

HOUSE SUBSTITUTE FOR SENATE SUBSTITUTE FOR
HOUSE BILL NO. 4206

A bill to provide for the oversight of the operation of certain water and sewer systems within this state; to create an authority; and to provide for the powers and duties of certain governmental officials and entities.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. As used in this act:

2 (a) "Authority" means an authority created under this act.

3 (b) "City" means a city chartered under the home rule city
4 act, 1909 PA 279, MCL 117.1 to 117.38.

5 (c) "Local unit of government" means a city, village, or
6 township.

7 (d) "Qualified city" means a city that owns or operates a
8 water or sewer system.

9 (e) "Qualified county" means a county with a population of
10 400,000 or more that is served by the water or sewer system.

1 (f) "Township" means a township chartered under the charter
2 township act, 1947 PA 359, MCL 42.1 to 42.34.

3 (g) "Village" means a village incorporated under the home
4 rule village act, 1909 PA 278, MCL 78.1 to 78.28.

5 (h) "Water or sewer system" or "system" means a water supply
6 facility or sewerage services facility, or both, that provides
7 water or sewerage service to more than 20% of the population of
8 this state.

9 Sec. 2. (1) A city that owns or operates a water or sewer
10 system shall establish an authority to provide oversight and
11 control of the system as provided under this act.

12 (2) Not more than 30 days after the effective date of this
13 act, each qualified county and qualified city shall make
14 appointments to the authority as provided under this section.

15 (3) One person shall be appointed to represent each qualified
16 county that does not have the qualified city located within the
17 county. The appointment under this subsection shall be made by
18 the county board of commissioners.

19 (4) Three persons shall be appointed to represent the
20 qualified city. The appointment under this subsection shall be
21 made by the mayor of the city, with the advice and consent of the
22 city's governing body.

23 (5) If a qualified county has the qualified city within the
24 county, 1 person who does not live or work within the qualified
25 city shall be appointed to represent the county. The appointment
26 under this subsection shall be made by the majority vote of the
27 chief elected officials of the 5 largest local units of

1 government within the county.

2 (6) A person appointed under this section shall serve for a
3 term of 4 years or until a successor is appointed, whichever is
4 later. A successor to a member shall be appointed in the same
5 manner and shall serve for a term of 4 years or until a successor
6 is appointed, whichever is later. A person may be reappointed to
7 the authority. A person appointed to the authority may be
8 replaced by the appointing entity at any time.

9 Sec. 3. (1) A majority of the persons appointed to the
10 authority constitute a quorum for the transaction of business.

11 (2) The person appointed to the authority shall have 1 vote.

12 (3) The first meeting of the authority shall be held not more
13 than 45 days after the effective date of this act.

14 (4) The authority shall elect a chairperson and other
15 officers as the authority considers necessary. The authority
16 shall adopt bylaws and rules to govern the operation of the
17 authority.

18 (5) After its first meeting, the authority shall meet not
19 less than quarterly and at such other times as determined by the
20 authority.

21 Sec. 4. (1) Persons appointed to the authority are public
22 servants under 1968 PA 317, MCL 15.321 to 15.330, and are subject
23 to any other applicable law with respect to conflicts of
24 interest.

25 (2) An authority shall establish policies and procedures
26 requiring periodic disclosure by persons appointed to the
27 authority of relationships which may give rise to conflicts of

1 interest.

2 Sec. 5. (1) An authority shall establish an ethics manual
3 governing the conducting of system business and the conduct of
4 employees of the system.

5 (2) An authority shall establish policies under this section
6 that are no less stringent than those provided for public
7 officers and employees by 1973 PA 196, MCL 15.341 to 15.348.

8 Sec. 6. (1) Except as otherwise provided by this act, the
9 Michigan public service commission shall have the jurisdiction
10 and authority over any water or sewer system controlled by an
11 authority created under this act.

12 (2) The rates for water and sewer service shall be just and
13 reasonable.

14 (3) A system may alter its rates for services by 1 or more
15 of the following:

16 (a) Filing with the commission notice of a decrease,
17 discount, or other rate reduction in a service rate. A rate
18 alteration under this subdivision shall become effective without
19 commission review or approval.

20 (b) Filing with the commission notice of an increase in a
21 service rate that does not exceed .5% less than the consumer
22 price index. Unless the commission determines that the rate
23 alteration exceeds the allowed increase under this subdivision,
24 the rate alteration shall take effect 90 days from the date of
25 the notice required under subsection (4). As used in this
26 subdivision, "consumer price index" means the most recent
27 reported annual average percentage increase in the Detroit

1 consumer price index for all items for the prior 12-month period
2 by the United States department of labor.

3 (c) Filing with the commission an application to increase a
4 service rate in an amount greater than that allowed under
5 subdivision (b). The application shall be accompanied with
6 sufficient documentary support that the rate alteration is just
7 and reasonable. The commission shall make a determination within
8 the 90-day period provided for in subsection (6) of 1 of the
9 following:

10 (i) That the rate alteration is just and reasonable.

11 (ii) That a contested case is necessary to review the rate
12 alteration.

13 (4) Notice to customers of a rate alteration is required for
14 a rate alteration under subsection (3)(b) or (c) and shall be
15 included in or on the bill of each affected customer of the
16 system before the effective date of the rate alteration.

17 (5) The notice required under subsection (4) shall contain
18 at least all of the following information:

19 (a) A statement that the customer's rate may change.

20 (b) An estimate of the amount of the annual change for the
21 typical customer that would result by the rate change.

22 (c) A statement that a customer may comment on or receive
23 complete details of the rate alteration by calling or writing the
24 commission. The statement shall also include the telephone
25 number and address of the commission. Complete details of the
26 rate alteration shall be provided free of charge to the customer
27 at the expense of the system.

1 (6) Except as otherwise provided in subsections (3) and (7),
2 an altered service rate shall take effect 90 days from the date
3 of the notice required by subsection (4).

4 (7) Upon receiving a complaint or pursuant to a
5 determination under subsection (3)(c), the commission may require
6 a contested case be held under the administrative procedures act
7 of 1969, 1969 PA 306, MCL 24.201 to 24.328, to review a proposed
8 rate alteration under subsection (3)(c). The commission's final
9 order may approve, modify, or reject the rate alteration.

10 (8) A system shall be allowed only 1 rate increase during
11 any 12-month period.

12 Sec. 7. An authority created under this act is subject to
13 the freedom of information act, 1976 PA 442, MCL 15.231 to
14 15.246.