

# SENATE BILL 1117

C5, O1

8lr3952  
CF HB 1528

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By: **Senator Klausmeier**

Introduced and read first time: February 15, 2018

Assigned to: Rules

Re-referred to: Finance, February 16, 2018

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Committee Report: Favorable

Senate action: Adopted

Read second time: March 15, 2018

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Electric Universal Service Program – Funds – Arrearage Prevention**

3 FOR the purpose of authorizing the Department of Human Services to use certain  
4 unexpended funds to establish a certain arrearage prevention program; providing  
5 for the purpose and intent of the program; providing for the Department to select  
6 certain program recipients for certain purposes; requiring a program recipient to  
7 demonstrate certain efforts; authorizing the program to include the installation of  
8 certain equipment; and generally relating to the Electric Universal Service Program.

9 BY repealing and reenacting, without amendments,  
10 Article – Public Utilities  
11 Section 7–512.1(a), (c), and (d)  
12 Annotated Code of Maryland  
13 (2010 Replacement Volume and 2017 Supplement)

14 BY repealing and reenacting, with amendments,  
15 Article – Public Utilities  
16 Section 7–512.1(b)  
17 Annotated Code of Maryland  
18 (2010 Replacement Volume and 2017 Supplement)

19 BY adding to  
20 Article – Public Utilities  
21 Section 7–512.1(h)

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### 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.



1 Annotated Code of Maryland  
2 (2010 Replacement Volume and 2017 Supplement)

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

5 **Article – Public Utilities**

6 7–512.1.

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

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

11 (i) bill assistance;

12 (ii) low–income residential weatherization; and

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

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

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

22 (ii) The Department of Human Services may:

23 1. establish minimum and maximum benefits available to an  
24 electric customer under the bill assistance and arrearage retirement components; and

25 2. coordinate benefits under the electric universal service  
26 program with benefits under the Maryland Energy Assistance Program and other available  
27 energy assistance programs.

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

31 (6) The Commission has oversight responsibility for the bill assistance and  
32 the arrearage retirement components of the electric universal service program and any

1 other funds expended under this section.

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

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

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

11 (3) Except as provided in paragraph (4) of this subsection, in accordance  
12 with subsection (f)(6) of this section, any unexpended bill assistance and arrearage  
13 retirement funds returned to customers under subsection (f) of this section shall be  
14 returned to each customer class as a credit in the same proportion that the customer class  
15 contributed charges to the fund.

16 (4) The Department of Human Services shall expend any unexpended bill  
17 assistance and arrearage funds that were collected in fiscal years 2010 through 2017, in  
18 excess of the total amount authorized under subsection (e) of this section, for one or more  
19 of the following purposes:

20 (i) bill assistance and the retirement of arrearages for customers  
21 who are eligible to receive assistance at the time services are provided;

22 (ii) targeted and enhanced low-income residential weatherization  
23 designed to remediate households that are considered ineligible to participate in other  
24 State energy efficiency programs due to significant health and safety hazards; [or]

25 (iii) an arrearage management program for low-income customers in  
26 arrears, including providing credits or matching payments for customers who make timely  
27 payments on current bills; **OR**

28 **(IV) AN ARREARAGE PREVENTION PROGRAM FOR LOW-INCOME**  
29 **CUSTOMERS.**

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

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

34 (7) The Commission shall determine the allocation of the electric universal  
35 service charge among the generation, transmission, and distribution rate components of all

1 classes.

2 (8) The Commission may not assess the electric universal service  
3 surcharge on a per kilowatt-hour basis.

