



HOUSE BILL No. 4966

October 7, 1999, Introduced by Rep. Stallworth and referred to the Committee on Energy and Technology.

A bill to amend 1909 PA 106, entitled

"An act to regulate the transmission of electricity through the public highways, streets and places of this state, where the source of supply and place of use are in the same or different counties; to regulate the charges to be made for electricity so transmitted; to regulate the rules and conditions of service under which said electricity shall be furnished and to confer upon the Michigan public utilities commission certain powers and duties in regard thereto,"

(MCL 460.551 to 460.559) by amending the title and by adding sections 10, 11, 12, 13, 14, 15, 16, 17, and 18.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

TITLE

An act to regulate the transmission AND DELIVERY of electricity ~~through the public highways, streets and places of~~ IN this state; ~~—, where the source of supply and place of use are in the same or different counties;~~ to regulate ~~the~~ CERTAIN charges ~~to be made~~ for THE TRANSMISSION OF electricity; ~~so~~

1 ~~transmitted;~~ to regulate the rules and conditions of PROVIDING
2 ELECTRICITY service; ~~under which said electricity shall be fur-~~
3 ~~nished and to confer upon the Michigan public utilities commis-~~
4 ~~sion certain powers and duties in regard thereto~~ TO PROVIDE FOR
5 CERTAIN RESTRUCTURING OF THE ELECTRIC INDUSTRY; AND TO PRESCRIBE
6 THE POWERS AND DUTIES OF CERTAIN STATE AGENCIES AND OFFICIALS.

7 SEC. 10. (1) THE COMMISSION SHALL ESTABLISH BY ORDER THE
8 RATES, TERMS, AND CONDITIONS OF SERVICE THAT WILL ALLOW ALL CUS-
9 TOMERS OF AN ELECTRIC UTILITY TO CHOOSE AN ALTERNATIVE ELECTRIC
10 SUPPLIER.

11 (2) AN ORDER ISSUED BY THE COMMISSION BEFORE THE EFFECTIVE
12 DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION THAT ALLOWS
13 CUSTOMERS OF AN ELECTRIC UTILITY TO CHOOSE AN ALTERNATIVE ELEC-
14 TRIC SUPPLIER IS IN COMPLIANCE WITH THIS ACT TO THE EXTENT THAT
15 THE ORDER IS CONSISTENT WITH THIS ACT.

16 (3) THE COMMISSION SHALL ENSURE THAT ORDERS ISSUED UNDER
17 THIS ACT MAXIMIZE THE BENEFITS OF A COMPETITIVE MARKETPLACE FOR
18 THE PROVISION OF ELECTRIC SERVICES, MAINTAIN FAIR COMPETITION
19 AMONG PROVIDERS OF ELECTRIC SERVICE, ENHANCE THE RELIABILITY AND
20 SAFETY IN THE PROVISION OF ELECTRIC SERVICES, AND PROVIDE LOWER
21 COSTS TO ALL MICHIGAN CUSTOMERS FOR ELECTRIC SERVICES.

22 SEC. 11. THE COMMISSION SHALL ESTABLISH BY ORDER A CERTIFI-
23 CATION PROCEDURE FOR ALTERNATIVE ELECTRIC SUPPLIERS TO ASSURE
24 THAT SUCH SUPPLIERS HAVE THE NECESSARY FINANCIAL, MANAGERIAL, AND
25 TECHNICAL CAPABILITIES TO PROVIDE ADEQUATE SERVICE TO CUSTOMERS
26 IN THIS STATE. THE COMMISSION SHALL ESTABLISH A TOLL-FREE
27 TELEPHONE NUMBER THAT WILL PROVIDE INFORMATION AND CURRENT STATUS

1 OF ANY CERTIFICATE ISSUED TO AN ALTERNATIVE ELECTRIC SUPPLIER
2 UNDER THIS ACT.

3 SEC. 12. FOR CUSTOMERS NOT CHOOSING AN ALTERNATIVE ELECTRIC
4 SUPPLIER, THE RATES FOR AN ELECTRIC UTILITY SERVING MORE THAN
5 100,000 CUSTOMERS IN THIS STATE SHALL NOT EXCEED THE RATES FOR
6 THAT ELECTRIC UTILITY THAT WERE IN EFFECT AS OF JANUARY 1, 1999.
7 ANY TRANSITION CHARGE, IMPLEMENTATION CHARGE, FEE, RATE ADJUST-
8 MENT, OR ANY OTHER CHARGE ALLOWED UNDER THIS ACT OR BY COMMISSION
9 ORDER SHALL NOT CAUSE THE LIMIT ON THE AMOUNT AN ELECTRIC UTILITY
10 MAY CHARGE A CUSTOMER UNDER THIS SECTION TO BE EXCEEDED.

