

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.	)	
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At the February 27, 2003 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 (the 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). In prior orders in this docket, the Commission has established a procedural framework for administering the Fund and procedures for considering specific proposals. 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 August 20 and September 16, 2002, the Commission issued orders awarding low-income energy efficiency grants totaling more than \$5 million to seven organizations. On December 20, 2002, the Commission issued an order awarding energy assistance grants totaling up to \$20 million to four organizations.

On February 5, 2003, the Commission issued an order requesting the expedited submission of grant proposals to serve the needs of low-income customers in paying their bills and avoiding the shutoff of service. The order recognized that a number of circumstances, including the state's budget, very cold weather, the economy, the elimination of the Family Independence Agency's positive billing program, and an increasing occurrence of utility service shutoffs, had created an immediate need for additional low-income energy assistance. By the February 19, 2003 deadline, proposals were submitted by six organizations seeking a total of more than \$34 million. Those submitting proposals were the Family Independence Agency (FIA), the Michigan Community Action Agency Association (MCAAA), The Salvation Army, The Heat and Warmth Fund (THAW), Newaygo County Community Services, and Downriver Community Conference.

The Commission expresses its appreciation to the applicants for providing thoughtful proposals. In awarding the grants, the Commission gave a preference to organizations with a proven record in distributing energy assistance to low-income residents, an existing administrative structure to handle additional distribution activities, an ability to coordinate the provision of assistance with other service providers, and a plan to serve multiple counties or populations of at least 500,000 people.

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

- FIA - \$17 million to expand the State Emergency Fund.
- Salvation Army - \$1 million to serve households statewide that are ineligible for assistance from FIA or for whom such assistance is insufficient or not available.
- MCAAA - \$1 million in a direct grant for low-income energy assistance.
- THAW - \$1 million for the THAW Safety Net Program.

For those grantees receiving less than requested in their proposals, the proportion of funds for direct assistance to indirect costs and overhead will remain the same as in their original requests.

The Commission directs the Staff to complete the necessary grant agreement documents with the grantees. Because the Commission solicited proposals due to an urgent and immediate need for additional low-income energy assistance, the Commission expects that, following approval by the appropriate agencies, the grant recipients will make these additional funds available to low-income customers as soon as possible.

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 AACCS, 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 up to \$20 million are approved:
  - Family Independence Agency - \$17 million to expand the State Emergency Fund.
  - Salvation Army - \$1 million to serve households statewide ineligible for assistance from FIA or for whom such assistance is insufficient or not available.
  - The Michigan Community Action Agency Association - \$1 million in a direct grant for low-income energy assistance.
  - The Heat and Warmth Fund (THAW) - \$1 million for the THAW Safety Net Program.
- 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 February 27, 2003.

/s/ Dorothy Wideman  
Its Executive Secretary

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MICHIGAN PUBLIC SERVICE COMMISSION

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Chairman

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Commissioner

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Commissioner

By its action of February 27, 2003.

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Its Executive Secretary