SEMCOENERGY

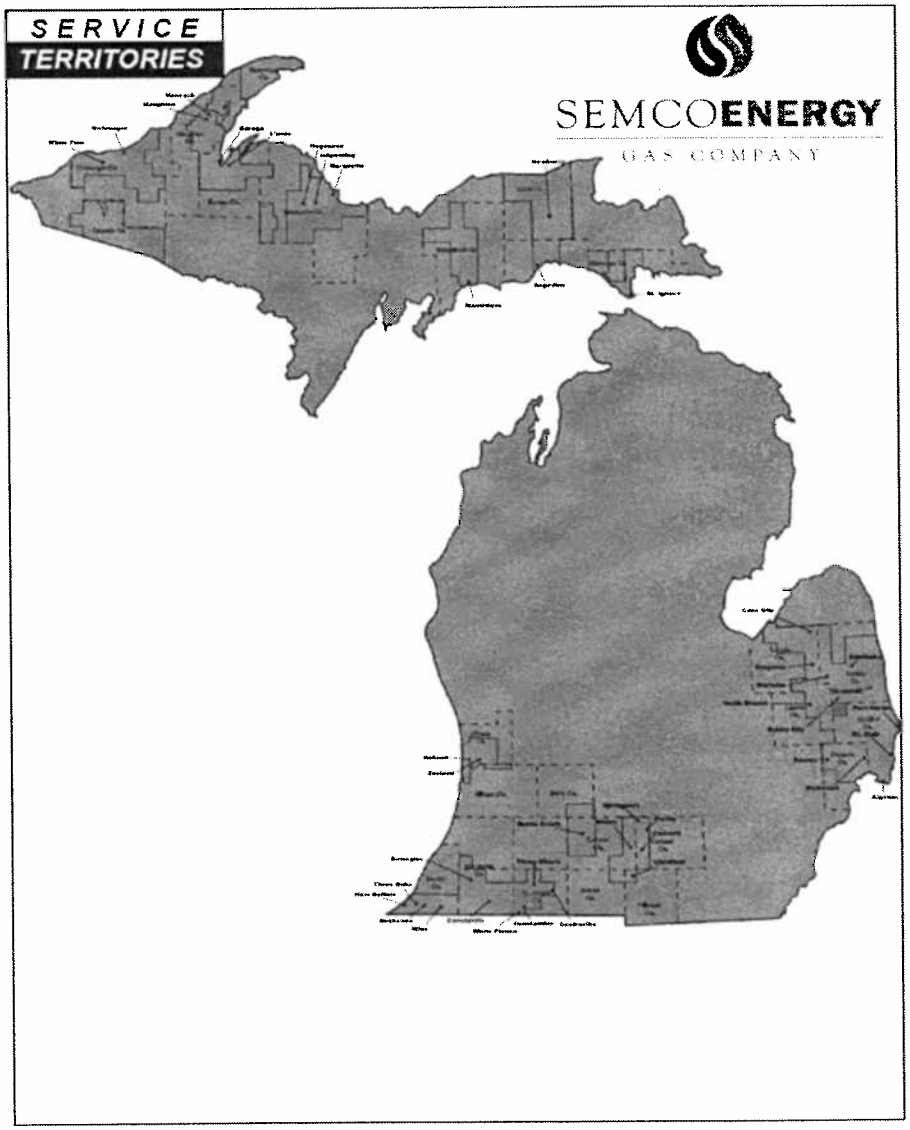
GAS COMPANY

Energy and Technology Committee

Energy Optimization

September 27, 2011

Overview



- Natural gas distribution company
- 288,000 customers
- 90% residential customer base
- Located in 22 Michigan counties
- 370 employees

Energy Optimization Program, Public Act 295

- SEMCO and ten other utilities opted to use the State-selected Energy Optimization (EO) Program Administrator, the Michigan Community Action Agency Association (MCAAA).

- Program funding began in 2009
  - SEMCO customers to pay an EO charge of the maximum amount of 2% of revenue in 2012 and beyond.
  - The EO charge generates approximately $6 million per year at current gas prices.
  - 100% of the amount collected is turned over to MCAAA.

