

SENATE BILL No. 1160

February 27, 2002, Introduced by Senators SIKKEMA, SANBORN, BULLARD and HAMMERSTROM and referred to the Committee on Technology and Energy.

A bill to amend 1939 PA 3, entitled

"An act to provide for the regulation and control of public utilities and other services affected with a public interest within this state; to provide for alternative energy suppliers; to provide for licensing; to include municipally owned utilities and other providers of energy under certain provisions of this act; 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 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 certain rate increases without notice and hearing; to qualify residential energy conservation programs permitted under state law for certain federal exemption; to create a fund; to provide for a restructuring of the manner in which energy is provided in this state; to encourage the utilization of resource recovery facilities; to prohibit certain acts and practices of providers of energy; to allow for the securitization of stranded costs; to reduce rates; to provide for appeals; to provide appropriations; to declare the effect and purpose of this act; to prescribe remedies and penalties; and to repeal acts and parts of acts,"

by amending section 10d (MCL 460.10d), as added by 2000 PA 141.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 10d. (1) Unless otherwise reduced by the commission
2 under subsection (4), the commission shall establish the
3 residential rates for each electric utility with 1,000,000 or
4 more retail customers in this state as of May 1, 2000 that will
5 result in a 5% rate reduction from the rates that were authorized
6 or in effect on May 1, 2000. Notwithstanding any other provision
7 of law or commission order, rates for each electric utility with
8 1,000,000 or more retail customers established under this subsec-
9 tion become effective ~~on the effective date of the amendatory~~
10 ~~act that added this section~~ JUNE 5, 2000 and remain in effect
11 until December 31, 2003 and all other electric retail rates of an
12 electric utility with 1,000,000 or more retail customers autho-
13 rized or in effect as of May 1, 2000 shall remain in effect until
14 December 31, 2003, unless otherwise reduced by the commission
15 under subsection (4).

16 (2) On and after December 31, 2003, rates for an electric
17 utility with 1,000,000 or more retail customers in this state as
18 of May 1, 2000 shall not be increased until the earlier of
19 December 31, 2013 or until the commission determines, after
20 notice and hearing, that the utility meets the market test under
21 section 10f and has completed the transmission expansion provided
22 for in the plan required under section 10v. The rates for com-
23 mercial or manufacturing customers of an electric utility with
24 1,000,000 or more retail customers with annual peak demands of
25 less than 15 kilowatts shall not be increased before January 1,
26 2005. There shall be no cost shifting from customers with capped
27 rates to customers without capped rates as a result of this

1 section. In no event shall residential rates be increased before
2 January 1, 2006 above the rates established under subsection
3 (1).

4 (3) Beginning January 1, 2004, annual return of and on capi-
5 tal expenditures in excess of depreciation levels incurred during
6 and before the time period described in subsection (2), and
7 expenses incurred as a result of changes in taxes, laws, or other
8 state or federal governmental actions incurred by electric utili-
9 ties during the period described in subsection (2), shall be
10 accrued and deferred for recovery. After notice and hearing, the
11 commission shall determine the amount of reasonable and prudent
12 costs, if any, to be recovered and the recovery period, which
13 shall not exceed 5 years, and shall not commence until after the
14 expiration of the period described in subsection (2).

15 (4) If the commission authorizes an electric utility to use
16 securitization financing under section 10i, any savings resulting
17 from securitization shall be used to reduce retail electric rates
18 from those authorized or in effect as of May 1, 2000 as required
19 under subsection (1). A rate reduction under this subsection
20 shall not be less than the 5% required under subsection (1). The
21 financing order may provide that a utility shall only issue secu-
22 ritization bonds in an amount equal to or less than requested by
23 the utility, but the commission shall not preclude the issuance
24 of an amount of securitization bonds sufficient to fund the rate
25 reduction required under ~~section 10d(1)~~ SUBSECTION (1).

26 (5) Except for savings assigned to the low-income and energy
27 efficiency fund ~~pursuant to~~ UNDER subsection (6),

1 securitization savings greater than those used to achieve the 5%
2 rate reduction under subsection (1) shall be allocated by the
3 commission to further rate reductions or to reduce the level of
4 any charges authorized by the commission to recover an electric
5 utility's stranded costs. The commission shall allocate approved
6 securitization, transition, stranded, and other related charges
7 and credits in a manner that does not result in a reallocation of
8 cost responsibility among the different customer classes.

9 (6) If securitization savings exceed the amount needed to
10 achieve a 5% rate reduction for all customers, then, for a period
11 of 6 years, 100% of the excess savings, up to 2% of the electric
12 utility's commercial and industrial revenues, shall be allocated
13 to the low-income and energy efficiency fund administered by the
14 commission. The commission shall establish standards for the use
15 of the fund to provide shut-off and other protection for
16 low-income customers and to promote energy efficiency by all cus-
17 tomer classes. The commission shall issue a report to the legis-
18 lature and the governor every 2 years regarding the effectiveness
19 of the fund.

20 (7) Until the end of the period described in subsection (2),
21 the commission shall not authorize any fees or charges that will
22 cause the residential rate reduction required under subsection
23 (1) to be less than 5%.

24 (8) If an electric utility serving less than 1,000,000
25 retail customers in this state as of May 1, 2000 issues securiti-
26 zation bonds as allowed under this act, it shall have the same
27 rights, duties, and obligations under this section as an electric

1 utility serving 1,000,000 or more retail customers in this state
2 as of May 1, 2000.

3 (9) The public service commission shall take the necessary
4 steps to ensure that all electrical power generating facilities
5 in this state comply with all rules, regulations, and standards
6 of the federal environmental protection agency regarding mercury
7 emissions.

8 (10) EACH ELECTRIC SUPPLIER SHALL OFFER TO ITS CUSTOMERS A
9 PROGRAM THAT WILL PROVIDE INCENTIVES THROUGH LOWER RATES FOR CUS-
10 TOMERS THAT USE THEIR ELECTRICITY USAGE DURING OFF-PEAK TIME
11 PERIODS.