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HOUSE FISCAL AGENCY

124 N. Capitol Avenue
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HB4484 AS REPORTED WITHOUT AMENDMENT

Sponsor Rep. Douglas Bovin
Committee ENERGY AND TECHNOLOGY

Analyst(s) Schneider, Bob

Completed 3/26/01

State Fiscal Impact

Cost None
Revenues None

Local Fiscal Impact

Cost None
Revenues None

The bill would amend current law provisions regarding shutoff protection procedures for electric utilities. The bill would increase the upper limit on income used to define an "eligible low-income customer" from 150% to 175% of the poverty level as determined by the federal government. The bill also decreases the minimum monthly payment necessary for an eligible low-income customer to make to avoid shutoff from 7% of his or her estimated annual bill to 5% of the estimated annual bill.

Federal poverty guidelines set the poverty level for 2001 at \$17,650 for a family of four. The bill's provisions would extend eligibility for shutoff protection to a family of four with a household income of up to \$30,888 per year. Under current law, eligibility for a family of four would be limited to those families earning no more than \$26,475.

The average residential electric bill in Michigan is roughly \$650 to \$660. Thus, the reduction in the minimum monthly payment from 7% to 5% of the estimated annual bill would reduce the necessary payment for the average eligible low-income customer by from around \$46 to about \$33.

Since the bill regulates private transactions between electric utilities and eligible customers, it would have no fiscal impact on the state or on local units of government.