

PRECEDING THE INITIAL IMPLEMENTATION OF CUSTOMER CHOICE IN THE ELECTRIC COMPANY'S DISTRIBUTION TERRITORY.

(2) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, THE CAP REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION DOES NOT APPLY TO THE RECOVERY OF COSTS ADDED AFTER JANUARY 1, 2000, IN ACCORDANCE WITH § 7-512(C) OF THIS SUBTITLE.

(II) THE CAP REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION APPLIES TO THE RECOVERY OF:

1. ANY TRANSITION COSTS UNDER § 7-513 OF THIS SUBTITLE;

2. ANY COSTS INCLUDED IN RATES ON JANUARY 1, 2000, IN ACCORDANCE WITH § 7-512(C) OF THIS SUBTITLE; AND

3. COSTS FOR THE UNIVERSAL SERVICE PROGRAM ESTABLISHED UNDER § 7-512.1 OF THIS SUBTITLE.

(3) AS PART OF A SETTLEMENT, THE COMMISSION MAY APPROVE A CAP FOR A DIFFERENT TIME PERIOD OR AN ALTERNATIVE PRICE PROTECTION PLAN THAT THE COMMISSION DETERMINES IS EQUALLY PROTECTIVE OF RATEPAYERS.

(4) (I) 1. SUBJECT TO THE PROVISIONS OF PARAGRAPH (5) OF THIS SUBSECTION, THE COMMISSION SHALL REDUCE RESIDENTIAL RATES FOR EACH INVESTOR-OWNED ELECTRIC COMPANY BY AN AMOUNT BETWEEN 3% AND 7.5% OF BASE RATES, AS MEASURED ON JUNE 30, 1999.

2. THE REDUCTION REQUIRED UNDER SUB-SUBPARAGRAPH 1 OF THIS SUBPARAGRAPH SHALL BEGIN ON THE INITIAL IMPLEMENTATION DATE AND REMAIN IN EFFECT FOR 4 YEARS.

3. THE COMMISSION SHALL DETERMINE THE ALLOCATION OF THE RATE REDUCTION AMONG THE GENERATION, TRANSMISSION, AND DISTRIBUTION RESIDENTIAL RATE COMPONENTS.

(II) IN ACHIEVING THE RATE REDUCTION REQUIRED UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH, THE COMMISSION SHALL CONSIDER:

1. THE EXPIRATION OF ANY SURCHARGE;
2. CHANGES IN THE ELECTRIC COMPANY'S TAX LIABILITY;
3. COST OF SERVICE DETERMINATIONS ORDERED BY THE COMMISSION;

4. NET TRANSITION COSTS OR BENEFITS;
5. THE EFFECT ON THE COMPETITIVE ELECTRICITY SUPPLY MARKET;

6. WHETHER THE RATE REDUCTION AND RATE CAP WILL UNDULY IMPAIR THE ELECTRIC COMPANY'S FINANCIAL CONDITION;