

Department of Legislative Services

Maryland General Assembly

2001 Session

FISCAL NOTE

Revised

House Bill 454 (Delegate Edwards)

Environmental Matters

Finance

**Electric Industry Restructuring - Small Rural Electric Cooperatives –
Exemptions**

This bill exempts certain rural electric cooperatives from certain requirements and prohibitions related to the restructuring of the electric industry under the Electric Customer Choice and Competition Act of 1999.

Fiscal Summary

State Effect: The bill's requirements could be handled with existing budgeted resources.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Bill Summary: The bill exempts certain small rural electric cooperatives from the provisions of law resulting from the restructuring of the electric industry, which require:

- the unbundling of electric company rates, charges and services;
- that customer bills indicate the charges for distribution and transmission, transition charge or credit, universal service program charges, customer charges, taxes, and any other charges identified by the Public Service Commission (PSC);
- providing standard offer service;
- an appropriate code of conduct between the electric company and an affiliate providing electricity supply and electricity supply services in the State;

- access by electricity suppliers and customers to the electric company's transmission and distribution system on a nondiscriminatory basis;
- functional, operational, structural, or legal separation between the electric company's regulated businesses and nonregulated businesses or nonregulated affiliates;
- a code of conduct to prevent regulated service customers from subsidizing the services of unregulated businesses or affiliates of the electric company;
- licensing and financial integrity requirements;
- providing customers with specific information to contact the electricity supplier, information to evaluate prices and services, and whether the price is regulated or competitive;
- electric suppliers to obtain customer permission before making any change in the electricity supplier or adding a new charge for a new or existing service or option; and
- posting on the Internet information that is understandable about services and rates for small commercial and residential electric customers.

For a small rural electric cooperative to be exempt from these provisions of current law, the cooperative must: (1) have less than 10% of its distribution territory within Maryland; (2) maintain its principal place of business outside of Maryland; and (3) be subject to, and conduct its operations within Maryland in compliance with, the laws of the state in which its principal place of business is located.

The bill also provides that if a member of a small rural electric cooperative receives electricity or electricity services from another entity, that entity must be licensed under the electric industry restructuring licensing provisions.

Current Law: Rural electric cooperatives are subject to the provisions of the law related to the restructuring of the electric industry enacted as the Electric Customer Choice and Competition Act of 1999.

Additional Comments: Currently only two rural electric cooperatives, one headquartered in Virginia and one headquartered in Pennsylvania, may qualify for the exemption. Both are subject to the electric choice programs of their respective home states.

With deregulation in Maryland and surrounding states increasing the competition for electricity customers by providers, in the future there may be other rural electric cooperatives that qualify for the exemption.

Additional Information

Prior Introductions: None.

Cross File: SB 466 (Senator Stoltzfus) – Finance.

Information Source(s): Public Service Commission, Office of the People's Counsel,
Department of Legislative Services

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