

SENATE BILL 739

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2004 Regular Session
4r2748
CF 4r2918

By: **Senators Pipkin, Astle, Colburn, Della, Forehand, Gladden, Hooper,
Klausmeier, and Stoltzfus**

Introduced and read first time: February 6, 2004

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Electric Utility Regulation - Standard Offer Service - Total Rates**

3 FOR the purpose of prohibiting an electric company in any year in which the electric
4 company has an obligation to provide standard offer service under a Public
5 Service Commission order from increasing the rate for electricity charged to
6 residential customers by more than a certain percent; allowing an electric
7 company to recover the portion of the total rate that exceeds a certain limit
8 through a standard offer service transition charge over a certain period;
9 prohibiting a certain charge from being included in a determination of whether
10 an electric company's increase in the total rate in any year exceeds a certain
11 limit; requiring that a certain rate increase be included in a determination of
12 whether an electric company's increase in the total rate in any year exceeds a
13 certain limit; requiring the Commission, by regulation or order, to adopt certain
14 procedures; prohibiting the Commission from allowing the recovery of more
15 than a certain portion of the standard offer service transition charge in any one
16 year; requiring the standard offer service transition charge to be separately
17 stated on bills to customers; and generally relating to the electric utility
18 regulation, standard offer service, and rates.

19 BY adding to
20 Article - Public Utility Companies
21 Section 7-510.1
22 Annotated Code of Maryland
23 (1998 Volume and 2003 Supplement)

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

1

Article - Public Utility Companies

2 7-510.1.

3 (A) IN THIS SECTION, "STANDARD OFFER SERVICE TRANSITION CHARGE"
4 MEANS THE RATE OR CHARGE AUTHORIZED BY THE COMMISSION FOR THE
5 RECOVERY OF STANDARD OFFER SERVICE COSTS UNDER THIS SECTION.

6 (B) IN ANY YEAR IN WHICH AN ELECTRIC COMPANY HAS AN OBLIGATION TO
7 PROVIDE STANDARD OFFER SERVICE UNDER A COMMISSION ORDER, THE ELECTRIC
8 COMPANY MAY NOT CHARGE RESIDENTIAL CUSTOMERS A TOTAL RATE FOR
9 ELECTRICITY THAT EXCEEDS THE PREVIOUS YEAR'S RATE BY MORE THAN 10%.

10 (C) IN ANY YEAR IN WHICH AN ELECTRIC COMPANY IS PROHIBITED FROM
11 INCREASING THE TOTAL RATE TO RESIDENTIAL CUSTOMERS BY MORE THAN 10%,
12 THE ELECTRIC COMPANY MAY RECOVER FROM RESIDENTIAL CUSTOMERS THE
13 PORTION OF THE TOTAL RATE THAT EXCEEDS THE 10% LIMIT THROUGH A STANDARD
14 OFFER SERVICE TRANSITION CHARGE OVER A 4-YEAR PERIOD BEGINNING 1 YEAR
15 AFTER THE INCREASE IN THE TOTAL RATE.

16 (D) (1) ANY STANDARD OFFER SERVICE TRANSITION CHARGE RECOVERED
17 DURING A YEAR MAY NOT BE INCLUDED IN A DETERMINATION OF WHETHER AN
18 ELECTRIC COMPANY'S INCREASE IN THE TOTAL RATE IN ANY YEAR EXCEEDS THE
19 10% LIMIT.

20 (2) ANY DISTRIBUTION OR TRANSMISSION RATE INCREASE FOR A YEAR
21 APPROVED BY THE COMMISSION, WHETHER APPROVED UNDER A SETTLEMENT
22 AGREEMENT OR A RATE PROCEEDING, SHALL BE INCLUDED IN A DETERMINATION
23 OF WHETHER AN ELECTRIC COMPANY'S INCREASE IN THE TOTAL RATE IN ANY YEAR
24 EXCEEDS THE 10% LIMIT.

25 (E) (1) BY REGULATION OR ORDER, THE COMMISSION SHALL ADOPT
26 PROCEDURES TO IMPLEMENT THIS SECTION, INCLUDING THE CREATION OF A
27 FORMULA FOR THE RECOVERY FROM RESIDENTIAL CUSTOMERS OF THE STANDARD
28 OFFER SERVICE TRANSITION CHARGE OVER A 4-YEAR PERIOD.

29 (2) THE COMMISSION MAY NOT ALLOW THE RECOVERY OF MORE THAN
30 25% OF THE STANDARD OFFER SERVICE TRANSITION CHARGE IN ANY 1 YEAR.

31 (F) THE STANDARD OFFER SERVICE TRANSITION CHARGE SHALL BE
32 SEPARATELY STATED ON BILLS TO CUSTOMERS.

33 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
34 June 1, 2004.