

# SENATE BILL NO. 345

March 25, 2021, Introduced by Senators CHANG, SANTANA, GEISS, BAYER, ANANICH, MOSS, BRINKS, ALEXANDER, MCCANN and HOLLIER and referred to the Committee on Environmental Quality.

A bill to prescribe the powers and duties of providers of water, sewerage, and stormwater service in this state; to require providers of water, sewerage, and stormwater service in this state to file certain reports with the department of health and human services; to provide for the powers and duties of certain state and local governmental officers and entities; and to provide for civil fines.

## **THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

**1**       Sec. 1. As used in this act:

1 (a) "Charges" means amounts that a provider bills to a  
2 customer under specific circumstances that are not included in the  
3 provider's base rate including, but not limited to, late fees,  
4 connection fees, impact fees for new development, deposits for  
5 opening new accounts, and any other fees, surcharges, or penalties.

6 (b) "Department" means the department of health and human  
7 services.

8 (c) "Provider" means any water, sewerage, or stormwater system  
9 that provides retail or wholesale water, sewerage, or stormwater  
10 service in this state.

11 (d) "Rates" means the fixed component, if any, and the  
12 volumetric or other variable component, if any, of the cost of  
13 water, sewerage, or stormwater service that are applied to a  
14 category of customers.

15 (e) "Shutoff" means a disconnection of water, sewerage, or  
16 stormwater service due to nonpayment.

17 Sec. 2. Subject to section 7(5), a provider that has less than  
18 50,000 residential water customers shall by April 1 of each year  
19 file with the department an annual report setting forth all of the  
20 following information for the previous calendar year:

21 (a) A statement of whether the provider is a governmental or  
22 nongovernmental entity.

23 (b) A statement of whether the provider provides water  
24 service, sewerage service, stormwater service, or any combination  
25 of those services and, for each service provided, whether the  
26 provider provides that service to retail customers, wholesale,  
27 customers, or both.

28 (c) The rates and charges for water, sewerage, and stormwater  
29 service by that provider in effect on July 1 or any other uniform

1 date established by the department, including any distinctions  
2 among categories of customer, between retail and wholesale  
3 customers, and among customers in different geographic areas within  
4 the provider's service area.

5 (d) The date on which the rates and charges reported in  
6 subdivision (c) took effect.

7 (e) The following information concerning shutoffs that  
8 occurred during that year:

9 (i) The total number of shutoffs and the total cost to the  
10 provider of performing those shutoffs.

11 (ii) The number of shutoff notices issued to occupied single-  
12 family residential dwellings and occupied multi-family residential  
13 dwellings, respectively, and the total cost to the provider of  
14 issuing those shutoff notices.

15 (iii) The reason or reasons the shutoff notices were issued  
16 under this subdivision.

17 (f) The following information concerning customer accounts:

18 (i) The total number of delinquent customer accounts.

19 (ii) The total number of defaulted customer accounts.

20 (iii) The aggregated dollar amount of arrears on all customer  
21 accounts.

22 (g) The percentage of customers that defaulted on a payment or  
23 affordability program.

24 (h) The following information concerning each affordability  
25 program the provider has available for low-income customers or  
26 other customers:

27 (i) The type of program.

28 (ii) The benefit level.

29 (iii) The eligibility criteria.

1 (iv) The enrollment process.

2 (v) The number of customers enrolled.

3 (vi) The average payment amount made by customers enrolled in  
4 each program.

5 (vii) The aggregate dollar amount that was deferred in each  
6 program.

7 (viii) The aggregate dollar amount that was collected in each  
8 program.

9 (ix) The number of customers who defaulted while enrolled in  
10 each program.

11 (x) The funding source.

12 (xi) The program cost.

13 (xii) A description of the program information that the  
14 provider provides to its customers and the means by which it  
15 provides that information.

16 (xiii) The total number of new deferred payment agreements  
17 entered during the year, the number of deferred payment agreements  
18 completed during the year, the number of deferred payment  
19 agreements that defaulted, and the number of deferred payment  
20 agreements that were active as of December 31.

