

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter, on the Commission's own motion,)
regarding administration and operation) Case No. U-13129
of the Low-Income and Energy Efficiency Fund.)

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At the June 16, 2011 2011 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Orjiakor N. Isiogu, Chairman
Hon. Monica Martinez, Commissioner
Hon. Greg R. White, Commissioner

OPINION AND ORDER

The Customer Choice and Electricity Reliability Act, 2000 PA 141, authorized the creation of the Low-Income and Energy Efficiency Fund (LIEEF) administered by the Commission via grants to qualifying organizations. The purpose of the fund is to provide shut-off and other protection for low-income customers and to promote energy efficiency by all customer classes. The fund's original source of funding was the utilities' securitization savings that exceeded the amount needed to achieve a 5% electric rate reduction for residential and business customers. MCL 460.10d(7) provides for the use of a portion of the savings.

Beginning with the interim rate relief order for The Detroit Edison Company, which was issued on February 20, 2004 in Case No. U-13808, the Commission began including the LIEEF funding requirement into base rates for several of the state's electric and gas utilities as part of their cost of service. Further, in prior orders in this docket, the Commission has followed an

established framework for administering the LIEEF and procedures for considering specific proposals.

On June 24, 2010, the Commission awarded Michigan Community Action Agency Association (MCAAA) a Low-Income Energy Efficiency Grant in the amount of \$1.9 million from the LIEEF to conduct a two-phase demonstration project addressing energy affordability within Michigan's low-income residential customer class. The initial \$1.9 million awarded to MCAAA was for the completion of Phase I of its Low-Income Energy Affordability Demonstration Project (LIEADP). The LIEADP project team includes MCAAA, The Heat and Warmth Fund (THAW), CLEAResult, DTE Energy and the Michigan Department of Human Services (DHS).

The Commission's order awarding the grant required that LIEADP be implemented by November 2010 and that a Phase I project report be submitted to the Commission by MCAAA no later than February 28, 2011. The report was to include financial status reports, preliminary pilot project results, test data, and the lessons learned from the pilot projects developed and executed. If the Commission determined Phase I to be satisfactory based on the Phase I project report, up to \$5 million in additional funding could be awarded to MCAAA for completion of Phase II of the LIEADP.

MCAAA submitted its Phase I project report on March 1, 2011. The Commission Staff (Staff) reviewed the initial report and requested more information to aid the Commission in making a determination regarding the award of additional funding. The Commission accepted a final version of the Phase I project report on April 18, 2011.

Based on its review of the Phase I project report, the Commission awards MCAAA an additional \$5 million for completion of Phase II of the LIEADP.

The Commission directs the Staff to obtain amendments to the grant agreement documents with the grantees. MCAAA shall submit a revised work plan, budget, and budget narrative no later than 45 days after the date of this order. When revising the budget to include additional funding, the proportion of funds budgeted for administrative and indirect costs must remain the same or less than originally requested. Upon review and approval by the State Administrative Board, MCAAA will receive an advance of 45% of the additional \$5 million.

THEREFORE, IT IS ORDERED that:

A. Michigan Community Action Agency Association is awarded an additional \$5 million from the Low-Income and Energy Efficiency Fund for completion of Phase II of its Low-Income Energy Affordability Demonstration Project.

B. The Commission Staff shall complete the necessary grant agreement documents with the grantee.

C. Michigan Community Action Agency Association shall submit a revised work plan, budget, and budget narrative no later than 45 days after the date of this order.

D. Upon review and approval by the State Administrative Board, Michigan Community Action Agency Association will receive an advance of 45% of the additional \$5 million.

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, under MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

Orjiakor N. Isiogu, Chairman

Monica Martinez, Commissioner

Greg R. White, Commissioner

By its action of June 16, 2011.

Mary Jo Kunkle, Executive Secretary