

MAINE STATE LEGISLATURE

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1 FIRST REGULAR SESSION
2

3 ONE HUNDRED AND ELEVENTH LEGISLATURE
4

5 Legislative Document

No. 822

6
7 S.P. 269

In Senate, February 18, 1983

8 Referred to the Committee on Business Legislation. Sent down for con-
9 currence and ordered printed.

10 JOY J. O'BRIEN, Secretary of the Senate

Presented by Senator Minkowsky of Androscoggin.

Cosponsors: Senator Hayes of Penobscot, Representative Melendy of
Rockland and Representative Connolly of Portland.

11
12 STATE OF MAINE
13

14 IN THE YEAR OF OUR LORD
15 NINETEEN HUNDRED AND EIGHTY-THREE
16

17 AN ACT to Require Oil Dealers to Adjust
18 Contract Prices for Budget Customers when Cash
19 Retail Prices are Reduced.
20

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

23 10 MRSA §1652-A is enacted to read:

24 §1652-A. Regulation of sale of heating oil to budget
25 plan customers

26 A dealer shall not sell heating oil to a budget
27 plan customer unless in compliance with this section.
28 Budget plan customer means a consumer who buys heat-
29 ing oil for personal, family or household use and
30 agrees to pay the dealer using a budget plan rather
31 than on a cash retail basis or on standard credit
32 terms. Under a budget plan, the customer pays the
33 dealer over an extended period of time preceding and

1 following oil deliveries and makes installment pay-
2 ments calculated to spread his annual heating oil
3 costs evenly throughout the year. These installment
4 payments are based on estimates of the customer's
5 future oil consumption and the budget plan price per
6 gallon to be charged by the dealer. The budget plan
7 price per gallon shall consist of the cash retail
8 price per gallon charged by the dealer to cash retail
9 customers, plus an additional charge per gallon of up
10 to 15% of the cash retail price per gallon to cover
11 the dealer's extra costs in featuring the budget
12 plan.

13 1. Terms of budget plan agreement. When a
14 dealer and a customer enter into a budget plan agree-
15 ment, the dealer shall set the budget plan price per
16 gallon projected for the term of their agreement.
17 This projected budget plan price per gallon shall be
18 multiplied by the number of gallons of heating oil it
19 is estimated the budget plan customer will use during
20 the term of the agreement to arrive at the customer's
21 estimated annual oil bill. The estimated annual oil
22 bill shall be divided by the number of installment
23 payments agreed upon by the dealer and customer to
24 arrive at the budget plan installment payment. The
25 dealer shall also project the wholesale price per
26 gallon to be paid to his supplier. A written state-
27 ment of the projected cash retail price per gallon,
28 the projected budget plan price per gallon, the cus-
29 tomer's estimated usage of oil, the estimated annual
30 oil bill, the budget plan installment payment and the
31 projected wholesale price per gallon shall be fur-
32 nished to the customer at the start of the budget
33 plan agreement.

34 2. Operation of budget plan agreement. During
35 the term of the budget plan agreement, the dealer
36 shall credit installment payments to the budget plan
37 customer's account. When oil is delivered to the
38 customer, the dealer shall charge the customer's ac-
39 count using the number of gallons delivered and the
40 actual budget plan price per gallon at the time of
41 delivery. The dealer shall provide written monthly
42 information statements to the budget plan customer
43 containing the actual cash retail price per gallon,
44 actual budget plan price per gallon, and actual
45 wholesale price per gallon at the time of oil deliv-

1 eries, plus the number of gallons delivered to the
2 customer during the previous accounting period and
3 the customer's account balance at the end of the ac-
4 counting period.

5 3. Reconciliation after completion of budget
6 plan agreement. When the term of a budget plan
7 agreement is finished the customer's account shall be
8 reconciled according to this subsection and a written
9 reconciliation statement shall be furnished to the
10 customer.

11 A. If the customer used more gallons of heating
12 oil than estimated at the start of the term, then
13 the dealer may charge the customer for the oil
14 using the actual budget plan price per gallon at
15 the time of reconciliation. If the customer used
16 fewer gallons of heating oil than estimated at
17 the start of the term, then the dealer shall
18 rebate to the customer the excess money col-
19 lected.

20 B. If the number of gallons used during the term
21 of the agreement is within 25 gallons of the
22 estimated oil use projection, but the actual bud-
23 get plan price at the time of the oil deliveries
24 was more than the budget plan price projected at
25 the start of the term, then the dealer may charge
26 the customer for the difference in price. If the
27 number of gallons used during the term of the
28 agreement is within 25 gallons of the estimated
29 oil use projected, but the actual budget plan
30 price at the time of the oil deliveries was less
31 than the budget plan price projected at the start
32 of the term, then the dealer shall rebate the
33 excess to the customer.

34 C. If the number of gallons used during the term
35 of the agreement is within 25 gallons of the
36 estimated oil use projection, but the actual
37 wholesale price per gallon paid by the dealer to
38 his supplier is more than the projected wholesale
39 price per gallon, then the dealer may charge the
40 customer for the difference in price per gallon,
41 multiplied by the number of gallons used by the
42 customer during the term of the contract.

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STATEMENT OF FACT

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The purpose of this bill is to limit the price that a dealer may charge to a budget plan customer for heating oil, and tie it more closely to the dealer's wholesale price and the price charged to the dealer's cash retail customers. In addition, the bill provides for information statements to be provided to customers. It also provides for reconciliation of estimated oil usage and prices with actual oil usage and prices at the end of the budget plan term.

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