



Village of Paw Paw

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To all Village of Paw Paw Electrical Customers;

The state law that aims to help Michigan residents reduce their energy needs, Public Act 295 is also known as the "Clean, Renewable and Efficient Energy Act" requires the Village of Paw Paw to assist their customers in gaining greater electric energy efficiency through Energy Optimization (EO) programs. The following report demonstrates our Electric Department's commitment to helping our customers become more energy efficient. This report covers the 2010 Energy Optimization and the Renewable Energy programs for the village of Paw Paw. The Act allows utilities to recoup costs of the program by adding surcharges. Surcharges in effect in the Village of Paw Paw are reported below in this report.

To review the Village's Energy Optimization Plan and Renewable Energy Plan and other important information about these programs visit <http://pawpaw.net/miact295.html>.

SUMMARY OF EO PROGRAMS IMPLEMENTED IN 2010

Residential Solutions: The programs below were offered to all Village of Paw Paw customers.

Efficient Lighting Program

The Village of Paw Paw distributed CFL's to our residential customers. The Village inserted a flyer in customers' monthly bills, placed posters at public buildings (4), and advertised the program in the local weekly paper, the Paw Paw Courier Leader. For 2010, customers were asked to come to Village Hall for their four bulbs per customer.

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. All units were required to be operable to participate in this program and each customer received a \$30 incentive for each unit recycled. JACO Environmental as the recycling subcontractor to provide comprehensive turn-key services by qualifying customers, scheduling and tracking unit pick-ups and processing incentive payments.

Residential Education Services

One and a half percent of the EO budget was targeted for 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.

Residential Low Income Services

Paw Paw contracted with Michigan Community Action Agency Association (MCAAA) in 2010 to implement its Low Income program. Additionally, Paw Paw made educational efforts to promote the program to Low Income customers. The unmet energy savings goals and the budget allocations from the 2010 Low Income program are carried forward to 2011.

<u>Low Income Program Summary:</u>	<u>2010 Goal</u>	<u>2010 Actual</u>	<u>Difference</u>
Energy Savings (kWh)	7,769	10,760	2,991
Budget (\$)	5,050	2,060	-2,990

Residential Program Summary

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, as described above, to achieve the overall 2010 goals. Any net shortages or excess kilowatt hour savings and budget expenditures from the 2010 programs were carried over into the 2011 program goals.

Residential Energy Savings

<u>Program</u>	<u>2010 kWh Goals</u>	<u>kWh Installed</u>	<u>Difference</u>
Efficient Lighting	33,255	17,640	-15,615
Refrigerator/Freezer Recycling	22,930	11,583	-11,347
Efficient Appliances & HVAC	1,967	84	-1,883
Education Services	2,899	3,714	815
Total	61,051	33,021	-28,030

Residential Budget Summary

<u>Program</u>	<u>2010 Budget</u>	<u>2010 Expenditures</u>	<u>Difference</u>
Efficient Lighting	2,184	2,184	0
Refrigerator/Freezer Recycling	3,213	3,216	3
Efficient Appliances & HVAC	1,015	515	-500
Education Services	480	615	135
Total	6,892	6,530	362

Business Solutions: The programs below were made available to all Village of Paw Paw 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. This is designed to address the first-cost barrier for customers by providing financial incentives. The program was marketed through trade allies, presentations at various organizations, local events and the Paw Paw website. The majority of the incentive payments were for lighting upgrades.

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.

Business Education Services

One and a half percent of the EO budget was used on Business education programs. 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 Village of Paw Paw Business Education program was implemented by in-house personnel in 2010 and with direct contact by representatives from Franklin Energy. Education and outreach included: posting information on the Village website; direct mail to commercial and industrial customers; a flyer inserted in customer bills; discussion at our public Council meetings; providing information to the local Chamber of Commerce, the Greater Paw Paw Business Network, and the local Downtown Development Authority; and advertisements in the local weekly paper, the Paw Paw Courier Leader.

Business Program Summary

The business programs received much interest. Representatives from Franklin Energy met with businesses and encouraged applications. 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.

For the Business programs, any net shortages or excess energy goals or budget expenditures from the 2010 programs will be carried over into the 2011 program goals. 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 2010 program goals.

Business Energy Savings Summary

<u>Program</u>	<u>kWh Goals</u>	<u>kWh Installed</u>	<u>Difference</u>
Prescriptive Incentive	83,245	69,731	-13,514
Custom Incentive	45,753	0	-45,753
Business Education	2,899	1,691	-1,208
Totals	131,897	71,422	-60,475

Business Budget Summary

<u>Program</u>	<u>2010 Budget</u>	<u>2010 Expenditures</u>	<u>Difference</u>
Prescriptive Incentive	14,994	5,339	-9,655
Custom Incentive	6,588	2,640	-3,948
Education Services	480	280	-200
Total	22,062	8,259	-13,803

Coordination of Energy Optimization Programs

Paw Paw has and will continue to meet with other utilities and agencies regarding the coordination of programs through our membership in Michigan Municipal Electric Association (MMEA).

Renewable Energy

In addition to helping Michigan residents become more energy-efficient, the Clean, Renewable and Efficient Energy Act also requires Michigan utilities to acquire more renewable energy sometimes called "green" or "clean" energy. The utility is required to generate a number of renewable energy credits (RECs). Since the Village purchases electricity from Indiana Michigan Power/AEP, they will meet the REC requirements. The Village is pursuing limited wind energy in future years (2015-2017) and may generate RECs of its own.

Recovery of Costs from Customers

The Act allows utilities to recover the costs of the Energy Optimization Program to be recouped from customers. Paw Paw started levying surcharges for the Energy Optimization programs in July 2009. This surcharge is per kilowatt-hour (kWh) for residential customers. It will be based on your kilowatt-hour usage as measured by your meter. Paw Paw's surcharge to implement these mandates will be \$0.001199 per kWh. For a customer who uses 1,000 kWh per month, the cost will be \$1.20 (*rounded up to the next full cent from \$1.199*).

Levelized Surcharges 2010-2012

Residential	Per kWh	\$0.001199
Secondary	Per meter	\$46.07
Primary	Per meter	\$46.07
Comparable Customer Grouping	Paw Paw	Allowed by MPSC
Small Commercial Customers	\$ 11.20	\$ 16.58
Industrial/Large Users	\$ 100.00	\$ 187.50
Streetlights (per streetlight)	\$ 0.25	\$ 0.60
Un-metered (per meter)	\$ 0.50	\$ 0.60

According to the Michigan Public Service Commission, the average electric residential customer in Michigan is expected to save \$2.92 each month of the Energy Optimization/Efficiency program's life and the average Michigan residential customer, the renewable energy effort is estimated to avoid \$3.90 per month of new coal-fired generation costs. The Michigan Public Service Commission's annual report on renewable energy can be viewed at the following website: <http://wvrvn.michigan.gov/mpsc>.

This report and other information is available on the Village's website at <http://www.pawpaw.net/miact295.htm>

Very truly Yours,
Village of Paw Paw

Larry Nielsen

Larry Nielsen, manager