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By: **Senator Stoltzfus**  
Introduced and read first time: January 31, 2003  
Assigned to: Finance

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A BILL ENTITLED

1 AN ACT concerning

2 **Small Rural Electric Cooperatives - Reporting, Compliance, and Exemption**

3 FOR the purpose of authorizing certain small rural electric cooperatives to satisfy  
4 certain requirements for reporting certain information to the Public Service  
5 Commission by submitting copies of certain reports submitted to certain other  
6 units; exempting certain small rural electric cooperatives from a certain  
7 planning requirement; providing to certain small rural electric cooperatives an  
8 alternative method for complying with a certain testing requirement; and  
9 generally relating to the Public Service Commission and small rural electric  
10 cooperatives.

11 BY repealing and reenacting, with amendments,  
12 Article - Public Utility Companies  
13 Section 2-110(c), 2-118, 6-205, 7-201, 7-203, and 7-301  
14 Annotated Code of Maryland  
15 (1998 Volume and 2002 Supplement)

16 BY repealing and reenacting, without amendments,  
17 Article - Public Utility Companies  
18 Section 7-502(a)  
19 Annotated Code of Maryland  
20 (1998 Volume and 2002 Supplement)

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

23 **Article - Public Utility Companies**

24 2-110.

25 (c) (1) (i) Before each State fiscal year, the Chairman of the Commission  
26 shall estimate the Commission's total costs and expenses, including:

27 1. the compensation and expenses of the Commission, its  
28 officers, agents, and personnel;

1 2. the cost of retirement contributions, Social Security,  
2 health insurance, and other benefits required to be paid by the State for the personnel  
3 of the Commission;

4 3. all other maintenance and operation expenses of the  
5 Commission; and

6 4. all other direct and indirect costs of the Commission.

7 (ii) The estimate shall exclude the expenses associated with  
8 services performed by the Commission for which the Commission is reimbursed under  
9 this article.

10 (iii) The estimate shall include, as provided by the Office of People's  
11 Counsel:

12 1. the compensation and expenses of the Office of People's  
13 Counsel, its officers, agents, and personnel;

14 2. the cost of retirement contributions, Social Security,  
15 health insurance, and other benefits required to be paid by the State for the personnel  
16 of the Office of People's Counsel;

17 3. all other maintenance and operation expenses of the Office  
18 of People's Counsel; and

19 4. all other direct and indirect costs of the Office of People's  
20 Counsel.

21 (2) Based on the estimate, the Chairman shall determine the amount to  
22 be paid by each public service company.

23 (3) The Commission shall send a bill to each public service company on  
24 or before May 1st of each year.

25 (4) (I) The bill shall equal the product of:

26 [(i)] 1. the estimated total costs and expenses of the Commission  
27 and the Office of People's Counsel during the next fiscal year; multiplied by

28 [(ii)] 2. the ratio of the gross operating revenues for the public  
29 service company derived from intrastate utility and electricity supplier operations in  
30 the preceding calendar year, or other 12-month period as the Chairman determines,  
31 to the total of the gross operating revenues derived from intrastate utility and  
32 electricity supplier operations for all public service companies that are billed under  
33 this section over that period.

34 (II) TO THE EXTENT THAT THE COMMISSION REQUIRES AN  
35 ELECTRIC COMPANY TO REPORT THE GROSS OPERATING REVENUE DERIVED FROM  
36 INTRASTATE UTILITY AND ELECTRICITY SUPPLIER OPERATION IN ORDER TO

1 CALCULATE THE BILL UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, A SMALL  
2 RURAL ELECTRIC COOPERATIVE DESCRIBED IN § 7-502(A) OF THIS ARTICLE MAY  
3 SATISFY THE REQUIREMENT BY SUBMITTING TO THE COMMISSION A COPY OF A  
4 REPORT INCLUDING THAT INFORMATION THAT THE SMALL RURAL ELECTRIC  
5 COOPERATIVE SUBMITS TO THE UTILITY REGULATORY BODY OF THE STATE IN  
6 WHICH THE COOPERATIVE HAS ITS PRINCIPAL PLACE OF BUSINESS.

7 (5) The minimum bill for a public service company shall be \$10.

8 (6) The public service company:

9 (i) shall pay the bill on or before the next July 15th; or

10 (ii) may elect to make partial payments on the 15th days of July,  
11 October, January, and April.

12 (7) A partial payment shall equal 25% of the bill and may not be less  
13 than \$10.

14 (8) During any State fiscal year, the Chairman may change the estimate  
15 of costs and expenses of the Commission and the estimate of costs and expenses of the  
16 Office of People's Counsel, as changed by the People's Counsel.

17 (9) (i) If the estimate is changed, the Commission shall send a revised  
18 bill to each public service company that has elected to make partial payments.

19 (ii) The change shall be apportioned equally against the remaining  
20 payments for the fiscal year.

