

HOUSE BILL 454

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2001 Regular Session  
11r1826  
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By: **Delegate Edwards**

Introduced and read first time: February 2, 2001

Assigned to: Environmental Matters

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 16, 2001

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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  
17 Annotated Code of Maryland  
18 (1998 Volume and 2000 Supplement)

19 BY repealing and reenacting, without amendments,  
20 Article - Public Utility Companies  
21 Section 7-505(b)(1) through (4), (6), (7), (11), and (12) and 7-507(e), (h), (i), (k),  
22 and (l)  
23 Annotated Code of Maryland  
24 (1998 Volume and 2000 Supplement)

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

3 **Article - Public Utility Companies**

4 7-502.

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

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

10 (2) MAINTAINS ITS PRINCIPAL PLACE OF BUSINESS OUTSIDE THE  
11 STATE; AND

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

15 (B) (1) A SMALL RURAL ELECTRIC COOPERATIVE, AS DESCRIBED IN  
16 SUBSECTION (A) OF THIS SECTION, SHALL BE SUBJECT TO ALL REQUIREMENTS AND  
17 PROHIBITIONS ADOPTED UNDER THE AUTHORITY OF §§ 7-505 (B) (1) THROUGH (4), (6),  
18 (7), (11), AND (12) AND 7-507(E), (H), (I), (K), AND (L) OF THIS SUBTITLE.

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

25 7-505.

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

28 (2) The Commission shall order a universal service program, to be made  
29 available on a statewide basis, to benefit low-income customers, in accordance with §  
30 7-512.1 of this subtitle.

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

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

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

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

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

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

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

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

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

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

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

31 7-507.

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

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

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

- 1 (3) establish reasonable restrictions on telemarketing;
- 2 (4) establish procedures for contracting with customers;
- 3 (5) establish requirements and limitations relating to deposits, billing,  
4 collections, and contract cancellations;
- 5 (6) establish provisions providing for the referral of a delinquent account  
6 by an electricity supplier to the standard offer service under § 7-510(c) of this  
7 subtitle; and
- 8 (7) establish procedures for dispute resolution.
- 9 (h) (1) An electricity supplier may not discriminate against any customer  
10 based wholly or partly on race, color, creed, national origin, or sex of an applicant for  
11 service or for any arbitrary, capricious, or unfairly discriminatory reason.
- 12 (2) An electricity supplier may not refuse to provide service to a  
13 customer except by the application of standards that are reasonably related to the  
14 electricity supplier's economic and business purposes.
- 15 (i) An electricity supplier shall be subject to all applicable federal and State  
16 environmental laws and regulations.
- 17 (k) (1) The Commission may revoke or suspend the license of an electricity  
18 supplier, impose a civil penalty or other remedy, order a refund or credit to a  
19 customer, or impose a moratorium on adding or soliciting additional customers by the  
20 electricity supplier, for just cause on the Commission's own investigation or on  
21 complaint of the Office of People's Counsel, the Attorney General, or an affected party.
- 22 (2) A civil penalty may be imposed in addition to the Commission's  
23 decision to revoke, suspend, or impose a moratorium.
- 24 (3) Just cause includes:
- 25 (i) intentionally providing false information to the Commission;
- 26 (ii) switching, or causing to be switched, the electricity supply for a  
27 customer without first obtaining the customer's permission;
- 28 (iii) failing to provide electricity for its customers;
- 29 (iv) committing fraud or engaging in deceptive practices;
- 30 (v) failing to maintain financial integrity;
- 31 (vi) violating a Commission regulation or order;
- 32 (vii) failing to pay, collect, remit, or calculate accurately applicable  
33 State or local taxes;

1 (viii) violating a provision of this article or any other applicable  
2 consumer protection law of the State;

3 (ix) conviction of a felony by the licensee or principal of the licensee  
4 or any crime involving fraud, theft, or deceit; and

5 (x) suspension or revocation of a license by any State or federal  
6 authority.

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

10 (i) a civil penalty of not more than \$10,000 for the violation; or

11 (ii) license revocation or suspension.

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

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

15 (i) the number of previous violations of any provision of this  
16 article;

17 (ii) the gravity of the current violation; and

18 (iii) the good faith of the electricity supplier or person charged in  
19 attempting to achieve compliance after notification of the violation.

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