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

LATE PAYMENT CHARGE

A. **Interest Rate.** For late payments made to District, the District shall utilize the interest rate established as the maximum rate of interest by the Treasurer of the State of Maine, pursuant to 36 M.R.S. §505(4) for delinquent property taxes. It shall be changed as soon as practical by PWD when changed by the State Treasurer. The District shall publish on its website either a link to the interest rate established by the State Treasurer or the actual interest rate that will be charged for late payments.

B. **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.

C. **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.

D. **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.

E. **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 winter disconnection requirements 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.

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

H. **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 RETURNED PAYMENT**

   All utilities that choose to charge customers a fee for nonpayment due to returned payment may charge the customer the greater of $5.00 per account to which the returned payment applies or the amount that the bank charges the utility, not to exceed $20.00. 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 returned payment must file terms and conditions that conform to this rule.