



Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536

**BILL ANALYSIS**

Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

House Bill 5384 (Substitute H-1 as reported without amendment)

Sponsor: Representative Mike Nofs

House Committee: Energy and Technology

Senate Committee: Energy Policy and Public Utilities

**CONTENT**

The bill would amend the Michigan Energy Employment Act, which authorizes certain municipalities to form joint agencies to build or invest in electric generation, distribution, or transmission facilities with other governmental or regulated private partners. The bill would do the following:

- Allow municipalities participating in a joint project to enter into contracts for the purchase, sale, exchange, or transmission of electric power with a power utility (any person engaged in generating, transmitting, or distributing or furnishing electricity), rather than with specified entities.
- Require a contract to provide for ownership between a municipality or joint agency and an entity owning at least two-thirds of a facility, if the entity were a state, a Canadian province, a local unit, or a Federal agency of the U.S. or Canada.
- Eliminate a provision restricting participation in a joint agency to municipalities engaged in the generation, transmission, or distribution of electricity as of the Act's effective date (January 13, 1977).
- Allow the board of a joint agency or the governing body of a municipal electric utility system to exempt certain records from public disclosure, and allow a court to order disclosure subject to appropriate confidentiality provisions.
- Allow a municipality that is a member of a joint agency to contract to buy power and energy separately, or through the joint agency, from any other power utility; and permit the contract to impose liability for payments on the joint agency or the municipality.
- Require that payments by a municipality for the purchase of capacity and output from a joint agency or other power utility be made as part of the operating and maintenance costs of the municipality's or agency's system, subject to any debt or indentures.
- Authorize the board of a joint agency to authorize the establishment of one or more classes of associate membership in the joint agency.
- Eliminate a prohibition against the sale or exchange of excess capacity or output between a joint agency and a municipality that was not engaged in generating, transmitting, or distributing electricity as of January 13, 1977.
- Allow a joint agency to transfer all or part of its functional control of transmission facilities to a multistate regional transmission system organization or to one or more of its transmission-owning members.

Under the Act, municipalities participating in a joint project or projects may enter into contracts for the exchange, interchange, wheeling, pooling, or transmission of electric power and energy produced by the project or projects with a municipality of this State or another state owning electric distribution facilities, with an electric membership corporation, with a public utility, or with a Federal, state, or municipal agency that owns electric generation, transmission, or distribution facilities in Michigan or another state. The bill



would allow municipalities also to enter into contracts for the purchase and sale of electric power and energy. The bill would municipalities to contract with a "power utility", instead of all of the different entities currently listed.

The bill would define "power utility" as any person engaged or who may engage, inside or outside the State, in generating, transmitting, or distributing or furnishing electricity. The term currently means any of the following entities engaged in generating, transmitting, or distributing electricity: a political subdivision of Michigan or another state or a Canadian province; an agency of Michigan or another state, a Federal agency, or a Canadian federal or provincial agency; or a cooperative or investor-owned entity subject to the regulation of the Public Service Commission or the equivalent regulatory agency of another state.

MCL 460.803 et al.

Legislative Analyst: Julie Cassidy

### **FISCAL IMPACT**

The bill would have no impact on State revenue or expenditure. The bill would have an indeterminate impact on local units. The impact on local units would depend upon the extent to which the changes in the bill affected the behavior of local units and the cost of those changes. While the bill would expand the universe of potential entities involved with joint agreements and other projects, the costs and benefits of any changes could be higher or lower than, or the same as current activities.

Date Completed: 2-25-08

Fiscal Analyst: David Zin

Floor\hb5384

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.