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REINSTATE PSC AUTHORITY

House Bill 4204 as introduced
First Analysis (2-24-93)

Sponsor: Rep. Dan Gustafson
Committee: Consumers

THE APPARENT PROBLEM:

The new Telecommunications Act (Public Act 179 of 1991) specifies the authority of the Public Service Commission (PSC) over telecommunications services. However, since the PSC enabling act (Public Act 3 of 1939) also gave the PSC authority to regulate telephone companies, there was a potential conflict between the two acts regarding the regulatory jurisdiction and authority of the PSC. In order to remove this potential conflict, the legislature enacted Public Act 37 of 1992 (enrolled Senate Bill 512) to remove telephone companies from the utilities over which the PSC had regulatory jurisdiction.

However, the Consumer Protection Act (Public Act 331 of 1976) gives the PSC authority to investigate alleged unlawful acts of entities subject to the commission's authority under the PSC enabling act, so the net result of Public Act 179 of 1991 and Public Act 37 of 1992 was to inadvertently delete the PSC's investigatory authority, under the Consumer Protection Act, over telecommunications services. Legislation has been introduced to restore the PSC's investigatory authority over telecommunications services under the Consumer Protection Act.

THE CONTENT OF THE BILL:

Currently, the Consumer Protection Act (Public Act 331 of 1976) allows the Public Service Commission (PSC) to investigate actions of public utilities subject to the PSC enabling act (Public Act 3 of 1939) and the Motor Carrier Act (Public Act 254 of 1933). The bill would amend the Consumer Protection Act to allow the PSC to investigate, in addition, actions of public utilities subject to the Michigan Telecommunications Act (Public Act 179 of 1991).

In addition, the bill would delete references in the Consumer Protection Act to state laws that have been repealed (specifically, references to the

Nonprofit Medical Care Corporations Act, the Nonprofit Hospital Service Corporations Act, and the Health Maintenance Organizations Act) and replaced by newer laws (namely, the Blue Cross and Blue Shield act [Public Act 350 of 1980] and the revised Public Health Code [Public Act 368 of 1978]).

MCL 445.904 and 445.918

FISCAL IMPLICATIONS:

The Public Service Commission says the bill has no fiscal implications. (2-23-93)

ARGUMENTS:

For:

The bill would correct an inadvertent consequence of the passage of the Michigan Telecommunications Act (Public Act 179 of 1991) and accompanying legislation (Public Act 37 of 1992) intended to remove any potential conflict regarding the regulatory authority and jurisdiction of the Public Service Commission (PSC) under the new Telecommunications Act. The Consumer Protection Act gives certain regulatory bodies the authority to investigate alleged unlawful acts of bodies regulated by those bodies. Supposedly, the thinking behind granting this authority was that the regulatory bodies governing certain entities would have a better understanding of the bodies they regulated, and therefore would be better able to conduct initial investigations of alleged unlawful acts by these entities. Thus, for example, the Financial Institutions Bureau can investigate actions of financial institutions, and the Insurance Commissioner can investigate insurance companies. Until passage of Public Act 37 of 1992, the Consumer Protection Act allowed the PSC to investigate actions of telephone companies (as well as other public utilities under the PSC enabling act

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and motor carriers). Although the attorney general still can investigate alleged unlawful acts of telecommunications services, the bill would restore to the PSC -- under the Consumer Protection Act - - investigative authority over telecommunications services.

POSITIONS:

The Public Service Commission in the Department of Commerce supports the bill. (2-23-93)

Michigan Bell Telephone Company supports the bill. (2-23-93)

The Michigan Consumer Federation does not oppose the bill. (2-23-93)