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State moves to keep heat on this winter

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With Michigan residents facing nearly 50% higher heating bills this winter, proposed rules would make it tougher for utilities to shut off customers' light and heat — crucial protection for seniors and people with low incomes.

The Michigan Public Service Commission's proposal includes extended due dates for utility bills, an end to shutting off service based on estimated bills and a cap on mandatory payments.

"With the alarming increases in energy costs since Hurricanes Katrina and Rita, Michigan's electric and natural gas customers face dire circumstances this winter," commission Chairman Peter Lark said Tuesday. "The emergency rules we established today will help soften the economic blow that residential and business customers will soon face."

In a departure from the agency's traditional regulatory role, the MPSC staff tried to determine ways to help soften the economic blow for residential and commercial customers this winter.

"Certainly, under no circumstances should someone's utilities be terminated, especially any longtime customers," said Gottfried Brieger, 69, of Huntington Woods, a retired chemistry professor.

John Berousek, 57, a retired therapist from Waterford, said: "That's the first I've heard of it, but I find it commendable. It's a good idea."

From Nov. 1 to March 31, utilities will no longer be able to automatically charge a late fee or shut off service based on an estimated bill. Instead, the company must conduct an actual meter read before submitting a final shutoff notice.

The new rules would also prevent utilities from cutting off service to customers who are 65 or older or whose household income doesn't exceed 200% of the poverty level. To qualify, those customers would have to pay a monthly amount that is equal to 6% of the household's estimated annual bill.

A typical monthly heating bill for a Michigan household is expected to go from an average of \$140 a month to nearly \$200 a month, according to the MPSC's Energy Appraisal report released last week.

The federal poverty level for a family of four in 2005 is \$19,350. Meanwhile, there were 16,000 low-income households in Detroit whose utility services were turned off at this time last year.

The cost of natural gas for the upcoming season is expected to average 46% more than it did last year, due largely to damage to facilities in the gulf coast region from Katrina and Rita. Michigan's electricity bills are expected to increase by nearly 3% this year.

"This isn't going to solve the problems of the world," Lark said. "But it takes it a step further to help customers address what will definitely be a tough winter."

Blaming rising energy costs on Rita and Katrina, DTE Energy Corp.'s MichCon and CMS Energy Corp.'s Consumers Energy asked the MPSC on Oct. 3 to increase monthly natural gas bills by \$40 to \$60 during the winter to recoup their expenses. The MPSC is expected to grant those requests. The new rates would be effective Jan. 1.

"We will comply with the commission's order and the new rules," said Jeff Holyfield, a spokesman for Consumers Energy. "They are

acting in response to the sharply higher natural gas prices and we share the commission's concern for helping customers in need. No one in Michigan should have to go without heat, because help is available."

The proposed rule changes must now go to Gov. Jennifer Granholm and then to the State Office of Administrative Hearings and Rules and to the Legislative Service Bureau for their approvals.

"The MPSC is doing a good thing," said Robert Chapman, executive director of the Warm Training Center, a Detroit nonprofit agency. "But it's only good if we act to make sure that next winter isn't going to be even worse."

HERE ARE THE CHANGES PER THE MPSC:

The Michigan Public Service Commission, anticipating high energy costs this winter, is proposing several changes to the rules that utilities must follow when collecting fees from customers:

- Extend the due dates for all utility service bills from 17 days to 22 days for residential customers and from 21 to 22 days for businesses.
- Utilities can't shut off service or charge a late fee to customers based on estimated bills. Any change in service

must be based on an actual meter reading. The current rule allows for shutoffs and late-payment fees on estimated bills.

- The mandatory monthly payment for electric or gas customers cannot exceed \$50 plus the amount of the customers' monthly electric and gas bills. Under current rules, there is no cap.
- Utilities cannot cut off service to a residential customer who is at least 65 years old or someone whose household income does not exceed 200% of the poverty level. The customer must pay a monthly amount equal to 6% of his or her estimated annual bill. Under current rules, the limit is 150% of the poverty level and a 7% payment of an estimated yearly bill, plus a portion of any past due bill is required.
- The utility cannot require a deposit unless the customer's service was turned off for nonpayment during the prior 12 months. Under the proposed rule change, a customer deposit cannot exceed the average monthly bill. The current rules state a deposit can't be more than twice the average peak-season monthly bill for residential customers.