

ORDER NO. 90387

In the Matter of the Electric Universal
Service Program

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BEFORE THE
PUBLIC SERVICE COMMISSION
OF MARYLAND

CASE NO. 8903

Issue Date: October 12, 2022

ORDER ON PROPOSED 2023 OPERATIONS PLAN

1. On July 29, 2022, 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 2023 for the Electric Universal Service Program.¹ Written comments were filed by Baltimore Gas and Electric Company (“BGE”)², Potomac Electric Power Company and Delmarva Power & Light Company (“PHI Utilities”)³, the Commission’s Technical Staff (“Staff”)⁴, and the Maryland Office of People’s Counsel (“OPC”)⁵. On September 13, 2022, the Commission held a legislative-style public hearing on this matter to receive

¹ Maryland Department of Human Services, Family Investment Administration, Office of Home Energy Programs, Electric Universal Service Program (EUSP), Proposed Operations Plan for Fiscal Year 2023 (July 29, 2022). The Commission issued a Notice of Hearing and Opportunity to Comment in this matter on August 1, 2022 (Maillog No. 241710). Written comments were due September 7, 2022.

² Maillog No. 242212: Comments of Baltimore Gas and Electric Company on FY 2023 Proposed Operations Plan of the Office of Home Energy Programs (“BGE Comments”) (September 7, 2022).

³ Maillog No. 242221: Potomac Electric Power Company and Delmarva Power & Light Company Comments (“PHI Comments”) (September 7, 2022).

⁴ Maillog No. 242222: Staff Comments regarding the Electric Universal Service Program Proposed Operations Plan for FY 2022 (“Staff Comments”) (September 7, 2022).

⁵ Maillog No. 242257: Comments of the Office of People’s Counsel Regarding OHEP’s Proposed EUSP Operations Plan for Fiscal Year 2023 (September 9, 2022); Maillog No. 242465: Errata to Comments of the Office of People’s Counsel Regarding OHEP’s Proposed EUSP Operations Plan for Fiscal Year 2023 (September 27, 2022) (collectively, “OPC Comments”).

additional input from OHEP and interested parties. As discussed below, the Commission approves OHEP's Proposed Operations Plan for implementation in Fiscal Year 2023.

A. Electric Universal Service Program

2. In 1999, as part of electric restructuring in Maryland, the General Assembly created the Electric Universal Service Program ("EUSP") for low-income customers, comprising three components: bill assistance, arrearage assistance, and weatherization.⁶ Because EUSP is funded in part by ratepayer funds, the Commission exercises oversight of the program, with OHEP directly administering the program's bill assistance and arrearage assistance components. The weatherization component is administered by the Maryland Department of Housing and Community Development ("DHCD") in combination with DHCD's other weatherization programs.⁷

3. The EUSP is required to be funded by all ratepayers, including residential, commercial and industrial customers, with the maximum amount that may be collected from ratepayers being \$37 million.⁸ The General Assembly may appropriate funds that are supplemental to ratepayer funds.⁹ The General Assembly may also appropriate up to \$1 million of EUSP ratepayer collections to DHCD for weatherization. The majority of ratepayer funds flow through the bill assistance component of the EUSP.

4. Currently, the EUSP must provide assistance to electric customers with annual incomes at or below 175 percent of the federal poverty level.¹⁰ EUSP participants may receive arrearage assistance once every five years.¹¹

⁶ See Electric Customer Choice and Competition Act of 1999, *Md. Ann. Code*, Pub. Util. Art., § 7-512.1.

⁷ *Id.*

⁸ \$9.6 million from residential ratepayers and \$27.4 million from commercial and industrial (non-residential) ratepayers. PUA § 7-512.1(e).

⁹ *Id.*

¹⁰ Certain exceptions are made for households with at least one resident over the age of 65.

¹¹ PUA § 7-512.1.

