

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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

At the October 22, 2004 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. J. Peter Lark, Chair
Hon. Robert B. Nelson, Commissioner
Hon. Laura Chappelle, Commissioner

OPINION AND ORDER

Section 10d(6) of the Customer Choice and Electricity Reliability Act, 2000 PA 141, MCL 460.10d(6), requires a portion of the cost savings resulting from electric utility securitization financing to be used as a source of funding for the Low-Income and Energy Efficiency Fund (Fund). Revenues generated under the interim rate relief order issued on February 20, 2004 in Case No. U-13808 have also been devoted to this fund.

In prior orders in this docket, the Commission 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 nearly \$12.2 million to nine organizations. On August 20 and September 16, 2002, the Commission issued orders awarding low-income and 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 27, 2003, the Commission issued an order awarding energy assistance grants totaling up to \$20 million to four organizations. On October 14, 2003, the Commission issued an order awarding low-income and energy efficiency grants totaling nearly \$6.8 million to eight organizations. On November 18, 2003, the Commission issued an order awarding energy assistance grants totaling \$13 million to four organizations. On October 14, 2004, the Commission issued an order awarding energy assistance grants totaling \$20 million to eight organizations.

On August 31, 2004, the Commission invited organizations to submit proposals to provide energy efficiency to low-income households. By the October 8, 2004 deadline, proposals were received from fifteen organizations seeking a total of more than \$24 million. Those submitting proposals were the City of Ann Arbor, BrookView Community Church, Community Economic Development Association of Michigan, Detroit Housing Commission, Downriver Community Conference, the Family Independence Agency, Habitat for Humanity, Home Energy Analysis Team, Lac Vieux Desert Band of Lake Superior Chippewa, M-Tec, METRO Neighborhood Housing & Community Development, Nonprofit Facilities Center – United Way, Nova Development Group, Urban Options, and WARM Training Center.

The Commission expresses its appreciation to the applicants for providing thoughtful proposals. In awarding the grants, the Commission gave a preference to organizations with previous experience conducting low-income and energy efficiency programs with an existing administrative structure to handle distribution activities, to organizations that offer services statewide, and to organizations that have the ability to coordinate activities with other service providers and serve multiple counties.

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

- Family Independence Agency - \$4,240,000 for a statewide partnership program with the Community Action/Weatherization network to assist low-income households to become energy self-sufficient through energy efficiency upgrades and education.
- Habitat for Humanity - \$175,000 for energy efficiency upgrades in homes projected to be constructed under the Habitat for Humanity program.
- Lac Vieux Desert Band of Lake Superior Chippewa Tribal Government - \$10,000 for purchase and installation of energy efficient upgrades for tribal-owned low-income housing occupied by tribal and non-tribal members.
- M-Tec - \$500,000 for the development and implementation of a revolving loan fund for local housing commissions for purchase and installation of energy efficient upgrades for low-income housing facilities.
- METRO Neighborhood Housing & Community Development - \$1,700,000 for improving the energy efficiency of urban homes located in 15 statewide communities by providing energy audits, efficiency upgrades, and energy efficiency training of all participants in the program.
- Nonprofit Facilities Center – United Way - \$825,000 for energy efficiency programs directed at non-profit organizations that provide facilities to low-income persons who do not or cannot own their own homes in the Detroit tri-county area.
- Nova Development Group - \$300,000 for energy efficiency audits, upgrades, and installations for low-income multi-family dwellings throughout Michigan.
- Warm Training Center - \$250,000 for energy education through workshops and home visits to clients referred by agencies located in the City of Detroit.

For those grantees receiving less than requested in their proposals, the proportion of funds for direct assistance to indirect costs and overhead shall remain the same as in their original requests. The Commission directs the Commission Staff to complete the necessary grant agreement documents with the grantees. 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, 1999 AC, 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 \$8 million are approved:

- Family Independence Agency - \$4,240,000 for a statewide partnership program with the Community Action/Weatherization network to assist low-income households to become energy self-sufficient through energy efficiency upgrades and education.
- Habitat for Humanity - \$175,000 for energy efficiency upgrades in homes expected to be constructed under the Habitat for Humanity program.
- Lac Vieux Desert Band of Lake Superior Chippewa Tribal Government - \$10,000 for purchase and installation of energy efficient upgrades for tribal-owned low-income housing occupied by tribal and non-tribal members.
- M-Tec - \$500,000 for the development and implementation of a revolving loan fund for local housing commissions for purchase and installation of energy efficient upgrades for low-income housing facilities.
- METRO Neighborhood Housing & Community Development - \$1,700,000 for improving the energy efficiency of urban homes located in 15 statewide communities by providing energy audits, efficiency upgrades, and energy efficiency training of all participants in the program.
- Nonprofit Facilities Center – United Way - \$825,000 for energy efficiency programs directed at non-profit organizations that provide facilities to low-income persons who do not or cannot own their own homes in the Detroit tri-county area.
- Nova Development Group - \$300,000 for energy efficiency audits, upgrades, and installations for low-income multi-family dwellings throughout Michigan.

- Warm Training Center - \$250,000 for energy education through workshops and home visits to clients referred by agencies located in the City of Detroit.

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/ J. Peter Lark

Chair

(S E A L)

/s/ Robert B. Nelson

Commissioner

/s/ Laura Chappelle

Commissioner

By its action of October 22, 2004.

/s/ Mary Jo Kunkle

Its Executive Secretary

- Warm Training Center - \$250,000 for energy education through workshops and home visits to clients referred by agencies located in the City of Detroit.

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_____)

Case No. U-13129

Suggested Minute:

“Adopt and issue order dated October 22, 2004 approving low-income and energy efficiency grants from the Low-Income and Energy Efficiency Fund, as set forth in the order.”