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By: **Senator Kasemeyer**

Constitutional Requirements Complied with for Introduction in the last 35 Days of Session

Introduced and read first time: March 7, 2006

Assigned to: Rules

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A BILL ENTITLED

1 AN ACT concerning

2                                   **Electric Utility Regulation - Standard Offer Service - Continuation of Rate**  
3                                   **Caps and Total Rates**

4 FOR the purpose of prohibiting an electric company in any year in which the electric  
5 company has an obligation to provide standard offer service under a Public  
6 Service Commission order from increasing the rate for electricity charged to  
7 residential customers by more than a certain percent; allowing an electric  
8 company to recover the portion of the total rate that exceeds a certain limit  
9 through a standard offer service transition charge over a certain period;  
10 prohibiting a certain charge from being included in a determination of whether  
11 an electric company's increase in the total rate in any year exceeds a certain  
12 limit; requiring that a certain rate increase be included in a determination of  
13 whether an electric company's increase in the total rate in any year exceeds a  
14 certain limit; requiring the Commission, by regulation or order, to adopt certain  
15 procedures; prohibiting the Commission from allowing the recovery of more  
16 than a certain portion of the standard offer service transition charge in any one  
17 year; requiring the standard offer service transition charge to be separately  
18 stated on bills to customers; providing that a certain rate cap or price freeze  
19 remain in effect until a certain date; and generally relating to the electric utility  
20 regulation, standard offer service, and rates.

21 BY adding to  
22 Article - Public Utility Companies  
23 Section 7-510.1  
24 Annotated Code of Maryland  
25 (1998 Volume and 2005 Supplement)

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

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**Article - Public Utility Companies**

2 7-510.1.

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

6 (B) IN ANY YEAR IN WHICH AN ELECTRIC COMPANY HAS AN OBLIGATION TO  
7 PROVIDE STANDARD OFFER SERVICE UNDER A COMMISSION ORDER, THE ELECTRIC  
8 COMPANY MAY NOT CHARGE RESIDENTIAL CUSTOMERS A TOTAL RATE FOR  
9 ELECTRICITY THAT EXCEEDS THE PREVIOUS YEAR'S RATE BY MORE THAN 20%.

10 (C) IN ANY YEAR IN WHICH AN ELECTRIC COMPANY IS PROHIBITED FROM  
11 INCREASING THE TOTAL RATE TO RESIDENTIAL CUSTOMERS BY MORE THAN 20%,  
12 THE ELECTRIC COMPANY MAY RECOVER FROM RESIDENTIAL CUSTOMERS THE  
13 PORTION OF THE TOTAL RATE THAT EXCEEDS THE 20% LIMIT THROUGH A STANDARD  
14 OFFER SERVICE TRANSITION CHARGE OVER A 5-YEAR PERIOD BEGINNING 1 YEAR  
15 AFTER THE INCREASE IN THE TOTAL RATE.

16 (D) (1) ANY STANDARD OFFER SERVICE TRANSITION CHARGE RECOVERED  
17 DURING A YEAR MAY NOT BE INCLUDED IN A DETERMINATION OF WHETHER AN  
18 ELECTRIC COMPANY'S INCREASE IN THE TOTAL RATE IN ANY YEAR EXCEEDS THE  
19 20% LIMIT.

20 (2) ANY DISTRIBUTION OR TRANSMISSION RATE INCREASE FOR A YEAR  
21 APPROVED BY THE COMMISSION, WHETHER APPROVED UNDER A SETTLEMENT  
22 AGREEMENT OR A RATE PROCEEDING, SHALL BE INCLUDED IN A DETERMINATION  
23 OF WHETHER AN ELECTRIC COMPANY'S INCREASE IN THE TOTAL RATE IN ANY YEAR  
24 EXCEEDS THE 20% LIMIT.

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

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

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

34 SECTION 2. AND BE IT FURTHER ENACTED, That, notwithstanding §  
35 7-505(d) of the Public Utility Companies Article, the rate cap or price freeze in effect  
36 on June 30, 2006, for residential customers in the Baltimore Gas and Electric  
37 Company service territory shall remain in effect through June 30, 2007.

1 SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall  
2 take effect June 1, 2007, and apply to electric rates charged to residential customers  
3 beginning July 1, 2007.

4 SECTION 4. AND BE IT FURTHER ENACTED, That, except as provided in  
5 Section 3 of this Act, this Act shall take effect June 1, 2006.