UTILITY CONSUMER REPRESENTATION FUND
ANNUAL REPORT

CALENDAR YEAR 2019

UTILITY CONSUMER PARTICIPATION BOARD

Mr. James MacInnes, Chair
Dr. Paul Isely, Vice Chair
Mrs. Susan Licata Haroutunian
Mr. Brian Vilmont
Mr. Sam Passmore

Ms. Elise Matz
Mr. Bali Kumar

EXECUTIVE SUMMARY

PA 304 of 1982 established a separate proceeding that allows energy utilities to more quickly recover costs for power supply and purchased gas than they otherwise could in a full rate case. It further created the Utility Consumer Representation Fund (UCRF) to provide financial resources for customers who pay these costs to be represented in these utility cost recovery proceedings.

UCRF funds are collected by certain utilities in their rates. The UCRF funds collected are split between the Attorney General (AG) and the Utility Consumer Participation Board (UCPB). The Attorney General uses the funding to advocate on behalf of the interests of the State of Michigan utility customers in general, and the UCPB is responsible for granting funding to specific interest groups to advocate on behalf of the residential consumer groups they represent. The scope of the UCPB representation on behalf of residential rate payers was expanded in PA 341 of 2016 to include rate cases, certificate of necessity cases and integrated resource plan cases which can include demand response, energy waste reduction, distributed generation programs and many more.

In 2019, Michigan's investor-owned utilities serving over 100,000 customers that have applied for the initiation of an energy cost recovery proceeding shall remit to the UCRF its proportional share of $1,601,925 (adjusted annually) and utilities servicing less than 100,000 customers that have applied for the initiation of an energy cost recovery proceeding shall remit to the UCRF its proportional share of $206,700 (adjusted annually). Together they remitted $1,808,625 to the Utility Consumer Representation Fund. The UCPB was allocated $750,000, of which 5 percent ($37,500) was allocated for administrative costs.

The FY 2019 budget authorization for the UCPB was $750,000. Of that amount, $658,081 was available for awarding FY 2019 grants and $37,500 was allocated for administrative costs.

In 2019, AY 2019 grants totaling $689,369 were awarded to: Citizens Against Rate Excess (CARE), Michigan Environmental Council (MEC), the Residential Customer Group (RCG), Great Lakes Renewable Energy Association (GLREA) and the Citizens Utility Board of Michigan (CUB). The above groups advocated on behalf of Michigan residential ratepayers and the areas of focus in 2019 were: analyzing Purchase Power Agreements; assessing the impact of the Tax Cut and Jobs Act of 2017 on refunds due to residential customers; participating in MISO/FERC proceedings as a voting member; the reasonableness of System Support Resource payments; cross-subsidization issues; fixed service charges; excluding litigation costs; introducing to The Commission a change in the methodology for allocating the cost of line losses; redesign of the residential rate structure; analyze capital expenditures; voluntary renewable energy programs; demand response resources and PURPA contracts.

UCPB grants resulted in millions in savings to residential and other ratepayers as outlined in Section 3.

TABLE OF CONTENTS

1. Introduction

2. UCPB Major Responsibilities
   2.1. UCPB Board Action 2019
   2.2. UCRF Grants Awarded in 2019
   2.3. UCRF Resource Availability
   2.4. UCPB Resource Efficiency and Non-Duplication Due Diligence
   2.5. UCPB Administrative Efficiency

3. UCRF Results
   3.1. Benefit - Cost Analysis
   3.2. Grant Activity and Results

4. Financial Reporting and Administrative Process
   4.1. Calendar year 2019 Remittances
   4.2. Calendar year 2019 Appropriation and Accrued Funds
   4.3. Scope of Work
   4.4. Application and Selection Process

ATTACHMENT A
UCRF Grant Activity and Results for 2019 Calendar Year

ATTACHMENT B
UCRF 2019 Grantees Membership Scope and Description

Questions regarding this report should be addressed to:
Utility Consumer Participation Board
Attention: Shawn Worden
Finance and Administrative Services
Licensing and Regulatory Affairs
611 W. Ottawa
Lansing, MI 48933
(517) 335-5968
WordenS1@michigan.gov

1. INTRODUCTION

Public Act 304 of 1982, as amended, provides for the establishment and implementation of gas and power supply cost recovery clauses in the rates and rate schedules of public utilities. The Utility Consumer Participation Board (UCPB) and the Utility Consumer Representation Fund (UCRF) were created by the Act to achieve equitable representation of interest of energy utility customers in energy cost recovery proceedings. The purpose of the UCPB is to make grants from the fund to qualified nonprofit organizations and local units of government to represent the interests of residential utility customers before the Michigan Public Service Commission.

Public Act 341 was passed on December 15, 2016, and signed by Governor Rick Snyder on December 21, 2016. PA 341of 2016 updates Michigan's energy laws relating to utility rate cases, electric choice, certificate of necessity, and electric capacity resource adequacy, and establishes an integrated resource planning process. The law took effect on April 20, 2017. The law expanded the UCPB's scope of cases that were allowed to use UCRF grants for residential rate payers. As set forth in 460.6m(16), UCRF grants could be used for MCL 460.6a, 6h, 6j, 6s and 6t and federal administrative and judicial proceedings that directly affect the costs or rates paid by residential utility customers. For purposes of making grants, the board may consider energy conservation, the creation of employment within the state, energy waste reduction, demand response, rate design and maintenance of energy resources.

This annual report to the Legislature, which is required under Section 6m (22) of the Act, covers the activities of the UCPB for the 2019 calendar year.

From January 1, 2019, to December 31, 2019, the board awarded $322,515 from FY 2019 funds to a consortium of several nonprofit consumer groups. Grant recipients in 2019 included Citizens Against Rate Excess (CARE), Michigan Environmental Council (MEC), the Residential Customer Group (RCG), and the Great Lakes Renewable Energy Association (GLREA). Combined, the grantees represent statewide nonprofit groups with tens of thousands of individual members focused on issues related to energy costs, consumer protection, environmental, public health, emerging energy, energy conservation and community action. The actions of these grantees influence energy costs for more than 3 million residential natural gas customers and 3.5 million residential electric customers in the State of Michigan.

In 2019, UCRF grant recipients participated in proceedings on behalf of residential customers in the State of Michigan. UCRF funds helped Michigan citizen advocates achieve, directly and in collaboration with other parties, significant benefits for residential utility customers across the state. In certain cases, UCRF grantees were the only advocates for Michigan residential customers. Major areas of impact for residential customers included PSCR-related decisions on transfer prices, reliability and adequacy of electricity supply, PSCR 5-year and load forecasting, offsets to Gas Cost Recovery (GCR) cost of gas sold to GCR customers, improved Fixed Price Purchasing (FPP) practices and results, addressing peak power costs by exploring net metering, monitoring developments at the Midcontinent Independent System Operator (MISO), Rate Cases involving, Fixed Services Charges, Investment Recovery Mechanism, Integrated Resource Plans (IRP), Certificate of Necessity (CON) cases and PURPA cases.

The Attorney General's Office also receives UCRF funding for intervention on behalf of the utility ratepayers of Michigan. Coordination between the Attorney General, MPSC staff and other participants in UCRF funded cases is monitored by the board. Thorough review of grant applications, grant amendments, and regular reporting on case status and interventions by the UCPB continue to improve coordination of grantees' efforts with the Attorney General. This provides efficient use of resources and maximizes coverage of cases and issues without duplication of effort. The Attorney General's office is also

consulted in its role as legal counsel to the board. Expenditures and results of the Attorney General's office are provided in a separate annual report submitted by its office to the legislature.

2. UCPB MAJOR RESPONSIBILITES

MCL 460.6l provides for the creation of a Utility Consumer Participation Board (UCPB), defines its membership, and prescribes its duties. MCL 460.6m creates the Utility Consumer Representation Fund (UCRF), establishes provisions for its generation, distribution and use, limits the beginning dates of cost recovery proceedings, and places reporting requirements on both fund recipients and the Board.
The duties and responsibilities of the Act under these two sections were discharged as described in sections 2.1 and 2.2.

2.1 UCPB Board Activities 2019

The Board approved and maintained a bimonthly meeting schedule in 2019. Regular meetings were held February 4, April 8, June 3, August 5, August 26, October 7, and December 2. All meeting notices were published and held in compliance with the Open Meetings Act. Members of the public were present at many meetings, given opportunity for public comment, and participated in board education. The board held education sessions or was given educational materials on the following topics and/or dates.

- February 4, 2019
  https://www.elprocus.com/flexible-ac-transmission-system-need-definition-types/
  https://spectrum.ieee.org/energywise/energy/the-smarter-grid/after-almost-100-years-of-talk-time-might-be-right-to-strengthen-the-interconnect
- June 3, 2019
  https://leveltenenergy.com/blog/ppa-price-index/q1-2019/
- August 5, 2019
  https://www.energycentral.com/c/cp/russell-gold-and-his-new-book-"superpower-one-man's-quest-transform-american
  https://www.michigan.gov/documents/mpsc/Sea_Initial_Report_with_Appendices_070119_659452_7.pdf
  https://energynews.us/2019/06/27/midwest/illinois-smart-meter-data-illustrates-demographic-divides-in-electricity-use/
  https://d3n8a8pro7vhmx.cloudfront.net/cubofmichigan/pages/15/attachments/original/1563405525/CUB_of_MI_Electric_Utility_Performance_Report_2019_Edition_Final_for_Website.pdf?1563405525
  https://www.michigan.gov/documents/mpsc/Sea_Initial_Report_with_Appendices_070119_659452_7.pdf
- August 26, 2019
  Preliminary analysis of Meeting Agendas of the National Association of State Utility Consumer Advocates (NASUCA) presented by the Institute of Public Utilities, Jan Beecher
- October 7, 2019
  https://www.thedailyreporter.com/opinion/20190922/my-take-semco-needs-fairer-way-to-cover-costs
  https://energynews.us/2019/09/24/midwest/michigan-ag-utility-self-dealing-with-pipeline-will-cost-ratepayers-millions/
  MISO Chamber Presentation
  Michigan Statewide Energy Assessment

MPSC Chairman Sally Talberg: Presentation to Michigan Chamber Energy and Environmental Committee

- December 2, 2019
  https://www.investopedia.com/terms/b/beta.asp
  https://oilprice.com/Energy/Energy-General/Regulated-Utilities-Could-See-Big-Changes.html
  https://www.michigan.gov/mpsc/0,9535,7-395-93307_93312_93593---,00.html
  Abate presentation on financial ratios in the Utility Industry
  MISO Letter
  MPSC Order regarding MI Power Grid Initiative
  MPSC TCJA

Amendments and approval of new grants occurred on February 4, April 8, June 3, August 5, August 26, October 7 and December 2.

The 2020 UCRF Grant Announcement and Application were distributed on July 15, 2019.

The 2020 regular meeting schedule was approved on December 2, 2019. Meeting minutes for all meetings are available on the web site www.michigan.gov/lara under "All About LARA", "Utility Consumer Participation Board."

2.2 UCRF Grants and Contracts Awarded by UCPB in Calendar Year 2019

2/4/2019
CARE: Amendment to Grant 19-01 for and increase of $15,000 for U-20206 (UPPCO PSCR-R) was approved.

CARE: Amendment to Grant 19-01 for $15,000 for U-20208 (UMERC PSCR-R) was approved.

MEC: Amendment to Grant 19-04 for $101,000 for U-20471 (DTE 6t IRP) was approved.

MEC: Amendment to Grant 19-04 for a no cost internal budget transfer for U-20162 (DTE Rate Case) of $7,000 from expert to legal was approved.

GLREA: Amendment to Grant 19-03 for $15,150 for U-18091 (DTE PURPA) was approved.

GLREA: Amendment to Grant 19-03 for $36,966 for U-20471 (DTE 6t IRP) was approved.

4/8/2019
Election of Chairperson: Jim MacInnes and Vice Chairperson: Paul Isely was approved.

Mike Moody on behalf of the Attorney General discussed what cases the AG will probably participate in and the progress of the Tax Act Cuts and Jobs Act of 2017 and their refunds.

CARE: Amendment to Grant 19-01 for a transfer of $11,727.60 from U-20227 (UMERC PSCR Plan Case) and a transfer of $16,453.85 from U-20276 (UPPCO Rate Case) for a total of $28,181.45 for U-20229 (UPPCO PSCR Plan Case) was approved.

MEC: discussed the changes at MEC; Charlotte Jameson will be stepping into the intervention work as James Clift moved into the DEQ. A new budget director is being vetted. MEC is also doing coordination of residential ratepayer protection advocates.

MEC: Amendment to Grant 19-04 for a no cost internal budget transfer for U-20165 (CECo 6t IRP) of $5,000 from expert to legal was approved.

MEC: Amendment for Grant 19-04 for $15,150 for U-18403, 2018 (DTE electric PSCR Plan Appeal) and U-18412, 2018 (DTE GCR Plan Appeal) was approved.

MEC: Amendment for Grant 19-04 for $40,400 amended to $30,300 for U-20203 (DTE PSCR-R) was approved.

Don Keskey discussed RCG's governance issues.

6/3/2019

CARE: Amendment to grant 19-01 for $30,00 for U-20359 (American Electric Power, I & M) was approved.

MEC: Amendment to grant 19-04 for $15,150 for U-20561 (DTE Electric Rate Case) for a starter budget was approved.

Update on the Mott Foundation Project which was initiated and the scope of the project.

8/5/2019
CARE: Amendment to grant 19-01 for $20,000 for U-20350 (UPPCO 6t IRP Case) was approved contingent upon funds returned to the UCRF by CARE to cover request.

CUB: Amendment to grant 19-06 from original request of $20,000 to $13,000 for U-20479 (SEMCO Rate Case) was approved contingent on funds to cover request are returned to the UCRF to cover request.

GLREA: Amendment to 19-03 for $3,909 up to $9,090 for U-20359 (American Electric Power, I & M Rate Case) was approved contingent upon the funding of funding for CARE U-20350 and CUB U-20479 and contingent upon funds to cover request is available in the UCRF and UCPB notification.

8/26/2019
CUB: Amendment to 19-06 for $7,000 for U-20479 (Semco Rate Case) was approved.

CUB: 20-06 UCRF grant request for $40,000 for U-20479 (Semco Rate Case) was approved contingent upon the FY 2020 state budget being approved and implemented on Oct. 1, 2019.

