

Department of Legislative Services
Maryland General Assembly
2022 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 781 (Delegate Jalisi)
Economic Matters

Gas and Electric Companies - Deposit Charges and Termination of Service

This bill prohibits a gas company or an electric company (utility) from requiring a deposit from a customer who is age 65 or older and has an annual income at or below 300% of the federal poverty level. A gas company or electric company is also prohibited from terminating gas or electric service to such a customer for failure to pay all or part of a deposit if the customer pays when due all current charges for gas or electricity delivered and consumed.

Fiscal Summary

State Effect: The Public Service Commission (PSC) can handle the bill’s requirements with existing budgeted resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law:

Customer Deposits

PSC regulations address specific requirements for customer deposits, including the allowed amounts, payment options, and refunds. Generally, a utility may require each applicant for

residential service to establish credit. In order to do so, a utility can require an applicant to demonstrate good paying habits by showing that the applicant:

- was a customer of a Maryland utility within the preceding two years;
- does not currently owe any outstanding bills for utility service to a utility doing business in the State;
- did not have service discontinued for nonpayment of a utility bill during the last 12 months that service was provided; and
- did not on more than two occasions during the last 12 months that service was provided, fail to pay a utility bill when it became due.

A utility may also require an applicant to satisfy other additional specified criteria.

However, an individual age 60 or older applying only for residential service is *exempt from any cash deposit requirement* if the individual presents satisfactory proof of (1) age; (2) intent to be the primary consumer of the service as evidenced by lease, mortgage, rental agreement, or title to the dwelling unit to be served being maintained in the name of the applicant; and (3) the absence of any outstanding bill owed to a utility for service.

Generally, a required deposit may not be less than \$5 or more than two average monthly bills. A utility must provide an installment plan for the payment of deposits that are more than \$50. If the deposit is between \$50 and \$150, the payment can be made in eight equal weekly installments. A deposit of more than \$150 can be made over a period of 12 weeks or more.

Termination of Service

PSC regulations generally require notice to be provided before gas or electric service may be terminated. In addition, regulations include various restrictions on when such service may be terminated. For example, except under specified circumstances, service may not be terminated to occupants of residential buildings for nonpayment of bills between November 1 and March 31. Additionally, a gas or electric company may only terminate service for an elderly or handicapped individual after making personal contact with the customer and following other specified procedures.

Additional Information

Prior Introductions: HB 1367 of 2021 was referred to the House Rules and Executive Nominations Committee, but no further action was taken. HB 1601 of 2020 was referred to the House Rules and Executive Nominations Committee, but no further action was taken.

HB 1473 of 2017 received an unfavorable report from the House Economic Matters Committee. Its cross file, SB 1082, was referred to the Senate Finance Committee but was subsequently withdrawn.

Designated Cross File: None.

Information Source(s): Public Service Commission; Department of Human Services; Office of People's Counsel; Department of Legislative Services

Fiscal Note History: First Reader - February 27, 2022

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