

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 2537

DATE: March 7, 2014

Version: The delete everything amendment (H2537DE1)

Authors: Marquart

Subject: Consumer protection for propane customers

Analyst: Bob Eleff

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd/.

Section

- 1 **[216B.0991] Definitions.**
- 2 **[216B.0992] Price and fee disclosure.** Requires propane distributors to provide a written list of all prices, fees, charges, and discounts to residential customers, and to display the list at its place of business, place it on its Web site, and make it available to the public.
- 3 **[216B.0993] Budget payment plan.** Requires propane distributors to offer a reasonable and effective budget payment plan – levelizing projected annual payments evenly over 12 months – to customers who are not in arrears, regardless of the length of time they have been customers.
- 4 **[216B.0994] Delinquent account; payment agreement.** Requires propane distributors to give customers whose account is delinquent an opportunity to enter into a mutually acceptable payment agreement that takes into account the customer’s financial resources, eligibility for LIHEAP (heating assistance) and other factors. An agreement must have a term of at least six months and may not require a customer to pay more than ten percent of the customer’s income toward current and past propane bills unless the customer agrees.
- 5 **[216B.0995] Service discontinuance.**

Subd. During heating season. Prohibits a propane distributor from discontinuing service to a residential customer during the heating season if the customer is low-income (having a household income below 50 percent of the state median) and has entered into and made timely payments under a payment agreement.

Section

Subd. 2. Notice. Requires a propane distributor to provide notice of the provisions of this section to customers in the fall before the heating season begins.

Subd. 3. Refusal to deliver. Allows discontinuance of service if the customer's account is delinquent and the customer has failed to make two consecutive monthly payments under a payment agreement. Refusal to deliver may not occur on a weekend, holiday, day before a holiday, or when the propane distributor's offices are closed.

Subd. 4. Discontinuance notice. Specifies the contents of a written notice that a propane distributor must send to a customer prior to discontinuing service.

6 [216B.0996] **Nondiscrimination.** Requires a propane distributor to offer identical payment and service options to all customers, including residents of mobile home parks.

7 [216B.0997] **Terms of sale.**

Subd. 1. Minimum delivery. During the heating season, prohibits propane distributors from requiring per delivery purchases exceeding 150 gallons for customers with a tank capacity of 500 gallons or less, or 200 gallons if the tank is larger. Outside the heating season, purchases may not be required to exceed the lesser of 250 gallons or 35 percent of the tank capacity. An additional fee can be charged to a customer purchasing these minimum amounts only if the customer has agreed to the fee under a payment agreement or budget payment plan.

Subd. 2. Cannot refuse certain sales. Prohibits propane distributors from refusing to sell propane to a customer who pays in cash, with a money order or certified or cashier's check, or who receives energy assistance from LIHEAP or elsewhere. If a customer's account is delinquent, the propane distributor must apply 25 percent of any payment to the delinquent bill.

Subd. 3. Minimal usage. Prohibits propane distributors from charging a fee to a customer for failing to consume a minimal amount of propane over a given period of time.

Subd. 4. LIHEAP participation and payments. Requires propane distributors to make information about LIHEAP available to customers, accept LIHEAP payments, and deliver the full amount of propane paid for with LIHEAP funds.

Subd. 5. Third-part credit disclosure. Prohibits propane distributors from sharing names of delinquent customers with other distributors, except in the course of a routine credit check when a customer applies for credit privileges.

Subd. 6. Security deposit. Prohibits propane distributors from requiring a security deposit during the heating season; at other times, the deposit may not exceed the lesser of \$200 or five percent of the customer's estimated annual heating bill.

Section

- 8 [216B.0998] Registration; reporting.**
- Subd. 1. Registration.** Requires propane distributors to register annually with the Department of Commerce.
- Subd. 2. Reporting.** Requires propane distributors to submit annually to the commissioner of commerce the amount of all fees associated with propane delivery, a copy of the standard contract between the distributor and a residential customer, the terms and conditions of payment and credit options available to residential customers, and the amount of propane storage available to the distributor. During the heating season, average wholesale and retail prices must be sent to the commissioner each week.
- 9 [239.051] Subd. 29. Refinery, terminal.** Includes in the definition of “refinery” or “terminal” those points of origin where liquefied petroleum gas is manufactured, imported, stored, or sold.
- 10 [239.785] Notification of product unavailability; terminal operators.** Requires the operator of a terminal where liquefied petroleum gas is loaded into trucks for distribution to notify the commissioner of commerce within 24 hours of determining that supplies are unavailable.
- 11 [325E.027] Discrimination prohibition.** Specifies that the commissioner of commerce may enforce this section (prohibiting discrimination by distributors of propane and fuel oil with respect to customers who receive LIHEAP assistance) under section 45.027.
- 12 Effective date.** Specifies that sections 1 to 11 are effective the day following final enactment.