
By: **Senator Middleton**

Introduced and read first time: January 17, 2005

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Public Service Companies - Rate Proceedings**

3 FOR the purpose of repealing a certain limitation on the scope of public service
4 companies for which rates may be adjusted through a certain type of Public
5 Service Commission review using an existing rate of return; and generally
6 relating to public service companies and rate proceedings.

7 BY repealing and reenacting, with amendments,
8 Article - Public Utility Companies
9 Section 4-207
10 Annotated Code of Maryland
11 (1998 Volume and 2004 Supplement)

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

14 **Article - Public Utility Companies**

15 4-207.

16 (a) This section applies only to a gas company, electric company, or telephone
17 company [whose gross annual revenues, for the most recent calendar year for which
18 data are available, are less than 3% of the total gross annual revenues of all public
19 service companies in the State during the same calendar year].

20 (b) (1) When the Commission suspends a proposed new rate for a company
21 subject to this section that is based on the existing authorized fair rate of return, the
22 Commission promptly shall institute proceedings to determine if additional revenues
23 are required to allow the company to earn the existing fair rate of return authorized
24 in the previous base rate proceeding.

25 (2) The Commission shall:

26 (i) serve each of the parties to the previous base rate proceeding of
27 that company with a copy of the suspension order; and

1 (ii) order the company to publish a display advertisement about the
2 proposal in newspapers of general circulation in its service area.

3 (3) Proceedings under this section shall:

4 (i) account for revenues, expenses, and rate base in the same
5 manner that the Commission employed in determining a just and reasonable rate in
6 the previous base rate proceeding; and

7 (ii) exclude consideration of any increase in the rate of return, any
8 change in rate structure, or any change in an accounting approach to any item
9 pertaining to revenues, expenses, or rate base inconsistent with that used by the
10 Commission in determining a just and reasonable rate in the previous base rate
11 proceeding on the company.

12 (4) In proceedings under this section, the Commission may use a more
13 recent past test period than that used in the previous base rate proceeding for the
14 company.

15 (5) The Commission shall enter a final order as to the revenue
16 requirement determined under this section within 90 days after the proposed new
17 rate is filed.

18 (6) The final order shall:

19 (i) authorize a new rate distributing any change in the revenue
20 requirement proportionally among the ratepayers without change in the rate
21 structure; and

22 (ii) state whether further proceedings shall be held.

23 (7) If, in the final order, the Commission decides to conduct further
24 proceedings under subsection (c) of this section, the final order may provide for
25 refund, consistent with the provisions of § 4-204(c) of this subtitle, of any difference
26 between the new rate authorized under this subsection and the rate the Commission
27 sets under subsection (c) of this section.

28 (c) (1) If the Commission decides to conduct further proceedings under
29 subsection (b) of this section, the Commission, after a hearing, may:

30 (i) modify the rate structure;

31 (ii) lower the authorized fair rate of return; or

32 (iii) modify the accounting approach to an item that pertains to
33 revenues, expenses, or rate base.

34 (2) The Commission shall take any action under this subsection within
35 120 days after entry of a final order under subsection (b) of this section.

36 (d) (1) This section does not apply to a proposed new rate that is filed:

1 (i) less than 1 year after a previously proposed new rate under this
2 section is filed; or

3 (ii) with a request for temporary rates under § 4-205 of this
4 subtitle.

5 (2) (i) A company may not file a proposed new rate under this subtitle
6 if any proposed new rate filed by the company under this section is pending, or a new
7 rate filed by the company under this section has been in effect fewer than 90 days.

8 (ii) This paragraph does not preclude a company from filing a
9 proposed new rate for a new service if the proposal does not affect the authorized rate
10 of return.

11 (3) Unless the Commission provides otherwise, this section does not
12 apply to a proposed new rate that is filed more than 3 years after the Commission
13 enters a final order authorizing the existing fair rate of return in the previous base
14 rate proceeding.

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
16 October 1, 2005.