

SENATE BILL No. 512

September 25, 1991, Introduced by Senators DUNAKISS and EMMONS and referred to the Committee on Technology and Energy.

A bill to amend sections 6 and 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,"

section 6 as amended by Act No. 50 of the Public Acts of 1980 and section 6a as amended by Act No. 212 of the Public Acts of 1982, being sections 460.6 and 460.6a of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 6 and 6a of Act No. 3 of the Public
2 Acts of 1939, section 6 as amended by Act No. 50 of the Public
3 Acts of 1980 and section 6a as amended by Act No. 212 of the
4 Public Acts of 1982, being sections 460.6 and 460.6a of the
5 Michigan Compiled Laws, are amended to read as follows:

6 Sec. 6. (1) The public service commission is vested with
7 complete power and jurisdiction to regulate all public utilities
8 in the state except a municipally owned utility, the owner of a
9 renewable resource power production facility as provided in sec-
10 tion 6d, and except as otherwise restricted by law. The public
11 service commission is vested with the power and jurisdiction to
12 regulate all rates, fares, fees, charges, services, rules, condi-
13 tions of service, and all other matters pertaining to the forma-
14 tion, operation, or direction of ~~such~~ public utilities. The
15 public service commission is further granted the power and juris-
16 diction to hear and pass upon all matters pertaining to, neces-
17 sary, or incident to the regulation of ~~all~~ public utilities,
18 including electric light and power companies, whether private,
19 corporate, or cooperative; ~~—, gas companies, water, telephone,~~
20 telegraph, oil, gas, and pipeline companies; ~~—, motor carriers;~~
21 ~~—, and all public transportation and communication agencies~~
22 other than railroads and railroad companies.

23 (2) The commission ~~shall have~~ HAS the same measure of
24 authority with respect to railroads and railroad companies as is
25 granted and conferred under the ~~various provisions of~~ law cre-
26 ating the Michigan railroad commission and its successor, the

1 Michigan public utilities commission, and defining their powers
2 and duties.

3 Sec. 6a. (1) When ~~any~~ A finding or order is sought by
4 ~~any~~ A gas ~~, telephone~~ or electric utility to increase its
5 rates and charges or to alter, change, or amend any rate or rate
6 schedules, the effect of which will be to increase the cost of
7 services to its customers, notice shall be given within the serv-
8 ice area to be affected. ~~When such~~ THE utility shall ~~have~~
9 ~~placed~~ PLACE in evidence facts relied upon to support ~~its~~ THE
10 UTILITY'S petition or application to ~~se~~ increase its rates and
11 charges, or to ~~se~~ alter, change, or amend any rate or rate
12 schedules. AFTER FIRST HAVING GIVEN NOTICE TO THE INTERESTED
13 PARTIES WITHIN THE SERVICE AREA TO BE AFFECTED AND AFFORDING
14 INTERESTED PARTIES A REASONABLE OPPORTUNITY FOR A FULL AND COM-
15 PLETE HEARING, the commission, ~~pending the~~ AFTER submission of
16 all proofs by any interested ~~parties~~ PARTY, may in its discre-
17 tion and upon written motion by ~~such~~ THE utility make a finding
18 and enter an order granting partial and immediate relief. ~~After~~
19 ~~after first having given notice to the interested parties within~~
20 ~~the service area to be affected in the manner ordered by the com-~~
21 ~~mission, and after having afforded to such interested parties~~
22 ~~reasonable opportunity for a full and complete hearing.~~
23 ~~Provided, That no such~~ A finding or order shall NOT be autho-
24 rized or approved ex parte, nor until the commission's technical
25 staff has made an investigation and report. ~~And provided fur-~~
26 ~~ther, That any~~ AN alteration or amendment in rates or rate
27 schedules applied for by ~~any~~ A public utility ~~which~~ THAT will

