

ORDER NO. 89952

In the Matter of the Electric Universal Service Program	* * * * * * *	BEFORE THE PUBLIC SERVICE COMMISSION OF MARYLAND _____ CASE NO. 8903 _____
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Issued: October 4, 2021

ORDER ON PROPOSED 2022 OPERATIONS PLAN

1. On July 22, 2021, the Office of Home Energy Programs (“OHEP”), an agency in the Maryland Department of Human Services’ (“DHS”) Family Investment Administration, submitted its Proposed Operations Plan for Fiscal Year (“FY”) 2022 (“Proposed Plan”) for the Electric Universal Service Program (“EUSP”).¹ Written comments were filed by the Cancer Support Foundation, the Commission’s Technical Staff (“Staff”) the Maryland Office of People’s Counsel (“OPC”), the Baltimore Gas and Electric (“BGE”), and Laurel Peltier on behalf of the Maryland Energy Advocates Coalition. On September 9, 2021, the Commission held a legislative-style public hearing on this matter to receive additional input from OHEP and interested parties.

A. OHEP’s Proposed Operations Plan for FY 2022

2. OHEP’s Proposed Plan states that the available funds to support EUSP amounts to a total of \$67,591,130 for FY 2022. This amount represents \$35,643,611 from EUSP Ratepayer Funds (“Ratepayer Fund”), and \$31,947,519 from the Maryland Strategic

¹ The Commission issued a Notice of Hearing and Opportunity to Comment in this matter on July 22, 2021 (Maillog No. 236219). Written comments were due by September 3, 2021.

Energy Investment Fund (“MSEIF”).² The Commission’s statutory oversight and authority extends to the approval of the proposed allocation of the Ratepayer Fund for the bill assistance and arrearage components of the EUSP. *See Annotated Code of Maryland*, Public Utilities Article (“PUA”) § 7-512.1. For FY 2022, OHEP proposes to provide arrearage assistance using \$14,000,000 from the MSEIF.³

3. With respect to the \$35,643,611 from the Ratepayer Fund, the Proposed Plan allocates \$4,459,819 for administration; \$200,000 for outreach; \$389,542 for OHEP’s data system, and the remaining \$30,594,250 for bill assistance.⁴ After receiving testimony from OHEP and the interested parties, and as discussed herein, the Commission finds OHEP’s proposed allocation of the Ratepayer Fund for FY 2022 EUSP operations to be reasonable and approves the allocation as proposed.

B. Other EUSP-Related Matters

4. OHEP discussed newly passed legislation that expands access to energy assistance, expands the Critical Medical Needs program, strengthens retail energy supplier customer protections, and addresses utility regulatory issues, noting that:

- i. HB 606/SB 392: increases OHEP’s monthly eligible household income to 200% of the Federal Poverty Level for households which include a member who is 67 years or older for EUSP programs. OHEP also has voluntarily raised MEAP eligibility to 200% of the Federal Poverty Level for households which include a member who is 67 years or older, in order to maintain program consistency and integrity. The bill also alters the eligibility criteria for participation in the EUSP Arrearage Retirement

² Maillog No. 236215 at 3. The Operations Plan explained that MSEIF funding comes from revenues generated by the State’s auction of emission allowances from Regional Greenhouse Gas Initiative, Inc. (“RGGI”), as appropriated in the State Budget. OHEP’s funding total includes figures for the Maryland Energy Assistance Program (“MEAP”), which is administered by the federal Low Income Home Energy Assistance Program (“LIHEAP”).

