

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of **MICHIGAN**)
CONSOLIDATED GAS COMPANY and the)
MICHIGAN ELECTRIC AND GAS ASSOCIATION) Case No. U-11397
requesting promulgation of revised rules concerning)
Consumer Standards and Billing Practices for)
Electric and Gas Residential Service.)
_____)

At the September 3, 1999 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. John G. Strand, Chairman
Hon. David A. Svanda, Commissioner
Hon. Robert B. Nelson, Commissioner

ORDER

On October 29, 1992, the most recent changes to the Consumer Standards and Billing Practices for Electric and Gas Residential Service (the billing rules) became effective. Subsequently, members of the gas and electric industries, as well as the Commission Staff, entered into discussions regarding how the billing rules could be modified to (1) reflect common business practices, (2) address recent changes in the marketplace, and (3) eliminate unnecessarily burdensome requirements.

On May 5 and 8, 1997, respectively, Michigan Consolidated Gas Company (Mich Con) and the Michigan Electric and Gas Association (MEGA) filed petitions requesting that the Commission promul-

gate a revised version of the billing rules. Following its review of those two petitions, the Commission forwarded a request for rulemaking to the Office of Regulatory Reform (ORR) on July 9, 1997.

On May 26, 1999, ORR approved the Commission's request to initiate a rulemaking proceeding and returned to the Commission the proposed revisions to the billing rules, with modifications. On June 1, 1999, the Commission issued an order and notice of hearing. A public hearing was conducted by Administrative Law Judge George Schankler on August 3, 1999. Only one organization, Michigan United Conservation Clubs (MUCC), offered oral comments at the public hearing. However, timely written comments were received from Mich Con, MUCC, the Salvation Army, Michigan Gas Utilities, Attorney General Jennifer M. Granholm, Energy Michigan, The Detroit Edison Company, Consumers Energy Company, Indiana Michigan Power Company, Michigan Electric Cooperative Association, Sandra K. Yerman, Moreau S. Maxwell, Jr., the Center for Civil Justice, the Michigan League for Human Services, and Legal Services of Eastern Michigan. In addition, joint comments were received from Wisconsin Public Service Corporation, Upper Peninsula Power Company, Wisconsin Electric Power Company, Northern State Power Company-Wisconsin, and Alpena Power Company.

The Commission reviewed all of these comments and determined that it should make only the following changes to the proposed revisions that were attached to the June 1, 1999 order in this proceeding.

Rule 2(b)

After considering the comments of the parties, the Commission is persuaded that the definition of a billing month should not be changed from the existing definition of not less than 26 days nor more than 35 days.

Rule 2(j)

The Commission also finds that the definition of a delinquent account should not be changed to reduce the five-day grace period to only one day. Rather, the Commission is persuaded that the grace period for paying a utility bill should remain at five days.

Rule 2(m)

The Commission agrees that in proposing to update the definition of fuel clause, it overlooked gas cost recovery programs. Accordingly, the Commission finds that Rule 2(m) should be revised to define “gas cost recovery” and that the concept of “power supply cost recovery” should be defined in a separate rule, which will necessitate the renumbering of the balance of the definitions in Rule 2.¹

Rule 11

Given inclusion of a new definition in Rule 2(cc)² of the term “transmit”, which was included to allow utilities and their customers to rely on more advanced technologies than available through traditional mail service offered by the United States Postal Service, the Commission is persuaded that Rule 11 should be revised to clarify that monthly bills shall be transmitted to customers by mail unless the utility and the customer agree in writing to another method of delivery.

¹The definition of power supply cost recovery has been moved to Rule 2(u).

²The definition of transmit originally appeared as proposed Rule 2(bb) in the version of the rules attached to the June 1, 1999 order.

Rule 17

Consistent with the revision of Rule 11, the Commission finds that Rule 17 should be modified to clarify that the date of transmitting a bill, for bills that are delivered other than by mail, shall be the date that the utility conveys or dispatches the billing information to the customer in accordance with the method of delivery that the customer and the utility have agreed to use.

Rule 24

The Commission is persuaded that subrules (1) and (2) of Rule 24 should be rewritten to eliminate the awkwardness of the phrasing that appeared in the June 1, 1999 draft.

