

# SENATE BILL 491

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~~EMERGENCY BILL~~

71r1023

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By: **Senator Britt**

Introduced and read first time: February 2, 2007

Assigned to: Finance

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 23, 2007

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Public Utility Companies – ~~Electricity Rates for~~ Electric Universal Service**  
3 **Program – Residential Tenants and Condominium Owners – Study of**  
4 **Nonresidential Customers**

5 FOR the purpose of requiring the Public Service Commission ~~to initiate a certain~~  
6 ~~proceeding to investigate options available to implement a rate mitigation plan~~  
7 ~~or rate stabilization plan to phase in the costs of electricity rate increases for~~  
8 ~~certain residential tenants of a nonresidential customer of an electric company~~  
9 ~~in a certain service territory, where a certain percentage of the residential~~  
10 ~~tenants are low and moderate income individuals; requiring the rate~~  
11 ~~mitigation plan or rate stabilization plan to apply to increases in electricity~~  
12 ~~rates that will take effect on or after a certain date; making this Act an~~  
13 ~~emergency measure; defining a certain term;~~ the Office of Home Energy  
14 Programs in the Department of Human Resources, and the Office of People’s  
15 Counsel to meet to discuss certain options for expanding the electric universal  
16 service program to include assistance to certain low-income residential tenants  
17 of apartments and low-income residential condominium owners who are not  
18 actual customers of an electric company; specifying items that the agencies shall  
19 consider in discussing certain options; requiring the Commission to report to  
20 certain committees by a certain date; and generally relating to ~~electricity rates a~~

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**EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 study of expanding the electric universal service program for residential tenants  
2 and condominium owners of nonresidential customers.

3 ~~BY repealing and reenacting, with amendments,~~  
4 ~~Article — Public Utility Companies~~  
5 ~~Section 7-501(n) through (q)~~  
6 ~~Annotated Code of Maryland~~  
7 ~~(1998 Volume and 2006 Supplement)~~

8 ~~BY adding to~~  
9 ~~Article — Public Utility Companies~~  
10 ~~Section 7-501(n)~~  
11 ~~Annotated Code of Maryland~~  
12 ~~(1998 Volume and 2006 Supplement)~~

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

15 ~~**Article — Public Utility Companies**~~

16 ~~7-501.~~

17 ~~(N) “RESIDENTIAL CUSTOMER” INCLUDES A RESIDENTIAL TENANT OF A~~  
18 ~~NONRESIDENTIAL CUSTOMER.~~

19 ~~[(n)] (O) “Standard offer service” means electric service that an electric~~  
20 ~~company must offer to its customers under § 7-510(e) of this subtitle.~~

21 ~~[(o)] (P) “Transition bond” means a bond, debenture, note, certificate of~~  
22 ~~participation or beneficial interest, or other evidence of indebtedness or ownership,~~  
23 ~~approved in a qualified rate order and issued under an executed trust indenture or~~  
24 ~~other agreement of an electric company or assignee, and which is secured by,~~  
25 ~~evidences ownership interest in, or is payable from intangible transition property.~~

26 ~~[(p)] (Q) “Transition cost” means a cost, liability, or investment that:~~

27 ~~(1) traditionally would have been or would be recoverable under~~  
28 ~~rate of return regulation, but which may not be recoverable in a restructured~~  
29 ~~electricity supply market; or~~

30 ~~(2) arises as a result of electric industry restructuring and is related to~~  
31 ~~the creation of customer choice.~~

1 ~~[(q)] (R)~~ (1) ~~“Universal service program” means a program that helps~~  
2 ~~low-income customers maintain electric service.~~

3 (2) ~~“Universal service program” includes customer bill assistance and~~  
4 ~~payment programs, termination of service protection, and policies and services that~~  
5 ~~help low-income customers to reduce or manage energy consumption in a~~  
6 ~~cost-effective manner.~~