³ *Id.*

⁴ *Id.*

Assistance program (“EARA”) by reducing the limitation for eligibility from seven years to five years and excluding arrearage retirement assistance grants received in calendar years 2020 and 2021 from eligibility considerations. Additionally, the legislation provides three months for a denied applicant to remedy his or her application and bans utilities from terminating service for non-payment during that time. Finally, the legislation creates a Workgroup to examine improving various elements of energy assistance in Maryland, with meetings beginning in August 2021, and a report due January 1, 2022.⁵

- ii. HB 945/SB 907: provides individuals 60 years and older, who apply for assistance from the Critical Medical Needs Program (“CMNP”) through a certified Navigator, with 90 days to provide medical certification of illness.⁶
- iii. HB 969/ SB 846: establishes a pilot program in which the United Way of Central Maryland and the Fuel Fund of Maryland would serve as additional Critical Medical Needs Program Navigators.⁷
- iv. HB 397/ SB 031: requires approved suppliers to commit to charging energy assistance recipients rates at or below standard offer service for electricity, or the gas commodity rate for natural gas. The legislation also prohibits non-approved retail energy suppliers from selling contracts that do not include a commitment to charge at or below Standard Offer Service/gas commodity rate to energy assistance recipients.⁸

5. OHEP states that it conducted four meetings of the OHEP Advisory Board during Fiscal Year 2022, and the attendees included Commission Staff, representatives of the OPC, Maryland Department of Housing and Community Development, Montgomery County Department of Health and Human Services, Baltimore County Department of Social Services, BGE, Choptank Electric Cooperative, Delmarva Power and Light

⁵ *Id.* at 5.

⁶ *Id.* at 7.

⁷ *Id.*

⁸ *Id.*

Company, Potomac Electric Power Company, The Potomac Edison Company, Southern Maryland Electric Cooperative, Inc. (SMECO,) and Washington Gas Light Company.⁹

6. Mr. Freeman described how OHEP was able to utilize the 45-day termination notice lists, provided by the utilities to OHEP's central office and the local assistance agencies, to mail nearly a million applications to customers who were at risk of service termination.¹⁰ He also credited the Relief Act, as well as supplemental funds from OHEP via the CARES Act and the American Rescue Plan, for paying down arrearages, noting that many customers have a zero balance for the first time in years.¹¹

7. Mr. Freeman explained that, following the end of the utility collections moratorium, by the end of FY21, OHEP returning customer applications had increased by 10 percent.¹² He notes, however, that at the beginning of FY22, applications were down approximately 25 percent from where they were last year.¹³ Mr. Freeman states that OHEP had to spend its remaining CARES Act funding by September 30, 2022, and the agency planned to pay up to 95 percent of a bill for customers at the lowest poverty levels.¹⁴ He added that overall, OHEP's current appropriations were adequate to meet the demand for the current fiscal year.¹⁵

8. He provided an update on OHEP's planned integration into the MD THINK database, explaining that OHEP has initiated implementation planning with the MD Think team, but the finalization of the eligibility and enrollment system, which is the

⁹ *Id.* at 8.

¹⁰ Tr. at 8.

¹¹ *Id.*

¹² *Id.* at 12.

¹³ *Id.*

¹⁴ *Id.* at 13.

¹⁵ *Id.* at 12.

primary database for the benefit programs, has been delayed.¹⁶ However, Mr. Freeman stated, the target for integration remained July 1st, 2022.¹⁷

9. Mr. Freeman indicated that he prepared a Joint Chairman's report, which OHEP planned to file with the General Assembly in October 2021, providing an update on the integration of OHEP into MD THINK.¹⁸

10. Mr. Freeman addressed questions and concerns raised by the Commission and interested parties at the hearing regarding the energy assistance application process, including the online application. He acknowledged that the application and eligibility determination process was lengthy and complicated.¹⁹

11. Mr. Freeman explained that one of the more recent challenges in application processing has been the Office of Legislative Audits, which has been studying OHEP practices, policies, case files and other documents for the last couple of months.²⁰ Additionally, he acknowledged the need for OHEP to streamline enrollment, which should be accomplished by full integration into MD THINK.²¹ Mr. Freeman noted that a single OHEP worker checks five different online systems at DHS to ensure accuracy and reviews at least 40 pages of documentation while processing a single, correctly submitted application.²²

12. The Commission and witnesses provided anecdotal information at the hearing, describing an online energy assistance application that a variety of OHEP customers –

¹⁶ *Id.* at 16.

¹⁷ *Id.*

¹⁸ *Id.* at 17.

¹⁹ *Id.* at 23.

