
By: **Delegates Branch and Owings**
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Assigned to: Environmental Matters

Committee Report: Favorable with amendments
House action: Adopted
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CHAPTER _____

1 AN ACT concerning

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

4 FOR the purpose of ~~requiring the Public Service Commission to establish~~ establishing
5 a Natural Gas Universal Service Program Task Force to study the possible
6 establishment of a certain natural gas universal service program; requiring all
7 customers of natural gas companies in the State to contribute to the funding of
8 a natural gas universal service program; providing for certain funding of a
9 universal service program; requiring certain actions by the General Assembly
10 regarding certain funding of the universal service program; requiring the
11 Commission to report to the General Assembly on a natural gas universal
12 service program annually and make a certain recommendation providing for the
13 membership, charge, and responsibilities of the Task Force; requiring the Public
14 Service Commission to provide staff support for the Task Force; requiring the
15 Task Force to report to certain persons by a certain date; providing for the
16 termination of this Act; and generally relating to the study of a possible natural
17 gas universal service program.

18 BY adding to
19 Article - Public Utility Companies
20 Section 7-608
21 Annotated Code of Maryland
22 (1998 Volume and 2001 Supplement)

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

1 **Article - Public Utility Companies**

2 7-608.

3 (A) THERE IS A NATURAL GAS UNIVERSAL SERVICE PROGRAM TASK FORCE.4 (B) (1) THE TASK FORCE CONSISTS OF THE FOLLOWING MEMBERS:5 (I) ONE MEMBER OF THE HOUSE OF DELEGATES APPOINTED BY
6 THE SPEAKER OF THE HOUSE;7 (II) ONE MEMBER OF THE SENATE OF MARYLAND APPOINTED BY
8 THE PRESIDENT OF THE SENATE;9 (III) THE CHAIRMAN OF THE COMMISSION OR A DESIGNEE OF THE
10 CHAIRMAN;11 (IV) THE PEOPLE'S COUNSEL OR A DESIGNEE OF THE PEOPLE'S
12 COUNSEL;13 (V) THE SECRETARY OF HUMAN RESOURCES OR A DESIGNEE OF
14 THE SECRETARY;15 (VI) THE DIRECTOR OF THE MARYLAND ENERGY ADMINISTRATION
16 OR A DESIGNEE OF THE DIRECTOR;17 (VII) TWO MEMBERS REPRESENTING NATURAL GAS COMPANIES
18 OPERATING IN THE STATE, APPOINTED BY THE CHAIRMAN OF THE COMMISSION;19 (VIII) ONE MEMBER REPRESENTING INDUSTRIAL AND COMMERCIAL
20 GAS CUSTOMERS IN THE STATE, APPOINTED BY THE MARYLAND CHAMBER OF
21 COMMERCE;22 (IX) ONE MEMBER REPRESENTING RESIDENTIAL GAS CUSTOMERS
23 IN THE STATE, APPOINTED BY THE PEOPLE'S COUNSEL;24 (X) ONE MEMBER REPRESENTING LOW-INCOME RESIDENTIAL GAS
25 CUSTOMERS IN THE STATE, APPOINTED BY THE SECRETARY OF HUMAN RESOURCES;26 (XI) ONE MEMBER REPRESENTING MUNICIPAL CORPORATIONS IN
27 THE STATE, APPOINTED BY THE MARYLAND MUNICIPAL LEAGUE;28 (XII) ONE MEMBER REPRESENTING COUNTIES IN THE STATE,
29 APPOINTED BY THE MARYLAND ASSOCIATION OF COUNTIES; AND30 (XIII) TWO MEMBERS REPRESENTING CHARITABLE ORGANIZATIONS
31 THAT PROVIDE ASSISTANCE TO LOW-INCOME FAMILIES IN THE STATE, APPOINTED
32 BY THE PEOPLE'S COUNSEL.33 (2) IN CONSULTATION WITH THE OTHER APPOINTING ENTITIES, THE
34 CHAIRMAN OF THE COMMISSION SHALL COORDINATE THE APPOINTMENT PROCESS

1 FOR THE TASK FORCE IN AN EFFORT TO ACHIEVE DIVERSITY OF GEOGRAPHICAL
2 REPRESENTATION OF THE STATE ON THE TASK FORCE.

3 (3) THE TASK FORCE SHALL SELECT A CHAIRMAN FROM AMONG ITS
4 MEMBERS.

