

**STATE OF MARYLAND
OFFICE OF PEOPLE'S COUNSEL**

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BILL NO.: **House Bill 356**
Rates for Gas and Electricity- Discount for Qualified Residential Customers in Baltimore City

COMMITTEE: **Economic Matters**

HEARING DATE: **February 2, 2017**

SPONSORS: **Delegate Conaway**

POSITION: **Informational**

House Bill 356 requires the Public Service Commission to order a ten percent (10%) discount on distribution rates paid by residential gas or electric customers in Baltimore City who are fifty-five years old or older and who have been customers of the gas and electric company for at least one year. The Bill would require the company to provide the discount without consideration of the person's income. According to the Fiscal and Policy Note, the bill potentially would affect 29% of the accounts in Baltimore City.

Under current law, a distribution company may not "(1) charge, demand, or receive from a person compensation that is greater or less than from any other person under substantially similar circumstances; (2) extend a privilege or facility to a person, except those privileges and facilities that are extended uniformly to all persons under substantially similar circumstances;(3) discriminate against a person, locality, or particular class of service; or (4) give undue or unreasonable preference to or cause undue or unreasonable prejudice to a person, locality, or particular class of service."¹ In contrast, the Bill would carve out an exception and require a gas and electric company to effectively charge certain customers within Baltimore a different rate

¹ Public Utilities Article, §4-503(b).

based on age (and limited to those who have been customers for at least one year). The Bill effectively is limited to BGE and does not apply to other gas or electric companies in Maryland. BGE customers in other parts of its service territory, as well as customers in other utility service territories, would not be eligible for any discount, regardless of age.

Should the Bill pass, it is likely that the company affected (that is, BGE) would seek to recoup the amount given in discounts from other customers. The company could seek to recover the amount from all other customers in its service territory, including small commercial and industrial customers, or from all Baltimore City customers. It is more likely, however, that the company would seek recovery from the residential class of customers.

House Bill 356 does not target customers based upon their incomes, or ability to pay for their utility bills. The Bill does not limit the discount to customers age 55 or older with low or limited incomes; customers age 55 or older with middle or upper incomes would benefit as well. Some states have enacted discount rate programs to assist limited income households. Other states have established energy assistance programs providing assistance to customers on a percentage of income basis.

In Maryland, in addition to the federally funded Maryland Energy Assistance Program for heating bills, the General Assembly established the Electric Universal Service Program (EUSP) for low-income electricity customers statewide.² Supplemental bill assistance may be available from the Fuel Fund, specific state or local aging programs or charities. These programs are available to all income qualified customers statewide, including Baltimore City customers. The Office of People's Counsel publishes a "Resource Guide" each year for Baltimore City and each County. The Baltimore City Resource Guide is available at:

<http://www.opc.state.md.us/Portals/0/Resource%20Guides/BALTO%20CITY%202017%20RESOURCE%20GUIDE.pdf>

² In late 2015, the Department of Human Resources (DHR) initiated a process to consider reforms to the EUSP program. OPC was part of a Policy Advisory Group established to assist DHR in developing these reforms. As described in a December 2016 DHR Report to the Joint Chairmen of the Senate Budget and Taxation and the House Appropriations Committees, the proposed reforms include a Supplemental Targeted Energy Program (STEP), with time-limited supplemental payments and access to case management and coordinated services.

The Office of People's Counsel continues to advocate in various Commission proceedings for bill assistance based upon percentage of income, arrearage assistance, targeted case management programs and crisis assistance.