

Department of Legislative Services  
Maryland General Assembly  
2002 Session

FISCAL NOTE  
Revised

House Bill 1130

(Delegate D. Davis)

Environmental Matters

Finance

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Universal Service Program Fund - Retention

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This bill authorizes the Public Service Commission (PSC) to retain unspent funds in the universal service program fund at the end of June 30, 2002, and make funds available for disbursement through June 30, 2003 to electric customers who qualify for assistance during fiscal 2002 and apply for assistance before July 1, 2002. By October 1, 2002, PSC and the Department of Human Resources (DHR) must study and report to the Governor, the General Assembly, the Senate Finance Committee, and the House Environmental Matters Committee on specified matters relating to the universal service program.

The bill will take effect June 30, 2002 and sunset at the end of June 30, 2003.

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Fiscal Summary

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

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Current Law:** The universal service program was created to assist electric customers with annual incomes at or below 150% of the federal poverty level. DHR administers the program. The program provides bill assistance at a minimum of 50% of the determined need, low-income weatherization, and the retirement of arrearages incurred before the program was implemented.

All electric customers contribute to the universal service program fund through a charge on their bills collected by each electric company. PSC must determine a fair and equitable allocation for collecting the charges among all customer classes. The Comptroller collects the revenue from the electric companies and places the revenue into the fund. DHR, with PSC oversight, disburses the funds. In any year where there are unspent funds, those funds must be returned to the customer classes proportionate to how those customer classes paid into the fund. However, PSC may retain any funds not spent at the end of June 30, 2001, and make the funds available for disbursement through June 30, 2002 to electric customers who qualify for assistance during fiscal 2001 and who apply for assistance before July 1, 2001.

**State Expenditures:** DHR would incur a one-time general fund expenditure of \$31,250 to mail 80,000 letters alerting electric customers that they will receive assistance in fiscal 2003 and the printing, data processing, and labor to produce the alert letters. The Department of Legislative Services believes the costs could be handled with existing budgeted resources.

PSC advises that the bill's requirements could be handled with existing budgeted resources. The proposed fiscal 2003 State budget for the universal services benefit program assumes \$33,870,400 in special funds will be spent to help low-income electric customers. DHR estimates that the program's total unspent balance will be \$9,175,000 of the \$32,863,945 total appropriation in fiscal 2002. However, PSC estimates the program's unspent balance could range from \$13 million to \$15 million in fiscal 2002.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 22, 2002  
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