Rule 31(1)(b) and (c)

After further consideration, the Commission finds that Rule 31(1)(b) should be revised. The revision separates the two concepts embodied in the current version of Rule 31(1)(b), which allows a utility to require a deposit as a condition of providing service to a new customer if the applicant either misrepresents his or her identity or credit standing or, on the other hand, fails to provide positive identification. As revised by this order, the concept of misrepresentation of an identity or credit standing remains in Rule 34(b) and the concept of failure to provide positive identification information becomes Rule 31(1)(c).³ The Commission is persuaded that bifurcation of existing Rule 31(1)(b) into two separate subrules helps to clarify the rationale underlying other changes to provisions in Rules 31 and 32 regarding the circumstances under which a customer or an applicant will be required to disclose his or her social security number to the utility.

³This revision requires renumbering of the remainder of Rule 31.

Rule 31(1)(f) and (g)

Originally, the proposed revisions to the billing rules suggested elimination of Rule 31(1)(f), which allows a utility to request a deposit if an applicant is unable to provide prior utility service history information with any regulated or unregulated utility in Michigan or elsewhere during the last six years. Rule 31(1)(f) was to be replaced by a provision that would allow a utility to request a deposit from any applicant having an unfavorable credit rating caused by three or more delinquent payments of more than 60 days in the last two years, which would broaden the focus on an applicant's credit information from a review of the applicant's prior utility service history to the applicant's general credit history. After considering the comments, the Commission finds that the ability of a utility to base its determination to require a deposit on an applicant's commercial credit rating should be limited to circumstances under which prior utility service history information is not available. Therefore, the Commission believes that the existing language in Rule 31(1)(f) should be retained and that the language of the proposed revision should be added to it so that, as revised, Rule 31(1)(f) would read as follows:

The applicant is unable to provide prior utility service history information with any regulated or unregulated utility in Michigan or elsewhere during the last six years and has an unfavorable commercial credit rating caused by three or more delinquent payments of more than 60 days in the last two years.

Rule 31(2)(c)

As originally proposed, Rule 31(2)(c) would allow a utility to require a new customer to provide a deposit as a condition of providing service if the customer failed to provide the utility with his or her social security number and an identification with a photograph. However, the Commission is persuaded that applicants who are able to provide prior utility service credit history information with any electric or gas

provider in Michigan or elsewhere during the previous six years should not be required to provide the utility with his or her social security number as a condition of obtaining or continuing utility service.

Accordingly, the Commission finds that the requirement that an applicant provide positive identification information under all circumstances should be deleted from Rule 31(2)(c) and related changes should be made to Rule 33.

Rule 32(1)(b) and (c)

For the reasons set forth in the discussion of Rules 31(1)(b) and (c), the Commission finds that similar changes should be made in Rules 32(1)(b) and (c).

Rule 32(1)(f)

Originally, the proposed revisions to Rule 32(1) included the addition of a subrule (f) that would allow a utility to rely upon a customer's or applicant's unfavorable commercial credit rating in determining whether to require a deposit as a condition of providing or restoring service to a previous or existing customer. However, the Commission finds that, because all previous and current customers have prior utility service credit history with the utility, it is unnecessary and inappropriate for the utility to base its determination to require a deposit as a condition of providing, restoring, or continuing service to a previous or current customer on that customer's commercial credit history. Accordingly, the Commission is persuaded that proposed Rule 32(f) should be deleted.⁴

⁴Due to the renumbering of Rule 32(1), and due to the bifurcation of subrules (b) and (c), existing Rule 32(1)(e) has been renumbered as Rule 32(1)(f).

Rule 33(1)(a)

In the original proposal to revise the billing rules, Rule 33(1)(a), which precluded a utility from basing a decision to require a deposit from a customer on the basis of commercial credit standards, was deleted. The Commission finds that Rule 33(1)(a) should not be deleted, but should be modified by the addition of a provision that limits a utility's use of commercial credit standards in determining whether to require a deposit to circumstances under which the customer or applicant has no prior utility service credit history within the previous six years.⁵

Rule 33(3)

As previously stated in connection with the discussion of Rules 31 and 32, the Commission finds that if a customer or applicant has prior utility service history with an electric or gas provider during the previous six years, the customer or applicant should not be required to disclose his or her social security number as a condition of obtaining or continuing utility service. Accordingly, the Commission has added a new subrule (3) to Rule 33, which reads as follows:

A utility shall not require a customer or applicant who has prior utility service history with any electric or gas provider in Michigan or elsewhere during the previous six years to provide the utility with his or her social security number as a condition of obtaining or continuing utility service.