21 (i) The provider's policies and procedures regarding shutoffs  
22 of water and sewerage service and dispute resolution.

23 (j) A list of the provider's current assets and a copy of any  
24 current asset management plan, if feasible.

25 Sec. 3. (1) Subject to section 7(5), a provider that has  
26 50,000 residential water customers or more shall by April 1 of each  
27 year file with the department an annual report setting forth all of  
28 the following information for the previous calendar year:

29 (a) All of the information required under section 2(a) to (j).

1 (b) An identification of the governing body that is  
2 responsible for decisions concerning the provider's rates and  
3 finances, and the individual or individuals comprising that  
4 governing body.

5 (c) A list and definitions of the categories of customers and  
6 exempt users of the provider, including commercial, residential,  
7 nonprofit, and exempt users.

8 (d) Whether the provider bills for service as a distinct line  
9 item on a bill received by customers and, if it does, whether that  
10 line item for each service appears on its own bill, on a combined  
11 bill for multiple utility services, or on a property tax or other  
12 nonutility bill.

13 (e) The regular frequency, if any, at which rates and charges  
14 are revised or readopted.

15 (f) A statement of whether any volumetric or other variable  
16 component of the provider's rates is structured as a uniform,  
17 inclining block, or declining block rate.

18 (g) If the provider provides water service, the number and  
19 percentage of retail water service connections without meters,  
20 broken down by categories of customers, and the number and  
21 percentage of metered retail water customer bills based on an  
22 estimate rather than an actual meter reading, broken down by  
23 categories of customers as of July 1 or any other date established  
24 by the department.

25 (h) If the provider provides sewerage or stormwater service  
26 and the rate for that service includes a volumetric or other  
27 variable component, the method used to determine the quantity of  
28 usage for which a customer is billed for that service as of July 1  
29 or any other date established by the department.

1 (i) The frequency of customer billing, by category of  
2 customer.

3 (j) The median monthly usage for retail, single-family  
4 residential accounts and, to the extent possible, for retail  
5 accounts serving 2-, 3-, and 4-family dwellings, respectively.

6 (k) The bill for a retail residential customer using 1,000  
7 cubic feet per month, 1,500 cubic feet per month, and 3,000 cubic  
8 feet per month.

9 (l) The process by which the rates and charges reported under  
10 section 2(c) were determined, including, at a minimum, all of the  
11 following:

12 (i) Whether the provider publishes public notice of proposed  
13 changes in rates and charges and, if so, how many days' notice is  
14 provided before the date on which a decision on the proposal is  
15 scheduled.

16 (ii) Whether the provider holds a public hearing on proposed  
17 rate changes.

18 (iii) The method of notifying customers when a rate change has  
19 been adopted.

20 (m) The number of shutoffs that occurred during that year  
21 identified in section 2(e), broken down by census tract and zip  
22 code.

23 (n) The number of customer accounts that received 1 or more of  
24 the shutoff notices identified in section 2(e), broken down between  
25 single-family and multi-family residential dwellings.

26 (o) For occupied single-family residential dwellings and  
27 occupied multi-family residential dwellings, respectively, the  
28 number of shutoffs that occurred, the number of instances of  
29 shutoff in which service was subsequently restored, and for the

1 instances in which service was restored, the median number of days  
2 between shutoff and restoration of service and the number of  
3 shutoffs where service was restored in 5 days or less, in 6 to 15  
4 days, in 16 to 30 days, in 31 to 60 days, and in more than 60 days.

5 (p) For occupied single-family and multi-family residential  
6 dwellings, respectively, the number of customer accounts that were  
7 subject to 1 or more of the shutoffs identified in subdivision (o)  
8 and the number of accounts that were subject to 1 or more of the  
9 restorations of service identified in subdivision (o).

10 (q) The number of shutoffs that occurred for commercial  
11 customers during that year, and the number of customer accounts  
12 that were subject to 1 or more of those shutoffs.

13 (r) The number of proceedings that were initiated to foreclose  
14 on residential properties due to nonpayment of bills, and the  
15 aggregate value of the arrearages sought to be collected through  
16 those foreclosures.

