

DTE Customer Protections Show Cause

1. What is an Order to Show Cause?

“An Order to Show Cause is a court order requiring an individual or entity to explain, justify, or prove something.”¹ The purpose is to **gather more evidence** regarding issues under the Michigan Public Service Commission (MPSC) jurisdiction before a final decision can be made.

On February 5, 2018, in Case No. U-20084, the MPSC initiated an evidentiary investigation and ordered DTE to show cause why it should not be found in violation of the MPSC’s customer protection rules during the conversion to a new billing system that resulted in numerous customer complaints that electric or natural gas service was improperly shut off.

2. What is the purpose of the MPSC’s customer protections rules?

The MPSC’s [Consumer Standards and Billing Practices for Electric and Natural Gas Service](#), also known as customer protection rules (Mich Admin Code R 460.101 et seq.), are intended to **promote safe and adequate service** to the public and to provide standards for uniform and reasonable practices by electric and natural gas utilities in dealing with customers.

The customer protection rules provide important protections regarding the timing and execution of utility shutoffs. Customer shutoffs are of particular concern during the winter months when disconnecting utility services could jeopardize a customer’s health and well-being.

3. Why did the MPSC initiate the DTE Show Cause proceeding?

In April 2017, DTE replaced its billing system with a new system the utility said would improve the interface among customer service, billing, meter reading, credit and collections, device management, account management, and customer choice. After implementation of the new billing system, the MPSC Staff received a large number of customer complaints regarding the functionality of the new billing system as well as reports that utility service was being improperly shut off contrary to MPSC’s customer standards and billing practices.

On December 20, 2017, in Case No. U-18486, the MPSC **opened an investigation** into DTE’s billing and shutoff practices and directed DTE to file a report with the Commission by January 22, 2018, and for Staff to analyze the report and make recommendations for addressing the issues by February 21, 2018.

¹ <https://legaldictionary.net/order-to-show-cause/>

DTE filed its report but later informed the Commission that the information contained in the report was not accurate and would have to be amended. The utility's amended report confirmed that over half of the 9,000 customers whose service was shut off did not receive proper shutoff notice for nonpayment under the MPSC's customer protection rules. The MPSC determined that, based on the large number of customers impacted by DTE's business practices, **an evidentiary Show Cause hearing was necessary** to examine the issues associated with DTE's alleged customer protection rule violations and whether the root causes of these alleged violations were resolved. The MPSC opened Case No. U-20084 to address these concerns.

4. How many customer shutoffs performed by DTE were in violation of the MPSC's rules?

According to DTE, from January 1, 2017, to February 5, 2018, it performed around 175,000 customer disconnections for non-payment, theft, access, or meter move outs. The results of an **internal audit** by DTE identified that over 4,000 of these shutoffs were in violation of the MPSC's customer protection rules.

5. What did the Show Cause order in U-20084 require?

The MPSC required DTE to file information regarding the extent and nature of the shutoff and billing errors, improper shutoffs, and **show cause why it should not be considered to have violated customer protection rules**. DTE was to report on:

- Shutoff of service (number of customers, shutoff date, restoration date, customer communications prior to and after service restoration).
- Number of improper shutoffs.
- How DTE identified customers whose service was shut off improperly and what has been done to rectify each issue, whether DTE provided any remedy to affected customers, and whether DTE adhered to the customer protection rules in all respects.

6. Were other stakeholders involved in the DTE Show Cause proceeding?

Yes. Two parties intervened: the Residential Customer Group (RCG) and the Attorney General (AG). These parties, along with DTE and Staff, provided **testimony** outlining the extent of the customer protection rules violations committed by DTE. The record also includes more than 20 comments from Michigan residents on their experiences with DTE.

DTE's testimony admits to customer protection rule violations and outlines the extent of these violations. DTE's testimony also discusses the **defects in its new billing system** and ongoing work to address these defects. Based on this information provided in the report, DTE, the AG, and Staff entered into a **settlement agreement** on November 13, 2018.

7. What is a settlement agreement?

A settlement is an alternative to pursue a contested case through a fully litigated process. Typically, it occurs when the parties to a contested case or other legal matter agree upon **fair and reasonable** terms on the issue within the case prior to an MPSC order. A settlement agreement is a contractual agreement between the parties.

8. What remedial actions by DTE are included in the settlement agreement?

DTE has agreed to the following remedial actions:

- DTE will be subject to semi-annual audits regarding its internal shutoff processes and procedures and customer billing practices until 2020. Audit reports will be posted to the docket in MPSC Case No. U-20084. DTE will host quarterly meetings with Staff to provide updates on customer service operations, customer complaints, and the findings of the semi-annual audits.
- DTE will **refund all deposits and reconnection fees** to any customer that was subject to an improper disconnection identified in this proceeding or through the previously described audit process. DTE will document and track all cost associated with compliance with the settlement agreement to ensure these costs are not recovered from ratepayers.
- DTE will perform an **audit of the management practices and organizational structure** of its Executive Consumer Affairs Center to assess its effectiveness and suggest improvements to the company's compliance with the MPSC's customer protection rules.
- DTE Electric will **replace non-transmitting electric meters with digital meters** that are not capable of transmitting any radio frequency signals. The costs of these replacements will be borne by DTE Electric.
- DTE Electric will record a **one-time credit** as Contribution in Aide of Construction (CIAC) of \$750,000 to **offset** the cost associated with the replacement of non-transmitting electric meters.
- DTE will pay a fine of \$840,000 to the State of Michigan within 90 days for violation of the MPSC's rules. **This fine will not be recoverable by DTE through customer rates.**

9. Has DTE implemented any process improvements since the Staff's investigation to avoid improper shutoffs in the future?

DTE has added an additional management procedures step for all shutoff and notice of intent (to disconnect service) letters. Prior to executing a shutoff, DTE will **validate nine criteria** to ensure only appropriate accounts are scheduled to be shut off and the company is operating in accordance with the MPSC's customer protection rules.

10. Has the MPSC taken other actions to protect customers from shutoffs?

The MPSC has recently updated its customer protection rules to include [protections for critical care customers](#) against service shutoffs. A critical care customer requires home medical equipment or a life support system and critical care status has been certified by a medical facility or physician. For these customers a disconnection of service could be immediately life-threatening. The MPSC has also approved [extreme weather condition policies](#) that involve suspending disconnections of utility service to customers during extremely hot and extremely cold weather conditions.

11. What are the next steps?

The MPSC Staff will work with DTE and stakeholders to **monitor shutoff practices and company processes and polices** through the **reporting** outlined in the settlement agreement. Based on the results of pending audits, the Staff will identify whether potential MPSC rule violations were committed by DTE and recommend remedial actions as necessary.

For more information, visit:

www.michigan.gov/mpsc

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