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BILL ANALYSIS

Senate Fiscal Agency

Lansing, Michigan 48909

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House Bill 4638 (Substitute S-2 as reported)

Sponsor: Representative Alma Stallworth

House Committee: Public Utilities

Senate Committee: Energy

Mich. State Law Library

Date Completed: 6-1-88

RATIONALE

Under Public Act 419 of 1919, the Public Service Commission (PSC) enabling Act, a public utility operating within the State is required to maintain 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. Some argue, however, that 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innovations, the requirement that a public utility maintain an office in every county in which it owns property is outdated, since, they claim, any request for a rate alteration is widely publicized and can be acted upon easily by the public. They further contend that this requirement imposes an undue financial burden on smaller companies that wish to enter the market as public service providers, and have suggested, therefore, that the requirement be deleted.

advanced society that existed 70 years ago. Because ratepayers today have ready access through the electronic media to information relating to public utility concerns 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. Indeed, the cost of the requirement can be prohibitive for companies that wish to enter the public utility market. The bill would delete this multiple offices 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 and post rate schedules in the principal office and at any other locations as the Commission directed.

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CONTENT

The bill would amend Public Act 419 of 1919 to delete a provision which requires a utility regulated by the Public Service Commission 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 within the State, and further, that the utility post rate schedules not only in its principal office but also in "other such locations as the Commission may direct".

MCL 460.57

SENATE COMMITTEE ACTION

The Senate Energy Committee adopted a substitute bill that would require public utilities to post rate schedules not only in their principal offices but also "at any other locations as the Commission may direct". The House-passed version of the bill just required the utilities to post rate schedules at their principal offices.

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

ARGUMENTS**Supporting Argument**

The bill would update the Act by deleting a provision designed to protect citizens in the less technologically