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By: **Senators Middleton, Della, Dyson, Kelley, Klausmeier, and Teitelbaum**

Introduced and read first time: March 6, 2006

Assigned to: Rules

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A BILL ENTITLED

1 AN ACT concerning

2                           **Electric Industry Restructuring - Repeal of Return in Providing Standard**  
3                           **Offer Service**

4 FOR the purpose of repealing certain authority for an electric company to earn a  
5 certain return in providing standard offer service to residential and small  
6 commercial customers after the Public Service Commission has made a certain  
7 finding that requires the extension of the electric company's obligation to  
8 provide standard offer service; and generally relating to the repeal of certain  
9 authority for a certain return in providing standard offer service.

10 BY repealing and reenacting, with amendments,

11 Article - Public Utility Companies

12 Section 7-510(c)

13 Annotated Code of Maryland

14 (1998 Volume and 2005 Supplement)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

16 MARYLAND, That the Laws of Maryland read as follows:

17                           **Article - Public Utility Companies**

18 7-510.

19 (c) (1) Beginning on the initial implementation date, an electric company's  
20 obligation to provide electricity supply and electricity supply service is stated by this  
21 subsection.

22 (2) Electricity supply purchased from a customer's electric company is  
23 known as standard offer service. A customer is considered to have chosen the  
24 standard offer service if the customer:

25 (i) is not allowed to choose an electricity supplier under the phase  
26 in of customer choice in subsection (a) of this section;

27 (ii) contracts for electricity with an electricity supplier and it is not  
28 delivered;

- 1 (iii) cannot arrange for electricity from an electricity supplier;
- 2 (iv) does not choose an electricity supplier;
- 3 (v) chooses the standard offer service; or
- 4 (vi) has been denied service or referred to the standard offer service
- 5 by an electricity supplier in accordance with § 7-507(e)(6) of this subtitle.

6 (3) Any obligation of an electric company to provide standard offer

7 service shall cease on July 1, 2003, except that:

8 (i) electric cooperatives and municipal electric utilities may choose

9 to continue providing standard offer service in their respective distribution

10 territories, and may cease offering that service after notifying the Commission at

11 least 12 months in advance; and

12 (ii) 1. if the Commission finds that the electricity supply market

13 is not competitive or that no acceptable competitive proposal has been received to

14 supply electricity to those customers described under paragraph (2) of this subsection,

15 the Commission shall extend the obligation to provide standard offer service to

16 residential and small commercial customers at a market price that permits recovery

17 of the verifiable, prudently incurred costs to procure or produce the electricity [plus a

18 reasonable return].

19 2. The Commission shall reexamine the finding made under

20 this subparagraph at least annually.

21 (4) On or before July 1, 2001, the Commission shall adopt regulations or

22 issue orders to establish procedures for the competitive selection of electricity

23 suppliers, including an affiliate of an electric company, to provide standard offer

24 service to customers of electric companies under paragraph (2) of this subsection,

25 except for customers of electric cooperatives and municipal electric utilities. Unless

26 delayed by the Commission, the competitive selection shall take effect no later than

27 July 1, 2003.

28 (5) An electric company may procure the electricity needed to meet its

29 standard offer service electricity supply obligation from any electricity supplier,

30 including an affiliate of the electric company.

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect

32 July 1, 2006.