

Chapter 870: LATE PAYMENT CHARGES, INTEREST RATES TO BE PAID ON CUSTOMER DEPOSITS, AND CHARGES FOR RETURNED CHECKS

SUMMARY: This rule establishes the maximum interest rate that public utilities may charge customers on balances that remain unpaid for no less than twenty-five days from the postmark date of the customer's bill. This rule describes under what circumstances such late payment charges may be imposed. The rule also provides for a just and reasonable interest rate for customer deposits, and establishes the maximum fee that may be charged for checks returned for nonpayment. This rule does not affect any other arrangements that utilities may have with their customers that are subject to other laws, such as the *Maine Consumer Credit Code*.

1. LATE PAYMENT CHARGE

- A. **Maximum Interest Rate.** No utility may impose a late payment charge in excess of 1% per month or 12% annually ~~the Indexed Late Payment Interest Rate~~ on the amount overdue on any bill issued in accordance with a utility's terms and conditions of service. ~~The Indexed Late Payment Interest Rate shall be the Prime Rate in effect on November 1 of each year, as published in the Weekly Update of the Federal Reserve's H.15 Statistical Release (<http://www.federalreserve.gov/releases/h15/Current/>), plus 800 basis points rounded to the nearest quarter percent (0.25%), not to exceed 18.00% annually. If November 1 falls on a weekend, the applicable Prime Rate will be the one in effect on the first business day of November.~~
- ~~B. **Annual Notice of Late Payment Interest Rate.** The Commission's Administrative Director shall notify utilities no later than November 15 each year of the maximum annual interest rate a utility may charge during the next calendar year beginning January 1. The Director shall specify both an annual maximum rate and the monthly equivalent maximum compounded rate, either of which may be used at the option of the utility.~~
- BE. **Amount Overdue.** An amount is overdue when it has not been paid by the due date. The due date must be no less than 25 days after the bill is mailed or hand delivered to the customer. A bill is considered to have been mailed on the date it is postmarked. If there is no postmark, a utility must date the bill and deliver the bill on or before that date. If a utility mails its bills to customers from a location outside Maine and requires customers to mail payments to a location outside Maine, the "due date" must be extended five (5) days (for a total of 30 days).
- CD. **Terms and Conditions.** Any utility which chooses to impose a late payment charge must file terms and conditions conforming to this rule. Any utility that has existing terms and conditions that conflict with this rule must file revised terms and conditions at the time of its next general rate case or when it next revises its rate schedules whichever is earlier. This rule preempts any inconsistent terms and conditions from the time of its effective date.
- DE. **Disputed Bill.** No late payment fee may be imposed for any time period in which a bill is in dispute pursuant to applicable Commission rules. A customer will have a minimum of

25 days from the date of the resolution of the dispute to remit payment to a utility in order to avoid a late payment charge.

EE. Exemption for Customers on Levelized Payment Plans. No late payment charges may be imposed for an amount overdue that is the sole result of a budget payment plan (in which interest is paid on credit balances) or from levelized payments under a special payment arrangement developed according to the ~~wWinter dDisconnection Rule requirements (Chapter 81(17))~~ of the Commission's rules ~~(Chapter 815(9)(F)(5))~~.

F. Exemption for Customers Adhering to Terms of Payment Arrangements. No late payment charges may be imposed on a customer's past due balance while a payment arrangement is in effect, provided that the customer adheres to the terms of the payment arrangement for those arrearages.

GG. Minimum Amount. A utility may adopt a minimum billed amount for which a late payment charge is imposed.

HH. Disclosure. At least 30 days or one billing cycle, before a late payment charge program is begun or an existing late payment charge is increased, a utility must disclose to the affected customers the interest rate and methods which will be used to calculate late payment charges. Every bill issued after an approved late payment charge program begins must state the due date of the bill and the effective monthly interest rate that will be imposed if the bill is not paid by the due date.

I. Applicability. A utility may seek a late payment charge for overdue residential and non-residential customers or both.

