

HOUSE BILL 1545

C5

8lr0255

By: **Chair, Economic Matters Committee (By Request – Departmental – Public Service Commission)**

Introduced and read first time: February 25, 2008

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Electric Universal Service Program – Administration**

3 FOR the purpose of transferring responsibility for the electric universal service
4 program from the Public Service Commission to the Department of Human
5 Resources; removing from the Commission oversight responsibility for certain
6 components of the electric universal service program; requiring the Office of
7 Home Energy Programs in the Department to report on the electric universal
8 service program to the General Assembly by a certain date; removing from the
9 Commission responsibility for making certain determinations and
10 recommendations; requiring the Commission to assist the Office of Home
11 Energy Programs to complete a certain report by providing the Office with
12 certain information; requiring the Commission to provide support in a certain
13 manner to the Department and the Office of Home Energy Programs for the
14 administration of the electric universal service program; and generally relating
15 to the administration of the electric universal service program.

16 BY repealing and reenacting, with amendments,
17 Article – Public Utility Companies
18 Section 7–512.1
19 Annotated Code of Maryland
20 (1998 Volume and 2007 Supplement)

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

23 **Article – Public Utility Companies**

24 7–512.1.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (a) (1) The [Commission] **DEPARTMENT OF HUMAN RESOURCES** shall
2 establish an electric universal service program to assist electric customers with annual
3 incomes at or below 175% of the federal poverty level.

4 (2) The components of the electric universal service program shall
5 include:

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

8 (ii) low-income weatherization; [and]

9 (iii) the retirement of arrearages for electric customers who have
10 not previously received assistance in retiring arrearages under the universal service
11 program, not to exceed a total of \$1.5 million in any given fiscal year; **AND**

12 (IV) **ADMINISTRATIVE EXPENSES.**

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

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

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

23 (6) [The Commission has oversight responsibility for the bill
24 assistance and the arrearage retirement components of the electric universal service
25 program.

26 (7)] In a specific case, the electric universal service program may waive
27 the income eligibility limitation under paragraph (1) of this subsection in order to
28 provide assistance to an electric customer who would qualify for a similar waiver
29 under the Maryland Energy Assistance Program established under Title 6, Subtitle 3
30 of the Human Services Article.

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

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

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

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

7 (5) As determined by the Office of Home Energy Programs, bill
8 assistance payments to an electric company may be on a monthly basis for each
9 customer.

10 (6) The Commission shall determine the allocation of the electric
11 universal service charge among the generation, transmission, and distribution rate
12 components of all classes.

13 (7) The Commission may not assess the electric universal service
14 surcharge on a per kilowatt-hour basis.

15 (c) (1) On or before December 1 of each year, the [Commission] **OFFICE**
16 **OF HOME ENERGY PROGRAMS** shall report, subject to § 2-1246 of the State
17 Government Article, to the General Assembly on the electric universal service
18 program, including:

19 (i) subject to subsection (e) of this section, a recommendation on
20 the total amount of funds for the program for the following fiscal year based on:

21 1. the level of participation in and the amounts
22 expended on bill assistance and arrearage retirement during the preceding fiscal year;

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

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

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

30 (ii) for bill assistance:

31 1. the total amount of need[, as determined by the
32 Commission,] for electric customers with annual incomes at or below 150% of the
33 federal poverty level and the basis for this determination; and

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

4 (iii) the amount of funds needed[, as determined by the
5 Commission,] to retire arrearages for electric customers who have not previously
6 received assistance in retiring arrearages under the electric universal service program
7 and the basis for this determination;

8 (iv) the amount of funds needed[, as determined by the
9 Commission,] for bill assistance and arrearage retirement, respectively, for customers
10 for whom income limitations may be waived under subsection (a)(7) of this section, and
11 the basis for each determination;

12 (v) the impact on customers' rates, including the allocation
13 among customer classes, [from collecting the total amount recommended] **AS**
14 **REPORTED** by the Commission under [item (i) of this paragraph] **SUBSECTION**
15 **(G)(1) OF THIS SECTION**; [and]

16 (vi) the impact of using other federal poverty level benchmarks
17 on costs and the effectiveness of the electric universal service program[.];

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

21 1.] **(VII)** the number of customers and the amount of
22 distributions made to fuel customers under the Maryland Energy Assistance Program
23 established under Title 6, Subtitle 3 of the Human Services Article, identified by
24 funding source and fuel source; and

25 [2.] **(VIII)** the cost of outreach and education materials
26 provided by the Office of Home Energy Programs for the electric universal service
27 program.

28 [(ii)] **(2)** The Office of Home Energy Programs may satisfy the
29 reporting requirement of [subparagraph (i)1 of this] paragraph **(1)(VII) OF THIS**
30 **SUBSECTION** by providing the [Commission] **GENERAL ASSEMBLY** with a copy of
31 material that contains the required information and that the Office of Home Energy
32 Programs submits to the federal government.

33 [(iii) The Commission shall include the information provided by
34 the Office of Home Energy Programs under subparagraph (i) of this paragraph in its
35 report to the General Assembly under paragraph (1) of this subsection.]

