

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1378
Economic Matters

(Delegates Krysiak and Doory)

Finance

Electric Universal Service Program Fund – Extension

This bill extends the authority of the Public Service Commission (PSC) to retain unexpended funds from the Electric Universal Service Program (EUSP). PSC may retain any funds unexpended on June 30, 2004 through June 30, 2005. The funds may be made available to customers who (1) qualified for assistance from the fund through the end of fiscal 2004; (2) applied for assistance from the fund before July 1, 2004; and (3) remain eligible for assistance at the time services are provided.

The bill is effective June 1, 2004.

Fiscal Summary

State Effect: The FY 2004 budget includes \$30.8 million in special fund expenditures for the program. It is unknown at this time how much, if any, of the FY 2004 special funds will be carried over into FY 2005.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Chapter 95 of 2003, Chapter 263 of 2002, and Chapter 433 of 2001, allowed the Department of Human Resources (DHR) to carry over unexpended funds from one fiscal year to the following fiscal year, due to delays in expenditures caused by administrative difficulties. Chapter 95 of 2003 specified that any unspent program funds

at the end of one fiscal year may be retained and spent in the first three months of the following fiscal year and for an additional three months if the commission determines an extension is necessary. Only customers who qualified for assistance in the fiscal year the funds were retained, who applied before the end of that fiscal year, and who remain eligible at the time services are provided would be eligible for those retained funds. Any retained funds not spent in the following fiscal year must be returned to electric customers in the same proportion they contributed to the fund. The refund must come in the form of a credit toward the customers' following fiscal year's EUSP charge. The PSC's authority to use funds that are unexpended at the end of fiscal 2003 expires under Chapter 95 of 2003 on June 30, 2004.

Chapters 3 and 4 of 1999 required PSC to establish a continuing, nonlapsing EUSP to help electric customers with annual incomes at or below 150% of the federal poverty level. DHR is required to administer the program through the Maryland Energy Assistance Program (MEAP). DHR may contract with a for-profit or nonprofit Maryland corporation existing as of July 1, 1999 to help administer the program. PSC is responsible for overseeing the program. The universal service program includes: (1) bill assistance, at a minimum of 50% of the individual's need; (2) low-income weatherization; and (3) retiring arrearages.

All electric customers financially support the universal service program through a charge collected by each electric company. PSC must determine a fair and equitable way of allocating electric customers' charges among all customer classes. Any universal service program funds not spent must be returned to customers proportionate to how the customer classes paid into the fund.

Background: Under EUSP, the State spent approximately \$31 million in special funds in fiscal 2003 and served 69,797 customers. In fiscal 2003, \$1.9 million in special funds was carried over into fiscal 2004, of which \$1.0 million was set aside for DHR's Weatherization Assistance Program. The program provides weatherization services such as weather stripping, caulking, and plastic window coverings to make homes more energy efficient.

MEAP helps low-income State residents meet heating costs through local administering agencies under the federal Low-Income Home Energy Assistance Act. In fiscal 2003, the State spent \$35.6 million in federal funds and assisted 77,828 people or households.

Additional Information

Prior Introductions: SB 504 of 2003, HB 1130 of 2002, and SB 831 and HB 1291 of 2001, are all similar bills. SB 504 was enacted as Chapter 95 of 2003, HB 1130 was enacted as Chapter 263 of 2002, and SB 831 was enacted as Chapter 433 of 2001. HB 1291 of 2001 was vetoed.

Cross File: None.

Information Source(s): Public Service Commission, Office of People's Counsel, Department of Human Resources, Department of Legislative Services

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