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By: **Senator Stoltzfus**

Introduced and read first time: February 2, 2001

Assigned to: Finance

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A BILL ENTITLED

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; and generally relating to the  
9 applicability of certain electric industry requirements and prohibitions to  
10 certain small rural electric cooperatives.

11 BY adding to

12 Article - Public Utility Companies  
13 Section 7-502  
14 Annotated Code of Maryland  
15 (1998 Volume and 2000 Supplement)

16 BY repealing and reenacting, without amendments,

17 Article - Public Utility Companies  
18 Section 7-505(b)(1) through (4), (6), (7), (11), and (12) and 7-507(e), (h), (i), (k),  
19 and (l)  
20 Annotated Code of Maryland  
21 (1998 Volume and 2000 Supplement)

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

24                                   **Article - Public Utility Companies**

25 7-502.

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

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

3 (2) MAINTAINS ITS PRINCIPAL PLACE OF BUSINESS OUTSIDE THE  
4 STATE; AND

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

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

12 7-505.

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

15 (2) The Commission shall order a universal service program, to be made  
16 available on a statewide basis, to benefit low-income customers, in accordance with §  
17 7-512.1 of this subtitle.

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

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

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

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

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

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

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

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

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

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

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

18 7-507.

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

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

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

26 (3) establish reasonable restrictions on telemarketing;

27 (4) establish procedures for contracting with customers;

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

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

33 (7) establish procedures for dispute resolution.

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

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

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

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

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

13           (3)     Just cause includes:

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

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

17                   (iii)   failing to provide electricity for its customers;

18                   (iv)    committing fraud or engaging in deceptive practices;

19                   (v)     failing to maintain financial integrity;

20                   (vi)    violating a Commission regulation or order;

21                   (vii)   failing to pay, collect, remit, or calculate accurately applicable  
22 State or local taxes;

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

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

27                   (x)     suspension or revocation of a license by any State or federal  
28 authority.

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

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

33                   (ii)    license revocation or suspension.

- 1                   (2)     Each day a violation continues is a separate violation.
- 2                   (3)     The Commission shall determine the amount of any civil penalty  
3 after considering:
- 4                   (i)     the number of previous violations of any provision of this  
5 article;
- 6                   (ii)    the gravity of the current violation; and
- 7                   (iii)   the good faith of the electricity supplier or person charged in  
8 attempting to achieve compliance after notification of the violation.

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