2. INTEREST ON DEPOSITS

A. General Policy. Interest on all customer deposits held by a utility shall equal the rate on one-year Treasury Securities in effect on November 1 of each year, as published in the Weekly Update of the Federal Reserve's H.15 Statistical Release (<http://www.federalreserve.gov/releases/h15/Current/>). If November 1 falls on a weekend, the applicable one-year Treasury rate will be the one in effect on the first business day of November. To ensure that customers earn a modest return on deposits held by utilities, in no case may the customer deposit rate be set at less than a floor of 0.20%.

B. Annual Notice. Each year no later than November 15, the Commission's Administrative Director shall issue a notice to all public utilities setting the rate to be paid by public utilities on customer deposits for the next calendar year beginning January 1.

C. Effective Date of Interest Rate. The effective date for the annual change described in §2(A) shall be January 1.

D. Effective Date of Deposit. The effective date of the deposit is the date that the first payment of the deposit is made. If the effective interest rate changes while a deposit is held by the utility, the new interest rate shall be applied during its effective period. Interest shall accrue until the deposit is returned to the customer, regardless of the amount of time the deposit is held by the utility. All interest shall be credited to the customer

annually and upon termination of the service or the return of the deposit by the utility. Compounding of interest is not required. The utility shall have the option of crediting accrued interest to the customer's deposit and paying the interest to the customer when the deposit is returned or crediting that accrued interest to the customer's bill. If credited to the customer's bill, the reason for the credit shall be specified on the customer's bill.

- E. **Terms and Conditions.** Every utility must file terms and conditions stating that the interest rate on customer deposits shall be the rate set by the Public Utilities Commission in accordance with Chapter 870 of the Public Utilities Commission Rules.

3. CHARGE FOR INSUFFICIENT FUNDS~~RETURNED CHECKS~~

All utilities that choose to charge customers a fee for nonpayment due to insufficient funds~~checks returned for nonpayment to the utility by a bank~~ may charge the customer the greater of \$5.00 per account to which the insufficient funds apply~~check is to be applied~~ or the amount that the bank charges the utility, not to exceed \$15.00. If the utility charges the customer more than \$5.00, the utility shall furnish the customer with proof of the bank charge. Any utility which chooses to impose a charge for insufficient funds~~returned checks~~ must file terms and conditions that conform to this rule.

4. WAIVER

Upon the request of any person subject to this Chapter or upon its own motion, the Commission may, for good cause shown, waive any of the requirements of this Chapter that is not required by statute. The waiver may not be inconsistent with the purposes of this Chapter or Title 35-A, Rule. The Commission may also subsequently rescind, alter or amend any such waiver for good cause. The Commission, the Director of the Consumer Assistance and Safety Division, or the Presiding Officer assigned to a proceeding related to the Chapter may grant the waiver.

STATUTORY AUTHORITY: 35-A M.R.S.A. §§ 101, 104, 111, 301, 304, and 705(3).

BASIS STATEMENT: The factual and policy basis for this rule is set forth in the Commission's Order Amending Rule and Statement of Factual and Policy Basis, Docket No. 2021-00359, issued on _____, 2022. Copies of the Statement and Order have been filed with this rule at the Office of the Secretary of State. Copies may also be obtained from the Administrative Director, Public Utilities Commission, 18 State House Station, Augusta, Maine 04333-0018.

EFFECTIVE DATE:
May 1, 1985

AMENDED:
June 24, 1986
August 2, 1989

AMENDED:

This rule was approved as to form and legality by the Attorney General on October 23, 1995. It was filed with the Secretary of State on October 23, 1995 and became effective on October 28, 1995.

EFFECTIVE DATE (ELECTRONIC CONVERSION):

May 4, 1996

NON-SUBSTANTIVE CHANGES:

March 26, 1999 - converted to MS Word

December 18, 2006 – restored language in Section 2(A)

AMENDED:

This rule was approved as to form and legality by the Attorney General on October 30, 2009. It was filed with the Secretary of State on November 2, 2009 and became effective on November 7, 2009.

AMENDED:

This rule was approved as to form and legality by the Attorney General on May 30, 2014. It was filed with the Secretary of State on June 2, 2014 and became effective on June 7, 2014.

AMENDED: This rule was approved as to form and legality by the Attorney General on _____, 2022.
It was filed with the Secretary of State on _____, 2022 and became effective on _____, 2022.