

JASON M. STANEK
CHAIRMAN



MICHAEL T. RICHARD
ANTHONY J. O'DONNELL
ODOGWU OBI LINTON
MINDY L. HERMAN

PUBLIC SERVICE COMMISSION

April 24, 2019

The Honorable Thomas V. "Mike" Miller, Jr.
President of the Senate
State House, H-107
Annapolis, Maryland 21401

The Honorable Adrienne A. Jones
Speaker Pro Tem
312 House Office Building
6 Bladen Street
Annapolis, Maryland 21401

Re: Electric Universal Service Report, 2018 Annual Report Pursuant to § 7-512.1(c) of the Public Utilities Article, Annotated Code of Maryland (MSAR #11763)

Dear President Miller and Speaker Pro Tem Jones:

Pursuant to § 7-512.1(c) of the Public Utilities Article, *Annotated Code of Maryland*, enclosed is the Public Service Commission's *Electric Universal Service Report, 2018 Annual Report*.

By Direction of the Commission,

A handwritten signature in black ink, appearing to read "Terry J. Romine".

Terry J. Romine
Executive Secretary

TJR:tlj

Enclosure

cc: Sarah T. Albert, Department of Legislative Services (5 copies)

**PUBLIC SERVICE COMMISSION
OF MARYLAND**

**ELECTRIC UNIVERSAL SERVICE PROGRAM
2018 ANNUAL REPORT**

Pursuant to
§ 7-512.1(c) of the Public Utilities Article
Annotated Code of Maryland

Prepared for the General Assembly of Maryland

6 St. Paul Street
Baltimore, Maryland 21202
www.psc.state.md.us

Table of Contents

I. OVERVIEW	1
II. LEGISLATIVE REQUIREMENTS	1
III. BASIS FOR FINDINGS AND RECOMMENDATIONS	2
A. OHEP FY 2018 ANNUAL REPORT	4
B. How Benefits Were Calculated for FY 2018 and Will Be Calculated for FY 2019	5
C. OHEP Projections for Funds to Be Expended in FY 2019	6
IV. FINDINGS AND RECOMMENDATIONS.....	6
A. Total Amount of Funding Recommended for FY 2019	6
B. Total Amount of Need for Bill Assistance (Electric Customers with Annual Incomes at or below 175% of the Federal Poverty Level and the Basis for this Determination).....	7
C. Arrearage Retirement Assistance Funding	8
D. Income Limitation Waivers.....	8
E. Impact on Customers' Rates Including the Allocation among Customer Classes	8
F. The Impact of Using Other Federal Poverty Program Benchmarks	9
V. CONCLUSION	9
APPENDIX A	10

ELECTRIC UNIVERSAL SERVICE PROGRAM 2018 ANNUAL REPORT

I. OVERVIEW

The Electric Universal Service Program (“EUSP”), enacted in the Electric Customer Choice Act of 1999 (“the Act”), was designed by the Maryland General Assembly to assist low-income electric customers to retire utility bill arrearages, make current bill payments, and access home weatherization following the restructuring of Maryland’s electric companies and electricity supply market. The Act, codified as Public Utilities Article, *Annotated Code of Maryland*, §7-512.1 (“PUA §7-512.1” or “EUSP Legislation”), required the Public Service Commission of Maryland (“Commission”) to establish the program, make it available to low-income electric customers statewide, and provide oversight to the Office of Home Energy Programs (“OHEP”) within the Department of Human Services, Family Investment Administration (“DHS”), which is responsible for administering the EUSP.

II. LEGISLATIVE REQUIREMENTS

Under the Act, the Commission is required to oversee the EUSP as it is administered by DHS, through OHEP. PUA § 7-512.1(c)(1) requires the Commission to report annually to the General Assembly regarding the following:

- (i)¹ A recommendation on the total amount of funds for the program for the following fiscal year, subject to the amounts that are to be collected under PUA §7-512.1(e) and based on:
1. the level of participation in and the amounts expended on bill assistance and arrearage retirement during the preceding fiscal year;
 2. how bill assistance and arrearage retirement payments were calculated during the preceding fiscal year;
 3. the projected needs for the bill assistance and the arrearage retirement components for the next fiscal year; and
 4. the amount of any bill assistance or arrearage retirement surplus carried over in the electric universal service program fund under PUA §7-512.1(f)(6)(i).

¹ Numbering is as it appears in the Act.

- (ii) For bill assistance, the total amount of need, as determined by the Commission, for electric customers with annual incomes at or below 175% of the federal poverty level and the basis for this determination;
- (iii) The amount of funds needed, as determined by the Commission, to retire arrearages for electric customers who have not received assistance in retiring arrearages under the electric universal service program within the preceding seven fiscal years, and the basis for this determination;
- (iv) The amount of funds needed, as determined by the Commission, for bill assistance and arrearage retirement, respectively, for customers for whom income limitations may be waived under §7-512.1(a)(7) of the PUA, and the basis for each determination;
- (v) The impact on customers' rates, including the allocation among customer classes, from collecting the total amount recommended by the Commission under item (i) above; and
- (vi) The impact of using other federal poverty level benchmarks on costs and the effectiveness of the electric universal service program.

To assist the Commission in preparing its recommendations, OHEP is required under PUA §7-512.1(c)(2) to report the following information to the Commission each year:

- (1) the number of customers and the amount of distributions made to fuel customers under the Maryland Energy Assistance Program ("MEAP") identified by funding source and fuel source;
- (2) the cost of outreach and educational materials provided by OHEP for the EUSP; and
- (3) the amount of money that DHS receives, and is expected to receive for low-income energy assistance from the Maryland Strategic Energy Investment Fund ("SEIF/RGGI"), the MEAP (for electric customers only), and any other federal, State, local, or private source.

III. BASIS FOR FINDINGS AND RECOMMENDATIONS

The Commission's consideration and review of EUSP operational plans and proposals, workgroup reports, program reports, and filings is docketed in Case No. 8903, *In the Matter of the Electric Universal Service Program*. On June 28, 2018, OHEP filed its EUSP Proposed Operations Plan for Fiscal Year ("FY") 2019. Following receipt of comments from interested parties and a hearing to consider the Proposed Operations Plan, on August 24, 2018, the Commission accepted OHEP's Operations Plan for FY 2019 and authorized the allocations for FY 2019 proposed by OHEP for ratepayer

funding, as provided under PUA §7-512.1(e).² This approval extended to the newly required funding for an arrearage prevention program for which no funding had been allocated at the time of the hearing.

Table 1
FY 2019 Allocations Approved by Order No. 88850, Issued September 26, 2018

Allocation	Amount
Arrearage Retirement Assistance	\$0
Bill Payment Assistance	\$31,830,217
Administration	\$4,440,000
Outreach	\$200,000
EUSP Data System	\$529,783
Total	\$37,000,000

In Order No. 88850, the Commission noted that OHEP anticipates total funding for the EUSP in FY 2019 to be \$78,800,000 after an addition of \$27,000,000 from the SEIF/RGGI and of \$14,800,000 from EUSP ratepayer over-collected funds to the \$37,000,000 from EUSP ratepayer funds collected during FY 2019.

By Order No. 88850, the Commission also accepted OHEP’s commitment to convene the EUSP Advisory Board to discuss issues relating to the affordability of electric service by low-income customers. Further, the Commission directed Staff to resume its participation on the Advisory Board and provide the Commission periodic reports with regard to issues that may be of interest to the 8903 docket. The Commission also directed the utilities to provide the Maryland Office of People’s Counsel (“OPC”) the number of EUSP and MEAP customers that receive service from an electricity or gas supplier. This direction was made pursuant to OPC’s request. OPC had also requested that information regarding the cost of retail supply to these customers be provided. The Commission declined to direct the provision of this information but did note that further discussion among the stakeholders is needed. The Commission directed Staff to provide periodic progress reports on this issue based on discussions at the Advisory Board. Finally, the Commission encouraged OHEP to investigate with stakeholders whether the budget billing requirement should be continued for EUSP participants and suggested that it be revisited by the Advisory Board prior to the submission of OHEP’s FY 2020 filings.

On November 20, 2018, OHEP filed its *FY 2018 Electric Universal Service Program Annual Report* (“Annual Report”) in compliance with PUA §7-512.1(c)(2).

² See Order No. 88850, issued September 26, 2018.

A. OHEP FY 2018 ANNUAL REPORT

In its Annual Report, OHEP provided highlights pertaining to the operation of the EUSP for the July 1, 2017–June 30, 2018 program year, noting that the average bill assistance benefit awarded per household was \$498³ and the average arrearage retirement benefit awarded per household was \$871.⁴ OHEP provided bill assistance to 94,665 households, 16,862 of which received money for arrearage retirement.⁵ The total amount expended for EUSP benefits during the program year was \$61.7 million.⁶

During FY 2018, OHEP provided bill assistance to 1.8 percent fewer households than the previous fiscal year.⁷ OHEP also offered a slightly lower average bill assistance benefit of \$498 in FY 2018, as compared with an average bill assistance benefit of \$506 in the preceding fiscal year.⁸ The FY 2018 arrearage benefit also represented a 1.6 percent decrease as compared with the benefit offered the previous fiscal year.⁹ OHEP did not project an enrollment figure for FY 2019 or the amount of its bill payment assistance for that same period. However, OHEP noted that it projected that \$70 million would be adequate to meet the EUSP needs for FY 2019.¹⁰ In FY 2018, \$32.2 million in ratepayer funds went to fund bill payment assistance.¹¹ MEAP and SEIF/RGGI also provided assistance for the EUSP's bill payment assistance component.

