

HOUSE BILL 454

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C5

2001 Regular Session
(11r1826)

ENROLLED BILL
-- Environmental Matters/Finance --

Introduced by **Delegate Edwards**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Electric Industry Restructuring - Small Rural Electric Cooperatives -**
3 **Exemptions**

4 FOR the purpose of exempting certain small rural electric cooperatives from certain
5 requirements and prohibitions related to the restructuring of the electric
6 industry under the Electric Customer Choice and Competition Act of 1999;
7 specifying that certain small rural electric cooperatives are subject to certain
8 requirements and prohibitions of this Act; providing that a member of certain
9 small rural electric cooperatives may receive certain electricity services from an
10 entity other than the small rural electric cooperative only under certain
11 circumstances; and generally relating to the applicability of certain electric
12 industry requirements and prohibitions to certain small rural electric
13 cooperatives.

14 BY adding to
15 Article - Public Utility Companies
16 Section 7-502

1 Annotated Code of Maryland
2 (1998 Volume and 2000 Supplement)

3 BY repealing and reenacting, without amendments,
4 Article - Public Utility Companies
5 Section 7-505(b)(1) through (4), (6), (7), (11), and (12) and 7-507(e), (h), (i), (k),
6 and (l)
7 Annotated Code of Maryland
8 (1998 Volume and 2000 Supplement)

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

11 **Article - Public Utility Companies**

12 7-502.

13 (A) EXCEPT AS REQUIRED UNDER SUBSECTION (B) OF THIS SECTION, THE
14 PROVISIONS OF THIS SUBTITLE MAY NOT BE APPLIED TO A SMALL RURAL ELECTRIC
15 COOPERATIVE THAT:

16 (1) HAS LESS THAN 10% OF ITS DISTRIBUTION TERRITORY WITHIN THE
17 STATE;

18 (2) MAINTAINS ITS PRINCIPAL PLACE OF BUSINESS OUTSIDE THE
19 STATE; AND

20 (3) IS SUBJECT TO, AND CONDUCTS ITS OPERATIONS WITHIN THE STATE
21 IN COMPLIANCE WITH, THE LAWS OF THE STATE IN WHICH ITS PRINCIPAL PLACE OF
22 BUSINESS IS LOCATED.

23 (B) (1) A SMALL RURAL ELECTRIC COOPERATIVE, AS DESCRIBED IN
24 SUBSECTION (A) OF THIS SECTION, SHALL BE SUBJECT TO ALL REQUIREMENTS AND
25 PROHIBITIONS ADOPTED UNDER THE AUTHORITY OF §§ 7-505 (B) (1) THROUGH (4), (6),
26 (7), (11), AND (12) AND 7-507(E), (H), (I), (K), AND (L) OF THIS SUBTITLE.

27 (2) IN ADDITION TO THE REQUIREMENTS FOR A SMALL RURAL
28 ELECTRIC COOPERATIVE SET FORTH IN PARAGRAPH (1) OF THIS SUBSECTION, A
29 MEMBER OF A SMALL RURAL ELECTRIC COOPERATIVE WHO THAT RECEIVES
30 ELECTRICITY OR ELECTRICITY SUPPLY SERVICES FROM AN ENTITY OTHER THAN
31 THE SMALL RURAL ELECTRIC COOPERATIVE MAY RECEIVE THESE SERVICES ONLY
32 FROM AN ENTITY THAT IS LICENSED UNDER § 7-507 OF THIS SUBTITLE.

33 7-505.

34 (b) (1) The Commission shall issue the orders or adopt the regulations
35 required under this subsection before the implementation of customer choice.

1 (2) The Commission shall order a universal service program, to be made
2 available on a statewide basis, to benefit low-income customers, in accordance with §
3 7-512.1 of this subtitle.

4 (3) The Commission shall order an electric company to adopt policies and
5 practices reasonably designed to prevent:

6 (i) discrimination against a person, locality, or particular class of
7 service or give undue or unreasonable preference in favor of the electric company's
8 own electricity supply, other services, divisions, or affiliates, if any; and

9 (ii) any other forms of self-dealing or practices that could result in
10 noncompetitive electricity prices to customers.

11 (4) (i) The Commission shall, by regulation or order, require each
12 electric company and electricity supplier to provide adequate and accurate
13 information to each customer on the available electric services of the electric company
14 or electricity supplier, including disclosure, every 6 months, of a uniform common set
15 of information about:

16 1. the fuel mix of the electricity purchased by customers,
17 including categories of electricity from coal, natural gas, nuclear, oil, hydroelectric,
18 solar, biomass, wind, and other resources, or disclosure of a regional fuel mix average;
19 and

20 2. the emissions, on a pound per megawatt-hour basis, of
21 pollutants identified by the Commission, or disclosure of a regional fuel mix average.

