

# City of Petoskey, MI

Effective: February 1, 2010

## **TERMINATION OF ELECTRIC SERVICE POLICY**

This policy provides for the processes and procedures in handling non-payment of customer utility bills. It is intended to minimize delinquencies and bad debt write-offs in an effort to continue offering customers the lowest possible rates. This policy is also intended to ensure the safety of customers, as it relates to termination of services, including protections for senior citizens, low income, and critical care customers.

1. **Amount to be collected:** The total amount of an unpaid bill on a customer account after the billing due date.
  
2. **Termination of service procedure:** Customers who have not paid a bill by the 16<sup>th</sup> of the month following the month the bill was issued are subject to termination of services. Each customer type (industrial, commercial, and residential) is subject to the procedures below. There are additional procedures regarding residential customer terminations, included within this policy, that do not apply to industrial and commercial customers. During the period following the billing due date the City may proceed as follows:
  - A. **Reminder notice** shall be sent by first-class mail indicating that the previous month's billing amount is delinquent. This notice will also inform the customer the amount of the penalty that has been applied to their account.
  
  - B. **Utility delinquency/disconnect notice** shall be sent by first-class mail if payment is not received within ten (10) days after the reminder notice is sent. The purpose of this notice is to give notice to the customer that the City may terminate their services within ten (10) days of the notice date if the past-due balance is not paid in its entirety.
  
  - C. **Final delinquency notice** shall be placed on the door or delivered where the service is provided if payment is not received by the date printed on the utility delinquency/disconnect notice. The final delinquency notice shall allow the customer at least one (1) day to pay the delinquent amount. A fee will be assessed to a customer's account that causes the City to place a final delinquency notice on the service address. The fee shall be in accordance with the "Schedule of Miscellaneous Charges."
  
  - D. **Termination of electric service** may be completed on or after the date printed on the final delinquency notice if all of the steps described above have failed to cause receipt of the delinquent amount.

E. **Non-sufficient funds (NSF)** checks shall also be cause for termination of electric service. If the NSF check was written to avoid termination of services for non-payment, the service shall be disconnected immediately upon notice of non-sufficient funds. A fee shall be assessed for each NSF check in accordance with the “Schedule of Miscellaneous Charges.”

3. **Payment arrangements:** If a customer receives a shut off notice and is unable to pay the amount past due in full, the customer may enter into a payment arrangement. The payment arrangement will apply to the amount that is past due at the time the customer request is made and will be negotiated on a case-by-case basis with the City.

A. The customer may be required to sign an payment arrangement that indicates a plan to pay current and future billings, as well as delinquent portions of the bill, such that the balance owed on the account declines rather than increases. A payment arrangement for the delinquent portion shall not exceed 90 days without approval by either the Director or Supervisor of the Department of Finance.

B. Customers who do not comply in full with their payment arrangement will not be eligible to enter into subsequent plans unless they can demonstrate a significant change in their economic circumstances.

(i) If a customer has defaulted on a payment plan within the last 12 months they are not eligible to enter into a new plan.

(ii) On a case by case basis, the City may allow additional arrangements to residential customers.

4. **Reconnection of utility service:** Any customer that has had service disconnected for non-payment shall pay their delinquent balance plus a reconnect fee, in advance, to be eligible for service reinstatement. The fee shall be in accordance with the “Schedule of Miscellaneous Charges.” In addition, a security deposit, letter of credit, or other collateral may be required prior to service reinstatement. The amount and conditions shall be dependent on the specific circumstances of each individual case. A customer may be required to pay their entire account balance, including current charges and reconnect fees, in its entirety before service is reinstated.

5. **Other remedies:** Termination of service for non-payment will not foreclose the City from other remedies for collection of amounts owing on the customer account. The City may pursue other remedies without availing itself of the termination of service remedy.

6. **Public Act 154 compliance:** The City of Petoskey shall promptly notify the Michigan Public Service Commission if one of its customers suffers serious injury or death resulting from shutoff of electric service as authorized by this policy.