OHEP's average arrearage retirement assistance grant decreased from \$925 for FY 2017 to \$871 for FY 2018.¹² Arrearage retirement was funded by SEIF/RGGI monies. OHEP allocates arrearage funding according to historic data that reflect the number of households receiving EUSP assistance in each jurisdiction.¹³

OHEP also administers MEAP, which is federally funded through the Low-Income Home Energy Assistance Program ("LIHEAP").¹⁴ Because MEAP pays for heating assistance, its grants are not limited to public service companies providing electricity and gas heating service, but also go to vendors of non-regulated fuels such as oil and propane. For customers who heat with electricity, EUSP and MEAP work in tandem, resulting in increased EUSP benefits for electric heating customers because

³ *FY 2018 Electric Universal Service Program Annual Report to the Maryland Public Service Commission* ("Annual Report") at p. 3.

⁴ *Id.*

⁵ *Id.*

⁶ *Id.* at p. 5 [\$47.1 million + \$14.6 million]. It is unclear whether this amount includes any MEAP benefit provided to EUSP participants and, if included, the extent to which this is represented in the average benefit.

⁷ $(96,434 - 94,665) / 94,665 = 1.8\%$. (Table 1, Annual Report, Bill Assistance section, Applicants Served column entries for 2017 and 2018 at p. 5).

⁸ Annual Report at p. 5.

⁹ $(\$506 - 498) / \$506 = 1.6\%$. (Table 1, Annual Report, Bill Assistance section, Average Grant column entries for 2017 and 2018 at p. 5).

¹⁰ Annual Report at p. 16.

¹¹ *Id.* at p. 5.

¹² *Id.*

¹³ *Id.* at p. 12.

¹⁴ *Id.* at p. 19.

MEAP funds are used to cover heating costs. Benefit expenditures for MEAP in FY 2018 totaled \$55.1 million, of which approximately 47 percent went to electricity.¹⁵ OHEP anticipates that approximately \$79 million will be appropriated to Maryland for the MEAP for FY 2019.¹⁶

OHEP states that it had reserved \$200,000 for FY 2018 outreach activities conducted by its local administering agencies.¹⁷ Staffing and overtime for extended outreach events was paid for through OHEP's Administrative budget. OHEP's outreach is often done in partnership with utilities and other organizations, especially those performing low-income energy-related work.¹⁸

OHEP's FY 2018 Annual Report is attached as Appendix A.

B. How Benefits Were Calculated for FY 2018 and Will Be Calculated for FY 2019

For bill assistance under the EUSP, OHEP uses a formula to customize the benefit amount to be paid to each participant. The following factors contribute to the size of a participant's EUSP benefit: (1) gross household income, (2) household size, (3) electricity usage, and (4) price of electricity for a given customer. In administering the EUSP, OHEP divides participants into groups based on gross household income using the federal poverty levels ("FPL"), as suggested at PUA §7-512.1(a)(1). The EUSP groups are as follows: (1) Poverty Level 1 (0 to 75 percent FPL), (2) Poverty Level 2 (75 percent to 110 percent FPL), (3) Poverty Level 3 (110 percent to 150 percent FPL), (4) Poverty Level 4 (150 percent to 175 percent FPL), and (5) Poverty Level 5, which is composed of subsidized housing occupants, whose incomes vary and who receive rental subsidies including varying utility service subsidies. The lower an EUSP participant's poverty level, the higher is the benefit received by that participant. The FPL income limit varies with household size. OHEP awards participants in Poverty Level 5 a relatively small benefit in recognition of the fact that these participants already receive some energy assistance through a housing subsidy.

The electricity usage of each EUSP participant as certified by the participant's electric company is taken into account up to a set limit, with additional bill assistance provided from MEAP to participants who heat with electricity. A final adjustment is made for the relative cost of electricity for each EUSP participant such that EUSP participants served by an electric company with rates either higher or lower than the average receive a slightly higher or lower benefit. OHEP's formula results in an equitable distribution of benefit grants to EUSP participants with the most pressing needs, based on income and usage.¹⁹

¹⁵ Annual Report at p. 19.

¹⁶ *Id.* at p. 20.

¹⁷ *Id.* at p. 20.

¹⁸ OHEP's outreach activities and customer services are described on pages 13-14 of its Annual Report.

¹⁹ Annual Report at p. 16.

Table 2
Distribution of Bill Assistance by Poverty Level during FY 2018²⁰

Poverty Level	Income Level	Number of Participants	Percentage of Distribution
1	0-75%	34,991	37.0%
2	75%-110%	26,175	27.6%
3	110%-150%	23,784	25.1%
4	150%-175%	9,705	10.3%

OHEP uses the poverty levels described above to assess a household's eligibility for arrearage assistance. For FY 2018, OHEP set a minimum arrearage amount of \$300 for a household to qualify for arrearage assistance from the EUSP; the maximum arrearage benefit allocated from the EUSP for one household is \$2,000.²¹ Applicants requiring arrearage assistance beyond the OHEP maximum of \$2,000 or below the \$300 minimum are referred to community-based programs.

In FY 2014, OHEP instituted a new arrearage waiver policy allowing households having a household member over the age of 65 or under the age of 2 or a household member who is medically fragile to apply for additional funds not to exceed the \$2,000 cap if these households had received \$800 or less in arrearage retirement assistance during the past seven years. Five hundred forty-eight of these households, which are considered vulnerable, received benefits totaling \$456,603.80 in FY 2018.²²

C. OHEP Projections for Funds to Be Expended in FY 2019

OHEP makes no projections regarding participation in FY 2019. However, OHEP provided a list of factors that might trigger a need to reexamine EUSP funding levels including enrollment trends. Based on current conditions, OHEP predicts that a minimum of \$70 million for bill assistance and arrearage benefit assistance is adequate to serve all households that apply at the previous year's benefit levels.²³ OHEP states that it will continue to monitor the funding level for FY 2020 and beyond to identify potential funding shortfalls.

IV. FINDINGS AND RECOMMENDATIONS

A. Total Amount of Funding Recommended for FY 2019

Under the current funding structures and eligibility criteria, the Commission recommends the FY 2019 EUSP funding levels outlined in Table 3 below, which funding

²⁰ Annual Report, Table 4 at p. 11.

²¹ Annual Report at p. 12.

²² *Id.* By letter dated April 9, 2019, OHEP corrected the number of waivers granted (from 582 to 548) and the amount of benefits received (\$524,582 to \$456,603.80). See ML# 224665.

²³ *Id.* at p. 16.

is based on the current participation levels. In FY 2018, OHEP served 94,655 total EUSP participant households, of which 16,862 also received arrearage retirement assistance. OHEP makes no projection for enrollment in FY 2019.²⁴ Methods for calculating bill payment assistance and awarding arrearage retirement assistance are discussed in Section III B above and will remain unchanged.

The Commission supports OHEP's practice for the past several years of using SEIF/RGGI funds for arrearage retirement because this allocation allows more ratepayer funding to be used for bill assistance while simultaneously covering more EUSP participants in need of arrearage retirement assistance. While the Commission notes that OHEP did not offer a specific projection regarding the size of its bill assistance benefit in FY 2019, the Commission supports the continuation of an average OHEP bill assistance grant of at least \$500. The Commission recommends that 12 percent of ratepayer money be set aside for administration and supports the continuation of outreach at its traditional level of \$200,000. To further support the success of the EUSP, the Commission recommends that OHEP use the portion of SEIF/RGGI funds for bill assistance that OHEP does not allocate to arrearage assistance or EUSP direct program costs.

B. Total Amount of Need for Bill Assistance (Electric Customers with Annual Incomes at or below 175% of the Federal Poverty Level and the Basis for this Determination)

Under PUA §7-512.1(a)(1), EUSP eligibility extends to 175 percent of the federal poverty level. OHEP has not offered an estimate of ratepayer households in Maryland that qualify for EUSP. Also, as noted above, OHEP makes no projection as to the number of participants or the size of its average benefit during FY 2019. Although the numbers of actual participants have decreased in recent years, the Commission determines the total amount of need for bill assistance based on approximately the same number of participants as FY 2018. To the extent that participation does decrease, OHEP is able to increase the benefit per participant. Therefore, the EUSP would require at least the same amount of funding in FY 2019 as it expended in 2018.

The EUSP statutory mandate is to assist qualifying electric customers through bill assistance, arrearage retirement, and weatherization. OHEP's Annual Report projects that a minimum of \$70 million will be adequate to meet the EUSP needs for FY 2019.²⁵ OHEP's Annual Report indicates, as reflected in Table 3 below, the approximate funds that will be available in FY 2019 from the ratepayers' statutory collection, SEIF/RGGI, and MEAP.

²⁴ Annual Report at 16.

