

# HOUSE BILL 1255

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EMERGENCY BILL

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CF 0lr2998

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By: **Delegates Vaughn, Branch, Davis, McHale, Tarrant, and Walker**

Introduced and read first time: February 18, 2010

Assigned to: Economic Matters

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## A BILL ENTITLED

1 AN ACT concerning

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

4 FOR the purpose of requiring the Public Service Commission to adopt regulations to  
5 limit the authority of a public service company to terminate gas or electric  
6 service to a residential customer in arrears under certain circumstances;  
7 requiring certain regulations to require a public service company to offer  
8 customers the option of entering into a certain alternative payment agreement  
9 under certain circumstances; requiring public service companies to provide  
10 certain notice to residential customers related to certain alternative payment  
11 agreement options; requiring the Commission to specify the circumstances  
12 under which certain restrictions and agreements may be required; requiring the  
13 Commission to include certain information in a certain annual report; requiring  
14 the Commission to adopt certain provisions for a limited period of time by order,  
15 notwithstanding a certain provision of law; requiring the Commission to adopt  
16 certain regulations to be effective by a certain date under certain circumstances;  
17 providing for the continuity of certain agreements under certain circumstances;  
18 making this Act an emergency measure; providing for the termination of this  
19 Act; and generally relating to the termination of gas and electric service by a  
20 public service company to residential customers.

21 BY repealing and reenacting, with amendments,  
22 Article – Public Utility Companies  
23 Section 7–307  
24 Annotated Code of Maryland  
25 (2008 Replacement Volume and 2009 Supplement)

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

28 **Article – Public Utility Companies**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 7-307.

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

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

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

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

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

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

18 (iv) the availability of and qualification for State and federal  
19 energy assistance;

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

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

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

26 1. to allow present and future continuation of service;  
27 and

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

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

1 (ix) the procedures that a public service company uses to  
2 mitigate the problems of termination of service to customers, including customer  
3 contact;

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

6 (xi) the appropriate customer notice before the termination of  
7 service;

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

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

13 (xiv) the economic implication of any restriction on termination of  
14 service.

15 **(3) IN ADDITION TO THE AUTHORITY GRANTED UNDER**  
16 **PARAGRAPH (1) OF THIS SUBSECTION, THE COMMISSION SHALL, BY**  
17 **REGULATION:**

18 **(I) PROHIBIT OR LIMIT THE AUTHORITY OF A PUBLIC**  
19 **SERVICE COMPANY TO TERMINATE SERVICE FOR GAS OR ELECTRICITY TO A**  
20 **RESIDENTIAL CUSTOMER FOR NONPAYMENT;**

21 **(II) REQUIRE THE IMPLEMENTATION OF REASONABLE**  
22 **ALTERNATIVE PAYMENT AGREEMENTS TAILORED TO A RESIDENTIAL**  
23 **CUSTOMER'S CIRCUMSTANCES IN A FORM APPROVED BY THE COMMISSION TO**  
24 **ALLOW THE RESIDENTIAL CUSTOMER TO PAY ARREARAGES AND MAINTAIN GAS**  
25 **OR ELECTRIC SERVICE THROUGH THE TERM OF THE AGREEMENT;**

26 **(III) REQUIRE, AT LEAST 14 DAYS BEFORE TERMINATION OF**  
27 **SERVICE FOR NONPAYMENT, A PUBLIC SERVICE COMPANY TO PROVIDE**  
28 **APPROPRIATE NOTICE TO RESIDENTIAL CUSTOMERS OF ALTERNATIVE**  
29 **PAYMENT AGREEMENT OPTIONS; AND**

30 **(IV) SPECIFY THE CIRCUMSTANCES UNDER WHICH**  
31 **TERMINATION LIMITATIONS AND IMPLEMENTATION OF ALTERNATIVE PAYMENT**  
32 **AGREEMENTS SHALL BE REQUIRED UNDER THIS PARAGRAPH, INCLUDING A**  
33 **SHOWING OF HARDSHIP.**

34 (c) (1) In accordance with § 2-1246 of the State Government Article, on or  
35 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 SECTION 2. AND BE IT FURTHER ENACTED, That:

12 (a) Notwithstanding Title 10, Subtitle 1 of the State Government Article, on  
13 a showing of hardship by a residential customer, the Public Service Commission shall  
14 by order adopt provisions limiting terminations and requiring reasonable plans for  
15 alternative payment agreements, either statewide or by service territory, under §  
16 7-307(b)(3) of the Public Utility Companies Article, as enacted by this Act.

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

19 (1) may be effective only through June 30, 2011; and

20 (2) shall be replaced by regulations that the Commission adopts, to  
21 take effect no later than June 30, 2011, implementing § 7-307(b)(3) of the Public  
22 Utility Companies Article, as enacted by this Act.

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

27 SECTION 3. AND BE IT FURTHER ENACTED, That this Act is an emergency  
28 measure, is necessary for the immediate preservation of the public health or safety,  
29 has been passed by a yea and nay vote supported by three-fifths of all the members  
30 elected to each of the two Houses of the General Assembly, and shall take effect from  
31 the date it is enacted. It shall remain effective through June 30, 2014, and, at the end  
32 of June 30, 2014, with no further action required by the General Assembly, this Act  
33 shall be abrogated and of no further force and effect.