

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter, on the Commission's own motion,	)	
regarding administration and operation of the	)	Case No. U-13129
Low-Income and Energy Efficiency Fund.	)	
_____	)	

At the August 18, 2003 meeting of the Michigan Public Service Commission in Lansing,  
Michigan.

PRESENT: Hon. J. Peter Lark, Chair  
Hon. Robert B. Nelson, Commissioner  
Hon. Laura Chappelle, Commissioner

**ORDER APPROVING REQUEST**

On December 20, 2002, the Commission approved a grant of \$12 million to the Family Independence Agency (FIA) to provide supplemental payments to households receiving the Home Heating Credit (HHC). The HHC is available to all low-income households. The Michigan Department of Treasury determines eligibility and makes the payments based on income, number of exemptions, and household heating costs.

On February 27, 2003, the Commission approved an additional \$17 million grant to FIA to be used to expand eligibility in the State Emergency Relief (SER) program in response to an immediate need for additional low-income energy assistance. The SER is a crisis intervention program and SER energy services are available to all low-income households in Michigan. Eligibility is based on demonstration of immediate need, income, and assets. Demonstration of immediate need

would include a shut-off notice, need for a deliverable fuel such as fuel oil, or need for an energy-related home repair.

On July 24, 2003, the FIA submitted a request to use the December 20, 2002 grant of \$12 million for energy payments associated with the SER program rather than for HHC supplemental payments as originally approved by the Commission. According to the FIA, the \$12 million HHC grant has not yet been used and the FIA is now persuaded that it would be more appropriate to use those funds for the SER program. FIA reports that, due to the expansion of the SER eligibility, the expenditures for that program have nearly tripled. For example, June 2003 expenditures were \$2.8 million as opposed to an average of \$900,000 in previous years. Therefore, the FIA asserts that the \$12 million grant is needed for energy payments under the expanded SER program.

The Commission is well aware that energy costs have increased this year. Recently, the Commission commenced Case No. U-13816 to increase public awareness of the recent dramatic increase in the commodity cost of natural gas and the anticipated effect of that development on future heating bills. Indeed, on July 22, 2003, the Commission conducted a public hearing in Case No. U-13816, which was attended by numerous interested persons offering suggestions for addressing these concerns. The Commission will continue to respond to this problem in an expeditious manner. Accordingly, the Commission finds that the FIA's request should be approved.

However, the Commission is mindful that, in the past, administrative barriers (such as the requirement that a customer receive a shut-off notice) have complicated the rapid distribution of energy assistance funds to citizens in need of immediate relief. For example, participants in the Commission's Winter Protection Plan who may have significant arrearages do not receive shut-off

notices as long as they make the required payments. The Commission encourages the FIA to take any action necessary to ensure that the \$12 million in funds needed for energy payments under the expanded SER program is disbursed in time to help those in greatest need of immediate assistance.

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. The FIA's request is reasonable and in the public interest, and should be approved.

THEREFORE, IT IS ORDERED that the Family Independence Agency is authorized to use the December 20, 2002 grant of \$12 million for the State Emergency Relief program rather than for Home Heating Credit supplement payments.

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/ J. Peter Lark  
Chair

( S E A L )

/s/ Robert B. Nelson  
Commissioner

/s/ Laura Chappelle  
Commissioner

By its action of August 18, 2003.

/s/ Robert W. Kehres  
Its Acting Executive Secretary

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MICHIGAN PUBLIC SERVICE COMMISSION

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Suggested Minute:

“Adopt and issue order dated August 18, 2003 approving the request by the Family Independence Agency to spend the December 20, 2002 grant of \$12 million from the Low-Income and Energy Efficiency Fund on the State Emergency Relief program rather than on the Home Heating Credit supplement payment program, as set forth in the order.”