CARE: Amendment to grant 19-01 for $3,244 for U-20350 (UPPCO 6t IRP) was approved.

CARE: 20-01 grant request for $6,756 for U-20350 (UPPCO 6t IRP) was approved contingent upon the FY 2020 state budget being approved and implemented on Oct. 1, 2019.

CARE: 20-01 grant request for $30,000 for U-20359 (I & M Rate Case) was approved contingent upon the FY 2020 state budget being approved and implemented on Oct. 1, 2019.

CARE: 20-01 UCRF grant request for $17,500 for MISO/FERC participation was approved contingent upon the FY 2020 state budget being approved and implemented on Oct. 1, 2019.

GLREA: John Freeman the impact of GLREA and requested to have Emily Prehoda added as an expert. There was no objection.

GLREA: 20-03 UCRF grant request for $24,240 for U-20359 (I & M Rate Case) was approved contingent upon the FY 2020 state budget being approved and implemented on Oct 1, 2019.

RCG: 20-05 UCRF grant request for $33,330 for U-20561 (DTE Rate Case) was approved contingent upon the FY 2020 state budget being approved and implemented on Oct 1, 2019.

RCG: 20-05 UCRF grant request for $13,635 for U-20209 (CECo GCR-R Case) was approved contingent upon the FY 2020 state budget being approved and implemented on Oct. 1, 2019.

RCG: 20-05 UCRF grant request for $13,635 for U-20210 (DTE GCR-R Case) was approved contingent upon the FY 2020 state budget being approved and implemented on Oct 1, 2019.

MEC: Gave an overview of what their requests would be for the FY2020.

MEC: 20-04 UCRF grant request for $90,000 for U-20561 (DTE Electric Rate Case) was approved contingent upon the FY 2020 state budget being approved and implemented on Oct 1, 2019.

MEC: 20-04 UCRF grant request for $10,100 for U-20162 (DTE Electric Rae Case Appeal) was approved contingent upon the FY2020 state budget being approved and implemented on Oct 1, 2019.

MEC: 20-04 UCRF grant request for $5,050 for U-20221 (DTE Electric PSCR Plan Case) was approved contingent upon the FY2020 budget being approved and implemented on Oct 1, 2019.

MEC: 20-04 UCRF grant request for $5,050 for U-20165 (CECo 6t IRP Case) was approved contingent upon the FY2020 budget being approved and implemented on Oct. 1, 2019.

10/7/2019
Annual Report for 2018 was approved.

Letter to Attorney General for informal opinion regarding the scope of cases that the UCPB can participate in outside of the prescribed statutory cases.

Soulardarity: 20-07 UCRF grant request for $7,500 for U-20471 (DTE IRP Case) was approved.

Soulardarity: 20-07 UCRF grant request for $7,500 for U-20561 (DTE Rate Case) was approved.

RCG: 20-05 UCRF grant request for $16,665 for U-20525 (CECo PSCR Case) was approved.

CARE: 20-01 UCRF grant request for $60,000 amended to $45,000 for U-20591 (I & M 6t IRP Case) was approved with Sam Passmore opposing.

CARE: 20-01 UCRF grant request for $15,000 for U-20535 (UPPCO PSCR Plan) was approved.

CARE: 20-01 UCRF grant request for $15,000 for U-20533 (UMERC PSCR Plan) was approved.

MEC: 20-04 UCRF grant request for $15,150 for U-20203 (DTE PSCR-R 2018) was approved.

MEC: 20-04 UCRF grant request for $50,500 for U-20527 (DTE PSCR Plan Case 2020) was approved.

12/2/2019
CARE: 20-01 UCRF grant request for $25,000 for U-20150 (UPPCO RDM) was approved.

MEC: 20-04 UCRF grant request for $10,100 for U-20561 (DTE Rate Case) was approved.

MEC: Grant 19-04 grant adjustment of $15,000 from expert to legal for U-20471 (DTE 6t IRP) was approved.

CUB: 20-06 UCRF grant request for $40,400 amended to $20,200 for U-20642 (DTE Gar Rate Case) was approved.

CUB: 20-06 UCRF grant request for $40,400 amended to $20,200 for U-20650 (CECo Gas Rate Case) was approved.

Board approved UCPB 2020 meeting dates: February 3, April 13, June 1, August 3, August 24, October 5, and December 7.

Total Amount of 2019 UCRF Grant Funding Awarded in 2018 = $501,841
Total 2019 Grant Authorization = $646,884
Total 2019 Grants Awarded (All Years) = $824,356
Unspent 2019 Grant Authorization = $17,026
Total Amount of 2020 UCRF Grant Funding Awarded in 2019 = $537,111
Rebalancing Amount (End of 2019) = $65,616

2.3 Resource Availability

The total UCRF funding requested by applicants in the initial 2019 authorization year grant cycle was: $711,158. The UCRF authorization for grants was $646,884[1]. The board determined that grants would be prioritized and awarded in phases. This allowed the board to examine work plans for cases more closely and more proximate to the actual filing dates. This also allowed grantees to refine and modify grant requests prior to full consideration and approval. Grantees deferred many requests due to the phase-in approval process adopted by the board.

2.4 Resource Efficiency and Non-Duplication/Due Diligence

To further resource efficiency, the board has modified its grant review process to consider and award grants in phases closer to the actual filing dates and has also made very conservative approvals based on the work plans presented by grantees. The board has encouraged grantees to use resources carefully but to also return to the board if developments in or demands of the case require additional resources. This allows detailed work plans based on the proceedings and expected results in the case can be provided and evaluated.

The UCRF grant application requires each applicant to provide a work plan specifying, among other things, the cases they intend to intervene in, the issues and strategies they intend to pursue and potential benefits to consumers. Individual board members, the UCRF board assistant, and Attorney General staff review the proposals in advance and provide comments to the board. Any potential duplication among grantees or with the Attorney General is identified and reviewed for purpose and justification. The board has not approved or reduced funding in some cases for unsupported duplication. When multiple grantees are approved for funding in the same case, grantees must report to the board on their distinct contributions and strategies in those cases. Bi-monthly case status reports are required from grantees and testimony reviewed in order to prevent or address any potential duplication of effort. The board encourages coordination of effort where it serves the interest of consumers.

1 This was the amount of funds the board understood was available for the grant year based on financial reports provided by LARA, the spending authorization approved and the adequacy of current and reserve funds. The issue of a 50/50 “shared” reserve fund was brought to the attention of the board in August 2014 and addressed thereafter.

2.5 Administrative Efficiency

The Board achieved administrative efficiency in the following ways:

1. Continued a grant review process requiring more detailed work plans.
2. Awarded grants in phases closer to the filing dates of actual cases and analyzed potential issues.
3. Used the grant review process to encourage more defined strategic focus areas by grantees through case updates.
4. Used the revised UCRF grant application designed by LARA Purchasing and Grant Services and the Michigan Attorney General's Office.
5. Requested the opinion of the Attorney General's office during grant review regarding the legal compliance of the individual grant applications with the governing statute or case law prior to the approval of grants and whether there was any objection to either the approval or the submission of individual grants to the State Administrative Board.
6. Requested the opinion of utility representatives present during grant review as to concerns or objections regarding the legal compliance of the individual grant applications with the governing statue or case law prior to the approval of grants and whether there was any objection to either the approval or the submission of individual grants to the State Administrative Board.
7. Renewed the contract position for a part-time contractor to assist the Board and coordinate efforts with other parties of interest.
8. Followed regular bi-monthly meeting schedule.
9. Continued to request bi-monthly case status reports from grantees.
10. Formalized process of written grant amendments and documented board approval prior to submission to LARA.
11. Continued regular board education sessions.
12. Updated annual report.
13. Coordinated with LARA staff to distribute board information and post public information on a web site.
14. Worked with MSU/IPU on their grant from the Mott Foundation to analyze the UCPB and offer recommendations.

3. UCRF GRANT RECIPIENT RESULTS

3.1 Benefit-Cost Analysis and Discussion

In creating cost recovery mechanisms that allowed utilities to recover energy supply costs from ratepayers outside of a contested rate case, the Michigan Legislature assured that Michigan's residential energy customers would be effectively represented through the creation of the Utility Consumer Representation Fund (UCRF). UCRF funding is collected from assessments on utilities that use the cost recovery mechanism. This cost is paid by customers through their rates. Therefore, the revenue for the fund is generated from ratepayers and expended to assure their representation in utility rate cases, power supply cost recovery, gas cost recovery, reconciliation phases of PSCR and GCR cases, certificate of necessity cases, and integrated resource plan cases.

Rate Case filing requirements 460.6a

The new energy law shortens the deadline for rate cases to be completed from 12 months to 10 months. It also removes the ability of utilities to "self-implement" new rates after 6 months if a final order has not been issued by the MPSC. The new energy law updates provisions related to the electric choice program, which allows up to 10% of the electric load in a utility's service territory to choose a non-utility provider of electric generation service. The utilities request a rate increase which initiates a contested case. The rate is developed through the determination of the revenue requirement for a test year. Costs are then allocated to customers classes (cost of service study). A rate design is established on how the utility will recovers its costs through rates and charges.

PSCR and GCR filing requirements 460.6h, j

The PSCR and GCR cases have "plan" and "reconciliation" phases. The plan cases for each utility set the framework and establish the cost of fuel recoverable from all customers. The reconciliation phase looks back at the assumptions and

performance of the utility under the plan and "corrects" or "trues-up" the plan factors with reality. The differences are then passed through to customers through collections, credits or refunds. UCRF grant funded parties advocate for the interests of residential customers in this process.

Certificate of Necessity Filing Requirement 460.6s
Electric utilities are able to apply to the MPSC for a Certificate of Necessity to obtain new electric generation resources.

Integrated Resource Plan Filing Requirement 460.6t
The new energy law requires rate-regulated electric utilities to submit integrated resource plants to the MPSC for review and approval. The law also requires that the MPSC hold a collaborative proceeding to set modeling parameters and assumptions for utilities to use in filing integrated resource plan. The MPSC is required to conduct a study to determine the potential to use demand response resources and energy waste reductions resources to meet electric needs and to promote energy conservation.

Code of Conduct/ value added programs
Under the new energy law, the MPSC is required to establish a code of conduct that applies to electric, natural gas, and steam utilities, and which is intended to prevent cross-subsidization, preferential treatment, and information sharing, between a utility's regulated services and unregulated programs and services. The law also allows utility companies to offer their customers "value-added programs and services."

There are many factors that impact assessment of effectiveness of UCRF funded intervention on behalf of residential customers including: 1) certain cases and proceedings span more than one grant year; 2) proceedings, through the appeal process, may remain pending for several years; 3) impact of a decision in one year often continues to benefit ratepayers in future years; 4) outcomes may result from multiple parties interventions and may be reported (in whole or part) by each party; 5) lack of a standardized reporting approach and validation method; and 6) indirect benefits not reflected in direct cost reductions.

UCRF funded intervention in cases decided in 2019 calendar year (based on actual orders issued) again yielded substantial benefits for residential utility customers. The following are highlights of measurable benefits and results achieved for residential customers by consumer advocates using UCRF grant funds. Details of UCRF Grant Activity and Results are provided in **Attachment A:**

MEC advocated for residential customers in U-20134 CECo Rate Case and along with other partner groups helped to resolve the case by settlement resulting in decrease in rates by about $20.0 million dollars. MEC attributes its participation to 10% of the savings which

includes CECo's agreement to retire the Karn coal-fired generation units in the IRP case resulting in a total of $5.2 million savings.
The ROI in this case is $5.2 million/$43,099 (grant for the case) = 121 to 1.

MEC advocacy in U-18352 DTE Voluntary Green Pricing Case whereas DTE was denied approval of their program and required a new case with revised proposals. The estimated ROI in this case is $1,014,000/$25,354 (grant for case) = 40 to 1.

MEC participated in U-18403 DTE PSCR Plan Case. Of the two issues argued by MEC the MPSC deferred the reasonableness issue of transport costs to the reconciliation case. The MPSC narrowed the review of the economics of the Tier 2 units in PSCR cases going forward.

MEC participated in U-18412 DTE 2918 GCR Plan Case and argued the reasonable issue of the NEXUS transport costs

and the MPSC again deferred the reasonableness issue to the reconciliation case.

MECs' continued advocacy for residential customers in U-20069 DTE 2017 PSCR-R Case. DTE settled and the Commission accepted reducing the 2017 recovery of $350,000. ROI is $350,000 savings/$26,701 (grant for case) = 13 to 1.

MEC prevailed in a number of issues in U-20162 DTE Electric Rate Case. The Commission disallowed River Rouge capital expenditures as well as the Investment Recovery Mechanism being sought. The Commission also disallowed the including in rate base the building of an Affiliate CHP plant. The ROI is calculated to be $3,586,390 in savings/$97,504 (grant for case) = 37 to 1.

MEC advocated on many issues in U-20165 CECo IRP. Karn coal units 1-2, new retirement analysis for Campbell 1-2, competitive bid process, CECo is authorized to obtain up to 50% of new resources as company-owned assets and is required to obtain at least 50% through PPAs, the financial compensation mechanism for PPAs is approved but capped at CECos' weighted average cost of capital and CECo will collaborate with METC and MISO to investigate capacity import limits into Zone 7.

CARE participated in U-20229 UPPCO PSCR Plan Case and a serious flaw was discovered in how UPPCO calculates its Demand Response in relation to interruptible contracts costing ratepayers an estimated $1.5 million annually. The case was settled and savings are projected in the future cases.

CARE intervened in U-20227 UMERC 2019 PSCR-R Plan Case. The case settled without discovery being filed and CARE filed a Statement of Non-Objection preserving potential issues for future debate.

CARE's advocacy resulted in a settlement in U-20276 UPPCO Rate Case. The settlement agreement was an unprecedented reduction in residential rates by approximately 5% which UPPCO had request a 4.8% increase. A net of 9% decrease was achieved. Assuming another rate case will be filed in 3 years that is a savings of $13.7 million. The ROI is $13.7 million in savings/$43,450 (grant for case) = 317 to 1.

