

**STATE OF MARYLAND
OFFICE OF PEOPLE'S COUNSEL**

Paula M. Carmody, People's Counsel

6 St. Paul Street, Suite 2102
Baltimore, Maryland 21202
410-767-8150; 800-207-4055
www.opc.maryland.gov

BILL NO.: **Senate Bill 966**
Electric Universal Service Program – Unexpended Funds

COMMITTEE: **Finance**

HEARING DATE: **March 7, 2017**

SPONSORS: **Senators Klausmeier and Middleton**

POSITION: **Support**

Senate Bill 966 modifies the Electric Universal Service Program (EUSP) law to require the Department of Human Resources (DHR) to spend any excess and unexpended bill assistance and arrearage funds that were collected from fiscal 2010 through 2017. The Fiscal Note indicates that the Public Service Commission (Commission) estimates that the unexpended funds amount to approximately \$10 million. The Bill permits DHR to use the funds for bill assistance, arrearage retirement, weatherization or arrearage management programs for EUSP customers. Finally, the Bill expands the oversight responsibility of the Commission to include these unexpended funds.

EUSP is funded through ratepayer contributions, in a total amount of \$37 million, as well as revenues from the Regional Greenhouse Gas Initiative (RGGI), deposited into the Strategic Energy Investment Fund (SEIF), budgeted and transferred to DHR. The current EUSP law requires that, after a set period of time, unexpended funds collected from electric company ratepayers be returned to each customer class in proportion to the contributions of each customer. Unexpended funds have built up over time as a result of difficulties in setting surcharges for the

residential, commercial and industrial customers that accurately collected just \$37 million in each fiscal year. The result is a balance of unspent funds.

Senate Bill 966 would modify the current EUSP law to allow these unexpended funds to be used for the benefit of low-income electric customers. Without this change, the law continues to require that these unexpended funds be returned proportionately to customers. The Office of People's Counsel (OPC) believes that given the identified and continuing need of low-income electricity customers for assistance, this Bill provides the best way to handle the problem of these unspent funds and assist customers at the same time. OPC does recommend that as part of its expanded oversight responsibility, that the Commission request a DHR plan for the use of these funds within a reasonable time of the effective date of a Bill that is passed and enrolled.

For these reasons, OPC recommends a favorable report on Senate Bill 966.