17 (s) The number of foreclosures on residential properties due  
18 to nonpayment of bills that were completed, and the aggregate net  
19 revenue recovered from those foreclosures, taking into account the  
20 provider's costs of the foreclosure proceedings.

21 (t) The number and aggregate dollar value of liens recorded  
22 for unpaid water and sewer bills.

23 (u) The incidence and dollar value of other forms of debt  
24 collection actions besides shutoffs, liens, or foreclosures.

25 (v) If the provider provides stormwater service, any credits  
26 available to reduce bills for that service, and the criteria a  
27 customer must meet to qualify for those credits.

28 (w) The following information concerning the provider's  
29 revenues, arrearages, and expenses:

1 (i) Total dollar amounts billed, including any distinctions  
2 between customer bills and other identified sources of revenue,  
3 among categories of customer, and between retail and wholesale  
4 customers. This should include a breakdown of amounts collected  
5 from base charges and any fees, penalties, or interest.

6 (ii) Total revenues collected, including any distinctions  
7 between customer bills and other identified sources of revenue,  
8 among categories of customer, and between retail and wholesale  
9 customers.

10 (iii) The number of customers required to pay a deposit to  
11 initiate water or sewer service, the number of these customers who  
12 paid that deposit, the number of these customers who did not pay  
13 the deposit, and the number of these customers who used other means  
14 to demonstrate their creditworthiness.

15 (iv) An itemized list of the dollar value of each federal or  
16 state grant for capital improvements that the provider applied for  
17 or received.

18 (v) An itemized list of the dollar value of each federal or  
19 state loan for capital improvements that the provider applied for  
20 or received.

21 (vi) The dollar value of any municipal bond revenues raised for  
22 capital improvements.

23 (vii) The dollar value and source of any additional income  
24 received from sources other than customer rates and charges for the  
25 purpose of making capital improvements.

26 (viii) For each category of customer, the number of customer  
27 accounts in arrears and the aggregate dollar amount of those  
28 arrears, grouped by age of arrears as of December 31.

29 (ix) The number of residential customer accounts that are



1 enrolled in a payment plan and the total dollar amount subject to  
2 those payment plans as of December 31.

3 (x) For each category of customer, the number of accounts  
4 written off as uncollectible and the total dollar value of customer  
5 bills written off as uncollectible.

6 (xi) The provider's total operating expenses.

7 (xii) An itemized list of the amount of each transfer of funds  
8 by the provider to other governmental accounts, including payments  
9 in lieu of taxes, rent, service fees, and other transfers.

10 (x) The following information concerning the provider's  
11 customer base:

12 (i) Identification of the municipalities, or portions of  
13 municipalities, that are in the provider's retail service area.

14 (ii) The total population of the provider's retail service area  
15 for the most recent year for which a population estimate is  
16 available.

17 (iii) The number of retail customers in each rate category.

18 (iv) Identification of the municipalities, or portions of  
19 municipalities, that are in the provider's wholesale service area,  
20 if any.

21 (v) The total population of the provider's wholesale service  
22 area, if any, for the most recent year for which a population  
23 estimate is available.

24 (vi) If the provider is owned and operated by a municipality  
25 and provides retail service in any areas outside of that  
26 municipality's boundaries, all of the following:

27 (A) A list of the municipalities or portions of municipalities  
28 that are within those areas.

29 (B) The total population served within those areas for the

1 most recent year for which a population estimate is available.

2 (C) For each category of customer, the total number of  
3 customers served within those areas.

4 (vii) A list of any other providers that are wholesale  
5 customers of the provider submitting the report.

6 (viii) The provider's 10 largest retail customers.

7 (ix) On the first annual report submitted under this section,  
8 and once every 5 years thereafter, information on the racial and  
9 other demographic composition of the population in the service  
10 area.

11 (y) The following information concerning the operations of the  
12 provider's system:

13 (i) If the provider operates a water system, all of the  
14 following:

15 (A) The total volume of water produced in each month of the  
16 year.

17 (B) The total volume of water purchased in each month of the  
18 year, the amounts paid for that water, and to whom those amounts  
19 were paid.