²⁵ *Id.*

Table 3
Projected Funds Available for FY 2019 from All Sources

Source	Amount
Ratepayer Statutory Collection	\$37,000,000
Allocation from RGGI Auctions (SEIF/RGGI)	\$27,000,000 ²⁶
MEAP funding for EUSP Participants	\$37,130,000 ²⁷
Total	\$101,130,000

In light of the EUSP’s statutory mandate and OHEP’s historic participation levels, the Commission recommends a minimum EUSP budget of \$70 million, inclusive of SEIF/RGGI funds. The Commission notes that the average benefit should continue to be weighted to FPL 1 and FPL 2, where the need is greatest.

C. Arrearage Retirement Assistance Funding

The Electric Customer Choice Act limits arrearage retirement assistance for EUSP participants to once every seven years. The total amount of ratepayer funds that may be spent on arrearage assistance is limited by statute to \$1.5 million. OHEP intends to allocate \$16 million of non-ratepayer funds for EUSP arrearage retirement. It is the Commission’s long-standing position that the EUSP should fund current bills over past arrearages. Due to funding provided by SEIF/RGGI, OHEP expends non-ratepayer funds for this purpose, and the Commission supports this expenditure.

D. Income Limitation Waivers

Under PUA §7-512.1(a)(7), OHEP may waive the income limitations for customers who could qualify for a similar waiver under MEAP. In light of the funding available to OHEP and the use of consistent income limitation structures for both the EUSP and the MEAP, the Commission supports OHEP’s ongoing practice of offering no waivers to households above the EUSP statutory limit.

E. Impact on Customers’ Rates Including the Allocation among Customer Classes

By Letter Order, dated December 4, 2013, the Commission lowered the residential rate for EUSP to \$0.36 and also reduced rates for the 24 small commercial to large industrial (“C&I”) EUSP tiers by 14 percent in order to more closely align EUSP collections with the statutorily allowed amounts to be collected. All electric utilities were directed to file tariffs in compliance with the Letter Order to be effective February 1,

²⁶ Of this amount, OHEP projects that it will spend \$16 million on arrearage assistance. See Annual Report at p. 18.

²⁷ (\$79,000,000 x .47) (Total projected MEAP funds multiplied by the percent of electricity fuel type compared to all fuel types). See Annual Report at p. 19-20.

2014.²⁸ The tariffs were filed on or about the Commission-specified date. In its 2018 Annual Report, OHEP noted that funds in excess of the statutory limit had been collected during FY 2018. This issue and a means for returning these excess collections to ratepayers will be addressed in a separate report to be filed with the Commission by the Commission's Staff.

F. The Impact of Using Other Federal Poverty Program Benchmarks

OHEP uses the federal poverty level to determine eligibility for EUSP assistance. Under the EUSP legislation, eligibility is capped at 175 percent FPL. The FPLs are based on gross household income and family size and are updated periodically based on various cost of living indices. The FPLs are publicly available and widely used. OHEP uses a consistent eligibility system for the EUSP and the federally-funded MEAP. This similarity facilitates administration of the two programs and, by creating certain synergies, enables OHEP to make more efficient use of its combined federal, State, and ratepayer funding.

The benchmark for determining eligibility for participation in the EUSP is crucial to determining the aggregate funding needed by the EUSP. To the extent that aggregate funding interacts with benefit size, these benchmarks and the manner in which they are applied greatly affect the success and effectiveness of the EUSP. The Commission does not recommend changing the existing OHEP benchmarks.

V. CONCLUSION

Based on the OHEP FY 2018 Annual Report, the Commission recommends that the total amount of funds for the EUSP for FY 2018 be at least \$70 million and be increased if additional funding becomes available.²⁹ For the reasons stated herein, the Commission believes that this amount of funding is necessary to protect low-income electric customers in Maryland.

²⁸ Currently, residential customers pay \$0.36 per month to fund the EUSP. Non-residential customers, from C&I classes, are allocated charges based on annual utility billings according to a 24-tier matrix. During the first quarter of each year, the electric companies are required to review the revenue received during the previous year and to reallocate EUSP charges to non-residential customers as necessary. Growth in the number of residential customers and changes in the amount of revenues from non-residential customers cause fluctuation in the amounts collected.

²⁹ This recommendation is exclusive of any MEAP funds.

APPENDIX A



**FY 2018 ELECTRIC UNIVERSAL SERVICE PROGRAM
ANNUAL REPORT
TO THE
MARYLAND PUBLIC SERVICE COMMISSION**

MARYLAND DEPARTMENT OF HUMAN SERVICES
FAMILY INVESTMENT ADMINISTRATION
OFFICE OF HOME ENERGY PROGRAMS

Table of Contents

TABLE OF CONTENTS	2
INTRODUCTION.....	3
PROGRAM HIGHLIGHTS	3
PROGRAM DATA	4
ADMINISTRATIVE OPERATIONS	7
Local OHEP Office Operations.....	7
OHEP Data System.....	10
myDHR.....	10
PROGRAM SUMMARY.....	11
Bill Payment Assistance	11
Arrearage.....	12
Outreach, Education and Customer Services	13
STATUTORY QUESTIONS AND RESPONSES.....	16
POLICY RECOMMENDATIONS.....	22
ATTACHMENTS	
Attachment A – Annual Intake and Approved Applications by County	
Attachment B – Distribution of Annual Kilowatt Usage by EUSP Recipients	
Attachment C – EUSP Monthly Income Eligibility Table	
Attachment D – Arrearage Assistance by Jurisdiction	
Attachment E – Living Arrangements by Poverty Level	
Attachment F – OHEP Administrative Costs	
Attachment G– LIHEAP Household Report	
Attachment H - Households and Benefit Level Report	
Attachment I - Distribution of Household Income	
Attachment J - Service Status of Recipients at Time of Application	

Introduction

The Deregulation Act of 1999, codified in Md. Code Ann., Public Utilities §7-512.1 established the Electric Universal Service Program (EUSP) for the purpose of assisting electric customers with annual incomes at or below 175% of the federal poverty level. The Department of Human Services (DHS) Family Investment Administration (FIA) Office of Home Energy Programs (OHEP) administers EUSP, and oversees the 20 local administering agencies (LAAs) located throughout Maryland, where applications for assistance are accepted and processed.

EUSP also features Arrearage Retirement Assistance funded through the Maryland Strategic Energy Investment Fund/Regional Greenhouse Gas Initiative (SEIF/RGGI). EUSP, along with the Federal Low Income Home Energy Assistance Program (LIHEAP) operated as the Maryland Energy Assistance Program (MEAP), provide benefits to low-income Marylanders that make electricity and heating for their homes more affordable. The programs administered by OHEP are integrated and share a common application to streamline the energy assistance application process for Maryland families.

Md. Code Ann., Public Utilities § 7-512.1(c) requires that OHEP file an Annual Report with the Public Service Commission. This report provides a summary of the 2016 program year and responds to legislatively mandated questions outlined in the statute. This report also contains estimates of future trends and planning recommendations for the next program year.

Program Highlights

- In FY 2018 OHEP received a total of 144,093 applications from customers seeking heating and electric assistance from OHEP administered programs.
- In FY 2018 \$47.1 million in EUSP Bill Payment Assistance benefits was issued to 94,655 households.
 - In FY 2018 the average Bill Payment Assistance benefit was \$498, a decrease from the average Bill Payment Assistance benefit in FY 2017 of \$506.
- In FY 2018 \$14.7 million in EUSP Arrearage Retirement Assistance benefits was issued to 16,862 households.
 - The average Arrearage Retirement Assistance benefit was \$871.

Program Data

- Table 1 provides information on the number of households receiving EUSP Bill Payment Assistance and Arrearage Retirement Assistance benefits. It includes data since FY 2007, showing trends over time in the number of households served and expenditures.
- Table 2 displays summary data on the MEAP program, which is federally funded by LIHEAP funds.
- Table 3 provides information for EUSP administrative expenditures.
- Table 4 provides distribution of EUSP recipients' by poverty level.

Table 1. EUSP Summary Data FY 2007-2018

Program and Year	Applicants Served	Average Grant	Ratepayer Funds (millions)	Other Funds (millions)	Total Benefit Expenditures (millions)
Bill Assistance					
2018	94,655	\$498	\$32.2	\$14.9	\$47.1
2017	96,434	\$506	\$30.9	\$17.8	\$48.7
2016	102,947	\$394	\$30.7	\$9.8	\$40.5
2015	109,095	\$351	\$33.9	\$4.4	\$38.3
2014	115,664	\$357	\$35.4	\$5.8	\$41.2
2013	111,288	\$325	\$34.5	\$1.6	\$36.1
2012	120,739	\$334	\$38.8	\$5.5	\$44.3
2011	132,504	\$446	\$38.5	\$20.7	\$59.2
2010	129,670	\$612	\$37.0	\$42.5	\$79.5
2009	116,136	\$688	\$30.8	\$49.3	\$80.1
2008	100,670	\$601	\$30.8	\$27.8	\$58.6
2007	93,323	\$510	\$30.5	\$16.1	\$46.6
Arrearage					
2018	16,862	\$871	-	\$14.6	\$14.6
2017	14,681	\$925	-	\$13.6	\$13.6
2016	16,321	\$1,002	-	\$16.3	\$16.3
2015	17,815	\$954	-	\$17.0	\$17.0
2014	22,384	\$944	-	\$21.1	\$21.1
2013	16,423	\$969	-	\$15.9	\$15.9
2012	14,011	\$929	-	\$13.0	\$13.0
2011	19,243	\$931	-	\$17.9	\$17.9
2010	30,078	\$1,025	-	\$30.8	\$30.8
2009	22,295	\$936	\$1.5	\$19.4	\$20.9
2008	7,957	\$801	\$1.5	\$4.9	\$6.4
2007	10,486	\$486	\$1.5	\$3.6	\$5.1

Source: Maryland Department of Human Services, Family Investment Administration, Office of Home Energy Programs

Note 1: The benefit expenditures for FY2018 are not expenditures and exclude any adjustments made thereafter in the State Financial Management Information System (FMIS). The households served data are from the OHIP Data System. The data may not be final and are for information purposes only.