5 (4) A MEMBER OF THE TASK FORCE:

6 (I) MAY NOT RECEIVE COMPENSATION AS A MEMBER OF THE TASK
7 FORCE; BUT

8 (II) IS ENTITLED TO REIMBURSEMENT FOR EXPENSES UNDER THE
9 STANDARD STATE TRAVEL REGULATIONS, AS PROVIDED IN THE STATE BUDGET.

10 (C) THE TASK FORCE SHALL:

11 (1) IDENTIFY POPULATIONS OF LOW-INCOME GAS CUSTOMERS IN NEED
12 OF ASSISTANCE IN MEETING THEIR HEATING NEEDS;

13 (2) IDENTIFY FORMS OF ASSISTANCE THAT MAY BE APPROPRIATE FOR
14 LOW-INCOME GAS CUSTOMERS, INCLUDING FINANCIAL SUPPORT AND ENERGY
15 CONSERVATION MEASURES;

16 (3) ANALYZE FEDERAL, STATE, LOCAL, AND PRIVATE CHARITABLE
17 ASSISTANCE PROGRAMS IN THIS STATE AND OTHER STATES THAT PROVIDE
18 ASSISTANCE TO LOW-INCOME GAS CUSTOMERS AND ELECTRIC CUSTOMERS;

19 (4) IDENTIFY SOURCES OF FUNDING FOR LOW-INCOME GAS CUSTOMER
20 ASSISTANCE, INCLUDING A SURCHARGE ON COMMERCIAL, INDUSTRIAL, AND
21 RESIDENTIAL GAS CUSTOMERS IN THE STATE;

22 (5) DEVELOP MODELS FOR ASSISTANCE OF LOW-INCOME GAS
23 CUSTOMERS; AND

24 (6) RECOMMEND OPTIONS FOR MEETING THE ENERGY NEEDS OF
25 LOW-INCOME GAS CUSTOMERS, INCLUDING OPTIONS FOR IMPLEMENTING AND
26 ADMINISTERING A NATURAL GAS UNIVERSAL SERVICE PROGRAM.

27 (D) THE TASK FORCE SHALL MEET AT LEAST FOUR TIMES A YEAR, AT THE
28 TIMES AND PLACES THAT IT DETERMINES.

29 (E) THE TASK FORCE SHALL CONDUCT PUBLIC MEETINGS THROUGHOUT THE
30 STATE IN THE COURSE OF ITS STUDY UNDER THIS SECTION.

31 (F) ON OR BEFORE DECEMBER 31, 2003, THE TASK FORCE SHALL REPORT TO
32 THE COMMISSION, THE GOVERNOR, AND, SUBJECT TO § 2-1246 OF THE STATE
33 GOVERNMENT ARTICLE, THE GENERAL ASSEMBLY ON THE STUDY AND
34 RECOMMENDATIONS, INCLUDING ANY PROPOSED LEGISLATION NECESSARY OR
35 ADVISABLE TO IMPLEMENT A NATURAL GAS UNIVERSAL SERVICE PROGRAM.

36 (G) THE COMMISSION SHALL PROVIDE STAFF SUPPORT TO THE TASK FORCE.

