



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 1087 (as reported without amendment)
Sponsor: Senator Ken Horn
Committee: Energy and Technology

CONTENT

The bill would amend Public Act 299 of 1972, which governs the costs of regulating public utilities, to authorize the Public Service Commission (PSC) to use assessments received from public utilities under the Act to administer the Uniform Video Services Local Franchise Act.

Under Public Act 299 of 1972, within 30 days after the enactment of any appropriation to the Department of Licensing and Regulatory Affairs, the Department must determine the amount of the appropriation attributable to the regulation of public utilities. The amount must be assessed against public utilities, and must be apportioned among them according to each utility's share of total gross revenue derived from intrastate operations for the preceding year. Each utility must pay an assessment of at least \$50. ("Public utility" means a steam, heat, electric, power, gas, water, wastewater, telecommunications, telegraph, communications, pipeline, or gas-producing company regulated by the PSC, whether private, corporate, or cooperative. The term does not include a municipally owned utility.)

The bill would apply notwithstanding Section 5, which requires all money paid into the State Treasury by a public utility under the Act to be credited to a special account to be used solely to finance the cost of regulating public utilities.

Proposed MCL 460.115a

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill would have a positive fiscal impact on the Public Service Commission within the Department of Licensing and Regulatory Affairs and no fiscal impact on local units of government. The bill would allow the PSC to use public utility assessments to pay for costs related to administration of the Uniform Video Services Local Franchise Act. These costs have averaged between \$250,000 and \$300,000 per year and were formerly borne by a separate video franchising fee, but that fee expired in 2015. Under the bill, these costs would be covered by public utility assessments that public utilities pay to the PSC each year. In fiscal year 2015-16, the PSC collected a total of \$29.1 million in public utility assessments, which are used to offset the costs related to regulating public utilities.

Date Completed: 9-27-16

Fiscal Analyst: Josh Sefton