CARE advocated for residential ratepayers in U-20350 UPPCO IRP Case which was seeking a 125 MW solar facility PPA along with a financial compensation mechanism (FCM), it also was seeking a 20 MW Reciprocating Internal Combustion Engine (RICE) natural gas plant. Once the Commission denied both the RICE and FCM CARE and requested a revision from UPPCO. CARE then negotiated with UPPCO to allow the FCM, but not pursue the RICE plant, UPPCO agreed. Once the Solar Plant is built it will save residential rate payers approximately $936,000 per year. Over a 3-year period it would come out to an ROI of $2.8 million in savings/$30,000 (grant for case) = 93 to 1.

CARE intervened in U-20359 I&M Rate Case and advocated against the rate design set forth by I&M shifting from a traditional volumetric charge to fixed monthly charges which would bring about a 25% increase to residential customers. I&M also sought a 10.5% Return on Equity (ROI). Settlement discussions resulted in a $22.1 million revenue decrease from what was requested as well as a reduction on the ROI. CARE claims 10% of the savings approximately $2 million per year resulting in an ROI of 66 to 1.

CARE Participated in MISO/FERC proceedings throughout the 2019 calendar year. CARE advocated before MISO for battery storage to be viewed not only as a transmission asset but also as generation. FERC has ordered a technical conference to be held to work out what it stated was unreasonable, unjust, unduly discriminatory or preferential. CARE also continues to advocate for High Voltage Direct Power (HVDC) from Canada as well as other efficiencies.
CUB intervened in U-20471 SEMCO Rate Case and testimony was introduced. A Settlement was reached resulting in a reduction of the requested rate increase of 14% to 8% which resulted in a $11.6 million annual savings to residential rate payers. A reduction in the requested fixed charge was also achieved resulting in a savings of about $882,000 per year. There was also an expansion of the low-income assistance programs. CUB conservatively accounts for about 10% of the

savings to residential customers with an ROI of $3,909,804/R13,862 (grant for case) = 282:1.

GLREA participated in U-18090 CECO's PURPA Case and advocated for regulatory policy issues involving setting reasonable, non-discriminatory avoided cost rates for utility/QF contracts.

GLREA advocated in U-18091 DTE's PURPA Case and advocated for regulatory policy issues involving setting reasonable, non-discriminatory avoided cost rates for utility/QF contracts.

GLREA advocated in U-18231 CECO's Renewable Energy Plan and disagreed with CECO's plan to add company owned projects. The MPSC agreed with GLREA and others that RECs from QFs were available which made the cost of company owned projects unreasonable. GLREA also argued that the REP case should be incorporated into subsequent IRPs.

GLREA advocated in U-18232 DTE Renewable Energy Plan and in their replies to exceptions rejects DTE's claim that the Commission must accept or reject the company's proposed REP, but rather amend it and consider the PURPA case U-18901 and the IRP case U-20471.

GLREA intervened in U-18402 CECO's PSCR Case and presented issues regarding CECO's forecast was flawed and incomplete because it did not discuss the impacts on Act 304 costs of growing customer-owned solar systems and resources. The Commission rejected the issues raised by GLREA largely because GLREA did not present calculation adjustments to the PSCR factor proposed by CECO.

GLREA Intervened in U-18403 DTE PSCR Case and presented issues regarding the impacts on ACT 304 costs of commercial and industrial customer-owned solar systems and resources. GLREA also advocated that the Commission should better coordinate its resource planning under Act 304 and under Act 295 with respect to REP plan cases and Act 342 IRP cases.

GLREA participated in U-20162 DTE Electric Rate Case. GLREA advanced arguments including rejection of DTE's rate treatment of the 'outflow' of energy to the grid, and rejection of DTE's proposal for a System Access Charge.

GLREA in U-20165 CECO IRP advocated for expansion of renewable energy generating resources, customer-owned DG, retention of Commission determinations regarding QFs, Standard Offer Tariffs to projects under 2 MW, competitive bidding in PPAs and alternatives to CECOs proposed FCM.

RCG intervened in U-18402 CECO PSCR Plan 2018 Case and presented the following issues: CECO should have presented more evidence for reducing transmission and other costs stemming from the Tax Cuts and Jobs Act of 2017. RCG also advocated that CECO's lease of the Zeeland interconnection pipeline was reasonable and prudent.

RCG supported the AG's position in U-20068 CECO PSCR-R Case of 2017 for a downward rate adjustment resulting from outages occurring at CECO's plants. The Commission decreased CECO's claimed cost by these amounts for a total of $1,773,728.

RCG advocated in U-20134 CECO Electric Rate Case and achieved: a reduction in monthly surcharges for opt out AMI smart meter customers = $725,760/year savings; adoption of a gradual transitional program for implementing time-of-use rates for on-peak and off-peak consumption, alignment of tree-trimming costs and line-clearing costs with revenue from rates for that purpose; and rejection of CECO's IRM proposal.

RCG participated in U-20165 CECO IRP Case. The settlement agreement and order established a competitive bidding process to future company-owned projects and independent projects under PPA with no more that 50% capacity coming from CECO owned projects.

4. FINANCIAL REPORTING AND GRANT ADMINISTRATION

4.1 Calendar Year 2019 Remittances

The following information is compiled and provided by the Michigan Department of Licensing and Regulatory Affairs (LARA) for purposes of the Annual Report.

Public Act 341 of 2016, Sec. 6m(2) requires energy utility that has applied to the commission for the initiation of an energy cost recover proceeding shall remit to the fund before or upon filing its initial application for that proceeding, and on or before the first anniversary of that application, an amount of money determined by the board in the following manner:

- Energy utility company serving at least 100,000 customers in this state, its proportional share of $900,000 adjusted annually by a factor as provided in subsection (4)
- Energy utility company serving at least 100,000 residential customers in this state, its proportional share of $650,000 adjusted annually by a factor as provided in subsection (4).
- Energy utility company serving fewer than 100,000 customers in this state, its proportional share of $100,000 adjusted annually by a factor as provided in subsection (4)
- Energy utility company serving fewer than 100,000 residential customers in this state, its proportional share of $100,000 adjust annually by a factor as provided in subsection (4).

The consumer price index for the Detroit standard metropolitan statistical area...between January 1981 and January of the year in which the payment is required to be made." Since enactment of Act 304, total remittances have been as follows:

1982	$630,600	2002	$946,150
1983	$653,400	2003	$981,150
1984	$582,250	2004	$988,350
1985	$569,600	2005	$1,013,299
1986	$592,650	2006	$1,052,150
1987	$596,050	2007	$1,069,450
1988	$615,250	2008	$1,096,950
1989	$650,450	2009	$1,088,750
1990	$683,450	2010	$1,103,851
1991	$715,300	2011	$1,125,700
1992	$728,650	2012	$1,176,700
1993	$745,838	2013	$1,198,650
1994	$760,266	2014	$1,204,750
1995	$791,900	2015	$1,173,850
1996	$813,000	2016	$1,180,500
1997	$834,050	2017	$1,750,000
1998	$851,728	2018	$1,788,325
1999	$864,600	2019	$1,808,625
2000	$899,000	2020	
2001	$930,650		

In 2019, the factor is set at a level not to exceed the percentage increase in the Consumer Price Index for urban wage earners and clerical workers, select areas, all items indexed, for the Detroit standard metropolitan statistical area, compiled by the Bureau of Labor Statistics of the United States Department of Labor. The factor for subsequent years will be established by calculating the percentage increase in the Detroit CPI-W for January each year over the CPI-W for January the following year.

Source of
Calendar Year 2019 Remittance Revenue

Utility	Amount Contributed
Consumers Energy	$743,195
DTE Electric	591,174
DTE Gas	175,100
Michigan Gas Utilities	18,814
SEMCO	37,623
Northern States Power (dba XCEL)	17,178
Alpena Power	20,950
American Electric Power (I&M)	36,019
Upper Peninsula Power	86,547
Wisconsin Electric Power	26,041
Upper Michigan Energy Resources	55,984
TOTAL	$1,808,625

Distribution of
Calendar year 2019 Revenue

Recipient	Amount Allocated
Attorney General	$1,000,000
Intervenor Grants	712,500
Administration (5%)	37,500
	$1,750,000

Letters were sent to each utility on 5/28/19 and all remittances were made by 09/30/2019.

In addition to the calendar year 2019 utility fees, interest was earned for the Fiscal Year ending 9/30/19. This was allocated to the Attorney General.

4.2 Fiscal Year 2019 Appropriation and Accrued Funds

Total funding available for awarding intervenor grants was $689,369 for FY19 as shown below and $750,000 FY19 authorization subject to budget approval.

Intervenor Grant Funding for fiscal year 2019:

Appropriation (Public Act 207 of 2018)	$750,000
Less 5% for Administration	(37,500)
Less Amount owed to Attorney General	(65,616)
Appropriation Available for Intervenor Grants	$ 646,884
New Revenue	$712,500
Fiscal Year 2019 Unreserved Fund Balance	0
Fiscal Year Interest Earned from Common Cash Fund	0
Total Available if sufficient spending authorization	$712,500

4.3 Scope of Work

Money from the UCRF, less administrative costs, may be used only for participation in administrative and judicial proceedings under sections 6a,6h, 6j, 6s and 6t [of P.A. 341] and in federal administrative and judicial proceedings which directly affect the energy costs paid by Michigan energy customers. 6m(11) "For purposes of making grants, the board may consider energy conservation, energy waste reduction, demand response, and rate design options to encourage energy conservation, energy waste reduction, as well as the maintenance of adequate energy resources." The Attorney General has issued formal and informal opinions to guide the Board regarding cost matters that may be covered by Act 341 grants. The Act describes several kinds of proceedings. Cases required by statute are:

Gas supply and cost recovery	Power supply and cost recovery
Gas supply and cost reconciliation	Power supply cost reconciliation
Rate Case	Certificate of Necessity
Integrated Resource Plan	

Decisions in any of these proceedings may be appealed to the Court of Appeals. Grant proposals compliant with the provisions of the Act were solicited for intervention in on-going and new GCR Plan cases, GCR Reconciliation proceedings, PSCR Plan cases, PSCR Reconciliation proceedings, Rate, Certificate of Necessity and Integrated Resource Plan and other cases eligible under Act 341.

4.4 Application and Selection Process

Act 341 of 2016 limits eligibility for funding to non-profit organizations or local units of government in Michigan, places specific additional restrictions on applicants, and suggests criteria that could be used in the selection process.

Applications for grants were received from the Residential Customer Group (RCG), the Michigan Environmental Council (MEC), Citizens Against Rate Excess (CARE) and Great Lakes Renewable Energy Association (GLREA). The board followed a phased-in approach to awarding grants. Funding decisions were made as close to the filing of cases as possible in order to review the grant application work plans in more detail and render better decisions on potential benefits to consumers.

Questions regarding this report should be addressed to:
Utility Consumer Participation Board
Attention: Shawn Worden
Finance and Administrative Services
Licensing and Regulatory Affairs
611 W. Ottawa
Lansing, MI 48933
(517) 241-2973
WordenS1@michigan.gov

ATTACHMENT A: UCRF Grant Activity and Results

The following are results in cases in which an ORDER(S) has been issued in the period January 1, 2019-December 31, 2019. Some of the cases in which UCRF grantees participate in 2019 will not conclude until subsequent years. Results for those cases will be reported in future annual reports. Results are reported by grantees and audited by UCPB board staff based on an independent review of the record and edited for purposes of this annual report. Complete dockets related to the majority of cases are available through the Michigan Public Service Commission's Electronic Docket Filing System (eDocket) at www.michigan.gov/mpsc. Results for individual cases may be verified by reviewing the case docket. MPSC case numbers have been included for purposes of research and validation.

Grantee: Michigan Environments Council, 2019

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt. Granted (As amended)	Balance (12/31/19)	Other Financial Support (matching funds, pro-bono support, etc.)
U-20134	Consumers Energy Electric Rate Case	18-04 and 19-04	$29,290 and $13,808.97	$318.15 and $0.00	Partner groups also contributed expert and legal funds.

The case was resolved by a settlement agreement that the Commission approved on January 9, 2019. The settlement provided for an overall decrease in residential rates of about $20.9 million, or 1.1%. If the impact of the rate credit resulting from Federal Tax Cut legislation is taken out, the overall residential rate increase is $34.8 million or 1.9%. Either way, the total delta between Consumers Energy's initial requested residential increase and the settlement is about **$48.2 million.**

MEC contributed to the overall settlement, but attributing an exact amount to MEC's contribution to the aggregate number is a judgment call. Using 10% as a conservative base number produces savings of **$4.8 million.**

In addition to that number, Consumers agreed specifically with MEC and partner groups to forego $2.8 million in capital expenditures on the Karn coal-fired generation units that would be avoidable if the Commission approved the 2023 retirement of those units in the IRP case (Case No. U-20165). Test year savings from that term can be estimated as ($2.8 million / 10-year depreciation life = $280,000) + ($2.5 million average undepreciated balance * 5.3% estimated overall rate of return = $132,500) = **$412,500**.

Adding a 10% share of the overall residential settlement savings to the Karn savings equals a total savings of about **$5.2 million**.

MEC was awarded a total of $43,099 for this case.

ROI for this case is $5.2 million in savings / $43,099 funds awarded = **121 to 1**.

MEC also played a prominent role in settlement terms where Consumers withdrew its requests for an Investment Recovery Mechanism (a capital expenditures tracker for future years after the test year); and its proposal to change its production cost methodology from 4CP 75-0-25 to the Average and Excess method. MEC also played an important role in Consumers agreeing to implement shadow billing for residential customers.

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt. Granted (As amended)	Balance (12/31/19)	Other Financial Support (matching funds, pro-bono support, etc.)
U-18352	DTE Electric Voluntary Green Pricing	18-04 and 19-04	$29,290 and $0.00	$3,936.48 and $0.00	$10,000 in MEC matching funds and 35 hours of legal work not charged.

The Commission issued an order on October 5, 2018 denying approval of DTE Electric's voluntary renewable energy program and requiring DTE to file a new case with revised proposals. The Commission agreed with MEC that DTE's program was too expensive, with a net cost (premium) of 3.5 cents per kWh above DTE's base rates. The Commission also held that the options DTE offered were too limited.
DTE filed its new application on February 4, 2019. The new program had a net cost of 2.2 cents per kWh above base rates. We took no action on DTE's new application, and the Commission approved it on February 21, 2019.

To estimate overall savings from participating in this docket as a whole, it is necessary to make assumptions about how many customers will subscribe to the new program and what their energy usage will be. If 10,000 residential customers sign up for DTE's new program and they have an average energy usage of 650 kWh per month, then the savings could be estimated as 1.3 cents (3.5 cents – 2.2 cents = 1.3 cents) x 650 kWh per month x 12 months x 10,000 customers = **$1,014,000**.

