

CITY OF DOWAGIAC
Energy Optimization Annual Report for 2010
MPSC Case No. U-15858

Introduction

Pursuant to 2008 Public Act 295 (PA 295), the City of Dowagiac is filing this annual energy optimization (EO) report with the Michigan Public Service Commission (MPSC). This EO annual report consists of three sections:

- Section 1 will address the requirements under PA 295 Section 97, Subsections 1-3 and Section 71, Subsection 3 (i).
- Section 2 will summarize the EO programs implemented in 2010.
- Section 3 will provide additional information and goals for 2011 programs.

SECTION 1: PA 295 SECTION 97 SUBSECTIONS 1-3 REQUIREMENTS

Section 97 (1) Each provider shall submit to the commission an annual report that provides information relating to the actions taken by the provider to comply with the energy optimization standards.

The City of Dowagiac has taken the following actions to comply with the EO standards:

- Filed a 4-year Energy Optimization plan with the MPSC on March 31, 2009 as required by PA 295.
- This EO plan was approved by the MPSC on July 1, 2009.
- Launched energy optimization programs for all customer classes in November 2009.
- Overall administration of the EO programs was the responsibility of City of Dowagiac personnel.
- In addition, an implementation contractor, Franklin Energy Inc., was selected to implement the Residential Lighting, Refrigerator/Freezer Turn-in and Recycling program, Business Prescriptive and Business Custom programs.
- Education for both Residential and Business was implemented by City of Dowagiac in-house personnel.
- Contracted with KEMA, Inc. for obtaining an independent expert evaluation for the verification of incremental energy savings for each energy optimization program.

Section 97 (2) Annual reports under subsection (1) shall include the following: (a) The number of energy optimization credits that the provider generated during the reporting period. (b) Expenditures made in the past year and anticipated future expenditures to comply with this subpart. (c) Any other information that the commission determines necessary.

In the fall of 2009, the MPSC staff approved an interim report format for all the municipal utilities in Michigan. That interim report details the energy optimization credits generated, expenditures and surcharges collected from customers in the past year. The end of year interim report for 2010 can be found in Attachment A. Future expenditures for 2011 are expected to follow the EO Plan filing that was submitted and approved in 2009. Exceptions to that plan filing will be explained in Section 3 of this report.

Section 97 (3) Concurrent with the submission of each report under subsection (1), a municipally-owned electric utility shall submit a summary of the report to its customers in their bills with a bill insert, to its governing body, at its office and on its website.

The City of Dowagiac will submit a summary of this annual report to its City Council, to its customers through the bill insert and make it available at its office and on its website no later than the date required.

Section 71 (3)(i) Include a process for obtaining an independent expert evaluation of the actual energy optimization programs to verify the incremental energy savings from each energy optimization program for purposes of section 77.

In December of 2009 the City of Dowagiac as part of the Michigan Public Power Agency's Energy Efficiency Work Group issued a Request for Proposal (RFP) to verify the incremental gross energy savings for each EO program for 2009 and 2010. KEMA, Inc. was chosen as the evaluation contractor for these 24 municipal utilities. KEMA started collecting data in the fourth quarter of 2010 and completed the evaluation for each municipal under the RFP and that evaluation is attached to this report as Attachment B.

SECTION 2: SUMMARY OF EO PROGRAMS IMPLEMENTED IN 2010

Residential Low Income Services

The City of Dowagiac worked with the Michigan Community Action Agency Association and the Southwest Michigan Community Action Agency to install CFLs and energy efficient refrigerators at several low income households in Dowagiac.

The City of Dowagiac combined the 2009 and 2010 energy savings goals and budget allocations.

Low Income Program Summary

	2009 Goal	2010 Goal	2009-2010 Combined Goal	2010 Actual	Difference
Energy Savings (kWh)	2,846	4,423	7,269	2,113	(5,156)
Budget (\$)	\$1,850	\$2,875	\$4,725	\$424	(\$4,301)

Residential Solutions

The programs below were made available to all City of Dowagiac residential electric customers.

Efficient Lighting Program

The City of Dowagiac focused on the distribution of CFLs to our residential customers. We conducted two CFL distributions during 2010. In July 2010, we distributed 2 CFLs to residential customers, and in December 2010, we distributed up to 10 CFLs to residential customers who came in to pay their electric bill and showed proof of residency.

