



**2008 PA 295**

**Energy Efficiency Collaborative  
Low-Income Programs Workgroup  
Report to the Steering Committee**

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January 12, 2010

## Table of Contents

<b>1</b>	<b>Introduction.....</b>	<b>3</b>
<b>2</b>	<b>Process and Progress .....</b>	<b>4</b>
<b>3</b>	<b>Initial Meeting .....</b>	<b>4</b>
<b>4</b>	<b>Follow-up Meeting .....</b>	<b>6</b>
<b>5</b>	<b>Future Directions .....</b>	<b>7</b>

## **Introduction:**

2008 PA 295 required the approval of electric and natural gas providers Energy Optimization (EO) plans. Included in Orders approving the Consumers Energy ([U-15805](#)) and Detroit Edison ([U-15806](#)) EO plans were provisions for the establishment of an energy optimization collaborative, requiring the participation of all gas and electric providers and offered the opportunity for a variety of additional stakeholders to participate from the energy efficiency industry, environmental groups and other interested stakeholders. In order to effectively accommodate the diverse subject areas encompassed in the EO plans, three Workgroups were created: Evaluation, Program Design & Implementation and Low-Income.

The Low-Income Workgroup's mission is to coordinate comprehensive assessment of all issues impacting the design and implementation of low-income Energy Optimization programs. It is responsible for developing appropriate guidelines relating to the delivery of the EO program to low-income participants to show availability, need, and focus of these plans while providing assistance and opportunities to the low-income population. Per the Commission's Order dated September 29, 2009, the Commission's Low-Income Task Force (established in U-15918) became a part of the Low-Income Workgroup. By combining the two, all inter-related utility service issues bearing on Michigan's low-income population can be addressed simultaneously.

The Low-Income Program also contains a sub-workgroup called Neighborhood Sweep, which will focus on weatherization pilot programs that include significant energy saving measures in selected neighborhoods.

## **Process and Progress**

The Low-Income Workgroup is made up of a diverse group of people coming from different disciplines and backgrounds. While many participants have prior experience with low-income initiatives, others are new to this subject area. Thus, an important first step was to create a common reference point for this new Workgroup.

## **Initial Meeting**

The first meeting was held on October 15, 2009<sup>1</sup>. Guest speakers updated the participants on a number of topics:

- Sally Wallace (MPSC Staff) discussed the final report submitted in docket U-15918 to close out the Low Income Task Force. Findings of the four Task Force groups:
  - The major recommendation being that all of the groups need to continue what they are doing. They need more information and more research done.
  - There was a lot of controversy that goes along with the home heating credit since it takes half of the LIHEAP money. Perhaps this should be amended.
  - Payment plans, payment amounts, reducing costs associated with shutoffs and restorations. Also looked at the possibility of low-income rates. Looked at ways to coordinate the available government assistance programs.
  - How Michigan was using its funds, distributed funds through the home heating credit, which you get by filing with the Michigan Department of Treasury.
  
- Sandra Phillipot-Burke (MPSC Staff) headed up the Process Group of the Task Force, which has continued working even after the final report was submitted:
  - November 1st – March 31<sup>st</sup>: Shut-off Protection. The Winter Protection Plan. They have found that a lot of people got into a bad debt situation because the winter protection plan is a deferral of the winter payment to the spring/summer months.
  - This year utilities allowed people to come back onto the system without paying the full amount. Senior citizens (65 and older) didn't have to pay anything to get back on the system. In fact senior citizens didn't have to pay anything all year round to get on the system.
    - Note: DTE uses age 62 but the other companies use age 65 for senior citizens.

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<sup>1</sup> For additional detail, please see this meeting's minutes at [http://www.michigan.gov/documents/mpsc/low\\_income\\_notes10\\_15\\_09\\_297355\\_7.pdf](http://www.michigan.gov/documents/mpsc/low_income_notes10_15_09_297355_7.pdf)

- Sandra's group concentrated on how to get information to the public about the programs that are available. They wanted to set up a "one stop shop" for utility customers to learn about the programs.
- A directory of all the programs offered in the state – by county had been compiled by the group containing information for each of the 83 counties in Michigan.
- Each year the Public Service Commission has 7 Consumer Forums around the state to let the public come in and talk to Commissioners and the staff with their questions and issues.
  - This year various agencies set up areas at the Consumer Forums to educate customers on what is offered for them.
  - For example, the customers in Detroit could go to the Forum and get information from Salvation Army, the utility companies, St. Vincent, Department of Human Services, and several others. There were tables around the room where you could go to each table and talk to someone and see what they offered and where you go to get assistance.
- Michigan Benefits Access Initiative Update was provided by Nancy Lindman of the United Way<sup>2</sup>
- They are hoping to put kiosks in various public areas for people from the public to access this database if they do not have internet access at home.
  - Food stamp services are already online.
  - They are hoping to have this rolled out the second quarter of 2010 – they are working on the funding plan right now.
- Sharon Theroux, Michigan Community Action Agencies (MCAAA), provided information on the challenges of integrating American Recovery & Reinvestment Act (ARRA) funds into MCAAA.
  - MCAAA: 30 Community Action agencies around the state. Provide a variety of services for the public (Head Start, daycare, food bank, shelter, women's shelters and weatherization assistance program).
  - Weatherization experience that they have goes back to 1975. \$230 million for weatherization. ARRA was passed in March and will extend through March 2012.
  - They can now spend \$6,500 per house, which used to be around \$3,000.
  - They are now looking at the last 90 days of income instead of 1 year. This is especially good for those laid off recently. See [www.MCAAA.org](http://www.MCAAA.org) for additional information.
  - Things are moving forward at a good rate, the goal is to increase the weatherization audits to 3300 homes by the end of the ARRA funds. This more than doubles what the community action agencies have done in the past.