Note 2: Benefit expenditures for the years prior to FY 2014 include supplemental benefit payments. Average benefit calculation does not include the supplemental amount.

Table 2. MEAP Summary Data FY 2003-2018

Program and Year	Applicants Served	Average Grant	Benefit Expenditures
2018	97,477	\$565	\$55.1 million
2017	98,938	\$541	\$53.5 million
2016	104,491	\$566	\$59.1 million
2015	111,365	\$518	\$57.7 million
2014	118,107	\$511	\$60.3 million
2013	113,787	\$512	\$58.2 million
2012	123,868	\$474	\$57.6 million
2011	132,789	\$451	\$60.3 million
2010	134,691	\$309	\$44.6 million
2009	122,254	\$553	\$67.2 million
2008	93,147	\$450	\$41.9 million
2007	99,982	\$422	\$42.1 million
2006	89,108	\$366	\$32.6 million
2005	82,688	\$329	\$27.2 million
2004	80,509	\$269	\$21.6 million
2003	77,828	\$406	\$31.6 million

Source: Maryland Department of Human Services, Family Investment Administration, Office of Home Energy Programs

Note 1: In FY2012, a MEAP supplemental benefit of \$18.9 million was issued to 93,265 households.

Note 2: In FY2013, a MEAP supplemental benefit of \$13.8 million was issued to 81,761 households.

Note 3: In FY2014, a MEAP supplemental benefit of \$8.3 million was issued to 87,125 households.

Note 4: In FY2017, a MEAP supplemental benefit of \$18 million was issued to 88,752 households.

Note 5: The MEAP benefit expenditures for FY2018 is net expenditures and excludes any adjustment made thereafter in FMIS. The households served data are from OHEP Data System. The data may not be final and are for information purposes only.

Administrative Operations

OHEP & Local Administering Agency Office Operations

Twenty local administering agencies (LAAs) throughout Maryland receive and process EUSP applications. Applications are received by the LAAs through the mail, e-mail or fax, drop-offs, in-person face-to-face interviews, outreach events, and online through the myDHR website.

LAAs perform all of the necessary functions to provide EUSP benefits. These functions include:

- Conducting outreach to the target population to increase awareness of the program
- Receiving applications, which includes reviewing, processing, and verifying the supporting documentation provided, and in some cases, includes conducting in-person interviews
- Responding to crisis situations (termination notice or off-service) by initiating contact with a utility company to prevent or restore terminated service
- Determining eligibility for OHEP and designating benefit amounts
- Generating the required Energy Delivery Statement (EDS) for payment
- Processing bulk fuel payments
- Facilitating requests for additional assistance when required by referring applicants to other agencies or organizations which provide energy assistance

The state OHEP office performs the following functions:

- Program planning and budgeting
- Policy and procedure development
- Outreach support
- Training
- Procurement
- Monitoring and quality control
- Processing utility payments
- Development and implementation of technology systems

The state OHEP office processes payments to utilities for the applications approved by the LAAs. OHEP generates payment transmittal documents that serve as requests for payment. The payment transmittals are sent to the DHS Fiscal Office (Accounts Payable) which then enters the requests into the State's Financial Management Information System (FMIS). The Office of the Comptroller processes the requests for the issuance of payments, either by check or electronic transfer of funds.

The state OHEP office processes payment requests for each utility on a weekly basis beginning in August. For the major utilities, benefit data is transferred electronically through the use of a Secure File Transfer Protocol (SFTP). DHS and its contractor use FTP as a secure method for transferring confidential data, providing each utility with a username and password to log in weekly to retrieve their data.

Outreach is a key area of focus for both OHEP and the LAAs. A wide range of activities took place during FY 2018 designed to increase public awareness of energy programs and encourage eligible citizens to apply. The Outreach section of this report presents additional information on outreach activities.

Frequent communication between OHEP, the LAAs, utilities, and stakeholders is essential to support the effort to provide timely and accurate dissemination of policy updates and facilitate prompt resolution of policy concerns and operational issues. Communication is conducted through the following means:

- OHEP Data System screen messages to announce changes to the system and provide important alerts
- Regular LAA conference calls run by OHEP to keep LAAs informed of new program developments and to identify policy and operational concerns
- Annual Meeting and Training held each May with LAAs to communicate important program information and provide opportunities for networking and sharing of best practices
- OHEP Regional Meetings with utilities and LAAs to review regional approaches and issues
- Attendance at BGE quarterly partnership meetings with OHEP, LAAs, fuel funds, and other stakeholders
- Attendance by OHEP and/or LAAs at annual meetings with Delmarva Power, Potomac Edison, PEPCO and Southern Maryland Electric Cooperative

Table 3 displays the history of administrative expenditures for EUSP. OHEP Administrative expenses are funded through both EUSP ratepayer funds and LIHEAP funds. Certain restrictions apply to both sources. LIHEAP funds restrict administrative expenditures to a maximum of 10 percent of the final LIHEAP allocation. EUSP ratepayer funds are limited to 12 percent of the allocation by Commission Order. Detailed administrative allocations by county are provided in **Attachment F**.

Table 3. EUSP Administrative Expenditures FY 2007-2018

Fiscal Year	EUSP Administrative Expenditures
2018	\$4,893,703
2017	\$4,382,692
2016	\$4,428,502
2015	\$4,440,000
2014	\$4,284,029
2013	\$3,990,577
2012	\$4,769,195
2011	\$4,625,792
2010	\$4,423,559
2009	\$3,606,818
2008	\$3,355,617
2007	\$3,282,598

Source: Maryland Department of Human Services, Family Investment Administration, Office of Home Energy Programs

OHEP Data System

All OHEP applications are processed through the centralized OHEP Data System. The Data System is a statewide database and incorporates all the functions necessary for processing applications. DHS maintains a contract for system hosting in order to assure continuous access and functionality. A software maintenance and enhancement contract ensures that the system software is updated and enhanced to accommodate new policy requirements and changing user needs. Constant monitoring and maintenance of the system ensures system availability around the clock.

Access to the OHEP Data System is secure through either the DHS network, or through DHS's Virtual Private Network (VPN). The VPN system allows application intake to be done at off-site locations.

OHEP maintains a web link to give the general public the ability to check their application status on-line at <https://myohepstatus.org/>.

myDHR

myDHR is DHS's on-line application system (<https://mydhrbenefits.dhr.state.md.us/>) and allows the public to apply for the following programs:

- Food Supplement Program (FSP, formerly known as Food Stamps)
- Office of Home Energy Programs (OHEP)
- Temporary Cash Assistance (TCA)
- Temporary Disability Assistance Program (TDAP)
- Medical Assistance Long Term Care (LTC)
- Child Care Subsidy Program (CCSP)

Applications received through myDHR for energy assistance are imported directly into the OHEP Data System by staff on a daily basis. In FY 2018, OHEP received 36,388 applications through myDHR.

Program Summary

Bill Payment Assistance

In FY 2018, OHFP received 129,960 EUSP Bill Payment Assistance applications, issued benefits to 96,434 households, and had a total benefit expenditure of \$47.1million from EUSP Ratepayer, RGGI/SEIF, and LIHEAP funds.

Table 4 shows the distribution by poverty level for Bill Payment Assistance recipients. The data demonstrates that EUSP is successfully serving the neediest applicants by providing the largest percentage of benefits to households in the two lowest poverty levels.

Table 4. Distribution of EUSP Recipients by Poverty Level

% of Federal Poverty Level Recipients	Poverty Levels				Total
	0-75%	Over 75%-110%	Over 110%-150%	Over 150%-175%	
	1	2	3	4	
FY2018	34,991	26,175	23,784	9,705	94,655
FY2017	35,540	26,755	24,142	9,997	96,434
FY 2016	40,498	27,156	25,114	10,179	102,947
FY 2015	42,138	29,652	26,481	10,824	109,095
FY 2014	44,398	32,028	28,149	11,089	115,664
FY 2013	42,664	30,688	27,237	10,699	111,288
FY 2012	46,102	32,888	29,586	12,163	120,739
FY 2011	50,751	34,667	32,514	14,105	132,037
FY 2010	48,242	34,091	32,678	14,480	129,671
FY 2009	42,328	31,898	28,878	13,038	116,142
FY 2008	37,709	27,765	24,746	10,222	100,442
% of Distribution					
FY2018	37.0%	27.6%	25.1%	10.3%	100.0%
FY 2017	36.9%	27.7%	25.0%	10.4%	100.0%
FY 2016	39.3%	26.4%	24.4%	9.9%	100.0%
FY 2015	38.6%	27.2%	24.3%	9.9%	100.0%
FY 2014	38.4%	27.7%	24.3%	9.6%	100.0%
FY 2013	38.4%	27.5%	24.4%	9.7%	100.0%
FY 2012	38.2%	27.2%	24.5%	10.1%	100.0%
FY 2011	38.4%	26.3%	24.6%	10.7%	100.0%
FY 2010	37.3%	26.3%	25.2%	11.2%	100.0%
FY 2009	36.4%	27.5%	24.9%	10.2%	100.0%
FY 2008	37.5%	27.6%	24.6%	11.2%	100.0%

Source: Maryland Department of Human Services, Family Investment Administration, Office of Home Energy Programs

Note 1: Attachment A displays application data and recipient data for each jurisdiction.

