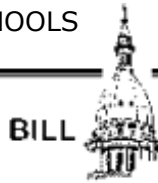




Senate Fiscal Agency  
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**BILL ANALYSIS**

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Senate Bill 755 (as introduced 9-13-05)  
Sponsor: Senator Bruce Patterson  
Committee: Technology and Energy

Date Completed: 9-13-05

**CONTENT**

**The bill would amend the Customer Choice and Electricity Reliability Act to do the following:**

- Delay for two years, until 2008, any increases in the residential rates charged by electric utilities having at least 1 million retail customers.**
- Repeal Section 10g, which specifies that a school district aggregating electricity is not an electric utility or a public utility.**
- Add or revise certain definitions.**

The Act required the Public Service Commission to establish residential rates for each electric utility with 1 million or more retail customers in this State as of May 1, 2000, that would result in a 5% rate reduction from the rates that were in effect or authorized on that date. These residential rates may not be increased before January 1, 2006. Under the bill, residential rates could not be increased before 2008.

Under the Act, aggregation may be used for the purchase of electricity and related services from an alternative electric supplier. Section 10g specifies that a school district aggregating electricity for school properties or an exclusive aggregator for public or private school properties is not an electric utility or a public utility for the purpose of that aggregation.

The bill would repeal Section 10g, which also contains various definitions. The bill would reenact most of the terms, with some changes. "Alternative electric supplier" currently means a person selling electric generation service to retail customers in this State. The bill would define the term as a person, other than an electric utility, selling alternative electric service to retail customers in this State. The bill would retain provisions stating that an alternative electric supplier is not a public utility, and excluding a person who physically delivers electricity directly to retail customers in this State.

Additionally, the bill would define "alternative electric service" as the provision of electric generation service to customers by an alternative electric supplier.

The bill also would define "customer" as an individual, sole proprietorship, partnership, corporation, association, governmental entity, or other legal entity at a single location within the electric utility's service area.

MCL 460.10a et al.

Legislative Analyst: Julie Koval

## **FISCAL IMPACT**

The bill would extend the rate cap for residential customers to 2008. This would maintain current revenue to the Commission.

The bill would have no fiscal impact on local government.

Fiscal Analyst: Maria Tyszkiewicz

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.