

Legislative Analysis



MUNICIPAL UTILITIES: SHUTOFF NOTICES AND PROCEDURES

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

Senate Bill 554

Sponsor: Sen. Roger Kahn

House Committee: Energy and Technology

Senate Committee: Energy Policy and Public Utilities

Complete to 10-19-09

A SUMMARY OF SENATE BILL 554 AS PASSED BY THE SENATE 10-08-09

The bill would add Section 9q to the Public Service Commission (PSC) law, effective November 1, 2009, to govern shutoff notices and procedures for the customers of municipally-owned electric or natural gas utilities. Among other things, the bill would:

- Specify the grounds on which a municipal utility could shut off residential service, including nonpayment of the customer's account or a previous account of an adult living in the customer's home.
- Require a municipal utility to provide one notice at least 10 days before a shutoff by first-class or personal service and at least one more notice by any of several methods.
- Require municipal utilities to establish payment plan policies.
- Specify the information that must be contained in shutoff notices.
- Prohibit shutoffs other than during the hours of 8 a.m. to 4 p.m. and prohibit shutoffs on a day when the general public could not request service restoration (or the day before such a day).
- Prohibit service from being shut off because of nonpayment of a concurrent service at a different location or for nonpayment at a premises occupied by another person.
- Allow a shutoff when it is not feasible to provide service to the occupant as a customer without a major revision of existing distribution facilities.
- Require that service restorations take place, in most cases, within one working day of the customer's request.
- Allow municipal utilities to assess charges for restoring service or relocating a customer's meter.

DETAILED SUMMARY:

Health and safety; emergencies. A municipally-owned electric or natural gas utility could shut off service temporarily for health or safety reasons after leaving a notice at the premises, or in a state or national emergency.

Grounds for shutting off residential service. Subject to the act's requirements, a municipal utility could shut off or terminate service to a residential customer if the customer did any of the following things:

- Did not pay a delinquent account that accrued within the last six years.
- Failed to provide a required deposit or guarantee.
- Engaged in unauthorized use of a provider's service.
- Failed to comply with the terms and conditions of a payment plan entered into with the provider.
- Refused to arrange access at reasonable times for the purpose of inspection, meter reading, maintenance, or replacement of equipment installed upon the premises or for the removal of a meter.
- Misrepresented his or her identity to obtain service or put service in another person's name without permission.
- Violated provider rules so as to adversely affect the safety of the customer or other people or the integrity of the system.

Shutoff due to delinquent account of an adult living in customer's residence. In addition, the municipal utility could shut off service *if a person living in the customer's residence* (except for a minor) had a delinquent account within the past three years that remained unpaid and the customer lived in the person's residence when all or part of the debt was incurred. The provider could transfer a prorated amount of the debt to the customer's account based on the length of time that the customer resided at the person's residence.

10-day notice required. A municipal utility could not shut off service unless it sent a notice to the customer by first-class mail or personally served a notice at least 10 days before the date of the proposed shutoff. The municipal utility would have to maintain a record of the date the notice was sent.

Payment plan policy. A municipal utility would have to establish a policy allowing a customer to enter into a payment plan for an amount owed that was not in dispute, if the customer claimed an inability to pay in full, unless the customer had not yet complied fully with an existing or previous payment plan or had defaulted on the terms and conditions of a payment plan within the last 12 months.

Shutoff notice requirements. A shut-off notice would be required to contain all of the following information:

- The customer's name and address and the address at which service was provided, if different.
- A clear and concise statement of the reason for the proposed service shutoff.
- The date on or after which the provider could shut off service unless the customer took appropriate action.
- That the customer had the right to enter into a payment plan with the provider for an undisputed amount owed to the provider that the customer was presently unable to pay in full.

