

Legislative Analysis



REQUIRE PUBLIC UTILITIES TO USE ACTUAL COSTS

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 6074 as introduced
Sponsor: Rep. John Reilly
Committee: Energy Policy
Complete to 9-24-18

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 6074 would amend the Michigan Public Service Commission (MPSC) enabling act to prohibit public utilities from using projected costs and revenues when setting rates and instead require that actual costs be used.

Currently, a gas, electric, or steam utility cannot increase its rates and charges without first receiving approval from the MPSC via a rate case application process. In the application, a utility may use projected costs and revenues for a future consecutive 12-month period in developing its requested rates and charges.

The bill would eliminate the ability to use projected costs and revenues and instead require the MPSC to use a utility's actual cost of providing service during a historical test year adjusted only for known and measurable changes in establishing that utility's rates and charges.

MCL 460.6a

FISCAL IMPACT:

House Bill 6074 would not have an impact on expenditures or revenues for any unit of state or local government.

Legislative Analyst: Emily S. Smith
Fiscal Analyst: Marcus Coffin

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