

**Department of Legislative Services**  
Maryland General Assembly  
2008 Session

**FISCAL AND POLICY NOTE**

Senate Bill 450  
Finance

(Senators Pipkin and Rosapepe)

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**Public Service Commission - Electric and Gas Consumers**

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This bill specifies that the primary objective of the Public Service Commission, when setting a just and reasonable rate of an electric company or gas company, is obtaining the lowest rates for consumers. The bill also specifies that, in carrying out its duties regarding gas suppliers, the primary purpose of PSC is to obtain the best price for gas consumers, and that orders and regulations must be designed to obtain the best price for gas consumers.

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**Fiscal Summary**

**State Effect:** PSC and the Office of People's Counsel could handle any additional duties with existing resources.

**Local Effect:** None.

**Small Business Effect:** To the extent lower prices for natural gas and electricity supplies result, small businesses will benefit.

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**Analysis**

**Current Law:** PSC, after notice and hearings, may adopt regulations that prescribe standards for safe, adequate, reasonable, and proper service by regulated electric companies. Regulated electric companies must furnish equipment, services, and facilities that are safe, adequate, just, reasonable, economical, and efficient, while considering the conservation of natural resources and the quality of the environment.

PSC has the power to set a just and reasonable rate of a public service company, as a maximum rate, minimum rate, or both. PSC issues orders that include the rate set for a public service company. Public service companies file with PSC a tariff schedule of its rates and charges for its regulated services and, in the case of regulated electric companies, standard offer services.

PSC is required to license gas suppliers, adopt complaint procedures, establish standards for the protection of consumers, and establish certain requirements relating to the competitiveness of retail gas supply and gas supply services markets. PSC must adopt consumer protection orders for gas suppliers that:

- protect consumers from discriminatory, unfair, deceptive, and anticompetitive acts and practices in the marketing, selling, or distributing of natural gas;
- provides for contracting, enrollment, and billing practices and procedures; and
- PSC considers necessary to protect the consumer.

In adopting orders and regulations, unless PSC determines the circumstances do not require consistency, PSC must • provide customers with protections consistent with the applicable protections provided to retail electric customers; and • impose appropriate requirements on gas suppliers that are consistent with applicable requirements imposed on electricity suppliers.

**Background:** Baltimore Gas and Electric, Columbia Gas, and Washington Gas customers have the option of shopping for their gas commodity with a gas supplier. In the BGE, PEPCO, Allegheny Power, and Delmarva Power service territories, larger commercial and industrial customers have a number of power supply options available via electric suppliers. A minority of smaller commercial and residential customers take electricity from a limited number of competitive electric suppliers.

**State Fiscal Effect:** PSC and the Office of People’s Counsel could handle any additional duties regarding increased rate case filings with existing resources.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 7, 2008  
mll/hlb

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