

**Department of Legislative Services**  
Maryland General Assembly  
2006 Session

**FISCAL AND POLICY NOTE**

House Bill 443  
Economic Matters

(Delegate G. Clagett, *et al.*)

Finance

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**Public Service Commission - Examination of Accounts, Books, and Records**

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This bill authorizes the Public Service Commission (PSC) to examine all accounts, books, and records of a public service company, a parent of a public service company, an affiliate of a public service company, and an affiliate of a parent of a public service company which PSC determines necessary to perform certain of its duties.

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**Fiscal Summary**

**State Effect:** The provisions of this bill could be handled with existing resources.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Bill Summary:** The bill defines affiliate as a person that directly or indirectly, or through one or more intermediaries, controls, is controlled by, or is under common control with or has, directly or indirectly, any economic interest in another person. Control is defined as the possession, direct or indirect, of the power to direct the management or policies of a person. Parent is defined as: (1) a firm, holding company, or other person that ultimately controls a public service company; or (2) any intermediary person that controls a public service company.

PSC may examine the records of the specified companies it determines necessary to perform the following duties related to public service companies:

- rate regulation;
- enforcing provisions related to certain company powers;
- monitoring financing;
- certain policies of electric deregulation;
- investigations of anticompetitive conduct by an electric company; and
- natural gas supplier licensing and consumer protection.

The bill specifies that this is to be regarded as supplemental and additional to PSC's current powers and authority and may not be regarded as a derogation of any powers now existing in PSC.

**Current Law:** Statute authorizes PSC to specify reporting requirements for public service companies. It specifies that the system prescribed by PSC should conform as nearly as possible to the requirements of the federal regulatory entity for each classification of public service company. Public service companies are required to list in their annual reports: (1) the name, address, basis of control, and principal business activities of the public service company; and (2) each parent company, subsidiary of the parent company, organization the public service company controls, and joint venture in excess of \$1 million. There are no provisions in current law that define the powers of PSC regarding examination of the accounts, books, or records of nonpublic service companies.

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### **Additional Information**

**Prior Introductions:** HB 360 of 2005, an identical bill, received an unfavorable report from the Economic Matters Committee.

**Cross File:** None.

**Information Source(s):** Public Service Commission, Office of People's Counsel, Department of Legislative Services

**Fiscal Note History:** First Reader - February 15, 2006  
ncs/jr

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