
By: **Senators Middleton, Astle, Brochin, Currie, Della, Forehand, Jimeno,
Kasemeyer, Kelley, Klausmeier, Kramer, and Lawlah**

Introduced and read first time: March 6, 2006

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Electric Restructuring - Transition to Market Rates**

3 FOR the purpose of requiring the Public Service Commission, when a certain rate cap
4 or price freeze expires, to determine a certain impact on residential customer
5 bills; requiring the Commission, if the expiration of a certain rate cap or price
6 freeze occurred before a certain date, to determine a certain impact on
7 residential customer bills; requiring the Commission to develop a certain price
8 mitigation plan under certain circumstances; requiring a price mitigation plan
9 to phase in a certain rate under certain circumstances, provide residential
10 customers with the option of participating in the plan, allow certain rates to
11 increase by a certain percent, and include the determination of a certain
12 revenue recovery component; requiring the Commission to determine a certain
13 rate that requires a certain decrease in the distribution rate during a certain
14 period and includes a certain portion of the revenue recovery component during
15 a certain period; requiring that a certain revenue recovery component be stated
16 separately on certain bills; requiring the Commission to issue an order or adopt
17 regulations to implement this Act; defining certain terms; and generally relating
18 to the expiration of a rate cap or price freeze for residential customers and the
19 transition to market rates.

20 BY adding to

21 Article - Public Utility Companies

22 Section 7-510.1

23 Annotated Code of Maryland

24 (1998 Volume and 2005 Supplement)

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

1

Article - Public Utility Companies

2 7-510.1.

3 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
4 INDICATED.

5 (2) "MARKET TOTAL RATE" MEANS THE TOTAL RATE PAID BY
6 RESIDENTIAL CUSTOMERS ON ELECTRIC BILLS THAT HAS NOT BEEN ADJUSTED BY
7 THE COMMISSION UNDER THIS SECTION.

8 (3) "TRANSITION TOTAL RATE" MEANS THE TOTAL RATE PAID BY
9 RESIDENTIAL CUSTOMERS ON ELECTRIC BILLS THAT HAS BEEN ADJUSTED BY THE
10 COMMISSION UNDER THIS SECTION DURING A TRANSITION PERIOD.

11 (B) THIS SECTION APPLIES TO AN ELECTRIC COMPANY THAT HAS ENTERED
12 INTO A SETTLEMENT AGREEMENT UNDER § 7-505 OF THIS SUBTITLE THAT
13 INCLUDES, UNDER THE TERMS OF THE AGREEMENT, THE EXPIRATION OF A RATE
14 CAP OR PRICE FREEZE FOR RESIDENTIAL CUSTOMERS.

15 (C) (1) WHEN A RATE CAP OR PRICE FREEZE FOR RESIDENTIAL CUSTOMERS
16 EXPIRES ON OR AFTER JULY 1, 2006, THE COMMISSION SHALL DETERMINE THE
17 IMPACT ON RESIDENTIAL CUSTOMER BILLS OF THE MARKET TOTAL RATE IN THE
18 FIRST YEAR FOLLOWING THE EXPIRATION OF A RATE CAP OR PRICE FREEZE AS
19 COMPARED TO THE PREVIOUS YEAR'S TOTAL RATE.

20 (2) IF THE MARKET TOTAL RATE IN THE YEAR FOLLOWING THE
21 EXPIRATION OF A RATE CAP OR PRICE FREEZE EXCEEDS THE PREVIOUS YEAR'S
22 TOTAL RATE BY MORE THAN 20%, THE COMMISSION SHALL DEVELOP A PRICE
23 MITIGATION PLAN TO GRADUALLY PHASE IN MARKET TOTAL RATES GRADUALLY
24 OVER A 4-YEAR PERIOD, UNLESS A LONGER PERIOD IS WARRANTED TO COMPLY
25 WITH SUBSECTION (E) OF THIS SECTION.

26 (D) (1) IF THE EXPIRATION OF A RATE CAP OR PRICE FREEZE FOR
27 RESIDENTIAL CUSTOMERS OCCURRED BEFORE JULY 1, 2006, THE COMMISSION
28 SHALL DETERMINE THE IMPACT ON RESIDENTIAL CUSTOMER BILLS OF THE MARKET
29 TOTAL RATE FOR THE FISCAL YEAR BEGINNING JULY 1, 2006, AS COMPARED TO THE
30 PREVIOUS FISCAL YEAR'S MARKET TOTAL RATE.

31 (2) IF THE MARKET TOTAL RATE FOR THE FISCAL YEAR BEGINNING
32 JULY 1, 2006, EXCEEDS THE PREVIOUS FISCAL YEAR'S MARKET TOTAL RATE BY MORE
33 THAN 20%, THE COMMISSION SHALL DEVELOP A PRICE MITIGATION PLAN TO PHASE
34 IN MARKET TOTAL RATES GRADUALLY OVER A 4-YEAR PERIOD, UNLESS A LONGER
35 PERIOD IS WARRANTED TO COMPLY WITH SUBSECTION (E) OF THIS SECTION.

36 (E) (1) THE PRICE MITIGATION PLAN SHALL:

37 (I) PROVIDE RESIDENTIAL CUSTOMERS WITH THE OPTION OF
38 PARTICIPATING IN THE PLAN;

1 (II) ALLOW TOTAL RATES TO INCREASE EACH YEAR OVER THE
2 PREVIOUS YEAR'S TOTAL RATE BY NO MORE THAN 20% EACH YEAR; AND

3 (III) INCLUDE THE DETERMINATION OF A REVENUE RECOVERY
4 COMPONENT THAT CONSISTS OF:

5 1. THE PORTION OF THE MARKET TOTAL RATE THAT IS NOT
6 CHARGED TO RESIDENTIAL CUSTOMERS; AND

7 2. A RETURN THAT DOES NOT EXCEED THE ACTUAL COST BY
8 THE ELECTRIC COMPANY OF CARRYING THE PORTION OF THE MARKET TOTAL RATE
9 THAT IS NOT CHARGED TO RESIDENTIAL CUSTOMERS.

10 (2) THE COMMISSION SHALL DETERMINE A TRANSITION TOTAL RATE
11 THAT:

12 (I) REQUIRES THE ELECTRIC COMPANY TO DECREASE THE
13 DISTRIBUTION RATE FOR RESIDENTIAL CUSTOMERS DURING HIGH USAGE PERIODS
14 OF THE YEAR; AND

15 (II) INCLUDES A PORTION OF THE REVENUE RECOVERY
16 COMPONENT DURING LOW USAGE PERIODS OF THE YEAR.

17 (3) THE AMOUNT OF THE REVENUE RECOVERY COMPONENT OWED TO
18 THE ELECTRIC COMPANY SHALL BE SEPARATELY STATED ON RESIDENTIAL
19 CUSTOMER BILLS.

20 (F) THE COMMISSION SHALL ISSUE AN ORDER OR ADOPT REGULATIONS TO
21 IMPLEMENT THIS SECTION.

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