

HOUSE BILL 736

C5

EMERGENCY BILL
ENROLLED BILL

(9lr2625)

—*Economic Matters / Finance*—

Introduced by **Delegates McHale, Davis, Haddaway, Krysiak, and Vaughn**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

_____ day of _____ at _____ o'clock, _____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Electric Universal Service Program – Modifications**

3 FOR the purpose of altering certain criteria for providing bill assistance under the
4 electric universal service program; repealing a certain limitation on providing
5 arrearage retirement assistance under the program; clarifying the scope of
6 certain weatherization assistance funded under the program; authorizing the
7 program to provide arrearage retirement assistance to certain customers under
8 certain conditions; authorizing the Department of Human Resources to
9 establish certain criteria for certain program assistance and to coordinate
10 program benefits with certain other benefits; altering certain information that
11 the Public Service Commission must report to the General Assembly; requiring
12 the Office of Home Energy Programs to report certain information to the
13 Commission and the General Assembly; altering the period within which
14 certain funds may be retained for use in certain fiscal years; making a technical

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

Italics indicate opposite chamber committee amendments.



1 correction; *making this Act an emergency measure*; and generally relating to
 2 low-income electric customers and the electric universal service program.

3 BY repealing and reenacting, with amendments,
 4 Article – Public Utility Companies
 5 Section 7–512.1
 6 Annotated Code of Maryland
 7 (2008 Replacement Volume and 2008 Supplement)

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 an electric universal service
 13 program to assist electric customers with annual incomes at or below 175% of the
 14 federal poverty level.

15 (2) The components of the electric universal service program shall
 16 include:

17 (i) bill assistance[, at a minimum of 50% of the determined
 18 need];

19 (ii) low-income **RESIDENTIAL** weatherization; and

20 (iii) the retirement of arrearages for electric customers who have
 21 not [previously] received assistance in retiring arrearages under the universal service
 22 program[, not to exceed a total of \$1.5 million in any given] **WITHIN THE PRECEDING**
 23 **7** fiscal [year] **YEARS**.

24 (3) The Department of Housing and Community Development is
 25 responsible for administering the low-income **RESIDENTIAL** weatherization
 26 component of the electric universal service program.

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

30 **(II) THE DEPARTMENT OF HUMAN RESOURCES MAY:**

31 **1. ESTABLISH MINIMUM AND MAXIMUM BENEFITS**
 32 **AVAILABLE TO AN ELECTRIC CUSTOMER UNDER THE BILL ASSISTANCE AND**
 33 **ARREARAGE RETIREMENT COMPONENTS; AND**

1 **2. COORDINATE BENEFITS UNDER THE ELECTRIC**
2 **UNIVERSAL SERVICE PROGRAM WITH BENEFITS UNDER THE MARYLAND**
3 **ENERGY ASSISTANCE PROGRAM AND OTHER AVAILABLE ENERGY ASSISTANCE**
4 **PROGRAMS.**

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

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

11 (7) In a specific case, the electric universal service program may waive
12 the income eligibility limitation under paragraph (1) of this subsection in order to
13 provide assistance to an electric customer who would qualify for a similar waiver
14 under the Maryland Energy Assistance Program established under Title 5, Subtitle 5A
15 of the Human Services Article.

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

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

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

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

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

30 (6) 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 (7) The Commission may not assess the electric universal service
34 surcharge on a per kilowatt-hour basis.