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<sup>2</sup> Michigan Benefits Access Initiative PowerPoint available at:  
[http://www.michigan.gov/documents/mpsc/mi\\_benefit\\_access\\_initiative\\_297060\\_7.pdf](http://www.michigan.gov/documents/mpsc/mi_benefit_access_initiative_297060_7.pdf)

- Energy Optimization Plans: They are implementing the low-income programs for DTE and Consumers in regards to their PA 295 EO plans. They are also working with Art Thayer to potentially work with some electric cooperatives in Michigan.

### **Follow-up Meetings**

A number of issues came out of the initial meeting, raising the need for prioritization so as to more efficiently focus the efforts of the Workgroup. An on-line survey was created with the link emailed to Workgroup members.<sup>3</sup> The results were compiled and presented at the second meeting held on November 17, 2009. Forty-two individuals representing the Government, non-profit and utility sectors completed the survey. The top three responses to the question “What issues should be addressed by the Workgroup” were:

- Weatherization,
- Energy Efficiency, and
- Low-Income program coordination.

The three most popular answers to a question asking participants to prioritize utility-related issues yielded these answers:

- Using LIHEAP to fund the Michigan Home Heating tax credit,
- Emergency bill assistance, and
- Special rates for Low-income and seniors.

Written comments were also submitted by several survey takers and will be incorporated into future discussions of these results.

Another outcome of the initial meeting of the Low-Income Workgroup was the discovery of two University of California – Berkeley researchers whose Federally-funded research may parallel the needs of this Workgroup. Catherine Wolfram, an Associate Professor at the UC Berkeley Haas School of Business and Co-Director of the Energy Institute at Haas and Meredith

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<sup>3</sup> Full survey results available at:  
[http://www.dleg.state.mi.us/mpsc/electric/workgroups/lowincome/workgroup\\_survey.pdf](http://www.dleg.state.mi.us/mpsc/electric/workgroups/lowincome/workgroup_survey.pdf)

Fowlie, an Assistant Professor at UC Berkeley Department of Agricultural and Resource Economic will be developing a research protocol to evaluate the Federal Weatherization Assistance Program (WAP).<sup>4</sup> Their proposal states they will focus on both a warm and a cold weather state, with Michigan being chosen as the focus of their cold weather research.

Professors Wolfram and Fowlie presented an overview of their project at the November meeting, with a question and answer period following.

Since the Workgroup identified data collection as an integral need in its first meeting, this opportunity to collaborate with Professors Catherine Wolfram and Meredith Fowlie was pursued with alacrity. A Subgroup met on December 9, 2009 with both Catherine and Meredith leading the meeting via telephone. An in-depth discussion of methodology, target population and outcomes followed. Subgroup members offered valuable insights and industry contacts and leads to Catherine and Meredith for follow-up. Future meetings of this subgroup will be held on an as needed basis as Professors Wolfram and Fowlie make progress with their study.

### **Future Directions**

While it would be premature to outline detailed plans at this time, Staff believes coordination and collaboration remain as keys to the success of this Workgroup. For the next quarter, of immediate concern is conducting a literature review of other states low-income studies and developing parameters for a Michigan-specific low-income study to provide benchmark data. A closely related initiative to obtain LIEEF support for a Michigan Energy Efficiency Baseline Study is in process. In coordination with Detroit Edison and Consumers Energy, this first-of-its-kind study will survey current energy efficiency levels and opportunities

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<sup>4</sup> “An Experimental Evaluation of the Federal Weatherization Assistance Program”  
[http://www.dleg.state.mi.us/mpsc/electric/workgroups/lowincome/fowlie\\_wolfram.pdf](http://www.dleg.state.mi.us/mpsc/electric/workgroups/lowincome/fowlie_wolfram.pdf)

of Michigan citizens, including the Upper Peninsula and out-state areas. Besides being of immediate usefulness in tracking the effectiveness of EO programs, this data will be ultimately be critical for future program planning purposes and process studies.

The Low-Income Workgroup will continue to update the Steering Committee as leads are followed, doors open and progress is made.

Respectfully Submitted:

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