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## ACTIVE DUTY GUARD & RESERVE: NO PHONE OR UTILITY SHUT-OFF

House Bill 4283 (Substitute H-3)  
Sponsor: Rep. John Pappageorge

House Bill 4660 (Substitute H-1)  
Sponsor: Rep. John Garfield

First Analysis (5-20-03)  
Committee: Energy and Technology

### ***THE APPARENT PROBLEM:***

The Michigan Army National Guard and the Michigan Air National Guard, like the reserve units of the U.S. Armed Forces, play an important role in protecting the state and the nation in times of disaster, emergency, and war. For instance, on March 28, 180 members of two army national guard units from Michigan left for Kuwait to serve in support of Operation Iraqi Freedom. On April 14, one of those individuals was killed in Iraq. Clearly, the families of those in the guards and reserves who are called up to active duty during times of emergency and war have many legitimate concerns when their loved ones leave their daily lives behind to serve their state and country. While the most important of these worries is whether the individual men and women who serve will return home alive and well, families often have to adjust to the loss of income that the absence of their mothers and fathers involves. Some employers reportedly make up the difference between an employee's salary and wages and his or her pay while serving in the guard or reserves, but other employers do not. This may make it difficult for family members who remain behind to pay their bills.

The federal Soldier's and Sailor's Civil Relief Act offers some protections to reservists and national guardsmen and guardswomen who are in active federal service, some of which extend to their dependents. Common forms of relief provided under the act are caps on interest rates, stays of proceedings, allowances to reopen default judgments, eviction protections, lease termination, and temporary mortgage relief. The Michigan Military Act provides other protections to officers and enlisted personnel "on active state service in excess of 7 days and when so ordered by the governor in support of civilian authority or in time of war or emergencies of this state or of the United States"; these protections include privilege from arrest and imprisonment,

property protections, and certain utility protections. Specifically, those individuals and their immediate households may not be deprived of or denied heat, water, electricity or gas service by any public utility serving their homes during the first 90 days of military service by reason of unpaid bills for the commodities.

After the first Gulf War, Oakland County commissioners heard that some people who had been called to military duty and their families had difficulties paying their phone and utility bills. Then, in December 2001 the Oakland County Board of Commissioners (whose members included two current state representatives) adopted a resolution urging "the enactment of federal and state legislation, as well as Michigan Public Service Commission rules, which will allow for a moratorium on telephone and utility service disconnections for the families of National Guardsmen and Reservists who are called into active duty." Legislation has been introduced to provide telephone, gas, and electric service protections to the households of men and women called to active military service during times of emergency or war.

### ***THE CONTENT OF THE BILLS:***

The bills would provide "shut-off" protection to the residences of customers of basic local phone service, and gas and electric service to a residential customer who needed assistance because his or her (or his or her spouse's) income was reduced as a result of having been called by the president or governor to full-time active military service during a time of national or state emergency or war. Summaries of each of the bills are provided below.

House Bill 4283 would amend the Michigan Telecommunications Act (MCL 484.2314a) to grant

House Bills 4283 and 4660 (5-20-03)

shut-off protection to the residence of a “qualifying customer” of basic local exchange telecommunication service who applied for protection. “Qualifying customer” would be defined as a residential household that met all of the following conditions:

- had reduced income because the customer of record, or his or her spouse, was called to full-time active military service by the president or the governor during a time of declared national or state emergency or war;
- needed assistance to maintain telecommunication service; and
- notified the provider of the need for assistance and provided verification of the call to active duty status.

The customer could apply for protection by notifying the provider of the need for assistance caused by a reduction in household income through a call to active military duty status.

A service provider could request verification of the qualifying customer’s call to active duty status and reduction in household income. Also, a provider could require restrictions or elimination of calling features or toll service as a condition of granting a customer’s request for protection.

A qualifying customer could receive shut-off protection from the service provider for up to 90 days, and upon application the provider could grant one or more extensions. The customer would have to notify the provider of the end of the call to active duty status as soon as that status was known. Unless waived by the provider, the shut-off protection would not void or limit the customer’s obligation to pay for telecommunication services received during the time of assistance.

Within 48 hours of receiving all information requested of the qualifying customer, a provider would have to both provide the customer with information regarding any governmental, provider, or other assistance programs and create a repayment plan requiring minimum monthly payments that allowed the customer to pay any past due amounts over a reasonable time period not exceeding one year. If the terms and conditions of the repayment plan were not followed by the customer, then the provider would have to follow procedures as set forth in the Public Service Commission’s billing standards for basic residential service. The bill would not affect or

amend any PSC rules or orders pertaining to billing standards.

House Bill 4660 would amend Public Act 3 of 1939 (MCL 460.9c), which regulates the provision of natural gas and electric service in Michigan, to grant shut-off protection to the residence of a “qualifying customer” of gas or electric service who applied. (The definition of “qualifying customer” would be essentially the same as the definition in House Bill 4283, except that House Bill 4660 would require that the household need assistance to maintain electric and gas service rather than phone service.) The bill would not limit a customer’s ability to apply for (or receive) protection provided under the Michigan Military Act (Public Act 150 of 1967).

A customer could apply for protection by notifying the provider that he or she was in need of assistance because of a reduction in household income as the result of a call to active duty status in the military. A service provider could request verification of the call to active duty status, (though the bill does not authorize the provider to request verification of the reduction in household income).

A qualifying customer could receive protection from the service provider for up to 90 days and the provider could grant one or more extensions. The customer would have to notify the provider of the end of the call to active duty status as soon as that status was known. Unless waived by the provider, the protection granted under the bill would not void or limit the customer’s obligation to pay for electric or gas service received during the time of assistance.

A provider would have to establish a repayment plan and provide the customer with information as described above for phone service providers, except that House Bill 4660 contains no time limit (48 hours or otherwise) for a gas or electric service provider. Also, a gas or electric service provider would have to provide qualifying customers with access to existing information on ways to minimize or conserve their service usage.

As with phone service providers, gas or electric service providers may follow the procedures in the Public Service Commission’s rules on consumer standards and billing practices if a qualifying customer failed to follow the terms and conditions of the repayment plan. The bill would not affect or amend any PSC rules or orders pertaining to billing standards.

**FISCAL IMPLICATIONS:**

According to House Fiscal Agency, House Bill 4283 in its original version, would require the Department of Consumer and Industry Services to implement or revise procedures within the Public Service Commission, which would have indeterminate but likely small costs. (5-13-03)

Fiscal information on House Bill 4660 is not available at this time.

**ARGUMENTS:**

**For:**

The bills provide basic assistance with phone, gas, and electric bills to individuals who need it because they (or their spouses) have been called to active military service in a time of national or state emergency or war. While some employers do supplement the incomes of employees who serve in the national guard or military reserves, others do not, and the sacrifice those individuals make and the risks they take are compelling reasons for the state to try to minimize the burden of the disruption of their lives. Some of these phone companies and utilities already offer assistance to guardsmen and women and reservists, as well as other military personnel. The bills would give the service providers the right to verify that individuals requesting assistance had actually been called to service and actually needed help. Those who risk their lives to protect and serve their fellow Michiganians and Americans deserve such help, and the bills offer sound proposals for providing such help, as indicated in part by the broad industry support.

**POSITIONS:**

The Telecommunications Association of Michigan supports the bill. (5-14-03)

SBC supports the bill. (5-14-03)

Consumers Energy supports the bill. (5-14-03)

DTE Energy supports the bill. (5-14-03)

A representative of Verizon indicated support for the bill. (5-14-03)

A representative of SEMCO Energy indicated support for the bill. (5-14-03)

Analyst: J. Caver

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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.