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By: **Delegates Branch and Owings**  
Introduced and read first time: January 23, 2002  
Assigned to: Environmental Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Public Utilities - Natural Gas Companies - Natural Gas Universal Service**  
3 **Program**

4 FOR the purpose of requiring the Public Service Commission to establish a certain  
5 natural gas universal service program; requiring all customers of natural gas  
6 companies in the State to contribute to the funding of a natural gas universal  
7 service program; providing for certain funding of a universal service program;  
8 requiring certain actions by the General Assembly regarding certain funding of  
9 the universal service program; requiring the Commission to report to the  
10 General Assembly on a natural gas universal service program annually and  
11 make a certain recommendation; and generally relating to the natural gas  
12 universal service program.

13 BY adding to  
14 Article - Public Utility Companies  
15 Section 7-608  
16 Annotated Code of Maryland  
17 (1998 Volume and 2001 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
19 MARYLAND, That the Laws of Maryland read as follows:

20 **Article - Public Utility Companies**

21 7-608.

22 (A) (1) THE COMMISSION SHALL ESTABLISH A NATURAL GAS UNIVERSAL  
23 SERVICE PROGRAM TO ASSIST NATURAL GAS CUSTOMERS WITH ANNUAL INCOMES  
24 AT OR BELOW 150% OF THE FEDERAL POVERTY LEVEL.

25 (2) THE DEPARTMENT OF HUMAN RESOURCES SHALL BE RESPONSIBLE  
26 FOR ADMINISTERING THE NATURAL GAS UNIVERSAL SERVICE PROGRAM THROUGH  
27 THE MARYLAND ENERGY ASSISTANCE PROGRAM.

1           (3)     THE DEPARTMENT OF HUMAN RESOURCES SHALL ADMINISTER THE  
2 NATURAL GAS UNIVERSAL SERVICE PROGRAM IN THE SAME MANNER AS IS SET  
3 FORTH FOR THE UNIVERSAL SERVICE PROGRAM FOR ELECTRIC CUSTOMERS IN §  
4 7-512.1 OF THIS TITLE.

5           (4)     WITH INPUT FROM A PANEL OR ROUNDTABLE OF INTERESTED  
6 PARTIES, THE DEPARTMENT OF HUMAN RESOURCES MAY CONTRACT WITH A  
7 FOR-PROFIT OR NONPROFIT MARYLAND CORPORATION EXISTING AS OF JULY 1, 2002  
8 TO ASSIST IN ADMINISTERING THE UNIVERSAL SERVICE PROGRAM.

9           (5)     THE COMMISSION SHALL HAVE OVERSIGHT RESPONSIBILITY FOR  
10 THE NATURAL GAS UNIVERSAL SERVICE PROGRAM.

11           (6)     THE COMPONENTS OF THE NATURAL GAS UNIVERSAL SERVICE  
12 PROGRAM SHALL INCLUDE:

13                   (I)     BILL ASSISTANCE, AT A MINIMUM OF 50% OF THE DETERMINED  
14 NEED;

15                   (II)    LOW-INCOME WEATHERIZATION; AND

16                   (III)   THE RETIREMENT OF ARREARAGES THAT WERE INCURRED  
17 BEFORE THE INITIAL IMPLEMENTATION DATE.

18   (B)   (1)   (I)     ALL CUSTOMERS WILL CONTRIBUTE TO THE FUNDING OF THE  
19 NATURAL GAS UNIVERSAL SERVICE PROGRAM THROUGH A CHARGE COLLECTED BY  
20 EACH NATURAL GAS COMPANY.

21                   (II)    IN THE FIRST 6 MONTHS AFTER THE INITIAL IMPLEMENTATION  
22 DATE, THE COMMISSION SHALL CONSIDER ADJUSTMENTS TO THE CHARGES  
23 COLLECTED FOR THE NATURAL GAS UNIVERSAL SERVICE PROGRAM FOR PERSONS  
24 WHO ARE NOT ELIGIBLE FOR CUSTOMER CHOICE.

25           (2)     THE COMMISSION SHALL DETERMINE A FAIR AND EQUITABLE  
26 ALLOCATION FOR COLLECTING THE CHARGES AMONG ALL CUSTOMER CLASSES  
27 UNDER SUBSECTION (D) OF THIS SECTION.

28           (3)     ANY UNEXPENDED NATURAL GAS UNIVERSAL SERVICE PROGRAM  
29 FUNDS RETURNED TO CUSTOMERS UNDER SUBSECTION (H) OF THIS SECTION SHALL  
30 BE RETURNED TO CUSTOMER CLASSES IN THE SAME PROPORTIONS AS THEY WERE  
31 COLLECTED.

