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BILL ANALYSIS

Senate Fiscal Agency

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House Bill 4213 (Substitute S-1 as reported)
Sponsor: Representative Alma Stallworth
House Committee: Public Utilities
Senate Committee: Commerce and Technology

Date Completed: 4-26-89

RATIONALE

In 1984, as a result of problems with Michigan's troubled nuclear power industry and of rate increase requests by Michigan utility companies in connection with their construction of nuclear power plants in the State, the Legislature created a special committee in the House of Representatives to study the Michigan Public Service Commission (PSC). The committee was charged with reviewing the structure, philosophy, and policy and practices of the PSC as well as its method for determining rate case decisions. The committee issued a report on December 11, 1985, that included a number of recommendations for the Legislature's consideration, including a recommendation that the PSC make an annual report on its activities either to the House Public Utilities Committee, the Senate Commerce Committee, or the Governor's office and the Legislature.

CONTENT

The bill would amend the Public Service Commission (PSC) enabling Act to require the PSC to submit a summary report of its activities to the Governor and Legislature on or before the first Monday in March each year. The annual report could include rules, opinions, and orders promulgated or entered during the calendar year covered by the report, and any other information the PSC considered to be of value.

Proposed MCL 460.5a

SENATE COMMITTEE ACTION

The Senate Committee adopted a substitute to correct an error in the title.

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

ARGUMENTS**Supporting Argument**

The activities of the Public Service Commission touch the lives of virtually all of the citizens of the State, yet the average person knows very little about this important public body. The Commission is responsible for regulating Michigan's electric, gas, telephone, steam heating, and water utility companies, gas and oil pipelines, and the trucking industry. Although the Commission's best known function is the setting of rates that utility companies may charge their customers, the Commission also is responsible for a number of other important functions, including regulating the territories each utility or motor carrier may serve; setting the standards of service for each company; approving the construction and monitoring the operation of all gas and oil pipelines, gas storage fields and gas production wells; approving the issuance of securities by regulated companies; developing and enforcing contingency plans should natural gas shortages or electric power reduction occur; and monitoring the rates, financial status, and operations of regulated motor carriers.

At present, Michigan law does not require the PSC to file any kind of annual report on its activities, although other states do have this requirement. For example, the Maryland Public Service Commission is required to publish an annual report, in addition to making an annual report to the Governor and the General Assembly. The published report must include "the summary of Commission activities, ... as well as all rules, regulations, opinions, and orders promulgated or entered by the Commission during the calendar year covered by the annual report, and any other information which the Commission deems of value". The New York Public Service Commission's annual report is similar to that issued by a utility company to its shareholders: the report has a section on the Commission itself and what some of its responsibilities are; sections on each division and office in the Commission, along with items of interest that have occurred in each department; sections on the Office of the Secretary and the Office of Counsel; and a message from the Chairperson of the Commission.

An annual report of Michigan Public Service Commission activities would give the Legislature and other interest parties a better understanding of how the Commission operates and the issues it deals with on a regular basis. The PSC enabling statute should be amended to require the Commission to make such annual reports.

Opposing Argument

Requiring the PSC to make an annual report to the Governor and the Legislature may sound good, but how many people are going to read yet another governmental report? Practically speaking, such reports may well wind up just being shelved and unused.

Response: Such reports could be valuable tools for any number of public and private institutions and ordinary citizens in their attempts to deal with some of the complex and urgent energy and other issues confronting the State.

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