²⁰ *Id.*

²¹ *Id.*

²² *Id.* at 23-24.

from seniors to computer savvy, college-educated applicants – found onerous and frustrating to navigate. Mr. Freeman, in response to inquiries regarding solutions to improve the current online application, stated that OHEP is not yet engaged with redevelopment of the online portal, as it was meant to be integrated with the development of the other MD THINK platforms.²³ However, he added, OHEP will have an opportunity to consider some solutions in October 2021 when the agency begins integrating the low-income household water assistance program into the online portal.²⁴

C. Staff Recommendations

13. Staff supports OHEP’s proposed FY22 operations plan and states that the agency’s receipt of funding through the RELIEF Act was applied to arrearages in FY21 and should help OHEP to resolve many ongoing bill payment issues faced by EUSP participants.²⁵ Staff observes that funding for outreach and data services apparently has stabilized.²⁶

14. Staff also states that it supports OHEP employing the maximum usage of ratepayer dollars, as well as non-ratepayer funds, for bill payment assistance.²⁷ Staff notes OHEP’s intent to collaborate with utilities to track the amount of energy assistance being applied to past due amounts, in order to informatively discuss innovative approaches to handling arrears, a plan that Staff supports.²⁸

²³ *Id.* at 24.

²⁴ *Id.* at 28-29.

²⁵ Maillog No. 236933.

²⁶ *Id.*

²⁷ *Id.* at 8.

²⁸ *Id.*

15. Staff encourages the prompt development of a uniform system of EUSP and other energy assistance, because the Relief Act assistance should have eliminated nearly all arrearages for EUSP participants.²⁹ Staff agrees with OHEP's belief that the key to avoiding arrearages is to make bills more affordable through bill assistance.³⁰ Additionally, Staff indicates that it was investigating utility expenditures of MEAP funds in the case of existing arrearages.³¹ Staff also expressed support for OHEP's request for ongoing data costs as well as its supplemental outreach allowance.³² Finally, Staff notes OHEP's ongoing efforts to improve the EUSP's administration, and OHEP's efforts to keep interested parties abreast of OHEP-related events as well as its participation in various Commission Working Group processes.³³

16. Staff recommends that the Commission approve OHEP's FY22 operating plan, as proposed.³⁴ Staff further recommends that the Commission direct OHEP to allocate a minimum of \$35,000,000 of ratepayer funds to bill payment assistance, and that the Commission direct OHEP to use all monies allocated for bill payment assistance according to the Commission's past orders on similar matters.³⁵

17. The Commission accepts with Staff's recommendation and approves OHEP's proposed FY 2022 allocations, including allocations for Administration, Data System, and Supplemental Outreach, finding the allocations to be reasonable and consistent with prior determinations. The Commission also accepts Staff's other recommendations and

²⁹ *Id.*

³⁰ *Id.*

³¹ *Id.*

³² *Id.*

³³ *Id.*

³⁴ *Id.* at 9.

³⁵ *Id.*

directs OHEP to allocate a minimum of \$35,000,000 of ratepayer funds to bill payment assistance, and to use all monies allocated for bill payment assistance according to the Commission's past orders on similar matters.

D. BGE Comments

18. BGE generally supports the proposed operating plan, including its outreach and technology funding.³⁶ BGE notes that it is working with OHEP and other stakeholders to implement energy-related legislation passed during the 2021 General Assembly session, including HB 606/SB 392, the legislation that increases the energy assistance eligibility income limit to 200% of the Federal Poverty Level for OHEP applicants with a household member who is 67 years or older.³⁷ BGE states that it is committed to assisting OHEP with ensuring the smooth processing of applications for those new recipients.³⁸

19. BGE states that OHEP has been receptive to BGE's suggestions for improving integration of MD THINK infrastructure with utility operations to streamline the energy assistance application process.³⁹ BGE also discussed its newly implemented "Grant Tracker" program, which issues informational emails and text messages to customers upon BGE's receipt of the customer's participation information and once BGE has applied the funding to the customer's account.⁴⁰

³⁶ Maillog No. 236917 at 1 and 3.

³⁷ *Id.* at 1.

