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BILL ANALYSIS

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House Bill 5190 (Substitute H-1 as passed by the House)  
Sponsor: Representative Ken Horn  
House Committee: Energy and Technology

### **CONTENT**

The bill would amend Public Act 3 of 1939, the Public Service Commission (PSC) law, to:

- Prohibit an electric or natural gas utility from charging a customer to help fund the Low-Income and Energy Efficiency Fund (LIEEF).
- Prohibit the PSC from including the low-income and energy efficiency charge in an affected utility's base rates.
- Require the PSC to refund all money being held in escrow for LIEEF.

The refund would have to be allocated among each customer class, based on the rate schedules in effect when the money was collected, proportional to the amount paid by each customer class. Before refunding the money, the PSC would have to pay an entity the amount approved by the Commission for an energy efficiency grant, if that entity had completed the energy efficiency project before July 21, 2011.

"Affected utility" would mean a regulated electric or natural gas utility that was authorized by the PSC to collect in retail rates an amount that was designated to be contributed to the LIEEF, and that since July 21, 2011, has been holding the collected amount in escrow.

MCL 460.10d

Legislative Analyst: Julie Cassidy

### **FISCAL IMPACT**

The bill would result in a loss of State Restricted revenue of approximately \$85.0 million annually. In previous home heating seasons, the Low Income Energy Efficiency Fund was used to assist low-income residents in paying their heating bills and for energy efficiency grants. The Fund received revenue from surcharges added to the bills of customers of the three largest electricity and natural gas providers in the State. A July 2011 decision of the Michigan Court of Appeals caused the PSC to escrow funds coming into LIEEF, as the litigation called into question the PSC's statutory authority to conduct the program. An October 28, 2011, PSC report on LIEEF reported revenue of approximately \$88.9 million for FY 2010-11. It is unknown at this time how much of this remains in escrow.

Under the bill, money held in escrow would be refunded to the utility companies from which it came, which would then be required to refund the money to consumers based on the amount they paid into LIEEF. For a typical household consumer, this amounts to about \$1 per month that would be refunded and then no longer collected in the future.

Date Completed: 12-13-11

Fiscal Analyst: Josh Sefton