20 (C) The total volume of retail water sales, in each month of  
21 the year, by category of customer.

22 (D) The total volume of wholesale water sales, in each month  
23 of the year, and to whom those sales were made.

24 (E) Real and apparent losses from the water distribution  
25 system, calculated using the method adopted by the American Water  
26 Works Association in the most recent version of "Water Audits and  
27 Loss Control Programs", manual M36 and in the AWWA's free Water  
28 Audit Software.

29 (F) Any utility functions or services carried out by other

1 parties under contract.

2 (ii) If the provider operates a sewerage system, all of the  
3 following:

4 (A) The total flow in the system for each month of the year.

5 (B) The total volume of wastewater generated, by each category  
6 of customer, for each month of the year.

7 (C) The estimated amount of infiltration and inflow, for each  
8 month of the year.

9 (D) If the provider purchases wastewater conveyance or  
10 treatment services from another sewerage system under a wholesale  
11 contract, the total flow conveyed or treated under that contract in  
12 each month of the year, the dollar amounts paid under the contract,  
13 and to whom those amounts were paid.

14 (E) If the provider provides wastewater conveyance or  
15 treatment services to another sewerage system under a wholesale  
16 contract, the total flow conveyed or treated under that contract in  
17 each month of the year, the dollar amounts received under that  
18 contract, and from whom those funds were received.

19 (F) Whether the system is a separate sanitary sewerage system  
20 or a combined sanitary sewerage and stormwater system.

21 (G) Any utility functions or services carried out by other  
22 parties under contract.

23 (iii) If the provider operates a stormwater system, all of the  
24 following:

25 (A) The total amount of impervious area, or other unit of  
26 measure on which the provider's stormwater rates or charges are  
27 based, associated with each category of customer or each major land  
28 use type, to the extent that information is in the possession of  
29 the provider.

1 (B) Any utility functions or services carried out by other  
2 parties under contract.

3 (z) The cost allocation method currently used by the provider,  
4 including the annual amount of water and sewerage rate revenue  
5 transferred to expenses other than water and sewerage expenses.

6 (2) If a provider provides some combination of water,  
7 wastewater, and stormwater service, the provider shall report the  
8 required information under subsection (1) separately for each  
9 service.

10 Sec. 4. A provider shall maintain an internet website that  
11 provides, at all times, the provider's current schedule of rates  
12 and charges, the provider's current policies and procedures  
13 regarding shutoffs of water and sewerage service, detailed  
14 information on any payment plans that the provider offers to help  
15 customers manage arrears, and detailed information on any  
16 affordability programs that the provider currently has available  
17 for low-income customers. A report under section 2 or 3 must  
18 include the web address for the website.

19 Sec. 5. If a provider fails to submit the annual report  
20 required under section 2 or 3, or fails to make the information  
21 required under section 4 available on its website, the provider is  
22 subject to a civil fine of not more than \$1,000.00.

23 Sec. 6. A provider shall make the report and information  
24 required under sections 2, 3, and 4 available to customers on its  
25 website and post a printed copy in its offices.

26 Sec. 7. (1) The department shall develop standardized  
27 reporting forms and an online reporting system for purposes of  
28 reporting under sections 2 and 3.

29 (2) A provider shall submit the report under section 2 or 3

1 using the standardized reporting form and online reporting system  
2 developed under subsection (1).

3 (3) The department shall make the reports submitted by  
4 providers under subsection (2) publicly available on an internet  
5 website in a format that can be easily searched for data on any  
6 individual provider and facilitates comparisons across utilities.  
7 The reports submitted must be capable of being downloaded in a  
8 database, spreadsheet, or other format that would allow members of  
9 the public to perform analysis on the entire dataset.

10 (4) The department shall annually provide a summary report of  
11 findings and recommendations to the legislature by September 30 and  
12 publish this summary report on its website.

13 (5) The department may require a provider to submit a report  
14 required under section 2 or 3 quarterly if the provider receives  
15 coronavirus relief. As used in this subsection, "coronavirus  
16 relief" means federal funding through a low-income household water  
17 assistance program to assist during the 2020 and 2021 coronavirus  
18 pandemic.