

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 of the	)	Case No. U-13129
Low-Income and Energy Efficiency Fund.	)	
_____	)	

At the August 20, 2002 meeting of the Michigan Public Service Commission in Lansing,  
Michigan.

PRESENT: Hon. Laura Chappelle, Chairman  
Hon. David A. Svanda, Commissioner  
Hon. Robert B. Nelson, Commissioner

**OPINION AND ORDER**

Section 10d(6) of the Customer Choice and Electricity Reliability Act, MCL 460.10d(6), requires a portion of the cost savings from the issuance of securitization bonds to be used as a source of funding for the Low-Income and Energy Efficiency Fund (Fund). Public Act 119 of 2001, the Department of Consumer and Industry Services appropriations bill for 2001-2002, provides the current fiscal year's appropriation for the Fund.

On October 2, 2001, the Commission issued an order and notice of hearing to receive public comments regarding a process for administering the Fund. On October 11, 2001, the Commission conducted a four-hour public hearing, at which 19 persons made presentations. The Commission also received 69 written comments from interested persons or organizations. On November 20, 2001, the Commission issued an order (the November 20 order) establishing a procedural framework to be used to administer the Fund and creating procedures to be used in considering

specific proposals. The November 20 order went on to state that, because the winter heating season was imminent, disbursement of energy assistance for low-income customers would be on an accelerated track and that the other two categories of Fund disbursements (i.e., conservation and energy efficiency measures targeted toward reducing the usage and bills of low-income customers, and the development of energy efficiency programs that benefit all customer classes) would be addressed at a later date. On February 21, 2002, the Commission issued an order awarding energy assistance grants totaling up to \$27.4 million to seven organizations. On July 23, 2002, the Commission issued an order awarding energy efficiency grants totaling up to \$12.2 million to nine organizations.

On May 31, 2002, the Commission Staff (Staff) issued a Request for Proposals for low-income energy efficiency grants. By the June 28, 2002 deadline, proposals were submitted by ten organizations seeking a total of more than \$13 million. Proposals were submitted by the Community Economic Development Association of Michigan (CEDAM), Consumers Energy Company (Consumers), the Lenawee County Chapter of the American Red Cross, Metro Neighborhood Housing and Community Development (Metro), the Michigan Community Action Agency Association (MCAAA), the Muskegon County Energy Coalition, Nova Development Group (Nova), the United Way Community Services/Nonprofit Facilities Center (United Way), Urban Options, and the Washtenaw Affordable Housing Corporation.

The Commission expresses its appreciation to the applicants for providing such thoughtful proposals. In awarding the grants, the Commission focused on projects showing the most promise to assist low-income residents in a variety of housing, including owner-occupied, rental, single-family, multi-family, and supportive housing, to use energy more efficiently and reduce the need for assistance in paying energy bills.

Based on its review of the applications, the Commission is awarding the following grants:

- CEDAM - \$203,840 for Build Michigan, a program to influence organizations building affordable housing to build healthier and more energy efficient structures through education and financial incentives.
- Consumers - \$351,500 for an education campaign targeted at qualified low-income customers throughout its gas and electric service territories and a follow-up survey to validate energy savings.
- Metro - \$987,500 to improve the efficiency of homes in Detroit, Flint, and Saginaw by providing home energy audits; energy efficiency upgrades; training for contractors, homeowners, community groups, and students; and program evaluation.
- MCAAA - \$2,700,000 to enhance the existing statewide Weatherization Assistance Program with expanded and enhanced energy efficiency measures and client education.
- Nova - \$506,145 for energy conservation measures dispersed to multi-family affordable housing units in Michigan.
- United Way - \$250,000 to expand its planning, workshops, and grant making practices to include a special incentive program directed to nonprofit housing organizations that maintain a minimum of six housing units for persons or households that qualify as low-income.

For those grantees receiving less than requested in their proposals, the proportion of funds for direct project costs to indirect costs and overhead will remain the same as in their original requests, if such a ratio was provided. The Commission directs the Staff to complete the necessary grant agreement documents with the grantees.

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, 1992 AACRS, R 460.17101 et seq.

b. Grants from the Fund should be distributed as described above.

THEREFORE, IT IS ORDERED that:

A. The following grants for a total of \$4,998,985 are approved:

- The Community Economic Development Association of Michigan - \$203,840 for Build Michigan, a program to influence organizations building affordable housing to build healthier and more energy efficient structures through education and financial incentives.
- Consumers Energy Company - \$351,500 for an education campaign targeted at qualified low-income customers throughout its gas and electric service territories and a follow-up survey to validate energy savings.
- Metro Neighborhood Housing and Community Development - \$987,500 to improve the efficiency of homes in Detroit, Flint, and Saginaw by providing home energy audits; energy efficiency upgrades; training for contractors, homeowners, community groups, and students; and program evaluation.
- The Michigan Community Action Agency Association - \$2,700,000 to enhance the existing statewide Weatherization Assistance Program with expanded and enhanced energy efficiency measures and client education.
- Nova Development Group - \$506,145 for energy conservation measures dispersed to multi-family affordable housing units in Michigan.
- The United Way Community Services/Nonprofit Facilities Center - \$250,000 to expand its planning, workshops, and grant making practices to include a special incentive program directed to nonprofit housing organizations that maintain a minimum of six housing units for persons or households that qualify as low-income.

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

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

/s/ Laura Chappelle  
Chairman

( S E A L )

/s/ David A. Svanda  
Commissioner

/s/ Robert B. Nelson  
Commissioner

By its action of August 20, 2002.

/s/ Dorothy Wideman  
Its Executive Secretary

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Suggested Minute:

“Adopt and issue order dated August 20, 2002 approving low-income energy efficiency grants from the Low-Income and Energy Efficiency Fund, as set forth in the order.”