

**ELECTRIC UNIVERSAL SERVICE PROGRAM**

**Sec. 7-512.1(c) Report**

**DECEMBER 2004**

**PUBLIC SERVICE COMMISSION  
OF MARYLAND**

**ELECTRIC UNIVERSAL SERVICE PROGRAM**  
**§ 7-512.1(c) Report**  
**December 2004**

**I. OVERVIEW**

The Electric Universal Service Program (or “EUSP”) is part of the Electric Customer Choice Act of 1999 (“the Act”), and was created by the Maryland General Assembly to assist low-income electric customers with arrearage retirement, bill assistance and weatherization during the restructuring of Maryland’s electric and electricity supply market. Section 7-512.1 of the Act authorized the Public Service Commission (“the Commission”) to establish the program, make it available to low income electric customers Statewide and provide administrative oversight to Office of Home Energy Programs (“OHEP”), the agency within the Department of Human Resources (or “DHR”), responsible for program delivery.

**II. LEGISLATIVE REQUIREMENTS**

Under the Act, the Commission is required to oversee the program as it is administered by the Department of Human Resources. Section 7-512.1(c) was amended during the 2003 Legislative Session.<sup>1</sup> As amended, the Act requires the Commission to [report annually] to the General Assembly on the universal service program, including:

- (i) subject to subsection (d) [providing that the total amount of funds to be collected for the universal service program each year shall be \$34,000,000], a recommendation on the total amount of funds for the program for the following fiscal year based on:

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<sup>1</sup> Section 3, ch. 95, Acts 2003.

1. the level of participation in and the amounts expended from the universal service program during the preceding fiscal year;
  2. how payments to customers were calculated during the preceding fiscal year;
  3. the projected needs of the universal service program for the next fiscal year; and
  4. the amount of any surplus carried over in the universal service program fund under subsection (f)(5)(i) of this section;
- (ii) for bill assistance:
1. the total amount of need, as determined by the Commission, for electric customers with annual incomes at or below 150% of the federal poverty level and the basis for this determination;
  2. the percentage of need, as determined by the Commission, but at a minimum of 50%, that should be funded through the universal service program and the basis for this determination;
- (iii) for low-income weatherization, the amount of funds needed, as determined by the Commission, for measures that reduce consumption of energy by electric customers with annual incomes at or below 150% of the federal poverty level and the basis for this determination;
- (iv) the amount of funds needed, as determined by the Commission, to retire arrearages for electric customers who have not previously received assistance in retiring arrearages under the universal service program and the basis for this determination;
- (v) the amount of funds needed, as determined by the Commission, for bill assistance, low-income weatherization, and arrearage retirement, respectively, for customers for whom income limitations may be waived under subsection (a)(6) of this section, and the basis for each determination;
- (vi) the impact on customer's rates, including the allocation among customer classes, from collecting the total amount recommended by the Commission under item (i) of this paragraph; and
- (vii) the impact of using other federal poverty level benchmarks on costs and the effectiveness of the universal service program.

During the 2004 of the General Assembly the following language was approved with respect to weatherization:

"SECTION 22. AND BE IT FURTHER ENACTED, That, on or before November 1, 2004, the Department of Housing and Community Development, the Public Service Commission, and the Department of Human Resources, in accordance with § 2-1246 of the State Government Article, shall submit to the Senate Budget and Taxation Committee, the Senate Finance Committee, the House Appropriations Committee, and the House Economic Matters Committee a report prepared jointly by the agencies detailing the most appropriate method of merging the two weatherization programs currently administered by the Department of Human Resources and the Department of Housing and Community Development by the beginning of fiscal year 2006. The report shall include information on statutory changes necessary to merge the programs."

(See discussion *infra* at pages 4, 7 and 8).

### **III. SUMMARY OF THE COMMISSION'S 7-512.1(c) FINDINGS**

Based on the data available to date, and the comments and recommendations of the parties and participants in the Commission's proceedings in this matter, the Commission continues to support funding in the amount of \$34 million annually, as previously authorized by the Act for the Electric Universal Service Program. According to information provided by OHEP in its FY 2004 Annual Report, the level of participation in EUSP is increasing. Between FY 2002 and 2003 the number of participants increased from 58,263 to 69,781 or approximately 20 percent.

Between FY 2003 and 2004 the number of participants increased from 69,781 to 72,030 or approximately 4.5 percent. The Commission accepts and supports the findings and recommendations made by OHEP in its FY 2004 Annual Report.<sup>2</sup> In its report to the Commission, OHEP described that individual benefit (payments) to customers were calculated from a benefits matrix. According to OHEP, benefits were based on a

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<sup>2</sup> Appendix A, DHR/OHEP FY 2004 Annual Report for the Electric Universal Service Program (EUSP).

customer's income and electrical usage. The matrix was designed so that the average benefit would cover approximately 50 percent of the average annual electric bill. DHR/OHEP states that the level of participation in EUSP is moving in an upward direction. From FY 2002 to FY 2003 a growth of 20 percent was realized.<sup>3</sup>

In comments filed with the Commission on November 1, 2004, the Commission's Staff ("Staff") projected PUC Article § 7-512.1 (2003) as setting the total EUSP fund amount for future years, including Year 6, at \$34 million. It is Staff's position that \$34 million continues to be an appropriate level of funding for the EUSP based upon its review of the EUSP fund expenditures for FY 2004 (Year 4) and the current FY 2005 (Year 5) EUSP budget. In FY 2004, DHR/OHEP spent \$30,451,205 of the \$34 million budgeted including FY 2003 weatherization funds--that is, \$30,451,205 was spent on bill payment assistance, arrearage assistance, outreach, weatherization and administration. In FY 2004, the EUSP bill payment matrix was based on a participant population of 72,000 households. The FY 2004 bill payment benefit matrix produced an average bill payment assistance benefit amount of \$390. In FY 2005, the bill payment matrix was also based on a participant population of 72,000 households. For FY 2005, DHR/OHEP similarly proposed a benefit matrix resulting in an average bill payment assistance benefit amount of \$378 based on a total budget of \$34 million. DHR/OHEP has projected the number of EUSP participants in FY 2006 to be 78,000. Arrearage retirement has been legislatively capped at \$1.5 million each year, and all of it has been spent. DHR/OHEP used \$695,697 of FY 2003 funds for weatherization measures performed during FY 2004. For FY 2005, \$1.5 million has been authorized for weatherization. The Joint Report on "The Merging of Two Low-Income Weatherization Programs" recommends an allocation of \$1 million

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<sup>3</sup> *Id.* at 11.

in EUSP funds to be transferred to DHCD beginning in FY 2006. Overall, the \$34 million appears to have been an adequate level of funding for EUSP in prior years and should therefore be maintained.

Other parties, Baltimore Gas and Electric Company ("BGE"), Potomac Electric Power Company ("Pepco"), Delmarva Power and Light Company ("Delmarva"), and the Maryland Office of People's Counsel ("OPC") also filed comments with regard to the DHR/OHEP Annual Report and the § 7-512.1(c) provisions. In varying terms, each of these parties also continued to support \$34 million as the appropriate annual funding level for EUSP.

