

HOUSE BILL NO. 4430

April 09, 2019, Introduced by Reps. Hammoud, Cherry, Hope, Garrett, Garza, Neeley, Camilleri, Gay-Dagnogo, Manoogian, Rabhi and Whitsett and referred to the Committee on Local Government and Municipal Finance.

A bill to prescribe the powers and duties of providers of water, sewerage, and stormwater service in this state; to require providers of water, sewerage, and stormwater service in this state to file certain reports with the department of environmental quality; to provide for the powers and duties of certain state and local governmental officers and entities; and to provide for civil fines.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. As used in this act:



1 (a) "Charges" means amounts that a provider bills to a
2 customer under specific circumstances that are not included in the
3 provider's base rate including, but not limited to, late fees,
4 connection fees, impact fees for new development, deposits for
5 opening new accounts, and any other fees, surcharges, or penalties.

6 (b) "Department" means the department of environmental
7 quality.

8 (c) "Provider" means any water, sewerage, or stormwater system
9 that provides retail or wholesale water, sewerage, or stormwater
10 service in this state.

11 (d) "Rates" means the fixed component, if any, and the
12 volumetric or other variable component, if any, of the cost of
13 water, sewerage, or stormwater service that are applied to a
14 category of customers.

15 (e) "Shutoff" means a disconnection of water, sewerage, or
16 stormwater service due to nonpayment.

17 Sec. 2. (1) A provider shall by April 1 of each year file with
18 the department an annual report setting forth all of the following
19 information for the previous calendar year:

20 (a) A statement of whether the provider is a governmental or
21 nongovernmental entity.

22 (b) A statement of whether the provider provides water
23 service, sewerage service, stormwater service, or any combination
24 of those services and, for each service provided, whether the
25 provider provides that service to retail customers, wholesale
26 customers, or both.

27 (c) An identification of the governing body that is
28 responsible for decisions concerning the provider's rates and
29 finances, and the individual or individuals comprising that



1 governing body.

2 (d) A list and definitions of the categories of customers and
3 exempt users of the provider, including commercial, residential,
4 nonprofit, and exempt users.

5 (e) Whether the provider bills for service as a distinct line
6 item on a bill received by customers and, if it does, whether that
7 line item for each service appears on its own bill, on a combined
8 bill for multiple utility services, or on a property tax or other
9 nonutility bill.

10 (f) The rates and charges for water, sewerage, and stormwater
11 service by that provider in effect on July 1 or any other uniform
12 date established by the department, including any distinctions
13 among categories of customer, between retail and wholesale
14 customers, and among customers in different geographic areas within
15 the provider's service area.

16 (g) The date on which the rates and charges reported in
17 subdivision (f) took effect.

18 (h) The regular frequency, if any, at which rates and charges
19 are revised or readopted.

20 (i) For the first annual report submitted after the effective
21 date of this act, the rates and charges for water, sewerage, and
22 stormwater service by that provider in effect on July 1 of the year
23 that is 6 years before the calendar year in which the report is
24 submitted, including any distinctions among categories of customer,
25 between retail and wholesale customers, and among customers in
26 different geographic areas within the provider's service area.

27 (j) A statement of whether any volumetric or other variable
28 component of the provider's rates is structured as a uniform,
29 inclining block, or declining block rate.



1 (k) If the provider provides water service, the number and
2 percentage of retail water service connections without meters,
3 broken down by categories of customers, and the number and
4 percentage of metered retail water customer bills based on an
5 estimate rather than an actual meter reading, broken down by
6 categories of customers as of July 1 or any other date established
7 by the department.

8 (l) If the provider provides sewerage or stormwater service and
9 the rate for that service includes a volumetric or other variable
10 component, the method used to determine the quantity of usage for
11 which a customer is billed for that service as of July 1 or any
12 other date established by the department.

13 (m) The frequency of customer billing, by category of
14 customer.

15 (n) The median monthly usage for retail, single-family
16 residential accounts and, to the extent possible, for retail
17 accounts serving 2-, 3-, and 4-family dwellings, respectively.

18 (o) The bill for a retail residential customer using 1,000
19 cubic feet per month, 1,500 cubic feet per month, and 3,000 cubic
20 feet per month.

21 (p) The process by which the rates and charges reported under
22 subdivision (f) were determined, including, at a minimum, all of
23 the following:

24 (i) Whether the provider publishes public notice of proposed
25 changes in rates and charges and, if so, how many days' notice is
26 provided before the date on which a decision on the proposal is
27 scheduled.

28 (ii) Whether the provider holds a public hearing on proposed
29 rate changes.



1 (iii) The method of notifying customers when a rate change has
2 been adopted.

3 (q) The total number of shutoffs that occurred during that
4 year and the total cost to the provider of performing those
5 shutoffs.

6 (r) The number of shutoffs that occurred during that year,
7 broken down by census tract and zip code.

