



**House
Legislative
Analysis
Section**

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PUBLIC UTILITY INVESTMENTS

House Bills 5048 and 5049
Sponsor: Rep. Michael J. Griffin
Committee: Public Utilities

Complete to 8-20-91

A SUMMARY OF HOUSE BILLS 5048 AND 5049 AS INTRODUCED 7-25-91

House Bill 5048 would amend the Public Service Commission (PSC) enabling act (Public Act 3 of 1939, MCL 460.6 and 460.6p) to give the PSC the authority to regulate management practices of public utilities that impaired the utility's ability to provide service to its rate payers as well as public utility's noneconomic management practices.

More specifically, the PSC could limit or prohibit a public utility's investments or a utility's "distribution" to its parent company or affiliate, where "distribution" would mean a transfer of money or other property (except the utility's shares) or the utility's taking on debt to or for the benefit of its shareholders in respect to its shares. The PSC also could require a public utility to change, avoid, or reverse a noneconomic management practice or a practice that impaired the utility's ability to provide service to its ratepayers.

The bill would give the PSC authority (including access to books and records) over a public utility's parent company (defined in the bill as any legal entity that owned or controlled 20 percent or more of the utility's voting shares) or affiliate (defined as a corporation whose shares were owned or controlled by the utility) to the extent necessary to carry out its responsibilities under the bill.

Proceedings under the bill would be conducted as contested cases under the Administrative Procedures Act, and could occur in conjunction with ongoing rate cases, reconciliation proceedings, or security issuance proceedings involving the utility company.

House Bill 5049 would amend the Business Corporation Act (MCL 450.1123) to specify that any conflict between the Business Corporation Act and the powers granted to the Public Service Commission over corporations in certain circumstances would be handled under the Public Service Commission enabling act.

House Bills 5048 and 5049 (8-20-91)