- **Bill Assistance**

- Definition of Need

- DHR/OHEP first defined "need" as the eligible EUSP population based on 1990 Census information that 225,000 Maryland families are at or below 150% of the federal poverty level. One-half of that number was determined to be the "target population". The target population was thus set at 112,500 Maryland families and then adjusted downward to 90,000 for purposes of developing a benefit payment matrix. Enrollment was significantly below 90,000 in Year 1 and Year 2 with EUSP participant levels at 57,585 and 58,107 respectively. A number of parties including Staff suggested that a lower projected population of EUSP participants closer to levels of historical participation would result in a bill assistance benefit matrix that pays out larger benefits to participants and helps DHR/OHEP avoid ending a program year with large levels of unexpended funds. In Year 3 of the EUSP, DHR/OHEP lowered its target population to 70,000 and certified 69,781 households for EUSP, an increase of more than 10,000 from

Year 2. For Year 4 and Year 5, DHR/OHEP utilized a target population of 72,000 participants to develop its benefit payment matrix. Thus, using the above statistics, if the eligible population is used to define need, then less than 50% of the estimated eligible population of 112,500 are receiving EUSP benefits.<sup>4</sup>

DHR/OHEP estimates that in the first four years of the EUSP, more than 184,000 different households have applied for EUSP benefits.<sup>5</sup> However, in determining projections of annual applications, OHEP analyzes the trend of yearly applications, which has been between 80,000 to 93,000 applicants per year. These statistics indicate that some customers who have applied for benefits in the past are not reapplying and that there are still many new first time applicants each year. For this reason, DHR/OHEP currently defines the percentage of need as the amount of benefit required for making electric bills affordable.<sup>6</sup>

As Staff describes, another way to define need could be to determine the average annual cost of usage. The goal could then be set to meet, on average, at least half of that cost. The use of DHR/OHEP's benefit matrix should approach or achieve, an average bill payment assistance benefit for non-subsidized housing customers approximately equal to about one-half of the cost of the average low-income customer's actual usage. DHR/OHEP's bill payment matrix Attachment D to its FY 2004 Annual Report indicates that proposed bill assistance benefit payments do succeed in meeting 50% of the annual usage cost for a household using as much as 8,000 kWh per year.

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<sup>4</sup> The 2000 Census data indicates that about 278,000 households are below 150% of the federal poverty level.

<sup>5</sup> Maryland Department of Human Resources, Community Services Administration, *Office of Home Energy Programs FY 2004 Annual Report to the Maryland Public Service Commission*, dated October 15, 2004, at 16.

<sup>6</sup> *Id.* at 16.

OPC, PEPCO, and Conectiv submitted that funds previously allocated to the weatherization component of the EUSP should be reallocated to bill assistance and arrearage retirement. Pepco and Conectiv are not opposed to a statutory amendment that would eliminate the low-income weatherization component from the EUSP, place all assistance regarding weatherization with DHCD, and redirect the additional funds previously used for EUSP weatherization to bill assistance.

- **For low-income weatherization, the amount of funds needed, as determined by the Commission, for measures that reduce consumption of energy by electric customers with annual incomes at or below 150% of the federal poverty level and the basis for this determination.**

As noted in Section II above, the General Assembly directed the Department of Housing and Community Development ("DHCD"), the Public Service Commission and the Department of Human Resources ("DHR") to submit a report ("Joint Report") detailing the most appropriate method of merging the two weatherization programs currently administered by DHCD and DHR. In response to this directive, the agencies met and prepared a Joint Report with draft legislation. This Joint Report was presented to the Senate Budget and Taxation Committee, the Senate Finance Committee, the House Appropriations Committee and the House Economic Matters Committee and heard before the Senate Finance Committee on November 10, 2004.

The Joint Report recommends that the two weatherization programs be merged and administered by DHCD. The Joint Report also recommends the direct transfer of \$1 million each fiscal year from the Electric Universal Service Fund to DHCD to fund the low-income weatherization previously administered by DHR. It is recommended that DHCD would be given this yearly block grant without oversight from the Public Service Commission. It is anticipated that these funds would be administered in the same manner



as the federal weatherization funds. The accompanying legislation revises the law relative to the Electric Universal Service Program, § 7-512.1 of the Public Utility Article, to move the weatherization component from DHR to DHCD and to remove it from the oversight of the Public Service Commission. The transfer of the weatherization function from DHR to DHCD would take place on July 1, 2006. Any unexpended weatherization funds from FY 2005 would be transferred to DHCD on October 1, 2006.

PEPCO, Delmarva and OPC oppose the transfer of any EUSP funds to DHCD although none of the parties objects to the transfer of the low-income weatherization function to DHCD or to the elimination of the weatherization component from the services provided by DHR/OHEP. These parties recommend that the weatherization monies are better used for arrearage and bill assistance.

- **Arrearage Retirement**

The Electric Universal Service Program Extension and Funding Act retained the availability of Arrears Retirement Assistance for EUSP participants. The legislation provides that such assistance can be made available to EUSP applicants who are first-time recipients of arrears assistance. In addition, the amendment eliminated the “pre-July 1, 2000” limitation contained in the original legislation. There is a statutory limit of \$1.5 million for arrears retirement in any given fiscal year.

DHR/OHEP reports that at least 10,000 households applying for assistance had an arrearage at the time of application. The \$1.5 million designated for arrearage purposes was able to help 4,888 households maintain or restore electric service. The average payment was \$318.

DHR/OHEP has indicated that the \$1.5 million limit specified in PUC Article § 7-512.1(a)(5)(iii) was exhausted in the third month of Program Year 4. OHEP states that the current restrictive statute does not allow the program to adequately develop program guidelines that may better prevent future arrearage situations.<sup>7</sup> DHR/OHEP recommends continuation of the Arrearage Retirement Assistance component of EUSP with a recommendation that the cap of \$1.5 million be eliminated from the statute.<sup>8</sup> DHR/OHEP further recommends that the statute be revised to return responsibility to the Public Service Commission for allocating arrearage funds.<sup>9</sup> OHEP states that this revision will foster a better use of funds and provide greater flexibility in addressing the needs of low-income families. OPC concurs with OHEP's recommendation that the arrearage cap be eliminated and asserts that such an amendment is imperative to the overall integrity of EUSP, because the unavailability of arrearage retirement funds can serve as a barrier to obtaining EUSP bill payment assistance. OPC also suggests that any such amendment or revision to the statute be designed to permit the Commission to oversee and designate the allocation of the arrearage component.

Staff expresses concern that the \$1.5 million may not be enough to provide this one-time arrearage retirement benefit to every eligible EUSP participant in Program Years 5 and 6. However, the EUSP Enabling Legislation only provides for an arrearage retirement component of \$1.5 million. Staff suggests that a yearly Commission determination as to the appropriate arrearage retirement allocation for the following fiscal

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<sup>7</sup> DHR/OHEP Annual Report at page 17.

<sup>8</sup> *Id.* at page 13.

<sup>9</sup> *Id.*

year may enable the EUSP to be more responsive to the needs of the low-income population.

Pepco and Conectiv oppose a blanket removal of the cap on arrearage retirement. These parties argue that arrearage retirement without accompanying limits permits customers to use the EUSP as a crisis management tool, and in some instances as a means to avoid payment of electric bills. Pepco and Conectiv would prefer that funds be spent on outreach and education so that the program can be a program that assists customers with maintaining service over the course of the year. In any event, Pepco and Conectiv stress that the arrearage retirement benefit should only be available to first time EUSP applicants and that customers not be permitted to tap into the fund year after year to retire recurring arrearages. Pepco and Conectiv do not oppose the transfer of responsibility to the Public Service Commission for allocating the arrearage component but state that the Commission should maintain the current eligibility restrictions including the \$2,000 cap and limit the amount of funds that can be spent to retire arrearages. Further, OHEP should reserve a pro-rata share of arrearage retirement benefits for all service areas so that customers in no service area reap the benefits of the program to the detriment of other customers in the State.

- **Application Waivers**

Staff notes that the 2003 revisions in PUC Article § 7-512.1(c)(1)(V) include a question as to the amount of funds needed for bill assistance, low-income weatherization and arrearage retirement, respectively, for customers for whom income limitations may be waived by DHR/OHEP and the basis for each determination. OHEP indicates that waivers to income guidelines were granted for 101 applicants who received bill

assistance benefits in the amount of \$41,076 and a total of \$3,404 for arrearage retirement. Waivers were granted according to OHEP's detailed guidelines and were restricted to medical circumstances. OHEP approves waivers in circumstances related to medical conditions and on-going medical expense--measures that provide additional relief to the elderly and disabled because it is an objective means of measuring eligibility.

OPC supports broadening income waiver criteria for "exceptional" and "unforeseen circumstances" such as catastrophic events or where other emergency funds are not available. OPC states that these criteria are consistent with the spirit of Article 41, § 6-406 of the Code and, when taken in tandem with the medical hardship criteria, would better anticipate the types of hardships low-income customers face.<sup>10</sup> OHEP argues that broader guidelines as suggested by OPC are too vague and lead to very subjective decision making and customer confusion regarding eligibility.<sup>11</sup>

The Commission defers to DHR/OHEP with regard to the determination of appropriate application waiver guidelines for EUSP participation. DHR/OHEP has experience in the administration of this program as well as related programs and is therefore best able to make such determinations in the short run.