## **RESIDENTIAL CUSTOMER GENERAL SHUTOFF RULES**

1. The City of Petoskey shall not use an electric service limiter. [This Rule may be re-evaluated after the Michigan Public Service Commission issues a temporary order that establishes uniform standards for the use of electric service limiters.]
2. The City of Petoskey shall refund any late fees, fines, or payments related to a shutoff or resumption of service if those late fees, fines, or payments were improperly assessed because of the failure to provide notice as required by these Rules.
3. Notwithstanding other requirements of this Rule, service may be shut off temporarily for reasons of health, safety or in a state or national emergency. When service is shut off for reasons of health or safety, a notice will be left at the premises.
4. The City of Petoskey may shut off or terminate service to a residential customer for any of the following reasons:
  - A. The customer has not paid a delinquent account that accrued within the last six (6) years.
  - B. The customer has failed to provide a deposit or guarantee as required.
  - C. The customer has engaged in unauthorized use of the utility's service.
  - D. The customer has failed to comply with the terms and conditions of a payment plan.
  - E. The customer has refused to arrange access at reasonable times for the purpose of inspection, meter reading, maintenance, or replacement of equipment that is installed upon the premises or for the removal of a meter.
  - F. The customer misrepresented his or her identity for the purpose of obtaining service or put service in another person's name without permission of the other person.
  - G. The customer has violated any rules of the City of Petoskey so as to adversely affect the safety of the customer, other persons or the integrity of the system.
  - H. A person living in the customer's residence meets both of the following:
    - (i) Has a delinquent account for service with the City of Petoskey in the past three (3) years that remains unpaid.
    - (ii) The customer lived in the person's residence when all or part of the debt was incurred. The City of Petoskey may transfer a prorated amount of the debt to the customer's account, based upon the length of time that the customer resided at the person's residence. This subdivision does not apply if the customer was a minor while living in the person's residence.

- I. The customer has not paid for service at a premises occupied by another person, and it is not feasible to provide service to the occupant as a customer without a major revision, as determined by the City, of existing distribution facilities.
5. Subject to applicable third-party consent, a customer will be permitted to designate a third party to receive bill notifications, including shutoff notices, on the customer's behalf. Such notices may be provided to both the designated third party and the customer.
6. A. The City of Petoskey shall supply information regarding the following to customers at least once a year:
  - (i) The energy assistance telephone line number at the Michigan Department of Human Services or an operable 2-1-1 system telephone number.
  - (ii) Medical emergency and critical care protections provided in these rules.
  - (iii) Military shutoff protections pursuant to MCL 460.9c.
  - (iv) Low income protections provided in these Rules.
  - (v) Senior citizen protections provided in these Rules.
- B. The information required under Subsection (A) may be supplied in or on a customer's bill, in a bill insert, in a newsletter issued to customers, a public forum, newspaper announcement, an electronic communication, or in any other manner approved by the City Council.
7. The City of Petoskey shall, at least once per year, attempt to identify senior citizen customers by at least one (1) of the following methods:
  - A. Conducting customer interviews.
  - B. Obtaining information from a consumer reporting agency or consumer reporting service.
  - C. A personal or automated telephone call where direct contact is made with a member of the customer's household or a message is recorded on an answering machine or voice mail.
  - D. First-class mail.
  - E. A personal visit to the customer.
  - F. A written notice left at or on the customer's door.
  - G. On a bill or in a bill insert.

8. Service shall not be shut off unless a notice is sent to the customer by first-class mail or is personally served not less than ten (10) days before the date of the proposed shutoff. A record of the date the notice was sent shall be maintained.
9. A notice of shutoff shall contain all of the following information:
  - A. The name and address of the customer, and the address at which service is provided, if different.
  - B. A clear and concise statement of the reason for the proposed shutoff of service.
  - C. The date on or after which service may be shut off unless the customer takes appropriate action.
  - D. That the customer has the right to enter into a payment plan for an amount that is not in dispute and customer is presently unable to pay.
  - E. The telephone number and address where the customer may make inquiry, enter into a payment plan, or file a complaint.
  - F. That shutoff will be postponed at a residence where a certified medical emergency exists and the customer provides documentation of that medical emergency.
  - G. That during the heating season, shutoff will be postponed if a customer is an eligible customer that enters into a winter protection payment plan with the City of Petoskey and offers proof they are actively seeking emergency assistance from an energy assistance program.
  - H. That the customer can call the Department of Human Services for financial assistance.
10. For an involuntary shutoff, at least one attempt, in addition to the notice provided in Section 8, shall be made one or more days before the shutoff of the service to contact the customer by one (1) or more of the following methods:
  - A. A personal or automated telephone call where direct contact is made with a member of the customer's household or a message is recorded on an answering machine or voice mail.
  - B. First-class mail.
  - C. A personal visit to the customer.
  - D. A written notice left at or on the customer's door.

