



**House  
Legislative  
Analysis  
Section**

Olds Plaza Building, 10th Floor  
Lansing, Michigan 48909  
Phone: 517/373-6466

**WATER COMPANY REGULATION**

**House Bills 4142 and 4143  
Sponsor: Rep. Alma Stallworth  
Committee: Public Utilities**

**Complete to 2-19-91**

**A SUMMARY OF HOUSE BILLS 4142 AND 4143 AS INTRODUCED 2-7-91**

The bills would amend two laws regulating water utilities to provide for flexible regulation of these utilities.

House Bill 4142 would amend Public Act 19 of 1967, which regulates private water companies, to put in place an alternative rate regulation process for these private water companies.

Rate and service changes. Under the bill, the Public Service Commission (PSC) could establish by rule or order maximum statewide or regional rates and charges for water service and could adopt uniform rules of service, though the bill specifies that the uniform schedules adopted by the PSC for rates, charges, and rules could not be used as evidence in contested case hearings to support or oppose new rates for water companies.

The PSC could approve changes in a water company's rates or charges without a hearing if the changes did not exceed the maximum. Automatic approval would be given to changes in rates and charges equal to or less than the maximum if a company had obtained its certificate of public convenience and necessity before the bill's effective date. As is the case now, a water company would have to notify its customers and any affected governmental entity of a change in rates or charges.

Changes in a water company's rules that were consistent with uniform rules established by the PSC would be approved in the same manner as rate changes.

New facilities or changes in operations. Currently, a water company must obtain a certificate from the Public Service Commission (PSC) to build a new facility, to begin operations in a new area, and to discontinue operations. Under the bill, a water company that had not been issued a certificate of public convenience and necessity but that had paid the most recent public utility assessment would be considered to have been issued a certificate commensurate with its operations as of the day its assessment was paid. The bill also would allow the PSC to issue certificates without holding a hearing and to establish by rule or order procedures for the filing of applications and the issuance of certificates. (That is, the bill basically would automatically grant a certificate to a regulated company that should already have one but for some reason did not.)

Mobile home parks. Public Act 19 of 1967 currently exempts certain mobile home parks. The bill would expand the exemption to include any person or entity that sold water

only incidentally to a package of services provided as a result of the formation of a residential home ownership association or as part of a contract for the rental of a unit at an apartment complex, shopping mall, campground, office building, marina, mobile home park, or other rental property, whether or not the charge of water was included within a residential home ownership association assessment or a rental charge, or was separately billed at a fixed or metered rate.

House Bill 4143 would amend the Mobile Home Commission Act to make it an unfair or deceptive practice to charge a fee for water usage that exceeded the higher of either (1) the amounts charged by the local municipality for the commodity cost and administrative cost of single family residential water use, or (2) the maximum statewide or regional rate established by the Public Service Commission under House Bill 4142.

The bill also would strike current language requiring the Mobile Home Commission to send a written report to the PSC if it suspects a mobile home park owner of violating water utility tariffs or of qualifying for regulation as a water company.

The bill is tie-barred to House Bill 4142.

MCL 486.551 (House Bill 4142) and 125.2328 (House Bill 4143)