



Bill No.: _____
Requested: _____
Committee: _____

Drafted by: Smith
Typed by: cvs
Stored - 06/12/06
Proofread by _____
Checked by _____

By:

A BILL ENTITLED

AN ACT concerning

Public Service Commission - Electric Industry Restructuring

FOR the purpose of altering the criteria for appointment to the Public Service Commission; altering the method of appointment of the People’s Counsel and providing a term of office for the People’s Counsel; providing for the extension of the obligation to provide standard offer service to certain electric customers; requiring the Commission to report to the Governor and the General Assembly on the status of standard offer service on certain dates; requiring the Commission to adopt certain regulations concerning the wholesale procurement of electricity for standard offer service to certain customers; altering certain findings and terms for certain extended service; requiring certain electric companies to obtain electricity supply for certain extended service to certain customers in certain manners; authorizing the Commission to take certain actions concerning certain competitive auctions and implementation of certain electricity rates; authorizing the procurement of electricity supply for certain service in certain manners, including by a competitive process that includes certain methods and strategies and by negotiated bilateral contracts; authorizing the rejection of certain bids in accordance with certain standards; requiring the disclosure of certain information concerning certain bids and contracts; authorizing the Commission to allow the construction or acquisition of certain facilities by certain electric companies; requiring the Commission to

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21

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

conduct certain proceedings if certain electric rates are to increase by certain 22
amounts; authorizing the recovery of certain deferred costs in certain manners 23
in accordance with certain plans and certain provisions; altering the amount 24
and sources of funds to be assessed for the Electric Universal Service Program 25
each year; altering the eligibility of certain customers for the Program; 26
authorizing bill assistance under the Program to be paid on a monthly basis; 27
requiring the collection of certain funds for the Program in a certain manner; 28
authorizing an electric company to file certain rate stabilization plans and 29
tariffs with the Commission; providing for the deferral and collection of certain 30
costs and expenses; providing for the establishment and characteristics of rate 31
stabilization property; providing for the issuance of qualified rate orders for 32
certain purposes under certain circumstances; providing for the issuance of 33
certain rate stabilization bonds for certain purposes; providing for the 34
establishment, collection, and adjustment of certain rate stabilization charges in 35
certain manners; providing for certain property rights in certain rate 36
stabilization property; providing that certain transfers of certain property are 37
true sales; requiring disclosure of certain information to certain consumers in a 38
certain manner; providing for certain actions in the event of certain defaults; 39
establishing certain rights and duties for a successor to an electric company for 40
certain purposes; establishing certain maximum rates for certain residential 41
electric customers for certain periods; providing for the deferral and collection of 42
certain costs and expenses of certain electric companies related to those 43
customers in certain manners; providing for the determination and application 44
of certain credits of a certain amount for a certain number of years by certain 45
electric companies in certain manners; providing that this Act binds the 46
Commission and any successor body in a certain manner; repealing a credit 47
against the corporate income tax for certain property taxes paid on certain 48
operating real property used to generate electricity for sale; providing for the 49
distribution of certain corporate income tax revenue for a certain fiscal year to a 50
certain special fund; altering certain provisions relating to acquisition and 51

issuance of stock and debt by certain public service companies incorporated in 52
the State to apply to public service companies operating in the State; prohibiting 53
the lending of money from a public service company to an affiliate on certain 54
terms without the prior approval of the Commission; prohibiting a person from 55
acquiring certain public service companies without the prior approval of the 56
Commission; providing for the application and review of certain proposed 57
acquisitions; requiring the disclosure of certain information by certain persons 58
in connection with certain proposed acquisitions; establishing certain factors 59
that the Commission must consider in assessing certain acquisitions; providing 60
that the Commission may only approve certain acquisitions if the acquisitions 61
are consistent with the public interest, convenience, and necessity; stating 62
certain findings and declarations of the General Assembly; requiring the 63
inclusion of certain conditions in any approval of a merger between two certain 64
companies; prohibiting the Commission from approving a certain proposed 65
merger before the occurrence of certain events; requiring the Commission to 66
conduct certain proceedings in connection with a certain merger and in 67
connection with reevaluation of certain matters relating to the Electric 68
Customer Choice and Competition Act of 1999 and related matters; requiring 69
the Commission to incorporate certain funds and adjustments in a certain plan 70
for certain residential customers; requiring the Commission to initiate certain 71
other proceedings to study and report on certain matters; requiring the State 72
Department of Assessments and Taxation to study and report on certain 73
matters; requiring that certain costs be borne by public service companies in a 74
certain manner; providing for a certain mitigation plan for certain electric 75
companies; requiring the Commission to initiate a certain proceeding to 76
investigate certain options for standard offer service in a certain service 77
territory; providing for the termination of the terms of the current members of 78
the Commission and the appointment and terms of new members of the 79
Commission in a certain manner; providing for the continued service of the 80
current People's Counsel at the pleasure of the Attorney General; directing the 81

Attorney General to intervene in certain proceedings regarding a certain merger; providing certain appropriations to certain units; providing for the venue and certain related matters concerning actions to challenge provisions of this Act; prohibiting the use of State funds for certain purposes; defining certain terms; providing for the construction of this Act; providing that certain portions of this Act are contingent on the occurrence of certain events; providing for the application of this Act; making this Act an emergency measure; providing for the effective dates of portions of this Act; and generally relating to the Public Service Commission, the Office of People’s Counsel, electric utility industry restructuring and standard offer service, and public service companies, mergers, acquisitions, and financial structures.	82 83 84 85 86 87 88 89 90 91 92
BY repealing and reenacting, with amendments,	93
Article – Public Utility Companies	94
Section 2–102, 2–202(a) and (b), 5–203, 6–101 through 6–103, 7–510(c), and 7–512.1(a), (b), and (e)	95 96
Annotated Code of Maryland (1998 Volume and 2005 Supplement)	97 98
BY repealing and reenacting, without amendments,	99
Article – Public Utility Companies	100
Section 2–103, 2–113, and 5–104	101
Annotated Code of Maryland (1998 Volume and 2005 Supplement)	102 103
BY adding to	104
Article – Public Utility Companies	105
Section 2–202(g), 6–105, and 7–513(f); 7–520 through 7–544, inclusive, to be under the new part “Part III. Rate Stabilization – In General”; and 7–547 through 7–549, inclusive, to be under the new part “Part IV. Rate Stabilization – Special Provisions”	106 107 108 109

Annotated Code of Maryland	110
(1998 Volume and 2005 Supplement)	111
BY repealing	112
Article – Tax – General	113
Section 10–712	114
Annotated Code of Maryland	115
(2004 Replacement Volume and 2005 Supplement)	116
SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF	117
MARYLAND, That the Laws of Maryland read as follows:	118
Article – Public Utility Companies	119
2–102.	120
(a) The Commission consists of five commissioners, appointed by the Governor	121
with the advice and consent of the Senate.	122
(b) (1) Each commissioner shall be a registered voter of the State.	123
(2) The Commission shall be:	124
(I) broadly representative of THE GEOGRAPHIC AND	125
DEMOGRAPHIC DIVERSITY OF THE STATE AND OF the public [interest] ; and [shall	126
be]	127
(II) composed of individuals with diverse training and experience.	128
(c) Each commissioner shall devote full time to the duties of office.	129
(d) (1) The term of a commissioner is 5 years and begins on July 1.	130
(2) The terms of commissioners are staggered as required by the terms in	131
effect for commissioners on [October 1, 1998] JULY 1, 2006.	132
(3) At the end of a term, a commissioner continues to serve until a	133

successor qualifies.	134
(4) A commissioner who is appointed after a term has begun serves for the rest of the term and until a successor qualifies.	135 136
(e) Before taking office, each appointee to the Commission shall take the oath required by Article I, § 9 of the Maryland Constitution.	137 138
(f) The Governor may remove a commissioner for incompetence or misconduct in accordance with § 3–307 of the State Government Article.	139 140
2–103.	141
(a) With the advice and consent of the Senate, the Governor shall appoint a Chairman.	142 143
(b) (1) The term of the Chairman is 5 years and begins on July 1.	144
(2) At the end of a term, the Chairman continues to serve until a successor qualifies.	145 146
(3) A Chairman who is appointed after a term has begun serves for the rest of the term and until a successor qualifies.	147 148
2–113.	149
(a) (1) The Commission shall:	150
(i) supervise and regulate the public service companies subject to the jurisdiction of the Commission to:	151 152
1. ensure their operation in the interest of the public; and	153
2. promote adequate, economical, and efficient delivery of utility services in the State without unjust discrimination; and	154 155
(ii) enforce compliance with the requirements of law by public service companies, including requirements with respect to financial condition,	156 157

capitalization, franchises, plant, manner of operation, rates, and service. 158

(2) In supervising and regulating public service companies, the 159
Commission shall consider the public safety, the economy of the State, the 160
conservation of natural resources, and the preservation of environmental quality. 161

(b) The powers and duties listed in this title do not limit the scope of the 162
general powers and duties of the Commission provided for by this article. 163

2-202. 164

(a) With the advice and consent of the Senate, the [Governor] ATTORNEY 165
GENERAL shall appoint the People's Counsel. 166

(b) (1) The TERM OF THE People's Counsel [serves at the pleasure of the 167
Governor] IS 5 YEARS AND BEGINS ON JULY 1. 168

(2) AT THE END OF A TERM, THE PEOPLE'S COUNSEL CONTINUES TO 169
SERVE UNTIL A SUCCESSOR IS APPOINTED AND QUALIFIES. 170

(3) A PEOPLE'S COUNSEL WHO IS APPOINTED AFTER A TERM HAS BEGUN 171
SERVES FOR THE REST OF THE TERM AND UNTIL A SUCCESSOR IS APPOINTED AND 172
QUALIFIES. 173

(G) THE ATTORNEY GENERAL MAY REMOVE THE PEOPLE'S COUNSEL FOR 174
GOOD CAUSE SHOWN AFTER NOTICE AND AN OPPORTUNITY TO BE HEARD. 175

7-510. 176

(c) (1) Beginning on the initial implementation date, an electric company's 177
obligation to provide electricity supply and electricity supply service is stated by this 178
subsection. 179

(2) Electricity supply purchased from a customer's electric company is 180
known as standard offer service. A customer is considered to have chosen the 181
standard offer service if the customer: 182

(i) is not allowed to choose an electricity supplier under the phase	183
in of customer choice in subsection (a) of this section;	184
(ii) contracts for electricity with an electricity supplier and it is not	185
delivered;	186
(iii) cannot arrange for electricity from an electricity supplier;	187
(iv) does not choose an electricity supplier;	188
(v) chooses the standard offer service; or	189
(vi) has been denied service or referred to the standard offer service	190
by an electricity supplier in accordance with § 7–507(e)(6) of this subtitle.	191
(3) (I) 【Any】 EXCEPT AS PROVIDED UNDER SUBPARAGRAPH (II) OF	192
THIS PARAGRAPH, ANY obligation of an electric company to provide standard offer	193
service shall cease on July 1, 2003 【, except that:	194
(i) electric 】 .	195
(II) 1. ELECTRIC cooperatives and municipal electric utilities	196
may choose to continue providing standard offer service in their respective	197
distribution territories 【,】 and may cease offering that service after notifying the	198
Commission at least 12 months in advance 【; and】 .	199
【(ii) 1. if the Commission finds that the electricity supply market	200
is not competitive or that no acceptable competitive proposal has been received to	201
supply electricity to those customers described under paragraph (2) of this subsection,	202
the Commission shall extend】	203
2. ON AND AFTER JULY 1, 2003, AN ELECTRIC COMPANY	204
CONTINUES TO HAVE the obligation to provide standard offer service to residential	205
and small commercial customers at a market price that permits recovery of the	206
verifiable, prudently incurred costs to procure or produce the electricity plus a	207
reasonable return.	208

[2. The Commission shall reexamine the finding made under this subparagraph at least annually.]

 (III) ON OR BEFORE DECEMBER 31, 2008, AND EVERY 5 YEARS THEREAFTER, THE COMMISSION SHALL REPORT TO THE GOVERNOR AND, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY ON THE STATUS OF THE STANDARD OFFER SERVICE, THE DEVELOPMENT OF COMPETITION, AND THE TRANSITION OF STANDARD OFFER SERVICE TO A DEFAULT SERVICE.

 (4) (I) On or before July 1, 2001, the Commission shall adopt regulations or issue orders to establish procedures for the competitive selection of WHOLESALE electricity suppliers, including an affiliate of an electric company, to provide ELECTRICITY FOR standard offer service to customers of electric companies under paragraph (2) of this subsection, except for customers of electric cooperatives and municipal electric utilities. Unless delayed by the Commission, the competitive selection shall take effect no later than July 1, 2003.