8 (s) The number of notices of shutoff issued to occupied
9 single-family residential dwellings and occupied multi-family
10 residential dwellings, respectively, and the total cost to the
11 provider of issuing those shutoff notices.

12 (t) The number of customer accounts that received 1 or more of
13 the notices of shutoff identified in subdivision (s), broken down
14 between single-family and multi-family residential dwellings.

15 (u) For occupied single-family residential dwellings and
16 occupied multi-family residential dwellings, respectively, the
17 number of shutoffs that occurred, the number of such instances of
18 shutoff in which service was subsequently restored, and for the
19 instances in which service was restored, the median number of days
20 between shutoff and restoration of service and the number of
21 shutoffs where service was restored in under 5 days, in 6 to 15
22 days, in 16 to 30 days, in 31 to 60 days, and in more than 60 days.

23 (v) For occupied single-family and multi-family residential
24 dwellings, respectively, the number of customer accounts that were
25 subject to 1 or more of the shutoffs identified in subdivision (u)
26 and the number of such accounts that were subject to 1 or more of
27 the restorations of service identified in subdivision (u).

28 (w) The number of shutoffs that occurred for commercial
29 customers during that year, and the number of customer accounts



1 that were subject to 1 or more of those shutoffs.

2 (x) The provider's policies and procedures regarding shutoffs
3 of water and sewerage service.

4 (y) The number of proceedings that were initiated to foreclose
5 on residential properties due to nonpayment of bills, and the
6 aggregate value of the arrearages sought to be collected through
7 those foreclosures.

8 (z) The number of foreclosures on residential properties due
9 to nonpayment of bills that were completed, and the aggregate net
10 revenue recovered from those foreclosures, taking into account the
11 provider's costs of the foreclosure proceedings.

12 (aa) The number and aggregate dollar value of liens recorded
13 for unpaid water and sewer bills.

14 (bb) The incidence and dollar value of other forms of debt
15 collection actions besides shutoffs, liens, or foreclosures.

16 (cc) The following information concerning each affordability
17 program the provider has available for low-income customers or
18 other customers:

19 (i) The type of program.

20 (ii) The benefit level.

21 (iii) The eligibility criteria.

22 (iv) The enrollment process.

23 (v) The number of customers enrolled.

24 (vi) The average payment amount made by customers enrolled in
25 each program.

26 (vii) The aggregate dollar amount that was deferred in each
27 program.

28 (viii) The aggregate dollar amount that was collected in each
29 program.



1 (ix) The number of customers who defaulted while enrolled in
2 each program.

3 (x) The funding source.

4 (xi) The program cost.

5 (xii) A description of the program information that the
6 provider provides to its customers and the means by which it
7 provides that information.

8 (xiii) The total number of new deferred payment agreements
9 entered during the year, the number of deferred payment agreements
10 completed during the year, the number of deferred payment
11 agreements that defaulted, and the number of deferred payment
12 agreements that were active as of December 31.

13 (dd) If the provider provides stormwater service, any credits
14 available to reduce bills for that service, and the criteria a
15 customer must meet to qualify for those credits.

16 (ee) The following information concerning the provider's
17 revenues, arrearages, and expenses:

18 (i) Total dollar amounts billed, including any distinctions
19 between customer bills and other identified sources of revenue,
20 among categories of customer, and between retail and wholesale
21 customers. This should include a breakdown of amounts collected
22 from base charges and any fees, penalties, or interest.

23 (ii) Total revenues collected, including any distinctions
24 between customer bills and other identified sources of revenue,
25 among categories of customer, and between retail and wholesale
26 customers.

27 (iii) The number of customers required to pay a deposit to
28 initiate water or sewer service, the number of these customers who
29 paid that deposit, the number of these customers who did not pay



1 the deposit, and the number of these customers who used other means
2 to demonstrate their creditworthiness.

3 (iv) An itemized list of the dollar value of each federal or
4 state grant for capital improvements that the provider applied for
5 or received.

6 (v) An itemized list of the dollar value of each federal or
7 state loan for capital improvements that the provider applied for
8 or received.

9 (vi) The dollar value of any municipal bond revenues raised for
10 capital improvements.

11 (vii) The dollar value and source of any additional income
12 received from sources other than customer rates and charges for the
13 purpose of making capital improvements.

14 (viii) For each category of customer, the number of customer
15 accounts in arrears and the aggregate dollar amount of those
16 arrears, grouped by age of arrears as of December 31.

17 (ix) The number of residential customer accounts that are
18 enrolled in a payment plan and the total dollar amount subject to
19 those payment plans as of December 31.

20 (x) For each category of customer, the number of accounts
21 written off as uncollectible and the total dollar value of customer
22 bills written off as uncollectible.

23 (xi) The provider's total operating expenses.

24 (xii) An itemized list of the amount of each transfer of funds
25 by the provider to other governmental accounts, including payments
26 in lieu of taxes, rent, service fees, and other transfers.

