

HOUSE BILL No. 5992

July 2, 1998, Introduced by Rep. Freeman and referred to the Committee on Public Utilities.

A bill to require electricity distributors in this state to provide certain services; to prescribe the powers and duties of certain state agencies and officials; and to prescribe penalties and civil sanctions and provide remedies.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. As used in this act:

2 (a) "Commission" means the Michigan public service commis-
3 sion in the department of consumer and industry services.

4 (b) "Consumer" or "customer" means an end-user of
5 electricity.

6 (c) "Direct access" means the decision of an electricity
7 customer to choose its electricity supplier and pay the electric-
8 ity distributor a reasonable rate to deliver the electricity to
9 the customer.

1 (d) "Electricity distributor" or "distributor" means a
2 person or their lessees, trustees, and receivers, owning or
3 operating equipment or facilities for delivering electricity to
4 the public for compensation.

5 (e) "Electricity generator" or "generator" means a person in
6 this state having generating capability to produce at least 1
7 megawatt of electricity for distribution to 1 or more persons not
8 affiliated with the generator.

9 (f) "Electricity supplier" or "supplier" means a person that
10 sells electricity and related services to electricity distribu-
11 tors or at retail to customers located in the service territories
12 of electricity distributors.

13 (g) "Person" means an individual, partnership, corporation,
14 association, governmental entity, or other legal entity.

15 (h) "Regulated service" means transmission and distribution
16 services provided by an electricity distributor subject to regu-
17 lation by either FERC or the commission.

18 Sec. 2. An electricity distributor shall, subject to tech-
19 nical and operational constraints, have an obligation to provide
20 regulated service to customers within the electricity
21 distributor's assigned service territory at rates and on terms
22 and conditions as authorized by the commission.

23 Sec. 3. (1) An electricity distributor shall be obligated,
24 either directly or through an affiliate, to provide electricity
25 to retail customers who do not elect direct access from another
26 electricity supplier.

1 (2) An electricity distributor's obligations to provide
2 electric service shall be limited to, either directly or through
3 an affiliate, procuring electric generation services at market
4 prices, to the extent that such electric services are available,
5 for customers who fail to make alternative arrangements for elec-
6 tric service with another electricity supplier or request the
7 electricity distributor, or its affiliate, to procure such elec-
8 tric service.

9 Sec. 4. An electricity distributor, or its affiliate, shall
10 be obligated to provide standby electric generation service to
11 residential customers who elect to take retail direct access from
12 another electricity supplier.

13 Sec. 5. Each customer with a demand of less than 1 megawatt
14 of electricity who has not selected direct access may elect to
15 continue to receive electric service from the electricity dis-
16 tributor and the distributor's obligation to serve under this act
17 and the commission's authority shall continue until terminated by
18 the commission.

19 Sec. 6. The commission shall establish procedures to ensure
20 that a customer of an electricity supplier is not switched to
21 another electricity supplier without the customer's consent.

22 Sec. 7. The commission shall establish minimum standards
23 for the form and content of all disclosures, explanations, or
24 sales information disseminated by a person selling a competitive
25 electric service to ensure that the person provides adequate,
26 accurate, and understandable information about the electric

1 service which enables a customer to make an informed decision
2 relating to the source and type of electric service purchased.

3 Sec. 8. The commission, before the commencement of direct
4 access for electric service, shall carry out an educational pro-
5 gram for customers to do all of the following:

6 (a) Inform customers of the changes in the provision of
7 electric service, including, but not limited to, the availability
8 of alternative suppliers of electric service.

9 (b) Inform customers of the requirements relating to disclo-
10 sures, explanations, or sales information for sellers of competi-
11 tive services.

12 (c) Provide assistance to customers in understanding and
13 using the information to make reasonably informed choices about
14 their electric service, including information on how to determine
15 what is the best rate plan available.

16 Sec. 9. If after notice and hearing the commission finds a
17 person has violated this act, the commission shall order remedies
18 and penalties to protect and make whole any persons who have suf-
19 fered an economic loss as a result of the violation, including,
20 but not limited to, 1 or more of the following:

21 (a) The person to pay to each customer unlawfully switched
22 an amount equal to 3 times the amount the customer paid or owes
23 to that person.

24 (b) The person to pay a fine for the first offense of not
25 less than \$1,000.00 nor more than \$20,000.00 per day that the
26 person is in violation of this act, and for each subsequent

1 offense, a fine of not less than \$2,000.00 nor more than
2 \$40,000.00 per day.

3 (c) A refund to the customers of any collected excessive
4 rates.

5 (d) Cease and desist orders.

6 (e) If the person is certified or registered under this or
7 any other act, revoke the person's certificate or registration.