

PSC puts 'Lifeline' electric rates on hold

By Penny Wright
special writer

A state effort to end so-called "Lifeline" electricity rates has been placed on hold, at least until fall, by the Michigan Public Service Commission.

Attorney General Frank Kelley, the only intervenor in the PSC rate case, asked the delay in order to study a tentative rate agreement reached by the PSC staff and Detroit Edison Co.

Under Lifeline, electric customers are charged a lower kilowatt hour rate for basic household service. The plan is intended to promote energy conservation by charging high-user households higher rates.

The attorney general contends that the proposed rate changes would promote more electric usage, not conservation, said Hugh Anderson, who represented Kelley's office in PSC hearings. "Detroit Edison is still dominated by engineer types whose work ethic is to build power plants."

THE HEARINGS began Aug. 8. They are scheduled to resume Sept. 11.

First adopted by Detroit Edison at the direction of the Michigan Legislature and PSC in September of 1981, Lifeline rates depart from the previous flat-rate structure. They based the amount paid for electricity on the number of permanent residents in a household and the amount of electricity used.

According to PSC staff member Jane Ashley, the proposed rate changes make possible a fairer distribution of costs related to providing electrical power to Detroit Edison's 1.5-million residential customers. She said the final PSC decision will not result in higher total revenues for Edison,

but more likely result in some customers paying more while others pay less.

ASHLEY DESCRIBED the proposed rate structure as including:

- A minimum service charge of 13 cents per day for basic costs of meter, billing and line service.

- A modified inverted rate structure which would charge a certain price for the first 510 kilowatt hours (kwh) used per month. If more than 510 kwh are used, the price would go up a half-cent.

- Use of family size to determine rates would be discontinued. Critics charge the practice invades privacy.

- Senior citizens would have residential rate options for water, space heating and central air conditioning.

Ashley said the "inverted" rate — where large users pay more per kwh — assesses a slight penalty for higher electrical consumption in contrast to Lifeline rates.

Asked if that would encourage conservation, the PSC staffer answered, "The strongest signal is what the total bill reads."

CURRENT LIFELINE rates, approved March 31, 1981 by the PSC, are broken into two categories. They are:

- Two residents or fewer — 8.88 cents for each of the first 12 kwh, 9.94 cents for each of the next nine kwh, and 13.35 cents for anything more than 21 kwh.

- Three or more residents — 8.88 cents for each of the first 17 kwh, 9.94 for each of the next 10 kwh, and 13.35 cent for anything over 27 kwh.

Major criticism of current rates comes from high users who complain that the "lifeline" — the highest consumption rate — is too steep.

DETROIT EDISON officials point out that the severe rise in rate at the cutoff block is the steepest in the nation. Edison doesn't believe the structure has produced the intended effect.

"The original intent of Lifeline rate structure was to foster conservation and help low-income families," said Allan Pert, director of customer relations services at Detroit Edison.

"The structure did not recognize that there are valid reasons for large consumption for certain customers."

Pert cited a study of 600 welfare families which showed public assistance households used more than 604 kwh per month. In contrast, average non-welfare families used only 500 kwh per month.

Reasons for the difference, welfare recipients usually live in poorly insulated homes and cannot afford to go out so often. Over-income people spend more time in the home and consume more electricity," Pert said.

THE MICHIGAN Legislature prompted the new look at Lifeline when it passed, on April 12, P.A. 139, a mandatory requirement that the PSC set a Lifeline rate structure.

Now the PSC can set any rate structure — even Lifeline — as long as that rate promotes energy conservation and is based on the cost of providing service.

Anderson of the attorney general's office said Detroit Edison doesn't have proof its proposed rate structure will promote conservation.

"Interestingly," Anderson said, "Edison in other rate cases has shown that significant conservation has been brought about

by Lifeline rates. Now, are they trying to tell us that those studies are a fraud?"

KEILEY'S OFFICE proposed a rate structure maintaining the three existing blocks, but with reduced step increases. Kelley's proposal includes a minimum service charge of nine cents a day, along with continued use of family size to determine rates.

"If you're going to promote conservation, you need to have family size," Anderson said. "A single person using 500 kwh per month is no big deal. A family of four using 500 kwh is," he said.

Lifeline rates depart from the previous flat-rate structure. The amount paid for electricity is based on the number of permanent residents in a household and the amount of electricity used.

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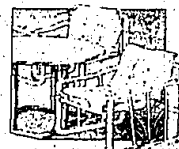
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OCC to construct solar greenhouse

Oakland Community College has broken ground for its new solar greenhouse demonstration project on the Auburn Hills Campus at 2900 Featherstone Road, Auburn Hills.

The greenhouse will help to heat and cool the classroom building to which it is attached. But its main function will be as a laboratory for teaching such operations as heat monitoring, energy

output and food production. THE GREENHOUSE will be one of 10 energy-related community information projects which OCC will undertake this fall, according to faculty member Debra Rowe.

Greenhouse construction will be funded by the state.

Other features will be a solar attic, adaptable for home or commercial use; a groundwater heat

pump; and a solar collector test station.

"Michigan is among the nation's six leading states in the application of solar energy techniques," said Rowe. "Existing technology can have a substantial impact on the state, both in

terms of economic development and in savings to the average homeowner."

"Students who have taken our courses are getting jobs in the field right now," she added.

CONTRACTOR for the greenhouse is Southside

Solar of Huntington Woods. Completion is scheduled for mid-October.

Alternate energies technology is one of seven high-technology programs offered by OCC, which has registration information at 510-1549.

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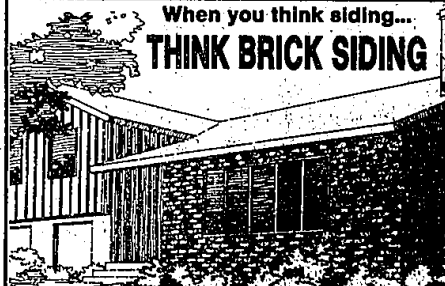
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