the Fund. The Department shall credit against the amount required to be paid into the Environmental Trust Fund by each electric company an amount equal to 1 1/2% of the total surcharge attributed to each company on the basis of the electricity [generated] DISTRIBUTED within Maryland.

(c) The Secretary shall administer the Fund. The Fund is subject to the provisions for financial management and budgeting established by the Department of Budget and Management. The moneys in the Fund shall be used to carry out the provisions of this subtitle as provided for in the budget, except that 10% of all moneys accruing to the Fund from July 1, 1978 through June 30, 1983 shall be used to supplement funds necessary to carry out the duties of the People's Counsel of the Public Service Commission. The People's Counsel shall submit an annual budget of necessary supplemental funds to the Department to be incorporated in the Department's budget. For the purposes of this subtitle, the Secretary, in consultation with the Director of the Maryland Energy Administration, may execute appropriate contracts with any State or federal agency, research organization, industry, or academic institution to conduct the necessary research, construct or acquire, or both, real property including physical predictive models, laboratories, buildings, land, and appurtenances, or support the technological development of extraordinary systems related to power plants designed to minimize environmental impact. [He] THE SECRETARY may utilize available expertise in any other State unit in the development, execution, and management of contracts and agreements on projects relating to their areas of prime responsibility.

(d) (1) The Maryland Energy Administration shall receive administrative and fiscal support from the Fund for studies relating to the conservation or production of electric energy.

(2) Fiscal support to the Maryland Energy Administration from the Fund may not exceed \$250,000 in any fiscal year.

(Over)

(e) The Legislative Auditor shall conduct post audits of a fiscal and compliance nature of the Fund and of the appropriations and expenditures made for the purposes of this subtitle. The cost of the fiscal portion of the post audit examinations shall be an operating cost of the Fund.

SECTION 4. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall take effect July 1, 2000, provided that, if the Public Service Commission delays implementation of customer choice in accordance with the provisions of § 7-510(b) of the Public Utility Companies Article, the surcharge funding the Environmental Trust Fund pursuant to § 7-203 of the Public Utility Companies Article shall continue to be collected as a per kilowatt hour surcharge on electricity generated within the State until customer choice is implemented.

SECTION 5. AND BE IT FURTHER ENACTED, That the Governor is authorized to submit a budget amendment for the fiscal year ending June 30, 2000, transferring \$6,000,000 from the Revenue Stabilization Fund to be used for the purpose of educating consumers on electric utility industry restructuring. In accordance with § 7-505(b) of the Public Utility Companies Article, the Public Service Commission shall use the allocated funds during the fiscal year ending June 30, 2000, to implement a consumer education program informing customers of changes in the electric industry. On or before September 1, 1999, the Public Service Commission shall report to the Governor and, subject to § 2-1246 of the State Government Article, to the General Assembly on: (1) the recommended funding level, between \$3,000,000 and \$6,000,000, for the consumer education program for the fiscal year ending June 30, 2001; (2) the recommended method of funding for the program; and (3) if applicable, the impact that the funding method will have on customers' costs for electricity. On or before September 1, 2000, the Public Service Commission shall report to the Governor and, subject to § 2-1246 of the State Government Article, to the General Assembly on: (1) the recommended funding level, between \$3,000,000 and \$6,000,000, for the consumer education program for the fiscal year ending June 30, 2002; (2) the recommended method of funding for the program; and (3) if applicable, the impact that the funding method will have on customers' costs for electricity.

SECTION 6. AND BE IT FURTHER ENACTED, That, on or before December 1, 1999, the Public Service Commission shall report to the Governor and, subject to § 2-1246 of the State Government Article, to the General Assembly on: (1) the determinations of any transition costs or any transition benefits for the various electric companies; and (2) the status of the Public Service

Commission's considerations regarding the functional, operational, structural, or legal separation between electric companies' regulated businesses and their nonregulated businesses or nonregulated affiliates.

SECTION 7. AND BE IT FURTHER ENACTED, That if any provision of this Act or the application thereof to any person or circumstance is held invalid for any reason in a court of competent jurisdiction, the invalidity does not affect other provisions or any other application of this Act which can be given effect without the invalid provision or application, and for this purpose the provisions of this Act are declared severable.

SECTION 8. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall take effect on the later of July 1, 2000, and the initial implementation date that the Public Service Commission determines for investor-owned utilities under § 7-510(b)(1) of the Public Utility Companies Article, as enacted by this Act.

SECTION 9. AND BE IT FURTHER ENACTED, That, except as provided in Sections 4 and 8 of this Act, this Act shall take effect July 1, 1999.”.

AMENDMENT NO. 2

On pages 1 through 43, strike in their entirety the lines beginning with line 3 on page 1 through line 36 on page 43, inclusive.