

# HOUSE BILL 1278

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11r2638

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By: **Delegates Hucker, Arora, Carr, Cullison, Gilchrist, Gutierrez, Kaiser, A. Kelly, Kramer, Luedtke, Reznik, S. Robinson, V. Turner, and Zucker**  
Introduced and read first time: February 24, 2011  
Assigned to: Rules and Executive Nominations

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## A BILL ENTITLED

1 AN ACT concerning

2 **Electric Companies – Rates – Decoupling Revenue and Sales**

3 FOR the purpose of prohibiting the Public Service Commission from authorizing an  
4 electric company to calculate the rate charged by the electric company using a  
5 certain formula unless the formula makes a certain provision; providing for the  
6 application of a certain provision of this Act; requiring the Commission to take  
7 certain actions if an electric company, on or after a certain date, calculated the  
8 rate charged using a certain formula; limiting a certain refund or charge off  
9 available to a business with more than one account with an electric company to  
10 certain accounts; defining a certain term; and generally relating to the rate  
11 charged by an electric company.

12 BY adding to  
13 Article – Public Utilities  
14 Section 4–307  
15 Annotated Code of Maryland  
16 (2010 Replacement Volume)

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

19 **Article – Public Utilities**

20 **4–307.**

21 **(A) IN THIS SECTION, “EXTENDED SERVICE DISRUPTION” MEANS A**  
22 **DISRUPTION IN ELECTRICAL SERVICE:**

23 **(1) EXCEEDING 24 HOURS; AND**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.  
[Brackets] indicate matter deleted from existing law.



1           **(2) AFFECTING 5% OR MORE OF AN ELECTRIC COMPANY'S**  
2 **RATEPAYER ACCOUNTS IN THE STATE.**

3           **(B) THE COMMISSION MAY NOT AUTHORIZE AN ELECTRIC COMPANY TO**  
4 **CALCULATE THE RATE CHARGED BY THE ELECTRIC COMPANY USING A**  
5 **FORMULA THAT DECOUPLES THE ELECTRIC COMPANY'S REVENUE FROM THE**  
6 **SALE OF KILOWATT-HOURS UNLESS THE FORMULA PROVIDES FOR THE**  
7 **SUSPENSION OF DECOUPLING DURING ANY EXTENDED SERVICE DISRUPTION.**

8           **(C) (1) THIS SUBSECTION APPLIES ONLY TO:**

9                   **(I) AN ELECTRIC COMPANY THAT PERFORMS IN THE**  
10 **BOTTOM QUARTILE IN MEETING STANDARDS RELATED TO LINE MAINTENANCE,**  
11 **RELIABILITY, OR CUSTOMER SERVICE ESTABLISHED BY THE INSTITUTE OF**  
12 **ELECTRICAL AND ELECTRONICS ENGINEERS STANDARDS ASSOCIATION**  
13 **(IEEE-SA); AND**

14                   **(II) RATEPAYERS THAT EXPERIENCE AN EXTENDED SERVICE**  
15 **DISRUPTION.**

16           **(2) IF AN ELECTRIC COMPANY ON OR AFTER JANUARY 1, 2007,**  
17 **CALCULATED THE RATE CHARGED USING A FORMULA PROHIBITED BY**  
18 **SUBSECTION (B) OF THIS SECTION, THE COMMISSION SHALL:**

19                   **(I) CALCULATE THE AMOUNT OF REVENUE COLLECTED BY**  
20 **THE ELECTRIC COMPANY DURING AN EXTENDED SERVICE DISRUPTION**  
21 **ATTRIBUTABLE TO THE PORTION OF THE RATE CALCULATION FORMULA**  
22 **PROHIBITED UNDER SUBSECTION (B) OF THIS SECTION;**

23                   **(II) REQUIRE THE ELECTRIC COMPANY TO:**

24                           **1. PROVIDE A PRO RATA REFUND OF THE AMOUNT**  
25 **CALCULATED UNDER ITEM (I) OF THIS PARAGRAPH WITH INTEREST TO EACH**  
26 **RATEPAYER SUBJECT TO THE RATE AS A CREDIT ON THE RATEPAYER'S BILL; OR**

27                           **2. IF A REFUND IS NOT PRACTICABLE, CHARGE OFF**  
28 **AND AMORTIZE THE AMOUNT CALCULATED UNDER ITEM (I) OF THIS**  
29 **PARAGRAPH WITH INTEREST THROUGH A TEMPORARY RATE DECREASE FOR**  
30 **THE PERIOD THAT THE COMMISSION SETS; AND**

31                   **(III) REQUIRE THE ELECTRIC COMPANY TO MODIFY THE**  
32 **FORMULA TO PROVIDE FOR THE SUSPENSION OF DECOUPLING THE ELECTRIC**  
33 **COMPANY'S REVENUE FROM THE SALE OF KILOWATT-HOURS DURING ANY**  
34 **FUTURE EXTENDED SERVICE DISRUPTION.**

1                   **(3) A RATEPAYER THAT IS A BUSINESS WITH MORE THAN ONE**  
2 **ACCOUNT WITH AN ELECTRIC COMPANY IS ELIGIBLE FOR A REFUND OR CHARGE**  
3 **OFF UNDER PARAGRAPH (2)(II) OF THIS SUBSECTION ONLY ON THE ACCOUNTS**  
4 **THAT EXPERIENCED THE EXTENDED SERVICE DISRUPTION.**

5                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
6 October 1, 2011.