Arrearages

Historically, arrearage benefits were allowed only once in a lifetime. This restriction was modified in FY 2010 to allow for additional benefits after a period of seven years following the receipt of Arrearage Retirement Assistance, pursuant to Md. Code Ann., Public Utilities § 7-512.1(a)(2).

To be eligible for an Arrearage Retirement Assistance benefit, a household must have a past due electric account balance of \$300 or more. Customers with past due amounts less than \$300 were referred to other sources of support, including Emergency Assistance to Families with Children or the Fuel Fund of Maryland. In FY 2009 OHEP implemented an arrearage waiver policy allowing households that previously received an arrearage benefit of less than \$300, to receive an additional benefit prior to the standard seven-year window. However the maximum benefit over a seven-year period is still capped at \$2,000. Applicants requiring additional assistance over the \$2,000 EUSP cap are referred to community-based programs for assistance.

In FY 2014, OHEP instituted a new arrearage waiver policy allowing 'vulnerable households' who received \$800 or less in Arrearage Retirement Assistance during the past seven years to apply for additional funds, not to exceed the \$2,000 cap. Vulnerable households are those with a member over the age of 65, under the age of 2, or medically fragile. In FY 2018 a total of 582 waivers were granted providing benefits totaling \$524,582.

OHEP allocates EUSP Arrearage funds to LAAs based on historic data on the number of households receiving EUSP assistance in each jurisdiction. Additional funds are provided to the LAA is necessary and available.

Applications Denied Due to 7-Year Rule

Agency Name	Total Denied Applications
ALLEGANY COUNTY HUMAN RESOURCES DEVELOPMENT COMMISSION, INC.	478
ANNE ARUNDEL COUNTY COMMUNITY ACTION AGENCY INC	436
BALTIMORE CITY MOHS	431
BALTIMORE COUNTY DEPT OF SOCIAL SERVICES	284
CAROLINE COUNTY DEPT OF SOCIAL SERVICES	364
CECIL COUNTY DEPT OF SOCIAL SERVICES	49
COMMUNITY ACTION COUNCIL OF HOWARD COUNTY, MD, INC.	7
DORCHESTER COUNTY DEPT OF SOCIAL SERVICES	26
FREDERICK COMMUNITY ACTION AGENCY	49
GARRETT COUNTY, MARYLAND, COMMUNITY ACTION COMMITTEE, INC.	8
HARFORD COMMUNITY ACTION AGENCY, INC.	62
HUMAN SERVICE PROGRAMS OF CARROLL COUNTY INC	3
KENT COUNTY DEPT OF SOCIAL SERVICES	204
MONTGOMERY COUNTY DEPT OF HEALTH AND HUMAN SERVICES	21
PRINCE GEORGES COUNTY DEPT OF SOCIAL SERVICES	98
QUEEN ANNES CO DEPT OF SOCIAL SERVICES	16
SHORE UP! INC	51
SOUTHERN MARYLAND TRI-COUNTY COMMUNITY ACTION COMMITTEE INC	119
WASHINGTON COUNTY CAC	27
Total :	2,733

Outreach, Education and Customer Service

In FY 2018 outreach activities conducted by the LAAs reached customers using a variety of methods which included: mass mailing of applications and brochures to customers who applied the previous year, presentation of the program at various events and organizations, table displays of program information at fairs, community events, businesses, schools, faith-based organizations, disability agencies, senior centers/housing, and visits to homebound or disabled applicants.

OHEP approved a total of \$174,976 for LAA expenditures on a variety of outreach activities including booth rental fees, promotional items, and media advertisements. Those expenditures do not include staff and overtime hours for extended outreach events, which are charged to the LAA's administrative budget.

Partnerships

In FY 2018 OHEP continued to collaborate with utility companies. OHEP attended the Delmarva Energy Summit, multiple BGE Partnership meetings, and the Potomac Edison Annual Energy Assistance Meeting, where information about program funding and customer participation issues was shared among partners, including the Fuel Fund of Central Maryland. OHEP continues to work closely with the Maryland Public Service Commission (PSC), Office of External Relations to help customers negotiate payments and work towards service restoration and to handle rule violations. In addition, OHEP partners with the Office of People's Council, United Way of Central Maryland, The Fuel Fund of Maryland, the Maryland Department of Housing and Community Development Weatherization Program, and the Maryland Department of Aging/Disabilities.

In FY 2016 OHEP formed a new partnership with Benefits Data Trust (BDT). BDT assists OHEP customers by completing an online application for energy assistance through myDHR. BDT completes the myDHR application over the phone with each applicant and collects all supporting documentation needed for each application before forwarding it on to the LAA. In FY 2018, BDT submitted 2,358 applications for EUSP on behalf of OHEP customers.

Major Public Events

Local OHEP agencies conducted outreach at various statewide events throughout FY 2018 including: the Community Block Party, the Total Health Fair, Maryland State Fairs, African-American cultural festivals, the Hispanic/Latino Festivals, the Casa de Maryland Services Fair, the Ethnic Affairs Committee, Meals on Wheels of Central Maryland, the Refugees with Disabilities Orientation, the 20th Annual Health Fairs, the Maryland Food Bank, the MCASA 7th Annual Statewide Prevention Conference, the Respite Awareness Conference, the Caribbean Carnival Festival, Maryland Hunger Solutions, the Maryland Association of Counties (MACO), the Goodwill Thanksgiving Day Dinner, the Welfare Advocate Conference, and the Maryland Association for Families and Youth.

In FY 2018, a Latino radio show, RadioAmerica, hosted representatives from OHEP and two of its local agencies, Montgomery and Prince George's Counties, to outreach to the Latino community. Topics covered included how to apply, what documentation is needed, income eligibility requirements, and other relevant topics to the Latino community.

Customer Service

The vast majority of customer calls in FY 2018 were received directly by local OHEP agencies. In FY 2016, DHS implemented a new revamped central Call Center as the point of entry for customers inquiring about

energy assistance services. The Call Center has a sophisticated IVR (Interactive Voice Response System) that provides application status information similar to that available on MyOHEPStatus.org. Customer service representatives are trained and given access to the OHEP database to relay information to customers and connect them to their local office as needed. The Call Center continues to improve customer service, provide better oversight and tracking of responses, and allows local agencies to focus time on processing applications.

Education

In FY 2018 OHEP continued to encourage customers to conserve energy to reduce their energy costs. OHEP Local Administering Agencies are contractually obligated to distribute information regarding bill savings opportunities. Local Administering Agencies inform all customers about energy efficiency services and OHEP makes referrals to the Maryland Department of Housing and Community Development for weatherization and furnace repair and replacement.

Responses to Statutory Questions

Id. Code Ann., Public Utilities § 7-512.1(c) (1) requires that the Commission shall report to the General Assembly on the Electric Universal Service Program. Below are the statutory requests (*in bold italics*) and OHEP's responses and recommendations.

(i) subject to subsection (d) of this section, a recommendation on the total amount of funds for the program for the following fiscal year based on:

1. the level of participation in and the amounts expended from the universal service program during the preceding fiscal year;

RESPONSE:

In FY 2018, applications for EUSP Bill Payment Assistance decreased by 1.6% from the previous year. FY 2018 EUSP Bill payment benefit expenditures totaled \$47.1 million.

OHEP RECOMMENDATION:

Since FY 2009, EUSP has received funding from the Maryland Strategic Energy Investment Fund (SEIF), which is funded by proceeds from Maryland's participation in the Regional Greenhouse Gas Initiative (RGGI). The initial statute addressing the distribution of SEIF funds allocated at least 50% of the revenues generated through RGGI to support EUSP. In FY 2014, the General Assembly enacted a revision to that statute that continues the at least 50% allocation for EUSP through 2015 and beyond.

While the FY2019 SEIF appropriation of \$26 million is adequate when combined with the funds made available through the 2017 legislation entitled Electric Universal Service Program- Unexpended Funds (SB0966/HB1002), the decline in revenue generated from RGGI auctions since 2018 will result in reduced funding availability in the coming years. OHEP will work with its Advisory Board and other stakeholders to prepare for the anticipated funding availability in FY2020 and beyond. A full accounting of these efforts will be provided in the EUSP Annual Operations Plan submitted to the Commission in 2019.

2. How bill assistance and arrearage retirement payment to customers were calculated during the preceding fiscal year;

RESPONSE:

Benefits are calculated based on a formula developed by OHEP to equitably distribute benefits. The formula uses a customer's total household income and electric usage to calculate the benefit level, ensuring that households with the lowest income and highest usage receive the greatest benefit. Benefit levels vary according to the poverty level of the recipient. There are four benefit levels based on four levels of poverty: 0-75 percent, 76-110 percent, 111-150 percent, and 151-175 percent. A fifth benefit level was established for those living in subsidized housing. Subsidized housing households receive the lowest benefit, based on the assumption that the housing subsidy provides some degree of assistance with energy costs.