 (II) 1. UNDER AN EXTENSION OF THE OBLIGATION TO PROVIDE STANDARD OFFER SERVICE IN ACCORDANCE WITH PARAGRAPH (3)(II) OF THIS SUBSECTION, THE COMMISSION, BY REGULATION OR ORDER, AND IN A MANNER THAT IS DESIGNED TO OBTAIN THE BEST PRICE FOR RESIDENTIAL AND SMALL COMMERCIAL CUSTOMERS IN LIGHT OF MARKET CONDITIONS AT THE TIME OF PROCUREMENT AND THE NEED TO PROTECT THESE CUSTOMERS FROM EXCESSIVE PRICE INCREASES:

 A. SHALL REQUIRE EACH INVESTOR-OWNED ELECTRIC COMPANY TO OBTAIN ITS ELECTRICITY SUPPLY FOR RESIDENTIAL AND SMALL COMMERCIAL CUSTOMERS PARTICIPATING IN STANDARD OFFER SERVICE THROUGH A COMPETITIVE PROCESS IN ACCORDANCE WITH THIS PARAGRAPH; AND

 B. MAY REQUIRE OR ALLOW AN INVESTOR-OWNED ELECTRIC COMPANY TO PROCURE ELECTRICITY FOR THESE CUSTOMERS DIRECTLY

FROM AN ELECTRICITY SUPPLIER THROUGH ONE OR MORE BILATERAL CONTRACTS 237
 OUTSIDE THE COMPETITIVE PROCESS. 238

2. A. AS THE COMMISSION DIRECTS, THE COMPETITIVE 239
 PROCESS SHALL INCLUDE A SERIES OF COMPETITIVE WHOLESALE BIDS IN WHICH 240
 THE INVESTOR-OWNED ELECTRIC COMPANY SOLICITS BIDS TO SUPPLY 241
 ANTICIPATED STANDARD OFFER SERVICE LOAD FOR RESIDENTIAL AND SMALL 242
 COMMERCIAL CUSTOMERS AS PART OF A PORTFOLIO OF BLENDED WHOLESALE 243
 SUPPLY CONTRACTS OF SHORT, MEDIUM, OR LONG TERMS, AND OTHER 244
 APPROPRIATE ELECTRICITY PRODUCTS AND STRATEGIES, AS NEEDED TO MEET 245
 DEMAND IN A COST-EFFECTIVE MANNER. 246

B. THE COMPETITIVE PROCESS MAY INCLUDE DIFFERENT 247
 BIDDING STRUCTURES AND MECHANISMS FOR BASE LOAD, PEAK LOAD, AND VERY 248
 SHORT-TERM PROCUREMENT. 249

C. BY REGULATION OR ORDER, AS A PART OF THE 250
 COMPETITIVE PROCESS, THE COMMISSION SHALL REQUIRE OR ALLOW THE 251
 PROCUREMENT OF ENERGY EFFICIENCY AND CONSERVATION MEASURES AND 252
 SERVICES WITH PROJECTED AND VERIFIABLE ENERGY SAVINGS TO OFFSET 253
 ANTICIPATED DEMAND TO BE SERVED BY STANDARD OFFER SERVICE, AND THE 254
 IMPOSITION OF OTHER DEMAND-SIDE MANAGEMENT PROGRAMS. 255

3. A. IN ORDER TO PREVENT AN EXCESSIVE AMOUNT OF 256
 LOAD BEING EXPOSED TO UPWARD PRICE RISKS AND VOLATILITY, THE COMMISSION 257
 MAY STAGGER THE DATES FOR THE COMPETITIVE WHOLESALE AUCTIONS. 258

B. BY REGULATION OR ORDER, THE COMMISSION MAY 259
 ALLOW A DATE ON WHICH A COMPETITIVE WHOLESALE AUCTION TAKES PLACE TO 260
 BE ALTERED BASED ON CURRENT MARKET CONDITIONS. 261

4. BY REGULATION OR ORDER, THE COMMISSION MAY 262
 ALLOW AN INVESTOR-OWNED ELECTRIC COMPANY TO REFUSE TO ACCEPT SOME OR 263
 ALL OF THE BIDS MADE IN A COMPETITIVE WHOLESALE AUCTION IN ACCORDANCE 264

WITH STANDARDS ADOPTED BY THE COMMISSION.	265
5. THE INVESTOR-OWNED ELECTRIC COMPANY SHALL PUBLICLY DISCLOSE THE NAMES OF ALL BIDDERS AND THE NAMES AND LOAD ALLOCATION OF ALL SUCCESSFUL BIDDERS 90 DAYS AFTER ALL CONTRACTS FOR SUPPLY ARE EXECUTED.	266 267 268 269
(5) An electric company may procure the electricity needed to meet its standard offer service electricity supply obligation from any electricity supplier, including an affiliate of the electric company.	270 271 272
(6) IN ORDER TO MEET LONG-TERM, ANTICIPATED DEMAND IN THE STATE FOR STANDARD OFFER SERVICE AND OTHER ELECTRICITY SUPPLY, THE COMMISSION MAY ALLOW AN INVESTOR-OWNED ELECTRIC COMPANY TO CONSTRUCT OR ACQUIRE, AND OPERATE, ITS OWN GENERATING FACILITIES AND TRANSMISSION FACILITIES NECESSARY TO INTERCONNECT THE GENERATING FACILITIES WITH THE ELECTRIC GRID.	273 274 275 276 277 278
(7) (I) TO DETERMINE WHETHER AN APPROPRIATE PHASED IMPLEMENTATION OF ELECTRICITY RATES THAT IS NECESSARY TO PROTECT RESIDENTIAL CUSTOMERS FROM THE IMPACT OF SUDDEN AND SIGNIFICANT INCREASES IN ELECTRICITY RATES, THE COMMISSION IN THE CASE OF AN INCREASE OF 20% OR MORE OVER THE PREVIOUS YEAR'S ELECTRICITY RATES, SHALL CONDUCT EVIDENTIARY PROCEEDINGS, INCLUDING PUBLIC HEARINGS.	279 280 281 282 283 284
(II) 1. A DEFERRAL OF COSTS AS PART OF A PHASED IMPLEMENTATION OF ELECTRICITY RATES BY AN INVESTOR-OWNED ELECTRIC COMPANY SHALL BE TREATED AS A REGULATORY ASSET TO BE RECOVERED IN ACCORDANCE WITH A RATE STABILIZATION PLAN UNDER PART III OF THIS SUBTITLE OR ANY OTHER PLAN FOR PHASED IMPLEMENTATION APPROVED BY THE COMMISSION.	285 286 287 288 289 290
2. A DEFERRAL OF COSTS UNDER THIS PARAGRAPH MUST BE JUST, REASONABLE, AND IN THE PUBLIC INTEREST.	291 292

(III) THE COMMISSION SHALL APPROVE THE RECOVERY OF DEFERRED COSTS UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH AS:	293 294
1. LONG-TERM RECOVERY IN ACCORDANCE WITH A RATE STABILIZATION PLAN UNDER PART III OF THIS SUBTITLE; OR	295 296
2. SHORT-TERM RECOVERY THROUGH A RATE PROCEEDING UNDER TITLE 4 OF THIS ARTICLE.	297 298
(IV) THE COMMISSION MAY APPROVE A PHASING IN OF INCREASED COSTS BY:	299 300
1. PLACING A CAP ON RATES AND ALLOWING RECOVERY OVER TIME; OR	301 302
2. ALLOWING RATES TO INCREASE AND PROVIDING FOR A REBATE TO CUSTOMERS OF ANY EXCESS COSTS PAID.	303 304
(8) (I) THE COMMISSION, ON REQUEST BY AN ELECTRIC COOPERATIVE OR ON ITS OWN INITIATIVE, SHALL INITIATE A PROCEEDING TO INVESTIGATE OPTIONS FOR A RATE STABILIZATION PLAN TO ASSIST RESIDENTIAL ELECTRIC CUSTOMERS TO GRADUALLY ADJUST TO MARKET RATES OVER AN EXTENDED PERIOD OF TIME.	305 306 307 308 309
(II) IF AN ELECTRIC COOPERATIVE DETERMINES THAT TOTAL ELECTRIC RATES FOR RESIDENTIAL CUSTOMERS ARE ANTICIPATED TO INCREASE BY MORE THAN 20% IN A 12-MONTH PERIOD RESULTING FROM AN INCREASE IN THE COST OF GENERATION, THE ELECTRIC COOPERATIVE SHALL SURVEY ITS MEMBERSHIP TO DETERMINE WHETHER TO MAKE A REQUEST TO THE COMMISSION TO INITIATE A PROCEEDING UNDER SUBSECTION (A) OF THIS SECTION.	310 311 312 313 314 315
(III) NOTWITHSTANDING SUBPARAGRAPHS (I) AND (II) OF THIS PARAGRAPH, AS APPROVED BY THE COMMISSION, AN ELECTRIC COOPERATIVE MAY RECEIVE A MODIFICATION IN DISTRIBUTION AND TRANSMISSION RATES.	316 317 318

7-512.1.	319
(a) (1) The Commission shall establish an electric universal service program to assist electric customers with annual incomes at or below 150% 175% of the federal poverty level.	320 321 322
(2) The components of the electric universal service program shall include:	323 324
(i) bill assistance, at a minimum of 50% of the determined need;	325
(ii) low-income weatherization; and	326
(iii) the retirement of arrearages for electric customers who have not previously received assistance in retiring arrearages under the universal service program, not to exceed a total of \$1.5 million in any given fiscal year.	327 328 329
(3) The Department of Housing and Community Development is responsible for administering the low-income weatherization component of the electric universal service program.	330 331 332
(4) The Department of Human Resources, through the Office of Home Energy Programs, is responsible for administering the bill assistance and the arrearage retirement components of the electric universal service program.	333 334 335
(5) The Department of Human Resources may, with input from a panel or roundtable of interested parties, contract to assist in administering the bill assistance and the arrearage retirement components of the electric universal service program.	336 337 338 339
(6) The Commission has oversight responsibility for the bill assistance and the arrearage retirement components of the electric universal service program.	340 341
(7) In a specific case, the electric universal service program may waive the income eligibility limitation under paragraph (1) of this subsection in order to provide assistance to an electric customer who would qualify for a similar waiver	342 343 344

under the Maryland Energy Assistance Program established under Article 41, § 6–406 345
of the Code. 346

(b) (1) All customers shall contribute to the funding of the electric universal 347
service program through a charge collected by each electric company. 348

(2) The Commission shall determine a fair and equitable allocation for 349
collecting the charges among all customer classes pursuant to subsection (e) of this 350
section. 351

(3) In accordance with subsection (f)(6) of this section, any unexpended 352
bill assistance and arrearage retirement funds returned to customers under 353
subsection (f) of this section shall be returned to each customer class as a credit in the 354
same proportion that the customer class contributed charges to the fund. 355

(4) An electric company shall recover electric universal service program 356
costs in accordance with § 7–512 of this subtitle. 357

(5) AS DETERMINED BY THE OFFICE OF HOME ENERGY PROGRAMS, BILL 358
ASSISTANCE PAYMENTS TO AN ELECTRIC COMPANY MAY BE ON A MONTHLY BASIS 359
FOR EACH CUSTOMER. 360

(6) The Commission shall determine the allocation of the electric 361
universal service charge among the generation, transmission, and distribution rate 362
components of all classes. 363

[(6)] (7) The Commission may not assess the electric universal service 364
surcharge on a per kilowatt–hour basis. 365

(e) The total amount of funds to be collected for the electric universal service 366
program each year shall be **[\$34,000,000]** \$37 MILLION, allocated in the following 367
manner: 368

(1) **[\$24.4]** \$27.4 million shall be collected from the industrial and 369
commercial classes; and 370

(2) \$9.6 million shall be collected from the residential class.	371
7-513.	372
(F) THIS SECTION DOES NOT APPLY TO RATE STABILIZATION COSTS ESTABLISHED OR QUALIFIED RATE ORDERS ISSUED UNDER PART III OR PART IV OF THIS SUBTITLE.	373 374 375
7-519. RESERVED.	376
PART III. RATE STABILIZATION.	377
7-520.	378
(A) IN THIS PART THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.	379
(B) "ASSIGNEE" MEANS ANY INDIVIDUAL, CORPORATION, OR OTHER LEGALLY RECOGNIZED ENTITY TO WHICH AN ELECTRIC COMPANY TRANSFERS ALL OR A PORTION OF ITS INTEREST IN RATE STABILIZATION PROPERTY, OTHER THAN AS SECURITY, INCLUDING ANY ASSIGNEE OF THAT PARTY.	380 381 382 383
(C) (1) "FINANCING PARTY" MEANS A HOLDER OF RATE STABILIZATION BONDS.	384 385
(2) "FINANCING PARTY" INCLUDES A TRUSTEE, COLLATERAL AGENT, AND ANY OTHER PERSON ACTING FOR THE BENEFIT OF THE HOLDER.	386 387
(D) "QUALIFIED RATE ORDER" MEANS AN ORDER OF THE COMMISSION APPROVING ONE OR MORE QUALIFIED RATE STABILIZATION CHARGES.	388 389
(E) "QUALIFIED RATE STABILIZATION CHARGE" MEANS THAT PORTION OF A USAGE-BASED NONBYPASSABLE RATE, CHARGE, OR SIMILAR APPROPRIATE MECHANISM FOR THE PROVISION, AVAILABILITY, OR TERMINATION OF ELECTRIC SERVICE, APPROVED IN CONNECTION WITH A RATE STABILIZATION PLAN IN ACCORDANCE WITH § 7-522 OR § 7-548 OF THIS SUBTITLE, THAT A QUALIFIED RATE ORDER OF THE COMMISSION AUTHORIZES TO BE IMPOSED FOR THE RECOVERY OF RATE STABILIZATION COSTS.	390 391 392 393 394 395 396

(F) "RATE STABILIZATION BOND" MEANS A BOND, DEBENTURE, NOTE, 397
CERTIFICATE OF PARTICIPATION OR BENEFICIAL INTEREST, OR OTHER EVIDENCE 398
OF INDEBTEDNESS OR OWNERSHIP THAT: 399

(1) IS AUTHORIZED IN A QUALIFIED RATE ORDER AND ISSUED UNDER 400
AN EXECUTED TRUST INDENTURE OR OTHER AGREEMENT OF AN ELECTRIC 401
COMPANY OR ASSIGNEE; AND 402

