

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

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 May 8, 2008 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Orjiakor N. Isiogu, Chairman
Hon. Monica Martinez, Commissioner
Hon. Steven A. Transeth, Commissioner

OPINION AND ORDER

The Customer Choice and Electricity Reliability Act, 2000 PA 141, authorized the creation of the Low-Income and Energy Efficiency Fund (LIEEF), administered by the Commission via grants to qualifying organizations. The purpose of the fund is to provide shut-off and other protection for low-income customers and to promote energy efficiency by all customer classes. The fund's original source of funding was the utilities' securitization savings that exceeded the amount needed to achieve a 5% electric rate reduction for residential and business customers. MCL 460.10d(7) provides for the use of a portion of the savings.

The Detroit Edison Company's (Detroit Edison) interim rate relief order issued on February 20, 2004 in Case No. U-13808 rolled the LIEEF funding requirement into base rates for Detroit Edison's electric customers and continued funding the LIEEF as part of the utility's cost of service. Consumers Energy Company's orders issued on December 22, 2005 in Case No. U-14347 and November 21, 2006 in Case No. U-14547 have also made provisions for funding

the LIEEF. In prior orders in this docket, the Commission established a framework for administering the LIEEF and procedures for considering specific proposals.

The Commission has issued orders approving 20 rounds of grants in the aggregate amount of \$365,401,701, and has administered funds specially allocated by the Legislature in the amount of \$25,000,000 from the LIEEF for a total of \$390,401,701.

On March 21, 2008, the Commission invited organizations to submit proposals to provide energy assistance to low-income households. By the April 4, 2008 deadline, the following submitted proposals seeking a total of nearly \$19 million: the Department of Human Services, Downriver Community Conference; Michigan Community Action Agency Association, Mid-Michigan Community Action Agency, Inc.; Newaygo County Community Services; Society of St. Vincent de Paul Detroit; The Heat and Warmth Fund; and The Salvation Army.

The Commission expresses its appreciation to the applicants for providing thoughtful proposals. In awarding the grants, the Commission used the selection criteria outlined in the Request for Proposals.

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

- Department of Human Services - \$4,016,825 to supplement the energy crisis portion of the State Emergency Relief fund and provide direct assistance with energy bills for low-income households statewide.
- Newaygo County Community Services - \$383,175 to provide direct assistance with energy bills for low-income households in a ten-county region of rural northwest Michigan.
- The Heat and Warmth Fund - \$2,100,000 to provide statewide energy assistance for low-income households and prevent threatened shutoff of energy services.
- The Salvation Army - \$500,000 to provide direct assistance with energy bills for low-income households statewide.

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. As always, the grants are contingent upon review and approval of the State Administrative Board.

THEREFORE, IT IS ORDERED that:

A. The following grants from the Low-Income and Energy Efficiency Fund for a total of \$7,000,000 are approved for the fiscal year beginning October 1, 2007 and ending September 30, 2008:

- Department of Human Services - \$4,016,825 to supplement the energy crisis portion of the State Emergency Relief fund and provide direct assistance with energy bills for low-income households statewide.
- Newaygo County Community Services - \$383,175 to provide direct assistance with energy bills for low-income households in a ten-county region of rural northwest Michigan.
- The Heat and Warmth Fund - \$2,100,000 to provide statewide energy assistance for low-income households and prevent threatened shutoff of energy services.
- The Salvation Army - \$500,000 to provide direct assistance with energy bills for low-income households statewide.

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

Orjiakor N. Isiogu, Chairman

Monica Martinez, Commissioner

Steven A. Transeth, Commissioner

By its action of May 8, 2008.

Its Executive Secretary