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By: **Senators Klausmeier, Exum, and Pipkin**  
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Committee Report: Favorable  
Senate action: Adopted  
Read second time: February 22, 2005

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## 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  
25 (1998 Volume and 2004 Supplement)

26 BY repealing and reenacting, with amendments,

1 Article - Housing and Community Development  
2 Section 2-102  
3 Annotated Code of Maryland  
4 (As enacted by Chapter \_\_\_\_ (H.B. 11) of the Acts of the General Assembly of  
5 2005)

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

8 **Article - Public Utility Companies**

9 7-512.1.

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

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

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

20 (4) The Commission shall have oversight responsibility for the universal  
21 service program.

22 (5)] The components of the ELECTRIC universal service program shall  
23 include:

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

25 (ii) low-income weatherization; and

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

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

32 (4) THE DEPARTMENT OF HUMAN RESOURCES, THROUGH THE OFFICE  
33 OF HOME ENERGY PROGRAMS, IS RESPONSIBLE FOR ADMINISTERING THE BILL  
34 ASSISTANCE AND THE ARREARAGE RETIREMENT COMPONENTS OF THE ELECTRIC  
35 UNIVERSAL SERVICE PROGRAM.

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

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

8 [(6)] (7) In a specific case, the ELECTRIC universal service program may  
9 waive the income eligibility limitation under paragraph (1) of this subsection in order  
10 to provide assistance to an electric customer who would qualify for a similar waiver  
11 under the Maryland Energy Assistance Program established under Article 41, § 6-406  
12 of the Code.

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

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

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

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

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

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

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

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

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

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

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

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

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

12 (ii) for bill assistance:

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

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

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

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

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

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

34 [(vii) (VI) the impact of using other federal poverty level  
35 benchmarks on costs and the effectiveness of the ELECTRIC universal service  
36 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.