- **The impact on customers' rates, including the allocation among customer classes, from collecting the total amount recommended by the Commission.**

According to Staff, the allocation of responsibility for EUSP funding is achieved through a 24-step collection mechanism for residential and commercial/industrial customers. The EUSP Fund is currently achieved by assessing a surcharge component to the customer's bill based on the total bundled bill. The EUSP Workgroup is proposing a

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<sup>10</sup> Comments of the Office of People's Counsel in Response to the October 15, 2004 Letter Order of the Public Service Commission, pages 5-6.

<sup>11</sup> DHR/OHEP Annual Report at page 13.

surcharge based on fees associated with the distribution portion of non-residential customers' bills. The EUSP Workgroup attempted to implement a change as close to revenue neutral as possible, but customer shifting did occur. This matter is discussed more fully in the Report of the C & I Working Group and Staff's comments on that matter.

- **The impact of using other federal poverty level benchmarks on costs and the effectiveness of the universal service program.**

Section 7-512.1(a)(1) of the PUC Article provides that the Electric Universal Service Program shall assist electric customers with annual incomes at or below 150% of the federal poverty level. This income eligibility standard is the same as the one used for the MEAP, the federally funded program administered by OHEP. Staff recommends that the existing benchmark of 150% of the federal poverty level should be maintained for FY Year 6. As OHEP points out in its Annual Report,<sup>12</sup> at current levels of funding, a significantly higher customer population could possibly result in a sudden and significant drop in benefit levels. Even if increased funding levels were to be authorized, we only know limited information about the population that would be captured by using another benchmark techniques, such as, median income, or how that criteria would be applied throughout the State where median income differs drastically from one region to another. At the present time, more specific information is required. A demographic evaluation is currently underway as part of the EUSP evaluation. The consultant, performing this evaluation is utilizing data obtained from the United States Census, DHR/OHEP and other sources of Federal and State poverty data to determine, among other components, whether or not a percentage of the population slightly above 150% of the Department of

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<sup>12</sup> *Id.* at 18.

Health and Human Services Federal Poverty Level Benchmark, are excluded. This information should help to assess the effectiveness in reaching additional households that marginally exceed the current income limits. Other parties, OPC, Pepco and Conectiv, suggest that no change(s) to the current federal poverty level benchmarks utilized by EUSP be made at this time.

#### **IV. SUMMARY OF THE EFFORTS OF THE EUSP WORKING GROUP**

By Letter Order issued February 5, 2004, in Case No. 8903, *In the Matter of the Electric Universal Service Program*, the Commission reconvened the EUSP Working Group and directed that it address several issues. Primary among these matters was an examination of whether EUSP bill assistance funds are applied in such a manner as to pay arrearages.

On March 31, 2004, the EUSP Working Group filed a report summarizing the Group's deliberations and the parties' individual positions on the arrearage matter. The EUSP Working Group agreed that EUSP bill assistance monies are not used to pay arrearages. OHEP distributes EUSP bill assistance funds in a single payment per program year for each EUSP participant. The EUSP Working Group determined that there are two basic schema for application of EUSP bill assistance monies. Some utilities handle arrearages not covered by the EUSP through wholly separate arrangements. EUSP bill assistance monies are then credited to an even monthly payment plan based on historical usage. Other utilities use a formula that combines arrearages with an estimate of future usage based on historical customer-specific data with offsets in the form of energy assistance payments, including but not limited to EUSP (both arrearage retirement and bill assistance), customer payments and other credits. Both methods of allocating

EUSP bill assistance produce an equal monthly payment that is adjusted periodically. The EUSP bill assistance allowance is limited and is insufficient to cover a customer's annual usage. For this reason, regardless the system used, EUSP bill assistance funds are not credited to arrearages.

The EUSP Working Group also devised a revised method of allocating the Commercial and Industrial customer revenue responsibility. The new method is based on 24 tiers, as before, but relies on distribution revenue only for the purpose of determining a given customer's appropriate tier. All stakeholders supported this methodology which uses a single State-wide distribution factor that approximates the percentage of costs attributed by the utilities to distribution. This new methodology is necessary to accommodate the unbundling of electric rates and the participation of competitive suppliers in the electric market, both of which are the results of electric restructuring. By relying on distribution revenues only, the utilities, which are responsible for collecting the EUSP surcharge, can annually update all customers' EUSP responsibility, regardless of whether the customer receives its commodity supply from the utility or from a supplier. The effect of the revised allocation methodology is expected to be revenue neutral. The EUSP Working Group Report on this matter was filed October 27, 2004 in Case No. 8903.

The EUSP Working Group found no significant outstanding administrative issues between OHEP and the utilities. The Report of the Working Group dealing with this matter noted that DHR/OHEP had made serious and successful efforts to locate and remedy outstanding issues that had lingered in the EUSP Working Group. In its comments on this matter Staff recommended that the matter be closed as an ongoing issue. See *Report of the EUSP Working Group Regarding Phase II Issues Assigned by Order Issued February 5, 2004*, filed October 29, 2004 in Case No. 8903.

As part of the EUSP Working Group process, OHEP performed a preliminary investigation of high usage customers. The investigation is in its early stages but indicates that the exceptionally high usage patterns by some EUSP participants are not errors and, therefore, require customer-specific investigation. It should be kept in mind that the EUSP benefit does not vary with usage in excess of 12, 000 kWh per year. However, efforts to lower customers' usage will make their energy bills more affordable and thus contribute to the stated EUSP goals.

Finally, the content of the EUSP and MEAP applications (as they relate to provisions relating to budget billing) shall be left to the appropriate discretion of DHR/OHEP. The use of the application, as proposed by OHEP, will provide empirical information that may give direction to changes in the future.

## **V. CONCLUSION**

The Commission recommends continuation of the \$34 million total funding level for Year Six. No statutory amendment regarding arrearage retirement is proposed at this time. The Commission is continuing to examine issues related to EUSP by using the EUSP Working Group to solicit participation from all stakeholders. These issues include: 1) whether competitive suppliers should share a portion of the EUSP benefit; 2) a comprehensive review of terminations within the context of EUSP, MEAP, and the Utility Service Protection Program ("USPP"); and 3) ways and means of minimizing terminations of customers with remaining bill assistance funds in the face of arrears.



## APPENDIX A

### DHR/OHEP FY 2004 Annual Report for the Electric Universal Service Program (EUSP)

*See* Maillog Number 94956

(PSC Official Filings)

<http://www.psc.state.md.us/psc/>



**MARYLAND DEPARTMENT OF HUMAN RESOURCES**  
**COMMUNITY SERVICES ADMINISTRATION**  
**OFFICE OF HOME ENERGY PROGRAMS**

ELECTRIC UNIVERSAL SERVICE PROGRAM  
PROPOSED OPERATIONS PLAN FOR FY 2004  
SUBMITTED TO THE  
MARYLAND PUBLIC SERVICE COMMISSION

April 30, 2003



## **MISSION STATEMENT**

To help low-income electric customers reduce and manage their utility costs by creating affordable payments and to encourage regular (timely) monthly payments in order to maintain their electric service.

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# INTRODUCTION AND BACKGROUND

## Authorizing Legislation

SB 300/HB 703, known as the Electric Customer Choice and Competition Act of 1999, passed by the General Assembly and signed into law by the Governor established deregulation of the electric industry in Maryland and created an Electric Universal Service Program (EUSP) for low-income electric customers. The authority is under §7.512.1, Public Utilities Companies Article, Annotated Code of Maryland. The purpose of the EUSP fund as stated in §7-512-1(a)(1) is "...to assist electric customers with annual incomes at or below 150% of the federal poverty guideline". This legislation directed the Public Service Commission (PSC) to establish and the Department of Human Resources (DHR) to administer EUSP and include three main components:

- Bill assistance
- Low-income weatherization
- Retirement of arrearages that were incurred prior to the initial implementation date

The legislation, also, required the PSC to report to the General Assembly by December 1 of each year on the universal service program. Funding for EUSP was set in the Act at a level of \$34 million per year for a period of three years. Legislative actions were required in order to continue EUSP beyond FY 2003.

