
By: ~~Delegate McHale~~ **Delegates McHale, Burns, Doory, Feldman, Jameson,
Kirk, Krebs, Krysiak, Love, Minnick, Moe, Parrott, Trueschler, and
Walkup**

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Assigned to: Economic Matters

Committee Report: Favorable with amendments
House action: Adopted
Read second time: February 15, 2005

CHAPTER _____

1 AN ACT concerning

2 **Electric Universal Service Program - Weatherization Component - Transfer**

3 FOR the purpose of transferring responsibility for administering the low-income
4 weatherization component of the electric universal service program from the
5 Department of Human Resources to the Department of Housing and
6 Community Development; requiring the Department of Human Resources,
7 through the Office of Home Energy Programs, to be responsible for
8 administering certain components of the electric universal service program;
9 authorizing the Department of Human Resources to contract to assist in
10 administering certain components of the electric universal service program
11 under certain circumstances; altering the Public Service Commission's oversight
12 responsibility so that it has oversight responsibility for certain components of
13 the electric universal service program; requiring the Department of Housing
14 and Community Development to report periodically to the General Assembly on
15 the low-income weatherization component; requiring the Comptroller to
16 disburse annually a certain amount of low-income weatherization funds to the
17 Department of Housing and Community Development; renaming a certain
18 program; requiring certain funds to be transferred by the Department of Human
19 Resources to the Department of Housing and Community Development on a
20 certain date; and generally relating to the electric universal service program.

21 BY repealing and reenacting, with amendments,
22 Article - Public Utility Companies
23 Section 7-512.1
24 Annotated Code of Maryland

1 (1998 Volume and 2004 Supplement)

2 BY repealing and reenacting, with amendments,
3 Article - Housing and Community Development
4 Section 2-102
5 Annotated Code of Maryland
6 (As enacted by Chapter ____ (H.B. 11) of the Acts of the General Assembly of
7 2005)

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

10 **Article - Public Utility Companies**

11 7-512.1.

12 (a) (1) The Commission shall establish [a] AN ELECTRIC universal service
13 program to assist electric customers with annual incomes at or below 150% of the
14 federal poverty level.

15 (2) [The Department of Human Resources shall be responsible for
16 administering the universal service program through the Office of Home Energy
17 Programs.

18 (3) The Department of Human Resources may, with input from a panel
19 or roundtable of interested parties, contract with a for-profit or a nonprofit Maryland
20 corporation existing as of July 1, 1999 to assist in administering the universal service
21 program.

22 (4) The Commission shall have oversight responsibility for the universal
23 service program.

24 (5)] The components of the ELECTRIC universal service program shall
25 include:

26 (i) bill assistance, at a minimum of 50% of the determined need;

27 (ii) low-income weatherization; and

28 (iii) the retirement of arrearages for electric customers who have not
29 previously received assistance in retiring arrearages under the universal service
30 program, not to exceed a total of \$1.5 million in any given fiscal year.

31 (3) THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT IS
32 RESPONSIBLE FOR ADMINISTERING THE LOW-INCOME WEATHERIZATION
33 COMPONENT OF THE ELECTRIC UNIVERSAL SERVICE PROGRAM.

34 (4) THE DEPARTMENT OF HUMAN RESOURCES, THROUGH THE OFFICE
35 OF HOME ENERGY PROGRAMS, IS RESPONSIBLE FOR ADMINISTERING THE BILL

1 ASSISTANCE AND THE ARREARAGE RETIREMENT COMPONENTS OF THE ELECTRIC
2 UNIVERSAL SERVICE PROGRAM.

3 (5) THE DEPARTMENT OF HUMAN RESOURCES MAY, WITH INPUT FROM
4 A PANEL OR ROUNDTABLE OF INTERESTED PARTIES, CONTRACT TO ASSIST IN
5 ADMINISTERING THE BILL ASSISTANCE AND THE ARREARAGE RETIREMENT
6 COMPONENTS OF THE ELECTRIC UNIVERSAL SERVICE PROGRAM.

7 (6) THE COMMISSION HAS OVERSIGHT RESPONSIBILITY FOR THE BILL
8 ASSISTANCE AND THE ARREARAGE RETIREMENT COMPONENTS OF THE ELECTRIC
9 UNIVERSAL SERVICE PROGRAM.

10 [(6)] (7) In a specific case, the ELECTRIC universal service program may
11 waive the income eligibility limitation under paragraph (1) of this subsection in order
12 to provide assistance to an electric customer who would qualify for a similar waiver
13 under the Maryland Energy Assistance Program established under Article 41, § 6-406
14 of the Code.

15 (b) (1) [(i)] All customers shall contribute to the funding of the ELECTRIC
16 universal service program through a charge collected by each electric company.

17 [(ii)] In the first 6 months after the initial implementation date, the
18 Commission shall consider adjustments to the charges collected for the universal
19 service program for persons that are not eligible for customer choice.]

20 (2) The Commission shall determine a fair and equitable allocation for
21 collecting the charges among all customer classes pursuant to subsection [(d)] (E) of
22 this section.

