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BILL ANALYSIS

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Senate Bill 1087 (as enrolled)
Sponsor: Senator Ken Horn
Senate Committee: Energy and Technology
House Committee: Communications and Technology

Date Completed: 12-29-16

CONTENT

The bill would amend Public Act 299 of 1972, which governs the costs of regulating public utilities, to authorize the Public Service Commission (PSC) to use assessments received from public utilities under the Act to administer the Uniform Video Services Local Franchise Act (described below, under **BACKGROUND**).

Under Public Act 299 of 1972, within 30 days after the enactment of any appropriation to the Department of Licensing and Regulatory Affairs, the Department must determine the amount of the appropriation attributable to the regulation of public utilities. The amount must be assessed against public utilities, and must be apportioned among them according to each utility's share of total gross revenue derived from intrastate operations for the preceding year. Each utility must pay an assessment of at least $50. ("Public utility" means a steam, heat, electric, power, gas, water, wastewater, telecommunications, telegraph, communications, pipeline, or gas-producing company regulated by the PSC, whether private, corporate, or cooperative. The term does not include a municipally owned utility.)

The bill would apply notwithstanding Section 5, which requires all money paid into the State Treasury by a public utility under the Act to be credited to a special account to be used solely to finance the cost of regulating public utilities.

Proposed MCL 460.115a

BACKGROUND

The Uniform Video Services Local Franchise Act, which took effect in 2007, prohibits video service providers and local units of government from entering into individualized franchise agreements, and instead provides for a uniform video service local franchise agreement established by the PSC. As a rule, a person may not provide video services in any local unit without first obtaining a uniform local franchise. A local unit may not require a video service provider to obtain a separate franchise or otherwise impose any fee or franchise requirement except as provided under the Act, and may not enforce any term, condition, or requirement of any franchise agreement that is more burdensome than the terms, conditions or requirements contained in another franchise agreement. Until January 1, 2010, each video service provider was required to pay an assessment to cover the PSC's costs of exercising its duties under the Act. A provider was required to pay its portion of the total assessment in the same proportion that its number of subscribers for the preceding year bore to the total number of video service subscribers in the State.

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill would have a positive fiscal impact on the Public Service Commission within the Department of Licensing and Regulatory Affairs and no fiscal impact on local units of government. The bill would allow the PSC to use public utility assessments to pay for costs related to administration of the Uniform Video Services Local Franchise Act. These costs have averaged between $250,000 and $300,000 per year and were formerly borne by a separate video franchising fee, but that fee expired in 2015. Under the bill, these costs would be counted by public utility assessments that public utilities pay to the PSC each year. In fiscal year 2015-16, the PSC collected a total of $29.1 million in public utility assessments, which are used to offset the costs related to regulating public utilities.

Fiscal Analyst: Josh Sefton