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House Bill 4937 (Substitute H-1 as reported without amendment)

Sponsor: Representative Aric Nesbitt  
House Committee: Energy and Technology  
Senate Committee: Energy and Technology

### **CONTENT**

The bill would repeal Section 4 of the Value-Added Act, which requires an electric or natural gas utility to establish and administer an uncollectibles allowance recovery fund; rescind related administrative rules; appropriate money in the Michigan Clean Air Fund on the bill's effective date to the Public Service Commission for distribution to utilities in the amounts they contributed to the Fund; and require the utilities to refund the money to customers. The bill also would amend the Act to eliminate a reference to the uncollectibles allowance recovery funds in a provision regarding the Clean Air Fund.

Section 4, which the bill would repeal, requires the Public Service Commission (PSC) to require each utility to establish and administer an uncollectibles allowance recovery fund, into which the utility must deposit on an annual basis the difference between the uncollectible provision as recorded in the utility's financial records for 1999 minus the provision as recorded in each subsequent fiscal year. An investor-owned utility (IOU) annually must allocate all money from its uncollectibles allowance recovery fund to the State Treasurer for deposit into the Clean Air Fund in accordance with PSC rules and orders. A cooperative electric utility annually must allocate all of the money from its fund to its customers in proportionate amounts based on each customer's patronage with the cooperative.

Section 4 also directs the PSC to promulgate rules to implement these provisions. The bill would rescind those rules (R 460.2601 to R 460.2605), which contain provisions similar to those in Section 4, but require an IOU to retain 25% of the money in its fund annually and contribute 75% to the Clean Air Fund.

MCL 285.303

Legislative Analyst: Julie Cassidy

### **FISCAL IMPACT**

The bill would have a neutral fiscal impact on the State and no fiscal impact on local units of government. Under the bill, the accumulated balance in the Michigan Clean Air Fund would be transferred from the Department of Environmental Quality (DEQ) to the Public Service Commission. The bill also would appropriate all funds in the Clean Air Fund to the PSC for the purpose of distributing the money to utilities that paid into the Fund since its inception.

The Clean Air Fund is not currently used by the DEQ for any purpose, so removing the requirement that investor-owned utilities deposit revenue from their uncollectibles allowance recovery fund to the Fund would have no practical fiscal impact on the DEQ's operations. The DEQ has indicated that since fiscal year 2001-02, approximately \$640,000 has been deposited in the Fund.

Date Completed: 10-16-13

Fiscal Analyst: Josh Sefton