



# Public Service Commission

SERVING MARYLAND SINCE 1910

Frequently Asked Questions

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## Gas and Electric Deposits

### **1. Is it legal for my gas or electric utility to add a deposit to my account?**

In order to establish credit, a utility may require an applicant for residential or non-residential service to pay a cash deposit as a condition for starting service. If you are transferring service or opening a second account, the utility may also request that you pay a cash deposit. Finally, if you are an existing customer, the utility may require that you pay a deposit if you failed to pay a bill by the expiration date of a termination of service notice. If the service has been terminated, the utility may also require that you pay the outstanding bill and a reasonable reconnection charge.

### **2. How much can the utility bill me for a residential deposit?**

The utility may not charge a deposit that is less than \$5 or more in amount than 2/12 of the estimated charges for service for the ensuing 12 months if the utility bills monthly. They can charge an amount equal to 3/12 of the estimated charge for service if they bill quarterly. In most cases, a deposit is equal to two months of billed service. If the utility determines that the actual billing is substantially different from the estimated charge for service, then the amount of the deposit may be adjusted to the applicable proportion of the actual billing.

### **3. How much can the utility bill me for a non-residential deposit?**

The deposit required by the utility may not be less than \$5, and it may not be more than the maximum estimated charge for service for two consecutive billing periods, or 90 days, whichever is less, or as may reasonably be required by the utility in cases involving service for short periods or special occasions.

**4. Am I required to pay the deposit in full to the utility?**

The utility is not required to provide residential customers an installment plan for the payment of deposits that are \$50 or lower. If the deposit is under \$150, the utility is to give you the option to pay the required amount over a period of at least eight (8) weeks. If the deposit is over \$150, the utility is to give you at least 12 weeks to pay the amount owed.

For non-residential customers, the utility is to give at least eight (8) weeks to pay a deposit that is \$100 or more.

**5. How long can my gas or electric utility keep my deposit?**

For all customers, the utility is required to apply your deposit and accrued interest to your final bill when you discontinue service, and refund the balance, if any, to you. A transfer of service from one premise to another within the utility service area is not deemed a discontinuance of service.

If you have not discontinued service, the utility will return your deposit when you have obtained a “good payment record”. A residential customer is considered having a “good payment record” if they have paid bills for service for 12 months following payment of the deposit without having had service discontinued for non-payment of bill or without having had more than two occasions in which a bill was not paid when it became due, and the customer is not delinquent in the payment of his bills.

The utility will return a non-residential deposit if the customer has paid bills for service for the first 4 years of service following payment of his deposit without having had service discontinued for nonpayment of bills within the last 2 years.

If a customer does not meet the conditions, the utility shall thereafter review the account every 12 months, and refund the deposit plus accrued interest when the customer has met these standards.

**6. Is the utility required to apply interest to my deposit?**

The utility is required to apply simple per annum interest on a deposit beginning on the date of receipt of the deposit by the utility. A customer may request that the utility pay them the interest annually. Otherwise, the utility is required to pay the interest at the time the deposit is returned.

**7. Are there any exemptions for paying a deposit for customers who are elderly?**

An individual 60 years old 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.

**8. Are there any alternatives for customers from having to pay a cash deposit?**

There are some exceptions for paying a cash deposit, such as furnishing a guaranty satisfactory to the utility to secure payment of bills. Also a non-residential customer may be able to furnish an irrevocable commercial letter of credit, or secure a bond drawn against an insurance company acceptable to the utility to secure payments of bills for the service requested in an amount not to exceed the amount of cash deposit. You should contact the utility to discuss the options available to you in lieu of a cash deposit.

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