32           (4)     A GAS COMPANY SHALL RECOVER NATURAL GAS UNIVERSAL  
33 SERVICE PROGRAM COSTS TO THE EXTENT THE COMMISSION FINDS THE COSTS TO  
34 BE JUST AND REASONABLE.

35           (5)     THE COMMISSION SHALL DETERMINE THE ALLOCATION OF THE  
36 NATURAL GAS UNIVERSAL SERVICE CHARGE AMONG THE PRODUCTION,  
37 TRANSMISSION, AND DISTRIBUTION RATE COMPONENTS OF ALL CLASSES.

1 (C) STARTING IN 2003, ON OR BEFORE DECEMBER 1 OF EACH YEAR, THE  
2 COMMISSION SHALL REPORT, SUBJECT TO § 2-1246 OF THE STATE GOVERNMENT  
3 ARTICLE, TO THE GENERAL ASSEMBLY ON THE NATURAL GAS UNIVERSAL SERVICE  
4 PROGRAM, INCLUDING:

5 (1) SUBJECT TO SUBSECTIONS (D) AND (E) OF THIS SECTION, A  
6 RECOMMENDATION ON THE TOTAL AMOUNT OF FUNDS FOR THE PROGRAM FOR THE  
7 FOLLOWING FISCAL YEAR;

8 (2) FOR BILL PAYMENT ASSISTANCE:

9 (I) THE TOTAL AMOUNT OF NEED, AS DETERMINED BY THE  
10 COMMISSION, FOR NATURAL GAS CUSTOMERS WITH ANNUAL INCOMES AT OR BELOW  
11 150% OF THE FEDERAL POVERTY LEVEL AND THE BASIS FOR THIS DETERMINATION;  
12 AND

13 (II) THE PERCENTAGE OF NEED, AS DETERMINED BY THE  
14 COMMISSION, BUT AT A MINIMUM OF 50%, THAT SHOULD BE FUNDED THROUGH THE  
15 NATURAL GAS UNIVERSAL SERVICE PROGRAM AND THE BASIS FOR THIS  
16 DETERMINATION;

17 (3) FOR LOW-INCOME WEATHERIZATION, THE AMOUNT OF FUNDS  
18 NEEDED, AS DETERMINED BY THE COMMISSION, FOR MEASURES THAT REDUCE  
19 CONSUMPTION OF ENERGY BY NATURAL GAS CUSTOMERS WITH ANNUAL INCOMES  
20 AT OR BELOW 150% OF THE FEDERAL POVERTY LEVEL AND THE BASIS FOR THIS  
21 DETERMINATION;

22 (4) THE AMOUNT OF FUNDS NEEDED, AS DETERMINED BY THE  
23 COMMISSION, TO RETIRE ARREARAGES THAT WERE INCURRED BEFORE THE INITIAL  
24 IMPLEMENTATION DATE BY NATURAL GAS CUSTOMERS WITH ANNUAL INCOMES AT  
25 OR BELOW 150% OF THE FEDERAL POVERTY LEVEL AND THE BASIS FOR THIS  
26 DETERMINATION;

27 (5) THE IMPACT ON CUSTOMERS' RATES, INCLUDING THE ALLOCATION  
28 AMONG CUSTOMER CLASSES, FROM COLLECTING THE TOTAL AMOUNT  
29 RECOMMENDED BY THE COMMISSION UNDER ITEM (1) OF THIS SUBSECTION; AND

30 (6) THE IMPACT OF USING OTHER FEDERAL POVERTY LEVEL  
31 BENCHMARKS ON COSTS AND THE EFFECTIVENESS OF THE NATURAL GAS  
32 UNIVERSAL SERVICE PROGRAM.

33 (D) THE TOTAL AMOUNT OF FUNDS TO BE COLLECTED FOR THE NATURAL GAS  
34 UNIVERSAL SERVICE PROGRAM IN EACH OF THE 3 YEARS AFTER THE INITIAL  
35 IMPLEMENTATION DATE SHALL BE \$34,000,000, ALLOCATED IN THE FOLLOWING  
36 MANNER:

37 (1) \$24,400,000 SHALL BE COLLECTED FROM THE INDUSTRIAL AND  
38 COMMERCIAL CLASSES; AND

39 (2) \$9,600,000 SHALL BE COLLECTED FROM THE RESIDENTIAL CLASS.

1 (E) (1) THE COMMISSION SHALL RECOMMEND A TOTAL AMOUNT OF FUNDS  
2 TO BE USED FOR THE NATURAL GAS UNIVERSAL SERVICE PROGRAM EACH YEAR  
3 BEGINNING WITH THE FOURTH YEAR AFTER THE IMPLEMENTATION DATE.

