

# HOUSE BILL No. 5462

February 8, 1990, Introduced by Reps. Van Regenmorter, Ciaramitaro, Stallworth, Sikkema, Bartnik, Gire, Strand, Weeks, Kulchitsky, DeMars, Johnson, Banks, Joe Young, Jr., Fitzgerald, Brown, O'Connor, Oxender, Gilmer, Wallace, London, Bender, Dolan, Saunders and Bandstra and referred to the Committee on Consumers.

A bill to amend section 6a of Act No. 3 of the Public Acts of 1939, entitled as amended

"An act to provide for the regulation and control of public utilities and other services affected with a public interest within this state; 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 therein 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 rate increases without notice and hearing; to qualify residential energy conservation programs permitted under state law for certain federal exemption; to provide for a restructuring of rates for certain utilities; to encourage the utilization of resource recovery facilities; to provide for appeals; to provide appropriations; to declare the effect of this act; to prescribe penalties; and to repeal all acts contrary to this act,"

as amended by Act No. 212 of the Public Acts of 1982, being section 460.6a of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 6a of Act No. 3 of the Public Acts of  
2 1939, as amended by Act No. 212 of the Public Acts of 1982, being

1 section 460.6a of the Michigan Compiled Laws, is amended to read  
2 as follows:

3       Sec. 6a. (1) ~~When any~~ IF A GAS, TELEPHONE, OR ELECTRIC  
4 UTILITY PETITIONS OR APPLIES TO THE COMMISSION FOR A finding or  
5 order ~~is sought by any gas, telephone or electric utility~~ to  
6 increase its rates and charges or to alter, change, or amend ~~any~~  
7 ~~rate~~ ITS RATES or rate schedules, the effect of which ~~will be~~  
8 ~~to~~ MAY increase the cost of services to its customers, THE UTIL-  
9 ITY SHALL GIVE PUBLIC notice ~~shall be given~~ OF THE APPLICATION  
10 OR PETITION within the service area to be affected. ~~When such~~  
11 THE UTILITY SHALL PUBLISH THE NOTICE IN A NEWSPAPER OF GENERAL  
12 CIRCULATION IN THE SERVICE AREA TO BE AFFECTED WITHIN A REASON-  
13 ABLE TIME PERIOD AFTER THE APPLICATION OR PETITION IS FILED WITH  
14 THE COMMISSION, AND SHALL INCLUDE THE NOTICE IN OR ON THE BILL OF  
15 EACH AFFECTED CUSTOMER OF THE UTILITY IN THE NEXT BILLING AFTER  
16 THE APPLICATION OR PETITION IS FILED WITH THE COMMISSION. IF THE  
17 UTILITY IS A COOPERATIVELY OWNED ELECTRIC UTILITY THAT BILLS ITS  
18 CUSTOMERS BY POSTCARD, THE UTILITY MAY INCLUDE THE NOTICE IN A  
19 PUBLICATION DISTRIBUTED BY THE UTILITY TO ITS CUSTOMERS. THE  
20 NOTICE SHALL BE WRITTEN IN PLAIN, NONTECHNICAL, AND EASILY UNDER-  
21 STOOD TERMS AND SHALL CONTAIN A TITLE THAT INCLUDES THE NAME OF  
22 THE UTILITY AND THE WORDS "NOTICE OF POSSIBLE RATE INCREASE".  
23 THE NOTICE PUBLISHED IN A NEWSPAPER OR BY A COOPERATIVELY OWNED  
24 ELECTRIC UTILITY SHALL BE PRINTED IN 12-POINT BOLDFACED TYPE AND  
25 THE BODY OF THE NOTICE SHALL BE SURROUNDED BY A BLACK BORDER THAT  
26 IS NOT LESS THAN 3/4 OF AN INCH FROM THE BODY OF THE NOTICE. A  
27 UTILITY THAT COMPLIES WITH THIS SUBSECTION IS NOT REQUIRED TO

1 INCLUDE ADDITIONAL INFORMATION IN THE NOTICE. THE NOTICE SHALL  
2 CONTAIN AT LEAST ALL OF THE FOLLOWING INFORMATION:

3 (A) A STATEMENT THAT THE CUSTOMER'S RATE MAY INCREASE IF THE  
4 COMMISSION GRANTS THE RATE INCREASE OR OTHER REQUEST OF THE  
5 UTILITY.