B. OHEP's Proposed Operations Plan for Fiscal Year 2023

5. OHEP's Proposed Operations Plan for Fiscal Year ("FY") 2023 states that the available funds to support EUSP total \$118,862,000 for FY 2023. This amount represents \$36,044,307 from EUSP ratepayer funds, and \$82,817,693 from the Maryland Strategic Energy Investment Fund ("MSEIF").¹² 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.¹³ For FY 2023, OHEP proposes to provide arrearage assistance using \$14,000,000 from the MSEIF.¹⁴

6. With respect to the \$36,044,307 from the ratepayer fund, the proposed plan allocates \$4,459,819 for administration; \$200,000 for outreach; \$400,000 for OHEP's data system, and the remaining \$30,755,284 for bill assistance.¹⁵

C. Other EUSP-Related Matters

7. The proposed plan identified the following legislation related to EUSP and OHEP:
- a. HB 1001/SB 719 (Ch 666): This bill was enacted following the 2022 Legislative Session. It reduces staffing levels for the Critical Medical Needs Program's "Power to the People" pilot program and requires all Local Administering Agencies providing OHEP benefits to provide accessible locations for customers to complete energy assistance applications as well as establish a process for submitting applications via proxy. This bill also requires OHEP to establish a uniform redetermination process for all applicants 65 years or older, allow applicants 45 days to return their application through the redetermination process, and provide pre-paid postage for the return of redetermination applications, and removes the three-year limit from the OHEP redetermination process.¹⁶
 - b. HB 138/SB 283: This bill was introduced during the 2022 Legislative Session and seeks to expand eligibility requirements for the EUSP and

¹² Maillog No. 241681, Proposed Plan, at 3.

¹³ PUA § 7-512.1(e).

¹⁴ Proposed Plan at 3.

¹⁵ *Id.*

¹⁶ *Id.* at 6 - 7.

unlink eligibility for the EUSP from eligibility requirements for the Maryland Energy Assistance Program (“MEAP”).¹⁷

- c. HB 998/SB 905: This bill was introduced during the 2022 Legislative Session and seeks to require OHEP to enter into a contract with the United Way of Central Maryland to provide elderly community members with additional assistance for completing energy assistance applications, as well as to provide \$200,000 in state funding to the United Way of Central Maryland to establish four call centers throughout the state to provide this service beginning in FY 2024.¹⁸
- d. HB 1271/SB770: This bill was introduced during the 2022 Legislative Session and seeks to establish a state fund to provide financial assistance to Maryland homeowners whose homes are damaged due to a required utility upgrade, repair, or maintenance action for which the utility does not already provide reimbursement.¹⁹

8. OHEP plans to continue to engage the OHEP Advisory Board, whose role it is to advise OHEP regarding the development of program goals and strategies, utilize its knowledge and experience to address issues affecting low-income families’ home energy needs, assist in the dissemination of information regarding OHEP programs and outreach efforts, and facilitate meetings designed to encourage discussion of all ideas presented.²⁰

9. In 2021, the Maryland General Assembly formed the Limited-Income Mechanisms and Assistance Work Group in order to study different systems and forms of available energy assistance, identify inefficiencies and gaps in the processing of applications for assistance, and examine the feasibility of establishing new assistance programs.²¹ The Work Group includes representatives from DHS, DHCD, the Attorney General’s Office, the Commission, OPC, and the Maryland General Assembly.²² OHEP hosted two public meetings for the Work Group in program

¹⁷ *Id.* at 7.

¹⁸ *Id.*

¹⁹ *Id.*

²⁰ *Id.* at 8.

²¹ *Id.*

²² *Id.*

year 2022 and intends to continue to host meetings and collaborate with the Work Group in FY 2023.²³

10. In FY 2022, the Commission formed the EUSP Budget Billing Work Group to develop an implementation plan to support the removal of the requirement for Budget Billing for the EUSP grant.²⁴ OHEP noted that the Work Group submitted a final report to the Commission in March of 2022,²⁵ and that it will collaborate with the utilities to execute the implementation plan laid out in the final report during program year 2023.²⁶

