

DETERMINED BY THE FEDERAL ENERGY REGULATORY COMMISSION UNDER THE PUBLIC UTILITY REGULATORY POLICIES ACT OF 1978.

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

Article - Tax - General

8-406.

(A) A public service company may claim a credit against the public service company franchise tax equal to the estimated tax paid under § 8-405(b) of this subtitle.

(B) A PUBLIC SERVICE COMPANY, INCLUDING ANY MULTIJURISDICTIONAL PUBLIC SERVICE COMPANY, MAY CLAIM A CREDIT AGAINST THE PUBLIC SERVICE COMPANY FRANCHISE TAX IN THE AMOUNT OF \$3 FOR EACH TON OF MARYLAND-MINED COAL THAT THE PUBLIC SERVICE COMPANY PURCHASED IN THE CALENDAR YEAR IN EXCESS OF THE NUMBER OF TONS OF MARYLAND-MINED COAL THAT THE PUBLIC SERVICE COMPANY PURCHASED IN 1986. THIS CREDIT SHALL REDUCE THE COST OF COAL FOR THE PURPOSE OF FUEL RATE ADJUSTMENTS.

(c) A PUBLIC SERVICE COMPANY ELIGIBLE FOR A CREDIT UNDER SUBSECTION (B) OF THIS SECTION SHALL BE ELIGIBLE TO RECEIVE THAT CREDIT FOR ENERGY:

(1) THAT WAS PURCHASED FROM A COGENERATOR THAT IS NOT ELIGIBLE FOR THE CREDIT UNDER SUBSECTION (B) OF THIS SECTION;

(2) THAT WAS PRODUCED BY MARYLAND-MINED COAL; AND

(3) IF THE PUBLIC SERVICE COMPANY FILES AN OATH, PURSUANT TO § 1-203 OF THIS ARTICLE, THAT STATES THE EXACT AMOUNT OF MARYLAND-MINED COAL USED TO PRODUCE THE ENERGY THAT WAS PURCHASED FROM THE COGENERATOR:

(1) IN THE CALENDAR YEAR IN EXCESS OF THE NUMBER OF TONS OF MARYLAND-MINED COAL THAT THE PUBLIC SERVICE COMPANY PURCHASED IN 1986; OR

(2) IN THE FORM OF ENERGY:

(I) FROM A COGENERATOR THAT IS NOT ELIGIBLE FOR THE CREDIT UNDER PARAGRAPH (1) OF THIS SUBSECTION;

(II) THAT WAS PRODUCED BY MARYLAND-MINED COAL THAT THE COGENERATOR PURCHASED IN THE CALENDAR YEAR IN EXCESS OF THE AMOUNT OF MARYLAND-MINED COAL THAT THE COGENERATOR PURCHASED IN 1986 AND FOR WHICH THE COMPANY, INCLUDING A MULTIJURISDICTIONAL PUBLIC SERVICE COMPANY, FILES A STATEMENT OF