

INFORMATION
House Economic Matters
Committee
03/03/2022

House Bill 781 Gas and Electric Companies – Deposit Charges and Termination of Service

Baltimore Gas and Electric Company (BGE) respectfully provides informational comments regarding *House Bill 781 Gas and Electric Companies – Deposit Charges and Termination of Service*. House Bill 781 would prohibit a gas or electric company from imposing a deposit requirement on customers who are 65 years old and have an annual income at or below 300% of the federal poverty level. It would also prohibit the gas or electric company from terminating service for failure to pay all or part of a deposit.

In furtherance of the Public Service Commission's (Commission) deposit policy, COMAR 20.30.02.01 specifies that deposits are assessed in the public interest to reduce arrearages and uncollectible debt that otherwise would create a burden that would be borne by all other ratepayers. The regulation (20.3002.02) also exempts persons 60 years or older applying for residential service from any cash deposit requirement if the individual presents satisfactory proof of age, there is intent to be the primary customer at the residence and the customer does not have an outstanding bill owed for service. Additionally, COMAR Section 20.30.02.05(D) requires utilities to refund a deposit to customers 60 years or older provided the customer requests the deposit refunded, presents proof of age, and has no outstanding balance.

Security deposits are assessed to provide protection against potential future payment delinquencies. This protection is for all BGE customers from incurring the cost of bad debt due to the unpaid bills of other customers. It is important to note that electric and gas customers are only billed after they have consumed BGE services. BGE's in-service delinquency deposits are assessed to existing residential customers with a history of late payment or nonpayment. Customers who repeatedly fail to pay a bill by the due date in a turn off notice are assessed security deposits.

BGE believes that current practices, as well as existing regulations, are in place to ensure that customers who are assessed deposits, due to a history of inconsistent payment practices, are able to pay the deposits and arrearages in a manageable manner, while also allowing the utility to protect the interests of other customers by reducing and preventing uncollectible debt. State regulations also provide for the return of security deposits to customers who engage in sufficient payment practices.

Currently utilities do not have access to household income directly from customers. The only type of income information utilities receive is notification that a customer has been approved for a state energy assistance grant. For persons 67 years old or older the maximum household income to qualify for energy assistance is 200% of the

Federal Poverty Level. The local energy assistance agencies have the processes and policies in place to verify household income to safeguard the integrity of the assistance programs. For this reason, the bill would be workable if it were amended to apply to:

customers who are at least 67 years old and have an annual income at or below 200% of the federal poverty level who are certified by the Maryland Department of Human Services as eligible for Maryland energy assistance.

The bill should also be amended to require the customer to provide to the utility proof of age, as well as ensure the customer has no outstanding balance.

BGE understands that House Bill 781 is well-intentioned, and while we believe the bill is unnecessary due to practices and regulations currently in place, if the Committee is inclined to pursue this legislation, BGE recommends the amendments as described above and outlined below.

BGE, headquartered in Baltimore, is Maryland's largest gas and electric utility, delivering power to more than 1.2 million electric customers and more than 655,000 natural gas customers in central Maryland. The company's approximately 3,400 employees are committed to the safe and reliable delivery of gas and electricity, as well as enhanced energy management, conservation, environmental stewardship and community assistance. BGE is a subsidiary of Exelon Corporation (NYSE: EXC), the nation's leading competitive energy provider.

AMENDMENT TO HOUSE BILL 781

(First Reading File Bill)

On page 2, in line 13, strike “65” and insert “67”

On page 2, in line 14, strike “300” and insert “200”

On page 2, in line 15, strike the period and insert “; AND”

After line 15, insert “**(III) ARE CERTIFIED BY THE MARYLAND DEPARTMENT OF HUMAN SERVICES AS ELIGIBLE FOR MARYLAND ENERGY ASSISTANCE.**”

On page 2, in line 17, strike the colon

On page 2, in line 18, strike “(I)”; after “CUSTOMER” insert “**AS DESCRIBED IN 7-305(C).**”

On page 2, in lines 18 through 22, after “CUSTOMER” strike beginning with “;OR” down through “CONSUMED.”

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