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FISCAL ANALYSIS

HOUSE BILL 6128 SUBSTITUTE (H-2)
Sponsor: Rep. Michael Kowall
House Committee: Energy and Technology

FLOOR ANALYSIS - 12/4/02
Analyst(s): Bob Schneider

SUMMARY

The bill requires the Michigan Public Service Commission (PSC) to license and regulate alternative gas suppliers operating under a customer choice program. It requires the PSC to establish and implement licensing procedures and prohibit these suppliers from doing business in Michigan without a license. The bill also prohibits alternative gas suppliers from switching customers to its gas supply without authorization ("slamming"), including optional services in a customer's packages without authorization ("cramming"), and engaging in certain other deceptive business practices. The PSC is given the authority to enforce these provisions. These licensing and enforcement provisions would impose an indeterminate amount of new costs on the PSC. It is likely that licensing-related costs would be met out of existing resources.

The PSC would have the authority to impose fines of between $20,000 and $70,000 (depending upon the type of violation and the violating party's history of past offenses) under the bill for violations of these provisions. The PSC could order that between 10% and 50% of the fine be paid directly to the consumer who suffered the violation. Funds retained by the PSC would used to meet enforcement costs.

Since the PSC's costs are met primarily through assessments on public utilities, any new costs not covered by fine revenue would be met through assessment revenues.