Electric usage data is collected from the utility for each customer upon application. The electric usage data for the applicant and the cost of electricity per kilowatt-hour are used to calculate an estimated annual cost of electricity for the applicant. Recognizing that there are cost variations for electricity among utilities, the cost calculation is adjusted based on the customer's electric supplier. The annual cost of electricity and the household's poverty level or subsidized housing status if applicable, are the factors used to calculate the benefit. This methodology of calculating benefits ensures that program funding is distributed equitably to those with the most pressing needs, based on income and usage.

OHEP RECOMMENDATION:

OHEP recommends continuing to use the current methodology for calculating benefits. The current methodology customizes the benefit to the needs of the individual recipient, allows for equitable distribution of funds, and allows for the integration of a MEAP benefit without duplication.

OHEP began compiling new LIHEAP performance measures in FY2016 focused on household energy burden. In the coming months, OHEP will have the third annual data set, which will allow for a relevant comparison of performance regarding the reduction of energy burden between years and for different populations and fuel types. OHEP will discuss these measures with the Advisory Board and discuss additional factoring of energy burden metrics in benefit calculation.

3. The projected needs for the bill assistance and the arrearage retirement components of the universal service program for the next fiscal year; and

RESPONSE:

OHEP will closely monitor the following factors that could trigger the need to reexamine EUSP funding levels:

- Enrollment trends;
- Changes in the number of families experiencing poverty;
- Market-based electric rates;
- Higher demand for electricity resulting from an increasing number of products that require electricity;
- Potential higher demand based on the possibility of a colder than normal winter;
- Capacity of administrative units to handle the flow of growing numbers of applications;
- Fluctuating fuel costs; and
- Economic factors such as the loss of employment and reduction in income.

OHEP RECOMMENDATION:

OHEP projects that \$70 million for bill assistance and arrearage benefit assistance is adequate to meet the EUSP need for FY 2019. Based on current projections, it is likely that OHEP will maintain the current service level to serve all households at the previous year's benefits levels. OHEP will continue to monitor the funding outlook for FY2020 and beyond to identify potential funding shortfalls and benefit level adjustments.

4. The amount of any bill assistance or arrearage retirement surplus carried over in the electric universal service program fund under subsection (f) (6) (i) of this section;

RESPONSE:

During the fiscal year 2018, the collection of ratepayer funds for EUSP has exceeded the appropriated amount. OHEP EUSP expenditures are limited by the amount of ratepayer funding appropriated to the program, so the over collection has resulted in a surplus of funds in the EUSP account:

	<u>Total Collection</u>	<u>Statutory Limit</u>	<u>Excess Collection</u>
FY2018	\$42,492,801	\$37,000,000	\$5,492,801

EUSP Fund Balance Carry Forward	\$ 15,348,774
EUSP Fund Balance FY2018	\$ 5,492,801
Anticipated Spending of FY2010-17 Over collections in FY2019	\$ 15,348,774
Projected Total EUSP Fund Balance	\$ 5,492,801

OHEP RECOMMENDATION:

OHEP will expend \$15,348,774 of the balance accumulates between FY2010 and FY2017 toward the uses defined in the Chapter 697 from the 2018 Legislative Session.

OHEP is not authorized to spend excess funds collected in FY2018 and FY2019, and will not do so. OHEP will work cooperatively with the PSC, based off their direction, on a resolution to return the excess fund balance to ratepayers.

(ii) for bill assistance, the total amount of need, as determined by the Commission, for electric customers with annual incomes at or below 175% of the federal poverty level and the basis for this determination;

RESPONSE:

The target population at or below 175% of the federal poverty level in Maryland is approximately 382,993 households. Approximately 25% of all eligible households receive EUSP benefits. The participation rate varies significantly between counties with 14% participating in EUSP in Montgomery County and almost 50% of eligible households participating in Allegany and Garrett. The U.S. Census Bureau American Community Survey (2014-2016) is the source for estimates on the target population.

OHEP RECOMMENDATION:

OHEP has implemented a number of new initiatives to improve access, including year-round processing of applications and a streamlined application process for fixed income households.

(iii) the amount of funds needed, as determined by the Commission, to retire arrearages for electric customers who have not received assistance in retiring arrearages under the electric universal service program within the preceding 7 fiscal years and the basis for this determination;

RESPONSE:

Demand for Arrearage Retirement Assistance remains constant.

OHEP RECOMMENDATION

OHEP recommends that a minimum of \$16 million of MSEIF (RGGI) funding be made available to support the EUSP Arrearage Retirement Assistance program in FY 2018.

(iv) the amount of funds needed, as determined by the commission, for bill assistance and arrearage retirement, respectively, for customers for whom income limitations may be waived under subsection (a) (7) of this section, and the basis for each determination;

RESPONSE

Waivers are subject to specific guidelines developed by the Office of Home Energy Programs and apply to determinations made for the Maryland Energy Assistance Program with the continuation of income guidelines at the 175% level.

OHEP RECOMMENDATION:

OHEP recommends maintaining the current policy. No funds are required for this purpose.

(v) the impact on customers' rates, including the allocation among customer classes, from collecting the total amount recommended by the Commission under item (i) of this paragraph;

RESPONSE:

The ratepayer funds collected for EUSP, combined with SEIF/RGGI funding, have been sufficient to cover the EUSP annual budget.

OHEP RECOMMENDATION:

OHEP will continue to monitor the funding outlook to identify any potential funding shortfalls.

(vi) the impact of using other federal poverty level benchmarks on costs and the effectiveness of the Electric Universal Service Program.

RESPONSE:

The Low-Income Home Energy Assistance Program (LIHEAP) Block Grant legislation sets income eligibility at a maximum of 150% of federal poverty level or 60% of state median income, whichever is higher. Maryland sets maximum income eligibility at 175% of federal poverty level for MEAP, which is lower than the state's 60% state median income level. The income eligibility maximum was set at 175% of poverty level for MEAP to match the EUSP guidelines and to streamline the application process for the programs. A change in the funding and/or income eligibility guidelines for MEAP would impact EUSP since the application is combined and the benefits are integrated with one another. However, no significant changes are expected to guidelines or funding levels for MEAP, and the programs have worked well together to date, allowing Maryland to serve more customers and provide more assistance.

OHEP RECOMMENDATION:

OHEP does not recommend an increase in the income eligibility criteria at this time.

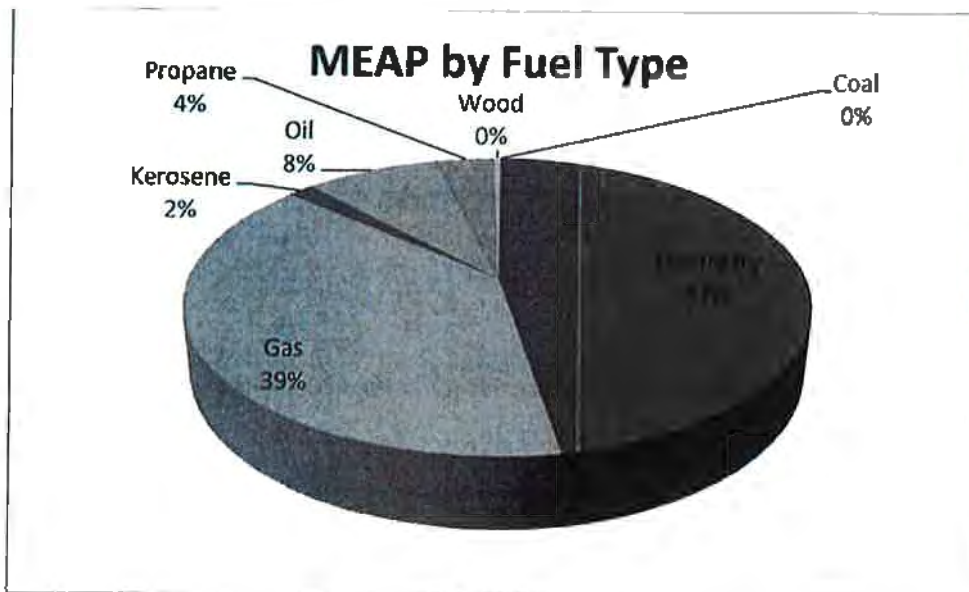
Id. Code Ann., Public Utilities § 7-512.1(c)(2) requires that the Office of Home Energy Program shall annually report to the Commission the following information.

1. the number of customers and the amount of distributions made to fuel customers under the Maryland Energy Assistance Program established under Title 5, Subtitle 5A of the Human Services Article, identified by funding source and fuel source;

RESPONSE:

The source of MEAP funding is the federal Low-Income Home Energy Assistance Program (LIHEAP) Block Grant. 97,477 customers received assistance through MEAP in FY 2018. State fiscal year 2018 benefit expenditures for MEAP totaled to \$55.1 million. Recipients broken down by fuel type:

Coal	69
Electricity	45,965
Gas	38,124
Kerosene	1,550
Oil	8,025
Propane	3,371
Wood	373
Total	97,477



OHEP RECOMMENDATION:

None required.