During the 2003 session of the Maryland General Assembly, a joint House and Senate work group was established to review all aspects of EUSP. Work group sessions included input from the PSC, DHR, the Office of Peoples' Counsel (OPC), electric utilities, commercial and industrial representatives and advocates. As a result, amendments were incorporated to SB 504 and its companion HB 797 and subsequently approved by their respective committees and the full General Assembly. In summary, the legislation allows for the continuation of EUSP and instituted the following programmatic changes:

- Retirement of arrearages for electric customers who have not previously received assistance in retiring arrearages under EUSP. The allocation is not to exceed a total of \$1.5 million in any given fiscal year. (§7-512.1(a)(5)(iii))
- Approval to waive the income eligibility limitation of 150% of poverty in order to provide assistance to a customer that would qualify for a similar waiver under the Maryland Energy Assistance Program (MEAP). (§7-512.1(a)(6))
- Established a funding level of \$34 million per year for EUSP

- Allowed for the retention of EUSP funds unspent at the end of a given fiscal year to be expended in the next fiscal year during the first three months of the next fiscal year. (§7-512.1(h)(5)(I))
- “If the Commission determines that an extension is needed, the Commission may extend up to an additional 3 months the period in which unexpended funds may be made available for disbursement”. (§7-512.1(h)(5)(II))

Additionally, the legislation continued the annual reporting requirement by the PSC to the General Assembly. Reporting requirements are summarized as follows.

- Requires the PSC to recommend a total amount of funds for the program year based on:
  - the level of participation in and the amounts expended from EUSP during the preceding fiscal year;
  - How payments to customers were calculated during the preceding fiscal year;
  - The projected needs of EUSP for the next fiscal year; and
  - The amount of any surplus carried over in the Universal Service Program Fund.
- For bill assistance, the PSC shall report:
  - the total amount of need for eligible electric customers;
  - the percentage of need, but at a minimum of 50%, that should be funded through EUSP and the basis for this determination;
- For low-income weatherization, the amount of funds needed;
- For arrearages, the amount of funds needed for customers that have not previously received assistance in retiring arrearages under EUSP;
- For customers that were subject to the income limitation waiver, per component for potential waivers;
- The impact on customer’s rates from collecting the total amount recommended by the PSC; and the,
- Impact of using other federal poverty benchmarks on the costs and the effectiveness of EUSP.

New provisions state that the DHR Office of Home Energy Programs (OHEP) shall report annually to the PSC:

The number of customers and the amount of distributions made to fuel customers under MEAP by funding source and fuel source; and,  
The cost of outreach and education materials provided by OHEP for EUSP;

## **Public Service Commission Orders**

Oversight of the Electric Universal Service Program is provided through Orders issued by the Commission through Case Number 8903. These Orders generally deal with electric policy-related issues and are issued in response to a Filing before the Commission by a Work Group established by the Commission to address specific topics, or by OHEP, OPC, regulated utilities or other stakeholder parties. Orders are issued after a period of public comment and input both by public hearing and written opportunity. The culmination of the filing process is an Order issued by the Commission.

## **Regulations**

The Department of Human Resources promulgated regulations for the Electric Universal Service Program during FY 2001. Those regulations are found in COMAR 07.06.22 Electric Universal Service Program (EUSP).

## **Oversight and Administrative Responsibility**

1. The Maryland Public Service Commission, through Electric Customer Choice and Competition Act of 1999, is designated to provide administrative oversight of the Electric Universal Service Program by performing the functions listed below.

Establishing the allocation of funds between the EUSP program components of Bill Payment Assistance, Arrearage Retirement, and Weatherization.

Establish the Universal Service Program through the issuance of a PSC order by November 1, 1999.

Assume responsibility for oversight of the program and conduct such reviews/audits as deemed appropriate by the PSC to fulfill its oversight responsibilities.

Determine the frequency/content of required report collection elements.

Determine the level/scope of evaluation strategies to ensure effective program performance.

Review the Electric Universal Service Program proposed Plan in each fiscal year for consistency with the law and implementation requirements.

Report to the General Assembly on the status of EUSP, recommendations on future funding levels for the Electric Universal Service Program.

2. The Maryland Department of Human Resources, Office of Home Energy Programs is designated as the agency to administer the Electric Universal Program in the following manner.



Develop and submit an annual EUSP program proposal to the PSC. OHEP proposes to deliver such proposal by the end of April.

Implement PSC Orders relative to the Electric Universal Service Program.

Provide PSC with reports to enable the PSC to make its recommendation and reports to the General Assembly.

Establish fiscal and monitoring procedures to effectively manage the program.

Establish performance and outcome measures to achieve the most efficient use of the EUSP funds.

Refer program participants to agencies serving the electrical energy needs of the target population.

Contract for local administration of the EUSP program as needed for statewide delivery of services.

Develop, implement, and maintain an automated system that includes application processing and facilitates efficient and timely payments to utilities.

Encourage local administrators to conduct outreach by having links with the community and the coalition of electrical energy services that will enhance program participation.

Prioritize service delivery, i.e. payment of electrical energy benefits, according to need and usage data to target the lowest income households with the highest electric kilowatt usage.

## **OHEP Advisory Board**

OHEP merged its MEAP and EUSP Advisory Boards into one Board. This is a more efficient and effective way of operating and receiving quality advice regarding the operation of its two primary programs MEAP and EUSP. The Advisory Board has met twice providing valuable input into several areas of policy and the EUSP Plan.

The role of the Advisory Board is to:

- Provide its collective knowledge and experience in addressing the issues affecting low-income families' home energy needs.
- Advise OHEP regarding the development of program goals and strategies to ensure overall program effectiveness and consistency with the requirements of the Electric Customer Choice and Competition Act and the Low Income Home Energy Assistance Act (LIHEAP).
- Assist in the dissemination of information regarding OHEP programs and in outreach efforts by identifying and suggesting alternative outreach/education approaches to ensure program success and statewide penetration.

## **EUSP Program Goals**

1. To assist low-income electric customers to meet their electric needs through bill assistance payments, arrearage retirement assistance, education, conservation and self-help strategies that encourage regular, prompt and complete payment of electric bills.
2. Assist low-income electric customers to maintain electric service through bill assistance, arrearage retirement, and electrical energy efficiency (weatherization) services.
3. Target the electric service program to electric customers with the highest annual electric burden (home electric costs divided by household income).
4. Make home electric costs more affordable for low-income individuals through focused programs using available resources and holistic approaches to resolve chronic electric cost issues.
5. Increase participant awareness of efficiency/conservation measures that result in lower and more affordable bills.

## **Implementation**

1. The Department of Human Resources and its Office of Home Energy Programs submits this plan to the Maryland Public Service Commission for review and approval.
2. OHEP will implement the plan as written or as modified by the Commission in its Order referencing the plan.
3. Barring an Order to the contrary, OHEP will implement this plan on July 1, 2003 as proposed.

# **PROGRAM SUMMARY FOR FY 2003**

## **Program Summary**

As of the writing of this plan, the data used to assess Program Year 2003 is data compiled as of February 28, 2003. This data, while useful, is to be considered preliminary until the final year end report is issued in October 2003. Operationally, the number of applications for EUSP has shown an increase of about 10,000 over the same period last year. Payments continue to be issued on a regular basis to electric companies. Many of the outreach strategies proposed in last year's plan were implemented and helped to increase the total number of applications for OHEP programs and EUSP, in particular. OHEP and the electric companies continue to work together to promote efficiency of operation and communication assuring the best service to the customer.

## **Program Highlights**

Applications during FY 2003 for EUSP Bill Payment Assistance have increased by approximately 10,000 over FY 2002.

- Applications for Arrearage Retirement Assistance have demonstrated a decrease in numbers from FY 2002. However, Arrearage payments have exceeded the original allocation of \$500,000. A total of \$920,013 has been expended through the end of February.
- A Bill Payment supplemental benefit of \$170 totaling \$8,950,739 was issued to 52,745 recipients using funds retained from FY 2002.

Payments were issued on a weekly basis except during the month of February where payments were delayed one week due to the major snowstorm and the issuance of MEAP Supplemental Benefits.

