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Senate Bill 1310 (as introduced 4-29-10)
Sponsor: Senator Tupac A. Hunter
Committee: Judiciary

Date Completed: 4-29-10

CONTENT

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

- **Require a utility to implement measures intended to cure an unsafe connection caused by unauthorized service use.**
- **Allow a utility to take action to deter future unauthorized use.**
- **Allow a utility to refuse to provide service at a location where service had been shut off at least twice in the past two years.**
- **Allow a utility to reestablish service if the customer could provide property ownership or residence information and paid applicable fees and charges.**
- **Require a property owner to notify a utility of abandonment or surrender of property in order to avoid liability for unauthorized utility use at that location.**
- **Require a utility with at least 1.0 million customers to notify landlords of service shut-offs due to unauthorized use.**

Specifically, if a utility observed an unsafe utility service connection at a customer's location caused by unauthorized use of utility service, the utility would have to implement measures consistent with good utility practices intended to cure or otherwise address the unsafe connection, and could take appropriate action to deter future unauthorized use at that location, including installation of additional utility facilities.

("Unauthorized use of utility service" would mean theft, fraud, interference, or diversion of service, including meter tampering, by-passing, and service restoration by anyone other than the utility or its representative. "Meter tampering" would mean any act that affects the proper registration of service through a meter and affects the flow of energy. "By-passing" would mean unmetered service that flows through a device connected between a service line and customer-owned facilities.)

At any customer location where a utility had shut off service at least two times during the previous 24 months because of unauthorized use, a utility could refuse to provide utility service to that location notwithstanding any other administrative rules or statutes if it determined that denying service at that location would prevent the reoccurrence of the unauthorized use. A utility could reestablish service at a customer location if the person requesting service proved that he or she was the legal property owner by providing property ownership information and agreed to pay for the actual cost to repair the utility's equipment and facilities located on his or her property, all fees and deposits required under the utility's approved schedule of rates and tariffs, and all charges due to the utility for the previous unauthorized use that occurred during his or her ownership, unless the owner were able to

provide a signed lease agreement certified by the landlord that established the identity of the tenant responsible for the previous unauthorized use. If the owner could not provide that documentation and did not agree to pay for charges due to the utility for previous unauthorized use, the utility still could reestablish service if the owner agreed to pay any additional fee for reestablishing service at a location with multiple prior occurrences of unauthorized use as specified in the utility's approved schedule of rates and tariffs.

("Property ownership information" would mean a recorded warranty deed, notarized closing papers, tax records, mortgage payment book, or copy of an insurance policy for the address identifying an individual or entity as the owner.)

If the person requesting service could not provide the property ownership information, a utility could reestablish service if he or she could provide all of the following:

- Residency information.
- All documentation, fees, and deposits required by R 460.106, R 460.109, R 460.110, and R 460.144 of the Michigan Administrative Code (described below, under **BACKGROUND**).
- Payment of any additional fee for reestablishing utility service at a location with multiple prior occurrences of unauthorized use as specified in the utility's approved schedule of rates and tariffs.

("Residency information" would mean all of the following:

- Positive identification (i.e., a driver license or State ID card, a military ID card, a passport, or other government-issued identification containing a photograph).
- A signed lease certified by the landlord for the location where utility service was being requested.
- Any first-class mail sent to the person requesting utility service within the last three months at that person's previous residence.)

A property owner would have to notify a utility within 30 days after he or she abandoned or surrendered property. If a property owner did not do so, he or she would be liable, jointly and severally, for any unauthorized use that occurred at the property after the abandonment or surrender.

Within 150 days of the bill's effective date, a utility would have to establish and maintain a service in which landlords of rental property in the utility's service territory who registered with the utility for shut-off notifications were notified of locations where electric and natural gas utility services had been shut off because of unauthorized use. This requirement would not apply to utilities serving fewer than 1.0 million customers.

Proposed MCL 460.9d

BACKGROUND

R 460.106

This rule specifies the methods by which applicants may request service from a utility and requires an applicant to do the following:

- Provide positive identification (i.e., a consistently used appropriate identification such as a driver license or State ID card, U.S. military card or military dependent's ID card, Native American tribal document, or passport).
- Pay a deposit, if required by R 460.109 or R 460.110.

The utility also may require payment of a delinquent account as a condition of providing or continuing service if the following conditions apply:

- The delinquent account is in the customer's or applicant's name.
- The delinquent account is not in dispute, owed to the utility, and accrued within the last six years.

R 460.109

Under this rule, a utility may require a deposit as a condition of providing service to a new customer if any of the following apply:

- At the time of the request for service, the applicant has a delinquent bill with any electric or gas provider that accrued within the last six years and that remains unpaid and is not in dispute.
- The applicant misrepresents his or her identity or credit standing.
- The applicant fails to provide positive identification information upon request when applying for new service.
- The applicant requests service for a location at which he or she does not reside.
- The applicant engaged in unauthorized use of utility service within the last six years.
- The applicant has sought relief under Federal bankruptcy laws within the last six years.

A utility also may require a deposit if, within the past three years, the applicant lived in a residence with a person who accrued a delinquent account for electric or gas service to the shared residence, during the time the applicant lived there, that remains unpaid and is not in dispute, and the person with the delinquent account now resides with the applicant.

Notwithstanding any of these provisions, a utility may not require a deposit as a condition of providing service to a new customer if any of the following apply:

- The Department of Human Services is responsible for making utility payments on behalf of the applicant.
- The applicant secures a guarantor who is a customer in good standing with the utility.
- The applicant is at least 65 years old and has a satisfactory payment history for the past three years with any gas or electric provider.

R 460.110

This rule allows a utility to require a deposit as a condition of providing or restoring service to a previous customer or continuing service to a current customer if any of the following apply:

- At the time of the request for service, the customer or applicant has a prior service account that is delinquent, that accrued within the last six years, and that remains unpaid and is not in dispute, or litigation was required to obtain full payment of an account that was not in dispute.
- The customer or applicant misrepresents his or her identity or credit standing.
- The customer or applicant fails to provide positive identification information upon request at the time of application for service.
- The customer or applicant engaged in unauthorized use of utility service within the last six years.
- The utility has shut off service to the customer for nonpayment of a delinquent account that is not in dispute.
- The utility has had at least one check issued from the customer's account returned from a financial institution for insufficient funds or no account, or has had at least one

- payment from the customer's debit or credit card or other form of payment denied within the last 12 months, excluding financial institution error.
- The applicant has sought relief under Federal bankruptcy laws within the last six years.

A utility also may require a deposit to restore or continue service if, within the last three years, the applicant lived in a residence with a person who accrued a delinquent account for electric or gas service to the shared residence, during the time the applicant lived there, that remains unpaid and is not in dispute, and the person with the delinquent account now resides with the applicant.

The same conditions that prohibit a utility from requiring a deposit under R 460.109 also apply under this rule.

R 460.144

This rule requires a utility, after it has shut off service, to restore service promptly upon the customer's request when the cause has been cured or credit arrangements satisfactory to the utility have been made.

When a utility is required to restore service at the customer's meter manually, the utility must make every effort to restore service on the day the customer requests it. Except for reasons beyond its control, the utility must restore service by the first working day after the customer's request. For utilities using meter technology with remote shut-off and restoration capability, service must be restored on the day the customer requests it, except in the case of documented equipment failure.

The utility may assess the customer a charge, including reasonable costs, for restoring service and relocating the customer's meter as specified in the utility's approved schedule of rates and tariffs.

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.