

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application regarding)
administration and operation of the) Case No. U-13129
Low-Income and Energy Efficiency Fund.)
_____)

At the December 20, 2005 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. J. Peter Lark, Chairman
Hon. Laura Chappelle, Commissioner
Hon. Monica Martinez, 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 Commission's final order issued on November 23, 2004 in Case No. U-13808, have also been devoted to this fund. In prior orders in the docket, the Commission established a framework for administering the LIEEF and procedures for considering specific proposals.

Previously, the Commission has awarded grants to 7 organizations totaling \$27.4 million on February 21, 2002; to 9 organizations totaling \$12.2 million on July 23, 2002; to 7 organizations totaling more than \$5 million on August 20 and September 16, 2002; to 4 organizations totaling

more than \$5 million on August 20 and September 16, 2002; to 4 organizations totaling up to \$20 million on December 20, 2002; to 4 organizations totaling up to \$20 million on February 27, 2003; to 8 organizations totaling nearly \$6.8 million on October 14, 2003; to 4 organizations totaling \$13 million on October 29, 2003; to 8 organizations totaling \$20 million on October 14, 2004; to 8 organizations totaling \$8 million on October 22, 2004; to 6 organizations totaling \$15 million on January 2005; to 8 organizations totaling \$5 million on February 24, 2005; to 11 organization totaling \$6 million on June 30, 2005; and to 7 organizations on October 18, 2005 totaling \$41 million.

On October 10, 2005, the Commission invited organizations to submit proposals to provide energy efficiency assistance to low-income households. By the October 28, 2005 deadline, the following submitted proposals seeking a total of more than \$36 million: the Department of Human Services (DHS), the Detroit Housing Commission, Field Street Community Association, Incorporated Non-profit Housing Corporation, Habitat for Humanity, Lakeshore Energy Technologies, Bay de Noc Community College (M-TEC), METRO Neighborhood Housing and Community Development, the Michigan Community Action Agency Association (MCAAA), Michigan HEAT, Michigan State Housing Development Authority, United Way Community Services, d/b/a Nonprofit Facilities Assistance Center, Rockford Community Services Center, d/b/a North Kent Service Center, Nova Development Group of Detroit, L.L.C. (Nova Development Group), Open Door Outreach Center, Inc., Quantec, Inc., 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 preference to organizations with a proven record in distributing energy efficiency assistance to low-income residents, an existing

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

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

- DHS - \$4,500,000 in total for statewide distribution to low-income households for energy efficiency upgrades, with up to 20% of the grant available for energy education.
- Habitat for Humanity - \$250,000 for energy efficiency upgrades to homes scheduled for construction in 2006 for low-income families in Michigan.
- Bay de Noc Community College (M-TEC) - \$750,000 for purchase and distribution of energy savings kits to low-income rural households in Michigan.
- MCAAA - \$2,000,000 in total for statewide distribution to provide weatherization upgrades for low-income households, with up to 20% to be spent on client weatherization education.
- United Way Community Services, d/b/a Nonprofit Facilities Assistance Center - \$500,000 for matching grants to non-profit facilities for energy efficiency upgrades, energy efficiency audits, and energy efficiency/weatherization education.
- Nova Development Group - \$1,350,000 for energy efficiency upgrades, and installations for low-income multi-family dwellings throughout Michigan.
- Urban Options - \$400,000 for weatherization of low-income clients' homes, with a focus on heating systems, for 11 counties located throughout the state.
- Warm Training Center - \$250,000 for energy education for consumers who receive energy assistance.

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.*; 1969 PA 306, as amended, MCL 24.201 *et seq.*; 1982 PA 304, as amended, MCL 460.6h *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 \$10,000,000 are approved:

- Department of Human Services - \$4,500,000 in total for statewide distribution to low-income households for energy efficiency upgrades, with up to 20% of the grants available for energy education.
- Habitat for Humanity - \$250,000 for energy efficiency upgrades to low-income homes in Michigan, scheduled for construction in 2006.
- Bay de Noc Community College (M-TEC) - \$750,000 for purchase and distribution of energy savings kits to low-income rural households in Michigan.
- Michigan Community Action Agency Association - \$2,000,000 in total statewide distribution to provide weatherization upgrades for low-income households, with up to 20% to be spent on client weatherization education.
- United Way Community Services, d/b/a Nonprofit Facilities Assistance Center - \$500,000 for matching grants to non-profit facilities for energy efficiency upgrade, energy efficiency audits, and energy efficiency/weatherization education.
- Nova Development Group of Detroit, L.L.C., - \$1,350,000 for energy efficiency upgrades, and installations for low-income multi-family dwellings throughout Michigan.
- Urban Options - \$400,000 for weatherization of low-income clients' homes, with a focus on heating systems, for 11 counties located throughout Michigan.
- Warm Training Center - \$250,000 for energy education for customers who receive energy assistance.

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

Chairman

(S E A L)

/s/ Laura Chappelle

Commissioner

/s/ Monica Martinez

Commissioner

By its action of December 20, 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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By its action of December 20, 2005.

Its Executive Secretary