

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 24, 2005 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. J. Peter Lark, Chairman  
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 for funding for the Low-Income and Energy Efficiency Fund (LIEEF). Revenues generated under The Detroit Edison Company's interim rate relief order issued on February 20, 2004 and the final order issued on November 23, 2004 in Case No. U-13808 have been devoted to this fund. In prior orders in this docket, the Commission established a framework for administering the LIEEF and procedures for considering specific proposals.

Previously, the Commission has awarded grants: (1) to seven organizations totaling \$27.4 million on February 21, 2002; (2) to nine organizations totaling \$12.2 million on July 23, 2002;

(3) to seven organizations totaling more than \$5 million on August 20 and September 16, 2002; (4) to four organizations totaling more than \$5 million on August 20 and September 16, 2002; (5) to four organizations totaling up to \$20 million on December 20, 2002; (6) to four organizations totaling up to \$20 million on February 27, 2003; (7) to eight organizations totaling nearly \$6.8 million on October 14, 2003; (8) to four organizations totaling \$13 million on November 18, 2003; (9) to eight organizations totaling \$20 million on October 14, 2004; (10) to eight organizations totaling \$8 million on October 22, 2004; and (11) to six organizations totaling \$15 million on January 25, 2005.

On January 14, 2005, the Commission invited organizations to submit proposals to provide energy efficiency assistance to low-income households. By the February 4, 2005 deadline, proposals were received from eleven organizations seeking a total of more than \$22.7 million, including proposals from Bay de Noc Community College (M-Tec), the Community Economic Development Association of Michigan, D. A. Home Improvements, Inc., the Detroit Housing Commission (DHC), the Family Independence Agency (FIA), the Institute for Home Performance Professionals, Inc., METRO Neighborhood Housing and Community Development (METRO), the Michigan Community Action Agency Association (MCAAA), United Way Community Services, d/b/a Nonprofit Facilities Assistance Center (Nonprofit Facilities Assistance Center), Michigan (H.E.A.T.) Home Energy Analysis Team LLC, d/b/a Nova Development Group (Nova Development Group), and Urban Options.

The Commission expresses its appreciation to the applicants for providing thoughtful proposals. In awarding the grants, the Commission gave preference to organizations with a proven record in distributing energy assistance to low-income residents, an existing administrative

structure to handle additional distribution activities, the ability to coordinate assistance with other service providers, and the ability to serve multiple counties.

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

- DHC - \$250,000 for weatherization of low-income homes in the City of Detroit.
- FIA - \$1,050,000 for statewide distribution to low-income households for energy efficiency upgrades and education.
- METRO - \$1,050,000 for improving the energy efficiency of urban homes located in ten statewide communities by providing energy audits, efficiency upgrades, and energy efficiency training all participants in the program.
- MCAAA - \$1,050,000 to provide weatherization inspections and services, and weatherization and client education programs.
- Bay de Noc Community College (M-Tec)-\$450,000 for development and implementation of a revolving loan fund for purchase and installation of energy efficient upgrades for low-income housing facilities.
- Nonprofit Facilities Assistance Center -\$450,000 for energy efficiency audits, energy efficiency/weatherization education, and grants and matching grants to non-profit facilities for energy efficiency upgrades.
- Nova Development Group - \$400,000 for energy efficiency audits, upgrades, and installations for low-income multi-family dwellings throughout Michigan.
- Urban Options - \$300,000 for energy education, audits, and low interest loans to homeowners for efficiency upgrades and purchases of Energy Star appliances.

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 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.; 1982 PA 304, as amended, MCL 460.6h 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 LIEEF should be distributed as described above.

THEREFORE, IT IS ORDERED that:

A. The following grants for a total of up to \$5 million are approved for:

- Detroit Housing Commission - \$250,000 for weatherization of low-income homes in the City of Detroit.
- Family Independence Agency - \$1,050,000 for statewide distribution to low-income households for energy efficiency upgrades and education.
- METRO Neighborhood Housing and Community Development - \$1,050,000 for improving the energy efficiency of urban homes located in ten statewide communities by providing energy audits, efficiency upgrades, and energy efficiency training of all participants in the program.
- Michigan Community Action Agency Association - \$1,050,000 to provide weatherization inspections and services and weatherization and client education programs.
- Bay de Noc Community College (M-Tec)-\$450,000 for development and implementation of a revolving loan fund for purchase and installation of energy efficient upgrades for low-income housing facilities.
- United Way Community Services, d/b/a Nonprofit Facilities Assistance Center - \$ 450,000 for energy efficiency audits, energy efficiency/weatherization education, and grants and matching grants to non-profit facilities for energy efficiency upgrades.
- Michigan (H.E.A.T.) Home Energy Analysis Team LLC, d/b/a Nova Development Group - \$400,000 for energy efficiency audits, upgrades, and installations for low-income multi-family dwellings throughout Michigan.
- Urban Options - \$300,000 for energy education, audits, and low interest loans to homeowners for efficiency upgrades and purchases of Energy Star appliances.

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 February 24, 2005.

/s/ Mary Jo Kunkle

Its Executive Secretary

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

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MICHIGAN PUBLIC SERVICE COMMISSION

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Chair

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Commissioner

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Commissioner

By its action of February 24, 2005.

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Its Executive Secretary