(2) IS SECURED BY, EVIDENCES AN OWNERSHIP INTEREST IN, OR IS 403
PAYABLE FROM RATE STABILIZATION PROPERTY. 404

(G) (1) "RATE STABILIZATION COST" MEANS A COST, LIABILITY, OR 405
INVESTMENT THAT AN ELECTRIC COMPANY INCURS OR WILL INCUR UNDER A RATE 406
STABILIZATION PLAN APPROVED BY THE COMMISSION. 407

(2) "RATE STABILIZATION COST" INCLUDES: 408

(I) THE EXCESS OF THE CONTRACTED PRICE INCURRED BY AN 409
ELECTRIC COMPANY FOR THE PURCHASE OF ENERGY SUPPLIES TO BE REQUIRED 410
FOR RETAIL CUSTOMERS TO WHOM IT PROVIDES STANDARD OFFER SERVICE, OVER 411
THE AMOUNTS THAT IT IS AUTHORIZED TO CHARGE CURRENTLY TO THOSE 412
CUSTOMERS UNDER THE RATE STABILIZATION PLAN; 413

(II) THE APPROVED COSTS OF ISSUING, SUPPORTING, AND 414
SERVICING RATE STABILIZATION BONDS; AND 415

(III) ANY APPROVED COSTS FOR RETIRING AND REFUNDING 416
EXISTING DEBT AND EQUITY SECURITIES OF THE ELECTRIC COMPANY ISSUED TO 417
TEMPORARILY FINANCE THOSE RATE STABILIZATION COSTS. 418

(H) "RATE STABILIZATION PLAN" MEANS A PLAN APPROVED BY THE 419
COMMISSION IN ACCORDANCE WITH THIS PART. 420

(I) (1) "RATE STABILIZATION PROPERTY" MEANS THE RIGHT, TITLE, AND 421
INTEREST OF AN ELECTRIC COMPANY OR ASSIGNEE IN A QUALIFIED RATE ORDER. 422

(2) "RATE STABILIZATION PROPERTY" INCLUDES:	423
(I) ALL RIGHTS IN, TO, AND UNDER A QUALIFIED RATE ORDER,	424
INCLUDING THE RIGHT TO IMPOSE AND COLLECT RATE STABILIZATION CHARGES	425
AND RIGHTS TO REVENUES, COLLECTIONS, CLAIMS, PAYMENTS, MONEY, OR OTHER	426
PROPERTY AND AMOUNTS ARISING FROM THE IMPOSITION OF RATE STABILIZATION	427
CHARGES UNDER THE QUALIFIED RATE ORDER; AND	428
(II) IN THE HANDS OF AN ASSIGNEE, THE RIGHT TO REQUIRE THE	429
ELECTRIC COMPANY TO PROVIDE ELECTRIC SERVICES AND TO COLLECT AND REMIT	430
THE QUALIFIED RATE STABILIZATION CHARGES AUTHORIZED IN THE QUALIFIED	431
RATE ORDER, BUT NOT THE RIGHT OR DUTY TO PROVIDE ELECTRIC SERVICES.	432
7-521.	433
THIS PART APPLIES TO AN ELECTRIC COMPANY THAT:	434
(1) HAS AN OBLIGATION TO PROVIDE STANDARD OFFER SERVICE TO	435
RESIDENTIAL ELECTRICITY CUSTOMERS IN ACCORDANCE WITH § 7-510(C) OF THIS	436
SUBTITLE; AND	437
(2) IS NOT SUBJECT TO A RATE CAP OR PRICE FREEZE UNDER § 7-505(D)	438
OF THIS SUBTITLE DURING THE PERIOD FOR WHICH A RATE STABILIZATION PLAN IS	439
REQUESTED UNDER THIS PART.	440
7-522.	441
(A) AN ELECTRIC COMPANY SUBJECT TO THIS PART MAY FILE A RATE	442
STABILIZATION PLAN WITH THE COMMISSION FOR APPROVAL.	443
(B) THE RATE STABILIZATION PLAN MAY INCLUDE BOTH SHORT-TERM AND	444
LONG-TERM DEFERRALS OF INCREMENTAL EXPENSES OF ELECTRICITY SUPPLIES.	445
7-523.	446
(A) THE COMMISSION MAY REQUIRE THAT A DEFERRAL OF EXPENSES UNDER	447
A RATE STABILIZATION PLAN BE EITHER VOLUNTARY OR MANDATORY IF THE	448

6lr0001

COMMISSION FINDS THAT THE REQUIRED TYPE OF DEFERRAL IS IN THE PUBLIC INTEREST. 449
450

(B) THE RATE STABILIZATION PLAN MAY PROVIDE THAT A DEFERRAL SHALL BE SECURED THROUGH THE ISSUANCE OF RATE STABILIZATION BONDS AUTHORIZED BY A QUALIFIED RATE ORDER UNDER THIS PART. 451
452
453

7-524. 454

(A) TARIFFS IMPLEMENTING A RATE STABILIZATION PLAN MAY PROVIDE THAT: 455
456

(1) RESIDENTIAL CUSTOMERS SHALL BE CHARGED THE FULL COST OF RESIDENTIAL STANDARD OFFER SERVICE NECESSARY TO RECOVER THE ELECTRIC COMPANY'S COSTS UNDER § 7- 510(C)(3) OF THIS SUBTITLE; AND 457
458
459

(2) ANY CREDITS OR RECOVERIES REQUIRED OR AUTHORIZED UNDER THIS PART SHALL BE REFLECTED AS NONBYPASSABLE CREDITS OR CHARGES ON THE ELECTRIC DISTRIBUTION PORTION OF EACH RESIDENTIAL CUSTOMER'S BILL. 460
461
462

(B) AS PART OF THE SUBMISSION OF A RATE STABILIZATION PLAN, AN ELECTRIC COMPANY MAY APPLY TO THE COMMISSION FOR A QUALIFIED RATE ORDER FOR THE FINANCING AND RECOVERY OF ITS APPROVED RATE STABILIZATION COSTS IN ACCORDANCE WITH THIS PART. 463
464
465
466

7-525. 467

(A) THE COMMISSION MAY AUTHORIZE AN ELECTRIC COMPANY TO RECOVER, AS ADDITIONAL RATE STABILIZATION COSTS, THE ACTUAL COST TO THE ELECTRIC COMPANY OF CARRYING THE DEFERRED EXPENSES AS REGULATORY ASSETS UNDER SHORT-TERM AND LONG-TERM DEFERRAL PLANS. 468
469
470
471

(B) THE ACTUAL COST IS EQUAL TO THE DEFERRED EXPENSES AS REGULATORY ASSETS MULTIPLIED BY THE ELECTRIC COMPANY'S COST OF DEBT. 472
473

(C) IF THE ELECTRIC COMPANY SECURES THE DEBT IN ACCORDANCE WITH 474

6lr0001

THIS PART, THE COST OF THE SECURED DEBT IS SUBSTITUTED FOR THE ELECTRIC 475
COMPANY'S COST OF DEBT. 476

7-526. 477

(A) AN ELECTRIC COMPANY MAY APPLY TO THE COMMISSION FOR A 478
QUALIFIED RATE ORDER FOR THE FINANCING AND RECOVERY OF ITS RATE 479
STABILIZATION COSTS. 480

(B) ON APPLICATION OF AN ELECTRIC COMPANY, THE COMMISSION MAY 481
ADOPT A QUALIFIED RATE ORDER IF THE COMMISSION FINDS THAT THE TOTAL 482
AMOUNT OF REVENUE TO BE COLLECTED UNDER THE QUALIFIED RATE ORDER IS 483
LESS THAN THE RATE STABILIZATION COSTS REVENUE THAT WOULD BE RECOVERED 484
OVER THE SAME PERIOD USING THE ELECTRIC COMPANY'S WEIGHTED AVERAGE 485
COST OF CAPITAL. 486

(C) THE RATE STABILIZATION COSTS TO BE FINANCED AND RECOVERED 487
UNDER A QUALIFIED RATE ORDER MAY BE REDUCED BY FUNDS CONTRIBUTED FROM 488
OTHER SOURCES. 489

7-527. 490

(A) THE QUALIFIED RATE ORDER SHALL SET FORTH THE RATE 491
STABILIZATION COSTS TO BE RECOVERED AND THE PERIOD OVER WHICH THE 492
NONBYPASSABLE QUALIFIED RATE STABILIZATION CHARGES SHALL BE RECOVERED. 493

(B) THE RECOVERY PERIOD MAY NOT EXCEED 12 YEARS. 494

7-528. 495

(A) A QUALIFIED RATE ORDER SHALL BECOME EFFECTIVE IN ACCORDANCE 496
WITH ITS TERMS. 497

(B) AFTER A QUALIFIED RATE ORDER BECOMES EFFECTIVE, THE QUALIFIED 498
RATE ORDER AND THE QUALIFIED RATE STABILIZATION CHARGES AUTHORIZED IN 499
THE QUALIFIED RATE ORDER ARE IRREVOCABLE AND ARE NOT SUBJECT TO 500

REDUCTION, IMPAIRMENT, OR ADJUSTMENT BY FURTHER ACTION OF THE 501
COMMISSION EXCEPT IN ACCORDANCE WITH §§ 7-531, 7-533, AND 7-534 OF THIS 502
SUBTITLE. 503

(C) (1) A QUALIFIED RATE ORDER IS NOT SUBJECT TO REHEARING BY THE 504
COMMISSION. 505

(2) A QUALIFIED RATE ORDER MAY BE REVIEWED BY APPEAL ONLY TO 506
THE CIRCUIT COURT OF BALTIMORE CITY BY A PARTY TO THE PROCEEDING FILED 507
WITHIN 15 DAYS AFTER THE QUALIFIED RATE ORDER IS SIGNED BY THE 508
COMMISSION. 509

(3) THE JUDGMENT OF THE CIRCUIT COURT MAY BE REVIEWED ONLY 510
BY DIRECT APPEAL TO THE COURT OF APPEALS OF MARYLAND FILED WITHIN 15 511
DAYS AFTER ENTRY OF JUDGMENT. 512

(4) ALL APPEALS SHALL BE HEARD AND DETERMINED BY THE CIRCUIT 513
COURT AND BY THE COURT OF APPEALS OF MARYLAND AS EXPEDITIOUSLY AS 514
POSSIBLE WITH LAWFUL PRECEDENCE OVER OTHER MATTERS. 515

(5) REVIEW ON APPEAL SHALL BE BASED SOLELY ON THE RECORD 516
BEFORE THE COMMISSION AND BRIEFS TO THE COURTS AND SHALL BE LIMITED TO 517
WHETHER THE QUALIFIED RATE ORDER CONFORMS TO THE CONSTITUTION AND 518
LAWS OF THIS STATE AND THE UNITED STATES AND IS WITHIN THE AUTHORITY OF 519
THE COMMISSION UNDER THIS SUBTITLE. 520

(6) THE REVIEW PROCESS IN THIS SUBSECTION SHALL BE THE 521
EXCLUSIVE REMEDY TO CHALLENGE OR REVIEW A QUALIFIED RATE ORDER. 522

7-529. 523

THE COMMISSION SHALL MAKE A FINAL DECISION ON THE ISSUANCE OF A 524
QUALIFIED RATE ORDER UNDER THIS PART NO LATER THAN 60 DAYS AFTER THE 525
ELECTRIC COMPANY FILES ITS REQUEST FOR THE QUALIFIED RATE ORDER. 526

6lr0001

7-530.	527
A QUALIFIED RATE ORDER APPROVED BY THE COMMISSION SHALL INCLUDE	528
TERMS ENSURING THAT THE IMPOSITION AND COLLECTION OF QUALIFIED RATE	529
STABILIZATION CHARGES AUTHORIZED IN THE ORDER ARE NONBYPASSABLE.	530
7-531.	531
THE COMMISSION SHALL ESTABLISH SPECIFIC PROCEDURES AND TIME	532
FRAMES FOR THE REVIEW AND ADJUSTMENT OF QUALIFIED RATE STABILIZATION	533
CHARGES AT LEAST ONCE EACH YEAR, WITHIN 90 DAYS BEFORE THE ANNIVERSARY	534
DATE OF THE ISSUANCE OF THE RATE STABILIZATION BONDS, TO CORRECT ANY	535
OVERCOLLECTIONS OR UNDERCOLLECTIONS OF THE PRECEDING 12 MONTHS AND	536
TO ENSURE THE EXPECTED RECOVERY OF AMOUNTS SUFFICIENT TO TIMELY	537
PROVIDE ALL PAYMENTS OF DEBT SERVICE AND OTHER REQUIRED AMOUNTS AND	538
CHARGES IN CONNECTION WITH THE RATE STABILIZATION BONDS.	539
7-532.	540
(A) A QUALIFIED RATE ORDER SHALL TERMINATE AND EXPIRE 1 YEAR AFTER	541
THE DATE OF ITS ADOPTION IF, DURING THAT PERIOD, NO RATE STABILIZATION	542
BONDS AUTHORIZED IN THE QUALIFIED RATE ORDER SHALL HAVE BEEN ISSUED.	543
(B) THIS PERIOD SHALL BE EXTENDED BY ANY PERIOD DURING WHICH	544
JUDICIAL PROCEEDINGS FOR REVIEW MAY BE PENDING IN ACCORDANCE WITH §	545
7-528(C) OF THIS SUBTITLE.	546
7-533.	547
(A) AT THE REQUEST OF AN ELECTRIC COMPANY, THE COMMISSION MAY	548
ADOPT A QUALIFIED RATE ORDER PROVIDING FOR RETIRING AND REFUNDING RATE	549
STABILIZATION BONDS IF THE COMMISSION FINDS THAT THE FUTURE QUALIFIED	550
RATE STABILIZATION CHARGES REQUIRED TO SERVICE THE NEW RATE	551
STABILIZATION BONDS, INCLUDING TRANSACTION COSTS, WILL BE LESS THAN THE	552
FUTURE QUALIFIED RATE STABILIZATION CHARGES REQUIRED TO SERVICE THE	553

