

**MUNICIPAL ELECTRIC UTILITIES:
TRANSMISSION FACILITIES**

House Bill 5457

Sponsor: Rep. Ken Bradstreet

House Bill 5458

Sponsor: Rep. Joseph Rivet

House Bill 5459

Sponsor: Rep. Barb Vander Veen

**Committee: Energy and Technology
Complete to 11-29-01**

A SUMMARY OF HOUSE BILLS 5457-5459 AS INTRODUCED 11-28-01

The Michigan Energy Employment Act of 1976 prescribes the powers and duties of municipalities to acquire, finance, maintain, and operate generating, transmission, and distribution facilities of electric power and energy, fuel and energy sources and reserves and all necessary related properties, equipment and facilities. Among other things, the act permits municipalities that generate, transmit, or distribute electricity to enter “joint agency” agreements. A “joint agency” is a public body formed by the governing bodies of two or more municipalities that have agreed that it is in the municipalities’ best interests to jointly operate a “project” to supply electric power and energy. A “project” is a system or facility for the generation, transmission, or transformation of electricity by a municipal electric utility system by any means, including but not limited to, any one or more electric generating units.

House Bill 5458 would amend the act (MCL 860.844) to allow a joint agency to transfer all or part of its interest in transmission facilities to either a multistate regional transmission system organization approved by the federal government and operating in the state or to one or more of the organization’s transmission-owning members. The bill would also permit a joint agency to buy, acquire, sell or otherwise transfer stock, membership units or any other interest in either a federally-approved multistate regional transmission system organization operating in the state or in one or more of the organization’s transmission-owning members.

House Bill 5459 would amend the act (MCL 860.840) to specify that before undertaking a project *for the construction or acquisition of facilities for the transmission or generation of electric power and energy*, a joint agency must determine that the project is required to provide for the projected power and energy needs of its members. Currently, the act states that before undertaking a project,—i.e., any project—a joint agency must determine that the project is required to provide for the projected power and energy needs of its members.

House Bill 5457 would amend the act (MCL 860.805) to revise the definition of “project”. The bill would essentially retain the core of the current definition of project as a system or facility for the generation, transmission, *or transformation* of electricity by a municipal electric utility system by any means. The bill would, however, expand this definition to include stock,

membership units, or any other interest in either a multistate regional transmission system organization approved by the federal government and operating in this state or in a transmission-owning entity which is a member of such an organization. (The bill would eliminate the original definition's specification that a project includes any one or more electric generating units.) Finally, the bill would make some changes to the definition of "project cost" that appear to be technical.

Analyst: J. Caver

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.