11. OHEP noted a significant decrease in the number of applications for energy assistance from FY 2021 to FY 2022.²⁷ OHEP attributed the decrease to the reduction of arrearages through the OHEP arrearage supplemental grants and funds from the Recovery for the Economy, Livelihoods, Industries, Entrepreneurs, and Families Act (“RELIEF Act”) as directed by the Commission.²⁸

12. OHEP is authorized under PUA § 7-512.1(a)(7) to approve a waiver to the income eligibility guideline for electric customers but stated that it will not grant over-income waivers for EUSP during FY 2023.²⁹

13. At the hearing, Lauren Molineaux, the Director of OHEP, identified goals for the 2023 program year as continuing efforts to reduce application times and focusing on outreach and

²³ *Id.*

²⁴ Order No. 89952 at 13, (October 4, 2021). In previous years, OHEP requested Commission approval to remove the budget billing enrollment requirement as a condition of approval for a EUSP grant. Citing unanimous support from the interested parties at the September 9, 2021 hearing in this matter, as well as a decrease in EUSP participation, the Commission tasked the Work Group with exploring and defining any problems associated with the budget billing requirement, as well as the development of an implementation plan for alternatives, by April 1, 2022.

²⁵ Maillog No. 239685: EUSP Budget Billing Work Group Final Report (March 21, 2022). The Final Report recommended that the Commission accept the implementation plans therein and disband the Work Group. *Id.* at 6. By March 31, 2022 Letter Orders, the Commission granted the request to disband the Work Group. *See* Maillog No.’s 239898, 239900, and 239901.

²⁶ Proposed Plan at 8.

²⁷ *Id.* at 10.

²⁸ *Id.* at 16.

²⁹ *Id.* at 15.

engagement strategies to identify eligible households that have not previously been served.³⁰ Ms. Molineaux listed several initiatives designed to achieve these goals, including the removal of the budget billing enrollment requirement for EUSP eligibility and collaboration with utilities to identify eligible households and streamline the referral process to OHEP benefits.³¹

14. Ms. Molineaux highlighted that, in the first three months of FY 2023, there has been a 32 percent increase in the number of bill payment applications received compared to the same time in FY 2022.³²

15. Ms. Molineaux also discussed the integration of the EUSP into the eligibility and enrollment platform of Maryland’s Total Human-services Information Network system (“MD THINK”), describing it as an opportunity to include system enhancements that will positively impact the customer experience. MD THINK is scheduled for a statewide rollout in fall of 2023 and will provide upgraded communications such as real-time interfaces in lieu of paper verifications and service and arrearage information between OHEP and the utilities, all of which are intended to increase EUSP participation.³³

D. BGE Comments

16. BGE generally supports OHEP’s proposed plan but expresses concern regarding the reliability of future funding for the EUSP. A large portion of the funding for FY 2023 comes from the MSEIF, which is derived from revenues generated by the auction of emission allowances from Regional Greenhouse Gas Initiative, Inc. (“RGGI”), as appropriated in the State budget.³⁴ While the recent trend of RGGI auction proceeds is strong, BGE raises a concern about the future reliance

³⁰ Tr. at 10.

³¹ *Id.* at 11.

³² *Id.* at 12.

³³ *Id.* at 13.

³⁴ BGE Comments at 1-2.

upon auction proceeds. BGE asserts that, as the nation moves away from carbon-based fuels and towards more renewable energy sources, Maryland may not be able to rely as much on the proceeds of these carbon offset auctions. BGE recommends the start of discussions on how a growing need for OHEP assistance can be met in years when RGGI funding may decline.³⁵

17. BGE also recommends the start of discussions on the better use of carryover funds to support increased applications.³⁶ BGE notes that OHEP must set its benefit levels months ahead of the start of the fiscal year, making it difficult to predict the level of demand. PUA § 7-512.1 prohibits carrying over unspent funds beyond the first three months of the following fiscal year which, in years when demand increases, causes OHEP to rely on supplemental grants for funding. BGE supports the exploration of changes that would better allow OHEP to retain a cushion for future year-round funding.³⁷

E. PHI Utilities Comments

18. The PHI Utilities concur with BGE's comments, specifically regarding funding availability.³⁸ The PHI Utilities noted that raising the EUSP income limit will expand eligibility, increase participation rates, and create a streamlined pathway for categorical eligibility for entitlement programs such as Supplemental Nutrition Assistance Program and Temporary Assistance to Needy Families. The PHI Utilities expressed concern over the consequent funding challenges that OHEP may encounter.³⁹

³⁵ *Id.*

³⁶ *Id.* at 4.

