

SENATE BILL NO. 1244

September 15, 1998, Introduced by Senator GOUGEON and referred to the Committee on Technology and Energy.

A bill to provide certain protections for low-income and senior citizen electric customers; to prescribe the powers and duties of certain state agencies and officials; and to prescribe penalties and civil sanctions and provide remedies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. As used in this act:

2 (a) "Administrative procedures act of 1969" means the admin-
3 istrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
4 24.328.

5 (b) "Aggregator" means a person who combines electric loads
6 of multiple retail customers or a single customer with multiple
7 sites to facilitate the provision of direct access electric serv-
8 ice to such retail customers.

9 (c) "Commission" means the Michigan public service
10 commission in the department of consumer and industry services.

1 (d) "Consumer" or "customer" means an end-user of
2 electricity.

3 (e) "Contested case" means that term as defined in section 3
4 of the administrative procedures act of 1969, MCL 24.203.

5 (f) "Electricity distributor" or "distributor" means a
6 person or his or her lessees, trustees, and receivers, owning or
7 operating equipment or facilities for delivering electricity to
8 the public for compensation.

9 (g) "Electricity supplier" or "supplier" means a person who
10 sells electricity and related services to electricity distribu-
11 tors, aggregators, or at retail to customers located in the serv-
12 ice territories of electricity distributors.

13 (h) "Eligible customer" means either an eligible low-income
14 customer or an eligible senior citizen customer.

15 (i) "Eligible low-income customer" means a supplier customer
16 whose household income does not exceed 150% of the poverty level,
17 as published by the United States department of health and human
18 services, or who receives any of the following:

19 (i) Assistance from a state emergency relief program

20 (ii) Food stamps.

21 (iii) Medicaid.

22 (j) "Eligible senior citizen customer" means a utility cus-
23 tomer who is 65 years of age or older and who advises the utility
24 of his or her eligibility.

25 (k) "Person" means an individual, partnership, corporation,
26 association, governmental entity, or other legal entity.

1 Sec. 2. (1) The commission shall establish a program to
2 support continued utility service to low-income consumers.

3 (2) After a contested case, the commission shall establish a
4 charge under this act to be assessed to all customers on a
5 per-kilowatt-hour basis within a distributor's service area. In
6 determining the amount of the charge, the commission shall take
7 into account the availability of other funding and the specific
8 needs of low-income customers in the distributor's service area.

9 (3) Programs under this section shall include, but are not
10 limited to, payment assistance, weatherization, energy conserva-
11 tion, and customer education.

12 (4) The charges collected under this section for 1 distribu-
13 tor shall not be used for programs of another distributor.
14 Except as otherwise approved by the commission, any program
15 offered on the effective date of this act shall continue at a
16 level not less than that offered on that date.

17 Sec. 3. (1) An electricity supplier shall not shut off
18 service to an eligible customer during the heating season for
19 nonpayment of a delinquent account if the customer is an eligible
20 senior citizen customer or if the customer pays to the supplier a
21 monthly amount equal to 7% of the estimated annual bill for the
22 eligible customer and the eligible customer demonstrates, within
23 14 days of requesting shutoff protection, that he or she has
24 applied for state or federal heating assistance. If an arrearage
25 exists at the time an eligible customer applies for protection
26 from shutoff of service during the heating season, the supplier
27 shall permit the customer to pay the arrearage in equal monthly

1 installments between the date of application and the start of the
2 subsequent space heating season.

3 (2) A supplier may shut off service to an eligible
4 low-income customer who does not pay the monthly amounts referred
5 to in subsection (1) after giving notice in the manner required
6 by rules. The supplier is not required to offer a settlement
7 agreement to an eligible low-income customer who fails to make
8 the monthly payments referred to in subsection (1).

9 (3) If a customer fails to comply with the terms and condi-
10 tions of this part, a supplier may shut off service after giving
11 the customer a notice, by personal service or first-class mail,
12 that contains all of the following information:

13 (a) That the customer has defaulted on the winter protection
14 plan.

15 (b) The nature of the default.

16 (c) That unless the customer makes the payments that are
17 past due under this part within 10 days of the date of mailing,
18 the supplier may shut off service.

19 (d) The date on or after which the supplier may shut off
20 service, unless the customer takes appropriate action.

