

**SUBSTITUTE FOR
HOUSE BILL NO. 5612**

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; 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 6m (MCL 460.6m), as added by 1982 PA 304.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 6m. (1) The utility consumer representation fund is
2 created as a special fund. The state treasurer shall be the
3 custodian of the fund and shall maintain a separate account of the
4 money in the fund. The money in the fund shall be invested in the
5 bonds, notes, and other evidences of indebtedness issued or insured
6 by the United States government and its agencies, and in prime
7 commercial paper. The state treasurer shall release money from the
8 fund, including interest earned, in the manner and at the time
9 directed by the board.

10 (2) Except as provided in subsection (6), each energy utility
11 ~~which~~**THAT** has applied to the public service commission for the
12 initiation of an energy cost recovery proceeding shall remit to the
13 fund ~~prior to~~**BEFORE** or upon filing its initial application for
14 ~~such a~~**THAT** proceeding, and on or before the first anniversary of
15 that application, an amount of money determined by the board in the
16 following manner:

17 (a) In the case of an energy utility company serving at least
18 100,000 customers in this state, an amount ~~which~~**THAT** bears to
19 \$300,000.00, multiplied by a factor as provided in subsection (4),
20 the same proportion as the company's jurisdictional 1981 total
21 operating revenues, as stated in its annual report, bear to the
22 jurisdictional 1981 total operating revenues of all energy utility
23 companies serving at least 100,000 customers in this state. This
24 amount shall be made available by the board for use by the attorney
25 general for the purposes described in subsection (17).

26 (b) In the case of an energy utility company serving at least

1 100,000 residential customers in this state, an amount ~~which~~**THAT**
2 bears to \$300,000.00, multiplied by a factor as provided in
3 subsection (4), the same proportion as the company's jurisdictional
4 1981 gross revenues from residential tariff sales bear to the
5 jurisdictional 1981 gross revenues from residential tariff sales of
6 all energy utility companies serving at least 100,000 residential
7 customers in this state. This amount shall be used for grants under
8 subsection (11).

9 (3) Payments made by an energy utility under subsection (2)(a)
10 ~~shall be~~**ARE** operating expenses of the utility ~~which~~**THAT** the
11 public service commission shall permit the utility to charge to its
12 customers. Payments made by a utility under subsection (2)(b) ~~shall~~
13 ~~be~~**ARE** operating expenses of the utility ~~which~~**THAT** the public
14 service commission shall permit the utility to charge to its
15 residential customers.

16 (4) For purposes of subsection (2), the factor shall be set by
17 the board at a level not to exceed the percentage increase in the
18 index known as the consumer price index for urban wage earners and
19 clerical workers, select areas, all items indexed, for the Detroit
20 standard metropolitan statistical area, compiled by the bureau of
21 labor statistics of the United States department of labor, or any
22 successor agency, ~~which~~**THAT** has occurred between January 1981 and
23 January of the year in which the payment is required to be made. In
24 the event that more than 1 such index is compiled, the index
25 yielding the largest payment shall be the maximum allowable factor.
26 The board shall advise utilities of the factor.

27 (5) On or before the second and succeeding anniversaries of

1 its initial application for an energy cost recovery proceeding, an
2 energy utility shall remit to the board amounts equal to 5/6 of the
3 amounts required under subsection (2).

4 (6) The remittance requirements of this section ~~shall~~ **DO** not
5 apply to an energy utility organized as a cooperative corporation
6 ~~pursuant to sections 98 to 109 of Act No. 327 of the Public Acts of~~
7 ~~1931, being sections 450.98 to 450.109 of the Michigan Compiled~~
8 ~~Laws, **UNDER SECTIONS 98 TO 109 OF 1931 PA 327, MCL 450.98 TO**~~
9 ~~**450.109,**~~ and grants from the fund shall not be used to participate
10 in an energy cost recovery proceeding primarily affecting such a
11 utility.

