

January 31, 2012

MAINE PUBLIC UTILITIES COMMISSION
Review of Efficiency Maine Trust Triennial
Plan

ORDER APPROVING
PORTION OF SECOND
UPDATE TO TRIENNIAL
PLAN

WELCH, Chairman; VAFIADES AND LITTELL, Commissioners

I. SUMMARY

In this Order, we approve a discrete portion of the Efficiency Maine Trust's (Trust) Second Annual Update to the Triennial Plan (Second Updated Plan) relating to the Trust's proposed reallocation of Low Income Program funds to weatherize electrically heated homes of Low Income Home Energy Assistance Program (LIHEAP) customers. Our decision whether to approve the remainder of the Second Updated Plan will be made in a subsequent order.

II. BACKGROUND

On April 23, 2010, the Trust filed its Triennial Plan (Plan) for fiscal years (FY) 2011 through 2013 (Plan Period) for approval by the Commission. On July 19, 2010, we issued a Conditional Order of Approval contingent upon the Trust filing a Supplemental Plan containing additional information about the Trust's programs, budgets, evaluation plans and performance metrics (Conditional Order).

On October 1, 2010, the Trust filed a Supplemental Filing in Response to the Commission's Conditional Order (collectively referred to with the original Plan as the Updated Plan). On February 2, 2011, the Commission issued a Supplemental Order Approving the Updated Plan (Supplemental Order).

In the Supplemental Order, we took no position on the Trust's requested increase in the Electric Efficiency and Conservation Program assessment (System Benefit Charge Assessment or SBC Assessment) and the Natural Gas Conservation Program assessment (Natural Gas Assessment) and we declined to approve the requested increases prior to the Legislature's review and approval of the Trust's Updated Plan budget. Additionally, we took no position as to whether the Heating Fuels Efficiency and Weatherization Fund assessment on heating fuels (Heating Fuel Assessment) should be instituted to implement the programs contained in the Updated Plan because we found that it, too, was a determination for the Legislature.

We stated in the Supplemental Order, however, that a determination by the Legislature that it was not willing to approve the necessary increases in the

assessments that form the basis of the Updated Plan budget, or the Legislature's failure to enact legislation implementing an assessment on heating fuels to fund the Heating Fuel Efficiency and Weatherization Fund, would constitute "significant changes" that would trigger the Trust's obligation to submit a revised Plan budget to the Commission for approval pursuant to 35-A M.R.S.A. § 10104(6). During the last session, the Legislature declined to increase the SBC and Natural Gas Assessments, and the Legislature did not implement the Heating Fuel Assessment.

On December 23, 2011, the Trust filed a Second Annual Update to the Triennial Plan (Second Updated Plan) that contained an explanation of amendments to the Plan budget as a result of various funding changes and provided updated performance metrics. On January 10, 2012, the Trust filed a letter requesting expedited consideration of one portion of the Second Updated Plan relating to a reallocation of Low Income Program funds from the purchase and installation of high-efficiency refrigerators to the cost-effective weatherization of electrically-heated, high usage LIHEAP homes. In this Order, we decide the limited issue of whether to approve the portion of the Second Updated Plan budget that reflects this reallocation of \$5.9 million Low Income Program funds.

III. DISCUSSION AND DECISION

The Trust has represented that the shift in funding within the Low Income Program from refrigerator replacement activities to the weatherization of electrically heated LIHEAP homes, is a one-year reallocation of funds designed to address problems created by the significant decrease in this year's Federal funding for Maine's LIHEAP program.

Specifically, the Trust proposes to allocate Low Income Program refrigerator replacement money carried over from FY 2011, and the Low Income Program refrigerator replacement money for FY 2012, which totals approximately \$5.9 million, towards weatherizing the homes of as many LIHEAP-eligible customers who heat primarily with electricity as the budget will allow. According to the Trust, the reallocation of funds will result in a 25% decrease in electricity use for approximately 700 low-income homes in Maine generating 10,000 MWH of savings in FY 2012. This is an increased savings of 2,000 MWH over the projected savings from Low Income Programs contained in the original Plan.

We approve this discrete portion of the Second Updated Plan because: (i) the Low Income Program funds will still be spent on low income Maine recipients; (ii) the Trust has represented that the reallocated funds, which come from the electric SBC charge, will go towards weatherizing electrically heated LIHEAP eligible homes; (iii) this particular one-time reallocation is projected to increase the FY 2012 electricity savings in the Low Income Program; and (iv) this funding change is part of a broader State effort to shift resources towards LIHEAP eligible Maine residents in order to compensate for