2. the cost of outreach and education materials provided by the Office of Home Energy Programs for the electric universal service program;

RESPONSE:

The OHEP State Office partners with the Local Administering Agencies (LAAs) and with other various organizations, to conduct a broad range of outreach activities.

OHEP has reserved \$200,000 in 2018 budget to conduct various outreach activities. Any additional outreach costs will be absorbed within other administrative expenditures.

OHEP RECOMMENDATION:

Outreach efforts will continue to ensure that all eligible households are aware of the availability of energy assistance. OHEP will continue to utilize new outreach strategies that were established in FY 2018 to reach customers beginning in FY 2018. These include new targeted mailings in coordination with the major utilities.

3. the amount of money that the Department of Human Services receives, and is projected to receive, for low-income energy assistance from:

- A. the Maryland Strategic Energy Investment Fund under §9-20B-05 of the State Government Article;**
- B. with respect to electric customers only, the Maryland Energy Assistance Program; and**
- C. any other federal, state, local or private source.**

RESPONSE:

For FY 2018 OHEP expects to receive the following amounts of funding:

- Maryland Strategic Energy Investment Fund – Funds were appropriated at \$27.0 million for FY 2018.
- Low Income Home Energy Program/Maryland Energy Assistance Program – As in past years, Congress has funded LIHEAP through a Continuing Resolution. For Federal Fiscal Year 2019, the LIHEAP allocation to Maryland is approximately \$79 million.
- Other Federal, State, Local or Private Source – There are no other sources of funds expected at this time.

(ii) The Office of Home Energy Programs may satisfy the reporting requirement of subparagraph (i)1 of this paragraph by providing the commission with a copy of material that contains the required information and that the Office of Home Energy Programs submits to a unit of the federal government.

RESPONSE:

Attachment G is the LIHEAP Households Report for FY2018 submitted to the federal government. Please note that the majority of the households included in the counts under LIHEAP also received benefits under EUSP.

ATTACHMENT A- Annual Intake and Approved Applications by County

FY2018 (7/1/2017-6/30/2018)

	Total Applications	MEAP		EUSP		ELECTRIC ARREARAGE		USPP	Weatherization Referrals
		Applied	Approved	Applied	Approved	Applied	Approved		
Allegany	5,421	5,170	3,738	5,126	3,818	1,890	387	1,955	1,449
Anne Arundel	8,624	8,473	4,668	7,529	4,405	3,497	1,024	3,640	1,530
Baltimore City	30,060	29,772	21,448	26,218	20,137	9,028	4,031	11,554	5,986
Baltimore County	21,595	20,851	11,767	18,000	11,235	7,721	2,529	7,021	5,592
Calvert	1,376	1,368	994	1,328	976	274	201	903	270
Caroline	2,071	2,047	1,354	1,952	1,319	1,087	198	644	600
Carroll	2,684	2,617	1,849	2,470	1,802	375	226	1,452	501
Cecil	3,984	3,945	2,999	3,763	2,904	790	620	1,598	1,231
Charles	3,074	3,061	2,275	2,949	2,222	552	392	2,064	1,043
Dorchester	2,722	2,628	2,276	2,631	2,290	234	200	1,981	706
Frederick	3,808	3,785	2,804	3,660	2,777	588	377	1,458	987
Garrett	2,521	2,519	2,234	2,410	2,152	86	58	1	613
Harford	6,458	6,141	4,204	5,507	4,076	1,680	929	4,430	1,194
Howard	4,927	4,853	3,128	4,578	3,044	838	498	2,126	1,272
Kent	1,079	1,075	924	1,013	872	455	151	960	752
Montgomery	10,796	10,563	7,018	9,827	6,639	2,658	1,070	4,216	3,000
Prince George's	14,874	14,102	8,892	13,829	9,256	4,368	2,033	5,664	4,408
Queen Anne's	1,138	1,135	856	1,080	816	217	138	886	264
St. Mary's	2,767	2,756	2,187	2,631	2,109	434	351	1,825	619
Somerset	1,567	1,566	1,455	1,513	1,423	176	157	1,449	365
Talbot	1,313	1,312	1,177	1,285	1,168	47	40	417	210
Washington	4,346	4,195	3,130	4,077	3,142	497	259	1,648	1,113
Wicomico	5,016	4,896	4,412	4,808	4,425	971	799	4,480	1,225
Worcester	1,872	1,860	1,688	1,776	1,648	257	194	1,499	411
TOTAL	144,093	140,690	97,477	129,960	94,655	38,720	16,862	63,871	35,341

Source: Maryland Department of Human Services, Office of Home Energy Programs
Application Report Run Date, 10/1/2018

ATTACHMENT B- Distribution of EUSP Grants by KWH Usage Within Benefit Levels

KWH Range	Level 1	Level 2	Level 3	Level 4	Level 5	Total
0 - 6000	4,578	4,021	4,223	1,717	9,108	23,647
6001 - 7000	1,471	1,319	1,430	605	2,419	7,244
7001 - 8000	1,466	1,354	1,420	581	2,243	7,064
8001 - 9000	1,382	1,244	1,304	540	1,910	6,380
9001 - 10000	1,330	1,147	1,201	558	1,625	5,861
10001 - 11000	1,309	1,035	1,125	521	1,444	5,434
11001 - 12000	1,202	1,016	1,049	429	1,217	4,913
12001 - 13000	1,120	875	972	397	1,074	4,438
13001 - 14000	1,009	797	893	357	907	3,963
14001 - Above	7,028	5,347	5,730	2,702	4,915	25,722
Total	21,895	18,155	19,347	8,407	26,862	94,666

Attachment C– EUSP Monthly Income Eligibility

2017-2018 Income Eligibility Guidelines for OHEP
(Based on 175% of the Federal Poverty Level)

HOUSEHOLD SIZE	MAXIMUM MONTHLY INCOME STANDARDS	MAXIMUM YEARLY INCOME STANDARDS
1	\$1,759	\$21,105
2	\$2,368	\$28,420
3	\$2,978	\$35,735
4	\$3,588	\$43,050
5	\$4,197	\$50,365
6	\$4,807	\$57,680
7	\$5,416	\$64,995
8	\$6,026	\$72,310
FOR EACH ADDITIONAL PERSON, ADD	\$609	7,315

ATTACHMENT D- Arrearage Assistance by Jurisdiction

FY2018 (7/1/2017-6/30/2018)

COUNTY	Electric Arrearage Retirement Assistance			
	Applied	Approved	Total Benefits	Average
Allegany	1,890	387	\$ 310,181.47	\$ 801.50
Anne Arundel	3,497	1024	\$ 792,646.30	\$ 774.07
Baltimore City	9,028	4,031	\$ 3,023,824.52	\$ 750.14
Baltimore County	7,721	2,529	\$ 1,994,871.51	\$ 788.80
Calvert	274	201	\$ 155,951.18	\$ 775.88
Caroline	1,087	198	\$ 161,323.34	\$ 814.76
Carroll	375	226	\$ 196,003.06	\$ 867.27
Cecil	790	620	\$ 673,525.74	\$ 1,086.33
Charles	552	392	\$ 304,143.60	\$ 775.88
Dorchester	234	200	\$ 286,375.48	\$ 1,431.88
Frederick	588	377	\$ 269,316.21	\$ 714.37
Garrett	86	58	\$ 42,865.32	\$ 739.06
Harford	1,680	929	\$ 754,773.28	\$ 812.46
Howard	838	498	\$ 408,501.30	\$ 820.28
Kent	455	151	\$ 152,344.65	\$ 1,008.90
Montgomery	2,658	1070	\$ 1,056,874.33	\$ 987.73
Prince George's	4,368	2,033	\$ 1,838,653.75	\$ 904.40
Queen Anne's	217	138	\$ 134,506.88	\$ 974.69
St. Mary's	434	351	\$ 272,332.66	\$ 775.88
Somerset	176	157	\$ 224,291.63	\$ 1,428.61
Talbot	47	40	\$ 38,433.52	\$ 960.84
Washington	497	259	\$ 175,410.41	\$ 677.26
Wicomico	971	799	\$ 1,141,458.76	\$ 1,428.61
Worcester	257	194	\$ 277,150.16	\$ 1,428.61
TOTAL	38,720	16,862	14,685,759.06	\$ 870.94

Source: Maryland Department of Human Services, Office of Home Energy Programs
Application Report Run Date, 10/1/2018

ATTACHMENT E- Living Arrangements by Poverty Level

Type of Income	Poverty Level 1	Poverty Level 2	Poverty Level 3	Poverty Level 4	Total
HOMEOWNER	7,047	7,677	8,874	3,592	27,190
PUBLIC / SUBSIDIZED	13,047	7,996	4,426	1,299	26,768
RENTER	14,693	10,368	10,397	4,773	40,231
SUBMETERED	29	33	35	25	122
SUBSIDIZED SUBMETERED	176	100	52	26	354
County Totals for: ALL	34,992	26,174	23,784	9,715	94,665

