

**ORDER NO. 88850**

IN THE MATTER OF THE ELECTRIC  
UNIVERSAL SERVICE PROGRAM.

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BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF MARYLAND

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CASE NO. 8903

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**Issued: September 26, 2018**

On June 28, 2018, the Maryland Department of Human Resources (“DHS”), Family Investment Administration, Office of Home Energy Programs (“OHEP”) submitted to the Public Service Commission of Maryland (“Commission”) OHEP’s Proposed Operations Plan for Fiscal Year (“FY”) 2019 (“Proposed Plan”) for the Electric Universal Service Program (“EUSP”). Written comments were filed by the Commission’s Technical Staff (“Staff”), the Maryland Office of People’s Counsel (“OPC”), Potomac Electric Power Company and Delmarva Power & Light Company (“PHI Companies”), Baltimore Gas and Electric Company (“BGE”), Retail Energy Supply Association (“RESA”), the Maryland Department of Housing and Community Development (“DHCD”), and the Institute for Energy and Environmental Research (“IEER”). On August 24, 2018, the Commission held a legislative-style hearing on this matter to receive additional input for OHEP and interested parties.

**OHEP’s Proposed Operations Plan for FY 2019**

OHEP’s Proposed Plan states that the available funds to support EUSP totals \$78,800,000 for FY 2019. This amount represents \$37,000,000 from EUSP Ratepayer Funds (“Ratepayer Fund”); \$27,000,000 from the Maryland Strategic Energy Investment

Fund (“MSEIF”); and \$14,800,000 from EUSP Ratepayer Over-collected Funds. The Commission’s statutory oversight and authority extends to the approval of the proposed allocation of the bill assistance and arrearage components of the EUSP. *See* MD. CODE ANN., Public Utilities Article (“PUA”) § 7-512.1. For FY 2019, OHEP proposes to provide arrearage assistance using \$27,200,000 from MSEIF

With respect to the \$37,000,000 from the Ratepayer Fund, the Proposed Plan allocates \$4,440,000 for administration; \$200,000 for outreach; \$529,783 for OHEP’s data system; and the remaining \$31,830,217 for bill assistance. After hearing from OHEP and the interested parties, the Commission finds OHEP’s proposed allocation of the Ratepayer Fund for FY 2019 EUSP operations reasonable and approves the allocation as proposed. Additionally, the Commission approves OHEP’s Proposed Plan describing the aggregate funding for EUSP in FY 2019, subject to any authorized amendments to implement the Arrearage Prevention Program as described herein.

### **Other EUSP-Related Matters**

#### *1. Arrearage Prevention Program*

During the 2018 Legislative Session, the General Assembly adopted, and the Governor later signed, HB1528 and SB1117.<sup>1</sup> The bills require DHS to establish a program to prevent or reduce arrearages for low-income customers who participate in a low-income weatherization program.<sup>2</sup> Pursuant to this legislation, for FY 2019, DHS must dedicate \$750,000 of any unexpended EUSP funds to implement the arrearage

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<sup>1</sup> These measures passed into law, effective July 1, 2018.

<sup>2</sup> Staff Comments at 3. HB1528 / SB1117 supports installation of low-income solar measures as a means of reducing or avoiding arrearages. (Staff notes that the program may include the installation of rooftop solar electricity generation equipment after energy efficiency measures at the residential property have been completed. *Id.*)

prevention program. However, the Proposed Plan did not allocate funds for this program, anticipating that there would be no unexpended funds to carry out this legislative mandate. During the hearing, however, the Commission advised DHS to re-consult with the Legislature through its departmental legislative liaison to address this issue.

2. *Whether EUSP is Making Electric Service Affordable to Low-income Customers*

OHEP states that it welcomes additional proceedings under PC 27 (*In the Matter of Low-Income Energy-Related Customer Arrearages and Bill Assistance Need*) or the convening of a EUSP Workgroup — as suggested in prior years by OPC — to evaluate whether EUSP is making electric service affordable to low-income customers.