OHEP's Statewide Outreach Team met ten (10) times during the fiscal year continuing to develop and implement strategies and share ideas.

Major application expos were conducted in Prince George's County, Montgomery County and Baltimore City. Sponsored by the local administering agencies, other government agencies and respective utilities in those service territories, the expos generated significant publicity for the program and produced approximately 400 applications at each. Additional smaller expos are planned for Baltimore City and County for the end of April.

- Maintained information on the DHR/OHEP Web site including the ability to download and print the OHEP application form.
- A contract for Electric Energy Efficiency Services (Weatherization) was executed as of December 20, 2002.

## Statistical Highlights

FY 2003 data presented in this section is for the eight month period from July 1, 2002 through 2/28/03.

61,986 applications were taken for EUSP, an increase of 23% over the same period the previous year.

54,765 households were approved for Bill Payment Assistance

\$19,413,593 has been expended (gross) for Bill Payment Assistance

3,321 applications have been approved for Arrearage Retirement Assistance

\$924,739 has been expended (gross) for Arrearage Retirement Assistance

**Table 1**  
EUSP PROGRAM SUMMARY DATA FY 2002-2003

Type of Program	Program Year		
	2003 as of 2/28/03	2002	2001
<b>Arrearage</b>			
Applicants Served	2,696	5,148	26,211
Average Grant	\$343	\$415	\$270
Benefit Expenditures	\$.92 million	\$2 million	\$7.7 million
<b>Bill Assistance</b>			
Applicants Served	54,765	57,585	56,245
Average Grant	\$355	\$287	\$270
Benefit Expenditures	\$19.4 Million	\$16.7 Million	\$17.6 Million
<b>Weatherization</b>			
Applicants Served	-	-	697
Average Grant	-	-	\$2,152
Benefit Expenditures	-	-	\$1.4 million

Source: Maryland Department of Human Resources  
Office of Home Energy Programs, 2003

# PROPOSED PROGRAM DESIGN AND OPERATIONS FOR FY 2004

## Needs Assessment

Three years of EUSP experience provides a lot of insight and data into projecting an estimate of the number of households to be served. OHEP projects a goal of 72,000 households to be served based on this experience.

Release of the Census 2000 income and poverty data reveals that an estimated 278,000 Maryland households live below 150% of the federal poverty guidelines. This is an increase of 58,000 households over the 225,000 indicated in the 1990 Census. Based on the criteria for eligibility, nearly all of these households would be eligible for EUSP.

While current electric prices remain stable due to “settlements”<sup>1</sup> still in place, high usage during the winter of 2003 has resulted in higher bills. Furthermore, higher usage and price volatility in natural gas and other fossil fuels have put cost pressures on low-income families.

Year 2003 experienced a jump of about 23% in the number of applications for EUSP. This is believed to be the result of more families in need of assistance and more persons becoming aware of the program and how it can help.

Over the two years period, 73,211 applied for benefits in FY 2001 and 64,547 in FY 2002 for an average of 68,879. A total of 56,245 households were certified to receive benefits in FY 2001 and 57,585 in FY 2002 for an average of 56,915 households certified for the two year period. Allowing for the expected denial range of 10%, and factoring in elements such as an acceptable level of energy burden, electrical energy prices, energy usage, and increased outreach, OHEP proposes a marginal increase in applications and certifications.

## Eligibility

In order to be considered eligible to receive assistance from EUSP, the applicant must meet all of the eligibility requirements. The applicant must:

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<sup>1</sup> Settlements refer to agreements each regulated electric utility negotiated with the Public Service Commission as a result of the deregulation process. These agreements, among other things, established set prices for a specific period of time for each company.

- be an electric utility customer evidenced by the utility bill in the applicant's name;
- reside in the State of Maryland;
- be a U.S. citizen, legal immigrant or qualified alien;
- have income equal to or less than 150% of the federal poverty guidelines;
- agree to be placed on a utility budget-billing plan as determined by the customer's electric company; and,
- for purposes of receiving an arrearage grant, have not previously received assistance in retiring arrearages under the Electric Universal Service Program and be eligible to apply for and receive Bill Payment Assistance.

The FY 2004 income guidelines, based on the federal poverty level, are found in Attachment 1.

### **Waiver of Income Guidelines**

The passage of SB504/HB797 authorizes OHEP to allow a waiver to the income eligibility guideline for electric customers using the same guidelines as used for MEAP. Upon referral from the local administering agency, OHEP will investigate and make a determination on granting a waiver to the income guidelines. OHEP has established specific criteria for reviewing such applications.

The household has medical conditions requiring equipment to sustain life, prevent extreme pain, or accommodate extraordinary physical needs; or

Documented high medical expenses (exclusive of insurance) that impinge upon their ability to pay other bills; or

Exceptional circumstances such as severe losses due to natural or unforeseen disasters such as fire, tornado, or storm damage; or

Other emergency funds are unable to provide adequate assistance for the household.

Each request for a waiver is forwarded to the OHEP Office. A designated member of the OHEP State Office staff reviews the request for acceptability, collects supporting information and recommends a decision. The OHEP Director authorizes the decision on each waiver request.

### **Program Year**

The EUSP program year is from July 1, 2003 to June 30, 2004. Applications are accepted for this program year from July 1, 2003 through May 31, 2004, allowing 30 days for the to reconcile the year's operations, and prepare

for the next program year. Applications are accepted during the month of June, but are considered as an application for the next fiscal year.

## **Program Components**

The Electric Universal Service Program is comprised of the following program components:

- Arrearage Retirement Assistance
- Bill Payment Assistance
- Electric Energy Efficiency (Low-income Weatherization)
- Outreach
- Evaluation
- Administration, which includes:
  - Application intake
  - Application review and certification
  - Payment processing
  - Monitoring
  - Reporting
  - Fiscal Administration
  - Program Planning, Implementation, and Reporting

### **Arrearage Retirement Assistance**

Arrearage Retirement Assistance has been a key benefit component provided to customers since the implementation of EUSP. Eligible applicants had their arrearages acquired prior to July 1, 2000 retired. Over the course of the initial three-year period of EUSP, some 30,000 customers received Arrearage Retirement benefits. As benefits have been issued, the number of customers potentially eligible is reduced each year. In response, the Electric Universal Service Program Extension and Funding Act changes the criteria for receiving Arrearage Retirement Assistance. §5-712.1(a)(5)(iii) states that the arrearage component shall consist of “the retirement of arrearages for electric customers who have not previously received assistance in retiring arrearages under the universal service program, not to exceed a total of \$1.5 million in any given fiscal year”.

Effective July 1, 2003, OHEP plans to implement this provision and maintain the provisions of Commission Order Number 75935 dated January 28, 2000. The Order required that,

- Applicants, active and off-service, are eligible to apply for and receive arrearage benefits.
- For off-service customers, there is a cap of \$2,000 on the amount of arrearage assistance.

- The period for allowable recovery of arrears is seven years.

Definitions are key in implementing the Arrearage Retirement Assistance component.

**Off-service** is defined as service that has been terminated and the customer has received a final bill.

**Arrearage** is defined as a past due amount not including the current billing period amount. Therefore, when requested, electric companies will report arrearages going back as much as seven years up to, but not including, the current monthly electric charges. Arrearages owed to an electric supplier are not eligible for benefits under this component.

OHEP is to make the determination of whether an applicant qualifies under the Arrearage guidelines and for how much of a benefit by:

- Researching the OHEP data base to identify if an arrearage was previously issued for the applicant or spouse under the same household
- Requesting the current arrearage amount from the electric company
- Requiring that the applicant qualify for Bill Payment Assistance, and
- Reviewing the application for the other eligibility requirements specified in the previous section on eligibility

The current legislation restricts the total amount of benefits expended to a total of \$1.5 million in any given fiscal year. Based on current data, (an average arrearage payment of \$343) and the funding limitation, OHEP projects serving as many as 4,300 customers with arrearage benefits.

OHEP is concerned that the level of funding may be inadequate to meet the need of electric customers. If funds are exhausted, OHEP plans to track the number of applications and the amount of arrearages that go unpaid.