27 (ff) The following information concerning the provider's
28 customer base:



1 (i) Identification of the municipalities, or portions of
2 municipalities, that are in the provider's retail service area.

3 (ii) The total population of the provider's retail service area
4 for the most recent year for which a population estimate is
5 available.

6 (iii) The number of retail customers in each rate category.

7 (iv) Identification of the municipalities, or portions of
8 municipalities, that are in the provider's wholesale service area,
9 if any.

10 (v) The total population of the provider's wholesale service
11 area, if any, for the most recent year for which a population
12 estimate is available.

13 (vi) If the provider is owned and operated by a municipality
14 and provides retail service in any areas outside of that
15 municipality's boundaries, all of the following:

16 (A) A list of the municipalities or portions of municipalities
17 that are within those areas.

18 (B) The total population served within those areas for the
19 most recent year for which a population estimate is available.

20 (C) For each category of customer, the total number of
21 customers served within those areas.

22 (vii) A list of any other providers that are wholesale
23 customers of the provider submitting the report.

24 (viii) The provider's 10 largest retail customers.

25 (ix) On the first annual report submitted under this section,
26 and once every 5 years thereafter, information on the racial and
27 other demographic composition of the population in the service
28 area.



1 (gg) The following information concerning the operations of
2 the provider's system:

3 (i) If the provider operates a water system, all of the
4 following:

5 (A) The total volume of water produced in each month of the
6 year.

7 (B) The total volume of water purchased in each month of the
8 year, the amounts paid for that water, and to whom those amounts
9 were paid.

10 (C) The total volume of retail water sales, in each month of
11 the year, by category of customer.

12 (D) The total volume of wholesale water sales, in each month
13 of the year, and to whom those sales were made.

14 (E) Real and apparent losses from the water distribution
15 system, calculated using the method adopted by the American Water
16 Works Association in the most recent version of "Water Audits and
17 Loss Control Programs", manual M36 and in the AWWA's free Water
18 Audit Software.

19 (F) Any utility functions or services carried out by other
20 parties under contract.

21 (ii) If the provider operates a sewerage system, all of the
22 following:

23 (A) The total flow in the system for each month of the year.

24 (B) The total volume of wastewater generated, by each category
25 of customer, for each month of the year.

26 (C) The estimated amount of infiltration and inflow, for each
27 month of the year.

28 (D) If the provider purchases wastewater conveyance or
29 treatment services from another sewerage system under a wholesale



1 contract, the total flow conveyed or treated under that contract in
2 each month of the year, the dollar amounts paid under the contract,
3 and to whom those amounts were paid.

4 (E) If the provider provides wastewater conveyance or
5 treatment services to another sewerage system under a wholesale
6 contract, the total flow conveyed or treated under that contract in
7 each month of the year, the dollar amounts received under that
8 contract, and from whom those funds were received.

9 (F) Whether the system is a separate sanitary sewerage system
10 or a combined sanitary sewerage and stormwater system.

11 (G) Any utility functions or services carried out by other
12 parties under contract.

13 (iii) If the provider operates a stormwater system, all of the
14 following:

15 (A) The total amount of impervious area, or other unit of
16 measure on which the provider's stormwater rates or charges are
17 based, associated with each category of customer or each major land
18 use type, to the extent that information is in the possession of
19 the provider.

20 (B) Any utility functions or services carried out by other
21 parties under contract.

22 (2) If a provider provides some combination of water,
23 wastewater, and stormwater service, the provider shall report the
24 required information under subsection (1) separately for each
25 service.

26 (3) If a provider fails to submit the annual report required
27 by this section, the provider is subject to a civil fine of not
28 more than \$1,000.00.

29 Sec. 3. A provider shall maintain an internet webpage that



1 provides, at all times, the provider's current schedule of rates
2 and charges, the provider's current policies and procedures
3 regarding shutoffs of water and sewerage service, detailed
4 information on any payment plans that the provider offers to help
5 customers manage arrears, and detailed information on any
6 affordability programs that the provider currently has available
7 for low-income customers. A report under section 2 must include the
8 web address for the webpage.

9 Sec. 4. A provider shall make the report and information
10 required under sections 2 and 3 available to customers on its
11 website and post a printed copy in its offices.

12 Sec. 5. (1) The department shall develop standardized
13 reporting forms and an online reporting system, for purposes of
14 reporting under sections 2 and 3.

15 (2) A provider shall submit the report under sections 2 and 3
16 using the standard form and online reporting system developed under
17 subsection (1).

18 (3) The department shall make all information reported by
19 providers under subsection (2) publicly available on an internet
20 website in a format that can be easily searched for data on any
21 individual provider, facilitates comparisons across utilities, and
22 is capable of being downloaded in a database, spreadsheet, or other
23 format that would allow members of the public to perform analysis
24 on the entire dataset.

25 (4) The department shall annually provide a summary report of
26 findings and recommendations to the legislature by September 30 and
27 publish this summary report on its website.