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

4 (2) ~~THE DEPARTMENT OF HUMAN RESOURCES SHALL BE RESPONSIBLE~~
5 ~~FOR ADMINISTERING THE NATURAL GAS UNIVERSAL SERVICE PROGRAM THROUGH~~
6 ~~THE MARYLAND ENERGY ASSISTANCE PROGRAM.~~

7 (3) ~~THE DEPARTMENT OF HUMAN RESOURCES SHALL ADMINISTER THE~~
8 ~~NATURAL GAS UNIVERSAL SERVICE PROGRAM IN THE SAME MANNER AS IS SET~~
9 ~~FORTH FOR THE UNIVERSAL SERVICE PROGRAM FOR ELECTRIC CUSTOMERS IN §~~
10 ~~7-512.1 OF THIS TITLE.~~

11 (4) ~~WITH INPUT FROM A PANEL OR ROUNDTABLE OF INTERESTED~~
12 ~~PARTIES, THE DEPARTMENT OF HUMAN RESOURCES MAY CONTRACT WITH A~~
13 ~~FOR PROFIT OR NONPROFIT MARYLAND CORPORATION EXISTING AS OF JULY 1, 2002~~
14 ~~TO ASSIST IN ADMINISTERING THE UNIVERSAL SERVICE PROGRAM.~~

15 (5) ~~THE COMMISSION SHALL HAVE OVERSIGHT RESPONSIBILITY FOR~~
16 ~~THE NATURAL GAS UNIVERSAL SERVICE PROGRAM.~~

17 (6) ~~THE COMPONENTS OF THE NATURAL GAS UNIVERSAL SERVICE~~
18 ~~PROGRAM SHALL INCLUDE:~~

19 (I) ~~BILL ASSISTANCE, AT A MINIMUM OF 50% OF THE DETERMINED~~
20 ~~NEED;~~

21 (II) ~~LOW INCOME WEATHERIZATION; AND~~

22 (III) ~~THE RETIREMENT OF ARREARAGES THAT WERE INCURRED~~
23 ~~BEFORE THE INITIAL IMPLEMENTATION DATE.~~

24 (B) (1) (1) ~~ALL CUSTOMERS WILL CONTRIBUTE TO THE FUNDING OF THE~~
25 ~~NATURAL GAS UNIVERSAL SERVICE PROGRAM THROUGH A CHARGE COLLECTED BY~~
26 ~~EACH NATURAL GAS COMPANY.~~

27 (II) ~~IN THE FIRST 6 MONTHS AFTER THE INITIAL IMPLEMENTATION~~
28 ~~DATE, THE COMMISSION SHALL CONSIDER ADJUSTMENTS TO THE CHARGES~~
29 ~~COLLECTED FOR THE NATURAL GAS UNIVERSAL SERVICE PROGRAM FOR PERSONS~~
30 ~~WHO ARE NOT ELIGIBLE FOR CUSTOMER CHOICE.~~

31 (2) ~~THE COMMISSION SHALL DETERMINE A FAIR AND EQUITABLE~~
32 ~~ALLOCATION FOR COLLECTING THE CHARGES AMONG ALL CUSTOMER CLASSES~~
33 ~~UNDER SUBSECTION (D) OF THIS SECTION.~~

34 (3) ~~ANY UNEXPENDED NATURAL GAS UNIVERSAL SERVICE PROGRAM~~
35 ~~FUNDS RETURNED TO CUSTOMERS UNDER SUBSECTION (H) OF THIS SECTION SHALL~~
36 ~~BE RETURNED TO CUSTOMER CLASSES IN THE SAME PROPORTIONS AS THEY WERE~~
37 ~~COLLECTED.~~

1 (4) A GAS COMPANY SHALL RECOVER NATURAL GAS UNIVERSAL
2 SERVICE PROGRAM COSTS TO THE EXTENT THE COMMISSION FINDS THE COSTS TO
3 BE JUST AND REASONABLE.

