

STATE OF MICHIGAN
BEFORE THE PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
CONSUMERS ENERGY COMPANY)	
for a partial waiver of the consumer standards and)	Case No. U-18060
billing practices for electric residential service)	
and approval of a prepaid billing pilot program.)	
_____)	

At the May 3, 2016 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner

ORDER

On March 22, 2016, Consumers Energy Company (Consumers) filed an application requesting waiver of the monthly billing, payment, and shutoff provisions in R 460.117(1) (Rule 17(1)), R 460.120(1) (Rule 20(1)), R 460.138(1) (Rule 38(1)), R 460.141(1) (Rule 41(1)), and R 460.142(1) (Rule 42(1)) of the Commission's billing rules applicable to residential electric customers. Consumers requested the waivers to facilitate the implementation of a voluntary prepaid billing pilot program for smart meter-enabled customers. Consumers also requested authority to undertake the pilot program for up to 15,000 residential customers by 2019. On April 7, 2016, Consumers filed additional information regarding the pilot program, including its supplemental information sheet and a copy of the terms and conditions for online accounts for customers who elect to participate in the pilot program.

The basic features of the pilot program are as follows. Residential electric customers who have an advanced metering infrastructure meter, access to one of the company's accepted electronic communication methods, and who are on the standard residential billing rate will be given the option to participate. Once enrolled, customers will have the ability to visually see their account history, up-to-date metrics on energy usage, and balances, and this would replace the monthly billing process. Customers will select two notification methods to notify them of an existing balance, low balance alerts, or a pending shutoff. Customers will have the option to receive notifications by phone, email, or SMS messaging.

Enrolled customers will have a variety of options to pay for services through the portal by check, debit, credit, or a checkout option; and, after downloading an application, they may pay for electric services at participating retailers (Meijer, Dollar General, and Walmart). If a participant has a valid arrearage balance, 80% of every payment is applied to current eligible usage and 20% is applied to the arrearage. Shutoff notices would still occur ten days prior to shut-off, but through electronic communications rather than through first-class mail. Senior customers have the option to participate in the program and will still continue to be protected from disconnection during the heating season. However, customers will not be able to participate simultaneously in the prepaid pilot program and in the company's Shutoff Protection Plan or Winter Protection Plan. If enrolled into the pilot program, the customer will have to agree to dis-enroll in the other payment plan. Customers with more than \$200.00 arrearage for electric service or \$400.00 for combined services would be ineligible. Customers classified as critical care under the billing rules are also not eligible to participate. Enrolled customers may return to post pay at any time, and there are no fees associated with switching between the pre-pay pilot and post pay.

The Staff of the Compliance & Investigation Section of the State Response Division of the Michigan Agency for Energy (MAE Staff) has reviewed the application and recommends that the Commission approve it.

The residential billing rules provide that, upon written request, the Commission may temporarily waive any requirements of the rules when it determines the waiver will further the effective and efficient administration of the rules and is in the public interest. *See*, R 460.169(3). In this proceeding, Consumers requests waivers of the following rules in order to implement the prepaid pilot program: (1) Rule 17(1), which requires the issuance of monthly billing statements; (2) Rule 20(1), which provides a minimum 21-day payment period after bill issuance; (3) Rule 38(1), which requires shutoff notices to be personally delivered or delivered via first-class mail at least 10 days before shutoff; (4) Rule 41(1), which requires the company to make at least two attempts to contact a delinquent customer at least one day before manual shutoff; and (5) Rule 42(1), which similarly requires the company to attempt telephone contact before shutoff in the case of remote shutoff.

The Commission finds that the pilot program has merit and should be approved, and that the request for waivers of the listed residential billing rules for pilot program participants should be approved. In order to monitor this three-year effort, the Commission finds that Consumers should provide the MAE Staff with monthly reports that include the following information:

- Total number of customers currently enrolled in the pre-pay program.
- Number of low-balance alerts sent that month.
- Number of customers shut off that month and the number of customers restored.
- Number of customers that dropped out of the program and why, if known.
- Total number of senior citizen and low-income customers enrolled in the program.

- A summary of participant feedback, positive and negative, received about the pre-pay program during that month.
- Adjustments made to the program, if applicable.

Consumers shall also file a comprehensive annual report and evaluation in this docket summarizing the information in the monthly reports and including additional information on changes in energy consumption by participants, demographic sectors participating in pre-pay, changes in uncollectibles resulting from the pilot program, customer satisfaction information, and other relevant information. Further, the Commission directs Consumers to meet with MAE and Commission Staff, after the pilot program has been in operation for six months, to discuss whether revision of the arrearage amounts is appropriate.

THEREFORE, IT IS ORDERED that Consumers Energy Company's request for waivers of R 460.117(1), R 460.120(1), R 460.138(1), R 460.141(1), and R 460.142(1) of the Consumer Standards and Billing Practices for Electric and Gas Residential Service for up to 15,000 customers who elect to participate in the pre-pay electric billing pilot program as described herein from June 1, 2016, to June 30, 2019, subject to the meeting and reporting requirements set forth in this order, is granted.

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. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at mpscdockets@michigan.gov and to the Michigan Department of the Attorney General - Public Service Division at pungp1@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

By its action of May 3, 2016.

Norman J. Saari, Commissioner

Mary Jo Kunkle, Executive Secretary