The City of Dowagiac is in the process of conducting CFL recycling efforts. We have advertised on our website and have one recycling site at City Hall.

The City of Dowagiac will also be evaluating partnerships to set up CFL recycling opportunities for our residential customers in 2011. One potential partnership is with Michigan Energy Options who received funding from the MPSC to implement a statewide recycling program.

Refrigerator/Freezer Turn-In and Recycling Program

The objective of this program was to produce long-term energy savings in the residential sector by removing operable, inefficient refrigerators and freezers from the power grid and recycling them in an environmentally safe manner. Target market is residential customers who have "second" or back-up units in their garage or basement. All units were required to be operable to participate in

this program and each customer received a \$30 incentive for each unit recycled.

Franklin Energy selected JACO Environmental as the recycling subcontractor to provide comprehensive turn-key services. JACO was responsible for qualifying customers, scheduling and tracking unit pick-ups and processing incentive payments. The number of units that were picked up in 2010 was 18.

The goal for this program was 40 units. It was determined that the City of Dowagiac number of units scheduled through the end of the year would not meet the goals of the program. The decision was made to move budget money from the Refrigerator/Freezer program budget to Efficient Lighting in order to meet the overall residential program savings goals.

Residential Education Services

One and a half percent of the EO budget was used on Residential education programs. These budget expenditures were used to communicate and educate customers on the benefits of energy efficiency, and load management. Budget funds for education are deemed to generate a proportional amount of the required energy savings for each program year in which the money is spent.

The City of Dowagiac Residential Education Program was implemented by in-house personnel. We provided information through our website, printed fliers for distribution to our customers, and conducted training sessions to educate our customer service representatives who communicate with customers.

Residential Program Summary

Overall the 2010 residential programs were successful. The tables below summarize the energy savings achieved and budget expenditures from the 2010 residential programs compared to the 2010 EO Plan goals. The residential program energy savings goals were bundled together to achieve the 2010 goals. Any net shortages or excess kilowatt hours and budget expenditures from the 2010 programs will be carried over into the 2011 program goals.

Residential Energy Savings

Program	2010 kWh Goals	kWh Installed	Difference
Efficient Lighting	35,287	76,955	41,668
Refrigerator/Freezer Recycling	66,893	29,491	(37,402)
Efficient Appliances & HVAC	2,717	0	(2,717)
Education Services	5,384	948	(4,436)
Total	88,149	111,830	(2,887)

Residential Budget Summary

Program	2010 Budget	Expenditures	Difference
Efficient Lighting	\$3,097	\$3,096	(\$1)
Refrigerator/Freezer Recycling	\$6,447	\$6,444	(\$3)
Efficient Appliances & HVAC	\$1,343	\$672	(\$671)
Education Services	\$863	\$152	(\$711)
Total	\$11,750	\$10,364	(\$1,386)

Business Solutions

The programs below were made available to all City of Dowagiac commercial and industrial customers.

Commercial and Industrial Prescriptive Incentive Program

The Prescriptive Incentive program provides incentives when replacing inefficient equipment with high-efficiency electric technologies on a one-for-one basis. These incentives address the first-cost barrier for customers by providing financial incentives averaging 20% to 40% of the incremental cost of purchasing qualifying technologies. The program was marketed through trade allies, presentations at various organizations, local events and the City of Dowagiac website. The majority of the incentive payments were for lighting upgrades. The number of customers who participated (completed applications) in the Prescriptive program was 14 for 2010.

Commercial and Industrial Custom Incentive Program

The objective of the Custom Incentive Program is to affect the installation of site-specific and unique energy efficiency technologies and process improvements (that do not fit the parameters of the Prescriptive Program) by business customers that would not have done so in the absence of the program. This program was marketed through the same channels as the Prescriptive Program. The number of completed applications for the Custom program was 3 in 2010.

Business Education Services

One and a half percent of the EO budget was used on Business education programs. These budget expenditures communicated and educated customers on the benefits of energy efficiency, conservation and load management. Budget funds for education are deemed to generate a proportional amount of the required energy savings for each program year in which the money is spent.

