

MAINE STATE LEGISLATURE

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122nd MAINE LEGISLATURE

SECOND REGULAR SESSION-2006

Legislative Document

No. 2101

H.P. 1493

House of Representatives, April 6, 2006

An Act Regarding Prepaid Contracts for Heating Fuel

(AFTER DEADLINE)

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 205.

Reference to the Committee on Business, Research and Economic Development suggested and ordered printed.

Millicent M. MacFarland
MILLICENT M. MacFARLAND
Clerk

Presented by Representative CANAVAN of Waterville.
Cosponsored by Senator GAGNON of Kennebec and
Representatives: FINCH of Fairfield, FLETCHER of Winslow, MARRACHÉ of Waterville,
NUTTING of Oakland, SAVIELLO of Wilton, SIMPSON of Auburn, THOMPSON of China,
Senator: MITCHELL of Kennebec.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 10 MRSA §1110** is enacted to read:

3 **§1110. Requirements for price protection and prepaid contracts**

4 **1. Contract and solicitation requirements.** A contract for the retail sale of home
5 heating oil, kerosene or liquefied petroleum gas that offers a guaranteed price plan,
6 including a prepaid contract and any other similar term, must be in writing and the terms
7 and conditions of the price plan must be disclosed. The disclosure of terms and
8 conditions must be in plain language, must immediately follow the language concerning
9 the price or service that could be affected and must be printed in no less than 12-point
10 boldface type of uniform font. A solicitation for the retail sale of home heating oil,
11 kerosene or liquefied petroleum gas that offers a guaranteed price plan that could become
12 a contract upon a response from a consumer, including a prepaid contract and any other
13 similar term, must be in writing and the terms and conditions of that offer must be
14 disclosed in plain language.

15 **2. Security for prepaid contracts required; options.** A home heating oil,
16 kerosene or liquefied petroleum gas dealer may not enter into a prepaid contract to
17 provide home heating oil, kerosene or liquefied petroleum gas to a consumer unless that
18 dealer has obtained and maintains in accordance with subsection 3 any one of the
19 following:

20 A. Heating oil, kerosene or liquefied petroleum gas contracts or other similar
21 commitments that allow the dealer to purchase, at a fixed price, heating oil, kerosene
22 or liquefied petroleum gas in an amount not less than 75% of the maximum number
23 of gallons that the dealer is committed to deliver pursuant to all prepaid contracts
24 entered into by the dealer;

25 B. A surety bond in an amount not less than 50% of the total amount of funds paid
26 to the dealer by consumers pursuant to all prepaid heating oil, kerosene or liquefied
27 petroleum gas contracts entered into by the dealer; or

28 C. A letter of credit in an amount not less than 100% of the total amount of funds
29 paid to the dealer by consumers pursuant to all prepaid heating oil, kerosene or
30 liquefied petroleum gas contracts entered into by the dealer.

31 **3. Maintenance of security.** A dealer shall maintain the amount of futures
32 contracts, the amount of the surety bond or the letter of credit required by subsection 2
33 for the period of time for which the prepaid home heating oil, kerosene or liquefied
34 petroleum gas contracts are effective, except that the amount of the futures contracts or
35 surety bond may be reduced during such period of time to reflect any amount of home
36 heating oil, kerosene or liquefied petroleum gas already delivered to and paid for by the
37 consumer.

38 **4. Disclosure; additional contract requirements.** A prepaid home heating oil,
39 kerosene or liquefied petroleum gas contract must indicate:

40 A. The amount of funds paid by the consumer to the dealer under the contract;