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

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

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

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

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

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

18 (ii) for bill assistance, the total amount of need, as determined by  
19 the Commission, for electric customers with annual incomes at or below 175% of the federal  
20 poverty level and the basis for this determination;

21 (iii) the amount of funds needed, as determined by the Commission,  
22 to retire arrearages for electric customers who have not received assistance in retiring  
23 arrearages under the electric universal service program within the preceding 7 fiscal years,  
24 and the basis for this determination;

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

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

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

34 (2) (i) To assist the Commission in preparing its recommendations

1 under paragraph (1) of this subsection, the Office of Home Energy Programs shall report to  
2 the Commission each year on:

3 1. the number of customers and the amount of distributions  
4 made to fuel customers under the Maryland Energy Assistance Program established under  
5 Title 5, Subtitle 5A of the Human Services Article, identified by funding source and fuel  
6 source;

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

9 3. the amount of money that the Department of Human  
10 Services receives, and is projected to receive, for low-income energy assistance from:

11 A. the Maryland Strategic Energy Investment Fund under §  
12 9-20B-05 of the State Government Article;

13 B. with respect to electric customers only, the Maryland  
14 Energy Assistance Program; and

15 C. any other federal, State, local, or private source.

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

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

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

27 (4) The electric universal service program shall be subject to audit by the  
28 Office of Legislative Audits in accordance with §§ 2-1220 through 2-1227 of the State  
29 Government Article.

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

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

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

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

5 (2) The Department of Housing and Community Development may satisfy  
6 the reporting requirement under paragraph (1) of this subsection by requesting the  
7 Commission to include the information in the Commission's report required under  
8 subsection (c) of this section and providing the information to the Commission by the date  
9 specified by the Commission.

10 **(H) (1) AN ARREARAGE PREVENTION PROGRAM UNDER SUBSECTION**  
11 **(B)(4)(IV) OF THIS SECTION IS INTENDED TO PREVENT OR REDUCE ARREARAGES**  
12 **FOR LOW-INCOME CUSTOMERS WHO HAVE PARTICIPATED IN A LOW-INCOME**  
13 **RESIDENTIAL WEATHERIZATION PROGRAM.**

14 **(2) (I) THE PROGRAM IS INTENDED AS A ONE-TIME GRANT OF**  
15 **MONEY TO ESTABLISH ONGOING ARREARAGE PREVENTION ACTIVITIES IN THE**  
16 **STATE.**

17 **(II) THE DEPARTMENT OF HUMAN SERVICES, IN**  
18 **CONSULTATION WITH THE COMMISSION, WILL SELECT FOR THE PROGRAM UP TO**  
19 **TWO PUBLIC OR PRIVATE ENTITIES AS PROGRAM RECIPIENTS TO ADMINISTER THE**  
20 **PROGRAM.**

21 **(III) AT LEAST ONE PROGRAM RECIPIENT MUST PRIMARILY**  
22 **SERVE CUSTOMERS IN A MAJOR URBAN AREA OF THE STATE.**

23 **(3) A PROGRAM RECIPIENT MUST DEMONSTRATE SIGNIFICANT**  
24 **EFFORTS TO:**

25 **(I) SECURE ADDITIONAL PRIVATE INVESTMENT IN ROOFTOP**  
26 **SOLAR INSTALLATION, INCLUDING THE USE OF PROGRAM MONEY FOR CREDIT**  
27 **ENHANCEMENT, DIRECT PROJECT SUPPORT, OR SUPPORT FOR PROGRAM**  
28 **RECIPIENTS AND CUSTOMERS; AND**

29 **(II) PROVIDE EMPLOYMENT IN SOLAR INSTALLATION TO**  
30 **UNEMPLOYED AND UNDEREMPLOYED INDIVIDUALS, WITH PREFERENCE FOR THOSE**  
31 **WHO RESIDE IN THE LOCAL JURISDICTION WHERE THE INSTALLATIONS WILL**  
32 **OCCUR.**

33 **(4) THE PROGRAM MAY INCLUDE THE INSTALLATION OF ROOFTOP**  
34 **SOLAR ELECTRICITY GENERATION EQUIPMENT AFTER ENERGY EFFICIENCY**

1 **MEASURES AT THE RESIDENTIAL PROPERTY HAVE BEEN COMPLETED.**

2 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
3 1, 2018.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.