

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

Senate Bill 126 (Senator Lawlah. *et al.*)

Finance

Gas and Electric Companies - Rates - Reductions

This bill establishes a Universal Service Program to provide gas and electric services to low-income customers at a reduced rate based upon ability to pay. The bill requires the Public Service Commission (PSC) to: (1) establish gas and electric service rate reductions for individuals who have a family income at or below 200% of the federal poverty guidelines; (2) implement the bill's requirements; (3) determine the costs and revenues of the program; and (4) submit a report each year to the General Assembly on the program's costs and benefits.

Fiscal Summary

State Effect: None. Any increased workload to the PSC could be handled with existing resources.

Local Effect: None.

Small Business Effect: Minimal.

Fiscal Analysis

Background: Families of 4 earning less than \$16,450 meet the federal poverty guidelines. The number of individuals in Maryland who have a family income below 200% of the federal poverty guidelines is not readily available. Given that there are approximately 120,000 households below 150% of the federal poverty guidelines, it is estimated that there are approximately 200,000 households below 200% of the federal poverty guidelines.

Small Business Effect: This bill requires the PSC to establish gas and electric rate reductions for low-income consumers. The PSC would permit the utility companies to

recover lost revenues resulting from these rate reductions through rate-making proceedings or by imposing a surcharge on gas and electric consumers. As a result, small business consumers of gas and electricity will experience slightly higher electricity bills.

Information Source: Public Service Commission

Fiscal Note History: First Reader - February 10, 1999

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Analysis by: Jo Ellen Jordan

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 946-5510

(301) 970-5510