

Department of Legislative Services  
Maryland General Assembly  
2012 Session

FISCAL AND POLICY NOTE  
Revised

House Bill 884

(Delegate Summers, *et al.*)

Environmental Matters

Judicial Proceedings and Finance

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Electric, Gas, Sewer, and Water Service - Default Notice to Condominium Unit  
Owners and Residents

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This bill requires specified entities that directly bill the governing body or a person designated by the governing body of a condominium for water, sewer, gas, or electric service to post notice at or near the entry to the common area of the condominium when the governing body's account is in default for at least 60 days.

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Fiscal Summary

**State Effect:** None. The Public Service Commission (PSC) can implement the bill with existing budgeted resources.

**Local Effect:** The bill is not anticipated to materially affect local government operations or finances.

**Small Business Effect:** Minimal or none.

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Analysis

**Bill Summary:** The bill applies only to property subject to a condominium regime established by the Maryland Condominium Act. Sanitary commissions, the Washington Suburban Sanitary Commission (WSSC), political subdivisions, private water companies, and public service companies that bill the governing body of a condominium (or its designee) for electric, gas, water, or sewer service must post specified notices if a charge is in default for at least 60 days. Each entity must post a notice conspicuously at or near the entry to the common area of the condominium. Each entity (except for private water companies) may enter onto the common area of a condominium property at a reasonable time to post the notice.

## **Current Law:**

### *Maryland Condominium Act*

The provisions of all laws, ordinances, and regulations concerning building codes or zoning have full force and effect to the extent that they apply to property subjected to a condominium regime. Generally, a county, city, or other jurisdiction may not enact a law, ordinance, or other regulation that would impose a burden or restriction on a condominium that is not imposed on all other property of similar character not subjected to a condominium regime. Further, the Condominium Act preempts local laws, ordinances, or regulations.

### *Electric Bills and Gas Bills*

PSC regulations require electric or gas companies to notify a customer at least 14 days prior to terminating service for nonpayment, except under specified conditions. Additional restrictions on terminations apply to elderly or handicapped individuals, individuals with a serious illness and life support equipment, low-income individuals, and during periods of excessively hot or cold weather. An electric or gas company may commence termination procedures only if it has made reasonable attempts to collect the past-due bills using normal collection procedures. Further, the electric or gas company must use its discretion in unusual circumstances, including a situation involving a master-metered building, and may not terminate service if it has or is presented with reasonable grounds to believe that termination will endanger human health, life, or safety.

PSC regulations also require electric companies and gas companies to notify tenants in a master-meter building of an impending termination of service at least 14 days before the scheduled termination date. The companies must inform the tenants by individually notifying them by mail, flyers, or “door stuffers,” and posting termination notices in conspicuous locations on the premises.

An electric or gas company may only discontinue service without notice under specified circumstances, including hazardous conditions, equipment tampering, and unauthorized use of service.

### *Water and Sewer Bills*

PSC regulations authorize a water company to deny service for the nonpayment of a bill, provided that the company has made a reasonable attempt to collect the amount owed, and has provided the customer with written notice that the customer has at least five days, excluding Sundays and holidays, in which to settle the account or have service denied. A water company may only discontinue service without notice under specified circumstances, including hazardous conditions, equipment tampering, and unauthorized use of service.

A sanitary commission, including WSSC, may disconnect water or sewer service if a water bill is unpaid for 30 days after being sent, and after written notice is left on the premises or mailed to the last known address of the owner.

If a water bill remains unpaid to a political subdivision after 30 days, the political subdivision must notify the owner in writing that the bill is late and service will be discontinued, leave notice on the owner's property or mail the notice to the owner's last known address, and discontinue service until the owner pays the bill and a reconnection charge. If a bill for sewerage service is unpaid for 45 days, a political subdivision may disconnect water service to the property, after providing notice.

**Background:** The Secretary of State reports that 2,544 total condominiums are registered in Maryland. The office estimates that approximately 2,000 of these registrations are active.

#### *PSC Action on Customer Arrearages and Terminations*

In March 2009, pursuant to Case No. 9175, PSC directed all utilities subject to the commission's jurisdiction to refrain from terminating any residential electric or gas service for delinquent payment or outstanding balances until PSC directed otherwise. The order created a workgroup to convene and develop procedures and criteria for payment plans that each utility must offer all customers before the utility can commence termination procedures.

In April 2009, as a result of the workgroup's activities, PSC issued an order lifting the temporary restriction on terminations and directing specified utilities to make alternative payment plans available to all residential customers with arrearages. The utilities were required to offer flexible payment plans, free of interest or late fees, to each requesting customer that had not yet been terminated, for up to 12 months in duration. The order included other provisions, including additional notification requirements and procedures for reconnection of previously terminated customers. However, the order was meant only to apply to customer arrearages that had occurred as of the date of the order. The terms of the order do not apply to current arrearages, although PSC urges utilities to continue to offer a reasonable payment plan to residential customers in arrears prior to termination.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Baltimore, Charles, and Frederick counties; cities of Frederick and Havre de Grace; Public Service Commission; Office of People's Counsel; Judiciary (Administrative Office of the Courts); Department of Legislative Services

**Fiscal Note History:** First Reader - March 5, 2012  
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