

Legislative Analysis



PRESERVE ECONOMIC DEVELOPMENT TARIFFS & CONTRACTS

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 6407

Sponsor: Rep. Douglas Geiss

Committee: Energy and Technology

Complete to 11-8-10

A SUMMARY OF HOUSE BILL 6407 AS INTRODUCED 9-1-10

In general, the bill would prohibit the Public Service Commission (PSC) from taking any step to phase out or modify an economic development tariff rate offered by an electric utility or that would affect a contract entered into by a customer and an electric utility under the tariff. In particular, the bill would do the following things:

- Create a new act called the "Energy for Economic Development Act of 2008."
- Prohibit the Public Service Commission (PSC) from taking any action that would alter the rates, terms, conditions, duration, or enforceability of a contract between an electric utility and a customer entered into under a PSC-approved economic development tariff provision.
- Specify that the PSC could not issue an order that would eliminate or modify the tariff in a manner that would allow or require the electric utility to alter any aspect of the contract.
- Require the PSC to allow an electric utility to fully recover from all other ratepayers the full amount of the subsidy, if any, received by a customer that had executed a contract with the utility for an economic development tariff rate. (The PSC would determine the amount of the subsidy, if any, resulting from the tariff.)

"Electric utility" would mean that term as defined in Section 2 of the Electric Transmission Line Certification Act, MCL 460.562. In that act, the term "electric utility" refers to any entity whose transmission or distribution of electricity is regulated by the PSC under Public Act 106 of 1909 or Public Act 3 of 1939, but not municipal utilities and certain transmission companies.

FISCAL IMPACT:

A fiscal analysis is in process.

Legislative Analyst: Shannan Kane
Fiscal Analyst: Mark Wolf

■ 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.