

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.)
_____)

At the April 22, 2009 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 25 rounds of grants in the amount of \$455,401,458, and has administered funds specially allocated by the Legislature in the amount of \$25,000,000 from the LIEEF for a total of \$480,401,458.

On February 13, 2009, the Commission invited organizations to submit proposals for the creation of a statewide, innovative energy efficiency and distributed renewable energy financing system called *Michigan Saves*.

By the March 13, 2009 deadline, the following organizations submitted proposals seeking a total of \$19,698,437: Conenergy, Inc.; Chippewa Nature Center, Inc.; First United Methodist Church of Jackson; NextEnergy; Public Sector Consultants, Inc.; and Techbusters, LLC.

The grant awarded will be derived from two funding sources: (1) \$7,697,943 from the LIEEF, and (2) \$405,000 awarded to the State of Michigan by the United States Department of Energy.

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 a grant to Public Sector Consultants, Inc.

Public Sector Consultants will develop and implement a *Michigan Saves* system for installation of energy efficiency measures and renewable distributed generation. Public Sector Consultants plans to charge fees to aid *Michigan Saves* in sustaining its financial stability after the end of the grant period. The grant period is expected to begin on May 6, 2009 and end September 30, 2011.

The proportion of direct costs to indirect costs will remain the same as in the original request. The Commission directs the Commission Staff (Staff) to complete the necessary grant agreement documents with Public Sector Consultants. In completing the necessary grant agreement documents, the Staff is directed to work with Public Sector Consultants to accelerate the project schedule allowing pilot installations evolving from the *Michigan Saves* system to occur in calendar year 2009. As always, the grant is contingent upon review and approval of the State Administrative Board.

THEREFORE, IT IS ORDERED that:

A. A grant totaling \$8,102,943 (\$7,697,943 from the Low-Income and Energy Efficiency Fund and \$405,000 from the United States Department of Energy) is approved for the fiscal year beginning October 1, 2008 and ending September 30, 2009.

B. The grant is awarded to Public Sector Consultants, Inc., in the amount of \$8,102,943 for the period expected to begin on May 6, 2009 and end September 30, 2011.

C. The Commission Staff shall complete the necessary grant agreement documents with Public Sector Consultants, Inc.

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, under MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

Orjiakor N. Isiogu, Chairman

Monica Martinez, Commissioner

Steven A. Transeth, Commissioner

By its action of April 22, 2009.

Mary Jo Kunkle, Executive Secretary