21 (e) That the customer has the right to file a complaint dis-
22 puting the claim of the supplier before the date of the proposed
23 shutoff of service.

24 (f) That the customer has the right to request a hearing
25 before a supplier hearing officer if the complaint cannot be oth-
26 erwise resolved and that the customer must pay to the supplier

1 that portion of the bill that is not in dispute within 3 days of
2 the date that the customer requests a hearing.

3 (g) That the customer has the right to represent himself or
4 herself, to be represented by counsel, or to be assisted by other
5 persons of his or her choice in the complaint process.

6 (h) That the supplier will not shut off service pending the
7 resolution of a complaint that is filed with the utility in
8 accordance with this part.

9 (i) The telephone number and address of the supplier where
10 the customer may make inquiry, enter into a settlement agreement,
11 or file a complaint.

12 (j) That the customer should contact a social services
13 agency immediately if the customer believes he or she might be
14 eligible for emergency economic assistance.

15 (k) That the supplier will postpone shutoff of service if a
16 medical emergency exists at the customer's residence.

17 (l) That the supplier may require a deposit and restoration
18 charge if the supplier shuts off service for nonpayment of a
19 delinquent account.

20 Sec. 4. (1) At the conclusion of the heating season, the
21 supplier shall reconcile the accounts of eligible customers and
22 permit customers to pay any amounts owing in equal monthly
23 installments between April 1 and December 1. A supplier may shut
24 off service to eligible customers who fail to make installment
25 payments on a timely basis in the manner required by this part.

26 (2) At the option of the customer, between April 1 and
27 November 30, the customer may choose to pay 9% of the estimated

1 annual bill each month together with the monthly installment for
2 any preenrollment arrearage instead of the amount otherwise owing
3 for actual and reconciled past due amounts.

4 (3) After November 30, the supplier shall reconcile the
5 account of any customer who has chosen and fulfilled the obliga-
6 tions of the 9% option by refunding any net overcollection or
7 adding any net undercollection to the customer's arrearage for
8 the upcoming heating season.

9 (4) If a customer fails to make all payments that are
10 required under the 9% option, the supplier may immediately recon-
11 cile his or her account by refunding any net overcollection or by
12 adding any net undercollection to the customer's current bill.

13 Sec. 5. (1) A supplier shall not require an eligible
14 low-income customer whose service has been shut off before apply-
15 ing for protection under this part to pay a fee for restoring
16 service or a security deposit under the provisions of R 460.2132
17 of the Michigan administrative code during the heating season.

18 (2) A supplier may not require an amount greater than 1/12
19 of an arrearage owing in order to restore service or initiate
20 participation in the winter protection plan. The 7% payment
21 shall be billed according to normal billing procedures for the
22 supplier.

23 Sec. 6. (1) An eligible low-income customer may preenroll
24 in the winter protection plan between November 15 and November 30
25 by paying the current usage plus 1/12 of any arrearage and agree-
26 ing to the terms of the winter protection plan for the upcoming
27 heating season.

1 (2) An eligible senior citizen customer may preenroll by
2 advising the supplier of his or her eligibility. A preenrolled
3 customer shall not have his or her service terminated before the
4 commencement of the winter protection plan.

5 (3) A customer whose service is off as of November 15 shall
6 be eligible to preenroll in the winter protection plan and have
7 service restored immediately after fulfilling the requirements
8 for preenrollment. Further, an off service low-income customer
9 who applies during the preenrollment period shall be entitled to
10 have all deposits and reconnection fees waived.

11 Sec. 7. If after notice and hearing the commission finds a
12 person has violated this act, the commission shall order remedies
13 and penalties to protect and make whole any persons who have suf-
14 fered an economic loss as a result of the violation, including,
15 but not limited to, 1 or more of the following:

16 (a) The person to pay a fine for the first offense of not
17 less than \$1,000.00 nor more than \$20,000.00 per day that the
18 person is in violation of this act, and for each subsequent
19 offense, a fine of not less than \$2,000.00 nor more than
20 \$40,000.00 per day.

21 (b) A refund to the customers of any collected excessive
22 rates.

23 (c) Cease and desist orders.

24 (d) If the person is certified or registered under this or
25 any other act, revoke the person's certificate or registration.