

# HOUSE BILL NO. 4976

September 17, 2025, Introduced by Reps. MacDonell, McKinney, Grant, B. Carter, Hoskins, Morgan, Dievendorf, Miller, Byrnes, Wegela, Edwards, McFall, Wooden, Price, Cavitt, Wilson, Longjohn, Rheingans, Hope, T. Carter and Young and referred to Committee on Energy.

A bill to amend 1939 PA 3, entitled

"An act to provide for the regulation and control of public and certain private utilities and other services affected with a public interest within this state; to provide for alternative energy suppliers and certain providers of electric vehicle charging services; 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 powers and duties of certain state governmental officers and entities; 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 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 6a (MCL 460.6a), as amended by 2023 PA 231.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 6a. (1) A gas utility, electric utility, or steam utility  
 2 shall not increase its rates and charges or alter, change, or amend  
 3 any rate or rate schedules, the effect of which will be to increase  
 4 the cost of services to its customers, without first receiving  
 5 commission approval as provided in this section. A utility shall  
 6 coordinate with the commission staff in advance of filing its  
 7 general rate case application under this section to avoid resource  
 8 challenges with applications being filed at the same time as  
 9 applications filed under this section by other utilities. In the  
 10 case of electric utilities serving more than 1,000,000 customers in  
 11 this state, the commission may, if necessary, order a delay in  
 12 filing an application to establish a 21-day spacing between filings  
 13 of electric utilities serving more than 1,000,000 customers in this  
 14 state. The utility shall place in evidence facts relied upon to  
 15 support the utility's petition or application to increase its rates  
 16 and charges, or to alter, change, or amend any rate or rate  
 17 schedules. The commission shall require notice to be given to all  
 18 interested parties ~~within~~**in** the service area to be affected, and  
 19 allow interested parties a reasonable opportunity for a full and

1 complete hearing. A utility may use projected costs and revenues  
2 for a future consecutive 12-month period in developing its  
3 requested rates and charges. The commission shall notify the  
4 utility ~~within~~**not later than** 30 days after filing, whether the  
5 utility's petition or application is complete. A petition or  
6 application is considered complete if it complies with the rate  
7 application filing forms and instructions adopted under subsection  
8 (8). If the application is not complete, the commission shall  
9 notify the utility of all information necessary to make that filing  
10 complete. If the commission has not notified the utility within 30  
11 days of whether the utility's petition or application is complete,  
12 the application is considered complete. Concurrently with filing a  
13 complete application, or at any time after filing a complete  
14 application, a gas utility serving fewer than 1,000,000 customers  
15 in this state may file a motion seeking partial and immediate rate  
16 relief. After providing notice to the interested parties ~~within~~**in**  
17 the service area to be affected and affording interested parties a  
18 reasonable opportunity to present written evidence and written  
19 arguments relevant to the motion seeking partial and immediate rate  
20 relief, the commission shall make a finding and enter an order  
21 granting or denying partial and immediate relief ~~within~~**not later**  
22 **than** 180 days after the motion seeking partial and immediate rate  
23 relief was submitted. The commission has 12 months to issue a final  
24 order in a case in which a gas utility has filed a motion seeking  
25 partial and immediate rate relief.

26 (2) If the commission has not issued an order within 180 days  
27 after the filing of a complete application, the utility may  
28 implement up to the amount of the proposed annual rate request  
29 through equal percentage increases or decreases applied to all base

1 rates. If the utility uses projected costs and revenues for a  
2 future period in developing its requested rates and charges, the  
3 utility may not implement the equal percentage increases or  
4 decreases before the calendar date corresponding to the start of  
5 the projected 12-month period. For good cause, the commission may  
6 issue a temporary order preventing or delaying a utility from  
7 implementing its proposed rates or charges. If a utility implements  
8 increased rates or charges under this subsection before the  
9 commission issues a final order, that utility shall refund to  
10 customers, with interest, any portion of the total revenues  
11 collected through application of the equal percentage increase that  
12 exceed the total that would have been produced by the rates or  
13 charges subsequently ordered by the commission in its final order.  
14 The commission shall allocate any refund required by this  
15 subsection among primary customers based ~~upon their~~ **on the**  
16 **customer's** pro rata share of the total revenue collected through  
17 the applicable increase, and among secondary and residential  
18 customers in a manner to be determined by the commission. The rate  
19 of interest for refunds is 5% plus the London interbank offered  
20 rate (LIBOR) for the appropriate time period. For any portion of  
21 the refund that, exclusive of interest, exceeds 25% of the annual  
22 revenue increase awarded by the commission in its final order, the  
23 rate of interest is the authorized rate of return on the common  
24 stock of the utility during the appropriate period. Any refund or  
25 interest awarded under this subsection must not be included, in  
26 whole or in part, in any application for a rate increase by a  
27 utility. This subsection only applies to completed applications  
28 filed with the commission before April 20, 2017.

