

HOUSE BILL 1002

C5

EMERGENCY BILL

9lr2688

By: **Delegates Conaway, Anderson, and Boteler**

Introduced and read first time: February 13, 2009

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted with floor amendments

Read second time: April 3, 2009

CHAPTER _____

1 AN ACT concerning

2 **Public Service Companies – Gas and Electric Service – Alternative Payment**
3 **Agreements**

4 FOR the purpose of ~~requiring~~ authorizing the Public Service Commission to adopt
5 regulations ~~by a certain date~~ to limit the authority of a public service company
6 to terminate gas or electric service to a residential customer in arrears under
7 certain circumstances; ~~requiring~~ authorizing certain regulations to require a
8 public service company to offer customers the option of entering into a certain
9 alternative payment agreement, ~~and prohibit the public service company from~~
10 ~~terminating service to the customer or filing a negative credit report on the~~
11 ~~customer~~ under certain circumstances; ~~requiring a certain offer to be in writing~~
12 ~~and contain certain information under certain circumstances; requiring the rate~~
13 ~~and schedule of repayment in a certain agreement to be designed to address~~
14 ~~certain criteria~~ authorizing the Commission to specify the circumstances under
15 which certain restrictions and agreements may be required; requiring the
16 Commission to include certain information in a certain annual report;
17 authorizing the Commission to adopt certain provisions for a limited period of
18 time by order, notwithstanding a certain provision of law; requiring the
19 Commission to adopt certain regulations to be effective by a certain date under
20 certain circumstances; providing for the continuity of certain agreements under
21 certain circumstances; making this Act an emergency measure; ~~providing for~~
22 ~~the termination of this Act;~~ and generally relating to the termination of gas and
23 electric service by a public service company to residential customers.

24 BY ~~adding to~~ repealing and reenacting, with amendments,
25 Article – Public Utility Companies

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 Section ~~7-307.1~~ 7-307
2 Annotated Code of Maryland
3 (2008 Replacement Volume and 2008 Supplement)

4 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
5 MARYLAND, That the Laws of Maryland read as follows:

6 **Article - Public Utility Companies**

7 7-307.

8 (a) In this section, "termination of service" means the termination, reduction,
9 or refusal to reinstate gas or electric service, or any other action that has the effect of
10 reducing or denying gas or electric service because of nonpayment.

11 (b) (1) Subject to paragraph (2) of this subsection, the Commission shall
12 adopt regulations concerning the prohibition against or limitation of authority of a
13 public service company to terminate service for gas or electricity to a low income
14 residential customer during the heating season for nonpayment.

15 (2) In adopting the regulations required under paragraph (1) of this
16 subsection, the Commission shall consider and may include provisions relating to:

17 (i) the circumstances under which service may and may not be
18 limited or terminated;

19 (ii) the minimum heating levels required to maintain life,
20 health, and safety;

21 (iii) the medical, age, disabling, or other individual
22 characteristics that are relevant to a prohibition against or limitation on the
23 termination of service;

24 (iv) the availability of and qualification for State and federal
25 energy assistance;

26 (v) the financial eligibility standards relevant to a prohibition
27 against or limitation on the termination of service;

28 (vi) the availability and appropriateness of equipment designed
29 to limit the flow of service for gas or electricity;

30 (vii) the short-term and long-term alternative payment plans,
31 for appropriate customers whose accounts are in arrears, that are best designed:

32 1. to allow present and future continuation of service;
33 and

1 2. to encourage full payment over a period of time;

2 (viii) the methods that a public service company might use before
3 and during the heating season to anticipate customer nonpayment, to assist those
4 customers, and to avoid termination of service;

5 (ix) the procedures that a public service company uses to
6 mitigate the problems of termination of service to customers, including customer
7 contact;

8 (x) the procedure that a public service company shall follow
9 before termination of service to a customer to avoid a threat to life, health, or safety;

10 (xi) the appropriate customer notice before the termination of
11 service;

12 (xii) the appropriate opportunity and procedure for a customer to
13 contest a proposed termination of service;

14 (xiii) the existence of other circumstances that because of an
15 emergency, might justify a prohibition against or a limitation on the termination of
16 service; and

17 (xiv) the economic implication of any restriction on termination of
18 service.

19 **(3) IN ADDITION TO THE AUTHORITY GRANTED UNDER**
20 **PARAGRAPH (1) OF THIS SUBSECTION, THE COMMISSION MAY BY REGULATION:**

21 **(I) PROHIBIT OR LIMIT THE AUTHORITY OF A PUBLIC**
22 **SERVICE COMPANY TO TERMINATE SERVICE FOR GAS OR ELECTRICITY TO A**
23 **RESIDENTIAL CUSTOMER FOR NONPAYMENT ~~OF ARREARAGES ACCRUED~~**
24 **~~DURING THE HEATING SEASON;~~**

25 **(II) REQUIRE THE IMPLEMENTATION OF ONE OR MORE**
26 **PLANS FOR ALTERNATIVE PAYMENT AGREEMENTS IN A FORM APPROVED BY**
27 **THE COMMISSION TO ALLOW A RESIDENTIAL CUSTOMER TO PAY ARREARAGES**
28 **~~ACCRUED DURING THE HEATING SEASON~~ AND MAINTAIN GAS OR ELECTRIC**
29 **SERVICE THROUGH THE TERM OF THE AGREEMENT; AND**

30 **(III) SPECIFY THE CIRCUMSTANCES UNDER WHICH**
31 **TERMINATION LIMITATIONS AND IMPLEMENTATION OF ALTERNATIVE PAYMENT**
32 **PLANS MAY BE REQUIRED UNDER THIS PARAGRAPH.**

33 (c) (1) In accordance with § 2-1246 of the State Government Article, on or
34 before June 1 of each year, the Commission shall report to the General Assembly on

1 terminations of service by public service companies during the previous heating
2 season.