6 (B) AN ESTIMATE OF THE AMOUNT OF THE ANNUAL INCREASE FOR THE  
7 TYPICAL RESIDENTIAL CUSTOMER THAT WOULD RESULT IF THE APPLICATION  
8 OR PETITION IS APPROVED BY THE COMMISSION. THE ESTIMATE SHALL BE  
9 PRINTED IN A TYPE STYLE AND SIZE THAT ARE DISTINCT FROM AND  
10 LARGER THAN THE TYPE STYLE AND SIZE OF THE BODY OF THE NOTICE.  
11 AS USED IN THIS SUBDIVISION, "TYPICAL RESIDENTIAL CUSTOMER" MEANS  
12 THE CUSTOMER WHOSE RATE FALLS WITHIN THE MEDIAN OF THE RATES OF  
13 ALL RESIDENTIAL CUSTOMERS IN THE AFFECTED SERVICE AREA, ASSUMING  
14 NORMAL USAGE PATTERNS.

15 (C) A STATEMENT THAT A CUSTOMER WHO DESIRES TO COMMENT ON  
16 THE APPLICATION OR PETITION OR WHO DESIRES THE COMPLETE DETAILS  
17 OF THE APPLICATION OR PETITION MAY CALL OR WRITE THE COMMISSION  
18 OR THE DIVISION WITHIN THE DEPARTMENT OF ATTORNEY GENERAL WITH  
19 RESPONSIBILITY FOR MATTERS PERTAINING TO PUBLIC UTILITIES. THE  
20 STATEMENT REQUIRED UNDER THIS SUBDIVISION SHALL ALSO INCLUDE THE  
21 TELEPHONE NUMBER AND ADDRESS OF BOTH THE COMMISSION AND THE DIVI-  
22 SION OF THE DEPARTMENT OF ATTORNEY GENERAL DESCRIBED IN THIS SUB-  
23 DIVISION AND A STATEMENT THAT COMPLETE DETAILS OF THE APPLICATION  
24 OR PETITION WILL BE PROVIDED FREE OF CHARGE TO THE CUSTOMER AND  
25 AT THE EXPENSE OF THE UTILITY.

26 (2) IF A utility ~~shall have~~ HAS placed in evidence BEFORE  
27 THE COMMISSION facts relied upon to support its petition or

1 application to so increase its rates and charges, or to so alter,  
 2 change, or amend any rate or rate schedules, the commission,  
 3 pending the submission of all proofs by any interested parties,  
 4 may ~~in its discretion and~~ upon written motion by ~~such~~ THE  
 5 utility make a finding and enter an order granting partial and  
 6 immediate relief. ~~, after first having given~~ BEFORE MAKING A  
 7 FINDING AND ENTERING AN ORDER, THE COMMISSION SHALL GIVE notice  
 8 to the interested parties within the service area to be affected  
 9 ~~in the manner ordered by the commission, and after having~~  
 10 ~~afforded to such~~ AND AFFORD TO THE interested parties reasonable  
 11 opportunity for a full and complete hearing. ~~Provided, That~~  
 12 ~~no such finding or order shall be authorized or approved~~ THE  
 13 COMMISSION SHALL NOT MAKE A FINDING OR ENTER AN ORDER UNDER THIS  
 14 SECTION ex parte, ~~nor~~ OR until the commission's technical staff  
 15 has made an investigation and report. ~~And provided further,~~  
 16 ~~That any~~ THE COMMISSION MAY APPROVE AN alteration or amendment  
 17 in rates or rate schedules applied for by any public utility  
 18 ~~which~~ THAT will result in no increase in the cost of service to  
 19 its customers ~~may be authorized and approved~~ without any notice  
 20 or hearing. ~~There shall be no~~