1 (3) Subject to subsection (d)(2) of this section, the [Commission]
2 **OFFICE OF HOME ENERGY PROGRAMS** shall include the information provided by
3 the Department of Housing and Community Development under subsection (d)(1) of
4 this section in its report to the General Assembly under paragraph (1) of this
5 subsection.

6 (4) (i) The Office of Legislative Audits shall conduct a performance
7 audit of the electric universal service program once every 3 years or at another
8 interval as directed by the Joint Audit Committee and shall report the results of the
9 audit to the General Assembly.

10 (ii) The cost of the performance audit under this paragraph
11 shall be included in the costs of administering the electric universal service program,
12 and funded through the electric universal service program fund under subsection (f) of
13 this section.

14 (d) (1) On or before December 1 of each year, the Department of Housing
15 and Community Development shall report, in accordance with § 2-1246 of the State
16 Government Article, to the General Assembly on the low-income weatherization
17 component of the electric universal service program, including:

18 (i) the amount of funds expended during the preceding fiscal
19 year;

20 (ii) the level of participation during the preceding fiscal year,
21 including the number of households served in each area of the State; and

22 (iii) the types of projects, including the average cost per unit,
23 provided to households during the preceding fiscal year.

24 (2) The Department of Housing and Community Development may
25 satisfy the reporting requirement under paragraph (1) of this subsection by requesting
26 the [Commission] **OFFICE OF HOME ENERGY PROGRAMS** to include the
27 information in the [Commission's] **OFFICE'S** report required under subsection (c) of
28 this section and providing the information to the [Commission] **OFFICE** by the date
29 specified by the [Commission] **OFFICE**.

30 (e) The total amount of funds to be collected for the electric universal service
31 program each year shall be \$37 million, allocated in the following manner:

32 (1) \$27.4 million shall be collected from the industrial and commercial
33 classes; and

34 (2) \$9.6 million shall be collected from the residential class.

35 (f) (1) In this subsection, "fund" means the electric universal service
36 program fund.

1 (2) There is an electric universal service program fund.

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

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

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

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

11 (4) The Department of Human Resources[, with oversight by the
12 Commission,] shall disburse the bill assistance and arrearage retirement funds in
13 accordance with the provisions of this section.

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

16 (6) (i) At the end of a given fiscal year, any unexpended bill
17 assistance and arrearage retirement funds that were collected for that fiscal year shall
18 be retained in the fund and shall be made available for disbursement through the first
19 3 months of the next fiscal year to customers who:

20 1. qualify for assistance from the fund during the given
21 fiscal year;

22 2. apply for assistance from the fund before the end of
23 the given fiscal year; and

24 3. remain eligible for assistance at the time services are
25 provided.

26 (ii) If the [Commission] **DEPARTMENT OF HUMAN**
27 **RESOURCES** determines that an extension is needed, the [Commission]
28 **DEPARTMENT** may extend up to an additional 3 months the period in which
29 unexpended bill assistance and arrearage retirement funds may be made available for
30 disbursement under subparagraph (i) of this paragraph.

31 (iii) Any bill assistance and arrearage retirement funds collected
32 for a given fiscal year that are retained under subparagraph (i) of this paragraph and
33 that remain unexpended at the end of the period allowed under subparagraphs (i) and
34 (ii) of this paragraph shall be returned to each customer class in the proportion that

1 the customer class contributed charges to the fund for the given fiscal year in the form
2 of a credit toward the charge assessed in the following fiscal year.

3 (G) (1) THE COMMISSION SHALL ASSIST THE OFFICE OF HOME
4 ENERGY PROGRAMS TO COMPLETE THE REPORT REQUIRED UNDER
5 SUBSECTION (C) OF THIS SECTION BY PROVIDING THE OFFICE WITH
6 INFORMATION RELATING TO THE IMPACT ON CUSTOMERS' RATES, INCLUDING
7 THE ALLOCATION AMONG CUSTOMER CLASSES, FROM COLLECTING THE TOTAL
8 AMOUNT RECOMMENDED BY THE OFFICE UNDER SUBSECTION (C)(1)(I) OF THIS
9 SECTION.

10 (2) (I) THE COMMISSION SHALL PROVIDE SUPPORT TO THE
11 DEPARTMENT OF HUMAN RESOURCES AND THE OFFICE OF HOME ENERGY
12 PROGRAMS FOR THE ADMINISTRATION OF THE ELECTRIC UNIVERSAL SERVICE
13 PROGRAM.

14 (II) THE SUPPORT PROVIDED BY THE COMMISSION SHALL
15 INCLUDE:

16 1. PROVIDING INFORMATION RELATING TO
17 ELECTRIC COMPANIES, PLANS FOR ELECTRIC SERVICE, CUSTOMERS'
18 ELECTRICITY RATES, AND ANY OTHER INFORMATION REQUIRED BY THE
19 DEPARTMENT OF HUMAN RESOURCES OR THE OFFICE OF HOME ENERGY
20 PROGRAMS TO ADMINISTER THE ELECTRIC UNIVERSAL SERVICE PROGRAM;
21 AND

22 2. RESPONDING TO INQUIRIES AND INVESTIGATING
23 COMPLAINTS FROM CONSUMERS RELATING TO ELECTRIC SERVICE UNDER THE
24 ELECTRIC UNIVERSAL SERVICE PROGRAM.

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 June 1, 2008.