



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

GUARANTY DEPOSITS: INTEREST

House Bill 4970

Sponsor: Rep. Susan Munsell

Committee: Regulatory Affairs

Complete to 8-29-95

A SUMMARY OF HOUSE BILL 4970 AS INTRODUCED 6-16-95

A public utility that is regulated by the Public Service Commission is allowed to collect deposits from customers as a guaranty for payment. Under current law, the commission may prescribe by rule the interest rate payable on the guaranty deposit. House Bill 4970 would set the interest rate in statute. The bill would establish that a utility would pay simple interest on deposits held more than 30 days, that the rate of interest to be paid on the deposits would be determined in January and July, and that the rates would be based on the prior month's average rate for six-month United States treasury bills.

In addition, the Public Service Commission is permitted to prescribe by rule certain provisions regarding guaranty deposits, such as the circumstances under which a utility may require a guaranty deposit. The bill would change this provision to allow the commission to prescribe the requirements by order or rule, delete a provision allowing the commission to set the interest rate payable on the guaranty deposit, and delete language stating that in the absence of specific rules adopted by the commission, the commission must approve the terms and conditions of a utility's guaranty deposit.

MCL 460.651 and 460.652

House Bill 4970 (8-29-95)