### **Bill Payment Assistance**

Bill Payment Assistance is the program component designed to make monthly electric bills more affordable. This is accomplished through the benefit matrix development of the benefit levels that take into account the applicant's gross income, annual electric consumption and whether or not subsidized housing is involved. Also, the formula is based on a projection of the number of households to be served and the amount of funds available. The matrix is designed to provide a grant that lowers the energy burden of the applicant to 3% of their annual income.



Attachment 2 provides the proposed benefit amounts for Bill Payment Assistance for FY 2004 by benefit level and electric usage. The specific ranges of kilowatt (kwh) usage were based on the distribution of usage for EUSP applicants as displayed in Table 2. The Benefit Matrix Table has been modified from prior years based on data collected.

OHEP projects an intake of 85,000 applications and certify 72,000 households for EUSP Bill Payment benefits. Taking into account the recent trend of increasing applications, outreach efforts, the current state of the overall economy, and the change in the Arrearage policy, OHEP expects a slight increase over FY 2003 in the number of applicants.

**DHR/OHEP recommends and is planning to use \$27,200,000 million for the purposes of Bill Payment Assistance allocation.** This amount is derived by subtracting the other EUSP components. Based on the proposed number served and this total amount available the average benefit is an estimated \$378 per household.

Grants are issued by DHR as applications are received and processed to completion. Payments will continue to be issued on a weekly basis. OHEP will continue to issue benefit notices to inform the customer of the issuance of the benefit to the utility.

**Table 2**  
EUSP Applicants by Consumption  
FY 2003 – YTD 2/28/03

Consumption (kwh)	Households	Percent	Cumulative Percent
0-2,000	3,045	5.3%	8.3%
2,001-4,000	5,990	10.4%	15.7%
4,001-6,000	8,959	15.5%	31.2%
6,001-8,000	9,060	15.7%	46.9%
8,001-10,000	7,523	13.0%	60.0%
10,001-12,000	5,862	10.2%	70.1%
12,001-14,000	4,446	7.7%	77.8%
14,001-16,000	3,428	5.9%	83.8%
16,001-18,000	2,637	4.6%	88.4%
18,001-20,000	2,027	3.5%	91.9%
20,001-22,000	1,382	2.4%	94.3%
22,001-24,000	1,051	1.8%	96.1%
24,001-26,000	713	1.2%	97.3%
Over 26,000	1,547	2.7%	100.0%

Consumption (kwh)	Households	Percent	Cumulative Percent
Total	57,664	100.0%	100.0%

SOURCE: Maryland Department of Human Resources  
Office of Home Energy Programs, 2003

### Weatherization Assistance

A Contract is currently in place with Maryland Energy Conservation Inc. until December 20, 2003. This contract is funded with FY 2002 EUSP funds as allowed under the retention provisions of the FY 2002 EUSP legislation. It is OHEP's plan to use these funds until the end of the contract period. OHEP will encumber the funds to allow for expenditure starting July 1, 2003 for FY 2002 customers. **OHEP is proposing that the Commission allocate \$1.5 million in FY 2004 EUSP funds for implementation of electric weatherization activity from December 20, 2003 through June 30, 2004.** This level of funding enables service to approximately 1,900 households during FY 2004.

As a result of funding Weatherization in this fashion, it will synchronize the funding schedule with the fiscal year.

FY 2003 (7/1/02 through 6/30/03) – uses FY 2002 retained funds  
 FY 2004 (7/1/03 through 12/19/03) – uses FY 2002 retained funds  
 FY 2004 (12/20/04 through 6/30/04) – uses FY 2004 funds  
 FY 2005 (7/1/04 through 12/19/04) – uses FY 2005 funds

The current weatherization contract has an option to renew on an annual basis for up to two years using the same pricing schedule. Attachment 7 for a list of the activities permitted under this contract.

### Customer Education

During a preliminary review of this plan by the OHEP Advisory Board, concern was expressed regarding the need to provide education for customers that demonstrated extremely high electric consumption. The purpose of such education is to change patterns of consumption by changing behavior in the household. Data (see Table 2) reveals that about 2.7 percent of EUSP applicants face extraordinarily high bills resulting from high usage. To achieve the goal of making electric bills affordable for this group, it is necessary to target these high electric users for efforts to reduce that consumption. As a response to

this need, **OHEP proposes to establish a work group of EUSP stakeholders to examine potential strategies for addressing the problem of high electric consumption.** The group will examine the nature of the issue, establishing criteria for providing education, what should be provided, who should provide the education and any other related issues. A report will be prepared that suggests recommendations for implementation. The cost of the work group will be considered part of EUSP Administrative costs

### **Outreach**

Outreach is defined as the activities carried out to inform the general population and the target population about the existence of OHEP programs. It, also, includes those activities that provide opportunities to apply for service beyond the normal application intake sites. Outreach is a significant aspect of EUSP and requires adequate resources in order to achieve an impact.

OHEP plans to maintain the functioning of its Statewide Outreach Team through FY 2004 as a vehicle for developing and sharing outreach ideas at the State, Local and Intra-agency levels. The Outreach Team will continue to meet on a regular basis. Building upon the efforts of the past year, a detailed action plan is in development. This plan will not only serve as the action guide for FY 2004, but also as the basis for assessing effectiveness of the efforts. The Outreach Plan is viewed as a planning document and action plan that is a continuous work in progress throughout the fiscal year.

As required by the SB504/HB 797, §5-712.1(c)(2)(I)2, OHEP will track and report the cost of outreach and education materials provided by OHEP on EUSP. OHEP is anticipating spending approximately \$100,000 in EUSP funds for the purpose of outreach. During FY 2003, with limited tracking of outreach costs, OHEP estimates that it spent at least \$150,000 for outreach. Recognizing the limitation on administrative funds directed in Commission Letter dated July 6, 2001, **OHEP proposes a special allocation of funds in the amount of \$200,000 for outreach purposes not subject to the ten percent limit placed on administration for EUSP.**

These funds, in combination with federal LIHEAP funds, will be expended on such items as:

- staff time for planning and implementing special events
- printing of brochures, flyers, posters, etc.
- promotional items
- mailings
- contractual marketing efforts
- costs associated with major energy expos/application fairs
- media costs; and
- other creative efforts developed by local and state staff.

OHEP plans to develop and conduct its outreach efforts in coordination with electric companies through the Statewide Outreach Team and individual local agency coordination. Outreach efforts are maximized by working in concert with the electric companies as they have contributed extensive resources in the past and have shown a willingness to continue this into the future. OHEP will, also, work with other governmental agencies and non-profit entities to reach the target population.

## **Evaluation**

OHEP proposes to issue a Request for Proposal during FY 2004 to conduct a program evaluation of the Electric Universal Service Program. The purpose of this type of evaluation is to assess the appropriateness and effectiveness of program policies that are currently in place. The focus of such an evaluation is on outcomes and the impact of the program on program participants.

OHEP estimates that the cost of the evaluation could be in the \$200,000 range. Therefore, **OHEP proposes that \$200,000 be allotted for the purpose of procuring an evaluation contract and that the allotment be considered a special one time special expense not subject to the ten percent limit placed on administration for EUSP.**

## **Administration**

### **Program Administration**

A PSC letter dated July 6, 2001 provides for the use of up to ten percent of the EUSP fund for administrative purposes. **DHR/OHEP proposes to utilize the full 10 percent allowable for administrative purposes.**

Administrative funds are used to support EUSP operations at the DHR OHEP State Office and 20 Local Administering Agencies (LAA's) throughout the State. The OHEP State Office develops operational policies and procedures, prepares planning documents and analysis, responds to informational requests, provides assistance to customers, conducts outreach, monitoring, develops the budget and monitors expenditures, etc. LAA's perform outreach, application intake and processing for benefits payments, and provide vital information and assistance in securing other resources, if needed.

By agreement, OHEP is planning to transfer \$340,000 to the Public Service Commission to allow them to recover costs associated with providing oversight of EUSP. These costs include staff time for research, attending

meetings (Universal Service Working Group), and report development, supplies, travel, etc.

Table 3 below displays the past and proposed allocation of administrative funds.

