



**House
Legislative
Analysis
Section**

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WATER COMPANY REGULATION

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House Bills 5653 and 5654
Sponsor: Rep. Alma Stallworth
Committee: Public Utilities

Complete to 9-5-90

A SUMMARY OF HOUSE BILLS 5653 AND 5654 AS INTRODUCED 4-2-90

House Bill 5653 would make several amendments to Public Act 19 of 1967, which regulates private water companies. Among the changes are the following.

* The act currently excludes from the act certain mobile home parks. The bill would expand the exclusion to include any person or entity that sells water only incidental to a package of services provided as a result of the formation of a residential home ownership association or as part of a contract for the rental of a unit at an apartment complex, shopping mall, campground, office building, marina, mobile home park, or other rental property, whether or not the charge for water is included within a residential home ownership association assessment or a rental charge, or is separately billed at a fixed or metered rate.

* Currently, a water company must obtain a certificate from the Public Service Commission (PSC) to build a new facility or begin operations in a new area (and to discontinue operations). Under the bill, a water company that had not been issued a certificate of public convenience and necessity but that had paid the most recent public utility assessment would be considered to have been issued a certificate commensurate with its operations as of the day its assessment was paid. The bill would also allow the PSC to issue certificates without holding a hearing and to establish by rule or order procedures for the filing of applications and the issuance of certificates.

* Water companies must file a schedule of rates and charges and rules, and then must obtain the approval of the PSC for any change. No rate or charge can be increased without a hearing being held. Under the bill, the PSC could establish by rule or order maximum statewide or regional rates and charges for water service. If a water company had obtained its certificate after the effective date of the bill, any change in its rates and charges that did not exceed the PSC maximum would be considered approved by the PSC. The PSC could approve without a hearing changes in rates and charges that did not exceed the maximum when proposed by companies whose certificate was obtained before the bill's effective date. As is the case now, a water company would have to notify its customers and any affected governmental entity of a change in rates or charges. In other rate change cases, the PSC would have to conduct a hearing in the same manner as a hearing for an increase in gas, telephone, or electric utility rates. The PSC could also adopt uniform rules of service, and changes in a water company's rules that were consistent with the uniform rules would be approved in the same manner as rate changes. (The bill specifies that the uniform schedules adopted by the PSC for rates, charges, and rules could not be received into evidence in a contested case proceeding to support or oppose the establishments of new rates for a water company.)

House Bill 5654 would amend the Mobile Home Commission Act to make it an unfair or deceptive practice to charge a fee for water usage that exceeds the

House Bills 5653 and 5654 (9-5-90)

higher of: (1) the amounts charged by the local municipality for the commodity cost and administrative cost of single family residential water use, or (2) the maximum statewide or regional rate established by the Public Service Commission. The bill would strike current language requiring the Mobile Home Commission to send a written report to the Public Service Commission if it suspects a mobile home park owner of violating water utility tariffs or of qualifying for regulation as a water company.

MCL 486.551 (House Bill 5653) and 125.2328 (House Bill 5654)