

Board of Public Utilities

Special Meeting Minutes

Thursday, July 11, 2013
9:00 a.m., DPW Conference Room



City of South Haven

1. Call to Order by Stickland at 9:00 a.m.

2. Roll Call

Present: Burr, Henry, Winkel, Stickland
Absent: Overhiser, Rose, Stein

3. Approval of Agenda

Motion by Winkel, second by Burr to approve the July 11, 2013 Special Meeting Agenda as presented.

All in favor. Motion carried.

4. Interested Citizens in the Audience Will be Heard on Items Not on the Agenda

None at this time.

UNFINISHED BUSINESS

5. Board will be requested to review Public Act 95 of 2013 and make a recommendation to City Council.

Halberstadt gave an overview of Public Act 95 of 2013 which was passed to provide assistance for low income energy customers in Michigan. The purpose of the act is to establish a \$50 million annual fund which low income customers can access to pay any kind of energy bill. The legislation places a surcharge on electric customers only and the surcharge is not to exceed more than \$1 per customer, with the actual amount calculated by the Michigan Public Service Commission (MPSC).

The board discussed where the low income funding will come from other than the surcharge and whether, if half of the utilities opt out, would there be enough money. Halberstadt explained that the two largest electric providers in the state, Consumers Energy and DTE, supported the legislation and will not be opting out.

According to Halberstadt, the first option is to collect the surcharge from our customers and send the money to the state on a monthly basis. Optionally, the city can opt out and will not

be permitted to shut off electric customers between November 1st and April 15th for nonpayment of a delinquent account. Halberstadt noted that the date for utilities to let the state know will be July 1st but since the legislation was not signed until July 1st we have been given until July 24, 2013 to provide this information to the state.

Huff explained that the board is being requested to take formal action today so that City Council can consider the matter on Monday, July 15th at their regular meeting.

Winkel asked how the shut-off period stipulated in PA 95 compares to the City's current practice. Huff responded that there is a fifteen (15) day difference from current practice, with an extension in the spring from March 31 to April 15.

Burr noted that the City places a tax lien on properties with delinquent utility bills so the utility does have a mechanism to collect bad debt. Typically in the Detroit area the utility companies write off 2% of their gross billing for bad debt. Consumers, who serves outside the Detroit area, writes off 0.5%. So there is four times as much bad debt write-off in major cities.

Burr said our write off is considerably less because we put the delinquent bills on tax bills. Burr noted that we can shut people's water off and we can shut people off if they are stealing electricity from us.

Stickland pointed out that in reality this legislation does not really change what we are doing. Huff asked if there had been an update from the Michigan Municipal Electric Association (MMEA) which will be performing a joint filing on July 24th for its 41 members, including South Haven. Halberstadt said he has not heard anything since he wrote the report.

Burr said the geographical area is not really defined. Huff noted that even if we opt out low income customers can still access the assistance.

Motion by Burr, second by Henry to opt out of Senate Bill 284 creating Public Act 95 of 2013 because it penalizes electric customers to subsidize gas customers and because geographic area is not defined by PA 95, we have no assurance that they money collected will be returned to South Haven electric customers.

All in favor. Motion carried.

6. Next meeting is scheduled for Monday July 29, 2013 at 4:00 p.m. in the DPW Conference Room.

The board discussed issues that may appear on the next agenda.

7. Board Member Comments

Stickland called for comments. There were none at this time.

8. Adjourn

Motion by Winkel, second by Henry to adjourn at 9:25 a.m.

July 11, 2013
BPU Special Meeting
Minutes

All in favor. Motion carried.

RESPECTFULLY SUBMITTED,

Marsha Ransom
Recording Secretary