ROI for this case can then be estimated as $1,014,000 savings / $25,354 funds used = **40 to 1**.

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt. Granted (As amended)	Balance (12/31/19)	Other Financial Support (matching funds, pro-bono support, etc.)
U-18403	DTE 2018 PSCR Plan Case	18-04	$70,450	$0.00	

The Commission issued a final order in this case on February 7, 2019. MEC pursued two issues in this case: (1) PSCR costs associated with DTE's Tier 2 coal units and (2) gas transport costs for the affiliate NEXUS pipeline. The ALJ issued a PFD favorable on issue (1) but the Commission reversed and narrowed the review of the economics of the Tier 2 units in PSCR cases going forward. On issue (2), the Commission approved the NEXUS arrangement but deferred a decision on the reasonableness of the transport cost to the reconciliation case.

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt. Granted (As amended)	Balance (12/31/19)	Other Financial Support (matching funds, pro-bono support, etc.)
U-18412	DTE 2018 GCR Plan Case	18-04	$15,150	$873.65	MEC matching funds of $10,000

MEC also pursued the NEXUS transport cost issue in DTE Gas's GCR plan case, since DTE Gas and DTE Electric share the NEXUS gas capacity. The Commission issued a final order in this case on February 7, 2019. The Commission came to the same result as in Case No. U-18403.

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt. Granted (As amended)	Balance (12/31/19)	Other Financial Support (matching funds, pro-bono support, etc.)
U-20069	DTE 2017 PSCR Reconciliation	18-04 and 19-04	$30,000 and $504.50	$3,744.29 and $0.00	

The Commission issued an order approving the settlement in this case on May 23, 2019. MEC raised issues related to certain operational decisions regarding the Tier 2 coal units that led to uneconomic outcomes in 2017. MEC settled with DTE for a reduction in PSCR recovery for 2017 of **$350,000**. MEC negotiated the settlement bilaterally with DTE, and the settlement amount was based on our testimony.

The ROI for this case is $350,000 savings \ ($30,505 awarded - $3,744 unused) = **13 to 1**.

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt. Granted (As amended)	Balance (12/31/19)	Other Financial Support (matching funds, pro-bono support, etc.)
U-20162	DTE Electric rate case	18-04 and 19-04	$12,120 and $85,384.14	$0.00 and $0.00	MEC partner groups also contributed legal and expert funds.

The Commission issued a final order on May 2, 2019. MEC prevailed in a number of issues in this case:

1. River Rouge. The Commission disallowed inclusion in rate base of capital expenditures for the River Rouge plant because the Company failed to demonstrate that continued operation was economic. MEC and partner groups advanced this issue.

   Estimate of savings from denial of capital expenditures = ($8,450,000 million + $1,870,000 million) / 10-year depreciation life = $1,032,000) + ($9,804,000 million average undepreciated balance * 5.48% approved overall rate of return = $537,259) = **$1,569,260** (rounded) in the test year.

2. Investment Recovery Mechanism. DTE sought approval of an Investment Recovery Mechanism (IRM) that would increase required revenue in 2022 by about $278 million for distribution, $89.7 million for existing fossil and nuclear generation, and $50.1 million for the new gas plant. The Commission disapproved the IRM in its entirety. MEC was among several parties to oppose it.

3. Affiliate CHP Plant: DTE sought approval to include in rate base a Combined Heat and Power plant that DTE Electric plans to own on the Ford Motor Company Research and Engineering Campus. DTE Power and Industrial Group, an unregulated DTE affiliate, is constructing the plant. We argued that this affiliate transaction should not be approved, and the plant should not be included in rate base, because DTE Electric has not sufficiently demonstrated that having ratepayers pay for the plant is better than letting Ford pay for it, as Ford originally proposed; and DTE Electric did not competitively bid the construction of the plant, and had no valid justification for not doing so. The Commission permanently disallowed rate recovery on $2.248 million of the capital expense.

   MEC and the Attorney General were the only parties to submit evidence opposing rate recovery for the CHP plant, so we are claiming half the savings. Since the savings are permanent, they can

be roughly estimated based on the 30-year project life and current approved rate of return as: $4,034,260. Half of this amount is **$2,017,130**.

4. Other Issues. MEC also achieved or participated in the achievement of policy successes or outcomes deferred to future cases on other issues such as the fixed monthly service charge, production cost allocation, and time-based rates.

The total ROI for this case can be calculated as follows:

($1,569,260 + $2,017,130 = **$3,586,390** in savings) / $97,504 awarded = **37 to 1**.

Savings amount does not include savings from disapprovals of the IRM and fixed charge increase.

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt. Granted (As amended)	Balance (12/31/19)	Other Financial Support (matching funds, pro-bono support, etc.)
U-20165	Consumers Energy IRP	18-04 and 19-04	$30,300 and $30,300	$575.06 and $0.00	MEC partner groups also contributed legal and expert funds.

The Commission approved a settlement agreement in this case on June 7, 2019. On issues MEC advanced, the settlement agreement provided:

1. Karn coal units 1-2 will retire in 2023. Consumers will file an application to securitize the undepreciated plant balance.

2. Consumers will conduct a new retirement analysis for Campbell 1-2 coal units and file it in its next IRP. The analysis will use a number of assumptions specified by MEC and its partner groups. These assumptions include, but are not limited to:
    a. Modeling both in-state and out-of-state wind as potential replacement resources;
    b. Modeling bilateral power contracts, both within and external to MISO Zone 7, as replacement resources;
    c. Consumers will identify in its intervening rate cases the capital and major maintenance expenditures on Campbell 1-2 that would be avoidable in a 2024 or 2025 retirement.

3. A competitive bid process is approved for acquisition of future resources, with a series of changes recommended in our testimony.

4. Consumers is authorized to obtain up to 50% of the new resources as company-owned assets; and required to obtain at least 50% through PPAs with unaffiliated third parties.

5. The Financial Compensation Mechanism for PPAs is approved but capped at Consumers' Weighted Average Cost of Capital, which is currently 5.88%.

6. Consumers will collaborate with METC and MISO to investigate opportunities to increase the capacity import limit into Zone 7.

Total 2019 ROI for all cases in this report: $10,150,390 savings / $337,150 funds used = **30 to 1**.

Grantee: Citizens Against Rate Excess, 2019

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt. Granted (As amended)	Balance (12/31/19)	Other Financial Support (matching funds, pro-bono support, etc.)
U-20229	UPPCO PSCR PLAN CASE	19-01	$15,000	$1365	$0
This case was filed on September 28, 2018. CARE intervened on October 12, 2018 and filed two rounds of discovery. Testimony was prepared by Douglas Jester and filed on February 14, 2019. A serious flaw was revealed in how UPPCO calculates its Demand Response in relation to interruptible contracts costing ratepayers an estimated $1.5 million annually. Settlement language committed the Company to reassess how they are calculating this in future filings. The case was settled and the Commission issued a final order on July 2, 2019. No immediate savings available to residential ratepayers in this calendar year, however substantial savings may result if we are successful prevailing over industrials regarding this issue in future cases.					
Docket No.	**Case Title**	**UCRF Grant No.**	**UCRF Grant Amt. Granted (As amended)**	**Balance (12/31/19)**	**Other Financial Support (matching funds, pro-bono support, etc.)**
U-20227	UMERC 2019 PLAN CASE	19-01	$15,000	$11,728	$0
This case was filed on September 27, 2018. CARE intervened on October 12, 2018. Staff filed one round of discovery and no party submitted testimony. Staff and UMERC filed a Settlement Agreement as the case was filed. Because of some potential issues signing onto the Settlement Agreement, CARE filed a Statement of Non-Objection thereby preserving the issues for future debate and advocacy. Therefore, no savings is reported as a direct result from this proceeding.					
Docket No.	**Case Title**	**UCRF Grant No.**	**UCRF Grant Amt. Granted (As amended)**	**Balance (12/31/19)**	**Other Financial Support (matching funds, pro-bono support, etc.)**
U-20276	UPPCO RATE CASE	19-01	$60,000	$16,550.	$0
UPPCO filed this case on September 21, 2018 seeking an additional $9.9 million in additional revenue including a $10/mo increase in the fixed customer charge and a 10.5% ROE. The Attorney General, CARE, ABATE, VERSO and Calumet Electronics all intervened. CARE filed discovery, direct testimony and rebuttal testimony. In its 96-page direct testimony, CARE took aim at UPPCO's Cost of Service (COSS) and Rate Design methodologies as well as its cap on Distributed Generation among other issues. ABATE unsuccessfully sought to strike the COSS and Rate Design elements of CARE's testimony. CARE met separately with UPPCO to fashion a Settlement that others might join and collaborated with the AG and Staff to forge an unprecedented Settlement that resulted in the kWh rate for residential customers actually decreasing by approximately 5% while industrial rates increased. In other words, instead of residential rates increasing 4.8%, they decreased by 4.51%, a 9% decrease from what was					

proposed. Overall, the Settlement saved residential ratepayers approximately $4.5 million per year. Assuming UPPCO will file their next rate case 3 years from the date of the Settlement Order of May 23, 2019 the totals savings would be $13.7 million. Given the total amount of UCPB funds spent on the case was $43,450 that equates to a cost benefit ratio of 317:1.

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt. Granted (As amended)	Balance (12/31/19)	Other Financial Support (matching funds, pro-bono support, etc.)
U-20350	UPPCO IRP	19-01	$30,000	$7,091	$0

On February 12, 2019 UPPCO filed its Integrated Resource Plan (IRP). Among many of the plan's elements, some of the most important included: a proposed a 125 MW solar facility PPA that included a financial compensation mechanism (FCM) to assure UPPCO of a profit; a 20 MW Reciprocating Internal Combustion Engine (RICE) natural gas plant; and a commitment to improve its Energy Waste goals. CARE intervened on February 26, 2019. VERSO, Circle Power, ABATE, and the Attorney General intervened as well. After extensive discussions w UPPCO, CARE filed testimony supporting most of UPPCO's plan except for the RICE natural gas plant. ABATE filed testimony opposing just about everything. On October 3, 2019, the Administrative Law Judge issued a Proposal for Decision (PFD) approving the 125 MW solar plant but not the FCM that UPPCO had sought and the ALJ recommended that the RICE natural gas plant be built. CARE filed exceptions to these aspects of the ALJ PFD. On December 6, 2019, the Commission issued its Order rejecting both the FCM and the RICE plant and ordered UPPCO to file a revised plan. CARE then engaged with UPPCO on a possible settlement that would include approval of the financial recovery mechanism for the 125 MW solar plant in exchange for dropping the natural gas plant. As a result of many heated discussions with all parties, a settlement was finally reached between all parties and subsequently approved by the Commission. Once the 125 MW solar plant is constructed ratepayers will see a decrease in their purchased power rates on the line item on their bill. It is estimated that the solar plant will yield a cost much lower than their current average. Annually this will save residential ratepayers approximately $936,000 per year. Over a 3 year period this would save residential customers approximately $2.8 Million. Given the cost of the case to the UCPB was approximately $30,000, the cost to benefit ratio would be 93:1.

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt. Granted (As amended)	Balance (12/31/19)	Other Financial Support (matching funds, pro-bono support, etc.)
U-20359	I&M Rate Case	19-01	$30,000.	$0	$0

On June 24, 2019 I&M filed for a $58.5 million rate increase which would have resulted in a whopping 25% increase for residential customers. CARE intervened on July 2, 2019 and filed testimony on October 17, 2019 opposing I&M's effort to shift its rate design from traditional volumetric charges to fixed monthly charges that would disproportionately affect low income customers. These new charges ranged from a monthly residential service charge of $10/mo.; a residential local demand charge; a residential declining block rate, and an EZ bill proposal. Additionally, I&M sought a 10.5% Return on Equity. Hearings were held and briefs were filed. Shortly thereafter settlement discussions began and resulted in a $22.1 million revenue decrease from the $58.5 million originally sought. In the Settlement, I&M agreed to drop all of its proposed charges that were non volumetric as mentioned above. The Settlement also reduced the

ROE to 9.9%. Despite all of these concessions from I&M, the final impact on residential rates still resulted in an increase of approximately $12/month on the average customer bill due to the fact that the utility is guaranteed recovery on previously approved capital investments and maintenance. Given CARE's high level of engagement in these settlement discussions we feel it's appropriate to take credit for 10% the savings or approximately $2 million per year. On a cost benefit ratio, the result is a 66:1 ratio.

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt. Granted (As amended)	Balance (12/31/19)	Other Financial Support (matching funds, pro-bono support, etc.)
MISO/FERC	MISO/FERC	19-02	$17,500	$54	$0

In 2019 CARE received a $17,500 grant to monitor and participate in selected MISO and FERC proceedings. CARE has been actively representing all of Michigan's residential ratepayers since 2009 as a voting member of the MISO Advisory Committee and the Consumer Advocates Sector. A summary of some of two of CARE's MISO/FERC 2019 activities are highlighted below.

SATOA Issue.

One of the most important issues that CARE was involved in during 2019 dealt with the issue of who could build battery storage. CARE made a presentation to the UCPB Board with Nick Griffin of DTE regarding the misstep of MSIO classifying battery storage as a transmission asset only (SATAO) instead of generation. This meant that if DTE wanted to build battery storage they would have to submit their plan through a 3-year process to get approval. On the other hand, transmission owners could get approvals in as short as a 6-month process. Despite the protests of many MISO stakeholders, MISO went ahead and submitted their tariff to FERC. CARE went on record supporting the DTE position because it would result in more storage being built faster. We argued that MISO's proposal created an unduly discriminatory preference for storage projects proposed by incumbent MISO transmission owners over identical storage projects proposed by similarly situated non-transmission owner storage developers. Additionally, the MISO proposal negatively impacted Michigan compared to other states because the largest utilities in Michigan do not own transmission assets like they do in other states. CARE played an instrumental role in getting many consumer advocate organizations signing on to the Protest filed at FERC. FERC issued an Order agreeing with the Protesters stating, "that the proposed revisions to MISO's Tariff have not been shown to be just and reasonable and may be unjust, unreasonable, unduly discriminatory or preferential, or otherwise unlawful." FERC then ordered a technical conference to try and iron out some of the issues setting an August 10 deadline to resolve them. In other words, FERC did not rubber stamp MISO's policy but instead ordered what amounts to be a settlement conference.