12 (7) In the event of a dispute between the board and an energy
13 utility about the amount of payment due, the utility shall pay the
14 undisputed amount and, if the utility and the board cannot agree,
15 the board may initiate civil action in the circuit court for Ingham
16 county for recovery of the disputed amount. The commission shall
17 not accept or take action on an application for an energy cost
18 recovery proceeding from an energy utility subject to this section
19 ~~which~~ **THAT** has not fully paid undisputed remittances required by
20 this section.

21 (8) The commission shall not accept or take action on an
22 application for an energy cost recovery proceeding from an energy
23 utility subject to this section until 30 days after it has been
24 notified by the board or the director of the energy administration,
25 if section 6/(13) is applicable, that the board or the director is
26 ready to process grant applications, will transfer funds payable to
27 the attorney general immediately upon the receipt of ~~such~~ **THOSE**

1 funds, and will within 30 days approve grants and remit funds to
2 qualified grant applicants.

3 (9) The board may accept a gift or grant from any source to be
4 deposited in the fund if the conditions or purposes of the gift or
5 grant are consistent with this section.

6 (10) The costs of operation and expenses incurred by the board
7 in performing its duties under this section and section 6/,
8 including remuneration to board members, shall be paid from the
9 fund. A maximum of 5% of the annual receipts of the fund may be
10 budgeted and used to pay expenses other than grants made under
11 subsection (11).

12 (11) The net grant proceeds shall finance a grant program from
13 which the board may award to an applicant an amount ~~which~~**THAT** the
14 board determines shall be used for the purposes set forth in this
15 section.

16 (12) The board shall create and make available to applicants
17 an application form. Each applicant shall indicate on the
18 application how the applicant meets the eligibility requirements
19 provided for in this section and how the applicant proposes to use
20 a grant from the fund to participate in 1 or more proceedings as
21 authorized in subsection (17) ~~which~~**THAT** have been or are expected
22 to be filed. The board shall receive an application requesting a
23 grant from the fund only from a nonprofit organization or a unit of
24 local government in this state. The board shall consider only
25 applications for grants containing proposals ~~which~~**THAT** are ~~in~~
26 ~~keeping~~**CONSISTENT** with subsections (17) and (18) and ~~which~~**THAT**
27 serve the interests of residential utility consumers. For purposes

1 of making grants, the board may consider protection of the
2 environment, energy conservation, the creation of employment and a
3 healthy economy in the state, and the maintenance of adequate
4 energy resources. The board shall not consider an application ~~which~~
5 **THAT** primarily benefits the applicant or a service provided or
6 administered by the applicant. The board shall not consider an
7 application from a nonprofit organization if 1 of the
8 organization's principal interests or unifying principles is the
9 welfare of a utility or its investors or employees, or the welfare
10 of 1 or more businesses or industries, other than farms not owned
11 or operated by a corporation, ~~which~~**THAT** receive utility service
12 ordinarily and primarily for use in connection with the profit-
13 seeking manufacture, sale, or distribution of goods or services.
14 Mere ownership of securities by a nonprofit organization or its
15 members ~~shall~~**DOES** not disqualify an application submitted by that
16 organization.

17 (13) The board shall encourage the representation of the
18 interests of identifiable types of residential utility consumers
19 whose interests may differ, including various social and economic
20 classes and areas of the state, and if necessary, may make grants
21 to more than 1 applicant whose applications are related to a
22 similar issue to achieve this type of representation. In addition,
23 the board shall consider and balance the following criteria in
24 determining whether to make a grant to an applicant:

25 (a) Evidence of the applicant's competence, experience, and
26 commitment to advancing the interests of residential utility
27 consumers.

1 (b) In the case of a nongovernmental applicant, the extent to
2 which the applicant is representative of or has a previous history
3 of advocating the interests of citizens, especially residential
4 utility consumers.

5 (c) The anticipated effect of the proposal contained in the
6 application on residential utility consumers, including the
7 immediate and long-term impacts of the proposal.

8 (d) Evidence demonstrating the potential for continuity of
9 effort and the development of expertise in relation to the proposal
10 contained in the application.

11 (e) The uniqueness or innovativeness of an applicant's
12 position or point of view, and the probability and desirability of
13 that position or point of view prevailing.

