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**CASD MEMO 2022-07**

To: All Electric, Gas, Telephone and Water Utilities

From: Derek D. Davidson, Director, CASD 

Date: June 7, 2022

Re: Recent Changes to Chapter 870 of the Commission's Rules

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The purpose of this Memo is to make utilities aware of recent changes to the Commission's Late Payment Charges, Interest Rates to be Paid on Customer Deposits, and Charges for Returned Checks Rule (Chapter 870).

On April 27, 2022, the Commission issued its Order adopting amendments to the rule. The two primary amendments are: 1) the adoption of a fixed percentage of 1% a month or 12% annually for the maximum late payment charge (this replaces the maximum interest charge based on the Prime Rate plus 800 basis points under the prior rule), and 2) exempting customers who are adhering to the terms of a payment arrangement from late payment charges.

The changes to the rule became effective May 28, 2022, except that the change regarding the maximum late payment charge will not take effect until January 1, 2023, as the Commission previously, by separate Order, set the maximum late payment charge at the prime rate, or 3.25% annually for calendar year 2022, due to the on-going COVID-19 pandemic.<sup>1</sup> Thus, the maximum late payment charge utilities may assess in 2022 is 3.25% annually, and beginning January 1, 2023, the maximum amount is 12% annually.

The change regarding late payment charges on customers current on payment arrangements is now in effect and utilities must follow the new requirements. What this means is that for customers currently on payment arrangements, utilities may no longer assess late payment charges on the customers' past due balances as long as the customers are adhering to the terms of their payment arrangements for those arrearages. Going forward, if customers on payment arrangements break the terms of their payment arrangements, the utility may assess a late payment charge on the customers' past due balances. This applies prospectively, so if a customer breaks the terms of their payment arrangement in month seven, the utility may assess a monthly late payment charge going forward, but the utility may not go back and assess late payment charges on the past due balance for months one through six of the payment arrangement.

If you have any questions regarding this Memo, please feel free to contact me at: [derek.d.davidson@maine.gov](mailto:derek.d.davidson@maine.gov) or by phone at 207-287-1596.

<sup>1</sup> MPUC Waiver of Chapter 870, Late Payment Charges, Interest Rates to be Paid on Customer Deposits and Charges for Returned Checks, Docket No. 2021-00319, Order Waiving Late Payment Charge Calculation (Oct. 13, 2021).