³⁸ *Id.*

³⁹ *Id.* at 2.

⁴⁰ *Id.* at 3.

E. OPC Recommendation

20. OPC states that it does not object to the proposed plan but, as in previous years, states that the EUSP's current level of bill assistance does not result in affordable energy bills for many program participants.⁴¹ OPC points to OHEP's plans to pay an average bill payment assistance benefit of \$700 in FY 2022, noting that it is an increase over the FY2021 average payment of \$504, but notably less than the inflation adjusted FY09 average bill payment assistance benefit of \$688.⁴² OPC notes that, when adjusted for inflation, the FY21 bill payment assistance that OHEP paid to participants was more than \$368 less than the FY09 inflation-adjusted value of the bill payment assistance of \$872.19.⁴³ OPC adds that OHEP provided bill payment assistance to only a quarter of the total estimated EUSP eligible households, and approved more than 17,000 arrearage retirement assistance applications, concluding that the demand for arrearage retirement assistance was likely due to the bill payment assistance component not making electric service more affordable to enough participants.⁴⁴

21. According to OPC, OHEP's proposed FY22 plan shows a decrease in bill payment assistance participants over FY21, and OHEP reported an increase in denied bill payment assistance applications to over 40 percent, as well as an increase to more than 70 percent for denied arrearage retirement assistance applicants.⁴⁵ OPC states that it supports OHEP's plans to adopt categorical eligibility and to integrate its program into DHS' MD THINK network by July 1, 2022, to improve application processing efficiency

⁴¹ Maillog No. 236924 at 6.

⁴² *Id.* at 7-8.

⁴³ *Id.* at 9.

⁴⁴ *Id.* at 11.

⁴⁵ *Id.* at 12.

and eligibility determinations.⁴⁶ OPC also recommends that OHEP make permanent its practice of accepting telephonic signatures on energy assistance applications, which OHEP began in response to the COVID-19 pandemic.⁴⁷

22. The Commission accepts OPC's recommendation that OHEP allow telephonic signatures from applicants on a permanent basis, as the practice will provide an easier application process for seniors, the disabled and others, not only during the continuation of the pandemic but afterward. The Commission therefore encourages OHEP to adopt the usage of telephonic signatures as a permanent part of its application process.

F. Cancer Support Foundation Comments

23. The Cancer Support Foundation filed comments focusing on the difficulties experienced by the growing population of seniors who apply for energy assistance and expressing concern that OHEP's plan does not address the issue.⁴⁸ According to the Foundation, 41 percent of Maryland residents who are eligible for energy assistance are aged 60 and older and many have difficulty understanding and completing the applications, as well as gathering documents required for the eligibility process.⁴⁹ The Foundation states that regardless of whether the application is online or printed, seniors with little to no family support, or without the assistance of the Critical Medical Needs Program, the Foundation or other similar programs, are shut out of the energy assistance application process.⁵⁰ According to the Foundation, many seniors who do make it through the application process do not want to enroll in the utility's budget billing

⁴⁶ *Id.*

⁴⁷ *Id.*

⁴⁸ Maillog No. 236873.

⁴⁹ *Id.* at 2.

⁵⁰ *Id.* at 4.

program, which is required for energy assistance recipients.⁵¹ The Commission shares the Foundation's concerns regarding the challenges of the energy assistance application process and is looking forward to OHEP's integration into MD THINK, where the process should become simpler.

G. Maryland Energy Advocates Coalition Comments

24. Laurel Peltier, Acting Chair of the Maryland Energy Advocates Coalition, filed comments on her own behalf.⁵² In her comments, Ms. Peltier explains that while assisting low-income families in obtaining energy assistance, she learned that their energy burdens, as reflected in their bills, were too high relative to their income, especially in Baltimore City.⁵³ She expressed concern that Maryland's low-income energy burdens did not appear sustainable, as low-income utility bills are increasing and OHEP approved grants are declining.⁵⁴ Ms. Peltier recommends that the Commission collaborate with advocates and utilities to devise solutions to improve OHEP denial rates and help the collaborative team develop strategies to determine if energy burdens can be reduced, using other state programs as a model.⁵⁵

25. While the Commission agrees that reducing the energy burden for low-income customers and the reduction of energy assistance application denials are worthy of attention, it should be noted that OHEP already collaborates with utilities and other stakeholders (including the Commission) to discuss energy assistance application and benefit access, and solutions such as integration into MD THINK are being implemented.

