



Bureau of  
Energy Resources,  
United States  
Department of State



National  
Association of  
Regulatory  
Utility  
Commissioners

# Ensuring protections for vulnerable and low-income customers in Michigan

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September 1, 2015





- ❑ Utilities provide essential services for wellbeing of both residential and business customers
  - *Safe, reliable , and affordable service*
  - *Denying service-poses health and safety risks*
- ❑ Regulation is intended to protect the public interest
- ❑ Regulators establish frameworks to ensure that service is adequate and companies are responsive to consumer needs



# MPSC Consumer Standards and Billing Practices for Residential Customers and Michigan State Laws

## ☐ Protections for senior citizens

- MPSC rules and state law requires utilities to provide shut off protection for senior citizens during the heating season - November 1 to March 31
  - Senior Citizens are defined as 65 years or older
- If a senior citizen has been disconnected prior to the heating season, utilities must reconnect them without payment of the amount due, deposit, reconnect fees, or other charges during the heating season



## Winter, 2007 Indiana Michigan Power investigation

- Mrs. Phyllis Willet Vicksburg with past due notice of \$254 was disconnected and died
- Staff investigation and Commission order:

“The Commission’s expectation is that utilities will proactively code individual accounts with shutoff protection whenever the company knows or discovers that the individual is eligible. This expectation exists regardless of whether the individual self reports his/her status or the utility has knowledge of the customer’s eligibility status.”

Indiana Michigan Power made a \$125,000 contribution to two organizations that provide assistance to senior citizens

## Winter 2008, Bay City Municipal Utility

Mr. Marvin Shur, 93 years old

State law passed requiring municipally owned utilities to identify senior customers and provide same protections



## Protections for Military Personnel and Family

- ☐ Utilities shall not shut off service to active duty military personnel and their family for a period of 90 days and shall continue to provide shutoff protection for an additional 90 days
- ☐ After the close of 90 days, the utility shall allow the customer to pay the past due amount over a period of up to 12 months.
- ☐ Utility shall provide customers with information about payment assistance programs



## Medical Emergency Protections

- ☐ A medical emergency is a condition that could be aggravated by lack of utility service
- ☐ The condition must be certified by a physician or public health official
- ☐ Utilities shall postpone service for up to 21 days not to exceed 63 days per customer in a year, 126 days per household



## Winter Protection Plans for Low Income Customer Protections

- ☐ Service should not be shut off when a customer has a past due balance if:
  - Customer pays to the utility a monthly amount equal to 7% of annual bill
  - Customer has made application for state or federal assistance
- ☐ Customers should be permitted to pay past due balance in equal monthly installments
- ☐ Low income customers should not pay a fee for restoring service or a security deposit



- ☐ Utilities shall annually notify customers through bill insert, annual publications, website of:
  - Federal and State energy assistance programs
  - Medical emergency provisions
  - Shutoff protection programs
  - Military protection programs
  
- ☐ This information shall also be provided in a past due notice





## Affordable Home Energy Bills

- ❑ The "affordable burden" for home energy bills is set at 6% of gross household income for the Home Energy Affordability Gap model. This burden takes into account the total cost of shelter and the proportion of total shelter cost devoted specifically to energy.
- ❑ Actual home energy bills include all home energy end uses, including heating, cooling, lighting, electric appliances and hot water.
- ❑ Low income households in Michigan are paying 8 % to 37% of income on home energy

