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BILL



ANALYSIS

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Senate Bill 284 (as introduced 3-21-13)  
Sponsor: Senator Mike Nofs  
Committee: Energy and Technology

Date Completed: 4-15-13

### **CONTENT**

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

- **Create the "Low-Income Energy Assistance Fund" and require the Department of Human Services to spend Fund money to provide energy assistance to eligible low-income households.**
- **Require the PSC to approve an annual low-income energy assistance funding factor (a surcharge) to be included on an electric customer's bill.**
- **Require an electric utility or municipally owned or cooperative electric utility that collected the factor to remit the money for deposit into the Fund on a monthly basis.**
- **Limit the amount of the factor collected each fiscal year to \$60.0 million, minus the amount appropriated from the General Fund for home energy assistance and the amount remaining in the Fund from the previous fiscal year.**

### **Creation & Use of Fund**

The bill would create the Low-Income Energy Assistance Fund within the State Treasury. The State Treasurer could receive money or other assets from any source for deposit into the Fund. The State Treasurer would have to direct the investment of the Fund, and credit to it any interest and earnings. Money in the Fund at the close of the fiscal year would remain in the Fund and would not lapse to the General Fund.

The Department of Licensing and Regulatory Affairs would be the administrator of the Fund for auditing purposes.

The Department of Human Services (DHS) could spend Fund money, upon appropriation, only as provided in the Michigan Energy Assistance Act. (Under that Act, the DHS may use money from the Low-Income Energy Assistance Fund only for energy assistance. Money from the Fund may be used for the program's crisis season (November 1 through May 31 of each year).

The Act defines "energy assistance" as a program to assist eligible low-income households in meeting their home energy costs for their primary residence through payment or partial payment of bills for electricity and fuel used to provide heat. "Eligible low-income household" means a household with a household income of not more than 150% of the Federal poverty guidelines.

The Act specifies that energy assistance must include services that will enable participants to become or move toward becoming self-sufficient, including assisting them in paying their energy bills on time, budgeting for and contributing to their ability to provide for energy expenses, and using energy services to optimize on energy efficiency.)

#### Low-Income Energy Assistance Funding Factor

The bill would require the PSC, after notice and hearing, to approve a low-income energy assistance funding factor by July 31 of each year for the subsequent fiscal year. The funding factor would have to be the same across all customer classes. The amount collected from the factor during each fiscal year could not exceed \$60.0 million minus the amount appropriated from the General Fund in that fiscal year for home energy assistance and the amount remaining in the Energy Assistance Fund from the previous fiscal year.

("Low-income energy assistance funding factor" would mean a nonbypassable surcharge on each retail billing meter payable monthly by every customer receiving a retail electric distribution service from a utility regardless of the identity of the customer's electric generation supplier. The funding factor could not be charged on more than one residential account meter per residential site.)

An electric utility, municipally owned electric utility, or cooperative electric utility that collected money under the bill would have to remit it to the State Treasurer for deposit in the Fund within 30 days after the last day in each calendar month. The utility would have to list the funding factor as a separate line item on each customer's bill.

If requested by the PSC, each utility or association representing a municipally owned or cooperative utility annually would have to give the Commission the number of retail billing meters it served in Michigan that were subject to the funding factor.

Proposed MCL 460.9t

Legislative Analyst: Julie Cassidy

#### **FISCAL IMPACT**

The bill would create a restricted fund, the Low-Income Energy Assistance Fund, which would allow the State to appropriate up to \$60.0 million to the Michigan Energy Assistance Program as defined in the Michigan Energy Assistance Act (Public Act 615 of 2012). The amount appropriated to the Fund each year would be subject to variation, however. While the State would be permitted to appropriate other funding – including GF/GP and Federal sources – to the Low-Income Energy Assistance Fund, the primary revenue source would be the consumer fees described above. The Department of Human Services has not yet identified any potential administrative costs that would result from the creation of the Michigan Energy Assistance Program.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.