PC 27, however, was initiated in response to stakeholder concerns regarding the adequacy of low-income assistance funding. At the conclusion of PC 27, the Commission submitted a report to the General Assembly in response to a joint legislative committees' budget inquiry regarding the status of the Commission's review of Maryland's energy assistance programs, including steps that the Commission planned to take to limit over-collections of the EUSP surcharge or any surcharges that results from an alternative energy assistance program the Commission might propose. The Commission's report to the General Assembly was filed in December 2013.<sup>3</sup> Upon submission of this report, PC 27 closed. The Commission will not reopen the PC 27 docket; however, the Commission accepts OHEP's commitment to convene the EUSP Advisory Board to discuss issues relating to affordability of electric service by

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<sup>3</sup> *Status Report Regarding Evaluation of Low-Income Assistance Programs and Ratepayer Funding of the Electric Universal Service Program* – <https://www.psc.state.md.us/wp-content/uploads/8903-Joint-Chairmens-Report-re-Status-of-PC-27-and-EUSP-Overcollections.pdf>.

low-income customers. When the Advisory Board reconvenes, the Commission Staff shall resume its participation on the Advisory Board and provide periodic reports to the Commission with regard to issues that may be of interest to parties in this docket.

*3. OPC's Request for Additional Information Regarding the Use of Energy Assistance Funds*

OPC requests that Maryland utilities be directed to provide more information to OHEP (and other stakeholders) regarding how energy assistance funding is being applied to customer bills in order to evaluate whether these funds are being utilized effectively.<sup>4</sup> Specifically, OPC's requests that (a) electric companies provide OHEP with the data needed to determine the level of bill payment assistance benefits being used to initially pay existing arrearages rather than future electric bills; and (b) both electric and gas utilities provide data to evaluate the impact of charges by retail energy suppliers on electric and natural gas bills of low-income families participating in EUSP and in the Maryland Energy Assistance Program (MEAP).<sup>5</sup>

During the hearing a number of parties responded to OPC's request. For example, BGE indicated that it was unclear what data OPC was seeking with regard to the amount customers paid in retail charges, noting that if the data OPC seeks is the customers "exact commodity charge," the utility might not have that data.<sup>6</sup>

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<sup>4</sup> OPC Comments at 12.

<sup>5</sup> OPC indicates that it has previously discussed the availability of this information in other proceedings and workgroups, and that it would be willing to continue these discussions with the utilities and other stakeholders. (See August 14, 2018 Hearing Transcript ("Hearing Tr.") at 154.) The scope of information requested by OPC includes (1) number of EUSP and MEAP customers receive electric or gas supply from a retail supplier; (2) the total aggregate amount those customers paid in retail supply charges; and (3) the total aggregate amount those customers would have paid for default (SOS or SS) service from the utility.

<sup>6</sup> Hearing Tr. at 77-78. BGE noted that a supplier's commodity rate could include other charges — such as a customer charge — as part of the total rate given to the utility. Understanding better what characteristics OPC sought in the data would be helpful.

The PHI Companies, on the other hand, noted that the information that OPC seeks is already available to OHEP through PHI’s agency portal.<sup>7</sup> The PHI Companies claim that through its agency portal OHEP is able to view, on a customer-specific basis, payments and balances of each customer’s current bill. For aggregate data, the PHI Companies acknowledge that the utilities would have to develop an automated program to run additional queries, which would entail additional costs.<sup>8</sup> The PHI Companies elaborated on BGE’s comments by noting that the “bill ready” billing format (which is the format in which the utility receives charges from retail suppliers) versus “rate ready” billing format would make it difficult for the utility to provide a retail choice customer’s commodity rate, as OPC is requesting.<sup>9</sup>

RESA also takes issue with OPC’s request, noting that competitive supplier prices and utility SOS rates are not directly comparable; therefore, RESA submits, “the pricing data requested [by OPC] doesn’t provide a full picture of the product or services that a customer may be purchasing from their competitive supplier.”<sup>10</sup> RESA also notes that a “snapshot in time,” or another timing interval, “would not tell the full picture of a particular product.” Additionally, RESA expressed concern that the data OPC is

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<sup>7</sup> *Id.* at 90.

<sup>8</sup> *Id.* at 91-92. The PHI Companies indicate that the “total aggregate amount customers paid in retail supply charges” would also require a manual search — or would require the development of an automated function — at additional cost.