1 NOT result in ~~no~~ AN increase in the cost of service to its
2 customers may be authorized and approved without ~~any~~ notice or
3 hearing. There shall be no increase in rates based upon changes
4 in cost of fuel or purchased gas unless notice has been given
5 within the service area to be affected, and there has been an
6 opportunity for a full and complete hearing on the cost of fuel
7 or purchased gas. The rates charged by any utility pursuant to
8 an automatic fuel or purchased gas adjustment clause ~~on the~~
9 ~~effective date of the amendatory act that added this sentence~~
10 shall not be altered, changed, or amended unless notice has been
11 given within the service area to be affected, and there has been
12 an opportunity for a full and complete hearing on the cost of the
13 fuel or purchased gas.

14 (2) The commission shall adopt ~~such~~ rules and procedures
15 for the filing, investigation, and hearing of petitions or appli-
16 cations to increase or decrease utility rates and charges as the
17 commission finds necessary or appropriate to enable it to reach a
18 final decision with respect to ~~such~~ petitions or applications
19 within a period of 9 months from the filing ~~thereof. On and~~
20 ~~after the effective date of the amendatory act that added this~~
21 ~~sentence, the~~ OF THE PETITIONS OR APPLICATIONS. THE commission
22 shall not ~~have the power to~~ authorize or approve adjustment
23 clauses that operate without notice and an opportunity for a full
24 and complete hearing, and all such clauses shall be abolished.
25 The commission may hold a full and complete hearing to determine
26 the cost of fuel, purchased gas, or purchased power —
27 separately from a full and complete hearing on general rate case

1 ~~such a separate hearing~~ AND may be held concurrently with ~~a~~
 2 THE general rate case. The commission shall authorize a utility
 3 to recover the cost of fuel, purchased gas, or purchased power
 4 only to the extent that the purchases are reasonable and
 5 prudent. As used in this section: ~~,"general"~~

6 (A) "FULL AND COMPLETE HEARING" MEANS A HEARING THAT PRO-
 7 VIDES INTERESTED PARTIES A REASONABLE OPPORTUNITY TO PRESENT AND
 8 CROSS-EXAMINE EVIDENCE AND PRESENT ARGUMENTS RELEVANT TO THE SPE-
 9 CIFIC ELEMENT OR ELEMENTS OF THE REQUEST THAT ARE THE SUBJECT OF
 10 THE HEARING.

11 (B) "GENERAL rate case" means a proceeding initiated by a
 12 utility in an application filed with the commission that alleges
 13 a revenue deficiency and requests an increase in the schedule of
 14 rates or charges based on the utility's total cost of providing
 15 service. ~~As used in this section, a "full and complete hearing"~~
 16 ~~means a hearing which provides interested parties a reasonable~~
 17 ~~opportunity to present and cross-examine evidence and present~~
 18 ~~arguments relevant to the specific element or elements of such~~
 19 ~~request which are the subject of the hearing.~~

20 (3) If a final decision has not been reached upon a petition
 21 or application to increase or decrease utility rates within the
 22 9-month period REQUIRED BY SUBSECTION (2), the commission shall
 23 give priority to ~~such~~ THE case and shall take such other action
 24 as it finds necessary or appropriate to expedite a final
 25 decision. If the commission fails to reach a final decision with
 26 respect to a petition or application to increase or decrease
 27 utility rates within the 9-month period following the filing of

1 ~~such~~ THE petition or application, the commission, within 15
2 days AFTER EXPIRATION OF THE 9-MONTH PERIOD, shall submit a writ-
3 ten report to the governor and to the president of the senate and
4 the speaker of the house of representatives stating the reasons a
5 decision was not reached within the 9-month period ~~—~~ and the
6 actions being taken to expedite ~~such~~ THE decision. The commis-
7 sion shall submit a further report upon reaching a final decision
8 providing full details with respect to the conduct of the case,
9 including the time required for issuance of the commission's
10 decision following the conclusion of hearings.