3 (2) The report shall include information in sufficient detail to indicate
4 the effect of the terminations of service on various categories of customers, including:

5 (i) income levels;

6 (ii) geographic areas;

7 (iii) energy assistance recipients; and

8 (iv) any other category that the Commission determines is
9 relevant to evaluate how the State may best address the problem of assuring adequate
10 gas and electric service for low income AND OTHER residential customers.

11 ~~7-307.1.~~

12 ~~(A) ON OR BEFORE AUGUST 1, 2009, THE COMMISSION SHALL ADOPT~~
13 ~~REGULATIONS THAT LIMIT THE AUTHORITY OF A PUBLIC SERVICE COMPANY TO~~
14 ~~TERMINATE SERVICE FOR GAS OR ELECTRICITY TO A RESIDENTIAL CUSTOMER~~
15 ~~OF ANY INCOME LEVEL WHEN THE CUSTOMER IS THREATENED FOR THE FIRST~~
16 ~~TIME IN A CALENDAR YEAR WITH THE TERMINATION OF SERVICES DUE TO~~
17 ~~NONPAYMENT.~~

18 ~~(B) THE REGULATIONS THAT THE COMMISSION ADOPTS UNDER~~
19 ~~SUBSECTION (A) OF THIS SECTION SHALL:~~

20 ~~(1) REQUIRE THE PUBLIC SERVICE COMPANY TO OFFER THE~~
21 ~~CUSTOMER THE OPTION OF ENTERING INTO AN ALTERNATIVE PAYMENT~~
22 ~~AGREEMENT, IN LIEU OF IMMEDIATE TERMINATION OF SERVICE, THAT WOULD~~
23 ~~ALLOW THE CUSTOMER TO PAY ANY ARREARS ON AN ACCOUNT OVER A PERIOD~~
24 ~~OF TIME AND AT A RATE OF REPAYMENT SPECIFIED IN THE AGREEMENT;~~

25 ~~(2) PROHIBIT THE PUBLIC SERVICE COMPANY FROM~~
26 ~~TERMINATING SERVICE FOR AS LONG AS THE CUSTOMER IS PAYING ACCORDING~~
27 ~~TO THE SCHEDULE IN THE AGREEMENT; AND~~

28 ~~(3) PROHIBIT THE PUBLIC SERVICE COMPANY FROM FILING A~~
29 ~~NEGATIVE CREDIT REPORT ON A CUSTOMER FOR AS LONG AS THE CUSTOMER IS~~
30 ~~PAYING ACCORDING TO THE SCHEDULE IN THE AGREEMENT.~~

31 ~~(C) THE OFFER OF THE ALTERNATIVE PAYMENT AGREEMENT UNDER~~
32 ~~SUBSECTION (B)(1) SHALL:~~

33 ~~(1) BE MADE IN WRITING; AND~~

1 ~~(2) EXPLAIN THE RIGHTS AND OBLIGATIONS OF A CUSTOMER~~
2 ~~ENTERING INTO AN ALTERNATIVE PAYMENT AGREEMENT.~~

3 ~~(D) THE SCHEDULE AND RATE OF REPAYMENT UNDER AN ALTERNATIVE~~
4 ~~PAYMENT AGREEMENT SHALL BE DESIGNED TO:~~

5 ~~(1) ALLOW PRESENT AND FUTURE CONTINUATION OF SERVICE;~~

6 ~~(2) ENSURE THE MINIMUM LEVEL OF SERVICE REQUIRED TO~~
7 ~~MAINTAIN LIFE, HEALTH, AND SAFETY; AND~~

8 ~~(3) ENCOURAGE FULL REPAYMENT OVER A PERIOD OF TIME.~~

9 SECTION 2. AND BE IT FURTHER ENACTED, That:

10 (a) Notwithstanding Title 10, Subtitle 1 of the State Government Article, the
11 Public Service Commission may by order adopt provisions limiting terminations and
12 requiring plans for alternative payment agreements, either statewide or by service
13 territory, under ~~§ 7-307(e)(3)~~ § 7-307(b)(3) of the Public Utility Companies Article, as
14 enacted by this Act.

15 (b) Any order that the Commission adopts under subsection (a) of this
16 section:

17 (1) may be effective only through June 30, 2010; and

18 (2) shall be replaced by regulations that the Commission adopts, to
19 take effect no later than June 30, 2010, implementing ~~§ 7-307(e)(3)~~ § 7-307(b)(3) of the
20 Public Utility Companies Article, as enacted by this Act.

21 (c) Any alternative payment agreement that is entered into under the
22 authority of an order adopted by the Commission under subsection (a) of this section
23 shall remain in force under its terms if the residential customer is not in breach of the
24 agreement.

25 SECTION 3. AND BE IT FURTHER ENACTED, That this Act is an emergency
26 measure, is necessary for the immediate preservation of the public health or safety,
27 has been passed by a yea and nay vote supported by three-fifths of all the members
28 elected to each of the two Houses of the General Assembly, and shall take effect from
29 the date it is enacted.

30 ~~SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall remain~~
31 ~~effective for a period of 4 years from the date it is enacted and, at the end of the 4-year~~
32 ~~period, with no further action required by the General Assembly, this Act shall be~~
33 ~~abrogated and of no further force and effect.~~

