MPSC Customer Home Heating Programs

Commissioner Martinez

January 25, 2006

Presentation to the House Committee on Energy and Technology

Gas Prices Are High – What is the MPSC doing to help?

- Carefully scrutinize and monitor GCR (Gas Cost Recovery) for all the utilities
- Launched an ongoing education effort prior to the heating season
- Issued Emergency Rules expanding the Winter Protection Program
- Expanded the Low Income Energy Efficiency Fund and issued grants

Residential Gas Bill

Customer Charge		$7.50
Cost of Gas (GCR)	189 ccf @ 0.89899	169.90
Distribution Charge	189 ccf @ 0.163440	30.89
Total Gas		208.29
Sales Tax		8.33
Total Monthly Bill		$216.62

Gas Cost Recovery Factors

- Under MI law (MCL 460.6h), utilities are able to pass the cost of the natural gas they purchase on to customers
- Utilities file at the MPSC to establish factors for each year – we review purchase plans, sources, contracts, and projected volumes of gas supplies
- There is no mark-up or rate of return earned on the GCR

Gas Cost Recovery Factors (cont.)

- Utilities may modify factors if conditions change – the MPSC sets a ceiling so the utility can always lower the GCR
- All Michigan utilities will charge February gas cost recovery factors below those charged in January
- The change in factors should result in a decrease of 3.32% to 21% of the total bill, depending on the utility

Education

- MPSC held nine Consumer Forums across the state
- MPSC launched a "Be WinterWise" webpage and education program with information on assistance programs, protection opportunities, payment plans, and efficiency measures
- Provided our Congressional leaders and the Bush administration with information on the importance of increasing LIHEAP funding

LIEEF

Low Income Energy Efficiency Fund

- LIEEF was initially established via PA 141 of 2000; Section 10d, subsection 7.
- Grants are for low income assistance, low income energy efficiency and energy efficiency for all classes
- Pursuant to Commission Order U-13808, $39.8 million per calendar (Detroit Edison Rate Case) was established for the fund
- Pursuant to Commission Order U- 14347, $26.5 million per calendar (Consumers Energy Rate Case) was established to bring the total to $66.3 million

Since Inception of LIEFF

- $156.4 million has been granted to low income assistance, $41 million this heating season
- $37.8 million has been used for low income energy efficiency programs, $10 million this heating season
- $18.2 million has funded energy efficiency programs for all classes of customers

Winter Protection Plan

- Protects seniors and low income customers from shut off during winter
- Customer must notify utility of eligibility
- Eligibility:
  - Age 65 or older
  - Recipient of DHS cash assistance, food stamps, or Medicaid
  - Below 200% of poverty level (changed from 150% of poverty level due to emergency rules)

Emergency Rules

- Winter Protection was expanded to cover the period from November thru the end of March
- Customer has at least 22 days to pay bill
- Utility may not shut off service or charge a late fee for an unpaid estimated bill
- Payment arrangements for a customer in arrears cannot exceed $50 plus the current monthly bill

Emergency Rules (cont.)

- Utility cannot shut off a customer who is over 65 years of age
- Utility cannot shut off a customer whose income is less than 200% of the poverty level and who pays 6% of their annual estimated bill per month
- Utility cannot require a deposit unless the customer has been shut off during the last 12 months, and the deposit cannot exceed the average monthly bill

Save Energy With Ease

- 3,450 free energy conservation kits and programmable thermostats provided at energy education workshops
- 1,500 low income residents will receive free installation of programmable thermostats
- Available through community action agencies
- Funding provided by utility contributions

MPSC contacts

Website

www.michigan.gov/bewinterwise

Call Center

(8:30am – 4:30pm Monday thru Friday)
1-800-292-9555