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BILL ANALYSIS

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Senate Bill 328 (as introduced 3-4-09)
Sponsor: Senator Jim Barcia
Committee: Energy Policy and Public Utilities

Date Completed: 3-11-09

CONTENT

The bill would amend Public Act 3 of 1939, the Public Service Commission (PSC) law, to authorize the PSC to review allegations of violations of utility shutoff procedures and order remedies and penalties.

Upon a complaint or its own motion, the Commission could review allegations of violations of Section 9d, 9e, or 9f or rules promulgated under Section 9g of the law. If the PSC found that an electric or natural gas provider had committed a violation, it would have to order any remedies and penalties necessary to make a customer whole, including one or more of the following:

- Ordering the provider to pay a fine as determined by the Commission.
- Ordering a refund to the customer of any excess charges.
- Ordering any other remedies that would make the customer whole.

Any fine assessed under the bill would have to be deposited into the Low Income and Energy Efficiency Fund.

(Senate Bills 320 and 330 each propose to create Section 9d, which would require a provider to notify a customer before shutting off natural gas or electric service. Section 9e would be created by Senate Bill 339 and would require a provider to include with any shutoff notice information regarding provider, governmental, and other assistance programs. Section 9f would be created by Senate Bill 329 and would prohibit a provider from financially penalizing a customer related to a shutoff or resumption of service if the provider did not give the required notice. Section 9g would be added by Senate Bill 337 and would require the PSC to promulgate rules establishing uniform shutoff standards for providers.)

"Provider" would mean an electric utility, municipally owned natural gas or electric utility, cooperative electric utility, alternative electric supplier, or an investor-owned business engaged in the sale and distribution of natural gas in Michigan whose rates are regulated by the PSC.

Proposed MCL 460.9h

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

Any revenue from the proposed fines for violations of shut-off procedures and protections would be deposited into the Low Income and Energy Efficiency Fund. This Fund provides grants to organizations that assist eligible recipients with utility costs and energy efficiency improvements. Current revenue to this Fund is approximately \$84.0 million per year from assessments charged to Consumers Energy and DTE. The amount of fine revenue deposited into the Fund would depend on the amount of fines assessed by the PSC.

The bill also would apply these regulations and possible fines to municipally owned utilities, with the potential to increase the costs of municipally owned utilities, which for most purposes are not currently regulated by the PSC.

Fiscal Analyst: Elizabeth Pratt
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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.