

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bills 940 and 941 (as introduced 1-26-00)
Sponsor: Senator William Van Regenmorter (Senate Bill 940)
 Senator Philip E. Hoffman (Senate Bill 941)
Committee: Technology and Energy

Date Completed: 2-9-00

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, unless a municipal corporation or municipal utility were in compliance with a section of Senate Bill 937 governing municipally owned utilities. Senate Bill 940 would amend Public Act 35 of 1951 (which authorizes intergovernmental contracts between municipal corporations) and Senate Bill 941 would amend the Home Rule City Act. Both bills are tie-barred to Senate Bill 937.

Currently, a municipal corporation may sell and deliver heat, power, and light at wholesale or "other than wholesale", but sales other than wholesale are limited to the area of any city, village, or township that was contiguous to the municipal corporation on June 20, 1974, and to the area of any other city, village, or township being served by the municipal utility on that date. Similarly, if a home rule city sells heat, power, and light at other than wholesale, the sales are limited to the area of any village or township that was contiguous to the city as of June 20, 1974, and to the area of any other village or township being served 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 proposed Section 10u(4) of Public Act 3 of 1939 (the Public Service Commission enabling act).

In addition, a municipal corporation or home rule city currently may not render heat, power, or light to customers outside its corporate limits already receiving that service from another utility unless the serving utility consents in writing. Under the bills, a municipal corporation or home rule city could not render electric delivery service for heat, power, or light to those customers without the utility's written consent. Senate Bill 941 also specifies that a home rule city could not render retail electric generation service to customers outside its corporate limits receiving that service from another supplier except in compliance with Section 10u of Public Act 3 of 1939.

Under Senate Bill 937, Section 10u would address the provision of delivery service to retail customers of municipally owned utilities, and would give the governing body of a municipally owned utility the choice of allowing its retail customers to choose an alternative electric supplier, subject to the implementation of rates, charges, terms, and conditions described in the bill. Section 10u(4) specifies conditions that would apply if a municipally owned utility elected to serve as an electric supplier to retail customers receiving delivery service from a regulated service provider.

Senate Bills 940 and 941 provide that “electric delivery service” would have the same meaning as “delivery service” under Senate Bill 937, i.e., the provision of electric transmission or distribution to a retail customer. “Electric generation service” also would be defined as proposed in Senate Bill 937: the sale of electric power and related ancillary services, but not the provision of a regulated service (i.e., transmission and distribution services subject to the jurisdiction of the Public Service Commission, provided by an electric utility).

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.

Fiscal Analyst: M. 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.