

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE

Senate Bill 793

(Senator Benson, *et al.*)

Finance

Public Service Companies - Termination of Electric or Gas Service - Extreme Temperatures

This bill changes the standards for the termination of electric or gas service during periods of extreme temperatures. Specifically, the bill prohibits a public service company from terminating service to a residential customer whose account is in arrears on a day which the forecasted high temperature is 39 degrees (instead of 32 degrees) Fahrenheit or below in the customer's designated weather station area *or within 48 hours of that day*. The bill also prohibits a public service company from terminating electric service to a residential customer because of nonpayment on a day for which the forecasted temperature is 90 degrees (instead of 95 degrees) Fahrenheit or above in the customer's designated weather station area *or within 48 hours of that day*.

Fiscal Summary

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: A public service company is prohibited from terminating electric or gas service to a residential customer for nonpayment on a day that the forecasted high temperature is 32 degrees Fahrenheit or below in that customer's designated weather station area. A public service company is also prohibited from terminating electric

service to a customer on a day that the forecasted temperature is 95 degrees Fahrenheit or above in that customer's designated weather station area. Each public service company that provides electric or gas service must designate weather station areas within its service area for use in administering weather-related restrictions on service terminations to residential customers.

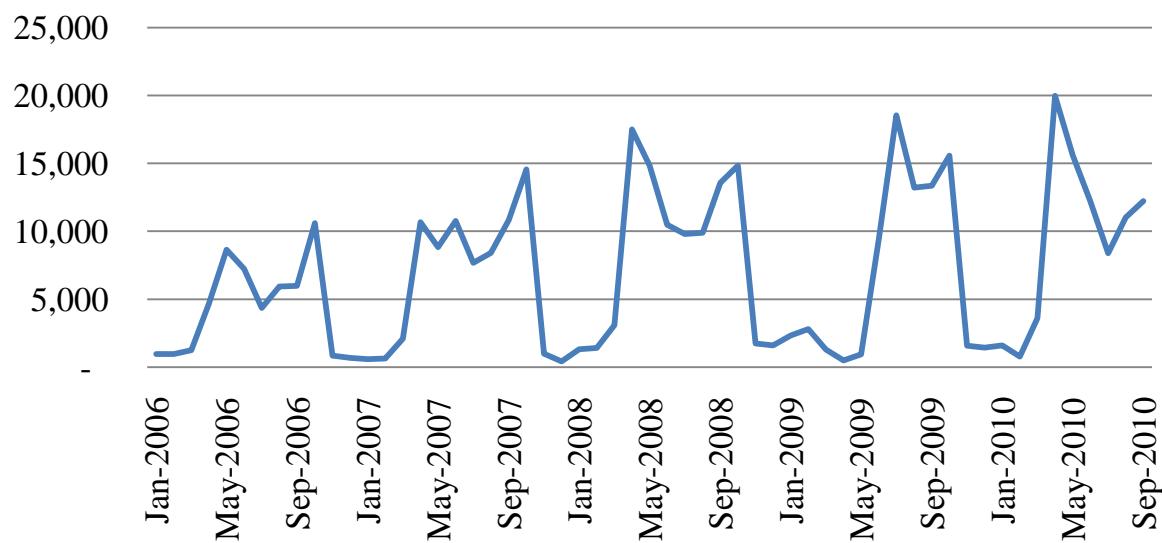
The Code of Maryland Regulations (COMAR 20.31.03.03) further restricts electric and gas companies from terminating service to residential customers. A utility may not terminate service to any customer in a utility's designated weather station area in which the forecast temperature made at 6:00 a.m. is 32 degrees Fahrenheit or below in that weather station area during an extreme weather period. A utility may not terminate electric service, or gas service to a customer who uses gas for cooling, for any customer occupying a residential building for which the temperature forecast made for the utility's weather station area for that customer at 6:00 a.m. is 95 degrees Fahrenheit or above in that weather station area during an extreme weather period.

"Extreme weather period" is defined in regulation as a period of 72 hours beginning at 6:00 a.m. on any given day comprised of three consecutive 24-hour segments during any one of which the temperature, as forecast, is not expected to exceed 32 degrees Fahrenheit or is expected to be 95 degrees Fahrenheit or above during the segments. Determination of the possible existence of an extreme weather period must be repeated every 24 hours at 6:00 a.m.

Background: During the 2008-2009 heating season, increased costs for electricity, coupled with colder than average weather and an economic downturn, resulted in a significant increase in the number of pending customer terminations near the end of the heating season. Although the overall number of utility customers with arrearages had decreased from the prior year, customers with arrearages saw an increase in the average outstanding balance. Due to the temporary restriction on customer terminations imposed by PSC in April 2009, and the subsequent requirement that utilities enter into alternative payment agreements for those customers with outstanding balances, overall terminations decreased from 97,897 in the 2007-2008 heating season to 80,530 in the 2008-2009 heating season. In the 2009-2010 heating season, the overall number of terminations increased to 103,994. In the most recently published *Report on Residential Customer Terminations, Arrearages, and Reconnections in Maryland*, PSC attributes the growth in customer arrearages, at least in part, to the economy.

Exhibit 1 shows the monthly electric customer terminations Between January 2006 and September 2010.

Exhibit 1 **Residential Electric Customer Terminations**



Source: Public Service Commission

In fiscal 2010, 91 days were 32 degrees Fahrenheit or below and six days were 95 degrees Fahrenheit or above at the Baltimore-Washington International Thurgood Marshall Airport (BWI) weather station. During the same period, 122 days were 39 degrees Fahrenheit or below and 31 days were 90 degrees Fahrenheit or above at the BWI weather station.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 15, 2011

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