22 (ii) The Commission may require an electric company or an
23 electricity supplier to provide documentation supporting the disclosures required
24 under subparagraph (i) of this paragraph.

25 (6) The Commission shall issue orders or regulations to prevent an
26 electric company and an electricity supplier from disclosing a retail electric
27 customer's billing, payment, and credit information without the retail electric
28 customer's consent, except as allowed by the Commission for bill collection or credit
29 rating reporting purposes.

30 (7) An electricity supplier may not engage in marketing, advertising, or
31 trade practices that are unfair, false, misleading, or deceptive.

32 (11) Nothing in this title may be construed as preventing the application
33 of State and federal consumer protection and antitrust laws to electric companies and
34 their affiliates, and to electricity suppliers.

35 (12) The Commission, in consultation with the Department of the
36 Environment, shall adopt appropriate measures to maintain environmental
37 standards, adapt existing programs, and develop new programs as appropriate to
38 ensure compliance with federal and State environmental protection standards.

1 7-507.

2 (e) The Commission shall adopt regulations or issue orders to:

3 (1) protect consumers, electric companies, and electricity suppliers from
4 anticompetitive and abusive practices;

5 (2) require each electricity supplier to provide, in addition to the
6 requirements under § 7-505(b)(5) of this subtitle, adequate and accurate customer
7 information to enable customers to make informed choices regarding the purchase of
8 any electricity services offered by the electricity supplier;

9 (3) establish reasonable restrictions on telemarketing;

10 (4) establish procedures for contracting with customers;

11 (5) establish requirements and limitations relating to deposits, billing,
12 collections, and contract cancellations;

13 (6) establish provisions providing for the referral of a delinquent account
14 by an electricity supplier to the standard offer service under § 7-510(c) of this
15 subtitle; and

16 (7) establish procedures for dispute resolution.

17 (h) (1) An electricity supplier may not discriminate against any customer
18 based wholly or partly on race, color, creed, national origin, or sex of an applicant for
19 service or for any arbitrary, capricious, or unfairly discriminatory reason.

20 (2) An electricity supplier may not refuse to provide service to a
21 customer except by the application of standards that are reasonably related to the
22 electricity supplier's economic and business purposes.

23 (i) An electricity supplier shall be subject to all applicable federal and State
24 environmental laws and regulations.

25 (k) (1) The Commission may revoke or suspend the license of an electricity
26 supplier, impose a civil penalty or other remedy, order a refund or credit to a
27 customer, or impose a moratorium on adding or soliciting additional customers by the
28 electricity supplier, for just cause on the Commission's own investigation or on
29 complaint of the Office of People's Counsel, the Attorney General, or an affected party.

30 (2) A civil penalty may be imposed in addition to the Commission's
31 decision to revoke, suspend, or impose a moratorium.

32 (3) Just cause includes:

33 (i) intentionally providing false information to the Commission;

34 (ii) switching, or causing to be switched, the electricity supply for a
35 customer without first obtaining the customer's permission;

- 1 (iii) failing to provide electricity for its customers;
- 2 (iv) committing fraud or engaging in deceptive practices;
- 3 (v) failing to maintain financial integrity;
- 4 (vi) violating a Commission regulation or order;
- 5 (vii) failing to pay, collect, remit, or calculate accurately applicable
6 State or local taxes;
- 7 (viii) violating a provision of this article or any other applicable
8 consumer protection law of the State;
- 9 (ix) conviction of a felony by the licensee or principal of the licensee
10 or any crime involving fraud, theft, or deceit; and
- 11 (x) suspension or revocation of a license by any State or federal
12 authority.

13 (l) (1) An electricity supplier or person selling or offering to sell electricity
14 in the State in violation of this section, after notice and an opportunity for a hearing,
15 is subject to:

- 16 (i) a civil penalty of not more than \$10,000 for the violation; or
- 17 (ii) license revocation or suspension.

18 (2) Each day a violation continues is a separate violation.

19 (3) The Commission shall determine the amount of any civil penalty
20 after considering:

- 21 (i) the number of previous violations of any provision of this
22 article;
- 23 (ii) the gravity of the current violation; and
- 24 (iii) the good faith of the electricity supplier or person charged in
25 attempting to achieve compliance after notification of the violation.

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
27 October 1, 2001.