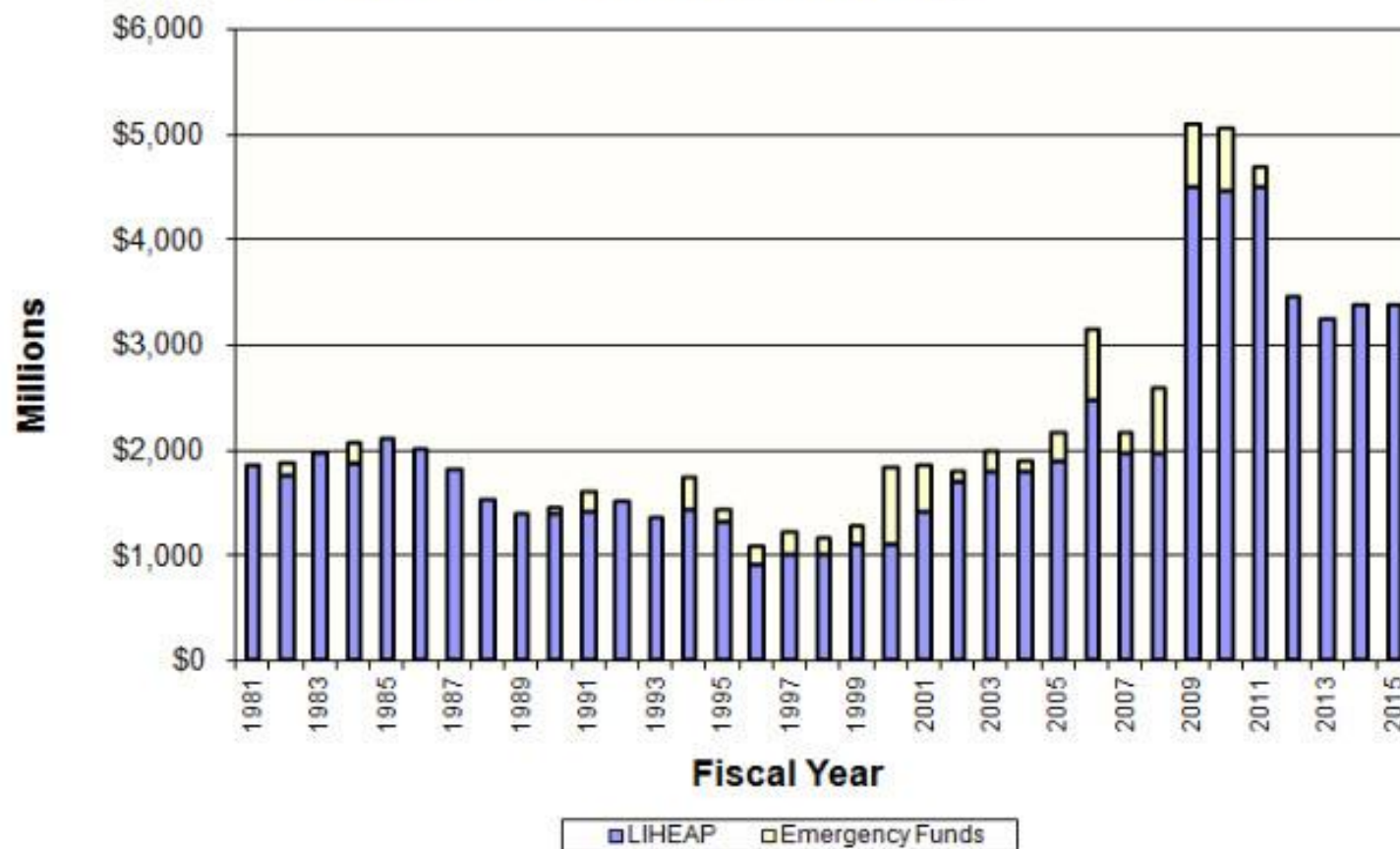


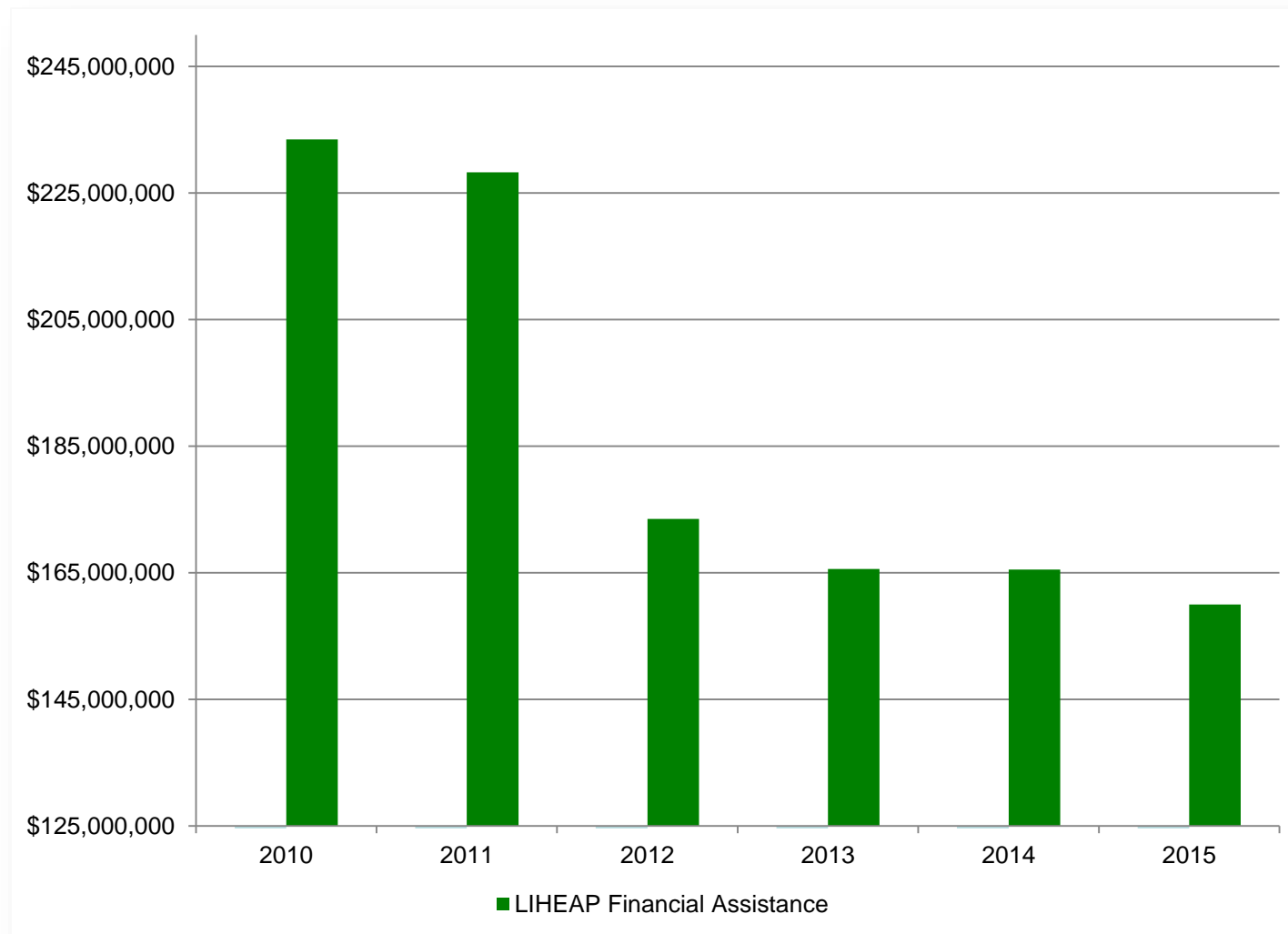
## **LIHEAP-Low Income Home Energy Assistance Program**

- ☐ Federal block grant which allows states to operate programs as they see fit
- ☐ Administered by U.S. Department of Health & Human Services



