

HOUSE BILL No. 6182

September 30, 1992, Introduced by Reps. Jondahl, Gubow and Perry Bullard 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 encourage the utilization of resource recovery facilities; 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. 37 of the Public Acts of 1992, 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. 37 of the Public Acts of 1992, being

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

3 Sec. 6a. (1) When a finding or order is sought by a gas or
4 electric utility to increase its rates and charges or to alter,
5 change, or amend any rate or rate schedules, the effect of which
6 will be to increase the cost of services to its customers, notice
7 shall be given within the service area to be affected. The util-
8 ity shall place in evidence facts relied upon to support the
9 utility's petition or application to increase its rates and
10 charges, or to alter, change, or amend any rate or rate
11 schedules. After first having given notice to the interested
12 parties within the service area to be affected and affording
13 interested parties a reasonable opportunity for a full and com-
14 plete hearing, the commission, after submission of all proofs by
15 any interested party, may in its discretion and upon written
16 motion by the utility make a finding and enter an order granting
17 partial and immediate relief. A finding or order shall not be
18 authorized or approved ex parte, ~~nor~~ OR until the commission's
19 technical staff has made an investigation and report. An alter-
20 ation or amendment in rates or rate schedules applied for by a
21 public utility OR RECOMMENDED BY THE COMMISSION'S STAFF OR INITI-
22 ATED BY THE COMMISSION ON ITS OWN MOTION that will not result in
23 an increase in the cost of service to its customers may be autho-
24 rized and approved without ~~notice or~~ A hearing ONLY IF PRIOR
25 NOTICE OF THE PROPOSED ALTERATION OR AMENDMENT IS GIVEN TO ALL
26 PARTIES TO THE PUBLIC UTILITY'S LAST GENERAL RATE CASE AND IF NO
27 PARTY REQUESTS A HEARING ON THE PROPOSED ALTERATION OR

1 AMENDMENT. THE COMMISSION SHALL NOT AUTHORIZE OR APPROVE AN
2 AGREEMENT PRIVATELY REACHED OR NEGOTIATED BY ITS STAFF IF THE
3 AFFECTED PARTIES HAVE NOT BEEN GIVEN NOTICE AND A FULL OPPORTU-
4 NITY TO PARTICIPATE IN ALL DISCUSSIONS LEADING TO THE AGREEMENT.
5 There shall be no increase in rates based upon changes in cost of
6 fuel or purchased gas unless notice has been given within the
7 service area to be affected, and there has been an opportunity
8 for a full and complete hearing on the cost of fuel or purchased
9 gas. The rates charged by any utility pursuant to an automatic
10 fuel or purchased gas adjustment clause shall not be altered,
11 changed, or amended unless notice has been given within the serv-
12 ice area to be affected, and there has been an opportunity for a
13 full and complete hearing on the cost of the fuel or purchased
14 gas.

15 (2) The commission shall adopt rules and procedures for the
16 filing, investigation, and hearing of petitions or applications
17 to increase or decrease utility rates and charges as the commis-
18 sion finds necessary or appropriate to enable it to reach a final
19 decision with respect to petitions or applications within a
20 period of 9 months from the filing of the petitions or
21 applications. The commission shall not authorize or approve
22 adjustment clauses that operate without notice and an opportunity
23 for a full and complete hearing, and all such clauses shall be
24 abolished. The commission may hold a full and complete hearing
25 to determine the cost of fuel, purchased gas, or purchased power
26 separately from a full and complete hearing on A general rate
27 case. ~~and~~ THE HEARING may be held concurrently with the

1 general rate case. The commission shall authorize a utility to
2 recover the cost of fuel, purchased gas, or purchased power only
3 to the extent that the purchases are reasonable and prudent. As
4 used in this section:

5 (a) "Full and complete hearing" means a hearing that pro-
6 vides interested parties a reasonable opportunity to present and
7 cross-examine evidence and present arguments relevant to the spe-
8 cific element or elements of the request that are the subject of
9 the hearing.

10 (b) "General rate case" means a proceeding initiated by a
11 utility in an application filed with the commission that alleges
12 a revenue deficiency and requests an increase in the schedule of
13 rates or charges based on the utility's total cost of providing
14 service.

15 (3) If a final decision has not been reached upon a petition
16 or application to increase or decrease utility rates within the
17 9-month period required by subsection (2), the commission shall
18 give priority to the case and shall take such other action as it
19 finds necessary or appropriate to expedite a final decision. If
20 the commission fails to reach a final decision with respect to a
21 petition or application to increase or decrease utility rates
22 within the 9-month period following the filing of the petition or
23 application, the commission, within 15 days after expiration of
24 the 9-month period, shall submit a written report to the governor
25 and to the president of the senate and the speaker of the house
26 of representatives stating the reasons a decision was not reached
27 within the 9-month period and the actions being taken to expedite

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