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**Testimony of Representative Melanie Sachs introducing
*LD 1080, An Act Prohibiting Public Utilities from Requiring Deposits Based Solely on a
Residential Customer's Income*
Before the Joint Standing Committee on Energy, Utilities and Technology**

Senator Lawrence and esteemed members of the Joint Standing Committee Energy, Utilities and Technology, my name is Melanie Sachs, and I am honored to represent the community of Freeport in the Maine Legislature.

I am before you today to introduce *LD 1080, An Act Prohibiting Public Utilities from Requiring Deposits Based Solely on a Residential Customer's Income*.

The goal of the bill is to eliminate provision #6 under PUC rule 815 that allows a utility to assess "sufficient income" as a factor requiring a deposit for a new applicant.

I discovered the impact of this provision while attending a conference last fall at Colby College that took a deep dive into the economic security of Mainers. I was struck by a presentation from Eisha Khan from MaineHealth who discussed the intersection of income and public health. She noted that MaineHealth providers assess several social indicators of health during their intake of new patients, which provide snapshots of stressors and well-being. One of the questions asks about the ability to pay for utilities and, specifically, the burden of utility deposits as a social indicator of health.

I have been a licensed clinical social worker for almost thirty years. I have completed assessments in hospitals, home care and community-based settings throughout my career. I have never seen utilities, including deposits, specifically called out as a social indicator of health. I decided to find out more.

As noted, the current rules in Chapter 815 require a deposit from a new applicant for one of six reasons. I have listed the rules at the end of my testimony for your reference. Five of the six provisions in the rule require that the applicant have a history of default, nonpayment, dispute or theft to justify the deposit. Only one does not — if an applicant is new and does not have "sufficient income".

It was incredibly helpful to talk with a representative from Central Maine Power to see how this was assessed. It is literally one question when someone calls to set up a new service: “Do you have a source of income?” If the applicant says “no,” then the utility may charge that applicant a deposit equal up to the two highest consecutive billing periods incurred within the previous 12-month period at that location. While I am not requesting a revision in that required amount in this legislation, I note that the required amount increases my concern about the impact of this provision on new applicants.

There are many reasons someone may state they have no income. For instance, young people just starting out in an apprentice program with a stipend, a gig worker with an uncertain income history, a widow who is downsizing and perhaps has never had a utility bill in his or her name and who is on social security and who does not think of that as “income” or someone who is new to the area but has not found employment yet.

I have discussed this possible change with the utility companies and the Public Utilities Commission. There was agreement that this provision of the rule is rarely used. The CMP representative noted that out of 89,000 new residential contract accounts created in 2024, only 300 declared no income and required deposits. This is .33% of all new applicants. There is no evidence that there was an eventual default by these particular applicants on payments, so the impact on ratepayers is negligible if this provision is eliminated (assessing for impact on collection of “bad debt”).

Yet, the burden this deposit imposes on these new applicants — equal to two months of the “highest consecutive billing periods” — appears disproportionate to both incidence and the impact it could potentially have on the applicant.

Finally, I note from my conversations with the Public Utilities Commission that they have suggested a slight amendment to the bill regarding the dates. They suggest changing the timeframe for adoption of the rule from a set date of Oct. 1, 2025 to 30 days after the effective date of the Act, which is an appropriate modification.

Elimination of this one provision of Chapter 815 is a sensible, thoughtful change, which will have negligible impact on Maine ratepayers as a whole but can make a significant difference in the lives of those required to currently pay this large deposit. I look forward to working with this committee on the legislation, and thank you for your time and consideration.

Commission Rules, Chapter 815

7. DEPOSITS FOR APPLICANTS AND CUSTOMERS

A. Residential Applicants

A utility may demand a Deposit from a residential Applicant only if one or more of the following circumstances apply:

1. An account balance for residential Utility service incurred in Maine is unpaid at the time that the Applicant requests service. The amount must be either:
 - a. for service provided within the past six years from the Utility from whom the Applicant requests service; or
 - b. for Residential Utility Service provided by any Utility within the past 12 months.
2. An unpaid, undisputed Account Balance for residential Utility service provided in Maine within the past six years was not paid until after the Utility obtained a court judgment.
3. The Applicant was disconnected for nonpayment of an undisputed Bill by any Utility within the past 12 months.
4. The Applicant was disconnected for unauthorized use or theft of service by any Utility within the past 12 months.
5. The Applicant entered into a plan of repayment under Chapter 13 of the Federal Bankruptcy Code and the Bankruptcy Court dismissed the plan for failure to comply with its terms within the past six years.
6. **The Applicant has no source of income sufficient to pay the cost of Utility service.**

Notwithstanding the other provisions in this subsection, a Utility may not demand a Deposit from an Applicant who submits to the Utility an enforceable Protection from Abuse Order.

Rule regarding deposits (which I have not altered, but is included for informational purposes):

E. Amount of deposit

1. Residential Applicants and Customers

A utility cannot demand a deposit which is more than the two highest consecutive billing periods incurred within the previous 12-month period at that location. (my emphasis) The amount of the Deposit for a location with no previous usage history with the Utility cannot exceed the two highest consecutive bills of the Utility's other residential locations whose usage is similar or reasonably expected to be similar.