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

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

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

14 (2) FOR BILL PAYMENT ASSISTANCE:

15 (1) THE TOTAL AMOUNT OF NEED, AS DETERMINED BY THE
16 COMMISSION, FOR NATURAL GAS CUSTOMERS WITH ANNUAL INCOMES AT OR BELOW
17 150% OF THE FEDERAL POVERTY LEVEL AND THE BASIS FOR THIS DETERMINATION;
18 AND

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

23 (3) FOR LOW INCOME WEATHERIZATION, THE AMOUNT OF FUNDS
24 NEEDED, AS DETERMINED BY THE COMMISSION, FOR MEASURES THAT REDUCE
25 CONSUMPTION OF ENERGY BY NATURAL GAS CUSTOMERS WITH ANNUAL INCOMES
26 AT OR BELOW 150% OF THE FEDERAL POVERTY LEVEL AND THE BASIS FOR THIS
27 DETERMINATION;

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

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

36 (6) THE IMPACT OF USING OTHER FEDERAL POVERTY LEVEL
37 BENCHMARKS ON COSTS AND THE EFFECTIVENESS OF THE NATURAL GAS
38 UNIVERSAL SERVICE PROGRAM.

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

5 ~~(1) \$24,400,000 SHALL BE COLLECTED FROM THE INDUSTRIAL AND~~
6 ~~COMMERCIAL CLASSES; AND~~

7 ~~(2) \$9,600,000 SHALL BE COLLECTED FROM THE RESIDENTIAL CLASS.~~

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

11 ~~(2) THE RECOMMENDATION OF THE COMMISSION MAY ONLY BE MADE~~
12 ~~AFTER CONSIDERATION OF:~~

13 ~~(I) INFORMATION RELATED TO THE FUNDING FOR THE FIRST 3~~
14 ~~YEARS OF THE PROGRAM;~~

15 ~~(II) THE RETIREMENT, DURING THE FIRST 3 YEARS, OF~~
16 ~~ARREARAGES INCURRED BEFORE THE INITIAL IMPLEMENTATION DATE; AND~~

17 ~~(III) THE AMOUNT OF LOW INCOME ASSISTANCE INCLUDED IN~~
18 ~~RATES BEFORE THE INITIAL IMPLEMENTATION DATE.~~

19 ~~(F) FOR EACH YEAR, BEGINNING WITH THE FOURTH YEAR AFTER THE INITIAL~~
20 ~~IMPLEMENTATION DATE, THE AMOUNT TO BE USED FOR THE NATURAL GAS~~
21 ~~UNIVERSAL SERVICE PROGRAM, DETERMINED AFTER CONSIDERATION OF THE~~
22 ~~RECOMMENDATION OF THE COMMISSION REQUIRED UNDER THIS SECTION, IS~~
23 ~~SUBJECT TO THE APPROVAL OF THE GENERAL ASSEMBLY THROUGH THE~~
24 ~~ENACTMENT OF LEGISLATION.~~

25 ~~(G) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ARTICLE, FOR THE 3~~
26 ~~YEARS IMMEDIATELY FOLLOWING THE INITIAL IMPLEMENTATION DATE, NATURAL~~
27 ~~GAS SUPPLIERS AND NATURAL GAS COMPANIES MAY NOT TERMINATE, FOR AN~~
28 ~~ARREARAGE BALANCE DUE ON THE INITIAL IMPLEMENTATION DATE, THE SUPPLY~~
29 ~~OF NATURAL GAS TO A CUSTOMER WHO RECEIVES ASSISTANCE UNDER THE~~
30 ~~NATURAL GAS UNIVERSAL SERVICE PROGRAM UNDER THIS SECTION.~~

31 ~~(H) (1) IN THIS SUBSECTION, "FUND" MEANS THE NATURAL GAS UNIVERSAL~~
32 ~~SERVICE PROGRAM FUND.~~

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

34 ~~(3) (1) 1. THE COMPTROLLER SHALL COLLECT THE REVENUE~~
35 ~~COLLECTED BY NATURAL GAS COMPANIES UNDER SUBSECTION (B) OF THIS SECTION~~
36 ~~AND PLACE THE REVENUE INTO THE FUND.~~

