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Comments on PSC Case 8903, Electric Universal Service Program:

Proposed Operations Plan for FY 2019

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The Office of Home Energy Programs is serving low-income households with very limited means and within rules that are far too constraining and burdensome for low-income households. We have the following specific comments on the FY 2019 proposed operations plan and the data for prior years.<sup>1</sup>

1. **Rate of application rejection is unacceptably high:** About 31% of MEAP applicants and about 28% of EUSP applicants were rejected; (Table 2). This indicates that document requirements and the rules for submission, the time limit for producing the documents, the requirements for submittal, such as submission in person (many energy assistance clients do not use or have access to computers, email, and the internet), and the cost to low-income households of the application process are too onerous. They are undoubtedly more onerous for those in ill-health and the elderly. **Recommendation:** We recommend that assistance be allowed to commence to the extent allowable within the law, even if documentation is incomplete, and that more time be allowed (90 days) for submission of complete documentation.
2. **Post-assistance energy burdens are unacceptably high:** Heating and electricity bill assistance clearly helps. In FY 2017, assistance, on average, lowered the energy burden of recipients from 14.81% to 10.65%. This is still far too high, compared to an energy burden of 6% that is considered the maximum affordable energy burden for low-income households. Only natural gas heating assistance recipients had their burden reduced to about 6%, on average. "Heat or eat" conflicts are far too common and remain so even after assistance, not to speak of the majority of eligible households who never apply or those who do apply and do not receive assistance. National data indicate that homelessness and illness are far too common as a result of rent/mortgage conflicts with energy bills. The costs to non-low income Marylanders are also high in the form of costs of shelter, larger numbers of emergency room visits, and loss of productivity. These costs can run into tens of thousands of dollars per homelessness event.

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<sup>1</sup> The page and table numbers refer to those in Office of Home Energy Programs, *Electric Universal Service Report: Proposed Operations Plan for FY 2019*, Maryland Department of Human Services, Submitted to the Public Service Commission June 2018.

**Recommendation:** The Commission should direct its staff to examine the collateral costs to all Marylanders, both low-income and non-low income households, due to unaffordable energy bills due to increased homelessness, illness, and loss of productivity among other kinds of damage.

3. **Is the assistance flowing to the recipients in full?** There is evidence that many low-income households receiving assistance are on third party electricity and/or natural gas supply at rates considerably higher than Standard Offer Service (SOS). (In Massachusetts, low income households enrolled with third-party suppliers at twice the state average). In such cases, the part of bill assistance corresponding to rates above SOS is, in effect, not helping lower bills but rather flowing to third party suppliers in the form of payments for prices that are above the SOS.

**Recommendation:** The Commission should ask OHEP to systematically collect, compile and analyze data as to whether low-income households on third party supply are benefiting from that supply by getting lower prices or whether the reverse is true, and also analyze data examining if energy assistance clients' inflated electricity and natural gas utility bills have negatively affected arrearages and/or turn off notice percentages year-over-year.

4. **Resources are insufficient:** Well under one-third of eligible households are now being provided with assistance for their energy bills. **Recommendation:** The Commission should ask OHEP to provide it with a set of recommendations to increase the fraction of low-income households that apply and the fraction of the applications that is accepted (unless found to be ineligible on income grounds).