11 SEC. 13. (1) THE COMMISSION SHALL ALLOW AN ELECTRIC UTILITY
12 TO RECOVER STRANDED COSTS.

13 (2) THE DETERMINATION OF STRANDED COST BY THE COMMISSION IS
14 SUBJECT TO AN ANNUAL ADJUSTMENT THROUGH A TRUE-UP PROCEDURE.

15 (3) THE COMMISSION SHALL CONSIDER INCENTIVES FOR ELECTRIC
16 UTILITIES TO MITIGATE STRANDED COSTS.

17 SEC. 14. THE COMMISSION SHALL ESTABLISH BY ORDER A CODE OF
18 CONDUCT TO PROHIBIT CROSS SUBSIDIZATION AND UNFAIR COMPETITION
19 WITH RESPECT TO THE ACTIVITIES OF ELECTRIC UTILITIES AND THEIR
20 AFFILIATES AS THEY RELATE TO THE SHARING OF INFORMATION, ASSETS,
21 AND EMPLOYEES WITH KNOWLEDGE OF CUSTOMER INFORMATION GAINED FROM
22 THE PROVISION OF A REGULATED SERVICE.

23 SEC. 15. THE COMMISSION SHALL ADOPT RELIABILITY STANDARDS
24 FOR THE TRANSMISSION AND DISTRIBUTION SYSTEMS OF ELECTRIC UTILI-
25 TIES SUBJECT TO THE COMMISSION'S JURISDICTION.

26 SEC. 16. THE COMMISSION SHALL ESTABLISH PROCEDURES TO
27 ENSURE THAT A CUSTOMER OF AN ELECTRIC UTILITY OR AN ALTERNATIVE

1 ELECTRIC SUPPLIER IS NOT SWITCHED TO ANOTHER SUPPLIER OR PROVIDED
2 ADDITIONAL SERVICES WITHOUT THE CUSTOMER'S AUTHORIZATION.

3 SEC. 17. (1) AN ELECTRIC UTILITY DELIVERING ELECTRICITY TO
4 RETAIL CUSTOMERS IN THIS STATE SHALL BECOME A MEMBER OF A
5 REGIONAL INDEPENDENT SYSTEM OPERATOR WITHIN 1 YEAR OF APPROVAL BY
6 THE FERC OF OPEN ACCESS TARIFFS. IF AN ELECTRIC UTILITY HAS NOT
7 COMPLIED WITH THE REQUIREMENTS OF THIS SECTION, THE COMMISSION
8 SHALL, AFTER NOTICE AND HEARING, ORDER THE UTILITY TO BECOME A
9 MEMBER OF AN INDEPENDENT SYSTEM OPERATOR.

10 (2) THIS SECTION DOES NOT APPLY TO A COOPERATIVE ELECTRIC
11 UTILITY OR AN ELECTRIC UTILITY SERVING LESS THAN 100,000 CUSTOM-
12 ERS UNLESS THE COMMISSION DETERMINES THAT MEMBERSHIP IN THE
13 SYSTEM WILL PROVIDE A MATERIAL NET BENEFIT AND THAT UTILITY IS
14 ORDERED TO BECOME A MEMBER AFTER NOTICE AND HEARING.

15 SEC. 18. AS USED IN THIS ACT:

16 (A) "ALTERNATIVE ELECTRIC SUPPLIER" MEANS A PERSON SELLING
17 ELECTRIC GENERATION SERVICE TO RETAIL CUSTOMERS IN THIS STATE BUT
18 NOT PHYSICALLY DELIVERING ELECTRICITY DIRECTLY TO THOSE RETAIL
19 CUSTOMERS.

20 (B) "COOPERATIVE ELECTRIC UTILITY" MEANS AN ELECTRIC UTILITY
21 ORGANIZED AS A COOPERATIVE CORPORATION UNDER 1931 PA 327,
22 MCL 450.98 TO 450.192.

23 (C) "FERC" MEANS THE FEDERAL ENERGY REGULATORY COMMISSION.