Program Responsibilities

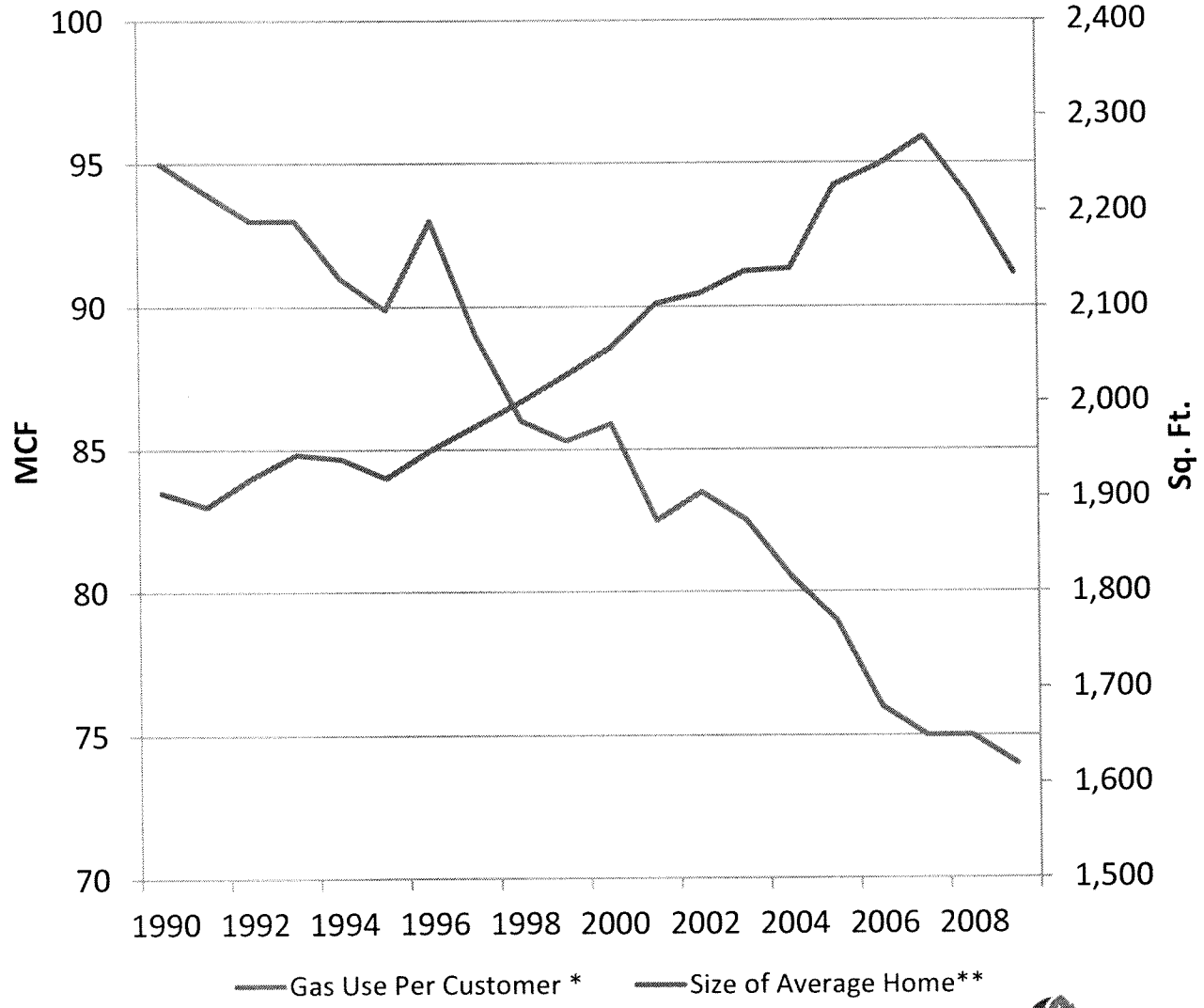
- SEMCO:
  - Assess and collect the EO charge from customers.
  - File an annual plan and reconciliation for the program funding with the MPSC.
  - Send all EO charges collected to EO program administrator .

- MCAAA:
  - Administer EO programs for residential, commercial, industrial and low income customers.
    - CLEAResult selected as implementation contractor.
    - Efficiency United is the brand under which programs are offered.
  - Ensure efficiency goals are met.
  - Ensure funding is being spent effectively.

Residential Gas Consumption Trend

- Annual residential gas consumption has been going down for the past 20 years (1.2% per year):
  - Better building standards
  - Appliance efficiency standards
  - EO programs and general awareness?
  - Economic conditions?

- Consumption has gone down despite average single family home sizes going up.



•Weather normalized on a national basis.
Source: Energy Information Administration.

** Source: U.S. Census Bureau.

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Questions?