³⁷ *Id.*

³⁸ PHI Comments at 1.

³⁹ *Id.*

F. Staff Comments

19. Staff supports OHEP employing the maximum usage of ratepayer dollars, as well as non-ratepayer funds, for bill payment assistance,⁴⁰ and notes that the use of RELIEF Act funds in FY 2021 and FY 2022 should allow OHEP to resolve many of the ongoing bill payment issues that confront EUSP participants.⁴¹

20. Staff supports OHEP's requested administrative budget of \$4,459,819, noting that it represents slightly more than 12 percent of the \$37,000,000 in EUSP ratepayer funding, and that the Commission has approved a 12 percent allocation for administrative costs in previous fiscal years.⁴²

21. Staff also supports OHEP's budget requests of \$200,000 for supplemental outreach and \$400,000 for data system costs, noting that funding for outreach and data services appears to have stabilized,⁴³ recognizing that OHEP's work is data intensive, and supporting the supplemental outreach allowance in recognition of the recently declining enrollees in the EUSP.⁴⁴

22. Staff believes that OHEP's requested budget should provide sufficient EUSP funding for the coming fiscal year,⁴⁵ and therefore recommends that the Commission approve OHEP's FY 2023 Operating Plan, as proposed.⁴⁶ Staff further recommends that the Commission direct OHEP to allocate a minimum of \$30,755,284.00 of the ratepayer fund to bill payment assistance, and to use all monies allocated for bill payment assistance according to the Commission's past orders on similar matters.⁴⁷

⁴⁰ Staff Comments at 6.

⁴¹ *Id.* at 4.

⁴² *Id.* at 7.

⁴³ *Id.* at 4.

⁴⁴ *Id.* at 7.

⁴⁵ *Id.*

⁴⁶ *Id.* at 4.

⁴⁷ *Id.* at 8.

23. The Commission accepts Staff’s recommendation and approves OHEP’s proposed FY 2023 allocations, finding them to be reasonable and consistent with prior determinations. The Commission also accepts Staff’s other recommendations and directs OHEP to allocate a minimum of \$30,755,284.00 of the ratepayer fund to bill payment assistance, and to use all monies allocated for bill payment assistance.

24. In Order No. 89637, the Commission approved OHEP’s Proposed Operations Plan for FY 2021, including the allocation of 12 percent of the ratepayer fund for administrative expenses - an increase from 10 percent in previous years.⁴⁸ The Commission stated that its approval of the increase was based on recognition “that the 12 percent administrative allocation is the result of recent changes and updates...”⁴⁹ In Order No. 89952, the Commission approved OHEP’s Proposed Operations Plan for FY 2022, which again included an allocation of 12 percent of the ratepayer fund for administrative expenses.⁵⁰

25. At the hearing on the proposed plan for FY 2023, the Commission asked OHEP why its administrative expenses - again at 12 percent of the ratepayer fund - are relatively high and what is being done to contain them.⁵¹ Director Molineaux stated that costs are attributed to the increased cost of living, staffing challenges, and equipment supply chain issues, but that a feasibility study conducted by OHEP provided recommendations on how to decrease costs by switching to a different administrative model.⁵²

26. While the Commission accepts OHEP’s proposed allocation of \$4,459,819 for administrative costs for FY 2023, it also notes its concern with the continuation of administrative

⁴⁸ Maillog No. 231905 (September 22, 2020).

⁴⁹ *Id.* at 3.

⁵⁰ Maillog No. 237286 (October 4, 2021).

⁵¹ Tr. at 27 - 28.

