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BILL ANALYSIS

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Senate Bill 806 (as introduced 10-11-05)

Sponsor: Senator Bruce Patterson

Committee: Technology and Energy

Date Completed: 10-14-05

## **CONTENT**

**The bill would amend the Customer Choice and Electricity Reliability Act to reinstate a provision that specifies the Act's purpose.**

The Act states that its purpose is to do all of the following:

- Ensure that all retail customers in this State of electric power have a choice of electric suppliers.
- Allow and encourage the Michigan Public Service Commission to foster competition in this State in the provision of electric supply and maintain regulation of electric supply for customers who continue to choose supply from incumbent electric utilities.
- Encourage the development and construction of merchant plants to diversify the ownership of electric generation in Michigan.
- Ensure that all persons in this State are afforded safe, reliable electric power at a reasonable rate.
- Improve the opportunities for economic development in Michigan and promote financially healthy and competitive utilities in this State.

This provision expired on December 31, 2003. The bill would eliminate the sunset.

The bill also would include Section 10cc in the Act. The Act currently states that Sections 10 through 10bb constitute the Act. Section 10cc provides that, if any provision of the Act is found to be invalid or unconstitutional, the remaining provisions are not affected and will remain in full force and effect. That section also provides that, if any provision of the Act is found to be invalid or unconstitutional in a manner that prevents the issuance of securitization bonds that otherwise would be allowed, the rate reductions required under Section 10d are void and the rates must return to those in effect on May 1, 2000.

(Section 10d required a 5% reduction in the residential rates that were in effect on May 1, 2000, for an electric utility with at least 1.0 million retail customers; froze those rates and the utility's other rates that were in effect on May 1, 2000, until 2004; and prohibited the utility's rates from increasing until December 31, 2013, or until the utility met a market power test.)

MCL 460.10

Legislative Analyst: Julie Koval

## **FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Elizabeth Pratt/Maria Tyszkiewicz

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