

ALLOW CONSUMER CHOICE OF TRADITIONAL OR ADVANCED UTILITY METER

Phone: (517) 373-8080
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House Bill 4220 (proposed substitute H-4)

Sponsor: Rep. Gary Glenn

Committee: Energy Policy

Complete to 12-2-18

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

SUMMARY:

House Bill 4220 would amend Public Act 3 of 1939, the Michigan Public Service Commission (MPSC) enabling act, by adding Section 10hh. This new section would allow a customer receiving services from a *utility* to choose between a *traditional meter* and the installation of an *advanced meter*. An advanced meter could not be installed unless the customer had been properly notified and had not opted out.

Utility would include a person that sells natural gas or electricity to retail customers in Michigan and is regulated by the MPSC.

Advanced meter would mean a meter or metering device system that is owned or leased by a utility or its agent and that meets one or more of the following requirements:

- Measures, records, or sends a customer's utility usage or other data by use of radio waves or broadband over power lines.
- Allows for two-way communication between the meter and the utility or its agent.
- Allows for a utility or its agent to control a customer's thermostat, appliance, or service.

Traditional meter would be defined as an analog or similar meter that is unable to transmit usage information and is only intended to be read by an individual through a visual display. A traditional meter is not designed to perform, and is not capable of performing, any of the functions of an advanced meter. An advanced meter that has certain functionality turned off or deactivated would not be considered a traditional meter.

Notice and opt-out procedures

Before an advanced meter could be installed or upgraded at a customer's address, a utility would have to notify the customer in writing of the utility's intention to do so. The notice would have to be sent by first-class mail, separately from any billing mailing, with a copy kept on file for review by the customer or MPSC. Additionally, each notice would have to do all of the following:

- Include the customer's name, service address, and anticipated date of installation.
- State the utility's desire to install an advanced meter at the customer's address, as well as the functionality of the advanced meter, its method of communication, and frequency of data communication.
- If the advanced meter the customer would be receiving is a *hub meter*, explain how a hub meter differs from other meters.
- State the customer's ability to choose a traditional meter or nonhub meter and the customer's rights under this section.

- Clearly explain the process for a customer to opt out of the installation of an advanced meter or hub meter or the use of an advanced meter function.

Hub meter would mean an advanced meter that generates stronger radio waves as a result of the meter's serving as a hub for other advanced meters with which it communicates in a given area.

The MPSC could promulgate opt-out procedures for customers that consist of simple steps that an average customer could easily understand and that do not place an undue burden on the customer. Opt-out procedures must be free of charge, apart from standard postage.

After customers have been notified that they can opt out, they would have 45 days to communicate to the utility their desire to opt out. This deadline must be clearly stated on the notice. An opt-out procedure or process must be narrow in construction so customers can easily inform the utility of their intentions. A customer's intention to opt out could not contain, or be made contingent upon, language that would require the customer to give up any rights or make any other additional agreements. A customer that did not opt out when first notified would not give up any rights regarding having an advanced meter removed in the future.

Removal of advanced meter upon opt-out notification

A utility that received a customer's request to opt out would have to remove the advanced meter and replace it with a traditional meter within 30 days. A utility could charge a one-time all-inclusive fee to remove the advanced meter and to provide and install a traditional meter. However, a utility could not charge a fee if the utility installed an advanced meter in violation of the notice requirements described above.

If a utility were unable to provide a traditional meter, the customer could purchase a traditional meter for the utility to install, as long as that traditional meter met certain technical standards established by the MPSC. A utility could charge a monthly fee, approved by the MPSC, for using a traditional meter, but only if the customer were offered the opportunity, but was unwilling, to read and report the customer's usage to the utility, as described below.

Meter reading and self-reporting

House Bill 4220 would also require a utility to allow a customer who opted out of receiving an advanced meter to read and self-report service usage, if that customer reported reasonably accurate usage on a **regular basis** (once per billing cycle). A utility would have to provide the customer with a preaddressed envelope and form upon request or allow the customer to report meter readings via telephone, text, email, or other reasonable means.

However, a representative of a utility could still manually read a customer's meter on a regular basis, as permitted by law, and correct a reading as necessary. If a customer failed to report usage or if the utility did not receive a customer's service usage on time, the utility could manually read a customer's meter or charge the customer based on an estimate of prior energy use in a manner approved by the MPSC.

A customer that intentionally reported **inaccurate information** could be assessed a reasonable penalty under MPSC rules, and could be subject to any other penalties provided by law.

Inaccurate information would mean the intentional underreporting of meter data in an effort to not pay for services. It would not include minor differences in readings by less

than 5% to account for variations based on the time of day that the meter is read and similar factors.

No tariff based on retaining traditional meter

The MPSC could not approve a utility tariff that altered rates for customers that did not use an advanced meter. The MPSC would have to consider the ability to self-read meters as part of any proceeding and fully recognize and value customers' legitimate interest in controlling third-party equipment placed on their property that is not inherently necessary as a condition to receiving service.

Utility prohibitions and permissions

Under House Bill 4220, a utility could not:

- Make the provision of any portion of utility service to a customer contingent on the customer's receiving service through any meter or similar device other than a traditional meter. (In other words, a utility could not deny service to a customer merely because that customer uses a traditional meter.) However, a utility could prohibit a customer with a traditional meter from participating in certain time-of-day tariff discounts.
- Install an advanced meter, or upgrade the functionality of the advanced meter, unless the customer had been properly notified of the installation or upgrade and had not opted out. However, even if a customer had not opted out of the installation or upgrade, an on-site utility worker or agent could not install an advanced meter or update its functionality if the customer had posted a sign on the current meter forbidding the installation or upgrade or if the customer verbally informed the worker not to install or upgrade the advanced meter.

FISCAL IMPACT:

House Bill 4220 would not have a significant fiscal impact on the Department of Licensing and Regulatory Affairs or on other units of state and local government. Under the bill, the MPSC has the authority to promulgate procedures for consumers to opt out of the installation of an advanced meter. The promulgation of this procedure would result in negligible costs for the MPSC, which would be fully supported by existing departmental appropriations.

Legislative Analyst: Emily S. Smith
Fiscal Analyst: Marcus Coffin

■ 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.