## LIHEAP Funding History







## **Low Income Energy Assistance Fund Michigan Energy Assistance Program**

- ☐ MPSC annually assesses a funding factor up to \$1/per electric meter/per month
- ☐ Collects no more than \$50M/year
- ☐ Funds are available to grantees October 1<sup>st</sup>
- ☐ Crisis season is November 1<sup>st</sup> to May 31<sup>st</sup>
  - 70% of the funds must be spent
- ☐ 2014- 87,647 households were assisted with direct assistance to energy bills totaling nearly \$80M



## Key Heating Season Definitions

- ☐ November 1<sup>st</sup> to March 31<sup>st</sup> - MPSC Consumer Standards and Billing Practices
  - Senior Citizen shut-off
- ☐ November 1<sup>st</sup> to April 15<sup>th</sup> - PA 95 of 2013
  - Non-participating electric utilities and cooperatives shall not shut off service for a delinquent account
- ☐ November 1<sup>st</sup> to May 31<sup>st</sup> - PA 615 of 2012 MEAP Crisis Season
  - 70% of MEAP Funds must be spent during the crisis season
  - SER payments are only available during the MEAP crisis season



2014-14 grantees assisted 87, 647 households with energy assistance and services to move households toward self-sufficiency

Households Demographics	
Household Type	Households Served
Contains at least one member age 60 or older	15,710
Contains at least one member age 2 or younger	9,911
Contains at least one member age 3, 4 or 5	14,363
Contains at least one member that is handicapped	19,693



## 2014 MEAP Grant Households Served by Energy Type & Total MEAP Funds Spent

Energy Type	Total Energy Assistance Payments	Total MEAP Funds Spent
Electric	36,205	\$17,675,522.03
Natural Gas	18,232	\$8,772,567.23
Combined	72,603	\$40,667,209.11
Propane	12,018	\$10,971,836.63
Heating Fuel	687	\$627,013.03
Other	1,075	\$769,686.81
Total	140,820	\$79,483,834.84





## Michigan Energy Assistance Program-FY2015

- ☐ Low-Income Energy Assistance Fund-\$50M
- ☐ LIHEAP-\$62M
- ☐ 13 grantees anticipate assisting 109,018 households



## 2015 MEAP Grant Awards

Grant No.	Grantee	Original Grant Award	Additional Awards	Amended Grant Awards
PSC-15-01	Barry County United Way	\$165,100	\$0	\$165,100
PSC-15-02	Consumers Energy Company	\$13,177,000	\$2,500,000	\$15,677,000
PSC-15-03	DHS - Bureau of Community Action and Economic Opportunity	\$7,000,000	\$0	\$7,000,000
PSC-15-04	DTE Energy	\$17,000,000	\$3,000,000	\$20,000,000
PSC-15-05	Flat River Outreach Ministries, Inc.	\$57,900	\$34,812	\$92,712
PSC-15-06	Lighthouse Emergency Services	\$350,000	\$0	\$350,000
PSC-15-07	Michigan Community Action Agency Association	\$9,000,000	\$3,620,000	\$12,620,000
PSC-15-08	SEMCO Energy Gas Company	\$2,250,000	\$0	\$2,250,000
PSC-15-09	Society of St. Vincent de Paul of the Archdiocese of Detroit	\$3,000,000	\$1,000,000	\$4,000,000
PSC-15-10	Superior Watershed Partnership	\$1,250,000	\$1,245,188	\$2,495,188
PSC-15-11	The Heat and Warmth Fund	\$10,000,000	\$0	\$10,000,000
PSC-15-12	The Salvation Army	\$13,125,000	\$3,725,000	\$16,850,000
PSC-15-13	TrueNorth Community Services	\$13,125,000	\$6,875,000	\$20,000,000
Total		\$89,500,000	\$22,000,000	\$111,500,000



## MEAP-3 Utility Programs

- ☐ Provide discounted or reduced utility payments to qualifying households
- ☐ Provide forgiveness of any past due balances
- ☐ Customers must not increase usage
- ☐ Utility provides energy efficiency services and education
- ☐ Goals are to reduce shut offs, increase payment performance, assist customers to self-sufficiency