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

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

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

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

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

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

15 (ii) for bill [assistance:

16 1.] **ASSISTANCE**, the total amount of need, as determined
17 by the Commission, for electric customers with annual incomes at or below [150%]
18 **175%** of the federal poverty level and the basis for this determination; [and

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

22 (iii) the amount of funds needed, as determined by the
23 Commission, to retire arrearages for electric customers who have not [previously]
24 received assistance in retiring arrearages under the electric universal service program
25 **WITHIN THE PRECEDING 7 FISCAL YEARS**, and the basis for this determination;

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

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

33 (vi) the impact of using other federal poverty level benchmarks
34 on costs and the effectiveness of the electric universal service 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
5 distributions made to fuel customers under the Maryland Energy Assistance Program
6 established under Title 5, Subtitle 5A of the Human Services Article, identified by
7 funding source and fuel source; [and]

8 2. the cost of outreach and education materials provided
9 by the Office of Home Energy Programs for the electric universal service program;
10 **AND**

11 **3. THE AMOUNT OF MONEY THAT THE DEPARTMENT**
12 **OF HUMAN RESOURCES RECEIVES, AND IS PROJECTED TO RECEIVE, FOR**
13 **LOW-INCOME ENERGY ASSISTANCE FROM:**

14 **A. THE MARYLAND STRATEGIC ENERGY**
15 **INVESTMENT FUND UNDER § 9-20B-05 OF THE STATE GOVERNMENT ARTICLE;**

16 **B. WITH RESPECT TO ELECTRIC CUSTOMERS ONLY,**
17 **THE MARYLAND ENERGY ASSISTANCE PROGRAM; AND**

18 **C. ANY OTHER FEDERAL, STATE, LOCAL, OR PRIVATE**
19 **SOURCE.**

20 (ii) The Office of Home Energy Programs may satisfy the
21 reporting requirement of subparagraph (i)1 of this paragraph by providing the
22 Commission with a copy of material that contains the required information and that
23 the Office of Home Energy Programs submits to the federal government.

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

27 (3) Subject to subsection (d)(2) of this section, the Commission shall
28 include the information provided by the Department of Housing and Community
29 Development under subsection (d)(1) of this section in its report to the General
30 Assembly under paragraph (1) of this subsection.

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

1 (ii) The cost of the performance audit under this paragraph
2 shall be included in the costs of administering the electric universal service program,
3 and funded through the electric universal service program fund under subsection (f) of
4 this section.

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

9 (i) the amount of funds expended during the preceding fiscal
10 year;

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

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

15 (2) The Department of Housing and Community Development may
16 satisfy the reporting requirement under paragraph (1) of this subsection by requesting
17 the Commission to include the information in the Commission's report required under
18 subsection (c) of this section and providing the information to the Commission by the
19 date specified by the Commission.

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

22 (1) \$27.4 million shall be collected from the industrial and commercial
23 classes; and

24 (2) \$9.6 million shall be collected from the residential class.

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

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

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

31 2. The General Assembly may appropriate funds
32 supplemental to the funds collected under subparagraph 1 of this subparagraph.

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

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

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

6 (5) The Comptroller annually shall disburse \$1,000,000 of low-income
7 **RESIDENTIAL** weatherization funds to the Department of Housing and Community
8 Development.

9 (6) (i) At the end of a given fiscal year, any unexpended bill
10 assistance and arrearage retirement funds that were collected for that fiscal year shall
11 be retained in the fund and shall be made available for disbursement through the first
12 [3] 6 months of the next fiscal year to customers who:

13 1. qualify for assistance from the fund during the given
14 fiscal year;

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

17 3. remain eligible for assistance at the time services are
18 provided.

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

23 (iii) Any bill assistance and arrearage retirement funds collected
24 for a given fiscal year that are retained under subparagraph (i) of this paragraph and
25 that remain unexpended at the end of the period allowed under subparagraphs (i) and
26 (ii) of this paragraph shall be returned to each customer class in the proportion that
27 the customer class contributed charges to the fund for the given fiscal year in the form
28 of a credit toward the charge assessed in the following fiscal year.

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act ~~shall take effect~~
30 ~~July 1, 2009~~ is an emergency measure, is necessary for the immediate preservation of
31 the public health or safety, has been passed by a ye and nay vote supported by
32 three-fifths of all the members elected to each of the two Houses of the General
33 Assembly, and shall take effect from the date it is enacted.