21 (10) (i) On or before September 15th of each year, the Chairman shall  
22 compute the actual costs and expenses of the Commission, and the actual costs and  
23 expenses of the Office of People's Counsel, as provided by the People's Counsel for the  
24 preceding fiscal year.

25 (ii) After deducting the amounts recovered under §§ 2-111(a) and  
26 2-123 of this subtitle, on or before October 15th, the Chairman shall send to any  
27 public service company that is affected a statement that shows the amount due or the  
28 amount to the credit of the public service company.

29 (11) (i) A public service company shall pay an amount due within 30  
30 days after the statement is received.

31 (ii) An amount to the credit of a public service company shall be  
32 applied against any succeeding payment due.

33 (12) The total amount that may be charged to a public service company  
34 under this section for a State fiscal year may not exceed:

35 (i) 0.17% of the public service company's gross operating revenues  
36 derived from intrastate utility and electricity supplier's operations in the preceding

1 calendar year, or other 12-month period that the Chairman determines, for the costs  
2 and expenses of the Commission other than that of the Office of People's Counsel;  
3 plus

4 (ii) 0.05% of those revenues for the costs and expenses of the Office  
5 of People's Counsel.

6 2-118.

7 (a) This section does not apply to [taxicabs, power boat companies, toll  
8 bridges, or towing and lightering companies]:

9 (1) TAXICABS;

10 (2) POWERBOAT COMPANIES;

11 (3) TOLL BRIDGES;

12 (4) TOWING AND LIGHTERING COMPANIES; OR

13 (5) SMALL RURAL ELECTRIC COOPERATIVES DESCRIBED IN § 7-502(A) OF  
14 THIS ARTICLE.

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

18 (c) The Commission shall require each electric company in the State to  
19 include in the long-range plan adequate, cost-effective provisions to promote energy  
20 conservation to decrease or moderate electric and, as appropriate, natural gas  
21 demand for regulated service from customers.

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

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

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

32 6-205.

33 (a) (1) This subsection does not apply to railroads.

1           (2)     Each public service company shall file with the Commission an  
2 annual report containing information on its corporate structure, affiliations of its  
3 officers and directors, and debt holdings.

4           (3)     (I)     Notwithstanding any specific reporting requirements in this  
5 subtitle, the Commission may prescribe the contents of the annual report to be filed  
6 by a public service company whose gross annual revenues for the most recent  
7 calendar year for which data are available are less than 0.003% of the total gross  
8 annual revenues of all public service companies in the State during the same calendar  
9 year.

10           (II)    A SMALL RURAL ELECTRIC COOPERATIVE DESCRIBED IN §  
11 7-502(A) OF THIS ARTICLE MAY SATISFY THE REPORTING REQUIREMENT BY  
12 SUBMITTING TO THE COMMISSION A COPY OF A REPORT INCLUDING THE REQUIRED  
13 INFORMATION THAT THE SMALL RURAL ELECTRIC COOPERATIVE SUBMITS TO THE  
14 UTILITY REGULATORY BODY OF THE STATE IN WHICH THE COOPERATIVE HAS ITS  
15 PRINCIPAL PLACE OF BUSINESS.

16       (b)     The president, treasurer, or general manager of a public service company  
17 shall verify the company's annual report under oath.

18       (c)     The Commission may:

19           (1)     require a public service company to submit reports and information  
20 that the Commission reasonably desires;

21           (2)     prescribe the form, contents, and deadlines for the reports and  
22 information; and

23           (3)     require amendments or corrections to the reports within a set period.

24 7-201.

25       (a)     (1)     Annually, the Chairman of the Commission shall forward to the  
26 Secretary of Natural Resources a 10-year plan listing possible and proposed sites,  
27 including the associated transmission routes, for the construction of electric plants  
28 within the State.

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

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

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

1           (4)     TO THE EXTENT THAT THE COMMISSION REQUIRES AN ELECTRIC  
2 COMPANY TO REPORT THE INFORMATION DESCRIBED IN PARAGRAPH (3) OF THIS  
3 SUBSECTION, A SMALL RURAL ELECTRIC COOPERATIVE DESCRIBED IN § 7-502(A) OF  
4 THIS TITLE MAY SATISFY THE REQUIREMENT BY SUBMITTING TO THE COMMISSION  
5 A COPY OF A REPORT THAT THE SMALL RURAL ELECTRIC COOPERATIVE SUBMITS TO  
6 THE FEDERAL ENERGY REGULATORY COMMISSION THAT INCLUDES THE REQUIRED  
7 INFORMATION.

8       (b)     (1)     The Commission shall evaluate the cost-effectiveness of the  
9 investments by electric companies in energy conservation to reduce electrical demand  
10 and in renewable energy sources to help meet electrical demand.

