

Senate Fiscal Agency  
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**SFA****BILL ANALYSIS**

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Senate Bill 940 (Substitute S-1 as reported)  
Senate Bill 941 (Substitute S-1 as reported)  
Sponsor: Senator William Van Regenmorter (Senate Bill 940)  
          Senator Philip E. Hoffman (Senate Bill 941)  
Committee: Technology and Energy

### **CONTENT**

The bills would amend separate acts to limit the area in which municipal corporations and home rule cities could sell electric generation service at retail. Senate Bill 940 (S-1) would amend Public Act 35 of 1951 (which authorizes intergovernmental contracts between municipal corporations) and Senate Bill 941 (S-1) would amend the Home Rule City Act. Both bills are tie-barred to Senate Bill 937.

Currently, retail sales of heat, power, and light by a municipal corporation or by a home rule city are limited to the area of any city, village, or township that was contiguous to the municipal corporation, or the area of a village or township that was contiguous to the city, on June 20, 1974, and to the area of any other city, village, or township being served by the municipal utility on that date. Under the bills, electric delivery service (i.e., transmission or distribution) would be limited to those areas. Retail sales of electric generation service also would be limited to the same areas unless the municipal corporation or home rule city were in compliance with Section 10y(4) of the Public Service Commission (PSC) enabling law (proposed by Senate Bill 1256).

(Under Senate Bill 1256 (S-1), if a municipally owned utility elected to provide electric generation service to retail customers receiving delivery service from an electric utility, various conditions and requirements would apply. Among other things, the municipal utility would have to obtain a license from the PSC, and would have to give all of its retail customers receiving delivery service from the municipal utility located outside of the municipality's boundaries the opportunity to choose an alternative electric supplier. The generation service provided would be limited to the municipally owned utility's retail customer load that had the opportunity to choose an alternative supplier.)

MCL 124.3 (S.B. 940)  
117.4f (S.B. 941)

Legislative Analyst: S. Lowe

### **FISCAL IMPACT**

The bills would have no fiscal impact on State or local government.

Date Completed: 5-18-00

Fiscal Analyst: M. Tyszkiewicz