

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of )  
UPPER PENINSULA POWER COMPANY and )  
WISCONSIN PUBLIC SERVICE CORPORATION )  
for a waiver of certain residential billing rules. )  
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Case No. U-14851

At the November 8, 2007 meeting of the Michigan Public Service Commission in Lansing,  
Michigan.

PRESENT: Hon. Orjiakor N. Isiogu, Chairman  
Hon. Monica Martinez, Commissioner  
Hon. Steven A. Transeth, Commissioner

**ORDER APPROVING WAIVER REQUEST**

On October 18, 2007, Upper Peninsula Power Company (UPPCo) and Wisconsin Public Service Corporation (WPS Corp) filed a joint application in this docket requesting waivers of certain rules as provided under R 460.169(3) of the Consumer Standards and Billing Practices for Electric and Gas Residential Service (residential billing rules.) R 460.169(3) provides:

Upon written request of a person, utility, or on its own motion, the commission may temporarily waive any requirements of these rules when it determines the waiver will further the effective and efficient administration of these rules and is in the public interest.

UPPCo requested a waiver from R 460.113(1), which addresses actual and estimated monthly meter readings, and approval of its bill estimation procedures under R 460.113(2). WPS Corp requested a waiver from R 460.120(5) and R 460.120(6), which address partial payments to

combination utilities. Both companies requested waivers from R 460.113(4), which addresses customer bill payment in the case of consecutive estimated meter readings.

R 460.113(1) provides:

Except as specified in this rule, a utility shall provide all residential customers with an actual monthly meter reading as defined in R 460.102. A utility may estimate a meter reading only if an actual meter reading cannot be obtained by any reasonable or applicable method described in R 460.102. If a utility cannot obtain an actual meter reading, then the utility shall maintain records of the efforts made to obtain an actual meter reading and its reasons for failure to obtain an actual meter reading.

UPPCo states that it currently reads its customers' meters on a bi-monthly basis and estimates bills for the months that the meters are not read. UPPCo does not have an automatic meter reading (AMR) system but anticipates installing such a system within the next three years, provided that the Commission approves cost recovery of the AMR system in a rate case. UPPCo asserts that the additional costs associated with performing monthly meter reads by the company would be approximately \$907,008 per year, or 60% more than the costs associated with bi-monthly meter reads. UPPCo further asserts that the requested waiver will not harm customers because under its current meter reading system, UPPCo has a billing representative review all customer accounts that fall outside billing parameters and performs an actual reading if the bill review cannot be carried out with the customer by telephone. UPPCo states that it encourages customer meter reads, provides meter reading cards upon request, and encourages customers to use its budget billing system to avoid wide deviations in monthly bills. UPPCo maintains that it will not charge interest, penalties, or late fees for late payment of estimated bills and requests that the Commission waive R 460.113(1) for up to three years.

The Commission finds that UPPCo's request for a temporary waiver is reasonable and notes that there have been few, if any, complaints filed with the Commission concerning UPPCo's meter

reading procedures. UPPCo's estimated billing procedures, as shown in Attachment A to the application, are appropriate and will assure reasonable billing accuracy. The Commission therefore finds that UPPCo's request for a waiver of R 460.113(1) and its request for approval of its billing estimation procedures under R 460.113(2) should be granted.

R 460.113(4) provides:

If a utility estimates a customer's bill for 2 or more consecutive months, when an actual meter read is obtained the utility shall offer the customer the opportunity to pay the bill over the same number of months as consecutively estimated bills. This subrule shall not apply if the utility cannot obtain access to the meter and the customer fails to provide a meter reading if requested by the utility.

UPPCo and WPS Corp both request waivers of this rule until June 2008. The companies state that their billing system cannot currently accommodate this requirement but claim that their system will be reprogrammed and tested over the next eight months so that the companies can comply with this rule.

The Commission finds that because UPPCo and WPS Corp are engaged in the process of complying with R 460.113(4), and because approving the temporary waiver would further the effective and efficient administration of the rules, the requests should be granted.

R 460.120(5) and R 460.120(6) provide:

(5) A combination utility company shall permit eligible low-income customers, as defined by these rules, to designate how partial payments shall be applied to their account. In the event of disconnection or pending disconnection of both gas and electric services, the utility shall provide the eligible low-income customer with an accounting of the customer's current gas and electric charges and shall give the customer the option of restoring one or both services with the appropriate payment.

(6) Whenever an eligible low-income customer of a combination utility company receives a disconnect notice, the notice shall clearly show the customer has both of the following options:

- (a) An extended payment plan for both gas and electric service.
- (b) An extended payment plan to retain either gas or electric service as chosen by the customer.

WPS Corp states that its billing system cannot currently meet this requirement but that its system can be reprogrammed and tested by June 2008, at which time the company will be able to comply with the rule. The Commission finds that because WPS Corp is engaged in the process of changing its billing system, and will be in compliance in eight months or less, and because the winter shutoff protections under R 460.148 through R 460.150 are in effect, the request for a temporary waiver is reasonable and should be approved. The Commission emphasizes that R 460.120(5) does not require combined utilities to issue separate bills for gas and electric service; the only requirement is that customer accounts for gas and electric service shall be separated and a customer shall have the option to choose which service to pay for if the customer cannot pay for both services.

The Commission FINDS that:

- a. Jurisdiction is pursuant to 1909 PA 106, MCL 460.551 *et seq.*; 1909 PA 300, MCL 462.2 *et seq.*; 1919 PA 419, MCL 460.51 *et seq.*; 1939 PA 3, MCL 460.1 *et seq.*; 1969 PA 306, MCL 24.201 *et seq.*; and the Commission's Rules of Practice and Procedure, 1999 AC, R 460.17101 *et seq.*
- b. The waiver of certain residential billing rules by UPPCo and WPS Corp will further the effective and efficient administration of the residential billing rules and is in the public interest.
- c. The waiver requests should be approved.

THEREFORE, IT IS ORDERED that:

- A. Upper Peninsula Power Company's request for waivers of R 460.113(1) and R 460.113(4) is approved.

B. Upper Peninsula Power Company's meter reading estimating conditions and procedures, as set forth in Attachment A to its application, are approved.

C. Wisconsin Public Service Corporation's request for waivers of R 460.113(4), R 460.120(5), and R 460.120(6) is approved.

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

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, under MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ Orjiakor N. Isiogu

Chairman

( S E A L )

/s/ Monica Martinez

Commissioner

/s/ Steven A. Transeth

Commissioner

By its action of November 8, 2007.

/s/ Mary Jo Kunkle

Its Executive Secretary

B. Upper Peninsula Power Company's meter reading estimating conditions and procedures, as set forth in Attachment A to its application, are approved.

C. Wisconsin Public Service Corporation's request for waivers of R 460.113(4), R 460.120(5), and R 460.120(6) is approved.

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

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, under MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

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Chairman

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Commissioner

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Commissioner

By its action of November 8, 2007.

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Its Executive Secretary