6lr0001

RATE STABILIZATION BONDS BEING REFUNDED.	554
(B) ON THE RETIREMENT OF THE REFUNDED RATE STABILIZATION BONDS,	555
THE COMMISSION SHALL ADJUST THE RELATED QUALIFIED RATE STABILIZATION	556
CHARGES ACCORDINGLY.	557
7-534.	558
(A) AT THE REQUEST OF AN ELECTRIC COMPANY, THE COMMISSION MAY	559
MODIFY AN EXISTING QUALIFIED RATE ORDER, OR ISSUE AN ADDITIONAL	560
QUALIFIED RATE ORDER, PROVIDING FOR THE ISSUANCE OF:	561
(1) ADDITIONAL RATE STABILIZATION BONDS FOR RATE STABILIZATION	562
COSTS NOT RECOVERED UNDER AN ORIGINAL QUALIFIED RATE ORDER; OR	563
(2) NEW RATE STABILIZATION BONDS FOR THE COMBINED PURPOSES	564
OF:	565
(I) FINANCING AND RECOVERING RATE STABILIZATION COSTS	566
NOT RECOVERED UNDER AN ORIGINAL QUALIFIED RATE ORDER; AND	567
(II) SUBJECT TO § 7-533 OF THIS SUBTITLE, RETIRING AND	568
REFUNDING EXISTING RATE STABILIZATION BONDS.	569
(B) UNLESS OTHERWISE PROVIDED IN THE MODIFIED OR ADDITIONAL	570
QUALIFIED RATE ORDER OR IN THE TRUST AGREEMENT SECURING THE ADDITIONAL	571
OR NEW RATE STABILIZATION BONDS, THE ADDITIONAL OR NEW RATE	572
STABILIZATION BONDS ARE:	573
(1) CONSIDERED TO BE OF THE SAME ISSUE AS THE ORIGINAL ISSUE;	574
AND	575
(2) ENTITLED TO PAYMENT FROM THE SAME FUNDS AS THE ORIGINAL	576
ISSUE, WITHOUT PREFERENCE OR PRIORITY OF THE RATE STABILIZATION BONDS OF	577
THE ORIGINAL ISSUE.	578

7-535.	579
(A) A RATE STABILIZATION BOND ISSUED UNDER THIS PART IS NOT A DEBT, LIABILITY, OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE STATE OR ANY OTHER GOVERNMENTAL UNIT.	580 581 582
(B) THE ISSUANCE OF A RATE STABILIZATION BOND UNDER THIS PART IS NOT DIRECTLY, INDIRECTLY, OR CONTINGENTLY A MORAL OR OTHER OBLIGATION OF THE STATE OR ANY OTHER GOVERNMENTAL UNIT TO LEVY OR PLEDGE ANY TAX OR TO MAKE AN APPROPRIATION TO PAY THE RATE STABILIZATION BOND.	583 584 585 586
(C) EACH RATE STABILIZATION BOND ISSUED UNDER THIS PART SHALL STATE ON ITS FACE THAT:	587 588
(1) THE STATE AND ANY GOVERNMENTAL UNIT ARE NOT OBLIGED TO PAY THE PRINCIPAL OF OR INTEREST ON THE BOND; AND	589 590
(2) NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OR ANY OTHER GOVERNMENTAL UNIT IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON A RATE STABILIZATION BOND.	591 592 593
(D) (1) THE STATE PLEDGES, FOR THE BENEFIT AND PROTECTION OF FINANCING PARTIES AND THE ELECTRIC COMPANY, THAT IT WILL NOT TAKE OR ALLOW ANY ACTION THAT WOULD IMPAIR THE VALUE OF RATE STABILIZATION PROPERTY, OR, EXCEPT AS ALLOWED IN ACCORDANCE WITH §§ 7-531, 7-533, AND 7-534 OF THIS SUBTITLE, REDUCE, ALTER, OR IMPAIR THE QUALIFIED RATE STABILIZATION CHARGES TO BE IMPOSED, COLLECTED, AND REMITTED TO FINANCING PARTIES, UNTIL THE PRINCIPAL, INTEREST, AND PREMIUM, AND ANY OTHER CHARGES INCURRED AND CONTRACTS TO BE PERFORMED IN CONNECTION WITH THE RELATED RATE STABILIZATION BONDS HAVE BEEN PAID AND PERFORMED IN FULL.	594 595 596 597 598 599 600 601 602 603
(2) ANY PARTY ISSUING RATE STABILIZATION BONDS IS AUTHORIZED TO INCLUDE THIS PLEDGE IN ANY DOCUMENTATION RELATING TO THOSE BONDS.	604 605

6lr0001

7-536. 606

A QUALIFIED RATE ORDER UNDER THIS PART THAT AUTHORIZES THE 607
ISSUANCE OF RATE STABILIZATION BONDS MAY: 608

(1) STATE THE RIGHTS AND REMEDIES OF BONDHOLDERS AND ANY 609
ASSIGNEE; AND 610

(2) CONTAIN PROVISIONS TO PROTECT AND ENFORCE THE RIGHTS AND 611
REMEDIES OF BONDHOLDERS AND ANY ASSIGNEE. 612

7-537. 613

(A) THE RIGHTS AND INTERESTS OF AN ELECTRIC COMPANY OR SUCCESSOR 614
UNDER A QUALIFIED RATE ORDER, INCLUDING THE RIGHT TO IMPOSE, COLLECT, 615
AND RECEIVE QUALIFIED RATE STABILIZATION CHARGES AUTHORIZED IN THE 616
ORDER: 617

(1) BECOME RATE STABILIZATION PROPERTY WHEN THEY ARE FIRST 618
TRANSFERRED TO AN ASSIGNEE OR ARE PLEDGED IN CONNECTION WITH THE 619
ISSUANCE OF RATE STABILIZATION BONDS; BUT 620

(2) ARE ONLY CONTRACT RIGHTS BEFORE THAT FIRST TRANSFER OR 621
PLEDGE. 622

(B) RATE STABILIZATION PROPERTY CONSTITUTES A PRESENT PROPERTY 623
RIGHT: 624

(1) FOR PURPOSES OF CONTRACTS CONCERNING THE SALE OR PLEDGE 625
OF PROPERTY, EVEN THOUGH THE IMPOSITION AND COLLECTION OF QUALIFIED 626
RATE STABILIZATION CHARGES DEPENDS ON FURTHER ACTS OF THE ELECTRIC 627
COMPANY OR OTHERS THAT HAVE NOT YET OCCURRED; AND 628

(2) FOR ALL PURPOSES UNTIL THE LATER OF: 629

(I) THE PERIOD PROVIDED IN THE QUALIFIED RATE ORDER, TO 630
THE EXTENT PROVIDED IN THAT ORDER; OR 631

(II) THE PAYMENT IN FULL OF THE RATE STABILIZATION BONDS, 632
INCLUDING ALL PRINCIPAL, INTEREST, PREMIUM, COSTS, AND ARREARAGES ON THE 633
BONDS. 634

(C) ALL REVENUES AND COLLECTIONS RESULTING FROM QUALIFIED RATE 635
STABILIZATION CHARGES ARE PROCEEDS ONLY OF THE RATE STABILIZATION 636
PROPERTY ARISING FROM THE QUALIFIED RATE ORDER. 637

7-538. 638

A TRANSACTION THAT INVOLVES THE TRANSFER AND OWNERSHIP OF RATE 639
STABILIZATION PROPERTY AND THE RECEIPT OF RATE STABILIZATION CHARGES ARE 640
EXEMPT FROM STATE AND LOCAL INCOME, SALES, FRANCHISE, GROSS RECEIPTS, 641
AND OTHER TAXES OR SIMILAR CHARGES. 642

7-539. 643

(A) AN AGREEMENT BY AN ELECTRIC COMPANY OR ASSIGNEE TO TRANSFER 644
RATE STABILIZATION PROPERTY THAT EXPRESSLY STATES THAT THE TRANSFER IS A 645
SALE OR OTHER ABSOLUTE TRANSFER SIGNIFIES THAT: 646

(1) THE TRANSACTION IS A TRUE SALE AND IS NOT A SECURED 647
TRANSACTION; AND 648

(2) LEGAL AND EQUITABLE TITLE HAS PASSED TO THE ENTITY TO 649
WHICH THE RATE STABILIZATION PROPERTY IS TRANSFERRED. 650

(B) THE STATUS OF THE TRANSFER AS A TRUE SALE PREVAILS REGARDLESS 651
OF ANY RECOURSE THE PURCHASER MAY HAVE AGAINST THE SELLER, OR ANY 652
OTHER TERM OF THE PARTIES' AGREEMENT, INCLUDING: 653

(1) THE SELLER'S RETENTION OF AN EQUITY INTEREST IN THE RATE 654
STABILIZATION PROPERTY; 655

(2) THE FACT THAT THE ELECTRIC COMPANY ACTS AS THE COLLECTOR 656
OF QUALIFIED RATE STABILIZATION CHARGES RELATING TO THE RATE 657

STABILIZATION PROPERTY; AND	658
(3) THE TREATMENT OF THE TRANSFER AS A FINANCING FOR TAX, FINANCIAL REPORTING, OR OTHER PURPOSES.	659 660
7-540.	661
(A) THE INTEREST OF AN ASSIGNEE OR PLEDGEE IN RATE STABILIZATION PROPERTY AND IN THE REVENUES AND COLLECTIONS ARISING FROM THAT PROPERTY IS NOT SUBJECT TO SETOFF, COUNTERCLAIM, SURCHARGE, OR DEFENSE BY THE ELECTRIC COMPANY OR ANY OTHER PERSON OR IN CONNECTION WITH THE BANKRUPTCY OF THE ELECTRIC COMPANY OR ANY OTHER ENTITY.	662 663 664 665 666
(B) A QUALIFIED RATE ORDER REMAINS IN EFFECT AND UNABATED NOTWITHSTANDING THE BANKRUPTCY OF THE ELECTRIC COMPANY, ITS SUCCESSORS, OR ASSIGNEES.	667 668 669
7-541.	670
(A) (1) THE ELECTRIC BILL OF AN ELECTRIC COMPANY THAT HAS OBTAINED A QUALIFIED RATE ORDER AND ISSUED RATE STABILIZATION BONDS MUST:	671 672 673
(I) EXPLICITLY REFLECT THAT A PORTION OF THE CHARGES ON THE BILL REPRESENTS QUALIFIED RATE STABILIZATION CHARGES APPROVED IN A QUALIFIED RATE ORDER ISSUED TO THE ELECTRIC COMPANY; AND	674 675 676
(II) IF THE RATE STABILIZATION PROPERTY HAS BEEN TRANSFERRED TO AN ASSIGNEE, INCLUDE A STATEMENT TO THE EFFECT THAT:	677 678
1. THE ASSIGNEE IS THE OWNER OF THE RIGHTS TO QUALIFIED RATE STABILIZATION CHARGES; AND	679 680
2. THE ELECTRIC COMPANY OR ANY OTHER ENTITY, IF APPLICABLE, IS ACTING AS A COLLECTION AGENT OR SERVICER FOR THE ASSIGNEE.	681 682
(2) THE TARIFF APPLICABLE TO CUSTOMERS MUST INDICATE THE	683

QUALIFIED RATE STABILIZATION CHARGE AND THE OWNERSHIP OF THAT CHARGE.	684
(B) THE FAILURE OF AN ELECTRIC COMPANY TO COMPLY WITH THIS SECTION	685
MAY NOT INVALIDATE, IMPAIR, OR AFFECT ANY QUALIFIED RATE ORDER, RATE	686
STABILIZATION PROPERTY, QUALIFIED RATE STABILIZATION CHARGE, OR RATE	687
STABILIZATION BONDS.	688
7-542.	689
(A) (1) RATE STABILIZATION PROPERTY DOES NOT CONSTITUTE AN	690
ACCOUNT OR GENERAL INTANGIBLE UNDER § 9-102 OF THE COMMERCIAL LAW	691
ARTICLE.	692
(2) THE CREATION, GRANTING, PERFECTION, AND ENFORCEMENT OF	693
LIENS AND SECURITY INTERESTS IN RATE STABILIZATION PROPERTY, INCLUDING	694
ALL PROCEEDS OF THAT PROPERTY, ARE GOVERNED BY THIS SECTION AND NOT BY	695
THE MARYLAND UNIFORM COMMERCIAL CODE.	696
(B) (1) A VALID AND ENFORCEABLE LIEN AND SECURITY INTEREST IN	697
INTANGIBLE RATE STABILIZATION PROPERTY, INCLUDING ALL PROCEEDS OF THAT	698
PROPERTY, MAY BE CREATED ONLY BY A QUALIFIED RATE ORDER AND THE	699
EXECUTION AND DELIVERY OF A SECURITY AGREEMENT WITH A FINANCING PARTY	700
IN CONNECTION WITH THE ISSUANCE OF RATE STABILIZATION BONDS.	701
(2) (I) THE LIEN AND SECURITY INTEREST SHALL ATTACH	702
AUTOMATICALLY FROM THE TIME THAT VALUE IS RECEIVED FOR THE BONDS.	703
(II) ON PERFECTION THROUGH THE FILING OF NOTICE WITH THE	704
STATE DEPARTMENT OF ASSESSMENTS AND TAXATION IN ACCORDANCE WITH THE	705
PROCEDURES PRESCRIBED UNDER SUBSECTION (D) OF THIS SECTION:	706
1. THE LIEN AND SECURITY INTEREST SHALL BE A	707
CONTINUOUSLY PERFECTED LIEN AND SECURITY INTEREST IN THE RATE	708
STABILIZATION PROPERTY; AND	709

