

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter, on the Commission's own motion, )  
to commence a proceeding to rescind R 460.2135 )  
of the Consumer Standards and Billing Practices )  
for Electric and Gas Residential Service. )  
\_\_\_\_\_)

Case No. U-12733

At the November 29, 2000 meeting of the Michigan Public Service Commission in Lansing,  
Michigan.

PRESENT: Hon. John G. Strand, Chairman  
Hon. David A. Svanda, Commissioner  
Hon. Robert B. Nelson, Commissioner

**ORDER COMMENCING RULEMAKING PROCEEDING**

On March 17, 2000, the most recent amendments to the Consumer Standards and Billing Practices for Electric and Gas Residential Service, R 460.2101 et seq., (billing rules) became effective. These amendments, which were the subject of a request for rulemaking submitted to the Commission by Michigan Consolidated Gas Company and the Michigan Electric and Gas Association, contained a number of revisions that were specifically designed to reduce utilities' uncollectible expenses.

Subsequently, the Commission became aware that Wisconsin Public Service Corporation, Upper Peninsula Power Company, Northern States Power Company-Wisconsin, Wisconsin Electric Power Company, and Indiana Michigan Power Company filed a claim of appeal in the Michigan Court of Appeals to challenge the adoption of the March 17, 2000 amendments. The

focus of this legal challenge was R 460.2135 (Rule 35), which addresses the creation and administration of a mechanism for dealing with the uncollectibles expenses of the affected utilities.

On October 26, 2000, Public Act 322 of 2000 became effective. Among other things, Act 322 grants the Commission authority to require every electric and gas utility subject to its jurisdiction to establish and to administer an uncollectibles allowance recovery fund. Because the Commission is now persuaded that the required uncollectibles allowance recovery funds should be subject to regulation independent of the billing rules, the Commission proposes to rescind Rule 35 and adopt a new administrative rule to accomplish the objective of Act 322.<sup>1</sup>

Attached to this order as Exhibit A is the proposed revision to the billing rules, which will serve as the starting point for this rulemaking proceeding. Pursuant to Section 39a(1) of the Administrative Procedures Act of 1969, MCL 24.239a(1); MSA 3.560(139a)(1), a copy of the proposed rule is being submitted to the Office of Regulatory Reform (ORR) for approval to schedule a public hearing. Upon receipt of the ORR's approval, the Commission will expeditiously schedule a public hearing in this matter. The Commission anticipates that the rulemaking process will be completed within 6 months.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1909 PA 106, as amended, MCL 460.551 et seq.; MSA 22.151 et seq.; 1909 PA 300, as amended, MCL 462.2 et seq.; MSA 22.21 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; MSA 22.1 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.;

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<sup>1</sup>Today, in a separate order in Case No. U-12734, the Commission has commenced a rulemaking proceeding to promulgate a new rule concerning the establishment and administration of uncollectibles allowance recovery funds by every electric and gas utility subject to its jurisdiction.

MSA 22.13(1) et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; MSA 3.560(101) et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1992 AACCS, R 460.17101 et seq.

b. A copy of the proposed rule should be submitted to ORR for approval to schedule a public hearing.

THEREFORE, IT IS ORDERED that:

A. A copy of the proposed rule, attached as Exhibit A, shall be submitted to the Office of Regulatory Reform for approval.

B. Upon receipt of approval from the Office of Regulatory Reform, a public hearing shall be expeditiously scheduled in order to facilitate completion of the rulemaking process within 6 months.

The Commission reserves jurisdiction and may issue further orders as necessary.

MICHIGAN PUBLIC SERVICE COMMISSION

( S E A L )

/s/ John G. Strand  
Chairman

By its action of November 29, 2000.

/s/ David A. Svanda  
Commissioner

/s/ Dorothy Wideman  
Its Executive Secretary

/s/ Robert B. Nelson  
Commissioner

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Suggested Minute:

“Adopt and issue order dated November 29, 2000 commencing a proceeding to rescind R 460.2135 of the Consumer Standards and Billing Practices for Electric and Gas Residential Service, as set forth in the order.”