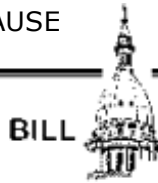




Senate Fiscal Agency
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**BILL ANALYSIS**

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House Bill 5798 (Substitute H-1 as reported with amendment)

Sponsor: Representative Coleman Young

House Committee: Energy and Technology

Senate Committee: Energy Policy and Public Utilities

CONTENT

The bill would amend Public Act 3 of 1939, the Public Service Commission (PSC) law, to prescribe procedures by which the PSC could incorporate a steam supply cost recovery clause in the steam rates or rate schedule of a utility. Specifically, the bill would do the following:

- Require a utility to file an annual steam supply cost recovery plan that included the utility's evaluation of the reasonableness and prudence of its decisions to provide steam supply.
- Require a utility, in conjunction with a recovery plan, to file a three-year forecast of the steam supply requirement of its customers, its anticipated sources of supply, and projections of steam supply costs.
- Require the PSC to conduct a steam supply and cost review to evaluate the reasonableness and prudence of a utility's recovery plan and establish steam supply cost recovery factors to implement a cost recovery clause.
- Provide for the revision of a cost recovery plan and a reopening of a supply and cost review during the recovery period.
- Require the PSC to conduct a steam supply cost reconciliation proceeding at least once a year.
- Require the PSC to require a utility to refund or credit to customers, or authorize a utility to recover from customers, as applicable, the difference between the amount collected under the cost recovery factors and the utility's actual costs of steam supply.
- Require the PSC to establish an interest rate to be applied to any refunds, credits, or additional charges.
- Require the PSC to file with the Governor and Legislature every five years a report that included recommendations for legislation.

Proposed MCL 460.6r

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The fiscal impact of the bill would be minimal as the PSC currently has a process in place for supply cost recovery cases. The bill simply would formalize those procedures for steam distribution companies.

Date Completed: 4-21-08

Fiscal Analyst: Elizabeth Pratt
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