4 (2) THE RECOMMENDATION OF THE COMMISSION MAY ONLY BE MADE  
5 AFTER CONSIDERATION OF:

6 (I) INFORMATION RELATED TO THE FUNDING FOR THE FIRST 3  
7 YEARS OF THE PROGRAM;

8 (II) THE RETIREMENT, DURING THE FIRST 3 YEARS, OF  
9 ARREARAGES INCURRED BEFORE THE INITIAL IMPLEMENTATION DATE; AND

10 (III) THE AMOUNT OF LOW-INCOME ASSISTANCE INCLUDED IN  
11 RATES BEFORE THE INITIAL IMPLEMENTATION DATE.

12 (F) FOR EACH YEAR, BEGINNING WITH THE FOURTH YEAR AFTER THE INITIAL  
13 IMPLEMENTATION DATE, THE AMOUNT TO BE USED FOR THE NATURAL GAS  
14 UNIVERSAL SERVICE PROGRAM, DETERMINED AFTER CONSIDERATION OF THE  
15 RECOMMENDATION OF THE COMMISSION REQUIRED UNDER THIS SECTION, IS  
16 SUBJECT TO THE APPROVAL OF THE GENERAL ASSEMBLY THROUGH THE  
17 ENACTMENT OF LEGISLATION.

18 (G) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ARTICLE, FOR THE 3  
19 YEARS IMMEDIATELY FOLLOWING THE INITIAL IMPLEMENTATION DATE, NATURAL  
20 GAS SUPPLIERS AND NATURAL GAS COMPANIES MAY NOT TERMINATE, FOR AN  
21 ARREARAGE BALANCE DUE ON THE INITIAL IMPLEMENTATION DATE, THE SUPPLY  
22 OF NATURAL GAS TO A CUSTOMER WHO RECEIVES ASSISTANCE UNDER THE  
23 NATURAL GAS UNIVERSAL SERVICE PROGRAM UNDER THIS SECTION.

24 (H) (1) IN THIS SUBSECTION, "FUND" MEANS THE NATURAL GAS UNIVERSAL  
25 SERVICE PROGRAM FUND.

26 (2) THERE IS A NATURAL GAS UNIVERSAL SERVICE PROGRAM FUND.

27 (3) (I) 1. THE COMPTROLLER SHALL COLLECT THE REVENUE  
28 COLLECTED BY NATURAL GAS COMPANIES UNDER SUBSECTION (B) OF THIS SECTION  
29 AND PLACE THE REVENUE INTO THE FUND.

30 2. THE GENERAL ASSEMBLY MAY APPROPRIATE FUNDS  
31 SUPPLEMENTAL TO THE FUNDS COLLECTED UNDER SUB-SUBPARAGRAPH 1 OF THIS  
32 SUBPARAGRAPH.

33 (II) THE FUND IS A CONTINUING, NONLAPSING FUND THAT IS NOT  
34 SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

35 (III) THE PURPOSE OF THE FUND IS TO ASSIST NATURAL GAS  
36 CUSTOMERS AS PROVIDED IN SUBSECTION (A)(1) OF THIS SECTION.

1           (4)     THE DEPARTMENT OF HUMAN RESOURCES, WITH OVERSIGHT BY  
2 THE COMMISSION, SHALL DISBURSE THE FUNDS IN ACCORDANCE WITH THE  
3 PROVISIONS OF THIS SECTION.

4           (5)     IN ANY YEAR WHEN THERE ARE UNEXPENDED FUNDS, THOSE  
5 FUNDS SHALL BE RETURNED TO THE CUSTOMER CLASSES IN THE PROPORTION THAT  
6 THE CUSTOMER CLASSES CONTRIBUTED TO THE FUND.

7           (6)     NOTWITHSTANDING PARAGRAPH (5) OF THIS SUBSECTION, THE  
8 COMMISSION MAY RETAIN ANY UNEXPENDED FUNDS IN THE FUND AT THE END OF  
9 JUNE 30, 2004 AND MAKE THE FUNDS AVAILABLE FOR DISBURSEMENT THROUGH  
10 JUNE 30, 2005 TO ELECTRIC CUSTOMERS WHO:

11                   (I)     QUALIFY FOR ASSISTANCE FROM THE FUND DURING FISCAL  
12 YEAR 2004; AND

13                   (II)    APPLY FOR ASSISTANCE FROM THE FUND BEFORE JULY 1, 2004.

14     SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
15 October 1, 2002.