ATTACHMENT F- OHEP Administrative Expenditures Report - FY 2018

Headquarters Administrative Expenditures		\$	636,638
Local Administrative Agency Expenditures		\$	11,597,616
	Total	\$	<u>12,234,254</u>
EUSP Share of Admin. Expend.	40%	\$	4,893,702
MEAP Share of Admin. Expend.	60%	\$	7,340,553
EUSP Share of OHEP Data System Expend.		\$	1,184,319
MEAP Share of OHEP Data System Expend.		\$	1,823,676
Total Data System Expend. (Direct Program Cost)		\$	<u>3,007,995</u>

Local Administrative Agency (LAA) Expenditures

LAA	Expenditures	Intake	% of State
Allegany	\$ 513,581.60	5,421	4.4%
Anne Arundel	\$ 551,500.00	8,624	4.8%
Baltimore City	\$ 1,691,359.84	30,060	14.6%
Baltimore County*	\$ 1,289,539	21,595	11.1%
Caroline*	\$ 283,033.00	2,071	2.4%
Carroll	\$ 335,053.00	2,684	2.9%
Cecil*	\$ 233,629.00	3,984	2.0%
Dorchester*	\$ 282,829.00	2,722	2.4%
Frederick*	\$ 399,034.50	3,808	3.4%
Garrett	\$ 390,081.00	2,521	3.4%
Harford	\$ 512,193.00	6,458	4.4%
Howard	\$ 425,402.33	4,927	3.7%
Kent*	\$ 150,355.00	1,079	1.3%
Montgomery*	\$ 1,040,403.00	10,796	9.0%
Prince George's*	\$ 1,086,212.00	14,874	9.4%
Queen Anne's*	\$ 252,943.00	1,138	2.2%
<u>Shore Up!</u>			
Somerset	\$ 175,145.00	1,567	1.5%
Wicomico	\$ 349,160.00	5,016	3.0%
Worcester	\$ 180,017.00	1,872	1.6%
<u>So. Md.</u>			
Calvert	\$ 151,595.00	1,376	1.3%
Charles	\$ 292,814.00	3,074	2.5%
St. Mary's	\$ 292,814.00	2,767	2.5%
Talbot -NSC	\$ 228,830.00	1,313	2.0%
Washington	\$ 490,093.00	4,346	4.2%
TOTAL	\$11,597,616	144,093	100.0%

* Denotes Local Department of Social Service offices.

ATTACHMENT G- LIHEAP Household Report

<u>Assistance Type</u>	<u>Assisted Households</u>						<u>At Least One Member</u>					
	<u>Total Assisted Households</u>	<u>Under 75% Poverty</u>	<u>75%-100% Poverty</u>	<u>101%-125% Poverty</u>	<u>126%-150% Poverty</u>	<u>Over 150% Poverty</u>	<u>60 and Older</u>	<u>Disabled</u>	<u>Age 5 and Under</u>	<u>Age 2 and Under</u>	<u>Age 3 Through 5</u>	<u>60 and Older/ Disabled/Age 5 and Under</u>
Leaving	97,492	35,902	19,840	17,130	14,542	10,078	33,763	33,864	19,844	10,833	12,845	68,109
Re-entry	11,290	4,580	1,941	1,780	1,652	1,337	2,046	3,706	3,155	1,756	1,994	7,163
Total:	108,782						35,809	37,570	22,999	12,589	14,839	75,272

<u>Assistance Type</u>	<u>Applicant Households</u>						
	<u>Application Total</u>	<u>Under 75% Poverty</u>	<u>75%-100% Poverty</u>	<u>101%-125% Poverty</u>	<u>126%-150% Poverty</u>	<u>Over 150% Poverty</u>	<u>No Income</u>
Leaving	129,012	56,617	21,086	18,411	15,758	17,140	14,518
Re-entry	11,594	4,722	1,958	1,786	1,662	1,466	87

ATTACHMENT H- Households and Benefit Level Report

BENEFITS PAID BY BENEFIT LEVEL – FY 2018 YTD 06/30/2018

Program : MD ENERGY ASSISTANCE PROGRAM

Jun-18

Benefit Level	Category	Households	Benefits	Avg. Benefit
1	0-75%	22,655	\$15,634,755.00	\$690
2	>75-110%	18,679	\$12,942,268.27	\$693
3	>110-150%	19,938	\$13,212,888.31	\$663
4	>150-175%	8,623	\$5,181,727.45	\$601
5	Subsidized	26,061	\$7,363,070.59	\$283
6	Rent w/heat	834	\$587,760.00	\$705
7	Roomer/Boarder	118	\$29,583.00	\$251
8	Submetered	403	\$102,374.40	\$254
9	Subsidized Submetered	166	\$41,941.00	\$253
Total		97,477	\$55,096,368.02	\$565

BENEFITS PAID BY BENEFIT LEVEL – FY 2018 YTD 06/30/2018

Program : BILL PAYMENT

Benefit Level	Category	Households	Benefits	Avg. Benefit
1	0-75%	21,892	\$14,684,177.00	\$671
2	>75-110%	18,153	\$10,724,730.00	\$591
3	>110-150%	19,344	\$10,306,769.00	\$533
4	>150-175%	8,406	\$3,070,547.00	\$365
5	Subsidized	26,860	\$8,370,805.00	\$312
6	Rent w/heat	-	\$0.00	\$0
Total		94,655	\$47,157,028.00	\$498

BENEFITS PAID BY BENEFIT LEVEL – FY 2018 YTD 06/30/2018

Program : ARREARAGE ASSISTANCE PROGRAM

Benefit Level	Category	Households	Benefits	Avg. Benefit
1	0-75%	5,157	\$4,561,170.51	\$884
2	>75-110%	2,933	\$2,581,624.01	\$880
3	>110-150%	3,227	\$2,831,563.87	\$877
4	>150-175%	1,760	\$1,607,606.36	\$913
5	Subsidized	3,785	\$3,103,794.31	\$820
6	Rent w/heat	-	\$0.00	\$0
Total		16,862	\$14,685,759.06	\$871

NOTES:

1 Data reflect Energy Delivery Statements created, but not necessarily paid at the time of report generation

Source Department of Human Services
Office of Home Energy Programs
Report - Dollars and Households Served by Benefit Level

BENEFITS PAID BY BENEFIT LEVEL – FY 2017 YTD 06/30/17

Program : MD ENERGY ASSISTANCE PROGRAM

Jun-17

Benefit Level	Category	Households	Benefits	Avg. Benefit
1	0-75%	22,927	\$15,020,614.97	\$655
2	>75-110%	18,964	\$12,454,965.32	\$657
3	>110-150%	20,043	\$12,683,954.95	\$633
4	>150-175%	8,894	\$5,077,281.29	\$571
5	Subsidized	26,548	\$7,511,881.21	\$283
6	Rent w/heat	895	\$599,318.02	\$670
7	Roomer/Boarder	102	\$15,463.50	\$152
8	Submetered	348	\$71,933.00	\$207
9	Subsidized Submetered	217	\$77,510.00	\$357
Total		98,938	\$53,512,922.26	\$541

BENEFITS PAID BY BENEFIT LEVEL – FY 2017 YTD 06/30/17

Program : BILL PAYMENT

Benefit Level	Category	Households	Benefits	Avg. Benefit
1	0-75%	22,142	\$15,975,590.00	\$722
2	>75-110%	18,462	\$11,427,848.64	\$619
3	>110-150%	19,527	\$10,204,844.00	\$523
4	>150-175%	8,678	\$3,326,956.00	\$383
5	Subsidized	27,420	\$7,741,490.41	\$282
6	Rent w/heat	205	\$77,076.00	\$376
Total		96,434	\$48,753,805.05	\$506

BENEFITS PAID BY BENEFIT LEVEL – FY 2017 YTD 06/30/17

Program : ARREARAGE ASSISTANCE PROGRAM

Benefit Level	Category	Households	Benefits	Avg. Benefit
1	0-75%	4,478	\$4,128,604.57	\$922
2	>75-110%	2,596	\$2,491,537.90	\$960
3	>110-150%	2,853	\$2,634,953.22	\$924
4	>150-175%	1,582	\$1,444,089.55	\$913
5	Subsidized	3,359	\$2,866,470.50	\$853
6	Rent w/heat	20	\$15,319.48	\$766
Total		14,888	\$13,580,975.22	\$912

ATTACHMENT 1- DISTRIBUTION OF HOUSEHOLD INCOME

<u>Type Of Income</u>	<u>Benefit Level 1</u>	<u>Benefit Level 2</u>	<u>Benefit Level 3</u>	<u>Benefit Level 4</u>	<u>Benefit Level 5</u>
EMPLOYMENT	5,028	5,711	7,834	4,649	6,371
UNEMPLOYMENT	603	585	569	404	373
TCA	1,211	46	5	1	1,205
TDAP	435	5	4	-	402
SOCIAL SECURITY	3,910	9,208	9,275	2,755	10,289
SSI	3,134	1,107	365	51	4,541
VA/PENSION	225	312	424	243	258
ZERO INCOME	2,998	21	21	12	935
OTHER	1,613	551	418	155	729
SELF-EMPLOYED	852	449	300	91	190
CHILD - NO INCOME	1,099	50	72	31	748
CHILD SUPPORT	791	115	63	18	825
Total :	21,899	18,160	19,350	8,410	26,866

ATTACHMENT J- Service Status of Recipients at Time of Application

Supplier	On	Off	Total
Totals For All Electric	58,358	36,297	94,655
Totals For All Gas	21,904	15,661	37,565