

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter, on the Commission’s own motion,)	
regarding establishment of a Low-income Energy)	Case No. U-15918
Resources Task Force.)	
_____)	

At the September 29, 2009 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. Orjiakor N. Isiogu, Chairman
Hon. Monica Martinez, Commissioner
Hon. Steven A. Transeth, Commissioner

ORDER

On October 6, 2008, Governor Jennifer M. Granholm signed into law Public Acts 286 and 295 of 2008. Among other things, these acts impose several responsibilities on the Commission and energy suppliers that are directly related to programs beneficial to low-income utility customers in this state. For example, Section 11(3) of Act 286, MCL 460.11(3), indicates that “[n]otwithstanding any other provision of this act, the commission may establish eligible low-income customer or eligible senior citizen customer rates.” The same section of Act 286 obligates all rate regulated utilities “[u]pon filing of a rate increase request, ...[to]... include proposed eligible low-income customer and eligible senior citizen customer rates and a method to allocate the revenue shortfall attributed to the implementation of those rates upon all customer classes.” Likewise, in Section 71(3)(a) of Act 295, MCL 460.1071(3)(a), the Legislature directed that all energy optimization plans “[p]ropose a set of energy optimization programs that include offerings

for each customer class, including low income residential.”

In response to these directives and in recognition of the fact that the nation’s and Michigan’s economies are facing dire economic circumstances, the Commission established the Low-income Energy Resources Task Force (Task Force) for the purpose of examining the issues surrounding energy affordability for Michigan’s utility customers.

The Commission directed the Task Force to ensure that Michigan is doing all that it can to efficiently use federal, state, and private funds available for low-income and senior citizen customer assistance programs. The Commission further directed the Task Force to develop recommendations for low-income utility rates aimed at Michigan households and examine policies for the optimization of low-income customers’ energy usage.

The Commission ordered the Task Force to study and develop both short-term and long-term policies and program recommendations regarding all of the following items:

- Making energy bills more manageable by offering flexible payment options or determining customer specific affordable payment amounts.
- Reducing customer costs by lowering or eliminating charges associated with making a payment, reconnecting service, and assessing interest on late payments.
- Removing barriers to obtaining or retaining service by modifying deposit policies, allowing former customers to pay prior bills in installments, and offering arrearage forgiveness plans.
- Determining the amount and effect of an affordable low-income utility rate.
- Evaluating Low Income Home Energy Assistance Program (LIHEAP) funding, as required by MCL 460.10s, which requires the Commission to monitor the extent to which federal funds are available for low-income and energy efficiency assistance programs.
- Examining eligibility restrictions for low-income assistance programs that may prevent aid to those most in need.

- Identifying ways to coordinate the activities of government assistance programs, non-government assistance programs, and service providers to more effectively allow payment of low-income customers' utility bills.

On June 30, 2009, the Low-income Energy Resources Task Force Report was submitted and placed on the Commission's website. The report contains recommendations in four areas including Data Collection, Available Assistance, Process Issues, and Low-income Rate Alternatives. Participants in the Task Force included the Commission Staff, representatives from investor-owned gas and electric utilities (DTE Energy, CMS Energy, Indiana Michigan Power Company, SEMCO Energy Gas Company, WE Energies, Michigan Gas Utilities Corporation), industry associations (Michigan Electric Cooperative Association, Michigan Gas and Electric Association, Michigan Propane Gas Association), state agencies (Michigan State Housing Development Authority, Michigan Department of Treasury, Michigan Department of Human Services, Michigan Office of Services to the Aging), and various nonprofits, community agencies, and others (Michigan Community Action Agency Association, Great Reward, LLC, Society of St. Vincent de Paul, Salvation Army, Newaygo County Community Services, WARMTraining, The Heat and Warmth Fund, United Way 2-1-1, Fraser Law Firm, Michigan Poverty Law Program, Michigan Catholic Conference, Integrys Energy Group).

Data Collection

The Data Collection work group determined what data was needed for the report and located or acquired that data. The Data Collection work group recommended that the data collected for this report continue to be updated on an annual basis. The work group observed that having current data will enhance the efforts of the Commission, the utilities, and the many other agencies that are assisting customers to determine and fulfill the needs of the many customers who are

seeking help. The work group also recommended that in the future, data collection formats should be standardized so that collection of the data can be done as quickly and efficiently as possible.

Available Assistance

The Available Assistance work group examined several low-income programs funded by federal and state government and addressed various issues related to improving assistance program efficiencies. The programs reviewed included the Low Income Home Energy Assistance Program (LIHEAP), the federal block grant that funds the Home Heating Credit (HHC) and energy crisis assistance, the assistance available to deliverable fuels customers and the extension of the Low Income Energy Efficiency Fund (LIEEF) grant cycle.

The Available Assistance work group and the Process Issues work group recommended that a statewide education and promotion campaign be implemented to help bring more Earned Income Tax Credit (EITC) dollars into the state and to ensure that low income households are informed of all available assistance programs. This education campaign should also advertise sites that provide help in filling out various assistance forms and should offer a different outreach approach to customers in rural areas of the state.