HVDC EFFORT TO LINK WITH CANADA

Throughout 2017 and into 2018, at the request of Michigan's Agency for Energy, MISO conducted studies to analyze various solutions to avoid the SSR scenarios described above. CARE had hired former MISO engineer Dale Osborn who submitted comments encouraging MISO to consider High Voltage Direct Current (HVDC) transmission lines as a source of generation. Mr. Osborn laid out several scenarios how utilization of HVDC lines could be used to bring low cost, environmentally friendly hydro power from Canada to Michigan. Another suggestion was to replace the phase shifters around Lake Erie with DC ties. He estimated that could be accomplished in a 4-year time frame and could bring in approximately 1200 – 1500

MW of energy into the DTE system per year. In March of 2018, MISO adopted the position that HVDC was transmission and not generation and therefore company's like DTE had little incentive to support HVDC because they wouldn't be guaranteed a return on their investment like they would with a new power plant. In 2019, as a result of Michigan's statewide energy assessment, the MPSC requested MISO to once again look into how Michigan could improve its capacity imports. However, MISO only agreed to provide a study of existing resources within the MISO territory at the exclusion of bringing in clean cheap power from Canada. Nevertheless, CARE will continue beating this drum to promote such an efficient and environmentally friendly source of power.

Grantee: Citizens Utility Board of Michigan, 2019

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt. Granted (As amended)	Balance (12/31/19)	Other Financial Support (matching funds, pro-bono support, etc.)
U-20471	Semco Rate Case	19-01	$20,000	$613	$0

This case was filed on May 31, 2019. CUB intervened on July 1, 2019. The Attorney General and the Retail Energy Association also intervened. CUB testimony was prepared by Douglas Jester of 5 Lakes Energy and filed on September 27, 2019. A hearing was held on November 4, 2019 and shortly thereafter a Settlement was reached. The Settlement provided that residential rates would increase 8% instead of the proposed 14% saving residential ratepayers $11.6 million annually. Additionally, SEMCO had also proposed an increase in fixed charges, including increasing the monthly customer charge on each residential customer by $4.40 to $17.40. SEMCO had proposed an "alternative revenue decoupling mechanism" to make up for lost revenue as a result of successful energy waste reduction efforts thereby selling less gas and receiving less revenue. SEMCO's proposal was to capture more of its revenue from a fixed charge rather than revenue that is "coupled" to the amount of gas sold. Under the terms of the Settlement, the increase was only 75¢/month, a savings of $3.65/ month per residential customer, reducing fixed charges by about $14.6 million. Annually this resulted in an expected savings for residential customers in the approximate amount of $882,000, based on the shift of risk from customers to the Company. Another key component of the Settlement Agreement was getting SEMCO to expand its low-income assistance programs. For example, SEMCO increased the scope of one program from 3,200 customers to 10,500 customers which provides a $30 credit to customers whose household income does not exceed 150% of the Federal Poverty Level. SEMCO also agreed to a 9.87% return on common equity which was a decrease from the 10.35% approved in its last rate case. Finally, SEMCO agreed to not seek another general rate case before Jan. 1, 2023. Overall, the savings to the residential ratepayer class was approximately $13 million on an annual basis. Given that SEMCO won't seek another rate case until 2023, the total savings are estimated to be about $39 million. While CUB played a significant role in achieving the Settlement Agreement it would be unfair to claim credit for the entire amount of savings. However, CUB believes it is responsible for at least 10% of the credit for the savings which when compared to the cost of the case of only $13,862, the resulting benefit/cost ratio would be 282:1.

Grantee: Great Lake Renewable Energy Association, 2019

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt. Granted (As amended)	Balance (12/31/19)	Other Financial Support (matching funds, pro-bono support, etc.)
U-18090 MPSC Orders issued May 31, 2017, July 31, 2017, December 20, 2017, February 22, 2018, October 5, 2018, and June 7, 2019	CECO PURPA	16-03	$0	$0	$216 legal pro bono
		17-03	$12,000	$0	$6,398 legal pro bono
		18-03	$0	$0	$3,000 legal pro bono
		19-03	$0	$0	$2,000 legal pro bono

This case has involved a determination under the Public Utility Regulatory Policies Act of 1978, 16 U.S.C. 2601, *et seq* (PURPA) of the avoided capacity and energy costs to be approved as appropriate for qualifying facilities (QFs) entering into new or revised contracts with CECO to provide capacity and energy from independent small power production and cogeneration facilities. This federal act generally requires a utility to enter into contracts with small independent power producers and co-generation projects to the degree that they can supply capacity and energy less than or equal to the cost that would be incurred by the utility to develop or meet such capacity and energy requirements. This case has focused upon updating CECO's avoided capacity and energy costs to the present timeframe given that the last such MPSC-determined PURPA avoided costs for CECO (before this case) were determined more than twenty years ago.

GLREA has participated in this case since 2016. This case has been the subject of previous submissions by GLREA for the Board's previous Legislative Reports. GLREA continued to participate in some phases of this case on a pro bono basis.

This case has been the subject of continuing MPSC Orders issued in 2018 and 2019. On February 22, 2018, the Commission issued an order dealing with motions for stay and rehearing filed by CECO and another party to the case. The Commission's order determined that the case should be reopened to address the terms of the Standard Offer Tariff to be made applicable to smaller PURPA projects and to resolve disputes over the terms and conditions in CECO's draft Power Purchase Agreement to ensure conformance with PURPA and Commission determinations.

On October 5, 2018, the Commission issued a subsequent Order on Rehearing and Remand. The Commission's Order, among other provisions, denied petitions for rehearing filed by other parties (not GLREA), approved CECO's Power Purchase Agreement, required revision to CECO's Standard Offer Tariff and required CECO to file an application for review of its avoided costs under MCL 460.6v(1).

The Commission undertook additional proceedings in this case in 2019, in which GLREA participated. On February 4, 2019, CECO filed a request to withdraw its Standard Offer tariff. On February 20, 2019, GLREA filed its answer in opposition to a CECO motion to withdraw its

Standard Offer Tariff applicable to smaller PURPA projects. The Commission issued an Order on June 7, 2019 which made further determinations on PURPA issues, and which denied CECO's motion to withdraw its Standard Offer Tariff and to rescind the avoided cost determinations made by the Commission in previous phases of U-18090.

With respect to any cost/rate savings to regulated customers, GLREA notes that this case involves regulatory policy issues under state and federal law, relating to setting QF avoided cost rates under PURPA. As such, the case was not a typical general rate case or PSCR (or other case) pursuant to which a cost or rate savings can be calculated. Rather, the case is important to set reasonable, non-discriminatory avoided cost rates for utility/QF contracts which comply with PURPA's requirements to encourage the development of small independent power and co-generation projects without increasing costs and rates to the utility's customers. CECO's customers also benefit because PURPA and state law provides a framework to increase the diversity and reliability of capacity and energy available to CECO and its customers. Michigan's Energy statutes, as amended by 2016 PA 341 and 342, in Section 1001, MCL 460.1001, states the purpose and objective of the statutes to promote renewable energy and to enhance the diversity and cost effectiveness of the state's capacity and energy resources.

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt. Granted (As amended)	Balance (12/31/17)	Other Financial Support (matching funds, pro-bono support, etc.)
U-18091 MPSC Orders issued July 31, 2017, December 20, 2018, and September 26, 2019	DTE PURPA	16-03	$0	$0	$216 legal pro bono
		17-03	$12,000	$0	$2,816 legal pro bono $1,170 expert pro bono
		18-03	$0	$0	$0
		19-03	$15,150	$0	$6,408 legal pro bono $2,400 expert pro bono

This case has involved a determination under the Public Utility Regulatory Policies Act of 1978, 16 U.S.C. 2601, et seq (PURPA) of the avoided capacity and energy costs to be approved as appropriate for qualifying facilities (QFs) entering into new or revised contracts with DTE to provide capacity and energy from independent small power production and cogeneration facilities. This federal act generally requires a utility to enter into contracts with small independent power producers and co-generation projects to the degree that they can supply capacity and energy less than or equal to the cost that would be incurred by the utility to develop or meet such capacity and energy requirements. This case has focused upon updating DTE's avoided capacity and energy costs to the present timeframe given that the last such MPSC-determined PURPA avoided costs for DTE (before this case) were determined more than twenty years ago.

GLREA has fully participated in this PURPA case applicable to DTE Electric to present similar major issues and recommendations as presented in U-18090 involving CECO (described above). This case was the subject of a detailed summary included in previous submissions for the Board's Legislative Reports. GLREA's participation in some phases of this case has been undertaken on a *pro bono* basis. The UCPB at its February 2019 meeting approved a case budget for GLREA's participation in this case.

On July 31, 2017, the MPSC issued its initial order in this case. The order addressed some of the major issues relating to the determination of proper avoided costs, and relating to contracts between DTE Electric (DTE) and qualifying facility (QF) projects under PURPA.

The Commission however, also found (like it did in CECO Case U-18090) that the existing record was not adequate to make certain avoided cost calculations and determinations on some of the more technical issues. The Commission in its Order therefore remanded this case for further hearings.

On December 20, 2018, the MPSC issued its order to remand this DTE PURPA case for further proceedings. At a prehearing held by the Administrative Law Judge on January 17, 2019, a schedule for the remand proceedings was set forth. GLREA had been a full intervenor in this case since 2016, and continued as such in 2019.

On January 7, 2019 GLREA participated in the second prehearing held in this remanded phase of this case. On January 14, 2019, GLREA participated in a motion hearing concerning DTE's challenge to the intervention of additional parties (not including GLREA which was an existing party). On January 18, 2019, GLREA filed a Petition for Rehearing of the Commission's December 20, 2018 Order granting DTE's request for rehearing, and adopting an avoided cost methodology based on the proposed Blue Water Natural Gas Combined Cycle Plant approved for construction in MPSC Case U-18419, and remanding the case for further proceedings. On February 21, 2019, the MPSC issued an order granting appeals by additional parties filing for intervention, and granting their interventions. On April 23, 2019, GLREA filed the Direct Testimony and Exhibits of its experts, John Richter and Robert Rafson. On May 15, 2019, GLREA filed the Rebuttal Testimony of its experts John Richter and Robert Rafson. On May 22, 2019, GLREA participated in the hearing at which time all of the direct testimony, and rebuttal, and exhibits filed by GLREA were admitted into the evidentiary record. On June 18, 2019, GLREA filed its Initial Brief which was followed by its Reply Brief filed on June 28, 2019.

GLREA's April 23, 2019 direct testimony (responding to DTE's March 12, 2019 remand testimony), and GLREA's May 15, 2019 rebuttal testimony, focused upon seven issues, including the following among others:

a. DTE's claims regarding its lack of 'capacity needs' were erroneous, as demonstrated by its actions in pursuing additional company-owned capacity by developing its 1,100 MW natural gas plant (now called the Blue Water Energy Center), in developing additional company-owned wind generation, and in investing in additional capacity options, to the unwarranted exclusion of its duties to interconnect with eligible PURPA qualifying facilities (QF).

b. DTE's proposed methodology for calculating avoided costs is seriously flawed by failing

to either base 'avoided costs' upon the costs of its natural gas plant to be constructed and interconnected by 2022, or on company-owned wind facilities to be interconnected in 2019-2020, and by ignoring the multi-year waiting list of QF projects which would avoid (and save) higher costs represented by existing DTE legacy plants.

c. By demonstrating how DTE has failed to comply with the scope and analysis that the Commission directed in its December 2018 remand order.

On September 26, 2019, the MPSC issued its order denying Petitions for Rehearing, including that filed by GLREA, and approving avoided costs based on DTE's planned Bluewater Natural Gas Combined Cycle Plant approved for construction in Case No. U-18419, and determining related issues subject to the remand directed in the Commission's December 20, 2018 Order.

The MPSC's September 26, 2019 Order referred throughout to the various issues and positions presented by the parties, including GLREA. The Order, p 17, summarized GLREA's testimony in part, as follows:

> GLREA testified regarding DTE Electric's RFP process, the company's capacity need, support for DTE Electric customers who choose to invest in solar, how to advance climate justice, and the need for support for building solar in low- and moderate-income communities. 6 Tr 869-887. In testimony, GLREA disagreed with DTE Electric's method for setting avoided cost, the company's capacity assessment which ignores the growth in electric vehicles and other plug-in vehicles, and the company's proposed five-year Standard Offer contract term, which GLREA argues should be a 20-year term contract. 6 Tr 873-880. GLREA also supports the use of a simple Standard Offer contract available to projects two MW and under in size. 6 Tr 882- 883. GLREA provided further testimony through its witness, John Richter, pertaining to PURPA contract issues, the capacity need determination, and avoided costs. 6 Tr 902-915. GLREA testified that issues outside of the remand should remain as previously decided by the Commission. 6 Tr 902-906, 909-910.

The Commission's Order, pp 20-21, also summarized GLREA's rebuttal testimony:

> GLREA, through witness Robert Rafson, raised the following arguments on rebuttal: (1) the Staff, DTE Electric, and other intervenors confirmed that the company has a persistent capacity need in their respective testimonies; (2) DTE Electric did not comply in this remand with the Commission's directive in the May 3 order opening this docket to file an avoided cost methodology based on the Staff's hybrid proxy plant method; (3) DTE Electric's proposal to base avoided cost on wind generation, its next renewable supply side generation, is improper; (4) use of the LCOE is not reasonable to determine avoided costs; (5) DTE Electric's Large Customer Voluntary Green Pricing (LC-VGP) program creates a capacity need; and (6) the company's proposed Standard Offer PPA is egregious and erects barriers to PURPA development. 6 Tr 889-898. GLREA also rebutted the Staff's request for the company to include clarifying language in its Standard Offer tariff that there is no capacity need, the Staff's agreement with DTE Electric regarding the avoided capacity cost, the Staff's use of the MISO PRA rate for avoided capacity rates when there is no capacity need, the Staff's use of the term "persistent capacity need," and the Staff's recommendations regarding the Standard Offer PPA's early termination provision. 6 Tr 917-926.

