

HOUSE BILL 1231

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By: **Delegates Taylor, Ali, Conaway, and Hucker**

Introduced and read first time: February 18, 2010

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Electric Companies – Information on Customer Choice**

3 FOR the purpose of requiring an electric company that provides standard offer service
4 to a customer to include a certain list of competitive electric supply options
5 available to the customer with the customer's monthly bill; authorizing electric
6 companies to apply to the Public Service Commission for reimbursement from a
7 certain fund of certain costs; requiring the Commission to impose a special
8 assessment on certain electricity suppliers; requiring the Commission to set the
9 amount of the special assessment at a certain level; requiring that the money
10 collected by the special assessment be deposited into a certain fund;
11 establishing the Customer Choice Education Fund; providing for the purpose of
12 the Fund; requiring the Commission to administer the Fund; providing that the
13 Fund is a continuing, special, nonlapsing fund that is not subject to a certain
14 provision of law; requiring the State Treasurer to hold the Fund separately and
15 the Comptroller to account for the Fund; providing for the composition of the
16 Fund; providing for the uses of the Fund; requiring the Treasurer to invest the
17 money of the Fund in a certain manner; requiring any investment earnings of
18 the Fund to be paid into the Fund; providing for the reversion of certain money
19 in the Fund to the General Fund of the State; and generally relating to
20 information on customer choice.

21 BY repealing and reenacting, without amendments,
22 Article – Public Utility Companies
23 Section 7–510(c)(1) and (2)
24 Annotated Code of Maryland
25 (2008 Replacement Volume and 2009 Supplement)

26 BY repealing and reenacting, with amendments,
27 Article – Public Utility Companies
28 Section 7–510(c)(3)
29 Annotated Code of Maryland

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2008 Replacement Volume and 2009 Supplement)

2 BY adding to

3 Article – Public Utility Companies

4 Section 7–510.1

5 Annotated Code of Maryland

6 (2008 Replacement Volume and 2009 Supplement)

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

9 **Article – Public Utility Companies**

10 7–510.

11 (c) (1) Beginning on the initial implementation date, an electric
12 company’s obligation to provide electricity supply and electricity supply service is
13 stated by this subsection.

14 (2) Electricity supply purchased from a customer’s electric company is
15 known as standard offer service. A customer is considered to have chosen the standard
16 offer service if the customer:

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

19 (ii) contracts for electricity with an electricity supplier and it is
20 not delivered;

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

22 (iv) does not choose an electricity supplier;

23 (v) chooses the standard offer service; or

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

26 (3) (i) Except as provided under subparagraph (ii) of this
27 paragraph, any obligation of an electric company to provide standard offer service
28 shall cease on July 1, 2003.

29 (ii) 1. Electric cooperatives and municipal electric utilities
30 may choose to continue providing standard offer service in their respective distribution
31 territories and may cease offering that service after notifying the Commission at least
32 12 months in advance.

1 2. On and after July 1, 2003, an electric company
2 continues to have the obligation to provide standard offer service to residential and
3 small commercial customers at a market price that permits recovery of the verifiable,
4 prudently incurred costs to procure or produce the electricity plus a reasonable return.

5 **(iii) 1. AN ELECTRIC COMPANY THAT PROVIDES**
6 **STANDARD OFFER SERVICE TO A CUSTOMER SHALL INCLUDE A LIST OF**
7 **COMPETITIVE ELECTRICITY SUPPLY OPTIONS AVAILABLE TO THE CUSTOMER**
8 **WITH THE CUSTOMER’S MONTHLY BILL.**

9 **2. AN ELECTRIC COMPANY MAY APPLY TO THE**
10 **COMMISSION FOR REIMBURSEMENT FROM THE CUSTOMER CHOICE**
11 **EDUCATION FUND UNDER § 7-510.1(C)(6) OF THIS SUBTITLE OF THE**
12 **VERIFIABLE AND PRUDENT COSTS, AS THE COMMISSION DETERMINES,**
13 **INCURRED BY THE ELECTRIC COMPANY AS A RESULT OF COMPLYING WITH**
14 **SUBPARAGRAPH 1 OF THIS PARAGRAPH.**