2. ALL PROCEEDS OF THE PROPERTY, WHETHER ACCRUED 710
OR NOT, SHALL HAVE PRIORITY IN THE ORDER OF FILING AND TAKE PRECEDENCE 711
OVER ANY SUBSEQUENT JUDICIAL OR OTHER LIEN CREDITOR. 712

(3) THE SECURITY INTEREST SHALL BE PERFECTED: 713

(I) RETROACTIVE TO THE DATE VALUE WAS RECEIVED IF NOTICE 714
IS FILED WITHIN 10 DAYS AFTER VALUE IS RECEIVED FOR THE RATE STABILIZATION 715
BONDS; OR 716

(II) AS OF THE DATE OF FILING, IF NOTICE IS NOT FILED WITHIN 717
THAT 10-DAY PERIOD. 718

(C) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, TRANSFER OF AN 719
INTEREST IN RATE STABILIZATION PROPERTY TO AN ASSIGNEE SHALL BE 720
PERFECTED AGAINST ALL THIRD PARTIES, INCLUDING SUBSEQUENT JUDICIAL OR 721
OTHER LIEN CREDITORS, WHEN: 722

(I) THE QUALIFIED RATE ORDER BECOMES EFFECTIVE; 723

(II) TRANSFER DOCUMENTS HAVE BEEN DELIVERED TO THE 724
ASSIGNEE; AND 725

(III) A NOTICE OF THAT TRANSFER HAS BEEN FILED IN 726
ACCORDANCE WITH PROCEDURES ADOPTED UNDER SUBSECTION (D) OF THIS 727
SECTION. 728

(2) IF NOTICE OF THE TRANSFER HAS NOT BEEN FILED IN ACCORDANCE 729
WITH THIS SUBSECTION WITHIN 10 DAYS AFTER THE DELIVERY OF TRANSFER 730
DOCUMENTATION, THE TRANSFER OF THE INTEREST IS NOT PERFECTED AGAINST 731
THIRD PARTIES UNTIL THE NOTICE IS FILED. 732

(D) THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION SHALL 733
IMPLEMENT THIS SECTION BY ESTABLISHING AND MAINTAINING A SEPARATE 734
SYSTEM OF RECORDS FOR THE FILING OF NOTICES UNDER THIS SECTION AND 735

PRESCRIBING THE PROCEDURES FOR THOSE FILINGS BASED ON TITLE 9 OF THE MARYLAND UNIFORM COMMERCIAL CODE, AS ADAPTED TO THIS SUBTITLE AND USING THE TERMS DEFINED IN THIS SUBTITLE.

(E) (1) THE PRIORITY OF A LIEN AND SECURITY INTEREST PERFECTED UNDER THIS SECTION IS NOT IMPAIRED BY:

(I) ANY LATER MODIFICATION OF THE QUALIFIED RATE ORDER UNDER § 7-531, § 7-533, OR § 7-534 OF THIS SUBTITLE; OR

(II) THE COMMINGLING OF FUNDS ARISING FROM QUALIFIED RATE STABILIZATION CHARGES WITH OTHER FUNDS.

(2) ANY OTHER SECURITY INTEREST THAT MAY APPLY TO THOSE FUNDS SHALL BE TERMINATED WHEN THEY ARE TRANSFERRED TO A SEGREGATED ACCOUNT FOR THE ASSIGNEE OR A FINANCING PARTY.

(3) IF RATE STABILIZATION PROPERTY HAS BEEN TRANSFERRED TO AN ASSIGNEE, ANY PROCEEDS OF THAT PROPERTY SHALL BE HELD IN TRUST FOR THE ASSIGNEE.

(F) IF A DEFAULT OR TERMINATION OCCURS UNDER THE RATE STABILIZATION BONDS:

(1) THE FINANCING PARTIES OR THEIR REPRESENTATIVES MAY FORECLOSE ON OR OTHERWISE ENFORCE THEIR LIEN AND SECURITY INTEREST IN ANY INTANGIBLE RATE STABILIZATION PROPERTY AS IF THEY WERE SECURED PARTIES UNDER TITLE 9 OF THE MARYLAND UNIFORM COMMERCIAL CODE;

(2) THE COMMISSION MAY ORDER THAT AMOUNTS ARISING FROM QUALIFIED RATE STABILIZATION CHARGES BE TRANSFERRED TO A SEPARATE ACCOUNT FOR THE FINANCING PARTIES' BENEFIT, TO WHICH THEIR LIEN AND SECURITY INTEREST SHALL APPLY; AND

(3) ON APPLICATION BY OR ON BEHALF OF THE FINANCING PARTIES,

THE CIRCUIT COURT FOR BALTIMORE CITY, BUSINESS AND TECHNOLOGY CASE 762
MANAGEMENT PROGRAM, SHALL ORDER THE SEQUESTRATION AND PAYMENT TO 763
THE FINANCING PARTIES OF REVENUES ARISING FROM THE QUALIFIED RATE 764
STABILIZATION CHARGES. 765

(G) THE COURT ORDER UNDER SUBSECTION (F) OF THIS SECTION SHALL 766
REMAIN IN FULL FORCE AND EFFECT NOTWITHSTANDING ANY REORGANIZATION, 767
BANKRUPTCY, OR OTHER INSOLVENCY PROCEEDINGS WITH RESPECT TO THE 768
ELECTRIC COMPANY OR ITS SUCCESSORS OR ASSIGNEES. 769

(H) THIS SECTION DOES NOT LIMIT ANY OTHER REMEDIES AVAILABLE TO THE 770
APPLYING PARTY. 771

7-543. 772

(A) THIS SECTION APPLIES TO A PERSON THAT IS A SUCCESSOR TO AN 773
ELECTRIC COMPANY, WHETHER THROUGH: 774

(1) A REORGANIZATION, BANKRUPTCY, OR OTHER INSOLVENCY 775
PROCEEDING; 776

(2) A MERGER OR ACQUISITION, SALE, OR OTHER BUSINESS 777
COMBINATION; OR 778

(3) A TRANSFER BY OPERATION OF LAW. 779

(B) A SUCCESSOR TO AN ELECTRIC COMPANY SHALL PERFORM AND SATISFY 780
ALL OBLIGATIONS OF, AND HAVE THE SAME RIGHTS UNDER A QUALIFIED RATE 781
ORDER AS, THE ELECTRIC COMPANY UNDER THE QUALIFIED RATE ORDER IN THE 782
SAME MANNER AND TO THE SAME EXTENT AS THE ELECTRIC COMPANY, INCLUDING: 783

(1) COLLECTING THE REVENUES, COLLECTIONS, PAYMENTS, OR 784
PROCEEDS OF THE RATE STABILIZATION PROPERTY; AND 785

(2) PAYING THEM TO THE PERSON ENTITLED TO RECEIVE THEM. 786

6lr0001

7-544. 787

AN ASSIGNEE OR FINANCING PARTY MAY NOT BE CONSIDERED TO BE A PUBLIC 788
SERVICE COMPANY OR AN ELECTRICITY SUPPLIER SOLELY BY VIRTUE OF THE 789
TRANSACTIONS DESCRIBED IN THIS PART. 790

7-545. RESERVED. 791

7-546. RESERVED. 792

PART IV. RATE STABILIZATION – SPECIFIC PROVISIONS. 793

7-547. 794

THIS PART APPLIES TO AN INVESTOR-OWNED ELECTRIC COMPANY THAT HAS 795
AN OBLIGATION TO PROVIDE STANDARD OFFER SERVICE UNDER § 7-510(C) OF THIS 796
SUBTITLE TO RESIDENTIAL ELECTRIC CUSTOMERS FOR WHOM RATE CAP OR PRICE 797
FREEZE SERVICE ESTABLISHED UNDER A SETTLEMENT AGREEMENT APPROVED IN 798
ACCORDANCE WITH § 7-505(D) OF THIS SUBTITLE EXPIRES AT THE END OF JUNE 30, 799
2006. 800

7-548. 801

(A) (1) (I) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ARTICLE, 802
BUT SUBJECT TO PARAGRAPHS (2) THROUGH (4) OF THIS SUBSECTION, AN ELECTRIC 803
COMPANY TO WHICH THIS PART APPLIES SHALL FILE TARIFFS WITH THE 804
COMMISSION THAT IMPLEMENT A RATE STABILIZATION PLAN CONSISTENT WITH 805
THIS PART. 806

(II) 1. THE COMMISSION SHALL REVIEW THE TARIFFS 807
REQUIRED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH. 808

2. WITHIN 20 DAYS AFTER THE FILING OF THE TARIFFS 809
REQUIRED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE COMMISSION 810
SHALL ISSUE AN ORDER IMPLEMENTING THE RATE STABILIZATION PLAN IN 811
ACCORDANCE WITH THIS PART AND PART III OF THIS SUBTITLE. 812

3. THE ORDER ISSUED BY THE COMMISSION SHALL INCLUDE 813
A REQUIREMENT THAT THE ELECTRIC COMPANY ESTABLISH REGULATORY ASSETS 814
TO ACCOUNT FOR THE RATE STABILIZATION COSTS DEFERRED UNDER THE RATE 815
STABILIZATION PLAN. 816

(2) UNDER THE RATE STABILIZATION PLAN, THE RESIDENTIAL 817
STANDARD OFFER SERVICE RATE SHALL RECOVER THE COSTS TO THE ELECTRIC 818
COMPANY UNDER § 7-510(C)(3) OF THIS SUBTITLE DEFERRED DURING THE PERIOD 819
JULY 1, 2006 THROUGH MAY 31, 2007. 820

(3) ANY CREDIT OR CHARGES TO THE COST OF STANDARD OFFER 821
SERVICE FOR RESIDENTIAL ELECTRIC CUSTOMERS REQUIRED OR AUTHORIZED 822
UNDER THIS PART SHALL BE INCLUDED AS A NONBYPASSABLE CREDIT OR CHARGE 823
ON THE ELECTRIC DISTRIBUTION PORTION OF THE BILL OF EACH RESIDENTIAL 824
ELECTRIC CUSTOMER OF THE ELECTRIC COMPANY. 825

(4) AN ELECTRIC COMPANY MAY APPLY TO THE COMMISSION FOR A 826
QUALIFIED RATE ORDER UNDER PART III OF THIS SUBTITLE FOR THE FINANCING 827
AND RECOVERY OF ITS RATE STABILIZATION COSTS. 828

(B) (1) THE INCREASE IN THE TOTAL RATES CHARGED TO EACH 829
RESIDENTIAL ELECTRIC CUSTOMER ON STANDARD OFFER SERVICE, AS COMPARED 830
WITH THE TOTAL RATES FOR RESIDENTIAL ELECTRIC CUSTOMERS IN EFFECT ON 831
JUNE 30, 2006, SHALL BE: 832

(I) FROM JULY 1, 2006 THROUGH MAY 31, 2007, 15% OF THE TOTAL 833
RATE IN EFFECT ON JUNE 30, 2006; AND 834

(II) FROM JUNE 1, 2007 IN AN AMOUNT DETERMINED BY THE 835
COMMISSION UNDER § 7-510 OF THIS SUBTITLE. 836

(2) STANDARD OFFER SERVICE FOR RESIDENTIAL ELECTRIC 837
CUSTOMERS SHALL BE AT FULL MARKET RATES UNDER THIS PART STARTING JUNE 1, 838
2008. 839

(3) A RATE STABILIZATION COST MAY NOT BE RECOVERED BEFORE 840
JANUARY 1, 2007. 841

(4) FOR PURPOSES OF CALCULATING THE RATES TO BE CHARGED 842
UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE RATE STABILIZATION CHARGE 843
MAY NOT BE CONSIDERED TO BE PART OF THE TOTAL RATES CHARGED TO 844
RESIDENTIAL ELECTRIC CUSTOMERS. 845

(5) THE COMMISSION NEED NOT CONDUCT EVIDENTIARY PROCEEDINGS 846
UNDER § 7-510(C)(7)(I) OF THIS SUBTITLE TO DETERMINE THE SECOND OR 847
SUBSEQUENT PHASE OF THE TRANSITION TO FULL MARKET RATES UNDER THIS 848
PART. 849

(C) (1) THE ELECTRIC COMPANY SHALL PROVIDE EACH RESIDENTIAL 850
ELECTRIC CUSTOMER A DEFERRAL CREDIT EQUAL TO THE DIFFERENCE BETWEEN 851
THE COST INCURRED BY THE ELECTRIC COMPANY UNDER § 7-510(C)(3) OF THIS 852
SUBTITLE AND THE RATES AUTHORIZED IN SUBSECTION (B)(1) OF THIS SECTION. 853

(2) (I) THE TOTAL AMOUNT OF COST RECOVERY DEFERRED THROUGH 854
DEFERRAL CREDITS PROVIDED TO RESIDENTIAL ELECTRIC CUSTOMERS SHALL BE A 855
RATE STABILIZATION COST TO BE RECOVERED AS A REGULATORY ASSET. 856

(II) THE TOTAL COST DEFERRED MAY BE SECURED UNDER PART III 857
OF THIS SUBTITLE. 858

(3) (I) SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE 859
ELECTRIC COMPANY SHALL PERFORM A RECONCILIATION OF ANY OVERCOLLECTION 860
OR UNDERCOLLECTION OF THE DEFERRED COSTS AND EXPENSES RESULTING FROM 861
THIS RATE STABILIZATION PLAN: 862