The Commission's Order, pp 27-28, also summarized the positions of GLREA as presented in its Initial Brief:

> GLREA first contends in its initial brief that determinations in the July 31 order not addressed by the December 20 remand order remain in effect and that any attempt by DTE Electric to argue issues outside the scope of this remanded proceeding should be rejected. GLREA's initial brief, pp. 3-6. GLREA next argues that the Commission should adopt the recommendations made by GLREA in testimony. Id., pp. 7-9, quoting 6 Tr 869-871. With respect to DTE Electric's capacity need, GLREA asserts that the company does have a capacity need, rejects the concept of a "persistent capacity need," argues the growth of electric vehicles was ignored in DTE Electric's capacity outlook, reiterates that DTE Electric cannot prioritize company-owned generation over PURPA generation for RPS or LC-VGP compliance, and explains that there is a significant demand for solar development in DTE Electric's service territory that can be met by QFs. Id., pp. 10-20. Relying heavily on excerpts from testimony, GLREA recommends that the Commission reject the avoided capacity and energy costs calculated by DTE Electric. Id., pp. 20-33, quoting 6 Tr 891-896, 907-910, 913-915, 920-924. GLREA also supports a 10-year planning horizon, a Standard Offer contract term of at least 20 years, a Standard Offer size limit of two MW, and the suggestions by Cypress Creek and Geronimo Energy to improve the Standard Offer PPA. Id., pp. 33-41. Again relying on excerpts from testimony, GLREA argues that it is appropriate for the Commission to recognize the advantages of non-utility owned solar generation and distributed generation, as well as the benefits resulting from the interconnection of small and diverse renewable generation. Id., pp. 41-45.

The Commission's Order, p 31, summarized additional arguments made by GLREA in its Initial Brief:

> GLREA reiterates the following recommendations made in its initial brief: (1) the Commission should adopt a 10-year planning horizon; (2) the Standard Offer size limit should be set at two MW; (3) Standard Offer contracts should be offered for terms of at least 20 years; (4) the Commission should reject DTE Electric's "persistent" capacity need concept to determine capacity need and avoided costs; (5) avoided costs should be based on the hybrid proxy plant methodology determined in the July 31 order, or, at a minimum be based on the BWEC plant; (6) the Commission should reject the company's proposed $45 per MWh cap on avoided costs; (7) the Commission should require DTE Electric to increase its solar resources including customer-owned distributed generation solar; (8) the Commission should consider issues in this remanded proceeding in conjunction with the IRP case; and (9) the Commission should reject the Standard Offer tariff and PPA as proposed by DTE Electric. GLREA's reply brief, pp. 1-9.

In denying GLREA's Petition for Rehearing challenging the Commission's lowering of the Standard Offer cap from 2 MW to 550 kW as determined in the December 20, 2018 Order and ruled that the lowered cap limit would continue to be applicable. However, GLREA's position assisted in supporting the Commission's rejection of DTE's proposal that the Standard Offer cap be reduced to only 150 kW.

The Commission's Order, pp 35-37, also ruled consistent with GLREA's advocacy that DTE's attempt to expand the issues on remand, and to relitigate issues determined in the December 20, 2018 Order, should not be permitted as being outside of the scope of the remand proceeding.

The Commission's September 26, 2019 Order continued to make findings regarding issues such as the energy rate structure, the energy forecast, inputs applicable to the Bluewater Natural Gas plant being constructed by DTE, avoided capacity and energy costs, DTE's capacity needs, rejecting DTE's proposed standard of a "persistent capacity need," consistent with GLREA's advocacy that such a standard does not exist under PURPA or state law, issues concerning the Standard Offer Tariff, and also the Standard Offer Purchase Power Agreement proposed by DTE, which the Commission rejected and required numerous alterations, and also determined issues concerning the planning horizon to be utilized for setting PURPA rates. The Commission Order, pp 57-58, then summarized in its conclusion and ordering paragraphs) the key findings and rulings made by the Commission in the September 26, 2019 Order.

Key issues advocated by GLREA that were adopted by the Commission included providing PURPA QFs the choice to require a five, ten, or 20 year contract with DTE. GLREA advocated throughout these proceedings that a PURPA QF should have up to a 20 year contract in order to make QF projects financeable. Another key ruling helpful to renewable energy projects and resources, and the enforcement of PURPA law, was the Commission's rejection of DTE's proposal to downsize the Standard Offer cap to only 150 kW, and determining that the 550 kW cap should continue to be utilized. Another key ruling was the Commission's rejection of a "persistent capacity need" standard as advocated by DTE for purposes of implementing PURPA.

With respect to any cost/rate savings to regulated customers, GLREA notes that this case involves regulatory policy issues under state and federal law, relating to setting QF avoided costs under PURPA. As such, the case was not a typical general rate case or PSCR (or other case) pursuant to which a cost or rate savings can be calculated. Rather, the case is important to set reasonable, non-discriminatory avoided cost rates for utility/QF contracts which comply with PURPA's requirements to encourage the development of independent power and co-generation projects without increasing costs and rates to the utility's customers. DTE's customers also benefit because PURPA and state law provides a framework to increase the diversity and reliability of capacity and energy available to DTE and its customers. Michigan's Energy statutes, as amended by 2016 PA 341 and 342, in Section 1001, MCL 460.1001, states the purpose and objective of the statutes to promote renewable energy and to enhance the diversity and cost effectiveness of the state's capacity and energy resources.

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt. Granted (As amended)	Balance (12/31/19)	Other Financial Support (matching funds, pro-bono support, etc.)
U-18231	CECO Renewable Energy Plan	18-03 19-03	$12,500.00 $0	$619.36 $0	$3,300 legal pro bono $3,000 legal pro bono (estimated)

This case involved CECO's September 29, 2017, application seeking approval of CECO's proposed Renewable Energy Plan (REP) for a subsequent biennial period. The UCPB granted

GLREA a grant (18-03) in the amount of $12,500 for GLREA's participation in this case.

GLREA was granted intervention in this case on November 16, 2017, filed expert testimony and exhibits on April 20, 2018, participated in the hearings held on May 31, 2018 and filed an initial and reply briefs dated June 28, 2018 and July 17, 2018. The Administrative Law Judge (ALJ) issued his Proposal for Decision (PFD) on October 19, 2018, which made findings and recommendations favorable to GLREA's advocacy in the case. GLREA therefore did not file exceptions to the PFD but filed replies to CECO's exceptions on November 30, 2018.

The Commission issued its order dated February 7, 2019, approving in part, and denying in part, CECO's REP. The Commission order found that of the several issues presented in CECO's application (Order, p 2) that the contested issues cited by the ALJ's PFD focused upon the company's plan to add 525 MW of company-owned wind facilities and 100 MW of company-owned solar facilities (Order, p 4), with the wind projects to begin commercial operation in 2019 and 2020, with the two 50 MW solar facilities to begin operating between 2024 and 2025. The Order (p 4) noted that the company conceded in testimony that it did not consider buying bundled or unbundled renewable energy credits (RECs) from third parties including PURPA QFs. The Order (p 6) noted GLREA's position (among other intervenors) that disagreed with CECO's REP on the basis that RECs from QFs were available thereby rendering the cost of the wind and solar projects unreasonable. The Order (p 6) noted that the PFD agreed and recommended that the Commission reject CECO's REP as being unreasonable due to CECO's failure to consider obtaining RECs from QFs or other third party suppliers. The ALJ recommended that the Commission reject CECO's REP and direct CECO to refile its REP following an evaluation of whether RECs can be procured more reasonably, prudently, and cost-effectively from PURPA QFs or other third parties (Order, p 10). The Order (p 11) also noted GLREA's advocacy that CECO should be able to coordinate its forecasting for purposes of its IRP, its PSCR cases, and in its REP proceedings, and general rate cases. The Order (p 12) noted the ALJ's recommendation that CECO be directed to refile its REP either separately from, or pursuant to, the company's pending IRP case. The Order (p 19) also noted GLREA's argument in this regard:

> GLREA filed replies to exceptions as well responding to the exceptions filed by Consumers, the Staff, and the BMPs. GLREA's replies contend that Consumers' REP proposal should not be segregated from the company's IRP case because doing so would mean "undercut[tting] or adversely impact[ing] the analysis and determinations that need to be made soon in CECO's IRP case." GLREA's replies to exceptions, p. 2. GLREA requests that the Commission affirm the ALJ's rejection of Consumers' REP and direct the company to amend its REP and incorporate it into the IRP case….

The Commission Order (pp 27-29) ultimately determined that the wind projects should be approved, but noted the relatively inflated cost of said projects estimated by CECO, and indicated that Consumers Energy Company (CECO).'s actual contracts for the wind projects should come in at a lower cost. With respect to CECO's solar generation proposals, the Commission deferred ruling on these projects noting their high cost, the additional years available to re-determine said matters, providing adequate time for a comprehensive review through CECO's proposed competitive bidding framework proposed in the IRP case U-20165.

GLREA participated in this case on and after October 1, 2018, on a *pro bono* basis as GLREA's case budget ended as of September 30, 2018, the end of FY 2018.

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt. Granted (As amended)	Balance (12/31/19)	Other Financial Support (matching funds, pro-bono support, etc.)
U-18232	DTE Renewable Energy Plan	18-03 19-03	$12,500.00 $0	$2,891.87 $0	$1,312.50 expert pro bono $3,000 legal pro bono (estimated)

This case involved review of DTE Electric Company's March 29, 2018, application for approval of a Renewable Energy Plan (REP) for the upcoming biennial period. The Board approved a grant (18-03) in the amount of $12,500 for GLREA's participation in this case.

GLREA filed its intervention on May 8, 2018, which was granted at the prehearing conference. GLREA filed its expert testimony and exhibits on July 18, 2018, which was the subject of hearings held on August 28, 2018. GLREA filed its initial brief on September 25, 2018, and its reply brief on October 16, 2018. GLREA advocated in this case that DTE's REP should be coordinated with DTE's upcoming Integrated Resource Plan (IRP) filing due on March 29, 2019.

The ALJ issued her PFD on May 21, 2019, making several findings consistent with GLREA's arguments. As a result, GLREA did not file Exceptions to the PFD, but filed on July 2, 2019 replies to the exceptions filed by DTE.

On July 18, 2019, the Commission issued its Order approving and denying in part DTE's Renewable Energy Plan .

The order (pp 7-10) referenced the ALJ's finding that DTE failed to meet its burden of proof to establish that DTE's proposed REP is reasonable and prudent for several reasons: (1) DTE provided inadequate support in its REP to rely on only company-owned renewable generation as opposed to purchases from third parties; (2) DTE failed to present analysis of alternatives to its REP such as evaluating the purchases of unbundled RECs from PURPA QF facilities and the failure of DTE to forecast the long term availability or cost of RECs, resulting in the lack of DTE analysis of third party alternatives to be a "fatal flaw" justifying rejection of the REP; and (3) that DTE's REP consisting of only new company-owned renewable generation to meet RPS compliance was not reasonable and prudent.

The Commission's order (pp 17-18) summarized GLREA's replies to DTE's Exceptions to the PFD, as follows:

> GLREA, in its replies to exceptions, rejects DTE Electric's claim that the Commission must accept or reject the company's proposed REP and, instead, argues that the Commission should amend the plan. GLREA's replies to exceptions, p. 1. GLREA contends that the Commission should not approve the proposed REP without consideration of the ongoing proceedings in DTE Electric's PURPA remand, Case No. U-18091, and its IRP proceeding, Case No. U-20471. Id., pp. 1-2. Further, GLREA argues: (1) DTE Electric failed to meet its burden of proof demonstrating its proposed REP is reasonable and prudent; (2) DTE Electric failed to show its company-owned wind generation is cost-effective without comparison to alternatives or that it meets the goals of Act 295, as amended by Act 342; (3) DTE Electric's company-owned only proposal violates PURPA, discriminates against QFs, and does not establish the company's avoided costs as the cost of its proposed wind projects; and (4) the renewable energy

customer surcharge remaining at $0.00 is not relevant to the reasonableness and prudence of the proposed REP. Id., pp. 2-7.

The Commission Order (p 21) ultimately determined that DTE's proposed near term wind projects qualifying for 100% of the federal production tax credit (PTC) should be approved, stating:

> The Commission has reviewed DTE Electric's proposed REP, the record in this matter, and the PFD, and while the Commission agrees with aspects of the PFD, the Commission disagrees that rejection of the entire proposed REP is warranted. The Commission finds that approval of the REP with some changes is appropriate. The Commission agrees with the ALJ that DTE Electric has not sufficiently supported its entire plan to rely exclusively on company-owned generation assets, and to limit participation in the company's RFP to build-transfer contracts only. However, the Commission finds that the near-term company-owned wind projects that will qualify for 100% of the PTC should be approved due to the significant savings resulting from the PTC. These near-term projects include the 197 MW from the Isabella I project, the 186 MW from the Isabella II project, and the 72.45 MW from the Fairbanks Wind Park, as discussed more fully below.

The Commission Order (pp 22-25) also deferred approving certain other DTE projects that may not qualify for the full production tax credit, and referring said determination to DTE's IRP case, stating in relevant part:

> With respect to the company-owned wind generation that is projected to be built farther out in the plan period and will thus, not qualify for the full PTC, the Commission finds that there is insufficient evidence on the record to approve this portion of the proposed REP at this time. The company has demonstrated the savings that will accompany projects qualifying for 100% of the PTC, but the absence of those savings for company-owned generation raises questions for the Commission as to whether company-owned generation can be cost-effective when compared with alternative sources of generation…. the Commission is not convinced by the record that the later planned wind projects are cost effective, an analysis of alternatives like third-party PPAs would have proven helpful in coming to a determination….
>
> * * *
>
> DTE Electric did not present an analysis of alternatives and, as the ALJ pointed out, did not adequately explain why it failed to consider any option other than company-owned generation. See, PFD, pp. 34-37. This is particularly troubling given past Commission reports that demonstrate that, since 2009, "for each year in which there were both company-owned projects and purchased power agreements, the weighted average cost of the purchased power agreements was lower than the company-owned projects in that respective year." MPSC, ***Report on the Implementation and Cost Effectiveness of the PA 295 Renewable Energy Standard***, February 15, 2017, p. 19…. However, DTE Electric could have made an attempt to consider REC purchases associated with PURPA contracts under different scenarios but failed to do so.
>
> * * *
>
> DTE Electric made no such attempt to explain why it did not consider QF generation in its proposed REP. Thus, the Commission is unable to determine at this time that it is

reasonable for DTE Electric to ignore PURPA generation in meeting its RPS compliance.

