

HOUSE BILL No. 5077

October 21, 1987, Introduced by Reps. DeMars, Varga, Bartnik, Ciaramitaro, Dobronski and Stallworth and referred to the Committee on Public Utilities.

A bill to amend section 6a of Act No. 3 of the Public Acts of 1939, entitled as amended

"An act to provide for the regulation and control of public utilities and other services affected with a public interest within this state; to create a public service commission and to prescribe and define its powers and duties; to abolish the Michigan public utilities commission and to confer the powers and duties vested by law therein on the public service commission; to provide for the continuance, transfer, and completion of certain matters and proceedings; to abolish automatic adjustment clauses; to prohibit rate increases without notice and hearing; to qualify residential energy conservation programs permitted under state law for certain federal exemption; to provide for a restructuring of rates for certain utilities; to provide for appeals; to provide appropriations; to declare the effect of this act; to prescribe penalties; and to repeal all acts contrary to this act,"

as amended by Act No. 212 of the Public Acts of 1982, being section 460.6a of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 6a of Act No. 3 of the Public Acts of
2 1939, as amended by Act No. 212 of the Public Acts of 1982, being

1 section 460.6a of the Michigan Compiled Laws, is amended to read
2 as follows:

3 Sec. 6a. (1) When any finding or order is sought by any
4 gas, telephone or electric utility to increase its rates and
5 charges or to alter, change or amend any rate or rate schedules,
6 the effect of which will be to increase the cost of services to
7 its customers, notice shall be given within the service area to
8 be affected. When such utility shall have placed in evidence
9 facts relied upon to support its petition or application to so
10 increase its rates and charges, or to so alter, change or amend
11 any rate or rate schedules, the commission, pending the submis-
12 sion of all proofs by any interested parties, may in its discre-
13 tion and upon written motion by such utility make a finding and
14 enter an order granting partial and immediate relief, after first
15 having given notice to the interested parties within the service
16 area to be affected in the manner ordered by the commission, and
17 after having afforded to such interested parties reasonable
18 opportunity for a full and complete hearing. ~~--- Provided, That~~
19 ~~no~~ HOWEVER, such finding or order shall NOT be authorized or
20 approved ex parte, nor until the commission's technical staff has
21 made an investigation and report, ~~--- And provided further, That~~
22 AND any alteration or amendment in rates or rate schedules
23 applied for by any public utility which will result in no
24 increase in the cost of service to its customers may be autho-
25 rized and approved without any notice or hearing. There shall be
26 no increase in rates based upon changes in cost of fuel or
27 purchased gas unless notice has been given within the service

1 area to be affected, and there has been an opportunity for a full
2 and complete hearing on the cost of fuel or purchased gas. The
3 rates charged by any utility pursuant to an automatic fuel or
4 purchased gas adjustment clause ~~on the effective date of the~~
5 ~~amendatory act that added this sentence~~ shall not be altered,
6 changed, or amended unless notice has been given within the serv-
7 ice area to be affected, and there has been an opportunity for a
8 full and complete hearing on the cost of the fuel or purchased
9 gas.

10 (2) The commission shall adopt such rules and procedures for
11 the filing, investigation, and hearing of petitions or applica-
12 tions to increase or decrease utility rates and charges as the
13 commission finds necessary or appropriate to enable it to reach a
14 final decision with respect to such petitions or applications
15 within a period of 9 months from the filing. ~~thereof. On and~~
16 ~~after the effective date of the amendatory act that added this~~
17 ~~sentence, the~~ THE commission shall not have the power to autho-
18 rize or approve adjustment clauses that operate without notice
19 and an opportunity for a full and complete hearing, and all such
20 clauses shall be abolished. The commission may hold a full and
21 complete hearing to determine the cost of fuel, purchased gas, or
22 purchased power, separately from a full and complete hearing on
23 general rate case; such a separate hearing may be held concur-
24 rently with a general rate case. The commission shall authorize
25 a utility to recover the cost of fuel, purchased gas, or pur-
26 chased power only to the extent that the purchases are reasonable
27 and prudent. THE COMMISSION'S TECHNICAL STAFF SHALL INCLUDE IN

1 ITS EVIDENTIARY PRESENTATION, IN A GENERAL RATE CASE, A REPORT ON
2 THE IMPACT ON THE RATES AND CHARGES OF THE UTILITY OF ANY STRIKE
3 BY THE UTILITY'S EMPLOYEES. THE REPORT SHALL BE PRESENTED IN
4 EITHER A PENDING GENERAL RATE CASE IF THE RECORD HAS NOT BEEN
5 CLOSED, OR IN THE NEXT GENERAL RATE CASE FOLLOWING THE TERMINA-
6 TION OF THE STRIKE. As used in this section, "general rate case"
7 means a proceeding initiated by a utility in an application filed
8 with the commission that alleges a revenue deficiency and
9 requests an increase in the schedule of rates or charges based on
10 the utility's total cost of providing service. As used in this
11 section, a "full and complete hearing" means a hearing which pro-
12 vides interested parties a reasonable opportunity to present and
13 cross-examine evidence and present arguments relevant to the spe-
14 cific element or elements of such request which are the subject
15 of the hearing.

16 (3) If a final decision has not been reached upon a petition
17 or application to increase or decrease utility rates within the
18 9-month period, the commission shall give priority to such case
19 and shall take such other action as it finds necessary or appro-
20 priate to expedite a final decision. If the commission fails to
21 reach a final decision with respect to a petition or application
22 to increase or decrease utility rates within the 9-month period
23 following the filing of such petition or application, the commis-
24 sion, within 15 days, shall submit a written report to the gover-
25 nor and to the president of the senate and the speaker of the
26 house of representatives stating the reasons a decision was not
27 reached within the 9-month period, and the actions being taken to

1 expedite such decision. The commission shall submit a further
2 report upon reaching a final decision providing full details with
3 respect to the conduct of the case, including the time required
4 for issuance of the commission's decision following the conclu-
5 sion of hearings.