

SENATE BILL NO. 474

March 24, 1999, Introduced by Senators ROGERS, STEIL, BULLARD, BENNETT, SHUGARS and HAMMERSTROM and referred to the Committee on Technology and Energy.

A bill to prohibit the switching of a customer's electric supplier without the customer's authorization; to prescribe the powers and duties of certain state agencies and officials; and to provide penalties and other 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) "Electric utility" means a public utility that provided
7 electric service before the effective date of this act.

8 (d) "Electricity supplier" or "supplier" means a person that
9 sells electricity and related services to electricity

1 distributors, aggregators, or at retail to customers located in
2 the service territories of electricity distributors.

3 Sec. 2. (1) A customer of an electric supplier shall not be
4 switched to another supplier without the authorization of the
5 customer.

6 (2) The commission shall issue orders to ensure that a cus-
7 tomer of an electric supplier is not switched to another supplier
8 without the customer's oral authorization, written confirmation,
9 confirmation through an independent third party, or other verifi-
10 cation procedures subject to commission approval, confirming the
11 customer's intent to make a switch and that the customer has
12 approved the specific details of the switch.

13 (3) An electric supplier shall not unreasonably delay or
14 refuse to switch a customer to another supplier if properly
15 authorized.

16 Sec. 3. (1) The commission shall establish minimum stan-
17 dards for the form and content of all disclosures, explanations,
18 or sales information disseminated by a person selling a competi-
19 tive service to ensure that the person provides adequate, accu-
20 rate, and understandable information about the service which
21 enables a customer to make an informed decision relating to the
22 source and type of electric service purchased. The standards
23 shall be developed to do all of the following:

24 (a) Not be unduly burdensome.

25 (b) Not unnecessarily delay or inhibit the initiation and
26 development of competition for any service in any market.

1 (c) Establish different requirements for disclosures,
2 explanations, or sales information relating to different services
3 or similar services to different classes of customers, whenever
4 such different requirements are appropriate to carry out the pro-
5 visions of this act.

6 (2) The commission, before the commencement of direct access
7 to alternative electric suppliers, shall carry out an educational
8 program for customers to do all of the following:

9 (a) Inform customers of the changes in the provision of
10 electric service, including, but not limited to, the availability
11 of alternative electric suppliers.

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

15 (c) Provide assistance to customers in understanding and
16 using the information to make reasonably informed choices about
17 which service to purchase and from whom to purchase it.

18 (3) If an electric supplier claims to provide electric power
19 produced from specific energy sources, the supplier shall provide
20 written disclosure to its customers, as required by the commis-
21 sion, regarding the exact nature and percentages of the sources
22 of power.

23 (4) In addition to the provisions provided for under the
24 Michigan consumer protection act, 1976 PA 331, MCL 445.901 to
25 445.922, the commission may adopt any other rules it considers
26 necessary to protect retail customers from fraud and other unfair
27 and deceptive business practices under this act.

1 Sec. 4. (1) Upon the receipt of a complaint filed by a
2 person alleging a violation of this act or upon the commission's
3 own motion, the commission may conduct a contested case under the
4 administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to
5 24.328.

6 (2) If the commission finds that a person has violated this
7 act or an order issued under this act, the commission shall order
8 remedies and penalties to protect and make whole customers and
9 other persons who have suffered damages as a result of the viola-
10 tion, including, but not limited to, 1 or more of the following:

11 (a) Order the person to pay a fine for the first offense of
12 not less than \$10,000.00 or more than \$20,000.00. For a second
13 and any subsequent offense, the commission shall order the person
14 to pay a fine of not less than \$25,000.00 or more than
15 \$40,000.00. If the commission finds that the second or any of
16 the subsequent offenses were knowingly made in violation of this
17 act, the commission shall order the person to pay a fine of not
18 more than \$50,000.00.

19 (b) Order the electric utility to refund to the customer any
20 amount the customer paid to the electric utility.

21 (c) If the person is licensed under this act, revoke the
22 license if the commission finds a pattern of violations of this
23 section.

24 (d) Issue cease and desist orders.