

# SENATE BILL No. 426

April 24, 2007, Introduced by Senators ALLEN, KUIPERS and McMANUS and referred to the Committee on Energy Policy and Public Utilities.

A bill to amend 1939 PA 3, entitled

"An act to provide for the regulation and control of public and certain private utilities and other services affected with a public interest within this state; to provide for alternative energy suppliers; to provide for licensing; to include municipally owned utilities and other providers of energy under certain provisions of this act; to create a public service commission and to prescribe and define its powers and duties; to abolish the Michigan public utilities commission and to confer the powers and duties vested by law on the public service commission; to provide for the continuance, transfer, and completion of certain matters and proceedings; to abolish automatic adjustment clauses; to prohibit certain rate increases without notice and hearing; to qualify residential energy conservation programs permitted under state law for certain federal exemption; to create a fund; to provide for a restructuring of the manner in which energy is provided in this state; to encourage the utilization of resource recovery facilities; to prohibit certain acts and practices of providers of energy; to allow for the securitization of stranded costs; to reduce rates; to provide for appeals; to provide appropriations; to declare the effect and purpose of this act; to prescribe remedies and penalties; and to repeal acts and parts of acts,"

by amending section 6n (MCL 460.6n), as added by 1984 PA 49.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 6n. (1) Not later than ~~4 months after the effective date~~  
2 ~~of this section~~ **AUGUST 12, 1984**, the commission shall commence  
3 hearings to restructure residential electric rates established  
4 ~~pursuant to~~ **UNDER** former section 6f. ~~of this act.~~ The restructuring  
5 may be independent of any pending case for rate reductions or  
6 increases or may be included within any general rate case  
7 proceeding. The revenue impact of the restructured rates shall be  
8 included and recognized solely within the residential class of  
9 customers.

10       (2) Rates restructured ~~pursuant to~~ **UNDER** this section shall  
11 encourage residential energy conservation and shall be based upon  
12 cost of service and other relevant factors.

13       (3) The commission shall ensure that electric utilities do not  
14 penalize residential customers for billings which are for more than  
15 31 days of service in any monthly billing period.

16       (4) The commission shall take steps necessary to inform the  
17 public of the advantages of conservation. In addition to requiring  
18 the total charges for service to be reflected on a residential  
19 customer's bill, the commission shall require electric utilities to  
20 print on each residential customer's bill the total amount of  
21 electricity used, the rate for each block used by the customer, and  
22 the total charge for each block of electrical usage by the  
23 customer. All costs incurred by the electric utilities in carrying  
24 out the requirements of this subsection shall be included in the  
25 cost to serve the residential customer.

26       **(5) FOUR MONTHS FROM THE EFFECTIVE DATE OF THE AMENDATORY ACT**

1 THAT ADDED SUBSECTION (6), EACH ELECTRIC UTILITY SUBJECT TO THIS  
2 SECTION SHALL OFFER A RATE TO ITS RESIDENTIAL CUSTOMERS WHICH  
3 INCLUDES DISTRIBUTION, BILLING, AND COLLECTING FOR ENERGY SERVICE  
4 RENDERED BY AN ALTERNATIVE ELECTRIC SUPPLIER AT THE SAME  
5 DISTRIBUTION CHARGE PAID BY FULL-SERVICE CUSTOMERS.

6 (6) THE AMOUNTS COLLECTED SHALL BE REMITTED TO THE ALTERNATIVE  
7 ELECTRIC SUPPLIER BASED ON THE RATE CHARGED BY THE ALTERNATIVE  
8 ELECTRIC SUPPLIER TIMES THE CUSTOMER'S ELECTRIC CONSUMPTION. THE  
9 AMOUNT REMITTED MAY BE REDUCED BY THE PERCENTAGE OF BAD DEBT  
10 RELATED TO RECOVERY OF THE COST OF GENERATION EXPERIENCED BY THE  
11 ELECTRIC UTILITY WITH BUNDLED SERVICE CUSTOMERS TO THE EXTENT THAT  
12 THE UTILITY CAN PROVE THAT THE BAD DEBT HAS NOT BEEN INCLUDED IN  
13 THE DISTRIBUTION CHARGE.

14 (7) ALTERNATIVE ELECTRIC SUPPLIERS SHALL DELIVER POWER TO THE  
15 ELECTRIC UTILITY FOR USE OF ITS CUSTOMERS IN AMOUNTS DICTATED BY  
16 THE LOAD PROFILES USED BY UTILITIES TO ESTIMATE CONSUMPTION FOR  
17 THEIR OWN RESIDENTIAL CUSTOMERS.

18 (8) ~~(5)~~—This section shall apply only to electric utilities  
19 serving more than 200,000 residential customers in this state.