

# Legislative Analysis



## PRIVATE WASTEWATER UTILITY ASSESSMENT

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**Senate Bill 719 as passed by the Senate**

**Sponsor: Sen. Jason E. Allen**

**House Committee: Natural Resources, Great Lakes, Land Use, and Environment**

**Senate Committee: Economic Development, Small Business, and Regulatory Reform**

### **First Analysis (9-26-05)**

**BRIEF SUMMARY:** The bill would impose an assessment on private wastewater companies regulated by the Public Service Commission

**FISCAL IMPACT:** The amount of revenue generated from the assessment would depend on the number of private wastewater treatment utilities regulated by the Public Service Commission. The assessment would cover the staffing and administrative costs associated with the regulation of these utilities.

### **THE APPARENT PROBLEM:**

Senate Bills 356 and 419 are currently pending before the legislature and are designed to spur the development of private wastewater treatment facilities. Senate Bill 356 would regulate the construction and operation of these facilities (under the jurisdiction of the Department of Environmental Quality), and Senate Bill 419 would provide the Public Service Commission with the authority to regulate the rates and other charges of private wastewater facilities. Under Public Act 299 of 1972, the PSC imposes an assessment against public utilities, including telecommunication and electric companies, attributable to the cost of regulation. Public Act 299 must be amended to permit the PSC to impose an assessment against private wastewater companies for the cost of regulation provided under Senate Bill 419.

### **THE CONTENT OF THE BILL:**

Public Act 299 of 1972 imposes an assessment against public utilities attributable to the cost of regulation by the Public Service Commission. A regulated utility's assessment is based on its proportionate share of gross revenue in the preceding calendar year from intrastate operations. Public Act 299 generally defines "public utility" to mean a steam, heat, electric, power, gas, water, telecommunications, telegraph, communications, pipeline, or gas producing company regulated by the PSC. Senate Bill 719 would include a wastewater company in the definition.

MCL 460.111

***HOUSE COMMITTEE ACTION:***

The House Committee on Natural Resources, Great Lakes, Land Use, and Environment reported the bill with recommendation without amendment.

***ARGUMENTS:***

***For:***

The bill is necessary to permit the Public Service Commission to impose an assessment, based on the cost of regulation, against private wastewater treatment facilities. The PSC currently imposes assessments on other regulated public utilities.

***POSITIONS:***

The Michigan Association of Counties supports the bill. (9-22-05)

The Michigan Townships Association supports the bill. (9-22-05)

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■ 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.