

UNOFFICIAL COPY OF HOUSE BILL 56
EMERGENCY BILL

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6lr0965

(PRE-FILED)

By: **Delegate D. Davis**
Requested: October 31, 2005
Introduced and read first time: January 11, 2006
Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Electric Universal Service Program - Funding**

3 FOR the purpose of altering the annual funding level of the electric universal service
4 program and the contributions of certain customer classes; providing for the
5 implementation of this Act; making this Act an emergency measure; and
6 generally relating to electric customers and the electric universal service
7 program.

8 BY repealing and reenacting, with amendments,
9 Article - Public Utility Companies
10 Section 7-512.1
11 Annotated Code of Maryland
12 (1998 Volume and 2005 Supplement)

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

15 **Article - Public Utility Companies**

16 7-512.1.

17 (a) (1) The Commission shall establish an electric universal service program
18 to assist electric customers with annual incomes at or below 150% of the federal
19 poverty level.

20 (2) The components of the electric universal service program shall
21 include:

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

23 (ii) low-income weatherization; and

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

1 (3) The Department of Housing and Community Development is
2 responsible for administering the low-income weatherization component of the
3 electric universal service program.

4 (4) The Department of Human Resources, through the Office of Home
5 Energy Programs, is responsible for administering the bill assistance and the
6 arrearage retirement components of the electric universal service program.

7 (5) The Department of Human Resources may, with input from a panel
8 or roundtable of interested parties, contract to assist in administering the bill
9 assistance and the arrearage retirement components of the electric universal service
10 program.

11 (6) The Commission has oversight responsibility for the bill assistance
12 and the arrearage retirement components of the electric universal service program.

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

18 (b) (1) All customers shall contribute to the funding of the electric universal
19 service program through a charge collected by each electric company.

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

23 (3) In accordance with subsection (f)(6) of this section, any unexpended
24 bill assistance and arrearage retirement funds returned to customers under
25 subsection (f) of this section shall be returned to each customer class as a credit in the
26 same proportion that the customer class contributed charges to the fund.

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

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

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

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

37 (i) subject to subsection (e) of this section, a recommendation on
38 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 on
2 bill assistance and arrearage retirement during the preceding fiscal year;

3 2. how bill assistance and arrearage retirement payments
4 were calculated during the preceding fiscal year;

5 3. the projected needs for the bill assistance and the
6 arrearage retirement components for the next fiscal year; and

7 4. the amount of any bill assistance or arrearage retirement
8 surplus carried over in the electric universal service program fund under subsection
9 (f)(6)(i) of this section;

10 (ii) for bill assistance:

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

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

17 (iii) the amount of funds needed, as determined by the Commission,
18 to retire arrearages for electric customers who have not previously received
19 assistance in retiring arrearages under the electric universal service program and the
20 basis for this determination;

21 (iv) the amount of funds needed, as determined by the Commission,
22 for bill assistance and arrearage retirement, respectively, for customers for whom
23 income limitations may be waived under subsection (a)(7) of this section, and the
24 basis for each determination;

25 (v) the impact on customers' rates, including the allocation among
26 customer classes, from collecting the total amount recommended by the Commission
27 under item (i) of this paragraph; and

28 (vi) the impact of using other federal poverty level benchmarks on
29 costs and the effectiveness of the electric universal service program.

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

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

1 (1) [\$24.4] \$27.4 million shall be collected from the industrial and
2 commercial classes; and

3 (2) \$9.6 million shall be collected from the residential class.

4 (f) (1) In this subsection, "Fund" means the Electric Universal Service
5 Program Fund.

6 (2) There is an Electric Universal Service Program Fund.

7 (3) (i) 1. The Comptroller shall collect the revenue collected by
8 electric companies under subsection (b) of this section and place the revenue into the
9 Fund.

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

12 (ii) The Fund is a continuing, nonlapsing fund that is not subject to
13 § 7-302 of the State Finance and Procurement Article.

14 (iii) The purpose of the Fund is to assist electric customers as
15 provided in subsection (a)(1) of this section.

16 (4) The Department of Human Resources, with oversight by the
17 Commission, shall disburse the bill assistance and arrearage retirement funds in
18 accordance with the provisions of this section.

19 (5) The Comptroller annually shall disburse \$1,000,000 of low-income
20 weatherization funds to the Department of Housing and Community Development.

21 (6) (i) At the end of a given fiscal year, any unexpended bill assistance
22 and arrearage retirement funds that were collected for that fiscal year shall be
23 retained in the Fund and shall be made available for disbursement through the first
24 3 months of the next fiscal year to customers who:

25 1. qualify for assistance from the Fund during the given
26 fiscal year;

27 2. apply for assistance from the Fund before the end of the
28 given fiscal year; and

29 3. remain eligible for assistance at the time services are
30 provided.

31 (ii) If the Commission determines that an extension is needed, the
32 Commission may extend up to an additional 3 months the period in which
33 unexpended bill assistance and arrearage retirement funds may be made available for
34 disbursement under subparagraph (i) of this paragraph.

35 (iii) Any bill assistance and arrearage retirement funds collected for
36 a given fiscal year that are retained under subparagraph (i) of this paragraph and

1 that remain unexpended at the end of the period allowed under subparagraphs (i) and
2 (ii) of this paragraph shall be returned to each customer class in the proportion that
3 the customer class contributed charges to the fund for the given fiscal year in the
4 form of a credit toward the charge assessed in the following fiscal year.

5 SECTION 2. AND BE IT FURTHER ENACTED, That the Public Service
6 Commission shall take all necessary actions to implement the alteration of funding
7 for the electric universal service program in accordance with this Act, including
8 imposition of a supplementary assessment, so that the full amount of assistance
9 authorized shall be available for bill assistance and arrearage retirement during
10 fiscal year 2006.

11 SECTION 3. AND BE IT FURTHER ENACTED, That this Act is an emergency
12 measure, is necessary for the immediate preservation of the public health or safety,
13 has been passed by a ye and nay vote supported by three-fifths of all the members
14 elected to each of the two Houses of the General Assembly, and shall take effect from
15 the date it is enacted.