11. All attempts to contact the customer under Section 10 shall be documented.
12. Service may be shut off to a customer on the date specified in the notice of the shutoff or within ten (10) days following that date. If service is not shut off and a subsequent notice is sent, then service shall not be shut off before the date specified in the subsequent notice. Shutoff shall occur only between the hours of 8 a.m. and 4 p.m.
13. Service shall not be shut off on a day when service cannot be restored, or a day immediately preceding a day, when service cannot be restored.
14. Not later than two hours before the close of the utility's business on the day service is shut off, a notice shall be left at the customer's residence stating that service has been shut off and providing the address and telephone number where the customer may arrange to have service restored.
15. No later than three (3) business days after shutting off service to a known senior citizen customer, the City of Petoskey shall make at least two attempts to contact that customer to advise the customer of the actions that the customer must take to have his or her service restored.
  - A. The following notification methods may be used to contact the customer:
    - (i) A personal or automated telephone call where direct contact is made with a member of the customer's household or a message is recorded on an answering machine or voice mail.
    - (ii) First-class mail.
    - (iii) A personal visit to the customer.
    - (iv) A written notice left at or on the customer's door.
    - (v) Any other method approved by the City Council.
  - B. A communication described in Subsection (A)(iii) or (iv) made on the day of disconnection meets the requirements of this Rule.
  - C. A message left on an answering machine or voice mail or a written notice left at or on a customer's door must include a toll free or local telephone number indicating that it may be used to contact a representative of the City of Petoskey regarding restoration of service.
  - D. The notice requirement of this section may be met with regard to a senior citizen customer by, within three (3) business days of shutting off service, making a documented referral of that customer to a social service or government agency.

16. Reasonable efforts shall be made to restore service on the day the customer requests restoration. Except for reasons beyond the control of the City of Petoskey the service shall be restored not later than the first working day after the customer's request.
17. A charge may be assessed for restoring service.

### **COOLING SEASON SHUTOFFS**

18. If the temperature forecast for the City of Petoskey for the current day OR the following day is 95 degrees or greater, eligible senior citizen customers will not be disconnected on the current day. For Fridays, customers will not be disconnected if the forecast is for 95 degrees or greater for Friday, Saturday or Sunday.

### **HEATING SEASON SHUTOFFS**

19. The City of Petoskey shall not shut off service to a customer during the heating season for nonpayment of a delinquent account for; (a.) an eligible senior citizen customer or (b.) an eligible low income customer who enters into a winter protection payment plan to pay to the City a monthly amount equal to 7% of the estimated annual bill for the eligible low income customer or the eligible low income customer and the City mutually agree upon a winter protection payment plan with different terms and the eligible low income customer demonstrates, within 14 days of requesting shutoff protection, that he or she has applied for state or federal heating assistance. If an arrearage exists at the time an eligible customer applies for protection from shutoff of service during the heating season, the customer shall be permitted to pay the arrearage in equal monthly installments between the date of application and the start of the subsequent heating season.
20. If an eligible customer fails to comply with the terms and conditions of a winter protection payment plan, or if the customer fails to pay a monthly installment on a preexisting arrearage, service may be shut off after giving the customer a notice, by personal service, or first-class mail, that contains all of the following information:
  - A. That the customer has defaulted on a winter protection payment plan or has failed to pay a monthly installment on a preexisting arrearage.
  - B. The nature of the default.
  - C. That unless the customer makes the payments that are past due within ten (10) days of the date of mailing, service will be shut off.
  - D. The date on or after which service will be shut off, unless the customer takes appropriate action.

- E. That the customer may dispute the claim in writing before the date of the proposed shutoff of service.
- F. That the City will not shut off service pending the resolution of a dispute.
- G. The telephone number and address where the customer may make inquiry or file a complaint.
- H. That the customer should contact a social services agency immediately if the customer believes he or she might be eligible for emergency economic assistance.
- I. That the shutoff will be postponed if a medical emergency exists at the customer's residence.
- J. That a deposit and restoration charge may be required if the City shuts off service for non-payment of a delinquent account.

