

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the proposal of)
CHOICE ADVISORY COUNCIL for a statewide)
customer education program and other related)
matters.)
_____)

Case No. U-12133

At the September 11, 2003 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. J. Peter Lark, Chair
Hon. Robert B. Nelson, Commissioner
Hon. Laura Chappelle, Commissioner

OPINION AND ORDER

The Commission issued a series of orders in this docket in an effort to implement a customer education program consistent with the Customer Choice and Electricity Reliability Act, 2000 PA 141 (Act 141), MCL 460.10 et seq., in conjunction with the recommendations and negotiations of the CHOICE Advisory Council. On October 11, 2001, the Commission gave its final approval to an April 27, 2001 settlement agreement filed by the CHOICE Advisory Council that, among other things, constituted the regulatory basis for collection of an 18¢ per meter per month surcharge for consumer education activities from certain electric utilities, including Indiana Michigan Power Company (I&M), d/b/a American Electric Power. However, in an order issued on April 17, 2003, the Commission prospectively suspended further collection of the 18¢ per meter per month surcharge and directed each affected electric utility to submit a report regarding the amounts collected or expended during 2003 pursuant to the cost recovery mechanism.

Simultaneously with the filing of the 2003 reconciliation report, each utility also was required to file an application proposing how it intends to use all of the funds collected pursuant to the CHOICE Advisory Council program to promote green power or how it will refund such funds to its customers. In so doing, the Commission stated:

If a utility does not offer a green power option, or if a utility determines that spending all of the funds collected pursuant to the 18¢ per meter per month surcharge for that purpose is not reasonable or necessary, it may propose in its application a methodology to refund any unexpended funds to its customers.

April 17, 2003 order, Case No. U-12133, p. 6.

On August 1, 2003, I&M filed an application seeking approval of its plan to refund \$342,331.78, including interest, and to retain \$40,000 to support educational and promotional activities related to proposed new Rider Green Power Service (GPS), based on bids to be received through a request for proposals (RFP), for which approval was also requested in this case.

I&M stated in its application that it will provide educational materials to its customers and enroll and process applicants for Rider GPS. Based upon the expected "start-up" costs to issue two educational bill inserts to its customers and to modify its website to educate customers about green power and enroll Rider GPS applicants, I&M proposes to retain \$40,000 of the CHOICE funds to cover the costs of promoting its new green power offering.

I&M proposes to refund the remaining amount collected under the customer education surcharge of \$342,331.78, including interest, through a one-time bill credit in the first full billing month practicable following Commission authorization. The credit per customer of \$2.78 is proposed to be applied to the bills of all customers in the refund month served on a metered consumption tariff. I&M states that refunding to metered-service customers is consistent with the methodology previously approved.

The Commission finds that I&M's application should be approved with respect to the

proposed refund and retention of funds for green power education and promotion. I&M's refund proposal is reasonable and designed to return the surcharge with interest to its customers through an administratively efficient method. The Commission Staff will monitor I&M's expenditure of these funds.

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, 1999 AC, R 460.17101 et seq.
- b. I&M's request for authority to refund \$342,331.78 through a one-time bill credit in the first full billing month practicable should be granted.
- c. I&M's request to retain \$40,000 to support educational and promotional activities related to proposed new Rider GPS should be granted.
- d. I&M should resubmit Rider GPS in final form based upon the documented results of the RFP. If I&M for any reason does not proceed with Rider GPS, I&M should notify the Commission of its decision not to proceed and the proposed manner in which the \$40,000 retention will be returned with additional interest to I&M's customers.

THEREFORE, IT IS ORDERED that:

A. The application filed by Indiana Michigan Power Company, d/b/a American Electric Power, is granted.

B. Indiana Michigan Power Company, d/b/a American Electric Power, shall refund \$342,331.78, including interest, through a one-time bill credit in the first full billing month practicable following issuance of this order.

C. Indiana Michigan Power Company, d/b/a American Electric Power, shall retain \$40,000 to support educational and promotional activities related to proposed new Rider GPS.

D. Indiana Michigan Power Company, d/b/a American Electric Power, shall resubmit Rider GPS in final form based upon the documented results of its request for proposals.

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 issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ J. Peter Lark

Chair

(S E A L)

/s/ Robert B. Nelson

Commissioner

/s/ Laura Chappelle

Commissioner

By its action of September 11, 2003.

/s/ Robert W. Kehres

Its Acting Executive Secretary

C. Indiana Michigan Power Company, d/b/a American Electric Power, shall retain \$40,000 to support educational and promotional activities related to proposed new Rider GPS.

D. Indiana Michigan Power Company, d/b/a American Electric Power, shall resubmit Rider GPS in final form based upon the documented results of its request for proposals.

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

Chair

Commissioner

Commissioner

By its action of September 11, 2003.

Its Acting Executive Secretary

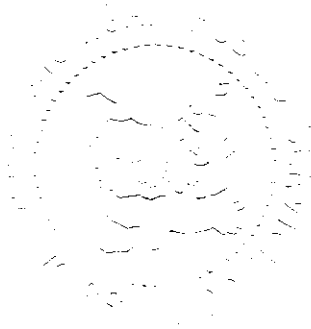
C. Indiana Michigan Power Company, d/b/a American Electric Power, shall retain \$40,000 to support educational and promotional activities related to proposed new Rider GPS.

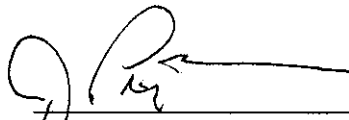
D. Indiana Michigan Power Company, d/b/a American Electric Power, shall resubmit Rider GPS in final form based upon the documented results of its request for proposals.


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

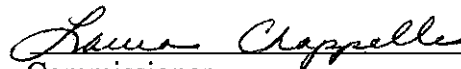
Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION




Chair


Commissioner


Commissioner

By its action of September 11, 2003.


Its Acting Executive Secretary

PROOF OF SERVICE

STATE OF MICHIGAN)

Case No. U-12133
Indiana Michigan Power

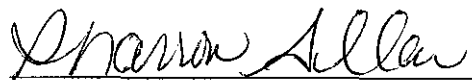
County of Ingham)

Patricia A. Fronta being duly sworn, deposes and says that on September 15th 2003, A.D. she served a copy of the attached Commission orders by first class mail, postage prepaid, or by inter-departmental mail, to the persons as shown on the attached service list.



Patricia Fronta

Subscribed and sworn to before me
this 15th day of September 2003



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

SERVICE LIST FOR DOCKET # U - 12133-
DATE OF PREPARATION: 09/04/2003

CASE #

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ALL ELECTRIC ORDERS

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DATE: 09/03/2003

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(23)

**Municipal Electric Utilities –
Unregulated by the MPSC
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**Municipal Electric Utilities –
Unregulated by the MPSC
PAGE 2 OF 2**

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