1. EACH YEAR DURING THE RATE STABILIZATION PLAN; AND 863
2. WITHIN 90 DAYS AFTER THE END OF THE RATE 864
STABILIZATION PLAN. 865

(II) TO THE EXTENT THAT SECURITIZATION IS IMPLEMENTED 866
UNDER PART III OF THIS SUBTITLE, ANY RECONCILIATIONS MADE IN ACCORDANCE 867
WITH PART III OF THIS SUBTITLE SHALL BE IN ADDITION TO ANY RECONCILIATIONS 868
UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH. 869

(D) RATE STABILIZATION COSTS SHALL BE RECOVERED BY THE ELECTRIC 870
COMPANY FROM THE RESIDENTIAL ELECTRIC CUSTOMERS THROUGH A 871
USAGE-BASED RATE STABILIZATION CHARGE OVER A PERIOD NOT TO EXCEED 10 872
YEARS. 873

(E) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SUBTITLE, AS 874
APPROVED BY THE COMMISSION, AN ELECTRIC COMPANY MAY RECEIVE A 875
MODIFICATION IN DISTRIBUTION AND TRANSMISSION RATES WHILE THE RATE 876
STABILIZATION PLAN IS IN EFFECT. 877

7-549. 878

(A) IN THIS SECTION, "ACTUAL COST" MEANS THE COSTS AND EXPENSES 879
DEFERRED AS REGULATORY ASSETS MULTIPLIED BY: 880

(1) THE ELECTRIC COMPANY'S COST OF DEBT; OR 881

(2) IF THE ELECTRIC COMPANY SECURES THE DEBT UNDER PART III OF 882
THIS SUBTITLE, THE COST OF THE SECURED DEBT. 883

(B) AN ELECTRIC COMPANY SHALL RECOVER, AS AN ADDITIONAL RATE 884
STABILIZATION COST, THE ACTUAL COST TO THE ELECTRIC COMPANY OF CARRYING 885
THE COSTS AND EXPENSES DEFERRED AS REGULATORY ASSETS UNDER THE RATE 886
STABILIZATION PLAN. 887

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland 888
read as follows: 889

Article - Tax - General 890

[10-712. 891

(a) A public utility may claim a credit against the State income tax in an amount equal to 60% of the total property taxes paid by the public utility on its operating real property in the State, other than operating land, that is used to generate electricity or steam for sale. 892
893
894
895

(b) (1) For any taxable year, the credit allowed under this section may not exceed the State income tax for that taxable year, calculated before application of the credits allowed under this section and §§ 10-701 and 10-701.1 of this subtitle but after application of any other credits allowed under this subtitle. 896
897
898
899

(2) The unused amount of the credit for any taxable year may not be carried over to any other taxable year. 900
901

SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows: 902
903

Article - Public Utility Companies 904

5-104. 905

(a) The Commission may authorize the acts described in §§ 5-202, 5-203, and 5-205 of this title and § 6-101(a) of this article if it finds that the authorization is consistent with the public convenience and necessity. 906
907
908

(b) Authority that the Commission grants under §§ 5-202 and 5-203 of this title does not: 909
910

(1) revive a lapsed franchise; 911

(2) validate an invalid franchise; 912

(3) enlarge or add to the powers and privileges of a franchise; or 913

(4) waive a forfeiture. 914

6lr0001

5-203. 915

(a) Subject to § 6-101 of this article, without prior authorization of the Commission, a public service company may not purchase, acquire, take, or hold any part of the capital stock of another public service company **[incorporated]** THAT OPERATES in Maryland. 916
917
918
919

(b) (1) This subsection applies to corporations **[incorporated]** THAT OPERATE in Maryland. 920
921

(2) Without prior authorization of the Commission, a public service company may not: 922
923

(i) assume or guarantee an obligation or liability with respect to stocks, bonds, securities, notes, or other evidence of indebtedness that is payable as a whole or in part to any person more than 12 months after the date of issuance; or 924
925
926

(ii) issue stocks, bonds, securities, notes, or other evidence of indebtedness payable as a whole or in part more than 12 months after the date of issuance. 927
928
929

(3) Stocks, bonds, securities, notes, or other evidence of indebtedness described under paragraph (2)(ii) of this subsection shall be issued in accordance with §§ 6-102 and 6-103 of this article. 930
931
932

6-101. 933

(a) (1) This subsection applies only to **[Maryland]** corporations THAT OPERATE IN MARYLAND. 934
935

(2) A public service company shall obtain authorization from the Commission before the public service company: 936
937

(i) assumes or guarantees an obligation or liability with respect to stocks, bonds, securities, notes, or other evidence of indebtedness of any person that is payable wholly or partly more than 12 months after the date of the assumption or 938
939
940

guarantee; [or]	941
(ii) issues stocks, bonds, securities, notes, or other evidence of indebtedness that is payable wholly or partly more than 12 months after the date issued; OR	942 943 944
(III) LENDS MONEY TO AN AFFILIATE, AS DEFINED IN § 7-501 OF THIS ARTICLE, AT RATES OR ON TERMS THAT ARE SIGNIFICANTLY MORE FAVORABLE TO THE AFFILIATE THAN THE RATES OR TERMS THAT ARE OTHERWISE COMMERCIALY AVAILABLE TO THE AFFILIATE.	945 946 947 948
(3) An issuance under paragraph (2)(ii) of this subsection shall conform to §§ 6-102 and 6-103 of this subtitle.	949 950
(b) (1) Subject to the requirements of subsection (c) of this section, the Commission may authorize an act described under subsection (a)(2) of this section if the Commission finds that the act is consistent with the public convenience and necessity.	951 952 953 954
(2) Authorization under this subsection does not:	955
(i) revive a lapsed franchise, validate an invalid franchise, or add to the powers and privileges in a franchise; or	956 957
(ii) waive a forfeiture.	958
(c) (1) This subsection does not apply to the formation of a holding company by a public service company in a corporate reorganization that involves an exchange of stock of the public service company for stock in the holding company.	959 960 961
(2) In this subsection, a company controlling a public service company is deemed a public service company of the same class as the controlled public service company.	962 963 964
(3) Without prior authorization of the Commission, a public service company may not take, hold, or acquire any part of the capital stock of a public service	965 966

company that [is] :	967
(i) [incorporated] OPERATES in Maryland; and	968
(ii) IS of the same class as the acquiring company.	969
(4) (i) Except as provided in subparagraph (ii) of this paragraph, a stock corporation may not take, hold, or acquire more than 10% of the total capital stock of a public service company [incorporated] THAT OPERATES in Maryland unless:	970 971 972 973
1. the stock is acquired as collateral security; and	974
2. the Commission approves the acquisition.	975
(ii) The Commission may authorize a public service company of the same class to take, hold, or acquire more than 10% of the total capital stock of a public service company [incorporated] THAT OPERATES in Maryland.	976 977 978
(5) A public service company may not be a party to a violation of this subsection.	979 980
6–102.	981
(a) This section applies only to public service companies that [are] OPERATE IN Maryland [corporations] .	982 983
(b) The Commission shall authorize a public service company to issue stocks, bonds, securities, notes, or other evidence of indebtedness, payable wholly or partly more than 12 months after the date of issuance, if the Commission finds that the issuance is reasonably required for the public service company to:	984 985 986 987
(1) acquire property;	988
(2) construct, complete, extend, or improve its facilities;	989
(3) discharge or lawfully refund its obligations;	990

(4) maintain or improve service; or	991
(5) reimburse money, not secured by or obtained from the issuance, that is expended for a purpose described in item (1), (2), or (3) of this subsection within 5 years before the filing of an application with the Commission for the reimbursement.	992 993 994
(c) (1) The Commission may authorize a public service company to issue stocks, bonds, securities, notes, or other evidence of indebtedness, payable wholly or partly more than 12 months after the date of issuance, for the public service company to:	995 996 997 998
(i) conform the aggregate capitalization of the public service company to the value of its property; or	999 1000
(ii) subject to paragraph (2) of this subsection, pay a dividend in shares of the public service company's own stock.	1001 1002
(2) An order of the Commission authorizing an issuance under paragraph (1)(ii) of this subsection shall state that:	1003 1004
(i) concurrently with the issuance, the public service company shall transfer from surplus to capital an amount that the Commission determines under paragraph (3) of this subsection; and	1005 1006 1007
(ii) a sum equal to the amount to be transferred has been expended from income or other money in the treasury of the public service company not secured by, obtained from, or reimbursed by the issuance of stocks, bonds, notes, or other evidence of indebtedness of the public service company for a purpose described in subsection (b)(1), (2), or (3) of this section.	1008 1009 1010 1011 1012
(3) The amount that the Commission determines under paragraph (2)(i) of this subsection may not be less than:	1013 1014
(i) the aggregate par value of the stock whose issuance is to be authorized; or	1015 1016

- (ii) if the stock has no par value, the capital value of the stock. 1017
- (d) (1) An authorization by the Commission under subsection (b) or (c) of 1018
this section shall be by order. 1019
- (2) The order shall specify: 1020
- (i) the amount of the issuance authorized; and 1021
- (ii) the purpose under subsection (b) or (c) of this section for which 1022
the issuance is reasonably required. 1023
- (e) (1) Notwithstanding subsections (b), (c), (d), and (g) of this section, the 1024
Commission may approve the issuance of stocks, bonds, securities, notes, or other 1025
evidence of indebtedness in connection with the organization of a new public service 1026
company by the purchaser of the franchise or property of a public service company 1027
sold under judicial proceedings, mortgage, or deed of trust. 1028
- (2) An issuance that the Commission approves under this subsection 1029
shall be in the amount that the Commission considers necessary fully to protect the 1030
rights and equities of the holders of the securities of the predecessor company. 1031
- (f) A public service company's application for authorization under this section 1032
of long-term debt in excess of \$1,000,000 shall include a copy of any restrictive 1033
covenant attached to the debt. 1034
- (g) (1) Except as provided in paragraph (2) of this subsection, this section 1035
does not prevent a public service company from issuing, without the prior consent of 1036
the Commission, notes that are: 1037
- (i) for proper corporate purposes; 1038
- (ii) not otherwise in violation of the law; and 1039
- (iii) payable at periods totaling not more than 12 months after the 1040
date of issuance. 1041

(2) Except as authorized under subsection (b) or (c) of this section, notes issued under paragraph (1) of this subsection may not be refunded directly or indirectly, wholly or partly, by an evidence of indebtedness running for more than 12 months.

6-103.

(a) This section applies only to public service companies that **[are]** OPERATE IN Maryland **[corporations]**.

(b) (1) A public service company may not:

(i) capitalize or issue bonds against or as lien on a contract for consolidation, merger, or lease; or

(ii) except as provided in paragraph (2) of this subsection, capitalize a franchise or the right to own a franchise.

(2) A public service company may capitalize a franchise or right to own a franchise in an amount not exceeding the amount, exclusive of any tax or annual charge, actually paid to the State or a political subdivision as consideration for the grant of the franchise or right.

(c) The stated capital, as determined under Title 2, Subtitle 3 of the Corporations and Associations Article, of a public service company formed by a merger or consolidation of corporations may not exceed, solely by virtue of the merger or consolidation, the stated capital of the corporations merged or consolidated plus any additional sum paid in cash.

(d) (1) This subsection does not apply to the capitalization of a franchise to be a public service company.

(2) Notwithstanding any other provision of this article, the Commission may approve the capitalization of tangible and intangible property of:

(i) a newly chartered public service company; or

(ii) a public service company organized or reorganized by the purchaser of the franchise and property of its predecessor at a sale under judicial proceedings, mortgage, or deed of trust.

(3) Capitalization under paragraph (2) of this subsection shall be in the amount and form that the Commission considers reasonably necessary to enable the public service company to obtain the capital necessary to establish itself as a going concern.

6-105.

(A) IN THIS SECTION, "AFFILIATE" HAS THE MEANING STATED IN § 7-501 OF THIS ARTICLE.

(B) (1) THE GENERAL ASSEMBLY FINDS THAT:

(I) EXISTING LEGISLATION REQUIRES THE APPROVAL BY THE COMMISSION OF THE ACQUISITION BY ONE PUBLIC SERVICE COMPANY OF ANOTHER PUBLIC SERVICE COMPANY'S STOCKS AND OBLIGATIONS, BUT DOES NOT REQUIRE THE COMMISSION'S APPROVAL OF THESE ACQUISITIONS BY PERSONS NOT ENGAGED IN THE PUBLIC UTILITY BUSINESS IN THE STATE; AND

(II) AN ATTEMPT BY A PERSON NOT ENGAGED IN THE PUBLIC UTILITY BUSINESS IN THE STATE TO ACQUIRE THE POWER TO EXERCISE ANY SUBSTANTIAL INFLUENCE OVER THE POLICIES AND ACTIONS OF A PUBLIC SERVICE COMPANY THAT PROVIDES ELECTRICITY OR GAS IN THE STATE COULD RESULT IN HARM TO THE CUSTOMERS OF THE PUBLIC SERVICE COMPANY, INCLUDING THE DEGRADATION OF UTILITY SERVICES, HIGHER RATES, WEAKENED FINANCIAL STRUCTURE, AND DIMINUTION OF UTILITY ASSETS.

