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DELETE LOCAL UTILITY OFFICE REQ'T.

House Bill 4638 (Substitute H-1)
First Analysis (4-13-88)

Sponsor: Rep. Alma Stallworth
Committee: Public Utilities

THE APPARENT PROBLEM:

Under Public Act 419 of 1919, the Public Service Commission (PSC) enabling act, a public utility operating within the state is required to hold an office in every county in which the utility owns property. This provision was included in the act nearly 70 years ago, before the automobile and television — and the huge technological system both depend on — dramatically reduced the distances between rural and urban areas. Public utilities provided essential services to citizens 70 years ago, as they still do today, and their ratepayers needed assurance they could have a voice in the decision-making process regarding, for example, utility rates. In those days, a public utility that operated its office a relatively long distance from its customers could have its customers' rates altered without having to worry about a great deal of public input on the decision. In today's smaller world, revolutionized by transportation and communication innovations, the requirement that a public utility maintain an office in every county in which it owns property is outdated, since any request for a rate alteration is widely publicized and can be acted upon easily by the public. In addition, this requirement imposes an undue financial burden on smaller companies that wish to enter the market as public service providers. A suggestion, therefore, was made to amend the act to delete this obsolete and cost-prohibitive provision.

THE CONTENT OF THE BILL:

The bill would amend Public Act 419 of 1919 to delete a provision which requires a utility regulated by the PSC to maintain an office within any county in the state in which the utility owns property. The bill, instead, would require that a public utility maintain a principal office somewhere within the state where records pertaining to the business and operation of the utility could be easily accessed by the Public Service Commission.

MCL 460.57

FISCAL IMPLICATIONS:

According to the Public Service Commission, the bill would have no state or local fiscal implications. (3-30-88)

ARGUMENTS:

For:

The bill would update the act by deleting a provision designed to protect citizens in the less technologically advanced society that existed 70 years ago. Because ratepayers today have easy access to information relating to public utility concerns — due to television and radio — and can travel relatively long distances easily to voice their opinions on utility policies, the requirement that a utility have an office in every county in which it owns property no longer is necessary, and can be cost prohibitive for companies that wish to enter the public utility market. The bill would delete this provision, but would still provide protection to customers by requiring that a public utility which provides services to customers within the state maintain a primary office within the state, where business records could be reasonably accessed by the PSC.

POSITIONS:

The Public Service Commission supports the bill. (3-30-88)

Detroit Edison is not opposed to the bill. (3-30-88)