11           (2)     The evaluation of investments shall include:

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

16                   (ii)    utilization of renewable energy sources;

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

19                   (iv)    widespread public promotion of energy conservation programs.

20 7-203.

21       (a)     (1)     The Commission shall:

22                   (i)     impose an environmental surcharge per kilowatt hour of  
23 electricity distributed to retail electric customers within the State; and

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

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

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

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

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

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

9 (d) (1) Notwithstanding any other provision of this subtitle, the amount of  
10 the surcharge for each account of each retail electric customer may not exceed the  
11 lesser of 0.15 mill per kilowatt hour or \$1,000 per month.

12 (2) The Department of Natural Resources shall credit against the  
13 amount the Commission requires each electric company to pay into the  
14 Environmental Trust Fund 0.75% of the total surcharge amount attributed to the  
15 electric company on the basis of the amount of the electricity distributed in the State.

16 (E) TO THE EXTENT THAT THE COMMISSION REQUIRES AN ELECTRIC  
17 COMPANY TO REPORT THE TOTAL ESTIMATED KILOWATT HOURS OF ELECTRICITY  
18 DISTRIBUTED IN THE STATE IN ORDER TO CALCULATE THE SURCHARGE UNDER  
19 SUBSECTION (A)(1) OF THIS SECTION, A SMALL RURAL ELECTRIC COOPERATIVE  
20 DESCRIBED IN § 7-502(A) OF THIS TITLE MAY SATISFY THE REQUIREMENT BY  
21 SUBMITTING TO THE COMMISSION A COPY OF A REPORT THAT THE SMALL RURAL  
22 ELECTRIC COOPERATIVE SUBMITS TO THE FEDERAL ENERGY REGULATORY  
23 COMMISSION THAT INCLUDES THE REQUIRED INFORMATION.

24 [(e)] (F) The surcharge imposed under this subtitle shall terminate on June  
25 30, 2005.

26 7-301.

27 (a) A person may not furnish or put in use for revenue billing purposes a gas  
28 meter or electric meter unless the Commission has authorized the meter's use.

29 (b) (1) Each gas company and electric company shall maintain suitable  
30 equipment, approved by the Commission, for testing the accuracy of a gas meter or  
31 electric meter furnished by the company for use by its customers.

32 (2) The gas company or electric company shall test a customer's meter  
33 with the equipment in accordance with § 7-302 of this subtitle.

34 (3) A SMALL RURAL ELECTRIC COOPERATIVE DESCRIBED IN § 7-502(A)  
35 OF THIS TITLE MAY SATISFY THIS SECTION BY DEMONSTRATING THAT THE  
36 ELECTRIC METERS WHICH IT FURNISHES TO CUSTOMERS COMPLY WITH THE  
37 STANDARDS OF THE UTILITY REGULATORY BODY OF THE STATE IN WHICH THE  
38 COOPERATIVE HAS ITS PRINCIPAL PLACE OF BUSINESS.

39 (c) (1) This subsection applies to:

- 1 (i) a new residential multiple occupancy building;
- 2 (ii) a new shopping center; or
- 3 (iii) a new housing unit that is constructed, managed, operated,  
4 developed, or subsidized by a local housing authority established under Article 44A of  
5 the Code.

6 (2) The service restrictions imposed under this subsection do not apply to  
7 central hot water.

8 (3) The Commission may not authorize a gas company or electric  
9 company to service an occupancy unit or shopping center unit subject to this  
10 subsection unless the building or shopping center has individual metered service or  
11 submetering as provided under § 7-303 or § 7-304 of this subtitle for each  
12 individually leased or owned occupancy unit or shopping center unit.

13 (4) In accordance with its regulations, the Commission may authorize a  
14 gas company or electric company to provide service for central heating or cooling  
15 systems, or a combination of those systems, to an occupancy unit or shopping center  
16 unit subject to this subsection if the Commission is satisfied that the service will  
17 result in a substantial net saving of energy over the energy saving that would result  
18 from individual metering or submetering as provided under § 7-303 or § 7-304 of this  
19 subtitle.

20 (d) The owner, operator, or manager of a residential multiple occupancy  
21 building or shopping center subject to this section may not impose a utility cost on an  
22 occupancy unit or shopping center unit, except for charges that:

23 (1) the Commission authorizes the gas company or electric company to  
24 impose; and

25 (2) the gas company or electric company actually imposes on the owner,  
26 operator, or manager.

27 7-502.

28 (a) Except as required under subsection (b) of this section, the provisions of  
29 this subtitle may not be applied to a small rural electric cooperative that:

30 (1) has less than 10% of its distribution territory within the State;

31 (2) maintains its principal place of business outside the State; and

32 (3) is subject to, and conducts its operations within the State in  
33 compliance with, the laws of the state in which its principal place of business is  
34 located.

35 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
36 July 1, 2003.



