HOUSE BILL 984

C5 5lr2286

By: **Delegate Crosby**
Introduced and read first time: January 31, 2025
Assigned to: Economic Matters

Committee Report: Favorable with amendments
House action: Adopted
Read second time: February 27, 2025

CHAPTER ______

AN ACT concerning

Public Utilities – Electric Cooperatives – Rate Proceedings

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

BY repealing and reenacting, with amendments,
Article – Public Utilities
Section 4–207
Annotated Code of Maryland
(2020 Replacement Volume and 2024 Supplement)

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

Article – Public Utilities

4–207.

(a) This section applies only to**:**

EXPLANATION: **CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**
[Brackets**]** indicate matter deleted from existing law.
Underlining indicates amendments to bill.
~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

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

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

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

(2) The Commission shall:

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

(ii) order the **ELECTRIC COOPERATIVE OR THE** company to publish a display advertisement about the proposal in newspapers of general circulation in its service area<u>**; AND**</u>

<u>**(III) ORDER THE ELECTRIC COOPERATIVE TO CONDUCT A PUBLIC HEARING IN ACCORDANCE WITH THE REQUIREMENTS OF § 3–104 OF THIS ARTICLE**</u>.

(3) Proceedings under this section shall:

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

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

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

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

(6) The final order shall:

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

(ii) state whether further proceedings shall be held.

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

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

(i) modify the rate structure;

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

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

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

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

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

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

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

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

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

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

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.