

Legislative Analysis



WINTER SHUTOFF PROTECTION FOR CERTAIN MUNICIPAL UTILITY CUSTOMERS

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House Bill 4673 (Substitute H-3)
Sponsor: Rep. Jeff Mayes
Committee: Energy and Technology

Complete to 5-12-09

A SUMMARY OF HOUSE BILL 4673 AS PASSED BY THE HOUSE 3-31-09

The bill would add a new Section 9r to the Public Service Commission (PSC) law to do the following:

- Prohibit a municipal electric utility from shutting off the service of senior citizen customers (persons 65 or older who advise the utility of their age) during the heating season (November 1 to March 31).
- Prohibit a municipal electric utility from shutting off the service of eligible low-income customers, as described below, during the heating season if they (1) make monthly payments equal to at least seven percent of their estimated annual bill, and (2) apply for state or federal heating assistance within 14 days of seeking shutoff protection.
- Require a municipal electric utility to allow eligible senior citizen customers and low-income customers who apply for winter shutoff protection to pay off existing arrearages in equal monthly installments between the date of the application and the start of the next heating season.
- Allow a municipal electric utility to shut off the service of low-income customers who do not make required monthly payments without offering a payment plan.
- Allow a municipal electric utility to shut off the service of customers who fail to comply with the terms and conditions of Section 9r after giving a notice containing specified information by personal service or first-class mail.

MCL 460.9r

FISCAL IMPACT:

A fiscal analysis is in process.

DETAILED SUMMARY:

Prohibited winter shut offs. A municipal electric utility could not shut off the service of an eligible senior citizen customer or an eligible low-income customer for nonpayment of a delinquent account during the heating season, November 1 to March 31. To qualify for this protection, an eligible low-income customer would have to pay a monthly amount equal to seven percent of the customer's estimated annual bill and demonstrate within 14

days of requesting shut-off protection that he or she has applied for state or federal heating assistance.

If an arrearage existed at the time an eligible senior citizen or low-income customer applied for shutoff protection, the utility would have to allow the customer to pay the arrearage in equal monthly installments between the date of the application and the start of the subsequent heating season.

Permitted shutoffs of low income customer's service. The utility could shut off service to an eligible low-income customer who did not make required monthly payments, after giving notice to the customer. In this situation, the utility would not be required to offer a payment plan to the customer.

Notice. If a customer failed to comply with the terms and conditions of Section 9r, a municipal electric utility could shut off service after giving the customer a notice, by personal service or first-class mail, containing all of the following information:

- That the customer has defaulted on the winter protection payment plan, and the nature of the default.
- That unless the customer makes the past due payments within 10 days of the mailing, the municipally-owned electric utility may shut off service.
- The date on or after which the utility could shut off service unless the customer takes appropriate action.
- That the customer could file a petition under the utility's rules disputing the claim before the date of the proposed shutoff, or bring an action under Section 9p (as described in House Bill 4656).
- That the utility would not shut off service pending resolution of a dispute that is filed under the utility's rules or Section 9p.
- The telephone number and address of the utility where the customer may make inquiry, enter into a payment plan, or file a complaint.
- That the customer should contact a social services agency immediately if possibly eligible for emergency economic assistance.
- That the utility will postpone a service shutoff if a medical emergency exists at the customer's residence.
- That the utility could require a deposit and restoration charge if the supplier shuts off service for nonpayment of a delinquent account.

Eligible Customers. In this section, "eligible customer" would mean either an eligible low-income customer or an eligible senior citizen customer who has demonstrated his or her eligibility to the utility. "Low income" for this purpose would mean a customer whose household income does not exceed 150 percent of the poverty level as determined by the federal government or who receives any of the following: (1) assistance from a state emergency relief program, (2) food stamps, or (3) Medicaid.

Effective date. The bill would take effect on November 1, 2009.

POSITIONS:

The Public Service Commission testified in support of the entire shutoff protection package of bills. (3-24-09)

The Attorney General indicated support of the entire package. (3-26-09)

The Department of Human Services indicated support of the entire package. (3-26-09)

ACORN (Michigan) indicated support of the entire package. (3-24-09)

The Center for Civil Justice indicated support of the entire package. (3-24-09)

Clean Water Action testified in support of the entire package, and submitted a letter of support dated 3-24-09, but would also like to see shutoff protections during hot summer weather and a ban on foreclosures due to non-payment of utility bills. (3-24-09)

Consumers Energy indicated support of the entire package. (3-24-09)

DTE Energy indicated support of the entire package. (3-26-09)

Elder Law of Michigan indicated support of the entire package. (3-24-09)

Indiana Michigan Power indicated support of the entire package. (3-26-09)

Michigan Advocacy project indicated support of the entire package. (3-24-09)

The Michigan Catholic Conference indicated support of the entire package. (3-24-09)

The Michigan Electric Cooperative Association indicated support of the entire package. (3-24-09)

The Michigan Electric and Gas Association indicated support of the entire package. (3-26-09)

Michigan Citizen Action indicated support of the entire package. (3-24-09)

The Michigan Municipal Electric Association testified in support of the entire package. (3-26-09)

SEMCO Energy indicated support of the entire package. (3-26-09)

The AARP opposes House Bill 4390 and House Bill 4392 but is supportive of the rest of the package, including this bill. (3-24-09)

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.