

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE
Revised

Senate Bill 832

(Senator Bromwell)

Finance

Environmental Matters

Universal Service Program Fund - Retention of Funds

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 the 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. This bill also extends the program's termination date to June 30, 2003.

By October 1, 2002, PSC and the Department of Human Resources (DHR) must study and report to the Governor, the General Assembly, the Finance Committee, and the Environmental Matters Committee on: (1) program participation in fiscal 2002; (2) projected program needs in fiscal 2003 and 2004; (3) the amount spent from the program fund in fiscal 2002; (4) the surplus carried over into fiscal 2003; (5) any difficulties PSC expects in complying with the requirements of the universal service program fund at the end of fiscal 2003; and (6) recommendations for simplifying how customers' universal service charge is reduced when there are unspent program funds at the end of the fiscal year.

The bill will take effect 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

Current Law: The universal service program was created to assist electric customers with annual incomes at or below 150% of the federal poverty level. The Department of Human Resources (DHR) administers the program. The program helps pay low-income residents' electric bills, helps low-income residents weatherize their homes, and pays the outstanding balance on electric customers' accounts that they 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 advises that it 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 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 \$14 million of the \$32,863,945 total appropriation in fiscal 2002.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 18, 2002
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