

ORDER NO. 76139

IN THE MATTER OF THE COMMISSION'S
INQUIRY INTO THE PROVISION AND
REGULATION OF ELECTRIC SERVICE.

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BEFORE THE
PUBLIC SERVICE COMMISSION
OF MARYLAND

(Universal Service - Requests for
Rehearing or Modification)

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CASE NO. 8738

I. INTRODUCTION

By Order No. 75935, issued on January 28, 2000 in Case No. 8738, the Commission set out various standards and procedures relating to the Commission's establishment of a Universal Service Program pursuant to the Electric Customer Choice and Competition Act of 1999 (the "Act"). Included in the Order were specific directives pertaining to components of the Universal Service Program (or "USP") such as program goals, fund allocation, bill assistance, arrearage retirement, and customer class allocation of universal service charges.

By letter dated March 31, 2000, Staff Counsel ("Staff") determined that the residential Universal Service Charge for each of Maryland's

residential customers for the first year should be equal to \$0.3964 per customer, per month. They recommended that the Commission direct each electric company to collect such amount on a monthly basis from each residential electric customer for the first year of the Universal Service Program.

On April 6, 2000, the Office of People's Counsel ("OPC"), supported by several other parties,¹ requested that the Commission reconsider and modify our Order in this matter requiring customer payment contributions in certain circumstances toward arrearage retirement. By this Order, the Commission will address both of these requests.

II. DISCUSSION

A. Universal Service Fund Residential Allocation and Collection

Section 7-512(d)(2) of the Public Utility Companies Article, *Annotated Code of Maryland*, directs that \$9.6 million be collected from residential customers on a yearly basis to fund the Universal Service Program. The Universal Service Working Group ("USWG") agreed upon this residential charge being a uniform, Statewide fee, calculated by dividing the amount to be collected by the number of residential electric customers. The USWG

¹ Specifically, the Department of Human Resources, the Commission Staff, the Fuel Fund of Central Maryland, Baltimore Gas and Electric Company, The Potomac Edison Company,

estimated that the Universal Service Fee would be approximately 0.41 to 0.42 cents per month, which the Commission later adopted in Order No. 75635. Subsequent to our Order, Staff contacted each electric company requesting from them the number of expected residential customers during the first year of the program. Utilizing the same methodology recommended by the USWG and adopted by this Commission, as well as the most recent information obtained from the electric companies, Staff determined that the residential Universal Service Charge for each of Maryland's residential customers for the first year should be equal to \$4.7574 per year, per customer, or \$0.3964 per customer, per month. Accordingly, Staff recommends that the Commission direct each electric company to collect the above amounts on a monthly basis from each residential electric customer for the first year of the Universal Service Program.

By letter dated April 10, 2000, Baltimore Gas and Electric Company ("BGE") recommends that the Commission adopt a Universal Service residential customer contribution of \$0.41 per month for the first program year because it was the lower range of the estimate contained in the USWG Report and that BGE has already included \$0.41 in its compliance filing and included that amount in a "price to compare" for consumers on customers' March 2000

Potomac Electric Power Company, Delmarva Power and Light Company, Southern Maryland Electric Cooperative, and Choptank Electric Cooperative.

bills. BGE concludes that it is possible that some consumers have already used the "price to compare" to evaluate supplier offers.

Potomac Electric Power Company ("Pepco"), by letter dated April 14, 2000, states that it does not oppose Staff's calculation of the Residential Universal Service Charge, but requests that it be rounded to \$0.40 per month. Pepco states this rounding is necessary since the Universal Service Charge will be a separate line item on each bill, and it is therefore not possible to charge customers a fraction of a cent.

By letter dated April 14, 2000, OPC supports Staff's recommendation and notes that it does not object to the "rounding" of the per month amount from \$0.3964 to \$0.40. On April 19, 2000, Choptank Electric Cooperative states that its software supplier is unable to accommodate a four-digit field for the collection of the Residential Universal Service Charge and therefore supports Pepco's request for "rounding" to \$0.40. Finally, by letter dated April 20, 2000, BGE notes that it withdraws its April 10, 2000 recommendation and states that it does not object to a rounding up of Staff's proposed residential customer charge of \$0.3964 per customer, per month to \$0.40 per customer, per month.

The Commission has determined, after full consideration of the arguments and evidence on this issue, that it is reasonable and appropriate for each electric company to collect \$0.40 on a monthly basis, beginning with

bills rendered in July 2000,² from each residential electric customer for the first year of the Universal Service Program. The Commission also directs that each electric company remit these funds to the Office of the Comptroller of the State of Maryland beginning August 15, 2000 and on the 15th day of each month thereafter.

B. Customer Payment Contributions Toward Arrearage Retirement

As noted above, OPC, supported by other parties in this proceeding, requests the Commission to reconsider and modify our Order No. 75935 wherein we require customer payment contributions toward arrearage retirement in certain circumstances. Noting that the request is beyond the statutory time period for filing an application for rehearing of universal service Order No. 75935, OPC requests the Commission to use its discretion to consider the request on its own motion.

OPC notes that they and several other parties had supported the inclusion of a customer payment contribution component in the design of the arrearage retirement component of the USP. Further, these parties have participated in extended review and discussion of the implementation of our directive in work sessions convened since the issuance of Order No. 75935. While these parties still support the general reasonableness and efficacy of

² The requirement for collection of the USP charge with bills rendered in July 2000 also applies to the commercial and industrial customers.

this approach, the parties nonetheless now view the administrative complexity and burden for the Department of Human Resources, local administering agencies, and/or the utilities in implementing this requirement as possibly outweighing potential benefits of the requirement and impeding the legislative goals in establishing the arrearage retirement component of the USP. For these reasons, the parties now request the Commission to eliminate the customer payment contribution toward arrearage retirement as a design requirement of the program.

The Commission is reluctant to eliminate the customer payment contributions toward arrearage retirement, which was directed in Order No. 75935. As the Commission noted in that Order, it was our view that:

Financial participation by customers in the retirement of their arrearages will encourage fiscal responsibility while also maximizing the use of funds available under the program.

Order No. 75935 at p. 21.

However, since numerous parties, including the original advocates for customer payment contributions, now find that requiring customer payment contributions toward arrearage retirement would be administratively burdensome, as well as a possible impediment to customer participation in the Universal Service Program, the Commission modifies its previous

determination and therefore will not require such design requirement at this time.

IT IS, THEREFORE, this 8th day of May in the year Two Thousand, by the Public Service Commission of Maryland,

ORDERED: (1) That the parties shall implement the directives set forth by the Commission herein and to the extent unmodified by this Order, those directives set forth in Order Nos. 75935 and 76049.

(2) That each Maryland electric company is directed to collect \$0.40 per customer, per month, beginning with bills rendered in July 2000, from each Maryland residential electric customer for the purpose of funding the first year of the Universal Service Program.

(3) That each Maryland electric company is directed to remit the monthly USP funds to the Office of the Comptroller of the State of Maryland beginning August 15, 2000 and on the 15th day of each month thereafter.

Commissioners