Consistent with the ALJ, the Commission's concern with respect to the analysis of alternatives goes beyond PURPA and REC-only purchases. The Commission stresses the need to fully evaluate approving over $95 million in ICC of new renewable generation. Therefore, as part of its approval with changes consented to by the company, the Commission defers a final determination on the proposed renewable generation assets not qualifying for the full PTC until the Commission issues a final order in DTE Electric's IRP proceeding, Case No. U-20471. By statute, the IRP is intended to be a comprehensive look at supply-side resources needed to meet a utility's additional generation capacity needs. See, MCL 460.6t(1)(f).

* * *

The Commission further notes that once a final decision is reached in the IRP with respect to DTE Electric's proposed REP, the company shall file an amended REP in this docket, Case No. U-18232….

GLREA's participation in this case on and after October 1, 2018, was undertaken on a *pro bono* basis as GLREA's case budget ended on September 30, 2018, the end of FY 2018.

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt. Granted (As amended)	Balance (12/31/19)	Other Financial Support (matching funds, pro-bono support, etc.)
U-18402	CECo 2018 PSCR	18-03	$16,000	$3957.26	$1,500 legal pro bono (estimated)
		19-03	$0	$0	$2,000 legal pro bono (estimated)

This case involves review of CECO's September 29, 2017, application for approval of a Power Supply Cost Recovery (PSCR) plan for the calendar year 2018. The Board approved a grant (18-03) in the amount of $16,000 for GLREA's participation in this case.

GLREA's November 21, 2017, intervention was granted at the November 30, 2017, prehearing. GLREA filed expert testimony and exhibits on April 16, 2018, which was the subject of hearings held on June 7, 2018. GLREA filed its initial brief on July 20, 2018, and its reply brief on August 31, 2018.

The Administrative Law Judge (ALJ) issued the Proposal for Decision (PFD) on November 1, 2018. GLREA filed its Exceptions to the PFD on December 5, 2018, and filed on January 8, 2019 GLREA's Reply to Exceptions filed by other parties. Consistent with its Initial Brief and Reply Brief, GLREA's Exceptions to the PFD asserted as follows: (1) the PFD erroneously rejected arguments that CECO's PSCR Plan and Forecast was flawed and incomplete as it omits discussion and supporting analysis reflecting the impacts on Act 304 costs of growing customer-owned solar systems and resources ; (2) the PFD erroneously found that an adequate discussion and forecast of growing solar energy resources is beyond the scope of Act 304 (particularly given the changing proportions of various types of resources over time, and the five-year forecast analysis required by Act 304); and (3) the PFD erroneously rejected GLREA's recommendation that the Commission should better coordinate in a complementary manner resource planning

under Act 304 (relative to PSCR costs and forecasts), and Act 295 as amended by 2006 PA 342 (relative to REP plans and IRP revisions. GLREA's briefing and exceptions also outlined the expert evidence presented by GLREA in support of these positions.

The Commission November 14, 2019 Order affirmed the PFD's rejection of these issues raised by GLREA in large part based upon the fact that GLREA did not ultimately present any proposed calculation adjustments to the PSCR factor proposed by CECO.

GLREA's participation in this case on and after October 1, 2018, was undertaken on a *pro bono* basis as GLREA's case budget expired on September 30, 2018 at the end of FY 2018.

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt. Granted (As amended)	Balance (12/31/19)	Other Financial Support (matching funds, pro-bono support, etc.)
U-18403	DTE PSCR	18-03 19-03	$16,000.00 $0	$4,592.05	 $2,000 legal pro bono (estimated)

This case involved review of DTE Electric Company's September 28, 2017, application for approval of a Power Supply Cost Recovery (PSCR) plan for calendar year 2018. This case was the subject of a Board grant (18-03) in the amount of $16,000 for GLREA's participation in the case.

GLREA filed its intervention on November 16, 2017, which was granted at the November 28, 2017, prehearing. GLREA filed its expert testimony on April 20, 2018, which was the subject of hearings held on June 11-12, 2018. GLREA filed its (corrected) initial brief on July 20, 2018, and its reply brief on August 15, 2018. The ALJ issued her PFD on November 1, 2018, which was the subject of GLREA's exceptions filed on December 5, 2018, and GLREA's reply to exceptions filed on January 8, 2019. The MPSC issued its order on February 7, 2019.

GLREA asserted in its Initial Brief, Reply Brief, and Exceptions that DTE's plan and five-year forecast case was flawed and incomplete because it omitted discussion and supporting analysis reflecting the impacts on Act 304 costs of commercial and industrial customer-owned solar systems and resources. GLREA's advocacy had successfully altered a previous DTE PSCR plan case to include the impact of growing solar resources utilized by the residential class, and argued that such impacts should now be reflected for the commercial and industrial class. GLREA also advocated that the Commission should better coordinate its resource planning under Act 304 (with respect to PSCR costs), and under Act 295 with respect to REP plan cases and Act 342 with respect to review of utility integrated resource plans (IRPs). GLREA also opposed DTE's suggested exclusions of such analysis on the basis that solar resources were not "an existing resource," which is erroneous. GLREA advocated that the five-year forecast should reflect changing proportions of various types of capacity and energy and the direct impact on Act 304 costs on a forward-looking basis.

The PFD generally rejected GLREA's recommendations. Following the filing of GLREA's Exceptions and Replies to Exceptions, the Commission's February 7, 2019 Order essentially affirmed the PFD, including the rejection of GLREA's specific issues discussed above.

GLREA's participation in this case on and after October 1, 2018, was undertaken on a *pro bono*

basis as GLREA's case budget expired on September 30, 2018 at the end of FY 2018.

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt. Granted (As amended)	Balance (12/31/19)	Other Financial Support (matching funds, pro-bono support, etc.)
U-20162	DTE Electric rate increase	19-03	$36,663.00	$1,767.50 (turn back of $3,535 on Aug 26, 2019)	$7,344 legal pro bono

The UCPB granted a case budget for GLREA's participation in this DTE Electric rate case at its August 2018 meeting.

DTE filed its application, testimony and exhibits on July 6, 2018. GLREA's intervention in the case was granted on July 25, 2018. The case progressed through discovery, evidentiary hearings, initial and reply briefs. This rate-case addressed several different issue areas but GLREA presented expert evidence and briefing on DTE's proposed Distributed Generation (DG) tariff. GLREA asserted that DTE's proposed Distributed Generation tariff and proposed new monthly fee applicable to DG customers should be rejected and replaced by alternative DG proposals because:

a. DTE's proposed outflow/inflow DG pricing proposals were unjust and unreasonable and were not based upon any cost of service studies. GLREA supported an increased reimbursement for net outflow energy produced by distributed generation and net-metering customers to recognize their contribution to capacity and other grid cost savings.

b. DTE's proposed System Access Charge (SAC) was unsupported by any cost analysis and was unjust and unreasonable. GLREA advocated that Distributive Generation and net-metering customers should instead be credited with a positive Service Access Contribution Credit to recognize their contributions toward reducing DTE's energy and capacity costs and to lowering grid costs and improving system diversity and reliability.

c. Tariff modifications recommended by GLREA included: (1) expansion of or elimination of the DG cap of 1% (2) elimination of credit forfeitures and improper PSCR cost treatment (3) adoption of tariff provisions to create a Solar Renewable Energy Credit (SREC) market (4) tariff changes to interconnection application requirements (5) adoption of tariff provisions to promote solar generation and energy storage (6) adoption of 25-year contract and tariff provisions (7) adoption of requirements to provide information to customers concerning the cost and rate impact of DG tariffs and (8) rejection of any unsupported interconnection costs to Distributive Generation customers.

If the Distributed Generation tariff proposed by DTE had been approved, it would have undermined the economics of ratepayers investing in a solar energy system at their home or business.

The Administrative Law Judge (ALJ) issued a Proposal For Decision (PFD) on March 6, 2019. The PFD made key recommendations which were favorable to GLREA's positions, including opposition to DTE's proposed Distributive Generation tariff, and opposition to DTE's proposed System Access Charge (SAC), a surcharge DTE proposed to add onto bills of those customers

who install solar facilities on their property.

The Public Service Commission issued its Order on May 2, 2019. The order adopted several positions advocated by GLREA, including rejection of DTE's rate treatment of the 'outflow' of energy to the grid, and rejection of DTE's proposal for a System Access Charge. At the same time, the order rejected GLREA's proposal for a Positive Service Access Construction Credit. The order also granted GLREA's clarification that inflow energy be calculated as the net inflow (not including energy consumption saved or reduced by a distributed generation customer's own self-generation). This ruling held that energy consumption saved or reduced by a distributed generation customer would result in bill savings at the full retail rate. The Order also determined that the net outflow of energy (over and above consumption) be credited at a rate of PSCR costs less transmission costs (or about 7.4¢ per kWh) in lieu of DTE's proposal to credit net outflows at only MISO's locational marginal price energy cost, plus MISO's minimal auction capacity cost, which would equate to only 3¢ per kWh.

The Public Service Commission's order regarding the new Distributed Generation program were largely in accord with GLREA's position in the case.

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt. Granted (As amended)	Balance (12/31/19)	Other Financial Support (matching funds, pro-bono support, etc.)
U-20165	CECO IRP	19-03	$36,663	$2,454.29	$17,154 pro bono

The UCPB granted a case budget for GLREA's participation in this Integrated Resource Plan (IRP) case for Consumers Energy Company (CECO) at its August 2018 meeting.

CECO filed its IRP case on June 15, 2018. GLREA's intervention was granted on July 16, 2018. The case progressed through discovery, evidentiary hearings, initial and reply briefs.

GLREA in briefs and in settlement discussions advocated for:

- Expansion of renewable energy generating resources,
- Expansion of customer-owned net metering and distributed generation programs,
- Retention of key Commission determinations made in CECO PURPA Case U-18090 concerning CECO transactions with independent qualifying facility (QF) power producers relating to contract length,
- Applicability of the Standard Offer Tariff to projects of 2 MW and below,
- Avoided cost calculations,
- Adoption of a transparent, robust competitive bidding process applicable to CECO purchase power agreements (PPAs),
- Expansion of CECO PPA contracts with independent power projects which are cost-effective compared to company-owned projects, and
- Various alternatives to CECOs proposed financial compensation mechanism.

On February 20, 2019, the ALJ issued a Proposal-for-Decision (PFD). The PFD made key findings consistent with GLREA's evidence and briefing, as follows:

- The utility argued that they should be paid a substantial profit (a Financial Compensation Mechanism) for entering into Power Purchase Agreements with third party developers, which would have increased costs and rates. GLREA opposed this, and in the PFD, the ALJ agreed with the GLREA position, citing GLREA evidence, including GLREA Exhibit 3.
- Prior PSC rulings had set the maximum size for Standard Offer PURPA Contracts at 2 MW, the utility proposed reducing it to 150 kW. GLREA opposed this, and the ALJ agreed with GLREA's position over the recommendation of the Commission Staff.
- The utility asserted that they had no capacity need, and therefore did not have to pay third party PURPA QFs for the capacity that they supply to the utility. GLREA asserted that they do have a capacity need (citing the utility's own testimony), and the ALJ agreed with GLREA's position.
- The utility proposed reducing the maximum fixed-price contract length from 20 years to 5 years. GLREA opposed this change, and the ALJ agreed with GLREA's position.
- The utility proposed that future capacity needs would be met with competitive bidding, open to all developers. GLREA agreed with that approach, but identified material weaknesses in the proposed bidding process, which would have enabled utility self-dealing. The ALJ agreed, recommending additional Commission oversight.

GLREA filed exceptions to the PFD on March 4, 2019, focusing on modest specifics in light of the ALJ's favorable findings. On March 11, 2019, GLREA filed Replies to Exceptions filed by other parties.

This case then became the subject of settlement discussions by the various parties, which resulted in a settlement agreement agreed to by some of the parties, which was filed by CECO on March 23, 2019. Other parties, including GLREA, did not sign the settlement agreement.

GLREA engaged CECO in further discussions regarding the settlement agreement with concerns regarding distributed generation. After reaching an agreement with CECO on engagement regarding the future deployment of distributed energy, GLREA filed its non-objection to the Settlement Agreement on April 5, 2019.

On March 25, 2019, CECO and the MPSC Staff filed a motion to extend the case schedule by 60 days. On March 27, 2019, GLREA filed its response concurring in the motion requesting a case schedule extension.

The PSC then issued an Order on April 10, 2019, granting the motion to extend the case schedule, and set dates for hearings and briefing in support of, or in opposition to the Settlement Agreement.

On June 7, 2019, upon review of some parties' objections to the Settlement Agreement, the Commission issued its Order approving the Settlement Agreement, which provides some key changes in CECO's IRP, to include a commitment to obtain at least 50% of new capacity from non-company owned independent projects, utilizing a competitive bidding process with the other 50% or less to comprise company-owned capacity to be built utilizing a competitive bidding or Request-for-Proposal (RFP) approach to ensure cost-effective capacity additions; (b) a commitment to add substantial new future solar capacity; (c) a commitment to undertake studies regarding advancing the retirement date of its coal plants, among other provisions.

Grantee: Residential Customer Group, 2019

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt. Granted (As amended)	Balance (12/31/19))	Other Financial Support (matching funds, pro-bono support, etc.)
U-18402 MPSC 0rder issued 11/14/19	CECO PSCR Plan case 2018	18-05	$25,000	$12,590.63	$3,000 legal pro bono (estimated after 9/30/18)

This case involved the power supply cost recovery plan case for the year 2018. Consumers Energy Company (CECO) filed its application and testimony and exhibits on September 29, 2017. The Residential Customer Group (RCG) filed its Petition to Intervene on November 21, 2017, which was granted at the prehearing held on November 30, 2017. The RCG filed its expert testimony and exhibits on April 16, 2018, and participated in the hearings held on June 18, 2018. The RCG filed its Initial Brief on July 20, 2018 and its Reply Brief on August 31, 2018. The Administrative Law Judge (ALJ) issued his Proposal For Decision (PFD) on August 13, 2019. The RCG filed Exceptions to the PFD on August 29, 2019.