Rule 34(1)(a)

The Commission finds that the proposal to allow a utility to collect a deposit of 2½ times the average peak season monthly bill for the premises or 2½ times the utility's system average peak season monthly

⁵Retaining Rule 33(1)(a) in modified form requires renumbering of the remaining subparagraphs of this rule.

bill for residential service if a consumption history is unavailable should be reduced to twice the average peak season monthly bill for the premises or twice the utility's system average peak season monthly bill for residential service if consumption history is unavailable. Additionally, the Commission finds that the words "for the premises" should be included in Rule 34(1)(a) after the words "consumption history" to clarify the meaning of that phrase.⁶

Rule 35

The Commission finds that subrule (2) of Rule 35, which concerns uncollectibles allowance recovery funds, should be revised to read as follows:

(2) A utility shall annually deposit into its uncollectibles allowance recovery fund the difference between the uncollectibles provision as recorded on the utility's financial records for 1999 less the provision as recorded on the utility's financial records in each subsequent fiscal year.

Rule 45(3)(c) and Rule 46(6)(f)

In updating the obligation of the utility to provide its customers with information regarding operation of their fuel clauses to reflect modern nomenclature, the Commission overlooked the gas cost recovery mechanism. Accordingly, Rule 45(3)(c) and Rule 46(6)(f) should be modified to include that reference.

Rule 51(1)

The June 1, 1999 draft proposed allowing utilities to perform shutoffs at any time that the utility has personnel available to reconnect service. After reviewing the comments, the Commission is persuaded

⁶For the same reason, the words "for the premises" should be added to Rule 34(1)(b).

that Rule 51(1) should not be revised. Rather, the Commission finds that shutoffs should take place only between the hours of 8:00 a.m. and 4:00 p.m. as currently provided.

The Commission FINDS that:

- a. Jurisdiction is pursuant to 1909 PA 106, as amended, MCL 460.551 et seq.; MSA 22.151 et seq.; 1909 PA 300, as amended, MCL 462.2 et seq.; MSA 22.21 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; MSA 22.1 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; MSA 22.13(1) et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; MSA 3.560(101) et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1992 AACCS, R 460.17101 et seq.
- b. Adequate notice and opportunity for participation by persons have been provided as required by Sections 41 and 42 of 1969 PA 306, as amended.
- c. The proposed revisions to the billing rules attached to this order are reasonable and should be adopted.
- d. The proposed rules attached to this order should be submitted to the Legislative Service Bureau and the Office of Regulatory Reform for approval in accordance with Section 45 of 1969 PA 306, as amended, MCL 24.245; MSA 3.560(145).
- e. If the Legislative Service Bureau and the Office of Regulatory Reform approve the proposed rules, they should be submitted to the Joint Committee on Administrative Rules.

THEREFORE, IT IS ORDERED that:

A. The proposed revisions to the Consumer Standards and Billing Practices for Electric and Gas Residential Service, attached to this order as Exhibit A, are approved and shall be submitted to the Legislative Service Bureau and the Office of Regulatory Reform for their formal approval.

B. Upon approval of the proposed revisions to the Consumer Standards and Billing Practices for Electric and Gas Residential Service, the rules shall be transmitted to the Joint Committee on Administrative Rules.

The Commission reserves jurisdiction and may issue further orders as necessary.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ John G. Strand
Chairman

(S E A L)

/s/ David A. Svanda
Commissioner

/s/ Robert B. Nelson
Commissioner, abstaining.

By its action of September 3, 1999.

/s/ Dorothy Wideman
Its Executive Secretary

B. Upon approval of the proposed revisions to the Consumer Standards and Billing Practices for Electric and Gas Residential Service, the rules shall be transmitted to the Joint Committee on Administrative Rules.

The Commission reserves jurisdiction and may issue further orders as necessary.

MICHIGAN PUBLIC SERVICE COMMISSION

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Commissioner, abstaining.

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Suggested Minute:

“Adopt and issue order dated September 3, 1999 approving revisions to the Consumer Standards and Billing Practices for Electric and Gas Residential Service, as set forth in the order.”