29 (3) This section does not impair the commission's ability to

1 issue a show cause order as part of its rate-making authority. An  
2 alteration or amendment in rates or rate schedules applied for by a  
3 public utility that will not result in an increase in the cost of  
4 service to its customers may be authorized and approved without  
5 notice or hearing. There shall be no increase in rates based upon  
6 changes in cost of fuel, purchased gas, or purchased steam unless  
7 notice has been given ~~within~~**in** the service area to be affected,  
8 and there has been an opportunity for a full and complete hearing  
9 on the cost of fuel, purchased gas, or purchased steam. The rates  
10 charged by any utility under an automatic fuel, purchased gas, or  
11 purchased steam adjustment clause ~~shall~~**must** not be altered,  
12 changed, or amended unless notice has been given ~~within~~**in** the  
13 service area to be affected, and there has been an opportunity for  
14 a full and complete hearing on the cost of the fuel, purchased gas,  
15 or purchased steam.

16 (4) The commission shall adopt rules and procedures for the  
17 filing, investigation, and hearing of petitions or applications to  
18 increase or decrease utility rates and charges as the commission  
19 finds necessary or appropriate to enable it to reach a final  
20 decision with respect to petitions or applications within a period  
21 of time allotted by law to issue a final order after the filing of  
22 the complete petitions or applications. The commission shall not  
23 authorize or approve adjustment clauses that operate without notice  
24 and an opportunity for a full and complete hearing, and all such  
25 clauses are abolished. The commission may hold a full and complete  
26 hearing to determine the cost of fuel, purchased gas, purchased  
27 steam, or purchased power separately from a full and complete  
28 hearing on a general rate case and may hold that hearing  
29 concurrently with the general rate case. The commission shall

1 authorize a utility to recover the cost of fuel, purchased gas,  
2 purchased steam, or purchased power only to the extent that the  
3 purchases are reasonable and prudent.

4 (5) Except as otherwise provided in this subsection and  
5 subsection (1), if the commission fails to reach a final decision  
6 with respect to a completed petition or application to increase or  
7 decrease utility rates within the 10-month period following the  
8 filing of the completed petition or application, the petition or  
9 application is considered approved. If a utility makes any  
10 significant amendment to its filing, the commission has an  
11 additional 10 months after the date of the amendment to reach a  
12 final decision on the petition or application. If the utility files  
13 for an extension of time, the commission shall extend the 10-month  
14 period by the amount of additional time requested by the utility.

15 (6) A utility shall not file a general rate case application  
16 for an increase in rates earlier than 12 months after the date of  
17 the filing of a complete prior general rate case application. A  
18 utility may not file a new general rate case application until the  
19 commission has issued a final order on a prior general rate case or  
20 until the rates are approved under subsection (5).

21 (7) The commission shall, if requested by a gas utility,  
22 establish load retention transportation rate schedules or approve  
23 gas transportation contracts as required for the purpose of serving  
24 industrial or commercial customers whose individual annual  
25 transportation volumes exceed 500,000 decatherms on the gas  
26 utility's system. The commission shall approve these rate schedules  
27 or approve transportation contracts entered into by the utility in  
28 good faith if the industrial or commercial customer has the  
29 installed capability to use an alternative fuel or otherwise has a

1 viable alternative to receiving natural gas transportation service  
2 from the utility, the customer can obtain the alternative fuel or  
3 gas transportation from an alternative source at a price that would  
4 cause them not to use the gas utility's system, and the customer,  
5 as a result of their use of the system and receipt of  
6 transportation service, makes a significant contribution to the  
7 utility's fixed costs. The commission shall adopt accounting and  
8 rate-making policies to ensure that the discounts associated with  
9 the transportation rate schedules and contracts are recovered by  
10 the gas utility through charges applicable to other customers if  
11 the incremental costs related to the discounts are no greater than  
12 the costs that would be passed on to those customers as the result  
13 of a loss of the industrial or commercial customer's contribution  
14 to a utility's fixed costs.