The RCG in its expert testimony and briefing advocated that CECO should have presented more analysis in its plan to detail reductions in its transmission and other Act 304 costs and other Acts 304 supplier costs resulting from the adoption of the federal corporate tax reduction adopted in the Tax Cuts and Jobs Act of 2017, effective January 1, 2018. RCG in its testimony and exhibits and briefing also advocated that CECO had failed to establish that its revised lease applicable to the 7.5 mile interconnection pipeline serving CECO's Zeeland natural gas electric generating plant was reasonable and prudent, compared to the alternative of purchasing the pipeline under its option to purchase with SEMCO Gas (the owner of the pipeline).

The PFD did not require CECO to present more analysis concerning the reduction of supplier costs resulting from the federal income tax reduction, and did not require an analysis from CECO to establish that its lease costs for the Zeeland pipeline were reasonable compared to other alternatives, such as exercising its option to purchase the pipeline.

The MPSC Order dated November 14, 2019 affirmed the PFD recognizing in part that the recently adopted federal income tax reduction could be addressed in the reconciliation case or future cases. The order also did not require CECO to present analysis concerning the economic or cost effectiveness of leasing the Zeeland pipeline, a matter which has been addressed in subsequent PSCR cases.

RCG's participation and work in this case after October 1, 2018 was conducted on a pro bono basis as the case budget expired on September 30, 2018 year end of FY 2018, while the case remained ongoing.

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt. Granted (As amended)	Balance (12/31/19)	Other Financial Support (matching funds, pro-bono support, etc.)
U-20068 (MPSC Order issued	CECO PSCR reconciliation case for 2017	18-05	$8,484.00	$8,120.40	$3,000 legal pro bono (estimated)

10/17/2019)					

This case commenced on March 30, 2018 with the filing of CECO's application, testimony and exhibits. RCG filed its Intervention on June 7, 2018 which was granted at the June 14, 2018 prehearing. RCG participated in the hearings held on March 1, 2019. RCG filed its Initial Brief on March 22, 2019 and Reply Brief on April 22, 2019. The ALJ issued her PFD on August 12, 2019. Thereafter RCG filed no exceptions to the PFD since RCG concurred with the PFD's findings, but filed replies to exceptions filed by CECO on September 13, 2019.

The RCG in this case did not present direct expert testimony, but supported in briefing the position of the Attorney General proposing downward rate adjustments resulting from outages occurring at CECO's plants which the Attorney General argued were unreasonable and imprudent.

RCG in its Initial Brief argued that the ratepayers should not reimburse CECO for acts of negligence or gross negligence which results in higher PSCR costs claimed by CECO in its PSCR cases. RCG presented past Commission precedent in which the Commission had excluded from PSCR rates the costs of events that were attributable to the utility's negligence. RCG asserted that the same concepts and precedent should be applied in this case. The Commission in its October 17, 2019 Order adopted three specific downward rate adjustments as recommended by the ALJ concluding: (1) an outage that had occurred at a CECO plant traceable to improper wiring undertaken by CECO resulting in $458,696 in replacement power costs; (2) an outage occurring at a CECO plant on September 19-20, 2017 which occurred due to an error in conducting turbine trip testing at the plant resulting in a disallowance of $179,537 in replacement power costs; and (3) a plant outage of approximately two weeks from September 20, 2017 to October 3, 2017, resulting in replacement power costs of $1,135,495.

The result of the Commission Order was to decrease CECO's claimed costs by these amounts. The RCG's support of the Attorney General's position in briefing provides an example of cooperation between the Attorney General and the RCG in advocating for the reduction or elimination of costs that should not be included in rates.

RCG's participation and work in this case after October 1, 2018 was conducted on a pro bono basis as the case budget expired on September 30, 2018 year end of FY 2018, while the case remained ongoing.

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt. Granted (As amended)	Balance (12/31/19)	Other Financial Support (matching funds, pro-bono support, etc.)
U-20134 (Order issued January 9, 2019)	CECO Electric rate increase	19-05	$18,180	$5,872.14	$1,440.00 expert pro bono $5,000 legal pro bono (estimated)

The case commenced on May 14, 2018 with the filing of CECO's application, with testimony and exhibits, requesting an electric rate increase of $58 million (which CECO later revised during the proceedings to $44 million) based on a projected 12-month test year ending December 31, 2019, and requesting approval of additional rate increases of $49 million for 2020 and $48 million for 2021 pursuant to CECO's requested Investment Recovery Mechanism (IRM). Thereafter, the case was the subject of several extensive settlement meetings which did not result in a settlement. Responsive testimony was then filed by the Staff and Intervenors (including the RCG). Extensive hearings and briefing in the case were then undertaken, in which RCG fully participated. Following the hearings, further extensive settlement discussions were held in which RCG participated.

Under the Commission's procedures, parties can agree to or "essentially accept" a settlement by one of 3 methods: (1) by signing onto the settlement; (2) by filing a non-objection to the settlement; and (3) essentially by undertaking neither (1) or (2) and allowing the settlement to go through without either a consent or a non-objection, and by undertaking no further action in the case.

RCG by its counsel participated in all settlement negotiations both before and after the completion of hearings. RCG in the case presented several issues, including but not limited to the following: (1) opposition to the use of a projected test year in lieu of a 2017 historical test year, adjusted for known changes; (2) opposition to CECO's proposed IRM for the years 2020 and 2021, and the incremental rate increases proposed by CECO for those years; (3) opposition to CECO's proposed "contingency allowances" to increase the rates; (4) opposition to CECO's proposed common equity return and capital structure ratio has being far to "rich" and unjustified; (5) opposition to including in rates the recognition of damage awards against CECO which arise from CECO's negligence or gross negligence; (6) advocacy of a cautionary gradual implementation of time-of-use rates to avoid punitive rate shock costs to residential customers, and to avoid windfall revenues to the utility, and to instead pursue more constructive energy efficiency and other approaches to reducing peak load costs; (7) elimination of, or substantial reductions to, surcharges added to customer bills for customers who opt out of a transmitting AMI smart meter, and who select a non-transmitting digital or other meter; (5) opposition to any increase in the monthly service charge rendered to residential customers; and (9) support for a more effective tree-trimming program to reduce customer outages caused by storms and other factors; and (10) opposition to the residential class subsidizing major capital costs to serve certain large customers.

RCG reportedly was the last party to agree to the settlement by the filing of a non-objection. However, RCG's non-objection was filed after separate side negotiations between counsel for CECO and RCG, which resulted in yet additional changes to the settlement draft. The final settlement as approved by the Commission's January 2019 Order provided significant outcomes favoring ratepayers, including the following:

(1) A $24 million rate decrease (reflecting a $99 million rate increase offset by an immediate rate reduction of $123.4 million to reflect the reduction in federal corporate income tax rates adopted by the Tax Cuts and Jobs Act, effective January 1, 2018);

(2) A prohibition for CECO to fund any political contributions in its cost of service for ratemaking purposes;

(3) A moratorium to delay the filing by CECO of its next electric rate case until January 1, 2020 or later (which would make any potential further rate increase subject to a Commission Order some ten (10) months after filing, or no sooner than November 2020);

(4) A reduction in the monthly surcharges applicable to those customers opting out of a transmitting AMI smart meter (with provision of a digital or other non-transmitting meter), from the previously set monthly opt-out surcharges of $9.72 per month to $3.00 per month (SA, ¶ 21). This has resulted in significant savings to residential opt-out customers. CECO has approximately 9,000 electric customers who have selected the opt-out option, which corresponds to a monthly savings of $6.72 X 9,000 or $60,480 per month or $725,760 per year, or a savings of $1,270,080 over the 21 months after January 2019, or approximate 2 year period that the rates in this case will be in effect.

(5) Adoption of a gradual transitional program for implementation of time-of-use rates for on-peak and off-peak electrical consumption;

(6) adoption of a provision whereby CECO affirms that the projected capital spending included in its application filing is offset by contributions in aid of construction that does not assume any subsidies by the residential class for large customers or other customer classes. Settlement Agreement, Exhibit A to Order, ¶ 9.

(7) agreement by CECO to actually spend costs included in rates for tree-trimming and line-clearings in the amount of $53 million for that purpose, without reducing said expenditures to enhance "bottom-line" company profits.

(8) agreement by CECO (¶ 14) "that it will not contribute any of its corporate treasury monies to an Internal Revenue Code 501c(4) entity or an Internal Revenue Code 527 entity during the period of time in which the rates established in this Settlement Agreement are in effect."

(9) rejection of CECO's proposed IRM proposal (SA, ¶23).

(10) representations by CECO that the revenue deficiency adopted by the settlement agreement does not include any amounts resulting from a finding of CECO liability for an act of gross negligence (SA, ¶ 26).

RCG had a major impact on obtaining the above results, either by steadfast opposition to some of CECO's proposals or by supporting some of the above outcomes.

RCG expended $12,307.86 of its approved budget of $18,180.00 for legal and expert work. In addition, RCG incurred several thousand dollars of pro-bono work because RCG's budget expired October 1, 2018, but all of the extended hearings, briefing, and post-hearing settlement discussions were undertaken during the months of October, November, and December 2018.

The Commission's January 9, 2019 Order approving the settlement (with settlement attached) is available on the Commission's web site as entry number U-20134-0384.

Docket No.	Case Title	UCRF Grant No.	UCRF Grant Amt. Granted (As amended)	Balance (12/31/19)	Other Financial Support (matching funds, pro-bono support, etc.)
U-20165 (MPSC Order issued on June 7, 2019)	CECO's Integrated Resource Plan (IRP)	19-05	$20,000 (turn back of funds of $11,889.83)	$0	$500 legal pro bono

This case involved the filing by Consumers Energy Company (CECO) of its integrated resource plan (IRP) case filed under provisions of Michigan's Energy Acts 341 and 342, effective April 2017.

CECO filed it's application and case testimony and exhibits on June 15, 2018. RCG filed its Petition to Intervene on July 9, 2018, which was granted at the prehearing held on July 16, 2018. RCG filed the testimony of its expert witness on October 15, 2018. RCG participated in a second prehearing held on October 22, 2018. RCG thereafter participated in the evidentiary hearing held on November 15, November 16, November 19, and November 20, 2018. RCG filed its Initial Brief on December 21, 2018 and its Reply Brief on January 11, 2019. The RCG and Great Lakes Renewable Energy Association (GLREA) shared resources and allocated hearing and briefing time between the two clients on a shared basis with respect to common issues.

On February 20, 2019, the Administrative Law Judge (ALJ) issued her Proposal for Decision (PFD) which determined numerous issues consistent with positions of the RCG and GLREA.

On March 4, 2019, RCG filed Exceptions to the PFD with respect to certain of the issues ruled upon in the PFD. On March 11, 2019, the RCG filed a Reply to Exceptions filed by other parties.

Following the hearing and briefing process, settlement discussions were held among the parties, in which RCG and GLREA participated.

On March 23, 2019, a settlement agreement was filed in the case, which was subject to either objections or other responses to the settlement agreement that could be filed by other parties pursuant to statutory and MPSC procedures. CECO filed a Motion to Extend the case schedules to permit this process to go forward.

On April 1, 2019, RCG filed a response concurring in CECO's motion to extend the IRP statutory case deadlines.

On April 8, 2019, RCG filed its non-objection to the settlement agreement.

On April 10, 2019, the MPSC issued its order granting the joint motion of CECO and the Commission Staff to an extension of the case schedule, which also set a schedule for the filing of testimony and for evidentiary filing and briefing regarding the proposed settlement agreement.

Following the receipt of objections, and evidence, and briefing as to the settlement agreement undertaken by other parties (other than RCG and GLREA) the Commission issued its June 7, 2019 Order approving the contested settlement agreement.

The settlement agreement, and June 2019 order approving same, included several provisions favorable to residential customers, including the establishment of a competitive bidding process to be applied to future company-owned projects, and a competitive bidding process to be applied to independent projects proposing to provide capacity and energy to CECO under purchase power agreements (PPAs), along with a provision that no more than 50% of future CECO capacity shall be company-owned, along with commitments by CECO to add substantial future capacity in the form of solar generation resources so as to diversify CECO's capacity and energy portfolio, and to thereby reduce costs including costs included in rates.

ATTACHMENT B: UCRF 2019 Grantees Membership Scope and Description

Michigan Environmental Council (MEC) www.environmentalcouncil.org. Statewide nonprofit public interest and environmental organization consisting of over 70 public health and environmental organizations, having over 200,000 members.

Citizens Against Rate Excess (CARE) www.utilityratewatch.org. Michigan non-profit corporation that serves as a consumer watchdog group to focus on utility rates. They have members across the State of Michigan, mostly in outstate Michigan, including the Upper Peninsula. The goal of the organization is to seek grants from the UCPB and help the Board "maximize the number of hearings and proceedings with intervener participation" as provided by MCL 460.6m (18). For example, Intervener participation in PSCR cases of the electric utility companies that serve the upper peninsula have been rare and this organization has filled that gap. The organization also sought to fill the void in the lack of Michigan residential ratepayer participation in federal proceedings "which directly affect the energy costs paid by Michigan utilities," MCL 460.6m (17). The objective to participation in these federal proceedings is to 1.) advocate for a U.P. solution that avoids SSR charges, and 2.) encourage regional transmission authorities to approve transmission construction that decreases congestion and brings low-cost renewable energy to Michigan thereby saving ratepayers money.

Great Lakes Renewable Energy Association (GLREA) www.glrea.org. GLREA is a state-wide non-profit that promotes renewable energy by advocating for stronger state policies and by informing and educating Michigan citizens, organizations, and leaders on how they can achieve a greater use of renewable energy and its many economic and environmental benefits.

Residential Customer Group (RCG) purpose is to promote social welfare and the interests of residential public utility customers or consumers of energy, utility or other essential services. The corporation will advocate for: just and reasonable energy and public utility costs and rates; the implementation of public utility cots minimization and energy efficiency strategies; the promotions of more efficient and diverse energy sources and the mitigation of inequitable cost and rate impacts on residential ratepayers or consumers.

Citizens Utility Board of Michigan (CUB) www.cubofmichigan.org. The Citizens Utility Board of Michigan (CUB of MI) was formed in 2018 to represent the interests of residential energy customers across the state of Michigan. CUB of MI educates and engages Michigan consumers in support of cost-effective investment in energy efficiency and renewable energy and against unfair rate increase requests. CUB of MI gives a voice to Michigan utility customers and helps to ensure that citizens of the state pay the lowest reasonable rate for utility services and also benefit from the environmental implications of investment in clean energy. CUB of MI is a nonpartisan, nonprofit organization whose members are individual residential customers of Michigan's energy utilities.