15 **[(iii)] (iv) 1. On or before December 31, 2008, and every 5**
16 **years thereafter, the Commission shall report to the Governor and, in accordance with**
17 **§ 2-1246 of the State Government Article, to the General Assembly on the status of**
18 **the standard offer service, the development of competition, and the transition of**
19 **standard offer service to a default service.**

20 2. The Commission shall establish, by order or
21 regulation, the definition of “default service”.

22 **7-510.1.**

23 **(A) IN THIS SECTION, “FUND” MEANS THE CUSTOMER CHOICE**
24 **EDUCATION FUND.**

25 **(B) (1) NOTWITHSTANDING ANY OTHER LAW, THE COMMISSION**
26 **SHALL IMPOSE A SPECIAL ASSESSMENT ON ELECTRICITY SUPPLIERS EACH**
27 **YEAR.**

28 **(2) THE COMMISSION SHALL SET THE AMOUNT OF THE SPECIAL**
29 **ASSESSMENT UNDER THIS SUBSECTION AT 30% ABOVE THE LEVEL NECESSARY**
30 **TO COVER THE COSTS INCURRED BY ELECTRIC COMPANIES IN COMPLYING WITH**
31 **§ 7-510(C)(3)(III) OF THIS SUBTITLE.**

32 **(3) MONEY COLLECTED UNDER THIS SUBSECTION SHALL BE**
33 **DEPOSITED IN THE FUND UNDER SUBSECTION (C) OF THIS SECTION.**

34 **(C) (1) THERE IS A CUSTOMER CHOICE EDUCATION FUND.**

1 **(2) THE PURPOSE OF THE FUND IS TO PROVIDE FUNDING TO**
2 **EDUCATE CUSTOMERS ABOUT CUSTOMER CHOICE IN THE STATE.**

3 **(3) THE COMMISSION SHALL ADMINISTER THE FUND.**

4 **(4) (I) THE FUND IS A CONTINUING, SPECIAL, NONLAPSING**
5 **FUND THAT IS NOT SUBJECT TO § 7-302 OF THE STATE FINANCE AND**
6 **PROCUREMENT ARTICLE.**

7 **(II) THE STATE TREASURER SHALL HOLD THE FUND**
8 **SEPARATELY AND THE COMPTROLLER SHALL ACCOUNT FOR THE FUND.**

9 **(5) THE FUND CONSISTS OF:**

10 **(I) ALL REVENUE RECEIVED THROUGH THE IMPOSITION**
11 **AND COLLECTION OF ASSESSMENTS UNDER SUBSECTION (B) OF THIS SECTION;**
12 **AND**

13 **(II) INCOME FROM INVESTMENTS THAT THE STATE**
14 **TREASURER MAKES FOR THE FUND.**

15 **(6) THE FUND MAY BE USED ONLY TO REIMBURSE ELECTRIC**
16 **COMPANIES FOR THE VERIFIABLE AND PRUDENTLY INCURRED COSTS, AS**
17 **DETERMINED BY THE COMMISSION, OF MEETING THE REQUIREMENTS UNDER §**
18 **7-510(C)(3)(III) OF THIS SUBTITLE.**

19 **(7) (I) THE STATE TREASURER SHALL INVEST THE MONEY OF**
20 **THE FUND IN THE SAME MANNER AS OTHER STATE MONEY MAY BE INVESTED.**

21 **(II) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE**
22 **PAID INTO THE FUND.**

23 **(8) ANY UNSPENT OR UNENCUMBERED BALANCE IN THE FUND**
24 **SHALL REVERT TO THE GENERAL FUND OF THE STATE AT THE END OF EACH**
25 **FISCAL YEAR.**

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
27 July 1, 2010.