

**Department of Legislative Services**  
Maryland General Assembly  
2004 Session

**FISCAL AND POLICY NOTE**

Senate Bill 743  
Finance

(Senator Hughes)

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**Gas and Electric Companies - Service Termination**

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This bill prohibits a public service company from terminating service for gas or electricity during the heating season to a residential customer for nonpayment if the customer's annual income does not exceed \$40,000.

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**Fiscal Summary**

**State Effect:** The bill would not materially affect State government operations.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** The Public Service Commission (PSC) must adopt regulations concerning the prohibition against or limiting the authority of a public service company to terminate service for gas or electricity to a low-income residential customer during the heating season for nonpayment. The Code of Maryland Regulations specifies the circumstances under which utilities may terminate service, the notice that is required, and the avenues for residential customers to seek redress. A utility may not terminate service if it has or is presented with reasonable grounds to believe that termination will endanger human health, life, or safety and is required to provide customers with a reasonable opportunity to contest the proposed termination.

**Background:** The Department of Human Resources runs four programs that assist low-income families with energy needs. The Electric Universal Service Program (EUSP), the Maryland Energy Assistance Program (MEAP), the Weatherization Assistance Program, and the Utility Service Protection Program provide assistance with home heating bills, electric bills, and other energy efficiency programs. In MEAP, payments are made to utility companies on behalf of program participants. There is also limited assistance available to replace broken or inefficient refrigerators and furnaces. EUSP provides assistance to low-income electric customers. Applicants for MEAP and EUSP must meet income eligibility requirements, \$27,600 for a four-person household, and may be eligible if they:

- are elderly or disabled and live on a limited income;
- receive Public Assistance;
- receive Supplemental Security Income;
- receive food stamps; or
- receive certain veterans or Social Security disability benefits.

Approximately 70% (1.8 million) of tax year 2002 Maryland personal income tax returns had Maryland adjusted gross income of less than \$40,000. In addition, the 2000 U.S. Census estimated that Maryland had 726,577 households with income under \$40,000. The Department of Legislative Services advises that the bill would permit households with total income significantly higher than \$40,000 to qualify for prohibition of service termination if the gas or electric service was under the name of an individual earning less than \$40,000.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 24, 2004  
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