

## **PROTECTIONS FOR NATURAL GAS CUSTOMERS**

**House Bill 6039**

**Sponsor: Rep. Mike Kowall**

**Committee: Energy and Technology**

**Complete to 5-21-02**

### **A SUMMARY OF HOUSE BILL 6039 AS INTRODUCED 5-9-02**

House Bill 6039 would create a new act to establish certain protections for and rights of natural gas customers. Specifically, the bill would require the customer of a natural gas supplier or distributor to authorize a switch to another supplier or distributor. The bill would also prohibit a gas supplier or distributor from including or adding optional services in a customer's service package and from billing for additional services without the customer's authorization. A customer could obtain all data and information from a gas supplier or distributor related to the customer's billing history and energy usage over the previous 12 months, for which the supplier or distributor could charge a fee not greater than the actual cost of providing the information. The Michigan Public Service Commission would establish minimum standards for the form and content of documents related to the purchase of natural gas that were disseminated by a natural gas supplier or distributor to ensure that the documents were accurate and understandable and enabled customers to make informed decisions. Possible penalties for violations of the act or rules promulgated under the act that resulted in economic loss would include fines and the revocation of a supplier's or distributor's license. Details of the proposed act are summarized below.

Customer protections. A customer of a natural gas supplier or distributor could not be switched to another supplier or distributor without the customer's authorization. The MPSC would issue orders to ensure that customers were not switched unless the customer had given oral authorization, written confirmation, confirmation through an independent third party, or other verification procedures confirming the customer's intent to switch and approval of the specific details of the switch. A supplier or distributor would have to use reasonable efforts to switch a customer to another supplier or distributor if properly authorized by the customer.

A supplier or distributor could not include or add optional services in a customer's service package or bill for additional services without the customer's authorization. The MPSC would issue orders to ensure that suppliers or distributors did not include or add optional services without the customer's oral authorization, written confirmation, third party confirmation, or other verification procedures.

MPSC – minimum standards. The MPSC would have to establish minimum standards for the form and content of all disclosures, explanations, or sales information relating to the sale of a natural gas commodity and disseminated by a natural gas supplier or distributor. Such standards would be established to ensure that the disclosures, explanations, and sales information contained accurate and understandable information and enabled a customer to make an informed decision relating to the purchase of a natural gas commodity. The MPSC would be directed to establish standards that were not unduly burdensome and that did not unnecessarily delay or inhibit the

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initiation and development of competition among suppliers or distributors in any market. The standards would also have to set forth different requirements for disclosures, explanations, or sales information relating to different services or to different classes of customers, whenever different requirements were appropriate to carry out the act's provisions. The MPSC could adopt administrative rules necessary to implement the act and to protect retail customers from fraud and other unfair and deceptive business practices.

Customer's right to obtain or consent to release of information. A customer would have the right to obtain all data and information from the customer's natural gas supplier or distributor relating to the customer's billing history and energy usage over the last 12 months. Upon receipt of a customer's written request, a supplier or distributor would be required to provide such information to the customer within ten business days from the date the request was received. The supplier or distributor could charge a fee not greater than the actual cost of providing the information, and the MPSC would have to approve the amount of the fee that was charged. A supplier or distributor could not release such information to a third party unless the customer consented to its release. Not less than once annually, the supplier or distributor would have to provide the means for a customer to grant consent for the release of the information.

Bill. Each bill would be required to provide the name of the customer's natural gas supplier or distributor as well as the supplier's or distributor's address(es) and telephone number(s).

Violations. If after notice and a hearing the MPSC found a person had violated the act or a rule promulgated under the act, the MPSC would order remedies and penalties to protect and make whole another person who had suffered an economic loss as a result of the violation. Remedies and penalties would include, but not be limited to, one or more of the following:

- a fine for the first offense of not less than \$10,000 nor more than \$20,000 per day that the person was in violation of the act, and a fine for each subsequent offense of not less than \$20,000 nor more than \$40,000 per day;

- in the case of an "unauthorized supplier or distributor", a refund to the customer of any amount greater than the customer would have paid to an authorized supplier or distributor. ("Unauthorized supplier or distributor" appears to refer to a supplier or distributor who has not received authorization as would be required for certain actions.);

- the revocation of a licensed supplier's or distributor's license;

- cease and desist orders.

(The bill sets forth no penalties for violations of the act that do not result in economic loss.)

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