(2) THE GENERAL ASSEMBLY DECLARES THAT IT IS THE POLICY OF THE STATE TO REGULATE ACQUISITIONS BY PERSONS THAT ARE NOT ENGAGED IN THE PUBLIC UTILITY BUSINESS IN THE STATE OF THE POWER TO EXERCISE ANY SUBSTANTIAL INFLUENCE OVER THE POLICIES AND ACTIONS OF A PUBLIC SERVICE

6lr0001

COMPANY THAT PROVIDES ELECTRICITY OR GAS IN THE STATE IN ORDER TO 1095
PREVENT UNNECESSARY AND UNWARRANTED HARM TO THE CUSTOMERS OF THE 1096
PUBLIC SERVICE COMPANY. 1097

(C) THIS SECTION APPLIES TO THE ACQUISITION OF AN ELECTRIC COMPANY 1098
OR A GAS COMPANY. 1099

(D) WITHOUT PRIOR AUTHORIZATION FROM THE COMMISSION, A PERSON 1100
MAY NOT ACQUIRE, DIRECTLY OR INDIRECTLY, THE POWER TO EXERCISE ANY 1101
SUBSTANTIAL INFLUENCE OVER THE POLICIES AND ACTIONS OF AN ELECTRIC 1102
COMPANY OR GAS COMPANY, IF THE PERSON WOULD BECOME AN AFFILIATE OF THE 1103
ELECTRIC COMPANY OR GAS COMPANY AS A RESULT OF THE ACQUISITION. 1104

(E) AN APPLICATION FOR AUTHORIZATION UNDER SUBSECTION (D) OF THIS 1105
SECTION MUST INCLUDE DETAILED INFORMATION REGARDING: 1106

(1) THE APPLICANT'S IDENTITY AND FINANCIAL ABILITY; 1107

(2) THE BACKGROUND OF THE KEY PERSONNEL ASSOCIATED WITH THE 1108
APPLICANT; 1109

(3) THE SOURCE AND AMOUNTS OF FUNDS OR OTHER CONSIDERATION 1110
TO BE USED IN THE ACQUISITION; 1111

(4) THE APPLICANT'S COMPLIANCE WITH FEDERAL LAW IN CARRYING 1112
OUT THE ACQUISITION; 1113

(5) WHETHER THE APPLICANT OR THE KEY PERSONNEL ASSOCIATED 1114
WITH THE APPLICANT HAVE VIOLATED ANY STATE OR FEDERAL STATUTES 1115
REGULATING THE ACTIVITIES OF PUBLIC SERVICE COMPANIES; 1116

(6) ALL DOCUMENTS RELATING TO THE TRANSACTION GIVING RISE TO 1117
THE APPLICATION; 1118

(7) THE APPLICANT'S EXPERIENCE IN OPERATING PUBLIC SERVICE 1119
COMPANIES PROVIDING ELECTRICITY; 1120

(8) THE APPLICANT'S PLAN FOR OPERATING THE PUBLIC SERVICE COMPANY;	1121 1122
(9) HOW THE ACQUISITION WILL SERVE THE CUSTOMERS OF THE PUBLIC SERVICE COMPANY IN THE PUBLIC INTEREST, CONVENIENCE, AND NECESSITY; AND	1123 1124 1125
(10) ANY OTHER INFORMATION THAT THE COMMISSION MAY SPECIFY BY REGULATION OR ORDER.	1126 1127
(F) (1) THE COMMISSION PROMPTLY SHALL:	1128
(I) EXAMINE AND INVESTIGATE EACH APPLICATION RECEIVED UNDER THIS SECTION; AND	1129 1130
(II) UNDERTAKE ANY PROCEEDINGS NECESSARY OR CONVENIENT TO REVIEW THE APPLICATION IN ACCORDANCE WITH TITLE 3 OF THIS ARTICLE AND ISSUE AN ORDER CONCERNING THE ACQUISITION.	1131 1132 1133
(2) THE COMMISSION SHALL CONSIDER THE FOLLOWING FACTORS IN CONSIDERING AN ACQUISITION UNDER THIS SECTION:	1134 1135
(I) THE POTENTIAL IMPACT OF THE ACQUISITION ON RATES AND CHARGES PAID BY CUSTOMERS AND ON THE SERVICES AND CONDITIONS OF OPERATION OF THE PUBLIC SERVICE COMPANY;	1136 1137 1138
(II) THE POTENTIAL IMPACT OF THE ACQUISITION ON CONTINUING INVESTMENT NEEDS FOR THE MAINTENANCE OF UTILITY SERVICES, PLANT, AND RELATED INFRASTRUCTURE;	1139 1140 1141
(III) THE PROPOSED CAPITAL STRUCTURE THAT WILL RESULT FROM THE ACQUISITION, INCLUDING ALLOCATION OF EARNINGS FROM THE PUBLIC SERVICE COMPANY;	1142 1143 1144
(IV) THE POTENTIAL EFFECTS ON EMPLOYMENT BY THE PUBLIC SERVICE COMPANY;	1145 1146

(V) THE PROJECTED ALLOCATION OF ANY SAVINGS THAT ARE EXPECTED TO THE PUBLIC SERVICE COMPANY BETWEEN STOCKHOLDERS AND RATE PAYERS;	1147 1148 1149
(VI) ISSUES OF RELIABILITY, QUALITY OF SERVICE, AND QUALITY OF CUSTOMER SERVICE;	1150 1151
(VII) THE POTENTIAL IMPACT OF THE ACQUISITION ON COMMUNITY INVESTMENT;	1152 1153
(VIII) AFFILIATE AND CROSS-SUBSIDIZATION ISSUES;	1154
(IX) THE USE OR PLEDGE OF UTILITY ASSETS FOR THE BENEFIT OF AN AFFILIATE;	1155 1156
(X) JURISDICTIONAL AND CHOICE-OF-LAW ISSUES; AND	1157
(XI) ANY OTHER ISSUES THE COMMISSION CONSIDERS RELEVANT TO THE ASSESSMENT OF ACQUISITION IN RELATION TO THE PUBLIC INTEREST, CONVENIENCE, AND NECESSITY.	1158 1159 1160
(3) (I) IF THE COMMISSION FINDS THAT THE ACQUISITION IS CONSISTENT WITH THE PUBLIC INTEREST, CONVENIENCE, AND NECESSITY, AND DOES NO HARM TO CONSUMERS, THE COMMISSION SHALL ISSUE AN ORDER GRANTING THE APPLICATION.	1161 1162 1163 1164
(II) THE COMMISSION MAY CONDITION AN ORDER AUTHORIZING THE ACQUISITION ON THE APPLICANT'S SATISFACTORY PERFORMANCE OR ADHERENCE TO SPECIFIC REQUIREMENTS.	1165 1166 1167
(4) IF THE COMMISSION DOES NOT FIND THAT THE ACQUISITION IS CONSISTENT WITH THE PUBLIC INTEREST, CONVENIENCE, AND NECESSITY, OR THAT THE ACQUISITION WOULD NOT HARM CONSUMERS, THE COMMISSION SHALL ISSUE AN ORDER DENYING THE APPLICATION.	1168 1169 1170 1171
(5) THE APPLICANT BEARS THE BURDEN OF SHOWING THAT GRANTING	1172

THE ACQUISITION IS CONSISTENT WITH THE PUBLIC INTEREST, CONVENIENCE, AND 1173
NECESSITY, AND DOES NO HARM TO CONSUMERS. 1174

(G) NOTHING IN THIS SECTION PROHIBITS DISSEMINATION BY ANY PARTY OF 1175
INFORMATION CONCERNING THE ACQUISITION IF THE DISSEMINATION DOES NOT 1176
OTHERWISE CONFLICT WITH FEDERAL OR STATE LAW. 1177

SECTION 4. AND BE IT FURTHER ENACTED, That any approval by the 1178
Public Service Commission of a merger between FPL Group, Inc., and Constellation 1179
Energy Group, Inc., pending as of the effective date of this Act must include the 1180
following conditions: 1181

(1) the transaction may not allow the transfer of facilities between 1182
Florida Power & Light Company or Baltimore Gas and Electric Company and an 1183
associate company; 1184

(2) the transaction may not allow the new issuances of securities by 1185
Florida Power & Light Company or Baltimore Gas and Electric Company for the 1186
benefit of an associate company; 1187

(3) the transaction may not allow new pledges or encumbrances of assets 1188
of Florida Power & Light Company or Baltimore Gas and Electric Company for the 1189
benefit of an associate company; 1190

(4) the transaction may not allow new affiliate contracts between 1191
nonutility associate companies and Florida Power & Light Company or Baltimore Gas 1192
and Electric Company, other than for goods and services subject to review under §§ 1193
205 and 206 of the Federal Power Act; and 1194

(5) any savings realized as a result of the merger must be applied in part 1195
to the elimination of carrying charges and the delay of increases in residential electric 1196
rates approved by the Public Service Commission in Case No. 9052 or successor 1197
proceedings. 1198

SECTION 5. AND BE IT FURTHER ENACTED, That: 1199

(a) The Public Service Commission may not take final action to approve or disapprove a merger between FPL Group, Inc., and Constellation Energy Group, Inc., pending as of the effective date of this Act until five members of the Commission have been appointed and qualified in accordance with Section 12 of this Act.

(b) The Public Service Commission appointed in accordance with Section 12 of this Act shall:

(1) conduct investigatory and evidentiary proceedings, including the use of any necessary outside experts and consultants, to reevaluate the general regulatory structure, agreements, orders, and other prior actions of the Public Service Commission under the Electric Customer Choice and Competition Act of 1999, including the determination of and allowances for stranded costs;

(2) on or before December 31, 2006, report the results of that reevaluation to the General Assembly in accordance with § 2-1246 of the State Government Article;

(3) review the proposed merger between FPL Group, Inc., and Constellation Energy Group, Inc., in accordance with the standards and procedures contained in § 6-105 of the Public Utility Companies Article, as enacted by this Act;

(4) provide to residential customers of the Baltimore Gas and Electric Company funds for mitigation of rate increases including:

(i) any adjustment, in favor of those customers, to allowances for stranded costs for assets that were transferred from Baltimore Gas and Electric Company to an affiliate; and

(ii) any funds identified by the Commission as properly allocated to Baltimore Gas and Electric Company and its residential customers as conditions of approval of the merger between FPL Group, Inc., and Constellation Energy Group, Inc.; and

(5) require that any funds for mitigating rates for residential electric

customers under item (4) of this subsection must be in the form of a nonbypassable credit on the customer's bill, and may not be recovered subsequently from those customers in rates or otherwise.

SECTION 6. AND BE IT FURTHER ENACTED, That:

(a) Starting January 1, 2007, the investor-owned electric company incorporated in Maryland whose parent is involved in a merger on the effective date of this Act shall determine and apply residential electric credits totaling \$38,661,980 each year for a period of 10 years to the bills of all residential electric customers of the electric company.

(b) The credits shall be in the form of a nonbypassable credit on the customer's bill, derived as follows:

(1) for a period of 10 years, the electric company shall suspend the collection of the residential return component of the administrative charge collected by the electric company for providing standard offer service under § 7-510(c)(3) of the Public Utility Companies Article, which shall be deemed a value of \$20 million; and

(2) for a period of 10 years, a credit of the \$18,661,980 annual nuclear decommissioning charge collected, without otherwise disturbing the agreement approved by the Maryland Public Service Commission in Order No. 75757, to be imputed as deposits in the Nuclear Decommissioning Trust Fund and to be credited against residential electric customer bills.

(c) The nuclear decommissioning charge described in subsection (b)(2) of this section may not be altered during the 10-year period of the credit.

(d) Residential electric customer credits may not be recovered through electric rates.

SECTION 7. AND BE IT FURTHER ENACTED, That:

(a) The Public Service Commission appointed in accordance with Section 12 of

this Act shall initiate an evidentiary proceeding to study and evaluate the status of electric restructuring in the State as it pertains to the availability of competitive generation to residential and small commercial customers and the structure, procurement, and terms and conditions of standard offer service for residential and small commercial customers. In its evaluation, the Commission shall consider changes that are necessary to provide residents the benefit of a reliable electric system at the best possible price and options for reregulation, if advisable.

(b) Among other considerations, the Commission shall consider the implications of the following:

(1) requiring or allowing investor-owned electric companies to purchase electricity by competitive or negotiated contracts of various durations or through other appropriate methods to minimize price volatility;

(2) allowing investor-owned electric companies to construct or acquire peak-load or other generating plants and associated transmission lines;

(3) providing a process, at the time bids by investor-owned electric companies for electricity supply are obtained for the standard offer service, to solicit bids for the procurement of energy efficiency and conservation measures and services if energy efficiency and conservation measures and services are less expensive than electricity generation;

(4) providing a process to allow investor-owned electric companies to obtain a portion of its electricity supply for standard offer service through the negotiation of bilateral contracts with wholesale electricity suppliers, either in conjunction with or outside of procurement through competitive wholesale auctions; and

(5) allowing opt-out aggregation of residential electric customer demand by local governments.

(c) On or before December 31, 2006, the Commission shall report to the

Governor and, in accordance with § 2–1246 of the State Government Article, to the
General Assembly on its findings and recommendations.

(d) (1) The Commission may not implement any of the actions under
subsection (b)(1) through (4) of this section that are otherwise authorized by this Act
unless the Commission finds that the action is in the public interest.

(2) On or before December 31, 2006, and based on its consideration of
energy efficiency and conservation measures under subsection (b)(3) of this section,
the Commission shall establish, by regulation or order:

(i) the process for procurement of energy and conservation
measures and services; and

(ii) criteria to evaluate bids that are submitted for energy and
conservation measures and services.