⁵¹ *Id.*

⁵² Maillog No. 236987.

⁵³ *Id.* at 2-3.

⁵⁴ *Id.* at 4.

⁵⁵ *Id.* at 7-8.

Therefore, the Commission encourages OHEP to continue its collaboration efforts and provide the Commission with updates as directed in previous orders.

H. Budget Billing Issue

26. OHEP did not, as in previous years, request Commission approval to remove the budget billing enrollment requirement as a condition of approval for a EUSP grant. However, BGE in its filing, notes that the issue continues to be discussed at OHEP Advisory Group meetings and, separately, among stakeholders.⁵⁶ BGE states that it supports the removal of the requirement, explaining that anecdotal evidence cited by stakeholders, as well as the gap between MEAP and EUSP benefits, point to applicants who are unwilling to enroll in budget billing.⁵⁷

27. During the hearing, the interested parties, when questioned, all expressed support for elimination of the budget billing requirement, with some stating that numerous EUSP applicants who were approved for a grant were not willing to proceed as a participant because of the confines of the budget billing participation requirement.

28. Mr. Freeman stated during the hearing that although he had heard stories about participants rejecting funding due to the budget billing requirement, and he and other stakeholders have discussed the issue in advisory meetings, OHEP could not provide evidence of a deterrent or any benefit associated with the budget billing requirement.⁵⁸

29. The Commission in the past has denied the requests for the removal of budget billing requirement. However, this year, in light of the need for more EUSP approvals and participation, the Commission is willing to have the issue studied further. Therefore,

⁵⁶ Maillog No. 236917.

⁵⁷ *Id.* at 3.

⁵⁸ Tr. at 32.

the Commission directs the formation of a work group to explore and define any problems associated with the budget billing requirements and assist the Utilities in preparing implementation plans for an alternative to budget billing that could test the validity of allegations that the budget billing requirement prevents customers from taking advantage of EUSP, and explore alternatives, if any, to using the EUSP bill assistance on an equal monthly basis. The implementation plans should describe any programmatic changes that will be necessary to administer OHEP assistance outside of the context of budget billing. In addition, the plans should include metrics and criteria to evaluate the success of the alternatives in assessing their ability to solve the alleged issues with budget billing. Criteria should include consideration of issues such as impacts on customer arrearages and payment behaviors as well as customer satisfaction. Finally, the workgroup should consider whether the specifics of Utility implementation of alternatives should be uniform across the state or whether differences between the utilities' and their systems justify varied offerings. Staff and the interested parties who provided testimony in this matter, plus any other interested utilities, will comprise the workgroup, which shall be led by one of the Commission's senior advisors. The workgroup shall provide a report of its progress on April 1, 2022, and the Utilities shall file implementation plans for alternatives on April 1, 2022.

IT IS, THEREFORE, on this 4th day of October, in the year Two Thousand and Twenty-One, by the Public Service Commission of Maryland,

ORDERED: (1) That OHEP's Proposed Operations Plan for FY 2021 is accepted and the allocations for the Ratepayer Fund of \$4,459,819 for administration;

200,000 for outreach; \$389,542 for the data system, and the remaining \$30,594,250 for bill assistance are hereby approved;

(2) That OHEP's proposed allocation of the Ratepayer Fund for FY 2022 EUSP operations is approved;

(3) That OHEP is directed to continue to provide the Commission semiannual updates on its integration into MD THINK and its transition to categorical eligibility;

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

(5) That OHEP and Staff are directed to form a workgroup to study the proposed elimination of budget billing as a condition of participation in the EUSP, adhering to the requirements as described above.

By Direction of the Commission,

/s/ Andrew S. Johnston

Andrew S. Johnston
Executive Secretary