

Department of Legislative Services  
Maryland General Assembly  
2018 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 1667  
Economic Matters

(Delegate Jalisi)

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Gas and Electric Companies - Deposit Charges

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This bill prohibits a gas company or an electric company (utility) from requiring a deposit that exceeds the estimated charges for one month of service from a customer who (1) is age 70 or older; (2) has lived at the service address for 10 years or more; and (3) has an annual income at or below 300% of the federal poverty level. A gas company or electric company is also prohibited from terminating gas or electric service to such a customer if the customer (1) has paid the required deposit and (2) pays when due all current charges for gas or electricity delivered and consumed.

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Fiscal Summary

**State Effect:** The Public Service Commission (PSC) can handle the bill's requirements with existing budgeted resources. Revenues are not affected.

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Current Law:**

*Customer Deposits*

PSC regulations address specific requirements for customer deposits, including the allowed amounts, payment options, and refunds. Generally, a utility may require each applicant for

residential service to establish credit. In order to do so, a utility can require an applicant to demonstrate good paying habits by showing that the applicant:

- was a customer of a Maryland utility within the preceding two years;
- does not currently owe any outstanding bills for utility service to a utility doing business in the State;
- did not have service discontinued for nonpayment of a utility bill during the last 12 months that service was provided; and
- did not on more than two occasions during the last 12 months that service was provided, fail to pay a utility bill when it became due.

A utility may also require an applicant to satisfy other additional specified criteria.

However, an individual age 60 or older applying only for residential service is *exempt from any cash deposit requirement* if the individual presents satisfactory proof of (1) age; (2) intent to be the primary consumer of the service as evidenced by lease, mortgage, rental agreement, or title to the dwelling unit to be served being maintained in the name of the applicant; and (3) the absence of any outstanding bill owed to a utility for service.

Generally, a required deposit may not be less than \$5 or more than two average monthly bills. A utility must provide an installment plan for the payment of deposits that are more than \$50.

### *Service Terminations*

PSC regulations require a gas or electric company 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, and low-income individuals and also during periods of excessively hot or cold weather.

A gas or electric company may commence termination procedures only if it has made reasonable attempts to collect the past-due bills using normal collection procedures. Further, the gas or electric company must use its discretion in unusual circumstances 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.

**Background:** Federal poverty levels vary according to household size. For a single individual, 300% of the federal poverty line is about \$36,000 annually.

## **Additional Information**

**Prior Introductions:** HB 1473 of 2017, a similar bill, received an unfavorable report from the House Economic Matters Committee. Its cross file, SB 1082, was referred to the Senate Finance Committee but was subsequently withdrawn.

**Cross File:** None.

**Information Source(s):** Public Service Commission; Department of Legislative Services

**Fiscal Note History:** First Reader - March 13, 2018  
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