

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

House Bill 1545

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

Economic Matters

Electric Universal Service Program - Administration

This departmental bill repeals Public Service Commission oversight of the Electric Universal Service Program and transfers this authority to the Department of Human Resources' Office of Home Energy Programs. The commission must provide the information necessary for the Office of Home Energy Programs to satisfy reporting requirements and must respond to consumer inquiries relating to electric service.

The bill takes effect June 1, 2008.

Fiscal Summary

State Effect: The changes authorized in the bill are administrative in nature and are not expected to affect State revenues or expenditures.

Local Effect: None.

Small Business Effect: PSC has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Current Law: PSC is required to establish an Electric Universal Service Program to assist electric customers who have annual incomes at or below 175% of the federal poverty level. The program includes bill assistance and the retirement of arrearages for electric customers who have not previously received such assistance; these two

components of the program are overseen by PSC and administered by DHR. The program also includes low-income weatherization, which is administered by the Department of Housing and Community Development.

All customers contribute to the funding of the Electric Universal Service Program through a charge collected by electric companies. The total amount of funds for the program is \$37.0 million, with \$27.4 million collected from the industrial and commercial classes and \$9.6 million collected from the residential class. PSC determines the allocation of charges among generation, transmission, and distribution rate components of all classes, which may not be allocated based on usage.

PSC is required to report annually on the Electric Universal Service Program, including the level of participation, the calculation of assistance payments, the projected need in the next fiscal year, and the amount of surplus funds. DHR's Office of Home Energy Programs is required to assist the commission in reporting data relevant to program enrollment and costs.

Background: PSC advises that this bill is intended to improve consistency in program reporting, as other programs administered by the Office of Home Energy Programs are outside the commission's purview. Further, the commission advises that it lacks expertise in social programs sufficient to provide meaningful program oversight. The transfer of authority to DHR's Office of Home Energy Programs is intended to improve efficiency in program administration and reporting, with continued support from the commission.

State Fiscal Effect: DHR currently administers the Electric Universal Service Program; the department advises that the Office of Home Energy Programs will not require additional resources to comply with the requirements of this bill.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 14, 2008
mll/hlb

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