

SENATE BILL No. 1499

November 12, 2002, Introduced by Senators DUNASKISS, BYRUM and GAST and referred to the Committee on Technology and Energy.

A bill to amend 1939 PA 3, entitled

"An act to provide for the regulation and control of public 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 10d (MCL 460.10d), as added by 2000 PA 141.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 10d. (1) ~~Unless~~ EXCEPT AS OTHERWISE PROVIDED UNDER
2 SUBSECTION (3) OR UNLESS otherwise reduced by the commission
3 under subsection ~~(4)~~ (5), the commission shall establish the
4 residential rates for each electric utility with 1,000,000 or
5 more retail customers in this state as of May 1, 2000 that will
6 result in a 5% rate reduction from the rates that were authorized
7 or in effect on May 1, 2000. Notwithstanding any other provision
8 of law or commission order, rates for each electric utility with
9 1,000,000 or more retail customers established under this subsec-
10 tion become effective on ~~the effective date of the amendatory~~
11 ~~act that added this section~~ JUNE 5, 2000 and remain in effect
12 until December 31, 2003 and all other electric retail rates of an
13 electric utility with 1,000,000 or more retail customers autho-
14 rized or in effect as of May 1, 2000 shall remain in effect until
15 December 31, 2003, ~~unless otherwise reduced by the commission~~
16 ~~under subsection (4)~~ EXCEPT AS OTHERWISE PROVIDED UNDER THIS
17 SECTION.

18 (2) On and after December 31, 2003, rates for an electric
19 utility with 1,000,000 or more retail customers in this state as
20 of May 1, 2000 shall not be increased until the earlier of
21 December 31, 2013 or until the commission determines, after
22 notice and hearing, that the utility meets the market test under
23 section 10f and has completed the transmission expansion provided
24 for in the plan required under section 10v. The rates for com-
25 mercial or manufacturing customers of an electric utility with
26 1,000,000 or more retail customers with annual peak demands of
27 less than 15 kilowatts shall not be increased before January 1,

1 2005. There shall be no cost shifting from customers with capped
2 rates to customers without capped rates as a result of this
3 section. In no event shall residential rates be increased before
4 January 1, 2006 above the rates established under subsection
5 (1).

6 (3) SUBSECTIONS (1) AND (2) DO NOT APPLY TO RATES OR CHARGES
7 AUTHORIZED BY THE COMMISSION UNDER THE TERRORISM PROTECTION AND
8 COST RECOVERY ACT OF 2002.

9 (4) ~~(3)~~ Beginning January 1, 2004, annual return of and on
10 capital expenditures in excess of depreciation levels incurred
11 during and before the time period described in subsection (2),
12 and expenses incurred as a result of changes in taxes, laws, or
13 other state or federal governmental actions incurred by electric
14 utilities during the period described in subsection (2), shall be
15 accrued and deferred for recovery. After notice and hearing, the
16 commission shall determine the amount of reasonable and prudent
17 costs, if any, to be recovered and the recovery period, which
18 shall not exceed 5 years, and shall not commence until after the
19 expiration of the period described in subsection (2).

20 (5) ~~(4)~~ If the commission authorizes an electric utility
21 to use securitization financing under section 10i, any savings
22 resulting from securitization shall be used to reduce retail
23 electric rates from those authorized or in effect as of May 1,
24 2000 as required under subsection (1). A rate reduction under
25 this subsection shall not be less than the 5% required under sub-
26 section (1). The financing order may provide that a utility
27 shall only issue securitization bonds in an amount equal to or

1 less than requested by the utility, but the commission shall not
2 preclude the issuance of an amount of securitization bonds suffi-
3 cient to fund the rate reduction required under ~~section 10d(1)~~
4 SUBSECTION (1).

5 (6) ~~(5)~~ Except for savings assigned to the low-income and
6 energy efficiency fund ~~pursuant to~~ UNDER subsection ~~(6)~~ (7),
7 securitization savings greater than those used to achieve the 5%
8 rate reduction under subsection (1) shall be allocated by the
9 commission to further rate reductions or to reduce the level of
10 any charges authorized by the commission to recover an electric
11 utility's stranded costs. The commission shall allocate approved
12 securitization, transition, stranded, and other related charges
13 and credits in a manner that does not result in a reallocation of
14 cost responsibility among the different customer classes.

15 (7) ~~(6)~~ If securitization savings exceed the amount needed
16 to achieve a 5% rate reduction for all customers, then, for a
17 period of 6 years, 100% of the excess savings, up to 2% of the
18 electric utility's commercial and industrial revenues, shall be
19 allocated to the low-income and energy efficiency fund adminis-
20 tered by the commission. The commission shall establish stan-
21 dards for the use of the fund to provide shut-off and other pro-
22 tection for low-income customers and to promote energy efficiency
23 by all customer classes. The commission shall issue a report to
24 the legislature and the governor every 2 years regarding the
25 effectiveness of the fund.

26 (8) ~~(7) Until~~ EXCEPT AS PROVIDED UNDER SUBSECTION (3),
27 UNTIL the end of the period described in subsection (2), the

1 commission shall not authorize any fees or charges that will
2 cause the residential rate reduction required under subsection
3 (1) to be less than 5%.

4 (9) ~~-(8)-~~ If an electric utility serving less than 1,000,000
5 retail customers in this state as of May 1, 2000 issues securiti-
6 zation bonds as allowed under this act, it shall have the same
7 rights, duties, and obligations under this section as an electric
8 utility serving 1,000,000 or more retail customers in this state
9 as of May 1, 2000.

10 (10) ~~-(9)-~~ The ~~public service~~ commission shall take the
11 necessary steps to ensure that all electrical power generating
12 facilities in this state comply with all rules, regulations, and
13 standards of the federal environmental protection agency regard-
14 ing mercury emissions.

15 Enacting section 1. This amendatory act does not take
16 effect unless Senate Bill No. 1498
17 of the 91st Legislature is enacted into
18 law.