

PLEASE NOTE: Legislative Information **cannot** perform research, provide legal advice, or interpret Maine law. For legal assistance, please contact a qualified attorney.

An Act Regarding Prepaid Contracts for Heating Fuel

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 10 MRSA §1110 is enacted to read:

§ 1110. Requirements for price protection and prepaid contracts

1. Contract and solicitation requirements. A contract for the retail sale of home heating oil, kerosene or liquefied petroleum gas that offers a guaranteed price plan, including a prepaid contract and any other similar term, must be in writing and the terms and conditions of the price plan must be disclosed. The disclosure of terms and conditions must be in plain language, must immediately follow the language concerning the price or service that could be affected and must be printed in no less than 12-point boldface type of uniform font. A solicitation for the retail sale of home heating oil, kerosene or liquefied petroleum gas that offers a guaranteed price plan that could become a contract upon a response from a consumer, including a prepaid contract and any other similar term, must be in writing and the terms and conditions of that offer must be disclosed in plain language.

2. Security for prepaid contracts required; options . A home heating oil, kerosene or liquefied petroleum gas dealer may not enter into a prepaid contract to provide home heating oil, kerosene or liquefied petroleum gas to a consumer unless that dealer has obtained and maintains in accordance with subsection 3 any one of the following:

A. Heating oil, kerosene or liquefied petroleum gas contracts or other similar commitments that allow the dealer to purchase, at a fixed price, heating oil, kerosene or liquefied petroleum gas in an amount not less than 75% of the maximum number of gallons that the dealer is committed to deliver pursuant to all prepaid contracts entered into by the dealer;

B. A surety bond in an amount not less than 50% of the total amount of funds paid to the dealer by consumers pursuant to all prepaid heating oil, kerosene or liquefied petroleum gas contracts entered into by the dealer; or

C. A letter of credit in an amount not less than 100% of the total amount of funds paid to the dealer by consumers pursuant to all prepaid heating oil, kerosene or liquefied petroleum gas contracts entered into by the dealer.

3. Maintenance of security. A dealer shall maintain the amount of futures contracts, the amount of the surety bond or the letter of credit required by subsection 2 for the period of time for which the prepaid home heating oil, kerosene or liquefied petroleum gas contracts are effective, except that the amount of the futures contracts or surety bond may be reduced during such period of time to reflect any amount of home heating oil, kerosene or liquefied petroleum gas already delivered to and paid for by the consumer.

4. Disclosure; additional contract requirements. A prepaid home heating oil, kerosene or liquefied petroleum gas contract must indicate:

- A. The amount of funds paid by the consumer to the dealer under the contract;
- B. The maximum number of gallons of home heating oil, kerosene or liquefied petroleum gas committed by the dealer for delivery to the consumer pursuant to the contract; and
- C. That the performance of the prepaid contract is secured by one of the options set forth in subsection 2.

5. Reimbursement provision required. A prepaid home heating oil, kerosene or liquefied petroleum gas contract must provide that the contract price of any undelivered home heating oil, kerosene or liquefied petroleum gas owed to the consumer under the contract at the end date of the contract must be reimbursed to the consumer not later than 30 days after the end date of the contract unless the parties to the contract agree otherwise.

SUMMARY

This bill, which is based on legislation introduced in Vermont, establishes requirements for prepaid contracts for home heating oil, kerosene or liquefied petroleum gas. Under the bill, a home heating oil, kerosene or liquefied petroleum gas dealer is prohibited from entering into a prepaid contract to provide home heating oil, kerosene or liquefied petroleum gas to a consumer unless that dealer has obtained futures contracts, a surety bond or a letter of credit.