
By: **Senators Middleton, Astle, Della, Hogan, Kelley, Klausmeier, and Teitelbaum**

Introduced and read first time: March 6, 2006

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Electric Industry Restructuring - Extension of Obligation to Provide**
3 **Standard Offer Service**

4 FOR the purpose of extending the obligation of an electric company to provide
5 standard offer service to residential and small commercial customers; repealing
6 the provision that allows electric cooperatives and municipal electric utilities to
7 choose to continue providing standard offer service in their respective
8 distribution territories; repealing the provision that requires the Public Service
9 Commission to extend the obligation of an electric company to provide standard
10 offer service after a certain finding; repealing the provision that requires the
11 Commission to reexamine a certain finding; and generally relating to the
12 extension of the obligation of an electric company to provide standard offer
13 service to residential and small commercial customers.

14 BY repealing and reenacting, with amendments,
15 Article - Public Utility Companies
16 Section 7-510(c)
17 Annotated Code of Maryland
18 (1998 Volume and 2005 Supplement)

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

21 **Article - Public Utility Companies**

22 7-510.

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

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

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

3 (ii) contracts for electricity with an electricity supplier and it is not
4 delivered;

5 (iii) cannot arrange for electricity from an electricity supplier;

6 (iv) does not choose an electricity supplier;

7 (v) chooses the standard offer service; or

8 (vi) has been denied service or referred to the standard offer service
9 by an electricity supplier in accordance with § 7-507(e)(6) of this subtitle.

10 (3) (I) [Any] EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (II) OF
11 THIS PARAGRAPH, ANY obligation of an electric company to provide standard offer
12 service shall cease on July 1, 2003[, except that:

13 (i) electric cooperatives and municipal electric utilities may choose
14 to continue providing standard offer service in their respective distribution
15 territories, and may cease offering that service after notifying the Commission at
16 least 12 months in advance; and

17 (ii) 1. if the Commission finds that the electricity supply market
18 is not competitive or that no acceptable competitive proposal has been received to
19 supply electricity to those customers described under paragraph (2) of this subsection,
20 the Commission shall extend].

21 (II) ON AND AFTER JULY 1, 2003, AN ELECTRIC COMPANY
22 CONTINUES TO HAVE the obligation to provide standard offer service to residential
23 and small commercial customers at a market price that permits recovery of the
24 verifiable, prudently incurred costs to procure or produce the electricity plus a
25 reasonable return.

26 [2. The Commission shall reexamine the finding made under
27 this subparagraph at least annually.]

28 (4) On or before July 1, 2001, the Commission shall adopt regulations or
29 issue orders to establish procedures for the competitive selection of electricity
30 suppliers, including an affiliate of an electric company, to provide standard offer
31 service to customers of electric companies under paragraph (2) of this subsection,
32 except for customers of electric cooperatives and municipal electric utilities. Unless
33 delayed by the Commission, the competitive selection shall take effect no later than
34 July 1, 2003.

35 (5) An electric company may procure the electricity needed to meet its
36 standard offer service electricity supply obligation from any electricity supplier,
37 including an affiliate of the electric company.

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