

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the proposal of the	)	
CHOICE ADVISORY COUNCIL for a statewide	)	
customer education program and other related	)	Case No. U-12133
matters.	)	
_____	)	

At the August 20, 2002 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Laura Chappelle, Chairman
Hon. David A. Svanda, Commissioner
Hon. Robert B. Nelson, Commissioner

OPINION AND ORDER

The Commission has issued a series of orders in this docket for the purpose of implementing a customer education program consistent with the Customer Choice and Electricity Reliability Act, MCL 460.10 et seq. The foundation for the education program is the work of the CHOICE Advisory Council, which resulted in a settlement agreement that was filed on April 27, 2001 and superseded an earlier agreement. On July 25, 2001, the Commission found that the settlement agreement was in large part acceptable, but concluded, based on market conditions at the time, that the education program should not commence yet. The order also directed the gas utilities to confirm whether they would participate in a combined education program. On October 11, 2001, the Commission approved the settlement agreement and, in light of the gas utility responses, indicated that the electric-only education program would be implemented.

The Commission Staff (Staff) has continued to work with the CHOICE Council subcommittee (representatives of the utilities, alternative electric suppliers, and customers) and the agencies that will carry out the education program (the contractors) to develop the education program. The next major step is the negotiation of a contract between the utilities and the contractors. The Staff has informed the Commission that the contract has not been signed, that the negotiations have identified unresolved issues that prevent the parties from signing a contract, and that the parties seek guidance from the Commission on how to proceed. The Commission takes this opportunity to provide guidance and to direct that portions of the education program should be implemented now.

The Commission has continued to monitor the development of competition in the retail and wholesale markets in Michigan. It now concludes that the education program should begin for the purposes of (1) informing commercial electric customers about customer choice, (2) informing commercial and residential electric customers about the availability of green power and related tariff offerings, and (3) informing potential alternative electric suppliers of the opportunities to participate in the customer choice program in Michigan. The competitive market to serve commercial customers has developed sufficiently to warrant commencing the education program for that portion of the market, green power is sufficiently available to warrant educating commercial and residential electric customers about that source of supply, and conditions are favorable for new suppliers to participate. The Commission therefore directs the subcommittee to implement the education program approved on October 11, 2001, modified as necessary, to accomplish those three purposes. The Commission will interpret the performance measures in the settlement agreement to be modified as needed to correspond to the program elements being implemented at this time.

The Commission will review and approve cost recovery for the prudent costs of this portion of the overall program in a later order. For those utilities subject to the rate freeze, the Commission will provide an assurance of recovery after reviewing the costs for prudence. The Commission directs the utilities to work with the Staff and the subcommittee to develop a methodology for evaluating the effectiveness of the program in relevant market areas and within customer categories.

The Commission reaffirms the conclusion in the October 11, 2001 order that the gas utilities will not be included in the education program at this time, although the Commission remains receptive to including the gas utilities in a combined program.

Finally, the Commission directs the utilities and contractors to enter into a contract within two months that will permit implementation of the three elements of the customer education program identified above to commence as soon as possible.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1909 PA 106, as amended, MCL 460.551 et seq.; 1919 PA 419, as amended, MCL 460.51 et seq.; 1939 PA 3, as amended, MCL 460.1 et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1992 AACCS, R 460.17101 et seq.

b. Portions of the customer education program should be implemented now.

THEREFORE, IT IS ORDERED that:

A. Implementation of the customer education program shall commence for the purposes of informing commercial electric customers about customer choice, informing commercial and residential electric customers about the availability of green power, and informing potential

alternative electric suppliers of the opportunities to participate in the customer choice program in Michigan.

B. The utilities and the contractors shall, within two months, enter into a contract that will permit implementation of the three elements of the customer education program identified in paragraph A to commence as soon as possible.

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

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ Laura Chappelle
Chairman

(S E A L)

/s/ David A. Svanda
Commissioner

/s/ Robert B. Nelson
Commissioner

By its action of August 20, 2002.

/s/ Dorothy Wideman
Its Executive Secretary

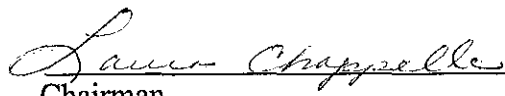
alternative electric suppliers of the opportunities to participate in the customer choice program in Michigan.

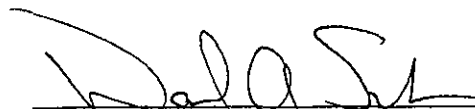
B. The utilities and the contractors shall, within two months, enter into a contract that will permit implementation of the three elements of the customer education program identified in paragraph A to commence as soon as possible.

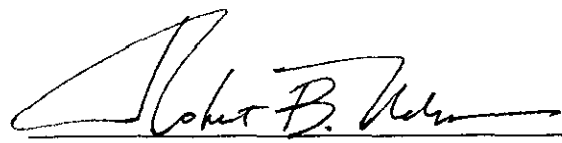
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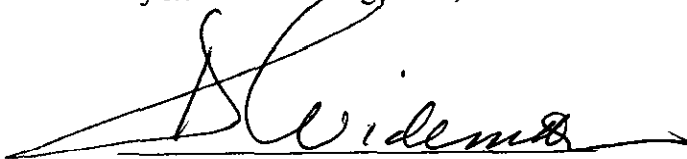
MICHIGAN PUBLIC SERVICE COMMISSION


Chairman


Commissioner


Commissioner

By its action of August 20, 2002.


Its Executive Secretary

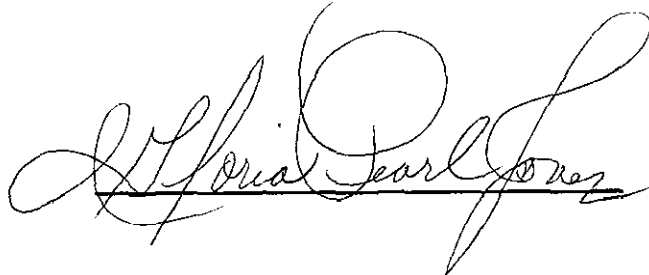
PROOF OF SERVICE

STATE OF MICHIGAN)

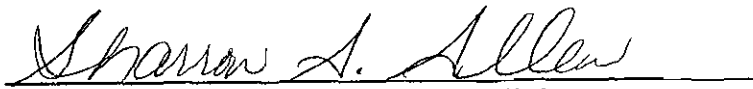
Case No. U-12133

County of Ingham)

Gloria P. Jones being duly sworn, deposes and says that on August 20, 2002, A.D. she served a copy of the attached Order by mailing copies thereof by first class mail, postage prepaid, or by inter-departmental mail, to the persons as shown on the attached service list.

A handwritten signature in cursive script, appearing to read "Gloria P. Jones", written over a horizontal line.

Subscribed and sworn to before me
this 20th day of August 2002

A handwritten signature in cursive script, appearing to read "Sharon A. Allen", written over a horizontal line.

Notary Public, Ingham, County, Michigan
My Commission expires August 16, 2004

SERVICE LIST FOR DOCKET # U - 12133-
DATE OF PREPARATION: 08/20/2002

CASE #

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