

Legislative Analysis



UTILITY CONSUMER REPRESENTATION FUND

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

House Bill 5612

Sponsor: Rep. Mike Shirkey

Committee: Energy and Technology

Complete to 6-2-14

A SUMMARY OF HOUSE BILL 5612 AS INTRODUCED 5-29-14

House Bill 5612 would amend the Public Service Commission law, Public Act 3 of 1939, to allow the money in the Utility Consumer Representation Fund to be used for participation in cost allocation and rate design proceedings pertaining to cost allocation methods and rate design methods used to set rates (as proposed by House Bill 5476).

Currently, the annual receipts and interest earned, less administrative costs, may be used only for administrative and judicial proceedings relating to gas cost recovery, power supply cost recovery, and initial power supply cost recovery, and in federal administrative and judicial proceedings that directly affect the energy costs paid by Michigan utilities.

MCL 460.6m

BACKGROUND INFORMATION:

The Utility Consumer Representation Fund provides a mechanism whereby the attorney general and consumer advocates (also referred to as "public intervenors") have more resources to participate in complex utility rate proceedings. Under the Public Service Commission law, large utilities (a minimum of 100,000 customers) make annual payments to the fund. Half of the payments to the fund are available for use by the attorney general in utility rate cases. (This is included in each utility's operating expenses and may be charged to its customers). The remaining half of the payments are used for grants to consumer advocates for use in utility rate cases, and may only be charged to the utility's residential customers. Cooperative utilities also pay into the fund, but grants from the fund may not be used in cases that primarily affect cooperative utilities.

Nonprofit organizations and local units of government may apply for grants from the fund. Acceptable proposals must serve the interests of residential utility customers, including environmental protection, energy conservation, employment, and a healthy economy. Disbursements may not be used to represent mere individual interests. The Utility Consumer Participation Board administers the fund, and coordinates the activities of the attorney general with those of grant recipients to avoid duplication of effort. Reports to the board are required of grant recipients and the attorney general regarding the use of money from the fund, and the board must report annually to the Legislature regarding the discharge of its statutory duties. In addition, a Senate and a House

committee reviews the costs and benefits of the fund, and makes recommendations for necessary changes in the fund's payment levels, every three years. The committees are appointed by the Senate Majority Leader and Speaker of the House, respectively.

FISCAL IMPACT:

House Bill 5612 would not have a significant fiscal impact on the state or local units of government.

Legislative Analyst: Susan Stutzky
Fiscal Analyst: Paul Holland

■ 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.