14 (14) As an alternative to choosing between 2 or more
15 applications ~~which~~**THAT** have similar proposals, the board may
16 invite 2 or more of the applicants to file jointly and award a
17 grant to be managed cooperatively.

18 (15) The board shall make disbursements pursuant to a grant in
19 advance of an applicant's proposed actions as set forth in the
20 application if necessary to enable the applicant to initiate,
21 continue, or complete the proposed actions.

22 (16) Any notice to utility customers and the general public of
23 hearings or other state proceedings in which grants from the fund
24 may be used shall contain a notice of the availability of the fund
25 and the address of the board.

26 (17) The annual receipts and interest earned, less
27 administrative costs, may be used only for participation in

1 administrative and judicial proceedings under sections 6h, 6i, 6j,
2 and 6k, ~~and~~ in federal administrative and judicial proceedings
3 ~~which~~ **THAT** directly affect the energy costs paid by Michigan energy
4 utilities, **AND IN COST ALLOCATION AND RATE DESIGN PROCEEDINGS**
5 **INITIATED UNDER SECTION 11(3)**. Amounts ~~which~~ **THAT** have been in the
6 fund more than 12 months may be retained in the fund for future
7 grants, or may be returned to energy utility companies or used to
8 offset their future remittances in proportion to their previous
9 remittances to the fund, as the board determines will best serve
10 the interests of consumers.

11 (18) The following conditions shall apply to all grants from
12 the fund:

13 (a) Disbursements from the fund may be used only to advocate
14 the interests of energy utility customers or classes of energy
15 utility customers, and not for representation of merely individual
16 interests.

17 (b) The board shall attempt to maintain a reasonable
18 relationship between the payments from a particular energy utility
19 and the benefits to consumers of that utility.

20 (c) The board shall coordinate the funded activities of grant
21 recipients with those of the attorney general to avoid duplication
22 of effort, to promote supplementation of effort, and to maximize
23 the number of hearings and proceedings with intervenor
24 participation.

25 (19) A recipient of a grant ~~pursuant to~~ **UNDER** subsection (11)
26 may use the grant only for the advancement of the proposed action
27 approved by the board, including, but not limited to, costs of

1 staff, hired consultants and counsel, and research.

2 (20) A recipient of a grant under subsection (11) shall file a
3 report with the board within 90 days following the end of the year
4 or a shorter period for which the grant is made. The report shall
5 be made in a form prescribed by the board and ~~shall be~~ **IS** subject
6 to audit by the board. The report shall include the following
7 information:

8 (a) An account of all grant expenditures made by the grant
9 recipient. Expenditures shall be reported within the following
10 categories:

11 (i) Employee and contract for services costs.

12 (ii) Costs of materials and supplies.

13 (iii) Filing fees and other costs required to effectively
14 represent residential utility consumers as provided in this
15 section.

16 (b) Any additional information concerning uses of the grant
17 required by the board.

18 (21) The attorney general shall file a report with the house
19 and senate committees on appropriations within 90 days following
20 the end of each fiscal year. The report shall include the following
21 information:

22 (a) An account of all expenditures made by the attorney
23 general of funds received under this section. Expenditures shall be
24 reported within the following categories:

25 (i) Employee and contract for services costs.

26 (ii) Costs of materials and supplies.

27 (iii) Filing fees and other costs required to effectively

1 represent utility consumers as provided in this section.

2 (b) Any additional information concerning uses of the funds
3 received under this section required by the committees.

4 (22) On or before July 1 of each calendar year, the board
5 shall submit a detailed report to the legislature regarding the
6 discharge of duties and responsibilities under this section and
7 section 6l during the preceding calendar year.

8 (23) ~~Three years after the effective date of this section, BY~~
9 **OCTOBER 13, 1985**, and at 3-year intervals thereafter, a senate
10 committee chosen by the majority leader of the senate and a house
11 committee chosen by the speaker of the house of representatives
12 shall review the relationship between costs and benefits resulting
13 from this section and sections 6h through 6l, and may recommend
14 changes to the legislature.