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By: **Senator Stone**

Introduced and read first time: February 3, 2006

Assigned to: Finance

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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 1  
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 2005 Supplement)

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

26 **Article - Public Utility Companies**

27 7-510.1.

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

1 (B) IN ANY YEAR IN WHICH AN ELECTRIC COMPANY HAS AN OBLIGATION TO  
2 PROVIDE STANDARD OFFER SERVICE UNDER A COMMISSION ORDER, THE ELECTRIC  
3 COMPANY MAY NOT CHARGE RESIDENTIAL CUSTOMERS A TOTAL RATE FOR  
4 ELECTRICITY THAT EXCEEDS THE PREVIOUS YEAR'S RATE BY MORE THAN 5%.

5 (C) IN ANY YEAR IN WHICH AN ELECTRIC COMPANY IS PROHIBITED FROM  
6 INCREASING THE TOTAL RATE TO RESIDENTIAL CUSTOMERS BY MORE THAN 5%, THE  
7 ELECTRIC COMPANY MAY RECOVER FROM RESIDENTIAL CUSTOMERS THE PORTION  
8 OF THE TOTAL RATE THAT EXCEEDS THE 5% LIMIT THROUGH A STANDARD OFFER  
9 SERVICE TRANSITION CHARGE OVER A 5-YEAR PERIOD BEGINNING 1 YEAR AFTER  
10 THE INCREASE IN THE TOTAL RATE.

11 (D) (1) ANY STANDARD OFFER SERVICE TRANSITION CHARGE RECOVERED  
12 DURING A YEAR MAY NOT BE INCLUDED IN A DETERMINATION OF WHETHER AN  
13 ELECTRIC COMPANY'S INCREASE IN THE TOTAL RATE IN ANY YEAR EXCEEDS THE 5%  
14 LIMIT.

15 (2) ANY DISTRIBUTION OR TRANSMISSION RATE INCREASE FOR A YEAR  
16 APPROVED BY THE COMMISSION, WHETHER APPROVED UNDER A SETTLEMENT  
17 AGREEMENT OR A RATE PROCEEDING, SHALL BE INCLUDED IN A DETERMINATION  
18 OF WHETHER AN ELECTRIC COMPANY'S INCREASE IN THE TOTAL RATE IN ANY YEAR  
19 EXCEEDS THE 5% LIMIT.

20 (E) (1) BY REGULATION OR ORDER, THE COMMISSION SHALL ADOPT  
21 PROCEDURES TO IMPLEMENT THIS SECTION, INCLUDING THE CREATION OF A  
22 FORMULA FOR THE RECOVERY FROM RESIDENTIAL CUSTOMERS OF THE STANDARD  
23 OFFER SERVICE TRANSITION CHARGE OVER A 5-YEAR PERIOD.

24 (2) THE COMMISSION MAY NOT ALLOW THE RECOVERY IN ANY 1 YEAR  
25 OF MORE THAN 20% OF THE STANDARD OFFER SERVICE TRANSITION CHARGE  
26 IMPOSED FOR A GIVEN SERVICE YEAR.

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

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
30 June 1, 2006.