

Department of Legislative Services
Maryland General Assembly
2012 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1269

(Delegate Barnes, *et al.*)

Economic Matters and Environmental
Matters

Finance

Public Service Commission - Study on Tenant Payment of Landlord Utility Bills

This bill requires the Public Service Commission (PSC) to convene a workgroup to study and make recommendations on how to develop a mechanism to allow tenants in residential properties to pay for their utilities when the landlord responsible for utility payments defaults. The workgroup must examine how to protect specified tenant and utility rights, proper tenant notification procedures, the most effective mechanism to allow a tenant to pay for utilities when a landlord defaults, and how similar efforts in other states have worked, among other items. By December 1, 2012, PSC must report its findings and recommendations to the Senate Finance Committee and the House Economic Matters Committee.

The bill takes effect June 1, 2012.

Fiscal Summary

State Effect: PSC can implement the bill with existing budgeted resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law:

Termination of Service by Utility Service Providers

PSC regulations require electric or gas companies 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, low-income individuals, and during periods of excessively hot or cold weather. An electric or gas company may commence termination procedures only if it has made reasonable attempts to collect the past-due bills using normal collection procedures. Further, the electric or gas company must use its discretion in unusual circumstances, including a situation involving a master-metered building, 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.

PSC regulations authorize a water company to deny service for the nonpayment of a bill, provided that the company has made a reasonable attempt to collect the amount owed, and has provided the customer with written notice that the customer has at least five days, excluding Sundays and holidays, in which to settle the account or have service denied. A water company may only discontinue service without notice under specified circumstances, including hazardous conditions, equipment tampering, and unauthorized use of service.

PSC must report each year to the General Assembly on the terminations of service by electric and gas companies during the previous heating season. The report must include information in sufficient detail to indicate the effect of terminations of service on various categories of customers.

Landlord Repossession of Premises

When a tenant fails to pay rent, the landlord is entitled to repossession of the premises through filing a written complaint with the District Court. The complaint must (1) describe the general terms of the property sought to be repossessed; (2) list the name of each tenant; (3) state the amount of rent and any late fees due and unpaid; and (4) request to repossess the premises, and if requested by the landlord, a judgment for the amount of rent due, costs, and any late fees. The complaint also may contain other specified information. If the court finds in favor of the landlord, the court must order that possession of the premises be given to the landlord within four days after trial (judgment for possession). If the judgment is in favor of the landlord and the tenant fails to pay the past due rent and late fees within specified timeframes, the landlord may apply for a “warrant of restitution,” which serves as the eviction order. The sheriff’s offices in Baltimore City and the counties are responsible for evictions.

Background:

PSC Action on Customer Arrearages and Terminations

In March 2009, pursuant to Case No. 9175, PSC directed all utilities subject to the commission’s jurisdiction to refrain from terminating any residential electric or gas

service for delinquent payment or outstanding balances until PSC directed otherwise. The order created a work group to convene and develop procedures and criteria for payment plans that each utility must offer all customers before the utility can commence termination procedures.

In April 2009, as a result of the workgroup's activities, PSC issued an order lifting the temporary restriction on terminations and directing specified utilities to make alternative payment plans available to all residential customers with arrearages. The utilities were required to offer flexible payment plans, free of interest or late fees, to each requesting customer that had not yet been terminated, for up to 12 months in duration. The order included other provisions, including additional notification requirements and procedures for reconnection of previously terminated customers. However, the order was meant only to apply to customer arrearages that had occurred as of the date of the order. The terms of the order do not apply to current arrearages, although PSC urges utilities to continue to offer a reasonable payment plan to residential customers in arrears prior to termination.

Additional Information

Prior Introductions: None.

Cross File: SB 765 (Senators Mathias and Middleton) - Finance.

Information Source(s): Public Service Commission, Office of People's Counsel, Department of Housing and Community Development, Judiciary (Administrative Office of the Courts), Prince George's and Montgomery counties, Department of Legislative Services

Fiscal Note History: First Reader - March 2, 2012
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