15 (8) The commission shall adopt standard rate application  
16 filing forms and instructions for use in all general rate cases  
17 filed by utilities whose rates are regulated by the commission. For  
18 cooperative electric utilities whose rates are regulated by the  
19 commission, in addition to rate applications filed under this  
20 section, the commission shall continue to allow for rate filings  
21 based on the cooperative's times interest earned ratio. The  
22 commission may modify the standard rate application forms and  
23 instructions adopted under this subsection.

24 (9) If, on or before January 1, 2008, a merchant plant entered  
25 into a contract with an initial term of 20 years or more to sell  
26 electricity to an electric utility whose rates are regulated by the  
27 commission with 1,000,000 or more retail customers in this state  
28 and if, before January 1, 2008, the merchant plant generated  
29 electricity under that contract, in whole or in part, from wood or

1 solid wood wastes, then the merchant plant shall, ~~upon-on~~ petition  
2 by the merchant plant, and subject to the limitation set forth in  
3 subsection (10), recover the amount, if any, by which the merchant  
4 plant's reasonably and prudently incurred actual fuel and variable  
5 operation and maintenance costs exceed the amount that the merchant  
6 plant is paid under the contract for those costs. This subsection  
7 does not apply to landfill gas plants, hydro plants, municipal  
8 solid waste plants, or to merchant plants engaged in litigation  
9 against an electric utility seeking higher payments for power  
10 delivered pursuant to contract.

11 (10) The total aggregate additional amounts recoverable by  
12 merchant plants under subsection (9) in excess of the amounts paid  
13 under the contracts must not exceed \$1,000,000.00 per month for  
14 each affected electric utility. The \$1,000,000.00 per month limit  
15 specified in this subsection must be reviewed by the commission  
16 ~~upon-on~~ petition of the merchant plant filed no more than once per  
17 year and may be adjusted if the commission finds that the eligible  
18 merchant plants reasonably and prudently incurred actual fuel and  
19 variable operation and maintenance costs exceed the amount that  
20 those merchant plants are paid under the contract by more than  
21 \$1,000,000.00 per month. The annual amount of the adjustments must  
22 not exceed a rate equal to the United States Consumer Price Index.  
23 The commission shall not make an adjustment unless each affected  
24 merchant plant files a petition with the commission. If the total  
25 aggregate amount by which the eligible merchant plants reasonably  
26 and prudently incurred actual fuel and variable operation and  
27 maintenance costs determined by the commission exceed the amount  
28 that the merchant plants are paid under the contract by more than  
29 \$1,000,000.00 per month, the commission shall allocate the



1 additional \$1,000,000.00 per month payment among the eligible  
2 merchant plants based ~~upon-on~~ the relationship of excess costs  
3 among the eligible merchant plants. The \$1,000,000.00 limit  
4 specified in this subsection, as adjusted, does not apply to actual  
5 fuel and variable operation and maintenance costs that are incurred  
6 due to changes in federal or state environmental laws or  
7 regulations that are implemented after October 6, 2008. The  
8 \$1,000,000.00 per month payment limit under this subsection does  
9 not apply to merchant plants eligible under subsection (9) whose  
10 electricity is purchased by a utility that is using wood or wood  
11 waste or fuels derived from those materials for fuel in ~~their-its~~  
12 power plants. As used in this subsection, "United States Consumer  
13 Price Index" means the United States Consumer Price Index for all  
14 urban consumers as defined and reported by the United States  
15 Department of Labor, Bureau of Labor Statistics.

16 (11) The commission shall issue orders to permit the recovery  
17 authorized under subsections (9) and (10) ~~upon-on~~ petition of the  
18 merchant plant. The merchant plant is not required to alter or  
19 amend the existing contract with the electric utility ~~in-order-to~~  
20 obtain the recovery under subsections (9) and (10). The commission  
21 shall permit or require the electric utility whose rates are  
22 regulated by the commission to recover from its ratepayers all fuel  
23 and variable operation and maintenance costs that the electric  
24 utility is required to pay to the merchant plant as reasonably and  
25 prudently incurred costs.