**Table 3**  
**ADMINISTRATIVE EXPENDITURES**  
**EUSP FUNDS**

CATEGORY	EXPENDITURES		
	2004 Proposed	2003 YTD 2/28/03	2002 Actual
OHEP Administrative	\$350,000	1,803,296	\$3,311,874
Public Service Commission – Administrative Oversight	\$340,000	\$340,000	\$100,000
<b>Total Administrative</b>	<b>\$3,400,000</b>	<b>\$2,143,296</b>	<b>\$3,411,874</b>
<b>Special Allocation</b>			
Outreach – EUSP 1/	\$200,000	-	-
Evaluation Contract – EUSP 2/	\$200,000	-	-
<b>Total Special Allocation</b>	<b>\$400,000</b>	<b>-</b>	<b>-</b>

SOURCE: Maryland Department of Human Resources  
Office of Home Energy Programs, 2003

NOTES:

1. Outreach is proposed as a new item in FY 2004. Costs for Outreach in prior years were included as part of program administration.
2. Evaluation is proposed as a new item in FY 2004.
3. Method for determining the split between MEAP and EUSP Administrative Costs. The implementation of EUSP is performed in concert with the MEAP program resulting in the apportioning of administrative costs to each program. With authorization by the DHR Budget and Finance Office, administrative costs are split by the percentage of applications taken for MEAP and EUSP during the prior program year. Public Service Commission Administrative Oversight is charged 100% to EUSP.

Part of Program Administration is the maintenance and operation of the OHEP Data System. As with any large data base system, regular maintenance and continuous improvements are necessary to maintain an up-to-date, efficient and effective system. To this end, OHEP works with DHR's Office of Technology for Human Services (OTHS) to maintain equipment and communication connectivity and with a contractual consultant who provides data base and web server maintenance along with software fixes and improvements.

### **Program Operations**

EUSP administrative operations such as application intake and processing (including benefit notification) are conducted by 20 local administering agencies (LAA) throughout Maryland. This provides comprehensive coverage of all areas of the State. Each LAA operates under a contract or agreement to deliver EUSP services.

Payments of EUSP benefits are processed through the OHEP Office and the Comptroller of the Treasury on a weekly basis during the application period. LAA's are responsible for preparing the statements, called Energy Delivery Statements (EDS), to initiate the payment process. Generally, the OHEP Office prepares the request for payment for delivery to the DHR Fiscal Office on Wednesday, the Energy Delivery Statements with the payment information (EDS) are transmitted to the electric companies on Friday and the check is issued on the following Wednesday. This coordinated procedure allows for the utility to receive the EDS just prior to receiving the check. It also means that EDS's are transmitted in a minimal amount of time providing for faster crediting to customer's accounts.

During the course of the application period, a backlog of application data entry may emerge due to a high volume of applications submitted in a relative short period of time. The OHEP Office monitors application volume and upon identification of a backlog requires the local agency to implement a contingency plan to reduce the backlog. The contingency plan consists of the following options to be used as needed in escalating fashion:

LAA's to have staff work overtime.

- Re-deploying staff from another LAA to help with data entry.
- Allocating additional administrative funds to hire additional temporary staff.
- OHEP directly hiring temporary staff for the purpose of doing data entry.
- Reserve computer workstations DHR's computer training facility (DHR Information Services) located in Baltimore County to use for data entry by temporary workers.

- Outsourcing to a contractor to perform data entry.

## Summary

### Proposed Allocations for FY 2004

Arrearage Retirement Assistance	\$ 1,500,000
Bill Payment Assistance	\$27,200,000
Weatherization	\$ 1,500,000
Administration	\$ 3,400,000
Outreach	\$ 200,000
Evaluation	\$ 200,000



## **Attachments**

**Attachment 1 – Proposed Monthly Income Eligibility Criteria**

**Attachment 2 – Proposed Bill Payment Benefit Matrix**

**Attachment 3 – Applicant Data By County, FY 2002**

**Attachment 4 – Monthly Data Report – February, 2003**

**Attachment 5 – Arrearage Data by Electric Company**

**Attachment 6 – Electric Energy Efficiency Weatherization Activities**

**Attachment 1 - Proposed Monthly Income Eligibility Limits**

**PROPOSED MONTHLY INCOME ELIGIBILITY TABLE  
FY 2004**

POVERTY LEVEL	INCOME LIMIT BY NUMBER IN HOUSEHOLD							FOR EACH ADDITIONAL PERSON ADD:
	1	2	3	4	5	6	7	
<b>LEVEL I</b> 0 – 50%	0 TO \$374	0 TO \$505	0 TO \$636	0 TO \$767	0 TO \$898	0 TO \$1,028	0 TO \$1,159	0  \$130.83
<b>LEVEL II</b> 51 – 100%	\$375 TO \$748	\$506 TO \$1,010	\$637 TO \$1,272	\$768 TO \$1,533	\$899 TO \$1,795	\$1,012 TO \$2,057	\$1,160 TO \$2,318	\$130.83  \$262
<b>LEVEL III</b> 101 – 150%	\$749 TO \$1,123	\$1,011 TO \$1,515	\$1,273 TO \$1,908	\$1,534 TO \$2,300	\$1,796 TO \$2,693	\$2,058 TO \$3,085	\$2,319 TO \$3,478	\$261.67  \$393

**Attachment 2 - Benefit Matrix**

**Proposed Bill Payment Benefit Matrix  
FY 2004**

Kwh	3,000	4,000	5,000	6,000	7,000	8,000	9,000	10,000	11,000	12,000	13,000	14,000	14,001 AND ABOVE
Level 1	\$228	\$300	\$372	\$444	\$528	\$600	\$672	\$744	\$828	\$900	\$972	\$1,056	\$1,128
Level 2	\$144	\$204	\$252	\$300	\$348	\$396	\$444	\$504	\$552	\$600	\$648	\$696	\$744
Level 3	\$96	\$132	\$168	\$204	\$228	\$264	\$300	\$336	\$372	\$396	\$432	\$480	\$504
Level 4	\$72	\$96	\$120	\$144	\$168	\$192	\$204	\$228	\$252	\$276	\$300	\$324	\$348

**Assumptions:**

Proposed Bill Payment Allocation: \$27,200,000

Projected households served: 72,000

Average benefit amount: \$378

Average bundled residential rate per kwh: \$0.0834



**OFFICE OF HOME ENERGY PROGRAMS  
 APPLICANT REPORT THROUGH 30 JUNE, 2002  
 FISCAL '02**

**FINAL REPORT**

COUNTY	Goal	Applications to date	% of goal	Arrearage		Bill Payment				MEAP			
				Applied	Approved	Applied	% of app	Approved	Denial %	Applied	% of app	Approved	Denial %
Allegany	4,300	4,151	97%	63	50	3,804	92%	3,440	10%	3,940	95%	3,498	11%
Anne Arundel	2,500	2,410	96%	70	68	2,244	93%	2,067	8%	2,396	99%	2,129	11%
Baltimore City	30,500	21,978	72%	954	894	15,175	69%	14,221	6%	21,909	100%	20,277	7%
Baltimore	10,300	9,163	89%	227	218	6,933	76%	6,740	3%	8,867	97%	7,568	15%
Calvert	1,000	795	80%	10	7	740	93%	597	19%	795	100%	639	20%
Caroline	1,300	1,434	110%	245	214	1,265	88%	1,114	12%	1,431	100%	1,257	12%
Carroll	2,000	1,987	99%	40	36	1,889	95%	1,605	15%	1,978	100%	1,684	15%
Cecil Co.	2,100	2,144	102%	654	626	1,962	92%	1,800	8%	2,119	99%	1,921	9%
Charles	1,700	1,425	84%	31	24	1,276	90%	1,059	17%	1,425	100%	1,186	17%
Dorchester	1,900	1,980	104%	512	483	1,825	92%	1,658	9%	1,901	96%	1,699	11%
Frederick	2,300	2,421	105%	64	57	2,291	95%	1,781	22%	2,383	98%	1,828	23%
Garrett	2,300	2,121	92%	24	22	1,972	93%	1,790	9%	2,103	99%	1,893	10%
Harford	3,900	3,760	96%	186	185	3,563	95%	3,342	6%	3,601	96%	3,345	7%
Howard	1,700	1,304	77%	29	27	1,288	99%	1,195	7%	1,250	96%	1,157	7%
Kent	950	959	101%	204	198	902	94%	795	12%	924	96%	819	11%
Montgomery	4,200	3,552	85%	277	162	3,011	85%	2,460	18%	3,375	95%	2,533	25%
Prince George's	6,400	5,547	87%	1,407	511	5,331	96%	3,904	27%	5,438	98%	3,832	30%
Queen Anne's	750	767	102%	184	150	557	73%	474	15%	763	99%	664	13%
St. Mary's	1,800	1,557	87%	39	33	1,393	89%	1,161	17%	1,556	100%	1,289	17%
Somerset	1,100	994	90%	260	241	881	89%	824	6%	984	99%	926	6%
Talbot	900	821	91%	91	87	692	84%	649	6%	816	99%	770	6%
Washington	2,900	2,682	92%	138	20	2,336	87%	1,901	19%	2,596	97%	2,140	18%
Wicomico	2,100	2,309	110%	671	628	2,182	94%	2,034	7%	2,232	97%	2,083	7%
Worcester	1,100	1,115	101%	225	207	1,035	93%	974	6%	1,108	99%	1,049	5%
<b>TOTAL</b>	<b>90,000</b>	<b>77,376</b>	<b>86%</b>	<b>6,605</b>	<b>5,291</b>	<b>64,547</b>	<b>83%</b>	<b>58,263</b>	<b>10%</b>	<b>75,890</b>	<b>98%</b>	<b>66,186</b>	<b>13%</b>
<b>Last year at this time</b>	<b>87,839</b>	<b>87,839</b>	<b>100%</b>	<b>33,061</b>	<b>26,211</b>	<b>73,211</b>	<b>83%</b>	<b>65,245</b>	<b>11%</b>	<b>87,252</b>	<b>99%</b>	<b>76,369</b>	<b>12%</b>