23 (3) In accordance with subsection [(f)(5)](F)(6) of this section, any
24 unexpended [universal service program] BILL ASSISTANCE AND ARREARAGE
25 RETIREMENT funds returned to customers under subsection (f) of this section shall be
26 returned to each customer class as a credit in the same proportion that the customer
27 class contributed charges to the fund.

28 (4) An electric company shall recover ELECTRIC universal service
29 program costs in accordance with § 7-512 of this subtitle.

30 (5) The Commission shall determine the allocation of the ELECTRIC
31 universal service charge among the generation, transmission, and distribution rate
32 components of all classes.

33 (6) The Commission may not assess the ELECTRIC universal service
34 surcharge on a per kilowatt-hour basis.

35 (c) (1) On or before December 1 of each year, the Commission shall report,
36 subject to § 2-1246 of the State Government Article, to the General Assembly on the
37 ELECTRIC universal service program, including:

1 (i) subject to subsection [(d)] (E) of this section, a recommendation
2 on the total amount of funds for the program for the following fiscal year based on:

3 1. the level of participation in and the amounts expended
4 [from the universal service program] ON BILL ASSISTANCE AND ARREARAGE
5 RETIREMENT during the preceding fiscal year;

6 2. how BILL ASSISTANCE AND ARREARAGE RETIREMENT
7 payments [to customers] were calculated during the preceding fiscal year;

8 3. the projected needs [of the universal service program]
9 FOR THE BILL ASSISTANCE AND THE ARREARAGE RETIREMENT COMPONENTS for the
10 next fiscal year; and

11 4. the amount of any BILL ASSISTANCE OR ARREARAGE
12 RETIREMENT surplus carried over in the ELECTRIC universal service program fund
13 under subsection [(f)(5)(i)](F)(6)(I) of this section;

14 (ii) for bill assistance:

15 1. the total amount of need, as determined by the
16 Commission, for electric customers with annual incomes at or below 150% of the
17 federal poverty level and the basis for this determination; and

18 2. the percentage of need, as determined by the Commission,
19 but at a minimum of 50%, that should be funded through the ELECTRIC universal
20 service program and the basis for this determination;

21 (iii) [for low-income weatherization, the amount of funds needed, as
22 determined by the Commission, for measures that reduce consumption of energy by
23 electric customers with annual incomes at or below 150% of the federal poverty level
24 and the basis for this determination;

25 (iv)] the amount of funds needed, as determined by the Commission,
26 to retire arrearages for electric customers who have not previously received
27 assistance in retiring arrearages under the ELECTRIC universal service program and
28 the basis for this determination;

29 [(v)] (IV) the amount of funds needed, as determined by the
30 Commission, for bill assistance[, low-income weatherization,] and arrearage
31 retirement, respectively, for customers for whom income limitations may be waived
32 under subsection [(a)(6)] (A)(7) of this section, and the basis for each determination;

33 [(vi)] (V) the impact on customers' rates, including the allocation
34 among customer classes, from collecting the total amount recommended by the
35 Commission under item (i) of this paragraph; and

36 [(vii)] (VI) the impact of using other federal poverty level
37 benchmarks on costs and the effectiveness of the ELECTRIC universal service
38 program.

1 (2) (i) To assist the Commission in preparing its recommendations
2 under paragraph (1) of this subsection, the Office of Home Energy Programs shall
3 report to the Commission each year on:

4 1. the number of customers and the amount of distributions
5 made to fuel customers under the Maryland Energy Assistance Program established
6 under Article 41, § 6-406 of the Code, identified by funding source and fuel source;
7 and

8 2. the cost of outreach and education materials provided by
9 the Office of Home Energy Programs for the ELECTRIC universal service program.

10 (ii) The Office of Home Energy Programs may satisfy the reporting
11 requirement of subparagraph (i)1 of this paragraph by providing the Commission
12 with a copy of material that contains the required information and that the Office of
13 Home Energy Programs submits to [a unit of] the federal government.

14 (iii) The Commission shall include the information provided by the
15 Office of Home Energy Programs under subparagraph (i) of this paragraph in its
16 report to the General Assembly under paragraph (1) of this subsection.

17 (3) SUBJECT TO SUBSECTION (D)(2) OF THIS SECTION, THE COMMISSION
18 SHALL INCLUDE THE INFORMATION PROVIDED BY THE DEPARTMENT OF HOUSING
19 AND COMMUNITY DEVELOPMENT UNDER SUBSECTION (D)(1) OF THIS SECTION IN ITS
20 REPORT TO THE GENERAL ASSEMBLY UNDER PARAGRAPH (1) OF THIS SUBSECTION.

21 [3] (4) (i) The Office of Legislative Audits shall conduct a
22 performance audit of the ELECTRIC universal service program once every 3 years or
23 at another interval as directed by the Joint Audit Committee and shall report the
24 results of the audit to the General Assembly.

