

allow an investor-owned electric company to construct, acquire, or lease, and operate, its own generating facilities, and transmission facilities necessary to interconnect the generating facilities with the electric grid, subject to appropriate cost recovery.

(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 total electricity rates, shall conduct evidentiary proceedings, including public hearings.

(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.

2. A deferral of costs under this paragraph must be just, reasonable, and in the public interest.

(iii) The Commission shall approve the recovery of deferred costs under subparagraph (ii) of this paragraph as:

1. long-term recovery in accordance with a rate stabilization plan under Part III of this subtitle; or

2. short-term recovery through a rate proceeding mechanism approved by the Commission.

(iv) The Commission may approve a phasing in of increased costs by:

1. placing a cap on rates and allowing recovery over time; or

2. allowing rates to increase and providing for a rebate to customers of any excess costs paid.

(8) (I) AN ELECTRIC COOPERATIVE THAT AS OF JULY 1, 2006, SUPPLIED ITS STANDARD OFFER SERVICE LOAD THROUGH A PORTFOLIO OF BLENDED WHOLESALE SUPPLY CONTRACTS OF SHORT, MEDIUM, AND LONG TERMS, AND OTHER APPROPRIATE ELECTRICITY PRODUCTS AND STRATEGIES, AS NEEDED TO MEET DEMAND IN A COST-EFFECTIVE MANNER, MAY CHOOSE TO CONTINUE TO USE A BLENDED PORTFOLIO:

~~(H) WITHOUT APPROVAL OF THE COMMISSION;~~