7 ~~SECTION 2. AND BE IT FURTHER ENACTED, That:~~

8 (a) ~~This section applies only to a service territory in which a rate cap or~~  
9 ~~freeze was not in effect for residential customers as of July 1, 2004, and which had a~~  
10 ~~rate mitigation plan in effect on July 1, 2006, for residential customers in accordance~~  
11 ~~with Order No. 80747 of the Public Service Commission.~~

12 (b) ~~On or before July 1, 2007, the Public Service Commission shall initiate a~~  
13 ~~proceeding to investigate options available to implement a rate mitigation plan or rate~~  
14 ~~stabilization plan, including renegotiation of a settlement agreement, to phase in the~~  
15 ~~costs of electricity rate increases for residential tenants of a nonresidential customer of~~  
16 ~~an electric company, where 90% of the residential tenants of the nonresidential~~  
17 ~~customer are low and moderate income individuals.~~

18 (c) ~~The rate mitigation plan or rate stabilization plan implemented under~~  
19 ~~subsection (b) of this section shall apply to increases in electricity rates as a result of~~  
20 ~~increases in the cost of electricity that will take effect on or after June 1, 2007, for~~  
21 ~~which the electric company has contracted.~~

22 ~~SECTION 3. AND BE IT FURTHER ENACTED, That this Act is an emergency~~  
23 ~~measure, is necessary for the immediate preservation of the public health or safety,~~  
24 ~~has been passed by a yea and nay vote supported by three-fifths of all the members~~  
25 ~~elected to each of the two Houses of the General Assembly, and shall take effect from~~  
26 ~~the date it is enacted.~~

27 (a) The Public Service Commission, the Office of Home Energy Programs in  
28 the Department of Human Resources, and the Office of People’s Counsel shall meet to  
29 discuss options for expanding the electric universal service program to include  
30 assistance to low-income residential tenants of apartments and low-income  
31 residential condominium owners who are not actual customers of an electric company.

32 (b) In discussing options, the agencies shall consider:

1           (1) the estimated number of tenants of apartments and condominium  
2 owners who could be income eligible under the electric universal service program;

3           (2) other programs that are currently available to low-income  
4 residential tenants of apartments and low-income residential condominium owners,  
5 including the Maryland Energy Assistance Program and rental assistance programs;

6           (3) how to determine the amount of assistance that could be provided  
7 under the electric universal service program to income eligible tenants of apartments  
8 and owners of condominiums who are served by a master meter or by a sub-meter;

9           (4) how the payment of assistance from the electric universal service  
10 program would be provided in a manner that ensures that tenants of apartments and  
11 owners of condominiums directly benefit from the assistance;

12           (5) how budget billing requirements of the electric universal service  
13 program would apply to tenants of apartments and owners of condominiums;

14           (6) the impact on current participants of the electric universal service  
15 program of expanding the program to include assistance to tenants of apartments and  
16 residential condominium owners;

17           (7) the impact on the current funding level and the need to increase  
18 the funding level, of the electric universal service program of expanding the program  
19 to include assistance to tenants of apartments and residential condominium owners;

20           (8) the impact on the operation and administration of the electric  
21 universal service program of expanding the program to include assistance to tenants of  
22 apartments and residential condominium owners;

23           (9) how outreach programs could be put in place to notify tenants of  
24 apartments and owners of condominiums about the electric universal service program;

25           (10) any administrative and legislative changes that would be needed to  
26 expand the electric universal service program to include assistance to income eligible  
27 tenants of apartments and owners of condominiums; and

28           (11) how outreach programs could be put in place to encourage  
29 landlords of apartments and condominium associations to competitively shop for  
30 electric supply services for their apartment tenants and condominium owners.

31           (c) On or before October 1, 2007, the Public Service Commission shall report  
32 to the Senate Finance Committee and the House Economic Matters Committee, in

1 accordance with § 2-1246 of the State Government Article, on the findings and  
2 recommendations of the agencies.

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
4 July 1, 2007.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.