### **SHUTOFF OF CRITICAL CARE CUSTOMERS**

- 21. Shutoff shall be postponed for not more than 21 days if the customer or a member of the customer's household is a critical care customer or has a certified medical emergency. The customer's certification shall identify the medical condition, any medical or life-supporting equipment being used, and the specific time period during which the shutoff of service will aggravate the medical emergency. Shutoff may be extended for further periods of not more than 21 days, not to exceed a total postponement of shutoff of service of 63 days, only if the customer provides additional certification that the customer or a member of the customer's household remains a critical care customer or has a certified medical emergency. If shutoff of service has occurred without any postponement being obtained, the service shall be restored for not more than 21 days, and shall continue for further periods of not more than 21 days, not to exceed a total of 63 days in any 12-month period per household member. Annually, shutoff extensions totaling more than 126 days per household will not be given.
- 22. As used in these Rules:
  - A. "Critical care customer" means a customer who requires, or has a household member who requires, home medical equipment or a life support system, and who has provided appropriate documentation from a physician or medical facility to the City of Petoskey identifying the medical equipment or life-support system and certifying that an interruption of service would be immediately life threatening.
  - B. "Electric service limiter" means an electronic device used in conjunction with an electric meter that automatically interrupts all electric service to a customer without intervening direction from the City of Petoskey when a utility-imposed peak usage limit is exceeded.

- C. “Eligible customer” means either an eligible low-income customer or an eligible senior citizen customer who demonstrates to the City his or her eligibility.
- D. "Eligible low income customer" means a customer whose household income does not exceed 150% of the poverty level, as published by the United States Department of Health and Human Services, or who receives any of the following:
  - (i) Assistance from a state emergency relief program.
  - (ii) Food stamps.
  - (iii) Medicaid.
- E. "Eligible senior citizen customer" means a utility customer who is 65 years of age or older and who advises the utility of his or her eligibility.
- F. "Heating season" means November 1 through March 31.
- G. "Medical Emergency" means an existing medical condition of the customer or a member of the customer's household, as defined and certified by a physician or public health official on official stationery or City-provided form, that will be aggravated by the lack of utility service.
- H. "Senior citizen customer" means a customer of the City of Petoskey who is 65 years of age or older.

#### **SHUT OFF OF CUSTOMER ON ACTIVE MILITARY DUTY**

- 23. A qualifying customer may apply for shut-off protection for electric service by notifying the City that he or she is in need of assistance because of a reduction in household income as the result of a call to active duty status in the military. The City may request verification of the call to active duty status from the customer. A qualifying customer may receive shut off protection for up to 90 days. Upon completion, the City may grant 1 or more extensions. A qualifying customer must notify the City of the end of the call to active duty status as soon as their status is known. The shut-off protection under this section does not void or limit the obligation of the customer to pay for electric service received during the time of assistance.
- 24. The City will establish a repayment plan requiring minimum monthly payments to allow the customer to pay any past due amounts over a reasonable time, not to exceed one year. The City will also provide information regarding assistance programs and on ways to minimize or conserve service usage. If the customer does not follow the payment plan, the city may follow the procedures for electric residential service.
- 25. As used in the rules a “qualifying customer” means all of the following:

- A. A residential household where the income is reduced because the customer of record, or the spouse of the customer of record, is called to full-time active military service by the President of the United States or the Governor of Michigan during a time of declared national or state emergency or war.
- B. Assistance is needed by the residential household to maintain electric service.
- C. The residential household has notified the provider of the need for assistance and, if required, has provided verification of the call to active duty status.

### **DISPUTED BILLS**

26. The following shall be the Department's policy in processing disputed bills:
- 1. When a customer disputes their utility bill or service the amount owing that is directly related to the dispute will be exempt from penalties and normal collection procedures. The customer is responsible for payment of all other bills or portions of bills which are not in dispute.
  - 2. The City will record the date that any disputed bill, or disputed portion of a bill, first comes to the attention of the Department of Finance.
  - 3. The customer will provide specific detail as to why they feel the utility bill is incorrect and the Department of Finance will promptly investigate the dispute and advise the customer as to its findings.
  - 4. The Department of Finance will attempt to resolve the dispute in a manner satisfactory to all parties.

If a settlement agreement is not reached, the customer shall be advised that an opportunity for a hearing on the matter is available with the City Manager. The City Manager will review the billing information and make a determination.

27. These Rules shall be part of the terms and conditions of the contract for service between the City of Petoskey and the customer.
28. These Rules are subject to change if there is a change in applicable statutes and may be supplemented by the City of Petoskey from time-to-time.

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Alan F. Terry, Clerk-Treasurer  
City of Petoskey