

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE

House Bill 893
Economic Matters

(Delegate M. Washington)

Electric Companies - Customers - Security Deposits

This bill requires each electric company to notify customers regarding the reasons for which the electric company may require a customer to pay a security deposit by prominently publishing notice on the company's website, in all literature published by the electric company for customers regarding bill payment, and in each customer's bill. An electric company must give written notice to an *existing* customer at least 30 days before the company may require the customer to pay a security deposit. The notice must include clear instructions on how the customer may avoid the imposition of the required security deposit. Following the 30-day notice period, but before imposing a security deposit, the electric company must attempt to work with the customer to avoid the imposition of the required security deposit by entering into payment arrangements or, if the customer is eligible, participating in an energy assistance program.

Fiscal Summary

State Effect: The Public Service Commission (PSC) and the Office of People's Counsel can handle the bill's minimal operational requirements with existing budgeted resources.

Local Effect: None.

Small Business Effect: Potential meaningful.

Analysis

Current Law: PSC regulations specify the conditions under which an electric company may require a residential or a nonresidential customer to establish credit, absent which a customer may be required to pay a security deposit. For a residential customer, the required security deposit generally must be less than two months of estimated charges. For a

nonresidential customer, the amount generally must be less than the maximum estimated charge for service for two consecutive billing periods, or 90 days, whichever is less.

For a residential customer, an electric company must offer a payment plan of at least 8 weeks if the required deposit amount is between \$50 and \$150. The payment plan must be at least 12 weeks if a required deposit is more than \$150. For a nonresidential customer, an electric company must offer a payment plan of at least 8 weeks if the required deposit amount is more than \$100. For both customer classes, the customer must be notified of the right to a payment plan at the time of the initial deposit request and in the electric company's customer rights pamphlet.

Background: PSC regulates gas, electric, telephone, water, sewage disposal, and certain passenger transportation companies doing business in Maryland. PSC is authorized to hear and decide matters relating to (1) rate adjustments; (2) applications to exercise or abandon franchises; (3) approval of issuance of securities; (4) promulgation of new rules and regulations; and (5) quality of utility and common carrier service. PSC sets utility rates, collects and maintains records and reports of public service companies, reviews plans for service, inspects equipment, audits financial records, handles consumer complaints, and promulgates and enforces rules and regulations.

Energy Assistance

The Office of Home Energy Programs (OHEP) is a program of the Family Investment Administration in the Department of Human Resources. The services of OHEP include cash benefits, budget counseling, vendor arrangements, referrals, and assistance with heating/cooling equipment repair and replacement.

OHEP administers two energy assistance programs for residential customers using local administering agencies, including local departments of social services, in each county and Baltimore City. These programs are (1) the Maryland Energy Assistance Program, funded by the federal Low-Income Home Energy Assistance Program, which provides bill payment assistance, crisis assistance, and furnace repair/replacement for a variety of heating sources and (2) the Electric Universal Service Program, funded from a ratepayer surcharge and an allocation of revenue from the Regional Greenhouse Gas Initiative carbon dioxide emission allowance auctions, which provides both bill payment and arrearage assistance to electric customers.

Small Business Effect: Most small businesses are electric customers and, therefore, benefit to the extent that the bill reduces security deposit payments. Conversely, to the extent that the bill increases uncollectable revenue, that cost is passed on by electric companies to all customers, including small businesses.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Public Service Commission, Office of People's Counsel,
Department of Legislative Services

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md/lgc

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