

HOUSE BILL 984

C5

5lr2286

By: **Delegate Crosby**

Introduced and read first time: January 31, 2025

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Public Utilities – Electric Cooperatives – Rate Proceedings**

3 FOR the purpose of applying to electric cooperatives certain provisions of law related to
4 rate proceedings held by the Public Service Commission to determine whether
5 additional revenues are required to allow certain public service companies to earn
6 the existing fair rate of return authorized in a previous base rate proceeding; and
7 generally relating to rate proceedings held by the Public Service Commission.

8 BY repealing and reenacting, with amendments,

9 Article – Public Utilities

10 Section 4–207

11 Annotated Code of Maryland

12 (2020 Replacement Volume and 2024 Supplement)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

14 That the Laws of Maryland read as follows:

15 **Article – Public Utilities**

16 4–207.

17 (a) This section applies only to:

18 **(1) AN ELECTRIC COOPERATIVE; AND**

19 **(2)** a gas company, electric company, telephone company, water company,
20 or sewage disposal company whose gross annual revenues, for the most recent calendar
21 year for which data are available, are less than 3% of the total gross annual revenues of all
22 public service companies in the State during the same calendar year.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (b) (1) When the Commission suspends a proposed new rate for **AN ELECTRIC**
2 **COOPERATIVE OR** a company subject to this section that is based on the existing
3 authorized fair rate of return **OR, FOR AN ELECTRIC COOPERATIVE, THE EXISTING**
4 **DEBT SERVICE COVERAGE RATIO**, the Commission promptly shall institute proceedings
5 to determine if additional revenues are required to allow the **ELECTRIC COOPERATIVE**
6 **OR THE** company to earn the existing **DEBT SERVICE COVERAGE RATIO OR THE**
7 **EXISTING** fair rate of return authorized in the previous base rate proceeding.

8 (2) The Commission shall:

9 (i) serve each of the parties to the previous base rate proceeding of
10 that **ELECTRIC COOPERATIVE OR THAT** company with a copy of the suspension order;
11 and

12 (ii) order the **ELECTRIC COOPERATIVE OR THE** company to
13 publish a display advertisement about the proposal in newspapers of general circulation in
14 its service area.

15 (3) Proceedings under this section shall:

16 (i) account for revenues, expenses, and rate base in the same
17 manner that the Commission employed in determining a just and reasonable rate in the
18 previous base rate proceeding; and

19 (ii) exclude consideration of any increase in the rate of return, **OR,**
20 **FOR AN ELECTRIC COOPERATIVE, THE DEBT SERVICE COVERAGE RATIO**, any change
21 in rate structure, or any change in an accounting approach to any item pertaining to
22 revenues, expenses, or rate base inconsistent with that used by the Commission in
23 determining a just and reasonable rate in the previous base rate proceeding [on] **FOR** the
24 **ELECTRIC COOPERATIVE OR THE** company.

25 (4) In proceedings under this section, the Commission may use a more
26 recent past test period than that used in the previous base rate proceeding for the
27 **ELECTRIC COOPERATIVE OR THE** company.

28 (5) The Commission shall enter a final order as to the revenue requirement
29 determined under this section within 90 days after the proposed new rate is filed.

30 (6) The final order shall:

31 (i) authorize a new rate distributing any change in the revenue
32 requirement proportionally among the ratepayers without change in the rate structure;
33 and

34 (ii) state whether further proceedings shall be held.

1 (7) If, in the final order, the Commission decides to conduct further
2 proceedings under subsection (c) of this section, the final order may provide for refund,
3 consistent with the provisions of § 4–204(c) of this subtitle, of any difference between the
4 new rate authorized under this subsection and the rate the Commission sets under
5 subsection (c) of this section.

6 (c) (1) If the Commission decides to conduct further proceedings under
7 subsection (b) of this section, the Commission, after a hearing, may:

8 (i) modify the rate structure;

9 (ii) lower the authorized fair rate of return **OR, FOR AN ELECTRIC**
10 **COOPERATIVE, LOWER THE DEBT SERVICE COVERAGE RATIO;** or

11 (iii) modify the accounting approach to an item that pertains to
12 revenues, expenses, or rate base.

13 (2) The Commission shall take any action under this subsection within 120
14 days after entry of a final order under subsection (b) of this section.

15 (d) (1) This section does not apply to a proposed new rate that is filed:

16 (i) less than 1 year after a previously proposed new rate under this
17 section is filed; or

18 (ii) with a request for temporary rates under § 4–205 of this subtitle.

19 (2) (i) **[A] AN ELECTRIC COOPERATIVE OR A** company may not file a
20 proposed new rate under this subtitle if any proposed new rate filed by the **ELECTRIC**
21 **COOPERATIVE OR THE** company under this section is pending, or a new rate filed by the
22 **ELECTRIC COOPERATIVE OR THE** company under this section has been in effect fewer
23 than 90 days.

24 (ii) This paragraph does not preclude **AN ELECTRIC COOPERATIVE**
25 **OR** a company from filing a proposed new rate for a new service if the proposal does not
26 affect the authorized rate of return **OR, FOR AN ELECTRIC COOPERATIVE, THE DEBT**
27 **SERVICE COVERAGE RATIO.**

28 (3) Unless the Commission provides otherwise, this section does not apply
29 to a proposed new rate that is filed more than 3 years after the Commission enters a final
30 order authorizing the existing fair rate of return **OR, FOR AN ELECTRIC COOPERATIVE,**
31 **THE EXISTING DEBT SERVICE COVERAGE RATIO** in the previous base rate proceeding.

32 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
33 October 1, 2025.