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Maryland PSC Orders Utilities to Provide Extended Notice to Customers Affected by Bill Assistance Funding Shortage

PSC also supports continuation of voluntary halt to shut-offs

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(BALTIMORE, MD) – The Maryland Public Service Commission has ordered electric and gas utilities in the state to provide a longer notice period to customers facing service disconnection as a result of a funding shortage in two utility bill assistance programs administered by the Maryland Department of Human Services (DHS) Office of Home Energy Programs (OHEP). While the Commission has opted not to impose a moratorium on service shut-offs for affected customers behind on their bills, it recognizes that most Maryland utilities have voluntarily halted disconnections to customers whose assistance applications have been recently denied, and strongly encouraged all other Maryland utilities to do the same until at least July 31, 2024.

In April of this year, the Commission became aware that funding had run out for the Maryland Energy Assistance Program (MEAP) and the Gas Arrearage Retirement Assistance Program (GARA) and, that as a result, OHEP would begin denying these program applications as of April 17, 2024 through June 30, 2024 (the end of the current fiscal year).

After seeking to understand the scope of the problem and how many customers might be affected, on May 28, 2024, the Commission issued a formal notice requesting comments on the funding shortfall, and directed each Maryland electric and gas utility to provide information on any actions taken to protect customers, and whether a limited moratorium on service terminations or any other action should be imposed during the remainder of Fiscal Year 2024 or beyond. The notice sought comments from other interested parties as well.

The Commission received comments from utilities, consumer advocates and community resource organizations including the Maryland Energy Advocates Coalition (MEAC) and the Fuel Fund of Maryland. Those comments revealed that most utilities did not believe a moratorium on disconnections was warranted, since many have taken some action to protect affected customers including:

- Halting service disconnections and collections activities for customers that were denied assistance due to the funding exhaustion; and,
- Providing outreach and information on other available financial assistance and bill management programs through the utility, local community or the State.

The Commission recognized that, while moratoriums on service terminations may be necessary, sometimes the potential negative consequences can outweigh the benefits. As the Fuel Fund of Maryland noted, a moratorium on disconnections—and the resulting accumulation of arrearages—can make it difficult for low-to-moderate-income households to catch up on their overdue bills once the moratorium ends.

In its order, the Commission adopted the suggestion by MEAC to direct utilities to add 15 days to termination notices that were sent to customers denied OHEP funds between April 17, 2024 and June 30, 2024. Utilities must provide the Commission with a status report within 30 days of the order confirming the additional notice time as well as efforts to lock accounts and halt disconnection activities for this group of customers. The order also requests DHS to file a report with the Commission on OHEP's long-term funding situation, as well as information related to the timing of the distribution of MEAP and GARA funds to qualified customers (i.e. whether funds will be distributed by OHEP as soon as the fiscal year begins or if there will be a delay).

Background:

- MEAP is funded through the federal Low-Income Home Energy Assistance Program (LIHEAP) block grant and provides grants to customers to assist in their payment of utility bills.
- GARA utilizes funds allocated to the MEAP program to relieve customers' past-due utility bill amounts for natural gas service.
- The MEAP and GARA funding exhaustion experienced by OHEP is due to an unprecedented increase in utility bill assistance applications received by OHEP in Fiscal Year 2024 coupled with higher energy costs and budgetary constraints. Notably, the implementation of categorical eligibility under legislation passed in 2023 led to a significant increase in OHEP applications.

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About the Public Service Commission:

The Maryland Public Service Commission regulates electric and gas utilities and suppliers, telephone companies (land lines), certain water and sewer companies, passenger motor vehicle carriers for hire (sedans, limousines, buses, Uber, Lyft), taxicab companies (in

Baltimore City and County, Charles County, Cumberland and Hagerstown) and bay pilot rates.