

Senator Colbeck offered the following resolution:

Senate Resolution No. 217.

A resolution to memorialize the Michigan Public Service Commission to not approve any part of a utility's rate case or integrated resource plan that would make time-of-use electricity pricing mandatory for residential customers or that would charge substantially higher rates by default to customers who do not participate in time-of-use pricing.

Whereas, Advances in technology are allowing governmental agencies and public utilities to advocate for the broad implementation of "time-of-use" rate schemes for residential electric customers, in which the cost of electricity could vary based on the time of day, day of the week, or other variable factors; and

Whereas, Electric utilities in Michigan have now almost fully completed their rollout of so-called "smart meters" on residential ratepayers' homes. Smart meters allow for remote communication between the utility and the meter to allow utilities to collect more comprehensive data about customer electric usage, such as what electric devices are being used and at what time of day. Smart meters may also be used to communicate with thermostats, appliances, or other devices within a home, or to remotely control such devices; and

Whereas, Time-of-use pricing is being implemented in part to persuade customers to use less electricity at times of peak demand through an arrangement of financial incentives. Such financial incentives, sometimes referred to as "behavioral economics," are promoted by some as tools to save ratepayers money on their electric bills. Such a practice can be controversial, as many believe such mechanisms are more about controlling behavior and only create the perception of saving money; and

Whereas, Utility rate cases are complex proceedings, particularly in markets where utilities enjoy residential monopoly status, such as in Michigan, and make it difficult to tell when a customer is truly receiving fair rates or true discounts. Michigan is generally viewed as having above-average electric rates, and the Michigan Public Service Commission has frequently approved rates of return higher than those suggested by the Commission's own staff. The approved rate of return has also been knowingly exceeded by the utilities, and Michigan ratepayers should not have to agree to the external micro-management of electricity within their own homes in order to receive appropriate electric bills; and

Whereas, Mandatory time-of-use pricing could unfairly impact those homeowners who do not want or cannot afford so-called "smart devices," and could especially impact the poor, the elderly, or those who experience negative health effects from wireless radiation. While time-of-use pricing may be an option some customers want to utilize, ratepayers should not be mandated or financially compelled through inappropriate rate design to participate in time-of-use pricing. Customers who have opted out of a smart meter are already being forced to pay higher electric bills and should not be further penalized for not being able to participate in time-of-use pricing; and

Whereas, It is important that ratepayers be able to fully exercise their right to receive basic and unfettered electric service. Utilities have to provide such basic service under the legal principle known as "obligation to serve." This is especially true in Michigan, where residential ratepayers cannot realistically change who they receive service from even if they are experiencing inappropriately high electric bills; and

Whereas, Any time-of-use rates approved by the Michigan Public Service Commission must allow for customers to opt out without facing burdensome costs. Any program must be truly voluntary so as not to be used as an indirect way of forcing customers to accept smart devices or surrendering their property and privacy rights; now, therefore, be it

Resolved by the Senate, That we memorialize the Michigan Public Service Commission to not approve any part of a utility's rate case or integrated resource plan that would make time-of-use

electricity pricing mandatory for residential customers or that would charge substantially higher rates by default to customers who do not participate in time-of-use pricing; and be it further

Resolved, That copies of this resolution be transmitted to the commissioners of the Michigan Public Service Commission.