

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the proposal of the)
CHOICE ADVISORY COUNCIL for a statewide)
customer education program and other related)
matters.)
_____)

Case No. U-12133

At the July 23, 2003 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Laura Chappelle, Chairman
Hon. David A. Svanda, Commissioner
Hon. Robert B. Nelson, Commissioner

OPINION AND ORDER

The Commission issued a series of orders in this docket in an effort to implement a customer education program consistent with the Customer Choice and Electricity Reliability Act, 2000 PA 141 (Act 141), MCL 460.10 et seq., in conjunction with the recommendations and negotiations of the CHOICE Advisory Council. On October 11, 2001, the Commission gave its final approval to an April 27, 2001 settlement agreement filed by the CHOICE Advisory Council that, among other things, constituted the regulatory basis for collection of an 18¢ per meter per month surcharge for consumer education activities from certain electric utilities, including Alpena Power Company (Alpena). However, in an order issued on April 17, 2003, the Commission prospectively suspended further collection of the 18¢ per meter per month surcharge and directed each affected electric utility to submit a report regarding the amounts collected or expended during 2003 pursuant to the cost recovery mechanism. Simultaneously with the filing of the 2003

reconciliation report, each utility also was required to file an application proposing how it intends to use the funds collected pursuant to the CHOICE Advisory Council program to promote green power or how it will refund such funds to its customers. In so doing, the Commission stated:

If a utility does not offer a green power option, or if a utility determines that spending all of the funds collected pursuant to the 18¢ per meter per month surcharge for that purpose is not reasonable or necessary, it may propose in its application a methodology to refund any unexpended funds to its customers.

April 17, 2003 order, Case No. U-12133, p. 6.

On July 8, 2003, Alpena filed an application seeking authority to refund \$45,862.05 to its customers. Alpena states that although 11.9% of its fuel mix is comprised of green power (9% hydroelectric and 2.9% other renewable fuel sources), it does not currently have a green power program. Therefore, Alpena proposes to refund the entire amount collected from its customers pursuant to the 18¢ per meter per month surcharge by application of a prospective one-time credit of \$2.88 per meter for all customers that have a meter. According to Alpena, the credit will be applied during the first billing month after issuance of an order approving its application. As such, the billing credit will be applied to all then existing customers, regardless of the length of time that they were customers, which means that customers that leave Alpena's system before the refund month will not receive a refund.

The Commission finds that Alpena's application should be granted. Alpena's proposal is reasonable and designed to return the surcharge to its customers through an administratively efficient method. Moreover, by acting quickly, the Commission ensures that virtually all of the customers that paid the 18¢ per meter per month surcharge will receive a refund.

The Commission FINDS that:

- a. Jurisdiction is pursuant to 1909 PA 106, as amended, MCL 460.551 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1999 AC, R 460.17101 et seq.
- b. Alpena's application for authority to refund \$45,862.05 should be granted.

THEREFORE, IT IS ORDERED that the application filed by Alpena Power Company for authority to refund \$45,862.05, plus interest, to its customers is granted.

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

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

(S E A L)

/s/ Laura Chappelle
Chairman

By its action of July 23, 2003.

/s/ David A. Svanda
Commissioner

/s/ Robert W. Kehres
Its Acting Executive Secretary

/s/ Robert B. Nelson
Commissioner

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MICHIGAN PUBLIC SERVICE COMMISSION

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Suggested Minute:

“Adopt and issue order dated July 23, 2003 granting the July 8, 2003 application filed by Alpena Power Company for authority to refund \$45,862.05 to its customers, as set forth in the order.”