

## Chapter 777

**(House Bill 1002)**

AN ACT concerning

**Electric Universal Service Program – Unexpended Funds**

FOR the purpose of providing that the Public Service Commission has oversight responsibility over certain expenditures of the electric universal service program; requiring the Department of Human Resources to expend certain funds collected for the Program in certain fiscal years for certain purposes, including bill assistance and arrearage retirement, targeted weatherization, or arrearage management; providing that the Commission may defer the return of certain funds only for a certain number of years; requiring the Commission to combine certain amounts to be returned for certain years for certain purposes; requiring the Commission to establish a certain rate credit for the return of certain unexpended funds on or before a certain date; stating the intent of the General Assembly regarding the timing for expending certain unexpended bill assistance and arrearage funds; establishing a certain joint workgroup for certain purposes; and generally relating to the electric universal service program.

BY repealing and reenacting, with amendments,

Article – Public Utilities

Section 7–512.1(a) ~~and (b)~~, (b), and (f)

Annotated Code of Maryland

(2010 Replacement Volume and 2016 Supplement)

BY repealing and reenacting, without amendments,

Article – Public Utilities

Section 7–512.1(e) ~~and (f)~~

Annotated Code of Maryland

(2010 Replacement Volume and 2016 Supplement)

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

**Article – Public Utilities**

7–512.1.

(a) (1) The Commission shall establish an electric universal service program to assist electric customers with annual incomes at or below 175% of the federal poverty level.

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

- (i) bill assistance;
- (ii) low-income residential weatherization; and

(iii) the retirement of arrearages for electric customers who have not received assistance in retiring arrearages under the universal service program within the preceding 7 fiscal years.

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

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

(ii) The Department of Human Resources may:

1. establish minimum and maximum benefits available to an electric customer under the bill assistance and arrearage retirement components; and
2. coordinate benefits under the electric universal service program with benefits under the Maryland Energy Assistance Program and other available energy assistance programs.

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

(6) The Commission has oversight responsibility for the bill assistance and the arrearage retirement components of the electric universal service program **AND ANY OTHER FUNDS EXPENDED UNDER THIS SECTION.**

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

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

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

(3) **[In] EXCEPT AS PROVIDED IN PARAGRAPH (4) OF THIS SUBSECTION,** IN accordance with subsection (f)(6) of this section, any unexpended bill assistance and arrearage retirement funds returned to customers under subsection (f) of this section shall be returned to each customer class as a credit in the same proportion that the customer class contributed charges to the fund.

(4) **THE DEPARTMENT OF HUMAN RESOURCES SHALL EXPEND ANY UNEXPENDED BILL ASSISTANCE AND ARREARAGE FUNDS THAT WERE COLLECTED IN FISCAL YEARS 2010 THROUGH 2017, IN EXCESS OF THE TOTAL AMOUNT AUTHORIZED UNDER SUBSECTION (E) OF THIS SECTION, FOR ONE OR MORE OF THE FOLLOWING PURPOSES:**

(I) **BILL ASSISTANCE AND THE RETIREMENT OF ARREARAGES FOR CUSTOMERS WHO ARE ELIGIBLE TO RECEIVE ASSISTANCE AT THE TIME SERVICES ARE PROVIDED;**

(II) **TARGETED AND ENHANCED LOW-INCOME RESIDENTIAL WEATHERIZATION DESIGNED TO REMEDIATE HOUSEHOLDS THAT ARE CONSIDERED INELIGIBLE TO PARTICIPATE IN OTHER STATE ENERGY EFFICIENCY PROGRAMS DUE TO SIGNIFICANT HEALTH AND SAFETY HAZARDS; OR**

(III) **AN ARREARAGE MANAGEMENT PROGRAM FOR LOW-INCOME CUSTOMERS IN ARREARS, INCLUDING PROVIDING CREDITS OR MATCHING PAYMENTS FOR CUSTOMERS WHO MAKE TIMELY PAYMENTS ON CURRENT BILLS.**

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

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

**[(6)] (7)** The Commission shall determine the allocation of the electric universal service charge among the generation, transmission, and distribution rate components of all classes.

**[(7)] (8)** The Commission may not assess the electric universal service surcharge on a per kilowatt-hour basis.

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

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

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

(f) (1) In this subsection, “fund” means the electric universal service program fund.

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

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

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

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

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

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

(5) The Comptroller annually shall disburse up to \$1,000,000 of low-income residential weatherization funds to the Department of Housing and Community Development, as provided in the State budget.

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

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

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

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

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

(iii) **1.** Any bill assistance and arrearage retirement funds collected for a given fiscal year that are retained under subparagraph (i) of this paragraph and that remain unexpended at the end of the period allowed under subparagraphs (i) and (ii) of this paragraph shall be returned to each customer class in the proportion that the customer class contributed charges to the fund for the given fiscal year in the form of a credit toward the charge assessed in the following fiscal year.

**2. IF THE COMMISSION DETERMINES THAT IT IS IMPRACTICAL TO ESTABLISH A RATE CREDIT FOR THE AMOUNT TO BE RETURNED FOR A GIVEN FISCAL YEAR TO CUSTOMERS UNDER SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH, THE COMMISSION:**

**A. MAY DEFER THE RETURN FOR NOT MORE THAN 2 ADDITIONAL FISCAL YEARS; AND**

**B. SHALL COMBINE THE RETURNED AMOUNT FOR THAT FISCAL YEAR WITH AMOUNTS TO BE RETURNED FOR THE FOLLOWING FISCAL YEARS WHEN CALCULATING THE RATE CREDIT FOR THE FINAL FISCAL YEAR OF THE PERIOD.**

**SECTION 2. AND BE IT FURTHER ENACTED, That, on or before October 1, 2020, the Public Service Commission shall establish a rate credit under § 7-512.1(f)(6)(iii)2 of the Public Utilities Article, as enacted by this Act, for the return of unexpended bill assistance and arrearage funds, in excess of the total amount authorized under § 7-512.1(e) of the Public Utilities Article, accumulated through the end of fiscal year 2019.**

**SECTION 3. AND BE IT FURTHER ENACTED, That it is the intent of the General Assembly that the Department of Human Resources shall expend any unexpended bill assistance and arrearage funds that were collected in fiscal years 2010 through 2017, in excess of the total amount authorized for disbursement, as required in § 7-512.1(b)(4) of the Public Utilities Article as enacted by Section 1 of this Act, beginning in fiscal year 2019.**

**SECTION 4. AND BE IT FURTHER ENACTED, That a joint workgroup is established with members selected by the presiding officers from the Senate Finance Committee and the House Economic Matters Committee to monitor, as the committees consider appropriate, the disbursements made in accordance with this Act and related matters concerning the Electric Universal Service Program.**

**SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2017.**

**Approved by the Governor, May 25, 2017.**