The Available Assistance work group also recommended that efforts should be made to streamline the process of getting assistance dollars to eligible customers through expansion of the electronic payment process that automates the way customers receive assistance payments. The work group recommended that a small, low-income task force be created to meet and further discuss issues related to the delivery of assistance dollars. One specific area the task force would examine is how other states and utilities distribute assistance dollars. A final report written by the task force would be sent to applicable entities, including the Commission, state agencies, and the

Legislature. The Available Assistance work group also highlighted the need to continue discussions about the HHC and the administration of energy assistance dollars.

Process Issues

The Process Issues work group examined issues and obstacles to assistance in current programs including procedural issues, client education, backlogs and delays in providing assistance, and coordination of assistance. The Process Issues work group discussed the Michigan Benefits Access Initiative (MBAI), a streamlined system for signing up for various forms of assistance that, when implemented, is expected to significantly improve the ability of low-income customers to apply for and receive a range of state and federal benefits. The work group then discussed proposals for improving the current system for utility assistance while the MBAI is pending implementation. The Process Issues work group recommended that the utilities cross reference databases with the Department of Human Services (DHS) to help identify low-income customers needing assistance. The work group also recommended that the utilities send information to customers on usage for the HHC on a monthly basis and that the utilities provide consumption data on their voice response systems. The work group recommended that agencies be engaged to complete HHC and EITC forms by phone and then send them to customers for signature. In addition, the work group recommended that phone support be provided to Michigan 2-1-1 for the application process for HHC so that the same message is used by Michigan 2-1-1, other agencies, and utilities. The Process Issues work group recommended that weatherization assistance information be provided to customers seeking assistance at the Michigan Unemployment Insurance Commission.

The Process Issues work group recommended that an arrearage forgiveness program be designed for Winter Protection Program (WPP) customers who are not DHS clients and who

maintain their payments during the heating season. Finally, the work group recommended that it continue its work to ensure implementation of its recommendations.

Low-income Rates

The Low-income Rates work group evaluated possible alternatives or additions to current low income assistance programs. The Low-income Rates work group focused on specific methods including rate discounts, lifeline rates, and percentage of income payment programs (PIPP). The advantages and disadvantages of these programs were discussed and legal constraints to the implementation of alternatives were described.

The Low-income Rates workgroup agreed that it should continue its work assessing alternatives or additions to the low-income energy assistance programs currently available, including programs that may require legislative action. The work group further recommended that it continue its efforts by collaborating to design pilot programs for low-income customers that are appropriate to each utility, service territory, and customer base, including programs that establish commodity discounts for electric customers where appropriate. These pilot programs should be designed to determine the effect that low-income rates would have on other ratepayers, and the degree to which low income rates would offset the external costs of the low-income energy burden, including utility administrative costs for any program.

Finally, the Low-income Rates work group agreed that customer responsibility must be a part of any proposed pilot. Customers wishing to participate in a program should be required to take advantage of all assistance programs for which they qualify (including non-utility programs like the EITC), and customers must participate in weatherization programs, energy education, and household budgeting education, if appropriate.

Discussion

As an initial matter, the Commission commends the Task Force for its extensive work performed over a very short period of time. The Commission agrees with the general recommendation from each of the workgroups that the Task Force's efforts should continue beyond the submission of the report, and that many of the specific recommendations can be implemented immediately.

The Commission observes that many of the issues addressed by the Low-income Energy Resources Task Force are persistent and dynamic. Thus, the core efforts of the Task Force should continue as a vehicle to follow through on the recommendations and to address new and evolving low-income issues. The Commission finds that the most efficient way to ensure the continuation of these efforts is to merge the Low-income Resources Task Force with the Energy Optimization Low-income Work Group that was created to facilitate the implementation of Section 71 of 2008 PA 295. A merger of the two groups is a reasonable approach because energy affordability issues and energy efficiency are very much connected.

The first meeting of the Low-income Energy Efficiency Workgroup is scheduled for October 15 at 9:00 a.m. in Hearing Room A at the Commission offices. The Commission directs the Low-income Energy Efficiency Workgroup to review the findings and recommendations of the Task Force report and discuss how these recommendations might influence the policy directions that the utility energy optimization programs for low-income customers should take. The Workgroup is directed to integrate the findings and recommendations of the Low-income Energy Resources Task Force into its low-income energy optimization efforts.

THEREFORE, IT IS ORDERED that:

- A. The Low-income Energy Resources Task Force report is accepted.
- B. The Low-income Energy Resources Task Force shall continue as part of the Low-income Energy Efficiency Workgroup.
- C. The docket in Case No. U-15918 is closed.

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

MICHIGAN PUBLIC SERVICE COMMISSION

Orjiakor N. Isiogu, Chairman

Monica Martinez, Commissioner

Steven A. Transeth, Commissioner

By its action of September 29, 2009.

Mary Jo Kunkle, Executive Secretary