The City of Dowagiac Business Education program was implemented by in-house personnel. We provided information through our website and conducted training sessions to educate our customer service representatives who communicate with customers.

Business Program Summary

The business programs were well received by our customers, however, due to the short time period to promote programs it was more difficult to achieve the goals. The business programs often required a significant investment from the customer and due to the economic conditions in Michigan many business customers were unable to fund major projects. It is anticipated that the 2010 programs will be more successful.

The tables below details the energy savings and the budget expenditures for the 2010 business programs compared to the 2010 EO Plan goals. Any net shortages or excess energy goals or budget expenditures from the 2010 programs will be carried over into the 2011 program goals.

Business Energy Savings Summary

Program	2010 kWh Goals	kWh Installed	Difference
Prescriptive Incentive Program	222,140	285,779	(63,639)
Custom Incentive Program	202,025	127,612	74,413
Education Services	5,384	0	5,384
Total	429,549	413,391	16,158

Business Budget Summary

Program	2010 Budget	2010 Expenditures	Difference
Prescriptive Incentive Program	\$31,108	\$27,373	\$3,735
Custom Incentive Program	\$29,092	\$16,778	\$12,314
Education Services	\$863	\$0	\$863
Total	\$61,063	\$44,151	\$16,912

SECTION 3: ADDITIONAL INFORMATION AND 2010 EO PROGRAMS

This section provides additional information to 2010 programs and a summary of the 2011 Energy Optimization programs.

Recovery of Costs from Customers

The City of Dowagiac started levying surcharges for the Energy Optimization programs in September 2009. Those surcharges are shown in the table below:

Levelized Surcharges		2009-2012
Residential	Per kWh	\$0.00100
Secondary	Per meter	\$7.83
Primary	Per meter	\$237.51

Coordination of Energy Optimization Programs;

The City of Dowagiac has and will continue to meet with other utilities and agencies regarding the coordination of programs. In addition, the City of Dowagiac has participated in the EO Collaborative meetings hosted by MPSC through our membership in Michigan Municipal Electric Association (MMEA).

New Energy Optimization Programs for 2011

The City of Dowagiac has no new programs that it will be kicking off in 2011. However, the City of Dowagiac intends to have its original plan updated that may include a different portfolio of programs for 2012.

Summary of Energy Optimization Programs for 2011

The table below shows: a) applicable revisions/adjustments from the 2010 programs; b) 2011 Plan Filing goals and 3) the revised energy savings and expenditure goals for 2011 programs.

2011 Energy Optimization Program Portfolio

Program Portfolio	2010 Revisions		2011 Plan Filing Goals		2011 Revised Goals	
	kWh Savings Revisions	Budget Revisions	Gross kWh Savings	Program Budget	Gross kWh Savings	Program Budget
Low Income Services	(5,156)	(\$4,301)	6,538	\$4,250	11,694	\$8,551
Efficient Lighting	(2,887)	(\$1,386)	50,280	\$5,098	53,167	\$6,484
Refrigerator/Freezer Recycling			56,900	\$8,952	56,900	\$8,952
Efficient Appliances & HVAC			3,397	\$1,816	3,397	\$1,816
Multi-Family In-Unit Efficiency						
Educational Services			7,773	\$1,275	7,773	\$1,275
Pilot/Emerging Technology					-	\$0
Subtotal - Residential Solutions	(2,887)	(\$1,386)	118,350	\$17,141	121,237	\$18,527
Multi-Family Common-Area						
Prescriptive Incentive Program	(16,158)	(\$16,912)	203,971	\$28,564	220,129	\$45,476
Custom Incentive Program			181,822	\$26,182	181,822	\$26,182
Educational Services			7,773	\$1,275	7,773	\$1,275
Pilot/Emerging Technology						
Subtotal - Business Solutions	(16,158)	(\$16,912)	393,566	\$56,021	409,724	\$72,933
Total Program Portfolio			518,454	\$77,412	542,655	\$100,011
Program Administration				\$4,250		\$4,250
Evaluation (EM&V)				\$3,400		\$3,400
Subtotal - Admin/Evaluation				\$7,650		\$7,650