⁵² *Id.* at 28-30.

costs that are 12 percent, or more, of the ratepayer fund. The Commission therefore directs OHEP to include in the Proposed Operations Plan for FY 2024 its plan to reduce future administrative costs to a more sustainable level.

G. OPC Comments

27. OPC does not object to OHEP’s proposed plan and is pleased with the increase in RGGI auction funds available to the EUSP since FY 2022.⁵³

28. OPC contends, however, that increased funding for EUSP will be necessary in the future once temporary funding sources such as RELIEF Act funds are exhausted.⁵⁴ OPC also cites the general move towards electrification and the specific greenhouse gas reduction goals, contained in Maryland’s recently enacted Climate Solutions Now Act of 2022, as further support for its position that increased funding will be needed for the EUSP.⁵⁵

29. Furthermore, OPC maintains that there continues to be a significant unmet need for energy assistance in Maryland.⁵⁶ OPC states, “It is generally recognized that a household’s annual energy costs should not exceed 6% of annual household income,”⁵⁷ but that, “On a statewide level, the average energy burden of OHEP recipients who received both MEAP and EUSP benefits was a net energy burden of 9%, reduced from a 15% gross energy burden without those benefits.”⁵⁸

30. OPC also advocates for certain modifications to EUSP operations. Specifically, OPC recommends that recent improvements made to the EUSP application process for applicants 65 years or older should apply to all applicants for energy assistance, or at least to all applicants who

⁵³ OPC Comments at 7. The \$82.8 million in RGGI auction proceeds available for FY 2023 is \$50.9 million greater than the allocation from auction proceeds in FY 2022. *Id.* at 5-6.

⁵⁴ *Id.* at 7.

⁵⁵ *Id.* at 8-9.

⁵⁶ *Id.* at 9.

⁵⁷ *Id.*

⁵⁸ *Id.* at 10.

are homebound or request accommodation, regardless of age.⁵⁹ OPC also recommends that tools such as categorical eligibility determinations and MD THINK should be deployed as soon as possible,⁶⁰ and that OHEP enact on a permanent basis the telephonic signature process that it implemented in response to the COVID-19 pandemic.⁶¹

31. The Commission recognizes OPC's concerns and recommendations. To the extent that any of the recommendations are within the Commission's authority to implement, the Commission will not be adopting them at this time.

IT IS THEREFORE, this 12th day of October, in the year Two Thousand Twenty-Two, by the Public Service Commission of Maryland, **ORDERED** that:

(A) OHEP's Proposed Operations Plan for FY 2023 is accepted and the allocations for the ratepayer fund of \$4,459,819 for administration, \$200,000 for outreach, \$400,000 for OHEP's data system, and the remaining \$30,755,284 for bill assistance are approved;

(B) OHEP is directed to allocate a minimum of \$30,755,284.00 of the ratepayer fund to bill payment assistance, and to use all monies so allocated for bill payment assistance;

(C) OHEP is directed to continue to provide the Commission with semi-annual updates on its integration into MD THINK and its transition into categorical eligibility;

(D) Staff is directed to continue to participate in the Limited-Income Mechanisms and Assistance Work Group, and to provide periodic reports to the Commission; and

⁵⁹ See HB 1001/SB 719. OPC Comments at 18.

⁶⁰ *Id.* at 19.

⁶¹ *Id.* The Commission notes that in its Order on OHEP's Proposed Operations Plan for FY 2022, it accepted OPC's then-recommendation to allow telephonic signatures from applicants on a permanent basis and encouraged OHEP to adopt the usage of telephonic signatures as a permanent part of its application process. Order No. 89952 at 10. (October 4, 2021).

(E) OHEP is directed to include, in the Proposed Operations Plan for FY 2024, its plan to reduce future administrative costs to a more sustainable level.

/s/ Jason M. Stanek _____

/s/ Michael T. Richard _____

/s/ Anthony J. O'Donnell _____

/s/ Odogwu Obi Linton _____

/s/ Patrice M. Bubar _____

Commissioners