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SFA BILL ANALYSIS

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House Bill 6128 (Substitute H-2 as reported by the Committee of the Whole)
Sponsor: Representative Mike Kowall
House Committee: Energy and Technology

## CONTENT

The bill would amend Public Act 3 of 1939 (the Public Service Commission (PSC) law) to do the following:

-- Require the PSC to issue orders establishing a licensing procedure for alternative gas suppliers that participated in a natural gas customer choice program approved by the PSC.
-- Prohibit an alternative gas supplier from doing business in Michigan without a license.
-- Prohibit an alternative gas supplier or natural gas utility from switching a customer to its gas supply, or including or adding optional services in a customer's service package, without the customer's authorization.
-- Allow the PSC to order remedies and penalties to protect and make whole a person who suffered an economic loss as a result of a violation of the bill, including a fine of at least $20,000 but not more than $30,000 for a first offense; a fine of between $30,000 and $50,000 for a second or subsequent offense; and a fine of up to $70,000 for a second or subsequent offense that involved switching or adding optional services.
-- Allow the PSC to issue cease and desist orders, and revoke a supplier's license if it found a pattern of violations regarding switching and adding optional services.
-- Require the PSC to assure that an alternative gas supplier doing business in Michigan had the necessary financial, managerial, and technical capabilities, and require the supplier to maintain records that the PSC considered necessary.

Under the bill, an "alternative gas supplier" would be a person that sold natural gas at unregulated retail rates to customers in Michigan, where the gas was delivered to customers by a natural gas utility that had a customer choice program. "Customer choice program" would be a program approved by the PSC on application by a natural gas utility that allowed retail customers to choose an alternative gas supplier. "Natural gas utility" would be an investor-owned business engaged in the sale and distribution of natural gas within Michigan whose rates were regulated by the PSC.

The bill also provides that the code of conduct the PSC is required to establish for all electric utilities, would not take effect until April 1, 2004. (The code of conduct must include measures to prevent cross-subsidization, information sharing, and preferential treatment between a utility's regulated and unregulated services.)

Proposed MCL 460.9 et al. Legislative Analyst: George Towne

## FISCAL IMPACT

The bill would allow the PSC to assess against violators fines ranging from $20,000 to $70,000, depending on the violation and the number of offenses committed. There is no way to determine how many of these fines would be levied; therefore, the amount of revenue that would be generated is unknown.

Date Completed: 12-10-02 Fiscal Analyst: Maria Tyszkiewicz