(3) As a part of its review of electric restructuring in the State as it
pertains to the availability of competitive generation to residential and small
commercial customers and the structure, procurement, and terms and conditions of
standard offer service for residential and small commercial customers, the
Commission shall adopt a uniform definition of a “small commercial customer” for
purposes of standard offer service that applies in all service territories in the State.

(e) The requirement to study opt–out local governmental aggregation under
subsection (b)(5) of this section may not be construed to interfere with any pilot
program to implement local aggregation in existence on the effective date of this Act.

SECTION 8. AND BE IT FURTHER ENACTED, That, notwithstanding the rate
cap imposed in accordance with § 7–505(d) of the Public Utility Companies Article and
implementing settlement agreements and orders, the Public Service Commission, on
its own initiative or on request of an electric company in the service territory of which
a rate cap or freeze expires after July 1, 2006, shall initiate a proceeding to
investigate options available to implement a rate mitigation plan or rate stabilization

plan, including renegotiation of a settlement agreement to allow a portion of the residential electric supply in that service territory to be procured at market rates so that the full residential electricity rates in that service territory are not exposed to volatile market conditions at one time, while ensuring that residential customers in that service territory obtain the full value of the savings provided under the existing rate cap.

SECTION 9. AND BE IT FURTHER ENACTED, That:

(a) (1) The State Department of Assessments and Taxation shall study whether the current valuation of power plants in the State for property tax purposes and any proposed change to the current method of valuation provides an adequate and equitable determination of the value of power plants in a restructured electric industry.

(2) The study shall include the potential fiscal impact to the State, counties, and electric companies and their affiliates of any proposed change to the current method of valuation.

(b) In conducting the study under subsection (a) of this section, the Department shall hire a consultant with expertise in plant valuation.

(c) The Department shall report to the Governor and, in accordance with § 2-1246 of the State Government Article, to the General Assembly on or before December 31, 2006, on its findings and recommendations.

(d) The Department may not change the current method of valuation before May 1, 2007.

SECTION 10. AND BE IT FURTHER ENACTED, That, notwithstanding any other provision of law, for fiscal year 2007 only:

(a) After making the distribution required under § 2-613 of the Tax – General Article, but before making the distributions required under §§ 2-614 and 2-615 of the Tax – General Article, from the remaining income tax revenue from corporations, the

Comptroller shall distribute \$6,000,000 to the Electric Universal Service Fund 1334
established under § 7-512.1 of the Public Utility Companies Article. 1335

(b) The funds distributed to the Electric Universal Service Fund under this 1336
section: 1337

(1) shall be in addition to the funds collected for the electric universal 1338
service program under § 7-512.1(e) of the Public Utility Companies Article; 1339

(2) may not be returned to customers under § 7-512.1(b)(3) of the Public 1340
Utility Companies Article; and 1341

(3) shall be administered by the Department of Human Resources and 1342
disbursed as bill assistance and arrearage retirement funds without regard to the 1343
limitation on retirement of arrearages under § 7-512.1(a)(2)(iii) of the Public Utility 1344
Companies Article. 1345

SECTION 11. AND BE IT FURTHER ENACTED, That: 1346

(a) The Public Service Commission shall study: 1347

(1) the impact of the costs of rising fuel prices on residential consumers 1348
by obtaining on a monthly basis, for electric customers and gas customers, for each 1349
company and category of service: 1350

(i) the number of residential utility turn-off notices issued in 1351
Maryland; 1352

(ii) the number of residential customer turn-offs in Maryland; 1353

(iii) the number of residential re-connections established in 1354
Maryland; and 1355

(iv) the gross amount of residential customer arrearages for each 1356
class of customers in Maryland; and 1357

(2) potential programs to mitigate the impact of these costs on 1358

low-income residential customers, including:	1359
(i) percentage of income plans; and	1360
(ii) tiered rate structure plans.	1361
(b) On or before October 1 of 2006 through 2010, the Commission shall report the information obtained under subsection (a)(1) of this section to the Senate Finance Committee and the House Economic Matters Committee in accordance with § 2-1246 of the State Government Article and shall publish the report for the benefit of the public.	1362 1363 1364 1365 1366
(c) On or before December 31, 2006, the Public Service Commission shall submit to the Senate Finance Committee and the House Economic Matters Committee a report of its recommendations for the adoption and feasibility of any appropriate mitigation programs studied under subsection (a)(2) of this section and shall publish the report for the benefit of the public.	1367 1368 1369 1370 1371
SECTION 12. AND BE IT FURTHER ENACTED, That, notwithstanding the provisions of § 2-102 of the Public Utility Companies Article, as enacted by this Act, except for subsection (d)(3), and notwithstanding the provision of § 2-103 of the Public Utility Companies Article, as enacted by this Act, except for subsection (b)(2):	1372 1373 1374 1375
(1) the term of office of the chairman and each commissioner of the Public Service Commission serving on the effective date of this Act shall terminate at the end of June 30, 2006;	1376 1377 1378
(2) on or before July 1, 2006, the President of the Senate of Maryland and the Speaker of the House of Delegates shall present:	1379 1380
(i) a list, containing at least three names, from which the Governor shall select a new Chairman of the Public Service Commission in accordance with this Act;	1381 1382 1383
(ii) a second list, containing at least ten names, from which the	1384

Governor shall select four other new commissioners of the Public Service Commission 1385
in accordance with this Act; 1386

(3) if the Governor fails to appoint five members to the Public Service 1387
Commission by July 15, 2006: 1388

(i) the President and the Speaker promptly shall appoint the 1389
members needed to complete the Commission's fully authorized membership; and 1390

(ii) the Executive Secretary of the Public Service Commission shall 1391
be authorized to act on behalf of the Commission in carrying out ministerial functions 1392
until the fully authorized membership has been appointed; 1393

(4) the members of the Commission appointed under this section do not 1394
require confirmation by the Senate; 1395

(5) a name may appear on both lists under item (2) of this section; and 1396

(6) the terms of office of the members of the Public Service Commission 1397
appointed under this section shall expire as follows: 1398

(i) one commissioner at the end of June 30, 2007; 1399

(ii) one commissioner at the end of June 30, 2008; 1400

(iii) the Chairman at the end of June 30, 2009; 1401

(iv) one commissioner at the end of June 30, 2010; and 1402

(v) one commissioner at the end of June 30, 2011. 1403

SECTION 13. AND BE IT FURTHER ENACTED, That, notwithstanding the 1404
provisions of § 2-202 of the Public Utility Companies Article, as enacted by this Act, 1405
the People's Counsel serving as of June 30, 2006, shall continue in office to serve at 1406
the pleasure of the Attorney General until a successor is appointed and qualifies in 1407
accordance with § 2-202 of the Public Utility Companies Article, as enacted by this 1408
Act. 1409

SECTION 14. AND BE IT FURTHER ENACTED, That a member of the Public Service Commission or a People’s Counsel appointed under Section 12 or Section 13 of this Act need not be required to recuse himself or herself from any matter before the Commission under this Act on account of prior involvement in the matter in another capacity.

SECTION 15. AND BE IT FURTHER ENACTED, That:

(a) In order to protect the interests of the State and the citizens of Maryland and consistent with the intent of the General Assembly, in accordance with Article V, Section 3 of the Maryland Constitution, the Attorney General is hereby directed to intervene and participate in the Public Service Commission, Case No. 9054 and in any other hearings or other proceedings before the Public Service Commission or any other appropriate State or federal unit, or any case brought before any court of competent jurisdiction in the State or any federal court, regarding the merger of FPL Group, Inc., and Constellation Energy Group, Inc.

(b) The costs and expenses associated with the intervention and participation by the Attorney General in hearings and other proceedings regarding the merger of FPL Group, Inc., and Constellation Energy Group, Inc., not exceeding \$500,000, shall be borne by the public service companies that are subject to the Public Service Commission’s jurisdiction in the same manner as the Commission’s costs and expenses are assessed, collected, and disbursed under §§ 2–110 and 2–110.1 of the Public Utility Companies Article.

SECTION 16. AND BE IT FURTHER ENACTED, That except as expressly provided to the contrary in this Act, any transaction affected by or flowing from any statute here amended, and validly entered into before the effective date of this Act and every right, duty, or interest flowing from it remains valid after the effective date of this Act and may be terminated, completed, consummated, or enforced pursuant to law.

SECTION 17. AND BE IT FURTHER ENACTED, That except as otherwise 1437
provided in this Act, all permits and licenses, applications for permits and licenses, 1438
tariffs, rules and regulations, proposed rules and regulations, standards and 1439
guidelines, proposed standards and guidelines, orders and other directives, forms, 1440
plans, memberships, special funds, appropriations, grants, applications for grants, 1441
contracts, properties, investigations, administrative and judicial proceedings, rights 1442
to sue and be sued, and all other duties and responsibilities of the Public Service 1443
Commission and the Office of People’s Counsel, respectively, shall continue in effect 1444
under the Commission and the Office, respectively, or the appropriate unit within the 1445
Commission or the Office, until completed, withdrawn, canceled, modified, or 1446
otherwise changed pursuant to law. 1447

SECTION 18. AND BE IT FURTHER ENACTED, That: 1448

(a) Pursuant to Article III, § 52(14) of the Maryland Constitution, in addition 1449
to the amounts provided under Chapter 216 of the Acts of 2006 (The Budget Bill), the 1450
following appropriations shall be made for fiscal year 2007 to implement the 1451
requirements of this Act: 1452

(1) Department of Assessments and Taxation 1453

E50C00.01 Executive Direction..... \$250,000 General Funds 1454

(2) Public Service Commission 1455

C90G00.01 General Administration and Hearings.. \$750,000 Special 1456

Funds 1457

(3) People’s Counsel 1458

C91H00.01 General Administration..... \$500,000 Special Funds 1459

(4) Attorney General 1460

C81C00.01 Legal Counsel and Advice..... \$500,000 Special Funds 1461

(b) Special funds appropriated in this section shall be recovered through the 1462

assessment on public utilities authorized under § 2-110 of the Public Utility Companies Article. 1463
1464

SECTION 19. AND BE IT FURTHER ENACTED, That, notwithstanding any other provision of law, if any action is brought for declaratory, injunctive, or other relief to challenge the constitutionality or legality of any provision of this Act or any amendment made by this Act, the following rules shall apply: 1465
1466
1467
1468

(1) The action shall be filed in the Circuit Court of Baltimore City. 1469

(2) The Attorney General, on behalf of the State, has an unconditional right to intervene and participate as a party in all aspects, including but not limited to the presentation of evidence and legal argument. 1470
1471
1472

(3) A final decision of the Circuit Court shall be reviewable by appeal directly to the Court of Appeals of Maryland. Any such appeal shall be taken by the filing of a notice of appeal within 10 days after the entry of the final decision. 1473
1474
1475

(4) It shall be the duty of the Circuit Court and the Court of Appeals to advance on the docket and to expedite to the greatest possible extent the disposition of the action and the appeal. 1476
1477
1478

(5) No State funds may be spent directly or indirectly by any officer or unit of State government to challenge any provision of this Act, or to pay private counsel to challenge any provision of this Act, in a State court or federal court. 1479
1480
1481

SECTION 20. AND BE IT FURTHER ENACTED, That, notwithstanding § 7-510(c)(3) of the Public Utility Companies Article, as enacted by this Act: 1482
1483

(1) an electric company is allowed to recover the costs of electricity for which it has contracted before the effective date of this Act to provide standard offer service; and 1484
1485
1486

(2) an electric company that is collecting an authorized reasonable return for providing standard offer service under an extension of the obligation to 1487
1488

provide that service in a service territory in which a rate cap or freeze under § 1489
7–505(d) of the Public Utility Companies Article is no longer in effect may continue to 1490
collect the return until the termination of the extension. 1491

SECTION 21. AND BE IT FURTHER ENACTED, That the provisions of Section 1492
3 of this Act relating to the holding of stock by a corporation operating in Maryland 1493
shall be construed to apply only prospectively and may not be applied or interpreted 1494
to have any effect on or application to any stock acquired before the effective date of 1495
this Act. 1496

SECTION 22. AND BE IT FURTHER ENACTED, That: 1497

(a) If any provision of this Act or the application thereof to any person or 1498
circumstance is held invalid for any reason in a court of competent jurisdiction, the 1499
invalidity does not affect other provisions or any other application of this Act which 1500
can be given effect without the invalid provision or application, and for this purpose 1501
the provisions of this Act are declared severable. 1502

(b) If § 12(1) of this Act is held invalid, then the term of the Chairman and 1503
each member of the Public Service Commission is eliminated and these public officers 1504
serve at the pleasure of the Attorney General, who is authorized to terminate their 1505
service and appoint their successors. 1506

(c) If § 12(2) and (3) of this Act are held invalid, then the Attorney General 1507
shall appoint the Chairman and each member of the Public Service Commission in 1508
accordance with the remaining provisions of § 12 of this Act. 1509

SECTION 23. AND BE IT FURTHER ENACTED, That Section 2 of this Act 1510
shall be applicable to all taxable years beginning after December 31, 2005. 1511

SECTION 24. AND BE IT FURTHER ENACTED, That Section 3 of this Act 1512
shall take effect January 1, 2007. 1513

SECTION 25. AND BE IT FURTHER ENACTED, That this Act is an emergency 1514
measure, is necessary for the immediate preservation of the public health or safety, 1515

6lr0001

has been passed by a yea and nay vote supported by three-fifths of all the members 1516
elected to each of the two Houses of the General Assembly, and shall, except as 1517
provided in Section 24 of this Act, take effect from the date it is enacted. If this Act 1518
does not secure sufficient votes to pass as an emergency measure, it shall take effect 1519
July 1, 2006, pursuant to Article III, § 31 of the Maryland Constitution. 1520