

INCREMENTAL OUTAGE SUPPORT PROGRAM AND SERVICE RESTORATION CHARGES

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House Bill 5219 as introduced
Sponsor: Rep. John Fitzgerald
Committee: Energy, Communications, and Technology
Complete to 11-6-23

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 5219 would amend 1939 PA 3, the Michigan Public Service Commission (MPSC) enabling act, to require the MPSC to establish an incremental outage support program for each electric utility and to review its rules concerning service quality and reliability standards for entities subject to its jurisdiction. The bill also would limit the charge for restoring shut-off service to eligible low-income or senior citizen customers.

Incremental outage support program

Under the bill, the MPSC would have to commence a proceeding for each *electric utility* to establish an incremental outage support program for that electric utility. Each electric utility would have to propose a bill credit amount for the MPSC's consideration in this proceeding. The MPSC would have to issue an order establishing a bill credit amount for each electric utility under its incremental outage support program. The credit would have to be a single, uniform amount applicable to all eligible electric customers.¹ After the MPSC issues the order, the electric utility would have to provide a bill credit to each eligible electric customer who experiences a service interruption lasting 48 consecutive hours or longer. The bill credit would have to be applied to the bill without the customer's having to apply for or otherwise request it. An eligible customer would be entitled to only one bill credit for each eligible interruption.²

Electric utility means a person, partnership, corporation, association, or other legal entity whose transmission or distribution of electricity the MPSC regulates under 1939 PA 3 or under 1909 PA 106.³ Electric utility does not include a municipal utility, affiliated transmission company, or independent transmission company.

Service quality rules

By January 1, 2025, the MPSC would have to review its existing rules under section 10p of the act⁴ and amend them as needed to implement performance standards for generation facilities and for distribution facilities to protect end-use customers from power quality disturbances.⁵

¹ The bill does not define the terms *eligible electric customer* or, used later, *eligible customer*. The bill does include a definition of the term *eligible low-income customer*, but it does not use that term here. The definition of eligible customer described below (for service restoration) does not apply to these provisions. It is therefore not entirely clear who these provisions would apply to.

² For rules regarding other circumstances involving outages and customer credits, see <https://ars.apps.lara.state.mi.us/AdminCode/DownloadAdminCodeFile?FileName=R%20460.701%20to%20R%20460.752.pdf&ReturnHTML=True>

³ <http://legislature.mi.gov/doc.aspx?mcl-act-106-of-1909>

⁴ <http://legislature.mi.gov/doc.aspx?mcl-460-10p>

⁵ These parameters are the same as for a review the act required the MPSC to conduct by December 31, 2009.

Section 10p requires the MPSC to adopt generally applicable service quality and reliability standards⁶ for the transmission, generation, and distribution systems of electric utilities and other entities subject to its jurisdiction, including standards for service outages, distribution facility upgrades, repairs and maintenance, telephone service, billing service, operational reliability, and public and worker safety. In setting the standards, the MPSC must consider safety, costs, local geography and weather, applicable codes, national electric industry practices, sound engineering judgment, and experience. The MPSC also must include provisions to upgrade the service quality of distribution circuits that historically have experienced significantly below-average performance in relationship to similar distribution circuits. Section 10p also requires the MPSC to create benchmarks for individual jurisdictional entities within their rate-making process, in order to accomplish the goals of alleviating end-use customer power quality disturbances and promoting power plant generating cost efficiency, and establish a method for gathering data from the industrial customer class to assist in monitoring power quality and reliability standards related to service characteristics of the industrial customer class.

Service restoration charge

The bill would also amend provisions that apply to electric utilities and alternative electric suppliers in shutting off service to an **eligible customer**. The act now allows an electric utility to shut off service under certain circumstances (on its own behalf or on behalf of an alternative electric supplier) after providing the customer with a notice that contains specified information, including that the utility or supplier may require a deposit and restoration charge if the supplier shuts off service for nonpayment of a delinquent account. The bill would require the notice to state that the utility or supplier may require a deposit *or* restoration charge if the *utility or* supplier shuts off service for nonpayment of a delinquent account. A restoration charge under the bill could not exceed \$25, and the utility could not require a restoration charge from a customer who has provided the required deposit.⁷

Eligible customer means either an **eligible low-income customer** or an **eligible senior citizen customer**.

Eligible low-income customer means a customer whose household income does not exceed 150% of the poverty level, as published by the United States Department of Health and Human Services, or who receives any of the following:

- Assistance from a state emergency relief program.
- Food stamps.
- Medicaid.

Eligible senior citizen customer means a utility or supplier customer who is 65 years of age or older and advises the utility of their eligibility.

MCL 460.10p and 460.10t

The bill cannot take effect unless House Bills 5216, 5217, 5220, 5221, and 5222, and an unidentified bill currently designated only by its request number, are also enacted.

⁶ <https://ars.apps.lara.state.mi.us/AdminCode/DownloadAdminCodeFile?FileName=R%20460.701%20to%20R%20460.752.pdf&ReturnHTML=True> These rules were last amended in April 2023.

⁷ For rules regarding other circumstances involving customer deposits and shutting off service, see <https://ars.apps.lara.state.mi.us/AdminCode/DownloadAdminCodeFile?FileName=R%20460.101%20to%20R%20460.169.pdf&ReturnHTML=True>

FISCAL IMPACT:

House Bill 5219 would have an indeterminate fiscal impact on the Michigan Public Service Commission. The bill would require the MPSC to conduct proceedings to establish an incremental outage support program for utilities. It is unclear whether the MPSC's responsibilities under the bill could be sufficiently absorbed with existing appropriations and resources, or whether additional appropriations would be required to offset the costs. In the event that additional resources were required, the MPSC is financed primarily by public utility assessments levied on the utilities, so any additional incurred costs would likely be factored into the assessment and sufficiently mitigated.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.