21 (3) THE COMMISSION SHALL NOT APPROVE AN increase in rates  
 22 based upon changes in cost of fuel or purchased gas unless notice  
 23 has been given within the service area to be affected ~~and~~ and  
 24 there has been an opportunity for a full and complete hearing on  
 25 the cost of fuel or purchased gas. ~~The~~ BEGINNING NOVEMBER 22,  
 26 1982, THE rates charged by ~~any~~ A utility pursuant to an  
 27 automatic fuel or purchased gas adjustment clause ~~on the~~

1 ~~effective date of the amendatory act that added this sentence~~  
 2 shall not be altered, changed, or amended unless notice has been  
 3 given within the service area to be affected, and there has been  
 4 an opportunity for a full and complete hearing on the cost of the  
 5 fuel or purchased gas.

6 (4) ~~(2)~~ The commission shall adopt ~~such~~ rules and proce-  
 7 dures for the filing, investigation, and hearing of petitions or  
 8 applications to increase or decrease utility rates and charges as  
 9 the commission finds necessary or appropriate to enable it to  
 10 reach a final decision with respect to ~~such petitions or~~  
 11 ~~applications~~ A PETITION OR APPLICATION within ~~a period of~~ 9  
 12 months ~~from the filing thereof~~ AFTER THE PETITION OR APPLICA-  
 13 TION IS FILED. On and after ~~the effective date of the amenda-~~  
 14 ~~tory act that added this sentence~~ NOVEMBER 22, 1982, the commis-  
 15 sion shall not ~~have the power to~~ authorize or approve adjust-  
 16 ment clauses that operate without notice and an opportunity for a  
 17 full and complete hearing, and all such clauses ~~shall be~~ ARE  
 18 abolished. The commission may hold a full and complete hearing  
 19 to determine the cost of fuel, purchased gas, or purchased power,  
 20 separately from a full and complete hearing on general rate  
 21 case. ~~, such a~~ A separate hearing may be held concurrently  
 22 with a general rate case. The commission shall authorize a util-  
 23 ity to recover the cost of fuel, purchased gas, or purchased  
 24 power only to the extent that the purchases are reasonable and  
 25 prudent. As used in this section: ~~, "general"~~

26 (A) "GENERAL rate case" means a proceeding initiated by a  
 27 utility in an application filed with the commission that alleges

1 a revenue deficiency and requests an increase in the schedule of  
2 rates or charges based on the utility's total cost of providing  
3 service. ~~As used in this section, a "full"~~

4 (B) "FULL and complete hearing" means a hearing ~~which~~ THAT  
5 provides interested parties a reasonable opportunity to present  
6 and cross-examine evidence and present arguments relevant to the  
7 specific element or elements of ~~such~~ THE request which are the  
8 subject of the hearing.

9 (5) ~~(3)~~ If a final decision has not been reached upon a  
10 petition or application to increase or decrease utility rates  
11 within the 9-month period REQUIRED UNDER SUBSECTION (4), the com-  
12 mission shall give priority to ~~such~~ THE case and shall take  
13 ~~such~~ other action as it finds necessary or appropriate to expedite  
14 a final decision. If the commission fails to reach a final  
15 decision with respect to a petition or application to increase or  
16 decrease utility rates within the 9-month period ~~following the~~  
17 ~~filing of such petition or application~~ REQUIRED UNDER  
18 SUBSECTION (4), the commission, within 15 days AFTER THE EXPIRA-  
19 TION OF THE 9-MONTH PERIOD, shall submit a written report to the  
20 governor and to the president AND THE MAJORITY LEADER of the  
21 senate and the speaker of the house of representatives stating  
22 the reasons a decision was not reached within the 9-month period  
23 ~~—~~ and the actions being taken to expedite ~~such~~ THE decision.  
24 The commission shall submit ~~a further~~ AN ADDITIONAL report TO  
25 THE GOVERNOR, THE PRESIDENT AND THE MAJORITY LEADER OF THE  
26 SENATE, AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES upon  
27 reaching a final decision providing full details with respect to

1 the conduct of the case, including the time required for issuance  
2 of the commission's decision following the conclusion of  
3 hearings.