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HOUSE FISCAL AGENCY

124 N. Capitol Avenue
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HB4485 AS PASSED BY THE HOUSE

Sponsor
Committee

Rep. Randy Richardville
ENERGY AND TECHNOLOGY

Analyst(s) Schneider, Bob

Completed 4/2/01

State Fiscal Impact

Cost	None
Revenues	None

Local Fiscal Impact

Cost	None
Revenues	None

The bill would add new language creating shutoff protection procedures for natural gas utilities. The bill would prohibit a natural gas distributor or supplier from terminating service for nonpayment during the heating season to either an eligible senior citizen customer (65 years or older) or an eligible low-income customer. An eligible low-income customer would have to pay a monthly amount equal to 5% of the estimated annual bill and demonstrate that he or she has applied for federal or state heating assistance to obtain shutoff protection. An eligible low-income customer would be defined as a customer whose household income does not exceed 175% of the poverty level as determined by the federal government or who receives assistance from a state emergency relief program, food stamps, or Medicaid. The bill also provides for the termination of service to eligible customers that do not comply with the terms and conditions laid out in the bill through a noticing procedure outlined in the bill.

Federal poverty guidelines set the poverty level for 2001 at \$17,650 for a family of four. The bill's provisions would extend eligibility for shutoff protection to a family of four with a household income of up to \$30,888 per year.

The average residential natural gas bill in Michigan has been roughly \$615. Annual bills in urban areas that tend to have older homes and less-efficient furnaces, however, can run up to \$750. Given this range, the minimum monthly payment of 5% of the estimated annual bill for the average eligible low-income customer would be between \$30 and \$40. It is likely, however, that the recent increase in wholesale natural gas prices will lead to significant increases in the average annual bill and thus the necessary payment for the program as well in the near future.

Since the bill regulates private transactions between electric utilities and eligible customers, it would have no fiscal impact on the state or on local units of government.