<sup>9</sup> *Id.* at 93. The PHI Companies suggest that these concerns would be better addressed in another venue or in a different proceeding.

<sup>10</sup> *Id.* at 97.

requesting is confidential and “commercially sensitive” pricing data that should not fall into the hands of competitors.<sup>11</sup>

In addition to OPC, IEER also suggests that there is value in collecting data with regard to the prices customers pay for retail supply relative to SOS. From a customer “affordability” perspective, IEER insists that “we need to know whether we are in a situation where third party supply is [or is not] very damaging to low-income customers.”<sup>12</sup>

This topic merits further exploration and discussion; however, it appears from the discussion that some of the information requested by OPC is already available either via platforms such as the “agency portal” described by the PHI Companies, or through a combination of such platforms and the information that is available through the Commission’s website. Nonetheless, at a minimum, the utilities should provide to OPC the number of EUSP (and MEAP) customers that receive electric or gas supply from a retail supplier. However, the Commission will not direct the utilities to provide the total aggregate amounts those customers paid in retail supply charges and the total aggregate amount those customers would have paid for default (SOS) service from the utility. The Commission finds that further discussion among the stakeholders is needed at this time. When the Advisory Board reconvenes, the Commission directs that Staff provide periodic progress reports with regard to this issue.

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<sup>11</sup> *Id.* at 102. RESA acknowledged, however, that its members’ pricing information is public “for a snapshot in time” even if what goes into the public pricing is not. *Id.* at 104. (Still RESA insists that if a supplier’s data is aggregated over a long period of time and matched up with customer accounts, that data becomes “very commercially sensitive” and should not be publically available. *Id.*)

<sup>12</sup> *Id.* at 129.

#### *4. Additional Issues*

##### *a. Submission of OHEP Operations Plan and Annual Report*

OPC recommends that OHEP should submit future proposed operation plans by June 1 and annual reports by October 31 of each year so that the Commission and stakeholders will have a reasonable opportunity to review them. OHEP has agreed to these annual reporting deadlines.

##### *b. Budget Billing*

EUSP participants are required to be enrolled in their utility company's budget billing program. However, budget billing is not a MEAP requirement. OHEP reports that there is a growing gap between customers who apply for MEAP compared to EUSP; noting that even when customers are informed they may receive up to a \$500 EUSP benefit, many customers decline to apply for EUSP because of a fear of budget billing.<sup>13</sup> In its 2018 Operations Plan, OHEP noted that LAAs provided anecdotal evidence that the budget billing requirement for EUSP has served as a deterrent to EUSP enrollment. Annually, approximately 6 percent of households applying for MEAP do not apply for EUSP even though they are likely eligible.<sup>14</sup>

The Commission notes that the EUSP budget billing requirement was adapted from the Commission's longstanding USPP (Utility Service Protection Program). In Order No. 88342 approving OHEP's 2018 Operations Plan, the Commission encouraged OHEP to investigate with stakeholders whether the budget billing requirement should be

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<sup>13</sup> See Hearing Tr. at 62.

<sup>14</sup> See OHEP's FY 2018 Operations Plan, ML 215607, at 28.

continued for EUSP recipients. This issue should be revisited by the Advisory Board prior to the submission of OHEP's FY 2020 filings.

**IT IS, THEREFORE,** this 26<sup>th</sup> day of September, in the year Two Thousand and Eighteen, by the Public Service Commission of Maryland,

**ORDERED:** (1) That OHEP's Proposed Operations Plan for FY 2019 is accepted and the allocations for the Ratepayer Fund of \$4,440,000 for Administration; \$200,000 for Outreach; \$529,783 for OHEP's data system; and \$31,83,217 for bill assistance, are hereby approved.

(2) That as approved, OHEP's FY 2019 Operation Plan may be amended to allocate \$750,000 to implement the Arrearage Prevention Program established pursuant to HB1528 / SB1117. Within 60 days of this Order, the Maryland Department of Human Resources shall apprise the Commission of any additional steps taken with regard to implementation of the Arrearage Prevention Program.

(3) That Staff is directed to participate as part of any OHEP EUSP-related Advisory Board proceedings and to provide periodic reports to the Commission.

By Direction of the Commission,

*/s/ Terry J. Romine*

Terry J. Romine  
Executive Secretary