

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE
Revised

House Bill 1291 (Delegate Guns, *et al.*)

Environmental Matters

Finance

Universal Service Program Fund - Retention

This bill permits any undistributed balance in the Universal Service Program Fund on June 30, 2001 to remain in the fund for disbursement through June 30, 2002 to customers who qualify for assistance from the fund in fiscal 2001 and apply for assistance before July 1, 2001. The bill also requires a report by the Public Service Commission and the Department of Human Resources by October 1, 2001.

The bill is effective June 1, 2001 and sunsets June 30, 2002.

Fiscal Summary

State Effect: The bill's requirements could be handled with existing budgeted resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The bill requires a report to the Governor, the General Assembly, the Senate Finance Committee, and the House Environmental Matters Committee from the Public Service Commission (PSC) and the Department of Human Resources (DHR) by October 1, 2001. The report is to include:

- the level of participation in the universal service program in fiscal 2001;
- the projected needs of the program in fiscal 2002 and fiscal 2003;
- the amounts disbursed from the fund in fiscal 2001;

- the amount in the fund carried over from fiscal 2001 to fiscal 2002 under this bill;
- any difficulties the PSC expects in complying with the administration of the fund and disbursements from the fund at the end of fiscal 2002; and
- recommendations for simplifying the process of reducing the universal service charge for customers when there are unexpended funds at the end of a fiscal year.

Current Law: Any unexpended funds in the universal service program fund are to be returned to customer classes proportionate to what the customer classes paid into the fund.

Background: As part of restructuring the electric industry, the Electric Universal Service Program (EUSP) was created to assist low-income households. The program is operated by the Department of Human Services, with funding from electric utilities (from customers). On July 1, 2000 the program began providing relief to low-income customers. The program is designed to assist low-income electric customers in three areas: bill assistance, arrearage retirement, and weatherization. Electric customers with incomes at or below 150% of the federal poverty level are eligible to participate in the program.

The utilities, under the monitoring of the Public Service Commission (PSC), began collecting \$34.0 million from the ratepayers for each of the three years of the program. Based upon experience with the Maryland Energy Assistance Program, a projected 90,000 customers were to be served in the first year. However, computer software and hardware problems associated with implementation of the new EUSP system resulted in a backlog of approximately 26,400 applications by early February 2001.

In the first seven months of the program, approximately \$14.9 million has been spent, half of the original appropriation for grants. Approximately 43,500 families have received bill payment assistance and 14,900 have received arrearage assistance. This leaves a balance of \$19.1 million to be spent before June 30, 2001. The PSC in Case Number 8880 granted a moratorium on low-income terminations for non-payment of bills through March 31, 2001. The Department of Human Resources expects to fully spend the \$34.0 million for the first year of the program, but may not make all necessary expenditures before June 30, 2001.

Additional Information

Prior Introductions: None.

Cross File: SB 831 (Senator Bromwell, *et al.*) – Finance.

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

Fiscal Note History: First Reader – March 12, 2001
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