25 (ii) The cost of the performance audit under this paragraph shall be
26 included in the costs of administering the ELECTRIC universal service program, and
27 funded through the ELECTRIC universal service program fund under subsection (f) of
28 this section.

29 (D) (1) ON OR BEFORE DECEMBER 1 OF EACH YEAR, THE DEPARTMENT OF
30 HOUSING AND COMMUNITY DEVELOPMENT SHALL REPORT, IN ACCORDANCE WITH §
31 2-1246 OF THE STATE GOVERNMENT ARTICLE, TO THE GENERAL ASSEMBLY ON THE
32 LOW-INCOME WEATHERIZATION COMPONENT OF THE ELECTRIC UNIVERSAL
33 SERVICE PROGRAM, INCLUDING:

34 (I) THE AMOUNT OF FUNDS EXPENDED DURING THE PRECEDING
35 FISCAL YEAR;

36 (II) THE LEVEL OF PARTICIPATION DURING THE PRECEDING
37 FISCAL YEAR, INCLUDING THE NUMBER OF HOUSEHOLDS SERVED IN EACH AREA OF
38 THE STATE; AND

1 (III) THE TYPES OF PROJECTS, INCLUDING THE AVERAGE COST PER
2 UNIT, PROVIDED TO HOUSEHOLDS DURING THE PRECEDING FISCAL YEAR.

3 (2) THE DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
4 MAY SATISFY THE REPORTING REQUIREMENT UNDER PARAGRAPH (1) OF THIS
5 SUBSECTION BY REQUESTING THE COMMISSION TO INCLUDE THE INFORMATION IN
6 THE COMMISSION'S REPORT REQUIRED UNDER SUBSECTION (C) OF THIS SECTION
7 AND PROVIDING THE INFORMATION TO THE COMMISSION BY THE DATE SPECIFIED
8 BY THE COMMISSION.

9 [(d)] (E) The total amount of funds to be collected for the ELECTRIC universal
10 service program each year shall be \$34,000,000, allocated in the following manner:

11 (1) \$24.4 million shall be collected from the industrial and commercial
12 classes; and

13 (2) \$9.6 million shall be collected from the residential class.

14 [(e) Notwithstanding any other provision of this article, for the 3 years
15 immediately following the initial implementation date, electricity suppliers and
16 electric companies may not terminate, for an arrearage balance due on the initial
17 implementation date, the supply of electricity to a customer who receives assistance
18 under the universal service program under this section.]

19 (f) (1) In this subsection, "fund" means the ELECTRIC universal service
20 program fund.

21 (2) There is [a] AN ELECTRIC universal service program fund.

22 (3) (i) 1. The Comptroller shall collect the revenue collected by
23 electric companies under subsection (b) of this section and place the revenue into the
24 fund.

25 2. The General Assembly may appropriate funds
26 supplemental to the funds collected under sub-subparagraph 1 of this subparagraph.

27 (ii) The fund is a continuing, nonlapsing fund that is not subject to
28 § 7-302 of the State Finance and Procurement Article.

29 (iii) The purpose of the fund is to assist electric customers as
30 provided in subsection (a)(1) of this section.

31 (4) The Department of Human Resources, with oversight by the
32 Commission, shall disburse the BILL ASSISTANCE AND ARREARAGE RETIREMENT
33 funds in accordance with the provisions of this section.

34 (5) THE COMPTROLLER ANNUALLY SHALL DISBURSE \$1,000,000 OF
35 LOW-INCOME WEATHERIZATION FUNDS TO THE DEPARTMENT OF HOUSING AND
36 COMMUNITY DEVELOPMENT.

1 (6) contract for and accept a gift, grant, contribution, or loan of money,
2 property, or other aid for community assistance from a governmental unit, the federal
3 government, or another source and comply with the terms and conditions of that aid;

4 (7) attach terms and conditions to financial assistance as the Secretary
5 determines;

6 (8) participate with political subdivisions, regional governments,
7 organizations, and the federal government in developing, financing, and
8 implementing a program to build the management capabilities of municipal
9 corporations by supplying needed managerial expertise through circuit riding
10 managers; [and]

11 (9) administer federal programs to community assistance; AND

12 (10) DEVELOP AND IMPLEMENT A WEATHERIZATION PROGRAM IN
13 ACCORDANCE WITH TITLE 4 OF THIS ARTICLE AND ADMINISTER THE LOW-INCOME
14 WEATHERIZATION COMPONENT OF THE ELECTRIC UNIVERSAL SERVICE PROGRAM IN
15 ACCORDANCE WITH § 7-512.1 OF THE PUBLIC UTILITY COMPANIES ARTICLE.

16 SECTION 2. AND BE IT FURTHER ENACTED, That on October 30, 2005, any
17 unexpended fiscal year 2005 funds designated by the Public Service Commission to be
18 disbursed for the low-income weatherization component of the electric universal
19 service program shall be transferred from the Department of Human Resources to the
20 Department of Housing and Community Development to be used for low-income
21 weatherization projects.

22 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
23 October 1, 2005.