

# **BFerguson SB 770 - Homeowner Utility Repair Fund F**

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Position: FAV



*The Senate of Maryland*  
ANNAPOLIS, MARYLAND 21401-1991

**SB 770 - Public Utilities - Homeowner Utility Repair Fund - Establishment**

Testimony of Senate President Bill Ferguson

On March 1, 2022

Before the Finance Committee

**Why This Bill Matters:**

Utility upgrades are a vital component of ensuring a safe and reliable supply of energy to customers from providers. Unfortunately, there are instances in which utility companies, their contractors, or subcontractors are forced to undertake demolition in a resident's home in order to access the necessary equipment.

Although the utility company pays for the demolition itself, the cost of repairs are too often shifted to the homeowner. This is an issue that my office has increasingly encountered as gas meter replacement work is taking place in the 46th Legislative District, and throughout the greater Baltimore region.

**What This Bill Does:**

Senate Bill 770 would tap into unused weatherization and energy assistance programs to create a Homeowner Utility Repair Fund to help low- and middle-income homeowners offset the costs associated with repairing any demolition that was required due to regular maintenance or upgrades. There are amendments in progress to work through the administration and allowable uses of the fund.

**Why You Should Vote For This Bill:**

Low- and middle-income residents are being hit with massive repair costs that they could not have anticipated. Residents in my district and across the State are reaching out with increasing regularity as demolition takes place in their homes, but they are unable to afford the required repairs. At a time when the COVID-19 pandemic has already drastically impacted Marylanders' financial security, Senate Bill 770 is intended to provide a lifeline by establishing a fund that will help to offset the expense of restoration.

Thank you for your consideration of Senate Bill 770 and I urge the committee to move this bill with a favorable report.

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## **Senate Bill 770 – Public Utilities- Homeownership Utility Repair Fund**

### **Position: Favorable**

Maryland REALTORS® are pleased to see the establishment of a Homeownership Utility Repair Fund. The fund will assist both low income and middle-income homeowners with the costs from utility companies as it relates to maintenance, repairs, and upgrades. With recent climate change legislation focused specifically on future upgrades, we believe this is much needed opportunity to support a broader range of Maryland homeowners.

According to the “Maryland Housing Needs Assessment and 10-Year Strategic Plan (Needs Assessment),” Maryland will be adding 178,000 new households between 2020 and 2030. The Needs Assessment also estimates that in 2030 more than half of all new households in Maryland will qualify as low-income. As the requirements for any new additional units expand to meet the eventual net-zero requirements, the cost impacts on new residential housing are unclear and specifically, the rising cost of utility changes as technology evolves to meet these challenges.

The U.S. Dept. of Health and Human Services provides an analysis of both Census and Energy Department data which shows the following gap between how much assistance (LIHEAP) low-income households need and how much is available- in Maryland, a monthly income gap of \$1449 persists for utility costs and in the lowest income categories, the utility costs tend to be the highest- for example, in Charles County, 40% of the total cost of living is for utility costs. Additionally, the Maryland Fuel Fund stipulates utility costs as the number two reason for homelessness in Maryland.

This is a critical time for Maryland to implement this fund to support homeowners as they face increased costs to maintain and remain in their homes. For these reasons, the REALTORS® enthusiastically recommends a favorable report.

**For more information, contact**

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**SB770\_Stanek\_Info.pdf**

Uploaded by: Jason Stanek

Position: INFO

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## PUBLIC SERVICE COMMISSION

March 1, 2022

Chair Delores G. Kelley  
Senate Finance Committee  
Miller Senate Office Building, Room 3 East  
Annapolis, MD 21401

### **RE: SB 770 – INFORMATION – Public Utilities – Homeowner Utility Repair Fund - Establishment**

Dear Chair Kelley, Vice Chair Feldman, and Committee Members:

Senate Bill 770 proposes to establish a Homeowner Utility Repair Fund to offset the costs that a low- to moderate-income residential customer may incur in connection with a utility company's routine maintenance, repairs, or upgrades. SB 770 requires the Maryland Public Service Commission to administer the Fund and to determine the amount of money to be transferred annually to the Fund from federal, state, and local government low-income weatherization and energy assistance programs. Such funding sources currently support the Office of Home Energy Programs' Electric Universal Service Program (EUSP) and Maryland Energy Assistance Program (MEAP), the Department of Housing and Community Development's weatherization program, the U.S. Department of Energy Weatherization Assistance Program, and others.

A primary goal of public utility regulation is to ensure the safe, reliable, and economic delivery of utility service. In exchange for the right to serve, utilities bear an unmitigated obligation to ensure the safe operation of their systems. Maintenance, repair and upgrade activities are indispensable to this obligation. Utilities often engage in a variety of maintenance and upgrade activities, including tree trimming, equipment inspections, testing, preventative maintenance, corrective maintenance, infrastructure replacements, facilities relocations and emergency repairs.

Currently, the Commission does not have a process for transmitting compensation to residential ratepayers, and the Commission has no experience in processing claims for reimbursement relating to property damage by Utilities. Given the specific target customer population identified in this bill—*i.e.*, low- to middle-income residential customers—it would be more plausible and efficient for the funding and administration of the Fund be handled by a more appropriate agency, such as the State's residential ratepayer advocate (Maryland Office of People's Counsel) or the Consumer Protection Division of the Attorney General's Office.

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Thank you for the opportunity to provide testimony regarding SB 770. Please contact Lisa Smith, Director of Legislative Affairs, at (410) 336-6288, if you have any questions.

Sincerely,



Jason M. Stanek  
Chairman

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Position: INFO



**Date:** March 1, 2022

**Bill number:** SB 770

**Committee:** Finance

**Bill title:** Public Utilities - Homeowner Utility Repair Fund - Establishment

**DHS Position:** Letter of Information

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The Department of Human Services (the Department) respectfully submits this letter of information in regards to Senate Bill 770 (SB 770). SB 770 establishes the Homeowner Utility Repair Fund as a special, nonlapsing fund to offset the costs a low- to middle-income residential customer may incur for costs associated with a utility company's routine maintenance, repairs, or upgrades. The bill directs the Public Service Commission (PSC) to transfer funds from the Office of Home Energy Programs (OHEP) into the special repair fund. Specifically, the bill requires the transfer of unused funds from the Electric Universal Service Program (EUSP) and Maryland Energy Assistance Program (MEAP), also known as the Low Income Home Energy Assistance Program (LIHEAP).

As written, the bill carries a fiscal impact of approximately \$20 million in general funds annually. The MEAP/LIHEAP program is funded through a federal grant that is replenished annually at the beginning of each federal fiscal year. Therefore, the administration of MEAP/LIHEAP programs rely on unused funds at the end of the State fiscal year, to sustain energy assistance customers through the months of July, August, and September. If SB 770 passes, the State would need to supplement MEAP/LIHEAP funding from July through October, to ensure the continuation of benefits to energy assistance customers.

The Department appreciates the opportunity to share the aforementioned information with the Committee. We hope it is helpful during the Committee's deliberations.