**Attachment 4 – Monthly Data Report – February, 2003**

**OFFICE OF HOME ENERGY PROGRAMS  
 APPLICANT REPORT THROUGH 28 FEBRUARY, 2003  
 Fiscal '03**

COUNTY	EUSP Bill Payment					EUSP Arrearage			MEAP			Applications to date	INTAKE Goal	%
	Certified Goal	Certified	% of Goal	Pending	Applied	Certified	Pending	Applied	Certified	Pending	Applied			
Allegany	4,180	3,148	75%	200	3,716	26	2	31	3,157	226	3775	3,992	4,600	87
Anne Arundel	2,510	1,791	71%	38	1,905	28	31	59	1,804	48	2,043	2,094	2,600	81
Baltimore City	17,290	9,534	55%	1,727	11,842	263	108	407	13,407	2,359	16,745	16,843	24,100	70
Baltimore	8,190	5,939	73%	264	6,316	122	26	152	6,236	385	7,437	7,807	10,100	77
Calvert	730	534	73%	41	678	2	1	3	563	41	715	715	900	79
Caroline	1,350	1,171	87%	23	1,321	212	2	221	1,334	18	1,498	1,502	1,600	94
Carroll	1,950	1,515	78%	36	1,728	13	1	14	1,577	37	1,796	1,811	2,200	82
Cecil Co.	2,190	1,699	78%	203	2,049	326	18	345	1,822	116	2,199	2,214	2,400	92
Charles	1,290	1,047	81%	102	1,331	4	4	8	1,152	106	1,474	1,474	1,600	92
Dorchester	2,020	1,653	82%	41	1,805	321	6	336	1,627	44	1,815	1,914	2,200	87
Frederick	2,160	1,550	72%	161	2,049	19	6	30	1,575	174	2,101	2,132	2,700	79
Garrett	2,180	1,800	83%	70	1,972	11	3	15	1,858	70	2,040	2,049	2,300	89
Harford	4,060	3,265	80%	134	3,622	89	8	142	3,320	62	3,672	3,836	4,100	94
Howard	1,450	1,014	70%	7	1,194	16	0	17	966	6	1,150	1,204	1,400	86
Kent	970	779	80%	17	880	102	2	108	820	20	929	931	1,100	85
Montgomery	2,990	2,677	90%	143	3,116	166	26	259	2,687	243	3,466	3,654	3,900	94
Prince George's	4,750	3,786	80%	983	5,664	142	94	288	3,656	873	5,498	5,856	6,100	96
Queen Anne's	580	529	91%	57	645	93	16	113	617	50	742	742	800	93
St. Mary's	1,410	1,115	79%	84	1,379	3	1	4	1,207	90	1,498	1,499	1,700	88
Somerset	1,000	879	88%	61	976	98	11	112	953	56	1,048	1,055	1,100	96
Talbot	790	795	101%	5	867	49	0	51	811	5	885	891	900	99
Washington	2,310	1,978	86%	154	2,397	11	5	90	2,074	171	2,549	2,633	2,900	91
Wicomico	2,470	1,952	79%	323	2,333	332	56	400	1,970	315	2,343	2,442	2,500	98
Worcester	1,180	746	63%	151	935	65	15	84	828	134	1,000	1,000	1,200	83
<b>TOTAL</b>	<b>70,000</b>	<b>50,896</b>	<b>73%</b>	<b>5,025</b>	<b>60,720</b>	<b>2,513</b>	<b>442</b>	<b>3,289</b>	<b>56,021</b>	<b>5,649</b>	<b>68,418</b>	<b>70,290</b>	<b>85,000</b>	<b>83</b>
									19%		21%	22%		
Last year at same time		41,413			48,712	4,359		5,975	47,063		56,507	57,550		





















## Attachment 6 – Electric Energy Efficiency Weatherization Activities

### EUSP Electric Energy Efficiency (Weatherization) Services

ELIGIBLE CUSTOMERS Group	Program Service Item
<b>A.</b> All electric customers with electric heat or cooling. <b>No duct work.</b>	<b>ACCESS CHARGE PER RESIDENCE Including:</b> Scheduling of Audit with household Travel to and from site; Audit to assess need for direct install measures and other opportunities, e.g., major appliance replacement or repair; <ul style="list-style-type: none"> <li>• Completion of energy audit data for program administrator;</li> <li>• Education of occupants' on use of electric appliances, energy management, health and safety issues.</li> </ul>
<b>B.</b> All electric customers with central cooling. <b>With duct work.</b>	<b>ACCESS CHARGE PER RESIDENCE Including:</b> Scheduling of Audit with household; Travel to and from site; Audit to assess need for direct install measures and other opportunities, e.g., major appliance replacement or repair; Completion of energy audit data for program administrator; Education of occupants' on use of electric appliances, energy management, health and safety issues; Setup and use of blower door for infiltration and duct leakage analysis.
<b>C.</b> All Customers	<b>UNSUCCESSFUL ACCESS CHARGE:</b> Make phone contact within two days of receiving assignment, written notice mailed no later than three days after phone contact and site visit within two weeks after the first two attempts fail.
<b>D.</b> All electric customers with cooling/heating	<b>AIR INFILTRATION REDUCTION SERVICE</b> Duct system sealing/repair; Sill plate/box treatment; Wall, ceiling, floor sealing.
<b>E.</b> All electric heat customers.	<b>HEAT SYSTEM TESTING &amp; SERVICE Including:</b> Heat pump clean & tune; Heat pump replacement, requires approval from OHEP Director in writing before replacement of heat pump and must use a minimum R14 standard, Thermostat replacement as needed; Furnace electric starter replacement.
<b>F.</b> All electric heater or central cooling customers.	<b>ATTIC, WALL, AND FLOOR INSULATION OR VENTILATION</b> Including: <ul style="list-style-type: none"> <li>• Add attic insulation up to a minimum of R38 if below R38, Ventilation if needed;</li> </ul>

	<ul style="list-style-type: none"> <li>• Cut attic access panel if necessary, install trimming and cover, add insulation to access panel up to R38</li> <li>• Add insulation to unheated floor area if level is R-0 to R-19;</li> <li>• Add wall insulation to cavity depth to R-11;</li> </ul>
<p><b>G.</b> All electric water heater customers.</p>	<p><b>WATER SYSTEM TREATMENT</b> including:  Hot water heater insulation jacket to R11;  Hot water heater safety check;  Low-flow shower head; (if needed)  Water pipe insulation;  Low-flow aerator.</p>