26 (12) Subject to subsection (13), if requested by an electric  
27 utility with less than 200,000 customers in this state, the  
28 commission shall approve an appropriate revenue decoupling  
29 mechanism that adjusts for decreases in actual sales compared to

1 the projected levels used in that utility's most recent rate case  
2 that are the result of implemented energy waste reduction,  
3 conservation, demand-side programs, and other waste reduction  
4 measures, if the utility first demonstrates the following to the  
5 commission:

6 (a) That the projected sales forecast in the utility's most  
7 recent rate case is reasonable.

8 (b) That the electric utility has achieved annual incremental  
9 energy savings at least equal to the lesser of the following:

10 (i) The incremental energy savings requirement of section 77(1)  
11 of the clean and renewable energy and energy waste reduction act,  
12 2008 PA 295, MCL 460.1077.

13 (ii) The amount of any incremental savings yielded by energy  
14 waste reduction, conservation, demand-side programs, and other  
15 waste reduction measures approved by the commission in that  
16 utility's most recent integrated resource plan.

17 (13) The commission shall consider the aggregate revenues  
18 attributable to revenue decoupling mechanisms, financial  
19 incentives, and shared savings mechanisms the commission has  
20 approved for an electric utility relative to energy waste  
21 reduction, conservation, demand-side programs, peak load reduction,  
22 and other waste reduction measures. The commission may approve an  
23 alternative methodology for a revenue decoupling mechanism  
24 authorized under subsection (12) or a financial incentive  
25 authorized under section 75 of the clean and renewable energy and  
26 energy waste reduction act, 2008 PA 295, MCL 460.1075, if the  
27 commission determines that the resulting aggregate revenues from  
28 those mechanisms would not result in a reasonable and cost-  
29 effective method to ensure that investments in energy waste

1 reduction, demand-side programs, peak load reduction, and other  
2 waste reduction measures are not disfavored when compared to  
3 utility supply-side investments. The commission's consideration of  
4 an alternative methodology under this subsection must be conducted  
5 as a contested case in accordance with chapter 4 of the  
6 administrative procedures act of 1969, 1969 PA 306, MCL 24.271 to  
7 24.288.

8 (14) By April 20, 2018, the commission shall conduct a study  
9 on an appropriate tariff reflecting equitable cost of service for  
10 utility revenue requirements for customers who participate in a net  
11 metering program or distributed generation program under the clean  
12 and renewable energy and energy waste reduction act, 2008 PA 295,  
13 MCL 460.1001 to 460.1211. In any rate case filed after June 1,  
14 2018, the commission shall, subject to section 173(7) of the clean  
15 and renewable energy and energy waste reduction act, 2008 PA 295,  
16 MCL 460.1173, approve such a tariff for inclusion in the rates of  
17 all customers participating in a net metering or distributed  
18 generation program under the clean and renewable energy and energy  
19 waste reduction act, 2008 PA 295, MCL 460.1001 to 460.1211. A  
20 tariff established under this subsection does not apply to  
21 customers participating in a net metering program under the clean  
22 and renewable energy and energy waste reduction act, 2008 PA 295,  
23 MCL 460.1001 to 460.1211, before the date that the commission  
24 establishes a tariff under this subsection, who continues to  
25 participate in the program at their current site or facility.

26 **(15) An electric utility shall not include any credit issued**  
27 **under this act in an application for a rate increase.**

28 **(16)** ~~(15)~~ Except as otherwise provided in this act, "utility"  
29 and "electric utility" do not include a municipally owned electric

1 utility.

2 (17) ~~(16)~~ As used in this section:

3 (a) "Full and complete hearing" means a hearing that provides  
4 interested parties a reasonable opportunity to present and cross-  
5 examine evidence and present arguments relevant to the specific  
6 element or elements of the request that are the subject of the  
7 hearing.

8 (b) "General rate case" means a proceeding initiated by a  
9 utility in an application filed with the commission that alleges a  
10 revenue deficiency and requests an increase in the schedule of  
11 rates or charges based on the utility's total cost of providing  
12 service.

13 (c) "Steam utility" means a steam distribution company  
14 regulated by the commission.