



HOUSE BILL No. 4970

June 16, 1995, Introduced by Reps. Munsell, Dobb and Randall and referred to the Committee on Regulatory Affairs.

A bill to amend sections 1 and 2 of Act No. 347 of the Public Acts of 1921, entitled as amended

"An act to allow public utilities to require a guaranty deposit; to require public utilities to pay interest on guaranty deposits; and to prescribe certain powers and duties of the Michigan public service commission,"

as amended by Act No. 168 of the Public Acts of 1988, being sections 460.651 and 460.652 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 1 and 2 of Act No. 347 of the Public
2 Acts of 1921, as amended by Act No. 168 of the Public Acts of
3 1988, being sections 460.651 and 460.652 of the Michigan Compiled
4 Laws, are amended to read as follows:

5 Sec. 1. (1) A public utility regulated by the Michigan
6 public service commission may require a ratepayer to pay a
7 deposit as a guaranty for the payment of the utility's services.

1 ~~In the absence of specific rules adopted by the commission, the~~
2 ~~terms and conditions for a guaranty deposit required by a utility~~
3 ~~must be approved by the commission.~~

4 (2) THE UTILITY SHALL PAY SIMPLE INTEREST ON ALL DEPOSITS
5 HELD FOR MORE THAN 30 DAYS.

6 (3) THE RATE OF INTEREST TO BE PAID ON DEPOSITS SHALL BE
7 DETERMINED IN JANUARY AND JULY OF EACH YEAR BASED ON THE PRIOR
8 MONTH'S AVERAGE RATE, ROUNDED TO THE NEAREST 1/10 OF 1%, FOR
9 6-MONTH UNITED STATES TREASURY BILLS AS MADE AVAILABLE BY THE
10 FEDERAL RESERVE BOARD.

11 Sec. 2. The Michigan public service commission may pre-
12 scribe by ORDER OR rule all of the following:

13 (a) The circumstances under which a utility may require a
14 guaranty deposit.

15 (b) The amount of the guaranty deposit.

16 ~~(c) The interest rate payable on the guaranty deposit.~~

17 (C) ~~(d)~~ The method by which the utility will pay interest
18 on the guaranty deposit to the ratepayer.

19 (D) ~~(e)~~ The circumstances under which the guaranty deposit
20 ~~must~~ IS TO be returned to the ratepayer.