- The telephone number and address of the provider for making an inquiry, entering into a payment plan, or filing a complaint.
- That the provider would postpone the service shutoff if a certified medical emergency existed at the customer's residence and the customer informed and provided documentation to the provider of that emergency.
- That during the heating season the municipal utility would postpone a service shutoff if the customer were an eligible low-income customer who entered into a winter protection payment plan and documented that he or she was actively seeking emergency assistance from an energy assistance program.
- The energy assistance telephone line number at the Department of Human Services or an operating 2-1-1- system telephone number.

Shutoffs, when allowed. Subject to the act's requirements, a municipal utility could shut off a customer's service on the date specified in the shutoff notice or at a reasonable time following that date. If a subsequent shutoff notice were sent, the municipal utility could not shut off service before the date specified in the subsequent notice. Shutoffs would be allowed only between the hours of 8 a.m. and 4 p.m. In addition, a municipal utility could not shut off service on a day when its services were not available to the general public for restoring service, or a day immediately preceding such a day.

Methods and number of attempts at providing notice. For an involuntary shutoff, the provider would have to make at least two attempts to contact the customer by one or more of the following methods at least one day before the shutoff:

- A personal or automated telephone call where direct contact is made with a member of the customer's household or a message is recorded on an answering machine or voice mail.
- First-class mail.
- A personal visit to the customer.
- A written notice left at or on the customer's door.
- Any other methods approved by the Public Service Commission for regulated utilities.

The municipal utility would have to document all of its attempts to contact the customer. The 10-day notice described above would be considered one of the two required attempts.

Personal announcement of shutoff. Immediately before service is shutoff, the municipal utility employee who is shutting off service would be allowed but not required to identify himself or herself and announce the purpose of his or her presence to the customer or another responsible person at the premises.

Required notice following shutoff. When a municipal utility employee shut off service, the employee would have to leave a notice stating that service was shut off and that contained the address and telephone number where the customer could arrange to have service restored.

Remote shutoffs. For an involuntary shutoff of a meter with remote shutoff and restoration ability, the municipal utility would have to make at least two attempts to contact the customer using the methods previously described at least one day before the service shutoff and to document all of its attempts. The notice would have to state that the service shutoff would be done remotely and a representative of the municipal utility would not return to the premises before disconnection. If the municipal utility contacted the customer or another responsible person on the day of the shutoff, the municipal utility would have to inform the customer or other responsible person that the shutoff was imminent and the steps necessary to avoid shutoff. Unless the customer presented evidence that reasonably demonstrated that the claim was satisfied or in dispute, or the customer made payment, the employee could shut off service. If the provider complied with applicable notice requirements, no further customer contact would be required on the service shutoff date.

Prohibited grounds for shutoffs. A municipal utility could not shutoff service for any of the following reasons:

- Nonpayment of concurrent service received at a separate metering point, residence, or location.
- Nonpayment for service at a premises occupied by another person.

Shutoffs allowed with proper notice. A municipal utility could shut off service, with proper notice, in the following situations:

- The customer supplied a written, notarized statement that the premises were unoccupied.
- In occupied premises, the occupant agreed, in writing, to the service shutoff.
- It was not feasible to provide service to the occupant as a customer without a major revision of existing distribution facilities.

Restoration of service. A municipal utility would have to restore service upon the customer's request when the cause was cured or credit arrangements satisfactory to the municipal utility were made. For manual restorations, the municipal utility would have to make reasonable efforts to restore service on the day the customer requested restoration. Except for reasons beyond its control, the municipal utility would have to restore service no later than the first working day after the customer's request. For remote restorations, service would have to be restored on the first working day after the customer requested restoration, except in the case of documented equipment failure.

Restoration or meter relocation charges. The municipal utility could assess a customer a charge for restoring service or relocating a customer's meter.

Effective date. The bill would take effect on November 1, 2009.

[Senate Bill 554 appears identical to House Bill 4659, sponsored by Rep. Joel Sheltroun, as passed by the House on March 31, 2009.]

Proposed MCL 460.9q

FISCAL IMPACT:

The bill would have no fiscal impact on the state or on local units of government.

Legislative Analyst: Shannan Kane
Fiscal Analyst: Mark Wolf

■ 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.