

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE

Senate Bill 459
Finance

(Senator Pipkin)

Public Service Commission - Electric and Gas Consumers

This bill specifies that the primary objective of the Public Service Commission (PSC), 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.

Fiscal Summary

State Effect: None. PSC can handle any additional duties with existing budgeted resources.

Local Effect: None.

Small Business Effect: Potential meaningful. To the extent the bill results in lower prices for natural gas and electricity, small business customers benefit.

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 (1) provide customers with protections consistent with the applicable protections provided to retail electric customers; and (2) impose appropriate requirements on gas suppliers that are consistent with applicable requirements imposed on electricity suppliers.

Background: A competitive market for supply of natural gas has been available to large industrial customers since the 1980s. Maryland was one of the first states to consider deregulating natural gas markets for residential and small commercial customers. In 1996, the competitive market was expanded to these classes of customers as a pilot program. Chapter 669 of 2000 granted PSC the same licensing authority of gas suppliers as over electricity suppliers.

In 2010, PSC regulated seven gas distribution companies (Chesapeake Utilities; Washington Gas Company; Penn Fuel Gas, Inc; Elkton Gas Company; Easton Shore Gas Company; Columbia Gas of Maryland; and Thompson Distribution, Inc.) and two combined gas and electric distribution companies (Baltimore Gas and Electric Company and Easton Utilities Commission). As of December 2010, the State's largest natural gas supplier, Baltimore Gas and Electric, had 608,553 residential and 44,041 nonresidential customers. For the same period, Columbia Gas had 29,001 residential and 3,738 nonresidential customers and Washington Gas had 410,685 residential and 30,197 nonresidential customers.

Additional Information

Prior Introductions: SB 450 of 2008 received a hearing in the Senate Finance Committee, but no further action was taken.

Cross File: None.

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

Fiscal Note History: First Reader - March 13, 2011
mc/lgc

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